

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

Public Service Company of New Hampshire
Energy Service Rate - Mid-Year Adjustment

Docket No. DE 11-215

Joint Technical Statement of
Robert A. Baumann and Frederick B. White

June 12, 2012

ORIGINAL	
N.H.P.U.C. Case No.	DE 11-215
Exhibit No.	#10
Witness	Parc 12
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A. Purpose of Technical Statement

This Technical Statement is being submitted to explain the major changes to Public Service Company's proposed Default Energy Service (ES) Rate effective July 1, 2012. This filing updates the Company's ES filing that was submitted on May 2, 2012.

B. Proposed Rate

On May 2, 2012, PSNH filed a preliminary mid-year 2012 ES rate of 7.83 cents/kWh to be effective for the six month period July through December 31, 2012. In this updated filing PSNH is proposing a mid-year ES rate of 7.93 cents/kWh to be effective July 1, 2012 which is a decrease of 0.82 cents/kWh from the currently effective rate of 8.75 cents/kWh.

The increase in this updated ES rate from the May 2, 2012 filing to this June 12, 2012 filing is attributable to a net increase in actual and forecasted costs and revenues of \$6.0 million [a decrease of \$2.5 million in expense, net of a revenue decrease of \$8.5 million] which is contained in Attachment RAB-1.

The May-December 2012 forecasted cost changes are contained in Attachment RAB-2, page 3, and are specifically discussed below. Section C discusses the details associated with a \$4.7 million increase in forecasted costs and Section D discusses the details associated with a \$7.2 million decrease other costs, both actual and forecasted. The net of the two is the \$2.5 million decrease in costs noted above.

C. Changes to Attachment RAB-2, page 3 from May 2, 2012 Filing

For the forecast period May through December 2012, the impact of power supply variable cost updates is to increase ES costs by \$4.7 million. Following is a discussion of the major changes:

1. Lines 4 and 5 – Projected coal generation increased 38 GWh due to higher market energy prices making coal dispatch more economic. Coal fuel expense increased \$2.2 million reflecting higher generation and an increase of \$0.5 million of expense relating to coal deliveries and inventory management.

2. Lines 17-19 – Newington generation for May to December did not change but is distributed differently across individual months due to changes in monthly energy and natural gas prices, and fuel expense increased \$ 0.2 million due to a small increase in fuel (gas) cost. On line 19, benefits from the sale of oil for May thru December decreased \$3.1 million because a sale was realized in April which was previously shown in May. In total, PSNH’s May 2, 2012 filing estimated \$8.0 million in benefits and the total benefit across actual and forecast periods in this filing is \$8.5 million.

3. Lines 21-23 and 25-26 – IPPs and Wood IPPs expenses increased \$0.7 and \$0.9 million, respectively, reflecting higher forward electricity prices. A table is provided below showing forecasted forward electricity prices as of May 29, 2012 used in this filing (except for May which reflects actual DA cleared prices), compared to the prices used in the May 2, 2012 filing.

Forward Electricity Prices for Delivery at Massachusetts Hub

All Hours - \$/MWh

Filing Dates

2012	Filing Dates		Change	
	May 2, 2012 (4/16/12 Closing Prices)	June 12, 2012 (5/29/12 Closing Prices*)	\$/MWh	%
Jan				
Feb				
Mar				
Apr				
May	23.3	25.9	2.6	11.2%
Jun	26.9	28.7	1.7	6.5%
Jul	31.9	35.1	3.1	9.8%
Aug	32.2	33.9	1.8	5.5%
Sep	28.5	30.2	1.8	6.2%
Oct	29.5	31.8	2.3	7.8%
Nov	31.8	34.2	2.4	7.6%
Dec	43.2	45.5	2.3	5.2%
Total	30.9	33.2	2.2	7.3%

* Value for May reflects actual DA cleared prices.

4. Lines 28-38 – Net purchases decreased 124 GWh and expenses decreased by \$1.2 million. The net decrease in purchases is due to lower loads due to increased migration, and additional coal generation. Net purchases include 475 GWh of forward monthly bilateral energy purchases during June through November.

5. Line 42 – Total Energy decreased 86 GWh, net of a load forecast increase of less than 1% and an increase in migration from 36% to 38%. Total ES sales are lower by 81 GWh. The table below shows forecasted sales and migration (Non-ES sales) measured at the customer meter, as filed on May 2, 2012 and for this filing. Note that in this filing actual ES loads were used through 5/23/12. The amount of migration modeled in this update is based on data from May, 2012 and is 38.0% of forecasted total PSNH sales. May - December ES sales are lower by 2.5% from the estimates used in the May 2, 2012 ES rate filing.

<u>PSNH ES Sales Forecast</u>										
MWh										
<u>Filing Dates</u>										
<u>2012</u>	<u>May 2, 2012</u>			<u>June 12, 2012 *</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	588,006	211,682	376,324	588,064	223,465	364,600	58	11,782	(11,724)	-3.1%
Jun	632,285	227,623	404,662	638,818	242,751	396,067	6,533	15,128	(8,595)	-2.1%
Jul	727,553	261,919	465,634	734,231	279,008	455,223	6,678	17,089	(10,410)	-2.2%
Aug	703,408	253,227	450,181	709,706	269,688	440,018	6,298	16,461	(10,164)	-2.3%
Sep	612,453	220,483	391,970	622,322	236,482	385,840	9,869	15,999	(6,130)	-1.6%
Oct	601,819	216,655	385,164	611,856	232,505	379,351	10,037	15,850	(5,814)	-1.5%
Nov	608,064	218,903	389,161	612,544	232,767	379,778	4,481	13,864	(9,383)	-2.4%
Dec	676,034	243,372	432,662	667,548	253,668	413,880	(8,486)	10,296	(18,782)	-4.3%
Total	5,149,622	1,853,864	3,295,758	5,185,090	1,970,334	3,214,756	35,468	116,470	(81,002)	-2.5%

* May figures include actual loads through 5/23/12.

8. Other forecast changes total a net \$1.2 million cost decrease due primarily to lower loads due to increased migration; e.g. – capacity, RPS, and ISO-NE ancillaries and expenses.

D. Other Cost Changes (\$ 7.2 million cost decrease)

9. All other actual and forecasted costs decreased by \$ 7.2 million. The decrease in other actual and forecasted costs was primarily due to three items:

- a. \$3.5 million benefit from a sale of oil which occurred in April, earlier than what was forecast in May 2, 2012 filing.
- b. \$1.6 million higher NWPP wood revenue credit for January-April due to higher REC prices.
- c. \$1.8 million in lower actual F/H O&M costs in April 2012 than what was forecasted in the May 2, 2012 filing.

E. Revenue Changes (\$ 8.5 million decrease)

10. The updated ES revenues for 2012 decreased by \$8.5 million due to lower actual ES sales through April, 2012 and additional customer migration in the forecast period. The actual and forecasted 2012 ES sales are lower by 122 GWh.