

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

December 21, 2009 - 10:01 a.m.
Concord, New Hampshire

NHPUC DEC23'09 AM11:51

RE: DE 09-234
GRANITE STATE ELECTRIC COMPANY
d/b/a NATIONAL GRID:
January 2010 Retail Rate Adjustment Filing.

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

Jody Carmody, Clerk

APPEARANCES: Reptg. National Grid:
Stacey M. Donnelly, Esq.
Sarah B. Knowlton, Esq. (McLane, Graf...)

Reptg. PUC Staff:
Matthew Fossum, Esq., Esq.

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

ORIGINAL

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I N D E X

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PAGE NO.

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WITNESS PANEL: SCOTT M. McCABE
JAMES L. LOSCHIAVO

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E X H I B I T S

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EXHIBIT NO.

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1

January 2010 Retail Rate Filing,
including the testimony and
schedules of Scott M. McCabe and
James L. Loschiavo (11-20-09)

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RESERVED (Request for a
description of the "reconciliation
account" noted in response to Data
Request Staff 1-1, noting what
items are included in this account)

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Response to Data Request Staff 1-1

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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 hearing in docket DE 09-234. On
4 November 20, 2009, National Grid filed a request for
5 approval of retail rate adjustments and reconciliations
6 related to its Stranded Cost and Transmission Service
7 Charges for effect with service rendered on or after
8 January 1. The aggregate impact of the rate proposed for
9 January 1 on a total bill basis is a bill increase of
10 \$1.06 per month, or 1.61 percent for a typical residential
11 customer using 500 kilowatt-hours per month.

12 Order of notice was issued on
13 December 21st. And, I'll note that there is a -- we have
14 a Motion for a Waiver of Publication Requirements. There
15 appears to be an error in transmitting the order to the
16 Company, and they seek to waive the publication
17 requirement, and note that the order of notice has been
18 published on the Commission's website since the date of
19 the issuance of the order of notice. And, we'll grant the
20 Company's motion to waive the notice. But I also point
21 out that publication did occur on December 18.

22 So, can we take appearances please.

23 MS. DONNELLY: Stacey Donnelly, on
24 behalf of National Grid. With me here today is Sarah

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1 Knowlton, from McLane law firm, and the two witnesses,
2 Scott McCabe and James Loschiavo.

3 CHAIRMAN GETZ: Good morning.

4 MR. LOSCHIAVO: Good morning.

5 MR. FOSSUM: And, good morning,
6 Commissioners. Matthew Fossum, from the Staff of the
7 Commission. And, with me today is Henry Bergeron, from
8 Commission Staff.

9 CHAIRMAN GETZ: Good morning. Are you
10 ready to proceed, Ms. Donnelly?

11 MS. DONNELLY: Yes. I have one exhibit
12 that I'd like to mark for identification. And, that is
13 the Company's November 20th, 2009 rate adjustment filing,
14 which includes the testimony and schedules of Scott McCabe
15 and James Loschiavo.

16 CHAIRMAN GETZ: Okay. That filing will
17 be marked for identification as "Exhibit 1".

18 (The document, as described, was
19 herewith marked as Exhibit 1 for
20 identification.)

21 MS. DONNELLY: And, I also provided a
22 fax copy of the proof of publication to the Clerk. And,
23 we'll provide the original as soon as it's available.

24 CHAIRMAN GETZ: Okay. Thank you.

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[WITNESS PANEL: McCabe|Loschiavo]

1 (Whereupon Scott M. McCabe and
2 James L. Loschiavo was duly sworn and
3 cautioned by the Court Reporter.)

4 SCOTT M. McCABE, SWORN

5 JAMES L. LOSCHIAVO, SWORN

6 DIRECT EXAMINATION

7 BY MS. DONNELLY:

8 Q. I'll start with Mr. McCabe. Could you please state
9 your full name and business address.

10 A. (McCabe) Scott McCabe, 40 Sylvan Road, Waltham, Mass.

11 Q. And, what is your position at National Grid?

12 A. (McCabe) I'm a Principal Analyst in Regulation and
13 Pricing for the Electric Distribution and Generation
14 Department of National Grid USA Service Company.

