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

1  
2 CMSR. BAILEY: Good morning. We're  
3 here today in Docket Number DE 18-057, to  
4 consider the request of Eversource and Liberty  
5 (Granite State Electric) to recover the cost of  
6 software changes made to allow customers of  
7 competitive energy suppliers to receive the  
8 Energy Assistance Program discount on their  
9 energy usage.

10 I note for the record that we  
11 received an affidavit of publication on  
12 September 10th from Eversource and on  
13 September 20th from Liberty. The Order of  
14 Notice was published in the Eagle Tribune, the  
15 Valley News, and the Union Leader.

16 We have a Joint Petition from  
17 Eversource and liberty, requesting the recovery  
18 of the money that they -- the costs that they  
19 incurred. I don't believe we've had any  
20 intervention requests. And there are no  
21 outstanding motions that I know of.

22 So, let's take appearances.

23 MR. FOSSUM: Good morning,  
24 Commissioners. Matthew Fossum, here for Public

1 Service Company of New Hampshire, doing  
2 business as Eversource Energy.

3 CMSR. BAILEY: Good morning.

4 MR. SHEEHAN: Good morning. Mike  
5 Sheehan, for Liberty Utilities (Granite State  
6 Electric).

7 MR. KREIS: Good morning,  
8 Commissioners. I am D. Maurice Kreis, doing  
9 business as Don Kreis. I'm the Consumer  
10 Advocate, here on behalf of residential  
11 ratepayers.

12 MS. SCHWARZER: Good morning,  
13 Commissioners. I'm Mary Schwarzer, here for  
14 Staff. With me is Amanda Noonan, who's the  
15 Director of Consumer Services and the External  
16 Affairs Division, Rorie Patterson, who's the  
17 Assistant Director, and Gary Cronin.

18 CMSR. BAILEY: All right. Are there  
19 any preliminary matters that we need to take  
20 up?

21 *[No verbal response.]*

22 CMSR. BAILEY: Seeing shaking heads,  
23 none.

24 Let's start with initial positions.

1 Mr. Fossum.

2 MR. FOSSUM: Thank you. About  
3 approximately a year and a half ago, the  
4 Electric Assistance Program Advisory Board had  
5 recommended the change to the EAP that would  
6 permit EAP customers to avail themselves of  
7 competitive supply. And that recommendation  
8 was approved by Order 26,132, in May of last  
9 year.

10 At the time of that recommendation,  
11 the Board understood that certain costs would  
12 be incurred by the utilities to implement the  
13 recommended changes. And, so, it recommended  
14 that, subject to Commission approval, prudent  
15 costs of the utilities to make those changes  
16 should be recovered from the EAP fund.

17 Eversource implemented the changes  
18 recommended by the Board, and approved by the  
19 Commission, and is here now to seek approval  
20 for recovery of the costs of those changes, as  
21 contemplated both by the Board's recommendation  
22 and by the Commission's order.

23 I'm pleased to say that Eversource's  
24 final costs came in well below its initial

1 estimates, because, once the full scope of the  
2 work was known, it turned out to be less  
3 extensive, and therefore less expensive than  
4 had first been thought.

5 Therefore, Eversource is here to seek  
6 approval to recover the actual costs of  
7 implementation, as outlined in the testimony  
8 we've submitted, and we submit that these costs  
9 were both prudently incurred and reasonable in  
10 amount.

11 Eversource hopes that this matter can  
12 move efficiently. And it may be that this case  
13 can be resolved in short order, and perhaps  
14 even by an order *nisi*.

15 So, with that, I'll just reiterate  
16 our request for approval of the costs that have  
17 been incurred. And I hope that this moves  
18 efficiently.

19 Thank you.

20 CMSR. BAILEY: Mr. Fossum, were the  
21 changes implemented as of October 1st, 2018 or  
22 2019?

23 MR. FOSSUM: They were effective  
24 October 1st, 2018.

1 CMSR. BAILEY: So, customers have  
2 been receiving the EAP program benefits since  
3 October 1st, 2018?

4 MR. FOSSUM: In Eversource's  
5 territory, that has been available to them as  
6 of October 2018.

7 CMSR. BAILEY: Thank you.  
8 Mr. Sheehan.

9 MR. SHEEHAN: Thank you.

10 CMSR. BAILEY: Oh, excuse me. Wait a  
11 second.

12 MR. SHEEHAN: Sure.

13 CMSR. BAILEY: Commissioner Giaimo  
14 has a question.

15 CMSR. GIAIMO: I do. Can you  
16 elaborate why an order *nisi* would be  
17 appropriate?

18 MR. FOSSUM: I believe in this case,  
19 and, you know, subject to what others might  
20 say, but the issue that we're here to talk  
21 about is strictly a matter of cost recovery.  
22 Essentially, we were ordered to implement  
23 certain changes, and we did so. So, the  
24 question is "did we incur appropriate costs in

1           doing so?"

