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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

March 19, 2008 - 9:20 a.m.  
Concord, New Hampshire

REDACTED - FOR PUBLIC USE

RE: DE 08-015  
UNITIL ENERGY SYSTEMS, INC.:  
Default Service Proposals for  
Request for Proposals for Default  
Service for the Company's G1 and  
Non-G1 Customers.

PRESENT: Chairman Thomas B. Getz, Presiding  
Commissioner Graham J. Morrison  
Commissioner Clifton C. Below

Connie Fillion, Clerk

APPEARANCES: Reptg. Unitil Energy Systems, Inc.:  
Gary M. Epler, Esq.

Reptg. Residential Ratepayers:  
Rorie Hollenberg, Esq.  
Office of Consumer Advocate

Reptg. PUC Staff:  
Suzanne G. Amidon, Esq.

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



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

2 CHAIRMAN GETZ: Okay. Good morning,  
3 everyone. We'll open the hearing in docket DE 08-015. On  
4 February 7, 2008, Unutil Energy Systems filed a copy of  
5 its request for proposals that it issued on February 5  
6 soliciting Default Service for its Large Commercial and  
7 Industrial customers and its Small Commercial and  
8 Residential customers. The solicitation sought bids for  
9 100 percent of power supply requirements for its G1  
10 customers for the months of May, June, and July, and  
11 25 percent of the Non-G1 customer requirements for the one  
12 year period May 1, 2008 through April 30, 2009. Order of  
13 notice was issued on February 28 setting the hearing for  
14 this morning.

15 Can we take appearances please.

16 MR. EPLER: Yes. Gary Epler, on behalf  
17 of Unutil Energy Systems, Inc. Good morning,  
18 Commissioners, Mr. Chairman.

19 CMSR. BELOW: Good morning.

20 CMSR. MORRISON: Good morning.

21 CHAIRMAN GETZ: Good morning.

22 MS. HOLLENBERG: Good morning. Rorie  
23 Hollenberg and Stephen Eckberg here for the Office of  
24 Consumer Advocate.

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1 CMSR. BELOW: Good morning.

2 CMSR. MORRISON: Good morning.

3 CHAIRMAN GETZ: Good morning.

4 MS. AMIDON: Good morning. Suzanne  
5 Amidon, for Commission Staff, and with me today is George  
6 McCluskey of the Electric Division.

7 CMSR. BELOW: Good morning.

8 CMSR. MORRISON: Good morning.

9 CHAIRMAN GETZ: Good morning. I see we  
10 have the witnesses ready to go. Is there anything before  
11 we swear in the witnesses and hear their testimony,  
12 Mr. Epler?

13 MR. EPLER: Just -- Mr. Chairman, thank,  
14 you. Just to follow the procedure that we've done in  
15 other Default Service hearing dockets, I would like to  
16 mark several exhibits. The first is the blue volume that  
17 contains the petition, motion and testimonies and  
18 supporting schedules. Since this is a new docket for this  
19 year, I guess this would be "Unitil Exhibit Number 1".

20 CHAIRMAN GETZ: Will be so marked.

21 (The document, as described, was  
22 herewith marked as Exhibit 1 for  
23 identification.)

24 MR. EPLER: And, then, the second is the

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1 confidential material that was separately filed. I would  
2 mark that as "Unitil Exhibit Number 2."

3 CHAIRMAN GETZ: So marked.

4 (The document, as described, was  
5 herewith marked as Exhibit 2 for  
6 identification.)

7 MR. EPLER: And, then, the third, there  
8 should be a sheet in front of you, and I apologize that  
9 this was not prefiled, but this is, in some discussions  
10 with the Office of Consumer Advocate, some material that  
11 they requested. And, it will be explained during the  
12 direct and I guess subsequent cross-examination. And, I  
13 would mark -- ask this to be marked as "Unitil Exhibit  
14 Number 3".

15 CHAIRMAN GETZ: So marked.

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

19 MR. EPLER: With that, I can proceed.

20 Swear the witnesses please.

21 (Whereupon Karen M. Asbury and Robert S.  
22 Furino were duly sworn and cautioned by  
23 the Court Reporter.)

24 KAREN M. ASBURY, SWORN

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[WITNESS PANEL: Asbury|Furino]

1 ROBERT S. FURINO, SWORN

2 DIRECT EXAMINATION

3 BY MR. EPLER:

4 Q. Good morning, Ms. Asbury. Can you please state your  
5 full name, title and business address.

6 A. (Asbury) Yes. My name is Karen M. Asbury. I'm  
7 Director of Regulatory Services for Unutil Service  
8 Corp., 6 Liberty Lane West, Hampton, New Hampshire.

9 Q. And, can you turn to the document in the blue binder  
10 that has been marked as "Unutil Exhibit 1", and turn to  
11 the tabs marked "Exhibit KMA-1" and "Schedules KMA-1"  
12 through "KMA-4", as well as, in the confidential  
13 materials, which is "Unutil Exhibit Number 2", and the  
14 stamped -- the Bates stamped Pages 163 and 164. Was  
15 this material prepared by you or under your direction?

16 A. (Asbury) Yes, it was.

17 Q. And, do you adopt these documents as your sworn  
18 testimony and supporting exhibits?

19 A. (Asbury) Yes.

20 Q. Thank you. Mr. Furino, can you please state your full  
21 name, title and business address?

22 A. (Furino) Robert S. Furino, Senior Energy Trader, Unutil  
23 Energy Systems, 6 Liberty Lane West, Hampton, New  
24 Hampshire.

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[WITNESS PANEL: Asbury|Furino]

1 Q. And, please summarize your current responsibilities at  
2 UES.

3 A. (Furino) My responsibilities relate to energy supply  
4 procurement. I have managed many different supply  
5 solicitations.

6 Q. And, could you please turn to the document that's been  
7 marked as "Unitil Exhibit Number 1", and the tabs  
8 marked "Exhibit RSF-1" and "Schedules RSF-1" through  
9 "RSF-3", as well as turning to Unitil Exhibit Number 2,  
10 in the confidential material contained in Tab A. Was  
11 this material prepared by you or under your direction?

12 A. (Furino) Yes.

13 Q. And, do you have any changes or corrections to these  
14 materials?

15 A. (Furino) No.

16 Q. And, do you adopt them as your sworn testimony and  
17 supporting exhibits in this proceeding?

18 A. (Furino) Yes, I do.

19 Q. Ms. Asbury, could you please summarize your testimony  
20 and exhibits.

21 A. (Asbury) Yes. In my testimony I present the proposed  
22 changes to the Default Service charges effective May  
23 1st, 2008. In Schedule KMA-1, I provide a copy of the  
24 redline tariff, which contains the proposed Default

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[WITNESS PANEL: Asbury|Furino]

1 Service charges. In Schedule KMA-2, I provide a  
2 calculation of the Non-G1 class Default Service  
3 charges. In Schedule KMA-3, I provide the calculation  
4 of the Default Service charges for the G1 class. And,  
5 in Schedule KMA-4, I provide bill impacts.

