

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

December 15, 2016 - 9:09 a.m.
Concord, New Hampshire

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RE DE 16-822
EVERSOURCE ENERGY:
2017 Default Service.

NHPUC FEB14'17 AM 9:17

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott
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:
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Court Reporter: Steven E. Patnaude, LCR No. 52

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DANIEL J. LUDWIG
FREDERICK B. WHITE**

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P R O C E E D I N G

CHAIRMAN HONIGBERG: Good morning, everyone. We're here on two dockets. And I think we're taking 16-822 first, correct?

MR. FOSSUM: Yes.

CHAIRMAN HONIGBERG: That is Eversource's Energy Service rate, the updates that have been filed, and we have some papers in front of us.

So, before we do anything else, let's take appearances.

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

CHAIRMAN HONIGBERG: Mr. Fossum, what's the schedule for actually changing the name of the corporation? Or is it just going to continue to be a d/b/a for ever and ever?

MR. FOSSUM: My understanding is that it's going to continue to be a d/b/a for at least the foreseeable future. For the two second digression, I understand part of the reason for that is that the corporate name,

1 "Public Service Company of New Hampshire", has
2 been in use for such a long time that there
3 are, for instance, old real estate contracts,
4 mortgages and the like that all contain that
5 corporate name. That was the entity that
6 entered into those business arrangements. And,
7 so, keeping that corporate name was important,
8 I've been told, for maintaining the integrity
9 of some of those arrangements.

10 So, as I understand it, it will
11 remain a d/b/a for at least the foreseeable
12 future.

13 CHAIRMAN HONIGBERG: I'd say I
14 correct someone average of two times a week.
15 "That doesn't exist anymore." "Well, actually,
16 it does."

17 MR. FOSSUM: Yes. Public Service
18 Company of New Hampshire is still an existing
19 corporate entity, and, as far as I know, will
20 remain so.

21 CHAIRMAN HONIGBERG: Thank you.
22 Thank you for the digression.

23 MR. FOSSUM: I apologize that it ran
24 that way, and you're having to correct people.

1 CHAIRMAN HONIGBERG: All right.

2 Let's continue.

3 MR. KREIS: Good morning, Mr.

4 Chairman. I am Donald Maurice Kreis d/b/a D.
5 Maurice Kreis, the Consumer Advocate, here on
6 behalf of the state's residential utility
7 customers, particularly those of PSNH d/b/a
8 Eversource. We earnestly support the
9 perpetuation of the PSNH name, given its
10 historic significance in this great state.
11 With me today is Pradip Chattopadhyay, the
12 Assistant Consumer Advocate.

13 Good morning, everyone.

14 CHAIRMAN HONIGBERG: Thank you, Mr.
15 Kreis.

16 MS. AMIDON: Good morning. Suzanne
17 Amidon, for Commission Staff. To my far left
18 is Tom Frantz, who is the Director of the
19 Electric Division, and to my left is Rich
20 Chagnon, who is an Analyst in that Electric
21 Division.

22 CHAIRMAN HONIGBERG: All right. How
23 are we going to proceed, Mr. Fossum?

24 MR. FOSSUM: Well, before we proceed

1 to witnesses, I did have sort of one
2 administrative note to make before the hearing
3 began.

4 As I'm sure the Commissioners recall,
5 back in June of this year, the Commission
6 issued Order 25,914 that had required the
7 Company to file a lead/lag study as part of its
8 2017 rate submission. We did so, and included
9 with the study was the testimony of Company
10 witness, Brian Rice.

11 The Commission then issued a
12 secretarial letter on November 28th that
13 instructed the Company to remove the
14 Lead/Lag -- results of the Lead/Lag Study from
15 the December calculation, following on a
16 recommendation from Staff that the Lead/Lag be
17 pushed into -- the review of the Lead/Lag be
18 pushed into next year.

19 Because of that, Mr. Rice is not
20 here, will not be appearing today as a witness.
21 His testimony, though, remains in the filing,
22 because there are cross-references to the
23 testimony, and it was part of the initial
24 filing.

1 So, I just wanted to make that clear
2 for the Commissioners that, despite the fact
3 that his testimony and the Lead/Lag Study are
4 still in the initial filing, he will not be
5 here as a witness, he will not be testifying
6 about the Lead/Lag Study today.

7 CHAIRMAN HONIGBERG: Commissioner
8 Bailey.

9 CMSR. BAILEY: Will we have an
10 opportunity to question him at another time?

11 MR. FOSSUM: My understanding is that
12 the Lead/Lag Study is not going away. The
13 Staff had requested additional time to review
14 that study. That will occur with Staff, the
15 OCA into 2017. And the results of that study,
16 and whether and how it would be incorporated in
17 future rate filings, will result from whatever
18 it is that that investigation reveals.

19 So, yes. Sometime in 2017 some
20 version of a Lead/Lag Study will very, very
21 likely appear in a Company filing for the
22 Commission's review, and Mr. Rice, or if he's
23 no longer the witness, some Company witness
24 will be here to testify about it, yes.

1 CMSR. BAILEY: And, for purposes of
2 today's filing, we're using the 45-day lead/lag
3 calculation from the rules?

4 MR. FOSSUM: That is correct. And
5 we'll have witnesses who can testify, yes.
6 And, so, for purposes of today's filing, the
7 Company has reverted to the 45-day convention
8 that it had been using previously.

9 CMSR. BAILEY: Thank you.

10 CHAIRMAN HONIGBERG: And, so, the
11 testimony that is in the record, and will -- is
12 presumably going to be part of what's probably
13 going to be Exhibit 1, is just going to be
14 there, but it's not going to be referenced, other
15 than as it is cross-referenced within other
16 people's testimony?

17 MR. FOSSUM: Correct. It seemed more
18 complicated to try and remove it, and then
19 leave cross-references in to a piece of paper
20 that wouldn't be there anymore, and then having
21 to adjust all of it. So, we just -- we left it
22 there, but Mr. Rice will not be here to adopt
23 or testify about it.

24 CHAIRMAN HONIGBERG: Okay.

1 MR. FOSSUM: And that has been
2 discussed with the Staff and the OCA, so there
3 was an understanding that that's how this would
4 proceed today.

5 CHAIRMAN HONIGBERG: All right. Mr.
6 Kreis.

7 MR. KREIS: Oh, I just wanted to say
8 that this is one of those opportunities where,
9 at the end of every hearing when you routinely
10 say "it's time to lift the identification",
11 that's one identification that ought not to be
12 lifted.

13 CHAIRMAN HONIGBERG: But that's why I
14 said what I said. I suspect it's going to be
15 part of Exhibit 1. So, unless we're going to
16 break that document up, it seems to me it's
17 just going to live on as part of the enduring
18 record of this proceeding. But that when --
19 that's what I understand from what Mr. Fossum
20 said. When it reappears in 2017, it's probably
21 going to be in a different docket and new
22 testimony will be filed.

