

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 19, 2017 - 10:07 a.m.
Concord, New Hampshire

9 JAN '18 PM 1:03

RE: DE 17-160
EVERSOURCE ENERGY:
Petition for Recovery of Annual
Assessment and Consultant Costs.

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

I N D E X

PAGE NO.

WITNESS: CHRISTOPHER J. GOULDING

Direct examination by Mr. Fossum	6
Cross-examination by Mr. Kreis	10
Cross-examination by Ms. Amidon	14
Interrogatories by Cmsr. Bailey	15
Interrogatories by Cmsr. Giaimo	19

CLOSING STATEMENTS BY:

Mr. Kreis	23
Ms. Amidon	24
Mr. Fossum	26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Petition for Recovery of Annual Assessment and Consultant Costs, including Prepared Testimony of Christopher J. Goulding, with attachments (10-20-17)	5
2	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: Good morning,
3 everyone. We're here, we're going to be doing
4 three hearings back-to-back. I believe the
5 first one is in DE 17-160, which is
6 Eversource's Petition to Recover Assessment and
7 Consultant Costs.

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: Good morning, Mr.
15 Chairman. I'm D. Maurice Kreis, the Consumer
16 Advocate, doing business on behalf of New
17 England Patriots fans, Boston Red Sox fans, and
18 all other residential utility customers.

19 CHAIRMAN HONIGBERG: You forgot the
20 Celtics and Bruins.

21 MR. KREIS: Ah. I stand corrected.

22 MS. AMIDON: I always wondered why it
23 wasn't the "Keltics"?

24 Suzanne Amidon, for Commission Staff,

1 and with me today is Rich Chagnon, who is an
2 Analyst in the Electric Division.

3 CHAIRMAN HONIGBERG: All right. How
4 are we going to proceed this morning?

5 Mr. Fossum.

6 MR. FOSSUM: As you've noted, we're
7 going to start with 17-160. We have one
8 witness for that. And we would begin by having
9 him take the stand.

10 While he's doing that, I'll note
11 we've had premarked for identification the
12 Company's October 20th filing as "Exhibit 1.
13 And the exhibit that's typically referred to as
14 the "bingo sheet" would be "Exhibit 2",
15 premarked for identification. And a copy of
16 which has been provided to each of you, I
17 believe.

18 (The documents, as described,
19 were herewith marked as
20 **Exhibit 1** and **Exhibit 2**,
21 respectively, for
22 identification.)

23 CHAIRMAN HONIGBERG: Mr. Patnaude.

24 (Whereupon **Christopher J.**

1 **Goulding** was duly sworn by the
2 Court Reporter.)

3 CHAIRMAN HONIGBERG: Mr. Fossum.

4 MR. FOSSUM: Thank you.

5 **CHRISTOPHER J. GOULDING, SWORN**

6 **DIRECT EXAMINATION**

7 BY MR. FOSSUM:

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

11 A Yes. My name is Christopher Goulding. I'm
12 employed by Eversource Energy Company, at 780
13 North Commercial Street, in Manchester. My
14 position is Manager of New Hampshire Revenue
15 Requirements.

16 Q And, Mr. Goulding, back on October 20th, did
17 you submit prefiled testimony in this
18 proceeding?

19 A Yes, I did.

20 Q And was that testimony prepared by you or at
21 your direction?

22 A Yes, it was.

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

1 A Yes, I do.

2 Q Would you please explain what that correction
3 is?

4 A Sure. On Bates Page 011 of the testimony,
5 Line 5, it says "submission results in an
6 increase to the average distribution rate of
7 1.7 cents" -- or, "1.7 cents per kWh". It
8 should be "0.017 cents per kWh".

9 Q So, for clarity, then we would just -- we
10 delete the dollar sign and replace -- and add
11 in the word "cents"?

12 A That is correct.

13 Q Do you have any other changes or corrections?

14 A I do not.

15 Q And subject to that correction, do you adopt
16 this testimony as your sworn testimony in this
17 proceeding?

18 A Yes, I do.

19 Q Mr. Goulding, could you very -- very briefly, I
20 think it mostly speaks for itself, very briefly
21 explain what the Company is requesting by this
22 filing?

23 A Yes. So, in this filing, the Company is
24 requesting an average distribution rate change

1 of 0.17 cents per kWh. And it's to address two
2 items. One of those items is a change in the
3 assessment expense of the Commission. Back in
4 Order Number 25,743, we had a set level of
5 assessment costs in our distribution rates.
6 And there was a option for adjusting that in
7 the future, if there were significant changes
8 or changes in the assessment going forward.
9 So, that's one of the items that's being
10 captured here.

