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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 20, 2013 - 2:07 p.m.  
Concord, New Hampshire

NHPUC JUL09'13 PM 4:32

RE: DE 12-292  
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:  
2013 Default Energy Service Rate.  
*(Hearing regarding midyear adjustment.)*

PRESENT: Chairman Amy L. Ignatius, Presiding  
Commissioner Michael D. Harrington

Clare Howard-Pike, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:  
Matthew J. Fossum, Esq.

Reptg. Residential Ratepayers:  
Susan Chamberlin, Esq., Consumer Advocate  
Stephen R. Eckberg  
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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**PAGE NO.**

**WITNESS PANEL:           MICHAEL L. SHELNITZ**  
**FREDERICK B. WHITE**

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**E X H I B I T S**

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8	Testimony of Michael L. Shelnitz, including attachments, and a Joint Technical Statement of Michael L. Shelnitz and Frederick B. White (05-02-13)	9
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[WITNESS PANEL: Shelnitz~White]

1                               **P R O C E E D I N G**

2                               CHAIRMAN IGNATIUS: Good afternoon. I'd  
3 like to open the hearing in Docket DE 12-292. This is  
4 PSNH's request for interim adjustment of its Default  
5 Energy Service rate. On May 2nd, PSNH filed a request to  
6 adjust its Energy Service rate for effect July 1st. The  
7 proposal is a decrease from the current non-Scrubber  
8 Energy Service rate of 8.56 cents, and to bring it down to  
9 8 cents per kilowatt-hour.

10                              By order of notice dated May 13th, 2013,  
11 we scheduled a hearing for yesterday, actually. And,  
12 then, because of a schedule conflict on my part that we  
13 missed, we rescheduled it for this afternoon. And, I  
14 appreciate the willingness of the parties to accommodate  
15 that change in schedule.

16                              Let's begin first with appearances.

17                              MR. FOSSUM: Good afternoon. Matthew  
18 Fossum, for Public Service Company of New Hampshire.

19                              CHAIRMAN IGNATIUS: Good afternoon.

20                              MS. CHAMBERLIN: Susan Chamberlin,  
21 Consumer Advocate for the residential ratepayers. And,  
22 with me today is Stephen Eckberg.

23                              CHAIRMAN IGNATIUS: Good afternoon.

24                              MS. AMIDON: Good afternoon. Suzanne

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[WITNESS PANEL: Shelnitz~White]

1 Amidon, for Commission Staff. With me today is Steve  
2 Mullen, the Assistant Director of the Election Division.

3 CHAIRMAN IGNATIUS: Good afternoon. Is  
4 there anything we should discuss before beginning  
5 testimony?

6 (No verbal response)

7 CHAIRMAN IGNATIUS: It appears not. So,  
8 is the Company putting on a panel of Mr. Shelnitz and  
9 Mr. White?

10 MR. FOSSUM: Yes. That's the intention.

11 CHAIRMAN IGNATIUS: All right. Then,  
12 why don't you proceed.

13 (Whereupon **Michael L. Shelnitz** and  
14 **Frederick B. White** were duly sworn by  
15 the Court Reporter.)

16 **MICHAEL L. SHELNITZ, SWORN**

17 **FREDERICK B. WHITE, SWORN**

18 **DIRECT EXAMINATION**

19 BY MR. FOSSUM:

20 Q. All right. Then, Mr. White, could you state your name  
21 and place of employment and your responsibilities for  
22 the record please.

23 A. (White) My name is Frederick White. I'm a Supervisor  
24 in the Energy Supply Group at Northeast Utilities

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[WITNESS PANEL: Shelnitz~White]

1 Service Company, which provides services to the NU  
2 operating companies. Primarily, my responsibilities  
3 involve analysis of the power supply portfolio of load  
4 and resources for Energy Service rate setting and  
5 Energy Service reconciliation.

6 Q. And, Mr. Shelnitz, could you state your name and place  
7 of employment and responsibilities for the record  
8 please.

9 A. (Shelnitz) My name is Michael Shelnitz. I am Team  
10 Leader of PSNH Revenue Requirements. I also work for  
11 Northeast Utilities Service Company. My primary  
12 responsibilities are as previously included in the  
13 title, the calculation of revenue requirements. But  
14 I'm also responsible for filings related to the Energy  
15 Service reconciliation, the Transmission Cost  
16 Adjustment Mechanism, and the Stranded Cost Recovery  
17 Charge.

18 Q. Thank you. Now, Mr. Shelnitz, back on May 2nd of this  
19 year, did you file testimony in this docket?

20 A. (Shelnitz) Yes, I did.

21 Q. And, that was -- and, was that testimony prepared by  
22 you or under your direction?

23 A. (Shelnitz) Yes, it was.

24 Q. And, do you have any corrections or updates to that

[WITNESS PANEL: Shelnitz~White]

1 testimony at this time?

2 A. (Shelnitz) Yes. We have one revision or correction, I  
3 guess. I just need to find it.

4 Q. Is that --

5 A. (Shelnitz) I'm sorry. It was in the technical  
6 statement. It was Item 11. Item 11, description of  
7 Line 15.

8 Q. Sorry. Excuse me.

9 A. (Shelnitz) Line 11 previously read "Return on rate base  
10 decreased \$1.2 million primarily due to adjustments to  
11 accumulated deferred income tax projections that are  
12 deducted from rate base." There were approximately a  
13 dozen words that were left out of that explanation in  
14 the middle. It should have read "Return on rate base  
15 decreased \$1.2 million primarily due to decreases in  
16 net plant, fossil fuel inventory and materials and  
17 supplies, partially offset by adjustments to  
18 accumulated deferred income tax projections that are  
19 deducted from rate base."

20 Q. So, just --

21 CHAIRMAN IGNATIUS: Try doing that a  
22 second time.

23 CMSR. HARRINGTON: Could you do that  
24 again, a little slower?

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[WITNESS PANEL: Shelnitz~White]

1 WITNESS SHELNITZ: Sure. Sorry.

2 BY MR. FOSSUM:

3 Q. So, the words that need to be added then are -- follow  
4 after "due to", --

5 A. (Shelnitz) Yes.

6 Q. -- in the first line, should add the words "decreases  
7 in net plant, fossil fuel inventory and materials and  
8 supplies, partially offset by", and then the remainder  
9 of the material is not changed.

10 CHAIRMAN IGNATIUS: And, Commissioner  
11 Harrington just pointed out to me that we're in the May  
12 2nd document, is that correct?

13 MR. FOSSUM: Yes.

14 CHAIRMAN IGNATIUS: So, maybe the same  
15 correction shows up in both?

16 MR. FOSSUM: Yes. It's in the technical  
17 statement. It's the, one, two -- the third page of the  
18 technical statement that was filed.

19 CHAIRMAN IGNATIUS: Thank you.

20 BY MR. FOSSUM:

21 Q. We probably jumped ahead slightly. Along with that  
22 testimony, did you submit a technical statement?

23 A. (Shelnitz) Yes.

24 Q. And, that was prepared jointly with Mr. White, is that

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1 correct?

2 A. (Shelnitz) Yes.

3 Q. And, subject to the correction that you've just  
4 explained, do you have any other corrections or updates  
5 to the testimony or the technical statement?

6 A. (Shelnitz) No, I do not.

7 MR. FOSSUM: And, with that, I would  
8 offer the May 2nd filing, the testimony and technical  
9 statement, as the next exhibit for identification, which  
10 is "Exhibit 8".

