

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

January 10, 2019 - 10:05 a.m.  
Concord, New Hampshire

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RE: DE 18-073  
EVERSOURCE ENERGY:  
Annual Reconciliation of Energy  
Service and Stranded Cost for 2017.

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

Sandy Deno, 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.  
James Brennan, Finance Director  
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**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Filing by Eversource Energy, consisting of the Testimony of Christopher J. Goulding, with attachments; Testimony of Frederick B. White, with attachments; and Testimony of William H. Smagula, with attachments (06-01-18)	6
2	Updated filing by Eversource Energy, consisting of the Direct Testimony of Christopher J. Goulding, with attachments (01-04-19)	6

**P R O C E E D I N G**

1  
2 CHAIRMAN HONIGBERG: We are here this  
3 morning in Docket DE 18-073, which is  
4 Eversource's reconciliation docket of Energy  
5 Service and Stranded Costs for calendar year  
6 2017.

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

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

14 MR. KREIS: Good morning, Mr.  
15 Chairman, Commissioners. I am D. Maurice  
16 Kreis, the Consumer Advocate, doing business as  
17 Don Kreis. I am here on behalf of residential  
18 utility customers, along with my colleague,  
19 Mr. Jim Brennan, our Director of Finance.

20 And I apologize for my voice, I'm  
21 just getting over a cold. That will have the  
22 salutary benefit of making me talk less and  
23 give ever briefer perorations this morning.

24 CHAIRMAN HONIGBERG: Note the date

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1 and time.

2 MS. AMIDON: Suzanne Amidon, from  
3 Commission Staff. With me today is Rich  
4 Chagnon, an Analyst in the Electric Division.

5 Good morning.

6 CHAIRMAN HONIGBERG: All right. How  
7 are we proceeding this morning?

8 MR. FOSSUM: The Company is here to  
9 present a panel of witnesses this morning. And  
10 I don't believe there are any other -- there's  
11 no outstanding motions or anything of the like.  
12 So, I think we're prepared to proceed with our  
13 panel, unless anybody else has an issue.

14 CHAIRMAN HONIGBERG: All right. Why  
15 don't we have the witnesses go to the witness  
16 box.

17 Are there exhibits that are being  
18 numbered, Mr. Fossum?

19 MR. FOSSUM: Yes. There are. We  
20 have discussed with the other parties and have  
21 marked with the Clerk for identification two  
22 exhibits.

23 What has been marked for  
24 identification as "Exhibit 1" is the Company's

[WITNESS PANEL: Goulding|White|Smagula]

1 June 1st, 2018 submission. And what has been  
2 marked for identification as "Exhibit 2" is the  
3 Company's January 4th, 2019 submission.

4 (The documents, as described,  
5 were herewith marked as  
6 **Exhibit 1** and **Exhibit 2**,  
7 respectively, for  
8 identification.)

9 CHAIRMAN HONIGBERG: Mr. Patnaude,  
10 would you do the honors please.

11 (Whereupon **Christopher J.**  
12 **Goulding, Frederick B. White,**  
13 and **William H. Smagula** were duly  
14 sworn by the Court Reporter.)

15 CHAIRMAN HONIGBERG: Mr. Fossum.

16 MR. FOSSUM: Thank you.

17 **CHRISTOPHER J. GOULDING, SWORN**

18 **FREDERICK B. WHITE, SWORN**

19 **WILLIAM H. SMAGULA, SWORN**

20 **DIRECT EXAMINATION**

21 BY MR. FOSSUM:

22 Q I began with Mr. Smagula yesterday, and I see  
23 no reason not to do so again.

24 Mr. Smagula, could you please state your

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[WITNESS PANEL: Goulding|White|Smagula]

1 name, your position, and your responsibilities  
2 for the record.

3 A (Smagula) My name is William Smagula. I am a  
4 member of the public, who is a former Vice  
5 President of Operations and Maintenance for our  
6 Public Service of New Hampshire generating  
7 plants. I retired from the Company's service  
8 at the end of August of 2018, however have been  
9 retained as a consultant by the Company to  
10 assist with fossil and hydro, regulatory, and  
11 other business matters.

12 Q Thank you. And, Mr. White, could you also  
13 please state your name, position, and  
14 responsibilities for the record.

15 A (White) My name is Frederick White. I am  
16 employed in the Electric Supply Department of  
17 Eversource Service Company, and based in  
18 Connecticut. Our responsibilities include  
19 running solicitations for Energy Service and  
20 management of PPAs and independent power  
21 producer rate orders. Prior to divestiture,  
22 our group supported the management of and  
23 analysis of the portfolio of loads and  
24 resources that served Energy Service customers,

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[WITNESS PANEL: Goulding|White|Smagula]

1 for regulatory purposes of rate-setting and  
2 cost reconciliations.

3 Q Thank you. And, Mr. Goulding, the same  
4 question to you.

5 A (Goulding) My name is Christopher Goulding.  
6 I'm employed by Eversource Energy, in  
7 Manchester, New Hampshire. I'm in charge of  
8 New Hampshire revenue requirements. And in  
9 that role I'm in charge of revenue requirement  
10 calculations associated with the New Hampshire  
11 distribution rates, Energy Service rates, and  
12 Stranded Cost Recovery Charge rates.

13 Q Thank you. Turning back to Mr. Smagula, did  
14 you, back on June 1st, 2018, submit testimony  
15 in what has been premarked for identification  
16 as "Exhibit 1"?

17 A (Smagula) Yes, I did.

18 Q And was that testimony prepared by you or at  
19 your direction?

20 A (Smagula) Prepared both by me, with assistance  
21 from other experts in the Company.

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

24 A (Smagula) Yes. I have three minor edits which

[WITNESS PANEL: Goulding|White|Smagula]

1 I would like to bring forth today. If I may  
2 proceed to identify the specific areas on my  
3 testimony:

4 On Bates Page 093, there is a large table  
5 listing a number of the lengthy forced outages  
6 of the generating units. The last one,  
7 "OR-11", indicates that it occurred related to  
8 Merrimack 2. It should be Newington. "MK2"  
9 should be changed to "NT", a typographical  
10 error.

11 The next would be on Bates Page 098.  
12 There is a table on Bates Page 098. Halfway  
13 down the table it shows an outage for Merrimack  
14 Unit 1, which begins on "October 23rd", and is  
15 noted as ending on "November 20". That "20"  
16 should be changed to "30". The outage ended on  
17 November 30th.

