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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

13 JUL '17 AM 10:17

June 22, 2017 - 1:57 p.m.
Concord, New Hampshire

**CONFIDENTIAL &
PROPRIETARY**

RE: DE 16-822
EVERSOURCE ENERGY:
2017 Default Service.
(Hearing on Mid-Year Adjustment)



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

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Company of
New Hampshire d/b/a Eversource Energy:
Matthew J. Fossum

Reptg. Residential Ratepayers:
D. Maurice Kreis, Esq., Consumer Adv.
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Thomas Frantz, Director/Electric Div.
Richard Chagnon, Electric Division

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

C O N F I D E N T I A L & P R O P R I E T A R Y

**CERTIFIED
ORIGINAL TRANSCRIPT**

E X H I B I T S

EXHIBIT NO.	DESCRIPTION	PAGE NO.
4	Eversource Preliminary Mid-Year Adjustment filing, including the Testimony of Christopher J. Goulding, with attachments; Joint Technical Statement of C. Goulding and D. Ludwig; Testimony of Daniel J. Ludwig, with attachments (05-09-17)	5
5	Eversource Mid-Year Adjustment Update, including Joint Technical Statement of C. Goulding and F. White, with updated attachments (06-16-17)	5
6	PSNH d/b/a Eversource Energy Comparison of Current and Proposed Residential Rate R and Calculation of a 600 kWh Monthly Bill by Rate Component July 1, 2017; Impact of Each Change on Delivery Service Bills; Impact of Each Change on Bills including Energy Service (3 pages)	5
7	Eversource response to PUC Staff Data Request 4-6	6
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P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: Good afternoon.
3 We're here in Docket 16-822, which is
4 Eversource's Energy Service rate docket.

5 Before we do anything else, let's
6 take appearances.

7 MR. FOSSUM: Good afternoon,
8 Commissioners. Matthew Fossum here for Public
9 Service Company of New Hampshire doing business
10 as Eversource Energy.

11 MR. KREIS: Good afternoon, Mr.
12 Chairman, Commissioner Bailey. I'm D. Maurice
13 Kreis, the Consumer Advocate, here on behalf of
14 residential utility customers.

15 MS. AMIDON: Good afternoon. Suzanne
16 Amidon, for Commission Staff. And with me is
17 Tom Frantz, the director of the Electric
18 Division, and Rich Chagnon, who is an Analyst
19 in that Division.

20 CHAIRMAN HONIGBERG: All right. I
21 see witnesses are prepositioned in the witness
22 box. Anything we need to do before we start
23 with the witnesses, Mr. Fossum?

24 MR. FOSSUM: We have, similar to the

1 other docket this afternoon, we have premarked
2 for identification a couple of exhibits. I can
3 read off now.

4 What has been premarked for
5 identification as "Exhibit 4" is the Eversource
6 May 9th filing. What has been premarked for
7 identification as "Exhibit 5" is Eversource's
8 June 16th filing. And what has been premarked
9 for identification as "Exhibit 6" is the "bingo
10 sheet" rate exhibit.

11 Those are the premarks that I have.

12 (The documents, as described,
13 were herewith marked as
14 **Exhibit 4, Exhibit 5,** and
15 **Exhibit 6,** respectively, for
16 identification.)

17 CHAIRMAN HONIGBERG: Ms. Amidon, do
18 you want to premark the ones you've handed up
19 or do you just want to wait till it's time for
20 you to do your thing?

21 MS. AMIDON: We can premark them.
22 Exhibit -- the answer to Data Request 4-6 is
23 "Exhibit 1" -- I mean, is my first exhibit, is
24 "Exhibit 7". Sorry about that.

[WITNESS PANEL: Goulding~Ludwig~White]

1 CHAIRMAN HONIGBERG: Yes.

2 MS. AMIDON: Okay. Staff 4-2 is
3 "Exhibit 8". And Staff 4-8, which is a
4 confidential one, is "Exhibit 9".

5 Thank you.

6 CHAIRMAN HONIGBERG: Off the record.

7 *[Brief off-the-record discussion*
8 *ensued.]*

9 (The documents, as described,
10 were herewith marked as
11 **Exhibit 7, Exhibit 8, and**
12 **Exhibit 9**, respectively, for
13 identification.)

14 CHAIRMAN HONIGBERG: All right. Mr.
15 Patnaude.

16 (Whereupon **Christopher J.**
17 **Goulding, Daniel J. Ludwig, and**
18 **Frederick B. White** were duly
19 sworn by the Court Reporter.)

20 CHAIRMAN HONIGBERG: Mr. Fossum.

21 MR. FOSSUM: Thank you.

22 **CHRISTOPHER J. GOULDING, SWORN**

23 **DANIEL J. LUDWIG, SWORN**

24 **FREDERICK B. WHITE, SWORN**

DIRECT EXAMINATION

1
2 BY MR. FOSSUM:

3 Q. We'll work our way down the line. Mr.
4 Goulding, if you could please state your name,
5 your place of employment, and your
6 responsibilities for the record in this docket
7 please.

8 A. (Goulding) My name is Christopher Goulding. I
9 work for Eversource Energy Company. I'm
10 located in Manchester, New Hampshire. I'm the
11 Manager of New Hampshire Revenue Requirements.
12 And, in my capacity, I'm in charge of the
13 implementation and coordination of all revenue
14 requirement calculations associated with the
15 Stranded Cost Recovery Charge, Transmission
16 Cost Adjustment Mechanism, Energy Service rate,
17 Alternative Default Energy rate, and
18 distribution rate changes.

19 Q. And, Mr. Ludwig, could you also please state
20 your name, your place of employment, and your
21 responsibilities for the record please.

22 A. (Ludwig) My name is Daniel Ludwig. I am
23 employed by Eversource Energy, in Westwood,
24 Massachusetts. I'm a Team Lead in the Sales

[WITNESS PANEL: Goulding~Ludwig~White]

1 and Revenue Forecasting Group. And my
2 responsibilities include demand forecasting,
3 revenue projection, and economic analysis for
4 multiple operating companies within Eversource
5 Energy.

6 Q. And, Mr. White, if you could please state your
7 name, your place of employment, and
8 responsibilities please.

9 A. (White) My name is Frederick White. I'm
10 employed by Eversource Service Company, in
11 Berlin, Connecticut. I'm a Supervisor in the
12 Electric Supply Department. My primary
13 responsibilities involve the analysis of the
14 portfolio of loads and resources utilized to
15 serve Energy Service customers in New Hampshire
16 for calculation of rates and reconciliation of
17 costs.

18 Q. Mr. Goulding, back on May 9th, did you submit
19 prefiled testimony in this matter in what has
20 been marked for identification as "Exhibit 4"?

21 A. (Goulding) Yes.

22 Q. And was that testimony prepared by you or at
23 your direction?

24 A. (Goulding) Yes.

{DE 16-822} [CONFIDENTIAL & PROPRIETARY] {06-22-17}

[WITNESS PANEL: Goulding~Ludwig~White]

1 Q. And do you have any changes or updates to that
2 testimony today?

3 A. (Goulding) No.

4 Q. And do you adopt that testimony as your sworn
5 testimony today?

6 A. (Goulding) I do.

7 Q. And I'll just stick with you for right now.
8 Did you also, Mr. Goulding, on June 16th,
9 submit a technical statement and schedules in
10 what has been premarked as "Exhibit 5" for
11 identification?

