

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

October 3, 2013 - 10:09 a.m.  
Concord, New Hampshire

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RE: DE 12-295  
PNE ENERGY SUPPLY, LLC d/b/a  
POWER NEW ENGLAND:  
*Petition for Review of Public Service  
Company of New Hampshire's Services  
and Charges to Competitive Electric  
Suppliers.*

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

Clare Howard-Pike, Clerk

APPEARANCES: Reptg. PNE Energy Supply:  
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Christopher Cole, Esq. (Sheehan, Phinney...)  
  
Reptg. Public Service of New Hampshire:  
Matthew J. Fossum, Esq.  
  
Reptg. North American Power:  
Robert J. Munnelly, Jr., Esq. (Murtha Cullina)  
  
Reptg. Retail Energy Supply Association:  
Douglas L. Patch, Esq. (Orr & Reno)  
  
Reptg. Electricity N.H., LLC d/b/a ENH Power:  
Christopher G. Aslin, Esq. (Bernstein Shur)

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

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**APPEARANCES:** (c o n t i n u e d)

**Reptg. Residential Ratepayers:**

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# I N D E X

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                                  **DANIEL W. ALLEGRETTI**  
                                  **TAFF TSCHAMLER**  
                                  **KEVIN DEAN**

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**P R O C E E D I N G**

CHAIRMAN IGNATIUS: Welcome, everyone.  
I'd like to open the hearing in Docket DE 12-295. This  
was initially filed by Power New England, PNE. And, after  
a series of rounds of testimony and discovery, we are  
ready now for a hearing on the merits.

So, let's begin first with appearances  
please.

MR. RODIER: Good morning, Chairman  
Ignatius and Commissioners. My name is Jim Rodier,  
appearing for PNE Energy Supply. And, with me, also  
appearing, is Chris Cole, of Sheehan, Phinney, Bass &  
Green.

MR. COLE: Good morning.

CHAIRMAN IGNATIUS: Good morning.

MR. PATCH: Good morning, Commissioners.  
Doug Patch, from Orr & Reno, on behalf of the Retail  
Energy Supply Association. And, with me are Dan  
Allegretti and Jeanne Dworetzky, both from Exelon.

CHAIRMAN IGNATIUS: Good morning.

MR. ASLIN: Good morning. Chris Aslin,  
from Bernstein Shur, on behalf of Electricity NH, ENH  
Power, for ENH Power --

(Court reporter interruption.)

1 MR. ASLIN: Can't hear? I'm sorry.

2 CMSR. HARRINGTON: Use the microphone.

3 MR. ASLIN: It is on.

4 CMSR. HARRINGTON: You got to get close,  
5 real close.

6 MR. ASLIN: Okay. Chris Aslin, from  
7 Bernstein Shur, on behalf of Electricity NH, doing  
8 business as ENH Power. With me today is Kevin Dean, from  
9 ENH Power.

10 CHAIRMAN IGNATIUS: Good morning.

11 MR. MUNNELLY: Good morning, Chairman  
12 Ignatius and Commissioners. Robert Munnelly, from Murtha  
13 Cullina, representing North American Power & Gas, LLC.  
14 And, with me is Taff Tschamler from the Company.

15 CHAIRMAN IGNATIUS: Good morning.

16 MS. HOLLENBERG: Good morning,  
17 Commissioners. Rorie Hollenberg, on behalf of the Office  
18 of Consumer Advocate, monitoring the hearing today for  
19 Susan Chamberlin, who is the attorney assigned to this  
20 matter. Thank you.

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

23 CHAIRMAN IGNATIUS: Good morning.

24 MS. AMIDON: Good morning. Suzanne

1 Amidon, for Commission Staff. And, with me today is  
2 Al-Azad Iqbal, an Analyst with the Electric Division.

3 CHAIRMAN IGNATIUS: Good morning,  
4 everyone. Thank you. Ms. Hollenberg, if it's easier for  
5 you to be up closer in your usual spot, feel free.  
6 Although, I understand you're monitoring. I assume that  
7 means you're not questioning witnesses or presenting  
8 witnesses?

9 MS. HOLLENBERG: That is correct. Thank  
10 you very much.

11 CHAIRMAN IGNATIUS: Do we have any  
12 administrative matters to take up before we begin with  
13 evidence? And, is there a plan of presentation of  
14 evidence? Mr. Patch.

15 MR. PATCH: Yes. The suppliers had --  
16 are suggesting that their four witnesses be done as a  
17 panel. And, we ran that by PSNH and Staff, and they  
18 didn't seem to have any issues with that. So, that's what  
19 we'd suggest.

20 CHAIRMAN IGNATIUS: All right. And,  
21 then, that would be followed by PSNH witnesses?

22 MR. FOSSUM: That's correct. Yes.

23 CHAIRMAN IGNATIUS: And, I take it  
24 that's it, in terms of, we don't have any other prefiled

[WITNESS PANEL: Fromuth~Allegretti~Tschamler~Dean]

1 testimony, that's it for witnesses?

2 MS. AMIDON: That's correct.

3 CHAIRMAN IGNATIUS: That's fine. I  
4 should also notify everyone that we have a conference call  
5 we have to do at 1:00. So, if we're not done, not looking  
6 like we're going to get done by then, we will take a lunch  
7 break at 12:45, to run until about 2:15, and then resume.  
8 But it may be that we're done before that anyway.

9 All right. Then, why don't we go ahead  
10 with seating the panel and swearing in the witnesses.

11 (Whereupon **Daniel W. Allegretti,**  
12 **August G. Fromuth, Taff Tschamler,** and  
13 **Kevin Dean** were duly sworn by the Court  
14 Reporter.)

15 MR. PATCH: If I could just say one more  
16 clarification. I think --

17 CMSR. HARRINGTON: Just hold on just one  
18 second until Chairman Ignatius gets back please.

19 (Short pause.)

20 MR. PATCH: Just one more point of  
21 clarification. And, that is that the way we had planned  
22 to do it was a brief direct by each of the -- the  
23 attorneys for each of the witnesses, and then make them  
24 available for cross and questions from the Commissioners.



1 CHAIRMAN IGNATIUS: All right.

2 MR. PATCH: And, since the rebuttal  
3 testimony came in subsequent to the original testimony,  
4 then, what we'd like to do is be able to ask just a brief  
5 question "Do you have anything you would like to say in  
6 response to the rebuttal testimony that PSNH filed?"

7 CHAIRMAN IGNATIUS: Is that agreeable to  
8 everyone? That makes sense.

9 MR. FOSSUM: So that, if that's what the  
10 Commissioners want to hear, then, that's fine.

11 CHAIRMAN IGNATIUS: Then, otherwise, we  
12 have to keep bringing people back and it seems more  
13 cumbersome. All right. We want to begin then. Mr.  
14 Patch, are you going to lead off, or Mr. Rodier?

15 MR. PATCH: Mr. Rodier.

16 CHAIRMAN IGNATIUS: Okay.

17 MR. RODIER: Thank you.

18 **AUGUST G. FROMUTH, SWORN**

19 **DANIEL W. ALLEGRETTI, SWORN**

20 **TAFF TSCHAMLER, SWORN**

21 **KEVIN DEAN, SWORN**

22 **DIRECT EXAMINATION**

23 BY MR. RODIER:

24 Q. Mr. Fromuth, what's your full name?

[WITNESS PANEL: Fromuth~Allegretti~Tschamler~Dean]

1 A. (Fromuth) August G. Fromuth.

2 Q. And, you -- what's your capacity with PNE Energy  
3 Supply?

4 A. (Fromuth) I'm the Managing Partner.

5 Q. Okay. And, did you file some prefiled testimony in  
6 this proceeding on or about September 27th, said  
7 testimony being part of a package that was filed with  
8 the Commission to commence this proceeding?

9 A. (Fromuth) Yes, I did.

10 Q. Do you have that testimony with you today?

11 A. (Fromuth) I do.

12 MR. RODIER: Okay. Madam Chairman, can  
13 I just mark the testimony for identification?

14 CHAIRMAN IGNATIUS: Please.

15 MR. RODIER: And, it's fine with us if  
16 this is "PNE 1" or anything else you want to call it.

17 CHAIRMAN IGNATIUS: I think it's easier  
18 if we just run them sequentially. So, is one our first or  
19 do we have any -- all right. So, this will just be  
20 "Exhibit 1". And, that would be the -- Commissioners, I  
21 think, already have it.

22 MR. RODIER: Oh, they do. Okay.

23 CHAIRMAN IGNATIUS: This would be the  
24 testimony filed August 20th, 2013, of Mr. Fromuth? Or,

[WITNESS PANEL: Fromuth~Allegretti~Tschamler~Dean]

1 I'm sorry, I'm looking at data requests. Excuse me.

2 MR. RODIER: Yes. I think this is the  
3 27th, if I'm right.

4 CMSR. HARRINGTON: Is this "Exhibit 1"  
5 then?

6 CMSR. SCOTT: Well, why don't you give  
7 us a copy anyways, at least me, since you have them right  
8 there.

9 (Atty. Rodier distributing documents.)

10 MR. RODIER: I have a cover letter on it  
11 that I sent you as being dated September 27th.

12 CHAIRMAN IGNATIUS: Somebody needs to  
13 invent some sort of app that, when you read things on the  
14 computer, and then you go back into the file, you can  
15 actually make the two worlds come together.

16 You don't need to put that in the  
17 record.

18 (Laughter.)

19 CMSR. SCOTT: It's our new docket.

20 CHAIRMAN IGNATIUS: I will take a copy  
21 after all. I can't find it here.

22 MR. RODIER: Okay.

23 CHAIRMAN IGNATIUS: Thank you.

24 MR. RODIER: You're welcome.

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[WITNESS PANEL: Fromuth~Allegretti~Tschamler~Dean]

1 CHAIRMAN IGNATIUS: So, we're marking  
2 that testimony of Mr. Fromuth as "Exhibit 1" for  
3 identification.

4 MR. RODIER: Right.

5 (The document, as described, was  
6 herewith marked as **Exhibit 1** for  
7 identification.)

8 MR. RODIER: Does anybody else need a  
9 copy?

10 BY MR. RODIER:

11 Q. So, Mr. Fromuth, as you just heard, I think that the  
12 program here this morning is that we want to go back to  
13 September of 2012, you to briefly summarize this  
14 filing, what you had in mind when you made this filing.  
15 I believe I asked you if you had any corrections, you  
16 said "no", correctly -- is that correct?

17 A. (Fromuth) Yes.

18 Q. And, then, I think I heard that there's going to, after  
19 you do that, you're going to have an opportunity to  
20 briefly respond to the PSNH rebuttal testimony.

21 MR. RODIER: And, let me just make sure  
22 I understand that correctly. Is that correct? Okay.

23 BY MR. RODIER:

24 Q. Briefly respond to the PSNH rebuttal testimony. So,

[WITNESS PANEL: Fromuth~Allegretti~Tschamler~Dean]

1 that would be your chance. I want you to just stick to  
2 your prefiled testimony to begin with, and then what  
3 else you might want to say in rebuttal, would be the  
4 second matter for you to address.

5 So, let's begin with, number one, would  
6 you summarize your prefiled testimony please.

7 A. (Fromuth) Good morning, Commissioners. Thank you for  
8 this opportunity to appear here. We filed this  
9 petition in about a year ago, maybe more than a year  
10 ago now, to address what we thought were some basic  
11 inequities in the tariff -- I'll call it the "tariff  
12 scheme", to levy certain charges, Selection Charge  
13 Billing Charge, a Collection Charge, on market  
14 participants, specifically retail energy market  
15 participants that were starting to serve, as we were  
16 starting to serve in a big way the retail, small retail  
17 marketplace, consisting of small businesses and  
18 residentials.

19 And, it came to our attention, as we  
20 surveyed the marketplace and have experience, of  
21 course, in other markets in New England, that PSNH was  
22 alone in its assessment of these charges at these  
23 levels. So, we thought that there was something rather  
24 inequitable about that. And, we probed it to see what

[WITNESS PANEL: Fromuth~Allegretti~Tschanler~Dean]

1 the justification was. We couldn't come up with any  
2 rationale that we thought was sound.

3 So, we put together this request, we  
4 submitted it to the Commission, asking the Commission  
5 to investigate whether or not it was appropriate that  
6 PSNH alone, amongst the utilities, electric utilities  
7 in New Hampshire, and pretty much alone among the  
8 electric utilities in New England, were charging these  
9 fees, levies, for these services, that, in other  
10 settings are incorporated and recovered in some other  
11 fashion in the tariff.

12 And, the numbers that we have here  
13 really do add up. And, they are considerable, in terms  
14 of trying to make sure that this market offers the very  
15 best price, the very lowest price to the marketplace.

16 CHAIRMAN IGNATIUS: Mr. Fromuth, you've  
17 now exceeded your prefiled testimony. So, we've read it,  
18 we know what you filed. And, if you have a very brief  
19 extra summary of what you actually filed, that's fine.  
20 But I think you're going beyond what you actually  
21 prefiled. So, people can bring things out on questioning,  
22 but would ask you to stick to what was filed. And, then,  
23 as Mr. Rodier said, any response to PSNH's filings as  
24 well.

1 **BY THE WITNESS:**

2 A. (Fromuth) Well, I guess I would simply wrap up by  
3 saying, madam Chairman, that we think that this is a  
4 very, very useful evaluation. We hope that we get to  
5 probe it deeply. And, we look forward to the  
6 opportunity to have a full and free exchange on the  
7 matter.

8 CHAIRMAN IGNATIUS: Thank you.

9 MR. RODIER: Go ahead.

10 BY MR. PATCH:

11 Q. Mr. Allegretti, would you state your name and your  
12 employment for the record.

13 A. (Allegretti) My name is Daniel W. Allegretti. And, I  
14 am employed by Exelon Business Service Corp. as a Vice  
15 President of State Government Affairs. I am here today  
16 as the New England Chairman of the Retail Energy Supply  
17 Association.

18 Q. And, did you submit prefiled testimony in this docket  
19 dated March 26th of 2013?

20 A. (Allegretti) Yes, I did.

21 Q. And, if you were asked the same questions today, would  
22 your answers be the same?

23 A. (Allegretti) Yes, they would.

24 Q. Is this a copy of that testimony?

1 A. (Allegretti) Yes, it is.

2 MR. PATCH: I'd ask that this be marked  
3 as "Exhibit Number 2", I believe.

4 CHAIRMAN IGNATIUS: And, this is the  
5 March 26, 2013 testimony?

6 MR. PATCH: Yes.

7 CHAIRMAN IGNATIUS: All right. We'll  
8 mark that for identification as "Exhibit 2".

9 (The document, as described, was  
10 herewith marked as **Exhibit 2** for  
11 identification.)

12 BY MR. PATCH:

13 Q. Since you prefiled testimony in this docket, has PSNH  
14 filed testimony that has been the subject of discovery,  
15 essentially rebuttal testimony?

16 A. (Allegretti) Yes.

17 Q. And, is there anything you'd like to tell the  
18 Commission briefly in response to that PSNH testimony  
19 and discovery?

20 A. (Allegretti) Yes. I have several points I'd like to  
21 make in response to the prefiled testimony of Mr.  
22 Goodwin and Mr. Hall, which I understand is now  
23 sponsored by Ms. Tebbetts instead. I noted the  
24 discussion that Mr. Goodwin had of the consolidated



[WITNESS PANEL: Fromuth~Allegretti~Tschanler~Dean]

1 billing, in which he indicates and refers to the option  
2 of supplier billing. And, I was concerned that Mr.  
3 Goodwin's testimony conflates consolidated billing and  
4 supplier billing, which, from the perspective of RESA,  
5 are two separate products that are distinct. They're  
6 not the same billing and collection. And, in our  
7 experience, customers have a strong preference for a  
8 consolidated bill.

9 While PSNH is correct that supplier  
10 billing is something suppliers are allowed to do for  
11 the commodity portion of the electric bill, it's our  
12 view that PSNH continues to have a monopoly in  
13 providing consolidated billing services. And,  
14 therefore, its charges for those services must be just  
15 and reasonable.

16 I note that Mr. Goodwin suggests, on  
17 Page 20 of his testimony, that PSNH be relieved of the  
18 obligation to provide consolidated billing. And, I  
19 think it's important to bear in mind that the  
20 Commissioner must either allow suppliers to provide  
21 consolidated billing for their customers, just as PSNH  
22 provides it for default service customers, or that  
23 default service customers receive separate billing for  
24 the commodity portion. It's important, because default

[WITNESS PANEL: Fromuth~Allegretti~Tschanler~Dean]

1 service and supplier service compete directly in the  
2 New Hampshire marketplace for PSNH service territory.  
3 Something that's not necessarily the case in fully  
4 restructured utilities.

5 I also note that Mr. Goodwin, at  
6 Page 16, suggests that suppliers are asking PSNH to  
7 provide valuable services for free. And, I think that  
8 that's not entirely correct. The suppliers are merely  
9 asking for the charges to be eliminated because they're  
10 unsupported. I've reviewed the discovery in this case,  
11 and I see no evidence that would support the marginal  
12 cost or the incremental cost incurred by PSNH  
13 associated with any of these charges. They're rather  
14 treated as embedded costs.

15 I also note that, in particular, for the  
16 \$5.00 switching fee, I've not seen any evidence to  
17 support the embedded cost of that charge, or any  
18 allocation. It seems to have been put in as a  
19 placeholder, with a promise to revisit. I think it's  
20 important, in allocating embedded costs, to consider  
21 the policy implications. And, I would note for the  
22 Commission that customer choice is consistent with our  
23 State Constitution and the policy principles adopted by  
24 the Legislature, specifically, that allowing customers

[WITNESS PANEL: Fromuth~Allegretti~Tschanler~Dean]

1 to choose among electricity suppliers will help ensure  
2 fully competitive and innovative markets under the  
3 restructuring policy principles.

4 Lastly, I note that Mr. Goodwin  
5 suggests, at Page 16, that any reduction in supplier  
6 fees will be too small to affect competition. And, I  
7 think, again, the testimony misses the point. Because  
8 PSNH default service is in competition with supplier  
9 service, and charges for monopoly services cannot be  
10 allowed to favor PSNH default service to the detriment  
11 of its competitors. To allow that would, in my view,  
12 be an exercise of vertical market power. And, to  
13 address this, the Commission must either allocate the  
14 actual incremental cost of these services to suppliers  
15 or make an allegation of embedded cost that does not  
16 favor default service. Given the vested financial  
17 interest that PSNH has in retaining default service  
18 customers, I would suggest that the Commission err on  
19 the side of promoting competition. Thank you.

20 MR. PATCH: The witness is available for  
21 cross-examination.

22 MR. MUNNELLY: I going to be next on  
23 this one.

24 (Court reporter interruption.)

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1 MR. MUNNELLY: Thank you. Is this  
2 better, Steve?

3 MR. PATNAUDE: Yes. That's better.

4 MR. MUNNELLY: Okay. Thank you.

5 BY MR. MUNNELLY:

6 Q. Mr. Tschamler, can you state your name, the company you  
7 work for, and your title?

8 A. (Tschamler) My name is Taff Tschamler. I work for  
9 North American Power. And, I'm Senior Vice President.

10 Q. And, you're the same Taff Tschamler who sponsored  
11 prefiled testimony for the Company in this docket,  
12 dated March 20, 2013?

13 A. (Tschamler) I am.

14 Q. And, you're also the responsible person listed on  
15 various North American Power information responses?

16 A. (Tschamler) I am.

17 Q. Okay. Let me -- this is your testimony that you spoke  
18 of?

19 A. (Tschamler) Yes.

20 MR. MUNNELLY: Okay. Can I have that  
21 marked as "Exhibit 3"?

22 CMSR. HARRINGTON: What's the date  
23 please?

24 MR. MUNNELLY: March 20, 2013.

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[WITNESS PANEL: Fromuth~Allegretti~Tschanler~Dean]

1 CHAIRMAN IGNATIUS: We have March 27th.

2 MR. MUNNELLY: I'm sorry. Let me check.

3 CHAIRMAN IGNATIUS: The cover letter  
4 dated the 26th, and received, stamped in on the 27th.

5 MR. MUNNELLY: Sorry about that. Let me  
6 look.

7 (Short pause.)

8 MR. MUNNELLY: Sorry, you are correct,  
9 madam Chairman.

10 CHAIRMAN IGNATIUS: All right.

11 MR. MUNNELLY: It is the -- the cover  
12 letter is dated the 26th on that. So, apologies for that.

13 CHAIRMAN IGNATIUS: No problem. So,  
14 we'll mark that for identification as "Exhibit 3".

15 (The document, as described, was  
16 herewith marked as **Exhibit 3** for  
17 identification.)

18 MR. MUNNELLY: Okay. And, one  
19 procedural question, before I proceed. There are going to  
20 be other discovery exhibits that I'll want to have marked  
21 at some point in the case that we want to have in the  
22 record. Are we going to be handling that at a later point  
23 in the proceeding?

24 CHAIRMAN IGNATIUS: Well, are they

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1 things you're going to be putting to witnesses to address?

2 MR. MUNNELLY: Yes.

3 CHAIRMAN IGNATIUS: Then, I think, when  
4 you get to that line of questioning, you should mark it at  
5 the time.

6 MR. MUNNELLY: Okay. Thank you. Okay.

7 BY MR. MUNNELLY:

8 Q. Mr. Tschamler, well, first of all, let me just close on  
9 that. Do you adopt here today your previously filed  
10 testimony and your responses as if you've given them to  
11 the Commission?

12 A. (Tschamler) I do.

13 Q. Okay. Now, have you also, similar to what's been asked  
14 of other witnesses, have you reviewed the rebuttal  
15 testimony offered by PSNH and the associated PSNH  
16 discovery responses?

17 A. (Tschamler) I have.

18 Q. Okay. And, do you have some brief comments to share?

19 A. (Tschamler) I do. I'd like to share three points that  
20 are observations --

21 MS. AMIDON: Madam Chair? This is just  
22 a procedural point, and I may be off base. But  
23 Mr. Munnelly asked him to address data requests. And, to  
24 the extent that they are not in the record at this point,

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1 and the agreement was to respond to rebuttal testimony, I  
2 think he should limit it to that.

3 CHAIRMAN IGNATIUS: Well, Mr. Munnelly,  
4 why don't you explain further.

5 MR. MUNNELLY: Just, I mean, I just  
6 wanted to cover the bases. I mean, certainly, the focus  
7 of this is on the rebuttal testimony. I don't know if --  
8 I mean, to the extent there was some clarification of what  
9 they said during the discovery process, I just wanted to  
10 be clear on that. And, I certainly can, if we want to --  
11 I think we can limit, for the most part, what we have to  
12 the rebuttal testimony.

13 CHAIRMAN IGNATIUS: That's fine. I  
14 guess I'm not, Ms. Chamberlin -- excuse me -- Amidon, help  
15 me. Is there a concern that the Company should not be  
16 able to put in data responses? Since I don't know what  
17 the data responses are, I don't really know what we're  
18 arguing about.

19 MS. AMIDON: No. Well, no. My concern  
20 is, at this point, the record is what it is. And, when  
21 the parties want to introduce and to identify data  
22 responses through their witness, then they can comment on  
23 them.

24 But, to the extent that, in an opening

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1 statement, you could comment on data requests that haven't  
2 been introduced into evidence, I'm just concerned  
3 procedurally that it goes beyond what the agreement was  
4 with Mr. Patch, to be able to comment to rebuttal  
5 testimony. And, I'm actually doing this trying to be of  
6 assistance to the Commission. And, if you don't share my  
7 concern, that's fine.

8 MR. MUNNELLY: Okay. Sorry. I was  
9 going to respond that, as far as, to date, I mean, we  
10 don't even have the PSNH testimony in the record, because  
11 they haven't had their turn yet. So, it's something that  
12 I thought it would make sense. You know, again, I don't  
13 think there's an evidentiary concern, I would hope not,  
14 with respect to the PSNH responses.

15 CHAIRMAN IGNATIUS: No, I'm not troubled  
16 by that. I think it's, if you have a specific document  
17 you want to identify and comment on, I think that's fine.

18 MR. MUNNELLY: No, not at that point.  
19 Again, it would just be covering the bases, in terms of  
20 what's gone before. Mr. Tschamler certainly has his brief  
21 statement to make about the key points of the PSNH  
22 presentation.

23 CHAIRMAN IGNATIUS: All right. I'm a  
24 little lost on what it is that you're seeking to



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1 introduce. So, why don't we keep on going. And, if  
2 there's particular data responses you want introduced,  
3 then, let's go into them. I think discussing them kind of  
4 in general is difficult, if you don't have the document.  
5 But, remember, we don't see discovery. So, any reference  
6 you make to a data response is only what we hear from you  
7 right now, they don't come to us. So, we're in the dark  
8 about what you're talking about.

9 MR. MUNNELLY: Okay. Certainly  
10 understand, madam Chairman.

11 BY MR. MUNNELLY:

12 Q. Why don't you proceed, Mr. Tschamler.

13 A. (Tschamler) Yes. And, I think my comments are really  
14 addressing the rebuttal testimony. So, I have three  
15 points that I'd like to share. Which is, the first one  
16 is that in the testimony there are assertions by PSNH  
17 that the revenues derived from the charges levied on  
18 retail suppliers will be "credited to distribution  
19 rates". As I understand the process, that is a  
20 misleading statement. And, I say that, because, under  
21 current distribution rates, there are no -- there have  
22 been no changes for the dramatic increase in the  
23 revenue derived from CEPS charges, nor is there any  
24 commitment by the Settlement or other requirements for

1 PSNH to track all of the revenue accumulated from  
2 retail suppliers during this current rate period, and  
3 then to somehow credit it back against distribution  
4 rates in a subsequent rate case.

5 And, so, the point there is that a test  
6 year determination for what future rates would be in  
7 the next rate case is not equal to a crediting of all  
8 the revenues that have been accumulated by PSNH to  
9 date. So, the point is that the CEPS charges, as of  
10 right now, do not lower distribution rates. That's in  
11 contrast to what's in the testimony.

12 Second point is that PSNH asserts that  
13 competitive suppliers are seeking a valuable service  
14 for free. And, I want to clarify that point. In North  
15 American Power's case, we are seeking a valuable  
16 service for free, only if the default service business  
17 of PSNH receives those same services for free. If  
18 they're a legitimate cost of administering the supply  
19 market in New Hampshire, then, it is appropriate for  
20 all suppliers in the market, including PSNH's default  
21 supply business, to incur those costs. But, in the  
22 absence of the default service rates reflecting the  
23 cost of those services, we would argue that it is  
24 unfair and anti-competitive to charge retail suppliers

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1       for services that PSNH gets, on the default service  
2       side, gets for free.

3                   And, then, the third point is --

4                   MR. FOSSUM: Commissioners, may I  
5       interject for a moment? Mr. Allegretti commented on it,  
6       and now Mr. Tschamler has as well, about what is  
7       competitive or not competitive. And, I wanted to  
8       interject, because, in the Commission's order of  
9       June 25th, Order 25,528, in this docket, the Commission  
10      specifically says that "We will not expand this docket to  
11      examine the effects of the charges on the development of  
12      the competitive market or the effect of the charges on the  
13      profitability of competitive suppliers."

14                   So, those comments clearly fall outside  
15      the scope of the docket. So, I would ask that the  
16      Commission take note of that order and the scope as  
17      appropriate for the comments that it's receiving.

18                   (Chairman and Commissioners conferring.)

19                   CHAIRMAN IGNATIUS: Mr. Fossum, your  
20      comments are correct, that the order did talk about how  
21      far this proceeding gets into the question of impacts on  
22      the competitive market. And, we clarified that that isn't  
23      what this proceeding is all about. I do think, though,  
24      that it's important to put some context in these

1 discussions, some limited reference to the suppliers' and  
2 PSNH's view of whether or not it implicates competitive  
3 services. And, we are in a very unusual situation of this  
4 hybrid model, that's kind of multiple structures put  
5 together.

6 And, so, I guess I would allow some  
7 limited reference to what the competitive suppliers  
8 identify as "competitive issues", with the understanding  
9 that we make clear that isn't -- the results of this  
10 proceeding are not to determine "are these charges  
11 curtailing or enhancing the competitive market in any  
12 way?" We made clear that isn't what we're here to find.  
13 But I do think that there are aspects of those competitive  
14 market issues that are relevant to the context of this  
15 whole conversation, otherwise why would we be here at all?

16 So, it's not probably as absolute  
17 black-and-white as people would like as a ruling. It's to  
18 allow some limited reference to those things, if it's  
19 important to the context of your concerns, and,  
20 Mr. Fossum, to you as well, in response to those things,  
21 as in the same way that your witness talked about the  
22 impacts on the competitive market being "minimum", by your  
23 calculations. So, I think it's part of the discussion,  
24 but in a sort of context-setting way.

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1                   So, why don't we -- who was questioning?  
2       Where are we in this?

3                   MR. MUNNELLY: I think Mr. Tschamler was  
4       working through the final piece his presentation.

5                   WITNESS TSCHAMLER: Sure. And, I think,  
6       on that second point, and thank you, Chairman. One aspect  
7       of this that I'd say is important to consider is that the  
8       standard of reasonableness in this proceeding, from my  
9       vantage point, should not be just based on the cost  
10      justification, but the standard of reasonableness should  
11      address the restructuring policy principles, which is the  
12      state law, and the broader context of what an "unfair  
13      advantage" is, and, if there is an unfair advantage, is it  
14      reasonable?

15   **BY THE WITNESS:**

16   A.   (Tschamler) So, that was the -- the second point was on  
17      the issue of the valuable service for free. The third  
18      point is that, in the rebuttal testimony, there was  
19      language, which basically said something to the effect  
20      of "now is the time to eliminate the competitive  
21      supplier services in question that PSNH is providing",  
22      or to charge a "market price" for those services that  
23      we receive.

24                   And, I think, on the issue of

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1 eliminating those services, that is to say billing and  
2 collections, as Mr. Allegretti pointed out, customers  
3 do want to have a single bill, at least large numbers  
4 of them do. And, for PSNH to no longer provide these  
5 services, that would mean that, in my estimation, the  
6 competitive retail market would have enormous harm  
7 dealt to it.

8 But, on the issue of charging a  
9 market-based price, what I'd say to that is that, if  
10 there is only one provider in the PSNH market for a  
11 single bill, since competitive suppliers cannot provide  
12 a single bill with the wires charges on them, there  
13 would only be one provider, PSNH, of a single bill at a  
14 market price. It's not a market price, if it's a  
15 monopoly. It's a monopoly price. And, so, I would  
16 object to the proposal on either front, to either  
17 eliminate or to charge a "market-based price" for these  
18 services, unless the Commission were to consider, it's  
19 obviously outside of this docket, the ability for  
20 retail suppliers to do their own billing. Thank you.

21 CHAIRMAN IGNATIUS: Thank you.

22 MR. MUNNELLY: Thank you. And, again,  
23 Mr. Tschamler is available when the time comes for cross.

24 CHAIRMAN IGNATIUS: Thank you. Mr.

1 Aslin.

2 MR. ASLIN: Thank you. Excuse me.

3 Thank you, Chairman.

4 BY MR. ASLIN:

5 Q. Mr. Dean, would you please state your name and spell it  
6 for the record.

7 A. (Dean) Kevin Dean, D-e-a-n.

8 Q. Thank you. And, Kevin -- or, Mr. Dean, which company  
9 are you associated with?

10 A. (Dean) Provider Power.

11 Q. And, what is your position with Provider Power?

12 A. (Dean) I'm the President.

13 Q. And, does Provider Power have a company that does  
14 business in New Hampshire?

15 A. (Dean) Yes. That company is ENH Power.

16 Q. Can you briefly describe the business of ENH Power?

17 A. (Dean) ENH Power provides supplier services as a  
18 competitive energy supplier for residential and small  
19 businesses in the State of New Hampshire.

20 Q. Thank you. Does Provider Power have any other  
21 affiliated entities?

22 A. (Dean) Yes, it does.

23 Q. What are they?

24 A. (Dean) Yes. Electricity Maine, is a retail supplier in

1 the State of Maine.

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

4 A. (Dean) I have not.

5 Q. Have you testified before any other commissions?

6 A. (Dean) I have not.

7 Q. And, did you assist in preparing the testimony that was  
8 filed with the Commission on March 26, 2012 [2013?]?

9 A. (Dean) Yes, I did.

10 Q. And, I'll bring you a copy of that. And, Mr. Dean, is  
11 that the testimony that you prepared, helped prepare,  
12 entitled the "Direct Testimony of Kevin Dean"?

13 A. (Dean) Yes.

14 Q. Okay. And, do you have any corrections to that  
15 testimony today?

16 A. (Dean) Yes, I have two minor corrections. On Page 1 of  
17 my testimony, Lines 19 and 20, there is a typo. ENH  
18 Power started serving customers in New Hampshire in  
19 "July of 2012", not "August of 2013". So, I'd like to  
20 make that change for the record.

21 Q. Okay. Thank you. And, with that correction, is the  
22 testimony true and accurate to the best of your  
23 knowledge and belief?

24 A. (Dean) Yes, it is.



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1 Q. And, did your testimony include attachments?

2 A. (Dean) It did.

3 Q. Could you tell us what those were?

4 A. (Dean) Sure. Attachment A is the Electric Supplier  
5 Services Master Agreement ENH entered into with PSNH.  
6 And, Attachment B is a portion of the Direct Testimony  
7 of Gary Long and Stephen Hall, submitted on August 2nd,  
8 1999, in Docket DR 99-099.

9 Q. Thank you. Now, are you adopting that testimony as  
10 your direct testimony today?

11 A. (Dean) Yes.

12 MR. ASLIN: All right. Thank you. I  
13 would like to ask to have this marked as "Exhibit Number  
14 4" for identification?

15 CHAIRMAN IGNATIUS: It's so marked for  
16 identification.

17 (The document, as described, was  
18 herewith marked as **Exhibit 4** for  
19 identification.)

20 MR. ASLIN: Do any of the Commissioners  
21 need a copy of that?

22 CMSR. SCOTT: And, just for  
23 clarification, the -- what you're calling "Attachment A"  
24 and "B" is also labeled, in handwriting, as "Exhibit A"

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1 and "B". And, on Exhibit -- what I think is "Attachment  
2 A", in typing, is Exhibit A and B within Attachment A, is  
3 that all correct?

4 MR. ASLIN: That is correct.

5 CMSR. SCOTT: Thank you.

6 MR. ASLIN: The handwritten "Exhibit A"  
7 and "B" are the ones that were referenced. All right.  
8 Thank you. And, Mr. Dean will take cross-examination at  
9 this time.

10 CHAIRMAN IGNATIUS: Thank you. Then,  
11 are we ready then, I guess, for cross-examination from  
12 Mr. Fossum? Or, did the parties have any intention of  
13 sort of friendly cross of each other's witnesses?

14 (No verbal response)

15 CHAIRMAN IGNATIUS: Seeing nothing, I  
16 don't think that's necessary, but --

17 MR. FOSSUM: Before I begin, if I  
18 remember correctly, when Mr. Rodier was questioning his  
19 witness, he asked him to keep his comments limited to his  
20 initial filing, and not to rebuttal of PSNH's testimony.  
21 But the other parties have rebutted or offered responses  
22 to PSNH's rebuttal testimony. So, I didn't know if you  
23 wanted to have his witness have that opportunity before we  
24 begin?

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1 CHAIRMAN IGNATIUS: Yes. I thought he  
2 had offered it. And, then, maybe in our confusion over  
3 some others issues, it got lost. So, that's fine, if Mr.  
4 Rodier --

5 MR. RODIER: Well, let me just say this,  
6 madam Chairman. We do have one other thing that I'm going  
7 to cross-examine on. But, at this point, I think there's  
8 no need for any rebuttal testimony from Mr. Fromuth,  
9 because he is fully going to agree with what the other  
10 suppliers said. And, given the exigencies of keeping this  
11 hearing moving, you know, I'm going to ask the  
12 cross-examination by PSNH begin.

13 CHAIRMAN IGNATIUS: All right. And, I  
14 think that's fine. I appreciate that. As long as there's  
15 no suggestion that, because Mr. Fromuth didn't say  
16 anything about PSNH's testimony, --

17 MR. RODIER: No.

18 CHAIRMAN IGNATIUS: -- then, it must be  
19 assumed that he's in agreement with it. If we're not  
20 concerned about that sort of maneuvering, then, I'm  
21 perfectly happy with --

22 MR. RODIER: Okay.

23 CHAIRMAN IGNATIUS: -- with not having  
24 him repeat things that others have already said. Mr.

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1 Fossum.