18 The third and last edit I would like to  
19 bring to everyone's attention is on Bates Page  
20 111. This page shows a listing of all outages  
21 that occurred with Schiller Unit Number 5. The  
22 last item identified, which is Row V, should be  
23 deleted. That was, in fact, not an outage. It  
24 was inappropriately miscoded when tabulating

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1 the work, and it was actually a load reduction.  
2 So, it should not have been noted there as an  
3 outage.

4 Those are the only edits I have to my  
5 previously filed testimony.

6 Q Thank you. And subject to those updates, do  
7 you adopt this testimony as your sworn  
8 testimony for this proceeding?

9 A (Smagula) Yes, I do.

10 Q Mr. White, did you also, back on June 1st of  
11 2018, submit testimony in this proceeding in  
12 what has been premarked for identification as  
13 "Exhibit 1"?

14 A (White) Yes.

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

17 A (White) Yes, it was.

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

20 A (White) I do not have any changes.

21 Q And do you adopt that testimony as your sworn  
22 testimony this morning?

23 A (White) Yes.

24 Q Finally, Mr. Goulding, did you also, back on

[WITNESS PANEL: Goulding|White|Smagula]

1 June 1st, 2018, submit testimony in what has  
2 been premarked as "Exhibit 1" this morning?

3 A (Goulding) Yes, I did.

4 Q Will you be adopting that testimony this  
5 morning?

6 A (Goulding) No. There were some updates that  
7 needed to be made to the testimony. So, I  
8 won't be adopting that testimony.

9 Q So, turning then, Mr. Goulding, did you submit  
10 revised testimony on January 4, 2019, in what  
11 has been marked as "Exhibit 2"?

12 A (Goulding) Yes, I did.

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

15 A (Goulding) Yes.

16 Q Do you have any changes or updates to that  
17 testimony this morning?

18 A (Goulding) No, I do not.

19 Q And so, this morning do you adopt the testimony  
20 in Exhibit 2, in place of that which had been  
21 filed and included in Exhibit 1?

22 A (Goulding) Yes, I do.

23 Q Thank you. So, let's deal with the big issue  
24 first then. Please, Mr. Goulding, could you

[WITNESS PANEL: Goulding|White|Smagula]

1 explain the reasons for filing new testimony in  
2 this proceeding in what has been marked as  
3 "Exhibit 2"?

4 A (Goulding) Okay. So, through the process of  
5 discovery, certain adjustments to the lead/lag  
6 study were identified. And those adjustments  
7 were adjusted in the Exhibit 2. These  
8 adjustments are as follows:

9 The collection lag has been updated to  
10 reflect 2016 data for REC purchases and sales.  
11 Four of the payments related to purchases of  
12 RECs from Burgess and Lempster need to be  
13 modified for the payroll lag. The payment of  
14 incentive payroll in the month of March was  
15 separated from the weekly payroll payment, and  
16 the service date associated with the payment  
17 was modified.

18 For the NWPP Renewable Energy Certificates  
19 lag, the calculation was updated to reflect  
20 2016 data to reflect actual activity associated  
21 with the NWPP REC sales contract with United  
22 Illuminating and CL&P that begin in 2016.

23 And for property taxes lag, the midpoint  
24 of the property tax fiscal year for two towns

[WITNESS PANEL: Goulding|White|Smagula]

1 needed to be adjusted.

2 These updates impacted the overall  
3 lead/lag, which had been flowed through  
4 Attachments CJG-6 and CJG-4. The changes had  
5 the effect of lowering the overall working  
6 capital lag from what was filed on June 1st,  
7 2018.

8 There had been some discussions with  
9 Staff, after the discovery response was  
10 submitted, about how to address the updates I  
11 just mentioned. Whether a new filing or  
12 whether we discuss it at a tech session. But,  
13 since we did not have a tech session, we  
14 consulted with Staff informally, and determined  
15 that filing this updated version would be most  
16 appropriate. And I understand that Staff  
17 discussed this with OCA as well.

18 Q So, understanding, sort of at a high level, the  
19 changes that were made, what are the effects of  
20 those changes on what had previously been filed  
21 as part of this reconciliation?

22 A (Goulding) So, in this case, as I stated, the  
23 update has the effect of lowering the working  
24 capital lead/lag from what was initially in the

[WITNESS PANEL: Goulding|White|Smagula]

1 initial filing. Lowering that lag, in turn,  
2 lowers the working capital allowance included  
3 in rate base from what was initially calculated  
4 and included in Attachment CJG-4, from  
5 \$16.54 million, down to \$12.036 million. The  
6 lower amount in rate base means that there is a  
7 lower generation cost to customers, as compared  
8 to the initial filing.

9 As the case with these reconciliations,  
10 there's no rate change that occurs directly  
11 from this filing. Instead, the results of this  
12 filing are incorporated into upcoming ES or  
13 into upcoming SCRC filings, and those changes  
14 would occur there.

15 So, in the SCRC docket, DE 18-182, where  
16 an update will be filed tomorrow, with a  
17 hearing scheduled for next week, this updated  
18 lead/lag will be incorporated into the SCRC  
19 rate proposed for effect February 1st. As all  
20 else being equal, this updated number would  
21 have the effect of lowering the rate from what  
22 it might otherwise be. Of course, there are  
23 other changes in the SCRC beyond this one.  
24 But, for purposes of this discussion, this is

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[WITNESS PANEL: Goulding|White|Smagula]

1 the impact of the update.

2 Q Thank you, Mr. Goulding. With that  
3 understanding, what is the Company's request  
4 for this proceeding?

5 A (Goulding) So, Eversource understands that,  
6 other than the issue I just discussed, there  
7 did not appear to be any other major concerns  
8 with the reconciliation on the part of Staff  
9 and OCA. Therefore, Eversource is asking that  
10 the Commission review and accept the material  
11 we have filed, including the update, as showing  
12 Eversource's actual, prudent, and reasonable  
13 cost of providing service in 2017.

14 MR. FOSSUM: Thank you. And that's  
15 what I have for direct this morning.

16 CHAIRMAN HONIGBERG: Mr. Kreis.

17 MR. KREIS: Thank you, Mr. Chairman.  
18 I have just a few questions for these fine  
19 witnesses, including private citizen Smagula.  
20 It's great to see him here in that capacity.

21 **CROSS-EXAMINATION**

22 BY MR. KREIS:

23 Q I'm going to start with Exhibit 1, and focus on  
24 Mr. White's and Mr. Smagula's testimony. And

[WITNESS PANEL: Goulding|White|Smagula]

1 then I'll ask a few questions of Mr. Goulding  
2 related to Exhibit 2. And again, I apologize  
3 for my voice.

