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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 18, 2014 - 9:34 a.m.
Concord, New Hampshire

NHPUC JAN06'15 PM 3:45

RE: DE 14-236
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:
*Petition for Adjustment to Stranded
Cost Recovery Charge.*

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Co. 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.
Thomas C. Frantz, Director/Electric Division
Grant Siwinski, Electric Division

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

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I N D E X

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WITNESS: CHRISTOPHER J. GOULDING

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EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Petition for Adjustment to Stranded Cost Recovery Charge, including the Testimony of Christopher J. Goulding, with attachments (09-15-14)	5
2	PSNH Technical Statement and Updated Attachments of Christopher J. Goulding (12-15-14)	5
3	Spreadsheets regarding Rate Changes Proposed for Effect on January 1, 2015, entitled as "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"	5

P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: We are here this
3 morning for multiple hearings. But the first hearing
4 we're going to do is in Docket 14-236, which is the PSNH's
5 Stranded Cost Recovery Charge. This is a matter that
6 really goes back to the Restructuring, in the 1999 order,
7 the Stranded Cost Recovery Charge gets reset every six
8 months. And, we're here to set it for a six-month period
9 beginning January 1, I believe.

10 Before we start, let's take appearances.

11 MR. FOSSUM: Good morning,
12 Commissioners. Matthew Fossum, for Public Service Company
13 of New Hampshire.

14 MS. CHAMBERLIN: Susan Chamberlin,
15 Consumer Advocate. With me today is Jim Brennan.

16 MS. AMIDON: Good morning. Suzanne
17 Amidon, for Commission Staff. With me today is Tom
18 Frantz, the Director of the Electric Division, and Grant
19 Siwinski, an Analyst in the Electric Division.

20 CHAIRMAN HONIGBERG: How are we
21 proceeding this morning?

22 MR. FOSSUM: Commissioners, we would
23 present Christopher Goulding to testify in support of the
24 Company's proposal on the Stranded Cost Charge this

[WITNESS: Goulding]

1 morning.

2 CHAIRMAN HONIGBERG: Mr. Goulding, why
3 don't you join us here. Mr. Fossum, are there exhibits
4 you want to have marked that haven't already been marked?

5 MR. FOSSUM: I have provided for --
6 well, the other parties have, and the Commission should
7 also have, copies of the first two exhibits that have been
8 provided to the Clerk. The first two exhibits would be
9 the September 15th, 2014 filing in the docket. And, the
10 second exhibit would be the December 15th of 2014 update.
11 There would also be a third exhibit. It's a series of
12 spreadsheets. It's already -- it's been provided to the
13 Clerk and the other parties as well. And, Mr. Goulding
14 will walk through that spreadsheet in the course of his
15 testimony. I believe the Commissioners also have copies
16 provided.

17 CHAIRMAN HONIGBERG: Off the record for
18 just a second.

19 (Brief off-the-record discussion
20 ensued.)

21 CMSR. HONIGBERG: All right. Let's go
22 back on the record.

23 (The documents, as described, were
24 herewith marked as **Exhibit 1, Exhibit 2,**

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[WITNESS: Goulding]

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

3 (Whereupon **Christopher J. Goulding** was
4 duly sworn by the Court Reporter.)

5 **CHRISTOPHER J. GOULDING, SWORN**

6 **DIRECT EXAMINATION**

7 BY MR. FOSSUM:

8 Q. Mr. Goulding, could you state your name and your
9 position and responsibilities for the record please.

10 A. My name is Christopher John Goulding. My name is --
11 or, my title is Manager of Revenue Requirements for
12 Northeast Utilities, --

13 (Court reporter interruption.)

14 **CONTINUED BY THE WITNESS:**

15 A. Manager of Revenue Requirements, providing services to
16 PSNH.

17 BY MR. FOSSUM:

18 Q. And, what are your responsibilities in your position as
19 the Manager of Revenue Requirements?

20 A. I'm currently responsible for the coordination and
21 implementation of revenue requirements calculations,
22 specifically related to Energy Service, distribution
23 rate adjustments, Stranded Cost Recovery Charge, and
24 the TCAM.

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[WITNESS: Goulding]

1 Q. And, Mr. Goulding, did you submit prefiled testimony in
2 this matter back on September 15th, 2014?

3 A. Yes.

4 Q. And, that is testimony that has been provided at -- I
5 believe has been marked for identification as "Exhibit
6 1"?

