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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

June 13, 2013 - 10:11 a.m.
Concord, New Hampshire

NHPUC JUN27'13 PM 2:48

RE: DE 13-108
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:
Annual Reconciliation of Energy Service
and Stranded Cost for 2012.
(Prehearing conference)

PRESENT: Chairman Amy L. Ignatius, Presiding

Clare Howard-Pike, Clerk

APPEARANCES: Reptg. Public Service of New Hampshire:
Matthew J. Fossum, Esq.

Reptg. Residential Ratepayers:
Susan Chamberlin, Esq., Consumer Advocate
Stephen R. Eckberg
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Steven E. Mullen, Asst. Dir./Electric Div.

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

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P R O C E E D I N G

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2 CHAIRMAN IGNATIUS: I'd like to open the
3 hearing in Docket DE 13-108, which is Public Service
4 Company of New Hampshire's Reconciliation of Energy
5 Service and Stranded Costs for calendar year 2012. On May
6 9th, 2013, Public Service filed testimony and schedules in
7 support of its proposed reconciliation of revenues and
8 costs associated with its Energy Service Charge and
9 Stranded Cost Recovery Charge for calendar year 2012. The
10 filing covers the reconciliation between the revenues and
11 expenses included in the SCRC and Energy Service Charges,
12 it also covers the performance of PSNH's fossil and hydro
13 generation facilities, and, finally, it addresses how PSNH
14 met its energy and capacity requirements during 2012. By
15 order of notice dated May 15th, we scheduled a prehearing
16 conference for this morning, which will be followed by a
17 technical session.

18 So, let's begin please with appearances.

19 MR. FOSSUM: Good morning. Matthew
20 Fossum, for Public Service Company of New Hampshire.

21 CHAIRMAN IGNATIUS: Good morning.

22 MS. CHAMBERLIN: Good morning. Susan
23 Chamberlin, Consumer Advocate, and with me is Steve
24 Eckberg.

1 CHAIRMAN IGNATIUS: Good morning.

2 MS. AMIDON: Good morning. Suzanne
3 Amidon, for Commission Staff. With me this morning is
4 Steve Mullen, the Assistant Director of the Electric
5 Division.

6 CHAIRMAN IGNATIUS: Good morning. And,
7 I know, Ms. Chamberlin, you had filed a notice of intent
8 to participate. We also have received a petition to
9 intervene from Conservation Law Foundation. And, counsel
10 for CLF hasn't yet appeared. But, if he comes while we're
11 underway, we'll give him an opportunity to speak to his
12 petition to intervene. I also received this morning an
13 objection from PSNH to the petition to intervene.

14 So, why don't we begin first with --
15 we'll do positions, initial positions of parties on the
16 docket. And, maybe while you're addressing that, address
17 either support or opposition to the petition to intervene,
18 so we don't go around twice. And, then, again, if Mr.
19 Peress is here, we'll let him add on, if he needs to add.

20 So, Mr. Fossum.

21 MR. FOSSUM: Thank you. Good morning.
22 I guess, to start with, the Company's position. The
23 position is relatively straightforward. We filed
24 consistent with annual filings that we've made over a

1 period of years our reconciliation of Energy Service and
2 Stranded Costs for 2012. And, we look forward to working
3 with the parties to go through the relevant issues and
4 discuss them, and to demonstrate how Public Service
5 Company was prudent and reasonable in meeting its energy
6 service and stranded cost issues.

7 Very briefly, for those who either
8 haven't yet received or reviewed the objection that we
9 filed this morning, I can offer PSNH's position relative
10 to CLF's petition to intervene. I won't reiterate what
11 we've already filed. I'll just very briefly note that, in
12 the Commission's Order 25,375, issued June 18, 2012, in
13 last year's reconciliation docket, the Commission very
14 clearly said that, on Page 5, and I quote, "Environmental
15 compliance issues associated with the operation of PSNH's
16 generation fleet are beyond the scope of this docket."
17 And, this docket is the same as last year's docket. It's
18 just a new calendar year.

19 And, CLF has made very clear through its
20 petition that its participation is premised upon its
21 interests in environmental compliance issues. And, in
22 fact, on the very first page, in the very first paragraph
23 of its petition, it states that "CLF...represents the
24 interests of its members in ensuring that environmental

1 impacts resulting from the generation, production,
2 distribution and/or use of electricity in New Hampshire
3 and the region are minimized."

