

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

November 14, 2012 - 1:50 p.m.
Concord, New Hampshire

NHPUC JAN02'13 AM10:07

RE: DT 12-084
TIME WARNER ENTERTAINMENT COMPANY, LP,
d/b/a TIME WARNER CABLE:
Petition for Resolution of Dispute with
Public Service Company of New Hampshire.

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Robert R. Scott
Commissioner Michael D. Harrington
Sandy Deno, Clerk

APPEARANCES: Reptg. Time Warner Entertainment Company
d/b/a Time Warner Cable:
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David Anderson, Esq. (Pierce Atwood)
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Reptg. Comcast of New Hampshire, Inc., et al:
Susan S. Geiger, Esq. (Orr & Reno)
Reptg. segTEL:
Kath Mulholland

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

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

Reptg. Unitil Energy Systems, Inc.:
Harry N. Malone, Esq. (Devine Millimet...)

Reptg. PUC Staff:
Alexander F. Speidel, Esq.
Kate Bailey, Director/Telecom Division
Les Stachow, Telecom Division

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 EDWARD A. DAVIS**

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E X H I B I T S

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1 Harrington. I'm Susan Geiger, from the law firm of Orr &
2 Reno, appearing on behalf of Comcast. With me today at
3 counsel's table is James White from Comcast. And,
4 listening over the telephone this afternoon are Jay
5 Ireland, from Davis Wright Tremaine; Tracy Haslett, from
6 Comcast; and Glenn Fiore, from Comcast.

7 CHAIRMAN IGNATIUS: All right. And, can
8 you hear us on the phone? Or, are they muted? Maybe they
9 can't answer.

10 MS. HASLETT: We can hear you.

11 FROM THE PHONE: Yes, we can hear.

12 Thank you.

13 CHAIRMAN IGNATIUS: Good. To the back
14 there, Mr. Malone.

15 MR. MALONE: Yes. Harry Malone, with
16 Devine Millimet. I'm here representing Unitil Energy
17 Systems.

18 MS. MULHOLLAND: Good morning,
19 Commissioners. Kath Mullholand, Director of Regulatory
20 Affairs for segTEL.

21 MR. HALL: Good afternoon,
22 Commissioners. I'm Michael Hall, Senior Counsel for PSNH.
23 With me today at counsel's table is Ed Davis, Dave
24 Bickford and Allen Desbiens from the Company.

1 MR. SPEIDEL: Good afternoon,
2 Commissioners. Alexander Speidel, representing the
3 Commission Staff. And, I have with me the Director of the
4 Telecom Division, Kate Bailey, and Les Stachow of the
5 Telecom Division.

6 CHAIRMAN IGNATIUS: Good. Did we miss
7 anyone? Looks like not. All right. Thank you.

8 Are there any procedural matters to take
9 up before we begin with presentation of the Settlement
10 Agreement? I mean, I can think of one. Which is, we do
11 have an administrative rule that requires filing of the
12 settlement agreement no less than five days prior to a
13 hearing. By scheduling it for this afternoon, I've just
14 sort of assumed that we were all okay with a waiver of
15 that rule, although I didn't ask my colleagues that. And,
16 so, unless they're going to break out in a fight here,
17 we'll consider that waived. This is something that I know
18 there is a clock ticking on this. It made sense to go
19 ahead and hear it right away when people were successful
20 in reaching agreement. And, so, we didn't want to send
21 everyone off and have to look for new dates and make new
22 travel plans. So, we're happy to go forward this
23 afternoon with the Agreement.

24 Is this any other procedural matter to

1 discuss, before we begin on the Agreement itself?

2 MS. BROWNE: Yes.

3 CHAIRMAN IGNATIUS: Ms. Browne.

4 MS. BROWNE: We would request that their
5 already filed material, the testimony, be marked as
6 exhibits and entered in, as well as the Settlement
7 Agreement. And, we'd actually mark those in advance and
8 have numbers associated with those. Would you like me to
9 read those?

10 CHAIRMAN IGNATIUS: Yes. Is there any
11 -- everyone's taken a look at that. Any opposition to any
12 of the items being marked for identification?

13 MR. HALL: No, there is not.

14 CHAIRMAN IGNATIUS: Okay. This is to
15 the Clerk. Do you have a list of what the items are?
16 Have they worked through with you what the numbering would
17 be?

18 MS. DENO: Yes, I do.

19 CHAIRMAN IGNATIUS: All right. Why
20 don't we -- why don't you go ahead, Ms. Browne, and just
21 read through what each of the items would be, and then
22 we'll maybe not even take time to go fighting through our
23 files to do it, but we'll get caught up to make sure that
24 we get those correctly identified.

1 MS. BROWNE: Okay. So, the Settlement
2 Agreement between the parties would be "Exhibit 1"; the
3 Direct Prefiled Testimony of Patricia Kravtin would be
4 "Exhibit 2"; the Reply Prefiled Testimony of Patricia
5 Kravtin would be "Exhibit 3"; the Prefiled Testimony of
6 Julie Laine is "Exhibit 4"; the Prefiled Testimony of
7 Christopher Hodgdon and Glenn Fiore is "Exhibit 5"; the
8 Prefiled Testimony of Edward Davis is "Exhibit 6"; and the
9 Prefiled Testimony of Jeremy Katz is "Exhibit 7".

10 CHAIRMAN IGNATIUS: All right. And, are
11 there other exhibits other parties have a request to mark?
12 Or is that it?

13 MR. HALL: PSNH does not have any.

14 CHAIRMAN IGNATIUS: All right. What's
15 the -- and we'll mark those for identification as you
16 described.

17 (The documents, as described, were
18 herewith marked as **Exhibits 1** through **7**,
19 respectively, for identification.)

20 CHAIRMAN IGNATIUS: Thank you. What's
21 the plan for presentation? Are we having witnesses on the
22 stand as a panel or individually?

23 MS. BROWNE: Yes. My understanding is
24 that Patricia Kravtin and Mr. Edward Davis will be

[WITNESS PANEL: Kravtin~Davis]

1 available as a panel to explain the Settlement.

2 CHAIRMAN IGNATIUS: All right. And, is
3 there any other witness who will be testifying after that
4 or was that the expectation, it was just those two?

5 MS. BROWNE: That's the expectation.

6 MR. HALL: That was it.

7 CHAIRMAN IGNATIUS: It's just those two.
8 All right.

9 All right. Then, unless there's
10 anything further, why don't the two witnesses get settled
11 at the witness table.

12 (Whereupon *Patricia D. Kravtin* and
13 *Edward A. Davis* were duly sworn by the
14 Court Reporter.)

15 CHAIRMAN IGNATIUS: All right. Excuse
16 me, Ms. Browne.

17 **PATRICIA D. KRAVTIN, SWORN**

18 **EDWARD A. DAVIS, SWORN**

19 **DIRECT EXAMINATION**

20 BY MS. BROWNE:

21 Q. Ms. Kravtin, will you please state your full name for
22 the record.

23 A. (Kravtin) Yes. Patricia D. Kravtin.

24 Q. Can you please describe your professional and

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1 educational background?

2 A. (Kravtin) Yes. My educational background is in the
3 field of economics, and, in particular, with the study
4 of government regulation of industry and industrial
5 organization. My training is in economics, both at the
6 undergraduate level and at the Ph.D. level, where I was
7 trained at the MIT School of Economics, again, with
8 specialization in government regulation of industry and
9 industrial organization.

10 For the bulk of my career as a
11 consulting economist, I have specialized in the
12 economics and regulation of regulated industries, in
13 particular, with specializations in telecommunications,
14 cable, and electric utilities. Over that period, I've
15 been involved in many aspects of rate regulation and
16 competitive markets.

17 In recent years, I've been very involved
18 in cost analyses of services offered by incumbent
19 utilities. And, one particular component with which
20 I've specialized in recent years is access to poles,
21 conduits, and rights-of-way. As part of that, I've
22 testified before a number of state commissions on that
23 topic. I have been qualified as an expert witness in
24 numerous litigation matters in state and federal court.

1 And, I have participated in FCC rulemakings on this
2 subject.

3 Q. And, have you testified before this Commission
4 previously?

5 A. (Kravtin) Yes. I testified before this Commission in
6 the Commission's generic competition proceeding, DR
7 90-002, where I testified concerning matters regarding
8 toll and switched access monopoly services. One other
9 additional area I've been involved in in recent years
10 is the deployment of broadband services, having worked
11 on a number of reports and analyses, and also serving
12 as a qualifier during the federal government's BTOP
13 Program of qualifying broadband service deployment.

14 Q. And, are you familiar with the Settlement Agreement
15 that has been marked as "Exhibit 1"?

16 A. (Kravtin) Yes, I am.

17 Q. Could you describe the portions of the Settlement
18 Agreement that pertain to the pole attachment rental
19 rate?

20 A. (Kravtin) Yes. The particular component of the
21 Settlement Agreement that specifically deals with the
22 pole attachment rate, under Section 1, "Settlement of
23 Dispute". And, in that area, a formula calculation is
24 presented for development of a unified pole rate that

[WITNESS PANEL: Kravtin~Davis]

1 would be applied to all attachments to PSNH poles by
2 cable television service providers and competitive
3 local exchange carriers. This rate formula identified
4 on Page 3 of the Settlement document would apply for
5 the period January 1st, 2013 going forward. And, as
6 such, also would be calculated using the most recent
7 data available from the FERC Form 1, which would be
8 data as of year end 2011.

9 So, looking at the formula, there are
10 four basic components: 0.44 times space factor times a
11 Net Cost of Bare Pole times a Carrying Charge Rate.
12 And, I will go through those briefly. But I will note
13 that the space factor is identified below, which is
14 itself a formula, with different components. And,
15 then, there a number of footnotes that further clarify
16 the basis of the particular inputs to the formula.

