

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

March 6, 2014 - 10:10 a.m.
Concord, New Hampshire

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RE: DE 14-048
ELECTRIC UTILITIES:
Rebate of Excess Regional Greenhouse Gas
Initiative Allowance Auction Proceeds
to all Electric Ratepayers.
(Hearing to receive public comments)

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Robert R. Scott
Commissioner Martin P. Honigberg

Sandy Deno, Clerk

APPEARANCES: (No appearances taken)

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

ORIGINAL

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P R O C E E D I N G

CHAIRMAN IGNATIUS: We're here today for a public comment session regarding the Regional Greenhouse Gas Initiative statute, the changes that were made, and some new opportunities for funding under the new structure of the statute. And, so, we wanted to give an opportunity for people to come forward and share with us their thoughts on the best way for those things to be implemented. And, when there's any uncertainty in the statute about how those allocations should be made, that we hear from everyone at the outset. We've docketed this as DE 14-048, and issued a order of notice on February 12th, 2014 calling for this public comment session this morning.

I see that we've got a number of people in the room, and our sign-up sheet has five people who signed up I think to speak, yes?

MS. AMIDON: That's correct.

CHAIRMAN IGNATIUS: And, so, we don't need to take appearances, because it's not an adjudicated case. We can just go in the order of the people who signed up or, if anybody needs to go early or wants to lead off, I'm happy to do it in that order as well. Is there anybody who wants to go first or should I just take

1 it in the list that has signed up?

2 (No verbal response)

3 CHAIRMAN IGNATIUS: Nobody is jumping
4 up. Then, Mr. Fossum, you get the honors of leading off
5 this morning. Thank you.

6 MR. FOSSUM: All right then. The
7 Commission's order of notice set out a series of questions
8 on the second page. And, it was my intention just to
9 offer comments sort of in response to the -- well, not
10 questions, but issues, four of them, and just to offer
11 comments kind of going down the line as set out by the
12 Commission.

13 So, the first question or issue that the
14 Commission identified was "the method by which the
15 Commission should allocate excess RGGI allowance among all
16 electric providers in New Hampshire." And, initially, I
17 presumed that the term "all electric providers", while I'm
18 not -- I'm not sure what that's meant to include. So, it
19 would be our position that an allocation of the excess
20 funds be to the regulated utilities, rather than to, say,
21 all of the utilities, as well as all competitive
22 providers. We don't -- not aware of anything in the law
23 that would require it to be allocated out to all the
24 utilities and the providers. And, in our estimation,

1 given the Commission's somewhat limited oversight of those
2 competitive companies, it might be difficult for the
3 Commission to make a determination about a proper
4 allocation out to those providers. And, it also, we saw
5 as a possibility, that certain providers may either enter
6 the market or leave the market during the rebate period,
7 so that might make an allocation to them and confirmation
8 of the funds being returned to the customers somewhat
9 difficult. So, our position would be that the funds
10 should be returned to customers through the regulated
11 utilities.

12 And, as for the manner of the
13 allocation, last year, when we were here discussing
14 essentially an almost identical issue, the Commission
15 elected or opted, based on the comments that it received,
16 to use historical load data of the utilities to determine
17 the allocation amongst the utilities. And, PSNH believes
18 that such an allocation would be reasonable this time
19 around as well.

20 So, the second --

21 CHAIRMAN IGNATIUS: Before you go on,
22 can I ask you one question?

23 MR. FOSSUM: Certainly.

24 CHAIRMAN IGNATIUS: You were saying you

1 interpret "all electric providers" to mean the regulated
2 utilities, not the competitive suppliers. But do you also
3 have a view on whether "electric providers" includes the
4 municipal utility -- electric utilities, which we have
5 five, I think?

6 MR. FOSSUM: We do not have a position
7 or an opinion on whether that should go back individually
8 through the municipal utilities. I don't believe that's
9 an issue that we discussed specifically. So, I don't have
10 any particular comments on that.

11 CHAIRMAN IGNATIUS: Can I ask, this is
12 just my need for information, the municipals do not
13 collect a System Benefit Charge. They're not payers into
14 the SBC funds. But are the municipals paying into the
15 RGGI, through one way or another, they're kicking into the
16 RGGI Fund?

17 MR. MULLEN: Ms. Chairman, the
18 understanding is that the municipals, through their
19 purchase of power in the New England market, would be
20 paying into the RGGI Fund, would be paying RGGI costs that
21 way.

