

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

March 16, 2011 - 10:06 a.m.
Concord, New Hampshire

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RE: DE 11-028
UNITIL ENERGY SYSTEMS, INC.:
Default Service for the period
May 1, 2011 through July 31, 2011 for
Large Customer (G1) requirements, and
May 1, 2011 through April 30, 2013 for
Small Customer (Non-G1) requirements.

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

Sandy Deno, Clerk

APPEARANCES: Reptg. Unitil Energy Systems, Inc.:
Susan S. Geiger, Esq. (Orr & Reno)

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

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

ORIGINAL

I N D E X

PAGE NO.

WITNESS PANEL: ROBERT S. FURINO
 LINDA S. McNAMARA
 KRISTINA M. GUAY

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2	Default Service RFP Bid Evaluation Report identified as "Tab A Confidential Attachment" (03-11-11) {CONFIDENTIAL & PROPRIETARY}	5

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P R O C E E D I N G

CHAIRMAN GETZ: Good morning, everyone.

We'll open the hearing in Docket DE 11-028. On February 11 -- February 10, 2011, Unitil filed copy of its request for proposals soliciting Default Service for its large commercial and industrial customers and small commercial and residential customers. The Commission issued an order of notice on February 15 that, among other things, set the hearing for this morning.

I'll note for the record that the affidavit of publication has been filed. We have a notice of appearance by the Office of Consumer Advocate. The Consumer Advocate has indicated that it will not be present today, but that it has no objections to the filing that's the subject matter of this hearing.

Can we take appearances please.

MS. GEIGER: Yes. Good morning, Mr. Chairman and Commissioner Below. I'm Susan Geiger, from the law firm of Orr & Reno. I represent Unitil Energy Services, Inc. And, with me here at counsel's table this morning is Mr. David Chong from the Company.

CHAIRMAN GETZ: Good morning.

MS. AMIDON: Good morning. Suzanne Amidon, for Commission Staff. With me today is Grant

1 Siwinski, an Analyst in the Electric Division.

2 CHAIRMAN GETZ: Good morning.

3 MS. AMIDON: Good morning.

4 CHAIRMAN GETZ: Are you ready to
5 proceed, Ms. Geiger?

6 MS. GEIGER: Yes. Thank you,
7 Mr. Chairman. I've already asked the Company's witnesses
8 to take the stand. And, I would just ask the Court
9 Reporter to swear them in.

10 (Whereupon *Robert S. Furino*,
11 *Linda S. McNamara*, and *Kristina M. Guay*
12 were duly sworn and cautioned by the
13 Court Reporter.)

14 MS. GEIGER: And, Mr. Chairman, I've
15 premarked for identification two exhibits. The first
16 exhibit is the Company's filing that I've asked to be
17 marked for identification as "Exhibit 1". And, it
18 consists of a -- it's in the green binder there. And, it
19 consists of a cover letter, the Petition, a Motion for
20 Confidential Treatment, and the Prefiled Testimony of
21 Robert Furino, Linda McNamara, and Kristina Guay, as well
22 as several schedules. The second document that I've asked
23 or set of documents I've asked to be marked as "Exhibit 2"
24 for identification is all the confidential information.

[WITNESS PANEL: Furino~McNamara~Guay]

1 And, it's been labeled I believe "Tab A Confidential
2 Attachment", and it's dated March 11th.

3 CHAIRMAN GETZ: They will be so marked.
4 (The documents, as described, were
5 herewith marked as **Exhibit 1** and
6 **Exhibit 2**, respectively, for
7 identification.)

8 MS. GEIGER: Thank you.

9 ROBERT S. FURINO, SWORN

10 LINDA S. McNAMARA, SWORN

11 KRISTINA M. GUAY, SWORN

12 DIRECT EXAMINATION

13 BY MS. GEIGER:

14 Q. Good morning. Mr. Furino, could you please state your
15 name for the record.

16 A. (Furino) Yes. Robert S. Furino.

17 Q. And, where are you employed?

18 A. (Furino) I'm employed with Unitil Service Corporation,
19 in Hampton, New Hampshire.

20 Q. And, what position do you hold?

21 A. (Furino) I'm the Director of Energy Contracts.

22 Q. Now, turning to the documents that have been premarked
23 for identification as "Exhibit 1", were the documents
24 with the tabs labeled "Exhibit RSF-1" and "Schedules

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[WITNESS PANEL: Furino~McNamara~Guay]

1 RSF-1" through "7", as well as "Exhibit 2", the Bates
2 stamped Pages 001 through 114, prepared by you or under
3 your supervision or direction?

