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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

October 28, 2013 - 10:33 a.m.  
Concord, New Hampshire

NHPUC NOV12'13 PM 3:20

RE: DE 13-275  
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:  
Proposed Default Energy Service Rate  
for 2014. (Prehearing conference)

PRESENT: Chairman Amy L. Ignatius, Presiding  
Commissioner Robert R. Scott  
Commissioner Michael D. Harrington

Clare Howard-Pike, Clerk

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

Reptg. North American Power & Gas, LLC:  
Robert J. Munnelly, Esq. (Murtha Cullina)

Reptg. Conservation Law Foundation:  
Christophe G. Courchesne, Esq.

Reptg. Residential Ratepayers:  
Susan Chamberlin, Esq., Consumer Advocate  
Stephen Eckberg  
Office of Consumer Advocate

Reptg. PUC Staff:  
Suzanne G. Amidon, Esq.  
Steven E. Mullen, Asst. Dir./Electric Div.

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

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1  
2 CHAIRMAN IGNATIUS: Good morning. I'd  
3 like to open the hearing in Docket DE 13-275. This is  
4 Public Service Company of New Hampshire's 2014 Default  
5 Service -- Default Energy Service rate. It's a docket  
6 opened in response to a filing September 27th, 2013 from  
7 PSNH to set the new Default Energy Service rate effective  
8 January 1st, 2014. And, by order of notice dated  
9 October 9th, 2013, we scheduled a prehearing conference  
10 for this morning, followed by a technical session. We  
11 also called for requests for intervention. And, I know  
12 that there are two entities seeking intervention. So,  
13 after appearances, why don't we -- or, maybe, as we're  
14 doing preliminary statements, we'll take up the  
15 intervention issues as well.

16 So, begin with Mr. Fossum please.

17 MR. FOSSUM: Good morning again,  
18 Commissioners. Matthew Fossum, for Public Service Company  
19 of New Hampshire.

20 CHAIRMAN IGNATIUS: Good morning.

21 MR. MUNNELLY: Robert Munnelly, of  
22 Murtha Cullina, LLP, representing North American Power &  
23 Gas, LLC. With me are Ken Traum and Jim Monahan who are  
24 helping the Company.

1 CHAIRMAN IGNATIUS: Good morning. Nice  
2 to see you, Mr. Traum.

3 MR. TRAUM: Thank you.

4 CHAIRMAN IGNATIUS: And, nice to see  
5 you, Mr. Monahan, too, but --

6 (Laughter.)

7 CHAIRMAN IGNATIUS: -- that sounded --  
8 that sounded rude. I didn't mean it that way.

9 MR. MONAHAN: It wasn't taken that way.

10 CHAIRMAN IGNATIUS: It's nice to see all  
11 of you. Let's get that out of the way.

12 MR. COURCHESNE: Good morning,  
13 Commissioners. Christophe Courchesne, staff attorney for  
14 the Conservation Law Foundation.

15 CHAIRMAN IGNATIUS: Good morning.

16 MS. CHAMBERLIN: Good morning. Susan  
17 Chamberlin, Consumer Advocate for the residential  
18 ratepayers. And, with me today is Steve Eckberg.

19 MS. AMIDON: Good morning. Suzanne  
20 Amidon, for Commission Staff. With me today is Steve  
21 Mullen, the Assistant Director of the Electric Division.

22 CHAIRMAN IGNATIUS: Welcome, everyone.  
23 So, we have, I know, the two requests for intervention  
24 from North American Power and from CLF. And, I haven't

1 seen any responses to the requests to intervene. I don't  
2 know if anybody has any position on that. So, why don't  
3 we, as we're doing general positions on the docket, if you  
4 have any issues regarding the requests for intervention,  
5 speak to those as well. Mr. Fossum.

6 MR. FOSSUM: Certainly. And, I guess,  
7 with that introduction, I would lead off, PSNH did, this  
8 morning, file an objection to both petitions. So, it was  
9 just this morning. So, it's not surprising that it hasn't  
10 made it to the Commissioners yet. And, it's also been  
11 brought to my attention that there was a minor  
12 typographical error in that objection. So, we'll be  
13 refileing it again this afternoon to correct that minor  
14 error, that doesn't affect the substance. I just wanted  
15 the Commissioners to be aware that there would be sort of,  
16 I guess, a second filing coming in this afternoon.

