

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

March 22, 2017 - 11:05 a.m.
Concord, New Hampshire

7 APR '17 PM4:26

RE: DE 16-542
EVERSOURCE ENERGY:
Annual Reconciliation of Energy
Service and Stranded Cost for 2015.

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Company of New
Hampshire d/b/a Eversource Energy:
Matthew J. Fossum, Esq.

Reptg. Residential Ratepayers:
Brian Buckley, Esq.,
James Brennan, Finance Director
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Thomas C. Frantz, Dir./Electric Div.
Richard Chagnon, Electric Division

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

CERTIFIED
ORIGINAL TRANSCRIPT

I N D E X**PAGE NO.**

WITNESS PANEL: FREDERICK B. WHITE
RICHARD CHAGNON

Direct examination by Mr. Fossum	6, 9, 13
Direct examination by Ms. Amidon	7, 15
Interrogatories by Cmsr. Bailey	16

ALSO SWORN IN AT PAGE 13:

Christopher J. Goulding

Elizabeth H. Tillotson

*** * ***

CLOSING STATEMENTS BY:

Mr. Buckley	20
Ms. Amidon	20
Mr. Fossum	21

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Annual Reconciliation of Energy Service and Stranded Costs for Calendar Year 2015, including the Direct Testimony of Christopher J. Goulding, with attachments; Direct Testimony of Frederick B. White, with attachments; and Direct Testimony of Elizabeth H. Tillotson, with attachments (05-02-16)	5
2	Direct Testimony of Williams Consulting, Inc., on behalf of Commission Staff, including the Direct Testimony of Frank T. DiPalma and William M. Williams, with attachments (12-15-16)	5
3	Stipulation and Settlement Agreement (03-07-17)	5

P R O C E E D I N G

CHAIRMAN HONIGBERG: Good morning everyone. We're here this morning in Docket DE 16-542, which is Public Service Company of New Hampshire, which does business as Eversource Energy, Annual Reconciliation of Energy Service and Stranded Costs.

We do have a Settlement that was filed. We need to hear about that. We need to hear about how this is going to go beyond that.

And, before we do anything else, let's take appearances.

MR. FOSSUM: Good morning, Commissioners. Matthew Fossum, here for Public Service Company of New Hampshire, doing business as Eversource Energy.

MR. BUCKLEY: Good morning, Mr. Commissioner -- Mr. Chair, rather, Commissioner Bailey. Brian Buckley, representing the Office of the Consumer Advocate and residential ratepayers' interests. And with me today is Office of Consumer Advocate Director of Finance, Jim Brennan.

MS. AMIDON: Good morning. Suzanne

1 Amidon, for Commission Staff. With me is Tom
2 Frantz, who's the Director of the Electric
3 Division, and we have Rich Chagnon, an Analyst
4 in that division, as a witness in this case.

5 Thank you.

6 CHAIRMAN HONIGBERG: How are we going
7 to proceed here? Mr. Fossum.

8 MR. FOSSUM: Well, I'll start by
9 noting we've marked -- premarked a couple of
10 exhibits for, I guess, for identification so
11 far. Exhibit -- what we have premarked as
12 "Exhibit 1" is the Company's initial filing
13 back from May 2nd, 2016. What has been marked
14 for this morning as "Exhibit 2" is the Staff
15 testimony from December 15th, 2016. And, then,
16 what has been marked as "Exhibit 3" is the
17 Settlement Agreement that will be discussed
18 this morning.

19 (The documents, as described,
20 were herewith marked as

21 **Exhibit 1, Exhibit 2,** and
22 **Exhibit 3,** respectively, for
23 identification.)

24 CHAIRMAN HONIGBERG: Are there any

[WITNESS PANEL: White~Chagnon]

1 preliminary matters we need to deal with before
2 the witnesses get sworn in?

3 MS. AMIDON: No. None that I'm aware
4 of.

5 MR. FOSSUM: I don't believe so.

6 CHAIRMAN HONIGBERG: All right.
7 Mr. Patnaude.

8 (Whereupon **Frederick B. White**
9 and **Richard Chagnon** were duly
10 sworn by the Court Reporter.)

