

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

June 23, 2011 - 10:04 a.m.  
Concord, New Hampshire

NHPUC JUL01 '11 PM 4:27

RE: DE 10-256  
PUBLIC SERVICE CO. OF NEW HAMPSHIRE:  
*Petition for Adjustment of its  
Stranded Cost Recovery Charge.*

PRESENT: Chairman Thomas B. Getz, Presiding  
Commissioner Clifton C. Below  
Commissioner Amy L. Ignatius  
  
Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:  
Gerald M. Eaton, Esq.

Reptg. Residential Ratepayers:  
Meredith Hatfield, Esq., Consumer Advocate  
Kenneth E. Traum, Asst. Consumer Advocate  
Office of Consumer Advocate

Reptg. PUC Staff:  
Suzanne G. Amidon, Esq.  
Steven E. Mullen, Asst. Dir./Electric Div.  
Grant Siwinski, Electric Division

Court Reporter: Steven E. Patnaude, LCR No. 52

ORIGINAL

## I N D E X

## PAGE NO.

WITNESS PANEL:        ROBERT A. BAUMANN  
                             STEPHEN R. HALL

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# EXHIBITS

EXHIBIT NO.	DESCRIPTION	PAGE NO.
3	Document entitled "Interim Change in the Stranded Cost Recovery Charge Docket No. DE 10-256" (05-04-11)	7
4	Revised attachments to the prefiled Direct Testimony of Robert A. Baumann (06-13-11)	9
5	Document entitled "Public Service Company of New Hampshire Retail Revenue by Rate Class and Unbundled Component Change Proposed for Effect on July 1, 2011" (Expanded Bingo Sheet)	12

## P R O C E E D I N G

CHAIRMAN GETZ: Okay. Good morning, everyone. We'll open the hearing in Docket DE 10-256. On May 4, 2011, Public Service Company of New Hampshire filed a request to make a midterm adjustment to its Stranded Cost Recovery Charge on a service rendered basis effective July 1, 2011. The Commission approved the current SCRC rate of 1.17 cents per kilowatt-hour on December 29. And, I note that the filing PSNH projects a decrease in the average SCR rate to 1.10 cents per kilowatt-hour. I note as well that, in addition to this proceeding today, there will be three other hearings today: One in Docket 10-257, concerning the Default Energy Service rate; and Docket DE 11-133, the Transmission Cost Adjustment Mechanism; Docket DE 11-082, regarding recovery of wind storm costs. And, PSNH is asking that all of the proposed changes be for effect on July 1. I'll also note for the record that the affidavit of publication has been filed.

So, with that, let's take appearances.

MR. EATON: For Public Service Company of New Hampshire, my name is Gerald M. Eaton. Good morning.

CHAIRMAN GETZ: Good morning.

MS. HATFIELD: Good morning,

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1 Commissioners. Meredith Hatfield, for the Office of  
2 Consumer Advocate, on behalf of residential ratepayers.  
3 And, with me from the office is Ken Traum.

4 CHAIRMAN GETZ: Good morning.

5 MS. AMIDON: Good morning,  
6 Commissioners. Suzanne Amidon, for Commission Staff. To  
7 my left is Steve Mullen, the Assistant Director of the  
8 Electric Division, and to his left is Grant Siwinski, an  
9 Analyst in the Electric Division.

10 CHAIRMAN GETZ: Good morning. Is there  
11 anything we need to address before the Applicant proceeds?

12 MR. EATON: Mr. Chairman, we're going to  
13 present the evidence in the Stranded Cost Recovery Charge  
14 case. But, I thought, for the purpose of clarification,  
15 we'd also put on Mr. Hall, who would have an exhibit  
16 describing the different rate changes that will be  
17 proposed today and the effect on rates. It's the  
18 customary "bingo sheet" sort of approach, so that he could  
19 explain an exhibit. And, then, we could refer to that  
20 exhibit in the other proceedings that follow, if that is  
21 acceptable to the Commission?

22 CHAIRMAN GETZ: Any objection?

23 (No verbal response)

24 CHAIRMAN GETZ: Hearing none, then

1 please proceed.

2 MR. EATON: I'd like to call Robert A.  
3 Baumann and Stephen R. Hall to the stand please.

4 (Whereupon *Robert A. Baumann* and  
5 *Stephen R. Hall* were duly sworn and  
6 cautioned by the Court Reporter.)