22 CHAIRMAN IGNATIUS: Because some of the
23 RGGI costs that the provider has are being absorbed in
24 the -- are included in the rates that the municipals would

1 pay when they bought power?

2 MR. MULLEN: Yes.

3 CHAIRMAN IGNATIUS: Thank you.

4 CMSR. SCOTT: And, Mr. Fossum, on that
5 front, as far as -- as you know, so, the law says -- in
6 our notice we said "among all electric providers", but the
7 law -- the intent of the law is -- it's not the intent,
8 but the words of the law say we need to get the rebate "to
9 all electric ratepayers in the state" period. So, to the
10 extent we try to figure out how to work that for the
11 municipalities, if my recollection serves, of the five
12 munies, I think four are served, they have a tie-in with
13 PSNH. Does that sound correct?

14 MR. FOSSUM: I know it's at least three,
15 and could be four.

16 CMSR. SCOTT: Okay. And, maybe it is
17 three. But the majority of them do that?

18 MR. FOSSUM: Yes.

19 CMSR. SCOTT: Okay. All right. Thank
20 you.

21 CHAIRMAN IGNATIUS: All right. Please
22 continue.

23 MR. FOSSUM: Thank you. Just going down
24 the Commission's list, the next item was -- had to do with

1 "how frequently the allocation should be made." I presume
2 that that means by -- to whatever group the funds are to
3 be allocated, I guess the question is "how frequently
4 would that allocation calculation be redone?" And, if it
5 is a -- if PSNH's comments are accepted, and it's a
6 calculation based on the historical loads of the
7 utilities, there wouldn't be necessarily a large
8 fluctuation in that number year over year. So, our
9 initial recommendation would be that whatever allocation
10 calculation is done be done on an annual basis.

11 Third on the Commission's list is a
12 request for information about "verification or proof" to
13 assure that the rebated amounts are going to the
14 "ratepayers with any associated accrued interest". Well,
15 actually, what I'll do, I'll skip that one for a minute
16 and come back to it, because the comments on that sort of
17 rely on the answer to the final question, which is
18 "whether the Commission should require the rebate to
19 ratepayers on an annual or more frequent basis." And,
20 under the prior version, the one we were here on a year
21 ago, the Commission determined that the rebate would be
22 included in each company's rate-setting on a frequency no
23 less frequent than every six months. And, we would have
24 no problem with continuing using that time frame. The

1 only question would be what rate element might be
2 available for adjustment every six months to accommodate
3 that.

4 We would hold to the belief that we
5 expressed last year that a new line item on a bill for
6 this refund on a, say, six-month basis is not the
7 preferred method. Which would, at least on PSNH's bills,
8 leave either the System Benefits Charge or the Stranded
9 Cost Charge as regularly adjusted rates that are applied
10 to all customers, and that can accommodate the per
11 kilowatt-hour requirement that is in the law.

12 From a billing perspective, PSNH's
13 billing system can handle putting it in either one of
14 those. So, from a billing perspective, we don't have a
15 strong preference. But one concern we would have is that
16 it may not be appropriate to include this under the
17 Stranded Cost Charge, because it doesn't appear that this
18 particular refund fits the definition of "stranded costs"
19 in the law. So, that would, in essence, sort of lead us
20 back down to the System Benefits Charge. We would have no
21 particular issue including it there, except we would note
22 that, historically, the System Benefits Charge has been a
23 very stable charge. It hasn't fluctuated in any
24 meaningful way in a very long time. So, including the

1 rebate through that charge may cause a fluctuation in a
2 rate that's historically been very stable. That said,
3 it's still a very small rate. So, the ultimate impact on
4 customers would not be terribly noticeable.

5 So, then, returning back to the third
6 question, about "verification or proof", and presuming
7 that the refund is put into a non-bypassable rate element,
8 like the System Benefits Charge or the Stranded Cost
9 Charge for rebate on a six-month basis, then, when the
10 utility would come in to do a rate adjustment on a
11 six-month basis, there would be information included in
12 that filing indicating the funds received and how they are
13 impacting the rate that would be applied to customers. So
14 that, through that method, there would be verifiable
15 information provided on a regular basis to the Commission.

16 And, finally, as to the issue of the --
17 of the inclusion of interest, again, in last year's, when
18 we did this last year, the Commission determined that the
19 RGGI revenue was to be treated consistent with each
20 company's reconciliation method, and that the applicable
21 interest rate used by each utility in the calculation
22 should be the one applied to the -- in its reconciliation
23 should be the one applied to the RGGI refunds as well.

