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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

July 17, 2014 - 10:04 a.m.  
Concord, New Hampshire

NHPUC JUL29'14 PM 4:07

RE: DE 13-248  
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:  
Petition to Amend Rate EOL to Include  
Light Emitting Diode Technology.

PRESENT: Commissioner Martin P. Honigberg, Presiding  
Commissioner Robert R. Scott

Sandy Deno, Clerk

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

Reptg. the City of Manchester, N.H.:  
Susan S. Geiger, Esq. (Orr & Reno)

Reptg. PUC Staff:  
Michael J. Sheehan, Esq.  
Thomas C. Frantz, Director/Electric Division  
Leszek Stachow, Asst. Dir./Electric Division  
Al-Azad Iqbal, Utility Analyst

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

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

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Testimony of Charles R. Goodwin, including attachments (08-28-13)	7
2	Testimony of Charles R. Goodwin, including the Joint Request of the City of Manchester and PSNH, a Settlement Agreement between PSNH and the City of Manchester, and attachments thereto (07-01-14)	8
3	Attachment 1 entitled "Proposed LED Option - Energy Efficient Outdoor Lighting Rate EOL...", including cover letter (07-02-14)	9
4	State of New Hampshire Inter-Department Communication from Al-Azad Igbal regarding PUC Staff's Recommendation regarding DE 13-248 (12-04-13)	41

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

1  
2 CMSR. HONIGBERG: Good morning. As you  
3 can see, only two of us are here. The Chair,  
4 unfortunately, was called away just a few minutes ago and  
5 won't be here for this morning's hearing. And, she  
6 apologizes for that. So, Commissioner Scott and I will  
7 try not to mess things up too badly in her absence. We're  
8 here this morning on Docket DE 13-248 regarding Public  
9 Service Company of New Hampshire and their petition to  
10 amend the rate, their rates on EOL tariff and to include  
11 light emitting diode technology. We understand there is a  
12 proposed settlement, which we have seen.

13 Let's start by taking appearances.

14 MR. FOSSUM: Good morning,  
15 Commissioners. Matthew Fossum, for Public Service Company  
16 of New Hampshire.

17 MS. GEIGER: Good morning,  
18 Commissioners. Susan Geiger, from the law firm of Orr &  
19 Reno, representing intervenor City of Manchester.

20 MR. SHEEHAN: Good morning. Michael  
21 Sheehan, for Staff. And, present with me is the Director  
22 of the Electric Division, Tom Frantz, and the Assistant  
23 Director, Les Stachow, and Utility Analyst Al-Azad Iqbal.

24 CMSR. HONIGBERG: Are there any other

[WITNESS PANEL: Goodwin~Ramsey]

1 intervenors in this matter who aren't here?

2 MR. SHEEHAN: No. We've had some  
3 communications with others, but they never filed and they  
4 are not here today.

5 CMSR. HONIGBERG: What are people's  
6 expectations for how we're going to proceed this morning?

7 MR. FOSSUM: It was the Company's  
8 intention to put on a panel of witnesses from the Company.  
9 And, we would present both the testimony that the Company  
10 has filed by its witnesses, as well as the Settlement  
11 Agreement between the Company and the City of Manchester.  
12 And, as far as I understand, those would be the only  
13 witnesses for this morning.

14 CMSR. HONIGBERG: Everybody's nodding?

15 MR. SHEEHAN: That's correct.

16 CMSR. HONIGBERG: All right. That  
17 sounds good. Why don't we begin then.

18 MR. FOSSUM: Then, I would ask Charles  
19 Goodwin and Paul Ramsey to take the stand.

20 (Whereupon *Charles R. Goodwin* and  
21 *Paul E. Ramsey* were duly sworn by the  
22 Court Reporter.)

23 **CHARLES R. GOODWIN, SWORN**

24 **PAUL E. RAMSEY, SWORN**

{DE 13-248} {07-17-14}

**DIRECT EXAMINATION**1  
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BY MR. FOSSUM:

Q. Good morning. Mr. Ramsey, if you could state your name and place of employment and your responsibilities for the record please.

A. (Ramsey) My name is Paul Ramsey. I work for Public Service Company of New Hampshire as Vice President of Engineering. And, I'm responsible for all engineering matters within the Company.

Q. And, Mr. Goodwin, if you could also state your name and your position and your responsibilities for the record please.

A. (Goodwin) Sure. My name is Charles Goodwin. I'm the Director of Rates and Forecasting for Northeast Utilities. And, part of my responsibilities is to support PSNH's rate activities.

CMSR. HONIGBERG: Can we go off the record for just a second?

(Brief off-the-record discussion ensued regarding the microphones' sensitivity.)

CMSR. HONIGBERG: All right. Sorry about that. We're back on.

MR. FOSSUM: Thank you.

BY MR. FOSSUM:

[WITNESS PANEL: Goodwin~Ramsey]

1 Q. Mr. Goodwin, back on August 28, 2013, did you submit  
2 prefiled testimony in this proceeding?

3 A. (Goodwin) Yes, I did.

4 Q. And, was that testimony prepared by you or under your  
5 direction?

6 A. (Goodwin) Yes, it was.

7 Q. And, do you have any changes or corrections or updates  
8 to that testimony today?

9 A. (Goodwin) Not to that particular testimony, no.

10 MR. FOSSUM: Thank you. I would offer  
11 the August 28, 2013 filing in this docket as the first  
12 exhibit for identification.

13 CMSR. HONIGBERG: Mark it please. Thank  
14 you.

15 (The document, as described, was  
16 herewith marked as **Exhibit 1** for  
17 identification.)

18 MR. FOSSUM: Just for convenience.

19 BY MR. FOSSUM:

20 Q. And, Mr. Goodwin, on July 1st, 2014, did you submit  
21 additional prefiled testimony in this proceeding?

22 A. (Goodwin) Yes.

23 Q. And, was that testimony prepared by you or under your  
24 direction?

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 A. (Goodwin) Yes, it was.

