THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
Energy Service Rate

Docket No. DE 12-292

Joint Technical Statement of
Michael L. Shelnitz and Frederick B. White

June 13, 2013

A. Purpose of Technical Statement

This Technical Statement is being submitted to explain the major changes to Public Service Company of New Hampshire's proposed Default Energy Service (ES) Rate effective July 1, 2013. This filing updates the Company's ES filing that was submitted on May 2, 2013.

B. Proposed Rate

On May 2, 2013, PSNH filed an ES rate of 8.98 cents/kWh to be effective for the 6-month period July 1 through December 31, 2013. In this filing, PSNH has calculated an updated ES rate of 8.62 cents/kWh for effect on July 1, 2013, which is a decrease of 0.36 cents/kWh from the May 2, 2013 filed ES rate. The rates above include the temporary recovery of Scrubber costs at a rate of 0.98 cents/kWh as ordered in Docket No. DE 11-250, Order No. 25,346.

The 0.36 cents/kWh decrease in the ES rate is attributable to a net decrease in actual and forecasted costs of $5.9 million (a decrease of $34.2 million in expense, offset by a revenue decrease of $28.3 million) which is contained in Attachment MLS-1.

The 2013 forecasted cost changes are contained in Attachment MLS-2, pages 1- 3, and are discussed below. The forecasted cost and revenue changes are attributable to a decrease in forward electricity prices as of June 6, 2013, lower load due to an increase in customer migration, and other changes as noted below.

C. Forecast Period Cost Changes from May 2, 2013 Filing

Attachment MLS-2, Page 3:
For the forecast period June through December 2013, the impact of power supply variable cost updates is to decrease ES costs by $16.6 million. Following is a discussion of the major changes:

1. Lines 4 and 5 – Projected coal generation decreased 54 GWh due to lower forward electricity market prices. Coal fuel expense decreased $2.7 million due to lower forecasted generation.

2. Lines 14 and 15 – Generation from Newington Station decreased by 17 GWh due to lower market prices. Newington fuel expense decreased $1.3 million due to lower forecasted generation.

3. Line 17-19 – IPP energy expense decreased by $0.5 million due to lower forward electricity prices. A table showing forecasted forward electricity prices used for calculating the ES rate filed in May, 2013 and for this filing is provided below.

Forward Electricity Prices for Delivery at Massachusetts Hub

All Hours - $/MWh

Filing Dates

2013	May 2, 2013 (3/28/13 Closing Prices)	June 13, 2013 (6/6/13 Closing Prices)	Change $/MWh	Change %
Jan				
Feb				
Mar				
Apr				
May				
Jun	46.9	45.7	(1.2)	-2.6%
Jul	49.7	46.8	(2.9)	-5.8%
Aug	46.2	43.9	(2.3)	-5.0%
Sep	40.1	38.1	(2.1)	-5.2%
Oct	39.8	37.8	(2.0)	-5.1%
Nov	45.0	43.0	(2.0)	-4.3%
Dec	65.3	63.5	(1.8)	-2.8%
Total	47.6	45.5	(2.0)	-4.3%

4. Lines 21-23 – Wood IPP energy expense decreased by $0.2 million due to lower forward electricity prices.

5. Lines 29 thru 40 – Net purchases decreased by 170 GWh and expenses decreased by $9.2 million. The lower values are due to lower loads due to higher migration, and lower forward energy market prices. Included in Known Purchases on line 32 for September thru November are 315 GWh of peak weekday and weekend forward bilateral purchases.

6. Line 42 – Congestion and loss adjustment decreased $0.1 million primarily due to lower generation from owned resources.

7. Line 44 – Total Energy requirements decreased 240 GWh due to an increase in migration from 45.6% to 50.9%. The table below shows the forecasted sales and migration (Non-ES sales) as measured at the customer meter used for calculating the ES rate filed in May, 2013 and for this filing. The overall sales forecast in this

filing has increased 0.8% based on actual weather normalized loads through April, 2013. The amount of migration modeled in this update is as of May, 2013. Overall (the net of the increased forecast and higher migration), ES sales are lower by 9.0% from the estimates used in the May, 2013 filing.

PSNH ES Sales Forecast

MWh

	Filing Dates									
	May 2, 2013			June 13, 2013			Change			
2013	Total	Non-ES	ES	Total	Non-ES	ES	Total	Non-ES	ES	ES %
Jan										
Feb										
Mar										
Apr										
May										
Jun	648,327	295,637	352,690	653,514	332,638	320,875	5,187	37,001	(31,815)	-9.0%
Jul	756,030	344,750	411,280	762,078	387,898	374,180	6,048	43,148	(37,100)	-9.0%
Aug	712,606	324,948	387,658	718,307	365,618	352,689	5,701	40,670	(34,969)	-9.0%
Sep	620,751	283,062	337,689	625,717	318,490	307,227	4,966	35,428	(30,461)	-9.0%
Oct	609,081	277,741	331,340	613,954	312,502	301,451	4,873	34,761	(29,889)	-9.0%
Nov	613,795	279,891	333,904	618,705	314,921	303,784	4,910	35,031	(30,120)	-9.0%
Dec	669,880	305,465	364,415	675,239	343,697	331,542	5,359	38,231	(32,872)	-9.0%
Total	4,630,470	2,111,494	2,518,976	4,667,514	2,375,765	2,291,749	37,044	264,270	(227,226)	-9.0%

Note: Numbers may not add due to rounding.

8. Lines 48 and 50 – ISO-NE Ancillary expense decreased $0.4 million due to lower loads. Estimated CO2 allowance expenses increased $0.1 million due to a higher current value for CO2 allowances, despite lower generation from owned resources.

9. Lines 52 and 53 – Capacity expenses decreased $2.3 million due to lower loads.

D. Other Cost Changes ($17.6 million cost decrease)

10. All other actual and forecasted costs decreased by $ 17.6 million. The decrease in other actual and forecasted costs was primarily due to four items:
a. F/H O&M, Depreciation and Taxes were $9.6 million lower than what was forecasted in the May 2, 2013 filing.
b. Purchases and Sales costs in April 2013 and May 2013 were $4.5 million lower than forecasted in the May 2, 2013 filing due to lower volumes and lower market prices.
c. Wood IPP costs in January and February 2013 were $2.5 million lower[1].

[1] Wood IPP costs were lower than market in January and February 2013. In the May 2, 2013 ES filing, Wood IPPs were priced at market, thus increasing the ES rate (and correspondingly reducing the average SCRC rate). In this filing, Wood IPP costs are included in the ES rate at the actual amount, reducing the ES rate from the level in the May 2, 2013 filing and eliminating the corresponding reduction to the SCRC rate.

d. $1.0 million in lower RPS due to lower loads reducing the annual amount from $10.2 million to a revised $9.2 million

E. Revenue Changes ($28.3 million decrease)

11. The updated ES revenues for 2013 decreased by $28.3 million due to lower sales caused by additional customer migration. The updated 2013 sales are lower by 331 GWH.