2 MR. FOSSUM: Thank you. That's fine.  
3 No, that was just a procedural thing. I wasn't implying  
4 that Mr. Fromuth agreed with PSNH's testimony in any  
5 regard.

6 Actually, I don't have extensive -- I  
7 don't have extensive cross-examination this morning. So,  
8 I'll try to keep things relatively brief.

9 **CROSS-EXAMINATION**

10 BY MR. FOSSUM:

11 Q. Mr. Dean, if you could turn to Page 13 of your  
12 testimony please. Are you there?

13 A. (Dean) Yes.

14 Q. And, on Pages -- I'm sorry, on Lines 8, 9, and 10, if I  
15 may paraphrase it, does your testimony essentially  
16 state that "PSNH's charges exceed incremental cost for  
17 the services provided"? Is that an accurate  
18 description of what you -- of your testimony at that  
19 point?

20 A. (Dean) Yes.

21 Q. Do you know of any incidence in New Hampshire where  
22 utility's rates are set at incremental costs?

23 A. (Dean) I don't have any knowledge of what the other  
24 utilities charge for their rates. My only experience

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1 is with Maine.

2 Q. Do you have any experience in Maine where a utility's  
3 rates are set at incremental costs?

4 A. (Dean) I do.

5 Q. Could you describe those instances please.

6 A. (Dean) In Exhibit B of my testimony, I'm sorry let me  
7 get the -- actually, it's not Exhibit B of my  
8 testimony. I do have the Chapter 322 from the Public  
9 Utilities Commission in Maine. Under "Bill Issuance  
10 for Generation Service", it says "The transmission and  
11 distribution" --

12 CMSR. HARRINGTON: Excuse me just one  
13 second. This is not part of your testimony, this is a  
14 separate document you're reading from?

15 WITNESS DEAN: I'm reading from Chapter  
16 322 from the Public Utilities Commission in Maine.

17 CMSR. HARRINGTON: Which is not part of  
18 your testimony, your prefiled testimony?

19 WITNESS DEAN: I'm not sure if it's in  
20 the prefiled testimony or not.

21 CMSR. HARRINGTON: If it is, could  
22 someone direct us to where it is, and, if it's not, can  
23 you let us know that as well?

24 MR. ASLIN: Commissioner Harrington, I

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1 believe there is reference in the testimony to the Maine  
2 rules, and I'm just looking for the page reference for you  
3 right now. Yes. I would direct the Commission and Mr.  
4 Dean to Page 8 of his prefiled testimony, which speaks to  
5 the charges that are applied in Maine. And, Mr. Dean can  
6 fill in additional detail.

7 WITNESS DEAN: Right. It shows, at  
8 Page 8, Line 14, of my testimony says "Do utilities in  
9 Maine charge anything akin to the Billing and Payment  
10 Service Charge?" And, I reference a 26 cent fee that is  
11 charged by the utilities in Maine. And, if I added to  
12 that the actual specific language from Chapter 322 of the  
13 Public Utilities Commission, it says "A transmission and  
14 distribution utility shall charge a competitive  
15 electricity provider the utility's incremental cost of  
16 providing basic bill issuance, bill calculations, and  
17 collections."

18 BY MR. FOSSUM:

19 Q. Okay, then. So, to the extent that you're aware, there  
20 is a charge in Maine that's just based on a specific  
21 Maine law for billing and bill issuance?

22 A. (Dean) For incremental, for incremental costs.

23 Q. Thank you. But, to the best of your knowledge, there's  
24 no incidence in New Hampshire where utility rates are

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1 set at an incremental cost?

2 A. (Dean) That's correct.

3 Q. Now, Mr. Tschamler, I have the same question for you.

4 Are aware of any instance in New Hampshire where

5 utility rates are set at an incremental cost?

6 A. (Tschamler) I am not.

7 Q. Thank you. And, since Mr. Allegretti mentioned setting

8 it at incremental cost, I guess I'll ask you as well.

9 Are you aware of any incidence in New Hampshire where

10 utility rates or charges are set at incremental cost?

11 A. (Allegretti) I have not conducted that research,

12 Mr. Fossum. So, I don't know of any. But I certainly

13 think that there are reasons why incremental cost is

14 relevant to the allocation of charges to suppliers

15 here.

16 Q. So, to the best of the witnesses' knowledge -- I'm

17 sorry, I'll return back to Mr. Dean, so we don't get

18 confused as to who is testifying on what. There's no

19 instance in New Hampshire that you're aware of where

20 utility rates are set at incremental cost, why do you

21 believe that to be the appropriate measure for

22 rate-setting in this instance?

23 A. (Dean) The costs of consolidated billing are already in

24 the tariff, in T&D supplier. So, to separately assess

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1 the same allocated cost to a competitive supply  
2 customer would have that customer paying for that  
3 billing cost twice.

4 Q. Mr. Dean, are the charges at issue here billed to  
5 customers of PSNH?

6 A. (Dean) The charges are not billed to -- they are  
7 billed, because they're in every customer's T&D charge.  
8 So that, in effect, they are.

9 Q. Now, on that point, if you could turn to Page 9 of your  
10 testimony. So, that would be consistent with your  
11 testimony on Page 9, at Lines 2 through 5? And, I'll  
12 allow you a moment to read that.

13 A. (Dean) Yes.

14 Q. So, then, would you agree that -- I assume then there  
15 would be -- you would have no argument that PSNH would  
16 be providing these services regardless of the existence  
17 of competitive suppliers in New Hampshire?

18 A. (Dean) Those services and those costs would be in the  
19 distribution tariff, yes.

20 Q. Would you also degree that there must be some changes  
21 or that there would be changes to various systems to  
22 accommodate competitive suppliers in New Hampshire?

23 A. (Dean) My understanding is that there is nothing  
24 additional that has to happen to accommodate the



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1 changes for competitive suppliers.

2 Q. Perhaps I'm confusing my question. PSNH has a billing  
3 system in place or would have to have a billing system  
4 in place regardless of whether there are competitive  
5 suppliers in New Hampshire. Would you agree with that?

6 A. (Dean) Yes.

7 Q. Would you agree that that system would not be the same  
8 system that it would use if competitive suppliers did  
9 operate in New Hampshire?

10 A. (Dean) The system would have to accommodate competitive  
11 supply, according to Commission rules, correct.

12 Q. But that system would still make use of the underlying  
13 system that PSNH would be required to have? Whatever  
14 changes it might make to systems, those systems would  
15 have to marry with the underlying systems?

16 A. (Dean) Yes.

17 Q. Mr. Dean, does ENH -- is ENH required to use PSNH's  
18 billing system?

19 A. (Dean) The consolidated billing, if it wants to use  
20 consolidated billing, the answer is "yes".

21 Q. And, if it doesn't choose consolidated billing?

22 A. (Dean) Then, it would have to generate a separate bill,  
23 and the customer would receive two bills; one for  
24 distribution and one for supply.

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1 Q. But that is a choice by ENH Power, is that correct?

2 A. (Dean) Correct.

3 Q. So, in that regard, is ENH Power choosing to use PSNH's  
4 systems, both the systems meant to accommodate  
5 competitive suppliers and the underlying systems that  
6 PSNH would have to bill its own customers?

7 A. (Dean) The customers are demanding it. They want one  
8 bill, one consolidated bill. And, if the suppliers  
9 were able to provide one consolidated bill, in other  
10 words, bill the T&D portion, then, we would, in fact,  
11 elect to do that.

12 Q. I understand that. I'm asking whether that's ENH's  
13 choice, not the choice of customers generally?

14 A. (Dean) Yes.

15 Q. Thank you. Remaining on Page 9 of your testimony, at  
16 Lines 6 through 8, your testimony states that "PSNH  
17 should be required to update the costs of competitive  
18 supply-related billing." Is that an accurate  
19 description of your testimony there?

20 A. (Dean) Sorry. "Page 8", you said?

21 Q. I'm sorry. Page 9.

22 A. (Dean) Page 9, Line 8?

23 Q. On Lines 6, 7, and 8.

24 A. (Dean) Okay. And, what's the question again?

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1 Q. Just does your testimony state that "PSNH should be  
2 required to update the costs of competitive  
3 supply-related billing"?

4 A. (Dean) Correct. The original testimony had basically a  
5 \$5.00 charge in there, with no supporting  
6 documentation, which was in Exhibit B of my testimony.  
7 And, --

8 Q. I'm sorry. Is that -- the \$5.00 charge, is that  
9 competitive supply-related billing?

10 A. (Dean) Correct. It's a Selection Charge.

11 Q. And, how is that related to "competitive supply-related  
12 billing"?

13 A. (Dean) It's one of the three charges that PSNH places  
14 upon CEP.

15 Q. Okay. Mr. Dean, if PSNH undertook the updating that  
16 you ask for in your testimony, and the results  
17 demonstrated that the costs or the charges for these  
18 services should, in fact, be higher now, let's assume  
19 that that would be the case, would ENH be willing to  
20 pay the higher charges, if they were based on more  
21 up-to-date information?

22 A. (Dean) The answer is, I think, if all of the billing  
23 costs were updated and uniformly applied, the  
24 competitive suppliers should pay the same rate as part

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1 of distribution as all customers, and shouldn't be --  
2 and it shouldn't be one way or the other. So, the  
3 answer is "yes". Both up or down, we should pay our  
4 fair share, and so should our customers.

5 Q. Okay. On Page 12 of your testimony, at Lines 3, 4, 5,  
6 and 6, is it a correct description of your testimony  
7 that you state that "To the extent that PSNH is  
8 performing additional collection services for the  
9 supply-related portion of the bill, that suppliers  
10 should pay a service based on the cost of that  
11 collection"?

12 A. (Dean) Correct.

13 Q. So, then, is it your contention, based upon that, that  
14 collection activities for supplier-related and  
15 utility-related amounts can be separately tracked and  
16 accounted for?

17 A. (Dean) My contention there is that using the face value  
18 of the gross receipts are not a -- in and of itself a  
19 way of calculating the actual incremental cost of  
20 supply-related collection costs.

21 Q. I understand. I'm trying to get at the specific  
22 recommendation that you make there in your testimony to  
23 understand how that would operate. So, I'm trying to  
24 learn from you whether you believe that collection

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1 activities for supplier-related and utility-related  
2 amounts can be separately tracked and accounted for?

3 A. (Dean) Well, in fact, they are. When PSNH only does  
4 collection efforts or disconnect notices or collect  
5 payments on behalf of PSNH, instead of the suppliers,  
6 they are done separately. The work activities of PSNH  
7 collection efforts are dictated by, you know, the  
8 direct outstanding balances for the distribution. So,  
9 they are, their activities and business processes are  
10 separate, and then performed differently.

11 Q. How are they performed differently?

12 A. (Dean) Well, when they send -- when they send a person  
13 to someone's home to disconnect the power or not  
14 disconnect -- or, collect a payment on that, they're  
15 not doing that on behalf of the suppliers. So, they  
16 have already -- their work activities are already and  
17 those collection efforts are already geared towards the  
18 collection of the T&D payments.

19 Q. In that you believe that or that you stated that PSNH's  
20 collection activities for suppliers and utilities are  
21 -- or, for PSNH, not utilities generally, excuse me,  
22 are already separately addressed, would you support or  
23 object to PSNH ending any individual collection  
24 activities that it performs for supplier-related

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1 amounts?

2 A. (Dean) Well, obviously, if I'm paying a Collection  
3 Charge, I would expect that those would be performed in  
4 the same way. And, I wouldn't advocate -- wouldn't be  
5 an advocate of discontinuance of collection activities.

6 Q. I understand, if you are paying for it. I guess my  
7 question is, since you already believe that the -- or,  
8 that you have stated that the collection activities  
9 performed by PSNH for its own receivables and for  
10 supplier receivables are separate, would you object or  
11 support a recommendation that PSNH no longer perform  
12 collection activities for suppliers?

13 A. (Dean) No, I would object to that. Because I think the  
14 customer and our customers want one consolidated bill  
15 and wants to mail in one payment to a single source.

16 Q. I understand that's for billing.

17 A. (Dean) Yes.

18 Q. I'm asking you about collection activities?

19 A. (Dean) It's the same thing. When the bill is dropped,  
20 there's no specific collection activities that are  
21 performed for the people that pays -- pay their bill  
22 automatically. There's no collection activity for  
23 those on-time payments.

24 Q. Again, I understand. For collection activities,

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1       though, that are performed, follow-up with customers,  
2       telephone calls, letters, visits to the residence,  
3       things of that nature, is it your testimony that PSNH  
4       performs those services differently for competitive  
5       suppliers than it does for PSNH's own arrearages  
6       currently?

7   A.   (Dean) No. Only the posting of those payments, and the  
8       amounts that are collected for partial payments, I  
9       believe that it performs differently.

10  Q.   Well, I don't need to, I guess, belabor the point any  
11       further.

12  A.   (Dean) Okay.

13  Q.   Mr. Tschamler, just for a reference, I guess it's not  
14       essential that you reference it, but I'll do so just  
15       for completeness. Would you turn to Page 9 of your  
16       testimony please.

17  A.   (Tschamler) Okay.

18  Q.   Oh, I'm sorry. I gave the wrong portion. Down near  
19       the bottom, at Lines 22, 23, and 24. Does your  
20       testimony state that you believe "The appropriate  
21       policy for recovering billing, collections and  
22       switching costs is to include them in distribution  
23       rates"?

24  A.   (Tschamler) Yes.

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1 Q. Would you agree that to include those sorts of costs in  
2 distribution rates, it would be most appropriate to do  
3 so in the context of a rate case?

4 A. (Tschamler) If the circumstances allowed for it, but  
5 current circumstances do not.

6 Q. So, if I may paraphrase then. As a general matter,  
7 yes, but not for the issues we're here upon today?

8 A. (Tschamler) Not for the exogenous event, which is the  
9 retail market has developed rapidly, and the policies  
10 that were put in place, I think, didn't have  
11 competitive suppliers such as us deliberating the  
12 policy or providing commentary on the policy.

13 Q. Would changing rates, moving costs to the distribution  
14 rates in this instance, would that amount to  
15 single-issue ratemaking?

16 A. (Tschamler) I'm not in a position to make that  
17 judgment.

18 Q. Well, I'll back in, just to make sure that everybody is  
19 clear. You understand the idea of "single-issue  
20 ratemaking", I assume?

21 A. (Tschamler) Generally, yes.

22 Q. Could you, just very quickly, describe your  
23 understanding of what that is.

24 A. (Tschamler) As a non-attorney in regulatory matters in



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1 New Hampshire, I'm going to give you my layman's  
2 understanding.

3 Q. That's fine.

4 A. (Tschamler) You can't change existing tariff for a  
5 single factor that would drive those rates either up or  
6 down.

7 Q. And, do you know the underlying reason -- or, I'm  
8 sorry. Do you know if single-issue ratemaking is  
9 favored or disfavored in New Hampshire?

10 A. (Tschamler) Only from testimony put forth by PSNH do I  
11 understand it to be favored.

12 Q. I'm sorry, you understand it to be "favored"?

13 A. (Tschamler) No, sorry. Not favored. That there is no  
14 -- according to, I think, your rebuttal testimony, that  
15 it is not -- single-issue ratemaking is not favored.

16 Q. Okay. But, beyond PSNH's rebuttal testimony, you've  
17 not looked into the issue?

18 A. (Tschamler) I have not.

19 Q. Okay. Thank you. Could you turn to Page 11 of your  
20 testimony please.

21 A. (Tschamler) Okay.

22 Q. Down at the bottom of the page, Lines 22 and 23.

23 A. (Tschamler) Yes.

24 Q. Does your testimony state that "two other

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1 investor-owned utilities in New Hampshire, specifically  
2 Unitil and Liberty Utilities, have no Customer  
3 Selection Charge"?

4 A. (Tschamler) Correct.

5 Q. Are you aware that Liberty does have a Selection  
6 Charge?

7 A. (Tschamler) I'm aware that Liberty may have in its  
8 tariff a Selection Charge. We are not charged a  
9 Selection Charge by either of those utilities.

10 Q. So, is it more correct to say that "you are not charged  
11 by Liberty Utilities, but it does have a charge that it  
12 could levy for selection"?

13 A. (Tschamler) Yes. In the context of how I wrote this,  
14 we are not receiving a charge.

15 Q. Okay.

16 A. (Tschamler) We are not levied this charge.

17 MR. FOSSUM: Okay. Thank you. I guess  
18 that's all I have.

19 CHAIRMAN IGNATIUS: Thank you. Ms.  
20 Amidon -- actually, before we begin.

21 (Chairman Ignatius conferring with the  
22 court reporter regarding a recess.)

23 CHAIRMAN IGNATIUS: All right. Why  
24 don't you ahead. We'll take a break at around 11:30.

1 MS. AMIDON: All right. And, I have  
2 very few questions. Thank you, madam Chairman. Good  
3 morning.

4 BY MS. AMIDON:

5 Q. And, I guess we'll start with Mr. Dean, and move down  
6 to Mr. Allegretti. Is it your company's position, Mr.  
7 Dean, and each in turn, that the tariff pages, the  
8 three tariff charges represented in the PNE petition  
9 are unreasonable?

10 A. (Dean) Yes.

11 Q. Mr. Tschamler?

12 A. (Tschamler) Yes.

13 A. (Fromuth) Yes.

14 Q. Mr. Allegretti?

15 A. (Allegretti) It's certainly RESA's position that the  
16 \$5.00 switching fee is unreasonable. I don't think  
17 we've taken a clear position, one way or the other,  
18 with regard to the other two charges. But we've  
19 certainly taken the position that we believe the  
20 charges are unsupported.

21 Q. And, this is, and I know this is going to seem  
22 redundant here, this is a tariff charge that was  
23 approved by the Commission back in its 99-099, is that  
24 correct? Mr. Dean, I think you had your testimony

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1 reference that?

2 A. (Dean) Yes.

3 Q. Thank you. So, again, beginning with Mr. Dean, what  
4 would be your request for relief from the Commission,  
5 given your position that the tariff charges are  
6 unreasonable?

7 A. (Dean) Removal of the Selection Charge; evaluation of  
8 the collection costs for incremental cost versus  
9 embedded cost.

10 Q. And that, I think there was a billing and collection  
11 cost. Were you talking -- were you grouping those two  
12 subjects together, Mr. Dean?

13 A. (Dean) Correct.

14 Q. Thank you.

15 A. (Dean) Correct. And, the same would go for the billing  
16 cost, should be evaluated and be only incremental,  
17 instead of embedded.

18 Q. Okay. Thank you. Mr. Tschamler?

19 A. (Tschamler) I think the remedy would be to eliminate  
20 all charges, until and unless the default service  
21 rate-setting structure accommodates similar costs for  
22 the provision of the same services.

23 Q. Okay. So, that's somewhat different than what Mr. Dean  
24 said. Do you have your testimony in front of you, Mr.

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1 Tschamler?

2 A. (Tschamler) I do.

3 Q. If you look at the last page of your testimony,  
4 Page 15.

5 A. (Tschamler) Yes.

6 Q. So, would you read the sentence that begins about  
7 midway in on Line 7.

8 A. (Tschamler) "In addition, PSNH should be required to  
9 refund all CEPS charges applied to date, either to  
10 affected CEPS or, alternatively, to a fund dedicated to  
11 providing independent information regarding retail  
12 electric competition."

13 Q. So, looking at the first half of that sentence, is that  
14 still your position today, that PSNH should refund all  
15 those charges?

16 A. (Tschamler) It is.

17 Q. Okay. So, that would be an additional remedy that you  
18 would ask of this Commission?

19 A. (Tschamler) It is.

20 Q. Okay. Mr. Fromuth, what is the remedy that your  
21 company would request of the Commission today?

22 A. (Fromuth) We agree that the Selection Charge is  
23 inappropriately assessed and should be eliminated.

24 And, that there should be a rebate to the participants

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1 for the incurrence of Selection Charges to date. We  
2 think that the Billing and Payment Service Charge and  
3 the Collections Service Charge are out of step with  
4 similar assessments in other markets, and that we think  
5 that a market-sensitive analysis of what those charges  
6 ought to be is appropriate, given that this market is  
7 now much more mature and in an activation mode, as  
8 opposed to in an abstract and theoretical mode when  
9 these charges were first derived. So, the Selection  
10 Charge, we want that to be gone. And, the other two we  
11 think are subject to some very intense and rigorous  
12 scrutiny as to their appropriate level.

13 Q. And, do you believe, whereas I heard, and correct me if  
14 I'm wrong, Mr. Tschamler, you think all the charges  
15 should -- all the Selection Charge, the Billing and  
16 Payment, and the Collection Charge should be rebated to  
17 competitive suppliers, is that correct?

18 A. (Tschamler) It is. Or, alternatively, to include those  
19 same charges in the determination of the default  
20 service rate.

21 Q. Understood. And, Mr. Fromuth, your position was just a  
22 rebate on the Selection Charge, is that correct?

23 A. (Fromuth) Well, no. My position was rebate on the  
24 Selection Charge. And, the other charges, you could

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1 easily incorporate my position with that of Mr.  
2 Tschamler's, because what he is saying is that there's  
3 an appropriate level to charge for that, but, through  
4 their analysis, they're seeing that being routed  
5 through the distribution charge. So, if that's the  
6 case, then, the charge is obviously being adequately  
7 collected, in my case. And, I'm saying is, absent that  
8 information, we should find out whether or not this  
9 charge is at an appropriate level, and, frankly,  
10 whether or not this service that we're paying for is  
11 actually being performed. That's also very much in  
12 doubt.

13 Q. But are you arguing that the distribution customers  
14 should pay for all competitive supplier costs?

15 A. (Fromuth) No. I'm saying that the distribution rate  
16 includes a collection -- a collection fee and a billing  
17 fee, and whether or not that is redundant, because it's  
18 also being assessed to the third party market. It  
19 seems to me that there is an examination that needs to  
20 take place as to whether or not that is a double  
21 assessment.

22 Q. Understood. Thank you. And, Mr. Allegretti, what  
23 would your remedy be that you would ask of the  
24 Commission today?

1 A. (Allegretti) My recommendation is contained on Page 5  
2 of my prefiled testimony, where I state: "I recommend  
3 that the Commission shift the burden onto PSNH to  
4 justify these charges, to require them to revisit the  
5 fee now that the actual costs are better known, as they  
6 said they would in 1999. Once PSNH has provided  
7 further information regarding its costs, the Commission  
8 should give Staff, the OCA and the parties to this  
9 docket the ability to conduct discovery so that any  
10 justification PSNH provides for these charges can be  
11 closely scrutinized."

12 Q. Thank you. And, Mr. Dean, you also said that you would  
13 not object to a further examination of the underlying  
14 costs associated with the Billing and Collection  
15 Charge, is that correct?

16 A. (Dean) That is correct. And, to the extent that they  
17 are -- I would echo that, to the extent that those  
18 costs for billing and collection are found to be in the  
19 T&D fee, then, again, they shouldn't be again  
20 duplicated for the competitive supplier.

21 Q. Well, my point is that one of the things that the  
22 Commission could do today or could do as a remedy, if  
23 they -- if they make any particular finding that  
24 supports it, would be an independent evaluation of the



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1 costs that are subject of this docket, in other words,  
2 the three tariff charges.

3 A. (Dean) Correct.

4 Q. Is that fair?

5 A. (Dean) Yes.

6 Q. And, Mr. Tschamler, would you object to the review of  
7 those charges?

8 A. (Tschamler) No.

9 Q. And, Mr. Fromuth, I believe you already said that you  
10 thought it was appropriate to evaluate them?

11 A. (Fromuth) I did.

12 MS. AMIDON: Okay. Thank you. I have  
13 no further questions.

14 CHAIRMAN IGNATIUS: Thank you.  
15 Commissioner Harrington, questions?

16 CMSR. HARRINGTON: Yes. Good morning.  
17 I've got a few questions.

18 BY CMSR. HARRINGTON:

19 Q. I want to start out by trying to figure out at least  
20 the perception of people on there as to how they think  
21 this particular thing works. Let's start with the  
22 \$5.00 per request Selection Charge. And, maybe if you  
23 could just, you can have one person answer, however you  
24 want to do this, I don't think it's necessary to have,

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1 unless somebody else has a different answer, maybe one  
2 will suffice.

3 So, when a competitive supplier has a  
4 customer sign up, competitive supplier then contacts  
5 Public Service. And, at that point, the competitive  
6 supplier is required to pay a \$5.00 Selection Charge to  
7 Public Service. Is that correct?

8 A. (Fromuth) Commissioner, let me try and address that.  
9 And, then, my colleagues can jump in, if I drop the  
10 ball here. The enrollment activity that you described  
11 is one in which a notification is made to what's called  
12 an "EDI vendor". And, the EDI vendor is a neutral  
13 party that serves all of this as a vendor, and you have  
14 different -- different companies have these functions.  
15 So, my vendor might not be the same as NAPG's. And,  
16 that vendor, the EDI vendor, then undertakes the  
17 enrollment action, you know, and it's dictated by an  
18 electronic action on our part, and that hits up at  
19 PSNH. And, the consequence of that is a \$5.00  
20 enrollment charged.

21 Q. That is charged to your company?

22 A. (Fromuth) It is.

23 Q. Okay. Well, is everybody else --

24 A. (Witnesses Allegretti, Tschamler and Dean nodding in

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1 the affirmative.)

2 Q. Okay. So, we'll just keep moving along. So, now,  
3 when, for whatever reason, a customer that you have now  
4 decides they want to go back to Public Service as a  
5 default service customer. Can you walk through how  
6 that would work?

7 A. (Fromuth) If the customer notifies us of the desire to  
8 go back to Public Service, then we file what's called a  
9 "drop notification" with our EDI vendor, and that drop  
10 notification is then electronically relayed to Public  
11 Service. And, the customer goes back on the next meter  
12 read, and we are assessed a \$5.00 drop fee, which is  
13 also called a "Selection Charge".

14 Q. Okay. So, you're paying \$5.00 when you sign up a  
15 customer, and then you're also paying \$5.00 when the  
16 customer -- if the customer chooses to return to  
17 default service?

18 A. (Fromuth) Right. And, then, there's an extension on  
19 that as well.

20 Q. I'm sorry, what does that mean?

21 A. (Fromuth) What that means is, if the customer were to  
22 leave our company, and go to one on either side of me,  
23 that company that enrolled the customer would be  
24 assessed the enrollment fee as I described earlier, and

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1 -- and we are assessed a \$5.00 drop fee.

2 Q. Okay. Okay, I think I understand what's going on now  
3 on that. And, what you're saying, I think you're  
4 correct, that what you're implying by your previous  
5 testimony, your submitted prefiled testimony, is that,  
6 if a fee is going to be applied at all, it should be  
7 applied the same to everybody. And, by that I mean, if  
8 a customer decides to leave default service and go to a  
9 competitive supplier, there's a charge. Let's just say  
10 it's whatever you want to call it, a "Selection  
11 Charge". If that customer then decides to go back from  
12 the competitive supplier to default service, that the  
13 default service supplier, in this case, which is,  
14 obviously, Public Service, they should be charged the  
15 same fee?

16 A. (Fromuth) Well, they are the recipient --

17 Q. Uh-huh.

18 A. (Fromuth) -- of the newly arrived customer. So, they  
19 are the beneficiary of that new business. So, just in  
20 terms of a equity issue, that is where the \$5.00 ought  
21 to be, ought to hit up. But there is another instance  
22 that we haven't talked about, which I think is very  
23 relevant here. And, that is, when a selection charge  
24 is assessed to the enrolling party, if the party is

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1 leaving another competitive provider, and going to a  
2 new competitive provider, the party that it's leaving  
3 is assessed a drop fee, and that is a "no notice"  
4 event. You wake up one morning, you get your bill from  
5 Public Service, and you find out that Tschamler here is  
6 taking one of my customers. So, he gets charged 5  
7 bucks for picking up the customer, and I get charged  
8 \$5.00 for losing the customer. Although I haven't  
9 filed a drop, I have done -- I've initiated no  
10 activity, yet I'm charged a fee, simply because they  
11 left my book and went to his book. That is a \$10.00  
12 fee collected by Public Service for one transaction.  
13 And, that's, obviously, a double problem for all of us  
14 here at the table.

15 Q. And, to the best of your knowledge, Public Service  
16 collects this \$10.00 in that case, or, in the case of a  
17 one-way exchange, \$5.00, what do they do with the  
18 money?

19 A. (Fromuth) Commissioner, I don't know what they do with  
20 the money.

21 Q. Okay. Does anyone else care to comment on that?

22 A. (Allegretti) Yes. Two things, Commissioner Harrington.  
23 I think you suggested the possibility of assessing the  
24 fee both to the default service provider, as well as

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1 the competitive suppliers, as a way of leveling it.  
2 And, that certainly is an intriguing suggestion. The  
3 norm, I would say, in the industry is not to assess a  
4 supplier switching fee at all. I would say that Public  
5 Service is very much out of step with our experience  
6 across the country with restructured utilities. They  
7 generally don't assess a fee for proposing an add or a  
8 drop through EDI transactions. AEP did at one time, I  
9 think they no longer do, but the norm is not to assess  
10 the fee. But you also made a suggestion that's quite  
11 intriguing as to an even-handed approach.

12 The other question was "what do they do  
13 with the funds?" And, although I'm not an authority on  
14 how they're applied, my understanding, through the  
15 discovery in this proceeding, is that they are  
16 allocated towards the embedded costs.

17 Q. Which would be in the distribution rates?

18 A. (Witness Allegretti nodding in the affirmative.)

19 Q. Okay. Thank you.

20 A. (Dean) Commissioner, one thing that I would add is Mr.  
21 Fromuth mentioned the EDI electronic exchange of this  
22 information, and the cost of that is roughly a nickel.  
23 And, so, it's one of the reasons that it is not  
24 generally assessed. Specifically, because it happens

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1 electronically, and some of these things really weren't  
2 available in 1999, these ways to transmit and enroll  
3 customers, and it might have been a physical event,  
4 where someone had to get up and do something when that  
5 charge was created.

6 Q. So, what you're saying is, regardless of the charges,  
7 they ought to be reviewed, because circumstances have  
8 changed substantially over the last 15 years?

9 A. (Dean) Yes.

10 Q. Okay. There was some discussion on reconciliation or  
11 what -- how we should deal with the previously  
12 collected charge. Well, let me go, for a second, just  
13 let me go back and do one other thing on that Selection  
14 Charge, excuse me. So, you're contending that the  
15 Selection Charge is just unnecessary, because there's  
16 basically little or no cost associated with the actual  
17 transfers of a customer from default service to a  
18 competitive supplier?

19 A. (Fromuth) It's been overtaken by technology.

20 Q. Okay. So, and you would also, I'm not sure, I think  
21 this maybe appeared in a couple of different people's  
22 testimony, but you've stated that there's no other  
23 company in the NU system that makes a similar charge?

24 A. (Fromuth) Not according to our research.

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1 Q. And, there was some discussion, we'll get into this one  
2 now, on what should be done with the money already  
3 collected. And, some people said it should be rebated  
4 back to the person -- the Company that paid it. Is  
5 that the position?

6 A. (Fromuth) That would be our position.

7 Q. Does anyone else care to comment on that?

8 A. (Tschamler) Ours as well.

9 A. (Dean) ENH Power as well.

10 A. (Allegretti) RESA has not taken a position on that  
11 issue.

12 Q. Okay. Well, maybe I can try to narrow this down to  
13 what I think what I'm hearing on that. As a group, you  
14 seem to be saying that the costs should be incremental,  
15 because there's already -- the embedded costs are  
16 already being charged on the distribution rates?

17 A. (Allegretti) I would put it this way, Commissioner.  
18 There has to be some rationale to support the charge.  
19 It either has to be that somehow, in a restructured  
20 market, the Company has been asked to do something they  
21 never had to do before, they have incurred an  
22 incremental cost to provide it. So, one rationale  
23 would be to say "well, let's tie the incremental cost  
24 of providing this service to a charge for that



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1 service." Another way of looking at it is to say "it's  
2 all part of their embedded cost." And, the question  
3 then becomes "how do those embedded costs get allocated  
4 to customers?" Certainly, embedded costs of electric  
5 distribution service get allocated to distribution  
6 customers in accordance with their consumption. The  
7 question then becomes, what is the appropriate  
8 rationale for allocating a portion of the embedded cost  
9 to a new charge, a separate charge that's assessed on  
10 competitive suppliers. And, if it's unrelated to  
11 incremental cost, then there must be some sort of  
12 underlying policy rationale, some basic purpose that's  
13 being served.

14 And, I think, in the case of Public  
15 Service New Hampshire, because it has a pecuniary  
16 interest in keeping customers on default service, this  
17 Commission needs to be particularly sensitive to  
18 whether or not there are policy implications associated  
19 with these charges, in terms of their effect on the  
20 competitive retail market.

21 And, so, I would encourage you to either  
22 look toward what is the incremental cost or to make a  
23 decision based on the public policy, to minimize these  
24 charges and to promote competition to the greatest

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1 extent possible, given the unusual circumstance we have  
2 here in New Hampshire.

3 Q. Let me follow up on that a little bit more, and ask  
4 people to respond to the rebuttal testimony of Public  
5 Service on the issue of incremental costs. They use a  
6 specific example, and without quoting it exactly, it  
7 goes something to the effect that UPS is delivering a  
8 package down the street to House A, that -- and then  
9 they're also going to go down the street further to  
10 House B. Why should House B pay more than the  
11 incremental costs, which, in fact, they are charged,  
12 since the truck is going to be on the street anyways?  
13 How would you reply to that in the circumstances we're  
14 discussing here with dealing with these charges?

15 A. (Tschamler) I would say that their analogy is flawed.  
16 The equivalent would be that, if every person got a  
17 monthly fee by UPS, that that would be more equivalent  
18 then, because they're in a regulated environment, and  
19 UPS is not.

20 A. (Fromuth) Excuse me, Commissioner, I'd like to answer  
21 that as well. I think that another analogy might be  
22 something along the lines of my bank charges -- or, I  
23 should say it doesn't charge an ATM fee when I use my  
24 ATM, but your bank does. So, to install the ATMs and

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1 to begin at the beginning of the ATM world, there were  
2 fees commonplace for everybody, because it was  
3 necessary to retire the cost of the ATM installation.  
4 Now, competition has driven that price, that marginal  
5 cost down to zero. So, the activity that we would like  
6 in our process to, is not the UPS driver, who has  
7 incremental costs of delivery, fuel, labor, and so  
8 forth, to move down the street, but it's an ATM fee.  
9 And, it's the ATM fee that's appropriately levied at  
10 some level, but it's almost too small to measure.

11 A. (Allegretti) You could take the concept of incremental  
12 cost as the driver of rate design to the absurd extreme  
13 of a separate rate for every single customer. That's,  
14 obviously, not a practical way to do rate design. But  
15 I do think that the concept of an incremental cost is  
16 appropriate to think about here, particularly in the  
17 context of supplier charges. We're looking at a  
18 switching fee. And, the cost justification for that  
19 fee is "Well, we saw another utility put it in their  
20 rate schedule, and we really don't know what it is for  
21 now, but we'll sort of figure out what it is down the  
22 road. So, for now, we'll put the same number in."  
23 And, that's all we've really been able to find to  
24 support that charge.

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1                   It seems appropriate for the Commission  
2           to take a look and ask the question "do these  
3           transactions really impose additional costs on the  
4           Company or is this just part of their business as a  
5           regulated electric monopoly distribution company that  
6           ought to be allocated differently?" And, I think  
7           that's really the question for the Commission.

8   Q.   Okay. Moving on, off of the Selection Charge then, to  
9           complete, only a few more questions. On the 50 cents  
10          per Billing and Payment Service Charge, that's -- on  
11          that, I'm trying to get what your position on that is,  
12          that there should be some charge, but it should be a  
13          cost-based charge, somehow split between distribution  
14          customers and Energy Service customers, whether they be  
15          Energy Service on default service or competitive  
16          service? I mean, there is a fee associated with  
17          sending the billing out.

18   A.   (Allegretti) Absolutely. And, there needs to be some,  
19          for any charge, there needs to be some cost-based  
20          justification. I mean, it's cost of service  
21          regulation. There's got to be a cost if you're going  
22          to put a charge in, and it's got to be an appropriate  
23          charge. You know, our experience is 50 cents a bill is  
24          not uncommon for consolidated billing. But we've

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1 generally seen a lot more cost support behind it, at  
2 least in the case of the Exelon utilities, than what  
3 PSNH has provided here. And, so, our position at RESA  
4 is that that really needs to be examined more closely  
5 and better supported.