23 MR. FOSSUM: It's possible -- well,
24 it will very likely be new testimony. It's

1 very possible, though, that it will be in this
2 same docket. This is for rates throughout
3 2017. To the extent that we may have a midyear
4 adjustment to the rate, that would be performed
5 in the same docket. So, it would be at least
6 internally consistent to that degree.

7 The testimony and the results of the
8 Lead/Lag Study may change, depending upon
9 whatever it is that the Staff and OCA
10 investigation reveals. But I think it's too
11 early for me to say that it definitely will.

12 CHAIRMAN HONIGBERG: Mr. Kreis, do
13 you perceive any problem with it remaining in
14 Exhibit 1, and when the ID is struck, that
15 testimony is a full exhibit, but that it's
16 really little significance to it beyond that?

17 MR. KREIS: Well, the parties have
18 all agreed that we are not going to ask the
19 Commission to rely on or consider the Lead/Lag
20 Study at this time. And, given that, I don't
21 think there are any difficulties with it,
22 having it, as a matter of housekeeping or
23 mechanics, technically admitted into the
24 record.

1 CHAIRMAN HONIGBERG: I think --

2 MR. KREIS: It would be a problem if
3 you ended up issuing an order that discussed it
4 in great detail and relied on it.

5 CHAIRMAN HONIGBERG: That would be
6 pretty strange, I grant you that. So, I doubt
7 that's going to happen. I think this record is
8 pretty clear at this point that it's not going
9 to be relied on in any way.

10 MR. FOSSUM: And, so, with that
11 housekeeping matter, then we have a witness
12 panel that we would present to the Commission
13 to discuss the filing this morning.

14 CHAIRMAN HONIGBERG: All right. Why
15 don't you have them assume the positions.

16 MR. FOSSUM: And, while they are
17 doing so, I was going to walk through what the
18 exhibits that have been premarked for
19 identification for numbering purposes. And the
20 Chairman was correct, premarked as "Exhibit 1"
21 for identification is the Company's initial
22 filing in the docket, back in September. And
23 what has been premarked as "Exhibit 2" for
24 identification is the Company's December 9th

[WITNESS PANEL: Goulding|Ludwig|White]

1 updated filing. And, lastly, what has been
2 premarked as "Exhibit 3", and which you've been
3 provided a copy, is what is typically referred
4 to as the "bingo sheet" exhibit, with a rate
5 comparison, it's a three-sheet exhibit, and
6 will have the witnesses testify to that during
7 the hearing.

8 (The documents, as described,
9 were herewith marked as

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

13 (Whereupon **Christopher J.**
14 **Goulding, Daniel J. Ludwig, and**
15 **Frederick B. White** were duly
16 sworn by the Court Reporter.)

17 CHAIRMAN HONIGBERG: Mr. Fossum.

18 MR. FOSSUM: Thank you.

19 **CHRISTOPHER J. GOULDING, SWORN**

20 **DANIEL J. LUDWIG, SWORN**

21 **FREDERICK B. WHITE, SWORN**

22 **DIRECT EXAMINATION**

23 BY MR. FOSSUM:

24 Q. I'm going to just go down the line.

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 Mr. Goulding, could you please state your name,
2 your position, your place of employment for the
3 record please.

4 A. (Goulding) Sure. My name is Christopher
5 Goulding. I'm Manager of Revenue Requirements
6 for New Hampshire. I'm employed by Eversource
7 Service Company. And I'm located in 780 North
8 Commercial Street, in Manchester, New
9 Hampshire.

10 Q. And you said your -- you stated your title.
11 Could you explain your responsibilities in
12 general, and as they relate to this specific
13 proceeding?

14 A. (Goulding) Sure. I'm responsible for the
15 coordination and implementation of the revenue
16 requirement calculations for Eversource Energy
17 New Hampshire, primarily the filings associated
18 with Energy Service, Stranded Cost Recovery
19 Charge, Transmission Cost Adjustment Mechanism,
20 Alternative Default Energy, and distribution
21 rate changes.

22 Q. Thank you. And -- well, we'll go with names
23 first. Mr. Ludwig, could you also state your
24 name, your position, and place of employment,

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[WITNESS PANEL: Goulding|Ludwig|White]

1 and your responsibilities for the record
2 please.

3 A. (Ludwig) My name is Daniel Ludwig. I'm a Team
4 Leader in the Sales and Revenue Forecasting
5 Group of Eversource.

6 Q. I don't mean to interrupt. It doesn't sound
7 like the microphone is on.

8 A. (Ludwig) My name is Daniel Ludwig. I'm a Team
9 Leader in the Sales and Revenue Forecasting
10 Group. I'm responsible for activities
11 associated with demand forecasting, revenue
12 projections, and economic analysis.

13 Q. And, Mr. White, could you also state your name,
14 your position, place of employment, and
15 responsibilities for the record please.

16 A. (White) Frederick White. I'm a Supervisor in
17 the Energy Supply Group, and I'm employed by
18 Eversource Service Company. My primary
19 responsibilities involve the analysis and
20 management of the portfolio of generation
21 resources and default service load for
22 customers of PSNH for the purposes of rate
23 setting and cost reconciliations.

24 Q. Thank you. Now, Mr. Goulding, did you, back on

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[WITNESS PANEL: Goulding|Ludwig|White]

1 September 30th, submit testimony in this
2 proceeding?

3 A. (Goulding) Yes, I did.

4 Q. And was that testimony prepared by you or at
5 your direction?

6 A. (Goulding) Yes, it was.

7 Q. And do you have any changes, updates or
8 corrections to that testimony this morning?

9 A. (Goulding) No, I do not.

10 Q. And, Mr. Ludwig, did you also back on -- and is
11 that testimony included in what has been
12 premarked for identification as "Exhibit 1"?
13 Mr. Goulding?

14 A. (Goulding) Yes, it is.

15 Q. Thank you. Mr. Ludwig, did you also, back on
16 September 30th, submit testimony in this
17 proceeding?

18 A. (Ludwig) Yes, I did.

19 Q. And that testimony was prepared by you -- was
20 it prepared by you or at your direction?

21 A. (Ludwig) Yes, it was.

22 Q. And do you have any corrections, changes or
23 updates to that testimony this morning?

24 A. (Ludwig) I do not.

[WITNESS PANEL: Goulding|Ludwig|White]

1 Q. And that is testimony that has been included in
2 what has been premarked as "Exhibit 1", is that
3 correct?

4 A. (Ludwig) Yes, it is.

5 Q. And, Mr. Goulding, on December 9th, did you
6 file a technical statement in this proceeding?

7 A. (Goulding) Yes, I did.

8 Q. And was the information in that technical
9 statement, was that prepared by you or at your
10 direction?

11 A. (Goulding) Yes, it was.

12 Q. And do you have any changes or updates or
13 corrections to that, the information in that
14 technical statement this morning?