2 Q. And, do you have any changes or updates or corrections  
3 to that testimony today?

4 A. (Goodwin) No.

5 Q. And, Mr. Ramsey, in the July 1st, 2014 filing, was  
6 there a Settlement Agreement that was also submitted?

7 A. (Ramsey) Yes, there was.

8 Q. And, that Settlement Agreement bears your signature, is  
9 that correct?

10 A. (Ramsey) That's correct.

11 Q. And, you're familiar with the terms of that Agreement?

12 A. (Ramsey) I am.

13 MR. FOSSUM: And, so, I would offer the  
14 July 1st, 2014 filing, containing the testimony and the  
15 Settlement Agreement, as the second exhibit for  
16 identification.

17 CMSR. HONIGBERG: It will be so marked.

18 (The document, as described, was  
19 herewith marked as **Exhibit 2** for  
20 identification.)

21 BY MR. FOSSUM:

22 Q. And, just for completeness, on July 2nd, 2014, under a  
23 cover letter from me, was there an additional  
24 attachment, Mr. Goodwin, to your testimony that was

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 also submitted?

2 A. (Goodwin) Yes. It was inadvertently left out of the  
3 July 1st filing.

4 Q. And, so, that attachment should be included as part of  
5 the testimony submitted on July 1st, is that accurate?

6 A. (Goodwin) That's correct.

7 Q. And, do you have any changes or updates to that  
8 attachment today?

9 A. (Goodwin) No.

10 MR. FOSSUM: Then, I would offer that  
11 July 2nd submission of the omitted attachment, I guess at  
12 the discretion of the Commissioners, either as "Exhibit 3"  
13 or as an additional part of Exhibit 2?

14 CMSR. HONIGBERG: Let's make it its own  
15 "Exhibit 3", since it was submitted separately. So, that  
16 will be marked "3".

17 (The document, as described, was  
18 herewith marked as **Exhibit 3** for  
19 identification.).

20 MR. FOSSUM: Now, in that, between the  
21 testimony and the Settlement Agreement, there are some  
22 more generic items on PSNH's proposal, as well as specific  
23 ones to the City. I believe we would discuss the generic  
24 items in the tariff filing and testimony first, unless the

[WITNESS PANEL: Goodwin~Ramsey]

1 Commissioners wish to have that changed?

2 CMSR. HONIGBERG: No. That's fine.

3 BY MR. FOSSUM:

4 Q. In that case, Mr. Goodwin, could you very briefly  
5 explain what PSNH is proposing in its filing regarding  
6 the inclusion or addition of LED technology under its  
7 existing Rate EOL.

8 A. (Goodwin) Yes. Rate EOL is an existing tariff for  
9 street lighting customers, in which the Company  
10 provides traditional poles and wires distribution  
11 delivery service, but for which the customer  
12 effectively purchases its own street lighting  
13 equipment. So, we would not have an additional charge  
14 for the equipment itself. Under that tariff, based on  
15 developments in the marketplace in the last number of  
16 years and the level of interest from some of our  
17 customers, we've investigated and ultimately have  
18 proposed a new offering for LED lighting technology.  
19 Within that tariff, we would also potentially  
20 accommodate other new high efficiency lighting  
21 technologies should they develop in the future.

22 Q. And, for clarity, for the LEDs or the other potential  
23 lighting technologies that you've just mentioned, how  
24 would those be accommodated under the tariff?

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 A. (Goodwin) They would be accommodated by additional  
2 language in the tariff that addresses specifically  
3 certain clarifications around installation costs and  
4 responsibilities, maintenance costs and  
5 responsibilities, and, ultimately, a different set of  
6 pricing for the distribution-related services for LED  
7 lights under the EOL tariff.

8 Q. Could you explain by what standards the Company would  
9 determine whether LED technology or the other  
10 technologies would be added onto its system --

11 A. (Goodwin) Sure.

12 Q. -- under this tariff?

13 A. (Goodwin) Sure. First of all, we've developed a fairly  
14 broad set of high-level criteria. We've intentionally  
15 not tried to be too specific, because these  
16 technologies are evolving. This is our first foray  
17 into implementation of these technologies. But, in  
18 speaking with internal operations folks, as well as  
19 others at a high level, we would be looking for  
20 technologies that have been vetted to an extent  
21 throughout -- through the industry. There is an  
22 industry, effectively, standards group called the  
23 "Design Lighting Consortium" that evaluates and tests  
24 technologies. So, we'd be looking for technologies

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 that have been approved by that consortium. We would  
2 look at whether the technology itself is compatible  
3 with our existing operation system, in terms of  
4 voltage, for example. We would want to assure that the  
5 new technology includes standard brackets, standard  
6 photocells, so that there's no new equipment that would  
7 have to be obtained to install. We'd be wanting to  
8 ensure that no special training or special tools are  
9 necessary for our workforce to install these. So,  
10 effectively, looking that the technology kind of fits  
11 in, from an operations and installation perspective,  
12 with the existing system.

13 Q. Thank you. And, are there any other changes to the  
14 tariff that PSNH is proposing for incorporating the LED  
15 or other technologies?

16 A. (Goodwin) Well, we've made a couple of other what we  
17 hope to be beneficial offerings in the tariff. One is  
18 that we would allow customers to hire their own,  
19 basically, lighting installation vendors, that would  
20 have to be licensed and approved by the Company. But,  
21 rather than rely solely on PSNH's workforce to install  
22 LED lights, we would allow customers, again, using  
23 qualified installers, to do that on their own. We  
24 think that would potentially allow for some savings for

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 customers, from the standpoint that a vendor could  
2 potentially install cheaper than the Company, and also  
3 allow for some greater flexibility, in terms of  
4 scheduling. We're not sure exactly what the demand for  
5 LED lights will be. But, obviously, we have a limited  
6 workforce. And, if there's a pent-up demand for LED  
7 installations, by allowing customers to arrange their  
8 own installations, there's an opportunity for them to  
9 get it in (a) sooner, and (b) closer to the schedule  
10 that they desire.

11 So, that's one change. That's  
12 primarily, beyond the Settlement Agreement, the changes  
13 generally to the LED tariff.

14 Q. Is there a more general change related to the  
15 maintenance or the cost of maintenance of the LED  
16 technology?

17 A. (Goodwin) Yes. For standard technologies, under the  
18 Rate EOL, we have embedded into our monthly charge a  
19 cost of approximately 95 cents per month per fixture,  
20 to accommodate the Company's responsibility to do  
21 maintenance on these technologies.

