

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
WESTINGHOUSE ELECTRIC COMPANY, LLC SPECIAL CONTRACT
TESTIMONY
OF
CHARLES R. GOODWIN**

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name, business address and title.**

3 A. My name is Charles R. Goodwin. My business address is 107 Selden Street, Berlin,
4 Connecticut. I am Director of Rates and Load Forecasting for Northeast Utilities Service
5 Company, which provides centralized services to the Northeast Utilities operating
6 subsidiaries, including Public Service Company of New Hampshire (“PSNH” or “the
7 Company”).

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

9 A. Yes, I have testified previously.

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

11 A. The purpose of my testimony is to describe and summarize the proposed Special Contract
12 between PSNH and Westinghouse Electric Company, LLC (Westinghouse).

13 **II. DESCRIPTION OF THE SPECIAL CONTRACT**

14 **Q. How long has PSNH provided electric service to Westinghouse?**

15 A. PSNH has provided separately metered interruptible service to Westinghouse’s pump
16 testing operation (or its predecessor companies’ pump testing operations) under the terms
17 of several special contracts spanning thirty-six years. The first special contract went into
18 effect on February 1, 1978 and has been replaced by several superseding contracts which
19 are listed on Attachment CRG-1. The current contract will expire on December 31, 2014.

1 The terms and conditions under the contracts have remained essentially the same since
2 1978. PSNH is proposing very similar terms in Special Contract NHPUC-145.
3 In addition, PSNH provides delivery service for all of Westinghouse's remaining electric
4 service requirements under standard tariff pricing, specifically Primary General Delivery
5 Service Rate GV.

6 **Q. Please describe the uniqueness of the interruptible service arrangement with
7 Westinghouse and describe the special circumstances which warrant departure
8 from standard tariff pricing.**

9 A. Under other interruptible service options offered to PSNH's customers, such as Voluntary
10 Interruption Program Rate VIP, PSNH must rely on the customer to terminate its
11 designated interruptible load when requested. The Company cannot determine whether
12 the customer complied with the request until later, after the customer's meter is read.

13 However, PSNH has direct control of Westinghouse's circuit switcher from PSNH's
14 Electric System Control Center in Manchester. A dispatcher has the ability to
15 instantaneously terminate electric service to Westinghouse's pump testing operation.
16 This direct control arrangement provides PSNH with the assurance that it does not need
17 to plan capacity to meet Westinghouse's load requirements and that it will maintain a
18 higher system load factor, resulting in a more efficient use of PSNH's facilities. This
19 greater control and assurance of interruption means that service to Westinghouse should
20 be priced lower than service under standard tariff pricing. Since PSNH does not offer a
21 direct controlled interruptible service rate under its Delivery Service Tariff, departure
22 from standard tariff pricing under a special contract arrangement is necessary to define
23 the terms and conditions and pricing provisions of this unique interruptible service
24 arrangement.

25 **Q. Please describe the terms for furnishing interruptible power to Westinghouse under
26 the Special Contract.**

27 A. Westinghouse's pump testing operation periodically tests large pumps manufactured by
28 Westinghouse for use in nuclear power plants. In order to receive interruptible power
29 under the Special Contract, Westinghouse must contact PSNH's system load dispatcher
30 and provide the amount of interruptible power in megavolt-amperes that it expects to
31 utilize, the approximate time that PSNH should begin furnishing interruptible power and

1 the estimated length of time that interruptible power will be utilized by Westinghouse.
2 PSNH will furnish interruptible power to Westinghouse as requested only if the
3 Independent System Operator of New England (ISO-NE) has not implemented operating
4 procedures equivalent to Operating Procedure No. 4 and if PSNH can maintain the
5 integrity of its electrical system while providing power such power. Telemetering and
6 remote control equipment are located at Westinghouse's location and at PSNH's Electric
7 System Control Center. This equipment enables PSNH's system load dispatcher to
8 remotely operate the circuit switcher at Westinghouse in order to interrupt the furnishing
9 of interruptible power.

