BEFORE THE STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

In the matter of:
Public Service Company of New Hampshire
DE 10-160 Investigation into Effect of Customer Migration on Energy Service Rates

Phase 1
Direct Pre-Filed Testimony

of

Kenneth E. Traum
Assistant Consumer Advocate

on behalf of
The Office of the Consumer Advocate

Dated: July 30, 2010

Q: Please state your name, business address and title.

A. My name is Kenneth E. Traum. I am the Assistant Consumer Advocate for the Office of Consumer Advocate (OCA), which is located at 21 S. Fruit Street, Suite 18, Concord, New Hampshire 03301. I have been employed by the OCA for approximately 21 years. I include my resumé as Attachment 1.

Q: Have you previously testified before the New Hampshire Utilities Commission (Commission)?

A: Yes, I have testified before the Commission on behalf of the OCA on many occasions, including cases involving electricity, natural gas, water and telecommunications.

Q: What is the purpose of this docket?

A: This docket was opened by the Commission on June 11, 2010 to "investigate the issues related to PSNH's customer migration and PSNH's practices for procuring power not supplied by its own generation." DE 10-160 Order of Notice, page 2. This followed Order No. 25,061 issued on December 31, 2009 in DE 09-180, PSNH's 2010 default Energy Service (ES) case, in which the Commission stated its intention "to explore the interplay of customer choice and migration issues with power procurement options for PSNH including current practices, competitive procurement through Requests for Proposals (RFPs), purchasing through the spot market or other market based options." Order at p. 32. During the technical session held on June 28, 2010 in this docket, the parties proposed, and the Commission later approved, an approach that calls for several phases of testimony on

different topics. The first phase is on the topic of migration, which is the subject of this testimony.

Q: What are the specific items that you will cover in this testimony?

A: I will briefly discuss the impacts of migration on PSNH's small customers, as described in recent filings by the Company, as well as provide recent migration numbers from the two other investor owned electric utilities. I will also describe a few possible approaches to mitigate the negative impacts to PSNH's residential customers resulting from the migration of PSNH's largest customers to competitive suppliers.

Q: What policy guidance has the legislature provided on these issues?

A: The Electric Restructuring statute, adopted in 1996, contains significant policy guidance in several sections, including in Section 374-F:3, the "Restructuring Policy Principles." First, the Purpose section states: "The most compelling reason to restructure the New Hampshire electric utility industry is to reduce costs for all consumers of electricity by harnessing the power of competitive markets." RSA 374-F:1. In addition, the Principle on "Customer Choice" states:

> Allowing customers to choose among electricity suppliers will help ensure fully competitive and innovative markets. Customers should be able to choose among options such as levels of service reliability, real time pricing, and generation sources, including interconnected self generation."

RSA 374-F: 3, II. These are but a few of the overarching Principles that are intended to guide electricity policy in the State.

Q: What is the status of competitive markets in New Hampshire?

A: Throughout New Hampshire, large commercial and industrial electric customers have benefited from competitive markets by taking advantage of lower priced offerings from competitive suppliers. As a result, many of those large users have migrated away from utility-supplied default ES when it is in their economic interest to do so. Due to the current low market prices, as of May 2010, 31.9% of PSNH's current load migrated to competitive suppliers, and those are almost all large commercial or industrial customers. See Attachment 2, DE 09-180 PSNH Baumann/White Joint Technical Statement, June 11, 2010, at p. 2 Item C8. However, even after more than ten years of electric restructuring, retail competitive choices are still not available for smaller customers. There are a very small number of accounts categorized as residential that have migrated, but overall residential customers lack retail opportunities to access the power and benefits of the competitive market. As of June 2010, only 1,247 PSNH customers categorized as residential were receiving their electricity from competitive suppliers[1]. See Attachment 3, PSNH 2nd Quarter 2010 Customer Migration Report, July 15, 2010.

Similarly, residential customers of Unitil Energy Systems (UES) and National Grid (Grid) lack the opportunity to access the retail competitive market, despite the fact that they are also legally entitled to do so. As of June 30, 2010, 35% of Grid's total kWh distribution sales are supplied to customers who have migrated to competitive suppliers, but less than 0.1% of that total serves the 33 residential customers taking advantage of retail choice. See Attachment 4, National Grid Quarterly Migration Report, July 6, 2010. For UES the comparable figures as of April 2010, show that 31.4% of total sales showed migration to

[1] The OCA does not have data on how many of the customers categorized as residential are individual households.

competitive suppliers, but only 0.2% of residential customers, or 123 customers, are receiving their service from competitive suppliers.[2] See Attachment 5, DE 10-028 UES Direct Testimony of Robert S. Furino, at Schedule RSF-3, June 11, 2010. However, because UES and Grid utilize Requests for Proposals (RFPs) to procure all of their customers' needs for default ES (because the companies divested any assets and long term power commitments during restructuring), their rates more closely reflect current market rates as default service is provided, through the RFP process, by wholesale competitive suppliers.

Q: When were the migration issues to be considered in this docket raised by PSNH?

A: PSNH's 2010 default ES case (DE 09-180), first filed in September 2009, included information showing that as customers migrated to third party suppliers during a time when the marginal cost to serve is lower than the average cost to serve, the ES rate for the remaining ES customers increased. PSNH estimated that for 2010, captive customers (those who can not migrate) would experience a rate that is approximately 5% higher than it would be absent current migration patterns. Specifically, when asked "what impact has the increased level of migration had on the currently filed ES rate?" in DE 09-180, PSNH Witness Baumann stated:

> Increased migration levels have put upward pressure on the ES rate. The rate included in this filing is approximately 5% higher than it would have been absent migration. The end result of this increase in the ES rate is that **certain customers that are unable to switch to a third party supply, predominately residential customers, are now shouldering additional fixed costs**, while customers who have switched have been afforded the opportunity to choose lower rates from third party suppliers.

See Attachment 6, DE 09-180 PSNH Testimony of Robert A. Baumann, September 24, 2009, page 5, line 18 - page 6, line 4 (emphasis added).

[2] Similarly, the OCA does not have data on if the customers of Grid and UES that are categorized as residential are individual households.

Q: What level of migration was PSNH experiencing at that time?

