

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

October 17, 2011 - 1:30 p.m.
Concord, New Hampshire

NHPUC NOV09'11 AM 8:13

RE: **DE 11-215**
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:
Petition to Set 2012 Energy Service Rate.
DE 11-217
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:
Petition to Set 2012 Stranded Cost Recovery
Recovery Charge.
(Prehearing conference)

PRESENT: F. Anne Ross, Esq.
(Presiding as Hearings Examiner)

Diane Bateman (Operating tape recorder)

APPEARANCES: **Reptg. Public Service Co. of New Hampshire:**
Gerald M. Eaton, Esq.
Sarah B. Knowlton, Esq.

Reptg. Conservation Law Foundation:
Jonathan Peress, Esq.

Reptg. Residential Ratepayers:
Rorie E. P. Hollenberg, Esq.
Meredith Hatfield, Esq., Consumer Advocate
Stephen Eckberg
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Thomas Frantz, Director/Electric Division
Steven Mullen, Asst. Dir./Electric Division

Court Reporter: Steven E. Patnaude, LCR No. 52
(Some minutes taken off tape)

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ORIGINAL

P R O C E E D I N G

1
2 MS. ROSS: All right. I'm going to just
3 open the prehearing conference today in Docket DE 11-215
4 and DE 11-217, these are combined. I'm Anne Ross. I've
5 been asked to act as Hearings Examiner this afternoon on
6 this prehearing conference. I will prepare my report of
7 your initial positions and positions on motions to
8 intervene and will submit it to the Commissioners, who
9 will make the ultimate decisions on intervention.

10 With that said, DE 11-215, the order of
11 notice was issued on October 5th. On September 23rd,
12 Public Service Company of New Hampshire filed a petition
13 to establish its Default Energy Service rate for effect
14 with service rendered on and after January 1st, 2012,
15 pursuant to 369-B:3, IV(b)(1)(A), customers who take
16 Energy Service from PSNH will be billed at a rate equal to
17 PSNH's actual prudent and reasonable costs of providing
18 the power as approved by the Commission. In support of
19 its petition, PSNH filed the testimony of Robert A.
20 Baumann, with related exhibits and schedules. PSNH said
21 that the major addition to the calculations of its ES rate
22 that will require an update are costs associated with the
23 wet flue gas desulfurization technology (scrubber) project
24 at Merrimack Station. PSNH said that it does not include

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1 any costs associated with the project in the instant
2 filing, and that, following the testing of the scrubber
3 equipment, it will have a clearer understanding as to the
4 scrubber's in-service date. PSNH also stated that it will
5 provide an updated ES rate once the project is placed in
6 service, which will be when the wet flue gas
7 desulfurization technology is operating and reducing
8 emissions at Merrimack Station.

9 In this filing, PSNH provided its
10 preliminary calculations of an ES rate of \$0.0839 per
11 kilowatt-hour for effect beginning January 1, 2012. PSNH
12 stated that the preliminary rate was calculated using the
13 latest available information and would represent a
14 decrease of \$0.0050 per kilowatt-hour from the current ES
15 rate of \$0.0889 per kilowatt-hour. PSNH said that, as
16 with prior ES filings, it would update the calculation of
17 the ES rate prior to the hearing in this docket, including
18 an update on the scrubber project.

19 The order of notice in DE 11-217 was
20 issued also on October 5th for a concurrent hearing with
21 the prior docket. On September 23rd, 2011, Public Service
22 Company of New Hampshire filed a petition to adjust its
23 Stranded Cost Recovery Charge (SCRC) for effect with
24 service rendered on and after January 1st, 2012. In

1 support of its petition, PSNH filed the testimony of
2 Robert A. Baumann, with related exhibits and attachments.
3 PSNH said that Part 3 costs were fully recovered in
4 June 2006. The Restructuring Agreement states that, once
5 Part 3 costs are fully recovered, the SCRC will be set on
6 a forecasted basis every six months and will include any
7 over- or under-recoveries of Part 1 and Part 2 stranded
8 costs from the previous period. Part 1 is composed of the
9 Rate Reduction Bond, or RRB, charge, which is calculated
10 to recover the principal, net interest and fees related to
11 RRBs. Part 2 costs are ongoing stranded costs consisting
12 primarily of the over market value of energy purchased
13 from independent power producers and the amortization of
14 payments previously made for IPP buy-downs and buy-outs as
15 approved by the Commission.

