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2 PUBLIC UTILITIES COMMISSION

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4 **May 31, 2012** - 10:11 a.m.
Concord, New Hampshire

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7 RE: DE 12-097
8 **ELECTRIC AND GAS UTILITY CUSTOMERS:**
9 Investigation into Purchase of
10 Receivables, Customer Referral and
11 Electronic Interface for Electric
12 and Gas Distribution Utilities.
13 (*Prehearing conference*)14
15 **PRESENT:** Chairman Amy L. Ignatius, Presiding
16 Commissioner Robert R. Scott
17 Commissioner Michael D. Harrington

18 Sandy Deno, Clerk

19
20 **APPEARANCES:** Reptg. Public Service Co. of New Hampshire:
21 Robert A. Bersak, Esq.22
23 Reptg. Granite State Electric Co. and
24 EnergyNorth Natural Gas, Inc.:
Steven V. Camerino, Esq. (McLane, Graf...)Reptg. Unitil Energy Systems, Inc. and
Northern Utilities, Inc.:
Gary M. Epler, Esq.Reptg. Retail Energy Supply Assn. (RESA):
Joey Lee Miranda, Esq. (Robinson & Cole)

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

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APPEARANCES: (C o n t i n u e d)

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P R O C E E D I N G

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2 CHAIRMAN IGNATIUS: We will open the
3 hearing in Docket DE 12-097. This is a generic docket for
4 electric and gas utilities, to explore a number of
5 programs that were addressed in a prior Commission docket,
6 in Order Number 25,256, in 2011, we stated that we would
7 open a generic docket to explore whether purchase of
8 receivables, customer referral, and electronic interface
9 program should be implemented in New Hampshire to support
10 customer choice and energy supply, for both residential
11 electric utility customers, smaller commercial electric,
12 and gas utility customers. And, the Retail Energy Supply
13 Association submitted a request April 16th, 2012, asking
14 us to open the docket that we had spoken of before, get it
15 going as soon as possible. And, an Order of Notice was
16 issued in response to that, on May 3rd, 2012.

17 Let's take appearances, and then we'll
18 talk about the various things that we need to address this
19 morning.

20 MR. RODIER: Good morning, madam
21 Chairman. Jim Rodier, for PNE Energy Supply.

22 CHAIRMAN IGNATIUS: Good morning.

23 MR. BERSAK: Good morning,
24 Commissioners. Robert Bersak, for Public Service Company

1 of New Hampshire. Accompanying me here today are
2 Mr. Steve Hall and Heather Arvanitis, from the Rates and
3 Regulatory section of PSNH. And, I also have with me
4 Elizabeth Gray, a student summer associate with us from
5 UNH School of Law.

6 CHAIRMAN IGNATIUS: Good morning.
7 Welcome.

8 MS. MIRANDA: Good morning. Joey Lee
9 Miranda, from Robinson & Cole, on behalf of the Retail
10 Energy Supply Association.

11 CHAIRMAN IGNATIUS: Good morning.

12 MR. CAMERINO: Steve Camerino, from
13 McLane, Graf, Raulerson & Middleton, on behalf of Granite
14 State Electric Company and EnergyNorth Natural Gas.

15 CHAIRMAN IGNATIUS: Mr. Patch.

16 MR. PATCH: Good morning. Doug Patch,
17 from Orr & Reno, on behalf of TransCanada. And, also here
18 from TransCanada today are Stuart Ormsbee, who is the
19 Manager of Power Marketing, and Erin O'Dea, legal counsel.

20 CHAIRMAN IGNATIUS: Good morning.
21 Welcome.

22 MR. EPLER: Good morning. Gary Epler,
23 appearing on behalf of Unitil Energy Systems, Inc., and
24 Northern Utilities. With me this morning is Todd Bohan, a

1 Senior Energy Analyst. Thank you.

2 CHAIRMAN IGNATIUS: Good morning.

3 MS. HOLLENBERG: Good morning,
4 Commissioners. Rorie Hollenberg, Donna McFarland, and
5 Stephen Eckberg, here for the Office of Consumer Advocate.

6 MS. AMIDON: Good morning. Suzanne
7 Amidon, for Commission Staff. And, to my far left is my
8 co-counsel, Alex Speidel; to his right is Steve Frink, who
9 is an Analyst in the Gas Division; and to my left is
10 George McCluskey, an Analyst with the Electric Division.
11 Good morning.

12 CHAIRMAN IGNATIUS: Good morning. Has
13 anyone else got skipped over there or is that everyone?

14 (No verbal response)

15 CHAIRMAN IGNATIUS: All right. We, in
16 the Order of Notice, we named the electric and gas
17 utilities as mandatory parties. So, we do not have any
18 intervention requests on their part because of that. We
19 do have intervention requests from four entities: The
20 Retail Energy Supply Association, TransCanada Power
21 Marketing, PNE Energy Supply, and North American Power &
22 Gas. Three of those entities are here. I think there's
23 no one here from North American Power & Gas, is that
24 correct?