10 **Q. What is the duration of the Special Contract?**

11 A. The Special Contract will remain in effect for a three-year period following Commission
12 approval.

13 **Q. Please describe the rates and charges under the Special Contract.**

14 A. Under the terms of the Special Contract, PSNH will furnish delivery service in
15 accordance with the Terms and Conditions of its Delivery Service Tariff and the specific
16 provisions of Large General Delivery Service Rate LG, except that the maximum
17 demand for billing under Rate LG will be based on fifty percent of the highest kilovolt-
18 ampere demand, and will be based on demands during the current billing period only,
19 rather than during the current billing period and previous eleven billing periods (i.e., no
20 demand ratchet will be applied). Since 1978, PSNH has rendered interruptible service to
21 Westinghouse under the maximum demand billing provision described above.

22 With respect to energy service, Westinghouse will have the option of purchasing its
23 energy service from an energy service provider, directly from ISO-NE under the terms of
24 Self-Supply Service or from PSNH. If Westinghouse purchases energy service from
25 PSNH, the Company will furnish the service in accordance with the provisions of Default
26 Energy Service Rate DE; however, the energy charge per kilowatt-hour will be based on
27 the applicable hourly ISO-NE Real Time Zonal Price for the New Hampshire load zone
28 plus an adder. The adder represents the incremental cost per kilowatt-hour of all non-
29 energy and non-capacity charges assessed by ISO-NE and used in the calculation of
30 PSNH's Rate DE in effect during the months PSNH is furnishing energy service to
31 Westinghouse, as well as an amount representing the non-operating cost (including

1 depreciation, return on rate base including income taxes and incremental property taxes)
2 of the Merrimack Station scrubber.

3 **Q. Please estimate the impact on Westinghouse's annual electric bill if Westinghouse**
4 **were billed under standard tariff Rate LG pricing rather than Special Contract**
5 **pricing in 2015.**

6 A. Based on Westinghouse's pump testing plan for 2015, using estimated rates,
7 Westinghouse's annual electric bill in 2015 would be more than 120% higher under
8 standard tariff Rate LG pricing than under special contract pricing.

9 **Q. What options will Westinghouse consider if Special Contract NHPUC-145 is not**
10 **approved?**

11 A. If Special Contract NHPUC-145 is not approved, Westinghouse has indicated it will re-
12 evaluate its decision to manufacture and test pumps in Newington, New Hampshire and
13 will consider re-locating its manufacturing and pump-testing operations to Asia (China or
14 South Korea) or to an existing Westinghouse facility. In addition, Westinghouse will
15 consider purchasing or renting a generator to support its pump testing operation on an as
16 needed basis. Lastly, Westinghouse will consider exiting the pump testing business
17 completely.

18 **III. BENEFITS TO PSNH'S CUSTOMERS**

19 **Q. What are the expected benefits of the Special Contract to PSNH's customers?**

20 A. To the extent that PSNH retains delivery sales that would not exist absent the special
21 contract, its customers benefit from the retained contribution to fixed costs, which lower
22 rates for all other customers. Additionally, when Westinghouse purchases energy service
23 from PSNH, Westinghouse will also contribute to the cost of the Merrimack Station
24 scrubber through the adder included in the energy charge per kilowatt-hour.

25 **IV. BENEFITS TO PSNH**

26 **Q. What are the expected benefits to PSNH if the Special Contract is approved?**

27 A. PSNH will continue to receive distribution revenue associated with Westinghouse's
28 pump testing operation. Based on Westinghouse's current three-year pump test plan for
29 the period 2015 - 2017, PSNH will receive approximately \$466,000 in distribution
30 revenue in this three-year period. In addition, PSNH will receive approximately

1 \$270,000 in distribution revenue from Westinghouse's other manufacturing load
2 requirements currently being served under standard tariff pricing. If the Special Contract
3 is approved, the risk of losing Westinghouse's manufacturing load and associated
4 distribution revenue would be significantly reduced.
5

6 **V. BENEFITS TO THE STATE OF NEW HAMPSHIRE**

7 **Q. What are the expected benefits to the State of New Hampshire from the Special**
8 **Contract?**

9 A. Westinghouse has represented that approximately 320 jobs will be at risk if the Special
10 Contract is not approved, because Westinghouse will further analyze all of its options for
11 its pump testing and manufacturing operations, which could result in the relocation of its
12 entire operation outside New Hampshire. Based on this belief, the benefit to the State of
13 New Hampshire is the continued employment of at least 320 individuals in New
14 Hampshire's manufacturing sector

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

16 A. PSNH is seeking Commission approval of Special Contract NHPUC-145 prior to the
17 termination date of Special Contract NHPUC-144 on December 31, 2014.

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

19 A. Yes, it does.