

1 **STATE OF NEW HAMPSHIRE**
2 **PUBLIC UTILITIES COMMISSION**

3
4 **March 20, 2018** - 10:09 a.m.
5 Concord, New Hampshire

4 APR '18 PM 4:23

6 RE: **DE 18-023**
7 **EVERSOURCE ENERGY:**
8 **Petition for Adjustment to Stranded**
9 **Cost Recovery Charge.**

10 **PRESENT:** Chairman Martin P. Honigberg, Presiding
11 Commissioner Kathryn M. Bailey
12 Commissioner Michael S. Giaimo

13 Sandy Deno, Clerk

14 **APPEARANCES:** **Reptg. Eversource Energy:**
15 Matthew J. Fossum, Esq.

16 **Reptg. Residential Ratepayers:**
17 D. Maurice Kreis, Esq., Consumer Adv.
18 James Brennan, Finance Director
19 Office of Consumer Advocate

20 **Reptg. PUC Staff:**
21 Suzanne G. Amidon, Esq.
22 Richard Chagnon, Electric Division

23 Court Reporter: Steven E. Patnaude, LCR No. 52
24

**CERTIFIED
ORIGINAL TRANSCRIPT**

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17
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19
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I N D E X

PAGE NO.

WITNESS: CHRISTOPHER J. GOULDING

Direct examination by Mr. Fossum	7, 11
Cross-examination by Ms. Amidon	9, 42
Interrogatories by Chairman Honigberg	18, 71
Cross-examination by Mr. Kreis	40
Interrogatories by Cmsr. Bailey	48
Interrogatories by Cmsr. Giaimo	66
Redirect examination by Mr. Fossum	74

* * *

CLOSING STATEMENTS BY:

Mr. Kreis	76
Ms. Amidon	76
Mr. Fossum	77

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Petition for Adjustment to Stranded Cost Recovery Charge, including the Prepared Testimony of Christopher J. Goulding, with Attachments (02-16-18)	6
2	Eversource Energy Technical Statement and Updated Attachments of Christopher J. Goulding, with Attachments (03-14-18)	6
3	Eversource Energy Impact of Each Change on Bills including Energy Service; Impact of Each Change on Delivery Service Bills; and Calculation of Monthly Bill by Rate Component Reflecting Proposed Changes for Energy Service and SCRC Charges (3 pages)	6
4	Response to Data Request No. STAFF 1-002	6
5	Response to Data Request No. STAFF 1-003	6
6	Response to Data Request No. STAFF 1-006-SP01	6
7	Response to Data Request No. STAFF 1-009	6
8	Response to Data Request No. STAFF 1-010-SP01	6

P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: We're here this
3 morning in Docket 18-023, which is Eversource's
4 petition to adjust the rates associated with
5 its Stranded Cost Recovery Charge. They made a
6 filing, followed it up with a technical
7 statement, which we'll hear about today no
8 doubt.

9 Before we do anything else, let's
10 take appearances.

11 MR. FOSSUM: Good morning,
12 Commissioners. Matthew Fossum, here for Public
13 Service Company of New Hampshire, doing
14 business as Eversource Energy.

15 MR. KREIS: Good morning, Mr.
16 Chairman, Commissioners. I'm D. Maurice Kreis,
17 the Consumer Advocate, doing business as Don
18 Kreis. I am here representing the residential
19 utility customers of Eversource. The
20 distinguished gentleman to my left is Mr. James
21 Brennan, our Director of Finance.

22 MS. AMIDON: Good morning. Suzanne
23 Amidon, for Commission Staff. And with me
24 today is Rich Chagnon, an Analyst with the

1 Electric Division.

2 Thank you.

3 CHAIRMAN HONIGBERG: So, how are we
4 going to proceed this morning?

5 MR. FOSSUM: The Company has one
6 witness to present, and we'll do so. And we've
7 also premarked for identification a series of
8 exhibits that I just wanted to identify for the
9 Commissioners before we began with testimony.

10 So, and we will be going through them
11 all, but premarked for identification thus far
12 are the Company's February 16th filing as
13 "Exhibit 1"; and the Company's March 14th
14 filing premarked as "Exhibit 2"; premarked as
15 "Exhibit 3" is what is referred to generally as
16 the "bingo sheet" exhibit, it is a three-page
17 exhibit, but I apologize there's no numbers on
18 the pages.

19 And then a series of discovery
20 responses have been premarked, which I'll just
21 identify for numbering purposes: Premarked as
22 "Exhibit 4" is the response to Staff Question
23 1-002; premarked as "Exhibit 5" is the response
24 to Staff Question 1-003; premarked as "Exhibit

1 6" is the response to Staff Question 1-006, the
2 supplemental. So, in the header, it actually
3 has "1-006-SP01".

4 Premarked as "Exhibit 7" is the
5 response to Staff Question 1-009; and finally,
6 premarked for identification as "Exhibit 6" --
7 or, I'm sorry, as "Exhibit 8" is the response
8 to Staff Question 1-010, also supplemental.

9 (The documents, as described,
10 were herewith marked as
11 **Exhibit 1** through **Exhibit 8**,
12 respectively, for
13 identification.)

14 CHAIRMAN HONIGBERG: Anything else
15 then, before Mr. Goulding moves to the witness
16 stand?

17 [No verbal response.]

18 CHAIRMAN HONIGBERG: All right.
19 Mr. Goulding, why don't you move along.

20 (Whereupon **Christopher J.**
21 **Goulding** was duly sworn by the
22 Court Reporter.)

23 CHAIRMAN HONIGBERG: Mr. Fossum.

24 MR. FOSSUM: Thank you.

[WITNESS: Goulding]

CHRISTOPHER J. GOULDING, SWORN

DIRECT EXAMINATION

BY MR. FOSSUM:

Q Mr. Goulding, could you please state your name, your position, and your responsibilities for the record.

A Yes. My name is Christopher Goulding. I'm the Manager of New Hampshire Revenue Requirements for Eversource. My responsibilities include revenue requirement calculations and implementation of those calculations, and derive rates associated with the distribution rates, Energy Service rates, Stranded Cost Recovery Charge rates, and the TCAM.

Q And just for clarity, that includes the -- you mentioned the "Stranded Cost Recovery Charge rate", that's the rate that's the subject of this hearing this morning?

A Yes.

Q Now, Mr. Goulding, back on February 16th, did you submit prefiled testimony and exhibits in what has been premarked for identification as "Exhibit 1"?

A Yes, I have.

[WITNESS: Goulding]

1 Q And was that testimony and those exhibits, were
2 those prepared by you or at your direction?

3 A Yes, it was.

4 Q And do you have any changes or updates to that
5 information this morning?

6 A No, I do not.

7 Q And do you adopt that testimony and that
8 information as your sworn testimony for this
9 proceeding?

10 A Yes, I do.

11 Q Likewise, on March 14th, did you, Mr. Goulding,
12 submit a technical statement and exhibits in
13 what has been premarked for identification as
14 "Exhibit 2"?

15 A Yes.

16 Q And was that information -- was that all
17 prepared by you or at your direction?

18 A Yes, it was.

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

21 A No, I do not.

22 Q And do you adopt that as your sworn testimony
23 for this proceeding?

24 A Yes.

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 MR. FOSSUM: A tad unorthodox, we're
2 going to skip over Exhibit 3 for right now, and
3 I'm actually going to turn it over to the Staff
4 to cover the discovery responses that have been
5 premarked for a few questions, before returning
6 for finishing the is direct.

7 CHAIRMAN HONIGBERG: Ms. Amidon.

8 MS. AMIDON: Thank you. Good
9 morning, Mr. Goulding.

10 WITNESS GOULDING: Good morning.

11 **CROSS-EXAMINATION**

12 BY MS. AMIDON:

13 Q We have proposed to mark for identification
14 "Exhibit 4", which is a response to
15 Staff-002 [1-002?], and the witness on that is
16 you, Mr. Goulding. So, is this an accurate
17 copy of that response?

18 A Yes, it is.

19 Q Thank you. Moving along to Staff 1-003, again,
20 this is a response to a data request, and the
21 response was prepared by you. Is this an
22 accurate representation of your response as
23 prepared by you?

24 A Yes, it is.

[WITNESS: Goulding]

1 Q Thank you. Now, we're going to Staff 1-006,
2 which is the updated or supplemental response
3 prepared for Staff 006, and the witness is also
4 identified as you. Is this the response that
5 you provided to update the initial response?

6 A Yes, it is.

7 Q Thank you. Now, the next one that we propose
8 to introduce or mark for identification is
9 Staff 1-009, and the witness there is
10 "Frederick White". Is this the response that
11 the Company provided to that question?

12 A Yes, it was.

13 Q And although you aren't the witness on this,
14 are you familiar with the issues that are
15 discussed in the response to this question?

16 A Yes.

17 Q Thank you. And, finally, Mr. Goulding, if
18 you could look at the response to
19 Staff-010 [1-010?], it is -- again, you're the
20 witness, and this is an updated response that
21 you prepared in response to that question. Is
22 this -- do you recognize this as an accurate
23 response to your updated response to this
24 question?

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 A Yes, I do.

2 MS. AMIDON: Okay. Thank you.

3 CHAIRMAN HONIGBERG: Mr. Fossum, you
4 picking it up again?

5 MR. FOSSUM: I am. And I'll just
6 offer for the record that Mr. Goulding -- that
7 entering these exhibits in this way was helpful
8 for both the Company and hopefully for the
9 Staff, the OCA, and the Commissioners as well.