1 (No verbal response)

2 CHAIRMAN IGNATIUS: Are there any other
3 parties seeking intervention?

4 (No verbal response)

5 CHAIRMAN IGNATIUS: We also have a
6 notice from the Consumer Advocate stating that they intend
7 to participate. Are there any objections to the requests
8 to intervene? Because this is a generic docket, I'll tell
9 you our inclination is to be fairly broad in our analysis
10 of intervention requests. But, if there are any
11 objections, we'd like to hear them now?

12 (No verbal response)

13 CHAIRMAN IGNATIUS: All right. Seeing
14 none. Then, I think the next thing to do is, in any
15 prehearing conference, we always take preliminary
16 statements of the parties on the docket as they currently
17 understand it to be. In this case, we want to add to that
18 something we requested in a letter that was issued on May
19 18th in another docket and was copied to the service list
20 in this docket. So, I hope everyone's aware of this. We
21 had received a filing from PNE to make certain tariff
22 changes to Public Service Company's distribution tariffs.
23 And, they, I'm reading from the letter here, it says
24 specifically PNE seeks to "eliminate PSNH's Selection

1 Charge", "Billing and Payment Charge", and "Collection
2 Services Charge". These charges related to the provision
3 of services for competitive electric suppliers. Because
4 these seemed somewhat similar, although not by any means
5 identical to the issues that were raised by the RESA
6 request to open the docket, we ask the parties to think
7 about whether it would be appropriate to roll the matters
8 raised by PNE in docket 12-093 into this docket, or keep
9 them as two separate proceedings. And, so, we ask people
10 at this morning's prehearing conference to address whether
11 to expand the scope of this docket, to include the matters
12 addressed in PNE's petition.

13 So, I hope people had a chance to think
14 about that and have -- are there positions on the request
15 -- on the suggestion that we had, not a request by Mr.
16 Rodier, but the suggestion that we had that perhaps they
17 were appropriately rolled together or really ought to be
18 staying separate. And, we don't come at it with any
19 particular view. I just wondered, is it more efficient to
20 combine all of them into one or keep them as two separate
21 proceedings? So, I don't know if there's any particular
22 order here. There's no one who is the moving party, but
23 just we'll throw it to anyone who would like to address
24 it? Mr. Rodier.

1 MR. RODIER: Thank you. I think,
2 talking about docket 12-093, that's the PNE filing, and
3 12-097, is they call it the "RESA filing" or the "POR
4 filing", this is, from what I recall, entirely
5 coincidental. That both of these were filed with the
6 Commission about the same point in time. They both have
7 to do with market enhancements for small customers.

8 The PNE filing is sort of addition by
9 subtraction. We would like to reduce or eliminate three
10 charges that the Chairwoman just read into the record.
11 The Selection Charge, the Billing and Payment Charge, the
12 Collection Services Charge. For example, the Selection
13 Charge, if PNE signs up Mrs. Malmquist from Dubuque Street
14 in Manchester and enrolls her, that's done through
15 electronic data interchanges. It's all totally automated.
16 There's no human involvement whatsoever. The charge is
17 \$5.00. Does that cost \$5.00?

18 Additionally, I don't want to get into
19 the merits of this, but just to give an introduction.
20 Additionally, none of PSNH's affiliates, including NSTAR,
21 have these charges. And, I don't think Unitil does, Grid
22 doesn't. So, I felt that that would be a great place to
23 start.

24 Our -- PNE's concern is really a

1 practical one. I felt that this was a sort of a clean
2 shot and we could get it done pretty quick. The concern
3 that PNE would have with consolidation, if any concern,
4 would be getting drawn into the maw here of another
5 18-month proceeding that would just grind on. And, that's
6 no reflection on the Commission whatsoever. It just
7 happens to be what happens with due process. If people
8 have issues, it takes a long time to resolve it.

9 So, it's that -- our position is that
10 simple. And, if the Commission is inclined -- and, so,
11 it's really a practical concern. If the Commission is
12 inclined to combine them, then, if there was a possibility
13 that maybe, if this started, you know, we could ask for an
14 interlocutory order at some point, if it looks like POR is
15 going to go on for another year or whatever, then I think
16 we'd probably be okay. We'd be fine with consolidation.
17 Thank you very much.

18 CHAIRMAN IGNATIUS: But, Mr. Rodier, if
19 you had your druthers, you'd keep them separate?

20 MR. RODIER: Well, that's right.
21 Because, of course, that would mean that we might have to
22 pay for the publication and the court reporter, so -- but,
23 seriously, I guess we would do that, we'd like to keep
24 them separate and have a nice, clean rocket docket.

1 CHAIRMAN IGNATIUS: All right. Thank
2 you. Other comments on the question of expanding the
3 scope of this docket? Mr. --

4 (Chairman and Commissioners conferring.)

