STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

July 24, 2007 - 10:10 a.m.
Concord, New Hampshire

RE: DE 07-070
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:
Petition for Approval of the Issuance of
Long Term Debt Securities.

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Graham J. Morrison
Commissioner Clifton C. Below

Connie Fillion, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:
Catherine E. Shively, Esq.

Reptg. PUC Staff:
Suzanne Amidon, Esq.

Court Reporter: Steven E. Patnaude, CCR

I N D E X

E X H I B I T S

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P R O C E E D I N G S

CHAIRMAN GETZ: Okay. Good morning. We'll open the hearing in docket DE 07-070. On June 4, 2007, Public Service Company of New Hampshire filed a petition pursuant to RSA Chapter 369 to issue up to $200 million aggregate principal amount of long-term debt securities through December 31 of 2008, to mortgage property, to utilize interest rate locks, and to permanently increase its short-term debt limit to 10 percent of net fixed plant plus a fixed amount of $35 million. Order of notice was issued on June 15 setting a prehearing conference that was held on June 29, at which time it was determined to hold the hearing this morning.

Can we take appearances please.

MS. SHIVELY: Good morning, Mr. Chairman. Catherine Shively, for Public Service Company of New Hampshire, Commissioners.

CHAIRMAN GETZ: Good morning.

CMSR. MORRISON: Good morning.

CMSR. BELOW: Good morning.

MS. AMIDON: Good morning. Suzanne Amidon, for Commission Staff. And, with me today is Maureen Reno, who is a Utility Analyst in the Electric

Division.

CMSR. MORRISON: Good morning.

CMSR. BELOW: Good morning.

CHAIRMAN GETZ: Good morning. Do we have an agreement on how to proceed?

MS. AMIDON: At this point, we understand that the Company will be presenting their witness. And, we are prepared to offer a witness, if necessary. But, at this point, we don't anticipate having Ms. Reno testify.

CHAIRMAN GETZ: Is there anything before bringing your witnesses to the stand, Ms. Shively?

MS. SHIVELY: No.

CHAIRMAN GETZ: Please proceed.

MS. SHIVELY: We call Patricia Cosgel.

(Whereupon Patricia C. Cosgel was duly sworn and cautioned by the Court Reporter.)

PATRICIA C. COSGEL, SWORN

DIRECT EXAMINATION

BY MS. SHIVELY

Q. Would you please state your name for record.

A. My name is Patricia Cosgel, C-o-s-g-e-l.

Q. And, by whom are you employed?

A. Public Service Company of New Hampshire.
Q. And, what is your position?
A. I'm the Assistant Treasurer of Finance for Northeast Utilities and all of its affiliates, including Public Service Company of New Hampshire.
Q. Okay. And, what are your duties in that position?
A. My duties are to raise the capital necessary to fund the business, including short and long-term debt leases, other types of fund mixes.
Q. And, have you previously submitted testimony to this Commission?
A. Yes, I have.
Q. And, are you the witness that's supporting our petition today?
A. Yes.
Q. And, did you prefile testimony?
A. Yes, I did.
Q. And, is this the petition and prefiled testimony?
A. Yes.

MS. SHIVELY: We'd like to mark that as "Exhibit 1".

CHAIRMAN GETZ: Be so marked.

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

BY MS. SHIVELY

Q. And, was this prepared by you or under your direction and supervision?

A. Yes, it was.

Q. And, is it true and correct to the best of your knowledge and belief?

A. Yes.

Q. Are there any corrections or changes that you'd like to make?

A. No.

Q. And, could you summarize your testimony.

A. My testimony, we request authority to issue up to $200 million of long-term debt through 2008, to issue First Mortgage bonds for that debt or to issue bonds collateralized by First Mortgage bonds, to amend and restate the First Mortgage Bond Indenture, to enter into interest rate hedges to hedge the interest rate risk with the proposed debt issuances, and to amend the short-term debt limit from its current 10 percent of net plant.

MS. SHIVELY: The witness is available for cross-examination.

CHAIRMAN GETZ: Ms. Amidon.

MS. AMIDON: Thank you.

CROSS-EXAMINATION

BY MS. AMIDON

Q. The first issue I want to discuss this morning is the short-term debt. You recall that the Company petitioned to the Commission in an earlier docket this year and requested a temporary increase in short-term debt, is that correct?

A. Yes.

Q. And, what amount did the Company request at that time?

A. We requested 13 percent of net plant.

Q. And, what was the duration of your request for a temporary increase to short-term debt?

A. Until our next capital markets financing or the later of our next capital markets financing or December 31st, 2007.

Q. And, this docket represents the capital market financing, is that correct?

A. Yes, it does.

Q. And, still you've asked for a permanent increase to short-term debt?

A. Yes.

Q. And, it's an additional $35 million?

A. Yes. It would be 10 percent, plus a fixed $35 million.

Q. And, that represents 13 percent of net fixed plant, is that correct, approximately?
A. It's a little bit less than that.
Q. Because you requested only a temporary increase in just a couple of months ago, I believe it was a March filing, --
A. Uh-huh.
Q. -- could you explain why you're coming to the Commission now requesting a permanent increase?
A. Sure. At the time that we requested the temporary increase, we had just changed our budgeted financing. So, we had just found out that we had planned to issue throughout 2007 for our short-term debt limits that would exceed the current $100 million that was in place at that time. So, we needed to come quickly and ask for relief of that $100 million test, because our budgets had shown that we could exceed that $100 million by as early as April of this year. Once we -- And, we knew that, and we got the requested 13 percent, that when we issue the bonds as we anticipate, in the third quarter of this year, that that would relieve the pressure on the limit. However, we did say that we would look at and come back to the Department with a more permanent solution to the existing limit.

We took a look at the existing limit, which would go back to the 10 percent of net plant after this interim period, until we financed or at the end of this year, we thought we could have the same issue again in the future, where, because we're continuing to add plant, both transmission, distribution, as well as generation, and we continue to plan additional financings, that we do finance that with short-term debt until we go to the capital markets, that we will be getting -- we could be getting very close to exceeding our limits on certain, you know, high activity days. And, we didn't want to have to be rushing back in to the PUC for the same thing next year or the year after, or have to do multiple smaller financings at additional cost in order to stay below that limit.