10 BY MR. FOSSUM:

11 Q Mr. Goulding, just at an incredibly high level,
12 could you just explain what it is that the
13 Company is requesting through this filing.

14 A Yes. So, we're requesting a change in the SCRC
15 rates effective April 1st. Kind of the biggest
16 change that's going on is currently we have one
17 average SCRC rate that's applied
18 equi-proportionally against the current rates
19 for all different rate classes. But with these
20 current rates effective April 1st, we're
21 implementing the Settlement Agreement in
22 14-238, which has specific allocations of the
23 revenue requirements to the different rate
24 classes, as well as new costs being included in

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 the SCRC going forward. And some of those new
2 costs are related to the Burgess PPA, the
3 Lempster PPA, which were previously recovered
4 through the Energy Service rates, and then the
5 non-scrubber forecasted under recovery
6 associated with Energy Service. A decision was
7 made in Docket DE 17-113 to kind of start fresh
8 with that docket for Energy Service purposes,
9 and move the over/under recovery into the
10 Stranded Cost Recovery Charge for recovery.

11 Q Thank you. Now, Mr. Goulding, had the Company
12 met with the Staff and the OCA with respect to
13 this filing in advance of this hearing?

14 A Yes, we did.

15 Q And in that meeting, did you understand there
16 were some concerns about some understandings
17 relative to this filing?

18 A Yes, there was. And we believe that, based on
19 the exhibits that were entered, we can kind of
20 sort through some of the confusion and clarify
21 some information that's in the filing.

22 Q Then, I guess I will, in a very open-ended way,
23 ask, Mr. Goulding, could you please explain
24 then in some detail then what exactly is

[WITNESS: Goulding]

1 included in this filing, and referencing the
2 exhibits as appropriate?

3 A Sure. So, in short, we understand that there
4 was some confusion about the various items
5 included in the calculation of the SCRC and
6 where they came from, and how they were
7 translated into rates.

8 The SCRC will be made up of two groups of
9 costs going forward: Part 1 costs and Part 2
10 costs. So, I plan on walking through the
11 calculation of the Part 1 cost, and then moving
12 onto the Part 2 cost. And historically, years
13 ago, we did have Part 1 costs. Although, those
14 ended, I believe, sometime in 2011 or '12. So,
15 it was just Part 2 costs that were historically
16 in the SCRC filing the past few years. But now
17 we're reintroducing Part 1 costs as a result of
18 the RRBs being issued.

19 So, starting with the Part 1 costs, these
20 are the securitized costs, meaning that these
21 are the costs that will be recovered by the
22 Rate Reduction Bonds when they're issued. And
23 those Rate Reduction Bonds were approved in
24 Docket Number DE 17-096. In that docket, we

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 used three estimates of potential costs to
2 determine the range of potential securitized
3 costs: A Low, Mid, and High Case. And those
4 were all explained in the testimony of Eric
5 Chung in the November 13, 2017 testimony.

6 In this filing, we used the Mid Case from
7 DE 17-096 as the total amount that was assumed
8 to be securitized on April 1st.

9 So, if you turn to Exhibit 4, this is a
10 response -- or, a question that was asked by
11 Staff to clarify what the Mid Case was. So,
12 the Mid Case estimate was that we're going to
13 securitize \$638.6 million.

14 Then, turning to Exhibit 5, this is a
15 response to Staff asking what was in that
16 \$638.6 million. Page 1 of the attachment, this
17 was from a discovery response -- actually, it
18 was from the testimony of Eric, or Mr. Chung.
19 And it has a Low, Mid, and High Case.

20 So, what I wanted to point out is that we
21 did choose to use the Mid Case. And that Mid
22 Case assumed that the procedures associated
23 with the hydro sale are included in the amount
24 to be securitized, meaning the net proceedings

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 are reducing the amount to be securitized.

2 So, while some of the assumptions leading
3 to the various estimates have changed over
4 time, some up, some down, compared to the Mid
5 Case, we do still believe that it's a
6 reasonable estimate of what would be
7 securitized come securitization. Therefore, I
8 believe it is the appropriate number to use for
9 this rate-setting docket.

10 All right. So, now, if we turn to Exhibit
11 6, this is a discovery response asked by Staff.
12 It asks for a clarification on what the
13 estimate of the costs of the RRBs were and the
14 underlying work papers. So, it provides kind
15 of the issuance amount, the issuance date
16 assumptions, and some other sales assumptions.

17 If we turn to the attachment itself, this
18 takes the total amount of \$638.6 million just
19 discussed in Exhibit 5, that you see on -- you
20 see it on Line 1, and calculates how much
21 interest, estimated principal, and fees will be
22 due on February 1st, 2019, and allocates it out
23 to the various customer classes to show the
24 charge to customers for the -- the charge to

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 the individual customers for the RRBs in the
2 first year.

3 So, just walking through a couple of the
4 calculations, hopefully it's not -- doesn't go
5 too into the weeds. To calculate the total
6 amount due on February 1st, the Line 3 amount
7 of 32.47 million, you have to take the assumed
8 issuance amount of 638.6 million on Line 1, and
9 divide it by 177 months, which is derived by
10 taking 14 years, times 12, plus 9 months, which
11 is how long the RRBs will be outstanding for,
12 assuming a May 1st issuance.

13 So, nine months is the number of months
14 the bonds are outstanding in the issuance year,
15 assuming a May 1st issuance, and the first
16 principal payment to be made on February 1st.
17 This gives you a monthly principal amount of
18 \$3.6 million, which you then multiply by nine,
19 the number of months the bonds are outstanding
20 in the initial year, until they're due on
21 February 1st. And this gives you a
22 \$32.47 million that you see on Line 3.

23 For the interest estimate on Line 4, of
24 13.5 million, a similar calculation was done in

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 terms of prorating the annual interest due on
2 February 1st by 9/12th, the number of months
3 between issuance and the first payment date.

4 For the "Ongoing Cost" estimate on Line 2,
5 of "\$475,727", a similar calculation was done
6 in terms of prorating the annual ongoing amount
7 cost estimate on February 1st by 9/12th again.

8 So, adding the principal, interest, and
9 fees up on Line 2, 3, and 4, you get to Line 5,
10 which is the total amount due on February 1st
11 of \$46.4 million. Which we then have to
12 allocate out to each rate class in order to
13 calculate the average RRB charges for each rate
14 class.

15 So, if we're looking at "Rate R" on
16 Line 6, consistent with the Settlement
17 Agreement in 14-238, their allocation is
18 48.75 percent of the estimated amount due on
19 February 1st, which translates into
20 \$22.6 million.

21 We then divide the allocated amount on
22 Line 8 by the total adjusted sales on Line 11,
23 to arrive at the average Rate R RRB charge that
24 you see calculated on Line 10, of "1.285 cents

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 per kilowatt-hour".

2 And then a similar calculation was
3 performed for the other four rate classes:
4 Rate G, GV, LG, and Rate OL. All with the
5 predetermined allocations that were described
6 in Docket Number 14-238.

7 CHAIRMAN HONIGBERG: Before you go
8 on, Mr. Goulding, I have a really stupid
9 question for you on the sheet you were just
10 discussing.

11 BY CHAIRMAN HONIGBERG:

12 Q Looking at just the layout of the columns, the
13 number on Line 7, the "48.75 percent", it's
14 just an artifact, an oddness, that it is in the
15 column that it's in, rather than the column
16 that the other percents are listed, Line 12,
17 Line 19, and Line 26?

18 A Yes. It's centered, instead of off to the
19 right.

20 Q And, so, the way the calculations were done,
21 this is a spreadsheet with formulas in it,
22 right?

23 A Yes.

24 Q It is keyed correctly, so that the formula is

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 in the right place, it's just the layout
2 changed?

3 A Yes.

4 CHAIRMAN HONIGBERG: Thank you.

5 **CONTINUED BY THE WITNESS:**

6 A All right. Well, now, if we turn to Exhibit 2,
7 this is how it ties back into the filing
8 itself. Bates Page 006 -- actually, take that
9 back, excuse me. So, I think Bates Page 004.
10 And if you take a look at Line Number 2, you'll
11 see the "Rate R RRB charge", and the Rate R RRB
12 charge is "1.285 cents", which is the same rate
13 that was calculated on Exhibit Number 6. And
14 if you look down on Line 6, Line 10, Line 14,
15 Line 18, you'll see those rates all match up
16 with the rates that were calculated in
17 Attachment 6.

18 So, that's how the RRB charges related to
19 the securitized costs are translated and
20 included in the Part 1 portion of the SCRC.
21 So, then we take those rates and multiply them
22 by sales to get back to the total dollars that
23 need to be recovered.

24 Okay. So, that brings us to the Part 2

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 cost, which is made up of the non-securitized
2 cost. Again, in Exhibit 2, if we turn to Bates
3 Page 006 now, I'll go through the individual
4 lines and just discuss a little bit about each
5 one. Some are old costs that have always been
6 there, so they're -- you're familiar with them,
7 but some are new.

8 Line 2, consistent with our prior SCRC
9 filings, we have the ongoing costs associated
10 with the IPP buydown and buyout savings. Line
11 4 through 6, these are the IPPs. The SCRC had
12 previously contained just the above-market cost
13 of energy and capacity from the purchases from
14 these generators. And the market cost and
15 below market benefit of the IPPs was included
16 in the Energy Service rates. Effective with
17 our transition to the new Energy Service rates,
18 in the settlements in 14-238/17-113, on
19 April 1st, all costs and benefits associated
20 with the IPPs are to be included in the SCRC
21 rates.

