

THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF DAVID F. BIDMEAD
2017 STRANDED COST RECOVERY CHARGE RATE CHANGE
Docket No. DE 16-xxx

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

2 A. My name is David F. Bidmead. My business address is 107 Selden Street, Berlin, Connecticut. I
3 am employed by Eversource Energy as a Senior Revenue Requirements Analyst -- New
4 Hampshire and in that position I provide service to Public Service Company of New Hampshire
5 d/b/a Eversource Energy ("Eversource").

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

7 A. Yes, I have.

8 **Q. What are your current responsibilities?**

9 A. I currently prepare and/or review the calculation of New Hampshire revenue requirements for
10 Eversource, as well as the filings associated with Eversource's Energy Service charge, Stranded
11 Cost Recovery Charge and Transmission Cost Adjustment Mechanism.

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

13 A. The purpose of my testimony is: (1) to provide an overview of this filing; and (2) to seek the
14 necessary approvals to set the average SCRC rate that will take effect January 1, 2017.

15 **Q. Please describe the components of the SCRC and their application to this rate request.**

16 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F and 369-

17 B. The PSNH Restructuring Settlement, approved in Order No. 23,549, defined PSNH's stranded

1 costs and categorized them into three different parts (i.e., Part 1, 2 and 3). Part 1 costs were
2 composed of the RRB Charge, which was calculated to recover the principal, net interest, and
3 fees related to Rate Reduction Bonds (the “RRBs”). These RRBs were fully recovered as of May
4 1, 2013. Part 2 costs are “ongoing” stranded costs consisting primarily of the over-market value
5 of energy purchased from independent power producers (“IPPs”) and the amortization of
6 payments previously made for IPP buy-downs and buy-outs as approved by the Commission.
7 Part 3 costs, which were primarily the amortization of non-securitized stranded costs, were fully
8 recovered as of June 2006.

9 Additionally, the SCRC rate billed to customers includes the Regional Greenhouse Gas Initiative
10 (“RGGI”) refund as required by RSA 125-O:23, II and Order No. 25,664 (May 9, 2014), directing
11 Eversource to rebate RGGI auction revenue it receives through the SCRC rate.

12 **Q. Is Eversource currently proposing a specific SCRC rate at this time?**

13 A. No, it is not. Attachment DFB-1 provides a preliminary January 1, 2017 rate calculation;
14 however, prior to the anticipated hearing in December 2016, Eversource plans to update the
15 SCRC rate calculation primarily for changes attributable to IPP over-market costs and an update
16 of 2016 actual data. This update will be consistent with the market price assumptions embedded
17 in the ES update and will be filed at the same time as the January 1, 2017 ES rate update. The
18 preliminary 2017 average SCRC rate (excluding the RGGI rebate amount) provided in this filing
19 is 0.146 cents per kWh and is 0.054 cents per kWh lower than the current rate of 0.200 cents per
20 kWh. The preliminary 2017 average SCRC rate (including the RGGI rebate amount of (0.101)
21 cents per kwh as discussed below) provided in this filing is 0.045 cents per kWh and is 0.039
22 cents lower than the current rate of 0.084 cents per kWh.

1 **Q. What are the major reasons for the SCRC rate decrease?**

2 A. The decrease in the SCRC rate effective January 1, 2017 from the current rate is primarily due to
3 a lower forecasted deferral balance for December 31, 2016 compared to the actual deferral
4 balance for December 31, 2015.

5 **Q. Does Eversource anticipate receiving any Department of Energy litigation refunds in 2017?**

6 A. All of the Phase I and Phase II proceeds have been received. Phase III completed its trial in July
7 2015 and a judgment against the DOE was issued in March 2016. At this time the amount and
8 collection time frame for the Phase III proceeds are uncertain. If the amounts are available for the
9 December update, the refunds will be included at that time.

10 **Q. Does Eversource plan to minimize cost deferrals for the SCRC through a mid-term
11 adjustment?**

12 A. Yes. If a rate adjustment is deemed necessary, Eversource could file a petition for such a change
13 in a manner and on a schedule consistent with the modifications to the ES rate. The Commission
14 could revisit the SCRC rate in an abbreviated investigation. Eversource would submit actual and
15 estimated data on a date specified by the Commission to allow the parties and Staff sufficient
16 time to address the need for an interim adjustment during the 2017 SCRC year.

17 **Q. Please describe the detailed support for the calculation of the average SCRC rate provided
18 in Attachments DFB-1 and DFB-2.**

19 A. Attachment DFB-1, pages 1 through 3, provides a summary of 2017 cost information related to
20 the Part 2 costs. Pages 4 through 5 provide the detailed cost information by month related to the

1 Part 2, ongoing costs. Attachment DFB-2, Pages 1 through 5 provide the detailed cost and
2 revenue components relating to the preliminary 2016 SCRC reconciliation.

3 **Q. Is Eversource currently proposing a specific RGGI rate at this time?**

4 A. No, it is not. Attachment DFB-3 provides a preliminary RGGI rate calculation; however, prior to
5 the anticipated hearing in December 2016, Eversource plans to update the RGGI rate calculation
6 for additional 2016 actual data. The preliminary 2017 RGGI rate provided in this filing is (0.101)
7 cents per kWh and is 0.015 cents per kWh higher than the current rate of (0.116) cents per kWh.

8 **Q. What are the major reasons for the RGGI rate decrease?**

9 A. The decrease in the RGGI rate effective January 1, 2017 from the current rate is primarily due to
10 the change in forecasted RGGI refund amounts for 2017 versus 2016.

11 **Q. Why did Eversource include the proceeds from the December 2016 auction in 2017?**

12 A. Due to the timing of the auctions and receipt of the auction proceeds, it is Eversource's
13 expectation that the December 2016 auction proceeds will not be received prior to December 31,
14 2016. Accordingly, Eversource has included the December 2016 auction proceeds in its 2017
15 calculation of the RGGI rate. This also holds true for the December 2017 auction proceeds.
16 Those funds will be included in the 2018 RGGI refund calculation and have been excluded from
17 the 2017 calculation.

18 **Q. Please describe the detailed support for the calculation of the RGGI rate provided in**
19 **Attachments DFB-3 and DFB-4.**

20 A. Attachment DFB-3, pages 1 through 3, provides a summary of 2017 refund information related to
21 RGGI auctions and the amounts allocated to Eversource for refund. Attachment DFB-4, pages 1

1 through 3 provide the detailed RGGI auctions results along with the amounts allocated to
2 Eversource for refund and revenue components relating to the preliminary 2016 RGGI
3 reconciliation.

4 **Q. Does Eversource require Commission approval of the SCRC rate billed to customers by a**
5 **specific date?**

6 A. Yes, Eversource would need final approval of the SCRC rate by December 28, 2016, in order to
7 implement the new rate for service rendered on and after January 1, 2017. Therefore, Eversource
8 requests that the Commission commence a proceeding so that the procedural schedule can be set
9 to review this filing and approve the SCRC rate in a timely manner.

10 **Q. Does this conclude your testimony?**

11 A. Yes, it does.