

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 18, 2007 - 10:15 a.m.  
Concord, New Hampshire

RE: DE 07-064  
ELECTRIC UTILITIES:  
Energy Efficiency Rate Mechanisms.  
(Prehearing conference)

PRESENT: Chairman Thomas B. Getz, Presiding  
Commissioner Graham J. Morrison  
Commissioner Clifton C. Below

Connie Fillion, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:  
Gerald M. Eaton, Esq.  
  
Reptg. Unitil Energy Systems, Inc.:  
Gary M. Epler, Esq.  
  
Reptg. National Grid:  
Alexandra E. Blackmore, Esq.  
  
Reptg. New Hampshire Electric Cooperative:  
Heather Kaufman

COURT REPORTER: Steven E. Patnaude, CCR

1 APPEARANCES: Reptg. Conservation Law Foundation:  
Thomas Irwin, Esq.  
2 Melissa Hoffer, Executive Director

3 Reptg. N.H. Office of Energy & Planning:  
4 Jack Ruderman, Esq.

5 Reptg. N.H. Dept. of Environmental Services:  
6 Joanne Morin

7 Reptg. KeySpan Energy Delivery New England:  
8 Thomas P. O'Neill, Esq.

9 Reptg. Wal-Mart Stores East:  
10 Karla J. Doukas, Esq.

11 Reptg. Jordan Institute:  
12 D. Dickinson Henry, Jr.

13 Reptg. Campaign for Ratepayers' Rights:  
14 Robert Backus, Esq.

15 Reptg. The Way Home:  
16 Alan Linder, Esq. (N.H. Legal Assistance)

17 Reptg. Southern New Hampshire University:  
18 Pentti Aalto

19 Reptg. Residential Ratepayers:  
20 Meredith Hatfield, Esq., Consumer Advocate  
21 Office of Consumer Advocate

22 Reptg. PUC Staff:  
23 F. Anne Ross, Esq.  
24

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

## I N D E X

PAGE NO.

## STATEMENTS OF PRELIMINARY POSITION BY:

Mr. Eaton	6
Mr. Irwin	7
Mr. Ruderman	8
Ms. Morin	10
Mr. Epler	11
Ms. Blackmore	13
Mr. O'Neill	14
Ms. Doukas	15
Mr. Henry	16
Mr. Backus	17
Ms. Kaufman	17
Mr. Linder	18
Mr. Aalto	20
Ms. Hatfield	21
Ms. Ross	24

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

2 CHAIRMAN GETZ: Okay. Good morning.  
3 We'll open the prehearing conference in docket DE 07-064.  
4 On June 18, the Commission issued an order of notice in  
5 this docket in order to investigate the merits of  
6 instituting for electric utilities appropriate rate  
7 mechanisms, such as revenue decoupling, which could have  
8 the effect of removing obstacles to and encouraging  
9 investment in energy efficiency. In the order of notice  
10 we pointed out that the Commission is seeking an  
11 assessment of the evidence supporting the implementation  
12 of revenue decoupling or other appropriate mechanisms.  
13 And, the primary goal of this proceeding is to evaluate  
14 the applicability of such mechanisms.

15 The order of notice sets out some  
16 specific substantive questions that we are seeking  
17 responses to, and also sets out the general procedural  
18 question about whether it will be advisable to implement  
19 revenue decoupling in general rate case filings, through a  
20 generic rulemaking, or some other approach. The order of  
21 notice points out as well that this morning will be the  
22 opportunity for parties seeking to intervene or merely to  
23 comment, to provide a preliminary statement of their  
24 position with regard to this docket, and there will also

{DE 07-064} [Prehearing conference] (06-18-07)

1 be following the prehearing conference a technical  
2 session, at which parties may discuss vehicles for  
3 continuing with the investigation or recommendations that  
4 it may want to make to us jointly or separately about how  
5 to conduct this proceeding.

6 I'll note for the record that the  
7 affidavit of publication was filed on May 25. We have  
8 Petitions to Intervene from KeySpan, and we have the  
9 Notice of Participation from the Consumer Advocate. We  
10 also have Petitions to Intervene from the Campaign for  
11 Ratepayers' Rights, Office of Energy & Planning, Wal-Mart  
12 Stores, On The Way Home, the Conservation Law Foundation,  
13 the Southern New Hampshire University, Jordan Institute,  
14 the Department of Environmental Services, Business &  
15 Industry Association, Unutil, and Public Service Company  
16 of New Hampshire. If I've missed anyone, when we go  
17 around the room, you'll have the opportunity to advise me  
18 that I've missed something or to make an oral Petition to  
19 Intervene.