22 And the newer costs that have not been in
23 the SCRC historically, but now are, they used
24 to be in the Energy Service rates, we have

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 Line 7 through 14. These are the -- the lines
2 contain the costs and revenues associated with
3 the Burgess and Lempster PPAs.

4 For the Burgess contract, Line 8 contains
5 the total estimated cost of the contract for
6 energy, capacity, and RECs. And then Line 9
7 contains the total estimated market revenues
8 from selling the energy, capacity, and RECs
9 into the market. This leaves Line 10, which is
10 the net cost of the Burgess PPA that's to be
11 recovered via the SCRC as Part 2 cost.

12 And then a similar calculation was done
13 for Lempster PPA on Line 14 through -- Line 11
14 through 14.

15 All right. That brings us to Line 15.
16 This is the non-scrubber energy service
17 recovery amount of \$25.5 million.

18 So, now, if we turn to Exhibit 8, just
19 give a little color on what that amount is, and
20 where the calculation came from. So, this was
21 a discovery response asked by Staff, looking
22 for some detail on supporting estimates and
23 actual information that rolled into that under
24 recovery amount. So, if we turn to the

[WITNESS: Goulding]

1 attachment, Page 1, which is the second page,
2 if you look down at Line 23, there's
3 "\$25.785 million". That's the actual
4 non-scrubber energy service under recovery at
5 the end of 2017. So, then we go down to
6 Line 29. So, at the end of January, there's
7 "\$17.33 million" under recovered for Energy
8 Service. And then, February, that increases by
9 7 million. So, now it's up to \$25 million
10 under recovered. And then, in March, it gets
11 over recovered by \$5 million. So, the new net
12 is \$20 million. And then, April, it's
13 estimated to go up \$3.7 million. To arrive at
14 the total amount of "\$23.523 million". And
15 that's the amount that we see back in
16 Exhibit 2, on Line 15. And this amount is
17 being moved for recovery out of the ES rates
18 and into the SCRC rates at the time the ES
19 rates change as required by the Settlement in
20 Docket 17-113.

21 And I know I've been making you flip back
22 and forth a lot. Hopefully, I'm winding that
23 down.

24 Going back to Exhibit 2, there are two

[WITNESS: Goulding]

1 other lines with blanks for now. The "Other"
2 line will have costs added as they are
3 incurred. The costs like ongoing pension
4 obligations for generation employees or
5 reconciliation of costs. When costs are added,
6 and there is recovery sought through the SCRC,
7 we'll clearly identify what they are. They
8 won't just be called "other". They will be
9 listed in order to give a clear understanding
10 of what they are. But this was just a
11 placeholder for now, to say there's other costs
12 that will come, flow through. There is no
13 dollars included at this time, because we don't
14 have an estimate of what those dollars will be.

15 And then, if you look at Line 17, you have
16 the line that's called "PILOT", "Payment In
17 Lieu of" --

18 *[Court reporter interruption.]*

19 **CONTINUED BY THE WITNESS:**

20 A The "PILOT Payments", "Payment in Lieu of
21 Property Taxes". Right now, it is blank. But,
22 as we are assessed tax stabilization payments
23 by the towns, we'll populate those dollar
24 amounts.

[WITNESS: Goulding]

1 Okay. So, you have all those Part 2
2 costs. And then you have Line 19 to 22. So,
3 adding up all the costs, along with the small
4 amounts for return on decommissioning and
5 return on SCRC deferred balance, gets your
6 total Part 2 costs that we're seeking recovery
7 of.

8 Now, in the same exhibit, if we turn back
9 to Page 1. Bates Page 002, sorry. In the
10 first column you have "Total Stranded Cost" of
11 "Part 1" of \$54.1 million, "Part 2" of
12 \$52.5 million, and the "Estimated over
13 recovery" of 845,000, results in total Part 1
14 and Part 2 SCRC costs of "\$105.869 million".

15 And these costs are then allocated to the
16 individual rate classes, based on the agreement
17 in DE 14-238. Rate R receives 48.75 percent of
18 the costs; Rate G, 25 percent; Rate GV,
19 20 percent; Rate LG, 5.75 percent; and Rate OL,
20 0.50 percent.

21 So, once those allocations are done, the
22 total amounts for each, for Part 1 assigned to
23 Rate R and Part 2 assigned to Rate R and over
24 recovery assigned to Rate R, are added

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 together, divided by the forecasted sales from
2 April to January, resulting in the forecasted
3 average SCRC rates. That average is then
4 adjusted by the RGGI adjustor to arrive at a
5 final average SCRC rate for the individual rate
6 classes. I just want to highlight that those
7 are averages and the actual allocation among
8 customers is a little different, because it
9 accounts for things like demand charges.

10 So, in the same Exhibit 2, Bates Page 008,
11 if we turn there, we can see how these averages
12 actually show up in rates for the individual
13 customers and the different rate classes -- or,
14 in the different rate classes.

15 Looking at "Residential Rate R", you have
16 the SCRC rate of "1.980 cents", and then you
17 have the RGGI refund -- or, RGGI adjustor,
18 negative "00.105 cents" -- excuse me, "0.105
19 cents", to arrive at an SCRC rate of "1.875
20 cents" that a Residential Rate R customer will
21 see on their bill.

22 And then, the rest of the rates are all
23 down there for the different G, GV, and LG, and
24 the different services that are taken under

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 each rate. Okay.

2 BY MR. FOSSUM:

3 Q Thank you. Now, having gone through a series
4 of calculations and inputs, Mr. Goulding, could
5 you please explain, looking at Exhibit 2, Bates
6 Page 001, down at the bottom, there's a
7 paragraph that starts "The primary drivers",
8 explaining the change in rates between the
9 filing in Exhibit 1 and Exhibit 2. Could you
10 please explain those primary drivers, what they
11 are? How they changed?

12 CHAIRMAN HONIGBERG: Thank you,
13 Mr. Fossum, for asking this question.

14 MR. FOSSUM: I'll let Staff know that
15 it was -- it came from them, it needs to be
16 answered.

17 **BY THE WITNESS:**

18 A Yes. There was an increase in the actual and
19 forecasted IPP and PPA costs, that's Burgess,
20 Lempster, and the IPPs, of \$1.86 million due to
21 changes in actual and forecasted market
22 assumptions.

23 The non-scrubber energy service under
24 recovery discussed in Exhibit 8 has gone up

[WITNESS: Goulding]

1 \$3.796 million, due to the assumption of the
2 issuance of the RRBs being moved from April 1st
3 to May 1st.

4 And these increases were offset by a
5 \$3.3 million decrease in the cost of the RRBs
6 themselves, principal, interest, and fees, from
7 being moved, from moving the assumed issuance
8 date from April 1st to May 1st.

9 And higher actual revenues, compared to
10 what was forecasted, for the month of February
11 of \$284,000.

12 So, there was many moving parts, but the
13 net increase was relatively minor.

14 BY MR. FOSSUM:

15 Q Thank you, Mr. Goulding. Now, with that
16 understanding --

17 MR. FOSSUM: Oh.

18 MS. AMIDON: I thought you had
19 indicated you wanted something. Sorry.

20 CHAIRMAN HONIGBERG: It might be
21 helpful, Mr. Fossum, for Mr. Goulding to break
22 that up just a little bit more. I know -- I
23 sense what he just did or I think what he just
24 did was tie back what's on Bates 001 of

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 Exhibit 2 to some of the discussion he just
2 went through in explaining numbers and entries
3 in other spreadsheets.

4 I think it might be helpful to break
5 that paragraph on Page 1 down a little further
6 and just say "this first part ties back to X,
7 the second part ties back to Y, and has the
8 following effects."

9 Do you understand what I'm asking or
10 suggesting?

11 MR. FOSSUM: I do. Are you asking
12 that as a record request or --

13 CHAIRMAN HONIGBERG: No. I think if
14 you -- if or I could go through that with
15 Mr. Goulding sort of clause by clause, I think
16 it would be helpful.

17 MR. FOSSUM: So be it.

18 BY MR. FOSSUM:

19 Q Mr. Goulding, then, taking the description that
20 you just gave of the various pieces in that
21 paragraph, we'll go one-by-one. You note "an
22 increase in the actual and forecasted PPA
23 costs". Could you explain where that shows up
24 in the schedules?

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 A Yes. So, if we look at Exhibit 2, on Bates
2 Page 006, the Line 6, Line 10, and Line 14
3 amount are higher by \$1.86 million in the
4 update filing than they were in the original
5 filing. For example, the update filing has
6 above-market costs associated with the IPPs of
7 \$9.893 million; and the preliminary filing had
8 \$9.268 million. For Burgess, the number was,
9 in the update filing, was \$19.887 million of
10 above-market costs associated with the
11 contract; in the preliminary filing, it was
12 18.757 million. And similarly, for Lempster,
13 the update filing has above-market costs of
14 \$616,000; and, in the preliminary filing, it
15 was \$511,000.

16 So, netting those all together, the change
17 comes out to \$1.86 million in higher costs.
18 And that was, again, due to higher market --
19 forecasted market prices.

20 Q And, so, would that be a comparison of then
21 CJG-1, Page 5, on Bates Page 014 of Exhibit 1,
22 with CJG-1, Page 5, which is Bates Page 006 of
23 Exhibit 2?

24 A Yes.

[WITNESS: Goulding]

1 Q Now, continuing on then, that paragraph also
2 describes "higher forecasted non-scrubber
3 energy service under recovery". Please explain
4 where that may be found.

5 A Yes. So, looking at Line 15, you'll see the
6 amount of "23.523 million", on Bates Page 006
7 of Exhibit 2. And looking at Bates Page 014 of
8 Exhibit 1, it was "19.727 million". So, the
9 difference between those two numbers, the
10 amounts, is \$3.796 million.

