

1 STATE OF NEW HAMPSHIRE

2 PUBLIC UTILITIES COMMISSION

3
4 **July 23, 2015** - 1:36 p.m.
5 Concord, New Hampshire

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6
7 RE: **DE 14-120**
8 **PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:**
9 ***Annual Reconciliation of Energy Service***
10 ***and Stranded Cost for 2013.***11
12 **PRESENT:** Chairman Martin P. Honigberg, Presiding
13 Commissioner Robert R. Scott
14 Commissioner Kathryn M. Bailey

15 Sandy Deno, Clerk

16
17 **APPEARANCES:** **Reptg. Public Service Co. of New Hampshire**
18 **d/b/a Eversource Energy:**
19 Matthew J. Fossum, Esq.20 **Reptg. Conservation Law Foundation:**
21 Thomas F. Irwin, Esq.22 **Reptg. Residential Ratepayers:**
23 Susan Chamberlin, Esq., Consumer Advocate
24 James Brennan, Finance Director
 Office of Consumer Advocate **Reptg. PUC Staff:**
 Suzanne G. Amidon, Esq.

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

ORIGINAL

I N D E X

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WITNESS PANEL: CHRISTOPHER J. GOULDING
FREDERICK B. WHITE
GRANT SIWINSKI

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1 P R O C E E D I N G

2 CHAIRMAN HONIGBERG: Good afternoon. We
3 are here in Docket DE 14-120, which is a reconciliation of
4 Energy Service and Stranded Costs for calendar year 2013
5 for Public Service Company of New Hampshire doing business
6 as Eversource Energy.

7 Before we take appearances, I'll note
8 that, for the first time in a long time, we have a third
9 Commissioner here. And, we welcome Kate Bailey to the
10 Commission.

11 Let's take appearances.

12 MR. FOSSUM: Good afternoon,
13 Commissioners. Matthew Fossum, for Public Service Company
14 of New Hampshire, doing business as Eversource Energy.
15 And, welcome, Commissioner Bailey.

16 COMMISSIONER BAILEY: Thank you.

17 MS. CHAMBERLIN: Good afternoon. Susan
18 Chamberlin, for the residential ratepayers. And, with me
19 today is Jim Brennan.

20 MR. IRWIN: Good afternoon. Tom Irwin,
21 with the Conservation Law Foundation.

22 MS. AMIDON: Suzanne Amidon, for
23 Commission Staff. And, first, I want to say welcome,
24 Commissioner Bailey. We're so happy to have you on the

1 Bench.

2 With me today is Tom Frantz, the
3 Director of the Electric Division; to his left is Grant
4 Siwinski, who is an Analyst in the Electric Division; and
5 then Mike Cannata, who is a consultant working with Staff
6 on this docket.

7 CHAIRMAN HONIGBERG: This is a
8 proceeding that started some time ago, but we do have a
9 settlement. How are we going to be proceeding this
10 afternoon?

11 MR. FOSSUM: The intention for the
12 hearing itself was to have a panel of witnesses to discuss
13 the Settlement Agreement. In addition, we have -- the
14 Parties have agreed to marking of certain exhibits to be
15 included in the record. And, so, if the Commission
16 wishes, I can go through that, that listing right now of
17 the exhibit numbering that the Parties have agreed to,
18 before we present the witnesses to discuss the Settlement
19 Agreement.

20 CHAIRMAN HONIGBERG: Okay. Why don't
21 you do that.

22 MR. FOSSUM: Then, for your records,
23 what the Parties have agreed to as "Exhibit 1" would be
24 the initial filing of Public Service Company.

1 CHAIRMAN HONIGBERG: Mr. Fossum, have
2 these actually been marked or is it something that we're
3 going to need to do?

4 MR. FOSSUM: They have been marked.
5 We've worked with the Clerk, and she's prepared to have
6 them marked and presented in the record, yes.

7 CHAIRMAN HONIGBERG: Fair enough.

8 MR. FOSSUM: So, as I said, the initial
9 filing of the Company back on May 1st, 2014 would be
10 "Exhibit 1"; the Staff testimony of Grant Siwinski would
11 be "Exhibit 2"; the Staff Consultant Testimony of Mike
12 Cannata -- Michael Cannata would be "Exhibit 3". And, Mr.
13 Cannata has prepared a document that explains some
14 corrections to his prefiled testimony. And, the Parties
15 have agreed that the document describing those relatively
16 minor corrections would be included as Exhibit 3A. And, I
17 believe copies of that document have been provided to the
18 Commissioners.