20 We'll do this in one round, rather than  
21 take appearances, and then go back around and hear  
22 statements of positions. We will take both of those steps  
23 at the same time. And, to the extent that there is any  
24 objection by anyone to any particular motion to intervene,

{DE 07-064} [Prehearing conference] (06-18-07)

1 we'd appreciate that you state that position, or, if you  
2 have no objections, to state that as well.

3 So, we will begin here with Mr. Eaton,  
4 and then we will work our way clockwise around the room.  
5 Mr. Eaton.

6 MR. EATON: Thank you, Mr. Chairman. My  
7 name is Gerald M. Eaton. I am Senior Counsel for Public  
8 Service Company of New Hampshire. We are seeking full  
9 party intervenor status in this proceeding. The primary  
10 decoupling principle should be to remove any disincentive  
11 for utility-sponsored energy efficiency. Decoupling can  
12 also provide an incentive to increase energy efficiency  
13 efforts. Energy efficiency measures provide benefits to  
14 all customers, but they can result in lower earnings for  
15 the utility. PSNH is willing to support some type of  
16 decoupling, if it creates the correct incentives, but not  
17 at the cost of a reduced return on equity.

18 If the objective is to encourage energy  
19 efficiency, there may be other mechanisms to consider,  
20 such as providing an enhanced rate of return for  
21 outstanding performance. Other mechanisms to consider  
22 might include rate design efforts, such as higher customer  
23 charges and lower energy charges, thus providing the  
24 utility with additional revenue unrelated to the volume of

1 sale.

2 PSNH is concerned that the Commission's  
3 order may be presuming a certain methodology for revenue  
4 decoupling, rather than focussing on principles and  
5 objectives. While there may be merit to more general  
6 decoupling methodologies, the issues need to be fully  
7 understood. PSNH is currently developing its position and  
8 will work with the parties to explore decoupling options.  
9 Thank you.

10 CHAIRMAN GETZ: Thank you. Well, let me  
11 just make one observation, is that we're not presuming  
12 anything. We want to investigate this issue fully, and we  
13 have no particular outcome in mind, other than we are  
14 hopeful of, to the extent that there are obstacles, that  
15 they're eliminated, and we want to hear everybody's best  
16 ideas on how we can move this proceeding forward. Sir.

17 MR. IRWIN: Thank you. My name is Tom  
18 Irwin. I'm a staff attorney with the Conservation Law  
19 Foundation, more specifically, the New Hampshire office of  
20 the Conservation Law Foundation. With me today is Melissa  
21 Hoffer, who is the Director of our New Hampshire office.  
22 We're very happy with the Commission's institution of this  
23 proceeding, of this docket. We look forward to working  
24 with the Commission and other intervenors on this matter.

{DE 07-064} [Prehearing conference] (06-18-07)

1 We are in the process of formulating positions as well.  
2 Though, I will say we are very interested in pursuing and  
3 further exploring the concept of "decoupling", with the  
4 goal of removing disincentives to energy efficiency  
5 programs, and also creating new mechanisms for enhanced  
6 efforts to achieve energy efficiency.

7 CHAIRMAN GETZ: Okay. Thank you.

8 MR. RUDERMAN: Good morning, Mr.  
9 Chairman and Commissioners. Jack Ruderman, representing  
10 the New Hampshire Office of Energy & Planning. We also  
11 were quite pleased that the Commission chose to institute  
12 this proceeding. For us, it just sort of highlights how  
13 critical energy efficiency has become. We've all been  
14 involved in these dockets for years here. We've worked to  
15 develop the CORE programs. And, while it's always been  
16 important, I think there is now a new sense of urgency,  
17 given the concerns that people have about climate change,  
18 given the problems with peak load during the summer, and  
19 our need to shore up the reliability of the New England  
20 Power Grid. I think energy efficiency is just becoming  
21 more and more something that we can't take for granted and  
22 something that we really have to maximize as much as  
23 possible for environmental and economic reasons. So, for  
24 us, the timing of this docket couldn't be better.