15 A. (Goulding) No, I do not.

16 Q. And is that information in what has been
17 included in -- what has been marked for
18 identification as "Exhibit 2" in this
19 proceeding?

20 A. (Goulding) Yes.

21 Q. Mr. White, did you also, on December 9th, file
22 a technical statement in this proceeding?

23 A. (White) Yes.

24 Q. And do you have any -- and was that technical

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 statement prepared by you or at your direction?

2 A. (White) Yes, it was.

3 Q. And do you have any updates, corrections or
4 amendments to that technical statement this
5 morning?

6 A. (White) I do not.

7 Q. And that information is what has been included
8 in Exhibit -- what has been marked as "Exhibit
9 2" for identification?

10 A. (White) Yes.

11 Q. Now, I guess very, very broadly, Mr. Goulding
12 or Mr. White, could you basically explain what
13 is contained in your testimony in Exhibit 1, as
14 updated in Exhibit 2, as it pertains to the
15 Company's proposal this morning?

16 A. (Goulding) Yes. So, overall, the Company is
17 proposing rates effective January 1st, 2017.
18 This would be the Energy Service rates,
19 excluding the temporary Scrubber rate change
20 from 9.23 cents to 9.45 cents, which is,
21 including the Scrubber temporary rate, would be
22 a change from the current rate of 10.95 cents
23 to a 11.1 cent rate. The key drivers and the
24 change in the rate are due to increased RPS

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[WITNESS PANEL: Goulding|Ludwig|White]

1 obligation costs for 2017, as well as increased
2 migration forecast assumptions.

3 Q. Now, Mr. Goulding, do you have in front of you
4 the document that has been premarked for
5 identification as "Exhibit 3"?

6 A. (Goulding) Yes.

7 Q. And could you -- and was this a document that
8 was prepared by you or at your direction?

9 A. (Goulding) Yes, it was.

10 Q. And you understand it and you're familiar with
11 the contents of this document?

12 A. (Goulding) Yes.

13 Q. Could you very briefly explain what it is
14 that -- what information is shown in this
15 document, and particularly as is relevant to
16 the Company's proposal in this proceeding.

17 A. (Goulding) Okay. So, the first page of the
18 document -- of Exhibit 3 is a calculation of a
19 average bill for a residential customer taking
20 625 kilowatt-hours. There's a -- the total
21 rate currently is 18.026 cents, and the new
22 proposed rate for January 1st will be 18.210.
23 The key changes in that rate, one is a subject
24 of this docket, will be Column Number (6),

[WITNESS PANEL: Goulding|Ludwig|White]

1 "Energy Service Change" [Charge?], the current
2 rate of 10.95 cents, going to 11.17 cents. And
3 there's also a change in the System Benefits
4 Charge, in Column (4), that rate is .00 -- or
5 0.330 cents, and that's proposed to go to 0.356
6 cents. And that will be the subject of, I
7 believe, a hearing next week in Docket DE
8 14-216. And, then, there's also a change in
9 the Stranded Cost Recovery Charge, going from
10 0.0094 cents, to 0.0032 cents. And that rate
11 change will be discussed in the following
12 docket, DE 16-823.

13 So, if we focus on just the Energy Service
14 Charge in this docket, you'll see that, going
15 down halfway down the page, there's the
16 different components on the bill, and what the
17 current bill would be and what the proposed new
18 bill would be. So, overall, incorporating all
19 of those changes, the current bill is \$125.55,
20 incorporating all of the changes mentioned
21 above, the Energy Service change, System
22 Benefit Charge change, and the Stranded Cost
23 Recovery Charge change, would result in an
24 increase in the bill of \$1.15, to \$126.70.

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 Isolating just the Energy Service
2 component change, the Energy Service currently
3 will be \$68.44, it would increase to \$69.81,
4 for an increase of \$1.37, which is an increase
5 in that component of 2 percent, and an overall
6 bill increase of 1.1 percent, for a customer
7 taking Energy Service.

8 Q. Thank you. And could you explain what is shown
9 on the other pages of this exhibit please.

10 A. (Goulding) Sure. These ones just give a little
11 more detail by the different rate class. But,
12 if we go down to the bottom line, which is
13 "Total Retail", the total retail rate for SCRC
14 is changing by negative 0.8 percent, and that
15 SCRC includes the RGGI adder, the RGGI refund
16 amount. The System Benefits Charge is
17 increasing by 0.4 percent. And, then, the
18 delivery service is decreasing by negative
19 4 percent [0.4 percent?]. And this is just for
20 a customer who is not taking Energy Service.
21 So, it's just a delivery service portion change
22 of their bill. So, it's not entirely relevant
23 to this docket.

24 At Page 3, it's a similar type page, but

[WITNESS PANEL: Goulding|Ludwig|White]

1 it actually includes the Energy Service also.
2 So, if you go to the "Total Retail", for a
3 total bill change would be a negative
4 0.3 percent bill change for the SCRC;
5 0.1 percent increase for the System Benefits,
6 and an increase in the overall bill for
7 1.2 percent for the Energy Service, for a total
8 increase of 1 percent.

9 Q. Thank you. And, Mr. Goulding, is it your
10 opinion that the Company's proposal in this
11 case results in just and reasonable rates, and
12 that these rates should be approved for
13 implementation?

14 A. (Goulding) Yes.

15 MR. FOSSUM: Thank you. I have
16 nothing further for direct.

17 CHAIRMAN HONIGBERG: Mr. Kreis.

18 MR. KREIS: Thank you, Mr. Chairman.
19 Good morning, witnesses for PSNH d/b/a
20 Eversource.

21 As Commissioner Scott does, my
22 suggestion is that you gentlemen can decide
23 which among you are best equipped to answer my
24 questions, of which I have relatively few.

1 They focus on Exhibit 2, which is the
2 December 9th update filing.

3 **CROSS-EXAMINATION**

4 BY MR. KREIS:

5 Q. It would be fair to say, wouldn't it, that the
6 most significant update has to do with a change
7 in the sales forecast, with respect to
8 comparing the December filing to the one made
9 back in September?

10 A. (Ludwig) That is correct.

11 Q. Could you talk a little bit about what is
12 driving the change in the sales forecast?

13 A. (Ludwig) Yes. I can do that. So, the
14 September filing had a forecast that was
15 completed in October of 2015. So, that
16 forecast was a year old. The December 9th
17 filing had a forecast that was just completed
18 in October of 2016. So, that's our most recent
19 forecast.

20 Last year's forecast, assuming there would
21 be growth in sales on a weather-normalized
22 basis in '16, and then additional growth on top
23 of that in 2017.

