

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

January 13, 2010 - 10:21 a.m.
Concord, New Hampshire

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RE: DE 09-186
PUBLIC SERVICE OF NEW HAMPSHIRE:
Proposed Renewable Default Energy
Service Rate.

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius

Sandy Deno, Clerk

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

Reptg. Unitil Energy Systems, Inc.:
Susan S. Geiger, Esq. (Orr & Reno)

Reptg. Residential Ratepayers:
Meredith Hatfield, Esq., Consumer Advocate
Kenneth E. Traum, Asst. Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Thomas C. Frantz, Director - Electric Div.
Al-Azad Iqbal, Electric Division

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

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 RICHARD C. LABRECQUE
 AL-AZAD IQBAL

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P R O C E E D I N G

CHAIRMAN GETZ: Okay. Good morning, everyone. Apologize for the delay in getting started this morning. We'll open the hearing in docket DE 09-186, Public Service Company of New Hampshire. On September 30, PSNH filed a request for approval of a new Renewable Default Service Rate Option for its customers pursuant to RSA 374-F:3, V, Subsection (f), which requires New Hampshire Electric utilities to offer one or more renewable energy source options to its customers. And, an order suspending the tariff and scheduling a prehearing conference was issued on October 9, and subsequently, on October 30, a secretarial letter was issued scheduling a hearing on the merits, which was rescheduled to today.

So, can we take appearances please.

MR. EATON: For Public Service Company of New Hampshire, my name is Gerald M. Eaton. Good morning.

CHAIRMAN GETZ: Good morning.

MS. GEIGER: Good morning. Susan Geiger, from the law firm of Orr & Reno, representing Unitil Energy Systems, Inc. And, with me this morning from the Company is Mr. Rob Furino.

CHAIRMAN GETZ: Good morning.

1 MS. HATFIELD: Good morning,
2 Commissioners. Meredith Hatfield, from the Office of
3 Consumer Advocate, on behalf of residential customers.
4 And, with me for the office is Ken Traum.

5 CHAIRMAN GETZ: Good morning.

6 MS. AMIDON: Good morning. Suzanne
7 Amidon, for Commission Staff. And, with me today is Tom
8 Frantz, who is the Director of the Electric Division, and
9 Al-Azad Iqbal, who is an Analyst with the Electric
10 Division.

11 CHAIRMAN GETZ: Okay. Good morning.
12 And, note for the record that we have a Partial Settlement
13 Agreement that was filed on January 7. And, Mr. Eaton,
14 how do you propose to proceed?

15 MR. EATON: We would propose a panel of
16 Mrs. Rhonda Bisson and Rick Labrecque. I think they will
17 be joined by Al-Azad Iqbal of the Staff.

18 CHAIRMAN GETZ: Okay. I guess, before
19 we do that, let me make sure I have a full understanding
20 of who the parties are. So, there was a Petition to
21 Intervene previously by National Grid. But we have the
22 Petition to Intervene by Unitil, which was filed on the
23 13th.

24 Is there any objection to the Petition

1 to Intervene?

2 MS. AMIDON: No. And, I did speak with
3 counsel for National Grid, and they indicated they would
4 not be present today.

5 CHAIRMAN GETZ: Okay. Thank you. All
6 right. Well, let's -- noting that there's no objection to
7 the Petition to Intervene, and recognizing that the
8 proceeding -- the status of the proceeding will proceed as
9 has been previously scheduled, we'll recognize that UES
10 has stated a right, duty or interest that may be affected
11 by this proceeding, we'll grant the petition.

12 MS. GEIGER: Thank you.

13 CHAIRMAN GETZ: Ms. Eaton.

14 MR. EATON: I'd like to call to the
15 stand Mrs. Rhonda Bisson and Mr. Richard Labrecque.

16 MS. AMIDON: Mr. Iqbal will be joining
17 them.

18 (Whereupon *Rhonda Bisson*,
19 *Richard Labrecque* and *Al-Azad Iqbal* were
20 duly sworn and cautioned by the Court
21 Reporter.)

22 RHONDA J. BISSON, SWORN

23 RICHARD C. LABRECQUE, SWORN

24 AL-AZAD IQBAL, SWORN

1 DIRECT EXAMINATION

2 BY MR. EATON:

3 Q. Mrs. Bisson, would you please state your name for the
4 record.

5 A. (Bisson) My name is Rhonda Bisson.

6 Q. For whom are you employed?

7 A. (Bisson) I'm employed as a Senior Analyst at Public
8 Service Company of New Hampshire.

9 Q. What are your duties?

10 A. (Bisson) As a Senior Analyst in the Rate and Regulatory
11 Services group, I administer and interpret PSNH's
12 Deliver Service tariff. I also prepare regulatory
13 filings and prepare analyses in support of the
14 regulatory filings.

15 Q. Have you previously testified before this Commission?

16 A. (Bisson) Yes, I have.

17 Q. Mr. Labrecque, would you please state your name for the
18 record?

19 A. (Labrecque) Richard Labrecque.

20 Q. For whom are you employed?

21 A. (Labrecque) I am Manager of Supplemental Energy Sources
22 at PSNH.

23 Q. And, what are your duties?

24 A. (Labrecque) We manage, we provide interconnection

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

- 1 services and contract administration services to small
2 power producers that are interconnected or seeking to
3 be interconnected with the PSNH distribution system.
4 We administer the Net Metering Program, and also manage
5 compliance with the Renewable Portfolio Standard.
- 6 Q. Have you previously testified before the Commission?
- 7 A. (Labrecque) Yes.
- 8 Q. Mr. Iqbal, what is your -- would you please state your
9 name for the record.
- 10 A. (Iqbal) My name is Al-Azad Iqbal.
- 11 Q. And, for whom are you employed?
- 12 A. (Iqbal) I'm employed by the Public Utility Commission
13 New Hampshire.
- 14 Q. And, what is your position?
- 15 A. (Iqbal) I am an Analyst here with the Electric
16 Division.
- 17 Q. And, what are your duties in that position?
- 18 A. (Iqbal) I work as an analyst in different dockets
19 related to the Electric Division.
- 20 Q. And, have you testified before the Commission?
- 21 A. (Iqbal) No.
- 22 Q. Mrs. Bisson, before you, do you have a package with a
23 cover letter dated September 30th, 2009, signed by me,
24 with the note "Proposed Renewable Default Energy

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 Service Rate"?

2 A. (Bisson) Yes, I do.

3 Q. And, could you please describe that document.

4 A. (Bisson) Excuse me? You just want me to describe the
5 document?

6 Q. Well, what does it contain?

7 A. (Bisson) Oh, it contains the testimony and attachments
8 of myself and Mr. Rick Labrecque, in describing a new
9 Renewable Default Energy Service Rate Option that PSNH
10 is proposing to offer to its customers.

11 Q. And, what prompted this filing?

12 A. (Bisson) This filing was made in response to the
13 passage of House Bill 395 in the 2009 Legislative
14 Session, which requires utilities to offer a renewable
15 Default Energy Service Option to its customers.

16 Q. Do either of you have any corrections to make to that
17 filing?

18 A. (Bisson) No, I do not.

19 A. (Labrecque) No.

20 Q. And, if you were asked those questions today, you would
21 respond in the same way?

22 A. (Bisson) Yes.

23 A. (Labrecque) Yes.

24 MR. EATON: Could we have that marked

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 for identification as "Exhibit 1"?

2 CHAIRMAN GETZ: So marked.

3 (The document, as described, was
4 herewith marked as Exhibit 1 for
5 identification.)

6 MR. EATON: We have previously provided
7 a copy to the Clerk and the Stenographer.

8 BY MR. EATON:

9 Q. Mrs. Bisson, could you please look at a document with a
10 cover letter dated January 7th. It's signed by Suzanne
11 G. Amidon, and notes this docket. Could you describe
12 that document.

13 A. (Bisson) This document is a Partial Settlement
14 Agreement in this docket currently before the
15 Commission.

16 Q. Are there any corrections that you would like to make
17 to this document?

18 A. (Bisson) There is one correction on Page 2, under
19 Section B.1, "Program Description". Sentence three
20 should read that "Class I generation resources are
21 defined as new renewable resources that began operation
22 after January 1st, 2006."

23 Q. So, the word "operation" should be substituted for
24 "option"?

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1 A. (Bisson) Correct.

2 MR. EATON: With that correction, Mr.
3 Chairman, could we mark the Partial Settlement Agreement
4 that was filed on January 7th as "Exhibit 2"?

5 CHAIRMAN GETZ: So marked.

6 (The document, as described, was
7 herewith marked as **Exhibit 2** for
8 identification.)

9 BY MR. EATON:

10 Q. Ms. Bisson, did the Settlement Agreement substantially
11 change -- the Partial Settlement substantially change
12 the filing that the Company made on September 30th?

13 A. (Bisson) I wouldn't say that it "substantially changed"
14 the original testimony that was filed. There are four
15 areas that are described in the Settlement that we
16 agreed with the Commission Staff on.

17 Q. Could you please describe the offering that PSNH will
18 make to its customers for the Renewable Energy Default
19 Service?

20 A. (Bisson) Under the Renewable Energy Default Service
21 Option that PSNH is proposing to offer to its
22 customers, our customers will be given the opportunity
23 to support the market of new renewable sources of
24 generation here in New England. And, we plan to

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 purchase and retire either Class I or Class II
2 Renewable Energy Certificates on behalf of those
3 customers that are participating in the program. And,
4 they will match -- the number of Renewable Energy
5 Certificates that we'll purchase will match either all
6 or a portion of the customer's actual energy usage. We
7 plan to offer three separate options to our customers;
8 a 100 percent option, a 50 percent option, and a
9 25 percent option.

10 Under the 100 percent option, we'll
11 purchase and retire Renewable Energy Certificates to
12 match 100 percent of the customer's actual usage.
13 While, under the 50 percent option, we would purchase
14 and retire RECs to match 50 percent of the customer's
15 actual usage.

