

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

**Public Service Company of New Hampshire
d/b/a Eversource Energy
Energy Service Rate**

Docket No. DE 15-415

**Joint Technical Statement of
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June 17, 2016

A. Purpose of Technical Statement

This Technical Statement is being submitted to explain the major changes to Public Service Company of New Hampshire d/b/a Eversource Energy's ("Eversource" or the "Company") proposed Default Energy Service (ES) Rate effective July 1, 2016. This filing updates the Company's ES filing that was submitted on May 9, 2016

B. Proposed Rate

On May 9, 2016, Eversource filed a preliminary 2016 ES rate of 10.94 cents/kWh to be effective for the 6 month period July 1 through December 31, 2016. In this filing, Eversource has calculated an updated ES rate of 10.95 cents/kWh for effect on July 1, 2016, which is an increase of 0.01 cents/kWh from the May 9, 2016 filed ES rate. The rates above include the temporary recovery of Scrubber costs at a rate of 1.72 cents/kWh, as ordered in Docket No. DE 11-250, Order No. 25,854.

The 0.01 cents/kWh increase in the ES rate is attributable to a net decrease in actual and forecasted costs of \$0.4 million [a decrease of \$8.4 million in revenue, offset by a cost decrease of \$8.9 million] and an increase in migration.

The 2016 forecasted cost changes are contained in Attachment CJG-2, pages 1- 3, and are discussed below. The forecasted cost and revenue changes are attributable to changes in forward electricity prices as of May 31, 2016, a decrease in load due to an increase in actual and forecasted customer migration, and other changes as noted below.

C. Changes in Forecasted ES Sales

For the forecast period June through December 2016, an updated migration forecast was utilized, which results in forecasted June through December 2016 ES sales to decrease from 2,120 GWh in the May 9, 2016 filing to 2,051 GWh in this filing, a decrease of 69 GWh. Forecasted migration has been updated for all months of the forecast period, based upon the results of econometric modeling. The average migration rate increased from 55.2% in

the May filing to an average migration rate of 56.7% in this filing. The table below identifies the monthly migration rates utilized in the May 9, 2016 ES rate filing and for this filing.

PSNH ES Migration Forecast

| <u>2016</u> | <u>Filing Dates</u> | | <u>Change</u> |
|-------------|---------------------|----------------------|---------------|
| | <u>May 9, 2016</u> | <u>June 17, 2016</u> | |
| Jan | | | |
| Feb | | | |
| Mar | | | |
| Apr | | | |
| May | | | |
| Jun | 56.0% | 57.3% | 1.3% |
| Jul | 54.4% | 55.8% | 1.4% |
| Aug | 55.0% | 56.4% | 1.4% |
| Sep | 56.6% | 58.0% | 1.4% |
| Oct | 57.3% | 58.9% | 1.5% |
| Nov | 54.8% | 56.4% | 1.6% |
| Dec | 52.5% | 54.1% | 1.6% |
| Total | 55.2% | 56.7% | 1.5% |

D. Forecast Period Cost Changes from May 9, 2016 Filing

Attachment CJG-2, Page 3:

For the forecast period June through December 2016, the impact of power supply variable cost updates is to decrease ES costs by (\$10.6) million. Following is a discussion of the major changes:

(Numbers may not add due to rounding.)

1. Lines 11 and 12 – Coal generation and fuel expense increased 10 GWh and \$0.4 million, respectively, mostly due to higher market prices in December.
2. Lines 14 thru 16 – Projected wood generation net costs decreased (\$0.3) million due to lower projected \$/Ton wood costs [\$0.6M decrease] and lower revenue credit resulting from a lower assumed Class I REC value [\$0.3M increase].
3. Lines 21 and 22 – Projected generation from Newington Station decreased 9 GWh due to lower forward electricity market prices. Newington fuel expense decreased (\$0.6) million due to lower forecasted generation.
4. Line 24 thru 26 – IPP costs decreased (\$0.6) million due to lower forward electricity market prices. A table showing forecasted forward electricity prices used for calculating the ES rate filed in May, 2016 and for this filing is provided below.

Forward Electricity Prices for Delivery at Massachusetts Hub

All Hours - \$/MWh

Filing Dates

| <u>2016</u> | <u>May 9, 2016</u> | | <u>June 17, 2016</u> | | <u>Change</u> | |
|-------------|-------------------------|------|-------------------------|------|---------------|----------|
| | <u>(4/22/16 Prices)</u> | | <u>(5/31/16 Prices)</u> | | <u>\$/MWh</u> | <u>%</u> |
| Jan | | | | | | |
| Feb | | | | | | |
| Mar | | | | | | |
| Apr | | | | | | |
| May | | | | | | |
| Jun | | 30.0 | | 20.8 | (9.2) | -30.6% |
| Jul | | 38.4 | | 31.7 | (6.7) | -17.4% |
| Aug | | 36.1 | | 30.9 | (5.3) | -14.6% |
| Sep | | 29.2 | | 25.6 | (3.5) | -12.1% |
| Oct | | 29.1 | | 25.2 | (3.9) | -13.4% |
| Nov | | 35.3 | | 34.9 | (0.4) | -1.1% |
| Dec | | 46.9 | | 49.2 | 2.4 | 5.1% |
| Total | | 35.0 | | 31.2 | (3.8) | -10.9% |

