

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

**Public Service Company of New Hampshire
Energy Service Rate**

Docket No. DE 13-275

**Joint Technical Statement of
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June 13, 2014

A. Purpose of Technical Statement

This Technical Statement is being submitted to explain the major changes to Public Service Company of New Hampshire's proposed Default Energy Service (ES) Rate effective July 1, 2014. This filing updates the Company's preliminary ES filing that was submitted on May 2, 2014.

B. Proposed Rate

On May 2, 2014, PSNH filed a preliminary ES rate of 9.98 cents/kWh to be effective for the 6-month period July 1 through December 31, 2014. In this filing, PSNH has calculated an updated ES rate of 9.87 cents/kWh for effect on July 1, 2014, which is a decrease of 0.11 cents/kWh from the May 2, 2014 filed ES rate. The rates above include the temporary recovery of Scrubber costs at a rate of 0.98 cents/kWh as ordered in Docket No. DE 11-250, Order No. 25,346.

The 0.11 cents/kWh decrease in the ES rate is attributable to a net decrease in actual and forecasted costs of \$2.9 million (a decrease of \$15.0 million in expense, offset by a revenue decrease of \$12.1 million) which is contained in Attachment CJG-1.

The 2014 forecasted cost changes are contained in Attachment CJG-2, pages 1- 3, and are discussed below. The forecasted cost and revenue changes are attributable to changes in forward electricity prices as of May 28, 2014, lower load due to an increase in customer migration, and other changes as noted below.

C. Forecast Period Cost Changes from May 2, 2014 Filing

Attachment CJG-2, Page 3:

For the forecast period May through December 2014, the impact of power supply variable cost updates is to decrease ES costs by \$15.0 million. Following is a discussion of the major changes:

1. Lines 4 and 5 – Projected coal generation decreased 186 GWh due to lower forward electricity market prices in certain months. Coal fuel expense decreased \$9.0 million due to lower forecasted generation.
2. Lines 14 and 15 – Generation from Newington Station increased by 24 GWh due to changes in energy and natural gas prices in certain months. Newington fuel expense increased \$1.6 million due to higher forecasted generation.
3. Line 17 thru 19 – IPP energy expense increased by \$0.3 million due to higher forward electricity prices. A table showing forecasted forward electricity prices used for calculating the ES rate filed in May, 2014 and for this filing is provided below.

<u>Forward Electricity Prices for Delivery at Massachusetts Hub</u>				
All Hours - \$/MWh				
<u>Filing Dates</u>				
<u>2014</u>	<u>May 2, 2014</u>	<u>June 13, 2014</u>	<u>Change</u>	
	<u>(3/27/14 Prices)</u>	<u>(5/28/14 Prices)</u>	<u>\$/MWh</u>	<u>%</u>
Jan				
Feb				
Mar				
Apr				
May	44.2	37.0	(7.2)	-16.2%
Jun	59.2	50.0	(9.2)	-15.5%
Jul	56.1	57.8	1.7	3.0%
Aug	53.0	50.4	(2.5)	-4.8%
Sep	42.8	40.9	(1.9)	-4.5%
Oct	43.0	42.5	(0.5)	-1.1%
Nov	66.1	67.2	1.1	1.6%
Dec	96.7	121.3	24.6	25.4%
Total	57.6	58.4	0.8	1.3%

4. Lines 24 thru 26 – Burgess Biopower forecasted generation decreased by 77 GWh due to delays in commercial operation, and expenses decreased by \$5.9 million due to lower generation.
5. Lines 28 thru 33 – Purchases increased by 122 GWh and expenses increased by \$3.8 million. The higher values are due to lower coal and Burgess Biopower generation.
6. Lines 35 and 36 – Sales increased by 8 GWh and revenues increased by \$4.3 million, due to sales at higher prices and lower loads due to increased migration.
7. Line 40 – Total Energy requirements decreased 119 GWh due to an increase in migration from 48.1% to 50.2%. The table below shows the forecasted sales and migration (Non-ES sales) as measured at the customer meter used for calculating the ES rate filed in May, 2014 and for this filing. The amount of migration modeled

in this update is as of April, 2014 and ES sales are lower by 4.0% from the estimates used in the May, 2014 filing.

<u>PSNH ES Sales Forecast</u>										
MWh										
<u>Filing Dates</u>										
2014	<u>May 2, 2014</u>			<u>June 13, 2014</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	613,151	294,926	318,225	613,151	307,802	305,349	0	12,876	(12,876)	-4.0%
Jun	667,009	320,831	346,178	667,009	334,839	332,171	0	14,007	(14,007)	-4.0%
Jul	753,119	362,250	390,869	753,119	378,066	375,053	0	15,816	(15,816)	-4.0%
Aug	729,195	350,743	378,452	729,195	366,056	363,139	0	15,313	(15,313)	-4.0%
Sep	630,103	303,080	327,024	630,103	316,312	313,792	0	13,232	(13,232)	-4.0%
Oct	621,278	298,835	322,443	621,278	311,882	309,397	0	13,047	(13,047)	-4.0%
Nov	619,685	298,068	321,616	619,685	311,082	308,603	0	13,013	(13,013)	-4.0%
Dec	710,233	341,622	368,611	710,233	356,537	353,696	0	14,915	(14,915)	-4.0%
Total	5,343,774	2,570,355	2,773,419	5,343,774	2,682,575	2,661,200	0	112,219	(112,219)	-4.0%

Note: Numbers may not add due to rounding.

8. Lines 44 and 46 – ISO-NE Ancillary expense decreased \$0.3 million due to lower loads. Estimated RGGI costs decreased \$0.5 million due to lower generation from owned resources.

9. Line 45 – Net NH RPS expenses decreased \$0.5 million; due to an adjustment for a decrease in 2013 Class III expenses, lower loads, offset by lower Class I RECs from Burgess Biopower.

10. Lines 48 and 49 – Capacity market revenues increased \$0.7 million due to increased migration.

11. Additional small cost changes for Schiller 5 and congestion and loss adjustment result in increased costs of \$0.4 million.

D. Revenue Changes (\$12.1 million decrease)

11. The updated ES revenues for 2014 decreased by \$12.1 million due to lower sales caused by additional customer migration. The updated 2014 sales are lower by 145 GWH.