

## STATE OF NEW HAMPSHIRE

## PUBLIC UTILITIES COMMISSION

July 23, 2009 - 10:13 a.m.  
Concord, New Hampshire

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RE: DE 09-091  
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:  
Reconciliation of Energy Service and  
Stranded Costs. (Prehearing conference)

PRESENT: Chairman Thomas B. Getz, Presiding

Sandy Deno, Clerk

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

Reptg. Clean Power Development:  
William Gabler

Reptg. Residential Ratepayers:  
Meredith Hatfield, Esq., Consumer Advocate  
Kenneth E. Traum, Asst. Consumer Advocate  
Office of Consumer Advocate

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

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

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

CHAIRMAN GETZ: Okay. Good morning, everyone. I'm going to open the prehearing conference in docket DE 09-091. On May 1, 2009, Public Service Company of New Hampshire filed testimony and schedules in support of its proposed reconciliation of revenues and costs associated with its Energy Service Charge and Stranded Cost Recovery Charge for calendar year 2008. The filing covers the reconciliation between the revenues and expenses included in the SCRC and Energy Service Charges, the performance of PSNH's fossil and hydro generation facilities, and how PSNH met its energy and capacity requirements during the period. Order of notice was issued on July 6 setting the prehearing conference for this morning.

I'll note for the record that we have the affidavit of publication on file. That the Office of Consumer Advocate has filed notice of its participation. And, we have a Petition to Intervene by Clean Power Development, as well as an objection and a further response.

So, can we take appearances for the record please.

MR. EATON: For Public Service Company,

1 my name is Gerald M. Eaton. Good morning.

2 CHAIRMAN GETZ: Good morning.

3 MR. GABLER: For Clean Power  
4 Development, Bill Gabler.

5 CHAIRMAN GETZ: Good morning.

6 MS. HATFIELD: Good morning, Mr.  
7 Chairman. Meredith Hatfield, for the Office of Consumer  
8 Advocate, on behalf of residential ratepayers, and with me  
9 is Ken Traum from the Office.

10 CHAIRMAN GETZ: Good morning.

11 MS. AMIDON: Good morning, Mr. Chairman.  
12 Suzanne Amidon, for Commission Staff, and with me today is  
13 Steve Mullen, who is the Assistant Director of the  
14 Electric Division.

15 CHAIRMAN GETZ: Okay. Good morning.  
16 Well, let me address first the petition by Clean Power  
17 Development. Do the Consumer Advocate or Staff have a  
18 position on the Petition to Intervene and the objection?

19 MS. AMIDON: Staff does have an  
20 observation. Which is, given the nature of the complaint  
21 that's pending before the Commission and Clean Power  
22 Development's interest in intervening in this docket, we  
23 believe it would be more appropriate if they decided to  
24 intervene in the forward-looking docket, which would be

1 the 2010 Energy Service docket. PSNH will be filing that  
2 probably in the next six weeks. And, that's just our  
3 observation. We think that would be a better venue for  
4 their complaint.

5 CHAIRMAN GETZ: Ms. Hatfield, do you  
6 have something on this?

7 MS. HATFIELD: Thank you, Mr. Chairman.  
8 The OCA doesn't object to Clean Power Development's  
9 intervention. And, we do think, after reviewing the  
10 filing, that their interests in this docket are distinct  
11 from the other, the new docket where they have filed the  
12 request for the investigation with respect to entering  
13 into contracts with PSNH. We do think that -- we don't  
14 see any harm that their intervention would cause. And, it  
15 seems as though they do have an interest as a competitor  
16 in looking at PSNH's practices with respect to fuel supply  
17 and other issues. So, we don't see any harm with having  
18 them intervene.

19 CHAIRMAN GETZ: Let me just explore, I  
20 want to make sure, I think understand the distinction that  
21 you're making. Are you saying that the interest that they  
22 propose with respect to their separate complaint really  
23 doesn't relate to this particular proceeding, but they may  
24 have a interest related to this proceeding based on the

1 fact that they might be a competitor, once they get a  
2 project built?

3 MS. HATFIELD: Yes, we do see the two  
4 issues as distinct.

5 CHAIRMAN GETZ: Okay. Mr. Gabler, do  
6 you have anything in response to either Staff's  
7 observation or the Consumer Advocate's observation?

8 MR. GABLER: Obviously, we would concur  
9 with the words and the view of the Consumer Advocate that  
10 these are two distinct scenarios and two distinct  
11 operations. With regards to the Staff's perception that  
12 perhaps we'd want to be looking forward, while that does  
13 have some validity, it's equally important that we be  
14 looking at the existing paradigm. Because the practices,  
15 procedures, and policies established and followed in the  
16 2008 scenario play a very distinct role in our ability to  
17 build a project going forward. A more thorough  
18 understanding of the procurement practices for biomass,  
19 for example, and how PSNH procures power on the open  
20 market, and how they have done that in the past, has a  
21 direct impact on how we move forward with our projects in  
22 New Hampshire.

23 MS. AMIDON: I just wanted to correct  
24 for the record, I did say "complaint", but I meant

1 "intervention". In other words, just for the record, I  
2 think that the forward-looking docket is a better  
3 proceeding, a more meaningful proceeding for the  
4 intervention of Clean Power Development, based on its  
5 motion. Thank you.