12 A. (Goulding) Yes.

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

15 A. (Goulding) Yes, it was.

16 Q. And do you have any changes or updates to that
17 today?

18 A. (Goulding) No.

19 Q. And do you adopt that information as your sworn
20 testimony today?

21 A. (Goulding) Yes.

22 Q. Mr. Ludwig, did you, back on May 9th, submit
23 testimony in what has been premarked for
24 Exhibit -- premarked for identification as

{DE 16-822} [CONFIDENTIAL & PROPRIETARY] {06-22-17}

[WITNESS PANEL: Goulding~Ludwig~White]

1 "Exhibit 4"?

2 A. (Ludwig) Yes.

3 Q. And that testimony, was that prepared by you or
4 at your direction?

5 A. (Ludwig) Yes.

6 Q. And do you have any changes or updates to that
7 testimony today?

8 A. (Ludwig) I do not.

9 Q. And do you adopt that testimony as your sworn
10 testimony today?

11 A. (Ludwig) I do.

12 Q. And, Mr. White, did you, back on May 9th, also
13 submit testimony in what has been premarked for
14 identification as "Exhibit 4"?

15 A. (White) Yes.

16 Q. And that testimony, was that prepared by you or
17 at your direction?

18 A. (White) Yes, it was.

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

21 A. (White) No.

22 Q. And do you adopt that testimony as your sworn
23 testimony today?

24 A. (White) Yes.

{DE 16-822} [CONFIDENTIAL & PROPRIETARY] {06-22-17}

[WITNESS PANEL: Goulding~Ludwig~White]

1 Q. And, Mr. White, on June 16th, did you submit,
2 in what has been premarked for identification
3 as "Exhibit 5", a technical statement and
4 schedules?

5 A. (White) Yes.

6 Q. And those schedules, were those prepared by you
7 or at your -- or, that technical statement and
8 those schedules, were those prepared by you or
9 at your direction?

10 A. (White) Yes.

11 Q. And do you have any changes or updates to that?

12 A. (White) I do not.

13 Q. And do adopt that as your sworn testimony?

14 A. (White) Yes.

15 Q. Returning to Mr. Goulding, if you could please
16 explain, and probably with reference to what
17 has been marked as "Exhibit 5, where
18 appropriate, what it is that the Company is
19 seeking in this proceeding.

20 A. (Goulding) So, in this proceeding, the Company
21 is requesting that the proposed -- or, that the
22 current Energy Service rate, I'll say the
23 "current non-Scrubber Energy Service rate", be
24 increased from 9.45 cents to 9.94 cents. With

[WITNESS PANEL: Goulding~Ludwig~White]

1 the Scrubber added on, the Scrubber temporary
2 rate of 1.72 cents, that will be a change from
3 the current all-in Energy Service rate of 11.17
4 cents to 11.66 cents.

5 And the key drivers of that increase in
6 the Energy Service rate of 0.49 cents is due to
7 increased migration during the actual winter
8 period.

9 Q. Mr. Goulding, turning to what has been marked
10 for identification as "Exhibit 6", could you
11 please explain what is shown on that exhibit
12 relative to this proceeding.

13 A. (Goulding) Yes. So, Page 1 of this exhibit is
14 a calculation of a average 600 kilowatt-hour
15 residential customer. And, if we go down about
16 two-thirds of the way down the bill [page?],
17 you see the line that says "Energy Service".
18 So, we have the January 1st rates, a current
19 600 kilowatt-hour usage customer would pay
20 \$67.02 for Energy Service. Under the proposed
21 rates for July 1st, they would pay \$69.96,
22 which is an increase of \$2.94, or a 2.4 percent
23 change as a percent of the total bill.

24 Turning to Page 2, this page is actually

[WITNESS PANEL: Goulding~Ludwig~White]

1 not applicable to the Energy Service, because
2 it excludes Energy Service. So, we can ignore
3 that one.

4 And then, turning to Page 3, it's the
5 impact on the total bill. If we look at the
6 "Total" line for Energy Service, you'll see
7 there's a 2.7 percent change in total bills due
8 to the Energy Service change for customers
9 taking Energy Service.

10 Q. Thank you. Is it your position, the Company's
11 position, that the rate proposal that is being
12 made here is just and reasonable?

13 A. (Goulding) Yes, it is.

14 Q. And that you would request that the Commission
15 approve it as just and reasonable?

16 A. (Goulding) Yes.

17 MR. FOSSUM: And that's what I have
18 for direct.

19 CHAIRMAN HONIGBERG: Mr. Kreis.

20 MR. KREIS: Thank you. Good
21 afternoon, honorable Eversource witnesses. I
22 just have a few questions, very few.

23 **CROSS-EXAMINATION**

24 BY MR. KREIS:

[WITNESS PANEL: Goulding~Ludwig~White]

1 Q. I'm looking at Exhibit 5, which is the
2 June 16th filing. I note that the migration
3 forecast changed slightly from May 9th to
4 June 16th, so that Eversource is projecting
5 slightly less migration, if I'm understanding
6 that correctly. And I'm wondering what
7 accounts for the change in the forecasts?

8 A. (Ludwig) Yes. So, if you're on Exhibit 5, on
9 Page 2, really, the driver behind this slightly
10 lower forecast is the lower actual migration
11 results that we saw in April and May, compared
12 to what we originally had forecasted in May.
13 So, the actual two most recent months have come
14 in lower than forecasted. So, the forecast is
15 almost starting from a slightly lower point,
16 which resulted in the slightly lower migration
17 forecast for the remainder of the year.

18 Q. And, so, therefore, what accounts for the
19 actual results that were different than what
20 you had forecast?

21 A. (Ludwig) That's hard to explain. The customer
22 decision whether or not to migrate is -- can be
23 influenced by price. But, at the end of the
24 day, we do not know entirely what causes

[WITNESS PANEL: Goulding~Ludwig~White]

1 customer migration for our individual
2 customers.

3 Q. So, you began your answer by saying "it's
4 difficult to explain", but then the rest of
5 your answer suggests that maybe it's impossible
6 to explain?

7 A. (Ludwig) We do our best to explain it by
8 changes in what we -- the forward electricity
9 prices. But that's really all the information
10 we have, as far as what's going on with the
11 forward electricity market. And that's what
12 our forecast is attempting to do is model that
13 relationship.

14 Q. Given the adage that "No forecast is ever
15 perfect" --

16 A. (Ludwig) Yes.

17 Q. -- or that "All forecasts are wrong", I
18 guess, --

19 A. (Ludwig) Yes.

20 Q. -- are you satisfied with the degree of
21 precision that you're able to achieve in terms
22 of the way you forecast these?