A: Mr. Baumann's statement was made when PSNH was experiencing 23% migration, and the Company utilized that number as its assumption for 2010. However, as referenced previously, in the mid-year update in June 2010 in DE 09-180, Mr. Baumann used the updated actual migration percentage of 31.9%. See Attachment 2.

Q: What was the cost impact according to PSNH?

A: Mr. Baumann calculated the increased costs in default ES for 2010 resulting from migration to be $28 million. See Attachment 7, DE 09-180 PSNH Baumann Supplemental Testimony, November 23, 2009 at p. 2 lines 10-13. This represents the amount of costs that were shifted from those customers who have chosen to migrate, to captive customers who can't choose to migrate, as a result of PSNH's current default ES structure.

Q: Why does migration cause this cost shifting?

A: Large customers who migrate currently have the opportunity to return to PSNH's default ES, on a monthly basis, at a time of their choosing. This default supply is available to them at the same rate as paid by all other customers who remained on the default service. One of the weaknesses of this current model is that large customers and/or their suppliers can game the system by taking PSNH default ES when the rates are below market, and then switching to a competitive supplier when the PSNH default ES rate exceeds market. This is legal under the current scheme, but it makes it very difficult for PSNH to plan for the every-changing migration that results.

More specifically, if PSNH assumes low migration rates and purchases more than it needs in advance, residential customers are likely to pay higher default ES rates when PSNH tries to sell excess energy on the spot market at a loss. However, if PSNH assumes higher migration rates and purchases less in advance than it turns out that it needs, residential customers will again likely see higher default ES rates as PSNH will have to acquire additional power on the spot market at rates higher than the default ES rate in order to serve the unexpected load. Paradoxically, as I discuss below, it is the policy of the State to encourage competition and access to a competitive electricity market, but the current design of the system is unfortunately disadvantaging smaller customers. Therefore, in crafting potential approaches to remedy the cost shifting that is occurring, we must be mindful that competitive electric choice is the goal of State policy; migration therefore is not "the problem" in and of itself. In fact, some would view high migration as success.

Q: Do you believe that the current cost shifting experienced by PSNH default ES customers is consistent with the Electric Restructuring law?

A: No. RSA 374-F:3, VI states: "Restructuring of the electric utility industry should be implemented in a manner that benefits all consumers equitably and does not benefit one customer class to the detriment of another. Costs should not be shifted unfairly among customers." This is a key principle of Restructuring in my view. The policy of the State is to encourage electric competition and migration, but not when it results in unfairly shifting costs to customers who do not have the opportunity to migrate.

Q: Does migration have the same negative impacts on small customers of National Grid and Unitil?

A: No. As I stated above, Grid and UES bid out the full requirements of their default ES customers to third party competitive suppliers, because they divested all of their energy assets and commitments during Restructuring. As a result, the migration risks are assumed by the competitive suppliers, and therefore are recognized in the prices that those suppliers bid to provide default ES for those utilities' customers. In addition, because there are separate bids and different rates for the large and small customer classes, the bidders can make their own assumptions about migration for the classes individually and build that risk into their respective bid prices.

Q: Did PSNH propose any solutions to avoid the cost-shifting to captive customers?

A: Yes. In its mid-year 2010 ES update in DE 09-180 filed in May 2010, PSNH stated "it is still our belief that a portion of the current ES costs should be removed from the ES rates and recovered through a non-bypassable rate from all customers." See Attachment 8, DE 09-180 PSNH Baumann Testimony, May 4, 2010 at page 7 lines 13-15.

Q: Does the OCA have any suggestions on how PSNH's ES methodology and management can be changed so as to be more equitable for small customers while achieving the Restructuring policy principles?

A: Yes. The OCA has some ideas on ways to address this issue, and looks forward to the discussion of these issues during this docket.

Q: Please discuss the OCA's current ideas.

A: I have numbered our current ideas to make them easy to reference.

1. One approach would be for PSNH to divest itself of its owned generation and contractual commitments for energy. PSNH could then bid out its ES requirements for the different customer classes, using RFPs in a manner consistent with how UES and Grid currently manage their obligation to provide default ES. Alternatively, if PSNH retained its generation assets, it could sell their outputs (energy, capacity, etc.) into the wholesale market and then utilize the RFP model to provide default ES to its customers.

2. A second approach would be to allocate or assign all of the costs, as well as the outputs (energy, capacity, etc.) from PSNH's units and contractual commitments to two general groups of customers. One group would be comprised of residential customers who have a very low migration rate. The second group would include large commercial and industrial customers who are migrating at a much higher level. The allocation methodology between the two groups would have to be determined. Under this approach, PSNH (or possibly another entity) would make purchase and sales decisions in order to develop separate ES rates and reconciliations for the two groups, rather than developing one rate as the Company does today.

3. A third approach would be to quantify the costs that PSNH incurs in order to manage its portfolio in a way that allows migrating customers to return on a month-to-month basis. Those costs could then be recovered through a mechanism, perhaps similar to the current Stranded Cost Recovery Charge, that is paid by all customers, rather than being recovered through ES which is only paid by customers who do not migrate. This would avoid at least some of the current cost shifting that is occurring, and would in essence require those who

can and do migrate to pay for at least some of the additional costs they impose on default ES for the service of last resort option that it provides to them. We believe that this type of approach is consistent with the language of RSA 374-F that allows that "the commission may implement measures to discourage the misuse, or long-term use, of default service. RSA 374-F:3, V(e).

4. A fourth approach, which could be considered independently or in conjunction with others, is similar to the method used in the natural gas industry. Specifically, gas customers who choose a competitive supplier may not return to service provided by the utility for a year due to capacity assignments. This type of stay-out provision could be developed for an appropriate period of time for electric customers who choose to take service from a competitive supplier. This would allow PSNH to develop a rate for those who do not migrate, as well as rates for those who have migrated but who return to default ES within the "stayout" period. The rate(s) for those who return would be more reflective of the costs of providing that service, which would avoid any subsidization of returning customers by captive customers. The OCA sees this approach as a way to reduce any opportunity to game the system by migrating monthly to the detriment of non-migrating customers. However, we also believe that such an approach can be crafted in order to avoid the prohibition against "entry and exit fees (which) are not preferred recovery mechanisms" in RSA 374-F:3 XII (d). We believe that all of these approaches are consistent with another provision of RSA 374-F, which states:

> ...the commission may approve alternative means of providing transition or default services which are designed to minimize customer risk, not unduly harm the development of competitive markets, and mitigate against price volatility without creating new deferred costs, if the commission determines such means are in the public interest.

