

## 1 STATE OF NEW HAMPSHIRE

## 2 PUBLIC UTILITIES COMMISSION

3  
4 March 18, 2011 - 1:37 p.m.  
Concord, New Hampshire

NHPUC APR15'11 PM 2:35

5  
6 RE: DE 11-016  
7 GRANITE STATE ELECTRIC COMPANY  
d/b/a NATIONAL GRID:  
8 Default Service for the period  
May 1, 2011 through July 31, 2011 for  
9 Large Customer Groups, and May 1, 2011  
through October 31, 2011 for Small  
10 Customer Groups.

11  
12 PRESENT: Chairman Thomas B. Getz, Presiding  
Commissioner Amy L. Ignatius

13  
14 Sandy Deno, Clerk

15  
16 APPEARANCES: Reptg. Granite State Electric Company  
d/b/a National Grid:  
17 Sarah B. Knowlton, Esq. (McLane, Graf...)  
18 Reptg. Residential Ratepayers:  
Meredith Hatfield, Esq., Consumer Advocate  
19 Office of Consumer Advocate  
20 Reptg. PUC Staff:  
Suzanne G. Amidon, Esq.  
21 Grant Siwinski, Electric Division

22  
23 Court Reporter: Steven E. Patnaude, LCR No. 52  
24

ORIGINAL

## I N D E X

## PAGE NO.

WITNESS PANEL: MARGARET M. JANZEN  
SCOTT M. McCABE

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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.
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1	GSEC Default Service filing, including testimony & schedules	4
2	Confidential version of the GSEC Default Service filing, including testimony & schedules (CONFIDENTIAL & PROPRIETARY)	4
3	Revised Page 4 of 14 of the Testimony of Scott McCabe	4

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CLOSING STATEMENTS BY:	PAGE NO.
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Ms. Amidon	16
Ms. Knowlton	17

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JANZEN

## P R O C E E D I N G

CHAIRMAN GETZ: Okay. Good afternoon.

We'll open the hearing in docket DE 11-016. On January 20, 2011, National Grid filed a letter notifying the Commission that it would be issuing an RFP on February 4th to procure Default Service for the period beginning May 1, 2011. Order of notice was issued on February 15 setting the hearing today. And, I'll note for the record that the affidavit of publication was filed, and we have the Office of Consumer Advocate's notice that it would be participating.

Can we take appearances please.

MS. KNOWLTON: Good afternoon, Chairman Getz and Commissioner Ignatius. My name is Sarah Knowlton. I'm with the McLane law firm. And, I'm here today for Granite State Electric Company d/b/a National Grid. And, with me today from the Company are the Company's two witnesses, Margaret Janzen and Scott McCabe. And, sitting with me at counsel's table is James Ruebenacker also from the Company.

CHAIRMAN GETZ: Good afternoon.

MS. HATFIELD: Good afternoon, Commissioners. Meredith Hatfield, for the Office of Consumer Advocate, on behalf of residential ratepayers.

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1 CHAIRMAN GETZ: Good afternoon.

2 MS. AMIDON: Good afternoon. Suzanne  
3 Amidon, for Commission Staff. And, with me today is Grant  
4 Siwinski, an Analyst with the Electric Division.

5 CHAIRMAN GETZ: Ms. Knowlton, are you  
6 ready to proceed?

7 MS. KNOWLTON: Yes, I am. Thank you.  
8 As a preliminary matter, the Company would propose to mark  
9 for identification its March 15th redacted filing as  
10 "Exhibit 1". That's the bound volume with the blue cover,  
11 the Company's Default Service filing. And, as "Exhibit  
12 2", which is the confidential version of that document,  
13 which has a red cover. And, this document the Company  
14 also filed a Motion for Protective Treatment with regard  
15 to this. And, then, the third document that we would ask  
16 to mark for identification is Revised Page 4 of 14 of Mr.  
17 McCabe's testimony, which contains some corrections that  
18 I'm going to ask him to go through this afternoon.