17 In brief, because we have filed it in  
18 writing, I won't go into much depth on the nature of  
19 PSNH's objection. But, briefly, as to North American  
20 Power & Gas, is that the substance of their Petition to  
21 Intervene, in the substance of it, they specifically state  
22 that their interests are having to do with the  
23 "encouragement and protection of a fair and competitive  
24 retail electric marketplace", and that this is not a

1 docket that's intended to address those sorts of issues.  
2 This is not a docket about competitive marketplace at all,  
3 really, nor about its fairness, nor encouragement of it.  
4 And that, to the extent there is any impact on the  
5 competitive marketplace as a result of what happens here  
6 is merely incidental. And, that does not confer standing  
7 on North American Power & Gas to intervene in this  
8 proceeding.

9           As to Conservation Law Foundation, the  
10 substance of PSNH's objection is sort of two-fold. Is  
11 initially, a few months back, in PSNH's reconciliation  
12 docket, 13-108, PSNH had objected to CLF's petition to  
13 intervene there on the basis that CLF's interests were all  
14 about economic -- I'm sorry -- environmental issues. And,  
15 the substance of its petition indicated that its concerns  
16 were environmental. And, that this is not the proper  
17 forum for those concerns.

18           In this most recent petition, CLF now is  
19 contending that it represents its members' economic  
20 interests. And, it's not clear that whatever economic  
21 interests it claims to represent are in any way divorced  
22 from its environmental concerns, which PSNH maintains this  
23 is still not a proper issue for consideration by this  
24 Commission.

1           And, the second issue is that, within  
2 CLF's petition, it discusses how it believes that  
3 intervention will allow it to protect its members'  
4 interests in environmental and public health impacts  
5 resulting from the use of PSNH's generation sources, and  
6 various other issues having to do with PSNH's generating  
7 plants. And, that this is a docket about rate-setting.  
8 This is not about the policy issue of PSNH's plants, their  
9 operation, their continued ownership or the like. And  
10 that, if we are to explore those issues, this docket would  
11 become potentially unwieldy, and that it may impede PSNH's  
12 ability to timely reset its rate.

13           So, as I say, we've filed the document  
14 explaining those issues. But, in substance, that's our  
15 objections to those petitions.

16           As to the substance of PSNH's filing,  
17 PSNH's current ES rate, including the cost of the  
18 Scrubber, is 8.62 cents per kilowatt-hour. And, PSNH is  
19 proposing that, on January 1st, 2014, it begin charging a  
20 rate of 8.99 cents per kilowatt-hour, so, a slight  
21 increase.

22           The rate proposed was calculated  
23 consistent with past practice before this Commission as  
24 approved in these dockets. And, though, it's been subject

1 to some adjustments that are noted in the filing, in  
2 particular, I note the ISO-New England Winter Reliability  
3 Program Adjustment.

4 And, consistent with past practice, PSNH  
5 intends to work with the parties to the docket to explore  
6 any issues relating to our proposal. And, that we would  
7 intend to update this proposal closer to the date of the  
8 hearing, so that we could use the most current and  
9 up-to-date information in setting the rate for  
10 January 1st. Thank you.

11 CHAIRMAN IGNATIUS: Thank you very much.  
12 Mr. Munnelly.

13 MR. MUNNELLY: Sure. Well, first of  
14 all, thank you very much --

15 (Court reporter interruption.)

16 MR. MUNNELLY: Yes. Sorry. Thank you  
17 very much. Is this better?

18 MR. PATNAUDE: Yes.

19 MR. MUNNELLY: Okay. Just, again, thank  
20 you very much for letting us be here this morning for  
21 North American Power. As we said in our Petition to  
22 Intervene, NAPG does want to have a fair and competitive  
23 marketplace in New Hampshire, and, to do that, proper  
24 treatment of these costs is essential. And, so,

1 therefore, I think we certainly are entitled to party  
2 intervention standing under the Department's rules on  
3 that. And, we look forward to working with the Commission  
4 and the parties on this matter.