RSA 374-F:3, V(d). However, it is possible that some changes may require legislative amendments.

Finally, the Order of Notice in this docket also acknowledged that in DE 09-180 the Commission stated that it would "undertake a review of the issues related to the "targeted technology-based initiatives and/or targeted rate mechanisms." In addition, in a Secretarial Letter issued on July 26, 2010, the Commission directed the parties "to consider rate design options, including pricing, to address the cost impact of migration." At this time the OCA is not prepared to recommend any such rate design options, but we are interested in exploring them as the Docket proceeds. However, we do believe that the underlying issues causing the current cost-shifting due to migration of PSNH's large customers must be addressed, and that any rate design options should be considered in conjunction with such changes.

Q: Do you have any additional issues to raise at this time?

A: No, although I do wish to reserve our rights to address additional issues and to respond to the testimony of other parties as the Docket proceeds.

Q: Does this conclude your testimony?

A: Yes.

Kenneth E. Traum Qualifications

My name is Kenneth E. Traum. I am the Assistant Consumer Advocate for the Office of Consumer Advocate (OCA). My business address is 21 S. Fruit Street, Suite 18, Concord, New Hampshire 03301. I have been affiliated with the OCA for approximately twenty one (21) years.

I received a B.S. in Mathematics from the University of New Hampshire in June, 1971, and an MBA from UNH in June, 1973. Upon graduation, I first worked as an accountant/auditor for a private contractor and then for the New Hampshire State Council on Aging, before going to the New Hampshire Public Utilities Commission (NHPUC) in February, 1976. At the NHPUC I started as an Accountant III, advanced to a PUC Examiner and later become Assistant Finance Director.

In my positions with the NHPUC, I was involved in all aspects of rate cases, assisted others in the preparation of testimony and presented direct testimony, conducted cross examination of witnesses, directed and participated in audits of utilities, and performed other duties as required. While employed at the NHPUC, I was a member of the NARUC Regulatory Studies Program at Michigan State.

In 1984, I left the NHPUC for Bay State Gas Company. With Bay State, I was involved in various aspects of financial analysis for Northern Utilities, Inc., Granite State Gas Transmission, Inc., and Bay State Gas Company, as well as regulatory activities with regard to Maine, New Hampshire, Massachusetts and the FERC.

In early 1986, I returned to New Hampshire to join the EnergyNorth companies, where my areas of responsibility included cash management, regulatory affairs, forecasting and other financial matters. While with EnergyNorth, I was a member of the New England Utility Rate Forum and the New England Gas Association. I also represented the utility, which is the largest natural gas utility in New Hampshire, over a two year period in the generic Commission docket (DE 86-208) which developed a methodology for conducting gas marginal cost studies.

In 1989 I joined the Office of Consumer Advocate with overall responsibility for advising the Consumer Advocate and its Advisory Board on all Financial, Accounting, Economic and Rate Design issues which arise in the course of utility ratemaking or cases concerning determinations of revenue responsibility, competition, mergers, acquisitions and supply/demand issues. I assist the Consumer Advocate and the OCA Advisory Board in formulating policy, and in implementation of that policy. In that role, I have testified before the NHPUC on many occasions. In early 2005, I was promoted to Assistant Consumer Advocate.

I am a member of the NASUCA (National Association of State Utility Consumer Advocates), Committees on Electricity and Gas. I am currently on the Board of Directors for Granite State Independent Living (GSIL) and formerly served as Chair as well as a member on the GSIL's Finance and Audit Committees.

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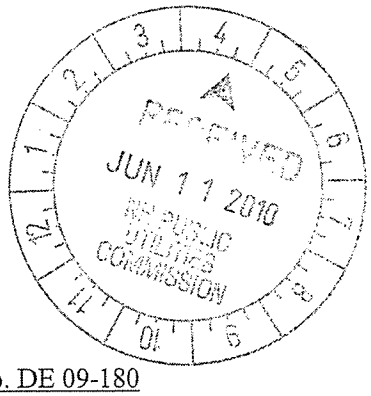
The Northeast Utilities System

June 11, 2010



Debra A. Howland
Executive Director and Secretary
State of New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

Re: PSNH - Default Energy Service Rate - Mid Term Adjustment - Docket No. DE 09-180

Dear Secretary Howland:

Enclosed please find an original and six copies of the revised attachments to the pre-filed Direct Testimony of Robert A. Baumann. Based upon more recent actual data through the end of May and newly forecasted data through December 31, 2010, Public Service Company of New Hampshire ("PSNH") is requesting a decrease in the Default Energy Service Rate ("ES") effective July 1, 2010. PSNH calculates that there will be a decrease from the current ES rate of 8.96 cents per kilowatt-hour to an ES rate of 8.78 cents per kilowatt-hour.

Also enclosed are seven copies of the prefiled Technical Statement of Robert A. Baumann and Frederick B. White explaining the factors contributing to the decrease ES rate. Copies of this filing have been provided to the persons on the attached service list pursuant to Puc §203.02 and Puc §203.11.

Very truly yours,

Gerald M. Eaton
Senior Counsel

Enclosures
cc: Service List

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Docket DE 09-180

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THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
Energy Service Rate Mid-year Adjustment
Docket No. DE 09-180

Joint Technical Statement of Robert A. Baumann and Frederick B. White

June 11, 2010

A. Purpose of Technical Statement

This technical Statement is being submitted to explain the changes to PSNH's proposed Default Energy Service (ES) Rate effective July 1, 2010. This filing updates PSNH's ES filing that was submitted on May 4, 2010.

B. Proposed Rate

On May 4, 2010, PSNH filed a proposed mid-year ES rate of 8.57¢/kWh to be effective for the six month period July 1 through December 31, 2010. In this filing, PSNH is proposing a mid-year ES rate of 8.78¢/kWh to be effective July 1, 2010, which is a decrease of 0.18 cents from the currently effective ES rate of 8.96¢/kWh.

The increase from the May 4, 2010 filing to the June 11, 2010 filing is attributable to net additional actual and forecasted costs of $6.2 million [a $13.8 million revenue decrease, net of cost decrease of $7.6 million]. The forecasted revenue decrease is primarily due to additional customer migration. The forecasted cost decrease is also primarily attributable to additional customer migration, offset in part with higher forward market electricity prices as of June 4, 2010.

