

1 STATE OF NEW HAMPSHIRE
2 PUBLIC UTILITIES COMMISSION

3

4 June 23, 2010 - 1:37 p.m.
5 Concord, New Hampshire

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RE: DE 10-158
PUBLIC SERVICE CO. OF NEW HAMPSHIRE:
Petition for Approval of New
Transmission Cost Adjustment
Mechanism (TCAM).

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PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Amy L. Ignatius

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12 Sandy Deno, Clerk

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

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

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

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

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PAGE NO.

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WITNESS PANEL: ROBERT A. BAUMANN
 STEPHEN R. HALL

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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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Petition for Approval of New
 Transmission Cost Adjustment
 Mechanism Rate (06-03-10)

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Testimony and Attachments of
 Robert A. Baumann and the
 Testimony and Attachments of
 Stephen R. Hall (06-11-10)

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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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1 P R O C E E D I N G

2 CHAIRMAN GETZ: Okay. Good afternoon.

3 We'll open the hearing in docket DE 10-158. On June 3,
4 2010, Public Service Company of New Hampshire filed a
5 petition for approval of a new Transmission Cost
6 Adjustment Mechanism rate to be effective for service
7 rendered on and after July 1, 2010. According to PSNH, it
8 expects that the overall average TCAM rate will increase
9 from the current rate of 1.195 cents per kilowatt-hour.
10 And, the order of notice was issued on June 9 setting the
11 hearing for this afternoon.

12 So, appearances please.

13 MR. EATON: For Public Service Company
14 of New Hampshire, I am still Gerald M. Eaton.

15 CHAIRMAN GETZ: Thank you.

16 MR. PATCH: Mr. Chairman, Doug Patch,
17 from Orr & Reno, for TransCanada. But we're not an
18 intervenor in this docket, we're just observing.

19 MS. HATFIELD: Good afternoon,
20 Commissioners. Meredith Hatfield, for the Office of
21 Consumer Advocate.

22 CHAIRMAN GETZ: Good afternoon.

23 MS. AMIDON: And, good afternoon.
24 Suzanne Amidon, for Commission Staff. And, with me is

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[WITNESS PANEL: Baumann ~ Hall]

1 Steve Mullen, the Assistant Director of the Electric
2 Division.

3 CHAIRMAN GETZ: Good afternoon. Are you
4 ready to proceed, Mr. Eaton?

5 MR. EATON: Yes. I'd like to call a
6 panel of witnesses today: Robert A. Baumann and Stephen
7 R. Hall.

8 (Whereupon Robert A. Baumann and
9 Stephen R. Hall were duly sworn and
10 cautioned by the Court Reporter.)

11 ROBERT A. BAUMANN, SWORN

12 STEPHEN R. HALL, SWORN

13 DIRECT EXAMINATION

14 BY MR. EATON:

15 Q. Mr. Baumann, would you please state your name for the
16 record.

17 A. (Baumann) My name is Robert Baumann.

18 Q. For whom are you employed and what is your position?

19 A. (Baumann) I'm employed by Northeast Utilities Service
20 Company. I'm the Director of Revenue Regulation & Load
21 Resources. My responsibilities include the revenue
22 requirement filings in New Hampshire for PSNH, as well
23 as other revenue requirement filings for our other
24 operating subsidiaries in Connecticut and

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[WITNESS PANEL: Baumann ~ Hall]

1 Massachusetts.

2 Q. Have you previously testified before this Commission?

3 A. (Baumann) Yes.

4 MR. EATON: Mr. Chairman, could we mark

5 the petition of June 3rd, 2010 as "Exhibit 1" for

6 identification?

7 CHAIRMAN GETZ: So marked.

8 (The document, as described, was

9 herewith marked as Exhibit 1 for

10 identification.)

11 BY MR. EATON:

12 Q. Mr. Baumann, would you look at a package that was sent

13 to the Commission on June 11th, 2010, under my cover

14 letter. Do you have that in front of you?

