

**THE STATE OF NEW HAMPSHIRE**  
**BEFORE THE PUBLIC UTILITIES COMMISSION**  
**PREPARED TESTIMONY OF CHRISTOPHER J. GOULDING**  
**2015 STRANDED COST RECOVERY CHARGE RATE CHANGE**  
**Docket No. DE 14-XXX**

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1   **Q.   Please state your name, business address and position.**

2   A.   My name is Christopher J. Goulding. My business address is 780 North Commercial  
3       Street, Manchester, NH. I am employed by Northeast Utilities Service Company  
4       (NUSCO) as the Manager, Revenue Requirements – PSNH. NUSCO provides  
5       centralized services to the Northeast Utilities (NU) operating subsidiaries Public Service  
6       Company of New Hampshire (PSNH), The Connecticut Light and Power Company,  
7       Yankee Gas Services Company, Western Massachusetts Electric Company, NSTAR  
8       Electric Company and NSTAR Gas Company.

9   **Q.   Have you previously testified before the Commission?**

10  A.   Yes, on numerous occasions.

11  **Q.   Please describe your professional experience.**

12  A.   Upon graduation from Northeastern University, I was hired by NSTAR Electric & Gas  
13       Company (now NUSCO) and have held various positions in Accounting, Corporate  
14       Finance and Regulatory with increasing responsibility through my current position as  
15       Manager, Revenue Requirements – PSNH.

1    **Q.     What are your current responsibilities?**

2    A.     I am currently responsible for the coordination and implementation of revenue  
3           requirements calculations for PSNH, as well as the filings associated with PSNH's  
4           Energy Service charge, the Stranded Cost Recovery charge, the Transmission Cost  
5           Adjustment Mechanism, and the Alternate Default Energy Rate.

6    **Q.     What is the purpose of your testimony?**

7    A.     The purpose of my testimony is: (1) to provide an overview of this filing; and (2) to seek  
8           the necessary approvals to set the average Stranded Cost Recovery Charge (SCRC) rate  
9           that will take effect January 1, 2015.

10   **Q.     Please describe the components of the SCRC and their application to this rate**  
11       **request.**

12   A.     The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F  
13           and 369-B. The PSNH Restructuring Settlement, approved in Order No. 23,549, defined  
14           PSNH's stranded costs and categorized them into three different parts (i.e., Part 1, 2 and  
15           3). Part 1 is composed of the RRB Charge, which is calculated to recover the principal,  
16           net interest, and fees related to Rate Reduction Bonds. These Rate Reduction Bonds  
17           were fully amortized at May 1, 2013. Part 2 costs are "ongoing" stranded costs  
18           consisting primarily of the over-market value of energy purchased from independent  
19           power producers (IPPs) and the amortization of payments previously made for IPP buy-

1       downs and buy-outs as approved by the Commission. Part 3 costs, which were primarily  
2       the amortization of non-securitized stranded costs, were fully recovered as of June 2006.

3       On June 13, 2014, PSNH filed testimony and schedules requesting a mid-term adjustment  
4       to its average SCRC rate effective July 1, 2014 through December 31, 2014 to (0.221)  
5       cents per kWh. Order No. 25,681, issued in Docket No. DE 13-274, granted PSNH's  
6       request for a new average SCRC rate of (0.221) cents per kWh for the period July 1, 2014  
7       through December 31, 2014. This rate includes the RGGI refund as required by RSA  
8       125-O:23, II and Order No. 25,664 (May 9, 2014), directing PSNH to rebate RGGI  
9       auction revenue it receives through the SCRC rate.

10   **Q.    Please describe the detailed support for the calculation of the average SCRC rate**  
11       **provided in Attachments CJG-1 and CJG-2.**

12   A.   Attachment CJG-1, pages 1 through 3, provides a summary of 2015 cost information  
13       related to Part 1 and Part 2 costs, amortization of securitized assets and ongoing cost  
14       activity. Pages 4 through 7 provide the detailed cost information by month related to Part  
15       1, amortization of securitized assets and Part 2, ongoing costs. Attachment CJG-2, Pages  
16       1 through 7 provide the detailed cost and revenue components relating to the preliminary  
17       2014 SCRC reconciliation.

1    **Q.    Is PSNH currently proposing a specific SCRC rate at this time?**

2    A.    No, it is not. Attachment CJG-1 provides a preliminary rate calculation; however, prior  
3           to the anticipated hearing in December 2014, PSNH plans to update the SCRC rate  
4           calculation for changes attributable to IPP over-market costs and will include an update  
5           of 2014 actual data. This update will be consistent with the market price assumptions  
6           embedded in the Energy Service (ES) update and will be filed at the same time as the  
7           2015 ES rate update. The preliminary 2015 average SCRC rate (excluding the RGGI  
8           rebate amount) provided in this filing is 0.217 cents per kWh and is 0.283 cents per kWh  
9           higher than the current rate of (0.066) cents per kWh.