16 We plan to bill customers at PSNH's
17 Default Energy Service rate, plus an additional charge.
18 And, that additional charge would be in cents per
19 kilowatt-hour, based on the option that's chosen by the
20 customer, whether it's the 100 percent, 50 percent, or
21 25 percent option.

22 And, this option will be available to
23 all of PSNH's customers, although they will need to
24 take this Energy Service Option in conjunction with

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1 Default Energy Service, in order to participate in the
2 program. In addition, we do not plan to offer the
3 program to customers who are currently enrolled in the
4 Statewide Electric Assistance Program or to customers
5 who are currently receiving electric service bill
6 payment assistance through the Fuel Assistance Program.

7 And, finally, just customers will be
8 given the opportunity to enroll in and drop from the
9 program on a billing cycle basis.

10 Q. Does your testimony describe the reasons why the
11 Company is not offering the rate to low income
12 customers who receive assistance either through the Low
13 Income Fuel Assistance Program or the Electric
14 Assistance Program?

15 A. (Bisson) Well, my understanding is that there are
16 limited funds available through those programs. And
17 that, by allowing those customers to participate in a
18 program that's going to increase the size of their
19 bill, that this program could then further limit those
20 funds that are available.

21 Q. Why did PSNH choose the option of supplying this
22 service directly from the utility, as opposed to the
23 other option in the statute?

24 A. (Bisson) There are really three main reasons why PSNH

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 chose to offer this Renewable Energy Service Option
2 directly to our customers, rather than providing retail
3 access to competitive energy suppliers. The first
4 reason is because it was just much simpler for PSNH to
5 develop and to implement the program internally. We
6 have existing -- excuse me -- we have an existing
7 internal infrastructure that we currently have in place
8 for the acquisition of Renewable Energy Certificates,
9 also for compliance reporting to the Commission. And,
10 we also have an infrastructure in place to perform the
11 rate-setting and the cost recovery of this particular
12 rate option. We currently purchase RECs in support of
13 the New Hampshire Renewable Portfolio Standard, and
14 purchasing incremental RECs will not require a great
15 deal of additional time or resources on the part of
16 PSNH. And, also, as far as the cost recovery and
17 rate-setting process, it's very similar to the process
18 that we currently use for Default Energy Service. And,
19 we plan to use existing resources and our
20 infrastructure in place to administer this rate as
21 well.

22 And, what we found when we began looking
23 at providing retail access to competitive sellers, that
24 it would require a number of additional activities and

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1 additional administrative tasks; such as issuing an
2 RFP, selecting a vendor, developing vendor contracts,
3 monitoring vendor compliance with those contracts. We
4 would also need to begin tracking revenue by vendor.
5 And, in addition, we would need to administer vendor
6 payments as well.

7 So, again, the first main reason was
8 because it was just much simpler, and would require
9 fewer resources and less time for PSNH to implement the
10 rate. Secondly, we felt that this program would have a
11 greater revenue impact on the renewable resource
12 market, because 100 percent of the revenue collected
13 would be used to purchase Renewable Energy
14 Certificates. Under the retail access model, a portion
15 of the revenue collected would be used for vendor
16 profit. So, again, we felt that administering the
17 program ourselves would have a greater revenue impact
18 on the market.

19 And, finally, we just feel that a
20 utility-sponsored and administered program will likely
21 have a higher participation rate, and will create
22 higher public awareness for and support for renewable
23 resources.

24 Q. The Settlement Agreement, at Page 3, has a paragraph

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1 regarding "Marketing and Promotion Costs". Is there a
2 -- is there a figure that PSNH is proposing for what
3 the marketing/promotional costs would be during
4 implementation of the rate?

5 A. (Bisson) We are currently estimating that the marketing
6 and promotion costs for the first year of the rate
7 would likely fall in the range between \$100,000 and
8 \$125,000.

9 Q. Is that the only additional cost that PSNH will be
10 seeking to recover from customers?

11 A. (Bisson) Yes.

12 Q. So, the rest of the administration of this rate can be
13 performed with existing resources within the Company,
14 correct?

15 A. (Bisson) Yes.

16 Q. And, where would that cost be collected?

17 A. (Bisson) PSNH is proposing to collect those costs
18 through PSNH's distribution rates.

19 Q. Mr. Labrecque, the Settlement Agreement also talks
20 about filing tariff pages. Could you describe some of
21 the procedures you think will be involved in not only
22 setting this initial rate, but also in revising it from
23 time to time?

24 A. (Labrecque) Yes. The Settlement notes that, prior to

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 February 1st, we'll be filing tariff pages and a
2 technical statement describing the derivation of the
3 rate, the separate kilowatt-hour rate that we would be
4 seeking approval for. The process we intend to use to
5 determine a rate I can walk you through today, and I
6 don't anticipate a lot of changes in the next couple
7 weeks.

8 As described in our testimony, our
9 intent is to establish a price that is somewhere
10 between the current market price for the Renewable
11 Energy Certificates we wish to procure, and the
12 alternative compliance payment rate for those same
13 RECs. Currently, New Hampshire Class I certificates
14 are offered at approximately \$36 a REC; Class II
15 certificates are offered at \$125 a REC. Neither of
16 these markets, especially Class II, is particularly
17 liquid such that these -- these prices aren't
18 guaranteed. A lot of them are subjected to direct
19 negotiations with individual suppliers, and prices may
20 vary, is what I'm trying to say.

21 But, using those two market benchmarks
22 as of today, and as I described earlier, our intent, we
23 certainly don't want to under-collect in this rate.
24 So, our intent is to add a level of conservatism to the

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 rate that would provide protection against upward
2 movement in the market for RECs, between the time the
3 rate was established and the time in which PSNH
4 actually procures RECs to satisfy the obligation
5 relative to this rate.

6 So, for Class I RECs, I used a benchmark
7 price of \$45. And, for Class II RECs, I'm proposing to
8 stay with the current market benchmark of \$125. I used
9 a relative ratio of 98 percent Class I RECs and
10 2 percent Class II RECs. We'll be marketing this
11 program to customers noting that we will be buying
12 Class I and Class II RECs. We believe those are the --
13 those are the renewable resource types that customers
14 are going to be most familiar with, most comfortable
15 with, most satisfied that their additional payment is
16 going to support those types of resources; primarily
17 wind and solar is what comes to mind when you think of
18 Class I and Class II RECs.

19 While we're not -- while we're not
20 suggesting a rigid ratio of 98 percent and 2 percent
21 Class I and Class II, we will use that as a target in
22 establishing the rate. And, that target is based on
23 the relative requirements in those two classes in the
24 RPS rules for the year 2025. That was the basis for

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1 that split fraction.

2 Putting all that math together gets you
3 a rate of 4.66 cents per kWh, which would be applied to
4 the 100 percent option. If you were taking the
5 50 percent option, the way the billing would work is
6 the rate would be cut in half, but it would be applied
7 to your full kilowatt-hours energy usage.

8 When we file for a rate, we will request
9 that that rate remain in effect through the end of
10 2010. Subsequent rate changes would occur either on
11 January 1st or July 1st of any given year, to coincide
12 with rate changes in our Energy Service rate.

13 I think I'm done, Mr. Eaton.

14 Q. Mrs. Bisson, did you prepare a bill impact analysis of
15 what would be the changes to a typical bill if this
16 rate were approved?

17 A. (Bisson) Yes, I did.

18 Q. And, does this document that I've been handing out,
19 does this resemble a chart that was in your prefiled
20 testimony or an attachment to your testimony?

21 A. (Bisson) Yes.

22 Q. Could you please describe this exhibit or this chart.

23 A. (Bisson) This chart summarizes the incremental monthly
24 bill impact based on a Renewable Energy Service price

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 of 4.66 cents per kilowatt-hour. And, it's broken up
2 into two categories; one for a residential customer
3 using 500 kilowatt-hours per month, and a small
4 business customer using 10,000 kilowatt-hours per
5 month. And, as shown, under the "25 percent Option",
6 the monthly bill impact would be \$5.83 for a
7 residential customer, and would be \$116.50 for a small
8 business customer.

9 MR. EATON: Could we have this marked
10 for identification?

11 CHAIRMAN GETZ: That will be marked as
12 "Exhibit 3" for identification.

13 (The document, as described, was
14 herewith marked as **Exhibit 3** for
15 identification.)

16 BY MR. EATON:

17 Q. Mr. Labrecque, could you describe what will happen with
18 over and under-recoveries in the Default Energy Service
19 Renewable Option?

20 A. (Lebanon) Yes. As described in our testimony, over or
21 under-collections will normally be reconciled in the
22 next rate change related to the Renewable Default
23 Energy Service. However, we've also proposed that,
24 should there be significant under-collections or

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1 over-collections in the rate, significant to the point
2 where their incorporation in a subsequent rate would
3 result in a rate that no longer is reflective of the
4 current market conditions, that we would propose to
5 reconcile that large over or under-collection in a
6 coincident adjustment to the Default Energy Service
7 rate.

8 Q. Do you think that the Company can avoid significant
9 over and under-collections?

10 A. (Labrecque) Yes. I have confidence that there will
11 never be a significant over or under-collection for a
12 number of reasons. As I said earlier, we're going to
13 put a margin of conservatism in the rate that should
14 accommodate most sudden upward movements that could
15 occur in the REC markets certainly over a six month
16 period. I say "six months" because, in most annual
17 cycles, we'll have open to us the option of a July 1
18 rate change that we could request from the Commission.

19 In addition, we don't propose to procure
20 RECs until we've established a firm quantity of RECs
21 that have enrolled in the program. For example, we're
22 not going to go out and buy RECs on a forecasted basis,
23 which would expose us to significant over or
24 under-collections if we bought too much and had to

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1 resell them at a loss. I'm thinking we'll probably
2 make quarterly purchases of RECs or thereabouts. We'll
3 accumulate enrollment kilowatt-hours over the course of
4 a quarter, to the point where we have a significant
5 quantity that would justify going out and making a
6 purchase. Based on that, I don't anticipate a large
7 over or under-collection.