4 First, at the discussion of financial  
5 transmission rights, one of my ongoing  
6 obsessions, on Bates Page 080, of Exhibit 2,  
7 this is the last page of Mr. White's testimony.  
8 At Lines 12 through 14, Mr. White says  
9 "managing a portion of congestion cost risk  
10 with FTRs resulted in an overall decrease in  
11 Energy Service expense of \$670,613."

12 And my question for Mr. White is, how do  
13 we know that the Company couldn't have managed  
14 its FTR transactions even more prudently and  
15 save customers even more money than it actually  
16 did?

17 A (White) What we do, when we operate in the FTR  
18 market, is we review historical congestion  
19 costs between our resource locations, our major  
20 resource locations, and the New Hampshire load  
21 zone.

22 Given how, from recent history, the market  
23 cleared for those congestion paths, and how  
24 congestion actually manifested in actual

[WITNESS PANEL: Goulding|White|Smagula]

1 operations, we review those two aspects. And  
2 from that, we make a judgment on what is a  
3 reasonable price at which we would choose to  
4 purchase FTRs.

5 We typically make the attempt to purchase  
6 the full quantity that we -- of megawatt-hours  
7 that we're going to believe we're going to move  
8 in the upcoming month from our major resource  
9 locations and the New Hampshire load zone. So,  
10 for example, if we don't believe Merrimack is  
11 going to operate in the following month, we  
12 won't purchase FTRs. There would be no reason.

13 So, to the extent we believe we're going  
14 to be moving megawatt-hours to our load, we  
15 will enter the market for that full quantity,  
16 and we will typically ladder our bids into that  
17 market at increasing prices. And again, that's  
18 based on our judgment of what the risk is, how  
19 congestion has actually cleared, and the  
20 opportunity to make those purchases based on,  
21 well, how it's actually cleared and what actual  
22 congestion turns out to be.

23 So, it's -- there hasn't been a robust  
24 investigation done in this docket. But we

[WITNESS PANEL: Goulding|White|Smagula]

1 would -- we meet on a monthly basis within our  
2 group, and get management approval for what we  
3 determine to be reasonable interactions in that  
4 market.

5 Q And you're satisfied that you're doing a good  
6 job of managing that aspect of the Energy  
7 Service expense that the Company incurs?

8 A (White) Yes, I am. I am satisfied.

9 Q Moving over to Mr. Smagula's testimony, and in  
10 particular looking at the discussion of "fleet  
11 availability", which appears at the bottom of  
12 Bates Page 087, and moves on to Bates Page 088.

13 I wonder, Mr. Smagula, if you could talk  
14 about how the fleet availability during 2017  
15 compares to fleet availability from some  
16 previous years?

17 A (Smagula) Fleet availability for our fossil  
18 fleet and hydro fleet has, for recent years,  
19 been very, very good. We, as is indicated in  
20 testimony, during the 30 highest price days of  
21 the calendar year, our fleet equivalent  
22 availability was over 91 percent. Overall  
23 availability for the fossil fleet was over  
24 92 percent for the calendar year in equivalent

[WITNESS PANEL: Goulding|White|Smagula]

1 availability factor.

2           During the winter period, the January,  
3 February, and March, when prices are often  
4 highest, Merrimack 1 had an availability of  
5 almost 92 percent, and Unit 2 almost  
6 93 percent. Those are our lower price coal  
7 units, and I think they were prepared to  
8 operate.

9           The reduced capacity factors of our fleet  
10 in recent years, with the availability of shale  
11 gas, has allowed us to modify historic and  
12 traditional maintenance practices, which, for  
13 many of our units, was to review the operation  
14 of the equipment and anticipate problems or  
15 have a forced outage, repair it quickly, and  
16 get it on line.

17           With our units not running quite as much,  
18 we have had the ability to employ more  
19 analytical, proactive, preventive maintenance  
20 techniques, and take outages at periods when  
21 replacement power was zero, and use straight  
22 time efforts to try to minimize costs, so that  
23 we are best ready to run when the units were  
24 called to run.

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[WITNESS PANEL: Goulding|White|Smagula]

1           And I think, over the last five or six  
2           years, that has been the case. And our  
3           statistics I think have been very positive, as  
4           compared to what they may have been 15 or 20  
5           years ago.

6   Q       So, in other words, you're being more -- you  
7           were more strategic in 2017 than prior years,  
8           with respect to lining up outages when the  
9           amount of revenue available would be very low,  
10          and making sure that the units were available  
11          to run at times of high cost power?

12   A       (Smagula) Yes. We were more strategic in that  
13          regard. However, that doesn't mean we were not  
14          strategic in the past. The units operated  
15          differently, and we had to manage them  
16          differently.

17   Q       That makes sense.

18   A       (Smagula) Yes.

19   Q       On Bates Page 096 -- or 095, excuse me, and  
20          096, there's a -- well, I guess it's basically  
21          Bates Page 095, there's a discussion of some  
22          outages at Schiller Unit 5. And I,  
23          particularly with respect to the two that are  
24          discussed beginning at Line 17, and ending at

[WITNESS PANEL: Goulding|White|Smagula]

1 the end of that page, it seemed to me that  
2 those two outages came in close proximity to  
3 each other.

4 And I wonder if you could comment on  
5 whether that reflects some sort of operational  
6 problem that the Company could have managed  
7 better than it did?

8 A (Smagula) I'd be happy to comment on that. The  
9 first item with regard to Unit 5 at Schiller  
10 had to do with an outage that occurred  
11 beginning on September 3rd, where the unit was  
12 removed from service for some planned  
13 maintenance. At that time, we did some work on  
14 our air heater. And whenever we're down for a  
15 period of more than five or six days, we do a  
16 full and thorough inspection of the cyclone  
17 components of the Unit 5 boiler, in order to  
18 make sure they are free and clear and are not  
19 plugged with any material. We do a full  
20 inspection of the boiler. We do a review of  
21 all of our rotating equipment, and any other  
22 items that have indication of concern.

23 So, a thorough outage was taken then. And  
24 I think we did a significant amount of

[WITNESS PANEL: Goulding|White|Smagula]

1 preventative and proactive work. That includes  
2 looking at boiler -- the boiler furnace, the  
3 tubes. And we, during periods of length of  
4 that outage, we always not only conduct a  
5 visual inspection, but we do some partial  
6 testing of the tube material through the use of  
7 eddy current. There was nothing that indicated  
8 concerns with regard to tubing there. We did  
9 do some shielding and some other work, which  
10 was routine.