24 So, here we are in 2016, and, on a

[WITNESS PANEL: Goulding|Ludwig|White]

1 weather-normalized basis, we've actually seen a
2 sales decline. A decline that was much larger,
3 because we expected growth, and those are
4 actually coming in below last year.

5 So, right off the bat, when we went in to
6 do our most recent forecast, we're starting
7 from a much lower point than our previous
8 forecast had started out. So, that's the main
9 driver as to why we are seeing so much of a
10 lower forecast this time as we did to a year
11 ago.

12 The main reason why we think we're seeing
13 that decline, is it's this breakdown of the
14 relationship between the economy and electric
15 sales. Before, historically, you could always
16 rely on, as the economy was improving, you
17 could see a similar increase in electricity
18 sales. Now, we're seeing a breakdown of that
19 relationship. And we think the primary reason
20 for that breakdown is all the downward
21 pressures that we're seeing on electricity
22 sales, through all the various end uses, such
23 as lighting, appliances, HVAC equipment, the
24 switch to mobile computing. And all these

[WITNESS PANEL: Goulding|Ludwig|White]

1 things are just, you know, wearing away at our
2 sales forecast.

3 Q. The "switch to mobile computing" means what
4 exactly?

5 A. (Ludwig) So, previously, you know, everyone had
6 a desktop computer in their house. It was
7 plugged in all the time. Now, you know, people
8 are on iPads, their cellphones. It's just --
9 there's a change in customer behavior that are
10 lowering sales.

11 Q. But those devices still use electricity.

12 A. They do, but they use far less. So, that's the
13 thing. Every time you replace something in
14 your house or your office, there is very good
15 odds that whatever you're replacing that with
16 uses less electricity than what it was plugged
17 in previously.

18 Q. I'm trying to put this in perspective. Is this
19 a sea change of which we should take particular
20 note?

21 A. (Ludwig) I'm sorry. What was your question?

22 Q. Is this a sea change of which we should take
23 particular note?

24 A. (Ludwig) A sea -- I'm not sure what you --

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 Q. S-e-a. Is that how big a deal is this?

2 A. (Ludwig) So, it's a phenomenon, it's happening
3 all across the country. We're seeing it at our
4 other Eversource operating companies. New
5 Hampshire actually has the strongest growth of
6 all our companies. But, I mean, it's something
7 that does need to be noted, I think. You know,
8 it's a change in customer behavior that's
9 happening all across our country.

10 Q. So, from a consumer standpoint, it might be
11 that you could conclude that New Hampshire
12 customers, for whatever reason, have actually
13 lagged behind other customers, in terms of
14 adopting some of these measures that allow them
15 to do the same amount of work for a smaller
16 amount of electricity purchased from the
17 Company?

18 A. (Ludwig) I think that would be safe to say for
19 the companies that Eversource operates. I'm
20 comfortable saying that.

21 Q. You mentioned that the initial filing in
22 September used an October 2015 forecast. Could
23 you talk a little bit about why the initial
24 filing relies on such an outdated forecast?

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 A. (Ludwig) Yes. So, we update our budget. The
2 budget forecast that we use internally is the
3 one that's presented here in these filings.
4 That forecast is completed and approved every
5 October/November time period. So, when the
6 September filing was being put together, we
7 were not -- we were in the middle of doing our
8 budget forecast.

9 So, as opposed to having multiple forecast
10 versions floating around, we wait until we have
11 the official forecast.

12 Q. Mr. Ludwig, you might not be the best person to
13 answer this question, but I'll ask it anyway.
14 Would it make sense to change the timing of
15 these filings so that they rely on a more
16 recent forecast?

17 A. (Goulding) We could change the filing date and
18 rely on a more reliable -- or, more up-to-date
19 forecast. But I think the filings are set up
20 the way they are to give time for OCA and Staff
21 and any other intervenor to issue discovery and
22 investigate the filing. I think, if you pushed
23 it back to say a November 1st filing, it would
24 crunch that time down and not allow enough of a

[WITNESS PANEL: Goulding|Ludwig|White]

1 time to get comfort in what is presented by the
2 Company.

3 Q. With regard to the sales trends that Mr. Ludwig
4 testified about a second ago, that hasn't
5 driven any change in your migration forecast
6 however?

7 A. (Ludwig) No. The migration forecast is done
8 independently of the sales forecast.

9 Q. Okay. Moving on, I think, to the second page
10 of Exhibit 2. These might be questions for
11 Mr. White. Could you explain why coal
12 generation is increasing in your projection,
13 while the generation at Newington is
14 decreasing?

15 A. (White) In general, prices have increased a bit
16 from our September filing, on the order of a
17 little over a dollar a megawatt-hour. So,
18 there's a slight increase in the market value
19 of energy. Our coal resources have dispatched
20 at a very slightly higher level in response to
21 that price change.

22 Newington -- and one aspect of our coal
23 fleet is that it has a very stable fuel cost as
24 its coal in inventory. Different than at

[WITNESS PANEL: Goulding|Ludwig|White]

1 Newington, whose fuel cost changes really on a
2 daily basis. And it's not coal, it's oil and
3 gas. And, in the updated forecast, the forward
4 prices of gas and oil increased a much greater
5 amount than the market value of energy
6 increased. Most of the decrease at Newington
7 occurred in the month of January, and coal
8 prices are up almost 20 percent, and power
9 prices are up a much smaller percentage. So,
10 Newington was more expensive relative to a
11 slightly higher energy market. So, its
12 generation decreased a larger amount.

13 Q. Thank you. Moving on to Page 4 of Exhibit 2,
14 I'm almost done, could you maybe talk us
15 through Item Number 8, the second item on that
16 page, that has to do with RPS expenses. And
17 maybe explain how changes in the RPS market are
18 affecting the RPS cost that Public Service
19 Company d/b/a Eversource is incurring?

20 A. (White) Well, the net increase noted in Item 8,
21 among all the RPS class requirements, is
22 0.2 million. What that really reflects is an
23 increase in Class I expense and a decrease in
24 Class III expense.

[WITNESS PANEL: Goulding|Ludwig|White]

1 The Class I expense increased because a
2 component of our Class I RPS compliance expense
3 includes sales of surplus RECs. We have a
4 portfolio that includes Burgess, Lempster RECs,
5 the quantities coming in exceed the RPS
6 compliance requirement. So, we make
7 assumptions about sales of those surplus RECs.
8 And the market value of Class I RECs has
9 decreased about \$8 a REC. And, so, those
10 surplus sales, they actually were being made at
11 a loss against inventory costs, they're now
12 being made at a greater loss against inventory
13 cost, that \$8 REC. We've also, in this filing,
14 assumed a higher volume of those sales. So,
15 that led to the increase in the Class I
16 expense.