10   **Q.    What are the major reasons for the SCRC rate increase?**

11   A.    The increase in the SCRC rate effective January 1, 2015 from the current rate is primarily  
12           due to the removal of a one-time refund of \$13.1M of Phase II DOE Litigation Proceeds  
13           which was returned to customers from July to December 2014.

14   **Q.    Does PSNH anticipate receiving any additional Department of Energy litigation**  
15           **Phase 1 refunds in 2015?**

16   A.    Yes, A credit to customers of \$1.0 million is included in the filing to reflect the third  
17           installment of PSNH's portion of refunds resulting from FERC settlements regarding  
18           treatment of litigation proceeds between the Department of Energy and Maine Yankee.  
19           The refund is expected to be provided to PSNH in a lump sum in the second half of 2015.

1 **Q. Does PSNH plan to minimize cost deferrals for the SCRC through a mid-term**  
2 **adjustment?**

3 A. Yes. If a rate adjustment is deemed necessary, PSNH could file a petition for such a  
4 change in a manner and on a schedule consistent with the modifications to the Energy  
5 Service rate. The Commission could revisit the SCRC rate in an abbreviated  
6 investigation. PSNH would submit actual and estimated data on a date specified by the  
7 Commission to allow the parties and Staff sufficient time to address the need for an  
8 interim adjustment during the 2015 SCRC year.

9 **Q. Please describe the detailed support for the calculation of the RGGI rate provided**  
10 **in Attachments CJG-3 and CJG-4.**

11 A. Attachment CJG-3, pages 1 through 3, provides a summary of 2015 cost information  
12 related to RGGI auctions and the amounts allocated to PSNH for refund. Attachment  
13 CJG-3, Page 4 provides the detailed rate calculation relating to the 2015 RGGI rate.  
14 Attachment CJG-4, Pages 1 through 3 provide the detailed RGGI auctions along with the  
15 amounts allocated to PSNH for refund and revenue components relating to the  
16 preliminary 2014 RGGI reconciliation.

17 **Q. Is PSNH currently proposing a specific RGGI rate at this time?**

18 A. No, it is not. Attachment CJG-3 provides a preliminary rate calculation; however, prior  
19 to the anticipated hearing in December 2014, PSNH plans to update the RGGI rate  
20 calculation for additional 2014 actual data. The preliminary 2015 RGGI rate provided in

1       this filing is (0.113) cents per kWh and is 0.042 cents per kWh higher than the current  
2       rate of (0.155) cents per kWh.

3       **Q.     How did PSNH incorporate the RGGI refund into the SCRC?**

4       A.     PSNH first calculated the SCRC rate excluding the rebate in a manner consistent with  
5       past filings, by adjusting all of the current SCRC rates by a uniform percentage to achieve  
6       the proposed average SCRC rate. The Company then added the per kWh RGGI refund  
7       “addier” as calculated in Attachment CJG-3, pages 1-3 to the class specific SCRC rates to  
8       get a total SCRC rate. Please refer to Attachment CJG-3, page 4 for the rate calculations  
9       by rate class.

10      **Q.     Why did PSNH include only three auctions in 2014 and four auctions in 2015?**

11      A.     Due to the timing of the auctions and receipt of the auction proceeds, PSNH does not  
12      anticipate receiving proceeds from all four 2014 auctions in calendar year 2014. It is  
13      PSNH’s expectation that the December 2014 auction proceeds will not be received prior  
14      to December 31, 2014, therefore only proceeds from three auctions will be received in  
15      2014. Accordingly, PSNH has included the December 2014 auction proceeds in its 2015  
16      calculation of the RGGI rate. This also holds true for the December 2015 auction  
17      proceeds. Those funds will be included in the 2016 RGGI refund calculation and have  
18      been excluded from the 2015 calculation.

1    **Q.     Does PSNH require Commission approval of this rate by a specific date?**

2    A.     Yes, PSNH would need final approval of the proposed SCRC rate by December 26, 2014,  
3           in order to implement the new rate for service rendered on and after January 1, 2015.  
4           Therefore, PSNH requests that the Commission commence a proceeding so that the  
5           procedural schedule can be set to review this filing and approve the SCRC rate in a  
6           timely manner.

7    **Q.     Does this conclude your testimony?**

8    A.     Yes, it does.