15 Q. And, what are your duties and responsibilities in that
16 position?

17 A. (McCabe) I perform rate-related analysis for the retail
18 companies of National Grid, including Granite State
19 Electric.

20 Q. And, Mr. Loschiavo, can you please state your full name
21 and business address?

22 A. (Loschiavo) James L. Loschiavo, 40 Sylvan Road, in
23 Waltham.

24 Q. And, your position at National Grid?

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[WITNESS PANEL: McCabe|Loschiavo]

1 A. (Loschiavo) I'm a Lead Analyst in the Transmission
2 Rates and Billing Group for the service company.

3 Q. And, your responsibilities and duties in that position?

4 A. (Loschiavo) I do rate-related activities for New
5 England Power and its retail affiliates, including
6 Granite State Electric.

7 Q. I'll start with Mr. McCabe. I believe you have a copy
8 of Exhibit 1 in front of you?

9 A. (McCabe) I do.

10 Q. And, can you please describe it?

11 A. (McCabe) Sure. It's the January 2010 Retail Rate
12 Filing, dated November 20th. And, it contains my
13 testimony and accompanying schedules.

14 Q. And, do you have any corrections to make to your
15 testimony?

16 A. (McCabe) I do. There were a few errors that were
17 identified in the discovery process. And, in response
18 to discovery questions Staff-1 and Staff -- I'm sorry,
19 Staff 1-2 and Staff 1-3, we provided some corrected
20 pages to both my testimony, as well as some schedules.
21 They were very small adjustments, which impacted the
22 proposed Stranded Cost adjustment factors for Rate
23 Class D-10, which, in the initial proposal, did not
24 have a proposed factor, and now there is a proposed

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[WITNESS PANEL: McCabe|Loschiavo]

1 factor of 0.001, and that's a credit. And, for Rate --
2 I believe it was Rate V, we had a proposed factor of
3 0.003 cents per kilowatt-hour, and that has decreased
4 to 0.001 cents per kilowatt-hour. So, the pages that
5 are impacted was Page 8 of my testimony and Schedule
6 SMM-1, there's a Revised Page 1; Schedule SMM-2,
7 Revised Pages 1 through 5; and, Schedule SMM-5, Revised
8 Page 1; and Schedule SMM-12, which is the Summary of
9 Rates, and that page is now revised as well.

10 So, it was, again, a small, very small
11 error, which did flow through to the customers' benefit
12 on a number of schedules.

13 Q. And, Mr. McCabe, can you just walk through the changes
14 on Page 8, and as to what page -- the line number and
15 where the change?

16 A. (McCabe) Certainly.

17 CMSR. IGNATIUS: Can I clarify? When
18 you do this, the page number, is it the Bates stamp number
19 or the page of testimony, since they're slightly
20 different?

21 WITNESS McCABE: Sure. I'm referring to
22 Page 8 of my testimony, which is Bates stamp Page 10.

23 BY THE WITNESS:

24 A. (McCabe) And, if you turn to that page, on Line Number

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[WITNESS PANEL: McCabe|Loschiavo]

1 6, it should now read as -- well, starting on Line 5,
2 "A Stranded Cost adjustment factor is indicated for
3 classes", and should now read "D-10, G-1, V and M. The
4 remaining rate classes (D, T, G-2, and G-3)". That's
5 where the change is. "D-10" was added to the first
6 part of the line, and it was struck from the second,
7 the second part.

8 BY MS. DONNELLY:

9 Q. And, Mr. McCabe, on Page 5 of your testimony, which is
10 Bates stamped Page 7, you indicated that the Company
11 would update its proposed Stranded Cost Charge prior to
12 the hearing, if the final CTC was different. Is there
13 any update as of today?

