

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

June 18, 2019 - 10:07 a.m.
Concord, New Hampshire

NHPUC 2JUL'19am11:52

RE: DE 19-057
EVERSOURCE ENERGY: Notice of
Intent to File Rate Schedules.
(Hearing on Temporary Rates)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

APPEARANCES: Reptg. Eversource Energy:
Matthew J. Fossum, Esq.
Daniel Venora, Esq. (Keegan Werlin)
Reptg. Clean Energy New Hampshire:
Elijah D. Emerson, Esq. (Primmer...)
Reptg. The Way Home:
Raymond Burke, Esq. (N.H. Legal Asst.)

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

CERTIFIED
ORIGINAL TRANSCRIPT

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APPEARANCES: (C o n t i n u e d)

Reptg. Residential Ratepayers:

D. Maurice Kreis, Esq., Consumer Adv.
Brian D. Buckley, Esq.
Office of Consumer Advocate

Reptg. PUC Staff:

Suzanne G. Amidon, Esq.
Richard Chagnon, Electric Division
Jay Dudley, Electric Division
Kurt Demmer, Electric Division

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I N D E X

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 EDWARD A. DAVIS
 RICHARD CHAGNON

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Eversource Energy Petition for temporary rates, including Direct Testimony of William J. Quinlan; Direct Testimony of Eric H. Chung and Troy M. Dixon, with attachments; Direct Testimony of Edward A. Davis, with attachments (04-26-19)	<i>premarked</i>
2	Eversource Energy corrected Settlement Agreement on Temporary Rates, including attachments (06-13-19)	<i>premarked</i>
3	Settlement Attachment EAD-5 (Temp - Updated) Customer Bill Comparisons	<i>premarked</i>
4	Affidavit of William Quinlan (06-18-19)	8

P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: We are here this
3 morning in Docket DE 19-057, which is
4 Eversource's rate case. This is a hearing on
5 their request for a temporary rate change. We
6 have a settlement that was filed. I see
7 witnesses are already in place.

8 But before we do anything else, let's
9 take appearances.

10 MR. FOSSUM: Good morning,
11 Commissioners. Matthew Fossum, here for Public
12 Service Company of New Hampshire doing business
13 as Eversource Energy. With me this morning is
14 Dan Venora, of the law firm Keegan Werlin,
15 assisting the Company with this case.

16 MR. EMERSON: Eli Emerson, from
17 Primmer, Piper, Eggleston & Cramer, on behalf
18 of Clean Energy New Hampshire. Thank you.

19 MR. BURKE: Good morning. Raymond
20 Burke, from New Hampshire Legal Assistance,
21 appearing on behalf of The Way Home.

22 MR. KREIS: Good morning. I'm D.
23 Maurice Kreis, doing business as Don Kreis, the
24 Consumer Advocate, here on behalf of

1 residential ratepayers. With me today is our
2 Staff Attorney, Brian Buckley.

3 MS. AMIDON: Good morning. Suzanne
4 Amidon, for Commission Staff. I have several
5 members of the Electric Division here, and our
6 witness, Mr. Rich Chagnon.

7 CHAIRMAN HONIGBERG: Any preliminary
8 matters before the witnesses are sworn in?

9 MR. FOSSUM: Yes, Commissioners. A
10 couple of them, actually. I need to decide
11 what order to do them in.

12 As the Chair noted, there was a
13 Settlement Agreement filed. Just for the
14 record, the Company was informed yesterday that
15 paper copies that had been provided to the
16 Commission were erroneously printed. New paper
17 copies appropriately printed were delivered
18 yesterday. The electronic filing made with the
19 Commission was accurate. But I just wanted to
20 note for the record that we were informed of
21 that error, and we corrected it with an updated
22 Settlement filing yesterday.

23 With regards to exhibits, working
24 with the Clerk, we've premarked for

1 identification three exhibits that the
2 witnesses will address this morning. For your
3 numbering purposes, what has been premarked for
4 identification as "Exhibit 1" is the Company's
5 April 26th, 2019 temporary rates filing. What
6 has been premarked for identification as
7 "Exhibit 2" is the June 13th Temporary Rates
8 Settlement. And what has been premarked as
9 "Exhibit 3" for identification is an updated
10 version of Attachment EAD-5. Copies of that
11 were provided for Commissioners this morning.

12 The last preliminary thing I believe
13 I will be noting is that, consistent with
14 relatively recent Commission practice, Company
15 witness William Quinlan will not be appearing
16 this morning. But, in keeping with practice,
17 an affidavit from Mr. Quinlan was filed this
18 morning in lieu of his participation at the
19 hearing.

20 CHAIRMAN HONIGBERG: Does anyone have
21 any objection to that? Anybody have questions
22 for Mr. Quinlan?

23 MS. AMIDON: Not I.

24 MR. KREIS: We will have questions

1 for Mr. Quinlan, but --

2 CHAIRMAN HONIGBERG: As relevant to
3 this proceeding, Mr. Kreis?

4 MR. KREIS: We have no objection to
5 his nonappearance.

6 CHAIRMAN HONIGBERG: Do we want to
7 have the affidavit marked as an exhibit to
8 complete the record? Ms. Amidon, thoughts?

9 MS. AMIDON: I would say, mark it for
10 identification at this point. And when we get
11 to the point where we, you know, you order
12 exhibits into full evidence, we can have a
13 discussion then.

14 CHAIRMAN HONIGBERG: All right. That
15 will be "Exhibit 4".

16 (The document, as described, was
17 herewith marked as **Exhibit 4** for
18 identification.).

19 CHAIRMAN HONIGBERG: Anything else,
20 Mr. Fossum?

21 MR. FOSSUM: I believe that's my run
22 of preliminary matters.

23 CHAIRMAN HONIGBERG: Thank you.
24 Anybody else?

[WITNESS PANEL: Chung|Davis|Chagnon]

1 [No verbal response.]

2 CHAIRMAN HONIGBERG: All right.

3 Mr. Patnaude, would you swear the witnesses in
4 please.

5 (Whereupon **Eric H. Chung,**
6 **Edward A. Davis,** and **Richard**
7 **Chagnon** were duly sworn by the
8 Court Reporter.)

9 CHAIRMAN HONIGBERG: Mr. Fossum.

10 MR. FOSSUM: Thank you. And the
11 Company has conferred with the Staff this
12 morning. The way that we'll conduct, at least
13 the direct examination, is that I will do the
14 examination of the Company's witnesses, and
15 after that is complete, the Staff will do the
16 direct exam of its witness. Just for the
17 Commission for ordering purposes.

