

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

**Public Service Company of New Hampshire
d/b/a Eversource Energy
Energy Service Rate**

Docket No. DE 14-235

**Joint Technical Statement of
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June 11, 2015

A. Purpose of Technical Statement

This Technical Statement is being submitted to explain the major changes to Public Service Company of New Hampshire d/b/a Eversource Energy's ("Eversource" or the "Company") proposed Default Energy Service (ES) Rate effective July 1, 2015. This filing updates the Company's ES filing that was submitted on May 4, 2015

B. Proposed Rate

On May 4, 2015, Eversource filed a preliminary 2015 ES rate of 8.94 cents/kWh to be effective for the 6 month period July 1 through December 31, 2015. In this filing, Eversource has calculated an updated ES rate of 8.98 cents/kWh for effect on July 1, 2015, which is an increase of 0.04 cents/kWh from the May 4, 2015 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 0.04 cents/kWh increase in the ES rate is attributable to a net increase in actual and forecasted costs of \$1.1 million [a decrease of \$7.1 million in revenue, offset by a cost decrease of \$6.0 million] which is contained in Attachment CJG-1.

The 2015 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 27, 2015, a decrease in load due to an increase in customer migration, a decrease in RPS costs, and other changes as noted below.

C. Forecast Period Cost Changes from May 4, 2015 Filing

Attachment CJG-2, Page 3:

For the forecast period May through December 2015, the impact of power supply variable cost updates is to decrease ES costs by (\$2.2) million. Following is a discussion of the major changes:

1. Lines 11 and 12 – Projected coal generation increased 20 GWh due to higher forward electricity market prices in November and December. Coal fuel expense increased \$0.9 million due to higher forecasted generation.
2. Lines 14 and 15 – Projected wood generation costs increased \$0.2 million due to a lower revenue credit from lowering the assumed Class I REC value from \$52/REC to \$51.25/REC.
3. Lines 21 and 22 – Projected generation from Newington Station increased 61 GWh due to lower dispatch prices relative to forward electricity market prices. Newington fuel expense increased \$2.6 million due to higher forecasted generation.
4. Line 24 thru 26 – IPP costs increased \$0.1 million due to slightly higher forward electricity prices. A table showing forecasted forward electricity prices used for calculating the ES rate filed in May, 2015 and for this filing is provided below.

Forward Electricity Prices for Delivery at Massachusetts Hub
All Hours - \$/MWh
Filing Dates

<u>2015</u>	<u>May 4, 2015</u>	<u>June 11, 2015</u>	<u>Change</u>	
	<u>(4/20/15 Prices)</u>	<u>(5/27/15 Prices)</u>	<u>\$/MWh</u>	<u>%</u>
Jan				
Feb				
Mar				
Apr				
May	26.7	25.0	(1.7)	-6.5%
Jun	31.6	30.3	(1.3)	-4.1%
Jul	41.3	41.1	(0.2)	-0.4%
Aug	34.8	34.9	0.1	0.3%
Sep	30.9	30.4	(0.5)	-1.5%
Oct	32.7	33.1	0.4	1.2%
Nov	52.6	56.6	4.1	7.8%
Dec	80.5	84.3	3.8	4.8%
Total	41.4	42.0	0.6	1.5%

5. Lines 28 thru 30 – Burgess BioPower forecasted generation increased 18 GWh due to removal of a May outage, and expenses increased \$1.5 million due to higher generation and higher assumed indexed wood cost from \$30.5/Ton to \$31/Ton.
6. Lines 32 thru 40 – Purchases decreased 129 GWh decreasing expenses by (\$5.8) million. Sales increased 11 GWh increasing revenues by (\$1.1) million. The decrease in purchases and increase in sales are due to higher generation and lower loads.
7. Lines 42 and 50 – Congestion and loss adjustments and RGGI costs increased by \$0.2 and \$0.1 million, respectively, due to higher generation amounts.

8. Line 45 – Total Energy requirements decreased 41 GWh due to an increase in migration from 49.5% to 50.4%. 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, 2015 and for this filing. The amount of migration modeled in this update is as of April, 2015. Overall, May to December ES sales are lower by 1.4% from the estimates used in the May, 2015 filing.

<u>Eversource ES Sales Forecast</u>										
MWh										
<u>Filing Dates</u>										
<u>2015</u>	<u>May 4, 2015</u>			<u>June 11, 2015</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	606,963	303,487	303,477	606,963	313,645	293,318	0	10,158	(10,158)	-3.3%
Jun	659,411	329,679	329,732	659,411	338,352	321,059	0	8,672	(8,672)	-2.6%
Jul	741,044	358,048	382,996	741,044	363,665	377,379	0	5,617	(5,617)	-1.5%
Aug	738,382	375,716	362,665	738,382	379,953	358,429	0	4,236	(4,236)	-1.2%
Sep	625,160	327,452	297,708	625,160	329,825	295,336	0	2,373	(2,373)	-0.8%
Oct	621,033	331,472	289,562	621,033	332,733	288,300	0	1,262	(1,262)	-0.4%
Nov	623,220	306,514	316,706	623,220	306,615	316,606	0	100	(100)	0.0%
Dec	711,995	314,534	397,461	711,995	320,371	391,624	0	5,837	(5,837)	-1.5%
Total	5,327,210	2,646,902	2,680,307	5,327,210	2,685,159	2,642,051	0	38,256	(38,256)	-1.4%

9. Line 48 – ISO-NE Ancillary expenses decreased (\$0.7) million due to inclusion of an additional (\$0.6) million Winter Reliability Program revenue and lower costs due to lower loads.

10. Line 49 – RPS expenses increased \$0.3 million primarily because previously forecasted net benefits from REC sales were recognized in April.

11. Lines 52 and 53 – Capacity expenses decreased (\$0.5) million due to lower loads.

Attachment CJG-2, Pages 1 and 2:

12. Line 13 – Forecasted O&M decreased (\$2.4) million compared to the same forecast period in the May 4, 2015 rate filing.

13. Line 14 – Return on rate base increased \$0.2 million due to changes in Deferred Taxes.

D. Actual Period Cost Changes from May 4, 2015 Filing

Actual costs as compared to forecasted costs for January through April 2015 decreased by (\$1.6) million. This decrease was primarily due to RPS costs lower than forecast by (\$3.1) million, Return on Rate Base lower than forecast by (\$0.9) million, offset by fossil energy costs higher than forecast by \$2.0 million, and O&M costs higher than forecast by \$0.6 million. There remaining costs were lower than forecast by approximately (\$0.2) million.

E. Total Year Revenue Changes

The updated ES revenues for 2015 decreased by \$7.1 million due to lower sales caused by increased customer migration. The updated 2015 sales are lower by 74 GWh.