

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 24, 2014 - 3:05 p.m.
Concord, New Hampshire

NHPUC JUN26'14 AM 8:19

RE: DE 09-035
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:
Distribution Service Rate Case.
(Hearing on an Earnings Sharing Adjustment)

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Martin P. Honigberg

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:
Matthew J. Fossum, Esq.

Reptg. Residential Ratepayers:
Susan Chamberlin, Esq., Consumer Advocate
Stephen R. Eckberg
Jim Brennan
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Grant Siwinski, Electric Division

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

ORIGINAL

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
33	Earnings Sharing Compliance Filing, including attachments (06-09-14)	8
34	PSNH Rate Changes Proposed for Effect on July 1, 2014 (3 pages)	8

P R O C E E D I N G

1
2 CHAIRMAN IGNATIUS: We're back for a
3 hearing in Docket DE 09-035. This is PSNH's notice of its
4 earnings, and pursuant to a Settlement Agreement approved
5 by the Commission a number of years ago, to seek
6 authorization to refund a certain percentage of earnings
7 to the customers. The Company made its filing on
8 June 9th, 2014. And, on June 12th, the Commission issued
9 an order of notice calling for a hearing this afternoon.
10 It also offered an opportunity for any new intervenors to
11 participate, if they were to seek intervention and be
12 granted. But, otherwise, prior intervenors would already
13 be parties to it.

14 Let's begin first with appearances.

15 MR. FOSSUM: And, good afternoon.
16 Matthew Fossum, for Public Service Company of New
17 Hampshire.

18 CHAIRMAN IGNATIUS: Good afternoon.

19 MS. CHAMBERLIN: Good afternoon. Susan
20 Chamberlin, Consumer Advocate. With me today is Stephen
21 Eckberg and Jim Brennan.

22 MS. AMIDON: Suzanne Amidon, for
23 Commission Staff. To my left is Grant Siwinski, an
24 Analyst in the Electric Division. Good afternoon, again.

[WITNESS: Goulding]

1 CHAIRMAN IGNATIUS: Good afternoon,
2 everyone. I don't see anything in the file of anyone
3 seeking intervention and don't see anyone here today. All
4 right. Then, we have the filing, Mr. Fossum, but we don't
5 have any prefiled testimony, and wanted to know what your
6 plan was for the presentation of evidence?

7 MR. FOSSUM: Well, I will say that, when
8 the Company made the filing, it was viewing it as a
9 compliance filing following the terms of the Settlement
10 Agreement, which is why we didn't propose -- or, we didn't
11 provide any testimony along with it. That said,
12 Christopher Goulding is here, and he is the one
13 responsible for the calculations that you see on the
14 attachments to the filing, and is prepared to answer
15 questions, to discuss what's in the filing and to answer
16 questions about what is provided in there.

17 CHAIRMAN IGNATIUS: So, you would put
18 him on the stand?

19 MR. FOSSUM: Correct.

20 CHAIRMAN IGNATIUS: All right. Any
21 objection to doing it that way?

22 MS. AMIDON: We're fine with that.

23 CHAIRMAN IGNATIUS: All right. Then, I
24 think that makes sense. Since it's -- we've read the

[WITNESS: Goulding]

1 materials, but there's not a lot there to work with. So,
2 we'd like some more detail and someone to be able ask some
3 questions of.

4 MR. FOSSUM: And, we are prepared to
5 him.

6 CHAIRMAN IGNATIUS: Great. Thank you.

7 CMSR. HONIGBERG: And, Mr. Goulding is
8 already warmed up.

9 MR. FOSSUM: Yes. I figured, it was his
10 first time testifying, we might as well have him do it all
11 in one day.

12 (Whereupon *Christopher J. Goulding* was
13 duly sworn by the Court Reporter.)

14 **CHRISTOPHER J. GOULDING, SWORN**

15 **DIRECT EXAMINATION**

16 BY MR. FOSSUM:

17 Q. And, Mr. Goulding, could you please state your name and
18 your position and your responsibilities in that
19 position for the record please.