18 **ERIC H. CHUNG, SWORN**

19 **EDWARD A. DAVIS, SWORN**

20 **RICHARD CHAGNON, SWORN**

21 **DIRECT EXAMINATION**

22 BY MR. FOSSUM:

23 Q With that said, Mr. Chung, could you please
24 state your name, your position, and your

[WITNESS PANEL: Chung|Davis|Chagnon]

1 responsibilities for the record?

2 A (Chung) Good morning. My name is Eric Chung.
3 I am Director of Revenue Requirements and
4 Regulatory Projects for Eversource Energy
5 Service Company. And my responsibilities are
6 the financial requirements related to our
7 regulated business in New Hampshire, as well as
8 enterprise-wide regulatory projects across our
9 jurisdictions.

10 Q And, Mr. Davis, could you now please state your
11 name, your position, and responsibilities for
12 the record?

13 A (Davis) Good morning. Yes. My name is Edward
14 Davis. I am the Director of Rates for
15 Eversource Energy Service Company. I'm here on
16 behalf of Public Service Company of New
17 Hampshire. I am responsible for rate-related
18 activities, including cost of service, rate
19 design, rate administration, and tariff
20 administration, for the both the gas and
21 electric divisions of the Company.

22 Q Thank you. Mr. Chung and Mr. Davis, did you
23 both, back on April 26th, file testimony and
24 attachments that are included in what has been

[WITNESS PANEL: Chung|Davis|Chagnon]

1 premarked for identification as "Exhibit 1"?

2 A (Chung) Yes.

3 A (Davis) Yes.

4 Q And Mr. Chung specifically, with regard to your
5 testimony, did that testimony -- was that
6 exclusively under your name?

7 A (Chung) No. That was jointly sponsored with
8 Mr. Troy Dixon.

9 Q But, just for clarity, you will be speaking to
10 and adopting that testimony as your own this
11 morning, is that correct?

12 A (Chung) Yes, I will.

13 Q Okay. Now, I probably should have done this
14 first. Mr. Chung and Mr. Davis, was that
15 testimony prepared by you, the testimony you've
16 just identified, was that prepared by you or at
17 your direction?

18 A (Chung) Yes.

19 A (Davis) Yes.

20 Q Do you have any changes or updates to that
21 testimony this morning?

22 A (Davis) No, I do not.

23 A (Chung) No.

24 Q And do you adopt that testimony as your sworn

[WITNESS PANEL: Chung|Davis|Chagnon]

1 testimony for this proceeding?

2 A (Chung) Yes.

3 A (Davis) I do.

4 Q And now, Mr. Chung and Mr. Davis, did you both
5 participate in settlement discussions relating
6 to the Company's temporary rate request in this
7 proceeding?

8 A (Chung) Yes.

9 A (Davis) Yes.

10 Q And was a settlement, in fact, reached?

11 A (Chung) Yes.

12 A (Davis) Yes, it was.

13 Q And is that the document that has been
14 premarked for identification as "Exhibit 2"?

15 A (Chung) Yes.

16 A (Davis) Yes, it is.

17 Q And are you both familiar with the terms of
18 that Settlement Agreement?

19 A (Chung) Yes.

20 A (Davis) I am, yes.

21 Q Mr. Chung, referring to what has been premarked
22 as "Exhibit 2", could you please, you know,
23 understanding the document says what it says,
24 could you please explain the Company's

[WITNESS PANEL: Chung|Davis|Chagnon]

1 understanding of the Settlement Agreement that
2 is before the Commission this morning?

3 A (Chung) Sure. Although the document itself
4 is -- you have it in front of you and it's
5 self-explanatory, I'll highlight a few key
6 aspects of the Settlement terms.

7 First, the Parties agreed that the
8 effective date of the rate change would be
9 July 1, 2019, which is consistent with the
10 Company's request, and in line with the
11 effective dates required by the Company's tax
12 docket, Docket Number DE 18-049, and consistent
13 with the Exogenous Events provision in the 2015
14 Divestiture Settlement Agreement.

15 In addition, the Parties agreed that the
16 actual rate change would occur on August 1st,
17 2019. And this agreement was to accommodate
18 the interest of the Commission and others in
19 aligning this change with the other Eversource
20 rate changes that are slated for August 1st.

21 As noted in the Agreement, the Company
22 will apply certain accounting changes on July 1
23 to enable that July 1 effective date, and will
24 spread that 12-month revenue requirement

[WITNESS PANEL: Chung|Davis|Chagnon]

1 associated with the temporary rate change over
2 the 11-month period beginning August 1st, 2019
3 and ending June 30, 2020, as well to assure
4 that customers receive the benefits of the tax
5 changes in that period per the tax docket I
6 referenced before. This avoids the potential
7 customer confusion associated with having rate
8 changes in consecutive months.

9 Next, the Parties agreed to two changes to
10 normalizing adjustments the Company have
11 included in its temporary filing.
12 Specifically, the Company will remove from its
13 cost of service approximately 1.2 million of
14 its proposed vegetation management expense
15 adjustments. And secondly, a normalizing
16 adjustment of approximately 210,000,
17 corresponding to a divestiture-related
18 Transition Service Agreement.

19 Next, on the issue of storms. The Company
20 will begin amortizing them in temporary rates
21 as proposed on August 1st, but with an
22 adjustment to the carrying charge per the
23 Settlement. We recognize that these costs have
24 not yet been fully audited, and that will be

[WITNESS PANEL: Chung|Davis|Chagnon]

1 addressed in the future, but beginning recovery
2 now does allow us to avoid a significant impact
3 to customers later.

4 Turning to vegetation management. As the
5 Settlement notes, PSNH has made changes to the
6 accounting treatment of vegetation management
7 expenses in line with the Commission's
8 expectations. Also, due to those changes, the
9 Company has ended the Reliability Enhancement
10 Program, or REP, as a separately tracked
11 program, and instead vegetation management will
12 be handled as part of an overall vegetation
13 management budget and tracking process going
14 forward, whether it was part of base or REP
15 previously.

16 Now, for the purposes of setting temporary
17 rates, the Parties have settled on a total
18 vegetation budget -- management budget for the
19 activities in the Agreement of 13.7 million,
20 and that is for the period of July 1, 2019
21 through June 30th, 2020. That 13 million --
22 13.7 million is divided into two capped
23 periods, covering the second half of 2019 and
24 the first half of 2020. As noted in the

[WITNESS PANEL: Chung|Davis|Chagnon]

1 agreement, if the Company goes over either of
2 those two caps, then it will not recover that
3 additional money from customers. And if it
4 spends under either of those two caps,
5 customers will receive a refund. And all of
6 that will be accounted for when it is time to
7 set the permanent rates.