5 CHAIRMAN IGNATIUS: Mr. Patch?

6 MR. PATCH: Thank you. I think
7 TransCanada, really, I mean, we understand Mr. Rodier's
8 point. I think we started out under the premise that we
9 would generally support, because we think there are
10 similar issues raised in both, but we understand
11 Mr. Rodier's point about the possibility at least of the
12 POR docket dragging on for some period of time. So, given
13 that, I think it's really up to the Commission to decide
14 what the best way is to proceed.

15 I think a concept of an interlocutory,
16 some way of trying to address those issues discretely and
17 more quickly, I think would make some sense. But, I
18 guess, overall, I'd say we probably don't have a firm
19 position on it. But we recognize the similarities that
20 are raised by both dockets.

21 CHAIRMAN IGNATIUS: Other comments? Ms.
22 Amidon.

23 MS. AMIDON: Thank you. Staff has
24 reviewed it. And, at this time, while we take no position

1 on the merits of the request for relief that PNE has made,
2 we think it's appropriate to consider those issues in
3 connection with this docket to determine whether those
4 tariffs actually have a negative effect on customer
5 choice. So, we would be inclined to recommend that the
6 Commission consider those issues with the POR, electronic
7 interchange, and customer referral issues in this
8 proceeding.

9 CHAIRMAN IGNATIUS: All right. Mr.
10 Bersak.

11 MR. BERSAK: Thank you, madam Chairman.
12 We appreciate the opportunity to voice our opinion on this
13 matter. This docket, as we sit here today, is kind of a
14 melange of generic issues that face both gas and electric
15 distribution utilities. Certainly, there is some
16 significant policy issues that need to be discussed and
17 talked about with respect to "how do we implement
18 restructuring and competition for both gas and electric
19 industries?" But we also will be touching on, you know,
20 potential rulemakings, because there are things in the
21 existing rules and things that, if this policy would be
22 put in place, will require rulemakings. The things that
23 PNE has filed in the 12-093 docket touch upon tariffed
24 rates, cost of service matters, revenue requirement. So,

1 you know, we really are across the gamut of what this
2 Commission does, from investigations, to rulemakings, and
3 adjudicative proceedings.

4 Clearly, the issues are very similar.
5 And, for that reason, I think that's why the Commission
6 thought it would appropriate to put the matters together.
7 However, they are also very different, in that, you know,
8 when you were talking about, in the case of the 12-093
9 docket, a ratemaking process pretty much, one that changes
10 the underlying fundamentals of our cost of service
11 ratemaking, our distribution ratemaking, and reopens that
12 process on a single-issue ratemaking basis.

13 We filed our Motion to Dismiss that
14 petition. We were very clear and very detailed in what
15 our reasons were, why we felt that that petition should be
16 dismissed. I think that that petition should be
17 dismissed. And, instead, a generic version of those
18 issues should be dealt with in the current proceeding.
19 Thank you.

20 CHAIRMAN IGNATIUS: So, just so I
21 understand, when you say "the specific petition Mr. Rodier
22 filed should be dismissed in the other docket", but, at
23 the same time, "generic issues that would include the
24 matters he raised in his petition would be appropriate in

1 this docket"?

2 MR. BERSAK: I believe, to the extent
3 that we're dealing with matters that affect how the
4 competitive marketing to gas/electric companies is
5 accomplished in this state, that putting them altogether
6 would make a lot more regulatory sense. But, having, as
7 part of this docket, a ratemaking proceeding involving
8 only PSNH and involving parts of our existing tariff,
9 would really expand this docket in too many directions at
10 the same time.

11 MR. RODIER: May I just quickly respond?

12 CHAIRMAN IGNATIUS: Well, we'll --

13 MR. RODIER: Okay. Thank you.

14 CHAIRMAN IGNATIUS: -- get around to
15 you.

16 MR. RODIER: Thank you.

17 CHAIRMAN IGNATIUS: You will have a
18 chance. Thank you. All right. Other parties?
19 Ms. Miranda.

20 MS. MIRANDA: Thank you. The Retail
21 Energy Supply Association would actually support
22 consolidating the two proceedings together. Although, the
23 issue was raised specifically with respect to PSNH, and
24 specifically identified charges. When I read 10- -- the

1 order in 10-160, one of the issues I believe that will be
2 addressed as part of these retail market enhancements or
3 potential retail market enhancements is "who pays for them
4 and how?" And, so, to the extent there are those types of
5 issues, they could impose costs on retail suppliers and/or
6 on the ratepayers, depending on where that comes out.
7 And, this is just one of those additional charges that
8 could -- or, at least could be looked at in the course of
9 this proceeding as well. Thank you.

10 CHAIRMAN IGNATIUS: All right. Mr.
11 Camerino.

12 MR. CAMERINO: Thank you. I think Mr.
13 Bersak's comments point out really the concern that
14 Granite State Electric and EnergyNorth would have, which
15 is just getting a better definition around what the scope
16 of this proceeding is, whether or not the Commission
17 chooses to consolidate. As I understand the docket that
18 was opened in response to Mr. Rodier's petition, it
19 relates to some specific fees that are charged by PSNH.
20 And, obviously, with regard to PSNH's charges, other
21 utilities presumably would not have a view on that and
22 would not need to be involved in that.