22 For LEDs, because of the relative  
23 newness of the technology, the fact that the initial  
24 installations will likely be under some kind of a

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 vendor warranty, we're not exactly sure what the actual  
2 maintenance requirements will be for that. So, what  
3 we've proposed for LED is that the Company would  
4 continue to be responsible for maintenance. But,  
5 rather than charge from day one 95 cents per fixture  
6 per month, rather, we would charge for maintenance  
7 based on a per visit occurrence. So, from the  
8 standpoint that, just as a hypothetical, a new LED  
9 technology were to come with a five-year vendor  
10 warranty, conceivably there would be no maintenance  
11 requirement in the first five years. So, we don't  
12 think it would be fair to necessarily charge that same  
13 95 cent per fixture cost. So, we'll continue to be  
14 responsible for maintenance. But, rather than charge  
15 as a fixed cost per month, we'll charge on a per visit  
16 basis.

17 Q. And, so, those changes that you've described, those are  
18 changes, I guess, more universally or globally to any  
19 customer that would be taking service under Rate EOL,  
20 is that correct?

21 A. (Goodwin) Right. Everything that I've described so far  
22 would be generic provisions under the tariff and  
23 available to any customer who were to take LED service.

24 Q. And, so, just to close out. So, that would be the sum

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 of PSNH's proposals relating to the addition of LED or  
2 other technology under the Rate EOL, is that correct?

3 A. (Goodwin) Correct.

4 Q. And, Mr. Ramsey, in addition to those proposals, the  
5 Company has entered into a Settlement Agreement that  
6 it's presented to the Commission as "Exhibit 2", and  
7 you've said you're familiar with the terms of that  
8 Settlement Agreement?

9 A. (Ramsey) Uh-huh. Yes, I am.

10 Q. Could you briefly describe the terms of that Settlement  
11 Agreement to this extent that they may differ from the  
12 more general requirements or expectations under PSNH's  
13 proposal for Rate EOL this morning?

14 A. (Ramsey) The primary difference is that it deals with  
15 the maintenance of the lights. We have had -- received  
16 over the years many requests from cities and towns as  
17 to whether or not they could maintain the lights  
18 themselves. And, so, we were -- and a part of our  
19 Settlement Agreement anticipates working with the City  
20 of Manchester on a pilot basis, and explore that  
21 opportunity going forward for all of our customers, not  
22 just for LED lighting.

23 We don't have enough information on  
24 that. And, so, working with the City, we would figure

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 out all the logistics associated with the City  
2 maintaining lights, as opposed to PSNH. And, if there  
3 are cost-effectiveness in doing so for each city or  
4 town, we would afford them that, that savings.

5 There are a lot of logistical issues  
6 with customers. Customers will call us to repair  
7 lights. We have to figure out a way so that they call  
8 the City or get that information to the City. There's  
9 monitoring, after the lights get -- gets repaired or  
10 not repaired. And, so, all those logistical items will  
11 be worked out in the pilot. And, then, we would  
12 evaluate the results of the pilot when completed.

13 Q. And, for clarity, would the City be responsible for  
14 maintaining both its existing lights, as well as any  
15 new LEDs that it installs?

16 A. (Ramsey) Yes, they would be. And, that would support  
17 the pilot agreement that we have with the City.

18 Q. Are there any other, either Mr. Ramsey or Mr. Goodwin,  
19 any other specific terms of the Settlement Agreement  
20 that are specific to the City that differ from the  
21 terms of the Rate EOL as proposed this morning?

22 A. (Goodwin) Yes. There's a few additional items. I  
23 think the primary one relates to potential energy  
24 efficiency grants or funding. The City, to our

[WITNESS PANEL: Goodwin~Ramsey]

1 understanding, will be bonding a significant amount of  
2 dollars associated with this conversion. So,  
3 obviously, the City needs to and has done their own  
4 cost/benefit associated with a conversion to LED  
5 technologies. As part of that cost/benefit, they  
6 needed to get a handle as to what the total expected  
7 cost of the entire installation effort would be.

8 So, what we've done is to, like we would  
9 for any other customer under our energy efficiency  
10 programs, we've essentially gone through an initial  
11 screening, where the City has provided us their  
12 estimates as to the number of fixtures that they would  
13 convert, the cost of those fixtures, the wattage  
14 savings associated with those fixtures. And, based on  
15 those set of assumptions, we've run that project  
16 through our energy efficiency screening model, and have  
17 come up with an estimate as to what we believe could be  
18 the capital grant associated with the conversion. And,  
19 so, that estimate has been included in the Settlement  
20 Agreement.

21 There's a couple of other minor  
22 provisions that would be unique to the City under this  
23 Settlement. One is that, associated with the  
24 maintenance pilot project, where, for current

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 technologies, we include the same 95 cent per fixture  
2 per month maintenance costs. In recognition of the  
3 fact that the City will be responsible for all  
4 maintenance, including existing fixtures, we've agreed  
5 in the Settlement to give the City a 95 cent per  
6 fixture per month credit on their bill, again, because  
7 they're relieving us of the maintenance responsibility  
8 and doing that themselves.

9 There's another item in the Settlement  
10 Agreement, I guess this is more generic as well, and I  
11 probably should have mentioned that earlier, and that  
12 is that it would be our proposal, in a future rate case  
13 within the next five years, that the total rate  
14 negotiated under the Settlement for LED street lighting  
15 service would not increase by any greater than the  
16 Company's proposed average overall distribution  
17 increase. And, the reason for that provision is,  
18 again, not just for the City of Manchester, but for any  
19 customer who is contemplating undertaking a conversion  
20 program, again, there's a cost/benefit and some  
21 expected, you know, economic value associated with a  
22 conversion project. And, that value is largely  
23 predicated on the rates that LED would cost. And, so,  
24 we're attempting to provide, you know, some level of

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1           certainty within a range as to what the cost that LED  
2           will be for the foreseeable future. So, that is  
3           another generic provision.

4   Q.   And, Mr. Goodwin, back on December 4th, 2013, the Staff  
5           filed a recommendation in this docket. Do you recall  
6           that recommendation?