8 Q. And, Mrs. Bisson, is there anything in the Settlement
9 Agreement that allows the parties to revisit the design
10 that's been presented today?

11 A. (Bisson) Yes, there is. In the Settlement Agreement,
12 we agree to issue a report to the Commission Staff
13 after the program has been in effect for a 12-month
14 period. And, after that report has been issued, we
15 agree to meet with the Commission Staff, the Office of
16 Consumer Advocate, or any other interested parties, to
17 consider possible changes to the program.

18 Q. Either of you or both of you could answer this
19 question. There is one issue we were not able to
20 resolve with the Commission. And, I don't want you to
21 testify concerning what the law says, but do you feel
22 comfortable in offering this to all customers, but
23 requiring customers to take standard Default Service in
24 conjunction with the Renewable Option?

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 A. (Labrecque) Yes. In my opinion, customers should first
2 be procuring their energy service from PSNH, then they
3 should be procuring renewable energy service from PSNH.
4 I don't think it's appropriate for a customer procuring
5 energy from a retail supplier to be purchasing green
6 energy service from PSNH.

7 Q. Do you have anything to add to that, Mrs. Bisson?

8 A. (Bisson) Not really. I mean, just the fact that, from
9 PSNH's perspective, we view this Renewable Default
10 Energy Service rate as an option under Energy Service,
11 under Default Energy Service. Customers that are not
12 receiving their energy service from PSNH are not energy
13 service customers of PSNH. And, therefore, we would
14 not provide them with a Renewable Energy Service
15 Option. We feel that customers that are taking their
16 service from a competitive energy supplier are very
17 likely to purchase their renewable option from the
18 competitive market and from their competitive supplier.

19 Q. Do either of the two of you have anything to add to
20 your testimony?

21 A. (Bisson) No, I do not.

22 A. (Labrecque) No, I do not.

23 MR. EATON: I think now Attorney Amidon
24 will conduct her direct examination of Mr. Iqbal.

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 MS. AMIDON: Thank you.

2 BY MS. AMIDON:

3 Q. Mr. Iqbal, did you read House Bill 395, which is
4 codified as RSA 374-F:3, V(f)(2)?

5 A. (Iqbal) Yes.

6 Q. And, this is the section which requires the utility to
7 offer the Renewable Energy Service option, is that
8 correct?

9 A. (Iqbal) Yes.

10 Q. According to the law, there are two ways in which a
11 utility may offer a Renewable Service Option, is that
12 correct?

13 A. (Iqbal) Yes.

14 Q. Could you explain these two options as you understand
15 them.

16 A. (Iqbal) The two options are -- one is the utilities can
17 provide the Renewable Energy Option by themselves or
18 provide access to competitive market.

19 Q. And, PSNH has elected the option described in the
20 statute, Paragraph (4), in the second sentence, in that
21 the RECs that PSNH will purchase will represent
22 renewable energy generated in New England, is that
23 correct?

24 A. (Iqbal) Yes.

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1 Q. And, as you said, as an alternative, a utility could
2 direct a customer to competitive REC suppliers to
3 support Renewable Energy Service, is that correct?

4 A. (Iqbal) Yes.

5 Q. And, in fact, another company, National Grid, has made
6 a filing where they would propose to comply with this
7 legislation by affording their customers access to the
8 retail REC market, is that right?

9 A. (Iqbal) Yes.

10 Q. Would RECs purchased in that manner, in other words,
11 not National Grid necessarily, but purchased from a
12 retail REC supplier, necessarily come from renewable
13 resources in New England?

14 A. (Iqbal) Under this legislation, it is not required that
15 it should be purchased from the New England area. It
16 says that it is an option, but it doesn't limit that.

17 Q. And, so, the RECs could represent renewable energy that
18 comes from other parts of the country?

19 A. (Iqbal) Yes, that's my understanding.

20 Q. And, if there was an abundant supply of, say, wind from
21 the Midwest, then those RECs might be less expensive
22 than the RECs that come from New England?

23 A. (Iqbal) It's possible.

24 Q. Okay. Now, you've read the statute -- you indicated

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 that you read the statute. The statute doesn't direct
2 a utility to adopt one approach over another, does it?

3 A. (Iqbal) No. The statute give two option. The
4 utilities can take either one or both.

5 Q. And, Mr. Iqbal, did you read the legislative history to
6 House Bill 395?

7 A. (Iqbal) Yes, I did.

8 Q. And, in the legislative history, did you find anything
9 that would indicate that the Legislature was directing
10 utilities to one option over another or gave preference
11 to one option over another?

12 A. (Iqbal) I didn't see any indication that they are
13 preferring one over another.

14 Q. Okay. Mr. Eaton asked a question regarding Paragraph
15 B.2, on Page 3, which is the marketing and promotion
16 costs that the parties agreed to or how we have
17 proposed to deal with the marketing and promotion
18 costs. Are you in agreement with Mrs. Bisson that the
19 upper limit of anticipated costs for these activities
20 would be \$125,000?

21 A. (Iqbal) That's my recollection from the technical
22 session. Yes, we talked about this. And, we added
23 that there should be some limit. And, we agreed that
24 this range was ultimately made \$125,000.

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 Q. And, in that section, it's the last sentence, indicates
2 that "This provision will be reviewed after the first
3 year of the program and adjusted as appropriate." Is
4 that correct?

5 A. (Iqbal) Yes.

6 Q. And, then it refers to "Section B.5 below." Could you
7 explain for the Commission the benefits of the report
8 that PSNH would provide after 12 months of operation of
9 the program?

10 A. (Iqbal) Yes. From the beginning, we had the challenge
11 that we don't have any experience on this in New
12 Hampshire particularly with the Renewable Energy
13 Option. So, it was important for us to know, from the
14 secondary literature or data, to find out a reasonable
15 way to approach this option. So, it was reasonable to
16 ask, as an analyst and as a professional, that we have
17 to run this program to get a understanding of the New
18 Hampshire market, on renewable option market
19 particularly. And, this Settlement Agreement actually
20 gives us that opportunity, Paragraph 5. We can review
21 this program. We have the primary data and primary
22 experience, and that gives us a better insight for
23 future administration of this program, future design of
24 this program, and as well as the marketing/promotional

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1 plan or the strategy for this program.

2 Q. And, Mr. Iqbal, do you anticipate, when you review the
3 filings made by usage Services, Inc., and National
4 Grid, that you will anticipate that a similar reporting
5 requirement would be applied to those companies as
6 well?

7 A. (Iqbal) That's my expectation.

8 Q. And, what would be the benefit of that?

9 A. (Iqbal) The benefit will be that there are some subtle
10 difference particularly between Unitil and PSNH, but
11 they are almost the same. But National Grid is taking
12 the other option, which is access to the competitive
13 supplier. So, we have two approach running
14 simultaneously, if it is that good. And, from the
15 data, primary data we get from either approach will
16 gives us -- will give us a better understanding of the
17 market and the approaches we choose.

18 Q. Thank you. Now, I wanted to draw your attention to
19 Page 4, the item identified as "Paragraph C". And, in
20 that section, that was the area where we agreed to
21 disagree with the Company, and particularly asked for
22 the Commission guidance regarding whether or not this
23 Renewable Energy option should be offered to all
24 customers or only Default Service customers. Could you

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 explain your -- some of your thoughts regarding why
2 this might be offered to all customers, regardless of
3 whether or not they take Default Service?

4 A. (Iqbal) My understanding of this statute start with
5 this notion that this statute doesn't identify any
6 customer group. It says that "renewable option should
7 be offered to the customers." And, on the other hand,
8 "the administrative costs should be recovered from all
9 customer." So, there is a subtle difference. But my
10 understanding is, when it doesn't identify any customer
11 group, like whether they're taking Default Service or
12 not, so my understanding is that it should be offered
13 to all customer as well.

14 And, from the RSA 374-F:3, F:3, V --
15 V(f)(2), which actually gives two interpretation of
16 this option. According to that, my understanding is
17 that Renewable option or RECs could be identified as a
18 different commodity, which is not tied to other
19 commodity which the distribution utilities are
20 providing. Or, they could -- they could do that. So,
21 this gives them option. The understanding is, from the
22 generation point, there are two products, two
23 commodity; one is an energy, one is RECs. That is
24 environmental attributes. And, we make our consumption

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 green when we combine these two at the consumption
2 point. It could be done at utility level, which PSNH
3 are proposing, that they are saying that we are
4 combining these two at the utility level, and then
5 selling it to the customer. So, the 100 percent
6 customer, the 100 percent option, the customer will
7 take the 100 percent option, they're getting
8 100 percent of their energy from renewable energy,
9 because they are combining the RECs and energy
10 together.

11 The other way it could be interpreted,
12 that they are providing two different services; one is
13 energy service, one is renewable attributes of energy.
14 So, it -- we can interpret that where that these are
15 two different product. And, as the legislation said,
16 that it should be provided to customers, combining
17 these two actually limits the option for the customer.
18 That we have to be -- to access this Renewable option,
19 we have to be Default Service customer. And, if you
20 look at 374-F:3, V, or five, (f)(7), it specifically
21 says, on Line 3, that "RES option is not" -- there are
22 some other stuff in between -- "sold as part of any
23 other electricity service." My understanding is,
24 although they are giving two option, that combining it

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1 at utility level, but they're saying that it should not
2 be tied to any other services, like Energy Service, my
3 understanding. So, that's -- it, really, it is not
4 clear to us. That's why we asked the guidance from the
5 Commission at which -- of which should be taken.

6 Q. Very good. Why do you take the position that the
7 Partial Settlement Agreement is reasonable and in the
8 public interest?

