

THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF CHRISTOPHER J. GOULDING
2018 STRANDED COST RECOVERY CHARGE RATE UPDATE
Docket No. DE 18-XXX

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

2 A. My name is Christopher J. Goulding. My business address is 780 North Commercial Street,
3 Manchester, NH. I am employed by Eversource Energy Service Company as the Manager of
4 New Hampshire Revenue Requirements and in that position I provide service to Public Service
5 Company of New Hampshire d/b/a Eversource Energy (“Eversource” or the “Company”).

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

7 A. Yes, I have.

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

9 A. I am currently responsible for the coordination and implementation of revenue requirements
10 calculations for Eversource, as well as the filings associated with Eversource’s Energy Service
11 (“ES”) rate, Stranded Cost Recovery Charge (“SCRC”), Transmission Cost Adjustment
12 Mechanism (“TCAM”), and Distribution Rates.

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

14 A. The purpose of my testimony is: (1) to provide an overview of this filing; and (2) to seek the
15 necessary approvals to set the average SCRC rate that will take effect April 1, 2018.

16 **Q. Has the SCRC rate been calculated consistent with the settlement agreements approved in**
17 **Docket No. DE 14-238 and Docket No. DE 17-113?**

18 A. Yes, the April 1, 2018 SCRC rate has been prepared consistent with the settlement agreements
19 and related orders in those dockets.

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

2 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F and 369-
3 B. The PSNH Restructuring Settlement, approved in Order No. 23,549, defined PSNH's stranded
4 costs and categorized them into three different parts (i.e., Part 1, 2 and 3). Part 1 costs were
5 composed of the RRB Charge, which was calculated to recover the principal, net interest, and
6 fees related to the original Rate Reduction Bonds ("RRBs"). These original RRBs were fully
7 recovered as of May 1, 2013. As part of Eversource's divestiture of its generating facilities under
8 the settlement in Docket No. DE 14-238, new RRBs are estimated to be issued in April 2018 and
9 will be included in Part 1 of the SCRC when issued. Part 2 costs are "ongoing" stranded costs
10 consisting primarily of the over-market value of energy purchased from independent power
11 producers ("IPPs") and the amortization of payments previously made for IPP buy-downs and
12 buy-outs as approved by the Commission. Also as part of the divestiture of Eversource's
13 generating facilities, Part 2 will incorporate various new costs, including: the costs of retained
14 power entitlements, and any unsecuritized prudently incurred decommissioning, environmental,
15 or other residual costs or liabilities related to the generating facilities. Part 3 costs, which were
16 primarily the amortization of non-securitized stranded costs, were fully recovered as of June
17 2006.

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

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

22 A. No, it is not. Attachment CJG-1 provides rate class specific preliminary rate calculations for the
23 SCRC proposed for April 1, 2018; however, prior to the anticipated hearing in March 2018,
24 Eversource plans to update the SCRC rate calculations for changes attributable to various factors
25 including: the forecasted over/(under)-market cost associated with the ongoing IPPs; Burgess
26 PPA and Lempster over/under-market costs; any 2018 actual data available at that time; the
27 forecasted March 31, 2018 non-scrubber Energy Service under-recovery; and the rate class
28 specific RRB charges and the estimated remittances to the RRB trust. The preliminary 2018
29 average SCRC rates (excluding the RGGI rebate amount) provided in this filing are 1.937 cents

per kWh for Rate R customers, 1.804 cents per kWh for Rate G customers, 1.487 cents per kWh for Rate GV customers, 0.554 cents/kWh for Rate LG customers, and 1.869 cents/kWh for Rate OL/EOL customers. The RGGI adder rate will remain at the currently approved rate of negative 0.105 cents per kWh. Attachment CJG-2 provides the changes from the current SCRC rates (including the RGGI rebate adder) to the preliminary April 1, 2018 rates to account for the rate class specific average SCRC rates detailed above.

Q. Historically, there was a single average SCRC rate that was applied to all customers. Why are there now class specific average SCRC rates?

A. As part of the Settlement Agreement approved in Docket No. DE 14-238 at Line 252 of Section III.A, the SCRC revenue requirement is to be allocated to each rate class as follows: 5.75% to Rate LG, 20.00% to Rate GV, 25.00% to Rate G, 48.75% to Rate R, and 0.50% to Rate OL. Applying this differing allocation by rate class means that there can no longer be a single average SCRC rate for all customers. Attachment CJG-3 provides illustrative tariff changes necessary to incorporate the updates to the SCRC calculation.

Q. What are the major reasons for the SCRC rate increase?

A. The increase in the preliminary SCRC rate effective April 1, 2018 as compared to the current rate is due to the inclusion of the costs as a result of the approved settlement agreements in Docket Nos. DE 14-238 and DE 17-113 relating to the divestiture of Eversource's generating facilities.

