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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 17, 2015 - 9:38 a.m.  
Concord, New Hampshire

NHPUC JUN18'15 PM 3:59

RE: DE 14-235  
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:  
Proposed Default Energy Service Rate  
for 2015.  
*(Hearing regarding a midyear adjustment)*

PRESENT: Chairman Martin P. Honigberg, Presiding

Sandy Deno, Clerk

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

Reptg. Residential Ratepayers:  
Susan Chamberlin, Esq., Consumer Advocate  
James Brennan, Finance Director  
Office of Consumer Advocate

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

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

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**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
5	Prefiled Testimony of Christopher J. Goulding and Daniel J. Ludwig, including attachments thereto, and Joint Technical Statement of Christopher J. Goulding and Frederick B. White (05-04-15)	7
6	Joint Technical Statement and updated attachments of Christopher J. Goulding and Frederick B. White (06-11-15)	9



[WITNESS PANEL: Goulding~White~Ludwig]

1 don't you call your witnesses.

2 MR. FOSSUM: I'm going to have Frederick  
3 White and Daniel Ludwig also on the stand.

4 CHAIRMAN HONIGBERG: Off the record.

5 (Whereupon *Christopher J. Goulding,*  
6 *Frederick B. White,* and *Daniel J. Ludwig*  
7 were duly sworn by the Court Reporter.)

8 **CHRISTOPHER J. GOULDING, SWORN**

9 **FREDERICK B. WHITE, SWORN**

10 **DANIEL J. LUDWIG, SWORN**

11 **DIRECT EXAMINATION**

12 BY MR. FOSSUM:

13 Q. So, just for the record, we'll work down the line,  
14 Mr. White, if you could provide your name and your  
15 place of employment and your responsibilities for the  
16 record please.

17 A. (White) Frederick White. I work at Eversource Energy.  
18 I'm a Supervisor in the Energy Supply Group. My  
19 primary responsibilities include analysis of the  
20 portfolio of load resources used to serve Default  
21 Energy Service customers in New Hampshire.

22 Q. And, Mr. Goulding, the same questions.

23 A. (Goulding) My name is Chris Goulding. I am the Manager  
24 of Revenue Requirements for New Hampshire, employed by

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[WITNESS PANEL: Goulding~White~Ludwig]

1 Eversource Energy. In my role, I'm responsible for  
2 coordination and implementation of revenue requirement  
3 calculation and rate calculations associated with the  
4 SCRC, Energy Service, TCAM, ADE, and other rates as  
5 needed.

6 Q. And, Mr. Ludwig, the same questions also.

7 A. (Ludwig) My name is Daniel Ludwig. I am a Senior Load  
8 Forecasting Analyst. I am employed by Eversource  
9 Energy. And, my responsibilities include demand  
10 forecasting and economic analysis for multiple  
11 Eversource Energy operating companies.

12 Q. And, Mr. Goulding, back on May 4th of this year, did  
13 you submit testimony and attachments, as well as a  
14 technical statement in this docket?

15 A. (Goulding) Yes, I did.

16 Q. And, those documents were prepared by you or under your  
17 direction?

18 A. (Goulding) Yes, they were.

19 Q. And, is everything in that filing true and accurate to  
20 the best of your knowledge and belief today?

21 A. (Goulding) Yes.

22 Q. Mr. White, did you also participate in -- or, were you  
23 also responsible for information provided in the  
24 technical statement back on May 4th of this year in

1 this docket?

2 A. (White) Yes.

3 Q. And, is the information in that submission true and  
4 accurate to the best of your knowledge and belief  
5 today?

6 A. (White) Yes, it is.

7 Q. Finally, Mr. Ludwig, did you submit testimony and  
8 attachments back on May 4th in this docket as well?

9 A. (Ludwig) Yes, I did.

10 Q. And, that was prepared by you or under your direction?

11 A. (Ludwig) Yes.

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

15 A. (Ludwig) Yes, it is.

16 MR. FOSSUM: I would ask then that the  
17 May 4th submission of the Company, including the testimony  
18 and attachments of the witnesses, be marked for  
19 identification as "Exhibit 5".

20 CHAIRMAN HONIGBERG: So marked.

21 (The document, as described, was  
22 herewith marked as **Exhibit 5** for  
23 identification.)