7 ROBERT A. BAUMANN, SWORN

8 STEPHEN R. HALL, SWORN

9 DIRECT EXAMINATION

10 BY MR. EATON:

11 Q. Mr. Baumann, could you please state your name for the  
12 record.

13 A. (Baumann) My name is Robert A. Baumann.

14 Q. For whom are you employed and what are your duties?

15 A. (Baumann) I am employed by Northeast Utilities Service  
16 Company, which is an operating -- or, a subsidiary of  
17 Northeast Utilities, and we provide services to all of  
18 the operating subsidiaries of Northeast Utilities, one  
19 being Public Service Company of New Hampshire. I'm the  
20 Director of Revenue Regulation and Load Resources for  
21 Northeast Utilities Service Company.

22 Q. Have you previously testified before this Commission?

23 A. (Baumann) Yes, I have.

24 Q. I'd like to direct your attention to a document that

[WITNESS PANEL: Baumann~Hall]

1 has a cover letter signed by myself on May 4th, 2011.  
2 And, it concerns "Interim change in the Stranded Cost  
3 Recovery Charge Docket Number DE 10-256". Do you have  
4 that document?

5 A. (Baumann) Yes.

6 Q. Do you recognize it?

7 A. (Baumann) Yes.

8 Q. Was it prepared by you or under your supervision?

9 A. (Baumann) Yes.

10 Q. And, what does the document contain?

11 A. (Baumann) The document contains the initial proposed  
12 SCRC rate that would be effective July 1, 2011. And,  
13 it contains the rate calculations/supporting work  
14 papers to that rate.

15 Q. Is there anything that needs to be corrected in this  
16 filing?

17 A. (Baumann) No.

18 Q. And, as of May 4th, is it true and accurate to the best  
19 of your knowledge and belief?

20 A. (Baumann) Yes.

21 MR. EATON: Mr. Chairman, could we have  
22 this marked as "Exhibit 3" for identification?

23 CHAIRMAN GETZ: So marked.

24 (The document, as described, was

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[WITNESS PANEL: Baumann~Hall]

1 herewith marked as **Exhibit 3** for  
2 identification.)

3 BY MR. EATON:

4 Q. Now, Mr. Baumann, could you look at another document  
5 that has a cover letter signed by myself dated  
6 June 13th, 2011. Do you have that document?

7 A. (Baumann) Yes.

8 Q. And, what -- could you please describe that document.

9 A. (Baumann) This document updates the May 4th, 2011  
10 document with the latest information/supporting work  
11 papers for the SCRC rate that the Company is proposing  
12 today. That rate, the current rate is 1.17 cents per  
13 kilowatt-hour, the May 4th rate was 1.10 cents per  
14 kilowatt-hour, and this update drops slightly to 1.09  
15 cents per kilowatt-hour.

16 Q. And, do you have any corrections to make to those  
17 attachments that were filed on June 13th?

18 A. (Baumann) No.

19 Q. And, they're true and accurate to the best of your  
20 knowledge and belief?

21 A. (Baumann) Yes.

22 MR. EATON: Could we have this marked as  
23 "Exhibit 4" for identification?

24 CHAIRMAN GETZ: So marked.

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[WITNESS PANEL: Baumann~Hall]

1 (The document, as described, was  
2 herewith marked as **Exhibit 4** for  
3 identification.)

4 BY MR. EATON:

5 Q. Mr. Baumann, could you please summarize the Company's  
6 position and the Stranded Cost Recovery Charge request  
7 that it's making today before the Commission.

8 A. (Baumann) Certainly. We are proposing the Stranded  
9 Cost Recovery Charge rate of 1.09 cents, to be  
10 effective on service rendered on July 1st, 2011. That  
11 is a slight decrease from the current rate of 1.17  
12 cents per kilowatt-hour. And, the sole driving reason  
13 for that decrease is that the above-market IPP costs  
14 that are part of the Stranded Cost Recovery Charge have  
15 decreased from last year, when we submitted the rate  
16 that's in effect today. The decrease in the  
17 above-market IPP costs is a direct result of increased  
18 -- slight increase to the market prices that are  
19 assumed in our filings. So, the above-market price of  
20 the IPPs drops, where the market price increases  
21 slightly, which would drive up, to some extent, the  
22 Energy Service rate that will be held in a hearing this  
23 afternoon.