19 "Exhibit 4" is the Consumer Advocate
20 Testimony of James Brennan; and, lastly, "Exhibit 5" is
21 the Settlement Agreement filed on July 9th of this year.

22 (The documents, as described, were
23 herewith marked as **Exhibit 1** through
24 **Exhibit 5**, respectively, for

1 identification.)

2 CHAIRMAN HONIGBERG: Then, is there
3 anything else we need to do before the witnesses take the
4 stand?

5 MS. AMIDON: I have one issue I want to
6 identify for the Commission.

7 CHAIRMAN HONIGBERG: Ms. Amidon.

8 MS. AMIDON: Thank you. Attached to
9 Exhibit 3, which is the testimony of Mr. Cannata, is a
10 document, I believe it's in response to technical session
11 data requests, and the Company claimed confidential
12 treatment of those materials.

13 CHAIRMAN HONIGBERG: Uh-huh.

14 MS. AMIDON: Staff does not object, but
15 I just wanted to identify that there is confidential
16 material attached to that exhibit.

17 CHAIRMAN HONIGBERG: Is there a motion
18 for confidential treatment or is there a stipulation of
19 some sort that we need to bless on that issue?

20 MR. FOSSUM: I will admit I have not
21 filed a motion relative to that. I believe that we need
22 to, although I had not done so in advance of the hearing.
23 And, I would apologize for that. I would make the motion
24 orally now that it be kept as confidential, and I will

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1 file an appropriate motion probably tomorrow to cover that
2 material.

3 CHAIRMAN HONIGBERG: I assume there's no
4 objection?

5 MS. CHAMBERLIN: No objection.

6 MS. AMIDON: No objection.

7 CHAIRMAN HONIGBERG: I see a lot of
8 shaking heads over on that side of the room. So, that's a
9 good sign. So, we'll proceed along those lines.

10 MS. AMIDON: Thank you.

11 CHAIRMAN HONIGBERG: So, now are we
12 ready to have the witnesses take the stand?

13 MR. FOSSUM: Yes.

14 MS. AMIDON: And, while I have a moment
15 to address the Commission, Staff does not plan to ask Mr.
16 Cannata to take the stand. He didn't participate in the
17 Settlement Agreement. And, unless you have questions
18 specific to his testimony, we did not make intend to make
19 him available, unless requested.

20 CHAIRMAN HONIGBERG: Okay.

21 MS. CHAMBERLIN: And, your Honor, the
22 same is true for OCA testimony from Mr. Brennan. We
23 support the Settlement Agreement. We'd be happy to answer
24 questions. But these witnesses were going to sponsor the

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[WITNESS PANEL: Goulding~White~Siwinski]

1 Settlement Agreement.

2 CHAIRMAN HONIGBERG: Okay. Thank you,
3 Ms. Chamberlin.

4 (Whereupon *Christopher J. Goulding*,
5 *Frederick B. White*, and *Grant Siwinski*
6 were duly sworn by the Court Reporter.)

7 CHRISTOPHER J. GOULDING, SWORN

8 FREDERICK B. WHITE, SWORN

9 GRANT SIWINSKI, SWORN

10 DIRECT EXAMINATION

11 BY MR. FOSSUM:

12 Q. I'll go down the line. Just for the record, Mr. White,
13 could you state your name and place of employment and
14 your responsibilities for the record please.

15 A. (White) My name is Frederick White. I work for
16 Eversource Service Company. I'm a Supervisor in the
17 Energy Supply Department. And, my primary
18 responsibilities include analysis and management of the
19 portfolio of load and resources utilized by PSNH to
20 serve Default Service customers, and for a presentation
21 of explanations regarding the reconciliation of costs.

22 Q. And, Mr. Goulding, could you also state your name and
23 place of employment and responsibilities for the record
24 please.

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[WITNESS PANEL: Goulding~White~Siwinski]

1 A. (Goulding) My name is Christopher Goulding. I'm
2 employed by Eversource Energy. My location is 780
3 North Commercial Street. I'm the Manager of Revenue
4 Requirements for New Hampshire. In my position, I'm
5 responsible for the coordination and implementation of
6 revenue requirement calculations and rate calculations.

7 MS. AMIDON: Thank you.

8 BY MS. AMIDON:

9 Q. Mr. Siwinski, for the record, will you state your name
10 and place of employment.

11 A. (Siwinski) My name is Grant Siwinski. I'm an Analyst
12 in the Electric Division of the New Hampshire Public
13 Utilities Commission. My address is 21 South Fruit
14 Street.