23 A. (Ludwig) Yes. So, I have been satisfied. I
24 looked at my previous five forecasts, and the

[WITNESS PANEL: Goulding~Ludwig~White]

1 average monthly error was in plus or minus
2 one percent. So, this is -- migration is a
3 very challenging thing to forecast. And it's a
4 customer behavior. We're really working with
5 incomplete information. And we're doing our
6 best to forecast it.

7 Q. And you don't have a crystal ball?

8 A. (Ludwig) And I do not have a crystal ball.

9 Q. As a matter of fact, though, I do. So, you're
10 welcome to come by my office any time and
11 borrow it, if you would like.

12 I want to just briefly ask, I think,
13 Mr. Goulding to take a look at Page 8 of that
14 same Exhibit 5. Again, this is the June 16th
15 filing. And, if you look at Page 8, the very
16 last two lines of that page, which is
17 Attachment CJG-2, Page 3, have to do -- those
18 last two lines have to do with capacity. Could
19 you just, in an effort to dispel my ignorance,
20 just take me through those two lines and
21 explain what they mean to me?

22 A. (White) I'll provide an answer for that.

23 Q. Perfect.

24 A. (White) That is a representation of the PSNH

[WITNESS PANEL: Goulding~Ludwig~White]

1 net position in the capacity market. So, the
2 negative numbers on Line 52 represent the
3 amount of megawatts that PSNH has surplus to
4 its capacity obligation at ISO-New England.
5 And those settle at a Forward Capacity Market
6 rate generating net revenues into the PSNH
7 portfolio. And Line 53 are those revenues, in
8 thousands of dollars.

9 Q. Aha. Okay. So, Line 52 is a number in
10 megawatt-months, and Line 53 is dollars, and
11 they are both the same thing, just expressed in
12 megawatt-months or dollars?

13 A. (White) Correct.

14 Q. And PSNH is always surplus when it comes to
15 capacity?

16 A. (White) It's dependent on the migration amount.
17 For some time now, probably last year, there
18 was a point in time where we were not long.
19 But you can see every month, in actual 2017 and
20 as we forecasted, we do expect to be long in
21 the capacity market.

22 Q. Super. Mr. Goulding, if I ask you the same
23 questions, they would be the same answers?

24 A. (Goulding) They would be, but not as detailed

[WITNESS PANEL: Goulding~Ludwig~White]

1 as that.

2 MR. KREIS: Great. Thank you. Those
3 are all the questions I have.

4 CHAIRMAN HONIGBERG: Ms. Amidon.

5 MS. AMIDON: Thank you.

6 BY MS. AMIDON:

7 Q. Mr. Ludwig, since we just talked about customer
8 migration, in that -- on that Page 2 of
9 Exhibit 5, are the percentages referring to
10 customer count or load, in terms of --

11 A. (Ludwig) Those are load.

12 Q. Load. Okay.

13 A. (Ludwig) Yes.

14 Q. Thank you. Mr. Goulding, I want to go back to
15 Exhibit 4, which is the May 9th filing. And,
16 if you could turn your attention to Bates
17 number 014, Section G.

18 A. (Goulding) okay. I'm there.

19 Q. All right. So, in this section, you say that
20 the "under recovery increased by 6.5...compared
21 to a forecast of 4.5". So, what -- it
22 increased by six and a half million?

23 A. (Goulding) Yes.

24 Q. So, what is the under recovery depicted in this

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[WITNESS PANEL: Goulding~Ludwig~White]

1 sentence? I mean, I think you have it --

2 A. (Goulding) The total under recovery would be
3 \$14.2 million.

4 Q. Okay.

5 A. (Goulding) Because our forecast from the
6 December filing was \$7.7 million, and the one
7 in this filing should be 14.2 million.

8 Q. Okay. And if we look at Exhibit 6, Page 4, the
9 same item.

10 CHAIRMAN HONIGBERG: Exhibit 5?

11 MS. AMIDON: Thank you. Exhibit 5,
12 thank you.

13 BY MS. AMIDON:

14 Q. Are you there?

15 A. (Goulding) Yes.

16 Q. Okay. So, what this says is that the "under
17 recovery decreased by 3.4 million due to the
18 removal of the amount of associated with the
19 CSL Settlement". So, what is the under
20 recovery estimated to be in this filing, this
21 June 16th filing?

22 A. (Goulding) 10.7 million.

23 Q. And what are the causes of the under recovery?
24 Is it migration?

[WITNESS PANEL: Goulding~Ludwig~White]

1 A. (Goulding) Of the 2016 under recovery?

2 Q. Yes.

3 A. (Goulding) A portion of it is migration and
4 energy prices. If you're going to compare what
5 we had forecasted from back in December for the
6 December 31st, 2016 under recovery of
7 7.7 million, there was a -- there was a few
8 different primary drivers I can speak to.
9 There was the CSL Rail Settlement of
10 \$3.4 million, which we just discussed, that was
11 not included in the June filing.

12 Q. Uh-huh.

13 A. (Goulding) There was higher energy cost over
14 forecast of about \$1.2 million. There was a
15 change in RPS expense, actually, it was a
16 timing issue with our RPS expense. It was
17 included in 2017, instead of '16. That was
18 about \$2 million. And then there was
19 \$4.6 million of lower revenues than forecast.

20 Q. Thank you.

21 A. (Goulding) Oh, excuse me. And then one last
22 one is we -- there was the incorporation of the
23 \$800,000 from the Settlement in DE 16-542.

24 Q. Yes. Thank you. On that, on Exhibit -- going

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[WITNESS PANEL: Goulding~Ludwig~White]

1 back to Exhibit 4, Page 13, Line 13, could you
2 just explain what this \$1.2 million return on
3 rate base is due to?

4 A. (Goulding) Sure. So, as -- the return on rate
5 base is calculated on Page 6 of our exhibit,
6 and there was an increase in the fore -- or, an
7 increase in the actual inventory value over our
8 forecasted inventory value from our December
9 filing. So, due to the increased inventory
10 values, there was a return that's computed on
11 that inventory value for carrying the inventory
12 on our books.

13 Q. And, so, that's coal, right? Or is it?

14 A. (Goulding) I'm sure coal was a portion of it.
15 I don't know the split between coal or wood.
16 But I'm guessing, if I had to make an educated
17 guess, I would say it's mostly coal.

18 Q. So, just fossil fuels?

19 A. (Goulding) Yes.

20 Q. Okay. Thank you. Then, I wanted to ask you a
21 question about what has been premarked as
22 "Exhibit 7", which is a response to Staff Data
23 Request 4-6. Do you have that or would you
24 like a copy? I believe this question is for

[WITNESS PANEL: Goulding~Ludwig~White]

1 you, Mr. White. So, --

2 A. (White) Yes. I have it.

3 Q. Okay. So, if you recall, I asked you this
4 question at a technical session, because I did
5 not understand the underlying transaction that
6 led to this \$1.1 million. Would you please,
7 for the record, explain it for the Commission.

