

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION



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December 13, 2010 - 10:04 a.m.
Concord, New Hampshire

RE: DE 10-307
GRANITE STATE ELECTRIC COMPANY
d/b/a NATIONAL GRID: January 2011
Retail Rate Adjustment Filing.

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius

Sandy Deno, Clerk

APPEARANCES: Reptg. Granite State Electric Company
d/b/a National Grid:
Sarah B. Knowlton, Esq. (McLane Law Office)

Reptg. PUC Staff:
Lynn Fabrizio, Esq.
Grant Siwinski, Electric Division

Court Reporter: Steven E. Patnaude, LCR No. 52

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I N D E X

PAGE NO.

WITNESS PANEL: **SCOTT M. McCABE**
 JAMES L. LOSCHIAVO

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E X H I B I T S

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1	January 2011 Retail Rate Filing, consisting of the Testimony and Schedules of Scott M. McCabe and James L. Loschiavo (11-19-10)	4
2	RESERVED (Record request for a supplemental memo explaining load allocation by customer classes, including whether actual metered samples are used and the size of the samples)	14

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CLOSING STATEMENTS BY:

	Ms. Fabrizio	15
	Ms. Knowlton	15

P R O C E E D I N G

1
2 CHAIRMAN GETZ: Okay. Good morning,
3 everyone. We'll open the hearing in Docket DE 10-307. On
4 November 19, 2010, National Grid filed a request for
5 approval of retail rate adjustments related to its
6 stranded cost and transmission service charges, for effect
7 with service rendered on and after January 1, 2011. The
8 Company calculates that the aggregate impact of the rates
9 proposed for effect on January 1, on a total bill basis,
10 is a decrease of \$1.17 per month, or 1.75 percent, for a
11 residential customer using 500 kilowatt-hours per month.
12 We issued an order of notice on November 29 setting the
13 hearing for this morning.

14 So, can we take appearances please.

15 MS. KNOWLTON: Good morning, Chairman
16 and Commissioners. My name is Sarah Knowlton. I'm with
17 the law firm of McLane, Graf, Raulerson & Middleton. And,
18 I'm here today for Granite State Electric Company. And,
19 with me today from the Company are the Company's two
20 witnesses, Scott McCabe and James Loschiavo, and at
21 counsel's table is David Kimball.

22 CHAIRMAN GETZ: Good morning.

23 MR. LOSCHIAVO: Good morning.

24 MR. McCABE: Good morning.

[WITNESS PANEL: McCabe~Loschiavo]

1 MS. FABRIZIO: Good morning. Lynn
2 Fabrizio, here today on behalf of the Staff. And, with me
3 is Grant Siwinski of the Electric Division.

4 CHAIRMAN GETZ: Good morning. Are you
5 ready to proceed?

6 MS. KNOWLTON: I am. Thank you. The
7 Company would propose to mark for identification as
8 "Exhibit 1" its initial filing, which contains the
9 testimony and schedules of Mr. McCabe and Mr. Loschiavo.

10 CHAIRMAN GETZ: So marked.

11 (The document, as described, was
12 herewith marked as **Exhibit 1** for
13 identification.)

14 MS. KNOWLTON: Thank you.

15 (Whereupon **Scott M. McCabe** and **James L.**
16 **Loschiavo** were duly sworn and cautioned
17 by the Court Reporter.)

18 **SCOTT M. McCABE, SWORN**

19 **JAMES L. LOSCHIAVO, SWORN**

20 **DIRECT EXAMINATION**

21 BY MS. KNOWLTON:

22 Q. Good morning. I'll start with you, Mr. McCabe. Would
23 you please state your full name for the record.

24 A. (McCabe) Scott McCabe.

{DE 10-307} {12-13-10}

1 Q. By whom are you employed?

2 A. (McCabe) National Grid USA.

3 Q. What is your job position with the Company?

4 A. (McCabe) I'm Principal Analyst in the Regulation and
5 Pricing Group for National Grid USA. And, we provide
6 rate-related services for National Grid's retail
7 affiliates, including Granite State Electric.

8 Q. Are you familiar with the testimony, your testimony
9 that's -- and schedules that have been marked for
10 identification as "Exhibit 1" this morning?

11 A. (McCabe) Yes, I am.

12 Q. And, was that prepared by you or under your direction?

13 A. (McCabe) Yes.

14 Q. Do you have any corrections to your testimony today?

15 A. (McCabe) No, I do not.

16 Q. If I were to ask you the questions that are contained
17 in Exhibit 1 today, would your answers be the same?

18 A. (McCabe) Yes.

19 Q. Thank you. Mr. Loschiavo, I'll ask you the same
20 questions. Would you please state your full name for
21 the record please.

