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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

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

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

PRESENT: Chairman Thomas B. Getz, Presiding

Jody Carmody, Clerk

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

Reptg. Residential Ratepayers:
Meredith Hatfield, Esq., Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.

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

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I N D E X

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PAGE NO.

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WITNESS: ROBERT A. BAUMANN

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Direct examination by Mr. Eaton

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Cross-examination by Ms. Hatfield

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Cross-examination by Mr. Mullen

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E X H I B I T S

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EXHIBIT NO.

D E S C R I P T I O N

PAGE NO.

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

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Attachment RAB-1, Pages 1
through 7 (06-10-09)

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CLOSING STATEMENTS BY:

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Ms. Hatfield

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Ms. Amidon

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Mr. Eaton

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

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

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

5 (No verbal response)

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

19 So, can we take appearances please.

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

23 CHAIRMAN GETZ: Good morning.

24 MR. EATON: Good morning.

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

[WITNESS: Baumann]

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

4 CHAIRMAN GETZ: Good morning.

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

9 CHAIRMAN GETZ: Good morning.

10 MS. AMIDON: Good morning.

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

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

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

18 ROBERT A. BAUMANN, SWORN

19 DIRECT EXAMINATION

20 BY MR. EATON:

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

23 A. My name is Robert Baumann.

24 Q. For whom are you employed?

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

[WITNESS: Baumann]

1 A. I am employed by Northeast Utilities Service Company
2 that render services to all of our operating
3 subsidiaries, including Public Service Company of New
4 Hampshire.

5 Q. And, what are your duties and what is your position?

6 A. My position is the Director of Revenue Regulation and
7 Load Resources. My duties include the preparation of
8 all the PSNH revenue requirement calculations for the
9 Stranded Cost Recovery Charge, Energy Service Charge,
10 as well as the TCAM, and distribution rate cases.

11 Q. Have you previously testified before this Commission?

12 A. Yes.

13 Q. And, what's the purpose of your testimony today?

14 A. The purpose of my testimony is to ask for approval of a
15 new SCR rate effective August 1st, 2009.

16 Q. Mr. Baumann, did you prepare testimony in this
17 proceeding regarding the change, interim change
18 requested for the Stranded Cost Recovery Charge?

19 A. Yes.

20 Q. Was that filed on May 20th, 2009?

21 A. Yes.

22 Q. And, do you have that testimony in front of you?

23 A. Yes, I do.

24 Q. Do you have any corrections to make to that testimony?

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

[WITNESS: Baumann]

1 A. No.

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

4 A. Yes.

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

7 CHAIRMAN GETZ: Is that correct, Jody?

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

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

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

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

15 BY MR. EATON:

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

18 A. Yes.

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

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

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

22 A. Yes.

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

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

[WITNESS: Baumann]

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

2 Q. In the attachment.

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

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

7 A. Yes.

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

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

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

15 CHAIRMAN GETZ: So marked.
16 (The document, as described, was
17 herewith marked as Exhibit 5 for
18 identification.)

19 BY MR. EATON:

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

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

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

[WITNESS: Baumann]

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

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

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

18 A. Yes.

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

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

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

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

[WITNESS: Baumann]

1 A. No.

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

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

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

8 WITNESS BAUMANN: Good morning.

9 CROSS-EXAMINATION

10 BY MS. HATFIELD:

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

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

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

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

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

[WITNESS: Baumann]

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

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

7 CHAIRMAN GETZ: Ms. Amidon.

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

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

11 WITNESS BAUMANN: Good morning.

12 BY MR. MULLEN:

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

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

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

[WITNESS: Baumann]

1 Q. Would it be correct to say that the June 19th filing
2 has one more month of actual numbers compared to the
3 original filing?

4 A. Yes, that's true.

5 Q. Also, in terms of the Part 2 costs, was there a
6 re-forecast of the above-market portion of payments to
7 IPPs for the remainder of the year?

8 A. Yes.

9 Q. If you look at Exhibit 5, and turn to Attachment RAB-1,
10 Page 6 of 7, on Line 13 there's an adjustment for the
11 "Yankee Contract Obligations", and it's a credit
12 adjustment. And, there can be adjustments related to
13 decommissioning for those Yankee nuclear plants either
14 positive or negative, correct?

15 A. That's correct.

16 Q. How long do those obligations go out?

17 A. I don't think that there's a definitive set time. I
18 don't like to speculate or guess, but I would say, as
19 long as there is a decommissioning obligation at those
20 plants, and those decommissioning costs continue
21 throughout the life of the plant, and I'm thinking more
22 in terms of the fuel, which is still in a steady state
23 there. But, you know, the plant, in CY's case, the
24 plant is actually back down to "greenfield", in effect,

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

[WITNESS: Baumann]

1 except for the fuel storage area.

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

4 A. Yes.

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

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

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

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

11 MR. EATON: No redirect.

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

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

16 (No verbal response)

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

20 (No verbal response)

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

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

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

1 Stranded Cost Recovery Charge. Thank you.

2 CHAIRMAN GETZ: Thank you. Ms. Amidon.

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

8 CHAIRMAN GETZ: Thank you. Mr. Eaton.

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

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

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

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