

In The Matter Of:

*DE 10-261 PUBLIC SERVICE COMPANY OF N.H.
Least Cost Integrated Resource Plan*

*DAY 2 - AFTERNOON SESSION ONLY
April 5, 2012*

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<p>1 PROCEEDINGS 2 CHAIRMAN IGNATIUS: Thank you, 3 everyone, for coming back promptly. 4 Mr. Traum, you are still on 5 the stand. And Mr. Eaton, you have 6 questions? 7 Before we begin, is there 8 anything else we should address 9 procedurally? At some point today we should 10 talk, if we don't finish -- and I'm happy to 11 be positive. But if we don't finish, we 12 should talk about other dates, and if people 13 have checked any of the dates that I read 14 off this morning. Do we know if April 12th 15 is a possibility, or is that a problem for 16 anyone? 17 MS. HOLLENBERG: I have 18 something I had to reschedule on account of 19 the Lakes Region hearing being extended. But 20 if it works for everyone else, I'll do what I 21 can to make it work. I think it works for our 22 witness. 23 CHAIRMAN IGNATIUS: All right. 24 Mr. Peress.</p>	<p>1 go to some other way of having it covered with 2 other people from your offices or something. 3 I don't want to try to work that out right now 4 with everyone on the record, but we need to 5 come up with a plan. So, at an afternoon 6 break we'll work on that. 7 So, Mr. Traum. 8 CROSS-EXAMINATION 9 BY MR. EATON: 10 Q. Thank you. Mr. Traum, could we talk about 11 some of the parameters of least cost planning, 12 what's required and other standards that 13 apply? 14 A. Certainly. 15 Q. The least cost planning statute in Chapter 378 16 requires us to look at compliance with the 17 Clean Air Act standards of -- or the 18 requirements of the Clean Air Act; is that 19 correct? 20 (Witness reviews document.) 21 A. If you could -- not being an attorney, at a 22 minimum, if you could provide me the 23 citation? 24 Q. 378:38. And I'm reading, "Each such plan</p>
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<p>1 MR. PERESS: Madam Chair, 2 unfortunately, I'm leaving for vacation on 3 April 12th and returning on April 23rd. 4 CHAIRMAN IGNATIUS: We could 5 come with you. 6 CMSR. HARRINGTON: You can 7 vacation here. 8 MR. PERESS: I'm going fishing. 9 So, you're welcome. 10 CHAIRMAN IGNATIUS: All right. 11 So our next date was April 23rd. And you're 12 still away at that point? 13 MR. PERESS: I return on the 14 23rd. 15 CHAIRMAN IGNATIUS: And that 16 gets us into May 1st is the next possible 17 date, which is awfully late. 18 MR. SPEIDEL: That doesn't work 19 for Staff's witness, actually, Mr. Arnold. 20 CHAIRMAN IGNATIUS: So what do 21 we do? Why don't we leave at a break and 22 everybody talk about that, because none of 23 those dates worked. We can look farther out 24 into May to try to accommodate everyone, or we</p>	<p>1 shall include, but not be limited to the 2 following" -- and I'm reading Roman Numeral 3 VII -- "assessment of the Plan integration and 4 impact on state compliance with the Clean Air 5 Act amendments of 1990." 6 So the Company is required to assess 7 our compliance with the Clean Air Act of 8 1990; correct? 9 A. That's what it appears to indicate. 10 Q. And the standards from the Commission's letter 11 concerning the language that what is 12 reasonably foreseeable also talks about 13 compliance planning; correct? 14 MS. HOLLENBERG: Excuse me. Do 15 you have the letter in front of you, Mr. 16 Traum? 17 A. Give me a second, please. 18 (Witness reviews document.) 19 A. Okay. You're referring to Exhibit TC2, 20 which was the Commission secretarial letter 21 of December 28, 2010. 22 Q. Yes. 23 A. Yes, I have that in front of me. 24 Q. And does that talk about compliance planning?</p>

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<p>[WITNESS: Traum] Page 9</p> <p>1 A. It talks about, and I'll quote, "to plan for 2 compliance with environmental requirements 3 imposed or established after the date of the 4 Least Cost Integrated Resource Plan initial 5 filing," unquote. And then it goes on to 6 say, "The Commission notes, as a general 7 matter, that a sound planning process should 8 consider reasonably foreseeable regulatory 9 changes," et cetera.</p> <p>10 Q. So if I could read those two phrases together, 11 "complying with reasonably foreseeable 12 environmental standards."</p> <p>13 A. Plan for complying with reasonably 14 foreseeable regulatory changes.</p> <p>15 Q. Fine. Based upon your experience at the 16 Commission and your participation in energy 17 service cases, is PSNH required to use its 18 plants to supply energy service?</p> <p>19 A. By statute. And I believe it was an issue 20 that was raised by Commissioner Harrington 21 yesterday about if -- for supplying the 22 needs of their energy service customers, in 23 part, you dispatch their plants when it's 24 economical to, and other times go to ISO and</p>	<p>[WITNESS: Traum] Page 11</p> <p>1 proceeding that divestiture and retirement are 2 part of a different statutory scheme that the 3 Commission is required to follow?</p> <p>4 MS. HOLLENBERG: Excuse me, Mr. 5 Eaton. Do you have a reference that you can 6 refer the witness to, please?</p> <p>7 MR. EATON: The question from 8 counsel is what?</p> <p>9 MS. HOLLENBERG: Do you have a 10 reference? I think you're asking Mr. Traum to 11 opine about whether or not there's another 12 statutory scheme that applies to the 13 divestiture or retirement --</p> <p>14 MR. EATON: Yeah.</p> <p>15 MS. HOLLENBERG: -- and I just 16 wondered if you had a reference to refer him 17 to.</p> <p>18 MR. EATON: Yes. I'm looking at 19 369-B:3 -- I'm sorry -- 369-B:3-a.</p> <p>20 MS. HOLLENBERG: Is that 21 something that would be helpful for you to 22 look at while you're asked the question, Mr. 23 Traum?</p> <p>24 THE WITNESS: Either look at, or</p>
<p>[WITNESS: Traum] Page 10</p> <p>1 the market.</p> <p>2 Q. And have you been involved in previous least 3 cost planning dockets?</p> <p>4 A. I have been, to an extent. As noted by your 5 witness, Mr. Large, yesterday, there had 6 been waivers in a number of years with 7 regards to least cost compliance.</p> <p>8 Q. With respect to the most recent two or three, 9 has the question of planning for divestiture 10 come up?</p> <p>11 A. I believe it was an issue within the last 12 Least Cost Plan. I don't know if it was in 13 the one preceding that.</p> <p>14 Why divestiture has become an issue is 15 because the world has changed with regards 16 to energy pricing and what has happened to 17 the natural gas market, making your plants 18 more and more uneconomic on a variable cost 19 basis.</p> <p>20 Q. But as far as the adequacy of the Plan that 21 was filed, was PSNH required to or even 22 permitted to analyze divestiture?</p> <p>23 A. I would say you were certainly permitted to.</p> <p>24 Q. Didn't the Commission rule in the previous</p>	<p>[WITNESS: Traum] Page 12</p> <p>1 if counsel has some specific section, if he 2 could read it out loud, I'd appreciate it.</p> <p>3 BY MR. EATON:</p> <p>4 Q. All right. Notwithstanding R.S.A. 374:30 -- 5 and I'm reading from the statute -- 6 "Subsequent to April 30th, 2006, PSNH may 7 divest its generated assets if the Commission 8 finds it is in the economic interest of retail 9 customers of PSNH to do so and provides for 10 the cost of recovery of such divestiture."</p> <p>11 A. Okay.</p> <p>12 Q. So, did the Commission -- when divestiture was 13 brought up in the past, did the Commission 14 cite to this statute saying that that is the 15 proper forum for discussing divestiture and 16 not least cost planning?</p> <p>17 A. I do not know if -- I do not recollect what 18 the Commission did or not. My issue, in 19 terms of least cost planning, is I want to 20 look at what is in the long-term least cost 21 benefit of your customers or your 22 ratepayers. And in order to determine that, 23 you've got to look at: What are the ongoing 24 costs long term, including capital</p>

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<p>[WITNESS: Traum] Page 13</p> <p>1 investments? What are the alternatives to 2 that? You know, is retirement an 3 alternative? Is divestiture an alternative? 4 What is the best result for ratepayers in 5 the long run? That's why I feel it should 6 be included in the Least Cost Plan. 7 What I had thought you were getting at 8 was does the Commission have the authority 9 to require divestiture and -- 10 Q. You think that would take a legal analysis, 11 what's in the Commission's authority? I was 12 asking you about your recollection of what the 13 Commission had ruled in the past. 14 MS. HOLLENBERG: Are you -- I'm 15 sorry. If I could just have some 16 clarification. Are you objecting to the 17 witness's statement in response to your 18 question or -- 19 MR. EATON: Well, he was about 20 to say -- he was about to opine as to the 21 Commission's authority to order divestiture, 22 and I don't believe he's been offered as a 23 legal witness. 24 MS. HOLLENBERG: I think,</p>	<p>[WITNESS: Traum] Page 15</p> <p>1 for the cost of those units, the Commission 2 could disallow costs over market. 3 BY MR. EATON: 4 Q. Mr. Traum, do you have a copy of Mr. Smagula's 5 and Ms. Tillotson's rebuttal testimony? 6 A. Yes, I have. 7 Q. Could you look to the last attachment in that 8 testimony. I think it's Bates No. 35. 9 A. I'm sorry. I do not have the attachments, 10 just the testimony. 11 CHAIRMAN IGNATIUS: For the 12 record, is this the rebuttal testimony, PSNH 13 Exhibit 4? 14 MR. EATON: Yes. 15 CHAIRMAN IGNATIUS: Thank you. 16 BY MR. EATON: 17 Q. Mr. Traum, I'll show you the testimony. And 18 the last three pages have an attachment, 19 "Technical Session TS-02 Q-Tech-014." 20 A. Yes. 21 Q. Do you have that? 22 A. You have just handed it to me. 23 Q. Okay. Did you read this attachment to Mr. 24 Smagula's and Ms. Tillotson's testimony?</p>
<p>[WITNESS: Traum] Page 14</p> <p>1 though, that you asked -- I think that your 2 question asked him to respond whether or not 3 the Commission has in the past addressed 4 divestiture in the statute as being the one 5 that's applicable to those circumstances. So, 6 to the extent that you asked that question, I 7 would suggest that Mr. Traum be allowed to 8 answer. 9 CHAIRMAN IGNATIUS: I would 10 agree with that. I think you asked him for 11 his view on a number of statutes. I'm not 12 sure what the relevance of the Commission's 13 authority on divestiture is to this 14 proceeding, however. 15 But you may answer the 16 question. 17 A. I'm going to answer the question by saying I 18 do not have a legal opinion on whether or 19 not the Commission can, on its on accord, 20 require divestiture. What I think the 21 Commission could do, if it determined that 22 divestiture was in the ratepayers' best 23 interests, and PSNH did not want to divest 24 and sought to continue charging ratepayers</p>	<p>[WITNESS: Traum] Page 16</p> <p>1 A. Yes, I have. 2 Q. And are you still of the opinion that -- 3 CMSR. HARRINGTON: Excuse me. 4 Could you further identify which attachment to 5 their testimony it is? 6 MR. EATON: It's Attachment 4. 7 It's a three-page document. The first page is 8 labeled "Technical Session, TS-02, 9 Q-Tech-014." 10 CMSR. HARRINGTON: Thank you. 11 BY MR. EATON: 12 Q. And were you able to understand the writing on 13 the third page, Mr. Traum? 14 A. I sort of, let's say, understood the gist of 15 it. Whether I was able to understand the 16 exact writing, I don't know. I don't 17 recall. 18 Q. And the second page is called what, Mr. Traum? 19 The second page of that three-page attachment. 20 A. This is a PSNH document, and it's labeled, 21 "Sole Source Justification Form." 22 Q. And the requester is a person identified as J. 23 TenBrok? 24 A. Yes. Jody TenBrok, I would assume.</p>

