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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 5, 2014 - 9:56 a.m.  
Concord, New Hampshire

NHPUC JUN17'14 PM 4:38

RE: DE 14-120  
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:  
Annual Reconciliation of Energy Service  
and Stranded Cost for 2013.  
(Prehearing conference)

PRESENT: Michael J. Sheehan, Esq.  
(Presiding as Hearings Examiner)

Sandy Deno, Clerk

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

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

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

Reptg. PUC Staff:  
Suzanne G. Amidon, Esq.  
Grant Siwinski, Electric Division

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

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

MR. SHEEHAN: Good morning, everyone.

By way of introduction, my name is Mike Sheehan. I'm a Staff attorney here and will be serving as the hearings examiner for this proceeding. We'll open the prehearing conference in Docket DE 14-120, Public Service Company of New Hampshire's Reconciliation of energy service and stranded costs for calendar year 2013. On May 1, 2014, Public Service filed testimony and schedules in support of its proposed reconciliation of revenues and costs associated with its Energy Service Charge and Stranded Cost Recovery Charge for calendar year 2013. The filing covers the reconciliation between the revenues and expenses included in those two charges. It also covers performance of PSNH's fossil fuel and hydro generation units. It addresses how PSNH met its energy and capacity requirements during 2013. And, the filing covers the money remaining in the trustee accounts upon the 2013 maturity of the rate revenue bonds -- reduction bonds.

The Commission issued an order of notice on May 21 setting today's prehearing conference, to be followed by a tech session. My understanding, an affidavit of publication, which was due by June 3, has been filed, is that correct?

1 MS. DENO: Yes.

2 MR. SHEEHAN: Yes. Okay. Thank you.  
3 So, let's begin with appearances.

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

6 MR. SHEEHAN: Good morning.

7 MS. CHAMBERLIN: Good morning. Susan  
8 Chamberlin, Office of the Consumer Advocate. And, with me  
9 today is Jim Brennan and Steve Eckberg.

10 MR. SHEEHAN: Thank you. Good morning.

11 MR. COURCHESNE: Good morning.  
12 Christophe Courchesne, for Conservation Law Foundation.

13 MR. SHEEHAN: Good morning.

14 MR. COURCHESNE: Good morning.

15 MS. AMIDON: Good morning, Attorney  
16 Sheehan. I'm Suzanne Amidon representing the Commission  
17 Staff. With me today is Grant Siwinski, an Analyst in the  
18 Electric Division.

19 MR. SHEEHAN: And, is there anyone else  
20 here that has not been introduced or -- okay. Thank you.

21 MS. AMIDON: And, just for the record,  
22 we have received a Motion to Intervene, or the Commission  
23 has received a Motion to Intervene for Conservation Law  
24 Foundation. But I'm not aware of any other motions to

1 intervene in this docket.

2 MR. SHEEHAN: Thank you. We have  
3 received the OCA's participation letter. We have received  
4 CLF's motion, and not a written objection yet, but it just  
5 came in the other day. So, I don't know what the position  
6 is.

7 With that, why don't we go into  
8 positions. And, as we go around the room, if you could  
9 address both the position on the underlying docket and  
10 position, if any, on CLF's motion. Mr. Fossum.

11 MR. FOSSUM: Thank you. I'll begin with  
12 the underlying -- well, I suppose I'll begin with the  
13 Petition to Intervene. PSNH did file an objection. It's  
14 dated this morning, it was delivered this morning. I  
15 don't know -- clearly, it has not made it through the  
16 Commission's process, I believe. But I've brought some  
17 copies of it, if others would like to see a copy of it  
18 right now. Obviously, they would not have had a  
19 meaningful opportunity to review it.

20 But, in brief, essentially, the  
21 objection is very similar to the same objection that PSNH  
22 made to CLF's participation in essentially the identical  
23 docket last year. It's evident from the CLF's petition  
24 that their interests are environmental in nature and are

1 outside the scope of this docket. And, further, we  
2 contend that CLF does not itself have any interest in this  
3 proceeding, and nor does it have an interest through its  
4 members in this proceeding. And, to the extent that its  
5 members may individually have interests, those interests  
6 are adequately represented by others.

7 In the alternative, in our objection, we  
8 state that, should the Commission be inclined to grant  
9 intervention over the objection, we would request that the  
10 intervention be limited to the specific issues outlined in  
11 this docket, and consistent with prior orders of the  
12 Commission in these reconciliation dockets.

13 MR. SHEEHAN: On that topic, obviously,  
14 I don't have the authority to make the order.

15 MR. FOSSUM: Yes.

16 MR. SHEEHAN: If the Commission were  
17 inclined to grant permissive intervention as last year,  
18 would you agreeable to the limitations contained in I  
19 think the last two years' orders?