20 A. Okay. My name is Christopher Goulding. I'm employed
21 by Northeast Utilities Service Company as a Manager of
22 Revenue Requirements for PSNH. In my position, I'm
23 responsible for the coordination and elimination of
24 revenue requirement calculations for PSNH, as well as

{DE 09-034} {06-24-14}

[WITNESS: Goulding]

1 the filings associated with PSNH's Energy Service rate,
2 Transmission Cost Adjustment Mechanism, Stranded Cost
3 Recovery Charge, and other -- other recovery
4 mechanisms.

5 Q. And, Mr. Goulding, back on June 9th, 2014, the Company
6 made a filing in this docket. Are you familiar with
7 that filing?

8 A. Yes.

9 Q. And, that filing was under a cover letter of my name,
10 with a series of attachments. The attachments -- the
11 schedules and the attachments, were those prepared by
12 you or under your direction?

13 A. Yes.

14 Q. And, so, you're familiar with what is included in those
15 attachments?

16 A. Yes.

17 Q. And, is there anything -- would you like to -- is there
18 anything in those attachments and those schedules that
19 require any updating or correction today?

20 A. No.

21 Q. And, so, the information in there is true and accurate
22 to the best of your knowledge and belief today?

23 A. Yes.

24 MR. FOSSUM: With that, I would offer

{DE 09-034} {06-24-14}

[WITNESS: Goulding]

1 then the June 9th filing and the attachments as an exhibit
2 for identification, I believe we're up to 33 --

3 MS. DENO: That's correct.

4 MR. FOSSUM: -- in 09-035.

5 CHAIRMAN IGNATIUS: It seems like we
6 just started. All right. We'll mark that for
7 identification as "Exhibit 33".

8 (The document, as described, was
9 herewith marked as **Exhibit 33** for
10 identification.)

11 MR. FOSSUM: And, prior to continuing,
12 consistent with the other hearings that we have had today
13 on the various rates, the bingo sheet of rates we'll
14 supply as the next exhibit. And, I would represent that
15 it's the same document that has been provided in the prior
16 hearings that we've held today. The Clerk has a copy. I
17 don't know if the Commissioners need new additional copies
18 of that document?

19 CHAIRMAN IGNATIUS: I can pull one from
20 the other file. Thank you. So, that would be "Exhibit 2"
21 -- I'm sorry, "34".

22 MR. FOSSUM: That would be "Exhibit 34"
23 for identification.

24 (The document, as described, was

{DE 09-034} {06-24-14}

[WITNESS: Goulding]

1 herewith marked as **Exhibit 34** for
2 identification.)

3 BY MR. FOSSUM:

4 Q. All right. Mr. Goulding, could you just briefly
5 explain in general terms what this filing is.

6 A. Okay. As part of our 09-035 Settlement, there was
7 Section 4, Earnings Sharing Agreement, where the
8 Settlement in Section 4-4 says, if for any 12-month
9 rolling ROE for a quarter the Company's ROE exceeds
10 10 percent, we're required to refund 75 percent of
11 those revenues back to customers for the portion that
12 exceeded the 10 percent. So, in the filing, what I've
13 done is I've calculated the adjustment necessary to get
14 our ROE to 10 percent. And, then, --

15 Q. Well, let's slow down then. So, at the time this
16 filing was made, what was PSNH's then calculated ROE?

17 A. 10.23 percent.

18 Q. And, that was reported on PSNH's Form F-1 to the
19 Commission, is that correct?

20 A. Yes. On February -- or, on May 15th.

21 Q. All right. So, then, moving on to, and if you could,
22 as you're describing this, if you could make reference
23 to what is in the attachments, so that we could follow
24 along, could you please describe the calculation that

[WITNESS: Goulding]

1 you made?

2 A. Okay. I'll start on Page 2.

3 Q. And, by "Page 2", you mean "Page 2 of Attachment 1"?

4 A. Yes. Excuse me. Page 2 of Attachment 1. The first
5 column is the distribute -- or, the operating revenues
6 and expenses and net operating income that were filed
7 as part of the F-1. The second column would be the
8 necessary revenue and corresponding tax deduction
9 associated with that revenue adjustment, to adjust our
10 operating income to a level that would be necessary to
11 get us to a return on equity of 10 percent. So, on
12 page --

13 Q. If I may interrupt then. So, if the Company was at
14 10.23 percent, it would, according to this, require an
15 adjustment of revenue of 1.749 million to bring the
16 Company down to an ROE of 10 percent, is that accurate?

