

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

December 15, 2016 - 10:11 a.m.
Concord, New Hampshire

NHPUC DEC29'16 AM 8:59

RE DE 16-823
EVERSOURCE ENERGY:
Petition for Adjustment to
Stranded Cost Recovery Charge.

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott
Commissioner Kathryn M. Bailey
Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Company of
New Hampshire d/b/a Eversource Energy:
Matthew J. Fossum, Esq.

Reptg. Residential Ratepayers:
Donald M. Kreis, Esq., Consumer Adv.
Pradip Chattopadhyay, Asst. Cons. Adv.
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Thomas C. Frantz, Dir./Electric Div.
Richard Chagnon, Electric Division

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

**CERTIFIED
ORIGINAL TRANSCRIPT**

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P R O C E E D I N G

CHAIRMAN HONIGBERG: All right. Good morning, everyone. We're going to start the hearing on Docket DE 16-823, which is Eversource's Stranded Cost Recovery Charge rate changes. We're here for a hearing on the merits.

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

MR. FOSSUM: Good morning again, Commissioners. Matthew Fossum, here for Public Service Company of New Hampshire still d/b/a Eversource Energy.

MR. KREIS: Good morning, everyone. I'm D. Maurice Kreis, the Consumer Advocate, doing business on behalf of the state's residential utility customers. With me is Pradip Chattopadhyay, the Assistant Consumer Advocate.

MS. AMIDON: Good morning. Suzanne Amidon, for Commission Staff. To my left is Rich Chagnon, who's a Utility Analyst in the Electric Division, and to his left is Tom Frantz, the Director of the Electric Division.

1 CHAIRMAN HONIGBERG: All right. What
2 do we need to deal with in the way of
3 preliminary matters before we take testimony?

4 Mr. Fossum.

5 MR. FOSSUM: Thank you. But, yes.
6 Before we begin, as we have done in previous
7 dockets, including the other docket we held a
8 hearing on this morning, there have been a
9 series of documents that have been marked for
10 identification, and I'll go through so
11 everybody is on the same page.

12 What has been premarked for
13 identification as "Exhibit 1" is the Company's
14 filing from back on September 30th in this
15 docket.

16 And what has been premarked as
17 "Exhibit 2" for identification is the
18 December 9th update that was filed in this
19 docket.

20 And what has been premarked as
21 "Exhibit 3" for identification is a document
22 that the Company only filed yesterday,
23 December 14th, and updated a correction to one
24 of the calculations. At any rate, we'll have

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1 the witness testify what that is, but that has
2 been premarked as "Exhibit 3" for
3 identification.

4 And, finally, what has been premarked
5 as "Exhibit 4" is the bingo sheet and rate
6 comparison document. And, just for
7 completeness, that is the same document as was
8 Exhibit 3 in Docket 16-822.

9 (The documents, as described,
10 were herewith marked as
11 **Exhibit 1, Exhibit 2, Exhibit 3,**
12 **and Exhibit 4,** respectively, for
13 identification.)

14 (Whereupon **David F. Bidmead** was
15 duly sworn by the Court
16 Reporter.)

17 CHAIRMAN HONIGBERG: Mr. Fossum.

18 **DAVID F. BIDMEAD, SWORN**

19 **DIRECT EXAMINATION**

20 BY MR. FOSSUM:

21 Q. Preliminaries. Mr. Bidmead, could you state
22 your name, your position and employer, and your
23 responsibilities for the record in this
24 proceeding please.

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[WITNESS: Bidmead]

1 A. My name is David Bidmead. I'm a Senior Revenue
2 Requirements Analyst for Eversource. My
3 primary responsibilities are the calculation of
4 revenue requirements for New Hampshire, as well
5 as the filings associated with the Stranded
6 Cost Recovery Charge, Energy Service, and the
7 Transmission Cost Adjustment Mechanism.