8 A. (White) Sure. In 2000 -- December of 2014, we
9 entered into a rail -- railroad transportation
10 contract, to move coal from the northern
11 Appalachian Region to the Merrimack Station.
12 The contract was for calendar years 2015 and
13 '16, to move 400,000 tons each year. And,
14 through operation of the contract, we only
15 moved 690,000 tons. So, there were
16 110,000 tons of that contract that were not
17 utilized. The contract had a minimum charge
18 clause, which equated to \$10 a ton. So, the
19 \$10 a ton on the 110,000 roughly that we did
20 not utilize the railroad resulted in a
21 \$1.1 million charge.

22 To put those volumes in perspective, in
23 calendar years 2012, '13, and '14, we burned
24 approximately 500,000 tons a year at Merrimack

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[WITNESS PANEL: Goulding~Ludwig~White]

1 Station. And, if you recall, that was the
2 period of time recently following the winter
3 gas constraint issues, where there were
4 concerns about the security of the energy
5 system, and the price of energy in the winter
6 periods went quite high. I guess the point
7 here is that contracting for 400,000 tons in
8 the two years succeeding that period was a
9 reasonable amount to have contracted for, given
10 the recent experience in quantities burned.

11 And, in fact, we already had in place a
12 contract for the coal commodity of 700,000 tons
13 leading into that period. So, the railroad
14 contract was essentially very close to
15 back-to-back with the commodity contract to get
16 that coal moved to Merrimack Station.

17 If you take the \$1.1 million charge, and
18 if you convert the \$110,000 -- 110,000 tons of
19 coal, that's roughly 275 gigawatt-hours of
20 generation equivalence. So, the 1.1 million,
21 if we had burned coal, and then brought the
22 coal into the station to replace what we
23 burned, the penalty is equivalent to about
24 \$4.00 a megawatt-hour. In the years when this

[WITNESS PANEL: Goulding~Ludwig~White]

1 contract was in operation, energy prices
2 dropped to, on average around the clock, of
3 around \$30 a megawatt-hour. And, if our coal
4 dispatch from Merrimack is about \$50 a
5 megawatt-hour, if we had burned coal to make
6 room to bring this coal in, that would have
7 been about a \$20 a megawatt-hour loss, compared
8 to the \$4.00 megawatt-hour equivalent of the
9 penalty in the contract.

10 So, that's kind of the context of what
11 this was all about. It was -- the 1.1 million
12 is the operation of a coal contract, our
13 railroad delivery contract that we entered into
14 back in December of '14.

15 Q. Thank you. What is the capacity of the coal
16 yard at Merrimack?

17 A. (White) Roughly 700,000 tons.

18 Q. And do you know what the inventory was at the
19 close of 2016?

20 A. (White) At close of '16, it was 670,000 tons, I
21 believe. In December of '14, when we entered
22 into that contract, we had 370,000 tons
23 on-site. And, in those winters I spoke to,
24 where we had cold weather, and, you know, the

[WITNESS PANEL: Goulding~Ludwig~White]

1 polar vortex, and we may all recall that, we
2 burned, just in the winter months at Merrimack,
3 over 300,000 tons in those winters. So, if we
4 had gotten another winter like we've had
5 recently back then, all the coal that was
6 on-site we expected we could well utilize in
7 that first winter leading into this delivery
8 contract. So, this was replacement coal to
9 have fuel on site over the next few years. A
10 continuation of the logistical coal scheduling
11 that we've gone through for many, many years.

12 Q. Thank you. And, Mr. Goulding, I asked
13 premarked for identification Staff response --
14 I mean, the Company's response to Staff 4-2,
15 which relates to the Scrubber. Do you have
16 that in front of you?

17 A. (Goulding) I do.

18 Q. Okay. While I can't follow a lot of the
19 calculations that are contained in this
20 document, my principal question is, has that
21 temporary rate achieved what was anticipated at
22 the time of the -- the time it was approved,
23 which is it would recover the deferral over a
24 period of seven years? Has that -- what has

[WITNESS PANEL: Goulding~Ludwig~White]

1 that actually turned out to be thus far?

2 A. (Goulding) So, it's not fully recovering, it's
3 supposed to be recovering roughly \$17.6 million
4 a year. So, for example, December 31st, 2016,
5 the deferral balance should have been down to
6 \$109.6 million. And our actual deferral
7 balance was \$112.9 million. So, it was short
8 \$3.2 million.

9 And, then, if we go to forecasting out to
10 what this December 31st will look like in 2017,
11 we're forecasting out that we'll be at
12 \$101.5 million, and the amortization would have
13 assumed that we would be at \$95.9 million. So,
14 it's short \$5.6 million.

15 Q. So, it continues to lag, in terms of the
16 recovery?

17 A. (Goulding) Yes.

18 Q. And is that due to sales?

19 A. (Goulding) It's due to the sales, yes. They're
20 coming in lower, when we forecasted at the time
21 we -- the setting of the temporary rate, we
22 would have had a higher sales volume for Energy
23 Service customers.

24 Q. Okay. Thank you. If you go to Page 1 of 8 of

[WITNESS PANEL: Goulding~Ludwig~White]

1 Exhibit 8, Item 10 there, it says "Under
2 Recovery before Carrying Costs". Do you
3 recover carrying costs on the Scrubber?

4 A. (Goulding) On the Scrubber deferral, we don't,
5 effective when the rate went into -- the
6 temporary rate was approved, I think back in
7 January 1st, 2016, it's my understanding that
8 part of the Settlement Agreement, maybe not
9 explicitly written in the Settlement Agreement,
10 was that the Company would cease collecting
11 carrying charge on the Scrubber deferral.

12 Q. Okay. So, is it under recovery -- why does it
13 say "before carrying costs"?

14 A. (Goulding) I think that's just a legacy. It
15 was from previously, from when we had prepared
16 the schedules in the past when it did include
17 carrying costs.

18 Q. Okay.

19 A. (Goulding) If you want to just quickly flip to
20 Page 4 of this, of the Attachment Staff 4-002,
21 you'll see we have -- I'll wait for everyone to
22 get there. You have Line 1 "Scrubber Costs",
23 Line 2 "Scrubber Revenues", and then you have
24 the differential between the Scrubber revenues

[WITNESS PANEL: Goulding~Ludwig~White]

1 and costs, then you have the current deferral,
2 but there's no calculation for carrying charge.
3 And it gets you to a December balance of 112 --
4 "112.872 million".

5 Q. Okay. Is that something that you might want to
6 address in subsequent filings and make it clear
7 to the reader?

8 A. (Goulding) Okay.

9 Q. Okay. Thank you. And, Mr. White, I believe
10 this one is for you. It's Exhibit 5, Page 4,
11 Item 7, the "RPS expense decreased due to
12 decreases in REC prices". Is this for all
13 classes?

14 A. (White) Effectively, yes. Although Class IV
15 increased 50 cents a REC, but Classes I, II,
16 and III all decreased much larger amounts.
17 I'll give you some figures: Class I decreased
18 over \$7.00 a REC; Class II decreased 22 and a
19 half dollars; and Class III decreased by 12 and
20 a half dollars.