7 A. Yes.

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

10 A. Yes.

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

13 A. No, I don't.

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

17 A. Yes, they would.

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

20 A. Yes.

21 Q. And, Mr. Goulding, did you also submit a technical
22 statement on December 15th, 2014 in this docket, and
23 which has been marked for identification as "Exhibit
24 2"?

{DE 14-236} {12-18-14}

[WITNESS: Goulding]

1 A. Yes.

2 Q. And, the same questions. Was that prepared by you or
3 under your direction?

4 A. Yes.

5 Q. And, it's -- and, do you have any corrections or
6 updates to that statement or those exhibits today?

7 A. No, I do not.

8 Q. And, that the information contained therein is true and
9 accurate to the best of your knowledge and belief
10 today?

11 A. Yes, it is.

12 Q. Now, Mr. Goulding, could you just very briefly explain
13 for the record the Stranded Cost Charge and what it is
14 that the Company is proposing in -- through what has
15 been marked as "Exhibits 1" and "2" today?

16 A. Okay. So, consistent with the PSNH Restructuring
17 Settlement, we have an annual Stranded Cost Recovery
18 Charge filing that we make that recovers the Part 1,
19 Part 2, and Part 3 costs. Part 3 costs ceased to exist
20 in 2006. And, Part 2 costs, which were RRBs, Rate
21 Reduction Bonds, those ended in 2013. So, those are no
22 longer included as costs in the filing. So, the only
23 thing that remains is the Part 1 costs.

24 So, our current filing includes a rate

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[WITNESS: Goulding]

1 of -- well, our 9/15 filing included a rate of 0.217
2 cents, which was a change from the current rate of
3 negative 0.066. The primary drivers of that change was
4 the removal of a one-time DOE decommissioning refund of
5 roughly \$13 million.

6 And, then, on September -- or,
7 December 15th, we made an update to the filing. And,
8 the rate changed from 0.2 -- or, changed to 0.223, from
9 the 0.217. And, the main drivers of that change was
10 updated forecast and actual IPP costs for 2014 and
11 updated forecast IPP costs for 2015.

12 Q. Just for a clarification, I'd like to go back to one
13 issue that you mentioned at the beginning of your
14 statement regarding the Part 1, Part 2, and Part 3
15 costs. Could you explain which costs remain. And, I
16 might direct you to Page 2 of your September 15th
17 testimony.

18 A. Sorry. To clarify, Part 2 costs remain. Part 1 costs
19 are the RRBs that no longer -- that we're no longer
20 collecting.

21 Q. Thank you. Now, Mr. Goulding, did you also prepare or
22 have prepared under your direction what has been marked
23 for identification as "Exhibit 3" in this docket?

24 A. Yes.

[WITNESS: Goulding]

1 Q. Could you very briefly just describe what Exhibit 3
2 contains. And, we'll go into the details in a moment.

3 A. Okay. So, Page 1 of Exhibit 3 is the "Percent Change
4 in each Rate Component". So, there's three rate
5 changes that we will be discussing today. There's the
6 distribution rate change, the SCRC rate change, and the
7 Energy Service rate change. And, what Page 1 has on it
8 is the percent change and revenues for each rate
9 component.

10 Q. Please continue. And, the other pages of Exhibit 3
11 please.

12 A. Page 2 of Exhibit 3, that is the "Percent Change of
13 Total Revenues" for each rate change of the total bill,
14 well, for the total class. And, then, Page 3 is the
15 "Typical Bill Comparison". So, it shows the average
16 increase for a residential customer taking different
17 monthly services or monthly kilowatts.

18 Q. Okay. Then, Mr. Goulding, could you now explain in
19 greater detail what it is that this exhibit shows
20 relative to the Stranded Cost Recovery Charge that is
21 the subject of this docket.

22 A. Okay. So, on Page 1 of the exhibit, the "Residential
23 Rate", the average rate, it's showing a negative
24 153.8 percent change. And, the reason for that percent

[WITNESS: Goulding]

1 is that we're going from a negative rate of
2 approximately negative 0.2 to a positive rate of 0.1.
3 So, the change is 0.3. And, then, when you divide by
4 the original rate of 0.2, you get a negative
5 153 percent.

6 Q. And, so, just for clarity then, as you were mentioning,
7 a "Residential Rate R", that's the top line of that
8 page?

