

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 11, 2008 - 11:36 a.m.
Concord, New Hampshire

NHPUC JUN16'08 PM 3:10

RE: DE 08-069
PUBLIC SERVICE OF NEW HAMPSHIRE:
Transmission Cost Adjustment Mechanism.

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Graham J. Morrison
Commissioner Clifton C. Below

Connie Fillion, Clerk

APPEARANCES: Reptg. Public Service of New Hampshire:
Gerald M. Eaton, Esq.

Reptg. Residential Ratepayers:
Meredith A. Hatfield, Esq., Consumer Advocate
Kenneth E. Traum, Asst. Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.

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

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 STEPHEN R. HALL**

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2	Updated filing including a Technical Statement & attachments of Robert A. Baumann (06-06-08)	8
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[WITNESS PANEL: Baumann|Hall]

1 MS. AMIDON: Suzanne Amidon, for
2 Commission Staff, and with me is Steve Mullen, who is
3 still the Assistant Director of the Electric Division.

4 CHAIRMAN GETZ: Thank you. Mr. Eaton.

5 MR. EATON: I would like to call Robert
6 A. Baumann and Stephen R. Hall to the stand.

7 (Whereupon **Robert A. Baumann** and **Stephen**
8 **R. Hall** were duly sworn and cautioned by
9 the Court Reporter.)

10 **ROBERT A. BAUMANN, SWORN**

11 **STEPHEN R. HALL, SWORN**

12 **DIRECT EXAMINATION**

13 BY MR. EATON:

14 Q. Mr. Baumann, would you please state your name for the
15 record, tell me who you're employed by, and what are
16 your duties?

17 A. (Baumann) My name is Robert A. Baumann. And, I'm the
18 Director of Revenue Regulation and Load Resources for
19 Northeast Utilities Service Company. I am responsible
20 for all tracking mechanism revenue requirements in all
21 three jurisdictions for Northeast Utilities, and I am
22 responsible for all revenue requirement calculations
23 for Public Service Company of New Hampshire.

24 Q. Have you previously testified before the Commission?

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1 A. (Baumann) Yes.

2 Q. Do you have in front of you a filing dated May 13th,
3 2008?

4 A. (Baumann) Yes.

5 Q. Could you tell me what's in that filing.

6 A. (Baumann) This filing is an initial filing related to
7 our proposed TCAM rate effective July 1, 2008. That
8 rate that was presented in that calculation was 0.910
9 cents per kilowatt-hour. It reflected the latest known
10 forecasts of costs, the transmission costs and other
11 related costs in this TCAM, based on forecasted budget
12 data. It was noted in the filing that it did not
13 include the latest RNS and LNS rates that would be
14 effective on June 1st, 2008, and that that would be
15 filed in a subsequent filing.

16 Q. Is the filing of May 13th, 2008 true and accurate to
17 the best of your knowledge and belief, based upon the
18 information you had available at the time?

19 A. (Baumann) Yes.

20 Q. Do you need to make any corrections to that filing?

21 A. (Baumann) No.

22 MR. EATON: Could we have that marked
23 "Exhibit 1" for identification?

24 CHAIRMAN GETZ: So marked.

1 (The document, as described, was
2 herewith marked as **Exhibit 1** for
3 identification.)

4 MR. EATON: And, Mr. Chairman, I'm
5 sorry, I don't have a copy of that particular filing with
6 me. I have the wrong pile. But we'll have a copy made
7 for the Clerk.

8 CHAIRMAN GETZ: We have copies at the
9 Bench, so that will be fine.

10 MR. EATON: Okay.

11 BY MR. EATON:

12 Q. Mr. Baumann, you talked about an update. Did the
13 Company update its filing of May 13th?

14 A. (Baumann) Yes. On June 6th, 2008, the Company filed a
15 revision for an update to the TCAM. And, the updated
16 filing proposed a TCAM rate of 1.007 cents per
17 kilowatt-hour effective July 1, 2008. This filing
18 included updated RNS costs that were consistent with
19 the new rates that would become effective on June 1st,
20 2008. However, it did not reflect the latest LNS,
21 which is the Local Network Service, rates that were
22 still being calculated. So, within this filing, we
23 used latest budgeted data, in addition to a accrual
24 that was on the books for a 2007 true-up that will be

[WITNESS PANEL: Baumann|Hall]

1 also part of the June 1, 2008 LNS rates. So, we
2 believe that this filing was a little closer to what
3 the final rate would be, but it's still subject to a
4 final true-up reconciliation of LNS costs, that will be
5 hopefully available to us at the end of this week.

