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ISSUE RE: PROCEDURAL SCHEDULE 11

1 Nixon and Scott Balise.

2 PRESIDING OFFICER WIND: Okay. Good
3 afternoon. Welcome. In the back, are you --

4 MS. LYNCH: I'm just observing. I'm an
5 attorney with the Department of Energy. I can
6 sit over there, or wherever you want me to sit.

7 PRESIDING OFFICER WIND: You're welcome
8 to stay there. I just wanted to make sure I
9 wasn't missing any appearances.

10 So, as the first order of business, no
11 requests for intervention in this matter were
12 received.

13 So, I'll start by asking if there are
14 any preliminary matters either party wants to
15 raise?

16 MR. PATCH: Not really. I mean, just
17 to note for the record, and you'll probably ask
18 this question anyway, but to anticipate it.

19 We have talked about a schedule that
20 DOE proposed. And I think we're in agreement
21 about what that schedule is that we would
22 recommend to the Commission.

23 PRESIDING OFFICER WIND: Okay. Great.
24 Thank you. Let's take that up at the end. We'll

1 do preliminary positions first. Depending on
2 those, I may have a few questions, but then we
3 can jump into the procedural schedule.

4 So, let's start with preliminary
5 positions. Attorney Patch.

6 MR. PATCH: Sure. I think ours is
7 pretty straightforward. It's laid out in the
8 testimony that Mr. Clark filed on March 20th, and
9 it describes the POR Program that the Co-op is
10 proposing in this particular case.

11 And it, we believe, is consistent with
12 the statute. And it may be a little different
13 than what you've seen from some of the other
14 utilities. But I think there's good reason for
15 that that is explained in that testimony.

16 We're looking for an implementation
17 date that I believe what we said was would be
18 "thirteen months following the approval of the
19 Program", that was on Page 3 of Line 6 of Mr.
20 Clark's testimony. And then, there's an
21 Administrative Cost Percentage being proposed of
22 "5.326 percent". I'm just kind of giving you the
23 highlights. And the costs specific to the
24 implementation of the Program would be amortized

1 over a five-year period.

2 So, again, we think this is a
3 reasonable proposal. It reflects the costs. And
4 the fact that the Co-op doesn't -- hasn't done a
5 POR Program before, and doesn't really have
6 access to other co-ops that have done POR
7 Programs. And, so, --

8 Anyway, so, our preliminary position is
9 that the Commission should approve what we have
10 submitted. Obviously, we'll be in discussions
11 with DOE. And, if any other intervenors show up
12 late, and the Commission grants that, certainly,
13 we would be in discussions with them as well.

14 Thank you.

15 PRESIDING OFFICER WIND: Great. Thank
16 you, Department of Energy.

17 MS. LADWIG: The DOE has no position at
18 this time. But we look forward to working with
19 NHEC in this matter.

20 PRESIDING OFFICER WIND: Okay. Thank
21 you.

22 And I will turn to a few questions.
23 Turning first to the Order of Notice and the
24 standard of review.

1 The Order of Notice has a pretty simple
2 "Issues Presented" clause, which states "whether
3 the proposed POR Program is consistent with the
4 requirements of RSA 53-E and Puc Chapter 2200."
5 In the spirit of just honing in a little bit more
6 specifically, would the parties agree that the
7 real controlling standard of review here is RSA
8 53-E:9, II's -- it's a long paragraph, but the
9 standards in that paragraph there?

10 And then, kind of as a second question,
11 that the 2200 rules don't really add anything, as
12 far as standards to make more clear or elaborate
13 on the standard of review here?

14 As far as I read the 2200s, they only
15 added the filing date.

16 MR. PATCH: Yes. I would agree with
17 that.

18 MS. LADWIG: I think that makes sense
19 as well.

20 PRESIDING OFFICER WIND: Okay. Thank
21 you.

22 Again, as a clarifying question, I want
23 to look at the Discount Percentage Rate inputs
24 very briefly. So, turning to the schedule, at

1 lines -- the schedule that accompanies Mr.
2 Clark's prefiled testimony. As Attorney Patch
3 went over, this really has, as far as I'm reading
4 it, two inputs, the Uncollectible Percentage and
5 the Administrative Cost Percentage.

6 Looking specifically at the
7 Administrative Cost Percentage, there's no
8 ongoing administrative costs estimated. That
9 figure is only made up of the purchase of
10 receivables implementation costs.

11 I'm seeing Mr. Clark nod his head. So,
12 I'm understanding that correctly.

13 So, I want to turn to the prefiled
14 testimony, at Page 3, Lines 8 through 12. And,
15 if this is too "in the weeds" or something that
16 the DOE anticipates looking into, I -- but, when
17 I read this, it's not entirely clear whether this
18 change from COBOL coding to a different language
19 is caused by the POR Program or it needs to
20 happen anyways. Is there anything that the
21 Company can say to clarify that for me?

