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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

May 22, 2014 - 9:10 a.m.
Concord, New Hampshire

NHPUC JUN12'14 AM 8:44

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.*

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)

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

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

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 CHARLES R. GOODWIN**

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P R O C E E D I N G

1
2 CHAIRMAN IGNATIUS: Good morning. I'd
3 like to open the hearing in Docket DE 12-295. And, we are
4 here for consideration of results of a cost of service
5 study and discussions among the parties. We moved the
6 schedule up to an earlier date at the parties' request,
7 and issued a letter giving notice of that change to the
8 schedule.

9 So, let's begin first with appearances.
10 Why don't we begin with Mr. Patch, please.

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

14 MR. ASLIN: Good morning. Chris Aslin,
15 from Bernstein Shur, on behalf of Electricity NH, LLC,
16 doing business as ENH Power.

17 MR. MUNNELLY: Robert Munnelly, of
18 Murtha Cullina, LLP, here for North American Power.

19 MR. FOSSUM: And, Matthew Fossum, for
20 Public Service Company of New Hampshire.

21 MS. AMIDON: Good morning. Suzanne
22 Amidon, for Commission Staff. And, with me today is
23 Al-Azad Iqbal, who has been an analyst on this docket.

24 CHAIRMAN IGNATIUS: Good morning.

1 Welcome, everyone. Ms. Amidon, can you help us sort of
2 set the stage on how we're going to consider the
3 information today? Is there a panel presentation or
4 offers from counsel? Or, what's the plan?

5 MS. AMIDON: I'd be happy to proceed.
6 The cost of service study will be introduced as an exhibit
7 by PSNH, and they will be sponsoring a panel to describe
8 the cost of service study and any questions that may
9 arise. However, the principal result of the cost of
10 service study, with respect to the Selection Charge, the
11 charge for collections, and the Billing and Payment
12 Charge, which are the subject of this docket, have --
13 there's no disagreement with the cost of service study
14 among the parties.

15 As a result of the cost of service
16 study, there would be no Customer Selection Charge and no
17 charge for collections. And, the Billing and Payment
18 Services Charge would be 7 cents per month. And, all the
19 parties are in agreement that those are appropriate
20 charges for those services.

21 The one element of the cost of service
22 study which will be subject to cross-examination, and is
23 also the subject of disagreement, is an additional charge
24 which PSNH proposes to assess competitive suppliers, in

1 the event that there is a competitive supplier default at
2 the ISO. And, they propose a charge of \$5.00 for that
3 Customer Selection Charge to cover the costs that they
4 incur in connection with assuming the responsibilities for
5 the Default Service customers. We've all observed that it
6 was not noticed in this docket. We understand that PSNH
7 is trying to address an issue that has arisen in the
8 recent past. But that will be the subject of -- the
9 principal subject of cross-examination here today.

10 And, I've also talked with the
11 intervenors, and the proposal for cross would be in this
12 order: Attorney Aslin, for ENH Power; Attorney Patch, for
13 RESA; and, then, if necessary, Attorney Munnelly, for
14 NAPG.

15 CHAIRMAN IGNATIUS: All right. And, we
16 also know that, from a letter to the file, that the OCA
17 was not available for this date, but said it was not
18 opposed to the hearing going forward, and gave its
19 position in a written statement, correct?

20 MS. AMIDON: That's correct. That was a
21 letter filed on May 12th. And, the OCA expressed their
22 agreement with the three charges that I referenced
23 earlier.

24 CHAIRMAN IGNATIUS: Thank you.

[WITNESS PANEL: Tebbetts~Goodwin]

1 (Chairman and Commissioners conferring.)

2 CHAIRMAN IGNATIUS: I think that's fine.

3 I think we were just discussing whether or not a full
4 discussion of the cost of service study is necessary. I
5 think the panel, you know, we often give a short summary,
6 and then move to cross-examination, and why don't we do
7 that here. You don't need -- we've read it. Obviously,
8 it's not that long. We've read the technical statement.
9 So, you know, a very brief summary, and then we can move
10 to questioning about that, and any other issues that are
11 related.

12 MS. AMIDON: Thank you.

13 CHAIRMAN IGNATIUS: Is that acceptable,
14 Mr. Fossum? You look concerned.

15 MR. FOSSUM: No. That is -- we had
16 intended only to give a brief summary ourselves. So, we
17 can even short up what we had intended to give in light of
18 your instructions.

19 CHAIRMAN IGNATIUS: Okay. Thank you.
20 Then, are we ready to have the panel seated?

21 MS. AMIDON: Yes.

22 CHAIRMAN IGNATIUS: All right. Then,
23 why don't you go ahead and call the witnesses. And,
24 Mr. Patnaude, you can swear the witnesses.

{DE 12-295} {05-22-14}

[WITNESS PANEL: Tebbetts~Goodwin]

1 (Whereupon **Heather M. Tebbetts** and
2 **Charles R. Goodwin** were duly sworn by
3 the Court Reporter.)

4 CHAIRMAN IGNATIUS: All right. Please
5 proceed.

6 MR. FOSSUM: Good morning. And, before
7 beginning the questioning, I would just note for the
8 record that, by agreement, the cost of service filing has
9 been premarked as "Exhibit Number 19".

10 CHAIRMAN IGNATIUS: This was marked in a
11 prior --

12 MR. FOSSUM: No. It was just this
13 morning, and I'm just letting the Commission -- we just
14 did it, amongst ourselves, determined that it would be
15 marked as -- the next exhibit in the docket is "19", so --

16 CHAIRMAN IGNATIUS: I got you. So, it's
17 the March 12th, 2014 filing?

18 MR. FOSSUM: Correct.

19 CHAIRMAN IGNATIUS: All right. Thank
20 you. So, we'll mark that as "Exhibit 19" for
21 identification.

22 (The document, as described, was
23 herewith marked as **Exhibit 19** for
24 identification.)

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[WITNESS PANEL: Tebbetts~Goodwin]

1 CHAIRMAN IGNATIUS: Please proceed.

2 MR. FOSSUM: Thank you. Then, we'll
3 begin.

4 **HEATHER M. TEBBETTS, SWORN**

5 **CHARLES R. GOODWIN, SWORN**

6 **DIRECT EXAMINATION**

7 BY MR. FOSSUM:

8 Q. Mr. Goodwin, could you state your name and place of
9 employment and your position for the record please.

10 A. (Goodwin) Yes. My name is Charles Goodwin. I'm the
11 Director of Rates and Forecasting for Northeast
12 Utilities. My business address is 107 Selden Street,
13 Berlin, Connecticut.

14 Q. And, what are your responsibilities in your position?

15 A. (Goodwin) Among them is to oversee the Rates Department
16 and rate activity for PSNH, as well as the other
17 Northeast Utilities operating companies.

18 Q. Thank you. And, Ms. Tebbetts, if you could state your
19 name and place of employment for the record as well
20 please.

21 A. (Tebbetts) Yes. My name is Heather Tebbetts. And, I
22 work for Northeast Utilities Service Company, in
23 Manchester, New Hampshire.

24 Q. And, what are your responsibilities in your position

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1 with Northeast Utilities Service Company?

2 A. (Tebbetts) I'm a Senior Analyst in the New Hampshire
3 Revenue Requirements Department. And, my primary
4 responsibilities are the regulatory strategy and
5 financial requirements of PSNH.

6 Q. And, have you both previously testified in this docket?

7 A. (Tebbetts) Yes.

8 A. (Goodwin) Yes.

9 Q. And, back in December 2013, the Commission issued an
10 order in this docket. Are you familiar with that
11 order?

12 A. (Goodwin) Yes.

13 Q. And, that order contained certain requirements for a
14 cost of service study by PSNH. Could you very briefly
15 describe your understanding of what was required of
16 PSNH?

17 A. (Goodwin) Sure. And, I think we've kind of briefly
18 described that already earlier, but just to reiterate.
19 In that docket, we were looking at three particular
20 supplier charges; (1) Selection Charge, (2) Billing and
21 Payments, and (3) the Collection Charge. And, from a
22 previous hearing, the Commission determined that they
23 believe there should be certain changes to those
24 charges. And, specifically, the Commission determined

[WITNESS PANEL: Tebbetts~Goodwin]

1 that those charges should be based on an incremental
2 cost of providing service. And, in the end, with
3 discussion among the parties, we agreed that
4 "incremental" would be defined as effectively a
5 short-term incremental cost or a transactional type
6 cost. And, so, on that basis, we went back and
7 performed our cost of service study on those three
8 charges.

9 Q. And, that cost of service study, was that the one that
10 we've just referred to that was filed on March 12,
11 2014, and marked as "Exhibit 19"?

12 A. (Goodwin) That's correct.

13 Q. And, do you have any changes or updates or corrections
14 to that cost of service study?

15 A. (Tebbetts) Yes. I have two corrections. The first
16 correction is on Page 1 of the Joint Technical
17 Statement. Down on Paragraph 5, it starts with "This
18 rate was developed", there's a percentage in there, it
19 says "50 percent". It actually should be "25 percent".
20 And, the second correction is on Attachment 1. On the
21 second footnote, it says "Based on an average of
22 50 percent of customers taking supply from the
23 competitive energy suppliers". It should say
24 "25 percent". And, that's all.

[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. And, could you very briefly explain, does that change
2 in the percentage affect the results of the cost of
3 service study?

4 A. (Tebbetts) No, it does not.

5 Q. So, could you very briefly explain what that change is
6 meant to demonstrate?

7 A. (Tebbetts) So, the "25 percent" is the number of
8 customers who are receiving billing -- bills from
9 their -- or, I shouldn't say "bills", but they're
10 receiving service from suppliers. "50 percent" was a
11 mistake that was in the Joint Technical Statement which
12 refers to load, and that was an incorrect percentage.
13 But, again, the number is the only change. It's not
14 the calculation.

15 Q. And, with that, do you have any other changes or
16 updates or corrections to the cost of service study?

17 A. (Tebbetts) No.

18 MR. FOSSUM: So, with that, it's already
19 been offered as "Exhibit 19" for identification, for the
20 record.

21 BY MR. FOSSUM:

22 Q. Now, the Commission has asked to keep it very brief.
23 So, I would say, very, very briefly then, could you
24 describe what it is that the cost of service study

1 shows.

2 A. (Goodwin) Sure. Using the "short-term incremental
3 cost" definition, when we looked at the Selection
4 Charge and the Collection Charge, we could not identify
5 any short-term transactional type charges. So,
6 therefore, the cost of service study showed no cost,
7 and our proposal is for no billing for those services.
8 As relates to the Billing and Payment, there is one
9 dedicated FTE at PSNH, whose only responsibility is
10 related to supplier billing and related services and
11 activities. So, we've simply looked at that
12 individual's payroll, plus benefits expense, and it's
13 identified in the cost of service as approximately
14 \$107,000, fully loaded. And, we've simply divided that
15 by the 25 percent of the annual bills that are related
16 to suppliers. And, it generates a rate of 7 cents per
17 bill. So, our proposal is to bill 7 cents per bill for
18 the Billing and Payment fees.

19 Q. And, is it your understanding that, as to those three
20 that you've just described, the zero level for the
21 Selection and for the Collection, and the 7 cents per
22 bill per month for the Billing service, that all of
23 those -- that PSNH agrees that those will be the
24 charges going forward?

[WITNESS PANEL: Tebbetts~Goodwin]

1 A. (Goodwin) Yes.

2 Q. I apologize for my confusing phrasing there. Just to
3 bring everybody up to speed, could you briefly describe
4 what are the present rates for those charges?

5 A. (Tebbetts) Currently, PSNH is charging 15 cents for the
6 Selection, 26 cents for Billing and Payment, and 0.252
7 percent for Collections.

8 Q. And, so, the cost of service study has demonstrated
9 that there will be a decrease in those charges, is that
10 correct?

11 A. (Tebbetts) Yes.

12 Q. And, has PSNH been tracking those charges since they
13 were put in place?

14 A. (Tebbetts) Yes.

15 Q. And, could you explain briefly that for -- there will
16 be a reconciliation, is that correct?

17 A. (Tebbetts) Yes.

18 Q. And, could you explain briefly how that would happen.

19 A. (Tebbetts) Yes. Once PSNH receives the Commission
20 order, we will calculate how much is owed back to the
21 suppliers. And, depending on how, either discussed
22 today or in the Commission order, those dollars will be
23 refunded to the suppliers.

24 Q. And, would that be on an individual supplier basis?

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1 A. (Tebbetts) Yes.

2 MR. FOSSUM: So, I guess, in light of
3 the general agreement on those charges, I don't have any
4 more direct to offer on those specific charges. I did
5 have a couple of questions on the charge for which there
6 is not agreement. But I didn't know if the Commission
7 would like a break now, to see if there would be any
8 questioning on the charges that are agreed to at this
9 point, or if I should just continue?

10 (Chairman and Commissioners conferring.)

11 CHAIRMAN IGNATIUS: I think we think
12 it's easier to just continue pursuing the other lines,
13 rather than stopping and then starting over again. So,
14 please proceed.

15 MR. FOSSUM: So be it then.

16 BY MR. FOSSUM:

17 Q. Now, as Ms. Amidon had indicated earlier, there is one
18 charge that was described in the cost of service study
19 about which there is not agreement. Could you very
20 briefly explain that proposed charge.

21 A. (Tebbetts) Yes. PSNH has been billing a Selection
22 Charge. And, most recently, the dollar amount has
23 changed. But, for the last two supplier defaults, PSNH
24 charged \$5.00 per customer to the suppliers for the

[WITNESS PANEL: Tebbetts~Goodwin]

1 costs PSNH incurred to handle the supplier defaults in
2 a timely manner. And, so, PSNH is requesting that they
3 still be allowed to charge the \$5.00 fee for supplier
4 defaults. And, this would only be in the case of a
5 default. And, there are costs incurred continuously
6 when we have defaults. And, we've had two, which
7 resulted in over a \$5.00 per customer cost for us.
8 And, so, PSNH believes that continuing this practice
9 for only supplier defaults per customer is appropriate,
10 being that we are incurring costs when a supplier
11 defaults.

12 A. (Goodwin) If I could just add, that this is really a
13 form of the Selection Charge. So, from the standpoint
14 that the Selection Charge is in scope within this
15 proceeding, our view is that this is a form of
16 Selection Charge, and, therefore, should be in scope
17 during this proceeding.

18 Q. Could you also very briefly describe what types of
19 costs are covered by this, the Selection Charge for
20 defaults.

21 A. (Tebbetts) Yes. Let me just -- okay. So, for example,
22 in the People's Power & Gas default, we had customer
23 service/billing employees work overtime, and also have
24 to handle 554 manual transactions in order to put these

[WITNESS PANEL: Tebbetts~Goodwin]

1 customers, who were with that supplier, back on Default
2 Service. We also have to sometimes go out for a
3 special read. There are circumstances where a
4 customer, for example, if they're a large power
5 customer, we don't have the ability to estimate. So,
6 we would actually go out there and read their -- a lot
7 of them have kilowatt charges, so, we wouldn't estimate
8 that. We would go out there, for the demand charge, to
9 read the meter. We also have customers who have
10 unmetered services, net metering, budget billing,
11 issues like that, where we would need to do a manual
12 override, to make sure that the customer is now with
13 the Default Service provider, rather than the
14 competitive supplier.

15 A. (Goodwin) And, all of those charges are above and --
16 or, all of those activities are above and beyond a
17 normal traditional customer selection or switching.

18 A. (Tebbetts) Uh-huh.

19 A. (Goodwin) Which happens through the EDI system, which
20 doesn't have these incremental costs. So, these are
21 all incremental above and beyond the normal customer
22 switch.

23 Q. And, excuse me, I think I heard you say, but just to
24 clarify, those costs that you've identified in the last

[WITNESS PANEL: Tebbetts~Goodwin]

1 two defaults, they have worked out to approximately
2 \$5.00 per customer, is that accurate?

3 A. (Tebbetts) Yes. For the Power New England, it worked
4 out to \$5.92 per customer. And, for the People's Power
5 & Gas, it was \$5.11 per customer.

6 Q. And, so, is it PSNH's position that the \$5.00 charge is
7 a reasonable amount, given the services that you've
8 identified?

9 A. (Tebbetts) Yes.

10 MR. FOSSUM: Thank you. I have nothing
11 further for direct at this time.

12 CHAIRMAN IGNATIUS: Thank you. Mr.
13 Aslin, are you first to cross-examine?

14 MR. ASLIN: I am. Thank you. Good
15 morning.

16 WITNESS GOODWIN: Good morning.

17 MR. ASLIN: I have a few questions to
18 follow up. But I don't have any questions on the three
19 charges that we've all agreed to. I think there's general
20 agreement. And, so, I'll leave the record as it is on
21 those. But, with regard to the Supplier Default Charge
22 that's proposed, I do have a few questions.

23 **CROSS-EXAMINATION**

24 BY MR. ASLIN:

[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. Mr. Goodwin, you mentioned a minute ago that this
2 charge is really a form of the Selection Charge?

3 A. (Goodwin) Right.

4 Q. And, I wonder if you could explain that a little
5 further, and distinguish the -- what's being paid for,
6 I guess, by the charge in the two contexts, originally,
7 in the Selection Charge, versus now the proposed
8 Supplier Default Charge?

9 A. (Goodwin) Well, to start, the Selection Charge can also
10 be thought of or referred to as a "switching charge".
11 So, back prior to the beginning of this docket, it was
12 contemplated that there were costs that the Company
13 incurred to perform the activity of transferring a
14 customer from one supply service to another supply
15 service. Whether it be PSNH default to third party
16 supply, or vice versa. So, the selection or switching
17 was contemplated to cover the cost associated with
18 moving a customer from one supply option to another
19 supply option.

20 And, again, as I mentioned earlier,
21 absent these types of defaults, in a normal day-to-day
22 activity, that happens through our electronic EDI
23 system. So, there's a cost for that EDI system, but
24 it's an embedded cost, not an incremental cost. And,

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[WITNESS PANEL: Tebbetts~Goodwin]

1 those day-to-day transactions are very different than
2 these default transactions that Ms. Tebbetts just
3 described, in terms of the activities that are largely
4 very manual-intensive, in order to accommodate the
5 switching within the required time constraints.

6 Q. And, so, the distinction, I guess, I'm trying to make
7 is that, in the normal course under the Selection
8 Charge it was a routine procedure for switching, and
9 here there are additional costs that may be incurred
10 over time, and manual entries, that perhaps wouldn't be
11 part of the normal switching for customers under the
12 prior charge?