6 Q. And, with those reservations, is this document true and
7 accurate to the best of your knowledge and belief?

8 A. (Baumann) Yes.

9 Q. Do you have any corrections to make to it?

10 A. (Baumann) No.

11 MR. EATON: Could we have this marked as
12 "Exhibit 2" for identification?

13 CHAIRMAN GETZ: So marked.

14 (The document, as described, was
15 herewith marked as **Exhibit 2** for
16 identification.)

17 BY MR. EATON:

18 Q. Mr. Hall, would you please state your name for the
19 record, for whom are you employed, and what are your
20 duties?

21 A. (Hall) My name is Stephen R. Hall. I'm employed by
22 Public Service Company of New Hampshire as a Rate and
23 Regulatory Services Manager. I'm responsible for
24 regulatory relations, rate design, and rate

1 administration.

2 Q. Have you previously testified before this Commission?

3 A. (Hall) Yes, I have.

4 Q. Did you prepare any testimony for this proceeding?

5 A. (Hall) Yes, I did.

6 Q. And, do you have that testimony in front of you now?

7 A. (Hall) I do.

8 Q. When was that filed?

9 A. (Hall) I'm sorry, I don't have the transmittal letter
10 with me.

11 Q. Would you agree, subject to check, it was filed with
12 the same package on June 6th --

13 A. (Hall) Yes.

14 Q. -- that Mr. Baumann described and we've marked as
15 "Exhibit 2"?

16 A. (Hall) Yes.

17 Q. Please tell me what your testimony is about.

18 A. (Hall) The purpose of my testimony was to present the
19 rates and charges for PSNH's transmission rates, based
20 on the overall average TCAM rate proposed in
21 Mr. Baumann's testimony. In particular, in my
22 testimony, I talk about the design and calculation of
23 transmission rates for Rate B, and then I talk about
24 the calculation of transmission rates for all other

[WITNESS PANEL: Baumann|Hall]

1 classes.

2 Q. And, the Rate B difference comes from -- the difference
3 in calculating Rate B arose out of what proceeding?

4 A. (Hall) Rate B is PSNH's Backup Service rate. It's for
5 electricity supplied to generators, station service
6 power generators, when they are not generating
7 electricity. The design of Rate B was a part of the,
8 excuse me, the Settlement Agreement in PSNH's last rate
9 case, where PSNH agreed with the parties with respect
10 to how costs would be allocated to Rate B and how PSNH
11 would design prices for Rate B customers, and also for
12 transmission prices for all other customers.

13 MR. EATON: Could we have this document
14 that Mr. Hall described marked as "Exhibit 3" for
15 identification?

16 CHAIRMAN GETZ: So marked.

17 (The document, as described, was
18 herewith marked as **Exhibit 3** for
19 identification.)

20 BY MR. EATON:

21 Q. Mr. Baumann, would you please summarize your testimony.

22 A. (Baumann) In our prepared technical statement, we have
23 requested that the Commission consider the change in
24 the TCAM rate effective July 1, 2008. Again, that rate

1 is 1.007 cents per kilowatt-hour, subject to a final
2 true-up that we would file that would present final
3 actual LNS rates that would be filed with the FERC and
4 approved by the FERC for effect on June 1, 2008. We
5 believe we would have that information by the end of
6 the week. And, at a minimum, I would strive to file
7 the overall rate calculation by the end of the week,
8 and then it would be subject to additional information
9 and work that Mr. Hall would have to perform over
10 another 24-hour period that would be filed subsequent
11 to the average rate filing packet.