16 PSNH is currently billing an average
17 SCRC rate of \$0.109 per kilowatt-hour for the six-month
18 period from July 1, 2011 through December 31st, 2011.
19 Based on data available at the time of filing the instant
20 petition, PSNH offered its preliminary calculation of an
21 average SCRC rate of 0116 per -- I'm sorry, \$0.0116 per
22 kilowatt-hour for service rendered on and after
23 January 1st, 2012. PSNH attributed the increase in the
24 estimated average 2012 SCRC rate to a lower prior period

1 over-recovery as compared with the over-recovery reflected
2 in the current RC -- SCRC rate, an increase of 2 million,
3 and a 1.9 million increase in the ongoing costs pertaining
4 to the RRBs due to lower credits associated with
5 accumulated deferred income taxes. PSNH stated that it is
6 not requesting approval of a specific rate at this time
7 and that it will update its estimates with more recent
8 data prior to hearing.

9 With that, I would like to take
10 appearances this morning. And, then, as you give your
11 appearance, you may also -- well, let's do that
12 separately. I'd like to take appearances. And, if you
13 have a position on any of the motions to intervene, if you
14 could state that after you give your appearance. Because
15 we're working with this small recorder, I'm going to ask
16 Diane Bateman to carry it to the person who's speaking,
17 just put it on the desk in front of you, and hopefully it
18 will capture your words.

19 MR. EATON: Good afternoon, Madam
20 Examiner. My name is Gerald M. Eaton. I'm Senior Counsel
21 for Public Service Company of New Hampshire. With me
22 today is Sarah B. Knowlton, who is also Senior Counsel at
23 Public Service Company of New Hampshire. In the Stranded
24 Cost Recovery Charge proceeding, there is a slight change

1 that we have proposed from the current rate and is
2 reflected in the testimony of Mr. Baumann, that the
3 over-recovery that is currently reflected in the rates
4 will go down. Did you want preliminary positions now
5 or --

6 MS. ROSS: Let's get to appearances and
7 your position on interventions, and then we'll come back
8 to your positions.

9 MR. EATON: In the Stranded Cost
10 Recovery Charge proceeding, we filed an objection to the
11 intervention of Conservation Law Foundation this morning.
12 And, I believe we copied Attorney Peress by
13 electronically. We believe the petition alleges their
14 interest in environmental matters, and, for instance,
15 PSNH's choice of resources to supply Energy Service. And,
16 in our objection, we point out that our choice of
17 resources is defined by statute, and that this proceeding
18 is primarily for setting a rate for the year 2012.
19 Whether that, the costs that we include in that charge are
20 reasonable is not the subject of this proceeding. It's
21 whether our estimates of those costs are reasonable.
22 We're setting a rate that's fully reconcilable in a
23 reconciliation proceeding to follow. We have not incurred
24 those costs yet. And, therefore, it's not reasonable to

1 assume that we would -- that the Commission would rule on
2 their prudence in this proceeding. It's certainly
3 important that we get the right number, so that the
4 over-recovery or under-recoveries are minimized. But we
5 don't need to go into the issues that appear to be raised
6 by the Conservation Law Foundation's petition. And,
7 therefore, in the orderly and prompt conduct of this
8 proceeding, we ask that the Commission deny the motion.

9 And, also, we raised the issue of
10 standing in our objection, and the fact that we don't
11 believe they have alleged sufficient facts to justify that
12 their substantial interests, rights, and privileges are
13 being affected by this proceeding, because they could
14 allege no injury in fact.

15 If the Commission were to approve a rate
16 of 10 cents or 8 cents for the Stranded Cost Recovery
17 Charge, it would still -- we would still be using the same
18 resources that we plan to use to supply is Energy Service
19 in 2013.