11 And if we turn back to Exhibit 8, I think
12 it might be helpful just to identify kind of
13 the key driver of that. It looks like a rather
14 large increase, but there's a good response --
15 or, answer on what the change is due to.

16 So, looking at the second page of
17 Exhibit 8, in the original filing, we had
18 assumed the issuance date of the RRBs was on
19 April 1st. But, with the update filing, it was
20 moved to May 1st. So, the increase, if you
21 look at the April activity, you have return on
22 rate base, continuation of the scrubber
23 deferral, and return on ES deferral, gives you
24 total energy service cost of \$3.7 million, or a

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 total amount added to the under recovery of
2 \$3.7 million.

3 So, these were all items that were
4 identified in the Settlement to be recovered,
5 in the Settlement in DE 17-113. And again,
6 where these costs continue, what happened was,
7 there was a shift to the RRB issuance date that
8 resulted in a lower amount to be recovered in
9 the RRBs in year one. So, they almost offset
10 each other. I think it was \$3.7 million versus
11 \$3.33 million.

12 Q Turning back then to the paragraph on Bates
13 Page 001 of Exhibit 2, continuing with that,
14 there's a note of an "offset of higher actual
15 SCRC revenues in February compared to what was
16 forecast". Could you please explain that.

17 A Yes. So, if we look at Exhibit 2, Bates Page
18 003, in Exhibit 1, Bates Page 011, in the month
19 of February, in the preliminary filing, we had
20 assumed \$925,000 of SCRC revenue. But, when we
21 got the actual information from February, it
22 ended up being \$1.2 million of SCRC revenues,
23 for a difference of \$284,000.

24 Q Thank you. There's one last item in the

[WITNESS: Goulding]

1 paragraph on Bates Page 001 of Exhibit 2, which
2 I think you just spoke to. But, just in case,
3 there's a note that "This increase was offset
4 by a decrease in the Part 1 forecasted cost
5 associated with the Rate Reduction Bonds". I
6 believe you just explained it. But, just to be
7 complete, could you please explain that.

8 A Sure. So, if we go to compare Exhibit 1, Bates
9 Page 012, versus Exhibit 2, Bates Page 004, on
10 Line 31, the total amount of "RRB Charge
11 Remittances" --

12 Q Do you mean "Line 21"?

13 A Yes. Thank you. Line 21. For this forecast
14 period, was "\$57.5 million" in the preliminary
15 filing. But, in the update filing, due to the
16 issuance date being shifted, it's now
17 \$54.1 million, "\$54,170,000", for a difference
18 of \$3.332 million.

19 MR. FOSSUM: Thank you. Unless the
20 Chairman has additional clarifications needed
21 there, I was going to move on at this point?

22 CHAIRMAN HONIGBERG: Thank you,
23 Mr. Fossum. Move on.

24 MR. FOSSUM: Thank you.

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 BY MR. FOSSUM:

2 Q Now, Mr. Goulding, after that explanation of
3 all of the calculations of the ups and downs
4 and things, how they have shaken out, I'd like
5 to understand what this means for rates. Could
6 you please turn to what has been premarked for
7 identification as "Exhibit 3".

8 A Okay. I'm looking at that.

9 Q Could you please explain what it is that
10 Exhibit 3 shows, and how it ties back to the
11 explanation you just provided on how the rates
12 were calculated?

13 A Okay. If we look at Exhibit 3, Page 1, and you
14 go down to the "Total Retail" line, these are
15 the individual components.

16 Q Mr. Goulding, I'll stop you there. The pages
17 aren't numbered. So, if you could please
18 explain the header of each page so that
19 everybody is on the same page.

20 A Okay. So, if we look at Exhibit Number 3, the
21 first page, which is "Impact on each change" --
22 "of each change on bills including Energy
23 Service", and we look at the "Total Retail"
24 line, you'll see the different columns for the

[WITNESS: Goulding]

1 different rate components that customers are
2 charged. And if we look at "SCRC", this is for
3 a customer taking Energy Service, their bill
4 will go up "7.9 percent" due to the change in
5 the SCRC rate. And then we go over to the
6 "Energy Service" column, and you'll see their
7 bill will go down by "17.2 percent. For a
8 Total Delivery and Energy Service change of 9.
9 -- a decrease of "9.3 percent".

10 Turning to the next page of this exhibit,
11 which is labeled "Impact of Each Change on
12 Delivery Service Bills". This does not take
13 into account on where your energy service is
14 taken. So, a customer not taking Energy
15 Service from the Company, their total retail
16 rate, if you look down at the line called
17 "Total Retail" rates, their SCRC rate will
18 change by "20.3 percent" -- or, their, excuse
19 me, delivery service portion of their bill will
20 increase by 23 -- "20.3 percent" due to the
21 change in the SCRC.

22 Now, turning to the third page, which is
23 labeled "Reflecting Proposed Changes for Energy
24 Service and SCRC Charges", "Calculation of

[WITNESS: Goulding]

1 Monthly Bill by Rate Component". Line 1 and
2 Line 2 have the current rates for a residential
3 customer, and Line 3 and Line 4 have the
4 proposed rates for a residential customer. And
5 you'll see that the Column (3) three, there's a
6 difference in the SCRC rates for the changes
7 proposed today. And if you look at Column (6),
8 there's a change in the Energy Service rates,
9 from the current rate to the rate approved
10 April 1st.

11 Now, if I go down, there's a section
12 labeled "Calculation of 550 kilowatt-hour
13 monthly bill, by rate component"; a
14 "Calculation of 600; a "Calculation of 650".
15 I'm going to focus on the middle section,
16 Line 13 to 20, which is the "Calculation of a
17 600 kilowatt monthly bill", which is our
18 average residential customer in New Hampshire.

19 And if we go down to Line 16, currently,
20 they're paying "29 cents" for Stranded Cost
21 Recovery Charge; effective April 1st, that will
22 be "\$11.25", for an increase of \$10.96, and an
23 8.9 percent change as a percent of the total
24 bill.

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 And the other rate that will change is the
2 Energy Service rate on Line 9. It will go from
3 "\$67.50", down to "\$47.42", for a decrease of
4 "\$20.08", or a decrease of "16.2 percent" of
5 the total bill.

6 And overall, the customer will see their
7 total bill will go from "\$123.64" to "\$114.52",
8 which is a decrease of "\$9.12", or a decrease
9 of their total bill of "7.4 percent".

10 CHAIRMAN HONIGBERG: Just to be
11 clear, so the record is clear, I think you made
12 reference to "Line 9", and you meant to
13 reference "Line 19".

14 WITNESS GOULDING: Nineteen.

15 CHAIRMAN HONIGBERG: I may have
16 misheard you. But, just so the record is
17 clear, it's "Line 19"?

18 WITNESS GOULDING: I believe it
19 should have been "Line 19" -- it should be
20 "19". My finger was over the one.

21 BY MR. FOSSUM:

22 Q All right. Mr. Goulding, now with an
23 understanding of how the various cost
24 components were accounted for and developed

[WITNESS: Goulding]

1 into rates for this filing, I just have a
2 couple of questions about the customers'
3 payments. And just to reiterate, are the RRBs
4 actually being issued on April 1st?

5 A They are not. It will likely be later. The
6 filing assumes a May 1st issuance date.

7 Q So, if the Company begins collecting on an SCRC
8 rate including that estimated cost on
9 April 1st, what happens with the money that
10 would pay the RRBs?

11 A The revenues that come in will be used to pay
12 down the Part 2 costs until the RRBs are
13 issued.

14 Q And then, once the RRBs are issued, what will
15 happen then? And I guess perhaps an example is
16 helpful. If the RRBs were issued, say, May
17 3rd, what happens on May 4th?

18 A From April 1st to May 3rd, the SCRC revenues
19 will go to pay down Part 2 costs. On May 4th,
20 the SCRC rate charged to customers will not
21 change, but the assignment of the SCRC revenues
22 by the Company, between the Part 1 and Part 2
23 costs, will change to assure that Part 1 costs
24 get all the revenue needed to pay the bonds

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 properly, and whatever is left will go to Part
2 costs. This needs to happen, because we need
3 to cover the cost of the bonds immediately upon
4 issuances. And then, 30 days after the
5 allocation change, the Company will begin
6 making daily remittances to the trust to cover
7 the RRBs, and we'll continue with those
8 remittances until the RRBs are paid off.

9 And when the SCRC is adjusted again, on
10 August 1st, it should be with the full
11 knowledge that the RRBs have been issued,
12 therefore with information on their actual
13 cost. To the extent any reconciliation needs
14 to be done to address the estimate used for
15 April 1st, it would be done at that time.

16 After that, the RRB charge will be
17 adjusted from time to time, and it will be
18 included in the calculation of the SCRC when
19 the adjusted -- when the SCRC is adjusted on
20 February 1st and August 1st of each year.

21 Q And, Mr. Goulding, so, you said the Company
22 will need to make an adjustment in its
23 assignment of costs when those RRBs are issued.
24 How will the Commission know about that?

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 A When the RRBs are issued, there will be a
2 filing that does the calculation of the RRBs.
3 And then we'll make a compliance schedule
4 filing that updates the exhibit that is
5 provided here, that just updates the actual RRB
6 rate that is to be charged to customers.

7 And the overall SCRC rate will not change
8 at that time. It will just again be an
9 adjustment of the rates -- of the assignment of
10 the rates.