8 Q. And, Mr. Bidmead, back on September 30th, did
9 you file testimony in this proceeding that has
10 been -- did you file testimony in this
11 proceeding?

12 A. Yes.

13 Q. And was that testimony prepared by you or at
14 your direction?

15 A. Yes.

16 Q. And do you have any changes or corrections to
17 that testimony this morning?

18 A. No.

19 Q. And that is the same testimony that has been
20 premarked for identification as "Exhibit 1", is
21 that correct?

22 A. Yes.

23 Q. And, on December -- and, back on December 9th,
24 did you file a technical statement in this

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1 proceeding?

2 A. Yes.

3 Q. And was that a technical statement that was
4 prepared by you or at your direction?

5 A. Yes.

6 Q. And do you have any changes or updates or
7 corrections to that technical statement this
8 morning?

9 A. Yes. One correction.

10 Q. Okay. Well, we'll hold that for just a moment,
11 while I ask, and the technical statement from
12 December 9th, is that the same document that
13 has been premarked for identification as
14 "Exhibit 2"?

15 A. Yes.

16 Q. And you had mentioned one correction.
17 Yesterday, December 14th, did you file, under
18 cover letter from me, an updated schedule?

19 A. Yes.

20 Q. And was that schedule prepared by you or at
21 your direction?

22 A. Yes.

23 Q. And is that schedule, is that the correction to
24 which you were referring previously?

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1 A. Yes.

2 Q. And is that same schedule what has now been
3 premarked for identification as "Exhibit 3"?

4 A. Yes.

5 Q. Okay. Done with the preliminaries. Could you
6 very briefly explain, in light of exhibits --
7 what you just explained as premarked as
8 Exhibits 1, 2, and 3, the Company's proposal in
9 this proceeding?

10 A. Yes. The Company is requesting a change in the
11 SCRC rate from the current rate of 0.084 cents
12 per kilowatt-hour, down to 0.027 cents a
13 kilowatt-hour. Primary drivers of the change
14 is the inclusion of a \$3.9 million Department
15 of Energy litigation refund, which is then
16 offset a little bit by a decrease in forecasted
17 RGGI auction refund clearing prices.

18 Q. Thank you. Turning now to, as you heard me
19 reference, a document that's been premarked for
20 identification as "Exhibit 4". Do you have
21 that document in front of you?

22 A. Yes.

23 Q. And did you participate in the preparation of
24 this document?

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[WITNESS: Bidmead]

1 A. Yes.

2 Q. Relative to this proceeding, could you explain
3 what it is that is shown on this document, and
4 how it pertains to the Company's proposal this
5 morning?

6 A. Yes. On Page 1 of the Exhibit 4, Column (3)
7 represents the "Stranded Cost Recovery Charge".
8 Currently, for customers with an average 625
9 kilowatt-hour bill, the current rate is 0.094
10 cents per kilowatt-hour. And we're proposing
11 to reduce that to 0.032 cents per
12 kilowatt-hour.

13 In the bottom portion of Page 1, it shows
14 the dollar impact, third line down, going from
15 the current of 59 cents, to a decrease on
16 January 1st, '17 of 20 cents, for a decrease of
17 39 cents on the bill.

18 Q. And excuse me, just for completeness, is the
19 remainder of the document the same as it was
20 explained by Mr. Goulding during Docket 16-822?

21 A. Yes.

22 Q. And I guess, again, just for completeness,
23 could you explain, relative to this proceeding,
24 what is shown on the latter pages, Pages 2 and

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1 3, of this document?

2 A. Yes. Page 2 shows the impact for an SCRC
3 customer who is being provided Energy Service
4 by a third party. And the bottom line shows a
5 total retail, which would be the average, of a
6 decrease of 0.8 percent.

7 Page 3 represents customers who are
8 receiving Energy Service from PSNH. And you'll
9 see an impact on the bills is down negative
10 0.3 percent.

