

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 19, 2017 - 10:35 a.m.
Concord, New Hampshire

3 JAN '18 4:09

RE: DE 17-150
EVERSOURCE ENERGY:
2018 Default Service.

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Jody Carmody, Clerk

APPEARANCES: Reptg. Public Service Company of New
Hampshire d/b/a Eversource Energy:
Matthew J. Fossum, Esq.

Reptg. Residential Ratepayers:
D. Maurice Kreis, Esq., Consumer Adv.
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Richard Chagnon, Electric Division

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

CERTIFIED
ORIGINAL TRANSCRIPT

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Default Energy Service filing, consisting of the Petition; the Testimony of Christopher J. Goulding, with attachments; and Testimony of Daniel J. Ludwig, with attachments (10-02-17)	5
2	Eversource Energy Joint Technical Statement of Christopher J. Goulding and Frederick B. White, with attachments (12-08-17)	5
3	Eversource Energy Comparison of Current and Proposed Residential Rate R (3 pages)	5

P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: All right. Good
3 morning. We're here in Docket 17-150, which is
4 Eversource's 2018 Default Energy Service rate
5 proceeding. We have the filings. We have an
6 exhibit here. We're here for the hearing on
7 the merits.

8 Before we do anything else, let's
9 take appearances.

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

14 MR. KREIS: I'm sorry. I'm so
15 absorbed in the minutia of this important
16 proceeding that I wasn't paying attention and
17 thereby forgot to stand up and say that I'm D.
18 Maurice Kreis. I am the Consumer Advocate. I
19 represent the interests of the residential
20 utility customers of this excellent public
21 utility.

22 MS. AMIDON: Good morning. Suzanne
23 Amidon, for Commission Staff. And with me
24 today is Rich Chagnon, an Analyst in the

1 Electric Division. Thank you.

2 CHAIRMAN HONIGBERG: Mr. Fossum, I
3 see Mr. Goulding is in place. Is there
4 anything we need to do before he is sworn in?

5 MR. FOSSUM: There is. We will
6 actually have other witnesses joining him for
7 this proceeding. I guess I would invite them
8 to join him for this proceeding.

9 And while they're doing so, I would
10 just note that we have some exhibits that have
11 been premarked for identification. Premarked
12 as "Exhibit 1" for identification is the
13 September 29th filing; premarked for
14 identification as "Exhibit 2" is the
15 December 8th update.

16 MS. CARMODY: I would disagree with
17 that. Did you say Exhibit 1 was
18 "September 29th"?

19 MR. FOSSUM: Yes.

20 CHAIRMAN HONIGBERG: Let's go off the
21 record. Let's get it sorted out.

22 *[Brief off-the-record discussion*
23 *ensued.]*

24 MR. FOSSUM: Certainly. My

1 apologies. Relative to what has been premarked
2 as "Exhibit 1", the cover letter is dated
3 "September 29th", but it was actually submitted
4 on October 2nd.

5 And then, finally -- and I believe
6 Exhibit 2 was both dated December 8th and filed
7 on December 8th. And then, finally, what's
8 been premarked for identification as "Exhibit
9 3" is the "bingo sheet" exhibit. And I'll just
10 note that it's the same document as was
11 provided in DE 17-160 as "Exhibit 2".

12 (The documents, as described,
13 were herewith marked as
14 **Exhibit 1, Exhibit 2,** and
15 **Exhibit 3,** respectively, for
16 identification.)

17 CHAIRMAN HONIGBERG: Mr. Patnaude,
18 would you swear the witnesses in please.

19 (Whereupon **Christopher J.**
20 **Goulding, Daniel J. Ludwig,** and
21 **Frederick B. White** were duly
22 sworn by the Court Reporter.)

23 CHAIRMAN HONIGBERG: Mr. Fossum.

24 MR. FOSSUM: Thank you.

1 **CHRISTOPHER J. GOULDING, SWORN**

2 **DANIEL J. LUDWIG, SWORN**

3 **FREDERICK B. WHITE, SWORN**

4 **DIRECT EXAMINATION**

5 BY MR. FOSSUM:

6 Q Mr. Goulding, could you please state your name,
7 your place of employment, and responsibilities
8 for the record please.