So, we said, on a permanent basis, we'd like to have the additional flexibility to just go an incremental amount over that 10 percent of net fixed plant, so we wouldn't have to do, you know, multiple financings or be coming in here several times a year just to ask for, like we did this year, to ask for immediate relief before we do a financing.

Q. But isn't it fair to say that, once you complete the

issuance of this $200 million in long-term debt, that the pressure on short-term debt should be relieved?
A. It should be relieved for this year. But, if the -- the Company is growing its net plant. So that, if it was a stable company, it should relieve it for a longer period of time. But there are planned investments into plant, and, therefore, we will continue to have capital expenditures. And, we could also have, as we've had in the past year, some unexpected heavy storms, which would cost quite a bit to fund as well, and that might push us over our peaks as well.
Q. But has the Company had any problem coming to the Commission with a request for an increase to short-term debt, in terms of the Commission's responsiveness and timely responsiveness to those requests?
A. No, it hasn't. But it's put a lot of pressure on us, internally, to come and do that, to make sure that we get that, and could be a really relatively short turnaround period. And, especially if it's something unexpected, like a storm, that could push you over the limit, and might not have the flexibility to come and have, you know, two or three months to get an order in place.
Q. Would you agree that it would be appropriate for the

Commission to understand where the pressures are in terms of short-term debt, and that coming to the Commission to request an increase in short-term debt might be appropriate in the Commission's oversight of the Company's conduct of its business?

A. Sure. Yes.

Q. Okay.

CHAIRMAN GETZ: Ms. Cosgel, you may need to back off just a little bit from that, --

THE WITNESS: Sure.

CHAIRMAN GETZ: -- from the microphone.

THE WITNESS: Oh. Too fuzzy?

MS. AMIDON: Mr. Chairman, I have about -- I think I have nine data request responses which I will be introducing through this witness. And, I'm requesting that it be marked as "Exhibit 2" through "10". And, I'd like to provide the Commission with a copy of all of the nine data request responses at this time.

CHAIRMAN GETZ: Please proceed.

(The documents, as described, were herewith marked as Exhibit 2 through Exhibit 10, respectively, for identification.)

MS. AMIDON: And, just for the record, I

did provide the witness with a copy as well, and the Clerk has a copy. Thank you.

BY MS. AMIDON

Q. Ms. Cosgel, the first data request you'll see on the list describes the short-term debt balances that have occurred over the past year. Could you answer the question why there has been a growth in the short-term debt balances since November 2006, which I believe is on Page 4 of the data request response, which is identified as "Staff 1-010"?

A. Okay. I think there are a couple reasons why the short-term debt has grown over the last year. And, one I've already mentioned, which is, you know, the continued capital expenditure program. And, we've had higher capital expenditures in 2006 than in the past, and we expect to have higher expenditures in 2007, even than in 2006. So, as we continue to spend on the capital program that will increase our short-term debt, we've had a number of storms in the Winter of 2006-2007, and that has dipped heavily into our storm reserves, where I know we actually have a negative I think it was $14 million balance through -- through the first part of this year just to fund those, those storms.

We also have -- We have ended up, in 2006, paying off or writing down our Part 3 stranded costs. And, when we were collecting those, we were -- a lot of those were non-cash deferrals, so we were able to help alleviate our short-term debt needs through the collections that we were getting through the SCRC. And, now that we're not collecting those, we're collecting just enough to cover our cash expenses, it makes a difference on what our short-term debt balances are. You know, as I said, in the past it was additional collections that could help us keep our short-term debt balances low.

Q. Okay. But let me direct your attention to Page 4 of 8 of the data request response. If you look at the dates in the left-hand column, you'll see that on 11/19/2006 there's "6,700,000" in borrowings.

A. Right.

Q. The next day that jumps to "20.8 million".

A. Uh-huh.

Q. And, then, a month later, if you go down to December 20th, it jumps to "42.7 million". Could you explain for the Commission these departures from what otherwise appear to be sort of a routine, cyclical pattern in the short-term debt?

A. Well, the pattern in the short-term debt for New Hampshire is, on a monthly basis, our peak days are the 20th of the month. And, that's because that's when PSNH makes its fuel payments. So, you should typically see, absent other items that might work in the opposite direction just coincidentally falling within those, that day or several days, that's when the peak of the month will be. And, so, you'll typically see short-term debt going up to pay for those. And, then, each day afterwards, as we start collecting daily revenues, that amount should go down. And, again, it will spike up in the same time the next month.

There is also seasonality, of course, in the business. So, the winter months are typically higher peaks than the summer months, with the same intermonth cyclicality, you'll see, you know, and also in the summer months, but the shoulder months, where like April, May, which are when you see lower revenues, you might see -- you might not see as much of a drop off.

So, every month is a little bit different. You might have, you know, fuel costs affecting, why one month is worse than another and higher than another. So that, you know, it's not going to be exactly the same payments month to month.

And, then, you know, for the other reasons I mentioned, on top of this peak, you'll continue to see short-term debt building up, the base level of short-term debt building up to fund the Cap Ex Program. So, if your peak was $20 million one month, and you keep spending and funding with short-term debt, your peak might be 40 million the next month.

Q. Well, I guess I want to go back to just looking at the increases in those two months, and ask you whether those are attributable to the fuel costs being due on the 20th of the month and what other factors might have attributed to the increase? Because, if you look in the month of November to December, the costs doubled over -- it actually more than doubled.

A. Well, without knowing the details of everything that PSNH has spent on, I would expect that it would have to do with fuel costs, because I know that we do make our fuel payments on that date. And, that would have to do heavily with it. And, like I said, it varies month to month, depending on what those costs are. But, you know, they could have paid a supplier on that month as well, not a fuel supplier, but, you know, a contractor working on one of the plants.

Q. And, then, if you look at Page 7 of 8, on the 06/17/2007, there is a balance of "$37.4 million", and the following day it almost doubles to "$64.2 million".
A. Uh-huh.
Q. To what do you attribute that increase?
A. It's, really, it's the same thing, but there's definitely more Cap Ex in the budget than there was last year. And, again, it's a good way to look at it. If you look at the prior year, when we might have started off at 6 and jumped to 20, now your base level is about 30 or 40, and you're jumping up to, you know, close to 60 or 60 or so. So, your base is increasing with the Cap Ex, your fuel payments are still at the same time, they're affected by varying fuel prices, and other payments that could be made on the same day. Those are the big factors, but you have, like I said, other contractor payments that fall on different days, depending on what agreements you enter into. It's a good way, this table, also to show that we don't have a consistent high level of borrowings. So that, when we request a short-term debt limit, we're not saying that we anticipate our short-term debt to be consistently at that higher limit. But the limit has to be there or sufficient enough to allow us to hit a peak on a day

that has a number of these things coinciding and not breach the limit. But the way the business operates is that every day after that you're getting in revenues, and we use it to pay down the short-term debt. So, that isn't consistently at a higher amount, but, you know, it peaks at different points during the month.

