

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

**SUPPLEMENTAL DIRECT TESTIMONY OF
STEPHEN R. HALL AND FREDERICK B. WHITE**

**Alternate Energy Service Rate
October 14, 2011**

Docket No. DE 11-216

1 **Q. Please state your names, positions and business addressed.**

2 A. My name is Stephen R. Hall. My business address is PSNH Energy Park, 780 North
3 Commercial Street, Manchester, New Hampshire. I am Rate and Regulatory Services
4 Manager for Public Service Company of New Hampshire ("PSNH").

5 A. My name is Frederick B. White. My business address is 107 Selden St, Berlin,
6 Connecticut. I am a Supervisor in the Wholesale Power Contracts department of
7 Northeast Utilities Service Company ("NUSCO").

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

9 A. Yes, we have both previously testified before the Commission.

10 **Q. What is the purpose of your supplemental testimony?**

11 A. The purpose of our supplemental testimony is to provide PSNH's initial proposal for a
12 rate under Alternate Default Energy Service Rate ADE for effect January 1, 2012. On
13 September 23, 2011, PSNH filed a proposal for Rate ADE. In that filing, PSNH stated
14 that it did not have a proposed rate because the in-service date of the Scrubber had not yet

1 occurred. Now that the Scrubber has been declared in-service, PSNH is able to provide
2 an initial proposed rate.

3 **Q. What is PSNH's preliminary proposed rate?**

4 A. PSNH's preliminary proposed rate for Rate ADE for effect January 1, 2012 is 7.86 cents
5 per kilowatt-hour.

6 **Q. Please describe how that rate was calculated.**

7 A. We added 0.97¢ per kilowatt-hour, which represents the non-operating costs of the
8 Scrubber, to the marginal cost of providing energy service, or 6.89¢ per kilowatt-hour. As
9 discussed in PSNH's September 23, 2011 testimony, Rate ADE is calculated by adding
10 the non-operating cost of the scrubber to the marginal cost of providing energy service
11 for the upcoming year. That calculation is shown on Attachment SRH/FBW-1. The
12 detail supporting the non-operating costs of the scrubber are shown on pages 2 and 3 of
13 Attachment SRH/FBW-1. This information is the same information contained in
14 Attachment RAB-5 contemporaneously filed by PSNH with the Joint Testimony of
15 Robert A. Baumann and William H. Smagula in standard Default Energy Service Rate
16 proceeding, Docket No. DE 11-215. The calculation of the marginal cost of providing
17 energy service is shown on Attachment SRH/FBW-2.

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19 **Q. Please describe how you calculated the marginal cost of providing energy service.**

20 A. To calculate the marginal cost of providing energy service, PSNH utilized the same
21 power supply portfolio model used to calculate the preliminary 2012 ES rate contained in
22 its September 23, 2011 filing in Docket No. DE 11-215. This was accomplished by
23 reducing migration (increasing load) in the model, and dividing the change in costs to

1 serve the incremental load by the change in MWh sales to arrive at the cents per kilowatt-
2 hour rate. The calculation, therefore, is based on the same forward energy market prices,
3 forward capacity market prices, forecasted ancillary service costs, forecasted ISO-NE
4 market administration costs, and forecasted renewable portfolio standard compliance
5 costs used in the filing referenced above. Attachment SRH/FBW-2 provides a summary
6 of the incremental cost and incremental sales and shows a marginal cost of 6.89¢ per
7 kilowatt-hour.

8 **Q. Does PSNH intend to update the calculation of Rate ADE?**

9 A. Yes. As in the case of PSNH's standard Energy Service rate, PSNH will update the
10 calculation of Rate ADE prior to the hearing in this docket and will incorporate the most
11 recent information available on forward market prices and Scrubber Project costs.

12 **Q. Does this complete your testimony?**

13 A. Yes, it does.