11 CHAIRMAN IGNATIUS: So marked for  
12 identification.

13 (The document, as described, was  
14 herewith marked as **Exhibit 8** for  
15 identification.)

16 BY MR. FOSSUM:

17 Q. And, then, on June 13th, 2013, did you file an updated  
18 technical statement?

19 A. (Shelnitz) Yes.

20 Q. And, that was a technical statement filed jointly with  
21 Mr. White again, is that correct?

22 A. (Shelnitz) Yes.

23 Q. And, do you have any changes or updates to that  
24 technical statement at this time?

[WITNESS PANEL: Shelnitz~White]

1 A. (Shelnitz) No, I do not.

2 MR. FOSSUM: So, with that, I would  
3 offer the updated technical -- or, I'm sorry, not updated,  
4 but the technical statement updating the Company's filing  
5 for June 13th for identification as "Exhibit 9".

6 CMSR. HARRINGTON: This is an update to  
7 the mid-year adjustment?

8 MR. FOSSUM: Correct, the June 13th  
9 document.

10 CHAIRMAN IGNATIUS: So marked.

11 (The document, as described, was  
12 herewith marked as **Exhibit 9** for  
13 identification.)

14 BY MR. FOSSUM:

15 Q. Now, Mr. Shelnitz or Mr. White, who may be appropriate,  
16 could you very briefly summarize the testimony as  
17 amended by the technical statement and what it is that  
18 the Company is seeking by this filing.

19 A. (Shelnitz) Yes. PSNH is proposing in its filing to  
20 lower the rate that is currently in effect, and has  
21 been in effect since January 1, 2013, from 8.56 cents,  
22 to -- well, the initial proposal was "8 cents", that  
23 was in the May 2nd filing, and then that would be  
24 further lowered to 7.64 cents per kilowatt-hour, per

[WITNESS PANEL: Shelnitz~White]

1 our June 13th filing. The major --

2 CMSR. HARRINGTON: What was -- excuse  
3 me, that number was "7.64"?

4 WITNESS SHELNITZ: 7.64, yes. And,  
5 those are all prior to the Scrubber temporary rate being  
6 added in.

7 CMSR. HARRINGTON: Excuse me, you've got  
8 me totally confused here. I'm reading the June 13th one.  
9 It says "This filing updates the Company's ES filing of  
10 May 2nd, 2013 and proposes a rate of 8.62 cents per  
11 kilowatt-hour, a decrease from the rate of 8.9 [8.98?]  
12 cents per kilowatt-hour proposed on May 2nd." If I look  
13 at the May 2nd one, it says that you're proposing a rate  
14 of "8.00 cents a kilowatt-hour".

15 WITNESS SHELNITZ: I can -- yes, I can  
16 maybe help with the confusion. The numbers I just quoted  
17 were prior to the Scrubber temporary rate.

18 CMSR. HARRINGTON: Yes.

19 WITNESS SHELNITZ: The numbers, after  
20 adding the Scrubber temporary rate, which is what the  
21 customer would see on their bill, would be 8. -- in the  
22 May 2nd filing, would have been 8.98 cents, and, in the  
23 June 13th filing, it's 8.62 cents. So, that's the  
24 reduction that you were just referring to.

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[WITNESS PANEL: Shelnitz~White]

1 CMSR. HARRINGTON: So, the May -- I'm  
2 sorry, the June 13th filing has the Scrubber temporary  
3 rates included, and the May 2nd one didn't?

4 WITNESS SHELNITZ: Well, I think in that  
5 cover letter.

6 MR. FOSSUM: That's correct. To the  
7 extent there's confusion in the cover letter, that was my  
8 -- I apologize for not being consistent from one letter to  
9 the next about how it was calculated. But, yes, in the  
10 May letter, the referenced rate did not include, in the  
11 May cover letter, the referenced rate did not include the  
12 Scrubber, but, in the June cover letter, it did.

13 CHAIRMAN IGNATIUS: And, just so we have  
14 all the comparisons, the current rate you just read was  
15 "8.56", that's the non-Scrubber portion. If you add the  
16 Scrubber, it would be -- is it 9.54?

17 WITNESS SHELNITZ: Correct.

18 CMSR. HARRINGTON: You confused me  
19 again. So, the "8.56" that you proposed in June didn't  
20 include the Scrubber rates, no temporary Scrubber rates?

21 WITNESS SHELNITZ: Right. That was the  
22 January 1 rate. And, that 8.56 rate did not have  
23 Scrubber.

24 CMSR. HARRINGTON: Okay.

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[WITNESS PANEL: Shelnitz~White]

1 WITNESS SHELNITZ: When you added the  
2 Scrubber in, it was 9.54.

3 CMSR. HARRINGTON: And, then, the "7.64"  
4 that you're proposing today?

5 WITNESS SHELNITZ: That's before  
6 Scrubber.

7 CMSR. HARRINGTON: Before Scrubber,  
8 okay.

9 WITNESS SHELNITZ: And, then, add the  
10 Scrubber of 0.98, and you come to 8.62.

11 CMSR. HARRINGTON: And, that includes  
12 the temporary Scrubber, all right. It's a little  
13 confusing the way this is written. But, thank you.

14 MR. FOSSUM: My apologies for that.  
15 I'll try to be more clear in the future. I apologize.  
16 Are the Commissioners needing further clarification on the  
17 rate request or should Mr. Shelnitz continue?

18 CHAIRMAN IGNATIUS: I'm good.

19 CMSR. HARRINGTON: I'm okay now. Thank  
20 you.

21 BY MR. FOSSUM:

22 Q. Could you please continue with the Company's request.

23 A. (Shelnitz) Sure. There are several drivers behind the  
24 decrease in the rates. The drivers primarily are a

[WITNESS PANEL: Shelnitz~White]

1 decrease in Renewable Portfolio Standard costs related  
2 to 2012 in the amount of \$9.3 million; the same costs  
3 related to 2013 in the amount of \$9 million. There is  
4 also a refund going to customers associated with the  
5 Regional Greenhouse Gas Initiative Auction. That's in  
6 the amount of \$8.8 million. Those changes are offset  
7 by a reduction in ES revenues due to migration.

8 Now, those changes are what appeared in  
9 the original May 3rd filing -- May 2nd filing. Since  
10 then, when we update it now to June 13th, there have  
11 been some additional changes that have lowered costs.  
12 Specifically, the forward electricity prices that the  
13 Company uses to project energy costs have declined  
14 since our May 2nd filing. Additionally, there has been  
15 a decrease in the projected fossil/hydro O&M,  
16 depreciation and taxes of approximately \$9.6 million.  
17 There has also been a reduction in the Wood IPP costs  
18 that was related to the movement of some credits that  
19 had initially appeared in the Company's Stranded Cost  
20 Recovery Charge proposal. Those have been -- those  
21 credits have been removed from there, and moved over  
22 here to the ES.

23 Finally, there has been some -- the  
24 projection shows that there will be lower loads, again,

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[WITNESS PANEL: Shelnitz~White]

1 due to migration, and that has further reduced the  
2 projected RPS costs. And, those cost reductions have  
3 all been offset by lower revenues, again, from further  
4 migration.

5 And, that brings us to the latest rate  
6 proposal of 7.64, before Scrubber, 8.62 cents per  
7 kilowatt-hour, after addition of the Scrubber temporary  
8 rate.

9 Q. And, just for the sake of clarity, what is the  
10 migration rate that PSNH has included in this filing?

11 A. (White) 50.9 percent.

12 Q. So, that's five zero point nine (50.9) percent?

13 A. (White) Correct.

14 Q. Thank you. One final question. Would the decision to  
15 change this Energy Service rate as requested conform  
16 with the Least Cost Integrated Resource Plan that was  
17 most recently filed by PSNH and found adequate by the  
18 Commission?

