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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 24, 2014 - 1:36 p.m.
Concord, New Hampshire

NHPUC JUL02'14 PM 3:51

RE: DE 14-134
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:
*Petition for Approval of Change in
Transmission Cost Adjustment Mechanism.*

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Martin P. Honigberg

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:
Matthew J. Fossum, Esq.

Reptg. Residential Ratepayers:
Susan Chamberlin, Esq., Consumer Advocate
Stephen Eckberg
Jim Brennan
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Thomas C. Frantz, Director/Electric Division
Grant Siwinski, Electric Division

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

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	PSNH filing entitled "Petition for Approval of Change in Transmission Cost Adjustment Mechanism", including the Testimony of Michael L. Shelnitz, with attachments, and the Testimony of Lois B. Jones, with attachments (06-13-14)	8
2	3-Page chart entitled "PSNH July 1, 2014 Rate and Bill Comparison", consisting of three pages entitled "Percentage Change in each Rate Component", "Rate Changes Expressed as a Percentage of Total Revenue for Each Class", and "Residential Service Rate R Typical Bill Comparisons" (<i>referred to as the "bingo sheet"</i>)	9

P R O C E E D I N G

1
2 CHAIRMAN IGNATIUS: All right. I'd like
3 to open the hearing this afternoon in Docket DE 14-134.
4 This is Public Service Company of New Hampshire's Petition
5 for Approval of a Change in its Transmission Cost
6 Adjustment Mechanism, or "TCAM", for effect July 1st,
7 2014. PSNH made the filing May 21st. And, on May 27th,
8 2014, we issued an order of notice calling for a hearing
9 on the merits, and also set a deadline for people seeking
10 to intervene.

11 We'll begin with appearances, then see
12 if there are any intervenors, and then talk about how
13 we're going to present the evidence of Mr. Shelnitz and
14 Ms. Jones.

15 MR. FOSSUM: Good afternoon,
16 Commissioners. Matthew Fossum, for Public Service Company
17 of New Hampshire.

18 MS. CHAMBERLIN: Susan Chamberlin,
19 Consumer Advocate. With me today is Stephen Eckberg and
20 Jim Brennan.

21 MS. AMIDON: Suzanne Amidon, Commission
22 Staff. To my left is Tom Frantz, the Director of the
23 Electric Division, and to his left is Grant Siwinski, an
24 Analyst in the Electric Division. Good afternoon.

[WITNESS PANEL: Shelnitz~Jones]

1 CHAIRMAN IGNATIUS: Good afternoon.
2 Welcome, everyone. I don't see anything in the file
3 indicating any parties interested in intervening. Is
4 there anyone present who seeks intervention?

5 (No verbal response)

6 CHAIRMAN IGNATIUS: It appears not.
7 Then, is there anything to take up before we begin with
8 evidence?

9 (No verbal response)

10 CHAIRMAN IGNATIUS: Doesn't look as
11 though there is. Mr. Shelnitz and Ms. Jones jointly filed
12 on June 13th. Is your plan to have them present as a
13 panel?

14 MR. FOSSUM: Yes, it is.

15 CHAIRMAN IGNATIUS: And, is that
16 acceptable to everyone?

17 (No verbal response)

18 CHAIRMAN IGNATIUS: Looks as though it
19 is. Then, why don't you have them seated.

20 (Whereupon **Michael L. Shelnitz** and
21 **Lois B. Jones** were duly sworn by the
22 Court Reporter.)

23 CHAIRMAN IGNATIUS: Mr. Fossum, you may
24 proceed.

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1 MR. FOSSUM: Thank you.

2 **MICHAEL L. SHELNITZ, SWORN**

3 **LOIS B. JONES, SWORN**

4 **DIRECT EXAMINATION**

5 BY MR. FOSSUM:

6 Q. Good afternoon. Ms. Jones, could you state your name
7 and place of employment and your responsibilities for
8 the record please.

9 A. (Jones) Yes. My name is Lois Jones. And, my business
10 address is 780 North Commercial Street, in Manchester.
11 I'm employed by Northeast Utilities Service Company.
12 And, I'm the Team Leader in the Rates Department for
13 PSNH. My current responsibilities include
14 administration of the Company's tariff, as well as
15 general rate calculation.

16 Q. And, Mr. Shelnitz, could you also state your name and
17 place of employment and responsibilities for the record
18 please.

