

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

July 26, 2011 - 10:10 a.m.
Concord, New Hampshire

NHPUC AUG12'11 PM 3:05

RE: DE 11-141
UNITIL ENERGY SYSTEMS, INC.:
*Stranded Cost Recovery and External
Delivery Charge Reconciliation
and Rate Filing.*

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

Sandy Deno, Clerk

APPEARANCES: Reptg. Unitil Energy Systems, Inc.:
Gary Epler, Esq.

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Al-Azad Iqbal, Electric Division

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

ORIGINAL

I N D E X

PAGE NO.

WITNESS PANEL: LINDA S. McNAMARA
TODD M. BOHAN

Direct examination by Mr. Epler	4
Cross-examination by Ms. Amidon	7
Interrogatories by Cmsr. Below	17

* * *

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
-------------	-----------------------	----------

1	Filing by UES entitled "Unitil Energy Systems, Inc. Annual Reconciliation and Rate Filing" (06-17-11)	5
2	Revised schedules re: DE 11-141 (07-19-11)	5

* * *

CLOSING STATEMENTS BY:	PAGE NO.
------------------------	----------

Ms. Amidon	19
Mr. Epler	23

QUESTIONS BY CMSR. IGNATIUS	20
-----------------------------	----

QUESTIONS BY CHAIRMAN GETZ	23
----------------------------	----

{DE 11-141} {07-26-11}

1 P R O C E E D I N G

2 CHAIRMAN GETZ: Okay. Good morning,
3 everyone. We'll open the hearing in Docket DE 11-141. On
4 June 17, 2011, Unitil Energy Systems filed its annual
5 reconciliation of adjustable rate mechanisms, which
6 includes the Stranded Cost Charge and the External
7 Delivery Charge. If the proposed changes are approved,
8 the average class bill impacts for customers taking
9 Default Service are a decrease of approximately
10 2.3 percent for customers in the Residential class and
11 2.4 percent in the General Service class. Large General
12 Service class customers will experience an increase of
13 about 0.8 percent.

14 We issued an order suspending the tariff
15 and scheduling the hearing on July 8. And, I'll note for
16 the record that the affidavit of publication has been
17 filed.

18 So, let's take appearances.

19 MR. EPLER: Good morning, Mr. Chairman
20 and Commissioners. Gary Epler, on behalf of Unitil Energy
21 Systems, Inc.

22 CHAIRMAN GETZ: Good morning.

23 MR. AMIDON: Good morning. Suzanne
24 Amidon, for Commission Staff. With me today is Al-Azad

[WITNESS PANEL: McNamara~Bohan]

1 Iqbal, an Analyst with the Electric Division.

2 CHAIRMAN GETZ: Good morning. Are you
3 ready to proceed, Mr. Epler?

4 MR. EPLER: Yes, I am, Mr. Chairman.
5 Thank you. Could the witnesses be sworn please.

6 (Whereupon **Linda S. McNamara** and **Todd M.**
7 **Bohan** were duly sworn and cautioned by
8 the Court Reporter.)

9 MR. EPLER: Mr. Chairman, this morning
10 we have a panel of two witnesses.

11 **LINDA S. McNAMARA, SWORN**

12 **TODD M. BOHAN, SWORN**

13 **DIRECT EXAMINATION**

14 BY MR. EPLER:

15 Q. Would the first witness, Linda McNamara, could you
16 please give your affiliation with the Company.

17 A. (McNamara) My name is Linda McNamara. And, I am a
18 Senior Regulatory Analyst at Unitil Service Corp.

19 Q. And, Mr. Bohan.

20 A. (Bohan) I am Todd Bohan. I'm an Energy Analyst in the
21 Energy Contracts Department at Unitil Service Corp.

22 MR. EPLER: Thank you. Mr. Chairman, we
23 have two exhibits that we'd like premarked. The first is
24 the initial filing, that should be in a blue binder. That

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 has the filing letter, petition, tariffs, and testimony
2 and schedules. And, the second -- so that if we could
3 have that premarked as "Unitil Exhibit Number 1"?

4 CHAIRMAN GETZ: So marked.

5 (The document, as described, was
6 herewith marked as **Exhibit 1** for
7 identification.)

8 MR. EPLER: And, the second is a cover
9 letter and some revised schedules that the Company had
10 filed on, I guess Overnight Delivery, on July 20th, that
11 if that could be premarked as "Unitil Exhibit Number 2"?

