

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

October 27, 2016 - 1:33 p.m.
Concord, New Hampshire

NHPUC NOV09'16 PM 3:37

RE DE 16-822
EVERSOURCE ENERGY:
2017 Default Service.
(Prehearing conference)

DE 16-823
EVERSOURCE ENERGY:
Petition for Adjustment to
Stranded Cost Recovery Charge.
(Prehearing conference)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Company of
New Hampshire d/b/a Eversource Energy:
Matthew J. Fossum, Esq.

Reptg. Residential Ratepayers:
Donald M. Kreis, Esq., Consumer Adv.
James Brennan, Finance Director
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Richard Chagnon, Electric Division

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

**CERTIFIED
ORIGINAL TRANSCRIPT**

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P R O C E E D I N G

CHAIRMAN HONIGBERG: All right. Good afternoon. We're here in two dockets, DE 16-822 and 16-823, which are both Eversource dockets. One is the Stranded Cost Recovery Charge, that's 823, and the other is the Energy Service Rate. Both of these rates will go -- both of these proceedings will go to final hearing in December. We're here for the prehearing conference on both.

Before we do anything else, let's take appearances.

MR. FOSSUM: Good afternoon, Commissioners. Matthew Fossum, for Public Service Company of New Hampshire doing business as Eversource Energy. And here with me this afternoon are Mr. Goulding, Marc Lemenager, and Brian Rice from the Company.

MR. KREIS: I guess it's my turn already. I am the Consumer Advocate, Donald Kreis, here on behalf of the residential utility customers.

MS. AMIDON: Good afternoon. Suzanne Amidon, for Commission Staff. And with me

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1 today is Rick Chagnon, who's an analyst in the
2 Electric Division.

3 CHAIRMAN HONIGBERG: Are there any
4 preliminary matters we have to deal with before
5 the Parties give us their initial positions on
6 these matters?

7 MS. AMIDON: I don't think so.

8 CHAIRMAN HONIGBERG: All right.
9 Mr. Fossum, why don't you go first.

10 MR. FOSSUM: Thank you. I'll just
11 say our position is that the Company has
12 proposed Energy Service and Stranded Cost rates
13 for effect for January 1st, 2017. The rates
14 that we've proposed are calculated almost
15 entirely in the same manner that we have done
16 in previous years. I'd say the one sort of, I
17 guess, notable departure is the inclusion of a
18 lead/lag analysis that we had included at
19 the -- I'll call it the request of the
20 Commission. So, that analysis has been
21 incorporated.

22 We have already begun working with
23 the Parties to understand the filing. We
24 haven't commenced formal discovery yet, but

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1 will soon. And we look forward to working with
2 the Staff and the OCA, coming to an efficient
3 resolution so that we can implement appropriate
4 rates for our Energy Service and Stranded Cost
5 on January 1st.

6 CHAIRMAN HONIGBERG: Thank you,
7 Mr. Fossum. Mr. Kreis.

8 MR. KREIS: Thank you, Mr. Chairman.
9 Well, I guess, at face value, the Company's
10 Petition with respect to its default service
11 rate is an example of the phenomenon of "be
12 careful what you ask for, because you might get
13 it." In this case, when we last convened for
14 these purposes, we asked the Company to perform
15 a new lead/lag study.

16 And, lo and behold, we discovered
17 that, in fact, the Company's revenue lag is
18 less than we had previously been assuming it
19 was. But the Company nevertheless asserts that
20 its cash working capital requirements increase
21 as a result of this new study, from of the
22 9.739 million to 15.450 million.

23 Needless to say, that contention is
24 worthy of some skeptical scrutiny, and the OCA

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1 will be pleased to provide it.

2 I guess that's all I have to say at
3 this time, other than we, too, look forward to
4 working with the Staff and the Company, and
5 reaching an appropriate conclusion to these two
6 proceedings.

7 CHAIRMAN HONIGBERG: Thank you,
8 Mr. Kreis. Ms. Amidon.

9 MS. AMIDON: Thank you. Staff is
10 going to conduct its normal investigation of
11 both filings. We've already started some
12 discovery, draft discovery, and we have some --
13 we have sketched out also a procedural
14 schedule. So, I think we're in fairly good
15 shape.

16 And I remind the Commission that the
17 Company updates its filing close to the hearing
18 to get the most recent estimates, the more
19 recent actual costs to be included in the rate
20 for January 1.

21 With respect to the lead/lag study,
22 there's a lot there. And Staff has not had a
23 chance to properly investigate it. So, what we
24 would propose to do, since this docket will

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1 continue through at least the end of July next
2 year, is to ask the Commission to direct the
3 Company to not include the results of that
4 lead/lag in the rates for effect January 1, to
5 give Staff time to review it. And, hopefully,
6 we will have discussions with the Company,
7 because there are some things that we frankly
8 don't understand why they're in there.