19 And, those will be all the exhibits that  
20 the Commission has.

21 CHAIRMAN GETZ: Those are so marked.

22 (The documents, as described, were  
23 herewith marked as **Exhibit 1**, **Exhibit 2**,  
24 and **Exhibit 3**, respectively, for

[WITNESS PANEL: Janzen~McCabe]

1 identification.)

2 MS. KNOWLTON: The Company calls  
3 Margaret Janzen and Scott McCabe.

4 (Whereupon *Margaret M. Janzen* and  
5 *Scott M. McCabe* were duly sworn and  
6 cautioned by the Court Reporter.)

7 MARGARET M. JANZEN, SWORN

8 SCOTT M. McCABE, SWORN

9 DIRECT EXAMINATION

10 BY MS. KNOWLTON:

11 Q. Good afternoon, Ms. Janzen.

12 A. (Janzen) Good afternoon.

13 Q. Good afternoon, Mr. McCabe.

14 A. (McCabe) Good afternoon.

15 Q. Ms. Janzen, I'll start with you. Would you please  
16 state your full name for the record.

17 A. (Janzen) My name is Margaret Janzen.

18 Q. By whom are you employed?

19 A. (Janzen) Granite State Electric Company d/b/a National  
20 Grid.

21 Q. What is your position?

22 A. (Janzen) I am the Director of Electric Supply and  
23 Distributed Generation.

24 Q. Would you describe your job responsibilities please.

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[WITNESS PANEL: Janzen-McCabe]

1 A. (Janzen) Yes. I oversee the procurement of Default  
2 Service for the Granite State Electric customers, in  
3 addition to other utilities of National Grid.

4 Q. Are you familiar with the document that's been marked  
5 as "Exhibit 1", which is the Company's March 15th, 2011  
6 Default Service filing?

7 A. (Janzen) I am.

8 Q. Was this document prepared by you or under your  
9 supervision?

10 A. (Janzen) Yes. It was prepared under my supervision.

11 Q. And, this contains your prefiled direct testimony,  
12 correct?

13 A. (Janzen) Yes.

14 Q. If I were to ask you the questions contained in that  
15 testimony today, would your answers be the same?

16 A. (Janzen) Yes.

17 Q. Do you have any corrections to that testimony?

18 A. (Janzen) No, I do not.

19 Q. Okay. Mr. McCabe -- or, actually, Ms. Janzen, actually  
20 I'll ask you the same questions with regard to  
21 Exhibit 2, which is the confidential version of the  
22 filing. Was this prepared by you or under your  
23 supervision?

24 A. (Janzen) Yes. It was prepared under my supervision.

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[WITNESS PANEL: Janzen~McCabe]

1 Q. And, if I were to ask you the questions that are  
2 contained in your testimony in the confidential  
3 version, would the answers be the same?

4 A. (Janzen) Yes, they would.

5 Q. Thank you. Mr. McCabe, would you please state your  
6 full name for the record.

7 A. (McCabe) Scott McCabe.

8 Q. And, by whom are you employed?

9 A. (McCabe) National Grid USA.

10 Q. What is your position with the Company?

11 A. (McCabe) I'm a Principal Analyst in the Regulation and  
12 Pricing Group.

13 Q. What do your job responsibilities include?

14 A. (McCabe) The Regulation and Pricing Group provides  
15 rate-related services for National Grid USA's retail  
16 affiliates, including Granite State Electric.

17 Q. Thank you. Are you familiar with the document that's  
18 been marked as "Exhibit 1"?

19 A. (McCabe) Yes.

20 Q. And, does this contain your prefilled direct testimony  
21 in this docket?

22 A. (McCabe) Yes, it does.

23 Q. And, was that testimony and the accompanying schedules  
24 prepared by you or under your supervision?

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[WITNESS PANEL: Janzen-McCabe]

1 A. (McCabe) Yes.

2 Q. Do you have any corrections to your testimony?

3 A. (McCabe) I do.

4 Q. Okay. You want to walk us through those corrections,  
5 which I believe are on the document that's been marked  
6 for identification as "Exhibit 3".

