

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 15, 2010 - 1:40 p.m.
Concord, New Hampshire

NHPUC JAN28'11 PM 1:19

RE: DE 10-020
GRANITE STATE ELECTRIC COMPANY
d/b/a NATIONAL GRID:
Default Service for the Period February 1,
2011 through April 30, 2011 for the Large
Customer Group.

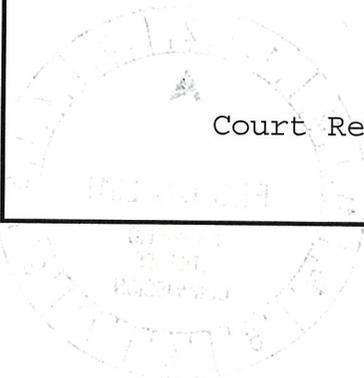
PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius

Sandy Deno, Clerk

APPEARANCES: Reptg. Granite State Electric Company
d/b/a National Grid:
Sarah B. Knowlton, Esq. (McLane, Graf...)

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Grant Siwinski, Electric Division

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



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I N D E X

PAGE NO.

WITNESS PANEL: MARGARET M. JANZEN
JOHN O. LEANA

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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.
14	Default Service filing for the period beginning February 1, 2011, including the Testimony and Schedules of Margaret M. Janzen and John O. Leana (12-13-10)	5
15	<u>Confidential</u> version of the Default Service filing for the period beginning February 1, 2011, including the Testimony and Schedules of Margaret M. Janzen and John O. Leana (12-13-10) {CONFIDENTIAL & PROPRIETARY}	5
16	Summary of Bids - RFP for NH RPS Law Compliance {REDACTED DOCUMENT}	6
17	Confidential Summary of Bids - RFP for NH RPS Law Compliance {CONFIDENTIAL & PROPRIETARY}	6

P R O C E E D I N G

CHAIRMAN GETZ: Okay. Good afternoon, everyone. We'll open the hearing in Docket DE 10-020. On December 13, 2010, National Grid filed proposed Default Service rates for large and medium commercial and industrial customers for the period February 1, 2011 through April 30, 2011. A secretarial letter was issued on December 13 setting the hearing for this afternoon.

Can we take appearances please.

MS. KNOWLTON: Good afternoon, Commissioners. My name is Sarah Knowlton. I'm with the McLane law firm. And, I'm here today for Granite State Electric Company d/b/a National Grid. And, with me from the Company today are its two witnesses, John Leana and Margaret Janzen, and then also sitting behind me is James Ruebenacker, also from the Company.

CHAIRMAN GETZ: Good afternoon.

MS. AMIDON: Good afternoon. Suzanne Amidon, for Commission Staff. With me is Grant Siwinski, who is an Analyst in the Electric Division.

CHAIRMAN GETZ: Good afternoon. Are you ready to proceed, Ms. Knowlton?

MS. KNOWLTON: I am. The Company would propose to mark for identification "Exhibit 14", which is

1 the green volume, the non-confidential version of its
2 Default Service filing. And, as "Exhibit 15", the red
3 bound version, which is the confidential version of the
4 filing.

5 CHAIRMAN GETZ: I'm sorry, did you say
6 "13"?

7 MS. KNOWLTON: Fifteen. I should have
8 said "14", "14" and "15"; 14 is the green, 15 is the red.

9 CHAIRMAN GETZ: Okay. So marked.
10 (The documents, as described, were
11 herewith marked as **Exhibit 14** and
12 **Exhibit 15**, respectively, for
13 identification.)

14 MS. KNOWLTON: And, then, "16", the
15 Company filed a "Summary of Bids" for its New Hampshire
16 RPS compliance. Do the Commissioners have that or can I
17 provide you with copies?

18 CMSR. BELOW: This is the confidential
19 --

20 MS. KNOWLTON: There's a confidential,
21 which I was going to propose to mark for identification as
22 "Exhibit 17".

23 CHAIRMAN GETZ: Okay. We'll mark the
24 redacted document as "Exhibit 16" and the confidential

1 version as "Exhibit 17".

2 (The documents, as described, were
3 herewith marked as **Exhibit 16** and
4 **Exhibit 17**, respectively, for
5 identification.)

