

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

September 19, 2012 - 10:10 a.m.
Concord, New Hampshire

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NHPUC NOV03'14 PM 4:12

RE: DE 12-003
UNITIL ENERGY SYSTEMS, INC.:
*Default Service for the period
Nov. 1, 2012 through May 31, 2013
for 100% for the Large Customer (G1)
requirements, and Nov. 1, 2012
through April 30, 2013 for 25% for the
Small and Medium Customer (Non-G1)
requirements, and 75% for Non-G1
customers for one month, from
May 1, 2013 through May 31, 2013.*

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

Sandy Deno, Clerk

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

Reptg. Residential Ratepayers:
Rorie E. P. 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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EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
10	Petition for Approval of Default Service Solicitation and Proposed Default Service Tariffs	5
11	Default Service RFP Bid Evaluation Report, Tab A <u>CONFIDENTIAL</u> attachment	5
12	Record Request (Revised pages Bates stamp Pages 084 and 085, including an explanation regarding the rate effects of the change)	12

P R O C E E D I N G

1
2 CHAIRMAN IGNATIUS: We will open the
3 hearing in Docket DE 12-003. This is one of a series of
4 proceedings on the Unutil Energy System, Inc.'s petitions
5 and approval of its default service supply. What we are
6 taking on today is the most recent solicitation and
7 procurement of two contracts for default service; one for
8 100 percent of the Large Customer service requirements,
9 beginning November 1, 2012 through May 31, 2013, and the
10 second is for 25 percent of Small and Medium Customer
11 default service requirements for six months, beginning
12 November 1, 2012 through April 30, 2013, and for
13 75 percent of Non-G1 customer default service requirements
14 for one month, May 1st through 31st, 2013. And, the
15 tariffs that would incorporate all of those supply
16 arrangements, to be effective no later than September 21,
17 2012.

18 So, with that, let's take appearances.

19 MR. EPLER: Good morning. Gary Epler,
20 appearing on behalf of Unutil Energy Systems, Inc.

21 CHAIRMAN IGNATIUS: Good morning.

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

[Witness panel: McNamara~Bohan]

1 CHAIRMAN IGNATIUS: Good morning.

2 MS. AMIDON: Good morning. Suzanne
3 Amidon, for Commission Staff. With me today is Grant
4 Siwinski, an analyst in the Electric Division.

5 CHAIRMAN IGNATIUS: Good morning. And,
6 are there any procedural issues to take up before we begin
7 with witnesses?

8 MR. EPLER: Chairman Ignatius, yes. As
9 we've done in the past, Unitil has two exhibits, if we can
10 have them premarked. The first has a green binder, and I
11 believe we're up to Unitil Exhibit Number 10. And, the
12 second is the confidential material held by a binder clip,
13 that would be Unitil Exhibit Number 11 please.

14 CHAIRMAN IGNATIUS: All right. So
15 marked for identification. Thank you.

16 (The documents, as described, were
17 herewith marked as **Exhibit 10** and
18 **Exhibit 11**, respectively, for
19 identification.)

20 MR. EPLER: Thank you.

21 CHAIRMAN IGNATIUS: And, I see your
22 witnesses have taken the stand, which is good. Mr.
23 Patnaude, would you swear them in.

24 (Whereupon **Linda S. McNamara** and

[Witness panel: McNamara~Bohan]

1 **Todd M. Bohan** were duly sworn by the
2 Court Reporter.)

3 MR. EPLER: May I proceed?

4 CHAIRMAN IGNATIUS: Please proceed.

5 MR. EPLER: Thank you.

6 **LINDA S. McNAMARA, SWORN**

7 **TODD M. BOHAN, SWORN**

8 **DIRECT EXAMINATION**

9 BY MR. EPLER:

10 Q. Mr. Bohan, could you please state your full name and
11 where you're employed and in what position.

12 A. (Bohan) Todd M. Bohan. And, I'm employed with Unitil
13 Service Corporation as an Energy Analyst in the Energy
14 Contracts Department.

15 Q. Okay. And, could you please turn to the two documents
16 that have been premarked as Unitil Exhibit Numbers 10
17 and 11. And, first, in 10, could you turn to what --
18 the tabs in there marked "Exhibit TMB-1", and then the
19 Schedules TMB-1 through TMB-6 -- I'm sorry, through
20 TMB-8. Were these -- and, also, then the confidential
21 Exhibit Number 11, and I believe it's all the pages in
22 that, 1 through 128. Were these prepared by you or
23 under your direction?

24 A. (Bohan) Yes, they were.

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[Witness panel: McNamara~Bohan]

1 Q. And, do you have any changes, updates or corrections to
2 either of these two documents?

3 A. (Bohan) Yes, I do. If we could turn to, in Exhibit 10
4 we could turn to Exhibit TMB-4, which is Bates stamp
5 084 and 085. I noticed an oversight this morning in
6 reviewing my testimony. And, in looking at Schedule
7 TMB-4, Page 1 of 2, the Class IV RPS obligation
8 increases to 1.3 percent effective January 1st, 2013.
9 My schedule here shows that staying at "1 percent", so
10 that needs to be changed. And, that applies to both
11 the Non-G1 and the G1 customer groups, which the G1
12 customer group is shown on the following page.

13 My preference, instead of trying to walk
14 through here and change a bunch of numbers for
15 everybody, is that subsequent to the hearing I'll
16 provide an updated copy to the Commission, when I get
17 back to the office.

18 CHAIRMAN IGNATIUS: So, just so we
19 understand for today's purposes, and I think substituting
20 an exhibit makes sense, starting January 2013, the Class
21 IV obligation should read "1.3 percent" throughout all of
22 the 2013 items?

23 WITNESS BOHAN: Correct.

24 CHAIRMAN IGNATIUS: And, same thing on

[Witness panel: McNamara~Bohan]

1 Page 085, for G1 customers, again, it would switch to
2 "1.3" and stay that way for the rest of that column?

3 WITNESS BOHAN: Correct.

4 CHAIRMAN IGNATIUS: And, then, all of
5 the customer costs would also change slightly?

6 WITNESS BOHAN: Would you like me to
7 speak to that?

8 CHAIRMAN IGNATIUS: Please.

9 WITNESS BOHAN: Okay. I did some quick
10 calculations here. And, for the five months of 2013, for
11 the Non-G1 class, that would add about \$25,000 to the
12 total cost. And, for the G1 customer group, it would add
13 just over \$2,000 to the total cost.

14 CHAIRMAN IGNATIUS: So, for example,
15 Class I, it's "157,478" would be increased to about
16 159,000?

17 WITNESS BOHAN: Class I would not
18 change. That's all correct. It's just Class IV.

19 CHAIRMAN IGNATIUS: Oh, you're right.
20 I'm sorry.

21 WITNESS BOHAN: That's okay.

22 CHAIRMAN IGNATIUS: Yes.

23 WITNESS BOHAN: So, what would happen
24 here is, if we stay on that same schedule, for

[Witness panel: McNamara~Bohan]

1 January 2013, "Class IV", over on the right-hand side, you
2 see a dollar amount of "\$19,967". That would increase to
3 "25,957".

4 CHAIRMAN IGNATIUS: Well, that's quite a
5 bit more than \$2,000 more, if I misunderstood what you
6 said?

7 WITNESS BOHAN: The \$2,000 more was for
8 the G1 class.

9 CHAIRMAN IGNATIUS: Okay.

10 CMSR. HARRINGTON: Total for the Non-G1
11 Class IV would be about 25,000, is that what you said?

12 WITNESS BOHAN: That's correct.

13 CMSR. HARRINGTON: So, that would be, if
14 you added up each of these months, the differential would
15 come to 25,000?

16 WITNESS BOHAN: That's correct.

17 CMSR. HARRINGTON: And, what was the
18 percent again?

19 WITNESS BOHAN: I didn't do a
20 percentage, but I did a rate calculation briefly. And,
21 that is -- the calculation itself is to five decimal
22 points. So, it's 0.00005 impact on -- potential impact on
23 the rate.

24 CMSR. HARRINGTON: You're going to

[Witness panel: McNamara~Bohan]

1 submit new pages 084 and 085, is that what we'll get?

2 WITNESS BOHAN: Yes.

3 CMSR. HARRINGTON: Excuse me, one

4 follow-up on the --

5 WITNESS BOHAN: Certainly.

6 CMSR. HARRINGTON: G1 customers, is that

7 just Class IV as well or --

8 WITNESS BOHAN: Yes. The only

9 correction is to Class IV.

10 CHAIRMAN IGNATIUS: Is that acceptable

11 to OCA and Staff, to not have all the numbers worked out

12 right now, but to be substituted?

13 MS. AMIDON: Yes. As long as we could

14 get a copy of the revised exhibit today, that would be

15 most helpful, given the time frames with which we have to

16 work with for the Commission to issue an order. Thank

17 you.

18 CHAIRMAN IGNATIUS: And, OCA, no problem

19 in doing it that way?

