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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

July 2, 2009 - 9:10 a.m.  
Concord, New Hampshire

RE: DE 08-114  
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:  
Petition for Adjustment of Stranded Cost  
Recovery Charge. (Hearing regarding a  
midterm adjustment of the rate)

PRESENT: Chairman Thomas B. Getz, Presiding

Jody Carmody, Clerk

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

Reptg. Residential Ratepayers:  
Meredith Hatfield, Esq., 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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## I N D E X

3

PAGE NO.

4

WITNESS: ROBERT A. BAUMANN

5

Direct examination by Mr. Eaton 4

6

Cross-examination by Ms. Hatfield 9

7

Cross-examination by Mr. Mullen 10

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## E X H I B I T S

12

EXHIBIT NO. DESCRIPTION PAGE NO.

13

4 Prepared Testimony of 6

14

Robert A. Baumann re: 2009  
Stranded Cost Recovery Charge  
Rate Change, with attachments

15

5 Attachment RAB-1, Pages 1 7

16

through 7 (06-10-09)

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\* \* \*

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20 CLOSING STATEMENTS BY:

21

Ms. Hatfield 12

22

Ms. Amidon 13

23

Mr. Eaton 13

24

{DE 08-114} {07-02-09}

1 P R O C E E D I N G S

2 CHAIRMAN GETZ: Good morning, everyone.  
3 We'll open the hearing in docket DE 08-14. If that's the  
4 agreement, we'll begin with that case first?

5 (No verbal response)

6 CHAIRMAN GETZ: Okay, seeing no  
7 objection. On May 20, 2009, Public Service Company of New  
8 Hampshire filed a petition requesting a midterm adjustment  
9 to its Stranded Cost Recovery Charge rate on a service  
10 rendered basis effective August 1, 2009. PSNH projected a  
11 increase in the average SCR rate to 1.14 cents per  
12 kilowatt-hour. And, stated that the increase is due to an  
13 increase in the above-market portion of the IPP valuation  
14 caused by a decrease in the current market prices as  
15 compared to previous estimates. Note for the record that  
16 we have a notice from the Office of Consumer Advocate that  
17 it would be participating in this case. And, the  
18 affidavit of publication has been filed.

19 So, can we take appearances please.

20 MR. EATON: Good morning. My name is  
21 Gerald M. Eaton, for Public Service Company of New  
22 Hampshire.

23 CHAIRMAN GETZ: Good morning.

24 MR. EATON: Good morning.

{DE 08-114} {07-02-09}

[WITNESS: Baumann]

1 MS. HATFIELD: Good morning, Mr.  
2 Chairman. Meredith Hatfield for the Office of Consumer  
3 Advocate.

4 CHAIRMAN GETZ: Good morning.

5 MS. AMIDON: Good morning. Susan  
6 Amidon, for Commission Staff. And, with me today is Steve  
7 Mullen, who is the Assistant Director of the Electric  
8 Division.

9 CHAIRMAN GETZ: Good morning.

10 MS. AMIDON: Good morning.

11 CHAIRMAN GETZ: And, Mr. Eaton, are you  
12 ready to proceed?

13 MR. EATON: Yes. I'd like to call to  
14 the stand Robert A. Baumann.

15 (Whereupon Robert A. Baumann was duly  
16 sworn and cautioned by the Court  
17 Reporter.)

18 ROBERT A. BAUMANN, SWORN

19 DIRECT EXAMINATION

20 BY MR. EATON:

21 Q. Good morning, Mr. Baumann. Could you please state your  
22 name for the record.

23 A. My name is Robert Baumann.

24 Q. For whom are you employed?

{DE 08-114} {07-02-09}

[WITNESS: Baumann]

- 1 A. I am employed by Northeast Utilities Service Company  
2 that render services to all of our operating  
3 subsidiaries, including Public Service Company of New  
4 Hampshire.
- 5 Q. And, what are your duties and what is your position?
- 6 A. My position is the Director of Revenue Regulation and  
7 Load Resources. My duties include the preparation of  
8 all the PSNH revenue requirement calculations for the  
9 Stranded Cost Recovery Charge, Energy Service Charge,  
10 as well as the TCAM, and distribution rate cases.
- 11 Q. Have you previously testified before this Commission?
- 12 A. Yes.
- 13 Q. And, what's the purpose of your testimony today?
- 14 A. The purpose of my testimony is to ask for approval of a  
15 new SCR rate effective August 1st, 2009.
- 16 Q. Mr. Baumann, did you prepare testimony in this  
17 proceeding regarding the change, interim change  
18 requested for the Stranded Cost Recovery Charge?
- 19 A. Yes.
- 20 Q. Was that filed on May 20th, 2009?
- 21 A. Yes.
- 22 Q. And, do you have that testimony in front of you?
- 23 A. Yes, I do.
- 24 Q. Do you have any corrections to make to that testimony?