11 CHAIRMAN HONIGBERG: Mr. Fossum.

12 MR. FOSSUM: Thank you.

13 **FREDERICK B. WHITE, SWORN**

14 **RICHARD CHAGNON, SWORN**

15 **DIRECT EXAMINATION**

16 BY MR. FOSSUM:

17 Q. Mr. White, could you state your name, your
18 place of employment, and your position and
19 responsibilities for the record in this
20 proceeding please.

21 A. (White) My name is Frederick White. I work for
22 the Electric Supply Department of Eversource
23 Service Company. My primary responsibilities
24 involve the analysis and management of the

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 portfolio of resources and load serving default
2 service load in New Hampshire.

3 Q. And I guess for purposes of this morning, did
4 you participate in the negotiation of the
5 Settlement Agreement that's before the
6 Commission this morning?

7 A. (White) Yes.

8 Q. And you're familiar with the terms of that
9 Agreement?

10 A. (White) Yes.

11 MR. FOSSUM: Before getting into
12 that, I didn't know --

13 MS. AMIDON: Yes, please.

14 BY MS. AMIDON:

15 Q. Mr. Chagnon, would you please state your full
16 name and your employment and your
17 responsibilities for the record please.

18 A. (Chagnon) Yes. My name is Rich Chagnon,
19 Utility Analyst of the Electric Division here
20 at the Public Utilities Commission. And my
21 duties are to analyze the filings from the
22 utilities.

23 Q. And you worked on this case, it's fair to say,
24 right?

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 A. (Chagnon) Yes, I did.

2 Q. And what we have marked as "Exhibit 2" is the
3 testimony of the Williams Consulting Group, is
4 that right?

5 A. (Chagnon) That's correct.

6 Q. And did you oversee the preparation of that
7 testimony?

8 A. (Chagnon) Yes, I did.

9 Q. And are you prepared to adopt that testimony as
10 your own?

11 A. (Chagnon) Yes. I am.

12 Q. And you're able to answer questions with
13 respect to that testimony, is that right?

14 A. (Chagnon) Correct.

15 Q. With respect to Exhibit 3, which is the
16 Settlement Agreement, did you participate in
17 the settlement discussions that led to the
18 development of this Agreement?

19 A. (Chagnon) Yes, I did.

20 Q. And you agree that the Settlement Agreement is
21 a reasonable and just solution of the issue
22 that was identified in this docket?

23 A. (Chagnon) Yes, I do.

24 MS. AMIDON: Thank you.

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 MR. FOSSUM: Thank you. I guess I
2 should have gone there.

3 BY MR. FOSSUM:

4 Q. Mr. White, back in Exhibit 1, did you
5 participate in the drafting and filing of what
6 has been marked as "Exhibit 1" in this
7 proceeding?

8 A. (White) Yes.

9 Q. Or, I'm sorry, at least a portion of what's in
10 Exhibit 1, is, I guess, more correct?

11 A. (White) That includes my prefiled testimony,
12 yes.

13 Q. Okay. Thank you. Turning now to what has been
14 marked as "Exhibit 3", the Settlement, could
15 you, I won't say "briefly", because the
16 Settlement itself is brief, but could you
17 explain the terms of the Settlement Agreement
18 as you understand it.

19 A. (White) Okay. Discussions of the issues in
20 this proceeding resulted in some differences of
21 opinions among the Parties. The Parties
22 reached this Settlement Agreement as a
23 resolution of all the issues in the proceeding.
24 It's not attributable to any particular matter

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 that came up during discussions. The end
2 result is PSNH has agreed to forgo recovery of
3 \$800,000 of costs.

4 And, in addition, going forward, the
5 Company will promptly notify the Commission and
6 the OCA of any dispatch events that, in the
7 Company's judgment, increased costs by \$500,000
8 or more, with some specific exclusions
9 regarding certain dispatch scenarios.