17 The Class III expense decrease is a little
18 more -- is a little more straightforward. That
19 simply reflects the cost of compliance by
20 procuring RECs in the market, and that market
21 also has decreased in value about \$8 a REC.
22 So, the compliance requirement, although down a
23 little bit due to the load forecast and
24 migration adjustments, it's really down because

[WITNESS PANEL: Goulding|Ludwig|White]

1 the assumed cost of acquiring those RECs is
2 down \$8 a REC. And those two offset one
3 another, leaving us with a net increase of
4 about 0.2 million.

5 Q. Do you expect that that trough in the market
6 for Class I RECs to continue?

7 A. (White) The forward market doesn't provide
8 quotations out beyond 2017. My understanding
9 is that a lot of the change in market value can
10 be tracked back to the very warm winter of 2016
11 earlier this year, which decreased load and
12 sales, which decreased the market demand for
13 RECs. That depressed market prices. There is
14 a -- kind of a rollover option for compliance
15 in RPS markets, so that effect has rolled into
16 2017, so to speak.

17 Perhaps, with a very cold winter this
18 year, we might see some reversal. But we don't
19 have very good visibility beyond 2017 for
20 market prices.

21 Q. Well, thank you, Mr. White. All I can say is,
22 given all those extra Class I RECs Public
23 Service Company has on its hands, I'd just like
24 to point out to everybody in the room that they

[WITNESS PANEL: Goulding|Ludwig|White]

1 make great Christmas gifts.

2 *[Laughter.]*

3 BY MR. KREIS:

4 Q. And, so, PSNH would have a nice little sideline
5 business there.

6 Finally, moving onto Item E, this question
7 is going to reflect my cosmic ignorance, and I
8 suspect it's one that Mr. Goulding could
9 answer.

10 Item E says "2017 forecasted O&M expenses
11 increased 1.8 million due to higher forecasted
12 depreciation". And I am curious about what
13 changes -- what drives changes in the
14 forecasted depreciation, given that I thought
15 depreciation was one of those immutable things
16 that doesn't change in the way that forecasts
17 of sales and migrations might change?

18 A. (Goulding) Right. So, I agree, they normally
19 don't change. They're pretty constant, with
20 the exception if something retires. But, when
21 we looked at our 2017 filing -- our 2017
22 forecast and compared it versus 2016, the data
23 that we had for 2017 was forecasted at a lower
24 depreciation level than 2016. So, when we

[WITNESS PANEL: Goulding|Ludwig|White]

1 researched it, there was -- it was due to a
2 older vintage forecast. So, we have updated
3 the Jan -- or, the December filing to reflect
4 what we expect the depreciation -- actual
5 depreciation cost to be, and it's more
6 representative and consistent with what we've
7 been experiencing in 2016.

8 MR. KREIS: Well, given that
9 Mr. White looks a bit like Santa Claus, I hope
10 to see a few RECs in my stocking on Christmas
11 morning.

12 That's all my questions.

13 CHAIRMAN HONIGBERG: I'm afraid I
14 think I know what Mr. Kreis is bringing to the
15 Yankee Swap tomorrow.

16 Ms. Amidon.

17 MS. AMIDON: Thank you. Good
18 morning.

19 WITNESS GOULDING: Good morning.

20 WITNESS LUDWIG: Good morning.

21 BY MS. AMIDON:

22 Q. I guess I wanted to begin with talking about
23 the Scrubber adder, which is not part of this
24 filing, and it's not supposed to be changed by

[WITNESS PANEL: Goulding|Ludwig|White]

1 this filing. Is that right, Mr. Goulding?

2 A. (Goulding) That's correct.

3 Q. Now, when the Commission approved the Scrubber
4 recovery rate, the rate was intended to cover,
5 on an annual basis, one-seventh of the deferred
6 amount. Am I saying that correctly?

7 A. (Goulding) Yes.

8 Q. And could you please explain how successful
9 that recovery has been to date and what the
10 experience of the Company is with respect to
11 that deferral?

12 A. (Goulding) Okay. Yes. So, the temporary rate
13 was designed to recover one-seventh of the
14 deferral amount, and then the actual costs
15 going forward. So, for 2016, we would have
16 expected, if it collected one-seventh of the
17 deferral and the actual cost for 2016, the
18 deferral started off at 123.3 million, we would
19 have expected it to be down to 105.7 million,
20 and that would be one-seventh of the deferral
21 being eliminated. What we're forecasting,
22 primarily due to sales changes for 2016 coming
23 in lower than we had forecasted, the deferral
24 balance is going to be \$111.7 million, which is

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 a difference of \$6 million.

2 Q. So, because of the decreased sales, the
3 mechanism isn't working to recover the deferral
4 as anticipated?

5 A. (Goulding) Correct.

6 Q. And is there any proposal by the Company to
7 resolve that issue?

8 A. (Goulding) Not at the current time, not in this
9 rate. We've left it at 1.72 cents.

10 Q. Okay. Thank you. And did you develop, on Page
11 4 of Exhibit 2, the Item F, the forecasted
12 under recovery?

13 A. (Goulding) Yes.

14 Q. Okay. And, if I'm reading that correctly, the
15 \$2.2 million decrease in revenues on the last
16 sentence there is due to lower than forecast
17 sales for October 2016? Is that right? The
18 last sentence in Paragraph F?

19 A. (Goulding) Yes. Yes.

20 Q. And then it says "increased migration for
21 November and December as compared to the
22 initial filing"?

23 A. (Goulding) Yes.

24 Q. Okay. So, the increased migration, what I'm

[WITNESS PANEL: Goulding|Ludwig|White]

1 trying to find out is, is the increased
2 migration more than what was originally
3 forecast by the Company for those two months?
4 And I guess that's maybe a question for
5 Mr. Ludwig.

6 A. (Ludwig) So, yes. It's coming in slightly
7 higher.

8 Q. Okay. Right. I think what I'm asking is, is
9 the migration for those two months higher than
10 originally forecasted by the Company? Or is
11 it --

12 [Witnesses conferring.]

13 BY MS. AMIDON:

14 Q. If it's easier, I could ask another question on
15 a different subject, while you look for the
16 answer. Is that okay?

17 A. (Goulding) Okay. That works.

18 Q. Okay. So, Mr. White, one question I have for
19 you is, if you looked at the prices today, how
20 would that compare with the prices that we see
21 on Page 3 of Exhibit 2? Are they still pretty
22 close to the current price?

23 A. (White) Yes. They're pretty close. The price,
24 1.2, on Page 3, averages for the year, on a

[WITNESS PANEL: Goulding|Ludwig|White]

1 12-month average around the clock, 38.60. The
2 market closed on Tuesday at \$39.

