

1 STATE OF NEW HAMPSHIRE
2 PUBLIC UTILITIES COMMISSION

3
4 January 31, 2008 - 1:37 p.m.
5 Concord, New Hampshire

6
7 RE: DE 07-108
8 PUBLIC SERVICE CO. OF NEW HAMPSHIRE:
9 PSNH's 2007 Least Cost Integrated
10 Resource Plan.
11 (Prehearing conference)

12
13 PRESENT: Chairman Thomas B. Getz, Presiding
14 Commissioner Graham J. Morrison
15 Commissioner Clifton C. Below
16
17 Connie Fillion, Clerk

18
19 APPEARANCES: Reptg. Public Service Co. of New Hampshire:
20 Gerald M. Eaton, Esq.

21
22 Reptg. Bridgewater Power Company:
23 David Shulock, Esq. (Brown, Olson & Gould)

24
25 Reptg. TransCanada Hydro Northeast, Inc.
26 and TransCanada Power Marketing, LTD.:
27 Douglas L. Patch, Esq. (Orr & Reno)

28
29 Reptg. Freedom Logistics, LLC & Halifax
30 American Energy Company, LLC:
31 August Fromuth

32
33 Court Reporter: Steven E. Patnaude, LCR No. 52
34

1

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

3

Reptg. Residential Ratepayers:
Meredith Hatfield, Esq., Consumer Advocate
Kenneth E. Traum, Asst. Consumer Advocate
Stephen Eckberg
Office of Consumer Advocate

6

Reptg. PUC Staff:
F. Anne Ross, Esq., Esq.
Suzanne G. Amidon, Esq.

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

1

2

I N D E X

3

PAGE NO.

4

STATEMENTS OF PRELIMINARY POSITION BY:

5

Mr. Eaton

7

6

Mr. Shulock

9

7

Mr. Patch

10

8

Mr. Fromuth

10

9

Ms. Hatfield

10

10

Ms. Ross

11

11

12

13

14

15

16

17

18

19

20

21

22

23

24

1 P R O C E E D I N G S

2 CHAIRMAN GETZ: Okay. Good afternoon.
3 We'll open the prehearing conference in docket DE 07-108.
4 On September 28, 2007, Public Service Company of New
5 Hampshire filed its 2007 Least Cost Integrated Resource
6 Plan pursuant to RSA 378:38 and in conformance with Order
7 Number 24,695, issued November 8, 2006, in Docket Number
8 04-072. The order of notice was issued on January 4,
9 setting the prehearing conference for this afternoon.

10 I'll note for the record that the
11 affidavit of publication was filed on January 18, that the
12 Consumer Advocate has filed a notice of its participation,
13 and we have several Petitions to Intervene, and I guess
14 I'll let the intervening parties note their interventions
15 as we go around with appearances.

16 So, we'll start with the Company.

17 MR. EATON: For Public Service Company
18 of New Hampshire, my name is Gerald M. Eaton. Good
19 afternoon.

20 CHAIRMAN GETZ: Good afternoon.

21 CMSR. MORRISON: Good afternoon.

22 CMSR. BELOW: Good afternoon.

23 MR. SHULOCK: David Shulock, of Brown,
24 Olson & Gould, appearing for Bridgewater Power Company,

{DE 07-108} [Prehearing conference] (01-31-08)

1 LP.

2 MR. PATCH: Douglas Patch, with the law
3 firm of Orr & Reno, appearing this afternoon on behalf of
4 TransCanada Hydro Northeast, Inc. And, I apologize for
5 the confusion, but I should also be appearing on behalf of
6 TransCanada Power Marketing, LTD. And, the appearance I
7 filed was only for the first of those two entities, but
8 I'd like to amend it orally, if I could, to cover both.

9 CHAIRMAN GETZ: Consider it amended.

10 MR. FROMUTH: Mr. Chairman, Gus Fromuth,
11 appearing today on behalf of Freedom Logistics, LLC. And,
12 in addition to which I'm also making an appearance, which
13 I believe was entered earlier in the record, for Halifax
14 American Energy Company, LLC.

15 CHAIRMAN GETZ: Good afternoon.

16 CMSR. MORRISON: Good afternoon.

17 CMSR. BELOW: Good afternoon.

18 MS. HATFIELD: Good afternoon,
19 Commissioners. Meredith Hatfield, for the Office of
20 Consumer Advocate, on behalf of residential ratepayers.
21 And, with me is Ken Traum and Steve Eckberg of our office.

22 CHAIRMAN GETZ: Good afternoon.

23 CMSR. MORRISON: Good afternoon.

24 CMSR. BELOW: Good afternoon.

{DE 07-108} [Prehearing conference] (01-31-08)

1 MS. ROSS: Good afternoon,
2 Commissioners. Anne Ross, with the Public Utilities
3 Commission. And, with me today is George McCluskey, with
4 the Legal Division, and Suzanne Amidon -- I'm sorry,
5 George McCluskey of the Electric Division, and Suzanne
6 Amidon from the Legal Division.