24 BY MR. FOSSUM:

[WITNESS PANEL: Goulding~White~Ludwig]

1 Q. And, Mr. Goulding, on June 11th, did you submit a  
2 technical statement and updated attachments in this  
3 docket?

4 A. (Goulding) Yes, I did.

5 Q. And, the information in there was prepared by you or  
6 under your direction?

7 A. (Goulding) Yes, it was.

8 Q. And, the information in there is true and accurate to  
9 the best of your knowledge and belief today?

10 A. (Goulding) Yes.

11 Q. And, Mr. White, did you also participate in the  
12 production of the technical statement that was filed on  
13 June 11th in this docket?

14 A. (White) Yes, I did.

15 Q. And, the information that was in there was prepared by  
16 you or under your direction?

17 A. (White) Yes.

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

20 A. (White) Yes, it is.

21 MR. FOSSUM: I would ask that the  
22 June 11th submission be marked for identification as  
23 "Exhibit 6".

24 CHAIRMAN HONIGBERG: So marked.

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[WITNESS PANEL: Goulding~White~Ludwig]

1 (The document, as described, was  
2 herewith marked as **Exhibit 6** for  
3 identification.)

4 BY MR. FOSSUM:

5 Q. Mr. Goulding, could you, as we had done with the  
6 stranded costs, could you very briefly explain the  
7 Company's request in this docket?

8 A. (Goulding) Sure. So, our request in this docket is to  
9 change the Energy Service rate effective July 1st, from  
10 the current rate of 10.56 cents to 8.98 cents. And,  
11 the drivers of that reduction are due primarily to  
12 increased reverse migration and lower than  
13 anticipated -- or, lower than forecasted energy prices  
14 for the actuals and forecast period than we had  
15 forecasted for our January 1st rate.

16 Q. The migration to which you refer, was that based upon a  
17 forecast prepared by the Company?

18 A. (Goulding) Yes. In the December filing, we forecasted  
19 51.6 percent.

20 Q. And, was that forecast updated for purposes of this  
21 filing?

22 A. (Goulding) Yes, it was.

23 Q. I'd like to direct you now to what was marked  
24 previously this morning in Docket 14-236 as "Exhibit

{DE 14-235} {06-17-15}

1 7". Could you please explain what is shown on that  
2 exhibit relative to the request the Company is making  
3 in this proceeding.

4 A. (Goulding) Sure. The first page of Exhibit 7 is the  
5 percent change in each rate component. So, it takes  
6 the current rate and the new rate and it expresses it  
7 as a percent change. The second page shows the revenue  
8 change that is a result of the change in the rate.  
9 And, each column is broken out -- or, each rate  
10 component is broken out between Distribution,  
11 Transmission, SCRC, System Benefit, Consumption, your  
12 Total Delivery Service, Energy Service, and your Total  
13 Rate.

14 Q. And, so, looking at Page 1 of that exhibit, the "Energy  
15 Service" rate, is -- that's in the next to last column,  
16 is that correct?

17 A. (Goulding) Yes.

18 Q. And, what is that showing us?

19 A. (Goulding) The Energy Service rate is decreasing by  
20 15 percent.

21 Q. And, that 15 percent is the rate differential that you  
22 had explained in your summary?

23 A. (Goulding) Yes.

24 MR. FOSSUM: With that, the witnesses

1 are available for cross.

2 CHAIRMAN HONIGBERG: Ms. Chamberlin.

3 MS. CHAMBERLIN: Thank you.

4 **CROSS-EXAMINATION**

5 BY MS. CHAMBERLIN:

6 Q. The methodology used to project the ES rate in this  
7 docket is the same methodology that's been used in the  
8 past?

9 A. (Goulding) Yes.

10 Q. And, the -- earlier you testified that the combined  
11 effect of all of these changes will be a rate decrease,  
12 correct?

13 A. (Goulding) Yes. For customers taking Energy Service  
14 from PSNH or Eversource, there will be a decrease in  
15 their overall rates.

16 Q. And, the decrease is driven by the decrease in the  
17 Energy Service rate. Is that a fair characterization?

18 A. (Goulding) Yes.

19 Q. And, for customers, residential customers who are  
20 taking supply from a competitive supplier, there will  
21 be a slight rate increase, is that correct?

