

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

Docket No. DE 11-250

Investigation of Scrubber Costs and Cost Recovery
2016 Scrubber Temporary Rate Change

ORIGINAL	
N.H.P.U.C. Case No.	DE 11-250
Exhibit No.	# 135
Witness	Christopher J. Goulding
DO NOT REMOVE FROM FILE	

AFFIDAVIT OF CHRISTOPHER J. GOULDING

I, Christopher J. Goulding, being first duly sworn upon oath, state as follows in response to the questions posed below:

- 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 ("PSNH" or the "Company"). For purposes of this affidavit, references to Eversource
- 7 Energy will mean the parent company.
- 8
- 9 Q. Have you previously testified before the New Hampshire Public Utilities
- 10 Commission (the "Commission")?
- 11 A. Yes, I have.
- 12

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

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

18

19 **Q. What is the purpose of this affidavit?**

20 A. The purpose of this affidavit testimony is to support a summary change by the
21 Commission of the temporary rate previously established in this docket to support
22 recovery of costs related to the scrubber. This new scrubber temporary rate would
23 continue to be applicable only to PSNH's customers who take service under Rate DE,
24 and will take effect on January 1, 2016. Subsequent to Mr. Chung's testimony on July
25 11, 2014, a Settlement Agreement was entered into between the Office of Energy and
26 Planning, Designated Advocate Staff of the New Hampshire Public Utilities Commission,
27 the Office of Consumer Advocate, New Hampshire District 3 Senator Jeb Bradley, New
28 Hampshire District 15 Senator Dan Feltes, the City of Berlin, Local No. 1837 of the
29 International Brotherhood of Electrical Workers, the Conservation Law Foundation,
30 TransCanada Power Marketing Ltd., TransCanada Hydro Northeast Inc., the New
31 Hampshire Sustainable Energy Association d/b/a NH Clean Tech Council, Public
32 Service Company of New Hampshire, and Eversource Energy (collectively, the "Settling
33 Parties"). The Settlement Agreement is designed to provide a resolution of Docket Nos.
34 DE 11-250 and DE 14-238, that are currently pending before the New Hampshire Public
35 Utilities Commission and that Agreement was specifically referenced by the Legislature
36 in 2015 N.H. Laws, Ch. 221, "AN ACT relative to electric rate reduction financing,"

37

38 **Q. What does this new legislation require?**

39 A. In relevant part, the 2015 legislation amended RSA 369-B:3-a, II and requires: "As part
40 of an expedited proceeding, the commission shall review the 2015 settlement proposal
41 and determine whether its terms and conditions are in the public interest."
42

43 Due to various delays in Docket DE 14-238, it is now clear that the Commission will not
44 be able to issue a final decision on the merits of the Settlement Agreement prior to the
45 end of 2015. In that the Settlement Agreement specifically provides for an amendment
46 to PSNH's temporary rate level on January 1, 2016 to reflect the full costs of the
47 scrubber in addition to a portion of the deferred recovery, and that the certain of the
48 economic benefits of the Settlement Agreement rely upon this adjustment to the
49 temporary rate level, PSNH hereby requests that the Commission summarily permit
50 PSNH to amend its scrubber temporary rate from the 0.98 cents per kWh presently
51 allowed to allow for the full recovery of costs as described in the Settlement Agreement.
52

53 **Q. How does the Settlement Agreement address recovery of the scrubber costs and
54 the scrubber deferral?**

55 A. Section III.D of the Settlement Agreement called for the temporary rate for recovery of
56 the costs of the scrubber to be changed effective January 1, 2016 to reflect recovery of
57 all ongoing costs of the scrubber as well as an annual amortization of 1/7 of the deferred
58 scrubber costs.
59

60 **Q. Have there been prior filings seeking to update the scrubber rate in the past?**

61 A. Yes. On July 11, 2014, Eric H. Chung submitted testimony describing a permanent rate
62 proposal that included a level of ongoing scrubber costs and a level of prior unrecovered
63 scrubber costs that were projected as of December 31, 2014.

