

Before the
STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 14-120

In the Matter of:
Public Service of New Hampshire

Reconciliation of Energy Service and Stranded Costs for Calendar Year
2013

Direct Testimony

of

Grant W. Siwinski
Utility Analyst III – Electric Division

March 10, 2015

Public Service of New Hampshire DE 14-120

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

2 A. My name is Grant W. Siwinski. I am employed by the New Hampshire Public Utilities
3 Commission as a Utility Analyst III in the Electric Division. My business address is 21
4 South Fruit Street, Suite 10, Concord, New Hampshire.

5 **Q. Please summarize your educational background and work experience.**

6 A. I earned a BS in Business Administration from Loyola University Maryland. I also
7 received an MBA from Morgan State University in Baltimore and an MA in Regulatory
8 Economics from New Mexico State University. I attended the NARUC Annual
9 Regulatory Studies Program at Michigan State University in 1986. I have attended and
10 taught portions of the Process of Determining Revenue Requirements at the Center for
11 Public Utilities and have completed and received the designation of Certified Public
12 Manager from the State of Nevada.

13
14 From 1976 to 1986, I was employed in increasingly responsible positions with either
15 Detroit Edison, Washington Public Power Supply System or PacifiCorp. My duties at
16 these companies/agency included developing/reporting capital and operational budgets;
17 developing, analyzing, and preparing testimony for the cost of capital and revenue
18 requirement witnesses; and interfacing with Senior Management and Regulatory
19 Commission personnel. In 1986, I joined the Maine Public Utilities Commission as a
20 Senior Financial Analyst in the Finance Department. In that capacity, I participated in
21 electric, gas, and water rate cases preparing and filing revenue requirement testimony. In
22 1999, I joined the Public Utilities Commission of Nevada as a Policy Advisor to the

1 Commissioners. In 2007, I was promoted to Manager, Safety and Quality Assurance. In
2 that capacity, I was responsible for three separate programs; railroad safety for Nevada,
3 natural gas pipeline safety for Nevada, and ensuring the quality of service, environmental
4 compliance, and financial viability of 30 small water utilities in Nevada. In 2010, I
5 joined the New Hampshire Public Utilities Commission as a Utility Analyst III in the
6 Electric Division. My responsibilities include reviewing and evaluating testimony before
7 the Commission; formulating policy recommendations, arguments and positions in cases;
8 and, submitting expert testimony and recommendations to the Commission.

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

10 A. Yes.

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

12 A. The purpose of my testimony is to provide Staff's recommendation regarding the final
13 disposition of \$5.7 million in Rate Reduction Bonds' (RRB) funds that remained in
14 Public Service of New Hampshire's (PSNH or Company) sub-accounts after the full
15 amortization of the RRBs on May 1, 2013.

16 **Q. Please explain what the RRB trust sub-accounts were.**

17 A. For a brief explanation and description of the RRBs see Christopher J. Goulding's
18 testimony at Bates Stamp 105; this accurately depicts the genesis and set up of the RRBs
19 and sub-accounts, except for the statement at lines 23-24 that the general and reserve sub-
20 accounts were partially funded by the Company. As described below, these two sub-
21 accounts were funded by the RRB Charge assessed to all retail customers of PSNH in
22 accordance with the Settlement Agreement in Order No. 23,550 dated September 8, 2000
23 in Docket No. DE 99-099 (the Finance Order). See also Order Approving Financing in

1 Docket No. DE 01-089, Order No. 23,859 dated December 6, 2001.

2 **Q. What is PSNH requesting in this filing?**

3 A. The Company is requesting recovery of \$5.7 million in RRB funds that were ordered
4 returned to retail customers in Docket No. DE 12-291. In that order (Order No. 25,532,
5 dated June 27, 2013), the Commission authorized a refund to customers of \$8.422
6 million, which included the \$5.7 million. However, the question of the \$5.7 million
7 refund was not fully resolved in that filing and was to be considered for further review in
8 PSNH's calendar year 2013 reconciliation. PSNH is claiming the \$5.7 million was
9 contributed by the Company, not retail customers, and therefore, should be returned to it.