17 So, going through those components. It
18 is a rather straightforward formula and is consistent
19 with pole rate formulas adopted by the FCC and by the
20 overwhelming majority of states that certify to
21 regulate pole attachments. So, the formula itself
22 looks at the costs associated with pole attachments,
23 and then a method of allocating the cost of the pole to
24 third party attachers. In this formula, of the four

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[WITNESS PANEL: Kravtin~Davis]

1 components, three of those relate to the underlying
2 costs of the entire pole that are being allocated.
3 And, those would be the 0.44 factor, the Net Cost of
4 Bare Pole factor and the Carry Charge Rate. The fourth
5 component, indicated as "SF", or the "Space Factor",
6 really goes to the allocation method of allocating the
7 cost of the pole.

8 So, taking the three components that
9 comprise the costs to be allocated, the 0.44 being a
10 factor determined by the parties and consistent with
11 the FCC's most recent pole order, April 7, 2011,
12 develops factors. That particular factor is consistent
13 with a factor developed by the FCC to apply to
14 non-urban areas. That is multiplied by the Net Cost of
15 a Bare Pole, which represents a unitized measure of the
16 investment cost of the entire pole. And, then, that is
17 multiplied by a Carry Charge Rate, which really is a --
18 it's an expense factor, a factor derived by taking
19 ratios and expenses to investment, so that, when
20 applied to the net bare pole costs, it takes an
21 investment cost and translates that into annual costs.
22 So, again, it's a multiplicative formula, the 0.44
23 times the Net Cost of the Bare Pole times the Carry
24 Charge Rate gives an annual cost figure associated with

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1 the use of a pole for pole attachment purposes.

2 Those components are calculated in
3 accordance with current FCC policies and rebuttable
4 presumptions. And, those presumptions would relate to
5 various components of calculating the Net Cost of Bare
6 Pole, and they are rebuttable by either party, based on
7 evidence, but, otherwise, certain FCC presumptions
8 apply.

9 Going next to the "Space Factor", which
10 I indicate is really the allocator that applies to the
11 total cost determined. It has effectively two
12 components. The first component, represented by the
13 number 1, relates to the usable space on the pole or
14 the space occupied by an attacher. And, it is common
15 convention and well established that, for a third party
16 attachment, that would be one foot of usable space.
17 That is added to the second component, which is itself
18 various factors, but that use unusable space on the
19 pole. Again, there's certain presumptions that
20 determine that to be 24 feet on an average joint use
21 pole of 37 and a half feet. And, you take that
22 unusable space, multiplied by a two-thirds factor,
23 divided by the number of attachers. And, those two
24 components are divided by pole height to sort of weight

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[WITNESS PANEL: Kravtin~Davis]

1 the effect of unusable space and unusable space, again
2 for purposes of determining an allocator. And, then,
3 that space factor is multiplied by the other three
4 components to arrive at the pole attachment rate.

5 With regard to that space factor, which
6 again has a number of components to it, the Settlement
7 Agreement sets forth a range of values, and that serves
8 to, I think, reduce the amount of potential dispute
9 over those particular components. As indicated in
10 Footnote 5, the ranges of the number of attachers is
11 prescribed to be between 2.7 at the low end, as a
12 lifetime low, but it could potentially raise to 3,
13 within a certain period, prior to January 1, 2016,
14 which corresponds to the end of the PSNH Rate
15 Settlement period.

16 After that, the parties could rebut that
17 number, subject to information that the parties would
18 present. But, during the period up to the end of PSNH
19 Settlement Agreement, the number of attachers is
20 limited within that range of 2.7 and 3.

21 Q. And, just for a point of clarification, after
22 January 1st -- after December 31st, 2015, again, the
23 2.7 number can be reduced under this Agreement?

24 A. (Kravtin) No. Pursuant to Footnote 5, the minimum 2.7

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1 stays in place for the life of the Settlement
2 Agreement. It is the value of 3 that is fixed as the
3 maximum through the Settlement period, but then could
4 be challenged by a party, based on evidence that there
5 are, in fact, a greater number of average attachers
6 following that period.

7 MS. BROWNE: Thank you. That concludes
8 Patricia -- my direct testimony of Patricia's direct
9 examination.

10 CHAIRMAN IGNATIUS: All right. Mr.
11 Hall.

12 MR. HALL: Good afternoon, Mr. Davis.

13 WITNESS DAVIS: Good afternoon.

14 BY MR. HALL:

15 Q. Could you please state your full name for the record.

16 A. (Davis) Edward A. Davis.

17 Q. And, Mr. Davis, by whom are you employed?

18 A. (Davis) Northeast Utility Service Company.

19 Q. And, could you state the relationship of Public Service
20 Company of New Hampshire to Northeast Utilities Service
21 Company.

22 A. (Davis) PSNH is a operating affiliate of the Northeast
23 Utilities system companies. And, Northeast Utilities
24 Service Company provides services to its operating

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1 companies, including PSNH.

2 Q. Thank you. And, what is your position and job
3 responsibilities for the Company?

4 A. (Davis) I am a Manager of Pricing Strategy and
5 Administration. My responsibilities include rate
6 design, rate administration, cost of service analysis,
7 and related activities.

8 Q. And, can you tell us if you've testified before this
9 Commission before?

10 A. (Davis) I have not testified directly. I have
11 supported testimony and developed and supported
12 prefiled testimony and testimony before the Commission
13 in several dockets, including the most recent
14 Settlement.

15 Q. And, can you tell us in what other jurisdictions have
16 you testified with regard to pole attachment rate
17 matters?

18 A. (Davis) I have testified both in Massachusetts and
19 Connecticut, before the Massachusetts Department of
20 Public Utilities, and the formerly Department of Public
21 Utility Control, now known as the Public Utilities
22 Regulatory Authority in Connecticut.

23 Q. Okay. And, are you familiar with the document marked
24 as "Exhibit 1", the so-called "Settlement Agreement"?

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1 A. (Davis) Yes, I am.

2 Q. In the interest of time, I'll ask you one general
3 question just to start. Do you have any general
4 additions or further description of the proposed
5 Settlement rate formula in the Settlement Agreement, in
6 addition to that of Ms. Kravtin?

7 A. (Davis) Ms. Kravtin articulated the formula extensively
8 quite well. I would just simply add that this is just
9 emphasis that it is a unified pole rate methodology, so
10 that we're able to apply this for any type of
11 attachment, as Ms. Kravtin described, that are either a
12 cable television service provider or competitive local
13 exchange carrier providers. And, so, that's a distinct
14 feature of this methodology, that it is applied
15 regardless of the services that these entities offer.
16 So, I think that's a very positive feature of this
17 particular design.

18 Q. So, then, you'd agree that, essentially, the rate
19 formula treats an attachment as an attachment as an
20 attachment, regardless of the service type?

21 A. (Davis) Effectively. What it does is remove the
22 dispute over a classification of the type of
23 attachment. These are -- this is a rental charge for
24 use of a pole, and it doesn't effectively end up being

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1 mired in the question of what type of attachment it is.

2 MR. HALL: Okay. I think, with that, I
3 have no further questions of Mr. Davis at this time.

4 CHAIRMAN IGNATIUS: Thank you. I think
5 we should hear from -- take questions from any other
6 signatories to the agreement, which would make sense, I
7 think, to turn to Ms. Geiger?

8 MS. GEIGER: I have no questions. Thank
9 you.

10 CHAIRMAN IGNATIUS: All right.
11 Ms. Mulholland, any questions?

12 MS. MULHOLLAND: No questions. Thank
13 you.

14 CHAIRMAN IGNATIUS: Does Staff have
15 questions?

16 MR. SPEIDEL: Just one moment, Chairman.
17 (Atty. Speidel conferring with Ms.
18 Bailey and Mr. Stachow.)

19 MR. SPEIDEL: Yes, we do have two
20 questions, to the panel, in general. Maybe either or both
21 could provide some background for us.

22 **CROSS-EXAMINATION**

23 BY MR. SPEIDEL:

24 Q. The first question that Staff would like to ask by way

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1 of clarification, there is a figure, a factor that is
2 provided for in the formula that reads "Net Cost of
3 Bare Pole". And, for informational purposes, Mr.
4 Davis, perhaps you know this answer, would you happen
5 to know what the Net Cost of the Bare Pole for PSNH is
6 at the present time roughly?

7 A. (Davis) I believe it's \$389, currently, for 2013 rates.

8 Q. Subject to check?

9 A. (Davis) Yes.

10 Q. And, the second figure, in terms of clarification, that
11 you might be able to provide us, would be related to
12 the Carrying Charge Rate. We understood that, in
13 general terms, it's a ratio or an application of A
14 ratio. Do we have a current figure for that rate that
15 is generally understood by the parties or not? Or,
16 would that be subject to ongoing discussion?

17 A. (Davis) No, I understand we do have a clear -- all
18 parties subject to our attachment rates are clear,
19 certainly, I think between the parties here. We've
20 exchanged what those rates are. Current rate for 2013
21 is a little over 33 percent. And, that is the sum of
22 five components. But, effectively, when you add those
23 up, that constitutes the 33 plus percent, and, again,
24 subject to check of the actual specific number. But my

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1 understanding is, first of all, that's -- that both of
2 these components, the Net Cost of the Bare Pole, as
3 well as the Carrying Charge Rate, are calculated using
4 what I would consider "standard" methodologies that
5 we've been using. That is not disputed in this case.
6 But we have exchanged that information and confirmed
7 back and forth between the parties to be clear on what
8 that rate is. We both concur. And, that rate is
9 calculated annually, using the standard methodologies
10 and publicly available data.

11 A. (Kravtin) Yes. And, I could add, I've done my own
12 independent calculations, and came approximately to the
13 same value, just off in rounding.

