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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

April 22, 2015 - 11:24 a.m.
Concord, New Hampshire

NHPUC APR27'15 AM 8:04

RE: IR 14-338
ELECTRIC UTILITIES:
Review of Default Service Procurement
Processes for Electric Distribution
Utilities. (Status conference)

PRESENT: Commissioner Robert R. Scott, Presiding

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service of New Hampshire
d/b/a Eversource Energy:
Matthew J. Fossum, Esq.

Reptg. Liberty Utilities (Granite State
Electric) Corp.:
Sarah B. Knowlton, Esq.

Reptg. Unitil Energy Systems:
Gary Epler, Esq.

Reptg. NextEra Energy Power Marketing:
Susan S. Geiger, Esq. (Orr & Reno)

Reptg. Briar Hydro Associates and
Granite State Hydropower Association:
Richard Normand

Patricia Martin, pro se

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

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APPEARANCES: (C o n t i n u e d)

Reptg. the Office of Energy & Planning:

Meredith Hatfield, Esq., Director
Molly Connors

Reptg. Residential Ratepayers:

Susan Chamberlin, Esq., Consumer Advocate
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P R O C E E D I N G

COMMISSIONER SCOTT: Good morning.

Sorry for the delay from the last hearing. Let me start with apologies, the Chair would very much like to be here. He's at the Legislature. They're running late. And, he's required to talk to them on Site Evaluation Committee funding issues. So, his not being here is not due to lack of interest.

So, having said that, let me start.

Again, we're here on our IR, our investigative docket, Number 14-338, on electric distribution utilities, to look at alternatives to provide default energy service. The Commission has asked for a status conference. Going back, again, our intention in our original Order of Notice was to hear from you all and, hopefully, to the extent there's a change needed, be able to have something to be implemented in time for the winter -- wintertime pricing. Hence, the status conference today.

So, our intention was, hopefully, to understand where you all are generally, as for as process. And, then, for the Commissioners -- for the Commission to decide where we are for next steps, vis-a-vis having some kind of impact for the coming winter.

With that, I'll also mention, I think,

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1 and you all are living this, we have some -- there are
2 certainly some threshold questions that come out of this
3 docket, not the least of which is, I think, the role of
4 default service in the state. Should it be primarily an
5 additional competitive choice or should it be a more
6 stable offering? Should it be a backstop, especially for
7 residential customers? Is stability and predictability of
8 most important or should, again, should this be more
9 competitive? Can we rely on the competitive electric
10 suppliers to provide those competitive price options?
11 And, frankly, how do we ensure an appropriate number of
12 bidders for default service? So, those are some of the
13 many questions I think this docket brings up.

14 So, by matter of process, again, I hope
15 to do this rather informally. Obviously, we don't have a
16 quorum here anyways. So, I think what I'd like to do is
17 go around the room, get thoughts.

18 I'll ask Staff, is there an agreed upon
19 at all method of how today is run? If not, I'll just go
20 around the room.

21 MS. AMIDON: No. Because I wasn't -- I
22 didn't get information as to what the Commission was
23 seeking today. I assumed that you were going to be asking
24 questions, not only as to process, but having made certain

1 that all of the materials were filed in this docket, that
2 there may be some substantive questions about particular
3 points of view as expressed by the Parties in their
4 written filings.

5 COMMISSIONER SCOTT: Okay.

6 MS. AMIDON: So, I was uncertain what
7 the focus would be.

8 COMMISSIONER SCOTT: Okay. So, again,
9 in a more informal context, I think I'll go around the
10 room, and perhaps we'll start with -- well, I guess we'll
11 do appearances for those who would like to speak. Why
12 don't we start with that, and then we'll go around. So,
13 that way everybody knows who we're talking to.

14 MR. FOSSUM: Then, just appearances for
15 now? Then, for the record, my name is Matthew Fossum, and
16 I'm here on behalf of Public Service Company of New
17 Hampshire, doing business as Eversource Energy.

18 COMMISSIONER SCOTT: Thank you.

19 MS. GEIGER: Yes. Good morning,
20 Commissioner Scott. Susan Geiger, from the law firm of
21 Orr & Reno. I represent NextEra Energy Power Marketing.

22 COMMISSIONER SCOTT: Thank you.

23 MR. NORMAND: Richard Norman,
24 representing Briar Hydro Associates, and, secondarily,

1 Granite State Hydropower Association.

2 COMMISSIONER SCOTT: Thank you for
3 coming.

4 MS. KNOWLTON: Good morning. Sarah
5 Knowlton. I'm here today for Liberty Utilities (Granite
6 State Electric Company) Corp.