8 Also, as explained in the Settlement, the
9 effect of the tax changes will be offset
10 against the vegetation management expenses that
11 have been incurred, and those changes, up or
12 down, will factor into the permanent rates.

13 And finally, the Parties have agreed that
14 vegetation management activities generally will
15 be discussed more fully in the permanent phase.

16 So, wrapping up, in Section II.C, it notes
17 the financial impacts of the agreed upon
18 changes. At the end of the day, the Company's
19 initial request of 33 million has been reduced
20 to 28.3 million.

21 And as a final comment, we were to provide
22 parties with live Excel versions of the
23 analyses reflecting this new number of the
24 impacts. And I'm confirming we did so at the

[WITNESS PANEL: Chung|Davis|Chagnon]

1 time the Settlement was filed.

2 Q Thank you very much. Turning to Mr. Davis,
3 could you please explain the rate impacts to
4 customers that come from this Settlement?

5 A (Davis) Certainly. The changes that Mr. Chung
6 just described were flowed through as an
7 overall change. It's a reduction to what we
8 originally filed. So, what's provided in
9 Exhibit 2 reflects the Settlement level of
10 \$28.3 million.

11 On a class level, as provided in -- we
12 have two exhibits that are part of our
13 Exhibit 2, Attachments EAD-3 and EAD-4. These
14 are updates to what was filed originally and
15 shown in Exhibit 1.

16 EAD-3 shows the Settlement amount flowed
17 through. Page 2, for example, of EAD-3
18 provides a listing of the price changes,
19 flowing through those changes. For example,
20 for Residential Rate R customers, we're
21 showing, for distribution rates, an increase of
22 about 8.83 percent to two charges. So that
23 would be, for example, shown on Page 2 of
24 Attachment EAD-3 (Temporary - Updated).

[WITNESS PANEL: Chung|Davis|Chagnon]

1 The second attachment that's part of
2 Exhibit 2 is labeled "Attachment EAD-4". And
3 that provides class level changes. For
4 example, Page 1 of that attachment, and that's
5 listed as "Attachment B" in the Settlement
6 Agreement. But Page 1 of that provides the
7 class level changes. So, you can see an
8 overall change of 2.1 percent, and that varies
9 by customer class. For example, Residential is
10 2.7 percent overall.

11 There were no changes to rate structures
12 or rate design. These are just price-level
13 changes reflecting a flow-through of the
14 Settlement revenue requirement change.

15 Q Very good. Thank you. Mr. Davis, do you have
16 in front of you what has been premarked for
17 identification as "Exhibit 3"?

18 A (Davis) Yes, I do.

19 Q And was that, what has been premarked as
20 Exhibit 3, was that prepared by you or at your
21 direction?

22 A (Davis) Yes, it was.

23 Q Could you please explain what is shown on -- on
24 and through Exhibit 3?

[WITNESS PANEL: Chung|Davis|Chagnon]

1 A (Davis) So, Exhibit 3 reflects all the changes
2 I just described at a class level. And what it
3 provides is a very important breakdown of the
4 impacts to customers within each rate class.
5 So, each of the pages as provided in Exhibit 3
6 provide for each rate class a range of bill
7 impacts reflecting the change in rates under
8 the Settlement.

9 For example, on Page 1 of 23 of Exhibit 3,
10 which is labeled "Attachment EAD-5 (Temp -
11 Updated)", if you look at a typical 600
12 kilowatt-hour customer bill, you will see a
13 bill impact of "\$3.32" per month, which equates
14 to "2.73 percent".

15 Q Now, Mr. Davis, that example you just gave us,
16 that is a total bills basis, is that correct?

17 A (Davis) That's correct.

18 Q And that total bills analysis uses what as the
19 Energy Service charge as part of the analysis?

20 A (Davis) So, this exhibit is based on current
21 rates at the time we filed. So that the ES
22 rate, for example, in the Page 1 example I
23 talked about, has a rate of 9.985 cents for ES.
24 Just recently, in docket 19-082, we had an

[WITNESS PANEL: Chung|Davis|Chagnon]

1 approval of rate changes for the ES component
2 of rates. And that would show a reduction to
3 the ES charge from 9.985 cents to 8.825 cents,
4 so about 1.1 cents per kilowatt-hour.

5 So, this, Exhibit 3, does not include
6 those ES rate changes. I could offer what that
7 impact would be if you incorporated those
8 changes. So, for that Residential Rate R
9 customer, on a typical 600 kilowatt-hour usage
10 basis, would see a net decrease in their bill
11 of \$3.64 per month, or 2.99 percent. And
12 that's a reduction to their bill overall. So
13 if you combined the Settlement change in
14 distribution rates and the change to ES rates,
15 you would have a net overall reduction to bills
16 of 2.99 percent.

17 Q And just for clarity, beyond the Energy Service
18 and the proposed distribution change that's
19 here, are there other rate changes that are
20 proposed for effect on August 1st?

21 A (Davis) We anticipate there would be changes to
22 the SCRC and the TCAM rate. Those are not
23 reflected here. Those have yet to be submitted
24 for review and approval by the Commission.

[WITNESS PANEL: Chung|Davis|Chagnon]

1 Q Thank you. Mr. Chung and Mr. Davis,
2 understanding what you've just stated and
3 explained, and looking at the Settlement and
4 exhibits, is it your position that this
5 Settlement and the resulting rates are just and
6 reasonable and in the public interest?

7 A (Chung) Yes.

8 A (Davis) Yes, it is.

9 MR. FOSSUM: Thank you. That's what
10 I had for direct for the Company witnesses.

11 CHAIRMAN HONIGBERG: Ms. Amidon.

12 MS. AMIDON: Thank you. Good
13 morning, Mr. Chagnon.

14 WITNESS CHAGNON: Good morning.

15 BY MS. AMIDON:

16 Q Would you please state for the record your name
17 and your employment with the Commission?

18 A (Chagnon) Yes. My name is Rich Chagnon. And
19 I'm a Utility Analyst here at the Public
20 Utilities Commission.

21 Q In that capacity, did you review the temporary
22 rate filing by Eversource made in this docket?

23 A (Chagnon) Yes, I did.

24 Q Did you -- did you conduct discovery on the

[WITNESS PANEL: Chung|Davis|Chagnon]

1 filing?

