

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

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January 26, 2012 - 10:02 a.m.
Concord, New Hampshire

NHPUC FEB09'12 PM 3:44

RE: DE 11-255
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:
Renewable Default Energy Service Rate.

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

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Company
of New Hampshire:
Sarah B. Knowlton, Esq.

Reptg. Residential Ratepayers:
Meredith Hatfield, Esq., Consumer Advocate
Office of Consumer Advocate

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

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

ORIGINAL

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I N D E X

PAGE NO.

WITNESS: RICHARD H. BRANCH

Direct examination by Ms. Knowlton		4, 8
Interrogatories by Cmsr. Ignatius		7, 19
Cross-examination by Ms. Hatfield		8
Cross-examination by Ms. Amidon		12

* * *

E X H I B I T S

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

1	Testimony of Richard H. Branch, including attachments (11-29-11)	4
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CLOSING STATEMENTS BY:		PAGE NO.
-------------------------------	--	-----------------

	Ms. Hatfield	20
	Ms. Amidon	22
	Ms. Knowlton	22

[WITNESS: Branch]

1 CHAIRMAN GETZ: Good morning. Are you
2 ready to proceed?

3 MS. KNOWLTON: I am. The Company has
4 one exhibit that we'd like to mark for identification,
5 which is the Direct Testimony of Richard H. Branch, and
6 with the accompanying attachments.

7 CHAIRMAN GETZ: Okay. It will be marked
8 for identification as "Exhibit 1".

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

12 MS. KNOWLTON: The Company calls its
13 witness Richard H. Branch.

14 (Whereupon **Richard H. Branch** was duly
15 sworn by the Court Reporter.)

16 MS. KNOWLTON: Good morning.

17 WITNESS BRANCH: Good morning.

18 **RICHARD H. BRANCH, SWORN**

19 **DIRECT EXAMINATION**

20 BY MS. KNOWLTON:

21 Q. Mr. Branch, would you please state your full name for
22 the record.

23 A. Sure. Richard H. Branch.

24 Q. By whom are you employed?

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 A. Public Service of New Hampshire.

2 Q. What is your position with the Company?

3 A. I'm an Analyst in the Business Planning and Customer
4 Support Services Group.

5 Q. Would you describe your job responsibilities.

6 A. Yes. Sure. I produce an economic sales forecast for
7 the Company, as well as economic reports for senior
8 management, as well as manage the EarthSmart Green
9 Rate.

10 Q. I'm going to ask you a few questions about what we
11 marked for identification as "Exhibit 1", which is your
12 prefiled direct testimony in this case. Do you have
13 that before you?

14 A. I do.

15 Q. And, was that testimony prepared by you or under your
16 direction?

17 A. Yes.

18 Q. Do you have any corrections to it today?

19 A. I have several updates.

20 Q. Updates. Okay. Would you walk us through those
21 updates, starting with telling us what page and what
22 line you have that update to?

23 A. Absolutely. On Page 4, Line 18, "676 megawatt-hours"
24 should read "711". Line 20, same page, "663 Class I

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 RECs" should read "697 Class I RECs".

2 Q. And, actually, if I might stop you for a minute,
3 Mr. Branch.

4 A. Sure.

5 Q. When you say "updates", can you just explain briefly
6 why you're giving us these new numbers?

7 A. Yes. When we filed the testimony, it was using
8 projections for November and December data. Now that
9 the year is over, we actually have actuals to put in
10 place.

11 Q. Thank you. If you would continue.

12 A. Okay. Same page, Page 4, Line 21, "13 Class II RECs"
13 should read "14". Page 5, Line 6, "676 megawatt-hours"
14 should read "711 megawatt-hours". The "\$17,999" should
15 read "\$17,837". Page 5, Line 8, "\$6,486" should read
16 "\$6,324". Line 9, "\$9,080" should read "\$11,272".
17 Line 10, "\$2,594" should read "4,948". Line 13, "over
18 collection" should be changed to "under collection".
19 And, Line 14, "\$1,169" should read "\$1,185". And,
20 that's it.

21 Q. Thank you. With those updates, if I were to ask you
22 the questions that are in your testimony today, would
23 your answers be the same?

24 A. Yes.

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 Q. And, they are true -- and your testimony is true and
2 correct to the best of your knowledge?

3 A. Yes.

4 MS. KNOWLTON: Thank you. I have no
5 further questions for Mr. Branch.

6 CMSR. IGNATIUS: Can I ask a question
7 about one of the corrections, because it -- I think I must
8 have written it down, because the sentences make no sense
9 to me.