13 A. (Goodwin) That's exactly right. Yes.

14 Q. And, would you agree that, while there's been two
15 supplier defaults, and they correspond roughly to \$5.00
16 per customer, that the actual \$5.00 charge proposed is
17 not based on a cost of service study?

18 A. (Goodwin) If you want to call a sample of two a "cost
19 of service study", but I would agree that it's not a
20 traditional cost of service study. One of the
21 difficulties is that the frequency of these types of
22 activities are, obviously, limited. And, when you look
23 at the individual cases, no two are exactly alike. So,
24 unlike looking at the cost of a day-to-day switch,

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[WITNESS PANEL: Tebbetts~Goodwin]

1 which is routine, and every one, for the most part,
2 looks like another one, or the cost of providing the
3 billing services that we've agreed to, on the 7 cent
4 rate, which, basically, a bill for one customer is the
5 same as a bill for another customer. These are very
6 different from one another, because it depends on the
7 size, the complexity, the types of customers, the
8 specific manual tasks that are involved in that
9 particular default versus a different one. So, in that
10 regard, it's very difficult to develop, I'd say, a
11 generic incremental cost of service study. It would
12 really be a lot of guesswork. So, the best we have are
13 two recent real-life cases that both indicate just
14 slightly above the \$5.00 fee that we're proposing.

15 Q. But it sounds like there could be instances where a
16 supplier default, the actual costs would be less than
17 \$5.00, and, in these two instances, more than \$5.00?

18 A. (Goodwin) I suppose that's conceivable. And, we've
19 thought of some alternatives. You know, one of the
20 alternatives that we did consider is, rather than
21 charging \$5.00, charging each supplier based on their
22 individual activities. And, as we thought about it,
23 there's a number of logistical and efficiency issues
24 around that that we did not feel were beneficial here.

{DE 12-295} {05-22-14}

[WITNESS PANEL: Tebbetts~Goodwin]

1 So, that's why we came up with this \$5.00, and, trying
2 to be conservative, and we didn't set it at 6 and try
3 to push the envelop, but set it, you know, where we
4 thought approximately the two defaults that we had
5 information on, you know, were reasonable.

6 Q. And, I take it, from the two numbers that Ms. Tebbetts
7 gave us a minute ago, that it is possible to calculate
8 the actual costs of PSNH after a supplier default?

9 A. (Tebbetts) Well, there is a lot that goes into a
10 default. And, we had provided that during our tech
11 sessions. And, I mean, basically, there are -- the PPG
12 supplier default costs that I provided, the \$5.11,
13 actually only includes costs associated with the
14 billing folks. That's it. There are IT costs. I was
15 not able to get those costs before today. And, so,
16 this is just the billing folks doing manual work, which
17 includes overtime that we had to pay. And, so, I could
18 sit here and say "it could be much higher", but, again,
19 I don't know, for IT analysis, they have to test the
20 implementation. It could be much higher. I'm not
21 sure.

22 Q. And, conversely, I suppose it could also be a lower
23 number, if the supplier who defaulted had a certain
24 customer class or a certain number of customers who

[WITNESS PANEL: Tebbetts~Goodwin]

1 happened to default on an end of a billing cycle, and
2 there are a number of different variables that would
3 have changed the actual costs in each circumstance?

4 A. (Tebbetts) Absolutely.

5 Q. I guess the \$5.00 charge that's proposed is a rough
6 proxy to where you expect those costs to come out?

7 A. (Tebbetts) Yes. Because we, with having two suppliers
8 default, the first one was only affecting primarily
9 PSNH, the second one affected Connecticut Light & Power
10 also. So, there were -- there was a process put
11 together to try to handle it company-wide. And, this
12 process has to be done the same way every time,
13 regardless of how many customers are affected. It
14 could be 100 customers, it could be 100,000 customers,
15 it doesn't matter. And, every default will incur the
16 same types of costs. Again, if it's a large supplier
17 that defaults, you know, I said that there was -- there
18 was 120 hours of overtime incurred by PSNH for the
19 billing folks, and that was for 5,700 customers. So,
20 if this supplier had 20,000 customers, I don't -- I
21 would assume it would be much more work involved.
22 Again, just because the nature of the customer base,
23 where we have customers who are on budget billing and
24 there are issues in net metering. So, there will

{DE 12-295} {05-22-14}

[WITNESS PANEL: Tebbetts~Goodwin]

1 always be costs incurred when a supplier defaults. I
2 would suggest the odds are very slim that there would
3 be absolutely no issues with every single customer,
4 unless it's, you know, a one-customer supplier, and
5 that one customer is a regular residential customer
6 with no issues.

7 Q. That does raise a point I wanted to ask about. Are
8 there some customers that don't have high costs? I
9 think, in the tech session, there was some discussion
10 of customers below 100 kilowatts who are not in some
11 special category, such as budget billing or on a
12 do-not-estimate basis, that could be automatically
13 switched in the event of a default?

14 A. (Tebbetts) Yes. I wouldn't say "there's no costs
15 associated", I would just say "the costs are lower."
16 And, that's primarily because we've developed what we
17 call a "data hammer" system, where we can -- we've
18 coded the system to say "find all these customers that
19 are residential customers or small commercial, who are
20 not on budget billing, whose accounts we can estimate,
21 you know, they're not net metered customers", etcetera.
22 And, at this moment in time, we have set to say "please
23 switch them back over to PSNH or Connecticut Light &
24 Power", or one of our other sister companies. We have

[WITNESS PANEL: Tebbetts~Goodwin]

1 been able to program the system to do that. And, in
2 the last default, all but 554 customers of PSNH, and we
3 were able to do the switching. Which I said there's
4 not no cost, because there's still like four or five
5 steps that have to be taken in order to do that, it's
6 just that, after those are done, the process is almost
7 over, there's just one last step, where they have to
8 test to make sure that those service plans that we've
9 implemented are correct. And, again, I don't know if
10 that would incur overtime costs, again, it depends on
11 how many customers that would be.

12 Q. And, so, for a supplier that served primarily smaller
13 residential customers, and perhaps didn't have or had a
14 very small percentage of customers in a special class
15 that required manual attention, it could be a
16 relatively low cost on a default, below \$5.00?

17 A. (Tebbetts) It could be. Again, I don't know, but it
18 could be.

19 Q. And, do you have a sense that, and maybe you can try
20 and tell us, if there's a direct correlation between
21 the costs and the number of customers or does that just
22 works out to be an easier way to apply a charge in this
23 case?

24 A. (Tebbetts) I don't think I understand what you're

[WITNESS PANEL: Tebbetts~Goodwin]

1 asking.

2 Q. Well, if you have a supplier that defaults with a
3 thousand customers and a supplier defaults with 2,000
4 customers, will PSNH's costs be exactly double in the
5 latter case or is there -- it's just a proxy that
6 you're trying to reach?

7 A. (Tebbetts) Yes. I don't know, again, because the
8 thousand customers, in the first instance, they could
9 all or half of them or all of them could have special
10 circumstances where we would need to do a lot of work.
11 And, then, the second circumstance of 2,000, maybe a
12 quarter of them would have special circumstances. So,
13 because we have such a diverse population of customers
14 with their billing, I can't tell you if the
15 circumstances would be exactly the same. It's
16 certainly possible, but I can't guarantee that it would
17 be.

18 A. (Goodwin) I would say, though, in the two experiences
19 that we've noted here, there's two very different
20 population sizes. And, I don't think it's a
21 coincidence that they both ended up being approximately
22 \$5.00 or in that neighborhood. So, that would suggest
23 to me that there's some linear relationship between the
24 total number of customers and the total cost.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. And, has PSNH considered any process that they might
2 use to reconcile their actual costs to the \$5.00 charge
3 that would be imposed, whether it's above or below?

4 A. (Tebbetts) We have not discussed how we would reconcile
5 costs, whether it was above or below. I think that,
6 with experience, which not that anyone wants to deal
7 with supplier defaults, but we've had two. And, with
8 the experience we've had, again, we've tried, through
9 the second one, and good, bad, indifferent, it affected
10 a sister company. So, we've been able to make this
11 process more efficient. But, even with the
12 efficiencies we've put in place for the second one, it
13 ended up still be over \$5.00 for PSNH.

14 Connecticut Light & Power incurred much
15 more costs, because they had, and I have the number,
16 over 2,300 customers that they had to go out and
17 manually read. And, at 20 bucks a customer to go out
18 and manually read, the costs exceeded \$56,000 to do all
19 of these work -- all of this work.

20 So, again, for PSNH, you know, this is a
21 cost that we've been incurring, we've incurred it
22 twice. And, certainly, we would not like to incur it
23 again. But we feel that there are incremental costs we
24 are incurring, and, because of that, we should not have

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[WITNESS PANEL: Tebbetts~Goodwin]

1 to have our customers pick up the tab for that.

2 Suppliers should be paying for their defaults when it
3 costs the utilities money.

4 A. (Goodwin) I think one follow-up point, too. Just
5 through this exercise of trying to quantify the costs
6 of these two defaults, I can tell you that it is a
7 significant amount of time and effort to track down the
8 various departments, organizations that are involved,
9 identify the resources, and come up with, you know, the
10 cost estimate. So, I certainly, you know, wouldn't
11 favor having to go through that process every time
12 there's a default. Again, we've spent a significant
13 amount of time trying to track these costs down here.

14 Q. And, does PSNH have a plan to seek recovery -- well, I
15 guess, in this case, there's no charge in place. Well,
16 the \$5.00 charge is there. But is PSNH considering
17 seeking recovery for their actual costs in the two
18 examples that have occurred so far, separate from
19 whatever switching charge they may have proposed?

20 A. (Goodwin) No.

21 A. (Tebbetts) No.

22 Q. So, even though your costs were above \$5.00, you're not
23 seeking the additional costs from the supplier?

24 A. (Tebbetts) That's correct.

[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. Does Connecticut Power & Light have a recovery method
2 for this kind of cost?

3 A. (Tebbetts) They do not have a recovery method, such as
4 a selection or switching fee. But, as far as I
5 understand, there are issues right now with the Public
6 Utilities Regulatory Authority as to how the utilities,
7 United Illuminating and Connecticut Light & Power, will
8 get their money back for the costs that were incurred.
9 They're going -- as I understand, they're going through
10 Docket Number 13-12-27. And, the information I have is
11 from December 31st. So, I don't have the outcome of
12 that. I don't believe it's been completed.

13 Q. But it sounds like, in Connecticut at least, that the
14 utilities are seeking recovery through the Commission,
15 rather than through some sort of separate charge?

16 A. (Goodwin) The Commission initiated a proceeding to
17 review a number of these default and the related
18 issues. So, it was encompassed within that proceeding.

19 MR. ASLIN: I think I just had one other
20 question, and I'm blanking on what it was. So, I may just
21 leave it at that. Thank you for your answers.

22 WITNESS GOODWIN: Thank you.

23 CHAIRMAN IGNATIUS: Mr. Patch.

24 MR. PATCH: Good morning.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 WITNESS GOODWIN: Good morning.

2 WITNESS TEBBETTS: Good morning.

3 BY MR. PATCH:

4 Q. I think both of you were involved in the responses to
5 the data requests in this phase of the docket, which we
6 premarked as "20", "21", "22", and "23", is that
7 correct?

8 A. (Tebbetts) Yes.

9 A. (Goodwin) Yes.

10 Q. And, those were responses to data requests from RESA,
11 the Consumer Advocate, ENH, and who am I missing, PNE,
12 correct?

13 A. (Tebbetts) Yes.

14 Q. When you were talking about reconciliation before,
15 there's a response in the OCA packet, which has been
16 marked as "21", premarked as "21", OCA 2-4, that
17 discusses reconciliation, you know, back to the point
18 where temporary rates were established. Is that
19 correct?

20 A. (Tebbetts) Yes.

21 Q. And, the numbers that are provided as part of those --
22 that response, I assume those only cover the first two
23 months, but, presumably, you've got some numbers for
24 where we are today, or at least through the end of

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1 April?

2 A. (Tebbetts) Yes.

3 Q. Are those numbers you have with you today that you
4 could share or could you submit them in a response?

5 A. (Tebbetts) No, I have them with me. I can share them.

6 MR. PATCH: You know, should we make a
7 record request perhaps, for those numbers to be submitted?

8 CHAIRMAN IGNATIUS: Well, she just said
9 that she has the numbers with her.

10 MR. PATCH: Oh.

11 CHAIRMAN IGNATIUS: So, if you want to
12 inquire of the witness.

13 MR. PATCH: Oh, I'm sorry. I
14 misunderstood.

15 **BY THE WITNESS:**

16 A. (Tebbetts) Okay. So, for the month of February, it was
17 approximately 72,000; March was approximately 68,000;
18 and April was approximately 70,000. And, I will note
19 that the driving factor for these dollars is
20 receivables. So, we charge that quarter -- a little
21 over a quarter of a percent for receivables. And, that
22 is -- I can tell you for the month of April, which you
23 don't have, over \$40,000 of that 70 is receivables.
24 So, dollars owed to the suppliers for customers not

[WITNESS PANEL: Tebbetts~Goodwin]

1 paying their bill.

2 CHAIRMAN IGNATIUS: Could I just
3 clarify, before we go further?

4 WITNESS TEBBETTS: Uh-huh.

5 CHAIRMAN IGNATIUS: The \$70,000 figure,
6 where would we place that on the chart?

7 WITNESS TEBBETTS: On the chart, it
8 would be under the "Total" for "April 2014", so, the last
9 column.

10 CHAIRMAN IGNATIUS: And, so, that would
11 be the net refund that would be due, if the new charges
12 were approved?

13 WITNESS TEBBETTS: Yes.

14 CHAIRMAN IGNATIUS: Thank you.

15 BY MR. PATCH:

16 Q. And, the method for calculating, and then, presumably,
17 paying back a supplier would be what? I mean, do you
18 have those numbers broken down by individual suppliers?
19 So, for example, ENH, you could calculate how much had
20 been overpaid, and you cut a check and send it to them?

21 A. (Tebbetts) Yes. We have it listed as individual. We
22 bill them every month. So, we know how much we charge
23 them. So, then, we would know how much we would need
24 to refund per supplier.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. And, so, you'd obviously just need sort of a final date
2 from the Commission in the order, so you could say from
3 the date in February or whatever, you know, until
4 whatever that final date is, you could come up with a
5 number, correct?

6 A. (Tebbetts) Yes.

7 Q. In terms of the cost of service study, as I understood
8 it, and that's what's been premarked as "Exhibit 19",
9 with regard to the Supplier Default Charge, the new
10 \$5.00 that you're asking the Commission for authority
11 to be able to charge, everything you had to say about
12 that in your March 12th filing is on Page 3 of the
13 Joint Technical Statement, under Paragraph E, is that
14 correct?

15 A. (Tebbetts) Yes.

16 Q. There are no other documents that were submitted,
17 that's it in total?

18 A. (Tebbetts) That's correct.

19 Q. And, the numbers that you have provided today weren't
20 provided as part of that, the 5.12 and the 5.92, is
21 that correct?

22 A. (Tebbetts) That's correct.

23 Q. And, you had said in that paragraph, I think it's in
24 the third sentence, that the "costs include manual

[WITNESS PANEL: Tebbetts~Goodwin]

1 billing", which you've referred to, "and possibly other
2 costs yet to be identified through the process of a
3 supplier default". Correct?

4 A. (Tebbetts) Yes.

5 Q. I mean, you've been through two supplier defaults. So,
6 how many does it take for you to identify other costs?

7 A. (Tebbetts) Well, Mr. Patch, at the time that I wrote
8 this Technical Statement, I did not have that flow
9 chart that we discussed in our technical session. And,
10 I was waiting for that kind of information from
11 Connecticut Light & Power and Northeast Utilities to
12 further understand what exactly went into the supplier
13 defaults in more detail. I can explain in, you know,
14 an overview of what happened. But, again, I am not
15 part of those other departments to understand fully
16 what went into IT programming and data hammers and all
17 of that. So, that's why I made sure that anything
18 extra that I did not know at the time, or could have
19 been another supplier default between this period that
20 I wrote this and today, anything else that would have
21 come up that, you know, we could be discussing.

22 Q. If you did a complete cost of service study on this
23 issue, which I think you've already said this morning
24 you haven't done, wouldn't you be able to identify

1 those other costs?

2 A. (Tebbetts) I'm sorry, Mr. Patch. Could you repeat the
3 question.

4 Q. Well, I think you've said this morning you didn't do a
5 cost of service study on the supplier default charge.
6 You've got some proxy, or I can't remember the exact
7 word that was used for it. But, if you did a complete
8 cost of service study, wouldn't you then be able to
9 identify these other costs?

10 A. (Goodwin) I think I testified previously why it would
11 be difficult to do a "cost of service study". We have
12 a sample of two. The fact that we've got -- the result
13 is two different charges. We described earlier that
14 there are different activities, depending on the
15 specific customers and their circumstances, *etcetera*.
16 That, based on a sample of two, where each of these
17 defaults involves different levels of detail, different
18 departments, different steps to resolve, it's really
19 not possible, in my mind, to do a "cost of service
20 study". Which is why we've used the two, the sample of
21 two recent defaults, as the proxy for this \$5.00
22 charge. I don't think we have anything better to
23 estimate what the costs would be on a going-forward
24 basis.

[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. You provided this morning some information about
2 Connecticut Light & Power, and basically said "they
3 don't have a \$5.00 charge like this." What about the
4 Massachusetts affiliates, the NU affiliates? Do any of
5 them have a similar charge?

6 A. (Tebbetts) Actually, I don't know.

7 A. (Goodwin) I don't recall either. But, for what it's
8 worth, and I don't remember if this was in the record,
9 but, in the earlier phase of this proceeding, we did
10 file a matrix of the various charges that the other
11 Northeast Utilities operating companies had as related
12 to supplier services. I can't recall exactly what
13 response that was, but there was a matrix, and that
14 question may be answered in that. And, I can't -- let
15 me see if I can put my finger on it. If anybody else
16 knows where it is, feel free to help me out here. It
17 got a fair amount of attention, I think, in the last
18 hearing.

