

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 16-822

**Joint Technical Statement of
Christopher J. Goulding and Frederick B. White**

May 9, 2017

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") proposed Default Energy Service (ES) Rate effective July 1, 2017. This filing updates the Company's initial ES filing that was submitted on December 9, 2016.

B. Proposed Rate

On December 9, 2016, Eversource filed a preliminary 2017 ES rate of 11.17 cents/kWh to be effective for the 12-month period January 1 through December 31, 2017. In this filing, Eversource has calculated an ES rate of 11.60 cents/kWh for effect on July 1, 2017, which is an increase of 0.43 cents/kWh from the December 9, 2016 filed ES rate.

The 0.43 cents/kWh increase in the ES rate is attributable to a decrease in actual and forecasted costs of \$8.9 million offset by a decrease in actual and forecasted revenues of \$15.8 million due to increased actual and forecasted migration.

C. Changes in Forecasted ES Sales

For the forecast period April through December 2017, an updated migration forecast was utilized which resulted in forecasted ES sales to decrease from 2,443 GWh in the initial filing to 2,331 GWh in the updated filing, a decrease of 112 GWh. Forecasted migration has been updated for all months of the forecast period, the results of econometric modeling. For 2017 the forecasted average migration rate has increased to 59.9%. The table below identifies the monthly migration rates utilized in this filing.

Eversource ES Migration Forecast

	<u>Filing Dates</u>		
<u>2017</u>	<u>December 9, 2016</u>	<u>May 9, 2017</u>	<u>Change</u>
Jan			
Feb			
Mar			
Apr	57.4%	59.6%	2.2%
May	59.5%	61.9%	2.3%
Jun	59.0%	60.9%	1.9%
Jul	57.2%	59.1%	1.9%
Aug	57.4%	59.4%	2.0%
Sep	59.3%	61.2%	2.0%
Oct	60.4%	62.0%	1.5%
Nov	57.6%	59.2%	1.6%
Dec	54.9%	56.9%	2.0%
Total	58.1%	59.9%	1.8%

D. Changes from December 9, 2016 Filing

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For the forecast period April through December 2017, the impact of power supply variable cost updates is to decrease ES costs by \$ 8.2 million. Following is a discussion of the major changes (numbers may not add due to rounding):

1. Lines 11 and 12 – Projected coal generation increased 8 GWh and coal fuel expense increased \$2.0 million. Coal generation increased due to higher energy market prices and coal fuel burn expense increased commensurately. In addition, \$1.1 million of costs related to railroad coal deliveries and inventory management are included in Line 11 in April. These costs result from non-usage of 110,883 tons out of 800,000 tons of contracted delivery tonnage.
2. Lines 14 thru 16 – Projected wood generation costs decreased \$0.9 million due to the net of lower wood fuel cost and lower revenue credit resulting from a lower assumed Class I REC value.
3. Lines 21 and 22 – Newington generation decreased by 7 GWh due to higher delivered fuel prices, relative to forward electricity market prices. Lower projected generation resulted in decreased fuel expense of \$0.4 million.
4. Lines 24 thru 26 – IPP energy expenses decreased by \$0.7 million due to lower forecasted generation offset by higher forward electricity market prices. A table showing

forecasted forward electricity market prices used for calculating the ES rate filed in December and for this filing is provided below.

Forward Electricity Prices for Delivery at Massachusetts Hub				
All Hours - \$/MWh				
<u>Filing Dates</u>				
<u>2017</u>	December 09, 2016 <u>(12/1/16 Prices)</u>	May 9, 2017 <u>(4/28/17 Prices)</u>	<u>Change</u>	
			<u>\$/MWh</u>	<u>%</u>
Jan				
Feb				
Mar				
Apr	31.5	29.2	(2.2)	(7.1%)
May	27.5	29.6	(0.9)	(3.3%)
Jun	28.6	28.4	(0.3)	(0.9%)
Jul	34.3	36.2	1.9	5.7%
Aug	31.7	34.9	3.3	10.3%
Sep	26.4	29.9	3.4	13.0%
Oct	27.9	29.3	1.4	5.1%
Nov	32.3	35.0	2.7	8.4%
Dec	45.7	51.4	5.8	12.6%
Total	31.8	33.4	1.7	5.3%

5. Lines 28 thru 30 - Burgess BioPower expenses decreased \$1.7 million due to lower wood fuel cost.

6. Lines 32 thru 34, 36 and 37, and 39 and 40 – Purchases decreased by 90 GWh due primarily to lower loads and expenses decreased by \$0.6 million. Sales increased by 6 GWh decreasing expenses by \$0.5 million.