7 CMSR. BELOW: Good afternoon.

8 CMSR. MORRISON: Good afternoon.

9 CHAIRMAN GETZ: Good afternoon. And, I
10 don't have it before me, but the record indicates there's
11 a Motion to Intervene from Constellation Energy
12 Commodities Group and Constellation New Energy. Do you
13 have the hard copy of those, Connie?

14 MS. FILLION: Just a minute.

15 CHAIRMAN GETZ: Well, Mr. Eaton, have
16 you seen a copy of the Constellation Energy Petition to
17 Intervene?

18 MR. EATON: No, I have not.

19 CHAIRMAN GETZ: Well, let's, except for
20 the Motion to Intervene of Constellation Energy, are there
21 any objections to any of the other Petitions to Intervene?

22 MR. EATON: Mr. Chairman, we don't have
23 any objections, but we do have some comments concerning
24 scope, which we will address in our opening statement.

{DE 07-108} [Prehearing conference] (01-31-08)

1 CHAIRMAN GETZ: Okay. Does anybody else
2 have any other objections to Petitions to Intervene?

3 (No verbal response)

4 CHAIRMAN GETZ: Okay. Then, is there
5 anything else we need to address, before we hear
6 statements of positions?

7 (No verbal response)

8 CHAIRMAN GETZ: Hearing nothing, then,
9 Mr. Eaton.

10 MR. EATON: Thank you, Mr. Chairman. We
11 did file our latest Least Cost Plan in September of 2007.
12 We filed that under the authority of RSA 378:38, and the
13 following -- and the sections that follow that statute.
14 One of those sections provide for an exemption from
15 certain parts of the least cost planning requirement, and
16 PSNH was granted exceptions in years 2000 and 2002, but,
17 in 2004, the Commission changed course and required us to
18 file plans that had supply-side options explored as well.
19 There's quite a bit of discussion over our plan in the
20 last case, that was docket DE 04-072, and resulted in a
21 Partial Settlement Agreement and the order that the
22 Commission cited, 24,695.

23 We were surprised in the order of notice
24 to see that the Commission stated that one of the issues

{DE 07-108} [Prehearing conference] (01-31-08)

1 was whether the plan complies with RSA 374-F, which is the
2 restructuring statute. We believe that there is an
3 inherent conflict between least cost planning and the
4 restructuring statute, in the fact that, if we do our job
5 well in least cost planning, the expected outcome would be
6 a negative effect upon the competitive environment.

7 For instance, should we expand
8 demand-side programs and do an excellent job of
9 cost-effective demand-side management, the competitive
10 market for generation will be harmed. There will be fewer
11 kilowatt-hours to be sold. And, the same is true, if we
12 do an excellent job in supplying the lowest cost energy
13 supply, including adding low-cost generation to our
14 supply-side mix, that that will have a negative effect
15 upon the competitive environment.

16 So, we feel kind of torn and pulled in
17 two directions. Where we're supposed to show that we can
18 conduct planning to provide the lowest cost energy service
19 from both the demand and supply-side, and then also
20 somehow not harm the competitive environment. And, we'll
21 have to sort that out as far as where the scope of this
22 docket goes.

23 We were required by Order 24,695 to
24 provide generic cost information concerning construction

{DE 07-108} [Prehearing conference] (01-31-08)

1 and acquisition of new generating capacity, that was at
2 Page 24 to 25 of Order 24,695. And, we've done that.
3 We've also -- We've also suggested demand-side programs be
4 expanded beyond the current CORE energy efficiency
5 programs and the VIP Interruptible Program that we
6 currently operate. So, I guess we'd like to know, perhaps
7 from the intervenors, about what the connection is between
8 least cost planning and the competitive environment
9 created by RSA 374-F, and how we resolve what we appear to
10 see as a conflict.

11 I filed with the Commission today a
12 couple of amended pages to the Plan. I can supply those,
13 we supplied the original and six copies to the Executive
14 Director, I can also supply copies to the Commission and
15 the parties now, if that's convenient. It's a matter of
16 updating some numbers that were incorrect in the filing.

17 CHAIRMAN GETZ: Why don't you do that.

18 (Atty. Eaton distributing documents.)

19 MR. EATON: That completes my opening
20 statement.

21 CHAIRMAN GETZ: Thank you. Mr. Shulock.

22 MR. SHULOCK: Bridgewater Power Company
23 has not taken any position on the least plan as it's been
24 submitted to date, preferring to wait until the close of

1 discovery to take a position. But we appreciate the
2 opportunity to participate in the docket. Thank you.

3 CHAIRMAN GETZ: Thank you. Mr. Patch.

4 MR. PATCH: TransCanada, both of the
5 entities that I'm here speaking for today, does not have a
6 position at this point in time. I think they definitely
7 have an interest in some of the issues that were raised by
8 the order of notice and the filing that PSNH made,
9 particularly as it pertains to generation. But we don't
10 have a position at this point in time. And, I also
11 appreciate the opportunity to intervene.