19 Q. And, this, again, is a matrix of what?

20 A. (Goodwin) It was in the previous phase of this
21 proceeding, where we had filed as part of discovery,
22 and, again, I don't know whether it made it into the
23 record, but it was in a data request response, where we
24 provided a matrix of the various supplier charges among

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[WITNESS PANEL: Tebbetts~Goodwin]

1 all of the NU operating companies. So, it showed what
2 PSNH charged for versus, say, one of our Massachusetts
3 affiliates are.

4 CHAIRMAN IGNATIUS: Mr. Goodwin?

5 WITNESS GOODWIN: Yes.

6 CHAIRMAN IGNATIUS: Why don't we take
7 one minute to think about how best to proceed. Rather
8 than you trying to flip through papers right now, --

9 WITNESS GOODWIN: Thank you.

10 CHAIRMAN IGNATIUS: -- maybe we should
11 take a short break for two reasons. One is to see if you
12 can find that document. And, the second is, Mr. Rodier,
13 you just arrived. The hearing began at 9:00. We are
14 willing to let you join in the cross-examination after
15 Mr. Munnelly, but don't want to replot the same ground.
16 So, we want to have you discuss briefly what's been
17 covered already before you cross-examine.

18 So, why don't we take a ten minute break
19 for those two, for those two purposes. Yes, Mr. Fossum?

20 MR. FOSSUM: I think I can at least
21 answer one of the -- the first of those issues right now.
22 The matrix that Mr. Goodwin was referring to has been
23 introduced as "Exhibit 16" in this docket. And, it's
24 PSNH's response, supplemental response to Question PNE-9.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 CHAIRMAN IGNATIUS: Thank you. So, we
2 can all pull that and take a look before you resume. So,
3 let's take a ten minute break, and pick up again at 10:05.

4 (Recess taken at 9:57 a.m. and the
5 hearing resumed at 10:14 a.m.)

6 CHAIRMAN IGNATIUS: I trust everyone was
7 able to locate Exhibit 16. And, are we ready to resume,
8 Mr. Goodwin?

9 WITNESS GOODWIN: Yes.

10 CHAIRMAN IGNATIUS: All right.

11 MR. PATCH: Okay.

12 CHAIRMAN IGNATIUS: Please proceed.

13 BY MR. PATCH:

14 Q. Mr. Goodwin, I think you were searching for that
15 Exhibit 16 was in response to a question I had asked
16 you about whether other NU affiliates in Massachusetts,
17 in fact, has a charge similar to the \$5.00 that they
18 charge in the case of a default of a supplier. And,
19 so, I don't know if that exhibit is really relevant to
20 that question. But maybe you could explain a little
21 bit more of what you see in Exhibit 16 in response to
22 that question.

23 A. (Goodwin) Sure. And, just to clarify, it's in response
24 to PNE-9, Supplemental 1, as part of Exhibit 16.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 There's not a charge, *per se*, for customer default for
2 switching in Massachusetts. I don't know whether that
3 was a function of, when these charges were put together
4 many years ago as part of restructuring, defaults
5 hadn't been contemplated. In any event, I will say
6 that one of the costs that we've been discussing, as it
7 relates to our cost of these default switches, has to
8 do with special meter reads. And, as shown in the
9 right-hand column, about halfway down in that chart,
10 WMECO does charge "\$20.00" residential, "24.00" for C&I
11 for special meter reads. So, it's not exactly a
12 switching charge, but it's a charge for similar types
13 of activities that we're talking about.

14 Q. In terms of costs that PSNH incurs associated with
15 supplier defaults, you were asked, by my calculation, I
16 think four different questions as part of discovery:
17 RESA 2-3, RESA 2-6, OCA 2-3, and ENH 2-4. And, I think
18 the first three data requests that I mentioned, the
19 response to that was "See ENH 2-4." Which I think is
20 basically your -- PSNH's response to the question
21 about, you know, "explain the basis for applying the
22 proposed \$5.00 Supplier Charge." Would you say that's
23 fair?

24 A. (Tebbetts) Yes.

[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. Okay. And, so, is there anything that you would want
2 to change about that response now, because, obviously,
3 this response was prepared, I think, prior to the
4 technical session, and it seems like some of the
5 responses to questions provided today are a little --
6 at least indicate the fact that PSNH has thought about
7 this a little bit more than they had prior to preparing
8 these responses?

9 A. (Tebbetts) No. Everything on this flow chart would
10 stay the same. There has been no changes, as far as
11 what I provided here, and what we would do in the event
12 of a default today.

13 Q. RESA had asked you the question, and I think it's the
14 last data request, the response to the last one, it's
15 on the back page of what we premarked as "Exhibit 23,
16 "What would PSNH's position be on whether or not it
17 would be more appropriate to allow for
18 Commission-approved recovery of actual costs...instead
19 of a \$5.00 per customer charge?" And, the response is
20 right there on that last page. And, is your response
21 today still the same as that? Because I thought, in
22 the testimony you provided so far today, it was a
23 little bit different.

24 A. (Goodwin) Yes.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. But I don't know if you would want to change anything
2 in that response?

3 A. (Goodwin) As I think I testified to earlier, we have
4 had some discussion internally. This response has
5 effectively that we haven't considered whether or not
6 we'd support basically a case-by-case charge. I think
7 it would be our preference to not do that. And, I
8 think the difference in where we are today versus when
9 we wrote that response is a better understanding of the
10 complexities, and, again, the time and the effort that
11 largely Ms. Tebbetts undertook to track down the
12 specific departments, resources, activities,
13 identifying the people, identifying the costs,
14 identifying, *etcetera*. Very time-consuming, very
15 administratively intensive. So, based on that, our
16 preference would be to simply charge the \$5.00 as
17 proposed.

18 Again, the reason I think that that's
19 largely fair is, again, we have two very recent default
20 situations, two different flavors of suppliers, two
21 different sizes and types of customer bases, and both
22 of those result in a per customer cost in excess of
23 what we're proposing. I will acknowledge that it is
24 possible, as some of the earlier testimony suggested,

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[WITNESS PANEL: Tebbetts~Goodwin]

1 that we may have a condition where a particular event
2 may result in somewhat less than \$5.00. I think Ms.
3 Tebbetts did a good job of describing why none of these
4 would be at a "no cost" situation. It's just a matter
5 of whether it's more or less than the \$5.11 and the
6 \$5.90 some odd cents. But I don't think we can
7 envision a situation where it's no cost or
8 significantly lower than \$5.00. So, on that basis, we
9 believe \$5.00 is a reasonable fee, again, based on the
10 best information we have today.

11 Q. And, so, if the Commission were to allow you to charge
12 that \$5.00, would you then plan, in the next PSNH rate
13 case, to come in and provide more information about
14 cost assessment or would you not plan to do that, you
15 just want the \$5.00 charge to go on indefinitely?

16 A. (Goodwin) I don't know the answer to that question at
17 this point. We have had some discussions in the
18 context of this proceeding as to whether, you know, we
19 would attempt to revisit the rulings around how we
20 identify supplier charges and the whole "incremental"
21 definition that's being used here as to whether we
22 would pursue, you know, that again in the next rate
23 case. As it sits right now, I don't know the answer to
24 that question.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. So, in other words, you might come in in the next rate
2 case and argue it should be an embedded -- it should be
3 based on embedded costs, not just incremental costs?

4 A. (Goodwin) That's something that we have had a
5 discussion around, as to whether we would consider
6 making that type of an argument in the next rate case.
7 And, we have no conclusion one way or the other at this
8 point.

9 Q. And, the next rate case, I think I asked you this back
10 in October, I don't know if it's any clearer today when
11 that next rate case might be. It's my understanding,
12 under DE 09-035, that the earliest it could be would be
13 2015, is that correct?

14 A. (Goodwin) That would be the earliest. And, as we sit
15 today, I have no idea whether we will or won't come in
16 at that point in time, or any other time beyond that.
17 I just have no information.

18 Q. The kind of charges at issue here, default service
19 charges, are issues for other electric utilities,
20 aren't they, not just PSNH?

21 A. (Tebbetts) Yes. That's correct.

22 Q. So, from your perspective, is there a problem with
23 taking them up in the docket that the Commission has
24 open, DRM 13-151, which is the docket that will review

[WITNESS PANEL: Tebbetts~Goodwin]

1 and presumably result in changes to the 2000 rules with
2 regard to competitive suppliers?

3 A. (Tebbetts) No, there is no issue. Actually, the
4 Company believes that there -- it should be very clear
5 in the 2000 rules as to who and how much is paid for
6 these sort of issues. But, in the meantime, PSNH feels
7 that, if there's another supplier default between now
8 and the time that those rules are amended, if they are
9 amended, and approved, that we should have a mechanism
10 to recover costs associated with a supplier default.

11 Q. So, this -- so, what you're proposing to the Commission
12 today then is kind of another temporary rate for this,
13 that would be trumped by whatever the result in the
14 2000 rule docket is?

15 A. (Tebbetts) I wouldn't suggest that it's a "temporary
16 rate", because I don't know when the 2000 rules will be
17 approved, if they're amended. And, I don't know what
18 we will do in our next rate case. So, no, I would
19 disagree that this is a "temporary rate". It's just a
20 mechanism for PSNH to collect their costs.

21 Q. But you would agree that it's an appropriate issue to
22 take up in DRM 13-151?

23 A. (Tebbetts) Yes.

24 Q. In the earlier phase of this docket, there -- and they

[WITNESS PANEL: Tebbetts~Goodwin]

1 were marked, I believe, as "Exhibits 10" and "11",
2 there were responses to data requests with regard to
3 how much revenue PSNH was taking in under the \$5.00
4 Selection Charge. Do you recall those?

5 A. (Goodwin) Yes (Tebbetts) Yes.

6 Q. And, I think one of them, in one of them, I think it's
7 Exhibit 10, you had indicated that you were on track to
8 take in over a million dollars in 2013, do you recall
9 that?

10 A. (Tebbetts) Yes.

11 Q. Do you have actual figures for what you actually took
12 in under the tariff and those charges in 2013?

13 A. (Tebbetts) No. I don't have those with me.

14 Q. Is that something you could provide in response to a
15 record request?

16 MR. FOSSUM: At this point, I guess I
17 would ask what the relevance of that information would be.
18 The Commission has rendered its ruling on those charges.
19 It upheld them at the end of December. It was very clear
20 about when those charges would change, how they would
21 change, and about how the charges would be handled going
22 forward. I suppose I would question the relevance of the
23 past -- the information about past actuals.

24 CHAIRMAN IGNATIUS: I'm inclined to

[WITNESS PANEL: Tebbetts~Goodwin]

1 sustain the objection, but would hear from Mr. Patch.

2 MR. PATCH: Well, I believe that it's
3 relevant, in the sense that PSNH is here asking for
4 another new \$5.00 charge, to try to get some revenue
5 associated with supplier defaults, when, in fact, if you
6 look back, if you assume that, based on the Commission's
7 order, and based on where we are today, they, in fact,
8 significantly over-collected on those charges going back.
9 So, to give them another source of revenue going forward
10 seems to me inappropriate, given the significant
11 over-collection. There was a -- it was part of this
12 docket. It just seems to me it would be good information
13 for the Commission to have.

14 CHAIRMAN IGNATIUS: All right. I'm
15 going to sustain the objection. The order already
16 addressed whether or not there would be a reconciliation
17 back for those charges. And, that's not what we're here
18 for today. So, I would deny the request for the further
19 information.

20 BY MR. PATCH:

21 Q. Could you explain to the Commission the new -- well,
22 actually, during the temporary phase of this docket,
23 the 15 cents that you have been charging, which
24 supplier do you charge it to?

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[WITNESS PANEL: Tebbetts~Goodwin]

1 A. (Tebbetts) We are charging it when a customer enrolls
2 with a supplier. So that the new supplier, I would
3 say, not the one that they've left.

4 Q. So, and what you're proposing to do with this new \$5.00
5 charge is not to charge it -- you're proposing to
6 charge it to the supplier that already has the
7 customer, because they're the one that's defaulting, I
8 guess, correct?

9 A. (Goodwin) Yes. Excuse me. Just for clarity, I don't
10 think we would describe the Default Charge that we're
11 proposing as a "new charge". The Default Charge was
12 the old switching charge that was \$5.00, and we've done
13 a cost of service study to look at how that switching
14 charge should change. And, in normal day-to-day
15 switching transactions, we've come up with a
16 significantly different number. We're here to suggest
17 that we believe the current \$5.00 charge should apply
18 now to only default customers, for the reasons that
19 we've described today. So, I don't view it as a "new
20 charge". It wouldn't be incremental revenue. If you
21 were to look back hypothetically to an actual 2013, it
22 would not be incremental to that. It would be embedded
23 within those charges.

24 Q. Is it your position that you would have been able to

[WITNESS PANEL: Tebbetts~Goodwin]

1 collect this \$5.00 charge under the old tariff?

2 A. (Tebbetts) Well, yes, we were collecting the \$5.00
3 charge under the old tariff for the day-to-day
4 transactions. And, we collected the \$5.00 charge for
5 the other two defaults, the two defaults that we dealt
6 with.

7 A. (Goodwin) In our proposal, we've carved it out under a
8 special provision in the tariff just to distinguish it.
9 But it's our position that the prior tariff allowed for
10 all customer switches, including default, to be charged
11 the \$5.00 switching fee.

12 Q. But the Commission's order said you couldn't charge it
13 to both the supplier from whom the customer was coming
14 and the supplier to whom the customer was going,
15 correct?

16 A. (Tebbetts) Yes.

17 A. (Goodwin) And, I heard your question, I just don't
18 quite understand the context of the question, because
19 we're not suggesting that that happen here either, just
20 to be clear.

21 Q. Could you explain to the Commission what events trigger
22 a supplier default -- or, would trigger a supplier
23 default charge, if the Commission approves what you're
24 proposing here? And, I guess I'll direct your

[WITNESS PANEL: Tebbetts~Goodwin]

1 attention to ENH 2-3 and RESA 2-13, where I think you
2 were asked that question, too.

3 A. (Tebbetts) Yes. So, any instance where a competitive
4 energy service supplier no longer has the ability to
5 provide such service to PSNH customers in New
6 Hampshire, that is when we would charge the supplier
7 \$5.00 per customer.

8 Q. So, it isn't related at all to what happens at the ISO?

9 A. (Tebbetts) That is correct.

10 Q. Totally independent of that?

11 A. (Tebbetts) Totally independent.

12 MR. PATCH: That's all the questions I
13 have. Thank you.

14 WITNESS GOODWIN: Thank you.

15 WITNESS TEBBETTS: Thank you.

16 CHAIRMAN IGNATIUS: Thank you.

17 Mr. Munnelly, do you have questions?

18 MR. MUNNELLY: I have no questions at
19 this time.

20 CHAIRMAN IGNATIUS: Well, this is your
21 opportunity.

22 MR. MUNNELLY: Understood.

23 CHAIRMAN IGNATIUS: Okay. Mr. Rodier,
24 questions?

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[WITNESS PANEL: Tebbetts~Goodwin]

1 MR. RODIER: Yes. By the way, we came
2 late by mistake. We just assumed it was 10:00. So, I
3 apologize.

4 CHAIRMAN IGNATIUS: All right. Please
5 continue.

6 BY MR. RODIER:

7 Q. My questions are going to focus on primarily one
8 document, which is in Exhibit Number 20. Exhibit 20 is
9 ENH's data requests to PSNH and PSNH responses.
10 Exhibit 20. And, I'm looking at -- most of my
11 questions are going to be on PSNH's -- well, the
12 Request ENH 2-004, and PSNH's response to ENH 2-004.
13 And, do you have -- do you have that? Does the panel
14 have that in front of you?

15 A. (Tebbetts) Yes.

16 A. (Goodwin) Yes.

17 Q. This, the request, was looking for an explanation of
18 the basis for applying the \$5.00 customer charge on a
19 per customer basis when a supplier defaults. If we
20 look at the second page, which is -- it's the next
21 page, it's a flow chart. Is that what you call this, a
22 "flow chart"?

23 A. (Tebbetts) Yes.

24 Q. This is a sort of a -- it's a depiction of your

[WITNESS PANEL: Tebbetts~Goodwin]

1 response, is that correct?

2 A. (Tebbetts) Yes.

3 Q. Okay. And, so, what I'd like to do is to look at the
4 bottom of this flow chart, and there is a box, do you
5 call that a "box"?

6 A. (Tebbetts) Yes.

7 Q. What do you call this thing at the bottom? There's a
8 box at the bottom, says "Determine the Default Rate".
9 So, the first step is you're going to say "Okay, what's
10 the applicable default rate here? Is the customer on
11 Rate DE or maybe they're on Rate ADE, for example?"
12 There's two different default rates. Is that what
13 you're referring to there?

14 A. (Tebbetts) Yes. After, starting with ISO-New England,
15 in this particular flow chart, and moving all the way
16 down to through the "Customer account process to Energy
17 Service", after all of that has been completed, yes,
18 then we have to determine which default rate they're
19 on, which is Default Service or the Alternate Default
20 rate.

21 Q. Okay. So, the next step is "run affected
22 customer/account list". So, is that simply saying
23 "hey, we got to find out who these customers are that
24 we have to take back to Default Service"? You're

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[WITNESS PANEL: Tebbetts~Goodwin]

1 identifying customers?

2 A. (Tebbetts) Yes.

3 Q. Okay. And, basically, what you've got to do is say
4 "okay, we know a supplier was suspended yesterday. So,
5 who were their customers?" You get a list of the
6 customers?

7 A. (Tebbetts) Yes, that's correct.

8 Q. Okay. Like PPG was maybe 5,700 customers, for example,
9 right?

10 A. (Tebbetts) Yes.

11 Q. Okay. "Remove pending" -- "Remove customers with
12 pending changes to the default supplier." Now, why is
13 "pending" in large capital letters?

14 A. (Tebbetts) It's in large capital letters just so it
15 stands out for when this --

16 Q. Okay.

17 A. (Tebbetts) -- when we're going through the process.
18 There's no --

19 Q. Okay. There's no special significance?

20 A. (Tebbetts) No.

21 Q. Okay. Now, if a customer is suspended -- by the way, I
22 think the word is -- I mean, "default" doesn't
23 necessarily mean that you lose your customers and they
24 go back to the host utility, if it happens on a

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[WITNESS PANEL: Tebbetts~Goodwin]

1 suspension, is that correct, because a default can be
2 cured?

3 A. (Tebbetts) Well, what we're considering here is that
4 we've been told that customers have to come back to the
5 utility for supply. That is, if there's a supplier out
6 there that has a period of time to be cured, we don't
7 do anything.