19 A. (Shelnitz) Yes, it would.

20 MR. FOSSUM: Thank you. And, with that,  
21 I have nothing further.

22 CHAIRMAN IGNATIUS: Thank you. Ms.  
23 Chamberlin.

24 MS. CHAMBERLIN: Thank you.

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**CROSS-EXAMINATION**1  
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BY MS. CHAMBERLIN:

Q. Looking at the migration rate, are you familiar with the quarterly filing that PSNH makes to the Commission?

A. (White) Yes, somewhat.

Q. Somewhat. In January, the migration rate was "42.18 percent", does that sound familiar?

A. (White) I'll take that as you've stated it.

MS. CHAMBERLIN: This is a document that's filed with the Commission. I wasn't sure if people needed a copy of it. I have some copies. But it's -- I'm not sure if you wanted it marked as an exhibit.

CHAIRMAN IGNATIUS: Well, why don't we see where we go. I don't know what you're planning on doing with it.

(Atty. Chamberlin handing document to Witness White.)

WITNESS WHITE: Thank you.

BY MS. CHAMBERLIN:

Q. So, in January, can you just tell me the migration rate? Last column.

A. (White) Yes. The overall weighted average of customer classes, it's "42.18".

Q. And, then, for February?



[WITNESS PANEL: Shelnitz~White]

1 A. (White) "44.65".

2 Q. And, in March?

3 A. (White) "45.23".

4 Q. And, can you tell me when the "50.9" rate was  
5 determined? Is that a --

6 A. (White) That's based on data through May, through the  
7 end of May.

8 Q. All right. So, if we were to plot a chart, it would go  
9 up like this [indicating], somewhat?

10 A. (White) It would be an increasing slope, that's  
11 correct.

12 Q. An increasing slope. And, is it fair to say that you  
13 do not know if you've reached the top of that slope or  
14 if it's going to keep going up?

15 A. (White) I would agree, we do not know.

16 Q. And, when you talked about your projections for  
17 migration, are you projecting it to continue to go up?

18 A. (White) Consistent with how we've done it in the past,  
19 we base the migration level in the forecast on  
20 available data at the time we do the ES rate analysis,  
21 primarily, for a few reasons. One of which is, we  
22 don't know where things are going. It's a market.  
23 And, there are many market influences. And, we don't  
24 attempt to forecast the outcome of all of those. In

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[WITNESS PANEL: Shelnitz~White]

1 addition, we don't want to artificially create one of  
2 those influences, by building in something that may or  
3 may not occur. In other words, if we used a higher  
4 migration rate and made that assumption, it would drive  
5 the rate up, and it would, to some degree, be -- create  
6 a self-fulfilling prophesy. So, we don't want to have  
7 that influence in the market.

8 So, we've typically taken the level that  
9 exists at the time the rate was set, which is a  
10 accurate representation of current conditions at the  
11 time of rate-setting. And, we've left it constant at  
12 that value through the rate period.

13 I'd also point out, we're currently  
14 including -- including the Scrubber adder, we're at  
15 9.54. Our rate, as proposed, is 8.62. There's a delta  
16 there. That alone is going to influence the market.  
17 Again, we don't attempt to predict what that effect  
18 will be. And, third party supplier actions over the  
19 next eight months, we don't know what those plans are.  
20 So, we have not projected a continually increasing  
21 slope through the forecast period. We've used the  
22 50.9.

23 Q. And, that's 50.9 percent of load, not customers,  
24 correct?

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[WITNESS PANEL: Shelnitz~White]

1 A. (White) That's correct, megawatt-hours.

2 Q. Right. And, is it fair to characterize the customers  
3 as being primarily residential and small commercial  
4 that remain?

5 A. (White) There has been less migration in the  
6 residential class. Subject to check, I'd say they're  
7 probably the largest remaining class. But I don't --  
8 I'm not sure I have that info.

9 Q. That's fine. That's fine. Part of the decrease in  
10 your costs are due to a decrease in load, part of your  
11 plant costs have gone down because you have a decrease  
12 in load, correct?

13 A. (White) Yes. Just volumetrically, costs have gone  
14 down, as the volume of energy to serve goes down.

15 Q. I am looking at a PSNH Coal Inventory Summary Report,  
16 it's a report that gets filed with the Commission. It  
17 has a date of 6/1/13 and then 6/15 -- oh, 6/15/13 is  
18 when it was actually filed. I just note that the coal  
19 inventory is lower than the target inventory. Do you  
20 have plans to purchase more coal for these plants or  
21 are you planning to simply use what you have available?

22 A. (White) Our current projections, they -- it does not at  
23 this time appear that it will be necessary to contract  
24 for additional deliveries of coal. All the coal that's

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[WITNESS PANEL: Shelnitz~White]

1 currently under contract has not necessarily all been  
2 delivered yet. But we don't see right now, given the  
3 projections of generation that we currently have, we  
4 don't see the need to contract for additional coal  
5 supplies.

6 MS. CHAMBERLIN: Thank you. I have  
7 nothing further.

8 CHAIRMAN IGNATIUS: Thank you. Ms.  
9 Amidon.

10 MS. AMIDON: Could I have one moment  
11 please.

12 (Atty. Amidon conferring with Mr.  
13 Mullen.)

14 MS. AMIDON: Mr. Mullen has a couple  
15 questions, if you permit? Thank you.

16 CHAIRMAN IGNATIUS: Of course.

17 MR. MULLEN: Good afternoon.

18 WITNESS SHELNITZ: Good afternoon.

19 WITNESS WHITE: Good afternoon.

20 BY MR. MULLEN:

21 Q. Mr. Shelnitz I believe, when you were summarizing some  
22 of the major changes that were going on in the rate,  
23 one of the items you mentioned was a "RGGI refund"?

24 A. (Shelnitz) Yes.

[WITNESS PANEL: Shelnitz~White]

1 Q. And, I believe the number that you mentioned was  
2 "\$8.8 million"?

3 A. (Shelnitz) Yes. That was our calculation at the time  
4 of putting together the filing.

5 Q. Okay. So, that was for the May 2nd filing?

6 A. (Shelnitz) Yes.

7 Q. Okay. So, if you turn to Exhibit 9, the June 13th  
8 filing, and if you look at the Attachment MLS-1,  
9 Page 1.

10 A. (Shelnitz) Yes, I have it.

11 Q. Line 21. So, if I'm reading this correctly, the refund  
12 amount now is really \$9.7 million?

13 A. (Shelnitz) Yes. When I previously was providing the  
14 explanation, the "8.8 million" was just from current  
15 rates January 1 to that May 2nd update. This takes it  
16 to the June 13th filing. So, yes, it's 9.8.

17 Q. Okay.

18 A. (White) Seven.

19 A. (Shelnitz) 9.7. Sorry.

20 Q. Thank you. On that same schedule, four lines up, for  
21 "capacity", and this is for either one of you, it shows  
22 as a credit. And, if you turn the next -- to the next  
23 two pages, Attachment MLS-2, Pages 1 and 2, Line 17,  
24 around the months of April and May 2013, there's a

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[WITNESS PANEL: Shelnitz~White]

1 change from charges to credits. Can one of you explain  
2 what's happening there and why there are now, instead  
3 of net costs for capacity, there are net credits?