17 A. Yes. That \$1.749 million revenue adjustment, with a
18 corresponding tax impact of \$709,000, gives a net
19 operating income adjustment of 1,040, which would
20 reduce our ROE down to 10 percent.

21 Q. Okay. Thank you. Please continue.

22 A. Okay. So, the "1.040", on Page 2, flows to Page 1 of
23 Attachment 1, where you'll see, in the fourth column to
24 the right, it says "ESM Adjustment (b)" of "1,040".

{DE 09-034} {06-24-14}

[WITNESS: Goulding]

1 So, our net operating income would be "65,650".

2 Q. Okay. And, could you then explain how this
3 calculation --

4 CHAIRMAN IGNATIUS: I'm sorry. Before
5 you go ahead, how did we get from -- I missed something.
6 How did we get from "64,233" to "65,650"? What did you
7 carry over onto Page 1 of that attachment?

8 WITNESS GOULDING: Yes. I'm seeing the
9 same exact problem. Actually, I think that the formula in
10 Line 12 is incorrect.

11 CMSR. HONIGBERG: Line 12 of?

12 WITNESS GOULDING: The "10,373" should
13 be reduced. It should have gone from "9,665" minus "709",
14 instead it's plus.

15 CHAIRMAN IGNATIUS: Oh.

16 MS. CHAMBERLIN: Could you orient me as
17 to where you are?

18 CMSR. HONIGBERG: He's on Attachment 1,
19 Page 2, the right-hand column. On that same line where
20 there's the "709" adjustment, it looks like the formula
21 added 709 instead of subtracting 709. Do I have it right?

22 WITNESS GOULDING: Yes.

23 MS. CHAMBERLIN: Thank you.

24 WITNESS GOULDING: I don't have a

[WITNESS: Goulding]

1 calculator with me.

2 CHAIRMAN IGNATIUS: Does anyone have a
3 calculator?

4 (Atty. Fossum handing calculator to the
5 witness.)

6 (Short pause)

7 WITNESS GOULDING: Okay. Sorry.

8 **BY THE WITNESS:**

9 A. All right. So, the "10,373" should be "8,956". And,
10 then, at Line 17, the "293,892" should be "292,475".
11 Then, Line 18, in the third column, the "64,233" would
12 be --

13 (Court reporter interruption.)

14 **BY THE WITNESS:**

15 A. Third column, Line 18, should be "65,650".

16 CHAIRMAN IGNATIUS: Thank you.

17 BY MR. FOSSUM:

18 Q. Okay.

19 A. Okay? So, on Line -- on Attachment 1, Page 1, you'll
20 notice that the ESM Revenue Adjusted Distribution ROE,
21 the net operating is now "65,650". And, then, if you
22 do the calculation down, 65,650 divided by the five
23 quarter average rate base from the F-1 of 902,440, you
24 get a rate of return of 7.27 percent. The long-term

[WITNESS: Goulding]

1 debt rate, including the ratemaking adjustments, which
2 I'll get -- I'll discuss the ratemaking adjustments in
3 one second, is 2.01. So, which leaves the equity
4 component of ROE at 5.26, which is the difference
5 between Line 6 and Line 7. And, "52.60 percent" is the
6 debt-to-equity percentage or debt-to-equity ratio,
7 which gives you a return on equity of 10 percent.

8 Q. So, if I may just follow, that was the calculation to
9 demonstrate what was necessary to move the Company from
10 a 10.23 percent to 10 percent?

11 A. Yes.

12 Q. And, that was the calculation that was required by the
13 Settlement Agreement?

14 A. Yes.

15 Q. Okay.

16 A. So, we had to do that calculation to get us to
17 10 percent. And, then, so, with that, if you look back
18 at Attachment 1, Page 2, consistent with the
19 Settlement, it says give 75 percent of those revenues
20 back or refund 75 percent of those revenues to
21 customers. So, I took the 1.749 million, and
22 multiplied by 75 percent, to get the 1.312 million
23 that's to be refunded to customers.

24 Q. And, I think, if you could just explain the

[WITNESS: Goulding]

1 relationship of the 1,040, to the extent there is one,
2 from the central column on Attachment 1, Page 2, to the
3 1.312 million that you just referenced, and how those
4 numbers relate, if they do?