11           Unfortunately, with large mechanical  
12 pieces of equipment, that you cannot know  
13 everything about all of the thicknesses in all  
14 the locations of the miles of tubing in the  
15 boiler, we did experience, and frustratingly  
16 so, an outage that occurred on Unit 5 in  
17 September, a few weeks later. We did have some  
18 tube leaks in the furnace area. This was  
19 repaired. And a number of other tubes in the  
20 area were pad welded to improve the thickness  
21 of the material.

22           This -- Unit 5 is a very different boiler  
23 than all the other boilers in our fleet. And  
24 in order for the wood chips to burn in the

[WITNESS PANEL: Goulding|White|Smagula]

1 furnace, they're light and fluffy. And air is  
2 introduced to this furnace in the lower part of  
3 the furnace, so the fuel is introduced and air  
4 comes in from below. If all we had in the  
5 furnace was wood chips, the wood chips would  
6 below out of the furnace and plug our baghouse  
7 and go up the stack.

8 So, to maintain the wood in a combustion  
9 zone so that it can be burned, we introduce  
10 thousands of tons of sand. And so that the  
11 furnace is actually a chamber, which has a  
12 moving amount of tons of sand, mixed with the  
13 wood chips, in order to provide the combustion  
14 temperatures that are low to reduce nitrous  
15 oxide emissions, which is part of our permit  
16 requirement, but it allows the chips to stay in  
17 place and combust in this area.

18 And this motion of air and sand and chips  
19 causes much of it to fly over into what we  
20 refer to as "cyclones". There are five of  
21 them. And these cyclones will bring the heavy  
22 material back to the bottom of the furnace,  
23 whereas the lighter ash particles will go to a  
24 baghouse, be removed before emission up the

[WITNESS PANEL: Goulding|White|Smagula]

1 stack.

2 So, the point of my raising this is to  
3 illustrate that, within the furnace, there is a  
4 very abrasive atmosphere occurring, with sand  
5 moving, with air and chips, so that we have a  
6 very aggressive program on monitoring tube  
7 thicknesses to mitigate the risk of a tube  
8 leak. But that risk is always there in spite  
9 of our best efforts.

10 Q So, basically, your testimony is that the  
11 proximity of those two outages was an  
12 unfortunate coincidence?

13 A (Smagula) Yes.

14 Q And there was another issue outage at Schiller  
15 Unit 5, moving to Page 97 of Exhibit 1, just a  
16 couple of months later, on December 15th. Is  
17 your testimony also that that additional  
18 outage, coming relatively soon after the two in  
19 September, was also just sort of normal  
20 operating exigencies?

21 A (Smagula) Yes. Typically, when we clean the  
22 cyclones to improve flow and reduce pluggage,  
23 we will often run that unit for three, four,  
24 five or six months before we start to have

[WITNESS PANEL: Goulding|White|Smagula]

1 those symptoms occur again.

2           However, there are times when, for certain  
3 reasons, these pluggages will occur. And we  
4 determined that, in mid-December replacement  
5 power costs were modest at that period, knowing  
6 we had some plugged cyclones, which will only  
7 get worse over time, we decided it was best to  
8 take an outage under a controlled situation,  
9 clean the furnace, clean out the pluggage, so  
10 that the unit would be in its best position to  
11 run with high reliability through the winter  
12 period, where we would experience higher prices  
13 and we would want to have higher reliability.

14 Q And of course, you, being a perfect forecaster,  
15 knew, in December of 2017, that it was going to  
16 get wicked cold in early January of 2018?

17 A (Smagula) I wouldn't characterize myself as a  
18 strong forecaster. We just do our best,  
19 anticipating the worst in the future at all  
20 times.

21 Q Indeed. Okay. I think I'm ready now to move  
22 along to Exhibit 2, and ask a few questions of  
23 Mr. Goulding.

24           And I apologize to you, Mr. Goulding. I

[WITNESS PANEL: Goulding|White|Smagula]

1 was not here yesterday, and this -- at least  
2 the first few questions I have might relate to  
3 some of what was discussed yesterday. And if  
4 I'm asking you to repeat yourself and being  
5 tiresome, I apologize.

6 You testified, I think at -- this is on  
7 Bates Page 005 of Exhibit 2, that fossil fuel  
8 expenses were "\$9.2 million higher than  
9 forecast". That's Line 7, at Page 5.

10 And I guess I'm wondering if you could  
11 talk about what the reasons are for that  
12 \$9.2 million figure?

13 A (Goulding) I cannot, but my colleague,  
14 Mr. White, can.

15 Q Okay.

16 A (White) What happened, as you referred to the  
17 coal prices that occurred in December, our  
18 forecast did not have prices that high. So, in  
19 our forecasts, our fossil fleet was not running  
20 a whole lot. And in actual, the cold weather  
21 brought our units on line, and so we had a lot  
22 more coal generation. This increased cost  
23 mostly occurred in December. So, 100  
24 gigawatt-hours of coal generation, and about 20

[WITNESS PANEL: Goulding|White|Smagula]

1 additional gigawatt hours at Newington, led to  
2 increased fossil fuel costs.

3 Q So, basically, coal, rather than oil, with  
4 respect to that?

5 A (White) Newington burned oil. But the  
6 Merrimack, the bulk of the increased generation  
7 was coal-fired generation, yes.

8 Q Would you say that the supply chain issues that  
9 you've been having or were having accounted in  
10 any way for those increased costs?

11 A (White) No.

12 Q So, no impact from the problems with the South  
13 American coal and Canadian Shipyard Lines?  
14 Again, these are things that I think were being  
15 discussed yesterday. And I'm really just  
16 trying to ascertain whether that had any impact  
17 on what we're talking about today, which is  
18 2017?

19 A (White) It did not. In fact, the coal yard was  
20 fairly full of coal at this time. I mean, a  
21 lot of the -- the discussion centered around  
22 the decreased demand for coal burn was more  
23 related to the CSL. We had plenty of coal  
24 on-site. It's just that we didn't anticipate

[WITNESS PANEL: Goulding|White|Smagula]

1 the generation in our forecast. And as it came  
2 to pass, our units ran.

3 Q Super. Thank you. Now, I think I can go back  
4 to Mr. Goulding and ask him questions that he  
5 can actually answer.