{DE 07-064} [Prehearing conference] (06-18-07)

1                   Having said that, we come here pretty  
2                   much as a blank slate, with no preconceived notions as to  
3                   whether the current system is optimal, as to whether  
4                   decoupling would offer a better system. We don't know. I  
5                   think the sort of underlying issue that we want to focus  
6                   on most is, are there barriers to delivering greater  
7                   results on the efficiency front in the current system?  
8                   And, if so, then, of course, there are lot of different  
9                   roads you want to go down to look at how to address that  
10                  or to ameliorate that. But, again, the question is, you  
11                  know, are we at the right level now and are we doing as  
12                  much as we can? Is the current program good, but can it  
13                  be enhanced by further changes? Or, is the situation such  
14                  that there will always be some sort of disincentive to  
15                  utilities as long as the rates are tied to sales? In  
16                  which case, again, decoupling may make more sense.

17                  But we're very happy to see that we have  
18                  a wide range of stakeholders participating here. This, to  
19                  us, seems a little bit -- this docket is a little bit out  
20                  of the sort of usual mode of adversarial and, you know,  
21                  shooting information requests back and forth immediately.  
22                  I think what we're going to find is that there are groups  
23                  here willing to work at a collaborative process, and  
24                  that's the way we think would be the most productive way

{DE 07-064} [Prehearing conference] (06-18-07)

1 to proceed at this point. So, we look forward to working  
2 with all the stakeholders here and seeing where this  
3 docket takes us.

4 CHAIRMAN GETZ: Thank you.

5 MS. MORIN: Good morning, Commissioners.  
6 Joanne Morin, from New Hampshire Department of  
7 Environmental Services. Very happy to be participating in  
8 this docket, very interesting issue. Obviously, energy  
9 efficiency to DES is very important in relating to  
10 reducing air emissions. But, again, particularly as Jack  
11 Ruderman said, relative to climate change activities, in  
12 the next six months DES is working to update its Climate  
13 Change Action Plan, as well as a number of other  
14 initiatives we're looking, the Regional Greenhouse Gas  
15 Initiative, that may involve expanding or increasing  
16 energy efficiency programs. So, it's very important to us  
17 how that might be done, how those might be delivered, if,  
18 in fact, we are able to expand some programs.

19 This docket and this area we also echo  
20 that we would like this to be more of a cooperative  
21 collaborative process. I have a lot to learn on this  
22 issue. I've done some preliminary reading, but by no  
23 means feel comfortable at all, in terms of the technical  
24 aspects of electric decoupling. So, I'm hopeful that

{DE 07-064} [Prehearing conference] (06-18-07)

1       there can be at least an initial process of everyone  
2       learning together, and especially looking at the  
3       experience that may have already happened in other states,  
4       in terms of this technique. So, thank you very much.

5                       CHAIRMAN GETZ: Thank you. Mr. Epler.

6                       MR. EPLER: Good morning, Mr. Chairman,  
7       Commissioners. Gary Epler, on behalf of Unitil. And,  
8       with me this morning is Mark Collin, our Chief Financial  
9       Officer, and Karen Asbury, the Director of our Regulatory  
10      Division. As you noted, Mr. Chairman, we filed a motion  
11      for full intervention, and we also have no objections to  
12      any of the parties you indicated also filed intervention.  
13      On behalf of Unitil, I'd like to thank you for the  
14      opportunity to offer our comments on the opening of this  
15      important docket.

16                      The simple fact is that the current  
17      regulatory framework creates a set of incentives and  
18      disincentives for distribution utilities that are in  
19      direct conflict with important energy policy objectives  
20      promoting energy efficiency and alternative energy  
21      resource development. Our primary concern, as a  
22      distribution utility, is the impact the current and future  
23      regulatory policy will have on our ability to continue to  
24      provide reliable and reasonably priced distribution

{DE 07-064} [Prehearing conference] (06-18-07)

1 services, and, as required, default energy service to our  
2 customers. However, we share as well the broader concerns  
3 about the impact of tying volatile energy prices on our  
4 customers and our economy and about the environmental  
5 consequences of energy use.