9 A. Yes. Sorry. Top line of that page is actually our --
10 is residential.

11 Q. And, so, even though there's a negative number, a
12 customer would see an increase in the Stranded Cost
13 rate?

14 A. Yes. The rate is increasing.

15 Q. And, so, the negative number is simply a factor of how
16 the percentage was calculated?

17 A. Yes.

18 Q. Would you likewise explain the second page of the
19 exhibit and what we're seeing there relative to the
20 Stranded Cost Recovery Charge.

21 A. So, on the "Residential" line, we'll look at that.
22 What it says is "1.93 percent" increase. And, what
23 that's showing is that, of the total residential
24 revenues that we receive from distribution,

[WITNESS: Goulding]

1 transmission, SCRC, System Benefits, Consumption, to
2 get the total delivery service revenues, there is an
3 increase of 1 -- or, in Energy Service, there's an
4 increase of 1.93 percent related to the SCRC change.

5 Q. So, if I'm following you correctly then, on Pages -- on
6 Page 2, if we add up the columns labeled
7 "Distribution", "Transmission", "SCRC", "System
8 Benefits", and "Consumption Tax", the relative
9 percentages in there equal the percentage that's under
10 what's labeled as "Total Delivery Service"?

11 A. Yes.

12 Q. And, that would be the increase that a customer would
13 see on the "total delivery service" portion of their
14 bill, is that correct?

15 A. That's correct. If the customer was taking -- it
16 eliminates the Energy Service aspect of the bill.

17 Q. But this sheet does account for the Energy Service, for
18 the change that -- for the proposed change in Energy
19 Service that would be the subject of a later docket
20 today?

21 A. That's correct.

22 Q. And, then, on Page 3 of the exhibit, could you explain
23 in detail what it is that that exhibit is showing.

24 A. So this is a "Typical Bill Comparison". So, our

[WITNESS: Goulding]

1 average residential customer takes about 625
2 kilowatt-hours per month. So, you see there's a bolded
3 line there. So, with the rates -- all the rate changes
4 incorporated here, the Distribution, SCRC, and Energy
5 Service change, rates effective July 1st the average
6 customer -- residential customer would have paid
7 "\$111.50". Effective January 1st, 2015, that same
8 customer would pay "\$118.33", for an increase of
9 "\$6.83", which is a total increase of "6.13 percent".

10 Q. And, so, just for clarification, even though this is
11 part of an exhibit in the Stranded Cost hearing, that
12 Page 3 bill comparison is not just for the Stranded
13 Cost -- the change in the Stranded Cost rate, but a
14 total change?

15 A. It addresses total change.

16 Q. Thank you. Just one other question. Mr. Goulding, is
17 it --

18 COMMISSIONER SCOTT: Is it possible,
19 could you clarify that last statement? So, total change
20 is -- what's the components of the total change?

21 MR. FOSSUM: I'll have the witness --

22 COMMISSIONER SCOTT: Or, could you ask
23 the witness. Excuse me.

24 BY MR. FOSSUM:

[WITNESS: Goulding]

1 Q. Could you please clarify, when you say the "total
2 change", could you please clarify what that "total
3 change" is referring to?

4 A. Yes. Sorry. It incorporates the change in the
5 Distribution rate, the change in the Stranded Cost
6 Recovery Charge rate, and the change in the Energy
7 Service rate.

8 COMMISSIONER SCOTT: Thank you.

9 BY MR. FOSSUM:

10 Q. Mr. Goulding, is it the Company's position that the
11 Stranded Cost -- Stranded Cost Recovery Charge rate
12 that is proposed in this filing presently is a just and
13 reasonable rate?

14 A. Yes.

15 MR. FOSSUM: Thank you. He's available
16 for cross.

17 CHAIRMAN HONIGBERG: Ms. Chamberlin.

18 MS. CHAMBERLIN: Thank you.

19 **CROSS-EXAMINATION**

20 BY MS. CHAMBERLIN:

21 Q. It's correct to characterize the methodology for the
22 stranded cost recovery as a "non-bypassable charge to
23 all customers", is that fair?

24 A. That's correct.

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[WITNESS: Goulding]

1 Q. And, the method of calculating this has not changed in
2 this proceeding from past proceedings?

3 A. No, it has not.

4 Q. And, when we look at Exhibit 2, that's the December
5 filing, and it's Bates Page 001, B, "Proposed Rate",
6 and the last paragraph talks about "above market IPP
7 cost for 2014" and "offset by a decrease in the
8 forecasted above market IPP cost for 2015". Can you
9 describe that a little bit more, just give a little bit
10 more detail on that?