11 Q. Thank you. And, Mr. Bidmead, is it your
12 opinion that the Company's proposal in this
13 proceeding results in just and reasonable
14 rates?

15 A. Yes.

16 MR. FOSSUM: Thank you. Nothing
17 further for direct.

18 CHAIRMAN HONIGBERG: Mr. Kreis.

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

20 **CROSS-EXAMINATION**

21 BY MR. KREIS:

22 Q. Just quickly, what's the "DOE Litigation Phase
23 III" that you just testified about, Mr.
24 Bidmead, that's referenced on Page 1 of your

[WITNESS: Bidmead]

1 December 9th filing, which is Exhibit 2, I
2 believe?

3 A. Okay. So, this is a third phase, and lawsuits
4 are being brought by utilities against the
5 Department of Energy. In the past, utilities
6 have paid to the Department of Energy where
7 they pay -- they pay the Department of Energy
8 to take spent nuclear fuel from utility sites.
9 The Department of Energy has not constructed
10 the long-term spent nuclear fuel storage site,
11 and thus not taken any fuel from any of the
12 utilities. Since the utilities do not expect
13 to have to store the spent nuclear fuel going
14 forward, the utilities continue to sue through
15 lawsuits the Department of Energy for breach of
16 contract damages, related to not taking the
17 spent nuclear fuel.

18 Q. And, since Public Service Company of New
19 Hampshire d/b/a Eversource doesn't own any
20 nuclear power plants, why is PSNH entitled to
21 any of these refunds?

22 A. They did have small percentage ownerships in
23 three Yankee plants: Maine Yankee, Connecticut
24 Yankee, and Yankee Atomic.

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[WITNESS: Bidmead]

1 MR. KREIS: Thank you. Those are all
2 my questions.

3 CHAIRMAN HONIGBERG: Ms. Amidon.

4 MS. AMIDON: Thank you.

5 BY MS. AMIDON:

6 Q. Mr. Bidmead, on Page 2 of Exhibit 2, which is
7 the calculation of the SCRC rate, that is the
8 average SCRC rate, is that fair to say?

9 A. Yes.

10 Q. And could you explain why this is the average
11 and not -- the average rate is different, say,
12 from the residential SCRC rate? I believe it's
13 because there's a different cost allocation
14 mechanism among the customer classes, but I
15 just wanted to --

16 A. Yes. Yes. The allocation of SCRC costs to
17 class and the resulting rate design were
18 approved as part of the Restructuring
19 Settlement from the past. So, each time the
20 average SCRC rate changes, we adjust the
21 individual SCRC rates accordingly to the
22 percentage that was originally set up in that
23 Restructuring Settlement.

24 Q. Thank you. I just wanted to get that on the

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1 record. Could you briefly summarize whether
2 the Part 2 costs increased higher than forecast
3 for 2017 or do they remain -- well, I'm not --
4 pardon me, I don't think I asked that question
5 correctly. First of all, only Part 2 costs
6 remain with the Stranded Cost Charge. Is that
7 correct?

8 A. Yes.

9 Q. Okay. And those are the over-market costs for
10 the IPPs?

11 A. Yes.

12 Q. And does this filing project that the
13 over-market costs for the IPPs will be
14 increasing for 2017? That may be in your
15 September 30th filing. I just wanted to ask
16 that question, I apologize.

17 A. As -- would you like to compare the December
18 9th to the current rate July 1 or from the
19 September filing?

20 Q. Well, what you're seeing in the update?

21 A. Okay. It just went down slightly, by maybe
22 \$200,000.

23 Q. Okay. Thank you. And most of these costs in
24 Part 2 expire in 2020 or thereabouts, is that

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[WITNESS: Bidmead]

1 right?

