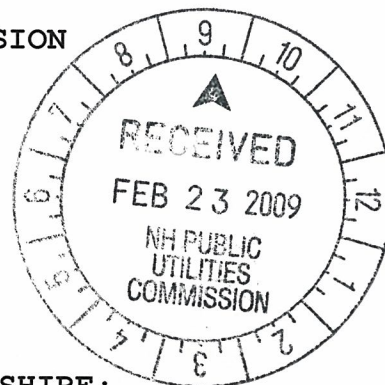


STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

February 5, 2009 - 1:35 p.m.
Concord, New Hampshire



RE: DE 08-135

PUBLIC SERVICE OF NEW HAMPSHIRE:
Public Service of New Hampshire's Tariff
Filing to Propose a New Line Extension
Policy. (Prehearing conference)

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Graham J. Morrison

Diane Bateman, Clerk

APPEARANCES: Reptg. Public Service of New Hampshire:
Gerald M. Eaton, Esq.

Reptg. the Home Builders and Remodelers
Association of New Hampshire:
Kendall L. Buck

Reptg. Residential Ratepayers:
Meredith Hatfield, Esq., Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.

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

ORIGINAL

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P R O C E E D I N G S

CHAIRMAN GETZ: Okay. Good afternoon, everyone. We'll open the prehearing conference in docket DE 08-135. On November 3, 2008, Public Service Company of New Hampshire filed proposed tariff pages to establish a new line extension policy for developers and customers requesting extension of existing facilities to receive service under a residential or small business rate. The Commission issued an order on November 26, suspending the tariff pages and scheduling a prehearing conference, that was initially to occur on December 22nd, but was postponed due to the ice storm.

So, for this afternoon's purposes, let's begin with appearances, before we provide an opportunity for the parties to make their statements about the proposal by PSNH.

MR. EATON: Good afternoon, Mr. Chairman. My name is Gerald M. Eaton. I'm representing Public Service Company of New Hampshire.

CHAIRMAN GETZ: Good afternoon.

CMSR. MORRISON: Good afternoon.

MR. BUCK: Afternoon, Mr. Chairman. I'm Kendall Buck, Executive Vice President of the Home Builders and Remodelers Association of New Hampshire.

1 CHAIRMAN GETZ: Good afternoon.

2 CMSR. MORRISON: Good afternoon.

3 MS. HATFIELD: Good afternoon,
4 Commissioners. Meredith Hatfield, for the Office of
5 Consumer Advocate, on behalf of residential ratepayers.
6 And, with me is Ken Traum.

7 CHAIRMAN GETZ: Good afternoon.

8 CMSR. MORRISON: Good afternoon.

9 MS. AMIDON: Good afternoon. Suzanne
10 Amidon, for Commission Staff. And, with me today, to my
11 immediate left, is Al-Azad Iqbal, a utility analyst in the
12 Electric Division, and to his left is Steve Mullen, who is
13 the Assistant Director of the Electric Division.

14 CHAIRMAN GETZ: Good afternoon.

15 CMSR. MORRISON: Good afternoon.

16 CHAIRMAN GETZ: So, we'll note for the
17 record that the only Petition for Intervention is then
18 from the Home Builders Association. Is there any
19 objection to that Petition to Intervene?

20 MR. EATON: No objection.

21 CHAIRMAN GETZ: Okay. Then, recognizing
22 that the Home Builders Association has demonstrated
23 rights, duties, privileges, or other interests to be
24 affected by this proceeding, and that there are no

1 objection to their intervention, we will grant -- we'll
2 grant the petition.

3 And, is there anything else we need to
4 address of a procedural matter, before we provide an
5 opportunity for public comment or a statement on the
6 petition?

7 MS. AMIDON: No.

8 CHAIRMAN GETZ: Hearing nothing, then,
9 Mr. Eaton.

10 MR. EATON: Thank you, Mr. Chairman. In
11 our -- In the Company's last rate proceeding, there was a
12 presentation made to the Staff, and I think the OCA,
13 concerning our initial revenues we receive from a new
14 customer, and PSNH had intended it to show that we -- the
15 need for overall rate increase to our Delivery Service
16 rates, but the Staff and the OCA suggested that perhaps
17 our line extension policy might be part of the problem,
18 and as opposed to an overall rate increase. So, we
19 stipulated in that proceeding to develop a report as to
20 how to proceed, and that report was filed on November 1st,
21 2007, where we agreed to file a new line extension policy,
22 backed up by testimony and data. We did file that, as you
23 said, on November 3rd, and this proceeding was opened up.

