

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

January 13, 2014 - 10:10 a.m.  
Concord, New Hampshire

NHPUC JAN28'14 AM 9:50

RE: DE 12-295  
PNE ENERGY SUPPLY, LLC d/b/a  
POWER NEW ENGLAND:  
*Petition for Review of Public Service  
Company of New Hampshire's Services  
and Charges to Competitive Electric  
Suppliers. (Prehearing conference and  
temporary rate hearing)*

**PRESENT:** Chairman Amy L. Ignatius, Presiding  
Commissioner Robert R. Scott  
Commissioner Martin P. Honigberg

Sandy Deno, Clerk

**APPEARANCES:** Reptg. PNE Energy Supply:  
James T. Rodier, Esq.

Reptg. Public Service of New Hampshire:  
Matthew J. Fossum, Esq.

Reptg. North American Power:  
Robert J. Munnelly, Jr., Esq. (Murtha Cullina)

Reptg. Retail Energy Supply Association:  
Douglas L. Patch, Esq. (Orr & Reno)

Reptg. Electricity N.H., LLC d/b/a ENH Power:  
Christopher G. Aslin, Esq. (Bernstein Shur)

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

ORIGINAL

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**APPEARANCES: (c o n t i n u e d)**

**Reptg. Residential Ratepayers:**

Susan Chamberlin, Esq., Consumer Advocate  
Office of Consumer Advocate

**Reptg. PUC Staff:**

Suzanne G. Amidon, Esq.  
Al-Azad Iqbal, Electric Division

# **I N D E X**

## **PAGE NO.**

### **STATEMENTS OF POSITION ON THE ESTABLISHMENT OF NEW RATES BY:**

Mr. Rodier	8, 17
Mr. Fossum	9, 15
Mr. Munnelly	11, 18
Mr. Patch	12, 20
Mr. Aslin	12
Ms. Chamberlin	13
Ms. Amidon	14, 21
Mr. Goodwin	23, 27

### **QUESTIONS BY:**

Chairman Ignatius	10
Cmsr. Scott	15, 21

### **STATEMENTS REGARDING A TEMPORARY RATE GOING FORWARD BY:**

Mr. Aslin	29, 41
Mr. Patch	33, 43
Mr. Munnelly	34, 44
Mr. Rodier	34, 44, 49
Mr. Fossum	36
Ms. Chamberlin	45
Ms. Amidon	46

### **QUESTIONS BY:**

Cmsr. Scott	35, 47
Chairman Ignatius	40, 50
Cmsr. Honigberg	48

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
18	Joint Suppliers' Proposal for Temporary Rates (01-13-14)	29

{DE 12-295} [Prehearing conference/Temp. Rates] {01-13-14}

**P R O C E E D I N G**

CHAIRMAN IGNATIUS: I'd like to open the hearing in Docket DE 12-295. This is involving Public Service Company of New Hampshire and a number of competitive suppliers. It was originally filed at the request of PNE Energy Supply. And, as you know, this is a proceeding today that grows out of a prior order of the Commission, number 25,603, dated December 13th, 2013. It's a follow-up to that, kind of a next phase.

I'd like to begin with appearances, and then we'll take up whether there's any new requests for intervention. We'll take positions of the parties regarding the issues that will be dealt with in a docket to -- as the docket plays out regarding cost studies. And, then, we will shift gears and go to a hearing on the question of reconcilable rates on the charges that are currently in existence.

So, let's first begin with appearances please.

MR. RODIER: Yes. Good morning, madam Chairman. Jim Rodier for PNE Energy Supply.

CHAIRMAN IGNATIUS: Good morning.

MR. RODIER: Chairwoman. Madam Chairwoman, I guess.

1 CHAIRMAN IGNATIUS: "Chairman" is fine.  
2 Anything is fine.

3 MR. FOSSUM: Good morning,  
4 Commissioners. Matthew Fossum, for Public Service Company  
5 of New Hampshire.

6 CHAIRMAN IGNATIUS: Good morning.

7 MR. MUNNELLY: Good morning. I'm Robert  
8 Munnelly, of Murtha Cullina, for North American Power.

9 CHAIRMAN IGNATIUS: Good morning.

10 MR. PATCH: Good morning. Doug Patch,  
11 Orr & Reno, on behalf of the Retail Energy Supply  
12 Association.

13 MR. ASLIN: Good morning. Chris Aslin,  
14 of Bernstein Shur, on behalf of Electricity N.H., LLC,  
15 doing business as ENH Power.

16 CHAIRMAN IGNATIUS: Good morning.

17 MS. CHAMBERLIN: Good morning. Susan  
18 Chamberlin, Consumer Advocate for the residential  
19 ratepayers.

20 MS. AMIDON: Good morning. Suzanne  
21 Amidon, for Commission Staff. With me today is Al-Azad  
22 Iqbal, an analyst with the Commission. And, I want to say  
23 what everyone else is thinking, which is welcome,  
24 Commissioner Honigberg, to the PUC and to the Bench.

1 CMSR. HONIGBERG: Thank you very much.

2 CHAIRMAN IGNATIUS: Good. Welcome,  
3 everyone. We first put in the order of notice that any  
4 new requests for intervention would be filed, although  
5 anyone who is currently an intervenor in the docket didn't  
6 have to resubmit any requests. I see nothing in the file  
7 suggesting any new players, and I don't see anyone here  
8 today seeking intervention.

9 (Short pause.)

10 CHAIRMAN IGNATIUS: And, it doesn't  
11 appear that anyone is raising their hand to say otherwise.  
12 So, we don't have any interventions to take up.

13 We called for, in the order of notice,  
14 we called for positions of the parties on questions  
15 regarding the development of new costs for these charges  
16 going forward in the sort of evidentiary process to get to  
17 a resolution of that. So, I'd like to ask that, in our  
18 normal course, that we go around getting the positions of  
19 parties on that phase of the docket, but ask you to hold  
20 off on the question of reconcilable rates, what the  
21 charges should be or what dates should be applied, on the  
22 question of the current charges being reconcilable, that  
23 will pick up again in a few moments. But this is really  
24 on the going forward question of the full prosecution of

1       this docket having to do with development of new rates.  
2       Mr. Rodier.

3                   MR. RODIER: I believe that Mr. --  
4       that Attorney Aslin has a statement and a position, a  
5       written position that he will present to the Commission on  
6       behalf of the suppliers.

7                   CHAIRMAN IGNATIUS: All right. Maybe I  
8       should have asked first if there was some agreement among  
9       the parties on any order you wanted to go in or how you  
10      wanted to block out your presentations? Mr. Aslin.

11                  MR. ASLIN: Yes. Apparently, we don't  
12      have an order. But we do have a joint proposal, but that  
13      goes to the reconcilable rates, which actually you want to  
14      hear about later.

15                  CHAIRMAN IGNATIUS: All right.

16                  MR. ASLIN: I'm happy to speak to that  
17      later.

18                  CHAIRMAN IGNATIUS: All right. That  
19      would be good, if you hold off on that. So, on positions  
20      on the establishment of new rates that we'll be  
21      adjudicating over the next few months, Mr. Rodier,  
22      comments on that?

23                  MR. RODIER: My only comment is that  
24      really like the order where it says "we're going to use



1 incremental costs". Other than that, I don't have  
2 anything more specific in mind at this point.

3 CHAIRMAN IGNATIUS: All right.

4 MR. RODIER: I hope that's responsive to  
5 -- is that what you were asking about?

6 CHAIRMAN IGNATIUS: Yes.

7 MR. RODIER: That's relevant? Thank  
8 you.

9 CHAIRMAN IGNATIUS: And, you're right.  
10 The order of notice and the order that led to the order of  
11 notice said that it would be an incremental cost study,  
12 rather than embedded cost study. Mr. Fossum.