4 A. (White) Sure. As you described, that line item is a  
5 net cost line item. It represents a balance between  
6 our capacity obligation due to our load in ISO-New  
7 England, balanced against the megawatt capacity credit  
8 from our resources, credited from ISO-New England.  
9 And, as migration has increased, the balance point, if  
10 you will, is occurring over that April/May timeframe  
11 such that, in the forecast period, we moved to a  
12 position where our resources are surplus to our  
13 capacity obligation at the Pool. So, we have a net  
14 revenue, if you will, and that's that line item.

15 Q. When you use the word "resources", you're referring to  
16 more than just PSNH's owned generation, correct?

17 A. (White) Correct. It's all resources that we either own  
18 or have contract to that provide capacity value.

19 Q. So, anyone that you have a contracted agreement to  
20 purchase their capacity, that counts for PSNH's  
21 capacity?

22 A. (White) That's correct. Yes.

23 Q. So, again, it's all on a net basis, once you take a  
24 look at the total amount of capacity you have

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[WITNESS PANEL: Shelnitz~White]

1 available, versus what your loads requirements are, the  
2 net of that either results in that you have to purchase  
3 more or you have some surplus?

4 A. (White) That's correct.

5 MR. MULLEN: And, that's all of my  
6 questions.

7 BY MS. AMIDON:

8 Q. I just have one additional question with respect to the  
9 RGGI refund. I think, pursuant to the Commission's  
10 order in that proceeding, the Company is supposed to  
11 refund on a -- twice a year, any amounts in excess of  
12 one dollar that is allocated to Default Service  
13 customers. Has the Company actually received the money  
14 yet?

15 A. (Shelnitz) Subject to check, I believe we've received  
16 the first, the first auction refund.

17 Q. Okay. So, you receive that on a quarterly basis?

18 A. (Shelnitz) I believe so, yes.

19 MS. AMIDON: Okay. Thank you. That was  
20 it.

21 CHAIRMAN IGNATIUS: Thank you.  
22 Commissioner Harrington, questions?

23 CMSR. HARRINGTON: Yes, I have a few  
24 questions.

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[WITNESS PANEL: Shelnitz~White]

1 BY CMSR. HARRINGTON:

2 Q. Let's start with the subject we were just talking  
3 about, this is kind of moving in the same direction.  
4 You mention you have a capacity surplus, in that you  
5 have -- either you have the ability, you have your own  
6 capacity through your power plants that you own, or you  
7 purchase capacity through contracts with other people,  
8 so that you have more capacity resources than you're  
9 obligated to have to meet your requirement to ISO-New  
10 England, is that correct?

11 A. (White) Yes. That's correct.

12 Q. What do you do with that surplus capacity?

13 A. (White) That surplus capacity is settled through  
14 ISO-New England Capacity Market Settlement.  
15 Essentially, every participant has a capacity account,  
16 if you will, at ISO. The value of capacity was  
17 established in capacity auctions. The current value of  
18 capacity established was established three years ago.  
19 So, to the extent you're surplus or deficient on  
20 balance in that settlement account, your surplus or  
21 deficiency is valued at the per kilowatt-month rate.  
22 And, those dollars are either taken from your account  
23 or are credited to your account. So, it settles in the  
24 ISO Settlement system.

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[WITNESS PANEL: Shelnitz~White]

1 Q. Okay. I guess what I'm trying to find out, and maybe I  
2 can make it a little bit clearer, on the other side,  
3 not the load obligation that you get a bill for  
4 capacity, on the people that get money for capacity,  
5 you have a capacity supply obligation, which you bid  
6 into the Forward Capacity Market to obtain. And, if  
7 you clear, you get an obligation of so many megawatts  
8 per month. Now, if that is a -- that's something that  
9 can be sold. You can sell that to somebody else. If  
10 you get rid your capacity supply obligation, you sell  
11 it to somebody else, and then they obtain that, and you  
12 make some kind of a contractual arrangement to do that.

13 Now, what you're talking about here is  
14 not the capacity supply obligation, but the capacity  
15 bill, I guess, associated with your load. And, so,  
16 PSNH gets a capacity bill, or, you know, that may not  
17 be the right term, that they get a number of kilowatt  
18 -- I think it's kilowatt-hours per month, where they're  
19 assigned saying "based on your load during your peak  
20 occurrence, you have a capacity bill we're going to  
21 send you based on the consumption of your customers."  
22 Is that correct?

23 A. (White) Yes.

24 Q. Okay. Now, what you're saying is that you have enough

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[WITNESS PANEL: Shelnitz~White]

1 capacity, you can come back to ISO-New England and,  
2 rather than give them money to pay that bill, you can  
3 pay them off in capacity itself, in the capacity supply  
4 obligations that you have that is higher than your load  
5 bill, if you will?

6 A. (White) That's correct. If you think about it, the  
7 half of the ISO bill statement that you're referring to  
8 would be a charge associated with your load obligation.  
9 On the other side of the ledger, if you will, there are  
10 credits associated with your capacity supply  
11 obligations. And, unless you've been subject to  
12 availability penalties or if you made bilateral  
13 transfers of the capacity supply obligation, aside from  
14 those, you are left with megawatts of credit. And,  
15 similar to the way you're charged for load, you're  
16 credited for megawatts of resources.

17 Q. That's what I was trying to get at. So, I know, if you  
18 don't -- if you didn't have enough, through contractual  
19 obligations or through your own generation, then you'd  
20 have to simply -- you'd get a bill, and you'd pay it in  
21 cash to ISO-New England. So, if you have extra, then  
22 you basically sell the extra to them and they pay it to  
23 you?

24 A. (White) That's correct.

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[WITNESS PANEL: Shelnitz~White]

1 Q. Okay. That's the part I was trying to get at. Thank  
2 you. That's helpful. Okay. Just so we're clear on  
3 the migration thing, and I think we are, but what we're  
4 really talking about with these percentages of the  
5 "50.9 percent" is, you know, the energy in  
6 kilowatt-hours that you sold, versus the energy in  
7 kilowatt-hours that were delivered. Is that correct?  
8 When you say "migration"? So, we're not talking  
9 "customers", we're talking about actually how many  
10 kilowatt-hours you delivered, versus how many of that  
11 you actually -- you actually sold the energy portion  
12 of?

13 A. (White) That's correct. It's volumetric, not number of  
14 customers. I should clarify one fine point is the  
15 "50.9" includes data on the energy side, as well as on  
16 the capacity side. So, we look at, and just the way  
17 things work out, they actually calculate to slightly  
18 different numbers. So, migration may be indicated at  
19 51 and a half percent for capacity, --

20 Q. Okay.

21 A. (White) -- when we look at our obligations, total  
22 obligation versus ES obligation, in the capacity  
23 markets. Similarly, on the energy side, it may work  
24 out to a slightly different number. The "50.9" is an

[WITNESS PANEL: Shelnitz~White]

1 average of those two statistics, so that we incorporate  
2 both markets, the primary markets that influence the  
3 dollars.

4 Q. So, it would be the most indicative figure you could  
5 use, rather than one or the other wouldn't be that  
6 correct?

7 A. (White) Correct.

8 Q. Okay. And, I'm going to kind of jump around here a  
9 little bit, because I have some various questions.  
10 This January and February, were there, you know, we  
11 obviously had these really high price spikes for a  
12 number of times during that, and they continued not  
13 just during the cold snap, I think there was probably a  
14 lot of speculation going on, but, through both January  
15 and February, there was a lot of really high spikes and  
16 LMPs. So, did you experience people that had,  
17 especially maybe industrial-type or commercial-type  
18 customers, that had left Public Service and were just  
19 basically buying their power from ISO-New England in  
20 the day-ahead market? Did you see those people coming  
21 back because they could get a fixed rate with Public  
22 Service that was much lower? Was there much of that  
23 reverse migration?