6 Q. And, can you please describe how the Default Service  
7 rates are calculated?

8 A. (Asbury) Yes. The monthly rates are calculated by  
9 dividing the total costs for each month, including the  
10 reconciliation amount, by the estimated kilowatt-hour  
11 purchases for that month, adjusted by a loss factor.  
12 The fixed rate for the Non-G1 class is calculated the  
13 same way, except that the calculation is based on the  
14 entire six month period.

15 Q. And, could you summarize the bill impacts?

16 A. (Asbury) Yes. The bill impacts can be found in  
17 Schedule KMA-4. As shown on Page 1, residential  
18 customers on Default Service will see an increase of  
19 about 5.1 percent. General Service customers will see  
20 an increase of about 5.3 percent. Large General  
21 Service customers will see an increase of about  
22 8.7 percent. And, Outdoor Lighting customers will see  
23 an increase of about 3 percent. I'd like to note that  
24 these changes relate to changes in the Default Service

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[WITNESS PANEL: Asbury|Furino]

1 rate only. As indicated in my prefiled testimony, in a  
2 separate filing, UES also filed changes to its External  
3 Delivery Charge and Stranded Cost Charge for effect May  
4 1st, 2008.

5 Q. Okay. And, can you please discuss the status of the  
6 allocation of internal administrative costs to Default  
7 Service?

8 A. (Asbury) Yes. In the last filing, Staff and UES agreed  
9 to review the allocation of the Energy Contracts time  
10 to Default Service. Staff had raised a concern that  
11 the 400 hours allocated for Energy Contracts appeared  
12 low. UES, Staff, and the OCA have discussed this and  
13 have agreed to continue to use the 400 hours for the  
14 time being. UES has agreed to track the Energy  
15 Contracts related time going forward, and the parties  
16 have agreed to work together to define the tasks that  
17 will be included in that tracking.

18 Q. Do you have anything further to add at this time?

19 A. (Asbury) No, I do not.

20 Q. Thank you. Mr. Furino, could you please summarize your  
21 testimony.

22 A. (Furino) Yes. My testimony provides an overview of the  
23 solicitation process, including the response to the  
24 solicitation and details of the evaluation conducted.

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[WITNESS PANEL: Asbury|Furino]

1 As a result of the solicitation, UES has contracted for  
2 a three-month Default Service power supply for  
3 100 percent of the supply requirements for its G1  
4 customers beginning May 1st, 2008 and a 12-month power  
5 supply for 25 percent of its Default Service  
6 requirements for its Non-G1 customers also beginning  
7 May 1st, 2008. Unitil employed a solicitation process  
8 similar to that which the Commission has previously  
9 approved in Unitil's Default Service dockets. Unitil  
10 selected Constellation Energy Commodities Group for the  
11 12-month Non-G1 supply requirement and FPL Energy  
12 Marketing as the supplier for the three-month G1 supply  
13 requirement.

14 In addition, my testimony reviews UES's  
15 approach to RPS compliance, including its rationale for  
16 managing compliance outside of the Default Service  
17 supply process and its intent to include RPS cost  
18 estimates in Default Service rates and its estimates of  
19 RPS compliance costs.

20 MR. EPLER: Mr. Chairman, just if I can  
21 pause here for a moment. The procedure we followed I  
22 believe in the past two or three hearings, with regard to  
23 confidential information, is we have not paused. There  
24 appear not to be any additional parties here, so that my  
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[WITNESS PANEL: Asbury|Furino]

1 recommendation is that we just proceed with the questions,  
2 and then we would work with the court stenographer to  
3 indicate the parts of the transcript that are  
4 confidential. If that's satisfactory?

5 CHAIRMAN GETZ: That's my recollection.  
6 Is there any objection to that process?

7 MS. HOLLENBERG: No.

8 MS. AMIDON: That's fine.

9 MR. EPLER: Okay. Thank you.

10 BY MR. EPLER:

11 Q. Mr. Furino, can you please describe the schedule for  
12 Unitil's next solicitation and for what periods of  
13 service Unitil will be seeking bids?

14 A. (Furino) UES's next Default Service solicitation will  
15 be for 100 percent of G1 supplies for the three-month  
16 period of August 1st, 2008 through October 31st, 2008.  
17 UES plans to issue the RFP for these supplies on May 8,  
18 with a filing for approval of the solicitation results  
19 planned for June 13th, and approval anticipated on June  
20 20th, 2008.

21 Q. And, does your testimony include an update of a  
22 quarterly Customer Migration Report?

23 A. (Furino) Yes. Attached as Schedule RSF-3 is an updated  
24 Customer Migration Report. The Report shows that --

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[WITNESS PANEL: Asbury|Furino]

1 shows customer sales on one sheet and customer counts  
2 on another. Each sheet lists the monthly volumes  
3 served by competitive suppliers and the total monthly  
4 company volumes, then shows the percentage of those  
5 volumes served by competitive suppliers. If you turn  
6 to the sheets as of February 2008, for G1 customers,  
7 77.6 percent of sales were supplied by competitive  
8 suppliers.

9 Q. And, for the record, those are on the stamped sheets  
10 078 and 079.

11 A. (Furino) Thank you.

12 Q. And, could you please provide more detail concerning  
13 the results of the solicitation?

14 A. (Furino) Yes. The confidential materials labeled "Tab  
15 A" to the Bid Evaluation Report contain the details of  
16 the solicitation results. UES received \_\_\_\_\_  
17 for its small customer Non-G1 group and \_\_\_\_\_  
18 for its large customers. The list of respondents is  
19 shown on stamped Page 9. The pricing results are shown  
20 beginning on Page 11, beginning with the results for  
21 the Non-G1 bids, then for the G1 bids. For each, the  
22 pricing summary begins with capacity included, then the  
23 capacity excluded, and then the implied capacity price.  
24 The pricing summaries show the average price over the

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[WITNESS PANEL: Asbury|Furino]

1 period, including a ranking by price and the expected  
2 total cost, \_\_\_\_\_  
3 \_\_\_\_\_  
4 \_\_\_\_\_.

5 In this solicitation, we received a  
6 response for the first time from \_\_\_\_\_  
7 \_\_\_\_\_  
8 \_\_\_\_\_  
9 \_\_\_\_\_  
10 \_\_\_\_\_  
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[WITNESS PANEL: Asbury|Furino]

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4 \_\_\_\_\_  
5 \_\_\_\_\_  
6 \_\_\_\_\_

7 \_\_\_\_\_. So, Unutil Energy Systems selected FPL as the  
8 winning bidder.

9 Q. \_\_\_\_\_  
10 \_\_\_\_\_  
11 \_\_\_\_\_  
12 \_\_\_\_\_?

13 A. (Furino) Uh-huh.

14 Q. And, that's the delta that you're allowing for in that  
15 calculation, is that correct?

16 A. (Furino) Right. \_\_\_\_\_  
17 \_\_\_\_\_  
18 \_\_\_\_\_.

19 Q. And, were there any changes to the standard Power  
20 Supply Agreement forms?

21 A. (Furino) \_\_\_\_\_  
22 \_\_\_\_\_  
23 \_\_\_\_\_  
24 \_\_\_\_\_

[WITNESS PANEL: Asbury|Furino]

1 \_\_\_\_\_  
2 \_\_\_\_\_  
3 \_\_\_\_\_.

