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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

October 9, 2007 - 11:04 a.m.
Concord, New Hampshire

NHPUC OCT30'07 AM 9:50

RE: DE 07-096
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:
Petition to establish its Default Energy
Service rate for bills rendered on or
after January 1, 2008.
(Prehearing conference)

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

Connie Fillion, Clerk

APPEARANCES: **Reptg. Public Service Co. of New Hampshire:**
Gerald M. Eaton, Esq.

Reptg. Constellation NewEnergy and
Constellation Energy Commodities Group:
Steven V. Camerino, Esq.

Reptg. Residential Ratepayers:
Meredith Hatfield, Esq., Consumer Advocate
Kenneth E. Traum, Asst. Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.

Court Reporter: Steven E. Patnaude, CCR

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I N D E X

PAGE NO.

STATEMENTS OF PRELIMINARY POSITION:

Mr. Eaton	5, 11
Mr. Camerino	7, 10
Ms. Hatfield	8
Ms. Amidon	9

1
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MR. CAMERINO: Good morning,
Commissioners. Steve Camerino, from McLane, Graf,
Raulerson & Middleton, on behalf of Constellation
NewEnergy and Constellation Energy Commodities Group.

CHAIRMAN GETZ: Good morning.

CMSR. BELOW: Good morning.

MR. ARNOLD: Good morning, Mr. Chairman.
For the Campaign for Ratepayers' Rights, Patrick Arnold.

CHAIRMAN GETZ: Good morning.

CMSR. BELOW: Good morning.

MS. HATFIELD: Good morning,
Commissioners. Meredith Hatfield, for the Office of
Consumer Advocate, on behalf of residential ratepayers.
And, with me this morning is Ken Traum, Assistant Consumer
Advocate.

CHAIRMAN GETZ: Good morning.

CMSR. BELOW: Good morning.

MS. AMIDON: Good morning. Suzanne
Amidon, for Commission Staff. And, with me this morning
is Steve Mullen, who is an Analyst with the Electric
Division, and he will be working on this docket.

CHAIRMAN GETZ: Good morning.

CMSR. BELOW: Good morning.

CHAIRMAN GETZ: Mr. Arnold, am I correct

1 that you're not seeking to intervene?

2 MR. ARNOLD: That's correct. That's
3 correct.

4 CHAIRMAN GETZ: Okay. Is there any
5 objection to the Petition to Intervene by the
6 Constellation companies?

7 MR. EATON: No.

8 CHAIRMAN GETZ: Okay. Noting that
9 there's no objection, and that the Constellation has
10 demonstrated rights, duties, privileges, and other
11 interests affected by this proceeding, we'll grant the
12 Petition to Intervene.

13 Is there anything we should address
14 before allowing the opportunity to state positions?

15 (No verbal response)

16 CHAIRMAN GETZ: Hearing nothing, then,
17 Mr. Eaton.

18 MR. EATON: Thank you. Mr. Chairman,
19 we're here to develop a rate for the Default Energy
20 Service to be charged from January 1st, 2008 throughout
21 the entire year. The rate has been calculated in
22 approximately the same way as before, except for one item,
23 which has to do with the bad debts that are attributable
24 to Energy Service, are now collected through the Energy

1 Service rate, and that's per the stipulation in the rate
2 case.

3 There are some issues that have been
4 raised by our filing. One has to do with several items
5 that have to do with obligation and assets which have been
6 carried on PSNH's books, mostly in anticipation of the
7 sale of the fossil hydro plants. And, we believe that
8 those should either be -- should be flowed through to
9 customers one way or the other, and appropriate to do in
10 this docket. There is another item of mercury mitigation
11 legislation, an expense that PSNH incurred in anticipation
12 of legislative action that the Staff found in the audit in
13 the rate case and that was not properly a delivery service
14 expense, but should be -- should be considered in an
15 Energy Service proceeding. And, because it's involving
16 legislation, PSNH has teed up the issue as perhaps a
17 waiver of the Commission's rule against passing on costs
18 for lobbying or political activities. We have
19 recalculated the return on equity in this filing based
20 upon the return on equity that was allowed in the Delivery
21 Service rate case, with a correction for the added risk
22 involved with generation. There's a new obligation to
23 have PSNH acquire Renewable Energy Certificates, and
24 that's included in our filing as well.

1 There is a proposal by the OCA, Staff,
2 and PSNH to have competitive energy suppliers provide
3 information through the Commission Staff, which would help
4 PSNH predict how much migration would take place. And, I
5 believe Constellation has made a proposal about putting
6 PSNH's supplemental power out to bid.

7 So, those are some of the issues that
8 may come up in this proceeding, which we will discuss in
9 our technical session and through discovery.

10 CHAIRMAN GETZ: Thank you. Mr.
11 Camerino.

12 MR. CAMERINO: Thank you. There are
13 three issues at this point that Constellation has
14 identified on which it may be providing comment. First of
15 all, there's some costs that PSNH has included for
16 recovery through the Energy Service rate that
17 Constellation is going to seek to understand better, in
18 order to determine whether those costs are more properly
19 recovered through other rates that PSNH charges, such as
20 the Stranded Cost Recovery rate, rather than through the
21 energy rate.