24 And, we could continue -- PSNH doesn't see any issue with

1 continuing to use that method.

2 CHAIRMAN IGNATIUS: All right. Thank
3 you. The next person on the list is from Liberty,
4 Mr. Simek.

5 MR. SIMEK: Yes. Thank you. We really
6 agree with PSNH's stance. The one recommendation we would
7 like to make is related to the return, rather it actually
8 be done on an annual calculation, based mainly so we can
9 stay consistent with our other kilowatt per hour charges
10 for the Company. And, that's really all I had.

11 CHAIRMAN IGNATIUS: So, when would you
12 want to come in for that? What other proceeding would you
13 roll this into?

14 MR. SIMEK: We would roll this in
15 together with our retail rate filing. So, it would be
16 consistent with our transmission charges and our stranded
17 cost charges.

18 CHAIRMAN IGNATIUS: Thank you.

19 MR. SIMEK: Thank you.

20 CHAIRMAN IGNATIUS: And, did you have
21 any view about how wide a net the term "electric
22 providers" should be?

23 MR. SIMEK: Yes. Again, we have no
24 stance, really, if it should include just the regulated

1 utilities or also include the municipalities.

2 CHAIRMAN IGNATIUS: Okay. Thank you.

3 And, next on the list is Doug Patch, representing the
4 Retail Energy Supply Association, is that what "RESA"
5 stands for?

6 MR. PATCH: Yes. I got a C in
7 penmanship in the fifth grade, so --

8 (Atty. Patch distributing documents.)

9 MR. PATCH: Thank you, madam Chair,
10 members of the Commission. On behalf of the Retail Energy
11 Supply Association, I have what I think are really fairly
12 brief comments, mostly on the second page of what I handed
13 out. RESA really suggests that the Commission make the
14 refund process as simple as possible. Credit customers on
15 the delivery services portion of the bill, which I think
16 is basically what the law says, when it refers to the "per
17 kilowatt-hour basis". We think it should be transparent,
18 probably should be noted on the bill in some way. I'm not
19 sure exactly the best way to do that. And, should be
20 implemented so that all customers, regardless of who they
21 receive their energy from, benefit from the rebate.

22 In terms of the specific questions the
23 Commission asked, "the method by which" is I think pretty
24 clear from the statute, on a per kilowatt-hour basis on

1 the distribution portion of the bill.

2 The frequency? I mean, we defer to the
3 utilities and the Commission to accommodate basically any
4 practical or efficient way of doing it. And, similarly,
5 with the "verification or proof", some sort of report, I
6 guess it would have to be from a distribution company. If
7 it's not in the month following the rebate, then, I think
8 the suggestion that it be done semiannually in reports
9 that the are made to the Commission I think would be fine,
10 if the Commission chooses to do the distribution
11 semiannually. And, I'm assuming, based on PSNH's comment,
12 that they do a semiannual report to the Commission, not
13 just on the Energy Service rate, but also on distribution
14 rates. I don't know that to be a fact. I know they do on
15 Energy Service rates. But, again, whatever would be most
16 practical and efficient. And, whether the rebate should
17 be done annually or semiannually, again, we defer to the
18 utilities and the Commission.

19 And, just a couple of -- just trying to
20 look through my notes to see if I had anything to say in
21 response to what PSNH in particular had said, because
22 their comments were more detailed. I think, when they
23 discussed the method, I don't think we disagree with that.
24 I don't know what would be obtained by actually allocating

1 to competitive suppliers. If it's going to be done on a
2 per kilowatt-hour basis, all the competitive supplier
3 customers are going to see that rebate in some form, as
4 are any customers who are on default service. So, I don't
5 see the need to complicate it. Again, our comment was to
6 make it as simple as possible. So, I think we'd agree
7 with PSNH's comments on that.

8 Historical load data, I guess that's
9 about the only way you could do it. I don't know how else
10 you could do it. In terms of allocating, I think that
11 comment was meant in respect to PSNH, as compared to
12 Liberty or, you know, the Co-op. So, I don't know how you
13 couldn't do that. I don't know how far back you go, in
14 terms of historical data, whether it's a year or five
15 years or whatever, but some methodology like that I think
16 makes sense.

17 And, the municipals? I mean, I don't
18 know the answer to that. If, in fact, three or four of
19 the five municipals are tied into PSNH, I don't know that
20 that means they get their power directly from PSNH or
21 they're just tied in, kind of like a wholesale
22 distribution customer. But, if you're going to do it on a
23 per kilowatt-hour basis, then, I guess I'm not clear in my
24 mind exactly how you would handle that with regard to the

1 municipals. So, I think that's worthy of further
2 discussion.