22 A. (Goulding) That's accurate.

23 MS. CHAMBERLIN: Okay. That's all I  
24 have.

[WITNESS PANEL: Goulding~White~Ludwig]

1 CHAIRMAN HONIGBERG: Ms. Amidon.

2 MS. AMIDON: Thank you. Good morning.

3 WITNESS GOULDING: Good morning.

4 WITNESS WHITE: Good morning.

5 BY MS. AMIDON:

6 Q. First, I wanted to talk about the change in the  
7 migration forecast as between what was contained in  
8 Exhibit 5, the May 4th filing, and Exhibit 6, which is  
9 the June 11th filing. And, if I'm reading it  
10 correctly, in the May 4th filing, the projected  
11 migration rate was 51.6 percent. And, Mr. Ludwig, --

12 A. (Ludwig) Yes.

13 Q. -- you prepared that testimony. Thank you. So, if we  
14 look at Exhibit 6, at Item 8, on Page 3 of that  
15 document, it says -- it explains an increase in  
16 migration. But the final number there is --

17 CHAIRMAN HONIGBERG: Ms. Amidon, slow  
18 down. I'm not where you are.

19 MS. AMIDON: Okay.

20 CHAIRMAN HONIGBERG: What page was that  
21 again?

22 MS. AMIDON: That's Page 3 of the  
23 June 11th, Exhibit 6.

24 CHAIRMAN HONIGBERG: Are you talking

[WITNESS PANEL: Goulding~White~Ludwig]

1 about the technical statement or one of the exhibits?

2 MS. AMIDON: I'm talking about the  
3 technical statement.

4 CHAIRMAN HONIGBERG: Okay. I'm there.

5 BY MS. AMIDON:

6 Q. Item 8, it says the -- that migration had increased  
7 "from 49.5 to 50.4", which is a different rate than  
8 referenced in the May 4th filing. Could you explain  
9 why that changed?

10 A. (Ludwig) The latter numbers you referenced are April to  
11 December averages, as opposed to 2015 annual averages.

12 Q. Okay. So, in other words, you looked at the actual  
13 migration for April and forecast based on that for the  
14 remainder of the year?

15 A. (White) If I could jump in?

16 Q. Thank you.

17 A. (White) It's actually May through December.

18 A. (Ludwig) Sorry.

19 A. (White) But, as Mr. Ludwig stated, it's different  
20 periods being characterized by those migration  
21 percentages.

22 Q. Okay.

23 A. (White) The 51.6 was a 12-month. The other two figures  
24 are for May through December.

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[WITNESS PANEL: Goulding~White~Ludwig]

1 Q. And, that is another question I wanted to ask. The  
2 calculations in this filing were based on actual  
3 results through the end of April 2015?

4 A. (Goulding) Yes.

5 Q. And, then forecasts for the months of May through  
6 December 2015?

7 A. (Goulding) Yes.

8 Q. And, Mr. White, could you explain the forecast that was  
9 used by the Company. And, I believe it may be on Page  
10 2 of the technical statement, is that right?

11 A. (White) The energy price forecast?

12 Q. Correct.

13 A. (White) Yes. The energy price -- the energy prices  
14 used in our June filing are NYMEX closing prices from  
15 May 27th of this year.

16 Q. Have you kept your eye on the market going forward from  
17 May 27th?

18 A. (White) Since that time, prices early this week were up  
19 about \$3.00 a megawatt-hour -- or, I'm sorry, down  
20 \$3.00 a megawatt-hour from what was used in the June  
21 filing. So, prices had been trading in the range used  
22 in the filing for several weeks, and in the last couple  
23 weeks they have dropped some. As we all know, we could  
24 chase those prices on a daily basis. And, I'll also

[WITNESS PANEL: Goulding~White~Ludwig]

1 note that the impact on the rate of forward energy  
2 price changes is not 100 percent impactful, because we  
3 do provide energy through our own resources, through  
4 power purchase contracts, and so forth.

5 So, in addition, a lower rate in the  
6 month of December, where we're actually surplus energy,  
7 we're making sales into the market. And, so, a lower  
8 rate would actually provide less benefit. So, I  
9 just -- we just have to be careful that you can't  
10 translate that change in energy price directly to a  
11 potential change in rate.

12 Q. Thank you. And, do you recall, Mr. White, that you had  
13 a conversation with Staff and the OCA about whether it  
14 was possible to develop a forecast that was closer to  
15 the time of the hearing, and it was determined that the  
16 forecasting methodology used by the Company was  
17 appropriate?