11 A. Okay. So, 2014, we had a forecast of above market
12 costs for 2000 -- for August, September, October,
13 November, and December. And, the market prices have
14 changed from our original forecast, resulting in
15 higher -- well, actuals have come in higher, and our
16 forecast for remaining months of November and December
17 are higher than our original estimates. So, the above
18 market IPP costs have gone up. And, then, 2015, for
19 the whole year, on average, the above market costs have
20 decreased roughly \$650,000 over the original
21 September 15th filing.

22 Q. So, this number fluctuates with the market price of
23 power, correct?

24 A. Yes.

{DE 14-236} {12-18-14}

[WITNESS: Goulding]

1 Q. And, this process is a true-up. So, you take your
2 estimate and then your actual, and then it's a true-up?

3 A. Right. So, next year, when we update for a July 1st
4 rate, we'll true up all the forecasted months that are
5 now actual to be actual months that we -- or, actual
6 costs that we incurred.

7 Q. And, your forecasting methodology for these costs, is
8 that something you do in-house?

9 A. Yes.

10 Q. And, are you the person to ask for a basic description
11 on how you do that?

12 A. I have a general sense of how it's done. There's the
13 contract price. And, then, there's -- so, the contract
14 price is -- the contracted price is used, and then we
15 subtract out the forecasted energy price times the
16 sales to come up with a forecasted price. And, the
17 differential from that is either above market or below
18 market. If it's above market, those costs go into the
19 SCRC filing. And, if they're below market, they go
20 into the Energy Service filing.

21 MS. CHAMBERLIN: Okay. Thank you.

22 CHAIRMAN HONIGBERG: Ms. Amidon.

23 MS. AMIDON: Thank you. Good morning.

24 WITNESS GOULDING: Good morning.

{DE 14-236} {12-18-14}

[WITNESS: Goulding]

1 BY MS. AMIDON:

2 Q. In Exhibit 1, let me get the page for you, at Page 4 of
3 your testimony, Line 10, you address one of the major
4 reasons for the increase in the SCRC rate, which is the
5 end of the "one-time refund of \$13.1 million from Phase
6 II DOE Litigation Proceeds". You see that?

7 A. Yes.

8 Q. This is a -- you say this is a "one-time refund", but
9 it mentions "Phase II" of the litigation. Does this
10 litigation continue?

11 A. I believe there is a Phase III, and I think that's for
12 2009 to 2012, subject to check. So, that's being
13 litigated right now. So, there could be more proceeds
14 that the Company receives in the future.

15 Q. But you're -- obviously, you're going to wait until you
16 actually receive them in order to include them as a
17 credit in the SCRC, is that fair to say?

18 A. Yes.

19 Q. Okay. Thank you. And, on Page 6 of your testimony,
20 you describe how you address the refund of excess RGGI
21 auction amounts into the SCRC. And, I believe every
22 dollar -- every amount in excess of one dollar of these
23 auction proceeds are credited back to customers. Is
24 that roughly correct?

{DE 14-236} {12-18-14}

[WITNESS: Goulding]

1 A. Yes. That's correct.

2 Q. So, just -- if you could just explain how you attribute
3 the auction proceeds and calculate the credit for the
4 forthcoming year, that would be helpful.

5 A. Okay.

6 Q. Thank you.

7 A. So, for 2015, I have a estimated under recovery for
8 2014 of \$1.5 million. And, then, for 2015 -- excuse
9 me, let me --

10 Q. Take your time.

11 A. -- get the right exhibit. So, for 2014, I have an
12 estimated under recovery of \$98,000. And, then, for
13 2015, for four auctions, which I included
14 December 2014, March 2015, June 2015, and
15 September 2015, we have estimated proceeds going back
16 to customers of \$9.159 million. So, we have roughly --
17 which is offset by the \$98,000 under recovery. So, we
18 have roughly \$9 million that are going to be returned
19 to customers through the RGGI rate. That, divided by
20 the total distribution sales, because they go back to
21 all customers on a kWh basis, comes out to a rate of
22 negative 0.00 --

23 (Court reporter interruption.)

24 **CONTINUED BY THE WITNESS:**

{DE 14-236} {12-18-14}

[WITNESS: Goulding]

1 A. -- negative 0.00113.

2 BY MS. AMIDON:

3 Q. And, on Exhibit 2, on Page 1, you refer to this amount
4 as a "RGGI adder", but the "RGGI adder" is intended to
5 characterize the mechanism whereby you credit this
6 amount back to customers on a kilowatt-hour basis, is
7 that fair to say?