Q. But none of these short-term debt amounts exceed the 10 percent of net fixed plant, is that correct?

A. Not in -- Not through these numbers here. But, in our 2007 budget, they did.

Q. But not in actual experience?

A. Not in actual experience, no.

Q. Now, is this money borrowed from the money pool or from the revolving credit facility?

A. In this time period that we gave you, I think it was all but one day was borrowed from the money pool.

Q. And, why is it your policy to borrow money from the money pool, as opposed to the credit facility?

A. Because the money pool, as long as there is funds in the money pool, it is always our policy to borrow from the money pool because it's less costly than our external credit facilities. We charge federal funds rates for borrowings and earn federal funds rates for investments. But it's only available to the extent that other companies have contributed funds to the money pool. And, it's due on demand. So, if one of the affiliates has contributed funds, but needs it, it can pull it out.

It just so happens that during this period or most of this period the parent company had sufficient liquidity, it had substantial liquidity from selling some of its unregulated businesses, and it put all that money into the money pool, so that the Company had sufficient funds to borrow almost all their borrowings from the money pool during this period.

Q. Is it your intention going forward to use the money pool as a source of funding for short-term debt?

A. Yes. It's our intention to always use it, again, to the extent that it's available. However, it's highly dependent on mostly the parent, what funds the parent has, because our other companies are also growing and have borrowing needs. So, when that cash runs down, we anticipate that the subsidiaries will be borrowing more from their revolving credit facilities.

Q. Do you foresee that there will be insufficient funds in, say, the next year in the money pool for short-term needs for PSNH?

A. I perceive that on a -- there will be insufficient funds to consistently borrow from the money pool. Whenever, even if it's for a day, if there's funds, they will borrow.

Q. Now, there was one day that you mentioned where PSNH borrowed money from the revolving credit facility?

A. Right.

Q. And, could you explain why that occurred?

A. That happened before NU sale -- sold its generation assets. So, it was before it had the liquidity and investment in the money pool. And, there were -- it was relying on liquidity of other companies that had contributed to the money pool. So, on that day, there was insufficient liquidity to borrow all of its needs from the money pool, and it had to borrow some from its revolving credit facility. And, the reason we actually did that at -- we have two options on the revolving credit facility. We can borrow at LIBOR plus the spread or we can borrow at the prime lending rate. And, the prime lending rate is higher, but you can borrow for a day, or two. Whereas, if you borrow at the LIBOR for a spread, you have to borrow for at least a month. So, since we knew we only needed the funds for a day, we borrowed for a day on the revolving credit facility.

Q. What interest did you incur?
A. It was 8.25, I believe.
Q. 8.25 percent?
A. Right. Right.
Q. And, how much is that in dollars?
A. I can't remember how much we borrowed. So, it really depends on that.
Q. Okay. I think it might be in the same exhibit. Page 8. So, the interest would be 2.260 million, is that correct?
A. That would be the annualized interest. So, then, you'd have to divide by 364.
Q. Okay. Yes. Right. Well, I can't do the math, but it is one day out of the --
A. Right.
Q. -- worth of the $2.2 million, which is --
A. Right.
Q. Okay. Thank you.
A. Uh-huh.
Q. So, is it fair to say that one of the reasons that PSNH borrows from the money pool, as opposed to the revolving credit facility, is that there are low interest costs?
A. Yes.

Q. And, how would that impact your customers?
A. It will be beneficial to customers, because they have a lower funding cost.
Q. Thank you. In this long-term funding, PSNH is now requesting $200 million, to be issued, as I understand, a portion of it issued in September of this year, and then the remainder issued in sometime late spring, next year, April-May period?
A. Right.
Q. The last time PSNH came to the Commission and requested a long-term debt increase, it only requested $50 million.
A. Uh-huh.
Q. So, would you explain more fully for the Commission why this, you know, rather significant increase in short-term debt -- I mean, long-term debt is required at this point?
A. Oh, I believe the last time we came in it was mostly funding the Schiller, construction of the Schiller Station. At the time, we didn't have any debt foreseen in the future in our business plans. But, at this time, we do have long-term debt, and it has to do with, not the Schiller construction, but other transmission, distribution, and other generation projects that are in

our business plan.

Q. And, these projects are taking place over what period of time?

A. Well, there will be -- there are projects going out, you know, several years, and over a three year period or so. And, we may continue to have funding needs, but it really will depend, as we get closer to doing those budgets and business plans, if we will continue to have. But we anticipate that there will be enough spending within the next two years that we will need to issue that much long-term debt in order to have an appropriate capital structure in place.

Q. What is PSNH's current long-term debt amount?

A. I believe it's 507 million.

Q. So, this would substantially increase it?

A. That's correct.

Q. But it --

A. It will increase it, but rate base is also correspondingly increasing as well, because you're building plant.

Q. I understand. If you look at the next data request, I believe that may be identified as "Exhibit 3" at this point, it's Data Request Staff 01-001. In this answer, you respond to our question regarding the considerations that PSNH undertook to issue Institutional Debt or Retail Debt. And, in addition, in the second paragraph, you talk about what PSNH would do at the present time in looking at the market conditions.

A. Uh-huh.

Q. Just for the record, would you briefly explain the difference between Institutional Debt and Retail Debt?

A. The difference has to do with the type of investors that would purchase the debt. In the Institutional Debt, the investors are large mutual funds, pension companies, insurance companies, that buy large, millions of dollars worth of the bonds and has huge bond portfolios.

Retail Debt is purchased by individual investors, in smaller increments, usually $10,000 increments. And, it's -- the retail investor is not as focussed on the daily fluctuations and interest rates in the market. They're looking for an all-in yield, and they compare it to their other investment options, such as, you know, CDs and other investments that an individual investor might make. So, they don't react as quickly to economic news or other things that move interest rates that an institutional investor will be very attuned to.