15 A. (Baumann) Yes.

16 Q. What's contained in that package?

17 A. (Baumann) This package contains a proposed updated TCAM

18 rate to be effective July 1, 2010 for PSNH. And, the

19 package actually contains testimony under my name,

20 supporting calculations, and testimony that's supported

21 by Stephen Hall. The proposed rate is 1.501 cents per

22 kilowatt-hour, which is an increase over the current

23 rate of 1.195 cents per kilowatt-hour.

24 Q. Is your portion of the testimony and exhibits true and

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[WITNESS PANEL: Baumann ~ Hall]

1 accurate to the best of your knowledge and belief?

2 A. (Baumann) Yes.

3 Q. Do you have any corrections to make to it?

4 A. (Baumann) No, I do not.

5 Q. And, do you adopt it as your testimony today?

6 A. (Baumann) Yes, I do.

7 MR. EATON: Mr. Chairman, we could mark

8 Mr. Baumann's testimony and exhibits separately from Mr.

9 Hall or we could mark the whole package as "Exhibit 2".

10 It's really what the Commission desires.

11 CHAIRMAN GETZ: Well, let's just mark

12 the entire package filed on June 11 as "Exhibit 2" for

13 identification.

14 MR. EATON: Okay.

15 (The document, as described, was

16 herewith marked as Exhibit 2 for

17 identification.)

18 BY MR. EATON:

19 Q. Mr. Hall, could you please state your name for the

20 record.

21 A. (Hall) Stephen R. Hall.

22 Q. For whom are you employed?

23 A. (Hall) I'm employed by PSNH. And, I am Rate &

24 Regulatory Services Manager.

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[WITNESS PANEL: Baumann ~ Hall]

- 1 Q. And, what are your duties in that position?
- 2 A. (Hall) I'm responsible for pricing, rate design, rate
3 administration, tariff administration, and regulatory
4 contact.
- 5 Q. And, have you previously testified before the
6 Commission?
- 7 A. (Hall) Yes, I have.
- 8 Q. Do you have in front of you the document that's been
9 marked as "Exhibit 2" for identification?
- 10 A. (Hall) I do.
- 11 Q. And, is your testimony contained in that document as
12 Mr. Baumann testified?
- 13 A. (Hall) Yes, it is.
- 14 Q. Do you have any corrections to make to that testimony?
- 15 A. (Hall) No.
- 16 Q. Is it true and accurate to the best of your knowledge
17 and belief?
- 18 A. (Hall) Yes.
- 19 Q. And, you adopt it as your testimony today?
- 20 A. (Hall) Yes.
- 21 Q. What is the purpose of your testimony?
- 22 A. (Hall) The purpose of my testimony is to describe the
23 pricing, transmission pricing under the TCAM rate.
24 Mr. Baumann's testimony calculates an overall average

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[WITNESS PANEL: Baumann ~ Hall]

1 TCAM rate level. The purpose of my testimony and
2 attachments is to take that overall TCAM rate level and
3 translate it into rates and prices. And, that's what
4 my attachments do. And, in particular, what I focus on
5 is the calculation of the transmission pricing for Rate
6 B. Because, under Rate B, we had a specific
7 methodology that we use for calculating transmission
8 pricing that was approved by the Commission pursuant to
9 a settlement in PSNH's rate case in docket DE 06-028.

10 Q. Mr. Baumann, could you please provide the Commission
11 with a summary of the components of today's request for
12 a TCAM rate?

13 A. (Baumann) Sure. Essentially, the rate is increasing,
14 and really three areas that I'll just mention briefly.
15 The first area is, as part of the settlement that is in
16 the distribution rate case that's on file with the
17 Commission and pending their action, there are three
18 cost items that have been moved from various recovery
19 mechanisms, the distribution recovery mechanism into
20 TCAM. And, specifically, they are costs associated
21 with the Hydro-Quebec support payments, working capital
22 on all O&M, transmission O&M, and a portion of the PUC
23 assessment that has been moved out of distribution,
24 some of which went into the Energy Service, and now a

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[WITNESS PANEL: Baumann ~ Hall]

1 portion is being moved into TCAM as well.