13 MR. FOSSUM: I don't know that it would  
14 be more efficient to have PSNH go, and then other  
15 suppliers, or whether you wish to hear from the other  
16 suppliers sort of as a collective and then us? It  
17 doesn't, I guess, matter to me.

18 CHAIRMAN IGNATIUS: Why don't you just  
19 go ahead.

20 MR. FOSSUM: Certainly. And, I guess I  
21 also don't have just a lot to say on the issue of the  
22 going-forward review. PSNH has read the order and will  
23 perform an incremental cost of service study as required  
24 in the order. For the Commission's information, our

1 initial estimates are that it would take approximately  
2 three to four months to complete that review. You know,  
3 reviewing costs relating to the various services at issue,  
4 determining the degree to which they are incremental  
5 costs, as opposed to some other type of cost, and issues  
6 about cost recovery.

7 And, just generally speaking, on the  
8 issue of cost, I would note more globally, I mean, there  
9 are certainly costs in providing these services. In fact,  
10 I would note for the Commission right now that there is a  
11 docket open in Connecticut, Docket 13-12-27, that's  
12 related to the recent default of the People's Power & Gas  
13 Company. And, one of the issues that they're exploring in  
14 some depth in that docket appears is what costs were borne  
15 by the utility to address issues related to that supplier.  
16 So, I would just let the Commission know that there are  
17 certainly costs here. And, to expect that even an  
18 incremental cost study will result in something that is,  
19 you know, zero, I think is perhaps, at least at this  
20 point, an unreasonable expectation.

21 CHAIRMAN IGNATIUS: Mr. Fossum, how  
22 comparable do you think costs are from other  
23 jurisdictions? How much value is there in taking a cost  
24 in another jurisdiction and applying it here?

1                   MR. FOSSUM: Well, costs, I think, are  
2 fairly -- I think those can be fairly made comparable one  
3 company to another. I mean, it's the cost of things like  
4 notifying customers. It's the cost of making whatever  
5 required changes might be. And, in the -- one of the big  
6 companies in Connecticut is an affiliate of PSNH, that  
7 some of the changes on the IT side, for example, that may  
8 be required would perhaps be common to a system for PSNH.  
9 So that the costs there I think are comparable. The  
10 methods of cost recovery certainly may not be. And, in  
11 fact, in the hearing in this matter, there was some  
12 discussion at length about the different charges that  
13 exist in the different jurisdictions that are based upon  
14 different state and regulatory priorities. And, so, I  
15 don't know that cost recovery is all that comparable, but  
16 I think costs themselves are somewhat comparable.

17                   CHAIRMAN IGNATIUS: Thank you.  
18 Mr. Munnelly.

19                   MR. MUNNELLY: Sure. I guess, first of  
20 all, yes, in terms of going forward, we certainly were  
21 anticipating the -- you know, we saw that the Commission  
22 ordered an incremental cost study. It's hard for us to  
23 decide what that should look like in the abstract. I  
24 don't think I have, on behalf of North American Power, any

1 suggestions at this point. I think we're going to have to  
2 wait and see to some extent what PSNH came up with and be  
3 able to critique it.

4 Certainly, the testimony we had in the  
5 hearings in this docket suggested that there are very few  
6 ongoing costs associated with these types of charges for  
7 the most part. And, I guess we just have to see what  
8 specifically PSNH is giving us, and then take a look at  
9 how reasonable it is. I think that's it for now.

10 CHAIRMAN IGNATIUS: All right. Thank  
11 you. Mr. Patch.

12 MR. PATCH: Yes. On behalf of RESA, we  
13 appreciate the Commission's order in December and think  
14 that was the right thing to do, in terms of ordering an  
15 incremental cost study. We look forward to seeing that.  
16 We want to make sure we reserve the opportunity to submit  
17 testimony possibly, depending on what that says, and  
18 certainly to be able to ask questions through data  
19 requests about that. But, beyond that, we don't have a  
20 position until we really see what that incremental cost  
21 study says. Thank you.

22 CHAIRMAN IGNATIUS: Thank you. Mr.  
23 Aslin.

24 MR. ASLIN: On behalf of ENH Power, I

1 don't have much to add to what's been said by the other  
2 suppliers. We look forward to seeing PSNH's study, the  
3 results of the study.

4 I would just, I guess, make the  
5 additional comment to what Mr. Fossum mentioned, in terms  
6 of the costs of a defaulting supplier would seem to fall  
7 outside of the three charges that are at issue in this  
8 docket, none of which deal with the incidental costs of a  
9 default with the ISO.

10 Other than that, we look forward to the  
11 opportunity to review and comment on the cost study, and  
12 submit data requests, if necessary.

13 CHAIRMAN IGNATIUS: All right. Thank  
14 you. Ms. Chamberlin.

15 MS. CHAMBERLIN: Thank you. As it  
16 stands, none of these costs are assessed directly to  
17 residential customers. So, in that aspect, our  
18 participation is to make sure that continues. And,  
19 however, they do affect overall the competitiveness of  
20 different suppliers, which will eventually find it's way  
21 into the rates that can be offered. So, to that extent,  
22 the OCA wishes to see that these are cost-based charges,  
23 and that overall that what comes out in the end is a just  
24 and reasonable rate fairly allocated among the customers.

1 CHAIRMAN IGNATIUS: Thank you.

2 Ms. Amidon.

3 MS. AMIDON: Thank you. Staff's  
4 particular concern regarding the incremental study is the  
5 time that the Company has claimed it would take to conduct  
6 the study. What we're talking about are three simple  
7 charges. The Selection Charge, the cost of which, it  
8 seems to me, should be easily ascertainable, and the  
9 Billing and Collection Charge, which I think the Company  
10 previously stated was an embedded cost. So, I would  
11 suggest that the Commission require the study be done on a  
12 shorter time period, perhaps six weeks. Four months, I  
13 think the Company could probably do costs on, you know, a  
14 continued unit operation study within that time period,  
15 and here we're just talking about three discrete charges.  
16 So, that is my one observation or Staff's observation on  
17 that.

18 And, in response to Attorney Patch,  
19 clearly, Staff is contemplating a procedural schedule  
20 which would afford the suppliers the opportunity to  
21 examine and ask questions, and even supply testimony on  
22 the cost of service study that PSNH would otherwise  
23 submit. And, we will develop that procedural schedule  
24 with the parties after the conclusion of the formal

1 proceeding this morning. Thank you.

2 CHAIRMAN IGNATIUS: Commissioner Scott,  
3 a question.

4 CMSR. SCOTT: I'll ask Mr. Fossum the  
5 obvious question, in response to the Staff's comment, I  
6 suppose is, your "three or four months", can you give me a  
7 little bit of detail? Are you looking to go outside to  
8 have this study done or is this just to look at your own  
9 books? Could you flesh that out a little bit more.

10 MR. FOSSUM: My understanding initially  
11 is that it would be done internally, that we would not be  
12 looking to hire an outside consulting company or the like  
13 to do the work. I guess, to the extent that there's some  
14 debate over the length of time, there may be some issues  
15 that could be addressed perhaps by the Commission that may  
16 help get to that. For example, Mr. Aslin raised the  
17 contention that costs related to a defaulting supplier are  
18 outside the scope of the docket and the charges here.  
19 And, I suppose that depends upon the purpose and intention  
20 of the dollars that come from those charges. For  
21 instance, the Selection Charge, for instance, in the event  
22 of a defaulting supplier, I don't think, and I just should  
23 mention it right now, PSNH doesn't have a specific charge  
24 anywhere to deal with any costs that may come from that.

1       So, to the extent there are costs, there's, you know,  
2       there's no direct means to address them. And, you know,  
3       recovering money through something like the Selection  
4       Charge may, in fact, be a method for the Company to do  
5       just that.