6 MS. KNOWLTON: I have additional copies,
7 if that would be helpful?

8 CHAIRMAN GETZ: I think I had it
9 correct.

10 MS. KNOWLTON: Okay. Those are all the
11 exhibits that we have for today. May I call my witnesses?

12 CHAIRMAN GETZ: Please.

13 MS. KNOWLTON: Okay. The Company calls
14 Margaret Janzen and John Leana.

15 (Whereupon **Margaret M. Janzen** and
16 **John O. Leana** were duly sworn and
17 cautioned by the Court Reporter.)

18 **MARGARET M. JANZEN, SWORN**

19 **JOHN O. LEANA, SWORN**

20 **DIRECT EXAMINATION**

21 BY MS. KNOWLTON:

22 Q. Good afternoon, Ms. Janzen. I'll start with you.

23 Please state your full name for the record.

24 A. (Janzen) My name is Margaret Janzen.

[WITNESS PANEL: Janzen~Leana]

1 Q. By whom are you employed?

2 A. (Janzen) National Grid.

3 Q. What is your position with the Company?

4 A. (Janzen) I'm the Director of Electric Supply and
5 Distributed Generation.

6 Q. What do your job duties include?

7 A. (Janzen) It includes the procurement of Default Service
8 for National Grid's retail distribution companies.

9 Q. I'll show you a document that's been marked for
10 identification as "Exhibit 14". It's the Company's
11 December 13th, 2010 Default Service filing for the
12 period beginning February 1st, 2011. It contains your
13 testimony, as well as Mr. Leana, and accompanying
14 schedules. Are you familiar with this document?

15 A. (Janzen) I am.

16 Q. And, was your testimony prepared by you or under your
17 direction?

18 A. (Janzen) It was prepared under my direction.

19 Q. Do you have any corrections to your testimony?

20 A. (Janzen) No, I do not.

21 Q. If I were to ask you the questions that are contained
22 in your testimony today, would your answers be the
23 same?

24 A. (Janzen) They would.

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[WITNESS PANEL: Janzen~Leana]

1 Q. Thank you. Mr. Leana, I'll ask you the same questions.
2 Are you familiar with the document that's been marked
3 for identification as "Exhibit 14"?

4 A. (Leana) Yes, I am.

5 Q. And, that document contains your testimony. Was your
6 testimony and the accompanying -- actually, I don't
7 believe you have any schedules, just your testimony,
8 was that prepared by you or under your direction?

9 A. (Leana) It was prepared under my direction.

10 Q. And, do you have any corrections to your testimony?

11 A. (Leana) No.

12 Q. If I were to ask you the questions contained in your
13 testimony today, would your answers be the same?

14 A. (Leana) Yes.

15 Q. Thank you. And, also just for the record, we've marked
16 "Exhibit 15" for identification, which is the
17 confidential version. Was this also prepared by each
18 of you or under your direction?

19 A. (Janzen) It was, yes.

20 A. (Leana) Yes.

21 Q. And, if I were to ask you these questions in the
22 confidential version, would your answers be the same?

23 A. (Janzen) Yes.

24 A. (Leana) Yes.

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1 Q. And, I'll direct these questions to Ms. Janzen only.
2 With regard to Exhibit 16, which is the "Summary of
3 Bids-RFP for NH RPS Law Compliance", was that document
4 prepared by you or under your direction?

5 A. (Janzen) It was prepared under my direction.

6 Q. And, there's a confidential version of Exhibit 17, was
7 that prepared by you or under your direction?

8 A. (Janzen) Yes. It was also prepared under my direction.

9 MS. KNOWLTON: Thank you. And, the
10 witnesses are available for cross-examination.

11 CHAIRMAN GETZ: Ms. Amidon.

12 MS. AMIDON: Thank you. Good afternoon.

13 **CROSS-EXAMINATION**

14 BY MS. AMIDON:

15 Q. Ms. Janzen, subject to check, would you agree that the
16 energy component of the rates for the period February
17 through April for the Large Customer Group increases by
18 approximately 1.2 percent over the now current average
19 rate? And, I'm talking about on an average basis.

20 A. (Janzen) That's correct.

21 Q. And, could you explain this increase, given that in the
22 current circumstances there is reduced demand and lower
23 prices?

24 A. (Janzen) The pricing on December 8th for the energy

[WITNESS PANEL: Janzen~Leana]

1 prices, we did actually see a slight uptick in the
2 prices, and have reflected it in the supplier prices.

