

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES
COMMISSION

Docket No. DE 11-___

DIRECT TESTIMONY OF

Stephen R. Hall

Request for Recovery of Incremental Marketing and Promotion
Costs for Renewable Default Energy Service Rate
and
Request for Modification to Commission Order re: Executive
Compensation Reporting Requirements

April 29, 2011

1 **I. Introduction**

2 **Q. Please state your name, position and business address.**

3 A. My name is Stephen R. Hall. I am Rate and Regulatory Services Manager for
4 Public Service Company of New Hampshire (“PSNH”). My business address is
5 PSNH Energy Park, 780 North Commercial Street, Manchester, New Hampshire.

6 **Q. Have you previously testified before the Commission?**

7 A. Yes, I have testified on numerous occasions before the Commission over the past
8 thirty-one years.

9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is twofold. First, my testimony requests authority
11 from the Commission for PSNH to recover the incremental costs associated with
12 its Renewable Default Energy Service Rate. Second, I am requesting that the
13 Commission modify the portion of its order in Docket No. DE 09-035 specifying
14 the filing deadline and time frame for PSNH’s annual reports on executive
15 compensation.

16 **II. Recovery of Marketing and Promotional Costs of Renewable**
17 **Default Energy Service Rate**

18 **Q. Please describe the background of your request regarding recovery of**
19 **marketing and promotional costs.**

20

1 A. In Order No. 25,080 issued March 5, 2010 in Docket No. DE 09-186, the
2 Commission approved a partial settlement agreement between PSNH and the
3 Commission's Staff. The partial settlement agreement provided, in part:

4 The Settling Parties agree to seek Commission approval to recover the
5 incremental marketing and promotion costs (such as the cost of outside
6 services and the cost of materials used for marketing and promotion of the
7 new rate) through PSNH's Distribution rates. This provision will be
8 reviewed after the first year of the program and adjusted as appropriate.
9 *See*, Section B. 5. below.

10 The above provision allowing PSNH to seek recovery of incremental marketing
11 and promotion costs was premised on RSA 374-F:3, V(f)(2):

12 A utility shall provide to its customers one or more RES options, as
13 approved by the commission, which may include RES default service
14 provided by the utility or the provision of retail access to competitive
15 sellers of RES attributes. Costs associated with selecting an RES option
16 should be paid for by those customers choosing to take such option. A
17 utility may recover all prudently incurred administrative costs of RES
18 options from all customers, as approved by the commission.

19 **Q. Please describe the types and amounts of marketing and promotion costs**
20 **PSNH has incurred for its Renewable Default Energy Service.**

21 A. During the first year following the approval of the Renewable Default Energy
22 Service Rate program, PSNH incurred \$72,717 of incremental marketing and
23 promotion costs, as shown in the table below:

1

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
Apr-10	Lynn Wood Design	Design, layout, production of welcome packet	\$ 1,100.00
Apr-10	Wold & Associates	Marketing copy	\$ 3,500.00
May-10	Reimbursement	Reimburse employee for logo trademark fee	\$ 50.00
Jun-10	Allied Printing	Print & Ship Letter/Survey (5000)	\$ 1,942.00
Jun-10	Allied Printing	Print & Ship Brochure (5000)	\$ 1,415.00
Jun-10	Lynn Wood Design	Misc design work	\$ 4,500.00
Jun-10	Allied Printing	Print & ship stickers (5000)	\$ 1,056.00
Oct-10	Lynn Wood Design	Misc design work	\$ 2,500.00
Dec-10	Allied Printing	Direct Mail Campaign	\$ 11,648.00
Dec-10	Connelly Partners	Green Rate Print Production	\$ 6,089.56
Dec-10	Connelly Partners	Green Rate Ads - Creative	\$ 14,000.00
Jan-11	Connelly Partners	Print Ads - January Campaign	\$ 24,023.60
Jan-11	Connelly Partners	Fix Green Rate Ads	<u>\$ 892.81</u>
	Total		\$ 72,716.97

2 **Q. Does PSNH plan to continue its marketing and promotion efforts?**

3 A. Yes. PSNH plans to continue its marketing of the program during the next twelve
4 months. The budget for incremental marketing and promotion costs for the
5 program is as follows:

6

<u>Item</u>	<u>Estimated Cost</u>
Direct Mail Campaign - June (15,000 customers)	\$ 7,800
Print Ad Campaign July	\$ 25,000
Ad Insert-NH Home Magazine Green Living Guide (November)	\$ 995
Ad Insert - NH Home Magazine (6x/year)	\$ 2,200
Direct Mail Campaign - January (15,000 customers)	\$ 7,800
Print Ad Campaign February	\$ 25,000
Misc Printing/Creative	<u>\$ 10,000</u>
Total	\$ 78,795

7 **Q. What is PSNH requesting from the Commission?**

8 A. Based on PSNH's actual incremental expenditures and its plan to continue such
9 expenditures into the future, PSNH requests that the Commission allow it to

1 increase its distribution rates on July 1, 2011 by \$72,717. PSNH is proposing this
2 adjustment to be coincident with all of the other adjustments that will be made to
3 its distribution rates on that date.

4 **II. Executive Compensation Annual Filings**

5 **Q. Please describe your request to modify the Commission's order regarding** 6 **PSNH's annual filings of executive compensation.**

7 A. The Commission's Order No. 25,123 approving the Settlement Agreement in
8 Docket No. DE 09-035 (PSNH Distribution Rate Case) required PSNH to file
9 information annually on executive compensation. The Order noted that the
10 Settlement Agreement did not specify when the reports were to commence, nor
11 did it specify a time frame for the reports. The Commission's order required
12 PSNH to file the reports on or before August 1 of each year for the preceding
13 fiscal year ending June 30.

14 In its initial report filed on July 30, 2010 and in its most recent report filed on
15 April 26, 2011, PSNH noted the reporting difficulties that would be encountered
16 resulting from the requirement to report the information on a split year basis (June
17 30) rather than a calendar year basis (December 31). Those difficulties include
18 the need to determine pension values and certain other compensation on a split
19 year basis. The parties and Staff discussed this reporting requirement and agreed
20 that the report could be filed on a calendar year basis rather than on a fiscal year
21 basis, and that the filing deadline would be accelerated to April 30 of each year.

1 PSNH is therefore requesting that the Commission accept the agreement the
2 parties and Staff have reached on this minor change to reporting requirements,
3 and that the Commission modify its order to allow PSNH to file calendar year
4 information on executive compensation on or before April 30 of each year.

5 **Q. Does PSNH have a recommendation on how the Commission should proceed with**
6 **the requests contained in this testimony?**

7 A. Yes. PSNH has made three filings with the Commission which will impact its
8 distribution rates for effect on and after July 1, 2011. The topics of those filings are
9 exogenous events, recovery of the cost of the February 2010 wind storm, and
10 modification of the step increase due to lower than projected capital additions. PSNH
11 recommends that the Commission include the requests in this testimony into the
12 proceeding(s) that are held to examine those topics.

13 **Q. Does this conclude your testimony?**

14 A. Yes, it does.