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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 16, 2011 - 1:36 p.m.
Concord, New Hampshire

NHPUC JUL07'11 PM 4:28

RE: DE 11-016
GRANITE STATE ELECTRIC COMPANY
d/b/a NATIONAL GRID:
*Default Service for the Period August 1,
2011 through October 31, 2011 for the Large
Customer Group.*

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:
Jinjue Pak, Esq. (McLane Graf Raulerson...)
Sarah B. Knowlton, Esq. (McLane Graf...)

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Grant Siwinski, Electric Division

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

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P R O C E E D I N G

CHAIRMAN GETZ: Okay. Good afternoon. We'll open the hearing in Docket DE 11-016. On June 14, 2011, National Grid filed its proposal for Default Service rates for its large and medium commercial and industrial customer group for the period beginning August 1, 2011 through October 31, 2011. We issued a secretarial letter setting the hearing for this afternoon. So, let's take appearances.

MS. PAK: Good afternoon, Commissioners. Jinjue Pak, of the McLane law firm, on behalf of Granite State Electric Company, doing business as National Grid. With me today is Attorney Sarah Knowlton, from the McLane law firm, the Company's witness, Margaret Janzen, and James Ruebenacker, also from National Grid.

CHAIRMAN GETZ: Good afternoon.

MS. AMIDON: Good afternoon. Suzanne Amidon, for Commission Staff. With me today is Grant Siwinski, an Analyst with the Electric Division. Thank you.

CHAIRMAN GETZ: Good afternoon. Are you ready to proceed, Ms. Pak?

MS. PAK: We are, Commissioners. We would just note that the Company also filed a Motion for

[WITNESS: Janzen]

1 Protective Order and Confidential Treatment.

2 CHAIRMAN GETZ: Thank you.

3 MS. PAK: Okay.

4 (Whereupon *Margaret M. Janzen* was duly
5 sworn and cautioned by the Court
6 Reporter.)

7 MS. PAK: Chairman Getz, we have marked
8 as "Exhibit 4" the testimony, written testimony that was
9 filed, and Exhibit 5, the confidential version of the
10 filing.

11 CHAIRMAN GETZ: Okay. They will be so
12 marked for identification.

13 (The documents, as described, were
14 herewith marked as **Exhibit 4** and
15 **Exhibit 5**, respectively, for
16 identification.)

17 **MARGARET M. JANZEN, SWORN**

18 **DIRECT EXAMINATION**

19 BY MS. PAK:

20 Q. Good afternoon, Ms. Janzen. Please state your full
21 name for the record.

22 A. My name is Margaret M. Janzen.

23 Q. Okay. And, by whom are you employed?

24 A. I'm employed by National Grid.

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[WITNESS: Janzen]

1 Q. Okay. And, in what capacity?

2 A. I'm the Director of Wholesale Electric Supply for
3 National Grid.

4 Q. How long have you held that position?

5 A. I've had that position since March 2008.

6 Q. Did you prefile a written testimony in support of the
7 Company's Default Service rates?

8 A. Yes, I did.

9 Q. And, do you have in front of you what is marked as
10 "Exhibit 4"?

11 A. Yes, I do.

12 Q. Was it prepared by you or under your direction?

13 A. Yes, it was prepared by me.

14 Q. And, do you have any corrections today to your
15 testimony or any of the schedules?

16 A. No, I do not.

17 Q. Okay. And, if I were to ask you all the questions
18 contained in the written testimony today, would your
19 answers be the same?

20 A. Yes.

21 Q. Would they be true and correct?

22 A. Yes.

23 MS. PAK: Okay. Thank you. The witness
24 is available for cross-examination.

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[WITNESS: Janzen]

1 CHAIRMAN GETZ: Thank you. Ms. Amidon.

2 MS. AMIDON: Thank you. Good afternoon.

3 WITNESS JANZEN: Good afternoon.

4 **CROSS-EXAMINATION**

5 BY MS. AMIDON:

6 Q. First of all, would you please give the range of bill
7 impacts for the large customers as a result of this
8 most recent solicitation.