{DE 08-114} {07-02-09}

[WITNESS: Baumann]

1 A. No.

2 Q. Is it true and accurate to the best of your knowledge  
3 and belief?

4 A. Yes.

5 MR. EATON: Mr. Chairman, I think the  
6 next exhibit is Exhibit 4 for identification.

7 CHAIRMAN GETZ: Is that correct, Jody?

8 MS. CARMODY: Yes. I'm sorry.

9 MR. EATON: Does the Bench need copies  
10 of that testimony?

11 CHAIRMAN GETZ: No. We're all set.

12 (The document, as described, was  
13 herewith marked as Exhibit 4 for  
14 identification.)

15 BY MR. EATON:

16 Q. Mr. Baumann, that Exhibit 4, the document we just  
17 marked, that had certain attachments to it, correct?

18 A. Yes.

19 Q. Did you have occasion to update those attachments?

20 A. Well, there was an update filed on June 19th, 2009.

21 Q. And, do you have those in front of you?

22 A. Yes.

23 Q. And, what is the notation in the upper right-hand  
24 corner, the description of it?

{DE 08-114} {07-02-09}

[WITNESS: Baumann]

1 A. In the attachment or in the cover letter?

2 Q. In the attachment.

3 A. It's "Docket Number DE 08-114", dated "06/19/2009",  
4 "Attachment RAB-1". And, it's a seven-page attachment.

5 Q. And, this updated the attachment to your testimony of  
6 May 20th?

7 A. Yes.

8 Q. Do you have any corrections to make to those  
9 attachments?

10 A. No. Actually, those attachments yielded the same rate  
11 that we filed in May as well.

12 MR. EATON: Mr. Chairman, could we have  
13 this second document marked as "Exhibit 5" for  
14 identification?

15 CHAIRMAN GETZ: So marked.

16 (The document, as described, was  
17 herewith marked as Exhibit 5 for  
18 identification.)

19 BY MR. EATON:

20 Q. Mr. Baumann, could you please summarize your testimony  
21 today.

22 A. Well, the Company is asking for approval of the new  
23 Stranded Cost Recovery Charge rate effective August 1st  
24 of 2009. And, we will get into it later, but that is

{DE 08-114} {07-02-09}

[WITNESS: Baumann]

1 in synchronization, if you will, with the next dockets  
2 that we're going to have, the Energy Service Charge, as  
3 well as the TCAM Charge, which will be heard later this  
4 morning. In addition, it will be in synchronization  
5 with our request for a change in temporary rates that  
6 we've requested effective August 1, 2009 as well.

7 The Stranded Cost Recovery Charge that  
8 we presented is really, I'm not sure there's many  
9 issues, although I always hesitate to say that, but  
10 it's basically the ongoing amortization of the current  
11 Stranded Cost Recovery Charges. There's been very  
12 little additions or deletions other than the  
13 amortization to those charges over the past six months.  
14 So, it's just the straightforward ongoing amortization  
15 charges that are flowing through the rates and being  
16 recovered from customers.

17 Q. And, there is an increase in the charge?

18 A. Yes.

19 Q. And, do you have an opinion as to what is the cause of  
20 that increase?

21 A. The primary, the primary reason is that there was an  
22 underrecovery in the prior period that has been rolled  
23 into the total costs.

24 Q. Do you have anything to add to your testimony?

{DE 08-114} {07-02-09}

[WITNESS: Baumann]

1 A. No.

2 MR. EATON: Thank you. Mr. Chairman,  
3 the witness is available for cross-examination.

4 CHAIRMAN GETZ: Okay. Thank you. Ms.  
5 Hatfield.

6 MS. HATFIELD: Thank you, Mr. Chairman.  
7 Good morning, Mr. Baumann.

8 WITNESS BAUMANN: Good morning.

9 CROSS-EXAMINATION

10 BY MS. HATFIELD:

11 Q. When are these stranded costs due to be fully paid by  
12 customers?

13 A. Well, there are a few IPP costs in here that go out a  
14 considerable amount of time. But the majority of these  
15 costs I believe are going to be amortized either at the  
16 end of 2012 or in 2013. It's the life of the Rate  
17 Reduction Bonds.

18 Q. So, for those related to the IPP contracts, they would  
19 have a longer term?

20 A. Yeah, there's some very small IPPs that go out longer  
21 than that. We've actually been mulling around an idea  
22 ultimately of maybe how to get -- how to terminate  
23 those type of contracts, so that we don't have any  
24 minuscule rate in effect on customers' bills, and it

{DE 08-114} {07-02-09}

[WITNESS: Baumann]

1 just adds to more complexity. But, at this point in  
2 time, they go out -- I think there's a couple small  
3 ones that go out actually into the '20 -- or 2020s date  
4 time period.