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<p>[WITNESS: Traum] Page 17</p> <p>1 Q. Are you familiar with him? 2 A. Yes. 3 Q. And who is he? 4 A. He's a PSNH or an NU employee in fuel 5 purchasing. 6 Q. And on the third page, about in the middle of 7 the page, it states, "Emera has been highly 8 dependable and flexible, both important 9 attributes required to support Newington 10 station" -- "Newington station's widely 11 ranging natural gas needs that are 12 intermittent and mostly unpredictable." Do 13 you agree I've done my best to read that 14 language? 15 A. I would agree with that. 16 Q. And then, "Repsol, the owner/operator of a 17 large LNG facility in St. Johnsbury, NB, is 18 dedicated to supplying only a few customers in 19 the Boston area, as most of the LNG tankers 20 supplying the plant have sailed to Europe 21 where the gas market is more profitable." Is 22 that a fair way of reading that? 23 A. I believe you read the words correctly. 24 Q. And the third one is "Shell has shown little</p>	<p>[WITNESS: Traum] Page 19</p> <p>1 quantity used day after day. I think 2 perhaps the point would be that there would 3 be a smaller number of suppliers willing to 4 interact in the manner that we typically do, 5 where we want and where we want and request 6 gas delivered on short-term notice." 7 I took that to mean that there is 8 potentially an additional supplier or more. 9 Q. Would one be a smaller number than the large 10 number of suppliers that Mr. White was talking 11 about? 12 A. He said "a smaller number of suppliers," so 13 I would take that to mean more than one. 14 Q. Would one be smaller? 15 A. One is smaller than two, I'll grant you 16 that. 17 Q. And was Mr. White offered as a fuel buyer for 18 Newington station? 19 A. He was testifying on Newington, on behalf of 20 Public Service. 21 Q. Is he a fuel buyer for Public Service, do you 22 know? 23 A. I do not recollect. I would assume you 24 would have put up a witness that was</p>
<p>[WITNESS: Traum] Page 18</p> <p>1 interest in supplying gas to PSNH. When asked 2 to bid, they have not bid." 3 So, Mr. Traum, if we can understand 4 this to see there are three suppliers on the 5 pipeline, and two aren't ready to supply the 6 needs, are you still of the opinion that 7 PSNH shouldn't be sole sourcing the gas 8 supply? 9 A. That seems to be in contradiction to what 10 PSNH Witness White had said in response to 11 some questions you had of him in Docket DE 12 10-257 on June 23rd, 2011. On Page 48 and 13 49 of that transcript, you asked him, and 14 I'll just quote: "The Consumer Advocate, 15 Attorney Hatfield, asked you questions about 16 having a single supplier for natural gas, 17 and then you just mentioned that your use of 18 gas at Newington is, quote, intermittent, 19 unquote. Do all gas suppliers serve a load 20 like Newington on an interruptible basis, 21 and, as you said, quote, intermittent? 22 Answer from Mr. White: "Well, I think 23 a lot of gas suppliers serve combined cycle 24 gas-fired generation, which would be a large</p>	<p>[WITNESS: Traum] Page 20</p> <p>1 responsible for the area he was testifying 2 in. 3 Q. Mr. Traum, could you turn to your 4 Attachment 2. 5 A. I have it. 6 Q. I'd like you to turn to Page 3. It's Page 7 No. 49 of your testimony attachments. 8 A. I have it. 9 Q. And there's a table on that page; correct? 10 A. Yes. 11 Q. And that table has certain proposal dates and 12 final rule dates? 13 A. Yes, it does. 14 Q. And how many proposal dates come after 15 September 30th, 2010? 16 (Witness reviews document.) 17 A. I believe five. 18 Q. Okay. And as far as the transport rule, the 19 first one that was listed there, that date -- 20 let me start again. 21 As far as the transport rule is 22 concerned, is it your understanding that 23 that rule applies to PSNH or New Hampshire, 24 or does not apply?</p>

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<p>[WITNESS: Traum] Page 21</p> <p>1 A. And I guess here's where we get right down 2 to the bottom one on this particular issue. 3 As I said on Page 4 of my testimony, 4 I'm not offering expert testimony on the 5 specifics of environmental regulations and 6 what they require. On Page 5, I said I 7 brought two resources to the Commission's 8 attention. That was the only purpose. I'm 9 not saying I'm an expert in this. You've 10 heard other experts in this area earlier 11 today. 12 Q. Mr. Traum, do you think that PSNH's planning 13 in environmental matters should be "more 14 robust"? Is that a term you used? 15 A. I'm not sure if I used that exact -- 16 MS. HOLLENBERG: Could you point 17 the witness -- I'm sorry, Mr. Eaton. Could 18 you please point the witness to the reference 19 you're making to his testimony? 20 MR. EATON: I don't have a 21 direct cite to the testimony. If he doesn't 22 agree with the characterization, perhaps he 23 can -- I was going to ask him what would he -- 24 what? Page 16.</p>	<p>[WITNESS: Traum] Page 23</p> <p>1 concerning reasonably foreseeable regulatory 2 changes? 3 A. What I heard from the witness, Dr. Ran -- 4 and excuse me, your last name -- this 5 morning that I agree with, is that it 6 appears as though there's information out 7 there in the public domain now that PSNH 8 could at least be looking at to develop 9 ballpark estimates, different scenarios, 10 without having to spend extensive dollars on 11 engineering studies. 12 Q. And is there anything in the record to suggest 13 that PSNH doesn't look at information that's 14 readily available and make assessments in 15 strategic planning as to how to operate their 16 plants and plan for the future? 17 MS. HOLLENBERG: Excuse me. I 18 guess I'm going to object to that question, 19 and I'll defer to the Commission. But it 20 seems odd that the Company's attorney would be 21 asking my witness if there's anything in the 22 record. I think the record speaks for itself. 23 And to the extent that Mr. Eaton wants to make 24 an argument based on what is or is not in the</p>
<p>[WITNESS: Traum] Page 22</p> <p>1 (Witness reviews document.) 2 A. You're referring to Page 16, Line 17. And I 3 would agree that the planning process must 4 be more robust in order to protect 5 ratepayers. 6 Q. And what does that include? 7 A. The planning process should incorporate 8 reasonably anticipated regulatory change 9 impacts on O & M costs and capital costs for 10 PSNH's generating units. It should include 11 things like forecasts of new installations 12 of distributed generation, more rigorous 13 forecasts of PSNH's generating costs, 14 incremental as well as all in. It should 15 include updated degree-day data, base case 16 migration case, incorporate targeted 17 spending for system benefit charges. And 18 also what I'm recommending for more robust 19 is new CUO studies for Newington, Schiller 20 and Merrimack that would include things like 21 reasonably foreseeable regulatory changes in 22 different pricing scenarios and divestiture 23 and retirement as options. 24 Q. Should PSNH be conducting engineering studies</p>	<p>[WITNESS: Traum] Page 24</p> <p>1 record, he can do that in closing arguments. 2 CHAIRMAN IGNATIUS: Well, I 3 think it's a fair follow-up on Mr. Traum's 4 statement that these are things that ought to 5 be included in the Plan, suggesting that 6 they're not now included. So... 7 A. And I can say, based on information -- say, 8 for instance, the rebuttal testimony of Mr. 9 Smagula and Ms. Tillotson -- it seemed to 10 indicate for at least Least Cost Plan 11 purposes, the Company is using a known and 12 quantifiable measure for regulatory changes. 13 BY MR. EATON: 14 Q. Do you have the PSNH Exhibit 1, the Least Cost 15 Plan, in front of you? 16 A. I do now. 17 Q. You do have it? 18 A. Yes. 19 Q. Could you turn to Page 137. 20 A. Yes, I'm there. 21 Q. And the first sentence of the last paragraph 22 says, "A subgroup of PSNH generation 23 management team meets at least annually to 24 comprehensively analyze PSNH's position and</p>

<p>[WITNESS: Traum] Page 25</p> <p>1 set strategic direction for PSNH generation." 2 I've read that correctly? 3 A. Yes. 4 Q. "Also during an additional 8 to 10 meetings 5 throughout the year, an emissions management 6 team formally discusses the systems and 7 emission status, makes pro forma adjustments 8 [sic] with sensitivity analyses and makes 9 tactical decisions to achieve its goal of 10 complying with the emission regulations in a 11 cost-effective manner." Have I read that 12 correctly? 13 (Witness reviews document.) 14 A. I believe so. 15 Q. So, unless PSNH spent money on outside 16 contractors to do what you say ought to be 17 done, isn't it being done already? 18 A. Not necessarily. I believe there had 19 been -- and I'm searching my memory here -- 20 some discovery and discussion in technical 21 sessions about this particular paragraph. 22 And the latter part about the 23 additional 8 to 10 meetings throughout the 24 year, I believe we're looking at short term,</p>	<p>[WITNESS: Traum] Page 27</p> <p>1 Q. Doesn't the Company collect its generation 2 costs through the energy service charge? 3 A. Yes. 4 Q. And is this a cost that is directly related to 5 energy service? 6 A. It certainly would be. It would -- and it 7 overlaps the migration issue if PSNH is 8 looking at what to do with its generation. 9 It potentially impacts all customers. So, 10 should just energy service customers pay for 11 that, or should all customers pay for that? 12 And I'm not offering an answer. 13 Q. If PSNH were to conduct a study of what it 14 believed to be a potentially applicable 15 regulation, or what they thought to be a 16 reasonably foreseeable application of an 17 environmental standard, and it turned out that 18 standard changed by the time it became final, 19 would the OCA take the position that that's a 20 proven expense? 21 MS. HOLLENBERG: I'm going to 22 object because Mr. Traum is not retained for 23 the purposes of opining on that question, as 24 well as it's a hypothetical question based on</p>
<p>[WITNESS: Traum] Page 26</p> <p>1 within the year, how can PSNH comply with 2 whatever the environmental mandates are. 3 And as far as the first sentence, I 4 believe, again, that was more looking at 5 shorter term issues, not the long term that 6 meet -- longer term, meaning more than a 7 year or two. 8 Q. Would the cost of planning be a legitimate 9 cost that PSNH could include in its energy 10 service rates? 11 A. If you could explain what you mean by 12 "cost." 13 Q. If PSNH incurred incremental costs, such as 14 outside consultants to conduct an analysis of 15 potential compliance costs for reasonably 16 foreseeable regulations, would the cost of 17 that outside consultant be a legitimate 18 expense to pass through the energy service 19 charge? 20 A. If the Commission determined the costs were 21 appropriate, then I'd assume that the 22 Company would be entitled to recover the 23 cost. Whether it was an energy service or a 24 different mode, I do not know.</p>	<p>[WITNESS: Traum] Page 28</p> <p>1 hypothetical facts. 2 MR. EATON: Mr. Traum's being 3 offered, I believe, as an expert, so 4 hypothetical questions are perfectly 5 legitimate in cross-examination. And given 6 his experience in representing the Office of 7 Consumer Advocate, I think he could opine as 8 to whether that would be an expense that the 9 office would or would not oppose. 10 CHAIRMAN IGNATIUS: I think it's 11 legitimate if it's in the context of Mr. 12 Traum's personal view based on his years of 13 experience at the OCA. It may have no bearing 14 on what the current or future consumer 15 advocate might take as a position, but -- 16 MS. HOLLENBERG: Yeah. I guess 17 to clarify, I just want to make sure that I 18 understand it's not for the purpose of making 19 a definitive statement that would be used 20 against the OCA in a future docket, what Mr. 21 Traum opines about today, because he's not 22 discussed this with me. And there's no 23 opportunity for us to even take a position on 24 that issue at this point in time.</p>