9 A. Yes. The range of bill impacts are contained in
10 Schedule MMJ-7. And, for the Large Customer Group, the
11 illustrative bill impacts for the three-month period
12 ending October 2011 range from 4 percent to 4.9 percent
13 for the period.

14 Q. And, Ms. Janzen, do you know what the increase was in
15 the commodity cost for this solicitation, as compared
16 with the most -- the most recent prior solicitation?

17 A. Yes. In Schedule MMJ-3, there's a table that
18 illustrates that the pricing for the Large Customer
19 Group increased 7 percent for the period August through
20 October over the prior period of May through July 2011.

21 Q. And, to what do you attribute this increase? For
22 example, does it just reflect a trend that the Company
23 has observed in market rates or is it the array of bids
24 that you received on the solicitation?

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[WITNESS: Janzen]

1 A. This increase does indeed reflect the range of the bids
2 that we received in this competitive solicitation. It
3 also correlates to where the electric futures pricing
4 had increased for the same period on an order of a
5 similar level.

6 Q. Thank you. If you look at your testimony, it's in
7 Exhibit 4, at Page 10 -- one moment please. Well,
8 excuse me, I will continue. The RPS compliance adder
9 you say was based on market values and on REC prices?

10 A. That is correct.

11 Q. And, are these, the prices for the solar RECs, Staff
12 wants to know whether the date to establish the current
13 market value for the solar RECs was May or June market
14 values?

15 A. It was the most recent information we had available,
16 which was June.

17 Q. Okay. Thank you. Would you please provide an update
18 on what your understanding is as to the efforts to
19 replace the meter at the Tewksbury connection?

20 A. My understanding is that the project is still on track
21 for completion towards the end of this year. And, the
22 Company will be submitting an update on that at the end
23 of this month.

24 Q. Okay. Thank you. Now, if I look at your Schedule

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[WITNESS: Janzen]

1 MMJ-8, which I believe is the Customer Migration
2 Report, if I look at this, I see that, for February and
3 March, the percentage migration for the Large Customer
4 Group was "67 percent". Is that correct?

5 A. The percentage migration for the Large Customer Group,
6 G-1 and G-2, for February and March 2011, is
7 approximately 60 percent for the G-1s and 80 percent
8 for the G-2s.

9 Q. Has this -- are you concerned at some point that the
10 degree of customer migration for this group will affect
11 the quality of the bids that you receive for the
12 Default Service solicitation?

13 A. The Company understands that the suppliers, as they
14 prepare the bid, take into account the migration of the
15 customer group that they are submitting pricing on.
16 So, to the extent that, if that migration were to
17 change, the suppliers would adjust their bid, it's my
18 understanding, they would adjust it to reflect that,
19 and to -- they would build a premium into their price
20 to adjust for that.

21 Q. So, simply put, the prices would be a little bit higher
22 as a result?

23 A. That could be the case, yes.

24 Q. In terms of your affiliate companies, do they have a

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[WITNESS: Janzen]

1 similar rate of migration or do they experience a
2 higher rate of migration?

3 A. In our other affiliates, they are at stable -- levels
4 that are relatively as stable as Granite State's.

5 Q. Okay. Thank you. So, at this point, is it fair to say
6 that the Company has not taken under any consideration
7 alternatives to the current system for procuring
8 Default Service for this customer group?

9 A. Yes. The Company has no intention to change the means
10 by which to procure the Default Service.

11 Q. Okay. And, finally, I'm going to ask a question, which
12 I think your attorney may comment on. But, for
13 example, yesterday the Commission heard the Default
14 Service filing from Unitil, which procures power on a
15 similar basis as you. And, similarly, that company
16 files a Motion for Confidential Treatment. And, in
17 that instance, reflecting the fact that FERC rules
18 require wholesale prices to be disclosed after a
19 certain period of time, I think it's three months after
20 the end of the period in question, Unitil asked that
21 their information on the wholesale prices be
22 confidential until February 2012.