24 A. (White) I can't see that level of detail in the data I

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[WITNESS PANEL: Shelnitz~White]

1 look at. I'm only aware of the default of a third  
2 party supplier, essentially due to those high prices.  
3 And, those customers defaulted back to Energy Service  
4 supply. In terms of individual customers making that  
5 decision on their own, I don't have that info at the  
6 customer -- at the customer level.

7 Q. Okay. But let me just work through a scenario then and  
8 just say if this would be possible. If I was a large  
9 industrial customer that got my energy delivered from  
10 Public Service, used to get my -- if I get my energy  
11 delivered, I used to buy my energy from Public Service  
12 as well. And, now, I've been buying in the day-ahead  
13 market from ISO over the last few years, which I think  
14 everyone basically agrees is the cheaper way to buy it.  
15 Now, we get into January of this past year, and all of  
16 a sudden I'm seeing bills for \$300, \$350 a  
17 megawatt-hour at various times of the day, and there's  
18 all these spikes. And, I'm looking -- thinking, "this  
19 does not look good for the next month or two." Can I  
20 simply just call Public Service and say "I want back on  
21 Default Service"? And, I get Default Service, say, for  
22 February and March, and, then, when things calm down, I  
23 switch back to the day-ahead markets?

24 A. (White) Yes. It's my understanding it would be that

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[WITNESS PANEL: Shelnitz~White]

1 easy. It would only -- they would only have to wait, I  
2 believe, till a meter read date for that transfer to  
3 occur.

4 Q. Well, so, undoubtedly, some people must have done that,  
5 because the Default Service rates that were fixed were  
6 substantially lower than the LMPs, which were  
7 fluctuating wildly during that time.

8 A. (White) Yes. It's easy to see where that may have  
9 happened.

10 Q. Earlier today, and also during this conversation right  
11 now, we have been talking -- people have been talking  
12 about the Wood IPPs, the contracts for the five, I  
13 think, IPPs in northern -- or, from various parts of  
14 New Hampshire. And that, historically, when those  
15 contracts were signed, it was estimated that they were  
16 going to be above-market price. And, in fact, for the  
17 most part, they were above-market price. But, again,  
18 during January and February, I'm sure there were times  
19 when they were -- where they would have cleared at  
20 below-market price, and, in fact, the market price  
21 would have been higher. So, the delta between what the  
22 wood contracts were at and what they were getting in  
23 the, you know, the ISO day-ahead or real-time market,  
24 or whatever, I assume it's day-ahead, where does that

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[WITNESS PANEL: Shelnitz~White]

1 show up in the filing? Does it show up? It must be in  
2 here somewhere?

3 A. (White) Yes.

4 A. (Shelnitz) Yes.

5 A. (White) I'm not sure where.

6 A. (Shelnitz) It shows up on --

7 Q. And, we're dealing with Exhibit 9 now, I assume? Or,  
8 is it 8?

9 A. (Shelnitz) Nine was the updated, right? Nine was the  
10 June --

11 Q. June 13.

12 A. (Shelnitz) -- 13th, yes. So, in Exhibit 9, you can  
13 see, on Attachment MLS-2, Page 3, --

14 Q. Page 3.

15 A. (Shelnitz) The "Wood", Line 22, where it says "Energy  
16 Expense", that's energy expense for the Wood IPPs.  
17 And, in January, it's 3.8 million, and, in February,  
18 it's 3.4 million. And, those amounts are now lower  
19 than what they had originally appeared to be in our  
20 original filing in May, and that was because the  
21 credits from the SCRC were transferred over here. So,  
22 now, these -- so, these, this energy level of energy  
23 expense for these two months are the market -- I'm  
24 sorry, the contract price of the Wood IPPs, which they

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[WITNESS PANEL: Shelnitz~White]

1 were in the money for those two months.

2 Q. Well, I'm trying to figure out how this works then.

3 Where you show the "energy expense", that's a cost to  
4 the Company of the "3,824"?

5 A. (Shelnitz) Yes.

6 Q. Okay. But, in the case, at least during the timeframe,  
7 some of the time in January and February, in fact, the  
8 Company was making money off of those contracts,  
9 correct?

10 MS. AMIDON: Mr. Harrington, if I might  
11 assist?

12 CMSR. HARRINGTON: Uh-huh.

13 MS. AMIDON: Mr. Mullen pointed out to  
14 me that, if you go to Exhibit 9, it's the very last page,  
15 Attachment MLS-2, Page 7. And, if you look at the months  
16 of January and February, and what the title of this is  
17 "Detail of Wood IPP Purchases".

18 CMSR. HARRINGTON: Okay.

19 MS. AMIDON: If you go to the bottom  
20 line, the line past Line 35, it shows you the credits, I  
21 believe, and the witnesses can go from -- take it from  
22 here, but the credits that were received for January and  
23 February, is that right?

24 WITNESS SHELNITZ: That's correct.

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1 WITNESS WHITE: That's correct, yes.

2 BY CMSR. HARRINGTON:

3 Q. So, let me just -- so, to make it easy, in January and  
4 February, those contracts actually made -- showed net  
5 gain for the Company, whereas, compared to say like  
6 March, where there was, you know, a pretty good loss?

7 A. (Shelnitz) Right. Compared to the market price.

8 Q. Yeah, compared to the market price.

9 A. (Shelnitz) Compared, right. Yes.

10 Q. Okay. That's what I was looking for. Thank you. And,  
11 one of the things we discussed, whenever we had the  
12 last hearing on this, sometime in the spring, I guess  
13 it was, or maybe the late winter, was that we were  
14 going to have an update on the Berlin biomass plant in  
15 the June filing. Now, I'm looking at, again, on the  
16 Exhibit 9, the June 13th one, it talks about, on MLS-1,  
17 Page 1, Line 24, it lists "Berlin Station". Correct  
18 me, is that the Berlin biomass plant, whatever they  
19 happen to call themselves these days, it's hard to keep  
20 track?

21 A. (White) Yes, that is.

22 Q. Okay. And, so, this is a cost of -- this is in what,  
23 so, this would be "4,257,000". And, that's based on  
24 what, because they're not running right now, obviously?

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[WITNESS PANEL: Shelnitz~White]

1 A. (White) That's based on a projection of an in-service  
2 date in mid November.

3 Q. Mid November.

4 A. (White) So, those -- November 18th, actually. And, the  
5 4.2 million would represent payments for capacity and  
6 energy from November 18th through the end of the year.

7 Q. And, is that also a delta? In other words, is that --  
8 I'm trying to figure how that comes about. You have a  
9 contract with them to buy the energy. Is that the  
10 total price of the contract for buying that?

11 A. (White) Yes, it is.

12 Q. Okay.

13 A. (White) Yes. So, --

14 Q. But, if you didn't buy it from them, you would either  
15 have to produce it yourself or buy it from somebody  
16 else?

17 A. (White) That's correct.

18 Q. Okay. So, is there anywhere that shows on here whether  
19 that's anticipated to be above or below market rates?

20 A. (White) I don't believe it appears anywhere in this  
21 filing.

22 Q. Okay.

23 A. (White) I could tell you that the capacity and energy  
24 component is above market value. Although, because the

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1 majority of energy is flowing in December, when market  
2 value of energy is projected to be higher, it's not a  
3 dramatic delta between market and this contract.