6 The Commission's decision to open this  
7 docket to consider appropriate rate mechanisms, such as  
8 revenue decoupling, to remove obstacles to and encourage  
9 investment in energy efficiency is timely and important.  
10 And, we're confident that the proceeding will address  
11 these concerns. We applaud this effort and commit to be  
12 an active and supportive participant to the docket.

13 We suggest, however, that the inquiry  
14 should be broadened to include considerations and policies  
15 that would serve to align utility incentives with  
16 promotion of other forms of new and emerging energy  
17 technologies, not just energy efficiency. These  
18 technologies include customer premise distributed  
19 generation, particularly renewable forms of distributed  
20 generation, such as solar and wind power and energy  
21 storage technologies. These energy technologies share  
22 common characteristics with energy efficiency. They have  
23 the potential to displace and reduce the utility's sales,  
24 resulting in declining delivery revenues and a shortfall

{DE 07-064} [Prehearing conference] (06-18-07)

1 in the recovery of the utility's investment in the  
2 distribution system. And, they also have the potential to  
3 displace or reduce our utilization of imported fuels,  
4 resulting in a positive impact on the price and volatility  
5 of energy prices to our customers.

6 Unitil believes that the local  
7 distribution company is a natural enabler of these  
8 emerging technologies because of our customer  
9 relationships, knowledge of the interconnected system, and  
10 service obligations to all customers.

11 The challenge before us then is to align  
12 the financial interests and the incentives, so that the  
13 larger policy objectives in the area of energy  
14 conservation, demand response, distributed generation, and  
15 renewable energy can be achieved. We look forward to  
16 joining the Commission and other interested parties in  
17 this venture. Thank you.

18 CHAIRMAN GETZ: Thank you.  
19 Ms. Blackmore.

20 MS. BLACKMORE: Thank you, Mr. Chairman.  
21 My name is Alexandra Blackmore, and I'm appearing on  
22 behalf of National Grid. National Grid is seeking full  
23 party intervenor status in this proceeding, and we filed a  
24 Petition to Intervene this morning with the Commission.

1 National Grid appreciates the opportunity to participate  
2 in this proceeding. We believe that decoupling, if done  
3 correctly, can be an important tool that goes hand in hand  
4 with any decision to substantially increase funding for  
5 investment in energy efficiency programs, because it  
6 preserves the revenue stream that a utility needs to run  
7 its business, as revenues, based on volumetric charges,  
8 are diminished from lower energy usage.

9 We support the Commission's decision to  
10 open an investigation into this issue. However, there are  
11 many different ways that decoupling could be implemented,  
12 with numerous impacts that need to be considered carefully  
13 before a decision is actually made to implement  
14 decoupling. There are also important issues related to  
15 timing that need to be considered.

16 We look forward to participating in this  
17 proceeding to assist the Commission in its investigation  
18 of this issue. Thank you.

19 CHAIRMAN GETZ: Thank you.

20 MR. O'NEILL: Good morning, Mr.  
21 Chairman, Commissioners. Thomas O'Neill, Senior Counsel  
22 for KeySpan Energy Delivery New England. Although this is  
23 an electric docket, KeySpan is seeking full party status.  
24 We believe that the issues raised by this proceeding are

{DE 07-064} [Prehearing conference] (06-18-07)

1 important ones for the gas industries, as well as the  
2 electric industries, and we look forward to participating  
3 in the discussions in this docket.

4 CHAIRMAN GETZ: Thank you. Is there  
5 anyone else on this side of the room?

6 MS. DOUKAS: Yes. My name is Karla  
7 Doukas. And, I'm from the law firm of Rubin & Rudman, on  
8 behalf of Wal-Mart Stores East. Wal-Mart Stores is a  
9 strong proponent of implementing and utilizing energy  
10 conservation and efficiency measures. It has spent  
11 millions of dollars on state-of-the-art technologies at  
12 its stores worldwide, and will continue to spend millions  
13 of dollars. However, it's Wal-Mart's view that the  
14 utilities first need to demonstrate, through hard  
15 evidence, that there has been an erosion of revenues or  
16 forecasting an erosion that is due to the implementation  
17 and use of specific energy conservation programs or energy  
18 efficiency or demand response programs.

