

**THE STATE OF NEW HAMPSHIRE**  
**BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**  
**PREPARED TESTIMONY OF ROBERT A. BAUMANN**  
**STRANDED COST RECOVERY CHARGE RATE CHANGE**  
**Docket No. DE 07-097**

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

2    A.     My name is Robert A. Baumann. My business address is 107 Selden Street, Berlin, Connecticut.  
3           I am Director, Revenue Regulation & Load Resources for Northeast Utilities Service Company  
4           (NUSCO). NUSCO provides centralized services to the Northeast Utilities (NU) operating  
5           subsidiaries, including Public Service Company of New Hampshire (PSNH), The Connecticut  
6           Light and Power Company, Yankee Gas Services Company, Western Massachusetts Electric  
7           Company and Holyoke Water Power Company.

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

9    A.     Yes. I have testified on numerous occasions before the Commission.

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

11   A.     The purpose of my testimony is to provide an overview of PSNH's Stranded Cost Recovery  
12           Charge (SCRC) filing that supports a proposed SCRC rate effective July 1, 2008. This filing is  
13           consistent with our request for an Energy Service (ES) rate change that is also being filed today  
14           under Docket No. DE 07-096. The values in this filing will be updated in about six weeks using  
15           the latest known forecasted market prices and actual April 2008 results. At that time, Mr.  
16           Stephen R. Hall will also provide calculations related to the individual stranded cost prices by  
17           class. This filing will be submitted concurrently with an updated ES rate filing.

1    **Q.     What is PSNH requesting in this proceeding?**

2    **A.**     In this proceeding, PSNH is requesting that the Commission approve an average SCRC rate for  
3           all customers effective July 1, 2008. That rate, as calculated today, consistent with the concurrent  
4           ES rate filing does not require a change to the current average SCRC rate of 0.72 cents per kWh.  
5           The final requested SCRC rate will in all likelihood change from the current SCRC rate when the  
6           ES rate is updated in about six weeks.

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

8    **A.**     The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F and  
9           369-B. The PSNH Restructuring Settlement, approved in Order No. 23,549, defined PSNH's  
10          stranded costs and categorized them into three different parts (i.e., Part 1, 2 and 3). Part 1 is  
11          composed of the RRB Charge calculated to recover the costs of repayment of the securitization  
12          Rate Reduction Bonds. Part 2 costs include "ongoing" costs consisting primarily of the  
13          over-market value of energy purchased from independent power producers (IPPs) and the  
14          up-front payments made for IPP buy-downs and buy-outs previously approved by the  
15          Commission, and PSNH's share of the present value of the savings associated with these  
16          buy-down and buy-out transactions. Part 3 costs (non-securitized) costs have been fully  
17          recovered.

18               Pursuant to Order No. 24,807 issued in Docket No. DE 07-097, PSNH is currently billing an  
19               average SCRC rate of 0.72¢/kWh for the period January 1, 2008 through December 31, 2008.

20   **Q.     Please describe the detailed support for the calculation of the SCRC rate provided in**  
21   **Attachment RAB-1?**

1 A. Attachment RAB-1, pages 1-3, provides a summary of 2008 cost information related to Part 1 and  
2 Part 2 costs, Amortization of Securitized Assets and Ongoing Cost Activity. Pages 4 and 5  
3 provide the 2008 actual and projected detailed Part 1 Costs while pages 6 and 7 provide the 2008  
4 actual and projected detailed Part 2 Costs.

5 **Q. Describe what has transpired during the SCRC period beginning January 1, 2008.**

6 A. The current average SCRC rate of 0.72 cents per kWh began on January 1, 2008. Since that time,  
7 there has been a decrease in the above market portion of the IPP valuation caused by an increase  
8 in current market prices compared to the market prices used to estimate the above-market costs  
9 included in the 0.72 cent rate. This change has decreased SCRC costs. In addition, PSNH  
10 recognized a decommissioning funding reduction related to the Yankee units (Connecticut  
11 Yankee and Maine Yankee) which also decreased costs. These two decreases were offset by the  
12 results of actual data for the period November 2007 through March 2008. Therefore no SCRC  
13 rate adjustment is necessary at this time.

14 **Q. How are PSNH's mandated purchased power obligations from IPPs valued in the SCRC?**

15 A. The over-market portion of purchases from the IPPs is considered to be a stranded cost and is  
16 recovered as Part 2 cost through the SCRC. The market value of the IPP power is reflected in the  
17 Energy Service rate, which PSNH is proposing to increase on July 1, 2008 in a concurrent filing  
18 made under separate cover. This treatment is consistent with the Restructuring Settlement and  
19 the Commission's Order in Docket DE No. 02-166.