6                       I would also note that for the -- again,  
7       for the Commission's information, there was another  
8       default recently in the State of Massachusetts by EZ  
9       Energy. And, my understanding, from what I've been told,  
10      is that EZ Energy will not be returning as a competitive  
11      supplier in the State of Massachusetts. So, to the extent  
12      that there may be some costs there, those are costs  
13      related to the competitive supply business that are not  
14      recoverable. There's no entity to recover them from  
15      anymore.

16                     And, it's not, I guess, clear to me  
17      exactly right now, getting to the point, is what  
18      incremental costs we're looking at and for what purpose.  
19      You know, PSNH, I think as part of its review, was going  
20      to take the time to define what costs existed and which  
21      costs were incremental. If the Commission believes that  
22      it's more appropriate for the Commission to do so, then,  
23      the scope that's established by the Commission may dictate  
24      the amount of time necessary to actually complete whatever



1 study is required.

2 CHAIRMAN IGNATIUS: All right. I think  
3 there's going to be a number of people wanting to respond  
4 to that. Before we get there, Commissioner Scott, did you  
5 have follow-up questions to that?

6 CMSR. SCOTT: No. I'll wait.

7 CHAIRMAN IGNATIUS: You want to wait.  
8 All right.

9 CMSR. HONIGBERG: I want to hear the  
10 further responses to that.

11 CHAIRMAN IGNATIUS: Okay. I see Mr.  
12 Rodier, Mr. Patch, Ms. Amidon, Mr. Munnelly. I don't know  
13 where to begin. Mr. Rodier.

14 MR. RODIER: Okay. Thank you. I just  
15 want to note that this proceeding, the first petition was  
16 submitted by PNE in almost two years ago, it will be two  
17 years ago in April. It's taken a long time to get to this  
18 point. Now we're hearing we have three simple well  
19 defined charges, that occur in the normal course of  
20 business every day between the suppliers and PSNH. This  
21 is, I mean, the scope here is a no-brainer. It is what it  
22 is. It's the tariff pages that we're talking about here.  
23 He just -- Mr. Fossum just said we don't have anything in  
24 the tariff for what we really want to turn this proceeding

1       into. So, I would say, I mean, I couldn't agree --  
2       disagree more with what I just heard about trying to  
3       hijack this proceeding and get it into something that  
4       might involve a default by a supplier. And, as a matter  
5       of fact, I will say there's presently a complaint  
6       proceeding pending before the Commission where this is an  
7       issue. Thank you very much.

8                       CHAIRMAN IGNATIUS: Thank you.  
9       Mr. Munnelly.

10                      MR. MUNNELLY: Sure. Yes. I do have  
11       serious concerns with what Mr. Fossum just stated. That  
12       this case is -- the defined scope of this case are the  
13       three supplier charges that PNE noticed and that we've  
14       been addressing all along. I would be very concerned if  
15       it turns into an open-ended opportunity to try to bring  
16       additional -- to redefine the scope to bring additional  
17       charges into this docket. It's unnecessarily complicated.  
18       It would -- it does -- it would, to use Mr. Rodier's term,  
19       hijack this proceeding, and that would be something that  
20       we would not support.

21                      It's a -- and, also to keep in mind that  
22       this is the type of thing that, if PSNH wants to -- has  
23       additional charges it thinks and wants to modify its  
24       tariff. Therefore, there's a process for that, including

1 rates added in its next rate case, some respect that they  
2 have had. As we've talked about in the merits of this  
3 case, you know, they only assumed a relatively small  
4 amount of charges in the mix. They ended up having  
5 charges that are now at the million plus a year level.  
6 That's certainly benefited them. The fact that they may  
7 be incurring some other charges, then that's something to  
8 work on later. But there's no reason they need to address  
9 it now, in this docket.

10 CHAIRMAN IGNATIUS: Although, you will  
11 acknowledge that, when this originally was filed, the  
12 Company said "this should be done in the context of a rate  
13 case", didn't they?

14 MR. MUNNELLY: Oh, certainly.  
15 Certainly. And, we -- no, I would agree with that. But  
16 the -- I agree that that was said, but the Commission  
17 decided to press forward. And, we have gone to define the  
18 scope. And, we're proceeding on that basis. It's  
19 something where I really would oppose something where  
20 we're really changing the rules in what we're proceeding  
21 on. I do agree this is a -- you know, I agree with Mr.  
22 Rodier that this is a defined case involving defined  
23 charges, and it really is not something where you would  
24 want to start changing the rules at this point.

1 CHAIRMAN IGNATIUS: Thank you. Mr.  
2 Patch.

3 MR. PATCH: I guess the only thing I  
4 would add from a supplier perspective is, I've heard PSNH  
5 make the same argument in the context of a couple of other  
6 dockets, related to the PUC assessment, you know, they  
7 claim that the assessment on competitive suppliers ought  
8 to go up because of the default of suppliers. And, that's  
9 an issue that is being addressed to some degree in those  
10 dockets, but probably even more importantly in the context  
11 of legislation. There's a proposal that Staff was a party  
12 to that's been introduced in the Legislature. Competitive  
13 suppliers had issues with that proposal. We're trying to  
14 work our way through that. But I just want to make sure  
15 that the Commission understands that this certainly isn't  
16 the only context in which PSNH has made this argument.

17 So, to look at it just in this docket,  
18 you know, for the reasons already provided, I think does  
19 not make any sense. But I don't know if they're looking  
20 for double or triple recovery, in thinking about trying to  
21 recover through the PUC assessment and in other contexts.

22 CHAIRMAN IGNATIUS: Anything further?  
23 Ms. Chamberlin, you hadn't wanted to speak to that one.  
24 Ms. Amidon, anything further?

1 MS. AMIDON: Yes. First of all, just as  
2 a matter of course, the order of notice, as everyone has  
3 -- the supplemental order of notice, as everyone else has  
4 pointed out, reference the three charges that were subject  
5 of this docket at the outset. So, you'd have to issue yet  
6 another supplemental order of notice, if the Commission  
7 were to decide to expand the docket. And, I think there's  
8 an interest in moving forward with this proceeding so as  
9 to avoid further delay.

10 The second observation I wanted to make  
11 related to my initial argument about the time. The  
12 Commission has already articulated that they plan to set  
13 temporary rates on a reconciling basis. So, again, I  
14 would think it would be in PSNH's interest, regardless of  
15 how the reconciliation might go, to perform an incremental  
16 cost study sooner than later, to minimize any  
17 reconciliations that would have to take place later on.

18 So, those are my -- that's Staff's  
19 comments on those issues. Thank you.

20 CHAIRMAN IGNATIUS: Thank you.  
21 Commissioner Scott.

22 CMSR. SCOTT: I'll go back to Mr. Fossum  
23 and the original question I asked. So, just to clarify  
24 your answer, if you can remember your answer to me

1 earlier, I apologize if you don't, are you suggesting that  
2 the three transaction charges that we're discussing are  
3 not the same, if it was a transaction due to a default of  
4 a competitive electric supplier?

5 MR. FOSSUM: No. I suppose what I'm  
6 trying to suggest is that there are costs of providing  
7 these services and providing services to the suppliers.  
8 And that, if these charges are meant to be a means of  
9 recovery by PSNH of the -- in this case, the incremental  
10 costs of providing those services, then it would be, I  
11 guess, helpful perhaps to know exactly what it is that we  
12 should be looking at as "incremental". I would offer as  
13 an example, one of the charges at issue here is our  
14 Billing Services Charge. And, in the event, again, just  
15 as an example, in the event of a supplier default, there's  
16 additional meter readings that need to be accomplished,  
17 potential bill estimation issues, manual intervention, to  
18 make sure that whatever billing is correct for customers  
19 who, for whatever reason, need manual intervention on  
20 their bill. For instance, if they're on a budget or a  
21 payment plan arrangement. And, are those costs  
22 incremental costs to PSNH that are meant to be recovered  
23 through this charge or are they --

24 (Phone ringing through the hearing room

1 speakers.)