7 A. (McCabe) That's correct. Exhibit 3, on the first --  
8 well, the third row, labeled "Base Default Service  
9 Rate", the May rate should read "6.372", as opposed to  
10 I believe it was "6.732". I had transposed the numbers  
11 in that cell. And, also, on the row labeled "Default  
12 Service Cost Reclassification Adjustment Factor", the  
13 amounts in the columns for "May", "June", and "July"  
14 should be "0.101 cents", and not "0." -- let me just --  
15 thanks. "0.11", which was in the original filing, in  
16 Exhibit 1 and 2.

17 And, I also -- I would note that the  
18 total Default Service rate that is included on the last  
19 row of the table, the rates listed in "May", "June",  
20 and "July" were the correct rates. It was just the  
21 sub-amounts in the corrected cells were incorrect.

22 I also wanted to make a couple  
23 additional corrections to my testimony, which I haven't  
24 prepared a prefiled exhibit. But, if you could turn to

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[WITNESS PANEL: Janzen-McCabe]

1 Schedule SMM-1, Page 1, which is Bates stamp 119. And,  
2 the Bates stamp should be the same in both Exhibit 1  
3 and Exhibit 2. Footnote 8 is described as "Schedule  
4 MMJ-5", and that should be "Schedule MMJ-6".

5 And, similarly, if you turn to Page --  
6 Schedule SMM-2, Page 1, Bates stamp Page 122, Footnote  
7 17 should read "Schedule MMJ-6" as well.

8 Q. Do you have any other corrections?

9 A. (McCabe) No. I do not.

10 Q. With those corrections, if I were to ask you the  
11 questions that are contained in your testimony today,  
12 would the answers be the same?

13 A. (McCabe) Yes.

14 MS. KNOWLTON: The witnesses are  
15 available -- well, actually, I have one matter with Ms.  
16 Janzen, if I could raise.

17 Ms. Hatfield before the hearing inquired  
18 about a particular page in the Company's testimony that  
19 the Company had redacted, and the basis for those  
20 redactions, which is the subject of the Company's Motion  
21 for Confidential Treatment. And, it actually appears in  
22 two places. In Exhibit 1, on Page 84, which is the RPS  
23 cost adder calculation, you'll note that there are some  
24 redactions under the column labeled "2011 Market". And,

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[WITNESS PANEL: Janzen~McCabe]

1 if you turn to Page 100 of the Company's Bates stamp Page  
2 100, there's another chart that's called "Renewable  
3 Portfolio Standard Compliance Adders", and there's also  
4 redactions under the "2011 Market" column in that chart.  
5 And, Ms. Hatfield had inquired about the basis for the  
6 proposed confidential treatment of those numbers. And,  
7 the Company has conferred with the Consumer Advocate on  
8 this, and determined that, in this instance, that these  
9 numbers are not confidential. The information is derived  
10 from some broker sheets that the Company gets, which are  
11 not stamped "proprietary" or "confidential" in the case of  
12 this filing.

13 In other filings, the Company, and I can  
14 have -- Ms. Janzen can testify to this, if need be,  
15 twice a year the Company solicits competitively through  
16 RFPs the RECs to meet its RPS requirements. And,  
17 pursuant to the terms of the solicitation, any  
18 information that the Company receives is confidential.  
19 But that's not the source for this filing. So, the  
20 Company would be amenable to removing the proposed  
21 confidential designation on Pages 84 and 100, in light  
22 of that.

23 But, in the future, you know, where this  
24 similar type of information comes from the competitive

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[WITNESS PANEL: Janzen~McCabe]

1 solicitation process, the Company will seek  
2 confidential treatment of that information.

3 CHAIRMAN GETZ: Okay. Thank you.

4 MS. KNOWLTON: And, with that, I will  
5 now make the witnesses available for cross-examination.

6 CHAIRMAN GETZ: Ms. Hatfield.

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

8 CROSS-EXAMINATION

9 BY MS. HATFIELD:

10 Q. Mr. McCabe, what is the proposed Default Service rate  
11 for small customers in this filing?

12 A. (McCabe) If you could turn to Exhibit SMM-2, on Bates  
13 stamp Page 122, the proposed rate for the Small  
14 Customer Group is shown on Line 18. And, it's "6.680  
15 cents" per kilowatt-hour.