14 A. (McCabe) There is no update.

15 Q. Okay.

16 A. (McCabe) The rate included in the filing did not
17 change.

18 Q. Mr. McCabe, going back to your changes, can you just
19 walk through each schedule and exactly where the
20 changes occurred? So, the first one would be in
21 Schedule SMM-1.

22 A. (McCabe) On Schedule SMM-1, which is Bates stamp Page
23 21 of the filing, for the Rate Class D-10, there is now
24 an adjustment factor credit of \$0.00001 per

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[WITNESS PANEL: McCabe|Loschiavo]

1 kilowatt-hour, which decreases the net rate to \$0.00069

2 per kilowatt-hour. And, for the Rate Class --

3 Q. In what column would that change occur?

4 A. (McCabe) On Column (b) is where the new adjustment

5 factor is, and in Column (c) reflects the revised net

6 rate. And, for Schedule --

7 Q. Mr. McCabe, what's the final, what's the new total for

8 Column (c)?

9 A. (McCabe) For Rate Class D-10?

10 Q. Yes.

11 A. (McCabe) It's 0.00069. And, for Rate Class V, there's

12 now, as I stated before, the credit -- I mean, I'm

13 sorry, the charge changed from "\$0.00003" per

14 kilowatt-hour, to "0.00001". So, the net charge in

15 Column (c) is now "\$0.00071" per kilowatt-hour.

16 CHAIRMAN GETZ: Got all those zeros,

17 Steve?

18 MR. PATNAUDE: I'll figure it out after.

19 WITNESS McCABE: I'm happy to go through

20 the minutia of the details, but we're talking about a

21 change of, you know, probably ten dollars here on the

22 charges. So, however you would like me to proceed.

23 CHAIRMAN GETZ: I think, just make sure

24 with Mr. Patnaude that the transcript reflects the actual

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[WITNESS PANEL: McCabe|Loschiavo]

1 charges.

2 MS. DONNELLY: Yes.

3 CHAIRMAN GETZ: I think there may be
4 some decimal issues, but we'll not worry about a further
5 explanation.

6 WITNESS McCABE: Okay. Thank you.

7 BY MS. DONNELLY:

8 Q. And, Mr. McCabe, do you adopt the testimony and
9 schedules as your own?

10 A. (McCabe) Yes, I do.

11 Q. Would you briefly summarize your testimony.

12 A. (McCabe) Certainly. My testimony supports the proposed
13 rate adjustments for January 2010, for both the
14 Stranded Cost Charges, as well as the Transmission
15 Service Charges. And, if you turn to Page 4 of my
16 testimony, which is Bates stamp Page 6, it consists of
17 a table which summarizes what the proposed changes are.
18 And, these changes are made pursuant to the Company's
19 rate adjustment tariffs, as well as the restructuring
20 settlement agreement in docket DR 98-012.

21 And, quickly, the Stranded Cost Charge,
22 which consists of both the base charge, which the
23 Company is billed from New England Power, as well as
24 any necessary adjustment factors, averages 0.070 cents

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[WITNESS PANEL: McCabe|Loschiavo]

1 per kilowatt-hour, which is an increase of 0.08 cents
2 per kilowatt-hour, from the 2009 credit of 0.01 cents
3 per kilowatt-hour. And, that increase is primarily
4 because of -- it related to the base rate increase that
5 the Company will receive from New England Power. And,
6 in response to a Staff Data Request 1-1, the Company
7 provided an explanation of that increase.

8 Q. Mr. McCabe, can you just please explain what the
9 explanation was as provided in the Staff request?

10 A. (McCabe) Certainly. The 0.08 cent increase is --
11 equates to an increase of approximately \$671,000, which
12 will be billed to Granite State Electric by New England
13 Power. And, the increase can be broken down into two,
14 two portions. One is an increase in the fixed costs,
15 and that increase is a \$220,000 increase. And, the
16 cost of that increase is a result of a reduction in the
17 credit from New England Power to Granite State
18 Electric. And, it involves the five year pass-back
19 from U.S. Gen, as a result of a settlement. And, this
20 is a pass-back that Granite State receives annually,
21 and it's due to end this coming calendar year, in 2010.
22 And, last year the credit was \$577,000. And, this year
23 the credit will be \$357,000. So, it's a credit that's
24 phasing out. So, that accounts for \$220,000 of the

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[WITNESS PANEL: McCabe|Loschiavo]

1 increase.