4 A. (Furino) Yes, they were.

5 Q. Do you have any changes, updates or corrections to the
6 information that are contained in the documents that
7 were prepared by you or under your supervision?

8 A. (Furino) No, I do not.

9 Q. Ms. McNamara, can you please state your name?

10 A. (McNamara) Linda McNamara.

11 Q. And, where are you employed?

12 A. (McNamara) Unitil Service Corp., Hampton, New
13 Hampshire.

14 Q. And, what position do you hold?

15 A. (McNamara) I am a Senior Regulatory Analyst II.

16 Q. Now, turning to the documents that have been marked for
17 identification in Exhibit 1, which are labeled
18 "Schedules LSM-1" through "7", and then the
19 confidential documents in Exhibit 2 with the Bates
20 stamped Pages 115 and 116, were those prepared by you
21 or under your supervision or direction?

22 A. (McNamara) Yes, they were.

23 Q. And, do you have any updates or changes to those
24 documents?

[WITNESS PANEL: Furino~McNamara~Guay]

1 A. (McNamara) No, I don't.

2 Q. Now, Ms. Guay, could you please state your name.

3 A. (Guay) Kristina M. Guay.

4 Q. And, where are you employed?

5 A. (Guay) Unitil Service Corp., in Hampton, New Hampshire.

6 Q. And, what position do you hold?

7 A. (Guay) I'm a Senior Financial Analyst.

8 Q. And, have you ever testified before this Commission?

9 A. (Guay) No, I have not.

10 Q. Then, could you please, in light of that fact, could
11 you please briefly describe for the Commissioners your
12 educational and professional background.

13 A. (Guay) Sure. I received a Bachelor's degree in
14 Business, with a concentration in Accounting, from
15 Southern New Hampshire University. I came to work for
16 Unitil Service Corp. in August of 2004. I began
17 working in the Customer Accounting Group as Senior
18 Financial Systems Analyst. In the Summer of 2010, I
19 was promoted to Senior Financial Analyst in the Finance
20 Department.

21 Q. And, now, turning to the documents in Exhibit 1, that
22 have been labeled "Exhibit KG-1", "Schedules KG-1" and
23 "KG-2", as well as the confidential documents in
24 Exhibit 2, with the Bates stamped Pages 117 through

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[WITNESS PANEL: Furino~McNamara~Guay]

1 125, were those documents prepared by you or under your
2 supervision or direction?

3 A. (Guay) Yes, they were.

4 Q. And, do you have any updates or changes or corrections
5 to any of those documents?

6 A. (Guay) No, I do not.

7 Q. Okay. And, Ms. Guay, if I were to ask you the same
8 questions that are contained in your prefiled testimony
9 today under oath as those contained in your prefiled
10 testimony that's just been filed, would your answers be
11 the same?

12 A. (Guay) Yes, they would.

13 Q. And, I'd like to go back and ask the other two
14 witnesses the same question, because I neglected to do
15 that. Mr. Furino, would the answers today that you
16 give to the questions contained in your prefiled
17 testimony under oath be the same as those in the
18 prefiled testimony?

19 A. (Furino) Yes, they would.

20 Q. And, the same question for you, Ms. McNamara.

21 A. (McNamara) Yes.

22 Q. Okay. I'm going to turn back to Ms. Guay again, and
23 briefly ask you to describe for the Commissioners the
24 purpose of your prefiled testimony.

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[WITNESS PANEL: Furino~McNamara~Guay]

1 A. (Guay) In my testimony, I discuss the development of
2 the 2010 UES Default Service and Renewable Energy
3 Credits Lead/Lag Study, which is integral to the
4 calculation of cash working capital to be recovered in
5 the Default Service rates for G1 and non-G1 customers.