10 BY CMSR. IGNATIUS:

11 Q. If you look at Page 5, Line 12, --

12 A. Yes.

13 Q. -- can you just read what the correct language would be
14 for the first two sentences?

15 A. Sure. The corrected language?

16 Q. Yes.

17 A. "In the 2010 calendar year, PSNH over collected \$3,763.
18 PSNH proposes to use this over collection to offset the
19 under collection in 2011."

20 Q. All right. I'm sorry. I thought you had said to
21 change one of those "overs" to an "under"?

22 A. I'm sorry. I apologize. Line 13, it's the second
23 instance of "over".

24 Q. Oh.

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 A. Should be "under".

2 CMSR. IGNATIUS: Thank you.

3 WITNESS BRANCH: Sorry.

4 BY MS. KNOWLTON:

5 Q. So, Mr. Branch, just to make clear for the record then,
6 that second sentence on Line 13 should say "The net
7 remaining under collection of"?

8 A. That's correct.

9 CMSR. IGNATIUS: Okay.

10 CHAIRMAN GETZ: Ms. Hatfield.

11 MS. HATFIELD: Thank you, Mr. Chairman.

12 Good morning, Mr. Branch.

13 WITNESS BRANCH: Good morning.

14 **CROSS-EXAMINATION**

15 BY MS. HATFIELD:

16 Q. Could you please turn to Page 3 of your testimony.

17 A. I'm there.

18 Q. On Line 14, you discuss "Class I" and "Class II
19 generation resources". Do you see that?

20 A. Yes.

21 Q. Does that mean that the Company is only using Class I
22 and Class II RECs for the renewable rate?

23 A. That's correct.

24 Q. Did you attend the technical session on January 6th

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 that related to this docket?

2 A. I did.

3 Q. Have you reviewed the letter that Attorney Amidon filed
4 about that technical session on January 24th?

5 A. I did.

6 Q. Does the Company agree with the description of the
7 discussion that day?

8 A. Yes.

9 Q. Would you turn to the second page of that letter
10 please.

11 A. I'm there.

12 Q. In the second to last paragraph, there's a sentence
13 that states that "The Companies, the OCA, and Staff
14 agreed that the Renewable Energy Program should
15 continue be promoted in 2012". Do you see that?

16 A. Yes.

17 Q. And, then, that paragraph goes on to discuss the fact
18 that "the Companies should focus on low cost options
19 for marketing". Can you just discuss some of the
20 things that PSNH might explore in order to keep
21 marketing costs to a minimum?

22 A. Sure. In addition to things that we are already doing,
23 such as radio tags on New Hampshire Public Radio; a
24 message on our IVR system, when someone phones the

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 1-800 number; Facebook; Twitter; sending brochures to
2 customer events and trade shows; billing newsletters,
3 bill stuffers; and targeted e-mail programs.

4 Q. And, is the Company also willing to promote the program
5 in situations when it's promoting other programs or
6 when it's attending conferences or trade shows and that
7 sort of thing?

8 A. Yes.

9 Q. The Company does a survey of participants, is that
10 correct?

11 A. That's correct.

12 Q. Do you think that that provides useful information for
13 determining how you should market the program?

14 A. Yes.

15 Q. And, do you use that information for that purpose?

16 A. Yes.

17 Q. Can you share any of the customer feedback that you've
18 received about the program?

19 A. In terms of how they feel about the program?

20 Q. Sure.

21 A. I've not really had -- the survey doesn't ask those
22 types of questions. It asks how you came to -- how you
23 learned about the rate, some social/economic kinds of
24 data, employment, income. It doesn't really ask their

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 -- exactly how they feel. It asks what their interest
2 is and what they hope to accomplish.

3 Q. Do you recall the most common way that people learned
4 about the program?

5 A. Yes. Forty-two (42) percent of the survey respondents
6 came via bill inserts.

7 Q. And, PSNH has a fair amount of information about the
8 program on your website, is that right?

9 A. That's correct.

10 Q. And, is it true that, that on your main web page, at
11 the top of the page, in the main banner, if you will,
12 there's a rotating description of the program?

13 A. That's correct.

14 Q. And, then, you have a full page devoted to it?

15 A. That's correct.

16 Q. And, you also have a calculator, is that right?

17 A. That's correct, yes.

18 Q. And, that allows customers to plug in what their usage
19 might be and they can sort of test the cost impact of
20 the different choices?