15 Q. Have you testified before this Commission previously?

16 A. (Siwinski) I have.

17 Q. And, Mr. Siwinski, did you work as an analyst on this
18 docket, DE 14-120?

19 A. (Siwinski) I did.

20 Q. And, are you familiar with the terms of the Settlement
21 Agreement?

22 A. (Siwinski) Generally, I'm familiar with the terms.

23 Q. And, you are aware that Staff supports the Settlement
24 Agreement?

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1 A. (Siwinski) I am. Thank you. Yes.

2 MS. AMIDON: Okay. Thank you.

3 BY MR. FOSSUM:

4 Q. And, for the record then, Mr. Goulding, did you
5 participate in this docket and in the Settlement that's
6 being presented to the Commission today?

7 A. (Goulding) Yes, I did.

8 Q. And, you're familiar with the terms of that Settlement
9 Agreement?

10 A. (Goulding) Yes.

11 Q. And, Mr. White, did you, too, participate in the
12 Settlement Agreement and are you familiar with its
13 terms?

14 A. (White) Yes.

15 Q. Thank you. With that, I would ask, Mr. White or Mr.
16 Goulding, as may be appropriate, to provide a brief
17 description. I know that the Settlement Agreement
18 speaks for itself. But I would ask you very briefly to
19 describe your understanding of the settlement terms as
20 they're contained in that Agreement that's been marked
21 as "Exhibit 5".

22 A. (White) Okay. I'll start off. And, jump right to
23 Section II, which are the Terms of Settlement. Section
24 A deals with "Power Supply and Procurement". And, the

[WITNESS PANEL: Goulding~White~Siwinski]

1 Parties, the Company, Staff, and OCA, have agreed that
2 our filings are an accurate representation of capacity
3 and energy purchases, generation and operation costs
4 and dispatch decisions during 2013. That the Company
5 made sound management decisions with regard to those
6 issues. And, that there would be no finding of
7 imprudence with regard to those issues, or with regard
8 to any generation outages. And, that there would be no
9 disallowance of replacement power costs associated with
10 any outages analyzed.

11 Moving to Section B, and maybe it's
12 easiest if we just go through the whole thing. If you
13 are compelled to ask questions as we go, that's fine.
14 We thought we'd just go through it. So, I'll jump onto
15 Section B, which was a -- addressed a item regarding
16 "Transient Stability Analysis". This was a
17 recommendation from Staff, from prior reconciliation
18 dockets, regarding PSNH Engineering's capability to
19 perform these studies in-house. And, we went out and
20 acquired the capability, through training, to perform
21 the study. We performed a number of studies on
22 transient stability on our low voltage system, and the
23 Parties have agreed to close this item.

24 We maintain the capability and continue

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1 to perform these analyses going forward. And, the
2 Settlement Agreement closes this recommendation item.

3 Regarding Item C, "Hazard Tree Removal",
4 the Company will continue to -- continue with the
5 program to assess and to trim and remove hazard and/or
6 risk trees within its rights-of-way. We will continue
7 to perform these, we do continue to perform these
8 assessments, and perform any necessary trimming work.
9 And, as consistent with past practice, we will -- are
10 open to and provide information in reconciliation
11 dockets on the results of these assessments and work
12 performed. And, we'll continue to do that for the
13 foreseeable future.

14 I think that's -- we can move to Item D,
15 I'll hand it off.

16 A. (Goulding) So, for Item D, "Rate Reduction Bonds", back
17 in -- or, for July 1st, 2013 rates, the Settling
18 Parties had agreed -- or, for July 1st, 2013 rates, we
19 agreed that there was a difference of opinion on how
20 the general and reserve funds should be refunded to
21 customers. So, we built those into rates for July 1st,
22 2013. As part of this Settlement, it's been agreed
23 upon that the Company will recover one-half of those
24 funds with interest effective January 1st, 2016.

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1 Q. And, Mr. Goulding, is it your opinion that this
2 Settlement Agreement is just and reasonable and an
3 appropriate resolution of the issues in this docket?

4 A. (Goulding) Yes, it is.

5 Q. And, Mr. White, is that also your opinion?

6 A. (White) Yes, it is.

7 MR. FOSSUM: That's all that I have for
8 the direct of the witnesses on the Settlement.

9 CHAIRMAN HONIGBERG: Ms. Amidon.

10 BY MS. AMIDON:

11 Q. The only question I have for Mr. Siwinski is the same
12 that was just asked of Mr. Goulding and Mr. White. Do
13 you believe that the Settlement Agreement is a just and
14 reasonable resolution of the issues in this docket?