9 A (Goulding) Sure. My name is Christopher
10 Goulding. I'm employed by Eversource Energy
11 Company, 780 North Commercial Street,
12 Manchester, New Hampshire. And I'm the Manager
13 of New Hampshire Revenue Requirements.

14 Q And, Mr. White, could you also state your name,
15 place of employment, and responsibilities.

16 A (White) My name is Frederick White. I work for
17 Eversource Service Company, in Berlin,
18 Connecticut. I'm a Supervisor in the Electric
19 Supply Department. And we manage and analyze
20 the portfolio of load and resources to meet
21 energy service requirements for our default
22 customers in New Hampshire.

23 Q And, Mr. Ludwig, finally, could you state your
24 name and place of employment and

[WITNESS PANEL: Goulding|Ludwig|White]

1 responsibilities.

2 A (Ludwig) My name is Daniel Ludwig. I work at
3 Eversource Energy, in Westwood, Massachusetts.
4 My position is Team Lead in the Sales and
5 Revenue Forecasting Group. I'm responsible for
6 activities associated with demand forecasting,
7 revenue projection, and economic analysis for
8 multiple operating companies.

9 Q Mr. Goulding, in what has been premarked as
10 "Exhibit 1", did you, back on October 2nd,
11 submit prefiled testimony in this proceeding?

12 A (Goulding) Yes, I did.

13 Q And was that testimony prepared by you or at
14 your direction?

15 A (Goulding) Yes, it was.

16 Q And do you have any changes, updates or
17 corrections to that testimony?

18 A (Goulding) I do not.

19 Q And do you adopt that testimony as your sworn
20 testimony in this proceeding?

21 A (Goulding) Yes, I do.

22 Q And, Mr. Ludwig, did you also, back on October
23 2nd, submit prefiled testimony in this matter?

24 A (Ludwig) Yes, I did.

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[WITNESS PANEL: Goulding|Ludwig|White]

1 Q And that testimony, was it prepared by you or
2 at your direction?

3 A (Ludwig) Yes, it was.

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

6 A (Ludwig) I do not.

7 Q And do adopt that testimony as your sworn
8 testimony in this proceeding?

9 A (Ludwig) I do.

10 Q Now, Mr. Goulding, did you, on December 8th,
11 included in what has been premarked for
12 identification as "Exhibit 2", submit a joint
13 technical statement?

14 A (Goulding) Yes, I did.

15 Q And was that technical statement prepared by
16 you or at your direction?

17 A (Goulding) Yes, it was.

18 Q And do you have any changes or updates to that
19 statement?

20 A (Goulding) I do not.

21 Q And do adopt that also as part of your sworn
22 testimony in this proceeding?

23 A (Goulding) Yes.

24 Q And, finally, Mr. White, did you join in that

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[WITNESS PANEL: Goulding|Ludwig|White]

1 technical statement that Mr. Goulding has just
2 identified as part of Exhibit 2?

3 A (White) Yes.

4 Q And was that also prepared -- did you also
5 participate in the preparation of that
6 technical statement?

7 A (White) Yes.

8 Q And do you adopt that technical statement as
9 your testimony in this proceeding?

10 A (White) I do.

11 Q With that, I would ask primarily Mr. Goulding
12 and Mr. White, if you could please, consistent
13 with how we've done these in the past, if you
14 could discuss what is shown and described in
15 that technical statement, and what it means for
16 the rate proposal that is the subject of this
17 hearing.

18 A (Goulding) Okay. Overall, generally, what the
19 Company is requesting today is a change to the
20 Energy Service rate effective January 1st, from
21 the current rate of 11.66 cents, down to 11.25
22 cents.

23 One difference in the calculation in how
24 it had been done in the past, it was an annual

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[WITNESS PANEL: Goulding|Ludwig|White]

1 rate that was calculated. This is a
2 three-month rate that was calculated. And
3 that's consistent with the Settlement that was
4 filed in DE 17-113.

5 We did provide as part of the filing, for
6 comparison purposes, on Bates Page 006, what
7 the annual rate calculation would be, and that
8 was 11.07 cents. But, due to the Settlement in
9 DE 17-113, and the expectation that the assets
10 will not be in our control for the calendar
11 year 2018, we proposed a three-month rate of
12 11.25 cents.