20 MS. HOLLENBERG: No problem. Thank you.

21 CHAIRMAN IGNATIUS: All right. And, I'm

22 assuming that, when we get to rate impact testimony,

23 Ms. McNamara, if there's any impact from this adjustment,

24 you'll mention that? And, if there isn't, you'll make

[Witness panel: McNamara~Bohan]

1 that clear as well?

2 WITNESS McNAMARA: Yes. I believe,
3 though, that -- maybe you can speak to that.

4 WITNESS BOHAN: Can I speak to that? In
5 light of the fact that this is a forecast, and that the
6 amount is relatively small, my recommendation is that we
7 do not change the proposed rates that are before the
8 Commission today.

9 CHAIRMAN IGNATIUS: All right.

10 WITNESS BOHAN: That's my preference.
11 But, obviously, we'll look to guidance from you on this.

12 CHAIRMAN IGNATIUS: Well, maybe when we
13 get to that, to be sure we understand, do we anticipate an
14 undercollection as a result and what will the magnitude be
15 or is this a risk that's on the supplier, it isn't an
16 issue for default service customers to be concerned about.
17 If there's a prior concern, I don't know, but why don't we
18 wait until we get into that.

19 MR. EPLER: Perhaps if I can suggest
20 that, not only would we provide a revised exhibit Page 084
21 and 085, but we'll provide an explanation as to the impact
22 on rates, so that it's clear what the impact is. And, I
23 think, when you -- when the Commission has an opportunity
24 to see that, that you'll see that it's a very, very minor

[Witness panel: McNamara~Bohan]

1 impact, considering, as Mr. Bohan suggests, that this is a
2 projection, and it's reconciling. So, I don't believe
3 that there will be an impact on rates. The decimal point
4 is, I believe, five places out, in terms of impact on
5 rates.

6 CHAIRMAN IGNATIUS: Let's go off the
7 record for a minute.

8 (Brief off-the-record discussion
9 ensued.)

10 CHAIRMAN IGNATIUS: Okay. We're back on
11 the record. All right. Why don't we reserve an exhibit,
12 a record request exhibit for -- it would be number 12, for
13 the revised pages Bates stamped 084 and 085, and the
14 explanation that goes with that regarding the rate effects
15 of the change, as you offered, Mr. Epler.

16 **(Exhibit 12 reserved)**

17 MR. EPLER: Thank you.

18 CHAIRMAN IGNATIUS: You may proceed.

19 BY MR. EPLER:

20 Q. Mr. Bohan, do you have any other changes or
21 corrections?

22 A. (Bohan) No, I do not.

23 Q. And, if you were asked the same questions as appear in
24 Exhibit TMB-1, would your answers be -- if you were

[Witness panel: McNamara~Bohan]

1 asked those questions today, would your answers be the
2 same?

3 A. (Bohan) Yes, they would.

4 Q. And, do you adopt this as your testimony and schedules
5 in this proceeding?

6 A. (Bohan) Yes, I do.

7 Q. Thank you. Ms. McNamara, could you please state where
8 you're employed and your position.

9 A. (McNamara) My name is Linda S. McNamara. I'm a Senior
10 Regulatory Analyst at Unutil Service Corp.

11 Q. And, can you also turn to the two documents that have
12 been marked as "Unutil Exhibit 10" and -- well,
13 actually, you have nothing -- I do not believe you have
14 anything in Unutil Exhibit 11. So, just turn to Unutil
15 Exhibit Number 10, and the tabs marked "Exhibit LSM-1",
16 and then the schedules "LSM-1" through "LSM-7". Were
17 these prepared by you or under your direction?

18 A. (McNamara) They were.

19 Q. And, do you have any changes or corrections to these?

20 A. (McNamara) I do.

21 Q. Okay.

22 A. (McNamara) It's a page reference correction in my
23 testimony, which is Bates stamp Page 105.

24 Q. And, could you give the line number please.

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[Witness panel: McNamara~Bohan]

- 1 A. (McNamara) On Line 9.
- 2 Q. Uh-huh.
- 3 A. (McNamara) It begins "Schedule LSM-4", the page is
4 referencing "5", it should be referencing "2". There
5 is no Page 5.
- 6 Q. Okay. Do you have any other changes or corrections?
- 7 A. (McNamara) No.
- 8 Q. And, if you were asked the same questions that appear
9 in Exhibit LSM-1, if you were asked those today, would
10 your answers be the same?
- 11 A. (McNamara) Yes.
- 12 Q. And, do you adopt this prefiled testimony and schedules
13 as your testimony and schedules in this proceeding?
- 14 A. (McNamara) I do.
- 15 Q. Thank you. Mr. Bohan, could you briefly describe the
16 recent RFP that UES issued for default service for the
17 period begin November 1, 2002? [2012?]
- 18 A. (Bohan) Certainly. On August 7th, 2012, UES issued its
19 RFP for a default service supply for the seven-month
20 period November 1, 2012 through May 31st, 2013. This
21 solicitation was for G1 default service supplies for a
22 100 percent share, and for a 25 percent share of the
23 Small and Medium Customer Group for a six-month period,
24 and a 75 percent share for a one-month period.

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[Witness panel: McNamara~Bohan]

1 Q. And, is the structure of this RFP different from those
2 that UES has issued in the past several years for G1
3 and Non-G1 default service?

4 A. (Bohan) Yes. On July 31st, 2012, the Commission issued
5 Order 25,397 in this docket. And, that approval
6 provided for the transitioning of our default service
7 procurement process. Both Non-G1 and G1 will be
8 transitioning to a six-month horizon. And, this --
9 this particular solicitation required slightly
10 different procurement horizons in order to transition
11 to that point. In particular, we're soliciting for a
12 seven-month period. We'll have one more RFP process
13 that will be under this transition plan, and that will
14 be for service effective June 1st, 2012. And, then,
15 for December 1st, 2013, that RFP will be for full six
16 months requirements at 100 percent for all three
17 customer groups, Small, Medium, and Large.

18 CHAIRMAN IGNATIUS: I'm sorry, did you
19 just say you're doing a solicitation for service beginning
20 "June 1, 2012"?

21 WITNESS BOHAN: 2013. I'm sorry if I
22 misspoke.

23 CHAIRMAN IGNATIUS: Thank you.

24 BY MR. EPLER:

[Witness panel: McNamara~Bohan]

1 Q. And, could you please briefly describe the process that
2 UES used to solicit the default service?

3 A. (Bohan) Certainly. As with past RFPs, communication of
4 the RFP was made to a list of 29 suppliers. They had
5 previously expressed interest in receiving UES's
6 solicitations. In addition, that RFP was notified
7 through a trade publication. During the solicitation
8 process, UES responded to potential bidder questions,
9 and worked with bidders to address any issues that they
10 may have, and to also research bidder qualifications.
11 On August 28th, 2012, UES received proposals from
12 respondents that included contract terms, background
13 information, and indicative pricing. Subsequent to
14 that, all bidders were invited to submit final bids.
15 And, on September 11th, 2012, UES received final bids
16 and conducted its evaluation. UES then computed the
17 weighted average prices for each customer group, and
18 that information is provided in confidential Tab A,
19 Bates stamped Pages 008 through 010.

20 Q. And, who did UES select as the winning bidder?

21 A. (Bohan) UES selected Constellation Energy Commodities
22 Group as the winning bidder for the G1 default service
23 supply, and selected Hydro-Quebec Energy Services as
24 the winning bidder for both the Small Customer Group

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[Witness panel: McNamara~Bohan]

1 and the Medium Customer Group Non-G1 default service
2 supplies, for effect November 1st, 2012.

3 MR. EPLER: I'm going to ask you some
4 questions regarding some confidential information. And,
5 we will work with the parties and the transcriber to have
6 the transcript so marked.

7 BY MR. EPLER:

8 Q. Could you briefly explain why Constellation was
9 selected as the winning bidder for the G1 default
10 service supply.

11 A. (Bohan) Constellation provided the lowest overall cost
12 of service, or cost for the provision of this service.

13 Q. And, do you have a comparison of the weighted average
14 variable price adders for the seven-month period under
15 consideration?

16 A. (Bohan) Yes. If we could turn to Exhibit 11, Tab A
17 confidential, and if we turn to Bates stamp Page 008,
18 the comparison is provided there. And, if we look at
19 this exhibit, we'll see that "Bid D", which is right in
20 the middle of the sheet, is the lowest bid. And, Bid D
21 happens to be Constellation.

22 Q. And, these are the bids for the variable price adder,
23 and that's a dollar per megawatt-hour?

24 A. (Bohan) It's in dollars per megawatt-hour, yes. So,

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[Witness panel: McNamara~Bohan]

1 that weighted average bid of "\$12.19" is the variable
2 -- well, that's the weighted average variable price
3 adder for the winning bidder.

4 Q. And, why was Hydro-Quebec Energy Services selected as
5 the winning bidder for the Non-G1 default service
6 supplies?

