

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF CHRISTOPHER J. GOULDING
MID-TERM ADJUSTMENT EFFECTIVE JULY 1, 2016
2016 STRANDED COST RECOVERY CHARGE
RATE CHANGE

Docket No. DE 15-416

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
3 Street, Manchester, NH. I am employed by Eversource Energy Service Company as the
4 Manager of New Hampshire Revenue Requirements and in that position I provide
5 service to Public Service Company of New Hampshire d/b/a Eversource Energy
6 ("Eversource" or the "Company"). For purposes of this testimony, references to
7 Eversource Energy will mean the parent company and references to Eversource will
8 mean PSNH.

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

10 A. Yes, I have.

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

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

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

2 A. The purpose of my testimony is to provide a detailed overview of Eversource's request
3 for a mid-term adjustment to decrease the average SCRC rate (excluding the Regional
4 Greenhouse Gas Initiative ("RGGI") adder rate) effective on July 1, 2016, and to provide
5 a detailed overview of Eversource's request for a mid-term adjustment to increase the
6 Regional Greenhouse Gas Initiative ("RGGI") adder rate effective July 1, 2016.

7 **Q. What is Eversource requesting in this proceeding?**

8 A. In this proceeding, Eversource is requesting that the Commission approve a mid-term
9 adjustment to the average SCRC rate (including the RGGI adder rate) for all customers
10 effective July 1, 2016. This adjustment, as calculated today and consistent with the
11 concurrent ES rate filing, results in an increase of 0.089¢/kWh to the current average
12 SCRC of negative 0.017¢/kWh resulting in a preliminary average SCRC rate of
13 0.072¢/kWh for effect from July 1 through December 31, 2016. This preliminary average
14 SCRC rate is based on actual results through March 2016 and an updated forecast for
15 the remainder of 2016. In June 2016, Eversource will file its proposal to change the
16 TCAM effective July 1, 2016 and will also file updated SCRC and ES rates.

17 **Q. Please describe the components of the SCRC and their impact on this rate**
18 **request.**

19 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-
20 F and 369-B. The PSNH Restructuring Settlement, approved in Order No. 23,549,
21 defined PSNH's stranded costs and categorized them into three different parts (i.e.,
22 Parts 1, 2 and 3). The Part 1 costs were composed of the RRB Charge which was
23 calculated to recover the principal, net interest, and fees related to Rate Reduction

1 Bonds. The Part 1 costs were fully amortized in May 2013. Part 2 costs are “ongoing”
2 stranded costs consisting primarily of the over-market value of energy purchased from
3 independent power producers (“IPPs”) and the amortization of payments previously
4 made for IPP buy-downs and buy-outs as approved by the Commission. In addition, the
5 SCRC has a return component, consisting primarily of the stipulated return on the
6 Yankee decommissioning obligations and the deferred taxes related to the CVEC
7 transaction. The return is a benefit to customers which reduces the overall SCRC level.
8 Part 3 costs, which were primarily the amortization of non-securitized stranded costs,
9 were recovered fully in June 2006. Pursuant to Order No. 25,855 issued in Docket No.
10 DE 15-416, Eversource is currently billing an average SCRC rate of negative
11 0.017¢/kWh which was made effective for the period January 1, 2016 through December
12 31, 2016.

13 **Q. Please describe the detailed support for the calculation of the average SCRC rate**
14 **provided in Attachment CJG-1.**

15 A. Attachment CJG-1, pages 1-3, provides a summary of 2016 cost information related to
16 Part 2 costs. Pages 4 through 5 provide the detailed cost information by month related
17 to the Part 2 costs.

18 **Q. How are Eversource’s mandated purchased power obligations from IPPs valued in**
19 **the SCRC?**

20 A. The over-market portion of purchases from the IPPs is considered to be a stranded cost
21 and is recovered through the SCRC. The market value of the IPP purchases is reflected
22 in the ES rate, which Eversource is proposing to change on July 1, 2016 in a concurrent

1 filing made under separate cover. This treatment is consistent with the Restructuring
2 Settlement and the Commission's Order in Docket No. DE 02-166.

3 **Q. Describe what has transpired during the SCRC period beginning January 1, 2016**
4 **that resulted in your request to increase the average rate level.**

5 A. The current average SCRC rate (including the RGGI adder) of negative 0.017¢/kWh
6 became effective January 1, 2016 for the twelve-month period January through
7 December 2016. The recommended increase in the rate to 0.072¢/kWh is primarily due
8 to updated 2016 actual and forecasted RGGI auction clearing prices of \$5.25 per
9 allowance based on the March 2016 auction results compared to their respective
10 forecasted amounts in the December 11, 2015 rate filing of \$7.50 per allowance. This
11 upward pressure on the rate was slightly offset by a lower than forecasted SCRC
12 (excluding the RGGI adder) 2015 under-recovery.

13 **Q. When will Eversource provide an update to the proposed average SCRC rate?**

14 A. The filing will be updated in about 5 weeks to reflect actual results for April 2016 and for
15 any other significant changes.

16 **Q. Please describe the detailed support for the calculation of the RGGI rate provided**
17 **in Attachment CJG-2.**

18 A. In Order No. 25,664 in Docket No. DE 14-048, and pursuant to RSA 125-O:23, II, the
19 Commission ordered that certain proceeds from the quarterly RGGI auctions be rebated
20 to Eversource's customers through the SCRC. Attachment CJG-2, pages 1 through 3,
21 provides a summary of 2016 information related to RGGI auctions and the amounts
22 allocated to Eversource for refund.

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

2 A. No it is not. Attachment CJG-2 provides a preliminary rate calculation; however, prior to
3 the anticipated hearing in June 2016, Eversource plans to update the RGGI rate
4 calculation for additional 2016 data. The preliminary 2016 RGGI rate provided in this
5 filing is negative 0.124¢/kWh and is 0.104¢/kWh higher than the current 2016 RGGI rate
6 of negative 0.228¢/kWh.

7 **Q. Why did Eversource include revenue from one of the auctions in 2015 along with
8 only three of the four auctions occurring in 2016?**

9 A. Due to the timing of the auctions and historic receipt of the auction proceeds,
10 Eversource did not receive proceeds from all four 2015 auctions in calendar year 2015.
11 The December 2015 auction proceeds were not received prior to December 31, 2015.
12 Accordingly, Eversource has included the December 2015 and March 2016 auction
13 proceeds and its estimates for the June 2016 and September 2016 auction proceeds in
14 its 2016 calculation of the RGGI rate. This also holds true for the December 2016
15 auction proceeds. The proceeds for the December 2016 auction have been excluded
16 from the 2016 RGGI refund calculation and will be included in the 2017 RGGI refund
17 calculation.

18 **Q. Does the Commission need to make a determination at this time of the prudence
19 of the costs incurred since January 1, 2016?**

20 A. No. Those issues will be addressed in the Energy Service/Stranded Cost Recovery
21 Charge reconciliation docket which has traditionally been filed in early May following the
22 calendar year when those costs were incurred and collected.

1 **Q. Does Eversource require Commission approval of this rate by a specific date?**

2 A. Yes. Due to the number of rate components that will change, Eversource requests
3 approval of the proposed SCRC rate by Tuesday, June 28 to allow sufficient time to
4 implement, test and bill the new rates on our regular schedule and to avoid any delay in
5 billing for service rendered as of July 1, 2016 (a Friday). Therefore, Eversource
6 requests that the Commission reopen this proceeding so that the procedural schedule
7 can be set to review this filing and approve the SCRC rate in a timely manner.

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

9 A. Yes, it does.