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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

May 21, 2019 - 10:11 a.m.
Concord, New Hampshire

NHPUC 6JUN19AM9:29

RE: DE 19-057
EVERSOURCE ENERGY:
Notice of Intent to File Rate
Schedules. (Prehearing conference)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

APPEARANCES: Reptg. Eversource Energy:
Matthew J. Fossum, Esq.
Daniel Venora, Esq. (*Keegan Werlin*)
Reptg. Clean Energy New Hampshire:
Elijah D. Emerson, Esq.
Reptg. The Way Home:
Raymond Burke, Esq. (*N.H. Legal Asst.*)

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

CERTIFIED
ORIGINAL TRANSCRIPT

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

Reptg. Residential Ratepayers:

D. Maurice Kreis, Esq., Consumer Adv.
Brian D. Buckley, Esq.
James Brennan, Finance Director
Office of Consumer Advocate

Reptg. PUC Staff:

Suzanne G. Amidon, Esq.
Thomas Frantz, Dir./Electric Division
Richard Chagnon, Electric Division
Jay Dudley, Electric Division
Kurt Demmer, Electric Division

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I N D E X

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DISCUSSION RE: PETITIONS TO INTERVENE

5

STATEMENTS OF PRELIMINARY POSITION BY:

Mr. Fossum

6, 16

Mr. Emerson

10

Mr. Burke

10

Mr. Kreis

12

Ms. Amidon

14

QUESTIONS BY:

Chairman Honigberg

7, 9, 15

Cmsr. Bailey

9

P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: We are here this
3 morning in Docket DE 19-057, which is a rate
4 case for Public Service Company of New
5 Hampshire, which it does business as Eversource
6 Energy. We have a prehearing conference, which
7 will be followed by a technical session. I
8 don't think I'll say anything more.

9 Before we do anything else, let's
10 take appearances.

11 MR. FOSSUM: Good morning,
12 Commissioners. Matthew Fossum, here for Public
13 Service Company of New Hampshire, doing
14 business as Eversource Energy. With me this
15 morning at the front table is Dan Venora, of
16 the law firm Keegan Werlin, who is assisting
17 the Company with this proceeding.

18 Thank you.

19 CHAIRMAN HONIGBERG: Who else needs
20 to enter an appearance?

21 MR. EMERSON: Eli Emerson, on
22 behalf -- or, of Primmer, Piper, Eggleston &
23 Cramer, on behalf of Clean Energy New
24 Hampshire.

1 MR. BURKE: Good morning,
2 Commissioners. Raymond Burke, from New
3 Hampshire Legal Assistance, here representing
4 The Way Home.

5 MR. KREIS: Good morning,
6 Commissioners. I am D. Maurice Kreis,
7 sometimes known as Don Kreis. I am the
8 Consumer Advocate. I represent the interests
9 of residential utility customers pursuant to
10 RSA 328 -- excuse me -- 365:28.

11 MS. AMIDON: Good morning, Suzanne
12 Amidon, for Commission Staff.

13 CHAIRMAN HONIGBERG: All right. We
14 have two petitions to intervene, both of them
15 have entered appearances. Any position on the
16 interventions, Mr. Fossum?

17 MR. FOSSUM: We have no position.

18 CHAIRMAN HONIGBERG: Okay. Anybody
19 else? Mr. Kreis? Ms. Amidon?

20 MR. KREIS: We love these intervenors
21 and think that you should admit them into the
22 case.

23 CHAIRMAN HONIGBERG: Don't know
24 that's the standard, but --

1 [Laughter.]

2 MS. AMIDON: And Staff has no
3 objections to the motions to intervene.

4 CHAIRMAN HONIGBERG: All right.
5 We'll grant both petitions to intervene.

6 The primary piece of business for the
7 prehearing conference for us is to hear the
8 preliminary positions of the parties. Is there
9 anything we need to deal with before we do
10 that?

11 [No verbal response.]

12 CHAIRMAN HONIGBERG: All right.
13 Mr. Fossum, why don't you start us off.

14 MR. FOSSUM: Thank you. And good
15 morning. We're here this morning to offer our
16 initial position on the Company's temporary
17 rate request as we begin this rate filing.

18 In general, the position of PSNH --
19 and I will clarify this very quickly. The
20 filing does refer to the Company as "PSNH",
21 rather than "Eversource". The underlying
22 reason for that is there are various layers of
23 the Eversource organization involved in this
24 filing. PSNH, at the operating company level,

1 a number of employees at the service company
2 level, and some issues relative to the parent
3 company, we believed it was easier to use
4 "PSNH". So, just wanted to get that out there
5 for clarity.