20 MS. ROSS: What position -- is the
21 Company's position with regard to when that prudence
22 review would be appropriate with regard to the stranded
23 cost charges?

24 MR. EATON: Well, with stranded cost

1 charges, we've never had a prudency proceeding. In the
2 Energy Service rate, reconciliation is usually filed in
3 May of -- by May 1st of the subsequent year. We have
4 submitted testimony on Friday which provides that a second
5 proposed calculation, including the costs of the scrubber,
6 and we could certainly understand if the Commission wants
7 to take more time than the usual reconciliation proceeding
8 to go over the costs involved with the Merrimack scrubber.
9 That would be appropriate as well. But it's not -- it
10 probably shouldn't happen before January 1st of 2012.

11 MS. ROSS: So, I take it your
12 position -- the Company's position, with regard to
13 stranded costs, is that there is no need for any prudency
14 review, is that correct?

15 MR. EATON: I'm not precluding it, but
16 there's no need for it, the Stranded Cost Recovery Charge,
17 because that's mostly a mathematical calculation of Rate
18 Reduction Bonds and the cost of small power producers'
19 above-market costs that are passed through that rate.
20 There's -- there's reason for reconciliation, but not
21 prudence.

22 MS. HOLLENBERG: Good morning. Rorie
23 Hollenberg, on behalf of the Office of Consumer Advocate,
24 along with me is Steve Eckberg. I am standing in for

1 Meredith Hatfield, who I expect to be joining the
2 prehearing conference momentarily.

3 MS. ROSS: Does the OCA have any
4 position on intervention?

5 MS. HOLLENBERG: Not that I'm aware of.

6 MS. ROSS: All right. We'll just ask
7 Ms. Hatfield when she arrives.

8 MS. HOLLENBERG: Thank you.

9 MR. PERESS: Thank you, Madam Hearings
10 Examiner. Jonathan Peress, on behalf of the Conservation
11 Law Foundation and its New Hampshire members. Shall I
12 address the motion?

13 MS. ROSS: Motion to intervene, yes.

14 MR. PERESS: Address the motion to
15 intervene. Thank you, Madam Hearing Officer. The
16 Conservation Law Foundation has intervened in this docket,
17 recognizing that -- that this proceeding is part of a
18 two-step process that relies on a statutory foundation
19 relating to the extent to which the Energy Service charge
20 is the actual prudent and reasonable costs of providing
21 such power as approved by the Commission, and that's,
22 obviously, RSA 369-B:3, IV. We understand that the
23 genesis of this process lies in various different statutes
24 and in various different orders of the Commission,

1 including Order 24,117, of January 30th, 2003, relating to
2 the Settlement -- I'm sorry, yes, relating to the
3 Settlement on Restructuring. In essence, that order
4 addresses two specific considerations for establishing
5 default rates as part of that process. The first is that
6 the initial reasonable -- the initial estimate of rates
7 must be reasonable and should establish a stable and
8 predictable electric price, meaning, in our view, that the
9 original estimate should not substantially change during
10 the reconciliation. In other words, it should be grounded
11 in fact. In addition, that order, that is the order from
12 Docket 02-166, establishes that the recon -- the Energy
13 Services rate should be based on the most recently
14 available cost data.

15 In this docket, Madam Hearing Examiner,
16 for the first time the Commission will be reviewing the
17 manner and the extent to which costs associated with the
18 very large environmentally related capital project should
19 be included in the Energy Services rate, that is the
20 scrubber project required by RSA 125-0. The Conservation
21 Law Foundation and its members have a substantial interest
22 in the method of which it's included in rates, as well as
23 the extent to which it's included in rates. We recognize
24 that, in the first instance, this reconciliation

1 proceeding primarily focuses on the method, rather than
2 the extent, to which it will be recovered in rates.
3 However, while there -- while the method might not be
4 subject to the prudence standard that the actual
5 reconciliation docket is subject to, it still is subject
6 to a reasonableness test. Because the scrubber project,
7 according to a filing by PSNH on Friday of this week, only
8 went into service on September 28, we're in a relatively
9 fluid situation with respect to the operating costs for
10 the scrubber and how they should be basically provided in
11 terms of the Energy Services rate.