2 CMSR. SCOTT: Sorry, your time's up.

3 CHAIRMAN IGNATIUS: Let's go off the  
4 record for a second.

5 (Off the record.)

6 CHAIRMAN IGNATIUS: All right. Let's go  
7 back on the record. Mr. Fossum.

8 MR. FOSSUM: Thank you. Also, if I may,  
9 and with the Commission's indulgence, Mr. Charles Goodwin,  
10 on behalf of the Company, also has a comment, I believe in  
11 response to Commissioner Scott's question.

12 CHAIRMAN IGNATIUS: That would be fine.  
13 Thank you.

14 MR. GOODWIN: Okay. Thank you. Yes.  
15 Just to clarify, and as the person who ultimately will be  
16 responsible for developing the cost of service analysis,  
17 if I could just offer a few things. We have no interest  
18 in delaying the proceeding or dragging it out. To give  
19 you a sense as to where our "three to four month" estimate  
20 came from, the first thing is, we really would not want to  
21 engage an outside consultant for a couple of reasons.  
22 One, there's an incremental cost associated with that that  
23 we'd prefer to not have to involve ourselves with. And,  
24 secondly, I think any time you engage an outside

1 consultant, there's the risk that it's going to delay it  
2 even further, because that consultant has to get up to  
3 speed with issues and do their due diligence and all that.  
4 So, we want to do this work in-house.

5 We don't have resources kind of sitting  
6 around idle just waiting to jump into this work. So,  
7 we're going to have to schedule this work within the  
8 context of the other work that's on the table of the  
9 individuals that will be involved. We simply don't have  
10 the means to carve off people to dedicate 100 percent to  
11 this work. So, it will take some time.

12 In terms of the actual work that will  
13 have to be done, as Mr. Fossum suggested, what we had  
14 envisioned was trying to identify all of the costs  
15 associated with providing these services, and, just for  
16 the record, including the selection service, which, as we  
17 administer it, is applied to defaulting customers. So,  
18 defaulting customers are administered a Selection Charge.  
19 But we had envisioned trying to identify all the costs  
20 associated with providing these services, and then carving  
21 off what we deemed to be "incremental costs".

22 And, you may recall, from the hearing  
23 that we had a couple of months ago on this, at least in my  
24 mind, there wasn't an absolute clear definition as to what



1 "incremental" meant in this context. You could interpret  
2 it at least a couple of different ways. I view, for  
3 example, the "incremental cost" of providing a service to  
4 the suppliers as potentially including what systems did  
5 the Company have to develop that, if suppliers weren't  
6 there and these services were not necessary to be  
7 administered, what costs would be avoided? So, maybe  
8 that's a way of looking at it. Is "incremental", in this  
9 context, avoided cost? In other words, if we didn't have  
10 supplier service administration, what costs would the  
11 Company have not had to incur? And, that could include  
12 things like system development. I'm just throwing these  
13 out as examples.

14 On the other extreme, you could look at  
15 "incremental cost" as absolutely narrow, in terms of only  
16 out-of-pocket incremental costs associated with each  
17 activity. So, what does a single selection service  
18 entail? That's just one single activity. And, then, you  
19 could look at incremental cost and say, "okay, what's the  
20 Company's out-of-pocket for that one?" So, I think the  
21 definition of "incremental" can be a little bit broader or  
22 very narrow. And, if it's very, very narrow, then I would  
23 think a shorter period of time would be doable. If it's  
24 more broader, if we want to bring kind of a -- sort of a

1 more overall view to the aggregate set of costs, and then  
2 try to nail down, you know, what our definition of  
3 "incremental" is. That's why I had envisioned the "three  
4 to four months". So, I don't know if that helps.

5 CHAIRMAN IGNATIUS: Thank you.

6 CMSR. HONIGBERG: I think he just  
7 answered the question I had.

8 CHAIRMAN IGNATIUS: All right. Let me  
9 suggest this. Rather than us debating this in this forum,  
10 I'd like to ask, when you gather to develop a schedule and  
11 talk about other issues in any kind of technical session  
12 that's going to follow after this, that you, as a group,  
13 talk about that question of how to define "incremental  
14 cost". And, if there is an agreement among the parties of  
15 what you think it should be, that should be submitted. If  
16 there's not, then I imagine there may be two different  
17 positions probably, hopefully not five different  
18 positions, that you submit in writing in letter form how  
19 you would define it.

20 I mean, I think the essential  
21 distinction you were making, Mr. Goodwin, was would an  
22 incremental cost study, in this context, include the cost  
23 to create an IT system that will enable switching of  
24 customers electronically or is it only the actual switch

1 of the customers electronically, and the system itself has  
2 been created and is now considered an embedded cost, not a  
3 -- and that the only incremental question is that flipping  
4 of that switch. Is that a fair --

5 MR. GOODWIN: Yes. Correct. And, that  
6 would be one example, and then you could extend that to  
7 the billing process, for instance --

8 (Court reporter interruption.)

9 MR. GOODWIN: That would be one example.  
10 And, then, you could expand that concept to, say, the  
11 billing process, where there were similar types of systems  
12 developed, or the organizational support system. But,  
13 yes, your description is what I was -- what I was  
14 thinking.

15 CHAIRMAN IGNATIUS: All right. I think  
16 we would appreciate hearing your thoughts, the full  
17 parties' thoughts on which would be more appropriate.  
18 And, then, if there's no agreement on that, we'll  
19 determine what we think is appropriate. But let's first  
20 hear from the parties on that.

21 Is there anything else on this aspect of  
22 the going forward part of the case and developing the  
23 incremental cost study that anyone wants to raise?

24 (No verbal response)

1 CHAIRMAN IGNATIUS: All right. Seeing  
2 nothing, then, we'll shift gears then, and talk about the  
3 reconciling rate for the three charges that are now in  
4 existence. And, you know from the order of notice, the  
5 supplemental order of notice, that we asked you to think  
6 about what that rate should be. Should it be the current  
7 rates for each of these charges, but set on a reconciling  
8 basis? So that, if the ultimate rate changes in any of  
9 those three, there be some reconciliation up or down at  
10 the end of the proceeding. And, if so, what date should  
11 be the date that it would be reconcilable? Or, should  
12 there be a different rate established today going forward,  
13 also reconcilable. You know, in temporary rate  
14 proceedings, we often have rates set at current rates, but  
15 reconcilable, and we sometimes have a brand new rate  
16 established on a temporary basis that's reconcilable. So,  
17 there's quite a lot of room there for creativity. There  
18 could be one rate that stays the same and one that's  
19 different, you know, among the three. It does not have to  
20 be uniform.

21 So, I know that, Mr. Aslin, there was  
22 talk of a joint proposal. Would you like to begin with  
23 that please?

24 MR. ASLIN: Yes. And, I have a copy to

1 supply you with. This was filed just before the hearing,  
2 so you don't have it yet, but all the parties do.

3 CHAIRMAN IGNATIUS: So, all the parties  
4 do have copies?

5 MR. ASLIN: Yes.

6 CHAIRMAN IGNATIUS: Thank you.

7 (Atty. Aslin distributing documents.)

8 CHAIRMAN IGNATIUS: And, why don't we,  
9 just for ease of reference, mark this for identification.  
10 What's the next exhibit number?

11 MS. DENO: Eighteen.

12 CHAIRMAN IGNATIUS: All right. So,  
13 we'll mark this for identification as "Exhibit 18". And,  
14 this is a "Joint Suppliers' Proposal for Temporary  
15 Charges", dated today, January 13, and jointly supplied by  
16 PNE, ENH, RESA, and North American Power & Gas.