2 The second set of costs that increased
3 the rate is a true-up of LNS charges for 2009, which is
4 always calculated in May or June of the following year.
5 And, actually, it was booked in May of 2010 this year,
6 for 2009. And, that's an underrecovery of about
7 \$8.5 million. That's in the rate.

8 And, then, lastly, there was about a
9 \$3 million increase in overall RNS costs versus what's
10 in the rates last year. So, those are the three major
11 components of cost increases.

12 I will say, just jumping back to the
13 first one, the rate case items, there's kind of a --
14 there's really two pieces to it. There are the ongoing
15 costs associated with the three items I mentioned, HQ,
16 working capital, and the PUC assessment. And, then,
17 there is also a recoupment value of somewhere in the
18 vicinity of just under \$6 million associated with the
19 August 2009 through June 2010 recoupment, where those
20 costs in the rate case settlement have been removed
21 from the rate case in the calculations, so they are not
22 recovered in distribution rates retroactive back to
23 August 2009, but are being reflected now in the TCAM,
24 to recover them in the TCAM, so that we have a

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[WITNESS PANEL: Baumann ~ Hall]

1 one-for-one recovery of those costs, no more and no
2 less than what they are.

3 Q. Coming out of the Energy Service case that was
4 continued today, but decided setting the rate for 2010,
5 weren't some costs shifted over from Energy Service to
6 TCAM beginning January 1st, 2010? I'm thinking of the
7 costs that have the initials V-A-R?

8 A. (Baumann) VAR costs?

9 Q. Yes.

10 A. (Baumann) Oh, "VAR"?

11 Q. Yes, "VAR".

12 A. (Baumann) Yes. Subject to check, the VAR costs are now
13 part of TCAM. That was at the beginning of this year,
14 of the calendar year 2010.

15 Q. So, is that reflected in the costs that are being
16 collected from July 1st going forward?

17 A. (Baumann) Yes.

18 Q. Do you have anything to add to your testimony, Mr.
19 Baumann?

20 A. (Baumann) No, I do not.

21 Q. Mr. Hall, do you have anything to add to your
22 testimony?

23 A. (Hall) No.

24 MR. EATON: The witnesses are available
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[WITNESS PANEL: Baumann ~ Hall]

1 for cross-examination.

2 CHAIRMAN GETZ: Thank you. Ms.
3 Hatfield.

4 MS. HATFIELD: Thank you. Good
5 afternoon, gentlemen.

6 WITNESS HALL: Good afternoon.

7 WITNESS BAUMANN: Good afternoon.

8 CROSS-EXAMINATION

9 BY MS. HATFIELD:

10 Q. Mr. Baumann, if you would look at Exhibit 2, and then
11 look at Page 5 of your testimony please.

12 A. (Baumann) I'm there.

13 Q. Between Lines 6 and 12, you provide a discussion of the
14 Hydro-Quebec support costs, is that correct?

15 A. (Baumann) Yes, I do.

16 Q. Can you just give us a little background on those costs
17 and why they are recovered through the TCAM?

18 A. (Baumann) Sure. Those costs are associated with the
19 transmission line from Hydro-Quebec. And, the
20 contracted costs -- that contract that Northeast
21 Utility companies have, one being PSNH, that contract
22 with HQ is a 30-year contract, and these costs are the
23 -- what I'll call the "payment" for the ability to use
24 that line. It's -- they're, in effect, the revenue

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[WITNESS PANEL: Baumann ~ Hall]

1 requirements that the contract calls for companies to
2 pay, not only Northeast Utility companies, but other
3 companies to pay, for a portion of that line. And,
4 those costs have historically been recovered -- well,
5 they're currently being recovered in the TCAM as
6 transmission costs, because of the, really, the value
7 of the reliability that the HQ line provides as part of
8 the entire integrated system of reliability for
9 Northeast Utilities.

