

THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF CHRISTOPHER A. PLECS
2015 ENERGY SERVICE RATE CHANGE
Docket No. DE 14-XXX

1 **Q. Please state your name, title and business address, and summarize your**
2 **responsibilities relative to Public Service Company of New Hampshire.**

3 A. My name is Christopher A. Plecs. My business address is 1 NSTAR Way, Westwood,
4 Massachusetts. I am the Manager of Forecasting for Northeast Utilities Service
5 Company. I am responsible for all activities associated with sales and revenue
6 forecasting for Public Service Company of New Hampshire ("PSNH" or the "Company").

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

8 A. No, I have not.

9 **Q. Please describe your educational background.**

10 A. I graduated from Hamilton College with a Bachelor of Arts degree in Public Policy in
11 1999. In 2003, I received a Master's degree in Business Administration from the Tuck
12 School of Business at Dartmouth.

13 **Q. Please describe your professional experience.**

14 A. In 1999, I began my professional career as a consultant, providing large scale data
15 analysis services to the telecom industry in support of regulatory filings. I also worked in
16 the private equity industry evaluating investment opportunities, and as a consultant
17 making recommendations to improve business processes in the packaged foods

1 industry. In 2007, I joined the NSTAR Electric and Gas Company as a Financial
2 Consultant in the revenue requirements department. In 2009, I was promoted to
3 Manager of Transmission Business Planning, responsible for evaluating the economic
4 and financial impacts of transmission projects. With the merger of NSTAR and
5 Northeast Utilities in 2012, I became the Manager of Revenue Forecasting for Northeast
6 Utilities. Then, in 2013, I became the Manager of Forecasting, responsible for both
7 revenue and sales forecasting at Northeast Utilities.

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

9 A. Consistent with Order No. 25,614 (December 27, 2013) in Docket No. DE 13-275, the
10 purpose of my testimony is to present and discuss a customer migration forecast that
11 PSNH has developed as a requirement of this 2015 PSNH Default Energy Service Rate
12 docket.

13 **Q. How has PSNH migration changed over the last five years?**

14 A. PSNH migration activity has changed significantly since 2009, primarily due to changing
15 electricity prices along with the level of marketing activity by competitive suppliers. In
16 January 2009, total retail migration was under 10 percent of load and by December
17 2010 migration reached just over 25 percent of load. This trend of increasing migration
18 continued through November 2013 primarily due to the favorable price of electricity
19 offered by competitive suppliers. However, beginning in December 2013, and
20 continuing through the winter of 2013-2014, the energy service rate offered by PSNH
21 was competitive with the competitive suppliers, which resulted in many customers
22 returning to PSNH default energy service. After migration reached an all-time high of

56.8 percent of load in October 2013, it quickly declined to 48.2 percent in February 2014. Presently, migration accounts for approximately 50 percent of total load.

Q. How did PSNH develop the migration forecast presented in this filing?

A. The PSNH migration model was developed and estimated using econometric modeling techniques, which are commonly used for estimating relationships among economic metrics and things like energy sales which are driven by those metrics. The model structure evaluates historical migrated load as a function of competitive suppliers' price of electricity and known changes to load. Competitive suppliers' prices are a very reliable predictor of migration, as evidenced in Exhibit CAP-2, which is a chart depicting the PSNH Total Historical Migrated Load versus NYMEX Forward Electricity Prices. When competitive suppliers' prices fall, customers migrate to those suppliers. And when those prices rise, as they did in the last two Januaries, customers migrate back to PSNH supply.

Q. How was the competitive suppliers' price variable constructed?

A. The price variable is based on NYMEX futures. An average of the preceding six months of NYMEX futures settlement bids were used to accurately reflect the information available to consumers when choosing between competitive suppliers and PSNH for their energy supply. The six-month average of the NYMEX forward prices was then adjusted to reflect the delivery price difference between the Massachusetts Hub and the New Hampshire Zone based on their historical relationship.

1 **Q. What are the results of this forecast?**

2 A. The results reflect an overall increase throughout the forecast period, which extends to
3 the end of 2015. In the forecast, the portion of PSNH customers receiving energy from
4 competitive suppliers is expected to average 50.6 percent and 55.7 percent in 2014 and
5 2015, respectively. Please see Exhibit CAP-1 for a chart of the PSNH Total Monthly
6 Migrated Load History and Forecast.

7 **Q. What was the rationale for choosing the forecast model?**

8 A. The chosen forecast model has a strong fit to historical data, passes all relevant
9 statistical tests and all of the coefficients are statistically significant.

10 **Q. Are there any risks associated with this forecast?**

11 A. While the forecast presented here reflects a reasonably likely outcome given historical
12 data and current expectations, one should proceed with caution prior to incorporating it
13 into future rate filings, as significant market uncertainty in turn drives significant
14 variability in the results of this forecast. For example, should electricity prices trend
15 differently than what we see in the NYMEX futures prices, there is a potential for the
16 migration forecast to be inaccurate.

17 **Q. Does this complete your testimony?**

18 A. Yes.