4 Q. And that \_\_\_\_\_ is found on stamped  
5 Page 126, is that correct?

6 A. (Furino) That's correct. And, \_\_\_\_\_  
7 \_\_\_\_\_, which can be found on  
8 Page --

9 Q. Is that at 131?

10 A. (Furino) 131, okay. That's right. \_\_\_\_\_  
11 \_\_\_\_\_  
12 \_\_\_\_\_

13 \_\_\_\_\_ . Which, in any case, we  
14 respectfully request approval according to the  
15 schedule.

16 Q. Okay. And, lastly, turning to the single page that's  
17 been marked as Exhibit -- "Unitil Exhibit Number 3".  
18 Can you explain what's on that page please?

19 A. (Furino) Yes. We wanted to demonstrate a little more  
20 clearly what the renewable portfolio costs were. And,  
21 this sheet lists our kilowatt-hour purchases, which  
22 you'll find listed in Exhibits KMA-2 and KMA-3. We're  
23 dividing those kilowatt-hour purchases by a thousand to  
24 get to megawatt-hours. And, the requirement for the

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[WITNESS PANEL: Asbury|Furino]

1 two types, Type III Renewable Energy Credits and Type  
2 IV Renewable Energy Credits, is 4 percent. So, the  
3 third line is taking 4 percent of those purchases.  
4 Unitil's price estimate is \$28. Then, the product of  
5 those is Unitil's RECs cost estimate, which those match  
6 what's on Page 5 of Exhibit -- Schedule KMA-2 and  
7 Page 5 of KMA-3, for the Non-G1 and G1 respectively.  
8 The "cost per kilowatt-hour" is just the division of  
9 the RECs cost divided by the kilowatt-hour purchases.  
10 And, these purchases -- this cost per kilowatt-hour is  
11 stated in terms of purchases, not customer level retail  
12 sales. So, this is a wholesale equivalent. And, you  
13 can see that the cost for compliance are the same for  
14 the Non-G1 and the G1.

15 Q. Do you have anything further to add at this time?

16 A. (Furino) No, I do not. Thank you.

17 MR. EPLER: Thank you, Mr. Chairman. I  
18 tender the witnesses for cross-examination.

19 CHAIRMAN GETZ: Thank you.

20 Ms. Hollenberg.

21 MS. HOLLENBERG: Thank you. Good  
22 morning.

23 CROSS-EXAMINATION

24 BY MS. HOLLENBERG:

{DE 08-015} [REDACTED - FOR PUBLIC USE] (03-19-08)

[WITNESS PANEL: Asbury|Furino]

1 Q. I guess, just to start, because we've just finished  
2 talking about the RPS compliance, Exhibit 3, I just  
3 want to follow up with you on that. And, I'll allow  
4 either one of you to answer, whoever feels more  
5 comfortable doing so. You mentioned, Mr. Furino, that  
6 the cost per kilowatt-hour number is a wholesale  
7 number. And, I'm wondering if you can provide me with  
8 a retail number, in terms of cost per -- cents per  
9 kilowatt-hour, as well as a total amount that retail  
10 customers, residential customers will -- or, if you  
11 don't want to break it out into residential, G1 or  
12 Non-G1, just the total amount that customers will be  
13 paying for the RPS compliance in the next period?

14 A. (Asbury) Yes. I have converted the wholesale cost per  
15 kilowatt-hour to a retail cost using the loss factors  
16 that are in the filing. For Non-G1, the retail cost is  
17 \$0.00119 per kilowatt-hour. And, for G1, the retail  
18 cost is \$0.00117 per kilowatt-hour. And, the total  
19 cost, which I think is what you asked for, --

20 Q. Yes.

21 A. (Asbury) -- if not, please re-ask, that's shown also on  
22 Exhibit Number 3. You can see, at the top, for the  
23 Non-G1 class, the total cost for the periods are  
24 \$508,000. And, for the G1 class, it's about \$27,000.

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[WITNESS PANEL: Asbury|Furino]

1 And, that's for a three-month period for the G1 class.

2 Q. Thank you. And, so, just for the record, you'd agree  
3 that Unitil's RPS obligation for 2008 is 0.5 percent  
4 for Class IV and 3.5 percent for Class III RECs?

5 A. (Furino) That's correct.

6 Q. And, that you're proposing that Unitil will meet this  
7 obligation during the procurement period covered by  
8 this docket through an adder to the Default Service  
9 rates? In other words, they're not included in the  
10 Default Service rates that were bid?

11 A. (Furino) They're not included in the supplies that are  
12 being provided for under the Default Service Power  
13 Supply Agreements, that's correct.

14 Q. Okay. And, you did -- you base the adder, the amount  
15 of the adder on the alternative compliance payment as a  
16 proxy for the actual amount?

17 A. (Furino) That's correct. Unitil recognizes that the  
18 Commission did issue an inflation-adjusted alternative  
19 compliance price or set of alternative compliance  
20 prices for the year 2008. Nonetheless, Unitil is  
21 pleased with its estimate.

22 Q. And, you've talked about how you calculated the adder  
23 and what's included in it. What happens if Unitil's  
24 actual costs of compliance with RPS are different from

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[WITNESS PANEL: Asbury|Furino]

1 the costs it estimated? You'd agree that it's a  
2 reconcilable process?

3 A. (Asbury) Yes.

4 Q. How will UES ensure, for purposes of reconciliation,  
5 that the revenue billed for the RPS adder is matched  
6 against the costs incurred for RPS compliance? Are you  
7 planning to do anything to separate those, in terms of  
8 your Default Service reconciliation calculation?

9 A. (Asbury) Well, we don't have a separate tracking  
10 mechanism, if you will, for those costs. But the RPS  
11 costs, the actual costs will go right into the Default  
12 Service bucket, if you will, so the actual costs will  
13 automatically be reconciled. So, to the extent that  
14 the revenue, which is reflected at the rate I stated  
15 earlier, does not match the costs, then there would  
16 either be an over or underrecovery of those costs.

17 Q. And, you'll be able to assure yourself of the -- in  
18 terms of the revenue for alternative or for compliance  
19 with the RPS, you'll be able to assure yourself that  
20 it's used for the expenses for compliance with the RPS  
21 standard? Or, is that not something that you think --

22 A. (Asbury) Well, the revenue that we get from Default  
23 Service is a -- there's a total revenue. We don't try  
24 to separate out this revenue and set aside for RPS.

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[WITNESS PANEL: Asbury|Furino]

1 It's not a separate reconciliation. In other words,  
2 all Default Service revenues and all Default Service  
3 costs are reconciled together for the class.

4 Q. Okay. When -- oh, I'm sorry. Go ahead.

5 A. (Asbury) I was just going to add that the -- we have  
6 separate accounts established to track RPS, so you will  
7 be able to see the actual costs of RPS, in actual data.

