

THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION
JOINT PREPARED TESTIMONY OF
KAREN M. ASBURY, CHRISTOPHER J. GOULDING,
HEATHER M. TEBBETTS, AND CAROL M. WOODS
2017 SYSTEM BENEFITS CHARGE RATE CHANGE

Docket No. DE 14-216

1 **Q. Please state your name, by whom you are employed and in what capacity.**

2 A. Karen M. Asbury: I am the Director of Regulatory Services for Unitil Service Corp., an
3 affiliate of Northern Utilities, Inc. and Unitil Energy Systems, Inc., which are all
4 subsidiaries of Unitil Corporation. My primary responsibilities are directing rate and
5 regulatory filings.

6 Christopher J. Goulding: I am the Manager of New Hampshire Revenue Requirements
7 for Eversource Energy Service Company. My primary responsibilities are the
8 coordination and implementation of revenue requirements calculations for Eversource in
9 New Hampshire.

10 Heather M. Tebbetts: I am a Utility Analyst for Liberty Utilities Service Corp. and in this
11 capacity, am responsible for providing rate-related services for the Liberty Utilities
12 operating companies.

1 Carol M. Woods: I am an Energy Solutions Executive for New Hampshire Electric
2 Cooperative. My responsibilities include management of planning and regulatory
3 support for the company's energy efficiency programs.

4 **Q. Have you previously testified before the Commission?**

5 A. Yes, we have.

6 **Q. What is the purpose of your testimony?**

7 A. The purpose of our testimony is: (1) provide a detailed explanation of the lost base
8 revenue (LBR) component of the System Benefits Charge approved in Docket No. DE
9 15-137 Energy Efficiency Resource Standard, Order No. 25,932 dated August 2, 2016;
10 (2) to explain what is contained within each sheet of Exhibits O, P, Q and R, which
11 provides the calculations of the LBR rate component for each distribution utility and (3)
12 to seek the necessary approvals to set the Energy Efficiency ("EE") and Lost Base
13 Revenue ("LBR") portions of the System Benefits Charge ("SBC") rate that will take
14 effect January 1, 2017.

15 **Q. Please describe the components of the SBC and their application to this rate request.**

16 A. There are currently two components of the SBC – the Electric Assistance Program
17 ("EAP") portion, which is set by statute at \$0.0015/kWh, and the EE funding portion of
18 the SBC, which is currently set at \$0.0018/kWh. The EAP revenues are directed solely to
19 the EAP program, which provides income-eligible customers with a discount on their

1 monthly electric bills. The EE portion of the SBC is the main source of funding for the
2 NHSaves energy efficiency programs, which are available to all New Hampshire
3 residents and businesses. In addition to these portions of the SBC, the regulated New
4 Hampshire utilities are incorporating a new component to the SBC – a Lost Base
5 Revenue (“LBR”) rate component as approved by the Commission in its Order No.
6 25,932 in Docket No. DE 15-137.

7 **Q. Please describe the new LBR portion of the SBC.**

8 A. The LBR rate component will track the kilowatt-hour (kWh) sales reduction due directly
9 to the implementation of energy efficiency measures installed as a result of the NHSaves
10 programs. This reduction in sales, when multiplied by current rates, translates into
11 revenues that the utility would have otherwise received, absent the NHSaves programs.

12 **Q. Please explain how the LBR rate will be calculated and reconciled.**

13 A. Each regulated electric utility will forecast the amount of kWh sales reduction expected
14 for the upcoming year’s NHSaves program, and will multiply it by the utility’s average
15 distribution rates. This forecasted lost base revenue amount will then be divided by total
16 forecasted annual delivery sales, resulting in an LBR rate component. In 2018, the actual
17 2017 lost base revenue will be calculated based on the actual kWh sales reduction
18 achieved by the NHSaves program and will be reconciled against the 2017 actual
19 revenues recovered through the forecasted LBR rate. The over or under-recovery will be
20 incorporated in the subsequent year’s lost base revenue rate calculation.