3 And, I think that's everything I had to
4 say. I'd be happy to answer any questions, though.

5 CHAIRMAN IGNATIUS: Thank you.
6 Commissioner Scott.

7 CMSR. SCOTT: Thank you, Mr. Patch. Can
8 you -- I want to go back to your comment about "it should
9 be annotated on the bill." I just want to understand,
10 what's the necessity for that? I mean, to go back to
11 "simplicity", but then that seems to be almost
12 contradictory of that?

13 MR. PATCH: Well, I'm not sure that
14 retail suppliers feel really strongly about that. I think
15 generally they think it should be transparent, and so
16 customers should realize what's happening. I don't know
17 that it has to be a line item. Or, maybe there's some --
18 in some flyer that's sent out for other reasons, maybe
19 there's some note, maybe there's an asterisk, maybe
20 there's some other way of communicating it. Maybe there's
21 a one-time notice to customers. But I think transparency,
22 to me, and I think to RESA generally, would be important.
23 But that the specifics of how to do that, I think, again,
24 what's the most practical and efficient way to do it.

1 CMSR. SCOTT: Okay. That's helpful.
2 Obviously, transparency is nice, but there's a confusion
3 factor, the more things you add, too.

4 MR. PATCH: Yes.

5 CMSR. SCOTT: So, I just wanted to get a
6 feel for it. Thank you.

7 MR. PATCH: Understood.

8 CHAIRMAN IGNATIUS: Does the SBC charge,
9 what's noted as an "SBC charge" on the bill right now
10 include more than just the SBC? Does anyone know?

11 (No verbal response)

12 CHAIRMAN IGNATIUS: I'm getting a
13 shaking head "no". So, it's solely the SBC and nothing
14 else?

15 MR. FOSSUM: Yes. And, for PSNH,
16 there's, I believe on the backside of its bill, there's a
17 definition, you know, that says essentially "The System
18 Benefits Charge includes this", you know, a series of
19 items.

20 CHAIRMAN IGNATIUS: So, one opportunity,
21 I suppose, would be you could take one of those charges,
22 and, on the definitions, make it more of a catch-all. So,
23 it's "System Benefits Charge and RGGI". You know, it
24 wouldn't be creating a whole new line item. But, at the

1 same time, it wouldn't be burying it in something where
2 you couldn't tell that it's actually a combination of two
3 charges?

4 (No verbal response)

5 CHAIRMAN IGNATIUS: I guess I'm just
6 arguing with myself. Okay. Anything else for Mr. Patch?
7 Then, Mr. Epler, you're next on the list.

8 MR. EPLER: Thank you. Good morning.

9 (Court reporter interruption.)

10 MR. EPLER: Good morning. I've prepared
11 a short letter on behalf of Unitil that I'll be filing,
12 but I could read the substantive part. And, I think it's
13 pretty much in line with most of the comments that have
14 been made so far.

15 To allocate the RGGI refund among the
16 utilities, Unitil proposes that the Commission allocate
17 any excess allowance based upon prior calendar year retail
18 kilowatt-hour sales for all electric distribution
19 providers in New Hampshire, inclusive of municipal load.
20 So, in response to the Chair's question, we would include
21 municipal load in that pot. UES recommends that this
22 allocation be made on a quarterly basis, consistent with
23 the auction schedule.

24 UES proposes to track any RGGI refunds

1 it receives as part of its External Delivery Charge, or
2 EDC, that's a reconciling model, as the EDC is applicable
3 to all of its retail customers. Refunds would be
4 separately identifiable, would be recorded in the month in
5 which they are received, and would accrue interest at the
6 quarterly fixed prime rate, according to the tariff,
7 Schedule EDC. Credits to all retail customers, in the
8 form of a uniform kilowatt-hour rate and included as part
9 of the overall EDC rate, would be included in the annual
10 EDC reconciliation and rate filing.

11 And, in terms of notification, we could
12 show the breakout in the EDC, as the Chair suggested, in
13 the notice that would be part of that, the notice that
14 would be required as part of that filing. So, once a
15 year, when we file the EDC, we could show the breakdown
16 and show that the RGGI refund is part of that.

17 UES plans to file its EDC on June 17th,
18 2014, for effect August 1st, 2014. As this is roughly
19 midway through the year 2014, UES proposes to include a
20 forecast of any 2014 quarterly RGGI auction refunds not
21 yet received with its annual filing in order to ensure
22 customers are receiving the credit in their rates on a
23 timely basis.