64

65 **Q. Do you have any updates to the testimony previously submitted by Mr. Chung?**

66 A. Yes. Mr. Chung's testimony described a permanent rate proposal that included a level of
67 ongoing scrubber costs and a level of prior unrecovered scrubber costs that were
68 projected as of December 31, 2014. I have updated the estimate of both of these
69 amounts in this affidavit as of December 31, 2015 for rates effective January 1, 2016.

70

71 **Q. Mr. Chung stated in his July 11, 2014 testimony that ongoing scrubber costs
72 equated to a rate of approximately 1.47 cents per kWh. Is that rate still correct?**

73 A. No. The current projected rate for ongoing scrubber costs for 2016 is 1.25 cents per
74 kWh. Calculation details for this amount are shown in Attachment CJG-1, which updates
75 Attachment EHC-1 filed with Mr. Chung's July 11, 2014 testimony. The primary drivers
76 behind the decrease in the ongoing scrubber costs rate are lower estimated return on
77 rate base and lower estimated fuel costs.

78

79 **Q. Mr. Chung stated in his July 11, 2014 testimony that the projected unrecovered
80 deferred scrubber costs were going to be approximately \$104.7 million at
81 December 31, 2014. How has this amount changed?**

82 A. The amount of unrecovered deferred scrubber costs has grown since December 31,
83 2014. The Company currently projects deferred scrubber costs to be approximately
84 \$123.3 million at December 31, 2015. Recovery of this amount over a seven year period

85 using the latest ES sales estimate results in a rate of 0.47 cents/kWh. Calculation details
86 for this amount are shown in Attachment CJG-2, which updates Attachment EHC-2 filed
87 with Mr. Chung's July 11, 2014 testimony. The growth in deferred scrubber costs was
88 expected, as it is the result of the current temporary rate being set lower than the rate
89 needed to fully recover ongoing scrubber costs.

90

91 **Q. What temporary scrubber rate is the Company requesting that the temporary**
92 **scrubber rate be changed to?**

93 A. The Company is requesting that the temporary scrubber rate be changed from the
94 current rate of 0.98 cents/kWh to 1.72 cents/kWh for rates effective January 1, 2016.
95 This rate will allow for recovery of the estimated 2016 scrubber costs as well as 1/7 of
96 the forecasted December 31, 2015 deferral balance and is consistent with the language
97 of the Settlement Agreement filed in DE 11-250 and DE 14-238.

98

99 These rates are consistent with the Company's filings in Docket No. DE 15-415,
100 "Proposed Default Energy Service Rate for 2016," including my prefiled testimony
101 submitted in that docket.

102

103 **Q. What would the impact of prolonging the adjustment to the temporary scrubber**
104 **rate until July 1, 2016 when PSNH's ES rate would next be adjusted have on the**
105 **scrubber deferral balance?**

106 A. A delay in the adjustment of the temporary scrubber rate by 6 months would lead to a
107 projected increase in the scrubber deferral balance of roughly \$10 million, growing the
108 scrubber deferral balance to approximately \$133.2 million. Calculations for the projected
109 June 30, 2016 scrubber deferral balance are shown in Attachment CJG-3.

- 110 **Q. Will the temporary scrubber rate be reconcilable pending resolution in either DE**
111 **11-250 or DE 14-238?**
- 112 A. Yes, as with any temporary rate, it will ultimately be reconciled with any permanent rate
113 that will be determined by the Commission and, therefore, both customers and the
114 Company are protected from any harm as a result of this adjustment.
115
- 116 **Q. Does this conclude the testimony in this affidavit?**
- 117 A. Yes, it does.

IN WITNESS WHEREOF, I have executed this Affidavit this 2nd day of November, 2015.



Christopher J. Goulding

STATE OF NEW HAMPSHIRE]

] ss.

COUNTY OF HILLSBOROUGH]

Subscribed and sworn to before me by Christopher J. Goulding this 2nd day of November, 2015.



Notary Public