7 A. (Bohan) Hydro-Quebec US provided the lowest overall
8 cost for the provision of this service. And, again, if
9 we could stay with Exhibit 11, confidential Tab A, if
10 we turn to Bates stamps -- Bates stamp Pages 009 and
11 010, starting on Page 009, we see, for the Small
12 Customer Group, the lowest bid is Bid F at "\$55.62" per
13 megawatt-hour, and that Bidder F is Hydro-Quebec US.
14 And, if we turn to Bates stamp Page 010, we see that
15 the lowest bidder there is Bid F, at "\$55.25" per
16 megawatt-hour. And, again, that is Hydro-Quebec U.S.

17 Q. Now, even though the Company solicited separately for
18 the Small and Medium customers, and then received
19 separate bids for the Small and Medium customers, is it
20 correct that there is just one rate that's being
21 proposed for the Small and Medium customers?

22 A. (Bohan) That is correct.

23 Q. And, could you, or perhaps Ms. McNamara, whoever is
24 more appropriate, explain why that's the case?

[Witness panel: McNamara~Bohan]

1 A. (Bohan) It is our plan at this moment, as this is still
2 part of a portfolio, to keep the Non-G1 pricing grouped
3 together, until such time that our procurement is
4 totally separated for both the Small and the Medium
5 Customer Groups. And, that will occur in our
6 solicitation for default service effective December
7 1st, 2013. So, until we get to that point, it's our
8 intention that the retail price for the Non-G1 customer
9 class will be a combined rate.

10 Q. So, in effect, until the remaining contracts water off,
11 there needs to be one rate for those two classes. And,
12 starting December 2013 will be the first time when
13 there are completely 100 percent separate contracts for
14 those two that can be reflected in separate rates, is
15 that correct?

16 A. (Bohan) That is correct.

17 Q. Okay. Thank you. Now, could you explain how the
18 monthly wholesale price will be computed for the G1
19 default service supply?

20 A. (Bohan) Yes. At the end of the month, we will take the
21 load weighted average locational marginal price, and we
22 will add to that the variable adder for each -- for the
23 applicable month. That will then establish the
24 wholesale price per megawatt-hour that will be charged

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[Witness panel: McNamara~Bohan]

1 -- or, paid, I should say, to the suppliers.

2 Q. And, will that be translated into a retail rate and
3 communicated to customers?

4 A. (Bohan) Yes. That will be provided to our rates group.
5 And, that wholesale rate will be translated into a
6 retail rate through the usual channels, applying
7 projected sales and adding to it other energy costs
8 that are included in the retail energy rate.

9 Q. Okay. Just to change subjects now, there is a few
10 questions regarding the Renewable Portfolio Standards,
11 or the RPS. Does your testimony include an estimate
12 for the RPS obligation associated with the proposed
13 contracts?

14 A. (Bohan) Yes, it does. And, as we've looked at
15 previously, that's provided in Schedule TMB-4 of
16 Exhibit 10, the green book.

17 Q. And, do the estimated RPS obligations shown there
18 incorporate the changes made by Senate Bill 218 and
19 reflect changes to the RPS requirements for 2013?

20 A. (Bohan) Yes. Again, subject to the corrections to be
21 made shortly and reflected in this schedule, as we will
22 see here -- as we can see here, the Class I requirement
23 increases from 3 percent to 4 percent, effective
24 January 1st, 2013; Class II increases from 0.15 percent

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[Witness panel: McNamara~Bohan]

1 to 0.2 percent; Class III remains at 6.5 percent; and
2 Class IV will increase from 1 to 1.3 percent. In
3 addition, Senate Bill 218 provided for a thermal
4 renewable carve out for Class I. And, that is shown in
5 the second column here, "Class I Carve Out", effective
6 January 1st, 2013. That's "0.20 percent". So, the
7 Class I, total Class I combined is 4 percent, as you
8 see here, 3.8 percent is non-thermal renewable, and
9 then 0.2 percent is the thermal renewable. And, that
10 those requirements are shown both for the Non-G1
11 classes and the G1 class on the following page.

12 Q. Now, can you please provide a summary of the Renewable
13 Source Option Program participation?

14 A. (Bohan) Certainly. If we could turn to Page --
15 Schedule TMB-6, which is Bates stamp Page 087. And,
16 actually, I referenced Pages 087 and 088. This
17 provides a summary of the RSO Program and participation
18 to date. And, as we can see on Page 087, in the bottom
19 right-hand section of the chart, the number of
20 residential customers participating in this program is
21 "25". And, on the following page, on Page 088, the
22 number of Small general customers participating is "1".

23 I would just add for the Commission's
24 knowledge that this participation has been relatively

[Witness panel: McNamara~Bohan]

1 stable over the last year and a half of this program.
2 And, in addition to that, on September 11th, 2012, we
3 filed an annual report with the Commission. That's
4 being addressed in a separate docket, I believe it's DE
5 09-224, for Unutil Energy Services. But we worked in a
6 proceeding with the other electric utilities, the OCA
7 and Staff. And, I anticipate that, at some point in
8 the future, there will be further discussions on this
9 through that avenue.

10 Q. And, are you proposing changes to the Renewable Source
11 Option charge rates at this time?

12 A. (Bohan) Yes. And, if we could turn to Schedule TMB-7,
13 the proposed rates are here. And, for the 25 percent
14 plan, the rate is "0.01352"; for the 50 percent option,
15 it's "0.02705"; and, for the 100 percent plan, it's
16 "0.05410". In terms of the percentage impact or a bill
17 impact, this results in about an -- just over an 11
18 percent increase in the RSOC rates.

19 Q. And, what's behind the increase?

20 A. (Bohan) The prime driver of that is an increase in REC
21 costs. Class I REC costs, estimated REC costs are up,
22 even though Class II REC costs are slightly down.
23 Because the RSO Program has such a large share of Class
24 I included in it, that impact outweighs any decline

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[Witness panel: McNamara~Bohan]

1 that we see in Class II. So, the overall impact is a
2 slight increase, or an increase of 11.4 percent.

3 Q. Will this increase include any reconciliation
4 adjustment?

5 A. (Bohan) This does not include any reconciliation
6 adjustment at this time. And, the reason for that, as
7 I had testified previously in this docket, adding that
8 reconciliation at this point would only serve to
9 increase that rate astronomically. So, we would see a
10 rate increase on the order of -- I think the
11 calculation I did last time was 67 percent, so that
12 would be added to this, and that rate would be much,
13 much larger than it is. So, we've opted not to include
14 that reconciliation at this time.

15 Q. Okay. All right. Mr. Bohan, that's all the questions
16 I have for. Ms. McNamara, could you please summarize
17 your testimony.

18 A. (McNamara) Yes. I am presenting the default service
19 rates for effect November 1 -- November 1, 2012 through
20 May 31st, 2013. And, those amounts are provided under
21 the tab marked "Proposed Tariffs". Tariff Page 74
22 provides the Non-G1 default service rate calculation
23 and page -- Tariff page 75 provides the G1 class
24 default service charge calculation.

[Witness panel: McNamara~Bohan]

1 Q. Okay. And, how does this compare to the rates
2 currently in effect?

3 A. (McNamara) Compared to rates currently in effect, for
4 the Non-G1 class, the proposed rates are a increase.
5 And, I apologize for having you move all around, but
6 the best place to see that is actually on Schedule
7 LSM-7, in the green binder, Bates stamp Page 127. The
8 proposed rates would have an impact of 1.8 percent
9 increase on a 500 kilowatt-hour residential bill.

10 Q. And, where do you show the bill impacts of the proposed
11 rates?

12 A. (McNamara) I'm sorry?

13 Q. The bill impacts for the proposed rates, where would we
14 find those?

15 A. (McNamara) Under Schedule LSM-7, Pages 127 through 135.
16 These bill impacts exclude impact to the G1 class,
17 because the full default service rate for that class is
18 not yet known.

19 Q. Now, I just wanted to ask you a couple of questions
20 regarding the Smart Grid pilot costs, just to catch us
21 up to where we are. Is it correct that, in the
22 Commission's order issued on September 16th, 2011, the
23 Commission approved the Company's request to allow
24 recovery of approximately \$166,000 of these Smart Grid

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[Witness panel: McNamara~Bohan]

1 Pilot costs?

2 A. (McNamara) Yes.

3 Q. Beginning with rates in November 1, 2011?

4 A. (McNamara) Yes.

5 Q. Okay. And, subsequent to that, in a Commission order
6 in this docket, DE 12-003, the order issued March 16th,
7 2012, the Commission approved the Company's request to
8 begin recovery of the remaining amounts, subject to
9 reconciliation and subject to Staff and the OCA being
10 able to investigate those costs and raise any issues or
11 questions they have, is that correct?

12 A. (McNamara) Yes.

13 Q. Okay. And, is it -- is it correct that the Company has
14 submitted material to the Staff and responded to some
15 data requests on this subject?