Therefore, particularly when interest rates are rising, but, in most economic environments, it may be advantageous to issue to retail investors, because their rates are pretty stable. Whereas, an institutional investor will demand a higher rate immediately as treasuries increase. It might take some time before a retail investor catches up to that and demands a higher rate. So, there's often an opportunity to issue to these investors and get a lower cost of funding.

I will also say that another difference is that, because you're issuing bonds to these retail investors, you're issuing in much smaller increments, you have to go out to numerous investors, as opposed to just a few institutional investors that will ultimately buy the bonds, and, therefore, the underwriting costs are significantly higher. The typical underwriting cost for a 30 year bond is 0.875 percent, but it's 3.15 percent for a retail bond. However, if you -- if you insure the bonds, and there's a cost to that as well, about, you know, 15 basis points approximately, you can get a AAA rating on the bond. And, the coupon advantage of doing that, even including the incremental

cost of the insurance, the incremental underwriting cost, can get you an all-in rate that's less than an institutional bond's all-in rate, in some market environments. So, we always do that comparison, looking at all the costs and the market environment and the coupons that we can get, to see all-in one compared to other, what's more advantageous for the Company to issue.
Q. So, in the second paragraph of the document marked as "Exhibit 3, you state that "If current market conditions existed at the time of issuance, that PSNH would issue Institutional Debt."
A. Uh-huh.
Q. This was something that was dated about a month ago. Would this -- Would your decision hold today?
A. Yes, that's about -- the difference in the relationship hasn't really changed since we last spoke.
Q. Okay. In the data response marked for identification as "Exhibit 4", which is Staff 01-002, there's a description of the "widening credit spreads"?
A. Uh-huh.
Q. In connection with this, why would PSNH forgo issuing 5-year First Mortgage Bonds at a lower credit spread?
A. Are you asking why we would issue 30-year versus

5-year, because the credit spread's lower?

Q. That's the same question, but, yes.

A. Okay. The reason is because PSNH, as well as other utilities, typically try to issue the longest term debt possible, because they're financing permanent assets with long lives. And, if you -- And, by issuing long term -- the longest term debt, you are eliminating the refinancing risk. Because, if you issued shorter term debt, such as, you know, 3 years, 5 years, 7 years, in that time period you would have to refinance the debt and you would be subject to the interest rate market conditions at that time. If you had an asset that wasn't permanent, which is difficult to think of in a utility, that's more appropriate. If you were in an interest rate environment that was unusually high, you might want to do that as well.

But, in this market environment, we have two things that -- additional factors that favor long-term financing. One of them is that interest rates are still near historic lows. So, you know, a 30-year rate is at a rate that's comparable to the lowest it has been in the last couple decades, not at the lowest, but it's still near historic lows. The yield curve has been, for the last couple years,

relatively flat, at times inverted, meaning short-term rates -- very short-term rates have often been a little bit higher than long-term rates, which makes it very favorable for a company to go as far out as you can, because the incremental difference in the treasury part of the financing is very small. In fact, it's about, oh, 10 basis points between a 30-year and a 10-year treasury rate right now. So, it makes sense to go out an additional -- have additional 20 years locked in at a low coupon rate for an additional 10 basis points.
Q. Does this also save the Company issuance costs?
A. It does, because you wouldn't have to refinance as many times. If you did a 5-year, you'd have to refinance in five years, that you would have additional issuance costs, as well as be subject to whatever market rates were at the time.
Q. And, in your opinion, how would this affect customers?
A. It would benefit customers, because we would be passing on lower financing costs to customers to keep their rates lower.
Q. Thank you. In the exhibit identified as "Exhibit 4", there's a discussion about long-term debt and the capital structure. Am I on the wrong one? I think I am. Pardon me. Give me a second here. Yes, I was

incorrect. I'm looking at the next one.
A. Okay.
Q. Which is marked for identification as "Exhibit 5". That is Staff 01-017. And, this talks about -- the question is about how PSNH is going to maintain its debt/equity ratio, which the Commission approved in PSNH's delivery service rate case, under DE 06-028. As you probably know, there was a equity/debt ratio that was established in that order, and you're talking about increasing long-term debt --
A. Right.
Q. -- by $200 million and requesting an increase in short-term debt. So, would you explain how the Company plans to meet the requirements of the debt/equity ratio approved by the Commission in that prior docket?
A. Sure. The Company always looks at each quarter where their targeted capital structure is. And, their targeted capital structure is targeted at that approved rate, which also translates into, because they're calculated somewhat differently, to a rating agency's rate of 55 percent debt/45 percent equity, and determines what the appropriate equity investment would be if it needed such as equity investment to keep that structure balanced and at the target.

Based on our projections, which we have outlined here as well, we anticipated that we would make about $49 million of capital contributions to PSNH, so that we would keep the capital structure at this target, and that would include the effect of issuing the $70 million that we anticipated issuing this year.

Q. And, if necessary, would PSNH be able to get additional equity infusions from NU?

A. Yes. We would -- Every time we do, when we do make those equity infusions, we actually go to the NU Board. And, so, we would have to go and we would have to explain why there was a difference between what we projected and what we needed to do, but there isn't any restriction on asking for more, as long as it was reasonable.

Q. Will expected retained earnings over the financing period be able to match the difference between long-term debt and common shares outstanding?

A. So that we would fund it with just cash, as opposed to equity? You're saying, instead of making a capital contribution, we would just -- our earnings would just grow through retained earnings.

Q. Okay. Thank you. That was -- You correctly unraveled that question.

A. Okay.

Q. I just have one more question that, not here, but with respect to the mortgage bonds. Do you expect the current credit spread of the Company's 30-year First Mortgage Bonds to remain between 1.15 percent and 1.25 percent during the financing period?

A. It has been -- I can tell you, if I issued today, it would be around 1.25 percent. I don't anticipate, based on factors we know today, that there would be a wide variance. But, even if you look back in the prior question at that credit spread history, there have been some times in the past where spreads have just shot up dramatically. And, it wouldn't be based on anything particular to PSNH, but there could be other market forces, such as another utility blow-up, like an Enron or something, that temporarily could cause credit spreads to blow out. So, I can't predict what they will be, but, based on current factors, I expect them to be around where they are now. Now, they could widen maybe five to ten basis points. I don't expect them to widen dramatically, unless there is some other, you know, unforeseen event in the economy or in the utility industry in general.

