

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

NHPUC MAR21 '13 PM 3:41

February 20, 2013 - 10:06 a.m.
Concord, New Hampshire

RE: DE 12-358
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:
Petition for Renewable Default Energy
Service Rate. (Prehearing conference)

PRESENT: Commissioner Michael D. Harrington, presiding
Commissioner Robert R. Scott

Sandy Deno, Clerk

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

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

Reptg. PUC Staff:
Alexander F. Speidel, Esq.
Steven E. Mullen, Director/Electric Division

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

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P R O C E E D I N G

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2 CMSR. HARRINGTON: Good morning. This
3 morning we're here for the prehearing conference on Docket
4 DE 12-358, Public Service Company of New Hampshire,
5 Petition to Adjust Renewable Energy Service Rates. On
6 December 19th, 2012, the Public Service Company of New
7 Hampshire filed a petition to adjust its Renewable Default
8 Service Energy rate with supporting testimony and related
9 attachments. In its petition, PSNH requested that the
10 Commission increase its RDES rate to 5.558 cents per
11 kilowatt-hour for customers electing the 100 percent; to
12 2.779 cents per kilowatt-hour for customers electing the
13 50 percent option; and 1.395 cents per kilowatt-hour for
14 customers electing the 25 percent option. In addition,
15 the Company now seeks to establish a minimum of customers
16 required to continue the RDES Program rate.

17 We have had the public notice filing was
18 published in the Union Leader on February 7th. So, that's
19 been covered. And, we've also had a application from the
20 OCA to join the hearing, which they will.

21 And, other than that, I guess we'll
22 start with appearances.

23 MR. FOSSUM: Good morning,
24 Commissioners. Matthew Fossum, for Public Service Company

1 of New Hampshire.

2 MS. HOLLENBERG: Good morning. Rorie
3 Hollenberg and Stephen Eckberg here for the Office of
4 Consumer Advocate.

5 MR. SPEIDEL: Good morning. Alexander
6 Speidel, Staff Counsel, substituting for Staff Counsel
7 Suzanne Amidon. And, I have with me Steve Mullen of the
8 Electric Division.

9 CMSR. HARRINGTON: Okay.

10 MR. SPEIDEL: Thank you.

11 CMSR. HARRINGTON: Because I've been
12 known to do this, are there any administrative issues that
13 I might have missed?

14 (No verbal response)

15 CMSR. HARRINGTON: Hearing none, I guess
16 we'll start with the positions of the parties, starting
17 with Public Service.

18 MR. FOSSUM: Thank you, Commissioner.
19 As you have essentially just stated, the Company, by its
20 filing, is requesting effectively two things. First, PSNH
21 is looking for Commission approval to change the RDES rate
22 last set in Order Number 25,324, on January 31, 2012.

23 One thing I did want to bring up is
24 that, at the time of the Company's filing, the proposed

1 rate for the 100 percent option was as you had stated,
2 5.558 cents per kilowatt-hour, for the 100 percent option.
3 The proposed rate was based upon the anticipated
4 Alternative Compliance Payment level for Class I and II
5 RECs. Since that time, the actual level has been set at a
6 level slightly below that. So, the Company's proposal,
7 the rate amount would change from "5.558" to "5.5", for
8 the 100 percent option. It would change from "2.779" to
9 "2.75", for the 50 percent option. And, from "1.3895" to
10 "1.375", for the 25 percent option. And, we just wanted
11 to make the Commission aware of that. We would certainly
12 update our filing as this case progresses through
13 discovery and at -- or, well before any hearing that would
14 be held on the case.

15 I also wanted to mention that, as to the
16 rate change, we would like to mention that this request is
17 in conformity with PSNH's most recently filed and approved
18 IRP from Docket DE 10-261, which was very recently
19 approved by the Commission. That IRP does make specific
20 reference to this rate and its availability. And, the
21 underlying purpose of the rate is to permit customers to
22 choose to contribute to the cost of retiring RECs and the
23 purchase and retirement of the RECs conforms with PSNH's
24 plans for compliance with its RPS requirements, which is

1 discussed in Section 10 of PSNH's IRP.

2 In addition to the change in the rate,
3 PSNH is requesting, as you had mentioned, consistent with
4 RSA 374-F:3, V(f)(10), that the Commission establish a
5 minimum number of customers to continue offering the rate.
6 As is described in Mr. Branch's testimony accompanying
7 PSNH's Petition, the current enrollment rate is very low,
8 and it does not justify the cost of continuing to maintain
9 the rate.