7 COMMISSIONER SCOTT: Thank you. Anybody
8 else on this side wish to speak?

9 MS. MARTIN: Hi. I'm Pat Martin. And,
10 I'm here as a consumer.

11 COMMISSIONER SCOTT: Thank you for
12 coming.

13 MS. HATFIELD: Good morning,
14 Commissioner Scott. Meredith Hatfield and Molly Connors
15 for the Office of Energy & Planning.

16 COMMISSIONER SCOTT: Thank you.

17 MS. CHAMBERLIN: Susan Chamberlin,
18 Consumer Advocate for the residential ratepayers. And,
19 with me today is Pradip Chattopadhyay.

20 COMMISSIONER SCOTT: Good morning.

21 MR. EPLER: Gary Epler, on behalf of
22 Unitil Energy Systems. And, with me is Todd Bohan. Thank
23 you.

24 COMMISSIONER SCOTT: Thank you.

1 MS. AMIDON: Suzanne Amidon, for
2 Commission Staff. With me is Les Stachow, who's the
3 Assistant Director of the Electric Division; Amanda
4 Noonan, who's the Director of the Consumer Affairs
5 Division; and Grant Siwinski, an Analyst with the Electric
6 Division.

7 COMMISSIONER SCOTT: Okay. Thank you.
8 So, I think what I'd like to do is again go around the
9 room, perhaps in the same order, understand briefly, I do
10 have the filings that are in the docket. So, I don't
11 think we need to go into huge detail for each one. But I
12 would also like to understand if -- where the Parties feel
13 there's consensus and suggestion on next step from each of
14 the Parties -- next steps, excuse me, from each of the
15 Parties. Mr. Fossum.

16 MR. FOSSUM: Thank you. Then, I suppose
17 I'm going to sidestep a lot of the issues. As you're
18 certainly very well aware, Eversource Energy continues to
19 own and operate its generating facilities, and, under
20 state law, has an obligation to serve its default service
21 load primarily out of those generating facilities,
22 supplemented by additional energy purchases. And, there
23 is a fairly thorough process that goes into how default
24 service is provided by our company.

1 So, while there are legislative efforts
2 and regulatory efforts that would, if ultimately
3 successful, change that paradigm, until those actually go
4 through, a lot of what has been discussed is, for
5 Eversource, it's not something that will affect Eversource
6 in the short-term.

7 So, to the extent that today is to
8 gather status information relative to what will happen for
9 procurement later this year, for the upcoming wintertime,
10 I'd say that, whatever that might end up being, it won't
11 affect our Company at that time.

12 That said, we have participated in the
13 docket. We have submitted a couple of sets of written
14 comments with suggestions, based upon the extensive
15 experience of our affiliate companies in other states in
16 New England in procuring default service. We have based
17 our comments upon that knowledge and that experience.
18 And, we're prepared to continue to speak about those
19 issues, with the expectation that perhaps someday we would
20 also, in New Hampshire, be procuring default service in
21 the same way.

22 So, I guess, with that, and I know it's
23 kind of a cop-out, but, given the state of affairs for us
24 for now, I would end my comments there. But we do have,

1 certainly, technical people on behalf of the Company who
2 are experienced in this and are prepared to speak to those
3 issues more directly today, should the Commissioners --
4 or, the Commissioner desire to hear about that.

5 COMMISSIONER SCOTT: In your estimation,
6 thank you for that, do you see a common ground here that
7 there would be some kind of consensus to come out of this
8 in the short term?

9 MR. FOSSUM: I think there's always room
10 for finding, I guess, a settlement or places where there
11 can be compromise on these issues. I think, ultimately,
12 that most of the Parties are not very far apart in what
13 their positions are. And, I think that many, I guess,
14 more personally, and not speaking on behalf of the Company
15 at the moment, is that there are some policy issues that
16 need to be determined that you set out in your opening
17 comments. You know, what is the purpose of Default
18 Service? What purpose does it serve? And, that may drive
19 how it's procured and who it's intended to serve.

20 And, I think once those policy issues
21 have been either decided or a direction on them has been
22 decided, that reaching consensus will be -- I don't see
23 that as being a great barrier.

24 COMMISSIONER SCOTT: Thank you for that.

1 Attorney Geiger.

2 MS. GEIGER: Yes. Thank you,
3 Commissioner Scott. NEPM has been participating in this
4 proceeding throughout, and has filed comments, which the
5 Commission is aware of. And, I wasn't aware that today
6 was going to involve any articulation of the substantive
7 position. I think it's fairly well laid out in the
8 filings that we've made. The last filing we made was on
9 April 15th of this year. We generally agree with many of
10 the positions that Staff has outlined in its position
11 paper, with a couple of exceptions, which we've noted in
12 the letter.