C. Changes From May 4, 2010 Filing (Attachment RAB-2, page 3)

For the forecast period June through December 2010, the impact of updated higher forward market electricity prices and additional migration is an $8.3 million decrease to overall ES costs, as explained below:

1. Forecasted coal costs are lower by $1.3 million and coal generation is unchanged. $2.3 million of lower costs is due to a credit for non-delivery and resale of previously scheduled contract coal. The initial filing reflected this resale in May 2010 but it will now occur in the June-December forecast period. This cost reduction is offset by the increase in cost in May (see item 11 below), resulting in no impact on the change to the rate as compared to the May 4, 2010 filing. This credit was partially offset by $1.05 million of higher net coal costs at Merrimack and Schiller due to higher coal prices.

2. Wood costs are lower by $0.9 million due to lower wood prices.

3. The table below shows the forward market electricity prices used in the May, 2010 filing, and current values for June through December, 2010, and the change for each month.

Forward Electricity Prices and Changes Between May, 2010 Filing and June, 2010 Forecasts ($/MWh)

	May-10		Jun-10		Change	
	Peak	Off-peak	Peak	Off-peak	Peak	Off-peak
Jun-10	43.33	33.17	47.75	36.16	4.42	2.99
Jul-10	49.69	36.38	56.05	42.04	6.36	5.66
Aug-10	49.69	36.38	57.08	41.66	7.39	5.28
Sep-10	44.13	34.02	50.70	37.82	6.57	3.80
Oct-10	44.60	35.13	50.06	38.95	5.46	3.82
Nov-10	48.40	38.13	53.60	41.89	5.20	3.76
Dec-10	54.03	43.30	58.65	48.48	4.62	5.18

4. IPP costs "at market" are higher by $1.5 million reflecting higher forward electricity market prices, while volumes remain the same.

5. The cost of purchases, sales and congestion changed as follows:
a. Peak and off-peak purchased power costs are lower by $1.6 million and volumes are lower by 62 GWh.
b. Surplus energy sales revenues are higher by $4.5 million and volumes are higher by 70 GWh.
c. Congestion and loss adjustment costs are higher by $0.3 million.

These changes are a result of lower ES loads due to slightly lower forecasted sales, additional migration and forward market price changes. Changes in forward market electricity prices are shown above, and changes in the sales forecast and migration are shown below.

6. RPS costs are lower by $0.3 million reflecting lower ES loads.

7. Capacity costs are lower by $1.5 million resulting from lower capacity obligations due to lower loads.

8. Total ES sales are lower by 125 GWh. The table below shows the forecasted sales and migration (non-ES sales) used for the May filing and for this update. For consistency with rate setting, values are shown as measured at the customer meter. The amount of migration modeled in the update is as of May, 2010 and is 31.9% of forecasted total retail delivery sales. Overall, June through December 2010 sales are lower by 3.9% from the estimate which was used for calculating the ES Rate in PSNH's May filing.

Changes to PSNH ES Sales Forecast

	May. 2010 Filing (MWh)			June. 2010 Update (MWh)			Change From May. 2010 (MWh)			
	PSNH Sales	Non-ES Sales	ES Sales	PSNH Sales	Non-ES Sales	ES Sales	PSNH Sales	Non-ES Sales	ES Sales	% ES Sales Change
Jun-10	629,292	186,670	442,622	627,692	200,234	427,458	(1,600)	13,564	(15,164)	-3.4%
Jul-10	722,162	214,218	507,944	718,562	229,221	489,341	(3,600)	15,003	(18,603)	-3.7%
Aug-10	718,329	213,081	505,248	715,807	228,342	487,465	(2,522)	15,261	(17,783)	-3.5%
Sep-10	625,986	185,689	440,297	621,452	198,243	423,209	(4,534)	12,554	(17,088)	-3.9%
Oct-10	618,109	183,352	434,757	612,071	195,251	416,820	(6,038)	11,899	(17,937)	-4.1%
Nov-10	617,816	183,266	434,550	606,545	193,488	413,057	(11,271)	10,222	(21,493)	-4.9%
Dec-10	683,790	202,836	480,954	681,194	217,301	463,893	(2,596)	14,465	(17,061)	-3.5%
Subtotal	4,615,484	1,369,112	3,246,372	4,583,323	1,462,080	3,121,243	(32,161)	92,968	(125,129)	-3.9%

D. Other Cost Changes ($0.7 million cost increase)

9. Actual and forecasted F/H O&M costs decreased by a net of $1.2 million. This is due to actual F/H O&M decreasing by $2.7 million from the 5/4/10 filing. In addition, this filing has been updated to reflect increase in costs of $1.5 million associated with the transfer of the NHPUC Assessment and increased portion of uncollectible expense into the ES rate calculation consistent with the distribution rate case Settlement pending before the Commission. The costs from August 2009 – June 2010 (recoupment period) have been included reflecting a one year period of recovery consistent with the recovery of the recoupment balance in distribution rates.

10. Anticipated insurance proceeds associated with Merrimack have been updated using the latest amounts that have been or will be submitted as part of PSNH's claim to the insurer. Consistent with past filings, these amounts have been reduced by approximately 20% to reflect timing and/or recovery of the insurance proceeds. This resulted in an additional credit of $3.4 million.

11. All other actual costs increased by $5.3 million. One major reason for this increase was the delay in the coal resale that was anticipated to take place in May 2010 but has been delayed, accounting for $2.3 million of this variance. (See the discussion in item 1 above.)

E. Revenue Changes ($13.8 million revenue decrease)

12. The 2010 updated ES revenues decreased by $13.8 million due to additional customer migration.

F. Customer Migration Update

13. The 6/11/2010 updated ES rate assumes a 31.9% migration level which represents the actual current migration level on PSNH's system as of May 31, 2010. PSNH also computed two alternative ES migration scenarios. The results of our calculations are as follows:

Average migration percentage	ES rate
31.9%	8.78 cents/kWh (as filed & proposed)
35.6%	8.90
28.2%	8.68

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The Northeast Utilities System

July 15, 2010

Debra A. Howland
Executive Director and Secretary
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21 S. Fruit Street, Suite 10
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Re: 2nd Quarter 2010 Customer Migration Report

Dear Ms. Howland:

In its Order No. 24,714 – Order Approving Energy Service Rate in Docket DE 06-125, the Commission directed PSNH to provide monthly data regarding the migration of its customers to the competitive market on a quarterly basis. Enclosed for filing with the Commission is a Customer Migration Report for the 2nd quarter of 2010. This report is being filed electronically with one paper copy being sent to the Commission.