21 A. Correct.

22 Q. Do you think that that's a useful tool for customers?

23 A. I think so. Yes.

24 MS. HATFIELD: Thank you. I have

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 nothing further.

2 CHAIRMAN GETZ: Thank you. Ms. Amidon.

3 MS. AMIDON: Thank you. Good morning.

4 WITNESS BRANCH: Good morning.

5 BY MS. AMIDON:

6 Q. Mr. Branch, do you have the data requests that Staff
7 issued in this docket? And, I'm looking particularly
8 at Number 2 and Number 3.

9 A. I do.

10 Q. And, Number 2 asks for the assumptions used by the
11 Company in calculating the rate, is that fair to say?

12 A. Yes.

13 Q. And, in terms of the price assumption for Class II in
14 calculating the rate, the Company used \$50 per REC or
15 per megawatt-hour, is this right?

16 A. That's correct.

17 Q. However, in, and I just want to understand the
18 relationship between these two pieces of information,
19 in Staff Data Request 2, there is a summary of supplied
20 broker sheets for RECs. And, in this instance, Class
21 II RECs are listed at "\$45" instead of the \$50. So,
22 could you explain the difference between those two?

23 A. Sure. In Data Request Staff 2, the \$50 Class II price
24 assumption is for a 2012 vintage REC. And, in Staff

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 Question 3, the \$45 Class II is for a 2011 vintage REC.

2 Q. Thank you. And, do you know how this compares with the
3 estimates that the Company used in its Default Service
4 filing?

5 A. I am not aware.

6 Q. Okay. Thank you. In terms of the rate, which is I
7 think described in a tariff that's attached to your
8 testimony, the rate, and I don't have a number,
9 unfortunately, for this, the heading is "NHPUC Number 8
10 - Electricity Delivery". It's the "Second Revised Page
11 96". I'm looking at one that has a redaction. I think
12 it may be the last page of -- the last thing that's
13 attached to your testimony. Do you see it?

14 A. I do not have that in front of me.

15 MS. AMIDON: Could I -- I was going to
16 just approach. Do you mind?

17 MS. KNOWLTON: Sure.

18 MS. AMIDON: So, I'll show you what I'm
19 referring to.

20 WITNESS BRANCH: Yes.

21 MS. AMIDON: Okay.

22 BY MS. AMIDON:

23 Q. And, if you want to look at that. I just -- the only
24 question that I have is, is it fair to say that the

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 rates per kilowatt-hour for each of the three options
2 that the Company makes available under its Renewable
3 Service Option are just about doubling, is that fair to
4 say?

5 A. Just about doubling, yes.

6 Q. When Attorney Hatfield was asking you about
7 participation in the rate and what incented people to
8 get into the rate, you were describing the various
9 marketing strategies and some of the results from the
10 survey. Have you found in any of this that the price
11 or the cost, as demonstrated by the rate, was a barrier
12 or a disincentive for customer participation in the
13 Renewable Energy Program? Or, do you have anything
14 that you can -- any observations you can make in that
15 regard?

16 A. Yes. I'm actually just looking through the survey
17 questions, if you let me have a sec. We ask a question
18 "what aspect of the rate do you think about the most --
19 "what aspect of the rate did you think about the most
20 when signing up?" And, only 26 percent said the
21 monthly cost was a factor.

22 Q. This was before this proposal, though? The proposal
23 would double the rate?

24 A. That's correct.

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 Q. And, so, that comment was reflecting the --

2 A. The current situation.

3 Q. -- the current rate, okay. Do you have any basis, and
4 you may not, to know whether the cost in the rate is
5 reasonable or unreasonable?

6 A. Could you repeat the question?

7 Q. Well, I just wanted to find out from you if you had
8 done any -- if you had any basis, in terms of maybe
9 looking at your sister companies, to determine whether
10 this Renewable Energy Service Option rate was a
11 reasonable rate or was it higher or lower than any
12 other jurisdictions? Do you have any basis to make any
13 kind of a comparison?

14 A. I don't. I would just say that the rate that we're
15 proposing is a reflection of the current REC market.

16 Q. Okay. That's a good answer. Thanks. I was interested
17 in the update to your testimony, of course, you now
18 have my copy of that, but I think it's on Page 5. And,
19 the issue has to do with what was once an "over
20 collection" now being an "under collection". Could you
21 explain how that affects the holding amounts in escrow
22 and the rest of the statement, which I think is the
23 third sentence in that section that you revised,
24 beginning on Line 13 on Page 5?

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 A. In terms of the net amount, do you mean?