7   A.   (Goodwin) Yes.

8   Q.   And, that recommendation had -- well, recommended  
9           various reporting requirements or expectations for  
10          reporting. Is that consistent with your recollection?

11  A.   (Goodwin) Yes.

12  Q.   Could you briefly explain the Company's position  
13          relative to, I guess we'll take them more or less as  
14          they were presented, that the Company would -- I'm  
15          sorry, I apologize. One of those recommendations was  
16          that the Company would track the costs of installations  
17          of LEDs and their installation and maintenance. Do you  
18          recall that recommendation?

19  A.   (Goodwin) I do.

20  Q.   And, could you explain what the Company's position is  
21          on that recommendation.

22  A.   (Goodwin) Sure. Well, from a distribution system  
23          perspective, which is the service that's provided under  
24          Rate LED [EOL?], we would evaluate the performance of

[WITNESS PANEL: Goodwin~Ramsey]

- 1 the LED fixtures, evaluate any additional cost that the  
2 Company may incur, in terms of maintenance and  
3 associated operations around LED. The cost of LED  
4 themselves is something that would really come from  
5 customers, who would be working with vendors,  
6 presumably under an RFP process to get bids associated  
7 with LEDs. So, we would accumulate information to the  
8 best we can from customers on their experiences with  
9 various types of new technologies. We would also look  
10 at the performance and maintenance track record to see  
11 whether LEDs are performing, you know, as advertised,  
12 for the lack of a better term, and that is with  
13 relatively low levels of maintenance is what we're told  
14 about LEDs. So, we would monitor those types of  
15 activities and provide some kind of a regular report.
- 16 Q. I guess that leads into the next recommendation Staff  
17 had asked for, was a report on the LEDs and their  
18 costs. And, if I'm understanding the Company's  
19 position, is that it's open to providing such a report?
- 20 A. (Goodwin) Absolutely.
- 21 Q. And, the final recommendation was to develop certain  
22 processes and criteria for evaluating new technologies.  
23 I believe you've testified to that already.
- 24 A. (Goodwin) Right.

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 Q. But, just for clarity, could you indicate what the  
2 Company will be doing in that regard?

3 A. (Goodwin) Sure. And, these criteria are included both  
4 in the Settlement, as well as our marked up tariff  
5 provisions. But, effectively, we don't want to put too  
6 rigid a set of criteria around that, because, again,  
7 this is an evolving marketplace. LED technology itself  
8 has evolved fairly substantially in the last few years,  
9 and I expect it would continue to evolve. There are  
10 potentially other competing high-efficiency  
11 technologies that may evolve in the future as well.  
12 So, we really don't want to put, you know, too narrow  
13 of a set of rules around that.

14 Again, in speaking with our operations  
15 folks largely, what they have said is that, to the  
16 extent that the technology is compatible with the  
17 existing distribution voltages, that is that it fits  
18 into the, you know, the distribution system from an  
19 operations perspective, then that would be acceptable.

20 From the standpoint that we may be  
21 installing, to the extent customers don't hire vendors,  
22 installing ourselves, we want to make sure that there's  
23 no additional training or tools that would be required  
24 to accommodate the installation.

{DE 13-248} {07-17-14}



[WITNESS PANEL: Goodwin~Ramsey]

1 you reached the first rate, and then what happened to  
2 come up with the second rate?

3 A. (Goodwin) Sure. The initial rate, we evaluated the  
4 existing Rate EOL technologies and pricing, and  
5 effectively ran a regression analysis that simply  
6 compared wattages to monthly cost. And, where that  
7 regression line went through the intercept, we  
8 initially defined as the "fixed monthly charge for  
9 LED", and the slope of that line effectively gave us  
10 the per wattage charge for LED. So, the initial  
11 implementation I would say is conceptually revenue  
12 neutral with the existing EOL technologies.

13 In working with the City, it was clear  
14 that, based on that pricing, there was really not a  
15 realistic opportunity for most of our customers to  
16 economically convert to LED service. And, that is  
17 because the vast majority of our existing Rate EOL  
18 customers have relatively low wattages, in the 50 to 70  
19 watt range. We have very few customers out at the tail  
20 end, say 500 to 1,000 range. So, the result of that  
21 regression analysis really provided little, if any,  
22 savings opportunities for, again, the vast majority of  
23 our customers, including the City of Manchester.

24 So, we went back and looked at a number

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 of things. We were aware of the fact that, generally,  
2 street lighting rates for PSNH are substantially higher  
3 than they are for the other Northeast Utilities'  
4 operating companies in both Connecticut and  
5 Massachusetts. So, we looked a little closer at what  
6 that driver was. And, it became apparent to us that,  
7 in the last rate case, we filed the cost of service  
8 study, there was some attention to that cost of service  
9 study, but largely rates were not designed based on  
10 cost of service rates for PSNH in past most recent rate  
11 cases have generally been some function of an  
12 across-the-board average increase. So, as a result of  
13 that, we think that the New Hampshire street lighting  
14 rates are probably escalated higher than what we really  
15 think the cost of service for them might be.

16 So, we looked at street lighting cost of  
17 service and rates for the other companies, and realized  
18 that, in the next PSNH rate case, we're required to  
19 file both an embedded and an allocated -- embedded and  
20 marginal cost of service study. And, it's our  
21 expectations that there will be much greater focus on  
22 cost-based rate design. That would be my expectation,  
23 that the result of that would indicate a lower street  
24 lighting cost of service. So, in other words, I would

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 expect street lighting rates to come down in the future  
2 for PSNH.

3 So, we set a fixed and a variable piece  
4 that's somewhere between the existing PSNH level of  
5 costs that we filed initially and where our other  
6 sister operating companies' street lighting rates are,  
7 we more or less split the difference to a degree on  
8 that. And, when we developed that, we have been  
9 continually evaluating that relationship between the  
10 fixed piece that I spoke to and the per wattage piece,  
11 and looking at it across the spectrum of wattages that  
12 we have in our EOL territory, to make sure that there  
13 continues to be a savings opportunity. Then, in  
14 evaluating that, there was clearly a savings  
15 opportunity that, to the City of Manchester's minds, is  
16 sufficient to go forward with an LED conversion plan.  
17 And, in looking across the spectrum, there's a fairly  
18 significant savings across the spectrum, including even  
19 at the higher wattages.