16 A. (McNamara) Yes.

17 Q. Okay. And, so, any reconciliation that would occur
18 would begin in the next reconciliation period,
19 beginning June 2013, if there were any questions,
20 either under recoveries or over recoveries?

21 A. (McNamara) Correct.

22 Q. And, there's nothing included in this filing on the
23 Smart Grid pilot costs, is that correct?

24 A. (McNamara) Correct.

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[Witness panel: McNamara~Bohan]

1 MR. EPLER: Okay. Thank you. I have no
2 further questions for the witness panel. Thank you very
3 much.

4 CHAIRMAN IGNATIUS: Thank you.
5 Ms. Hollenberg, questions?

6 MS. HOLLENBERG: Yes. Yes, I do. Thank
7 you.

8 **CROSS-EXAMINATION**

9 BY MS. HOLLENBERG:

10 Q. Ms. McNamara, just to begin with you, I wondered if I
11 could just ask you a couple of questions about the way
12 that the Company devises its working capital
13 calculation or undertakes its working capital
14 calculation. And, the Company, in March of this year,
15 in its filing included, which was identified earlier in
16 this proceeding as "Exhibit 1", included some
17 testimony of a colleague of yours, Kristine [Kristina?]
18 Gay [Guay?], is that correct?

19 A. (McNamara) Yes.

20 Q. Do you recall generally that testimony? Would it be
21 helpful for you to see it?

22 A. (McNamara) Yes.

23 Q. I'll give you that.

24 (Atty. Hollenberg handing document to

[Witness panel: McNamara~Bohan]

1 Witness McNamara.)

2 MS. HOLLENBERG: And, I stand corrected,
3 the pronunciation is "Guay", and it's G-u-a-y for the
4 stenographer. Thank you.

5 BY MS. HOLLENBERG:

6 Q. Do you recognize the testimony of Ms. Guay that I just
7 provided you?

8 A. (McNamara) I do.

9 Q. Thank you. And, would you please turn to Page 2 of the
10 testimony, at Lines 16 to 19. It's in Exhibit --
11 within Exhibit 1, it's "Exhibit KG-1". And, if you
12 could turn to Page 2. Are you there?

13 A. (McNamara) Yes.

14 Q. Thank you. Do you see that there is discussion there
15 where Ms. Guay describes the purpose of her testimony?

16 A. (McNamara) I do.

17 Q. And, do you see that it says "I will discuss the
18 development of the 2011 UES default service and
19 renewable energy credits lead/lag study ("2011 study"),
20 which is integral to the calculation of cash working
21 capital to be recovered in default service rates for G1
22 and Non-G1 customers." Did I read that correctly?

23 A. (McNamara) Yes.

24 Q. Thank you. And, would you agree that the results of

[Witness panel: McNamara~Bohan]

1 the lead/lag study are used in the calculation of the
2 working capital in the attachments to your testimony in
3 the filing that the Company has under Commission
4 consideration at this time?

5 A. (McNamara) They are.

6 Q. Thank you. For example, if you look at Schedule -- and
7 you would agree that that is contained within Schedule
8 LSM-5, and particularly at Page 2 of 2, there are some
9 calculations that relate to that?

10 A. (McNamara) That is one location, yes.

11 Q. That's just an example?

12 A. (McNamara) Yes.

13 Q. Thank you. Mr. Bohan, with regards to the PSA with
14 Hydro-Quebec USA, this is a new purchase agreement with
15 that supplier, is that correct?

16 A. (Bohan) That is correct.

17 Q. Has the Company -- has Unitil, in the past, engaged
18 this company to provide competitive supply to it for
19 the purpose of its customers?

20 A. (Bohan) Yes, we have.

21 Q. And, how recent is that?

22 A. (Bohan) Over the last -- at least my recollection is
23 over the last few default service proceedings, we've
24 had conversations and discussions with them.

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[Witness panel: McNamara~Bohan]

1 Q. So, they have been active as a bidder for competitive
2 supply procurements in the recent past?

3 CHAIRMAN IGNATIUS: Well, before you
4 answer that, I think that does -- may get into
5 confidential information. Is your question whether the
6 Company has reached out to them to consider bidding or are
7 you really -- are you asking really have they submitted a
8 bid?

9 MS. HOLLENBERG: I guess I was just
10 looking to explore the Company's -- generally, the
11 Company's experience with this particular supplier. I
12 wasn't going to get into any particular numbers. And, I
13 was operating under the assumption that we were actually
14 -- confidential had been woven already into the discussion
15 today, so that it would be something that we would be able
16 to redact, if the Company decided that it was necessary.
17 And, I'm hoping to doing it that way.

18 CHAIRMAN IGNATIUS: You're right.
19 That's fine. I just --

20 MS. HOLLENBERG: Okay.

21 CHAIRMAN IGNATIUS: If there's things we
22 don't need to excise, --

23 MS. HOLLENBERG: Yes.

24 CHAIRMAN IGNATIUS: -- so much the

[Witness panel: McNamara~Bohan]

1 better.

2 MS. HOLLENBERG: Okay. Thank you.

3 BY MS. HOLLENBERG:

4 Q. And, would you -- and, so, you would agree that the
5 company has engaged in a solicitation process in the
6 recent past?

7 A. (Bohan) Yes.

8 Q. Okay. And, has the Company also engaged them in a
9 contract to provide competitive supply in the recent
10 past?

11 A. (Bohan) No.

12 Q. Okay. And, do you have anything that would cause you
13 to believe that -- do you have any concerns about their
14 ability to provide the supply? Do you feel satisfied
15 with the arrangements that you have in the contract
16 that the supply would be provided as contracted for?

17 A. (Bohan) I'm pretty confident that, yes, the contract
18 will be met with full requirements. And, we have
19 recently just executed a guarantee with them, which is
20 somewhat standard protocol in these proceedings as
21 well.

22 Q. Okay. Thank you. You talked a little bit about, on
23 your direct testimony, about the fact that,
24 notwithstanding the new default service procurement

[Witness panel: McNamara~Bohan]

1 process that the Company has begun using for its
2 smaller customers or its Non-G1 customers, that the
3 prices for the small and the medium Non-G1 customers
4 will be remaining the same until such point that you're
5 procuring 100 percent under the new process. Do you
6 recall that discussion?

7 A. (Bohan) Yes.

8 Q. And, could you -- you emphasize that that was the case,
9 and I guess I was just looking if you could explain why
10 there needs to be that uniformity until we're
11 completely through the transition to the non -- to the
12 new procurement process?

13 A. (Bohan) Certainly. The rationale for doing that is
14 that we are still under a portfolio approach to default
15 service solicitation, and that will be watered off over
16 the course of the next year. So, if we,
17 hypothetically, if we were to split this out right now
18 into both the Small and the Medium Customer Group, we
19 would have to allocate some of that prior purchased
20 power into the Small Group and the Medium Group, and
21 that wasn't procured that way. It was procured as a
22 total group. So, our purpose is -- our feeling is that
23 it doesn't make sense, it's not good ratemaking to do
24 that at this stage. We leave it as a total portfolio,

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[Witness panel: McNamara~Bohan]

1 as that waters off, and then, when we implement our
2 rate changes for December 1, 2013, there will be
3 separate rates for the Small Customer Group and the
4 Medium Customer Group, as well as the Large Customer
5 Group.

6 Q. Thank you. That's very helpful. Would you say then
7 that we won't -- would you agree then that we won't see
8 the impact of the new default service process vis-a-vis
9 the distinction between small and medium Non-G1
10 customers, until such time as you are fully doing the
11 procurement under the new process at that later point?

12 A. (Bohan) Yes. Generally speaking, that's correct. Some
13 of that will be embedded in the rates that are charged
14 now.

15 Q. Uh-huh.

16 A. (Bohan) But I think your question really is getting at
17 the different pricing between the Small and the Medium
18 Groups. And, we won't see that in full until we get to
19 that point a year down the road.

20 Q. Okay. But it looks to me that you received a similar
21 response to the RFPs for both of those groups, that's
22 correct. They both received the _____, I think, the
23 response, at least indicatively was _____ bids. So,
24 generally, in that respect, they got -- they got

[Witness panel: McNamara~Bohan]

1 similar amounts of attention, would you agree?

2 A. (Bohan) That's correct.

3 Q. Thank you. And, then, you talked a little bit about
4 the -- it's "RSO", and remind me again what that stands
5 for?

6 A. (Bohan) "Renewable Source Option".

7 Q. Thank you. And, filing the report recently in DE
8 09-224, you also mentioned your expectation that there
9 would be some additional discussions among the
10 stakeholders with regard to the -- not your words, I
11 will say viability of the RSO rates or the way it's
12 working. Do you agree with that?