Q. Thank you. In your testimony, you indicate that the Company was going to use some kind of hedging mechanism to lock in rates. And, the next data response, which is marked for identification as "Exhibit 6", which is Staff 01-009, you discuss the difference between two options that you have there. That is an "Interest Rate Lock" and a "Forward Starting Swap". Could you explain how these mechanisms work and --

A. Yes. They're very similar, the two of them. "Treasury Rate Lock" is -- they both work in the sense that they lock in a rate or a portion of your coupon that you will ultimately issue the bonds at in advance of the issuance. And, the rate that's locked in is compared to the rate that the bonds are actually executed at. And, the difference is amortized over the life of the bonds. So that the effective rate on the bonds is the rate that you've locked in.

So, for a Treasury Lock, you would lock in the treasury rate that will match the maturity of the bonds that you plan on issuing. So, if you plan on issuing a 30-year bond, you will lock in a treasury rate. And, if we executed today, you might lock it in to, say, September 30th, I mean, because that's the date you plan on pricing your bonds. When

September 30th comes along, you will compare that treasury rate to the actual 30-year Treasury rate. And, if it's higher, the counterparty will make a payment to PSNH, and that payment will be amortized over the life -- the 30 year life of the bond, so that it effectively compares the cash flows between a 30-year locked rate versus the actual rate. And, it will make the rate -- effective coupon rate equal to the locked rate. If it's lower, the exact opposite occurs. The Company will make a payment to the counterparty, and that payment will be amortized over the life of the bonds. So, you still lock in -- So, your effective rate is still the rate you've locked in. It's transparent to investors. They don't know or care if you lock the bonds in. They get the coupon. But, on your books, you're effective rate is the actual rate.

The "Forward Starting Swap" does the same thing, only, instead of locking in the treasury, it locks in the LIBOR swap rate with the same maturity as the bonds that you're issuing. And, the LIBOR swap rate is quoted as a "slight spread to treasuries", so make it a 30-year Treasury rate, plus a swap spread. And, so, in effect, you're -- it's looked upon as if you're hedging a little bit of your credit spread as well. And, the reason why we're doing Forward Starting Swaps now, as opposed to Treasury Locks, is -- one of the reasons is because it does lock in a little bit of the credit spread. But it's -- also there are some recent viewpoints, in terms of the accounting, where our auditors and the SEC -- they've caught onto the SEC looking closer at Treasury Locks that make the accounting more difficult, make it -- effectiveness testing more frequent and more difficult. So, it's just more administratively a burden for a company to do Treasury Locks. While they can still do them and hedge, if there's any portion that's ineffective, it has to go right to earnings. And, we decided that we'd prefer to use the Forward Starting Swap for that reason.

Q. So, there's a counterparty that's at risk on these arrangements?

A. What do you mean "at risk"?

Q. Well, is there any other counterparties guaranteeing performance or anything like that in connection with the swap?

A. Well, we will enter into with a counterparty, and our counterparty will be a banking institution, and our

policies require us to have a banking institution that has a credit rating of A or better, so that we're not subject to any counterparty credit risk.
Q. Have you selected a counterparty at this point?
A. No, because, when we do a hedge, we do it competitively. So, at the time of execution, we usually get two or three banks on the line, and we ask for their bids simultaneously. They pretty much come on right on top of each other, but it ensures us that they're giving us the market quote.
Q. Okay. And, so, you've made a decision about which approach you're going to take?
A. Well, we will pick one of the banks that's in our policies and procedures, because they will be approved counterparties. And, we would use the Forward Starting Swap.
Q. Okay.
MS. AMIDON: One moment please.
(Short pause.)
BY MS. AMIDON
Q. Do you have any thoughts about how interest rates will behave between now and October?
A. I don't know. You were expecting that answer. But I really don't know how interest rates will behave

between now and October. I can't even tell you what will happen between now and next week. I can't -- I don't rely on anything. And, I think my position is that we're not doing this to take a position on what interest rates are going to do, because we're not trying to speculate on interest rates in order to make a profit. Our philosophy is to use hedging as a way to manage volatility and manage uncertainty, by locking in a rate in advance, between when we plan an issuance and we actually execute an issuance, to make sure that we've removed any potential risk of rising rates to the ratepayers.
Q. And, what is the advantage, if any, to customers in PSNH's hedging or locking in interest rate costs in connection with the long-term financing?
A. The advantage is that, by locking in the rate, the customers can be assured that, once all the factors are in place that would allow us to know with certainty what type of debt we're issuing, in terms of we have the appropriate authorities, regulatory, internal approvals. That we fix the rate so that it removes all of the risk to ratepayers of rising interest rates. We don't know what will happen to rates, they might rise or they might fall, but we were protecting the

ratepayers from any rising rates between that period.
Q. Thank you. And, I don't know if we've locked at the exhibit marked for identification as "Exhibit 6", but this also provides some of the analysis that you just discussed with respect to the merits of entering into a Treasury Lock or Forward Starting Swap?
A. Yes.
Q. Thank you. And, that is Staff Question 01-009. And, I guess I did mention that earlier. Too many double O's. I have a few questions regarding to -- regarding the Indenture. I know there is an exhibit, I believe it's Exhibit 7A to -- or Attachment 7A to Exhibit 1, that details the changes to the Mortgage Indenture. Am I right on that? Is that the correct document?
A. That is the "Summary of the Material Provisions".
Q. And, while I don't want you to go into a restating of that attachment, which I just wanted to point out for the Commission's benefit, could you summarize the highlights of those changes for us?
A. Sure. Certainly.
Q. Thank you.
A. Certainly. The major changes that we are proposing for this mortgage are mostly focussed on the methods that -- and methodology for issuing new bonds under the

Indenture. The Indenture would require -- The new Indenture would remove the provisions that you would base new issuances on the basis of property additions or bondable property and prior -- redeem bonds which are bonds that have been issued, have since been redeemed, and can be used as credit for new issuance. And, the reason we're doing that is because it's a very complicated formula that is difficult for us to figure out and impossible for investors to figure out. And, instead, we're replacing that with an issuance test that allows us to issue new bonds, as long as our net plant is at least 75 percent of -- excuse me, outstanding debt is at least 75 percent of net plant. That test would also apply for any sale of assets or release of assets from lien of the Indenture or release of any cash proceeds from the Indenture will be permitted as long as our outstanding debt does not exceed 75 percent of net plant.