6 Q. And, Ms. Guay, are you asking or is the Company asking
7 the Commission to approve the 2010 Lead/Lag Study as
8 part of this docket?

9 A. (Guay) No. UES is asking that the tariffed rates that
10 are based on the 2010 Lead/Lag Study be put into effect
11 on May 1st, 2011, subject to reconciliation, if
12 necessary. The Company recognizes that Commission
13 Staff may not have had sufficient time to review the
14 Lead/Lag Study. If further investigation and review of
15 the Lead/Lag Study results in the need for a rate
16 change, then the Company asks that the new rates be
17 reconciled with those put into effect on May 1st.

18 MS. GEIGER: Thank you. Mr. Chairman,
19 the witnesses are available for cross-examination.

20 CHAIRMAN GETZ: Thank you. Ms. Amidon.

21 MS. AMIDON: Thank you. Good morning.

22 CROSS-EXAMINATION

23 BY MS. AMIDON:

24 Q. Mr. Furino, I believe this question is for you. Could

[WITNESS PANEL: Furino~McNamara~Guay]

1 you provide us with an update of the Company's
2 Renewable Source Option Program?

3 A. (Furino) Yes. Thank you. In September 2010, the
4 Company implemented the program, as approved in
5 May 2010, in Docket DE 09-224. As described in my
6 prefiled testimony, the Company has marketed the
7 program by adding the interactive voice recording
8 messages to its phone system service, so announcing the
9 opportunity to participate in the program as customers
10 are waiting to be served. The Company has also placed
11 magnets on the trucks that are available to be seen
12 throughout the Company's service territory. And, the
13 Company has posted information about the program on its
14 website. And, I believe, in previous proceedings, we
15 have provided copies of those materials. And, the
16 Company continues -- also has a Facebook page dedicated
17 to the program, and the Company continues to monitor
18 that.

19 If we were to turn to Schedule RSF-6, in
20 the Exhibit 1, the green filing. Bates stamp Page 008
21 shows the number of residential customers who have
22 participated to date -- through February that is. And,
23 the number is up to 28 customers. And, we can see the
24 breakout between customers who are participating.

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[WITNESS PANEL: Furino~McNamara~Guay]

1 Customers can participate by purchasing renewable
2 credits to account for 25 percent, 50 percent, or
3 100 percent of their consumption. And, to date, five
4 customers are participating at the 25 percent level;
5 seven at the 50 percent level; and 16, and so I would
6 call that two-thirds of the number, at the 100 percent
7 level.

8 Turning to Page 081 to see how G1
9 customers -- G2 customers, I'm sorry, the other class
10 of eligible customers, there is currently one customer
11 that is participating, which is at the 100 percent
12 level. And, I notice that -- yes. So, that's one
13 customer. It appears that, if you look to the far
14 right on Page 081, for February 2011, the number of
15 customers for February is listed as "zero", but it
16 should be "1", a minor correction there. So, that's
17 the activity in the program to date.

18 Q. And, if I remember correctly, in Docket DE 09-224, I
19 believe Staff and the Company agreed to take a look at
20 the program after 12 months of operation to see if any
21 additional measures could be taken to assure that there
22 were opportunities for interested customers to
23 participate. Do you recall that?

24 A. (Furino) That's correct.

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[WITNESS PANEL: Furino~McNamara~Guay]

1 Q. Okay. Thank you. Mr. Furino, at Page 5, you talk
2 about the Renewable Portfolio Standards and their cost
3 estimates. And, I also know that, in Exhibit 2, I
4 believe at Bates stamp 013, there is a summary of the
5 Company's purchases to date of the 2010 RPS compliance,
6 is that correct?

7 A. (Furino) Yes, that's correct.

8 Q. And, do you need to conduct an additional RFP to
9 acquire RECs for 2010 compliance?

10 A. (Furino) If we look at the bottom of the page, the
11 little outlined area, it summarizes the Company's
12 purchases to date for 2010 compliance. And, of the
13 four classes of Renewable Energy Certificates that the
14 Company needs to acquire, I could review where we are.
15 In terms of the Class I RECs, the Company has purchased
16 "95 percent" of its obligation; Class II, the Company
17 has purchased "105 percent" of its obligation, so, in
18 excess of its obligation; Class III, the Company has
19 purchased "100 percent" of its obligation; Class IV,
20 the Company has purchased "58 percent" of its
21 obligation. So, the Company anticipates purchasing
22 additional Class I and Class IV RECs. And, the Company
23 intends to do that by issuing an RFP, a third RFP, for
24 these additional supplies.

