

**DE 14-238 Determination Regarding PSNH's Generation Assets Settling Response to
Dean M. Murphy Testimony Filed on 1/26/2016**

Date of Response: 2/1/2016

Witness: Billy Leung, REMI

Upon review of the testimony filed by Dean M. Murphy of Brattle Group on January 26th, 2016 the New Hampshire Public Utilities Commission requested REMI to run an additional simulation to model the \$163 million in energy cost savings over the first five year (2017-2021) time period. The purpose of this simulation is to better understand the economic impacts associated with the energy cost savings and compare them to previous simulations of the various divestiture proceeding estimated outcomes displayed in the Commission Staff Set TC-46 response. In order for REMI to input the energy cost savings, we required a breakdown of the energy cost savings per year and by customer class. Eric Chung on behalf of Eversource Energy provided REMI with those inputs, which account for energy cost changes to industrial, commercial, residential and public street lighting customers. Table one provides the energy cost savings in current millions of dollars that were inputs for this analysis. A negative dollar amount reflects a cost savings.

Table 1: Energy Cost Changes by Customer Class 2017 – 2021 in Millions of Current Dollars

Settlement	2017	2018	2019	2020	2021	Total	Average
Overall energy (reductions) / increases related to generation	-\$75.00	-\$38.00	-\$24.00	-\$18.00	-\$8.00	-\$163.00	-\$32.60
Residential	-\$36.58	-\$18.53	-\$11.71	-\$8.78	-\$3.90	-\$79.50	-\$15.90
Commercial	-\$30.41	-\$15.41	-\$9.73	-\$7.30	-\$3.24	-\$66.09	-\$13.22
Industrial	-\$7.79	-\$3.95	-\$2.49	-\$1.87	-\$0.83	-\$16.94	-\$3.39
Public Street Lighting	-\$0.22	-\$0.11	-\$0.07	-\$0.05	-\$0.02	-\$0.47	-\$0.09

When running the simulation, REMI modeled the energy cost savings as the same policy variable input categories in the TC-46 response and original economic assessment report. To compare the results to the previous findings, REMI ran the energy cost savings off of the default REMI control forecast. Table two provides summary level results of the Brattle Group PSNH divestiture energy cost changes when viewed as the difference from the REMI baseline. Table three compares the various estimated outcomes based on aggregate energy cost savings compared to various applicable economic indicators. Table four provides additional comparisons to understand the aggregate energy cost changes input into REMI and the results totals for the first five year time period.

When reading Tables three and four, TC-46A is based on a net electricity cost increase whereas the other simulations are based on assumptions reflecting a net cost decrease. The differences in the results of the three net positive economic impacts are based on the ratios of the various consumer classes affected and the years in which the energy cost changes occurred.

Table 2: Economic Impact of Brattle Group Estimated PSNH Divestiture Energy Cost Changes (2017-2021)

Category	Units	2017	2018	2019	2020	2021	Total	Average
Total Employment	Individuals (Jobs)	501	401	328	260	168	1,658	332
Private Non-Farm Employment	Individuals (Jobs)	468	362	289	224	137	1,480	296
Residence Adjusted Employment	Individuals	708	492	400	326	213	2,139	428
Population	Individuals	413	545	602	619	580	2,759	552
Labor Force	Individuals	296	349	374	375	339	1,733	347
Gross Regional Product (GRP)	Millions of Current Dollars	57	46	39	33	23	198	40
Output	Millions of Current Dollars	85	70	60	51	36	302	60
Value Added	Millions of Current Dollars	56	44	37	32	22	191	38
Personal Income	Millions of Current Dollars	52	41	37	33	25	188	38
Disposable Personal Income	Millions of Current Dollars	46	36	33	29	22	166	33
Real Disposable Personal Income	Millions of Current Dollars	109	66	51	44	29	299	60
PCE-Price Index	Percent Change	-0.09%	-0.04%	-0.02%	-0.02%	-0.01%	-0.18%	-0.04%

Table 3: Economic Activity Creation Comparison (First Five Years of Simulation Results)

Category	Units	BPD	TC-46A	TC-46B	TC-46BB	TC-46BC
Job Per Dollars Saved	Thousands of Current Dollars	\$98	-\$225	\$119	\$204	\$117
GRP Per Dollars Saved	Thousands of Current Dollars	\$823	-\$1,686	\$978	\$1,692	\$978
Personal Income Per Dollars Saved	Thousands of Current Dollars	\$867	-\$1,826	\$966	\$1,678	\$983

Table 4: First Five Year Aggregate Impact Comparison (Difference from REMI Baseline)

Category	Units	BPD	TC-46A	TC-46B	TC-46BB	TC-46BC
Energy Cost Change (Input for Simulation)	Millions of Current Dollars	-\$163	\$66	-\$227	-\$393	-\$227
Total Employment	Individuals (Jobs)	1,658	-292	1,915	1,924	1,942
Gross Regional Product	Millions of Current Dollars	\$198	-\$39	\$232	\$232	\$232
Personal Income	Millions of Current Dollars	\$188	-\$36	\$235	\$234	\$231

Simulation Comparison Key

- **BPD – Brattle Group Estimated PSNH Divestiture Energy Cost Changes (2017-2021)**
- **TC-46A – TC-46(a) - La Capra High Natural Gas prices, High Sale Proceeds (Difference from REMI Default Baseline)**
- **TC-46B – TC-46(b) with Allocation Option A (Difference from REMI Default Baseline)**
- **TC-46BB – TC-46(b) with Allocation Option B (Difference from REMI Default Baseline)**
- **TC-46BC – TC-46(b) with Allocation Option C (Difference from REMI Default Baseline)**