11 And in addition, we're seeking recovery of
12 consultant costs charged for two legislatively
13 mandated dockets: The grid modernization
14 docket, DE 15-296, and the net metering docket,
15 16-576.

16 Q Thank you. Mr. Goulding, turning to what has
17 been premarked for identification as "Exhibit
18 2", could you please explain what is shown on
19 that exhibit, and in particular with reference
20 to this request?

21 A Yes. So, on Page 1 of Exhibit 2, it's a
22 calculation of a average residential customer's
23 monthly rate impact. If you look down to the
24 line where it kind of lists the tables as

1 "Distribution", currently, customers are paying
2 \$37.39, a residential customer is paying \$37.39
3 for their distribution service. After this
4 adjustment, they will be paying \$37.54. So, a
5 change of roughly 15 cents a month, or an
6 increase in their total bill of 0.1 percent.

7 Page 2 of this exhibit, this just looks at
8 the individual different components. There's
9 proposals for a distribution rate change, a
10 Stranded Cost Recovery change, and an Energy
11 Service change being discussed today. Last
12 week, there was a discussion around the change
13 for the System Benefits Charge.

14 So, if we just focus on the "Total Retail"
15 for "Distribution", which is the focus of this
16 docket, there is a 0.2 percent increase in
17 distribution rates for customers not taking
18 delivery -- not taking Energy Service from the
19 Company.

20 And, on Page 3, this is for a customer
21 taking Energy Service, we just look at the
22 "Total Retail" change for "Distribution" line,
23 there's a "0.1 percent" increase in the
24 electric rates for customers taking Energy

1 Service.

2 Q Thank you. And, Mr. Goulding, is it the
3 Company's position that this request results in
4 rates that are just and reasonable and in the
5 public interest?

6 A Yes, it is.

7 MR. FOSSUM: Thank you. That's all I
8 have for direct.

9 CHAIRMAN HONIGBERG: Mr. Kreis.

10 MR. KREIS: Thank you. Just a few
11 questions.

12 **CROSS-EXAMINATION**

13 BY MR. KREIS:

14 Q Let's continue where Mr. Fossum left off with
15 Exhibit 2, which is the so-called "bingo
16 sheet", just so it's clear.

17 If you look at Page 2 of Exhibit 2, I just
18 want to make sure I understand this. For
19 Residential Rate R customers, as a result of
20 the changes we're talking about today, total
21 delivery service charges go up 2.9 percent,
22 correct?

23 A Yes.

24 Q And that 2.9 is a total of all the numbers in

1 that row. And, so, therefore, distribution
2 rate increases account for 0.3 percent of that
3 increase; the SCRC increase accounts for
4 1.6 percent; and the increase -- proposed
5 increase in the SBC accounts for 1.1 percent?

6 A That's correct.

7 Q If you look at Exhibit 1, and go to Bates Page
8 014 of Exhibit 1, it looks like the Company is
9 seeking a recovery of about \$430,000 in
10 consultant expenses incurred by the Office of
11 the Consumer Advocate and the Staff of the
12 Commission. Correct?

13 A Yes.

14 Q And would it be fair, in round numbers, to say
15 that the Office of the Consumer Advocate
16 accounts for about \$100,000 of that \$430,000?

17 A I don't have it split out here, but I'll take
18 your number subject to check.

19 Q Well, you would agree with me that the expenses
20 associated with Raab Associates and nine
21 Synapse Energy Economics and DayMark Energy
22 Advisors, those relate to the Staff expenses,
23 yes?

24 A Yes.

1 Q And the Strategen Consulting concerns OCA
2 expenses?

3 A Yes.

4 Q And I guess I would ask you, subject to check,
5 to agree with me that the Strategen expenses
6 are slightly less than \$100,000, and the
7 remainder are consultants employed by Staff?

8 A I just did the rough math. And, yes, that's
9 correct.

10 Q Thank you. I have a general question about all
11 of this. Why is a request like this not
12 single-issue ratemaking?

13 A It's not single-issue ratemaking, because
14 there's a law out there. There's two laws that
15 allow for recovery associated with proceeding
16 costs, one for Staff and one for OCA. So,
17 we're just complying with the law for seeking
18 recovery of the costs.