6 Q. Okay.

7 A. (Fromuth) Commissioner, I'll go back again to the  
8 banking example. My bank, in exchange for my  
9 maintaining an account there, handles and inordinate  
10 number of bills for me each month that they send out at  
11 no charge. So, what's the analogy? The analogy is  
12 that there is an inordinate amount of cash flow running  
13 through PSNH's coffers coming from the companies  
14 represented here at this table today, which is,  
15 obviously, access to cash and use of cash has a value.  
16 That value is not given any attribution with respect to  
17 a value that's handed off to us. It's absorbed at  
18 PSNH. No one, I believe, has challenged that, but I'm  
19 only pointing out that, from the standpoint of a  
20 banking analogy, they are, in effect, performing  
21 banking services for all of us. They are our agent.  
22 So, therefore, in keeping with today's banking  
23 technology and skill set and cost of service, that  
24 would be a very good analogy to examine, opposite to

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1 what PSNH is assessing for its billing charge.

2 Q. Okay. And, moving on -- does anyone else want to  
3 comment on that?

4 A. (Tschamler) I would just say that, whatever the  
5 rationale would be, and I think NAP's position is  
6 flexible on a specific rationale for determining how to  
7 allocate costs, the fundamental principle is to ensure  
8 that the default service rates include those costs.

9 CHAIRMAN IGNATIUS: I think, before we  
10 go to a new topic, we should take a break. It's about  
11 11:25. Let's take a break until 11 -- oh, excuse me,  
12 11:35. So, let's take a break until 11:45, resume at  
13 11:45.

14 (Whereupon a recess was taken at 11:37  
15 a.m. and the hearing resumed at 11:51  
16 a.m.)

17 CHAIRMAN IGNATIUS: All right. We're  
18 back on the record. Thank you, everyone, for getting back  
19 quickly. So, Commissioner Harrington, you still were  
20 questioning the witnesses?

21 CMSR. HARRINGTON: Yes.

22 BY CMSR. HARRINGTON:

23 Q. I wanted to go to the third charge, the Collection  
24 Services Charge. And, this -- various testimonies said

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1       it's billed at 0.252 percent of total monthly  
2       receivable dollars. So, does that mean, if there's a  
3       bill that someone receives, and it's, let's make it  
4       easy, \$50 is for the energy portion of the bill and \$50  
5       is for everything else, the 0.252 percent is applied to  
6       the total bill of \$100? Do I have that correct?

7   A.   (Dean) No.

8   Q.   No, okay.

9   A.   (Dean) Just the supply piece.

10   Q.   Oh. So, it's just the supply piece?

11   A.   (Dean) Correct. It's assessed on the supplier portion.

12   Q.   Okay. And, I'm trying -- your concern with this is  
13       that the 0.252 is too high or is that it should be  
14       applied differently? Or, can you explain your  
15       opposition to this a little bit more?

16   A.   (Tschamler) I would say that it's the similar point  
17       from the other charges that I've been making, which is  
18       that it's unfair for suppliers to pay for a service  
19       that the default service company, and the largest  
20       supplier in the marketplace, gets for free. And, so,  
21       in the absence of the default service business of PSNH  
22       having these costs as part of how the rate gets set,  
23       we're advocating for removing it.

24   A.   (Dean) I would say I would -- I would echo that. The

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1 bill is already being dropped, the collection activity  
2 is already happening, there's nothing incremental about  
3 it. We used several different analogies in your last,  
4 with UPS and different kinds of things. But, the fact  
5 of the matter is, all of the bills are already getting  
6 printed, all the collection activity is already  
7 happening. There's nothing incremental going on, just  
8 because someone is on competitive supply versus default  
9 supply.

10 Q. And, so, what you're saying, let's go back to our  
11 hypothetical \$100 bill here, where 50 is for energy  
12 from a competitive supplier and 50 is for everything  
13 else that would be paid to the utility. And, if they  
14 -- if that bill isn't paid, and there's got to  
15 collection activities done, your contention is the cost  
16 associated with those collection activities are exactly  
17 the same, whether they're collecting only \$50 or \$100?

18 A. (Dean) Correct.

19 Q. Okay.

20 A. (Tschamler) And, if I could add to that. There is an  
21 actual benefit to PSNH for the rule that's in place  
22 with us. It's related to payment hierarchy, but from a  
23 collections perspective. If a customer only has to pay  
24 the distribution charge to keep the lights on, they



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1 could theoretically pay, in that \$100 bill example,  
2 they could just pay \$50 every month, and we wouldn't  
3 get paid, ever. And, PSNH would be paid, and that  
4 customer would be current. And, so, in that case, you  
5 could imagine the collections activity, in which, if  
6 that customer was with a -- on default service, and  
7 they had that same payment behavior, PSNH would have to  
8 send out a truck with a person in it, to either  
9 disconnect or collect. If they had switched to a  
10 competitive supplier, and that was the payment  
11 behavior, they wouldn't have to do that.

12 A. (Fromuth) Commissioner, I haven't heard this from my  
13 colleagues, so, I will add this myself. The other  
14 problem with this charge, in addition to what's already  
15 been cited, is that the value received, in the form of  
16 data and promptness, is altogether paltry. We go for  
17 weeks, if not months, waiting to find out whether or  
18 not certain customers are in a "no pay", "slow pay",  
19 "about to pay" category. And, this information, as you  
20 can imagine, makes for horrific cash flow management,  
21 when you're trying to run a business, especially one as  
22 cash-dependent as this one. So, we're paying a fee,  
23 and then we're getting -- we're being provided  
24 information by PSNH on who's delinquent when it suits

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1       them. And, this is a common problem that we've all  
2       had, and we've expressed it in other settings. But,  
3       since we're talking about paying a fee, let's talk  
4       about what we're getting in exchange for that fee at  
5       this point in time, which wouldn't be tolerated in a  
6       competitive marketplace, if we were talking about a  
7       true collections activity in a commercial sense.

8               Once again, we're stuck with one choice,  
9       one vendor for this service, no place else to go, and  
10      they can provide whatever services they want, whether  
11      it's private sector standard or DMV standard. Thank  
12      you.

13   Q.   Okay. And, just one final area I want to pursue just  
14       briefly. And, you've mentioned it a couple of times  
15       now, various people on the panel have talked about how  
16       "default service is being treated differently, they  
17       need to be treated the same". So, I guess I'm trying  
18       to figure out exactly where you're heading with this.  
19       So, let me give an example. On the Selection Charge,  
20       whatever that Selection Charge was, let's assume there  
21       was some basis on that that was based on cost. And, it  
22       was X amount of dollars. So, when a customer decided  
23       to go from default service to a competitive supplier,  
24       that competitive supplier would be charged X amount of

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1 dollars. And, if the same customer went back to the  
2 default service, is what you're proposing is that that  
3 X amount of dollars would then be, obviously, it can't  
4 be charged, in the sense it would be charged to the  
5 competitive supplier, but it would be made as a cost  
6 into the default service rate that would increase the  
7 rate a slight amount, at the same way that the cost of  
8 X amount of dollars to the competitive supplier would  
9 have to increase their rate a slight amount?

10 A. (Fromuth) Is your -- are you postulating that there is  
11 a charge we have to live, and going from there as to  
12 how it would be levied?

13 Q. If there was, that's what I'm saying, if there was a  
14 charge, or, actually, for any of these things, let's  
15 assume, the combination of the three of them, there is  
16 some actual cost involved in the sending out the bills,  
17 the collection services, whatever. So, what I think  
18 I'm hearing, and I want to make sure I'm hearing this  
19 correctly, is what you're saying is that, whatever that  
20 charge is, that X amount of dollars that's charged to a  
21 competitive supplier for any of these services that was  
22 justified, that what you're contending is that that  
23 same charge should be put into the rates of the default  
24 service, so that that would balance them and put them

1 on equal footing?

2 A. (Allegretti) That would be very helpful.

3 A. (Fromuth) I think that would make sense, because it  
4 would be done under the -- in your situation of total  
5 visibility and transparency as to what that charge was,  
6 and we'd all understand why it was there and what the  
7 value was.

8 A. (Tschamler) That's certainly our position. I think,  
9 the -- as I understand the default service ratemaking  
10 process, in setting those rates, there are no costs  
11 associated with things on the customer side, the  
12 collections, the billing. And, in doing that, what the  
13 core structure leaves out is that there are services  
14 provided to that business, which has a separate profit  
15 line, a separate ratemaking structure, and is a direct  
16 competitor to all of us here. And, so, there, in the  
17 restructuring policy principles, there's a concept of  
18 the Commission, if they deem it in the public interest,  
19 to initiate actions that would prevent the misuse or  
20 long-term use of default service. From my vantage  
21 point, if the rules that are in place charge  
22 competitive suppliers for services that the default  
23 service business gets for free, that's a misuse, it's  
24 an unfair advantage. And, so, whatever, as you say,

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1 the appropriate or justifiable costs that should be  
2 incurred by suppliers in the marketplace should be on  
3 equal footing included in the rates that are set for  
4 default service.

5 CMSR. HARRINGTON: Okay. That's all I  
6 had. Thank you.

7 CHAIRMAN IGNATIUS: Commissioner Scott.

8 CMSR. SCOTT: Good afternoon, for  
9 another two minutes, I think.

10 BY CMSR. SCOTT:

11 Q. Let me gather my thoughts here. So, I'll try to  
12 coordinate this a little bit, as far as the topics we  
13 were discussing. So, on the issue of a Selection  
14 Charge, I'll go with Mr. Tschamler, excuse me.

15 A. (Tschamler) "Tschamler".

16 Q. Thank you. Sorry about that.

17 A. (Tschamler) No problem.

18 Q. On Page 11, I just want to clarify, you -- at the  
19 bottom of Page 11, we had discussed a little bit in the  
20 cross, I think you had discussed that Unitil and  
21 Liberty, to your knowledge, you do know they don't  
22 charge you that, is that correct?

23 A. (Tschamler) That's correct.

24 Q. Do you know if they charge anybody that?

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1 A. (Tschamler) I'm not aware of anyone that's being  
2 charged with it, no.

3 A. (Dean) They do not charge ENH Power.

4 A. (Fromuth) They don't charge PNE.

5 A. (Allegretti) No one charging us a switching fee, other  
6 than PSNH.

7 Q. Thank you. And, I didn't say this, but please do that.  
8 I would like to hear from you all, if it's appropriate,  
9 if you care to answer. Okay. Thank you for that  
10 clarification. And, on the Billing and Payment Charge,  
11 on Page 12 of your testimony, you mention that "the  
12 incremental costs should be either non-existent or so  
13 low", basically, that they're incidental, so they  
14 shouldn't be charged. Do you know that to be the case  
15 or you say that should be the case?

16 A. (Tschamler) Well, I can't say I know that is the case  
17 for PSNH's specific system. What I know is we've  
18 recently put in something similar. And, the idea of  
19 placing an additional name onto the bill or replacing  
20 PSNH as the default supplier with North American Power  
21 doesn't have any incremental costs. The postage is  
22 same, the bill format is the same. And, so, I'd say  
23 there aren't any.

24 Now, there is, I can understand, some

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1 costs in terms of administering the rates. So, we  
2 provide rates to PSNH for them to calculate and put on  
3 the bill. But that's a separate charge, which we pay  
4 for, and they're not -- is not part of this.

5 But the actual calculation of the bill,  
6 assuming rates are in place, printing of the bill and  
7 mailing of the bill, I would say, based on our  
8 experience, that is *de minimus*.

9 Q. Thank you. Be right with you. And, for Mr. Fromuth,  
10 you had made the statement, I think, if it's not in  
11 your testimony, at least from your chair there, that,  
12 again, there's an assumption of no cost, and there's  
13 this concept we've talked about for the different  
14 charges, that it's going to happen anyways, it's  
15 already embedded. I guess I would ask you the same  
16 thing. So, that that's an assumption, correct? I  
17 mean, you don't know it to be the case?

18 A. (Fromuth) Well, let me answer that the way a lawyer  
19 would, I guess, on information and belief. I would  
20 have to say that there's been a significant and serious  
21 and mature attempt to extract from PSNH such  
22 information, so that there could be a look at it and an  
23 assessment made of it, to be more responsive to your  
24 question, and so we all would have that answer. But we

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1 haven't been able to have any visibility on that at  
2 all. So, you're right. We're going into it with that  
3 assumption. But, as Mr. Allegretti said, the burden of  
4 proof, we think, should be on the host utility.  
5 They're the ones making the charges, levying the  
6 charges, they've had them in statute or in regulation  
7 for going on 15 years. Obviously, in this day and age,  
8 something that has had that kind of a track -- time  
9 around the track, it's very reasonable that we should  
10 look at it. There's a lot that's changed in 15 years  
11 in the area of technology. And, I would say that I  
12 would really welcome the results of an analysis,  
13 because I think it would favor very much what we're  
14 trying to get accomplished here.

15 Q. Okay. Thank you. And, again, for you all, if you are  
16 so inclined. I was -- for my own, I just want to, for  
17 my own edification, I wanted to verify regarding bill  
18 collection. Is it correct that PSNH is the only entity  
19 doing the bill collection or do the CEPSS take any  
20 additional action on their own?

21 A. (Tscharmler) The primary collections activity is  
22 conducted by PSNH on our behalf. We also, I wouldn't  
23 call it "collections", it's really payment reminders.  
24 We have no authority to disconnect, of course. But we



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1       communicate with customers that reach a certain point  
2       of owing us some amount past due. And, so, we do  
3       communicate with customers that have reached that level  
4       of arrears.

5   Q.   And, do you contract with like collection agencies,  
6       that type of --

7   A.   (Tschamler) We do not, no. We don't -- when a customer  
8       leaves us, and if they owe us a balance, we simply  
9       contact them. We don't have a collections agency of  
10      any type.

11  Q.   Okay. Thank you.

12  A.   (Allegretti) Yes, I'll answer that. We're free to  
13      pursue collection independently, of course. But, where  
14      a customer is on consolidated billing, where they're  
15      receiving a single bill from PSNH for all charges,  
16      there's a certain economy to having one entity that  
17      sends the bill also do the collection activity. It's  
18      less confusing for the customer. And, there's just an  
19      economy to it, since there are two companies' charges  
20      on the bill, having one company pursue the collection  
21      of the bill, rather than two, just fundamentally makes  
22      more sense. So, and where suppliers have the ability  
23      to provide a consolidated bill, that includes the T&D  
24      charges and remit them to the company, they would be

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1 the logical entity to pursue collection. Where  
2 consolidated billing is provided as a regulated  
3 monopoly service by the utility, it makes sense for  
4 them to provide a collection service as well, and for  
5 that to be at a just and reasonable rate established by  
6 the Commission, based on some showing of the underlying  
7 cost.

8 A. (Fromuth) Yes. We all like prompt payment, and,  
9 obviously, it's necessary that we minimize our  
10 arrearages. But, again, I'll return to the earlier  
11 statement that I made, which was that, when payment is  
12 not prompt, and when you can't identify who's in  
13 arrears in a convenient amount of time, so that you can  
14 go and pursue collections independent of what PSNH is  
15 doing, that compounds the problem. And, it is -- it's  
16 really kind of not discussed here, but it's part and  
17 parcel of the service that's not being provided,  
18 because, if we're going to pay a collection service  
19 charge, then there ought to be some doctrine as to how  
20 promptly we're informed of who is in arrears and their  
21 identity, because we want to get on the stick and get  
22 after those accounts. If you wait months and months  
23 and months to tell us, then, obviously, things really  
24 do slip. So, the underlying problem here is the

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1 provision of information to us, under this agreement  
2 that we have with them to be our vendor, so that we can  
3 go after accounts that are in arrears. Thank you.

4 A. (Dean) ENH Power does pursue customers when they are in  
5 arrears, both by phone and e-mail and/or physical mail.  
6 But payment is directed to PSNH per the services  
7 agreement. We don't collect funds, as long as someone  
8 is still on consolidated billing. But, if a customer  
9 has returned to consolidated billing, we do, in fact,  
10 continue collection efforts for our balances.

11 Q. Thank you. And, there's been some discussion about,  
12 getting to the same general topic of PSNH is doing this  
13 anyways, so, there's no -- maybe no incremental cost or  
14 not extra costs. To that extent, to the layman, the  
15 optics would be "well, the opposite would be true  
16 then." So, if PSNH has made the investment, is doing  
17 all this work, and the CEPSSs aren't charged for it,  
18 isn't that kind of a form of free ridership, and why  
19 would that be fair? So, I guess I would ask that  
20 question also.

21 A. (Tscharmler) I think, to the degree that an equitable  
22 cost allocation of collections, both capital and O&M  
23 costs, could be determined, then, for the service that  
24 we receive, it would be fair to be charged some fee.

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1 Again, the point is that the default service business  
2 gets this for free. They have a separate stream of  
3 earnings regulated by the Commission, in which there  
4 are no such charges that are part of its rate. And,  
5 so, it has a lower rate that is anti-competitive,  
6 because they do not have to incur these kinds of costs.  
7 But we'd be, you know, to the degree the service is  
8 valuable, and that the costs are appropriately  
9 allocated, we'd be happy to pay those.

10 A. (Allegretti) Yes, I agree with Mr. Tschamler. The  
11 billing and collections is the cost of doing business.  
12 But, if you think about it, the one thing you can say  
13 about every electric customer is everyone gets a bill.  
14 And, so, allocating the cost of providing billing and  
15 collection service to all customers would seem  
16 reasonable.

17 A. (Fromuth) I would agree with my colleagues.

18 A. (Dean) As well, separately, doing it separately makes  
19 no sense. It should be in one fee, all the same, and  
20 allocated in the T&D.

21 Q. Thank you. And, I think my last question, again, this  
22 is more getting into philosophy, I suppose, is,  
23 especially for Selection Charges, would it not be the  
24 case that the presence of competitive electric

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1 suppliers and that market working as I think we all  
2 hope it would be, and customers are pursuing the lowest  
3 -- the lowest cost provider, doesn't that in itself  
4 create extra work, if you will, as far as transactions  
5 going back and forth, doesn't that drive that to be  
6 more than perhaps it would be otherwise? Is that --  
7 again, it's a broader level question, I suppose.

8 A. (Fromuth) Well, I think that the increased traffic that  
9 you're referencing, because of the competitive forces  
10 at work here, are right now, in this state we're in  
11 right now, in terms of the state of play with respect  
12 to these charges, it's very friendly to Public Service.  
13 Because, when there was zero activity five or six years  
14 ago, these charges were on the tariff and they were,  
15 obviously, ignored, because nobody was facing them.  
16 Now, increased activity and increased switching, if you  
17 will, between providers, is a real revenue stream for  
18 Public Service. These are real dollars. I mean, we've  
19 all referenced, I think, elsewhere in our testimony how  
20 much we have laid out for our outlays to date for  
21 selection charges. And, as I referenced earlier, a  
22 customer leaving one of us and going to another one of  
23 us, not going to default service, but going from one to  
24 the other, amasses a \$10.00 income fee to Public

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1 Service for that transaction. So, there is, I suppose,  
2 to put it in a quip, there's some joy in Mudville about  
3 the increased activity, that is maybe benefiting the  
4 host utility more than they are perhaps allowing.

5 A. (Allegretti) I would say this. That, even a vertically  
6 integrated monopoly has to process adds and drops as  
7 people move in and out of the service territory.  
8 Certainly, processing customer switches is increased  
9 traffic, it's a larger number of transactions. And, it  
10 may require a capital investment to modify the systems  
11 that process those transactions. But it largely tends  
12 to be an automated process. So, it tends to be more of  
13 a capital investment than an operating expense. And, I  
14 think that's the explanation for why we don't see other  
15 restructured utilities in other states, or even here in  
16 New Hampshire, with a fee like this in place. They  
17 have simply recovered the capital cost of putting the  
18 EDI system in, and they process the transactions  
19 through an electronic data interchange.

20 A. (Tschanler) I agree.

21 A. (Dean) Same.

22 CMSR. SCOTT: Okay. Thank you very  
23 much.

24 CHAIRMAN IGNATIUS: I have a few more

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1 questions, although many of these have been covered, which  
2 is good.

3 BY CHAIRMAN IGNATIUS:

4 Q. We talked a bit about National Grid, now Liberty,  
5 having a charge on its books that isn't being applied,  
6 isn't being assessed to anyone. Does anyone know what  
7 the actual charge is for a Selection Charge?

8 A. (Fromuth) I do not.

9 A. (Allegretti) I don't know for sure. My impression,  
10 from reading the Commission's decision in 99-099, was  
11 that it was also \$5.00. But I may be incorrect.

12 Q. Thank you. Are the charges that we're talking about  
13 here being paid by the suppliers or is there some  
14 withholding, because you find them inappropriate? And,  
15 the testimony uses words like "invoices" and  
16 "assessed", but I didn't see the word "paid". And, so,  
17 I just -- I may be overreading it. Is that an issue or  
18 are the --

19 A. (Dean) It is being paid by ENH.

20 A. (Tschamler) Yes.

21 A. (Fromuth) Yes.

22 A. (Allegretti) I can answer affirmatively as to  
23 Constellation. As to the other RESA members, it's my  
24 general belief that it is being paid.

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[WITNESS PANEL: Fromuth~Allegretti~Tschamler~Dean]

1 Q. All right. And, another thing I was a little bit lost  
2 on, it seemed like a number of you were saying that, to  
3 be fair, whatever the charges are, and whatever support  
4 is produced to justify those charges, that they ought  
5 to equally be imposed on, some of you said, on default  
6 service, and, then, Mr. Dean, I think you just said  
7 should be imposed on T&D?

8 A. (Dean) On the default service, as part of the T&D  
9 portion, in the basic overhead of the delivery. All of  
10 those capital costs should be in one place, and then  
11 uniformly allocated. In that way, it puts both the  
12 default service customers, as well as CEP customers, on  
13 the same playing field.

14 Q. Mr. Fromuth, your analogy of the ATM machine got me  
15 thinking about how those systems work. And, you know,  
16 it's generally that, if it's your own bank, you don't  
17 get charged a fee, but, when you're using one ATM to  
18 access your bank's accounts, you do get charged a fee.  
19 And, that seemed somewhat analogous to PSNH's  
20 situation, where it's performing a service on behalf of  
21 you, and seemed also to work in the opposite direction  
22 with the argument that you were making. So, did I  
23 misunderstand your ATM analogy?

24 A. (Fromuth) No, madam Chairman, you didn't. And, I



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1 appreciate what you're saying. But I can point to  
2 several banks in my neighborhood in Manchester that, in  
3 an effort to maybe lure my business, are also not  
4 charging me an ATM fee, just because I guess they don't  
5 want me to come inside.

6 I would also point out that I think  
7 that, if we were to use that analogy and look upon PSNH  
8 as having some sort of an entitlement to charge  
9 external market players a fee, such as they do, then,  
10 we almost have to -- we can't look at it as an island,  
11 because PSNH default service, while not competitive  
12 right now, could some day become competitive, certainly  
13 according to what the Company has been saying about  
14 future prospects for energy prices. They maintain that  
15 perhaps some day default service will become  
16 competitive. So, therefore, there may be a run back to  
17 default service from the very people that we are all  
18 now serving. And, another point I would make would be  
19 that, if service Rate ADE is offered, as the Company  
20 proposes it will be, to residential customers somewhere  
21 down the pike, that rate, as you know, is about a penny  
22 below the current default rate. So, that would entice  
23 people to come back to PSNH, if they have been away for  
24 a year. So, if it does, then, what's the marginal cost

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1 of processing that transaction when they go back to the  
2 house, and who is assessed that transaction, or do they  
3 eat it, because they're, obviously, content and pleased  
4 to have that customer return?

5 So, I think that what's good for the  
6 goose is good for the gander. And, there is an  
7 argument out there that PSNH is behaving, in some  
8 respects, like a competitive energy provider itself,  
9 with, certainly, the introduction of ADE. So, are  
10 these charges going to be levied on themselves to  
11 therefore affect the P&L on those transactions?

12 Q. One more question on the ATM issue. You had said that,  
13 initially, those charges were commonplace, that they  
14 were really there to help defray the cost of the  
15 investment to have ATMs out there when they never  
16 existed before. And, at this point, there's less of a  
17 need for those charges, because those costs are fully  
18 recovered. That, again, made me think about the  
19 transition we've come from in developing billing  
20 systems and selection transactions that out of a time  
21 when there was no such thing and had to be created.  
22 But that now, 10 or 15 years later, those systems are  
23 in place, and there may be little incremental costs, I  
24 think, if I follow your argument well. And, if that's

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1 the case, then, why would it be appropriate to rebate  
2 past amounts? I can see your argument for going  
3 forward. But why would it be appropriate to rebate  
4 prior costs, if you recognize that, in a changing  
5 world, there are upfront expenses required in that  
6 transition?

7 A. (Fromuth) Well, I think that what we have here today is  
8 a voice that's been expressed by the supplier side as  
9 to how to dispose of selection charges going forward,  
10 and what to do with the accumulated Selection Charge  
11 that's in the coffers of the Company. And, I think  
12 that the view that I would take would be that we have  
13 not had satisfactory divulgement to us of what PSNH --  
14 the cost causation argument coming from PSNH, on "Why  
15 do we assess these costs? Where do they come from? To  
16 what do we owe them to -- to what do we attribute them  
17 to?" These are all things that we have talked about  
18 today. And, if we can walk backwards and have  
19 demonstrated to us that there is some build-out cost or  
20 some, you know, cost associated with getting the  
21 systems up and ready, for the dawn of competition in  
22 the residential arena, certainly, then, I think that we  
23 would be willing to be impressed by that. But we  
24 haven't -- we really have not had that information

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1 provided to us. And, if we were, then, we might be  
2 much more open to what you're suggesting, madam  
3 Chairman.

4 Q. Thank you. Again, we'll stick with you, Mr. Fromuth.  
5 The comments you made about the services that you're  
6 receiving for the payments you're making, these  
7 charges, are -- you describe them as "paltry", and you  
8 even said "it's questionable whether the service is  
9 being done", and I don't know what you were referring  
10 to specifically. Can you elaborate on any written  
11 protocols you have, if any, on PSNH's obligation to  
12 provide you the information that you're finding and  
13 that you could use? That you're feeling it's  
14 inadequate delivery of information. But is there an  
15 agreement, is there any kind of protocol that lays out  
16 what everyone is responsible for exchanging, in terms  
17 of information?

18 A. (Fromuth) Yes, Chairman. The documents that govern our  
19 relationship with our vendor, in this case, Public  
20 Service, who -- they perform certain agency services  
21 for us, are governed and detailed in a Supplier  
22 Services Agreement. And, as a second document, the  
23 name of which is very similar to that, but I can't  
24 recall it off the top of my head, but they're both very

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1 detailed. They've both been drafted and redrafted by  
2 Public Service over the years. In fact, there's been  
3 fresh ones issued, for our company anyway, in January  
4 of this year. So, they're very current with respect to  
5 trying to reflect the changes in the marketplace as  
6 seen by Public Service. They are non-negotiable  
7 documents, in the sense that we can't make changes to  
8 them, and we can't offer suggestions on language  
9 improvement, because it's a take-it-or-leave-it  
10 situation. And, in it, they provide for the very  
11 detailed protocols of how we move data around, what our  
12 entitlement is to certain information that we need in  
13 order to undertake our billing. Our entitlement for  
14 information, with respect to actions that we need to  
15 take to collect on arrearages. And, when you have a  
16 large number of accounts, and you have arrearages  
17 amongst a smattering of them, it's very, very important  
18 that, for internal reporting purposes, much less the  
19 collection activity, that we know exactly who is not  
20 paying us, and then we can go and pursue that, if we  
21 choose to. That information, as I said before, is very  
22 scant and very -- and is not provided in a timely  
23 fashion.

24 The other big piece for us, a new big

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1 data piece for us, is the inadequacy of their  
2 promptness with respect to providing us with  
3 information that we need to conduct our bills, prepare  
4 our bills. When I say "prepare our bills", I mean the  
5 data that we need to identify the cost of the product,  
6 and being able to turn it around and provide them with  
7 the numbers so they can go out and put them on the  
8 consolidated bill.

9 So, we have -- and these are agreements,  
10 of course, that have been vetted by the Commission, and  
11 are documents that are part of the record. But they're  
12 -- they are documents that obviously refer to exactly  
13 the kind of services that are provided, and describe in  
14 great detail how we're to get those services. So, we  
15 have documents, we have agreements, but the performance  
16 under those documents is lacking, in our view.

17 Q. And, have you taken steps to challenge the Company's  
18 performance, raised objections? I don't know what  
19 rights you have under those agreements to go forward,  
20 if you think that they're not performing as required?

21 A. (Fromuth) Yes, we have, madam Chairman. And, we  
22 actually have a separate proceeding before this body  
23 that addresses that.

24 Q. All right. I understand we have a docket that has to

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1 do with payment --

2 A. (Fromuth) Right.

3 Q. -- and withholding, and if that's what you're referring  
4 to?

5 A. (Fromuth) Yes.

6 Q. When you were describing how you get a customer  
7 removed, the transactions involved in moving a customer  
8 to your service and away from your service, and you say  
9 you work through your EDI vendor, does that vendor also  
10 charge some fee for the transaction to bring on a  
11 customer or take off a customer?

12 A. (Fromuth) Yes.

13 Q. And, so, separate from that fee is the \$5.00 that goes  
14 to PSNH?

15 A. (Fromuth) That's correct. I believe, and I don't know  
16 about the other gentlemen here at the table, but, in  
17 our experience, the EDI vendor, to enroll or to drop an  
18 account, the charge is somewhere between 10 and 15  
19 cents.

20 Q. And, does it follow the same pattern that, if you were  
21 to move from one supplier to the other, both suppliers  
22 would be charged an EDI charge? Both on the enrolling  
23 side and the dropping side?

24 A. (Fromuth) Yes. The EDI vendor, for company PNE,

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1 charges PNE for enrolling a customer. The EDI vendor  
2 for Company B, whether or not it charges Company B for  
3 dropping that customer, I can't say. I know that our  
4 EDI vendor charges us when a customer is dropped.

5 Q. And, is the experience of the other companies similar,  
6 that those EDI charges tend to be in the 10 to 15 cent  
7 range?

8 A. (Tschanler) No, not in our case. There are no charges  
9 for enrollments or drops. Our primary, and I provided  
10 this under cover to the Commission, what exactly we are  
11 charged, but it's -- I can tell you that it's basically  
12 a per meter or per customer charge that we receive  
13 every month, essentially. So, there's no add or drop  
14 charges we incur.

15 Q. So, your EDI vendor just negotiates a flat fee per  
16 customer, independent of the transactions that take  
17 place?

18 A. (Tschanler) That's correct. There are many other  
19 transactions besides this one of enrolling. There's  
20 payments and meter reads and all kinds of things, and  
21 it's just a per customer charge.

22 A. (Dean) ENH, as well, the charge is roughly a third of  
23 what Mr. Fromuth describes, and it is all transactions.  
24 If a customer made four or five payments, there would



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1 be a transaction; when the bill drops, we get a  
2 notification of the charges; if they moved and changed,  
3 it's all transactions for the meter, not just an add or  
4 drop.

5 A. (Allegretti) I'm afraid those charges are outside my  
6 expertise.

7 Q. All right. Well, thank you. And, it's a little  
8 tangential, but we are learning this process as we go,  
9 as things evolve.

10 MR. MUNNELLY: Chairman, could I  
11 interject for one moment on that?

12 CHAIRMAN IGNATIUS: All right.

13 MR. MUNNELLY: There is a discovery  
14 response, as Mr. Tschamler noted on that. You know, for  
15 the record, I should just note that it's the confidential  
16 exhibit "PSNH NAPG 1-33". I hadn't planned to offer that.  
17 But I don't know if you want the -- to keep the record  
18 clear, is that something that we should have marked as an  
19 exhibit, a confidential exhibit, for the record?

20 CHAIRMAN IGNATIUS: It's up to you. I  
21 don't feel the need to have that level of detail. But  
22 I'll leave it to you, if you want to introduce it.

23 MR. MUNNELLY: Okay. I don't feel  
24 compelled to offer it. It's something, if the Commission

1 wants it or PSNH wants it, we're happy to offer it.

2 BY CHAIRMAN IGNATIUS:

3 Q. A couple of you have said that there is really no  
4 opportunity for you to go elsewhere for consolidated  
5 billing. And, I wonder if that's something that also  
6 could evolve over time. Rather than the regulated  
7 utility taking information from the competitive  
8 supplier and creating a consolidated bill, would it be  
9 possible for the competitive supplier to take data from  
10 the regulated utility and you create a consolidated  
11 bill? Is that in the realm of possibility? Is anyone  
12 looking at that in other locations?

13 A. (Tschamler) North American Power currently does that in  
14 the Georgia natural gas market. The utility sends us a  
15 bill for what the customer charges are, we pay it,  
16 regardless of whether the customer pays, and they send  
17 us the determinants for calculating their charges for  
18 individual customers. We prefer that model.  
19 Obviously, it gives us a better relationship with the  
20 customer. But, as I understand it, that's currently  
21 not allowed under New Hampshire regulation. But we  
22 would welcome a change in that policy.

23 Q. And, I should be telling you, rather than you telling  
24 me, but do you know where that would come from in New

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1 Hampshire regulation that would only allow it from the  
2 regulated utility? It may well be, I just don't know.

3 A. (Tschamler) I can't off the top of my head. But I do  
4 remember reading an official document at some point on  
5 that. And, so, I can't say off the top of my head.

6 Q. Okay.

7 A. (Allegretti) I think it's in the statutes. It was an  
8 issue at the time that we did electric restructuring in  
9 New Hampshire, whether metering, billing, and  
10 information services would be opened to competition or  
11 whether they would remain monopoly functions with the  
12 utility. That issue was actually joined in a number of  
13 jurisdictions at the time that they opened retail  
14 markets. And, I think, in the majority of  
15 jurisdictions, consolidated billing was not allowed,  
16 that service was retained as a monopoly service in many  
17 jurisdictions. Organized labor interests, a number of  
18 factors were on the minds of policymakers at the time.

19 But, certainly, I would agree with my  
20 colleague that there are some jurisdictions that allow  
21 it. It's entirely feasible. It certainly is done, and  
22 this may be the time to revisit that.

23 A. (Dean) ENH Power would echo that of my counterpart,  
24 that we would welcome the opportunity to do

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1 consolidated billing for both sides.

2 A. (Fromuth) Madam Chairman, I just would quickly respond  
3 and say that, in my study of the literature on this,  
4 and I'm not in markets where the vendor or the  
5 supplier/vendor CEPS can do consolidated billing, but I  
6 am familiar with markets where it is happening. And, I  
7 think it's tied in many ways to grid modernization.  
8 There is a metering barrier in some markets to being  
9 able to accomplish this seamlessly, and to do it  
10 cheaply, and to advantage oneself of the advance  
11 metering that's out there in some jurisdictions, of  
12 course, not here. But, where it does happen, it's  
13 linked to the ability of that meter to spout out  
14 information to whoever the host vendor is for the  
15 energy, and that makes moving a bill out to that entity  
16 by the supplier a lot easier.

17 Q. Thank you. Mr. Allegretti, you had said that, from  
18 your knowledge in the industry, a 50 cent per bill  
19 billing and payment fee wasn't uncommon, although  
20 you've seen more cost support for it. How about a  
21 collection rate? Is the PSNH rate within the norm or  
22 an outlier from what you've seen?

23 A. (Allegretti) It's an unusual service. I think the  
24 trend is to move toward purchase of receivables

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1 programs. Certainly, the Exelon utilities that I'm  
2 familiar with have POR. It's a very different type of  
3 collection service, because they're buying the entire  
4 receivable. And, so, it's just a more valuable  
5 service.

6 And, the discount rates, which we  
7 explored in another docket here, vary across the board  
8 depending on the level of uncollectibles in any given  
9 jurisdiction, at any given time, and are periodically  
10 adjusted. So, I really haven't had much experience  
11 with a separate collections charge, akin to what PSNH  
12 has. Usually, it's a POR program that we encounter.

