

STATE OF NEW HAMPSHIRE

before the

PUBLIC UTILITIES COMMISSION

Docket No. DE 14-238

Public Service Company of New Hampshire

Determination Regarding PSNH's Generation Assets

SETTLING STAFF RESPONSE TO NON-ADVOCATE STAFF

PROCEDURAL PROPOSAL REGARDING LA CAPRA ASSOCIATES

Now come, Thomas C. Frantz and F. Anne Ross (Settling Staff), and file this response to Commission Non-Advocate Staff's ("Non-Advocate Staff's") proposal to retain control of La Capra Associates ("La Capra") and to provide the parties with an opportunity to question La Capra on October 13, 2015 at a technical session/deposition to be transcribed before a court reporter.

I. Commission Staff's Shared Responsibility to Build a Full Record

Settling Staff agrees with Non-Advocate Staff that an important function of all Commission Staff, whether designated as advocate staff or not, is to build an adequate record upon which the Commission can make a decision. We and Non-Advocate Staff are joined in this important goal and appreciate Non-Advocate Staff's acknowledgement that La Capra could be an important witness in this case. We do not believe that Non-Advocate Staff's proposed technical session is the best way to build a thorough record in this case, and we do not believe

that Non-Advocate Staff have presented any compelling reason for retaining contractual control of, and communications with, La Capra.

II. Non-Advocate Staff Challenges the 2014 La Capra Report¹

Staff witness, Michael D. Cannata, Jr., P.E., filed testimony challenging Settling Staff and PSNH testimony concerning projected customer savings in the event of a divestiture of PSNH's generation assets in the 2016-2017 time period. Mr. Cannata disputes the assumptions and applicability of the La Capra analysis as a basis for Settling Staff and PSNH's projected customer savings, and Mr. Cannata directly refutes the conclusions of the La Capra analysis. The following excerpts from Mr. Cannata's testimony demonstrate Non-Advocate Staff's opinion of the La Capra study:

That assumption is only partially correct. The LaCapra calculation of New Hampshire Default Service prices did include Load Obligation Payments, but the values LaCapra used were based on the 2013 Forward Capacity Auction (FCA-7), whose values were lower than what has been approved at more recent Forward Capacity Auctions (FCA-8 and FCA-9). Cannata Testimony at p.8-9 ln. 16-2

There would be no impact on the results of the 2014 Staff analysis because they are approximately equal, but the PSNH savings estimate analysis would be overstated by the difference between the outdated Load Obligation Payments used in the LaCapra analysis and those that have been recently approved. Cannata Testimony at p. 9 ln. 14-17, *See also* Mr. Cannata's adjustments to La Capra forward capacity values for years 2015-2021, Cannata Testimony p. 10 Table 1.

The analyses presented by Mr. Chung and Mr. Frantz are based on an analysis that was completed by LaCapra Associates on March 31, 2014. The most up-to-date gas forecasts available to LaCapra in that time frame would have a vintage of late 2013 or very early 2014. Such forecasts would thus not include the high price spike events because would rely on data prior to that time. Gas forecasts do not forecast price spikes, but predict gas demand and prices with the climate conditions that are expected to exist at peak demand conditions. In addition, the LaCapra analysis utilized an average monthly gas price in its dispatch analysis. This methodology does not capture the value to customers of

¹ The work of La Capra and ESS resulted in the April 1, 2014 Staff report, Preliminary Status Report Addressing the Economic Interest of PSNH's Retail Customers as it Relates to the Potential Divestiture of PSNH's Generating Plants (2014 La Capra Report)

eliminating price spikes and becomes more inaccurate as the price of gas drops to the low price levels being experienced today.

Finally, the Saving Analysis may have captured some small portion of this value through its reliance on the LaCapra report which, in turn, used average monthly gas price forecasts. Although the precise LaCapra modeling is unknown due to confidentiality issues, the use of monthly gas price forecasts will not capture most of the missed value discussed above. Cannata Testimony p. 12 ln. 3-18.

III. Allowing Non-Advocate Staff to Control an Expert They Disagree with Does Not Support a Fair and Complete Record

Neither Settling Staff nor Non-Advocate Staff have standing to appeal a decision of this Commission, although other parties to this docket do have such rights and may have thoughts on the process proposed by Non-Advocate Staff. Having designated certain staff members as advocate staff, the Commission need only decide whether those advocate staff should be allowed to direct the activities of the Commission expert, La Capra, or whether Non-Advocate Staff should do so. Settling Staff submit that the record in this docket will be better developed by allowing the Settling Staff members whose testimony relies upon La Capra to sponsor that witness, rather than the Non-Advocate Staff whose testimony seeks to discredit the La Capra Report.

IV. The Timing of the Remedy Suggested By Non-Advocate Staff is Inconsistent With the Docket's Procedural Schedule

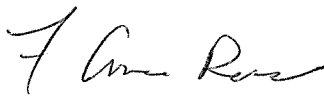
Finally, Non-Advocate Staff's suggested technical session on October 13th would occur before answers to data requests to Non-Advocate Staff witnesses are received on October 16th. Because some of those pending data requests concern La Capra and Non-Advocate Staff's adjustments to the 2014 La Capra Report, parties will need time to receive and review those responses prior to questioning La Capra.

Respectfully submitted,

SETTLING STAFF,

THOMAS C. FRANTZ AND F. ANNE ROSS


Dated: October 5, 2015

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Cc: Service List

Certificate of Service

I hereby certify that a copy of this motion has been served electronically on the persons on the Commission's service list in this docket in accordance with Puc 203.11 this 5th day of October, 2015.


F. Anne Ross, Esq.