6 Looking at Bates Page 011 of Exhibit 2,  
7 the very bottom of that page, at Line 25, Mr.  
8 Goulding testifies that "Eversource is  
9 typically a net purchaser from ISO-New England,  
10 so it makes payments on Wednesday and Friday",  
11 and that therefore "produced a cost lead" --  
12 first of all, I think that, at Line 27, it says  
13 "cost of lead". I think the "of" is probably  
14 just a superfluous word. Do I have that right?

15 A (Goulding) Yes. That can be deleted.

16 Q Okay. So, --

17 A (Goulding) And add it after, the word  
18 "of".

19 Q Right. So, that just there's a transposition  
20 there. So, what you really meant to say is  
21 "The ISO-New England payment cycle produces a  
22 cost lead of 7.1 days."

23 And so, I want to make sure I understand  
24 that correctly. That simply assumes that

[WITNESS PANEL: Goulding|White|Smagula]

1 Eversource is always a net purchaser from  
2 ISO-New England, does it?

3 I mean, the testimony says "Eversource is  
4 typically a net purchaser". But you calculated  
5 that cost lead based on the assumption that it  
6 is always a net purchaser, it would appear to  
7 me?

8 A (Goulding) I'm just trying to look to see if  
9 that cost lead of 7.1 days is just being  
10 applied to purchases. But it looks like it's  
11 to the net energy market purchases. So, yes.  
12 It is using 7.1 days. So, it's assuming it's  
13 purchases.

14 Q Okay. Moving onto Bates Page 013, and focusing  
15 on Mr. Goulding's -- well, at Line 9 of  
16 Page 13, he answers this question: "How do the  
17 Lead/Lag Study results compare to the historic  
18 45 day convention?" And by "historic 45 day  
19 convention", I believe you're referring to the  
20 prior practice of simply assuming that there  
21 was a 45 day payment lag that Eversource could  
22 apply to its Energy Service expenses, correct?

23 A (Goulding) Yes.

24 Q And at Lines 18 through 20, you say "The net

[WITNESS PANEL: Goulding|White|Smagula]

1 effect of applying the results of the Lead/Lag  
2 Study is therefore an increase in cash working  
3 capital requirements included in generation  
4 rate base from 9.653 million to  
5 12.036 million."

6 My first question is, where does that  
7 "9.653 million" number come from?

8 A (Goulding) It's a calculation of the 45/365 of  
9 O&M. But it doesn't appear in the schedules,  
10 because we have the updated lead/lag results  
11 calculating the working capital allowance  
12 that's in the rate base.

13 Q So, in other words, your testimony is that, if  
14 we simply use the previous practice of applying  
15 a 45 day lag to Eversource's O&M expenses  
16 associated with Energy Service, that the amount  
17 in generation rate base would be 9.653 million?

18 A (Goulding) That's correct.

19 Q Can you quantify the actual rate impact of that  
20 change from 9.653 to 12.036?

21 A (Goulding) It's roughly \$200,000.

22 Q And so, that's a relatively small amount of  
23 money in terms of the actual effect on a  
24 typical residential bill?

[WITNESS PANEL: Goulding|White|Smagula]

1 A (Goulding) Yes.

2 Q Have you decided what cash working capital  
3 methodology you plan to use in your upcoming  
4 rate review?

5 A (Goulding) Yes. I think there's a PUC Rule  
6 that actually originated the change from the  
7 old 45/365 rule to a full lead/lag study  
8 needing to be performed for rate case purposes.

9 Q So, there will be a new lead/lag study that  
10 will be associated with the rate case that's  
11 upcoming?

12 A (Goulding) There will be one that's performed,  
13 yes, for the rate case that relates to the  
14 distribution side of the business.

15 Q Can you talk about what steps the Company takes  
16 to manage its working capital needs?

17 Do you do anything to control them, to  
18 keep them as small as possible?

19 A (Goulding) I guess I'm not sure I understand  
20 the question. Because the working capital  
21 allowance is based on a component of items, of  
22 O&M, purchases and sales. So, yes, we try to  
23 control O&M and can try to control any item  
24 that's -- that has somewhat control to it. But

[WITNESS PANEL: Goulding|White|Smagula]

1           there's property taxes, which impact lead/lag,  
2           which is outside of our control. So, there's  
3           some pass-through costs or costs that we incur  
4           that we don't have direct control over.

5                        So, we do, obviously, have some control  
6           over the O&M, and we do attempt to come in with  
7           the lowest O&M as possible to maintain a safe  
8           and reliable service.

9   Q        I guess, really what I'm thinking about has to  
10       do with pursuit of payment, and at the same  
11       time strategically deferring amounts that you  
12       have to pay out to your vendors, so as to  
13       minimize the amount of working capital that you  
14       have to maintain in order to run this -- to run  
15       your business?

16   A       (Goulding) And I'm not familiar with how our  
17       payment terms work with different vendors. I  
18       assume they have certain terms that are set up  
19       that we have to follow.

20                       MR. KREIS: Super. Mr. Chairman,  
21       those are all my questions.

22                       CHAIRMAN HONIGBERG: Ms. Amidon.

23                       MS. AMIDON: Thank you.

24   BY MS. AMIDON:

[WITNESS PANEL: Goulding|White|Smagula]

1 Q I believe this question is for Mr. White. In  
2 Mr. Goulding's exhibits, he identifies a cost  
3 associated with compliance with the Regional  
4 Greenhouse Gas Initiative. Do you know if the  
5 Company continues to have -- well, does  
6 divestiture affect the Company's obligations  
7 under the -- under RGGI?

8 A (White) I believe so, if RGGI is associated  
9 with emissions from fossil-fired fuel plants.  
10 So, without those resources, I don't know where  
11 RGGI expenses would come in.

12 Q That's the answer I expected. And so, I  
13 expected that we would see that phased out.  
14 But that's the answer I thought you would give  
15 me.

16 A (White) Yes. I don't, and Mr. Goulding may  
17 know more, whether things will continue on the  
18 books for a period of time. I don't know how  
19 settlement in that market, the timing of it.

20 Q Right.

21 A (White) I'm not that familiar with it.

22 Q It looks like Mr. Smagula wanted to say  
23 something.

24 A (Smagula) I just may also comment that, when

[WITNESS PANEL: Goulding|White|Smagula]

1           you purchase capacity or energy in particular,  
2           that generator has an obligation. So,  
3           greenhouse gas expenses do creep into the cost  
4           of energy, whether it's self-generated or  
5           generated by another company.