18 A. (White) Yes, I do. And, we do our best to get a -- to  
19 draw prices from the market as close to the filing date  
20 as we can, given the necessary work done between that  
21 time and to get to a filing.

22 Q. Okay. Thank you.

23 A. (White) Yes.

24 Q. On Page 2 of the technical statement, there is a change

[WITNESS PANEL: Goulding~White~Ludwig]

1 in the Burgess BioPower forecast generation. Would you  
2 please explain the reasons for that change.

3 A. (White) The Burgess forecast is up 18 gigawatt-hours.  
4 We had, in the May filing, anticipated an outage in May  
5 at that facility, which didn't take place. And, so,  
6 that adjustment was made in the filing. And, that's  
7 the reason for the increase. I'll note as well that  
8 they are currently in an outage, I believe today is the  
9 last day. We weren't aware of that outage when we made  
10 our June filing. So, I think a shorter duration, they  
11 pushed it into June. I'll also note that, over the  
12 recent few months, their output has been above  
13 historical levels on a megawatt-hour per hour basis.  
14 And, I would state that we believe that the estimate of  
15 the output from Burgess generation in the filing is  
16 still a reasonable assumption.

17 Q. Thank you. My next question is on the following page,  
18 Page 3 of the technical statement. It's Number 9. The  
19 ISO-NE Ancillary expenses related to Winter  
20 Reliability. As I understand it, this is the Winter  
21 Reliability Program that occurred in the 2014-2015  
22 Winter, is that right?

23 A. (White) That's correct.

24 Q. Could you just briefly explain why we're seeing these

1 amounts now, in the June update?

2 A. (White) Basically, there's a lag in ISO billing. And,  
3 the program runs December through February, but they  
4 don't appear in the ISO bills on at least a one-month  
5 lag. In the case of revenues for the units, they --  
6 I'm not even sure they have actually hit the books yet.  
7 They may not be coming until May. Although, we were  
8 able to get reports that identified the revenues for  
9 Newington of 4.6 million. We had assumed 4 million in  
10 the May filing. And, with the additional information  
11 in later market reports, it's apparent that it's going  
12 to be 4.6 million. So, there's an additional 600,000  
13 of revenues through that program. So, essentially, to  
14 answer your question in a much briefer way, is it's  
15 lagging in billing through ISO settlement.

16 Q. It's a timing issue?

17 A. (White) It's a timing issue.

18 Q. Does the Company anticipate any Winter Reliability  
19 Program for the winter that's coming up?

20 A. (White) We do expect there to be a program. There are  
21 currently two proposals that have flowed out of the  
22 Markets Committee at ISO, and will flow through the  
23 Participants Committee before they're submitted to  
24 FERC. One of the programs is very similar to last

[WITNESS PANEL: Goulding~White~Ludwig]

1 year's program, with a small adjustment downward in the  
2 amount of fuel they're going to reimburse for. The  
3 other program broadens the -- it's what they're calling  
4 "fuel neutral", where coal resources, nuclear resources  
5 would be compensated for having fuel on hand heading  
6 into the winter. So, it broadens the fuels that would  
7 be included in the program.

8 Q. At this point, however, you don't know how the program  
9 is ultimately going to play out for Eversource?

10 A. (White) We don't.

11 Q. Thank you. I wanted to next discuss an attachment to  
12 the technical statement, Exhibit 6. The Bates stamp is  
13 000011. It's identified as "Attachment CJG-2 Page 6".  
14 Let me know when you're there.

15 A. (Goulding) Okay. I'm there.

16 Q. Okay. And, Line 18 is -- it says "Working Capital",  
17 I'm assuming that last word is "Allowance"?

18 A. (Goulding) Yes.

19 Q. And then "(45 days of O&M)". Could you explain that  
20 line please.

21 A. (Goulding) So, the Working Capital Allowance is  
22 calculated at 45 divided by 365 of the O&M, times the  
23 O&M, to come up with the Working Capital Allowance.

24 Q. And, the Company earns return on that, is that right?

[WITNESS PANEL: Goulding~White~Ludwig]

1 A. (Goulding) Yes. That would be included in rate base  
2 and we'd earn a return on it.

3 Q. And, do you roughly know what amount of return you  
4 receive on the Working Capital Allowance, as calculated  
5 here in this exhibit? An estimate will be fine.

