

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

June 16, 2010 - 2:06 p.m.
Concord, New Hampshire

NHPUC JUN18'10 AM11:52

RE: DE 10-020
GRANITE STATE ELECTRIC COMPANY
d/b/a NATIONAL GRID:
Default Service for the Period August 1,
2010 through October 31, 2010 for the Large
Customer Group.

PRESENT: Commissioner Clifton C. Below, Presiding
Commissioner Amy L. Ignatius

Sandy Deno, Clerk

APPEARANCES: Reptg. Granite State Electric Company
d/b/a National Grid:
Sarah B. Knowlton, Esq. (McLane, Graf...)

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

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

ORIGINAL

I N D E X

PAGE NO.

WITNESS: MARGARET M. JANZEN

Direct examination by Ms. Knowlton	5
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* * *

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
10	Default Service filing for the Period Beginning August 1, 2010 dated June 14, 2010 (PUBLIC VERSION)	6
11	Default Service filing for the Period Beginning August 1, 2010 dated June 14, 2010 (CONFIDENTIAL VERSION)	10

* * *

CLOSING STATEMENTS BY:

Ms. Amidon	16
Ms. Knowlton	16

P R O C E E D I N G

CMSR. BELOW: Good afternoon. I'll open this hearing in DE 10-020, Granite State Electric Company's petition for approval of Default Service rates for the Large and Medium Commercial and Industrial Customer Group. Consistent with Order Number 24,577 in docket DE 05-126 that approved Granite State Electric Company's process for procuring Default Service supply, on June 14th, 2010, the Company filed proposed Default Service rates for its Large and Medium Commercial and Industrial Customer Group for the period beginning August 1 through October 31st of this year. The original order of notice in this docket was issued on March 3rd, 2010 for this year's prior Default Service solicitation and tariff. By way of a secretarial letter on June 14th, the Commission scheduled this hearing to hear the Company's testimony and from Staff.

So, let's start with appearances.

MS. KNOWLTON: Good afternoon, Commissioners. My name is Sarah Knowlton. I'm with the McLane law firm. And, I'm here today on behalf of Granite State Electric Company, doing business as National Grid. And, with me today from the Company is the Company's witness, Margaret Janzen, and, with the Commission's

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1 permission, she's in the witness box. And, with me at
2 counsel's table is Kristin Mahnke and James Ruebenacker.

3 MS. AMIDON: Good afternoon,
4 Commissioner Ignatius, Commissioner Below. I'm Suzanne
5 Amidon. I'm here for the Commission Staff. And, with me
6 today is George McCluskey, an Analyst in the Electric
7 Division.

8 CMSR. BELOW: Good afternoon. Okay. We
9 can start with swearing the witness, I guess.

10 MS. AMIDON: Commissioner Below?

11 CMSR. BELOW: Yes.

12 MS. AMIDON: Just for the record, I
13 notice that Chairman Getz is not here. Will you require
14 an expedited transcript from the court stenographer?

15 CMSR. BELOW: No. Unless the Company
16 prefers otherwise, we'd just make the decision with the
17 two Commissioners present today.

18 MS. AMIDON: Thank you.

19 MS. KNOWLTON: That's fine. And, I
20 would also note that the Company filed a motion for
21 protective treatment with regard to some of the
22 confidential competitive information.

23 CMSR. BELOW: Thank you.

24 (Whereupon **Margaret M. Janzen** was duly

[WITNESS: Janzen]

sworn and cautioned by the Court
Reporter.)

MARGARET M. JANZEN, SWORN

DIRECT EXAMINATION

BY MS. KNOWLTON:

Q. Good afternoon, Ms. Janzen.

A. Good afternoon.

Q. Please state your full name for the record.

A. My name is Margaret Janzen.

Q. By whom are you employed?

A. National Grid, Granite State Electric.

Q. In what capacity?

A. I'm the Director of Electric Supply and Distributed
Generation.

Q. How long have you held that position?

A. I've had that position for two years.

Q. Did you prefile testimony in support of the Company's
request for Default Service rates for the period
beginning August 1st, 2010 for medium and large
customers?