5 A. Okay. Well, the 1,040 is basically the revenue
6 requirement that the Company needs to -- or, operating
7 income adjustment that is needed to get our ROE to
8 10 percent. So, we have to gross that up for taxes,
9 which we multiply it by 1.6814 percent, which gives you
10 the \$1.749 million. If we didn't gross it up for
11 taxes, and we just refunded 75 percent of the
12 \$1,040,000, the Company would receive a tax benefit on
13 it and only be refunding 60 percent of the 75 percent
14 going back to customers. And, then, in essence, our
15 ROE would not be adjusted to 10 percent.

16 Q. So, just then following on, you had mentioned
17 "ratemaking adjustments" that were made in the
18 calculations that you went through on Attachment 1,
19 Page 1. Could you explain those ratemaking
20 adjustments.

21 A. Okay. In the Earnings Sharing Agreement, Section 4-5,
22 it says "During the term of this Settlement Agreement,
23 PSNH will endeavor to maintain a capital structure
24 that's similar, in terms to the" -- or, "in terms of

[WITNESS: Goulding]

1 component percentages, to the capital structure in
2 Section 3-1." So, consistent with the capital
3 structure in the Settlement Agreement in Section 3-1,
4 we've included short-term debt, and we've excluded the
5 long-term debt associated with the ice storm. So,
6 those are the two adjustments that have been made.
7 And, additionally, we included the short-term interest
8 associated with the short-term debt and the long-term
9 interest -- long-term debt interest associated with the
10 long-term debt carve-out.

11 Q. And, so, at the end of the calculation, there is a
12 refund to customers of 1.312 million, is that correct?

13 A. That's correct.

14 Q. And, that refund was then translated into a set of rate
15 adjustments?

16 A. Yes.

17 Q. And, are those the adjustments shown on Attachment 2?

18 A. They are the adjustments shown on Attachment 2.

19 Q. And, just to follow that through to the last step,
20 those adjustments are then also reflected in what has
21 now been marked as "Exhibit 34", the bingo sheet?

22 A. Yes.

23 Q. Under the "Distribution" column?

24 A. Under the "Distribution" column.

{DE 09-034} {06-24-14}

[WITNESS: Goulding]

1 Q. I'm not sure if everybody's followed the math. But, if
2 they have questions, they can follow up. I'll just ask
3 one other question for now. And that is, to what do
4 you attribute this over earning position by the
5 Company?

6 A. The over earnings was driven primarily by a
7 colder-than-typical winter, coupled with a
8 hotter-than-average summer. And, additionally, there
9 was -- the Company was able to maintain relatively flat
10 O&M costs, which we attribute to the merger synergies.

11 MR. FOSSUM: And, with that, I have
12 nothing else for the direct.

13 CHAIRMAN IGNATIUS: Thank you.

14 Ms. Chamberlin, do you have questions?

15 MS. CHAMBERLIN: Sure. Thank you.

16 **CROSS-EXAMINATION**

17 BY MS. CHAMBERLIN:

18 Q. Just to try to clarify a couple of things. Looking at
19 Attachment 1, Page 1 of 2, the first column has the F-1
20 figures, with a return on equity of 9.62 percent. What
21 is the -- why isn't that being used and why is the
22 10.23 being used?

23 A. The 9.62 percent doesn't include the short-term debt or
24 the carve-out of the long-term debt associated with the

{DE 09-034} {06-24-14}

[WITNESS: Goulding]

1 ice storm. And, both -- Section 4-4 [4.5?] of the
2 Settlement Agreement says we had to maintain a capital
3 structure consistent with Section 3, which includes
4 those two adjustments.

5 Q. And, is this -- you've been making those adjustments
6 for all of your reporting? Or, is this just the first
7 time it has come up?

8 A. The short-term debt has always been adjusted in there.
9 I think there was an oversight with the long-term debt
10 carve-out not being adjusted in the prior FERC Form 1s.