23 I notice that, in the Motion for
24 Confidential Treatment prepared by your attorney, it

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[WITNESS: Janzen]

1 didn't have such a date. And, do you have a response?

2 I know you're -- again, I know you're not an attorney.

3 Do you have a response to that?

4 A. It's my understanding that the ISO does release
5 wholesale market pricing information to the FERC under
6 their FERC tariff. And, with regards to -- to the
7 extent that we're participating in the wholesale
8 markets, we're aware that they -- that they release
9 that information three months after a term.

10 Q. I mean, it's clear that it does not apply to an
11 ancillary product, like a REC product. But, for the
12 wholesale energy commodity, there is an end to the
13 confidentiality that the Company would be requesting
14 for that particular information. Is that fair to say?

15 A. Well, actually, I understood these contracts to be
16 third party bilateral contracts between us and
17 suppliers. So, to the extent that -- at which that
18 would be submitted, it's not clear to me.

19 Q. Okay.

20 A. Perhaps I could look into that and provide a record
21 request of information -- provide a record request to
22 supply that information.

23 MS. AMIDON: That would be agreeable to
24 me, Mr. Chairman. Except that, given the fact that the

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[WITNESS: Janzen]

1 Company requests a quick turnaround in this order, I would
2 hope that we could get that information no later than,
3 say, tomorrow before noon.

4 CHAIRMAN GETZ: Is that possible?

5 MS. PAK: Yes, that would be possible.

6 WITNESS JANZEN: Yes.

7 MS. PAK: Okay.

8 CHAIRMAN GETZ: We won't require a
9 formal record request on that. But this really just goes
10 to the issue of the --

11 MS. AMIDON: The duration of the
12 confidentiality.

13 CHAIRMAN GETZ: -- confidentiality.

14 MS. AMIDON: Excuse me for interrupting.

15 CHAIRMAN GETZ: We can deal with that
16 one way or the other in the order.

17 MS. AMIDON: Thank you.

18 MS. PAK: Would it be possible if we
19 submitted a letter to the Commission for this?

20 CHAIRMAN GETZ: That would be fine.

21 MS. PAK: Okay. Thank you.

22 MS. AMIDON: Thank you. And, with that,
23 we have no further questions. Thank you.

24 CHAIRMAN GETZ: Nothing from the Bench.

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[WITNESS: Janzen]

1 Anything further, Ms. Pak?

2 MS. PAK: Thank you. In closing, I
3 would request that the Commission grants the Company's
4 Default Service proposal. The Company has demonstrated
5 that its solicitation and procurement process complies
6 with Order 24,577. And, the Company has evaluated all of
7 its bids received from the suppliers, and, as a result,
8 was able to select a rate that is market-based. Thank
9 you.

10 CHAIRMAN GETZ: Thank you. Any
11 objection to striking the identifications and admitting
12 the exhibits into evidence?

13 MS. AMIDON: No. May I? No.

14 CHAIRMAN GETZ: Well, and, so, with no
15 objection, they will be admitted in evidence. Do you have
16 anything in closing, Ms. Amidon?

17 MS. AMIDON: Just very briefly. Staff
18 has reviewed the filing, and we believe that the Company
19 followed the solicitation, bid evaluation, and selection
20 process that the Company ordered in Order Number 24,577.
21 And, we believe the resulting rates are market-based.
22 And, insofar as that, the Motion for Confidential
23 Treatment, we have no objection, as it is consistent with
24 the previous motions filed by the Company in similar

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1 proceedings. And, we recommend that the Commission
2 approve the Petition.

3 CHAIRMAN GETZ: All right. Anything
4 further?

5 (No verbal response)

6 CHAIRMAN GETZ: Hearing nothing, then
7 we'll close the hearing and take the matter under
8 advisement. Thank you.

9 MS. PAK: Thank you.

10 (Whereupon the hearing ended at 1:49
11 p.m.)

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