19 A. (Shelnitz) Yes. My name is Mike, Michael Shelnitz. My
20 business address is 107 Selden Street, Berlin,
21 Connecticut. I work for Northeast Utilities Service
22 Company as Team Leader for PSNH Revenue Requirements.
23 In that position, I'm responsible for calculating
24 various revenue requirements calculations for Public

[WITNESS PANEL: Shelnitz~Jones]

1 Service of New Hampshire, as well as doing calculations
2 for the Energy Service, the Stranded Cost Recovery
3 Adjustment, and the TCAM.

4 Q. Thank you. Back on June 13th, 2014, I guess I'll start
5 with Mr. Shelnitz, did you submit testimony in this
6 docket?

7 A. (Shelnitz) Yes, I did.

8 Q. And, was that testimony prepared by you or under your
9 direction?

10 A. (Shelnitz) Yes, it was.

11 Q. And, if you were asked the same questions -- oh, do you
12 have any updates or corrections to that testimony
13 today?

14 A. (Shelnitz) I do not.

15 Q. And, if you were asked the same questions that were in
16 that testimony today, would your answers be the same
17 today?

18 A. (Shelnitz) Yes, they would.

19 Q. And, that testimony is true and accurate to the best of
20 your knowledge and belief?

21 A. (Shelnitz) Yes.

22 Q. And, Ms. Jones, the same questions. Did you, back on
23 June 13th, 2014, submit testimony in this docket?

24 A. (Jones) Yes, I did.

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[WITNESS PANEL: Shelnitz~Jones]

1 Q. And, was that testimony prepared by you or under your
2 direction?

3 A. (Jones) Yes.

4 Q. And, do you have any corrections or updates to that
5 testimony today?

6 A. (Jones) I do not.

7 Q. And, if you were asked the same questions that were in
8 that testimony today, would your answers be the same
9 today?

10 A. (Jones) Yes, they would.

11 Q. And, that testimony is true and accurate to the best of
12 your knowledge and belief today?

13 A. (Jones) Yes.

14 MR. FOSSUM: With that, I would submit
15 as "Exhibit 1" for identification in this docket is the
16 June 13, 2014 filing of testimony of Mr. Shelnitz and Ms.
17 Jones.

18 CHAIRMAN IGNATIUS: So marked.

19 (The document, as described, was
20 herewith marked as **Exhibit 1** for
21 identification.)

22 MR. FOSSUM: Consistent with the
23 direction received at the earlier hearings today, we have
24 made additional copies of the bingo sheet. We can -- I

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[WITNESS PANEL: Shelnitz~Jones]

1 believe that the Clerk already has a copy of that bingo
2 sheet. Rather than have the witnesses reintroduce it, I
3 can offer that it's the same document that's been entered
4 for exhibit in the prior hearings held today, and that we
5 would enter as "Exhibit 2" in this hearing for
6 identification.

7 CHAIRMAN IGNATIUS: That's fine. I
8 appreciate that. Thank you. We'll mark that as
9 "Exhibit 2".

10 (The document, as described, was
11 herewith marked as **Exhibit 2** for
12 identification.)

13 CHAIRMAN IGNATIUS: If you have extra
14 copies, that would be good. Otherwise, we can trade back
15 and forth from the other file.

16 (Atty. Fossum distributing documents.)

17 CHAIRMAN IGNATIUS: But it's easier this
18 way. Thank you.

19 BY MR. FOSSUM:

20 Q. And, consistent with how we've done the hearings so far
21 today, Mr. Shelnitz and Ms. Jones as may be
22 appropriate, would you very briefly summarize what it
23 is that the Company is requesting in this filing.

24 A. (Shelnitz) Sure. In today's proceeding and filing,

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[WITNESS PANEL: Shelnitz~Jones]

1 Public Service of New Hampshire is requesting or
2 proposing a decrease in its Transmission Cost
3 Adjustment Mechanism rate, from the current rate of
4 1.714 cents per kilowatt-hour to 1.642 cents per
5 kilowatt-hour.

6 Q. And, just I guess very, very briefly, could you very
7 briefly describe what it is that is leading to the rate
8 change that the Company is proposing?

9 A. (Shelnitz) Sure. There are a few things going on
10 within the rate. But, in general, there was a large
11 refund that was received related to LNS service in the
12 prior -- for the prior year, and that is driving a
13 decrease in the rate. That there are some other
14 changes going on as well, and I can get into those.