5. Lines 36 thru 40 – Purchases decreased 58 GWh decreasing expenses by (\$7.1) million. Sales increased 17 GWh decreasing expenses by (\$0.8) million. The changes are due primarily to higher migration resulting in lower loads.

6. Line 44 – Total Energy requirements decreased 74 GWh due to an increase in migration from 55.2% to 56.7%. 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, 2016 and for this filing. The amount of migration modeled in this update is as of May, 2016. Overall, ES sales are lower by 3.3% from the estimates used in the May, 2016 filing.

Eversource ES Sales Forecast

MWh

Filing Dates

| <u>2016</u> | <u>May 9, 2016</u> | | | <u>June 17, 2016</u> | | | <u>Change</u> | | | |
|-------------|--------------------|---------------|-----------|----------------------|---------------|-----------|---------------|---------------|-----------|-------------|
| | <u>Total</u> | <u>Non-ES</u> | <u>ES</u> | <u>Total</u> | <u>Non-ES</u> | <u>ES</u> | <u>Total</u> | <u>Non-ES</u> | <u>ES</u> | <u>ES %</u> |
| Jan | | | | | | | | | | |
| Feb | | | | | | | | | | |
| Mar | | | | | | | | | | |
| Apr | | | | | | | | | | |
| May | | | | | | | | | | |
| Jun | 652,753 | 365,627 | 287,126 | 652,753 | 374,323 | 278,430 | 0 | 8,696 | (8,696) | -3.0% |
| Jul | 740,884 | 402,846 | 338,038 | 740,884 | 413,277 | 327,607 | 0 | 10,430 | (10,430) | -3.1% |
| Aug | 739,048 | 406,243 | 332,805 | 739,048 | 416,677 | 322,370 | 0 | 10,435 | (10,435) | -3.1% |
| Sep | 629,924 | 356,393 | 273,531 | 629,924 | 365,327 | 264,596 | 0 | 8,934 | (8,934) | -3.3% |
| Oct | 620,374 | 355,722 | 264,653 | 620,374 | 365,154 | 255,221 | 0 | 9,432 | (9,432) | -3.6% |
| Nov | 624,967 | 342,611 | 282,356 | 624,967 | 352,508 | 272,459 | 0 | 9,897 | (9,897) | -3.5% |
| Dec | 718,932 | 377,115 | 341,817 | 718,932 | 388,760 | 330,172 | 0 | 11,645 | (11,645) | -3.4% |
| Total | 4,726,882 | 2,606,556 | 2,120,325 | 4,726,882 | 2,676,026 | 2,050,855 | 0 | 69,470 | (69,470) | -3.3% |

7. Line 48 – ISO-NE Ancillary expenses decreased (\$0.7) million due primarily to the inclusion of \$1.1 million Winter Reliability Program revenue not yet received from ISO-NE and lower expenses due to lower loads, offset by lower domestic manufacturing deduction credits of \$0.5 million.

8. Line 49 – RPS expenses increased \$0.1 million in the forecast period. Higher costs are due to a lower projected value of surplus Class I RECs due to a lower market value, offset by lower compliance costs due to lower sales.

9. Lines 52 and 53 – Capacity expenses decreased (\$0.9) million due to lower loads.

12. Lines 42 and 50 – Congestion and loss adjustment and RGGI costs decreased (\$0.1) million.

Attachment CJG-2, Pages 1 and 2:

12. Line 13 – Forecasted O&M decreased (\$2.6) million compared to the same forecast period in the May 9, 2016 rate filing.

13. Line 14 – Return on rate base decreased (\$0.3) million due to a reduction in fuel inventory.

E. Actual Period Cost Changes from May 9, 2016 Filing

Actual costs as compared to forecasted costs for January through May 2016 increased by \$4.7 million. This increase was primarily due to fossil energy costs higher than forecast by \$1.8 million, ISO-NE ancillary costs higher than forecast by \$1.1 million, and O&M costs higher than forecast by \$1.6 million (the total O&M costs for the year decreased by \$1.0M). The remaining costs were higher than forecast by approximately \$0.2 million.

F. Total Year Revenue Changes

The updated ES revenues for 2016 decreased by \$8.4 million due to lower sales caused by increased customer migration. The updated 2016 sales are lower by 101 GWh.