11 Q. So, when you make these adjustments, it changes your
12 capital structure just a little bit, correct?

13 A. That's correct.

14 Q. Would you say it is still consistent with Section 3,
15 even with the percent changes?

16 A. Yes.

17 Q. So, in the Settlement Agreement, Section 3, it has a
18 common equity of "52.4 percent", and now it's adjusted
19 to "52.6 percent". Is 52.6, is that going to continue
20 for the next year, for the rest of the Settlement
21 Agreement, or --

22 A. I know it has changed slightly quarter-to-quarter, but
23 not -- there's not a significant change.

24 Q. So, you believe the spirit of the Agreement continues

[WITNESS: Goulding]

1 to be met?

2 A. Yes.

3 MS. CHAMBERLIN: That's all I have.

4 CHAIRMAN IGNATIUS: Thank you. Ms.

5 Amidon.

6 MS. AMIDON: Unfortunately, I'm
7 sufficiently confused that I'm going to ask Mr. Siwinski
8 to ask questions, if it's --

9 CHAIRMAN IGNATIUS: That's fine.

10 MR. SIWINSKI: Good afternoon.

11 WITNESS GOULDING: Good afternoon.

12 BY MR. SIWINSKI:

13 Q. Just one clarifying question, and that has to do with
14 Ms. Chamberlin's last question to you about the capital
15 structure. If I look at the Settlement Agreement, and
16 I look at Section 4-5 -- or, 4.5, --

17 A. Okay.

18 Q. -- I guess my question is, that's what the Company is
19 trying to do, and that's where the Company is going,
20 when they move from what was in the Settlement
21 Agreement of 52.4 percent for common equity, to the --
22 to the 52.6, is that correct?

23 A. Well, the 54.49 percent doesn't include the short-term
24 debt. So, I'm not -- I guess, maybe I didn't follow

[WITNESS: Goulding]

1 your question, because the 52.6 includes the short-term
2 debt. So, then, you compare -- you can compare the
3 capital structure between the Settlement Agreement and
4 the current capital structure.

5 Q. Correct.

6 A. Okay.

7 MR. SIWINSKI: Yes. Thank you.

8 WITNESS GOULDING: Yes.

9 BY MS. AMIDON:

10 Q. And, just to follow that question, because I do
11 understand words. Section 4.5 of the Settlement
12 Agreement says, in part, "PSNH will endeavor to
13 maintain a capital structure similar" -- "that is
14 similar, in terms of component percentages, to the
15 capital structure in Section 3.1." Is that right?

16 A. Yes.

17 Q. And, your position is that the 52.6 is similar to the
18 52.4?

19 A. Yes.

20 MS. AMIDON: Thank you. I have nothing
21 further.

22 CHAIRMAN IGNATIUS: Thank you.

23 Commissioner Honigberg.

24 BY CMSR. HONIGBERG:

[WITNESS: Goulding]

1 Q. Looking at Attachment 1, Page 1, the "As Filed F-1"
2 column, and the next column over, which is the
3 adjusted, is there anything in this filing in any of
4 these attachments that shows what changes were made? I
5 think you just explained it, but I'm just wondering if
6 there was anything written to explain the adjustment
7 from Column 1 to Column 2 there?

8 A. There's no schedule that was included here.

9 Q. Okay. The Exhibit 34 bingo sheet, the first column,
10 the "Distribution" column, the first column with
11 percentages in it, the "Distribution" column, that's
12 the column that shows this adjustment?

13 A. Yes. That column accounts for this adjustment.

14 Q. Is there anything else in that column or is it just
15 this adjustment being shown there?

16 A. Just this adjustment.

17 CMSR. HONIGBERG: All right. I think
18 that's all I have. Thank you.

19 BY CHAIRMAN IGNATIUS:

20 Q. I have a couple of questions about the mechanics of how
21 this formula works. In 4.4, and do you have that
22 portion of the Earnings Sharing Agreement with you?

23 A. I do.

24 Q. Okay. In 4.4, it requires a calculation using a "12

[WITNESS: Goulding]

1 month rolling average ROE".

2 A. (Witness nodding in the affirmative.)

3 Q. So, when this was filed, were you looking at -- what
4 was the 12-month period you were looking at?

5 A. It was 12 months ended March 31st, 2014.

6 Q. And, you had said that there, in the past you had, and
7 I don't mean you, personally, it was probably other
8 people, but that there may had been a period where the,
9 correct me if I get this wrong, that the long-term
10 debt, is it associated with the ice storm?