24 Q. Mr. Baumann, a question that's often asked at these

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[WITNESS PANEL: Baumann~Hall]

1       hearings is "when do you expect to recover your  
2       stranded costs?" Could you explain that for Part 1 and  
3       Part 2 of the stranded costs.

4   A.   (Baumann) You'd like me to explain that?

5   Q.   Yes.

6   A.   (Baumann) The Part 1, which is primarily the Rate  
7       Reduction Bonds, principal and interest, the ending of  
8       those costs would be in May of 2013. So, I would  
9       expect, by the end of June 2013, that those costs would  
10      be all but collected, absent any adjustments at the end  
11      that might take place when they finally pay off those  
12      Rate Reduction Bonds.

13                   The Part 2 costs are ongoing. They will  
14      continue to decrease, but there are some very -- there  
15      are some small IPP contracts that will run further into  
16      the future, into I think it's 2020, or somewhere in  
17      that area. So, those costs would continue, albeit  
18      they're not the substantial portion of the rate. The  
19      rate is driven and will be driven by the Rate Reduction  
20      Bonds, and the final payment of those bonds in 2013.

21   Q.   Do you have anything to add to your testimony, Mr.  
22       Baumann?

23   A.   (Baumann) No.

24   Q.   Mr. Hall, could you please state your name for the

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[WITNESS PANEL: Baumann~Hall]

1 record.

2 A. (Hall) My name is Stephen R. Hall.

3 Q. For whom are you employed, what is your position, and  
4 your duties in that position?

5 A. (Hall) I'm Rate and Regulatory Services Manager for  
6 Public Service of New Hampshire. In that role, I'm  
7 responsible for regulatory relations, pricing, and rate  
8 and tariff administration.

9 Q. Have you previously testified before the Commission?

10 A. (Hall) Yes, I have.

11 Q. Do you have in front of you a document entitled "Public  
12 Service Company of New Hampshire Retail Revenue by Rate  
13 Class and Unbundled Component Change Proposed for  
14 Effect on July 1st, 2011"?

15 A. (Hall) Yes, I do.

16 Q. Could you briefly describe that document before we go  
17 through it in more detail.

18 A. (Hall) Certainly. Generally, what this document is is  
19 a -- what we refer to as an "expanded bingo sheet".  
20 The bingo sheet is a document that we file with the  
21 Commission whenever we have a rate change. These four  
22 -- this four-page document provides more detail on each  
23 component of the rate change by class -- of the rate  
24 changes, I should say, by class.

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[WITNESS PANEL: Baumann~Hall]

1 MR. EATON: Could we have this marked as  
2 "Exhibit 5" for identification?

3 CHAIRMAN GETZ: So marked.

4 (The document, as described, was  
5 herewith marked as **Exhibit 5** for  
6 identification.)

7 BY MR. EATON:

8 Q. Mr. Hall, could you take us through this document and  
9 tell us what each sheet provides.

10 A. (Hall) Certainly. The first page of the document shows  
11 the amount of rate change by component, that is  
12 distribution, transmission, Stranded Cost, Energy  
13 Service and in total, by class, that is being proposed  
14 by PSNH in the various dockets that are subject to  
15 today's hearings, as well as the exogenous events  
16 docket and the step increase that PSNH previously filed  
17 under its rate case docket. I say that these are the  
18 proposed levels that we filed. I would caveat that  
19 just a bit. With regard to the amount of distribution  
20 rate decrease that appears on this page, the numbers  
21 will be slightly lower. And, the reason they will be  
22 slightly lower is that PSNH and the Staff have reached  
23 agreement regarding recovery of wind storm costs. And,  
24 as a result of that agreement, the distribution revenue

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[WITNESS PANEL: Baumann-Hall]

1 decrease will be \$46,000 higher than what appears here.  
2 So, the decrease to distribution is very slightly  
3 understated. It's a difference overall of an average  
4 of 1/1,000th of a cent, or about 1/100th of a percent  
5 in overall rate level. So, with that caveat, these  
6 rate revenue changes are the amounts that we're  
7 proposing by class and by component.

8 If you turn to the second page of the  
9 document, it shows those same rate changes by class and  
10 by component, in terms of cents per kilowatt-hour  
11 rather than total dollars.