20 So, we got comfortable that this is a  
21 rate design that we think is more reflective of our  
22 expectations going forward, more competitive relative  
23 to our other sister electric operating companies, and  
24 one that we think will attract, rather than be a

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 disincentive, to the conversion to LEDs on a  
2 going-forward basis.

3 Q. Thank you. I think I got all that, but I'm going to  
4 break it down into a few steps.

5 A. (Goodwin) Yes. That was probably a long paragraph.

6 Q. And, then, you probably --

7 CMSR. HONIGBERG: It has to be multiple  
8 paragraphs.

9 WITNESS GOODWIN: Multiple paragraphs.

10 BY MR. SHEEHAN:

11 Q. So, first, the original proposal is not a cost-based  
12 proposal, that is a translation of what you're already  
13 charging.

14 A. (Goodwin) Correct.

15 Q. And, what you're already charging itself is not a  
16 cost-based, it's sort of a leftover from whatever  
17 happened some years ago?

18 A. (Goodwin) Right. And, it's largely dependent on how  
19 you define "cost", or based on how I would define  
20 "cost", I would say that it's overstated.

21 Q. And, that the slope you were talking about, where you  
22 have the classic graph and where it intercepted the  
23 vertical, I always forget which one's "x" and which  
24 one's "y", that was the \$8 something base charge, and

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 then the slope was the wattage charge, I think it was a  
2 penny and a half or something.

3 A. (Goodwin) Roughly, yes.

4 Q. So, that resulted in a relatively narrow slope from the  
5 smaller fixtures up to the larger fixtures?

6 A. (Goodwin) That's correct.

7 Q. And, what you changed was you dropped that intercept  
8 down to about \$3.00, and the wattage charge is higher,  
9 so you end up with a steeper slope, correct?

10 A. (Goodwin) Doing good.

11 Q. Okay. Which means that the smaller ones have -- the  
12 smaller lighting has gotten quite a bit cheaper, the  
13 more expensive ones they come together somewhat. So,  
14 there's a less of a savings at the other end, at the  
15 bigger end.

16 A. (Goodwin) That's correct.

17 Q. That's what you described. There's still the savings  
18 at the big lights, but less than there was under the  
19 old proposal. But there's a significant drop in the  
20 price of the smaller fixtures, which you say is the  
21 bulk of the lights that are out there?

22 A. (Goodwin) Exactly.

23 Q. And, the basis for that change was a good faith guess  
24 based on what you're charging in Connecticut -- what

[WITNESS PANEL: Goodwin~Ramsey]

1 your affiliates are charging in Connecticut and  
2 Massachusetts?

3 A. (Goodwin) Yes. That are based more on cost of service  
4 studies that we've filed.

5 Q. So, is it fair to say that what we have in the proposal  
6 now is not an actual cost-based one, but probably much  
7 closer to one than what we had last fall?

8 A. (Goodwin) That's my expectation, yes.

9 Q. And, you're other expectation is, when PSNH goes into  
10 its next rate case, it will do the cost of service, we  
11 will get a cost-based rate for these lights, and you  
12 expect it to even be lower?

13 A. (Goodwin) If I had to guess right now, I would say,  
14 yes, that's correct.

15 Q. Okay. And, that leads into the one part of the  
16 Settlement Agreement where you've agreed not to raise  
17 -- to a rate cap on these lights, and the cap is not a  
18 fixed cap, it's a cap, if all rates go up 2 percent,  
19 these will go up two percent as well. But you're not  
20 going to increase LED lights more than whatever the  
21 overall increase is.

22 And, my question is, you're not worried  
23 or are you worried that the LED lights, if you have  
24 that cap, are going to become too low for the Company's

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 purposes? Is that a concern of PSNH's or no?

2 A. (Goodwin) Not really. Because how rate design, you  
3 know, kind of correlates to ratemaking overall in the  
4 rate case, is that we'll have an approved revenue  
5 requirement. And, then, what rate design will do is to  
6 put a set of proposed tariffs together that, in  
7 aggregate, equal that allowed revenue requirement. So,  
8 from the standpoint that street lighting rates, you  
9 know, may be lower or different than cost of service,  
10 then that will be made up in rate design from other  
11 classes. It's not my expectation that, in the next  
12 rate case, we're going to go in one fell swoop from the  
13 level of rates that we have today to full 100 percent  
14 cost of service based rates. There's a concept of rate  
15 continuity, rate gradualism. We evaluate bill impacts  
16 when we do that.

17 And, so, if you think of that, you know,  
18 in a broad sense, as a revenue neutral type  
19 proposition, where, in total, our current rates are at  
20 cost of service. The question is, among customers and  
21 classes. So, certain customers today are paying  
22 arguably higher than the cost of service and others  
23 will pay lower. So, as we move in a future rate case  
24 to more cost-based rates across the board, there will

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 be winners and losers. So, part of the rate design  
2 methodology that we'll evaluate and propose in the next  
3 rate case, you know, includes kind of a balancing among  
4 that. So, again, I don't think we're going to move  
5 100 percent to cost of service in one fell swoop. And,  
6 so, somewhere in that spectrum is why I think this  
7 proposed level of street lighting probably fits. I'm  
8 not so sure we're going to get from current street  
9 lighting rates all the way down to a cost of service  
10 level in one step. So, I think that's why I've kind of  
11 cut the difference here.

12 Q. In your testimony, Page 7 of your testimony, you don't  
13 have to go there, but you mention that the rates  
14 proposed here is about a dollar -- the flat charge is  
15 about a dollar higher than what it would be under Mass.  
16 or Connecticut. Do you see that?

17 A. (Goodwin) Yes. I believe I reference that, in  
18 Connecticut, the \$3.00 is about a dollar, the  
19 equivalent of the \$3.00 is about a dollar. So, I think  
20 we're actually a couple of dollars higher than  
21 Connecticut.

22 Q. And, as you testified with Mr. Fossum, Staff's proposed  
23 conditions about reporting, the Company has no problem  
24 making -- providing that data to Staff as time goes

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 forward. And, the other part of that question is, some  
2 of that data will have to come from customers, and with  
3 the pilot from Manchester in particular. And, as I  
4 understand it, Manchester has been agreeable to  
5 providing that information to you as well?