23 If, on the other hand, the issue is, you
24 know, "what types, conceptually, of fees and charges are

1 appropriate?" And, then, the next step, of course, "what
2 is the level of those fees and charges, if they are
3 appropriate?"

4 The other utilities, I can't speak for
5 Unitil, but certainly for Granite State and EnergyNorth,
6 we would want to know up front that those are issues in
7 this proceeding. You might say, "Well, isn't that
8 obvious?" Right now, the question is posed as to PSNH
9 charges. The Order of Notice in this case doesn't give
10 any indication that the fees and charges of other
11 utilities might be the subject of discussion. And, I
12 don't posit that as a procedural problem. I just think we
13 would like some clarity in an order coming out of this
14 hearing today, are the fees and charges of the other
15 utilities, besides PSNH, also at issue, and to what
16 extent? Meaning, do we need to be doing cost of service
17 studies, which is, obviously, a very significant
18 undertaking, to figure out whether there are costs
19 associated with those services? And, obviously, then,
20 wouldn't want charges that are charged today changed
21 without looking at the total revenue requirement of the
22 utility.

23 So, I hear, for example, Mr. Rodier say,
24 and he may be correct, that "PSNH provides a certain

1 service and there's no cost" -- or, "has a certain charge,
2 but there's no cost behind that charge." I have no basis
3 to know whether that's true. And, if there were other
4 charges, say, of Granite State or EnergyNorth that were at
5 issue in this case, before we had a discussion of whether
6 those charges should exist, I'd want to know "are there
7 costs behind them?"

8 So, I think we're looking for some
9 clarity, if the two dockets are consolidated. Does
10 "consolidation" mean we're looking at PSNH's rates and
11 charges? Or, does it mean, we're looking at these charges
12 that come about because of the competitive market in a
13 generic sense to see which one should continue on? Thank
14 you.

15 CHAIRMAN IGNATIUS: Thank you. Let me
16 follow on that just a moment. It occurs to me that,
17 whether these two dockets are consolidated or not,
18 following on your thinking, that there are probably a
19 number of things beyond the three specified items that
20 were addressed in the original migration docket and the
21 subject of this Order of Notice, that may come up as being
22 significant in the development of competitive markets and
23 customer choice. And, the way we've structured it so far
24 is to deal with three particular programs that, not just

1 the general notion of customers and competitive choice.
2 So, this is the right time to have that kind of
3 discussion, sort of, we're at the very start. Should we
4 make it a broader inquiry? That these are three examples
5 of programs that are -- you've said are worthy of further
6 development and consideration, but there may be other
7 things as well, and should we broaden this to take on all
8 of the things that people think may be helpful or a
9 barrier to customer choice? Or, leave that for yet
10 another proceeding? And, if anyone has a view on that,
11 whether you've spoken already or not, I'd be interested in
12 hearing that? Ms. Miranda.

13 MS. MIRANDA: Thank you. The Retail
14 Energy Supply Association, in its letter, in fact, said,
15 in addition to the three things that were enumerated in
16 the order in 10-160, that it would like the opportunity to
17 explore other retail market enhancements, or alternatives
18 to an increased participation among small customers, the
19 mass market customers, small commercial and residential
20 customers. For instance, one of the issues that we would
21 like to potentially have considered as part of this docket
22 is an exploration of supplier consolidated billing. That
23 is, the supplier actually bills both the supplier charges
24 and the transmission and distribution charges, as an

1 alternative that could be available to customers. It
2 allows for additional flexibility in offering customers
3 products, and it also offers some additional billing
4 options, because, traditionally, the utilities have
5 embedded costs in programming and IT that, in order to
6 make changes to allow for some of these more innovative
7 projects to be billed to customers would require them to
8 invest money, that would either be paid for by ratepayers
9 or someone perhaps participating in whatever program they
10 were working on. So, that is one of -- for instance, one
11 other example of an enhancement that the Retail Energy
12 Supply Association would like considered as part of this
13 docket. There may be others that come up.

14 CHAIRMAN IGNATIUS: All right. Thank
15 you. Any other thoughts in how broadly you think this
16 docket should run?

17 MR. PATCH: Just to note for the record
18 that TransCanada supports what RESA suggested. You know,
19 it may, in fact, be broader than the three areas that are
20 outlined in the Commission's Order of Notice, and the 160
21 order that gave rise to this.

22 CHAIRMAN IGNATIUS: Ms. Amidon?

23 MS. AMIDON: Staff agrees with that as
24 well. We believe that, you know, the scope should include

1 an examination of elements that may negatively impact or
2 affect customer choice and the enhancements to the retail
3 market that Attorney Miranda mentioned.