12 The third page of the document shows the  
13 proposed rate changes in terms of a percentage change  
14 to each rate component. In other words, the  
15 "Distribution" column shows the percent change to  
16 distribution rates only. And, the "Transmission"  
17 column shows the percent change to transmission rates  
18 only. And, that's why we see a transmission rate  
19 change on this page in the 20 percent range. It's not  
20 a 20 percent overall rate change, it's a 20 percent  
21 decrease in the "transmission" column of rates, excuse  
22 me.

23 All of these changes by class are  
24 premised on the assumption that all customers take

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[WITNESS PANEL: Baumann~Hall]

1 Energy Service from PSNH. We know that's not the case,  
2 but, in order to state things on an equivalent basis,  
3 we have assumed that all customers take Energy Service  
4 from PSNH. That impact is shown on the last page.  
5 Similar to the previous page, this last page of this  
6 document shows percent rate changes by component,  
7 except that, instead of percent change in each  
8 individual component, distribution, transmission, and  
9 so on, this is the percent change in overall rate  
10 level, again, assuming that all customers take Energy  
11 Service from PSNH.

12 So, if you look at the bottom line,  
13 you'll see "Total Retail" rate changes by component,  
14 and a total overall revenue decrease on July 1st of  
15 about 1.27 percent. And, that's what -- that's the  
16 impact of all of the changes PSNH is proposing for  
17 effect July 1st.

18 CMSR. IGNATIUS: Mr. Hall, I'm sorry.  
19 Can you explain again the difference between the two  
20 percentage charts on Pages 3 and 4? I thought I was  
21 following you, and then I realized I wasn't.

22 WITNESS HALL: Okay. Sure. It is a  
23 little confusing. I think the best example is to look at  
24 the "Transmission" column. Transmission is a relatively

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[WITNESS PANEL: Baumann~Hall]

1 small overall portion of PSNH's rates. In fact, on  
2 average, transmission rate level is about 1.2 cents per  
3 kilowatt-hour overall average. Whereas, overall average  
4 total rate level is around 15 and a half cents. So, if we  
5 look at only the transmission rate level of 1.2 cents,  
6 that rate level will be decreasing.

7 WITNESS BAUMANN: I could just give you  
8 the -- the transmission rate today is about -- is 1.5  
9 cents, and it's dropping to 1.189 cents. So, about 1.5 to  
10 1.2.

11 WITNESS HALL: Right.

12 WITNESS BAUMANN: And, that's the 20  
13 percent decrease in that rate.

14 WITNESS HALL: Correct. Thank you. I  
15 was just about to turn to that. That three-tenths of a  
16 cent decrease in transmission rates, means a 20 percent  
17 decrease in the transmission component of the customer's  
18 bill. However, if you turn to Page 4 of that attachment,  
19 three-tenths of a cent rate decrease, on average, is only  
20 about a 2 percent overall rate decrease in a customer's  
21 bill, total customer's bill. So, three-tenths of a cent  
22 is about a 2 percent decrease in the total bill amount, on  
23 average. Whereas, a three-tenths of a cent decrease in  
24 transmission rates is about a 20 percent decrease in just

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[WITNESS PANEL: Baumann~Hall]

1 the transmission piece of the customer's bill.

2 CMSR. IGNATIUS: I've got it. Thank  
3 you.

4 WITNESS HALL: Okay.

5 BY MR. EATON:

6 Q. Mr. Hall, do you have anything else to add to your  
7 testimony?

8 A. (Hall) No, I don't.

9 Q. Mr. Baumann, anything else?

10 A. (Baumann) No, sir.

11 MR. EATON: Thank you. These witnesses  
12 are available for cross-examination.

13 CHAIRMAN GETZ: Thank you. Ms.  
14 Hatfield.

15 MS. HATFIELD: I have no questions.  
16 Thank you, Mr. Chairman.

17 CHAIRMAN GETZ: Ms. Amidon.

18 MS. AMIDON: Thank you. Good morning.

19 WITNESS BAUMANN: Good morning.

20 CROSS-EXAMINATION

21 BY MS. AMIDON:

22 Q. Please refer to Exhibit 4, which is the June 13th  
23 filing, and this will be for you, Mr. Baumann. I'm  
24 looking at your Attachment RAB-1, Page 1 of 1 [?].