8 Q. Okay.

9 A. (Furino) And, those are by RECs type.

10 Q. Uh-huh.

11 A. (Furino) So, the four types, and by the Non-G1 and the  
12 G1 customer groups.

13 Q. Okay. All right. Thank you. Once the Commission's  
14 rulemaking is complete and sources of New Hampshire  
15 RECs are certified, how does Unitil propose to comply  
16 with the RPS? For instance, would Unitil purchase, buy  
17 REC credits to meet the requirement, or are you just  
18 planning to proceed with the alternative compliance  
19 payment, regardless of what the market is showing?

20 A. (Furino) Unitil will seek to -- will look to the market  
21 and look for physical renewable energy certificates as  
22 its first option to comply. We have contacted RECs  
23 brokers, renewable energy brokers, and there has been  
24 no market activity with regard to New Hampshire RECs at

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[WITNESS PANEL: Asbury|Furino]

1 this point, but we will continue to do that. If they  
2 are available in the market place, we will buy them.  
3 If not, our second option is we will make alternative  
4 compliance payments.

5 Q. Thank you. Just a couple of questions about the  
6 solicitation and the evaluation of the bids. Would you  
7 -- Would you agree that the solicitation that was just  
8 completed is fairly consistent with the solicitations  
9 you've done in the recent past for Default Service? In  
10 other words, there are no changes to the way you  
11 solicited the bids?

12 A. (Furino) That's correct. I'd agree with that.

13 Q. And, would you agree that there are no differences or  
14 no significant differences in the way that you  
15 evaluated the bids that you received in response to  
16 this solicitation, as compared to prior solicitations?

17 A. (Furino) That's correct.

18 Q. And, Ms. Asbury, when you calculated the proposed  
19 changes in the rates, did you -- would you agree that  
20 you did that calculation fairly consistently with the  
21 way you've done that in the recent bids?

22 A. (Asbury) Yes, it is generally consistent with past  
23 calculations. However, I would note that this is our  
24 first annual reconciliation. As you may recall from

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[WITNESS PANEL: Asbury|Furino]

1 prior filings, we had proposed to move to an annual  
2 reconciliation. But, in our last filing, we had an  
3 interim six month reconciliation. So, that would be  
4 one difference, that this is the first time the annual  
5 reconciliation has been put into place.

6 Q. Thank you. And, just a last question, and I asked you  
7 this this morning. This morning there was a report in  
8 the Concord Monitor about increases in rates. And, I  
9 just want to confirm for the record that those  
10 increases mentioned in the paper include both this  
11 filing, as well as the filing related to External  
12 Delivery and Stranded Cost Charges?

13 A. (Asbury) Yes, they do.

14 MS. HOLLENBERG: Okay. If I could just  
15 have one moment please. Actually, one last question.

16 BY MS. HOLLENBERG:

17 Q. Ms. Asbury, are you able to provide the average monthly  
18 usage over the last calendar year, an estimate of that  
19 average monthly usage by residential customers?

20 A. (Asbury) We had a record request, I'm not sure if it  
21 was in a Default Service proceeding or in our last  
22 reconciliation and rate filing, but it was a fairly  
23 recent record request, which essentially requested that  
24 information. And, using approximate figures, the

{DE 08-015} [REDACTED - FOR PUBLIC USE] (03-19-08)

[WITNESS PANEL: Asbury|Furino]

1 residential average usage was about 650 kilowatt-hours  
2 per month, and the median was approximately 550  
3 kilowatt-hours per month. Again, those figures are  
4 approximate.

5 Q. Thank you. So, in terms of your Schedule KMA-4, Page 2  
6 of 8, that would fall -- that average usage number  
7 would fall between the 500 and 750 averages, which is  
8 somewhere in the nature of 5 percent increase?

9 A. (Asbury) That's correct.

10 Q. And, would Unitil have any objection to providing an  
11 average monthly usage figure over the prior 12 months  
12 in future Default Service filings for Non-G1 customers  
13 in their testimony? I recognize that you do provide  
14 this chart, and I do appreciate that you do a -- you do  
15 provide different averages. And, I guess I'm just  
16 wondering if somewhere in the testimony Unitil would  
17 agree to giving what the last 12 months average is, so  
18 that the OCA can have a sense of where average  
19 customers are falling on this chart?

20 A. (Asbury) We can do that.

21 MS. HOLLENBERG: Thank you.

22 WITNESS ASBURY: You're welcome.

23 MS. HOLLENBERG: I don't have any other  
24 questions. Thank you.

{DE 08-015} [REDACTED - FOR PUBLIC USE] (03-19-08)

[WITNESS PANEL: Asbury|Furino]

1 CHAIRMAN GETZ: Ms. Amidon.

2 MS. AMIDON: Thank you. And, as usual,  
3 I'll be sharing cross-examination with Mr. McCluskey.  
4 Good morning.

5 BY MS. AMIDON:

6 Q. I'm still trying to understand some of the responses  
7 that you gave to Ms. Hollenberg regarding accounting  
8 for this RPS adder. You say there is a separate  
9 account for revenues or there is a separate account for  
10 costs?

11 A. (Asbury) Separate account for costs.

12 Q. And, how will you match the revenues to the costs? Are  
13 you going to be keeping track of that adder?

14 A. (Asbury) No, we do not do that separately. Default  
15 Service costs and revenues are reconciled in total.  
16 So, what we look at is all the Default Service costs,  
17 tracked separately by account, and then we have a  
18 Default Service rate, which is billed, which is the  
19 total rate reflected in the filing, which is the  
20 revenue, that's then compared against those costs, to  
21 determine whether you've over or undercollected.

22 Q. So, what are you -- how are you going to know whether  
23 you have received revenue via the adder in excess of  
24 the costs for the certificates?

{DE 08-015} [REDACTED - FOR PUBLIC USE] (03-19-08)

[WITNESS PANEL: Asbury|Furino]

- 1 A. (Asbury) The adder is not a separate rate component.  
2 I've calculated it to give the parties what the  
3 approximate cost is reflected in the Default Service  
4 rate.
- 5 Q. So, if there -- is it possible then that you could  
6 recover more money through the adder than you -- than  
7 the cost of the RECs?
- 8 A. (Asbury) It's possible that you could collect more or  
9 less, but that will be fully reconciled through the  
10 Default Service reconciliation process.
- 11 Q. Let me ask you how -- Mr. Furino, you said that you  
12 knew that the Commission had inflated the -- had  
13 adjusted the alternative compliance payment for  
14 inflation as of January 1?
- 15 A. (Furino) Yes.
- 16 Q. But you said you are pleased with your estimates?
- 17 A. (Furino) Yes, I did.
- 18 Q. So, how are you going to -- how are you going to deal  
19 with the difference?
- 20 A. (Furino) If Unitil ends up making alternative  
21 compliance price payments -- alternative compliance  
22 payments in the summer of 2009 to comply with the 2008  
23 requirements, and that that rate stays the same for all  
24 of 2008, we would expect approximately to be

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[WITNESS PANEL: Asbury|Furino]

1 approximately 3 percent short, which is the amount of  
2 the new inflation adjustment, short, of undercollecting  
3 in that regard.