11 Q So, it's an internal adjustment by the Company,
12 but customers' rates will not change?

13 A That's correct.

14 Q I think just one final question. With this
15 more complete picture of the costs and revenues
16 in the Company's rate proposal, is it the
17 Company's position that the SCRC rate as
18 proposed in this filing is just and reasonable?

19 A Yes.

20 MR. FOSSUM: And thank you. That's
21 my direct.

22 CHAIRMAN HONIGBERG: Mr. Kreis.

23 MR. KREIS: Thank you, Mr. Chairman.

24 Good morning, Mr. Goulding. I think I don't

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 want to touch too much of that, because I found
2 that whole colloquy to be very helpful and
3 lucid, in terms of helping me understand
4 exactly how all these moving parts are actually
5 moving.

6 **CROSS-EXAMINATION**

7 BY MR. KREIS:

8 Q Mr. Goulding, what is the Company's current
9 estimate of on what date the RRBs will be
10 issued?

11 A It's still the beginning of May.

12 Q What accounts for the delay from April to May?

13 A We still haven't received our SEC approval.

14 Q That's Securities & Exchange Commission, right?

15 A Yes. Not to be confused with the Site
16 Evaluation Committee.

17 Q But you feel you will have that on or about
18 April -- or, May 1st?

19 A That's the expectation. It could obviously
20 move off a couple weeks, but it's still
21 expected to be in the beginning of May.

22 Q And it looks like, overall, the effect of that
23 financially on customers is there is no effect?

24 A Shifting the date?

[WITNESS: Goulding]

1 Q Yes.

2 A It has no real material impact on the rates,
3 because of the way the principal and interest
4 are collected from customers.

5 Q And as a result of that, we are going to
6 overlook the fact that we're basically
7 adjusting the Stranded Cost Recovery Charge
8 under the original plan, which assumed an
9 April 1st securitization date?

10 A Yes. Consistent with kind of the language in
11 17-113, to make the change on April 1st.

12 Q Exactly. Are any of these costs reviewable for
13 prudence in the future?

14 A Yes, they are. So, I think earlier I had spoke
15 about the approval of the securitization amount
16 in 17 -- in Docket Number 17-096. I believe
17 the order stated that the amount to be issued
18 would be subject to Staff audit, and any
19 recommended disallowance would be subject of
20 litigation, and the adjustment would occur as
21 Part 2 costs in the Stranded Cost Recovery
22 Charge in the future.

23 MR. KREIS: Super. Mr. Chairman, I
24 think those -- those are all the questions I

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 have.

2 CHAIRMAN HONIGBERG: Ms. Amidon.

3 MS. AMIDON: Thank you. Good morning
4 again.

5 WITNESS GOULDING: Good morning.

6 BY MS. AMIDON:

7 Q On a rough proportional basis, what portion of
8 the proposed SCRC is attributable to RRBs and
9 what portion roughly is Part 2?

10 A The RRBs are about two-thirds and the Part 2 is
11 about one-third, for a residential customer.

12 Q Okay.

13 A And it should be the same for the rest of the
14 customers.

15 Q Yes. I'm happy with the rough calculation.
16 Thank you. Exhibit 5, I believe, is the
17 response to Staff 003, is that right?

18 A Yes.

19 Q Okay. And if you look at the attachment to
20 that, I have a question about the attachment.
21 Not having participated in that prior docket,
22 are all these categories of costs those which
23 were described in was it 17-096?

24 A Yes.

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 Q My principal question is, what is -- what
2 constitutes Number 5, which says "Non-scrubber
3 deferral"?

4 A That is the non-scrubber Energy Service
5 deferral.

6 Q And that's -- so, is that the one moved out of
7 this, into stranded costs Part 2?

8 A Yes. I think there was two things happening at
9 the same time. And it was determined, after
10 this filing was made or during this filing,
11 that those costs would be recovered as part of
12 Part 2 costs and not securitized. And that
13 went into the 17-113 Settlement Agreement.

14 Q Okay. Thank you. I just wanted to be clear on
15 that.

16 A So, just to add on, I don't want to keep going,
17 but, when we do do the issuance for the
18 securitization, that amount will not be
19 included in the amount to be securitized.
20 Otherwise, we would be double recovering.

21 Q Thank you. And that was more or less where I
22 was going with that. So, you read my mind.

23 In your testimony, you went through and
24 very helpfully explained the different

[WITNESS: Goulding]

1 categories, I believe it's on Page Bates 006 of
2 Exhibit 2, of the various categories of costs.
3 And what I wanted to understand is, under 16,
4 "Other", are those the costs that were
5 identified in the 2015 Settlement Agreement as
6 the non-securitized ongoing costs associated
7 with divestiture?

8 A Those would be those costs, yes.

9 Q And when you provide or populate these items,
10 you will specify which -- you will characterize
11 or describe what those costs are, is that
12 right?

13 A Yes.

14 Q And when do you expect that we will -- we will
15 see that information? And do you expect that
16 in the July filing -- no. What filing is it?
17 Do you expect that for the rates effective
18 August 1?

19 A There could be some for August 1, depending on
20 the amount that's securitized. And then, if
21 there's any kind of late settle -- or, late
22 entries that come in. When I think about "late
23 entries", I think about the ISO Settlement
24 process. It kind of -- I think it has a

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 six-month reconciliation window. So, some of
2 those costs might roll in after the
3 securitization. So, those potentially could be
4 in there. But I would expect that we might
5 have more clarity for the February 1st rate
6 change.

7 Q Okay. Thank you. And as I understand it, the
8 Company has worked with the Director of the
9 Consumer Services & External Affairs Division
10 here at the Commission on preparing customer
11 communication information relative to this
12 change, is that right?

13 A Yes.

14 Q Okay. And as I understand it, all of the
15 suggestions made by the Director have been
16 approved. Is that something you know?

17 A They have all been accepted by the Company,
18 yes.

19 Q Okay. Thank you. And then, the last question
20 I have has to do with -- excuse me --
21 Exhibit 7, which is related to the -- related
22 to the Burgess BioPower and the cumulative
23 reduction fund or accounting system. And if I
24 add what will be included in the current

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 balance of negative \$66 million, would you
2 agree, subject to check, that the total by the
3 end of December would be roughly \$82.9 million?

4 A Yes.

5 Q And that's being accumulated at a rate of 1.7
6 to \$2 million a month, again, that's very --
7 that's a rough estimate. Is that fair to say?

8 A That's reasonable.

9 Q And, so, based on that, my expectation would
10 be, and does the Company agree, that you're
11 likely to reach that 100 million amount by the
12 end of 2019?

13 A I guess I don't have knowledge of when they
14 could hit it. If it continued at a run rate of
15 roughly \$1.6 million a month, that's a
16 reasonable estimate. I just don't know what
17 the forecast of prices are.

18 Q And I think that's a reasonable answer.

19 A Okay.

20 Q Thank you. Do you recall, in meeting with
21 Staff, that we have asked that the Company
22 consider including in its tariff the
23 difference -- the component of the rate that
24 constituted the Part 1 cost and the component

[WITNESS: Goulding]

1 in the rate that constituted the Part 2 cost?
2 In other words, the total -- the total number,
3 not the different components, but the Part --
4 the SCRC consists of those two costs. And the
5 Staff thought it would be beneficial to
6 indicate in a tariff what the costs for Part 1
7 is opposed to Part 2. Because what we've seen
8 here, Part 1 costs will be relatively stable
9 going forward, and Part 2 costs appear to be
10 the one that is going to fluctuate more in the
11 future.

12 Is it possible that the Company can adopt
13 that in the tariff?

14 A I do recall the conversation. I think it would
15 be probably helpful to meet with OCA and Staff
16 to kind of determine what the needs are and
17 what we're actually looking to get into the
18 tariff. And I believe we could incorporate
19 something in there that meets the needs and
20 desires of the Staff and OCA.

21 Q Great. And you recognize that the reason we
22 asked for that is not so much to help us,
23 but if a customer is looking for a breakout of
24 those costs, they can find that information?

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 A Yes. I understand where your ask is coming
2 from.

3 MS. AMIDON: Okay. Thank you. And
4 that's all we have. Thank you.

5 CHAIRMAN HONIGBERG: Commissioner
6 Bailey.

7 CMSR. BAILEY: Good morning.

8 WITNESS GOULDING: Good morning.

9 BY CMSR. BAILEY:

10 Q Can you confirm for me that the numbers on
11 Exhibit 5 we are not approving today?

12 A You are not approving the numbers on Exhibit 5
13 today.

14 Q Okay. And you said that these numbers would be
15 subject to a Staff audit, and that any numbers
16 in dispute from the audit would be litigated?

17 A That would be my understanding.

18 Q Okay. Is it your understanding that the only
19 findings that the Staff audit could make would
20 be, you said something cost \$100 million, and
21 they looked at a receipt and it was
22 \$98 million? Or is -- are other issues at
23 play, like whether you should have spent the
24 \$100 million in the first place?

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 A My understanding of what the audit would be is
2 that it looks at the costs that were included
3 to be securitized, and whether they should be
4 included to have been securitized.

5 Q Okay. So, whether they should have been
6 included -- oh. That doesn't answer my
7 question. Whether they were reasonable?

8 A There are probably some costs, depending on
9 what costs they're looking at, that that would
10 be a determination that's made. But, in terms
11 of the larger items, in terms of the
12 investments over the years, we've had
13 reconciliations that have approved those annual
14 reconciliation amounts, annual spending amounts
15 and investment amounts.

16 So, I wouldn't expect it to be the plant
17 investment itself, if that was what you're
18 referring to, about being prudent or imprudent.