5 MS. HATFIELD: Thank you. No further  
6 questions.

7 CHAIRMAN GETZ: Ms. Amidon.

8 MS. AMIDON: Thank you. I'm going to  
9 see if Mr. Mullen has any questions.

10 MR. MULLEN: Good morning, Mr. Baumann.

11 WITNESS BAUMANN: Good morning.

12 BY MR. MULLEN:

13 Q. If we look at Exhibit 4, and we compare Exhibit 5 to  
14 that, I think you've testified that the rate comes out  
15 to the same rate. What were the major changes in the  
16 updated schedules compared to the schedules that were  
17 filed on May 20th?

18 A. In the May 20th filing versus the June 19th filing,  
19 there were -- there was a slight change in the Part 1  
20 stranded costs and a very slight change in the Part 2  
21 stranded costs. So, the total over/underrecovery  
22 changed very slightly. But, in the division of the  
23 costs over kilowatt-hours, the rounded rate remained  
24 the same.

{DE 08-114} {07-02-09}

[WITNESS: Baumann]

- 1 Q. Would it be correct to say that the June 19th filing  
2 has one more month of actual numbers compared to the  
3 original filing?
- 4 A. Yes, that's true.
- 5 Q. Also, in terms of the Part 2 costs, was there a  
6 re-forecast of the above-market portion of payments to  
7 IPPs for the remainder of the year?
- 8 A. Yes.
- 9 Q. If you look at Exhibit 5, and turn to Attachment RAB-1,  
10 Page 6 of 7, on Line 13 there's an adjustment for the  
11 "Yankee Contract Obligations", and it's a credit  
12 adjustment. And, there can be adjustments related to  
13 decommissioning for those Yankee nuclear plants either  
14 positive or negative, correct?
- 15 A. That's correct.
- 16 Q. How long do those obligations go out?
- 17 A. I don't think that there's a definitive set time. I  
18 don't like to speculate or guess, but I would say, as  
19 long as there is a decommissioning obligation at those  
20 plants, and those decommissioning costs continue  
21 throughout the life of the plant, and I'm thinking more  
22 in terms of the fuel, which is still in a steady state  
23 there. But, you know, the plant, in CY's case, the  
24 plant is actually back down to "greenfield", in effect,

{DE 08-114} {07-02-09}

[WITNESS: Baumann]

1           except for the fuel storage area.

2   Q.   And, when you say "CY", you're referring to  
3           "Connecticut Yankee"?

4   A.   Yes.

5   Q.   And, I believe there's two others, is that correct?

6   A.   Yes.  There would be Yankee Atomic and Maine Yankee.

7                         MR. MULLEN:  Okay.  Thank you.  That's  
8   all I have.

9                         CHAIRMAN GETZ:  I have no questions for  
10  Mr. Baumann.  Anything further, Mr. Eaton?

11                        MR. EATON:  No redirect.

12                        CHAIRMAN GETZ:  Okay.  Then, the witness  
13  is excused.  Thank you.

14                        Any objection to striking  
15  identifications, admitting the exhibits into evidence?

16                        (No verbal response)

17                        CHAIRMAN GETZ:  Hearing no objection,  
18  they will be admitted into evidence.  Anything to discuss  
19  before we give an opportunity for a closing?

20                        (No verbal response)

21                        CHAIRMAN GETZ:  Hearing nothing, Ms.  
22  Hatfield.

23                        MS. HATFIELD:  Thank you, Mr. Chairman.  
24  The OCA has no objection to PSNH's request for the updated

{DE 08-114} {07-02-09}

1 Stranded Cost Recovery Charge. Thank you.

2 CHAIRMAN GETZ: Thank you. Ms. Amidon.

3 MS. AMIDON: Thank you. Staff has  
4 reviewed the filing, and has determined that the  
5 calculation of the Stranded Cost Recovery Charge rate is  
6 appropriate, and recommends that the Commission approve  
7 the Petition.

8 CHAIRMAN GETZ: Thank you. Mr. Eaton.

9 MR. EATON: Thank you, Mr. Chairman. We  
10 request that the rate of 1.14 cents per kilowatt-hour be  
11 approved for effect on August 1st through December 31st of  
12 this year.

13 CHAIRMAN GETZ: All right. Thank you.  
14 Then, we will close the hearing in this docket and take  
15 the matter under advisement.

16 (Whereupon the hearing was adjourned at  
17 9:24 a.m.)

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