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STATE OF NEW HAMPSHIRE

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PUBLIC UTILITIES COMMISSION

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August 12, 2009 - 10:14 a.m.
Concord, New Hampshire

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RE: DE 09-035

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PUBLIC SERVICE OF NEW HAMPSHIRE:

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Notice of Intent to File Rate Schedules.
(Prehearing conference)

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PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below

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Sandy Deno, Clerk

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

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Reptg. Conservation Law Foundation:
Kristine E. Kraushaar, Esq.

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Reptg. the Business & Industry Assn.:
Michael Licata

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Reptg. the Retail Merchants Assn. of N.H.:
James Monahan (Dupont Group)

22

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

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

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Reptg. Residential Ratepayers:

Meredith Hatfield, Esq., Consumer Advocate

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Kenneth E. Traum, Asst. Consumer Advocate

Stephen Eckberg

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Office of Consumer Advocate

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Reptg. PUC Staff:

Edward N. Damon, Esq.

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Matthew Fossum, Esq.

Steven E. Mullen, Asst. Director - Electric

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STATEMENTS OF PRELIMINARY POSITION BY:

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Mr. Eaton

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Ms. Kraushaar

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Mr. Monahan

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Mr. Licata

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Ms. Hatfield

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Mr. Damon

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STATEMENTS REGARDING PSNH'S MOTION
TO LIMIT INTERVENTION OF CLF BY:

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Mr. Eaton

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Ms. Kraushaar

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Ms. Hatfield

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1 P R O C E E D I N G

2 CHAIRMAN GETZ: Okay. Good morning,
3 everyone. We'll open the prehearing conference in docket
4 DE 09-035. On June 30, 2009, Public Service Company of
5 New Hampshire filed proposed new tariff pages seeking an
6 increase in its distribution rates of \$51 million, or
7 4.2 percent overall annually. The Company seeks to have
8 its new rates become effective on August 1, 2009 to
9 reflect changes in costs and additions to its rate base
10 since its last distribution rate proceeding.

11 An order on temporary rates has already
12 been issued in this proceeding. And, we have most
13 recently filed petitions to intervene from the
14 Conservation Law Foundation, Business & Industry
15 Association, and the Retail Merchants Association. And,
16 I'll note for the record that the Company has filed the
17 affidavit of publication. And, we also have filed a
18 motion from PSNH to limit the intervention of the
19 Conservation Law Foundation.

20 Can we take appearances at this time
21 please.

22 MS. EATON: For Public Service Company
23 of New Hampshire, my name is Gerald M. Eaton. Good
24 morning.

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1 CMSR. BELOW: Good morning.

2 CHAIRMAN GETZ: Good morning.

3 MS. KRAUSHAAR: Good morning. Kristine
4 Kraushaar, for Conservation Law Foundation.

5 CHAIRMAN GETZ: Good morning.

6 CMSR. BELOW: Good morning.

7 MR. MONAHAN: Jim Monahan, from the
8 Dupont Group, for the Retail Merchants Association.

9 CMSR. BELOW: Good morning.

10 CHAIRMAN GETZ: Good morning.

11 MR. LICATA: Michael Licata, with the
12 BIA.

13 CHAIRMAN GETZ: Good morning.

14 CMSR. BELOW: Good morning.

15 MS. HATFIELD: Good morning,
16 Commissioners. Meredith Hatfield, for the Office of
17 Consumer Advocate, on behalf of residential ratepayers.
18 And, with me are Ken Traum and Steve Eckberg.

19 CHAIRMAN GETZ: Good morning.

20 CMSR. BELOW: Good morning.

21 MR. DAMON: Good morning, Commissioners.
22 Edward N. Damon, for the Staff. And, with me this morning
23 are Matthew Fossum, co-counsel, and Steven Mullen.

24 CMSR. BELOW: Good morning.

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1 CHAIRMAN GETZ: Good morning. Let's
2 address the Petitions to Intervene first. Are there any
3 objections to the Petitions to Intervene?

4 (No verbal response)

5 CHAIRMAN GETZ: Okay. Hearing no
6 objections, and recognizing that the parties have
7 demonstrated rights, duties, privileges or other interests
8 that may be affected by this proceeding, I'll grant the
9 Petitions to Intervene from CLF, Retail Merchants, and the
10 Business & Industry Association.

11 Let's just go around first and hear the
12 statements of the positions of the parties. And, then, I
13 want to get a little bit on the record about the Motion to
14 Limit Intervention after that, and we'll give
15 Ms. Kraushaar an opportunity to respond, or if anybody
16 else wants to weigh in, we'll do that at that time. But
17 let's hear the general statements of position first.