<p>[WITNESS: Traum] Page 29</p> <p>1 CHAIRMAN IGNATIUS: With that, 2 Mr. Traum, you may answer. 3 A. Sorry. I'm going to ask you to repeat the 4 question. 5 BY MR. EATON: 6 Q. Assuming PSNH conducted an engineering 7 analysis and incurred incremental costs to 8 study a potentially applicable environmental 9 standard, and it turns out that the 10 environmental standard was not connected, was 11 not -- the proposed rule did not become the 12 final rule, would the OCA -- based upon your 13 experience, would the OCA take the position 14 that that cost should not be recovered from 15 customers? 16 A. Okay. As Attorney Hollenberg indicated, I 17 cannot say what the OCA would or would not 18 do. I'm not an employee of the OCA at this 19 point. 20 In terms of what Ken Traum as an expert 21 witness, individual would say, first, okay, 22 was it a prudent cost? But I would also 23 say, first, we need a Continuing Unit 24 Operations Study to give us a handle -- or</p>	<p>[WITNESS: Traum] Page 31</p> <p>1 Q. All right. But our -- PSNH's plant is not 2 inadequate because we didn't conduct a 3 Continued Unit Operations Study for plants 4 other than Newington. 5 A. I believe we -- I would recommend that 6 Continued Unit Operation Studies be done for 7 all three plants by independent entities as 8 soon as possible. I would agree that, no, 9 you were not required to do Continuing Unit 10 Operations [sic] for Merrimack and Schiller 11 in here. But this is a Least Cost Plan. 12 And as part of the Least Cost Plan, in order 13 to determine what's in the best interest of 14 your customers or your ratepayers, you 15 should have done that. 16 Q. So we're not required to, but we should have. 17 Is that your answer? 18 A. I guess that's fair. 19 Q. Thank you. I have nothing further. 20 CHAIRMAN IGNATIUS: All right. 21 Commissioner Harrington, questions? 22 CMSR. HARRINGTON: Yeah, I have 23 a couple, and unfortunately added a couple 24 more.</p>
<p>[WITNESS: Traum] Page 30</p> <p>1 give everybody at the Commission a handle -- 2 on whether it's cost-effective to even look 3 at capital costs as opposed to going a 4 different route for the generating unit. 5 Q. Mr. Traum, was a Continued Unit Operations 6 Study for Merrimack an issue in the last 7 proceeding? 8 MS. HOLLENBERG: Relevance? 9 MR. EATON: Mr. Traum has 10 recommended that our plan is not adequate and 11 that we should be doing Continued Unit 12 Operations Studies. I'm asking him if it was 13 a requirement that we conduct a Continued Unit 14 Operations Study of any plant other than 15 Newington for the purposes of this Least Cost 16 Plan. 17 CHAIRMAN IGNATIUS: I think 18 that's fair. 19 A. And you get the answer you wanted: No, it 20 was not. But as I said, the world, in 21 effect, has changed in terms of the cost of 22 generation because of natural gas. So it's 23 become a more critical issue. It's become a 24 critical issue.</p>	<p>[WITNESS: Traum] Page 32</p> <p>1 INTERROGATORIES BY CMSR. HARRINGTON: 2 Q. Getting back to the Public Service Exhibit 1, 3 Page 137 that was brought up in your last line 4 of questioning, Mr. Traum -- you have that? 5 A. Yes, I do. 6 Q. That last paragraph there says, "A subgroup of 7 PSNH's generation management team meets at 8 least annually to comprehensively analyze 9 PSNH's position and to set strategic direction 10 for PSNH generation." 11 In your review of this plan, and maybe 12 in whatever other things you've done as -- 13 in your former job at the Consumer 14 Advocate's Office, have you been able to 15 determine what strategic direction was set 16 in these meetings for PSNH's generation? 17 A. No. 18 Q. So they have these meetings, apparently, but 19 the results of this, or whatever strategic 20 direction is determined, does not become part 21 of the Integrated Least Cost Plan? 22 A. Beyond the sentence, that's correct. 23 Q. A few other questions. Dealing with your 24 testimony now, which I assume you have a copy</p>

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<p>[WITNESS: Traum] Page 33</p> <p>1 of? 2 A. Certainly. 3 Q. On Page 12 -- 4 A. Yes, sir. 5 Q. -- there was some question on this single 6 supplier of natural gas. And without getting 7 into specific, in your experience, is this 8 standard practice, that there's a sole source 9 purchase, or is it normally put out to bid? 10 A. It would certainly be very preferable 11 putting it out to bid, just like the -- 12 Q. I understand why that would be preferable, 13 because then you'd get competing bids. But is 14 it standard practice to do that in the utility 15 industry, as far as you're aware? 16 A. Yes, I believe it is. 17 Q. On Page 15, here they're talking about -- 18 you're talking migration levels -- or 19 potential migration levels. 20 In a totally different case, there was 21 a question that I had brought up on the 22 very, very low participation of people in a 23 voluntary renewable energy program. I think 24 the numbers were somewhere in the vicinity</p>	<p>[WITNESS: Traum] Page 35</p> <p>1 account in any Least Cost Plan or any 2 planning they're doing. 3 Q. So if the engineering service rates could at 4 least propose -- would be proposed to go up, 5 would you think that that would increase the 6 rate of migration? 7 A. I'll say yes. And what I'm thinking is, 8 what is the spread between what Public 9 Service's energy service rate would be 10 versus what a customer could get on the 11 market from a competitive supplier. If that 12 spread increases, then I would think more 13 customers would migrate. And I think the 14 addition of scrubber costs will result in a 15 greater spread. So, yes, more migration. 16 Q. And again, in your experience in the OCA's 17 office, would you say -- you mentioned the 18 "death spiral," I think was the term, and I 19 think it kind of goes along with higher 20 engineering service rates causes more 21 migration, which causes higher engineering 22 service rates, which causes more migration, et 23 cetera, et cetera. Would you think that it 24 would have been prudent to include in this</p>
<p>[WITNESS: Traum] Page 34</p> <p>1 of 25 people out of -- 25 customers out of 2 78,000 voluntarily were willing to pay 3 higher rates for renewable energy. The 4 reason I bring that up is because I asked 5 why people thought that was the case, and 6 their response was they just didn't think 7 people were willing to voluntarily pay 8 higher electric rates. 9 So, in your experience as a consumer 10 advocate, would you find that higher 11 electric rates would be something that 12 people would try to avoid if they could? 13 A. All other things being equal, absolutely. 14 Q. So, if we had the situation we're starting to 15 see now, where migration rates are going up, 16 which causes energy service rates to go up, 17 and looking ahead from 2010, would you 18 consider it would have been prudent for Public 19 Service to look ahead and realize that they 20 would be, in the next five years, at least 21 requesting the addition of substantial cost to 22 their energy service rates due to the scrubber 23 at Merrimack station? 24 A. I think they should certainly take that into</p>	<p>[WITNESS: Traum] Page 36</p> <p>1 plan at least some analysis of that and the 2 possible ramifications if it were to occur, 3 and let's say residential migration rates 4 didn't stop at .2 percent, but went to 10 or 5 12 or 15 percent? 6 A. I would be absolutely concerned if PSNH's 7 40-percent high migration forecast had 8 0.2 percent as the residential migration 9 rate, and that's already exceeded that. 10 Q. So would it be correct to say what you're 11 saying, that the lack of analysis of that 12 potential shows a defect in the least cost 13 planning document? 14 A. It's one of them. It would, because if 15 customers are seeing much higher prices, if 16 nothing else, there will be less demand. So 17 the load analysis might be off. 18 Q. All right. Thank you. That's all I have. 19 CHAIRMAN IGNATIUS: And 20 Commissioner Scott. 21 CMSR. SCOTT: Thank you. 22 23 24 INTERROGATORIES BY CMSR. SCOTT:</p>

<p>[WITNESS: Traum] Page 37</p> <p>1 Q. Following the same -- pretty much the same 2 line, on Page 14, where you talk about 3 migration in your testimony, you talk about a 4 base case. Can you -- just to make sure I'm 5 thinking and what you're saying are the same 6 thing, what do you mean by a "base case"? 7 A. What they actually expect to occur. 8 Q. Okay. So, their best projection -- 9 A. Correct. 10 Q. -- based on the information at the time. 11 And on that same page, you have on 12 Line 16, you say, "OCA considers such a 13 scenario crucial for long-term planning." I 14 know you're not OCA, but you're a consultant 15 for OCA. What does that mean? Why? 16 A. As migration occurs, the fixed costs of 17 their own -- PSNH's own generation, the 18 above-market costs, have to be recovered 19 from a smaller and smaller pool of energy 20 service customers, thus driving up the 21 price; so, as a for instance, the scrubber 22 results in a one-cent increase in energy 23 service rate. Initially, you know, it may 24 result in 10 percent more migration, so</p>	<p>[WITNESS: Traum] Page 39</p> <p>1 is no base case migration scenario. And 2 then it describes looking at migration level 3 assumptions for each customer class for each 4 migration level and those reflected trends 5 seen for these classes in 2009 and 2010. 6 What would you think should have been 7 done in addition to that? Is that -- that's 8 obviously some analysis of migration and 9 some attempt to project it. So what leads 10 you to conclude that there should have been 11 something more, and what might it have 12 looked like if there had been more? 13 A. I used to have a graph on my office wall 14 showing what had happened with migration, 15 and it was like this (gesturing). And all 16 of a sudden, now PSNH is saying it's going 17 to be leveling off at a maximum of 18 40 percent. 19 Q. So, for the sake of the record, you just made 20 an upward slant and then it leveled off. All 21 right. Go ahead. 22 A. Yes, a rapidly increasing rate of migration 23 was what was being shown historically. And 24 PSNH's range of forecast had it topped off</p>
<p>[WITNESS: Traum] Page 38</p> <p>1 that, again, a smaller pool of 2 residential -- of energy service customers 3 would be responsible for paying for those 4 costs. And that's what I view is, you know, 5 the death spiral or whatever. 6 Q. Okay. Thank you. 7 INTERROGATORIES BY CHAIRMAN IGNATIUS: 8 Q. Welcome back, Mr. Traum -- 9 A. I'm not sure. 10 Q. -- back to the Commission. It's nice to see 11 you. 12 The base case on migration, if I can 13 ask a few more questions about that, in your 14 testimony that's on Page 14, you noted 15 PSNH's response that they do not have a base 16 case migration scenario and cited the data 17 response -- which, by the way, is extremely 18 helpful. We don't usually see things put 19 together this way, and it's been interesting 20 to be able to flip back and forth and see 21 the information you were dealing with when 22 you made the statements you did. 23 So if we look at that attachment, which 24 is on Page 145, the PSNH response says there</p>	<p>[WITNESS: Traum] Page 40</p> <p>1 at 40 percent, which did not seem 2 reasonable. 3 Q. And you know that the levels of migration and 4 trends as of the time of the 2010 plan varied 5 among customer classes; correct? 6 A. Very unfortunately, I was very aware of 7 that, because I was constantly arguing for 8 somehow or other to get -- that somehow we 9 could get a competitive supplier or 10 suppliers to provide residential customers 11 choice so they can take advantage of market 12 opportunities, as opposed to being captive 13 customers of a PSNH energy service rate that 14 we saw as growing higher and higher than 15 market prices. 16 Q. Were there residential suppliers, suppliers 17 interested in the residential market in 2010? 18 A. As far as I know, no. Again, to the best of 19 my knowledge, the first one to appear on the 20 scene was Resident Power, and I think 21 they've only appeared on the scene in the 22 last three to six months. 23 Q. So how would you have thought PSNH would 24 factor in residential supply options if there</p>

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<p>[WITNESS: Traum] Page 41</p> <p>1 were no suppliers at the time?</p> <p>2 A. Public Service was very aware of the issues</p> <p>3 with migration and cost shifting. I believe</p> <p>4 Mr. Baumann's testimony in, might have been</p> <p>5 the migration case and some other cases, had</p> <p>6 addressed that. And I'd agreed with him</p> <p>7 that there was a real cost shifting problem.</p> <p>8 In the migration docket, we were -- I</p> <p>9 believe in my testimony and others, it</p> <p>10 proposed ways to maybe incense competitive</p> <p>11 suppliers to get into the residential</p> <p>12 market. So there was certainly glimmers of</p> <p>13 hope on the horizon -- you know, maybe more</p> <p>14 than glimmers. In PSNH's sister company,</p> <p>15 Connecticut Light & Power, subject to check,</p> <p>16 something like 30 percent of their</p> <p>17 residential load had gone to customer</p> <p>18 choice.</p> <p>19 Q. In your testimony, you raise concerns about</p> <p>20 certain energy-efficiency investments. And</p> <p>21 then today you said that, having heard the</p> <p>22 testimony yesterday from the Company, you were</p> <p>23 now satisfied that that issue was not one of</p> <p>24 concern anymore; is that right?</p>	<p>[WITNESS: Traum] Page 43</p> <p>1 what the potential generation from those</p> <p>2 options are, and had asked: Okay, is PSNH</p> <p>3 forecasting additional DG in the future,</p> <p>4 which would thus reduce their load? And</p> <p>5 they never responded to that in the rebuttal</p> <p>6 and did not include it in any forecasted</p> <p>7 growth.</p> <p>8 Q. So if they are making those assessments, it's</p> <p>9 not contained in the Plan.</p> <p>10 A. That's correct. As far as I know, that's</p> <p>11 correct.</p> <p>12 Q. The issue on the next page, Page 14, about</p> <p>13 heating degree days and cooling degree days,</p> <p>14 what is your concern on those?</p> <p>15 A. PSNH rightfully includes in developing their</p> <p>16 forecast for load, they use the 30-year</p> <p>17 average degree days. That's -- I agree.</p> <p>18 You should do that. But why don't you use</p> <p>19 the most recent 30-degree average. They</p> <p>20 were not. They were using one that I</p> <p>21 believe went through 2006. And I think they</p> <p>22 should have been using one that went through</p> <p>23 2009 or 2010, the most recent data. Whether</p> <p>24 or not, as PSNH indicated in response, it's</p>
<p>[WITNESS: Traum] Page 42</p> <p>1 A. Yes. My concern was that Public Service, by</p> <p>2 legislation, had been granted the authority</p> <p>3 to use SBC funds for efficiency purposes to</p> <p>4 get around investments, capital investments</p> <p>5 due to load growth, and that they weren't --</p> <p>6 and my concern is they got this approval,</p> <p>7 but they weren't taking advantage of it.</p> <p>8 And I base that on a particular data</p> <p>9 response that I believe I incorporated in my</p> <p>10 testimony. Since then, in PSNH's rebuttal</p> <p>11 testimony, they expanded upon that response</p> <p>12 and indicated that, apparently, yes, they</p> <p>13 are -- they always look at if there's an</p> <p>14 EE-type alternative. And to the extent that</p> <p>15 that's correct, I applaud them for that.</p> <p>16 Q. How about the distributed generation concerns</p> <p>17 you raised on Page 13? Are you still -- do</p> <p>18 you still have concerns that there's</p> <p>19 inadequate planning for those, or is that</p> <p>20 resolved with the other issue?</p> <p>21 A. No, that's an independent issue. And what</p> <p>22 it was, was that I had received, for a</p> <p>23 number of years, what the new installations</p> <p>24 and cumulative installations of DG were and</p>	<p>[WITNESS: Traum] Page 44</p> <p>1 only a small change, I still think that for</p> <p>2 least cost planning purposes, they should</p> <p>3 use the most accurate data that would have</p> <p>4 been available at that time.</p> <p>5 Q. It occurs to me that a conversation yesterday</p> <p>6 with, I think Mr. Large, about an installation</p> <p>7 that may be the kind of distributed generation</p> <p>8 that you're talking about may have come up.</p> <p>9 And I'm forgetting the details. Do you recall</p> <p>10 conversations about putting in something to</p> <p>11 forestall certain upgrades to a substation?</p> <p>12 A. Right. And yes, I do. And I don't believe</p> <p>13 that related to DG as opposed to the use of</p> <p>14 SBC funds on a targeted basis. And I</p> <p>15 believe he said, No, we don't -- We haven't</p> <p>16 been using SBC funds on a targeted basis,</p> <p>17 but we're looking at it, and this is</p> <p>18 something we did on this particular case as</p> <p>19 a way to address the issue.</p> <p>20 Q. But to the extent there are opportunities for</p> <p>21 a targeted investment that forestalls</p> <p>22 distribution upgrade, either through energy</p> <p>23 efficiency or through some distributed</p> <p>24 generation, that presumably is something that</p>