12 Q. Mr. Hall, would you need to revise Exhibit 3 to reflect
13 the rate design calculated from the revised average
14 rate that Mr. Baumann produces?

15 A. (Hall) Yes, I would.

16 Q. You gentlemen have anything to add to your testimony?

17 A. (Hall) No.

18 A. (Baumann) No.

19 MR. EATON: The witnesses are available
20 for cross-examination.

21 CHAIRMAN GETZ: Thank you. Ms.
22 Hatfield.

23 MS. HATFIELD: Thank you, Mr. Chairman.

24 **CROSS-EXAMINATION**

1 BY MS. HATFIELD:

2 Q. Mr. Baumann, if you would, looking at Exhibit 2, if you
3 would turn to Page RAB-1, Page 5.

4 A. (Baumann) I'm there.

5 Q. Thank you. On Line 9, which is labeled as "Local
6 Network Service", or "LNS", the figure for June, the
7 forecasted figure for June 2008 is "5,673", obviously
8 in millions. And, at the bottom, at Line 42, there's a
9 note saying that that figure includes an estimate.
10 And, I'm wondering how much of that amount do you now
11 know and how much is forecasted?

12 A. (Baumann) Well, the estimate that we've included here
13 is on the books of the Company. So, it has been
14 recorded. It will be finalized at the end of this
15 week. And, in effect, what happens is, once they have
16 2007 fully reconciled, the value on the books, you can
17 almost think of it as an accrual value, will be
18 adjusted and, in effect, booked to actual. But I don't
19 have the information now. Last year, we actually did
20 not include this amount in our filings. Probably, in
21 hindsight, knowing a little more this year than we did
22 last year in year number one, we should have, because
23 it was a valid accrual. So, we felt that it was
24 necessary to include it here. But, again, once the

[WITNESS PANEL: Baumann|Hall]

1 rates -- it is a true number that will have to be, you
2 know, will be recorded on the books as a true cost to
3 PSNH. But, right now, this \$4.5 million is the best
4 estimate that the Transmission Group had at the time.
5 And, it is recorded on the general ledger at this
6 point.

7 Q. Thank you. On Line 15 on that same page, that is
8 labeled "Revenue Credits", and the amounts -- I'm
9 looking at the amounts for April, May, and June. And,
10 I'm wondering, since both the RNS and the LNS rates are
11 increasing significantly and PSNH's sales forecast is
12 declining, why aren't these estimates going up
13 significantly over this period?

14 A. (Baumann) Well, the revenue credits really are a
15 function of total anticipated credits that would be
16 received through the retail transmission costs. And,
17 these are -- the forecasted credits are budgeted and,
18 as such, are forecasted at a flat level. So, it's not
19 necessarily a fact that they would go up. It would
20 just depend on what the credits, you know, what the
21 overall credit level is and what the future expectation
22 is. From a budget perspective, many times we'll take
23 items such as this and run them out on a flat basis, if
24 you will.

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[WITNESS PANEL: Baumann|Hall]

1 Q. So, perhaps in your next period filing we'll see the
2 actuals and we'll be able to see what it actually was?

3 A. (Baumann) Well, we're going to -- we're going to
4 forecast, excuse me, when we update the transmission,
5 we should have May actuals. So, you would definitely
6 see the May actuals. But, again, the forecast would be
7 based on the same type of methodology used in the past.

8 Q. Turning to Page 6 of RAB-1, in Line 5, which is
9 "Transmission Revenue - Unbilled", looking at
10 June 2007, why is that number significantly greater
11 than the prior months?

12 A. (Baumann) Well, the June 2007 -- well, let's back up
13 here. The unbilled values shown here are reflective of
14 the change in unbilled. So, the change in unbilled is,
15 well, for June 2007, you have the currently booked
16 unbilled of June usage that will be billed in July.
17 So, that will be a positive. And, you also have the
18 reversal, the prior month's unbilled that was booked in
19 May, that was ultimately billed in June. So, that
20 would be a negative. And, the differential is really
21 just a function of the difference between those two
22 values. And, it can vary from month to month, due to
23 rate change assumed, and it can vary from month to
24 month just based on load estimates at the time.