6 CHAIRMAN GETZ: Okay. Mr. Eaton, do you  
7 have anything further on the Petition to Intervene?

8 MR. EATON: No. I'll rest on the formal  
9 written objection that we filed. That we feel this is a  
10 case that looks back at what we've done. And, even if --  
11 we couldn't have purchased any power from Clean Power  
12 Development from its Berlin or Winchester facilities last  
13 year anyway. So, it really is unnecessary and will not  
14 contribute to the orderly conduct of this proceeding.

15 CHAIRMAN GETZ: Okay. Is there -- I  
16 guess my immediate concern is the technical session  
17 following this and the agreement towards a procedural  
18 schedule. My inclination is to not rule at the moment,  
19 but to take the matter under advisement, because I think  
20 there are some issues here. And, even in Mr. Gabler's  
21 comments, they seem to be going in two different  
22 directions, recognizing that this proceeding is distinct,  
23 in terms of it's a retroactive look, versus what the  
24 arguments are in the separate petition that it's filed.

1 And, I think Staff does make a useful observation, that it  
2 sounds like it's more a forward-looking exercise. But I  
3 want to make sure that allowing Clean Power to participate  
4 in the tech session and looking at the procedural schedule  
5 is not going to interfere with having a procedural  
6 schedule timely filed, and then it can take the issue  
7 under advisement.

8 Is there any concern about that? Or,  
9 Mr. Gabler, I guess I just want to hear if there's any --  
10 do you have any particular interest about what the  
11 procedural schedule might be or what would be part of the  
12 technical session that might cause this to not move ahead  
13 in a timely way?

14 MR. GABLER: And, just to be clear,  
15 because I'm not sure I totally understood the question,  
16 but we would look to and would appreciate participating in  
17 those sessions, the initial sessions and discussions, just  
18 to track it, and while understanding that our status as an  
19 intervenor is yet to be fully determined. But we don't  
20 intend to cause any issues, other than to listen in and  
21 take note of what's going on.

22 CHAIRMAN GETZ: Okay. I guess, for  
23 those purposes then, for today I'll defer a ruling on the  
24 petition, and then wait for a filing of the report of the



1 technical session and a proposed procedural schedule and  
2 defer that ruling.

3 Okay. With that, then, Mr. Eaton,  
4 opportunity for statement of the Company's position.

5 MR. EATON: Yes. We filed our case and  
6 believe that we operated our plants in a prudent manner,  
7 purchased fuel and also purchased supplemental power in a  
8 prudent manner to supply our Energy Service requirements.  
9 And, we have look forward to answering further questions  
10 from the Staff and the OCA and presenting that to the  
11 Commission at a future point.

12 CHAIRMAN GETZ: Thank you. And,  
13 Mr. Gabler, I think you've laid forth your position in the  
14 Petition to Intervene and in your previous comments. But  
15 is there anything else that you would like to add about  
16 the statement of the CPD's position?

17 MR. GABLER: No. Merely to reaffirm  
18 that, while we are looking to build and to sell power, I  
19 think what has happened in the past lays the foundation  
20 and the groundwork upon which we must build. And, so, in  
21 that sense, it's important for us to be a participant and  
22 understanding and fully appraising how that has been done.

23 CHAIRMAN GETZ: Okay. Thank you.  
24 Ms. Hatfield.

1 MS. HATFIELD: Thank you, Mr. Chairman.  
2 The OCA is still reviewing PSNH's filing, and we look  
3 forward to working with the Company and the other parties  
4 to conduct discovery. I will just note a few areas that  
5 we are particularly interested in reviewing. Those  
6 include the outage, outages at Merrimack Station related  
7 to the turbine problems last year, the Company's coal  
8 inventory adjustments, PSNH's policies and resulting costs  
9 from supplemental purchases of power. And, we also note  
10 that we are awaiting the results of an audit and also  
11 Staff's consultant report on generating station  
12 performance. Thank you.

13 CHAIRMAN GETZ: Thank you. Ms. Amidon.

14 MS. AMIDON: Thank you. Staff has  
15 commenced discovery in this matter. And, obviously, we  
16 don't take a position on this docket until we complete our  
17 review. But we intend to proceed and develop a procedural  
18 schedule that will timely resolve this before the end of  
19 the year.

20 CHAIRMAN GETZ: Okay. Thank you.  
21 Actually, Mr. Eaton, let me go back to this intervention  
22 question. I understand your position with respect to this  
23 particular proceeding. Do you have a position with  
24 respect to Ms. Amidon's observation about Clean Power

1 Development's participation in the other forward-looking  
2 perspective proceeding?

3 MR. EATON: No. No, I don't think -- I  
4 think we have less problem with that. Certainly, the  
5 least cost plan, that's a five year look-forward, and even  
6 the Energy Service proceeding is a projection of what the  
7 Company is going to be doing in the year 2010. So, that  
8 would be a more appropriate proceeding.

9 CHAIRMAN GETZ: All right. Is there  
10 anything else to address this morning?

11 (No verbal response)

12 CHAIRMAN GETZ: Okay. Hearing nothing,  
13 then I'll close the prehearing conference, wait for a  
14 report of the technical session, and take the matter under  
15 advisement. Thank you.

16 (Whereupon the prehearing conference  
17 ended at 10:24 a.m. and a technical  
18 session was commenced thereafter.)  
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