2 And, the remaining \$451,000 is not quite
3 as straightforward. It involves a number of variable
4 cost components, of which I'm not the expert on the
5 reconciliations that are performed for this. This
6 response was co-sponsored by another gentleman, who is
7 not available today. But, if we need further
8 explanation, we can certainly provide it.

9 Q. Thank you. I'd like to turn now to Mr. Loschiavo. I
10 believe you have a copy of Exhibit 1 in front of you?

11 A. (Loschiavo) I do.

12 Q. Can you please describe it?

13 A. (Loschiavo) It's a summary of my testimony and my
14 schedules for the estimated calendar year 2010
15 transmission expenses that relate to this filing.

16 Q. And, do you have any corrections to make to it?

17 A. (Loschiavo) No, I do not.

18 Q. And, do you adopt the testimony and schedules as your
19 own?

20 A. (Loschiavo) I do.

21 Q. Would you briefly summarize your testimony.

22 A. (Loschiavo) Well, my testimony, if you go to Schedule
23 JLL-1, the summary, Page 2 of 2. It basically
24 indicates that the total estimated transmission

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[WITNESS PANEL: McCabe|Loschiavo]

1 expenses beginning January 2010 equate to
2 \$14.6 million, which is a \$1.9 million increase over
3 the expenses submitted in last year's filing.

4 MS. DONNELLY: Thank you. I have no
5 further questions. The witnesses are now available for
6 cross-examination.

7 CHAIRMAN GETZ: Thank you. Mr. Fossum.

8 MR. FOSSUM: Thank you.

9 CROSS-EXAMINATION

10 BY MR. FOSSUM:

11 Q. Beginning with Mr. McCabe, you had described, at least
12 very briefly, some of the changes in the Stranded Cost
13 Charge that you had described further in Staff 1-1. Do
14 you have a copy of Staff 1-1 --

15 A. (McCabe) Yes, I do.

16 Q. -- in front of you? Don't know that it's necessary to
17 enter it as an exhibit. But, in that data response,
18 you had indicated or there is an indication of a credit
19 in a reconciliation account. Do you recall that
20 credit?

21 A. (Loschiavo) Yes, I do.

22 Q. Do you know what that reconciliation account is? What
23 it is reconciling?

24 A. (McCabe) I don't perform the reconciliation. So, I

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[WITNESS PANEL: McCabe|Loschiavo]

1 hesitate to state exactly what it is. But, typically,
2 all of our reconciliations reconcile our costs against
3 -- our estimated costs against our estimated expenses,
4 as well as our estimated revenues versus our estimated
5 expenses. And, so, that's the typical practice.

6 Whereas I don't perform this specific reconciliation, I
7 hesitate to give that with certainty.

8 Q. Right. I mean, I understand sort of the general nature
9 of a reconciliation.

10 A. (McCabe) Sure.

11 Q. It was about this account. So, I guess, in that
12 regard, I'd like to make a record request for
13 essentially just a description of this, of this
14 reconciliation account, and what items are included in
15 it?

16 A. (McCabe) Certainly.

17 CHAIRMAN GETZ: Okay. We will reserve
18 Exhibit 2 for the response to that request.

19 (Exhibit 2 reserved)

20 MS. DONNELLY: I would like to -- we'd
21 be glad to mark these Staff responses that are -- as
22 exhibits, if that would be helpful, the ones that are
23 being referenced in testimony.

24 CHAIRMAN GETZ: Mr. Fossum, would you

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[WITNESS PANEL: McCabe|Loschiavo]

1 like some of these data requests and data responses
2 marked?