12 CHAIRMAN GETZ: So marked.

13 (The document, as described, was
14 herewith marked as **Exhibit 2** for
15 identification.)

16 MR. EPLER: Thank you.

17 BY MR. EPLER:

18 Q. Ms. McNamara, could you draw your attention to what has
19 been premarked as Unitil Exhibits Number 1 and Number
20 2. And, turning to the first line, did you prepare or
21 have prepared under your direction the material
22 underneath the tabs marked "Exhibit LSM-1" and
23 "Schedules LSM-1" through "4".

24 A. (McNamara) Yes.

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 Q. And, in Exhibit Number 2, did you prepare or have
2 prepared under your direction some revised schedules
3 to, if I've calculated correctly, it's Schedule 2,
4 Schedule 3, and Schedule 4?

5 A. (McNamara) Yes.

6 Q. And, do you have any changes or corrections to those at
7 this time?

8 A. (McNamara) No.

9 Q. And, do you adopt these as your testimony and schedules
10 in this proceeding?

11 A. (McNamara) I do.

12 Q. Mr. Bohan, the same for you please. If you could turn
13 to what's been premarked as "Exhibit Number 1", and
14 turn to the tabs that have been marked "Exhibit TMB-1"
15 and "Schedules 1" through "5". Were these prepared by
16 you or under your direction?

17 A. (Bohan) Yes, they were.

18 Q. Okay. And, also, then turn to what's been premarked as
19 "Unitil Exhibit Number 2". And, towards the back of
20 that there are, after Revised Schedule LSM-4, there's a
21 "Revised Schedule TMB-2", and then two tables. Were
22 they prepared by you or under your direction?

23 A. (Bohan) Yes, they were.

24 Q. And, do you have any changes or corrections at this

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 time?

2 A. (Bohan) I do not.

3 MR. EPLER: With that, the testimony
4 speaks for itself, and the requested relief is in the
5 Petition, and tender the witnesses for cross-examination.

6 CHAIRMAN GETZ: Thank you. Ms. Amidon.

7 MR. AMIDON: Thank you. Good morning.

8 WITNESS BOHAN: Good morning.

9 **CROSS-EXAMINATION**

10 BY MR. AMIDON:

11 Q. I'm looking at Exhibit 1. I'm looking at Bates stamp
12 010 and 011, which are Pages 8 and 9 of Ms. McNamara's
13 testimony. If you look at Line 1, on Page 8, it says
14 "The rate has decreased by 0.00187 cents per
15 kilowatt-hour." Is that a correct number given the
16 revised filing?

17 A. (McNamara) It is not.

18 Q. Well, what is the correct number for that?

19 A. (McNamara) The correct number, hold on, I need to do
20 some math to get you that. The revised filing was a
21 decrease from the original filing of 0.00022. So, if
22 we add that to the 0.00187, we get 0.00209. And,
23 actually, you may be able to just see that number by
24 looking at the revised filing, in Exhibit 2. Oh, yes.

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 Any of the typical bills which are marked as "Revised
2 Schedule LSM-4", almost, I believe, any page, will
3 show, under the "External Delivery Charge", the change
4 "0.00209" per kilowatt-hour.

5 Q. Okay. Yes. I just want to -- I'm just noting the
6 areas in the testimony --

7 A. (McNamara) Yes.

8 Q. -- where corrections were not addressed. On the
9 following page, at Line 17, and that's Bates stamp 011,
10 it says, in the sentence beginning "As shown, for
11 customers on Default Service, the residential class
12 average bill will decrease about 2.3 percent." Is that
13 still correct given the revised filing?

14 A. (McNamara) It is not.

15 Q. And, what would be the corrected --

16 A. (McNamara) I'm sorry, I should have pointed these out
17 in direct. The correct amount is shown in Exhibit 2,
18 on Schedule LSM-4, Page 5 of 11. The Residential class
19 decrease is 2.5 percent; General Service 2.6; the Large
20 General is a slight increase of 0.6, and that includes
21 the recent change we had to Default Service rates,
22 which would take effect on August 1; and the Outdoor
23 Lighting decrease is proposed to be 1.3 percent.

24 Q. Would you -- well, just for sake of clarification, this

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 filing basically consists of two components. One is
2 the stranded costs that was approved for recovery by
3 the Commission in, basically, the restructuring docket
4 for the Company.