12 I just want to address, and as Counselor
13 Eaton mentioned, I just received that objection to our
14 motion really very late this morning, right before we came
15 in here, a couple of aspects in their objection. I guess
16 the first one is we are not exclusively or by any stretch
17 seeking to address environmental issues to the exclusion
18 of economic and cost issues as they affect ratepayers and
19 in excess of what the Commission's statutory authority is
20 with respect to the recovery for such environmental
21 projects.

22 As the Commission and as Madam Hearing
23 Officer is aware, these considerations, such as a
24 reconciliation for regional greenhouse gas emission

1 project costs or for Renewable Portfolio Standard project
2 costs are often, if not always, part of these dockets, at
3 least since those programs have been adopted. The fact
4 that they're environmental programs does not limit the
5 Commission's consideration to vary environmental issues,
6 but obviously, also addresses the cost issues.

7 The Conservation Law Foundation is not,
8 in this docket, at all intending to challenge the choice
9 of resources as between some various supply resources,
10 whether owned or from the market, that is being made by
11 PSNH and that is being reflected in its proposed Energy
12 Services rate. I think, more importantly, the objection,
13 as far as I can recall, it also seeks to address the
14 orderly and expeditious conduct of this proceeding,
15 suggesting that the Conservation Law Foundation would
16 delay the orderly conduct of this proceeding through
17 unnecessary discovery requests. I'd like to address that
18 in two different ways.

19 First, we've been a party to many, many
20 different dockets, including most recently Docket 10-160,
21 which, in part, addresses the manner in which scrubber
22 costs should be recovered or might be recoverable, to the
23 extent prudently incurred by Public Service Company of New
24 Hampshire. And, in fact, the Commission essentially

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1 adopted the position that we espoused; clearly, we have an
2 interest in this proceeding, and we did not unduly delay
3 that proceeding.

4 Secondly, the -- the initial proceeding,
5 that is setting the initial rate, is the foundation for
6 what later becomes the reconciliation docket. And, in
7 fact, allowing a party to participate in that rate setting
8 proceeding actually streamlines the proceeding that comes
9 later in the reconciliation docket. And, in fact,
10 Conservation Law Foundation and others have been involved
11 in many dockets, where much of the information that
12 relates to the reconciliation docket was provided in
13 discovery on the rate setting docket in the first
14 instance. So, in that regard, I think we would strongly
15 disagree that our participation would do anything other
16 than expedite and assist the Commission in its review and
17 undertaking this proceeding.

18 If the Commission is inclined not to
19 grant the Conservation Law Foundation's intervention, and
20 I would have, obviously, said this if the Commissioners
21 were here, for purposes of the hearing, that we would
22 request the opportunity to respond to their objection to
23 our motion for intervention. Thank you.

24 MS. ROSS: Could I ask you a question?

1 MR. PERESS: Yes.

2 MS. ROSS: Could you, it may be in your
3 petition to intervene, but could you summarize CLF's
4 interests and rights?

5 MR. PERESS: Yes. And, I should say,
6 the statutory standard and the regulatory standard, as I
7 think everyone's aware, is whether the rights, duties,
8 privileges, immunities or other substantial interests of
9 the party seeking to intervene will be affected by this
10 proceeding.

11 MS. ROSS: Hold on.

12 (Short pause.)

13 MS. ROSS: Mr. Peress.

14 MR. PERESS: Yes. Yes. In the first
15 instance, Conservation Law Foundation has more than 300
16 members in New Hampshire; approximately 150 or more in
17 Public Service Company of New Hampshire's service
18 territory. The manner by which Public Service Company of
19 New Hampshire seeks to comply with the various
20 environmental requirements that are ultimately reflected
21 in its rates has both environmental implications, as well
22 as cost implications. So, the two, in many instances,
23 cannot be completely distinguished. And, I can get into
24 some examples of that, if you think it would be helpful,

1 although that would start getting into some of the
2 substance of this matter.