4 Q. And, so, what would you do then if you're 3 percent  
5 short?

6 A. (Furino) That would simply be part of the annual  
7 reconciliation or future reconciliation.

8 Q. And, you would be charging interest on that amount?

9 A. (Asbury) Yes.

10 Q. I notice in the current filing, maybe you can help me  
11 out, there seems to be no amount for the RECs for  
12 January 2008. And, there also seems to be no  
13 information on what the Company is doing with respect  
14 to RECs between January 2008 and May. So, the months  
15 of January, February, March and April aren't accounted  
16 for. Yes, it's KMA-3, Page 3 of 5. I think that's  
17 right. But that just happens to be the G1. There's a  
18 similar situation for the Non-G1 in KMA-2, Page 3 of 5.  
19 Why don't we go to KMA-2, because I have more questions  
20 on that exhibit anyway.

21 And, then, I don't understand this,  
22 because, if I look at Page 1 of KMA-2, two-thirds down  
23 the page at the left it says "plus: January 2008  
24 Non-G1 Class RPS accrual", and then, if you go across,

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[WITNESS PANEL: Asbury|Furino]

1           it says "\$95,418". So, my question is, how do you --  
2           what are you doing between January and -- for January,  
3           February, March, and April for RECs, to recover that  
4           cost?

5    A.    (Asbury) Okay. Let me just start with the annual  
6           reconciliation process that was approved by the  
7           Commission is that we would move to an annual process  
8           using actual data. And, so, this filing now reflects  
9           actual data through January 2008. And, we would --  
10          that's the balance that we're using to reconcile over  
11          the next 12-month period, May 2008 through April 2009.  
12          So, this filing does not include data for February,  
13          March, and April.

14   Q.    Right. And, that's why I asked what is happening for  
15          those dates. But, if you could explain what's happened  
16          for January first, that would be helpful. January '08  
17          I'm talking about, with respect to the RPS?

18   A.    (Furino) You mean what already happened?

19   Q.    Right. Because, if you look at KMA-2, Page 3 of 5, and  
20          you look at the left it says "January-08". And, if you  
21          go to paragraph or the Column (j) and move down the  
22          column it says "zero".

23   A.    (Asbury) Okay. Let me try to answer that, because this  
24          relates to the second part of your question. This is

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[WITNESS PANEL: Asbury|Furino]

1 the actual booked data. And, we have not yet paid any  
2 RPS costs, although we have a liability associated with  
3 that. So, in order to appropriately -- in order to  
4 appropriately calculate interest due to customers, we  
5 are only putting those -- I should say "charging" those  
6 costs to customers when they are actually paid. And,  
7 then, separately we are accounting for the liability,  
8 because we do have an RPS obligation beginning  
9 January 1st, 2008. So, that is why, when you go to  
10 Schedule KMA-2, Page 1 of 5, we are adding back in the  
11 RPS accrual. What that reflects is the liability that  
12 we have for RPS costs for the month of January. And,  
13 we add that back in to the reconciliation, because we  
14 have that ongoing liability. So, let's just assume for  
15 example that next month we actually make the payment.  
16 Well, we'll record that on our books, and we know we  
17 have that liability. So, as part of this filing, the  
18 Company did not want to refund, so to speak, by just  
19 taking the balance and refund that money back to  
20 customers when it has this associated liability.

21 Q. So, did the customers pay anything in January? I mean,  
22 you know, I'm just not following you, and I apologize  
23 if I'm making things more confusing. What did the  
24 customers pay in January? Because I understood that

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[WITNESS PANEL: Asbury|Furino]

1 the Commission, I think in the September proceeding,  
2 approved the mechanism that you developed to create the  
3 adder. And, the idea was that would have to take  
4 effect January 1. So, I was puzzled when I look at  
5 this schedule and see no -- nothing there for January.

6 A. (Asbury) There are no -- There were no costs charged to  
7 the account. However, the RPS was included in the  
8 Default Service rate.

9 Q. And, what are you doing for February, March, and April?

10 A. (Asbury) The costs of RPS were reflected in the  
11 February, March, and April rates, but there are no --  
12 there are no costs reflected in this filing, simply  
13 because we've stopped our reconciliation with actual  
14 data through January 2008.

15 Q. Okay. All right. Thank you. I don't know who's  
16 better to ask this. Have the power costs for the  
17 period May through October gone up, the power cost  
18 component gone up relative to current rates?

19 A. (Furino) Yes, they have. I will tell you that market  
20 prices have risen dramatically. Unutil believes that  
21 it achieved a very efficient price result as a result  
22 of the auction. I also wanted to add that the  
23 portfolio process that Unutil has in place for its  
24 Non-G1 customers is providing benefits right now. The

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[WITNESS PANEL: Asbury|Furino]

1 six months that we've contracted with from this new  
2 supply with Constellation, for the 25 percent piece of  
3 the Non-G1 supply, \_\_\_\_\_  
4 \_\_\_\_\_. But, because of  
5 prior purchases made that, you know, account for the  
6 75 percent, the remaining 75 percent of this Non-G1  
7 rate for the six months, the overall average on a  
8 wholesale cost basis is \$95 per megawatt-hour, or 9.5  
9 cents. So, I mean, that's a significant -- significant  
10 difference.

11 Q. So, what is the percentage increase for the G1 and the  
12 Non-G1 classes in the power costs?

13 A. (Furino) On a power cost basis, the going six-month  
14 period to six-month period, accounting for all of the  
15 Non-G1 supplies under contract, the six months from  
16 November through April 2008 are \$94.79 per  
17 megawatt-hour. The upcoming six-month period, which is  
18 May 2008 through October 2008, \$95.33. So, an increase  
19 of approximately 50 cents a megawatt-hour, or half a  
20 cent per kilowatt-hour. Percentage? 0.6 percent.

21 Q. Okay.

22 A. (Furino) Sorry.

23 Q. And, for the G1? And, was that for the Non-G1 that you  
24 just recited?

[WITNESS PANEL: Asbury|Furino]

1 A. (Furino) Those were Non-G1 figures.

2 Q. Okay. And, for the G1, do you have the same  
3 information?

4 A. (Furino) I don't have the same information, but the  
5 wholesale costs are higher. The current -- I have the  
6 current three-month prices. Again, we don't calculate  
7 a single price for the three-month period, but we have  
8 monthly prices for each of those periods. I can rattle  
9 off the three sets of prices, but --

10 Q. That's okay. I wonder, though, did you look at the  
11 same period, because we're talking about the summer  
12 months, did you look at what the power price increases  
13 were compared to the same period last year?

14 A. (Furino) I did. And, they are \_\_\_\_\_ higher.  
15 This is summer over last summer.

16 Q. Right. Okay.

17 A. (Furino) And, maybe I should also add that, beginning  
18 June 2008, the capacity, the transition capacity prices  
19 increase by approximately 23 percent, as the price goes  
20 from \$3.05 a kilowatt-month to \$3.75 a kilowatt-month,  
21 and that's a significant piece as well.