<p>[WITNESS: Traum] Page 45</p> <p>1 you would support?</p> <p>2 A. It's certainly an option that should be</p> <p>3 looked at: What's the least cost. And for</p> <p>4 planning purposes, it should be something</p> <p>5 that's automatically looked at, is what is</p> <p>6 the least cost, before going to traditional</p> <p>7 approaches.</p> <p>8 Q. And so what you're asking for, in the context</p> <p>9 of the Least Cost Plan, is that there be those</p> <p>10 sorts of opportunities, and analysis should be</p> <p>11 laid out in the Plan itself.</p> <p>12 A. Correct. This is one of the things we do</p> <p>13 for planning purposes.</p> <p>14 Q. All right.</p> <p>15 CHAIRMAN IGNATIUS: We have no</p> <p>16 other questions from the Bench. Ms.</p> <p>17 Hollenberg, any redirect?</p> <p>18 MS. HOLLENBERG: Just a few</p> <p>19 questions, please. Thank you.</p> <p>20 REDIRECT EXAMINATION</p> <p>21 BY MS. HOLLENBERG:</p> <p>22 Q. Mr. Traum, you were asked on cross by the</p> <p>23 Company about your commentary recommendations</p> <p>24 related to PSNH's use of sole source contract</p>	<p>[WITNESS: Traum] Page 47</p> <p>1 in the first full paragraph of that page.</p> <p>2 And my understanding of the exchange with</p> <p>3 Commissioner Harrington was basically that,</p> <p>4 you know, although PSNH may participate in</p> <p>5 this type of activity, the information</p> <p>6 related to this activity is not provided</p> <p>7 within the context of the IRP. Is that a</p> <p>8 correct summary?</p> <p>9 A. That's correct. It really just -- the</p> <p>10 sentence was included.</p> <p>11 MS. HOLLENBERG: And may I</p> <p>12 approach the witness, please?</p> <p>13 CHAIRMAN IGNATIUS: Of course.</p> <p>14 MS. HOLLENBERG: Thank you.</p> <p>15 BY MS. HOLLENBERG:</p> <p>16 Q. I'd like to show you a document. And I don't</p> <p>17 need it to be marked as an exhibit because</p> <p>18 it's a small document. It's Data Request CLF</p> <p>19 1-28 in Docket DE 10-261. Did I identify that</p> <p>20 correctly?</p> <p>21 A. Data Request CLF Set 1, No. 28 in this</p> <p>22 docket, dated February 25th, 2011.</p> <p>23 Q. And would you agree that the question -- I'm</p> <p>24 going to read the question and ask you to</p>
<p>[WITNESS: Traum] Page 46</p> <p>1 process for its supply from Emera. Do you</p> <p>2 recall those questions and answers?</p> <p>3 A. Yes.</p> <p>4 Q. Would you agree that you're not saying that</p> <p>5 PSNH should not contract with Emera; rather,</p> <p>6 you're saying PSNH should use a competitive</p> <p>7 bidding process in order to select a supplier</p> <p>8 for their supply?</p> <p>9 A. That's correct. As I read Mr. White's</p> <p>10 comments, it seems to me as though there's a</p> <p>11 potential for other suppliers other than</p> <p>12 Emera. So, rather than just going to Emera,</p> <p>13 put it out to bid and see if somebody can</p> <p>14 come in at a better price than Emera on</p> <p>15 behalf of ratepayers.</p> <p>16 Q. Because typically, competitive bidding results</p> <p>17 in lower cost.</p> <p>18 A. I'd say typically.</p> <p>19 Q. Thank you.</p> <p>20 You were asked some questions about</p> <p>21 PSNH Exhibit 1, Page 137, by the Company's</p> <p>22 attorney, and you were also asked some</p> <p>23 questions -- or a question by Commissioner</p> <p>24 Harrington about the language that appears</p>	<p>[WITNESS: Traum] Page 48</p> <p>1 confirm that I read it correctly.</p> <p>2 Page 137 of Exhibit -- it doesn't say</p> <p>3 this, but it's referring to -- Would you</p> <p>4 agree it's referring to PSNH's IRP filing?</p> <p>5 A. Yes.</p> <p>6 Q. Page 137 described a process involving 8 to 10</p> <p>7 meetings per year of an emissions management</p> <p>8 team and decision-making with regard to the</p> <p>9 goal of complying with the emissions</p> <p>10 regulations in a cost-effective manner.</p> <p>11 "Please provide the records of these meetings</p> <p>12 over the last two years, and any documents or</p> <p>13 analysis prepared by or for or considered by</p> <p>14 the emissions management team."</p> <p>15 Did I read that question correctly?</p> <p>16 A. Yes.</p> <p>17 Q. And the response states, "The Content" -- and</p> <p>18 this is Mr. Smagula's response; is that</p> <p>19 correct?</p> <p>20 A. That's correct.</p> <p>21 Q. "The content of internal business strategy</p> <p>22 discussions constitutes confidential business</p> <p>23 information. In addition, because of ongoing</p> <p>24 litigation challenges, PSNH presently conducts</p>

<p>[WITNESS: Traum] Page 49</p> <p>1 internal strategy meetings with an attorney 2 present for the purpose of getting legal 3 advice and in anticipation of litigation. As 4 a result of this litigious climate, no minutes 5 were taken." Is that correct? 6 A. You've read that correctly, yes. 7 Q. So, not only was there no information provided 8 in the IRP about these discussions, but there 9 was no information about these discussions 10 provided in response to discovery; is that 11 correct? 12 A. In response to that discovery, yes. I don't 13 know if there was a -- I do not recall if 14 there was a fight about confidentiality -- 15 an issue about confidentiality brought up 16 after that. 17 Q. Okay. Mr. Traum, you were asked on 18 cross-examination by the Company witness [sic] 19 about whether or not the OCA would oppose in 20 the future some sort of cost incurred to study 21 divestiture and/or retirement options for the 22 PSNH generation plants. Do you recall that? 23 A. I don't think they had asked about the cost 24 for divestiture or retirement. I think it</p>	<p>[WITNESS: McCluskey] Page 51</p> <p>1 that the next witness? 2 MR. SPEIDEL: That is correct. 3 CHAIRMAN IGNATIUS: All right. 4 (WHEREUPON, GEORGE McCLUSKEY was/were 5 duly sworn and cautioned by the Court 6 Reporter.) 7 GEORGE McCLUSKEY, SWORN 8 DIRECT EXAMINATION 9 BY MR. SPEIDEL: 10 Q. What is your name and place of employment? 11 A. My name is George McCluskey, and I work for 12 the Public Utilities Commission. 13 Q. What is your position at the Commission? 14 A. I'm assigned to the Electric Division as an 15 analyst. 16 Q. What do you consider to be your area of 17 professional expertise? 18 A. In the roughly 30 years that I've been 19 working in the utility-rated -- related 20 activities in England and the United States, 21 I've covered most aspects of economic 22 regulation at the Commission, but 23 principally ratemaking, most types of 24 pricing, integrated resource planning,</p>
<p>[WITNESS: Traum] Page 50</p> <p>1 was asking about the cost with regards to 2 specific potential capital additions driven 3 by regulatory changes that does not occur in 4 the future. 5 Q. Thank you. It was whether or not the OCA 6 would support or oppose the cost of 7 engineering analysis of future capital 8 additions. 9 A. That's -- basically, that's correct. And I 10 indicated that I can speak for myself, not 11 for OCA. 12 Q. And in your experience with the Office of 13 Consumer Advocate -- and I think you were with 14 us for maybe more than 19 years, if not 20 -- 15 did the OCA ever oppose the recovery of 16 prudently incurred costs by a utility in 17 service to customers? 18 A. Of course not. 19 Q. Thank you. 20 MS. HOLLENBERG: No other 21 questions. 22 CHAIRMAN IGNATIUS: Then, Mr. 23 Traum, you are excused. Thank you. 24 Mr. McCluskey, I think -- is</p>	<p>[WITNESS: McCluskey] Page 52</p> <p>1 analysis of contracts, DSM analysis, and 2 various other activities. 3 Q. Excellent. I'm going to distribute a document 4 and ask you to identify it in a moment. That 5 would be two documents. 6 CHAIRMAN IGNATIUS: Mr. Speidel, 7 we have copies already. So if you need more, 8 these are duplicates. 9 MR. SPEIDEL: Thank you very 10 much. I think I should be all set for the 11 time being. 12 BY MR. SPEIDEL: 13 Q. All rightie. Now, Mr. McCluskey, I'm going to 14 bring these documents to your own personal 15 attention. 16 Mr. McCluskey, do you recognize the 17 document that has been styled "Staff 18 Exhibit 1"? 19 A. Yes, I do. 20 Q. What is that document? 21 A. That is the direct testimony of myself and 22 Edward Arnold for Jacobs Consultants. 23 Q. Thank you. And do you also recognize the 24 document that has been styled "Staff</p>