3 MR. FOSSUM: Yes. I believe at least
4 Staff 1-1, which I do not have a copy of at the moment,
5 but I'll provide. I think it would make sense to have
6 that marked as an exhibit.

7 CHAIRMAN GETZ: Okay. We'll mark Staff
8 1-1 as "Exhibit 3".

9 (The document, as described, was
10 herewith marked as Exhibit 3 for
11 identification.)

12 MR. FOSSUM: For clarity, once Exhibit 2
13 is submitted.

14 BY MR. FOSSUM:

15 Q. Now, more generally, Mr. McCabe, the CTC -- I'm sorry,
16 the Stranded Cost is, you had said, subject to changes
17 in the base charge from NEP, New England Power?

18 A. (McCabe) Yes.

19 Q. And, that's -- that base charge is essentially the
20 Contract Termination Charge from New England Power?

21 A. (McCabe) Yes, it is.

22 Q. Mostly?

23 A. (McCabe) Yes.

24 Q. Now, that charge has been or the CTC charge has also

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[WITNESS PANEL: McCabe|Loschiavo]

1 been filed with the Commission for review, are you
2 aware of that?

3 A. (McCabe) Yes, it has. I am aware of that.

4 Q. And, that's docketed as a separate matter, DE 09-238,
5 is that accurate?

6 A. (McCabe) I take your word for the docket number, but I
7 know it has been docketed separately.

8 Q. Okay. Now, if there's any discrepancy between what's
9 discovered in 09-238, in that CTC docket, and what's
10 been submitted here, sort of very generally, do you
11 know how that would be addressed?

12 A. (McCabe) Certainly. In all my years of being involved
13 in this filing, there has not yet been a discrepancy.
14 But, in the case that there is one discovered, we most
15 likely could reflect any corrections in the rate that's
16 being proposed for next year. All of these charges are
17 certainly reconcilable. If it's a sizable correction,
18 we could certainly work with the Commission to
19 determine what the best course of action would be, if
20 something needed to be done sooner than later.

21 Q. Thank you. Mr. Loschiavo?

22 A. (Loschiavo) That's close enough.

23 Q. Thank you. Turning to you, in your Schedule JLL-1,
24 Page 2 of 2, which you referenced in your direct

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[WITNESS PANEL: McCabe|Loschiavo]

1 testimony, it indicates that expenses from the January
2 '09 filing to the January 2010 filing have gone up
3 about \$1.9 million?

4 A. (Loschiavo) That's correct.

5 Q. Sort of generally, what are the reasons for that almost
6 \$2 million increase?

7 A. (Loschiavo) Well, the main driver, as you can see per
8 the schedule, is the PTF charge is 2.1, and that is
9 primarily driven by the increase in the annual Regional
10 Network Service rate. And, that can be -- which is
11 filed and becomes effective every June 1st. And, the
12 reason for that increase would be the increased
13 investment, plant investment in service throughout the
14 region that has been estimated in calendar year 2010.

15 Q. And, what has that been estimated at for calendar year
16 2010?

17 A. (Loschiavo) The plant in service estimate?

18 Q. Yes.

19 A. (Loschiavo) For the total pool is estimated at \$1.1
20 billion in calendar year '10, 2010.

21 Q. And, what portion of that total pool is allocated to
22 Granite State Electric?

23 A. (Loschiavo) That is allocated per the -- per the
24 network, Granite State's network load, which is I think

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[WITNESS PANEL: McCabe|Loschiavo]

1 somewhere in the area of 0.007 of the total pool load,
2 percent, 0.007 percent.

3 Q. Now, of that plant investment, the total plant
4 investment, what is, you know, is National Grid's or
5 Granite State Electric's share of that?

6 A. (Loschiavo) National Grid, through New England Power
7 Company, is estimated \$111 million of the total pool
8 for 2010.