13 Q. And, as you know, that there is another docket on that  
14 issue as well?

15 A. (Allegretti) Was.

16 Q. Oh. Has that been closed?

17 A. (Allegretti) Yes.

18 CHAIRMAN IGNATIUS: All right. All  
19 right, that's it for questions. Any other? Commissioner  
20 Harrington.

21 CMSR. HARRINGTON: I'm sorry, I dropped  
22 one of my yellow stickies here, and, so, I lost one  
23 question. That's how we all run things up here, yellow  
24 stickies, just so you know.

1 BY CMSR. HARRINGTON:

2 Q. And, it goes to Mr. Tschamler, on your Page 14. In the  
3 first full paragraph on it, it starts "Like the billing  
4 cost estimates", and it ends with the following two  
5 statements: "These estimates allocate 100 percent of  
6 the costs to CEPS and zero percent to the  
7 distribution-related receivables." And, this is my  
8 question part: "In addition, this charge includes a 14  
9 and a half percent return to PSNH paid by the CEPS."  
10 Can you tell me what that is? I never quite understood  
11 that when I read it.

12 A. (Tschamler) Well, it's based on a review of -- I'm not  
13 exactly sure, maybe Rob, if you could point me to the  
14 place in the documents of where this is, but there was  
15 a fairly detailed calculation that was put together on  
16 the cost, I think, as of 1998, of the various --

17 Q. The costs -- excuse me, cost of what are we talking  
18 about?

19 A. (Tschamler) Of collections.

20 Q. Oh, this is the collections.

21 A. (Tschamler) So, there are several line items, labor and  
22 vendors, and some other things I don't have a total  
23 recall on, but it kind of went through and said "this  
24 is what the costs were last" -- well, "in 1998." And,

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1           then --

2                           MR. MUNNELLY: Sorry, just to interrupt  
3           for the record. I think that information is contained in  
4           one of the exhibits to Mr. Dean's testimony. But, on top  
5           of that, it's also in a data response as well. I think  
6           it's Staff First Set, Number 4, I think has the attachment  
7           that includes Mr. Hall and Mr. Long's exhibit, that's tied  
8           back to that 1999 rate case.

9                           MR. PATCH: I can just clarify that,  
10          too, a little further, if it would be helpful. It's also  
11          attached to Mr. Allegretti's testimony. It's Page 3 of 5,  
12          it's part of Attachment A, I think it is, to  
13          Mr. Allegretti's testimony. So, it's an excerpt, "Exhibit  
14          A" we called it, to Mr. Allegretti's testimony at the  
15          back. It's Attachment GAL/SRH-8. And, in the upper  
16          right-hand corner, it says "Page 3 of 5". And, I see that  
17          14.5 percent on that page.

18 BY CMSR. HARRINGTON:

19 Q.    So, this is one of the elements that goes into making  
20          up that 0.252 percent charge then?

21 A.    (Tschamler) That's correct.

22                           CMSR. HARRINGTON: Okay. That clarifies  
23          it. I just couldn't follow where that was coming from.  
24          Thank you.

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1 CMSR. SCOTT: And, I have a quick  
2 follow-up. I couldn't help but ask the question.

3 BY CMSR. SCOTT:

4 Q. It was -- you talked about on consolidated billing,  
5 that North American Power, if I heard you right, was  
6 saying, in your Georgia LDAC, that it did work that  
7 way, that the competitive supplier did the consolidated  
8 billing. If I understood that right, my question is  
9 is, in that case, did the competitive supplier bill the  
10 utility for charges?

11 A. (Tschamler) No, we do not. Not only do we not bill  
12 them, but we have the receivables risk fully. Meaning,  
13 if a customer doesn't pay us for the pipes, we have to  
14 pay the utility no matter what, or we don't get to have  
15 our license. So, there are no charges that we levy  
16 against the utilities. And, that's the same that  
17 exists in Texas, on the electric side, in which a  
18 similar situation exists. That all retail suppliers  
19 are required to bill there, same as in Georgia. There  
20 are no utility billing services provided by regulation.

21 CMSR. SCOTT: Interesting. Thank you.

22 CHAIRMAN IGNATIUS: All right. Then, is  
23 there any redirect from counsel for these four witnesses?

24 MR. RODIER: I have maybe a couple



1 questions.

2 CHAIRMAN IGNATIUS: All right.

3 **REDIRECT EXAMINATION**

4 BY MR. RODIER:

5 Q. Mr. Tschamler, you heard Mr. Fromuth explain PNE's  
6 experience with PSNH and billing the second charge, the  
7 Selection Charge?

8 A. (Tschamler) Yes.

9 Q. If you take a customer away from PNE, you pay \$5.00 to  
10 PSNH and PNE pays \$5.00 to PSNH. So, it's \$10.00  
11 recovery for PSNH, not just 5, is that correct?

12 A. (Tschamler) That's what I heard, yes.

13 Q. And, is that consistent with your experience?

14 A. (Tschamler) Well, I actually don't know.

15 Q. Okay.

16 A. (Tschamler) All we receive is a monthly invoice --

17 Q. All right.

18 A. (Tschamler) -- from PSNH that contains the number of  
19 units, times the \$5.00.

20 Q. Okay.

21 A. (Tschamler) What I've heard, there was a working  
22 session, that a PSNH representative explained it a  
23 little differently from Mr. Fromuth, but I -- you know,  
24 to me, from my vantage point, it is not clear on the

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1 invoices, it's not clear, you know, in kind of how I've  
2 heard it. I've heard it two ways from PSNH.  
3 Initially, when we first entered the market, their  
4 manager of supplier relations informed me over the  
5 phone that that was applied on both the add and the  
6 drop. And, then, in a working session, it was  
7 explained that only when a supplier initiates a  
8 transaction do you incur that.

9 Q. Okay.

10 A. (Tschamler) But I can't tell from the information  
11 provided.

12 Q. Okay. I'll take that. Now, just to be specific, this  
13 was the so-called "technical conference" on  
14 September 4th?

15 A. (Tschamler) I don't know if it --

16 Q. The technical --

17 A. (Tschamler) I think it was before. It was a technical  
18 session, but I don't think it was the September 4th  
19 one.

20 Q. Okay.

21 A. (Tschamler) I think it was over the summer. I don't  
22 remember the date.

23 Q. All right. That's not necessary. And, PSNH was  
24 explaining how the charge worked in response to

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1 questions from the Staff, do you recall that?

2 A. (Tschamler) As I recall, it was initiated by the Staff,  
3 but there was a discussion about it generally.

4 Q. All right. And, you think what PSNH said, in response  
5 to discovery at that point, was different than what you  
6 heard from Mr. Fromuth today?

7 A. (Tschamler) Correct.

8 MR. RODIER: Thank you.

9 MR. FOSSUM: Madam Chairman, I have an  
10 issue with that entire line of questioning. We're here  
11 about whether the charge is just and reasonable, and not  
12 whether PSNH had an employee at some point say something  
13 to somebody somewhere else. You know, this is about  
14 whether the \$5.00 is just and reasonable, among the other  
15 charges at issue here.

16 So, you know, I don't know what anybody  
17 said in some other forum to somebody else really matters  
18 at all.

19 CHAIRMAN IGNATIUS: Well, I think it --

20 MR. FOSSUM: It shouldn't be a line of  
21 questioning for today.

22 CHAIRMAN IGNATIUS: I think it would be  
23 useful, you can tell we have a lot of questions about just  
24 the mechanics of this.

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1 MR. FOSSUM: Certainly.

2 CHAIRMAN IGNATIUS: That, when your  
3 witness is on the stand, you can clarify how it actually  
4 is applied, would be helpful to know.

5 MR. FOSSUM: And, our witnesses are  
6 prepared to do that.

7 CHAIRMAN IGNATIUS: That would be great.  
8 And that, you're right, it's more important than  
9 recollections of who said what, it's really "how has it  
10 been applied?"

11 MR. RODIER: But I would just add that  
12 we have a lot people here who recall what was said at that  
13 session. Those technical sessions, as the Commission has  
14 said even recently, are discovery, and the information  
15 provided must be accurate. So -- and, Mr. Fossum was  
16 there. So, --

17 CHAIRMAN IGNATIUS: If you want to  
18 question PSNH's witness on that issue when they're on the  
19 stand, we'll --

20 MR. RODIER: Okay. Thank you very much.

21 CHAIRMAN IGNATIUS: -- we'll see if it's  
22 appropriate.

23 MR. RODIER: Yes. Okay.

24 CHAIRMAN IGNATIUS: Mr. Patch.

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[WITNESS PANEL: Fromuth~Allegretti~Tschamler~Dean]

1 MR. PATCH: I have one question.

2 BY MR. PATCH:

3 Q. Mr. Allegretti, I think you recall that Mr. Fossum  
4 asked a question about "single-issue ratemaking". And,  
5 do you have anything you'd like to add on that  
6 particular issue?

7 A. (Allegretti) Just that my opinion on the question is  
8 that I agree with what the Commission said in their  
9 order that was issued in this docket on March 5th.  
10 They indicated the view that the "prohibition on  
11 single-issue ratemaking does not serve to cut off all  
12 Commission inquiry into the existing rate", and that  
13 "the Commission may investigate any rate for  
14 reasonableness at any time on its own motion or on  
15 petition of a utility or other party."

16 CHAIRMAN IGNATIUS: Excuse me,  
17 Mr. Munnelly, any further questions, redirect?

18 MR. MUNNELLY: I don't believe I have  
19 any at this time.

20 CHAIRMAN IGNATIUS: Mr. Aslin?

21 MR. ASLIN: Yes, Chairman. Just one or  
22 two quick questions.

23 BY MR. ASLIN:

24 Q. Mr. Dean, Attorney Fossum had asked you some questions

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[WITNESS PANEL: Fromuth~Allegretti~Tschamler~Dean]

1 about how the competitive suppliers are paying for the  
2 cost of billing and collections, and he had discussed  
3 whether you would be willing to pay those costs if  
4 there was a reassessment of what the charges should be,  
5 updating from 1999 or 1998. And, I wanted to ask you  
6 if you could clarify your answer as to whether you were  
7 saying that -- well, what type of updated charges would  
8 you think would be acceptable to pay?

9 A. (Dean) Incremental, any incremental costs.

10 Q. So, you're saying "incremental costs", not just  
11 updating postage and other factors that were used in  
12 the original calculation?

13 A. (Dean) Well, the original -- the original calculation  
14 includes all of those things. And, I guess, to use an  
15 analogy, you got -- you use the ATM analogy and you use  
16 the bank -- and the UPS analogy. I'm saying the UPS  
17 truck is already going to the home. It's not going  
18 farther down the street. And, I'm saying we all have a  
19 bank account at the bank, there's nothing more. So,  
20 anything more than that being charged just shouldn't be  
21 done.

22 Q. And, there were also some questions about the manner in  
23 which collection activities are conducted by PSNH.

24 And, I wanted to clarify whether you have any direct

[WITNESS PANEL: Fromuth~Allegretti~Tschamler~Dean]

1 knowledge of the specific collection activities that  
2 PSNH conducts for any customer?

3 A. (Dean) I do not. I'm not privy to the specific  
4 mechanics of it.

5 Q. And, do you recall Mr. Tschamler made some points about  
6 the disparity in the power or the effect of the  
7 collection activities favoring PSNH? Do you agree with  
8 those comments?

9 A. (Dean) Yes.

10 Q. And, that was with regard to the payment hierarchy and  
11 the ability to disconnect?

12 A. (Dean) Correct. To the extent that they use -- they  
13 make an effort to collect the entire balance, and the  
14 payment hierarchy allows them to post that payment  
15 completely to the delivery charge, that places the  
16 delivery company at an advantage to suppliers.

17 MR. ASLIN: Thank you. I have no  
18 further redirect.

19 CHAIRMAN IGNATIUS: All right. Thank  
20 you. The witnesses are excused. Thank you very much for  
21 your testimony. We'll take a break now, and resume at --  
22 we'll say 2:15. Thank you.

23 (Recess taken at 12:47 p.m. and the  
24 hearing resumed at 2:15 p.m.)

[WITNESS PANEL: Goodwin~Tebbetts]

1 CHAIRMAN IGNATIUS: We're back on the  
2 record at 2:15. Thank you, everyone, for being prompt.  
3 And, we were able to attend to another matter, so that was  
4 good timing.

5 So, I think we're now ready for the PSNH  
6 witnesses, which you've already been seated, that's a good  
7 thing. Anything to take up before swearing the witnesses?

8 (No verbal response)

9 CHAIRMAN IGNATIUS: Seeing nothing,  
10 Mr. Patnaude, then will you swear the witnesses.

11 (Whereupon **Charles R. Goodwin** and  
12 **Heather M. Tebbetts** were duly sworn by  
13 the Court Reporter.)

14 CHAIRMAN IGNATIUS: Mr. Fossum.

15 MR. FOSSUM: Thank you. Good afternoon.

16 **CHARLES R. GOODWIN, SWORN**

17 **HEATHER M. TEBBETTS, SWORN**

18 **DIRECT EXAMINATION**

19 BY MR. FOSSUM:

20 Q. I'll start with Mr. Goodwin. Could you state your name  
21 and position and your responsibilities for the record  
22 please.

23 A. (Goodwin) Yes. My name is Charles R. Goodwin. And,  
24 I'm the Director of Rates and Forecasting for Northeast

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Utilities. And, among my responsibilities is to  
2 oversee the rate design and cost of service activities  
3 for PSNH.

4 Q. Thank you. And, Ms. Tebbetts, could you also state  
5 your name and title and responsibilities please.

6 A. (Tebbetts) Yes. My name is Heather M. Tebbetts. And,  
7 I work at Public Service Company of New Hampshire. I'm  
8 a Senior Analyst in our New Hampshire Revenue  
9 Requirements Department. And, my primary  
10 responsibility is docket management.

11 Q. And, Mr. Goodwin, have you testified previously before  
12 this Commission?

13 A. (Goodwin) Yes.

14 Q. And, Ms. Tebbetts, have you?

15 A. (Tebbetts) No.

16 Q. Thank you. Now, don't know that I've ever had to do it  
17 quite this way, but, back on July 24th of this year,  
18 did you, Mr. Goodwin, submit testimony, prefiled  
19 testimony of yourself and Stephen Hall in this matter?

20 A. (Goodwin) Yes, I did.

21 Q. Now, Ms. Tebbetts, are you today going to be adopting  
22 the testimony of Mr. Hall?

23 A. (Tebbetts) Yes.

24 Q. Okay. With that in mind, do you have any changes --

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[WITNESS PANEL: Goodwin~Tebbetts]

1 or, do either of you have any changes or updates to the  
2 testimony that was previously provided?

3 A. (Goodwin) No.

4 A. (Tebbetts) No.

5 Q. And, if you were asked the same questions in that  
6 testimony today, would your answers be the same?

7 A. (Goodwin) Yes.

8 A. (Tebbetts) Yes.

9 MR. FOSSUM: And, with that, I would  
10 offer the testimony of July 24th of Stephen Hall and  
11 Charles Goodwin, now Ms. Tebbetts, as Exhibit, I believe,  
12 5 for identification.

13 CHAIRMAN IGNATIUS: So marked for  
14 identification. Thank you.

15 (The document, as described, was  
16 herewith marked as **Exhibit 5** for  
17 identification.)

18 MR. FOSSUM: The witnesses are prepared  
19 to offer a summary of the direct testimony, if the  
20 Commissioners or other parties wish to hear it. If not,  
21 then, we can proceed directly to cross-examination.

22 CHAIRMAN IGNATIUS: We've read the  
23 testimony. I don't think we need a summary. Although we  
24 gave that opportunity to others, so, if you'd like it, go

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1 ahead. If not, then, we can move directly to questioning.

2 MR. FOSSUM: No. Then, with that, I  
3 think we're fine to move directly to cross-examination.

4 CHAIRMAN IGNATIUS: All right. Thank  
5 you. Then, I don't know if the parties have a preferred  
6 order of cross-examination? Mr. Patch, you're nodding  
7 "yes"?

8 MR. PATCH: Yes. I mean, we had decided  
9 that Mr. Rodier would go first, I'd go second,  
10 Mr. Munnelly, and then Mr. Aslin.

11 CHAIRMAN IGNATIUS: All right. The same  
12 as this morning. Then, why don't you begin, Mr. Rodier.

13 MR. RODIER: Thank you.

14 **CROSS-EXAMINATION**

15 BY MR. RODIER:

16 Q. Mr. Hall -- "Mr. Hall", force of habit. You said  
17 you're "Director of Rates", I thought you were  
18 "Director of Pricing Strategy"?

19 A. (Goodwin) With the merger with NSTAR, of Northeast  
20 Utilities into a different, larger Northeast Utilities,  
21 I have slightly different responsibilities now.

22 Q. Oh. Okay.

23 A. (Goodwin) So, I am responsible for rates and revenue  
24 and load forecasting for all of the operating

1 companies.

2 Q. So, "rates" is a broader term than "pricing strategy",  
3 I guess?

4 A. (Goodwin) Different -- "pricing strategy" is a fancier  
5 term for rates.

6 Q. Well, "pricing strategy" implies there's a strategy.

7 A. (Goodwin) And, what I'm telling you is that it was a  
8 fancier term for "rates".

9 Q. Oh, okay. All right. In substance, it was rates?

10 A. (Goodwin) It was rates.

11 Q. As we have known rates or utility rates, okay.

12 A. (Goodwin) Correct.

13 Q. All right. Good. Okay. And, you report to who --  
14 whom?

15 A. (Goodwin) Christine Vaughan, who's the Vice President  
16 of Rates and Regulatory -- Rates and Revenue  
17 Requirements for Northeast Utilities.

18 Q. And, where is Lisa Thibdaue these days?

19 A. (Goodwin) Retired, in Michigan.

20 Q. Okay. And, does Heather report to you?

21 A. (Goodwin) No. Heather reports to Mr. Chung, who is the  
22 Director of Revenue Requirements.

23 Q. And, where is - is it -- how do you pronounce it?

24 Would you spell it please.

1 A. (Goodwin) C-h-u-n-g.

2 Q. Okay. And, Mr. Chung, is his office in Connecticut?

3 A. (Goodwin) His office is in Massachusetts.

4 Q. In Westwood?

5 A. (Goodwin) Yes.

6 Q. Okay. And, --

7 A. (Goodwin) His reporting base, although I will tell  
8 you --

9 (Court reporter interruption.)

10 **BY THE WITNESS:**

11 A. (Goodwin) His reporting base is Massachusetts. I'll  
12 tell you that I see him more when I'm in New Hampshire,  
13 because he tends to spend quite a bit of time in New  
14 Hampshire as well, at Energy Park.

15 BY MR. RODIER:

16 Q. And, that leads me to my next question. Who's left in  
17 New Hampshire on the rate end of the business?

18 A. (Goodwin) I have two people that report directly to me,  
19 Lois Jones and Janet Kelleher. If you're familiar with  
20 Mr. Hall's old organization, the functions are still  
21 there, in New Hampshire.

22 Q. Okay.

23 A. (Goodwin) Rather than reporting singularly up to Mr.  
24 Hall, they report to different areas, but still under

1 the same vice president, who's my boss.

2 Q. And, where are the cost of service studies done?

3 A. (Goodwin) That would be under my responsibility. We no  
4 longer have a full-blown Cost of Service Department  
5 within my organization. That was scaled back. We do  
6 have some cost of service skills, but certainly not to  
7 the breadth that we had had previously.

8 Q. Why is that?

9 A. (Goodwin) I think it was a business decision that was  
10 made. Cost of service is really more used primarily in  
11 rate cases. So, I think, rather than staffing  
12 full-time cost of service, it was viewed as a business  
13 decision --

14 Q. Okay.

15 A. (Goodwin) -- to rather seek cost of service assistance  
16 when we need it.

17 Q. All right. So, there has been a lot of attrition at  
18 NU, and also at PSNH, it appears, correct? As a result  
19 of the merger or at least --

20 A. (Goodwin) Well, that's fair to say. We've got a fair  
21 amount of attrition.

22 Q. Well, you know, what I think I want to ask you here,  
23 I'm reading a lot about all the layoffs in the IT  
24 Department at NU.

[WITNESS PANEL: Goodwin~Tebbetts]

1 A. (Goodwin) In the what department? I'm sorry.

2 Q. IT.

3 A. (Goodwin) IT, okay.

4 Q. IT. It's going to be done in China now, I guess. I'm  
5 just wondering, is that going to affect any of this  
6 billing? Are the bills going to come from China now?

7 A. (Goodwin) I have absolutely no idea.

8 Q. Okay.

9 A. (Goodwin) I'm not the least bit involved in that part  
10 of the business.

11 Q. Ms. Tebbetts, I don't recognize your name. Now, did  
12 you -- were you formerly here under a different name?

13 A. (Tebbetts) Yes. I have recently been married, and it  
14 was Arvinitis.

15 Q. Okay. All right. So, you're one in the same, you're  
16 Heather Arvinitis.

17 A. (Tebbetts) One in the same.

18 Q. It's a big name in Manchester, particularly in sports.  
19 Am I right? Do I recall that correctly?

20 A. (Tebbetts) You recall it correctly, Mr. Rodier.

21 Q. Yes. Okay. So, Ms. Tebbetts, just before the break,  
22 we were talking about the Selection Charge. And, do  
23 you recall that various exchanges, too, don't you?

24 A. (Tebbetts) Yes.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. You were in the room. And, earlier than that, Mr.  
2 Fromuth described how the Selection Charge worked.  
3 And, I want you to -- can you just tell me what you  
4 understood Mr. Fromuth said?

5 A. (Tebbetts) I understand Mr. Fromuth explained about  
6 how --

7 MR. FOSSUM: Could I ask, before she  
8 does that, what the purpose of having one witness  
9 summarize another witness's testimony is?

10 CHAIRMAN IGNATIUS: I agree, Mr. Rodier.

11 MR. RODIER: Okay. All right. That's a  
12 fair point.

13 BY MR. RODIER:

14 Q. So, how does the -- picking up on a example that was  
15 being used, --

16 A. (Tebbetts) Could you be more specific about that  
17 example please.

18 Q. Yes, I'm gonna. I just getting to it.

19 A. (Tebbetts) Thank you.

20 Q. This was the case where PNE had a customer, the  
21 customer, for whatever reason, signed up with NAPG.

22 And, Mr. Fromuth was describing one of -- in this  
23 instance, which is it's admittedly kind of a

24 hypothetical, but we have people here, madam Chairman,

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[WITNESS PANEL: Goodwin~Tebbetts]

1 who would testify this actually happened, okay? But I  
2 think that I recall that Mr. Fromuth said, and I want  
3 to ask if you agree with what he said, that the new  
4 supplier, NAPG, gets billed \$5.00, and the supplier  
5 that was left behind, that the customer left, also gets  
6 billed the \$5.00 Selection Charge. Do you recall that?

7 A. (Tebbetts) Yes.

8 Q. Okay. And, is that a correct characterization?

9 A. (Tebbetts) Yes. The supplier who has received the  
10 enrollment gets charged \$5.00, and the supplier who has  
11 been dropped also receives a \$5.00 charge.

12 Q. So, on that one transaction, you collect \$10.00?

13 A. (Tebbetts) In that instance, yes.

14 Q. Okay. And, the other instance that we talked about,  
15 there was, and Mr. Harrington asked the question, what  
16 happens when a supplier, for example, is with PNE, and  
17 they don't pay PNE's bill, PNE drops them, they go back  
18 to default service, correct?

19 A. (Tebbetts) That may be true.

20 Q. What's the -- in your mind here when you're qualifying  
21 that answer? Is it true or --

22 A. (Tebbetts) Well, we may have received an enrollment  
23 that PNE is unaware of.

24 Q. Oh. Okay. So, let's assume, okay, there is -- that

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[WITNESS PANEL: Goodwin~Tebbetts]

1       it's just they didn't pay the bill, PNE drops them,  
2       even though you did not receive an enrollment from  
3       another supplier, okay?

4   A.   (Tebbetts) Okay.

5   Q.   Now, in that instance, PNE gets billed the \$5.00.

6   A.   (Tebbetts) Yes.   That's correct.

7   Q.   So, you collect the \$5.00 on that one, on that set of  
8       circumstances?

9   A.   (Tebbetts) Yes.   That's correct.

10   Q.   You collect 10, if there is a new supplier in the  
11       picture, correct?

12   A.   (Tebbetts) Yes.   That's correct.

13   Q.   Now, here's what I want to ask you.   What's the basis  
14       for levying the selection charge to both the new and  
15       the old supplier, in that first example that we gave?

16   A.   (Tebbetts) Okay.   Well, I'd like to quote PSNH's  
17       tariff.

18   Q.   Okay.   So, what -- well, let me interrupt you, --

19   A.   (Tebbetts) Okay.

20   Q.   -- because I have copies of it here.

21               MR. RODIER:   I think I'll have it marked  
22       for evidence, if that's okay?

23               CHAIRMAN IGNATIUS:   If you'd like,  
24       that's fine.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 MR. RODIER: Okay. I would.

2 (Atty. Rodier distributing documents.)

3 MR. RODIER: Three for the

4 Commissioners. And, I have a few extras. I need one for  
5 myself. So, --

6 CHAIRMAN IGNATIUS: Mr. Rodier, you're  
7 seeking to have this marked for identification?

8 MR. RODIER: Yes, let's identify this.

9 CHAIRMAN IGNATIUS: It will be  
10 "Exhibit 6".

11 (The document, as described, was  
12 herewith marked as **Exhibit 6** for  
13 identification.)

14 MR. RODIER: Okay. I'm sorry. Did you  
15 say you have a copy of this?

16 WITNESS TEBBETTS: Yes. I have a copy  
17 of the tariff.

18 MR. RODIER: Can I approach the witness  
19 and ask her if she's got the same thing that we're going  
20 to mark as "Exhibit 6"?

21 WITNESS TEBBETTS: I can use yours, Mr.  
22 Rodier.

23 MR. RODIER: Then, I don't have one.  
24 So, --

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[WITNESS PANEL: Goodwin~Tebbetts]

1 MS. HOLLENBERG: You can take this, if  
2 you'd like.

3 MR. RODIER: Even marked it as "Exhibit  
4 6", okay.

5 WITNESS TEBBETTS: Thank you.

6 MR. RODIER: Exhibit 6. Thank you,  
7 Rorie.

8 BY MR. RODIER:

9 Q. Is this -- this is Exhibit 6. And, what I'm giving you  
10 is a section of PSNH's tariff, it consists of Original  
11 Page 31 through Page 38, inclusive, and it's entitled  
12 "Terms and Conditions for Energy Service Providers".  
13 And, did I read that correctly? Did I identify it  
14 correctly?

15 A. (Tebbetts) Yes.

16 Q. Okay. And, of course, if we look on Page Original 32,  
17 says "Section 2. Schedule of" -- Services and Schedule  
18 of Charges". And, this ties into a lot of the  
19 questioning this morning. Why don't we start out, and  
20 you can read Section (a), "Customer Change of  
21 Supplier". Let me just ask you. This has to do with  
22 the Selection Charge, when it's imposed, is that  
23 correct?

24 A. (Tebbetts) Yes.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. Okay. So, why don't you just read it.

2 CHAIRMAN IGNATIUS: Well, can I ask,  
3 just for the sake of our court reporter? We all have it  
4 now.

5 MR. RODIER: Okay.

6 CHAIRMAN IGNATIUS: We can all read it.  
7 So, do you have a question specifically about that  
8 paragraph?

9 MR. RODIER: I do. I do. Okay.

10 CHAIRMAN IGNATIUS: Thank you.

11 MR. RODIER: Good. Yes. I'm happy to  
12 skip that step.

13 BY MR. RODIER:

14 Q. How do you interpret this section? I'm looking for  
15 authority for PSNH to assess the charge twice, that's  
16 what I'm doing. Okay? So, I'm asking you, can you  
17 explain to us where your authorization is in this  
18 paragraph to assess the charge to the new supplier and  
19 the old supplier?

20 A. (Tebbetts) Yes.

21 Q. Okay. Go ahead.

22 A. (Tebbetts) As you read under Section (a), it states  
23 that "The Company will be entitled to make a Selection  
24 Charge for any changes initiated by a Customer,

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Supplier, or an authorized agent to a different  
2 Supplier or to Default Service or Self-Supply service."  
3 So, in that statement right there is where I read that  
4 we are able to collect the \$5.00 charge on the drop and  
5 the enrollment.

6 Q. Is that exclusively your reasoning, your basis for  
7 charging this \$5.00 twice?

8 A. (Tebbetts) Yes.

9 Q. Okay. Would you read the second sentence.

10 A. (Tebbetts) "For customers who are currently taking  
11 Supplier Service, Default Service or Self-Supply  
12 Service, the Selection Charge will be assessed to the  
13 new Supplier at the time the Company receives an  
14 enrollment transaction from the new Supplier."

15 Q. Okay. So, if I paraphrase this, this second sentence  
16 says "if you receive an enrollment from a new Supplier,  
17 you assess the \$5.00 charge to the new Supplier." Is  
18 that, I'm just focusing on the second section, is that  
19 correct?

20 A. (Tebbetts) Yes.

21 Q. And, the third section, would you just read that quick.

22 A. (Tebbetts) "For Suppliers [Customers?] who are taking"  
23 -- currently taking Supplier Service, the Selection  
24 Charge will be assessed to the existing Supplier at the

1           time the Company receives a drop transaction from the  
2           existing Supplier."

3   Q.    Okay.  So, in our example, we're saying, if PNE is the  
4           existing supplier, and the customer doesn't pay their  
5           bill, they get dropped, and you assess a Selection  
6           Charge to PNE?

7   A.    (Tebbetts) Yes.

8   Q.    Because it submitted a drop transaction.  So, what you  
9           -- so, what I'm trying to get at here is you are not  
10          relying on the second sentence or the third sentence,  
11          you're relying on the first sentence?

12  A.    (Tebbetts) The first sentence is the overall concept of  
13          the Supplier Selection Charge.  The rest of the  
14          sentences are more specific, to explain different  
15          instances, but it is not all-encompassing.  The first  
16          sentence is all-encompassing of how we charge.

17  Q.    Okay.  Now, so, -- okay.  Let me ask you a question  
18          about the first sentence.  When NAPG is a new supplier,  
19          submits an enrollment to PSNH, that involves a customer  
20          currently being served by PNE, who is the initiating  
21          supplier -- who initiates that transaction?

22  A.    (Tebbetts) In your example, you're asking me, if North  
23          American Power sends an enrollment, is that correct?

24  Q.    That's correct.

[WITNESS PANEL: Goodwin~Tebbetts]

1 A. (Tebbetts) And, who is -- I'm sorry, and who pays the  
2 fee for the enrollment? Is that what you're asking?

3 Q. Yes. Well, you know what, let me clarify here. Sorry  
4 to jump around. It says you can make the charge "for  
5 any changes initiated", does it not?

6 A. (Tebbetts) Yes, it does.

7 Q. So, I'm asking you, under the example we're using, it's  
8 NAPG that initiates the transaction, the enrollment, is  
9 it not? The change, is that correct?

10 A. (Tebbetts) Yes.

11 Q. Okay. And, PNE doesn't initiate any of it.

12 A. (Tebbetts) In that example, it does not.

13 MR. RODIER: Okay. I just need a very  
14 brief moment, because I think I'm through at this point.  
15 I just have to --

16 CHAIRMAN IGNATIUS: All right.

17 BY MR. RODIER:

18 Q. The only thing that's left then, is I asked Mr.  
19 Tschamler, just before the break, whether or not what  
20 Mr. Fromuth had said in his testimony was what Mr.  
21 Tschamler heard you say at the technical session. Do  
22 you recall that?

23 A. (Tebbetts) Actually, --

24 MR. FOSSUM: Again, before -- now he's

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[WITNESS PANEL: Goodwin~Tebbetts]

1 saying that he's asked one witness to summarize another  
2 witness's testimony about what was said to the other  
3 witness at some point in the past?

4 MR. RODIER: Okay. Let me --

5 MR. FOSSUM: I have a hard time seeing  
6 how that matters right now or how that's a direct question  
7 for anybody on the panel to address?

8 MR. RODIER: Let me rephrase this then.

9 CHAIRMAN IGNATIUS: Thank you.

10 MR. RODIER: Let me tell you where I'm  
11 coming from. A number of us think we heard something  
12 different at the technical session, which is discovery.  
13 And, that's all I'm trying to get at here.

14 CHAIRMAN IGNATIUS: Okay. But why not  
15 then ask the Company what their policy is. Isn't that  
16 what you really care about? What is their policy? How do  
17 they apply this rule?

18 MR. RODIER: We know. I just went  
19 through that. I'm satisfied with that. Now, I would just  
20 want to know, without belaboring the point, during  
21 discovery, what was said, because we got sent down a blind  
22 alley on that. We think we heard something different on  
23 how it works. I think, if -- look, we're not here to  
24 belabor this or encumber the proceeding, if you --

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[WITNESS PANEL: Goodwin~Tebbetts]

1 (Court reporter interruption.)

2 MR. RODIER: Encumber. Okay. I don't  
3 want to make a big deal out of this. I just want to find  
4 out what was -- we heard, and some of the other suppliers  
5 certainly, heard something very different.

6 CHAIRMAN IGNATIUS: But help me  
7 understand how, because I just don't know what you heard,  
8 how that has -- has that disadvantaged you in some way.  
9 There are a lot of things we might be interested in what  
10 each of us heard and understood a month ago. But, if the  
11 point is how -- what difference does that make today? If  
12 the evidence is what you're hearing now, do you have a  
13 reason to doubt what she's saying?

14 MR. RODIER: Yes. We think --

15 CHAIRMAN IGNATIUS: Or have you been  
16 disadvantaged somehow?

17 MR. RODIER: Well, we think what we  
18 heard at the technical session is not consistent with her  
19 testimony right now.

20 CHAIRMAN IGNATIUS: All right. Let's  
21 assume that it's not consistent. Tell me why that makes a  
22 difference. We're here today, this is the evidence.

23 MR. RODIER: Okay.

24 CHAIRMAN IGNATIUS: If you want to

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[WITNESS PANEL: Goodwin~Tebbetts]

1       impeach her with what you heard from the technical  
2       session, is that your point? Or, are you -- I just, I'm  
3       lost on what the meaning is.

4                   MR. RODIER: No. Just, if the Company  
5       will just say "we said something different at the  
6       technical session", I will happily drop this whole thing.

7                   CHAIRMAN IGNATIUS: But help me  
8       understand why it makes a difference? How does it, if  
9       someone misspoke or misunderstood, does it make a  
10      difference? I just don't -- I'm not challenging you on  
11      it.

12                   MR. RODIER: Yeah, I know.

13                   CHAIRMAN IGNATIUS: I'm completely lost  
14      on why it's important, --

15                   MR. RODIER: Okay.

16                   CHAIRMAN IGNATIUS: -- and why we're  
17      spending time on it. So, help me understand why it's  
18      important.

19                   MR. RODIER: I'm going to agree with  
20      you. And, I'm not going to pursue this. There is no  
21      really strong answer to what you're saying. Other than we  
22      -- what we heard at the technical session is consistent  
23      with what we view the tariff says, and the way the tariff  
24      should be implemented. That's all. And, we think they

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[WITNESS PANEL: Goodwin~Tebbetts]

1 changed their story. So, that's all I'm trying to get at  
2 here. There's a lot of money involved in this, for  
3 getting bills on a lot of transactions that we did not  
4 initiate.

5 CHAIRMAN IGNATIUS: I understand that.

6 MR. RODIER: So, madam Chairman, having  
7 said that, I'm going to --

8 CHAIRMAN IGNATIUS: Maybe I'm now --

9 MR. RODIER: No, you're not. You're  
10 not.

11 CHAIRMAN IGNATIUS: But I'm -- I'm lost,  
12 because I thought your witnesses were testifying that they  
13 had been charged both sides of the transaction.

14 MR. RODIER: They did.

15 CHAIRMAN IGNATIUS: And, that's exactly  
16 what the witness just said is what happens. So, --

17 MR. RODIER: But, at the technical  
18 session, we believe, at the technical session, that that's  
19 not what they said. We believe they gave the correct  
20 interpretation of this paragraph at the technical session.  
21 There's a dispute here over whether they are violating  
22 their tariff.

23 MR. FOSSUM: Madam Chairman, I don't  
24 know that violation of the tariff was ever an issue here.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 This is a proceeding about the justness and reasonableness  
2 of the rates. There is -- this is the first time that any  
3 "violation" of the tariff has been raised at all.