Q. Please describe the detailed support for the calculation of the average SCRC rate provided in Attachments CJG-1.

A. Attachment CJG-1, page 1 provides the calculation of the average SCRC rates for the 5 rate classes incorporating the cost allocation for each rate class defined in the settlement agreement approved in Docket No. DE 14-238. Page 2, provides a summary of 2018 cost information related to the Part 1 and Part 2 costs. Page 3 provides the estimated rate class specific RRB charges based on the Mid Case scenario rate calculation which was provided as Exhibit 14 in Docket No. DE 17-096, along with the amounts remitted to the trust for each rate class. Page 4 has been provided to reconcile the amount of funds that are collected through the RRB charge by its inclusion in the SCRC with the amount of funds that are in the Collection and Excess Funds trust accounts. It is important to note that customers are not directly paying the principal, interest

1 and fees associated with the RRBs in the SCRC rate calculation. Customers are paying a RRB
2 charge that results in remittances to the RRB trust that are used to satisfy the principal, interest
3 and fees of the RRBs. The RRB charge is calculated to satisfy the principal, interest and fees of
4 the RRBs. Page 5 provides detailed cost information by month related to the Part 2, ongoing
5 costs.

6 **Q. Please explain the additional costs that are referenced in the response above.**

7 A. The additional costs included in this preliminary SCRC filing are:

- 8 1. All costs and market revenues associated with the existing IPPs. Prior to divestiture, any
9 benefit of below market energy or capacity associated with the IPPs was included in the
10 Energy Service rate, while the above market portion was included in the SCRC.
11 Consistent with the settlement in Docket No. DE 14-238, all IPP costs and revenues,
12 whether above or below market, are included in the SCRC.
- 13 2. Burgess and Lempster PPAs: Effective April 1, 2018, the costs and market revenues
14 associated with the Burgess Lempster PPA's are now included in the SCRC. Similar to
15 the IPP costs, the Burgess and Lempster PPA costs were previously included in the
16 Energy Service rate, but will now be part of the SCRC.
- 17 3. Forecasted March 31, 2018 non-scrubber energy service over/(under) recovery.
18 Consistent with the settlement in Docket No. DE 17-113, these costs have been included
19 in the SCRC calculation.
- 20 4. Estimated class specific RRB charges, as required by the settlement in Docket No. DE
21 14-238, associated with the upcoming securitization of the stranded costs, through the
22 issuance of RRBs, that exist as a result of divestiture.

23 **Q. Has Eversource included the cost of the shipping contract Settlement and Release described**
24 **in the Testimony of Fredrick White in Docket No. DE 17-075 in the forecasted March 31,**
25 **2018 non-scrubber Energy Service under recovery?**

26 A. No. The \$3.4M payment associated with the settlement paid in December 2016 has been excluded
27 from the forecasted under recovery pending review and approval in Docket No. DE 17-075.
28 Once that is approved, the Company will include that payment in rates in a manner approved by
29 the Commission.

1 **Q. How have the proceeds from the RECs associated with the Northern Wood Power Project**
2 **been included in the forecasted March 31, 2018 non-scrubber Energy Service under**
3 **recovery?**

4 A. Consistent with past practice, an estimate of the proceeds associated with the RECs produced
5 from the Northern Wood Power Project have been included in rates based on actual REC
6 production and forecasted REC prices. After all of the RECs are sold, an adjustment will be
7 included in the Part 2 costs to reconcile the \$5.886 million of proceeds already credited to
8 customers, and included in the forecasted March 31, 2018 under recovery, to the actual sales
9 proceeds.

10 **Q. Why has Eversource included line items labeled as “PILOT” and “Other” on Page 5 of**
11 **Attachment CJG-1?**

12 A. The PILOT payments line has been added to capture any property tax stabilization payments that
13 will be made as a result of divestiture. These payments are defined in Section IV.H of the
14 settlement agreement in Docket No. DE 14-238. The amounts of the PILOT payments are not
15 known at this time. The “Other” payment line item has been added to capture any ongoing
16 generation costs that remain post divestiture such as ongoing employee retirement cost, true up of
17 actual to forecast cost associated with sale of the RE’s from the Northern Wood Power Project
18 and true up any additional costs or revenues that Eversource receives after securitization.

19 **Q. Is Eversource proposing a change to the RGGI rate for April 1, 2018?**

20 A. No. The next update to the RGGI rate will be performed for SCRC rates effective August 1,
21 2018.

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

24 A. Yes, Eversource would need final approval of the SCRC rate by March 28, 2018, to implement
25 the new rates for service rendered on and after April 1, 2018.

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

27 A. Yes, it does.