13 And the overall driver of that decrease in
14 rate is just lower forecasted costs for 2018
15 over the 2017 costs currently in rates.

16 Q Mr. Goulding, could you please look at what has
17 been premarked for identification as "Exhibit
18 3". And please explain what is shown on that
19 exhibit relative to the rate that is the
20 subject of this hearing.

21 A (Goulding) Okay. So. This Exhibit 3, Page 1,
22 is an average residential customer bill impact.
23 And Column (6) is the Energy Service Charge.
24 So, you have the current Energy Service Charge

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[WITNESS PANEL: Goulding|Ludwig|White]

1 of 11.66 cents, and it's going down to 11.25
2 cents.

3 And, then, if we scroll down to the second
4 to last line, it says "Energy Service".

5 Currently, customers taking 600 kilowatt-hours
6 a month would pay \$69.96 for their energy.

7 With this new rate, they will be paying \$67.50,
8 for a decrease of \$2.46, or an overall decrease
9 in their average -- in their overall bill of
10 2 percent.

11 On Page 2 of this exhibit, this really
12 isn't applicable to this docket, because this
13 excludes the Energy Service. So, if we skip
14 over to Page 3, this is the impact on each
15 change of the bills, including Energy Service.
16 So, we have a distribution rate change proposed
17 for January 1st, a Stranded Cost Recovery
18 Charge, and a System Benefits Charge, and then
19 the Energy Service Charge.

20 So, if you go to the bottom column, it
21 says "Total Retail", for this Energy Service
22 change we've requested for January 1st, it will
23 be 2.2 percent decrease in Energy Service rates
24 on January 1st. And the overall combination of

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[WITNESS PANEL: Goulding|Ludwig|White]

1 all the changes in rates, distribution, SCRC,
2 System Benefits, and Energy Service would be a
3 decrease of 0.9 percent overall.

4 Q Thank you. And, Mr. Goulding, is it the
5 Company's position that the request that is the
6 subject of this hearing results in just and
7 reasonable rates that are in the public
8 interest?

9 A (Goulding) Yes.

10 MR. FOSSUM: Thank you. That's what
11 I have for direct.

12 CHAIRMAN HONIGBERG: Mr. Kreis.

13 MR. KREIS: Thank you, Mr. Chairman.
14 Just a few questions. I think I'm going to
15 start with Mr. Goulding.

16 **CROSS-EXAMINATION**

17 BY MR. KREIS:

18 Q The Settlement Agreement in Docket No. DE
19 17-113 calls for a three-month Energy Service
20 rate, and that's what you're proposing here,
21 correct?

22 A (Goulding) Yes, that's correct.

23 Q But the Settlement Agreement seems to
24 contemplate that the competitively procured

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[WITNESS PANEL: Goulding|Ludwig|White]

1 Energy Service will commence at the earliest on
2 April 1st, true?

3 A (Goulding) Yes.

4 Q So, what happens during the month of -- so,
5 this rate is applicable in January, February,
6 and March. And, so, the new rate would begin
7 on April 1st?

8 A (Goulding) The competitively procured market
9 base rate would be on January -- April 1st.

10 Q Right.

11 A (Goulding) Assuming all the other timelines
12 line up.

13 Q Consistent with my bad law school math, I was
14 thinking "Wait, April is month number four.
15 So, what happens during April?"

16 *[Court reporter interruption.]*

17 BY MR. KREIS:

18 Q I was simply applying my law school math, and
19 suffering from some confusion about what would
20 happen in the fourth month. In the fourth
21 month, the Company's proposal would be to apply
22 a competitively procured Default Service rate?

23 A (Goulding) That's the proposal in 17-113,
24 again, assuming that all of the other timelines

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[WITNESS PANEL: Goulding|Ludwig|White]

1 line up as planned.

2 Q Do you know whether they are continuing to line
3 up as planned?

4 A (Goulding) It is my understanding they are
5 still lined up that way.

6 Q Super. I would like to take a look at
7 Exhibit 2. And I would like to have a little
8 help, and this might be a "Mr. White question",
9 but I'd like to have a little help
10 understanding one paragraph of this document
11 that I find inscrutable. And that appears on
12 Bates Page Number 003, and it is the paragraph,
13 part number 4.