24 I don't want the Home Builders

1 Association to feel like this is a open-and-shut case.
2 That we're very happy to explain everything that goes into
3 this, and the facts and figures behind it, in order to
4 have them understand and prepare their own position with
5 respect to what's been proposed.

6 So, we think it's a wise policy and
7 reflects the costs incurred in serving a new customer.
8 And, of course, we urge the Commission to accept it, but
9 we'll cooperate with the parties in developing the record
10 and proceeding so the Commission can make a decision.
11 Thank you.

12 CHAIRMAN GETZ: Thank you. Mr. Buck.

13 MR. BUCK: Thank you, Mr. Chairman.

14 And, we certainly appreciate the opportunity to
15 participate in these proceedings. And, as Attorney Eaton
16 had mentioned, PSNH did reach out to our organization well
17 ahead of the filing, to bring information to us, came and
18 met with us, and we certainly appreciated that.

19 We will have a number of questions that
20 we will bring to the parties in an attempt to understand
21 fully what is being proposed. We are here out of great
22 concern for what this proposal, if accepted, would do to
23 an industry that is already devastated, as all pretty well
24 know at this point.

1 It is a fact that this industry is
2 struggling. We know that it is an industry that has
3 really started leading this country and this state
4 downward, in terms of its economic position. In fact,
5 this particular policy, if it is to be adopted, will have
6 very grave circumstances relative to our ability to help
7 this state bring itself out of its current economic
8 condition. This particular proposal, again, would be a
9 wholesale change in terms of the way business has been
10 operating, in terms of line extensions to new customers,
11 and a very drastic change.

12 We'll be happy to discuss the actual
13 dollars and cents of what it means. We have some
14 questions and some challenges based on the information in
15 the filings, and certainly look forward to discussing
16 those.

17 CHAIRMAN GETZ: Thank you. Ms.
18 Hatfield.

19 MS. HATFIELD: Thank you, Mr. Chairman.
20 The OCA, as you heard from Mr. Eaton, did participate in
21 raising this issue during the last rate case, and we did
22 work with PSNH on the report that they filed back in 2007.

23 Generally, we support the idea of
24 reviewing the policy, given that some aspects of it are

1 now 50 years old, and also in looking at an update of the
2 cost of line extensions. And, we think it's prudent to
3 look at who is paying for them and if there is any
4 subsidization that's occurring.

5 We are extremely sensitive to the issues
6 that the home builders raise, and we are very open to
7 discussing their issues and to also exploring some
8 creative solutions that we might be able to develop, in
9 order to try to address the issues that we uncovered in
10 the last rate case, but also to try to mitigate some of
11 the impacts of the policy changes. Thank you.

12 CHAIRMAN GETZ: Thank you. Ms. Amidon.

13 MS. AMIDON: Thank you. The Staff
14 acknowledges that this filing was anticipated and came out
15 of the rate case that was filed in 2006. We have some
16 initial questions, which we're going to be asking PSNH at
17 the technical session following this prehearing
18 conference. And, I expect that we'll be developing a
19 procedural schedule, an opportunity for discovery, and
20 other technical sessions as may be required to meet the
21 informational needs of the parties as we move forward.

22 CHAIRMAN GETZ: Is there any public
23 comment this afternoon?

24 (No verbal response)

1 CHAIRMAN GETZ: Okay. Then, hearing
2 nothing, my expectation is there will be a technical
3 session following this. And, I guess, as Ms. Amidon noted
4 and Mr. Buck noted, there will be some questions and
5 exchange among the parties. So, we will await a
6 recommendation on a proceeding schedule.

7 MS. AMIDON: Thank you.

8 CHAIRMAN GETZ: So, we'll close the
9 prehearing conference and take the matter under
10 advisement. Thank you, everyone.

11 **(Whereupon the prehearing conference**
12 **ended at 1:44 p.m. and the Staff and**
13 **Parties convened a technical session**
14 **thereafter.)**

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