4 What's buried in a different line item, under "RPS",  
5 are the RECs that also come with that contract. And,  
6 those are well below market value for the Class I RECs.  
7 Our payments are below market value. So, that offsets  
8 the over-market cost of capacity and energy.

9 Q. Okay. And, one thing I just wanted to be sure on that  
10 I wasn't looking at this, is that was a net cost above  
11 market value, but, in fact, it was the total payment  
12 that you're making under the contract?

13 A. (White) That's correct.

14 Q. Okay, because that's an important point. And, maybe in  
15 the future, I'm not asking for this for this filing or  
16 anything, but, in the future, if you could give us that  
17 breakdown of how the payments work with the market,  
18 similarly like you did with the Wood IPPs, that would  
19 be helpful.

20 Oh. Sort of a generic question as we go  
21 forward, this -- I guess it would have an effect on  
22 this, because it's still part of this year, you're more  
23 than likely, I'm sure you're aware of the ISO's  
24 proposed Winter 2013-2014, for lack of a better word,

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[WITNESS PANEL: Shelnitz~White]

1 "Emergency Program"?

2 A. (White) Yes, the Oil Inventory Program?

3 Q. Yes. And, are you planning on bidding Newington into  
4 that program, if, in deed, it is approved by FERC?

5 A. (White) We are analyzing and looking into that  
6 currently. I think it's probably -- it's safe to say  
7 "probably", but that determination hasn't been made.  
8 We do intend, either way, to support the proposal at  
9 ISO.

10 Q. Okay. I want to just have a couple of clarifying  
11 questions on the report, and I know it's confidential,  
12 the "Review of Costs - PSNH Generation", dated  
13 December 2012. And, I just -- well, I think I'll just  
14 skip those for right now.

15 Oh, I guess just one comment, I guess,  
16 on that one. If you have it, if you could turn to  
17 Page 17. I don't know if you have that or not?

18 A. (White) I'm sorry, what -- I don't believe we do.

19 Q. This is the report that we got in previously on  
20 December 12th -- December 2012, it's confidential, it  
21 says "Review of Costs - PSNH Generation for the New  
22 Hampshire Public Utilities Commission", in this docket.

23 A. (Shelnitz) I don't have that.

24 A. (White) I don't have that.

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[WITNESS PANEL: Shelnitz~White]

1 Q. Well, I'll just read part of the statements you quote  
2 in here from --

3 CHAIRMAN IGNATIUS: I just want to be  
4 very careful here, because there are people who are not  
5 parties to this docket who are present, and --

6 CMSR. HARRINGTON: There's nothing  
7 confidential that I'm going to be talking about. I'm  
8 going to -- making a quote from ISO New England that was  
9 made in public.

10 CHAIRMAN IGNATIUS: And, if it's  
11 necessary to respond by getting into confidential matters,  
12 obviously, we should do that. But we need to remove  
13 people who are not parties, and make sure that the court  
14 reporter knows that we're --

15 WITNESS WHITE: Is there a Commission  
16 docket that is -- what's the reference?

17 CMSR. HARRINGTON: It's this docket, DE  
18 12-292.

19 CHAIRMAN IGNATIUS: This was, you  
20 remember, was filed after the last portion of this docket,  
21 remember this began earlier, in 2012.

22 WITNESS WHITE: Okay. Yes.

23 CHAIRMAN IGNATIUS: And, it came in  
24 under that docket. I think this has been the first

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1 proceeding since it was filed for a chance to ask any  
2 questions regarding the report.

3 CMSR. HARRINGTON: I think all my  
4 questions should be non-confidential in nature.

5 MR. FOSSUM: Staff has provided a copy  
6 that I've provided to the witnesses --

7 CHAIRMAN IGNATIUS: Thank you.

8 MR. FOSSUM: -- for their review, since  
9 I couldn't locate mine.

10 BY CMSR. HARRINGTON:

11 Q. To start, go to Page 17, the "Summary and Conclusions",  
12 Section 4.

13 A. (Shelnitz) Yes. We're there.

14 Q. Okay. And, you'll see in the third paragraph down,  
15 there's a rather lengthy quote from the Vice President  
16 from ISO-New England. And, it concludes with "In the  
17 meantime, the ISO will continue to turn to coal and  
18 oil-fired generation, when necessary, to ensure that  
19 the power needed to meet consumer demand and maintain  
20 grid reliability is available this winter." And, I  
21 guess my question is, the key point here is that the  
22 ISO is saying "this winter". And, it's basically my  
23 understanding that it's this winter only. That they're  
24 looking past this winter to a fuel-neutral performance

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[WITNESS PANEL: Shelnitz~White]

1 based, it doesn't say it in this quote, but I just want  
2 to make it clear that his quote is only applying to the  
3 upcoming winter. And, in fact, the ISO has stated  
4 publicly a number of times that, after this winter,  
5 they won't be using this type of a program. Do you see  
6 where I'm referring to? The third paragraph down, the  
7 last sentence.

8 A. (White) Yes. I see where the final phrase of the last  
9 sentence is "reliability is available this winter".

10 Q. Yes.

11 A. (White) Is that what you're referring to?

12 Q. Yes, that's what I'm referring to. And, my point is, I  
13 don't want people to be looking at this, concluding  
14 that this quote represents a long-term need for the ISO  
15 to be turning to coal and oil-fired units, when, in  
16 fact, they're -- what they proposed for the next  
17 winter, and a long-term fix, will be fuel-neutral and  
18 it will be strictly performance-based. Do you agree  
19 with that or are you familiar with that at all?

20 A. (White) Well, I see it as stated here. I guess I don't  
21 know if I agree. He also comments that "a lot of these  
22 changes will take time to implement." I don't -- I  
23 guess I don't personally -- I don't necessarily foresee  
24 that those problems are going to go away even by next

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1 winter, or even beyond.

2 Q. Okay. And, I have a couple --

3 A. (White) But I do see the way it's stated, yes.

4 Q. A couple of other questions, just on the report.

5 Again, I'll try to make sure that these are not  
6 specific to any numbers. But, on Page 3, it talks  
7 about "overview of capacity factor" discussion. And,  
8 then, on the last paragraph, the third paragraph down  
9 there, it lists a bunch of various capacity factors.  
10 But you use a very, well, I have to say "unique", in  
11 that I've been in the power business for quite some  
12 time, and I've never heard anybody give capacity factor  
13 in "percentage of days". So, am I correct in assuming,  
14 when you list someone's capacity factor in "percentage  
15 of days operating", if they operated one hour or they  
16 operated 24 hours, that counts as a day towards their  
17 percentage of days capacity factor?

18 A. (White) Yes. I don't believe the statistics, if I'm  
19 looking at the right place as you, I don't think we  
20 describe it as "capacity factor", which I think would  
21 carry an industry-accepted definition. But this is  
22 describing the amount of time when those units are  
23 brought on line.

24 Q. Okay.

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[WITNESS PANEL: Shelnitz~White]

1 A. (White) And, I think you're right. If it was one hour  
2 of a day, it would count in that statistic. That's how  
3 I would interpret that as well.

4 Q. Okay. Well, I guess, but my point of bringing it up  
5 was, is at least I would personally prefer to see it as  
6 in the traditional capacity factor, which is usually,  
7 you know, actual kilowatt-hours produced divided by  
8 maximum possible kilowatt-hours that you could have  
9 generated. Because, above that, you talk about  
10 capacity factors, when they were high, you use the term  
11 "capacity factor", and then, when they appear to be  
12 lower, you switch to this "percentage of days  
13 operating", which you're basically comparing apples and  
14 oranges to make the oranges look better, I think. So,  
15 maybe use it consistent there would be helpful.