5 A. (Witness McNamara nodding in the affirmative).

6 Q. And, the second component is the EDC, which is the
7 External Delivery Charge, and consists primarily of
8 transmission-related charges.

9 A. (Witness McNamara nodding in the affirmative).

10 Q. Overall, what is the overall decrease as a result of
11 both rates? Because I understand that both rates are
12 decreasing, is that correct?

13 A. (McNamara) Yes. That is correct.

14 Q. Do you know what the overall reduction is?

15 A. (McNamara) The total decrease again should be shown on
16 Exhibit 2, one of the Schedule LSM-4s, the typical
17 bills.

18 Q. So, like -- I guess what I'm looking at for the
19 Commission's information is the overall average
20 decrease that's on customer bills?

21 A. (McNamara) In per kilowatt-hour terms?

22 Q. Percentage.

23 A. (McNamara) Percentage. Just this filing, the stranded
24 costs and External Delivery Charge change on bills

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 would be a 2.7 percent decrease.

2 Q. Okay. Thank you. That was what I was looking for.

3 Now, in your testimony, you talk about the two
4 components of the EDC, I believe is the External
5 Delivery Charge, on the G1 class, and I think the G2
6 class as well. Could you explain those two components
7 and why there is an increase to their rates, instead of
8 a decrease as in the other customer classes?

9 A. (McNamara) Could you ask your question again? I'm not
10 sure I --

11 Q. Well, as I understand it, there are two components to
12 the EDC for the G1 and the G2 customer class. One
13 component is a demand component, the other component is
14 a energy component. And, although those components are
15 decreasing, there is an overall -- still a net effect
16 of an increase expected to those customer class bills
17 for August 1. And, I thought it would be helpful if
18 you could explain to the Commission why they are
19 receiving an increase, when the other customer classes
20 are experiencing a decrease?

21 A. (McNamara) The Stranded Cost Charge is the component
22 that has two pieces.

23 Q. Oh, it is the stranded costs? Thank you for that
24 correction.

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 A. (McNamara) There is a demand component and an energy
2 piece. Those two pieces, Stranded Cost Charge for all
3 classes, as well as the External Delivery Charge for
4 all classes, is decreasing. The G1 class, our largest
5 customers, will be, if this filing is approved, seeing
6 a slight increase. The General Service class, our G2
7 customers, will see a decrease. But the G1 customers
8 will see a slight increase, and that is as a result of
9 the approved change to their Default Service Charge on
10 August 1.

11 Q. Okay. Thank you. Thanks for the correction on the
12 Stranded Cost Charge. Mr. Bohan, referring to your
13 testimony, would you please identify for the Commission
14 the cost components of the Stranded Cost Charge that
15 have terminated as of this filing? And, I think you
16 might be -- there's a table, I think, maybe Bates stamp
17 Page 048 in your testimony?

18 A. (Bohan) Yes. The "Portfolio Sales Charge" terminated
19 at the end of October 2010. So, for the August 2010 to
20 July 2011 period, there's only three months of contract
21 -- of Portfolio Sales Charge embedded in that. That
22 ends. And, going forward, we will have nothing in that
23 category.

24 Q. And, what costs remain in the "Stranded Cost Charge"

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 category? To help you out, is it just -- is the
2 Hydro-Quebec --

3 A. (Bohan) Yes.

4 Q. -- facilities the only costs that remain in that?

5 A. (Bohan) The first part again, the Hydro-Quebec --

6 Q. The Hydro-Quebec facilities?

7 A. (Bohan) Yes. Yes.

8 Q. And, could you explain how that works? Because I
9 understand that there is a cost component and also a
10 revenue component?

11 A. (Bohan) Yes. What happens with Hydro-Quebec, UPC has
12 rights, transmission rights, and we broker those
13 through CVPS. And, CVPS can go out and sell those
14 rights, earns revenues, and those revenues offset those
15 costs.

16 Q. So, this is not -- I guess what I'm asking that is
17 whether or not this is a predictable component going
18 forward, in terms of the costs to customers?

19 A. (Bohan) We can forecast that a little bit, but we don't
20 know what the actual costs will be.

21 Q. And, when does that piece terminate?

22 A. (Bohan) I believe that is in effect until 2020.

23 Q. Okay. Thank you. One moment please. If we go to
24 Page 12 of your testimony, which is Bates stamp 054,

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 could you tell me if there are any changes to the
2 information that's presented in the first sentence on
3 that page, which begins at Line 2, which reads "This
4 variance is driven by a \$1.4 million refund from NU in
5 June 2011"?

