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**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**

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24**I N D E X****PAGE NO.****WITNESS PANEL:            FREDERICK B. WHITE  
                                 RICHARD CHAGNON**

Direct examination by Mr. Fossum	6, 9, 13
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**ALSO SWORN IN AT PAGE 13:***Christopher J. Goulding**Elizabeth H. Tillotson***\*       \*       \*****CLOSING STATEMENTS BY:**

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

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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>
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**

1  
2 CHAIRMAN HONIGBERG: Good morning  
3 everyone. We're here this morning in Docket DE  
4 16-542, which is Public Service Company of New  
5 Hampshire, which does business as Eversource  
6 Energy, Annual Reconciliation of Energy Service  
7 and Stranded Costs.

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

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

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

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

24 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

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[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?

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[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.

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[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

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[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

[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.

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[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

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[WITNESS PANEL: White~Chagnon]

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

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[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,

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[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.

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[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 --

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[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.

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[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

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[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

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[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.)***