The Indenture retains the same level of first priority of lien on all the major assets of the Company. It doesn't change any of the typical redemption provisions, and we said it focusses on the ability to -- the tests and the ability to issue new bonds. It also removes the net earnings for interest coverage test, which is not a maintenance test or an ongoing test, but it's an issuance test for the bonds. And, the reason that we removed that is because it -- and it's for investment grade bond issuances, it's not an investor requirement, and it will improve the flexibility of the Company to be able to issue debt without that test.

Although none of these provisions currently restrict New Hampshire from issuing the bonds, we have had -- this is -- all our indentures are very similar for other companies, and we have had issues in terms of that we've had to revise mortgages because of some of these issues in the past, and we're trying to be proactive in New Hampshire, because it's a long consent process in order to get these changes implemented.

Q. And, so, you're seeking approval of the Commission, and you just said that there's a long consent process?

A. Right.

Q. And, that's because you need to have a majority of bondholders?

A. Right. These changes require 50 percent bondholder approval. And, as I said, we have about $500 million in bonds outstanding that have not consented to this, these changes. We could alternatively call a bondholder meeting and request them to approve it, and we would need 50 percent of their consent. But that would very likely involve a payment to investors to induce them to make the amendments. So, we have decided that we could also do it through issuance, issuance consents. So, each new purchaser of new bonds for PSNH would also consent to this mortgage. And, as we issued new bonds, we would count those as towards the 50 percent credit. And, then, at some point in the future, when we've issued enough to be 50 percent of outstanding bonds, these amendments would go into place.

Q. And, that would be what year do you think?

A. We know it's not before 2012. And, that's as far as we know.

Q. Okay. I think you explained this, but was it primarily a business reason then and the complexity with respect to the existing Mortgage Indenture that you decided at this time to amend it?

A. Right. For New Hampshire, it has to do with complexity. Our investment bankers tell us that the one thing that investors do look at in indentures is how much additional debt a company can issue under its

Indenture. And, for a company that has some of these older indentures, it's very difficult for them to figure it out. And, I'm confident they wouldn't be able to do it with New Hampshire. So, they like the flexibility -- the ability to be able to figure that out. But they don't -- they're not concerned with the other tests that we have in this Indenture. They don't -- They're not in new First Mortgage Bonds for investment grade utilities. Their major concern is that they have first priority lien on the assets. So, we're doing that to make it easier for ourselves, easier for the investors, and also just anticipating, if there were ever, in the future, a reason why we would need this flexibility, we would have it. And, it's something that investors are willing to give us. That's pretty much it.
Q. In your judgment, are these changes going to increase risk to the bondholders or to the Company or to customers?
A. No.
Q. What is PSNH's overall credit rating and rating on its current long-term bonds?
A. Well, for Standard & Poor's, it's BBB flat; it's Baa1 for Moody's; and BBB+ for Fitch.

Q. Do you think that there will be any impact on these credit ratings with these changes in the --
A. No.
Q. And, do you have any experience or any reason to be so sure in your response?
A. Well, we have also made the same changes for our Connecticut Light & Power Indenture. It's substantially similar to this proposed Indenture. And, we've done that, we've issued bonds there since 2004. And, we have -- every time you issue a bond, rating agencies have to reaffirm your rating. So, they have looked at this many times, in addition to their annual review of the Company, and it has never affected the ratings of the company. And, again, as I said, our investment bankers have told us they have never even heard an issue from any of the investors on it as well.
Q. Are you aware of any other companies, other than your affiliate, Connecticut Light & Power, that has made similar changes to their indentures?
A. I don't know if they've made changes. I know there are other companies that don't have the same covenants that our old Indenture had. There still are others that do, because they have old indentures like we do. Within our company, we have new indentures for other --

another affiliate, our Western Massachusetts Electric Company, and also the parent company, that we have put on within the last five years. They're unsecured and they still don't have these covenants.
Q. In fact, if you look at Staff Data Request 01-003, which is marked for identification as "Exhibit 8", you respond in a little bit more detail about the success of CL&P, and that they've been able to raise additional monies under the new consents. And, you said that they had the complete consent to their indenture, is that correct?
A. They did. CL&P needed it. That's what I'm talking about, the flexibility issue. CL&P sold assets because of the restructuring in Connecticut. And, it -- the way that the indenture works, which is the same as PSNH, was the bondable property test, when an asset was added to it, it was added at -- it was at book value, but removed at fair value, and we sold the assets for significantly more than book value. So that it created this big bondable property hole. And, the Company was not able to issue under its indenture using bondable property at that time. And, we knew that we had a large capital program coming for CL&P, and the existing indenture would have blocked us out from issuing

secured debt.

Yet, at the same time, we were -- we had a lot of collateral. We had tons of net plant. So, it doesn't -- the restrictions didn't always make sense. So, we were able to, for Connecticut, we first looked into doing this revision, we had the same 75 percent test. We went to investment banks to review the -- you know, what was standard in the market. We went to some special counsel that focuses on First Mortgage Bonds, on making sure we have everything that's in there that an indenture requires. And, we issued -- we put this in place for CL&P. Because of restructuring, we used proceeds to retire nearly all of the debt at CL&P. So, at the time, there was only one remaining outstanding bond for CL&P. So, our consents became much quicker, because we had just that bond outstanding. It was about 137 million, yet we've issued almost a billion since then. So, maybe two years into the process, we had the required majority consents.

Q. And, do you think that investors are going to look less favorably on the Indenture with the removal on the interest cost --

A. Oh, not at all.

(Court reporter indicating difficulty

hearing end of question.)

BY MS. AMIDON

Q. Okay. Do you think that investors will look less favorably on the Indenture with the removal of the interest cost ratio requirements?

A. I said "not at all." We know that from CL&P, because we have the actual history there, that that was never even an issue. I know that from our investment banks telling us that they won't even focus on it, it's not required in the new First Mortgage or unsecured bonds. In fact, I'm told that, you know, as I mentioned, it's primarily that they have -- they're at the top of seniority and that they own First Mortgage/First Priority liens on the assets, that is the key for investors, and that you can't overleverage the Company. So, that this -- that this is why we have this alternative test. And, that, because of their history with First Mortgage Bonds, and particularly with utility First Mortgage Bonds has been very positive, if you think of some of the "worst case" scenarios that a utility can go through, such as bankruptcy, they've always continued to get their principal and interest on First Mortgage Bonds. And, that's really what matters to the investor.