18 MS. EATON: Thank you, Mr. Chairman.
19 Public Service Company has in front of the Commission a
20 reasonable request to adjust its distribution rates. We
21 have filed test year data, the standard filing
22 requirements. We have proposed some proforma adjustments
23 to the test year, and a cost of common equity testimony as
24 well. There is some rate design changes that Mr. Hall has

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1 supported. And, also, we're looking for a discussion in
2 this proceeding about attrition, and how we can have a
3 mechanism to adjust rates periodically so -- without a
4 full-blown rate case, so that PSNH may have an opportunity
5 to earn its allowed rate of return.

6 We're looking forward to discovery and
7 discussions with the parties on these issues and any other
8 issues that come up. And, we thank you for the
9 opportunity to begin the case.

10 CHAIRMAN GETZ: All right. Thank you.
11 Ms. Kraushaar. Is that the correct pronunciation?

12 MS. KRAUSHAAR: It is.

13 CHAIRMAN GETZ: Okay.

14 MS. KRAUSHAAR: CLF's interest in the
15 case is in the relevant environmental issues that are
16 properly included in the distribution rate case. And,
17 we're envisioning a pretty targeted approach, where we're
18 focussing largely on the distribution rates and the rate
19 structures as they relate to these environmental issues,
20 in particular, energy efficiency.

21 CHAIRMAN GETZ: Thank you.

22 MS. KRAUSHAAR: Thank you.

23 CHAIRMAN GETZ: Mr. Monahan.

24 MR. MONAHAN: The Retail Merchants

1 Association is a membership organization -- is a
2 membership organization made up of both large and small
3 businesses. It is primarily commercial customers. And,
4 many of whom are customers of Public Service Company of
5 New Hampshire.

6 Our request for intervention in the
7 proceeding is for full party status, although we would
8 anticipate that that would ultimately be limited, after
9 we've had the opportunity to go through the testimony and,
10 in particular, review the cost of service study. We're
11 also intrigued with what the Company is proposing with
12 regard to their attrition plan.

13 CHAIRMAN GETZ: Thank you. Mr. Licata.

14 MR. LICATA: Thank you so much. The
15 Business & Industry Association of New Hampshire is also a
16 membership-based organization. We have over 400 members
17 statewide. Our membership is made up of both large and
18 small businesses. The majority of which are Public
19 Service customers.

20 Our interest in this rate case stems
21 from the impact that changes in the distribution costs
22 would have on our membership, many of whom are on Default
23 Service with Public Service and also pay the distribution
24 charges to Public Service, and also access the competitive

1 markets.

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

4 MS. HATFIELD: Thank you, Mr. Chairman.
5 The OCA takes no position at this time, and looks forward
6 to working with all of the parties and with Staff to fully
7 review PSNH's filing. Especially with respect to some of
8 the things that Mr. Eaton highlighted, including the
9 Company's desire to explore possible ways to help the
10 Company deal with attrition, and also as a follow-up to
11 Commission's energy efficiency rate mechanism known as
12 "decoupling". We're also interested in exploring the
13 Company's rate design. Thank you.

14 CHAIRMAN GETZ: Thank you. And,
15 Mr. Damon.

16 MR. DAMON: Thank you. Obviously, a
17 filing of this nature presents a great number of issues,
18 including revenue requirements issues and rate design
19 issues as well. The Staff will, as it always does,
20 carefully investigate these issues and fully participate
21 in the docket.

22 Some of the issues of importance I've
23 just mentioned, and they have been mentioned by other
24 people as well, including attrition, whether it exists,

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1 how it's measured, what remedies are available if it is a
2 problem; the Reliability Enhancement Program modifications
3 that have been proposed by Public Service; the rate of
4 return on common equity that's been proposed by the
5 Company; and the particulars of the rate design proposal
6 that the Company has made.

7 CHAIRMAN GETZ: Thank you. All right.
8 Let's turn to PSNH's Motion to Limit Intervention of CLF.
9 Can you just briefly summarize the Company's position, Mr.
10 Eaton?

11 MS. EATON: Yes. Under RSA 541-A:32,
12 III, (a), the Commission can limit the intervention of
13 parties to the issues that are addressed in their Petition
14 for Intervention. And, given what CLF put into their
15 petition, we think it's proper for them to participate in
16 the rate design issues and proper for them to bring
17 forward any issues that are relevant to a distribution
18 rate case that have to do with environmental matters. But
19 I don't think that whether PSNH earns or is allowed
20 9.67 percent cost of equity or 10.5 percent cost of equity
21 really has an environmental impact, and that would have to
22 be for Conservation Law Foundation to raise this.

23 But I think, from the beginning, if the
24 intervention is restricted to those issues that CLF put in

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1 its petition, that it would be proper for the Commission
2 to limit the intervention along those lines.