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[WITNESS PANEL: Baumann|Hall]

1 Q. And, then, looking forward on Page 8, we get into the
2 2008 numbers. I'm wondering, for May and June, you
3 actually don't have any number on Line 5. So, why
4 wouldn't that trend continue or why don't you have a
5 number for May and June?

6 A. (Baumann) Well, May and June are forecasted dollars.
7 And, what we do in the forecast is, on a total company
8 basis, we base it on a -- on a loosely termed "billed
9 basis". So, there is no forecast on the unbilled piece
10 of this from a forecasted basis. Through April, that
11 is your actual, what is on the general ledger. But, in
12 May and June, as you get into the forecast period, we
13 just present, for forecast purposes, the assumed billed
14 level. It's pretty typical of how we run a lot of the
15 forecasted data, where we will just file on a total
16 billed basis.

17 Q. And, the updated filing that you discussed previously
18 that you'll be providing by the end of this week, will
19 that include May actuals?

20 A. (Baumann) Yes, it will.

21 Q. So, it would just be June that would be remaining as
22 forecasted?

23 A. (Baumann) Correct.

24 Q. And, are all of the costs related to the TCAM mechanism

[WITNESS PANEL: Baumann|Hall]

1 subject to PUC Staff audit?

2 A. (Baumann) Well, it depends on what you mean by "PUC
3 Staff audit". They're certainly subject to PUC and all
4 parties' review. They are costs that are subject to
5 the FERC jurisdictional rules, and, therefore,
6 recoverable by the utility companies. But certainly
7 anybody and, certainly, the Commission can review those
8 costs for the -- that they're appropriate.

9 Q. So, it sounds like what you're saying is they're costs
10 that are simply passed directly through PSNH to the
11 customers?

12 A. (Baumann) Yes, that's correct.

13 Q. And, Mr. Hall, I wanted to ask you a question about the
14 helpful spreadsheets that you provided to us earlier
15 this morning in one of the other hearings, where you
16 laid out estimates of the impacts on rates and the
17 changes as of July 1st. And, I wanted to direct your
18 attention to Page 5 of that document.

19 MS. HATFIELD: And, Mr. Chairman, I
20 didn't know if you wanted to mark that as an exhibit in
21 this proceeding as well?

22 CHAIRMAN GETZ: Well, let's -- I guess
23 we could go a couple of different ways. Let's just take
24 notice of Exhibit 3 from docket 08-071 for the purposes of

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1 this proceeding.

2 **(Administrative notice taken.)**

3 MS. HATFIELD: Thank you.

4 MR. EATON: Do you have that, Mr. Hall?

5 WITNESS HALL: I do.

6 BY MS. HATFIELD:

7 Q. So, on Page 5 of that document, under the proposed
8 rates, there's a column that's titled "Transmission".
9 Would that -- Would those numbers reflect the Company's
10 proposed increase in the TCAM rate?

11 A. (Hall) Yes.

12 Q. And, so, the total retail percentage increase would be
13 33.94 percent?

14 A. (Hall) That's the total increase in overall average
15 transmission rate level, yes.

16 Q. And, for the residential rate, that number is
17 34.38 percent?

18 A. (Hall) Yes.

19 Q. And, generally, since that is a quite large increase,
20 could you just talk briefly and generally about why
21 we're seeing those types of increases in this area?

22 A. (Hall) You want to take it?

23 A. (Baumann) The transmission area, over the last four or
24 five years, has seen a, really, a major build-out in

[WITNESS PANEL: Baumann|Hall]

1 reliability transmission projects throughout New
2 England. And, the costs associated with the TCAM,
3 specifically RNS costs, are for the regional build-outs
4 that are occurring throughout New England, and the LNS
5 costs are for the what I'll call the "local facility
6 build-outs" throughout the Northeast Utilities system.
7 And, it's been a fundamental increase in those, the
8 recognition of the transmission in New England and in
9 certain parts of New England, and it's impacted all
10 states, albeit there are some major items in
11 Connecticut, as well as Massachusetts. But, certainly,
12 there are also major build-out in New Hampshire as
13 well, and as well as the other states in New England.
14 So, it's really the -- really the overall costs, and
15 it's really fundamentally reliability-related.