3 MS. ROSS: No, I think that's
4 sufficient. I was just looking for a little more
5 elaboration on the -- on the specific interest you had
6 raised.

7 MR. PERESS: Thank you.

8 MS. ROSS: Thank you. All right. Is
9 there anyone who has a position on intervention who hasn't
10 spoken?

11 MS. HATFIELD: Yes.

12 MS. ROSS: OCA, I know Ms. Hollenberg
13 said you would be joining us.

14 MS. HATFIELD: Yes. Thank you. Thank
15 you very much. Meredith Hatfield, for the OCA. We
16 support CLF's intervention for one main reason, and that
17 is that it's our understanding that PSNH seeks to begin
18 recovering the costs related to environmental improvements
19 at Merrimack Station. And, we believe that the Commission
20 should be considering specific detailed information about
21 the status of permitting processes related to that station
22 and how they interact with when certain devices can be
23 considered legally in service. We think it may also be
24 useful for the Commission to consult with DES. We note in

1 several of the Commission's statutes, the Commission is
2 encouraged to do so, and I think this is one of those
3 cases where environmental issues and utility regulatory
4 issues are really coming together. And, it's been our
5 experience in working in dockets that CLF has participated
6 in that they certainly bring that type of expertise to
7 these proceedings. And, there may be a difference of
8 opinion between the Company and others as to, you know,
9 when certain permits apply and when certain permits become
10 final. And, I don't think those are usually within the
11 expertise of the PUC's analysts or the OCA's analysts.
12 So, I think they have certainly bring very helpful
13 information to the process. And, I agree with Attorney
14 Peress's comments with respect to the fact that CLF
15 routinely participates in proceedings, and does so
16 productively, and, you know, not -- I haven't seen any
17 evidence that they have done so purely to delay the
18 proceedings.

19 MS. ROSS: Thank you.

20 MS. HATFIELD: Thank you.

21 MR. RODIER: I'm here for the -- I'm
22 sorry. I just want to make sure I'm in the right place at
23 the right time. This is the appointed hour for what is
24 it, 11-216. And, I've been in --

1 MS. ROSS: Just a minute. Right now
2 we're in the prehearing conference of 11-215 and 11-217,
3 the Energy Service rate and the Stranded Cost
4 Reconciliation. At 2:00 is scheduled the prehearing
5 conference on 216, which is the Alternative Default Energy
6 Service rates.

7 MR. RODIER: Right. And, that's all I
8 wanted the clarification for, is whether this is the
9 (inaudible) here. My mistake. Thank you.

10 MS. ROSS: Are you -- are you
11 intervening? Have you requested an intervention in any of
12 these dockets?

13 MR. RODIER: 216 I have.

14 MS. ROSS: Okay. Then, we'll get to
15 that.

16 MR. RODIER: Oh, yeah. Sure. Thanks.

17 MS. ROSS: Does Staff have a position on
18 the intervention?

19 MS. AMIDON: Suzanne Amidon, for
20 Commission Staff, Madam Hearings Examiner. We take no
21 position on the motion to intervene by CLF.

22 With respect to Docket DE 11-217, which
23 is the reconciliation, in fact, that was establishing an
24 SCRC rate for 2012. As is customary, PSNH has filed an

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1 estimated rate. We will expect an updated filing and then
2 conduct discovery on that matter, as we have done in prior
3 similar dockets.

4 Regarding Docket DE 11-215, which
5 establishes the Energy Service rate for 2012, and which
6 includes this additional cost associated with the scrubber
7 as proposed by PSNH, we expect that we will have extensive
8 discovery in that regard, and may later make
9 recommendations on how to proceed if we reach any
10 recommendation that might be helpful for the Commission.
11 Thank you.

12 MS. ROSS: And, the Staff, I guess I
13 wasn't very clear, did give their initial position, but I
14 would like to go around the room now and get the parties'
15 initial positions on the two dockets. So, if you can
16 state those separately, that would be helpful. Thank you.