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[WITNESS PANEL: Furino~McNamara~Guay]

1 Q. And, has been the Company's practice, would the
2 Company, if it could not procure a sufficient number of
3 RECs, pay alternative compliance payments into the
4 Renewable Energy Fund?

5 A. (Furino) Yes. So, the Company will conduct its RFP, a
6 REC RFP for these remaining RECs. And, if that is
7 unsuccessful, the Company will continue to seek market
8 purchases up until the time the Company needs to comply
9 with the Renewable Portfolio Standard requirement,
10 which would be on July 1st, 2011. And, if, at that
11 time, the Company has been unable to actually purchase
12 the certificates in the market, the Company would make
13 alternative compliance payments to the Renewable Energy
14 Fund.

15 Q. Thank you. Another one for you, Mr. Furino. If you
16 look at your Schedule RSF-3, which is at Bates stamp
17 075, and I'm looking at the top, there are three graphs
18 on that, and I'm looking at the top graph, it says
19 "Retail Sales (kilowatt-hour) by Customer Class". And,
20 if you note that both for the "Domestic" and for the
21 "Large Customer" -- strike that -- the "Large General"
22 customer class, sales were reduced pretty significantly
23 for the Domestic class and somewhat for the Large
24 General class, from December 2010 to January 2011. Do

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[WITNESS PANEL: Furino~McNamara~Guay]

1 you know the reasons for that decline?

2 A. (Furino) Yes. And, I'm just following along, and
3 that's correct. If we go to the percentages at the
4 bottom of the page, where we're showing retail sales as
5 a percent of total sales by class, we see that the
6 Domestic percentage in December was "0.9 percent" and
7 it fell in January to "0.4 percent".

8 Q. Okay.

9 A. (Furino) So, essentially, cut in half or more. I'm not
10 aware of any particular changes that caused that. So,
11 at this time, I'm not aware of what might have caused
12 that. I would note, however, that both numbers are
13 within the range of percentages that have been seen
14 during the past 12-month period, as shown.

15 Q. Okay. Thank you. Ms. McNamara, I have questions for
16 you regarding the reconciliation amounts for both
17 classes of customers, in other words, the Large G1 and
18 the Non-G1 customers. And, I believe it's at LSM
19 Schedule 1, Bates stamp 100 in Exhibit 1. If we look
20 at the reconciliation in the top part of this page,
21 which is struck out, there is a total reconciliation
22 amount, I may be wrong on this, "\$10,726". Is that the
23 reconciliation, or maybe I'm looking at the wrong one?

24 A. (McNamara) The "10,726" is the reconciliation for last

[WITNESS PANEL: Furino~McNamara~Guay]

1 year for the Renewable Portfolio Standard charge only.

2 Q. It's only for the Renewable Portfolio?

3 A. (McNamara) Yes.

4 Q. Okay. And, so, would we -- that doesn't have to do
5 with the power supply?

6 A. (McNamara) Correct.

7 Q. Okay. So, the power supply costs -- I'm sorry, thank
8 you for pointing that out to me. If we look at those
9 costs, it's an undercollection on the period at the top
10 of the page, is that correct? The "\$111,000"?

11 A. (McNamara) The 111 is an overcollection, again, for
12 power supply, yes, but last year.

13 Q. Oh, it was an overcollection?

14 A. (McNamara) Uh-huh.

15 Q. And, so, that was credited back to customers?

16 A. (McNamara) Correct.

17 Q. Okay. And, so, now, if we look for the period, the
18 six-month period that we're talking about today, in the
19 lower half of this graph it has -- there's an amount of
20 "\$591,506"?