10 That, in a nutshell, is the Agreement.

11 Q. With respect to the \$800,000 that you've
12 identified, how would that -- you said the
13 Company would "forgo" collection of that. How
14 would that actually operate?

15 A. (White) My understanding is that it would get
16 rolled forward in the next ES rate update.

17 Q. And that would be later this year, correct?

18 A. (White) Which, presumably, will be for a rate
19 beginning July 1st of this year. And it would
20 reflect a refund, a decrease in costs of
21 \$800,000 for the period that that rate term
22 would cover.

23 Q. Thank you. And is it your position that the
24 Settlement Agreement that we're talking about

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 this morning is just and reasonable and an
2 appropriate resolution of the issues in this
3 docket?

4 A. (White) Yes, it is.

5 MR. FOSSUM: That's all that I have.

6 CHAIRMAN HONIGBERG: Before Ms.
7 Amidon starts, I have a question, Mr. Fossum.

8 MR. FOSSUM: Yes.

9 CHAIRMAN HONIGBERG: So, Mr. White's
10 testimony is "Exhibit 2" within Exhibit 1.
11 What's the status of Mr. Goulding's and Ms.
12 Tillotson's prefiled testimony then?

13 MR. FOSSUM: Oh. Pursuant to the
14 terms of the Settlement, the Parties had all
15 agreed that all the direct testimony would be
16 admitted as full exhibits. So, I didn't feel
17 it necessary to put Mr. Goulding and Ms.
18 Tillotson on the stand to adopt it. It is all
19 part of Exhibit 1. It would all go in as part
20 of Exhibit 1. This morning, Mr. Goulding and
21 Ms. Tillotson are here. I could have them
22 adopt that testimony, if that's necessary. But
23 I didn't believe it to be necessary, in light
24 of what we had agreed to.

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 CHAIRMAN HONIGBERG: It's probably
2 not, because of the nature of the proceeding
3 that we're in. But it was brought to my
4 attention yesterday that there's a provision in
5 RSA 541, I think it's 33, I, that has specific
6 requirements for testimony.

7 And, so, I don't think it's necessary
8 that we do anything formal, maybe -- although
9 maybe it is. Maybe we take -- let's take a
10 couple of minutes off the record and have
11 people take a look at that statute.

12 So, we're going to go off the
13 record.

14 *[Off-the-record discussion*
15 *ensued.]*

16 CHAIRMAN HONIGBERG: We're going to
17 go back on the record. I don't know, what the
18 was last thing that was on the record, Steve?

19 *[Brief off-the-record discussion*
20 *ensued.]*

21 CHAIRMAN HONIGBERG: So, before
22 Ms. Amidon starts, why don't we have
23 Ms. Goulding and Mr. -- Mr. Goulding and Ms.
24 Tillotson sworn in, so that their -- so there's

{DE 16-542} {03-22-17}

1 no question about the admissibility of their
2 prefiled testimony. Mr. Patnaude.

3 (Whereupon **Christopher J.**

4 **Goulding** and **Elizabeth H.**

5 **Tillotson** were duly sworn by the
6 Court Reporter.)

7 CHAIRMAN HONIGBERG: Mr. Fossum, do
8 you want to ask them a question or two?

9 MR. FOSSUM: Yes. For completeness
10 of the record, and if the Chair is fine with
11 them doing it where they sit, then that's what
12 we will do.

13 **CHRISTOPHER J. GOULDING, SWORN**

14 **ELIZABETH H. TILLOTSON, SWORN**

15 **DIRECT EXAMINATION**

16 BY MR. FOSSUM:

17 Q. I guess I would ask each of you if you could
18 state your name, position, and responsibilities
19 for the record please.

20 A. (Goulding) My name is Christopher Goulding.
21 I'm the Manager of Revenue Requirements for New
22 Hampshire. I'm employed by Eversource Service
23 Company. My current responsibilities include
24 the coordination and implementation of revenue

[WITNESS PANEL: White~Chagnon]

1 requirement calculations related to New
2 Hampshire activities.