5 I have -- I did get served  
6 electronically with PSNH's objection. I think I can  
7 handle it briefly, give you the high points of it. We  
8 certainly object -- we disagree with the objection and ask  
9 that it be disregarded. I think, as Mr. Fossum noted, he  
10 tried to make the point that, you know, we're "interested  
11 in a fair and competitive marketplace, this isn't a  
12 competition docket." I think that misses the point on  
13 that. It misses the point that, first of all, the  
14 Commission has acknowledged that Default Service is a  
15 competitor to competitive suppliers. And, also that, as  
16 we noted in our intervention, that this -- the proper rate  
17 does directly affect, you know, what the marketplace is on  
18 that. So, I just want to make clear, this is something --  
19 we're not trying to turn this into a broader competition  
20 docket, but we are trying to make the point that the -- we  
21 want to make sure that the Commission has the correct  
22 information to set a proper rate. And, that's really what  
23 our interest is in this case.

24 And, there certainly are matters in here

1 that, you know, that are potentially worthy of  
2 consideration. You know, we have -- we do have -- we're  
3 going through the filing carefully. We certainly would  
4 like to at least propound discovery on a couple key  
5 points, so we can decide whether these things are being  
6 properly handled on that.

7 And, there are some issues that  
8 potentially do have competition impacts. One of them is  
9 the -- you know, there is the new rate, ADE rate, and  
10 whether that's going to be affecting this at all. It's  
11 something that certainly is worthy of exploration. And,  
12 it's something that NAPG can help bring that issue to the  
13 table, you know, based on its background on that.

14 CHAIRMAN IGNATIUS: Can you back up and  
15 explain, how would Rate ADE factor into this docket?

16 MR. MUNNELLY: I think it -- it depends.  
17 We don't know whether it will. That's the point. It's a  
18 new rate. And, we have to figure out, you know, is it  
19 going to have an impact at all or not, depending on how  
20 the -- is it going to change the migration rates? How are  
21 things going to be handled from the Company's side?

22 CHAIRMAN IGNATIUS: And, those are all  
23 good questions. But how does that impact -- why should  
24 that be an element of this docket on setting the Energy

1 Service rate?

2 MR. MUNNELLY: Well, one part of it is  
3 just, again, to the extent it affects the rate, it does  
4 affect -- it is certainly of consequence to North American  
5 Power. But part of our understanding is that the ADE rate  
6 has a reconciliation piece. And, we just don't know if  
7 it's going to get rolled into this docket or not.

8 CHAIRMAN IGNATIUS: All right.

9 MR. MUNNELLY: Okay. The other thing I  
10 was going to say about the PSNH objection is that they  
11 made a separate point that, if we're allowed to intervene,  
12 that our participation should be limited. I'm just not  
13 sure what that means in this context. You know, to the  
14 extent that we have a strong interest in setting a proper  
15 rate, I'm just not sure how our intervention could be  
16 limited or should be limited. Just wanted to make that  
17 clear.

18 And, the final point is that they made a  
19 -- kind of a blanket statement that, to the extent we're  
20 let in, if there's confidential information in this case,  
21 we should be excluded from it. Again, I'm not sure that a  
22 blanket ban on access to confidential information makes  
23 sense. North American Power is not a -- does not have  
24 generating pieces of it. So, it's not like we're a direct

1 competitor in the generation market. A lot of the  
2 information, I would suspect, would not have any  
3 competition issues at all, from PSNH's standpoint.

4 To the extent a particular discovery  
5 item does have a legitimate issue, that's something we're  
6 happy to discuss with the Company what the appropriate  
7 treatment would be on that. But, in any event, it's not  
8 something we see that should be handled that we should  
9 necessarily be cut out of all confidential information in  
10 our course of preparing and participating in this docket.

11 CHAIRMAN IGNATIUS: Have you  
12 participated in dockets before where we've had  
13 competitively sensitive data that you were not given  
14 access to?