20 MR. FOSSUM: I guess, in that we have  
21 argued essentially in the alternative, I think that, you  
22 know, should the Commission grant that, we would act  
23 consistent with that grant of authority and consistent  
24 with the limitations the Commission has put in place in

1 prior years.

2 MR. SHEEHAN: I guess, asked  
3 differently, would you suggest any other limitations or a  
4 different set of limitations compared to what the  
5 Commission ordered last year?

6 MR. FOSSUM: Offhand, no. I think that  
7 the Commission -- the limitations the Commission put in  
8 place last year were consistent with our expectations for  
9 the docket.

10 MR. SHEEHAN: Okay. Thank you.

11 MR. FOSSUM: With that said, and turning  
12 now to the substance of the filing itself, PSNH's initial  
13 position is that this is a, in effect, a standard filing,  
14 made consistent with filings that PSNH has made over a  
15 period of many years, with essentially one outstanding  
16 exception, having to do with the proceeds relating to the  
17 rate reduction bonds. We've provided some particularized  
18 information about that. And, we're prepared to work with  
19 the parties to the docket to resolve and analyze all of  
20 the issues around the reconciliation of PSNH's costs and  
21 revenues for calendar year 2013, as well as this special  
22 revenue reduction bond issue.

23 And, we would request initially that the  
24 Commission ultimately conclude that PSNH is entitled to

1 its actual, prudent and reasonable costs, as demonstrated  
2 in the filing. Thank you.

3 MR. SHEEHAN: Thank you.

4 Ms. Chamberlin.

5 MS. CHAMBERLIN: Thank you. In terms of  
6 the intervention of CLF, their focus is on the costs of  
7 operation that include environmental regulations, the  
8 impact of environmental regulations and the technology.  
9 And, that particular expertise is relevant to this docket.  
10 And, so, we support their intervention.

11 In terms of the RRB filing of PSNH, the  
12 RRB bonds are part of a very complicated Settlement  
13 Agreement that happened in 2001. We don't accept their  
14 conclusion that PSNH is entitled to this revenue that has  
15 been collected. We simply don't think they have met their  
16 burden. We've got to look at whether or not this revenue  
17 actually, you know, was a cost? Was it intended to be  
18 reimbursed? Was it a capital contribution? I mean, we  
19 just don't know. So, that's where we're going to be  
20 focusing some attention during discovery. And, until we  
21 see that, we don't accept their proposal.

22 MR. SHEEHAN: Thank you. Mr.  
23 Courchesne.

24 MR. COURCHESNE: Thank you very much,

1 Mr. Hearing Officer. The Conservation Law Foundation will  
2 speak first to our Petition to Intervene. For the most  
3 part, we would rest on our written filing. It's similar  
4 to similar interventions that we've -- petitions that  
5 we've made in prior dockets in the context of PSNH's  
6 Energy Service. These dockets collectively, and  
7 individually, determine how PSNH runs its units,  
8 generation units, the environmental impacts of those  
9 units, and the costs that are incurred as a result of the  
10 operation of those units. The costs have a direct impact  
11 on CLF members that are ratepayers of PSNH within the  
12 State of New Hampshire. And, they also have an indirect  
13 effect through the operations of the wholesale and retail  
14 markets, an area in which CLF has demonstrable experience.

15 And, we don't have a specific response  
16 to PSNH's objection, given that we have not received it.  
17 Happy to review it. And, we would reserve the right to  
18 file a written -- a written reply, if it's necessary. We  
19 don't -- and I understand the rules do not provide for  
20 that. But, if there is an opportunity, we may file  
21 something.

22 And, in closing, in terms of CLF's  
23 position on the underlying filing, to the extent our  
24 petition is granted consistent with prior dockets, CLF has

1 not completed a review of the filing and don't take a  
2 position on the underlying filing at the moment. However,  
3 we would, should we be granted intervention, explore the  
4 economic merits of PSNH's operation of its facilities in  
5 2013 and focus our efforts on that issue. Thank you.

6 MR. SHEEHAN: A couple questions, if I  
7 may. The petition, your petition, references you have  
8 "4,000 members", "500 in New Hampshire". Do you know how  
9 many of those 500 are Default Service customers, as  
10 opposed to supplier or other utilities?

11 MR. COURCHESNE: The last time we -- the  
12 last time we asked that question, it was roughly about  
13 half. We haven't gone to our members and asked them  
14 specifically which ones in the last several months. So, I  
15 couldn't give you a firm number. But we know -- we know  
16 there are many individuals, as well as the broader body,  
17 it would be a sizable number.

18 MR. SHEEHAN: And, like I asked  
19 Mr. Fossum, the Commission has issued a couple orders on  
20 similar petitions, and has, I think in the last two, been  
21 pretty consistent in the scope, the limits on the scope of  
22 related dockets. Do you have any objections to those  
23 limitations or any suggestion to modify that one way or  
24 the other in this proceeding?

