

In Re:

*DE 12-320 PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PETITION FOR RECOVERY OF PRE-STAGING COSTS THROUGH MSCR*

PREHEARING CONFERENCE

November 27, 2012

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PREHEARING CONFERENCE - November 27, 2012
DE 12-320 PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE PETITION FOR RECOVERY OF PRE-STAGING COSTS THROUGH MSCR

<p style="text-align: center;">STATE OF NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION</p> <p>November 27, 2012 - 10:05 a.m. Concord, New Hampshire</p> <p>RE: DE 12-320 Public Service Company of New Hampshire - Petition for Recovery of Pre-staging Costs through the Major Storm Cost Reserve</p> <p>PRESIDING HEARINGS EXAMINER: Alexander F. Speidel, Esq. Sandy Deno - Clerk</p> <p>APPEARANCES:</p> <p>Reptg. Public Service Company of N.H.: Matthew J. Fossum, Esq.</p> <p>Reptg. PUC Staff: Suzanne G. Amidon, Esq. Steven E. Mullen, Asst. Dir. Elec. Div.</p> <p>COURT REPORTER: SUSAN J. ROBIDAS, N.H. LCR NO. 44</p> <p>{DE 12-320} [PREHEARING CONFERENCE] {11-27-12}</p>	<p style="text-align: right;">Page 3</p> <p>1 have any intervenors in the hearing room? 2 Because we have not received any petitions to 3 intervene as of this date. 4 (No verbal response) 5 HEARINGS EXAMINER SPEIDEL: None 6 heard. 7 And also, Ms. Amidon, could 8 you confirm that the Office of the Consumer 9 Advocate has not filed a letter of 10 participation? 11 MS. AMIDON: That is correct. I 12 looked at the docket book, and there is no 13 letter indicating that they plan to 14 participate in this docket. 15 HEARINGS EXAMINER SPEIDEL: Very 16 good. Now, I understand that there will be a 17 technical session following this prehearing 18 conference and that the primary order of 19 business will likely be the establishment of 20 a procedural schedule. Is that correct? 21 MS. AMIDON: Yes, that's correct. 22 We do plan some discovery, but we are hopeful 23 that perhaps we can develop a schedule which 24 will resolve the issue through an order NISI</p>
<p style="text-align: right;">Page 2</p> <p>1 PROCEEDINGS 2 3 HEARINGS EXAMINER SPEIDEL: Good 4 morning, folks. My name's Alexander Speidel. 5 You may refer to me as Attorney Speidel. I'm 6 the Hearings Examiner for this docket. I 7 would like to open the hearing in Docket No. 8 DE 12-320, the prehearing conference pursuant 9 to the terms of an order of notice published 10 on November the 13th of 2012. This 11 prehearing conference is regarding a Petition 12 for Modification of the Major Storm Cost 13 Reserve Program for Public Service Company of 14 New Hampshire. 15 I'd like to take appearances 16 first, please. 17 MR. FOSSUM: Good morning. Matthew 18 Fossum, on behalf of Public Service Company 19 of New Hampshire. 20 MS. AMIDON: Suzanne Amidon for 21 Commission Staff. And with me today is Steve 22 Mullen, the Assistant Director of the 23 Electric Division. 24 HEARINGS EXAMINER SPEIDEL: Do we</p>	<p style="text-align: right;">Page 4</p> <p>1 that needs to be explored a little bit 2 further with the parties before we determine 3 whether that's appropriate. 4 HEARINGS EXAMINER SPEIDEL: Thank 5 you. Now, I would surmise that there might 6 be a desire to have some opening statements 7 by the parties. If not, that's all right. 8 But I'd like to invite parties to make 9 opening statements if they find it advisable. 10 MR. FOSSUM: Yes. Thank you. We 11 do have a brief opening statement. 12 As noted in PSNH's filing, 13 currently the costs for storm restoration 14 activities in instances where major storms 15 are expected but do materialize are absorbed 16 by the Company. Because those costs will be 17 absorbed, there's substantial pre-staging of 18 crews and equipment that present a material 19 economic risk to the Company and its 20 shareholders until it's clear that the storm 21 will, in fact, become a major storm. What 22 PSNH is seeking to do by its filing is to 23 reform the manner in which the costs related 24 to pre-staging are recovered to remove the</p>