3 CHAIRMAN GETZ: Ms. Kraushaar.

4 MS. KRAUSHAAR: Yes. Thank you. I
5 think I should start with saying I don't think CLF's
6 position is that far off from PSNH's, which is a good
7 place to start. As I mentioned, we really are intending
8 at this point to be engaged on relevant environmental
9 issues that are properly within a distribution rate case,
10 and really for purposes that are entirely consistent with
11 PSNH's motion. We understand it's not a CORE energy
12 efficiency program docket or a least cost planning docket
13 or Default/Energy Service docket or, you know, the
14 scrubber docket, for that matter. And, we really are
15 envisioning here a pretty targeted approach, focusing what
16 we see now on the distribution rates and the rate design
17 as they relate to energy efficiency/environmental issues.
18 And, that said, it is difficult in any rate case to
19 predict entirely what will come before this Commission and
20 what other parties will raise. And, to the extent that
21 issues are raised that are properly part of this docket,
22 and they impact the interests of our members and our
23 mission statement, we would respectfully reserve the right
24 to represent our members, again, in a matter that was

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1 properly under the distribution docket.

2 CHAIRMAN GETZ: Thank you. Anyone else
3 would like to -- Ms. Hatfield.

4 MS. HATFIELD: Thank you, Mr. Chairman.
5 I support CLF's full intervention. And, I think that
6 another element that could come into play is that, in a
7 possible settlement discussion, there could be issues, if
8 PSNH's desire to have their intervention be limited, where
9 CLF might not be allowed to participate, and it might make
10 it difficult for them to be a part, a constructive part of
11 the give-and-take of a settlement process, where ROE, in a
12 rate design discussion, actually may be quite relevant. I
13 think PSNH might properly be able to limit who gets access
14 to things like confidential information, and that would
15 limit the scope of some parties' participation.

16 But I think, in order for a party to be
17 really fully engaged in a rate case, it's appropriate to
18 allow full intervention. And, an example I can think of
19 is Alan Linder often represents a low income customer in
20 these types of cases for New Hampshire Legal Assistance,
21 and he also does a very targeted kind of approach, but he
22 is allowed to be at the table for all of the discussions,
23 so that, if there is a comprehensive settlement, he can
24 really be a part of all of the discussions. So, I would

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1 see all of these parties actually being able to
2 participate in that way as being helpful to the resolution
3 of the case.

4 CHAIRMAN GETZ: Thank you. Anyone else?

5 CMSR. BELOW: Yes, I have a couple of
6 questions for Mr. Eaton. You've suggested that electric
7 utility operation be excluded from CLF's area of
8 intervention, suggesting that it isn't related to a
9 distribution rate case. And, I guess I don't quite
10 understand. Couldn't utility operations, for instance,
11 have an effect on proforma adjustments to the income
12 statements?

13 MS. EATON: Yes, it could. And, of
14 course, --

15 CMSR. BELOW: Or, I should say "revenue
16 requirement".

17 MS. EATON: And, of course, PSNH is
18 requesting recovery of its handling of the December 2008,
19 which certainly relates to electric utility operations.
20 But I think this intervenor would need -- would need to
21 say how that relates to environmental issues, given the
22 limited scope of the petition that they filed. That other
23 parties could participate in discovery of those issues,
24 and we expect that they will. But it would have to be a

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1 question or an inquiry or testimony related to an
2 environmental issue that arises from electric utility
3 operations.

4 CMSR. BELOW: And, also, you assert in
5 your motion that conservation and load management programs
6 should be excluded from this proceeding. Isn't it
7 possible, under current law, for you to expend funds from
8 your distribution rate to engage in energy efficiency or
9 conservation and load management as part of a strategy to
10 avoid distribution system cost upgrades? Couldn't that be
11 plausibly within the scope of a distribution rate case?

12 MS. EATON: I believe so. However,
13 those type of proposals that may go beyond what's funded
14 by the System Benefits Charge and any other funds that we
15 receive from the Regional Greenhouse Gas Initiative I
16 think are more properly brought up in our CORE Programs
17 docket, where we're focusing on energy efficiency
18 programs. And, I think anyone is free to raise, in that
19 proceeding, other programs that could be operated.

20 CMSR. BELOW: But you acknowledge there
21 can be an interplay between distribution rates and, for
22 that matter, effective rate of return and the degree of
23 activity in conservation and load management programs?

24 MS. EATON: Yes.

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1 CMSR. BELOW: Okay.

2 CHAIRMAN GETZ: All right. Is there
3 anything else that we need to address this morning?

4 (No verbal response)

5 CHAIRMAN GETZ: Okay. Hearing nothing,
6 then we will close the prehearing conference, wait for
7 recommendations on a procedural schedule from the
8 technical session, and take the other matters under
9 advisement. Thank you.

10 (Whereupon the prehearing conference
11 ended at 10:29 a.m. and the Parties and
12 Staff held a technical session
13 thereafter.)

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