4 CHAIRMAN IGNATIUS: Any other comments?

5 (No verbal response)

6 CHAIRMAN IGNATIUS: Mr. Rodier, I know
7 you wanted to respond to something Mr. Camerino was
8 addressing. Is that still --

9 MR. RODIER: Yes, a couple of things.

10 CHAIRMAN IGNATIUS: Yes.

11 MR. RODIER: What I was probably going
12 to say is, I think was covered. But I guess there's two
13 things. I hope I can remember the two things. First of
14 all, the three charges are only with respect to PSNH,
15 because they're the only one that has them. Okay? So, to
16 some extent that makes this, it's like "non-generic", I
17 guess. But that probably isn't a barrier to putting it
18 into a consolidated proceeding.

19 So, number two was the point you raised,
20 madam Chairman, about "broadening the scope of 12-097".
21 And, what I wanted to say is there are other issues that
22 PNE could have brought up and would have brought in the
23 12-093 petition, it just went for the low-hanging fruit,
24 the ones that we felt were really easy to quickly take

1 care of.

2 But there are others. For example, let
3 me give you a generic issue. This is all about
4 consolidated billing, okay? These issues are now arising
5 because, in the past, it was just large customers, and the
6 suppliers have been sending out their own bill. If you go
7 to consolidating billing, you go through PSNH. There is
8 space on the bill for a message. Can a competitive
9 supplier use part of that space for their own message?
10 No. So, I would bring that up in a generic docket.
11 That's just an example.

12 Another thing would be PSNH's webpage.
13 If you look at their affiliates, you know, it's really
14 easy to find "choose a supplier" or "competitive supply".
15 Try finding it on PSNH's webpage. It's not easy. I found
16 it, but you've got to go to "site map", and try to find it
17 that way, okay?

18 So, this seemed pretty simple. I mean,
19 that would be another example of -- that doesn't seem like
20 a big deal. But, you know, customers are really --
21 residential customers are now really looking for
22 information on what their options are. And, I don't think
23 they're getting it from Public Service. They're getting
24 it from Resident Power and they're getting it from PNE.

1 Thank you.

2 CHAIRMAN IGNATIUS: So, is your
3 recommendation that the 12-097 docket be broader in scope?

4 MR. RODIER: Yes.

5 CHAIRMAN IGNATIUS: To include all
6 things that relate to customer choice and competitive --
7 enhanced competitive energy supply?

8 MR. RODIER: Yes. I concur with the
9 other suppliers.

10 CHAIRMAN IGNATIUS: All right. Any
11 other comments/recommendations?

12 (No verbal response)

13 (Chairman and Commissioners conferring.)

14 CMSR. SCOTT: I guess I'll ask the group
15 here. One question I had working from the other side for
16 consolidation or not consolidation is, are there any
17 parties that would want to be involved as intervenors in
18 12-093, and not 12-097, or vice versa, if they weren't
19 combined? I mean, my question I guess is, are we talking
20 the same universe of parties or are there discrete
21 entities involved with these? And, that's for the
22 audience here.

23 MR. CAMERINO: Well, if 12-093 had
24 existed separately, Granite State Electric and EnergyNorth

1 would not be intervening in this docket. And, we have not
2 filed a petition to intervene in that proceeding. Thank
3 you.

4 MS. MIRANDA: The Retail Energy Supply
5 Association has not intervened in 12-093. But we also
6 received the order of notice or the notice that it might
7 be consolidated here. I have not spoken to RESA about
8 whether they would intervene in 12-093, but they're
9 supportive of having it consolidated into this docket.

10 CMSR. SCOTT: Thank you.

11 CHAIRMAN IGNATIUS: Commissioner
12 Harrington.

13 CMSR. HARRINGTON: Yes. A question for
14 Mr. Camerino. You said that you "wouldn't be involved in
15 12-093." Now, is that because it specifically lists
16 Public Service charges only or is it because of -- let me
17 start with that. Is that the reason?

18 MR. CAMERINO: That's correct.

19 CMSR. HARRINGTON: Okay. And, do you
20 agree with Mr. Rodier that those charges, your utility
21 does not have those charges to competitive suppliers or
22 you just don't know at this time?

23 MR. CAMERINO: I personally don't know
24 with sufficient certainty. I would have the same concern

1 I was articulating to the Chairman earlier, which is,
2 could a docket like that expand to look at other charges
3 as well? And, so, to be frank, it's the kind of docket
4 where my clients would probably be monitoring it from a
5 distance, in order to make sure that something unexpected
6 didn't happen. And, that was my point about notice.
7 Making sure that we were aware, if the subject matter was
8 broadening at some point beyond just PSNH's charges.

9 CMSR. HARRINGTON: Okay. Thank you.

10 CHAIRMAN IGNATIUS: I think the
11 competing goals here are to find a way to make the 12-097
12 docket as useful as it can be, and not force us to go
13 through docket after docket after docket, as people come
14 up with new programs they hadn't thought of before or
15 didn't even exist, you know, one month, but come into
16 existence the next month. It's more efficient to pull
17 them together, except, if it becomes so sprawling that
18 you're never sure quite what it is you're dealing with,
19 and never sure when you have an end point on the matters
20 at hand. We end up sometimes making things more
21 complicated than they should be and it ends up not being
22 very efficient.

