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
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May 2, 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 December 12, 2013.

B. Proposed Rate

On December 12, 2012, PSNH filed a 2013 ES rate of 9.54 cents/kWh to be effective for the 12 month period January 1 through December 31, 2013. In this filing, PSNH has calculated an ES rate of 8.98 cents/kWh for effect on July 1, 2013, which is a decrease of 0.56 cents/kWh from the December 12, 2012 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 0.56 cents/kWh decrease in the ES rate is attributable to a net decrease in actual and forecasted costs of $ 12.1 million (a decrease of $29.7 million in expense, offset by a revenue decrease of $17.6 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 an increase in forward electricity prices as of March 28, 2013, lower load due to an increase in customer migration, and other changes as noted below.

C. Forecast Period Cost Changes from December 12, 2012 Filing

Attachment MLS-2, Page 3:
For the forecast period April through December 2013, the impact of power supply variable cost updates is to decrease ES costs by $8.2 million. Following is a discussion of the major changes:

1. Lines 4 and 5 – Projected coal generation increased 146 GWh due to higher forward electricity market prices. Coal fuel expense increased $7.9 million due to higher forecasted generation.

2. Lines 14 and 15 – Generation from Newington Station increased by 18 GWh due to higher market prices. Newington fuel expense increased $1.3 million due to higher forecasted generation and higher natural gas prices.

3. Line 17-19 – IPP energy decreased 7 GWh, and energy expense increased by $1.0 million due to higher forward electricity prices. A table showing forecasted forward electricity prices used for calculating the ES rate filed in December, 2012 and for this filing is provided below.

Forward Electricity Prices for Delivery at Massachusetts Hub
All Hours - $/MWh
Filing Dates

2013	December 12, 2012 (11/30/12 Closing Prices)	May 2, 2013 (3/28/13 Closing Prices)	Change $/MWh	Change %
Jan				
Feb				
Mar				
Apr	39.9	43.0	3.1	7.7%
May	35.5	40.5	5.0	14.1%
Jun	36.9	46.9	10.0	27.1%
Jul	43.7	49.7	6.1	13.9%
Aug	41.4	46.2	4.8	11.7%
Sep	36.9	40.1	3.3	8.8%
Oct	39.2	39.8	0.6	1.6%
Nov	44.3	45.0	0.7	1.5%
Dec	60.0	65.3	5.3	8.8%
Total	42.0	46.3	4.3	10.3%

4. Lines 21-23 – Wood IPP energy expense increased by $1.0 million due to higher forward electricity prices.

5. Lines 25-27 – Berlin Station generation has been assumed in-service as of November 18, 2013, increasing energy by 60 GWh and energy expense by $4.1 million in November and December. A payment of $0.2 million for capacity from Berlin Station is also shown on Line 27.

6. Lines 29 thru 40 – Net purchases decreased by 406 GWh decreasing expenses by $14.0 million. These net values are primarily due to higher generation (coal, Newington, & Berlin Station) and lower loads due to higher migration. Included in Known Purchases on line 32 for April and May are 141 GWh of peak forward bilateral purchases. Additionally, a payment of $24k for capacity from the Lempster Wind facility is also shown (beginning December, 2012).

7. Line 44 – Total Energy requirements decreased 190 GWh due to an increase in migration from 42.5% to 45.6%. 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 December, 2012 and for this filing. The amount of migration modeled in this update is as of March, 2013. Overall, ES sales are lower by 5.4% from the estimates used in the December, 2012 filing.