9 A. (Iqbal) I think this Partial Settlement actually gives
10 us several -- several opportunity to understand this
11 program thoroughly. First of all, this program follow
12 -- it meets all the statute, all the legislative
13 requirement. And, second of all, as we have -- we
14 don't have any primary data or experience on this, this
15 Partial Settlement gives us the learning process, with
16 some sort of learning on New Hampshire basis, from the
17 New Hampshire basis data, like the marketing and
18 promotional. It also gives us the -- gives us the
19 control of the cost as well, because we are adding that
20 the marketing cost should not exceed 125,000.

21 The most important thing I think that it
22 also gives us the opportunity to review this program
23 after one year. And, I think it is reasonable to get
24 one year data and review it, and identify all the pros

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 and cons, and do this program for future years. And,
2 that's a reasonable -- reasonable process and way to
3 approach any new program, to my understanding. And,
4 that's why I think it is reasonable and public
5 interest.

6 Q. Do you have anything that you'd like to add at this
7 point?

8 A. (Iqbal) No, thanks.

9 MS. AMIDON: All right. Thank you.

10 MR. EATON: Excuse me, before the panel
11 is available for cross, I have one question of Mrs. Bisson
12 that I forgot to ask?

13 CHAIRMAN GETZ: Please.

14 BY MR. EATON:

15 Q. If the Commission decides that the rate should be
16 available to customers who take competitive supply, as
17 well as customers who take Default Energy Service, can
18 PSNH implement the rate by May 1st?

19 A. (Bisson) No, we'll likely not be able to implement the
20 rate by May 1st. If we do open the rate up to all
21 customers, it could take an additional three to six
22 months, just for additional programming time, in order
23 to accommodate -- to accommodate that.

24 MR. EATON: Thank you. That's all I

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1 had.

2 CHAIRMAN GETZ: Thank you. Ms. Geiger?

3 MS. GEIGER: No thank you, Mr. Chairman.

4 CHAIRMAN GETZ: Ms. Hatfield?

5 MS. HATFIELD: Thank you, Mr. Chairman.

6 Good morning.

7 WITNESS LABRECQUE: Good morning.

8 CROSS-EXAMINATION

9 BY MS. HATFIELD:

10 Q. Mr. Iqbal, I wanted to follow up on something that I
11 thought I heard you say. Do you recall, I think you
12 were raising a risk or a downside with going with a
13 third party provider, and I think you stated that it
14 "would be possible for a third party provider of a
15 renewable option to buy wind power from the Midwest."
16 Did I hear you correctly?

17 A. (Iqbal) That's my understanding.

18 Q. If you look at this statute that created this program,
19 which is 374-F:3, V, Paragraph (f), it states that -- I
20 believe it states that under this program, a renewable
21 energy source to be included in this program has to
22 qualify under RSA 362-F:2, which is the New Hampshire
23 Renewable Portfolio Standard. Do you also understand
24 that?

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 A. (Iqbal) I don't have that right in front of me.

2 Q. Do you have the bill in front of you?

3 A. (Iqbal) Yes, I have it.

4 Q. Right in the very first paragraph of the actual bill
5 language, under the Paragraph (f)(1), it states "For
6 purposes of subparagraph (f), "renewable energy source"
7 means a source of electricity as defined in RSA
8 362-F:2, XV, that would qualify to receive renewable
9 energy certificates under RSA 362-F."

10 A. (Iqbal) Yes, I see that.

11 Q. Okay. So, is it your understanding that, in order to
12 be included in this Renewable option, that source has
13 to qualify for the New Hampshire RPS Program? Doesn't
14 have to be certified as a New Hampshire resource, but
15 it just has to qualify under the RPS?

16 MS. AMIDON: Mr. Chairman, I would
17 request that Attorney Hatfield please read the whole
18 section. Because, while the character of the renewable
19 energy might be the same as in the statute, I understand
20 the section to say that the source doesn't necessarily
21 have to be qualified by the New Hampshire Commission to
22 produce RECs. So, if you could please read the whole
23 section, Ms. Hatfield.

24 MS. HATFIELD: Sure. "For purposes of

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 subparagraph (f), "renewable energy source" [or] RES means
2 a source of electricity, as defined in RSA 362-F:2, XV,
3 that would qualify to receive renewable energy
4 certificates under RSA 362-F, whether or not it has been
5 designated as eligible under RSA 362-F:6, III."

6 BY MS. HATFIELD:

7 Q. So, my question was, would a renewable energy source
8 have to qualify for the New Hampshire RPS law, which is
9 RSA 362-F, in order to be included in the Renewable
10 Energy Source option?

11 A. (Iqbal) My understanding was from the Paragraph (4).
12 That it said that "regional generation information
13 system of energy certificate administered by ISO-New
14 England and the New England Power Pool should be
15 considered at least one form of certification that is
16 acceptable under this program." So, that gives -- my
17 understanding is it's open the field a little bit more
18 then.

19 Q. So, do you not agree that Paragraph (f)(1) states that
20 it "means a source of electricity that would qualify to
21 receive renewable energy certificates under the New
22 Hampshire RPS law"?

23 A. (Iqbal) I'm not disagreeing with that. I agree with
24 that.

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 Q. Mr. Labrecque, in your role purchasing renewable -- or,
2 purchasing RECs for PSNH to comply with the RPS, do you
3 know, would Midwest wind qualify for the New Hampshire
4 RPS?

5 A. (Labrecque) No, they wouldn't.

6 Q. Do you think Midwest wind would qualify under the
7 Renewable Option law?

8 A. (Labrecque) No. I interpret the law to require that
9 the RECs we purchase either be certified, qualified, I
10 don't know the exact word, as New Hampshire RECs, or
11 capable of earning such certification, if they went
12 through the formal process and got the stamp of
13 approval. And, to be capable of being approved, you
14 need to be in New England or an adjoining control area,
15 which would limit this to New England or New York,
16 Hydro-Quebec, New Brunswick, I believe would be the
17 population you could draw from.

18 Q. Thank you.

19 A. (Labrecque) And, to get RECs from an adjoining control
20 area, there are other steps that you need to do, like
21 to certify that the energy was physically imported into
22 New England as well.

23 Q. Thank you. I appreciate that. That's very helpful.
24 And, is it your understanding that, whether the

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 Renewable option was provided by the utility as a
2 Renewable Default Energy Service or provided by a third
3 party, that either option would have to meet that
4 requirement?

5 A. (Labrecque) That's my interpretation.

6 Q. I'd like to talk a little bit about the pricing. So,
7 if you could look at Exhibit 3 for a moment. If you
8 could also look -- I want to make sure I under,
9 Exhibit 3 looks like it modifies the figures that you
10 had in what's been marked as "Exhibit 1", your
11 testimony, on Page 14, is that correct?

12 A. (Bisson) Correct.

13 Q. So, in your testimony, the range was 3.8 to 6.2, but,
14 in Exhibit 3, you're able to give us a more -- a closer
15 estimate, perhaps?

16 A. (Bisson) Correct. The exhibit we -- well, the exhibit
17 we included in our testimony, what we wanted to do was
18 to give a range. Kind of the high bound was the ACP
19 price, and we also had the -- kind of the current
20 market price at that time. So, that's what we were
21 trying to show in our original testimony. The new
22 exhibit is -- Rick did an updated estimate of what he
23 would recommend setting the rate at today.

24 Q. And, as you've testified, that's your estimate. And,

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1 when you actually file the rate, it may be a little bit
2 different?

3 A. (Bisson) Correct.

4 Q. And, do those amounts include administrative costs or
5 promotion or marketing?

6 A. (Bisson) No, they do not.

7 Q. And, I think you stated that the actual amount the
8 customer pays will depend on their own actual usage,
9 did I get that right?

10 A. (Bisson) Correct.

11 Q. So, in a particular month, would the customer be paying
12 for that option based on their prior month's usage?

13 A. (Bisson) They would be paying based on their usage that
14 occurs during a billing cycle.

15 Q. So, it will be based on actual?

16 A. (Bisson) Correct.

17 Q. Also, in your testimony, on Page 9, at the bottom of
18 the page, you provide what you call a "summary of the
19 estimated cost to administer the Renewable Default
20 Energy Service rate." Do you see that?

21 A. (Bisson) Yes, I do.

22 Q. And, I believe, in a technical session, you stated that
23 the only two amounts that were incremental as a result
24 of this program were the promotion and customer

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 communication shown on Lines 24 and 25, is that
2 correct?

3 A. (Bisson) Correct.

4 Q. And, that amount adds up to \$81,700, is that right?

5 A. (Bisson) Yes, it is.

6 Q. And, I believe the amount that you testified to earlier
7 today was the range of approximately \$125,000?

8 A. (Bisson) Correct. Somewhere in the range of 100 to
9 125,000.

10 Q. So, that would increase the total by roughly somewhere
11 between 20 and \$40,000?

12 A. (Bisson) Correct.

13 Q. One of the things that I think you testified that the
14 Company needs to do is undertake some billing system
15 upgrades, is that right?

16 A. (Bisson) We do. We will need to implement the rates
17 within our billing system and perform bill testing of
18 those rates, and also ensure that, you know, the bill
19 component shows up on customers' bills correctly. So,
20 yes.

21 Q. Will you need to do billing system upgrades or would
22 you need to do billing system upgrades if you were
23 providing this program through a third party?

24 A. (Bisson) We would. We would still need to enter, you

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 know, the rates onto our billing system. We would
2 still need to test those rates. And, we would still
3 need to do the type of bill testing to ensure that
4 those rates and charges appear correctly on customers'
5 bills.