3 Q. Okay.

4 A. (White) So, up a very small amount, 40 cents a
5 megawatt-hour.

6 Q. Okay. Good. Thank you. And I do have some
7 questions for Mr. White on the Burgess Biopower
8 Plant. And just I think everybody in the room
9 is subject to confidentiality, this may be
10 confidential information. I'm not certain.

11 A. (White) Yes.

12 Q. But I will go ahead and ask the questions, and
13 Mr. Fossum will have a chance to review the
14 record to -- the transcript to determine if it
15 is confidential.

16 MS. AMIDON: Is that fair,
17 Mr. Fossum?

18 MR. FOSSUM: I suppose.

19 CHAIRMAN HONIGBERG: Let's find out
20 what -- if there's actually a problem. But it
21 sounds like that's how we're going to deal with
22 it, if there is. Right?

23 MS. AMIDON: Yes.

24 BY MS. AMIDON:

[WITNESS PANEL: Goulding|Ludwig|White]

1 Q. Well, one of my principal questions is about
2 how the energy costs in that contract is --
3 compares relative to market prices generally
4 for 2016. So, just generally, overall, on the
5 average, how were the prices comparing to
6 market prices?

7 A. (White) The base energy price in the contract I
8 believe is \$69.80. We just looked at an
9 average 2017 forward average price of 38.60.
10 There's a wood cost price adjustment in the
11 contract that adjusts to 69.80. And that
12 adjustment is not a very large adjustment
13 currently.

14 Is that sufficient information?

15 Q. Yes. So, customers are paying for the
16 additional \$30 per megawatt-hour, is that
17 right, Eversource customers?

18 A. (White) That's correct.

19 Q. Okay.

20 A. (White) The filing represents contract payments
21 for the output of the Burgess facility.

22 Q. Okay. Could you also explain, you briefly
23 touched on this with the Consumer Advocate, the
24 price you pay under that contract for RECs

[WITNESS PANEL: Goulding|Ludwig|White]

1 versus the declining resale price.

2 A. (White) The contract price for Class I RECs is
3 indexed to the ACP that was in place at the
4 time the contract went into effect. And, for
5 sets of contract years, we pay a varying
6 percentage, which I believe is currently
7 80 percent.

8 Q. Uh-huh.

9 A. (White) So, our current payment to Burgess for
10 RECs is in the mid 50s, and the current forward
11 price for Class I RECs we have 27.50. So,
12 there's about a not quite \$30 difference there.

13 Q. And, again, those additional costs are paid by
14 Eversource customers?

15 A. (White) That's correct.

16 Q. Okay. With respect to that contract, this is
17 my last question on the contract, unless Mr.
18 Frantz has a question, is the status of the
19 Cumulative Reduction Fund?

20 A. (White) This would be confidential info. I'm
21 not sure what we've discussed previously would
22 qualify. But it currently stands _____
23 _____.

24 Q. Okay. All right. Thank you. Did you have a

[WITNESS PANEL: Goulding|Ludwig|White]

1 chance to find the answer to my question?

2 A. (Ludwig) Yes. Migration is slightly higher in
3 the new update.

4 Q. Okay. That really was as simple as that. I
5 just wanted to see how good the forecast was.
6 It's just slightly higher?

7 A. (Ludwig) Yes.

8 Q. Okay. And, so, Mr. Ludwig, you mentioned, in
9 response to the questions about the declining
10 sales, a number of disconnects between economic
11 improvement and electric use. What measures
12 did you take to analyze that? You know, did
13 the Company actually do an analysis of the
14 various effects of these different measures,
15 energy efficiency, mobile devices, etcetera?
16 Did you do an analysis of it? And is there any
17 workpapers or other analysis that you could
18 provide Staff, so that we could -- or, is this
19 just sort of a general observation across the
20 Company?

21 A. (Ludwig) It is a general observation across the
22 companies. Recently, because this is a
23 phenomenon that we've seen across all of our
24 companies, we have purchased some end-use data.

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 It's not specific to our service territories,
2 but it is specific to New England. And it
3 breaks down all the end-use data that's
4 available through EIA and its potential impacts
5 on sales.

6 Q. All right. Thank you. I just wanted to
7 understand that.

8 And, finally, and I think this would be
9 for Mr. White, I believe that there was some
10 adjustments made to delivery times for certain
11 coal contracts that were entered into in the
12 past for Merrimack. Is that something you
13 could address? I'm not talking about issues
14 with transportation. I'm talking about how the
15 deliveries were scheduled for a different time
16 to -- do you understand where I'm -- we had
17 talked about this at a technical session, and
18 so I'm trying to see if you could help me here?

19 A. (White) Well, I'll try.

20 Q. Okay. Thank you.

21 A. (White) As the capacity factors at our coal
22 facilities have declined over the last several
23 years, coal uses have declined as well. We had
24 several years ago entered into contracts based

[WITNESS PANEL: Goulding|Ludwig|White]

1 on operating characteristics that we were
2 experiencing at that time. And coal contracts
3 are typically multiyear contracts. As capacity
4 factors declined, working with the delivery,
5 the rails or the cargo companies and the coal
6 mines, we deferred those coal deliveries into
7 following years. So, where the original intent
8 of the contract may have been for a three-year
9 term, I'll just say, ending in 2011, we may not
10 have taken all those deliveries in that
11 timeframe and pushed deliveries into subsequent
12 years. And is that --

13 Q. Right. That was what I -- that is what I was
14 looking for. In other words, the Company has
15 taken measures to manage the coal deliveries,
16 given the decreased dispatch of some of the
17 coal plants. Is that a fair summary?

18 A. (White) Yes. That's correct. I mean, I could
19 go through a little bit of, you know, we used
20 to burn a million tons of coal a year, and we
21 would set up delivery and mine contracts back
22 to back to accommodate that usage. And while
23 we've adjusted that contracting through time as
24 usage has dropped to 500,000 tons, in I think

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 the most recent year we've utilized -- we've
2 had delivered about 400,000 tons over a
3 three-year period. So, the decline is
4 significant. And there's only so much room in
5 the coal yards. And, so, we've had to manage,
6 with the mines and the delivery companies, to
7 maintain, you know, quantities in inventory
8 that we can handle, as well as trying to work
9 with them and meet contractual requirements.

10 Q. Thank you.

11 A. (White) So, it's a continuous -- we've worked
12 with them for several years due to these market
13 changes.

14 Q. Thank you.

15 MS. AMIDON: Thank you. Staff has no
16 further questions.

17 CHAIRMAN HONIGBERG: Commissioner
18 Scott.

19 CMSR. SCOTT: Thank you. And, as the
20 Consumer Advocate mentioned, whoever's -- I
21 also have my usual caveat, so, whoever feels
22 best to answer the question. But I suspect,
23 since it's his exhibit, I'll start with
24 probably Mr. Goulding.

