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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May 4, 2015

A. Purpose of Technical Statement

This Technical Statement is being submitted to explain the major changes to Eversource Energy's proposed Default Energy Service (ES) Rate effective July 1, 2015. This filing updates the Company's ES filing that was submitted on December 15, 2014.

B. Proposed Rate

On December 15, 2014, Eversource filed a 2015 ES rate of 10.56 cents/kWh to be effective for the 12 month period January 1 through December 31, 2015. In this filing, Eversource has calculated an ES rate of 8.94 cents/kWh for effect on July 1, 2015, which is a decrease of (1.62) cents/kWh from the December 15, 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 (1.62) cents/kWh decrease in the ES rate is attributable to a net decrease in actual and forecasted costs of ($33.1) million [an increase of $10.1 million in expense, offset by a revenue increase of $43.2 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 a decrease in forward electricity prices as of April 20, 2015, an increase in load due to a decrease in customer migration, a decrease in RPS costs due to regulatory changes in RPS requirements, and other changes as noted below.

C. Forecast Period Cost Changes from December 15, 2014 Filing

Attachment CJG-2, Page 3:
For the forecast period April through December 2015, the impact of power supply variable cost updates is to decrease ES costs by ($8.8) million. Following is a discussion of the major changes:

1. Lines 11 and 12 – Projected coal generation decreased 436 GWh due to lower forward electricity market prices. Coal fuel expense decreased ($20.6) million due to lower forecasted generation.

2. Lines 14 and 15 – Projected wood generation costs increased $0.4 million due to an increase in delivered wood costs and lower revenue credit due to a lower assumed Class I REC value.

3. Lines 21 and 22 – Projected generation from Newington Station decreased (33) GWh due to lower market prices. Newington fuel expense decreased ($1.7) million due to lower forecasted generation.

4. Line 24 thru 26 – IPP costs decreased ($2.3) million due to lower forward electricity prices. A table showing forecasted forward electricity prices used for calculating the ES rate filed in December, 2014 and for this filing is provided below.

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

2015	December 15, 2014 (11/20/14 Prices)	May 4, 2015 (4/20/15 Prices)	Change $/MWh	Change %
Jan				
Feb				
Mar				
Apr	47.2	30.9	(16.3)	-34.6%
May	35.7	26.7	(9.0)	-25.2%
Jun	48.2	31.6	(16.6)	-34.4%
Jul	50.1	41.3	(8.8)	-17.7%
Aug	43.9	34.8	(9.1)	-20.7%
Sep	36.9	30.9	(6.1)	-16.4%
Oct	39.6	32.7	(6.9)	-17.4%
Nov	53.3	52.6	(0.8)	-1.5%
Dec	100.4	80.5	(20.0)	-19.9%
Total	50.6	40.2	(10.4)	-20.5%

5. Lines 28 thru 30 – Burgess BioPower forecasted generation decreased (21) GWh due to lower expected generation, and expenses decreased ($1.5) million.

6. Lines 32 thru 40 – Purchases increased 573 GWh increasing expenses by $13.7 million. Of note, since the December, 2014 filing, Eversource has entered into fixed price purchases for 17.6 GWh (50 MW) of peak energy for April, 2015, and for 35.2 GWh (100 MW) of peak energy for June, 2015. Sales decreased (177) GWh increasing expenses by $12.4 million. The increase in purchases and decrease in sales are due to lower generation and higher loads.

7. Lines 42 and 50 – Congestion and loss adjustments and RGGI costs decreased by ($0.7) and ($1.1) million, respectively, due primarily to lower generation amounts.

8. Line 45 – Total Energy requirements increased 260 GWh due to a decrease in migration from 53.7% to 49.5%. 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 December, 2014 and for this filing. The amount of migration modeled in this update is as of March, 2015. Overall, ES sales are higher by 8.9% from the estimates used in the December, 2014 filing.

Eversource ES Sales Forecast

MWh

Filing Dates

	December 15, 2014			May 4, 2015			Change			
2015	Total	Non-ES	ES	Total	Non-ES	ES	Total	Non-ES	ES	ES %
Jan										
Feb										
Mar										
Apr	590,381	308,723	281,658	590,381	280,223	310,159	0	(28,501)	28,501	10.1%
May	606,963	330,154	276,810	606,963	303,487	303,477	0	(26,667)	26,667	9.6%
Jun	659,411	352,832	306,579	659,411	329,679	329,732	0	(23,152)	23,152	7.6%
Jul	741,044	380,439	360,605	741,044	358,048	382,996	0	(22,392)	22,392	6.2%
Aug	738,382	394,717	343,665	738,382	375,716	362,665	0	(19,001)	19,001	5.5%
Sep	625,160	349,174	275,987	625,160	327,452	297,708	0	(21,722)	21,722	7.9%
Oct	621,033	357,998	263,036	621,033	331,472	289,562	0	(26,526)	26,526	10.1%
Nov	623,220	339,292	283,928	623,220	306,514	316,706	0	(32,778)	32,778	11.5%
Dec	711,995	358,841	353,155	711,995	314,534	397,461	0	(44,307)	44,307	12.5%
Total	5,917,591	3,172,169	2,745,422	5,917,591	2,927,125	2,990,466	0	(245,044)	245,044	8.9%

9. Line 48 – ISO-NE Ancillary expenses decreased ($2.3) million due to the inclusion of ($4.0) million Winter Reliability Program revenue not yet received from ISO-NE), offset by adjustments to cost projections, increased loads, and removal of the Domestic Manufacturing Deduction totaling $1.7 million.

10. Line 49 – RPS expenses decreased ($8.0) million due primarily to regulatory changes to RPS Class III requirements, offset by increases due to higher forecasted sales.

11. Lines 52 and 53 – Capacity expenses increased $2.9 million due to higher loads.

Attachment CJG-2, Pages 1 and 2:

12. Line 13 – Forecasted O&M increased $2.7 million compared to the same forecast period in the December 15, 2014 rate filing.

13. Line 14 – Return on rate base decreased ($0.2) million primarily due to an increase in Fossil Fuel Inventory.

D. Actual Period Cost Changes from December 15, 2014 Filing

Actual costs as compared to forecasted costs for January through March 2015 increased by $12.7 million. This increase was due primarily due to Fuel and Energy costs higher than forecast by $24.8 million due to serving a higher load than forecasted. These costs were offset by a reduction to RPS costs of ($7.5) million, O&M costs lower than forecast by ($5.0) million. There were also other costs that exceeded forecast by $0.4 million.

E. Total Year Revenue Changes

The updated ES revenues for 2015 increased by $43.2 million due to higher sales caused by reduced customer migration. The updated 2015 sales are increased by 450 GWh. For the actual period January through March 2015 ES revenues increased by $19.6 million and the updated sales increased by 205 GWh. For the forecast period April through December 2015, ES revenues increased by $23.6 million and the updated sales increased by 245 GWh.

F. Change to Prior Year Forecasted Underrecovery

Actual costs as compared to forecasted costs for November and December, 2014 increased resulting in an increase to the 2014 under-recovery of $3.8 million due primarily to fuel and energy costs higher than had been projected by $0.4 million, O&M costs higher than estimated by $1.7 million, Return on Rate Base higher than projected by $0.3 million, removal of the Domestic Manufacturing Deduction credit included in the forecast of $0.6 million, and revenues that were lower than forecasted by $0.7.