6 Q. Did PSNH investigate the costs of using a third party
7 supplier to provide the Renewable Option?

8 A. (Bisson) We did not.

9 Q. Why didn't you look at the potential costs?

10 A. (Bisson) Well, PSNH performed what I would call just a
11 " cursory investigation". As we began to look at both
12 options, we realized very quickly that it would require
13 a number of additional administrative tasks, as I had
14 testified previously. So, at that point in time, we
15 felt it would be more efficient for us to administer
16 the program ourselves.

17 Q. Would you agree that the pricing of the Renewable
18 Energy Option could be very important to the number of
19 customers that decide to choose the option?

20 A. (Bisson) It would be one component that could be
21 important.

22 Q. Are you familiar with the Renewable Energy Service
23 Option that PSNH's affiliate, Connecticut Light &
24 Power, offers in Connecticut?

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 A. (Labrecque) Yes.

2 Q. Is it similar to what PSNH is proposing?

3 A. (Labrecque) Similar, in that it results in purchases of
4 RECs in a particular quantity and classification to be
5 procured on behalf of an enrolling customer. But
6 different in the fact that it's -- the REC procurement,
7 the pricing is all determined by and performed by a
8 third party supplier.

9 Q. So, is Connecticut Light & Power's role in
10 administering that program similar to how a utility
11 deals with a competitive supplier?

12 A. (Labrecque) A portion of it is, in the fact that
13 they're collecting payments on behalf of a competitive
14 supplier and forwarding payments to that supplier on a
15 routine basis.

16 Q. Do you know if Connecticut Light & Power incurs any
17 administrative costs to offer that third party option
18 to their customers?

19 A. (Labrecque) There are some incremental manhours
20 expended to administer the process, similar to what
21 will be incurred at PSNH. But, as with PSNH's program
22 design, those are not separately tracked and they're
23 incorporated into existing resources, existent staff.

24 Q. Is it true that much of the program administrative

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 costs in a third party program are charged directly to
2 the third party supplier?

3 A. (Labrecque) They are the obligation of the third party
4 supplier, most of them. I can't speak for all program
5 designs. Some of them may have -- each program will
6 have an agreement, terms and conditions, and a supplier
7 services agreement that clearly describes the
8 responsibilities of each party. I believe, in the case
9 of CL&P, during the first few years, I think CL&P was
10 obligated to do two bill inserts, and then it got to
11 the point where I believe it transitioned to, they
12 would continue to do bill inserts, but charge the
13 supplier and -- other marketing costs would be the
14 responsibility of the supplier.

15 Q. Do you recall that, in a response to a data request
16 providing information about the Connecticut program,
17 you included information about two third party
18 providers and what their current costs were for the
19 Connecticut Renewable Option?

20 A. (Labrecque) The rates they were charging?

21 Q. Yes.

22 A. (Labrecque) Yes, I recall it.

23 Q. And, do you recall what the 2009 cost for Sterling
24 Planet is for those customers that choose the Renewable

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 Option?

2 A. (Labrecque) 1.29 cents per kWh.

3 Q. Do you know if that was for the 100 percent option?

4 A. (Labrecque) That's the 100 percent option price.

5 Q. And, then, for Community Energy, which is another
6 competitive supplier of renewable energy, do you recall
7 what their cost per kilowatt-hour was?

8 A. (Labrecque) 1.30 cents per kWh.

9 Q. Do you know why PSNH's estimate of 4.77 cents is so
10 much higher than what those third party suppliers were
11 providing, at least as of October 2009?

12 A. (Labrecque) It's primarily a result of the different
13 REC classifications that each program is procuring on
14 behalf of their customers. PSNH's program is procuring
15 Class I and Class II New England based renewables. The
16 programs offered by the two suppliers you mentioned
17 include -- I believe there's a significant percentage
18 from low impact or small hydro, which I think
19 translates into a Connecticut Class II or III, some
20 class that is currently very oversupplied and very
21 inexpensive RECs. I believe a significant portion also
22 is -- I think it's termed "new wind" or "national
23 wind", I don't know exactly, but it includes wind RECs
24 from the Midwest and Texas or other places in the

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 country that are oversupplied, and their REC prices are
2 also very small.

3 Q. And, Mr. Labrecque, are you also familiar with the
4 program that PSNH's Massachusetts affiliate, Western
5 Mass. Electric Company, is intending to offer in that
6 state?

7 A. (Labrecque) Somewhat.

8 Q. And, I believe, during technical sessions, when
9 describing that program to us, you stated that the
10 Company's proposal was still pending before the Mass.
11 DPU?

12 A. (Labrecque) That's correct.

13 Q. Is that still the case?

14 A. (Labrecque) I haven't spoken to anyone since that tech
15 session. I believe that's still the case.

16 Q. And, is that proposal more similar to the Connecticut
17 approach or to the approach that PSNH is proposing
18 here?

19 A. (Labrecque) It's also a third party supplier
20 administered program. So, I guess that would be more
21 similar in that aspect to the CL&P program.

22 Q. Turning back to your testimony, starting on I believe
23 it's the bottom of Page 10, going onto Page 11, you
24 discuss the issue that you previously discussed with us

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 today of dealing with over and under-collections, do
2 you recall that?

3 A. (Labrecque) Yes.

4 Q. You mention, on Page 10, Line 27, and also discussed on
5 the following page, that there is the potential for
6 what you call a "perverse outcome, such as an extremely
7 low (or even [a] negative) rate." Do you recall that?

8 A. (Labrecque) Yes.

9 Q. Why would an "extremely low rate" be a negative
10 outcome?

11 A. (Labrecque) A low rate is not a negative outcome. I
12 think a negative rate would be a negative outcome.
13 Also, even a low rate, if it were low principally
14 because of a large over-collection in a prior period,
15 would drive the rate to be significantly booked below
16 the current market price for RECs, and the danger would
17 be, if it was so low that enrollment skyrocketed and
18 you could not procure RECs at that price for the
19 additional enrollment, thus getting you a large
20 under-collection.

21 Q. And, is that what, as you testified earlier, I believe,
22 that that is what might cause the possibility of having
23 to seek recovery of such under-collections from all
24 Default Energy Service customers?

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 A. (Labrecque) Yes. That would be, in an instance where
2 we thought reconciling a large over or under-collection
3 into a subsequent rate request would result in a
4 resulting rate that did not make sense, when compared
5 to the current market for RECs, either too high or too
6 low, that would be an instance where we would propose
7 to recover or to reconcile that through the Default
8 Energy Service rate proceeding.

9 Q. So, if that case were to arise, then even customers who
10 hadn't chosen the option might have their rates
11 impacted by the Renewable Energy Option?

12 A. (Labrecque) Correct.

13 Q. And, would that ever occur if the offering was provided
14 by a third party?

15 A. (Labrecque) Not if all things went smoothly. I imagine
16 there could be some supplier default conditions or
17 bankruptcy conditions or other -- other low probability
18 events that could result in a pot of money needing to
19 be reconciled in another rate mechanism.

20 Q. And, in the Connecticut program, do you know, have
21 there been any over- or under-collections that have
22 caused that to exist?

23 A. (Labrecque) I'm not aware of any.

24 Q. The process that you described of -- that you will use

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 to determine the rate, would you need to undertake that
2 process if a third party supplied the option?

3 A. (Labrecque) That particular process would no longer be
4 required. It would be replaced by a number of other
5 required processes. But, no, I would not personally
6 have to set the rate, if that were the way the program
7 was designed.

8 Q. And, Ms. Bisson, you testified that one of the reasons
9 that PSNH chose not to choose or further explore a
10 third party option was because it was so much simpler,
11 did I get that right?

12 A. (Bisson) Yes.

13 Q. If you did choose a third party supplier, is it true
14 that you wouldn't need to do the rate-setting and the
15 cost recovery mechanism?

16 A. (Bisson) We wouldn't need to do the rate-setting and
17 cost recovery mechanism. But I would assume that we
18 would still need to come before the Commission to seek
19 approval for an RFP and for the vendors that are
20 selected and offer the contract terms and so forth.

21 Q. In terms of determining your timeline to be able to
22 roll out the program, on Page 15 of your testimony,
23 Exhibit 1, you state that "The proposed initial
24 effective date...is March 1st." And, I'm wondering,

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 because where now it's 2010, has that moved out?

2 A. (Bisson) It has. We are currently projecting, if we
3 were to receive a Commission order by March 1st, that
4 we could implement the rate by May 1st of this year.
5 Provided that the Commission agrees that the rate is
6 only applicable to customers receiving Default Energy
7 Service.

8 Q. I'd like to ask a few questions about the provision in
9 the Settlement Agreement about the "Program Review"
10 that appears on Page 3, at Paragraph 5. Does PSNH
11 contemplate that that review would include whether it
12 might be more appropriate to change the program to have
13 a third party provider offer the program to customers?

14 A. (Bisson) I wouldn't contemplate that that change would
15 take effect. That our discussions would be more
16 related to advertising and promotion and marketing
17 efforts, and whether those efforts have been successful
18 during the first year of the program, and what
19 additional efforts, you know, or changes we may make to
20 improve those efforts. I would also think that we
21 might talk about, you know, maybe the program design,
22 maybe adding some additional options, if that would
23 make sense, other than just the 100, 50, and 25 percent
24 options.

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

- 1 Q. Mr. Iqbal, do you think that the first review of the
2 program after it's been in place for a year would
3 include whether it might be more appropriate to change
4 the program so that it's provided by a third party
5 supplier?
- 6 A. (Iqbal) My understanding is it is possible. But, under
7 the statute, I don't -- I don't think that we can force
8 any utility to choose one over another.
- 9 Q. But that could be discussed during that annual review?
- 10 A. (Iqbal) Yes, that's possible.
- 11 Q. Ms. Bisson, I think you testified earlier about the
12 costs of the program, and you were talking about the
13 range of the marketing and promotion costs to be about
14 100 to \$125,000, do you recall that?
- 15 A. (Bisson) Yes.
- 16 Q. And, then you referred to other costs. Would those
17 other costs be the ones that are listed in the
18 testimony on Page 9?
- 19 A. (Bisson) You'll have to refresh my memory on what
20 exactly I said, as far as "other costs".
- 21 Q. There was a question and answer about that marketing
22 and promotion costs being roughly \$125,000. And, then,
23 I believe Mr. Eaton asked you "are those the only
24 costs?" And, you said something to the effect that

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 "those are the only incremental costs."