8 Q. All right.

9 A. (Tebbetts) We wait for the notification that says
10 "Please move them back to your supply."

11 Q. Right. And, that's upon a suspension?

12 A. (Tebbetts) It could be.

13 Q. Okay. All right. Anyway, so, if -- let's take an
14 example here, on the 10th of June, a supplier is
15 suspended. And, 10th of June, supplier is suspended,
16 on June 6th that supplier initiated enrollments to send
17 their customers to NextEra, for example. Could be
18 anybody. Do you have that in mind?

19 A. (Tebbetts) Yeah. I'm writing this down, I apologize.

20 Q. That's okay. What's your understanding of the
21 question?

22 A. (Tebbetts) Okay. So, you're asking, so, we have a
23 customer who's -- we have a pending enrollment, is that
24 what you're asking, on June 6th, to another supplier?

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[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. Yes?

2 A. (Tebbetts) And, on 6/10, the current supplier has been
3 suspended. Is that -- am I understand correctly?

4 Q. That's exactly right.

5 A. (Tebbetts) Okay.

6 Q. That's exactly right. So, on June 10th, the customers
7 are now PSNH's. It might take a couple of days to get
8 them all back, okay. I'm not worried about that,
9 but -- so, the customers that have enrollments pending,
10 and they, under -- I should say this. Under a
11 "business as usual" approach, they would go -- a bunch
12 of enrollments were made on June 6th, they will go over
13 to, absent any suspension, they would go to NextEra on
14 their next normal meter read date?

15 A. (Tebbetts) Yes. That's correct.

16 Q. Okay. So, they would go over to -- they would have
17 been gone on over to NextEra on the 12th, the 13th, the
18 14th, the 15th, for example, as soon as their next
19 meter read was, correct?

20 A. (Tebbetts) If those are the meter reading dates, then,
21 yes. That's correct.

22 Q. Yes. That's the hypothetical. Okay.

23 A. (Goodwin) Excuse me. I believe that's the reference to
24 "Remove customers with pending changes". You were

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[WITNESS PANEL: Tebbetts~Goodwin]

1 asking about the "pending" piece. I believe what
2 you're describing is that step.

3 Q. That's correct. I'm still on that.

4 A. (Goodwin) Okay. I just wanted to make sure we were on
5 the same page.

6 Q. That's fine. That's fine. So, what I'm asking now,
7 they were all -- enrollments were sent in June 6th,
8 supplier suspended June 10th. What happens to the --
9 and, the third prong of this hypothetical is that there
10 is a customer in Manchester, let's focus on one
11 customer, whose next meter read was June 16th. Could
12 you add that to your list?

13 A. (Tebbetts) Yes.

14 Q. Okay. Describe to us the transition, the different
15 elements of the transition for that customer.

16 A. (Tebbetts) Okay. So, on 6/6, let's assume we received
17 an enrollment for a new supplier, and the current
18 supplier they're with on 6/10 was suspended. So, the
19 way we're -- and their next meter read is 6/16. So,
20 the enrollment is pending. So, number -- we'll call it
21 "number three, "Remove customers with pending changes
22 to the defaulting supplier", what would happen is, this
23 customer would be put in a bucket, we'll say, that has
24 to have a manual override. So, we would have to remove

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[WITNESS PANEL: Tebbetts~Goodwin]

1 the pending enrollment, because, again, there's a
2 pending change. And, we don't know why. We don't know
3 if the supplier is dropping them, we don't know if it's
4 just an enrollment, because the new supplier has taken
5 them over, we don't know. So, we just drop it, and no
6 enrollment happens. The customer goes in a bucket and
7 says -- and we're going to now put them back on default
8 for -- let's assume at midnight, on 6/11, that all
9 customers at that point that were with the suspended or
10 defaulting supplier have to come back to PSNH. At the
11 next meter read, on June 16th, the customer will not be
12 enrolled with a new supplier, because we had to remove
13 that pending enrollment during this process of
14 identifying customers with these pending issues. Does
15 that answer your question?

16 Q. Is that what you told me at the technical session?

17 A. (Tebbetts) Yes, it is.

18 Q. I thought you told me that pending enrollments with a
19 new supplier, other than the defaulting supplier, are
20 not removed?

21 A. (Tebbetts) No. All customers who have a pending -- we
22 have to remove customers with pending changes to the
23 defaulting supplier. So, the change would be an
24 enrollment, I guess it could be a drop, but any pending

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[WITNESS PANEL: Tebbetts~Goodwin]

1 change with the defaulting supplier would have to --
2 now that customer has to go into a bucket to say, to
3 the billing representative, that "now you manually need
4 to make the change", the system cannot automatically
5 put them on PSNH default supply.

6 WITNESS GOODWIN: Excuse me. Could we
7 have one minute please?

8 CHAIRMAN IGNATIUS: All right.

9 (Witnesses conferring.)

10 WITNESS GOODWIN: Sorry.

11 CHAIRMAN IGNATIUS: That's all right.

12 So, I've lost track. Is there an answer pending or, Mr.
13 Rodier, you had asked --

14 BY MR. RODIER:

15 Q. Yes. What was the subject matter of your discussion
16 just then, may I ask? He's not, by the way, he's not
17 your lawyer, is he?

18 A. (Tebbetts) No. Mr. Fossum is our lawyer.

19 Q. Okay. Okay. What did you just discuss?

20 A. (Goodwin) I was trying to get -- I'm not involved in
21 this process. So, I was speaking with Ms. Tebbetts to
22 get a better understanding as to the scenario that she
23 described, and what Mr. Rodier suggested he may have
24 heard at the technical session. I wasn't at the

[WITNESS PANEL: Tebbetts~Goodwin]

1 technical session either. So, I was just trying to get
2 an understanding as to why there might have been
3 confusion on this point.

4 CHAIRMAN IGNATIUS: And, can I make a
5 request that, you're free to question about whether
6 something is different today than it was at the technical
7 session. But, ultimately, our concern is "what is the
8 Company's position?"

9 MR. RODIER: Right.

10 CHAIRMAN IGNATIUS: "What are the
11 arguments for or against that position?" To understand --

12 MR. RODIER: I understand.

13 CHAIRMAN IGNATIUS: -- what the right
14 result should be.

15 MR. RODIER: A little context here. PNE
16 submitted data requests that were on the mechanics of
17 "what happens when there's a default?" Okay? They were
18 objected to as not relevant. Went to the technical -- and
19 I drafted a motion to compel and sent it to Public
20 Service. Okay? They said "well, come to the technical
21 session, we may have something for you." Go to the
22 technical session, we spent a lot of time getting into
23 this. After the technical session, I sent an e-mail to
24 PSNH --

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[WITNESS PANEL: Tebbetts~Goodwin]

1 MR. FOSSUM: I'm going to interject
2 right here. This is way out of bounds. This is almost
3 testimony from counsel on off-the-record discussions. As
4 you've just clarified, we're here to -- you know, we have
5 witnesses that have been presented to present the
6 Company's position today. The question should be directed
7 to the witnesses on the information that they have
8 provided.

9 CHAIRMAN IGNATIUS: Yes. I think -- I
10 agree with you. I think that it's fair, as I said, if
11 there's something that you think is different, you can
12 explore that. But let's explore it through the witnesses.
13 And, if there's something that --

14 MR. RODIER: Well, I just --

15 CHAIRMAN IGNATIUS: -- you think has
16 been misstated or you have an argument against, let's get
17 the facts out, --

18 MR. RODIER: Yes. Okay.

19 CHAIRMAN IGNATIUS: -- and then you can
20 argue it at the closing.

21 MR. RODIER: Okay. My only point is,
22 I'd like to be able to rely on what's said at the
23 technical session.

24 CHAIRMAN IGNATIUS: Well, why don't you

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[WITNESS PANEL: Tebbetts~Goodwin]

1 ask the witness to keep --

2 MR. RODIER: All right.

3 CHAIRMAN IGNATIUS: -- developing what
4 the position is right now, and whether that conflicts with
5 what you were told before.

6 MR. RODIER: Okay. I have an exhibit I
7 would like to mark then. I don't want to belabor this.

8 BY MR. RODIER:

9 Q. But, let me just clarify, Ms. Tebbetts. You just told
10 us that the customer that was enrolled with NextEra,
11 June 6th, the customer is with TransCanada. How's
12 that? The customer now says that -- they signed a new
13 deal with NextEra, and the enrollment is put in by
14 NextEra to send -- to enroll that customer at their
15 next meter reading date is June 16th, is that correct?

16 A. (Tebbetts) That is what you described, yes.

17 Q. Okay. Your answer is "suspension in the meantime, that
18 customer does not go to NextEra on June 16th"?

19 A. (Tebbetts) As far as I understand, we have to put them
20 in a special bucket that says that we have -- that we
21 have to now put them back on Default Service as of the
22 11th, midnight of the 11th, and the pending enrollment
23 is no longer pending. That is what I have been
24 described -- that is what was described to me from our

[WITNESS PANEL: Tebbetts~Goodwin]

1 IT group. And, I do not handle this specifically, but
2 that was what was described to me.

3 MR. RODIER: Okay. Madam Chairman, I
4 have here an e-mail that I sent to Public Service
5 describing what I heard.

6 CHAIRMAN IGNATIUS: Why don't you do
7 this through the witness.

8 MR. RODIER: Okay.

9 CHAIRMAN IGNATIUS: If you have a
10 question for the witness, --

11 MR. RODIER: I was just preparing you
12 for what I was going to -- I would like to mark this into
13 evidence, if I might?

14 CHAIRMAN IGNATIUS: Well, we'll mark it
15 for identification. It may or may not become an exhibit.

16 MR. RODIER: Yes. I understand.

17 CHAIRMAN IGNATIUS: And, do you have
18 copies for everyone?

19 MR. RODIER: Yes, I do.

20 CHAIRMAN IGNATIUS: Good. Thank you.

21 MR. RODIER: So, for identification.

22 (Atty. Rodier distributing documents.)

23 CHAIRMAN IGNATIUS: Thank you.

24 MR. RODIER: Do you have a copy of the

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1 e-mail I sent to Mr. Fossum?

2 CHAIRMAN IGNATIUS: Mr. Rodier.

3 MR. RODIER: Well, I'll give you a copy
4 of it.

5 CHAIRMAN IGNATIUS: One second, Mr.
6 Rodier.

7 WITNESS TEBBETTS: No.

8 CHAIRMAN IGNATIUS: What's the number
9 we're up to please?

10 MS. DENO: Twenty-four.

11 CHAIRMAN IGNATIUS: All right. So,
12 we're going to mark this e-mail exchange, which is two
13 pages, as "Exhibit 24" for identification.

14 (The document, as described, was
15 herewith marked as **Exhibit 24** for
16 identification.)

17 CHAIRMAN IGNATIUS: And, copies to
18 everyone?

19 MR. FOSSUM: No.

20 (Atty. Rodier distributing documents.)

21 BY MR. RODIER:

22 Q. This is Exhibit 24. Did you ever see this email?

23 MS. AMIDON: Mr. Rodier, I don't have a
24 copy.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 MR. RODIER: Sorry.

2 (Atty. Rodier handing document.)

3 BY MR. RODIER:

4 Q. Did you ever see this email, Ms. Tebbetts?

5 A. (Tebbetts) I'm just looking at it. I honestly --
6 excuse me, I don't remember if I saw the e-mail. I had
7 discussions with Mr. Fossum regarding an e-mail, but I
8 don't recall.

9 MR. FOSSUM: And, to the extent that
10 there's anything in any of those discussions that was had
11 about the Company's position, I would argue that's
12 certainly attorney/client protected. That was, you know,
13 for the purposes of addressing whatever might have been
14 discussed here. And, I would object entirely to the
15 introduction of this e-mail.

16 If Mr. Rodier has a question for the
17 witnesses about the Company's position, he should ask it.

18 CHAIRMAN IGNATIUS: Mr. Rodier, can you
19 explain, I mean, what I see is an e-mail from you to you?

20 MR. RODIER: I've got the --

21 CHAIRMAN IGNATIUS: At least the top
22 part of the first page.

23 MR. RODIER: Yes. I've got another
24 version here that makes it clear what went to Mr. Fossum.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 CHAIRMAN IGNATIUS: All right. If it
2 did not go to Ms. Tebbetts, then asking her to respond to
3 what was in the e-mail is questionable. Why is it
4 appropriate to proceed?

5 MR. RODIER: Okay. Okay. I asked her
6 if she'd seen it. But the point is, if you look at Number
7 2 here, the second sentence says "Pending enrollments with
8 a new supplier other than the defaulting supplier are not
9 removed."

10 CHAIRMAN IGNATIUS: All right. So, why
11 don't you ask Ms. Tebbetts about that question.

12 BY MR. RODIER:

13 Q. Ms. Tebbetts, --

14 CHAIRMAN IGNATIUS: Not whether it's in
15 the e-mail.

16 MR. RODIER: Yes.

17 CHAIRMAN IGNATIUS: But clearly pursue
18 what the policy of the Company is.

19 BY MR. RODIER:

20 Q. So, what you're saying then is that "pending
21 enrollments with a new supplier other than the
22 defaulting supplier are removed"?

23 A. (Tebbetts) That is my understanding from an internal IT
24 source.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. Okay. Okay. Are removed.

2 MR. RODIER: And, just note that I,
3 Chairman, for what it's worth, I asked for a confirmation
4 of denial, I did not get that from Public Service. So, --

5 MR. FOSSUM: Again, I would object that,
6 I mean, testimony from counsel about an off-the-record
7 e-mail exchange has no place here today.

8 MR. RODIER: I'm going to just finish
9 this by saying that Commission has said that discovery --
10 that technical sessions are discovery. I was very patient
11 with PSNH. They wouldn't reply to my email requests. I'm
12 just trying to get an answer here.

13 CHAIRMAN IGNATIUS: All right. And, it
14 sounds like the answer from Ms. Tebbetts is her
15 understanding is that "all pending transactions are
16 removed" --

17 MR. RODIER: Right.

18 CHAIRMAN IGNATIUS: -- in the scenario
19 that you set forth.

20 WITNESS TEBBETTS: Madam Chair, if I
21 could just say, I would be more than happy to get
22 clarification from our IT group to verify what I'm saying.
23 Again, this is my understanding. So, maybe what Mr.
24 Rodier has in writing here is what he heard, I don't know.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 CHAIRMAN IGNATIUS: All right. I think
2 that's a good offer.

3 MR. RODIER: That's great.

4 CHAIRMAN IGNATIUS: The point is to get
5 to what the actual policy is. So, let's make a record
6 request for that information. Let's mark it for
7 identification as "Exhibit 25".

8 ***(Exhibit 25 reserved.)***

9 MR. FOSSUM: And, if I may add, I won't
10 object to providing that information, Ms. Tebbetts has
11 offered to provide it. I would question the value in
12 doing so, however. We're here today to discuss the three
13 charges that have been discussed and agreed to, we're here
14 to discuss the charge that has not been agreed to, and the
15 underlying costs associated with all of those. The
16 Company policy, and how IT exactly goes about performing
17 its function, is not relevant to answering those
18 questions. But, that said, we will --

19 CHAIRMAN IGNATIUS: Well, I disagree
20 with you, Mr. Fossum. If you're asking for the charge --
21 if you want to put this all aside, and we take up whether
22 or not there should be a charge in the event of a default
23 in another proceeding, then, I agree it's not relevant.
24 If you're seeking to have that charge imposed, then how

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[WITNESS PANEL: Tebbetts~Goodwin]

1 it's applied and when it's applied seems relevant.

2 MR. FOSSUM: So be it.

3 CHAIRMAN IGNATIUS: So, I think the
4 information is useful.

5 MR. FOSSUM: So be it.

6 CMSR. HONIGBERG: Can I ask Mr. Rodier,
7 can you finish the thought about why it's relevant as to
8 where that customer with the pending request ends up on
9 the 16th of the month? Are you getting at who gets
10 charged what under this proposed \$5.00 charge? Is that
11 where you're going?

12 MR. RODIER: Yes. I'm just trying to
13 get at, to really understand this -- I've got just a few
14 more questions, by the way. What happens, everybody talks
15 about a "supplier suspension", we don't really talk about
16 what happens. This is just one, I happen to be following
17 on the list here, this came up first, but what does PSNH
18 actually do? How does it -- how does it affect the
19 customers that are involved? Okay?

20 CMSR. HONIGBERG: Are you going to ask
21 who gets charged what in this context? Because that would
22 seem to me to be kind of the question you want to get at,
23 don't you?

24 MR. RODIER: Well, I'm trying to get at

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1 "what do they have to do and what's the level of effort
2 they have to undertake?" That's really where I'm coming
3 from. And, then, the cost would flow from that.

4 CMSR. HONIGBERG: Okay. I had no idea
5 you were asking about the effort that's required, because
6 you certainly hadn't given any indication that that's
7 where you're going.

8 MR. RODIER: Okay.

9 CMSR. HONIGBERG: But maybe you should
10 ask questions like that. But I think maybe you might want
11 to finish with "so, who gets charged what under your
12 proposed tariff?"

13 MR. RODIER: Okay. Okay. May I just,
14 Commissioner Honigberg, I think this whole chart really
15 has to do with what they have to do. And, I'm just
16 getting into the details.

17 CMSR. HONIGBERG: And, if you do it, I
18 won't have to, because I was planning on it.

19 MR. RODIER: Okay. Okay. That's good.

20 BY MR. RODIER:

21 Q. So, then, we've removed customers with pending changes
22 to a defaulting supplier, okay, and we've beat that
23 into the ground. Now, here's one we will all
24 immediately understand: "Run "data hammers" to move

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[WITNESS PANEL: Tebbetts~Goodwin]

1 non-exception customers." Do you see that as the
2 fourth line?

3 A. (Tebbetts) Yes.

4 Q. Okay. Now, just by way of clarification here, you got
5 exception customers and non-exception customers, is
6 that correct? The two buckets, right?

7 A. (Tebbetts) Yes.

8 Q. The non-exception customers is like the run-of-the-mill
9 customer. There's no special circumstances, correct?

10 A. (Tebbetts) Yes.

11 Q. Then, you had exception customers that have budget
12 billing. I think you -- I think you told us there are,
13 at the technical session, you said "unmetered", "coded
14 do not estimate", "budget billing", or "net metered".
15 Are those the four non-exception [sic] customers?