A. Yes, I did.

MS. KNOWLTON: And, I'd like to mark the
Company's testimony as "Exhibit 1".

CMSR. BELOW: So marked.

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[WITNESS: Janzen]

1 BY MS. KNOWLTON:

2 Q. Ms. Janzen, are you --

3 CMSR. BELOW: Well, wait a second. I
4 think we already have an Exhibit 1 in this docket.

5 MS. KNOWLTON: Oh, that's correct.

6 CMSR. BELOW: Exhibit 10 would be the
7 next one.

8 MS. KNOWLTON: Exhibit 10. Okay. Thank
9 you.

10 (The document, as described, was
11 herewith marked as Exhibit 10 for
12 identification.)

13 BY MS. KNOWLTON:

14 Q. Ms. Janzen, do you have what's been marked for
15 identification as "Exhibit 10" in front of you?

16 A. I do.

17 Q. Are you familiar with this document?

18 A. Yes.

19 Q. Was it prepared by you or under your direction?

20 A. It was.

21 Q. Do you have any corrections today to any of -- in your
22 testimony or in any of the schedules?

23 A. I do not.

24 Q. Can I direct your attention, I believe, to -- I thought

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1 there were two small corrections to MMJ-5, Page 75,
2 which is the Bates stamp number, page number. And, I
3 believe, if you look at Line (7), at the very bottom of
4 the page, my understanding is is that it says "Line (4)
5 divided by Line (7)", that that should be "Line (4)
6 divided by Line (6)"?

7 A. That is correct.

8 Q. Okay. And, then, if you would also turn to Page 60 --
9 Bates stamp Page 65. And, there's also a "Note (7)" on
10 that page. And, my understanding is is the same change
11 would be necessary there. That it should say "Line (4)
12 divided by Line (6)", not "Line (7)", is that correct?

13 A. That is correct.

14 Q. Okay. Thank you.

15 CMSR. BELOW: I'm sorry. What page was
16 that on?

17 MS. KNOWLTON: Oh. It's Bates stamp
18 Page 65, at the bottom of the page.

19 CMSR. BELOW: Okay.

20 MS. KNOWLTON: And Bates stamp Page 75.

21 CMSR. BELOW: I see that.

22 MS. KNOWLTON: Same correction on both
23 pages.

24 BY MS. KNOWLTON:

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1 Q. So, with those corrections, Ms. Janzen, if I were to
2 ask you the questions that are contained in your
3 prefiled testimony today, would your answers still be
4 the same?

5 A. Yes.

6 Q. And, are they true and correct?

7 A. Yes.

8 MS. KNOWLTON: Thank you. The witness
9 is available for cross-examination.

10 CMSR. BELOW: Ms. Amidon.

11 MS. AMIDON: Thank you.

12 CROSS-EXAMINATION

13 BY MS. AMIDON:

14 Q. In the filing, and I think this has been in prior
15 filings as well, the Company says that, when it issues
16 the RFP, it sends it out to "25 potential suppliers",
17 in addition to the other methods of distribution. I
18 know we haven't asked for that list before, but,
19 subject to whatever motion for confidential treatment,
20 could you provide us with a copy of the 25 suppliers
21 that you routinely send the RFP?

22 A. Yes. We could do that.

23 Q. Okay. Great.

24 MS. AMIDON: I guess we should address

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1 that with a record request. And, would that be --

2 CMSR. BELOW: Exhibit 11.

3 MS. AMIDON: Exhibit 11.

4 MS. KNOWLTON: And, I would just ask,
5 because the nature of the information that would be
6 provided in response to that record request is the same
7 kind of information that's the subject of the motion
8 that's already filed, if we could include that within that
9 same motion, instead of filing a second motion.