11 A. Yes.

12 Q. Had not been adjusted out.

13 A. Right.

14 Q. What's the consequence of not pulling that out, in
15 terms of whether the Earnings Sharing Mechanism has
16 been complied with? I assume, if it were not pulled
17 out, that would only work to -- by removing it, it
18 lowers the ROE, correct?

19 A. By removing it, it lowers the ROE.

20 Q. So, can we assume that, in prior rolling 12-month
21 calculations, even without removing the long-term debt
22 associated with the ice storm, you weren't going over
23 10 percent?

24 A. Right. We were not over 10 percent.

{DE 09-034} {06-24-14}

[WITNESS: Goulding]

1 Q. Is there any instance where you can see looking back
2 that you actually did go over the 10 percent, and,
3 after removing the ice storm long-term debt, as well as
4 the short-term debt, you still were over 10 percent,
5 but it didn't get filed that way?

6 A. No.

7 Q. This is the first time you've seen that, even with
8 those adjustments, it jumps above the 10 percent?

9 A. That's correct.

10 Q. And, the reason that the calculation is, in my simple
11 way, would be figure out what 0.23 percent represents
12 in terms of income, and then take 75 percent of that.
13 But that would not be able to pick up the tax effect?

14 A. Right. Yes. So, you were saying "take 1,040, that
15 adjustment, and take 75 percent of it."

16 Q. It seems simple. But I know it can't be right, if it's
17 that simple.

18 A. Well, it wouldn't be consistent with the Settlement.
19 It says return the "revenues equaling 75 percent of
20 such a difference". So, --

21 Q. And, the revenue adjustments that are proposed, and
22 that's in Attachment 2, correct?

23 A. Yes.

24 Q. It says in one of the footnotes that they're being

[WITNESS: Goulding]

1 "proportionally adjusted by the multiplier shown
2 above", and I'm assuming that multiplier is in the top
3 of the page, the 329,927?

4 A. (Witness nodding in the affirmative affirmatively).

5 Q. Can you give us those, explain where those numbers come
6 from, and why that's the multiplier that should be
7 used?

8 A. It's my understanding those were from the 09-035
9 Settlement.

10 Q. All right.

11 A. I am not sure of the level beyond that.

12 WITNESS GOULDING: Matthew, is it
13 possible to get another witness?

14 BY CHAIRMAN IGNATIUS:

15 Q. It looks as though the "331,239" comes out of the 2009
16 test year, correct?

17 A. Yes.

18 Q. And, then, you have a new calculation in for July 1st,
19 2014 of the "329,927"?

20 A. Yes. So, my understanding was that that would be
21 1.3 -- 1.31 million was proportionally allocated to
22 each sector.

23 MR. FOSSUM: If it might help, the
24 Company does have another witness who could explain the

[WITNESS: Goulding]

1 multiplier, if necessary.

2 CHAIRMAN IGNATIUS: Sure. I think it
3 would be helpful, just because I don't follow what we're
4 doing here.

5 MS. AMIDON: Madam Chairman, at this
6 point also, and I apologize for not mentioning this
7 sooner, but I would like to ask the Company a record
8 request to be marked as "Exhibit 35", to go through, as a
9 technical statement, Mr. Goulding's testimony today, so
10 that it's clear on the record, in the short term, what the
11 calculation consisted of. Because I believe that, similar
12 with the other orders, the Company is going to ask you to
13 issue this order for rates for services effective July 1.
14 And, I know that the court reporter is going to be
15 hard-pressed to get us a transcript in the short term.

16 CHAIRMAN IGNATIUS: Mr. Fossum, do you
17 have a response to that request?

18 MR. FOSSUM: We can produce that. I'm
19 not sure, within the next day? I would leave to
20 Mr. Goulding, he would be the one that would have to
21 produce that.

22 WITNESS GOULDING: Yes. We can provide
23 a tech statement with a schedule that shows the ratemaking
24 adjustments.

{DE 09-034} {06-24-14}

[WITNESS: Goulding]

1 CHAIRMAN IGNATIUS: All right. I think
2 that would be helpful.

3 WITNESS GOULDING: Okay.

4 CHAIRMAN IGNATIUS: So, I don't have any
5 other questions for you. Maybe if you want to have -- I
6 don't know who your other witness would be?

