

THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
D/B/A EVERSOURCE ENERGY
PREPARED TESTIMONY OF CHRISTOPHER J. GOULDING
Docket No. DE 15-416
2016 Stranded Cost Recovery Charge Rate Change

1 **Q. Please state your name, business address and position.**

2 A. My name is Christopher J. Goulding. My business address is 780 North Commercial Street,
3 Manchester, NH. I am employed by Eversource Energy Service Company as the Manager of
4 New Hampshire Revenue Requirements and in that position I provide service to Public Service
5 Company of New Hampshire d/b/a Eversource Energy (“Eversource” or the “Company”). For
6 purposes of this testimony, references to Eversource Energy will mean the parent company and
7 references to Eversource will mean PSNH.

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

9 A. Yes, I have.

10 **Q. What are your current responsibilities?**

11 A. I am currently responsible for the coordination and implementation of revenue requirements
12 calculations for Eversource, as well as the filings associated with Eversource’s Energy Service
13 (“ES”) rate, Stranded Cost Recovery Charge (“SCRC”), Transmission Cost Adjustment
14 Mechanism (“TCAM”), and Alternate Default Energy rate.

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

16 A. The purpose of my testimony is: (1) to provide an overview of this filing; and (2) to seek the
17 necessary approvals to set the average SCRC rate that will take effect January 1, 2016.

1 **Q. Please describe the components of the SCRC and their application to this rate request.**

2 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F and 369-
3 B. The PSNH Restructuring Settlement, approved in Order No. 23,549, defined PSNH's stranded
4 costs and categorized them into three different parts (i.e., Part 1, 2 and 3). Part 1 costs were
5 composed of the RRB Charge, which was calculated to recover the principal, net interest, and
6 fees related to Rate Reduction Bonds (the "RRBs"). These RRBs were fully recovered as of May
7 1, 2013. Part 2 costs are "ongoing" stranded costs consisting primarily of the over-market value
8 of energy purchased from independent power producers ("IPPs") and the amortization of
9 payments previously made for IPP buy-downs and buy-outs as approved by the Commission.
10 Part 3 costs, which were primarily the amortization of non-securitized stranded costs, were fully
11 recovered as of June 2006.

12 Additionally, the SCRC rate billed to customers now includes the Regional Greenhouse Gas
13 Initiative ("RGGI") refund as required by RSA 125-O:23, II and Order No. 25,664 (May 9,
14 2014), directing Eversource to rebate RGGI auction revenue it receives through the SCRC rate.

15 **Q. Is Eversource currently proposing a specific SCRC rate at this time?**

16 A. No, it is not. Attachment CJG-1 provides a preliminary rate calculation; however, prior to the
17 anticipated hearing in December 2015, Eversource plans to update the SCRC rate calculation
18 primarily for changes attributable to IPP over-market costs and an update of 2015 actual data.
19 This update will be consistent with the market price assumptions embedded in the ES update and
20 will be filed at the same time as the 2016 ES rate update. The preliminary 2016 average SCRC
21 rate (excluding the RGGI rebate amount) provided in this filing is 0.181 cents per kWh and is
22 0.119 cents per kWh lower than the current rate of 0.300 cents per kWh. The preliminary 2016

1 average SCRC rate (including the RGGI rebate amount) provided in this filing is (0.017) cents
2 per kWh and is 0.172 cents lower than the current rate of 0.155 cents per kWh.

3 **Q. What are the major reasons for the SCRC rate decrease?**

4 A. The decrease in the SCRC rate effective January 1, 2016 from the current rate is primarily due to
5 significantly lower forecasted 2016 above market IPP costs than 2015, lower IPP buydown and
6 buyout costs than 2015 offset by \$0.979 million of Phase I DOE Litigation Proceeds refunded in
7 2015.

8 **Q. Does Eversource anticipate receiving any Department of Energy litigation refunds in 2016?**

9 A. All of the Phase I and Phase II proceeds have been received with the exception of the final Phase
10 1 payment of \$0.979 million, noted above, from Maine Yankee that is expected to be received in
11 September 2015. Phase III completed its trial in July 2015, but has not been ruled upon yet. At
12 this time the amount and collection time frame for the Phase III proceeds are uncertain.