4 So, CLF has clearly stated that the way
5 it represents its members' interests is in addressing
6 environmental impacts, and the Commission has clearly said
7 that those issues are beyond the scope of this docket.

8 So, with that, I would argue that CLF
9 has not demonstrated the requisite requirements for
10 intervention in the docket.

11 CHAIRMAN IGNATIUS: Let me ask you a
12 question, if I may. The phrase "environmental compliance
13 issues" that was from the prior order of the Commission is
14 not the same words, and I'll ask you to tell me if they're
15 different meanings, from "environmental and public health
16 impacts", which is what CLF used in its petition to
17 intervene. Do you think those are the same things?

18 MR. FOSSUM: I could see how they could
19 be read differently. But, I think, in this context, they
20 essentially are the same things. Returning to the
21 Commission's order, and there's a parenthetical following
22 the section that I quoted, that says "The New Hampshire
23 Department of Environmental Services is responsible for
24 enforcing environmental laws, including laws regulating

1 air emissions."

2 So, the Commission's -- you know, to the
3 extent that "environmental compliance" in and of itself is
4 different than "environmental and public health impacts",
5 I think the Commission has still made clear that issues
6 regarding the enforcement of environmental laws belong
7 with a separate agency.

8 So, regardless of how that first phrase
9 is read, I think the second phrase makes it clear that the
10 environmental issues that CLF may seek to pursue in this
11 are simply either -- either not appropriate for this
12 docket or not appropriate for this Commission, or both.

13 CHAIRMAN IGNATIUS: Well, let's think a
14 little bit, you've got "compliance issues", which I think
15 of things like "should you install a certain kind of
16 treatment facility?" You've got "enforcement", which is
17 "Should you be penalized for not doing something?" "Did
18 you exceed certain threshold amounts?" But there's a
19 third category of "environmental impacts" resulting from
20 use of resources. And, would you say that, even if those
21 first two things, in your mind, are off the table for a
22 docket like this, should information about emissions,
23 let's say, from the use of your generation facilities, be
24 -- not whether there should be enforcement actions, but

1 just the fact of emissions and what they were, should that
2 be part of a docket like this or not?

3 MR. FOSSUM: I'm not entirely sure what
4 -- I mean, it's evident that, by running the generation,
5 there are emissions, emissions from the plants of some
6 type or another, I think that -- I mean, that's a fact.
7 We wouldn't dispute that, of course. But what one would
8 do with that information in this docket, which is focused
9 on PSNH's prudence in the financial decisions and economic
10 decisions that it made to serve its customers and to
11 operate its plants to serve those customers, I simply --
12 just I guess I don't see what that information would do
13 here. And, also, to the extent that there is emissions
14 generally, whether they have environmental impacts is a
15 secondary issue. The emissions exist. What it means to
16 emit, though, you know, I think that's certainly a
17 secondary issue. What impact that might have on the
18 public or the environment, that certainly appears to be
19 information that may be relevant to the New Hampshire
20 Department of Environmental Services or the federal EPA or
21 a similar agency. But I don't see why it would be
22 appropriate for this Commission to review that sort of
23 information, particularly in this type of docket.

24 CHAIRMAN IGNATIUS: In your objection,

1 you've argued that the request to intervene be denied
2 outright. But, if it were granted, it should be granted
3 only limited to a very narrow scope. Can you think of
4 issues that would be of concern to CLF that you would find
5 within the scope of the docket?

6 MR. FOSSUM: Well, I mean, you know, CLF
7 can certainly speak for itself on what issues are of
8 concern to it, and I think it has done so in its petition.
9 So, I hesitate to speculate on what issues may come up in
10 the course of the proceeding that CLF may find interesting
11 or relevant or of some interest to it or its members. So,
12 I guess that would be my thought on that.

13 In the prior order that we cite, the
14 Commission did limit TransCanada to the issues that the
15 Commission defined in the docket, and made clear that, to
16 the extent any discovery exceeded the scope that was
17 defined by the Commission, the Commission would act on
18 objections to that discovery.

19 So, to the extent that the Commission
20 would be inclined, rather than deny the petition to
21 intervene, to grant it subject to a limited scope, I guess
22 we would ask that, and we do in our objection, that the
23 scope that was defined last year is an appropriate scope
24 for these dockets, and so that any attempt to go beyond

1 that scope should be prevented.