3 Q. Okay. So, your answer is that it's based on the market
4 when the bid came in?

5 A. (Janzen) That is correct.

6 Q. I didn't mean to put words in your mouth, I'm just
7 trying to --

8 A. (Janzen) Yes, that is correct. The prices reflect what
9 was in the market on that date.

10 Q. Okay. Thank you. Even so, when I look at -- let me
11 see if I can find the exhibit it's on. Okay. Schedule
12 MMJ-6, which I think is Page 83 of the filing, for each
13 month, February, March and April, the price -- the
14 energy price for these months remains below seven and a
15 half cents per kilowatt-hour, is that correct?

16 A. (Janzen) Yes, that is correct. It's below seven and a
17 half cents.

18 Q. Okay. If you go to your testimony, Page 10, let me see
19 what the Bates stamp is, Bates stamp 12, Lines 13 and
20 14, the Company is proposing, according to your
21 testimony, "to reduce the RPS adder for the Large
22 Customer Group." And, I know that, under the law for
23 2011, the requirements for RPS increase. Could you
24 explain the causes of or the reasons why it's going

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1 down, rather than staying the same?

2 A. (Janzen) Well, what we -- the Company has been seeing
3 with its recent RFP for the various RPS classes is a
4 decrease in the prices for those classes. So, we've
5 seen a decrease from the quarter before, in terms of
6 what we would contribute to the RPS adder. So, there's
7 a commensurate decrease.

8 Q. Is it fair to say that Exhibit 17 includes some of the
9 most recent prices that you've seen in the market?

10 A. (Janzen) Yes. That is the most recent.

11 Q. Okay. And, that's a confidential exhibit. But, and
12 just for the record, it shows the vintage of the RECs,
13 whether they're 2010 or 2011, and the prices that
14 you've been able to -- for which you've been able to
15 procure the various classes of RECs, is that correct?

16 A. (Janzen) That is correct.

17 Q. Okay. Thank you. Oh, customer migration. If we go to
18 your Exhibit MMJ-8, which I think is the last page of
19 Exhibit 15 -- is it 15 or 14? I'm sorry, Exhibit 14,
20 Page Bates stamp 94. Am I correct in reading this
21 graph that 31 percent, and you can correct me if I say
22 this incorrectly, which might happen, 31 percent of the
23 customer load has migrated to competitive supply?

24 A. (Janzen) That is correct, on the whole.

[WITNESS PANEL: Janzen~Leana]

1 Q. Okay. And, you have this information going back three
2 months, is that correct?

3 A. (Janzen) That is correct, the July/August/September
4 time period.

5 Q. Okay. And, help me out here, for the large customers,
6 am I correct that 65 percent of the large customer load
7 has migrated?

8 A. (Janzen) That is correct. The G-1, 65 percent is the
9 correct number.

10 Q. Okay. Thank you. Now, Mr. Leana, I have a couple
11 questions for you. Pursuant to my understanding
12 reading your testimony, the Company is now -- has
13 rescheduled the replacement of the Tewksbury meter that
14 caused the faulty readings in the loss factor, is that
15 correct?

16 A. (Leana) That's correct.

17 Q. And, the Company has to coordinate the replacement of
18 that with an ISO -- I don't know what to say --

19 A. (Leana) Transmission outage. Yes.

20 Q. Transmission outage, thank you. And, right now, you
21 have to, if I understand correctly, you have to ask ISO
22 for leave to do that, is that correct?

23 A. (Leana) That's correct.

24 Q. And, where are you in terms of requesting ISO that

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1 permission?

2 MS. KNOWLTON: And, before the witness
3 answers the question, I just want to put on the record a
4 cautionary note, which is that there may come a point in
5 time in Mr. Leana's testimony where I would need to ask
6 Mr. Ruebenacker and Ms. Janzen to leave the room.
7 Because, under FERC rules, there's some transmission
8 information which is not public. And, we would need to
9 conduct that part of the questioning on a confidential
10 record.

11 CHAIRMAN GETZ: Okay.

12 MS. KNOWLTON: So, I would just ask that
13 both of the witnesses be mindful of that. Mr. Leana, as
14 you answer your questions, if you're going to go into an
15 area that could include confidential information, to
16 please note that issue, and I'll do my best to flag it as
17 well.