6                        Certainly, the amount of CO2 emissions  
7           varies by the nature of the units and the fuel  
8           burned and so on. And so, I'm not sure you  
9           escape it, other than perhaps from a nuclear  
10          facility or a hydro unit.

11   Q       But, if my understanding is correct, the  
12           Company no longer has to purchase or  
13           participate in the auctions for the cred -- I'm  
14           not sure what it is, credits or what the  
15           terminology is.

16   A       (Smagula) Yes.

17   Q       But you no longer have to participate in those  
18           auctions and pay those expenses, is that right?

19   A       (Smagula) Yes.

20                       MS. AMIDON: Okay. Thank you.

21           That's all I had.

22                       CHAIRMAN HONIGBERG: Commissioner  
23           Bailey.

24                       CMSR. BAILEY: No questions.

[WITNESS PANEL: Goulding|White|Smagula]

1 CHAIRMAN HONIGBERG: Commissioner  
2 Giaimo.

3 CMSR. GIAIMO: Speaking of "marking  
4 the date and time", "no questions".

5 *[Laughter.]*

6 CMSR. GIAIMO: I would have lost the  
7 house on that one. I'm discombobulated,  
8 because I usually have at least a couple of  
9 seconds. Or, should say "I'm more  
10 discombobulated".

11 Gentlemen, thank you for being here.  
12 A lot of these questions are just follow-up to  
13 yesterday, gaining a better understanding.

14 BY CMSR. GIAIMO:

15 Q So, yesterday we talked a little bit about the  
16 nuclear decommissioning and the DOE credits.  
17 We didn't see that in 2017, is that right, Mr.  
18 Goulding? No litigation credit, that is?

19 A (Goulding) Correct. There was no litigation  
20 credit in 2017.

21 Q All right. Again, in 2016, there was a  
22 50/50 -- appeared to be a 50/50 split between  
23 generation and bilateral and spot purchases.  
24 At least that's what we heard yesterday. And

[WITNESS PANEL: Goulding|White|Smagula]

1 it looks like that's again the case in 2017.

2 Is that correct, Mr. White?

3 A (White) That's correct.

4 Q Okay. On Page Bates 076, Mr. White, you talk a  
5 little bit about market prices ranging between,  
6 basically, \$32 and \$40 a megawatt-hour. Can  
7 you explain what that might be a function of?  
8 And it's my understanding that that number --  
9 those numbers represent, basically, the second  
10 lowest wholesale prices since Standard Market  
11 Design back in 2003.

12 A (White) Yes. I don't know where they rank. I  
13 don't have trouble believing that. Throughout  
14 most of the year, it was a fairly low cost year  
15 in the energy market, and the figures you cited  
16 reflect that. Until we got to December, prices  
17 were quite low. And, in fact, you know, only  
18 January was above \$36 before we got to  
19 December.

20 Q Okay. You had mentioned, during a question I  
21 believe that was started with Mr. Goulding, but  
22 you mentioned that the \$9.2 million expense  
23 was, basically, a function of operating in  
24 December when that was unanticipated. Did I

[WITNESS PANEL: Goulding|White|Smagula]

1 hear that correctly?

2 A (White) Yes.

3 Q The fuel costs?

4 A (White) That is correct.

5 Q So, I guess I struggle to understand. Why  
6 would you think -- why would you forecast not  
7 running in December? It seems like that would  
8 be the only -- one of the few months I would  
9 expect you to be running?

10 A (White) And I would say, typically, we base our  
11 forecast on quoted forward market prices. And  
12 in this situation, we would have been doing  
13 that in June. As we just discussed, to that  
14 point in time, it had been a very low priced  
15 year. And it just so happened that the forward  
16 market was trading, even in December, at fairly  
17 low prices. So, that's what we used in our  
18 forecast. We didn't come up with our own  
19 number and say "you know what, we think it  
20 might be higher and we might operate."

21 We take that market information, in  
22 theory, from a broker market that's a liquid  
23 market. We use those prices and we dispatch  
24 our units against that price. And they were

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[WITNESS PANEL: Goulding|White|Smagula]

1 not forecast to run if the market was at that  
2 price.

3 It didn't turn out to be that way, and so  
4 we did run. You know, our running offset  
5 higher prices. But, to the extent we were  
6 buying from the market, those costs went up as  
7 well.

8 Q Okay. But the "\$9.2 million" referenced on  
9 Page 5 of Exhibit 2, that cost, like you said,  
10 would be offset by other benefits, having not  
11 to purchase in the spot market at higher costs?

12 A (White) Correct.

13 Q Did you replace the coal associated with the  
14 burn that happened in December, do you know?

15 A (White) I do not believe we made any purchases  
16 of coal after that. Divestiture was imminent.

17 Q Sure. Can we briefly talk about negative  
18 pricing? Were there times when prices went  
19 negative, but your resources were still  
20 running, i.e., were customers paying to stay  
21 running?

22 A (White) The only -- the only resources I'm  
23 aware of that would have run through a negative  
24 LMP period would be Burgess and Lempster.

[WITNESS PANEL: Goulding|White|Smagula]

1 Q Okay.

2 A (White) Yes. And I believe that did occur to a  
3 small extent, in particular with Burgess.

4 Q I would imagine that resources that have long  
5 lead -- long ramps, ramp-up times, would be  
6 caught in a situation where a negative price  
7 may creep up for whatever reason, and then  
8 still have to run. So, it's not a bad thing.  
9 I can see, operationally, why that would  
10 happen. And it sounds like you know at least  
11 of two resources where that does happen.

12 A (White) Right. I'm not aware that any of our  
13 own resources were faced with that. You're  
14 correct that our -- some of our coal facilities  
15 we would typically prefer to operate them for  
16 more than a day. They're not able to come off  
17 line quickly. Which also speaks to the idea  
18 that, when we believe they're going to be  
19 called, it's because we believe there are going  
20 to be high prices for more than a day.

21 And so, like I say, I'm not aware that  
22 that happened with any of our own resources.  
23 But your point is well-taken. It could, if the  
24 market were to change quickly over a short

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[WITNESS PANEL: Goulding|White|Smagula]

1 timeframe.

2 Q Similar to Attorney Kreis, I am now learning  
3 more about FTRs than I ever thought I would.  
4 And I'm trying to get my hands around it. So,  
5 let me see if I can just summarize what  
6 happened.

