

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF DAVID F. BIDMEAD
MID-TERM ADJUSTMENT EFFECTIVE JULY 1, 2017
2017 STRANDED COST RECOVERY CHARGE
RATE CHANGE

Docket No. DE 16-823

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,
3 Connecticut. I am employed by Eversource Energy as a Senior Revenue Requirements
4 Analyst -- New Hampshire and in that position I provide service to Public Service
5 Company of New Hampshire 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
10 requirements for Eversource, as well as the filings associated with Eversource's Energy
11 Service ("ES") rate, Stranded Cost Recovery Charge ("SCRC") and Transmission Cost
12 Adjustment Mechanism ("TCAM").

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

14 A. The purpose of my testimony is to provide a detailed overview of Eversource's request
15 for a mid-term adjustment to decrease the average SCRC rate (excluding the Regional

1 Greenhouse Gas Initiative (“RGGI”) adder rate) effective on July 1, 2017, and to provide
2 a detailed overview of Eversource’s request for a mid-term adjustment to decrease the
3 RGGI adder rate effective July 1, 2017.

4 **Q. What is Eversource requesting in this proceeding?**

5 A. In this proceeding, Eversource is requesting that the Commission approve a mid-term
6 adjustment to the average SCRC rate (including the RGGI adder rate) for all customers
7 effective July 1, 2017. This adjustment, as calculated today and consistent with the
8 concurrent ES rate filing, is a decrease of 0.136¢/kWh to the current average SCRC of
9 0.027¢/kWh resulting in a preliminary average SCRC rate of negative 0.109¢/kWh for
10 effect from July 1 through December 31, 2017. This preliminary average SCRC rate is
11 based on actual results through March 2017 and an updated forecast for the remainder of
12 2017. In June 2017, Eversource will file updated SCRC and ES rates as well as its
13 proposal to change the TCAM, all effective July 1, 2017.

14 **Q. Please describe the components of the SCRC and their impact on this rate request.**

15 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F
16 and 369-B. The PSNH Restructuring Settlement, approved in Order No. 23,549, defined
17 PSNH’s stranded costs and categorized them into three different parts (i.e., Parts 1, 2 and
18 3). The Part 1 costs were composed of the RRB Charge which was calculated to recover
19 the principal, net interest, and fees related to Rate Reduction Bonds. The Part 1 costs
20 were fully amortized in May 2013. Part 2 costs are “ongoing” stranded costs consisting

1 primarily of the over-market value of energy purchased from independent power
2 producers (“IPPs”) and the amortization of payments previously made for IPP buy-downs
3 and buy-outs as approved by the Commission. In addition, the SCRC has a return
4 component, consisting primarily of the stipulated return on the Yankee decommissioning
5 obligations and the deferred taxes related to the CVEC transaction. The return is a
6 benefit to customers which reduces the overall SCRC level. Part 3 costs, which were
7 primarily the amortization of non-securitized stranded costs, were recovered fully in June
8 2006. Pursuant to Order No. 25,975 issued in Docket No. DE 16-823, Eversource is
9 currently billing an average SCRC rate of 0.027¢/kWh which was made effective for the
10 period January 1, 2017 through December 31, 2017.

11 **Q. Please describe the detailed support for the calculation of the average SCRC rate**
12 **provided in Attachment DFB-1.**

13 A. Attachment DFB-1, page 1 and 2, provides a summary of 2017 cost information related
14 to Part 2 costs. Page 3 provides the detailed cost information by month related to the Part
15 2 costs.

16 **Q. How are Eversource’s mandated purchased power obligations from IPPs valued in**
17 **the SCRC?**

18 A. The over-market portion of purchases from the IPPs is considered to be a stranded cost
19 and is recovered through the SCRC. The market value of the IPP purchases is reflected
20 in the ES rate, which Eversource is proposing to change on July 1, 2017 in a concurrent

1 filing made under separate cover. This treatment is consistent with the Restructuring
2 Settlement and the Commission's Order in Docket No. DE 02-166.