14 So, I guess maybe, Mr. White, you could
15 just take me through that paragraph and explain
16 exactly what you mean?

17 A (White) Well, we're explaining the changes in
18 the September filing to this filing.

19 Q Right. So -- oh, excuse me.

20 A (White) And those changes include a decrease in
21 purchases of 37 gigawatt-hours. Prices went
22 up. So, our generation output increased, we
23 had slightly lower loads due to a new forecast
24 and a new migration forecast. And even though

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[WITNESS PANEL: Goulding|Ludwig|White]

1 the purchase volume went down, expenses
2 increased by 0.7 million. And the explanation,
3 the increase in forward prices exceeded the
4 effect that a lower volume would have.
5 Because, when you think about it, 37
6 gigawatt-hours is a very small percentage of
7 the overall purchase volume. And when the
8 price changes, the price changes on the total
9 volume. So, I'm assuming that's the
10 confusion --

11 Q Yes.

12 A (White) -- generated by this explanation. But
13 that's kind of a deeper dive, that I don't have
14 the number right in front of me. But it's
15 several hundred thousand megawatt-hours of
16 purchases, and the volume change is a
17 relatively small volume, but the price change
18 has an effect on the total volume. So, that's
19 why you get that dichotomy, if you will.

20 MR. KREIS: That's exactly the help I
21 was seeking.

22 Mr. Chairman, those are all the
23 questions I have.

24 CHAIRMAN HONIGBERG: Ms. Amidon.

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[WITNESS PANEL: Goulding|Ludwig|White]

1 MS. AMIDON: Thank you. Good
2 morning.

3 WITNESS GOULDING: Good morning.

4 BY MS. AMIDON:

5 Q Mr. Goulding, you calculate the rate based on
6 the estimates, in the updated estimates
7 provided by Mr. White in his work, is that
8 right?

9 A (Goulding) Yes. Some of Mr. White's work goes
10 into the calculation of rates.

11 Q And, as I understand it, the three-month rate
12 that you're asking for, the 11.25 cents per
13 kilowatt-hour, is not an average of the rate
14 calculation for 2018. But you looked
15 specifically at the forecast for the first
16 three months of 2018, is that right?

17 A (Goulding) That's correct.

18 Q So, where we see, in Exhibit 2, for example,
19 that there's a migration forecast for the
20 entirety of 2018 on Page 2, and on Page 3 we
21 see forward electric prices for every month in
22 2018, you just derived your rate by looking at
23 all of the revenues and costs associated with
24 January, February, and March 2018?

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[WITNESS PANEL: Goulding|Ludwig|White]

1 A (Goulding) Yes. That's correct.

2 Q So, you're trying to get as close to the
3 estimated market prices as possible?

4 A (Goulding) Yes. We're trying to charge the
5 customers in those months of January, February,
6 and March for the actual costs that would be
7 incurred.

8 Q Right. I just thought that -- that's what I
9 understood, but I wanted to get that out there,
10 because I was concerned I may have
11 misunderstood it at some point.

12 And, Mr. Ludwig, you are responsible for
13 developing the customer migration forecast, is
14 that right?

15 A (Ludwig) That's correct.

16 Q When we look at Page 2 and we see the migration
17 forecast, there are, well, especially for
18 February, there is a noticeable difference in
19 the migration forecasts in the updated filing
20 and the original filing that was made on
21 October 2nd. Do you have -- can you provide us
22 with an explanation for that change?

23 A (Ludwig) Yes. So, for the December 8th filing,
24 we updated our sales forecast. And that

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[WITNESS PANEL: Goulding|Ludwig|White]

1 updated sales forecast had the medium and large
2 commercial and industrial customers
3 representing a larger share of the total sales
4 volumes. And because those sales volumes are
5 associated with a much higher level of
6 migration, it in turn created a higher level of
7 overall migration in the forecast period. And
8 the opposite was true in March and April. For
9 those months, there was less medium and large
10 commercial and industrial migration, higher
11 residential, which kind of created the opposite
12 effect.

13 Q And is this based on the typical modeling that
14 you do for customer migration?

15 A (Ludwig) Correct. It's the same methodology
16 that's been presented in the past few years.

17 Q Thank you. Mr. White, this is for you. It's
18 on Page 2. If you look at D.2, it discusses
19 Newington generation, and it says "decreased by
20 1 gigawatt". Typically, the Commission has
21 seen Newington participate in the Winter
22 Reliability Program, and this shows a decrease
23 in production. So, could you just explain why
24 that is the case for this winter?