13 We were expecting, as far as process is
14 concerned, that the decision would be made by the
15 Commission on what, if any, changes should be made to
16 default service procurement as a result of the papers that
17 had been filed in this docket. And, that was the process
18 that was outlined at the beginning, and then throughout
19 this docket through today.

20 The only procedural question that we
21 would have is a resolution or a confirmation from the
22 Commission that the issues in this docket would be kept
23 separate from those that are being raised in the new
24 docket that was just opened to investigate the wholesale

1 electricity market conditions.

2 And, other than that, we're prepared to
3 go forward with a technical session today, to discuss with
4 other Parties whether there is consensus that can be
5 reached on hopefully many of the issues that Staff has
6 outlined.

7 COMMISSIONER SCOTT: You mentioned a
8 "technical session". Is that the presumption, since
9 you're all here, you'll press into a technical session?

10 MS. AMIDON: If I may, Commissioner
11 Scott?

12 COMMISSIONER SCOTT: Yes, please.

13 MS. AMIDON: The Parties originally
14 devoted this time today, 11 o'clock, to meet in technical
15 session, and then the Commission issued its letter.

16 COMMISSIONER SCOTT: Okay. Thank you.
17 Thank you for that. Mr. Normand.

18 MR. NORMAND: Yes, Commissioner. Thank
19 you for the opportunity. In our initial letter in
20 February, Briar Hydro Associates described the fact that
21 it had approached Unitol and sought to enter into a
22 contract in which the output from the Briar Hydro Project
23 would act as a load reducer. Presently, Briar Hydro --
24 Briar Hydro's output is essentially transmitted through

1 Unitil, and is compensated based upon the real-time market
2 in ISO-New England.

3 Briar Hydro, in its proposal to Unitil,
4 indicated a willingness to enter into a contract. It
5 would have resulted in ratepayer savings by avoiding, at a
6 minimum, transmission loss that is incorporated into the
7 bids from companies such as NextEra and Constellation and
8 others.

9 Unitil refused to enter into such an
10 agreement. We believe that this raises a policy question,
11 with regard not just to Briar Hydro, but also the more
12 than 50 projects that are members of Granite State
13 Hydropower Association. And, in essence, it raises a
14 question about how distributed energy would be handled
15 under the procurement process? Our belief is that the
16 utilities should be compelled to treat our output as a
17 load reducer. We have an extensive historical record of
18 our generation. We don't believe that, by incorporating
19 the loads that -- the loads -- excuse me, the supplies
20 that would come from our projects into the basic
21 information that would be provided by a bid is no
22 different than either risk of load migration or the risk
23 of variation in weather. Because the standard contracts
24 that are presently used by Unitil, and we assume will be

1 used by Public Service of New Hampshire, contemplate that
2 the bidder will take that risk.

3 In the items that were set forth by
4 Staff, in response to the comments that we made first in
5 February, and then responding to Item Number (g), the
6 Staff states "We do not find consideration of the QF usage
7 as appropriate, nor do we wish to constrain freedom of
8 choice in the selection of bidders." There was no
9 substantive response to the issues that were raised by us.
10 We're unaware of how the freedom of choice of bidders
11 would be affected by this change in policy. And, I would
12 note that I don't believe any of the other entities that
13 have provided responses to the Staff's position have done
14 anything other than concur with Staff.

15 So, at a minimum, what we would like is
16 to see a demonstration of the reasons why our proposal
17 doesn't make any sense.

18 COMMISSIONER SCOTT: Thank you for that.
19 Ms. Knowlton.

20 MS. KNOWLTON: Thank you. Granite State
21 has also submitted comments in response to the Staff's
22 guiding principles setting forth the Company's position.
23 And, I'll just highlight a few of those points now.

24 Granite State does agree with the Staff

1 that the period of time that should be bid out should
2 continue to be a six-month period, as opposed to something
3 longer. We're concerned that, if the time period is
4 extended to twelve months, that this could require -- this
5 may result in suppliers passing through increased
6 migration and market risks in their bids, which will
7 result possibly in higher rates for customers. So, we'd
8 like to continue with the six-month blocks that we
9 currently use.

10 The Company is not supportive of a
11 laddered approach. I think our largest concern, based on
12 where we are from a timing perspective, is that we will be
13 needing to procure for our winter period, and, in our
14 Default Service docket, DE 15-010, the Company set forth a
15 schedule for procurement, which could be moved closer to
16 the time in which power is supplied. But, I think, from
17 our perspective, we're quickly approaching a timeframe
18 where we need to know how we're going to conduct the
19 procurement for the winter period. Because, if there's
20 going to be changes, we'll need some time to work out
21 those changes. If it's going to be done in conjunction
22 with timing of other utilities in the state, we need to
23 work out those details. And, I think, first and foremost,
24 we need to be in communication with the supplier

1 community, to set their expectations and reeducate them
2 about how the procurement process will work.