13 A. (Bohan) That's correct.

14 Q. Do you have any -- I appreciated the thoughts that you
15 had about the RSO, the fact that it -- the usage or the
16 participation level has been relatively stable. And,
17 it also was helpful for me to understand, comparatively
18 speaking, they would see an 11 percent increase versus
19 the default service -- the regular default service,
20 1.8 percent on a 500-kilowatt. Do you -- does the
21 Company have a sense about ways to -- do you have any
22 ideas about ways to either restructure markets, revive
23 -- or, I guess it wouldn't even be "revising", but to
24 infuse that program with more life than it has now?

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1 A. (Bohan) We've discussed this in this proceeding. And,
2 we struggled a little bit to try to find solutions that
3 would change that enrollment. Through our discussions
4 in this other proceeding, we agreed to continue to
5 implement and use low or no cost options to try to
6 generate more interest in this, which we have done.
7 And, again, I mentioned that in that report that I
8 filed.

9 Q. Uh-huh.

10 A. (Bohan) But my concern would be for a program that has
11 -- is reaching such a small group of customers, to
12 incur a number, you know, a lot more cost to try to
13 reach additional customers, would even add to that
14 burden. So, that's my concern with the program at this
15 point.

16 Q. So, would it be correct then that, up to this point,
17 because there's been a management of the costs spent on
18 marketing, it's not really -- the costs of the RSO
19 Program aren't really significantly outweighing the
20 benefits of it. But, if that were to change, and you
21 were -- and the utilities were asked to do more
22 aggressive marketing, more costly efforts to attract
23 people into this rate, that that could then result in
24 the costs of the program outweighing possibly the

[Witness panel: McNamara~Bohan]

1 benefits of the program?

2 A. (Bohan) I would agree to that, yes.

3 Q. Okay. Thank you. And, then, finally, the last issue
4 that I wanted to ask you about was regarding the RSO,
5 and the fact that there is no reconciling adjustment.
6 And, I know it might sound uncharacteristic for the OCA
7 to be alarmed that there's no further increase in the
8 rate, but I also have concern or the Office has
9 concerns about the costs that are attributed with not
10 recovering costs in a timely manner. So, what is the
11 amount of that reconciling adjustment?

12 A. (Bohan) The last time that I did that calculation, it
13 was on the order of \$1,850.

14 Q. Okay.

15 A. (Bohan) And, --

16 Q. Okay. So, it's just that it would cause the increase
17 to the RSO to be, you said something in the order of
18 65 percent increase, and that is -- and that is because
19 there's so few customers to recover it from, even at
20 that low of an amount, it would cause the customers to
21 see something that wasn't a reasonable rate increase?

22 A. (Bohan) That is correct.

23 Q. Okay. And, what would the interest rate be that would
24 be applicable to that cost, carrying that cost?

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[Witness panel: McNamara~Bohan]

1 A. (McNamara) I believe the interest rate is prime,
2 similar to the other rate mechanisms.

3 Q. Okay. Thank you. Is there any -- did the Company --
4 has the Company thought about possibly including part
5 of that amount in little incremental bits and pieces to
6 get to a point where there isn't a reconciling amount
7 or to chip away at it at all?

8 A. (Bohan) At this point, we have not.

9 Q. Okay.

10 A. (Bohan) But --

11 Q. And, I'm just curious. So, thank you.

12 A. (Bohan) Again, my concern with this is that we continue
13 to see upward pressure on this rate.

14 Q. Uh-huh.

15 A. (Bohan) Participation is not changing.

16 Q. Uh-huh.

17 A. (Bohan) Increases to the rate are likely not going to
18 add to that participation. So, --

19 MS. HOLLENBERG: Uh-huh. I understand.

20 Thank you. Thank you. No other questions.

21 CHAIRMAN IGNATIUS: Thank you.

22 Ms. Amidon.

23 MS. AMIDON: Thank you. Good morning.

24 WITNESS BOHAN: Good morning.

[Witness panel: McNamara~Bohan]

1 BY MS. AMIDON:

2 Q. Mr. Bohan, I wanted to start with you on just on the
3 Customer Migration Report. As is customary, the
4 Customer Migration Report was filed with this petition.
5 And, it's identified as "TMB-3", "Schedule TMB-3", is
6 that correct?

7 A. (Bohan) That is correct.

8 Q. Has the Company noticed any discernable or notable
9 changes -- I should say "notable changes" in the
10 customer migration rate for any of the customer
11 classes, over, say, the past six months?

12 A. (Bohan) Well, if we turn to the schedule, we can see
13 that -- I shouldn't say that, excuse me. We're on
14 Bates stamp Page 082.

15 CMSR. HARRINGTON: Excuse me. Just for
16 the sake of clarity here, because I'm just, while we're on
17 this page, so I'm making sure I'm not getting confused
18 here. The customer classes are listed as "Domestic",
19 "Regular General", "Large General", "Outdoor Lighting".
20 And, we've been talking about "residential" and "Small"
21 and "Large", and "G1" and "Non-G1". And, how do these all
22 match up, so we make sure we're talking apples to apples
23 here?

24 WITNESS BOHAN: Okay. Let's clarify

[Witness panel: McNamara~Bohan]

1 that. "Domestic" refers to residential.

2 CMSR. HARRINGTON: I assumed.

3 WITNESS BOHAN: "Large General" refers
4 to "G1", our very large customers; "Regular General" is
5 all our other general classes, small commercial, medium.
6 And, then, "Outdoor Lighting" is just outdoor lighting.

7 CMSR. HARRINGTON: And, "small" versus
8 "medium", where do they fit in?

9 WITNESS McNAMARA: Are you referring to
10 "small" and "medium" in terms of --

11 CMSR. HARRINGTON: Non-G1.

12 WITNESS McNAMARA: Oh. Okay. On this
13 list across all customers, except for the "Large General",
14 are Non-G1.

15 CMSR. HARRINGTON: Okay. So, the
16 "Regular General" would be like, I guess, the medium
17 Non-G1, and the "Domestic" is the residential or small
18 Non-G1?

19 WITNESS McNAMARA: Correct. The
20 "Regular General" is our G2 customers.

21 MS. HOLLENBERG: It's like Twister.

22 BY MS. AMIDON:

23 Q. And, just to clarify that, "outdoor lighting", in the
24 new matrix under which you're acquiring power, is also

[Witness panel: McNamara~Bohan]

1 in the Medium Customer Group for the non-G1, is that
2 correct?

3 A. (McNamara) Correct.

4 Q. Thank you. So, if you could answer the question, Mr.
5 Bohan.

6 A. (Bohan) Yes.

7 Q. Thank you.

8 A. (Bohan) So, actually, if we could turn to Bates stamp
9 Page 083, on the next page, because this schedule, Page
10 -- TMB-3, Page 2 of 2, shows migration in terms of
11 customer counts, not by kilowatt-hour sales. And, as
12 you can see, excuse me, residential -- residential
13 customer migration has held pretty steady, which is
14 relatively small. Regular General has increased a bit
15 over the last few months. And, the Large, Large
16 General has increased a bit as well over the last few
17 months. And, Outdoor Lighting is up a little bit.

18 Q. So, if we go back to the discussion you had with
19 Commissioner Harrington on Regular General, that's like
20 the small -- the small commercial/industrial, the
21 medium commercial and industrial size customers, is
22 that fair to say?

23 A. (Bohan) That is correct.

24 Q. Thank you. Ms. McNamara, I wanted to direct your

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[Witness panel: McNamara~Bohan]

1 attention to LSM-1, which is Bates stamp 101. And, let
2 me know when you're there.

3 A. (McNamara) Okay.

4 Q. Thank you. How would you characterize this page? I
5 notice, for example, that there is material at the top
6 of the page that's struck out, and then there is -- at
7 the bottom of the page there is --

8 A. (Bohan) Where are you?

9 Q. Page 109.

10 A. (Bohan) Oh, I'm sorry, 101 or 109?

11 Q. 109. I'm sorry, I didn't mention the right page.

12 A. (Bohan) What page is that?

13 Q. Page 1 of 1, --

14 (Multiple parties speaking at the same
15 time.)

16 **BY THE WITNESS:**

17 A. (McNamara) This page, Page 109, is the red-lined
18 version of the tariff, Tariff Page 74, showing the
19 calculation of the Non-G1 groups' Default Service
20 charge.

21 Q. And, so, for purposes of this filing, it's the small
22 and medium customers, as the Company customarily and
23 previously filed?

24 A. (McNamara) Correct.

[Witness panel: McNamara~Bohan]

1 Q. Okay. The question I have relates to the calculation
2 that appears on line -- I think it's Line 15, the
3 "Variable RPS Charge". And, if I look at that charge,
4 I notice that, for the month of November and December,
5 it is "0.335" cents per kilowatt-hour, if I'm reading
6 that correctly?

7 A. (McNamara) Uh-huh.

8 Q. And, then, for the months of January through May, it's
9 0.394 cents per kilowatt-hour, and it's on a variable
10 basis. Could you explain how the Company uses that
11 variable charge?