6 A. (Goodwin) Right. Everything we've talked about that  
7 Staff has indicated an interest in, the City has been  
8 completely supportive of that. So, you know, I would  
9 envision that, between the City, the Company, and  
10 Staff, we continue to more or less work on that, you  
11 know. I could envision maybe an annual reporting  
12 requirement. And, then, maybe at the end of each  
13 annual report, we sit down and discuss with Staff, you  
14 know, what additional, what's missing, how can we  
15 improve on, you know, whatever it is you'd be looking  
16 for, metrics or other types of things. So, clearly, a  
17 collaborative of some form.

18 Q. And, the reason this agreement or Staff's  
19 recommendation doesn't have a precise template for the  
20 information Staff wants is, is it fair to say we really  
21 don't know what information we're going to get yet?

22 A. (Goodwin) Right. And, we don't know what information  
23 we're going to give you yet.

24 Q. Okay.

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 A. (Goodwin) Exactly.

2 Q. So, it's something that's going to have to be a  
3 work-in-progress as we go forward?

4 A. (Goodwin) Right. But, clearly, and I think I can speak  
5 for the City, I can certainly speak for the Company,  
6 both parties are absolutely committed to working with  
7 Staff on whatever reporting you deem necessary.

8 Q. And, my last question, before I check with the  
9 gentlemen to my left, the programs that -- energy  
10 efficiency programs that you talked about, where the  
11 Company has basically said that the City of Manchester  
12 looks like it qualifies for a certain amount of grants,  
13 and it's about \$400,000 over two years, is that  
14 correct?

15 A. (Goodwin) Right. Yes.

16 Q. There's a line in the Settlement Agreement that says  
17 that that money will be provided "in accordance with  
18 the requirements of the individual programs", is that  
19 correct?

20 A. (Goodwin) Yes.

21 Q. And, that was to allay both the Company's and Staff's  
22 concerns that Manchester isn't getting any special  
23 treatment here or any favoritism, they still have to  
24 apply to the program and the usual rules will apply to

{DE 13-248} {07-17-14}

1           them?

2   A.   (Goodwin) Exactly. That's my understanding. That we  
3       have evaluated this in the same way we would evaluate a  
4       non-street lighting energy efficiency potential  
5       project, and run it through the screening. Again, you  
6       know, given an indication, based on a set of  
7       assumptions, that it would be our expectation that, if  
8       all of those assumptions hold true, that that would be  
9       the value of the grant that they would qualify for  
10      under the existing program rules.

11                   MR. SHEEHAN: May I just have a minute  
12   please?

13                   (Atty. Sheehan conferring with PUC Staff  
14                   representatives.)

15   BY MR. SHEEHAN:

16   Q.   The last question is, the maintenance cost, I  
17       understand that the proposed LED rate does not include  
18       the 95 cents per meter per month.

19   A.   (Goodwin) Right.

20   Q.   That was one of the things that got it to come down.  
21       And, instead, you propose the \$95 per visit charge.  
22       What is the basis for that figure? Why \$95? Why not  
23       something else?

24   A.   (Goodwin) My understanding is it's a cost, our

[WITNESS PANEL: Goodwin~Ramsey]

1 estimated cost of one manhour/one truck to do a site  
2 visit. So, these types of maintenance costs tend to be  
3 an inspection of the equipment, a check of the  
4 photocell. If the photocell is faulty, replace it.  
5 So, we expect that to be about a one-hour process.  
6 And, so, it's based on an internal estimate of labor,  
7 plus overhead costs.

8 (Atty. Sheehan conferring with PUC Staff  
9 representatives.)

10 MR. SHEEHAN: Thank you. I have nothing  
11 further.

12 CMSR. HONIGBERG: Mr. Scott, do you have  
13 any questions?

14 CMSR. SCOTT: Yes. Thank you. And,  
15 good morning.

16 WITNESS GOODWIN: Good morning.

17 WITNESS RAMSEY: Good morning.

18 CMSR. SCOTT: The usual caveat, whoever  
19 feels best to reply, please do so. I just want the best  
20 answer.

21 BY CMSR. SCOTT:

22 Q. So, why don't we pick up where we just left off with  
23 Staff. So, that was one of the questions I was going  
24 to ask is the basis for the \$95, and what's a

[WITNESS PANEL: Goodwin~Ramsey]

1 typical -- what's inherent, what happens in  
2 maintenance, which you just described a little bit.  
3 So, you use, if I heard you, so, it's a one manhour,  
4 cost of the truck. And, interesting to me, so, I  
5 was -- again, I was going to ask, you know, "what is  
6 maintenance?" And, so, it sounds like you said it was  
7 a check of the photocell, and potentially you replace  
8 the photocell if it was bad. Does that \$95 include if  
9 you do replace the photocell or is that --

10 A. (Goodwin) Yes. Yes. So, effectively, for EOL  
11 fixtures, where the Company has on our books at a zero  
12 value, but the customer has essentially paid for the  
13 fixture and is responsible for replacing the fixture.  
14 So, what we would do in maintenance is essentially go  
15 out and see, is the "problem" related to our system or  
16 the photocell? And, if it's related to our system or  
17 the photocell, then we'd repair it. If it's not  
18 related to our system or the photocell, then,  
19 presumably, the fixture is faulty. And, we would  
20 notify the customer and they would have to incur the  
21 cost of replacing that fixture.

22 Q. Thank you. That's helpful. And, back to your, I think  
23 it was Mr. Goodwin, your Exhibit 1, just to help me  
24 out, you reference "all-night" and "midnight" service,

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 versus "midnight" service?

2 A. (Goodwin) Yes. Right.

3 Q. Could you educate me what's the difference?

4 A. (Goodwin) Sure. Sure. In the last PSNH rate case,  
5 more or less consistent with what we had done in both  
6 CL&P and Western Mass. Electric, there was an interest  
7 to offer, rather than a complete dusk-to-dawn street  
8 lighting service, a service that would effectively only  
9 go till midnight. So, it wouldn't operate in the  
10 extreme off-hours. And, so, essentially, the only  
11 difference in those two services is that, obviously,  
12 one has a longer number of burn hours and the other has  
13 a shorter number of burn hours. So, if a town or a  
14 customer would like to have the shorter "midnight only"  
15 option, then they would simply elect that. And, all of  
16 the kilowatt-hour based charges would be computed on  
17 that, on those fewer burn hours schedule.