10 **Q. What evidence does PSNH present to demonstrate the \$5.7 million was
11 contributed by the Company?**

12 A. PSNH presented Attachment CJG-1, which the Company represented showed the
13 Stranded Cost Recovery Charge (SCRC) revenues and expenses actually incurred from
14 2001 to 2013 by year. The expenses are broken down into SCRC Part 1 expenses (RRB
15 expenses) and all other SCRC expenses. The Attachment also included the actual cash
16 transfers to the RRB sub-accounts for the same period of time by year. The Company
17 subtracted the RRB Part 1 expenses from the RRB sub-account cash transfers and there
18 was an excess of \$5.7 million remaining in the general sub-account (\$0.170 million) and
19 the reserve sub-account (\$5.575 million). Based on this analysis the Company claimed it
20 funded the \$5.7 million, and therefore, it is requesting recovery.

21 **Q. Does Staff agree with PSNH?**

22 A. No. Based on Staff's review of the Finance Order, any funds remaining in the general
23 sub-account and the reserve sub-account after the RRBs were paid in full were

1 specifically required to be credited back to retail customers. The Finance Order required
2 a refund specifically to retail customers because only retail customers funded these sub-
3 accounts.

4 **Q. Please explain.**

5 A. Per the Finance Order, an RRB Charge was calculated and set at levels intended to
6 recover, only from retail customers, enough revenues to ensure the timely recovery of the
7 principal, interest, and certain financing costs, including issuance costs, legal fees, and
8 credit enhancements approved by the Commission for the RRBs. The RRB Charge was
9 deposited into a Collection Account, which included a general sub-account (which held
10 the collections for principal, interest, fees and expenses), an overcollateralization¹ sub-
11 account (which held the excess collections for credit enhancements), the capital sub-
12 account (which held the initial capital contribution to the Special Purpose Entity and was
13 contributed by the Company) and the reserve sub-account (which held any excess
14 collections of RRB Charges as described below).

15 **Q. What happened if the collected revenues were more or less than forecasted for a**
16 **period?**

17 A. If there were excess RRB collections from retail customers, the revenues were to be
18 allocated to the following sub-accounts in the following order: 1) to the capital sub-
19 account up to its initial capital contribution; 2) to the overcollateralization sub-account up
20 to the funding level required by the rating agencies at the issuance of the RRBs; and
21 finally, 3) any remaining excess revenues to the reserve sub-account. If the RRB

¹ The RRB Charge was calculated to yield collections in excess of those required to satisfy principal, interest, fees and expenses of the RRBs. The actual amount of overcollateralization required to achieve the highest credit rating was expected to be at least 0.50% of the initial principal amount of the RRBs. The actual amount depended on rating agency requirements and tax considerations.

1 revenues were deficient, the sub-accounts were to be drawn down in the following order:
2 1) the reserve sub-account, 2) the overcollateralization sub-account, and finally, 3) the
3 capital sub-account.

4 **Q. When a revenue deficiency resulted, in addition to drawing from the sub-accounts**
5 **in the sequence described above, what other remedy was available to PSNH in the**
6 **Finance Order?**

7 A. If the RRB Charge required modifications, it could be done semi-annually or at any time
8 (monthly if necessary) to bring revenues and expenses into balance, thereby, ensuring the
9 timely recovery of all RRB costs. Any amounts on deposit in the reserve sub-account, at
10 the time, were included in the new RRB Charge.

11 **Q. What is Staff's recommendation?**

12 A. Since the revenues in the general sub-account and the reserve sub-account were only
13 collected from retail customers through the RRB Charge, these revenues belong to retail
14 customers. Therefore, Staff recommends that the Commission deny PSNH's request to
15 recover \$5.7 million in RRB Charges that remained in its sub-accounts after the full
16 amortization of the RRBs on May 1, 2013.

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

18 A. Yes.