6 A. (Goulding) \$600,000.

7 Q. And, why does the Company use the 45 days of O&M, as  
8 opposed to doing an actual lead/lag study?

9 A. (Goulding) We have historically done a 45 days and 365.  
10 And, consistent with the 1600 rules that allow for a 45  
11 day/365, or half of your billing, plus half your timing  
12 for when you receive your receipts or receive your  
13 revenues, plus 30 days, or a lead/lag study. So, for  
14 the purposes of our Energy Service filing, we do a  
15 45/365 working capital calculation.

16 Q. Are you familiar with how your sister companies develop  
17 working capital? Do they use a fixed number of days or  
18 do they conduct a lead/lag study?

19 A. (Goulding) I'm not aware.

20 MS. AMIDON: Okay. Thank you. I have  
21 nothing further. Thank you.

22 CHAIRMAN HONIGBERG: I have no questions  
23 for these witnesses.

24 Mr. Fossum, do you have any other

[WITNESS PANEL: Goulding~White~Ludwig]

1 questions for your witnesses?

2 MR. FOSSUM: Just one, maybe two,  
3 depends on how I phrase it, I suppose.

4 **REDIRECT EXAMINATION**

5 BY MR. FOSSUM:

6 Q. Mr. Goulding, you were asked a question by the OCA  
7 about whether customers taking supply from a  
8 competitive supplier would see an increase in their  
9 rates, because they will not be -- the overall decrease  
10 is driven by the lower Energy Service rates. Do you  
11 recall that question?

12 A. (Goulding) Yes.

13 Q. Just for clarification, the increase, the overall  
14 increase of the delivery service that's shown on what  
15 was marked as "Exhibit 7" is entirely independent of  
16 any supplier, is that correct?

17 A. (Goulding) Yes.

18 Q. So, is it possible that a customer, even on a  
19 competitive supply, could see a rate decrease,  
20 depending on what it is their supplier does?

21 A. (Goulding) Yes.

22 MR. FOSSUM: Thank you. That's all.

23 CHAIRMAN HONIGBERG: Okay. Is there  
24 anything else for these witnesses?

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1 (No verbal response)

2 CHAIRMAN HONIGBERG: I didn't think so.  
3 So, we'll strike the ID on the exhibits that were marked,  
4 Exhibits 5 and 6? And, everybody continues to understand  
5 that the references to "Exhibit 7" are from Docket 14-236.

6 (No verbal response)

7 CHAIRMAN HONIGBERG: All right. No  
8 objection. We'll strike ID. You gentlemen can stay where  
9 you are.

10 Is there anything else we need to do  
11 before we sum up?

12 (No verbal response)

13 CHAIRMAN HONIGBERG: Ms. Chamberlin.

14 MS. CHAMBERLIN: Thank you. The Energy  
15 Service projected rate here has been done in a similar  
16 fashion to that Energy Service rate projections in the  
17 past. It is reasonably reflective of the market. Because  
18 of the unique way PSNH is set up right now, it's not a  
19 complete market rate, but it is reasonably reflective of  
20 the market. And, so, the OCA accepts the calculation as  
21 proposed.

22 CHAIRMAN HONIGBERG: Ms. Amidon.

23 MS. AMIDON: Thank you. Staff has  
24 reviewed the filing and determined that the Company has

1 appropriately calculated the Energy Service rate. And, we  
2 note that the proposed rate of 8.98 cents per  
3 kilowatt-hour includes the 0.98 cents in temporary rate  
4 recovery for the Scrubber.

5 Based on our review, we would recommend  
6 that the Commission approve the change as requested by the  
7 Company in its June 11th filing.

8 CHAIRMAN HONIGBERG: Mr. Fossum.

9 MR. FOSSUM: Thank you. Again, I would  
10 say that I appreciate the comments of the OCA and the  
11 Staff accepting and in support of the Company's filing. I  
12 believe the Company has provided a calculation of a just  
13 and reasonable Energy Service rate for proposed  
14 implementation on July 1st. And, would ask that the  
15 Commission approve the rate as proposed in the June  
16 filing. Thank you.

17 CHAIRMAN HONIGBERG: All right. Thank  
18 you all. We'll take this one under advisement.  
19 Commissioner Scott will be reviewing the transcript and  
20 the exhibits. And, we understand we need to get an order  
21 out in time for rates to be effective on July 1.

22 With that, we will adjourn this hearing  
23 and set up for the third.

24 ***(Whereupon the hearing was adjourned at 10:03 a.m.)***