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<p>[WITNESS: McCluskey] Page 53</p> <p>1 Exhibit 2"?</p> <p>2 A. Yes. This is supplemental testimony that</p> <p>3 was submitted in this case, again, authored</p> <p>4 by myself and Edward Arnold.</p> <p>5 Q. Were both the documents styled as "Staff</p> <p>6 Exhibit 1" and "Staff Exhibit 2," were those</p> <p>7 documents prepared under your control and</p> <p>8 supervision?</p> <p>9 A. They were. That's correct.</p> <p>10 Q. Thank you.</p> <p>11 MR. SPEIDEL: Commissioners, I</p> <p>12 would ask that these two documents be marked</p> <p>13 as Staff Exhibit 1 and 2, respectively.</p> <p>14 CHAIRMAN IGNATIUS: Before we</p> <p>15 mark them for identification, I think there's</p> <p>16 a little confusion about different versions of</p> <p>17 things.</p> <p>18 CMSR. HARRINGTON: Yeah. We</p> <p>19 have -- I have a copy of your testimony dated</p> <p>20 July 27th, which is identified as "Pretrial</p> <p>21 Testimony of George McCluskey" and so forth.</p> <p>22 Then I have another document that's dated</p> <p>23 September 8th, and this says "Pretrial</p> <p>24 Testimony," and it says, "With Updated Format</p>	<p>[WITNESS: McCluskey] Page 55</p> <p>1 Commissioners.</p> <p>2 BY MR. SPEIDEL:</p> <p>3 Q. Now, Mr. McCluskey, what issues do you address</p> <p>4 in your testimony, aside from the Newington</p> <p>5 Continued Unit Operations Study?</p> <p>6 A. Exhibit 1?</p> <p>7 Q. Yes, that's correct.</p> <p>8 A. Okay. In Exhibit 1, I address two issues:</p> <p>9 One is related to the general Integrated</p> <p>10 Resource Plan and also to the Newington</p> <p>11 Continued Unit Operations Study. The</p> <p>12 IRP-related issue has to do with PSNH's DSM</p> <p>13 assessment, and I address certain aspects of</p> <p>14 that assessment.</p> <p>15 Q. Do you consider the matters that you've just</p> <p>16 discussed within this testimony to be within</p> <p>17 your area of professional expertise?</p> <p>18 A. With regard to the non-Newington.</p> <p>19 Q. Yes.</p> <p>20 A. Yes, I do. As I indicated before, I've got</p> <p>21 extensive experience in integrated resource</p> <p>22 planning and also with regard to</p> <p>23 energy-efficiency economic analysis.</p> <p>24 Q. Mr. McCluskey, do you have any corrections or</p>
<p>[WITNESS: McCluskey] Page 54</p> <p>1 with Indicated Redactions. Is the information</p> <p>2 in each exactly the same, other than that</p> <p>3 updated format?</p> <p>4 MR. SPEIDEL: That is correct,</p> <p>5 Commissioner Harrington, but for one element.</p> <p>6 The redaction format was updated in this</p> <p>7 version. That's why I distributed it as such.</p> <p>8 And also, Staff had inadvertently omitted</p> <p>9 Staff Exhibit 15 at the time of the July</p> <p>10 filing. So this is including all Staff</p> <p>11 exhibits. But the information is</p> <p>12 substantively the same. And I've included</p> <p>13 Staff Exhibit 2 now just for administrative</p> <p>14 efficiency. Even though it relates to</p> <p>15 Newington, we'll just have it marked it for</p> <p>16 now. It won't be referred to in this portion</p> <p>17 of the testimony.</p> <p>18 CHAIRMAN IGNATIUS: All right.</p> <p>19 With that, we'll mark for identification Staff</p> <p>20 Exhibit 1, the September 8, 2011 filing; and</p> <p>21 Staff Exhibit 2, the October 12, 2011 filing.</p> <p>22 (Staff Exhibits 1 and 2 marked for</p> <p>23 identification.)</p> <p>24 MR. SPEIDEL: Thank you,</p>	<p>[WITNESS: McCluskey] Page 56</p> <p>1 other line edits to make to your non-Newington</p> <p>2 testimony presented as Staff Exhibit 1?</p> <p>3 A. I've got two minor corrections/changes to</p> <p>4 make.</p> <p>5 On Page 31, Line 18, you'll see the</p> <p>6 word "prepared" in parentheses. I'm not</p> <p>7 sure how that got in there. It's intended</p> <p>8 to be a quote. And so if we could strike</p> <p>9 the word "prepared" from that line.</p> <p>10 Q. Any others?</p> <p>11 A. Yes. On... just give me one moment. It's</p> <p>12 on Page 38, Line 11. It reads, "close this</p> <p>13 gap." I'd just like to insert the word</p> <p>14 "information" before the word "gap." It</p> <p>15 should read "close this information gap."</p> <p>16 And those are the two changes that I wanted</p> <p>17 to make.</p> <p>18 Q. Thank you very much.</p> <p>19 Since we are on Page 38 of your</p> <p>20 testimony, Mr. McCluskey, can we draw</p> <p>21 attention to Lines 5 through 11?</p> <p>22 A. Okay. Yes.</p> <p>23 Q. All right. You say there that one possible</p> <p>24 explanation for the increasing costs to</p>

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1 achieve a declining savings potential is the 2 inclusion of fuel-blind programs in the 3 Company's calculations. Now, we're talking 4 about energy-saving programs; correct? 5 A. That's correct. 6 Q. Were you able to confirm that understanding? 7 A. Yes, I was. The Company submitted a 8 response to a Staff discovery request. I 9 believe it was -- the response is actually 10 dated December of 2011, which is several 11 months after the filing of the testimony. 12 So I believe the question was issued 13 subsequent to the Company filing its 14 rebuttal testimony. 15 Q. Very good. So do you mind if I were to 16 distribute this? 17 A. Please. 18 Q. Excellent. 19 CHAIRMAN IGNATIUS: So this is a 20 three-page exhibit, a cover letter and then 21 two data responses; is that correct? 22 MR. SPEIDEL: That is correct. 23 I would like to have these exhibits marked 24 collectively as Staff Exhibit 3.		1 this particular exhibit breaks down into the 2 residential and C & I classes information 3 that is in the Exhibit IV-7, just above. 4 And in particular what I'm focusing on is 5 the first column, the Residential Program 6 Expenditures, and the associated savings 7 that result from those expenditures which 8 are shown in the third column. And in my 9 testimony I'm talking about the increasing 10 cost of programs and the expenditures and 11 the declining savings. So in my testimony I 12 was speculating as to what was the cause of 13 this significant difference in these two 14 trends. 15 In the response that we received 16 from -- I'd requested them to break down the 17 program expenditures into electric program 18 expenditures and what they refer to as 19 "non-electric program expenditures," and 20 which this first response does. 21 And so I think the primary reasons for 22 this difference is that, while the first 23 column of expenditures includes the costs of 24 non-electric programs, the savings does not.	
1 CHAIRMAN IGNATIUS: So marked 2 for identification. 3 (Staff 3 marked for identification.) 4 Q. All right. Mr. McCluskey, are you ready to 5 discuss these matters? 6 A. Yes. Now, this part of my testimony, you'll 7 see -- actually, if you turn the page back 8 to 37, you'll see that I'm discussing 9 Exhibit IV-8 of the Company's filing, which 10 was on Page 55 of their filing. 11 Q. So, shall we turn to that? 12 A. Yes, I've got it. Mr. Speidel, did I get a 13 copy of the -- 14 Q. Of the filing itself? 15 A. No, of the discovery responses. 16 Q. Just one moment, please. 17 A. Okay. 18 MR. McCLUSKEY: Commissioners, 19 if you're looking at this exhibit, IV-8 -- 20 CMSR. HARRINGTON: What page 21 again? 22 MR. McCLUSKEY: Page 55 of the 23 filing. 24 A. So what I'm addressing in my testimony is	Page 58	1 So we're showing that apples-to-oranges 2 comparison. And the reason it does not is 3 because the savings that are produced by 4 those non-electric programs are not electric 5 savings. That's what the purpose of this 6 filing is, is to do with the impacts of 7 programs on the electric utility. The 8 actual savings could relate to natural gas, 9 or more likely fuel oil that the 10 consumers -- that the participants in these 11 non-electric programs would actually 12 consume, more than likely heating their 13 homes. 14 So this response clarifies that the 15 expenditures actually include non-electric 16 expenditures. And Mr. Large confirmed, I 17 believe it was yesterday, that Column 3 does 18 not include any savings from the 19 non-electric programs. 20 CMSR. HARRINGTON: Excuse me. 21 When you say "Column 3," could you be clear as 22 to which chart you're referring to? 23 MR. McCLUSKEY: This is -- I'm 24 referring to Page 55 of the filing, and it's	Page 60

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1 Exhibit IV-8. And the third column is headed
2 "Residential Annualized Savings" in megawatt
3 hours. Okay?
4 A. So the -- if I could kind of step back a
5 little bit. And this exhibit is headed
6 "Market Potential By Customer Sector." So,
7 what is the market potential? The prior
8 exhibit referred to a market potential
9 scenario. What is -- so what does that
10 market potential scenario mean? Is this the
11 Company's plan for de-modified management?
12 Is this a guide? It doesn't actually say.
13 It refers to a scenario. It's in a Least
14 Cost Plan document. Are we to understand
15 that this is where the Company would want to
16 go? If so, the rising expenditures, which
17 are significant from -- for the residential
18 class only, from just over \$6 million to
19 \$18 million is a significant increase. So,
20 if it is intended to be a plan or a guide to
21 where they would want to go, then obviously
22 they would need to find a way to fund that
23 larger expenditure that is going to produce
24 a declining electric energy savings, but

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1 also these additional non-electric savings
2 as well.
3 So it's not totally clear to me what
4 this scenario is. But I simply wanted to
5 point out to the Commission that, one, the
6 rising expenditures level is really
7 significant; and, two, it doesn't include
8 these other savings. And that's the next --
9 and the fact that it doesn't include the
10 non-electric savings that I want to talk
11 about later.
12 If we just assume that this is a plan
13 where the Company would like to go, or at
14 least it's guidance for regulators as to
15 what they perhaps would like to consider,
16 the fact that the dollars are increasing
17 significantly, in my mind, should not be a
18 concern if the programs themselves are
19 cost-effective. Because if they are
20 cost-effective, it's essentially saying,
21 well, we think we could substantially expand
22 our programs at some significant cost, but
23 the savings to consumers would be worth
24 that. So the fact that the expenditures are

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1 not -- are increasing rapidly is not in
2 itself a major concern; it's the issue of
3 the non-fuel savings. Those programs --
4 MR. McCLUSKEY: Yes,
5 Commissioner?
6 CHAIRMAN IGNATIUS: I just want
7 to remind you, let's not get into a
8 re-statement of all of your testimony that's
9 prefiled. It's only the items in rebuttal
10 testimony that came up yesterday or earlier
11 today that you need to speak to. Otherwise,
12 we're not having everyone restate everything.
13 MR. McCLUSKEY: Okay.
14 CHAIRMAN IGNATIUS: So I
15 understand this exhibit was in response to the
16 rebuttal, but the general principles I think
17 you do go into in your prefiled testimony.
18 MR. McCLUSKEY: Yes. And it's
19 what is done with the non-electric savings
20 which is my primary concern, and it goes to
21 the heart of least cost planning.
22 A. Least cost planning is generally regarded as
23 a plan to minimize costs for that specific
24 utility for the benefit of the consumers of

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1 that utility. If dollars are being expended
2 on programs for customers that are not
3 customers of the utility itself, then it
4 would seem inappropriate to include the
5 value of those non-electric savings in any
6 test to determine whether this plan or
7 guideline is cost-effective for consumers.
8 And, again, we heard from Mr. Large
9 yesterday that, when the Company calculated
10 what's called a "total resource cost ratio,"
11 which is the standard test that is used to
12 determine whether a set of programs are
13 cost-effective, they used, on the benefit
14 side, not just the value of the electric
15 savings consistent with this exhibit, but
16 also the value of the non-electric savings,
17 which would provide no benefits to the
18 electric customers.
19 So it's that -- after realizing the
20 magnitude of the non-electric component of
21 this plan or guideline, that's what raised
22 the concern for me that the significant
23 component of these expenditures are on
24 non-electric programs. And in fact, I've

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<p>[WITNESS: McCluskey] Page 65</p> <p>1 calculated that approximately 50 percent of 2 the savings come from the non-electric 3 programs, which, if you take it out of the 4 total resource test, you are going to have a 5 significant impact on that ratio; perhaps 6 bring it down to a level where the electric 7 programs overall are not cost-effective. 8 So I think it's the use of those 9 non-electric savings in the TRC test which I 10 think is not consistent with the standard 11 practice for least cost planning. 12 BY MR. SPEIDEL: 13 Q. Does that summarize your testimony to your 14 satisfaction? 15 A. It does. 16 Q. Thank you, Mr. McCluskey. 17 MR. SPEIDEL: I invite 18 cross-examination. 19 CHAIRMAN IGNATIUS: Thank you. 20 Let's keep the order we've been working with. 21 Mr. Patch. 22 CROSS-EXAMINATION 23 BY MR. PATCH: 24 Q. Good afternoon, Mr. McCluskey.</p>	<p>[WITNESS: McCluskey] Page 67</p> <p>1 rate change shall be approved or ordered with 2 respect to any utility that does not have on 3 file with the Commission a plan that has been 4 filed and reviewed in accordance with the 5 provisions of R.S.A. 378:38 and 378:39." Are 6 you familiar with that provision? 7 A. I am, yes. I haven't reviewed that for 8 quite some time, but I am familiar with it. 9 Q. And you're familiar with R.S.A. 378:41, which 10 is titled "Conformity of Plans," which 11 basically says that any proceeding before the 12 Commission, initiated by a utility, shall 13 include within the context of the hearing and 14 decision reference to conformity of the 15 decision with the Least Cost Integrated 16 Resource Plan most recently filed and found 17 adequate by the Commission. Are you familiar 18 with that provision? 19 A. Yes, I am. 20 Q. So, in terms of the viability of the Plan, I 21 guess I didn't hear anybody on the PSNH panel 22 yesterday cite to either of these statutes and 23 the fact that the Plan might have some 24 usefulness and, in fact, would have to meet</p>
<p>[WITNESS: McCluskey] Page 66</p> <p>1 A. Good afternoon. 2 Q. You were here for the testimony yesterday, I 3 believe; correct? 4 A. Yes. 5 Q. And you heard the questions and the responses 6 with regard to sort of the, I guess I would 7 call it the viability or the usefulness of the 8 Plan, including Mr. Large's statement that it, 9 sadly, has very limited value. Do you recall 10 that? 11 A. I don't recall Mr. Large saying that, but I 12 know there was a lot of discussion on the 13 value of the Plan, whether it was a static 14 or a live document. But I don't recall 15 Mr. Large saying that. 16 Q. And you've been involved in prior review of 17 Least Cost Integrated Resource Plans; is that 18 correct? 19 A. Yes, for all of the electric utilities and 20 for the two gas companies in the state. 21 Q. And I believe you're familiar with the 22 statutes that relate to this -- 23 A. Yes, I am. 24 Q. -- including R.S.A. 378:40, which says, "No</p>	<p>[WITNESS: McCluskey] Page 68</p> <p>1 these requirements of the statute, or that it 2 provided a basis for being able to fulfill the 3 requirements of these statutes. I don't 4 recall hearing that. Do you recall hearing 5 any discussion of that yesterday? 6 A. No, I don't. 7 Q. Thank you. That's all the questions I have. 8 A. Thank you. 9 CHAIRMAN IGNATIUS: Mr. Moffatt. 10 MR. MOFFATT: No questions. 11 Thank you. 12 CHAIRMAN IGNATIUS: Mr. 13 Cunningham. 14 MR. CUNNINGHAM: No questions. 15 Thank you very much. 16 CHAIRMAN IGNATIUS: Mr. Steltzer. 17 MR. STELTZER: Yes, just a 18 couple. 19 CROSS-EXAMINATION 20 BY MR. STELTZER: 21 Q. Do you happen to know how many customers PSNH 22 is serving? 23 A. No. I know it's a substantial percentage of 24 the state. But no, I couldn't give you that</p>