10 Q. And, do you recall what the amount is that is included
11 in the filing for those costs?

12 A. (Baumann) Yes. I'll tell you, if you turn to
13 Attachment RAB-1, Page 5, it actually starts on Page 4,
14 where it starts in "July 2009", Line 13, those are the
15 Hydro-Quebec support costs. So, you get an idea of the
16 total amount per month. They're somewhere in the
17 three, you know, three and a half, to \$400,000 a month
18 range.

19 Q. And, on Page 5, starting at Line 11 of your testimony,
20 you discuss where the revenues associated with the HQ
21 facility go, is that correct?

22 A. (Baumann) Yes. There are revenues that are produced, I
23 refer to them as "wheeling revenues", where we might
24 get revenues if someone else wants to use our right to

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[WITNESS PANEL: Baumann ~ Hall]

1 the line. And, that's mentioned in my testimony.

2 That's true.

3 Q. And, you've testified that those revenues go to Energy
4 Service -- go to customers through the Energy Service
5 rate, correct?

6 A. (Baumann) Yes, that's correct.

7 Q. And, is it possible that Energy Service customers are
8 different from the customers who pay the TCAM rate?

9 A. (Baumann) Well, certainly -- well, the Energy Service
10 customers also pay the TCAM rate, but there are people
11 paying the nonbypassable TCAM rate that are not Energy
12 Service customers, because they have chosen a third
13 party supply.

14 Q. So, why has the Company decided to have the costs paid
15 for Hydro-Quebec support through TCAM, but have the
16 revenues flowed through the Energy Service rate?

17 A. (Baumann) Well, it goes back to the history of these
18 "wheeling revenues", if you will. And, back in
19 restructuring, they began to be a part of Part 3 costs.
20 And, if you remember way back, the Energy Service rate
21 was actually a part of the Stranded Cost Recovery
22 Charge, and, you know, any over and under continued to
23 be recovered that way. With the final recovery of Part
24 3 costs in mid 2006, the Company, you know, elected to

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1 and filed in the cases to continue those costs in the
2 Energy Service, or those revenues, if you will, credits
3 into the Energy Service rate.

4 At that time, the majority of the
5 customers in Energy Service were the same customers as
6 in the TCAM. Things have certainly changed quickly
7 over the last year or so, year and a half, where that
8 isn't the case. But, you know, there has been no
9 change or requested change for that recovery. We
10 talked a little this morning about an argument being
11 made both ways, that you could keep it in Energy
12 Service, it certainly -- it certainly follows past
13 precedent that's been reviewed by the Commission. But,
14 then, there's also an agreement to be made that you
15 should match them up.

16 And, I think I said this morning that,
17 you know, we believe there is a -- that that's
18 certainly an issue, and an important issue, but there's
19 a much broader issue that surrounds the entire issue of
20 what the Energy Service rate should be, versus a
21 nonbypassable rate. And, you know, with respect to
22 backup supply and other costs, this is -- this is kind
23 of a -- you know, you could look at this as an
24 operational cost -- excuse me, operational negative

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[WITNESS PANEL: Baumann ~ Hall]

1 cost, in effect, because we are -- we're utilizing the
2 line to benefit customers. But, again, there could be
3 an argument also the other way.

4 But I -- we do not recommend any changes
5 this time, because we believe this issue, which is the
6 data request has about \$268,000 in actual this year
7 through May 2010 for those wheeling revenues, that
8 that's -- while that's a significant amount of money,
9 it dwarfs the other issue we believe, with respect to
10 the migration and, you know, customer support of last
11 resort, in terms of if migrating customers wanted to
12 come back to the Energy Service rate.

13 Q. If a customer migrates or comes back, they pay the TCAM
14 either way, correct, as long as they stay a customer of
15 PSNH?

16 A. (Baumann) Yes.

17 Q. And, the \$268,000 you were referring to, is that the
18 amount of revenue that was credited to Energy Service
19 for the first five months of 2010?