2 A. (Bisson) Oh. Correct. Correct. Those are the only
3 incremental costs. All of the other costs, as far as
4 doing billing system upgrades, customer service
5 training, and so forth, those are the other costs that
6 PSNH would propose collecting through PSNH's
7 distribution rates.

8 Q. But, if they're caused by this program, how are they
9 not incremental?

10 A. (Bisson) Well, PSNH plans to use its existing resources
11 to implement this rate.

12 Q. So, they may be incremental because they're new, but
13 you're not intending to include them as a new charge?

14 A. (Bisson) Correct.

15 MS. HATFIELD: One moment please.

16 (Ms. Hatfield and Mr. Traum conferring.)

17 BY MS. HATFIELD:

18 Q. And, just to be clear on those marketing and promotion
19 costs that you said are "incremental", your intention
20 is to recover those through distribution rates?

21 A. (Bisson) Correct.

22 Q. And, you would be able to include that in the new
23 distribution rate that the Commission is currently
24 considering?

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 A. That's our plan. As part of that docket, the PSNH's
2 distribution rate docket that's currently before the
3 Commission, we would work, you know, with the parties
4 to seek agreement to recover those costs through the
5 distribution rates.

6 MS. HATFIELD: I don't have any further
7 questions. Thank you.

8 CHAIRMAN GETZ: Thank you. Commissioner
9 Below.

10 CMSR. BELOW: Thank you.

11 BY CMSR. BELOW:

12 Q. Mr. Labrecque, another option that presented itself
13 under the statute was that the provision of Renewable
14 Energy Service could be done either by "purchasing
15 electricity generated by renewable energy sources or
16 the attributes of such generation, either in connection
17 with or separately from the electricity produced." Is
18 that correct?

19 A. (Labrecque) Yes.

20 Q. And, PSNH has chosen to propose to buy the attributes
21 separately from the underlying energy supply itself,
22 correct?

23 A. (Labrecque) Correct.

24 Q. And, in doing so, is it, in effect, that the basic

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 Energy Service is still being supplied essentially as
2 Default Service, with the renewable attribute or aspect
3 being essentially an add-on to that underlying Default
4 Service or standard Energy Service rate, is that
5 correct?

6 A. (Labrecque) That's correct.

7 Q. Okay. So, in that sense, you feel that you comply with
8 the notion that energy service options shall have
9 either all or a portion of its service attributable to
10 a renewable energy source component procured by the
11 utility, with the remainder filled by standard Default
12 Service?

13 A. (Labrecque) Correct.

14 Q. So, the portion that's really filled by standard
15 Default Service is the whole underlying energy service,
16 with the portion of the renewable energy service being
17 -- being at the renewable attribute that's being
18 procured separately from the underlying energy service,
19 correct?

20 A. (Labrecque) Correct.

21 Q. Okay. With regard to the sort of
22 under-collection/over-collection concern, you've
23 suggested that tentatively you're thinking of using
24 about -- well, you're using \$45 per REC as sort of the

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 presumptive proxy, though the current market price is
2 \$36 for Class I, correct?

3 A. (Labrecque) That's correct.

4 Q. Just to allow for the possibly upward price trend in
5 that market?

6 A. (Labrecque) Correct.

7 Q. Have you been tracking or do you plan to track on a
8 periodic basis where the market price is going for
9 RECs, understanding it's not a very liquid market, but
10 presumably you get some offers or standard quote sheets
11 on a regular basis?

12 A. (Labrecque) Yes, we do.

13 Q. And, do you see that trend as being -- is it moving
14 slowly or is it somewhat volatile and jumps around from
15 week-to-week or day-to-day?

16 A. (Labrecque) I would say we're in a period now where
17 it's been in the 32 to 36 range, maybe it's six months,
18 maybe it's nine months. It's been a significant period
19 of time where it's been fairly stable. Maybe it has
20 ticked up two or three dollars in the last few months,
21 but it's not wildly volatile at the moment. Although,
22 I don't recall exactly when it occurred, but, maybe
23 between a year to two years ago, the prices were 50 to
24 \$55. So, there was a significant decline somewhere in

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 the 12 to 24 month period. But it's been fairly
2 consistent lately.

3 Q. And, do you attribute some of this potential lumpiness
4 in the prices or the supply as being a function of the
5 wind projects get built and supply RECs and come on
6 line, as well as the incremental compliance
7 requirements of all the different states in the New
8 England market?

9 A. (Labrecque) Yes. Those are factors, new resources
10 coming on line. Changes in the laws also, you know, if
11 category eligibilities are relaxed a bit, you know, to
12 include or exclude particular resources, that moves the
13 market as well.

14 Q. Is it your understanding that Massachusetts recently
15 removed biomass generation from qualifying for new
16 RECs?

17 A. (Labrecque) I did read something about where they're --
18 yes, they have put on hold all reviews, pending an
19 investigation of CO2 neutrality of biomass or something
20 similar to that.

21 Q. Looking at your benchmark, if you went with the 4.66
22 cents per kilowatt-hour under the 100 percent option as
23 sort of the incremental adder for the Renewable Option,
24 and the price continued to stay around \$36 for Class I,

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 just sort of ignoring the Class II component for the
2 moment, is it possible -- well, it seems like you might
3 be in a position that, at the end of whatever
4 reconciliation period, if you were to readjust the
5 rate, you would be swinging back to almost a penny per
6 kilowatt-hour lower than the 36. You know, just
7 looking at it, you know, you could go from 4.6 to 2.6,
8 if the price happens to stay at the current market. Is
9 that correct?

10 A. (Labrecque) Yes. One mechanism we would use in that
11 instance is we, I know you said to "ignore Class II",
12 but we might use some of the over -- the projected
13 over-collection to buy more Class II to eat away at
14 some of that. And, to the extent we didn't do that,
15 and we still had an over-collection, if it was so
16 significant as to do what you describe, change a 4.6
17 rate to a 2.6 rate, that 2.6 rate being significantly
18 lower than the current market, we would not propose to
19 do that. We would either move the over-collection to
20 the Energy Service docket, or I believe we either put
21 in testimony or in data responses the option to make a
22 contribution to the renewable energy fund with this
23 surplus. But that the last resort would be to create
24 an artificially low renewable rate.

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 Q. Do you think the terms of the Settlement would allow
2 you to hold some funds in reserve, so, for instance,
3 you might lower the price to 3.7 cents, and just have
4 some in reserve in case the price shot up so you could
5 dampen that volatility? Is that an option under the
6 Settlement?

7 A. (Labrecque) Yes, I believe it is. I don't think
8 there's anything that would restrict that in the
9 Settlement.

10 Q. But you're also saying you can use your procurement of
11 the Class II to somewhat dampen the potential
12 under/over-collection either way. You sort of got a
13 target of two percent.

14 A. (Labrecque) Right.

15 Q. But, if you're running either long or short, you could
16 either buy somewhat more or less of the Class II to try
17 to bring you closer to your target, is that correct?

18 A. (Labrecque) Correct.

19 CMSR. BELOW: Okay. Thank you. That's
20 all.

21 CHAIRMAN GETZ: Commissioner Ignatius.

22 CMSR. IGNATIUS: Thank you.

23 BY CMSR. IGNATIUS:

24 Q. I want to build on questions that Commissioner Below

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 was asking, to better understand some of the pricing
2 options that might be there. Do you know,
3 Mr. Labrecque, the current market price? You talked
4 about the "ACP prices", but is there a current market
5 price for a similar small commercial or residential
6 green offering in New Hampshire?

7 A. (Labrecque) I am not aware of any. I'm sure there are
8 suppliers offering rates. I haven't had discussions
9 with any of them or any large customers about what --
10 you're talking about other voluntary green options made
11 available by marketers of those products. I'm not
12 aware of any particular prices or offerings.

13 Q. You're aware of the prices in Connecticut fairly
14 specifically. Why are you more familiar with the
15 Connecticut prices for those than New Hampshire?

16 A. (Labrecque) Well, the Connecticut rate offering was the
17 topic of discussion during tech sessions and discovery.
18 So, I had an opportunity to get more educated on their
19 program. It's also a program administered by a
20 subsidiary and a department I used to actually report
21 to. So, I'm more familiar with those programs. I'm
22 not aware of any similar programs available in New
23 Hampshire.

24 Q. You testified that the ACP price for Class I has been,

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 although volatile at times, has been fairly stable for
2 the last six to nine months. But you're proposing
3 about a third -- about a 30 percent increase over that
4 current rate going forward for more stability in the
5 rate for this offering, correct?

6 A. (Labrecque) Actually, we were discussing the current
7 market prices for RECs. The ACP prices are currently
8 about \$61 a REC for Class I and \$159 for Class II.

9 Q. Thank you. I got those backwards and I appreciate the
10 correction. So, the market price has been running you
11 said "\$32 to \$36 for Class I" in the last six to nine
12 months or so?

13 A. (Labrecque) Correct.

14 Q. Could you structure the pricing for a green option to
15 either track the market price of the RECs or set it at
16 a current market price and then adjust as need be?

17 A. (Labrecque) Yes.

18 Q. Do you see any difficulty in using that kind of a
19 mechanism with the ability to come forward if you start
20 to see a significant change in the REC market price?
21 Without a significant change, it would roll forward.
22 But that, if there were some significant change, there
23 could be a mechanism to come into the Commission and
24 seek a change to it?