21 Q. And this is what -- this is the market price,
22 is that right? The market prices decreased?

23 A. (White) That's correct. Off of the REC broker
24 trading sheets, daily trading sheets.

[WITNESS PANEL: Goulding~Ludwig~White]

1 Q. Thank you. And is the Northern Power Project
2 affected by the decrease in REC prices?

3 A. (White) I don't think I can answer that.

4 Q. Okay.

5 A. (White) I'm not familiar enough -- oh, I'm
6 sorry.

7 Q. Schiller.

8 A. (White) I heard "Northern Pass".

9 Q. Is that what I said? It could be.

10 CMSR. BAILEY: No.

11 MS. AMIDON: It could be. It's on my
12 brain.

13 CHAIRMAN HONIGBERG: No. There's a
14 lot of the people in the room who have Northern
15 Pass on the brain. So, --

16 BY MS. AMIDON:

17 Q. Northern Power Project, which is Schiller 5,
18 right?

19 A. (White) Yes.

20 Q. Okay.

21 A. (White) Yes, they are impacted. The Sharing
22 Agreement between customers and shareholders
23 REC revenues from the Class I RECs produced by
24 that Project flow through the Sharing

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[WITNESS PANEL: Goulding~Ludwig~White]

1 Agreement. So, a decrease in REC value lowers
2 the revenue-sharing amounts.

3 Q. Okay. That's what I wanted to get to.

4 A. (White) Sorry.

5 Q. And I apologize if I misspoke. I don't know,
6 it's highly likely.

7 My next question is also for you,
8 Mr. White. If we would go to Exhibit 5,
9 Page 7, which has the estimate for the year-end
10 in that document. Are you there?

11 A. (White) Yes.

12 Q. Okay. So, Line 22 is "Burgess Biopower".

13 A. (White) Yes.

14 Q. And, if we go to the total estimated purchases,
15 and I understand this is for energy and
16 capacity, it's 36 million?

17 A. (White) Correct.

18 Q. Okay. And do you know roughly what portion of
19 that 36 million is over market?

20 A. (White) Yes. This may be confidential
21 information, in our reading of the contract.
22 Our estimate for 2017 would be that the energy
23 portion of the contract is out of the market by
24 over 18 million. The capacity portion is

[WITNESS PANEL: Goulding~Ludwig~White]

1 actually in the money by a little less than a
2 million.

3 Q. Okay.

4 A. (White) So, together, between -- under
5 18 million, between 17 and 18.

6 Q. Okay. Thank you. And do you have the response
7 to Data Request 4-8, which is a confidential
8 response?

9 A. (White) Yes.

10 MS. AMIDON: Okay. So, if we're
11 going to talk about this, I presume we have to
12 go on confidential record?

13 CHAIRMAN HONIGBERG: I think we
14 already had to because of the last answer
15 Mr. White gave.

16 MS. AMIDON: Yes.

17 CHAIRMAN HONIGBERG: But I do have a
18 question before you ask questions about
19 Exhibit 8 -- or, Exhibit 9 specifically.

20 Is a motion required by the Company
21 to get confidential treatment for this? I know
22 it was filed as a discovery response under the
23 rule that says that we can claim it there. But
24 then I think doesn't the rule also then say

[WITNESS PANEL: Goulding~Ludwig~White]

1 that a motion has to be filed?

2 Mr. Fossum.

3 MR. FOSSUM: The particular citation
4 or the reference that we made is to the rule
5 that does not require a motion. Under that
6 rule, it's presumed to be confidential until
7 somebody seeks to make it nonconfidential. At
8 which time, we're given the opportunity then to
9 respond formally and make a formal request, if
10 one is necessary. But, basically, no filing is
11 triggered until somebody seeks to make it
12 nonconfidential.

13 CHAIRMAN HONIGBERG: Mr. Kreis, Ms.
14 Amidon, is that consistent with your
15 understanding?

16 MS. AMIDON: I'll let Mr. Kreis go
17 first.

18 MR. KREIS: It would help me if I
19 understood why this information is
20 confidential.

21 CHAIRMAN HONIGBERG: Well, let's --
22 we're not quite there yet.

23 Commissioner Bailey, you have a
24 question?

[WITNESS PANEL: Goulding~Ludwig~White]

1 CMSR. BAILEY: Mr. Fossum, doesn't
2 that procedure apply to "routine" information
3 that's filed?

4 MR. FOSSUM: It does. And Energy
5 Service/Default Service proceedings are one of
6 the routine proceedings that are covered in
7 there. This has to go with -- this is a
8 discovery response relating to prices that are
9 paid under there. And we have actually --
10 we've answered similar questions previously and
11 treated them similarly. So, that's essentially
12 been how I think we have responded to this in
13 the past.

14 CMSR. BAILEY: I think that's true
15 for discovery, is that it gets held until
16 somebody asks to see it, and then we rule on
17 it. But, when it becomes part of the record,
18 is your argument that this is a "routine
19 filing"?

20 MR. FOSSUM: Well, I mean, this is a
21 piece of discovery, and, as far as I
22 understand, it's not part of the record yet.
23 But, as discovery, it was part of a routine
24 filing, yes.

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[WITNESS PANEL: Goulding~Ludwig~White]

1 CMSR. BAILEY: Okay.

2 CHAIRMAN HONIGBERG: Ms. Amidon.

3 MS. AMIDON: You know, and I would
4 argue that it's not a routine Energy Service
5 filing type of information, because that's
6 contemplated to protect wholesale prices, the
7 names of bidders who fail to win the bid, the
8 weighting of the results of those bids with
9 market prices selected by the Company.

10 And I reviewed the contract, the
11 underlying contract with -- between Laidlaw and
12 PSNH, and I don't -- I do believe I would need
13 to see an argument that it was confidential for
14 me to agree that it is confidential, because I
15 think it does relate to the work the Commission
16 is doing in connection with this contract.

17 CHAIRMAN HONIGBERG: Mr. Kreis, you
18 want to say something?

19 MR. KREIS: Yes. I would agree with
20 what I just heard Ms. Amidon say on behalf of
21 Staff. I do not have my copy of the rules in
22 front of me, but I guess I have a difficult
23 time believing that information that's
24 introduced into evidence in a formal hearing

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1 like this one falls under the rule that governs
2 routine filings by utilities.

3 CHAIRMAN HONIGBERG: Well, there
4 certainly are things that come in, I think a
5 default service solicitation is one of those
6 things that does become an exhibit, it comes in
7 during the hearing on the merits, but is
8 covered by that rule. That's my understanding
9 of it anyway, and actually I also don't have
10 the rules in front of me. I mean, and,
11 actually, I don't think I've seen this -- an
12 analogous situation happen yet in front of me.
13 So, I'm not -- my instinct tells me that I'm
14 going to agree with Ms. Amidon, and I'm not
15 sure yet.

16 Ms. Amidon, do you --

17 MS. AMIDON: Yes. Mr. Frantz reminds
18 me that, you know, this is a case about setting
19 the Energy Service rate between, you know, from
20 July through December this year. And this, you
21 know, the over priced power purchase from
22 Burgess Biopower goes into the calculation of
23 rates, and the Cumulative Reduction Factor is a
24 companion piece to that. It may not go into

[WITNESS PANEL: Goulding~Ludwig~White]

1 the calculation of rates, but it does impact
2 ratepayers. So, I have a -- I just disagree
3 that this is confidential.