20 A. (Baumann) Yes. The data request initially had asked
21 what the May revenues were. And, when we went back and
22 looked, there were no revenues in May. However, we
23 went back and looked at the entire year, and that was
24 from January through May -- actually, January through

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[WITNESS PANEL: Baumann ~ Hall]

1 April, since May was zero, of \$268,000. We don't
2 project those credits, because there is, you know,
3 there's no known and measurable contracts with these
4 wheeling credits, because they're done on a day-to-day
5 basis. So, that's -- So, the \$268,000 is the total
6 amount in there that the data request talked about.

7 MS. HATFIELD: One moment please.

8 (Short pause.)

9 MS. HATFIELD: Thank you. Nothing
10 further.

11 CHAIRMAN GETZ: Thank you. Ms. Amidon.

12 MS. AMIDON: Mr. Mullen will conduct the
13 cross.

14 MR. MULLEN: Good afternoon.

15 WITNESS HALL: Good afternoon.

16 WITNESS BAUMANN: Hi.

17 BY MR. MULLEN:

18 Q. If we could turn in Exhibit 2 to Attachment RAB-1, Page
19 1. On Line 14, there's a cumulated estimated under
20 recovery of approximately \$9.6 million. Do you see
21 that?

22 A. (Baumann) Yes.

23 Q. Earlier you had talked about three types of costs that,
24 pursuant to the pending Settlement Agreement in the

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1 distribution proceeding, were being moved from the
2 distribution rate to the TCAM rate. Do you remember
3 that?

4 A. (Baumann) Yes.

5 Q. So, in looking at your Footnote (1) on this page, a
6 good portion of the undercollection deals with the fact
7 that those three types of costs previously were not
8 recovered through this rate mechanism, is that correct?

9 A. (Baumann) Yes, that's correct.

10 Q. Okay. So, if we look at Pages -- RAB-1, Pages 4 and 5,
11 starting on Page 4, Lines 13, 15, and 17, the amounts
12 only start in August of 2009, correct?

13 A. (Baumann) That's correct.

14 Q. That date coincides with the date of temporary rates in
15 the distribution rate proceeding?

16 A. (Baumann) Yes.

17 Q. So, when we were at this point last year and setting a
18 TCAM rate, those costs were not included in the
19 forecast?

20 A. (Baumann) Correct.

21 Q. So, and that's adding to what we see in the
22 undercollection that's now part of the proposed rate?

23 A. (Baumann) Yes, that's correct.

24 Q. Okay. If you look at Page 5 of RAB-1, Line 9, "Local

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[WITNESS PANEL: Baumann ~ Hall]

1 Network Service", in May of 2010, it's quite a large
2 amount there. And, Footnote 1 on that page, could you
3 explain what's happening with the -- with the eight and
4 a half million dollar rebilling?

5 A. (Baumann) Sure. Like I said before, every -- usually
6 May or June, depending on when we get the information
7 from the ISO, there is a true-up of the previous
8 calendar year for LNS recoveries. And, this year we
9 booked the true-up in May. So, if you can see the
10 8.823 million, eight and a half of that is for the
11 true-up. And, it's a 2009 true-up of LNS recoveries
12 for the transmission entities, based on a calculation
13 that now uses actual, actual data. And, what happened
14 was the -- well, to understand transmission rates as
15 best that I can, you know, you have a total
16 transmission revenue requirement. And, you then have
17 an approved RNS recovery, which the transmission people
18 say it's a credit towards the total revenue
19 requirements. And, whatever is left over, total
20 revenue requirements, less RNS, is your LNS revenue
21 requirements to be recovered.