21 A. (Witness McNamara nodding in the affirmative).

22 Q. Could you explain what that is?

23 A. (McNamara) The "\$591,506" is the reconciliation amount
24 for the upcoming year of May 1, 2011 through April 2012

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[WITNESS PANEL: Furino~McNamara~Guay]

1 for the power supply, Non-G1 class. It is
2 approximately half of the reconciliation amount in
3 total, because this is for the six-month period only.
4 And, then, in the next six-month period, the remainder
5 would be included. And, that is a result of revenue
6 lower than -- lower than power supply costs for the
7 period ending April 30th, 2011.

8 Q. Okay. Similarly, on the next page, there is a
9 reconciliation for the G1 class. Could you explain the
10 same information for me. Is there a reconciliation for
11 the RPS?

12 A. (McNamara) There is. This page is set up slightly
13 differently, formatted slightly differently only to fit
14 on the page. The struck out period is to the left and
15 the current period is on the right. The Renewable
16 Portfolio Standard -- I'm sorry, did you ask about
17 power supply?

18 Q. For both.

19 A. (McNamara) Okay.

20 Q. For power supply and Renewable Portfolio.

21 A. (McNamara) Well, let's start with the power supply on
22 top. The current recollection amount included in this
23 three-month period is a credit to customers, it's an
24 overcollection, of approximately \$3,800. The balance

[WITNESS PANEL: Furino~McNamara~Guay]

1 was essentially perfect for the year.

2 Q. Uh-huh.

3 A. (McNamara) And, the reconciliation amount for the
4 Renewable Portfolio Standard charge for the same, for
5 the three-month period May to July, for the G1 class,
6 is \$11,939, that's an undercollection.

7 Q. For this period, did you adjust the RPS adders for the
8 two customer groups?

9 A. (McNamara) Adjust them for the prior period balance?

10 Q. Yes.

11 A. (McNamara) Yes.

12 Q. Okay. And, were those amounts increases?

13 A. (McNamara) For the G1 class, the \$11,939 contributed to
14 an increase to the costs. And, for the Non-G1 class,
15 the reconciliation amount was a credit for the
16 six-month period of \$183,120, that's an overcollection,
17 and, therefore, it decreased costs.

18 Q. That's exactly what I was looking for. Thank you for
19 working with me on that. On your Schedule 2, I believe
20 it's Schedule 2, and it's Page 2 of 5, at Bates stamp
21 104, and this is a calculation of Non-G1 class Default
22 Service power supply. In that -- in this exhibit,
23 LSM-2, Page 3 of 5, I'm sorry if I had that wrong,
24 there are items under the category with the heading

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[WITNESS PANEL: Furino~McNamara~Guay]

1 "(i)" for legal costs incurred in September 2010. And,
2 then, in (j), there is an item for "consulting
3 services", and I believe that's for June 2010, of over
4 \$103,000, and then additional consulting services for
5 the months of looks like November, December, and
6 January. Do you see that?

7 A. (McNamara) Yes.

8 Q. Do you know the reasons for the amounts in the legal
9 consulting and the outside consulting charges? Do you
10 know the source of how those costs were incurred or the
11 reasons for those costs?

12 A. (McNamara) Unfortunately, for the legal charge, and I
13 don't have the invoice with me today, so I can't speak
14 to the "\$1,527". I can certainly respond to that in a
15 record request. The amounts in Column (j), the
16 "Consulting Outside Service Charge", in total of
17 "\$111,359", all of those costs are related to the Smart
18 Grid Program, which was delayed, the implementation was
19 delayed. I believe the program was supposed to be
20 implemented in the Summer of 2010, and, in fact, it
21 will be the Summer of 2011.

22 Q. I do recall that. Okay. Thank you. And, finally,
23 Mr. Furino, I'm looking at Exhibit 2, and I'm not
24 asking the Company to divulge any confidential

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1 information, but it's more to show the Commission some
2 of the historical pricing comparisons for G1 customers
3 and for Non-G1 customers. And, I'm looking at Pages
4 010 and 011 of Exhibit 2. And, could you explain what
5 these two, the graphs on these two pages tell us?