2 A (Chagnon) Yes.

3 Q And analysis?

4 A (Chagnon) I did.

5 Q And you participated, did you not, in the
6 Settlement Agreement discussions with the
7 Company, is that right?

8 A (Chagnon) That's correct.

9 Q And the Settlement Agreement that's presented
10 as "Exhibit 2" is the result of the work that
11 you did with the Company to develop a
12 settlement that Staff could agree with, is that
13 correct?

14 A (Chagnon) That's correct.

15 Q Would you, in your assessment, say that the
16 Settlement Agreement results in just and
17 reasonable rates and is in the public interest?

18 A (Chagnon) Yes, I do.

19 Q And are you available for any questions the
20 Commission may have?

21 A (Chagnon) I am.

22 MS. AMIDON: Thank you. That's it.

23 CHAIRMAN HONIGBERG: Mr. Emerson, I
24 know that, according to the cover letter that

[WITNESS PANEL: Chung|Davis|Chagnon]

1 came with the Settlement, your client does not
2 object, but chose not to sign?

3 MR. EMERSON: Yes. I think there's
4 two overall reasons why we took the position of
5 no objection, but not signing onto the
6 Settlement.

7 CHAIRMAN HONIGBERG: And you can save
8 that for the end, if you want. I just want to
9 clarify that I've got the right understanding,
10 right?

11 MR. EMERSON: Correct.

12 CHAIRMAN HONIGBERG: Do you have any
13 questions for the panel?

14 MR. EMERSON: No. We have no
15 questions.

16 CHAIRMAN HONIGBERG: Okay.
17 Mr. Burke, any questions?

18 MR. BURKE: No, we do not.

19 CHAIRMAN HONIGBERG: Mr. Kreis?

20 MR. KREIS: I think I have one
21 question for Mr. Davis, that hopefully is in
22 the order of friendly cross-examination. This
23 is just for purposes of clarity.

24 **CROSS-EXAMINATION**

1 BY MR. KREIS:

2 Q Mr. Davis, in your prefiled testimony, at
3 Page -- Bates Page 476 of Exhibit 1, you note
4 that "PSNH", that is to say Eversource New
5 Hampshire, "has designed its temporary
6 distribution rates by adjusting the current
7 distribution rates for each rate class on a
8 uniform percentage basis." And then you go on
9 to say "By adjusting each rate in this manner,
10 the Company has maintained the relative revenue
11 responsibility and rate design among rate
12 classes that exists under current rates."

13 That treatment is reflected in the
14 Settlement Agreement, yes?

15 A (Davis) Yes, it is.

16 Q On Page -- in Exhibit 2, on Page -- the
17 second -- the first Page of Attachment EAD-4,
18 which is marked "Page 23" on that exhibit, you
19 lay out the percent increase in distribution
20 rates for each of the rate classes. But those
21 percentages are not uniform, even though you
22 applied a uniform percentage to the rate
23 increases.

24 And I wonder if you could explain why

[WITNESS PANEL: Chung|Davis|Chagnon]

1 residential ratepayers, at least those on
2 Residential Service Rate R, live with a
3 2.7 percent increase, while other rate classes
4 don't have a percent rate increase that is as
5 high as that?

6 A (Davis) That's a great question. Thank you.
7 So, the uniform percent change was applied to
8 distribution rates. So, each of the prices for
9 the distribution component of the service were
10 adjusted by the same percentage.

11 In Exhibit 2, on EAD-3, Page 2 for
12 example, there are two pages, Pages 2 and 3 --
13 actually, Pages 2 through 5, all of them. And
14 what you can see there is a percent change down
15 the right-hand column. And as I mentioned
16 earlier, for example, Rate R, on Page 2, again,
17 this is Exhibit 2, Attachment EAD-3, you will
18 see, for Rate R, 8.83 percent for the customer
19 charge and then 8.86 percent for the
20 kilowatt-hour charge. And pretty much, aside
21 from some small rounding differences, you're
22 seeing that same uniform percent applied to
23 distribution price. So, when you make the
24 change to distribution rates, if you then show

[WITNESS PANEL: Chung|Davis|Chagnon]

1 that relative to total bill, you'll get the
2 results that you pointed out in Exhibit -- no,
3 I'm sorry, Attachment EAD-4.

4 So, for example, Residential rates are
5 higher than the average of 2.1; they're at
6 2.7 percent overall. And that reflects the
7 8.83 percent and thereabouts, those changes on
8 distribution. But, when you apply those
9 relative to total bill, you get the results
10 that show up on Attachment EAD-4.

11 I don't know if that makes sense?

12 Q That makes complete sense.

13 A (Davis) Okay.

14 MR. KREIS: And thank you for saying
15 that my question was a good one. That's the
16 only question I have.

17 WITNESS DAVIS: Thank you. You're
18 welcome.

19 CHAIRMAN HONIGBERG: Commissioner
20 Bailey.

21 CMSR. BAILEY: Good morning.

22 BY CMSR. BAILEY:

23 Q Can you tell me what the result of these
24 temporary rates will achieve with respect to

[WITNESS PANEL: Chung|Davis|Chagnon]

1 return on equity?

2 A (Chung) So, I think you're asking "what is the
3 calculated rate of return?" Or is that a
4 different question?

5 Q Well, that was going to be my second question.

6 A (Chung) Okay.

7 Q So, calculated rate of return based on what
8 return on equity?

9 A (Chung) Okay. So, the return on equity has not
10 been adjusted in temporary rates. So, it
11 remains at the return on equity of 9.67 percent
12 that was approved in Docket 09-035.

13 Q Okay. And what rate of return?

14 A (Chung) Yes. Our rate of return is calculated
15 in the -- let's see. This is Attachment A to
16 Exhibit 2, Bates Page 014, and is Line 23,
17 7.08 percent is what we calculate as the rate
18 of return with all of the calculations here.

19 Q Isn't that the same as the rate of return that
20 you used in your original filing to produce
21 33 million?

22 A (Chung) Well, the changes are not, I mean, at
23 the end of the day, when you calculate the
24 number -- I mean, if you look at the numbers

[WITNESS PANEL: Chung|Davis|Chagnon]

1 above it, they're pretty big. There is a
2 change, but it's not -- it doesn't show up on
3 the page. So, if you -- the adjustments we
4 have are relatively modest to our proposal.
5 So, --

6 Q Okay.

7 A (Chung) Yes.

8 Q And so, the capital structure is like
9 54 percent equity/46 percent debt?

10 A (Chung) Yes. I think it is around -- it's
11 around 54.8 percent -- I'm sorry, 54.3 percent
12 in the temporary filing.