15 Q. No. I don't think that's necessary at this time.

16 A. (Shelnitz) Okay.

17 Q. We'll avoid, I guess, that level of detail for now.

18 A. (Shelnitz) Okay.

19 Q. One question I did want to ask is, there was testimony
20 in a docket this morning related to the treatment of
21 certain Black Start and VAR revenues, and specifically
22 the removal of those revenues from the TCAM rate and
23 placing them in the ES rate. Do you recall that
24 testimony from the earlier hearing?

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[WITNESS PANEL: Shelnitz~Jones]

1 A. (Shelnitz) Yes, I do.

2 Q. And, has that shift in revenues been reflected in this
3 filing?

4 A. (Shelnitz) Yes, it has.

5 Q. So, just for clarity, the revenues that previously were
6 in the TCAM are -- have been removed for the remainder
7 of -- or, for the term of this TCAM filing?

8 A. (Shelnitz) Correct. We have removed those revenues for
9 the period July 1, 2014 through June 30th, 2015,
10 consistent with those revenues being included in the ES
11 rate for the upcoming ES period.

12 Q. Thank you. And, for Ms. Jones, I have a question. The
13 rates that you have presented, that are presented in
14 your testimony and calculations, were those calculated
15 consistent with the manner in which PSNH has
16 traditionally calculated its transmission rates?

17 A. (Jones) Yes, they were. We had a Settlement in Docket
18 06-028, and that Settlement describes how the rates
19 would be changed each year with the overall change in
20 the TCAM.

21 Q. And, so, just to close that out. So, this has been
22 calculated consistent with that practice, is that
23 correct?

24 A. (Jones) Yes, it has.

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[WITNESS PANEL: Shelnitz~Jones]

1 MR. FOSSUM: Thank you. I have nothing
2 further at this time.

3 CHAIRMAN IGNATIUS: Thank you.
4 Ms. Chamberlin, questions?

5 MS. CHAMBERLIN: Thank you.

6 **CROSS-EXAMINATION**

7 BY MS. CHAMBERLIN:

8 Q. Mr. Shelnitz, I'm looking at your testimony, Page 9 of
9 9, where you talk about the true-up credit for the LNS
10 expense. And, it says "The cause of the true-up credit
11 was lower rate base". Is that PSNH rate base?

12 A. (Shelnitz) Well, yes. It would be, yes, lower PSNH
13 rate base.

14 Q. And, can you tell me what came out of rate base to make
15 it lower?

16 A. (Shelnitz) Well, actually, it was -- there were some
17 deferred tax adjustments that lowered the rate base.

18 Q. Okay. And, then, the revenue credits is Regional
19 Network Service revenue credits. Is that due to a
20 forecast true-up or is there some significant change in
21 those?

22 A. (Shelnitz) No. That was due to higher loads during
23 that period.

24 Q. And, are the higher loads related to PSNH or is that a

[WITNESS PANEL: Shelnitz~Jones]

1 more systemwide --

2 A. (Shelnitz) That would be more systemwide.

3 Q. Okay. And, higher loads, can you tell me what drove
4 the higher loads or was it the economy or --

5 A. (Shelnitz) I believe it was the colder winter than
6 normal. And, so, it produced more RNS revenues in
7 general than what was included in the forecast.

8 MS. CHAMBERLIN: That's all I have.

9 Thank you.

10 CHAIRMAN IGNATIUS: Thank you. Ms.

11 Amidon.

12 MS. AMIDON: Thank you. Good afternoon.

13 WITNESS SHELNITZ: Good afternoon.

14 BY MS. AMIDON:

15 Q. These rates, if I'm correct, are based on FERC-approved
16 tariffs, is that right?

17 A. (Shelnitz) Yes. That's correct.

18 Q. So, essentially, these are pass-through rates?

19 A. (Shelnitz) Yes. I believe that would be a fair
20 characterization.

21 Q. Okay. And, it sounds like the reason that the rate is
22 going down, and correct me if I'm wrong, is that, in
23 the course of the reconciliation, you had to take into
24 account certain credits or true-ups and that type of

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[WITNESS PANEL: Shelnitz~Jones]

1 thing?

2 A. (Shelnitz) Yes. That was the -- the large primary
3 driver was a credit true-up related to LNS service over
4 the prior year.