6 A. (Furino) Yes. Thank you. Turning to Bates stamp
7 Page 010, we see the historical pricing comparison for
8 G1 customers. This shows quarterly results for the
9 last two years. And, we've summarized them. You can
10 see monthly pricing and you can see weighted average
11 quarterly pricing, as well as the percentage change in
12 price, and these are the wholesale contract prices,
13 percentage change from the prior period, one quarter to
14 the next, and from the prior year, same quarter prior
15 year. So, for the new contract that we're bringing for
16 approval today is with DTE Energy. And, that, you
17 know, it's effective for May '11. The average price
18 for the quarterly period is 2 percent less than the
19 prior period and 4.6 percent less than the same quarter
20 prior year. And, again, DTE is -- this is now their --
21 would be their second contract in the row. So, they're
22 currently the incumbent serving the G1 customer class.

23 Turning to Page 011, we see a similar
24 comparison for the Non-G1 customers. This comparison

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1 is good to remind us that we have, you know, these four
2 25 percent blocks, we can see the four blocks. And, if
3 we go -- essentially, we might have stopped this
4 exhibit at October 2011, just to talk about the rates
5 for the current period. We do show what we have under
6 contract after that period. And, this is going to
7 show, again, for the last two years, what the
8 composition of the contracts for Non-G1 Default Service
9 the Company has procured and how the new contract
10 that's been proposed, this 24-month contract with
11 Constellation fits into that scheme. And, again, if we
12 go to the far right, we're going to show a average
13 price for the four six-month periods that we've
14 experienced in the past two years. And, here, the
15 change from a prior period is the six months coming
16 versus this current six months that we're in, and this
17 six-month period, you know, from May through October,
18 this summer versus last Summer 2010. And, those
19 changes are a reduction of 10.5 percent from the prior
20 six months and 16.9 percent from the same period last
21 year.

22 Q. Thank you.

23 A. (Furino) So, prices were very favorable relative to
24 recent purchases to prior purchases.

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[WITNESS PANEL: Furino~McNamara~Guay]

1 MS. GEIGER: And, excuse me. I'm just
2 going to ask Mr. Furino, since the information you just
3 testified about is contained in a confidential exhibit,
4 I'm going to ask you to indicate whether any of the -- any
5 of the numbers that you just gave need to be protected
6 from the public record?

7 WITNESS FURINO: Yes. Notwithstanding
8 that I believe our prior practice has been to review the
9 transcript for confidential information, I do not believe
10 that any information needs to be protected. The identity
11 of the two winning suppliers has been disclosed publicly.
12 And, the weighted average prices are the combination of --
13 a combination of several numbers. We didn't actually
14 mention -- I didn't actually mention prices, only
15 percentage change in prices. So, I don't believe we will
16 need to redact that.

17 MS. GEIGER: Thank you.

18 MS. AMIDON: Thank you, Mr. Furino. Mr.
19 Chairman, I have no further questions for the witnesses.

20 CHAIRMAN GETZ: Thank you.

21 CMSR. BELOW: Yes.

22 BY CMSR. BELOW:

23 Q. Could you refresh my memory as to how capacity is being
24 dealt with in these procurements? And, if that's --

[WITNESS PANEL: Furino~McNamara~Guay]

1 how that is incorporated into the rate, if that shows
2 up somewhere in the exhibits?

3 A. (Furino) Sure. The Company purchases an
4 all-requirements service. So, capacity is one of the
5 products. You know, when a supplier assumes the
6 load-serving obligation for the Default Service
7 requirements, it assumes the obligation to provide
8 wholesale energy capacity and all required ancillary
9 services. So, it's essentially in there. In the
10 bidding process, we do not request or require the
11 bidders to provide us any attribution of their pricing.
12 So, we're not actually trying to purchase energy from
13 one market -- one supplier and capacity from another.
14 It's essentially a complete delivered service.

15 Q. And, so, when you evaluate it relative to NYMEX
16 futures, you're mainly dealing with the ratios, which,
17 as you said, it just is an all-in price for energy,
18 capacity, and ancillary services. So, you're just
19 looking how that all-in price works relative to what is
20 essentially just an energy -- an energy input into that
21 price?

22 A. (Furino) Exactly right.

23 CMSR. BELOW: Okay. That's fine.

24 That's all.

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1 CHAIRMAN GETZ: Okay. Anything further,
2 Ms. Geiger?