19 Q But the Company's not proposing to break this
20 out as a separate charge, is it? On bills, I
21 mean?

22 A No. It's just being rolled into the
23 distribution rate.

24 Q On Page -- Bates Page 008 of Exhibit 1, you

1 raise the possibility of proposing a separate
2 reconciling mechanism for assessment costs as
3 part of the Company's next distribution rate
4 case. Do you know when the Company intends to
5 file its next distribution rate case?

6 A I don't.

7 Q And what is the difference between a separate
8 reconciling mechanism and the proposal you have
9 before the Commission today?

10 A Well, this one just adjusts the distribution
11 rates for a year, and then we would adjust them
12 back down. So, it acts as a reconciling
13 mechanism. But sometimes you can develop a
14 separate mechanism that just captures kind of
15 these one-off type costs. And I think other
16 utilities have something called an "external
17 delivery charge", where they capture costs
18 associated with the NHPUC assessment change, I
19 think some storm costs, and other miscellaneous
20 costs. So, it would be like kind of -- look at
21 it as -- it can be applied differently, too.
22 It can be applied on a kWh basis -- per kWh
23 basis, versus kind of, like I said, adjusting
24 the average distribution rate proportionally.

1 So, it's just a matter of kind of making it
2 more of a routine filing.

3 MR. KREIS: Okay. Thank you. Mr.
4 Chairman, those are all the questions I have.

5 CHAIRMAN HONIGBERG: Ms. Amidon.

6 MS. AMIDON: Thank you. Good
7 morning, Mr. Goulding.

8 WITNESS GOULDING: Good morning.

9 BY MS. AMIDON:

10 Q In 2014, there was a docket, you mention it in
11 your testimony, I believe it's referenced on
12 Page 7, and it's referenced probably prior to
13 this, but on Line 24. And that was the docket
14 in response to a change in legislation on the
15 assessment, is that right?

16 A Yes.

17 Q And, generally, in that order the Commission
18 issued in the docket, it said that it was not
19 appropriate at the time to develop or introduce
20 a reconciling mechanism for assessment costs,
21 right?

22 A That's correct.

23 Q So, that's why this docket takes into account
24 the fluctuation between the -- in the 2016,

1 2017, and 2018 assessments, as compared with
2 what was approved in that proceeding, which was
3 the 2015 assessment?

4 A That's correct.

5 Q Okay. Thank you. With respect to the
6 consultant costs, is the Company agreeable to
7 having those costs audited by the Staff?

8 A Yes, we are.

9 Q And in the event that there were any changes
10 that would require a reconciliation to findings
11 from the audit, the Company would be willing to
12 make that adjustment?

13 A Yes.

14 Q Thank you. And you want these changes to go in
15 effect for January 1, is that right?

16 A Yes. That's correct.

17 MS. AMIDON: Okay. Thank you.

18 That's all I have.

19 CHAIRMAN HONIGBERG: Commissioner
20 Bailey.

21 CMSR. BAILEY: Good morning.

22 WITNESS GOULDING: Good morning.

23 BY CMSR. BAILEY:

24 Q Did you say that the rate impact on

1 distribution rates was 0.17 cents or 0.017
2 cents?

3 A 0.017 cents.

4 Q Okay. That's what I thought. Now, if you look
5 at Exhibit 2, and you take the difference
6 between the proposed rate and the current rate,
7 I get 0.016 cents. In Column (1), on
8 Exhibit 2, Page 1, the difference between
9 0.04141 and 0.04125?

10 A Okay. Yes. I see that.

11 Q So, what should we say the rate impact is to
12 customers?

13 A The average rate impact is 0.017 cents. But
14 there's a change in the customer charge also.
15 So, it's a equiproportional change to overall
16 rates. So, not every customer sees a 0.017
17 cent increase. That's just the average rate
18 increase for customers, because not all
19 customers are charged the exact same rate. So,
20 when you adjust the rate proportionally, based
21 on the current rate design, there's slight
22 fluctuations between different customer
23 classes.

24 Q Are you showing average rates on this table in

1 Column (1) right now, the charge per
2 kilowatt-hour?

3 A No. This is a residential customer.

4 Q Okay. So, a residential customer will see a
5 0.016 cent per kilowatt-hour increase?

6 A And then also a 5 cent increase in the
7 distribution -- or, customer charge, going from
8 \$12.64 to \$12.69.

9 Q Okay. Oh. And that's how you get to an
10 overall 0.017 cent?

11 A Yes.

12 Q Okay. Thank you. You said that you would
13 reconcile -- that this rate will only be in
14 effect for one year, and that you'd reconcile
15 it back down next year?