We would be pleased to respond to any questions the Commission may have on this report.

Sincerely,

Stephen R. Hall
Rate and Regulatory Services Manager

RJB:dm
Enclosures
cc: Meredith A. Hatfield, OCA

Public Service Company of New Hampshire
Migration of Customers To and From the Competitive Energy Supply Market
2nd Quarter 2010 Report
to the New Hampshire Public Utilities Commission

	Customers Receiving Energy Service From the Competitive Market		
	Number of Customers Not Billed for PSNH's Energy Service	Total Kilowatt-hours Delivered (KWH)	Estimated Demand at the Time of PSNH's System Peak Reported to the ISO-NE (KW)
April			
Residential	1,187	415,279	
Small C&I Rate G	4,076	22,167,947	
Medium C&I Rate GV	601	71,389,053	
Large C&I Rate LG	88	89,430,642	
Lighting	54	711,514	
Total	**6,006**	**184,114,435**	**260,414**
May			
Residential	1,186	398,175	
Small C&I Rate G	4,249	23,633,583	
Medium C&I Rate GV	623	74,278,720	
Large C&I Rate LG	87	90,591,548	
Lighting	54	602,728	
Total	**6,199**	**189,504,754**	**454,873**
June			
Residential	1,247	424,922	
Small C&I Rate G	4,448	25,551,219	
Medium C&I Rate GV	637	78,373,512	
Large C&I Rate LG	87	89,126,109	
Lighting	58	618,310	
Total	**6,477**	**194,094,072**	**456,565**

Attachment 3

Attachment 4
DE 06-115

McLane
McLane, Graf,
Raulerson & Middleton
Professional Association

100 Market Street, Suite 301 | Portsmouth, NH 03802
Tel: 603.436.2818 | www.mclane.com

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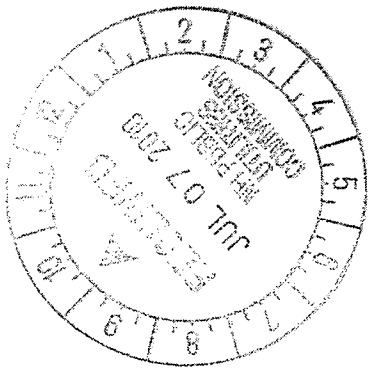


July 6, 2010

Via Electronic and First Class Mail

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301

Re: **Granite State Electric Company d/b/a National Grid**
Quarterly Customer Migration Report

Dear Ms. Howland:

In accordance with Order No. 24,715 issued by the Commission on December 15, 2006, enclosed for filing please find Granite State Electric Company d/b/a National Grid's Quarterly Customer Migration Report for the second Quarter of 2010.

Thank you for your assistance with this matter. Please do not hesitate to call if you have any questions.

Very truly yours,

Sarah B. Knowlton

Sarah B. Knowlton

SBK/hsp
Enclosures
cc: PUC Librarian (via electronic mail)
Celia O'Brien, Esq.

CUSTOMER MIGRATION REPORT

Energy Service and Competitive Generation Customers for the 2nd Quarter of 2010

	Energy Service						Competitive Service					
Customer Rate Class	April-10	May-10	June-10	April-10	May-10	June-10	April-10	May-10	June-10	April-10	May-10	June-10
	Number of Energy Service Customers			kWh Used by Energy Service Customers			Number of Competitive Service Customers			kWh Used by Competitive Service Customers		
D	33,589	33,581	33,672	19,825,758	17,394,245	21,687,642	33	33	33	31,459	26,861	27,997
D-10	449	448	447	480,661	373,447	360,732	1	1	1	975	930	906
T	1,245	1,242	1,239	1,591,014	1,205,400	1,189,357	46	46	46	53,178	41,428	32,421
G-1	67	67	69	7,957,660	7,839,940	9,120,470	51	52	50	18,410,056	18,719,530	22,745,086
G-2	687	696	703	8,835,960	8,512,606	9,752,878	150	155	153	3,376,118	3,259,332	3,492,276
G-3	5,095	5,129	5,130	6,640,400	6,159,765	7,024,503	408	420	421	506,377	476,857	546,735
V	20	20	20	22,931	16,881	24,689	1	1	1	1,969	1,623	776
Streetlights	84	86	90	206,044	176,333	201,626	16	16	15	232,379	198,867	223,475
TOTAL	41,236	41,269	41,370	45,560,428	41,678,617	49,361,897	706	724	720	22,612,511	22,725,428	27,069,672
Customer Rate Class	Number of Energy Service Customers as % of Total			kWh Used by Energy Service Customers as % of Total			Number of Competitive Service Customers as % of Total			kWh Used by Competitive Service Customers as % of Total		
D	100%	100%	100%	100%	100%	100%	0%	0%	0%	0%	0%	0%
D-10	100%	100%	100%	100%	100%	100%	0%	0%	0%	0%	0%	0%
T	96%	96%	96%	97%	97%	97%	4%	4%	4%	3%	3%	3%
G-1	57%	56%	58%	30%	30%	29%	43%	44%	42%	70%	70%	71%
G-2	82%	82%	82%	72%	72%	74%	18%	18%	18%	28%	28%	26%
G-3	93%	92%	92%	93%	93%	93%	7%	8%	8%	7%	7%	7%
V	95%	95%	95%	92%	91%	97%	5%	5%	5%	8%	9%	3%
Streetlights	84%	84%	86%	47%	47%	47%	16%	16%	14%	53%	53%	53%
TOTAL	98%	98%	98%	67%	65%	65%	2%	2%	2%	33%	35%	35%

Prepared By: J. Jerz

Date: July 1, 2010

Attachment 4

UNITIL ENERGY SYSTEMS, INC.