13 Q Which? Say that again?

14 A (Chung) 54.33 percent.

15 Q Okay. Did you propose to decrease the Outdoor
16 Lighting rate in the permanent filing?

17 A (Davis) Yes. Yes, we did.

18 Q So, the reason that you're increasing it as a
19 temporary rate is because you're just doing an
20 across-the-board increase on every rate, every
21 distribution rate?

22 A (Davis) Correct. The methodology just applies
23 a uniform percent changes, as I described
24 earlier. So, yes.

[WITNESS PANEL: Chung|Davis|Chagnon]

1 With the permanent rate, we had a -- we're
2 doing two things. We're restructuring the
3 rates, and based on, for the second reason, due
4 to a new cost of service analysis that we were
5 able to perform, so the results showed us that
6 we would end up proposing a decrease to the
7 street lighting rates overall.

8 Q Do you have any concern that that's a
9 reasonable thing, will the reconciliation
10 between temporary and permanent rates be on a
11 class-by-class basis, so the Outdoor Lighting
12 customers will get a large refund? Or will the
13 refund -- or will they, if we approve higher
14 permanent rates overall than temporary rates,
15 will those Outdoor Lighting customers also have
16 to pay a reconciliation charge?

17 A (Davis) So, there's no explicit reconciliation
18 proposed, but the effect for street lighting
19 rates, so, upon approval, if you take what we
20 filed as our basis, upon approval, we would
21 implement a rate decrease to -- prospectively
22 from the date those rates are approved to go
23 into effect.

24 To the extent there's any other

[WITNESS PANEL: Chung|Davis|Chagnon]

1 adjustments, I mean, the net effect currently,
2 and we mentioned ES rates, so that does have an
3 offsetting effect to the increase under
4 temporary rates.

5 Q No, but that's the same for all customers.

6 A (Davis) Understood. Understood. But you asked
7 about my concern. So, the concern would be
8 that, just the timing issue. So, because, in
9 our permanent rates, we had a net decrease,
10 it's over 17 percent compared to current rates
11 in the permanent filing, that there is that
12 effect, if you have an increase while the
13 temporary rates are in effect, and then a
14 decrease ultimately.

15 Q Oh. In the street lighting?

16 A (Davis) Outdoor lighting, yes.

17 Q Okay. Can you say that again please?

18 A (Davis) Sure. So, the net effect of the
19 permanent rate would result in an overall
20 decrease, as filed, I think it's about 17 and a
21 half percent compared with current rates, all
22 else being equal.

23 Q That was the source of my question.

24 A (Davis) Yes.

[WITNESS PANEL: Chung|Davis|Chagnon]

1 Q So, if you're correct, and they should get a
2 17 percent decrease in their rates based on the
3 cost of service study, but they're paying an
4 increase now, is that fair to them?

5 A (Davis) It's fair only, I think, because of the
6 timing, in when we filed the temporary rates,
7 we didn't have enough information. And then,
8 of course, the basis for the proposal, the
9 uniform rate application that we did, we didn't
10 have enough information at that time to
11 determine that there would be a decrease. And
12 also, we still have to litigate the cost of
13 service analysis. So, I think it's important
14 that we give that due process, because we're
15 also proposing a rate restructuring for outdoor
16 lighting.

17 Q Okay. I agree with you that we need to go
18 through the process to make sure that the
19 decrease is appropriate. But assume,
20 hypothetically, that we find that it is
21 appropriate. Will those customers get a refund
22 on this, of these increased rates?

23 A (Davis) So, I don't know how that would work.
24 But, if the question assumes there would be

[WITNESS PANEL: Chung|Davis|Chagnon]

1 rates subject to refund, then I don't know. I
2 think that might -- would need to be looked at,
3 but they could, if that's part of the outcome
4 of the litigation of the permanent case.

5 CHAIRMAN HONIGBERG: You do
6 understand Commissioner Bailey's concern,
7 right?

8 WITNESS DAVIS: Yes, I do.

9 CHAIRMAN HONIGBERG: That each of the
10 rate classes is different. And if you -- if
11 they should be seeing lower rates, and they pay
12 higher rates for a while, when it all gets
13 reconciled when permanent rates are set, you
14 can't take their refund and have it washed out
15 through the other rate classes.

16 WITNESS DAVIS: Oh, absolutely. I do
17 understand that concern.

18 CHAIRMAN HONIGBERG: Okay.

19 BY CMSR. BAILEY:

20 Q Can you point me in Exhibit 3 to the page that
21 shows the typical small C&I customer and the
22 typical large C&I customer?

23 A (Davis) Certainly. So, Exhibit 3, I would
24 direct your attention to Page 10, which is our

[WITNESS PANEL: Chung|Davis|Chagnon]

1 General Service rate. This is for a single
2 phase Rate G or General Service rate customer.
3 And -- I'm sorry, and was your other question a
4 typical large?

5 Q Well, actually, let's look at that page first.

6 A (Davis) Sure.

7 Q So, on this page, show me the analogy to the
8 number that we usually use for a typical
9 Residential customer of 600 kilowatt-hours a
10 month, what is the typical General Service Rate
11 G customer?

12 A (Davis) So, it's difficult to define that,
13 because there's so many different
14 characteristics when you have a demand and
15 energy charge. But what I would suggest, you
16 could look at the range of impacts here. And
17 so, there's probably -- there's some standards
18 that, in the industry, but I would say, for
19 each of the demand levels, you have a
20 3-kilowatt, so that's Lines 20 through 21, then
21 you'll see 6, 12, 30, and 40. Those are
22 different demand levels, and they indicate the
23 size of load of the customer, and then you have
24 high and low load factors.

[WITNESS PANEL: Chung|Davis|Chagnon]

1 So, for example, Lines 20 and 21, you'll
2 have 3 kilowatt customers, those are going to
3 be very small C&I customers. But, you know,
4 the amount of kilowatt-hours tells you how much
5 they use relative to their peak demand.

6 But what you can see there is the range is
7 between 2.75 and 3.96 percent. So, I think
8 that represents the range that C&I customers
9 would expect to see.

10 If you want to look at the broadest range,
11 you could certainly look at the low to high
12 demand, and you could see anywhere from 4
13 percent, 3.96 percent, to 2 percent. And
14 again, the more kilowatt-hours a customer uses
15 for a particular demand level, the more, you
16 know, utilization they have of their electric
17 service, so they will have a higher load
18 factor, and therefore a lower percent increase
19 overall.