23 So, I don't know if the parties could
24 reach agreement on a proposed scope of issues that, if 097

1 were broadened to be more than just the three named
2 programs that were identified in the 10-160 docket, what
3 those additional items would be or whether just sort of a
4 generic language about "and other similar programs",
5 whether that's too open-ended to give people full
6 understanding of where they're going and put some kind of
7 restraints on the docket, so it doesn't just spiral out of
8 control.

9 And, I think -- I appreciate
10 Mr. Camerino's comments, because I think that -- that I
11 had not thought of before, that it's wholly separate from
12 the question of whether the specific PSNH PNE filing in
13 093 should be consolidated. I think we do also have to
14 figure out, is this 097 docket going to be strictly
15 limited to these three programs or to more things that are
16 similar, but significant?

17 We will take all of that under
18 advisement and issue an order. But, if the parties have
19 any recommendations that you can discuss after this, and
20 want to make any agreed upon recommendation on scope, or
21 if there are any further details that you want to give to
22 us to think about the scope of this docket, separate and
23 apart from the question of the PNE petition, we would
24 certainly be interested in looking at it.

1 I understand there is a technical
2 session scheduled to continue today, is that right?

3 MS. AMIDON: That's correct, madam
4 Chairman. And, we certainly can take up the issue of
5 whether we can develop an agreed upon scope of the
6 proceeding that we can submit with the report on the
7 technical session.

8 CHAIRMAN IGNATIUS: All right.

9 CMSR. HARRINGTON: It may also be
10 helpful, if you do, you know, tend to limit the scope and
11 exclude certain issues, as to where you think they should
12 go, which docket would be best, because these issues
13 aren't going to go away. We're going to have to address
14 them all someplace. Just I share the Chairman's concerns
15 that we don't want to have something so huge that we never
16 come to a conclusion.

17 MS. AMIDON: Okay. Thank you. We'll
18 take that direction.

19 CHAIRMAN IGNATIUS: All right. Anything
20 further?

21 (No verbal response)

22 CHAIRMAN IGNATIUS: Seeing nothing, we
23 will take all this under advisement, and we'll await any
24 filings that you may be able to make after a technical

1 session. Ms. Amidon, yes.

2 MS. AMIDON: Yes. I just wanted to make
3 one observation, regarding the fact that this docket
4 affects both the electric and the natural gas utilities.
5 And, one question that the Staff has is whether the POR,
6 the other mechanisms would promote retail competition for
7 small natural gas customers. Staff points out that
8 residential customers are prohibited from purchasing
9 natural gas from competitive suppliers, and mandatory
10 capacity assignment also limit the opportunities for the
11 small C&I natural gas customers.

12 So, consequently, it's uncertain at this
13 point whether the POR and these other mechanisms would
14 enhance retail competition for small natural gas
15 customers. And, we just wanted the Commission to
16 understand that at this point, because that may affect how
17 the investigation proceeds, and whether we will continue
18 working on those issues, or just move to electric only.
19 Certainly, Staff will use this proceeding to develop a
20 position on this issue and a recommendation for the
21 Commission.

22 CHAIRMAN IGNATIUS: Thank you. And,
23 thank you for reminding me that we skipped over -- I
24 skipped over one of the primary things that we expected to

1 do, we got caught up in the other scoping questions, and
2 that's preliminary statements of the parties on the docket
3 itself. So, if parties can give us their understanding of
4 the issues that are at play that they think are
5 significant, or, as Ms. Amidon points out, maybe some ways
6 in which they think some of this, the matters brought up
7 are not appropriate or shouldn't be considered as applying
8 to both natural gas and electric services, that would be
9 interesting.

10 Mr. -- Why don't we assume all the
11 interventions will be granted. The interventions are all
12 granted.

13 (Laughter.)

14 CHAIRMAN IGNATIUS: And, so, Mr. Rodier,
15 comments on the preliminary position on the Docket 12-097
16 issues themselves?

17 MR. RODIER: Nothing further.

18 CHAIRMAN IGNATIUS: All right.

19 Mr. Bersak?

20 MR. BERSAK: Thanks again, madam
21 Chairman. When the state moved to a restructured
22 competitive paradigm for the electric industry in the
23 state, the Legislature found that market forces can now
24 play the principal role in organizing electric supply to

1 all customers, instead of monopoly regulation. And, it
2 was our understanding that, when the Legislature did this,
3 that they were going to allow the competitive market
4 forces, where unregulated entities had the risks and the
5 rewards of participating in that marketplace, to supplant
6 the monopoly traditional role that utility suppliers had
7 played.

8 It appears to be the intent in this
9 docket to undo some of that. To take some of those risks
10 that the Legislature thought that the competitive market
11 players should bear, and went along with the rewards that
12 they could earn, and instead to place those risks back
13 onto the utility and/or its customers. For example, in
14 the purchase of receivables, you know, the suppliers seem
15 to have indicated that they don't really want to deal with
16 that risk for smaller customers. It's not worth their
17 while. So, what they want to do is to place that risk
18 either on the utility or onto society as a whole, but with
19 nothing that impacts the rewards that they can earn, nor
20 nothing that impacts the rewards that the utility can
21 earn, but they divest themselves of that risk of
22 uncollectibles.