3 A. (Tillotson) Good morning. My name is Elizabeth
4 Tillotson. I'm the Manager of Regulatory and
5 Environmental within the Generation
6 organization. I do work for Eversource. And
7 my purpose of the prefiled testimony was to
8 discuss, in 2015, the outages and operations of
9 the units.

10 Q. And, Mr. Goulding, did you -- the testimony
11 that's been included as part of Exhibit 1, was
12 that prepared by you or at your direction?

13 A. (Goulding) Yes, it was.

14 Q. And do you adopt that testimony as your sworn
15 testimony today?

16 A. (Goulding) Yes, I do.

17 Q. And, Ms. Tillotson, the same, was the testimony
18 that's been included in Exhibit 1 prepared by
19 you or at your direction?

20 A. (Tillotson) It was.

21 Q. And do you adopt that testimony as your sworn
22 testimony for purposes of this proceeding?

23 A. (Tillotson) I do.

24 CHAIRMAN HONIGBERG: Thank you,

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 Mr. Fossum. And thank you, Mr. Goulding and
2 Ms. Tillotson.

3 Ms. Amidon.

4 MS. AMIDON: Thank you. I have one
5 question for my witness.

6 BY MS. AMIDON:

7 Q. Mr. Chagnon, if you go to Exhibit 2, and it's
8 the Bates stamp 023, Page 21 of the testimony.
9 Let me know when you're there.

10 A. (White) That's the Williams testimony?

11 Q. Correct.

12 A. (Chagnon) Oh.

13 A. (White) Did you say "023"?

14 Q. Yes. Sorry if I confused you.

15 A. (Chagnon) Yes. I have it.

16 Q. So, beginning at Line 5, that text there
17 presents -- the following text presents the
18 conclusions of Staff's witness with respect to
19 its review of the 2015 reconciliation filing.
20 Is that fair?

21 A. (Chagnon) That is correct.

22 Q. Okay. So, the response begins on Line 8, and
23 goes through Line 20. Is that right?

24 A. (Chagnon) That's correct.

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 MS. AMIDON: Okay. Thank you.

2 That's all I have.

3 CHAIRMAN HONIGBERG: Mr. Buckley, do
4 you have any questions for any of the
5 witnesses?

6 MR. BUCKLEY: No questions.

7 CHAIRMAN HONIGBERG: Commissioner
8 Bailey.

9 CMSR. BAILEY: Thank you. Good
10 morning.

11 WITNESS WHITE: Good morning.

12 WITNESS CHAGNON: Good morning.

13 BY CMSR. BAILEY:

14 Q. Mr. White, I hope you can answer this question,
15 but it's about Mr. Goulding's testimony. As I
16 understand it, you are -- or, the Company is
17 asking us to approve reconciliation of an under
18 recovery for stranded costs of \$3.6 million and
19 an under recovery of Energy Service costs of
20 129.8 million, but that 800,000 of that
21 129.8 million will not be collected -- will not
22 be recovered. Is that a correct summary?

23 A. (White) Are you pulling those figures off a
24 particular exhibit --

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 Q. Yes. It's Exhibit --

2 A. (White) -- that I could look at?

3 Q. Yes. It's Exhibit 1, Bates Page 005 and Bates
4 Page 008. So, on Page 005, Line 25.

5 A. (White) Yes. The ES under-recovery of
6 "129.8 million"?

7 Q. Right.

8 A. (White) Is that the figure you cited? Yes.
9 And the 800,000 -- well, that's a 2015 number,
10 but I guess the 800,000 is in there. It will
11 be refunded, if you will, through the ES rate
12 beginning July 1st, 2017. So, along with that
13 assumption, in this proceeding, I believe you'd
14 be approving that number.

15 Q. Approving --

16 A. (White) Along with the recognition that 800,000
17 would be refunded at a later date.

18 Q. Okay. Thank you.

19 A. (White) The other figure, the SCRC of "3.6
20 million", yes, from Bates Page 008.

21 Q. Okay. And that under-recovery is in the
22 current rates right now, correct?

23 A. (White) Correct.

24 Q. Okay.

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 A. (White) In the SCRC rate.

