

ORIGINAL

N.H.P.U.C. Case No.	DE 11-255
Exhibit No.	#1
Witness	Richard H. Branch
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THE STATE OF NEW HAMPSHIRE

BEFORE THE

**NEW HAMPSHIRE PUBLIC UTILITIES
COMMISSION**

Docket No. DE 11-XXX

Renewable Energy Service Rate

DIRECT TESTIMONY OF

Richard H. Branch

November 29, 2011

1 **I. INTRODUCTION**

2 **Q. Please state your name, position and business address.**

3 A. My name is Richard H. Branch. My business address is PSNH Energy Park, 780 North
4 Commercial Street, Manchester, New Hampshire. I am an Analyst in the Business
5 Planning and Customer Support Services Department for Public Service Company of
6 New Hampshire (PSNH).

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

8 A. Yes. A summary of my educational background and experience is contained in
9 Attachment 1.

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

11 A. The purpose of my testimony is to request a change to the Renewable Default Energy
12 Service Rate.

13 **II. BACKGROUND**

14 **Q. Why does PSNH offer a Renewable Default Energy Service Rate?**

15 A. The New Hampshire legislature passed House Bill 395 which requires electric utilities to
16 offer retail customers one or more renewable energy source options. PSNH worked with
17 the legislature on HB 395 and made a commitment to seek the Commission's approval of
18 a renewable Default Energy Service Rate following the passage of the bill. The
19 Commission first approved PSNH's renewable Default Energy Service Rate in Docket
20 09-186.

1 **III. PROGRAM DESCRIPTION**

2 **Q. Please briefly describe PSNH's proposed Renewable Default Energy Service Rate.**

3 A. Under PSNH's Renewable Default Energy Service Rate, PSNH's default energy service
4 customers will be provided with the opportunity to support the development of new
5 renewable sources of generation in New England. PSNH will purchase, and retire, on the
6 participating customer's behalf, Renewable Energy Certificates (RECs) from new
7 renewable sources of generation in New England that match either all or a portion of the
8 customers' actual energy use. Customers taking service under the Renewable Default
9 Energy Service Rate will be billed at the Default Energy Service Rate plus an additional
10 charge (in cents per kilowatt-hour) based on the renewable option chosen.

11 **Q. What type or class of RECs will PSNH purchase on behalf of its customers taking**
12 **service under the Renewable Default Energy Service Rate?**

13 A. As allowed under House Bill 395, PSNH will purchase RECs from facilities that are
14 certified as Class I or Class II generation resources under the New Hampshire Electric
15 Renewable Portfolio Standard (RSA 362-F:4), or are capable of earning certification
16 under RSA 362-F:4. PSNH will only purchase RECs associated with renewable
17 generation resources, as defined above, that are physically located within the New
18 England region.

1 **IV. RATE SETTING AND COST RECOVERY MECHANISM**

2 **Q. How have the rates been established for each option under the Renewable Default**
3 **Energy Service Rate?**

4 A. PSNH utilizes a regulatory process similar to the existing process utilized for PSNH's
5 Default Energy Service Rate for the rate setting and reconciliation of revenues and
6 expenses associated with the Renewable Default Energy Service Rate. The forecasted
7 Renewable Default Energy Service Rate will not exceed the applicable alternative
8 compliance payment (ACP) for Class I resources established pursuant to the Electric
9 Renewable Portfolio Standards (RSA 362-F:10).

10 **Q. What costs are included in the calculation of the Renewable Default Energy Service**
11 **Rate?**

12 A. PSNH has included the forecasted incremental cost of the RECs to be purchased in order
13 to meet the obligations of the participating customers for the calculation of the
14 Renewable Default Energy Service Rate.

15 **Q. What will PSNH's obligation be, in terms of MWH, for the Renewable Default**
16 **Energy Service Rate from 2011?**

17 A. Using projections for November and December, PSNH estimates that its obligation under
18 the Renewable Default Energy Service Rate will be 676 MWH. Using the ratio of 98%
19 Class I and 2% Class II RECs established in previous filings (NHPUC Docket Nos. DE
20 09-186 and DE 10-314), PSNH estimates that it will need to obtain 663 Class I RECs and
21 13 Class II RECs.