15 MR. MUNNELLY: You mean, for North  
16 American Power or --

17 CHAIRMAN IGNATIUS: Or anyone. I mean,  
18 we -- let me say it differently. We have had many dockets  
19 where that has been an issue, and has been -- there's been  
20 an effort to differentiate between commercially sensitive  
21 information that impacts a competitor differently than  
22 just sort of general business information, and have  
23 restricted some of that from certain parties/competitors  
24 from seeing.

1 MR. MUNNELLY: Yes. I think that's  
2 exactly right. And, certainly, there's a legitimate issue  
3 if the issue is commercially sensitive and it does -- is  
4 something where it would be a harm to the holding party,  
5 then that's certainly something that -- I think we even  
6 had that in one of the dockets in front of you for North  
7 American Power. I think we had a -- yes, it was in the --  
8 it's in the rates -- the supplier cost docket that's  
9 ongoing. I think we had a confidential response. And, I  
10 believe there was something that we -- there was some  
11 limitations on that.

12 But, no, I agree that it's something  
13 that's workable. It can be, either you can -- certain  
14 things certainly can be -- should be made available to  
15 outside counsel, outside consultants. And, certainly, if  
16 there's something that's very sensitive, you keep it away  
17 from marketing people and that type of thing. That's  
18 certainly something that could be worked through. We  
19 don't want to -- we certainly don't take the position that  
20 everything should be disclosable. But, just generally,  
21 that it's a -- a blanket policy doesn't seem to be fitting  
22 on the facts here. Thank you.

23 CHAIRMAN IGNATIUS: Thank you.

24 Mr. Courchesne.

1 MR. COURCHESNE: Thank you,  
2 Commissioners. Preliminarily, I'll state that  
3 Conservation Law Foundation is a regional environmental  
4 organization. We are a somewhat unique environmental  
5 organization in that we do sit on the New England Power  
6 Pool and participate in a lot of the discussions at the  
7 Independent System Operator. And, so, we bring a variety  
8 of different perspectives and sets of expertise to bear.

9 We are intervening in this docket for  
10 the -- the reason is very simple. We're petitioning to  
11 intervene because the setting of PSNH's Default Service  
12 rate implicates both the economic interests of our  
13 members, as well as environmental interests. Because the  
14 decisions in this docket, and in the various dockets that  
15 address PSNH's Energy Service rate, determine and dictate  
16 how PSNH operates its power plants. And, so, that,  
17 obviously, generates environmental and public health  
18 impacts. Those are very core to our mission.

19 That being said, our intent in this  
20 docket is not to litigate environmental regulatory issues  
21 or any of the issues that PSNH has frequently objected  
22 raising the specter that we would litigate issues that are  
23 not properly before the Commission. We, as we state in  
24 our petition, we are very mindful of the limitations on

1 the Energy Service rate dockets, in terms of both  
2 relevance and scope. And, our participation will be  
3 limited by that, by that scope of the docket.

4 Our interests -- our  
5 environmental/economic interests are directly impacted by  
6 the Commission's decisions on whether the rates reflect  
7 PSNH's reasonable actual prudent costs. And, as we know  
8 from a variety of over developments and dockets before the  
9 Commission, that these issues are heavily interrelated,  
10 and that decisions in certain dockets do implicate broader  
11 interests.

12 That being said, our preliminary  
13 position on this docket is that there is -- that we are  
14 not taking an initial petition on the filing, pending  
15 discovery, and that we want to scrutinize some of the  
16 costs associated -- that are associated with PSNH's  
17 generation, and of market purchases that are described in  
18 the filing.

19 I will point out that PSNH's cover  
20 letter for the filing states the "increase in the rate is  
21 primarily due to changes in state and regional  
22 environmental policies". That's certainly something we'd  
23 like to scrutinize. And, we have some expertise we can  
24 bring to bear on that. Moreover, the discussion in the

1 testimony of the Reliability Program that ISO is currently  
2 running, that is something that CLF has been actively  
3 participating in the development of and raising questions  
4 about at the ISO level. And, so, we can bring some of our  
5 expertise on that issue to bear as well.