14 MR. SPEIDEL: Excellent. Well, thank
15 you very much for your time on that. Staff has no further
16 questions.

17 WITNESS DAVIS: You're welcome.

18 CHAIRMAN IGNATIUS: All right.
19 Mr. Malone, you're not a signatory, but you are a party to
20 the case. Do you have questions?

21 MR. MALONE: No questions, madam Chair.

22 CHAIRMAN IGNATIUS: All right. Then, I
23 think questions from the Commissioners? Oh, none --

24 CMSR. HARRINGTON: He said "no"? Yes, I

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1 do.

2 CHAIRMAN IGNATIUS: Commissioner
3 Harrington.

4 CMSR. HARRINGTON: Yes. I had a couple
5 of questions.

6 BY CMSR. HARRINGTON:

7 Q. But let me start with a clarifying question. It was
8 just something that I missed, I apologize.

9 Ms. Kravtin, at the very end of your testimony, I think
10 you were referring to the number of attachers, and you
11 were talking about the numbers "2.7 and 3". And, I
12 just didn't catch what you were getting at. One might
13 change and the other one wouldn't or something?

14 A. (Kravtin) Yes. If I could direct you to Footnote 5, on
15 Page 3 of the Settlement Agreement. And, in that
16 footnote, and, of course, in all good documents, the
17 interesting material is in the footnotes, of course,
18 but the intent is to define a range. Because most of
19 the inputs, actually, I believe all of the inputs have
20 been agreed to be based on FCC presumptions, which,
21 again, which sort of take away any discrepancies going
22 in, even though all of these presumptions are
23 rebuttable with substantive evidence. But, with regard
24 to the number of attachers, as part of the Settlement

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1 Agreement, the parties have agreed to a tight range of
2 those numbers. Obviously, the formula calculates a
3 different rate based on what numbers are used as the
4 deviser. So, in that footnote, it indicates that
5 range, during the period of the PSNH Rate Settlement,
6 to be between 2.7 and 3.

7 Q. Okay.

8 A. (Kravtin) And, when you plug those numbers into the
9 formula, you get a rate result. So, the rates that I
10 believe have been calculated going into this Settlement
11 were based on the number of 2.7, which is agreed upon
12 for the parties as commencing with the 2013 forward
13 calculations, this value shall be no less than 2.7, and
14 that number was used. But the parties do have the
15 right, within that footnote, to challenge that number
16 as being too low commencing with the next rate formula
17 calculation applicable January 1, 2014. So, it's just
18 prescribing limits as to figures, again, to narrow the
19 dispute and identify the range of the applicable rate.

20 Q. Well, that helps. I guess my question is, but you seem
21 to have -- we have a formula that has a bunch of
22 variables in it. And, then, the variables are sort of
23 hinted at or somewhat defined, but not explicitly
24 defined, by a series of footnotes. And, since this is

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1 a settlement agreement, I mean, where is it documented
2 that, for example, for the sake of the January 1st
3 going forward -- 2013 going forward calculation that
4 2.7 will be used by the -- for the number of attachers,
5 since this document just says "no less than 2.7", why
6 couldn't one of the parties decide "well, no less than
7 2.7 is 2.9"?

8 A. (Kravtin) And, that is allowed, that is allowed within
9 the terms of the Settlement, that a party could
10 petition for that. But, again, if you look at the
11 range, and I've done the calculations, the FCC
12 presumptive value for a non-urban area is 3. So, the
13 parties have really narrowed the range, between 2.7 and
14 3. And, so, the impact on the rate is not that
15 significant a range that the parties have prescribed
16 for this period. Once the PSNH Settlement period is
17 over, beginning January 1, 2016, then I believe there
18 would be more discretion of a party to advocate for a
19 number of attaching entities greater than 3, but not
20 before that time. And, obviously, the larger the
21 number of attaching entities under this formulation of
22 a space factor, it will bring the rate down, because
23 you're dividing, at least a portion of those costs,
24 among a larger base of users.

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1 Q. Okay. That helps. I guess what I'm just trying to
2 determine is, for the period starting January 1st,
3 2013, it still seems to me to be a formula with
4 variable inputs that haven't been defined anyplace,
5 other than by what people are stating now or --

6 A. (Kravtin) Okay.

7 Q. So, is there some other part of this Agreement that I'm
8 missing that --

9 A. (Kravtin) Yes. They're in the other -- in the other,
10 excuse me, in the other footnotes.

11 Q. Uh-huh.

12 A. (Kravtin) So that, if you look at the factors that are
13 defined, the "Unusable Space is presumed at 24 feet".

14 Q. I guess you don't have to read it. I've read that and
15 I read the pole height --

16 A. (Kravtin) And "the Pole Height is...37 and a half."
17 So, really, those numbers, in fact, have been
18 quantified. Those are the missing pieces, in the
19 footnotes.

20 Q. But the net bare -- the Net Cost of Bare Pole, the
21 Carrying Charge Rate, and the number of attachers is
22 not explicitly stated in the Settlement Agreement for
23 the period beginning January 1st, 2013, is that
24 correct?

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[WITNESS PANEL: Kravtin~Davis]

1 A. (Kravtin) No, I believe --

2 Q. Is it in here someplace and I don't see it?

3 A. (Kravtin) Yes, in that. In that, the number of
4 attachers, okay, is, again, described as being between
5 "2.7 and 3". So, that -- that particular factor is
6 designated as within that range. As far as the net
7 bare pole cost and carrying charge, as Mr. Davis
8 indicated, the rules for determining those costs, they
9 are specified under FCC rules to very specific FERC
10 accounts. That's why, when Mr. Davis did his
11 calculations, and I performed my own independent
12 calculations, even without conferring, we knew exactly
13 which lines in the FERC Form 1 the formula was
14 referring to, and we came within, you know, half a
15 penny --

16 A. (Davis) Tenths, yes.

17 A. (Kravtin) -- of the same number, working independently.
18 And, that's the beauty of these types of formulas,
19 because the same FERC Form 1 line items are clarified
20 and used by the person doing the calculation.

21 Q. So, then, it would be safe to say then, with the
22 exception of the possible variation of the number of
23 attachers, which is defined as "2.7 to 3", all other
24 terms in this equation have been defined, either

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[WITNESS PANEL: Kravtin~Davis]

1 through explicitly listing them or reference to some
2 other standard or FCC rule or formula, you can find
3 them?

4 A. (Kravtin) That is correct.

5 A. (Davis) That's correct.

6 Q. That's what I was trying to get to.

7 A. (Kravtin) Thank you. Very good question.

8 Q. Let me just kind of change a little bit here. And, Mr.
9 Davis, this has to do with you. And, I don't have the
10 exhibit numbers in front of me, but it's your
11 September 14th testimony. That would be Exhibit 6, I
12 guess.

13 A. (Davis) Yes.

14 Q. Do you have that with you?

15 A. (Davis) Yes, I do.

16 Q. Okay. And, let me say this to start out with, does
17 Public Service assume that the total revenue, and we'll
18 just use this, since this is done, I guess, on an
19 annual basis, for the first year of the Agreement, is
20 the total revenue that you'll be obtaining from pole
21 attachments going to go up or down?

22 A. (Davis) Let me just prelude my response to recognizing
23 this is a formula rate. So, in testimony, what we
24 referred to as, excuse me, a level of revenue that was

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[WITNESS PANEL: Kravtin~Davis]

1 reflected in determining rates for electric service
2 customers in our Settlement Agreement. So, the actual
3 annual dollar amount will vary based on the pole
4 attachment formula. It has varied since the Settlement
5 Agreement was originally entered into. It had been --
6 that had been the case previously. So, these factors
7 that Ms. Kravtin just described have always been
8 variables. And, so, that revenue level will vary based
9 on the factors, as well as the numbers of attachers in
10 a given year. So, there's no prescribed revenue
11 amount, *per se*. The revenues are a result of the
12 variability of these factors, as well as the number of
13 attachers in a given period. So, relative to what was
14 described for a number of different rate methodologies
15 in my testimony, the September 14th testimony, versus
16 what is shown in this Settlement Agreement, both
17 reflect pole attachment formula methodologies. So that
18 the outcome will ultimately be in a given accounting
19 period or calendar year, whatever the actual rate is
20 that's calculated, as well as the numbers of attachers.

21 So, what this new methodology under the
22 Settlement Agreement provides is a unified method,
23 rather than having numerous different methods, we all
24 have a single method that we can rely on. Pretty much

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[WITNESS PANEL: Kravtin~Davis]

1 the same variables come into play, it's just a less
2 complex process to provide more transparency and
3 simplicity for all parties. So, the revenues
4 themselves will continue to vary by year.

5 In 2012, we had a higher rate than we
6 have in 2013, specifically because our Carrying Charge
7 Rate had gone down. In testimony, I mention a factor
8 of "35 percent", which was the 2012 Carrying Charge
9 Rate, and earlier today I had mentioned that our
10 current rate for 2013 is a Carrying Charge Rate of
11 "33 percent". So, that's just a function of the annual
12 costs and how the formula rate methodology works.

13 So, these are kind of minor variations
14 that change through time. They have been higher, they
15 have been lower, in the last couple of years. Again,
16 it depends on the factors that go into calculating the
17 formula rate each year.