17 (The document, as described, was  
18 herewith marked as **Exhibit 18** for  
19 identification.)

20 CHAIRMAN IGNATIUS: Thank you. Please  
21 proceed.

22 MR. ASLIN: Thank you. I first want to  
23 just point out one, there's a typo in Paragraph 9, which I  
24 can clarify for you. It should be "26 cents", instead of

1 25.

2 The suppliers have put together this  
3 Joint Proposal based on, primarily, on the testimony that  
4 was given at the hearing back in November. And, we've  
5 split it up into two sections. Or, I'm sorry, in October,  
6 got my dates wrong, October 3rd was the hearing. And, we  
7 split it up into two sections, one on the Selection  
8 Charge, and the second section on the Billing and  
9 Collection Charges, which we propose to combine into a  
10 single charge for a reconcilable rate.

11 With regard to the Selection Charge,  
12 there was testimony by the various suppliers at the  
13 hearing of the incremental cost to the suppliers when they  
14 have EDI transactions for a switch of customers, between a  
15 supplier or between the suppliers and the utility. And,  
16 that testimony ranged from essentially a zero, being such  
17 a small cost that you couldn't compute it, up to 15 cents  
18 per transaction. And, so, in that context, based on the  
19 testimony that was provided, and the lack of any contrary  
20 specific testimony by PSNH at the hearing, the suppliers  
21 have proposed a temporary rate of 15 cents per switching  
22 of customers as a temporary rate, instead of the current  
23 \$5.00. We believe that this is more accurately reflective  
24 of the incremental cost. It's probably on the high end of

{DE 12-295} [Prehearing conference/Temp. Rates] {01-13-14}

1 the actual incremental costs. But, as we don't have that  
2 data yet from PSNH, we cannot know for sure. So, that was  
3 the initial proposal on the Selection Charge piece, was  
4 for a 15 cent charge.

5 And, then, with regard to the Billing  
6 and Collection Charges, there was testimony at the hearing  
7 by PSNH that the incremental cost of these charges are  
8 minimal, if nonexistent. They have been an embedded cost  
9 in the past, but there was testimony, which is referenced  
10 in the pleading here to the record, but testimony to the  
11 effect that there really aren't much in the way of  
12 incremental costs. And, indeed, there was testimony that,  
13 if it were based solely on incremental costs, the  
14 incremental cost study would be quite short and simple,  
15 because there are so few costs.

16 And, so, in the absence of any direct  
17 evidence of the incremental costs for PSNH, we looked to  
18 other states that have a similar setup. And, the one  
19 state that is most relevant is in the State of Maine,  
20 where the Commission has established, by rule, that  
21 utilities are permitted to recover from suppliers their  
22 incremental costs of doing billing and collections. And,  
23 there's a reference here, which is also included as an  
24 Attachment A, to the Maine Public Utility Commission

1 rules, it's Chapter 322, in Section 3(F), which appears in  
2 Exhibit A. And, the relevant language is that "A  
3 transmission and distribution utility shall charge a  
4 competitive electricity provider the utility's incremental  
5 cost of providing basic bill issuance, bill calculation,  
6 and collections." And, so, in that context, it covers  
7 both the billing and the collection service charges that  
8 PSNH was imposing in New Hampshire, in terms of the  
9 services that are rendered.

10 And, in Maine, for Central Maine Power,  
11 which is the largest utility in Maine, that incremental  
12 cost was calculated at 26 cents per bill. And, that is  
13 what is being charged by CMP to suppliers in Maine. And,  
14 we've attached also a copy of CMP's -- the relevant  
15 portion of CMP's tariff, which shows that that is indeed  
16 the charge that they impose, the 26 charge per bill -- the  
17 26 cents charge per bill.

18 And, so, based on that evidence from  
19 Maine, which is the only sort of objective actual  
20 incremental cost evidence that we have for a utility, we  
21 have proposed that a temporary rate of 26 cents per bill  
22 be imposed for both, a combined charge on the Billing and  
23 Collections Services. And, again, based on the testimony  
24 that was provided, there's an expectation that that will



1 be higher than the actual incremental cost of PSNH that  
2 will be presumably shown through the cost of service study  
3 that will be conducted.

4 And, so, the summary is that we propose  
5 two charges, a 15 cent charge per customer switch, and  
6 consistent with the order that the Commission put out  
7 prior in this docket, 25,603, that that would be imposed  
8 only one time, and not two times, as was the prior  
9 practice of PSNH. And, then, a combined Billing and  
10 Collection Service Charge of 26 cents per bill. And,  
11 that's the proposal that we put forward. Thank you.

12 CHAIRMAN IGNATIUS: Any of the parties  
13 joining in this proposal have anything to add to that?  
14 Mr. Patch.

15 MR. PATCH: Just briefly. We support  
16 what Mr. Aslin said. And, I just would like to point out  
17 for the Commission, in light of what I think is a fairly  
18 significant difference between the current rates, and what  
19 is being proposed, which is based on the record in this  
20 proceeding, you know, it's from the transcript to the  
21 October 3rd hearing, the longer this takes, you know, then  
22 the more -- the more significant the difference between  
23 those two rates. And, so, I think -- I think it behooves  
24 the Commission, ultimately, the customers, to try to get

1       this as right as possible now, rather than just  
2       establishing current rates as the temporary and  
3       reconcilable rates, but to come up with something that is  
4       much more likely to be close to what the incremental cost  
5       would be. And, so, therefore, that's why we think, again,  
6       based on the record, this is a much better rate to use  
7       than the current rate.

8                   CHAIRMAN IGNATIUS: Thank you.  
9       Mr. Munnelly.

10                  MR. MUNNELLY: I'm just going to say I  
11       support the rate for exactly what Mr. Aslin and Mr. Patch  
12       have said, and I'm not going to go beyond that.

13                  CHAIRMAN IGNATIUS: Thank you. Mr.  
14       Rodier.

15                  MR. RODIER: Just one quick thing to  
16       add. I think that the Commission had an expectation,  
17       going back to 2003, an order in 2003, that a cost study  
18       was going to be done. So, like it's been like ten years  
19       that PSNH has had a nice long run with the charges, and we  
20       firmly believe are way too high. And, this should have  
21       probably been addressed by them ten years ago. So, I  
22       would like to see that the temporary rates be something  
23       that I think you could reasonably say reflects incremental  
24       cost. Although, you're never going to know precisely what

1 an incremental cost is. But the Commission has decided  
2 incremental cost, and I think we should move there now,  
3 because of the long period of time the embedded cost rates  
4 have been in effect. Thank you.

5 CHAIRMAN IGNATIUS: Commissioner Scott,  
6 a question.

7 CMSR. SCOTT: I guess for Mr. Aslin,  
8 since he was the primary spokesperson on this. Is it your  
9 assertion that using the Maine rules and the Central Maine  
10 Power tariff language or charges are -- is your assertion  
11 that CMP, for instance, is analogous enough to PSNH that  
12 the charges should be the same? Or is it just, not to put  
13 words in your mouth, or is it just the closest thing you  
14 have been able to find?

15 MR. ASLIN: I think the latter. This is  
16 the best evidence that we have of a utility's incremental  
17 cost for providing similar services. Obviously, CMP and  
18 PSNH are different companies, they have different  
19 operations, different systems. So, we won't know  
20 precisely what the actual incremental costs are until we  
21 complete the study through the rest of this docket. This  
22 is the best evidence that we have, other than testimony  
23 that said that the incremental costs were very small or  
24 minimal. So, we put this forward as what we think is a

1 reasonable basis for a temporary rate, that is probably  
2 closer to reality than the current rates. Ultimately, our  
3 position is that the actual incremental rates -- or,  
4 incremental costs for the utility should be those that are  
5 charged and not some arbitrary number.