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[WITNESS PANEL: Goulding|Ludwig|White]

1 A (White) Well, the output in January of
2 Newington, its fuel input, its gas supply,
3 those prices went up, and the forward market
4 price in that month went up by a smaller
5 amount. So, on a relative basis, Newington
6 became slightly less economic than in the prior
7 forecast. So, it was generating less.

8 With regard to the Winter Reliability
9 Program, that is a program that looks at how
10 much oil is on storage at site. It's not a
11 direct relation to output.

12 Q Okay.

13 A (White) It's really an ability to provide
14 output from something other than gas, namely
15 oil. And, so, that program is not tied to
16 output, but rather having fuel on-site.

17 Q Thank you for that clarification. And I think,
18 I don't know who this is for, but, if you look
19 at Page 3 of Exhibit 2, at the bottom of the
20 page there is a table that says "Eversource
21 Energy Sales Forecast". And looking at
22 February, there appears to be a change, a
23 reduction between the initial forecast and the
24 updated forecast of 7.7 percent. Can someone

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[WITNESS PANEL: Goulding|Ludwig|White]

1 explain that please?

2 A (Ludwig) Yes. So, that jumps out. That's a
3 direct relation to the migration forecast being
4 off by 3 percent. That's where it shows up
5 there. When you multiply that change times the
6 sales forecast, the Energy Service piece jumps
7 out at being almost an 8 percent change.

8 Q So, those two tie together?

9 A (Ludwig) Those two are directly tied together,
10 yes.

11 Q Great. Thank you. Another thing that, I think
12 this is for you, Mr. White, on Page 4, under
13 Item F, it talks about -- there's a reference
14 in there to a "\$2.6 million decrease in
15 capacity credit".

16 Now, going forward under a competitive
17 procurement model, what happens -- I assume
18 that all the capacity credits go away, is that
19 right?

20 A (White) Right. The capacity credit, the
21 "capacity costs" line in our exhibits in this
22 filing are net of cost to load and revenues to
23 the resources. When we divest the resources,
24 the revenue side of that equation will go to

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[WITNESS PANEL: Goulding|Ludwig|White]

1 the new owner, and only the costs to load will
2 flow through via our competitive procurement.

3 Q Right. So, a supplier would bid the cost of
4 capacity along with the cost of the energy?

5 A (White) Correct.

6 Q Thank you. Just a couple more. On Page 6,
7 Mr. Goulding, this is one of your attachments,
8 it says "CJG-1 Page 2 of 2", I wanted to ask a
9 couple of questions about the Scrubber. The
10 rate of 11.25 cents, does that include the 1.72
11 cents recovery cost for the Scrubber
12 installation at Merrimack Station?

13 A (Goulding) Yes, it does.

14 Q But, as I understand it, there's no deferral
15 recovered here for the Scrubber, is that right?
16 And no recovery of the cost of deferral?

17 A (Goulding) Right. The Energy Service rate
18 that's developed is developed exclusive of the
19 Scrubber cost and Scrubber deferral.

20 Q Okay. Thank you. I just wanted to be clear on
21 that.

22 And with Exhibit 3 in this docket, which
23 is the bingo sheet, again, if we look at Page 3
24 of 3 of that document, what this depicts is, at

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[WITNESS PANEL: Goulding|Ludwig|White]

1 the bottom where it says "Total Retail", would
2 that be the average effect of the rates
3 overall?

4 A (Goulding) Yes.

5 Q And if we look at the column at the far right,
6 where it says "Total Delivery and Energy", that
7 is the effect of the rates with the customer
8 class allocation having been included in that
9 calculation, is that right?

10 In other words, the customer class has a
11 different allocation, and these, at the
12 right-hand column, that reflects the individual
13 classes according to that allocation
14 methodology, is that fair to say?