16 A. (Tebbetts) Those were four examples that we had for the
17 PPG default.

18 Q. Okay. Do I recall from the PPG default there was 5,700
19 customers involved, and roughly 5,000 were
20 non-exception?

21 A. (Tebbetts) Approximately, that's correct.

22 Q. Okay. All right. So, there was like 700 fell into
23 this special category. And, you know, I think that
24 this is going to lead to, eventually, is you're going

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[WITNESS PANEL: Tebbetts~Goodwin]

1 to say there's a manual effort in call -- manual effort
2 involved in the exception customers?

3 A. (Tebbetts) Yes.

4 Q. Okay. So, the non-exception customers is somewhat of
5 an automated process, is it not, to get these customers
6 from -- let's just use PPG. To get the customers from
7 PPG to PSNH, there's an automatic program that does
8 that?

9 A. (Tebbetts) It's an automatic program to do the switch,
10 but there are Steps 1, 2, and 3 that have to be
11 completed before Step 4 is completed to say these are
12 non-exception customers and move them to PSNH supply.

13 A. (Goodwin) Mr. Rodier, just for your understanding, I
14 think a little bit of this was described in some
15 earlier testimony, maybe before you got here, but Ms.
16 Tebbetts did describe before some of the costs
17 associated with even the non-exception customers. And,
18 so, that was the basis for a statement I made earlier
19 about that "none of this happens at a zero cost."

20 Q. Okay. All right. Well, what I'm getting at is how
21 costly are the non-exception customers? And, what did
22 you just tell me -- or, let me ask you. I said you run
23 a -- at the flick of a button on your computer, you run
24 a computer program, they're gone over, back to PSNH.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 And, then, you added "but", you said "that's not the
2 end of the story"?

3 A. (Tebbetts) Well, for Step 4, yes, that's correct. What
4 we would do is, in your example, "hit the button" and
5 move them over. But, before we can do that, all the
6 other steps have to be done in order to get to that
7 point.

8 A. (Goodwin) And, a "data hammer" to me, not being an IT
9 person, but just hearing IT people talk in the context,
10 is some exception or manual effort.

11 Q. Okay.

12 A. (Goodwin) So, the term "hammer" means it's not
13 completely automated. There's manual intervention to
14 set this code up, so that somebody can eventually hit a
15 button.

16 Q. Okay. So, the data hammers aren't involved in the
17 non-exception run-of-the-mill customers?

18 A. (Tebbetts) No, they are involved. Because what happens
19 is, we're using the data hammers to move the
20 non-exception. So, for example, North American Power,
21 ENH, and PNE all have different asset ID numbers. And,
22 so, we would have to then fix the programming to make
23 sure we have customers with the appropriate supplier's
24 asset ID moved. So, someone would have to go in and

[WITNESS PANEL: Tebbetts~Goodwin]

1 manually code that, before we can run the data hammer
2 to move the customer.

3 Q. Okay.

4 A. (Goodwin) So, there's manual intervention with
5 non-exceptions. There just happens to be more manual
6 intervention with the exception customers.

7 Q. Okay. There is a computer program involved with the
8 non-exception, though? Okay.

9 A. (Goodwin) Right. It's above and beyond a normal
10 day-to-day type of a switching transaction, which would
11 be a "hit the button" type of event.

12 Q. Okay. That leads us to the next line, which is
13 "Process manual transactions to move exception
14 customers to default rate." So, that speaks for
15 itself. In the PPG case, there was roughly 700
16 customers that had to be manually moved?

17 A. (Tebbetts) Yes, 554 customers needed manual
18 intervention, and, actually, customer accounts.

19 Q. Okay. So, let me see what else I may have here. But,
20 while I think of it, I just want to ask you one thing.
21 And, I hope this question isn't off the reservation,
22 madam Chairman. This is -- it just has to do with
23 whether there's a \$5.00 charge for supplier default for
24 Unutil or liberty, do you happen to know that?

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[WITNESS PANEL: Tebbetts~Goodwin]

1 A. (Tebbetts) I do not know.

2 Q. Okay. All right.

3 MR. RODIER: Excuse me.

4 (Short pause.)

5 BY MR. RODIER:

6 Q. So, the \$5.00 -- the proposed new \$5.00 charge would
7 apply in the case of the exception -- the non-exception
8 customers, as well as the exception customers, correct?

9 A. (Tebbetts) The charge that we've been charging, the
10 \$5.00 Selection Charge, Switching Charge, however you
11 would like to describe it, that we charge to defaults
12 we've experienced, would be charged for all
13 customers --

14 Q. Right.

15 A. (Tebbetts) -- that the supplier was servicing.

16 Q. Okay. Even though there's a lot less work for the
17 non-exception customers?

18 A. (Tebbetts) That may be the case.

19 A. (Goodwin) Mr. Rodier, if I could just, I'm sorry --

20 Q. That's all right.

21 A. (Goodwin) -- just interject. You used the term again a
22 "new charge", and I just want to clarify for the
23 record, --

24 Q. It's continued.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 A. (Goodwin) Yes. We don't view it as a "new charge". We
2 think it's a continuation of the previous \$5.00 charge.

3 Q. Right. Just I don't have the "continued" in my head,
4 like you do.

5 A. (Goodwin) No, I --

6 Q. But I know that you --

7 (Multiple parties speaking at the same
8 time.)

9 **BY THE WITNESS:**

10 A. (Goodwin) It's a sensitivity with us, as you can
11 imagine. So, I just wanted to clarify the record.
12 Thank you.

13 BY MR. RODIER:

14 Q. All right. All right. So, I just need a -- I think
15 I'm done. I just want to, just very quickly here, I
16 asked some data requests, and it looks like they were
17 marked as number "22", "Exhibit Number 22". And, do
18 you have those?

19 A. (Tebbetts) I believe that is the PNE data requests, is
20 that --

21 Q. Correct. Some of these we've gone over, but what I
22 want to ask is, we had a hypothetical here of a
23 suspension on June 10th, and the customers are moved
24 over to PSNH Default Service. So, now, they're PSNH's.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 So, when this customer's next meter read is on the
2 16th, that customer gets a bill roughly for the
3 kilowatt-hours consumed during the period from, well, I
4 shouldn't say June 16, to May 16, to whenever the last
5 meter reading was, correct?

6 A. (Tebbetts) Yes.

7 Q. Okay. So, the customer gets billed, and there's like
8 charges for PSNH on there for electricity consumed on
9 and after June 10th through June 16th, would that be
10 correct?

11 A. (Tebbetts) It would be on and after June 11th, in that
12 example.

13 Q. On and after June 11th to June 16th. And, the old
14 supplier, we'll say PPG, not to beat on PPG, but it
15 makes it easier to discuss, the old supplier is billed
16 for consumption roughly between May 17th and June 10th?

17 MR. FOSSUM: Before an answer is given,
18 I'm curious to know what the relevance is of how the
19 customer gets billed to what we're here to discuss today?

20 CHAIRMAN IGNATIUS: Mr. Rodier.

21 MR. RODIER: The answer is that it's
22 very informative to understand how this affects customers
23 and what PSNH does in the event of a supplier default. I
24 think it is relevant. I mean, doesn't somebody care about

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[WITNESS PANEL: Tebbetts~Goodwin]

1 how the customers' bills are calculated when this happens?
2 You know, how are they prorated? That's what I'm getting
3 at, madam Chairman.

4 CHAIRMAN IGNATIUS: All right. Well, if
5 it's tied to the transaction in the event of a default, --

6 MR. RODIER: Yes.

7 CHAIRMAN IGNATIUS: -- is it only in the
8 event of a default you're asking or is it in any customer
9 switch?

10 MR. RODIER: No. It's just in the event
11 of a default.

12 CHAIRMAN IGNATIUS: Okay. Then, I think
13 some explanation of how that plays out with the customers
14 in the billing process is fair.

15 BY MR. RODIER:

16 Q. So, what the question boils down to, how many
17 kilowatt-hours were furnished by PSNH and is PSNH
18 billing for? And, how do you determine the
19 kilowatt-hours that were provided by PPG prior to
20 PPG -- prior to their default? There's an estimation
21 procedure here, is there not?

22 A. (Tebbetts) Excuse me. I just need to get back to
23 the -- to ENH 2-4.

24 Q. I really didn't get any answer to these data requests,

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[WITNESS PANEL: Tebbetts~Goodwin]

1 so, I don't think that's going to help you.

2 A. (Tebbetts) Just looking to see, you were mentioning --
3 can you repeat the question please?

4 Q. How many -- how does PSNH determine the number of
5 kilowatt-hours that they get to -- that they serve and
6 that they are billing for? And, how does PSNH
7 determine the number of kilowatt-hours that PPG
8 provided during the period from May 17th roughly to
9 June 10th?

10 A. (Tebbetts) We would prorate it.

11 Q. That's -- okay. So, it's got to be prorated. Now, is
12 the method of proration some -- do you have some
13 algorithm that you have to run to determine what these
14 kilowatt-hours are before and after? Or, how do you do
15 that?

16 A. (Tebbetts) So, we would take the customer's usage, past
17 usage, its history, their history, and base it off of
18 that.

19 Q. Okay. And, are you saying, let's get this down to a
20 level that we can comprehend here, for the period from
21 June 11th to June 16th, let's say that's -- let's say
22 there's 30 days in the period, in the billing period.

23 A. (Tebbetts) Okay.

24 Q. So, five days we're with PSNH, okay? And, if it's

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[WITNESS PANEL: Tebbetts~Goodwin]

1 not -- okay? You follow me?

2 A. (Tebbetts) Yes.

3 Q. So, you get a 5 over 30, which is what? One-sixth of
4 the total kilowatt-hours read on the meter were
5 provided by PSNH, and five-sixths were provided by PPG.
6 Is that correct?

7 A. (Tebbetts) Yes.

8 Q. So, would you say it's estimated and it's prorated,
9 it's really -- that's how you do it. It's the same way
10 PSNH, for example, implements a rate change on
11 June 1st. It's on a service on and after June 1st, and
12 so you get prorated bills on the number of days before
13 and after, is that correct?

14 A. (Tebbetts) Yes.

15 Q. The same method. Okay.

16 MR. RODIER: That's it. Thank you.

17 CHAIRMAN IGNATIUS: Thank you. Ms.

18 Amidon, do you have questions?

19 MS. AMIDON: Yes. Not very many. Thank
20 you. Good morning.

21 WITNESS GOODWIN: Good morning.

22 WITNESS TEBBETTS: Good morning.

23 BY MS. AMIDON:

24 Q. I know that many people here are familiar with what the

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[WITNESS PANEL: Tebbetts~Goodwin]

1 process is at ISO when there's a competitive supplier
2 that defaults. But my understanding, and I'm asking
3 for this just so that we have it in the record, is
4 there's certain responsibilities that PSNH, as the
5 load-serving entity has in those situations. So, could
6 you please just describe to me what your obligation is
7 with respect to ISO, when there is a competitive
8 supplier who defaults, where you have customers, and
9 also the time constraints and the timeframes that under
10 which you have to operate to comply with those
11 requirements? And, either of you can answer that
12 question.

13 A. (Tebbetts) Yes. So, as I understand, we will get email
14 notification, could be in writing, in a letter, that
15 says that "a supplier has not met its obligation."
16 And, then, once we've received official notification
17 that they have defaulted, I believe, in the last
18 default, we had 72 hours to identify customers and get
19 them moved, to get them moved back to PSNH supply.

20 Q. And, it's indifferent as to who the supplier is? In
21 other words, it doesn't matter, as long as PSNH is the
22 distribution utility for those customers, you have
23 responsibility to take those customers back, is that
24 correct?

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[WITNESS PANEL: Tebbetts~Goodwin]

1 A. (Tebbetts) Yes. That's correct.

2 Q. So, it's not like -- it's not as if the Company says
3 "oh, we are going to take advantage of this to bring
4 back these customers to Default Service." You actually
5 are obligated to take the customers back, is that
6 correct?

7 A. (Tebbetts) Yes. That's correct.

8 Q. Okay. Thank you. One of the elements I noticed in
9 Exhibit 16, that was briefly discussed in questions,
10 was the fact that I think it was -- was it WMECO had a
11 special or off-cycle meter reading?

12 A. (Goodwin) That's correct.

13 Q. Do you know, is that -- is that cost assessed through a
14 tariff?

15 A. (Goodwin) I believe I'm 99.9 percent sure that, yes,
16 it's part of what we would refer to in Massachusetts as
17 the "Deliver Service Terms and Conditions".

18 Q. Okay. But, if I look under the column for "PSNH",
19 there is no such cost. So, does that mean you do not
20 have an off-cycle read tariff?

21 A. (Tebbetts) That's correct.

22 A. (Goodwin) I believe that's correct, yes.

23 Q. But that is one thing, one element, for example, that
24 you could institute in connection with some of these

[WITNESS PANEL: Tebbetts~Goodwin]

1 recoveries for defaulting suppliers, because, if you're
2 required to do off-cycle meter reads, if you had a
3 tariff, you could actually assess those costs, is that
4 fair?

5 A. (Goodwin) Yes. I think you're suggesting there might
6 be a different means of trying to recover costs. And,
7 effectively, you could parse it out by activity and
8 develop charges by activity. For example, we might
9 have a Data Hammer Charge, whatever that might be, or a
10 Special Meter Read Charge, or the various things that
11 are on the flow chart, if they were -- could be
12 identified and costed out separately, I suppose that's
13 one alternative.

14 Q. Well, you read my mind. Because that's what I was
15 thinking, that there may be other ways to implement
16 costs and to actually capture the costs of those
17 services. Because, I don't know, but there could be
18 other occasions where you would need to do an off-cycle
19 meter read, is that fair to say, other than with a
20 defaulting customer --

21 A. (Goodwin) That's true.

22 Q. -- strike that -- defaulting supplier?

23 A. (Tebbetts) Yes.

24 Q. Thank you. And, my last question, because we've

[WITNESS PANEL: Tebbetts~Goodwin]

1 covered a lot of ground this morning, just basically
2 have to do with the two particular defaults that the
3 Company has experienced. Were you able -- were you --
4 did the Company have to find other means to pay for the
5 costs that you incurred in connection with these
6 defaults? Or, did you -- were you able to assess the
7 suppliers and obtain the value of your expenses from
8 the suppliers?

9 A. (Goodwin) Do you mean here in these particular cases
10 for PSNH?

11 Q. In these particular cases, yes.

12 A. (Tebbetts) For the PNE default, a docket came out of
13 that, 13-233, which seems to be somewhat resolved.
14 And, for the PPG, there is ongoing issues with them at
15 this time. I do not know, as of today, if we've
16 actually received the monies that it's cost us as of
17 today.

18 Q. Okay. And, just to conclude, the Company agrees that
19 it may be -- that it would be appropriate, in the
20 rulemaking on the competitive supplier rules, to
21 clearly state the responsibility of the suppliers for
22 costs associated with an ISO default, is that true?

23 A. (Tebbetts) Yes.

24 MS. AMIDON: Okay. Thank you. That

[WITNESS PANEL: Tebbetts~Goodwin]

1 concludes my questions. Thank you.

2 CHAIRMAN IGNATIUS: Thank you.

3 Commissioner Scott.

4 CMSR. SCOTT: Thank you. Good morning.

5 WITNESS GOODWIN: Good morning.

6 WITNESS TEBBETTS: Good morning.

7 CMSR. SCOTT: And, my usual caveat,
8 whoever feels best to respond, or both, that's fine with
9 me.

10 BY CMSR. SCOTT:

11 Q. It was discussed earlier from you, from the stand, the
12 5.92 and the 5.11 -- the \$5.11 figures for the past two
13 defaults. Did I get those numbers right?

14 A. (Tebbetts) Yes.

15 Q. Can you elaborate where those numbers came from? We
16 have, I think, some general broad statements, but I'm
17 more interested in, is there something in the record
18 with the actual numbers? How would anybody kind of do
19 a straight face test on those numbers?

20 A. (Tebbetts) Okay. So, for the PNE, the PNE default, we
21 had \$38,700 and change that we incurred, costs that we
22 incurred for taking the load over. And, we had 6,500
23 accounts. So, just divided those two numbers to come
24 up with the \$5.92. We had more costs incurred, but,

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[WITNESS PANEL: Tebbetts~Goodwin]

1 again, through 13-233, these are the dollars that came
2 out of it. So, we are only using those figures.

3 And, then, for the PPG default, let's
4 see. We had 554 manual accounts that we had to take
5 care of. And, those total dollars, based on an average
6 billing person/billing rep salary, with benefits, was
7 almost 22,000, 21,961. Figuring --

8 A. (Goodwin) I'm sorry. Just to clarify. That was
9 overtime. So, those were incremental overtime dollars.
10 Oh, I'm sorry?

11 A. (Tebbetts) No. I'm sorry, they're not.

12 A. (Goodwin) I apologize. That's what I get for both of
13 us trying to answer, when only one of us should answer.
14 I apologize.

15 Q. I did ask for it, though, didn't I?

16 A. (Tebbetts) So, we calculated that. It took, depending
17 on the account issue, where we had budget billing, net
18 metering, where net metering had to be manually
19 calculated, things like that, about an hour's worth of
20 work per account, and then we have multiple billing
21 representatives. And, then, overtime costs were
22 \$7,135, which was 120 hours for those same billing
23 folks for their all-in costs at time and a half,
24 because they're not salary. And, so, the total of

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[WITNESS PANEL: Tebbetts~Goodwin]

1 \$29,120 for those specific costs. Again, I don't know
2 if -- I had a very hard time finding information for
3 today's hearing on IT costs, if there was overtime to
4 deal with the data hammering and things like that. But
5 I was able to readily get the Customer Service billing
6 costs. So, again, I just took that, we had 5,700
7 customers, and divided it by that 29,120, to come up
8 with \$5.11.

9 A. (Goodwin) Commissioner, excuse me. That's why, you
10 know, I know I've said before, but I think our proposal
11 for \$5.00, based on these two recent events, we believe
12 to be relatively conservative, and they're, therefore,
13 fair. Because, as I've testified, we've had a
14 difficult time, a lot of time and effort to try to
15 drill down to these costs. So, as Ms. Tebbetts just
16 described, she was able to get at least a subset of the
17 costs, probably the primary costs involved. But there
18 are other costs, and we haven't been able to get to the
19 right people to identify the right activity. So, I
20 would view the \$5.11 and \$5.92 as a conservative figure
21 at this point.