DIRECT TESTIMONY OF

ROBERT S. FURINO

New Hampshire Public Utilities Commission

Docket No. DE 10-028

June 11, 2010

TABLE OF CONTENTS

LIST OF SCHEDULES

Unitil Energy Systems, Inc.
Customer Migration Report

RETAIL SALES (kWh) by CUSTOMER CLASS
Competitive Generation Sales

Month	DOMESTIC	REGULAR GENERAL	LARGE GENERAL	OUTDOOR LIGHTING	TOTAL
May-09	0	2,402,188	18,762,045	110,147	21,274,380
Jun-09	37,200	2,718,502	18,712,843	124,254	21,592,799
Jul-09	46,200	2,969,404	20,579,313	124,500	23,719,417
Aug-09	60,321	4,075,873	25,609,535	116,254	29,861,983
Sep-09	64,641	4,693,181	24,758,410	124,561	29,640,793
Oct-09	51,760	4,384,999	22,982,268	131,378	27,550,404
Nov-09	75,425	4,236,124	22,613,600	121,259	27,046,408
Dec-09	74,000	4,748,182	23,224,599	138,856	28,185,637
Jan-10	144,826	5,811,224	23,282,497	184,862	29,423,409
Feb-10	399,286	5,559,584	22,906,266	160,905	29,026,040
Mar-10	330,571	5,306,658	21,823,475	165,668	27,626,371
Apr-10	260,953	5,932,133	24,092,687	180,503	30,466,276

RETAIL SALES (kWh) by CUSTOMER CLASS
Total Sales

Month	DOMESTIC	REGULAR GENERAL	LARGE GENERAL	OUTDOOR LIGHTING	TOTAL
May-09	32,677,515	25,809,216	27,738,173	712,691	86,937,595
Jun-09	34,177,351	26,898,737	28,584,069	777,059	90,437,216
Jul-09	39,487,448	30,258,996	31,048,428	785,781	101,580,653
Aug-09	45,694,434	32,412,156	32,371,261	754,634	111,232,486
Sep-09	43,197,838	31,253,101	31,169,381	742,015	106,362,335
Oct-09	35,172,516	26,863,110	28,729,567	761,003	91,526,196
Nov-09	35,880,892	25,482,064	28,037,649	701,170	90,101,775
Dec-09	41,630,125	27,214,356	28,372,560	744,582	97,961,623
Jan-10	52,034,217	31,417,267	28,962,938	781,671	113,196,093
Feb-10	41,734,628	27,335,060	27,583,716	679,553	97,332,957
Mar-10	37,052,932	25,613,525	26,369,617	683,355	89,719,429
Apr-10	38,742,368	27,901,591	29,469,447	760,832	96,874,237

RETAIL SALES (kWh) by CUSTOMER CLASS
Competitive Generation Sales as a Percentage of Total Sales

Month	DOMESTIC	REGULAR GENERAL	LARGE GENERAL	OUTDOOR LIGHTING	TOTAL
May-09	0.0%	9.3%	67.6%	15.5%	24.5%
Jun-09	0.1%	10.1%	65.5%	16.0%	23.9%
Jul-09	0.1%	9.8%	66.3%	15.8%	23.4%
Aug-09	0.1%	12.6%	79.1%	15.4%	26.8%
Sep-09	0.1%	15.0%	79.4%	16.8%	27.9%
Oct-09	0.1%	16.3%	80.0%	17.3%	30.1%
Nov-09	0.2%	16.6%	80.7%	17.3%	30.0%
Dec-09	0.2%	17.4%	81.9%	18.6%	28.8%
Jan-10	0.3%	18.5%	80.4%	23.6%	26.0%
Feb-10	1.0%	20.3%	83.0%	23.7%	29.8%
Mar-10	0.9%	20.7%	82.8%	24.2%	30.8%
Apr-10	0.7%	21.3%	81.8%	23.7%	31.4%

Unitil Energy Systems, Inc.
Customer Migration Report

CUSTOMER COUNT by CLASS
Customers Served by Competitive Generation

Month	DOMESTIC	REGULAR GENERAL	LARGE GENERAL	OUTDOOR LIGHTING	TOTAL
May-09	0	172	84	45	301
Jun-09	1	191	83	49	324
Jul-09	1	196	86	50	333
Aug-09	16	283	99	65	463
Sep-09	16	317	99	71	503
Oct-09	24	376	98	75	573
Nov-09	27	391	98	77	593
Dec-09	28	419	99	82	628
Jan-10	85	428	97	87	697
Feb-10	120	490	100	96	806
Mar-10	124	488	101	97	810
Apr-10	123	509	102	98	832

Total Customers

Month	DOMESTIC	REGULAR GENERAL	LARGE GENERAL	OUTDOOR LIGHTING	TOTAL
May-09	63,731	10,816	150	1,834	76,531
Jun-09	63,731	10,810	150	1,834	76,525
Jul-09	63,765	10,831	151	1,832	76,579
Aug-09	63,858	10,828	152	1,828	76,666
Sep-09	63,819	10,810	151	1,820	76,600
Oct-09	63,581	10,882	158	1,823	76,444
Nov-09	63,480	10,774	151	1,819	76,224
Dec-09	63,482	10,787	148	1,812	76,229
Jan-10	63,280	10,789	149	1,814	76,032
Feb-10	63,340	10,791	148	1,813	76,092
Mar-10	63,437	10,818	149	1,813	76,217
Apr-10	63,614	10,845	149	1,811	76,419

CUSTOMER COUNT by CLASS
Percentage of Customers Served by Competitive Generation

Month	DOMESTIC	REGULAR GENERAL	LARGE GENERAL	OUTDOOR LIGHTING	TOTAL
May-09	0.0%	1.6%	56.0%	2.5%	0.4%
Jun-09	0.0%	1.8%	55.3%	2.7%	0.4%
Jul-09	0.0%	1.8%	57.0%	2.7%	0.4%
Aug-09	0.0%	2.6%	65.1%	3.6%	0.6%
Sep-09	0.0%	2.9%	65.6%	3.9%	0.7%
Oct-09	0.0%	3.5%	62.0%	4.1%	0.7%
Nov-09	0.0%	3.6%	64.9%	4.2%	0.8%
Dec-09	0.0%	3.9%	66.9%	4.5%	0.8%
Jan-10	0.1%	4.0%	65.1%	4.8%	0.9%
Feb-10	0.2%	4.5%	67.6%	5.3%	1.1%
Mar-10	0.2%	4.5%	67.8%	5.4%	1.1%
Apr-10	0.2%	4.7%	68.5%	5.4%	1.1%