16 On -- one other question. And, this,  
17 again, may be something for the next round of these,  
18 because I know we have many more of them coming. If  
19 you get over to Page 13, there's quite a bit in  
20 Section 3.1.8, on "Other Support Services for  
21 Generating Stations". I'm not going to go through all  
22 of these, but there's a group, there's maintenance  
23 people, there's engineers someplace, there's a  
24 contingent of environmental engineers, there's people

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1 that do fuel and so forth. If, for the next filing,  
2 you could give us in equivalent FTEs for all of those,  
3 that would be helpful. So, whatever those, just with  
4 the "whole mess of people work here", "people work  
5 there" is really difficult to tell, are these working  
6 full time there, or just part of their time? They  
7 appear to be part of other groups that do other things  
8 as well. So, just for the future, if you could give us  
9 the equivalent FTEs for the support personnel to the  
10 various plants.

11 MR. FOSSUM: Commissioner, I guess I  
12 feel it important to interject here. I didn't understand  
13 that filing a report like this was a continuing or ongoing  
14 obligation of the Company. I understood that this was a  
15 specific request that had been made.

16 CMSR. HARRINGTON: Well, then, maybe  
17 I'll make it easier then. As a specific request for one  
18 time, could you convert those information in this report  
19 to FTEs, and just leave it go as what appears in this  
20 report? But, right now, it's impossible to tell exactly  
21 how many people there are because of the way it's  
22 described.

23 MR. FOSSUM: So, are you -- you're  
24 requesting then that the information that's in

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1 Section 3.1.8 be converted into equivalent FTEs and be  
2 provided to the Commission?

3 CMSR. HARRINGTON: Yes. Exactly.

4 MR. FOSSUM: Okay.

5 CHAIRMAN IGNATIUS: And, I think, also  
6 the capacity factor discussion --

7 CMSR. HARRINGTON: Yes.

8 CHAIRMAN IGNATIUS: -- from Section 2.3  
9 as well, to be able to compare.

10 MR. FOSSUM: And, should those be filed  
11 as record requests for this docket or should they be filed  
12 just essentially with a letter filing of the Company? How  
13 would you prefer to see those?

14 CMSR. HARRINGTON: I don't think it's  
15 needed to be filed, this, with the short term, it's not  
16 going to have any effect on the outcome of this docket,  
17 *per se*. So, I think that we could -- we just do it as a  
18 letter, that's a legal thing.

19 CHAIRMAN IGNATIUS: Yes. I think it  
20 might make sense to keep it in this docket number just so  
21 for the very mundane reason that we'll know what folder to  
22 put it in.

23 MR. FOSSUM: No, it's fine to file it in  
24 this docket. I guess it was, is it being filed as an

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1 exhibit to the hearing or is it just another filing that  
2 would be submitted as part of the docket?

3 CHAIRMAN IGNATIUS: Just an update.

4 MR. FOSSUM: Then, we will do that.

5 CHAIRMAN IGNATIUS: Thank you.

6 CMSR. HARRINGTON: Just give me one  
7 second.

8 (Short pause.)

9 CMSR. HARRINGTON: That's all the  
10 questions I had. Thank you.

11 CHAIRMAN IGNATIUS: Thank you. I have  
12 just a couple more questions.

13 BY CHAIRMAN IGNATIUS:

14 Q. You described both RPS and RGGI adjustments, and I want  
15 to be sure I'm following the ways that the numbers are  
16 flowing here. If we look at Exhibit 9, the June 13  
17 filing, the Attachment MLS-1, Page 1.

18 A. (Shelnitz) Yes, I have it.

19 Q. And, look at the item for "RGGI", you've got "RGGI  
20 costs" and then you've got "RGGI Auction Refunds",  
21 Lines 20 and 21. On the refunds, you've got  
22 \$9.7 million being refunded over the course of January  
23 '13 through December '13, correct?

24 A. (Shelnitz) Yes.

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[WITNESS PANEL: Shelnitz~White]

1 Q. And, that's up a bit from the May filing, which was  
2 8.8 million?

3 A. (Shelnitz) Yes.

4 Q. Why the increase?

5 A. (Shelnitz) There was a change in the clearing price  
6 that we had projected for that those auctions would  
7 produce. So, that the first auction came in at \$2.80,  
8 and the next auction came in at \$3.21. So, there was a  
9 slight bump in the auction proceeds as a result of  
10 that.

11 Q. And, since it's a refund of everything over a dollar,  
12 the higher that price goes, the clearing price goes,  
13 the more the refund will be?

14 A. (Shelnitz) Yes.

15 Q. So, for the remaining two auctions for the year, what  
16 have you projected?

17 A. (White) Three dollars was used for the second half of  
18 the year.

19 Q. You also have to make an estimate of the number of  
20 allowances sold, correct?

21 A. (White) Yes.

22 Q. And, does that vary or have you -- do you have one?

23 Or, I guess, did it differ in the first and second  
24 auction, and what are you projecting for the third and

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1 fourth?

2 A. (White) We've projected State of New Hampshire, the  
3 RGGI allocation for the auction at 7.1 million. I  
4 don't believe that assumption has changed since the May  
5 filing. And, the PSNH share of that market is  
6 approximately 70 percent. So, I believe the 7.1 is  
7 total New Hampshire energy service, of which PSNH is  
8 70 percent of that volume.

9 Q. And, do you have the actuals for the first and second  
10 auctions?

11 A. (White) I don't believe we have them here. Those are  
12 estimates.

13 Q. Would the actuals have informed your projections for  
14 the third and fourth?

15 A. (White) Actually, I'm sure we do have the actuals,  
16 because the PSNH percentage share increased slightly  
17 between May -- or, between the May and June filings.  
18 So, yes, it did inform our projection for the remainder  
19 of the year.

20 Q. Okay. You don't need to submit it then. I just want  
21 to make sure that you're tracking what the actuals are  
22 and making as sound a projection as you can based on  
23 what you see.

24 A. (White) Yes. And, we attempt to update with the latest

1 available.

2 Q. One other question on the RGGI refunds. The statute  
3 required, and in your testimony, your statement you  
4 reference that it's to be refunded no greater -- over  
5 periods no greater than six months, or something, it's  
6 sort of odd over which in the statute. How does the  
7 refund actually occur? I mean, you're showing a  
8 12-month projection here, but you're not refunding over  
9 once for the 12-month period. Is it a bit of the  
10 refund spread out over the 12 months in every month's  
11 bill?

12 A. (Shelnitz) The way the math would work out, yes.  
13 Because we're including, basically, a lump-sum for the  
14 refund amount, and that is being included in the  
15 calculation of the rate. So, they're going to get that  
16 volumetrically with their usage, with their monthly  
17 usage.

18 Q. All right. So, although you're not required to have it  
19 be a constant refund, that is the way you're doing it,  
20 because it goes into the total calculation of the per  
21 kilowatt-hour charge?

22 A. (Shelnitz) That is the way we're handling it.

23 Q. On RPS, you had said that the RPS obligation, the RPS  
24 costs have gone down, you described because the Class

[WITNESS PANEL: Shelnitz~White]

1 III requirement for 2012 has gone down by Commission  
2 order, correct?

3 A. (Shelnitz) Yes.

4 Q. And, then, also the thermal requirement is extended out  
5 another year, so that reduces the Class I requirement  
6 as well?