22 And, what happened in calendar year 2009
23 was that the RNS rates that were calculated and billed
24 by the companies used -- the formula requires them to

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[WITNESS PANEL: Baumann ~ Hall]

1 use actual historic load. And, what happened in
2 reality -- so, that's the previous year's load. What
3 happened in reality was the load was much lower in the
4 year following the historic period in the formula. So,
5 the RNS revenues, the "credits", as they say, were less
6 than what had been anticipated. The total revenue
7 requirements changed somewhat, they did go up somewhat,
8 but it was really the lack of RNS revenues that were
9 recovered because of the loads, load decreases, that
10 yielded, again, it's simple math, it's total revenue
11 requirements, less RNS, equals LNS. So, the LNS
12 revenue requirement went up, and the rates billed
13 during the period didn't cover that increased revenue
14 requirement. And, that's the basis for the
15 \$8.5 million true-up to LNS.

16 Q. So, if loads going forward are lower than what was --
17 what's presently expected, you would expect the same
18 sort of thing to happen, and vice versa?

19 A. (Baumann) And vice versa, yes.

20 Q. Mr. Hall, if we could turn to Attachment SRH-2, Page 2.

21 A. (Hall) I'm there.

22 Q. Could you explain what's on this page?

23 A. (Hall) Sure. What we have on this page is a
24 calculation of the Rate B contribution to system peak

[WITNESS PANEL: Baumann ~ Hall]

1 as a ratio of total PSNH contribution to system peak.
2 And, the reason we need that is because, under the
3 Settlement Agreement that I referred to in my direct
4 testimony, we allocate and determine a Rate B base
5 component based on the ratio of Rate B contribution
6 peak as compared to total PSNH contribution peak. And,
7 the peak I'm referring to is the NU system peak. And,
8 this page calculates that ratio at 0.66573 percent, so
9 about two-thirds of one percent.

10 Q. So, --

11 A. (Hall) Go ahead.

12 Q. -- the information in the "Rate B" column includes all
13 Rate B customers?

14 A. (Hall) Yes. Rate B load at the time of and the hour of
15 NU system peak energy load.

16 Q. And, if I'm reading this correctly, July of '09 through
17 May -- March of 2010 are actual amounts, and with
18 April, May, and June of 2010 being estimated?

19 A. (Hall) Yes, sir.

20 Q. So, for the most part, this is historic information,
21 and this is used to set the forecasted rate going
22 forward?

23 A. (Hall) Yes, plus it's also used in reconciling costs
24 through June of 2010.

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[WITNESS PANEL: Baumann ~ Hall]

- 1 Q. Do you have any way to forecast what the Rate B
2 contribution to system peak will be going forward?
- 3 A. (Hall) Not really. And, the reason for that is, the
4 Rate B contribution to system peak is dependent on unit
5 outages for customers who own generation. Rate B is
6 the rate that's billed to customers who have their own
7 generation or, in some cases, customers who are
8 generating facilities. And, they only need power from
9 PSNH when their generation is out of service, on either
10 planned or unplanned outages. And, we really can't
11 forecast when those are going to occur, especially the
12 unplanned outages.
- 13 Q. Approximately how many customers are on Rate B?
- 14 A. (Hall) I think there are 16 or 17. It's in the teens,
15 I can't remember exactly. Well, maybe I have it with
16 me. I'm sorry, I don't have it on me.
- 17 Q. Okay. That's fine. So, considering the relatively
18 small amount of customers on there taking Rate B, is it
19 fair to say that the operation of one customer can
20 significantly influence the calculation of the base
21 component?
- 22 A. (Hall) Yes.
- 23 Q. Now, if you turn to Attachment SRH-3.
- 24 A. (Hall) I'm there.

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1 Q. Looking at this schedule, and I'm looking in the middle
2 of the page, where it says "Standard Tariff Customers
3 excluding Rate B Base Component". Overall, is it
4 roughly a little over 24 percent increase in the TCAM
5 rate?

6 A. (Hall) Yes.

7 Q. Going further down the page, when you show the "Rate B
8 Base Component" and the "Total Rate B, incremental plus
9 base", could you explain the differences in the
10 percentages compared to the 24 percent that we just
11 talked about?