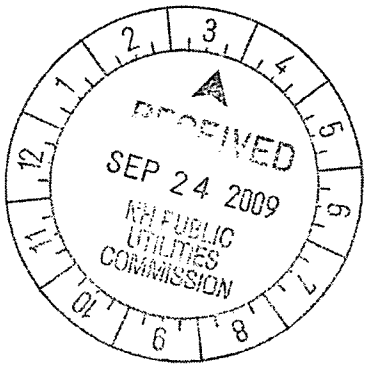
Attachment 6
DE09-180

Public Service of New Hampshire

PSNH Energy Park
780 North Commercial Street, Manchester, NH 03101

Public Service Company of New Hampshire
P.O. Box 330
Manchester, NH 03105-0330
(603) 669-4000
www.psnh.com

The Northeast Utilities System



September 24, 2009

Debra A. Howland
Executive Director and Secretary
State of New Hampshire
Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

Re: Proposed Default Energy Service Rate for 2010 - Docket No. DE 09-XXX

Dear Ms. Howland:

Enclosed please find seven copies of the testimony and attachments of Robert A. Baumann containing an estimate and supporting documentation for a Default Energy Service rate applicable to PSNH's customers who take service under Default Energy Service Rate DE on and after January 1, 2010. Pursuant to RSA 369-B:3, IV(b)(1)(A), customers who take Default Energy Service from PSNH will be billed a Default Energy Service ("ES") rate equal to PSNH's actual, prudent and reasonable costs of providing the power, as approved by the Commission. Based upon the data contained herein, PSNH currently estimates an ES rate for effect on January 1, 2010 of 9.31 cents per kilowatt-hour. This change would be an increase of 0.28 cents per kilowatt-hour over the current ES rate of 9.03 cents per kilowatt-hour. PSNH is today making a contemporaneous filing of a decreased Stranded Cost Recovery Charge rate of 1.02¢ per kWh.

As in the case of the last proceeding, PSNH anticipates that the estimated ES rate will be revised during the course of this proceeding to incorporate the most recent estimates of fuel and energy prices. PSNH's requested rate will be based upon this revised estimate and supporting documentation filed prior to the final hearing on the merits and will reflect any estimated over or under recovery of ES for 2009. PSNH requests that the Commission open a docket and schedule a pre-hearing conference so that a procedural schedule can be established that will provide for an order by the Commission in sufficient time to enable the new Default Energy Service rate to take effect January 1, 2010.

Very truly yours,

Gerald M. Eaton

Gerald M. Eaton
Senior Counsel

Enclosures
cc: Service List

OS6161 REV. 3-02

no longer applied to Part 3 stranded costs. ES reconciliation amounts beginning in February 2006 are now being deferred and are applied to future ES rate recoveries per the Commission's order and findings in Docket No.DE 05-164, Order No. 24,579, dated January 20, 2006.

Q. Are the costs that PSNH has included in this ES rate filing consistent with the past ES filings?

A. Yes, the major cost categories are consistent. The major cost categories in this ES filing are the revenue requirements for owned generation assets and the costs of purchased power obligations. In addition, Energy Service costs include the fuel costs associated with PSNH's generation assets, the costs from supplemental energy and capacity purchases, certain ISO-NE ancillary service charges and the cost of compliance with the Renewable Portfolio Standard (RPS) and RGGI. The generation revenue requirements include non-fuel costs of generation, including non-fuel operation and maintenance costs, allocated administrative and general costs, depreciation, property taxes and payroll taxes, and a return on the net fossil/hydro investment.

Q. Please discuss the level of migration assumed in this filing.

A. The level of migration assumed in PSNH's filing reflects the current actual level of approximately 23%. This is up from the assumed migration level of 18% that was embedded in the current rates effective on August 1, 2009.

Q. What impact has the increased level of migration had on the currently filed ES rate?

A. Increased migration levels have put upward pressure on the ES rate. The rate included in this filing is approximately 5% higher than it would have been absent migration. The end result of

this increase in the ES rate is that certain customers that are unable to switch to a third party supply, predominately residential customers, are now shouldering additional fixed costs, while customers who have switched have been afforded the opportunity to choose lower rates from third party suppliers.

Q. Will the upward pressure on ES rates continue into the future?

A. Such a question can only be answered with knowledge of future migration levels and the related levels of alternative market prices. During the current unprecedented market price decline, suppliers have been successful in offering certain customers lower prices than the price calculated in the ES rate formula. How long this price differential will last is not known, nor is the pricing or terms of the current third party contracts. If market prices in the future increase once again over the ES rate level, PSNH expects that some or all of these customers on third party supply may migrate back to PSNH's ES default rate. If prices were to fall once again below the ES rate level, we would expect that some of these returning customers would once again move to a third party supply if it were in their economic interests to do so. This again would leave the remaining customers with additional costs to shoulder.

Q. Does PSNH have a proposal at this time that would address the issues raised above?

A. Not at this time. PSNH believes that any solution to this issue should be vetted by all interested parties through technical session discussions. We do believe that the restructuring law was not intended to have one general group of customers shouldering additional costs as a result of another group securing lower rates. To that end, the additional costs incurred may be the unintended result of restructuring and therefore should be addressed appropriately.

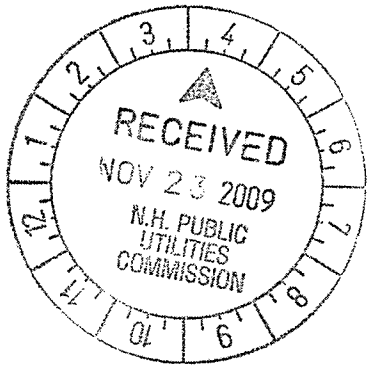
Public Service of New Hampshire

PSNH Energy Park
780 North Commercial Street, Manchester, NH 03101

Public Service Company of New Hampshire
P.O. Box 330
Manchester, NH 03105-0330
(603) 669-4000
www.psnh.com

The Northeast Utilities System

November 23, 2009



Debra Howland
Executive Director and Secretary
State of New Hampshire
Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

Re: DE 09-180 Default Energy Service Rate

Dear Secretary Howland:

Enclosed for filing in the docket captioned above is the direct testimony of Robert A. Baumann. Mr. Baumann will present this testimony at the hearing on December 10, 2009.