1 **Q. Please provide a detailed explanation of Exhibit O, P, Q and R, and explain what is**
2 **contained on each page.**

3 A. Please see the explanation of each page below:

- 4 • Page 1 provides a summary of the proposed total EE budget, a breakdown of the
5 funding, 2017 sales forecast, and the requested rates within the SBC associated
6 with the 0.60% statewide electric savings target.
- 7 • Page 2 provides a forecast of monthly revenues and expenses for the year.
- 8 • Page 3 provides a summary breakdown of the estimated lost revenues expected to
9 be incurred in 2017 due to the implementation of EE. The total lost revenue is
10 divided by the same sales forecast located on Page 1, resulting in a rate
11 component to be contained within the SBC.
- 12 • Page 4 provides the supporting savings calculation for lost revenues, where the
13 projected accumulated lost sales are multiplied by an average sector distribution
14 rate, excluding customer charges and luminaire charges, to reach a dollar amount.
15 This dollar amount appears on Page 3.
- 16 • Page 5 provides a reconciliation of monthly revenues collected from the LBR
17 SBC rate and the anticipated monthly lost revenues.
- 18 • Page 6 provides a computation of the average sector distribution rates, excluding
19 customer charges and luminaire charges. The forecasted revenue by sector,
20 excluding customer charges and luminaire charges, divided by the forecasted
21 sales by sector, produce the average rate to be applied to lost sales. The average
22 rates in Column D Line 15 are what appear on Page 4, Line 6 and 7.

- 1 • Page 7 provides an estimated bill impact for a typical residential and C&I
- 2 customer.
- 3 • Page 8 and higher, if applicable, contain the changes to the SBC within the
- 4 utility's tariff.

5 **Q. Are the electric utilities currently proposing a specific LBR SBC rate at this time?**

6 A. Yes, they are. The 2017 statewide savings target of 0.60% of 2014 statewide delivery

7 sales (10,782,973 MWh), translates to 65,100,715 kWh in statewide savings.

8 Eversource's portion of the statewide savings is 49,938,422 kWh. Based on forecasted

9 delivery sales of 8,027,604,079 kWh in 2017, Eversource's LBR rate is \$0.00008/kWh.

10 Liberty's portion of the statewide savings is 5,128,578 kWh. Based on forecasted

11 delivery sales of 946,620,593 kWh in 2017, Liberty's LBR rate is \$0.00006/kWh.

12 Unitil's portion of the statewide savings is 6,701,632 kWh. Based on forecasted delivery

13 sales of 1,192,909,468 kWh in 2017, Unitil's LBR rate is \$0.00009/kWh. Lost revenues

14 will not apply to NHEC; therefore an LBR SBC rate will not be utilized by NHEC.

15 **Q. Are the utilities currently proposing a specific EE SBC rate at this time?**

16 A. Yes, they are. With a 2017 statewide savings target of 0.60% in 2017, translating to

17 65,100,715 kWh in expected savings, and an overall average cost to achieve the kWh

18 savings of \$0.45, total required funding is \$29.252 million. Of this amount, an estimated

19 \$7.611 million will be funded through proceeds from the Forward Capacity Market,

20 RGGI, and unspent funds from previous program years. The remaining balance of

1 \$21.640 million will be recovered through the EE portion of the SBC. Based on 2017
2 forecasted delivery sales of 10,929,522 MWh, the required statewide EE SBC rate is
3 \$0.00198/kWh.

4 **Q. What is the total proposed SBC rate?**

5 A. Currently, the total SBC rate is \$0.00330/kWh. The total proposed SBC rate for
6 Eversource is \$0.00356/kWh, which is a combination of the EAP (\$0.0015/kWh), EE
7 (\$0.00198/kWh), and LBR (\$0.00008/kWh) components. The total proposed SBC rate
8 for Liberty is \$0.00354/kWh, which is a combination of the EAP (\$0.0015/kWh), EE
9 (\$0.00198/kWh), and LBR (\$0.00006/kWh) components. The total proposed SBC rate
10 for Unitil is \$0.00357/kWh, which is a combination of the EAP (\$0.0015/kWh), EE
11 (\$0.00198/kWh), and LBR (\$0.00009/kWh) components. The total proposed SBC rate
12 for NHEC is \$0.00348/kWh, which is a combination of the EAP (\$0.0015/kWh) and EE
13 (\$0.00198/kWh) components.

14 **Q. Do the utilities require Commission approval of the SBC rate billed to customers by**
15 **a specific date?**

16 A. Yes, the utilities needs approval of the SBC rate by December 28, 2016, in order to
17 implement the new rate for service rendered on and after January 1, 2017.

18 **Q. Does this conclude your testimony?**

19 A. Yes, it does.