16 MS. HATFIELD: Thank you very much. We
17 have no further questions.

18 CHAIRMAN GETZ: Ms. Amidon.

19 MS. AMIDON: With your permission, Mr.
20 Mullen will conduct the cross.

21 MR. MULLEN: Almost good afternoon.

22 BY MR. MULLEN:

23 Q. Referring to the exhibit from the earlier docket that
24 we were just looking at, the same Page 5 that we were

[WITNESS PANEL: Baumann|Hall]

1 looking at, in the "Transmission" column, could you
2 explain why the GV Rate B and LG Rate B components show
3 a decrease, when all of the other components show a
4 significant increase?

5 A. (Hall) Certainly. That gets back to what I was talking
6 about in my direct testimony with regard to the design
7 of Rate B. Under the rate case settlement, for Rate B
8 transmission rates, the rate was split into two pieces,
9 a base component and an incremental component. The
10 Settlement Agreement then talks about how we will
11 allocate costs to the base component. The incremental
12 component of the Rate B transmission rate is determined
13 in the same fashion as all other transmission prices.
14 That is, it's proportionally adjusted. To determine
15 the base component of the Rate B transmission charge,
16 we look at the Rate B class contribution to the NU
17 system peak as a proportion of PSNH system contribution
18 to the NU system peak. And, we then allocate
19 transmission costs to Rate B accordingly based on that
20 ratio to the Rate B base component.

21 When we calculated transmission rates
22 after the rate case settlement was implemented, that
23 ratio was something like 0.65 percent, I'm relying on
24 memory, I don't recall exactly what it was. If you

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[WITNESS PANEL: Baumann|Hall]

1 look at Attachment SRH-2, Page 1, to my testimony, and,
2 in fact, if you look at the -- let's turn to SRH-2,
3 Page 2, you can see where I've calculated the
4 anticipated Rate B contribution to, you know, Rate B
5 coincident peak to PSNH coincident peak at about 0.559
6 percent. It's that decrease in contribution to peak
7 for Rate B relative to all other customers that's
8 driving down the Rate B base component. And, that
9 decrease to the Rate B base component more than offset
10 the increase to the Rate B incremental component. So
11 that the reason for the percent decrease overall in
12 Rate B transmission rates is attributable to the way we
13 allocate transmission costs to the Rate B base
14 component.

15 Q. Looking at that page in your testimony, --

16 A. (Hall) Yes, sir.

17 Q. -- the months of March through June are estimated.

18 A. (Hall) Yes.

19 Q. To the extent you update this information, how many
20 more months might we see of actual data?

21 A. (Hall) I'm sorry?

22 Q. How many more months? I mean, would March and April
23 show actual data in an update?

24 A. (Hall) No. Unfortunately, obtaining data on -- this is

[WITNESS PANEL: Baumann|Hall]

1 contribution to NU system peak, and obtaining that data
2 sometimes takes some time, two or three months or more,
3 to get all of the final data in. So, when we perform
4 our update of this, I'm not going to have better data
5 on this allocation. I probably won't have better data
6 on this allocation until sometime in the July or August
7 time frame.

8 Q. Okay.

9 A. (Hall) And, So, it will be reconciled, but,
10 unfortunately, I simply don't have it in advance.

11 Q. Mr. Baumann, if we could look at Exhibit 2 in this
12 proceeding, specifically RAB-1, Page 1a.

13 A. (Baumann) I'm there.

14 Q. On this page, you show the difference between the
15 current forecast of TCAM costs compared to the costs
16 that were in the currently allowed rate, is that
17 correct?

18 A. (Baumann) Yes, that's correct.

19 Q. On this page, you show the increase that occurred in
20 Regional Network Service and the other changes going on
21 in some of the other categories. But, for Line 4, for
22 LNS, that's the one that we're still waiting for some
23 better information, correct?