22 Q. Thank you. I wanted to ask Ms. Asbury about legal  
23 charges that appear on Page 3 of 5 of KMA-2. And, in  
24 the prior, I think it's the September filing -- let me

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1 just check, take a minute here to check that. In the  
2 September filing of last year, there was a similar  
3 organization of the columns here that you see on Page 3  
4 of 5 of KMA-2. And, the estimated legal charges appear  
5 for the month of November '07, and the amount in that  
6 prior filing is \$7,945 estimate, and that is for  
7 November only. And, I would say it's also for only the  
8 Non-G1. I know the G1 has legal expenses in it as  
9 well.

10 But, if you look at your filing, and  
11 Page 3 of 5 on KMA-2, Column (h), it actually shows  
12 "zero" legal charges for November, and then December is  
13 "10,693", and, for January, we see "1,782", which is,  
14 you know, roughly, I don't know, what, three or four  
15 thousand dollars more than originally estimated?  
16 Probably more in the nature of almost five. So, what  
17 happened there?

18 A. (Asbury) Which filing are you looking at to compare  
19 that to?

20 Q. I'm looking at the current filing.

21 A. (Asbury) Compared to?

22 Q. And, I'm look at the estimate of your prior filing,  
23 that -- this would be the September filing. And, I'm  
24 looking at KMA-2 from the September filing. If you

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[WITNESS PANEL: Asbury|Furino]

1 would like me to show you what I have here, I would be  
2 happy to give it to you.

3 MR. EPLER: Can I see that?

4 (Atty. Amidon showing document to Atty.  
5 Epler.)

6 MS. AMIDON: I didn't make copies of it,  
7 because it's already part of the record.

8 WITNESS ASBURY: Schedule KMA-2, Page 3?

9 MS. AMIDON: I think that's Page 5,  
10 isn't it, Gary?

11 WITNESS ASBURY: Page 5.

12 MR. EPLER: It's Page 5. And, I'm  
13 looking at Page 5 of 5 of Schedule KMA-2.

14 MS. AMIDON: Column (h).

15 WITNESS FURINO: Is it 5 of 5 or 3 of 5?

16 MS. AMIDON: In the current filing, the  
17 one we're talking about today, is Page 3 of 5. This old  
18 exhibit from September is Page 5 of 5.

19 BY THE WITNESS:

20 A. (Asbury) And, in the November filing -- sorry, the  
21 September filing, it's showing November 2007 as an  
22 estimate.

23 BY MS. AMIDON:

24 Q. Yes. Right.

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[WITNESS PANEL: Asbury|Furino]

- 1 A. (Asbury) And, now we're looking at the actuals.
- 2 Q. Right. And, there's nothing for November. And, then,  
3 there's an amount that's about almost \$3,000 more than  
4 the estimate in December, then another almost \$2,000 in  
5 January. So, it's almost \$5,000 greater than the  
6 estimate. So, I just wanted to know what happened.
- 7 A. (Furino) I'm sorry, are we looking at the Non-G1 legal  
8 expenses or --
- 9 Q. Right. I'm just looking right now at Non-G1. I just  
10 want the Commission to know that there's probably  
11 similar information in the G1, but I'm just focusing on  
12 Non-G1 just to understand what happened.
- 13 A. (Furino) The costs that you're seeing that are in the  
14 current filing are how high? I'm seeing "\$12,474".
- 15 Q. Yes.
- 16 A. (Furino) Okay. And, those compare to the September  
17 filing estimates, which were --
- 18 A. (Asbury) Approximately 8,000.
- 19 Q. Uh-huh. So, you can say "13" and "8".
- 20 A. (Furino) Okay.
- 21 A. (Asbury) One, obviously, was an estimate, and now this  
22 filing now reflects actuals.
- 23 Q. Well, I realize that. I just want to know what  
24 happened.

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[WITNESS PANEL: Asbury|Furino]

1 A. (Asbury) Mr. Furino will explain what the --

2 Q. Take your time.

3 A. (Asbury) -- what the legal costs represented.

4 MR. EPLER: Mr. Chairman, I mean, we  
5 would be happy to provide the detail on these legal  
6 charges. I don't know if Mr. Furino has that detail with  
7 him. But, since they are actual charges, there are  
8 invoices, backup invoices, that list the amounts and the  
9 purpose for them. And, we would be happy to provide these  
10 to the Commission.

11 BY THE WITNESS:

12 A. (Furino) Well, what we do have available right now,  
13 excuse me, is that, in December, there was 11,900,  
14 which hit our common legal account and was allocated to  
15 the Non-G1 and G1, which was --

16 BY MS. AMIDON:

17 Q. But what is the common --

18 A. (Furino) Well, okay. They were common costs that were  
19 in support of G1 and Non-G1 activities, and that was  
20 for Default Service work for September 2007. And,  
21 there was another \$1,700 that was also common legal  
22 expense that was associated with work performed in June  
23 of 2007, which was originally billed only to Non-G1 in  
24 July of 2007. So, there was an adjustment for that

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[WITNESS PANEL: Asbury|Furino]

1 that was made in December.

2 Q. Okay. So, the December costs relate to September, and  
3 the January costs relate to June?

4 A. (Furino) The December costs include both pieces.

5 CHAIRMAN GETZ: Well, I guess there's a  
6 few ways to proceed. And, I don't know if you feel that  
7 your questions are getting adequately answered from the  
8 stand based on Mr. Furino's memory or we could have a data  
9 request or we could have this be something to be followed  
10 up in the next filing?

11 MS. AMIDON: Okay. Well, I would like a  
12 record request. And, I know that there was a record  
13 request made in the same docket by OCA last year. And, I  
14 believe, I looked in the file, we just got a narrative  
15 response, and we didn't get the attached billing detail.  
16 So, if this record request could have the billing detail,  
17 that would be helpful. And, this is outside legal costs,  
18 it's not -- correct? It's not like in-house Unitil?

19 WITNESS FURINO: That's correct.

20 MS. AMIDON: Okay.

21 CHAIRMAN GETZ: Do I take it then that  
22 this is not information that you would expect to be filed  
23 in advance of our decision?

24 MS. AMIDON: Correct. It's just

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[WITNESS PANEL: Asbury|Furino]

1 something that we will continue to look at, but it's  
2 helpful to get this information in this docket so we can  
3 look at it in the next six months. Thank you.

4 CHAIRMAN GETZ: Well, let's reserve  
5 Exhibit Number 4 then for the record request.

6 (Exhibit 4 reserved)

7 CHAIRMAN GETZ: And, Mr. Epler, you  
8 understand what's being requested?

9 MR. EPLER: Yes. Thank you, Mr.  
10 Chairman.

11 MS. AMIDON: Okay. And, I'm going to  
12 turn it over to Mr. McCluskey.

13 MR. McCLUSKEY: Thank you.

14 BY MR. McCLUSKEY:

15 Q. I'd like to stay with the same exhibit, Schedule KMA-2,  
16 Page 3 of 5. And, I'd like to focus on Column (f),  
17 uncollected accounting costs. I assume these are bad  
18 debt expenses related to Default Service, is that  
19 correct?