6 CMSR. SCOTT: Thank you.

7 CHAIRMAN IGNATIUS: Questions?

8 CMSR. HONIGBERG: No.

9 CHAIRMAN IGNATIUS: All right.

10 MS. AMIDON: Madam Chair, were you going  
11 to hear comment from OCA and the Staff on the proposal?

12 CHAIRMAN IGNATIUS: Yes, and PSNH.

13 MS. AMIDON: Thank you.

14 CHAIRMAN IGNATIUS: So, we can take this  
15 in any order. Mr. Fossum, do you want to respond, and you  
16 may have a proposal of your own as well?

17 MR. FOSSUM: Well, nothing in writing.  
18 No, I don't have anything in writing. I suppose, in  
19 response -- I received the suppliers' submission just  
20 before the hearing, so, I've not had an opportunity to  
21 review it in any depth. The only thing that sort of  
22 standards out to me initially, at least as far as the  
23 Central Maine Power charge, is, and I have not done any  
24 research into the history of Maine's regulations or how

1       they got to be where they are. But, looking at what was  
2       provided as Attachment A there, it looks like Section F,  
3       it notes that they set the charge, and then required the  
4       utility "on or before June 1, 1999 to file a proposed term  
5       and condition containing the terms and the amount of this  
6       charge." I have no idea what's been done since 1999. It  
7       may be nothing. In which case, you know, I don't know  
8       exactly how much value would be obtained by saying that  
9       it's the same today in the Maine regulations, you know, I  
10      don't know. But that was just one thing that I saw  
11      flipping through that.

12                       As for a more specific, I guess,  
13      position, such as it is, from PSNH, is that reviewing the  
14      Commission's order in the docket, 25,603, PSNH had  
15      believed that these charges would continue in place at  
16      this level until they were set following -- reset  
17      following a cost of service study. In fact, I would,  
18      reading from the Commission's order, at Page 15, it says  
19      "The tariff is a lawful tariff and the Commission may not  
20      impose alternative rates unless, after a hearing, the  
21      Commission concludes that the rates, fares or charges are  
22      unjust or unreasonable, or that the regulation or practice  
23      of implementing the rates is unjust and unreasonable."  
24      And, "The record does not support a finding regarding

1       whether the charges are just and reasonable, and absent  
2       such a finding, we will not suspend the tariff or the  
3       charges as requested by the competitive suppliers."

4               And, over onto Page 15 -- 17 of the same  
5       order, it states that "PSNH will be allowed to continue to  
6       bill the Selection Charge, as modified by this Order, and  
7       the Billing and Payment and Collection Charges until the  
8       Commission determines the appropriate costs for these  
9       services."

10              So, PSNH, in reading that order, had  
11       believed that these charges would continue essentially at  
12       this level, until there was some finding following a  
13       proceeding on the cost of service study that PSNH was  
14       ordered to complete.

15              The only other thing that I would note  
16       is that temporary rates, under 378:27, are to be  
17       "sufficient to yield not less than a reasonable return on  
18       the cost of the company's property...based on the reports  
19       of the utility filed with the Commission, unless there  
20       appears to be some reasonable ground for questioning those  
21       figures." So, I would note for the Commission that during  
22       the hearing there was some questions about the Company's  
23       current rate of return, the money that it was earning, and  
24       that we're below the allowed rate of return by this

1 Commission. So, there would be an indication that even  
2 the charges as they exist are -- essentially, they're  
3 helping the Company to get to what is a reasonable return  
4 pursuant to the statute.

5 So, with the understanding the  
6 Commission intends to have this reconciling somewhere down  
7 the road, that was how we had looked at it, is that the --  
8 one, the order seemed to indicate that the charges would  
9 remain as they are, and, two, the reports on file with the  
10 Commission from the Company include these charges at this  
11 level, and indicate that the Company is earning, in  
12 essence, a reasonable return at present. And, that would  
13 be the position on those.

14 The only other question that I would  
15 raise for the Commission is that, to the extent that there  
16 is an order establishing the temporary rates, to the  
17 extent that the ultimate rates may be less than whatever  
18 the temporary rates are, there would be some sort of  
19 reconciliation, where PSNH would refund presumably to the  
20 suppliers some amount of money. PSNH has a means to do so  
21 for the suppliers that it bills on behalf of. It could  
22 find other ways to do it for those it doesn't necessarily  
23 bill on behalf of, who may be subject to the ultimate  
24 decision. But, to the extent that the ultimate rate

1       could, and I guess it's a possibility that the ultimate  
2       rate could be higher, there would need to be a means for  
3       PSNH to recoup that difference, if this is truly a  
4       reconciling rate. And, we don't know what that is. And,  
5       it may be worthwhile for the Commission to define for the  
6       Company how it would go about obtaining that money from  
7       suppliers. I mean, we could send them a bill, I suppose,  
8       or if there's some other better method that the Commission  
9       may have in mind.

10               CHAIRMAN IGNATIUS: I'm lost. You said  
11       you couldn't find a way to address how to bill those that  
12       it doesn't -- how to charge those it doesn't do billing  
13       for. Why, if you don't do billing for it, why would you  
14       need to assess them a Billing Charge, high or low?

15               MR. FOSSUM: That would be the Billing  
16       Charge. There's -- the Selection Charge is also at issue  
17       here, and the Selection Charge applies to those we don't  
18       bill for.

19               CHAIRMAN IGNATIUS: Right. But you must  
20       have some -- I see what you're saying.

21               MR. FOSSUM: We would have a means to  
22       submit some sort of a bill to them. I don't, you know, --

23               CHAIRMAN IGNATIUS: I understand.

24               MR. FOSSUM: -- I guess it would be, to



1 the extent that we would be looking for money in the other  
2 direction or what have you. I just want -- I think it may  
3 be worthwhile to have some clarity as to whatever the  
4 ultimate reconciliation mechanism may be. And, perhaps  
5 it's a bit premature for that, perhaps that should be  
6 decided later. But I think we would all benefit from  
7 having a clear idea of exactly how any reconciliation will  
8 be handled.

9 CHAIRMAN IGNATIUS: Questions? All  
10 right. Then, why don't we have comments in response. We  
11 essentially have two proposals now set out, one from the  
12 Joint Proposal and the Company's proposal to keep the  
13 charges as they are, the current charges in effect. So,  
14 why don't we begin again. If the competitive suppliers  
15 have a response to PSNH's recommendation, and then would  
16 ask OCA and the Staff to respond to both of the proposals  
17 that have been set forth.

18 And, Mr. Aslin, if you're able to speak  
19 on behalf of the group, that's certainly more efficient.  
20 But let me throw it to you to see if that's a possibility.

21 MR. ASLIN: I probably can't promise to  
22 be the only speaker at this point. To respond to PSNH's  
23 proposal, we feel that, through the hearing, the testimony  
24 that was provided, it was clear that the current charges

1 are greatly in excess of the actual incremental costs  
2 incurred by PSNH. We haven't heard any debate about that  
3 from PSNH. We simply had a contrary position taken that  
4 they prefer to keep those charges in place, which is  
5 understandable. But we feel that, in order to more  
6 accurately reflect the ultimate rates that we expect to  
7 see out of the cost of service study, that our proposal is  
8 closer to that. And, certainly, with regard to the  
9 Selection Charge in particular, there's an extremely large  
10 disparity between the \$5.00 charge being imposed currently  
11 and the likely actual incremental costs, which are  
12 certainly less than a dollar, if not much less than 10  
13 cents.

14 So, we would propose that, if the  
15 Commission is going to find some other intermediate  
16 proposal, that it be closer to our end on the Selection  
17 Charge, in particular, and that the Billing and  
18 Collections is a little bit less clear, in terms of the  
19 evidence that we have. And, would leave it at that.