3 **Q. Describe what has transpired during the SCRC period beginning January 1, 2017**
4 **that resulted in your request to decrease the average rate level.**

5 A. The current average SCRC rate (including the RGGI adder) of 0.027¢/kWh became
6 effective January 1, 2017 for the twelve-month period January through December 2017.
7 The proposed decrease in the rate to negative 0.109¢/kWh is primarily due to a December
8 2016 \$4.8 million reduction in Yankee Atomic Plant obligations included in the prior
9 year over recovery that was not forecasted. Also contributing to the decrease was that
10 due to more timely receipt of auction proceeds than anticipated, Eversource removed the
11 one-month lag between the RGGI auction and the receipt of the auction proceeds that was
12 built into the December 9, 2016 SCRC rate filing, resulting in five quarters' worth of
13 proceeds being included in the 2016 RGGI refund over recovery calculation. These were
14 offset by 2017 actual and forecasted RGGI auction clearing prices of \$3.00 per allowance
15 based on the March 2017 auction results compared to their respective forecasted amounts
16 in the December 9, 2016 rate filing of \$3.55 per allowance.

17 **Q. Please describe the reduction to Yankee Atomic Plant Obligations.**

18 A. Periodically, Eversource receives updated revenue requirements forecasts for future
19 decommissioning costs from Maine Yankee Atomic Power Company, Connecticut
20 Yankee Atomic Power Company, and Yankee Atomic Electric Company. In December

1 2016, Eversource recorded a \$4.8 million reduction in Yankee Obligation and
2 Amortization costs, a net reduction in forecasted future decommissioning costs from the
3 three aforementioned companies.

4 **Q. Why did Eversource include revenue from five RGGI auctions in 2016 along with**
5 **the four auctions occurring in 2017?**

6 A. Eversource did not receive the December 2015 RGGI auction proceeds prior to
7 December 31, 2015. Accordingly, Eversource included the December 2015 proceeds in
8 January 2016. In the subsequent auctions of March 2016, June 2016, September 2016
9 and December 2016, the auction proceeds were received in the same month of the
10 auction, rather than in the following month. This resulted in the 2016 RGGI refund over
11 recovery including 5 quarterly auctions' worth of proceeds in its calculation. The March
12 2017 auction proceeds also were received in the same month of the auction, so
13 Eversource removed from its forecast the one-month lag between RGGI auction results
14 and receipt of proceeds that it had included in prior RGGI rate filings.

15 **Q. When will Eversource provide an update to the proposed average SCRC rate?**

16 A. The filing will be updated in about five weeks to reflect actual results for April 2017 and
17 for any other significant changes.

1 **Q. Please describe the detailed support for the calculation of the RGGI rate provided**
2 **in Attachment DFB-2.**

3 A. In Order No. 25,664 in Docket No. DE 14-048, and pursuant to RSA 125-O:23, II, the
4 Commission ordered that certain proceeds from the quarterly RGGI auctions be rebated
5 to Eversource's customers through the SCRC. Attachment DFB-2, page 2, provides a
6 summary of 2017 information related to RGGI auctions and the amounts allocated to
7 Eversource for refund.

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

9 A. No it is not. Attachment DFB-2 provides a preliminary rate calculation; however, prior
10 to the anticipated hearing in June 2017, Eversource plans to update the RGGI rate
11 calculation for additional 2017 data. The preliminary 2017 RGGI rate provided in this
12 filing is negative 0.081¢/kWh and is 0.008¢/kWh lower than the current 2017 RGGI rate
13 of negative 0.073¢/kWh.

14 **Q. Does the Commission need to make a determination at this time of the prudence of**
15 **the costs incurred since January 1, 2017?**

16 A. No. Those issues will be addressed in the ES and SCRC reconciliation docket which has
17 traditionally been filed in early May following the calendar year when those costs were
18 incurred and collected.

1 **Q. Does Eversource require Commission approval of this rate by a specific date?**

2 A. Yes. Due to the number of rate components that will change, Eversource requests
3 approval of the proposed SCRC rate by Tuesday, June 27 to allow sufficient time to
4 implement, test and bill the new rates on our regular schedule and to avoid any delay in
5 billing for service rendered as of July 1, 2017 (a Saturday). Therefore, Eversource
6 requests that the Commission reopen this proceeding so that the procedural schedule can
7 be set to review this filing and approve the SCRC rate in a timely manner.

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

9 A. Yes, it does.