

1 THE STATE OF NEW HAMPSHIRE
2 BEFORE THE
3 NEW HAMPSHIRE
4 PUBLIC UTILITIES COMMISSION
5

6 Docket No. DE 10-121

7 PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
8 2009 Energy Service Charge and Stranded Cost Recovery Charge Reconciliation
9

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11 PREFILED TESTIMONY OF MICHAEL E. HACHEY
12 ON BEHALF OF TRANSCANADA POWER MARKETING LTD. AND
13 TRANSCANADA HYDRO NORTHEAST INC.
14

15
16 November 23, 2010
17

18 Background and Qualifications

19 Q. Please state your name and business address.

20 A. My name is Michael E. Hachey. My business address is 110 Turnpike
21 Road – Suite 203, Westborough, MA 01581-2863.

22 Q. Who is your current employer and what positions do you hold?

23 A. I am employed by TransCanada Power Marketing Ltd. (“TCPM”). In my
24 current position I am Vice President and Director, Eastern Commercial.

25 Q. What is your background and what are your qualifications?

26 A. I have a Bachelor of Science in Electrical Engineering and a Master of
27 Engineering Degree in Electric Power Engineering from Rensselaer Polytechnic Institute.
28 I have over 30 years experience in the electric power industry, including 11 years with
29 TransCanada Power Marketing. I was previously employed by New England Power
30 Company for 21 years. I have participated in proceedings before the New Hampshire
31 Public Utilities Commission, the Federal Energy Regulatory Commission, and other state

1 regulatory commissions. In my current position I am responsible for government and
2 regulatory affairs, retail marketing, and property taxes.

3 **Q. Please explain what TCPM does.**

4 A. TCPM is a competitive supplier of electricity in the Northeast United
5 States and is a licensed electric retail supplier in the states of New Hampshire,
6 Massachusetts, Rhode Island, Connecticut, Maine and New York. TCPM is an indirect
7 wholly owned subsidiary of TransCanada Corporation, a leader in the responsible
8 development and reliable operation of North American energy infrastructure, with a
9 network of more than 36,500 miles of pipeline facilities and approximately 355 billion
10 cubic feet of gas storage capacity. As a growing independent power producer,
11 TransCanada owns, controls or is developing approximately 10,900 megawatts of power
12 generation in Canada and the United States.

13 **Purpose of Testimony**

14 **Q. What is the purpose of your testimony?**

15 A. The purpose of my testimony is to address some of the issues that were
16 raised in the Order of Notice that the Commission issued in this docket regarding the
17 reconciliation of revenues and costs associated with Public Service Company of New
18 Hampshire's ("PSNH") energy service charge and stranded cost recovery charge for
19 calendar year 2009. The issue of primary interest to TransCanada to be addressed in this
20 proceeding concerns the market purchases used to supplement PSNH's generation
21 resources. I believe that it is important to provide the Commission with the perspective
22 of a competitive supplier that operates in the New Hampshire market and other markets
23 in New England on this issue.

1 **Q. Why did TCPM and TransCanada Northeast Hydro Inc. intervene in**
2 **this docket?**

3 A. TransCanada is concerned generally about what PSNH has referred to
4 elsewhere as “the upward pressure on the ES rate” which PSNH contends is caused by
5 increased migration levels and TransCanada is concerned about the proposed solution to
6 this situation which PSNH has articulated in other dockets, which is to take some portion
7 of the costs of providing default service and have those costs assessed against customers
8 who have migrated to competitive suppliers through a nonbypassable charge. As
9 TransCanada has noted in testimony filed in both DE 09-180 and DE 10-160, we believe
10 there are steps the Commission should take to insure that many of the risks associated
11 with purchasing power to serve the customers on default service are born by a provider of
12 that power, rather than by PSNH customers and in this manner to obviate the need to pass
13 on costs through a nonbypassable charge.

14 **Power Purchases to Provide Default Service in 2009**

15 **Q. Have you had a chance to review information that has now been made**
16 **public with regard to the purchases of power that PSNH made to serve default**
17 **service customers during 2009?**

18 A. Yes, this information was turned over to TransCanada’s counsel on
19 November 10, 2010. We applaud the Commission’s decision regarding the
20 confidentiality of power supply information in this docket that allowed TransCanada,
21 other intervenors and members of the public to review the relevant power supply
22 information. TransCanada believes that transparency in this instance is consistent with

1 the law and good for this process. We encourage the Commission to continue on this
2 path for future reconciliation and ES rate dockets.

3 **Q. Do you have any comments you would like to provide to the**
4 **Commission based on your review of these power purchases?**

5 A. Yes. After reviewing the information that was turned over to
6 TransCanada concerning the power supply purchases that were made to provide service
7 to 2009 default service customers, I can not find anything to suggest that the pricing of
8 these particular purchases was out of line with market pricing at the time the purchases
9 were made. Although I still believe that the process that PSNH uses for purchasing
10 power is out of step with what other distribution companies in NH and New England
11 follow when purchasing power to meet default customer demand and that it should be
12 changed, that is an issue for another docket, DE 10-160.

13 **Conclusion**

14 **Q. Do you think it would be appropriate for the Commission to**
15 **determine that PSNH's actions in incurring the costs of these supplemental power**
16 **purchases to serve customers during 2009 were prudent and reasonable?**

17 A. Yes. As noted above, I do not see anything based on the information I
18 have reviewed that would suggest the costs of the purchases in this particular instance to
19 provide power to serve energy service customers in 2009 were imprudent.

20 **Q. Does this conclude your testimony?**

21 A. Yes.