2 A. I believe so. The buyouts and buydowns expire
3 in 2020. I believe some of the IPPs, with the
4 ongoing costs, yes.

5 Q. Okay.

6 A. Yes.

7 MS. AMIDON: All right. Thank you.
8 I have no further questions.

9 CHAIRMAN HONIGBERG: Commissioner
10 Scott.

11 CMSR. SCOTT: Thank you. And good
12 morning.

13 WITNESS BIDMEAD: Good morning.

14 BY CMSR. SCOTT:

15 Q. For the record, I just want to make sure I was
16 clear on the -- for the RGGI estimate moving
17 forward. So, my understanding by the Company
18 used the last auction clearing price of \$3.55
19 per allowance as the projection for the next --
20 over the term of this next filing, is that
21 correct?

22 A. Yes.

23 CMSR. SCOTT: All right. Thank you.
24 That's all I have.

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[WITNESS: Bidmead]

1 CHAIRMAN HONIGBERG: Commissioner
2 Bailey.

3 CMSR. BAILEY: Good morning.

4 WITNESS BIDMEAD: Good morning.

5 BY CMSR. BAILEY:

6 Q. Can you look at Exhibit 2, Page 002, and
7 Exhibit 1, Page 006, both Bates Page numbers?

8 A. Okay.

9 Q. On Line 2, --

10 A. Yes.

11 Q. -- in your September filing, you projected the
12 overrecovery of about a half a million dollars,
13 and then you updated the overrecovery to
14 \$4 million. And that seems like a big
15 difference. Can you explain?

16 A. Yes. That is actually the -- the Phase III of
17 the DOE Litigation Settlement is put in
18 December '16, and we expect to receive the
19 proceeds this month. So, this line, it talks
20 about the 26 [2016?] under -- or, rather,
21 overrecovery. So, that's the basic primary
22 driver of that increase, why it's so large.

23 CMSR. BAILEY: Okay. Thank you. I
24 think that's all I have. Thanks.

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[WITNESS: Bidmead]

1 CHAIRMAN HONIGBERG: I have no
2 questions Mr. Bidmead. Thank you.

3 Mr. Fossum, do you have any further
4 questions for your witness?

5 MR. FOSSUM: No, I do not.

6 CHAIRMAN HONIGBERG: All right. Mr.
7 Bidmead, why don't you just stay where you are.

8 So, we'll strike ID on the four
9 exhibits, without objection?

10 *[No verbal response.]*

11 CHAIRMAN HONIGBERG: Done. Is there
12 anything else we need to do before the parties
13 sum up?

14 *[No verbal response.]*

15 CHAIRMAN HONIGBERG: All right.
16 Mr. Kreis, why don't you proceed.

17 MR. KREIS: Summing up, the proposed
18 Stranded Cost Recovery Charges reflected in the
19 Company's updated December 9th filing are, upon
20 our review, just and reasonable.

21 And we therefore recommend that the
22 Commission so determine and approve the
23 Company's filing on the time schedule proposed
24 by the Company.

1 CHAIRMAN HONIGBERG: Ms. Amidon.

2 MS. AMIDON: Thank you. Staff has
3 reviewed the filing and determined that the
4 Company appropriately calculated the Stranded
5 Cost Recovery Charge for 2017, based on the
6 information that exists at present.

7 And we'd recommend approval of the
8 rates for effect January 1.

9 CHAIRMAN HONIGBERG: Mr. Fossum.

10 MR. FOSSUM: Thank you. I would
11 support their support for approval. The
12 Company believes that its proposal accurately
13 reflects the costs of providing service as
14 shown for the Stranded Cost Recovery Charge,
15 and that the resulting proposed rates are just
16 and reasonable.

17 And would ask that the Commission
18 approve them as proposed in sufficient time to
19 allow them to be implemented on January 1st.

20 Thank you.

21 CHAIRMAN HONIGBERG: All right.
22 Thank you all. We will take this matter under
23 advisement and issue an order as quickly as we
24 can. This meeting is adjourned -- or, this

1 hearing.

2 *(Whereupon the hearing was*
3 *adjourned at 10:27 a.m.)*