19 Q Okay.

20 A I was just trying to get clarification on
21 there's -- I can understand the items you're
22 possibly referring to, maybe transaction costs,
23 those ones I can see the Staff reviewing.

24 Q Okay. Can you look at I think it's Exhibit 1,

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 Bates Page 006. And you, in Line 13, describe
2 a number of items that will be included in Part
3 2. And I don't know what they are. So, can
4 you tell me what "retained power entitlements"
5 means?

6 A Those would be the Burgess and Lempster PPAs, I
7 believe, based on the wording of those. So,
8 those are the contracts that got moved over,
9 from the Energy Service rate to the SCRC rate.
10 Because above it talks about the "IPPs", but
11 then the next section it talks about -- I think
12 it's another word for "Burgess and Lempster
13 PPAs".

14 Q Okay. What about "unsecuritized prudently
15 incurred decommissioning, environmental, or
16 other residual costs or liabilities"? Give me
17 some examples of those.

18 A Sure. So, if I looked at something like
19 "environmental", if there was an amount to be
20 securitized, for instance, let's look at the
21 Schiller Project, Mercury --

22 *[Court reporter interruption.]*

23 **CONTINUED BY THE WITNESS:**

24 A -- Mercury Removal Project, there's an amount

[WITNESS: Goulding]

1 that will be securitized. But, at the end of
2 the day, the actual amount will be what it will
3 be, and then it will trued up to the reconcile
4 -- or, to the amount that is securitized.

5 So, that's an item that would kind of flow
6 through there as a environmental or other
7 residual liability related to the generation
8 facilities.

9 Q And that's going to be in Part 2, not Part 1,
10 mercury removal?

11 A Well, Part 1 would include the funding for it.
12 But then when we -- we'll have a funding
13 estimate in there. But, at the end of the day,
14 when it's -- the project's completed, and the
15 total dollars are actually incurred, we'll
16 compare it versus the estimate that was
17 included in the amount to be securitized, and
18 then the difference would be refund it or
19 collect it through that kind of Part 2 cost, --

20 Q Okay.

21 A -- to true up actuals to forecast.

22 Q Okay. And my memory from another docket is
23 that the mercury removal was expected to cost
24 around \$30 million. Is that your memory?

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 A I believe there was estimates in the 14-238 and
2 16-817 docket of somewhere in that range. But
3 there was many contingencies around those
4 estimates. I think a lot had to do with
5 amounts of mercury and contamination that I
6 don't know about. But --

7 Q Do you know how much has been spent to date?

8 A I should. I pulled together the monthly status
9 report, but I don't recall. I think it might
10 be somewhere around \$16 million. But I could
11 be wrong.

12 Q Okay. So, it's under 30?

13 A Yes, at this time.

14 Q All right. If it ends up under \$30 million,
15 and we've securitized the \$30 million, then the
16 over recovery in the stranded costs would be
17 reconciled in the Part 2?

18 A That's correct.

19 Q Okay. What's the "Northern Wood Power
20 Project"?

21 A That's the Schiller Project. That was changed
22 from, I'm going to say, coal to wood-burning.
23 So, it's just -- it's the part of Schiller that
24 burns wood. And it's eligible for RECs, or it

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 sells RECs.

2 Q But that also got sold?

3 A Yes.

4 Q Okay.

5 A But there's going to be some RECs that are --
6 that we -- Eversource customers get to keep
7 that were generated during the month of
8 ownership that we haven't received yet or
9 haven't sold yet. So, that's another type of
10 item that would be picked up through that kind of
11 "other" line of Part 2 costs, that we'll do a
12 true-up. We have an amount in there currently.
13 But, once everything is finalized, we'll true
14 up to the actual amount that the RECs were
15 actually sold for.

16 Q Okay. I understood your explanation about the
17 difference between the preliminary filing and
18 the updated filing, about the under recovery of
19 PPA costs. But it seems like a large number in
20 total. Why was the under recovery -- what's
21 the reason for that amount of under recovery?

22 A You're referring to the non-scrubber under
23 recovery?

24 Q Well, you have -- let's look at your filing --

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 the Exhibit 2. It's the sentence that
2 Mr. Fossum went through with you.

3 A Okay.

4 Q Okay. "Increase in Part 2 cost driven by an
5 increase in the actual and forecasted PPA
6 costs". That's different than the non-scrubber
7 energy service under recovery?

8 A Yes.

9 Q So, what caused that increase?

10 CHAIRMAN HONIGBERG: Which?

11 CMSR. BAILEY: The increase in the
12 actual and forecasted PPA costs.

13 **BY THE WITNESS:**

14 A We have pricing assumptions in there for RECs,
15 capacity and energy for the forecast period of
16 April to January. Those price assumptions have
17 changed. I'm guessing, based on prices
18 going -- or, the net costs going up, prices
19 must have decreased, because then we would
20 receive less energy revenues, or prices in RECs
21 might have decreased, and we would receive less
22 REC revenues to offset against the cost of the
23 energy and RECs.

24 BY CMSR. BAILEY:

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 Q So, the difference between the PPA and the
2 actual costs -- market costs were greater than
3 you expected?

4 A The new forecast has them greater than we
5 expected.

6 Q All right. Do you know what exhibit you showed
7 us the net cost of those IPPs and PPAs were?

8 A Well, Exhibit 7 has the Burgess only. Is that
9 the one you're referring to?

10 Q No. It's Exhibit 2, Page 6. So, can you
11 describe for me whether -- well, let me ask you
12 this. Does Line 6, in the last column, "Total
13 for the period ended January 31st, 2019",
14 that's your prediction for how much the cost of
15 that IPP will be over market value?

16 A Yes. Based on two months of actual information
17 and eleven months of estimated information.

18 Q All right. So, customers are paying almost
19 \$10 million over-market value for that IPP?

20 A For the existing IPPs, yes.

21 Q And what are those existing IPPs?

22 A They're independent power producers that I
23 believe are QFs that we have to take output
24 from. Beyond that, my knowledge stops. I

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 can -- yes. I'll stop there.

2 Q Okay. And likewise, the amount of money that
3 customers are paying above market for Burgess,
4 for basically a year, is \$20 million, rounded?

5 A Yes. For the April to January period, yup.
6 Yes.

7 Q Oh. That doesn't even include the actuals from
8 January, February, and March?

9 A Right. Those were in the Energy Service under
10 recovery.

11 Q Okay. So, it's more than \$20 million a year
12 that customers pay for Burgess over market?

13 A That's what's forecasted, yes.

14 Q Okay. And for Lempster, it's \$600,000 over
15 market for three-quarters of the year?

16 A Yes.

17 Q Okay. What would the interest rate have been,
18 if you were able to issue the RRBs on
19 April 1st, as you originally thought? Do you
20 know?

21 A I don't.

22 Q Would it have been higher or lower than the one
23 that you think is going to happen in May?

24 A I don't have any knowledge of what the rates

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 will be.

2 Q In Exhibit 2, Bates Page 002, I find these
3 numbers, the stranded cost numbers, cents per
4 kilowatt-hour really confusing. Because on
5 this page, it says, and I think you described
6 one difference as one number that I was look at
7 was an average and the other was an actual
8 rate. The numbers on this page, on Page 2, are
9 the average?

10 A Yes. These are the -- like, for Rate R, it's
11 the average for Rate R. But then there's
12 different services under Rate R. If you turn
13 to Bates Page 008, there's the "Residential
14 Rate"; there's "Residential Rate - Uncontrolled
15 Water Heating"; "Residential Rate - Controlled
16 Water Heating"; "Residential Rate LCS". I'm
17 drawing a blank on the --

18 Q Okay. I get it. All right.

19 A They all started off at a different point. So,
20 we basically proportionally adjusted the rates
21 based on their starting point in the current
22 rates. They were not all the same.

23 Q Okay. And how do those numbers compare to the
24 numbers on Page 1 of this exhibit, proposed

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 rates in cents per kilowatt-hour, which are a
2 tenth of a penny higher?

3 A So, for a -- just a pure residential rate
4 customer, they would pay 1.875 cents, including
5 the RGGI adjustor, versus the average rate of
6 1.862 cents.

7 Q Go through that with me again.

8 A Sure.

9 Q I'm looking at -- I'm looking at the "Rate R",
10 on Page 1, that says "1.967 cents".

11 A Okay. So, we'll look at it without the RGGI
12 adder.

13 Q Okay.

14 A On Bates Page 008, Column (5), it says
15 "Excluding RGGI Adder", and that's the first
16 line. Column (5) is a little confusing,
17 because it says "(5)=(1)x(2)". It's --

18 *[Court reporter interruption.]*

19 **CONTINUED BY THE WITNESS:**

20 A Bates Page 008, Column (5), there's the rate
21 for Rate R, excluding RGGI adder, of "1.980
22 cents", versus the average rate -- residential
23 customer SCRC rate of "1.967 cents".

24 BY CMSR. BAILEY:

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 Q Okay. All right. Now, if you look at these
2 rates on Page 1, and you said that you
3 allocated the stranded costs among these
4 categories, why is the highest average rate in
5 the first section, which was your February 16th
6 filing, Rate R, and, in the updated filing, the
7 highest rate is Rate OL?

8 A So, when -- for Rate OL, when we developed the
9 RRB charge, we dropped off the month of April
10 sales because of the issuance on May 1st. And
11 proportionally, April sales for Rate OL are
12 higher than their average for the month, so it
13 put upward pressure on the rate.

14 Q Higher -- say that again. Which is higher
15 than?

16 A Their April sales are higher, because it's a
17 winter month, so the lights are on more. So,
18 we drop that sales number out of the
19 denominator that's used to calculate the
20 average RRB charge for Rate OL. So, it put
21 upward pressure on the rate.