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[WITNESS PANEL: Baumann~Hall]

1 And, if we go to Line 7, that reads "Forecasted Retail  
2 Megawatt-Hour Sales July-December 2011", is that  
3 correct?

4 A. (Baumann) Yes.

5 Q. And, when comparing this with the same exhibit or the  
6 same attachment in Exhibit 3, there's a slight increase  
7 here in the forecasted sales, is that correct?

8 A. (Baumann) Yes, that's correct.

9 Q. What has been the trend in sales observed by the  
10 Company over the past two years?

11 A. (Baumann) I think, over the last couple years, there  
12 has been a slight increase in sales for PSNH.

13 Q. And, if you went back, for example, the past 12 months,  
14 what did you see there?

15 A. (Hall) I believe the sales increase is in the 1 to  
16 2 percent range, but I'd have to check that.

17 Q. And, you may not have done this analysis, but did you  
18 observe any difference among the customer classes? For  
19 example, are the sales increasing for the large  
20 customers or for the residential customer group?

21 A. (Hall) It is more the smaller customers, rather than  
22 larger customers.

23 Q. And, as you look ahead for 2012, do you see sales  
24 increasing still or what is the trend that you see for

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[WITNESS PANEL: Baumann~Hall]

1 2012?

2 A. (Hall) It's a modest increase, about at the same level,  
3 1 percent, perhaps 2 percent.

4 Q. And, the same class, the small customer class?

5 A. (Hall) I don't know the class-by-class results. I'm  
6 sorry.

7 Q. That's fair. That's fair.

8 CHAIRMAN GETZ: Ms. Amidon, would it be  
9 useful to have more specific numbers? I mean, we have  
10 three other related hearings today. I suspect that --

11 MS. AMIDON: Yes. Yes, I think it would  
12 be. If they could, at one of the breaks, check back with  
13 and see if they could get that information.

14 WITNESS HALL: We could do that.

15 MS. AMIDON: Thank you. Thank, Mr.  
16 Chairman.

17 MR. EATON: Would that request be  
18 helpful if we did it in both overall sales and Energy  
19 Service sales, because they're different?

20 MS. AMIDON: Yes.

21 CHAIRMAN GETZ: And, perhaps we could  
22 have that for the afternoon hearing, for the TCAM hearing?

23 WITNESS BAUMANN: I would just caveat  
24 that that, to do the energy sales, you're going to have to

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[WITNESS PANEL: Baumann~Hall]

1 make some type of assumption on migration. And, you know,  
2 if there is no change in migration, then the energy sales  
3 percentage should be parallel to the total sale  
4 percentage. So, Mr. Hall said it's around 1 to 2 percent,  
5 we'll check those numbers. But, you know, Energy Service  
6 might be a little higher, because it's more residential.  
7 But we'll have to look at that. But we'll probably assume  
8 that the migration stays the same, because we really don't  
9 have any basis for saying it would go up or down at that  
10 point.

11 MS. AMIDON: Thank you. And, thank you  
12 Mr. Chairman.

13 BY MS. AMIDON:

14 Q. Mr. Hall, in Exhibit 5, I notice that, on the second  
15 page, that you have calculated for the SCRC a reduction  
16 for the various customer classes and rates. And, it  
17 would be fair to say that the proposed 1.09 cents per  
18 kilowatt-hour is an average rate, is that correct?

19 A. (Hall) Yes. That's correct.

20 Q. And, so, could you describe how the rates differ from  
21 the residential class, for example, to Rate B customers  
22 in the Large General Service rate?

23 A. (Hall) Sure.

24 Q. Or just give us an idea of the range of the rates that

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[WITNESS PANEL: Baumann~Hall]

1 are -- of the SCRC rates.

2 A. (Hall) On an overall average basis?

3 Q. Yes.

4 A. (Hall) Sure. When we implement an SCRC rate change, we  
5 do so by making a proportional adjustment to all rates  
6 and charges, all stranded cost rates and charges. As  
7 you know, the Stranded Cost Charge isn't recovered on a  
8 flat cents per kilowatt-hour from all customer classes.  
9 In fact, for larger customer classes, we have both  
10 energy and demand charges. So, what we need to do is  
11 take the change in revenue level that will result from  
12 a proposed change in the Stranded Cost Charge, adjust  
13 the revenue level for each class by the same  
14 proportional amount, and then recalculate the rates and  
15 charges for each class.