24 And, that's the part, the substantive

1 comments. Thank you.

2 CHAIRMAN IGNATIUS: I have one question
3 about the municipal load. I think you were answering a
4 different question that I wasn't even thinking about.
5 When you said to "include municipal load", you meant when
6 you're looking at your total kilowatt-hour sales?

7 MR. EPLER: For the year, yes.

8 CHAIRMAN IGNATIUS: Okay. And, what I
9 was wondering about was, should there be an allocation of
10 an excess to the municipal utilities as providers? Which
11 is a different application of the municipalities,
12 municipal electric providers, into the calculations. So,
13 I understand the load question. Do you have a view on
14 whether the municipal utilities should receive an
15 allocation?

16 MR. EPLER: I would assume then, if we
17 are including the municipal load in the calculation of the
18 pot of kilowatt-hours that have to be distributed, then,
19 the municipalities, in order then to make that equation
20 work, I guess then they would need to be allocated some
21 portion of the refunds.

22 CHAIRMAN IGNATIUS: I'm having trouble
23 figuring that out. Either do, or it's double counting, if
24 they are.

1 CMSR. HONIGBERG: Yes. Wouldn't it be
2 double -- wouldn't it be double counting if you did it
3 that way? If you're including their load in the utility's
4 calculation, then you'd send it back through them. Maybe
5 I'm misunderstanding the math. Anybody have an answer on
6 that?

7 CHAIRMAN IGNATIUS: Mr. Dean?

8 MR. EPLER: Well, I guess it depends on
9 what the denominator is.

10 CHAIRMAN IGNATIUS: Mr. Dean, do you
11 have a view on that?

12 MR. DEAN: Yes. I'm sorry, I didn't
13 sign up to speak and was only going to listen, but I guess
14 my comments are pretty limited, and I think go to these
15 points. I think that, if the statute says that the
16 refunds -- the rebates have to go "to all ratepayers",
17 then, I don't see -- I'm not sure I have a great
18 recommendation for you mechanically how you put the money
19 in the municipals' hands and make sure that they rebate
20 it. But it seems to me that the customers of municipal
21 electric departments are electric ratepayers in the State
22 of New Hampshire, and somehow that money has to get to
23 them under the statute. Again, I presume it would be
24 through their distribution -- municipal distribution

1 entity. So, I think you would make sure that the
2 municipal load is within the whole data to start with, and
3 then you have to allocate, you know, their portion, once
4 you've come up with the percentages to them.

5 I don't have a real answer for you of
6 how you, since they're obviously not here, you don't
7 really have a statutory framework to have them issue
8 rebates, how exactly you manage that, but that seems to be
9 what the statute requires. So, that's, I guess, my
10 comments on the municipals.

11 The only other comments I guess I would
12 have, and one relates to comments that Mr. Patch made
13 about sort of "reports coming out like the month after the
14 refund". And, I guess the way I understand this worked
15 last year, and I think the kind of methods we're all
16 talking about here work, because it isn't like a refund
17 happens in a particular month. There's going to be one of
18 these rates that is on everybody's bill every month that
19 is going to be impacted by this reconciling cost. So, in
20 fact, the refunds will be always occurring, and those
21 amounts will change as it's adjusted, whether annually or
22 every six months.

23 And, I think, from a reporting
24 perspective, you know, each of the utilities has different

1 rate items. And, obviously, speaking from the Co-op's
2 perspective, we have different types of filings that we
3 make with the Co-op, given the limited jurisdiction on the
4 Co-op's rates. But, for example, last year it was done
5 through the default energy or the Co-op's energy service,
6 and the Co-op files, you know, reports showing the
7 reconciliation and where the money went, even though it
8 doesn't have a filing that it makes on its energy service
9 rates for the -- to the utility. And, I'm sure that we
10 could all do that, regardless of what rate item it is on
11 the bill.