16 Q. And, is that a rate decrease from the current Default  
17 Service rate?

18 A. (McCabe) Yes, it is.

19 Q. Thank you. Ms. Janzen, if we could turn to the Page  
20 100, which Attorney Knowlton just stated would now be  
21 public. So, if you could look at it in the  
22 confidential version.

23 A. (Janzen) Uh-huh.

24 Q. On Line 1 in that table, the figure of "\$15" for the

[WITNESS PANEL: Janzen~McCabe]

1 2011 market appears, is that correct?

2 A. (Janzen) That's correct.

3 Q. So, is that the Company's estimate of the cost of a  
4 Class I REC for the 2011 year?

5 A. (Janzen) Yes. That's correct.

6 MS. HATFIELD: Thank you. I have  
7 nothing further.

8 CHAIRMAN GETZ: Ms. Amidon.

9 MS. AMIDON: Thank you.

10 BY MS. AMIDON:

11 Q. Ms. Janzen, are you aware whether the Company has  
12 procured all of its necessary RECs for the 2010  
13 compliance year?

14 A. (Janzen) Yes, it has.

15 Q. Thank you. In addition, Ms. Hatfield just referenced  
16 the fact that there was a reduction in the costs for  
17 the Small Customer Group. Is there an exhibit or  
18 schedule which can illustrate for the Commission what  
19 the reduction was from the prior period? I believe you  
20 referred me earlier to MMJ-3, Page 87?

21 A. (Janzen) Yes. In Schedule MMJ-3, Bates stamp 087, this  
22 table gives a comparison of change in future prices to  
23 change in procurement costs. So, that shows the  
24 comparison between the current summer pricing to last

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1 winter, and indeed to the summer before.

2 Q. Okay. And, so, if I'm looking at this correctly, the  
3 change from last summer represented by the rates that  
4 the Company proposes to implement effective May 1 is an  
5 average reduction, if that's the correct term, of  
6 5.4 percent?

7 A. (Janzen) That's correct.

8 Q. Okay. Thank you. Oh, and one more question. And, I  
9 understand that these prices here are inclusive of the  
10 RPS adder, is that correct?

11 A. (Janzen) They are inclusive of the RPS adder, but they  
12 don't include the adjustment factors.

13 Q. Correct. Thank you. And, I know we spoke briefly  
14 about this before the hearing. I understand that the  
15 Company proposes to -- well, it may not be "the  
16 Company", I think it's NEP proposes to replace the  
17 meter at the Tewksbury location. Is that still on?

18 A. (Janzen) Yes. And, the Company is prepared to submit  
19 an update on that at the end of this month.

20 Q. So, that will be March 31st or thereabouts?

21 A. (Janzen) Yes.

22 Q. Okay. Thank you. And, then, my final -- I just have a  
23 final question related to some of the exhibits attached  
24 to Mr. McCabe's testimony. If you -- I don't have --

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[WITNESS PANEL: Janzen~McCabe]

1 hold on just a sec, please. All right. Beginning with  
2 SMM-3, which is Bates stamp 124, and is titled "Default  
3 Service Reconciliation". In Column (c) there are some  
4 numbers, and, for example, the "\$41,076". And, I  
5 understand that you spoke with Staff prior to the  
6 hearing, and you're going to provide some background  
7 related to this number, since it doesn't appear  
8 elsewhere in the filing. Is that correct?

9 A. (McCabe) That is correct.

10 Q. And, similarly, if we go to SMM-4, which is titled  
11 "Renewable Portfolio Standard Reconciliation", at Page  
12 1 of 3, in Column (c), there are some additional  
13 reconciliation amounts, which Mr. Siwinski discussed  
14 with you prior to the hearing, and you're going to  
15 provide him some additional information outside of this  
16 hearing, is that correct?