Q. Because it's secured by the assets?
A. It's secured by the assets, and no other creditor has a higher claim.
Q. Okay. Does the Company's current total debt to net capital ratio demonstrate whether PSNH can pay back debt?
A. Debt to total capitalization? It does. And, that's a different ratio. You know, you would be -- a company would be considered highly leveraged if they had too high of a percent of debt to total capital.
Q. I'm getting a revised question here.
A. Okay.
Q. Does PSNH's current total debt to net plant ratio, --
A. Oh.
Q. -- how does that effect your ability to --
A. There are a lot of ratios that you can look at, to look at the Company's credit quality. You can look at an interest coverage, you can look at a capitalization ratio, you can look at a total debt to net plant. What the total debt to net plant does is demonstrate that the Company is not leveraging up its entire asset base with debt. And that, in addition to -- it's that, in addition to the first priority lien, in addition to, you know, history of always getting principal and

interest. You know, you can look at some of the recent examples, Entergy New Orleans, where the whole service territory was obliterated, and they continued to pay their principal and interest.

MS. AMIDON: One moment please.

THE WITNESS: Uh-huh.

(Short pause.)

BY MS. AMIDON

Q. All right. And, if PSNH wasn't able to pay back the debt, obviously, you would have problems?

A. We would have many significant problems.

Q. I know it goes without saying, but it was --

A. Another place where --

Q. -- it's a logical consequence.

A. Of course. And, it's not the same market, but, in a similar instance, for -- and not just an investment grade bond, but in the bank market, for investment grade bank debt, they've removed, for the last several years, interest coverages have been taken out of revolving credit agreements as well, and just remaining a leverage test.

Q. Yes. No, I understand. The final two exhibits, which are response to Data Request 01-005 and 01-013, really constitute the form of information which Staff would like PSNH to provide on a quarterly basis to the Commission, so that we can just observe the net earnings for interest ratio through the course of the financings. Would this be a problem for the Company to provide to us?

A. You're asking for a "net earnings for interest coverage"?

Q. Yes.

A. For the next couple quarters?

Q. Yes.

A. For how long? I mean, it's not a problem to provide, but, once we remove it from the Indenture, it's just one less thing that we need to calculate, but we already do calculate it every quarter. So, how long do you -- are you asking for?

MS. AMIDON: Just one moment please.

(Short pause.)

BY MS. AMIDON

Q. Where -- You say you do this quarterly. Do you file this with the Commission quarterly?

A. No, it's just an internal calculation.

Q. And, would it be a problem to file it with the Commission?

A. It wouldn't be, other than we won't be -- we won't be

doing it -- well, actually, we will be doing it -- actually, let me correct myself.
Q. Uh-huh.
A. Until this mortgage goes into effect, so there's consent, we will have to do it. So, we will be doing it for --
Q. For a limited period of time?
A. Yes.
Q. Well, for that limited period of time, would it be possible for you to share that with the Commission?
A. Yes.
Q. Okay. Apparently, Staff would like you to continue to provide that, I guess, through this process, for an indefinite period on a quarterly basis. And, what's the Company's response to that?
A. It's not that difficult to calculate.
Q. Okay.
A. So, we can do it. You know, and, again, it's not something that anybody really looks at, but we can provide it.
Q. Okay. Well, thank you.
A. Uh-huh.
MS. AMIDON: That concludes our questions, Mr. Chairman.

BY CMSR. BELOW
Q. Well, there is one thing that confused me a little bit, and it partially pertains to your prefiled testimony on Page 19. When you responded to the question "How will PSNH obtain consent from bondholders?" And, you primarily talked about the prospective, getting consent with the issuance of new bonds. And, then, in your oral testimony, you just referred to the difficulty with getting it from existing bondholders. And, I just wasn't clear, have you already reached out to existing bondholders or are you just anticipating that or would you make some effort to try to solicit the consent of some of the existing bondholders?
A. Well, we haven't done that, and that's just been based on the advice of our investment bankers. In other experiences with consents with bondholders, not just for this affiliate, but other affiliates asking for those, we actually did, for CL&P, reach out, and we -- to one of the bondholders, which was a large bond insurance company. And, they wanted to be compensated as well. And, we knew there, while we needed it, we would get it pretty quickly, without having to pay anything.
Q. So, the issue is primarily existing bondholders want to

be compensated for their own review of it, or for whatever reason there, you just think it's unlikely that you will get significant consent with existing bondholders?
A. It's unlikely, because they can ask, because they know you want something. And, it's always an opportunity for them. They typically get some fee for any kind of consent that they get. So, if it's not something we need right away, we don't want to pay for it. So, that's basically why we go to the route where, on a new bondholder, doesn't really care about the changes that we're making, they don't hold the bonds yet, they can't ask for any compensation. They say "fine", you know, "I consent when I buy these bonds."
CMSR. BELOW: Okay. Thanks.
BY CHAIRMAN GETZ
Q. Good morning.
A. Uh-huh.
Q. I want to follow up in a couple of areas. First, in Exhibit 8, in your data response about the Indentures, I want to make sure I'm understanding this. There's, in the middle of the second paragraph of the response you talk about how "modern indentures are simpler and easier to administer" and they "don't have things like

the interest coverage ratio". So, would it be fair to say that these existing provisions were not necessarily peculiar to PSNH because of their financial history?
A. Right.
Q. And, that the elimination of them is basically just due to a change in industry practice for investment grade utilities?
A. Right. That's correct. And, in fact, PSNH bond -- current bond indenture was modeled after the CL&P indenture, which was in place since 1921. So, they're protections that have been put in a long time ago, may never really inhibit a company, but they may. And, that's why we were changing them, because newer bond issuances, investors aren't asking for these types of issuance tests or covenants. And, that's not particular to PSNH.
Q. And, the other area is on Page 26 of your testimony, talking about the short-term debt limits.
A. Uh-huh.
Q. And, if I -- I'm looking at, I guess, Lines 9 through 11. And, is says "current" -- "as of March 31, 2007", the short-term debt limit, at 13 percent, would be "142 million".
A. U-huh.

