

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

November 27, 2012 - 10:05 a.m.  
Concord, New Hampshire

 **ORIGINAL**

**RE:** DE 12-320 Public Service Company of New  
Hampshire - Petition for Recovery of  
Pre-staging Costs through the Major  
Storm Cost Reserve

**PRESIDING HEARINGS EXAMINER:**

Alexander F. Speidel, Esq.

Sandy Deno - Clerk

**APPEARANCES:**

**Reptg. Public Service Company of N.H.:**  
Matthew J. Fossum, Esq.

**Reptg. PUC Staff:**  
Suzanne G. Amidon, Esq.  
Steven E. Mullen, Asst. Dir. Elec. Div.

**COURT REPORTER: SUSAN J. ROBIDAS, N.H. LCR NO. 44**

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

HEARINGS EXAMINER SPEIDEL: Good morning, folks. My name's Alexander Speidel. You may refer to me as Attorney Speidel. I'm the Hearings Examiner for this docket. I would like to open the hearing in Docket No. DE 12-320, the prehearing conference pursuant to the terms of an order of notice published on November the 13th of 2012. This prehearing conference is regarding a Petition for Modification of the Major Storm Cost Reserve Program for Public Service Company of New Hampshire.

I'd like to take appearances first, please.

MR. FOSSUM: Good morning. Matthew Fossum, on behalf of Public Service Company of New Hampshire.

MS. AMIDON: Suzanne Amidon for Commission Staff. And with me today is Steve Mullen, the Assistant Director of the Electric Division.

HEARINGS EXAMINER SPEIDEL: Do we

1 have any intervenors in the hearing room?  
2 Because we have not received any petitions to  
3 intervene as of this date.

4 (No verbal response)

5 HEARINGS EXAMINER SPEIDEL: None  
6 heard.

7 And also, Ms. Amidon, could  
8 you confirm that the Office of the Consumer  
9 Advocate has not filed a letter of  
10 participation?

11 MS. AMIDON: That is correct. I  
12 looked at the docket book, and there is no  
13 letter indicating that they plan to  
14 participate in this docket.

15 HEARINGS EXAMINER SPEIDEL: Very  
16 good. Now, I understand that there will be a  
17 technical session following this prehearing  
18 conference and that the primary order of  
19 business will likely be the establishment of  
20 a procedural schedule. Is that correct?

21 MS. AMIDON: Yes, that's correct.  
22 We do plan some discovery, but we are hopeful  
23 that perhaps we can develop a schedule which  
24 will resolve the issue through an order NISI

1           that needs to be explored a little bit  
2           further with the parties before we determine  
3           whether that's appropriate.

4                       HEARINGS EXAMINER SPEIDEL: Thank  
5           you. Now, I would surmise that there might  
6           be a desire to have some opening statements  
7           by the parties. If not, that's all right.  
8           But I'd like to invite parties to make  
9           opening statements if they find it advisable.

10                      MR. FOSSUM: Yes. Thank you. We  
11           do have a brief opening statement.

12                      As noted in PSNH's filing,  
13           currently the costs for storm restoration  
14           activities in instances where major storms  
15           are expected but do materialize are absorbed  
16           by the Company. Because those costs will be  
17           absorbed, there's substantial pre-staging of  
18           crews and equipment that present a material  
19           economic risk to the Company and its  
20           shareholders until it's clear that the storm  
21           will, in fact, become a major storm. What  
22           PSNH is seeking to do by its filing is to  
23           reform the manner in which the costs related  
24           to pre-staging are recovered to remove the

1       disincentive caused by that risk. If PSNH is  
2       able to recover the costs to pre-stage these  
3       crews when certain meteorological criteria  
4       are met, the disincentive to pre-stage crews  
5       and equipment prior to the storm's damage  
6       would be eliminated and allow the Company to  
7       improve its ability to provide for effective  
8       and efficient storm response.

9               I note the Commission has  
10       previously found a very similar mechanism to  
11       be in the public interest when it was  
12       approved for another utility in New  
13       Hampshire.

14              Also, I'd like to note that  
15       last week, the Commission issued its report  
16       detailing the response of the state's  
17       utilities to the October 2011 snowstorm. The  
18       report noted that earlier requests for mutual  
19       assistance are critical to having additional  
20       resources arrive as quickly as possible and  
21       in sufficient quantities. The report also  
22       specifically recommended as a corrective  
23       action that PSNH alter pre-staging activities  
24       to place it in a better position to begin its

1 storm response. That is exactly what PSNH is  
2 doing with this filing.