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<p>[WITNESS: McCluskey] Page 69</p> <p>1 number.</p> <p>2 Q. Would it be fair to say that it's somewhere</p> <p>3 around 420,000 customers, subject to check?</p> <p>4 A. I agree, subject to check.</p> <p>5 Q. Would it also be fair to say that there's</p> <p>6 approximately 11,500 customers out of PSNH</p> <p>7 that heat their homes with electric heat,</p> <p>8 subject to check?</p> <p>9 A. Subject to check.</p> <p>10 Q. Would it be fair to say, then, that those</p> <p>11 customers who heat their homes with a fossil</p> <p>12 fuel other than electricity are also PSNH</p> <p>13 ratepayers?</p> <p>14 A. They -- yes. They obviously would use</p> <p>15 electricity for lighting. But it would</p> <p>16 appear that the majority of fuel consumption</p> <p>17 for that home would be fossil fuel.</p> <p>18 Q. Thank you.</p> <p>19 MR. STELTZER: No further</p> <p>20 questions.</p> <p>21 CHAIRMAN IGNATIUS: Mr. Peress.</p> <p>22 MR. PERESS: No questions, Madam</p> <p>23 Chair.</p> <p>24 CHAIRMAN IGNATIUS: Ms.</p>	<p>[WITNESS: McCluskey] Page 71</p> <p>1 file least cost plans conducts fully adequate</p> <p>2 planning.</p> <p>3 A. I wouldn't say that. I've certainly -- my</p> <p>4 job is to review Integrated Resource Plans.</p> <p>5 And my testimony has addressed aspects of</p> <p>6 those plans that I consider to be not</p> <p>7 adequate, and I've recommended changes to</p> <p>8 them.</p> <p>9 Q. Can I direct your attention to your Staff</p> <p>10 Exhibit 3?</p> <p>11 A. Okay.</p> <p>12 Q. And I believe one of your criticisms of the</p> <p>13 residential projection are that costs are</p> <p>14 going up but savings are going down, as far as</p> <p>15 what the Company filed.</p> <p>16 A. Yes. I said the electric savings are going</p> <p>17 down, which is what is shown on</p> <p>18 Exhibit IV-8.</p> <p>19 Q. Right. And Exhibit 3 shows the residential</p> <p>20 program expenditures broken down into electric</p> <p>21 expenditures and non-electric expenditures;</p> <p>22 correct?</p> <p>23 A. That's correct.</p> <p>24 Q. And the residential non-electric savings do go</p>
<p>[WITNESS: McCluskey] Page 70</p> <p>1 Hollenberg.</p> <p>2 MS. HOLLENBERG: No questions.</p> <p>3 Thank you.</p> <p>4 CHAIRMAN IGNATIUS: Mr. Eaton.</p> <p>5 MR. EATON: Thank you.</p> <p>6 CROSS-EXAMINATION</p> <p>7 BY MR. EATON:</p> <p>8 Q. Mr. McCluskey, how long have you been</p> <p>9 evaluating least cost plans for the</p> <p>10 Commission?</p> <p>11 A. I couldn't put a figure on it. But this is</p> <p>12 my second time around working for the</p> <p>13 Commission, and I was evaluating plans my</p> <p>14 first time, which was maybe 15 years ago.</p> <p>15 Q. How many plans that have been submitted by the</p> <p>16 utilities have you testified that were</p> <p>17 adequate?</p> <p>18 A. The complete plan was adequate?</p> <p>19 Q. Yes.</p> <p>20 A. I don't recall filing any testimony which</p> <p>21 found every element of the companies' IRPs</p> <p>22 were adequate.</p> <p>23 Q. So in your experience, you don't think that</p> <p>24 any New Hampshire utility that's required to</p>	<p>[WITNESS: McCluskey] Page 72</p> <p>1 up from 2010 to 2015 in the far right-hand</p> <p>2 column; correct?</p> <p>3 A. Yes, they run up substantially.</p> <p>4 Q. But there's no depiction of electric savings</p> <p>5 in that Exhibit 3.</p> <p>6 A. That's correct. The savings that we see</p> <p>7 from the non-electric are also in a</p> <p>8 different unit from the units used on</p> <p>9 Exhibit IV-8; one is dealing with megawatt</p> <p>10 hours, the other one is dealing with MMBtu.</p> <p>11 So, really, what we should have is a</p> <p>12 comparison of the two and the same units.</p> <p>13 Q. And what can you tell me about changes that</p> <p>14 are going to happen in standards for electric</p> <p>15 lighting for residential customers?</p> <p>16 A. You're referring to a particular part of my</p> <p>17 testimony or...</p> <p>18 Q. Yes, your DSM testimony.</p> <p>19 A. Okay. Any particular page?</p> <p>20 Q. Yes. Page 35 to 36, I believe.</p> <p>21 CHAIRMAN IGNATIUS: In which</p> <p>22 exhibit, Mr. Eaton?</p> <p>23 MR. EATON: That, I believe,</p> <p>24 would be Staff Exhibit 1.</p>

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<p>[WITNESS: McCluskey] Page 73</p> <p>1 A. Yes. Page 35 is referring to the -- had 2 relation to lighting and the Energy 3 Independence and Security Act of 2007. Is 4 that what your question is getting to? 5 Q. Yes. 6 A. Okay. And what's your question? 7 Q. What is going to happen as a result of the 8 passage of the Energy Independence and 9 Security Act of 2007 regarding lighting 10 performance standards? 11 A. That particular act is going to impact 12 incandescent bulbs. It's going to -- it's 13 requiring higher standards of those bulbs, 14 increasing the efficiency of them. And from 15 the standpoint of this particular 16 proceeding, the efficiency of incandescent 17 bulbs was the standard that the Company 18 would measure the savings from CFLs. So, if 19 this Act changes the efficiency standards 20 for incandescents, improves the standards, 21 then the amount of savings relative to 22 incandescents that you get from CFLs would 23 fall, and that would have an impact on the 24 potential energy savings that could be</p>	<p>[WITNESS: McCluskey] Page 75</p> <p>1 closer in price? 2 A. Based on the responses to discovery that we 3 received from the Company, that is indeed 4 the case. 5 Q. So, would a rebate program be appropriate when 6 the price is very close? 7 A. Since I'm not involved in the CORE programs, 8 I don't feel as though I'm sufficiently up 9 to speed to respond to that question whether 10 there should be a rebate or whether there 11 should be something else. But in this 12 proceeding, I've heard the Company's 13 arguments that the incremental costs for 14 CFLs would be too small to not justify the 15 rebate, and I'm just accepting that at face 16 value. 17 Q. Okay. Do you understand how savings are 18 attributed to DSM programs? 19 A. The calculation of the savings? 20 Q. Yes. 21 A. The avoided costs? Is that what you're 22 referring to? 23 Q. Yes. 24 A. Yes, I've got experience in that.</p>
<p>[WITNESS: McCluskey] Page 74</p> <p>1 gotten from lighting programs in the future. 2 Q. And would you agree that, to date, much of the 3 savings for the residential sector have come 4 from the promotion of CFLs compared to the 5 current incandescent bulbs before the standard 6 is changed? 7 A. That's my understanding. 8 Q. And so if that's what the residential sector 9 has depended on in the past, it's reasonable 10 to say that savings from that large portion of 11 the residential program will go down, 12 depending when the standard changes. 13 A. That's correct. And I believe I say this in 14 my testimony. And I say that the Company 15 appropriately reflected that change in the 16 law in its determination of the potential 17 savings for the residential class. 18 Q. And traditionally, the Company has promoted 19 CFLs with what measures of incentives? Not 20 the dollar level, but what are the incentives? 21 A. I understand they've had rebates to promote 22 the use of that product. 23 Q. And will incandescents and compact 24 fluorescence, under the new standard, be</p>	<p>[WITNESS: McCluskey] Page 76</p> <p>1 Q. Okay. So when a dollar is rebated for a CFL 2 lightbulb currently, we can assume it's 3 replacing an inefficient current lightbulb of 4 the same wattage, and we can calculate what 5 the savings will be. 6 A. That's my assumption as to what the savings 7 are. That's correct. 8 Q. And if it's perhaps more appropriate to simply 9 stimulate the sales of CFLs after the 10 standards change, because they are more 11 efficient, through a marketing program, can 12 PSNH take credit for the savings from having 13 spent X-number of dollars on a marketing 14 program? 15 A. If the Company determines that it's more 16 effective or efficient to use a marketing 17 program compared with a rebate program, and 18 that achieves the results that it's seeking, 19 then I would expect the Company would 20 propose that change to the participants in 21 the CORE programs and have them discuss it. 22 But the method does not seem unreasonable to 23 me that you just described. 24 Q. But if -- through that marketing program, how</p>

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<p>[WITNESS: McCluskey] Page 77</p> <p>1 can you tell how much savings were created or 2 achieved by the marketing program? 3 A. It may not be as obvious as a rebate program 4 where you can determine how many customers 5 availed themselves of the rebate program, 6 but I think it's reasonable to say that the 7 Company has good enough minds who can make 8 estimates as to the likely response of the 9 marketing program. In fact, I would expect 10 that they would do that if they did switch 11 the approach from rebates to marketing. I 12 would expect that one of the elements of 13 that change would be to monitor the 14 effectiveness of that program compared with 15 rebates and determine whether the dollars 16 spent on marketing have been spent wisely. 17 Q. Do you know what I'm talking about when I 18 describe a study called "Opportunities for 19 Energy Efficiency in New Hampshire" that was 20 prepared by GDS? 21 A. Yes, I'm familiar that. 22 Q. And were -- was the Company required to 23 analyze that report and also base some of its 24 projections on similar types of analysis that</p>	<p>[WITNESS: McCluskey] Page 79</p> <p>1 non-electric efficiency measures. 2 A. That may be the case. I don't have the 3 study in front of me. 4 Q. So, whether we use a rebate program or whether 5 we use a marketing approach to residential 6 lighting is a matter of choice when we come to 7 the point of proposing programs in future 8 years under the CORE programs' dockets; 9 correct? 10 A. So we're talking about lighting now? 11 Q. Yeah, but back to the -- 12 A. Back to lighting. 13 Q. Yes. 14 A. So your question is it's the Company's 15 decision whether to go with a rebate or a 16 marketing program to incentivize purchases 17 of CFLs; is that correct? 18 Q. Yes. 19 A. I think it's the Company's decision 20 initially. My understanding as to how the 21 CORE program works is that the Company's 22 decisions get debated, and eventually 23 something gets sent to the Commission for 24 approval. So it would be the start of the</p>
<p>[WITNESS: McCluskey] Page 78</p> <p>1 were in the GDS report? 2 A. I don't recall the words in the Commission's 3 order saying "similar type of analysis." 4 The Commission said that you should use the 5 GDS results, as they applied to PSNH, as the 6 basis of your planning for DSM. 7 Q. And did GDS incorporate in its analysis the 8 change in the lighting standards? 9 A. No, it didn't. And I comment on that in my 10 testimony. And I've already said that I 11 thought that change made by the Company was 12 an appropriate one. 13 Q. And would you agree, subject to check, that 14 the GDS study finds that the technical 15 potential savings for electric energy is over 16 27 percent? 17 A. What is the 27 percent? 18 Q. The technical potential savings for electric 19 energy is over 27 percent. 20 A. Of what? 21 Q. Of projected 2018 sales. 22 A. Subject to check. I don't recall what that 23 percentage is. 24 Q. And that it also is over 27 percent for</p>	<p>[WITNESS: McCluskey] Page 80</p> <p>1 process, I would think, what the Company 2 decides. 3 Q. So the choice of approaches in this proceeding 4 is not really a measure of whether the Plan is 5 or conservation in the residential sector is 6 appropriate or not. 7 A. No. The issue of the rebate or marketing 8 program to incentivize CFLs has to do with 9 the potential that the Company is reporting 10 for the residential class in the IRP. 11 That's how it gets into the Integrated 12 Resource Plan. I recognize there is also a 13 CORE element to that decision. But what 14 we're discussing here is the impact on the 15 potential, the savings potential. So it 16 really is an IRP issue that I've raised in 17 my testimony. 18 Q. Do you know if, to date, any marketing 19 programs approved in the CORE proceedings have 20 definitely been attributed with calculated 21 savings in electricity? 22 A. I don't -- the answer is "no" to your 23 question. But I would say with -- we've 24 just been discussing whether the Company is</p>