6 A. (Bohan) Yes. If I could, if we could go to what I
7 believe is "Exhibit 2", it would probably be the last
8 page in that packet, labeled "Table 2". And, then, if
9 we could turn in my testimony to Page 11, which would
10 be Bates stamp 053, this -- the latest table in
11 Exhibit 2 is an update to that. And, if you look at
12 the components in there, the only numbers that are
13 really changing are those on Line 1, obviously, the
14 total at the bottom would change as well, but all the
15 other pieces, 2 through 12, remain the same. Line Item
16 Number 1, you'll see the update is now a credit of
17 \$336,000, which, in our original filing, was a credit
18 of \$297,000. That difference is due to updated cost
19 information that we received from Northeast Utilities.
20 And, we learned from them on June 8th, after we had
21 prepared the filing, that those numbers were going
22 down, which resulted in about a \$271,000 cost decrease.
23 And, that is what precipitated the supplemental filing
24 on July 19th.

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 Q. Thank you. And, attached in that Exhibit 2 is a table,
2 which does not have a number, --

3 A. (Bohan) Yes.

4 Q. -- but the top line says "Northeast Utilities Network
5 Integration Transmission Service Third Party
6 Transmission Providers Comparison of Revised Estimated
7 Cost to Original Filed Estimated Cost". Was this filed
8 with the original filing?

9 A. (Bohan) That was not.

10 Q. And, would you explain the purpose of this for the
11 Commission.

12 A. (Bohan) The purpose of this is to show the Commission
13 the change in the costs. These are the only changes in
14 the costs that have been made in the filing, and that's
15 represented in that sheet.

16 Q. Right. And, so, the result is, however, that the
17 changes, if you will, cascade through the other rate
18 calculations, is that fair to say?

19 A. (Bohan) Oh, that is correct. Yes.

20 Q. Thank you. Referring to the table that you have on
21 Page 053 of Exhibit 1, which is titled "Table 2", we
22 note that there are administrative costs associated
23 with Renewable Source Option at Item 9, is that
24 correct?

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 A. (Bohan) That is correct.

2 Q. And, could you tell us what purpose those monies were
3 put toward?

4 A. (Bohan) Those are funds that were used to implement the
5 Renewable Source Option. Those are all -- any external
6 costs that we incurred to promote and implement the
7 Renewable Source Option Program. It does not include
8 any internal Unutil resources.

9 Q. So, for example, would I be correct in saying these are
10 marketing costs or educational costs or --

11 A. (Bohan) That is correct.

12 Q. And, are there any other, any other categories than
13 what I just mentioned?

14 A. (Bohan) I believe those are the two major ones.

15 Q. Okay. Thank you.

16 A. (Bohan) If I could have a second?

17 Q. Certainly.

18 A. (Bohan) I think I have a note of this in my table here.
19 Yes. I categorize those as design -- costs that are
20 incurred to design, promote, and administer the
21 program.

22 Q. Thank you. And, now, Mr. Bohan, were you -- are you
23 aware of when the Company will be filing a report with
24 the Commission that summarizes the first 12 months of

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 activity in this program?

2 A. (Bohan) Generally, it would be filed soon. I don't
3 know exactly when "soon" is, but --

4 Q. I believe --

5 A. (Bohan) -- like within the next month or so.

6 Q. Excuse me. I'm sorry, I interrupted you. My
7 recollection is that the requirement that the
8 Commission posed was that within 60 days of the first
9 12 months of operation that the Company would be filing
10 a report. Does that comport with your recollection as
11 well?

12 A. (Bohan) I will take that subject to check.

13 Q. Okay. I'll have to take it subject to check myself.
14 In connection with that, and this is just for purposes
15 of explaining Staff's error to the Commission, but are
16 you aware of discussions that we had yesterday between
17 the Company and myself regarding whether or not the EDC
18 was the appropriate mechanism to recover these costs?

19 A. (Bohan) Yes. I'm aware of that conversation.

20 Q. Right. And, last year, when we had the hearing on the
21 Renewable Service Option, I believe that Staff
22 mistakenly accepted the idea that recovery would be
23 through the External Delivery Charge. And, I'm saying
24 that as my recollection. It's fair to say, though,

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 that the settlement agreement in that docket has stated
2 that the recovery would be through distribution rates.
3 Is that your understanding?