4 MR. RODIER: Well, okay. That's very  
5 true.

6 CHAIRMAN IGNATIUS: Well, I think, as  
7 we're going through this, trying to understand how the  
8 tariff has been applied, I think is a fair question.  
9 And, --

10 MR. FOSSUM: To that extent, our  
11 witnesses are fine with explaining how it is that PSNH  
12 applies its tariff, if that is the question that's being  
13 asked.

14 CHAIRMAN IGNATIUS: I think that is. Is  
15 there anything further on that, Mr. Rodier? On how the  
16 tariff has been applied?

17 MR. RODIER: No. Just that, at this  
18 point, you know, at some point, somewhere, somehow, we  
19 will contend that that's unlawful. That it's not -- and,  
20 for the reasons I think that we just demonstrated, okay?  
21 Having said that, let me just look at my notes real quick  
22 here. And, I'm all set. Thank you.

23 CHAIRMAN IGNATIUS: Thank you.

24 MR. RODIER: Thanks for your guidance,

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1 by the way.

2 CHAIRMAN IGNATIUS: Mr. Patch.

3 MR. PATCH: Thank you. I have some  
4 questions for the panel. And, unless I indicate  
5 otherwise, it doesn't matter to me who answers the  
6 questions. Whoever you feel best should answer.

7 BY MR. PATCH:

8 Q. On Page 9 of the testimony, Lines 12 to 15.

9 A. (Goodwin) Okay.

10 Q. You indicate that "PSNH provided cost justification for  
11 the billing and collection services charges [in] the  
12 restructuring docket." And, said that, "While the  
13 costs may have changed in the interim, the analysis is  
14 fundamentally sound." Did I read that correctly?

15 A. (Goodwin) That's what the testimony says, yes.

16 Q. And, I think you're familiar with what has been  
17 attached to Mr. Allegretti's testimony, what PSNH filed  
18 in 1999, is it "Attachment A" or "Exhibit A" to  
19 Mr. Allegretti's testimony, is that correct?

20 A. (Goodwin) I've looked at it, yes.

21 Q. And, as indicated, those were the charges that were  
22 originally submitted to the Commission in 1999, that's  
23 the docket that was -- that's the document that was  
24 submitted to the Commission as part of the Settlement

1 in the restructuring, is that correct?

2 A. (Goodwin) Yes.

3 Q. With regard to the charges that are the subject of this  
4 docket. And, when that was submitted, and I'm looking  
5 at "GAL/SRH-8", in the upper right-hand corner, Page 1  
6 of 5.

7 A. (Goodwin) Okay.

8 Q. And, then, I'm looking at Paragraph (a). And, that's  
9 basically where it says that "The Company did not  
10 prepare a cost analysis of the administrative costs but  
11 rather adopted the amount used by Granite State  
12 Electric Company for the same transaction." Correct?

13 A. (Goodwin) Yes.

14 Q. And, it goes on to say that PSNH said -- well, it goes  
15 on to say that "Given the uncertainty of the magnitude  
16 of administrative costs, and the number of transactions  
17 that will occur...the \$5.00 fee appears reasonable for  
18 now and PSNH will revisit the fee in the future when  
19 actual costs are better known." Did I say that  
20 correctly?

21 A. (Goodwin) You read well, yes.

22 Q. Thank you. And, the reality is, PSNH has never  
23 revisited those costs, in any formal sense at all, has  
24 it?

[WITNESS PANEL: Goodwin~Tebbetts]

1 A. (Goodwin) You're correct about that.

2 Q. And, there's a response to a data request that I guess  
3 I would like to show you. But fair to say that PSNH  
4 has not tracked the cost or the expense related to  
5 these particular charges? And, I'm looking at ENH, and  
6 it's ENH 1-8. Is that a fair statement, do you think?  
7 I'll show you a copy, if you don't have one.

8 A. (Goodwin) PSNH 8?

9 (Atty. Patch distributing documents.)

10 BY MR. PATCH:

11 Q. ENH 1-8, PSNH's response to ENH's Data Request 1-8.

12 A. (Goodwin) I guess the only difference, if you could  
13 show me again a copy of what you're handing out,  
14 because it's not the same version that I have in my  
15 book.

16 Q. Sure. Okay.

17 A. (Goodwin) And, therein might lie the answer to your  
18 curiosity.

19 Q. Okay. And, as I read this, it says: "PSNH objects to  
20 this question as requiring a special study or  
21 analysis." And, "PSNH has not tracked the cost/expense  
22 information sought by the question." Did I read that  
23 correctly?

24 A. (Goodwin) Well, and then let me just point out, and I

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[WITNESS PANEL: Goodwin~Tebbetts]

1 don't know how this happened administratively, I have a  
2 different version of our internal tracking record.  
3 And, to my understanding, is intended to be what was  
4 filed in discovery. And, I have a second paragraph to  
5 that. Which reads: "Examples of such costs that may  
6 have increased since the test year in PSNH's last rate  
7 case include, but are not limited to, labor costs,  
8 regulatory assessment, equipment and supplies, vehicle  
9 expense, fuel and all other expenses subject to normal  
10 inflationary pressures [measures?]."

11 So, I don't know how that got missed  
12 from your versions -- or, your version. I don't know  
13 what other people have on their versions.

14 Q. Well, I'll accept that that is in a later version of  
15 it. But it didn't change the first paragraph that I --  
16 you know, the sentences that I read to you, correct? I  
17 mean, my question to you --

18 A. (Goodwin) Okay.

19 Q. -- was whether or not PSNH has tracked the cost and  
20 expense information sought by the question. And,  
21 whether it's in the version I showed you or a later  
22 version that adds to it, it's the same response, is it  
23 not?

24 A. (Goodwin) That piece is the same, yes.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 MR. PATCH: Yes. Okay. I'd like to  
2 have this marked for identification. And, if PSNH would  
3 prefer, I don't have extra copies now, but we could  
4 substitute the subsequent or supplemental response to  
5 that, you know, that would be fine.

6 CHAIRMAN IGNATIUS: All right.

7 MR. PATCH: But it's the response to ENH  
8 1-8. And, I think the next exhibit would be Exhibit 6?

9 MS. AMIDON: Seven.

10 CHAIRMAN IGNATIUS: It would be 7.

11 MR. PATCH: Seven.

12 CHAIRMAN IGNATIUS: The tariff was 6. I  
13 think the idea of getting the one with the full answer is  
14 probably preferable. If, during a break, someone who's  
15 got a clean copy of that can make a copy. But we'll mark  
16 it as "7" for identification.

17 (The document, as described, was  
18 herewith marked as **Exhibit 7** for  
19 identification.)

20 MR. PATCH: Okay. Thank you.

21 BY MR. PATCH:

22 Q. So, at least in terms of the \$5.00 charge, PSNH has  
23 never really done any analysis, it's just adopted the  
24 fee that Granite State had in its tariff, correct?

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1 A. (Goodwin) That's fair. Yes.

2 Q. So, when you said in your testimony that "the analysis  
3 is fundamentally sound", how can there be an  
4 "analysis"? I mean, there was never an analysis done  
5 of this particular charge. I mean, that's what it said  
6 in the original submission. So, how can the analysis  
7 be sound, if it was never done?

8 A. (Goodwin) You cited me in the testimony to Page 9,  
9 Lines 12 and thereabouts. And, what that testimony  
10 says is that "PSNH provided cost justification for the  
11 billing and collection services charges." If you were  
12 to look at that same 1998 or so testimony that you were  
13 referring to, you would see two distinct exhibits later  
14 on beyond that Page 1 that show explicitly the  
15 development, on a cost basis, for billing and service  
16 -- billing and collection charges. I don't see  
17 anything in our testimony that suggests that we  
18 developed cost justification for the Selection Charge.

19 Q. Okay. So, there's no sound analysis that was done for  
20 the \$5.00 charge then?

21 A. (Goodwin) We acknowledged in our testimony that the  
22 basis for the \$5.00 charge was the original rate  
23 developed at the beginning of restructuring in the 1998  
24 or so timeframe.

[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. And, you heard this morning, and I think it's also in  
2 Mr. Dean's testimony, at Page 5, that Granite State  
3 now, in fact, doesn't even charge this fee, is that  
4 correct?

5 A. (Goodwin) I did hear that. That's fairly troubling to  
6 hear. But I did hear that.

7 Q. Now, since 1999, PSNH has been before the Commission in  
8 three different rate cases, in 2003, 2006, and 2009, is  
9 that correct?

10 A. (Goodwin) That sounds right.

11 Q. There was a response to a data request from ENH in  
12 which you basically indicated that.

13 MR. PATCH: And, I guess, just for the  
14 record, I would like to have that -- I'd like to have that  
15 marked. And, that's a response to ENH 1-10.

16 **BY THE WITNESS:**

17 A. (Goodwin) That sounds reasonable. Although, I can just  
18 accept the fact that that's what we said in that  
19 response, that there were three rate cases since 1999.

20 BY MR. PATCH:

21 Q. And, as you said here, there have been three  
22 opportunities for parties to raise this issue during a  
23 rate case?

24 A. (Goodwin) Right.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 MR. PATCH: Well, I guess, before I  
2 proceed further, I'd like to have this marked. I guess it  
3 would be "Exhibit 8".

4 (Atty. Patch distributing documents.)

5 CHAIRMAN IGNATIUS: So marked.

6 (The document, as described, was  
7 herewith marked as **Exhibit 8** for  
8 identification.)

9 MR. PATCH: Thank you.

10 BY MR. PATCH:

11 Q. So, it sounds from this response as though you felt it  
12 wasn't your responsibility to raise it, somebody had to  
13 intervene and raise this issue, before you would come  
14 back and address, you know, any analysis of the  
15 associated costs. Is that fair to say?

16 A. (Goodwin) I think that's fair to say. Our position has  
17 been that, up until this point in time, to my  
18 awareness, there was never an issue raised by any  
19 suppliers or any other party, as to the merits or the  
20 values of those services. And, in the context of the  
21 rate cases that we were involved with, there were many,  
22 many issues undertaken in those cases. And, this one  
23 did not come to the forefront, because there seemed to  
24 be no individuals or parties taking issue with the fees

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[WITNESS PANEL: Goodwin~Tebbetts]

1 and charges that were in place.

2 Q. And, so, if I understand you correctly, you seem to be  
3 saying that it's not PSNH's burden to show that the  
4 fees are just and reasonable, it's up to somebody else  
5 to come in and raise that question. It's not your  
6 burden. Is that what you're saying?

7 A. (Goodwin) I think it would be our burden if it was  
8 raised in the context of a rate case, where we do  
9 general ratemaking.

10 Q. What about in this case?

11 A. (Goodwin) I don't believe it's our burden. My  
12 understanding is that the party that raises the issue  
13 is the party that has the burden. That's just my  
14 layman understanding of the law here in New Hampshire.

15 Q. And, so, what's the basis of that understanding? Do  
16 you have something you'd like to point to for that  
17 understanding?

18 A. (Goodwin) My counsel.

19 Q. Okay. So, if it were a rate case, you would have the  
20 burden. But, since -- and had parties raised it in a  
21 rate case, you would have the burden. But, in this  
22 particular proceeding, where parties have raised it,  
23 you don't have the burden. Did I understand that  
24 correctly?

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[WITNESS PANEL: Goodwin~Tebbetts]

1 A. (Goodwin) Yes. Or, if the Commission were to undertake  
2 an investigation on their own initiative, then, I would  
3 suggest we'd have the burden. Now, I'm speaking from a  
4 non-lawyer's/layman's understanding. But I could  
5 certainly see where the Commission would expect us to  
6 have a different burden, if they were opening a  
7 proceeding on their own.

8 Q. And, so, if the Commission were, as a result of this  
9 proceeding, to order you to provide some analysis of  
10 the costs or to prohibit you from charging this fee  
11 until you did provide some analysis, then, you'd accept  
12 that the Commission has that authority, correct?

13 A. (Goodwin) Well, subject to my counsel's view as to what  
14 our legal options would be, we certainly would abide by  
15 the Commission's orders. That's basically what we do  
16 or what we try to do.

17 Q. I want to show you the response to another data  
18 request. And, this one is one that was made by RESA.  
19 And, it's RESA 1-5.

20 (Atty. Patch distributing documents.)

21 MR. PATCH: Do you need a copy?

22 WITNESS GOODWIN: I have it. Thank you.

23 MR. PATCH: Thanks.

24 BY MR. PATCH:

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. And, the question in this data request was "For each  
2 year since 2008 through 2012, identify all expenses  
3 PSNH has incurred due to the switching of customers  
4 from default service to competitive suppliers." And,  
5 you had indicated in your response that you "don't  
6 record those costs or any other costs incurred by PSNH  
7 to provide supplier services." Is that fair to say?

8 A. (Goodwin) Well, that's what it says. I don't know if I  
9 can maybe help explain a little bit further, so you  
10 understand better what the context of our response is.

11 Q. Well, before you do that, --

12 A. (Goodwin) Okay.

13 Q. -- have you provided any supplement to this response or  
14 have I got the accurate response that you provided?

15 A. (Goodwin) Well, we have subsequently, I don't know  
16 remember if it's subsequent or not, but, in other  
17 discovery responses, we had identified some significant  
18 costs that the Company incurred to develop systems,  
19 processes. I think -- recall a cost estimate on the  
20 cost of EDI transactions. So, in the spirit of trying  
21 to be as cooperative and helpful as we could, we spent  
22 many, many hours dealing with many people inside of the  
23 Northeast Utilities organization to try to get our  
24 hands on as much data, cost data that we thought could

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[WITNESS PANEL: Goodwin~Tebbetts]

1 help in this proceeding. And, so, as such, I recall  
2 three or four other discovery questions in which we  
3 were able to either track down specific cost  
4 information around the development of some of those  
5 systems and processes, or else work with people who  
6 were more knowledgeable to develop reasonable estimates  
7 of the costs of developing some of those systems and  
8 processes.

9 Q. But you didn't change this response to the data  
10 request, did you?

11 A. (Goodwin) No, because the response to this data request  
12 is still accurate. You're asking in this data request  
13 "identify all expenses we've incurred due to the  
14 switching of customers from default service to  
15 competitive suppliers." I don't believe the other  
16 costs that we identified were explicitly and  
17 exclusively related to switching of customers from  
18 default to competitive suppliers.

19 Q. The number of transactions have gone up over the last  
20 few years. And, by "transactions", I mean transactions  
21 involving a switch to a supplier. Is that fair to say?

22 A. (Goodwin) That's my understanding, yes.

23 CHAIRMAN IGNATIUS: Mr. Patch, are you  
24 moving to a new area?

{DE 12-295} {10-03-13}

[WITNESS PANEL: Goodwin~Tebbetts]

1 MR. PATCH: Yes.

2 CHAIRMAN IGNATIUS: This one I don't  
3 think we ever marked. Did you want that data response  
4 marked?

5 MR. PATCH: I did.

6 CHAIRMAN IGNATIUS: Then, that would be  
7 "Exhibit 9" for identification.

8 (The document, as described, was  
9 herewith marked as **Exhibit 9** for  
10 identification.)

11 MR. PATCH: Okay. Thank you.

12 BY MR. PATCH:

13 Q. So, you answered "yes" to the question that  
14 transactions have gone up over the last years.

15 A. (Goodwin) I answered "That was my understanding, yes."

16 Q. Okay. And, I would like to show you responses to data  
17 requests ENH 1-1 and 1-2.

18 A. (Goodwin) I have those.

19 Q. You've got those?

20 A. (Goodwin) Yes. Thank you.

21 (Atty. Patch distributing documents.)

22 MR. PATCH: So, I guess 1-1 would be  
23 number "10", "Exhibit 10", and 1-2, "Exhibit 11".

24 CHAIRMAN IGNATIUS: And, I assume

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1 parties all have copies of these?

2 (No verbal response)

3 (The documents, as described, were  
4 herewith marked as **Exhibit 10** and  
5 **Exhibit 11**, respectively, for  
6 identification.)

7 BY MR. PATCH:

8 Q. And, in 1-1, you were asked by ENH --

9 CMSR. HARRINGTON: Sorry. I didn't  
10 catch what you said. One -- which one are you referring  
11 to?

12 MR. PATCH: I'm referring to 1-1.

13 CMSR. HARRINGTON: Which is now Exhibit  
14 10.

15 MR. PATCH: Exhibit 10, yes.

16 CMSR. HARRINGTON: Okay. Thank you.

17 BY MR. PATCH:

18 Q. To quantify -- you were asked in that to "quantify the  
19 decrease in distribution rates attributable to revenue  
20 credited from Supplier Service charges for each of the  
21 past five years", and then to provide "documentation of  
22 PSNH's inclusion of such revenues in its submissions to  
23 the Commission." And, in the response, you said "In  
24 the 2008 test year, you included \$16,653 to be credited

[WITNESS PANEL: Goodwin~Tebbetts]

1 to distribution rates annually." Is that correct?

2 A. (Goodwin) That's what it says, yes.

3 Q. And, then, in the response, you go on to say that "The  
4 amount of revenue received from such charges on an  
5 annual basis is on track to exceed \$1 million for  
6 2013." Correct?

7 A. (Goodwin) Again, that's what it says, yes.

8 Q. And, then, in the response to ENH 1-2, which we've  
9 marked as "Exhibit 11", I believe it is, "identify the  
10 amount of gross revenues recovered by PSNH from the  
11 Supplier Service Charges." "(See attached document)."  
12 And, that indicates that "as of" -- maybe you can  
13 answer this question. As of the end of July of 2013,  
14 the selection charge of \$5.00 had produced "\$524,800"?

15 A. (Tebbetts) Actually, that figure is through the end of  
16 June 2013.

17 Q. Okay. So, that's half a year, basically?

18 A. (Tebbetts) That's correct.

19 Q. And, obviously, that number is driven by how many  
20 changes there will be in suppliers, either somebody  
21 leaving default service, as we've heard this morning,  
22 somebody switching suppliers, somebody switching back  
23 to default service, the number of transactions like  
24 that will directly impact that revenue, correct?

{DE 12-295} {10-03-13}

[WITNESS PANEL: Goodwin~Tebbetts]

1 A. (Tebbetts) Yes.

2 Q. But, as of half a year, it was over 500,000, and you've  
3 indicated in the response, it's on a track to exceed a  
4 million dollars, correct?

5 A. (Tebbetts) As I understand the response, the total  
6 billed will exceed a million dollars. Which includes  
7 all three charges.

8 Q. Okay. So, you're saying you think, even though it's  
9 over a half a million dollars as of the end of June,  
10 you don't think just the \$5.00 charge will exceed a  
11 million?

12 A. (Tebbetts) I do not know what migration rates will be  
13 for the rest of the year, so, I cannot say that is  
14 correct.

15 Q. Presumably, with this increase in transactions, it  
16 would mean that the workload for the Company has gone  
17 up. Is that fair to say?

18 A. (Goodwin) Some workload has. A lot of this is  
19 automated.

20 Q. Okay. Well, I'm going to show you a response to RESA  
21 1-1.

22 MR. PATCH: And, I'd like this to be  
23 marked as the next exhibit.

24 (Atty. Patch distributing documents.)

{DE 12-295} {10-03-13}

1 CHAIRMAN IGNATIUS: It will be  
2 "Exhibit 12" for identification.

3 (The document, as described, was  
4 herewith marked as **Exhibit 12** for  
5 identification.)

6 MR. PATCH: Thank you.

7 BY MR. PATCH:

8 Q. And, in this data request, you were asked whether "PSNH  
9 had hired any additional personnel since 2008". And,  
10 maybe just to stop there, and ask, you know, why is  
11 2008 relevant to migration? Is that when PSNH first  
12 saw migration begin to develop as an issue?

13 A. (Goodwin) I don't know. You asked -- somebody else  
14 asked us and referenced "2008". So, I don't know what  
15 the relevance is of "2008".

16 Q. Okay. Well, is that your understanding, that's when  
17 migration first became an issue for the Company?

18 A. (Tebbetts) No.

19 A. (Goodwin) I don't know what you mean by -- And, I don't  
20 know what you mean by "an issue".

21 Q. Okay. Well, I'm prepared to show you documentation  
22 from testimony in two other cases. And, I could either  
23 ask the Commission to take official notice of it, which  
24 I guess I would prefer to do. One is the Testimony of

[WITNESS PANEL: Goodwin~Tebbetts]

1 Robert Baumann, and this is in Docket DE 10-160, which  
2 was the Migration Docket. It was prefiled testimony  
3 dated July 30th. And, at the bottom of Page 3 --  
4 July 30th, 2010. And, at the bottom of Page 3, he said  
5 "PSNH's ES load obligation over the past 24 months",  
6 so, two years prior to July 30th of 2010, "has declined  
7 significantly due primarily to the migration of some  
8 customers." So, that suggests to me that PSNH  
9 identified the migration problem as beginning to be an  
10 issue 24 months before July 30th of 2010.

11 A. (Goodwin) Well, the disconnect I'm having with you is  
12 you've used the word "problem" and "issue", and I don't  
13 know what you mean by that.

14 Q. Okay.

15 A. (Goodwin) As it relates to this proceeding, and the  
16 charges and the processes for administering and  
17 providing services to suppliers, I'm not aware of any  
18 problem or issue from the Company's perspective.

19 Q. Okay. But you --

20 CHAIRMAN IGNATIUS: And, Mr. Patch, I  
21 don't see a need to --

22 MR. PATCH: Okay.

23 CHAIRMAN IGNATIUS: -- take official  
24 notice. I mean, if he's agreeing with you that, and I

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[WITNESS PANEL: Goodwin~Tebbetts]

1 don't think he's disagreeing that that was the time that  
2 migration was, according to Mr. Baumann was increasing.  
3 It's sort of more the characterization of the terms, I  
4 think.

5 MR. PATCH: No. Fair enough.

6 BY MR. PATCH:

7 Q. You know, a "problem", I'll avoid the use of that word.  
8 But, increasing, migration increasing as of 2008, would  
9 you agree?

10 A. (Goodwin) That's much, much easier to agree to that, --

11 Q. Okay. Good.

12 A. (Goodwin) -- that characterization, yes. Thank you.

13 Q. All right. So, back to my question about the response  
14 to RESA 1-1, you had responded to that request that  
15 "PSNH has not hired any additional personnel since 2008  
16 to handle an increase in customers switching from  
17 default service to competitive suppliers."

18 A. (Goodwin) That's what it says, yes.

19 Q. Now, PSNH has taken the position in this case that the  
20 Commission should not address these charges, other than  
21 in the context of a rate case, because you argue it  
22 would be "single-issue ratemaking that is frowned on by  
23 the Commission". Is that correct?

24 A. (Goodwin) That's what we've said, yes.

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1 Q. And, in response to data requests in this docket,  
2 you've made it very clear that you're not about to do a  
3 cost study to see whether these charges are justified,  
4 unless it's in the context of a distribution rate case.  
5 Is that correct?

6 A. (Goodwin) Yeah. Could you indulge me to kind of --

7 Q. Sure.

8 A. (Goodwin) -- move in a direction that I don't know if  
9 you'll find or the Commission will find helpful. But I  
10 think one of the major disconnects that I think the  
11 suppliers and the Company is having is over how you  
12 define a "cost". So, --

13 Q. Well, that's not the question I've asked you. I guess  
14 I would ask, if your counsel --

15 A. (Goodwin) Well, I was trying to explain the context of  
16 why I thought a rate case, as opposed to somewhere  
17 else.

18 Q. Okay.

19 A. (Goodwin) So, I don't know what the procedural rules  
20 are. If you don't think that what I'm going to say is  
21 helpful, I can withdraw the response or whatever. But  
22 I'm just trying to explain more the context of what the  
23 Company's position is. And, I think it's largely  
24 driven by a difference in how the suppliers and the

[WITNESS PANEL: Goodwin~Tebbetts]

1 companies are defining the appropriate cost. Where the  
2 suppliers have taken a position, to my reading of the  
3 testimony, that costs should be defined as  
4 "incremental" costs charged as a result of -- directly  
5 as a result of activities to administer supplier  
6 billing and switching, incremental costs.

7 My view, as a utility cost of service  
8 and rate person, is a very different definition of  
9 "cost". And, so, for me, under my definition of  
10 "costs", to provide that kind of analysis would really  
11 require a very in-depth rate case-like embedded cost of  
12 service study, that's very data-intensive, *etcetera*,  
13 *etcetera*.

14 So, that's largely, aside from the fact  
15 of the single-issue ratemaking, I think -- I think the  
16 controversies around how you define "costs" and how you  
17 allocate costs, is something that is more traditionally  
18 suited for a rate case, where we have cost of service  
19 witnesses and testimony and discussion around that.  
20 Because I don't think we'll ever agree, outside of a  
21 rate case-type proceeding, on (a) what the right  
22 definition of "cost" is, and (b) how you allocate that  
23 cost.

24 So, I don't mean to get offtrack, but

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[WITNESS PANEL: Goodwin~Tebbetts]

1 I'm just trying to help you understand the context of  
2 our position.

3 Q. So, when will that next rate case be?

4 A. (Goodwin) I don't know.

5 Q. So, you're asking the suppliers and the Commission to  
6 wait indefinitely for some hypothetical future rate  
7 case, in order to do what you say should be an embedded  
8 cost?

9 A. (Goodwin) Yes. There will be a rate case in the  
10 future. I don't know if it will be two years --

11 Q. Five years? Ten years? Two years?

12 A. (Goodwin) I can assure you it won't be ten years.

13 Q. Five years?

14 A. (Goodwin) Well, no, I can't assure you of anything. I  
15 would be very, very, very surprised if it's ten years.  
16 Our settlement is up in approximately two -- our  
17 current rate settlement is up in approximately two  
18 years. I would expect, within a couple, a year or two  
19 of the end of that settlement, I could envision the  
20 Company filing another rate case.

21 Q. So, you're telling the suppliers and the Commission  
22 "Sit tight for three or four years. We'll do an  
23 embedded cost study at that point in time. And, then,  
24 we'll figure out what the appropriate charges should

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1 be." So, that will be, by my calculation, about 18  
2 years after you said you would come in when the costs  
3 were better known. Is that correct?

4 A. (Goodwin) Or unless the Commission were to open a  
5 separate proceeding and evaluate these costs on their  
6 own initiative.

7 Q. Is that what you think the Commission ought to do?

8 A. (Goodwin) I don't think it's a bad idea.

9 Q. Is that the Company's position?

10 A. (Goodwin) It's not my proposal. If that's where we  
11 ended up in this proceeding, I would be fine with that.  
12 And, I think that it should be expanded beyond PSNH.  
13 It seems, in listening to a lot of the testimony this  
14 morning, that we're really dealing with a number of  
15 policy questions. You know, there's questions about,  
16 you know, where should the costs be. Should it be in  
17 the default rate? Should it be in the distribution  
18 rate? Apparently, other utilities in New Hampshire  
19 have similar charges, but choose not to administer  
20 them. Other utilities in different jurisdictions don't  
21 have these charges, but they have a whole bunch of  
22 other different charges. So, it seems there's a whole  
23 level playing field issue.

24 To me, these are far beyond what the

1 scope of this proceeding is, which was to look at three  
2 limited charges and rule on the just and reasonableness  
3 of them. I don't know how we can avoid going beyond  
4 that to a broader context, that I think really needs to  
5 go beyond this limited scope.

6 Q. So, you --

7 A. (Goodwin) So, it's not, again, my proposal. I'm just  
8 giving you my opinion, in having read testimony or  
9 listened to the testimony this morning, and some of the  
10 questions from the Bench. Again, it seems like there's  
11 a lot of curiosities about the competitive rules that  
12 may be worthy of being re-reviewed.

13 Q. In the last rate case, in the Settlement Agreement  
14 approved by the Commission, there was an "Exogenous  
15 Events" provision. Are you familiar with that?

16 A. (Goodwin) Generally, yes.

17 Q. And, PSNH believes that that provision was meant to be  
18 utilized in situations like this one, like the one  
19 that's the subject of this docket, correct?

20 A. (Goodwin) I don't know that this, a situation exactly  
21 like this docket, was contemplated, *per se*. But we do  
22 believe that a result in this docket that may end up  
23 reducing the otherwise recovered distribution revenue  
24 would constitute an exogenous event under the

1 Settlement.

2 Q. Okay. Well, I'd ask you to look at the response to  
3 RESA 1-8, where the question was "Please explain PSNH's  
4 position on whether the exogenous events provision  
5 contained in the settlement agreement...was meant to be  
6 utilized in situations like the one at issue in this  
7 docket", and you said "yes".

8 A. (Goodwin) And, I'm saying "yes" here. My only -- my  
9 only distinction was, at the time of the settlement,  
10 I'm not so sure that somebody thought that there may be  
11 a petition by suppliers to challenge these three  
12 charges. But I'm saying this type of event is what we  
13 envisioned as being part of an exogenous event in the  
14 settlement. And, when I say "this type of event", I  
15 mean an event in which the Company's tariffs and  
16 revenue stream is changed by more than what the target  
17 threshold is under the settlement.

18 Q. So, when you argue that the Commission should not do  
19 single-issue ratemaking, the reality is that the  
20 exogenous events provision in that Settlement Agreement  
21 adopted by the Commission was designed for situations  
22 like this. So, it doesn't have to be single-issue  
23 ratemaking, does it, because it actually qualifies  
24 under that?

[WITNESS PANEL: Goodwin~Tebbetts]

1 A. (Goodwin) Yeah. I mean, I think you're beyond my  
2 capabilities for a legal interpretation. But the  
3 exogenous event provision contemplated single events,  
4 combinations of events, whatever were to occur to drive  
5 to that \$1 million threshold.

6 MR. PATCH: Well, I want to show you  
7 that provision. And, I won't belabor this too much, but I  
8 think it would be useful for everybody to look back at  
9 that language in that provision. And, I have here a copy  
10 of what was Exhibit 20 in DE 09-035, which was that  
11 Settlement Agreement. And, I really just want to focus on  
12 one section of the Settlement Agreement, which is the  
13 "Exogenous Events" provision. And, I believe --

14 (Atty. Patch distributing documents.)

15 CHAIRMAN IGNATIUS: Mr. Patch, did you  
16 -- you never asked to mark the data response on exogenous  
17 events.

18 MR. PATCH: Okay.

19 CHAIRMAN IGNATIUS: The witness agrees  
20 with your interpretation. So, I don't know if you need  
21 it.

22 MR. PATCH: Yes. I would like it to be  
23 marked, I'm sorry.

24 CHAIRMAN IGNATIUS: He's agreed with

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[WITNESS PANEL: Goodwin~Tebbetts]

1 your question.

2 MR. PATCH: Okay.

3 CHAIRMAN IGNATIUS: So, I guess I'm  
4 wondering what it brings that you don't already have?

5 MR. PATCH: Okay. Then, it's probably  
6 not necessary.

7 CHAIRMAN IGNATIUS: All right. Then,  
8 the exogenous events information from the document you  
9 just circulated, are you going to want to have that  
10 marked?

11 MR. PATCH: Well, maybe we can wait and  
12 see how he responds, --

13 CHAIRMAN IGNATIUS: Okay.

14 MR. PATCH: -- and decide whether it  
15 should be marked. But I just wanted to make sure we had  
16 it in front of us, so we could all read it.

17 BY MR. PATCH:

18 Q. Page 12, Section 12, "Exogenous Events". And,  
19 according to the language of the exogenous events  
20 provision, "PSNH is allowed to adjust rates upward or  
21 downward", "if the total distribution revenue impact  
22 (positive or negative) of all such events exceeds  
23 \$1 million." Is that correct?

24 A. (Goodwin) That's what it says, yes.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. And, you've already indicated that you're on track to  
2 exceed a million in revenues this year, as we've  
3 indicated from prior questions, correct?

4 A. (Goodwin) Yes. But I'm not connecting the two. And,  
5 again, I think it's a legal interpretation. My  
6 understanding is the exogenous events \$1 million  
7 trigger is an aggregate annual trigger.

8 Q. Okay. But you would admit, wouldn't you, that the  
9 revenue that PSNH has obtained has been a benefit to  
10 PSNH's bottom line, the revenue under these Selection  
11 Charges? And, as you've already indicated, you haven't  
12 added any staff, is that correct?

13 A. (Goodwin) Okay. Which question do you want me to  
14 answer? The first one, on whether we benefit from  
15 that?

16 Q. I mean, you've benefited PSNH's bottom line already by  
17 over half a million, and you're own track to benefit by  
18 over a million in 2013, correct?

19 A. (Goodwin) Well, those are revenues that they wouldn't  
20 have been there had the migration increase occurred.  
21 So, in that context, it's a benefit. But, as you know,  
22 and as we've pointed out in a number of our discovery  
23 responses, there are other costs that increased. And,  
24 so, that between-rate case risks, good or bad, becomes

[WITNESS PANEL: Goodwin~Tebbetts]

1 the utility's. And, so, there are many things. To  
2 look at this one revenue figure in isolation and  
3 suggest that there's some, you know, inherent benefit,  
4 I don't think is fair.

5 Q. But it qualifies under the exogenous events provision,  
6 correct?

7 A. (Goodwin) Again, I'm not an expert in the exogenous  
8 events provision. I didn't write it, I'm not involved  
9 in the administration of it. So, my understanding is  
10 based on my understanding of the Company's application  
11 of it in the past, and in reading the language and  
12 discussing it internally.

13 So, my understanding is that there's a  
14 \$1 million aggregate threshold per year. And, to the  
15 extent a result of this proceeding, in terms of reduced  
16 revenues, contributes towards a \$1 million threshold,  
17 that our view is that that could be included as part of  
18 an exogenous event.

19 Q. I mean, the response to the data request speaks for  
20 itself. Now, on Page 11 of your prefiled testimony  
21 maybe if we can turn to that for a minute.

22 CHAIRMAN IGNATIUS: So, did you not want  
23 to mark the exogenous events -- I noticed the part you  
24 read was included in PSNH's prefiled testimony, on their

1 Page 5.

2 MR. PATCH: I don't think it's  
3 necessary. To the extent necessary, if the Commission  
4 deems it appropriate, you could take official notice under  
5 541-A:31. But I think I've got my point across.

6 CHAIRMAN IGNATIUS: All right. We won't  
7 mark it then.

8 BY MR. PATCH:

9 Q. Page 11 of your prefiled testimony, you say that the  
10 "costs PSNH incurred to program its billing systems to  
11 accomplish switching of customers, and the ongoing  
12 maintenance and upgrading of those systems are included  
13 in distribution rates and are paid for by all  
14 customers." Correct?

15 A. (Goodwin) Yes.

16 Q. And, that's been the case since 2000?

17 A. (Goodwin) Well, except for the revenue credits for  
18 these particular supplier services, that we revenue  
19 credit against distribution rates. So, so far, in the  
20 last rate case, we only embedded \$16,000 of revenue  
21 credits against distribution. I don't think the  
22 intent, necessarily, was to have distribution customers  
23 pay for all of those costs. But, because the charges  
24 to suppliers were low in those early years, there was

[WITNESS PANEL: Goodwin~Tebbetts]

1 essentially no revenue credit, and they ended up being  
2 paid for in distribution rates by all customers.

3 Q. And, from a response that you gave to RESA, and I  
4 believe this is already in the record, this is RESA  
5 1-5, I've forgotten the exhibit number, and I  
6 apologize. But you don't seem capable of specifying  
7 what those costs are, but you've been recovering them  
8 since 2000, or roughly that period of time. And, can  
9 you say whether or not those costs have been fully  
10 recovered? Like, when you talk about costs incurred to  
11 program billing systems, have those been recovered?  
12 Ongoing maintenance and upgrading of those systems?  
13 How frequently? Have they been recovered?

14 A. (Goodwin) You have like 14 questions there. Can you  
15 slow down and give me one at a time please?

16 Q. Sure. The costs incurred, as you indicate on Page 11,  
17 the "costs PSNH incurred to program its billing systems  
18 to accomplish switching of customers", have they been  
19 recovered?

20 A. (Goodwin) I don't know. We had discovery as a result  
21 of the technical meeting. And, I'm sure you're aware  
22 and read those responses, where we identified a  
23 variety, millions of dollars of capital investments  
24 that were made at the time of restructuring, and then

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[WITNESS PANEL: Goodwin~Tebbetts]

1       since then, over the years, in terms of ongoing  
2       maintenance capital cost of systems. That a general  
3       ratemaking nature is that those capital costs go into  
4       distribution rates, absent any revenue credits from  
5       outside revenues, of which the supplier services are  
6       part of it. So, they're, by their nature, embedded in  
7       distribution rates. I don't know whether they're fully  
8       recovered, because I don't know the specifics of  
9       exactly what systems, what the depreciation rates are,  
10      *etcetera*.