<p style="text-align: right;">Page 5</p> <p>1 disincentive caused by that risk. If PSNH is 2 able to recover the costs to pre-stage these 3 crews when certain meteorological criteria 4 are met, the disincentive to pre-stage crews 5 and equipment prior to the storm's damage 6 would be eliminated and allow the Company to 7 improve its ability to provide for effective 8 and efficient storm response. 9 I note the Commission has 10 previously found a very similar mechanism to 11 be in the public interest when it was 12 approved for another utility in New 13 Hampshire. 14 Also, I'd like to note that 15 last week, the Commission issued its report 16 detailing the response of the state's 17 utilities to the October 2011 snowstorm. The 18 report noted that earlier requests for mutual 19 assistance are critical to having additional 20 resources arrive as quickly as possible and 21 in sufficient quantities. The report also 22 specifically recommended as a corrective 23 action that PSNH alter pre-staging activities 24 to place it in a better position to begin its</p>	<p style="text-align: right;">Page 7</p> <p>1 that PSNH now seeks to remove. 2 I also want to note, in line with the 3 comment made by Attorney Amidon, that PSNH 4 believes that time is of the essence for this 5 proceeding and that an order NISI may be 6 appropriate. Because last week's Commission 7 storm report mandates that PSNH improve its 8 emergency resource planning procedures to 9 ensure that outside resources are obtained in 10 a timelier manner, because there are, as has 11 been noted, no intervenors in this 12 proceeding, because Governor's storm 13 after-action meeting urged that all utilities 14 have the same regulatory treatment regarding 15 the ability to pre-stage crews, PSNH would 16 request that an order NISI process be used in 17 this case. There's not a need for extensive 18 discovery, for additional testimony, or for 19 hearings, and an order NISI would avoid all 20 of those time-consuming activities. 21 In sum, PSNH has requested the 22 opportunity to do exactly what it is that the 23 Commission has indicated in its report from 24 just one week ago that PSNH should do, and</p>
<p style="text-align: right;">Page 6</p> <p>1 storm response. That is exactly what PSNH is 2 doing with this filing. 3 The report also noted that the 4 Commission was not aware of any instance in 5 which a utility had been denied recovery of 6 prudent costs of storm preparation, even if 7 the storm does not develop as predicted. 8 However, since only costs attributable to a 9 storm that actually caused major damage to 10 PSNH's system may be recovered through the 11 Major Storm Cost Reserve, any storm costs 12 that could not ultimately be attributed to a 13 major storm would be absorbed, unless and 14 until the Company is afforded an opportunity 15 to recover them. To this date, there's not 16 been a situation where the Commission has had 17 to approve pre-staging costs for New 18 Hampshire. So, under the current 19 cost-recovery methodology, pre-staging for a 20 storm that, for whatever reason, does not 21 become a major storm has the potential to 22 create significant costs, but those costs 23 would need to be absorbed by the Company. 24 And it is this risk of non-recoverable costs</p>	<p style="text-align: right;">Page 8</p> <p>1 PSNH believes the Commission should approve 2 its request to recover pre-staging costs as 3 described in this filing. Thank you. 4 HEARINGS EXAMINER SPEIDEL: Thank 5 you. 6 Ms. Amidon, do you have any 7 statement you'd like to make? 8 MS. AMIDON: Staff is reviewing the 9 filing, and we do plan to conduct some 10 discovery. And as I indicated, we hope that 11 we can resolve this through an order NISI, 12 which will give people an opportunity to 13 request a hearing if they so desire, but 14 which would, as Attorney Fossum explained, 15 obviate the need for much of a lengthy 16 procedural schedule. And Staff will meet 17 with the Company following this prehearing 18 conference, and we will plan to file a 19 technical session report with the Commission 20 with any proposals or recommendations on the 21 process at that point. We will develop a 22 recommendation following Staff's review of 23 all pertinent data. 24 HEARINGS EXAMINER SPEIDEL: Very</p>

1 good. Would you have any sense as to when
2 that Staff report would be prepared and
3 filed?

4 MS. AMIDON: As is my practice, I
5 generally try to file a report with the
6 Commission within 24 hours of the prehearing
7 conference.

8 HEARINGS EXAMINER SPEIDEL: That's
9 good to know, because if the Company and
10 Staff can come to an agreement on the
11 advisability of an order NISI, I could, as
12 part of my hearings examiner report, include
13 a recommendation for same, for the
14 advisability of that course of action. So I
15 would be able to respond after the Staff
16 report is filed in that instance.

17 MS. AMIDON: Then I'll make sure
18 you are on the service list for this
19 proceeding.

20 HEARINGS EXAMINER SPEIDEL: Thank
21 you.

22 In that case, there is one more thing,
23 in terms of ministerial matters. I'd like to
24 have on the record that the Company did file,

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1 on November the 20th, as required, an
2 affidavit of publication regarding the legal
3 notice for this order of notice. It was
4 published in The Union Leader on November the
5 15th of 2012.

6 And that would conclude the substantive
7 matters for this prehearing conference. If
8 we have no other matters to attend to, I
9 would like to adjourn this hearing. Thank
10 you.

11 (Whereupon the prehearing conference
12 was concluded at 10:12 a.m.)
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1 C E R T I F I C A T E
2 I, Susan J. Robidas, a Licensed
3 Shorthand Court Reporter and Notary Public
4 of the State of New Hampshire, do hereby
5 certify that the foregoing is a true and
6 accurate transcript of my stenographic
7 notes of these proceedings taken at the
8 place and on the date hereinbefore set
9 forth, to the best of my skill and ability
10 under the conditions present at the time.
11 I further certify that I am neither
12 attorney or counsel for, nor related to or
13 employed by any of the parties to the
14 action; and further, that I am not a
15 relative or employee of any attorney or
16 counsel employed in this case, nor am I
17 financially interested in this action.
18
19

Susan J. Robidas, LCR/RPR
Licensed Shorthand Court Reporter
Registered Professional Reporter
N.H. LCR No. 44 (RSA 310-A:173)

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