15 A. (Siwinski) Yes, we do. Yes, Staff does.

16 MS. AMIDON: Thank you.

17 CHAIRMAN HONIGBERG: Mr. Irwin, do you
18 have any questions?

19 MR. IRWIN: Mr. Chairman, Commissioners,
20 I don't have any questions. I would just raise as a point
21 of qualification, Mr. White made a few generic references
22 to the "Settling Parties" in describing the terms that he
23 discussed. And, I don't feel the need to do this through
24 questions, I assume that the document speaks for itself.

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1 There is a distinction in the document between the
2 "Settling Parties", which obviously refer to "all
3 parties", and a few paragraphs that refer to the "Company,
4 Staff, and OCA", but not CLF.

5 CHAIRMAN HONIGBERG: I think we
6 understand that. I assume counsel has no problem with
7 Mr. Irwin getting that on the record?

8 MR. FOSSUM: No.

9 CHAIRMAN HONIGBERG: I'm seeing shaking
10 heads. So, we're good with that. Thank you, Mr. Irwin.

11 MR. IRWIN: Thank you.

12 CHAIRMAN HONIGBERG: Ms. Chamberlin, do
13 you have any questions?

14 MS. CHAMBERLIN: No questions.

15 CHAIRMAN HONIGBERG: Commissioner Scott,
16 do you have any questions?

17 COMMISSIONER SCOTT: Yes. Thank you.
18 Good afternoon.

19 BY COMMISSIONER SCOTT:

20 Q. In the -- I'll refer to Section A of the "Settlement
21 Terms". I just wanted to understand a little bit
22 better regarding the condition that would not have any
23 disallowances for replacement power costs. In Mr.
24 Cannata's testimony, he suggested that perhaps there

[WITNESS PANEL: Goulding~White~Siwinski]

1 should be. I was just wanting to get an idea, with the
2 understanding, I assume that Eversource doesn't agree,
3 *per se*, but, if those costs were to be disallowed, I
4 was just curious to get an order of magnitude what the
5 discussion was. Are we talking thousands? Millions?
6 Can somebody give me some idea of ballpark?

7 A. (White) It's roughly \$1,500. What's happening there is
8 there were eight outages identified, three of them at
9 our steam facilities. It just so happens that the
10 period during which those outages occurred were
11 low-priced periods. So that there was really no dollar
12 cost associated with those outages. And, those are
13 typically higher volumes, they're much larger units.
14 The five other outages were all at hydro units, and of
15 relatively short duration. So, in total, it was about
16 \$1,500 of replacement power costs estimated through our
17 approach to it, yes.

18 Q. Thank you. That's helpful. And, I won't hold you to
19 the exact figure. I just wanted to get an idea.

20 A. (White) Yes.

21 Q. So, thank you. Moving to the Section C on "Hazardous
22 Tree Removal". I want to understand a little bit
23 better the very last sentence. What happens after the
24 ongoing five-year vegetation management cycles, what's

1 envisioned there?

2 A. (White) I think that's just referring to an ongoing
3 five-year cycle. Where, during a five-year period, all
4 the sections of line are assessed, and any necessary
5 trimming performed. And, at the end of the five-year,
6 you start over. So that it ensures that all the
7 mileage is inspected every five years.

8 Q. Okay. So, in this -- in that, given that, so the more
9 operative sentence would be the sentence before, where
10 it says "for the next three filings", is that --

11 A. (White) And, I think it refers -- I think it's
12 identifying the next three filings, which would be the
13 third, fourth, and fifth years of the five-year cycle.

14 Q. Okay.

15 A. (White) After which the cycle will begin again. Is
16 that --

17 Q. That's helpful. Thank you. And, this will be not the
18 first time I've done this probably, but I'll probably
19 ask you an unfair question, this is a little bit
20 outside the scope here. I'm just wondering, I struggle
21 sometimes -- trees grow in New Hampshire, that's not a
22 new thing. We expect that. Is there a point where it
23 would be appropriate that these type of costs are
24 basically subsumed in the general ratemaking? And, I

[WITNESS PANEL: Goulding~White~Siwinski]

1 guess that's an open question, and we don't need to
2 decide it today, certainly. But I'm just thinking out
3 loud, I suppose.

4 A. (White) Unfortunately, I'm not knowledgeable enough to
5 speak to that. This is a bit outside of my area. So,
6 I'm not sure I can comment on that.

7 A. (Goulding) Yes. I mean, I guess, if I had to say, I
8 think there is normal tree-trimming that's included in
9 normal the ratemaking process. And, I believe then
10 there's enhanced tree-trimming for PSNH specifically
11 that we have as part of our Reliability Enhancement
12 Program.