9 Having said that, we would agree,
10 perhaps, to reach a resolution on the lead/lag
11 prior to the Company's proposal to update its
12 filing effective July 1, so that we can -- and
13 we would be amenable to having the results of
14 that study be retroactive to January 1.

15 So, that's our proposal. And we
16 request the Commission to grant it. I know --

17 CHAIRMAN HONIGBERG: We won't be
18 granting anything right now. But I understand
19 that you'll be -- that that's the position you
20 think right now you're planning to take.

21 MS. AMIDON: Yes. And I think it's
22 important, though, that we hear from the
23 Commission before the Company files its
24 December filing, so that it can, if the

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1 Commission agrees with Staff, perhaps the OCA
2 also agrees with this, then they won't be
3 including that, the results of the lead/lag
4 study in the rate that they update December.

5 CHAIRMAN HONIGBERG: As important as
6 Mr. Kreis's interest in that approach, have you
7 floated that with the Company?

8 MS. AMIDON: I have initially
9 discussed it with the Company, because I didn't
10 want to blind-side them in a prehearing
11 conference.

12 CHAIRMAN HONIGBERG: And, so, you
13 blind-sided us. No, Mr. Fossum -- that's a
14 joke. Mr. Fossum, do you have any preliminary
15 understanding, I'm not going to hold you to
16 anything you're about to say, I think? Is
17 there a preliminary position on what Ms. Amidon
18 just said?

19 MR. FOSSUM: Yes. The Staff did let
20 us know that they would intend to take that
21 position. I think, at a very high level, it's
22 an understandable position. And we don't
23 really have an issue with it.

24 I will say, you know, we believe that

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1 we conducted an appropriate lead/lag study.
2 And that we -- but we understand the need for
3 and interest in having an appropriate amount of
4 time to look at what is in there, and how it
5 should best and most appropriately be used.

6 So, you know, while we believe that
7 we've complied with what the Commission was
8 looking for, as well as with the parameters for
9 an appropriate study, we're not -- at this time
10 not opposed to pushing out the -- necessarily
11 pushing out the inclusion of the results of
12 that study in the upcoming rate setting.

13 CHAIRMAN HONIGBERG: It seems like
14 what's appropriate is for you to look at that
15 lead/lag study, Staff and the OCA, and see what
16 issues you may be able to identify and resolve
17 quickly. Who knows? If you look at it
18 quickly, you may all agree. Or, you may find
19 some fundamental flaw in it, and the Company
20 will agree that it needs to be adjusted in some
21 way. And, if not, you'll make some joint
22 proposal.

23 Yes, Ms. Amidon.

24 MS. AMIDON: I just want to say, we

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1 have looked at it, and there are things that we
2 don't understand, and probably need -- it needs
3 further review.

4 For example, the Company, and I think
5 Mr. -- I mean, Attorney Kreis sort of suggested
6 the magnitude of the change. The Company
7 included many items that previously they said
8 they never looked at, in terms of a lead/lag
9 study. And the question -- I have -- Staff,
10 frankly, has a question whether some of those
11 revenue streams or whatever you want to call
12 them are appropriate.

13 CHAIRMAN HONIGBERG: I don't expect
14 you to understand it all today. I mean, we're
15 in late October. You usually make your updated
16 compliance -- or, your updated filing in this
17 in the first week or so of December, right?
18 So, I just don't know how much you're going to
19 learn about it between now and then, but --

20 MS. AMIDON: Not much.

21 CHAIRMAN HONIGBERG: -- maybe you'll
22 surprise yourselves, maybe not. But you have a
23 technical session that's going to follow this.
24 I think you guys can discuss how to proceed,

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1 work it out. I understand the suggestion, I
2 think Mr. Fossum understands it, and I'm sure
3 Mr. Kreis understands it as well, that maybe
4 that's the direction you'll all agree to go.
5 Maybe you'll do some quick data requests and
6 see if you can figure out some of those things
7 and say, well, maybe not.

8 But, you know, you guys need to have
9 that discussion without us here. It will be a
10 better discussion, I think.

11 Anything else you want to talk about,
12 before we leave you to your technical session?

13 *[No verbal response.]*

14 CHAIRMAN HONIGBERG: All right.
15 We'll adjourn the prehearing conference. Thank
16 you all.

17 ***(Whereupon the prehearing***
18 ***conference was adjourned at 1:42***
19 ***p.m., and a technical session***
20 ***was held thereafter.)***