19 If that is demonstrated, Wal-Mart would  
20 not oppose a properly designed rate mechanism to promote  
21 energy, you know, the implementation of these programs.  
22 But it believes that there are many important issues  
23 involved, and that the rate design would need to normalize  
24 for weather, customer class, or things like that, to make

{DE 07-064} [Prehearing conference] (06-18-07)

1       sure that it really is compensating the utility because of  
2       their participation and offering of these programs.

3                       Wal-Mart's rate analysts have a lot of  
4       experience in these issues, having participated across the  
5       country on similar issues at various public utility  
6       commissions, and looks forward to participating in this  
7       proceeding here.

8                       CHAIRMAN GETZ: Thank you. Mr. Henry.

9                       MR. HENRY: Hi. I'm D. Dickinson Henry,  
10      Jr. I'm Executive Director of the Jordan Institute. We  
11      are asking to intervene. We have a mission to deal with  
12      climate change issues, particularly as they relate to the  
13      built environment, and we see the potential for creating a  
14      variety of financial tools that might bring in private  
15      dollars to the energy efficiency markets that, if work  
16      appropriately, could lead to dramatic reductions in  
17      electricity use in buildings. For that reason, we think  
18      that exploring the issues that you have laid out, and  
19      others have mentioned today, in the decoupling docket is a  
20      very good thing to be doing at this point. We don't, as  
21      of yet, have formed an opinion on which way to go on this,  
22      but we also would like to say that we believe the  
23      collaborative approach to tackling this complex issue is a  
24      good one, and we are happy to be participating.

          {DE 07-064} [Prehearing conference] (06-18-07)

1 CHAIRMAN GETZ: Thank you. Mr. Backus.

2 MR. BACKUS: Good morning,  
3 Commissioners. I'm Robert Backus, of the firm of Backus,  
4 Meyer, Soloman & Branch. I'm here for the Campaign for  
5 Ratepayers' Rights, and with me is our Executive Director,  
6 Patrick Arnold. And, we have requested full intervention,  
7 and also requested that Mr. Arnold be allowed to represent  
8 the organization and co-equally in the course of this  
9 proceeding. We, too, hope there will be a collaborative  
10 effort. We feel that now that New Hampshire has, at long  
11 last, joined other states in this region in having a  
12 Renewable Portfolio Standard, the next thing we really  
13 need to do is maximize conservation and energy efficiency  
14 as the cheapest, most abundant source we have for meeting  
15 our future needs. And, we hope this docket is going to  
16 find some ways to advance that goal, which certainly can  
17 include the prospect of rate decoupling.

18 But that's our major interest in this.  
19 And, we look forward to working with the other parties who  
20 are here and the Commission, and glad to be participating.

21 CHAIRMAN GETZ: Thank you.

22 MS. KAUFMAN: I'm Heather Kaufman, from  
23 the New Hampshire Electric Cooperative, and with me is  
24 Chuck Hutchins. The Cooperative does not wish to be a

1 full party intervenor in this docket, rather we'd ask to  
2 be on the service list and to be able to monitor the  
3 docket as it proceeds. And, we look forward to all the  
4 interesting things that will come about from that.

5 CHAIRMAN GETZ: Thank you. Mr. Linder.

6 MR. LINDER: Good morning, Mr. Chairman,  
7 Commissioners. My name is Alan Linder, L-i-n-d-e-r. I'm  
8 an attorney with New Hampshire Legal Assistance. And, New  
9 Hampshire Legal Assistance represents The Way Home. The  
10 Way Home is a nonprofit from the Manchester area that has  
11 been around for about 15 years representing low income  
12 clients, seeking to promote affordable housing, which  
13 includes both shelter and utilities. We have been  
14 involved in proceedings before this Commission for quite a  
15 number of years, including the electric restructuring  
16 docket, DR 96-150, which involved a collaborative work  
17 group on the issue of energy efficiency, which resulted in  
18 a report, a collaborative report to this Commission back  
19 in July of '99, which was the precursor of the CORE  
20 Electric Energy Efficiency Programs. So, we would  
21 certainly endorse a collaborative approach as was used in  
22 the 96-150 docket.