22 Secondly, as Mr. Eaton indicated,
23 Constellation is interested in exploring whether the
24 approximately 30 percent of the power that PSNH requires,

1 which it purchases on the wholesale market, should be
2 acquired through a competitive bid process from a third
3 party supplier, and expects to file testimony on that
4 issue.

5 And, finally, there is the load forecast
6 reporting proposal from PSNH, which Constellation has
7 previously commented on, and it may have additional
8 comments, at a minimum would seek to move its prior
9 comments into this docket. Thank you.

10 CHAIRMAN GETZ: Thank you. Mr. Arnold,
11 did you want to weigh in?

12 MR. ARNOLD: The Campaign doesn't have
13 any public statement at this time. As noted, we're not
14 seeking intervention, but we are interested in following
15 the docket.

16 CHAIRMAN GETZ: Okay. Thank you. Ms.
17 Hatfield.

18 MS. HATFIELD: Thank you. Some of the
19 issues that the OCA will be reviewing in this docket
20 include some that have already been raised by the other
21 parties, including one thing that Mr. Camerino -- or,
22 actually two things that he just discussed. One is the
23 issue of why there are several deferred balances relating
24 to environmental costs and allowances that are being

1 included in this docket in the energy charge at this time.
2 And, also to review the Company's proposal to increase its
3 return on equity in this docket.

4 And, we also are interested in further
5 investigation of the issue related to load forecasting
6 reporting. And, we would just note that what was filed by
7 Public Service Company, the Staff, and OCA specifically
8 recommended that the Commission circulate the proposal
9 that was developed to all registered competitive
10 suppliers, to provide an opportunity for them to comment
11 on the merits of that proposal.

12 So, those are just some of the issues
13 that we'll be reviewing. And, we do not have a position
14 at this time. Thank you.

15 CHAIRMAN GETZ: Okay. Thank you. Ms.
16 Amidon.

17 MS. AMIDON: Thank you. It's fair to
18 say that Staff will be reviewing all of the issues that
19 have been identified in this docket. We have prepared a
20 proposed procedural schedule, which includes the
21 opportunity for Staff to file testimony, assuming that we
22 cannot resolve these issues with the Company. And, we
23 will be offering that procedural schedule in the technical
24 session that follows for the parties' agreement.

1 CHAIRMAN GETZ: Okay. All right. Is
2 there anything else that we should address this morning?
3 Mr. Camerino.

4 MR. CAMERINO: Mr. Chairman, I would
5 just note, Staff previously circulated a proposed
6 schedule, which is generally acceptable to Constellation.
7 And, I understand it will be submitted later. I did want
8 to note for the record that, as I indicated previously,
9 Constellation thinks it's likely that it will be
10 submitting testimony at the intervenor testimony date
11 related to putting the wholesale power purchases out to
12 competitive bid. The schedule that's currently proposed,
13 and as I expect will be agreed to by all the parties,
14 provides for only seven days for responses to data
15 requests on that testimony, if I'm reading it correctly.
16 And, it's possible that PSNH might have extensive data
17 requests on the Constellation testimony, because of its
18 nature. I have discussed that briefly with Mr. Eaton. I
19 won't speak for him, other than to say that I did indicate
20 to him that Constellation understands that a proposal
21 along the lines of what I was indicating, relating to
22 putting the wholesale power purchases out to bid, is not
23 the kind of issue that is likely to be ultimately decided
24 in this docket. And, if that's the case, Constellation

1 would probably need more time to respond to data requests
2 than seven days, if there were extensive data requests.
3 And, so, it would be my expectation simply that the
4 parties would work together to accommodate that need for
5 additional time. It's really dependent on how many data
6 requests there are. But we wouldn't expect that data
7 requests on that subject would be critical to the
8 resolution of this proceeding, and that they would then be
9 moved over to a different docket.

10 CHAIRMAN GETZ: Okay. Thank you. Mr.
11 Eaton.

12 MR. EATON: Yes, I'd like to respond to
13 that. I agree with Mr. Camerino's characterization. The
14 record -- I mean, the procedural schedule that I've seen
15 so far does not include an opportunity for rebuttal, too,
16 and this may be an issue that PSNH feels strongly enough
17 that it would need to file rebuttal testimony concerning.
18 And, also, PSNH has already begun to put together a supply
19 portfolio for calendar year 2008. It's not complete, but
20 there have been some obligations already incurred. So,
21 that's a consideration, as to whether -- whether and when
22 the Commission decides this issue, is to take a picture of
23 what we have already committed to for the calendar year
24 2008 in supplying Default Service.

1 CHAIRMAN GETZ: Okay. Thank you. And,
2 I'm not quite sure how this would work into the procedural
3 schedule that the parties are discussing. But my
4 understanding is the order of notice, as is the routine
5 practice, was sent to all the competitive suppliers, but
6 does not appear that the joint proposal for supplying
7 competitive market data has actually been circulated.
8 And, when we circulate that, if there are other parties
9 that didn't notice that this was an issue in the order of
10 notice and want to weigh in, we may have to deal with that
11 as well.

12 Is there other issues?

13 (No verbal response)

14 CHAIRMAN GETZ: Okay. Hearing nothing,
15 then we will close the prehearing conference and await a
16 recommendation from the parties. Thank you.

17 **(Whereupon the prehearing conference**
18 **ended at 11:17 a.m.)**

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