4 A. (Bohan) I believe that's correct in the settlement
5 document. I do know that Mr. Furino testified on this
6 and did mention in his oral testimony that it would be
7 through the EDC.

8 Q. And, that's why the Company prepared its filing
9 accordingly in this proceeding, is that correct?

10 A. (Bohan) That is correct.

11 MR. AMIDON: Okay. Thank you. I have
12 no further questions.

13 CHAIRMAN GETZ: Thank you.

14 BY CMSR. BELOW:

15 Q. Could you just characterize how the third party
16 transmission provider, the NU Network Integration
17 Transmission Service Charge, how it gets allocated to
18 Unitil Energy Systems? Is it based on coincident
19 monthly peak?

20 A. (Bohan) It is. And, we get billed -- we get billed
21 from Northeast Utilities on a monthly basis on that.

22 Q. Based on the reading of your coincident -- your peak
23 demand coincident with their system --

24 A. (Bohan) Peak.

{DE 11-141} {07-26-11}

[WITNESS PANEL: McNamara~Bohan]

1 Q. -- peak?

2 A. (Bohan) Yes.

3 Q. And, the Regional Transmission and Operating entities,
4 which is the largest portion of the charge, that comes
5 directly from ISO-New England, also based on your
6 coincident monthly peak, is that correct?

7 A. (Bohan) That is correct.

8 CMSR. BELOW: Okay. That's all.

9 CMSR. IGNATIUS: No questions. Thank
10 you.

11 CHAIRMAN GETZ: Any redirect, Mr. Epler?

12 MR. EPLER: No, Mr. Chairman.

13 CHAIRMAN GETZ: Okay. Doesn't appear
14 that there's anything further for the witnesses, so,
15 you're excused. Thank you very much.

16 Ms. Amidon, do you have anything, a
17 witness?

18 MR. AMIDON: No, your Honor. Thank you.

19 CHAIRMAN GETZ: Then, is there an
20 objection to striking the identifications and admitting
21 the exhibits into evidence?

22 (No verbal response)

23 CHAIRMAN GETZ: Hearing no objection,
24 they will be admitted into evidence. Is there anything

{DE 11-141} {07-26-11}

1 else before opportunity for closings?

2 (No verbal response)

3 CHAIRMAN GETZ: Hearing nothing, then,
4 Ms. Amidon.

5 MR. AMIDON: Thank you, Mr. Chairman.
6 Staff has reviewed the filing and the revisions provided
7 by the Company on July 20th, and we believe that they
8 appropriately calculated the Stranded Cost and the
9 External Delivery Charge. And, we believe the Commission
10 should approve this for implementation for rates effective
11 August 1, which is the request of the Company.

12 We do want to point out that, in
13 discussions with Attorney Epler, I realize that this
14 filing does contain recovery for the Renewable Source
15 Option costs, which was, in Docket DE 09-224, the Partial
16 Settlement Agreement said those costs should be recovered
17 through distribution rates, similar to what the Commission
18 approved for PSNH in Docket 11-082.

19 While we don't have -- you know, it was
20 Staff's mistake, we believe. We believe the Commission --
21 it's up to the Commission whether to approve this filing,
22 given the fact that this Settlement Agreement provided for
23 other recovery. But we would ask the Commission, if it
24 does approve this in this docket, to which we have no

1 objection, that going forward we be allowed to talk to the
2 Company about appropriately recovering those costs through
3 the distribution rate, as provided in that Settlement
4 Agreement.

5 If you have any further questions for
6 me, I can provide a response to you, but --

7 CMSR. IGNATIUS: Ms. Amidon, I thought,
8 and maybe I misread this, that the amount that we're
9 talking about is that Line Item 9 on the revised schedule
10 from Mr. Bohan. And, that there were actual expenditures
11 and the two months of estimated that concludes July 2011,
12 and that August 1st going forward there is zero allocated
13 for this charge. So, if that's correct, then the rate
14 that's being approved as of August 1st doesn't include
15 those rates -- those charges, does it?

16 MR. AMIDON: It includes recovery, I
17 believe, on a reconciling basis for the amounts incurred
18 for the past.

19 CMSR. IGNATIUS: Oh. Correct. And, you
20 said that you'd be willing to or you'd want to have a
21 chance to talk with the Company about changing it on a
22 going forward basis. But isn't this proposal making that
23 change on a going forward basis as of August 1st?