PSNH ES Sales Forecast

MWh

	Filing Dates									
	December 12, 2012			May 2, 2013			Change			
2013	Total	Non-ES	ES	Total	Non-ES	ES	Total	Non-ES	ES	ES %
Jan										
Feb										
Mar										
Apr	584,314	248,333	335,981	584,314	266,447	317,867	0	18,114	(18,114)	-5.4%
May	597,190	253,806	343,384	597,190	272,319	324,871	0	18,513	(18,513)	-5.4%
Jun	648,327	275,539	372,788	648,327	295,637	352,690	0	20,098	(20,098)	-5.4%
Jul	756,030	321,313	434,717	756,030	344,750	411,280	0	23,437	(23,437)	-5.4%
Aug	712,606	302,858	409,748	712,606	324,948	387,658	0	22,091	(22,091)	-5.4%
Sep	620,751	263,819	356,932	620,751	283,062	337,689	0	19,243	(19,243)	-5.4%
Oct	609,081	258,859	350,222	609,081	277,741	331,340	0	18,882	(18,882)	-5.4%
Nov	613,795	260,863	352,932	613,795	279,891	333,904	0	19,028	(19,028)	-5.4%
Dec	669,880	284,699	385,181	669,880	305,465	364,415	0	20,766	(20,766)	-5.4%
Total	5,811,974	2,470,089	3,341,885	5,811,974	2,650,260	3,161,714	0	180,171	(180,171)	-5.4%

8. Lines 48 and 50 – ISO-NE Ancillary expense increased $0.6 million due to adjustments to cost projections. Estimated CO_2 expenses increased $0.3 million due to higher generation from owned resources.

9. Line 49 – RPS expenses decreased $8.7 million due to lower loads and a reduction in the Class III percentage requirement from 6.5% to 1.5%. RPS expense includes reduction of $1.5 million for Class III expense for Jan-Mar, 2013.

10. Lines 52 and 53 – Capacity expenses decreased $1.9 million due to lower loads.

Attachment MLS-2, Pages 1 and 2:

11. Line 15 – Return on rate base decreased $1.2 million primarily due to adjustments to accumulated deferred income tax projections that are deducted from rate base.

12. Line 19 – NH RPS 2012 Adjustment decreased expenses by $9.3 million. In 2013 it was determined that RPS expense for 2012 would be lower for 2012 due to the Commission's Order in Docket No. DE 13-021 that significantly reduced the Class

III (existing biomass) percentage from 6.5% to 1.4% for 2012. While this decrease applied to 2012 expense, and therefore should technically be netted against the 2012 under-recovery, the change occurred after PSNH's books were closed for 2012. In order to match PSNH's books of account, PSNH is including this decreased expense as a reduction to its May, 2013 costs (the month in which the credit will be booked), as shown on line 19 of Attachment MLS-2.

13. Line 21 – PSNH has included $8.8 million as an estimate of RGGI auction revenues in excess of $1 per allowance associated with 2013 quarterly auctions in March, June, September and December to be refunded to PSNH's default service customers based on PSNH's proportional share of default service kWh sales relative to the total of such kWh sales in New Hampshire on a frequency no longer than every six months, consistent with Order No. 25,471 in Docket No. DE 12-362.

D. Actual Period Cost Changes from December 12, 2012 Filing

Actual costs as compared to forecasted costs for January through March 2013 decreased by $ 6.5 million. The primary reason for this decrease was due to market prices in January through March 2013 being higher than projected. As a result, fossil fuel costs and IPP costs were higher than forecasted, but actual ISO sales revenue was also higher than forecasted. The higher market prices presented an opportunity for PSNH to sell increased generation into the wholesale market, with increased sales revenue exceeding the increased costs of fossil fuel and IPP costs, thus producing a margin which was credited to ES customers. ISO-NE Ancillary costs were also significantly lower than forecasted due to system conditions leading to Newington station being dispatched for reliability and receiving NCPC revenues.

E. Total Year Revenue Changes

The updated ES revenues for 2013 decreased by $17.5 million due to lower sales caused by additional customer migration. The updated 2013 sales are lower by 204 GWH.

F. Change to Prior Year Forecasted Underrecovery

Actual costs as compared to forecasted costs for November and December, 2012 increased resulting in an increase to the 2012 under-recovery of $4.0 million. As a result of lower market prices than had been projected, IPP costs were lower than forecasted, and PSNH's opportunity to sell into the wholesale market as described in Part D. above (and as had been projected) was reduced, resulting in actual ISO sales revenue lower than forecasted. The decrease in ISO sales revenue was larger than the decrease in IPP costs. As discussed above, if the RPS adjustment had been known prior to the closing of PSNH's books for 2012, the 2012 actual under-recovery would have been $7.2 million instead of $16.5 million.