6 CHAIRMAN HONIGBERG: Well, from a
7 legal perspective, the corporation's name that
8 is the utility in New Hampshire is "Public
9 Service Company of New Hampshire d/b/a", right?

10 MR. FOSSUM: Correct. That is
11 correct. Nothing has changed about that. I
12 just wanted to note that the designation we are
13 using in this Company -- or, in this filing is
14 that, when referring to the operating
15 distribution company, we will be using "PSNH",
16 rather than "Eversource".

17 So, with that little bit out of the
18 way, our general position is as set out in our
19 filing. But I'll just highlight a couple of
20 things.

21 The current deficiency that we're
22 looking to address through this case is driven
23 in large part by the substantial investments in
24 the system that the Company has made over the

1 last ten years since our prior case.

2 In addressing our temporary rate
3 request, we've made some straightforward
4 adjustments to allow the Company a reasonable
5 opportunity to earn a reasonable return while
6 the full permanent request is pending. As has
7 been described in our filing, those adjustments
8 were to address the operating deficiency; to
9 deal with the reclassification of vegetation
10 management costs coming out of Docket DE
11 18-177, in Order 26,206 last year; and to begin
12 addressing a significant under recovery of
13 storm costs.

14 All of those items are offset to a
15 degree by an adjustment to the tax savings as
16 was contemplated in Docket DE 18-049, in Order
17 26,177.

18 We believe this temporary request is
19 reasonable, reflects some basic changes, and
20 should be approved as leading to just and
21 reasonable rates.

22 That said, we look forward to working
23 with the other parties. We hope to reach a
24 good resolution on temporary rates, so that we

1 may all move on to looking at the real issues
2 in depth that will be part of the permanent
3 filing to be submitted next week.

4 Thank you.

5 CHAIRMAN HONIGBERG: Do you expect
6 that we'll be having another prehearing
7 conference when the permanent rate filing is
8 made?

9 MR. FOSSUM: I anticipate we will,
10 yes.

11 CHAIRMAN HONIGBERG: Okay.

12 CMSR. BAILEY: Mr. Fossum, you're
13 requesting \$33 million in temporary rates,
14 correct?

15 MR. FOSSUM: Correct.

16 CMSR. BAILEY: And the permanent rate
17 increase is about 70 million?

18 MR. FOSSUM: Also correct.

19 CMSR. BAILEY: And you said that the
20 \$33 million in temporary rates has been offset
21 by the tax savings. How much were the tax
22 savings that are included in that?

23 CHAIRMAN HONIGBERG: It's about \$12
24 million in tax savings. So, there's a chart, I

1 believe, in Mr. Quinlan's testimony. There is
2 also a chart in the testimony of Mr. Chung and
3 Mr. Dixon that shows the breakdown of the
4 revenue deficiency, the storm costs, the
5 vegetation management costs, and the
6 approximately \$12 million in tax savings that
7 all added up equal approximately \$33 million
8 that we're requesting.

9 CMSR. BAILEY: So, you're asking for
10 45 out of the 70 million?

11 MR. FOSSUM: Well, it all depends
12 on -- I guess it depends on how you're doing
13 the math. I guess, if we removed, and I'm
14 probably going to get kicked from the revenue
15 requirement side, but if we removed the tax
16 issue entirely, then, yes, we would rise by
17 \$12 million. The total request on both sides
18 would rise.

19 CMSR. BAILEY: Okay. Thank you.

20 CHAIRMAN HONIGBERG: Mr. Emerson.

21 MR. EMERSON: CENH does not take a
22 position at this point.

23 CHAIRMAN HONIGBERG: Mr. Burke.

24 MR. BURKE: Thank you, Mr. Chairman

1 and Commissioners.

2 The Way Home just wanted to take a
3 brief opportunity to highlight something that
4 it mentioned in its petition to intervene. And
5 that's that it petitioned to get involved in
6 this docket because it's concerned about the
7 impact that increases to temporary rates will
8 have on the low income clients that it serves.
9 As the Company noted in its testimony, low-use
10 residential customers will experience a higher
11 percentage rate increase under the Company's
12 proposal for temporary rate adjustments than
13 non -- than higher-use customers. And The Way
14 Home is concerned about this, because low
15 income customers tend to use less energy than
16 non-low income customers. And it will be much
17 more difficult for those low income customers
18 to absorb any increases, because these are
19 households that already struggle to afford
20 their utility bills under the current rates.
21 And the high energy burden that low income
22 customers face can result in families having to
23 make difficult choices, between paying their
24 utility bills and affording other basic

1 necessities.

2 The Way Home, our client, also raised
3 some concerns, highlighted some concerns
4 briefly in its petition that I won't get into
5 here, but that it anticipates will be further
6 explored after the -- once the Company files
7 its petition for permanent rates.