18 A. (Kravtin) And, as you mentioned, the number of units.
19 Because you could have the rate go down slightly, --

20 A. (Davis) Yes.

21 A. (Kravtin) -- but the number of units go up, so that, on
22 balance, the actual revenues could increase.

23 A. (Davis) That's correct.

24 Q. Okay. Again, returning to your Exhibit 6, your

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[WITNESS PANEL: Kravtin~Davis]

1 testimony, Mr. Davis, and I'm just going to read a few
2 excerpts throughout here. On Page 2, starting on Line
3 21, it talks about "subsidization by Public" -- "PSNH's
4 electric customers is already embedded within the cable
5 and telephone pole attachment rate methodologies
6 currently being applied. In addition, I identify the
7 impacts to the Company and additional subsidization by
8 electric companies [sic-customers] that would occur as
9 a result of reducing the telecom rates." And, if we go
10 to, excuse me, Page 4, starting on Line 12, it says
11 "Currently, the Company's electric distribution service
12 rates have been set in accordance with the Rate
13 Settlement. These rates are predicted [sic-predicated]
14 on revenues that recover costs from PA rates determined
15 using methodologies in place at the time electric rates
16 were set, and that are currently being applied by the
17 Company. If there were a reduction to the PA rates due
18 to a change in methodology during the 5-year Rate
19 Settlement, the Company would have revenue shortfalls
20 unless the Commission provided an opportunity to make
21 an equal reconciling change to the Company's
22 distribution rates."

23 And, then, we go to Page 6, the question
24 on Line 11, "Do PSNH's current PA rates recover the

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[WITNESS PANEL: Kravtin~Davis]

1 full cost of service associated with pole rent for the
2 attachments of the attaching entities?" And, the
3 answer is "No. Both cable and telecom pole attachment
4 methodologies recover less than the full cost", and
5 then it goes on more from there.

6 Page 7, middle of the page, 9, "that
7 result in subsidies by Public Service's electric
8 service customers." And, it just kind of goes on like
9 this.

10 And, then, if you go to Page 13, you
11 give a specific example. "If an attaching entity pays
12 an attachment fee of \$10 per year, PSNH's customers
13 would bear the cost of an additional \$60 (\$70
14 incremental cost less the \$10 charged) through higher
15 distribution rates."

16 So, I guess my question is, you make
17 quite a broad case here for that, under present
18 methodology, that there is already a very substantial
19 subsidy being paid by the distribution companies of
20 Public Service for these attachments. And, so, number
21 one, I guess, does the Settlement Agreement then
22 eliminate this subsidy?

23 A. (Davis) I would say that I think the questions,
24 certainly, as I address them in my testimony, point to

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[WITNESS PANEL: Kravtin~Davis]

1 the central debate of the extent of subsidy. The
2 Settlement rates we find are a middle ground. Telecom
3 rate methodologies, by themselves, would result in a
4 higher unit rate, and cable TV methodologies, by
5 themselves, would result in a lower rate than what the
6 Settlement methodology would produce. But what happens
7 is, it's a function of the mix of attachments. So, if
8 an attachment is considered telecom at a higher rate or
9 cable at a lower rate, the net effect, again, based on
10 the mix, the numbers of the attachments for each rate
11 that's in place, and there are effectively six
12 different rates we're talking about here, excuse me,
13 would, back in the test year for the Settlement, have
14 produced a revenue, which it did, of \$1.9 million.

15 So, the discussion and positions that I
16 put forth in testimony were pointing to my view on the
17 level of subsidy that the rate methodologies that we
18 had been applying, and, again, these are all debatable,
19 these are debated in many different forums, but the
20 level of subsidy that I believe that were present
21 relative to what other proposals, and as I described in
22 testimony, would have been less of a subsidy had
23 different rates been in effect. And, that was my
24 position taken here.

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[WITNESS PANEL: Kravtin~Davis]

1 Also, we're trying, and I think this was
2 a common objective of all parties, was to try to get to
3 some uniform rate and to not to have this be so
4 complex. Because, as you dissect all these questions,
5 by different rate methodology type, the question is
6 "well, is one rate more of a subsidy than the other?"
7 And, it's a very difficult task to try to provide full
8 analysis that supports that, because the identification
9 of the cost of service of rental of pole space on a
10 pole is a challenge in and of itself. So, each party
11 took positions. And, my perspective was that we see
12 pole attachments as use of an entire pole. There ought
13 to be a fair share rate rental charge for use of the
14 pole. These various methodologies, the cable rate
15 being one methodology, the telecom rate being a
16 different methodology, had different ways of trying to
17 decide what the appropriate apportionment of cost
18 responsibility is for attachments. And, that's the
19 central debate, which, again, I tried to tackle in
20 testimony. And, we went through, on a technical
21 conference level, last week, a discussion about what
22 these subsidies or what the right basis for costing and
23 pricing ought to be.

24 The achievement of settling on a uniform

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[WITNESS PANEL: Kravtin~Davis]

1 rate tries to cut through the middle of that. I would
2 say it's a compromise on all parties to say it appears
3 to be compensatory, whether we fully, you know, go in
4 one direction or another, in terms of levels of subsidy
5 relative to the rates that were in effect previously.
6 What this rate represents is fair, equitable,
7 compensatory rates for charging rental on the poles.
8 It does put aside further debate about subsidies. We
9 think it's a fair compromise. That does find middle
10 ground between two ranges of rates that we, you know,
11 we saw, again, a cable television rate formula and a
12 telecommunications rate formula, which are standard FCC
13 formulas, that, through various proceedings and orders
14 by the FCC, were considered appropriate rates for use
15 by electric utilities in charging pole rents. This
16 uniform rate serves to perhaps have less of a subsidy
17 where there were cable rates, but maybe not -- maybe
18 not as much of a reduction in subsidy, and I'm using
19 that from my perspective, relative to the telecom rate,
20 which would have been a higher rate.

21 So, I think we have a reasonable middle
22 ground compromise with the uniform rate that let's us
23 agree that we've somewhat resolved some question of how
24 much subsidy and any debate over how much subsidy we

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[WITNESS PANEL: Kravtin~Davis]

1 need to continue to argue over, as long as we're
2 getting a fair compensation through these rates for the
3 benefit of use by pole attaching entities of our poles,
4 of the electric system poles, and, therefore,
5 reimbursing customer revenue requirements in a manner
6 that gives some compensation for use of those poles
7 that we share, electric and communication providers
8 share. So, --

9 Q. To tell you the truth, I was hoping for a "yes", "no",
10 or "I don't know".

11 A. (Davis) Well, --

12 Q. And, I think I got an "I don't know."

13 A. (Davis) Well, you know, Commissioner --

14 Q. So, let me just follow up just a little bit more on
15 this, --

16 A. (Davis) Yes.

17 Q. -- maybe we can try to get more specific. Because it
18 is kind of a tough subject, I understand, to deal with.
19 It seems like it's extremely complicated. The
20 resulting rate, using the formula and using the
21 assumptions that we've already discussed at some
22 length, I've been told it's around a little over \$11
23 for the pole attachment rate per year per attachment?

24 A. (Davis) Correct. We had calculated a rate of about --

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1 I think it was \$11.05.

2 Q. Okay.

3 A. (Davis) Yes.

4 Q. So, using \$11.05. Now, going back to your testimony on
5 Page 13, where you talk about "If an attaching entity
6 pays an attachment fee of \$10 per year, PSNH's
7 customers would bear the cost of the additional \$60."
8 So, let's just say they paid \$11.05 a year. So,
9 instead of the additional \$60, it's going to be an
10 additional \$49.95 through higher distribution rates, if
11 it's at 11.05. Now, how does that still not constitute
12 a subsidy for the -- for the attachers at the expense
13 of the distribution payers?

14 A. (Davis) This particular table, Table 3, really seeks to
15 illustrate the portion of the pole costs that I think
16 are more in the center of the debate, how much of that
17 additional \$60 did we believe ought to be moved into
18 the pole attachment rate for recovery. It's difficult
19 to use this table in isolation, because this is for a
20 specific pole to illustrate the point. What we talked
21 about earlier, when we mentioned the Net Cost of the
22 Bare Pole and the Carrying Charge Rate, those are
23 average system rates for all of our poles and all of
24 our system costs. So, while it's important to note

[WITNESS PANEL: Kravtin~Davis]

1 that we don't set a different rate for each pole. But,
2 in this example, using real costs for actual poles on
3 our system, for a given point in time, this illustrates
4 the cost differentials on that particular, if it was a
5 35 versus a 40-foot pole. But, when you blend this set
6 of costs in with all of our poles, they go into those
7 average pole costs and average carrying charge rates,
8 it makes it very difficult to really answer that
9 question.

10 So, I wish I could give you a "yes" or
11 "no" or something a little more black and white on it
12 in terms of a response. But this is a very specific
13 pole example to illustrate that. One might find other
14 poles where there's a different differential than the
15 \$60. So, I think it's effectively, in terms of trying
16 to get to an efficient -- what I would call an
17 "efficient" economic outcome, if I dare say, the idea
18 is, this highlights, for a given set of costs, for a
19 given set of poles on our system, what kind of
20 subsidies ought to -- we were trying to look at. But,
21 when you look at and step back and you say "I have a
22 quarter of a million attachments on all of our poles",
23 and you're using system average costs, where do we find
24 -- or, how do we move this analysis of a single set of

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[WITNESS PANEL: Kravtin~Davis]

1 costs to our whole system?

2 So, I don't know if I answered your
3 question, Commissioner. But I think our point here was
4 to illustrate the subsidy, if, on average, we're
5 getting a pole attachment rate for a given period,
6 let's say there was higher than the \$10.07 in that
7 example, then I would say there's less of a subsidy, to
8 the extent the rate we're receiving is a little higher
9 than what this table illustrates.

10 If you extend that to every pole on our
11 system, and that's more theoretical, because it's kind
12 of impossible to actually do that for all of our poles,
13 but you might say there are other differences for every
14 set of -- every one of our poles. And, some poles have
15 more than one attachment on them, some poles have no
16 attachments on them. So, you have many complicating
17 factors.