Very truly yours,

Stephen R. Hall

Stephen R. Hall, Manager
Rate & Regulatory Services

SRH:kn
Enclosures
cc: Service List

THE STATE OF NEW HAMPSHIRE

BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

SUPPLEMENTAL PREPARED TESTIMONY OF ROBERT A. BAUMANN

2010 DEFAULT ENERGY SERVICE RATE CHANGE

Docket No. DE 09-180

Q. Please state your name, business address and position.

A. My name is Robert A. Baumann. My business address is 107 Selden Street, Berlin, Connecticut. I am Director, Revenue Regulation & Load Resources for Northeast Utilities Service Company (NUSCO). NUSCO provides centralized services to the Northeast Utilities (NU) operating subsidiaries, including Public Service Company of New Hampshire (PSNH), The Connecticut Light and Power Company, Yankee Gas Services Company and Western Massachusetts Electric Company.

Q. Have you previously testified before the Commission?

A. Yes. I have testified on numerous occasions before the Commission.

Q. What is the purpose of your supplemental testimony?

A. The purpose of this testimony is to provide additional information in this Docket related to the topic of customer migration and its current impact on the ES rates that will take effect on January 1, 2010. PSNH made a commitment to all parties at the noticed technical session in this docket on October 19, 2009, to file supplemental testimony that specifically addressed the issue of customer migration and its effect on the ES rates. Specifically, the issue to be addressed is the increase in the ES rate attributable to customer migration as noted in our initial testimony filed on September 24, 2009, in this docket.

Q. **Please summarize the impact customer migration has had on the current ES rate?**

A. This docket will set the ES rate on January 1, 2010 that will be billed to all customers who have not chosen a third party supplier. The level of migration that was assumed in our initial filing was 23%. Absent any migration, the ES rate would have been approximately 5% lower than the rate as filed. If the ES rate is applied to customers consistent with past filings, the increase in the ES rate due to migration will be borne by customers who did not, or could not chose a third party supply. The majority of the customers who presently use PSNH's default energy service are residential and smaller C&I customers. This general group of customers has limited options for a third party supply in the market.

Q. **What is the dollar impact of this 5% rate differential over a full year?**

A. The impact of the migration-driven differential using the rates as filed on September 24, 2009 is approximately $28 million. This value will change when PSNH updates its ES proposal on December 7, 2009.

Q. **What are the underlying causes that have created this ES migration issue?**

A. It is PSNH's obligation, as the supplier of last resort, to have a reliable and cost effective supply at all times to meet its assigned load obligation for every hour of every day. To that end, PSNH maintains a portfolio of power sources to meet current and future load obligations. These significant power sources are PSNH's own generation and unit entitlements, IPP generation from contracts and rate orders, contracted blocks of fixed purchase power sources, and anticipated market power purchases, mostly through the daily ISO-NE interchange process. Over the past few years, PSNH has planned and/or procured ahead of time a large portion of the load obligation with its own generation, purchased power and IPP supplies to minimize future market exposure

Public Service of New Hampshire

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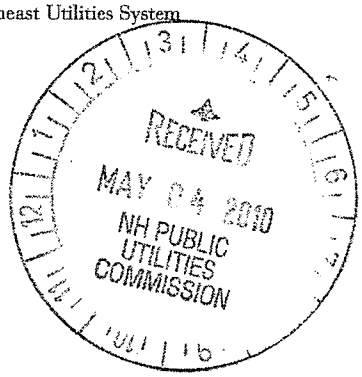
The Northeast Utilities System



May 4, 2010

Debra A. Howland
Executive Director and Secretary
State of New Hampshire
Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

Re: Interim Change in the Default Energy Service Rate Docket No. DE 09-180

Dear Ms. Howland:

Enclosed please find an original and six copies of the Prepared Direct Testimony of Robert A. Baumann with attachments and a Joint Technical Statement Robert A. Baumann and Frederick B. White containing a calculation and supporting documentation for a Default Energy Service (Energy Service) rate applicable to PSNH's customers who take service under Energy Service Rate DE on and after July 1, 2010. PSNH currently calculates that there will be a decrease from the current rate of 8.96 cents per kilowatt-hour to 8.57 cents per kilowatt-hour. This estimate includes actual costs through March 2010 and a projection of costs from April through December.

As was customary in the past, PSNH will file updated projections of costs and actual experience through April prior to the hearing in this matter; therefore, the rate PSNH ultimately requests may differ from the enclosed calculation. PSNH requests that the Commission reopen this proceeding and schedule a hearing so that a final determination of a rate may be made on or before June 28, 2010 to calculate and test all of the rate changes scheduled for July 1, 2010. Concurrently with this filing, PSNH is requesting the Commission to reopen the Stranded Cost Recovery Charge (SCRC) proceeding to enable PSNH to request a change in the SCRC on July 1, 2010. At the beginning of June PSNH will file a request for a new Transmission Cost Adjustment Mechanism rate also for effect on July 1, 2010.

Copies of this filing have been provided to the persons on the attached service list pursuant to Puc§203.02 and Puc §203.11.

Very truly yours,

Gerald M. Eaton
Senior Counsel

Enclosures
cc: Service List

OS6161 REV. 3-02

opportunity to choose an electric supplier. We are not persuaded that PSNH has yet taken measures sufficient to address potential migration and, therefore, we will require the Company to develop a meaningful range of forecasts of customer migration as it prepares to recommend a mid-year adjustment to its ES rate effective July 1, 2010."

The Commission's Order presented two issues associated with migration which will be addressed below. These are (1) the issue of migration impacts on the small customers' ES rates as discussed above and (2), the development of a meaningful forecasted range for future migration for the ES rate calculations.

Q. Explain the migration impacts on the small customers' ES rates resulting from the migration of large customers to competitive suppliers.

A. PSNH agrees that recent increases in the ES rate for small customers, due to migration of larger customers, was not fully addressed in the last proceeding. It is still our belief that a portion of the current ES costs should be removed from the ES rates and recovered through a non-bypassable rate from all customers. Such a recovery would then fairly spread the cost of back up supply to all customers, not just small customers. We stand ready to take part in any effort that is deemed appropriate that would further address this fairness issue.

Q. What level of migration has PSNH used in this filing?