2 Q. Well, if I read it with your revision, you say "The net
3 remaining under collection of \$1,185, including
4 interest, will remain in the escrow account."

5 A. Uh-huh.

6 Q. How does the under collection remain in an escrow
7 account?

8 A. I apologize. I'm not really sure I understand how our
9 accounts work. If we could take that as a record
10 request to get back to you on that?

11 Q. Right. But, I mean, is it fair to say that there is an
12 under collection which you will be looking to recover
13 later at some point?

14 A. That's correct.

15 Q. Okay. So, there's no longer an escrow, in the sense
16 that it has -- that there's money available to cover
17 future costs for this program. It is now an under
18 collection, which would have to be recovered through
19 rates?

20 A. I believe so.

21 Q. Okay. I just wanted to get that clarified. Thank you.
22 Under the statute, and this is basically my last
23 question, there are a couple options that the utilities
24 actually have, it's at RSA 374-F:3, V, and the section

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 on the Renewable Energy Option Program is (f). And,
2 I'm looking at Paragraph 8 of that. The section reads
3 "If RES Default Service is not available for purchase
4 at a reasonable cost on behalf of consumers choosing an
5 RES Default Service Option, a utility may, as approved
6 by the Commission, make payments to the Renewable
7 Energy Fund created pursuant to RSA 362-F:10 on behalf
8 of customers."

9 Has the Company ever considered using
10 this approach, rather than the approach that they set
11 out in the initial filing?

12 A. We've discussed it in a very generic sense.

13 Q. Is it -- would it be fair to say that the Company
14 doesn't have enough experience yet with this program to
15 determine whether that would be an appropriate option?

16 A. I think that's certainly one issue, yes.

17 Q. And, in Section 10 of subparagraph (f), it states "A
18 utility, with Commission approval, may require that a
19 minimum number of customers, or a minimum amount of
20 load, choose to participate in the program in order to
21 offer an RES Option." Has the utility considered this
22 as a possible option, in terms of requiring a minimum
23 amount of load or customers in order to continue with
24 the Renewable Energy Service Program?

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 A. It's not been discussed.

2 Q. Okay. Thank you. And, I have one final question on
3 the marketing. I think you responded, in your response
4 to Ms. Hatfield regarding the marketing efforts, you
5 said you did "targeted marketing" as well. Could you
6 briefly describe that.

7 A. I believe her question was asking about what we would
8 do in the future.

9 Q. Oh. Okay.

10 A. And, we would look at targeted e-mail marketing.

11 Q. Okay. And, by "targeted", could you describe how you
12 would target the program?

13 A. Well, we know generally where -- well, we know exactly
14 where our Green Rate customers are geographically
15 speaking. We would make assumptions that similar
16 people, living in similar areas are economically or
17 socially in a certain way. And, --

18 Q. So, you would use this -- I'm sorry, I interrupted you.

19 A. And, so, we would use that to market to areas, you
20 know, using geography, I guess.

21 Q. Okay. So, you would use like the data that you had --

22 A. Yes.

23 Q. -- in order to identify potential customers?

24 A. Yes.

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 MS. AMIDON: Okay. Thank you, Mr.
2 Chairman. Nothing further.

3 CHAIRMAN GETZ: Thank you.

4 CMSR. IGNATIUS: I do have a few
5 questions, Mr. Branch.

6 BY CMSR. IGNATIUS:

7 Q. I couldn't find any description of your customers in
8 the testimony, but the letter from Ms. Amidon, after
9 the technical session, states there are "169 PSNH
10 customers enrolled", is that right?

11 A. As of the end of December, we have 166 customers.

12 Q. All right. And, you're right, this is dated as of
13 October. And, how do they break out in terms of what
14 level of customer they are? Are they residential?
15 Small commercial?

16 A. They are predominantly residential. We have a couple
17 of Rate G customers, so small commercial, and we have
18 one LG customer, who's a large commercial.

19 Q. The corrections you made were relatively small, in
20 terms of dollar figures. Do they have any impact on
21 the rates that you're proposing?

22 A. No.

23 Q. So, the numbers that we see in the final page of your
24 testimony are what would be the proposed rates?

{DE 11-255} {01-26-12}

[WITNESS: Branch]

1 A. Exactly. Yes.

2 Q. And, the proposed effective date had been for
3 January 1, 2012. But, because this was not scheduled
4 until into January, what is the proposed effective date
5 now?