23 The Commission has recognized the
24 difference between the services that unregulated

1 competitive suppliers provide and those that are supplied
2 by the regulated utilities in this state, you know, and as
3 part of the Commission's rules. The Commission's rules
4 prohibit regulated electric utilities from terminating
5 service to customers on the basis that they failed to pay
6 a competitive supplier's bill. So, there's a difference
7 between the cost of service, regulated distribution
8 entities and the competitive suppliers.

9 PSNH is somewhat unique amongst the
10 utilities that are here today, because we've already had
11 the opportunity to be heard on these issues in Docket
12 10-160. We've already filed testimony. We've already
13 briefed some of these issues.

14 In addition, the issues in the other
15 docket, 10 -- 12-093, as I stated earlier, we've already
16 filed a Motion to Dismiss on, based upon a failure to
17 comply with the Commission's rules and single-issue
18 ratemaking.

19 If the Commission changed its policy in
20 some of these underlying issues, whether it's done in the
21 context of a particular docket involving PSNH and its
22 tariffed rates, or in a generic docket, we'll also have to
23 consider "how does that impact the revenue requirement
24 that this Commission has set that are part of a rate case

1 settlement?"

2 You know, should the matters be dealt
3 with generically, but will implementation have to await a
4 distribution rate case so as not to upset the revenue
5 requirements and the give-and-take that exists in at least
6 PSNH's existing delivery service rate settlement?

7 We're interested in working with the
8 parties here today and hearing what the other parties have
9 to say. And, obviously, we're -- you know, we will do
10 whatever the Commission deems to be the appropriate course
11 of action.

12 CHAIRMAN IGNATIUS: Thank you.
13 Ms. Miranda?

14 MS. MIRANDA: Thank you. The Retail
15 Energy Supply Association was an active participant in
16 Docket 10-160, which led to this proceeding. It did file
17 testimony that lays out its positions generally with
18 respect to purchase of receivables, customer referral
19 programs, and electronic data interchange.

20 I will just, in response to Attorney
21 Bersak's comments, indicate that he keeps talking about
22 "risks" and "shifting of risks", from the retail suppliers
23 over to the ratepayers or to the electric distribution
24 companies. And, in particular, talks about purchase of

1 receivables. I guess, first, I'll start with, I haven't
2 heard any reasons why electronic data exchange rules that
3 would allow for further access to customer data shifts
4 risk. I haven't heard anything about why a customer
5 referral program shifts risk. Of course, I just brought
6 up supplier consolidated billings, so he hasn't had time
7 to think about whether or not that shifts risk.

8 But, with respect to the purchase of
9 receivables program, typically, utilities who do not want
10 a purchase of receivables program implemented argue that
11 there will be a ton of risks to customers. And that, as a
12 result, their rates will go up, and the customers will
13 bear the risk of supplier uncollectibles.

14 However, residential and small
15 commercial customers aren't switching at a very
16 significant rate to competitive suppliers right now. So,
17 that risk is already with the customer base. And, most of
18 the time suppliers are offering prices that are lower than
19 what the distribution companies would offer. Therefore,
20 the amount of the uncollectible actually goes down. In
21 addition, the suppliers pay a percentage to have those
22 receivables purchased. So, those risks that are raised
23 are not accurate, to indicate that the ratepayer costs
24 would actually go up as a result of implementing purchase

1 of receivables or that there would be a unfair shifting of
2 risks from suppliers over to the rate base -- or, the
3 ratepayers. Thank you.

4 CHAIRMAN IGNATIUS: Thank you. Mr.
5 Camerino.

6 MR. CAMERINO: Thank you. As the
7 Commission and many of the parties are aware, late
8 yesterday the Commission issued an order --

9 (Court reporter interruption.)

10 MR. CAMERINO: As the Commission and
11 many of the parties are aware, the Commission yesterday
12 issued an order approving the transfer of ownership of
13 Granite State Electric and EnergyNorth. And, in light of
14 that, and the fact that that transfer is likely to occur
15 shortly after the 30-day rehearing period expires, I think
16 that we would like to first hear the proposals of the
17 other parties and get a sense of the scope of the
18 proceeding. And, so, at this point, neither Granite State
19 nor EnergyNorth takes a position. Thank you.

20 CHAIRMAN IGNATIUS: Thank you. Mr.
21 Patch.

22 MR. PATCH: TransCanada was also a full
23 intervenor in the DE 10-160 docket. And, in that docket,
24 as the Commission noted in the order that it issued on

1 July of 2011, TransCanada had said that it would be a good
2 idea for the Commission to "explore the use of a POR
3 program, customer referral, and electronic interface as
4 suggested by Constellation, to spur the development of a
5 market for small customers". So, I think that sort of
6 summarizes the position that TransCanada has in this
7 docket.