15 A (Goulding) That's fair to say.

16 MS. AMIDON: Okay. Thank you.

17 That's all I have.

18 CHAIRMAN HONIGBERG: Commissioner
19 Bailey.

20 CMSR. BAILEY: I have a follow-up on
21 the Scrubber deferral question.

22 BY CMSR. BAILEY:

23 Q The rate included in the Default Service rate
24 for Scrubber recovery is 1.72 cents, right?

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[WITNESS PANEL: Goulding|Ludwig|White]

1 A (Goulding) Yes.

2 Q And does that rate include deferral -- some
3 deferral costs?

4 A (Goulding) It's designed to recover one-seventh
5 of the outstanding deferral at the time the
6 filing was made back in 2016.

7 Q So, each year it recovers one-seventh?

8 A (Goulding) One-seventh. Plus, it also recovers
9 the ongoing costs of the Scrubber, O&M,
10 depreciation, return on the Scrubber
11 investment.

12 Q Okay. Thank you. Can we look at Exhibit 1,
13 Page 6? I think we talked about this last
14 time. I'd just like to have an update, on the
15 costs of the contract, the shipping contract.
16 Is that the shipping contract for coal?

17 A (Goulding) Yes. It was the CSO -- or, CSO
18 contract.

19 Q Okay. And last time I think, Mr. White, you
20 and I talked about this, and you kept getting
21 delivery of coal at Merrimack when it wasn't
22 really needed. Did anything change?

23 A (White) No. We have not had a lot of
24 generation at Merrimack, and we have not

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[WITNESS PANEL: Goulding|Ludwig|White]

1 received any additional coal deliveries. We
2 took what -- as much as we could under this
3 shipping contract. And the yard is essentially
4 full, and remains full.

5 Q So, under the contract, you don't have to take
6 any more because it's full. Is that what you
7 mean?

8 A (White) Well, when the coal yard became full,
9 that led to a settlement under this contract.
10 Because the contract termination date had
11 occurred, and the supplier didn't want to
12 continue to hold open for our ability to take
13 additional shipments. We had contracted for a
14 certain number of shipments, and were unable to
15 fulfill the full amount, because we had not had
16 sufficient generation and there was no more
17 room in the coal yard. That led to a
18 settlement with our shipper. And that's the
19 \$3.4 million payment. So, that contract is
20 "off the books", so to speak.

21 Q Okay. Is that \$3.4 million payment an expense
22 somewhere or are you earning a return on that?

23 A (Goulding) It's an expense. But it's basically
24 not included in the rate filing now. There

[WITNESS PANEL: Goulding|Ludwig|White]

1 would be -- there's nothing being earned on it.
2 It's not like a -- it's not an item that would
3 be included in our rate base or anything like
4 that.

5 Q Okay. So, are you recovering that 3.4 million?

6 A (Goulding) Not right now, because it's been
7 excluded from the -- it's been excluded from
8 the calculation of the rates before you right
9 now, because it's being discussed or continues
10 to be discussed in the reconciliation docket,
11 17-075.

12 Q Okay. All right. And that leads me to another
13 question. You said that the forecasted rates
14 for 2018 were lower than those forecasted in
15 2017. Does that mean that the rates that were
16 charged in 2017 were probably higher than
17 actual expenses or --

18 A (Goulding) No. There's a mixture of costs that
19 are just different from forested for 2018
20 versus what's currently in rates for 2017. We
21 actually have an under recovery flowing in, or
22 a forecasted under recovery at the end of this
23 year. So, they're definitely not higher, or
24 the rates weren't higher than their actual and

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[WITNESS PANEL: Goulding|Ludwig|White]

1 prudent costs. The rates might have been a
2 little lower than the actual and prudent costs.
3 But a lot of that's driven by migration and
4 also energy prices. We forecast a level of
5 energy prices. If they go up, the rates are
6 set based on those energy prices. And it
7 depends, if they go up high enough, whether it
8 triggers our own generation to run, or whether
9 we have surplus load that we would sell into
10 the market that can kind of put some downward
11 pressure on the cost.

12 Q And that's all being sorted out in the
13 reconciliation docket?

14 A (Goulding) That will all come -- be filed as
15 part of the reconciliation docket for 2017.

16 Q Okay. And at the end of 2018, will we have a
17 reconciliation docket that includes
18 reconciliation of these rates and the
19 competitively bid rates?