20 CHAIRMAN IGNATIUS: All right. Mr.  
21 Patch.

22 MR. PATCH: Just briefly. I just want  
23 to remind the Commission of a couple of exhibits that were  
24 in this docket, Exhibits 10, 11, and 12, which are

1 responses to data requests of PSNH, which essentially  
2 established that they were on track to exceed a million  
3 dollars in revenue from these charges during 2013. And  
4 that they had not hired any additional personnel since  
5 2008 to handle an increase in customers switching from  
6 Default Service to competitive suppliers. And, so, I just  
7 think that's important evidence to be reminded of. That's  
8 actually Exhibit 12. So, in terms, you know, 2008 is  
9 about the time that migration started to increase, and  
10 yet, by PSNH's own admission, they didn't have -- they  
11 haven't had to hire any additional personnel since then,  
12 and yet their revenues have increased dramatically.

13 And, then, the only other thing I'd like  
14 to say is that, in terms of their argument about what the  
15 order says, I think the supplemental order of notice is  
16 very clear, when it says "The temporary rate hearing will  
17 establish the Competitive Supplier Charges on a temporary  
18 basis until such time as PSNH completes the incremental  
19 cost study." And, then, in terms of the issues raised by  
20 the filing, as noted in the order of notice, it also talks  
21 about, you know, the establishment of temporary rates.  
22 So, I think they were clearly on notice before they came  
23 today that the Commission wasn't just thinking about  
24 keeping current rates as temporary rates. Thank you.

1 CHAIRMAN IGNATIUS: Thank you.

2 Mr. Munnelly.

3 MR. MUNNELLY: I'll just be brief. I do  
4 think that there's plenty of record support for the  
5 concept that you consider that you can and should set the  
6 temporary rate in this case that's at a reasonable level,  
7 and we think that what we proposed is reasonable and  
8 supported by the record. And, I agree with Mr. Aslin's  
9 point that, to the extent you want to go higher than that,  
10 it should be closer to our proposal than to the current  
11 rates.

12 CHAIRMAN IGNATIUS: Anything further?

13 Mr. Rodier.

14 MR. RODIER: Thank you. The only thing  
15 that I heard from PSNH that made me think a little bit was  
16 the reference to the temporary rate statute. And, it was  
17 quoted accurately by PSNH, but a couple of things. Here  
18 we have some very specific prices and charges. The  
19 Commission has made a big decision by saying "This is not  
20 going to be fully allocated historic costs. We're going  
21 to have incremental for these charges." The temporary  
22 rate statute applies to rates that PSNH charges for the  
23 energy that it sells, and it applies to an overall rate  
24 level, that -- the aggregate amount of revenue charged by

1 the Company. I don't really think that the temporary rate  
2 statute, which is, for all I know, it's been on the books  
3 for 50 years written the way that it is, that that would  
4 apply in this case, for a number of reasons. One of  
5 which, it has -- it's not -- this proceeding has nothing  
6 to do with the rates that PSNH's customers pay. It has to  
7 do with the prices that the competitive suppliers would  
8 pay. And, that those prices now, the Commission is  
9 saying, really, hence forward, because we're going to have  
10 a recoupment or a refund under temporary rates, hence  
11 forward are going to be on an incremental cost basis.

12 CHAIRMAN IGNATIUS: Thank you.

13 Responses from OCA on the two proposals?

14 MS. CHAMBERLIN: Thank you. The  
15 Commission certainly has the authority under the temporary  
16 rate statute to make a change at this point. It is  
17 reconcilable. I don't think that the order issued in  
18 25,603 changes that in any way. I'd like to see the  
19 incentive placed on PSNH to move as quickly as possible to  
20 determine a cost-based rate. I believe that evidence as  
21 submitted is fairly clear that it is not \$5.00. Whether  
22 or not it is the CMP rate I think is certainly less clear.  
23 I also just saw this motion this morning, so it's not  
24 something that I've had a chance to investigate. The

1 temporary rate is intended to be on the books and records,  
2 and just your basic threshold support. And, I don't  
3 believe PSNH has that with the \$5.00 charge. So, I do  
4 believe there should be relief. I hesitate to go as fully  
5 as proposed by the suppliers, simply because it is a huge  
6 change. But there is very little record support for  
7 anything else. So, I would propose that it be reduced, as  
8 that is the more likely direction that these costs will be  
9 found under the study, but I'm unable to actually propose  
10 an exact number at this time.

11 CHAIRMAN IGNATIUS: All right. Ms.  
12 Amidon.

13 MS. AMIDON: Thank you. Like everyone  
14 else, Staff received a copy of this proposal this morning.  
15 And, I know that the Commission invited proposals through  
16 a secretarial letter. However, I go back to the temporary  
17 rate statute, which relies on the -- fundamentally,  
18 there's usually testimony that is filed, along with  
19 whatever supporting documentation, books and records, that  
20 is in the possession of the utility to support the rate,  
21 and we don't have that here. This is a little bit of a  
22 hybrid type of proceeding. And, furthermore, and the  
23 principal part of this case, in Order 25,603, the  
24 Commission acknowledged that the record did not support a

1 finding whether the charges are just and reasonable or  
2 whether they are unjust and reasonable and determined to  
3 suspend the tariff. I tend to -- Staff tends then to  
4 support continuing the rates in the tariff. And,  
5 hopefully, that will incent the Company to expedite the  
6 completion of a cost of service study, because I  
7 anticipate that there would be refunds due the competitive  
8 energy suppliers, once that study is complete, it's been  
9 examined and reviewed by the Commission, based on what we  
10 understand the selection process to entail at this point.  
11 As you said, that does depend on how we define  
12 "incremental", and we will discuss that in the technical  
13 session that follows this prehearing.

14 CHAIRMAN IGNATIUS: Thank you.  
15 Commissioner Scott.

16 CMSR. SCOTT: So, just to clarify your  
17 last statement. So, you feel keeping the rate, the \$5.00,  
18 let's say, will actually be an incentive for PSNH to move  
19 quickly on the cost of service study?

20 MS. AMIDON: I'm saying, first of all,  
21 that the Commission supported keeping that rate in effect,  
22 based on the fact that the tariff is legal, and there is  
23 no information to determine that the rates are  
24 unreasonable or unjust. However, in the course of doing

1 the study, it seems likely that PSNH will determine that  
2 those costs exceed the actual costs of performing that  
3 function, based on our understanding that it entails an  
4 EDI transaction. So, having said that, it should result,  
5 the longer these rates stay in effect, the Company is more  
6 likely to incur amounts that would have to be reconciled  
7 back to the competitive energy suppliers that are served  
8 with this service. I'm just surmising that based on the  
9 record. But, again, I think that, in part, depends on how  
10 the parties agree, and the Commission ultimately decides,  
11 to implement the word "incremental".

12 CMSR. SCOTT: Okay. Thank you.

13 CHAIRMAN IGNATIUS: Commissioner  
14 Honigberg, you have a question?

15 CMSR. HONIGBERG: Isn't one of the  
16 important incentives here what date we're going to go back  
17 to? I think that was one of the things that the Chair  
18 mentioned is going to be significant here. Because it has  
19 surprised me, as I read this, that PSNH didn't start this  
20 study a decade ago. And, when this docket started, it  
21 didn't start the study then. It didn't start the study in  
22 December, when the last -- when the enlarged order of  
23 notice came out. So, I'm surprised that they haven't  
24 heard, but I think Mr. Goodwin answered the question



1 partially, and Mr. Fossum completed the answer, that they  
2 didn't have the in-house resources to devote to it, but  
3 also saw the tariff rate in effect, and the Commission  
4 saying that the tariff rate is the tariff rate for these  
5 things. But, if the reconciliation date goes back quite a  
6 ways, isn't that the incentive that they really need to  
7 get this done quickly?