7. Line 44 – Total Energy decreased 130 GWh due to higher migration. Total ES sales are lower by 112 GWh. The table below shows the forecasted sales and migration (Non-ES sales) as measured at the customer meter used for calculating the preliminary ES rate filed in December and for this filing. Overall, ES sales are lower by 4.6% from the estimates used in the December 9, 2016 ES rate filing.

Eversource ES Sales Forecast

MWh

Filing Dates

<u>2017</u>	<u>December 9, 2016</u>			<u>May 9, 2017</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	586,224	336,533	249,691	586,224	349,603	236,621	0	13,070	(13,070)	(5.2%)
May	599,333	356,803	242,530	599,333	370,827	228,506	0	14,024	(14,024)	(5.8%)
Jun	641,933	378,743	263,189	641,933	390,677	251,256	0	11,933	(11,933)	(4.5%)
Jul	725,319	415,048	310,271	725,319	428,675	296,644	0	13,626	(13,626)	(4.4%)
Aug	721,980	414,529	307,451	721,980	428,944	293,036	0	14,416	(14,416)	(4.7%)
Sep	612,898	363,196	249,701	612,898	375,186	237,712	0	11,989	(11,989)	(4.8%)
Oct	606,635	366,560	240,075	606,635	375,918	230,718	0	9,357	(9,357)	(3.9%)
Nov	610,673	351,928	258,745	610,673	361,428	249,244	0	9,500	(9,600)	(3.7%)
Dec	712,594	391,282	321,312	712,594	405,555	307,039	0	14,274	(14,274)	(4.4%)
Total	5,817,588	3,374,623	2,442,965	5,917,588	3,486,812	2,330,775	0	112,190	(112,190)	(4.6%)

8. Line 48 – ISO-NE Ancillary expenses decreased \$1.9 million due a timing issue associated with the receipt of revenues for Newington’s participation in the ISO NE Winter Reliability Program and lower forecasted loads.

9. Line 49 – RPS expenses decreased \$1.6 million due to lower sales and a decrease in REC prices.

10. Lines 52 and 53 – Capacity surpluses increased due to higher migration, decreasing expenses \$2.1 million.

11. Lines 42 and 50 – Expenses increased \$0.2 million overall due to small changes in congestion and losses and RGGI expenses.

Attachment CJG-2, Pages 1 and 2:

12. Line 13 – Forecasted O&M decreased \$4.7 million compared to the same forecast period in the December 9, 2016 rate filing.

13. Line 14 – Return on rate base increased \$1.2 million primarily due to an increase in Fossil Fuel Inventory.

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

Actual costs as compared to forecasted costs for January through March 2017 decreased by \$3.7 million. This decrease was due primarily to Fuel and Energy costs lower than forecast by \$3.2 million due to serving a lower load than forecasted, O&M costs lower

than forecast by \$2.6 million, RGGI costs lower than forecast by \$1.2 million, offset by RPS costs higher than forecast by \$2.7 million and other costs higher than forecast by \$0.7 million.

F. Total Year Revenue Changes

The updated ES revenues for 2017 decreased by \$15.8 million due to lower sales caused by increased customer migration in the actual months January through March 2017. The updated 2017 sales are decreased by 163 GWh. For the actual period January through March 2017, ES revenues decreased by \$5.2 million and the updated sales decreased by 51 GWh. For the forecast period April through December 2017, ES revenues decreased by \$10.6 million and the updated sales decreased by 112 GWh.

G. Forecasted 2016 Under Recovery

The updated ES 2016 under recovery increased by \$6.5 million due to a decrease in actual revenues compared to forecast of \$4.5 million due to increased migration, the CSL Settlement of \$3.4 million, Energy costs of \$1.3 million higher than forecast, partially offset by a decrease in RPS of \$1.9 million and an \$0.8 million adjustment per the approved settlement in Docket No. DE 16-542.