13 COMMISSIONER SCOTT: All right. I think
14 that's all I have.

15 CHAIRMAN HONIGBERG: Commissioner
16 Bailey, do you have any questions?

17 COMMISSIONER BAILEY: No questions.
18 Thank you.

19 CHAIRMAN HONIGBERG: I'm going to ask
20 one, just out of ignorance of the technology.

21 BY CHAIRMAN HONIGBERG:

22 Q. The phrase "transient stability" reads like an
23 oxymoron. What is "transient stability"?

24 A. (White) Well, again, I'm probably speaking a bit

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1 out-of-school, but I'll --

2 Q. You're less out-of-school than I am on this. So, --

3 A. (White) I believe it speaks to voltage excursions that
4 can occur when contingencies occur on distribution and
5 transmission lines. And, there are tripping mechanisms
6 that are sensitive to small fluctuations, so that those
7 settings are key in maintaining reliability and not
8 having unnecessary outages that could trip the
9 generator or could trip the line itself. So, it has to
10 do with local reliability and voltage stability.

11 Q. A "voltage excursion" is also not a self-defining term,
12 but I think I have an understanding of what you meant.
13 Thank you for that.

14 CHAIRMAN HONIGBERG: I don't have any
15 other questions. Does either Mr. Fossum or Ms. Amidon
16 have any redirect?

17 MR. FOSSUM: No. Thank you,
18 Commissioner.

19 MS. AMIDON: No thank you.

20 CHAIRMAN HONIGBERG: All right. Is
21 there anything else we need to do with these witnesses
22 then?

23 (No verbal response)

24 CHAIRMAN HONIGBERG: I don't think so.

1 Then, the witnesses are excused. Feel free to stay where
2 you are or return to your seats.

3 We will strike the ID on all the
4 exhibits as the Parties have requested, correct?

5 MS. AMIDON: Yes.

6 CHAIRMAN HONIGBERG: Would the Parties
7 like to sum up? Mr. Irwin?

8 MR. IRWIN: That's okay. Thank you.

9 CHAIRMAN HONIGBERG: Ms. Chamberlin?

10 MS. CHAMBERLIN: Sure. The OCA's
11 testimony addressing the Rate Reduction Bonds, or,
12 actually, I think it was Staff's testimony on the Rate
13 Reduction Bonds, there's evidence for both positions. It
14 was murky. These -- the accounts were set up
15 approximately 20 years ago. So, we decided the best, most
16 reasonable thing to do was to split the difference. And,
17 so, that's how we arrived at the Settlement Agreement
18 there.

19 And, in terms of our OCA testimony, that
20 is for this particular docket, we -- there's the proposed
21 Settlement Agreement in 11-250. If that happens, all of
22 this changes. If that doesn't happen, then we go back to
23 doing something similar and we will continue to litigate
24 these issues.

1 CHAIRMAN HONIGBERG: Ms. Amidon.

2 MS. AMIDON: Thank you. Staff
3 participated in the Settlement Agreement. We, obviously,
4 did extensive research and provided testimony in this
5 docket. And, we believe that the Settlement Agreement is
6 consistent with the public interest, and it's a just and
7 reasonable resolution of all the issues in this docket.
8 Thank you.

9 CHAIRMAN HONIGBERG: Mr. Fossum.

10 MR. FOSSUM: Thank you, Commissioners.
11 I would echo the statements that Attorney Amidon has just
12 offered. I believe the Parties were quite thorough in
13 this docket. It did take a bit longer than these things
14 usually do. But, finally, we've found a way to agreeably
15 bring this docket to closure. And, I believe,
16 collectively, subject to the qualifications in the
17 document itself, believe that this really is a just and
18 reasonable and appropriate way to bring this docket to
19 closure. We support the Settlement Agreement, and we
20 would ask that the Commission approve it.

21 CHAIRMAN HONIGBERG: All right. I think
22 that's all we have then. We'll get your motion closing
23 the loop on confidential treatment tomorrow. Is there a
24 timeline on needing an order on any particular schedule?

1 MR. FOSSUM: In general, with these
2 dockets, no, there is not. I'd say the only
3 time-sensitive item that is in here has to do with the
4 calculation of the Rate Reduction Bond difference, but
5 that would be part of a rate for effect on January 1,
6 2016.

7 So, I guess my answer is "no", there is
8 no expediency to this issue. But an order sooner, rather
9 than later, is, of course, appreciated.

10 CHAIRMAN HONIGBERG: I don't know of any
11 reason why won't come fairly quickly, and we'll get it out
12 as quickly as we can.

13 If there's nothing else, we thank you
14 all and we will adjourn.

15 (Whereupon the hearing was adjourned at
16 1:58 p.m.)