17 MR. EATON: In Docket DE 11-215, we are
18 proposing an Energy Service rate for effect on
19 January 1st, 2012 through the end of the year. We will
20 update that data in May of the calendar year, in case
21 there is a need to adjust the rate on July the first. An
22 initial filing we made on September 23rd was a rather
23 routine filing, with estimated calculation of the rate
24 that would be requested and would be updated with more

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1 recent data closer to the hearing date in December. Last
2 Friday, October 14th, we filed the joint testimony of
3 Robert Baumann and William Smagula, announcing and
4 explaining to the Commission that the investment in the
5 wet fluidized gas desulfurization project, or known as the
6 "scrubber", had been completed and had been placed into
7 service in late September. The project has been done
8 ahead of schedule. It's been done in accordance with the
9 state law that required us to build this particular device
10 to clean the -- to clean the air that comes from the
11 Merrimack Station, Units 1 and 2. And, that we believe it
12 is a completed project, it's used and useful, and it's
13 currently providing service to customers, and, therefore,
14 ought to be included in rates. And, if it's not included
15 in rates, then, and eventually PSNH does prevail that the
16 costs were prudently incurred and that they ought to be
17 reflected in rates, there will be even a greater change in
18 rates when we endeavor to collect under-recoveries.

19 The rate is completely reconcilable, in
20 case there is some overpayment or unreasonable costs of
21 the plant. Therefore, the Commission can allow the costs
22 to go into rates, subject to a reconciliation, which can
23 take place in a bifurcated proceeding, where the normal
24 reconciliation proceeding takes place on non-scrubber

1 costs, and then a longer proceeding, a more detailed
2 proceeding having to do with the scrubber, as the
3 Commission deems appropriate.

4 But we don't believe that those
5 considerations ought to be made in this proceeding. We
6 don't believe that the manner of complying with RGGI, RECs
7 or RPS and -- and RSA 125-O has any basis in this
8 proceeding, where we're simply trying to establish a rate
9 for January 1st, 2012.

10 In the Stranded Cost Recovery Charge
11 case, which is Docket DE 11--

12 MS. ROSS: Mr. Eaton?

13 MR. EATON: Yes.

14 MS. ROSS: Before you move off of that,
15 I just want to make sure I understood what your meaning
16 was. You were indicating that, in this proceeding, which
17 is to estimate the rate to go into effect on January 1st,
18 it might not be appropriate to consider the prudence or
19 other issues surrounding the scrubber, but that would
20 be -- did you say that would be appropriate in a longer
21 term proceeding or what were you trying to describe?

22 MR. EATON: That the focus that has been
23 taken up till now is that a reconciliation case for the
24 previous year's Energy Service rates is filed on May 1st.

1 That is an ambitious proceeding, because it involves the
2 operation of our plants, it involves the purchases of
3 supplemental energy, that also includes the procurement of
4 fuel and how we operated our plants, scheduled and
5 unscheduled outages, and that proceeding usually ends with
6 a hearing in December. Testimony was filed by the Staff
7 in the current reconciliation proceeding also on
8 October 14th.

9 We understand that -- that everyone
10 would perhaps want to have more scrutiny of the costs
11 involved in an investment as large as this, as the
12 scrubber, and we certainly would not insist that the
13 Commission must look at those costs between May 1st of
14 2013 and January 1st -- yes, May 1st of 2012 and
15 January 1st of 2013. So, it would be entirely appropriate
16 if the Commission were to bifurcate those proceedings, so
17 that a longer investigation of the scrubber's costs could
18 be conducted.

19 MS. ROSS: Thank you. That's helpful.

20
21 (Short pause.)

22 MS. ROSS: Mr. Eaton, if you'll bear
23 with us, we're actually going to get a live body on this,
24 Steve is going to record this. Diane, if you could pick

1 up the recorder, so that that first portion -- and, Mr.
2 Eaton, I apologize for interrupting. As soon as we set
3 up, --

4 MS. BATEMAN: And, that means I can
5 leave? Okay. All right.

6 **(End of tape recorded portion of the**
7 **prehearing conference.)**

8 **(Prehearing conference continues.)**

9 MS. ROSS: All right. You may proceed.
10 Thank you.

11 MR. EATON: Thank you. With respect to
12 the Stranded Cost Recovery Charge proceeding, our position
13 is that the rate is -- requested will go up by a slight
14 amount, due to the elimination of a current over-recovery
15 of 2.4 million, to a much smaller over-recovery for the
16 current period of -- and that is about a \$2 million swing.
17 And, there is a lower ADIT credit that's associated with
18 Rate Reduction Bonds, that also -- that credit is reduced
19 by 1.9 million. Therefore, we are proposing a modest
20 increase in the Stranded Cost Recovery Charge.

