

STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

RECONCILIATION OF ENERGY SERVICE AND STRANDED COSTS FOR CALENDAR
YEAR 2013

PREPARED TESTIMONY OF
CHRISTOPHER J. GOULDING

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

2 A. My name is Christopher J. Goulding. My business address is 780 North Commercial Street,
3 Manchester, NH. I am employed by Northeast Utilities Service Company (NUSCO) as the
4 Manager, Revenue Requirements – PSNH. NUSCO provides centralized services to the Northeast
5 Utilities (NU) operating subsidiaries Public Service Company of New Hampshire (PSNH), The
6 Connecticut Light and Power Company, Yankee Gas Services Company and Western
7 Massachusetts Electric Company, NSTAR Electric Company and NSTAR Gas Company.

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

9 A. Yes. I have sponsored testimony for the 2014 ES and SCRC mid-year rate adjustment filings
10 before the Commission.

11 **Q. Please describe your educational background.**

12 A. I graduated from Northeastern University in Boston, MA in 2000 with a Bachelor of Science in
13 Business Administration with a concentration in Accounting and from Boston College in Chestnut
14 Hill, MA in 2009 with a Master's in Business Administration.

15 **Q. Please describe your professional experience.**

16 A. Upon graduation from Northeastern University, I was hired by NSTAR Electric & Gas Company
17 (now NUSCO) and have held various positions in Accounting, Corporate Finance and Regulatory

1 with increasing responsibility through my current position as Manager, Revenue Requirements –
2 PSNH.

3 **Q. What are your current responsibilities?**

4 A. I am currently responsible for the coordination and implementation of revenue requirements
5 calculations for PSNH, as well as the filings associated with PSNH's Energy Service charge, the
6 Stranded Cost Recovery charge, the Transmission Cost Adjustment Mechanism, and the Alternate
7 Default Energy Rate.

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

9 A. The purpose of my testimony is to provide detail on the collections within the SCRC of principal,
10 interest, and fees required for the Rate Reduction Bonds Series 2001-1 (RRBs) issued by PSNH,
11 and the final disposition of the funds that remained in the trust accounts relating to those bonds.

12 **Q. Please explain what the RRBs were.**

13 A. As part of the electric industry restructuring in New Hampshire, certain of PSNH's costs were
14 determined to be "stranded" under RSA Chapters 374-F and 369-B. Those costs were defined and
15 categorized into three parts, Parts 1, 2 and 3. Part 1 costs, which consisted of the over-market
16 portion of Seabrook regulatory assets, a portion of PSNH's share of Millstone 3, and certain
17 financing costs that were incurred (*i.e.*, underwriters fees, legal fees, etc.) while obtaining the RRB
18 financing, were securitized by the issuance of the RRBs.

19 **Q. Please explain the RRB trust accounts.**

20 A. As part of the securitization process, the Company was required to set up the following trust
21 accounts to service the RRBs: general sub-account, reserve sub-account, overcollateralization sub-
22 account, capital sub-account, interest reserve sub-account and servicer advance sub-account. The
23 general and reserve sub-accounts were funded by a combination of customers (principal, interest,
24 and fees) and the Company (excess funding above the principal, interest and fees paid by
25 customers). The overcollateralization and interest reserve accounts were funded entirely by
26 customers. The capital sub-account and servicer advance sub-accounts were funded by the
27 Company. When the RRBs were fully redeemed, any excess collections from customers were to be
28 refunded by PSNH. To the extent any remaining balances were originally funded by PSNH, these
29 amounts were to be returned to the Company.

1 **Q. Please describe how the principal, interest and fees relating to the RRBs were recovered from**
2 **customers.**

3 A. Principal, interest and fees related to the RRBs were recovered from customers through the SCRC.

4 **Q. Please explain how any over or under recovery of revenue in the SCRC was handled in the**
5 **SCRC.**

6 A. The difference between the amounts billed the customers and the required amount needed to fund
7 the total SCRC costs, which included the Part 1 stranded costs, was captured in the Net SCRC
8 (Over)/Under Recovery and included in the following year's SCRC rate filing.

9 **Q. How much of the Part 1 stranded costs was collected from customers through the SCRC?**

10 A. The total Part 1 stranded costs included in the SCRC and collected from PSNH customers was
11 \$806.4 million. Please see Attachment CJG-1 Col. B.

12 **Q. How much cash was transferred from PSNH to the RRB trust accounts for the RRB**
13 **Obligations?**

14 A. The total cash that was transferred to the RRB trust accounts was \$812.1 million. Please see
15 Attachment CJG-1 Col. F.

16 **Q. If PSNH customers were only charged \$806.4 million in Part 1 stranded costs, and \$812.1**
17 **million was transferred to the RRB trust accounts, what is the source of the additional \$5.7**
18 **million transferred to the RRB trust accounts?**

19 A. The \$5.7 million difference between the amount collected from customers through the SCRC and
20 the amount transferred to the trust accounts was funded by the Company. Please refer to
21 Attachment CJG-1 for a summary schedule of Billings to customers in the SCRC filings and the
22 cash transfers between PSNH and the RRB Trust accounts. Column B of that Attachment shows
23 the amounts by year that were charged to customers in the SCRC that total \$806.4 million and
24 Column F shows the amounts by year that were transferred to the RRB trust account that total
25 \$812.1 million.

1 **Q. If PSNH customers had been charged in the SCRC part 1 expense the \$812.1 million that was**
2 **transferred to the RRB trust accounts, what effect would that have had on the costs recovered**
3 **through the SCRC?**

4 A. The total SCRC Part 1 expense recovered from customers would have been \$5.7 million higher and
5 the total SCRC under recovery would have been \$5.7 million higher.

6 **Q. If PSNH customers had been charged in the SCRC part 1 expense the amount that was**
7 **transferred to the RRB trust account, what impact would that have had on the RRB excess**
8 **collections?**

9 A. There would be no change in the RRB excess collections amount. The difference would be that
10 customers would be entitled to the \$5.7 million excess collections amount because customers would
11 have not only paid for the \$806.4 million RRB obligations, but also the \$5.7 million RRB excess
12 collections amount in the SCRC. Please refer to Attachment CJG-2 for an illustrative table showing
13 the changes to that would have had to occur in the Company's SCRC filing in order for the \$5.7
14 million in excess RRB collections to belong to PSNH customer's and not the Company. Because,
15 however, customers did not pay that additional \$5.7 million, that money should be refunded to the
16 Company.

17 **Q. What does the above mean for this filing?**

18 A. As part of PSNH's adjustment to the SCRC in Docket No. DE 12-291, the disposition of the funds
19 in the RRBs trust accounts remain unresolved PSNH agreed to refund the funds to customers and
20 address the matter further in the context of the reconciliation of 2013 costs and revenues. *See* Order
21 No. 25,532 (June 27, 2013) as revised on July 17, 2013. Accordingly, in this filing PSNH is
22 demonstrating that the Company was the source of those funds, and, therefore, the refund should be
23 to PSNH, rather than customers. PSNH proposes that because the funds had previously been
24 refunded to customers, once the Commission's review of this filing is complete, the amount due to
25 the Company should be included in the next SCRC rate adjustment.

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

27 A. Yes, it does.