

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 15-415

**Joint Technical Statement of
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May 9, 2016

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, 2016. This filing updates the Company's ES filing that was submitted on December 11, 2015.

B. Proposed Rate

On December 11, 2015, Eversource filed a 2016 ES rate of 9.99 cents/kWh to be effective for the 12 month period January 1 through December 31, 2016. In this filing, Eversource has calculated an ES rate of 10.94 cents/kWh for effect on July 1, 2016, which is an increase of 0.95 cents/kWh from the December 11, 2015 filed ES rate. The rates above include the temporary recovery of Scrubber costs at a rate of 1.72 cents/kWh as ordered in Docket No. DE 11-250, Order No. 25,854.

The 0.95 cents/kWh increase in the ES rate is attributable to a net increase in actual and forecasted costs of \$17.4 million [an increase of \$19.2 million in expense, offset by a revenue increase of \$1.8 million] which is contained in Attachment CJG-1.

C. Changes in Forecasted ES Sales

For the forecast period April through December 2016, an updated load forecast and an updated migration forecast were utilized, which results in forecasted April through December 2016 ES sales to decrease from 2,667 GWh in the December 11, 2015 filing to 2,662 GWh in this filing, a decrease of 5 GWh. The updated base load forecast for the period April through December 2016 is 0.2% higher than the forecast used in the December 11, 2015 filing. In addition, forecasted migration has been updated for all months of the forecast period, based upon the results of econometric modeling. For 2016, the average migration rate increased from 54.9% in the initial filing to an average migration rate of 55.2% in the updated filing. The table below identifies the monthly migration rates utilized in the December 11, 2015 ES rate filing and for this filing.

PSNH ES Migration Forecast

<u>2016</u>	<u>Filing Dates</u>		<u>Change</u>
	<u>December 11, 2015</u>	<u>May 9, 2016</u>	
Jan			
Feb			
Mar			
Apr	53.7%	53.7%	0.0%
May	54.1%	56.5%	2.5%
Jun	54.9%	56.0%	1.1%
Jul	55.9%	54.4%	-1.5%
Aug	55.7%	55.0%	-0.8%
Sep	55.1%	56.6%	1.5%
Oct	55.1%	57.3%	2.2%
Nov	55.0%	54.8%	-0.2%
Dec	54.8%	52.5%	-2.3%
Total	54.9%	55.2%	0.3%

D. Forecast Period Cost Changes from December 11, 2015 Filing

Attachment CJG-2, Page 3:

For the forecast period April through December 2016, the impact of power supply variable cost updates is to decrease ES costs by (\$2.8) million. Following is a discussion of the major changes:

(Numbers may not add due to rounding.)

1. Line 9 – Projected hydro generation increased 2 GWh due to updated 20 year average generation amounts.
2. Lines 11 and 12 – Coal fuel expense decreased (\$0.4) million due to lower \$/Ton coal costs.
3. Lines 14 thru 16 – Projected wood generation costs increased \$0.3 million due to lower revenue credit resulting from a lower assumed Class I REC value.
4. Lines 21 and 22 – Projected generation from Newington Station decreased 9 GWh due to lower forward electricity market prices and higher gas prices. Newington fuel expense decreased (\$0.3) million due to lower forecasted generation.
5. Line 24 thru 26 – IPP costs decreased (\$0.3) million due to lower forward electricity market prices. IPP generation increased 5 GWh in the forecast period from updating the monthly distribution of energy. A table showing forecasted forward electricity prices used for calculating the ES rate filed in December, 2015 and for this filing is provided below.

Forward Electricity Prices for Delivery at Massachusetts Hub

All Hours - \$/MWh

Filing Dates

<u>2016</u>	<u>December 11, 2015</u>	<u>May 9, 2016</u>	<u>Change</u>	
	<u>(11/30/15 Prices)</u>	<u>(4/22/16 Prices)</u>	<u>\$/MWh</u>	<u>%</u>
Jan				
Feb				
Mar				
Apr	34.2	29.0	(5.2)	-15.1%
May	28.2	27.5	(0.6)	-2.2%
Jun	34.2	30.0	(4.2)	-12.3%
Jul	37.7	38.4	0.7	1.9%
Aug	35.2	36.1	0.9	2.5%
Sep	30.1	29.2	(0.9)	-3.0%
Oct	34.0	29.1	(4.9)	-14.3%
Nov	40.4	35.3	(5.2)	-12.8%
Dec	51.6	46.9	(4.8)	-9.2%
Total	36.2	33.5	(2.7)	-7.4%

6. Lines 28 thru 30 – Burgess BioPower forecasted generation increased 10 GWh due to higher expected generation, and expenses increased \$1.0 million.