11   Q.   And, were they put in some deferred account, those  
12       costs?

13   A.   (Goodwin) No. As I said, they role into distribution  
14       rates as a capital expense, for the most part. And,  
15       I'd be happy to reference those discoveries, if you  
16       don't -- aren't familiar with them.

17   Q.   I guess I'd like to show you one other response to a  
18       data request. And, it's actually RESA 1-12, where you  
19       were asked: "Please identify all costs for each year  
20       from 2008 to 2012", all costs regarding what we just  
21       talked about, "ongoing maintenance and upgrading of  
22       billing systems". And, PSNH objected to the question,  
23       and this is what it says: "PSNH objects to this  
24       question as requiring a special study or analysis.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 PSNH has not tracked the cost/expense information  
2 sought by the question. Accordingly, to gather that  
3 information would require a special study or analysis  
4 on behalf of the requestor."

5 A. (Goodwin) Exactly. Yes.

6 Q. So, that's PSNH's position?

7 A. (Goodwin) Yes. Would you want me to explain what I  
8 mean there, if you're not -- if it's not clear?

9 Q. No. I just want that information in the record,  
10 because I think that's very relevant to the Commission  
11 how you answered that question.

12 A. (Goodwin) And, I guess --

13 Q. If you have something you want to say, I can't stop you  
14 from saying it.

15 A. (Goodwin) Well, it goes back to, again, what I said  
16 earlier about defining, you know, how we're going to  
17 define "costs". What I provided, as a result of the  
18 technical meeting and the discovery there, were  
19 estimates reaching out to people who were involved in  
20 the process, who were able to put their hands on some  
21 cost invoices. But those do not define, in my mind,  
22 the costs of all the ongoing maintenance and upgrading  
23 of the systems. There's loaders, there's A&G. I was  
24 able to either get my hands on or get a reasonable

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[WITNESS PANEL: Goodwin~Tebbetts]

1 estimate of the capital costs alone. And, to go beyond  
2 that would require a special study, akin to the type of  
3 cost of service study that we do in rate cases  
4 traditionally.

5 Q. Mr. Fossum asked the panel this morning some questions  
6 about whether they were familiar with any -- any New  
7 Hampshire utilities that had rates that were based on  
8 incremental costs. Do you remember that question?

9 A. (Goodwin) I do.

10 Q. Are you familiar with the ADE rate that PSNH is  
11 launching?

12 A. (Tebbetts) Yes.

13 Q. Isn't that based on incremental costs?

14 A. (Tebbetts) It's based on marginal costs.

15 Q. How is that different from incremental?

16 A. (Tebbetts) An incremental cost is just that added cost  
17 at the top, and a marginal cost is the total costs that  
18 we're looking at. And, the Commission's order was  
19 explicit in approving a marginal cost rate, which is  
20 Rate ADE, in 11-216.

21 CHAIRMAN IGNATIUS: I'm sorry. I missed  
22 that definition of "marginal" and "incremental". Can you  
23 say that again please?

24 WITNESS TEBBETTS: Sure. So, the

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[WITNESS PANEL: Goodwin~Tebbetts]

1 incremental cost is just that top added cost. So, you  
2 have all of your costs in one bucket, and then the added  
3 cost at the top is what the incremental cost is. The  
4 marginal cost includes the incremental cost, so, they're  
5 interrelated, but the marginal cost is the total of that  
6 incremental cost and all the costs that would flow through  
7 to provide the service to that next customer, to create  
8 that next widget.

9 CHAIRMAN IGNATIUS: So, how would you  
10 define "embedded cost"?

11 WITNESS GOODWIN: "Embedded" is an  
12 average -- excuse me -- an average. So, if you were to  
13 take the total cost bucket, and divide it through by some  
14 denominator, whether it be customers or kilowatt-hours, or  
15 however you wanted to divide it through, you would get an  
16 average embedded cost.

17 So, an incremental cost is just looking  
18 at there's one activity, did that individual activity cost  
19 me more money, yes or no? That would be incremental.

20 And, then, we get into definitions  
21 around "marginal costs". And, a lot of times, in  
22 ratemaking or economics, we talk about full, long run  
23 marginal costs. And, that's really looking at an activity  
24 more generally. And, if you have to support this ongoing

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[WITNESS PANEL: Goodwin~Tebbetts]

1 activity for a long period of time, you will eventually  
2 need to add resources. So, we try to quantify what would  
3 be the cost of adding those resources to maintain that  
4 business. And, that would be more of a long run marginal  
5 cost.

6 And, then, that's contrasted by embedded  
7 cost, which is how we do ratemaking in New Hampshire.  
8 When we set distribution rates, for example, is to look at  
9 the total, the total of all the Company's current cost of  
10 service, and that defines our "embedded cost".

11 CHAIRMAN IGNATIUS: So, and the original  
12 question was you were saying that the ADA -- ADE rate is  
13 based on long run marginal cost?

14 WITNESS TEBBETTS: Yes.

15 CHAIRMAN IGNATIUS: Go ahead.

16 BY MR. PATCH:

17 Q. I want to direct your attention to Page 15 of your  
18 prefiled testimony. And, there's a discussion at the  
19 top of the page, and it's a bit of a carryover from the  
20 previous page, but I want to make sure I understand  
21 what this percentage given in Line 3 is. And, Lines 2  
22 and 3 it says "That calculation shows that the charges  
23 amount to only 2.2 percent of total energy revenue."  
24 Do you see that?

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1 A. (Goodwin) I do.

2 Q. And, what's "total energy revenue", as that term is  
3 used in that sentence?

4 A. (Goodwin) The cite was referencing a NAPG Staff  
5 response. And, I'm just trying to look at that  
6 response to answer your question. (Short pause) It  
7 looks like it's used in the context of the total  
8 revenue that the supplier would be responsible for.

9 Q. Okay. So, and, obviously, you were trying to point  
10 out, I guess, by the context in which this is given,  
11 you said "it's necessary to put", this is on the  
12 previous page, "to put the level of charges into  
13 perspective and compare those charges to the energy  
14 service rates paid by customers." So, I guess what  
15 you're saying is, based on the total revenue of what  
16 customers who have switched to a competitive supplier  
17 pay, the fees that are the subject of this docket only  
18 amount to about 2.2 percent of that. Is that what  
19 you're trying to say?

20 A. (Goodwin) Right. If you will look at the fees that  
21 were shown in the response that we just referenced, and  
22 look at it in terms of the total cost to the suppliers,  
23 best as we could identify there, it was 2.2 percent.  
24 And, if the supplier's cost side of the business is

1 approximately seven and a half cents per kilowatt-hour,  
2 then 2.2 percent would be equivalent to 0.17 cents per  
3 kilowatt-hour, which, for an average customer, would be  
4 about a dollar a month, an average residential  
5 customer.

6 Q. But how is that relevant?

7 A. (Goodwin) Relevant to my testimony or relevant to this  
8 case?

9 Q. Relevant to the case, and the issues that are the  
10 subject of this. How is that in any way relevant?

11 A. (Goodwin) Well, we put this in the testimony because  
12 there were suggestions within the suppliers' testimony  
13 that these charges are a barrier to the development of  
14 competition in New Hampshire. And, so, we're trying to  
15 make a counterpoint that it was worth less than  
16 two-tenths of one cent per kilowatt-hour, and about one  
17 dollar per month. And, that we were finding a hard  
18 time to believe that an added one dollar per month fee  
19 would create a barrier to entry into the competitive  
20 market.

21 Q. But it doesn't in any way assist us in determining  
22 whether the rates that you charge, that PSNH charges,  
23 are just and reasonable, does it?

24 A. (Goodwin) I suppose no more or less than the discussion

[WITNESS PANEL: Goodwin~Tebbetts]

1 this morning from the supplier panel, in which a number  
2 of competitive market issues were raised. So, I'm not  
3 suggesting that it's not relevant, I'm just suggesting  
4 it's equally as relevant as the discussions we had this  
5 morning with the supplier panel.

6 Q. And, I think, in response to a question from the Bench  
7 this morning, there was -- there was a question about  
8 how or what's the authority, the regulatory authority  
9 for consolidated billing. Do you remember that?

10 A. (Goodwin) Yes.

11 Q. And, I think, in your testimony, there's actually an  
12 answer to that, or maybe it's just a partial answer,  
13 but, on Page 18.

14 A. (Goodwin) I will admit to personally not having any  
15 knowledge as to the regulatory or legislative  
16 background. So, this was a piece of testimony that Mr.  
17 Hall wrote. But, subject to that clarification,  
18 between Ms. Tebbetts and I, we'll try to answer your  
19 question. Go ahead.

20 MR. PATCH: I mean, I don't have any  
21 further questions. My point in bringing that out is just  
22 I thought it might be of help to the Commission just to  
23 see that. Because I haven't verified whether that's, in  
24 fact, the authority for consolidated billing, but it's

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1 certainly relevant to that. So, --

2 CHAIRMAN IGNATIUS: Thank you. That was  
3 for my benefit, I think. And, I appreciate that. I had  
4 forgotten that.

5 BY MR. PATCH:

6 Q. So, if PSNH hasn't tracked the costs, you know, as  
7 you've admitted, you haven't studied them, you refuse  
8 to study them, except in the context of a rate case.  
9 You don't know when that next rate case will be. But  
10 you didn't raise this in any of the last three rate  
11 cases, since the charges were instituted 13 years ago.

12 A. (Goodwin) Nor did the suppliers.

13 Q. Well, if you could let me finish my question.

14 A. (Goodwin) Sure.

15 Q. Why should the Commission allow PSNH to continue to  
16 collect these charges indefinitely, since there's  
17 nothing in the record over the last 14 years for the  
18 Commission to conclude that the charges are just and  
19 reasonable, which is required by New Hampshire law?

20 A. (Goodwin) I think you're asking for a legal opinion,  
21 which I'm not willing to give.

22 Q. No, it's a policy opinion. It's not just a legal  
23 opinion.

24 A. (Goodwin) Well, I don't believe that there's anything

[WITNESS PANEL: Goodwin~Tebbetts]

1 that suggests that the charges are not reasonable.

2 And, I think it goes back to a disagreement as to how

3 we're defining "costs". So, if you want to say that

4 the costs are unreasonable because they're higher than

5 our incremental cost of providing service, I agree

6 100 percent. We have a different definition of "cost".

7 And, you've asked us to provide information on tracking

8 of costs that are not how we operate the business.

9 And, as I suggested before, to me, to define the costs,

10 would require an embedded cost of service study. Which

11 is very time-consuming, very expensive, will become

12 very, very controversial and contentious, I'm quite

13 certain of that.

14 So, we just have a different view as to

15 what "just and reasonableness" is as it relates to cost

16 of service. And, I'm afraid that we're not going to

17 get very far, between the utility and the suppliers on

18 that, without some help from the Commission. And, I

19 hate to put you in that position, but I think that's

20 the reality.

21 MR. PATCH: No further questions. Thank  
22 you.

23 CHAIRMAN IGNATIUS: All right. Thank

24 you. I guess, why don't we go ahead with Mr. Munnelly.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 We're going to have to take a break at some point fairly  
2 soon, but go ahead. Do you want to begin, Mr. Munnelly?

3 MR. MUNNELLY: Okay. Sure. Good  
4 afternoon.

5 BY MR. MUNNELLY:

6 Q. I want to do some quick clean-up of the questioning  
7 from earlier today. First of all, do you recall some  
8 questions about the exogenous events provision this  
9 morning?

10 A. (Goodwin) I do. Yes.

11 Q. Okay. Is there anything in that provision that makes  
12 them require that they -- that they be cost increases  
13 versus revenue increases?

14 A. (Goodwin) I'm sorry, I just don't -- I'm not familiar  
15 enough with the provision and how it's administered or  
16 the legal interpretation. So, I don't know the answer.  
17 I don't know if Ms. Tebbetts does.

18 A. (Tebbetts) There are cost implications, revenue  
19 implications. But I believe that they would need a  
20 legal opinion at this time. And, I'm not here to  
21 provide that.

22 Q. Okay. Let me just -- one more question and I'll move  
23 on. So, the question is, I guess, if you have -- you  
24 can have a situation that would trigger the clause with

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[WITNESS PANEL: Goodwin~Tebbetts]

1 a million plus in revenue to PSNH or a million plus in  
2 extra cost to PSNH. It can be either. There's nothing  
3 that says one or the other, correct?

4 A. (Goodwin) I think we could sit here, and the two of us  
5 could speculate.

6 A. (Tebbetts) Yes.

7 A. (Goodwin) But, unfortunately, we don't feel comfortable  
8 doing that, because, I think, at the end of the day,  
9 it's a legal document that should be left to attorneys  
10 to interpret.

11 Q. Okay. I'll move on. Another question, back to the  
12 RESA questioning about the RESA Request 1-5, again, I  
13 don't remember what exhibit that was, that was pretty  
14 early in Mr. Patch's examining. As I read the request,  
15 I believe that it talks in terms of PSNH costs, did you  
16 record the costs each year? And, then, I think in your  
17 response you said, well, you "did provide some later  
18 responses that may bear on this issue." Can you just  
19 point to which ones you were talking about?

20 A. (Goodwin) Sure.

21 Q. And, do they break it on a year-by-year basis, as  
22 requested in the request? Are you referring to Tech  
23 Session 2, would that might be one?

24 A. (Goodwin) Yes. Tech Session 2, we can start there.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 And, I just want to make sure we have all of the  
2 questions. ENH -- well, TS-2, which refers to ENH  
3 discussion -- refers, I'm sorry, to ENH 11, which  
4 refers to how the \$1 million estimate of billing system  
5 work was derived. And, there's not a timeframe on that  
6 one, but let me just check ENH 11, to see if there was  
7 a timeframe there please.

8 MR. PATCH: Could you tell me which  
9 response we're on now?

10 MR. MUNNELLY: We started with RESA 5.

11 MR. PATCH: RESA 5, okay.

12 CMSR. HARRINGTON: Has that been  
13 submitted as an exhibit or are you just dealing with  
14 discovery that we don't have?

15 MR. MUNNELLY: That was. Mr. Patch  
16 discussed that earlier. I think that's --

17 MS. HOWARD-PIKE: Number 9.

18 CMSR. HARRINGTON: Was it marked as  
19 Exhibit 9?

20 MS. HOWARD-PIKE: Nine.

21 MR. MUNNELLY: Exhibit 9.

22 **BY THE WITNESS:**

23 A. (Goodwin) Okay. So, --

24 CMSR. HARRINGTON: That says "RESA" --

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1 oh, okay. I've got it.

2 **BY THE WITNESS:**

3 A. (Goodwin) Okay. So, TS-2 discusses the development of  
4 the \$1 million estimate for supplier billing services  
5 that were referenced in response to ENH 11 in  
6 discovery, and that was for the period 1998 to 2003.  
7 And, then, we went on in other discoveries to identify  
8 increases that had occurred subsequent to that period  
9 of time that we called "ongoing maintenance", and other  
10 costs that we had identified as it related to upgrades  
11 that were post that time period. So, the collective  
12 information that I believe the Company has provided in  
13 discovery does not have a specific year or a date  
14 certain, but it provides a range of years. For  
15 example, one set of costs went from 1998 to 2003,  
16 another set may have been post 2003. So, that's the  
17 level of detail that we were able to provide.

18 BY MR. MUNNELLY:

19 Q. Okay. So, not each year. Okay.

20 A. (Goodwin) Not each year, right.

21 Q. Okay. One other clean-up question before I get to the  
22 things I had thought about earlier. We just had the  
23 discussion a moment ago about the testimony about the  
24 one dollar per customer per month, in that you were --

[WITNESS PANEL: Goodwin~Tebbetts]

1       you seemed to have a sense that that was not a, I don't  
2       know, a large amount, not a material amount to a  
3       competitive supplier?

4   A.   (Goodwin) Yes. In the context of a seven and a half  
5       cent per kilowatt-hour rate, that didn't seem  
6       significant.

7   Q.   Okay. Just I'm -- I'm just surprised. So, you're  
8       saying a \$12 per year, per customer per year fee, that  
9       is not similarly imposed on default service is not  
10      material to a competitive supplier?

11   A.   (Goodwin) Let me put it into the context that I'm  
12      thinking. We have customers, residential customer uses  
13      approximately 700 kilowatt-hours a month, their bill is  
14      approximately \$100 a month, in total. Their annual  
15      bill is approximately \$1,200 a year. And, you're  
16      asking whether \$12 a year is going to make a material  
17      difference as to whether they choose default service or  
18      not? In that context, I don't see how that's very  
19      material.

20                   CHAIRMAN IGNATIUS: Mr. Munnelly, before  
21      you go to the next items you're going to do, --

22                   MR. MUNNELLY: Yes.

23                   CHAIRMAN IGNATIUS: -- we need to take a  
24      break, because I've got to step out for another reason.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 So, why don't we take a ten minute or so break, and then  
2 just continue with your questioning.

3 MR. MUNNELLY: That's fine. Thank you.

4 CHAIRMAN IGNATIUS: And, if I'm not able  
5 to be back in time when that begins, Commissioner  
6 Harrington will begin, and I will check the transcript for  
7 the portion for the few minutes that I missed.

8 MR. MUNNELLY: Okay. Thank you.

9 (Recess taken at 3:43 p.m. and the  
10 hearing resumed at 3:56 p.m.)

11 CMSR. HARRINGTON: Please be seated. As  
12 you can see, Chairman Ignatius has an errand, she's got to  
13 do something else for a couple of minutes. She'll be  
14 joining back with us. And, I understand that there is an  
15 administrative issue we want to take care of?

16 MS. AMIDON: Yes. Thank you,  
17 Commissioner Harrington. We have found, and I can show it  
18 to -- I've shown this response to Mr. Goodwin. It's the  
19 corrected exhibit that's marked for identification as  
20 Exhibit 7, ENH 1-8. And, it's the full response,  
21 including the objection and then the three-line response.  
22 And, I think this should be substituted, as the Chair  
23 suggested, for the current exhibit marked as "Exhibit 7".

24 CMSR. HARRINGTON: So, we're -- we seem

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[WITNESS PANEL: Goodwin~Tebbetts]

1 to be missing a few people here. Are they out in the hall  
2 or -- and this is the exhibit that Mr. Goodwin had the  
3 extra paragraph that we were dealing with?

4 WITNESS GOODWIN: Yes.

5 CMSR. HARRINGTON: And, you've looked at  
6 this?

7 WITNESS GOODWIN: Yes, sir.

8 CMSR. HARRINGTON: Okay. So, why don't  
9 we go ahead and do that.

10 MS. AMIDON: All right.

11 CMSR. HARRINGTON: And, this will be the  
12 new number 7.

13 MS. AMIDON: Thank you, Commissioner.

14 CMSR. HARRINGTON: Any luck?

15 MS. HOWARD-PIKE: He went to the men's  
16 room.

17 CMSR. HARRINGTON: Okay.

18 MS. HOWARD-PIKE: He said to go ahead  
19 without him.

20 CMSR. HARRINGTON: Okay. So, I believe  
21 we were -- Mr. Munnelly, you were giving your questioning?

22 MR. MUNNELLY: Yes. I'll continue, if  
23 that's okay?

24 CMSR. HARRINGTON: Please.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 MR. MUNNELLY: Okay.

2 BY MR. MUNNELLY:

3 Q. I'd like to move to Staff -- your response to -- PSNH's  
4 response to Staff 3.

5 CMSR. HARRINGTON: And, you want this  
6 marked as an exhibit?

7 MR. MUNNELLY: Yes.

8 CMSR. HARRINGTON: This will be marked  
9 "Exhibit 13".

10 (The document, as described, was  
11 herewith marked as **Exhibit 13** for  
12 identification.)

13 WITNESS GOODWIN: Okay. We have that  
14 response.

15 MR. MUNNELLY: Thank you.

16 BY MR. MUNNELLY:

17 Q. Okay. The request does ask the question of whether  
18 "Billing and Payment Service and Collection Services  
19 for default service customers are recovered", was the  
20 costs recovered? And, the response, you can confirm  
21 that this is correct, is that the rates are -- the  
22 "costs for Billing and Payment and Collection Services  
23 are all covered through distribution rates", is that  
24 correct?

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[WITNESS PANEL: Goodwin~Tebbetts]

1 A. (Goodwin) Yes.

2 Q. Okay. The question did not ask the question, I don't  
3 believe, of "what about the costs, any costs for  
4 default services associated with the customer selection  
5 type activities, the moving on and off from default  
6 service to competitive supply and back again?" And, to  
7 the extent there are any costs for that that, are they  
8 also in the distribution rates?

9 A. (Goodwin) One hundred percent of the Company's  
10 distribution costs, and I use that term broadly, or  
11 distribution revenue requirement, 100 percent of those  
12 costs are in distribution rates, except for what we  
13 call "other revenues", which are credited in the rate  
14 case against distribution revenue requirement. And,  
15 the rate charges that are at the heart of this  
16 discussion, the supplier charges, are part of that  
17 other revenue. So, the only costs that are not  
18 recovered in distribution rates would be, really, the  
19 revenue level associated with the test year supplier  
20 services.

21 Q. Okay. I think I'd like to thank you for that response.  
22 I'd like to just maybe hone in to make sure it's clear.

23 A. (Goodwin) Okay.

24 Q. Okay. So, there are not any customer selection type

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[WITNESS PANEL: Goodwin~Tebbetts]

1 costs that are recovered in default service rates,  
2 correct?

3 A. (Goodwin) Correct.

4 Q. Just turn to NAPG 6, your response.

5 A. (Goodwin) I'm sorry, just excuse me please.

6 A. (Tebbetts) The only thing I would like to add to that  
7 is there are uncollectible costs, expenses, let's say,  
8 that are included in energy service default service  
9 rates. So, anything that's uncollectible, we do  
10 recover part of that through energy service rates.  
11 Which one could construe that as part of our collection  
12 services costs, anything that's uncollectible, that  
13 becomes uncollectible.

14 Q. Okay. I don't -- I think the question I just asked  
15 related to the customer switching charges and the  
16 Selection Charge. Does that answer respond to that  
17 question?

18 A. (Tebbetts) Well, the Selection Charge, but the answer  
19 you referred to, Staff 1-3, talks specifically about  
20 "Billing and Payment Service and Collection Charges".

21 A. (Goodwin) We were just trying to clarify the record to  
22 make sure that it was clear what was in default service  
23 rates.

24 CMSR. HARRINGTON: And, just so we're

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[WITNESS PANEL: Goodwin~Tebbetts]

1 clear on that. You say that they're in the default  
2 service rates, you're referring to the part of the energy  
3 service cost that was not collected, not the distribution  
4 costs that was not collected?

5 WITNESS TEBBETTS: There is a portion of  
6 uncollectibles that is collected through the energy  
7 service rate overall, and that was last decided through  
8 our distribution rate case, that we would take some of  
9 that and collect it through energy service rates.

10 WITNESS GOODWIN: Intended to represent  
11 a value associated with energy service.

12 BY MR. MUNNELLY:

13 Q. Ms. Tebbetts, a follow-up on that then. Is that  
14 something, if I look at the default service rate  
15 filing, the last one, is there going to be a separately  
16 identified item for those uncollectible costs?

17 A. (Tebbetts) Unfortunately, I don't have the filing in  
18 front of me. So, I cannot determine at this moment if  
19 that is a separate line item. I'd have to look into  
20 that. I don't know off the top of my head.

21 Q. Okay. I'd like to turn to the Company's response to  
22 NAPG 6.

23 MR. MUNNELLY: Welcome back.

24 CHAIRMAN IGNATIUS: Thank you.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 MR. MUNNELLY: I'd also like to have  
2 this marked as an exhibit.

3 CHAIRMAN IGNATIUS: So, I think we're at  
4 Exhibit 14, is that right?

5 MS. HOWARD-PIKE: Yes.

6 (The document, as described, was  
7 herewith marked as **Exhibit 14** for  
8 identification.)

9 BY MR. MUNNELLY:

10 Q. Are you ready?

11 A. (Goodwin) Yes, we have that. Thanks.

12 A. (Tebbetts) Yes.

13 Q. Thank you. Okay. The request seeks to figure out the  
14 "extent to which default service customers of PSNH are  
15 required to pay charges akin to the \$5.00 Selection  
16 Charge, the Billing and Payment Service Charge, and the  
17 Collection Services Charge", is that correct?

18 A. (Goodwin) Yes.

19 Q. And, the request says that it's -- it asks whether  
20 that's "separate and part from" -- whether "any costs  
21 for these services that are incorporated into  
22 distribution or default service rates", correct?

23 A. (Goodwin) Yes.

24 Q. Okay. And, I think the answer we just figured from the

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[WITNESS PANEL: Goodwin~Tebbetts]

1 last line of questions is that these three charges are  
2 not in the default service rates?

3 A. (Goodwin) Right. They're all in distribution rates.

4 Q. Okay. And, the -- okay. And, then, the other part of  
5 the request said "separate and" -- are these charges  
6 applied "separate and apart from distribution",  
7 correct?

8 A. (Goodwin) Yes. We're saying that they're not separate  
9 and apart from distribution. They're embedded inside  
10 distribution rates.

11 Q. Okay. The response then goes on with -- leads with  
12 "all default service customers are distribution  
13 customers." And, I guess I was wondering why you gave  
14 a distribution charge answer to a question that asked  
15 for "how these charges were separate and apart from  
16 distribution rates?"

17 A. (Goodwin) Okay. The question is asking "are these  
18 charges separate and apart from any costs for these  
19 services that are incorporated into distribution or  
20 default?" So, then, our answer is pointing out that  
21 "Default customers are distribution customers. And,  
22 so, therefore, they would pay distribution rates."

23 Q. Okay.

24 A. (Goodwin) So, that's what I thought that the premise of

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[WITNESS PANEL: Goodwin~Tebbetts]

1 the question was, was to differentiate default from  
2 distribution. And, what we're saying there is that  
3 "Default customers are distribution customers, and,  
4 therefore, pay distribution rates."

5 Q. Okay. But they do not pay for these fees in  
6 distribution service, correct?

7 A. (Goodwin) No, they do. That's what we're trying to say  
8 here. That, to the extent we have to render a bill to  
9 a default service customer, they pay for that as part  
10 of their distribution rates. From the standpoint that  
11 we have staff and costs related to collections, that  
12 labor and related costs is part -- is recovered as part  
13 of the distribution rate.

14 Q. Okay. When you're -- sorry to go back to this. When  
15 you're saying that they're not part of the default,  
16 putting aside the distribution piece, it's not being  
17 recovered through the default service rates?

18 A. (Goodwin) Exactly. Yes. And, I'm sorry. If that's  
19 what you're really after, just to be clear, my answer  
20 is that none of these costs are recovered in the  
21 default rate. They are all recovered in the common  
22 distribution rate.

23 Q. Okay. Thank you.

24 MR. RODIER: Excuse me for a second,

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Rob. Madam Chairman, my wife is on a bus, coming back  
2 from Logan, a 4:00 bus. I have to pick her up at 5:00, in  
3 Portsmouth. So, I just want you to know that. And, this  
4 is -- I'm not doing a disappearing act, because that's the  
5 way I am. I've really got a reason. Okay?

6 CHAIRMAN IGNATIUS: I understand.

7 MR. RODIER: Chris is going to take off.

8 CHAIRMAN IGNATIUS: Good. Thank you.

9 MR. RODIER: You're welcome.

10 BY MR. MUNNELLY:

11 Q. Now, with that response you just gave, Mr. Goodwin,  
12 does that mean that customers of CEPSSs are paying twice  
13 for the cost of billing, collection -- billing,  
14 payment, collections, and switching? Because they're  
15 paying once through the CEPS charges, and they're  
16 paying again for a portion of the default service  
17 customer charges that are in the distribution rates.

18 A. (Goodwin) Well, I think switching is something  
19 different. Switching doesn't have to do with a  
20 customer who is a default customer. Switching happens,  
21 happens when they come or go to a competitive supplier.  
22 But, as it relates to the other services, like billing,  
23 for example, I don't view the competitive customer as  
24 paying twice for billing. I view the customer pays for

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[WITNESS PANEL: Goodwin~Tebbetts]

1       their billing inside of the distribution rate. And, by  
2       charging the suppliers, suppliers pay for their portion  
3       of the billing as part of our supplier charges. What  
4       happens to the charges rendered to the supplier, I  
5       don't know. But we don't charge customers twice.

6   Q.   Okay. That's true. PSNH doesn't. But, by imposing  
7       these fees, you get a scenario where the supplier may  
8       very well pass on these charges to its customers,  
9       correct? They can do it through either higher rates to  
10      the customers or separate line items, correct?

11  A.   (Goodwin) Sure. I'd expect that, because every  
12      supplier pays the same, that they may either all or  
13      not, but that's part of the competitive market  
14      determinations, I suppose.

15  Q.   True. And, in that case then, but still the customer  
16      would pay twice, because they would be getting some  
17      extra cost relating to these fees from the supplier  
18      charges that the supplier would be paying them, and  
19      then they have to pay again for the default service  
20      customer's pieces of the billing, collections, payment  
21      type costs, is that true?

22  A.   (Goodwin) Well, I think a couple of perspectives on  
23      that. Again, we don't charge the customer twice. What  
24      the supplier does is their business. I view suppliers

[WITNESS PANEL: Goodwin~Tebbetts]

1 as customers of PSNH. We have terms and conditions,  
2 and we have tariffs that relate to services and fees  
3 and charges for suppliers. So, I view suppliers as a  
4 form of customers. So, what we're trying to do is  
5 share the costs among our customers. And, so,  
6 suppliers have a cost related to that billing. So, in  
7 that regard, I mean, I can't agree that, you know, we  
8 charge them twice, maybe they pay twice, it depends on  
9 what the suppliers do with that. But, from PSNH's  
10 perspective, where we're trying to equitably allocate  
11 our costs and recover cost of service from all of our  
12 customers, I view suppliers as part of that customer  
13 base. And, from the standpoint that they may or may  
14 not pay twice, those supplier charges are credited, in  
15 the rate case process, back to distribution revenues.  
16 So, there is some value or benefit to all distribution  
17 customers from those fees that we collect.

18 Q. Okay. I'll get to the ratemaking issue in a moment.

19 A. (Goodwin) Okay.

20 Q. But I still want to just pin this one down before I  
21 move on. So, right now, if I'm a default service  
22 customer, I am not charged for billing, payment,  
23 collections, in the default service rate, except for  
24 the possible -- the uncollectible piece that Ms.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Tebbetts talked about earlier, correct?

2 A. (Goodwin) Not in the default rate, that's right.

3 Q. Correct. Yes. It's in the distribution rate for them?

4 A. (Goodwin) Right.

5 Q. Okay. Those default -- those costs of serving, those  
6 costs for the default service customers are not charged  
7 through default service, they're in the distribution  
8 rate. Okay. And, so, that's one pay, they pay in the  
9 distribution rate, and that's it, correct?

10 A. (Goodwin) Correct.

11 Q. Okay. Okay. And, I think I've gone through already  
12 that what happens on the supply side. Which is that,  
13 as distribution customers, they have to pay a portion  
14 of those default service customer costs, isn't that  
15 correct?

16 A. (Goodwin) I'm sorry, repeat that please.

17 Q. Sure. Okay. But, if you're a competitive supply  
18 customer, as part of their distribution payments, their  
19 distribution charges, a portion of that goes to the  
20 costs that are incurred associated with billing,  
21 payment, collections, for default service customers,  
22 correct?

23 A. (Tebbetts) I'd have to disagree with you, Mr. Munnelly,  
24 because the way that we've calculated the rates is over

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[WITNESS PANEL: Goodwin~Tebbetts]

1 a band -- we look at all the kilowatt-hours during that  
2 test year, all the costs incurred, and we calculate it  
3 based on the amount of customers. So, this 2 -- this  
4 quarter of a percent that we're charging for total  
5 monthly receivable dollars is calculated figuring that  
6 each distribution customer would incur -- cause us to  
7 incur those costs. So, for those customers who choose  
8 to move to a supplier, we may still incur those costs.  
9 There's no guarantee that they're going to pay their  
10 monthly bill. And, we still may be going out there to  
11 collect. And, so, we are still incurring those costs.  
12 And, for those customers who are paying their bills,  
13 then, they are actually incurring paying for those  
14 customers who are not.

15 So, there's lots of ways that you could  
16 try to say that "customers who are on default are  
17 paying for customers who are not on default", and vice  
18 versa. But the way that we've calculated our embedded  
19 costs through the rate case, we calculated it to, in  
20 effect, collect these costs from all customers who are  
21 on distribution, which is all of our customers.

22 Q. I'm not getting your answer at all. I just want to  
23 follow through on it.

24 A. (Tebbetts) Okay.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. So, I'm still not -- I think I'm not seeing that you've  
2 addressed the core question, and I'll ask it before I  
3 move on. Which is that, I think you've acknowledged  
4 that there are costs associated, at least some costs  
5 associated --

6 (Court reporter interruption.)

7 MR. MUNNELLY: Sorry about that. I keep  
8 jerking backwards. I apologize.

9 BY MR. MUNNELLY:

10 Q. That for the, you know, default service customers,  
11 there are costs incurred relative to billing, payment,  
12 collections, that are not recovered in default service  
13 rates, they're recovered in distribution rates,  
14 correct. But then what happens is the suppliers are  
15 separately charged for that, and, in many cases, and I  
16 think it's reasonable to expect that some of those  
17 supplier costs are going to get passed onto the  
18 customers. So, customers pay supplier-related billing  
19 and collection costs, and they also separately have to  
20 pay for the portion of the default service customer  
21 billing/collection costs through distribution rates.

22 A. (Tebbetts) And, I would suggest that, in this original  
23 calculation, as Mr. Goodwin had described earlier, our  
24 suppliers, who work with PSNH, are also our customers.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 And, they were not included in these rates. And, so,  
2 now, we are charging them separately, whereas, when we  
3 originally calculated these rates, they were never  
4 expected to be charged, except for that 16,000 that you  
5 had seen. And, so, we are recovering those dollars  
6 after-the-fact, and that is where these revenues are  
7 coming from. Because they are our customers, no  
8 differently than any residential or general service  
9 customer that we have.

10 Q. Okay. I'm just going to move on. I don't understand  
11 your question [answer?], I guess we'll have to take a  
12 look at it later. But I'll move on. There were some  
13 questions asked, I don't need to go through the  
14 requests, in the PSNH request to NAPG and the other  
15 supplier witnesses about "Did the supplier receive any  
16 value from using certain PSNH services?"

17 I'd like to ask the question back to  
18 PSNH. In other words, does PSNH, as a default service  
19 provider, receive any benefit, receive any value from  
20 using PSNH billing services, without being having to  
21 pay anything for it?

22 A. (Goodwin) We are the same entity. So, it's our system.  
23 So, do we get value to bill our customers through our  
24 system? Of course, we do. It's the same system,

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[WITNESS PANEL: Goodwin~Tebbetts]

1 regardless of whether we, you know, it's third party  
2 supply or not. Those core customers have to be  
3 rendered a bill from our system.

4 Q. But isn't it true that the Company calculates default  
5 service -- well, let me just step back on that. I  
6 mean, isn't it true that -- and those are separate  
7 entities. You have a -- PSNH as a default service  
8 provider and PSNH as a distribution company, isn't that  
9 true?

10 A. (Goodwin) Yes.

11 Q. Okay. And, isn't there a separate rate structure that  
12 applies to default service rates?

13 A. (Goodwin) Yes.

14 Q. And, PSNH earns a return on default service?

15 A. (Goodwin) Yes.

16 A. (Tebbetts) Yes.

17 Q. And, the question is, does PSNH, as a default server --  
18 service provider, who is serving default service  
19 customers, do they benefit from receiving billing  
20 services from the PSNH distribution plant?

21 A. But that's where I'm not connecting with you. There is  
22 no PSNH default service company. PSNH is a  
23 distribution and default service company. Now, if we  
24 had a separate subsidiary that provided default

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[WITNESS PANEL: Goodwin~Tebbetts]

1 service, and that subsidiary was going to have to  
2 include their subsidiary costs on the distribution  
3 bill, then, I think your question is fair.

4 Q. Okay.

5 A. (Goodwin) But we are the same entity. There is no  
6 difference.

7 Q. Okay. So, you're treating -- you're saying that the  
8 PSNH -- there's no distinction between PSNH default  
9 service customers and PSNH distribution customers for  
10 ratemaking purposes?