12 A. (McNamara) The variable charge is used for customers
13 who opt to be on the variable Default Service Charge,
14 which is very few customers, but it is still an option
15 per our tariff. And, it also is used for customers who
16 would switch mid period. So, if a customer is on the
17 fixed option, in, you know, in November and December,
18 and then maybe in January decides to switch to a
19 supplier, their bills would be recalculated so that
20 they would pay their fair share of, in this instance,
21 the RPS, based on just what was charged in November and
22 December.

23 Q. Thank you. And, the next line, which is the "Fixed RPS
24 Charge", which is 0.377 cents per kilowatt-hour, could

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[Witness panel: McNamara~Bohan]

1 you explain how that is derived?

2 A. (McNamara) That is a weighted average of the full
3 period, in this instance, seven months.

4 Q. So, that includes, if I can interrupt a little bit,
5 that includes the cost for the 2012 RPS compliance,
6 plus the additional months January through May for the
7 2013 RPS compliance, is that fair to say?

8 A. (McNamara) Correct.

9 Q. And, so, how is this fixed RPS charge used?

10 A. (McNamara) The fixed charge, the fixed RPS charge,
11 coupled with the fixed power supply charge, to make up
12 the total fixed Default Service Charge, is for non-G1
13 customers who opt to be on the fixed Default Service
14 Charge, which is most Non-G1 customers. If you were on
15 the variable charge, and your usage was the same every
16 month, at the end of the period you would have paid the
17 same had you been on the fixed charge, it's just a
18 weighted average of, in this instance, seven months.

19 Q. So, when you refer to this amount in your testimony,
20 the 0.377 cents per kilowatt-hour as the RPS adder,
21 that's because that is the charge that's customarily
22 used for the vast majority of the non-G1 customers, is
23 that correct?

24 A. (McNamara) Correct. Yes.

[Witness panel: McNamara~Bohan]

1 Q. Okay. Thank you. However, if we look at the next
2 page, Page 110, I'm looking at the same category of
3 number 16, I think it's Line 16. Is it fair to say
4 that, for the G1 customers, they are charged only the
5 variable costs for the RPS compliance?

6 A. (McNamara) Correct.

7 Q. And, so, customers, the large customers will pay 0.248
8 cents per kilowatt-hour for the months of November and
9 December, but, for the months January through May, they
10 will be pay 0.306 cents per kilowatt-hour?

11 A. (McNamara) Correct.

12 Q. Okay. And, on that page, and I believe that this goes
13 to what I guess I want to call the "Power Supply
14 Variable Charge". On Line 7, there's a line that says
15 "Total Retail Rate - Power Supply Charge", and that's
16 "0.346" cents per kilowatt-hour. Could you -- could
17 you tell me if I'm right, if that is the calculation of
18 the per kilowatt-hour charge for the power supply
19 variable adder?

20 A. (McNamara) That is the calculation of the -- I hesitate
21 to use the term "adder", because I know, even in the
22 office, we have struggled with what that means.

23 Q. Right.

24 A. (McNamara) My understanding of how it fits together is

[Witness panel: McNamara~Bohan]

- 1 there are three pieces to the G1 Default Service Power
2 Supply Charge. There is the ISO --
- 3 A. (Bohan) Locational marginal price.
- 4 A. (McNamara) Thank you. There is a piece that will be
5 charged -- that will be paid to suppliers for auxillary
6 charges. And, then, there is the portion here that
7 you've referenced, "0.346" cents per kilowatt-hour,
8 which is actually a credit on Line 7, which is all of
9 the other power supply charges, in this instance, it's
10 working capital, over collection prior period.
- 11 Q. Oh. So, this is a company charge. This is not the --
12 this is not the power -- this is not the calculation of
13 what was solicited in terms of the RFP, is that right?
- 14 A. (McNamara) That's correct.
- 15 Q. Okay. So, this is a UES charge?
- 16 A. (McNamara) And, again, in this instance, I'm sorry,
17 it's a credit.
- 18 Q. You're correct. Thank you for that. And, then, there
19 was one final question I had with respect to these two
20 exhibits, sorry it's not the final question altogether.
21 But the RPS variable costs for the Non-G1 and for the
22 G1 customers differ. Could you explain why those
23 charges differ?
- 24 A. (McNamara) Those charges are different for the two

[Witness panel: McNamara~Bohan]

1 classes because of prior period balances that
2 contribute to the overall rate, as well as the
3 purchases that are used to determine the rate.

4 Q. Okay.

5 A. (McNamara) And, I'm sorry, and also the loss factor, --

6 Q. Right.

7 A. (McNamara) -- which is used to ultimately get the rate
8 to retail level.

9 Q. Okay. I had a question on your testimony, if you go to
10 Bates stamp 098, and let me know when you're there
11 please.

12 A. (McNamara) Okay.

13 Q. The first sentence, the sentence that begins on Page 1
14 [Line 1?], says "All prior Default Service Supply
15 Agreements that were contracted for Non-G1 customers on
16 a combined basis will expire on or before
17 November 30th, 20 -- and, I'm sorry, November 30th,
18 2013." And, then, it says "During this period,
19 wholesale supplier charges for Non-G1 customers will
20 continue to be determined on a combined basis." When
21 you say "combined basis", are you referring to
22 Mr. Bohan's statement about the continued use of the
23 existing contracts in the portfolio for Non-G1
24 customers?

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[Witness panel: McNamara~Bohan]

1 A. (McNamara) I am.

2 Q. Thank you. And, Mr. -- I'm going to ask some
3 questions on the confidential Exhibit 11. And, Mr.
4 Bohan, I had a question for you on Page 012. Let me
5 know when you're there please.

6 A. (Bohan) I am.

7 Q. Thank you. If we look across the top of this, of these
8 graphs or depictions on Page 012, the next to the last
9 column on the right says "Change Prior Period". This
10 is for non-G1 customers?

11 A. (Bohan) That is correct.

12 Q. And, if you go down to the bottom of that column that
13 is headed "Change Prior Period", it gives a number
14 which is an increase, is that correct?

15 A. (Bohan) That is correct.

16 Q. However, as Ms. McNamara has testified, the rates
17 really are increasing -- or, strike that. The billing
18 increases are about 8 -- 2 percent, which is below this
19 amount, is that right?

20 A. (Bohan) Yes. If we could clarify, what this is showing
21 here is that, on this exhibit, on Bates stamp Page 012,
22 we're showing that, for the period November 2012, and
23 the way my calculation is here in this sheet, it goes
24 through April 30th, April 30th, 2013. I'm grabbing

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[Witness panel: McNamara~Bohan]

1 another six months, just because that's traditionally
2 the horizon that we've looked at. So, in comparison to
3 the last six months, the period under consideration
4 here will see an increase of 8 percent in wholesale
5 power supply costs. That's power supply costs by
6 themselves. Once that's then translated into a retail
7 rate, the bill impact is a lot smaller, because there's
8 other components that are included in the bill.

9 Q. Does that also -- is the portfolio, the contract and
10 portfolio, does that also affect that calculation?

11 A. (Bohan) The portfolio itself would contribute --

12 Q. I mean, not this -- I'm sorry.

13 A. (Bohan) -- would contribute to the number being this
14 8 percent.

15 Q. Oh. Okay. Thank you. I didn't understand that. And,
16 Mr. Bohan, previously the OCA referenced the number of
17 bidders that expressed interest in this particular
18 solicitation. How would you compare that with the
19 prior interest in default service solicitations by UES?

20 A. (Bohan) Let me, first of all, just to have it on the
21 record, why don't we go through. We had a total of ____
22 bidders for the Large Customer Group. We had ____
23 final bidders for the Medium Customer Group. And, ____
24 final bidders for the Small Customer Group. And, in

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1 particular, given that this is the first time under
2 this new proposal, we were very pleased to see an
3 increase in participation. I don't recall off the top
4 of my head what our participation was last time, but it
5 was certainly less than that. And, I think, for the G1
6 group, it was on the order of _____ final bidders. So,
7 this, in my opinion, this is a good step in the right
8 direction for us.

9 Q. Thank you. Yes, I thought -- I think that Staff was
10 also very interested in the activity and response to
11 this solicitation. Mr. Bohan, you referenced "Senate
12 Bill 218". And, I wanted to find out if you felt that
13 the changes in Senate Bill 218 had any discernable
14 impact on the cost of RECs or if the cost of RECs, the
15 increasing cost, particularly of Class I, was just a
16 market-based event?

17 A. (Bohan) Well, I can only speak to the costs that I've
18 included in our estimation, that includes market-based
19 prices that we've seen in the recent past through our
20 -- either our solicitation or through what we've
21 procured. Also, current market prices that we've
22 received or have seen revealed through brokers. And,
23 then, also the alternative compliance payments that are
24 established by law as well. So, those are really the

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[Witness panel: McNamara~Bohan]

1 three components that are included in the RPS costs and
2 prices that we use in coming up with our estimate.