22 Q Okay. Can you go to Exhibit 2, Bates Page 003.

23 A Okay. I'm there.

24 Q Why is the number on Line 2, for Part 2

[WITNESS: Goulding]

1 stranded costs, so much higher in May than any
2 other month?

3 A So, that's a product of the under recovery
4 getting moved -- excuse me, the non-scrubber
5 energy service under recovery being moved into
6 the SCRC. So, if we turn to Page 6 of the
7 filing, Bates Page 006, that's that line --
8 that's the amount on Line 15, which gets moved
9 from Energy Service into the Stranded Cost
10 Recovery Charge for recovery.

11 Q And that includes all the information about the
12 overpayment for Burgess and Lempster and the
13 IPPs?

14 A Yes.

15 Q Can you look at Exhibit 6? I guess the third
16 page, the spreadsheet that "Estimates the RRB
17 Charges by Rate Assumed Issuance Date of
18 May 1st".

19 A Okay.

20 Q Are you there? Okay. On Line 9, you divide
21 the total residential allocation of the
22 stranded costs by sales. What sales?

23 A Are you -- you said "Line 9"?

24 Q Yes.

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 A Customer sales.

2 Q Customer sales of what?

3 A It's the forecasted sales for the residential
4 customers for the period.

5 Q Of Energy Service? Of distribution?

6 A Distribution, because the RRB and the SCRC are
7 non-bypassable charges.

8 Q Okay. And what unit is that number in?

9 A That is megawatt-hours.

10 Q Okay. Thank you. Do you remember, in some of
11 the prior dockets that you've testified in,
12 that the expected rate for Stranded Cost
13 Charges was going to be about a penny per
14 kilowatt-hour?

15 A I think in the 14-238 docket, there was an
16 estimate that it was going to be, for a
17 residential customer, a little north of a
18 penny.

19 Q Uh-huh. And right now, in the Energy Service
20 rate, we have 1.72 cents in the rate for the
21 scrubber, which we're taking out of that and
22 putting that cost into the stranded costs, and
23 we're spreading it out over a much greater
24 number of customers.

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 A Yes.

2 Q And the rate's going to almost two cents?

3 A Yes.

4 Q Why is that? I mean, can you explain how the
5 prediction was so far off?

6 A I think it's two separate questions. Because
7 the reason why it's not going from 1.72 cents
8 down to half of that is because there's other
9 stranded costs besides just the costs related
10 to the scrubber. There's liabilities and fuel,
11 plant, all of that. So, all of those go into
12 the amount to be securitized. It's not just
13 the scrubber that's being securitized.

14 Q Fuel?

15 A Yes. The fuel was sold, materials and supplies
16 were sold, all that's part of the transaction.

17 Q So, we're not paying for fuel, that's
18 offsetting the costs that's getting
19 securitized, right?

20 A Well, the Company bought those on behalf of
21 customers. So, they were an asset on the
22 books. So, when they get sold, we had to get
23 reimbursed for them.

24 Q Okay.

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 A But getting back to the second question, I
2 think, well, what I'll call a second question
3 of "Why is it off?" There's many different
4 reasons. There's -- if you look at the
5 assumptions that went into the 14-238, there
6 was an assumption for a sales price that didn't
7 materialize.

8 Q Sales price of what?

9 A The sales price of the assets.

10 Q Oh. Okay.

11 A So, I think that's going to be the biggest
12 driver of the variance between the current SCRC
13 rate and kind of what was predicted at that
14 time.

15 I also just want to point out that this
16 first year RRB charge, it definitely has some
17 upward pressure on it, because of the way it is
18 developed and kind of a mid-year issuance. You
19 should see the rate -- RRB rate go down over
20 time -- go down from this level, and then start
21 decreasing over time as the bonds are paid off.

22 Q Well, the payments over the 14 years and 9
23 months that you talked about are going to be
24 the same, right?

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 A They are not going to be the same.

2 Q Okay. Explain that.

3 A And, so, they're a levelized principal payment,
4 it's not mortgage style. So, you pay the same
5 principal every 12 months. But, as your
6 principal gets knocked off, your amount of
7 interest gets decreased also. So, your total
8 principal and interest payment for each year
9 would go down over the 15 years.

10 Q Okay. So, you expect that the RRB charge will
11 be reduced every year going forward?

12 A Subject to any kind of reconciliation or under
13 recoveries, it should, in theory, go down, step
14 down every single year.

15 Q Okay. And are we collecting a year's worth of
16 expected costs in nine months, in this first
17 filing?

18 A For the RRB charge or for everything?

19 Q For everything.

20 A No.

21 Q Okay. Can you help me out with that? Is there
22 anything there?

23 A No. Because we're collecting everything over a
24 ten-month period, from April to -- April 1st to

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 January 31st. So, the denominator used for
2 sales is a annual number -- or, I mean a
3 ten-month number. So, the rate is going to
4 match up with -- the rate and usage matches up
5 with the costs for that period.

6 Q What's in the numerator?

7 A For the overall average SCRC rate, the
8 numerator is sales for the month of April
9 through January.

10 Q I'm talking about the costs. So, the costs
11 that you need to collect --

12 A Excuse me.

13 Q -- is that -- are those costs from April to
14 January?

15 A Yes.

16 CMSR. BAILEY: Okay. All right.
17 Thank you. That's all I have.

18 CHAIRMAN HONIGBERG: Commissioner
19 Giaimo.

20 CMSR. GIAIMO: Good morning, Mr.
21 Goulding.

22 WITNESS GOULDING: Hello.

23 CMSR. GIAIMO: So, I apologize in
24 advance if any of my questions are redundant.

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 I'll do what I can to make sure that doesn't
2 happen.

3 BY CMSR. GIAIMO:

4 Q Let's start on Exhibit 2, Bates 006. I have a
5 couple of questions, and I want to make sure I
6 understand. Following up on Commissioner
7 Bailey's comments, making sure I understand
8 this right, I'm reading it right.

9 So, for a nine-month period, there are
10 about \$30 million of under recovery with
11 respect to the IPP cost, the Burgess cost and
12 the Lempster cost?

13 A That's correct.

14 Q Okay.

15 A Excuse me, just want to correct that it's a
16 ten-month period.

17 Q Okay. Ten-month period. Can you briefly
18 explain why, on lines -- on Line 14, we see
19 what are parentheticals for negative, I'm
20 assuming those are negative monthly numbers.
21 So, in fact, there will be revenue associated
22 with them coming in the door, is that correct?

23 A Yes. I believe the underlying assumption,
24 based on the forecast, is that the energy

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 prices exceed the contract energy price --
2 market energy prices exceed the contract energy
3 prices in the month of December and January.

4 Q Speaking of the prices that you forecasted, can
5 you touch on that? Is that somewhere in any of
6 these dockets -- in any of these documents? Is
7 it included in maybe Exhibit 8?

8 A If I can just revisit my last response, about
9 the energy being "under market in the month of
10 December and January", the forecast shows that
11 the Lempster PPA is -- the energy is under
12 market in January, but slightly over in
13 December, but then there is also RECs that
14 contribute. So, it's the total package of RECs
15 and energy that are under the contract price.

16 Q Okay. So, my understanding was that the RECs,
17 capacity payments, and other payments of that
18 sort were included in Line 15. Am I wrong
19 about that?

20 A No. The individual contracts for Burgess and
21 Lempster effective April 1st, those are picked
22 up in Line 9 and Line 13.

23 Q Okay. So, back to my initial question with
24 respect to what was used in your forecast with

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 respect to energy costs?

2 A For the update filing, it was based on
3 February 28 NYMEX prices.

4 Q Was it a simple flat proxy price, do you know?
5 Was it blended in any way? Was it --

6 A I don't know. I think it does look at off-peak
7 and on-peak and blends it together.

8 Q Okay. That's helpful. I'm going to push your
9 depth of knowledge, and you said you didn't
10 want to do this, but I'll ask you anyway. The
11 IPPs we're talking about here, and you said you
12 believe they're QFs. I'll push you a little
13 bit, and I think you can probably know this.
14 Are we talking small hydro units and municipal
15 combustion, that sort of --

16 A Yes.

17 Q Okay. On Line 17 of the Bates 006, Exhibit 2,
18 you talked a little bit about Payment In Lieu
19 Of Taxes, and you said those lines will be
20 populated going forward. Order of magnitude,
21 back-of-the-envelope, based on prior PILOTS,
22 are we talking significant amounts of money
23 here?

24 A I can't say for certainty, but I know, if I

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 recall the total amount that was recovered
2 through Energy Service rates in the past was
3 roughly 10 to \$12 million a year. So, it
4 obviously can't exceed that.

5 Q Okay. That's helpful. Thanks. All right.
6 Now, moving to Exhibit 3, and these are not
7 Bates numbered, but I'm looking at the second
8 page. Are you there?

9 A Okay.

10 Q Okay. So, this is "Total Delivery Service",
11 it's not total bill, it's just the delivery
12 service. Can you help me understand this? So,
13 this is informative for customers -- for
14 customers who are taking competitive energy
15 service?

16 A Yes.

17 Q Okay. So, if I was a residential customer who
18 went to the market and got it through a
19 competitive supplier, I will see my total
20 delivery service rate go up 20 percent, more or
21 less?

22 A Yes. The total delivery service portion of the
23 bill will go up 20 percent.

24 Q Okay. And on which line here would I see what

[WITNESS: Goulding]

1 the impact would be on a large C&I? Are any of
2 those rate categories?