22 A. (Loschiavo) James Loschiavo.

23 Q. And, what is your position?

24 A. (Loschiavo) I am Lead Analyst in the Transmission Rates

1 and Billing area of National Grid USA.

2 Q. And, what do those job duties include?

3 A. (Loschiavo) They entail rate work for New England Power
4 Company and its affiliates, including Granite State.

5 Q. Are you familiar with your testimony that's contained
6 in the bound volume that's been marked as "Exhibit 1"?

7 A. (Loschiavo) Yes.

8 Q. And, if I were to ask you -- was this prepared by you
9 or under your direction?

10 A. (Loschiavo) Yes.

11 Q. And, if I were to ask you the questions that are
12 contained in this volume, would your answers be the
13 same?

14 A. (Loschiavo) Yes.

15 MS. KNOWLTON: Thank you. I have no
16 further questions for the witnesses. And, I just wanted
17 to note for the record that even though the cover is red,
18 there's nothing in here that's confidential.

19 CMSR. BELOW: It's Christmas.

20 MS. KNOWLTON: It's the Christmas color.

21 Thank you.

22 CHAIRMAN GETZ: Ms. Fabrizio.

23 MS. FABRIZIO: Thank you, Mr. Chairman.

24 I have a series of questions that are meant to clarify

1 some of the testimony that you've provided for the benefit
2 of our analyst, as well as the Commissioners.

3 **CROSS-EXAMINATION**

4 BY MS. FABRIZIO:

5 Q. My first questions go to Mr. Loschiavo. If you could
6 turn to your -- do you have a copy of your testimony?

7 A. (Loschiavo) Yes.

8 Q. If you could turn to your testimony at Schedule JLL-1,
9 on Page 2 of 2, Line 1.

10 A. (Loschiavo) Yes.

11 Q. Could you explain for the Commission the year over year
12 decrease of "797,911" in non-PTF charges. And, in your
13 explanation, could you also address why, in your
14 Schedule JLL-6, Line 3, it appears to indicate an
15 increase in revenue requirement, despite the non-PTF
16 decrease.

17 A. (Loschiavo) Okay. First, I'll take the Schedule JLL-6.

18 Q. Uh-huh.

19 A. (Loschiavo) That is -- the purpose of that schedule is
20 to calculate an estimated non-PTF revenue requirement
21 for the next calendar year, being 2011. In calculating
22 that estimated revenue requirement, the current
23 available 12 month of actual NEP Schedule 21
24 calculations are used. So, basically, you have eight

1 months of actual 2010, and the remaining four months of
2 2009. So, that's the purpose of JLL-6. The other
3 schedule, JLL-1, calculates a year over year filing
4 variance. And, the reason for the reduction in the NEP
5 revenue requirement was basically caused by two 2009
6 year-end adjustments; one being a tax methodology
7 change and the other one being to NEP's long-term debt
8 rate, both reduced NEP's revenue requirement effective
9 January 1, 2010.

10 Q. Great. Thank you. And, if you look at Line 2 of the
11 same JLL-1, Page 2 of 2, could you explain the year
12 over year increase of "119,914" of "Other NEP Charges"?

13 A. (Loschiavo) Yes. The majority of that increase is due
14 to an increase in the transformer surcharge that is
15 charged to Granite State on a monthly basis, per the
16 Section -- Attachment OCC of the ISO-New England Open
17 Access Transmission tariff. That is an annual
18 calculation that is updated every June 1st. And, the
19 reason for the year over year increase is that the cost
20 of transmission facilities increased by I believe about
21 \$2 million.

22 Q. Great. Thank you. Now, on your testimony, at Page 11,
23 Lines 10 to 21, refers to ISO charges for the PTF,
24 which show up on Line 4 of JLL-1, Page 2 of 2, is that

1 correct?

2 A. (Loschiavo) Yes, that's correct.

3 Q. Could you explain for the Commission the reasons for
4 the increase in this charge?

5 A. The reason for the PTF or Regional Network Service
6 charge to Granite State year over year is basically
7 driven by increased investment. We have estimated, as
8 a exercise, the entire PTO, Participating Transmission
9 Owners, we've estimated an increase for the RNS rate
10 that is in effect. That RNS rate goes into effect at
11 June 1st of each calendar year, and we're estimating a
12 approximately \$5.00 increase to that rate effective
13 June 1st, 2011, due to increased investment in the
14 region.