2 CHAIRMAN IGNATIUS: And, it sounds as
3 though, in your view, anything that refers to an
4 environmental statute or an environmental impact or
5 environmental performance should be off, outside of the
6 scope of the docket?

7 MR. FOSSUM: Well, I can't -- I would
8 hesitate to say anything referring to an environmental
9 statute. You know, there's, you know, again, our --
10 PSNH's plants, I mean, there are emissions from them.
11 And, those emissions may be relevant to some environmental
12 statute somewhere. So, I would hesitate to say any and
13 every reference to environmental statutes generally should
14 be forbidden.

15 What I was responding to, though, was
16 what CLF had made clear in its petition, that
17 environmental issues were all that it wanted to talk
18 about. And that, while there may be incidental brushes
19 with environmental statutes, it's simply -- just it's not
20 the purpose of these dockets.

21 CHAIRMAN IGNATIUS: All right. Thank
22 you. That's helpful. Anything further, Mr. Fossum?

23 MR. FOSSUM: Not at this time, no.

24 CHAIRMAN IGNATIUS: All right.

1 Ms. Chamberlin?

2 MS. CHAMBERLIN: Yes. Generally --
3 would you like me to address the motion to intervene or
4 just our general --

5 CHAIRMAN IGNATIUS: Both.

6 MS. CHAMBERLIN: Both. Okay.

7 CHAIRMAN IGNATIUS: In whatever order
8 you like.

9 MS. CHAMBERLIN: On the motion to
10 intervene, we support CLF's motion. I view these dockets
11 as primarily about costs and reliability. And, there are
12 times when environmental issues coincide with concerns of
13 costs and reliability. The cost of complying with an
14 environmental regulation, the expectation of additional
15 regulations and additional costs, that's something CLF has
16 an expertise in, and I believe it would add to the record
17 how those are considered.

18 In terms of the OCA's general position
19 with this docket, we will be taking the findings from the
20 last order, many of them were going forward, PSNH agreed
21 to do X, Y, and Z. And, so, we will request a status
22 update on those agreements. We continue to be concerned
23 about the cost of PSNH's generation, and it has not taken
24 any steps that of which we are aware to retire or sell any

1 of those plants that we start to consider to be excess
2 capacity.

3 We're also going to look into some of
4 the salary issues. It's hard to overlook an \$80 million
5 salary for a chief executive. So, we're certainly going
6 to see how that plays out into New Hampshire rates. And,
7 you know, generally, develop the record and flesh out some
8 of the issues raised in the testimony.

9 CHAIRMAN IGNATIUS: Thank you. Ms.
10 Amidon.

11 MS. AMIDON: Thank you, madam Chairman.
12 The Staff has not taken a position on the docket. We have
13 a proposed procedural schedule to discuss with the Company
14 and the OCA in the technical session that will follow.
15 And, I'll just note for the record that the Commission, in
16 Order Number 25,380, in Docket DE 11-215, which was an
17 Energy Service docket, designated this docket to review,
18 in addition to the customary things, the depreciation
19 update that was provided by the Company in that 2011
20 docket. So, that will be an additional item we'll be
21 looking at.

22 Insofar as the motion to intervene, we
23 are not taking any position on that at this point. But,
24 if you have any questions, we'd be happy to address them.

1 CHAIRMAN IGNATIUS: All right. I didn't
2 see any other outstanding motions, either requests for
3 waiver or confidential treatment. Although, if there is
4 something to that effect, please let me know.

5 MR. FOSSUM: No. There's nothing the
6 Company's filed to this point.

7 CHAIRMAN IGNATIUS: Okay. Obviously, as
8 all of you know, because you're regular practitioners
9 here, if there are sensitive confidential documents that
10 are requested through the course of discovery, they be
11 kept protected until there's an order of the Commission.
12 And, we'll address any motions that are filed, whether
13 they're related to discovery or confidentiality, as
14 quickly as we can. And, it sounds like you're already
15 underway with a schedule, so that's good. Is there
16 anything else that we should do here while I'm here?

17 (No verbal response)

18 CHAIRMAN IGNATIUS: And, if not, I will
19 take the motion, petition to intervene and objection under
20 advisement, discuss it with my colleagues, and we will
21 issue an order as soon as we can. Thank you. If not,
22 then we're adjourned.

23 **(The prehearing conference ended at 10:27 a.m.)**

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