2                         Based on my review, personally, I  
3           think that the entirety of that issue rides on  
4           paperwork. You know, how did we manage and  
5           control costs? I don't see it as being an  
6           issue that would require extensive hearings  
7           about how the business was necessarily  
8           conducted or other questions.

9                         I'm open to the possibility of  
10          differing opinions. But, as I see it, this --  
11          it looks to me like, once we've demonstrated  
12          the costs are there, there wouldn't necessarily  
13          need to be a hearing on it.

14                        CMSR. GIAIMO: Thank you. I guess I  
15          hope others that follow you would opine on the  
16          same issue.

17                        CMSR. BAILEY: Mr. Sheehan.

18                        MR. SHEEHAN: Thank you. I'll  
19          incorporate Mr. Fossum's background of why  
20          we're here and why it applies equally to  
21          Liberty. I will note that in the  
22          recommendation from the Advisory Board from  
23          early 2018, the estimates were in there. So,  
24          they were known from the beginning. And those



1 estimates were available to the Commission,  
2 when the Commission approved the changes in its  
3 Order 26,132, to approve the costs, they were  
4 certainly aware of the costs, and understood  
5 that costs in that order would be incurred to  
6 make the changes.

7 Our estimate was \$182,000, our actual  
8 came in about five or six percent higher than  
9 that, \$195,000. So, we had laid out in our --  
10 Ms. Harris's testimony the breakdown of that  
11 number, and we submit that it was what the  
12 Commission expected when it approved this  
13 change in the order.

14 So, we ask similarly that the  
15 Commission approve cost recovery of that  
16 amount, 195,666.

17 As to the *nisi* issue, I concur. To  
18 the extent there were substantive issues in  
19 this docket, it was addressed in the order  
20 initially. But we could certainly,  
21 theoretically, have a substantive hearing over  
22 these costs. I don't think it's necessary.  
23 It's certainly not legally necessarily. And,  
24 as a practical matter, no one has intervened.

1 But we have yet to hear Staff and OCA's  
2 position, but, hopefully, there's a consensus  
3 that these costs were what were expected and  
4 what were incurred. So, we ask for their  
5 approval.

6 Thank you.

7 CMSR. BAILEY: Mr. Sheehan,  
8 Eversource and you both had similar cost  
9 estimates, and Eversource came in at less than  
10 half of the estimate and you came in above the  
11 estimate. So, in the development of the  
12 record, I would like people to understand why  
13 that was.

14 MR. SHEEHAN: And it is explained  
15 some in the testimony. It's simply a function  
16 of different software that had different  
17 requirements to change. So, it was, as  
18 Mr. Fossum said, they -- I don't know exactly  
19 what they did, but they estimated carefully,  
20 and it was a little high. It turned out our  
21 estimate was pretty much spot-on. Work  
22 requirements --

23 *[Court reporter interruption.]*

24 MR. SHEEHAN: Turned out that the

1 work that was required, as estimated by the  
2 vendor, turned out to be pretty accurate.

3 And, you know, for the record, the  
4 other utilities involved had much lower  
5 estimates. Again, it was just a function of  
6 their system. And, as we have heard in various  
7 dockets, changes in software systems, sometimes  
8 they're simple tasks; sometimes they're  
9 incredibly complex tasks.

10 CMSR. BAILEY: Mr. Kreis.

11 MR. KREIS: Thank you, Commissioner  
12 Bailey.

13 So, over the weekend, I had a  
14 discussion with my spouse. And I confessed to  
15 her that I have been obdurate and cranky with  
16 almost everybody I have been dealing with for  
17 quite some time. And I resolved that this week  
18 I would not do that, and that I would be kind  
19 and friendly and supportive and positive in all  
20 of my interactions. And here we are, at about  
21 the middle of the week, and I have succeeded so  
22 far in doing that.

23 But this particular prehearing  
24 conference presents, so far, the biggest

1 challenge to that resolve that I have  
2 confronted. Because what you have in this  
3 situation is, first of all, an issue that I  
4 have been concerned about since we have been  
5 discussing the question of making these changes  
6 to the EAP program. And I put the utilities on  
7 notice at EAP meeting after EAP meeting that I  
8 was concerned about what I perceived to be  
9 inflated and ridiculous implementation costs.  
10 And the utilities kept coming back and saying  
11 "well, okay, we're going to do what the EAP  
12 Committee has agreed we should do, and then  
13 we'll have a docket later on to talk about the  
14 prudence of the costs that the utilities  
15 actually incurred in making the necessary  
16 software changes. And that is what we are  
17 doing here today. That chicken has come home  
18 to roost.