9 Q. And, what's that \$111 million for generally?

10 A. (Loschiavo) Generally, upgrades, new plant in service,
11 basically, lines and substations, lines and substation
12 work estimated for calendar year '10, 2010.

13 Q. Turning back to your Schedule JLL-3, in Exhibit 1.

14 A. (Loschiavo) Yes.

15 Q. On the first line there, it notes a "Total Regional
16 Network Service Rate Through May 31st, 2010" of
17 "\$59.95". Did I read that accurately?

18 A. (Loschiavo) You did.

19 Q. Now, is that the same rate as was proposed, if you
20 know, in last year's filing?

21 A. (Loschiavo) No. The rate proposed was \$55.04.

22 Q. And, what accounts for that difference?

23 A. (Loschiavo) When we estimated the 55.04 rate last year,
24 we used the best total NEPOOL load, coincident peak

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[WITNESS PANEL: McCabe|Loschiavo]

1 load that we had at the time as the denominator. The
2 rate is a function of the revenue requirement divided
3 by the load. When we did the actual rate, the rate
4 that you see there, the "59.95", we used the actual
5 2008 total load, coincident peak load, which had
6 decreased approximately 5 percent. So, with the
7 smaller denominator, the rate increased approximately
8 \$3.00 due to that load decrease. And, the remaining
9 approximately \$2.00 are higher Pool costs, revenue
10 requirement costs, than we had originally estimated.

11 Q. And, those higher revenue requirement costs, those are
12 on a FERC set rate?

13 A. (Loschiavo) Yes. Yes, it is.

14 Q. Now, it's my understanding that the NESCOE rate --

15 A. (Loschiavo) Yes.

16 Q. -- has increased substantially, you're aware of that?

17 A. (Loschiavo) Yes, I am.

18 Q. Could you explain the increase to that rate?

19 A. (Loschiavo) Certainly. When NESCOE was formed in 2008,
20 they had a five year budget projection plan. When the
21 rate was calculated last year, there was basically -- I
22 think there might have been only a staff of one, the
23 Executive Director, and very little start-up costs.
24 Now, as they begin to ramp up per their budget, they're

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[WITNESS PANEL: McCabe|Loschiavo]

1 bringing people on board and incurring operating costs
2 more -- more appropriate, I guess, to do their tasks.
3 So, it's basically a business ramp-up year over year.

4 Q. Okay. I guess just one last question. Turning back to
5 you, Mr. McCabe, on Page 9 of 16 of your testimony, and
6 this is Bates Page 11, --

7 A. (McCabe) Yes.

8 Q. -- near the bottom of the page there, it explains how
9 -- you explain how the Company extended the
10 reconciliation period last year. Just to recap, why
11 did that -- why was that period extended for last year?

12 A. (McCabe) We were seeing that the Company was under
13 collecting its transmission expenses consistently
14 throughout the year, and we anticipated that that was
15 going to continue to occur for the remainder of the
16 year. And, typically, our reconciliations go from
17 October of the previous year to September of the
18 current year when we're filing the reconciliation.
19 And, since we anticipated that that under collection
20 was going to continue, we wanted to kind of -- we
21 didn't want to put off the inevitable, and so we
22 adjusted the rates to reflect that forecasted
23 continuation of the under collection. And, we, in this
24 year's filing, we've actually trued up the -- what our

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[WITNESS PANEL: McCabe|Loschiavo]

1 forecasted revenues, as well as expenses, were, and the
2 under collection did end up being slightly less than
3 what we forecasted it would be through the remaining
4 months of 2008, and have reflected that in this year's
5 reconciliation and passed it back through the current
6 reconciliation period.

7 Q. So, just so I'm clear, extending the reconciliation
8 last year, what impact was that on this year's filing?
9 That was -- you said that the under collection was less
10 than what you had anticipated, so what impact does that
11 have on this filing?