18 Q. Thank you. That makes sense. The language in the  
19 tariff, obviously, you try to be forward-thinking, so  
20 it's not just LED. I saw you changed that. But, then,  
21 when I looked forward in the tariff, then it basically  
22 is specific for LEDs, even the \$95 charge is LED. So,  
23 is that -- the use of the word "LED" meant to be  
24 inclusive of the other technologies or is it just for

{DE 13-248} {07-17-14}

1 LED?

2 A. (Goodwin) I'd say, if a practical alternative  
3 high-efficiency technology were to develop, and it met  
4 the criteria that I described, that we would apply the  
5 LED-based rules to that. So, I would say that, in that  
6 context, "LED" is more of a generic term.

7 Q. And, do you feel the tariff is specific enough to  
8 include that?

9 A. (Goodwin) Well, now that you mention it, probably not.  
10 So, I think that we could easily go back, in some kind  
11 of a compliance filing, and try to make that more  
12 generic, and be specific as to where it's LED only  
13 versus another new technology.

14 Q. You had an earlier discussion with Staff regarding the  
15 next rate case on this issue. Is there -- do you have  
16 an idea of a timing on that?

17 A. (Goodwin) No. Only that I can say we are under a  
18 five-year Settlement Agreement that precludes coming in  
19 earlier than mid 2015. So, it would be beyond mid 2015  
20 at the earliest. But I don't have a particular  
21 schedule.

22 Q. Okay. Thank you. Obviously, you're working as a  
23 pilot, and, obviously, as part of the Settlement with  
24 the City of Manchester. Do you have an idea for the --

[WITNESS PANEL: Goodwin~Ramsey]

1 what the demand is for municipal LED outdoor lighting  
2 in this case?

3 A. (Goodwin) Well, I know that I personally met with two  
4 other municipalities beyond the City. And, I  
5 anecdotally heard that there are other customers who  
6 are kind of keeping an eye on this docket, if you will,  
7 because there is some additional level of interest.  
8 So, I can't tell you that I know that there are cities  
9 that, once this docket concludes and the rate becomes  
10 available, that they'll absolutely commit. But there's  
11 clearly many municipalities that are interested in a  
12 potential LED conversion.

13 Q. And, perhaps a little bit off the topic, I was curious,  
14 the City's, obviously, looking for grants. You know,  
15 you mentioned this grant opportunity for the energy  
16 efficiency side. Does this program at all preclude  
17 photovoltaic installations to be associated? I don't  
18 know if that's going on at this point.

19 A. (Goodwin) As it relates to LED-type activity or are you  
20 asking is photovoltaic a different technology that  
21 could also be eligible for grants?

22 Q. No, I'm sorry. I didn't -- more specifically, do you  
23 see efforts to pair those two together, the LED --  
24 upgrading LED technologies and, while people are on the

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 poles, upgrading, adding photovoltaics?

2 A. (Goodwin) I honestly can't speak to that. I'm kind of  
3 on the edge of my knowledge as it is about the energy  
4 efficiency programs. So, I don't know the answer to  
5 that question.

6 CMSR. SCOTT: That's fair. And, again,  
7 I think I caveated saying "it's a little bit off the  
8 mark", I understand. So, all right. I think that's all I  
9 have. Thank you.

10 CMSR. HONIGBERG: I think I don't have  
11 much.

12 BY CMSR. HONIGBERG:

13 Q. Regarding the Settlement Agreement, the major  
14 difference between what was proposed and what is in the  
15 Settlement has to do with maintenance, according to  
16 what I understood you both to be testifying. That  
17 there's a pilot project to allow the City to take over  
18 maintenance. And, the question, at least to the next  
19 sentence, as one of you said, with the potential  
20 leading to other cities being able to do something  
21 similar, how many places could actually do that?  
22 There's a scale issue here with Manchester, is unlike  
23 any other place in the state. How realistic is it to  
24 expect that really any town would have the capacity to

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 do that kind of maintenance?

2 A. (Goodwin) Well, Mr. Ramsey can follow on, but what I  
3 can testify to is that, in our Connecticut and  
4 Massachusetts jurisdictions, we do offer that, if  
5 customers were to buy their lights, that they would  
6 take the maintenance as well. I can't give you the  
7 absolute demographics of which cities and towns have,  
8 but a large number have. So, I can speak to, in  
9 Connecticut, it has been beyond, there's many  
10 municipalities much smaller than the City of Manchester  
11 in New Hampshire who have taken that on. I would  
12 expect that what they're probably doing is not  
13 performing the maintenance with their own workforce,  
14 but rather contracting it out. So, I think it's that  
15 contractor network that probably allows the  
16 opportunity.

17 A. (Ramsey) And, that would have been my reference. You  
18 have to think through whether or not small towns have  
19 the capacity to do this type of maintenance. The  
20 reality of life is, is you probably can outsource this  
21 from a contract perspective. If there are enough  
22 cities and towns, small or large, in a particular area,  
23 in an aggregated area, they could collaborate and then  
24 get one contractor, if you will, to take care of all of

{DE 13-248} {07-17-14}

[WITNESS PANEL: Goodwin~Ramsey]

1 their needs. So, there's a variety of options here  
2 that they could explore, to reduce, you know, to go  
3 after the maintenance issue. So, we're basing that, to  
4 some degree, as speculation, but, to some degree, based  
5 on our own experience of maintaining these lights over  
6 cities and towns of that nature.

7 CMSR. HONIGBERG: That's helpful. Thank  
8 you.

9 WITNESS RAMSEY: Yes.

10 CMSR. HONIGBERG: That's all I have.

11 Mr. Fossum, do you have any other questions?

12 MR. FOSSUM: No. Thank you.

13 CMSR. HONIGBERG: I think then we're  
14 done with these two witnesses. So, you gentlemen are  
15 excused. There are no other witnesses, correct?