23 As representative of low income  
24 customers, one of the advantages, one of the benefits is

{DE 07-064} [Prehearing conference] (06-18-07)

1 ultimately reduce electric bills, and, for low income  
2 customers, that is a matter of major concern. And, our  
3 client is interested in looking into mechanisms for  
4 providing appropriate incentives for energy efficiency,  
5 and, hopefully, one of the goals would be the reduction in  
6 bills.

7 On the flip side, though, our client is  
8 concerned about improperly designed rate mechanisms, which  
9 could inadvertently result in increased costs being passed  
10 on to customers and resulting in higher bills. And, it  
11 may or may not promote further energy efficiency. So,  
12 we're quite concerned about the rate impact and making  
13 sure that whatever results results in just and reasonable  
14 rates.

15 And, we are happy to participate in this  
16 proceeding. And, we certainly have no objection to the  
17 motions to intervene by any of the other parties. Thank  
18 you.

19 CHAIRMAN GETZ: Thank you. Ma'am.

20 MR. LINDER: Oh. Mr. Chairman, with me  
21 today is Amy Christensen, who is working with New  
22 Hampshire Legal Assistance this summer as a law student  
23 intern.

24 CHAIRMAN GETZ: Thank you. Mr. Aalto.

1                   MR. AALTO: My name is Pentti Aalto.  
2           I'm here representing the Office of Sustainability,  
3           Southern New Hampshire University. I'm not an attorney.  
4           What we would like to focus on is that, first, that there  
5           is indeed a problem from the point of view of particularly  
6           people trying to generate their own power or power for the  
7           system, from the distribution side of the fence. The  
8           problem is there for a purpose. It was -- It was  
9           purposefully put there in the past history of the  
10          regulation as a way of increasing the concentration of  
11          loads, so that we could build bigger and better power  
12          plants. The focus of need has changed. We've lost the  
13          economies of very large scale that we saw through the  
14          first half century of regulation. We've lost the  
15          efficiencies that come with scale. And, in fact, now  
16          efficiency more generally is a more important issue, from  
17          climate issues and, in turn, economic issues.

18                   We need to restructure the, to use that  
19          famous word, the "incentive" package for utilities from  
20          what it was in the past, when building more was considered  
21          very appropriate, and the direction that they should be  
22          going in is to increase investment, and the structure  
23          represents that. Today, we need to refocus on incentives  
24          for improved utilization of investment, protection against

1 the loss that the utility sees if I generate my own power.  
2 A dollar that I don't give a distribution company is a  
3 dollar that comes directly off of profit at this point in  
4 time. Small changes in load are reflected in as large  
5 changes in profit, until there's a rate case.

6 I believe we have mechanisms that we can  
7 offer that would provide for some protection for the  
8 utility, while still retaining proper incentives to  
9 discipline both consumer and the utility to plan properly  
10 and to operate properly. And, I'd be very glad to work  
11 with folks here on a collaborative basis. I believe that  
12 it's essential that we do that, otherwise many of these  
13 technologies will never develop effectively, as long as  
14 there's a competition between the incentive structure that  
15 the utility has and what I would call "public needs".

16 Thank you.

17 CHAIRMAN GETZ: Thank you. Ms.  
18 Hatfield.

19 MS. HATFIELD: Good morning,  
20 Commissioners. Meredith Hatfield, for the Office of  
21 Consumer Advocate, representing residential ratepayers.  
22 And, with me is Ken Traum, Assistant Consumer Advocate.  
23 The OCA is very pleased to have the opportunity to  
24 investigate energy efficiency policies, including

{DE 07-064} [Prehearing conference] (06-18-07)

1 decoupling. And, we're also very pleased to see the wide  
2 range of intervenors here today. And, we don't have any  
3 objection to any of the motions for intervention.

4           The OCA has longed, strongly supported  
5 cost-effective efforts to promote energy efficiency, and  
6 we believe that, while the existing ratepayer funded  
7 programs are very effective, more must be done. And, we  
8 agree with some of the earlier comments made that we view  
9 this as a broader investigation than simply decoupling,  
10 and we look forward to looking at all of the various ways  
11 that we might increase energy efficiency.