7 MR. FOSSUM: I believe it would be Ms.
8 Jones would be --

9 CHAIRMAN IGNATIUS: Nobody is jumping.

10 MR. FOSSUM: Certainly not me. I
11 believe Lois Jones would be the one to describe --

12 CHAIRMAN IGNATIUS: All right.

13 MR. FOSSUM: -- the calculation of that
14 multiplier.

15 CHAIRMAN IGNATIUS: Why don't you come
16 forward and do that. Have you stay there, Mr. Goulding.

17 WITNESS GOULDING: Okay.

18 CHAIRMAN IGNATIUS: In case there's any
19 further questions, we'll do it altogether.

20 (Whereupon **Lois B. Jones** was duly sworn
21 by the Court Reporter.)

22 **LOIS B. JONES, SWORN**

23 WITNESS JONES: Could you ask the
24 question again?

1 **LOIS B. JONES, SWORN**

2 **DIRECT EXAMINATION**

3 BY MR. FOSSUM:

4 Q. Well, before we begin that, for the record in this
5 proceeding, could you state your name and your place of
6 employment and your responsibilities please.

7 A. (Jones) Yes. My name is Lois Jones. My business
8 address is 780 North Commercial Street, in Manchester.
9 I work for Northeast Utilities Service Company. And,
10 I'm the Team Leader of the Rates Department in New
11 Hampshire. My responsibilities include rate
12 calculations and administration of the Company's
13 tariff.

14 MR. FOSSUM: Thank you. And, with that,
15 I will invite the Commissioners to resume.

16 BY CHAIRMAN IGNATIUS:

17 Q. Well, the question was just to explain how the
18 multiplier is derived and how you apply it?

19 A. (Jones) The Settlement in 09-035 is -- all of the
20 revenue numbers and the rate calculations in that
21 Settlement are based on actual billing determinants and
22 usage for the 2009 test year. So, based on the 2009
23 test year, the current distribution revenue level is
24 the 331 million number that you see there. Reducing

[WITNESS PANEL: Goulding~Jones]

1 that by the 1.3 million comes up with a new revenue
2 target of the "329,927". So, the "329,927", the new
3 rate level, divided by the current level, is -- gives
4 that multiplier. So, we have adjusted all of the
5 current distribution rates and charges by that same
6 percentage in order to achieve that reduction of
7 1.3 million.

8 Q. So, all of the current rates in that column you
9 adjusted by the 0.996039?

10 A. (Jones) That's correct.

11 Q. And, how often does the Company run this calculation?
12 Not the multiplier, but the earnings?

13 A. (Goulding) We file a quarterly report.

14 Q. So, although the Settlement talked about a "rolling" --
15 a "12-month rolling average", you don't calculate it
16 every month?

17 MR. FOSSUM: And, I would say that's, if
18 I may, Commissioners, Section 4.2 of the Settlement
19 indicates that PSNH would use the Form F-1 that it files
20 quarterly for making that calculation.

21 CHAIRMAN IGNATIUS: All right. Thank
22 you.

23 BY CHAIRMAN IGNATIUS:

24 Q. So, when you do the quarterly F-1 filing, you run that

[WITNESS PANEL: Goulding~Jones]

1 calculation four times a year?

2 A. (Goulding) Yes. Because there's, in each one of those
3 quarterly filings, includes 12 months of rolling period
4 data.

5 CHAIRMAN IGNATIUS: All right. Thank
6 you. Let me give an opportunity, maybe even before
7 redirect, if there's anything, since we have Ms. Jones
8 helping out, and some other questions that came forward,
9 if Ms. Chamberlin or Ms. Amidon have any other questions?

10 MS. AMIDON: No.

11 MS. CHAMBERLIN: No thank you.

12 CHAIRMAN IGNATIUS: All right. Then,
13 Mr. Fossum, any redirect?

14 MR. FOSSUM: No. Thank you.

15 CHAIRMAN IGNATIUS: Okay. Thank you.
16 Then, you're both excused. I appreciate your help in
17 working through those numbers.

18 There was the question of the record
19 request. I just want to be sure I understand what the
20 request was for. Was it, Ms. Amidon, was it a recitation
21 of each of the calculations that Mr. Goulding did or was
22 it more narrow than that?