20 So, I think, typically, I think the
21 range -- you could probably say, you know,
22 there's probably a large number of customers at
23 the 6 kilowatt level, and that you're seeing
24 about a 2 and a half to 3.3 percent range of

[WITNESS PANEL: Chung|Davis|Chagnon]

1 impacts there. So that would be on the very
2 smallest of our General Service rate customers.

3 Q Okay. Thank you. Now, how about on large C&I
4 customers?

5 A (Davis) So, the large C&I customers would be
6 under our Rate LG. And those are typically
7 very large customers. And I would direct your
8 attention to Page 23.

9 And so, what you'll see there is a range.
10 And again, these are -- we've used a single
11 demand, but there are a lot of other
12 characteristics. These rates get more complex
13 as you move from the small to large. We have
14 block rates. We have, you know, multiple
15 provisions for determining demand. So, this
16 class is probably the more complex of the rate
17 classes.

18 But what you'll see here is, for a 3,000
19 kVA customer, which is probably a reasonable
20 representation of your typical large C&I
21 customer. And you'll see different peak versus
22 off-peak usage characteristics, you can see
23 that in Columns (C) and (D). You'll see
24 different total monthly kilowatt-hour usage

[WITNESS PANEL: Chung|Davis|Chagnon]

1 levels. And for this entire range, you'll see
2 about 0.7 percent for the highest usage
3 customer, to -- and that's at the very --
4 Line 26, and you'll see 1.87 percent for the
5 smallest customer who has a very low load
6 factor. So, the range here is about between
7 0.7 and 1.9 percent overall.

8 Q Okay.

9 A (Davis) So, there's a lot of dynamics in there,
10 but that's really what you'd expect at the end
11 of the day.

12 CMSR. BAILEY: Thank you. That's all
13 I have.

14 WITNESS DAVIS: You're welcome.

15 WITNESS CHUNG: Commissioner, I'm
16 sorry. I'd like to return to a question from
17 Commissioner Bailey. I was reviewing my
18 response to your question, and I apologize, I
19 was really speaking to the wrong lines. Let me
20 try again.

21 So, you had asked what the return on
22 equity was, and that was -- my answer was --
23 the 54.33 is correct. You used what the return
24 was, and that is 7.08. And I just want to

[WITNESS PANEL: Chung|Davis|Chagnon]

1 clarify that that number is based on the
2 capital structure as proposed in the temp. rate
3 case, and we did not adjust that in the
4 Settlement. So, that's why that's the same
5 number that is shown in the Settlement numbers.

6 So, I think, in short, the capital
7 structure, including the return on equity and
8 the rate of return, is the same as what we
9 proposed in the temp. rates. I wanted to come
10 back to that and clarify that.

11 CMSR. BAILEY: Okay. Thanks.

12 WITNESS CHUNG: Thank you.

13 CHAIRMAN HONIGBERG: Now,
14 Commissioner Giaimo.

15 CMSR. GIAIMO: Good morning.

16 WITNESS DAVIS: Good morning.

17 WITNESS CHAGNON: Good morning.

18 BY CMSR. GIAIMO:

19 Q Mr. Davis, I'm in Exhibit 2, Bates 018 and 019,
20 where you provide a "Summary of the Current and
21 Proposed Distribution Rates"?

22 A (Davis) Yes.

23 Q What I thought you said in summary was that,
24 generally, they're between 8.8 and 9.3 percent,

[WITNESS PANEL: Chung|Davis|Chagnon]

1 is that correct?

2 A (Davis) Yes.

3 Q Okay. And the total rate impact, in general,
4 is about 2 percent, a 2 percent increase?

5 A (Davis) Overall, total company level at 2.1,
6 yes.

7 Q Are you willing to give a back-of-the-envelope
8 view as to, when you factor in the other
9 changes that are happening on August 1st, what
10 the total bill impact would look like with
11 these proposed rates layered on top?

12 A (Davis) So, I can't answer -- honestly can't
13 answer -- cannot answer, I should say, what the
14 other components, SCRC and TCAM particularly,
15 might produce for an impact. I can tell you
16 what the -- when you role in the ES would be.
17 Well, first of all, that page you just referred
18 to is strictly distribution rates. So, those
19 would not change.

20 Q Right.

21 A (Davis) Okay? But I did mention the
22 2.1 percent, reflecting those changes. If you
23 give me just a moment I'll find the other
24 sheet.

[WITNESS PANEL: Chung|Davis|Chagnon]

1 So, overall, if you combined distribution
2 changes and the ES rate changes, the overall
3 average effect is a reduction of 8.1 percent on
4 a company level. That's because of the large
5 reduction to ES rates.

6 It also assumes that all customers take ES
7 service, and that's the only way to really
8 represent that.

9 Q However, there is a -- there is migration. So,
10 not all customers, in fact, do that?

11 A (Davis) That's correct.

12 Q Okay.

13 A (Davis) Yes.

14 Q But the ES rate, in general, is dropping about
15 I think I heard you say a cent from --

16 A (Davis) I was giving you an example of Rate R.

17 Q Right.

18 A (Davis) And so, what that -- that effect is.
19 So, while 8.1 percent is the overall effect for
20 Residential -- I'm sorry, total company, we're
21 seeing, and if you kind of break it down, let's
22 say we have a Residential, for example, of
23 8.9 percent, we talked about that a minute ago,
24 the overall -- the ES rate goes down 12 percent

[WITNESS PANEL: Chung|Davis|Chagnon]

1 for Residential. So, the net effect of the
2 increase and decrease is an overall reduction
3 of 3 percent for Residential.

4 What we do see is, for the intermediate
5 and large General Service rates, there's a much
6 larger reduction to ES rates. So, that's why
7 you have such a large overall average of
8 8.1 percent reduction at the company level,
9 just the weighted effect of all the classes.

10 Q Right. And you don't want to spoil it for any
11 of us whether or not we'll see, on August 1st,
12 whether or not it looks like a residential
13 ratepayer might see a decrease in their bill or
14 an increase, or will remain relatively flat?