4 CHAIRMAN HONIGBERG: That's a
5 substantive agreement about whether it is
6 confidential, right?

7 MS. AMIDON: Yes.

8 CHAIRMAN HONIGBERG: I am still hung
9 up on the process at this point. But there may
10 well be a -- there may well be a way out of
11 this.

12 Mr. Fossum, do you have any further
13 thoughts on this?

14 MR. FOSSUM: Well, I mean, I do have
15 the rule in front of me, 2 --

16 CHAIRMAN HONIGBERG: The internet is
17 a wonderful thing.

18 MR. FOSSUM: It is fantastic. You
19 know, 201.06(a)(15) provides that "In default
20 service proceedings", and then there's a series
21 of documents that are listed as being
22 confidential as part of one of those routine
23 filings. In that list it includes things like
24 "commodity and fuel pricing", which seems to be

[WITNESS PANEL: Goulding~Ludwig~White]

1 exactly what this is. And that is under
2 Item h. Item p. there in that list
3 specifically calls out "Responses to data
4 requests related to Items a. through o. above."

5 So, we have treated this as
6 confidential. We have -- because we believe
7 that it is. I would also note that, as
8 Mr. White hinted at, that it is -- it's our
9 reading of the contract that requires us to
10 seek it to remain confidential. And, so,
11 that's what we have done.

12 CHAIRMAN HONIGBERG: Yes. I think
13 the way out of this for today is that -- is
14 that we're going to treat it as confidential
15 for now. I think we're going to ask the
16 Parties to confer following the hearing, and
17 they will either enter into a stipulation
18 regarding how it gets treated, or it may be
19 that you're going to need to file something to
20 keep it confidential going forward. But it
21 will be confidential until we resolve the
22 question, and we'll deal with it as
23 confidential for the remainder of this hearing,
24 and on the transcript, until the issue gets

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[WITNESS PANEL: Goulding~Ludwig~White]

1 resolved.

2 Does that work for everyone?

3 MS. AMIDON: Yes. But I'd like to
4 make one final note. Which is, the contract
5 between PSNH and Laidlaw, which was the
6 original purchase agreement, was made
7 completely redacted and a public document by
8 the Commission back at that time. And I
9 disagree with Mr. White that the over-market
10 costs are confidential, because the contract
11 specifies what the energy price is. That's
12 public. The energy price, at any point in
13 time, is public. Any person could make that
14 calculation. So, I don't believe that that
15 aspect of this is confidential. And I just
16 wanted to go on the record on that point.

17 CHAIRMAN HONIGBERG: Okay. Mr.
18 Kreis?

19 MR. KREIS: Mr. Chairman, I love what
20 you ruled before Ms. Amidon spoke, and I
21 understood that to be that it isn't necessary
22 to take a position at this time, because either
23 the Parties are going to resolve this issue by
24 stipulation, or we might need to make a filing,

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1 at which point I am highly likely to agree with
2 what I just heard Ms. Amidon say.

3 CHAIRMAN HONIGBERG: Yes. But I
4 think we're lucky in that there's no members of
5 the public here. We're in a situation where we
6 don't have to resolve it. We can deal with it
7 after-the-fact, and without prejudicing
8 anybody's rights. And, Ms. Amidon, you'll be
9 able to make the arguments that you want to
10 make. And, Mr. Fossum, you'll be able to make
11 the arguments you want to make. And maybe
12 you'll convince each other and it will get
13 resolved that way. And, if not, we'll resolve
14 it.

15 MS. AMIDON: I may let Mr. Kreis make
16 the arguments, because he does a good job at
17 that.

18 CHAIRMAN HONIGBERG: Mr. Kreis is
19 here by himself today, and he pointed that out
20 to us in the earlier one. Yes, I feel your
21 pain, Mr. Kreis, because we're operating a man
22 down up here, too, so --

23 MR. KREIS: It is something to be
24 outnumbered 11 to 1 by a utility with business

[WITNESS PANEL: Goulding~Ludwig~White]

1 at the Commission. But that notwithstanding, I
2 relish the opportunity, the former journalist
3 in me relishes the opportunity to make a robust
4 argument about confidentiality.

5 CHAIRMAN HONIGBERG: I'm optimistic
6 that, when you all sit down and talk with each
7 other calmly and coolly, we'll work our way
8 through this.

9 Ms. Amidon, you have questions about
10 this exhibit?

11 MS. AMIDON: Yes. Yes. Yes, I do.

12 BY MS. AMIDON:

13 Q. Mr. White, can you tell us what the "Cumulative
14 Reduction Fund" is and why it's part of this
15 contract?

16 A. (White) The "Cumulative Reduction Fund" is the
17 accumulation of the over and under energy
18 market purchases from the contract. So, it's a
19 plus and minus sum throughout the life of the
20 deal, of the contract price versus the
21 day-ahead LMPs at the Burgess node, where they
22 deliver power onto the ISO-New England system.

23 Q. What happens when the Cumulative Reduction Fund
24 reaches \$100 million?

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[WITNESS PANEL: Goulding~Ludwig~White]

1 A. (White) If at the end of a contract year there
2 is an amount over 100 million, the amount over
3 that figure is -- it's utilized as a discount
4 against energy payments in the following
5 contract year.

6 Q. And, if I look at your response here, you say
7 "through the end of April 2017, the CRF was at
8 \$52.3 million", right?

9 A. (White) Correct.

10 Q. And how many years is that into the contract?

11 A. (White) Oh. Well, --

12 Q. Roughly?

13 A. (White) Yes. November of '13. So, '14, '15,
14 '16, three and a half years.

15 Q. Okay. And, according to this, in year seven,
16 month five, April 2020, you would expect the
17 CRF to reach that \$100 million mark, is that
18 right?

19 A. (White) Well, that's a forecast. A current
20 projection, utilizing current forward market
21 prices.

22 Q. Right. So, it could be sooner?

23 A. (White) Could be later. Yes. It's just a
24 snapshot in time, if you will.

[WITNESS PANEL: Goulding~Ludwig~White]

1 Q. Okay.

2 CHAIRMAN HONIGBERG: I think we've
3 already established that all forecasts are
4 wrong. We just don't know in what direction or
5 by how much. I think we got that from
6 Mr. Kreis earlier.

7 MS. AMIDON: Thank you. I have no
8 further questions. Thank you.

9 CHAIRMAN HONIGBERG: Commissioner
10 Bailey.

11 BY CMSR. BAILEY:

12 Q. Mr. Goulding, you said that the primary driver
13 for the increase in this rate is due to the
14 increase in migration?

15 A. (Goulding) Yes.

16 Q. And, in your May filing, the Energy Service
17 rate was projected to be 11.6 cents, is that
18 right?

19 A. (Goulding) Yes, it was.

20 Q. And, in the new filing, it's 11.66 cents?

21 A. (Goulding) That's correct.

22 Q. But the migration forecast has gone down. So,
23 can you explain that?

24 A. (Goulding) Okay. So, there's a couple of

[WITNESS PANEL: Goulding~Ludwig~White]

1 drivers of the increase. The migration did
2 have a negative or acted as a reduction in the
3 increase. But I'll walk through the primary
4 drivers of the increase.