20 A. (Asbury) That's correct.

21 Q. Okay. What I did was I compared the monthly costs that  
22 you're showing in this exhibit with projections from  
23 the prior two filings of the Company for this same  
24 period, August '07 through January '08. And, if you

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[WITNESS PANEL: Asbury|Furino]

1 would accept subject to check, the total came to

2 \$118,000 approximately?

3 A. (Asbury) I'll accept that.

4 Q. And, you are now showing actual costs of "\$266,000".

5 The difference appears in the -- largely in the months

6 of September, October, and November. Could you give

7 the background to this increase?

8 A. (Asbury) I would have to take that as a record request.

9 Q. Okay.

10 CHAIRMAN GETZ: Okay. We'll reserve

11 Exhibit Number 5 then for that request.

12 (Exhibit 5 reserved)

13 MR. McCLUSKEY: Thank you.

14 BY MR. McCLUSKEY:

15 Q. My next question relates to -- that was Non-G1 that we

16 were talking about. Now we're going to switch to the

17 G1 exhibits. And, I'm going to start with KMA-3,

18 Page 1 of 5. And, this exhibit shows how the Company

19 is developing the monthly Default Service rates for the

20 G1 class. And, the first cost component that it shows

21 is the reconciliation from a prior period, is that

22 correct?

23 A. (Asbury) That's correct.

24 Q. And, you are proposing to recover an additional 109,000

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[WITNESS PANEL: Asbury|Furino]

1 for the three-month period, is that correct?

2 A. (Asbury) That's correct.

3 Q. And, the Footnote (1) explains how you arrived at that  
4 number of 109,000, correct?

5 A. (Asbury) Correct.

6 Q. And, you start that calculation by referencing the -- I  
7 believe it's -- is it an undercollection, the 762,000?

8 A. (Asbury) Yes.

9 Q. An undercollection. So, you're seeking to recover a  
10 portion of that 762,000 in this three-month period,  
11 correct?

12 A. (Asbury) Correct.

13 Q. And, the rest of this page shows how you arrived at the  
14 109,000. But I'd like to focus on the January 31, 2008  
15 overcollection -- undercollection balance of 762,000.  
16 You send the reader to Page 2 of 5 in order to see how  
17 that number was developed. And, the number that we  
18 were just referring to is the very last number on this  
19 schedule, the far right column, for January-08,  
20 correct?

21 A. (Asbury) Correct.

22 Q. Now, this is your reconciliation calculation for the  
23 six-month period August '07 through January '08. And,  
24 in order to do this calculation, you need several

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[WITNESS PANEL: Asbury|Furino]

1 inputs, one of which is the total costs for each month,  
2 total power costs for each month, is that correct?

3 A. (Asbury) Correct.

4 Q. And, that's shown in Column (b)?

5 A. (Asbury) Correct.

6 Q. Those costs are shown in Column (b)?

7 A. (Asbury) Correct.

8 Q. And, you send the reader to Page 3 in order to see how  
9 those numbers were calculated. Correct?

10 A. (Asbury) Correct.

11 Q. And, the actual -- in the confidential portion of your  
12 filing, you've actually got the unredacted version of  
13 that schedule. It's the second from last schedule in  
14 the confidential version.

15 MR. EPLER: And that, just for the  
16 record, that would be stamped Page 163, is that correct?

17 MR. McCLUSKEY: 163, that's correct.

18 BY MR. McCLUSKEY:

19 Q. Okay?

20 A. (Asbury) I have that.

21 Q. Okay. What I want to ask questions on, and I'll come  
22 back to, for the Commission's benefit, I will come back  
23 to the reconciliation calculation, which is on Page 2,  
24 which we just discussed. But I want to start by asking

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[WITNESS PANEL: Asbury|Furino]

1 questions which relate -- relating to the development  
2 of these total costs. And, in particular, there's a  
3 footnote there to a -- in the first column, showing the  
4 total G1 Default Service supply charges for December  
5 '07, you're saying that you've included in there a cost  
6 of \$190,000 related to a December 2005 Transition  
7 Service cost, correct?

8 A. (Asbury) That is correct. We had found an error where  
9 a supplier charge had been incorrectly charged to G1  
10 Transition Service, and should have been Default  
11 Service. So, what's reflected here is that we've  
12 corrected that figure and included the 190,000 in  
13 Default Service and made a -- made the same credit to  
14 the G1 Transition Service account, which is included in  
15 the Company's annual reconciliation and rate filing.  
16 So, it's a credit in a separate filing.

17 Q. And, if we can go step-by-step through that. You're  
18 saying that there was a power supply charge related to  
19 December '05 that you recovered through Transition  
20 Service initially, is that correct?

21 A. (Asbury) That's correct.

22 Q. And, that amount was \$190,000?

23 A. (Asbury) Correct.

24 Q. Approximately. And, you've since determined that that

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[WITNESS PANEL: Asbury|Furino]

1 charge related to Default Service, not to Transition  
2 Service?

3 A. (Asbury) Correct.

4 Q. But when did Default Service begin?

5 A. (Furino) In May 2005, for the G1 customers, Unitil  
6 began providing bundled Transition and Default Service.  
7 We continued, we had Transition Service in place for  
8 two years for G1.

9 Q. Yes.

10 A. (Furino) Which was May 2003 through April 2005. And,  
11 then, in May we had a period of two six-month  
12 contracts, which were considered bundled Transition and  
13 Default Service. Customers entered that period of May  
14 2005 all as Transition Service customers, but, as they  
15 moved to Default Service, and, you know, Default  
16 Service grew, moved and came back, that Default Service  
17 piece grew. In fact, I think -- yes. No, that's my  
18 recollection.

19 Q. Okay. So, you're saying that you really -- you put in  
20 this 190,000 in an incorrect bucket, and presumably you  
21 just found this, that's why you're putting it in this  
22 particular filing, is that correct?

23 A. (Asbury) Correct.

24 Q. And, Transition Service no longer exists, correct?

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[WITNESS PANEL: Asbury|Furino]

- 1 A. (Asbury) Correct.
- 2 Q. But you're making some adjustment to a reconciliation  
3 proceeding to reflect the fact that you are eliminating  
4 the \$190,000 that you recovered previously to  
5 Transition Service?
- 6 A. (Asbury) Yes. As I mentioned, the \$190,000 credit is  
7 reflected in the other filing that Unitil made on the  
8 same date.
- 9 Q. Okay. So, let's go back to Page 2 of 2, the  
10 reconciliation calculation. And, for the  
11 Commissioners' benefit, the "Total Costs" column, (b),  
12 the costs for December '07 of 801 -- \$802,000, includes  
13 this \$190,000 adjustment, is that correct?
- 14 A. (Asbury) That's correct.
- 15 Q. And, so, that feeds through the reconciliation  
16 calculation?
- 17 A. (Asbury) Correct.
- 18 Q. Now, you also have a footnote on that same row saying  
19 that you've added \$32,000, almost \$33,000 of interest,  
20 presumably related to this same \$190,000 adjustment, is  
21 that correct?
- 22 A. (Asbury) That's correct.
- 23 Q. And, could you just explain what that interest relates  
24 to?