6 So, appreciate the Commission's  
7 consideration of our petition.

8 CHAIRMAN IGNATIUS: Let me ask you, you  
9 had said that "decisions here would determine how PSNH  
10 operates its plants." Can you elaborate on that? I  
11 assume "here", meaning in this Default Service rate  
12 docket?

13 MR. COURCHESNE: Yes. And, PSNH, in  
14 this docket, provides projections as to its -- as to the  
15 operations of its units and, relatedly, the various market  
16 considerations that may change the extent to which they  
17 operate their units, with their cost structure, whether  
18 they take power from the marketplace. And, so, a lot of  
19 the assumptions that get determined during this docket do  
20 have an ongoing influence throughout the year, in terms of  
21 how those power plants are operated. We know, for  
22 example, that PSNH scheduled certain outages, for example,  
23 around market conditions, so that they're in a good  
24 position to supply power when it might be economic. And,

1 so, it's all those assumptions create the, you know, the  
2 power plants' generation profile over the course of the  
3 year and, therefore, their emissions profile.

4 So, it's a dynamic process. We  
5 understand that PSNH does make certain decisions on the  
6 fly throughout the year, in response to market conditions.  
7 But the underlying assumptions are certainly implicated in  
8 a major way in this docket. And, really, the cost --  
9 really, the costs associated with those decisions are our  
10 primary -- will be our primary focus, in terms of  
11 discovery and testimony, to the extent we provide it.

12 CHAIRMAN IGNATIUS: I'm still not seeing  
13 the link, let's say, between PSNH's projected outages and  
14 the rate-setting that we would be doing for effect January  
15 2014. Can you draw that out a little further?

16 MR. COURCHESNE: Sure. So, when PSNH  
17 projects out its -- when it is operating its power plants,  
18 it is making certain assumptions about where the market  
19 will be, what the costs will be of operating its  
20 generation versus buying in the marketplace. And, to the  
21 extent those assumptions may be flawed in some way, it may  
22 be the case that PSNH is planning right now to operate  
23 those units more than would be necessary upon scrutiny of  
24 those assumptions. So, we are looking at both. We're not

1 -- we're not intending to litigate in this docket,  
2 certainly, you know, what the environmental impacts are,  
3 for example. But we're interested in the economic  
4 decisions that PSNH is making as it sits within the  
5 marketplace.

6 CHAIRMAN IGNATIUS: And, one of the  
7 concerns that Mr. Fossum alluded to, and that we're always  
8 looking at in these dockets, is this moves pretty quickly.

9 MR. COURCHESNE: Uh-huh.

10 CHAIRMAN IGNATIUS: We're just beginning  
11 now, in October, and we need to have it completed by the  
12 end of December. And, so, traditionally, these dockets,  
13 we try to be fairly narrow, because they do move so  
14 quickly, and they don't have a lot of opportunity for --

15 MR. COURCHESNE: For extensive discovery  
16 and those sort of things.

17 CHAIRMAN IGNATIUS: Right.

18 MR. COURCHESNE: No. We fully  
19 understand that. And, we do not --

20 (Court reporter interruption.)

21 MR. COURCHESNE: We do not intend for  
22 our involvement to impair the schedule whatsoever. And,  
23 we're fully intending to participate on the terms that --  
24 on the expedited time frame that this docket generally

1 leads.

2 CHAIRMAN IGNATIUS: Thank you. Ms.  
3 Chamberlin.

4 MS. CHAMBERLIN: Thank you. Our  
5 concerns with the Energy Service rate is that the rate was  
6 -- the methodology for determining the rate was created at  
7 a time when the market was very different. At that time,  
8 the plants ran as a type of baseload for the most part.  
9 And, now, things have switched so that they're operating  
10 more as peakers. We don't know if that is a significant  
11 change that would affect the methodology. So, that's  
12 something we're going to look at. Get a better  
13 understanding of how the rate is set and whether or not  
14 the market changes have an impact on that.

15 We do recognize that it's a fairly quick  
16 docket. And, it may not -- at the end of the day may say  
17 "okay, we have these concerns." I mean, we may not be  
18 able to propose changes at this point, but we wanted to  
19 take a good look and have some analysis done.