5 Q. Can you tell me what you're looking please?

6 A. (Goulding) Oh, I just have some notes on what's
7 driving the rates.

8 Q. Oh. Okay.

9 A. (Goulding) So, I have the May 9th cost, and I'm
10 comparing them versus the June 16th cost.

11 Q. Okay.

12 A. (Goulding) So, I have higher actual fossil
13 energy costs in April and May, versus the
14 forecast in May, of 8.8 million. I had higher
15 capacity costs due to lower forecasted
16 migration, offset by a decrease in forecasted
17 RPS costs.

18 Q. Can you say that again?

19 A. (Goulding) Higher capacity costs --

20 Q. Yes.

21 A. (Goulding) -- due to lower forecasted
22 migration.

23 Q. "Due to lower forecasted migration"?

24 A. (Goulding) Yes. Lower forecasted migration.

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[WITNESS PANEL: Goulding~Ludwig~White]

1 Q. Okay.

2 A. (Goulding) So, we have lower forecasted
3 migration, we would receive --

4 Q. So, why would that capacity cost go up?

5 A. (White) That's essentially our load obligation
6 went up due to lower migration.

7 Q. Oh. Okay.

8 A. (White) Is that how it works?

9 A. (Goulding) Right. So, the credit goes down.

10 Q. Yes.

11 A. (White) The credit goes down.

12 Q. All right.

13 A. (White) Exactly.

14 A. (Goulding) Higher -- so, slightly higher O&M
15 costs in April and May --

16 *[Court reporter interruption.]*

17 **BY THE WITNESS:**

18 A. (Goulding) Slightly higher O&M costs of
19 \$600,000 in April and May.

20 BY CMSR. BAILEY:

21 Q. Why was that?

22 A. (Goulding) That was primarily driven by some
23 depreciation costs and property taxes, the
24 actuals versus forecast.

[WITNESS PANEL: Goulding~Ludwig~White]

1 Q. How could you get -- how could that not be
2 forecastable?

3 A. (Goulding) The property taxes, they kind of
4 roll in staggered. So, I think they have
5 updated the forecast -- or, the actuals have
6 come in differently than forecast. I think
7 there's a lot of litigation that's going on
8 right now in the different towns. So,
9 depending on outcomes of what the litigations
10 is. And then there was depreciation, I think
11 it was driven -- there was primarily an
12 investment that was set to retire by a certain
13 date, I've got preliminary details on it,
14 that's why we -- I don't have a ton of details
15 yet. But there was an investment that was
16 made, but that asset was set to retire in July
17 of 2017. So, it had to be amortized over the
18 shorter -- depreciated over the shorter time
19 frame. So, there's a slight uptick for a
20 couple months. And then it will ratchet back
21 down to kind of where we had forecasted.

22 Q. And did you give that information to Staff?

23 A. (Goulding) We did not.

24 Q. Can you, when you find it?

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[WITNESS PANEL: Goulding~Ludwig~White]

1 A. (Goulding) Yes.

2 Q. All right. Thank you.

3 A. (Goulding) And then there was a higher -- a
4 slightly return on rate base due to slightly
5 higher materials and supplies, that was
6 \$400,000. And then higher forecasted revenues
7 of \$5.6 million due to lower migration than
8 forecasted in the May 9th filing.

9 So, when you combine all the negatives and
10 positives together, we get a change of roughly
11 \$6.8 million.

12 Q. So, the primary driver really isn't migration?

13 A. (Goulding) Well, the primary driver from the
14 January rate to the current rate we're
15 proposing is migration.

16 Q. Okay.

17 A. (Goulding) But, between the May filing and the
18 June filing, it was a multitude of changes,
19 variable of changes.

20 Q. Okay.

21 A. (Goulding) And I saw it, at least when I
22 explained it earlier, and then the questions
23 started coming to Dan, I could see how they
24 were -- Mr. Ludwig, I could see how it seemed

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[WITNESS PANEL: Goulding~Ludwig~White]

1 inconsistent.

2 Q. Okay. The return on rate base on the fossil
3 fuel inventory, why is that not an expense?

4 A. (Goulding) The way the accounting treatment is,
5 is that, when you purchase the fuel, we take it
6 into inventory, and then there's a carrying
7 charge, because it goes into rate base, so you
8 earn a return on it -- or, a carrying charge on
9 it to hold the inventory. And then, when it's
10 burned, it goes into expense. So, when it's
11 used to produce energy for the customers, it's
12 expensed to the customer.

13 Q. And how much is the inventory currently at
14 Merrimack?

15 A. (White) I think it's about 630,000 tons,
16 currently.

17 Q. And you're earning a return on that, just
18 holding it there?

19 A. (White) There's a carrying charge, yes.

20 Q. What motivates you not to keep it at 700,000,
21 if you're going to get a carrying charge on it?

22 A. (White) Well, the goal is to have inventory
23 on-site, so that, when we are asked to
24 generate, we're able to do so. We've been

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[WITNESS PANEL: Goulding~Ludwig~White]

1 through a prolonged period of low prices, and
2 could point primarily to the last two winters
3 where the weather was much warmer than normal.
4 So, really, the guidelines around inventory
5 have more to do with minimums than maximum,
6 because you don't want to run out of fuel. And
7 circumstances have driven us to the point where
8 we do have a lot of fuel on-site, more than we
9 would normally have this time of year, for the
10 reasons I just talked about.

11 So, really, the thinking and the amount of
12 fuel on-site is really driven by operations
13 planning, and anticipating what may be
14 necessary to have, so that we can fulfill our
15 duty in ISO-New England to generate when called
16 upon, when economics drive us to generate.

17 Q. So, and for the last two years you've only used
18 300,000 tons? I think that's what you said,
19 you "burned 300,000 tons". But I'm not sure if
20 you said that for the last two years?

21 A. (White) Yes. Excuse me. In 2015, we burned
22 about 340,000 tons; in 2016, 150,000. And I
23 think, if you relate that to the prior three
24 years I spoke of, '12, '13, and '14, where we

[WITNESS PANEL: Goulding~Ludwig~White]

1 burned roughly 500,000 each of those years.
2 And that is even a decrease. If you go back
3 further, we burned over a million tons a year
4 year after year. But, as the market has
5 changed and low price gas has come on the
6 market, you can almost view it as there was a
7 step-down. There's been another step-down in
8 the last couple of years, largely driven by
9 warm winters.

10 Q. But, even in the polar vortex year, you only
11 burned 500,000 you just said?

12 A. (White) Right. Because we already had the --
13 the shale gas was coming into the market at
14 that time. So, summer generation had decreased
15 at that time. Of the 500,000, probably 300
16 plus would be burned over December, January,
17 and February. So, it really was focused in
18 those months. What had changed at that point
19 was the summer generation, when peak loads
20 occur in New England. But there was so much
21 low price gas that there wasn't a lot of
22 economic generation out of our coal fleet.