24 A. (Baumann) Yes.

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[WITNESS PANEL: Baumann|Hall]

1 Q. Now, you've included an estimated increase of
2 \$5.27 million, bringing the total LNS up to a little
3 under \$17.3, is that correct?

4 A. (Baumann) Yes.

5 Q. When you get that final information, do you have any
6 idea of how much that \$17.3 million may be off?

7 A. (Baumann) No, I don't.

8 Q. To the extent that there are changes in that amount,
9 what could be the potential impact on the overall
10 average TCAM rate, a kind of a rule of thumb?

11 A. (Hall) We can give you a general idea. If you look at
12 the Line 13, "Total", that's \$83 million. And, if you
13 divide 17.3 by 83 million, you get about 21 percent.
14 What that tells us is that, in this forecasted average
15 rate level, LNS makes up about 21 percent of the cost.
16 So, what you can then do is say, "Okay, assume that
17 that 17.3 million is off by 50 percent. And, let's
18 assume that the 17.3 million would increase by about
19 8.65 million, another 50 percent. If you divide that
20 by 83 million -- I'm sorry, if you divide that
21 8.65 million by the megawatt-hour sales, 8,249,774, you
22 get 0.105 cents", if I did my decimals correctly. And,
23 what that tells us is that, even if we're off by
24 50 percent, it would have an impact of about a tenth of

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[WITNESS PANEL: Baumann|Hall]

1 a cent on the overall average rate level. So, it's a
2 relatively minor impact.

3 Q. Right. But you're not saying that -- as of now you
4 have no idea how much that it could be off. The
5 50 percent is just to --

6 A. (Hall) Correct.

7 Q. -- just to kind of give us a sense of the magnitude?

8 A. (Hall) Correct.

9 Q. Now, regarding the final rate design for this, would
10 you be seeking, similar to what was discussed in the
11 Stranded Cost Recovery Charge proceeding, that the
12 Commission approve an overall average rate, with the
13 final rate design to be determined afterwards?

14 A. (Hall) With transmission prices, once Mr. Baumann
15 calculates his average rate level, I can actually go
16 ahead and calculate transmission rates and charges.
17 And, that's because those rates and charges aren't
18 dependent upon any other price. The difference with
19 stranded cost was that, in order to calculate stranded
20 cost rates and charges, I need to know every other
21 pricing component. So, with transmission, once I get
22 Bob's numbers, we can do the calculations, in
23 relatively short order, a couple of hours perhaps.

24 MR. MULLEN: Thank you. I have nothing

1 further.

2 BY CMSR. BELOW:

3 Q. Mr. Baumann, in Exhibit 1, your prefiled testimony, on
4 Page 3, Line 19, you described the RNS costs as being
5 based on PSNH's "monthly peak load". And, the RNS
6 costs are primarily for the pooled transmission
7 facilities that serve the whole region. Could you
8 elaborate on how -- what your understanding is of
9 exactly how the RNS costs are portioned out throughout
10 New England? Is it PSNH's monthly, seasonal or annual
11 peak, coincident with the system peak, or is it just
12 PSNH's system peak, just explain that detail?

13 A. (Baumann) Sure. It's monthly, and it's not coincident.
14 So, it's PSNH's peak. Each individual month, compared
15 to all the other entities' peaks during that month.
16 This is RNS we're talking about.

17 Q. Right.

18 A. (Baumann) So, it is monthly, and it's based on
19 comparable peaks on a monthly basis. So, every month's
20 RNS charges are allocated slightly differently as the
21 peaks vary from month to month. This is in contrast to
22 the LNS allocation, which is based on an average 12
23 month -- rolling 12 month coincident peak comparison
24 within the NU system.

1 Q. And, that would be like Mr. Hall's Attachment SRH-2,
2 Page 2, that's sort of an analogous 12 month coincident
3 peak. I mean, it's for a different purpose. But, if
4 you thought of Rate B as sort of PSNH, and total PSNH
5 is total NU, that would be taking the average for a
6 prior 12 month period, and that would be how you might
7 proportion PSNH's share of total NU for a particular
8 month subsequent to the 12 month rolling average?