10 CMSR. IGNATIUS: Could I even just
11 clarify. I had understood, Ms. Amidon, your question that
12 Staff wanted to review it. Are you actually seeking to
13 make it part of the record or just part of your --

14 MS. AMIDON: It's just for Staff review.
15 We're not really seeking to make it part of the record.
16 So, it could --

17 CMSR. IGNATIUS: I think it still
18 requires protective treatment, but perhaps we don't
19 reserve an exhibit number.

20 MS. AMIDON: An exhibit number. Having
21 said that, I note that Ms. Knowlton did not ask the
22 confidential material to receive an exhibit number,
23 probably just inadvertently.

24 MS. KNOWLTON: That's right. If we

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1 could mark that for identification as "Exhibit 11". Thank
2 you.

3 CMSR. BELOW: Yes. Let's mark the
4 confidential version of the June 14th filing as
5 "Exhibit 11".

6 (The document, as described, was
7 herewith marked as **Exhibit 11** for
8 identification.)

9 CMSR. BELOW: And, I think we can forgo
10 marking the record request as an exhibit and simply treat
11 it as a Staff data request to the Company.

12 MS. KNOWLTON: Okay.

13 MS. AMIDON: I think that's appropriate.
14 Thank you.

15 BY MS. AMIDON:

16 Q. Ms. Janzen, has the Company issued an RFP to acquire
17 2010 RECs? Have you done that yet?

18 A. Yes. We did one, we issued one in March of this year.

19 Q. And, in that RFP, did you also ask for 2009 RECs?

20 A. We did. We asked for 2009 and 2010 RECs. And, we did
21 that similarly in the fall RFP.

22 Q. Okay. And, you did acquire 2010 RECs through that RFP?

23 A. We did.

24 MS. AMIDON: Just one moment please.

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1 (Atty. Amidon conferring with Mr.
2 McCluskey.)

3 MS. AMIDON: Thank you.

4 BY MS. AMIDON:

5 Q. And, is the next -- you said that the next RFP is
6 issued in the fall?

7 A. Yes.

8 Q. Any particular date or month that you're choosing to
9 issue that RFP?

10 A. There was no specific date.

11 Q. Okay.

12 A. It was towards the end of the year.

13 Q. All right. And, did you use the results of the bids
14 you received in March, the March RFP, to establish or
15 calculate an RPS adder for use in this filing?

16 A. We did.

17 Q. Okay. So, in other words, you used the most recent
18 market data available to you to establish those?

19 A. That is correct.

20 Q. That adder? Okay.

21 MS. AMIDON: Mr. McCluskey has a
22 question he'd like to have as a follow-up to what I just
23 asked.

24 CMSR. BELOW: Okay.

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[WITNESS: Janzen]

1 MS. AMIDON: Thank you.

2 BY MR. McCLUSKEY:

3 Q. With regard to issuing the RFPs for RECs, we know you
4 have to issue two, consistent with the Settlement
5 Agreement. How do you choose when to issue the first
6 RFP for 2010 RECs say? Presumably, you have the
7 ability to issue that first one at any time during
8 2010, perhaps after, since the -- since you're not
9 required to obtain all of the RECs until the subsequent
10 year. So, how do you decide when to issue the first
11 RFP?

12 A. The Company receives broker data information. And,
13 when we see that there's market prices available, then
14 we recognize that those RECs are in the market and are
15 available for purchase. And, that's when we'll choose
16 to include them in that RFP as a specific line item
17 request.

18 Q. So, you're not necessarily trying to lower the costs of
19 RECs by issuing the RFP earlier rather than later. You
20 say you're just trying to determine whether there's a
21 market out there for RECs, and that is the primary
22 reason as to why you issue the RFP?

23 A. Well, the RFP would have been, for instance, the March
24 RFP would have been issued as a matter of -- on a

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1 regular basis to meet the '09 obligations, because we
2 have until, you know, into the mid year of the
3 following year to meet the recommendations. So, we
4 take advantage of that process to get an indication of
5 where the '010s are available.

6 Q. I see.

7 A. And, when we have the pricing information, then we get
8 that information and then consult with yourself as to
9 the prices and whether -- whether a purchase, you know,
10 would be in the best interest of the customers.