10 And, in addition, as noted in the
11 testimony, there are third party services that essentially
12 do the very same thing and don't involve the utility
13 participation at all. PSNH believes, for reasons set out
14 in its filing, that 1 percent of eligible customers is a
15 reasonable threshold. And, at present, that would mean
16 about 4,400 customers would choose the rate. And, I would
17 note that, from information I was given this morning, that
18 we have approximately 169 customers on the rate, which is
19 actually down a few from when the filing was made.

20 And, so -- Oh. And, to the extent --
21 so, PSNH would ask then that the Commission establish this
22 minimum number of customers to continue offering the rate,
23 and would set essentially six months out from the date of
24 a rate change as the deadline for meeting that minimum

1 number. If the minimum number isn't met at six months out
2 from the rate change, then PSNH would discontinue the
3 rate, and any over- or undercollection, which would be
4 quite small, could and would be reconciled through the ES
5 rate.

6 And, so, with that, PSNH would ask for
7 approval of both the rate change, as updated, and for the
8 Commission to establish a minimum number of customers to
9 continue offering the rate. Thank you.

10 CMSR. HARRINGTON: Thank you. Ms.
11 Hollenberg.

12 CMSR. SCOTT: I have a question.

13 CMSR. HARRINGTON: Oh, excuse me.
14 Commissioner.

15 CMSR. SCOTT: Sorry, Ms. Hollenberg.
16 Just to help your discussion a little bit, for Attorney
17 Fossum, how do current customers know of the availability
18 and how do they have access to that, to the RDES
19 currently? How do they know it exists? How is it
20 advertised?

21 MR. FOSSUM: I'm not certain exactly how
22 it's advertised. I know that there is a dedicated portion
23 of the PSNH website that speaks to the RDES rate. But, as
24 for the particulars on how it's advertised -- oh, I guess

1 I'm also being told that apparently we have it as part of
2 our -- as a part of our billing insert. So, that, on
3 occasion, that's distributed to customers with the billing
4 inserts that they receive.

5 CMSR. SCOTT: Do you have an idea how
6 often that is done?

7 MR. FOSSUM: Yes. Twice a year.

8 CMSR. SCOTT: Thank you.

9 CMSR. HARRINGTON: Just a follow-up
10 question to that. If this was granted, would the Company
11 be proposing to put out a billing insert notifying people
12 of the six -- of the six-month timeframe that the rate
13 would be going away?

14 MR. FOSSUM: Yes. There would be an
15 effort to let customers know of our intention, by a
16 billing insert, by changes to the website, that there
17 would be -- that the rate would discontinue at a certain
18 period, if the enrollment threshold is not met.

19 CMSR. HARRINGTON: Yes. Thank you.
20 Anything else?

21 CMSR. SCOTT: No, that's okay.

22 CMSR. HARRINGTON: Ms. Hollenberg.

23 MS. HOLLENBERG: Thank you. At this
24 time, the OCA does not have a position on the Petition. I

1 guess one question that comes to my mind today is, once
2 the rate is closed, but still exists as a statutorily
3 authorized option for customers, how does it ever reopen
4 again? And, that's just something that's crossing my mind
5 now.

6 But we look forward to speaking with the
7 Company and Staff about its idea. It does seem to make
8 sense that, if it's not -- if the costs of the program are
9 not outweighed by the benefits enjoyed by the customers,
10 that it seems to make sense that something different needs
11 to be done.

12 So, thank you for your time this
13 morning.

14 MR. SPEIDEL: Yes, Commissioners.
15 Commission Staff would like to engage in discovery
16 regarding the Company's Petition going forward, together
17 with the OCA. That said, Staff is generally supportive of
18 the Company's proposal to establish a minimum threshold
19 for participation by customers. Given the fact that the
20 program costs are borne, that is the administrative costs
21 are borne by general Default Service customers. And, it
22 is important to keep in mind a relationship between costs
23 expended and benefits received by customers as part of
24 participation. And, if there aren't very many

1 participants, there isn't much benefit.

2 However, we do believe that an
3 alternative approach, such as that used by the Granite
4 State Electric utility, in which customers that are
5 interested in acquiring alternative forms of electricity
6 through the PSNH platform could do so through a referral
7 service. That could be an advisable approach that we
8 would explore with the Company.

9 Following this session, I think we'll
10 have some basic discussions about a procedural schedule,
11 nothing definitive will be established today. We will
12 probably establish the possibility of some initial
13 discovery. And, after certain Staff members have
14 returned, we'll have a more formal schedule set up. Thank
15 you.

16 CMSR. HARRINGTON: Any other issues that
17 need to be brought forward today?

18 (No verbal response)

19 CMSR. HARRINGTON: If not, we'll close
20 the prehearing conference on DE 12-358. And, we
21 understand there will be a technical conference by the
22 parties to follow. Thank you very much. Have a good day.

23 **(Whereupon the prehearing conference**
24 **ended at 10:17 a.m.)**