15 A (Davis) I don't honestly don't know what the
16 other components are going to create for an
17 impact.

18 Q That's fine. I just have two other questions,
19 and I'll be pretty quick.

20 To the Settlement, there is a discussion
21 on Line -- on Page 4, where it says "PSNH will
22 begin amortizing the unrecovered storm costs,
23 currently estimated at 68.5 million as of
24 December 1st [31st?] over a five-year period

[WITNESS PANEL: Chung|Davis|Chagnon]

1 beginning August 1st...PSNH will apply a
2 carrying charge equal to its embedded cost of
3 long-term debt, currently calculated at
4 4.3 percent...rather than at the stipulated
5 rate of return previously applied". Why is
6 that?

7 A (Chung) Which part are you asking about?

8 Q Why is it -- why are you not changing -- why
9 isn't it being maintained at its existing rate?

10 A (Chung) Why is the rate change to 4.3?

11 Q Correct. Why aren't you just maintaining it
12 for the year at its existing rate?

13 A (Chung) Oh, because that is a Settlement term.
14 So that was the number that the Parties agreed
15 to.

16 Q Just a part of the negotiations?

17 A (Chung) Yes.

18 Q Okay. And my last line of questioning is about
19 the \$13.7 million cap. Has the Company
20 historically been below 13.7 million in a year?

21 A (Chung) Well, the number has changed. So, in
22 2018, the actual number was around 13.9 million
23 for these activities. In 2017, I believe it
24 was closer to 10 million. In 2016, it was

[WITNESS PANEL: Chung|Davis|Chagnon]

1 closer to 18 million. So, the average over the
2 last three years is a little over 14 million.

3 I would say, in this rate case, we
4 submitted our budget, which is the 16.8 million
5 for these activities. But, you know, we've
6 agreed to this number as part of the broader
7 Settlement.

8 Q Okay. So, the Company thinks it's a realistic
9 number?

10 A (Chung) Well, it's different from our budget.
11 I think we'll -- I guess I'd hesitate to speak
12 for our Operations team. I think they're
13 expecting to have a fuller conversation on what
14 the realistic number is in the permanent phase.
15 And we've communicated what the budget -- what
16 the numbers are for this hearing.

17 Q Can you speak to what could adversely affect
18 the Company's ability to come in under 13.7?

19 A (Chung) I mean, there are lots of things that
20 affect the actual work. You know, it's
21 anything from storms and the redirecting of
22 resources, you know, and kind of assessing, you
23 know, how the -- you know, and what the best
24 use of resources are, you know, we always --

[WITNESS PANEL: Chung|Davis|Chagnon]

1 you know, it's a finite number. Oh, and trying
2 to sign up crews, as much of this work is
3 outsourced. I think there's a lot of factors
4 that could impact that, and it's really hard to
5 tell until we get close to it.

6 But I think, you know, and like I -- like
7 all these terms, I think, as part of the
8 comprehensive Settlement, this is, you know,
9 the Company has accepted this, and we'll work
10 with it.

11 Q Okay. And the Company doesn't think that this
12 creates a disincentive for spending or doing
13 work?

14 A (Chung) We don't see it that way, and we'll
15 work with the result we have.

16 CMSR. GIAIMO: Okay. Thank you.

17 CHAIRMAN HONIGBERG: Commissioner
18 Bailey.

19 BY CMSR. BAILEY:

20 Q Mr. Chung, when do you expect to make the SCRC
21 filing?

22 A (Chung) I believe it is either at the very end
23 of June or the very beginning of July.

24 Q And for effect on August 1st?

[WITNESS PANEL: Chung|Davis|Chagnon]

1 A (Chung) August 1, yes.

2 Q Okay. Is that going to include all the
3 stranded costs from the divestiture?

4 A (Chung) We have a forecast of the -- I
5 shouldn't say -- a forecast of the SCRC, but we
6 have not trued up the final accounting of the
7 divestiture costs against the rate reduction
8 bonds. So, and that will have a placeholder
9 number, but, you know, we're expecting a fuller
10 conversation reviewing the accounting of the
11 costs at a subsequent time. This is not going
12 to be that docket.

13 Q Okay. Thank you. And I have one other
14 question that I forgot to ask.

15 Can you look on Page 3 of the Settlement,
16 Exhibit 2? There's a sentence there that I
17 don't understand towards the bottom of the
18 first paragraph. It's when you're talking
19 about how you're going to recover the 12-month
20 temporary rate revenue requirement over 11
21 months, I understand that. But the sentence
22 that says "The rate recovery and corresponding
23 amortization over the 11 months will include
24 recovery and amortization of the equity return

[WITNESS PANEL: Chung|Davis|Chagnon]

1 component of the revenue requirement from
2 August 1st 2019 through December 31st, 2019."

3 I don't understand what that sentence is
4 telling me.

5 A (Chung) Yes. And I'm not an accountant, and
6 this was accounting language. But I will say,
7 generally speaking, my layman's understanding
8 is that, in order to effect a July 1 date for
9 this to start, but then have the rates change
10 on August 1, the dollars -- there are certain
11 accounting changes that need to be made in
12 order to make that happen. So, in order, so we
13 can have the effective date be July 1, but we
14 need to have certain accounting changes started
15 July 1 and such that we are really flowing this
16 over 11 month.

17 And in terms of the sentences you flagged,
18 this is really a way to ensure that -- ensure
19 that the revenue requirement over the 12 months
20 is captured properly in the 11 months. In
21 other words, that one month of July is being
22 redistributed over the subsequent 11 months.
23 And this -- this really reflects the high-level
24 accounting entries that need to be made for

1 that.

2 BY CHAIRMAN HONIGBERG:

3 Q There's a "December 31st, 2019" date in there
4 that doesn't -- that isn't captured in what you
5 just said. What is -- everything you just said
6 would explain 12 months of revenue over 11
7 months. Both Commissioner Bailey and I are
8 trying to figure out what is "December 31st,
9 2019" doing there?

10 A (Chung) So, this is the accounting treatment
11 required for the revenue requirement from
12 July 1 to be captured in 2019, versus
13 redistributed over 2020. So, this is a way to
14 ensure the full revenue requirement for 2019 is
15 reflected and redistributed over the 11 months.
16 There's some shaping of the dollars.

17 BY CMSR. BAILEY:

18 Q So, what you're saying is that the revenue that
19 you would have collected in July is going to be
20 collected by the end of 2019?

21 A (Chung) I wouldn't say that. I'd say a portion
22 of it would be collected. And then this is
23 language that reflects the accounting entries.
24 And if it's helpful, we can, you know, submit a

[WITNESS PANEL: Chung|Davis|Chagnon]

1 supplement discussion on some of this. But --
2 and we just want to make sure you get what you
3 need.