20 Concerning the interventions of both  
21 parties, we have no objection. We believe the process is  
22 in place to keep parties on scope, and that that can be  
23 done if either party goes off. While this docket is  
24 specifically concerned with setting the Energy Service

1 rate, it's not uncommon for concepts and data and issues  
2 to bleed from one docket to another. So, as long as the  
3 focus remains on this, the Energy Service rate, I  
4 certainly don't participate -- I mean, I don't object to  
5 other parties participating to that extent.

6 CHAIRMAN IGNATIUS: Thank you. Ms.  
7 Amidon.

8 MS. AMIDON: Thank you. With respect to  
9 the Motions to Intervene, Staff takes no position. With  
10 respect to any ruling that the Commission may issue on  
11 that, and I know that these are some of the questions that  
12 you've asked, madam Chair, but this docket has been set up  
13 as such to meet with RSA 369-B:3, IV(b)(1)(A), which  
14 requires customers who receive default service from PSNH  
15 to be billed according to their "actual, prudent, and  
16 reasonable costs of providing power, as determined by the  
17 Commission." And, just to put it in simple terms, and  
18 it's not intended to instruct the Commission, but just to  
19 my understanding, is that this is often -- a portion of  
20 the docket is often looked at as a "temporary rate  
21 proceeding", and which is subject, as you know, to an  
22 annual reconciliation. You know, where every year PSNH  
23 provides data related to the prior year's operation, and  
24 that's where the prudence decision is made. So, I just

1 offer that as a reminder about -- to perhaps assist the  
2 Commission, if they're going to determine the scope of the  
3 proceeding, to remember that this paradigm was set up this  
4 way some time ago, and has been consistently followed  
5 since that time, I believe in maybe 2003, 2004.

6 So, having said that, Staff has not had  
7 a chance to really delve into the docket. We do intend to  
8 commence some discovery in the technical session to follow  
9 this prehearing conference. And, we can report that we  
10 have developed a procedural schedule for both this docket,  
11 and the prior docket on the SCRC, that everyone has agreed  
12 to. So, we will be providing that to the Commission  
13 following the hearing.

14 CHAIRMAN IGNATIUS: Great. That's good  
15 news. Mr. Fossum, anything you wanted to say in response  
16 to the responses you heard about the interventions?

17 MR. FOSSUM: Just, I suppose, two things  
18 briefly. That the responses to our response to the  
19 Petitions to Intervene, I think they -- and the questions  
20 from the Bench highlight, is what the interests of these  
21 folks are. And that, as for NAPG, you know, the statement  
22 that "this isn't about competition misses the point", was  
23 followed by a statement that "PSNH's ES rate is a  
24 competitor to their rate." So, it seems as though the

1 interest there truly is competition and protection of  
2 competition. And, as has been determined to be the law in  
3 this state, you know, competitive harm is not -- or,  
4 potential competitive harm or potential competitive effect  
5 is not something that confers standing upon a party.

6 As for Conservation Law Foundation, I  
7 think, as well, your questions very much indicated, that  
8 there are interests here that are more environmental than  
9 economic. For instance, there was the discussion about  
10 potential flawed assumptions, the potential for flawed  
11 assumptions in PSNH's decisions today that it may or may  
12 not run its plants in a month or four months or six  
13 months. I would say, one, you know, our assumptions are  
14 no -- I would say, no better or no worse than many others;  
15 they're assumptions, is what they are. And, to the extent  
16 that there may be some systemic issue underlying those  
17 assumptions, as Ms. Amidon has pointed out, there is a  
18 reconciliation portion of these dockets where those sorts  
19 of issues may be addressed.

20 So, that would be my response. Thank  
21 you.

22 CHAIRMAN IGNATIUS: Thank you. We have  
23 not -- obviously, haven't read your objection yet. So,  
24 we'll want to do that. We'll take the question of

1 intervention under advisement. But I appreciate everybody  
2 talking through some of the response to the questions  
3 today. Any questions from the Commissioners?