20 **Q. Does the Commission need to make a determination at this time of the prudence of the costs**  
21 **incurred since January 1, 2008?**

1 A. No. Those issues will be addressed in the Stranded Costs Recovery Charge reconciliation which  
2 has traditionally been filed in early May following the calendar year when those costs were  
3 incurred and collected.

4 **Q. Does PSNH propose to implement the SCRC rate on a bills-rendered basis?**

5 A. Yes. PSNH proposes implementation of the SCRC rate for all customers taking such service on a  
6 bills-rendered basis. In the rate case settlement agreement (Docket No. DE 06-028), the parties  
7 agreed that all delivery service rate changes would be implemented on a bills-rendered basis. The  
8 final delivery service rate change provided for by the settlement will occur on July 1, 2008, when  
9 PSNH will implement a delivery service rate change to remove recoupment. in accordance with  
10 the settlement, this change will be implemented on a bills-rendered basis. It is not possible for  
11 PSNH to implement changes to some rate components on a bills-rendered basis and changes to  
12 other rate components on a service-rendered basis. Therefore, PSNH is proposing to implement  
13 new SCRC rates on a bills-rendered basis, consistent with the manner in which the delivery rate  
14 change will be implemented.

15 **Q. Does PSNH require Commission approval of this rate by a specific date?**

16 A. Yes, PSNH requests final approval of the proposed SCRC rate by June 24, 2008, in order to  
17 implement the new rate for bills rendered as of July 1, 2008. This timing would provide PSNH  
18 additional time for testing of any rate change which would take place concurrent with the  
19 switchover of the current Customer Service Billing System (CS) to the new system (C2) in the  
20 first week of July 2008. Therefore, PSNH requests that the Commission commence a proceeding  
21 so that the procedural schedule can be set to review this filing and approve the SCRC rate in a  
22 timely manner.

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

2     **A.**     Yes, it does.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

**2008 SCRC RATE CALCULATION**

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	<b>Stranded Cost</b>	<b>Source</b>
1 Part 1 - Rate recovery bonds (RRB)	\$ 62,958	Page 3
2 Part 2 - Ongoing SCRC Costs	4,202	Page 3
3 Amortization of CAAA, McLane Dam, SO2 allowances	(11,638)	Page 3
4 Part 2 - 2007 Actual SCRC under/(over) Recovery	<u>3,893</u>	Page 3
5 Total Updated SCRC Cost (L1+L2+L3+L4)	\$ 59,415	
6 Total Updated SCRC Revenue @ .72 cents/kwh	<u>59,270</u>	Page 3
7 Total SCRC under/(over) Recovery (L5 - L6)	144	
8 Forecasted Retail MWH Sales - July - December 2008	<u>4,245,626</u>	Page 3
9 Increase in SCRC Rate - cents/kwh (L7 / L8)	0.00	
10 Current SCRC rate approved in DE 07-097 - cents/kwh	<u>0.72</u>	
11 Updated SCRC Rate effective 7/1/08 - cents/kwh (L9 +L10)	<u><u>0.72</u></u>	

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

**2008 SCRC RATE CALCULATION**

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<b>SCRC Cost</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Projected</b>	<b>Re-estimate</b>		<b>Total</b>	<b>Source</b>
	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>for the</b>	
	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>six months</b>	
							<b>ended 6/30/08</b>	
1 SCRC Part 1 Costs	\$ 5,874	\$ 5,187	\$ 5,230	\$ 5,272	\$ 5,028	\$ 5,028	\$ 31,619	Page 4
2 SCRC Part 2 Costs	34	1,456	1,318	676	342	147	3,973	Page 6
3 Amortization of CAAA, McLane Dam, S02 allowances (1)	(11,638)	-	-	-	-	-	(11,638)	
4 2007 SCRC under(over) Recovery	3,893	-	-	-	-	-	3,893	
5 Total SCRC Cost	\$ (1,837)	\$ 6,643	\$ 6,548	\$ 5,948	\$ 5,370	\$ 5,175	\$ 27,847	
6 Total SCRC Revenue @ .72 cents/kwh	5,236	4,628	4,800	4,762	4,549	4,727	28,702	
7 SCRC under/(over) Recovery	\$ (7,073)	\$ 2,015	\$ 1,748	\$ 1,186	\$ 821	\$ 448	\$ (855)	
8 Retail MWH Sales	729,549	651,644	673,814	661,420	631,746	656,551	4,004,724	