3 So, I think timing is really of utmost
4 concern to us at this point.

5 COMMISSIONER SCOTT: Thank you for that.
6 Ms. Martin.

7 MS. MARTIN: Hi. So, I didn't submit
8 comments this time. But, reading through other comments,
9 I was pretty nearly convinced about the laddered approach
10 of buying 50 percent for 12 months in two separate blocks.
11 That did seem to be a logical thing.

12 I also support the position of Briar
13 Hydro, as, you know, including these alternative
14 sources.

15 And, my final question may be a little
16 bit trivial. But I'm concerned about people who are on
17 default service who, my understanding is, programs like
18 HeatSmart, you must be with a default service provider.
19 So, in going forward with, you know, complete divestment,
20 what happens to those people? And, you know, how will
21 HeatSmart survive or not? Thank you.

22 COMMISSIONER SCOTT: Thank you very
23 much. And, thank you for coming also. So, I assume
24 you'll be here for the technical conference also?

1 MS. MARTIN: Yes.

2 COMMISSIONER SCOTT: Thank you. All
3 right. Ms. Hatfield.

4 MS. HATFIELD: Thank you.

5 COMMISSIONER SCOTT: Or, Ms. Connors.

6 MS. HATFIELD: Thank you, Commissioner
7 Scott. OEP did file comments in the docket on April 15th,
8 along with several other Parties. We do think that there
9 is quite a bit of area of agreement. I would agree with
10 Mr. Fossum's comments, that I think there are a lot of
11 issues that the Parties could reach a consensus on, but
12 that there are some threshold policy questions.

13 And, I think, if the Commission is
14 looking for very specific responses from the Parties on
15 those policy questions, perhaps we could do a round of
16 briefing, or, you know, there might be a different way to
17 approach this. But, I guess, while I suggest that, I'm
18 very mindful of the timing challenges, both for Liberty
19 and for Unitil. And, we would urge the Commission to
20 determine what it is you need from us, both, you know,
21 from the legal/policy perspective? Then, in terms of, you
22 know, the more kind of technical issues, what do you need
23 from us? When do you need it? So that you could make a
24 decision in time to make potential changes for Liberty and

1 Unitil.

2 We also think it would be helpful for us
3 to hear more formally from Staff, as to their thoughts on
4 these two rounds of filings. You know, we do have kind of
5 some high-level notes from the Staff that were helpful in
6 us putting together our last round of comments. But I
7 think it would be helpful to the Parties to have a more
8 concrete understanding of where Staff is coming from.

9 There are -- I don't want to spend a lot
10 of time going through all the filings. But, as I said, I
11 think that there are aspects of several parties' comments
12 that the OEP could support, including the OCA's proposals
13 in their most recent filing. You know, I think a lot of
14 the Parties, as I said, raised good -- good questions.

15 And, I would point you, actually, to the
16 filing that was made by Charles River Associates. Because
17 I think they do a nice job, in the beginning of their
18 filing, saying that a critical element of a successful
19 procurement process is a set of clear objectives and
20 requirements. You know, we certainly have our views that
21 we've laid out in our filing. You know, we believe that
22 the way the statute, 374-F, talks about default service is
23 "as a safety net", and "to assure universal access". And,
24 we really view it that way, and not as one of the range of

1 competitive options. But I think the Commission would
2 probably like to hear from more Parties, if you need more
3 input before you make a decision on how you view the role
4 of default service.

5 So, we're happy to continue to meet in
6 technical sessions, to provide additional filings. And,
7 we want to do that on a schedule that works for the two
8 utilities that would be impacted in the short-term. Thank
9 you.

10 COMMISSIONER SCOTT: Thank you. The
11 Office of Consumer Advocate.

12 MS. CHAMBERLIN: Thank you. We would
13 like to see immediate modest changes before the winter
14 procurement period. Some simple ones that could be
15 implemented without a lot of administrative costs would be
16 to have a one-year period for residential and small
17 commercial customers. The goal would be to minimize the
18 winter price spike. At a minimum, if the period stays
19 within six months, have it be modified so that it doesn't
20 capture the worst of the winter price spikes. So, perhaps
21 January to June and July to December, or even February to
22 July, August to January. Something that offsets it so
23 that the highest price spikes are not all concentrated.

24 We also think that the utilities could

1 be given a measure of flexibility. So that, if their
2 indicative bids are unfavorable or show some indication
3 that there's an anomaly in the market, that they could
4 have a little bit of flexibility to either issue another
5 proposal or issue a partial proposal. Something that,
6 because they are so close to the market, and they are
7 talking to the suppliers, that they could implement fairly
8 quickly without a long process of approval.