18 So, the point is that this highlights
19 and emphasizes the point of subsidy that we were trying
20 to show in testimony. But, when you step back and say,
21 "so, how do you then set a rate that's reasonable to
22 try to capture, you know, to try to address the subsidy
23 issue?" The fact that a rate might be higher in a
24 given period than the \$10.07 would say then there's

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[WITNESS PANEL: Kravtin~Davis]

1 less of a subsidy being borne on that particular pole.
2 If you average that into all the other poles, it would
3 be, you know, it would be a different number. But
4 that's how we addressed it.

5 Q. Okay. Let me just -- again, I'll try to get a little
6 more specific as to my concern. And, so, maybe I'll
7 just state it, and then I'll ask you a question. My
8 concern is that, throughout your testimony you've
9 discussed and documented how there was a -- built-in
10 subsidies to the already pole attachment rates that are
11 being borne by the electric distribution customers of
12 Public Service Company. And, you've also stated,
13 "Currently, the Company's electric distribution service
14 rates have been set in accordance with the Rate
15 Settlement." And, "These rates are predicated on
16 revenues that recover costs from the PA rates
17 determined using methodologies in place at the time the
18 electric rates were set, and that are currently being
19 applied by the Company. If there were to be a
20 reduction to PA rates due to a change in methodology
21 during the 5-year Rate Settlement period, the Company
22 would have a revenue shortfall unless the Commission
23 provided an opportunity to make an equal reconciling
24 change to the Company's distribution service rates."

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[WITNESS PANEL: Kravtin~Davis]

1 So, my concern is, since this is a
2 change in the methodology, and I've asked whether
3 revenues were going to go up or down, and you said "too
4 complicated a question to answer."

5 So, I guess I come to the next thing, is
6 this going to result in the Public Service Company
7 requesting or ending up with a revenue shortfall that
8 they would be requesting from the Commission some way
9 of getting additional revenues from the electric
10 distribution rate customers to make up for this rate
11 change?

12 A. (Davis) No, Commissioner, it would not. The formula
13 rate, including the 0.44 factor that's in the
14 Settlement rate methodology, was designed to achieve
15 the \$1.9 million. So, what we tried to do is say, "we
16 had set rates in the Settlement Agreement. Granted,
17 revenues will change based on numbers of attachers,
18 just as kilowatt-hours and demands for electric service
19 customers will be higher or lower in a given period."
20 But we wanted to retain the revenues that came from the
21 methodologies that related to the 1.9 million in the
22 Settlement. So, when we developed the rate, the
23 Unified Pole Rent Formula in Section 1 of our
24 Settlement Agreement, the design was based on trying to

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[WITNESS PANEL: Kravtin~Davis]

1 achieve that same level of revenues, recognizing that
2 year to year, from 2013 through the end of the current
3 Settlement period, the actual numbers of attachers, the
4 Carrying Charge Rate, the Net Cost of the Bare Pole,
5 which would change anyway, might result in a different
6 revenue than the 1.9 million. But it was designed to
7 achieve an equitable, basically comparable outcome to
8 what was designed into current rates. And, that was
9 our concern.

10 Q. And, that was my original question.

11 A. (Davis) I'm sorry.

12 CMSR. HARRINGTON: Given that, it makes
13 me feel a little better about the Settlement Agreement.
14 Thank you. And, that's all the questions I had.

15 WITNESS DAVIS: You're welcome. Thank
16 you.

17 CHAIRMAN IGNATIUS: Commissioner Scott,
18 questions?

19 CMSR. SCOTT: I'm going to talk about
20 something totally different.

21 BY CMSR. SCOTT:

22 Q. So, this is more for clarification for me. So, again,
23 on Page 3 of the Settlement, Exhibit 1, I guess this
24 is, so just to verify. So, this applies -- the formula

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[WITNESS PANEL: Kravtin~Davis]

1 applies to all cable television service providers and
2 all CLECs, even if they're not a signatory of this
3 document, correct?

4 A. (Davis) That's correct.

5 Q. And, so, how will non-signatories, how will they be
6 dealt with? There will be some notice given, I assume?

7 A. (Davis) My understanding is, and what we will be doing
8 is we have aerial license agreements, which we notify
9 each customer, any signatory to those agreements,
10 basically, these attachers that you just referred to.
11 We've posted what those rates would be. We will now
12 re-notice what these -- what the new rates will be,
13 relative to this Settlement Agreement methodology.

14 Q. And, I think that's pretty much it. So, going back, as
15 much as I hate to, the subsidy issue, just to clarify
16 also. I mean, again, you talked about the example on
17 Table 3, on Page 13 of your testimony, as an example.
18 And, I think you, to paraphrase you, I just want to
19 make sure I understood correctly. That was an example
20 of where, because, theoretically, had to raise -- buy a
21 bigger pole, that was additional cost on the electric
22 utilities that you wouldn't have incurred otherwise.
23 And, to the extent that that wasn't all recouped,
24 that's a subsidy, is that correct, in that example?

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[WITNESS PANEL: Kravtin~Davis]

1 A. (Davis) That was part of what we were trying to
2 illustrate here.

3 Q. And, if, my understanding, if you balance that across
4 your whole system, there would be some poles that
5 wouldn't need -- would be the same size pole whether
6 you had an attachment on it or not, and you would still
7 be getting the revenue from that. And, at a broad
8 scope, you were saying it kind of balances out, is that
9 correct?

10 A. (Davis) Yes. But I would just want to qualify. I
11 think what I was trying to explain was -- well, let me
12 just answer it this way. We have many different size
13 poles, different vintages. What I showed here was
14 current cost of an installed -- current installed cost
15 of a pole. We have older poles that are not nearly as
16 costly as these.

17 What happens is -- so, the answer is
18 "yes", it's a balancing. That's done by virtue of
19 having average system pole costs and average system
20 carrying charges. So, those become your actual average
21 costs. And, they're embedded. So, they're -- you
22 know, whatever vintage, if it's an older pole, it might
23 be costs less, even though if it's taller. You might
24 have a newer pole that's shorter, that might be more

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[WITNESS PANEL: Kravtin~Davis]

1 expensive than an older taller pole. But, net-net, all
2 of these poles average out to whatever the rates are
3 that we apply. This illustration, again, is using
4 current installed costs. These would be more recent,
5 more expensive poles. So, again, it was done to
6 highlight. But, you're right. It's a balancing, when
7 you average it all back in.

8 Q. Okay. And, again, just for my edification, will this
9 agreement change how you deal with other pole attachers
10 who were not encompassed, you know, people who are not
11 cable television service providers or CLECs, will that
12 change how you deal with --

13 A. (Davis) No, this --

14 Q. -- municipalities, for alarm systems or fire alarms,
15 that type of thing?

16 A. (Davis) No. This has no bearing on those.

17 Q. Okay. Thank you.

18 A. (Kravtin) May I also just comment briefly, just to
19 further clarify the record?

20 Q. Sure.

21 A. (Kravtin) Because, when an economist looks at the issue
22 of subsidy, it actually is quite simple for us. And, I
23 appreciate the nuances that Mr. Davis in the rate area
24 is trying to make. Because he's using certain terms,

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[WITNESS PANEL: Kravtin~Davis]

1 like "shortfall" and "subsidy", in terms of comparing
2 rates he might have gotten under one set of
3 methodologies and rates under another. That's very
4 different than what an economist would say is a
5 "subsidy" or a "burden" to other ratepayers. Because,
6 when an economist looks at it, it's relative to whether
7 the rate is compensatory relative to incremental costs.
8 The costs that that particular user activity caused.
9 And, I think, in that regard, this rate, which is
10 roughly equivalent, in the zone of the cable rate or
11 the revised telecom, has been demonstrated to be
12 compensatory -- more than compensatory relative to
13 incremental costs. So, there should be no concern of
14 the word "subsidy" from an economic or substantive
15 standpoint.

16 The other point I would make, as far as
17 the example that Mr. Davis presented, and he did a very
18 good job in clarifying it was for a particular vintage
19 or example of a pole. But, in fact, in reality, where
20 the Company puts in a taller pole to -- specifically to
21 accommodate a third party user, there are other
22 charges, called "make ready", that that user pays, in
23 fact, to replace the pole with a taller pole, and those
24 costs are borne by the third party attacher. So, there

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[WITNESS PANEL: Kravtin~Davis]

1 are other sources of recovery that the utility will get
2 from third party attachers that weren't included in his
3 example, you know, pursuant to the purposes that he
4 described.

5 CMSR. SCOTT: Thank you.

6 CHAIRMAN IGNATIUS: A few more
7 questions.

8 BY CHAIRMAN IGNATIUS:

9 Q. Ms. Kravtin, at the very beginning you said that the
10 formula rate that's proposed here follows a lot of the
11 FCC structure, and that the -- I think you said the
12 overwhelming number of states that set pole attachment
13 rates are following the FCC standards, is that right?

14 A. (Kravtin) Yes, with one clarification. The formula
15 itself, what I was really referring to, in terms of the
16 rates produced by the formula. Because there are
17 different iterations of formulas, but, when you look at
18 the rates that they produce, then they are in the range
19 of what is known as, you know, the FCC Cable Formula or
20 the formulas and rates adopted by states that regulate.

21 Q. All right. So, the end result is in line, though the
22 methodology may be slightly different?

23 A. (Kravtin) Exactly.

24 Q. Can you go through a couple more, you may have

{DT 12-084} {11-14-12}

[WITNESS PANEL: Kravtin~Davis]

1 described this and I just missed it, what's the source
2 of the "0.44"? How do you get to that number to plug
3 into this formula?