12 And, then, finally, I think the Co-op's
13 preference on where it would appear on the bill would be,
14 and I don't know that each of the utilities has the same
15 item, I'm not sure, we have a Regional Access Charge, that
16 covers transmission-related costs that are regional in
17 nature. And, you know, the "R" in RGGI is again
18 "Regional". And, you know, basically, these rebates are
19 rebates for costs that you can't really identify the
20 costs, other than there's a presumption that these costs
21 are in the wholesale marketplace. And, therefore,
22 everybody ends up paying them, all those retail ratepayers
23 eventually pay them. So, from our perspective, putting it
24 in our Regional Access Charge makes sense. It already

1 adjusts every six months. We think these costs or rebates
2 are related to those, that similar cost. And, going to a
3 point that Mr. Fossum made about stability, when he was
4 talking about the Systems Benefits Charge, the System
5 Benefits Charge is small and it is stable, and any of
6 these changes will be, you know, somewhat noticeable
7 there. The impact on the Regional Access Charge, which,
8 unfortunately, those costs keep going up every year, it's
9 a bigger -- it's a bigger item. And, so, these small
10 changes associated with the rebates will have a less
11 significant impact on rate fluctuations.

12 But I think those are my unplanned
13 comments.

14 CHAIRMAN IGNATIUS: Thank you.
15 Mr. Epler, you had more?

16 MR. EPLER: Yes, Chairman Ignatius, just
17 to confirm. The manner, which Attorney Dean described,
18 how funds should be allocated to the municipals, is how
19 Unitil sees it and would agree with his explanation.

20 And, the other comment is, I believe, if
21 I understand what -- how Attorney Dean described their
22 Regional Charge, Unitil's EDC is very similar in the
23 intent and in structure. So, it would be a very similar
24 manner. Thank you.

1 CHAIRMAN IGNATIUS: Thank you. Mr.
2 Aslin, from ENH Power.

3 MR. ASLIN: Yes. Thank you. My
4 comments are going to be limited mostly to the first
5 question or first issue identified, as to the allocation
6 "among all electric providers". And, I'm primarily going
7 to agree with what I've heard from the other people who
8 have spoken today. That it would be inefficient and
9 complicated to add in the suppliers to that mix, in terms
10 of allocating money to them. You're adding about
11 currently 20 suppliers in New Hampshire that are licensed,
12 so quadrupling the number of entities that would be
13 getting an allocation. You have less oversight of those
14 entities, because they're not fully regulated utilities.
15 And, as Mr. Fossum mentioned, you have entry and departure
16 of suppliers in any given year, potentially, which would
17 highly complicate the allocation and oversight of the
18 rebate.

19 So, for those reasons, ENH Power's
20 position is that we would agree with the other utility
21 comments and RESA's comments, that it makes sense to have
22 the allocation go only to the regulated utilities.

23 I'll reserve -- well, I won't have any
24 opinion upon the muni question, it's sort of beyond our

1 scope. But our position would be to not allocate money to
2 the suppliers for a rebate, which would be highly
3 complicated. And, defer to the Commission's opinion on
4 all of the other issues that are more utility-oriented.
5 Thank you.

6 CHAIRMAN IGNATIUS: That's it for those
7 who signed up and those who didn't sign up but felt the
8 need to comment, which we appreciate. Is there anyone
9 else? Mr. Eckberg, do you have comments? That would be
10 great.

11 MR. ECKBERG: I didn't, you're correct,
12 I did not sign up. But, like Mr. Dean, I feel a
13 compelling desire to comment at this point. I've heard
14 the suggestion that perhaps the Systems Benefit Charge
15 could be a rate element that could be used to include this
16 rebate. And, as a long-time participant in dockets
17 relating to programs funded by the Systems Benefit Charge,
18 those are the energy efficiency programs, as well as the
19 Low Income Electric Assistance Program, I think there is
20 some, at least from our perspective, there would be a
21 preference to leave the Systems Benefit Charge rate
22 element on customer bills as a constant, which is the way
23 it is now. This charge is a constant rate across all
24 distribution utilities for all customers in the state.

1 And, the comments by some of the utilities this morning,
2 we've heard that there are other rate elements, such as
3 the Regional Access Charge or UES's External Delivery
4 Charge, which already are fluctuating and reconcilable
5 rate elements. And, I think we would prefer that this
6 rebate charge be funneled through one of these other rate
7 elements for each utility, rather than using the SBC.
8 Thank you.

9 CHAIRMAN IGNATIUS: Thank you. Does
10 Staff have any comments?

11 MS. AMIDON: Yes. Mr. Mullen is going
12 to state Staff's recommendations.

13 MR. MULLEN: Good morning. Related to
14 the -- first, the group of entities whose load would be
15 included in this, Staff agrees that it would not be
16 productive to include competitive suppliers, that would be
17 very complicated. And, considering the way that customers
18 take service from competitive suppliers, many times over a
19 fixed rate for a certain period of time, if rebate dollars
20 come in during the time, I don't know how you effectuate
21 that, or, if customers migrate from one supplier to
22 another, that just complicates matters.