16 Based on what we've proposed, for the  
17 Residential class, our proposed overall average rate  
18 level for Stranded Cost Recovery Charge is 1.152 cents.  
19 For our small General Service class, that's General  
20 Service Rate G, it's 1.085 cents. For our Primary  
21 General Service Rate GV customers, it's 1.055 cents, on  
22 average. And, for those customers who are GV  
23 customers, but are also served under Rate B, it would  
24 be 1.394 cents. Similarly, for our Large General

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[WITNESS PANEL: Baumann~Hall]

1 Service class, the largest customers, the overall  
2 average Stranded Cost Charge that we're proposing is  
3 0.986 cents. And, for those larger customers who also  
4 take Backup Service under Rate B, it's an average of  
5 0.971 cents.

6 MS. AMIDON: Thank you. One moment  
7 please.

8 (Atty. Amidon conferring with Mr.  
9 Mullen.)

10 MS. AMIDON: Mr. Mullen has some  
11 questions he'd like to ask the witnesses.

12 MR. MULLEN: Good morning.

13 WITNESS BAUMANN: Good morning.

14 BY MR. MULLEN:

15 Q. Mr. Baumann, if I look at Exhibit 4, Attachment RAB-1,  
16 Page 1 of 7. And, if you look on Line 1, it's labeled  
17 "Rate Recovery Bonds (RRBs)", is about \$60.8 million  
18 there?

19 A. (Baumann) That's correct.

20 Q. Now, if I compare that to the total on Line 4 for the  
21 total SCRC costs, it's roughly about 70 percent of the  
22 total costs?

23 A. (Baumann) Yes.

24 Q. And, you said earlier that those bonds are scheduled to

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1 terminate around May of 2013?

2 A. (Baumann) Correct.

3 Q. So, then, at least there's some light at the end of the  
4 tunnel, I guess, in terms of the stranded cost rate,  
5 where that would represent about 70 percent of the  
6 rate. And, so, just looking at where we are today,  
7 would you say that's roughly about three-quarters of a  
8 cent?

9 A. (Baumann) Yes.

10 Q. So, all else being equal, a little over a year after --  
11 well, about two years from now, we'll actually see a  
12 significant reduction in the SCRC rate?

13 A. (Baumann) Yes, that's true.

14 Q. And, at that point, Part 2 would still exist, and you  
15 mentioned that that will continue to decrease. Is it  
16 correct that that will continue to decrease because  
17 some of the contracts and rate orders with IPPs, they  
18 terminate at different times between now and then, so  
19 some will continue to keep coming off this rate?

20 A. (Baumann) Yes, that's true.

21 Q. Okay. Mr. Hall, if we look at Exhibit 5, and Page 1.  
22 Now, I understand this is about stranded costs this  
23 morning, but you also talked about the "Distribution"  
24 column. And, just looking in terms of the reduction to

[WITNESS PANEL: Baumann~Hall]

1 distribution revenues, you mentioned a couple of other  
2 cases, notably the exogenous events filing, that's, I  
3 think, DE 11-070, and the changes in net plant, which  
4 is, I believe, DE 11-095. What you have figured into  
5 this "Distribution" column, those will -- those are  
6 based on the filings that the Company made?

7 A. (Hall) In each of those dockets, yes.

8 Q. Right. The Commission has not issued orders in those  
9 dockets.

10 A. (Hall) True.

11 Q. So, and to the extent that the Commission were to  
12 adjust anything, some of the numbers here could change?

13 A. (Hall) Correct.

14 Q. Okay. And, I think there's one other thing going on in  
15 that column that's not the subject of a current docket,  
16 that would be the end of the temporary rate recoupment  
17 from your last distribution rate case, is that correct?

18 A. (Hall) Correct.

19 Q. And, am I correct, that that's roughly \$13 million that  
20 will -- the collection of that will end and that's a  
21 significant impact of what's going on here?