21 That will be updated again in December,
22 to reflect the most current data. The reason it changes
23 is because the amount of independent power producers'
24 costs above market will change, once we have a better idea

1 of or a more recent indication of what future market rates
2 will be as we get closer to the time when the rate will be
3 set.

4 Thank you. That's all I have on PSNH's
5 positions in the two cases.

6 MS. ROSS: Thank you. Other parties?
7 Would that be OCA?

8 MS. HATFIELD: Thank you. The OCA does
9 not have a position at this time on either the proposed
10 Energy Service rate or the stranded cost rates. Although,
11 we would just note the significant difference between what
12 PSNH filed as the proposed Energy Service rate, which we
13 understand will be updated closer to the hearing time, but
14 the difference between the 9.5 cents and the 7.8 cents in
15 the Alternative Default Service rate is something that is
16 certainly interesting to us. And, we will be discussing
17 it in both this docket and the other docket.

18 We will work with the parties and Staff
19 to review the filing, conduct discovery, and develop a
20 procedural schedule.

21 MS. ROSS: Thank you. Mr. Peress.

22 MR. PERESS: Just for Steve's benefit,
23 you have my information, right, Steve?

24 MR. PATNAUDE: Yeah, I think so.

1 MR. PERESS: Thank you. Thank you,
2 Madam Hearing Examiner. Conservation Law Foundation does
3 not yet at this point have a substantive position as it
4 relates to the extent to which the costs that have been
5 applied for in the petition as part of the Energy Services
6 rate are reasonable. And, we recognize that ultimately
7 that will be part of the very closely related
8 reconciliation docket.

9 That being said, we would suggest that
10 the comments of Public Service Company of New Hampshire in
11 this docket that we just heard, that a longer
12 investigation with respect to the prudence of the scrubber
13 costs in the reconciliation docket is warranted, in light
14 of the scope, the expense, and the importance of the
15 scrubber project, also applies to some, albeit a lesser
16 extent, to this docket. And, specifically, what I'm
17 suggesting is that in this docket, based on PSNH's filing
18 of Friday, they're proposing 21 -- approximately
19 \$21 million of Merrimack scrubber-related operating costs
20 to be in the Energy Services rate.

21 This is the first ratemaking proceeding
22 that any of these costs have been reflected in the rate.
23 And, both in the context of this proceeding, and as well
24 as the reconciliation proceeding, will be the first time

1 that the Commission has the opportunity to, as well as the
2 intervenors and other parties, have the opportunity to
3 inquire into, take discovery on, and examine the details
4 of the scrubber project, both from a capital standpoint,
5 as well as an operational standpoint. Thank you.

6 MS. ROSS: Thank you. Does Staff have
7 anything to add to its earlier position on these two
8 dockets?

9 MS. AMIDON: No, we don't. Thank you.

10 MS. ROSS: Okay. All right. Are there
11 any other procedural matters or substantive matters that
12 the parties in these, at least for these two dockets, that
13 the parties feel we need to address in the prehearing
14 conference?

15 (No verbal response)

16 MS. ROSS: All right. In that case, I'm
17 going to close the prehearing conference in DE 11-215 and
18 DE 11-217. We're going to take about a five minute break
19 and then do Docket DE 216 [11-216?]. And, following that,
20 I'm going to suggest that the parties try to convene in a
21 technical session to see if there are some recommendations
22 you can develop for procedural history on these two
23 combined, and then separately on DE 11-216. Thank you.

24 **(Whereupon the prehearing conference ended at 2:23 p.m.)**

{DE 11-215 & DE 11-217} [Prehearing conference] {10-17-11}