

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED SUPPLEMENTAL TESTIMONY OF ERIC H. CHUNG
2014 DEFAULT ENERGY SERVICE RATE CHANGE
Docket No. DE 13-275

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

2 A. My name is Eric H. Chung. My business address is 1 NSTAR Way, Westwood, MA
3 02142. My position is Director of Revenue Requirements for Massachusetts and New
4 Hampshire at Northeast Utilities.

5 **Q. What is the purpose of your supplemental testimony?**

6 A. Concurrent with the filing of this testimony, Public Service of New Hampshire (PSNH) is
7 filing an update to its September 27, 2013 filing in Docket DE-13-275 for a change in its
8 Energy Service (ES) rate for January 1, 2014. The purpose of this supplemental
9 testimony is to provide an overview of this updated filing and, in particular, an
10 explanation of a specific charge that has been added to the ES costs described in the
11 September 27, 2013 filing.

12 **Q. What has changed between this updated filing and the September 27, 2013 ES rate**
13 **filing?**

14 A. Additional ES supply cost and generation load have been added to the January 2013
15 column for Peak and Offpeak Purchases on Attachment EHC-4, Page 3, lines 33 and
16 34. This additional cost is then carried forward to the January 2013 column for Purchases
17 and Sales on Attachment EHC-4, Page 1, line 25. Additionally, the 2012 Actual ES

1 under-recovery amount reported in the January 2013 column on Attachment EHC-4,
2 Page 1, line 27 has also increased. The impact of these changes on the 2013 annual
3 amounts reported in the Total column on Attachment EHC-4, Page 2, is then carried
4 forward to Attachment EHC-3, Page 1, where they result in an updated 2013 ES
5 (Over)/Under Recovery amount on line 30. Finally, this updated 2013 ES (Over)/Under
6 Recovery amount is then carried forward to Attachment EHC-1, Page 1, where it is
7 incorporated into an updated Total Energy Service Rate calculation for January 1, 2014
8 rates at line 28. As a result of these changes, the Total Energy Service Rate as reported
9 on Attachment EHC-1, Page 1, line 40 is 8.99 cents per kWh.

10 **Q. What is the nature and dollar value of these cost changes?**

11 A. In August 2013, a competitive supplier in New Hampshire discovered an issue with load
12 obligations reported to ISO New England (ISO-NE) for August 2012 through August
13 2013. Simply stated, this supplier's loads were overstated in the wholesale market.
14 Further, the mechanism by which ISO-NE charges participants for load obligation
15 ensures that the market as a whole is never charged for more load than actually occurs
16 on the system. The effect of this charging mechanism is such that if a supplier is
17 charged for more load than for which it is responsible, other suppliers within that specific
18 ISO-NE settlement footprint (including PSNH Energy Service supply) are charged less
19 than they otherwise would have been. In accordance with the ISO-NE tariff, the
20 overstated loads for the months of February 2013 through August 2013 will be financially
21 resettled via the ISO-NE billing process. However, since the overstated loads for August
22 2012 through January 2013 fall outside the ISO-NE resettlement window, the only
23 mechanism available for financial adjustment is through a bilateral transaction between
24 the entities involved. The total value by which PSNH's ES customers benefited during

1 this same period was \$1,115,244. Because this benefit had previously been passed to
2 PSNH's ES customers in 2013 rates, this amount of additional ES supply cost has been
3 added in this update.

4 **Q. What was the root cause of the supplier load overstatement?**

5 A. Load reporting relies on metered values as well as load estimation algorithms. In this
6 instance, load estimates calculated for a customer of this supplier were incorrect.
7 Unfortunately, the supplier did not identify and notify PSNH of this error until after the
8 ISO-NE load resettlement window had closed.

9 **Q. Is this adjustment an isolated incident or will there be additional future**
10 **adjustments?**

11 A. The Company has taken steps to ensure this issue does not occur in the future and will
12 continue to monitor this issue carefully. In addition, the Company is currently reviewing
13 the loads reported for the three other customers whose loads may have been
14 overestimated using this same algorithm. The Company expects the impact of any
15 additional overestimations, if any, to be relatively small (approximately \$50,000 in
16 aggregate).

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

18 A. Yes it does.