12 CHAIRMAN GETZ: Mr. Fromuth.

13 MR. FROMUTH: Freedom Logistics and
14 Halifax American are going to be involved in the docket
15 process. But, at this point, we're not going to step up
16 and make a comment on the Least Cost Integrated Resource
17 Plan that PSNH has put forward. We'd like some more time
18 to, well, to have a colloquy about it with the parties,
19 before we take a stand on what we see in here.

20 CHAIRMAN GETZ: Thank you. Ms.
21 Hatfield.

22 MS. HATFIELD: Thank you, Mr. Chairman.
23 The OCA also does not have a position on PSNH's filing at
24 this time. And, we intend to participate in discovery and

1 in technical sessions to learn more about their proposal.
2 The issue that Mr. Eaton has raised is intriguing. It
3 wasn't -- We didn't see a conflict between the least cost
4 planning statute and the requirements of restructuring,
5 but we agree that it merits more investigation.

6 CHAIRMAN GETZ: And, Ms. Ross.

7 MS. ROSS: Thank you. Based upon
8 Staff's initial review of the filing, we note some areas
9 where PSNH's IRP process may not conform to the approaches
10 agreed to in the prior settlement or ordered by the
11 Commission in Order 24,695. The supply-side assessment
12 does not explain why the Company is unable to meet a far
13 larger share of its open position with available
14 generation resources. And, the discussion of the
15 Company's hedging strategy does not appear to satisfy the
16 terms of the Partial Settlement.

17 The demand-side assessment likewise does
18 not appear to have estimated the Company's technical and
19 economic potential for DSM. Further, it does not appear
20 that the Company placed demand-side resources on an equal
21 footing with supply-side resources when developing its
22 plan to expand DSM. Unless PSNH can convince us
23 otherwise, Staff believes that PSNH will need to amend the
24 IRP in order to comply with the Commission's earlier

{DE 07-108} [Prehearing conference] (01-31-08)

1 order.

2 With regard to the discussion of 374-F
3 and 378:38, Staff acknowledges that the purpose of those
4 two statutes is somewhat different, but doesn't believe
5 that it's a direct conflict. And, further, we don't
6 believe that the resolution of that conflict is to do
7 integrated resource planning light because we've got 374-F
8 out there. We think that you still -- the Company still
9 needs to do a thorough job of integrated resource
10 planning, inasmuch as it has not fully divested generation
11 and continues to supply a good bit of its load from its
12 own generation, and also continues to serve most of its
13 customers, as opposed to having them migrate to the
14 competitive market. Thank you.

15 CHAIRMAN GETZ: Mr. Eaton, was there
16 anything that you wanted to respond to?

17 MR. EATON: No. We await some more
18 detail from Staff's analysis and discussion in the
19 technical session.

20 CHAIRMAN GETZ: Let me get back to the
21 Petitions to Intervene, it wasn't -- I understood you to
22 say that some of your comments with respect to scope might
23 go to the issue of whether you had a position?

24 MR. EATON: No. No, I said "we didn't

{DE 07-108} [Prehearing conference] (01-31-08)

1 have objection to the intervention", most of the
2 intervenors, and I just assumed that Constellation
3 similarly are interested in competitive market issues.
4 And, we think -- we think there's a potential conflict of
5 creating a least cost plan that reduces PSNH's costs and
6 makes its costs more affordable, when -- and that may have
7 a detrimental effect on the competitive environment. And,
8 we filed based upon the RSA 378:38 statute, and did not
9 take the competitive environment into account, and don't
10 think we needed to. Because, again, it would turn into
11 something like what Attorney Ross said, it would turn into
12 least planning light, that we don't need to do a thorough
13 job in getting our costs down, because the market will
14 provide. We think -- We take this seriously, and,
15 therefore, we did what we thought the Commission required
16 and what the statutes require in RSA 378:38, and the
17 following statutes.

18 CHAIRMAN GETZ: Okay. Well, I'm going
19 to do this then. Grant all of the Petitions to Intervene
20 with the parties that are here today, and Constellation
21 Energy, finding that they have raised rights, duties,
22 interests, privileges that may be affected by this
23 proceeding. And, we'll await a recommendation coming out
24 of the technical session with respect to any issues

{DE 07-108} [Prehearing conference] (01-31-08)

1 concerning scope. And, then, whatever we finally rule
2 with respect to scope will be binding on all the parties
3 to the proceeding.

4 Is there anything else that we should
5 address prior to the technical session?

6 (No verbal response)

7 CHAIRMAN GETZ: Okay. Hearing nothing,
8 then we will close the prehearing conference and wait for
9 a further recommendation from the parties. Thank you.

10 (Whereupon the prehearing conference
11 ended at 1:53 p.m. and thereafter the
12 parties convened a technical session.)

13

14

15

16

17

18

19

20

21

22

23

24