16 MR. FOSSUM: None from the Company.

17 MR. SHEEHAN: No. And, given the  
18 reference to the Staff's recommendation, I'd like to mark  
19 a copy of that as an exhibit, if I may. That would be  
20 Mr. Iqbal's November [December?] 4, 2013 recommendation.

21 CMSR. HONIGBERG: I've got it. All  
22 right. So, we'll mark that as "4".

23 (The document, as described, was  
24 herewith marked as **Exhibit 4** for

{DE 13-248} {07-17-14}

1 identification.)

2 CMSR. HONIGBERG: Is there any objection  
3 to striking identification on those four exhibits?

4 MR. SHEEHAN: No, sir.

5 MR. FOSSUM: No.

6 CMSR. HONIGBERG: All right. Seeing  
7 none, then those will become full exhibits.

8 I think the only other thing we need to  
9 do is to ask people to sum up. We'll start with Attorney  
10 Geiger. And, as you speak, I'd ask you to address  
11 something that Mr. Goodwin said in his testimony, where he  
12 said that he thought he could speak for the City regarding  
13 cooperation going forward with data collection. He may  
14 not be in a position to speak for the City, but you are.  
15 So, I would ask you to deal with that please.

16 MS. GEIGER: Yes. Thank you,  
17 Commissioner Honigberg. The City of Manchester, as Mr.  
18 Goodwin correctly noted, intends to cooperate fully with  
19 PSNH and Staff in developing whatever data is necessary  
20 for the purpose of evaluating the success or the  
21 implementation of the pilot plan as it rolls out.

22 The City also would note, just for the  
23 record, that its intervention in this docket was made  
24 because it had some serious concerns with the originally

1 filed tariff proposal. Those, through negotiation with  
2 PSNH and, ultimately, with Staff, have been resolved to  
3 the satisfaction of the City. And, therefore, the City  
4 would respectfully request that the Commission approve the  
5 Settlement Agreement and the remainder of PSNH's filing,  
6 so that the City can begin as soon as possible to deploy  
7 and roll out the pilot program for converting its existing  
8 City lighting to the more energy efficient LED option.

9 The only other thing I would note is  
10 that the City appreciates the efforts of PSNH and  
11 Commission Staff in reaching the Settlement Agreement that  
12 we're presenting today. Thank you.

13 CMSR. HONIGBERG: Thank you. Attorney  
14 Sheehan.

15 MR. SHEEHAN: Thank you. Staff supports  
16 both aspects of this case, that is the proposed new tariff  
17 and the Settlement Agreement between the City and PSNH.  
18 Staff's primary concern -- well, the first concern was  
19 that the proposed rates are not cost-based. And, as you  
20 heard Mr. Goodwin testify, we don't have -- they don't  
21 have the information to do a true cost-based. They did  
22 the best they could, and what they have done Staff  
23 believes is reasonable. And, with their agreement to  
24 provide data going forward, when the time comes, we will

1 have the data to do a better job in reaching a cost-based  
2 rate. So, for those reasons, Staff's concern in that  
3 regard has been met. Otherwise, including LED technology  
4 is reasonable, and certainly forward-thinking, and the  
5 right thing to do for all of the other reasons.

6 As for the Agreement, the Settlement  
7 Agreement, the primary concern Staff had was that the  
8 provision about the energy efficiency programs didn't  
9 somehow give Manchester an inappropriate head start or a  
10 cut in the line to others. And, as you heard, there's  
11 language in the Agreement that precludes that. PSNH is  
12 very concerned as well that that not happen. And, I think  
13 the Settlement Agreement before you does a nice job of  
14 giving the City the comfort it needs, and yet leaving to  
15 PSNH the ability to administer the program the way it's  
16 supposed to be administered. So, again, we think that the  
17 Agreement and the conversation has met Staff's concern in  
18 that regard.

19 So, the standard that the Commission  
20 applies here for the rate change is that it's in the  
21 public interest and that it's just and reasonable. We  
22 believe it is. And, the provisions of the Agreement  
23 itself operate under similar standards. And, again, we  
24 support the approval of the Agreement.

1 CMSR. HONIGBERG: And, you'll be working  
2 with the Company regarding the language of the tariff that  
3 is now perhaps more specific than it should be?

4 MR. SHEEHAN: Correct.

5 CMSR. HONIGBERG: Okay. Mr. Fossum.

6 MR. FOSSUM: Thank you. As the others  
7 have indicated, we're here seeking approval for two  
8 things. One is PSNH's proposal, or as modified in the  
9 July 1st, plus July 2nd filing, relative to its Rate EOL  
10 and the inclusion of LED lights. And, PSNH believes that  
11 the resulting rates that are in there for LED lighting,  
12 and other new technology for that matter, are just and  
13 reasonable and should be approved.

14 We've tried to put together a proposal  
15 that allows some flexibility for municipalities to begin  
16 moving toward newer and more efficient lighting options.  
17 And, we are confident that this proposal does that, and  
18 that it provides the kind of savings that municipalities  
19 would be looking for to incent them to actually move in  
20 that direction.

21 As for the terms of the Settlement  
22 Agreement, on which we are also here for, PSNH believes  
23 that the Settlement Agreement is also just and reasonable  
24 and is consistent with the public interest. It gives an

1 opportunity for the Company, the Staff, and the Commission  
2 for that matter, and the City as well, to determine what  
3 might be needed for maintenance of this type, for work of  
4 this type, and whether it truly does make sense for this  
5 activity to be performed by municipalities. And, so,  
6 we're very hopeful that, as this pilot continues, we'll  
7 gather information about that. We are, as witnesses have  
8 testified, we're certainly open to providing the  
9 information that we gather from the City, and the  
10 information that we have internally, to help everyone  
11 determine the value and the benefits of such maintenance.

12 And, so, with that, I would request that  
13 the Commission approve both the revised tariff filing and  
14 the Settlement that have been presented this morning.  
15 Thank you.

16 CMSR. HONIGBERG: Anything else?

17 (No verbal response)

18 CMSR. HONIGBERG: All right. With that,  
19 we'll close the hearing, take it under advisement, and get  
20 an order out as soon as we can. Thank you very much.

21 **(Whereupon the hearing was adjourned at**  
22 **11:00 a.m.)**