2 Q. Yes.

3 A. (White) Yup.

4 Q. Okay. Can you tell me what steps the Company
5 has taken to ensure that a similar dispatch
6 error can't occur again as the dispatch error
7 that the Williams' testimony pointed out?

8 A. (White) We've revised procedures in our Bidding
9 and Scheduling Group. Previously, there were
10 daily double-checks, if you will, of offer
11 information into the ISO-New England system,
12 for all the variables that -- and parameters
13 that were typically changed on a daily basis.
14 There are a number of operating parameters that
15 are submitted, which are referred to in various
16 documents in this proceeding as "static
17 values". In other words, they can be input
18 once, and, until they are changed, they remain
19 as the value input. And those typically were
20 not included in the daily checklists and
21 double-checks by a second member of the group
22 for verification every day, because we simply
23 rarely changed them.

24 The event in discussion here revolved

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 around one of those static values. So, now,
2 our procedures also include those on a daily
3 basis that we verify what's up there is
4 correct.

5 Q. Every static value?

6 A. (White) Yes.

7 Q. Okay. Thank you. Mr. Chagnon, but for the
8 \$800,000 that will be refunded to customers,
9 Staff's position is that the remainder of the
10 reconcilable events and costs are accurate and
11 reasonable?

12 A. (Chagnon) Yes. That's correct. And, according
13 to the conclusion of the assessment that was
14 done by Williams, that they did conclude that
15 the PSNH filing is an accurate representation
16 of the energy and capacity purchasing and sales
17 process that took place in 2015.

18 Also, the Company has demonstrated
19 effective adjustments in its operations and
20 maintenance programs, to adjust for reduced
21 capacity factors to ensure reliability. And,
22 also, the Company management demonstrates good
23 utility practices.

24 CMSR. BAILEY: Okay. Thank you very

{DE 16-542} {03-22-17}

[WITNESS PANEL: White~Chagnon]

1 much. That's all I have.

2 CHAIRMAN HONIGBERG: I have no
3 questions for the witnesses.

4 Mr. Fossum or Ms. Amidon, does either
5 of you have further questions for your
6 witnesses?

7 MR. FOSSUM: I do not.

8 MS. AMIDON: No.

9 CHAIRMAN HONIGBERG: All right. So,
10 I take it there's no objection to striking ID
11 on Exhibits 1, 2, and 3?

12 *[No verbal response.]*

13 CHAIRMAN HONIGBERG: Hearing none,
14 those are now full exhibits.

15 With that, we'll allow the Parties to
16 sum up. Mr. Buckley, you get to go first.

17 MR. BUCKLEY: In summary, the OCA
18 supports the Settlement Agreement, and commends
19 the Parties for the resolution.

20 CHAIRMAN HONIGBERG: Ms. Amidon.

21 MS. AMIDON: Thank you. As you can
22 tell from the testimony, Staff participated in
23 the development of the Settlement Agreement and
24 in the review of the filing. We believe the

1 Settlement Agreement is in the public interest
2 and that the result is just and reasonable.
3 And we respectfully request the Commission
4 approve it.

5 CHAIRMAN HONIGBERG: Mr. Fossum.

6 MR. FOSSUM: Thank you. And,
7 similarly, we appreciate the efforts of the
8 Parties in this docket, and we support the
9 Settlement that is before you today. We
10 believe it is a just and reasonable and
11 appropriate resolution to this docket. And we
12 request that it be approved.

13 CHAIRMAN HONIGBERG: All right. I'll
14 thank the Parties for their efficient
15 resolution of this, I mean "efficient" as far
16 as we are concerned. It may have been harder
17 work for you all, I suspect it was.

18 But we'll take the matter under
19 advisement and issue an order as quickly as we
20 can. And, with that, we are adjourned.

21 ***(Whereupon the hearing was***
22 ***adjourned at 11:36 a.m.)***