9 Amounts shown above may not add due to rounding.

(1) See DE 07-097, S.E. Mullen Testimony, Attachment SEM-1

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2008 SCRC RATE CALCULATION

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<u>SCRC Cost</u>	Re-estimate						Total for the twelve months ended 12/31/08	Source
	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008		
1 SCRC Part 1 Costs	\$ 5,028	\$ 5,357	\$ 5,357	\$ 5,357	\$ 5,120	\$ 5,120	\$ 62,958	Page 5
2 SCRC Part 2 Costs	(22)	(30)	110	43	118	9	4,202	Page 7
3 Amortization of CAAA, McLane Dam, S02 allowances (1)	-	-	-	-	-	-	(11,638)	
4 2007 SCRC under(over) Recovery	-	-	-	-	-	-	3,893	
5 Total SCRC Cost	\$ 5,006	\$ 5,327	\$ 5,467	\$ 5,400	\$ 5,238	\$ 5,129	\$ 59,415	
6 Total SCRC Revenue @ .72 cents/kwh	5,386	5,445	4,910	4,875	4,826	5,127	59,270	
7 SCRC under/(over) Recovery	\$ (380)	\$ (118)	\$ 557	\$ 526	\$ 412	\$ 3	\$ 144	
8 Retail MWH Sales	748,057	756,308	681,882	677,040	670,269	712,070	8,250,350	

9 Amounts shown above may not add due to rounding.

(1) See DE 07-097, S.E. Mullen Testimony, Attachment SEM-1



PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2008 SCRC RATE CALCULATION

SECURITIZED COSTS

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SCRC Part 1 Amortization of Securitized Assets	Actual January 2008	Actual February 2008	Actual March 2008	Projected April 2008	Re-estimate		Total for the six months ended 6/30/08
					May 2008	June 2008	
<b>1 Principal</b>							
2 Amortization of Seabrook cost	\$ 3,348	\$ 3,553	\$ 3,553	\$ 3,553	\$ 3,374	\$ 3,374	\$ 20,755
3 Amortization of MP 3	106	113	113	113	107	107	659
4 Amortization of RRB1 financing cost	79	84	84	84	79	79	489
5 Amortization of RRB2-Whitefield (1)	844	-	-	-	-	-	844
<b>6 Total</b>	4,377	3,750	3,750	3,750	3,560	3,560	22,747
<b>7 Interest and Fees</b>							
8 RRB1 Interest	1,416	1,353	1,399	1,431	1,377	1,377	8,353
9 RRB2 Interest-Whitefield (1)	(8)	(8)	(1)	-	-	-	(17)
10 Net RRB fees	89	92	82	91	91	91	536
<b>11 Total</b>	1,497	1,437	1,480	1,522	1,468	1,468	8,872
<b>12 Total SCRC Part 1 cost</b>	<u>\$ 5,874</u>	<u>\$ 5,187</u>	<u>\$ 5,230</u>	<u>\$ 5,272</u>	<u>\$ 5,028</u>	<u>\$ 5,028</u>	<u>\$ 31,618</u>

13 (1) The Rate Reduction Bond for Whitefield is paid off at 1/31/08.

14 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2008 SCRC RATE CALCULATION

SECURITIZED COSTS

000's

SCRC Part 1 Amortization of Securitized Assets	Re-estimate						Total for the twelve months ended 12/31/08
	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	
<b>1 Principal</b>							
2 Amortization of Seabrook cost	\$ 3,374	\$ 3,733	\$ 3,733	\$ 3,733	\$ 3,562	\$ 3,562	\$ 42,452
3 Amortization of MP 3	107	119	119	119	113	113	1,349
4 Amortization of RRB1 financing cost	79	88	88	88	84	84	1,000
5 Amortization of RRB2-Whitefield (1)	-	-	-	-	-	-	844
<b>6 Total</b>	<b>3,560</b>	<b>3,940</b>	<b>3,940</b>	<b>3,940</b>	<b>3,759</b>	<b>3,759</b>	<b>45,645</b>
<b>7 Interest and Fees</b>							
8 RRB1 Interest	1,377	1,326	1,326	1,326	1,270	1,270	16,248
9 RRB2 Interest-Whitefield	-	-	-	-	-	-	(17)
10 Net RRB fees	91	91	91	91	91	91	1,082
<b>11 Total</b>	<b>1,468</b>	<b>1,417</b>	<b>1,417</b>	<b>1,417</b>	<b>1,361</b>	<b>1,361</b>	<b>17,313</b>
<b>12 Total SCRC Part 1 cost</b>	<b>\$ 5,028</b>	<b>\$ 5,357</b>	<b>\$ 5,357</b>	<b>\$ 5,357</b>	<b>\$ 5,120</b>	<b>\$ 5,120</b>	<b>\$ 62,957</b>

13 (1) The Rate Reduction Bond for Whitefield is paid off at 1/31/08.