4 A. (Kravtin) That "0.44" number, as I believe I did
5 mention, that is a number identified in the FCC's April
6 7th, 2011 order, as a factor that the FCC proposed and
7 adopted to revise the old telecom formula. And, again,
8 the stated purposes of that addition of that factor,
9 which is applicable to non-urban areas, because there
10 are different presumptions with regard to number of
11 attachers for non-urban areas, as distinct from
12 urbanized areas. There's a factor designed for the
13 specific purpose of bringing better alignment between
14 the telecom and cable formulas, so as to address what
15 Mr. Davis talked about, trying to reduce the
16 complexities of having different rates for different
17 types of attachments, which are often disputed and
18 complicating the deployment of broadband. So, it's to
19 bring better alignment between the various formulas
20 that could be applied to different attachers of
21 different companies.

22 Q. If the FCC were to change that recommended factor to
23 something else, what would that do to this formula
24 rate?

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[WITNESS PANEL: Kravtin~Davis]

1 A. (Kravtin) Well, as I understand the Settlement, the
2 rate formula is determined as the appropriate Unified
3 Pole Rate Formula applicable to New Hampshire. And,
4 since the Commission here has certified to regulate
5 pole attachments, it would not be impacted by the FCC.
6 I do believe the FCC reasoned its adoption of those
7 factors and, you know, would not -- I don't believe
8 would be looking to change them, because they were
9 based on, again, the specific goal of bringing
10 alignment between the two formulas that the FCC is
11 required, pursuant to Section 224 language, that this
12 Commission is not -- is not constrained by. So, there
13 was a certain idea or concept behind that particular
14 factor that gives it a certain weight, I believe.

15 Q. I'm just trying to understand the mechanics here. It
16 sounds like we have some things that we know will
17 change annually. Mr. Davis, you said that some of the
18 charges are changed annually for the Carrying Charge
19 Rate, and is it also true that the Net Cost of Bare
20 Pole changes could change annually?

21 A. (Davis) That's correct. The Net Cost of the Bare Pole
22 would change annually, the Carrying Charge Rate would
23 change annually. And, the number of attachers, we
24 would calculate that, okay, but we would then look at

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[WITNESS PANEL: Kravtin~Davis]

1 the range of 2.7 to 3.

2 Q. All right.

3 A. (Davis) And, as long as it fell within that, then we
4 would use -- we would use the actual number. However,
5 we recognize, to start, initially, the first year 2.7
6 is our starting point, and that's also our floor.

7 A. (Kravtin) And, if I could -- excuse me, I just wanted
8 to clarify one thing that might help for the
9 Commissioner. The annual changes that are occurring to
10 the Net Cost of Bare Pole and the Carrying Charge Rate,
11 those changes are derived from the fact that the
12 Company is reporting new cost data in the uniform FERC
13 reporting system. That's different than, say, a change
14 in one of the other components that are rebuttable
15 presumptions, like usable space, unusable space, pole
16 height or even number of attachers. So, I think it's
17 important for the Commission to distinguish between the
18 costs that are going to change just through the normal
19 course of the fact that there's variation year-to-year
20 in the Company's, you know, maintenance or
21 administrative expenditures.

22 Q. Well, and that's fair. Really, what I'm trying to get
23 at is mechanics.

24 A. (Kravtin) Okay.

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[WITNESS PANEL: Kravtin~Davis]

1 Q. So that attachers can figure out what they're being
2 charged and why. And, it sounds like some things we
3 know will change or have the potential for changing,
4 because they're on the FERC Form 1, and you can pull
5 those numbers annually to see those?

6 A. (Davis) Yes.

7 Q. And, other things, the Company you say will do some --
8 PSNH will do some counting of attachments to see if 2.7
9 should really should be 2.8, 2.9 or 3?

10 A. (Davis) Correct. And, in fact, the prior rates, the
11 telecommunications formula rate, promulgated by FCC,
12 has that same provision. In other words, there is some
13 rebuttable presumptions in there. We've used 2.7.
14 But, just as with -- well, with any other component, we
15 could, if it's rebuttable, we could go back and say,
16 "well, if we have better data, we would argue, you
17 know, present that." To the extent, we don't have a
18 change to that number, we wouldn't, certainly. We
19 would use the 2.7, the Carrying Charge Rate, Net Cost
20 of the Bare Pole, those are our costs. So, this being
21 a cost-based formula rate, again, those cost items
22 would flow through. So, you know, the rents are based
23 on that.

24 Q. So, just stick with me. I know this is maybe painful,

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[WITNESS PANEL: Kravtin~Davis]

1 but just process.

2 A. (Davis) Yes.

3 Q. I'm not arguing with whether they're good numbers or
4 bad numbers, but just process. You are going to notify
5 current attachers, who are not signatories to this
6 Agreement, of what the rates will be as of January 1st,
7 2013, correct?

8 A. (Davis) Correct.

9 Q. And, in the course of the year, you'll recalculate,
10 resubmit your FERC Form 1, and it may have different
11 numbers for two of those components?

12 A. (Davis) Correct. And, in fact, we do that once per
13 year. So, every November, we evaluate, it goes back to
14 prior calendar year. And, that's a very standard
15 process we do every year.

16 Q. Okay.

17 A. (Davis) That's how that would work.

18 Q. And, so, either of those two components, the pole cost
19 or the Carrying Charge Rate change, you would notify
20 the attachers for the following January 1st rate that
21 those are -- that the formula will now have different
22 inputs?

23 A. (Davis) Well, really, all we have ever noticed
24 customers is what is the final rate itself.

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[WITNESS PANEL: Kravtin~Davis]

1 Q. All right.

2 A. (Davis) And, that there's a schedule that we post as
3 part of our license agreements. So, that tariff sheet,
4 if you will, or rate schedule will be updated, as we do
5 with each -- each customer will have a new sheet that
6 shows those prices. And, that's how it would -- it
7 would recur each year.

8 Q. And, how often will you recalculate the average number
9 of attachers, given within that band of 2.7 to 3?

10 A. (Davis) Yes, we would do that at the same time we do
11 the cost calculations.

12 Q. How are you going to do that?

13 A. (Davis) We basically take the assumptions that go
14 behind the numbers of attachers, as well as the billed
15 third party attachers. And, we just identify total
16 number of attaching entities, divided by the number of
17 poles. This is just an average number of attachers per
18 pole, and that's what the 2.7 represents.

19 Q. But does that mean you're going to count the number of
20 attachers on every single pole?

21 A. (Davis) Well, who we bill. We, basically, whoever we
22 bill. So, we know, in the same period as the cost of
23 the bare pole, when we're looking back at FERC Form 1
24 data, we'll look at that same period, and say "and what

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[WITNESS PANEL: Kravtin~Davis]

1 were the average numbers of attachers?" So, we'll say
2 "what do we have for billed attachments during that
3 period?"

4 Q. And, then, you will factor that in and give them the
5 new end result, the new rate that comes from all of
6 those inputs?

7 A. (Davis) That's correct.

8 Q. Does any of that come back before the Commission or is
9 that simply a process that goes between the pole owner
10 and -- between PSNH and the attachers?

11 A. (Davis) I think that's an administrative process as
12 part of our agreements with customers.

13 Q. If any of the attachers think that the numbers that
14 you're using are not appropriate, then what would
15 happen?

16 A. (Davis) Well, as we've seen in this case, my
17 understanding is, and I'm not necessarily fully
18 knowledgeable of the, you know, the interpretation of
19 law, but every attacher has the right to file a
20 complaint.

21 Q. So, when we talk about a "rebuttable presumption", I'm
22 trying to get at who it is that they're making a case
23 to. Is it that the attachers make their case to you,
24 and that maybe those presumptions don't hold? Or is it

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[WITNESS PANEL: Kravtin~Davis]

1 the attachers could make their case to us and that
2 those presumptions would not apply?

3 A. (Davis) Well, I would think, and this has been the
4 case, if someone has a question, a customer has a
5 question, we would work with them and try to explain,
6 you know, give as much information as possible, you
7 know, pretty much full disclosure on how we calculate
8 what we -- you know, what goes behind the calculations
9 of the rate.

10 I believe it would then, ultimately, if
11 it's unresolved, the customers would have the right,
12 and I believe they would file a complaint with the
13 Commission. Again, that's my understanding. But, you
14 know, I don't want to overinterpret the rights that the
15 customers have and their process for doing that.

16 A. (Kravtin) And, if I could also add, because I have a
17 great deal of experience in the application of this
18 type of rate formula. It does start from the basis of
19 the FCC presumptions. There are certain values that
20 are really widely accepted. And, I think that what you
21 see is, where the utilities, in calculating these
22 formulas, stick very close to the FCC presumptions or
23 numbers very similar, then there is not going to be a
24 substantial dispute. It's where, and this has

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1 happened, where utilities come in with a number far
2 outside the range. I think one of the advantages of
3 this Settlement is that it does at least constrain one
4 of the most contentious items, which tends to be the
5 number of attaching entities. And, it does set some
6 boundaries. And, I think that should go a long way
7 toward preventing those sorts of disputes or magnitude
8 of differences. It's very costly to challenge an FCC
9 presumption, particularly if you're the third party
10 attacher. So that I think, as long as the ranges are
11 kept reasonable, then I think the Commission, I think,
12 should be somewhat comforted that the challenges under
13 a formula approach such as this would be mitigated.

14 Q. I know you have both said "2.7" would be the starting
15 number for 2013, but the Settlement Agreement does
16 actually say that. It says that it should be "no less
17 than 2.7", and that it may go as high as 3, prior to
18 January 1, 2016, but can't go any higher than that.
19 It's a term -- Commissioner Harrington was asking you
20 this as well. It's one term that isn't set.
21 Everything else is "it's presumed to be X", "it shall
22 be Y", but on this one it says "it can't be any less
23 than 2.7 and it can't be any higher than 3."

24 So, is it a fair interpretation of what

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[WITNESS PANEL: Kravtin~Davis]

1 you've said today that the rate for January '13 shall
2 use 2.7 as the number of attachers?