11 A. (Goodwin) No. What I said is that they're both PSNH  
12 customers. A default customer is the same customer as  
13 our distribution customer. You know, as opposed to a  
14 third party supply customer, that customer is a  
15 customer of, say, your company, and a customer of PSNH.  
16 So, there are two different transactions, two different  
17 sets of services that have to be accommodated,  
18 etcetera. When we provide default service, it's  
19 effectively bundled service. It is bundled service.  
20 It's just priced separately, from one company, a single  
21 provider of service, PSNH, as opposed to two separate  
22 providers of service. Do you follow what I mean? We  
23 don't have an energy supplier subsidiary company that  
24 serves retail customers.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. Yes, I understand that.

2 A. (Goodwin) Okay.

3 Q. Okay. So, you're not -- you don't grant that there's  
4 any sort of distinction to be made that PSNH is a --  
5 are you effectively a provider of default service,  
6 however you name it?

7 A. (Goodwin) We are -- we are the provider of default  
8 service, that's right.

9 Q. Yes. Okay. And, the customers of your default service  
10 business receive bills?

11 A. (Goodwin) I guess that's where I'm -- I'm sorry, I'm  
12 not trying to be difficult. That's where I'm really  
13 just not connecting. I don't view that we have a  
14 default service business. We are a company, and we  
15 have a business. And, our core business is to provide  
16 poles and wires delivery service. Another piece of our  
17 business is, for those customers who choose to take  
18 supply service from us, we provide them that through  
19 default service. When they do that, we're effectively  
20 providing a bundled service to that customer, that we  
21 price out separately, in an unbundled fashion, for  
22 billing purposes. But they are -- we are one company,  
23 and they are our one customer. Do you know what I  
24 mean?

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. Yes. Is there something, and I'm sorry, is there  
2 something in the law that where PSNH, they were -- is  
3 -- can't even talk about that, I'm sorry about that.  
4 Is there an order that says that PSNH is required or  
5 permitted to offer its default service in a bundled  
6 fashion? I don't think I've ever heard that concept on  
7 this.

8 A. (Goodwin) I said, "as a service, it's bundled." We are  
9 one provider to one company to one customer, providing  
10 all of the service. As opposed to part of their  
11 service coming from PSNH, part of their service coming  
12 from a third party supplier. So, we are providing a  
13 bundled service. It is priced out separately, and  
14 shown to customers on their bills separately, it's  
15 accounted for separately. But it's one company  
16 providing a bundled service of delivery and energy.

17 Q. Okay. And, your bundled service, when you account for  
18 it, does not impose a separate billing charge on its  
19 default service customers?

20 A. (Goodwin) A separate billing charge?

21 Q. Yes. It's not -- they do not see a line item that says  
22 "50 cents per month to generate a bill for them",  
23 correct?

24 A. (Goodwin) That's right. They do not.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. Okay. So, if I ask you the same question, value  
2 question about the other services and supplier charges,  
3 you'd have the same answer on that?

4 A. (Goodwin) Yeah, that might be easier than having that  
5 exchange again.

6 Q. And, so, I'll save time on that.

7 A. (Goodwin) Yes.

8 Q. Okay. I do want to shift over to the issue of  
9 ratemaking a little bit. I do want to clear up on the  
10 record exactly how these things are accounted for. I'd  
11 like to direct your attention to NAPG 9.

12 A. (Goodwin) Okay.

13 MR. MUNNELLY: One moment.

14 (Atty. Munnelly distributing documents.)

15 MR. MUNNELLY: Thank you. Sorry about  
16 that.

17 CHAIRMAN IGNATIUS: No problem.

18 MR. MUNNELLY: Okay. I would like this  
19 to be an exhibit as well.

20 CHAIRMAN IGNATIUS: Do you have a copy  
21 for the court reporter?

22 MR. MUNNELLY: I gave it.

23 CHAIRMAN IGNATIUS: The court reporter?

24 MR. MUNNELLY: Do I need to get one for

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[WITNESS PANEL: Goodwin~Tebbetts]

1 him now or should I --

2 CHAIRMAN IGNATIUS: No, later. We'll  
3 make sure that he has a set of everything.

4 MR. MUNNELLY: Sure.

5 CHAIRMAN IGNATIUS: All right. So, you  
6 wanted to mark this for identification as "Exhibit --

7 MS. HOWARD-PIKE: Fifteen.

8 CHAIRMAN IGNATIUS: -- 15". Thank you.

9 (The document, as described, was  
10 herewith marked as **Exhibit 15** for  
11 identification.)

12 MR. MUNNELLY: Thank you.

13 BY MR. MUNNELLY:

14 Q. Okay. This is one of the -- the question, actually,  
15 the specific question is "Did PSNH ever reduce its  
16 amount of return on rate base to reflect these payments  
17 for CEPS charges?" And, the answer I think below there  
18 talks about the -- kind of the ratemaking process that  
19 Mr. Goodwin I think has mentioned at least a little bit  
20 earlier, and Ms. Tebbetts answered a little bit earlier  
21 in the day. I think the response drills in on the --  
22 it says that "the charges are credited to the  
23 distribution revenue requirement, thus reducing  
24 distribution rates for all customers." Is that

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1 correct?

2 A. (Goodwin) Right.

3 Q. Okay. And, it does cross reference some other  
4 responses. I think -- so, the question, that's one  
5 thing I wanted to focus on, you mentioned that it is a  
6 -- it reduces distribution rates for all customers.  
7 And, I think you stated the same thing in your rebuttal  
8 testimony, on Page 6. Why don't you look at that. I  
9 think we're down, starting on -- the discussion  
10 starting on Page 10. That they -- they said that the  
11 -- it says "For ratemaking purposes, the revenues PSNH  
12 receives from these charges" -- "from the charges are  
13 credited to PSNH's distribution revenue requirement,  
14 thus decreasing distribution rates." Is that correct?

15 A. (Goodwin) Yes.

16 Q. Okay. Now, here's the part I wanted to get to, which  
17 is that, look at your rebuttal testimony at Page 24.

18 CMSR. HARRINGTON: Excuse me, the last  
19 thing you read, what page was it on?

20 MR. MUNNELLY: Page 6.

21 CMSR. HARRINGTON: Okay. Then, you  
22 said "10".

23 MR. MUNNELLY: Oh, sorry. It was Page 6  
24 I was reading. I apologize to the Commission. Yes, it

[WITNESS PANEL: Goodwin~Tebbetts]

1 was Page 6, starting on Line 10. Sorry.

2 WITNESS GOODWIN: And, then, you were  
3 asking --

4 MR. MUNNELLY: Actually, --

5 WITNESS GOODWIN: Oh, I'm sorry. Go  
6 ahead.

7 MR. MUNNELLY: Yes, sorry about that.  
8 Just one moment.

9 (Short pause.)

10 BY MR. MUNNELLY:

11 Q. Actually, I'll just ask the question without looking,  
12 without referring to testimony.

13 A. (Goodwin) Thank you.

14 Q. But isn't it correct that the revenues from these  
15 charges are applied during a distribution rate case?

16 A. (Goodwin) Yes.

17 Q. Okay. So, it's not one of these things that, as we  
18 make these payments, they automatically go to reduce --  
19 they're not immediately credited to distribution  
20 revenue, correct?

21 A. (Goodwin) Correct.

22 Q. They don't immediately reduce rates, correct?

23 A. (Goodwin) That's right.

24 Q. Okay.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 A. (Goodwin) Well, I was going to say, they may contribute  
2 to helping to avoid an increase in rates sooner than  
3 later.

4 Q. True. Yes. I mean, I think there was questions  
5 earlier from Mr. Patch, for RESA, that identified that  
6 there's 16 -- just under \$17,000 assumed in the 2008  
7 test year --

8 A. (Goodwin) Yes. That's.

9 Q. -- that are in the rate settlement?

10 A. (Goodwin) Yes. That was all that was in there.

11 Q. Okay. And, I think there was some questions also that  
12 the revenues have been substantially higher than  
13 \$17,000 in subsequent years?

14 A. (Goodwin) Right.

15 Q. So that it went from \$72,000 in 2009, to 133,000, then  
16 187,000, and then up the next year to 547,000. And,  
17 then, total supplier charges are 824,000. All these  
18 are in -- it's ENH 2, which I think is marked  
19 separately as a response. I think it's Exhibit 11,  
20 okay. Now, just want to confirm that, to the extent  
21 that these supplier fees exceeded the \$17,000 assumed  
22 in rates, PSNH, to date, has not taken the excess above  
23 \$17,000, and you said, to reduce rates, correct?

24 A. (Goodwin) I can give you a simple "yes" or "no" answer,

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[WITNESS PANEL: Goodwin~Tebbetts]

1 and you can probably guess that it needs to be  
2 explained. But that's correct. But, as we've said in  
3 our testimony, there's -- everything that happens  
4 between rate cases is at shareholder risk. So, there's  
5 lots of things that have changed. Revenues go up,  
6 revenues go down; costs go up, costs go down. They all  
7 get thrown into the big bucket. And, whatever it is in  
8 between rate cases, it is.

9 So, no, we haven't taken these added  
10 distribution revenues or supplier revenues and reduced  
11 distribution rates. Nor have we taken higher labor  
12 costs and increased distribution rates.

13 Q. Okay. But this one is a particularly nice up, since  
14 it's -- I think the revenues, according to the EN --  
15 the Exhibit 11 there, I think there's been  
16 approximately 1.7 million in these supplier charges  
17 between 2008 and the time when you filed the response,  
18 in mid 2013?

19 A. (Goodwin) True. And, I'm sure we've had plenty of  
20 expenses that have gone up by a million dollars since  
21 the last rate case as well. So, this, in the context  
22 of the Company's overall profitability, is not very  
23 much different than other inflationary or risks that  
24 happen between rate cases. I acknowledge it's more

1 significant in the context of these charges.

2 Q. Okay.

3 A. (Goodwin) But, to suggest that somehow, you know,  
4 there's a windfall profit to the Company, and I'm not  
5 saying those were your words, but, if that's the  
6 suggestion, I just don't agree with that.

7 Q. Okay. So, let me just be clear then. Let's move past  
8 the issue that right now the revenues are just coming  
9 in and not getting to offset the rates. Let's look  
10 towards the next rate case. So, whenever that happens,  
11 you indicated you don't know when it will be, but it  
12 will happen at some point. The Company will have a  
13 test year?

14 A. (Goodwin) Yes.

15 Q. And, it will have, for this type of particular item,  
16 and that will be used to set the distribution rates  
17 going forward, right?

18 A. (Goodwin) Right. And, if the number in the test year  
19 was a million dollars, then, the credit in distribution  
20 rates in the next rate case would be a million dollars.

21 Q. Okay. So, what's going to happen, has PSNH taken a  
22 position yet on whether the monies, the revenues above  
23 \$17,000 received in 2012, '13, '14, '15, are they going  
24 to be -- somehow go into the ratemaking process? Are

[WITNESS PANEL: Goodwin~Tebbetts]

1           they going to be credited in the next rate case?

2   A.   (Goodwin) Whatever is in the test year.

3   Q.   Okay.  So, that means that the stuff that's prior to  
4       the test year is not going to be, you know, you're not  
5       going to reduce the test year amount by the revenues  
6       that have occurred over the past five or six years?

7   A.   (Goodwin) That's not how regulatory ratemaking works in  
8       New Hampshire.  So, no, we would not.

9   Q.   Okay.  Thank you.  I do have to say that, in light of  
10      that response, I think you took, in the testimony, at  
11      Page 6, I believe the Company said that the assertion  
12      of ENH that this was a "profit center for PSNH" was  
13      inaccurate.  Could you explain why it's not inaccurate,  
14      at least up until the point when you file your next  
15      rate case?

16   A.   (Goodwin) Well, for all the reasons that I just  
17      described.  We've got tons of things that go on in  
18      conducting business that increase costs, reduce  
19      revenues, increase revenues, reduce costs.  We don't  
20      view any piece of the distribution business in  
21      isolation.  It all aggregates up to one distribution  
22      income statement.  And, part of that income statement  
23      is increased revenues from these services, increased  
24      revenues from pole attachment rates, maybe decreased

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[WITNESS PANEL: Goodwin~Tebbetts]

1 revenues from one particular rate class, increased  
2 costs in that income statement for certain things for  
3 inflationary pressures, maybe decreased costs for  
4 things that we can reduce our costs on and become more  
5 competitive or productive. But the aggregate of all of  
6 that generates one PSNH distribution income statement.  
7 We don't look at all of those activities separately as  
8 a profit center or a profit loss or anything like that.  
9 It's the cost of doing business in aggregate.

10 Q. Okay. But doesn't -- isn't this one a little unique,  
11 because you are dealing with a charge that's applied to  
12 your competitor in the default service market, the  
13 energy supply market? Because you get the double  
14 benefit, don't you, of having money that goes right to  
15 your bottom line until the next rate case, and your  
16 competitors in the market have to pay the fees?

17 A. (Goodwin) I've never viewed it that way, no.

18 Q. Okay. I want to shift gears again. We had -- we went  
19 through, in some of the earlier questions, about the  
20 setting of these three particular rates.

21 A. (Goodwin) Okay.

22 CHAIRMAN IGNATIUS: Before you begin, --

23 MR. MUNNELLY: Yes.

24 CHAIRMAN IGNATIUS: -- we have to think



[WITNESS PANEL: Goodwin~Tebbetts]

1 about timing a little bit. All right? Why don't we go  
2 off the record for a moment.

3 (Brief off-the-record discussion  
4 ensued.)

5 CHAIRMAN IGNATIUS: All right. Let's go  
6 back on the record. All right. We took a brief break  
7 just to sort out timing and steps involved in bringing the  
8 adjudicative hearings to a close. We're going to ask  
9 Commissioner Harrington, who has another commitment at  
10 5:00, if he has questions, to go ahead now, then go back  
11 to Mr. Munnelly and other parties, and Staff. And, I  
12 think we can stay, you know, through till 5:30 or so, but  
13 we should be able to hopefully wrap everything up today  
14 with the witnesses. So, Commissioner Harrington.

15 CMSR. HARRINGTON: Thank you for  
16 indulging me. I really don't want to have us come back  
17 for an hour or something. But I did have some questions I  
18 wanted to ask.

19 BY CMSR. HARRINGTON:

20 Q. So, just one thing to get things clear, so I'm  
21 perfectly clear on this one. On the selection charges,  
22 I'll just say it, and you can answer "yes" or "no" on  
23 it. If you're going from default service to a  
24 competitive supplier, there's a \$5.00 fee. If you're

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[WITNESS PANEL: Goodwin~Tebbetts]

1 going from one competitive supplier to another  
2 competitive supplier, each of those suppliers is  
3 charged the \$5.00, making the total fee 10, is that  
4 correct?

5 A. (Tebbetts) Yes.

6 Q. Okay. There was a commitment that we discussed that  
7 was made in the 1999 testimony, that's been attached to  
8 a couple of the exhibits here, about revisiting the  
9 selection cost, because they were based on a charge  
10 from Granite State Credit Union [Granite State  
11 Electric?], and that, once more information was known  
12 about actual costs, that Public Service would be  
13 revisiting them. Now, let's start out with the Granite  
14 State charge that you based it on. We're being told  
15 now that Granite State no longer charges that. Do you  
16 agree with that?

17 A. (Goodwin) I don't think we have any firsthand  
18 knowledge, but we've heard that as well.

19 A. (Tebbetts) Uh-huh.

20 Q. Okay. And, at the time you adopted Granite State's  
21 charges, are you aware of whether they were charging a  
22 \$10.00 fee for this competitive supplier to competitive  
23 supplier, or they only charged one, like they did when  
24 you're going from default service to competitive

[WITNESS PANEL: Goodwin~Tebbetts]

1 supplier?

2 A. (Goodwin) I wasn't involved in this part of the Company  
3 back then. So, I don't know.

4 Q. So, you don't know whether Granite State would have  
5 charged \$10.00 for going from one competitive supplier  
6 to another for \$5.00?

7 A. (Goodwin) No, I'm sorry. I have no idea.

8 Q. But, for your company, that's the basis of the \$5.00  
9 charge is strictly that Granite State charged it, and  
10 you have nothing else to back up that \$5.00 charge?

11 A. (Tebbetts) Yes. That's correct.

12 A. (Goodwin) I would say, at this point in time.

13 Q. Could you comment on why, assuming this is correct,  
14 we've been told that Public Service is the only NU  
15 company that makes these type of charges, the selection  
16 charge. Can you comment on why they're the only one?

17 A. (Goodwin) Yes. This answer isn't necessarily going to  
18 be a real quick one. But the different jurisdictions  
19 around the region have taken different policy positions  
20 on how we're going to recover some of these  
21 supplier-related restructuring costs, what fees we'll  
22 charge, what fees we won't charge, and etcetera. So,  
23 inasmuch as, say, any of the Northeast Utilities  
24 companies in Connecticut or Massachusetts, we may not

[WITNESS PANEL: Goodwin~Tebbetts]

1 have a switching fee, *per se*. But there is a number of  
2 other charges that CL&P charges for that we don't do in  
3 New Hampshire. And, I think there's one good example,  
4 as I was just gathering my thoughts and research on  
5 this, and that is something called a "customer list",  
6 just as an example. I'm just trying to point out, you  
7 know, a fundamental difference in philosophy. In  
8 Connecticut, the Connecticut Commission has ruled that  
9 CL&P is allowed to charge for developing a customer  
10 list to provide to competitive suppliers for potential  
11 candidates, and to charge a fee for that. In contrast,  
12 the Massachusetts Commission has required that the  
13 utility provide the same customer list, but enhanced  
14 with some additional billing information, so, even a  
15 more robust customer list. But the Massachusetts  
16 Commission has said we can't charge for that. In New  
17 Hampshire, we don't provide any such customer list.  
18 So, that happens to be one type of service, if you  
19 will, that we all provide the same type of service  
20 through the Northeast Utilities system; one  
21 jurisdiction we charge, another jurisdiction we provide  
22 a better service and don't charge, and another  
23 jurisdiction we don't charge at all. So, I think it's  
24 unfair to look at these in isolation and say "how come

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[WITNESS PANEL: Goodwin~Tebbetts]

1 nobody charges those?" Because I can give you a list  
2 of a number of charges that CL&P applies to suppliers  
3 that we don't charge here.

4 Q. Okay. Thank you. That was a good answer. In the  
5 testimony, there's a discussion of how these, I'm  
6 trying to find exactly where it is, how these charges  
7 should be, whether they should be cost-based or  
8 market-based. And, basically, it says that, I believe  
9 it's on Page 18, at the bottom, it says "the time has  
10 come to remove this requirement from utilities, or at  
11 least allow the utilities to price such services at  
12 market rather than cost." Do you see where I'm  
13 referring to?

14 A. (Goodwin) Yes.

15 Q. Okay. And, my question would be, how do you have  
16 market-based rates for a service that only one company  
17 can provide, which is Public Service? I mean, there is  
18 nobody else out there that can do it. So, and you're a  
19 public utility, and your rates are supposed to be based  
20 on cost. Are you saying that market rates should be  
21 applied to other services that Public Service supplies  
22 or just this one particular one?

23 A. (Goodwin) No, I think we're conceptually thinking the  
24 same way. What I'm saying, what our testimony is

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[WITNESS PANEL: Goodwin~Tebbetts]

1 saying is, to the extent it's a monopoly service, it  
2 should be cost of service-based, just like all other  
3 traditional, you know, utility ratemaking. To the  
4 extent the service is optional, or that there is more  
5 than one potential provider, then, you know,  
6 traditional ratemaking suggests that there is not the  
7 need for the protection of regulation. And, so,  
8 therefore, a market-based service could potentially be  
9 applied. So, as it relates to billing, from the  
10 standpoint that suppliers could do their own billing or  
11 go seek a billing service from somebody else, there are  
12 choices there.

13 Q. Okay. So, to the point that there are no choices, you  
14 think it should be based on cost?

15 A. (Goodwin) Absolutely.

16 Q. Okay. And, if it's based on cost, especially with  
17 regard to this selection cost, Selection Charge, you've  
18 stated it a number of times that you don't know --  
19 really know what the costs are. And, in the original,  
20 the 1999 testimony, which I realize isn't yours, --

21 A. (Goodwin) Yes.

22 Q. -- it was said "We don't have a basis for this, we're  
23 using \$5.00, because that's what Granite State used.  
24 But, as we develop a history over time, we'll be able

[WITNESS PANEL: Goodwin~Tebbetts]

1 to address this and give us a cost-based charge." And,  
2 yet, what I've heard today is, years have gone by,  
3 you've been collecting this now for a number of years,  
4 it's a substantial amount of money, half a million --  
5 over half a million dollars in the first half of this  
6 year, and, yet, you've never bothered to go back and  
7 fulfill your promise to adjust the rates based on costs  
8 through experience. How come?

9 A. (Goodwin) Well, I think the only answer I can give you  
10 is what we've provided. And, that is, in our view, the  
11 opportunities -- well, two things. We had never heard  
12 from suppliers that these charges were an "issue", and  
13 there were opportunities within rate cases where  
14 intervenors and suppliers, as you're well aware, come  
15 into the case with concerns and issues they have about  
16 the utility's rates or costs or rate structures. And,  
17 in none of those subsequent rate cases did anyone bring  
18 this issue forward. So, you know, we tend to, in a  
19 rate case, to the extent there is not a problem or an  
20 issue with something, tend to leave it alone, and then  
21 address in rate cases things that we think need to be  
22 addressed. So, that's the reason.

23 Q. Again, I realize it wasn't your testimony, but it's  
24 your company's testimony. There's nothing in there

1       that I can see that talks about "We will adjust this  
2       rate based on experience, if someone raises the  
3       question in a rate case. Otherwise, we're going to  
4       leave it the way it is forever." Which is sort of what  
5       you're implying, if nobody kicks the can, we're not  
6       going to bother.

7   A.   (Goodwin) I understand your perception around that,  
8       yes.

9   Q.   And, when was the last rate case?

10  A.   (Goodwin) 2008.

11  A.   (Tebbetts) '09.

12  A.   (Goodwin) '09? I'm sorry, 2009.

13  Q.   And, I guess one might say, in 2009, the selection  
14       charges were, since that was the year, the case was  
15       during that year, we should go back to 2008, they were  
16       a little over a thousand dollars. Maybe that's the  
17       reason that nobody brought it up, being that this year  
18       they're a little over a half a million dollars for the  
19       first half of the year. There's quite a significant  
20       difference there, isn't there?

21  A.   (Goodwin) I can appreciate that. Could I just add one  
22       thing please?

23  Q.   Sure. Certainly.

24  A.   (Goodwin) You know, it is termed a "Selection Charge".



[WITNESS PANEL: Goodwin~Tebbetts]

1 I believe the 1998 testimony said that it was intended  
2 to recover all administrative costs related to  
3 transactions. And, so, in that context, my read, and,  
4 again, I wasn't here in 1998, at least not working at  
5 PSNH, I was with Northeast Utilities. My read is that  
6 it is not necessarily intended to recover only the cost  
7 absolutely of the selection process, but to acknowledge  
8 the fact that there are administrative costs. And, in  
9 that context, that's why I'm suggesting that we really  
10 need to look at this in a broader context, to  
11 understand the millions of dollars that have been  
12 invested into systems and processes in order to  
13 accommodate the transactions that happen on our system.  
14 So, no. Can I absolute point you to, you know, here's  
15 an x, y, and z algebra that gets you to \$5.00? No.  
16 But, I think, if we step back and look at it in a  
17 broader context, and said "what is the cost of  
18 accommodating supplier transactions, within the bigger  
19 revenue requirement picture?" I'm not saying \$5.00 is  
20 or is not the right answer, but I think you would get a  
21 different answer than what you would get if you were  
22 saying my absolute collection costs, direct incremental  
23 costs.

24 Q. I guess I'm not questioning whether \$5.00 is right or

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[WITNESS PANEL: Goodwin~Tebbetts]

1 wrong. It's just the fact that the \$5.00 was set back  
2 in 1999, based on the fact that somebody else did it,  
3 who now no longer charges that. And, at that time,  
4 there were no -- you didn't know what the costs were  
5 going to be, as far as implementation or millions of  
6 dollars of costs associated with new computer systems  
7 or whatever. But, now, 13 years later, you do. And,  
8 the fact that you haven't revisited that \$5.00 charge  
9 to figure out, maybe it should be \$15, I don't know.  
10 But the fact is, an arbitrary \$5.00 assessment in 1999,  
11 should have been adjusted after 13 years of actual  
12 cost. That's what troubles me.

13 A. (Goodwin) I don't think that's unfair.

14 Q. Getting back to the charge itself, and since you've  
15 said that it should be based on cost, whatever the cost  
16 is, and let's not get into the \$5.00 thing again. Why  
17 does it cost twice as much to move a customer from one  
18 CEP to another CEP, as it does to move a customer from  
19 default service to a CEP, because you charge twice as  
20 much for the transaction? So, like, what accounts for  
21 the doubling of the cost, assuming, again, we're  
22 dealing with a cost-based system here?

23 A. (Goodwin) Yes. Again, I can't testify to the cost of  
24 why it's one or two, I don't know the answer to that.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 But what I would suggest is that, the implication that  
2 there should be, say, two in the default situation, is  
3 that we would be charging ourselves, and that wouldn't  
4 make a heck of a lot of sense.

5 Q. Okay. And, kind of going down that same line on the  
6 0.252 percent of the total monthly receivable dollars,  
7 which I think, as I asked earlier, and do you agree,  
8 that's charged on the receivable dollars that -- based  
9 on the energy portion of the bill that the -- of the  
10 energy provided by the competitive supplier, is that  
11 correct?

12 A. (Tebbetts) Yes. That's correct. That is a charge to  
13 the suppliers for customers who are not paying their  
14 bills on time.

15 Q. Okay. And, that is to -- I'm trying to figure out  
16 exactly what that involves. Does that involve the  
17 collection cost associated with it? Is the carrying  
18 cost of the debt in there? How does that -- How does  
19 it work? Because, presumably, if someone doesn't pay  
20 Public Service, Public Service doesn't pay the  
21 competitive supplier.

22 A. (Tebbetts) And, that's correct. And, so, PSNH -- and,  
23 excuse me for one moment, I just want to go back to  
24 Exhibit B, where that calculation came from, from I

[WITNESS PANEL: Goodwin~Tebbetts]

1 believe ENH's testimony. And, I don't know what  
2 exhibit number that was exactly. And, on Page 3 of  
3 5 --

4 CHAIRMAN IGNATIUS: Is that Mr. Dean's  
5 testimony?

6 WITNESS TEBBETTS: Yes. That is.

7 CHAIRMAN IGNATIUS: That's Exhibit 4.

8 **BY THE WITNESS:**

9 A. (Tebbetts) Exhibit 4. Okay. And, so, on Exhibit 4,  
10 you'll see the attachments. And, on Page 3 of 5,  
11 you'll see how the quarter of a percent was calculated.

12 BY CMSR. HARRINGTON:

13 Q. Yes. Yes.

14 A. (Tebbetts) Okay.

15 Q. That's in the chart in the back?

16 A. (Goodwin) Yes.

17 A. (Tebbetts) Uh-huh. Okay. So, if you could just repeat  
18 the question please.

19 Q. Okay. I understand those numbers here.

20 A. (Tebbetts) Uh-huh.

21 Q. I'm trying to figure out, this is basically the cost it  
22 takes to collect delinquent bills?

23 A. (Tebbetts) Yes. That's correct.

24 Q. Okay. My question then is, if Public Service has a

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[WITNESS PANEL: Goodwin~Tebbetts]

1 customer that has a delinquent bill of \$500, and that  
2 person is a default service customer, how does it cost  
3 more or where do these costs get addressed as compared  
4 to \$500ed from a distribution customer with a  
5 competitive supplier, where it is, say, split 250/250?

6 A. (Tebbetts) Uh-huh.

7 Q. Are there additional costs associated with collecting  
8 from the customer who has the competitive supplier?

9 A. (Tebbetts) There may be. The way that the customer  
10 pays their bill, possibly. If a customer has paid  
11 their delivery portion of the bill, and they have not  
12 paid the supplier portion of the bill, we will follow  
13 the 1200 rules all the way up, until disconnection, as  
14 we can't disconnect for the generation portion of the  
15 bill, to try to collect on those.

16 Q. But that would apply equally to a default service  
17 customer, if they only pay 250, and they -- I don't  
18 know what they do, say "I'm paying my distribution  
19 costs with these \$250. And, then, you'd still be  
20 collecting the 250 for the default service, and you'd  
21 be in the same situation, wouldn't you?

22 A. (Tebbetts) Yes. That's correct.

23 Q. Okay. I'm almost done here, because I'm going to have  
24 to go. But, just getting back to the default -- to the

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Selection Charge again, and this is why it troubles me,  
2 I guess, when looking at these figures. We started out  
3 with \$430 was generated in the first year, it's in the  
4 back of one of these exhibits here. I think it's  
5 Exhibit 11, I believe. It shows you, in 2007, the  
6 \$5.00 charge generated \$430. And, then, we can all  
7 see, and we went through, so, in 2013, the first half  
8 delivered over half a million dollars.

9 A. (Tebbetts) Uh-huh.

10 Q. And, the statement was made by Mr. Goodwin that, to the  
11 -- something to the effect that the costs have gone up  
12 -- have not gone up much, because a lot of this is  
13 automated. And, again, I'm troubled that nobody in  
14 Public Service looked and saw the revenues we're  
15 receiving went from 430, to probably a million dollars  
16 this year, or, even if we look at last year, it was  
17 over a quarter of a million dollars, and our cost  
18 "basically not gone up much due to automation". Why  
19 didn't you think that it was necessary to come in and  
20 say we want to address our tariff on this, and drop  
21 that charge to substantially less, because, you know,  
22 on a per customer basis, it's gone down by, you know,  
23 thousands of times?

24 A. (Goodwin) I think, because it would get it involved

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[WITNESS PANEL: Goodwin~Tebbetts]

1 with asking the question about how the total costs of  
2 providing the service should fairly be paid for. And,  
3 I think that's a rate case question. So, yes, have  
4 those revenues gone up dramatically? Yes. At the  
5 current level of revenues, are these suppliers paying  
6 for the full cost of what PSNH and Northeast Utilities  
7 did, had to do to accommodate the supplier services on  
8 our system? I don't know that that answer is so  
9 obvious. And, so, that's why I think it's a broader  
10 question that is really more suited for a rate case.

11 Q. Okay. And, just getting back to one thing. I mean,  
12 there is one substantial difference between Public  
13 Service and all these other utilities we've been  
14 discussing, whether they be in New Hampshire or in  
15 other parts of New England. And, they're the only ones  
16 that has the default service that they produce the  
17 electricity themselves.

18 A. (Goodwin) Yes.

19 Q. Everybody else just simply goes out and bids out to  
20 other suppliers on it. So, it would seem that that  
21 kind of puts them into competition with the other  
22 suppliers of electricity, in that, as it was mentioned  
23 earlier, the Rate ADE, which is something that they  
24 wanted, Public Service wanted, to be more competitive,

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[WITNESS PANEL: Goodwin~Tebbetts]

1 so they would have less migration. So, they stated  
2 before they're trying to minimize migration, because it  
3 works out better for the Company.

4 So, if you have that, and I just want to  
5 make the -- just humor me for a second on this, because  
6 we went all through this, and I don't want to go  
7 through every detail again on this, default service  
8 rate versus distribution rates. But, effectively, for  
9 ratemaking purposes, the Company has a default service  
10 rate for energy, that's correct?

11 A. (Goodwin) Yes.

12 A. (Tebbetts) Yes.

13 Q. And, they have a separate rate for distribution?

14 A. (Tebbetts) Yes.

15 Q. Okay. And, as a customer, I may, if I'm a customer of  
16 Public Service, I'm in your franchise area, unless I'm  
17 off the grid, I'm paying the distribution costs,  
18 correct?

19 A. (Goodwin) Yes.

20 A. (Tebbetts) Yes.

21 Q. The same rate as everybody pays. But I may or may not  
22 be paying those default service rates, because I can go  
23 to a competitive supplier?

24 A. (Goodwin) Exactly.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. Okay. So, if I go to a competitive supplier, and these  
2 various charges that you charge come up to be so much,  
3 a dollar, whatever it is, a dollar a month I think  
4 someone postulated. So, that dollar a month now, as a  
5 customer, the competitive supplier has to do something  
6 with that charge. They're either going to lower their  
7 profits, but, I think, because everyone is getting  
8 charged a dollar a month that I can buy electricity  
9 from as a competitive supply, they're probably going to  
10 add it on to my cost. So, that dollar a month I pay,  
11 now I pay through the competitive supplier, it goes in  
12 to Public Service to go into the distribution rate  
13 fund. But, then, I get my distribution bill as well,  
14 and I'm also paying part of that, just the same as if I  
15 got my electricity energy from Public Service, I'm  
16 paying it there as well, correct?

17 A. (Goodwin) Yes.

18 Q. Okay. So, -- but, if I'm getting customers, if I'm a  
19 customer of default service, I don't see any charge  
20 associated with those three charges as part of my  
21 default service rate, is that correct?

22 A. (Goodwin) Right.

23 Q. And, I pay that once in my distribution rate?

24 A. (Goodwin) Right.

[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. So, if I'm a competitive -- a customer who elects to  
2 get a competitive supplier, I'm paying these charges  
3 through my competitive supplier, as part of that rate,  
4 presuming they charge me for it, and I'm also paying it  
5 again in my distribution costs. Is that correct?

6 A. (Goodwin) I wouldn't disagree with that as a  
7 fundamental. But, again, Mr. Commissioner, that's why  
8 I suggested that it seems to me that we've introduced a  
9 whole slew of competitive market issues here, rather  
10 than just "is that charge just and reasonable?"  
11 Because a lot of what you're raising has to do with  
12 "should we do something different to the default  
13 service rate?" You know, there are level competitive  
14 playing field implications to this. And, so, I  
15 acknowledge that all of those are valid questions and  
16 issues.

17 CMSR. HARRINGTON: All right. Thank you  
18 very much. That's the end of my questions. And, thank  
19 you for bearing with me and allowing me to go out of order  
20 here. I appreciate it. I do have to leave.

21 CHAIRMAN IGNATIUS: Thank you. Then, I  
22 think we go back to Mr. Munnelly.

23 MR. MUNNELLY: Yes. I'll jump back in.  
24 I have two last lines.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 CHAIRMAN IGNATIUS: Okay.

2 MR. MUNNELLY: I want to mark two  
3 responses for exhibits. One of them is the Company's  
4 response to -- supplemental response to PNE 9. And, it's  
5 both a cover sheet and the chart after it. And, that will  
6 be one. And, then, the second one -- what number is that  
7 one going to be?

8 MS. HOWARD-PIKE: Sixteen.

9 MR. MUNNELLY: Okay. The other one is a  
10 supplemental response to NAPG 16, which is a one-page  
11 exhibit.

12 Sorry. And, I'll settle up with Steve  
13 later, in terms of his exhibits. There should be a few  
14 copies of each one.

15 CHAIRMAN IGNATIUS: So, to make sure I  
16 got this right, the Exhibit 16 would be the two-page PNE  
17 1-1, that's a two-page response?

18 MR. MUNNELLY: Yes. The PNE -- I think,  
19 it was -- is it PNE 09?

20 CHAIRMAN IGNATIUS: Oh, I'm sorry. I'm  
21 sorry.

22 WITNESS GOODWIN: And, it's a --

23 CHAIRMAN IGNATIUS: PNE 1-9.

24 WITNESS GOODWIN: -- supplemental.

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1 CHAIRMAN IGNATIUS: Exhibit 16.

2 (The documents, as described, were  
3 herewith marked as **Exhibit 16** and  
4 **Exhibit 17**, respectively, for  
5 identification.)

6 MR. MUNNELLY: And, first, just so I can  
7 get through this, I just wanted to make clear that that's  
8 a chart that they responded to PNE, which lays out -- we  
9 asked the question of "what are the charges, the supplier  
10 charges, and --

11 (Court reporter interruption.)

12 MR. MUNNELLY: Sorry about that. Let me  
13 start again. I apologize for that. I just wanted to get  
14 in the record the Company response to the question about  
15 what the charges were in the other jurisdictions of NU,  
16 and then -- just so we have that for discussion purposes.