3 The report also noted that the  
4 Commission was not aware of any instance in  
5 which a utility had been denied recovery of  
6 prudent costs of storm preparation, even if  
7 the storm does not develop as predicted.  
8 However, since only costs attributable to a  
9 storm that actually caused major damage to  
10 PSNH's system may be recovered through the  
11 Major Storm Cost Reserve, any storm costs  
12 that could not ultimately be attributed to a  
13 major storm would be absorbed, unless and  
14 until the Company is afforded an opportunity  
15 to recover them. To this date, there's not  
16 been a situation where the Commission has had  
17 to approve pre-staging costs for New  
18 Hampshire. So, under the current  
19 cost-recovery methodology, pre-staging for a  
20 storm that, for whatever reason, does not  
21 become a major storm has the potential to  
22 create significant costs, but those costs  
23 would need to be absorbed by the Company.  
24 And it is this risk of non-recoverable costs

1           that PSNH now seeks to remove.

2           I also want to note, in line with the  
3           comment made by Attorney Amidon, that PSNH  
4           believes that time is of the essence for this  
5           proceeding and that an order NISI may be  
6           appropriate. Because last week's Commission  
7           storm report mandates that PSNH improve its  
8           emergency resource planning procedures to  
9           ensure that outside resources are obtained in  
10          a timelier manner, because there are, as has  
11          been noted, no intervenors in this  
12          proceeding, because Governor's storm  
13          after-action meeting urged that all utilities  
14          have the same regulatory treatment regarding  
15          the ability to pre-stage crews, PSNH would  
16          request that an order NISI process be used in  
17          this case. There's not a need for extensive  
18          discovery, for additional testimony, or for  
19          hearings, and an order NISI would avoid all  
20          of those time-consuming activities.

21          In sum, PSNH has requested the  
22          opportunity to do exactly what it is that the  
23          Commission has indicated in its report from  
24          just one week ago that PSNH should do, and

1 PSNH believes the Commission should approve  
2 its request to recover pre-staging costs as  
3 described in this filing. Thank you.

4 HEARINGS EXAMINER SPEIDEL: Thank  
5 you.

6 Ms. Amidon, do you have any  
7 statement you'd like to make?

8 MS. AMIDON: Staff is reviewing the  
9 filing, and we do plan to conduct some  
10 discovery. And as I indicated, we hope that  
11 we can resolve this through an order NISI,  
12 which will give people an opportunity to  
13 request a hearing if they so desire, but  
14 which would, as Attorney Fossum explained,  
15 obviate the need for much of a lengthy  
16 procedural schedule. And Staff will meet  
17 with the Company following this prehearing  
18 conference, and we will plan to file a  
19 technical session report with the Commission  
20 with any proposals or recommendations on the  
21 process at that point. We will develop a  
22 recommendation following Staff's review of  
23 all pertinent data.

24 HEARINGS EXAMINER SPEIDEL: Very



1 good. Would you have any sense as to when  
2 that Staff report would be prepared and  
3 filed?

4 MS. AMIDON: As is my practice, I  
5 generally try to file a report with the  
6 Commission within 24 hours of the prehearing  
7 conference.

8 HEARINGS EXAMINER SPEIDEL: That's  
9 good to know, because if the Company and  
10 Staff can come to an agreement on the  
11 advisability of an order NISI, I could, as  
12 part of my hearings examiner report, include  
13 a recommendation for same, for the  
14 advisability of that course of action. So I  
15 would be able to respond after the Staff  
16 report is filed in that instance.

17 MS. AMIDON: Then I'll make sure  
18 you are on the service list for this  
19 proceeding.

20 HEARINGS EXAMINER SPEIDEL: Thank  
21 you.

22 In that case, there is one more thing,  
23 in terms of ministerial matters. I'd like to  
24 have on the record that the Company did file,

1       on November the 20th, as required, an  
2       affidavit of publication regarding the legal  
3       notice for this order of notice. It was  
4       published in The Union Leader on November the  
5       15th of 2012.


6               And that would conclude the substantive  
7       matters for this prehearing conference. If  
8       we have no other matters to attend to, I  
9       would like to adjourn this hearing. Thank  
10      you.

11               (Whereupon the prehearing conference  
12      was concluded at 10:12 a.m.)

**C E R T I F I C A T E**

I, Susan J. Robidas, a Licensed  
Shorthand Court Reporter and Notary Public  
of the State of New Hampshire, do hereby  
certify that the foregoing is a true and  
accurate transcript of my stenographic  
notes of these proceedings taken at the  
place and on the date hereinbefore set  
forth, to the best of my skill and ability  
under the conditions present at the time.

I further certify that I am neither  
attorney or counsel for, nor related to or  
employed by any of the parties to the  
action; and further, that I am not a  
relative or employee of any attorney or  
counsel employed in this case, nor am I  
financially interested in this action.



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Susan J. Robidas, LCR/RPR  
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Registered Professional Reporter  
N.H. LCR No. 44 (RSA 310-A:173)