9 And, then, beyond those immediate
10 changes, our proposal in our comments is to have a
11 laddered proposal that would spread out any market
12 anomalies. That may take a little bit more work. And, we
13 also propose combining Unitil and Liberty's loads, so that
14 the bid -- the market is more attracted to it because it's
15 a larger load. Perhaps even combining someday with PSNH,
16 although that would be in the future.

17 So, those are our initial comments.
18 And, we do feel strongly that change needs to take place
19 before this RFP. I think it's highly likely that the
20 market could experience the price spikes that we have in
21 the past, and that, because of the level of customer
22 confusion and rate shock, that we need to respond to it.

23 COMMISSIONER SCOTT: Thank you. Mr.
24 Epler.

1 MR. EPLER: Thank you. First, I just
2 would like to address some of the comments of Briar Hydro
3 directly, because they did talk about approaches that they
4 made to Unitil. It's correct that they did approach us,
5 and that we rejected their approach. And, we did so
6 because we felt, number one, it was outside of the
7 approved solicitation process and what has been approved
8 by the Commission. And, we didn't feel that we had the
9 ability to change what we had procured for the period in
10 question.

11 Secondly, we also had strongly disagreed
12 with their interpretation of provisions in our purchase
13 power agreements, as to whether or not we can make such a
14 -- that the purchase power agreements that we enter into
15 contemplate us being allowed to make such purchases.

16 So, we have those disagreements. We
17 have invited them to participate in our solicitation.
18 And, we can advise them of our next solicitation period,
19 so they have an opportunity to participate in that.

20 In terms of the larger issues here,
21 there seems to be two conflicting aims. On the one hand,
22 there's a desire to move towards stability, low
23 volatility. As you do so, you're adding a risk premium,
24 and you're moving away from market prices. On the other

1 hand, if you're looking for the lowest possible rates,
2 then you're looking to minimize the risk premium
3 associated with those rates, and moving -- trying to get
4 closer to what market prices are. And, those two notions
5 are in conflict with one another. And, so, the desire is
6 to try to get something that appropriately balances those
7 two interests. The experience of Unitil is that our
8 current process does that; six-month solicitations for
9 100 percent of needs.

10 We did experience and experimented with
11 laddered portfolios. We had that in place for
12 approximately five years. We initially had a combination
13 of three-year and one-year contracts, we changed that to
14 two-year and one-year contracts. And, we wound up in a
15 proceeding before the Commission to change that, to move
16 to the current process we have in place. And, the reason
17 we did so was because, over those five years, our rates
18 had an additional risk premium because we were
19 incorporating longer-term contracts, and our rates were
20 higher than our brethren or sistren utilities.

21 And, so, there was no opposition at the
22 time. There was a duly noted proceeding. We provided
23 testimony. We provided the data that showed that, and
24 moved to what's currently in place. So, we would propose

1 to continue that, particularly for the upcoming
2 solicitation.

3 In terms of the OCA recommendations for
4 immediate changes, again, it is -- I guess, in an upcoming
5 solicitation, we could move from six months to a year.
6 But, again, if you're moving to a longer period of time,
7 you're increasing the risk premium that's going to be
8 associated with the prices that you're going to achieve.

9 As to the recommendation for flexibility
10 to possibly reissue proposals, you're adding uncertainty
11 into the market and into your solicitation process. We go
12 to great lengths to contact all parties that have
13 potential to bid to serve us. We walk them through the
14 process, Mr. Bohan. It takes a lot of time to contact
15 them personally by phone to encourage their participation
16 in our auctions. And, if they understand that they're
17 going to go through this process, only to have us then,
18 you know, possibly not accept bids and go through another
19 process, the participation may very well decline.
20 Parties, it costs them money to participate, and the
21 market that they're looking at is small, and, so, they may
22 decline to participate. So, we would recommend against
23 doing that.

24 Some of these, the longer-term issues,

1 certainty we could discuss. But, again, our experience
2 with the laddered portfolios was not favorable.

3 The conditions change in the market all
4 the time. And, it is nearly impossible to satisfy those
5 two concerns that you have at all time in all markets.
6 So, you're always going to be compromising and always
7 trying to balance those interests as best you can. Thank
8 you.

9 COMMISSIONER SCOTT: Since you're
10 reacting to some of Ms. Chamberlin's comments, did you
11 have a thought on, what I think your concept was,
12 Ms. Chamberlin, is -- Ms. Chamberlin, was to -- one
13 thought I thought you articulated was to change the
14 timeframes by which the six-month solicitations cover, is
15 that correct?

16 MS. CHAMBERLIN: Right. The different
17 utilities have a different timeframe. And, Unitil's may
18 already be slightly off of peak. I just don't know the
19 details.