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 A. (Labrecque) I don't -- I don't see a particular problem
2 with that. Administratively, the concept makes sense.
3 It would eliminate one level of conservatism and
4 protection against over-collection. But, that said, in
5 all but extreme market movements in the wrong
6 direction, we could manage it with our mid-year rate
7 adjustment that we would have available to us. And, in
8 cases that were extreme, we would have open to us the
9 option to seek recovery of a large under-collection
10 through the Energy Service docket. So, yes, it could
11 be administered that way.

12 Q. Ms. Bisson, do you see any technical reasons why
13 offering to those who do not take Default Service would
14 be presented to you, other than there would be
15 additional programming you said in order to accommodate
16 that? But are there any other reasons why it would not
17 be possible to do?

18 A. (Bisson) No, there's no other reasons why it wouldn't
19 be possible to do, other than the additional
20 administrative costs of incorporating the new
21 programming to accommodate that. I think you should
22 also consider that, if a customer is taking their
23 energy service from a competitive supplier, they are
24 very likely receiving a separate bill for their energy

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 service from that supplier. I think it may be
2 confusing to customers to receive a bill for energy
3 service from a competitive supplier, and then their
4 renewable energy service from PSNH. So, from a
5 customer's perspective, there may be some confusion.

6 Q. How would you -- how would you bill a customer, let's
7 assume you have someone who has gone to a competitive
8 supplier, and then they -- and if the program were open
9 to all customers, which I understand is not your
10 position, but let's assume that that's what the end
11 result were. And, so, a customer who's on competitive
12 supply opts for the 25 percent option from you. How
13 would you bill that? I guess my question is,
14 25 percent of what? If you're not supplying
15 100 percent, how do you know what 25 percent of that
16 would be?

17 A. (Bisson) We do have their meter readings, because we do
18 have to bill for delivery service. So, we would know
19 their kilowatt-hour use for the billing cycle. And,
20 then, we would apply the cent per kilowatt-hour adder
21 to that.

22 Q. But the coordination between your 25 percent supply and
23 the competitive supplier is now 75 percent supply, how
24 would that be worked out?

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[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 A. (Bisson) The Renewable Default Energy Service rate is,
2 actually, it's separate from the purchase of energy.
3 So, we are purchasing incremental Renewable Energy
4 Certificates on behalf of these customers.

5 Q. So, the competitive supplier would be supplying
6 100 percent of the power. You would be purchasing
7 25 percent of the -- RECs to cover 25 percent of the
8 load?

9 A. (Bisson) Correct. Correct.

10 A. (Labrecque) I'm sorry, could I add one more thing on
11 this topic?

12 Q. Please.

13 A. (Labrecque) In the event we ever were, if it were to be
14 approved that we would have the option to seek recovery
15 of large under-collections via the Energy Service rate,
16 we thought that would be difficult or perhaps
17 inappropriate, if we were offering this renewable rate
18 to all customers, and, say, nearly 100 percent of the
19 enrolled customers were on competitive supply. And,
20 so, the entire under-collection in this event was the
21 result of customers on competitive supply, it would be
22 difficult to seek recovery of that through the Energy
23 Service rate. It would present some complications.
24 This is just another reason why we were seeking to

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 limit the offering to be in conjunction with taking
2 Energy Service.

3 CMSR. IGNATIUS: All right. Thank you.
4 Nothing else.

5 CMSR. BELOW: Just to follow up on a
6 couple of those points.

7 BY CMSR. BELOW:

8 Q. Do you know if any competitive suppliers offer any
9 renewable or green options or facilitate the purchase
10 of RECs by retail customers?

11 A. (Bisson) No.

12 A. (Labrecque) Not specifically. I'm sure they do. I
13 have a hard time believing that there aren't offerings
14 out there. I mean, just, for example, the two
15 suppliers that administer the Connecticut program, you
16 know, they both have very exciting-looking websites.
17 And, you know, "click on a state to see what we offer",
18 and "call this account executive to discuss". You
19 know, so there are suppliers out there that have, you
20 know, account executives. You know, anyone will sell
21 you anything under the right terms. So, I just don't
22 know, I don't have any evidence from discussions with
23 particular large customers that "yes, we're buying
24 50 percent of our power -- RECs associated with 50

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 percent of our power from Sterling Planet", or someone
2 else. I just don't have any hard descriptions.

3 Q. Mr. Iqbal, are you aware, one way or the other?

4 A. (Iqbal) No, I am not aware of this.

5 Q. Okay. Likewise, at least conceptually, as a retail
6 customer, whether they took this Renewable Energy
7 Service or not, whether they're on Default Service or
8 with a competitive supplier, to your knowledge, could a
9 retail customer purchase on their own and retire
10 renewable energy credits, I guess, well, presuming they
11 found somebody to facilitate that transaction with the
12 NEPOOL GIS system?

13 A. (Labrecque) Yes.

14 CMSR. BELOW: Okay. Thank you.

15 CHAIRMAN GETZ: Ms. Amidon, any
16 redirect?

17 MS. AMIDON: Yes. Does anyone else want
18 a short break before we redirect or should we just move
19 directly there? I'm just asking.

20 CHAIRMAN GETZ: Well, let's leave it up
21 to Mr. Patnaude.

22 MR. PATNAUDE: Depends how long we're
23 going to go.

24 MS. AMIDON: Yes.

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REDIRECT EXAMINATION

BY MS. AMIDON:

Q. Well, first of all, Mr. Iqbal, I was reflecting on Ms. Hatfield's questions. And, you and I were talking yesterday about other competitive REC sellers, when I referred to the idea about something being imported from the Midwest, is that correct?

A. (Iqbal) Yes. My understanding was we are -- we are focusing on the pricing.

Q. Right.

A. (Iqbal) And, our understanding was the pricing also depends on the product mix. And, even if we don't go to the Midwest, even if it is a January 12 price, like Maine Class II REC was sold at 20 cents. So -- And, the highest is New Jersey solar, which was sold at \$670. So, it all depends on how the product -- this all depends on the product mix. The price depends on the product mix. If we buy the cheapest RECs 100 percent, it should be -- the per kilowatt-hour should -- the RECs should be or the option should be below one cent.

Q. But my point was that Ms. Hatfield was correct in that the statute says that "renewable energy source" means a source of electricity, as defined in RSA 362-F:2",

[WITNESS PANEL: Bisson|Labrecque|Iqbal]

1 which is the Renewable Portfolio Standard law, "that
2 would quality to receive renewable energy
3 certificates", and that law limits those renewable
4 energy certificates to be those generated through
5 NEPOOL GIS, is that correct?

6 A. (Iqbal) Yes.

7 MS. AMIDON: Okay. So, I just wanted to
8 take you out of that little nest of gnats that I got you
9 into. Thank you.

10 CHAIRMAN GETZ: Mr. Eaton.

11 MR. EATON: Nothing on redirect. I
12 think, in my closing statement, I'll be talking about the
13 law and the issue that we still have disagreement on.

14 CHAIRMAN GETZ: Okay. Then, is there
15 any objection to striking the identifications and
16 admitting the exhibits into evidence?

17 (No verbal response)

18 CHAIRMAN GETZ: Hearing no objection,
19 they will be admitted into evidence. Anything we need to
20 address before opportunities for closing?

21 MR. EATON: Perhaps I could talk about
22 procedure. This is the first time anyone has seen a 4.66
23 rate. And, we proposed in the Settlement to file that
24 rate on February 1st, for effect on May 1st. I would

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1 propose that the Commission decide on the design as
2 presented here, but leave open the approval of that rate,
3 so that some of the issues that were discussed today about
4 the way we have -- we have calculated the rate could be
5 further discussed and dealt with between February 1st and
6 the proposed effective date of May 1st. That I don't
7 think there's an adequate record to say that a 4.66 rate
8 is a just and reasonable rate today, based upon just this
9 calculation coming in now. So, you know, the Commission
10 may want to -- may want to schedule another hearing or may
11 want to just leave the issue open for more discussion
12 among the parties, and as far as coming up with what an
13 appropriate rate would be to going forward on May 1st.

14 CHAIRMAN GETZ: Any comment on that
15 proposal? Ms. Hatfield.

16 MS. HATFIELD: I agree with Mr. Eaton
17 that the Commission really should focus on the design that
18 PSNH has proposed. And, I took that as being an
19 illustrative figure based on today's numbers. And, I
20 wouldn't think another hearing would be necessary, once
21 the Commission approves the design. That PSNH would make
22 a filing, and it would include the rate. But I don't
23 think another hearing would be necessary. Thank you.

24 CHAIRMAN GETZ: Anyone else on that?

1 (No verbal response)

2 CHAIRMAN GETZ: Okay. Then, let's turn
3 to opportunities for closing. Ms. Geiger.

4 MS. GEIGER: Yes. Thank you, Mr.
5 Chairman. Unitil appreciates the opportunity to provide
6 brief comments on the question that was reserved for
7 resolution by the Commission in the Partial Settlement
8 Agreement.

9 The Partial Settlement Agreement raises
10 the question of whether RSA 374-F:3, V(f) may be
11 interpreted to allow a utility to limit its Renewable
12 Energy Default Service Option to its Default Service
13 customers only. Unitil's position is that a proper
14 reading of the statute permits a utility to offer a
15 Renewable Energy Service Option only to its Default
16 Service customers. The reasons for that position really
17 are contained in a plain reading of the language contained
18 in the statute.

19 RSA 374-F:3, V(f)(2) requires that an
20 electric utility must provide its customers with one or
21 more renewable service -- renewable energy service
22 options. The statute goes onto say that those options
23 "may include renewable default energy service provided by
24 the utility or...retail access to competitive sellers of

1 renewable energy service attributes." The statute doesn't
2 provide any specific details regarding either of those
3 discretionary options, and doesn't compel that the option
4 be provided to all customers.

5 RSA 374-F:3, V(f)(4) states that, if a
6 company provides a renewable energy service option or
7 offers it, "the customer shall be purchasing electricity
8 generated by renewable energy [resources] or the
9 attributes of such generation, either in connection with
10 or separately from the electricity."