23 Q. So, why didn't you reduce the amount of
24 inventory that you kept on-site? Seems like

[WITNESS PANEL: Goulding~Ludwig~White]

1 you understood that you didn't need that much?

2 A. (White) Well, we did. We weren't contracting
3 assuming we were going to burn a million tons a
4 year anymore. We were planning for more in the
5 500,000, in that range. It just so happens
6 that we didn't have any -- two warm winters in
7 a row. If we had had one warm winter, the
8 inventory at Merrimack, it may not be half of
9 what it is, but it would be substantially less
10 than what it is.

11 When we entered into that contract, the
12 inventory on-site was -- it was either 340 or
13 370,000 tons. That's about the minimum you
14 want to be heading into a winter season for.
15 Because you better have arrangements to
16 replenish, because, if you don't, you're going
17 to have nothing on the ground when you get to
18 March.

19 Q. I understand that. But it sounds like you have
20 twice that much?

21 A. (White) Well, because we haven't generated.

22 Q. Okay.

23 A. (White) Really, that's what it comes back to.

24 We had contracted coal. So, we did continue to

[WITNESS PANEL: Goulding~Ludwig~White]

1 take deliveries, even when we weren't burning.
2 And we've gotten to the point where we
3 essentially have a full coal yard. But it all
4 goes back to we weren't generating in the
5 winter months. We already had contracts in
6 place. So, that's why coal kept coming. Coal
7 contracting is typically done over multi-year
8 periods. It's not on-demand. They're
9 typically long-term arrangements.

10 Q. Do you -- will you have to pay any ACPs this
11 year?

12 A. (White) I believe the answer is "yes". I'm not
13 sure I have those details. I could dig around
14 a little bit.

15 Q. Well, it sounds like you -- you said that the
16 price of RECs in the market have decreased.
17 Are there --

18 A. (White) You're right. It would only be to the
19 extent that we haven't been able to find
20 supply.

21 Q. Okay. So, where are you on the supply end of
22 it right now? Do you know if you've bought
23 your RECs for 2016?

24 A. (White) Well, the 2016 RECs just went through

[WITNESS PANEL: Goulding~Ludwig~White]

1 final settlement, on June 15th was the final
2 trading day for 2016 RECs. And I, honestly, I
3 don't have the detailed knowledge of final
4 settlement and whether any ACPs were paid in
5 that final settlement.

6 Q. Okay.

7 A. (White) At this point, for 2017, we have not
8 projected any ACPs. And all the needs have
9 been priced in this rate-setting at those
10 market prices that we talked about earlier.
11 So, maybe that's a slight amendment to what I
12 said previously.

13 Q. Okay. I think, on Page 14 of the May filing,
14 which would be Exhibit 4, it says that "RPS
15 costs are higher than forecast by
16 \$2.7 million", in the first unfinished
17 paragraph, the carryover paragraph.

18 A. (White) I believe that's due to -- it's driven
19 primarily by our Class I position, where we are
20 surplus. And, so, we're actually selling our
21 surplus that have come -- we have acquired
22 through the Burgess and Lempster PPAs at fixed
23 prices, and we're selling those into the
24 market. So, there is a settlement of that.

{DE 16-822} [CONFIDENTIAL & PROPRIETARY] {06-22-17}

[WITNESS PANEL: Goulding~Ludwig~White]

1 And, when the market prices drop, the value of
2 that surplus increases expense essentially.
3 And I'm going to say that's the main driver of
4 this item, between our December filing and the
5 May filing. So, depending on the price changes
6 in each class, the other classes, from December
7 to the May filing, didn't really change, but
8 Class I did decrease.

9 Q. Okay. So, you sold them for less than what you
10 thought you would sell them for, and that's the
11 difference?

12 A. (White) Correct.

13 CMSR. BAILEY: Okay. Thank you.

14 That's all I have.

15 BY CHAIRMAN HONIGBERG:

16 Q. I want to ask a question about the property
17 taxes you mentioned. Is that directly affected
18 by the very recent Supreme Court decision? Is
19 that one of the reasons why that number
20 changed, if you know? And maybe the counsel is
21 better equipped to answer that question than
22 you are.

23 A. (Goulding) I'm not sure if it's incorporated
24 into those numbers.

[WITNESS PANEL: Goulding~Ludwig~White]

1 CHAIRMAN HONIGBERG: Mr. Fossum, do
2 you know?

3 MR. FOSSUM: I don't believe that it
4 is. I think that decision was too late to have
5 made an impact on this filing.

6 CHAIRMAN HONIGBERG: All right.
7 That's the only thing I had.

8 Mr. Fossum, do you any further
9 questions for the witnesses?

10 MR. FOSSUM: I do not.

11 CHAIRMAN HONIGBERG: All right. I
12 think you gentlemen can return to your seats.

13 I assume there's no objection to
14 striking ID on the six exhibits that were
15 introduced, 4 through 9?

16 *[No verbal response.]*

17 CHAIRMAN HONIGBERG: Seeing no
18 objection, that will be done.

19 Exhibit 9 is still being -- is deemed
20 "confidential" for now, and subject to the
21 discussion we had earlier.

22 Is there anything we need to do
23 before the Parties sum up?

24 *[No verbal response.]*

1 CHAIRMAN HONIGBERG: All right. Mr.
2 Kreis, why don't you begin.

3 MR. KREIS: Thank you, Mr. Chairman.
4 Leaving to one side the confidentiality issue
5 that we've been talking about intermittently,
6 the OCA believes that the Commission should
7 approve the Company's Energy Service filing.
8 Notwithstanding some of the interesting
9 colloquy that various folks have had with the
10 learned witness panel today, we believe it's
11 clear that the Company has adequately and
12 appropriately supported its proposed Energy
13 Service rate with the documentation that
14 demonstrates that the rate is consistent with
15 the public interest and is just and reasonable,
16 and therefore warrants approval.

17 CHAIRMAN HONIGBERG: Ms. Amidon.

18 MS. AMIDON: Thank you. Staff
19 reviewed the filing, and we determined that the
20 Company appropriately calculated the Energy
21 Service rate to take effect for July 1, as
22 represented in its June 16 filing, and that
23 it's just and reasonable within the meaning of
24 RSA 374:2.

1 And just a reminder that, whether it
2 is prudent -- costs are prudent is something
3 that will be determined in a reconciliation
4 proceeding to satisfy the requirements of RSA
5 369.

6 Thank you.

7 CHAIRMAN HONIGBERG: Mr. Fossum.

8 MR. FOSSUM: Thank you. And, once
9 again, I agree with those across the aisle
10 here. That we believe that the record
11 demonstrates that the rate that we have put
12 before you has been adequately and
13 appropriately calculated and supported.

14 And we would ask the Commission
15 approve it in sufficient time to permit it to
16 go into effect on July 1st.

17 CHAIRMAN HONIGBERG: All right.
18 Then, we will take this matter under
19 advisement, issue an order as quickly as we
20 can, and end this hearing.

21 ***(Whereupon the hearing was***
22 ***adjourned at 2:58 p.m.)***