8 MS. AMIDON: Well, I believe that's why  
9 the Commission is holding the hearing on temporary rates  
10 today, to expedite an order on temporary rates and thus  
11 establish the reconciliation date whereby the rate would  
12 be reconciled to the actual costs ultimately approved by  
13 the Commission as determined by its review of the  
14 incremental cost study. Did that respond to your  
15 question?

16 CMSR. HONIGBERG: Yes.

17 MS. AMIDON: Thank you.

18 MR. RODIER: Madam Chair, could I make  
19 just one quick comment?

20 CHAIRMAN IGNATIUS: Yes, you may.

21 MR. RODIER: I don't want to wear out my  
22 welcome. But one quick comment would be, PSNH's  
23 motivation to keep the present charges in effect, okay,  
24 what interest rate would they have to refund it at? Well,

1       probably their last found rate of return. I think that's  
2       how the temporary rates work. I mean, I haven't dealt  
3       with temporary rates in a long time. Let's say that's  
4       9 percent. Their short-term borrowing rate is 2. So,  
5       they're getting ratepayer money at 9 percent.

6                   CHAIRMAN IGNATIUS: I don't think that's  
7       a forgone conclusion. But that's certainly something  
8       that --

9                   MR. RODIER: Well, I mean, that's my --  
10       that's my idea. I'm sorry to interrupt you. That whether  
11       or not they're going to hurry on this, because they got to  
12       refund it, compounded with a lot of interest, or whenever,  
13       you know, versus what they have to borrow it at, might be  
14       a factor.

15                   CHAIRMAN IGNATIUS: Thank you. I do  
16       have a question. Mr. Aslin, perhaps you can help me. In  
17       looking at your proposal, on the page that's labeled  
18       "Exhibit B", from Central Maine Power, Section 43.2 has  
19       the 26 cents per bill charge that you described. And,  
20       then, Section 43.3 has a \$5.00 charge for a customer  
21       terminating supply in one situation, and it goes on to  
22       talk, in the second paragraph, again about a \$5.00 charge  
23       I think for a different situation. Can you shed any light  
24       on what those charges are? And, whether -- what's the

1 difference between those termination charges and the  
2 billing -- and, excuse me, the Selection Charge that we're  
3 also talking about, which has been \$5.00 for PSNH?

4 MR. ASLIN: I can try. My  
5 understanding, and I don't do much work in Maine, so, I  
6 don't have a direct knowledge, from the Commission's  
7 standpoint, what they meant by this. But my understanding  
8 is that the \$5.00 charge here, in 43.3, is associated with  
9 when a customer -- or, when a supplier takes on a new  
10 customer from the utility, if they insist on having it  
11 come into effect immediately, which would require an  
12 off-cycle meter reading by the facility, so an additional  
13 amount of work that the utility would have to go out and  
14 do, rather than a simple EDI transaction and just shift  
15 them at their next meter read at the end of their next  
16 billing cycle. So, this is a way of capturing costs that  
17 are actually incurred when there is a request for  
18 something that's out of the ordinary. And, you know, this  
19 is a type of charge that might be effective in dealing  
20 with defaults, where there's a specific event that occurs,  
21 that arguably is the supplier's fault, that incurs  
22 additional costs, which are not part of the normal course  
23 of business, a normal transaction.

24 CHAIRMAN IGNATIUS: And, then, that next

1 paragraph seems to say, if it's a telemetered account with  
2 a wireless smart meter, it's a \$5.00 charge. And, if it's  
3 anything other than that, it's a \$23 charge?

4 MR. ASLIN: That's certainly what it  
5 says. And, I don't understand specifically what that is  
6 referencing. So, I wish I could give you more insight,  
7 but I don't have it.

8 CHAIRMAN IGNATIUS: Is your proposal to  
9 include any of these other charges as well or to only  
10 adopt the two, 15 cent and the 26 cent terms?

11 MR. ASLIN: Our proposal is only to  
12 adopt the two charges, because those are the ones that  
13 relate to the three charges that are at issue in this  
14 docket. So, I guess this would go back to your earlier  
15 discussion of scope. If we're going to look more broadly  
16 at all different costs that may be incurred in all  
17 circumstances by the utility for various things that occur  
18 with suppliers or if we're focused on the three charges  
19 that have been the issue in this docket for the last year  
20 or so.

21 CHAIRMAN IGNATIUS: And, do you know  
22 anything about the question that Mr. Fossum raised, this  
23 would be on Exhibit A, the top of the page says it's  
24 "page 9", Section F, that says "on or after June" --

1       excuse me, "on or before June 1, 1999", the utility was to  
2       file a terms and conditions regarding the consolidated  
3       utility billing charge?

4                       MR. ASLIN: I don't have any specific  
5       comment on the rule. That certainly has been the rule in  
6       effect. But, if you do look at Exhibit B, that's the  
7       actual tariff. And, that was updated in January of 2012.  
8       So, presumably, it gets updated periodically. I don't  
9       have specific knowledge of when or what the mechanism is  
10      for the utility to provide an update to their incremental  
11      costs.

12                      CHAIRMAN IGNATIUS: So, as far as you  
13      would take from these documents, the charges that Maine  
14      imposes, the 26 cents for billing, is the result of that  
15      analysis that was called for by June 1999?

16                      MR. ASLIN: That's correct.

17                      CHAIRMAN IGNATIUS: And, subsequently  
18      amended as it may have been?

19                      MR. ASLIN: Correct.

20                      CHAIRMAN IGNATIUS: Okay. Thank you.  
21      And, Mr. Aslin, did you have a recommendation for the  
22      effective date, the reconcilable date for these charges?  
23      I didn't see it in your proposal, but I may have missed  
24      it.

1                   MR. ASLIN: We didn't have a specific  
2                   recommendation. We didn't address that issue in this  
3                   proposal. Certainly, it seems that the possible dates  
4                   would be the date of the order on the temporary rates,  
5                   potentially, I suppose you could push it back to the  
6                   beginning of this docket. And, I believe Mr. Rodier would  
7                   love to have it go back to 2003. I don't know, in reading  
8                   the temporary rate statute, it's unclear to me whether it  
9                   invites a retroactive application of a temporary rate.  
10                  So, we didn't make a specific recommendation. And, the  
11                  sooner the better, in our opinion.

12                 CHAIRMAN IGNATIUS: All right. Thank  
13                 you. All right. If there's nothing further, we will take  
14                 all of this under consideration, and await a response from  
15                 the parties, filed by Staff, if possible, on a procedural  
16                 schedule that you can develop, after we're done here this  
17                 morning. And, if there's an agreement or a couple  
18                 different proposals on what the scope of the incremental  
19                 cost study should entail, obviously, any other issues that  
20                 might be agreed to that have come up today. Obviously, if  
21                 you can't reach agreement, we will charge ahead with our  
22                 own determinations of what we think is appropriate. But  
23                 we're certainly willing to listen to the group's  
24                 recommendations, if there is a common understanding or a

1 request on some of these details. Ms. Amidon?

2 MS. AMIDON: May I? Yes. I just wanted  
3 to ask, absent a date whereby we would expect the  
4 completion of the study, any procedural schedule will tee  
5 off of that date, whatever it might be. So, we -- I just  
6 want to let the Commission understand, we'll probably have  
7 one which will say "two weeks after the study is filed",  
8 and then proceed accordingly in the procedural schedule.

9 CHAIRMAN IGNATIUS: All right. That's  
10 fair.

11 MS. AMIDON: Okay. Thank you.

12 CHAIRMAN IGNATIUS: All right. If  
13 there's nothing further, then I appreciate everyone's help  
14 this morning. And, we are adjourned.

15 **(Whereupon the prehearing conference and**  
16 **temporary rate hearing was adjourned at**  
17 **11:20 a.m.)**

18

19

20

21

22

23

24