23 The Staff believes that the calculation
24 should be done based on prior calendar year retail sales,

1 and that would include retail sales of PSNH, Unitil,
2 Liberty, the Co-op, and the municipals. Each one of those
3 should then be allocated their respective portion of the
4 total quarterly RGGI dollars.

5 In terms of how frequently the
6 allocation should be made, listening to Mr. Epler, and in
7 terms of his process through the External Delivery Charge,
8 for PSNH, Unitil, and Liberty, the Staff agrees with the
9 process laid out by Mr. Epler, and similar to Mr. Dean,
10 related to how the Co-op would do things through their
11 Regional Access Charge, or others may refer to it, like
12 PSNH's would be their TCAM, their Transmission Cost
13 Adjustment Mechanism, or Liberty's Transmission Charge,
14 which are currently reconciled on an annual basis. But,
15 similar to how Mr. Epler described it, in each annual
16 filing, there should be an estimate for the -- in the
17 month when the quarterly revenues are expected to be
18 received, as to how much that would be, that would be
19 trued up on an annual basis, but by reflecting it in the
20 appropriate month, and that customers would get the
21 benefit of it in those particular months. Interest would
22 be at the same rate, the customer deposit rate. So, that
23 way you wouldn't have to do a separate rate element for
24 this. Customers will get credit for it in the months that

1 the funds are actually received by the utilities.

2 In terms of the Co-op and their Regional
3 Access Charge, Mr. Dean mentioned that it gets adjusted
4 every six months. I believe, under the current process,
5 the Co-op files a report in terms of how -- verifying that
6 the rebate money went to customers. I would expect that
7 to be a similar process for the Co-op going forward.

8 As for the municipals, my suggestion
9 there would be that, on a quarterly basis, they receive
10 their portion of the money, and, similar to the Co-op,
11 would have to file a report on a periodic basis
12 explaining, you know, verifying that the money went back
13 to their customers. You know, as you know, we don't know
14 exactly how they go -- what their bill structures are or
15 whatever. So, Staff's suggestion would be that the money
16 goes to them, and it's up to them to get it to their
17 customers, and then they have to verify how they did it
18 and when they did it.

19 I'm trying to make sure I'm covering
20 all -- I didn't really go by number here, so, I want to
21 make sure I'm not missing anything. Right. So, for the
22 transmission rates, I may have already covered this, the
23 transmission rates for PSNH, Unitil, and Liberty are
24 adjusted on an annual basis. But, I think, by reflecting

1 the credits in the months that they are actually received,
2 and by providing an estimate for the upcoming period, that
3 would take care of how frequently the customers get the
4 benefit of the rebate. The Co-op is twice a year, which
5 is consistent with the current structure, when the rebate
6 was going just to default service customers.

7 So, I think that, if you say "at least
8 on a six-month basis", which I believe is the current
9 language, that would still hold true for those four
10 entities. So, the municipals would have to perhaps report
11 to the Commission how they plan to do it ahead of time,
12 and then we would have just a reporting requirement
13 afterwards. It's a little bit difficult, not having them
14 here, to try and describe exactly how that might work.
15 But, at least in general terms, Staff sees that as a way
16 to effectuate the process.

17 CHAIRMAN IGNATIUS: Thank you.
18 Commissioner Scott.

19 CMSR. SCOTT: On that same thread, has
20 there been any interactions with the five municipal
21 entities that are involved? And, are they aware of this
22 and have they -- has anybody talked to them?

23 MR. MULLEN: Well, I know, when I look
24 at the list of e-mail addresses that this order of notice

1 went out to, it's quite extensive. I do believe that they
2 were provided this information. I personally haven't had
3 any contact with them. I don't -- and, I'm not aware if
4 others have as well.

5 CMSR. SCOTT: But my concern is, this is
6 not a forum that they usually would follow, so, this is
7 kind of outside their purview. So, an e-mail to them is
8 certainly appropriate, but I'm just wondering if that was
9 sufficient.

10 MR. MULLEN: And, I'm not sure if that
11 was the only contact.

12 CMSR. SCOTT: And, you mentioned
13 "including an estimate of the fund rebate". Did you have
14 a thought on how that would be done?

15 MR. MULLEN: I think, if it's based on,
16 you know, what you expect the RGGI auction clearing prices
17 to be. You know, granted that would be trued up on an
18 annual basis. But I think it would be better than just
19 providing it all after-the-fact.