12 A. (McCabe) Sure. If you turn to Page -- Page Bates stamp
13 45 of Exhibit 1, and it's Schedule SMM-6, Page 4 of 4,
14 we had projected an under collection of \$1,983,018 as
15 of December 2008. And, in the schedule, we compare our
16 actual revenues versus our estimated revenues, as well
17 as the actual expenses versus the estimated expenses.
18 And, when truing up the revenues and expenses, on Line
19 8, we come to determine that the actual Transmission
20 Service under collection as of December 2008 was 1. --
21 or, \$1,850,659, as opposed to the number that we had
22 projected on Line 1. So that, because the under
23 collection was less, we determined that it would be
24 best to make an adjustment in January of 2009 of this

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[WITNESS PANEL: McCabe|Loschiavo]

1 year's reconciliation and pass that money back to
2 customers as soon as possible. As opposed to, we could
3 have potentially changed the starting balance for our
4 adjustment factor for 2009. And, you know, if it came
5 out that we had not provided enough money back to or
6 collect -- not provide enough money back to customers,
7 then we could have done it last year. But we thought
8 it was advantageous to provide that credit as soon as
9 possible. So, it's reflected on Page 1 of Schedule
10 SMM-6, in Column (c), in the "Adjustments" line, in
11 January 2009. And, the adjustment amount there is an
12 adjustment of "124,722", versus the "132,359", which is
13 on Page 4 of SMM-6. And, the difference between those
14 numbers is the final disposition of the 2007
15 Transmission Service Adjustment Factor. So, I
16 apologize for the confusion on that.

17 MR. FOSSUM: All right. Thank you.

18 That's all I have for right now, or today.

19 CHAIRMAN GETZ: Thank you.

20 BY CMSR. IGNATIUS:

21 Q. Mr. McCabe, you testified that, because we're in the
22 final year of the settlement payments under the NEP
23 settlement, the amount that we're receiving -- that
24 Granite State is receiving has dropped down. And that

[WITNESS PANEL: McCabe|Loschiavo]

1 I take it, in 2011, there will be nothing coming in
2 under that settlement?

3 A. (McCabe) That's my understanding. I believe it was a
4 five year settlement. The payments, credits would go
5 over a five year period. And, my understanding is that
6 2010 was the last year of payments.

7 Q. So, that will add an upward pressure for 2011, correct?

8 A. (McCabe) Yes. All things being equal, yes, it will.

9 Q. Have you thought about the impact of that? Are you
10 going from 350,000, is that the amount that you're
11 receiving, you're estimating for 2010?

12 A. (McCabe) I believe the credit was, yes, 357,000 for
13 2010. I have not done any analysis on 2011. I know
14 that the report for -- that is provided in the separate
15 docket would make some projections as to the 2011 rate.
16 But I don't have that in front of me.

17 Q. And, is there any -- you also described the -- or,
18 actually, I think it was your colleague, Mr. Loschiavo?

19 A. (Loschiavo) Okay. That will do.

20 Q. Thank you. On the amount of plant in service, do you
21 have any expectation as to whether 2011 will be at a
22 similar level or even greater than it is this year?

23 A. (Loschiavo) The projection, we put together, with the
24 other transmission owners, put together a Forecast Rate

[WITNESS PANEL: McCabe|Loschiavo]

1 Working Group. And, we did a lot of analysis going out
2 several years. And, we're estimating, as of right now,
3 in 2011, 1.4 billion of plant in service investment for
4 the Pool.

5 Q. In addition to where we are or as a total?

6 A. (Loschiavo) No, that's in addition.

7 Q. All right. I understand you can't make real rate
8 projections, because you also need to know load, and
9 that that's, in terms of rate impacts, all of that's to
10 be determined. But it looks like you're seeing some
11 fairly significant increase because of additional plant
12 investment?