3 A. (Davis) I would say -- I'd say "yes". That's the
4 number we are using in this calculation for 2013.

5 Q. All right. Ms. Kravtin, any concern about that, being
6 more definitive, that it is 2.7 for 2013?

7 A. (Kravtin) Well, I believe that the rates that are
8 calculated using that presumption, and I don't know
9 whether -- if that was identified earlier, the \$10.57
10 rate for a solely-owned pole, and then a \$5.29 rate for
11 a jointly-owned pole, which is simply half the
12 solely-owned pole rate, I believe those rates, which
13 are -- will be, I think, agreed upon as the going in
14 rates, were based on that particular assumption. And,
15 I think, as the footnote indicates, what the
16 opportunities are for third party attachers, in terms
17 of where they could petition for a variation from that.
18 But it's my understanding that the 2.7 value was used
19 to determine the \$10.57 rate and the \$5.29 joint rate.

20 A. (Davis) And, I'm saying that is the case.

21 Q. All right. Now, something I hadn't thought of before.
22 You just said "\$10.57 rate", and earlier we heard it
23 was "\$11.05" was the resulting rate. So, help me
24 understand what's going on.

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1 A. (Davis) And, that difference is due -- earlier I
2 mentioned there was a, excuse me, 2012 Carrying Charge
3 Rate of about 35 percent, and, in 2013, that rate --
4 that Carrying Charge Rate had gone down to 33 percent.
5 So, as a result, the \$11 rate had gone down to the \$10
6 rate. So, again, that's the dynamic of the formula.

7 Q. So, it appears that, for 2013, the rate will be the
8 lower number, \$10.57?

9 A. (Davis) Correct.

10 Q. For a solely owned pole?

11 A. (Davis) For a solely owned pole.

12 Q. And, because Ms. Kravtin mentioned, there are some
13 poles that PSNH owns jointly, how does that work?

14 A. (Davis) The Net Cost of the Bare Pole is our accounting
15 cost of all the poles on our system. It's the average
16 accounting cost. So, it combines both solely owned
17 poles and jointly-owned poles as part of that average
18 cost. And, the same thing -- well, that's my answer.
19 I was --

20 Q. Well, you're going to need another answer, because --

21 A. (Davis) Well, I was going to jump to the Carrying
22 Charge Rate, and I said "well, that's our system
23 average cost."

24 A. (Kravtin) Yes. And, I could also clarify that, on the

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1 jointly-owned pole, a third party attacher will have a
2 payment that it will be charged by the other owner, to
3 I believe the telephone company.

4 Q. And, so, is there any way that this Settlement directs
5 another owner, if it's a jointly-owned pole, directs
6 that party in what they can charge?

7 A. (Davis) Well, not directly. I mean, this is really
8 between PSNH and Time Warner. However, it provides
9 guidance, if that's a methodology that other parties
10 would like to adopt, you know, it provides that
11 guidance.

12 Q. Is it -- I think I want to make a request that parties
13 submit to the record one additional document. If I'm
14 following this right, we could turn to a FERC Form 1
15 and identify, you know, Line Number 3, whatever it
16 might be, and say "that's where you see the Net Cost of
17 the Bare Pole". And, "if you turn to Line Number 6,
18 that's where you're going to see the Carrying Charge
19 Rate." I just made that up. But is it as simple as
20 that?

21 A. (Davis) I think we submitted, I believe on June 8th,
22 2012, the full calculation of the rates for cable
23 television and telecom/telecommunications that PSNH had
24 been employing. Within that set of information, there

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1 are pages that show the full development of the Net
2 Cost of the Bare Pole and the source, FERC Form 1,
3 actual reference lines to the FERC Form 1 data on one
4 page, and also there is a reference to the carrying
5 charges and the components of that.

6 A. (Kravtin) Yes. And, I would also add, those
7 calculations and references to the FERC Form 1 are also
8 in my testimony, in the rate calculations that I
9 performed as well.

10 Q. I guess what I'm wondering, though, is that it be clear
11 for someone who is an attacher, or would-be attacher,
12 that they can see almost a model of where they're going
13 to be looking, because it will change year to year, to
14 be sure they know which lines to be pulling to be able
15 to understand, if they wanted to get into the weeds, to
16 understand the components of the rate.

17 A. (Davis) Absolutely. We certainly provide that
18 information. And, as we filed that information, as
19 anyone who asks, we walk them through and show that
20 information. I don't know if that's something we may
21 want to consider posting or at least making available
22 upon request, or maybe by reference with our licensees,
23 and the parties who are attachers, you know, we can
24 basically make that available to them. But it's always

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1 been an open book. If it needs a little more
2 disclosure, so it's available more readily, absolutely,
3 we can do -- kind of brainstorm a way to do that and
4 make it work.

5 Q. In the exhibit or the document that you referred us to,
6 and, you're right, it was June 8th, 2012 that it was
7 submitted, does that tell you, I'm sure it does in
8 here, which section or line of FERC Form 1 is the
9 source?

10 A. (Davis) The footnotes provide all of those references.
11 And, I would also say, with this Settlement
12 methodology, it would be fewer pages. So, it would be
13 a little easier to follow. There would be a single set
14 of references, instead of multiple. Actually, kind of
15 to the point of the simplicity of this whole approach.

16 But all of the footnote references are
17 there, and one can readily go to a publicly available
18 FERC Form 1, to those pages and the lines that are
19 referenced. It says "Page reference" and "line
20 reference", *etcetera*, and would be able to reconstruct
21 our calculation, with just a little bit of knowledge
22 of, you know, what to look for in the FERC Form 1,
23 following the mechanics of the formula, it's very
24 straightforward.

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1 Q. And, if we wanted to include any of that in our
2 Commission order, if the Settlement is approved, that
3 would be the place we would get those particular
4 references?

5 A. (Davis) Yes. I just caution that those, I mean, that
6 calculation is for a particular period. So, I would
7 want to -- if you really want a reference to the
8 Unified methodology, I would just want to make sure we
9 provide the equivalent of that for this methodology.

10 CHAIRMAN IGNATIUS: Commissioner Scott,
11 a further question?

12 CMSR. SCOTT: Quickly, hopefully.

13 BY CMSR. SCOTT:

14 Q. Back to the jointly-owned pole issue, just again for
15 clarification. So, if I want to attach to a pole that
16 is jointly-owned, not entirely owned by PSNH, I would
17 pay -- the PSNH payment I would make, the payment to
18 PSNH would be, what, a prorated portion, depending on
19 the percent ownership? Is that --

20 A. (Davis) Actually, it's half of the fully owned rate.

21 Q. Okay.

22 A. (Davis) So, the convention is, you know, 50 percent
23 ownership/50 percent of the rate for a jointly-owned
24 pole.

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1 Q. Okay. And, using the same formula, just 50 percent?

2 A. (Davis) Yes. This formula gives you the fully owned
3 rate, to get us an average rate, you know, obviously
4 our system average costs, and then we take half of
5 that. And, we post those and actually provide those to
6 customers, so they know what the rate is.

7 CMSR. SCOTT: Okay. Thank you.

8 WITNESS DAVIS: Yes. You're welcome.

9 CHAIRMAN IGNATIUS: Thank you. Any
10 redirect, Ms. Browne?

11 **REDIRECT EXAMINATION**

12 BY MS. BROWNE:

13 Q. Patricia, is there anything you would like to clarify
14 or do you think everything is clear?

15 A. (Kravtin) I think everything has been clarified. I
16 think the only one additional point I might, just to
17 clarify the record, would go to the number of
18 attachers. I think that Mr. Davis did describe the
19 Company's basis. I just might clarify that I would
20 have and express some opposition to that particular
21 methodology. But, again, because the Settlement does
22 describe this range, I think that issue is more or less
23 mooted, some of the disagreement we had about that
24 methodology is taken care of by the range that was

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1 agreed upon.

2 CHAIRMAN IGNATIUS: Thank you. Any
3 redirect, Mr. Hall?

4 MR. HALL: Yes, Commissioner. If you
5 don't mind, just a couple of points to clarify.

6 BY MR. HALL:

7 Q. Mr. Davis, one -- we discussed together, if you recall,
8 when we developed the Settlement proposal, so to speak,
9 that afternoon, there's been reference to a "Rate
10 Settlement" discussed here today.

11 A. (Davis) Yes.

12 Q. Basically, the Rate Settlement and test year 2008, can
13 you just describe quickly what that "\$1.9 million"
14 figure represents, just to clarify the record?

15 A. (Davis) Sure. In PS -- the Company's proposal for
16 rates, and ultimately rates that were approved by the
17 Commission for settlement, that Settlement being a
18 five-year period, the Company utilized, in its cost of
19 service analysis, test year data, if you will, which is
20 historic costs and revenues. And, so, the 1.9 million
21 is the revenues associated with pole attachment rental
22 fees for the test year. And, again, that's
23 traditional, standard ratemaking. And, so, once those
24 rates are set, those rates remain in effect in

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1 accordance with the terms of the Settlement Agreement,
2 and it is a five-year plan. And, therefore, we have
3 aligned this, this set of the collar of the 2.7 to 3 to
4 correspond with the Settlement period. After that
5 point, PSNH, to the extent it chooses, would
6 potentially be able to file for new rates, again, at
7 the end of the Settlement period.

8 Q. Now, let me take you to the 2.7 number. And, this is a
9 little bit of unmaking the sausage that was made to
10 come to a settlement, if you recall. When you
11 calculate the number of attachers, using your
12 methodology, do you come up with a number greater or
13 less than 2.7?