18 WITNESS LEANA: I will.

19 MS. AMIDON: And, thank you, Attorney
20 Knowlton. I'll try not to stray into those areas.

21 BY MS. AMIDON:

22 Q. I just wanted to know what the status was of the --
23 were you were in the queue, as it were?

24 A. (Leana) Where we are right now is in the planning

[WITNESS PANEL: Janzen~Leana]

1 phase. So, we have an idea. And, again, I don't have
2 -- I have responsibility for sponsoring the projects in
3 this particular area, because they affect settlement.
4 So, there's another portion of the organization that
5 implements it. And, at this point in time, they have a
6 schedule that would call for an outage in the fall time
7 period to do this work. Whether that's granted or not
8 will be based on circumstances at that point in time.
9 You know, for example, if there were generator outages
10 or another transmission outage in connection with the
11 impact, whether we would be granted that outage or not.
12 So, there won't be an assurance of that outage until we
13 get to the point in time where we need to take it, and
14 then it would be granted. And, that's the specific
15 knowledge that I have on that.

16 Q. Okay. Thank you. And, I don't know, this could be for
17 either of you. Will the costs for replacing the meter
18 be charged to Default Service customers through the
19 Default Service rate?

20 A. (Janzen) No, it will not.

21 Q. And, how will the Company recover those costs?

22 A. (Janzen) The Company would include them as part of its
23 distribution rates.

24 A. (Leana) I think -- they're transmission costs, so they

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[WITNESS PANEL: Janzen~Leana]

1 would be reflected somehow. And, it could be a
2 combination of distribution or transmission, but they
3 are characterized as "transmission costs", in terms of
4 funding.

5 Q. Okay. That's what I understood. So, thank you for
6 that clarification. And, as we have discussed in
7 previous proceedings in this docket, is it correct to
8 say that the Company is not planning to go back and
9 resettle costs for this, for the loss factor against
10 the Default Service customers?

11 A. (Leana) That's correct. The invoices from ISO-New
12 England are final, and National Grid will not be
13 challenging those invoices.

14 MS. AMIDON: Thank you one moment
15 please.

16 (Atty. Amidon conferring with Mr.
17 Siwinski.)

18 MS. AMIDON: Thank you. We have no more
19 questions for these witnesses.

20 CHAIRMAN GETZ: Thank you. And, no
21 questions from the Bench. Anything further, Ms. Knowlton?

22 MS. KNOWLTON: I have nothing further.

23 CHAIRMAN GETZ: Then, the witnesses are
24 excused. Thank you.

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[WITNESS PANEL: Janzen~Leana]

1 WITNESS LEANA: Thank you.

2 CHAIRMAN GETZ: Is there any objection
3 to striking the identifications and admitting the exhibits
4 into evidence?

5 (No verbal response)

6 CHAIRMAN GETZ: Hearing no objection,
7 they will be admitted into evidence. Is there anything
8 else we need to address before opportunity for closings?

9 MS. KNOWLTON: I would point out that
10 the Company has a Motion for Confidential Treatment, which
11 is pending.

12 CHAIRMAN GETZ: Okay. Ms. Amidon, any
13 position by the Staff on the Motion for Confidential
14 Treatment?

15 MS. AMIDON: We believe the request is
16 consistent with the Company's requests in the other
17 filings in this docket, and in those instances the
18 Commission has granted the Motion for Confidential
19 Treatment. So, that's all we have to offer on that point.

20 CHAIRMAN GETZ: Okay. Closing?

21 MS. AMIDON: Yes. Insofar as the filing
22 goes, Staff has reviewed the filing. We believe that the
23 Company conducted the solicitation and bid evaluation
24 process consistent with the Settlement Agreement that the

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1 Commission approved in Docket DE 05-126, and the Order
2 Number 24,577. And, we believe the resulting rates are
3 market-based and we believe that the Commission should
4 approve the Petition.

5 CHAIRMAN GETZ: Thank you.

6 Ms. Knowlton.

7 MS. KNOWLTON: Thank you. The Company
8 requests that its Default Service rates that are reflected
9 in Exhibits 14 and 15 be approved by the Commission. As
10 Staff has indicated, those rates were developed as a
11 result of a competitive process that was consistent with
12 all of the Commission requirements governing default
13 service procurement. And believe that, as a result of
14 that, the rates are just and reasonable and should be
15 approved.

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

19 **(Whereupon the hearing ended at 1:56**
20 **p.m.)**