3 Q. So, it's fair to say that the changes in law have not
4 had a -- what you could discern to be an impact on
5 rates?

6 A. (Bohan) I would agree with that.

7 Q. Thank you. Again, Mr. Bohan, I'm looking at your
8 Schedule TMB-8, which is on Bates stamp 092. If you
9 look at it, this is -- I'll wait till you get there,
10 I'm sorry?

11 A. (Bohan) I'm here.

12 Q. Okay. And, this is, according to your testimony, the
13 letter that the Company sent to G1 customers to notify
14 them of the different procurement methodology, is that
15 correct?

16 A. (Bohan) That's correct.

17 Q. Did you get any response from customers to this letter?

18 A. (Bohan) We did. I spoke with a senior account
19 representative at Unitil to talk with him briefly about
20 this. In general, there was not a lot of feedback from
21 customers, but I do have a few comments that I'd offer.
22 One, a few of -- a few of those G1 customers inquired
23 what the financial impact would be of this change.
24 Secondly, others had inquired how many accounts that

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[Witness panel: McNamara~Bohan]

1 they had on -- that they had with us that were on G1.

2 But another interesting fact that I
3 learned was that, we spoke with some customers that had
4 originally been out on competitive supply, yet had
5 returned to default service. And, the rationale for
6 that happening was that their competitive contract
7 expired, they were just too busy to really spend the
8 time to do the shopping to find a new competitive
9 supplier. And, that also kind of got me thinking that,
10 over the past six months, we've enjoyed relatively low
11 electric prices. So, I wasn't that surprised by that
12 statement. But my suspicion would be, going forward,
13 if we get into an environment where prices are changing
14 or rising significantly, we would see a return to
15 competitive supply, because it would then certainly be
16 in a customer's best interest to do so.

17 Q. Thank you. My final area has to do with the new
18 default service power pricing for G1 customers. As you
19 described it, pricing will be determined at the end of
20 the month in which the power is delivered, is that
21 right?

22 A. (Bohan) That's correct.

23 Q. What do -- what kind of information do you intend to
24 provide the Commission regarding the prices that you

[Witness panel: McNamara~Bohan]

1 obtain through this, through these contracts?

2 A. (Bohan) Well, --

3 Q. For Non-G1 customers, I'm sorry.

4 A. (Bohan) Yes. I think that's a little bit open, and
5 maybe we need to discuss that off to the side. But we
6 would -- we have experience doing this with our
7 Massachusetts affiliate. And, generally, what that
8 entails is doing the calculation, that is then provided
9 to the regulatory group and a retail rate is
10 calculated. And, then, those retail rates are then
11 posted on our website under our Tariff section and our
12 Electric Default Service Supply section. So, my
13 anticipation is that we would be pretty much following
14 that same process for UES.

15 MS. AMIDON: Okay. Thank you. One
16 moment please.

17 (Atty. Amidon conferring with Mr.
18 Siwinski.)

19 MS. AMIDON: Thank you. We have
20 concluded our questioning.

21 CHAIRMAN IGNATIUS: Thank you.
22 Commissioner Harrington, questions?

23 CMSR. HARRINGTON: Just a few. Good
24 morning.

[Witness panel: McNamara~Bohan]

1 WITNESS BOHAN: Good morning.

2 BY CMSR. HARRINGTON:

3 Q. I wanted to start out with maybe just a clarification.
4 On Pages 085 versus 098, this is where we started
5 earlier, the first thing. And, there's a list here of
6 prices for, I guess it's 084 and 085 on Schedule TMB-4,
7 it has RPS prices, and, in the final column over there,
8 it comes out with a price in both pages of "\$4.56" a
9 megawatt-hour. But, then, in the testimony, we have,
10 on Page 098, for Non-G1, it's going to be "\$3.77" per
11 megawatt-hour, or "\$0.00377" per kilowatt-hour. Which
12 one is correct and why do we have the two different
13 numbers?

14 A. (Bohan) Let me start, and then I'll turn it over to my
15 colleague. The numbers that you're looking at, on
16 Schedule TMB-4, Page 084 and then 085, those are
17 wholesale prices.

18 Q. Okay. Wholesale prices for purchasing the renewable
19 energy or purchasing the renewable RECs?

20 A. (Bohan) Well, hold on one second please. I'm sorry,
21 yes.

22 Q. So, these are the prices that you estimate will be when
23 you go out in the market and buy the RECs?

24 A. (Bohan) Correct. Yes.

[Witness panel: McNamara~Bohan]

1 Q. Okay. And, then, on 098, it's a lower price. What is
2 that? Found a discount source of RECs someplace?

3 A. (McNamara) I'm looking at the Non-G1 class RPS
4 calculation right now. And, included in the costs,
5 there is a negative amount of working capital, working
6 capital is negative for RPS. And, there is also an
7 overcollection.

8 Q. When you say "negative working capital", I don't
9 understand what that term means. You have money left
10 over from the last time?

11 A. (McNamara) No. For RPS, the number of days -- it's a
12 number of days lead, if I have that -- I always get
13 those backwards. Because we are collecting for RPS now
14 in rates that we are charging, but the date that we
15 need to have RPS procured, even though we do it a
16 little bit throughout the year, is, if I can remember,
17 is on July 1st. June 30th.

18 Q. So, you acquire money somehow? Do you bank these
19 things and collect interest on them? I'm not following
20 what you mean. What's this "negative working capital"?

21 A. (McNamara) In this instance, we are paying a credit for
22 having customers pay for the fact that we will have to
23 procure RECs, but we haven't actually purchased them
24 all yet.

[Witness panel: McNamara~Bohan]

1 Q. So, you collect money from the customers, and then you
2 --

3 A. (McNamara) Throughout the year, a little bit.

4 Q. -- collect interest on that somehow, and hold it until
5 you actually buy the RECs, --

6 A. (McNamara) Uh-huh.

7 Q. -- which is at a later on time?

8 A. (McNamara) Correct.

9 Q. Okay. And, then, that turns into something you can
10 subtract off the cost of the RPS when you actually
11 calculate it?

12 A. (McNamara) If you could turn to Page 120, that might
13 show you a good example. It's Schedule LSM-3, Page 2
14 of 2. If you refer to Column (a), those amounts tie
15 back to Schedule TMB-4, which was Bates stamp 084. For
16 example, in the month of November 2012, Page 084 shows
17 "233,473", which you can then see under Column (a).
18 The next few columns show the calculation of working
19 capital.

20 Q. Okay.

21 A. (McNamara) Again, for November, it was a negative
22 amount of "\$5,598", for a total cost of \$227 --
23 "\$227,875". For the full seven months, it was
24 "\$1,917,162".

[Witness panel: McNamara~Bohan]

1 If you could then flip to the previous
2 page, Page 119. The column furthest to the right, you
3 can see that "\$1,917,162" on Line 2.

4 Q. Uh-huh.

5 A. (McNamara) Added to that is an overcollection from the
6 prior period. So, I believe your question was the RPS
7 rates shown on Schedule TMB-4 were -- I don't believe
8 you stated it this way, but higher than the ultimate
9 retail rate, and that is why.

10 Q. Okay. So, those are the adjustments to actually how
11 you get to that rate. Okay. So, the actual, when it's
12 all said and done, the customers are going to pay the
13 rate at \$3.77 a megawatt-hour?

14 A. (McNamara) Correct. Right.

15 Q. Okay. Thank you. That helps.

16 A. (Bohan) Could I add a little clarification of this
17 process, if I can?

18 Q. Sure.

19 A. (Bohan) Regarding the RECs, the requirement being for a
20 particular calendar year, let's say 2012, the way this
21 works is that we, as a utility, have until the
22 following June 30th. So, for June, we don't have to
23 fulfill all those requirements until June 30th, 2013.
24 So, there's like an 18-month -- actually, even more

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[Witness panel: McNamara~Bohan]

1 than an 18-month window, because you could start
2 purchasing it beforehand. So, and why does that
3 happen? Because when we set -- when we go out and
4 we're looking to purchase for this, it's a projection.
5 We've got to go through the entire year and then have a
6 year's worth of data to see what our actual obligation
7 is. So, once we go through that year, that gets us to
8 the end of the year, we come into the following year,
9 we can then go out and purchase whatever remaining
10 requirements that we need. Or, if we happened to be
11 positioned where we would sell them, we could sell
12 them. And, that's, I think, what's contributing to
13 that negative working capital.

14 Q. That lag --

15 A. (Bohan) Yes.

16 Q. And, so, the 3.77 per megawatt-hour is your projection
17 of what the cost will be for the fixed rate customers,
18 Non-G1, through the next six-month period, based on all
19 those facts you just --

20 A. (McNamara) Included in that is -- included in that rate
21 of \$3.77 per megawatt-hour is a projection of costs.

22 Q. And, for the six-month period, what's -- what is the --
23 what did we estimate for the current six-month period?

24 And, do we have an actual yet? I know that gets trued

[Witness panel: McNamara~Bohan]

1 up eventually, but I'm just curious as to which
2 direction is this heading?