3 MS. GEIGER: Thank you, Mr. Chairman. I
4 think the only -- I don't have any further questions on
5 redirect for the witnesses, unless the Commission would
6 like to have Ms. McNamara run through the bill impacts. I
7 believe that those, for the Commissioners' reference,
8 those are contained in Ms. McNamara's Schedule LSM-6. So,
9 I just wanted to bring those to your attention, in case
10 you had any questions about the bill impacts.

11 And, I also, before we conclude, I'd
12 like to confer with the panel, just to see if there's
13 anything they need to tell you on redirect.

14 (Atty. Geiger conferring with the
15 witnesses.)

16 MS. GEIGER: Yes. Thank you for
17 allowing me to confer.

18 REDIRECT EXAMINATION

19 BY MS. GEIGER:

20 Q. I'd like to ask Mr. Furino to just briefly describe for
21 you what the impacts of the RSO rate.

22 A. (Furino) Right. Thank you. Pursuant to the order
23 approving the RSO rate, the RSO process, DE 09-224, the
24 Company agreed to adjust its rate every six months.

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[WITNESS PANEL: Furino~McNamara~Guay]

1 And, it's a six-month anniversary essentially of that
2 process. The rate that the Company has calculated for
3 the next six-month period is the same as the current
4 rate. So, you see that calculation is provided in my
5 Schedule RSF-7. It results in a rate or a set of rates
6 for the 25, 50, and 100 percent options under the
7 program are the same as the current rates.

8 So, therefore, I mention it in my
9 testimony that we're seeking approval of that rate.
10 The rate is not a change, it's to maintain it and keep
11 it the same. So, I don't know that it shows up in the
12 Petition itself, but I wanted to clarify that in my
13 testimony.

14 CHAIRMAN GETZ: All right. Thank you.
15 Ms. Amidon, do you have anything further?

16 MS. AMIDON: No, I don't. Thank you.

17 MS. GEIGER: Yes. I guess, Mr.
18 Chairman, the only other thing that I would request is the
19 Company has filed, in Exhibit 1, a Motion for Confidential
20 Treatment of the information contained in Exhibit 2, just
21 as we have in other Default Service dockets in the past.
22 And, we would respectfully ask that that motion be granted
23 as it has in the past.

24 The only other thing that I would remind

[WITNESS PANEL: Furino~McNamara~Guay]

1 the Commissioners is, there's a short turnaround time in
2 these dockets, and the date upon which the Company is
3 seeking an order I believe is March 18th.

4 CHAIRMAN GETZ: Okay. Thank you. Well,
5 let's see, you're excused. Thank you very much. And, I
6 take it there's no objections to striking the
7 identifications and admitting the exhibits into evidence?

8 (No verbal response)

9 CHAIRMAN GETZ: So, they will be
10 admitted into evidence. I'm not sure if you have already
11 given your closing, but, Ms. Amidon, do you have a closing
12 statement?

13 MS. AMIDON: Yes. Staff has reviewed
14 the filing, and we believe that the Company observed the
15 requirements that the Commission established in Order
16 24,511, in Docket DE 05-064, regarding the solicitation,
17 evaluation, and selection of the winning bidders for both
18 the G1 and Non-G1 in this instance, and that the resulting
19 rates are market-based.

20 We have no objection to the Motion for
21 Confidential Treatment, and agree with the witness's
22 statement regarding conditional approval be provided to
23 the Lead/Lag Study, understanding that the Staff needs to
24 make inquiry with the Company on that document.

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1 And, based on my statement, I would
2 recommend that the Commission approve the filing as filed
3 by the Company.

4 CHAIRMAN GETZ: Thank you. Ms. Geiger.

5 MS. GEIGER: Thank you, Mr. Chairman.
6 Just briefly, the Company would just respectfully ask that
7 the Petition that it filed in this docket be granted, and
8 that an order be issued on or before March 18th.

9 CHAIRMAN GETZ: All right. Thank you.
10 Then, we'll close the hearing and take the matter under
11 advisement.

12 (Whereupon the hearing ended at 10:37
13 a.m.)
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