[WITNESS PANEL: Goulding|Ludwig|White]

1 BY CMSR. SCOTT:

2 Q. I'm looking at Bates 008, on Exhibit 2, your
3 Attachment CJG-2. So, I assume what I'm
4 looking at, what I see is you have on the
5 left-hand column "Hydro", "Coal", "Wood",
6 except Newington. When I look under coal, kind
7 of following up on the coal discussion, I'm
8 seeing "April", "May", I'm seeing zeros in
9 there for the coal units, and I'm seeing zeros
10 for Newington. My question is, is that a
11 projection of -- am I seeing planned outages
12 here or am I seeing a guess that you won't be
13 economically dispatched?

14 A. (Goulding) Well, fortunately, for me, it's my
15 exhibit, but Rick White will speak to it.

16 Q. Okay. Great.

17 A. (White) That's a reflection of economic
18 dispatch. And outages are planned in periods
19 of low market prices, where not only the
20 dispatch would indicate we wouldn't generate,
21 and we plan the outages during those periods.
22 But I think you can view this primarily as the
23 outcome of economic dispatch.

24 Q. Okay. So, put another way, during those

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 timeframes, say something changed in the
2 Northeast fleet, you may be available, it's not
3 like you won't be available potentially, it's
4 just because, based on economics, probably
5 you're not going to run?

6 A. (White) Correct.

7 Q. Okay. Thank you. Interesting. Mr. Ludwig, on
8 your testimony, so this is Bates 029, your
9 migration chart of Exhibit 1. So, it's on
10 Bates 029 of Exhibit 1, and it's labeled
11 "DJL-1".

12 A. (Ludwig) Yes.

13 Q. I was just curious, to understand the chart a
14 little bit, I think I understand, but what I
15 think this is showing is, obviously, a close
16 correlation between migration and forward
17 prices clearly.

18 A. (Ludwig) Correct.

19 Q. I assume, and here's my question in a second, I
20 assume that the real thing that drives, for a
21 customer, migration from PSNH to one of the
22 competitive suppliers is the price spread
23 between what the competitive suppliers are
24 offering and what PSNH offers, correct?

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 A. (Ludwig) That is correct.

2 Q. And, so, am I to read this that that
3 correlation would reflect that probably
4 competitive suppliers are also following very
5 closely the trends that I'm seeing here for
6 forwards? Is that what I should imply from
7 that?

8 A. (Ludwig) You could imply that, yes.

9 Q. Okay. My next question is on RGGI, I was just
10 curious. I have a closer insight than others
11 on RGGI. I'm on the Board of Directors and I
12 approve auctions for RGGI. I note that
13 directionally I agree with your assumptions on
14 RGGI. But I was just curious, what do you use
15 moving forward for assumptions? Obviously,
16 going from this auction that was just held,
17 compared to the quarter before, there was
18 almost a dollar, it was 99 cents difference in
19 allowance prices, so there was a significant
20 drop. I was just curious how the projection
21 works. You know, how's your crystal ball? How
22 are you guessing what happens in the future?

23 A. (Goulding) It's not part of this docket, but we
24 do -- we just use the most current auction.

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 So, we made our filing on the 9th, and we got
2 the results for the auction on the 9th. So, we
3 put in \$3.55 for forecasted for 2017.

4 Q. Okay. You just pulled it. And, you're right,
5 I apologize, I'm talking the next docket. But
6 that will save us time in the next docket.

7 A. (Goulding) Yup.

8 Q. Also, there was some discussion, obviously, I
9 think I understand weather-normalized when you
10 look at projections. Obviously, last winter we
11 didn't have a winter, I guess, for a lot of --
12 for the most part. I don't know what your
13 crystal ball is for this winter, but I would
14 think the law of probability would say it would
15 be more robust winter. Does that -- how does
16 that impact things? So, if it's colder, you
17 know, that will increase your sales, I assume.

18 A. (Ludwig) I'll say, for our sales forecast, we
19 always assume normal weather conditions. So,
20 last year was below normal. So, our
21 expectation is we would return to normal
22 weather throughout the forecast. But, if we
23 had cold weather, I can't speak to how that
24 would impact.

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 A. (Goulding) So, if we had cold weather, it would
2 be reflected in the actuals information. It
3 depends on what the cold weather did to the
4 prices of energy. We could get in a situation
5 where we have surplus load to sell, which would
6 go to decrease costs. But I think what happens
7 is, Rick deals with the forwards based on what
8 the forward energies are -- the forward energy
9 market is to develop kind of when the plants
10 will run. And I don't know if that takes into
11 account estimated weather impacts or what.

12 A. (White) Well, colder weather would lead to
13 higher prices. I mean, that's the typical
14 relationship. It would also lead to higher
15 sales. There's a certain amount of heating
16 load that's still driven -- is still
17 electrical.

18 CMSR. SCOTT: Okay. That's all I
19 have. Thank you.

20 CHAIRMAN HONIGBERG: Commissioner
21 Bailey.

22 BY CMSR. BAILEY:

23 Q. Following up on the coal contract problem, how
24 long is the contract in place?

[WITNESS PANEL: Goulding|Ludwig|White]

1 A. (White) We have no contracts in place at this
2 time. They're all expired. Well, we have a
3 delivery scheduled in January. I believe
4 that's the last -- I don't believe we have any
5 coal contracts in place at this time --

6 Q. So, all of the --

7 A. (White) -- going forward. We don't have
8 contracts that go out into the future at this
9 time.

10 Q. So, all the deferred coal that you were
11 required to buy will be delivered by January,
12 is that what you're saying?

13 A. (White) Yes. We have a shipment scheduled in
14 mid January, and that would be the last
15 required shipment under the contracts.

16 Q. Okay. And do you think that that's enough coal
17 to economically run the plant?

18 A. (White) Our coal yard at Merrimack is
19 essentially full. Given recent experience and
20 the forward look at generation during '17, we
21 have more than enough coal to meet any
22 foreseeable needs already in inventory.

23 Q. Okay. This is a cosmic ignorance question, for
24 you, Mr. Goulding. On Exhibit 2, I want to

[WITNESS PANEL: Goulding|Ludwig|White]

1 talk about the difference in the cash working
2 capital, between the 45 days and the amount
3 that was originally in your filing in
4 September. And, on Page -- Bates Page 004,
5 Item E, you say that the O&M expense "was
6 offset by a million dollars reduction in Return
7 on Rate Base primarily due to changing the
8 Working Capital Allowance". Can you explain to
9 me how that works? Because the change in cash
10 working capital is about \$6 million.

11 A. (Goulding) So, on the cash working capital, it
12 goes into rate base, and that rate base is
13 applied -- a return is applied against that
14 rate base, so, approximately 10 percent return.
15 So, on \$6 million, 10 percent of the \$6 million
16 had would be \$600,000 change in overall return.