6 A. I think we would respectfully request March 1st.

7 CMSR. IGNATIUS: Thank you. Nothing
8 else.

9 CHAIRMAN GETZ: Any redirect,
10 Ms. Knowlton?

11 MS. KNOWLTON: I have none.

12 CHAIRMAN GETZ: Then, hearing nothing
13 else, the witness is excused. Thank you.

14 Is there any objection to striking the
15 identification and admitting the exhibit into evidence?

16 (No verbal response)

17 CHAIRMAN GETZ: Hearing no objection, it
18 will be admitted into evidence. Is there anything to
19 address before opportunity for closings?

20 (No verbal response)

21 CHAIRMAN GETZ: Hearing nothing, Ms.
22 Hatfield.

23 MS. HATFIELD: Thank you, Mr. Chairman.
24 The OCA has no objection to PSNH's filing. And, we wanted

{DE 11-255} {01-26-12}

1 to note that we appreciate all of the Company's efforts in
2 marketing the program. And, we wanted to especially note
3 PSNH's website. As I discussed with Mr. Branch, it is
4 quite extensive. And, we think that the way that they
5 have approached it on their website, by providing
6 customers with actually a calculator to look at what the
7 impact of choosing the rate would be, is especially
8 useful. And, we've heard from customers of other
9 utilities that they have actually used that calculator
10 just to get a sense of what the price impact would be,
11 even though the utilities do have some difference in the
12 pricing. And, we also wanted to just thank the Company
13 for its willingness to work with the OCA and Staff while
14 we sort of test this program and see how it's working.

15 I did just want to take a moment, Mr.
16 Chairman, and thank you for all of your patience and
17 guidance, and the way that you have very effectively and
18 fairly run such an amazingly diverse range of hearings,
19 from Sunday hearings in the FairPoint case, to hearings in
20 the Laidlaw case, where each day, at the end of the
21 hearing, we didn't know when we'd pick up again.

22 So, I just wanted to thank you very
23 much. It's been a pleasure to appear before you.

24 CHAIRMAN GETZ: Thank you. Ms. Amidon.

1 MS. AMIDON: Thank you. The Staff wants
2 to also thank the Company. They did ask for the rate to
3 be effective January 1, but they very cordially and
4 cooperatively agreed to the meeting that we had in early
5 January with the rest of the companies, and that's proved
6 most helpful. And, I think, as Attorney Hatfield
7 mentioned, the fact that the Company has such an
8 accessible website, in terms of being able to access
9 information about this program, was maybe an eye-opener
10 for another one of the electric utilities that did not
11 have that easy access. So, it has been very helpful
12 working with them. And, having said that, we reviewed the
13 docket, and we have no objection to the rates going into
14 effect.

15 And, I, too, want to recognize you, Mr.
16 Chairman. It's been wonderful working for you. You have
17 brought an even-tempered handling of the worse possible
18 situations, and have always been loyal to the Staff. I
19 very much appreciate those things. Thank you.

20 CHAIRMAN GETZ: Thank you.
21 Ms. Knowlton.

22 MS. KNOWLTON: Thank you. The Company
23 would ask that the Commission approve the proposed rate
24 for this program. As Mr. Branch testified, that rate is

1 based on market costs. When the Commission initially
2 approved this program via Order 25,080, the Commission
3 recognized the importance of having a rate that could be
4 adjusted every six months, so that rate more closely
5 aligned with the market prices for RECs. And, in this
6 case, as Mr. Branch has testified, the Company went out
7 and it got broker sheets, it solicited information about
8 what is currently going on in the market for RECs. And,
9 it set its rates -- its proposed rate based on that
10 information. So, I believe that the rate is just and
11 reasonable and ask that the Commission approve it.

12 I'd like to echo the comments of counsel
13 for OCA and the Staff. And, I'm not going to say any more
14 at this time, I'm going to wait till Monday, when I'll say
15 more then. So, thank you very much.

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

19 CMSR. IGNATIUS: Not so fast.

20 CHAIRMAN GETZ: It's closed.

21 CMSR. IGNATIUS: It's not closed. I
22 told you I wasn't going to do this and I lied. I just
23 wanted to, this is your last scheduled -- oh, dear. This
24 is your last scheduled hearing. And, on behalf of all of

1 the Commission Staff, the Commissioners, thank you. And,
2 we will miss you. And, good luck.

3 CHAIRMAN GETZ: Okay. I'm going to get
4 out of here before I turn into a blubbering mess.

5 (Spirited Applause.)

6 CHAIRMAN GETZ: Thank you, everyone.

7 **(Whereupon the hearing ended at 10:28**
8 **a.m.)**

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