13 **Q. Has Eversource addressed the requirements of Order No. 25,815 in DE 14-120 relating to**
14 **the recoupment of RRB costs where the Commission stated that “The Company will**
15 **provide a calculation of the specific amount, including interest, in its September 2015 filing**
16 **for approval of 2016 energy service rates”?**

17 A. The detailed support calculation of the specific amount, including interest to be recovered by
18 Eversource relating to the settlement of the RRB funds remaining in the reserve and general sub
19 accounts has been provided as Attachment CJG-5. Page 1 calculates the adjustment necessary to
20 the December 31, 2014 under recovery amount and page 2 and 3 provide the calculation of the
21 principal and interest amount. The methodology for calculating interest on the settlement amount
22 is consistent with the interest calculation on all SCRC costs and revenues. Consistent with Order

1 No. 25,815 any tariff pages ultimately filed by Eversource to implement a change in the SCRC
2 rate will be based on a calculation including the recovery of the RRB funds as ordered by the
3 Commission.

4 **Q. Does Eversource plan to minimize cost deferrals for the SCRC through a mid-term**
5 **adjustment?**

6 A. Yes. If a rate adjustment is deemed necessary, Eversource could file a petition for such a change
7 in a manner and on a schedule consistent with the modifications to the ES rate. The Commission
8 could revisit the SCRC rate in an abbreviated investigation. Eversource would submit actual and
9 estimated data on a date specified by the Commission to allow the parties and Staff sufficient
10 time to address the need for an interim adjustment during the 2016 SCRC year.

11 **Q. Please describe the detailed support for the calculation of the average SCRC rate provided**
12 **in Attachments CJG-1 and CJG-2.**

13 A. Attachment CJG-1, pages 1 through 3, provides a summary of 2016 cost information related to
14 the Part 2 costs. Pages 4 through 5 provide the detailed cost information by month related to the
15 Part 2, ongoing costs. Attachment CJG-2, Pages 1 through 7 provide the detailed cost and
16 revenue components relating to the preliminary 2015 SCRC reconciliation.

17 **Q. Is Eversource currently proposing a specific RGGI rate at this time?**

18 A. No, it is not. Attachment CJG-3 provides a preliminary RGGI rate calculation; however, prior to
19 the anticipated hearing in December 2015, Eversource plans to update the RGGI rate calculation
20 for additional 2015 actual data. The preliminary 2016 RGGI rate provided in this filing is (0.198)
21 cents per kWh and is 0.053 cents per kWh lower than the current rate of (0.145) cents per kWh.

1 **Q. What are the major reasons for the RGGI rate decrease?**

2 A. The decrease in the RGGI rate effective January 1, 2016 from the current rate is primarily due to
3 higher than anticipated auction proceeds for the September 2015 auction as well as higher
4 estimated RGGI refund amounts for 2016 versus 2015.

5 **Q. Why did Eversource include the proceeds from the December 2015 auction in 2016?**

6 A. Due to the timing of the auctions and receipt of the auction proceeds, it is Eversource's
7 expectation that the December 2015 auction proceeds will not be received prior to December 31,
8 2015. Accordingly, Eversource has included the December 2015 auction proceeds in its 2016
9 calculation of the RGGI rate. This also holds true for the December 2016 auction proceeds.
10 Those funds will be included in the 2017 RGGI refund calculation and have been excluded from
11 the 2016 calculation.

12 **Q. How did Eversource incorporate the RGGI refund into the SCRC?**

13 A. Eversource first calculated the SCRC rate excluding the rebate in a manner consistent with past
14 filings, by adjusting all of the current SCRC rates by a uniform percentage to achieve the
15 proposed average SCRC rate. The Company then added the per kWh RGGI refund "adder" as
16 calculated in Attachment CJG-3, pages 1-3 to the class specific SCRC rates to get a total SCRC
17 rate. Please refer to Attachment CJG-3, page 4 for the rate calculations by rate class.

18 **Q. Please describe the detailed support for the calculation of the RGGI rate provided in**
19 **Attachments CJG-3 and CJG-4.**

20 A. Attachment CJG-3, pages 1 through 3, provides a summary of 2016 refund information related to
21 RGGI auctions and the amounts allocated to Eversource for refund. Attachment CJG-4, pages 1
22 through 2 provide the detailed RGGI auctions results along with the amounts allocated to

1 Eversource for refund and revenue components relating to the preliminary 2015 RGGI
2 reconciliation.

3 **Q. Does Eversource require Commission approval of the SCRC rate billed to customers by a**
4 **specific date?**

5 A. Yes, Eversource would need final approval of the SCRC rate by December 28, 2015, in order to
6 implement the new rate for service rendered on and after January 1, 2016. Therefore, Eversource
7 requests that the Commission commence a proceeding so that the procedural schedule can be set
8 to review this filing and approve the SCRC rate in a timely manner.

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

10 A. Yes, it does.