17 BY MR. MUNNELLY:

18 Q. Okay. This is something separate from the chart. I'll  
19 ask this one of Mr. Goodwin. Again, you mentioned  
20 earlier the discussion about "what "cost" means?" And  
21 "Does it mean "embedded cost"? Does it mean  
22 "incremental cost"?"

23 A. (Goodwin) Right.

24 Q. And, the Company's position is it should be embedded

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[WITNESS PANEL: Goodwin~Tebbetts]

1 cost. Since these rates were created in 1999, that was  
2 at the dawn of competition -- that was before  
3 competition had fully flowered in other jurisdictions,  
4 correct?

5 A. (Goodwin) Yes. Now, when you say "these rates", you  
6 mean the three that we're talking about here?

7 Q. Yes. Or, actually, particularly, I'm focusing on the  
8 two that were based on embedded rates.

9 A. (Goodwin) Oh. Okay. And, so, your question is, "were  
10 they pre the evolution of competition?"

11 Q. Yes.

12 A. (Goodwin) For the most part, yes.

13 Q. Yes. Now, has -- since competition has now developed  
14 in many jurisdictions throughout the Northeast, the  
15 Mid-Atlantic, the Midwest, has PSNH done a study of how  
16 utilities, other than PSNH, are handling these three  
17 specific types of supplier charges?

18 A. (Goodwin) Not a study, *per se*, but I am aware of the  
19 fact that there are different policy positions and  
20 decisions that have come out from the other state  
21 commissions that largely dictate what we charge in  
22 other states and how we charge them.

23 Q. True. And, with respect to these three specific type  
24 of supplier charges that are at issue today, based on

1       that exhibit it's clear that they're not charged in  
2       Connecticut and they're not charged in your  
3       Massachusetts jurisdictions, correct?

4   A.   (Goodwin) That's true. But, like I was explaining to  
5       the Commissioner when he was asking, I think that's an  
6       unfair characterization to conclude anything from that,  
7       given the fact that there are many charges that are  
8       charged in other jurisdictions that are not charged  
9       here. So, your statement is an accurate one, but I  
10      think it leads to an unfair characterization that,  
11      because something is done here, and not somewhere else,  
12      that it's not appropriate.

13   Q.   Okay.

14   A.   (Goodwin) Because there's more consideration than that.

15   Q.   Okay. Fair enough. Has the Company done a study  
16       whether there's any supplier charges anywhere that have  
17       been based on fully embedded cost, as opposed to some  
18       other methodology?

19   A.   (Goodwin) Well, I can say for CL&P, as an example, a  
20       lot of the charges that are developed there are charged  
21       -- are developed on what we call "fully marginal  
22       costs", and they're effectively embedded costs. They  
23       look at "how long does it take to do" -- "a person to  
24       do a function?" And, if that person is paid \$50 an

[WITNESS PANEL: Goodwin~Tebbetts]

1 hour, and it takes two hours to do that function, then,  
2 we'll charge you \$100 for it. So, it does look at the  
3 embedded cost, the actual embedded cost, effectively  
4 allocating that person's time out to that function.

5 Q. But it's not --

6 A. (Goodwin) That's how CL&P's are developed.

7 Q. Yes. But that's not a fully embedded cost, it's a  
8 modified version, is that what you're saying?

9 A. (Goodwin) Yes. I guess a fully embedded cost would be  
10 higher than that, because you would start adding  
11 potentially A&G and overheads and those types of  
12 things.

13 Q. Yes, it would. I guess I'd like you to answer the  
14 question then. Is the Company aware of any supplier  
15 charges anywhere that are based on fully embedded cost?

16 A. (Goodwin) My knowledge is limited to the Northeast  
17 Utilities companies. And, only to the extent that I  
18 just described, which is a cost that's probably less  
19 than fully embedded cost.

20 Q. Okay. Thank you. Final question. Which is, there  
21 were some questions earlier about whether there was a  
22 -- the issue of single bills, and whether suppliers  
23 would be allowed to offer consolidated bills at some  
24 point in the future. Would PSNH support a policy of

[WITNESS PANEL: Goodwin~Tebbetts]

1 allowing competitive suppliers to issue a single bill  
2 that includes PSNH's distribution charges?

3 A. (Tebbetts) I'd have to say that PSNH would need more  
4 information about what suppliers would be proposing.  
5 PSNH owns the meters. And, so, that's our property.  
6 And, so, for suppliers to read those meters, they would  
7 be taking over a process that we own. And, so, we'd  
8 need more information in order to be for or oppose  
9 anything that would deal with PSNH handing over any  
10 kind of billing to suppliers, on the distribution,  
11 transmission, and other pieces of our bill besides.

12 MR. MUNNELLY: Okay. One moment.  
13 That's all I have. Thank you.

14 CHAIRMAN IGNATIUS: Thank you. Mr.  
15 Aslin.

16 MR. ASLIN: Thank you, madam Chairman.  
17 I will try to keep this brief. I think we've covered a  
18 lot of territory already. But there are a couple of  
19 points I want to try and touch on and circle back to.

20 BY MR. ASLIN:

21 Q. In one of your answers earlier, you made a  
22 characterization that you, PSNH, treats suppliers as if  
23 they were customers.

24 A. (Goodwin) I said "I view suppliers as customers."

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1 Q. Okay.

2 A. (Goodwin) And, excuse me, what I meant by that is, for  
3 the purposes of my function, which is rates and cost of  
4 service.

5 Q. Okay. And, I want to dive into that a little bit.  
6 Would you say that you would -- that the Company treats  
7 suppliers and default service customers equivalently,  
8 in terms of the rate-setting process?

9 A. (Goodwin) I think that's what we're trying to do by  
10 developing an appropriate allocation of embedded costs.  
11 That's what I'm trying to do. So, if we're not doing  
12 that, then we need to figure out how to do that.

13 Q. Okay. And, that's what I understood your suggestion  
14 before to be. And, as part of that or as part of the  
15 process you put in place, you are charging suppliers  
16 for certain embedded costs for collection and billing,  
17 is that correct?

18 A. (Goodwin) Yes.

19 Q. But you are not charging default customers on their  
20 supply portion of their bill those same types of  
21 embedded costs?

22 A. (Goodwin) Well, again, because I don't think we have  
23 them. You know, we have one customer that we render a  
24 bill to. Then, the supplier comes in and we have a

[WITNESS PANEL: Goodwin~Tebbetts]

1 customer that we effectively have to render two bills  
2 to.

3 Q. Could you explain that a little bit more, because my  
4 understanding from earlier testimony was that there is  
5 no second bill. It's simply a switch within the  
6 automated system that changes the name of the supplier  
7 from "Public Service Company" to whatever the supplier  
8 is?

9 A. (Goodwin) Right. And, there were costs that were  
10 incurred by the Company to accommodate that switch.

11 Q. Those were capital improvements to your billing system?

12 A. (Goodwin) That's right.

13 Q. And, not operational one-off each time you make a bill?

14 A. (Goodwin) And, I think I've testified before, there's  
15 not a lot of direct incremental costs, because  
16 investments have been made to accommodate the  
17 restructured competitive marketplace.

18 Q. And, to the extent that you are treating suppliers as  
19 customers and charging them for a portion of the  
20 embedded costs of billing and collections, are you  
21 suggesting that the suppliers and their customers are  
22 using those services differently?

23 A. (Goodwin) Could you say that again. I didn't quite  
24 follow.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. Sure. I think we've agreed that all customers, whether  
2 they're on default service or receiving competitive  
3 supply service, are paying for embedded costs of  
4 collections and billings on the distribution side of  
5 their bill.

6 A. (Goodwin) Yes.

7 Q. In addition to that, you've made the point that  
8 suppliers should be paying a portion of those embedded  
9 costs as well.

10 A. (Goodwin) Right.

11 Q. And, I'm asking, are the suppliers, separate from their  
12 customers, using billing and collection services in  
13 another way than their customers are?

14 A. (Goodwin) I would say yes.

15 Q. Could you explain that?

16 A. (Goodwin) Yes. In the billing context, you suppliers  
17 rely on PSNH, by your choice, to render a bill on your  
18 behalf, and add it to our bill. So, we are providing a  
19 billing service to suppliers, using resources that are  
20 supported through distribution rates. And, to me,  
21 fairness dictates that the suppliers that are utilizing  
22 those services, and the resources that are paid for by  
23 all customers, should contribute to that cost recovery,  
24 and that those costs should be shared with both

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[WITNESS PANEL: Goodwin~Tebbetts]

1 distribution customers and suppliers for that service.

2 Q. But not for default energy supply customers. They're  
3 paying on the distribution side, but not on the supply  
4 side. Whereas, supply customers are paying on the  
5 distribution side, and the supplier is paying on the  
6 supply side.

7 A. (Goodwin) And, this gets back to my discussion earlier.  
8 We don't have a PSNH default service company.

9 Q. I'm saying "customer", not --

10 A. (Goodwin) No, but what I'm responding to is why I view  
11 that we charge suppliers like we do customers. And,  
12 so, you're saying "well, how about default customers?"  
13 Well, I'm not charging -- we're not charging the  
14 competitively served customer, we're charging the  
15 supplier, who is utilizing the system and the services.  
16 And, we don't have a default supplier to charge,  
17 because we are them.

18 Q. I think I understand your point. And, what I'm trying  
19 to get at is, you are -- the way that your cost --  
20 embedded cost analysis provided in 1999 is set up,  
21 you're essentially charging suppliers the same, on an  
22 equivalent basis, as you are charging customers for the  
23 same services, is that correct?

24 A. (Goodwin) Yes. Well, I guess, in 1999, we weren't

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[WITNESS PANEL: Goodwin~Tebbetts]

1 charging anything, because it was a conceptual rate and  
2 nobody was paying it.

3 Q. That was the concept.

4 A. (Goodwin) Yes. I guess the practical reality is, over  
5 time, it's a function of what's in your test year,  
6 relative to your costs, and then what's in your  
7 successive test year, relative your costs. So, for  
8 example, if, in our next rate case, there's a million  
9 dollars of revenue from these services, then  
10 distribution customers will be charged a million  
11 dollars less effectively for these services, if you  
12 wanted to call it a one-for-one. But there would be  
13 the value of what we're charging suppliers would  
14 directly translate to all customers through a lower  
15 bill. So, you know how ratemaking works, you can't say  
16 that this dollar goes to exactly that activity. You  
17 know, I kind of refer to it sometimes as the "Ragú  
18 effect". So, it's all in there. But the fact of the  
19 matter is that we will be recovering part of the costs  
20 of billing, for example, from suppliers, and crediting  
21 that to customers. So, therefore, distribution  
22 customers are paying -- they effectively would be  
23 paying less for billing, because we're recovering part  
24 of that from suppliers.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. Would you agree that, if you are reducing the cost of  
2 the distribution rate by some increment, let's just say  
3 1 percent, that's probably grossly overstating, but, if  
4 supplier charges are incorporated into the rates in the  
5 next rate case, you reduce the distribution rate by  
6 1 percent for all customers.

7 A. (Goodwin) Right.

8 Q. At that time, customers who are on default service  
9 would be paying 99 percent of the former distribution  
10 rate?

11 A. (Goodwin) All other things equal.

12 Q. And, customers on supply service would be paying  
13 99 percent of former cost on distribution, plus the  
14 charges that are creating that reduction?

15 A. (Goodwin) I don't -- really, I'm not intending to be  
16 difficult.

17 Q. That's all right.

18 A. (Goodwin) But you view it as customers of the --  
19 competitively served customers would be paying for. I  
20 view it as, we're charging suppliers and we're charging  
21 customers. So, I understand that the likelihood is  
22 that you all will pass those costs on. But, again, I  
23 don't view the competitively served customer as who I'm  
24 trying to administer charges to. I view the supplier

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[WITNESS PANEL: Goodwin~Tebbetts]

1 is who I'm trying to administer charges to.

2 Q. But --

3 A. (Goodwin) Do you understand the distinction?

4 Q. I understand the distinction you're making.

5 A. (Goodwin) Yes. Okay.

6 Q. I don't agree that there is such a distinction.

7 A. (Goodwin) Okay. Fair enough.

8 Q. But that's why we're here.

9 A. (Goodwin) Yes.

10 Q. Would do you agree then that suppliers are, in effect,  
11 subsidizing default service customers by reducing their  
12 distribution rate, if you implement these charges  
13 potentially in a rate case?

14 A. (Goodwin) I think, again, that's really a question that  
15 is, I think, a legitimate one, that speaks to where and  
16 how should some of these costs be recovered. And, I  
17 think there are fundamental questions around  
18 competitive market rules. That I don't know all the  
19 history that goes back to 1998 here in New Hampshire.  
20 But I'm sure those types of considerations were fleshed  
21 out when restructuring rules happened here. I know  
22 that they were in other states. And, at times, they  
23 change along the way. So, I think, to me, you're  
24 driving at a question that really is deeper than how we

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[WITNESS PANEL: Goodwin~Tebbetts]

1 -- you know, what we charge for what service. It's  
2 really more akin to how the competitive market rules  
3 are structured, and is there a fairness issue there.

4 Q. Would you say that "fairness" is different from  
5 "unjustness" or "reasonableness"?

6 A. (Goodwin) Yes.

7 Q. I believe that we've covered, at some point today, that  
8 there are -- that all the costs of collections and  
9 billings are currently recovered through distribution  
10 rates?

11 A. (Goodwin) Well, I think we just talked about a small  
12 piece of collection costs in default rates, Ms.  
13 Tebbetts had mentioned that.

14 Q. I think that's a distinguishment, that's not a  
15 collection service, that's --

16 A. (Goodwin) Uncollectibles.

17 Q. -- uncollectibles.

18 A. (Goodwin) Right.

19 Q. So, in terms of the services that are being provided to  
20 suppliers for collections and billing, those services  
21 -- the cost of those services are recovered through  
22 distribution rates?

23 A. (Goodwin) Less any revenue credits that we build into  
24 the rate case from these revenue streams.

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1 Q. At this point, they have been essentially zero, like  
2 16,000 or some amount.

3 A. (Goodwin) Based on the last rate case.

4 Q. If you then have a new rate case, you add additional  
5 revenue, and apply it back to the distribution rate,  
6 will that offset the costs that have already been  
7 recovered through the distribution rate? Will it  
8 somehow find its way to the customers who paid those  
9 costs through their distribution rates over the last 10  
10 years or 15 years?

11 A. (Goodwin) If they haven't migrated, left the state or  
12 left the service territory, then, yes.

13 Q. In addition to a going-forward basis, it will also  
14 cover a retroactive basis?

15 A. (Goodwin) Well, the implication is that we're  
16 overcharging, and that there ought to be some  
17 retroactive treatment. And (a) I don't agree with  
18 that. And (b), as I indicated in some earlier  
19 testimony, that's not how ratemaking works in the  
20 regulated environment here in New Hampshire. Between  
21 rate case, good and bads, are at the risk of the  
22 Company. And, we don't turn around in the next rate  
23 case and say "Hey, guess what, our labor expenses went  
24 up each of the last four years, so we want to

[WITNESS PANEL: Goodwin~Tebbetts]

1 accumulate the four years of added costs." In the same  
2 way you don't accumulate the four years if it happened  
3 to be a benefit.

4 Q. But I think I heard you, in your discussion with  
5 Mr. Harrington, that -- to say that, in effect, if you  
6 go past the supplier and supplier customer distinction,  
7 the supplier customers are paying twice for the same  
8 services currently?

9 A. (Goodwin) Okay. I didn't catch that. Did I say that?

10 Q. In the sense that customers who migrated are paying for  
11 their billing and collections costs through  
12 distribution, and then they are also paying, because  
13 it's passed through from the supplier charges.

14 A. (Goodwin) Yes. Right. I recall that.

15 Q. But you don't see that as an indication that you are  
16 currently overcharging for the billing and collection  
17 services, you're charging them in two different places  
18 for the same services?

19 A. (Goodwin) I really don't mean to be difficult, but, you  
20 know, we're getting into the weeds of our disagreement.  
21 And, so, again, I don't view my role, our role, PSNH's  
22 role to solve the competitive market issues. I view  
23 our role to charge for our fees and services fairly  
24 among all of our customers. And, those customers

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1 include suppliers. So, the end result of that may mean  
2 that competitively served customers end up with fees  
3 that conceptually can be viewed as recovery of the same  
4 cost twice. But that's not, I don't think, PSNH's  
5 issue or problem to resolve, because the fact of the  
6 matter is that, if we were not to do that, if we were  
7 not to charge suppliers, then we would be providing  
8 free service or a form of some highly discounted  
9 service, to what I view as customers using the system.

10 So, again, I think our differences are  
11 you're -- I don't -- I acknowledge that you're raising  
12 legitimate questions and issues. But I think they go  
13 beyond whether we, Public Service of New Hampshire, is  
14 developing our charges fairly. I think it's in how  
15 they're administered and how they're applied in the  
16 market is the bigger question.

17 Q. Let me ask you a different question, and I think I'm  
18 just about finish. Are there any costs that are  
19 incurred directly from the -- that are directly from  
20 supplying supplier services -- providing supplier  
21 services that have not been recovered by PSNH?

22 A. (Goodwin) Well, EDI is one that comes to mind. We  
23 don't charge for EDI, *per se*. The last --

24 Q. But you do charge a Selection Charge, a switching

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1 charge?

2 A. (Goodwin) We charge a -- right, as opposed to some of  
3 the other NU companies who have EDI-specific charges.  
4 So, you know, we do incur in the neighborhood of  
5 \$100,000 or so a year of EDI charges. So, from the  
6 standpoint that, you know, you could argue that's part  
7 of the selection, okay? But that's one to speak of  
8 specifically.

9 Q. Maybe I should turn the question around a little bit to  
10 get to the point. If all of the migrated customers  
11 returned to PSNH, would your costs of billing and  
12 collections change?

13 A. (Goodwin) Not significantly, because of the investments  
14 that had been made previously to develop those set of  
15 systems and processes to accommodate. So, I think in  
16 the same way that there would be -- there are not  
17 significant direct incremental costs associated with  
18 this activity, there wouldn't be, if the activity went  
19 the other way as well.

20 Q. And, those are costs that you can't say for sure have  
21 all been recovered, but they are likely recovered to  
22 some extent?

23 A. (Goodwin) Right. And, the extent they're recovered  
24 would be the subject of a rate case review, I think.

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1 MR. ASLIN: If I could just have one  
2 second, I think I'm finished.

3 (Short pause.)

4 MR. ASLIN: Okay. Thank you. That's  
5 all I have.

6 WITNESS GOODWIN: Thank you.

7 CHAIRMAN IGNATIUS: Thank you. Ms.  
8 Amidon, do you have questions?

9 MS. AMIDON: No. No. Our questions  
10 have been asked and answered. Thank you.

11 CHAIRMAN IGNATIUS: All right.  
12 Commissioner Harrington -- Commissioner Scott.

13 CMSR. SCOTT: The other Commissioner.  
14 And, good afternoon.

15 WITNESS GOODWIN: Good afternoon.

16 CMSR. SCOTT: A couple quick questions  
17 for you.

18 BY CMSR. SCOTT:

19 Q. You were talking about other NU entities. I was just  
20 curious, do the other NU entities in Massachusetts and  
21 Connecticut we were discussing, do they have comparable  
22 migration rates?

23 A. (Goodwin) I'd say, yes. It happened sooner there. But  
24 I'd say generally comparable to where New Hampshire is

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1 approaching now, yes.

2 Q. Okay. So, to paraphrase your earlier discussion, so,  
3 despite that the fees may be apples and oranges or a  
4 different mix, but they have a similar challenge, as  
5 far as competitive suppliers?

6 A. (Goodwin) Sure. Yes.

7 Q. Interesting. Thank you. I was curious, on Page 6 of  
8 your testimony, in Lines 5, 6, and 7, you discuss, I'm  
9 paraphrasing a little bit, but it basically says, "If  
10 we accept the suppliers' position prospectively, PSNH  
11 distribution rates would need to be increased in July  
12 of 2014 to recover the revenue shortfall resulting from  
13 the policy changing, assuming there are no other  
14 offsetting changes." Can you elaborate on that a  
15 little bit, just to make sure I understand what you're  
16 saying there?

17 A. (Goodwin) Yes. I'm afraid I don't want to overstep my  
18 bounds here. It's in the context of the rate  
19 settlement and the exogenous event provision.

20 Q. Okay.

21 A. (Goodwin) So, all I can tell you is that, based on  
22 advice from my counsel, that's our interpret -- that a  
23 ruling in this decision that were to dramatically  
24 reduce the fees and charges, and, therefore, the

[WITNESS PANEL: Goodwin~Tebbetts]

1 Company's revenues, that event could be considered an  
2 exogenous event.

3 Q. Okay. Thank you. That's helpful, to put it into  
4 context. I suppose I could have guessed that by the  
5 earlier verbiage, but I just wanted to make sure I  
6 understood. Thank you. You mentioned earlier, well,  
7 many times, a "cost of service study". I don't expect  
8 anything refined, but can you give me a rough, if one  
9 were to be done, what kind of timeframe? I mean, these  
10 things don't happen overnight, obviously.

11 A. (Goodwin) No. And, it's a fairly extensive process. I  
12 think, to do it the right way. I mean, you know, we  
13 could go and kind of slap some estimates around for the  
14 lack of a better word. But, I think, you know, because  
15 of the nature of the interest in these charges, I would  
16 think that the next time around we really want to do a  
17 robust review.

18 And, I don't mean to turn it around, but  
19 I really do think, before we consider, really, you  
20 know, what the scope of that work might be, would be to  
21 kind of, again, help define where we're trying to get  
22 to. If, for example, the Commission were to make some  
23 form of a ruling, that cost, in the context of cost  
24 recovery here or cost causation, is truly short run

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[WITNESS PANEL: Goodwin~Tebbetts]

1 marginal or incremental costs, we don't need to do a  
2 real big study to get to that, because I can tell that  
3 they're not very many.

4 If you were to rule or decide or  
5 interpret that "cost" means a fully embedded allocated  
6 cost, which means that we want to look at the total  
7 cost of the capital, the overheads, the A&G, you know,  
8 all of the support people and systems that go around  
9 with that, identify that cost. And, then, secondly,  
10 try to figure out how to fairly spread that cost across  
11 all of our customers, and whether that includes  
12 suppliers or doesn't include suppliers, and how might  
13 we bill it, if it is for suppliers. You know, that  
14 gets to a whole -- a whole much more greater and  
15 elaborate and detailed and sophisticated, and  
16 time-consuming and costly "full cost of service". So,  
17 that's, when I use the term "full cost of service",  
18 that's really what I'm thinking. It doesn't have to be  
19 there, if the Commission decides that there's a  
20 simpler, easier, less robust definition of "cost".

21 But, I'm sorry, but to answer your  
22 question, that's probably a six-month process, in  
23 fairness, to build out a cost of service study like  
24 that.

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[WITNESS PANEL: Goodwin~Tebbetts]

1 Q. And, again, I know I'm asking the unknown here, because  
2 you don't know the parameters and scope, but can you  
3 venture an order of magnitude for cost also?

4 A. (Goodwin) Well, I can say that we've looked at some of  
5 these costs from recent rate cases, in the order of I'd  
6 say -- the numbers I've seen are from about \$120,000,  
7 to about \$400,000, for a study like this.

8 Q. Okay. Thank you. And, to fill out some of the  
9 discussion, there's been a lot of discussion,  
10 obviously, if, regarding the Selection Charge, if you  
11 go from competitive supplier to competitive supplier.  
12 What I didn't catch, and I just wanted you to comment  
13 on, if somebody were to go from, it doesn't matter, the  
14 competitive supplier back to default service, what  
15 charges -- what selection charges are entailed there?

16 A. (Tebbetts) So, the Selection Charge would be a \$5.00  
17 fee to the supplier who the customer has dropped. And,  
18 that would be the only Selection Charge levied.

19 CMSR. SCOTT: Okay. Thank you. That's  
20 all I have. Thank you.

21 WITNESS GOODWIN: Thank you.

22 WITNESS TEBBETTS: Yes. Thank you.

23 CHAIRMAN IGNATIUS: We're getting close.  
24 I just have a couple questions, but really not much.

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1 BY CHAIRMAN IGNATIUS:

2 Q. Looking at your tariff, and, Ms. Tebbetts, this  
3 probably goes to you, we marked the tariff as  
4 Exhibit 6. And, I'm looking at Page 32.

5 A. (Tebbetts) Yes. I'm there.

6 Q. Which is the second page in. For the selection charge,  
7 it says it's "\$5.00 per Request". And, in the  
8 beginning of that section, it talks about "changes  
9 initiated by", and then a number of different entities.  
10 So, it seems consistent that it's talking about someone  
11 making a request for the Company to do something,  
12 correct?

13 A. (Tebbetts) Yes.

14 Q. When you have a competitive supplier requesting  
15 enrollment, that seems like a pretty clear request?

16 A. (Tebbetts) Yes.

17 Q. But help me understand why that reciprocal side, if the  
18 request is by a different competitive supplier, and, as  
19 a result, the customer, who had previously been by  
20 certified, let's say, Supplier B comes forward to take  
21 the customer, Supplier A is no longer in the picture,  
22 and, so, there's a drop. Is the prior supplier making  
23 any request to you?

24 A. (Tebbetts) Well, the way I interpret this is that this

[WITNESS PANEL: Goodwin~Tebbetts]

1 is the start, initiation from the supplier that the  
2 customer is looking to enroll with is the start. The  
3 drop is then an EDI transaction we would send back to  
4 the supplier that has been dropped. So, there is two  
5 sets, you know, there's two transactions to be  
6 completed, and not just one. And, so, one is initiated  
7 by the supplier and one would be initiated by the  
8 customer. It could be a supplier who does drop them.  
9 It depends on the circumstance. We do receive drops  
10 from suppliers and enrollments from suppliers, due to  
11 the fact that the customer may call a supplier to be  
12 dropped, and then call the other supplier to be  
13 enrolled. We do not ask, we do not know why the  
14 customer is dropping. And, so, we charge the \$5.00 and  
15 stay out of the customer's choice, as far as how it  
16 happened.

17 Q. But, also, it sounds like, in a number of cases, the  
18 one supplier who's no longer going to be the provider  
19 doesn't make the request, it simply happens, and they  
20 find out that, through a bill from you, that the drop  
21 has been made?

22 A. (Tebbetts) Yes. And, that could be the case.

23 Q. And, so, your -- the reason under your tariff that you  
24 would charge in that case, it's not because you've

[WITNESS PANEL: Goodwin~Tebbetts]

1       gotten a request from that company, and it's not  
2       because the company initiated a change, it's just the  
3       final piece of the two transactions that you see  
4       happening?

5   A.   (Tebbetts) It's the information sent back to the  
6       supplier, the EDI transaction to the supplier to say  
7       "Your customer has dropped you. We don't know why, but  
8       they have dropped you." So, it's information again  
9       sent between the supplier and the Company.

10   Q.   Well, I understand there's two transactions that are  
11       happening, to make the entire thing make sense. It's  
12       just whether there's a -- under the tariff, whether  
13       there's a request that would trigger the Selection  
14       Charge under the language of your tariff?

15   A.   (Tebbetts) As far as the drop?

16   Q.   Yes, the drop.

17   A.   (Tebbetts) And, again, like I said, we don't ask as to  
18       why the customer has -- why we have received anything  
19       or, you know, what's going on. So, you are correct  
20       that there are times when the supplier has initiated an  
21       enrollment and the other supplier gets charged for a  
22       drop.

23   Q.   The other thing I wondered, in looking at the testimony  
24       that backed up the original charge, and this was

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[WITNESS PANEL: Goodwin~Tebbetts]

1 attached to the back of Exhibit 2, this was Mr. Hall's  
2 testimony back in 1999. And, it said -- it was  
3 describing the \$5.00 fee, we've talked a lot about  
4 this, to recover administrative costs.

5 A. (Tebbetts) Uh-huh.

6 Q. The next sentence says "The fee will only be assessed  
7 to customers upon a successful enrollment with a new  
8 supplier." And, that struck me. It says it's being  
9 "assessed to customers", rather than being assessed to  
10 the supplier. Can you explain what that means to you,  
11 because it seems different than what the tariff  
12 actually says?

13 A. (Tebbetts) And, honestly, I can't explain as to what  
14 happened between what's in Mr. Hall and Mr. Long's  
15 testimony, versus what is currently in our tariff that  
16 was approved in 2010. All I know is, at some point  
17 there was a change, and the Commission approved our  
18 tariff for whatever reasons they did.

19 Q. Yes. That's fair. And, do you know of any instances  
20 where the customer is actually billed these charges,  
21 rather than the supplier?

22 A. (Tebbetts) Excuse me for a moment, I just want to look  
23 at the tariff.

24 Q. Other -- I mean, your tariff does talk about

1 "Self-Supply" --

2 A. (Tebbetts) Yes. And, I was going to suggest that maybe  
3 Self-Supply service when receiving default service or  
4 supplier service. I cannot tell you a customer where  
5 -- an example of a customer when this has happened.  
6 But it is in our tariff that we would charge for  
7 Self-Supply.

8 Q. But, in the standard competitive supplier transactions,  
9 you're not aware of times where you've applied it  
10 against a customer?

11 A. (Tebbetts) I am not.

12 Q. In the prefiled testimony, on Page 7, there was a  
13 reference to, in the context of revenues and expenses  
14 changing since the last rate case, on Line 6 it says  
15 that there's been "no overrecovery". And, then, down  
16 at Page 12 [Line 12?], says "The fact that PSNH is not  
17 earning its allowed rate of return supports the  
18 conclusion that there is no overrecovery." What is  
19 PSNH's current earnings? What is its -- where is it  
20 coming out on rate of return, actual rate of return?

21 A. (Tebbetts) I believe, in our second quarter filing, we  
22 filed somewhere in the middle 8s, 8 percent range. I  
23 don't know the number off the top of my head, though.

24 Q. And, what's the allowed return, do you know?

[WITNESS PANEL: Goodwin~Tebbetts]

1 A. (Tebbetts) 9.67 percent, I believe.

2 Q. Thank you. So, somewhere, 8.5 or somewhere in that  
3 range?

4 A. (Tebbetts) Yes.

5 Q. And, that you said -- you just said it, but I didn't  
6 get it, that was filed in the last quarter?

7 A. (Tebbetts) Yes, we file our allowed -- or, our rate of  
8 return every quarter. So, I have to guess it was filed  
9 in the July timeframe, maybe August.

10 Q. All right. Mr. Goodwin, you had said it would not make  
11 sense for the Company to charge itself, say, for  
12 billing charges to default service customers.

13 A. (Goodwin) Right.

14 Q. But you could allocate those costs to the default  
15 service rate, couldn't you?

16 A. (Goodwin) I think, conceptually, you could. You know,  
17 I know I'm kind of sounding repetitive, but, I mean, I  
18 think those are some of the considerations around just  
19 the whole structure of the competitive market. For  
20 example, there are jurisdictions that have carved some  
21 of these types of costs out and put them into their  
22 default rate.

23 Q. And, in fact, in New Hampshire, haven't we had some  
24 readjustment of where costs are allocated between

[WITNESS PANEL: Goodwin~Tebbetts]

1 distribution and transmission or certain costs that  
2 have been pulled out of one bucket and put in  
3 specifically into a particular rate?

4 A. (Goodwin) That's happened in the past at times, yes.

5 Q. I think, it seems to me, the ones I recall, as some of  
6 these issues have evolved over time, we realize now  
7 costs we might not even have thought existed before or  
8 to think through how best they should be allocated,  
9 we've gone back and made those kinds of adjustments?

10 A. (Goodwin) Yes. I think that's fair and very  
11 reasonable.

12 CHAIRMAN IGNATIUS: All right. Those  
13 are my questions. Mr. Fossum, do you have any redirect  
14 for your witnesses?

15 MR. FOSSUM: Actually, I did, but it got  
16 covered. So, no.

17 CHAIRMAN IGNATIUS: Okay. All right.

18 WITNESS GOODWIN: Excuse me,  
19 Ms. Chairman?

20 CHAIRMAN IGNATIUS: Yes.

21 WITNESS GOODWIN: Could I confer for a  
22 second with my attorney?

23 CHAIRMAN IGNATIUS: Certainly.

24 (Atty. Fossum conferring with the

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[WITNESS PANEL: Goodwin~Tebbetts]

1 witnesses.)

2 WITNESS GOODWIN: Thank you.

3 CHAIRMAN IGNATIUS: Certainly.

4 MR. FOSSUM: Still have none.

5 CHAIRMAN IGNATIUS: You still have no  
6 redirect, all right. Then, the witnesses are excused.  
7 Thank you. And, thank you to everyone for staying later  
8 than expected. I didn't actually ask you if you were free  
9 to stay, because I didn't want to hear anything other than  
10 "Of course, I can stay." So, I'm glad we were able to  
11 finish the testimony.

12 I want to make sure, where there's any  
13 issues regarding exhibits, to address those. And, then,  
14 we'll talk about closings.

15 First, on exhibits, is there any  
16 opposition to striking the identifications and making all  
17 of the exhibits a permanent part of the record?

18 MR. COLE: No.

19 CHAIRMAN IGNATIUS: Seeing none, we will  
20 do that. On closing statements, I think we could go  
21 either way on that. If people would like to do it in  
22 written statements, that's fine with us. We ought to set  
23 a deadline for when they should be submitted. If, as a  
24 group, people would rather do it orally, that's fine, too.

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1       So, if you want to confer with yourselves a few minutes,  
2       and then let us know. Why don't we take a sort of  
3       majority vote here.

4                   MS. AMIDON: Are we off the record?

5                   CHAIRMAN IGNATIUS: Yes.

6                   (Off-the-record discussion ensued.)

7                   CHAIRMAN IGNATIUS: All right. We're  
8       back on the record. We've been talking about just the  
9       mechanics of closings. It sounds like most people would  
10      prefer to do written closing statements. Though, PSNH and  
11      the Staff are prepared to do it orally. I think, and  
12      those that have talked about written statements are  
13      particularly interested in seeing the transcript, which  
14      Mr. Patnaude said would take two weeks to prepare. So, I  
15      think what we'll do, we'll offer anyone who would like to  
16      do an oral closing to do so now, and offer anyone who  
17      would rather do it written, to do it in writing. You can  
18      only pick one.

19                   And, so, I guess, Mr. Fossum, think  
20      about if you'd like to do it in writing or go ahead right  
21      now and do it orally.

22                   MR. FOSSUM: Well, I suppose, if my  
23      options are "do it right here with the best my notes can  
24      provide and my memory can conjure", versus "a couple of

1 weeks for the transcript and a written document, in line  
2 with the written documents that would be submitted  
3 otherwise", I'll wait and do it in writing.

4 CHAIRMAN IGNATIUS: All right. Let's  
5 set the deadline then for -- if the transcript is going to  
6 take two weeks, if we were to require it one week after, I  
7 don't have a calendar to see what that gets us to. Maybe  
8 I do have a calendar. Yes. Two weeks from today would be  
9 Friday, the 18th of October. If briefs were due either  
10 the 25th, or, Monday, the 28th of October. Do people have  
11 a preference on Fridays versus Mondays?

12 MR. COLE: I'd like to have that  
13 weekend.

14 CHAIRMAN IGNATIUS: See, some people say  
15 "get it over with".

16 MS. AMIDON: And, I would say Friday, so  
17 you don't have to work on the weekend.

18 CHAIRMAN IGNATIUS: So, Monday, the 28th  
19 of October?

20 MR. COLE: Thank you.

21 CHAIRMAN IGNATIUS: Is that acceptable?

22 MR. COLE: Sure.

23 MR. PATCH: Yes. Page limit?

24 CHAIRMAN IGNATIUS: Oh, a page limit.

1 Fifteen was described, that's fine. You don't need to use  
2 fifteen. All right. And, we will send out a letter that  
3 records those details as well, since Mr. Rodier is not  
4 here.

5 All right. Thank you. It's quarter of  
6 6:00. This has been a long day. And, for those of you  
7 being witnesses, I know it's tiring to do that. So, thank  
8 you very much for being attentive and allowing us to get  
9 through this today, it really helps a lot.

10 MR. COLE: Thank you.

11 CHAIRMAN IGNATIUS: So, we'll await the  
12 filing of the briefs, we'll get out a letter recording  
13 that for everyone's information. And, we'll take all of  
14 this under advisement. Thank you. We're adjourned.

15 MR. PATCH: Thank you.

16 MR. COLE: Thank you.

17 **(Whereupon the hearing was adjourned at**  
18 **5:43 p.m.)**