22 A. (Hall) Yes.

23 MR. MULLEN: Okay. Thank you. I have  
24 nothing further.

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[WITNESS PANEL: Baumann~Hall]

1 MS. AMIDON: Thank you, Mr. Chairman.

2 CHAIRMAN GETZ: Commissioner Below.

3 CMSR. BELOW: Thank you, Mr. Chairman.

4 BY CMSR. BELOW:

5 Q. Mr. Baumann, is it fair to say that the slight decrease  
6 in the proposed SCRC rate from between May 4th and the  
7 June 13th filings, Exhibit 3 and 4, is due to both an  
8 update in the -- an increase in the amount of  
9 over-recovery, based on an update to the April and May  
10 actuals and a re-estimate of June, plus the slight  
11 increase in forecasted sales for the remainder of the  
12 year? Essentially, the change in Line 6 and 7 of  
13 Page 1 of 7, between the two exhibits?

14 A. (Baumann) Yes. Again, the over-recovery is just a  
15 function of the market prices, above-market IPPs. But  
16 that is correct, yes.

17 CMSR. BELOW: I think that's all.

18 CHAIRMAN GETZ: Commissioner Ignatius.

19 CMSR. IGNATIUS: Thank you.

20 BY CMSR. IGNATIUS:

21 Q. Mr. Baumann, one, just a definitional issue, one of  
22 your exhibits refers to amortization of "MP3 costs",  
23 and I don't remember what that stands for.

24 A. (Baumann) "MP" is "Millstone Point". It was the

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[WITNESS PANEL: Baumann~Hall]

1 ownership percentage that PSNH had of the Millstone 3  
2 facility.

3 Q. Thank you. Mr. Mullen asked you about Part 2 stranded  
4 costs coming down over time as some of those units come  
5 off, off of rate orders. Do you have an identification  
6 of how many are still left? At least to start, how  
7 many, just in terms of numbers, how many there are?

8 A. (Baumann) I have a spreadsheet in my brain, but I'm  
9 thinking that it may be in the number of 20 or so rate  
10 orders.

11 Q. And, I think, Mr. Hall, you had said that, and I  
12 apologize if I got it wrong, one of you had said that  
13 there are a few that extend out into 2020 or so,  
14 suggesting that most of them were coming due far sooner  
15 than that. Can you help with a little more detail on  
16 that, whoever wants to take that one?

17 CHAIRMAN GETZ: Are these the 30-year  
18 small hydro --

19 WITNESS HALL: Yes.

20 CHAIRMAN GETZ: -- rate orders?

21 WITNESS HALL: Yes.

22 BY THE WITNESS:

23 A. (Hall) And, I recall seeing a spreadsheet just a couple  
24 of days ago that showed some expiring in 2012, a couple

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1 in 2013. I just don't remember the number or the size  
2 of the ones that expired in each year.

3 BY CMSR. IGNATIUS:

4 Q. Is that something that you could produce in the next --

5 A. (Hall) Sure.

6 Q. -- either later today or in the next couple of days?

7 A. (Baumann) Oh, certainly. We'll try to get it today, if  
8 we can get it.

9 CMSR. IGNATIUS: All right. Then, maybe  
10 we make that a record request and hold an exhibit for that  
11 please.

12 CHAIRMAN GETZ: Well, we'll just talk to  
13 it I think at the afternoon proceeding. And, I think,  
14 instead of marking it as an exhibit, maybe what the best  
15 approach to do is, in all four of the cases today, 10-257,  
16 10-256, 11-133, and 11-082, that, in each of the cases, we  
17 take administrative notice of the record in each of the  
18 other cases.

19 CMSR. IGNATIUS: That's fine. Thank  
20 you.

21 CHAIRMAN GETZ: Is there an objection?

22 MR. EATON: No objection.

23 CHAIRMAN GETZ: Okay.

24 BY CMSR. IGNATIUS:

[WITNESS PANEL: Baumann~Hall]

1 Q. And, this is a question that may be the subject of  
2 another request already today. The Stranded Cost  
3 Recovery Charge, Mr. Hall, you had said is based, in  
4 all of your numbers on Exhibit 5, on an assumption that  
5 everyone is taking Energy Service, but you acknowledge  
6 that is not actually the case. Where do we see the  
7 Stranded Cost Recovery Charge, we'll leave out all the  
8 other charges for the moment, the Stranded Cost  
9 Recovery Charge, when you do deal with the reality that  
10 you currently have 34 percent who have left the system,  
11 what is the actual Stranded Cost Recovery Charge that  
12 customers will see?