20 CMSR. SCOTT: It would be -- I'll ask my
21 question more explicitly. So, you would expect each of
22 the entities involved to make an estimate on their own, is
23 that what you're suggesting?

24 MR. MULLEN: Yes.

1 CMSR. SCOTT: All right. Thank you.

2 CHAIRMAN IGNATIUS: I have a question
3 about the timing of the rebates. Did I follow you
4 correctly that you were suggesting that the rebates should
5 occur soon after the occurrence of the auction? So, there
6 would be four times a year where the charge or the rebate
7 would sort of swell, to bring in the excess and reduce the
8 transmission-related charges, rather than the rebate be
9 kind of blended out over the period of six months or
10 twelve months and stay stable, and be adjusted once or
11 twice a year?

12 MR. MULLEN: Well, it's my
13 understanding, under the current process, that the
14 utilities will receive the funds on a quarterly basis.
15 So, I would expect that not to change. So, under what
16 Staff is suggesting is that those would be reflected in
17 the month received, and that would all be taken care of in
18 the annual reconciliation process.

19 CHAIRMAN IGNATIUS: So, from an
20 accounting perspective, the utilities would record that
21 excess in the month received. But, from a ratepayer
22 perspective, they wouldn't see it move up and down from
23 quarter to quarter, they would only see the change when we
24 did a six-month adjustment?

1 MR. MULLEN: Or an annual adjustment,
2 correct.

3 CHAIRMAN IGNATIUS: All right. Thank
4 you. And, that's the way we're doing it now?

5 MR. MULLEN: Yes. Well, now we're doing
6 it through default service rates. So, it's a matter of
7 how often the default service rates change.

8 CHAIRMAN IGNATIUS: And, was it your
9 view, I think you said this, that if, let's say, for the
10 utilities, we were to order a six-month adjustment, but,
11 for the munies, if they chose to create their own system
12 that got the refunds out to customers, say, on an annual
13 basis, we wouldn't tell them they couldn't do it that way,
14 we just would need to know what they're doing and have
15 some verification that it actually did get back out to
16 customers at some point?

17 MR. MULLEN: I think that it's probably
18 preferable to do it on no more than a six-month basis,
19 which I think the three utilities that we have here and
20 the Co-op would all be covered. And, it just would be a
21 matter of, you know, I don't know how often the municipals
22 currently change their rates or exactly how that works.
23 So, that would have to involve more dialogue with them, to
24 see if it would become a problem to do something at least

1 on a six-month basis. You know, I don't know if they -- I
2 don't know if they currently have annual adjustments to
3 their rates. I'm just not familiar with their rate
4 structures.

5 CHAIRMAN IGNATIUS: All right. Are
6 there any other comments? Yes, Mr. Epler.

7 MR. EPLER: Yes. Thank you. Just to be
8 clear, Unitil's EDC is only changed once a year. We don't
9 change it every six months. We would record when we
10 receive the RGGI refund on a quarterly basis, and
11 accounting would track it, and the interest would track
12 it, but the rate itself would change only once a year
13 under our proposal. Thank you.

14 MR. MULLEN: And, just to clarify,
15 that's consistent with what I had in mind. Hopefully, I
16 described it clearly enough.

17 CHAIRMAN IGNATIUS: Thank you.
18 Mr. Fossum.

19 MR. FOSSUM: And, just to, I guess, beat
20 the same dead horse. PSNH's TCAM, if that ends up being
21 the preferred method, that is adjusted annually as well.

22 CHAIRMAN IGNATIUS: Anything else from
23 anyone?

24 (No verbal response)

1 CMSR. SCOTT: Mr. Fossum, to follow up.
2 I'm inferring from your last statement that your
3 preference would be the SBC, but you don't have a strong
4 objection to the TCAM, is that correct?

5 MR. FOSSUM: I think that's accurate,
6 yes.

7 CHAIRMAN IGNATIUS: All right. If
8 there's nothing further, then we'll take all of this into
9 account as we look to the best way to implement the
10 changes to the statute. We appreciate everyone's thinking
11 about it. And, it may be that we ask the Staff to work
12 together with all of the companies in some of the finer
13 details on this, once we've thought about the bigger
14 structure. But we'll see where that goes.

15 So unless there's anything else?

16 (No verbal response)

17 CHAIRMAN IGNATIUS: We'll close this
18 hearing and take it all under advisement. Thank you for
19 your help.

20 **(Whereupon the hearing was adjourned at**
21 **10:58 a.m.)**

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