20 A (Goulding) Yes. It will -- they would probably
21 be two separate ones, because you'll
22 probably -- the competitively bid ones would be
23 its own separate reconciliation. And then
24 there would be one final reconciliation for our

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[WITNESS PANEL: Goulding|Ludwig|White]

1 owned generation, as part of the issuance of
2 the RRBs, and then the reconciled amount would
3 get recovered through Stranded Cost Recovery
4 Charge as Part 2 costs. Because when we go to
5 issue the RRBs, we're going to -- we're not
6 going to have final numbers as part of this
7 docket, because there's always a lag between
8 billings and when you get actual receipts and
9 true-ups. So, it will all get reconciled as
10 part of its own docket.

11 Q And if you close on -- if we go to competitive
12 default service as of April 1st, when would you
13 expect that reconciliation filing to happen?

14 A (Goulding) Historically, when we have a
15 year-end, we usually file from I think it's
16 May 1st. So, it's about four months later, I
17 would suspect somewhere in that general
18 timeframe. Just due to the fact that there's
19 probably a lot of taxes, tax calculations that
20 have to be done, and just making sure that all
21 of the invoices and charges have come through.
22 It's going to require special attention.

23 CMSR. BAILEY: Okay. Thank you.

24 That's all I have.

{DE 17-150} {12-19-17}

[WITNESS PANEL: Goulding|Ludwig|White]

1 CHAIRMAN HONIGBERG: Commissioner
2 Giaimo.

3 CMSR. GIAIMO: Good morning.

4 WITNESS GOULDING: Good morning.

5 WITNESS WHITE: Good morning.

6 WITNESS LUDWIG: Good morning.

7 BY CMSR. GIAIMO:

8 Q So, maybe someone could just dumb this down for
9 me. Whereas you're expecting a lower Default
10 Service rate, what impact do you expect that to
11 have on the migration rate?

12 A (Ludwig) So, when we forecast the migration
13 presented here in this docket, we do not factor
14 in the Energy Service rate offered by
15 Eversource. We do that on purpose, to make
16 sure we don't bias what the migration forecast
17 would then do. Kind of would be a cyclical
18 cycle, whatever we have forecast for the
19 migration rate, would impact the migration
20 forecast, which would impact the rate, and that
21 would just keep going.

22 So, we just look at what we -- we use a
23 proxy for what we believe the supplier's price
24 will be, and we use that to forecast customer

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1 migration.

2 Q Okay.

3 A (White) We could point out, Commissioner, that
4 both 11.66 and 11.25 are, over long-term
5 average rates, above market. So, I don't know
6 that that difference would create a big delta
7 in our migration. It seems to have been
8 following a seasonal pattern. We would expect
9 it to continue.

10 Q That's helpful. Thank you. Just a couple of
11 quick questions for clarification on Bates 007.

12 CHAIRMAN HONIGBERG: Which document?

13 BY CMSR. GIAIMO:

14 Q From the December 8th filing, CJG-2, Exhibit 2,
15 I think. So, just some points of
16 clarification. Can you explain why Line 16
17 changes? Why does the capacity number actually
18 change from month to month? Is that linked
19 with your CSOs? And, if so, why would that
20 change?

21 A (White) It is. Our migration forecast -- it's
22 not the CSO, but the CLO, which is the load
23 side. Our migration forecast actually
24 decreased slightly, which drives capacity

[WITNESS PANEL: Goulding|Ludwig|White]

1 responsibility up. There's a little higher
2 assumed responsibility on the load side. We
3 also -- ES load has a relatively higher
4 capacity responsibility than total PSNH load,
5 in general. And we track that relationship and
6 we update that relationship periodically. This
7 filing has an update, which further drove the
8 responsibility a little bit higher. So, that's
9 why the credits have gone down. The load
10 has -- responsibility has gone up a little bit.

11 Q Okay. I understand that. What about RGGI, the
12 RGGI numbers? What's the rhyme or reason to
13 that and why is there a dash in May?

14 A (White) That is because we have zero generation
15 in May. So, we calculate RGGI expenses or
16 forecast RGGI expenses as a function of fossil
17 generation. So, you'll see the numbers are
18 much higher in the peak months, where our
19 generation is expected to run more often,
20 create more emissions, and resulting allowance
21 costs.