13 No, I'm sorry. That's the one charge  
14 where we don't have to worry about -- or, the one  
15 possible charge where we don't have to worry about  
16 that, correct, because it's on a distribution basis?

17 A. (Hall) Correct.

18 Q. Okay. So, my mistake. So, tell me the import, when  
19 you said before that you assume for the purpose of all  
20 of these calculations that everyone is on Energy  
21 Service, and yet that isn't reality, what does the fact  
22 of customer migration do to the rates we see on your  
23 Exhibit 5, if anything?

24 A. (Hall) All right. It doesn't really do anything in

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[WITNESS PANEL: Baumann~Hall]

1 terms of the rate level. The reason that we make the  
2 assumption that everyone is taking Energy Service is we  
3 want to provide information with regard to "what's the  
4 impact of all of these changes?" If we left out Energy  
5 Service from the equation, and provided the impact, the  
6 percent impact on everything other than Energy Service,  
7 it would be misleading. It would state the impact in  
8 terms of percent change to a piece of the total bill.  
9 So, what we do is we add in Energy Service revenue and  
10 say, "on average, overall bills will decrease by X  
11 percent."

12 In reality, customers who don't take  
13 Energy Service pay some other rate, presumably, they  
14 pay a lower rate. And, therefore, the percent impact  
15 on the total bill, including their Energy Service that  
16 they buy from a supplier, will be higher on a  
17 percentage basis. On an absolute dollar basis, it's  
18 the same. But, because their overall bill is probably  
19 lower, the percent impact on their total bill amount  
20 will be higher, because the denominator of the equation  
21 will be lower.

22 Q. So, if we leave out the percentage of total bill  
23 discussions, and just look at the actual rate to be  
24 imposed, there is no difference whether they're an

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[WITNESS PANEL: Baumann~Hall]

1 Energy Service customer or not?

2 A. (Hall) Correct.

3 Q. And, recalculating it without the Energy Service  
4 component doesn't change what the actual rate is that  
5 will be applied for these charges?

6 A. (Hall) Correct.

7 CMSR. IGNATIUS: Okay. Thank you.

8 CHAIRMAN GETZ: Mr. Eaton, any redirect?

9 MR. EATON: I have no questions on  
10 redirect. Thank you.

11 CHAIRMAN GETZ: Anything further for  
12 these witnesses?

13 (No verbal response)

14 CHAIRMAN GETZ: Hearing nothing, then  
15 you're excused. Thank you, gentlemen.

16 WITNESS HALL: Thank you.

17 CHAIRMAN GETZ: Ms. Hatfield or Ms.  
18 Amidon, any witnesses from the OCA or Staff?

19 MS. AMIDON: No.

20 MS. HATFIELD: No.

21 CHAIRMAN GETZ: Is there any objection  
22 to striking the identifications and admitting the exhibits  
23 into evidence?

24 (No verbal response)

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1 CHAIRMAN GETZ: Hearing no objection,  
2 they will be admitted into evidence. Is there anything  
3 else we need to address before opportunities for closings?

4 (No verbal response)

5 CHAIRMAN GETZ: Hearing nothing, then  
6 we'll begin with Ms. Hatfield.

7 MS. HATFIELD: Thank you, Mr. Chairman.  
8 The OCA takes no position on PSNH's Stranded Cost Recovery  
9 Charge proposal. Thank you.

10 CHAIRMAN GETZ: Thank you. Ms. Amidon.

11 MS. AMIDON: Thank you. Staff has  
12 reviewed the filing, and we conducted some discovery with  
13 the Company. We believe that they calculated the Stranded  
14 Cost Recovery Charge rate appropriately, and recommend  
15 that the Commission approve the filing.

16 CHAIRMAN GETZ: Thank you. Mr. Eaton.

17 MR. EATON: Thank you. The Stranded  
18 Cost Recovery Charge was computed in the same way that it  
19 has been in the past. And, we request the Commission  
20 approve the rate of 1.09 cents per kilowatt-hour as just  
21 and reasonable for effect on July the 1st. Thank you.

22 CHAIRMAN GETZ: All right. Then, we  
23 will close this hearing, take the matter under advisement.  
24 And, we'll resume at 11:00 with the proceeding in 10-257.

1 Thank you, everyone.

2 (Whereupon the hearing ended at 10:42  
3 a.m.)

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