7. Lines 36 thru 40 – Purchases decreased 32 GWh decreasing expenses by (\$4.2) million. Sales decreased 18 GWh increasing expenses by \$1.1 million. The decreases are due to higher generation and lower loads.

8. Line 44 – Total Energy requirements decreased 6 GWh due to an increase in migration from 54.9% to 55.2%. 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, 2015 and for this filing. The amount of migration modeled in this update is as of March, 2016. Overall, ES sales are lower by 0.2% from the estimates used in the December, 2015 filing.

Eversource ES Sales Forecast

<u>2016</u>	MWh									
	<u>Filing Dates</u>						<u>Change</u>			
	<u>December 11, 2015</u>			<u>May 9, 2016</u>			<u>Total</u>	<u>Non-ES</u>	<u>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>				
Jan										
Feb										
Mar										
Apr	593,916	319,209	274,707	605,326	325,246	280,080	11,410	6,037	5,372	2.0%
May	601,011	325,016	275,995	601,011	339,754	261,257	0	14,738	(14,738)	-5.3%
Jun	652,753	358,162	294,591	652,753	365,627	287,126	0	7,465	(7,465)	-2.5%
Jul	740,884	413,937	326,947	740,884	402,846	338,038	0	(11,091)	11,091	3.4%
Aug	739,048	411,804	327,243	739,048	406,243	332,805	0	(5,562)	5,562	1.7%
Sep	629,924	346,804	283,119	629,924	356,393	273,531	0	9,589	(9,589)	-3.4%
Oct	620,374	341,986	278,389	620,374	355,722	264,653	0	13,736	(13,736)	-4.9%
Nov	624,967	343,844	281,123	624,967	342,611	282,356	0	(1,233)	1,233	0.4%
Dec	718,932	393,951	324,981	718,932	377,115	341,817	0	(16,836)	16,836	5.2%
Total	5,921,809	3,254,713	2,667,096	5,933,218	3,271,556	2,661,662	11,410	16,843	(5,434)	-0.2%

9. Line 48 – ISO-NE Ancillary expenses decreased (\$2.6) million due primarily to the inclusion of (\$2.0) million Winter Reliability Program revenue not yet received from ISO-NE and domestic manufacturing deduction credits, offset by adjustments to winter reliability program, ancillary, and ISO-NE administration cost projections.

10. Line 49 – RPS expenses increased \$1.7 million in the forecast period. Higher compliance costs are due to higher average inventory costs (due to the sale of lower cost surplus RECs, profit from which is booked in February, 2016), and a lower projected value of additional surpluses due to a lower market value for Class I RECs.

11. Lines 52 and 53 – Capacity expenses increased \$0.5 million due to an upward adjustment to Eversource’s peak load share of the ISO-NE capacity requirement.

12. Lines 42 and 50 – Congestion and loss adjustment and RGGI costs increased \$0.4 million due primarily to updated marginal loss adjustment assumptions.

Attachment CJG-2, Pages 1 and 2:

13. Line 13 – Forecasted O&M increased \$13.8 million compared to the same forecast period in the December 11, 2015 rate filing.

14. Line 14 – Return on rate base increased \$2.1 million primarily due to an increase in Fossil Fuel Inventory.

15. Line 18 – Forecasted Seabrook credits increased (\$0.2) million.

E. Actual Period Cost Changes from December 11, 2015 Filing

Actual costs as compared to forecasted costs for January through March 2016 decreased by (\$2.1) million. This decrease was due primarily due to Fuel and Energy costs lower than forecast by (\$4.2) million due to serving a lower load than forecasted a reduction to RPS costs of (\$3.0) million, offset by O&M costs higher than forecast by \$3.0 million, and ISO-NE costs higher than forecast by \$1.5 million. There were also other costs that exceeded forecast by \$0.6 million.

F. Total Year Revenue Changes

The updated ES revenues for 2016 increased by (\$1.8) million due to higher sales caused by reduced customer migration in the actual months January through March 2016. The updated 2016 sales are increased by 10 GWh. For the actual period January through March 2016 ES revenues increased by (\$2.3) million and the updated sales increased by 16 GWh. For the forecast period April through December 2016, ES revenues decreased by \$0.5 million and the updated sales decreased by 5 GWh.

G. Change to Prior Year Forecasted Underrecovery

Actual costs as compared to forecasted costs for November and December, 2015 increased resulting in an increase to the 2015 under-recovery of \$8.5 million due primarily to O&M costs higher than estimated by \$4.4 million, removal of the Domestic Manufacturing Deduction credit included in the forecast of \$1.8 million, and revenues that were lower than forecasted by \$1.9. There were also other costs that exceeded forecast by \$0.4 million.