{DE 08-015} [REDACTED - FOR PUBLIC USE] (03-19-08)

[WITNESS PANEL: Asbury|Furino]

1 A. (Asbury) Yes. Because the correction was dated back to  
2 December 2005, when we made the entry to correct the  
3 costs, we also corrected the interest. So, similar to  
4 the costs, we had a credit that went to Transition and  
5 a similar interest credit.

6 Q. So, in the reconciliation proceeding, in addition to  
7 removing the 190,000, you've removed \$32,000 or \$33,000  
8 of interest as well?

9 A. (Asbury) Correct. They're offsetting.

10 Q. Okay.

11 A. (Asbury) Equally offsetting.

12 Q. Yes. Fine. Was any of this mentioned in your prefiled  
13 testimony?

14 A. (Asbury) I don't think it was.

15 MR. McCLUSKEY: Those are all the  
16 questions I have. With regard to the discovery request  
17 that we have, in relation to the uncollected costs, it had  
18 been my intention to ask about the Company's collection  
19 practices with regard to bad debt expenses. I wonder if  
20 the Company, in addition to explaining the increase in the  
21 bad debt costs, what actions the Company took in order to  
22 contain the increase in bad debt expenses? If you could  
23 respond to that in your discovery response?

24 WITNESS ASBURY: We could do that.

{DE 08-015} [REDACTED - FOR PUBLIC USE] (03-19-08)

[WITNESS PANEL: Asbury|Furino]

1 MR. McCLUSKEY: Thank you.

2 MS. AMIDON: All set.

3 CHAIRMAN GETZ: Thank you.

4 BY CMSR. BELOW:

5 Q. Ms. Asbury, on KMA-4, Page 2 of 8, in the first column  
6 you have the average kilowatt-hours, and it starts at  
7 "125", and goes to "150", then "500". You see that?

8 A. (Asbury) Yes.

9 Q. Just out of curiosity, is there a reason why you have  
10 "150", instead of "250" there?

11 A. (Asbury) No reason.

12 Q. Perhaps for the future you could use 250 there, as  
13 that's double the 125 and half of the 500. And, I  
14 think, in response to Ms. Hollenberg, you said in the  
15 future you could provide the figures for the average  
16 residential customer usage. Could you also continue to  
17 provide the median usage when you provide the average  
18 usage?

19 A. (Asbury) Yes.

20 CMSR. BELOW: Okay. Thank you. That's  
21 all.

22 CHAIRMAN GETZ: Two questions.

23 BY CHAIRMAN GETZ:

24 Q. One, Ms. Asbury, on Exhibit 1, Page 84, to your  
{DE 08-015} [REDACTED - FOR PUBLIC USE] (03-19-08)

[WITNESS PANEL: Asbury|Furino]

1 testimony, Page 3 of 8, Lines 9 through 12, and you're  
2 comparing the proposed rate to the current rate, and  
3 you talk about there's "an increase of 7.57 mills per  
4 kWh", and you say "This increase is primarily due to  
5 the fact that the current rate includes a large  
6 overcollection." I just want to make sure I understand  
7 what you're trying to tell me there. Is that the --  
8 basically, that the current rate is lower than it  
9 otherwise would have been, because it had a credit from  
10 a previous overcollection, and, therefore, in reality,  
11 on a cost-to-cost basis, there really wouldn't have  
12 been much of an increase? Is that what you're --

13 A. (Asbury) That's correct.

14 Q. Okay.

15 A. (Asbury) The bulk of the increase is due to the  
16 overcollection that's in the current rate.

17 Q. The overcollection that made the current rate --

18 A. (Asbury) Artificially low, if you will.

19 Q. Okay. I just wanted to make sure about that. And,  
20 then, I guess this probably goes on the confidential  
21 portion of the record, but I wanted to ask a couple of  
22 questions about \_\_\_\_\_

23 \_\_\_\_\_?

24 A. (Furino) \_\_\_\_\_

[WITNESS PANEL: Asbury|Furino]

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8 A. (Furino) \_\_\_\_\_.  
9 Q. \_\_\_\_\_  
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13 A. (Furino) \_\_\_\_\_  
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[WITNESS PANEL: Asbury|Furino]

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6 CHAIRMAN GETZ: Okay. That's all I  
7 have. Redirect, Mr. Epler?

8 MR. EPLER: I don't have any redirect.  
9 Thank you, Mr. Chairman.

10 CHAIRMAN GETZ: All right. Then, the  
11 witnesses are excused. Thank you. Any objection to  
12 striking the identifications and admitting the exhibits  
13 into evidence?

14 MR. EPLER: No objection.

15 CHAIRMAN GETZ: Hearing no objection,  
16 they will be admitted into evidence. Anything we need to  
17 address, before providing the opportunity for closings?

18 (No verbal response)

19 CHAIRMAN GETZ: Hearing nothing, then,  
20 Ms. Hollenberg.

21 MS. HOLLENBERG: Thank you. The Office  
22 of Consumer Advocate appreciates the Company's work and  
23 cooperation in this process, and has no objection to its  
24 request for approval. Thank you.

{DE 08-015} [REDACTED - FOR PUBLIC USE] (03-19-08)

1 CHAIRMAN GETZ: Thank you. Ms. Amidon.

2 MS. AMIDON: Thank you. Staff has  
3 reviewed the filing, and we believe that the Company  
4 followed the solicitation process that the Commission  
5 approved in the docket, the '05 docket. In addition, we  
6 think that the resulting -- selection of resulting power  
7 costs and the resulting rates are market-based. And, we  
8 also concur with the Company's selection of an  
9 all-inclusive energy and capacity bid.

10 We would recommend that the Commission  
11 approve the petition. But just want to note that we will  
12 continue to be looking at administrative costs,  
13 particularly the Contracts office person -- personnel time  
14 devoted to the undertaking in New Hampshire. And, we're  
15 also going to be looking more closely at the uncollection  
16 -- I mean, the uncollected amounts to determine what's  
17 going on there, because that increase was pretty  
18 substantial over the estimated cost. Thank you.

19 CHAIRMAN GETZ: Thank you. Mr. Epler.

20 MR. EPLER: Thank you, Mr. Chairman. We  
21 will provide the information requested in the two record  
22 requests as soon as possible. And, just refer the  
23 Commission to the Motion for Confidential Treatment that's  
24 been filed as part of the package and to the request for  
{DE 08-015} [REDACTED - FOR PUBLIC USE] (03-19-08)

1       approvals in the petition.  And, I have nothing further to  
2       add to that.  Thank you very much.

3                       CHAIRMAN GETZ:  All right.  Thank you.  
4       Then, we will close this hearing, take the matter under  
5       advisement, and anticipate that we'll timely issue our  
6       order.

7                       (Whereupon the hearing ended at 10:33  
8                       a.m.)

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