22 Q. Okay. And, again, you mentioned this doesn't even
23 include necessarily the IT, the "hammering" as you call
24 it, or they call it. You've done this -- the Company

[WITNESS PANEL: Tebbetts~Goodwin]

1 has gone through this twice now. Is there, on the IT
2 side, is there expectation there's some efficiencies
3 now? They have been through it twice, so, they know
4 what they need to do. So, that cost would be less or
5 go away?

6 A. (Tebbetts) That includes the efficiencies. Because,
7 through the first default, we learned a lot of lessons.
8 With the second default, we were able to use those
9 lessons to make more efficient decisions on how to deal
10 with this. And, so, you know, we had less accounts,
11 but, for us, we had a significant amount, 554 customers
12 that had to be specially handled. So, again, all of
13 the efficiencies that we were able to incorporate are
14 in that flow chart for Exhibit 20, I believe it was.
15 And, that's what's come out of -- that's actually what
16 came out of the first default that we handled. And,
17 so, through that, and also, getting lots of -- over the
18 wintertime, there were quite a few emails that "there
19 could be a default", "there could be a default", "there
20 could be a default". So, people were preparing and
21 trying to make their process more efficient, so that
22 if, in the case there was, to not only affect PSNH, but
23 could affect our other operating companies, we wanted
24 to make it as efficient as possible. So, that flow

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[WITNESS PANEL: Tebbetts~Goodwin]

1 chart actually came out of all of that.

2 Q. Great. Thank you. And, there has been a lot of
3 discussion regarding "non-exceptions" and "exception
4 customers". Is there a dividing line that can be
5 drawn? For instance, I think one of the data requests
6 you talked about a 100-megawatt -- not, excuse me, not
7 "megawatt", kilowatt, I'm not quite remembering it.
8 But, basically, you had demand meters for a certain
9 category and larger. Is that a natural dividing line,
10 where you could perhaps, to build on I think Attorney
11 Amidon's questioning, you know, rather than having a
12 set fee for everybody who's involved, you know, are
13 there -- could there be a fee for the non-exempt, and a
14 different fee for the exempt, to take into account, you
15 know, cost causation?

16 A. (Tebbetts) So, that separation was -- we have two
17 billing systems. Customers who are 100 kilowatts and
18 higher are in our large power billing system, and we
19 have to manually go out there and read their meters,
20 because they have the demand component. For customers
21 who are in our billing system for customers under
22 100 kilowatts, small commercial, we consider them, and
23 residential customers, the system is able to do the
24 calculation, unless there, again, are exceptions to the

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[WITNESS PANEL: Tebbetts~Goodwin]

1 rules that are programmed.

2 Q. So, is that a dividing line that could be used or are
3 there other externalities that would have to be
4 considered, so, it's not that easy?

5 A. (Tebbetts) It's not that easy, because, in the two
6 defaults we've handled, we've had customers with net
7 metering, customers who are on budget building,
8 customers who had pending orders, even like it could be
9 moving in or moving out orders. You know, where we
10 have to do something to the account. It doesn't -- the
11 data hammer that we run is not automatically going to
12 switch them back to PSNH supply, regardless of the size
13 of the customer.

14 Q. Thank you. And, you've kind of answered this question,
15 but I'll ask it anyways. Is you've done some cost
16 calculation for the two defaults you've had. And, it
17 sounds like you didn't capture everything necessarily,
18 but it was kind of rough justice anyways. Since you've
19 done that for the two that you have, why -- is the
20 suggestion that you wouldn't be doing that for any
21 further defaults? I'm going back to the question of
22 "why don't you just do this on a case-by-case basis?"

23 A. (Tebbetts) Well, one of the reasons that we wouldn't
24 want to do this is just the amount of time I spent

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[WITNESS PANEL: Tebbetts~Goodwin]

1 trying to get this information. And, by just having a
2 fee of \$5.00, which, in our opinion, comes close to
3 what we have been experiencing, we find it to be less
4 of a burden for us to have to go back and try to figure
5 out who was involved, and did you work overtime last
6 week to make sure that you trained the customer service
7 representatives on what to say on the phone when the
8 customer calls wondering why their bill doesn't show
9 that they had, you know, PPG for the whole month, and
10 they had PSNH for part of it. You know, why is the
11 rate different? There's lots of things that go into
12 that. And, to gather all that data, and then put it
13 together, it's a lot of work.

14 Q. And, I know the OCA is not here today, but they did
15 submit a letter. So, they suggest that the Supplier
16 Default Charge isn't properly before us, because it's
17 not been noticed, I think is their paraphrasing in
18 their letter. I think you've been pretty clear, but
19 I'll let you say it one more time. So, your assertion,
20 that's not the case. Why?

21 A. (Goodwin) If you look at the existing tariffs prior to
22 the Settlement on Temporary Rates, so, if we go back to
23 the original charges, the tariffs speak to "a customer
24 switching suppliers". What we're talking about here is

[WITNESS PANEL: Tebbetts~Goodwin]

1 a customer switching suppliers. They're switching from
2 the defaulting supplier to PSNH's Default Service.
3 That's what all of this activity is essentially trying
4 to get to. So, it's a form of supplier switching. We
5 would have charged these customers \$5.00, had this
6 proceeding never occurred, and those original rates
7 continued in place, we would have charged these
8 customers \$5.00 under our \$5.00 switching charge that
9 was in place, because that's what's happening here.
10 They're switching from a default supplier to PSNH's
11 supply.

12 Q. Thank you. And, finally, the -- and I've seen your
13 flow chart, help me out a little bit more with the
14 triggering event. So, how do you get notified? You
15 mentioned earlier you may get an e-mail. By whom? So,
16 I can see many situations where a company could
17 default. So, is it from whoever tells you? Are you
18 only acting if the Company tells you? How does that
19 work --

20 A. (Tebbetts) In our --

21 Q. -- you know, to start the process?

22 A. (Tebbetts) I'm sorry. In our last two defaults, it was
23 an ISO issue. But there very well could be that, for
24 whatever reason, the supplier no longer can provide

[WITNESS PANEL: Tebbetts~Goodwin]

1 service to customers in New Hampshire for something
2 that happened with their registration, and maybe the
3 Commission pulled it. At that point, again, the
4 supplier would no longer be able to provide service to
5 customers in New Hampshire in PSNH's territory. And,
6 so, we would have to bring them back to our supply.
7 But those two examples happened at the ISO level.

8 CMSR. SCOTT: Thank you. That's all I
9 have.

10 CHAIRMAN IGNATIUS: Commissioner
11 Honigberg.

12 BY CMSR. HONIGBERG:

13 Q. I want to talk about the flow chart as well. I think
14 where you've been going with it, in part, is that the
15 right side of the flow chart, in the middle of those
16 three boxes, list the places within the Company where
17 you need to go to figure out who's involved when
18 there's a default. Is that a fair statement?

19 A. (Tebbetts) All of those groups, we -- we identified all
20 of those groups are involved. And, so, when a supplier
21 default happens, all these groups now have to get
22 involved to do what is necessary on their end.

23 Q. So, in order for you to do the calculations that you
24 did to produce the two -- the two figures, the 5.11 and

[WITNESS PANEL: Tebbetts~Goodwin]

1 the 5.92, you went to all those groups and said "what
2 did you do and how much did it cost?" Some of them
3 were able to give you an answer on how much it cost,
4 most of them were not, is that right?

5 A. (Tebbetts) Yes.

6 Q. If, going forward, you told them "the next time we have
7 a default, you're each going to have to document what
8 you did specific for the default that you wouldn't
9 otherwise had to do", would they be able to do it?

10 A. (Tebbetts) If there was a requirement by the
11 Commission, then, I guess they would not have a choice.
12 They would find a way to get it done.

13 Q. You have said a few times in a few different ways that
14 you think the 5.11 and the 5.92 capture the bulk of the
15 costs that you've incurred. How confident are you of
16 that? I mean, you've got a whole bunch of groups that
17 weren't able to give you an answer. So, I'm just -- I
18 guess, give me some comfort on that.

19 A. (Tebbetts) I'm confident, because I know that there
20 are -- a lot of these groups may be embedded costs.
21 And, so, if we're talking about an incremental cost,
22 which this proceeding is about, incremental costs would
23 be, in my opinion, employees who are hourly, and would
24 then have to be working overtime to deal, which would

[WITNESS PANEL: Tebbetts~Goodwin]

1 cost us, to deal with these sorts of issues. And, not
2 all of these groups have hourly employees. And, so,
3 the information I have received, I am confident that it
4 is the bulk.

5 A. (Goodwin) I think, as well, when you look through this
6 list and you think through the types of activities that
7 we've been describing this morning, they're primarily
8 inside of the billing and the IT groups. The other
9 groups are more kind of on the fringe or ancillary to
10 these activities.

11 Q. The distinction between "embedded" and "incremental",
12 it seems like everyone has air quotes around those
13 words when they use them, but, when you talked about
14 the PPG example a few moments ago, you had, in fact,
15 you even had an interesting exchange about the \$22,000
16 of employee time that was not overtime. Yet, you are
17 including that as an incremental cost in this context.
18 Am I understanding that correctly?

19 A. (Tebbetts) Yes. Because, when I spoke to the manager
20 of that group, he did tell me that there were other
21 things that needed to get done that were not completed
22 in a timely manner that incurred costs over and above,
23 but not for the default, that incurred -- he incurred
24 costs over and above, because he had to have his

[WITNESS PANEL: Tebbetts~Goodwin]

1 employees stop what they were doing at this period.

2 Understand that it happened on December 24th. And, so,

3 we had employees who came in from vacation to handle

4 this. And, so, he said he incurred other costs

5 associated with those issues. And, again, I didn't

6 include them, but, because of that, I did include the

7 time that they came in to work.

8 Q. Circling back to how difficult it was to try to figure

9 out those costs for those two examples, I think -- I

10 think it was Mr. Goodwin, he used the phrase "a

11 significant amount of time and effort". Have you tried

12 to figure out how long it took you or how much time it

13 took you to do this?

14 A. (Tebbetts) I probably spent 50 hours, emailing, phone

15 calls, trying to get people to get me this information,

16 since I think February, when we started the temporary

17 rates. And, I wanted to put in the Tech Statement all

18 the information I could. But, again, getting the

19 information has been very difficult.

20 Q. Was anyone else involved in the collection of that

21 information or were you on your own?

22 A. (Tebbetts) I was on my own.

23 CMSR. HONIGBERG: I'm sorry.

24 (Laughter.)

[WITNESS PANEL: Tebbetts~Goodwin]

1 CMSR. HONIGBERG: I think that's all I
2 have. Thank you.

3 CHAIRMAN IGNATIUS: Thank you. I'll try
4 to stay off that chart, just to mix it up a little. A
5 number of my questions have been answered.

6 And, I appreciate that this is an area
7 that's evolving, with circumstances that arise for
8 competitors for default -- I mean, for distribution
9 utilities. Some of this is unknown by any of us until
10 you're faced with it, and then you try to figure out how
11 to deal with it, the Commission included.

12 BY CHAIRMAN IGNATIUS:

13 Q. A couple of things I just want to clarify, so I'm sure
14 I understand the facts of what's going on. When you
15 had the description of the 5,700 customers, I think
16 that was the remaining ones who were not -- 5,200 that
17 were not the special exception ones, and you had 540 --
18 554 that needed special attention. And, I'm looking at
19 PNE 2-001, which is in Exhibit 22, the second page of
20 that. You showed how many needed that special
21 attention. What happens then? Were charges imposed on
22 all 5,700 customers or only on the 554 accounts? Or,
23 is this an example of what you would charge, if this
24 were approved?

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[WITNESS PANEL: Tebbetts~Goodwin]

1 A. (Tebbetts) We imposed this -- the PPG default happened
2 December 24th, before the temporary rates went into
3 effect. So, we charged them \$5.00 per customer. So,
4 about 5,700 customers were -- they were charged for.

5 Q. And, tell me again your policy reason on why, if only
6 554 of the total needed that special attention, why
7 it's appropriate, at whatever the rate is, to charge
8 all customers, you know, the same amount? Either of
9 you, that's fine.

10 A. (Goodwin) Yes. Well, let me just, because I thought
11 about that as this discussion has kind of evolved this
12 morning, and I've kind of thought that same -- that
13 same question in my mind. I think what we have here is
14 certain customers, like the 554, that cost far more
15 than \$5.00. You know, these require special meter
16 reads. So, obviously, the cost of sending a meter
17 mechanic out to take the time to drive, and *etcetera*,
18 is much more than \$5.00. That's probably, and I'm
19 making a number up, say, \$25.00. And, then, you've got
20 the other activities that are associated with that,
21 which may make that \$25.00 customer now a \$35.00
22 customer. And, then, the other customers may not be 25
23 or \$35.00, but are not zero either. We don't know
24 exactly what they are based on these activities, but

{DE 12-295} {05-22-14}

[WITNESS PANEL: Tebbetts~Goodwin]

1 let's say it's \$3.00. So, we've got 5,000 customers
2 who cost \$3.00, 500 customers that cost \$35.00. The
3 weighted average of that is \$5.92.

4 Q. But that isn't the weighted average. That's a -- I
5 mean, you're thinking that it will all sort of come out
6 to that. But, in fact, the 5.92 was your calculation
7 of actual expenditures in those cases, correct?

8 A. (Goodwin) Right. So, we have two different cases. In
9 one case, the weighted average of my conceptual \$35 and
10 \$3.00, in one case, the weighted average was \$5.11, in
11 the second case the weighted average was \$5.92. And, I
12 think, from some of the cross we had before, I suppose
13 it's conceivable, if you had no exception customers,
14 that the weighted average would be less than \$5.00.
15 But we've got two recent cases that suggest, when you
16 consider the cost of the exception customers and the
17 non-exception customers, on an average basis, it's in
18 excess of \$5.00.

19 Q. Right. Maybe I shouldn't be quibbling if it makes not
20 much difference. But it's simply a mathematical
21 result. You took the costs you identified and divided
22 by the number of customers.

23 A. (Goodwin) Right.

24 Q. And, you're calling that a "weighted average", but it's

1 really just a --

2 A. (Goodwin) It's a pure average.

3 Q. All right.

4 A. (Goodwin) But what it really represents, and the point
5 I was trying to get to is, there's a subset of
6 customers who cost more and there's a subset of
7 customers that cost less. On average, it was in excess
8 of \$5.00.

9 Q. And, the description of how you got to those costs, in
10 some cases it includes overtime, because that's an
11 incremental charge, and, in other cases, you included,
12 as you were just asked by Commissioner Honigberg, it
13 includes just standard hourly rates, because they were
14 doing things that were more focused on the customer
15 switch problem than they would have been doing
16 otherwise?

17 A. (Tebbetts) Yes. In that example, they would have, yes.
18 They would have -- maybe they should have been taking
19 care of billing issues that normally would be in their
20 day-to-day job. But, because of the default, they had
21 to push that off. And, according to the manager, he
22 incurred costs elsewhere, because he had to push things
23 off. And, so, we found it appropriate to include these
24 costs, because had they not been incurred, then those

[WITNESS PANEL: Tebbetts~Goodwin]

1 other items would have been completed in a timely
2 manner, and they were not.

3 Q. Would you agree that's a fairly loose way of running a
4 calculation, that "the manager said there were some
5 things they weren't able to do, and so all those costs
6 or some portion of those costs I don't even know are
7 included"?

8 A. (Goodwin) I can say, from my experience, especially
9 recently with our IT groups, is there's a limited
10 number of resources. And, there are projects and then
11 what we call "queues". So, if I wanted somebody in IT
12 to do something new for me, I would have to submit a
13 request and go into a queue. There aren't resources
14 sitting around just ready to take on new incremental
15 work. So, all of these people have work that they are
16 scheduled for in a queue. When something like this
17 comes up, it goes to the front of that queue, and
18 effectively bumps all the other work down. To the
19 extent that work still has to get done, with the
20 limited resources we have, eventually, somebody is
21 going to have to do that work, and it may eventually
22 lead to overtime at some future point in time to catch
23 up to the queue, because of what's been pushed back.

24 So, I wouldn't disagree that it's not a

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[WITNESS PANEL: Tebbetts~Goodwin]

1 relatively loose way of getting there. But,
2 understanding how the business works internally, it's
3 not like some other work is going to go away and these
4 people are going to have extra time. It has a cause
5 and effect on the overall workload and cost to the
6 Company.

7 Q. Let me ask you a few more questions about the costs
8 that were incurred, looking at this ENH 2-004, and
9 that's in Exhibit 20, about the third page in. Towards
10 the bottom of that page, the second to last paragraph,
11 you describe, in the first sentence, costs that PSNH
12 and NUSCO personnel incurred, although there's no
13 valuation put to it. And, the second sentence says
14 "cost for NUSCO IT, customer service, legal, and
15 special computer programming totaling 38,570." Is that
16 in addition to the first sentence or is that just
17 detail of what the first sentence is referring to?

18 A. (Tebbetts) That's the detail.

19 Q. Okay. I thought you had said, though, that there were
20 no IT costs included in your calculations?

21 A. (Tebbetts) For the PPG default, there was none. But
22 the information that I put in here from the PNE default
23 came directly from the -- from docket 13-233.

24 Q. So, in the PNE case, you did include IT, but, in the

[WITNESS PANEL: Tebbetts~Goodwin]

1 PPG, you did not?

2 A. (Tebbetts) That's correct. I was unable to get the
3 information from IT for today.

4 Q. And, why is it that a special programming -- computer
5 programming requirement should be part of a cost to be
6 applied to all default situations in the future?

7 A. (Tebbetts) Honestly, I don't know what that special
8 computer programming issue was. I do know that, in the
9 flow chart, it shows that certain -- let me just pull
10 up the flow chart here. They're -- what we would
11 consider computer programming has to be done every time
12 is steps, you know, after the customer account
13 processing to Energy Service, basically, Steps 1, 2, 3,
14 and 4 are -- that could be what they're considering a
15 special computer programming, I'm not sure. But I can
16 tell you that those steps have to be done every single
17 time that there is a default from a supplier. It's not
18 something that we can just have be manual the first
19 time, and then automate after that. They run programs,
20 they have created programs to be able to do these
21 things, but they still have to be -- they're still
22 manually done.