Q. And, if I'm doing my math correctly, that really would be the equivalent of 10 percent, plus 33 million?
A. That's about right, yes. Thirteen percent, yes.
Q. So, then, -- So, essentially, what you're asking for, with the 10 percent and plus 35 million, would be a slight increase over the current limit, but then, if you turn to, I guess, those charts on Page 29, --
A. Right.
Q. -- you're saying that, with the increasing net plant, --
A. Right.
Q. -- if you use 10 plus 35, 10 percent plus 35 million, you're going to see a decreasing percentage amount, is that correct?
A. Right. Because it's a percent of net plant, and that's expected to grow.
Q. And, you're also saying on, if you start on the bottom of Page 27 and carry over to Page 28, that I guess I would -- characterizing this testimony here is that, while the incremental 3 percent isn't absolutely necessary at this point or going forward, that it is desirable for essentially providing more flexibility in case there's spikes in the short-term debt needs, is that a fair --

A. That's correct.

Q. And, then, the selection of the $35 million level is really in relationship to what the current level is, as opposed to any forecast of what might be necessary?

A. Right. It's really based on what we -- when we came up with the 13 percent, what that roughly equates to, and didn't want to keep the same percentage, because it would continue to grow, and we really thought this is, in the foreseeable future, what we might need. So, we limited it to a fixed amount above the 10 percent. And, it does allow for some cushion for, you know, unforeseen events as well.

Q. And, those types of unforeseen events, you I think initially talked about were expenditures for major storms?

A. Could be major storms, could be just the coincident of a day when you have already a high base of short-term debt, because you're financing your Cap Ex, you're getting close to a financing, so your short-term debt level is building up, building up, and then you have a day when you have to make a lot of payments. It might be a day when all your fuel costs are due, and there happens to be a tax payment due on the same day, and it just shoots you above your limit. But it's not intended to stay there for a long period of time, because, number one, you'll continue to get revenues in day after day to pay it down, and then you'll plan long-term financings to finance the permanent part of your short-term debt.

CHAIRMAN GETZ: All right. Redirect, Ms. Shively?

MS. SHIVELY: Could I just confer with the witness for a moment?

THE WITNESS: Sure.

CHAIRMAN GETZ: Certainly.

(Atty. Shively conferring with the witness.)

MS. SHIVELY: I have only one question.

REDIRECT EXAMINATION

BY MS. SHIVELY

Q. With the Modified Indenture, if you needed, based on future conditions, if you needed to add somewhat more restrictive covenants, is there a vehicle for doing that?

A. Yes. We could always add more covenants in the future, more restrictive covenants, if for -- in future time periods, if investors changed their requirements for what they might need in an indenture, and they needed, you know, an earnings test or they needed other covenants, we could always add it to the Supplemental Indenture for those bonds, and then it would be applicable, as long as those bonds were outstanding, for all future issuances. And, there really isn't any process to that. We would just easily add it right to the indenture. And, it's not the same as removing a covenant, where you would need to go through the consent process. So, you know, we won't ever be inhibited from issuing debt because we're removing something that's currently not required.

CHAIRMAN GETZ: Okay. I believe that's all the questions for the witness, and thank you very much. And, you may be excused.

THE WITNESS: Oh. Thanks.

CHAIRMAN GETZ: Ms. Amidon, have you decided whether you want to proffer a witness?

MS. AMIDON: We don't need to proffer a witness. Thank you.

CHAIRMAN GETZ: Well, then, is there any objection to striking identifications and entering the exhibits as full exhibits?

MS. SHIVELY: No objection.

CHAIRMAN GETZ: Then, hearing no

objection, they will be entered as full exhibits. Is there anything else before we allow for closing statements?

(No verbal response)

CHAIRMAN GETZ: Then, before we do that, though, in your closing statements please refresh my recollection if there is some issue about timing that we need to address with an order. But, Ms. Amidon, let's turn to you.

MS. AMIDON: Thank you. Staff has reviewed the filing and conducted the discovery. We've looked at the increase, the requested permanent increase to short-term debt, and we disagree with the Company that there needs to be a permanent increase to short-term debt. We would recommend that the short-term debt be increased as the Company requested, until the long-term financing is complete, or until the end of the year 2008. The reason we say that is because we do think it's important for the Commission to know what's going on with the Company with respect to its business needs. And, while I think the Company demonstrated that they believe their net plant worth will increase, thus bringing the short-term debt more in line with the rule requirements, we still believe that a limited increase in short-term debt is appropriate.

With respect to the long-term financing, Staff agrees and recommends that the Commission approve the Petition. We have understood, in the PSNH delivery rate case, that there is a lot of capital expense that the Company plans to invest in over the next two calendar years, in particular. And, as long as PSNH intends to meet the debt/equity ratios in the capital structure that was approved by the Commission in docket number 06-028, PSNH's Delivery Service rate case, we don't have an objection to the issuance of the $200 million of long-term debt.

As the Company testified, the Interest Rate Lock is a mechanism that will help them manage costs and they have foreseeable costs, and we believe that that's a prudent business activity for the Company to engage in, because it does give some stability to the customers' rates, and also because interest rates are at a low rate right now, and we think that it's appropriate to lock in and it will benefit customers. So, we support their use of a hedging mechanism to lock the interest rates.

Finally, with respect to the proposed Indenture, we support the changes, because the Indenture does provide the security to bondholders and that the debt

-- the assets of the plant are available to bondholders to redeem the debt. However, as consistent with our questions to the witness, we would request that that be conditioned on quarterly reporting of information consistent with that in the Exhibits 9 and 10, so that the Staff can evaluate and stay apprised of the capitalization and their debt and debt costs. Thank you.

CHAIRMAN GETZ: Thank you. Ms. Shively.

MS. SHIVELY: Yes. The Company's request would provide us with the authority and flexibility that the Treasury Department needs to economically manage our financings. We do not have any objection to the proposed changes that Staff has made. We're comfortable with having the short-term debt be limited to the end of 2008, and also with filing the quarterly information on the net earnings for interest coverage test with the Commission. So, I think pretty much we're in agreement with Staff, and would ask that the Commission approve our request, with those changes.

MS. AMIDON: And, Mr. Chairman, I would note, there is a time constraint. Is that right, Attorney Shively?

MS. SHIVELY: Yes. Because we do have to wait 30 days before the order is finally effective, and we're looking at financing in September, you know, like the end of the month would be great, but the end of next week would be okay also.

CHAIRMAN GETZ: Okay. Well, thank you for that. Is there anything further?

MS. AMIDON: No.

CHAIRMAN GETZ: Then, we'll close the hearing and take the matter under advisement. Thank you.

(Whereupon the hearing ended at 11:25 a.m.)