11 Under both PSNH's and Unitil's
12 proposals, and Unitil's proposal, obviously, is the
13 subject of another docket, but, under both of their
14 proposals, the Renewable Default Energy Service Option
15 allows Default Service customers, other than participants
16 in the low income programs, to purchase the attributes of
17 renewable energy sources through their distribution
18 utility. Unitil doesn't believe that the statute should
19 be interpreted to require an electric utility to provide a
20 renewable energy service option to distribution customers
21 who are purchasing the generation component of their
22 service in the competitive market.

23 Because retail choice customers have
24 already accessed the competitive market for their energy

1 service, it is more appropriate that they purchase
2 renewable attributes in that market. Unitil believes that
3 a utility-sponsored renewable energy option should be
4 limited to Default Service customers who are not
5 participating in the competitive generation market, and
6 find nothing in the statute that compels a different
7 conclusion.

8 In addition, from a practical
9 perspective and from a competitive market perspective, it
10 seems that the Company would have some problems in
11 marketing an option to all customers, and may -- and may,
12 in doing so, undermine the competitive supply market.
13 Because, basically, what the Company would be doing is
14 trying to solicit -- trying to solicit customers from the
15 competitive market back onto Default Service for the
16 purpose of taking the renewable option.

17 Unitil looks forward to discussing its
18 proposed program in the context of docket DE 09-224.
19 We're awaiting an order of notice in that docket.
20 However, if the Commission decides today that it would
21 like additional information about Unitil's position or the
22 specific proposal for its renewable energy service, either
23 Mr. Furino or I would be happy to try to answer those
24 questions. Thank you.

1 CHAIRMAN GETZ: Thank you. Ms.
2 Hatfield.

3 MS. HATFIELD: Thank you, Mr. Chairman.
4 On the issue of whether or not the program should be
5 limited to Default Service customers, the OCA does not
6 take a position. But we did want to just point out to the
7 Commission that, in National Grid's filing, which does
8 propose the other option, they also do propose limiting
9 it, even though it would be from a third party supplier,
10 their proposal, as I understand it, is for -- to offer it
11 to only those customers receiving Default Service from
12 National Grid. So, I just wanted to point that out to the
13 Commission.

14 We want to thank the Staff and PSNH for
15 working with the OCA during the technical sessions in the
16 discovery phase of this case, and also want to thank them
17 for their work on the Settlement Agreement. And, I just
18 briefly wanted to tell the Commission why the OCA wasn't
19 signing onto the Settlement. And, it really was a matter
20 of time, and our desire to explore some of the things that
21 actually the Commissioners asked today in their
22 questioning, about "what are the other options that might
23 be available in New Hampshire?" "What is the pricing of
24 them?" Because we understand that the statute does not

1 require the utility to provide the lowest cost option, but
2 we think that subscription to this option will be largely
3 driven by price. And, some of the projections by PSNH for
4 what the costs might be of providing the option the way
5 they propose to do so are quite significant additions to a
6 customer's bill. So, it really is our interest to have
7 this program be provided at the lowest cost possible,
8 while supporting renewables in the region.

9 And, also, we're very pleased that PSNH
10 and the Staff did include the "program review" section of
11 the Settlement, and we're pleased that we're actually
12 included in that section, so that we can be included in
13 reviewing that report by the Company, and we will
14 certainly do so. And, it's our hope that, in addition to
15 the items that are specifically listed in that review and
16 that discussion, that the parties would be open to really
17 taking a fresh look at, at that point we'll have the
18 experience of both PSNH and Unitil, and as well as
19 National Grid, and we might have two different options to
20 compare, really with the goal of trying to provide the
21 lowest cost program that will get customers to subscribe.
22 Thank you very much.

23 CHAIRMAN GETZ: Thank you. Ms. Amidon.

24 MS. AMIDON: Thank you. The Staff

1 worked with the Company and with the OCA to develop a
2 Settlement Agreement. And, we think the Settlement
3 Agreement is just and reasonable, because, taking into
4 account that this is the first filing, first compliance
5 filing with this law, we believe that PSNH did a good job
6 in evaluating what they were going to offer and
7 structuring the three tiered options, and in determining
8 the cost recovery mechanism, a lot of thought went into
9 it. Staff was instrumental in including in the Settlement
10 Agreement the reporting requirement, which we believe is
11 in the public interest, because it will allow the Staff
12 and the Commission to review the participation in the
13 program, the costs that were incurred, and other factors,
14 to determine whether or not any adjustments need to be
15 made as we go forward.

16 While it has been suggested, although
17 not stated, that a third party supplier may be preferable
18 and at a lower cost, the problem that we have at this
19 point is that we have no solid support for that. This is
20 the first option -- the first company that's come forward,
21 and so we're dealing with this petition as it was
22 presented to us.

23 We also are mindful that a third party
24 option also is not a free lunch. In other words, a third

1 party is going to be taking on risk and looking for
2 profit; risk, in terms of the quantity that might be
3 guarantied to them in a direct access market, and also in
4 terms of the costs of administering this program. My
5 hope, I mean, on behalf of Staff, we hope that, a year
6 from now, as we look at each of the programs that the
7 Commission may approve, and consistent with the filings
8 that have been made, that we will have more information on
9 what is working in this state and be able to identify and
10 maybe craft the best program for New Hampshire to procure
11 this Renewable Energy Service Option.

12 At present, we believe the Partial
13 Settlement Agreement goes a long way in addressing the
14 concerns as we get this process started, and request
15 approval of the Settlement Agreement.

16 CHAIRMAN GETZ: Thank you. Mr. Eaton.

17 MR. EATON: Thank you, Mr. Chairman. I
18 would like to address the issue of -- a couple of issues.
19 First of all, I think we believe that we have the option
20 of supplying this service directly to customers, and we
21 don't need to prove that it's the better option. We are a
22 company that does supply energy service directly to our
23 customers who choose Default Service. And, the statute is
24 a subsection of the restructuring statute, and it's called

1 "universal service". But the sections that lead up to
2 Section (f) all concern transition service and default
3 service. So, when we get to Section (f), "a utility shall
4 provide to its customers", I believe the Commission is
5 justified in saying that it's the utility's energy service
6 customers, formally transition service and now default
7 service, as opposed to all customers. Because the statute
8 later says that "prudently incurred administrative costs
9 can be recovered from all customers", which suggest, as we
10 have proposed, that that be collected through -- the
11 \$125,000 of incremental costs for marketing and promotion
12 be collected from all customers through the delivery
13 charge.

14 And, more specifically, the statute says
15 that, and this is in Section 3 of Subsection (f), "RES
16 default service should have either all or a portion of its
17 service attributable to a renewable energy source
18 component procured by the utility, with any remainder
19 filled by standard default service." And, as we have
20 described, the renewable portion of the service is being
21 supplied through the purchase and retirement of Renewable
22 Energy Certificates, and the remainder, which is the
23 energy portion, is being supplied by standard default
24 service. We believe that that is a clear indication that

1 this was not designed by the Legislature to be offered to
2 customers on a competitive energy supply.

3 And, a suggestion I think that, and I
4 don't want to put words into your questions, but
5 Commissioner Ignatius saying that "if you've got
6 25 percent of your renewable energy service with
7 certificates retired by PSNH, that 25 percent of your
8 Energy Service would be supplied by PSNH Default Service,
9 with 75 percent furnished by a competitive supplier," I
10 don't really want to bring that back to the people at
11 Customer Service to try to program that. That sounds like
12 a very, very complicated thing to program, where we're
13 splitting up competitive energy service and default energy
14 service based upon how many -- what percentage of
15 renewable service that the customer elects. I think it's
16 pretty clear that this was designed to be an option under
17 default service, as it was an option under transition
18 service before. And, therefore, we do not need to supply
19 it to customers who are taking competitive service. We
20 will offer it to all customers and make it available to
21 all customers. But we think the Legislature clearly said
22 that the remaining portion should be supplied by standard
23 default service.

24 We think that the cost of \$125,000 is

1 reasonable for the incremental costs. The rest of the
2 costs of administering this rate will be absorbed by
3 existing personnel and existing resources. And, I think
4 that's one reason why this is a good option.

5 And, as I said, we will supply the
6 tariff pages with a technical statement on February 1st,
7 and the Commission can decide whether that rate is just
8 and reasonable. But I would think that we would first
9 have a decision by the Commission approving the design of
10 this rate, and then approving the rate in a second order.

11 CMSR. IGNATIUS: Mr. Eaton, I just want
12 to clarify. You were right that my question was heading
13 down a different track about the possibility of splitting
14 the actual delivery of power, and that isn't your
15 proposal. And, Ms. Bisson clarified that we're talking
16 about, if you had a competitive customer, they would
17 receive 100 percent of their power, and it would be the --
18 say, if they opted for a 25 percent option, that would be
19 the number of RECs to cover 25 percent of the load being
20 supplied by the competitive supplier.

21 If that's the case, are you saying that
22 is a tremendous burden to take back to the Billing
23 Department? Or, only if it were the first scenario that I
24 was laying out incorrectly?

1 MR. EATON: Only the first scenario. I
2 think Mrs. Bisson said it will take an additional time to
3 do that, mostly because we're not collecting the data in
4 the context, as I understand it, in the context of Default
5 Service, we're collecting it in another part of our
6 billing program for distribution rates. And, we'd have to
7 transfer over that information. And, that's what is the
8 complexity and perhaps the delay in implementing the rate
9 on May 1st.

10 CMSR. IGNATIUS: Thank you.

11 CHAIRMAN GETZ: Okay. Anything further?

12 (No verbal response)

13 CHAIRMAN GETZ: Hearing nothing, then we
14 will close this hearing and take the matter under
15 advisement. Thank you, everyone.

16 (Whereupon the hearing ended at 12:20
17 p.m.)