16 A Yes.

17 Q Back down to what?

18 A We would remove this recovery. So, let me just
19 double check. We're adjusting the rates up by
20 0.017 cents. So, we would adjust them back
21 down by 0.017 cents.

22 Q Is that assuming that the assessment is going
23 to go down next year?

24 A Yes. So, it all depends on what the assessment

1 comes in in the fall. If it comes in at the
2 current level, then there will be no adjustment
3 necessary for the assessment. But, assuming
4 there's no other miscellaneous proceeding
5 costs, then we would adjust the rate back down
6 for the proceeding costs proportion of the rate
7 increase.

8 Q So, it's not going to be automatic that it just
9 goes back down to what it was, it's going to be
10 another proceeding like this one?

11 A Yes, it would be. Another proceeding like this
12 one.

13 Q So, that would be an annual adjustment?

14 A It has the potential to be an annual
15 adjustment. I will say, when we did the NHPUC
16 assessment change back in DE 14-237, we didn't
17 do one in '15 or '16. This was the first one.
18 Because the change was so small, it was like
19 \$40,000 one year, and then \$50 the other way
20 the next year. So, we didn't -- it wasn't
21 necessary to come in for such a small change,
22 because it wouldn't really move the rates.

23 Q What amount -- how much does it take to move
24 the rates?

1 A I think it's usually around 100,000 or so, it
2 tends to start moving the decimal a little bit.

3 CMSR. BAILEY: Okay. Thank you. I
4 think that's all I have. Thanks.

5 WITNESS GOULDING: Okay.

6 CHAIRMAN HONIGBERG: Commissioner
7 Giaimo.

8 CMSR. GIAIMO: Okay. Good morning.

9 WITNESS GOULDING: Good morning.

10 BY CMSR. GIAIMO:

11 Q So, as a point of clarification, so I make sure
12 I understand this right, and correct me if I'm
13 wrong, so, it seems like the consulting work
14 done in 2006 [2016?], as well as work --
15 consultant work done in 2007 [2017?], is
16 basically hitting the books now, and the
17 customers, through this assessment, will be
18 charged for the work done in 2016 and 2017, is
19 that right?

20 A Right. We were invoiced in 2016 and 2017 for
21 these charges.

22 CHAIRMAN HONIGBERG: And,
23 Commissioner Giaimo. Just to be clear, it's
24 the work done in 2016 and 2017, right?

1 CMSR. GIAIMO: Correct.

2 CHAIRMAN HONIGBERG: The years were a
3 little garbled when you first said it.

4 BY CMSR. GIAIMO:

5 Q So, if we can look at Bates 014.

6 A Okay.

7 Q So, just again for clarification, if I see this
8 correctly, this is all, the -- a line item of
9 each and every invoice associated with the
10 consulting work done in the Grid Mod and the
11 Net Metering dockets?

12 A Yes.

13 Q So, the first '18, that happens in 2016,
14 they're hitting the books in the 2018
15 assessment, correct?

16 A Those were invoices dated in 2016. I'm not
17 sure when we received those and when we paid
18 them. Some of the ones, the later ones, might
19 have been paid in 2017. I'm not sure if that
20 was what you were asking.

21 Q Yes. You used 100 -- when answering
22 Commissioner Bailey's question as to "what
23 moves the needle?", you said "\$100,000 moves
24 the needle." And in 2016, there was \$108,000

1 worth of expenses.

2 A Right. I think at the time it was kind of,
3 because that docket was still ongoing, and we
4 are waiting to finalize and get all the
5 invoices in to submit them all at one time, and
6 do a piece and then another piece of it.

7 Q All right. If I can maybe move to the bingo
8 sheet, Exhibit 2, just hoping you might clarify
9 briefly. What I'm looking at on Pages 2 and 3
10 of Exhibit 2 are bill impacts. And Page 2 is
11 for customers not -- going through the
12 competitive market, getting their energy
13 service through a competitive market, and
14 Page 3 is for customers taking Default Service?

15 A That's correct.

16 Q Okay. And this is -- so, this is total bill
17 impact. So, the actual distribution rate that
18 each class -- that Page 2 and Page 3 are the
19 same, it's just the impact that's different,
20 correct?

21 A The average rates are the same, but there's
22 different kind of adjustments to each class's
23 rates.

24 Q Okay. So, Residential Rate R, if I am

1 taking -- if I am taking energy service through
2 a competitive supplier, the actual distribution
3 rate is the same as a Rate R taking it through
4 default service?