17 A. (McCabe) Yes. That's correct.

18 MS. AMIDON: That concludes my  
19 questions. Thank you, Mr. Chairman.

20 CHAIRMAN GETZ: Thank you.

21 CMSR. IGNATIUS: Thank you.

22 BY CMSR. IGNATIUS:

23 Q. Ms. Janzen, I have a question about the process itself,  
24 and not so much what came of it in this particular

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1 time. And, it's really just kind of a status update on  
2 where we are in the markets. Without asking you to  
3 release any confidential information, company specific  
4 -- bidder specific information.

5 Do you have a view on how robust the  
6 competitive market is? For example, do you see an  
7 increase in the number of suppliers bidding for your  
8 service? Maybe each time you get a similar number of  
9 bids, but they're different people each time. Do you  
10 see that market growing, the number of potential  
11 bidders? Or, do you think it's leveled off and is  
12 remaining in kind of a static pool, and not in a  
13 negative way, but just as a fixed number and not a lot  
14 of new entrants into the market?

15 A. (Janzen) What we have seen is that the number of  
16 wholesale supplier bidders to our solicitations have  
17 been stable for some time now. We've not seen an  
18 increase or a decrease. It's leveled off and have been  
19 rather stable recently.

20 CMSR. IGNATIUS: All right. Thank you.

21 CHAIRMAN GETZ: Ms. Knowlton, anything  
22 further?

23 MS. KNOWLTON: I have nothing.

24 CHAIRMAN GETZ: Then, the witnesses are

1       excused. Thank you very much. Is there any objection to  
2       striking the identifications and admitting the exhibits  
3       into evidence?

4                       (No verbal response)

5                       CHAIRMAN GETZ: Hearing no objection,  
6       they will be admitted into evidence.

7                       Is there anything else before  
8       opportunity for closings?

9                       (No verbal response)

10                      CHAIRMAN GETZ: Hearing nothing, then  
11       we'll begin with Ms. Hatfield.

12                      MS. HATFIELD: Thank you, Mr. Chairman.  
13       The OCA has no objection to the Company's request. And,  
14       we're pleased that Energy Service rate is decreasing,  
15       especially for the smaller customers.

16                      And, we also appreciate Attorney  
17       Knowlton's efforts and the Company's willingness to make  
18       the RPS compliance information, including the pricing,  
19       public. Thank you.

20                      CHAIRMAN GETZ: Thank you. Ms. Amidon.

21                      MS. AMIDON: Thank you. The Staff has  
22       reviewed the filing. And, we believe that the Company has  
23       followed the solicitation evaluation and selection process  
24       approved by the Commission in Order Number 24,577, in



1 Docket DE 05-126. We believe the resulting rates are  
2 market-based, and that the Commission should support the  
3 Petition and approve the Petition.

4 And, finally, we don't have any  
5 objection to the Motion for Confidential Treatment,  
6 finding that it's similar to prior motions in similar  
7 dockets that the Company has filed.

8 CHAIRMAN GETZ: Thank you.  
9 Ms. Knowlton.

10 MS. KNOWLTON: Thank you. The Company,  
11 based on the prefiled testimony that's been marked as  
12 "Exhibit 1" and "Exhibit 2" in this matter, the Company  
13 has demonstrated that it followed the solicitation process  
14 that the Commission approved in Order 24,577. The bids  
15 were widely distributed, and they were reviewed based on  
16 price, as well as the qualitative factors that the Company  
17 must consider. And, as a result, the Company submits that  
18 its selection of the bidders in this case is reasonable  
19 and would ask that its Default Service proposal be  
20 approved, as well as its Motion for Protective Treatment,  
21 subject to the changes on Page 084 and 100 that we  
22 discussed earlier.

23 CHAIRMAN GETZ: Then, we will close the  
24 hearing, take the matter under advisement, and issue an

1       order forthwith. Thank you.

2                   MS. KNOWLTON: Thank you.

3                   (Whereupon the hearing ended at 1:55  
4                   p.m.)

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