

The State of New Hampshire
Before the Public Utilities Commission
Direct Testimony of Stephen R. Hall
Docket No. DE 10-XXX

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

2 A. My name is Stephen R. Hall. My business address is PSNH Energy Park, 780 North
3 Commercial Street, Manchester, New Hampshire. I am Rate and Regulatory Services
4 Manager for Public Service Company of New Hampshire ("PSNH").

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

6 A. Yes, I've testified on numerous occasions before the Commission over the past thirty
7 years.

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

9 A. The purpose of my testimony is to provide the impact on PSNH's rates of PSNH's
10 proposed refinancing of its Series D & E Pollution Control Revenue Bonds (PCRBs) and
11 its Series A PCRBs.

12 **Q. Have you performed a calculation of the impact of the refinancings on PSNH's
13 proposed Energy Service (ES) rate?**

14 A. Yes, we have. Attachment SRH-1 contains workpapers showing the impact of the effect
15 of the refinancings on PSNH's proposed ES rate. The impact of each refinancing is
16 minimal. In summary, the refinancing of the Series D & E PCRBs would result in no
17 change to PSNH's proposed ES rate for effect on January 1, 2011. The refinancing of the
18 Series A PCRBs would result in an increase of 0.02¢ per kilowatt-hour to PSNH's

1 proposed ES rate for effect on January 1, 2011. However, as described in Ms. Weber's
2 testimony, PSNH will probably not refinance the Series A PCRBs as of January 1, 2011.
3 Rather, that refinancing will be performed at a future date when it is anticipated that
4 interest rates on the Series A PCRBs are increasing and are likely to continue to increase.
5 Therefore, the impact on the ES rate described above is for illustrative purposes, and
6 assumes that the current interest rate on the bonds would remain the same.

7
8 **Q. Please describe the assumptions that you used in making your calculations.**

9 A. The calculations are shown in Attachment SRH-1. We started with the calculations
10 supporting the proposed ES rate that was filed with the Commission on September 21,
11 2010 in Docket No. DE 10-257 (see pages 5 and 6 of Attachment SRH-1). We then
12 modified the return component applied to rate base to account for the different
13 anticipated cost of debt associated with the refinancing of the Series D & E PCRBs and
14 the refinancing of the Series A PCRBs (see page 9 of Attachment SRH-1 for these
15 calculations). The revised percent return calculation appears on page 7 of Attachment
16 SRH-1 for the Series D & E PCRBs, and on page 8 for the Series A PCRBs. The revised
17 percent return amounts for the Series D & E PCRBs, and for the Series A PCRBs were
18 then used on pages 2 and 4, respectively, to recalculate the dollar amount associated with
19 the returns, and those dollar amounts were substituted on pages 1 and 3 in lieu of the
20 original dollar return amounts appearing on RAB-1, Page 1 of PSNH's September 21,
21 2010 filing in the ES docket (provided on page 5 of Attachment SRH-1).

22 As summarized above, these calculations show the proposed ES rate would not change as
23 a result of the Series D & E refinancing, and would increase by about 0.02¢ per kWh due
24 to the Series A refinancing, subject to the caveat discussed above.

1 **Q. Have you performed a similar calculation for the proposed average SCRC rate?**

2 A. Yes, we have. The results show that the proposed refinancings would have no effect on
3 the proposed SCRC rate.

4 **Q. Will there be any impact on other rate components?**

5 A. No. Distribution rates will not change because under the settlement in the rate case in
6 Docket No. DE 09-035, the capital structure, and the cost of capital, is fixed over the term
7 of the settlement. Accordingly, the weighted average cost of capital would not change as
8 a result of any refinancing or new financing. The Transmission Cost Adjustment
9 Mechanism rates would also remain unchanged by these refinancings as the return on the
10 working capital is calculated using the same fixed weighted average cost of capital that is
11 allowed in the distribution segment

12 **Q. Does this complete your testimony?**

13 A. Yes, it does.