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1 going to use a rebate or a marketing program
2 with regard to the CFLs.
3 In discovery, I asked the Company, "If
4 you think a marketing program is more
5 effective, are you proposing to switch from
6 a rebate to a marketing program?" And you
7 said you were not intending to do that. So
8 the question you've just asked has surprised
9 me because you indicated you weren't going
10 to make that switch, even though you argued
11 that it was more effective to have a
12 program, which seems contrary. If it's more
13 effective, why are you not going to switch
14 from rebates to marketing?
15 Q. But to date -- I think you answered my
16 question initially as "no," that to date there
17 has not been a way to compute the energy
18 savings that are projected or realized from a
19 marketing program.
20 A. That was not my response to your question.
21 You asked me was I aware of whether
22 marketing programs in the CORE had a certain
23 effect. My answer is no. Why? Because I
24 don't participate in the CORE proceedings.

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1 That's why I don't know.
2 Q. Okay. Are appliance standards going to change
3 in the planning period in this docket?
4 A. Which appliance standards?
5 Q. Energy-efficiency appliance standards that the
6 industry developed. Do you know if there's
7 going to be any change to those standards,
8 similar to the change in the lighting that I
9 talked about?
10 A. I have no specific knowledge with regard to
11 any appliance standards, whether it relates
12 to lighting or other appliances. So I think
13 that's a direct response to your question.
14 Q. But if there was a -- if there was a change
15 that raised efficiency, a change in standards
16 that raised efficiency in the manufacturing of
17 appliances, so that all appliances would be
18 more efficient than previous ones, would that
19 have an effect upon the savings that you could
20 project in the future?
21 A. Yes. If you had knowledge of appliance
22 standards to change in the future, I would
23 expect that you would utilize that knowledge
24 in developing the potential savings that

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1 could be accessed by the Company's programs.
2 Q. Thank you.
3 MR. EATON: I have nothing
4 further.
5 CHAIRMAN IGNATIUS: Thank you.
6 Commissioner Harrington.
7 INTERROGATORIES BY CMSR. HARRINGTON:
8 Q. Just on your Staff Exhibit 3 there, Page 2,
9 you have all those different expenditures and
10 so forth in savings. These are the
11 expenditures from the Plan that are proposed
12 expenditures by Public Service?
13 A. Well, Commissioner, that's really one of the
14 issues that I was getting into. I don't
15 really know what the significance of the
16 expenditure dollars are in this Exhibit
17 IV-8. Is it something they'd like to do?
18 Is it something they intend to do? Or is it
19 just intended as guidance, that if they were
20 to develop programs that achieved the
21 electric and non-electric savings underlying
22 these expenditures, this is what they would
23 have to spend?
24 Q. And along with that, there's nothing that you

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1 could find that tells where the source of this
2 money is going to come from. I mean, we have
3 a huge increase from 2010 to 2015 that's
4 almost three times as much. Is there anything
5 in the Plan that says where these additional
6 revenues are coming from?
7 A. There is not. I believe we might have
8 touched on that issue in discovery. But it
9 was such a long time ago, I don't recall
10 what the response was. But I think the
11 Company indicated that they -- obviously,
12 they would have the Company seek approval of
13 anything of this magnitude.
14 Q. And just so I'm clear on this, in your
15 Exhibit 3, Page 2, what it's saying is that,
16 getting out to the year 2015, the Company is
17 proposing to spend significantly more on
18 non-electric expenditures than on electric; is
19 that correct?
20 A. Well, yes. Two things it's showing: One is
21 that the expenditures on electric --
22 non-electric outstrip those on electric;
23 and, two, the ramp-up is significant for the
24 non-electric. It's a 250-percent increase

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1 over that five-year period. My
2 understanding is that it would be affecting
3 two programs: The Home Performance Program
4 and the program that addresses new
5 construction for residential. I forget what
6 that one is called now. Energy Star Homes?
7 PSNH witnesses are not helping me at all.
8 So I think it's those two which would be
9 targeted in achieving this kind of growth.

10 Q. And we've had a lot of discussion on -- you've
11 heard over the last couple days here on
12 environmental regulations proposed and whether
13 the Company should be planning in accordance
14 with a regulation that hasn't been finalized
15 yet. And you've heard different opinions on
16 whether that's a good idea or a bad idea and
17 so forth.

18 Having basically the Company's position
19 that they shouldn't be spending any money or
20 doing any analysis to determine the cost of
21 implementing environmental regulations that
22 have not become yet mandatory, in this
23 case -- and I'm looking for some guidance
24 here from your review of this -- it appears

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1 they spent a lot of time developing numbers
2 out to an exact dollar. When we're talking
3 18 million, it's not just "around
4 18 million." It's \$18,001,673. So I'm
5 assuming they spent a lot of time in
6 analysis on developing figures that you say
7 they haven't even determined a funding
8 mechanism for, let alone how they broke it
9 down into non-electric and electric
10 expenditures, which I assume there must be
11 analysis there on what type of programs it
12 can be spent on and how much return on that
13 dollar would be. That seems like a lot of
14 electrical -- I mean a lot of engineering
15 analysis. Am I missing something, or is
16 that --

17 A. There's obviously some analysis behind it.
18 I personally do not think it would require
19 extensive analysis. The Company has all the
20 details about the savings from various
21 programs and what kind of participation you
22 might be able to expect and what they could
23 deliver themselves within a year. So I
24 don't think it would be too difficult to

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1 come up with a set of programs that produce
2 these dollars.

3 And I think you said doing this even
4 before they got a funding source.

5 Personally, I think doing it the way they're
6 doing it is correct. You analyze the
7 potential benefits that they can receive
8 from these programs, and if you think they
9 are cost-effective, very cost-effective,
10 then you propose them, and then you seek
11 permission from the regulator or from the
12 legislature to allow the kind of level of
13 expenditure. What you need to do is you
14 need to make the case that, even though
15 these are significant dollars, that they are
16 well worth doing it. And all I'm raising is
17 the fact that a significant component of the
18 dollars relates to non-electric programs.

19 And so I'm questioning how can they benefit
20 the electric customers. They simply can't.
21 There is no avoided costs associated with
22 these programs that the electric customer
23 would benefit from.

24 Q. Okay. Thank you.

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1 CMSR. HARRINGTON: That's all I
2 have.

3 CHAIRMAN IGNATIUS: A few
4 questions, Mr. McCluskey.

5 INTERROGATORIES BY CHAIRMAN IGNATIUS:

6 Q. The issue of whether the CORE programs
7 should -- by the electric company should
8 involve services that don't necessarily bring
9 them electrical usage is something that's
10 pending in the CORE docket; isn't that right?

11 A. It is, yes.

12 Q. So, how do you see the relationship between a
13 planning docket and a specific docket on those
14 kinds of program expenditures?

15 A. The relationship comes through the
16 cost-effectiveness standard, the TRC ratio.

17 My understanding is, as I've said, that
18 the utilities should be selecting supply- or
19 demand-side programs, or a combination of
20 the two, in a way that reduces the cost to
21 electric customers overall. And so if the
22 Company is including non-electric savings in
23 its TRC test in order to boost that ratio
24 and not to make a case that these are

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<p>[WITNESS: McCluskey] Page 89</p> <p>1 cost-effective, then that's working against 2 the whole idea of least cost planning. 3 Least cost planning is about electric 4 utility planning. It's not about all the 5 fuel industries within the state. It's 6 about the benefits for electric customers of 7 this particular utility. And so including 8 those non-electric savings in there is 9 distorting the picture of cost-effectiveness 10 that we're receiving through this filing. 11 Q. But if the utilities are being encouraged 12 through Commission orders in the CORE 13 proceedings to explore some of these 14 fuel-neutral programs, then isn't it a little 15 unfair for the criticism, then, for the -- 16 that they discuss those in a plan? Aren't 17 they being sort of caught in the middle? 18 A. No. I think if the Commission is making a 19 policy decision that it is okay for the 20 electric utilities to develop programs for 21 non-electric customers, then, fine, that's 22 the end of the decision. But now we've got 23 to go back, when we talk about least cost 24 planning, we have to change the definition</p>	<p>[WITNESS: McCluskey] Page 91</p> <p>1 fairly rapid increase in these programs -- 2 programs that, one, benefit the non-electric 3 customers but are paid for by the electric 4 customers. But if the Commission decides 5 that's that appropriate, and these level of 6 expenditures on those programs is 7 appropriate, then that's the end of the 8 story. We know what to do in the next IRP. 9 The decision's already made. But my 10 understanding is that certainly this level 11 of expenditures has not been approved by the 12 Commission at this point; hence, that's why 13 I'm raising it in this proceeding. 14 Q. All right. That's fair. 15 In your review of least cost planning 16 over the years, have you seen other periods 17 of time where there was a lot of uncertainty 18 on the part of the utility on significant 19 capital expenditures that might be required 20 because of changing market conditions or 21 changing regulatory standards? 22 A. You're referring to environmental 23 regulations? 24 Q. Or whatever. Is PSNH's situation of having a</p>
<p>[WITNESS: McCluskey] Page 90</p> <p>1 of what we mean by "least cost planning," 2 because they are now including savings from 3 non-electric sources in there. And so we've 4 now changed the standard test that we've 5 been using for the last 20 years. And it's 6 been that long since we've been doing least 7 cost planning. 8 Q. Is it fair that your concern here isn't so 9 much how PSNH developed the materials -- and 10 in the course of discovery it's become more 11 refined and clearer -- but your concern really 12 has more to do with the policy direction of 13 the Commission encouraging or authorizing, at 14 least on a pilot basis, the fuel-neutral 15 programs? 16 A. I think that's fair. Obviously, I believe 17 in least cost planning. I wouldn't be 18 working on Integrated Resource Plans if I 19 were not. And I truly think that we should 20 be focused on the electric customer and 21 reducing rates as much as we can. So I 22 don't think, from a policy standpoint, it's 23 appropriate for the utilities to be getting 24 into, in a big way -- and we're seeing</p>	<p>[WITNESS: McCluskey] Page 92</p> <p>1 lot of unknowns that it has to contend with an 2 isolated situation? 3 A. I don't think it's isolated. I think this 4 is kind of a new issue. Integrated resource 5 planning addresses -- there's new issues 6 bubbling to the surface all the time. And 7 the issues change. We just happen to be in 8 a phase of utility regulation, both state 9 and federal, where environmental regulations 10 is really a big deal. And since PSNH 11 happens to own -- continues to own and 12 operate generating plants that could be 13 impacted by those regulations, then not 14 surprisingly it's going to be an issue in an 15 IRP. It should be an issue. It should be 16 expected to anticipate what's coming down 17 the pipe [sic] and include both the benefits 18 and the costs of those regulations in its 19 planning. And at the moment, the -- I'm not 20 seeing that happening. I think the 21 discussions that we see on environmental 22 regulations are minimal, and certainly no 23 analysis what the Company may be doing 24 appears in the IRP.</p>