19 And, so, to just identify the  
20 elephant in the living room, and I guess I  
21 should apologize for mixing metaphors, we have  
22 three utilities that we asked to do the exact  
23 same thing. One utility said "We did it, and  
24 we don't need any cost recovery"; another

1 utility said "We did it, it cost us half of  
2 what we thought it would cost us, but it still  
3 cost us a fair amount of money"; and the third  
4 utility has advanced a higher than -- an  
5 unusually high -- a notably high request for  
6 cost recovery that actually came in in excess  
7 of what their estimate was. In those  
8 circumstances, I regret to say that an order  
9 *nisi* is the very last outcome that I would be  
10 here suggesting today.

11 But, consistent with the agreement  
12 that I made with my spouse over the weekend,  
13 I'm willing to hear out these utilities about  
14 why these costs are reasonable and prudent,  
15 with a capital "P".

16 Mr. Sheehan said "Well, it's all just  
17 a function of our system", or each of the  
18 systems of these three utilities. I have been  
19 listening to utilities make excuses about their  
20 billing software since I first walked through  
21 the door of the Public Utilities Commission  
22 twenty years ago. And I continue to be as  
23 concerned about that as I was in 1999.

24 I look forward to hearing from the

1 utilities talking about the issues. I'm  
2 open-minded. If it's appropriate to grant  
3 these utilities cost recovery, even though one  
4 of the three utilities had the dignity, honor,  
5 and commonsense not to come here asking for  
6 cost recovery, I will be here in short order  
7 agreeing with the utilities that these costs  
8 were prudently incurred. But I have yet to be  
9 convinced.

10 That's all I have to say.

11 CMSR. BAILEY: Ms. Schwarzer.

12 MS. SCHWARZER: Thank you,  
13 Commissioner Bailey.

14 Consistent with Order 26,132 in this  
15 docket, Staff looks forward to exploring the  
16 costs, scope, prudence, and reasonableness of  
17 Eversource and Liberty's request to recover  
18 costs for changes made to their billing systems  
19 and customer information systems to implement  
20 adjustments to the application of the EAP.

21 I'll note that Unitil Energy Systems  
22 is not seeking recovery for the changes it made  
23 pursuant to Order 26,132, as stated in its  
24 filing of October 12, 2018.

1           Staff has not given extensive thought  
2           as to whether a *nisi* order would be  
3           appropriate. It's always possible, but we  
4           would reserve our position at this time.

5           CMSR. BAILEY: Mr. Sheehan, I forgot  
6           to ask you, when was your -- when was the  
7           software change implemented and how long have  
8           customers been able to take advantage of this  
9           change?

10          MR. SHEEHAN: The software change  
11          itself was implemented December 1. The Company  
12          put it into effect October -- November 1  
13          manually, because of the -- that was the same  
14          time the weather normalization adjustment went  
15          into effect November 1, so we just did it  
16          manually until that system was rolled into  
17          effect.

18          CMSR. BAILEY: Okay. Thank you.

19          MR. SHEEHAN: If I could respond  
20          briefly to Mr. Kreis? I'd like to remind him  
21          that a short time ago the OCA and Liberty  
22          agreed to a decoupling mechanism in our  
23          EnergyNorth rate case. His expert proposed a  
24          way of doing it that we initially said our

1 software system cannot handle, and that's why  
2 we proposed a different way. His expert  
3 pushed. We looked at our software system, and  
4 it turned out it could do what it was he wanted  
5 in his proposal. We ended up proposing the  
6 OCA's weather normalization real-time, that was  
7 essentially approved by the Commission.

8 So, there are occasions when our  
9 software system can do complicated things, and  
10 I think there was a small cost to that change,  
11 in any. So, it's not always as he suggests, a  
12 system that can't handle what others wish us to  
13 do.

14 CMSR. BAILEY: Commissioner Giaimo  
15 has a question.

16 CMSR. GIAIMO: I seem to recall the  
17 number in the -- with the decoupling cost was  
18 about \$50,000?

19 MR. SHEEHAN: It was something in  
20 that neighborhood. And that was both the  
21 decoupling and the weather normalization  
22 adjustment, which, as you know from the  
23 hearing, is there's almost a day-by-day,  
24 customer-by-customer daily adjustment that can



1 be made to bills.

2 CMSR. GIAIMO: Okay. Thanks.

3 CMSR. BAILEY: All right. I think  
4 that's all we need to do today. So, we will  
5 adjourn the hearing and leave you to your  
6 technical session. And I hope you all take  
7 advantage of Mr. Kreis's good mood.

8 Thank you.

9 ***(Whereupon the prehearing***  
10 ***conference was adjourned at***  
11 ***10:20 a.m., and a technical***  
12 ***session was held thereafter.)***

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