22 MR. CLARK: Okay. So, we have -- NHEC
23 has EDI currently programmed in COBOL. It is no
24 longer going to be supported by our software

1 vendor. And, if we want to make any further
2 changes to it, the software vendor has indicated
3 that it needs to be converted to Java.

4 They have communicated to us that, if
5 we made no changes, in theory, the COBOL would
6 run smoothly. But it, at some point, needs to be
7 upgraded. We do not have any budgeted allocation
8 to upgrade it, because there is no other event
9 that would cause us to upgrade at this time.

10 PRESIDING OFFICER WIND: Thank you.
11 That's very helpful.

12 So, for the Department of Energy, I
13 guess what I was really getting at is, does the
14 Department, since NHEC is not rate-regulated,
15 does the Department anticipate any issues getting
16 into whether or not these costs meet the
17 standards of the statute that we're looking at,
18 the 53-E:9, II standards?

19 And you can take your time to think
20 about that. I don't mean to put you on the spot,
21 but I just at least wanted to ask the question.

22 MS. LADWIG: That's fine. And, I'm
23 sorry, would you mind repeating the question?

24 PRESIDING OFFICER WIND: Gladly. So,

1 in examining the costs associated with the NHEC's
2 POR Program proposal, because New Hampshire
3 Electric Cooperative is not rate-regulated, and
4 the Commission's files, and likely the DOE's
5 files, don't have much depth on their previous
6 costs, does the DOE anticipate any problems
7 coming to a conclusion that the standard of
8 review can be responded to?

9 That the standard of review can be met?

10 MS. NIXON: I think we'll be looking at
11 that. But my initial response is, because they
12 aren't rate-regulated by us, that we probably
13 won't be diving into that much, if at all. But
14 we can give you a more clearer answer on that as
15 we progress.

16 PRESIDING OFFICER WIND: Great. Thank
17 you. I think that it was something that stood
18 out to me as just not being entirely clear. And
19 I hope that the record can be developed to answer
20 that question.

21 The other question that I have from
22 Mr. Clark's prefiled testimony, at Page 4, Lines
23 14 through 16, there are some comments on future
24 updates to the Purchase of Receivables Program

1 rate. I'm wondering if that can be clarified a
2 little as well, as far as does the Cooperative
3 anticipate not needing Commission approval of
4 rate updates?

5 MR. PATCH: I think -- sorry. I think
6 that that was our initial impression, was that
7 would be the case. Since, as you've already
8 indicated, the Co-op is not rate-regulated by the
9 Commission. And, for that reason, we didn't
10 believe that we would necessarily have to come
11 back and get the approval of the Commission.
12 Perhaps it would be just a notification
13 requirement, to file a letter indicating that
14 it's changed, or something like that.

15 But it was something that we had talked
16 about. And I think the testimony perhaps left
17 that a little bit vague, given that circumstance.

18 PRESIDING OFFICER WIND: Okay. Thank
19 you. I think that clarifies for me what the
20 Cooperative's intent is, and I appreciate the
21 answer.

22 So, at this point, let's turn to the
23 procedural schedule. I do have the Commission
24 calendar in front of me. If the proposed

1 procedural schedule is developed enough that, and
2 you believe that a hearing date is going to be
3 necessary, that we can go over that and take a
4 look.

5 So, Attorney Patch -- or, if the DOE
6 proposed it, I'm sorry. If the DOE proposed it,
7 you're welcome to address it first.

8 MS. LADWIG: That's fine. So, I think,
9 as of right now, we're only looking at a
10 potential settlement and a hearing on the
11 potential settlement.

12 If we aren't able to come to an
13 agreement, we can figure out asking for an
14 adjudicatory hearing. So, right now, the only
15 hearing date we would need would be -- we were
16 looking at Tuesday, October 17th.

17 PRESIDING OFFICER WIND: Okay. Give me
18 one moment to check the calendar.

19 *[Short pause.]*

20 PRESIDING OFFICER WIND: And that was
21 Tuesday, October 2nd?

22 MS. LADWIG: The 17th.

23 PRESIDING OFFICER WIND: The 17th.

24 Okay. I'm showing that vacant on the Commission

1 calendar. So, we can pencil that in, unless you
2 want to give me the full procedural schedule now,
3 and I can --

4 MS. LADWIG: I think we can just go
5 ahead and file it later today, if that works?

6 PRESIDING OFFICER WIND: Of course.
7 Yes, that's fine with me.

8 All right. So, in conclusion, I will
9 write a report, including my recommendations,
10 following this prehearing conference. The only
11 deadline established today, therefore, is the
12 filing of the proposed procedural schedule, which
13 I'll anticipate coming in today. So, I won't
14 even be able to get a prehearing order out in
15 time to set that as a deadline. So, I'll just
16 wait to see that, and I'll issue my report
17 following this prehearing conference.

18 So, with that, I thank everyone very
19 much for your time here today. I wish you a
20 productive technical session. And we'll go off
21 the record.

22 ***(Whereupon the prehearing conference***
23 ***was adjourned at 1:15 p.m., and a***
24 ***technical session was held thereafter.)***