24 MR. AMIDON: Not explicitly. It is a

1 complicated matter. I mean, in the -- in Docket 09-224,
2 the Company had requested to use this mechanism initially
3 to recover those costs. And, in the Settlement Agreement,
4 this Company agreed to the uniform approach that Staff was
5 using with PSNH, to recover it through distribution rates.

6 Whether or not the Company has plans for
7 how to recover this in the future, I did not find it in
8 this filing, but perhaps it's something that the witnesses
9 could address. What we're saying is that Staff mistakenly
10 understood that this was an appropriate recovery
11 mechanism. The EDC really is designed to pass through the
12 transmission-related costs. And, we're trying to keep
13 those costs in the appropriate bucket, if you will. And,
14 that's why, going forward, we would like to be able to ask
15 the Commission to direct the Company to recover this
16 through distribution rates.

17 But, certainly, I'd give Mr. Epler an
18 opportunity to respond how the Company plans to proceed
19 going forward. I did not see that in this filing.

20 CMSR. IGNATIUS: Let me -- I may not be
21 asking very clearly or I'm misreading this exhibit.
22 There's zero allocated for the estimated amount as of
23 August 1st, 2011 going forward.

24 MR. AMIDON: Correct. But --

1 CMSR. IGNATIUS: So, -- well, is there
2 some other cost of the program appearing elsewhere that
3 isn't in this Line 9? And, if there isn't, then I guess
4 maybe, Mr. Epler, you could explain, is there some
5 recovery of the program going forward that is in this
6 filing, even though we see zero on Line 9?

7 MR. EPLER: No, Commissioner. The going
8 forward costs will be treated internally, and the
9 Company's not anticipating filing -- recovering them at
10 least at this point. In the transcript in Docket -- I'm
11 sorry, I keep forgetting, DE 09-224, at Page -- the bottom
12 of Page 21, going onto Page 22, there's a question to
13 Witness Furino, "Do you project any future costs at this
14 time? Answer: Yes. As proposed, our ongoing projected
15 future costs are \$2,000 a year. And, this is, again, the
16 internal administration. It reflects tracking and
17 reporting [and] oversight." And, I'm sorry, earlier, on
18 Page 21, the witness says "Those would really be part of
19 the Company's rate base and would be recovered over time,
20 as they, you know, the Company is not seeking explicit
21 recovery, any distribution rate for those costs at this
22 time."

23 So, at least in terms of this filing,
24 there is no recovery of the going forward costs. There is

1 only the recovery of the \$12,000 of the -- the start-up,
2 marketing, and promotional costs, that as you indicated
3 are on Line 9.

4 CHAIRMAN GETZ: And, that's \$12,173 out
5 of an \$18,172,792 recovery?

6 MR. EPLER: That's correct, Mr.
7 Chairman.

8 CMSR. IGNATIUS: Thank you.

9 CHAIRMAN GETZ: And, then, in terms of
10 recovery of the \$2,000, that would require a filing of a
11 distribution rate case?

12 MR. EPLER: If the parties and the
13 Commission were to take the view of single issue
14 ratemaking that that would be inappropriate, yes, that
15 would require a distribution rate case.

16 CHAIRMAN GETZ: Okay. Thank you.
17 Anything further?

18 (No verbal response)

19 CHAIRMAN GETZ: All right. Hearing
20 nothing, then -- well, we'll give you your opportunity for
21 closing.

22 MR. EPLER: Thank you, Mr. Chairman.
23 First of all, on this issue of the recovery of these
24 costs, I just wanted to note for the record that Attorney

1 Amidon did contact us yesterday and raised this issue.
2 So, we had an opportunity to discuss this and to go back
3 and to look at the record, and we appreciate that
4 opportunity, because we were able to come to a meeting of
5 the minds on how to address it.

6 We do recognize we were probably, both
7 the Company and I think Staff were probably less precise
8 in thinking how we were agreeing to that term in the
9 underlying settlement in DE 09-224. But there is, I
10 think, if I understood Attorney Amidon correctly,
11 agreement that that \$12,000 can be recovered as part of
12 this filing.

13 That completes my closing. Thank you,
14 Mr. Chairman.

15 CHAIRMAN GETZ: Okay. Thank you. Then,
16 we'll close this hearing and take the matter under
17 advisement.

18 **(Whereupon the hearing ended at 10:40**
19 **a.m.)**