13 A. (Loschiavo) We are.

14 CMSR. IGNATIUS: Thank you.

15 CHAIRMAN GETZ: Okay. Redirect, Ms.

16 Donnelly?

17 MS. DONNELLY: Yes, just one.

18 REDIRECT EXAMINATION

19 BY MS. DONNELLY:

20 Q. Mr. Loschiavo, on cross-examination, you referred to a
21 figure of "\$111 million"?

22 A. (Loschiavo) That's correct.

23 Q. That total -- that figure, is that for National Grid as
24 a whole or is that for --

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[WITNESS PANEL: McCabe|Loschiavo]

1 A. (Loschiavo) That is for National Grid.

2 Q. National Grid?

3 A. (Loschiavo) Yes.

4 Q. And, what portion of that is Granite State Electric?

5 A. (Loschiavo) There's no -- there's no way to -- are you
6 referring to what projects relate to Granite State or
7 -- I mean, that number represents the estimated
8 projects, and there's very -- there's a lot of small
9 projects that make up the \$111 million.

10 Q. Okay. So, just to be clear, that total is for National
11 Grid as a whole. And, is there any specified
12 allocations among the various --

13 A. (Loschiavo) Nothing specifically allocated to Granite
14 State. It's submitted along with the other
15 transmission owners in a total, and that's what's used
16 to calculate the total Pool regional rate.

17 Q. And, I just want to make sure I understand you
18 correctly. Is that -- that total is allocated based on
19 load?

20 A. (Loschiavo) The Granite State load, yes.

21 MS. DONNELLY: Okay. Thank you.

22 CHAIRMAN GETZ: Okay. Anything further
23 for the witnesses?

24 (No verbal response)

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[WITNESS PANEL: McCabe|Loschiavo]

1 CHAIRMAN GETZ: Hearing nothing, then

2 you're excused. Thank you, gentlemen.

3 WITNESS McCABE: Thank you.

4 WITNESS LOSCHIAVO: Thank you.

5 CHAIRMAN GETZ: Is there any objection
6 to striking the identifications and admitting the exhibits
7 into evidence?

8 (No verbal response)

9 CHAIRMAN GETZ: Hearing no objection,
10 they will be admitted into evidence. Is there anything
11 else we need to address before opportunity for closings?

12 (No verbal response)

13 CHAIRMAN GETZ: Hearing nothing, then,
14 Mr. Fossum.

15 MR. FOSSUM: Thank you. Staff
16 recommends, as to the Stranded Cost Charge, Staff
17 recommends conditional approval of that proposed charge.
18 The condition being, as has been discussed, that any
19 adjustments found in the course of the other docket
20 relating to the Stranded Cost Charge and the Contract
21 Termination Charge underlying it be applied to next year's
22 reconciliation. Regarding the Transmission Service
23 Charge, as has been discussed, a major portion -- a major
24 portion of that charge rests on development of

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1 transmission infrastructure at the regional level, and the
2 FERC approved revenue requirements going with that
3 development.

4 There is, as Commissioner Ignatius
5 noted, a development of substantial amount of
6 infrastructure leading to an increase in rates. With the
7 observation that FERC does have jurisdiction over those
8 costs and rates, Staff recommends approval of the proposed
9 Transmission Service Charge.

10 CHAIRMAN GETZ: Thank you. Ms.
11 Donnelly.

12 MS. DONNELLY: Thank you. National Grid
13 is respectfully requesting that the Commission approve the
14 proposed rates by the end of December, so that the
15 proposed rates can go into effect for usage on or after
16 January 1st, 2010.

17 CHAIRMAN GETZ: Okay. Thank you.

18 MS. DONNELLY: Thank you.

19 CHAIRMAN GETZ: All right. Before we
20 close the hearing, I just want to point out for the record
21 this is Mr. Bergeron's last formal appearance before the
22 Commission. After 29 years of service to the State of New
23 Hampshire, he'll be retiring next week. And, thank you,
24 Henry.

1 MR. BERGERON: Thank you, sir.

2 CHAIRMAN GETZ: And, with that, we'll
3 close the hearing and take the matter under advisement.

4 (Whereupon the hearing ended at 10:40
5 a.m.)

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