23 Q. And, do you have a breakdown of those figures beyond
24 the total here of the 38,570?

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[WITNESS PANEL: Tebbetts~Goodwin]

1 A. (Tebbetts) I do not.

2 Q. In looking at the chart, the next page in on that
3 Exhibit 20, --

4 A. (Tebbetts) Uh-huh.

5 Q. -- I just want to ask you again about the issue of
6 pending changes. And, I know you're going to confirm
7 exactly what happens. But tell me why -- I can
8 understand a pending change to a defaulting supplier,
9 you would need to stop, and step in, not allow that to
10 happen, because there is no one to pick up the
11 customer. What's the reason for pulling out pending
12 changes away from a defaulting supplier?

13 A. (Tebbetts) The way I understood it was that there's the
14 interim period, as Mr. Rodier described, from the date
15 that they are no longer with their supplier and they
16 come back to PSNH. So, we have to make a manual change
17 to the account, and somehow, some way that does
18 something with the enrollment, because we're not doing
19 an EDI transaction internally to do it. And, then, the
20 way I understood it was, if we received another, from
21 the example Mr. Rodier provided, from the 11th to the
22 14th, if we received another enrollment, then the
23 customer would go. But the fact that they have to come
24 back to us is something to do with the IT system,

{DE 12-295} {05-22-14}

[WITNESS PANEL: Tebbetts~Goodwin]

1 again, I don't fully understand, makes it so that
2 enrollment is no longer valid.

3 Q. Do you need the outgoing supplier's involvement in a
4 transfer to a new supplier?

5 A. (Tebbetts) No.

6 Q. So, the fact that they may be unable to tend to
7 business at that point or may have no authority to do
8 anything on that account isn't the problem?

9 A. (Tebbetts) Correct.

10 Q. You need the EDI transfer, in the normal course --
11 well, forget the "normal course". I guess this is the
12 "not normal course". So, the transfer to the new
13 supplier, who, in my situation here, is not in
14 default, --

15 A. (Tebbetts) Okay.

16 Q. -- does not rely on the defaulting outgoing supplier to
17 be involved in that transaction?

18 A. (Tebbetts) Correct. Because in a normal -- in normal
19 business, if the customer wanted to leave their
20 supplier, and we received an EDI, then the customer
21 would leave their supplier on the next read date. The
22 outgoing supplier has nothing to do with that.

23 Q. And, so, the read date is a problem, because it
24 requires you to step in out of the normal cycle?

{DE 12-295} {05-22-14}

[WITNESS PANEL: Tebbetts~Goodwin]

1 A. (Tebbetts) Yes.

2 Q. Is there anything else that you have to do differently,
3 when you're in a situation where it's the outgoing
4 supplier that's in default, but the one that they're
5 going -- the customer wants to go to is in good
6 standing? And, this is after you've sorted the special
7 action and non-special action customers.

8 A. (Tebbetts) Well, the way I understand is that, if we
9 have a pending -- if we have a pending enrollment with
10 a new supplier on the account during the period of time
11 that we have to now bring them back to PSNH supply,
12 because their outgoing supplier defaulted, then, we
13 would have to manually intervene and stop that
14 enrollment, because now they're being enrolled with
15 PSNH. So, they can't be -- to have a pending
16 enrollment with Supplier X, in the meantime, they would
17 have to come back to Supplier Y, which is PSNH. The
18 way I understand, it's just the system can't do it.

19 Q. Because it's the gap between the day that the outgoing
20 supplier has to stop providing, and the meter date when
21 the new person -- new supplier can pick it up?

22 A. (Tebbetts) Correct. So, if their meter date was the
23 11th, then we could just switch them right over. But
24 being, in Mr. Rodier's example, the 16th, there's still

[WITNESS PANEL: Tebbetts~Goodwin]

1 five days that they have to come back to PSNH.

2 A. (Goodwin) And, again, those are the details that
3 hopefully we can clarify for the record in the late
4 filed or the data request.

5 Q. All right.

6 A. (Goodwin) We're speaking from an understanding of what
7 we've been told. Just so that you're aware of why
8 we're not 100 percent on some of this.

9 Q. A couple of times we've talked about your larger
10 customers with demand meters require you to go in
11 person and do a meter read. And, I find it
12 counterintuitive that the larger -- you would think the
13 larger customers have much more sophisticated meters,
14 and they're the ones you don't have to be driving out
15 to take a read. So, what is it that's being done that
16 I'm not understanding?

17 A. (Tebbetts) I honestly don't know. I don't know enough
18 about the metering to know that answer. I just know
19 that it's a manual process to switch them. And, we
20 understand it's because they have demand meters, we
21 wouldn't estimate. The way our tariff is written also
22 is an issue, because a customer's reading determines if
23 they have a ratchet for demand. And, so, as far as I
24 understand, those numbers need to be precise.

[WITNESS PANEL: Tebbetts~Goodwin]

1 Q. And, you don't have a automatic meter system or SCADA
2 capability to be able to pick that up without
3 physically going onsite?

4 A. (Tebbetts) Not at the time.

5 Q. On the issue of whether this should be done on a tariff
6 basis or through established rate in a rule or done on
7 an actual basis, Mr. Goodwin, you seem to have said two
8 different things. One is that these are very
9 case-specific. It's hard to get a hard cost that will
10 apply in every circumstance. But you also said the two
11 situations that you've pulled and the numbers you think
12 are fair are a pretty good ballpark, and, so, it ought
13 to be applied across the board. Those seem
14 inconsistent to me.

15 A. (Goodwin) I appreciate that. I think the reason that I
16 view our proposal is fair, the best information we have
17 is only two defaults so far. They were two different
18 defaults, with different sizes of the number of
19 customers and different types of customers. But the
20 best we have is two cases. And, in those two cases, we
21 have different costs. One was, on average, \$5.11, one
22 was, on average, \$5.92. Ms. Tebbetts described, I
23 think, some of the things that were unique to one
24 particular case, where we had more IT intervention,

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[WITNESS PANEL: Tebbetts~Goodwin]

1 then another one where we had less IT intervention.

2 So, when I said I think it would be
3 difficult to put more or less a template cost of
4 service together, the fact that we've got two cases,
5 and there were really two different activities for
6 certain people that were going on, I think it would be
7 hard to say that, you know, on average, this is the
8 amount of IT or, on average, this is the amount of
9 billing.

10 But, at the same time, we do have two
11 very real recent examples, and the information that we
12 have leads to it's, for both of those, in excess of
13 \$5.00, and probably a little bit more, as we talked
14 about before, because, arguably, we haven't caught all
15 of the costs. So, we've got two cases where there's
16 two different types of pools of customers, both
17 generate a cost in excess of \$5.00. We're not asking
18 for in excess of \$5.00. We're asking for something
19 below what these two events have been. So, counting on
20 a little faith that, on ongoing forward, any future
21 defaults would result in similar types of activities.
22 But, again, we testified earlier, it's conceivable that
23 costs could be less than \$5.00, depending on the next
24 event. But, again, it's the best information we have.

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[WITNESS PANEL: Tebbetts~Goodwin]

1 We don't think that this is, you know, structured
2 enough to say that "here's an average cost that we can
3 rely on", but what we can rely on are these two actual
4 events that we have.

5 Q. We've had at least one more, haven't we? Didn't the
6 company Glacial go into default and similar steps
7 taken?

8 MR. FOSSUM: No. Glacial Energy, as I
9 understand it, is currently bankrupt, but it is being
10 operated as debtor-in-possession presently. So, it is
11 still serving customers. Though, technically, it is
12 bankrupt.

13 CHAIRMAN IGNATIUS: Thank you.

14 MR. FOSSUM: But it has not been
15 defaulted by ISO or by the Commission.

16 CHAIRMAN IGNATIUS: All right.

17 BY CHAIRMAN IGNATIUS:

18 Q. And, are you aware, are there any other defaults that
19 you've had to step in and do these transactions for
20 customers?

21 A. (Tebbetts) No.

22 CHAIRMAN IGNATIUS: Commissioner Scott,
23 another question.

24 CMSR. SCOTT: Thank you, and for the

1 follow-up.

2 BY CMSR. SCOTT:

3 Q. So, what I've heard so far is we don't know what the
4 exact costs are, but, for an exception customer and a
5 non-exception customer, there's two different levels of
6 costs the Company incurs, correct?

7 A. (Tebbetts) Yes.

8 Q. What difficulty would it present if there were to be
9 established a different charge for an exception and
10 non-exception customer moving forward? What kind of
11 difficulty would that present?

12 A. (Tebbetts) If there were two tariff charges, one for
13 non-exception and one exception, then, we would charge
14 accordingly. We can provide the information, as far as
15 which customers are exception customers. So, that's
16 not an issue.

17 Q. So, and it sounds like you just answered that. So,
18 would that be overly administratively burdensome to
19 draw a line like that?

20 A. (Tebbetts) No.

21 CMSR. SCOTT: Okay. Thank you.

22 CHAIRMAN IGNATIUS: Thank you. Is there
23 any redirect, Mr. Fossum?

24 MR. FOSSUM: No. Thank you.

[WITNESS PANEL: Tebbetts~Goodwin]

1 CHAIRMAN IGNATIUS: All right. Then,
2 the witnesses are excused. Thank you very much for your
3 testimony.

4 WITNESS GOODWIN: Thank you.

5 CHAIRMAN IGNATIUS: And, willingness to
6 try to sort out some of these areas that are kind of new
7 to all of us. Is it correct that that's it for witnesses
8 this morning?

9 MS. AMIDON: Yes.

10 CHAIRMAN IGNATIUS: All right. Then,
11 I'm assuming the only thing left is to address exhibits
12 and have closing statements. Is there any other
13 administrative matters to take up?

14 (No verbal response)

15 CHAIRMAN IGNATIUS: Seeing nothing, I
16 think, let's talk first about there is a record request
17 being marked as "Exhibit 25". This was on clarification
18 of the pending transactions. Are they in all cases
19 removed or only in certain cases? How long do you think
20 you need for that? Is a week sufficient time?

21 MS. TEBBETTS: With the holiday, I would
22 ask for next Friday, to give me five business days.

23 CHAIRMAN IGNATIUS: All right. That
24 seems fair. We can do that.

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1 MS. TEBBETTS: Yes.

2 CHAIRMAN IGNATIUS: Is there -- I guess
3 we need to take up the question of Exhibit 24, which Mr.
4 Rodier had marked for identification, but then did not
5 use. Is there objection to that being -- are you still
6 seeking to put it in as an exhibit?

7 MR. RODIER: I don't know. What you do
8 you think, madam Chairman?

9 (Laughter.)

10 CHAIRMAN IGNATIUS: I think it's not
11 likely to make it into the docket, so --

12 MR. RODIER: All right. Yeah, I do
13 understand. And, you know, I said my piece about it,
14 so --

15 CHAIRMAN IGNATIUS: Okay. All right.
16 So, we will not make 24 a permanent exhibit. Is there any
17 other -- is there objection to any of the other exhibits
18 that have been marked this morning?

19 MS. AMIDON: I just wanted to make one
20 comment. I know that not all of the data requests were
21 referred to, but I don't think it does any harm to the
22 record to have them in in their entirety. Thank you.

23 CHAIRMAN IGNATIUS: All right.

24 MR. FOSSUM: Just one quick procedural

1 question then. The record request was reserved for
2 Exhibit 25. Now that Exhibit 24 is not admitted, when we
3 submit it, should we submit it still as "Exhibit 25"?

4 CHAIRMAN IGNATIUS: We generally do
5 that, just -- although, there is a gap, I don't know how
6 the Clerk does it, but put some "not entered" or something
7 for 24.

8 MR. FOSSUM: So be it.

9 CHAIRMAN IGNATIUS: Thank you.

10 MR. RODIER: I do have -- just want to
11 clarify one thing, if I might, real quick?

12 CHAIRMAN IGNATIUS: Is it on whether the
13 exhibits should be introduced and made full exhibits?

14 MR. RODIER: Actually, it's on the
15 record request.

16 CHAIRMAN IGNATIUS: All right. Let's
17 first just finish up this question.

18 MR. RODIER: All right.

19 CHAIRMAN IGNATIUS: Is there any
20 objection to the exhibits today that were marked for
21 identification being made full exhibits?

22 (No verbal response)

23 CHAIRMAN IGNATIUS: Seeing none, other
24 than 24, obviously, we'll do that.

1 Mr. Rodier, on the record request.

2 MR. RODIER: Yes. On the record
3 request, I see it as two parts. Part one was just
4 mentioned, whether, I think I understood it, is the
5 Company is going to get back with what do they actually
6 do. Do they honor the pending enrollment from another
7 supplier or don't they? I think that's one part. The
8 other part, madam Chairman, came out of your
9 cross-examination. Which was, if you don't honor it,
10 there seemed to be some technical impediment in there that
11 they could not honor it. And, I would just want to make
12 sure that that is addressed, as to why they couldn't honor
13 it. Where she said that -- I think the witness said
14 there's some, you know, like some kind of a -- it's not an
15 issue of law or a policy, in other words, they just can't
16 do it. So, I'm just wondering, an IT issue, an
17 explanation of why? What it is?

18 CHAIRMAN IGNATIUS: I think that's a
19 fair addition to flesh out the policy. So, thank you.

20 MR. RODIER: All right.

21 MS. TEBBETTS: Yes.

22 CHAIRMAN IGNATIUS: Is that understood?

23 MS. TEBBETTS: Yes.

24 CHAIRMAN IGNATIUS: Good. All right.

1 Then, let's move to closing statements. One moment off
2 the record.

3 (Brief off-the-record discussion
4 ensued.)

5 CHAIRMAN IGNATIUS: All right. We are
6 going to take a brief break, everybody can get their
7 thoughts composed. And, we'll start at just at 12
8 o'clock. Thank you.

9 (Recess taken at 11:56 a.m. and the
10 hearing resumed at 12:03 p.m.)

11 CHAIRMAN IGNATIUS: All right. We are
12 going to now do concluding statements from parties. I
13 don't know if the order is anything that people have
14 agreed to. Do you want to follow the same order of the
15 cross-examination?

16 MR. RODIER: Yes.

17 CHAIRMAN IGNATIUS: Followed by Staff,
18 and then PSNH. So, Mr. Aslin, you want to begin.

19 MR. ASLIN: Thank you. A few points on
20 behalf of ENH. Our general -- first of all, as I said
21 earlier, we do support the three charges being altered as
22 agreed upon by the parties. So, I don't think there's any
23 dispute there.

24 With regard to the Supplier Default

1 Charge that's been proposed, we do have some concerns. As
2 a policy matter, ENH would agree that the utility, PSNH,
3 and otherwise, should be entitled to recover costs that
4 are caused by a supplier's default. I think that that is
5 fair and reasonable, and that utilities shouldn't be
6 required to pay out-of-pocket for something that's not
7 their fault.

8 That said, we have some serious concerns
9 about that charge being added in as part of this docket,
10 this phase of the docket, for a few different reasons.
11 And, the first one being notice. And, I've taken a look
12 at the Supplemental Order of Notice for this part of the
13 proceeding, and it very specifically related to the three
14 charges; the Selection Charge, the Billing and Payment
15 Services Charge, and the Collection Services Charge. And,
16 the testimony is that those three charges have been agreed
17 upon to be zero, zero, and 7 cents per bill.

18 There's been a suggestion that the
19 Supplier Default Charge is some sort of reenactment of the
20 Selection Charge. But the way it's been presented in the
21 Exhibit 19, the cost of service technical report, is as a
22 separate charge. In the tariff that's been proposed is a
23 separate and distinct charge. And, you know, it may have
24 some relationship to the Selection Charge, in the sense

1 that it does apply when customers are being switched in
2 certain circumstances. But it seems to me to be a
3 completely different charge. And, I think that's most
4 important for notice perspective. There are only a subset
5 of suppliers active in this docket. And, there may be
6 other suppliers who should have an opportunity to listen
7 and to participate in a debate about a Default Service
8 Charge. For example, a customer -- or, a supplier who
9 does not do consolidated billing may have made a decision
10 early on that these three charges were not particularly
11 relevant to them and not decided to participate. However,
12 a default charge would apply to any supplier. And, I
13 should say that the Selection Charge would as well. But,
14 for many suppliers, who don't do consolidated billing,
15 they do not -- they don't have thousands of residential,
16 supply customers may have dozens or 100 larger C&I
17 customers, and they don't care about a \$5.00 charge on a
18 giant account. In the case of a default charge, it may
19 matter to them. And, they haven't had an opportunity to
20 participate. And, I think that, at a minimum, there
21 should be an opportunity for other suppliers who are not
22 in this docket to participate in the discussion.

23 The other piece of this that is of
24 certain to ENH is the amount of support that's been

1 provided for this new or alternative charge on the
2 Supplier Default Charge. We did have notice in the
3 Technical Statement that this is a new charge, and it is
4 going to be applied in the circumstance of supplier
5 default. But that's about all we were given. We got a
6 little bit more out of the technical session and our data
7 requests. But, and even today, we don't have a specific
8 breakdown of the costs that were included in each of these
9 calculations. We have some sort of generic suggestion
10 that this is how much was incurred. But we've heard
11 testimony and there are many questions about exactly where
12 those numbers came from and how they're calculated, and
13 how they relate to the specifics of each case.

14 From ENH's perspective, as a supplier
15 that handles a large number of residential customers,
16 they're going to be more likely to fall into the
17 "non-exception" category. We would have some concern
18 about paying a \$5.00 fee on hundreds of thousands or tens
19 of thousands of customers that maybe 90 percent or more
20 are not -- are the non-exception, and the actual cost is
21 fairly low. I would guess, although it's only a guess
22 that, if ENH were to be in this situation, that their
23 actual costs created for PSNH would be below the \$5.00
24 rate. In which case, we would be overcharged for costs

1 created there.

2 I think that there would be a benefit to
3 having that kind of issue fleshed out through a more
4 wholesome disclosure in testimony by PSNH on how they're
5 going to calculate this charge, and how they would propose
6 that it's collected, and how it's applied in different
7 circumstances. And, indeed, there were many discussions
8 today about alternative ways that that could be handled.
9 We heard about special meter read charges, as one large
10 piece of the manual operations that occur here, and there
11 could be a charge imposed there that obviate having kind
12 of this one hammer of a \$5.00 charge that isn't directly
13 tied to an individual per customer cost incurred.