5 Q. Okay.

6 A. (Shelnitz) So, it's in the reconciliation period.

7 Q. Okay. I just wanted to clarify that. So, it has
8 nothing to do with the forecast rates, it's the
9 reconciliation?

10 A. (Shelnitz) Correct. The forecast rates are actually,
11 like for RNS, is actually going up for the 2014 into
12 2015 year.

13 Q. Thank you.

14 A. (Shelnitz) You're welcome.

15 Q. That was the kind of information I was looking for.

16 A. (Shelnitz) Okay.

17 Q. With respect to -- well, let me ask you, are you
18 familiar with a recent order that was issued by FERC
19 regarding the ROE allowed for certain transmission
20 facilities?

21 A. (Shelnitz) Yes. I was able to obtain some information
22 about that.

23 Q. And, at this point, all I know about it, to be totally
24 honest, is that it would -- it recommends a ROE of

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[WITNESS PANEL: Shelnitz~Jones]

1 10.57 percent?

2 A. (Shelnitz) For the base ROE, yes.

3 Q. For the base ROE? Okay. And, since you had time to
4 take a look at it, do you know if -- would you expect
5 that this would have any impact on the TCAM adjustments
6 for next year?

7 A. (Shelnitz) I have been told that the process from here
8 on out can take some time. There is now an appeal
9 process that occurs, where there's briefs, followed by
10 reply briefs. And, that the earliest those refunds
11 might start getting processed into the RNS rates would
12 be sometime next year. And, it has to be done by, I
13 guess, all the New England utilities, transmission
14 utilities. And, so, I'm being told that it would most
15 likely be the end of 2015 before those refunds would
16 start to come through to customers.

17 Q. And, do you expect that there will be refunds?

18 A. (Shelnitz) At this point, our Transmission Group is
19 still looking at the order. And, I've been told that
20 there could be some changes to that, that ROE, but it
21 would not be -- it would be within a band around the
22 10.57.

23 MS. AMIDON: Okay. Thank you. One
24 moment please.

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[WITNESS PANEL: Shelnitz~Jones]

1 (Atty. Amidon conferring with Staff
2 representatives.)

3 BY MS. AMIDON:

4 Q. Do you have an estimate that, if the order holds at the
5 10.57, what the amount of refunds might be?

6 A. (Shelnitz) I do not have that right now.

7 Q. Okay. That's something that we can look -- we can have
8 more discussion about next year, it sounds like?

9 A. (Shelnitz) Yes.

10 MS. AMIDON: Okay. Fair enough. That's
11 all I have. Thank you.

12 CHAIRMAN IGNATIUS: All right. Thank
13 you. Any questions, Commissioner Honigberg?

14 CMSR. HONIGBERG: I have no questions.

15 CHAIRMAN IGNATIUS: I have just very
16 little.

17 BY CHAIRMAN IGNATIUS:

18 Q. But I am curious, Mr. Shelnitz, in your testimony at
19 Page 6, you talk about "Hydro-Quebec costs and
20 revenues". Does that "Hydro-Quebec" reference have
21 anything to do with the Northern Pass proposal that's a
22 joint venture between Hydro-Quebec and Northeast
23 Utilities?

24 A. (Shelnitz) No, it does not.

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[WITNESS PANEL: Shelnitz~Jones]

1 Q. So, what's the reference in there to "Hydro-Quebec
2 costs and revenues"?

3 A. (Shelnitz) I believe this is a line that has been in
4 service for some time. It does bring Hydro-Quebec
5 power down into New England. And, I believe that we
6 have a contract that supports that facility. And,
7 that's what the expenses are that go through the TCAM.
8 And, then, there's revenues that also result from that
9 contract.

10 Q. And, it looks as though, from your testimony, that
11 that's a contract that runs into 2020, is that right?

12 A. (Shelnitz) Yes.

13 Q. You broke these transmission costs into "wholesale" and
14 "other". And, in "wholesale", which is a nice, orderly
15 way of looking at it, the "wholesale" ones, the four
16 you listed, "RNS", "LNS", "Reliability costs", and
17 "Scheduling and Dispatch costs", all of those you
18 described as being "regulated by FERC", correct?

19 A. (Shelnitz) Yes.

20 Q. So, the amounts that are required by FERC then get
21 passed through, and our role here is just the proper
22 allocation of any of those costs into retail rates?