9 A. (Baumann) Yes, for LNS.

10 Q. For LNS.

11 A. (Baumann) Right.

12 Q. And, what's the lag in that rolling 12 month coincident
13 peak? I mean, you must do a calculation every month or
14 is it done on an annual basis?

15 A. (Baumann) I believe the 12 month CP is done on a
16 monthly basis. So, it rolls forward one month. You
17 drop the 13th month and add the new month.

18 Q. So, is it an after-the-fact calculation? I mean, it
19 must be, because you have to look back at what the
20 coincident peak was. Or, are you using a recent factor
21 to apply?

22 A. (Baumann) I believe, subject to check, that they use
23 the most recent actual 12 month CP.

24 Q. Okay.

[WITNESS PANEL: Baumann|Hall]

- 1 A. (Baumann) That's used in the allocation.
- 2 Q. Okay. And, then, on Page 4 of your testimony, at Line
3 10, you talk about the reliability costs, which are
4 allocated based on a monthly peak load. That's like
5 the RNS, is that correct? That it's not coincident,
6 you're going to look at every system in the New England
7 region, each system's monthly peak, regardless of when
8 it occurred, and add up all those monthly peaks, and
9 that creates a proportional ratio for each system to
10 share in the total system reliability costs, is that
11 correct?
- 12 A. (Baumann) Right. That's correct. So, every month it
13 would change. Your proportion would change slightly,
14 depending on how you peak compared to other systems.
- 15 Q. And, again, at the bottom of Page 4, you talk about S&D
16 costs as being "based on monthly peak load". And,
17 again, is that like the RNS and the reliability costs,
18 in terms of how that's allocated?
- 19 A. (Baumann) Yes.
- 20 Q. Okay. And, the LNS costs, are those, generally
21 speaking, those share of costs that are FERC
22 jurisdictional transmission, so it's not distribution
23 rate transmission that's state jurisdictional. So,
24 it's the FERC jurisdictional transmission costs that

[WITNESS PANEL: Baumann|Hall]

1 are not part of the RNS or the PTF, is that -- but are
2 part of NU's FERC jurisdictional transmission, is that
3 correct?

4 A. (Baumann) Yes, to the FERC jurisdictional. They are
5 not part of RNS. RNS is, as you referred to, is
6 usually referred to as "PTF". There are PTF costs in
7 the LNS. And, these are, in particular, one of the
8 major ones would be the construction work in progress.
9 So, I don't want to say "yes" to the fact that there's
10 no PTF in LNS, because there is. And, I mean, you can
11 actually have high voltage lines that are LNS, and
12 strictly LNS, that we also refer to as, as some people
13 do, "PTF". Some people define "PTF" in their minds as
14 345 kV. You might have a local 345 line that will stay
15 local, because it's not used for regional reliability,
16 it's for a more defined reliability in a particular
17 subregion, such as PSNH.

18 Q. So, you may be referring to a casual use of "PTF". I
19 mean, it's not your understanding that "PTF", in a
20 formal sense, are those pooled transmission facilities
21 that are eligible for regional cost recovery through
22 the RNS?

23 A. (Baumann) I just wanted to make sure that we weren't
24 getting definitions mixed up.

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[WITNESS PANEL: Baumann|Hall]

- 1 Q. Uh-huh.
- 2 A. (Baumann) When I think of "RNS", I think of "PTF".
- 3 Q. Generally. Okay.
- 4 A. (Baumann) Yes. But you can have high voltage lines in
5 the LNS category.
- 6 Q. Right. Right. And, NU, one of the big cost that's
7 being incurred regionally is a variety of reliability
8 upgrades, including one in southwestern Connecticut in
9 the proximity of U.S. Route 1, is that correct?
- 10 A. (Baumann) It is in southwest Connecticut, I'm not sure
11 where U.S. Route 1 is. But there's a -- the one that's
12 under construction right now is from Middletown to
13 Norwalk.
- 14 Q. Right, the Norwalk area. Route 1 is along that coastal
15 corridor, runs through Norwalk.
- 16 A. (Baumann) I'm a New Jersey boy, so --
- 17 Q. Okay. And, there's a -- that Norwalk project, a big
18 portion of the cost of that is for placing the
19 transmission underground, which ISO New England and
20 FERC did not allow to be recovered as part of the RNS,
21 is that correct?
- 22 A. (Baumann) Yes, that's correct.
- 23 Q. And, is that actually being recovered as part of the
24 LNS or is some of that recovered locally within