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<p>[WITNESS: McCluskey] Page 93</p> <p>1 Q. You heard the discussions about a concern that 2 ratepayers may be forced to foot the bill for 3 studies that turn out not to have been 4 necessary because regulations might not have 5 passed as initially proposed. And I know from 6 your other comments that you share a real 7 concern about not letting rates rise higher 8 than they should and always be looking for the 9 least cost way to deliver service. 10 So, do you share the concern that these 11 might be unnecessary costs imposed on 12 ratepayers, to spend more time evaluating 13 potential regulatory changes before they've 14 become final? 15 A. No. The Company, if it does spend dollars 16 on analyzing the impacts of regulations, and 17 it turns out to be a wasted effort, then I 18 consider that to be prudent. I think the 19 Company -- we can't have it both ways. We 20 can't, on the one hand, ask them to 21 anticipate impacts of these regulations and 22 then turn around and penalize them if the 23 regulations turn out to be different than 24 what we initially thought. To me, analyzing</p>	<p>[WITNESS: McCluskey] Page 95</p> <p>1 raising questions about the value and 2 profitability of those power plants. 3 Q. So, given that dynamic, my long-term concern 4 is, if natural gas is the cheapest fuel, 5 ultimately that drives only natural gas plants 6 to exist. And that creates some risk also. 7 Is it your opinion that, in planning towards 8 the future, there would -- it's supposed to be 9 least cost planning. I understand that. But 10 there's also a risk element if you have all 11 your fuel in one basket, so to speak. Do you 12 follow? 13 A. Yes. That kind of scenario would impact 14 PSNH. Of course, they don't have 15 significant resources to use natural gas, 16 other than Newington. Both use very, very 17 little. It turns out that a lot of new 18 natural gas facilities were developed and 19 inserted into the regional portfolio, and 20 then the prices turned around, resulting in 21 much higher wholesale power prices than we 22 projected. PSNH would incur that additional 23 cost through the purchases it makes from the 24 market, and those purchases can be</p>
<p>[WITNESS: McCluskey] Page 94</p> <p>1 the regulations and their effects is a 2 prudent activity, and any cost associated 3 with that should be recoverable. 4 Q. Thank you. 5 CHAIRMAN IGNATIUS: Commissioner 6 Scott. 7 INTERROGATORIES BY CMSR. SCOTT: 8 Q. If you're not the right one to answer this, 9 that's fine, too. 10 So, looking forward, I think we've 11 ascertained, if I understood right from some 12 of the testimony, that there was no -- 13 there's not a particular deliberative look 14 at projecting natural gas prices, if I 15 understood right. The balance, obviously, 16 is that it would appear that, to the extent 17 that the existing plants are challenged, 18 it's because of the price of natural gas on 19 the market. Is that -- 20 A. The falling price of natural gas is 21 producing wholesale power prices. That's 22 making it very difficult for PSNH's 23 portfolio to be dispatched, or be dispatched 24 the way it used to be dispatched. So that's</p>	<p>[WITNESS: McCluskey] Page 96</p> <p>1 significant if existing resources are so 2 competitive that they're not being used or 3 they've been retired or sold. 4 So, PSNH -- or PSNH's customers are not 5 exposed -- are not -- are exposed -- are 6 exposed to that risk just like every other 7 utility customer in the region. Does that 8 respond to your concerns? 9 Q. I think so. Would that be -- going with that, 10 that would be a good reason to project gas 11 prices in the future, or make an attempt? 12 A. Certainly more than five years. Just 13 because we have a five-year plan, that 14 should not mean you cut off your analysis at 15 five years. You should be doing some 16 long-term forecasting, or hiring consultants 17 to do that for you and look at the risks. 18 PSNH really didn't have control of 19 this. This is a regional decision. Is the 20 region going to allow this to happen? If it 21 does, then all the region's utilities and 22 their customers could be impacted by that 23 risk -- 24 Q. That's helpful. Thank you.</p>

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<p>[WITNESS: McCluskey] Page 97</p> <p>1 A. -- which is a much bigger issue than what we 2 address in this proceeding. 3 CHAIRMAN IGNATIUS: Commissioner 4 Harrington had another question. 5 INTERROGATORIES BY CMSR. HARRINGTON: 6 Q. Just as quick follow-up on that same issue, we 7 heard earlier from Public Service, as part of 8 this plan, that they're not projecting future 9 gas prices at all, not just out for five 10 years. They're not projecting as part of the 11 Plan from day one. 12 Would you agree that, in order to make 13 a projection of the future capacity factors 14 of the plant -- i.e., how much these plants 15 will run during the time frame of the 16 Plan -- that you'd have to make some 17 assumptions on the price of natural gas? 18 A. Yes, but PSNH does not have to make those 19 projections itself. Most people purchase 20 natural gas price projections. There's lots 21 of consultants, firms out there that are 22 publishing this data for a price. And so -- 23 and I'm sure most utilities purchase this 24 kind of information. And PSNH -- we're not</p>	<p>[WITNESS: McCluskey] Page 99</p> <p>1 fuel purchases over the life of the Plan? If 2 you don't know how much your plant is going to 3 run, how can you make any judgments in your 4 five-year plan as to how much fuel you're 5 going to have to buy? 6 A. Well -- oh, fuel for your -- 7 Q. For your plants. If you don't know how much 8 they're going to run, how do you make a 9 decision on the amount of fuel you purchase? 10 A. Well, you can't make a very accurate one, I 11 think as one of the witnesses indicated. 12 You just buy a lot and put it in storage, 13 and you'll have sufficient to cover 14 whatever, however it runs, which is not a 15 very sophisticated fuel-purchasing strategy 16 I would think. 17 Q. Would you say that that doesn't go along with 18 Least Cost Plans? 19 A. Not knowing the costs of purchasing fuel and 20 storing it and comparing it with shorter 21 term purchases when taking advantage of the 22 change in the markets, I couldn't say one 23 way or the other. But that's the kind of 24 analysis that you would do to determine</p>
<p>[WITNESS: McCluskey] Page 98</p> <p>1 suggesting that it should have a team that 2 would work on where the market is going. 3 It's easy to purchase that information. And 4 they should use this as the basis of studies 5 of how their plants are going to operate. 6 Are they going to be cost-effective? And if 7 not, what do you do with them? 8 Q. So I guess what I'm looking at here is the 9 fact that in this Plan it doesn't contain 10 anything about the future prices of natural 11 gas, and it also doesn't -- it makes an 12 assumption that the plants are going continue 13 to be baseline run -- meaning, they'll run 14 whenever there's not a maintenance outage. 15 So, my question would be, then, how can 16 you make an assumption on the capacity 17 factors without -- in the Plan, without 18 having in the Plan an assumption on natural 19 gas prices? 20 A. Well, I'm just saying if you don't do the 21 analysis, you can't make any reasonable 22 assumption of how they're going to operate. 23 Q. And if you don't have a reasonable assumption 24 of capacity factors, how do you plan on making</p>	<p>[WITNESS: McCluskey] Page 100</p> <p>1 what's cost-effective. 2 Q. And given your experience in the utility 3 regulation business, what you've seen here, 4 what's in the Plan, would you think that there 5 would have to be much more going on that's not 6 in the Plan, as far as strategy being 7 performed by Public Service with regards to 8 things as future gas prices, migration of its 9 customers, the effect on future energy service 10 rates, capacity factors of its plants, et 11 cetera, so they could make a realistic 12 assessment of where they're financially going 13 to stand over a five-year period? 14 A. Absolutely. I believe what's in the Plan 15 does not reflect the actual planning for the 16 Company. 17 CMSR. HARRINGTON: Thank you. 18 That's all I have. 19 CHAIRMAN IGNATIUS: Mr. Speidel, 20 opportunity for redirect. And before you do, 21 I want to ask you a question. We have also 22 confidential versions certainly of the 23 September 8th testimony. Are you marking that 24 as an exhibit as well?</p>

1 MR. SPEIDEL: As a matter of
2 fact, I am not, Commissioner, for the reason
3 that it would be a little bit clunky to have
4 that distributed in the context of Mr.
5 McCluskey's general, non-Continuing Unit
6 Operations Study testimony. Not only that,
7 but it's a little bit ambiguous as to whether
8 the material that's discussed in the
9 confidential segment is still confidential.
10 I'm keeping it away from public inspection
11 from an abundance of caution at this point,
12 but little bits and pieces of the information
13 have been disclosed by the Company in
14 subsequent discovery. But out of courtesy to
15 the Company, I've decided not to enter that
16 into evidence at the present time.

17 CHAIRMAN IGNATIUS: All right.
18 We can take that up when the second issue is
19 addressed?

20 MR. SPEIDEL: Yes. Perhaps at
21 the tail end of Staff's presentation of the
22 case I'd like to maybe have that confidential
23 testimony marked separately and assign it a
24 number at that time.

1 CHAIRMAN IGNATIUS: All right.
2 That's fine. So do you have any redirect?

3 MR. SPEIDEL: As a matter of
4 fact, I do not.

5 CHAIRMAN IGNATIUS: All right.
6 Then I think, Mr. McCluskey, you are excused.
7 Thank you.

8 Let's go off the record for a
9 moment.

10 (Discussion off the record)

11 CHAIRMAN IGNATIUS: We've been
12 looking at the scheduling opportunities to
13 finish the case. I need to make absolutely
14 certain with the Commission calendar, but it
15 appears that May 8th and 9th are available to
16 continue. And if there's any conflict with
17 that, we'll obviously let you know. We'll
18 send a letter confirming the next date and
19 time, but ask you to hold the 8th and 9th, and
20 possibly the 11th. Just hold those for now
21 until you hear from us. And beginning at 9:00
22 would be appropriate. So, until May 8th,
23 assuming that that works, and we will confirm
24 it, we will stand adjourned. I appreciate

1 everyone's attention. It's been two long and
2 complicated days. So we will see you on the
3 8th.

4 CHAIRMAN IGNATIUS: Oh, I'm
5 sorry. Mr. Eaton, you have something?

6 MR. EATON: Yeah.

7 CHAIRMAN IGNATIUS: I'm sorry.
8 We stopped, and we need to give people a
9 chance to respond to a few things.

10 MR. EATON: Madam Chairman, you
11 mentioned at the close of the proceeding, if
12 anyone -- that we could make a request to put
13 on our panel again to rebut some of the
14 measures that were spoken about this morning.
15 And I would like to put on our panel for the
16 sole purpose of responding to the testimony
17 this morning that the testimony of Mr. Smagula
18 and Ms. Tillotson is inconsistent, that one
19 witness is saying one thing and one witness is
20 saying the other and that they're inconsistent
21 and can't be reconciled.

22 PSNH, under Rule PUC 203.25,
23 has the burden of proof in this proceeding.
24 And under 203.26, in hearings on petitions

1 "The petitioner shall have the opportunity
2 to open and close any part of the
3 presentation." So I would request that we
4 be able, either today or beginning on May
5 8th, to put them back on and to address that
6 one issue of whether their testimony is
7 inconsistent.

8 CHAIRMAN IGNATIUS: Well, Mr.
9 Eaton, their testimony is what it was. And
10 that was one witness's interpretation of their
11 testimony. And you'll have an opportunity in
12 closing to argue how you evaluate their
13 testimony. I don't understand why there's
14 need for further evidence.

15 MR. EATON: Would be to respond
16 to what was brought up for the first time
17 today, why they're -- to explain that their
18 testimonies are consistent and do -- and are
19 appropriate.

20 CHAIRMAN IGNATIUS: I don't
21 understand why that's evidence. Their
22 evidence is what they testified to, and your
23 argument is how it should be evaluated by the
24 Commission. So I don't see the need for

1 further evidence on their views. You may
2 disagree with the witness's interpretation of
3 their testimony, and that's fair. And you can
4 argue that. But to have them come back and
5 explain some more of what their positions
6 were, we could do that all day with everybody.
7 I'm not seeing it.

8 I guess, why don't we -- we'll
9 take it under advisement. We'll discuss it.
10 But I'm afraid that opens the door to a lot
11 of people wanting to restate their positions
12 and explain again why what they said made a
13 lot of sense. So we'll take it under
14 advisement and report back at the start of
15 the next proceeding. Thank you.

16 (WHEREUPON, DAY 2 AFTERNOON SESSION
17 was adjourned at 4:05 p.m.)
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22
23
24

1 C E R T I F I C A T E

2 I, Susan J. Robidas, a Licensed
3 Shorthand Court Reporter and Notary Public
4 of the State of New Hampshire, do hereby
5 certify that the foregoing is a true and
6 accurate transcript of my stenographic
7 notes of these proceedings taken at the
8 place and on the date hereinbefore set
9 forth, to the best of my skill and ability
10 under the conditions present at the time.

11 I further certify that I am neither
12 attorney or counsel for, nor related to or
13 employed by any of the parties to the
14 action; and further, that I am not a
15 relative or employee of any attorney or
16 counsel employed in this case, nor am I
17 financially interested in this action.
18
19

20 _____
21 Susan J. Robidas, LCR/RPR
22 Licensed Shorthand Court Reporter
23 Registered Professional Reporter
24 N.H. LCR No. 44 (RSA 310-A:173)

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