12           The OCA does not yet have a position on  
13 decoupling, but we do have many concerns. In the absence  
14 of a strong need for such a major change in ratemaking  
15 policy, it may be too blunt an instrument. In addition,  
16 we think that the many other options that exist might bear  
17 fruit at a lower cost to customers. We are in the  
18 process, as many of the other parties are, of collecting  
19 information about decoupling from other states, including  
20 Connecticut, which recently rejected decoupling in favor  
21 of an incentive program with a lost revenue adjustment.  
22 We have recently signed on to a resolution of NASUCA, the  
23 National Association of State Utility Consumer Advocates,  
24 which urges commissions to first consider alternative

{DE 07-064} [Prehearing conference] (06-18-07)

1 policies to promote energy efficiency and demand-side  
2 programs. This resolution also urges commissions  
3 considering decoupling specifically to do three things.  
4 First, to prevent overearning and provide a significant  
5 downward adjustment to utility's ROE, in recognition of  
6 the significant risk reduction associated with decoupling.  
7 Second, to set strong, enforceable targets for new or  
8 additional energy efficiency programs. And, three, to  
9 require utilities to demonstrate that reduced usage is  
10 specifically linked to the utility's promotion of  
11 efficiency programs, not due to losses in sales in other  
12 areas, such as weather, economic changes, customer  
13 responses to price increases, losses of large customers or  
14 other issues.

15 As you know, the New Hampshire regulated  
16 electric utilities currently earn incentives ranging  
17 between 8 to 12 percent to administer the CORE Energy  
18 Efficiency Program, based on how successful they are in  
19 terms of energy savings and other measures. We think  
20 that, before changes are made to efficiency policies and  
21 to the existing incentive mechanism already in place, a  
22 full analysis must be conducted to determine the impacts,  
23 both positive and negative, of any such changes.

24 We welcome the opportunity to look at

{DE 07-064} [Prehearing conference] (06-18-07)

1 this wide range of issues. And, we are pleased to hear  
2 that the Commission will be reviewing all options. And,  
3 we also agree with some of the other parties with respect  
4 to the process of this docket. We think that this docket  
5 does lend itself to more of a collaborative process,  
6 rather than a traditional litigated approach. And, we  
7 think that we will be educating ourselves, along with some  
8 of the other parties, just to get a good understanding of  
9 what the options are and what has been done in other  
10 states and what's working in New Hampshire.

11 We respectfully request that, because  
12 this is a Commission-initiated investigation, that the  
13 Commission provide the parties with the resources  
14 necessary to undertake a full analysis that's discussed in  
15 the order of notice, including access to experts with  
16 experience in other states. Thank you very much.

17 CHAIRMAN GETZ: Thank you. Ms. Ross.

18 MS. ROSS: Good morning, Commissioners.  
19 I'm Anne Ross, with the Public Utilities Commission. And,  
20 with me today, to my left, is Tom Frantz, Director of the  
21 Legal [Electric?] Division. Steve Mullen, an analyst in  
22 the Legal [Electric?] Division, and Maureen --

23 MR. MULLEN: Electric Division.

24 MS. ROSS: Would you like to become a

1 lawyer? I'm sorry. Steve Mullen, an analyst in the  
2 Electric Division, and Maureen Reno, also an analyst in  
3 the Electric Division.

4 CHAIRMAN GETZ: Our jurisdiction doesn't  
5 extend that far.

6 MS. ROSS: And, we have other members of  
7 the Gas Division and in the Water Division in the back of  
8 the room. The Staff has no objection to any of the  
9 motions for intervention. In fact, we welcome the diverse  
10 set of interests that are presented today. We will view  
11 our role principally in this proceeding as one of  
12 attempting to manage the flow of information and to help  
13 the parties to give the Commission a fair assessment of a  
14 number of different rate mechanisms and other incentives  
15 that exist now or may exist in the future, as well as some  
16 sense of how those mechanisms are working in places that  
17 they have been implemented. So, we look forward to this  
18 process. Thank you.

19 CHAIRMAN GETZ: Thank you. Is there  
20 anyone else who -- did I miss that intended to intervene  
21 or would like to make a comment this morning?

22 (No verbal response)

23 CHAIRMAN GETZ: Thank you. Okay. Let  
24 me address a couple of things. I think I got two

{DE 07-064} [Prehearing conference] (06-18-07)

1 conclusions I can make based on the comments. One is  
2 there's no objections to any intervention. And, the other  
3 is it seems to be unanimous that the preferred approach is  
4 a collaborative approach, which seems to make a whole lot  
5 of sense, given the nature of this investigation. So, our  
6 expectation is that there will be a technical session,  
7 after which there will be some report to us on a proposed  
8 method for conducting that collaborative process. I'd  
9 also like to say that very encouraged by the response, and  
10 appreciate the interest that you all are showing in  
11 pursuing this issue.