20 COMMISSIONER SCOTT: Did you have a
21 thought on that, Mr. Epler?

22 MR. EPLER: That is something I suppose
23 we could do. Because, actually, when we moved from our
24 laddered portfolio to our current structure, we did have

1 to change the timing. And, so, there were, if I recall,
2 several periods -- several solicitations where we had --
3 we were seeking contracts for different lengths, not
4 strictly six months. So, it is something that is
5 feasible. We could, if we wanted to move to that to
6 encompass a different six-month period, we could move to
7 that by say the next time soliciting for nine months, or
8 some different period of time to be able to shift that.
9 So, that is potentially something that we could discuss
10 doing.

11 As to the implications, I would rely on
12 Mr. Bohan's expertise in that, and others in our office,
13 and other expertise in this room.

14 COMMISSIONER SCOTT: Thank you. Staff.

15 MS. AMIDON: Thank you. Staff began its
16 position on this by looking at the guidance in RSA
17 374-F:1, which is the Electric Utility Restructuring
18 statute. And, that statute hasn't been amended insofar as
19 the "Purpose" provision. And, the "Purpose" provision
20 states "The most compelling reason to restructure the New
21 Hampshire Electric utility industry is to reduce costs for
22 all consumers of electricity by harnessing the power of
23 competitive markets." II of that provision, RSA 374-F:1,
24 says "transition to competitive markets for electricity is

1 consistent with the directives of part II, article 83 of
2 the New Hampshire Constitution."

3 And, further in this statute, if you go
4 to the principles, which begin at RSA 374-F:3, there is a
5 provision on "Customer Choice". "Customers should be able
6 to choose among options such as level of service,
7 reliability, real time pricing, and generation sources."

8 And, it further says "Customers should expect to be
9 responsible for the consequences of their choices." And,
10 finally, if you go to V(3) [V(c)?], it says "Default
11 service should be designed to provide a safety net and to
12 assure universal access and system integrity." If
13 necessary, the Commission could enact "measures to
14 discourage misuse, or long-term use, of default service."

15 And, while there is one provision which
16 the Commission has used in approving PSNH's -- excuse me,
17 Eversource's Alternative Default Energy Service, and
18 that's in Paragraph V(e), which says that "the commission
19 can approve alternate means of providing default service",
20 provided that it "does not unduly harm the development of
21 the competitive markets, and mitigates against price
22 volatility without creating any new deferred costs."

23 So, we developed our principles by
24 looking at that statute, and understanding the history of

1 how the Commission put together and approved the default
2 service procurement processes for Unitil and Liberty.
3 And, understanding, of course, that Eversource is in a
4 unique position with pending legislation.

5 And, for the benefit of the Parties
6 here, Staff will be formally filing its position so that
7 everyone can read it. But we support a uniform
8 methodology among all of the utilities. We believe it's
9 appropriate to differentiate the treatment between
10 residential and small business and large C&I customers.
11 For large C&I customers, Staff believes that Unitil's
12 proposal, where it passes through the spot -- monthly spot
13 costs onto customers, is appropriate. We agree, for small
14 customers, the six-month contracts with 100 percent of the
15 required load is appropriate. However, we agree that we
16 should examine whether or not those six months should be
17 shifted, to avoid the volatility of prices that customers
18 experience now with the current six-month model for both
19 Unitil and Liberty.

20 At this time, we do not see the need for
21 a statewide centralized procurement process. We
22 understand that budget billing is offered by all utilities
23 for customers who might want to pay a fixed price each
24 month, and those should be determined by the utility, each

1 utility separately.

2 And, finally, we do not support
3 laddering for small residential and small business
4 customers. The process that we have at present, for both
5 Liberty and Unitil, results in a sufficient number of
6 bidders, so that each of those companies can determine
7 whether the prices are competitive. Our concern is that
8 it complicates the process if you decide to change that.

9 There's an issue about -- some of the
10 people in the proceeding have talked about the process, in
11 other words, that the Commission requires a hearing before
12 it approves rates. There was some discussion at our last
13 meeting where people were opining that the Commission
14 didn't have to hold a hearing, but I didn't see anything
15 in the final comments about that, or an analysis of how
16 the Commission could avoid holding hearings on these
17 default service procurements.

18 One suggestion was to separate the
19 reconciliation from the actual bid itself. I'm just
20 concerned, mindful that, you know, if you change the
21 reconciliation too much, you end up maybe having an
22 over-recovery paid by customers who weren't responsible
23 for the -- I mean, an under-recovery paid by customers who
24 weren't additionally responsible for the under-recovery.