12 A. (Hall) Sure. It's attributable to the phenomenon that
13 you just described, and that is that there are one --
14 there's one large generating customer in particular,
15 and there's a second relatively large generator that
16 takes station service from PSNH under Rate B. If the
17 largest and/or second largest generators experience
18 outages during a period, what it does is it drives up
19 the percentage of the Rate B contribution to system
20 peak, because these are very large facilities that take
21 a lot of station service. And, therefore, when they
22 have outages, that percentage becomes large and,
23 relatively speaking, more costs get allocated to the
24 Rate B base component. I say "relatively speaking",

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1 because the numbers are still, on an overall basis,
2 they're small, in terms of cents per kW or rate level.
3 But, on a relative basis, comparing one number in one
4 year to cents per kilowatt in the next year, you can
5 get a large percentage change.

6 MR. MULLEN: Thank you. That's all the
7 questions I have.

8 CHAIRMAN GETZ: Thank you. Anything
9 further for the witnesses, Mr. Eaton?

10 MR. EATON: Nothing further.

11 CHAIRMAN GETZ: Okay. Then, the
12 witnesses are excused. Thank you, gentlemen.

13 WITNESS HALL: You're welcome.

14 CHAIRMAN GETZ: Any objection to
15 striking identifications and admitting the exhibits into
16 evidence?

17 (No verbal response)

18 CHAIRMAN GETZ: Hearing no objection,
19 they will be admitted into evidence. Anything we need to
20 address before opportunity for closings?

21 (No verbal response)

22 CHAIRMAN GETZ: Hearing nothing, then,
23 Ms. Hatfield.

24 MS. HATFIELD: Thank you, Mr. Chairman.

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1 The OCA believes that PSNH should be crediting the
2 Hydro-Quebec revenues to the TCAM rate, so that it's
3 consistent with the fact that the Hydro-Quebec costs are
4 being paid by -- through the TCAM rate by all customers.
5 We believe that that's a more fair approach to have one
6 group of customers paying both the costs and receiving the
7 benefits that flow from Hydro-Quebec.

8 Other than that, the OCA does not object
9 to PSNH's filing. Thank you.

10 CHAIRMAN GETZ: So, are you proposing
11 that that be done now or is that something for prospective
12 consideration?

13 MS. HATFIELD: We think it would be
14 acceptable if it was something that started as soon as
15 possible in the future.

16 CHAIRMAN GETZ: Thank you. Ms. Amidon.

17 MS. AMIDON: Thank you. Pardon me. The
18 Staff has reviewed the filing, and we agree that the
19 Company's calculation of a 1.501 cents per kilowatt-hour
20 TCAM adjustment is appropriate. Excuse me.

21 With respect to the recommendation made
22 by the Office of Consumer Advocate, we believe we could
23 probably address that, and correct me if I'm wrong,
24 Mr. Mullen, going forward in the reconciliation. And, so,

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1 we can make that adjustment, I guess, going forward as to
2 what costs are incurred for this year -- or, revenues that
3 are received this year, I should say.

4 CHAIRMAN GETZ: Okay. Thank you. Mr.
5 Eaton.

6 MR. EATON: PSNH supports the
7 recommendation of 1.501 cents per kilowatt-hour for the
8 TCAM rate. To the extent the Commission agrees with the
9 recommendation of the Consumer Advocate, we believe it
10 ought to be done in arrears, because revenues are very
11 sporadic. It's only when someone uses the portion of a
12 line do any revenues flow to the NU companies. So, it's
13 very hard to predict whether it will be \$268,000 or what
14 it will be. So, it should be -- it should be done in
15 arrears. At least we could keep track of it for 2010 and
16 be part of the true-up for the 2011 rate to be set for
17 July 1st, 2011. But we believe it should stay where it is
18 right now, just simply to keep Energy Service costs down
19 and have that rate not create more migration. That's all
20 I have.

21 CHAIRMAN GETZ: Okay. Anything further?

22 (No verbal response)

23 CHAIRMAN GETZ: Hearing nothing, then
24 we'll close the hearing and take the matter under

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1 advisement.

2 (Whereupon the hearing ended at 2:14
3 p.m.)

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