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1 Connecticut?

2 A. (Baumann) That is part -- That would be part of the
3 LNS.

4 Q. Okay. So, PSNH customers, pursuant to FERC approved
5 rates, are paying for part of the cost, a proportional
6 share of the cost to underground transmission lines
7 pursuant to Connecticut's preferences to put them under
8 ground, as opposed to overhead, is that correct?

9 A. (Baumann) Subject to check, yes, that's my
10 understanding.

11 CMSR. BELOW: Okay. Thanks. That's
12 all.

13 CHAIRMAN GETZ: Redirect, Mr. Eaton?

14 MR. EATON: I have no questions.

15 CHAIRMAN GETZ: Anything further for
16 these witnesses?

17 (No verbal response)

18 CHAIRMAN GETZ: Okay. Hearing nothing,
19 then the witnesses are excused. Thank you, gentlemen.
20 Any objection to striking the identifications and
21 admitting the evidence, admitting the exhibits into
22 evidence?

23 MR. EATON: Before we go there, could we
24 reserve a couple more exhibit numbers? Exhibit 4, for the

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1 updated calculation of the average TCAM rate that Mr.
2 Baumann would supply, and Number 5 would be the updated
3 retail rates and charges for TCAM by rate class, which Mr.
4 Hall would supply.

5 CHAIRMAN GETZ: Okay. We will reserve
6 Exhibits 4 and 5 for that information.

7 **(Exhibit 4 and Exhibit 5 reserved)**

8 CHAIRMAN GETZ: Ms. Hatfield.

9 MS. HATFIELD: Thank you, Mr. Chairman.
10 If I might, Mr. Baumann's answer to that last question
11 posed by Commissioner Below actually raised a question for
12 us. And, I believe Mr. Baumann said "subject to check" he
13 believed that PSNH customers were paying for a portion of
14 the cost to underground the Connecticut line through LNS
15 charges. And, we were wondering if the Company would be
16 willing to provide a response in writing that they would
17 be willing to check and just if we could reserve a number
18 for a record request so that we could have that in the
19 record.

20 CHAIRMAN GETZ: We'll reserve Exhibit 6
21 for that answer.

22 **(Exhibit 6 reserved)**

23 MS. HATFIELD: Thank you.

24 CHAIRMAN GETZ: Any other procedural

[WITNESS PANEL: Baumann|Hall]

1 issues, before we turn to opportunity for closings?

2 (No verbal response)

3 CHAIRMAN GETZ: Hearing nothing, then
4 Ms. Hatfield.

5 MS. HATFIELD: The OCA takes no position
6 on PSNH's filing. And, we will work with the parties and
7 Staff to review the updated filings as they are provided.

8 CHAIRMAN GETZ: Thank you. Ms. Amidon.

9 MS. AMIDON: Thank you. Commission
10 Staff has reviewed the filing, and we will wait to see
11 what the updated numbers show, in terms of supporting the
12 petition.

13 CHAIRMAN GETZ: Thank you. And, Mr.
14 Eaton.

15 MR. EATON: Once again, we thank the
16 Commission and the parties for their cooperation and their
17 willingness to resolve these issues, and to have orders as
18 quickly as possible so that we can implement these rates
19 through our new billing system on July the 1st. Thank
20 you.

21 CHAIRMAN GETZ: Okay. All right. Then,
22 we will close this hearing and take the matters under
23 advisement. Thank you, everyone.

24 **(Hearing ended at 12:20 p.m.)**

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