8 Thank you.

9 CHAIRMAN HONIGBERG: Mr. Kreis.

10 MR. KREIS: Thank you, Mr. Chairman.

11 The statute that governs the filing
12 of rate cases with the Commission contemplates
13 that utilities will file a request for a
14 permanent rate increase, and accompany that
15 request with a request for temporary rate
16 relief. The purpose of which is to basically
17 smooth the rate path and avoid excessive
18 reconciliations back to the date of the initial
19 filing of the rate case, when the rate case is
20 finally concluded, often a full year later.

21 Eversource or Public Service Company
22 of New Hampshire d/b/a Eversource has chosen
23 not to handle it that way. They have not filed
24 their full permanent rate request yet. I've

1 looked into the legality of that, and concluded
2 that it is perfectly legal for Eversource to
3 handle it that way. But that does contemplate
4 the review of the Company's rate request in a
5 way that I don't think is terribly helpful from
6 anybody's standpoint, particularly that of
7 residential utility customers.

8 That said, in our opinion, the
9 request for temporary rates is excessive. It
10 is not appropriate to include in temporary
11 rates the Company's positions with respect to
12 the Major Storm Cost Reserve and the
13 reclassification of vegetation management from
14 capital to O&M. Those are issues for
15 resolution in the full rate case.

16 I do believe that the Company should
17 honor the commitment that the Commission
18 enshrined in a previous order, that customers
19 receive the full benefit of the Tax Reform Act
20 with respect to rates that are effective on
21 July 1st of this year.

22 And we would be willing to agree to
23 the per book revenue deficiency that the
24 Company has alleged is necessary in order to

1 get them back up to their previously approved
2 weighted average cost of capital of 7.08
3 percent. But I do not believe that the
4 Commission should go any further than that at
5 the temporary rate stage, particularly without
6 anybody having the benefit of the full rate
7 case filing at present.

8 CHAIRMAN HONIGBERG: Thank you, Mr.
9 Kreis. Ms. Amidon.

10 MS. AMIDON: Thank you. Staff has
11 already commenced discovery on this, and we've
12 issued our second set of discovery requests
13 yesterday.

14 Having said that, we understand and
15 share some of the concerns that were expressed
16 by the Consumer Advocate. Particularly, we're
17 concerned that the proposal to recover the
18 entirety of the deficit in Storm Fund over a
19 five-year period through something similar to
20 the Storm Adjustment Recovery Factor is not an
21 appropriate use of the Storm Recovery
22 Adjustment Factor, which was intended to
23 recover the costs of infrequent storms of
24 unusual magnitude.

1 We continue our review. We haven't
2 gotten -- we hope to discuss the first set of
3 discovery in the technical session that follows
4 this. We have a proposal on how to schedule
5 discovery, tech session, settlement, and the
6 filing of the settlement agreement in this
7 docket, and hope that we can reach a settlement
8 with the Company. But, as it stands, we
9 still -- our investigation has just begun.

10 CHAIRMAN HONIGBERG: Any sense,
11 understanding that there are issues that are
12 contested, of your timeline, what you expect it
13 will take to get to a resolution of the
14 temporary rates issues?

15 MS. AMIDON: I believe that the
16 Company is acting in good faith and will be
17 reasonable. We have a proposed settlement
18 discussion on June 5th. And I expect by that
19 point we'll have, the Staff at least, and
20 hopefully the OCA and the other parties who
21 received discovery responses, will have
22 adequate information to determine how a
23 settlement should be proposed. And I believe
24 the Company, as I said, would be interested in

1 resolving it at the temporary rate level with a
2 settlement.

3 And that, if Mr. Fossum would like to
4 speak for the Company, I certainly would defer
5 to him.

6 Thank you.

7 CHAIRMAN HONIGBERG: Mr. Fossum.

8 MR. FOSSUM: Well, I guess, since
9 I've been invited.

10 Yes. I mean, the Company would be
11 certainly interested in and is interested in
12 settling and, you know, reaching a reasonable
13 settlement on temporary rates. I don't think
14 it serves anyone's best interest to make
15 temporary rates contested. There's going to be
16 plenty else to talk about in the case.

17 So, yes. If we can reach a
18 resolution, we agree that would be the best
19 outcome.

20 CHAIRMAN HONIGBERG: Anything else
21 anyone needs to share with us?

22 *[No verbal response.]*

23 CHAIRMAN HONIGBERG: All right.

24 Then, we will adjourn the prehearing conference

1 and leave you to your technical session. Thank
2 you all.

3 *(Whereupon the prehearing*
4 *conference was adjourned at*
5 *10:24 a.m., and a technical*
6 *session was held thereafter.)*

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