11 MR. McCLUSKEY: Okay. Thank you.

12 BY MS. AMIDON:

13 Q. Ms. Janzen, prior to the hearing, I pointed out to you
14 some -- from the transcript of the last hearing an
15 exchange between a witness and Mr. McCluskey regarding
16 that going forward the Company continue to provide
17 monthly data to support the loss factors in the filing.
18 And, the Company used to do that when you provided the
19 Staff with indicative bids. However, now that the
20 Company is bidding for energy and capacity together,
21 there's no need for the Staff to review indicative
22 bids. And, I think that, when the indicative bids
23 stopped being handed along to the Staff, we also didn't
24 receive this monthly data report, which we only need to

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1 receive, I think, on a quarterly basis. Is it possible
2 for the Company to resume that, providing that data to
3 Staff on a quarterly basis?

4 A. Yes.

5 MS. AMIDON: Okay. Thank you. I
6 believe Mr. McCluskey has some additional questions for
7 this witness regarding --

8 MR. McCLUSKEY: On what?

9 MS. AMIDON: The uncollected amounts.

10 MR. McCLUSKEY: Okay.

11 CMSR. BELOW: Okay.

12 MR. McCLUSKEY: Yes.

13 BY MR. McCLUSKEY:

14 Q. It's my understanding that, in developing the Default
15 Service rate, the Company includes an estimate of bad
16 debt costs related to Default Service supply, is that
17 correct?

18 A. That is correct.

19 Q. And, presumably, each time the Company makes a filing,
20 it updates the bad debt amount in its Default Service
21 rate consistent with its most recent bad debt data, is
22 that correct?

23 A. That is correct.

24 Q. Could you explain, particularly with regard to the two

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1 customer classes, the Small Customer Group and the
2 Large Customer Group, how you determine the amount of
3 the bad debt in each one?

4 A. The Company is able to collect data from its billing
5 system by rate class. And, based on that data, that
6 net charge-off data, it's able to allocate specifically
7 to each of the customer classes. And, the data can be
8 seen in the March 15th Default Service submission.
9 It's the work papers, SMM-9, Work Paper Number 4 is the
10 backup to that. It shows the calculation that the
11 Company does by rate class.

12 Q. So, the amounts in each group, Small and Large, are
13 based on actual billing data or recorded write-offs for
14 each of those groups?

15 A. That is correct.

16 MR. McCLUSKEY: Thank you.

17 MS. AMIDON: And, we have nothing
18 further at this point.

19 CMSR. BELOW: Okay. Nothing from the
20 Bench. Any redirect, Ms. Knowlton?

21 MS. KNOWLTON: I have none.

22 CMSR. BELOW: Okay. Then, the witness
23 is excused. Thank you. And, if there are no objections,
24 we'll strike the identifications and enter the exhibits as

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1 full exhibits.

2 And, are there any other procedural
3 matters before we get to closing statements?

4 (No verbal response)

5 CMSR. BELOW: No. Ms. Amidon.

6 MS. AMIDON: Thank you. The Staff has
7 reviewed the filing. And, we've concluded that the
8 Company complied with the Settlement Agreement that was
9 approved in Order Number 24,577 in Docket 05-126, in its
10 solicitation, evaluation, and selection of a supplier for
11 the Large Customer Group for the period in question, and
12 that the rates -- resulting rates are market-based. So,
13 we recommend that the Commission approve the petition.

14 CMSR. BELOW: Thank you. Ms. Knowlton.

15 MS. KNOWLTON: Thank you. My closing is
16 essentially a restatement of the Staff's closing. The
17 Company -- it's the Company's position that it did follow
18 the solicitation and procurement requirements in order
19 24,577, and evaluated all of the responses that were
20 received from suppliers, and, as a result, were able to
21 select a rate that was market-based. And, therefore, we
22 would ask that the Commission approve the rate as filed.

23 CMSR. BELOW: Okay. Thank you. Well,
24 I'll close the hearing. And, the Commission will take the

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1 matter under advisement.

2 (Whereupon the hearing ended at 2:22 p.m.)

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