3 A It would probably be the "Rate LG".

4 Q So, competitive -- so, large C&I, do you know
5 what percentage of your large C&I have gone to
6 competitive energy suppliers? A lot? Are we
7 talking 90 percent?

8 A Yes. I think we have about 100 and -- I'm
9 going to call it 120 Rate LG customers. And I
10 believe there might be ten that are still on
11 Energy Service. So, over 90 percent.

12 Q So, it sounds like, getting to Attorney
13 Amidon's question, there were efforts made to
14 put customers on notice of these increases?

15 A Yes. And there was some input into the
16 Settlement Agreement in 14-238 that dealt with
17 the rate allocations to the different rate
18 classes to kind of address some of the concerns
19 with the larger customers at that time.

20 CMSR. GIAIMO: Okay. Thank you.

21 That's it.

22 CHAIRMAN HONIGBERG: Mr. Goulding, I
23 have just a couple things I want to ask you
24 about.

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 BY CHAIRMAN HONIGBERG:

2 Q Exhibit 2, Page 3, and Exhibit 2, Page 6, both
3 have lines titled "Total Part 2 Costs", but the
4 numbers aren't identical on those two. And I'm
5 sure there's an easy explanation why, and
6 you'll be able to give it to me.

7 A So, we're looking at Line 2, Bates Page 003, of
8 Exhibit 2 and --

9 Q Correct.

10 A -- Line 2, Bates Page 11, of Exhibit 1.

11 Q Oh. That's where those numbers come from.
12 What happened then on Exhibit 2, Page 6,
13 Line 18?

14 A Yes. So, in the initial filing, Bates Page
15 014, the Line 15, all the way for the total, it
16 wasn't carried over, the "19.727 million". So
17 that it didn't do the calculation down for the
18 total amount. If you look at Line 23, it says
19 "29.48 million". That should be "29.48 million
20 plus 19.727 million". And when you add those
21 two together, it would get you back to the
22 number of 50 -- "49.211 million" seen on Bates
23 Page 011.

24 Q Bates Page 011 of Exhibit 1?

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 A Yes.

2 Q Okay. I'm feeling dense. How does that then
3 translate to what happened in Exhibit 2,
4 Page 5 -- I'm sorry, Page 6, Line 18? I know
5 those are updated numbers. But I'm not sure
6 why, in Exhibit 2, the numbers don't carry from
7 Page 6 to Page 3?

8 A It's the line -- it's the amount on Line 23
9 that carries forward to -- the Line Number 23,
10 on Bates Page 006, that carries forward to
11 Line 2, on Bates Page 003.

12 Q Oh. Okay. That explains it.

13 A So, it includes those miscellaneous little
14 items.

15 Q Thank you. I knew there was an easy answer.
16 The other thing I want to ask you about is
17 something that Ms. Amidon raised. Which is
18 Exhibit 5, which is the three estimate range
19 from Mr. Chung's testimony. And your testimony
20 that you took the midpoint, some numbers went
21 up and some numbers went down, but the 638
22 midpoint number is still the right number. Did
23 I get that right?

24 A Yes. It's still a reasonable number.

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 Q All right. One of the items that changed,
2 though, I think, is the 25 million that is
3 moving out of this column, the non-scrubber
4 deferral, moving from securitized stranded
5 costs to Part 2 stranded costs. So, why isn't
6 the securitized number changing by that amount?
7 Is it because other numbers have gone up, so
8 that it doesn't make sense to make any change?

9 A Yes. There's all the other numbers would go in
10 different directions, so you'd have to update
11 every number and try to go through what were
12 the assumptions in there. So, we just chose to
13 stick with this assumption for purposes of
14 setting the rates.

15 Q Your testimony is that there's enough movement
16 in both directions that that fairly significant
17 change, it becomes -- it gets washed out by the
18 other changes?

19 A Yes.

20 CHAIRMAN HONIGBERG: Okay. That's
21 all I wanted to ask you about.

22 Mr. Fossum, do you have any follow-up
23 for Mr. Goulding?

24 MR. FOSSUM: Yes. Just a couple, in

{DE 18-023} {03-20-18}

[WITNESS: Goulding]

1 the hopes of clarifying the record.

2 **REDIRECT EXAMINATION**

3 BY MR. FOSSUM:

4 Q Mr. Goulding, do you recall being asked by
5 Commissioner Bailey about what costs were
6 subject to audit? Do you recall that question?

7 A Yes.

8 Q Were you a participant in Docket 17-096?

9 A Yes.

10 Q And did you provide discovery responses and
11 exhibits as part of that docket?

12 A Yes, I did.

13 Q Do you recall a discovery response that
14 outlined or defined what costs are subject to
15 audit following the securitization?

16 A Vaguely. I know there was a response filed,
17 now that you're bringing it to my attention.
18 But I don't recall the exact words of it.

19 Q Subject to check, would "Exhibit 15", does that
20 sound like it might be the exhibit that
21 explains the costs that are auditable and --
22 following securitization?

23 A Yes.

24 Q You were also asked a question by Commissioner

[WITNESS: Goulding]

1 Bailey about the reduction in the RRBs over
2 time. Do you recall that?

3 A Yes.

4 Q Do you recall also answering a question in
5 Docket 17-096 that explained that issue?

6 A Yes.

7 Q And subject to check, would Exhibit 14 in that
8 docket sound like where that information could
9 be found?

10 A Yes.

11 MR. FOSSUM: Thank you. That's all I
12 had for redirect.

13 CHAIRMAN HONIGBERG: All right. If
14 there's nothing else for Mr. Goulding, you can
15 either stay where you are or return to your
16 seat. It's up to you.

17 I assume there are no other
18 witnesses, correct?

19 MR. FOSSUM: Correct.

20 CHAIRMAN HONIGBERG: All right.
21 Without objection, we'll strike ID on
22 Exhibits 1 through 8.

23 Is there anything else we need to do
24 before we allow the parties to sum up?

{DE 18-023} {03-20-18}

1 [No verbal response.]

2 CHAIRMAN HONIGBERG: All right.
3 Seeing nothing. Mr. Kreis, why don't you start
4 us off.

5 MR. KREIS: Thank you, Mr. Chairman.
6 And thank you, Mr. Goulding, and thank you,
7 fellow attorneys and Commissioners for
8 exploring this question so thoroughly. I think
9 that they made clear that the proposed
10 revisions to the Stranded Cost Recovery Charge
11 are just and reasonable and prove out
12 mathematically, in light of the Commission's
13 previous determinations, including the
14 Settlement Agreement in Docket 14-238.

15 And therefore, the OCA recommends
16 that the Commission approve the Company's
17 filing as it has been recently updated.

18 CHAIRMAN HONIGBERG: Ms. Amidon.

19 MS. AMIDON: Thank you. Staff
20 thoroughly reviewed the filing. And we believe
21 that the Company appropriately calculated the
22 estimate of the costs for the period from
23 April 1 through January 31st.

24 Having said that, we understand it's

1 an estimate, and the actual costs will come in
2 later, and those amounts will be subject to
3 reconciliation.

4 In addition, we understand that once
5 those Part 2 costs identified in the exhibit
6 called "other" will also be subject to audit
7 for accuracy and prudence, as the Settlement
8 Agreement -- the 2015 Settlement Agreement says
9 "prudently incurred costs".

10 We believe that the resulting rates
11 are just and reasonable, subject to the
12 reconciliation and audit, as presented in the
13 March 14th update.

14 And we look forward to talking with
15 the Company about our interest in getting the
16 tariff to include additional information about
17 the relative Part 1/Part 2 costs in the SCRC.

18 Thank you.

19 CHAIRMAN HONIGBERG: Mr. Fossum.

20 MR. FOSSUM: Thank you. And I'll
21 begin by saying I appreciate the comments of
22 the Staff and the OCA and their positions on
23 this. The Company also submits that its filing
24 provides just and reasonable rates and requests

1 that it be approved.

2 That said, and as evidenced by what
3 Mr. Goulding has gone through this morning, we
4 understand that there was some confusion with
5 our filing. We understand that there are
6 things that we can improve upon. We've already
7 committed, as part of our Energy Service
8 submissions, to work with the Staff and the
9 OCA, to make sure that those filings are
10 complete and accurate, not that we previously
11 didn't want them to be complete and accurate,
12 so that their review is not hampered or made
13 more difficult than it needs to be. So, we are
14 committed to adding work on the SCRC filings to
15 make sure that they bear out all the
16 appropriate information in the appropriate way.

17 Likewise, as Mr. Goulding has
18 testified, we're prepared to work with the
19 Staff and the OCA to understand what it is they
20 believe needs to be in the tariff and what's
21 the most appropriate way to make sure that it
22 appears there to provide the most useful
23 information to customers, the Commission, or
24 others.

1 So, with that, I would ask that the
2 rates, as the Company has proposed them in its
3 updated filing, be approved. And, well, that's
4 what I'm asking for, that they be approved as
5 filed.

6 Thank you.

7 CHAIRMAN HONIGBERG: Thank you,
8 Mr. Fossum. Thank you for the comments you
9 made in your closing there.

10 Rates to be effective for April 1,
11 correct?

12 MR. FOSSUM: Correct.

13 CHAIRMAN HONIGBERG: All right. So,
14 we will take the matter under advisement and
15 issue an order as quickly as we can.

16 And before we leave, I will thank
17 Mr. Goulding for his explanations today, and
18 what I understand were helpful explanations to
19 Staff and the OCA in advance of this hearing.

20 So, with that, we'll close the
21 hearing.

22 *(Whereupon the hearing was*
23 *adjourned at 11:50 a.m.)*