15 Q. Great. Thank you. Now, are the increases in the PTF
16 charge based on actual or forecasted costs?

17 A. (Loschiavo) There is in the filing, since the rate,
18 it's kind of a little bit of both, in the filing, the
19 rate that is effective January through May of 2011 was
20 the actual rate posted and calculated June 1st, 2010.
21 And, then, the remaining months of 2011 are forecasted
22 using the estimated rate.

23 Q. And, to the extent the rates are -- or, the costs are
24 forecasted, how are those costs reconciled?

1 A. (Loschiavo) Those rates are trued up on an annual
2 basis, along with the informational filing that's done
3 every July 31st.

4 Q. Okay. Thanks. Now, if you could turn to your
5 testimony at Page 8, on Lines 13 to 14, starting with
6 word "Second, Schedule 4 of the ISO/RTO", this refers
7 to FERC charges included in the ISO/RTO charge, is that
8 correct?

9 A. (Loschiavo) I'm sorry. Could I have that page again
10 please?

11 Q. Yes. Page 8 of your testimony.

12 A. (Loschiavo) Okay.

13 Q. And, it's Lines 13 and 14.

14 A. (Loschiavo) Yes. Those are the -- those are the
15 self-funding schedules that the ISO basically charges
16 to the PTOs. Schedule 1 is dispatch, Schedule 4 is the
17 annual FERC assessment, and Schedule 5 is the NESCOE
18 charges.

19 Q. Okay. Great. Now, if we go back to your Schedule 1,
20 JLL-1, Page 1 of 2, where, under the "ISO Charges" that
21 you've provided, does the FERC annual fee show up?

22 A. (Loschiavo) It shows up -- it does not show up on
23 Schedule JLL-1 of 2.

24 Q. Is it included in --

1 A. (Loschiavo) It is included in the revenue requirement
2 shown in JLL-6. Those charges for that FERC assessment
3 are accrued to FERC Account 928 on a monthly basis, and
4 that falls within the administrative and general
5 expenses that are picked up on the Schedule 21 revenue
6 requirement on a monthly basis.

7 Q. Now, on Page 2 of 2 of JLL-1, does the FERC annual
8 charge -- is that included in any of these line items?

9 A. (Loschiavo) That would be included in Line 1.

10 Q. Line 1. Okay. Now, what about Line 4, "PTF ISO
11 charge"?

12 A. (Loschiavo) Those are booked to -- in the calculation
13 of the PTF, but then they are, per the formula, they
14 are backed out of the monthly Schedule 21 calculation,
15 any revenues collected on a regional basis through the
16 ISO are deducted from the monthly revenue requirement
17 calculation.

18 Q. Okay. Great. Thanks. Now, how much is the annual
19 FERC fee to ISO and how much is allocated to National
20 Grid?

21 A. (Loschiavo) The NEP FERC assessment charge was
22 approximately \$2.3 million to NEP for calendar year
23 2009. And, we have calculated an estimated allocation
24 to Granite State of about \$29,000, based on load.

[WITNESS PANEL: McCabe~Loschiavo]

1 Q. Okay. Great. That concludes my questions for you, Mr.
2 Loschiavo. Thank you very much. Mr. McCabe, just a
3 couple of questions for you. Could you turn to your
4 testimony at Page 5 please. Lines 6 to 12, which is an
5 easy question.

6 A. (McCabe) Yes.

7 Q. Are you aware of whether the CTC filing has been
8 finalized and filed here with the Commission?

9 A. (McCabe) Yes. The CTC filing report was finalized and
10 was filed with the Commission I believe on
11 December 1st.

12 Q. Okay. Great. Thanks. And, do you know if that filing
13 reflects a different Stranded Cost Charge than the
14 filing in this, that we're looking at today in this
15 docket?