5 A Yes.

6 Q But the bill impact is different because the
7 total -- the denominator -- or, the numerator
8 changes, I'm confusing myself, but it's just a
9 different -- you're just multiplying slightly
10 differently, so the impact is different?

11 A Right. So, the one without the competitive
12 supplier has a lower retail rate, because it
13 excludes the Energy Service portion of the
14 rate.

15 CMSR. GIAIMO: Okay. Thanks. That
16 helps. I'm good. Thank you.

17 CHAIRMAN HONIGBERG: I think my
18 questions just got answered. So, I'm not going
19 to have anything for you, Mr. Goulding.

20 Mr. Fossum, do you have any
21 follow-up, redirect for Mr. Goulding?

22 MR. FOSSUM: I do not.

23 CHAIRMAN HONIGBERG: All right.

24 Mr. Goulding, why don't you stay where you are,

1 because I think you're probably going to be
2 there for each of the next couple of dockets.

3 Is there anything we need to do
4 before closing this one down?

5 *[No verbal response.]*

6 CHAIRMAN HONIGBERG: All right.
7 Then, without objection, we'll strike ID on
8 Exhibits 1 and 2.

9 And I'll ask the parties to sum up.
10 Mr. Kreis, why don't you start us off.

11 MR. KREIS: The Office of the
12 Consumer Advocate has no objection to the
13 Company's proposal. We can certainly state
14 forthrightly that the expenses incurred with
15 respect to the Office of the Consumer Advocate
16 were just and reasonable. And I guess I have
17 to assume that that would be the same for the
18 expenses incurred by the Staff.

19 I'm a little leery about things that
20 look like single-issue ratemaking. But I do
21 think the Company makes a good point, that
22 these particular expenses are covered by a
23 separate statute, and they have been, as the
24 Company has pointed out in its filing, allowed

1 for recovery by at least one other utility.
2 And, so, I think it's reasonable for this
3 Company to request this form of recovery at
4 this time.

5 We certainly reserve the right to
6 urge the Commission to reduce its
7 distribution -- urge the Company, that is, to
8 reduce its distribution rates in future years
9 when these assessments go down. And we
10 certainly reserve the rights to take a
11 different position in a different case in
12 different factual circumstances.

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

15 Ms. Amidon, in summing up, I'd like
16 you to address what you have in mind for an
17 audit. Because, while you asked the question
18 of Mr. Goulding, Eversource didn't incur these
19 costs, the Staff and the OCA did. So, I'm
20 interested in understanding what an audit --
21 what the audit would mean in this context.

22 MS. AMIDON: Well, I think -- I think
23 it is true, that I believe Mr. Chagnon reviewed
24 the bills and determined that they were all

1 accurately accounted for, and just to double
2 check on that by Staff. I don't think there
3 will be any discrepancies found. But, you
4 know, a confirmation is always appropriate, and
5 it probably wouldn't take much time.

6 CHAIRMAN HONIGBERG: Okay.

7 MS. AMIDON: It would be very simple
8 for them, because I believe they have copies of
9 all the invoices at this point.

10 CHAIRMAN HONIGBERG: All right. And
11 then, summing up, you would say?

12 MS. AMIDON: I would say that I agree
13 with the Consumer Advocate, that the Company
14 has the authority under RSA 365 and 363 to
15 recover the costs of consultants and other work
16 for the Commission and the OCA in connection
17 with utility investigations or utility
18 proceedings, and that they have appropriately
19 adjusted the rate to reflect those costs.

20 I also think it's appropriate at this
21 time to take into account changes to the
22 assessment, given the disparity between what
23 was approved in 2014 and the current assessment
24 for 2018, and as the result is just and

1 reasonable rates. And we believe the
2 Commission should approve the Petition in the
3 time frames requested by the Company.

4 CHAIRMAN HONIGBERG: Thank you,
5 Ms. Amidon. Mr. Fossum.

6 MR. FOSSUM: Thank you. I have very
7 little to add. I join the comments of the
8 Staff and OCA. I think that the filing
9 essentially speaks for itself. And it's the
10 Company's belief that the resulting rate impact
11 is a just and reasonable one. And we would
12 request that the Commission approve the filing
13 for recovery as submitted.

14 Thank you.

15 CHAIRMAN HONIGBERG: Thank you,
16 Mr. Fossum.

17 We'll close this hearing and close
18 the docket, close the record in 17-160. Take
19 the matter under advisement and issue an order
20 as quickly as we can. This hearing is
21 adjourned.

22 ***(Whereupon the hearing was***
23 ***adjourned at 10:35 a.m.)***
24