14 There may also be room in the Rule 2000
15 docket, the rulemaking that's coming forward for some
16 discussion of this. It probably wouldn't result in a
17 specific charge, but it could result in a rule that says
18 that the suppliers are responsible for paying the costs of
19 defaults that are incurred by a utility.

20 In any case, there are a lot of details
21 that we haven't had a real chance to flesh out in this
22 docket. The only testimony that we had written or
23 prefiled was very vague. And, we've gone a little farther
24 today, but we haven't had the full process that I think

1 would be due for adding a new charge like this. And,
2 again, the notice, that we have other parties that may be
3 interested and involved is also important.

4 For those reasons, we feel that it would
5 be appropriate for the Commission to approve the three
6 charges that have been agreed upon, and then allow PSNH to
7 bring this supplier default issue forward in another
8 venue, another docket here or during a rulemaking -- or,
9 I'm sorry, a ratemaking going forward. But we don't
10 believe it is appropriate for the Commission to adopt a
11 new charge at this time in this docket. Thank you.

12 CHAIRMAN IGNATIUS: Thank you. Mr.
13 Patch.

14 MR. PATCH: I would generally concur
15 with what ENH said. Just a few additional comments on
16 behalf of RESA. There are at least three, potentially
17 four options, other than giving them the authority to be
18 able to charge this \$5.00 in this docket. You can defer
19 it to the rulemaking docket, you can let them come in in
20 their next rate case and do it, they could make a special
21 filing, if they felt it was appropriate, and they could
22 put together prefiled testimony and additional cost-based
23 information about this. But -- and, as of this point in
24 time, they're not really -- it's not like they haven't

1 recovered any of the costs that they have incurred as a
2 result of a supplier default. They have been able to
3 recover those costs, as they have indicated. So, we don't
4 know if there are going to be any other supplier defaults
5 going forward. But there are plenty of opportunities in
6 other venues, as Mr. Aslin said, for them to be able to
7 recover the costs. I just don't think this is the place
8 to do it.

9 I think it's -- the information in the
10 March 12th filing was very scanty. A little more
11 information in the technical session, certainly a lot more
12 information today, in response to questions. But,
13 clearly, no notice of this to the general public or other
14 parties that might be interested. If you look back at
15 both of the orders of notice, the original and the
16 supplemental in this docket, neither one mentions
17 "supplier default". The tariff that was at issue didn't
18 mention "supplier default". So, from a notice
19 perspective, I think it would be a mistake to take this
20 issue up at this point in time. From an information
21 perspective, I think it would be a mistake. And, there
22 are plenty of other opportunities, in terms of ways for
23 them, on a going-forward basis, to try to address the
24 issue. Thank you.

1 CHAIRMAN IGNATIUS: Can I ask you one
2 question just to clarify? You had said that "it's clear
3 that they have been recovering their costs." But both of
4 the defaults that we've been discussing were prior to the
5 change in the Selection Charge, were they not?

6 MR. PATCH: They were. But, as I said,
7 they were able to recover it under those circumstances.
8 Although, arguably, the tariff may not have actually
9 spoken to that particular certain situation. But we don't
10 know that there's going to be a supplier default going
11 forward. I recognize that you didn't want to see the
12 information about what they collected for 2013 for the
13 \$5.00 that they did collect. But the Company is not
14 really going to be out money. If anything, arguably, they
15 overcollected already for this charge. So, I don't think
16 it's a crisis to, you know, to not let them collect this
17 for now, and try to address it in one of these other
18 venues, is essentially what I'm arguing.

19 CHAIRMAN IGNATIUS: All right. Thank
20 you.

21 MR. PATCH: Thank you.

22 CHAIRMAN IGNATIUS: Mr. Munnelly.

23 MR. MUNNELLY: Yes. I'm not going to
24 belabor the points as well. But, certainly, we support

1 the core agreement on the three charges. There's no need
2 to haggle over 07 -- a monthly charge of 7 cents on
3 billing. I think no need for that. We agree with the
4 other suppliers on the issue of the handling of the
5 proposed \$5.00 default fee. The notice issues to me are
6 important. I agree that this has not been noticed
7 properly, and that there very well may be people who care
8 about this who have no idea that this is happening. So,
9 from a process standpoint, I'm concerned.

10 And, on the substance issue, I agree
11 with what the Chair said during the examination before,
12 that the factual support for this is very loose, on a
13 whole bunch of levels. There's almost nothing in the
14 filing. You know, we haven't seen very much on the
15 record, other than in some discovery responses and in the
16 discussion today. There are real issues about "is this in
17 the proper format to really achieve the policy goals?"
18 I'm particularly taken with ENH's counsel's point that,
19 and with Commissioner Scott's point, that perhaps you want
20 to make a distinction between the -- kind of the exception
21 cases and the non-exception cases. Again, for North
22 American Power, my suspicion is very strongly that they
23 would have a lot of cases that would flow through, and the
24 \$5.00 charge may very well be an over -- would be an

1 overassessment, if that actually goes forward. So,
2 there's all sorts of possible alternatives that would be
3 appropriate to be explored before this gets finalized.

4 So, I would -- I guess the
5 recommendation I have is, yes, approve the agreement that
6 everybody has, and then not deal with the \$5.00 Supply
7 Default Charge in this docket. Let PSNH decide what form
8 they want to bring it up in procedurally, so that it can
9 be properly noticed and discussed and resolved in front of
10 the Commission.

11 And, there are -- just one other point,
12 which is I guess a little bit subsidiary is, I'm a little
13 concerned by the PSNH discussion of what happens in a
14 default case when you have a pending order. It's really,
15 again, not proper for here, really. But the fact that you
16 have a pending order to another supplier that gets
17 disrupted by a default situation, it's not clear in the
18 record, do they -- does somebody actually tell the
19 customer or the receiving supplier that this has been
20 disrupted, so that another order can be placed? I guess
21 that's just something that I thought was odd. I would
22 have thought that, in that disruption case, there would be
23 a notice back to the receiving supplier to resubmit their
24 order or something. I mean, maybe that does happen. But

1 that's just something that I thought was very odd, and
2 probably should be followed through on at some point.

3 CHAIRMAN IGNATIUS: Well, it's not
4 really the subject matter of this. So, I would encourage
5 up to talk to PSNH after the hearing and find out how it
6 works.

7 MR. MUNNELLY: Yes, that's fine. It's
8 one of those, again, North American Power is not
9 particularly interested in the Default Charge. I guess
10 they're pretty confident that they're not going to be in
11 that situation going forward. But it is something that I
12 hope that, you know, that PSNH would follow through on
13 that.

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

16 MR. RODIER: Thank you. I really don't
17 have too much to say, because I honestly agree with
18 everything that my three colleagues just said. So, I'd
19 just add a couple things. This proceeding, you know, was
20 something that PNE initiated. We went through two motions
21 to dismiss this. I'll be very brief here. Had to refile
22 proposed tariff pages under Rule 1600. And, you know, we
23 get to the point where, you know, this thing kind of
24 whimpers out. We've got the Selection Charge is zero.

1 Totally agree with all that.

2 So, all I have to add here is, you know,
3 is with what PSNH is trying to do today, is to go through
4 and peel back the layers of "what does PSNH actually do
5 when there's a default?" A good example, "we estimate the
6 kilowatt-hours." Okay. How do you estimate the
7 kilowatt-hours? "We prorate them." Oh. How do you
8 prorate them? "On a service-rendered basis." So, there's
9 really a lot that -- I still think there's a lot that we
10 don't know, and that the Commission I know, and I'm sure
11 the Commission feels they really ought to know what's this
12 process here, happens with, you know, if somebody gets
13 suspended.

14 The only other thing that I want to add
15 is that I greatly look forward to the Company's response
16 here as to, if it's a case that they're not going to honor
17 an enrollment submitted by a third party supplier to pick
18 these customers up at some future case, if they're not
19 going to honor that, it's not the suspended -- it's not
20 the suspended supplier that initiated that enrollment,
21 it's somebody else. I think in my -- I don't know who --
22 in my example, I guess I used TransCanada. Okay. Why
23 should that be suspended and create further, I don't want
24 to say "chaos", but, you know, work and concern. Thank

1 you very much.

2 CHAIRMAN IGNATIUS: Your comment just
3 now makes me think I'm hearing the testimony differently
4 than you did. So, when you, Ms. Tebbetts, when you're
5 responding to the information in Exhibit 25, I had been
6 thinking we were talking about transactions when the
7 supplier -- current supplier is the one in default, as
8 compared to when the new supplier is in default. And, Mr.
9 Rodier has introduced another thought, in which nobody's
10 in default, but it's a pending transaction, totally
11 unrelated to the fact of a default. And, whether -- I
12 think your suggestion was that all pending transactions,
13 for companies that have nothing to do with default, for
14 all pending transactions, for all 50 competitive suppliers
15 that may be out there, are put on -- are set aside. And,
16 if that's the case, you ought to explain that that is.
17 And, if it's not the case, clarify that it's not, all
18 right? In the submission, you don't need to do that right
19 now.

20 MS. TEBBETTS: I'm just trying to -- I'm
21 sorry, I'm trying to understand. So, I have the first
22 part of the question that we discussed when I was on the
23 stand. But my -- the second part of the question, though,
24 am I answering a question as to, "if we receive an

1 enrollment, forget the default issue, if I -- if PSNH
2 receives an enrollment from Supplier X today, customer is
3 with Supplier Y, and then tomorrow we receive an
4 enrollment from Supplier Z, where do they go?" Is that
5 the question? I just don't understand.

6 CHAIRMAN IGNATIUS: I think that one's
7 even more complicated than I was thinking. I think that
8 the -- Mr. Rodier, if I understood what you just said,
9 it's your assumption that you have, let's use names,
10 because it's easier than, --

11 MR. RODIER: Sure.

12 CHAIRMAN IGNATIUS: -- that the customer
13 is with PNE. The customer elects to go to --

14 MR. RODIER: TransCanada, in my example.

15 CHAIRMAN IGNATIUS: -- TransCanada.

16 And, PNE then goes into default before that transaction
17 has taken place. There was a question of whether or not
18 that transaction would be put on hold, even though the one
19 it's going -- the customer is going to is not in default.

20 MR. RODIER: Right.

21 CHAIRMAN IGNATIUS: Right. You then
22 introduced the question of a third supplier in the
23 picture, and that's what I was just trying to sort out.

24 MR. RODIER: I didn't mean to. I was

1 just saying, okay, it's a PNE customer. TransCanada takes
2 it away. TransCanada submits the -- oh, I see what I did.
3 TransCanada submits the enrollment to enroll it with
4 itself, of course, at a date that turns out to be after
5 the suspension. They scrub the TransCanada enrollment,
6 or, in my example, the NextEra enrollment. So, that's
7 really, I think, is the issue. It's not honoring, you
8 know, the instant third party, as you say, enrollment. It
9 was -- I think their reason is something that it's still
10 with PNE on the day of the suspension, so, we just wipe
11 the slate clean.

12 CMSR. HONIGBERG: I think the situation
13 is that Mr. Munnelly's concern is the one that everybody
14 seized on. The possibility of a supplier -- of an
15 enrollment being filed for a new supplier, a suspension
16 intervening, what happens to that enrollment? Does it
17 have to be renewed? Does the new supplier or the customer
18 get informed that there's been a suspension, if that's
19 what happened?

20 MR. RODIER: Right.

21 CMSR. HONIGBERG: I don't think there's
22 a -- I don't think there's a more complicated scenario
23 that anyone has expressed a concern about. And, I think,
24 Mr. Fossum, are you going to say something about it right

1 now or you just want to let the data response deal with
2 it?

3 MR. FOSSUM: I guess all I would point
4 out is that the data response can discuss PSNH's protocol.
5 And, I simply wanted to remind the Commission that, in the
6 PNE default last year, there was a series of enrollments
7 that customers were to move to FairPoint Energy as part of
8 that transaction. Pursuant to a directive of the
9 Commission, all of those pending enrollments were
10 canceled. So, that had nothing to do with PSNH's
11 decisions, protocols, IT, any of it. We were ordered to
12 end those transactions, and not allow those enrollments to
13 go forward, regardless of whether they were before or
14 after -- well, the ones before the date of default,
15 obviously, they went forward. But, to the extent that any
16 occurred or were scheduled to occur after the date of
17 default, by Commission order, those did not occur.

18 MR. RODIER: That's not my motivation
19 for getting into this. It's just interesting, and trying
20 to assist the Commission in looking at this.

21 MR. FOSSUM: And, I understand that.
22 And, we'll answer as to PSNH's underlying protocol and
23 procedure, generally speaking.

24 CHAIRMAN IGNATIUS: Thank you. Mr. --

1 excuse me, Ms. Amidon.

2 MS. AMIDON: Thank you. I agree with,
3 you know, Mr. -- with Attorney Aslin, that the Company
4 should be entitled to some compensation in the event that
5 there is a supplier default at ISO, because it's obvious
6 that they often are ordered to assume responsibilities for
7 those customers within a very short period of time. And,
8 while I also hope that there aren't any other defaults, I
9 know that ISO is expecting that the next winter may also
10 be subject to some periods of volatility. So, therefore,
11 I appreciate what PSNH, you know, bringing forward this
12 proposal at this time.

13 Having said that, I do think there are
14 some alternatives, as I suggested in my cross-examination,
15 for example, the off meter reading -- off-cycle meter
16 reading could be -- the cost of that could be put in a
17 stand-alone tariff. And, I believe the testimony was that
18 they may do off-cycle meter reads for purposes other than
19 defaults. So, that is a possibility.

20 In addition, the Company was pretty
21 clear that the non-exception customers, those switches
22 cost less than the exception customers, and it seems that
23 there should be a little more work done with respect to
24 what, you know, those costs are, whether, you know, we do

1 it on a proportional basis or some other basis. So, in
2 essence, I agree with the parties here that it's probably
3 premature to go ahead and implement a default tariff,
4 although I see that there is merit in having some kind of
5 recovery mechanism in place.

6 And, I think, as Attorney Aslin also
7 suggested, that the 2000 rules would be appropriate to
8 clarify that responsibility of a defaulting supplier to
9 pay for those costs. Again, though, we go to the
10 troublesome area of, you know, "what exactly are those
11 costs?"

12 So, I do think that, because this could
13 affect other utilities, I think it's worthwhile for the
14 Commission to consider how to move this particular issue
15 along on some other means, either through the rulemaking
16 or some other, you know, requiring PSNH to file an
17 off-cycle meter read tariff or something of that nature.

18 Having said that, we do support the
19 charges for Customer Selection, Collections, and Billing
20 and Payment that grew out of the cost of service study.
21 And, we appreciate the cooperation of the parties in
22 reaching that agreement, and also in agreeing to move the
23 hearing today, so that we could move more quickly on a
24 final order and push ahead with a reconciliation of those

1 amounts that are due the competitive suppliers, and in
2 light of the temporary rates. Thank you.

3 CHAIRMAN IGNATIUS: Thank you.

4 Mr. Fossum.

5 MR. FOSSUM: Thank you. I'll begin, I
6 suppose, on a positive note. That, pursuant to the
7 Commission's order, PSNH submitted its cost of service
8 study that demonstrated that the day-to-day Selection
9 Charge -- the changes to the day-to-day Selection Charge,
10 the Billing and Payment, and the customer -- and the
11 Collection Charges, that they would be set at zero, zero,
12 and 7 cents, as has been discussed this morning. And, we
13 support that, we agreed to those changes.

14 So, as to the other issue, the one that
15 is the subject of some disagreement this morning, I would
16 begin by saying that I believe that Mr. Goodwin has been
17 very clear today that PSNH views its proposal as a
18 refinement of the Selection Charge, and is therefore
19 properly within the scope of this proceeding. And, that
20 said, I appreciate the comments that I've heard that
21 recognize that there is a cost to the utility in having to
22 address these issues, and that there should be a means to
23 recover those costs.

24 And, in our submission, we've proposed

1 that that recovery be done by means of a selection or
2 switching charge that applies outside the normal
3 business -- the normal day-to-day business in the event of
4 a default. There's been, obviously, questions raised
5 about how that amount has been calculated. And, as Mr.
6 Goodwin testified, it's difficult to do a traditional cost
7 of service study on these sorts of things. We have a
8 limited set of experiences, and there's some differences
9 between them that make it somewhat difficult to determine
10 exactly what the costs are, and how they should be
11 allocated and recovered. And, so, we've proposed an
12 approximation. There's been some testimony about where
13 the \$5.00 has come from and how it relates to PSNH's
14 costs. PSNH submits that it's a fair and reasonable
15 amount for it to recover in the event of a default.

16 And that, as Ms. Tebbetts has, excuse
17 me, testified, PSNH is open to the possibility of other
18 means of recovery going forward, perhaps through
19 addressing it through a rulemaking, but would, in the
20 interim, contend that having the \$5.00 charge in its
21 tariff is a reasonable and appropriate thing.

22 But I also point out a couple of other
23 things. I agree that there have been other methods,
24 potential methods of recovery that have been proposed this

1 morning, but, the fact that there are or may be other
2 potential methods, doesn't necessarily render PSNH's
3 proposal unreasonable or inappropriate.

4 And, I'd also point out that a
5 reconciliation to some actual cost is actually a somewhat
6 difficult thing to do. We would first have to be able to
7 determine what the actual costs are. And, I would note
8 for the Commission that, for example, in the PPG instance,
9 costs are still being incurred by PSNH. PPG is now in
10 bankruptcy in Connecticut. It's not clear to me what
11 affect that bankruptcy might have on the ability to
12 recover costs, but PSNH will be involved at some level in
13 that and will incur some cost. But, given that it's now a
14 bankrupt entity, it's not clear that those costs would
15 ever be recovered.

16 So, having a \$5.00 charge that would be
17 in the tariff, it would be a known charge, it would be
18 understood by both the Company and the suppliers, would
19 make those eventualities less of a concern, and make it
20 more likely that the Company would recover the costs or at
21 least a portion of the costs that it incurs in dealing
22 with these issues.

23 So, with that, I would argue that PSNH's
24 proposal is a reasonable and appropriate one, and would

1 request that it be permitted to implement the \$5.00 charge
2 it has proposed in the -- what is Exhibit 19, the cost of
3 service study. Thank you.

4 CHAIRMAN IGNATIUS: Thank you. All
5 right. Then, we appreciate everyone's time this morning.
6 We'll take this under advisement. And, we're adjourned.

7 **(Whereupon the hearing was adjourned at**
8 **recess 12:31 p.m.)**

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