7 At auction, the Company spent about  
8 \$830,000 on FTRs on ensuring a path for cheaper  
9 power. It eliminated about 1.5 million in  
10 costs. So, the net result was \$670,000 in  
11 savings to Eversource's ratepayers?

12 A (White) That's correct. And now, that figure,  
13 had we not participated in the FTR market,  
14 customers would not have gotten that \$670,000.

15 Q Right.

16 A (White) The fact is, the 1.5 million of  
17 revenues did occur. I mean, those were the  
18 actual costs of moving power from the specific  
19 location to the New Hampshire load. So,  
20 there's a few different ways you can look at  
21 it.

22 But had we not participated in the FTR  
23 market, we would not have gotten that  
24 \$670,000.

[WITNESS PANEL: Goulding|White|Smagula]

1 Q In the utilization of FTRs and the insurance of  
2 putting certain resources on at certain times,  
3 does that flow through to wholesale costs? Do  
4 wholesale costs for the region get reduced as a  
5 result?

6 A (White) I'm not sure I -- could you state that  
7 again please?

8 Q Sure. So, financial transmission rights allow  
9 for -- account for congestion and basically  
10 ensure a path for resources to market.  
11 Presumably, those are lower cost resources,  
12 otherwise they wouldn't -- they couldn't afford  
13 to bid the FTR in?

14 A (White) I might describe it a little  
15 differently. The FTR market is a risk  
16 management market. I believe you're -- what it  
17 really allows a participant to do is fix the  
18 cost of moving energy from one location to  
19 another. Otherwise, it's a variable unknown  
20 expense.

21 And so, yes. If you're a resource, and  
22 you know you want to move energy to a market  
23 where there's a potential profit opportunity,  
24 but you know your ability to cover the cost of

[WITNESS PANEL: Goulding|White|Smagula]

1 congestion is limited to a certain amount, you  
2 can go into the FTR market and ensure that you  
3 get that path at below your breakeven price.  
4 So, it allows someone to convert a variable  
5 price risk to a fixed price.

6 Q Okay. And that -- would you link the FTRs with  
7 the day-ahead?

8 A (White) Yes. FTRs are only the day-ahead  
9 market mechanism.

10 Q So, resources that are intermittent, that don't  
11 know if they're going to have fuel, the FTR  
12 market isn't something that they would  
13 necessarily utilize, because they don't know in  
14 advance whether or not they can actually --

15 A (White) Most of those type units cannot  
16 participate in the day-ahead market.

17 Q So, one of the -- one of the benefits for  
18 resources in congested areas is -- one of the  
19 strategies is to buy the FTR to ensure you get  
20 to market, but also, in the process, could  
21 result in curtailments in real-time for  
22 resources that do not have --

23 A (White) They do not -- they are a virtual --  
24 they're a financial instrument, financial

[WITNESS PANEL: Goulding|White|Smagula]

1 transmission right. So, they do not affect  
2 actual dispatch. They are a hedging mechanism  
3 for resources participating in the operational  
4 market.

5 Q Okay. I certainly agree with that. And if you  
6 clear in the day-ahead, you limit the amount of  
7 space available in real-time for intermittent  
8 resources. And if you clear the day-ahead,  
9 because you have a financial transmission  
10 right, effectively, the financial transmission  
11 right creates a market that creates a  
12 disincentive for intermittent resources to  
13 participate?

14 A (White) I think -- I think, yes. I think I get  
15 your line of thinking. And, yes, that can --  
16 it can play out that way.

17 Q Yesterday I asked you about "uplift", and as  
18 we're talking about congestion, I'll ask it  
19 again. Do you know if there was any -- if  
20 there are any significant uplift payments made  
21 in 2017?

22 A (White) I don't recall any significant uplift  
23 events.

24 Q Okay. Mr. Smagula, is it fair to say that 2017

[WITNESS PANEL: Goulding|White|Smagula]

1 was a good year for performance and for  
2 availability, but it -- for your fossil units,  
3 but not as great -- not as good a year as 2016?  
4 As you may recall, Merrimack -- the Merrimack  
5 units had, I think, a 98 percent EAF in 2016.

6 A (Smagula) The statistics of the effective  
7 availability were a bit different, and in some  
8 cases a bit lower. But still very, very high  
9 compared to what they had been when they were  
10 running all the time.

11 However, I will say that the value to  
12 our -- the benefit and value to customers, with  
13 them being available at the right time when  
14 they were really needed, were still extremely  
15 strong.

16 So, yes. The numbers change year to year.  
17 But, in general, if you look at the plot of  
18 them over many recent years, it's been very  
19 strong. So, we were very proud of the results  
20 from 2017, as in 2016.

21 Q You also mentioned that planned outages were --  
22 you "planned outages when the replacement power  
23 was zero". Can you explain what you meant by  
24 that?

[WITNESS PANEL: Goulding|White|Smagula]

1 A (Smagula) We have prescheduled outages with  
2 ISO-New England for known maintenance projects  
3 that are multiweek, sometimes two. Depending  
4 on the unit, it could be two, three, or four or  
5 more weeks. Those are fixed in the calendar  
6 going forward.

7 But we have other planned outages, not  
8 scheduled with ISO-New England, that we do with  
9 one week or two weeks notice. We obtain  
10 prices, we obtain clearance from ISO. So, we  
11 do have other outages that are planned, but not  
12 officially scheduled with ISO.

13 So, sometimes we talk about them  
14 collectively. But they're all intended to take  
15 place when the units are not expected to  
16 provide the customer with service.

17 Q So, the net effect is zero?

18 A (Smagula) The net effect is zero. And that's  
19 our -- continues to be our goal at all times.

20 Q And in your testimony, you, as you said, has a  
21 chart that details the outages. I just want  
22 to make sure I understand. Were there any  
23 shortage event triggers that happened in  
24 2016 [2017?]? Were your resources out at a

[WITNESS PANEL: Goulding|White|Smagula]

1 time when, effectively, you had an obligation  
2 to be running?

3 A (Smagula) I don't believe there were any  
4 shortages.

5 A (White) I don't believe there were any in 2017.

6 A (Smagula) No.

7 CMSR. GIAIMO: Okay. Thank you very  
8 much.

9 CHAIRMAN HONIGBERG: I don't have any  
10 substantive questions.

11 I just want to make sure we get the  
12 process right with Exhibit 1. Because it  
13 appears that the entirety of the first half,  
14 Mr. Goulding's part of Exhibit 1, has been  
15 replaced by Exhibit 2, is that right?