1 So, you want -- the mitigation of deferred costs is
2 something to keep in mind when you talk about, you know,
3 changing a reconciliation process from the default service
4 process.

5 I do think it would be worthwhile, if
6 the Commission was interested in changing the process for
7 default service, to discuss whether -- to what extent you
8 need the individual people here to testify or if you could
9 just do it, for example, with offers of proof of counsel.
10 I mean, there may be some other methodologies that we
11 could consider in this group to talk about how to shorten
12 those proceedings. But, unless the statute is changed,
13 Staff's position at this time is that you have to have a
14 hearing before you can consider changing the rates.

15 So, we're available for questions. We
16 do -- in terms of the process, we -- I think that -- I've
17 talked with a couple people, we would prefer to do the
18 process on paper, without hearing. We don't see the need
19 for a hearing. The Commission now has comments from
20 everybody, except Staff, and that will be satisfied. But
21 it may be advisable for -- to ask the Parties to submit
22 written briefs summarizing their position, if they have
23 any additional comments to offer. And, then, for the
24 Commission to take that under consideration. Certainly,

1 that would be the fastest way to get this accomplished.

2 We're aware that the order that set up
3 this investigation basically wanted the Commission to make
4 a decision by June. And, I agree with the concerns of
5 Liberty and Unitil. How much they can change for their
6 bids, one which would go into effect, I believe,
7 November 1, and the other for December 1, at this point in
8 time, is uncertain. They have to go out for power at that
9 point, for those, for the period of time following the
10 termination of their current default service supply.

11 But, as Attorney Epler suggested, there
12 may be a way to phase in a different timing of that
13 six-month period. That's certainly something that we
14 would be happy to work with the Parties on.

15 COMMISSIONER SCOTT: Thank you. So, a
16 couple questions. I think Attorney Epler laid out well
17 the "balance", I think your words, Attorney Epler. Does
18 Staff have a position on that? You know, you ran through
19 different restructuring -- the different language in the
20 Restructuring statute. You know, I do see, and you
21 pointed it out, "default service is meant to be a safety
22 net". So, does that -- where do you fall on that balance?
23 Is it more towards stability or is it more towards price
24 or is it just the best of both worlds?

1 MS. AMIDON: Well, we look at the
2 statute to form our guidance. And, we see that the
3 competitive market is intended to be the source for
4 default service. If the Commission has a different
5 interpretation, certainly, that's something that, you
6 know, the Commission could examine. But Attorney Epler
7 accurately described the tension. It's between whether
8 default service should be the last resort for a person who
9 wants to take electric supply, or if it's intended to be a
10 stable model that removes itself from the competitive
11 market. In other words, building in a longer term or
12 providing a laddered portfolio, all those items tend to,
13 and I would let, you know, NextEra, for example, speak for
14 itself. But I think that competes with the competitive
15 suppliers who offer similar products. You know, they
16 offer 24-month products, 12-month products. It's up for
17 the Commission to decide where Default Service ends up in
18 that spectrum.

19 COMMISSIONER SCOTT: Okay. And,
20 procedurally, as you mentioned, you had a and have a
21 technical session scheduled for today. The Commission
22 somewhat intervened saying "we want to hear a status
23 report", which is why we're here right now. Is there more
24 procedural schedule beyond that that's already set up?

1 Where are we collectively?

2 MS. AMIDON: No. This is an
3 investigation. So, there's no formal adjudicative type of
4 procedural schedule.

5 COMMISSIONER SCOTT: But you don't have
6 any scheduled meetings, that type of thing?

7 MS. AMIDON: Well, this is a -- we're
8 going to have a tech session today. And, I think a lot of
9 it will be devoted to -- some of it will be devoted to
10 process. You know, "where should we go from here?" And,
11 I think all the Parties should be entitled to the
12 opportunity to file their final written submission to the
13 Commission. And, the question is, you know, would you
14 like to fix a date from the Bench when that should come
15 in? I think everyone has -- should have an opportunity
16 probably to see Staff's filing before they file their
17 final comments. So, Staff could file it, say, by the end
18 of next week, and then we could give everybody ten days to
19 respond, something of that nature. And, then, the
20 Commission would have all the information in writing.

21 COMMISSIONER SCOTT: I guess I'll go
22 around the room real quick. I mean, one thing you could
23 do is use this tech session to discuss that. I'll let --

24 MS. AMIDON: I'm sorry?

1 COMMISSIONER SCOTT: Are you done? I
2 didn't mean to cut you off.

3 MS. AMIDON: Yes, I am.

4 COMMISSIONER SCOTT: Okay. Do you have
5 a position, Mr. Fossum?

6 MR. FOSSUM: No, I do not. You know, we
7 were here today with the understanding that we would
8 conduct a technical session to discuss both substantive
9 and procedural issues. And, so, we're open, we remain
10 open to discussing both.