14 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2008 SCRC RATE CALCULATION

PART 2 ONGOING COSTS

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SCRC Part 2 Ongoing Costs	Actual January 2008	Actual February 2008	Actual March 2008	Projected April 2008	Re-estimate		Total for the six months ended 06/30/08
					May 2008	June 2008	
1 Ongoing Costs - IPP							
2 Amortization and return on IPP							
3 Buydown/Buyout Savings	\$ 240	\$ 251	\$ 257	\$ 277	\$ 272	\$ 246	\$ 1,543
4 IPP Ongoing costs:							
5 Total IPP Cost	7,539	7,438	6,879	5,019	4,525	3,683	35,083
6 less: IPP at Market Cost	5,798	5,352	4,959	3,794	3,647	2,988	26,538
7 Above Market IPP Cost	1,741	2,086	1,920	1,225	878	695	8,545
8 Total Part 2 Costs	\$ 1,981	\$ 2,337	\$ 2,177	\$ 1,502	\$ 1,150	\$ 941	\$ 10,088
<b>Ongoing Costs - Return</b>							
9 Return on ADIT - Securitized							
10 Stranded Costs	(785)	(774)	(763)	(736)	(726)	(715)	(4,499)
11 Return on Yankee Decommissioning							
12 Obligations and CVEC, net of deferred taxes	(110)	(80)	(78)	(78)	(76)	(74)	(496)
13 Yankee Contract Obligations Adjustment (1)	(1,044)	-	-	-	-	-	(1,044)
14 Return on SCRC deferred balance	(7)	(27)	(19)	(12)	(7)	(4)	(76)
15 Total Part 2 Return	\$ (1,947)	\$ (881)	\$ (860)	\$ (826)	\$ (809)	\$ (794)	\$ (6,115)
16 Total Part 2 Ongoing Costs and Return	\$ 34	\$ 1,456	\$ 1,318	\$ 676	\$ 342	\$ 147	\$ 3,973
17 Amounts shown above may not add due to rounding.							

(1) Reflects adjustments to decommissioning funding obligations under FERC-approved contracts: CYAPC and MYAPC.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

PROJECTED JANUARY THROUGH DECEMBER 2008 SCRC RATE CALCULATION

PART 2 ONGOING COSTS

000's

SCRC Part 2 Ongoing Costs	Re-estimate						Total for the twelve months ended 12/31/08
	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	
1 Ongoing Costs - IPP							
2 Amortization and return on IPP							
3 Buydown/Buyout Savings	\$ 226	\$ 220	\$ 222	\$ 234	\$ 248	\$ 253	\$ 2,946
4 IPP Ongoing costs:							
5 Total IPP Cost	3,235	3,013	2,893	3,363	3,923	4,488	55,998
6 less: IPP at Market Cost	2,701	2,492	2,249	2,812	3,326	4,018	44,136
7 Above Market IPP Cost	534	521	644	551	597	470	11,862
8 Total Part 2 Costs	\$ 760	\$ 741	\$ 866	\$ 785	\$ 845	\$ 723	\$ 14,808
Ongoing Costs - Return							
9 Return on ADIT - Securitized							
10 Stranded Costs	(705)	(695)	(684)	(672)	(661)	(651)	(8,567)
11 Return on Yankee Decommissioning							
12 Obligations and CVEC, net of deferred taxes	(73)	(71)	(69)	(67)	(65)	(64)	(905)
13 Yankee Contract Obligations Adjustment (1)	-	-	-	-	-	-	(1,044)
14 Return on SCRC deferred balance	(4)	(5)	(4)	(2)	-	1	(90)
15 Total Part 2 Return	\$ (782)	\$ (770)	\$ (757)	\$ (742)	\$ (727)	\$ (714)	\$ (10,606)
16 Total Part 2 Ongoing Costs and Return	\$ (22)	\$ (30)	\$ 110	\$ 43	\$ 118	\$ 9	\$ 4,202
17 Amounts shown above may not add due to rounding.							

(1) Reflects adjustments to decommissioning funding obligations under FERC-approved contracts: CYAPC and MYAPC.