1 MR. COURCHESNE: CLF doesn't have any  
2 proposed modifications to those. We've -- I believe the  
3 conduct of those proceedings has demonstrated we've  
4 remained within the directives that the Commission has  
5 laid out in those orders. To me, the Commission has  
6 restated the purpose of the dockets, and that the  
7 Commission does not have authority over environmental  
8 compliance at the facilities. And, as our petition -- as  
9 our petition notes, we -- CLF understands that. And,  
10 we're committed to working with the parties in these  
11 Energy Service dockets to ensure an orderly conduct of the  
12 proceeding within the scope that the Commission has  
13 previously laid out. So, we would not object, if the  
14 Commission made a similar order as last year.

15 MR. SHEEHAN: It's not a requirement  
16 that CLF explore an area that others don't, that you have  
17 this particular expertise. But could you articulate,  
18 given that your general mission is environmental-based,  
19 what areas you may get into that others may not either  
20 choose to or have the resources to in this docket?

21 MR. COURCHESNE: We'll say that we don't  
22 know for sure, given that we have not yet fully reviewed  
23 the filing. And, we would intend to explore through  
24 discovery similar issues that were explored in the prior

1 docket for the 2012 rate, including PSNH's self-scheduling  
2 practices and the economic merits thereof. And, that  
3 really relates to our market -- market expertise.

4 And, secondly, another issue that did  
5 come up at the hearing in the 2012 rate was PSNH's  
6 compliance with the Mercury and Air Toxics Standards at  
7 its facilities and the costs that PSNH has incurred. So,  
8 we believe that will be an issue in this docket as well on  
9 a preliminary basis.

10 MR. SHEEHAN: Thank you. Ms. Amidon.

11 MS. AMIDON: Thank you. Good morning.  
12 The Staff has not taken a position yet on the filing. As  
13 is customary, we conduct a thorough review of the filing,  
14 and it often takes about six months to bring this docket  
15 -- six or more months to bring this docket to completion.  
16 We intend to, as we customarily do, hire an engineering  
17 consultant to help review the performance of PSNH's  
18 operating units, and their purchases and sales on the  
19 market, and their transactions in the Forward Capacity  
20 Market.

21 With respect to the filing, the Hearings  
22 Officer is correct, the issue regarding the trustee  
23 accounts for the RRB funds is a new matter, which we  
24 intend to fully explore, because we also are concerned

1 that there is some -- we want to see what the issues are  
2 and how the Company has come up with their conclusions  
3 that the money is due the Company, instead of the  
4 ratepayers. And, we think there are issues there.

5 Insofar as CLF's Motion to Intervene, we  
6 take no position. But we think, you know, Attorney  
7 Sheehan, that you pointed out appropriately that the  
8 Commission has issued well-reasoned orders in the past  
9 limiting the participation of CLF. And, we agree that  
10 those parameters are appropriate, should the Commission  
11 grant the intervention in this instance.

12 MR. SHEEHAN: Thank you. I understand  
13 you'll be meeting after in a tech session, and I assume  
14 someone will prepare a procedural schedule?

15 MS. AMIDON: Yes. We're prepared to  
16 discuss -- Staff is prepared to discuss a proposed  
17 procedural schedule. And, at this point, I would say,  
18 from the standpoint of Staff, we're not prepared to begin  
19 discovery. But, if other parties have some initial  
20 questions that they want to get into, it looks like PSNH  
21 brought the appropriate people who can respond to any  
22 initial inquiries. So, I will be filing a report and a  
23 proposed schedule with the Commission following the  
24 technical session.

1 MR. SHEEHAN: Okay. As CLF's petition  
2 will not be acted on this morning, obviously, is there any  
3 objection to them participating in the tech session this  
4 morning, Mr. Fossum?

5 MR. FOSSUM: No.

6 MR. SHEEHAN: Okay. And, I assume the  
7 OCA doesn't, because you don't object to the petition?

8 MS. CHAMBERLIN: No objection.

9 MR. SHEEHAN: And, Staff?

10 MS. AMIDON: No problem. Thank you.

11 MR. SHEEHAN: Thank you. Anything else  
12 we should cover this morning?

13 (No verbal response)

14 MR. SHEEHAN: Okay. Seeing nothing, I  
15 will file a brief report of today's prehearing, and defer  
16 to the Commission for a ruling on the petition. And,  
17 otherwise, good luck. Thank you.

18 MS. AMIDON: Thank you.

19 **(Whereupon the prehearing conference was**  
20 **adjourned at 10:11 a.m., and a technical**  
21 **session was held immediately**  
22 **thereafter.)**