17 Q. Okay. But you -- and you also calculated
18 the -- I mean, you put the lower cash working
19 capital into your calculations?

20 A. (Goulding) Yes.

21 Q. And then just the return on that investment
22 equates to about a million dollars, that's what
23 you're saying here?

24 A. (Goulding) Yes. So, there was a decrease in

[WITNESS PANEL: Goulding|Ludwig|White]

1 the cash working capital due to the -- this is
2 going back to the old methodology. So, it
3 reduced the average working capital by roughly
4 \$6 million. So, the return on that average
5 working capital reduction was about \$600,000.
6 Then, there was some other changes in rate base
7 due to plant -- net plant assumptions, which
8 was a change in return of about \$400,000. And,
9 then, a couple of other minor changes that kind
10 of offset each other, like asset retirement
11 obligations, those changed ever so slightly.
12 And one other one -- and deferred taxes changed
13 ever so slightly. But the primary changes was
14 the change to the working capital allowance,
15 and then the change to the net plant
16 assumption.

17 Q. Okay. Thank you. And in the discussion about
18 the Class III RECs lowering your cost of RECs?

19 A. (White) Uh-huh.

20 Q. When you made that calculation, did you assume
21 that the requirement was at a half a percent or
22 8 percent?

23 A. (White) Eight percent.

24 CMSR. BAILEY: Okay. Thank you.

[WITNESS PANEL: Goulding|Ludwig|White]

1 That's all I have.

2 BY CHAIRMAN HONIGBERG:

3 Q. Mr. Ludwig, you testified and answered some
4 questions about customer behavior. And I
5 believe you -- I think I understood you to say
6 that the situation in New Hampshire looks
7 different than it does in the other states in
8 which the Company operates, is that right?

9 A. (Ludwig) That's correct.

10 Q. Has there been an actual study that is
11 similarly situated customers in the different
12 states are behaving differently?

13 A. (Ludwig) There's been no study. We have the
14 data to look at all the different companies.

15 Q. So, there are other explanations other than
16 customer behavior for differing results in New
17 Hampshire, are there not?

18 A. (Ludwig) Oh, definitely. Yes, there are.

19 Q. And one of those might be, if New Hampshire's
20 economy were doing relatively better than the
21 economies in the other states in which the
22 company does business, you would expect to see
23 less degradation in demand, right?

24 A. (Ludwig) That would be correct. But, even

{DE 16-822} [REDACTED - For Public Use] {12-15-16}

[WITNESS PANEL: Goulding|Ludwig|White]

1 across our companies, we have the Boston area
2 economy, which is a very strong economy, and
3 then we have the Connecticut economy, which is
4 a weaker economy. And, so, we have varying
5 economies across our territories as well.

6 Q. And, so, you're seeing differing -- you're
7 actually seeing different customer behavior,
8 not just differing demands not yet explained?

9 A. (Ludwig) That is correct. And there are a lot
10 of factors driving it. And we're still -- this
11 is something we're still, you know, struggling
12 with explaining. It's all kind of happening
13 pretty fast.

14 Q. Okay. I was just a little concerned about the
15 exchange that you had, I think, with Mr. Kreis
16 about "New Hampshire being behind" in some way.
17 And I just -- I wasn't sure that your testimony
18 got you to an explanation of why or anything
19 regarding the demand.

20 A. (Ludwig) Yes. I think "behind" would be the
21 wrong word, because I don't know behind what?

22 Q. Its peers. The other customers in other --
23 somehow that customers in New Hampshire are not
24 doing as much to change their behavior as

[WITNESS PANEL: Goulding|Ludwig|White]

1 customers elsewhere.

2 A. (Ludwig) I would say our sales results are
3 showing that there's less of a decline in New
4 Hampshire sales.

5 Q. And that's where you probably ended?

6 A. (Ludwig) Yes.

7 CHAIRMAN HONIGBERG: That's what I
8 thought.

9 I have no other questions.
10 Mr. Fossum, do you have any further questions
11 for your witnesses?

12 MR. FOSSUM: I do not. Thank you.

13 CHAIRMAN HONIGBERG: All right. Is
14 there anything else we need to do then, before
15 we strike ID on the exhibits, subject to the
16 lengthy discussion we had about the limitations
17 of the use of Exhibit 1 and the testimony
18 regarding the Lead/Lag Study?

19 *[No verbal response.]*

20 CHAIRMAN HONIGBERG: All right.
21 We'll strike the ID on the three exhibits.

22 Anything else before we let the
23 parties sum up?

24 *[No verbal response.]*

1 CHAIRMAN HONIGBERG: Mr. Kreis, why
2 don't you go first.

3 MR. KREIS: Thank you, Mr. Chairman.
4 Just very briefly, I would like to thank the
5 Company's witnesses and the other employees of
6 PSNH d/b/a Eversource who have been working
7 with us and meeting with us over the last few
8 weeks and months to make sure that this filing
9 is in shipshape. The climate is one of good
10 cooperation and excellent exchange of
11 information.

12 And, as a result of all of that, and
13 as a result of the record that we have adduced
14 today, the Consumer Advocate is satisfied that
15 the proposed changes in the Energy Service rate
16 result in just and reasonable rates. And, so,
17 therefore, we recommend that the Commission
18 approve the Company's request.

19 CHAIRMAN HONIGBERG: Ms. Amidon.

20 MS. AMIDON: Thank you. Staff has
21 reviewed the filing, and we have determined
22 that the Company appropriately calculated the
23 estimated costs for Energy Service for 2017,
24 and appropriately calculated the resulting

1 rate.

2 And, therefore, on that basis, we
3 would recommend the Commission approve the
4 Petition.

5 CHAIRMAN HONIGBERG: Mr. Fossum.

6 MR. FOSSUM: Thank you. I'd like to
7 begin and express my appreciation for the
8 statements of others, particularly the OCA.
9 You know, we try to have a good working
10 relationship with those we deal with, and I'm
11 pleased to see that that seems to be the case.

12 That all said, the Company believes
13 that it has appropriately accounted for and
14 proposed a rate that reflects its actual
15 prudent and reasonable costs as forecast for
16 the coming year 2017. And, of course, that
17 will all be subject to reconciliation in the
18 future.

19 But, for purposes of this filing,
20 it's the Company's opinion that the filing
21 reflects appropriate rates that are just and
22 reasonable for customers. And we would request
23 the Commission approve them in sufficient time
24 to implement them January 1st, as proposed.

1 CHAIRMAN HONIGBERG: Thank you,
2 Mr. Fossum. We will take this matter under
3 advisement, issue an order on it as quickly as
4 we can.

5 And, with that, we will close the
6 hearing on 16-822.

7 ***(Whereupon the hearing was***
8 ***adjourned at 10:10 a.m.)***