4 BY CHAIRMAN HONIGBERG:

5 Q Let me try it a different way. This sentence
6 is describing a process that will allow the
7 2019 revenue to match what it would have been
8 had you implemented the change on July 1.

9 A (Chung) Explicitly, it's the equity return
10 component of the revenue requirement.

11 Q Right. That's a more precise way of saying it.

12 A (Chung) Yes.

13 Q So, that's what's going on here, that's what
14 that December date is doing?

15 A (Chung) Yes.

16 CHAIRMAN HONIGBERG: Okay.

17 BY CMSR. BAILEY:

18 Q Can you explain what "equity return component"
19 means?

20 A (Chung) So, when we -- for the revenue
21 requirement, there's the expense portion and
22 then there's the return on the rate base
23 portion, which is the -- and then there's the
24 portion of that return that is equity versus

[WITNESS PANEL: Chung|Davis|Chagnon]

1 debt finance. So, this is just the equity
2 portion of that slice that is now being
3 captured in 2019.

4 CMSR. BAILEY: Okay. Thanks. I
5 think I got it.

6 WITNESS CHUNG: I did my best.

7 CHAIRMAN HONIGBERG: Thank you.
8 Thank you for your patience. None of the
9 people talking about this were accountants.

10 I don't have any questions that
11 haven't already been asked and answered.

12 Mr. Fossum or Ms. Amidon, do you have
13 any follow-up for your witnesses?

14 MR. FOSSUM: I do not.

15 MS. AMIDON: No. Thank you.

16 CHAIRMAN HONIGBERG: And there are no
17 other witnesses, correct?

18 MS. AMIDON: That's correct.

19 CHAIRMAN HONIGBERG: I will note for
20 the record that we have received some public
21 comment in this docket. With the exception of
22 a comment from Cheshire County, which is about
23 a specific proposal within the permanent rate
24 case, the bulk of the comments appear to be

[WITNESS PANEL: Chung|Davis|Chagnon]

1 directed at the permanent rate case, although
2 there's some ambiguity. I think a summary of
3 them, and there's probably about ten comments
4 we've received, is there's no support for a
5 rate increase. And you would not be surprised
6 to hear that, Mr. Fossum?

7 MR. FOSSUM: I've reviewed the
8 comments that have made their way to the
9 Commission's website. I would agree that
10 that's generally how they -- I thought there
11 was one that seemed aimed at the Liberty rate
12 case, rather than ours. But, excepting that
13 one comment, yes. I would agree with you that,
14 in general, those comments do not support a
15 rate increase.

16 CHAIRMAN HONIGBERG: I believe
17 there's no member of the public here who would
18 be interested in providing public comment, is
19 that correct?

20 *[No verbal response.]*

21 CHAIRMAN HONIGBERG: All right. That
22 is correct. I think you gentlemen can probably
23 stay where you are.

24 Without objection, we'll strike ID on

[WITNESS PANEL: Chung|Davis|Chagnon]

1 Exhibits 1, 2, 3, and 4.

2 And if there's nothing else, we'll
3 have the parties sum up. I guess we'll start
4 with Mr. Emerson. I mean, I don't expect this
5 to be complicated for any of you. But,
6 Mr. Emerson.

7 MR. EMERSON: If it's fine for me
8 just to say we have no objection to the
9 Settlement, that's -- I'm comfortable putting
10 that on the record.

11 CHAIRMAN HONIGBERG: Thank you.
12 Mr. Burke.

13 MR. BURKE: Just to say that we
14 support the Settlement, and look forward to
15 working with the parties to discuss issues in
16 the permanent rate filing.

17 CHAIRMAN HONIGBERG: Mr. Kreis.

18 MR. KREIS: Thank you, Mr. Chairman.
19 We, as you know, are signatories to this
20 Settlement Agreement. That reflects the fact
21 that the terms and conditions in the Settlement
22 Agreement effectively meet and reflect the
23 standard in the temporary rate statute.
24 Essentially, at this phase of a rate

[WITNESS PANEL: Chung|Davis|Chagnon]

1 proceeding, the Commission's job is to rely on
2 the books and records of the company as they
3 have been submitted, and treat them as true and
4 accurate, unless there's reason to do
5 otherwise, which there isn't. And consider the
6 fact that it is in the public interest to bring
7 the Company up to the rate of return that was
8 reflected in the previous rate case.

9 As a back-of-the-envelope rule of
10 thumb, we note that the Company's original
11 temporary rate request, which would have
12 established 33 million as the revenue
13 deficiency, is less than half of their
14 permanent rate request, and they have dialed
15 that back to 28 million. That seems just and
16 reasonable to the OCA. So, we signed the
17 Settlement Agreement. And we request that the
18 Commission approve it as consistent with the
19 temporary rate statute.

20 CHAIRMAN HONIGBERG: Ms. Amidon.

21 MS. AMIDON: Thank you. Staff
22 supports the Settlement Agreement. We worked
23 with the parties and the Company in negotiating
24 the Settlement Agreement. We believe it's in

[WITNESS PANEL: Chung|Davis|Chagnon]

1 the public interest, and the resulting rates
2 are just and reasonable. We recommend the
3 Commission approve the Settlement Agreement.

4 Thank you.

5 CHAIRMAN HONIGBERG: Mr. Fossum.

6 MR. FOSSUM: Thank you. I'll start
7 by saying, I appreciate the comments of others
8 in support of or not objecting to the Agreement
9 before you this morning.

10 The Company likewise believes that
11 this Settlement Agreement is just and
12 reasonable, and results in rates that are just
13 and reasonable and in the public interest. And
14 that it appropriately meets and reflects the
15 requirements of the temporary rate statute.

16 The Company requests that the
17 Commission approve this Settlement Agreement as
18 it has been submitted, and allow those
19 temporary rates to take effect pending the rest
20 of this proceeding.

21 We're very aware that this is just
22 the beginning of this process. And so, we
23 appreciate being able to work with these other
24 parties to establish temporary rates before we

[WITNESS PANEL: Chung|Davis|Chagnon]

1 get into the real hard work ahead of us and
2 review the full case.

3 So, with that, I'll just reiterate
4 that we request the Settlement Agreement and
5 resulting rates be approved as filed when the
6 Commission is able to do so.

7 Thank you.

8 CHAIRMAN HONIGBERG: All right.
9 Thank you, Mr. Fossum and the other counsel.

10 We will close the record, take the
11 matter under advisement, and issue an order as
12 quickly as we can.

13 ***(Whereupon the hearing was***
14 ***adjourned at 11:01 a.m.)***

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