8 The other thing that I would point out
9 that was brought up in that docket is, PSNH affiliates, at
10 least in Connecticut, already have a POR program in
11 effect. And, in Connecticut, I believe the percentage of
12 residential customers that participate in the market is
13 very high, somewhere in the range of 40 percent. And, so,
14 that was an issue that was raised in the migration docket
15 that I think is an important one for the Commission to
16 keep in mind.

17 It is also my understanding that there
18 is at least a docket open in Massachusetts that has been
19 going on for some time that TransCanada has participated
20 in that raises a number of similar issues. And, I think
21 Massachusetts is on a track ahead of New Hampshire to
22 implement a POR program, obviously, with another PSNH
23 affiliate, Western Mass. Electric Company, involved in
24 that. So, I just think those are important.

1 So, generally, you know, TransCanada
2 thinks it's a good idea that these programs be pursued,
3 and that the market for small customers be developed, so
4 they can take advantage of the competitive market.

5 CHAIRMAN IGNATIUS: Thank you.

6 Mr. Epler?

7 MR. EPLER: Yes. Thank you, Chairman
8 Ignatius. Several points. As Mr. Patch, Attorney Patch
9 just indicated, there is a docket open in Massachusetts at
10 this time, and Unitil and Northern's sister affiliate,
11 Fitchburg Gas & Electric Company is a participant in that.
12 And, there are very many similar issues, so certainly
13 there may be some things that can be learned from
14 exploring the -- what's developed in those dockets,
15 including in some of the Commission orders out of
16 Massachusetts.

17 A couple of things. As the Staff
18 attorney indicated, on the gas side, Northern does not
19 currently bill on behalf of its suppliers. And, as
20 indicated, residential gas customers do not have retail
21 choice. And, Northern and its retail gas suppliers are
22 not set up to conduct EDI, electronic data interchange
23 transactions. So, it's not clear whether extension of
24 these programs on the gas side would be beneficial at this

1 point without a number of further developments on the gas
2 side.

3 On the electric side, just trying to
4 raise these issues without really taking any position, I
5 think determining really what the costs and the risks are
6 of the various proposals, or, in fact, whether or not
7 there are costs or risks, I think will be really
8 essential. And, then, certainly ensuring that the
9 appropriate parties bear those costs under --

10 (Court reporter interruption.)

11 MR. EPLER: Whether -- ensuring that the
12 appropriate parties bear those costs would be an essential
13 element of this docket.

14 There is a particular unique situation
15 with respect to both Unitil and in Northern that we'd like
16 to bring to the Commission's attention. Currently, our
17 Customer Information System is kind of at the end of its
18 useful life, particularly in terms of all the more recent
19 technological challenges and new programs it's been asked
20 to perform or accommodate. And, so, the Company has made
21 a decision, on behalf of all its utility affiliates, to
22 replace its CIS system. And, we have begun that process.
23 We actually issued an RFP this past Friday to accomplish
24 that.

1 And, so, what this means practically is
2 that, while we certainly want to be engaged in developing
3 these issues, in terms of practical implication, it would
4 be very difficult for the Company to implement any of
5 these changes for a certain time horizon while it's in the
6 process of changing its CIS system. Our intention is to
7 have a CIS system in place that can accommodate these
8 types of changes. Again, you know, we would want to
9 explore if there are any additional costs, once that's in
10 place and so on. But that is our intent and that is part
11 of the RFP that we issued.

12 And, just to give a time frame, our IT
13 Department informs us that it's probably a two-year
14 process from start to finish in terms of replacing the CIS
15 system. So, we are -- and, we are at the very beginning
16 of that process. And, we'd be happy to explore what we're
17 doing in more detail with the parties in subsequent
18 technical sessions and respond to any other data requests
19 on that issue. Thank you.

20 CHAIRMAN IGNATIUS: Thank you. Ms.
21 Hollenberg.

22 MS. HOLLENBERG: Thank you. The Office
23 of Consumer Advocate does not have a position on the
24 issues in this case or in the other case, to the extent

1 that the Commission would consolidate that case with this
2 one. Thank you.

3 CHAIRMAN IGNATIUS: All right. Ms.
4 Amidon, anything further than your prior comments?

5 MS. AMIDON: No.

6 CHAIRMAN IGNATIUS: All right. Unless
7 there's anything further then?

8 (No verbal response)

9 CHAIRMAN IGNATIUS: I think this time
10 it's for real, that we have done the things that we needed
11 to do this morning. Now, it falls to you to work out, see
12 if there is any ability to propose greater clarity on
13 scope, any appropriate expansions that you think should be
14 made to the docket. And, when we receive anything that we
15 do receive, in terms of schedule or scope recommendations,
16 we'll consider all of that, as well as the possible
17 consolidation with the PNE docket. And, we will hold all
18 of that under advisement until we receive a response from
19 the parties and the Staff. So, thank you. We stand
20 adjourned.

21 (Whereupon the prehearing conference
22 ended at 10:57 a.m., and a technical
23 session was held thereafter.)

24