12 Before we close, are there any other  
13 questions or anything else anyone wants to raise, before  
14 we close the prehearing conference this morning? Mr.  
15 Backus.

16 MR. BACKUS: Are you going to be looking  
17 for a schedule here? How is that going to be dealt with?

18 CHAIRMAN GETZ: Well, I think, at this  
19 juncture, we're prepared to leave it open to a  
20 recommendation from the parties. We don't have any  
21 particular outcome, nor do we have any particular schedule  
22 in mind. We'd like to hear what the -- what the parties  
23 think is the best way to pursue these issues. So, we'll  
24 see what emerges from the procedural schedule. But we

{DE 07-064} [Prehearing conference] (06-18-07)

1 also reserve the right to have our own thoughts on what's  
2 proposed to us.

3 CHAIRMAN GETZ: Commissioner.

4 CMSR. BELOW: Thank you, Mr. Chairman.  
5 Just in the interest of full disclosure, in the past I've  
6 made financial contributions to several of the parties  
7 seeking intervention. The Campaign for Ratepayer Rights,  
8 Conservation Law Foundation, and the Jordan Institute.  
9 I'm also a current -- past and current contributor to  
10 Southern New Hampshire University, where I earned my  
11 Master's degree. I don't think that affects my  
12 objectivity in this matter. But, if anybody has a concern  
13 with that, we can explore that now or later through our  
14 General Counsel. But just thought I should disclose that.

15 CHAIRMAN GETZ: Okay. Is there anything  
16 else for us to address this morning?

17 MR. EATON: May I assume the  
18 Commissioner has also paid electric bills in the past?

19 CMSR. BELOW: Yes. And, I think that --

20 (Laughter.)

21 CMSR. BELOW: To one of the parties.

22 And, I've made a few purchases at Wal-Mart as well.

23 MR. EATON: Okay.

24 (Laughter.)

1                   CHAIRMAN GETZ: Well, I think you've got  
2 it all covered. Mr. Henry.

3                   MR. HENRY: Do you have any specific  
4 time frame? Are we looking at three months? Six months?  
5 Nine months? Do you have a feel for this? This is a  
6 pretty complex issue, and a lot of players here.

7                   CHAIRMAN GETZ: That's right. And, I  
8 think I was trying to make that in our reply to Mr.  
9 Backus's concern. We don't have any particular schedule  
10 in mind.

11                  MR. HENRY: That's good.

12                  CHAIRMAN GETZ: If we see from the  
13 technical session a three year proposed schedule, we may  
14 have some concern about that. But I think, in the first  
15 instance, we'll leave it up to the efforts of the parties  
16 to make a proposal on how we should proceed. Ms. Ross.

17                  MS. ROSS: Just to two things. Staff  
18 assumed that we would talk about some kind of a time  
19 frame, as well as some kind of a product, with the group.  
20 And, I also have some concerns, given the range of  
21 comments that we've heard this morning, about the scope of  
22 this proceeding. I think it's going to be difficult to  
23 control the scope. And, so, I'm assuming that what we'll  
24 do is, in addition, working from the order of notice and

1 the comments we received with the group, come up with a  
2 recommended scope that we would then forward to the  
3 Commission for some type of approval, or disapproval, if  
4 you think the scope is inappropriate, if that's a fair way  
5 to proceed.

6 CHAIRMAN GETZ: From what I've heard so  
7 far this morning, it seemed to be the one area where there  
8 may be some dispute as to what's the proper scope of this  
9 proceeding. And, to the extent that there is a  
10 disagreement and it needs to be presented to us, then we  
11 will be prepared to rule on what the appropriate scope of  
12 the proceeding should be.

13 Okay. If there's nothing else, then we  
14 will close the prehearing conference and await a  
15 recommendation from the parties. Thank you, everyone.

16 (Whereupon the prehearing conference  
17 ended at 10:50 a.m. and the parties  
18 conducted a technical session  
19 thereafter.)

20

21

22

23

24