8 A. Yes. I'm adding it to the SCRC rate. So, if it's a
9 negative, it just gets added to whatever the SCRC
10 rate --

11 Q. It's included in the calculation?

12 A. It's included in the calculation. And, just to
13 clarify, it was negative 0.113 cents per kWh.

14 Q. Right. Right. I was going to ask that question, too.
15 And, the reason that we see this for the first time in
16 this SCRC filing is because the Legislature directed
17 the companies to refund those excess RGGI amounts back
18 to all customers and not just default service
19 customers, is that right?

20 A. Correct. And, we included it in the July 1st filing,
21 like as an initial, there was two months included in
22 that filing or three months included in that filing.

23 Q. Right. Okay.

24 MS. AMIDON: That's all I have. Thank

[WITNESS: Goulding]

1 you.

2 CHAIRMAN HONIGBERG: Commissioner Scott.

3 COMMISSIONER SCOTT: Thank you. Good
4 morning, Mr. Goulding.

5 WITNESS GOULDING: Good morning.

6 BY COMMISSIONER SCOTT:

7 Q. Just curious, in Exhibit 1, you discuss on Page 6, but
8 you don't have to refer to it, because it's an easy
9 question, I think, you talk about it's likely you'll
10 only, for this filing, incorporate the first three RGGI
11 payments, because of the timing of the December
12 auction, receipt of the proceeds. I was just curious,
13 when do you typically get -- when does the money flow?
14 For instance, this month, this auction was
15 December 4th. I was curious if you had that kind of
16 timeframe?

17 A. We haven't received the December refund yet. But,
18 historically, if I look at CJG-4, Page 2 and Page 3,
19 there was an auction in March, we received the
20 proceeds in -- March of 2014, and we received the
21 proceeds in June of 2014. Then, there was an auction
22 in June that we received the proceeds in October of
23 '14. And, there was an auction in September of 2014
24 that we received the proceeds in October of 2014. So,

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[WITNESS: Goulding]

1 with the exception of the September auction, it had
2 been approximately a three-month lag. For the
3 September auction, it was a one-month lag.

4 COMMISSIONER SCOTT: Okay. Interesting.
5 Thank you. That's all.

6 CHAIRMAN HONIGBERG: I have no
7 questions. Mr. Fossum, do you have any redirect?

8 MR. FOSSUM: I do not.

9 CHAIRMAN HONIGBERG: Is there any other
10 business we have to transact with Mr. Goulding?

11 (No verbal response)

12 CHAIRMAN HONIGBERG: I don't think there
13 is, Mr. Goulding -- off the record.

14 (Brief off-the-record ensued.)

15 CHAIRMAN HONIGBERG: All right. There's
16 no objection to striking the ID from any of the exhibits,
17 correct?

18 (No verbal response)

19 CHAIRMAN HONIGBERG: Correct. Then,
20 I'll allow counsel to sum up, if they would like.
21 Ms. Chamberlin.

22 MS. CHAMBERLIN: Thank you. The OCA
23 does not object to the calculation of the Stranded Cost
24 Charge. It's an implementation of a decision from past

1 years and the methodology is consistent.

2 CHAIRMAN HONIGBERG: Ms. Amidon.

3 MS. AMIDON: Thank you. Staff has
4 reviewed the filing and determined that the Company
5 appropriately calculated the Stranded Cost Recovery Charge
6 in accordance with a prior Commission ruling. And,
7 consistent with the timing that is part of the prior
8 Commission ruling, we agree that the rate should take
9 effect for service rendered on and after January 1st.

10 CHAIRMAN HONIGBERG: Mr. Fossum.

11 MR. FOSSUM: Thank you. I appreciate
12 the support and the cooperation of both the Staff and the
13 OCA through the process of this docket. And, the Company
14 would request that the Commission approve the proposed
15 Stranded Cost Recovery Charge as calculated in the
16 December 15th filing that's been marked as "Exhibit 2" as
17 being a just and reasonable rate.

18 And, that is it. Thank you.

19 CHAIRMAN HONIGBERG: All right. Thank
20 you very much. We will close the hearing in 14-236 and
21 take that matter under advisement.

22 **(Whereupon the hearing was adjourned at**
23 **9:59 a.m.)**

24