14 A. (Davis) Slightly less than 2.7.

15 Q. Okay.

16 A. (Davis) But, again, each year might be different.

17 Q. Okay.

18 A. (Davis) So, I might have a number that's higher than
19 2.7 next year.

20 Q. It's possible?

21 A. (Davis) It's possible.

22 Q. But, for the purposes of 2013, the number that will be
23 used is 2.7 in this formula?

24 A. (Davis) That's correct.

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1 Q. Okay. Using, and you can pick a year, would you please
2 let us know, with a ballpark figure, roughly
3 percentagewise, how much more or less using the new
4 formula that's been proposed here in the Settlement,
5 versus the old formulas, how much more or less revenue
6 percentagewise would we be recovering using the new
7 Settlement formula. And, again, you'd need to choose a
8 test year or a year to compare the two rates, whichever
9 is most convenient for you.

10 A. (Davis) Well, relative to the \$1.9 million in the test
11 year, and recognizing that I don't know the numbers of
12 attachers that will actually attach during 2013, I have
13 an expectation that it would be roughly around the same
14 revenue level, maybe perhaps 5 percent higher. But,
15 again, I don't have a projection of the numbers of
16 attachments for 2013. So, initially, at this point, my
17 perception is that we'd be right around the same level
18 of revenue.

19 Q. But is it safe to say it would not be less?

20 A. (Davis) All else being equal, I believe so, again,
21 relative to seeing actual numbers come in. Given that
22 we know the cost of the bare pole, and we know the
23 Carrying Charge Rate, *etcetera*. We know what the rates
24 are going to be. In theory, if the cost of a bare pole

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1 or the Carrying Charge Rate dropped dramatically, the
2 revenues could be less. But I don't expect that to be
3 the case.

4 Q. Okay.

5 A. (Davis) I have no reason to believe that would be the
6 case.

7 Q. Okay. That's the issue I wanted to clarify there.
8 And, just generally, in your opinion, does the
9 Settlement formula that we've come up with, would you
10 say that it adequately addresses any concerns that the
11 Company might have about protecting ratepayers from a
12 loss of revenue from pole attachments generally? I
13 mean, in other words, would you consider this
14 Settlement formula to be a relatively fair and
15 equitable outcome from the ratepayers' perspective?

16 A. (Davis) I do.

17 MR. HALL: Thank you. No further
18 questions.

19 CHAIRMAN IGNATIUS: Thank you. Let's go
20 off the record for a moment.

21 (Off-the-record discussion ensued.)

22 CHAIRMAN IGNATIUS: Okay. Then, let's
23 go back on the record. We just took a quick time off the
24 record just to talk about expectations for closings this

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1 afternoon. So, before we move to that, I want to ask just
2 a couple of questions of the parties, to be sure I
3 understand the record. I take it the agreement to mark
4 all of the prefiled testimony also included an agreement
5 to allow it to be admitted without putting the witnesses
6 on to authenticate and confirm their testimony and all of
7 that, is that correct? I see several nodding "yes".

8 MR. SPEIDEL: Yes. Self-authentication.

9 CHAIRMAN IGNATIUS: So, that being said,
10 is there any objection to striking the identification and
11 admitting the exhibits that Ms. Browne read through as
12 full exhibits?

13 (No verbal response)

14 CHAIRMAN IGNATIUS: Seeing none, we'll
15 do that.

16 I also wanted to be certain, Mr. Malone,
17 that Unitil was an intervenor and had actually asked for
18 more time in order to file testimony, but I saw no
19 testimony in the file. So, I wanted to make sure I didn't
20 miss anything?

21 MR. MALONE: No, that's correct, madam
22 Chairman. They did not file and did not wish to.

23 CHAIRMAN IGNATIUS: All right. There
24 also was a Motion for Confidentiality filed, I don't

1 believe -- filed by Time Warner on August 17th, I don't
2 believe we have acted on it yet, although things have
3 remained protected.

4 MR. ANDERSON: It was granted.

5 CHAIRMAN IGNATIUS: Oh, it was. Well,
6 there you go. Thank you.

7 All right. So, then, I think the only
8 thing then is closings. Why don't we -- we have all
9 parties in favor of it, except for Unitil. So, we'll
10 begin with you, Mr. Malone, and then go around with the
11 various signatories.

12 MR. MALONE: We have no comments, madam
13 Chairman.

14 CHAIRMAN IGNATIUS: All right. Then,
15 Ms. Browne.

16 MS. BROWNE: Thank you, madam
17 Commissioner, Commissioner Scott, Commissioner Harrington.
18 Time Warner Cable supports the Unified Pole Attachment
19 Rate formula that was agreed to by the parties in this
20 proceeding. The Unified Attachment formula establishes
21 PSNH pole attachment rates at or near rates produced using
22 the FCC cable television formula, which is employed by the
23 majority of states that have certified to regulate pole
24 attachment rates, and also a formula that has been upheld

1 against challenge in the courts.

2 The formula that has been agreed to
3 today employs certain FCC presumptions for non-urban areas
4 and establishes a minimum number of attaching entities.
5 These presumptions and the minimum provide certainty to
6 attaching entities, including broadband service providers
7 seeking to invest in the state.

8 Time Warner Cable believes that this
9 formula meets the six-factor standard set forth in Puc
10 Rule 1304.06, for the reasons set forth in our initial
11 petition, as well as the testimony submitted in this
12 proceeding by Ms. Kravtin and by Ms. Laine.

13 Significantly, the formula is consistent
14 with relevant federal and state law. The FCC -- including
15 the FCC's April 2011 order, as well as legislation enacted
16 this year to limit the regulation on VoIP services. We
17 also believe that this Unified Rate formula will have
18 positive effects on investments in broadband in the state.

19 We thank the Staff especially for taking
20 such an active role in this proceeding and guiding the
21 parties toward settlement. And, we also appreciate the
22 Commission's willingness to accept the late filed
23 settlement to avoid the need for a hearing.

24 CHAIRMAN IGNATIUS: Thank you. Ms.

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1 Geiger.

2 MS. GEIGER: Yes. Thank you. Comcast
3 would echo Time Warner's comments, and would also like to
4 thank the Commission Staff and commend them for their
5 exceptionally fine work in facilitating the Settlement
6 Agreement that's before the Commission. Comcast would
7 respectfully ask that the Commission approve the
8 Settlement Agreement as filed and without modification.
9 Commission Rule Puc 203.20(b) provides that "the
10 Commission shall approve a disposition of any contested
11 case by...settlement...if it determines that the result is
12 just and reasonable and serves the public interests." As
13 Ms. Browne indicated, we believe the Settlement Agreement
14 does serve the public interest, because it produces a
15 Unified Pole Attachment Rate that is just and reasonable.

16 The Agreement is also consistent with
17 the standards set forth in the governing statute, which is
18 374:34-a, and is consistent with the Commission rules, the
19 1300 rules. Among other things, those rules require that,
20 when setting pole attachment rates, the Commission must
21 consider FCC formulae and the rate's potential impact on
22 broadband deployment. And, this Settlement Agreement does
23 both of those things.

24 The Settlement Agreement is also

1 competitively neutral and more straightforward and less
2 administratively burdensome than the former bifurcated
3 rate structure employed by PSNH. Also, resolving the
4 instant docket without protracted litigation is also in
5 the public interest.

6 For all of those reasons, Comcast would
7 respectfully ask that the Commission approve the
8 Settlement. Thank you.

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

11 MS. MULHOLLAND: Yes. Jeremy Katz
12 couldn't be here today, but he sent with me some comments.
13 SegTEL is the largest competitive fiber provider in the
14 state. We wish to thank Staff for their diligence in this
15 docket in helping to come up with a Unified Rate. And, we
16 support approval of the Settlement. Thank you.

17 CHAIRMAN IGNATIUS: Thank you. Mr.
18 Hall.

19 MR. HALL: Thank you, Commissioner
20 Ignatius, Commissioner Scott, and Commissioner Harrington.
21 PSNH would like to thank the Staff also for their
22 involvement, as well as a drive to push toward a
23 settlement in this matter. PSNH fully supports the
24 Settlement. And, I'd like to say that it's the Company's

1 belief that it is fair and equitable to our ratepayers and
2 will adequately recover revenues associated with pole
3 attachments going forward. It does -- the Settlement, as
4 proposed, will alleviate any further question about what
5 our formula rates are going forward for pole attachments,
6 and will alleviate some administrative burden on the
7 Company having come to an agreement on a Unified Rate.

8 With that, I'd like to just thank the
9 Commission for entertaining our Settlement proposal and
10 for its generous waiver of your Commission's rules
11 regarding the five-day limitation for submitting
12 settlements. Thank you.

13 CHAIRMAN IGNATIUS: Thank you.
14 Mr. Speidel.

15 MR. SPEIDEL: Thank you, Commissioners.
16 Staff would like to echo the appreciation and thanks that
17 have -- that we've heard from the other Settling Parties
18 regarding your consideration of this late-filed
19 Settlement, and also of your rescheduling of the hearing
20 today.

21 The Staff believes that this Settlement
22 offers a just and reasonable resolution of a business
23 dispute between Time Warner and Public Service that, in
24 fact, offers a possibility for increased competition in

1 the non-wireless telecommunications field, thanks to a
2 simplified rate structure that offers the potential for
3 rate relief.

4 We would like to thank PSNH and all the
5 parties that have participated for their professional work
6 and conduct during this process and during the Settlement
7 negotiations, and for their fast turnaround on proposals
8 floated by the various parties.

9 So, the Staff does support the
10 Settlement Agreement. And, we thank the Commission for
11 its consideration.

12 CHAIRMAN IGNATIUS: All right. If
13 there's nothing further, then we will take all of this
14 under advisement. It's clear that everyone worked hard to
15 try to get to a reasonable result that works for everyone,
16 and we appreciate those efforts. So, thank you. We will
17 issue an order hopefully soon.

18 **(Whereupon the hearing ended at 3:23**
19 **p.m.)**