23 A. (Shelnitz) Yes.

24 Q. How about the "other transmission" costs? Are they --

[WITNESS PANEL: Shelnitz~Jones]

1 what's the breakdown and what's under FERC jurisdiction
2 and what might be under state jurisdiction?

3 A. (Shelnitz) Well, the assessment -- the "NHPUC
4 assessment costs" would be under state jurisdiction. I
5 also believe the "TCAM working capital" would be under
6 state jurisdiction, because that was working capital
7 that was at one time being recovered through the
8 distribution rates, and the decision was made to move
9 it over to the TCAM. The "Hydro-Quebec support costs",
10 I'm really not sure on that. I would have to dig into
11 it a little more.

12 MS. AMIDON: Madam Chair?

13 CHAIRMAN IGNATIUS: Yes, Ms. Amidon.

14 MS. AMIDON: Could I refer the witness
15 to the testimony at the top of Page 6?

16 CHAIRMAN IGNATIUS: Please.

17 MS. AMIDON: In response to the
18 Chairman's last question.

19 WITNESS SHELNITZ: Yes.

20 BY CHAIRMAN IGNATIUS:

21 Q. So that that contract is under FERC approval and --

22 A. (Shelnitz) Right. It's under FERC approval. But I
23 know, at one time, that it was in another mechanism.
24 And, the Commission had us move it to TCAM. So, that's

[WITNESS PANEL: Shelnitz~Jones]

1 what I was referring to, in terms of control.

2 Q. Okay. And, that's a similar sort of adjustment that
3 you proposed in this case, the moving the revenues into
4 Energy Service and out of TCAM, correct?

5 A. (Shelnitz) Yes.

6 Q. The Black Start and VAR revenues?

7 A. (Shelnitz) Yes. I would characterize it as the same
8 type of change.

9 CHAIRMAN IGNATIUS: I don't have any
10 other questions. Is there any redirect, Mr. Fossum?

11 MR. FOSSUM: No. Thank you.

12 CHAIRMAN IGNATIUS: Then, you're both
13 excused. Thank you.

14 Is there any objection to striking the
15 identification on the two new exhibits and making them
16 permanent exhibits to the docket?

17 (No verbal response)

18 CHAIRMAN IGNATIUS: Seeing none, we'll
19 do that. Anything else before closing statements?

20 (No verbal response)

21 CHAIRMAN IGNATIUS: If not, then,
22 Ms. Chamberlin, let's begin with you.

23 MS. CHAMBERLIN: The OCA does not object
24 to the TCAM proposal.

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1 CHAIRMAN IGNATIUS: Thank you. Ms.
2 Amidon.

3 MS. AMIDON: Staff has reviewed the
4 filing and has determined that the TCAM has been
5 calculated -- the proposed rate and the reconciliation
6 were calculated in accordance with the Settlement
7 Agreement in 09-035 and related filings. And, we believe
8 the filing should be approved.

9 CHAIRMAN IGNATIUS: Mr. Fossum.

10 MR. FOSSUM: Thank you. The Company
11 would request that the TCAM filing be accepted by the
12 Commission. That the rate, as proposed in the filing, be
13 put into effect as proposed as a just and reasonable rate.
14 The Company believes that this filing -- that this rate
15 change is consistent with its most recently filed and
16 approved Least Cost Integrated Resource Plan. And, would
17 request that the Commission's approval of the rate be
18 provided in sufficient time to permit a rate change on
19 July 1, 2014, along with the other rates that we have
20 looked at in the prior -- in the dockets earlier today, as
21 well as the rate that we'll look at in a little bit.
22 Thank you.

23 CHAIRMAN IGNATIUS: And, I don't
24 remember you just now, although you may have said it and

1 it went right by me, whether this proposal is consistent
2 with the Company's Least Cost Integrated Resource Plan?

3 MR. FOSSUM: Yes, it is.

4 CHAIRMAN IGNATIUS: I'm told you just
5 said it. That's scary.

6 CMSR. HONIGBERG: I actually think it's
7 written on his left wrist.

8 MR. FOSSUM: Pending the passage of HB
9 1540, yes, it's an important thing.

10 CHAIRMAN IGNATIUS: We will take this
11 under advisement. And, we understand the effective date
12 that you're seeking is right around the corner, and we
13 will act forthwith. So, this hearing is adjourned.

14 **(Whereupon the hearing was adjourned at**
15 **1:57 p.m.)**

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