11 COMMISSIONER SCOTT: Attorney Geiger.

12 MS. GEIGER: NextEra would agree with
13 what Attorney Fossum said, as well as Attorney Amidon. I
14 mean, we're willing to go along with Staff's proposal, you
15 know, initial proposal for process. But, if something
16 else develops in the tech session this afternoon that a
17 different process be put in place, then we're willing to
18 go along with that as well.

19 COMMISSIONER SCOTT: Mr. Normand.

20 MR. NORMAND: Recognizing the difficulty
21 with time, we would hope that, as an outgrowth or as an
22 outcome of the technical session, that if there are issues
23 that are broader that can't be addressed in a timely
24 fashion, that there be some way in which to address what

1 is the primary issue that we've raised, which is treatment
2 of distributed energy, which probably could not be
3 resolved in the timeframe before the next bids have to go
4 out.

5 COMMISSIONER SCOTT: Ms. Knowlton.

6 MS. KNOWLTON: Thank you. Granite State
7 would be agreeable to submitting further written comments
8 after it sees the Staff's position. But I do have a
9 concern that, once all those paper filings are in, that,
10 if the Commission had questions about what it had
11 received, you know, that it would be helpful to have
12 another forum. I don't know if it -- maybe, you know, in
13 this nature, where the Commission could ask questions
14 about how the pieces fit together. I just would hate for
15 there to be paper filings and have a couple of
16 misunderstandings about important issues, and to get an
17 order from the Commission that, you know, there will be a
18 concern about executing on. So, I think one more
19 appearance like this, to me, would be helpful, after the
20 written documents are submitted.

21 COMMISSIONER SCOTT: Thank you.

22 Ms. Martin.

23 MS. MARTIN: I'd be happy to stay for a
24 technical session and listen. Thank you.

1 COMMISSIONER SCOTT: Fair enough.
2 Director Hatfield.

3 MS. HATFIELD: Thank you, Commissioner
4 Scott. I think some good ideas have been raised by some
5 of the other Parties. And, we would be happy to talk
6 about a further procedural schedule that gets us where we
7 need to get by this summer.

8 COMMISSIONER SCOTT: Thank you.
9 Ms. Chamberlin.

10 MS. CHAMBERLIN: Thank you. I suggest
11 the technical session be used to see if the Parties can
12 reach agreement on short-term immediate changes for this
13 RFP. If we could all reach agreement, then we could
14 submit that to the Commission. That would bring it to a
15 close fairly quickly. And, then, the larger policy
16 guidelines, the philosophical purposes could be explored
17 going forward, but we would have some certainty for this
18 upcoming RFP.

19 COMMISSIONER SCOTT: Thank you. That
20 seems reasonable to me also. Mr. Epler.

21 MR. EPLER: We don't have anything
22 particular to add. We think that the comments of Attorney
23 Knowlton, as to a need for a possible additional
24 proceeding before the Commission, in case there were

1 questions, is something to consider.

2 COMMISSIONER SCOTT: Okay. Thank you.
3 Last chance, for Staff.

4 MS. AMIDON: I think Attorney Knowlton's
5 suggestion that the Commission may want to ask its own
6 questions at a hearing is a good observation. And, I was
7 reminded, we do agree with Ms. Martin regarding the fact
8 that certain rate options are available only to default
9 service customers. So, we will address that in our
10 written comment.

11 COMMISSIONER SCOTT: Thank you very
12 much, everybody. So, obviously, I don't have a full
13 Commission here. So, what I would like to do is,
14 obviously, you'll go into your technical session. I
15 appreciate your willingness to continue to work on this.
16 I do like the Office of Consumer Advocate's suggestion of
17 trying to parse out what can be done in the short-term,
18 with an eye towards this coming winter, as well as the
19 larger issues that may be left over.

20 Perhaps I could ask Staff to provide
21 some feedback after the technical session over where we --
22 a potential procedural schedule, and understanding this is
23 an IR, but does there appear to be a need for a follow-on
24 meeting with the Commission? Basically, what's the

1 consensus of the group on that, that would be helpful.

2 Any other questions --

3 MS. AMIDON: Will be attended to.

4 COMMISSIONER SCOTT: Excuse me?

5 MS. AMIDON: I'll provide a technical --
6 a report of the technical session.

7 COMMISSIONER SCOTT: Thank you. Any
8 other questions?

9 (No verbal response)

10 COMMISSIONER SCOTT: Thank you very much
11 for your time, and appreciate all the efforts.

12 **(Whereupon the status conference was**
13 **adjourned at 12:10 p.m., and the Staff**
14 **and the Parties held a technical session**
15 **thereafter.)**

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