7 A. (Shelnitz) Yes.

8 Q. This is for your compliance with calendar year 2012,  
9 correct?

10 A. (Shelnitz) The Class III, yes. Class III would  
11 actually be for the compliance requirement for 2012 and  
12 2013. I think the percentages were slightly different.  
13 The Class I thermal, I believe, was just for 2013,  
14 because it's been pushed out.

15 Q. All right. And, you pay that -- the compliance  
16 payments for calendar year 2012 are paid in July of  
17 2013, correct?

18 A. (Shelnitz) Correct.

19 Q. Does the drop in load also reduce your RPS costs?

20 A. (Shelnitz) Yes, it does. That would be a factor in the  
21 reduction.

22 CHAIRMAN IGNATIUS: All right. That's  
23 my questions. Thank you. Mr. Fossum, any redirect?

24 MR. FOSSUM: No thank you.

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[WITNESS PANEL: Shelnitz~White]

1 CHAIRMAN IGNATIUS: All right. Then,  
2 the witnesses are excused. We appreciate your testimony.

3 Is there anything further? No other  
4 witnesses?

5 MR. FOSSUM: The exhibits.

6 CHAIRMAN IGNATIUS: Any objection to  
7 striking the identification and making them full exhibits?

8 (No verbal response)

9 CHAIRMAN IGNATIUS: Seeing none, we'll  
10 do that. And, anything other than closings?

11 (No verbal response)

12 CHAIRMAN IGNATIUS: Doesn't look like  
13 it. So, -- oh, and I guess we should just loop back to  
14 the final, now that we've been through all four of the  
15 dockets that interrelate in the final rate, maybe if I can  
16 prevail on the witnesses one last time, and I'll give you  
17 a chance for redirect, if need be.

18 BY CHAIRMAN IGNATIUS:

19 Q. Looking back at the exhibit that was created, the  
20 exhibits that were created in Docket 12-291, that had a  
21 sort of all-in rate impact, for residential customers  
22 specifically, and that was Exhibit 9, did you bring  
23 those with you?

24 A. (Shelnitz) Yes. I don't have the one that is like

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[WITNESS PANEL: Shelnitz~White]

1 that.

2 (Atty. Fossum handing document to  
3 Witness Shelnitz.)

4 BY CHAIRMAN IGNATIUS:

5 Q. You had identified "627 kilowatt-hours per month" as a  
6 "typical customer". And, that the impact of all of  
7 these four docket proposals, with whatever updates had  
8 been made today, comes to a \$6.00 decrease in a  
9 customer's monthly bill?

10 A. (Shelnitz) Yes. For 627 kilowatt-hours of usage, yes.

11 Q. Or a 5.32 percent decrease in their monthly bill?

12 A. (Shelnitz) Yes, compared to current rates.

13 BY CMSR. HARRINGTON:

14 Q. I guess the only thing I can say is, so, on the very  
15 last column, where it says "Total Retail", under "Total  
16 Revenue" for customers that take energy service, that  
17 would be the final rate they would be paying there, the  
18 "15.171 cents per kilowatt-hour", for everything  
19 included? This is on the second page, effective July  
20 1.

21 A. (Shelnitz) Yes, 15. Yes, 15.1 -- .2 cents. Right,  
22 15.171.

23 CMSR. HARRINGTON: Okay. Thank you.

24 CHAIRMAN IGNATIUS: All right. Mr.

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[WITNESS PANEL: Shelnitz~White]

1 Fossum, anything further, based on my question?

2 MR. FOSSUM: Only to clarify that the  
3 last reference that Commissioner Harrington was making was  
4 to the second page of Exhibit 10, from docket 12-291.

5 CHAIRMAN IGNATIUS: Thank you, because I  
6 know I couldn't find it in the one I was looking at. All  
7 right. Then, I think closings, that's all we have left.  
8 Ms. Chamberlin.

9 MS. CHAMBERLIN: The Company's proposal  
10 is for a decrease in the rate. The residential customers  
11 that are on Energy Service, about 350,000 households, will  
12 certainly appreciate the decrease in the rates. We remain  
13 concerned with the rate of migration, and continue to  
14 assert that the structure of the rate, where approximately  
15 50 percent of the load is now -- 100 percent of the costs  
16 are being borne by 50 percent of the load, and that -- it  
17 can't be sustained. And, I appreciate that this docket,  
18 we have not gone into that, and there are other dockets  
19 that are out there, but I cannot say that the structure  
20 results in just and reasonable rates. I support the  
21 calculations, with the caveats that I've made in the other  
22 cases and in closing, that a rate should be approved.  
23 And, again, it's wonderful that it's a decrease. However,  
24 I don't want that to cloud the overall picture that there

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1 are still a lot of customers who are bearing a lot of  
2 costs that they should not be responsible for.

3 CHAIRMAN IGNATIUS: Well, let me -- I'm  
4 not sure I'm following what you're saying. Because are  
5 you saying that the rates should be approved as filed,  
6 with the exception of ones you took issue with in the  
7 distribution rates, two of the components there? So,  
8 you're supporting them being approved as filed, but not  
9 agreeing that the results are just and reasonable?

10 MS. CHAMBERLIN: Only because we have  
11 another docket that is addressing the big picture. This  
12 was a reconciliation docket, and we did not get into the  
13 big picture. We, basically, we track the rates and we  
14 track the numbers, and we've gone through that, and I  
15 don't have an objection with how things are calculated,  
16 again, with the reservations that I've already pointed  
17 out. My concern is simply that, with the decrease in the  
18 rates, it may appear the problem is solved. However, the  
19 evidence is that migration certainly has been going up,  
20 may very well continue to go up, and that continues to  
21 shift costs on the most vulnerable customers, the  
22 residential customers, who, for a variety of reasons,  
23 choose not to seek a competitive supplier.

24 CHAIRMAN IGNATIUS: And, when you say

1 "there's a larger docket looking at the bigger picture",  
2 "there's another docket looking at the larger questions",  
3 are you referring to the investigation docket that we have  
4 underway?

5 MS. CHAMBERLIN: I am. I am.

6 CHAIRMAN IGNATIUS: Okay. Ms. Amidon.

7 MS. AMIDON: Thank you. Staff has  
8 reviewed the filing and inquired with the Company about  
9 the calculation of the rates. And, we support the  
10 calculation of rates. And, we also believe that it  
11 comports with RSA 369-B:3, IV(b)(1)(A), which requires  
12 PSNH to base its costs on the reasonable -- "the price of  
13 such default service shall be PSNH's actual prudent and  
14 reasonable costs of providing such power as approved by  
15 the Commission."

16 So, having said that, we believe that  
17 they comport with that statute, and we support the  
18 calculated rate.

19 CHAIRMAN IGNATIUS: Thank you.

20 Mr. Fossum.

21 MR. FOSSUM: Thank you. I would concur  
22 with Staff's statement that the rates that we have  
23 proposed reflect PSNH's actual prudent and reasonable  
24 costs for this rate. And, I guess at this time I would

1 simply ask that the rate that has been proposed in this  
2 docket, as is pending in each of the other dockets we've  
3 had today, be permitted to go into effect for service on  
4 July 1st, as has been proposed. In that, overall, what  
5 PSNH has proposed is a series of rate changes that will  
6 result in just and reasonable rates for customers. Thank  
7 you.

8 CHAIRMAN IGNATIUS: Thank you. All  
9 right. We'll take this under advisement. We understand  
10 that the Company, for billing purposes, hopes to have an  
11 order in advance of July 1st for effect on July 1st, and  
12 we will meet that deadline. Thank you. We are adjourned.

13 **(Whereupon the hearing was adjourned at**  
14 **3:17 p.m.)**