4 CMSR. HARRINGTON: Yes. I just had a  
5 couple of them. CLF, on your filing, you list that you  
6 have "450 members residing in New Hampshire". You don't  
7 mention how many of them are Public Service customers. I  
8 assume some of them are.

9 MR. COURCHESNE: Yes.

10 CMSR. HARRINGTON: But, could you, for  
11 the record, could you clarify that?

12 MR. COURCHESNE: They are. We did not  
13 do the analysis for this filing. But the last time we did  
14 was last year, and I believe it was about 300 of those  
15 members.

16 CMSR. HARRINGTON: All right. Thank  
17 you. And, Public Service, on the September 27th filing,  
18 on the front page, I assume that the same correction needs  
19 to be made there, from the "0.39" to make it "0.38"?

20 MR. FOSSUM: Yes. You are correct.  
21 That's for -- oh, I apologize. I didn't have my  
22 microphone on. But, yes. That's the same correction for  
23 the reference to the stranded cost rate, yes, to "0.38".

24 CMSR. HARRINGTON: And, in the testimony

1 of Mr. Chung, specifically around Page 6 and 7, discusses  
2 the wood IPPs. And, there's no -- at least I didn't see a  
3 specific discussion of the -- I'm not even sure what the  
4 right name is now, but the Berlin biomass plant. Is that  
5 included? Because I assume that's coming on line shortly,  
6 because it will be running as of January.

7 MR. FOSSUM: Yes, Commissioner. I'm  
8 being informed that it is included in the calculation.  
9 And, yes, you're accurate. To the best of our knowledge,  
10 yes, the plant will be coming on line more or less as  
11 scheduled.

12 CMSR. HARRINGTON: Okay. So, somewhere  
13 in the tables there will be an estimate of the increased  
14 cost due to that contract coming into play?

15 MR. FOSSUM: Well, there is an estimate  
16 of the costs, yes. I'd hesitate to say "the increase",  
17 but, yes, there is an estimate in there.

18 CMSR. HARRINGTON: Okay. And, on Page 8  
19 of the filing, you discuss the "Winter Program", for lack  
20 of a better term I guess is what we're referring to it as,  
21 and it just states that "Public Service was awarded  
22 approximately 100,000 megawatt-hours of oil inventory  
23 service at Newington Station for a price of 4.8 million  
24 for the three-month period." Where does that 4.8 million,

1 what's the flow of that? It goes from the ISO to Public  
2 Service, and then what happens to it?

3 MR. WHITE: Both the costs and revenues  
4 are included in this filing.

5 CMSR. HARRINGTON: So, when you say "the  
6 costs", I'm trying to --

7 MR. WHITE: Well, I believe you're  
8 referring, on Page 8, the section that starts at Line --  
9 the answer starts on Line 13?

10 CMSR. HARRINGTON: Uh-huh. Yes, I am.

11 MR. WHITE: And, it's mentioned in there  
12 the total cost, on a Pool-wide basis, is 78.8. And,  
13 approximately 2.4 of that is allocated to ES load.

14 CMSR. HARRINGTON: Okay. So, that was  
15 the allocation. You say "costs". That was the allocation  
16 to Public Service, --

17 MR. WHITE: That was the allocation.

18 CMSR. HARRINGTON: -- based on the fact  
19 that they're a load-serving entity?

20 MR. WHITE: Correct.

21 CMSR. HARRINGTON: Okay. And, then, the  
22 revenue --

23 (Court reporter interruption.)

24 CMSR. HARRINGTON: I'm sorry. The

1 4.8 million is the revenue that Public Service will  
2 receive as a participant generator in the Program?

3 MR. WHITE: That's correct. I should  
4 point out, that's a gross revenue figure. And, the  
5 Program includes some potential for costs that would --  
6 either costs or penalties that could reduce that revenue  
7 amount. So, the net between 4.8 and 2.4, that total  
8 amount is not included in the filing. There's a smaller  
9 net amount that's in the filing, to recognize potential  
10 risks of participating in the Program, potential  
11 penalties, should our unit not perform as expected, and so  
12 forth.