23 MS. AMIDON: No. What I was looking
24 for, I mean, it is not more narrow. It was a technical

{DE 09-034} {06-24-14}

1 statement to, yes, to walk through the calculations, as he
2 did, explaining the various components. For example, the
3 need to reduce, by 709,000, that amount to get to the
4 10 percent, and the entire calculation, because I think it
5 would be beneficial to have that in the record and assist
6 the Commission in deliberations.

7 CMSR. HONIGBERG: And, that's in the
8 record separate and apart from what's going to be in the
9 transcript?

10 MS. AMIDON: Correct. Because the
11 transcript is generally not available for two weeks,
12 unless you ask for an expedited schedule. And, it seemed
13 to me that, because the Company will be asking for an
14 order for services rendered on and after July 1, that it
15 would benefit the Commission to have that in advance and
16 be part of the record for the hearing.

17 CHAIRMAN IGNATIUS: Let's go off the
18 record for a second.

19 (Brief off-the-record discussion
20 ensued.)

21 CHAIRMAN IGNATIUS: Let's go back on the
22 record. I think, because of the timing constraints, I
23 understand the request that we've got only a couple of
24 days before the Company would like an order on this.

1 Because it's been a short hearing, I think the plan will
2 be, instead of having Mr. Goulding submit a record
3 request, since he's already walked through those
4 calculations today on the stand, we'll have an expedited
5 transcript from Mr. Patnaude, which he thinks he can have
6 completed by Thursday morning of this week?

7 (Mr. Patnaude nodding in the
8 affirmative.)

9 CHAIRMAN IGNATIUS: He's nodding "yes".
10 Usually, he's the one who types "witness is nodding".
11 Okay. Then, is there any objection to striking the
12 identification on the two exhibits?

13 (No verbal response)

14 CHAIRMAN IGNATIUS: Seeing nothing, we
15 will do that. And, anything else before closings?

16 (No verbal response)

17 CHAIRMAN IGNATIUS: If not, then let's
18 begin with Ms. Chamberlin please.

19 MS. CHAMBERLIN: Thank you. The 09-035
20 Settlement Agreement does have the Earnings Sharing
21 section. As best as we can tell, with the short
22 turnaround and the walk through, the Company has followed
23 the terms of the Settlement Agreement in calculating the
24 rebate to customers and creating a methodology for giving

1 that rebate to customers. I'm not aware that any further
2 detail than what is in the Agreement as to exactly how it
3 would be done exists anywhere. And, to the extent that
4 it's putting into effect the Settlement Agreement and
5 lowering rates for customers, I support it.

6 CHAIRMAN IGNATIUS: Thank you. Ms.
7 Amidon.

8 MS. AMIDON: Thank you. Staff has
9 reviewed the calculations. And, according to Staff, the
10 calculations are consistent with the terms of the
11 Settlement Agreement. And, consequently, you know,
12 because it implements the Settlement Agreement, and the
13 Commission Staff supported the Settlement Agreement, we
14 support this revenue sharing by the Company.

15 CHAIRMAN IGNATIUS: Thank you.
16 Mr. Fossum.

17 MR. FOSSUM: Thank you. I'll begin by
18 noting that, in that this involves a rate change, the
19 Company believes that the change to the rate that's been
20 proposed would be consistent with its most recently filed
21 and found adequate Least Cost Integrated Resource Plan.

22 And, with that said, I would agree with
23 what has been stated by the OCA and Staff, is that PSNH is
24 implementing -- this issue was specifically included in

1 the Settlement Agreement. It was foreseen that such a
2 thing could happen. And, there was a method provided for
3 addressing this issue. When this issue arose, PSNH
4 complied with the terms of the Settlement Agreement and
5 made this proposal to adjust the rates consistent with the
6 requirements of the Settlement Agreement.

7 And, to that extent, PSNH would request
8 the Commission approve the refund to customers that is
9 included in this filing, and that it be allowed to go in
10 effect consistent with the terms of the Settlement
11 Agreement, which require it to take place coincident with
12 other adjustments to PSNH's rates on July 1, 2014. Thank
13 you.

14 CHAIRMAN IGNATIUS: Thank you. All
15 right. Then, we will take that under advisement. We know
16 you're looking for a July 1 change. And, with that, we
17 are adjourned.

18 **(Whereupon the hearing was adjourned at**
19 **3:45 p.m.)**