16 A. (McCabe) I know that it does not have a different
17 Stranded Cost Charge. It remains at 0.20 cents.

18 MS. FABRIZIO: Okay. Great. That
19 concludes my questions. Thank you.

20 CHAIRMAN GETZ: Commissioner Below.

21 CMSR. BELOW: Yes. Thank you, Mr.
22 Chairman. Good morning.

23 WITNESS McCABE: Good morning.

24 WITNESS LOSCHIAVO: Good morning.

{DE 10-307} {12-13-10}

1 CMSR. BELOW: Just a moment.

2 BY CMSR. BELOW:

3 Q. On one of these schedules, I was looking at it a minute
4 ago, you showed the allocation of costs by customer
5 class based on share of demand, essentially. And, I
6 was just wondering if you could characterize, I think
7 the source simply says "customer load data" from within
8 the Company. I wonder if you could just characterize
9 how you determine that. I think it's Schedule SMM-10,
10 Page -- well, both pages show it. Line 3 of Page 1 of
11 2 is the "Coincident Peak Allocator", and it shows the
12 percentage of peak for each customer class. And, the
13 line before it shows the actual or estimated coincident
14 peak with NEP's peak in kW. And, I just wondered --
15 and the next page shows that, Page 2 of 2 of that
16 schedule shows that on a month-by-month basis by
17 customer class. And, I was just wondering if you could
18 characterize how that's determined or estimated,
19 whether there are some classes you actually have
20 measured data, if there's others that -- what technique
21 you use to come up with these numbers?

22 A. (McCabe) These numbers are actually provided to us, to
23 myself, by our Load Data Services Department. So, I
24 believe they have a sample of customers in all of our

[WITNESS PANEL: McCabe~Loschiavo]

1 different rate classes, and they provide the
2 information from that load data sample.

3 Q. Could you -- maybe this is not critical to the decision
4 in this matter, but could you provide as a data request
5 some supplemental sort of memo that explains in some
6 more detail how that's determined? If you have actual
7 metered samples, what the size of the samples are by
8 class? Does it vary? Sort of what's the confidence
9 level or interval, if you determine such?

10 A. (McCabe) Certainly.

11 CHAIRMAN GETZ: We'll reserve Exhibit 2
12 for that response.

13 **(Exhibit 2 reserved.)**

14 CMSR. BELOW: Thank you. That's all.

15 CHAIRMAN GETZ: Commissioner Ignatius?

16 CMSR. IGNATIUS: Nothing.

17 CHAIRMAN GETZ: Ms. Knowlton?

18 MS. KNOWLTON: I have nothing further
19 for the witnesses.

20 CHAIRMAN GETZ: Okay. Then, the
21 witnesses are excused. Thank you, gentlemen.

22 WITNESS McCABE: Thank you.

23 CHAIRMAN GETZ: Is there an objection to
24 striking the identifications and admitting the exhibits

{DE 10-307} {12-13-10}

1 into evidence?

2 (No verbal response)

3 CHAIRMAN GETZ: Hearing no objection,
4 they will admitted into evidence. Is there anything
5 further before opportunity for closings?

6 (No verbal response)

7 CHAIRMAN GETZ: Hearing nothing, then,
8 Ms. Fabrizio.

9 MS. FABRIZIO: Thank you, Mr. Chairman.
10 Staff's recommendation is that you approve the proposed
11 Stranded Cost Charge in this docket, with conditional
12 approval such that Staff has time to review the filing
13 made in Docket DE 10-315 with the CTC charge.

14 CHAIRMAN GETZ: All right. Ms.
15 Knowlton.

16 MS. KNOWLTON: I would also ask that the
17 Commission approve the Company's rate adjustment filing.
18 I believe that the rates set forth in that filing are just
19 and reasonable. And, the Company is asking that they take
20 effect on January 1st, 2011.

21 Also, if it will be helpful to the
22 Staff, the Company would be glad to answer any questions
23 about the CTC filing that was made on December 1st,
24 through informal or formal discovery mechanisms.

1 CMSR. IGNATIUS: Ms. Fabrizio, when you
2 said a "conditional approval", are you asking that there
3 be an actual formal condition set that it's subject to
4 change, based on further review? Or, that this rate is
5 ultimately reconcilable, if, as a result of the review of
6 the other docket, there's changes required?

7 MS. FABRIZIO: I believe the way we've
8 done it in the past is the latter option that you said.
9 And, Mr. McCabe has suggested that there are no changes,
10 in fact, in this filing. So, I don't anticipate there
11 will be a problem. But, normally, I believe the
12 Commission approves the Stranded Cost Charge adjustment
13 subject to reconciliation of the CTC filing.

14 CMSR. IGNATIUS: And, that method would
15 be acceptable again? Your recommendation is to do it as
16 we've done in the past, --

17 MS. FABRIZIO: Yes.

18 CMSR. IGNATIUS: -- with that
19 reconciling/reconciliation option?

20 MS. FABRIZIO: Yes.

21 CMSR. IGNATIUS: Thank you.

22 CHAIRMAN GETZ: Is there anything
23 further?

24 (No verbal response)

1 CHAIRMAN GETZ: Hearing nothing, then we
2 will close the hearing and take the matter under
3 advisement. Thank you.

4 **(Whereupon the hearing ended at 10:22**
5 **a.m.)**

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