13 CMSR. HARRINGTON: These are the  
14 non-performance penalties associated with participating in  
15 Winter Program?

16 MR. WHITE: That's correct.

17 CMSR. HARRINGTON: Okay.

18 MR. WHITE: Yes. There's an adjustment,  
19 if you will, to that gross net figure, in recognition that  
20 some of those things may occur.

21 CMSR. HARRINGTON: Okay. And, this is a  
22 question, and I don't necessarily -- I just wonder if the  
23 analysis has been done. On Page 3 of the filing, you show  
24 the history of the -- from May 2001 up to present the

1 costs. And, I was wondering if there was any analysis has  
2 ever been preformed as to what's the drivers, the major  
3 drivers that got from 4.4 cents to, you know, up to 8 --  
4 what is it, say, 8.62, at the last one there? I just  
5 wonder if that analysis has ever been done by the Company  
6 or has it just been a year-to-year "this is what happened  
7 in the last 12 months"?

8 (Atty. Fossum conferring with PSNH  
9 representatives.)

10 MR. FOSSUM: It's being explained to me,  
11 I guess, in a very brief sense, that, you know,  
12 year-to-year that's what's included in our filing. So,  
13 that analysis is being done on a year-to-year basis. But,  
14 going back to where this began, those were rates that were  
15 set by law, and not by costs or by some other method. So,  
16 I guess one of the major changes that would have taken  
17 place is that the law elapsed, and that the costs became  
18 the rate driver.

19 CMSR. HARRINGTON: All right. Thank  
20 you. That's all I had.

21 CHAIRMAN IGNATIUS: Thank you. And, you  
22 were referring to some sections from Mr. Chung's testimony  
23 that was filed on September 27th, 2013?

24 CMSR. HARRINGTON: Yes.

1 CHAIRMAN IGNATIUS: Thank you.

2 CMSR. SCOTT: Yes, I just --

3 CHAIRMAN IGNATIUS: Questions?

4 Commissioner Scott.

5 CMSR. SCOTT: Yes. Thank you. Again,  
6 looking at Mr. Chung's testimony, it's more of a question  
7 a little bit outside the scope, I suppose. You reference  
8 -- you include RGGI Auction refunds, which I just wanted  
9 to make -- well, I'll say my statement here. Currently,  
10 obviously, that goes to Default Service customers as of 1  
11 January. I assume the Company is aware that it goes to  
12 all customers, all ratepayers. So, I just wanted to get a  
13 head nod from the Company that they understood that?

14 MR. FOSSUM: That is, yes. Where the  
15 Company has gone through that, and there is an adjustment  
16 for that in the filing --

17 CMSR. SCOTT: Okay. I see.

18 MR. FOSSUM: -- that demonstrates that  
19 the difference in credit to customers from one year to the  
20 next, as a result of it being spread out over a wider  
21 base, is recognized in the filing.

22 CMSR. SCOTT: Thank you.

23 CHAIRMAN IGNATIUS: All right. Thank  
24 you very much. Unless there's anything further, we will

1 take the information regarding interventions under  
2 advisement. Review the pleading that you submitted,  
3 Mr. Fossum, and issue a ruling on that. I think, for  
4 today's purposes, we would encourage everyone to  
5 participate in the technical session, and then we'll see  
6 where the ruling ends up. But, while you're here, you  
7 might as well be able to participate. Commissioner  
8 Harrington, you had another question?

9 CMSR. HARRINGTON: Yes. I just had one  
10 quick question. On the October 11th filing, on Page 3 of  
11 3, it discusses there was a -- I guess a billing mistake  
12 or whatever by some competitive supplier. Does that  
13 account for the entire delta between the September 27th  
14 and October 11th filing?

15 MR. FOSSUM: Yes, sir.

16 CMSR. HARRINGTON: Okay. Thank you.  
17 Told you it was short.

18 CHAIRMAN IGNATIUS: All right. Then,  
19 unless there's anything further, we're adjourned. And, we  
20 await a report of the technical session discussions on the  
21 procedural schedule. Thank you.

22 **(Whereupon the prehearing conference was**  
23 **adjourned at 11:08 a.m., and thereafter**  
24 **parties conducted a technical session.)**