1 **Q. Has PSNH purchased any RECs to meet its 2011 obligation?**

2 A. Yes, PSNH has purchased 397 Class I RECs to use towards the estimated need of 663
3 Class I RECs.

4 **Q. Has PSNH collected enough revenue from the Default Energy Service Rate to meet**
5 **this obligation?**

6 A. No. Using the estimation of 676 MWH, PSNH will have collected \$17,999, of which
7 \$11,513 was used to purchase the aforementioned Class I RECs, leaving an estimated
8 \$6,486 to complete obligated purchases. It is estimated that purchasing the RECs to
9 complete the obligation for 2011 will cost \$9,080, leaving an estimated under collection
10 of \$2,594.

11 **Q. How will PSNH recoup this under collection?**

12 A. In the 2010 calendar year, PSNH over collected \$3,763. PSNH proposes to use this over
13 collection to offset the under collection in 2011. The net remaining over collection of
14 \$1,169 (including interest) will remain in the escrow account and be addressed in a
15 subsequent Renewable Default Energy Service Rate filing, either in July 2012 or
16 December 2012.

17 **V. ESTIMATE OF RENEWABLE DEFAULT ENERGY SERVICE**
18 **RATE**

19 **Q. Has PSNH determined a Renewable Default Energy Service Rate for January 1,**
20 **2012?**

21 A. Yes, PSNH has determined that the rate should be set at 3.579 cents/kwh for customers
22 choosing the 100% option, 1.790 cents/kwh for customers choosing the 50% option, and
23 0.895 cents/kwh for customers choosing the 25% option. These rate levels are higher

1 than the corresponding rate levels in effect today of 1.972 cents/kwh, 0.986 cents/kwh,
2 and 0.0493 cents/kwh, respectively.

3 **Q. Please explain why the proposed rate is higher than the currently-effective rate.**

4 A. The proposed rate is higher than in 2011 due to the higher expected costs of acquiring
5 RECs. The market cost for Class I RECs increased throughout 2011 and that is expected
6 to increase into 2012. The market for Class II RECs is still in its infancy and a trend can
7 not be determined.

8 **Q. Please estimate the incremental monthly bill impact of the Renewable Default**
9 **Energy Service Rate options for a residential customer using 500 kilowatt-hours per**
10 **month and for a small business customer using 10,000 kilowatt-hours per month for**
11 **the 25%, 50% and 100% options.**

12 A. The incremental monthly bill impact of the Renewable Default Energy Service Rate
13 options for a residential customer using 500 kilowatt-hours per month and for a small
14 business customer using 10,000 kilowatt-hours per month are summarized in Attachment
15 2. As shown, the monthly bill impact for a residential customer using 500 kilowatt-hours
16 per month ranges from \$17.90 for the 100% option to \$4.47 for customers choosing the
17 25% option, while the monthly bill impact for a small business customer using 10,000
18 kilowatt-hours per month ranges from \$357.90 for customers choosing the 100% option
19 to \$89.48 for customers choosing the 25% option.

VI. PROPOSED TARIFF AND EFFECTIVE DATE

1 **Q. Has PSNH included proposed revised tariff pages for the Renewable Default Energy**
2 **Service Rate options in this filing?**

3 A. Yes, PSNH's proposed revised tariff page for the Renewable Default Energy Service
4 Rate is contained in Attachment 3.

5 **Q. What is the proposed effective date for the Renewable Default Energy Service rate?**

6 A. The proposed effective date for the revised Renewable Default Energy Service rate is
7 January 1, 2012.

8 **Q. Please summarize PSNH's request.**

9 A. PSNH is requesting that the Commission approve its proposed rates for its Renewable
10 Default Energy Service as contained in Attachment 3.

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

12 A. Yes, it does.