16 MR. FOSSUM: That is the intention,  
17 yes.

18 CHAIRMAN HONIGBERG: Okay. So, we'll  
19 just make that, that it's clear on the record.

20 Do you have any follow-up questions  
21 for the panel, Mr. Fossum?

22 MR. FOSSUM: I do not.

23 CHAIRMAN HONIGBERG: All right. I  
24 think you gentlemen can stay where you are.

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1           Without objection, we'll strike ID on  
2 Exhibits 1 and 2, with the understanding that  
3 Mr. Goulding's part of Exhibit 1 has been  
4 replaced by Exhibit 2.

5           If there's nothing else, we'll let  
6 the parties sum up. Mr. Kreis, why don't you  
7 start us off.

8           MR. KREIS: Thank you, Mr. Chairman.  
9 I would like to take us on a trip back through  
10 memory, down memory lane, to the year 2000,  
11 when William Jefferson Clinton was still the  
12 President of the United States, and the New  
13 Hampshire General Court was adopting RSA  
14 369-B:3, Paragraph IV, subparagraph (b),  
15 sub-subparagraph (1), sub-sub-subparagraph (A).

16           That statutory provision sets out  
17 certain instructions to the PUC with respect to  
18 the finance order that it issued, which allowed  
19 Public Service Company of New Hampshire, now  
20 Eversource, to securitize the stranded costs  
21 and thereby restructure the Company. And of  
22 course, that Restructuring Agreement from 1999  
23 has a sort of second wave in the restructuring,  
24 in the second Restructuring Agreement that was

1 adopted in Docket Number 14-238, that resulted  
2 in a second wave of securitization.

3 So, the point I'm making is that the  
4 Legislature has issued the PUC with  
5 instructions for what requirements to include  
6 in the securitization finance orders, and one  
7 of them is that the Company's Energy Service be  
8 based on the Company's actual, prudent, and  
9 reasonable costs. And up until this particular  
10 reconciliation, actual, prudent, and reasonable  
11 costs included a working capital requirement  
12 that covered only operation and maintenance  
13 expenses, and did not cover the costs  
14 associated with the power purchases by the  
15 Company.

16 So, what happened here is that the  
17 Staff prevailed upon the Company to do an  
18 actual lead/lag study to test the voracity of  
19 that "45 day" assumption. And it turned out  
20 that 45 days is really 17 days. But then the  
21 Company popped up and said "Oh, but, by the  
22 way, we haven't been recovering the working  
23 capital requirements associated with power  
24 purchases."

1           The Commission should not allow the  
2           Company to do that, because it is unfair to  
3           ratepayers. It alters the fundamental bargain  
4           that has governed the way PSNH recovers the  
5           cost of providing energy service that has gone  
6           forward since the year 2000 and the adoption of  
7           RSA 369-B:3.

8           So, Bates Page 073 of Exhibit No. 2,  
9           which is the very last page of Mr. Goulding's  
10          submission, gives the Commission a road map for  
11          what it should do. Instead of allowing a total  
12          working capital of 12 million, or  
13          12.036 million, the real number that the  
14          Commission should approve is the number in the  
15          first part of that schedule, which is actually  
16          \$4,140,000. That reflects the working capital  
17          allowance associated with O&M expenses  
18          reconfigured to reflect the Company's actual  
19          lead/lag results as demonstrated by the  
20          Lead/Lag Study that was submitted here. That  
21          is what is reasonable within the meaning of the  
22          phrase "actual, prudent, and reasonable costs"  
23          in the circumstances that we confront here.

24                 Now, a different result might obtain

1 going forward in the future totally  
2 postdivestiture. But, while we're talking  
3 about the period predivestiture, I really think  
4 the Commission has to be very careful about  
5 "heads I win/tails you lose" kind of reforms  
6 that allow the Company to sort of pop up out of  
7 the blue and ask the Commission to add new  
8 expenses into the costs of Energy Service that  
9 are then recovered from customers.

10 With that exception, I believe that  
11 the testimony here today has amply demonstrated  
12 that the Company did a reasonable and prudent  
13 job of operating its generation fleet and  
14 embarking on market transactions in the  
15 regional wholesale electric market, such that  
16 the price of Energy Service reflects prudent  
17 operations by the Company. And the Commission  
18 should therefore approve the Company's request,  
19 subject to the exception that I just made, that  
20 I just described before.

21 Thank you.

22 CHAIRMAN HONIGBERG: Ms. Amidon.

23 MS. AMIDON: Thank you. Staff has  
24 reviewed the filing. And we understand that

1 the Company has prepared it as it has in the  
2 past, with the exception of the Lead/Lag Study.  
3 We think the results produce the actual,  
4 prudent, and reasonable costs incurred by the  
5 Company to provide Energy Service and stranded  
6 costs. And we request the Commission approve  
7 the Petition.

8 CHAIRMAN HONIGBERG: Mr. Fossum.

9 MR. FOSSUM: Thank you. I guess I'll  
10 start big and go small.

11 On the big tail *[sic]*, I guess we  
12 would ask that the Commission accept and  
13 approve, to the extent necessary, this filing  
14 as reflecting Eversource's actual, prudent, and  
15 reasonable cost to providing service in  
16 calendar year 2017.

17 With respect to the lead/lag issue,  
18 that, too, as presented, is the actual,  
19 prudent, and reasonable costs of the Company as  
20 presented. As noted in Mr. Goulding's  
21 testimony, Exhibit 2, at Page 6, this was a  
22 study that had been performed sometime ago and  
23 presented, and was the subject of some  
24 discovery, and eventually was included in

1 rates, because that was what we understood we  
2 were supposed to do.

3 It's somewhat surprising to me, as I  
4 sit here this morning, to hear all of a sudden  
5 that this analysis is improper and shouldn't be  
6 accepted for application in this proceeding.  
7 This thing has been pending in one more form or  
8 another for a number of years. And if there  
9 were misgivings of that degree, this is the  
10 first I'm hearing of them.

11 We believe the study, the way that it  
12 was conducted, the items included in it, is  
13 appropriate. That it reflects Eversource's  
14 true actual, prudent, and reasonable costs.  
15 And that it should be approved as submitted.

16 Thank you.

17 CHAIRMAN HONIGBERG: Thank you,  
18 Mr. Fossum.

19 All right. If there's nothing else,  
20 we will close the record, adjourn the hearing,  
21 take the matter under advisement, and issue an  
22 order as quickly as we can.

23 ***(Whereupon the hearing was***  
24 ***adjourned at 11:09 a.m.)***