22 Q Okay. And just so that I understand this. So,
23 I looked at Lines 12, and I added them all up,
24 and then divided it by the Lines 24, when I

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[WITNESS PANEL: Goulding|Ludwig|White]

1 added all those up, and it looks like the
2 fossil energy costs represent about 28 percent
3 of the total energy service cost. Does that
4 sound right? Is that --

5 A (White) I'll take your word for it. So,
6 Line 12 as a percent of Line 24?

7 Q Yes. "Total Energy Service Cost". Line 24.

8 A (White) So, are you doing that on the annual
9 total?

10 Q I just did it over the six months.

11 A (White) Oh.

12 Q I added them all up.

13 A (White) Gotcha.

14 Q And I'm wondering if that's something
15 appropriate to do, because it looks like the
16 total cost then of the fossil energy cost, it's
17 about, you know, just under 30 percent of the
18 total?

19 A (White) I think that's something reasonable to
20 do, and that sounds about right. Because when
21 our generation doesn't run, we're purchasing
22 from the market. And that's probably been the
23 predominant state that we're in for a bulk of
24 the year. Our generation typically runs or is

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[WITNESS PANEL: Goulding|Ludwig|White]

1 forecast to run from predominantly really only
2 in two or three months. So, yes, I guess that
3 I'll take your word for the math, but that kind
4 of makes sense.

5 Q Okay. And if I compare that to Line 20, the
6 "Burgess BioPower"?

7 A (White) Yes.

8 Q That's about 12 and a half percent? I'm just
9 trying to put things in perspective and
10 understand the magnitude here. The Burgess
11 Biomass and the fossils seem to be two of the
12 bigger drivers.

13 A (White) We can vouch for the numbers. I'll
14 take your word for the math. 36 million annual
15 total I'll point out is only for capacity and
16 energy payments to Burgess. The REC costs are
17 sort of subsumed in the RPS line. So, that's
18 not all the costs associated with the Burgess
19 contract.

20 Q Okay.

21 A (White) But, for energy and capacity, yes.

22 CMSR. GIAIMO: Thank you. I have no
23 other questions.

24 CHAIRMAN HONIGBERG: My questions

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1 were answered.

2 Mr. Fossum, do you have any redirect?

3 MR. FOSSUM: I do not.

4 CHAIRMAN HONIGBERG: Is there
5 anything we need to do before the closing
6 ceremonies on this docket?

7 *[No verbal response.]*

8 CHAIRMAN HONIGBERG: All right.
9 Without objection, we'll strike ID on
10 Exhibits 1, 2, and 3.

11 Mr. Kreis, why don't you sum up
12 first.

13 MR. KREIS: The proposal of
14 Eversource to revise its Energy Service rate
15 down to 11.25 cents per kilowatt-hour for the
16 first three months of 2018 is a just and
17 reasonable request. And the Commission should
18 grant it.

19 CHAIRMAN HONIGBERG: Ms. Amidon.

20 MS. AMIDON: Thank you. Staff has
21 reviewed the filing and has determined that the
22 Company has calculated the Energy Service rate
23 for the first three months of 2018 in a manner
24 consistent with the calculation of rates in the

1 past. Obviously, the distinction being that
2 this is just for three months. But we believe
3 it also comports with RSA 369 and reflects the
4 actual prudent and reasonable costs of
5 delivering energy service to its customers, and
6 recommend the Commission approve the filing.

7 CHAIRMAN HONIGBERG: Mr. Fossum.

8 MR. FOSSUM: Thank you. I agree with
9 the sentiments I've heard from the OCA and the
10 Staff. The Company has presented a filing that
11 we believe presents just and reasonable rates
12 for the first three months of 2018, with the
13 expectation that we'll be transitioning after
14 that point. And we would request that the
15 Commission approve the filing as submitted.

16 CHAIRMAN HONIGBERG: Thank you,
17 Mr. Fossum. We will close the record in
18 17-150. Take the matter under advisement and
19 issue -- did I not strike ID?

20 *[Brief off-the-record discussion*
21 *ensued.]*

22 CHAIRMAN HONIGBERG: If I haven't
23 already struck ID on Exhibits 1, 2, and 3, I
24 will do that, although I think I did.

1 In any event, we'll take the matter
2 under advisement and issue an order as quickly
3 as we can and adjourn this hearing.

4 ***(Whereupon the hearing was***
5 ***adjourned at 11:12 a.m.)***

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