3 A. (McNamara) The true-up would be done only at the end of
4 the RPS year to determine what actual RPS costs were
5 for this calendar year. So, it won't be until
6 sometime, I'm guessing, in July or August of 2013 that
7 we would know how much 2012 RECs cost.

8 Q. Okay. So, we're looking to the future on that. Okay.
9 The question on the G1 rates, there was that -- the
10 letter we looked at that explained -- the one you gave
11 customers explaining the new methodology of doing this.
12 And, it appeared you were talking about that rates were
13 going to be partially based on LMPs. What exactly did
14 the bids mean then, looking at -- on Exhibit 11, Page
15 008, everybody has come in with a bid in dollars per
16 megawatt-hour, and which is substantially lower than
17 the non-G1 customers, and substantially lower than any
18 LMP prices I've seen for a long, long time. So, what
19 exactly do these things mean?

20 A. (Bohan) That is correct. Those are just the variable
21 price adder. Those do not include the locational
22 marginal price.

23 Q. Okay.

24 A. (Bohan) The calculation that we'll do at the end of the

[Witness panel: McNamara~Bohan]

1 month will be to calculate the load weighted locational
2 marginal price, and then we're going -- we would add
3 that dollar amount, that adder, to it. And, kind of
4 anticipating this discussion here, I have a few figures
5 here. Again, a confidentiality issue, I think we'll
6 get that addressed afterwards. But, to put this in
7 perspective, yesterday I just pulled the historical
8 monthly locational marginal prices over the last year
9 for the New Hampshire load zone. And, those range from
10 \$25 to \$42 over the course of the last year. So, under
11 this model, if that -- the bid that we receive, and I'm
12 speaking a little generally here, applied over the
13 course of the last year, we would have added an adder
14 to that LMP of about \$12. What that would have meant
15 is that, over the course of the last year, the
16 wholesale price would have ranged, under this
17 methodology, between \$37 and \$54 per megawatt-hour.

18 Q. And, the adder that's there, does that include capacity
19 market obligations, auxillary markets, forward reserve,
20 all those other things that the ISO would be charging
21 for?

22 A. (Bohan) It includes that, and the supplier's margin.

23 Q. Okay.

24 A. (Bohan) That's what they're bid at.

[Witness panel: McNamara~Bohan]

1 CMSR. HARRINGTON: That's all I have.

2 Thank you.

3 CHAIRMAN IGNATIUS: Commissioner Scott.

4 CMSR. SCOTT: Good morning.

5 WITNESS BOHAN: Good morning.

6 WITNESS McNAMARA: Good morning.

7 BY CMSR. SCOTT:

8 Q. Real quick, on Exhibit 11, Page 011, I don't need you
9 to actually say any numbers here, that blacked out
10 area, is that redacted or does that just imply there
11 was no bid the prior year?

12 A. (Bohan) There is no information there. There's nothing
13 hidden. There's no calculation done. Because, to do
14 that calculation, we would be comparing apples and
15 oranges. If we were to look at this, comparing the \$12
16 to the \$45.51 is not a comparison that we can do.

17 Q. Okay.

18 A. (Bohan) So, we've left it blank.

19 A. (McNamara) And, to clarify why, that is because the \$12
20 is missing the LPM portion.

21 (Court reporter interruption.)

22 **BY THE WITNESS:**

23 A. (Bohan) The LMP.

24 A. (McNamara) LMP, I'm sorry. No wonder you're confused,

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[Witness panel: McNamara~Bohan]

1 Steve.

2 MR. EPLER: And, if I could clarify.

3 And, at the time of the next solicitation, when we present
4 this information, we will then know what those monthly
5 prices were, and you would then be able to see, for
6 November 12th through -- excuse me, through April, you'd
7 then be able to see what those prices were and compare
8 them, under this new process, to October '12, going back,
9 compared to the old process to see what the prices were.

10 CMSR. SCOTT: That's helpful.

11 BY CMSR. SCOTT:

12 Q. And, I just wanted to recap a little bit the discussion
13 you had with the OCA regarding the RSO. So, correct me
14 where I'm wrong, I guess. So, the RSO is something
15 customers opt into, it's voluntary?

16 A. (Bohan) That is correct.

17 Q. And, they can opt in and opt out any time they wish?

18 A. (Bohan) Correct.

19 Q. Okay. So, just want to get it, again, get it correct
20 in my mind. So, even though it's a small
21 reconciliation costs, numberswise, you know, obviously,
22 the tiny amount of customers, so that's a large
23 percentage. So, if you were -- presumably then, if you
24 were to reflect that in their rate, they could drop out

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[Witness panel: McNamara~Bohan]

1 if they may want to drop out of the program. So, where
2 does that leave recouping that money? You'd recoup it
3 from whom?

4 A. (Bohan) Well, I would have to look at our tariff. I
5 know that our tariff has language that allows us just
6 not to include it if it would have a significant impact
7 on the rate, which is what we've done here. But I'm
8 not sure what other options are available to us.

9 Specific to your question, if those
10 customers drop out, it would, if we included that, it
11 would mean that that balance would be recouped from
12 even a smaller number of customers, as customers
13 started to drop off.

14 Q. Thank you. And, again, for my education. So, we
15 talked about the different classes a while ago. So,
16 Outdoor Lighting is a separate class why?

17 A. (Bohan) They just typically have been. They're -- most
18 of the time it's unmetered load. Their characteristics
19 just tend to be generally a lot different than the
20 other customer groups.

21 Q. Okay. So, -- no, go ahead.

22 A. I'm sorry. Going forward, beginning in December 2013,
23 the Outdoor Lighting group and the G2 class, the
24 General Service class, will be solicited -- or,

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[Witness panel: McNamara~Bohan]

1 actually, even now they're solicited as one, but their
2 rate will be distinct beginning December 2013, and the
3 Domestic, or Residential, will be separate.

4 Q. Okay. So, again, if I'm a department store, I don't
5 know if I'll get this correct, I could have a portion
6 Outdoor Lighting and a portion G1, for instance, is
7 that correct?

8 A. (McNamara) I believe you could.

9 A. (Bohan) Yes.

10 CMSR. SCOTT: Okay. Thank you.

11 BY CHAIRMAN IGNATIUS:

12 Q. I have a question, Mr. Bohan, about your comments about
13 responses you got to the letter sent out to G1
14 customers about the change and the structure of the
15 pricing.

16 A. (Bohan) Uh-huh.

17 Q. And, it's really just to get your thoughts on
18 something. It doesn't really have a bearing on today's
19 request. But it almost sounded as though you were
20 saying that customers who had been on competitive
21 supply, and just didn't have the time to get around to
22 it or maybe the prices have been relatively low and
23 they're less focused on that, decided to stick with
24 default service under this new structure. I guess, to

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[Witness panel: McNamara~Bohan]

1 start, did I get that more or less right?

2 A. (Bohan) I just -- I'd like to clarify that I think it's
3 -- they ended up coming back to default service, but
4 not even as part of going to this new structure. They
5 were on competitive supply, their contract lapsed.
6 And, what happens is they get switched back to default
7 service. They're doing other things, other priorities,
8 they just haven't gone out shopping for a new
9 competitive supplier.

10 Q. All right. Well, that's a good clarification, because
11 it seems to me that the variable pricing working off of
12 the LMP is kind of a blend between traditional default
13 service fixed pricing and being completely out there in
14 the competitive market. And, whether the use of the
15 variable supply mechanism would end up undercutting the
16 interest in competitive supply options, because you're
17 getting some of the float up and down anyway through
18 the competitive -- through use of the LMP, and whether
19 anyone had thought about that or if you have any
20 thoughts on whether that will enhance or inhibit the
21 development of the competitive market?

22 A. (Bohan) A couple of things. First, agreed, what's
23 going to happen is, those G1 customers that are still
24 on default service supply are going to see more

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[Witness panel: McNamara~Bohan]

1 market-based pricing, because it's going to be highly
2 determined by the LMP. And, in a sense, that's a good
3 thing. But what our experience in Massachusetts has
4 been is that, under that model, all but a couple of
5 customers have gone onto competitive supply for
6 different reasons. Maybe they wanted better
7 market-based pricing or they also could have gone to a
8 competitive supplier that provided them price stability
9 through a contract. Again, you know, we're on the very
10 front-end of this. And, you know, we're kind of
11 looking forward to the experience and see what, you
12 know, the next six months or a year has to offer.

13 But those are kind of my thoughts at
14 this point.

15 Q. All right. Well, that's interesting.

16 A. (Bohan) Yes.

17 CHAIRMAN IGNATIUS: Thank you. I think
18 we have no other questions. I'm sorry, Commissioner
19 Harrington?

20 CMSR. HARRINGTON: A quick follow-up.
21 I'm sorry, because I missed this in the last go-around.

22 BY CMSR. HARRINGTON:

23 Q. On the variable Non-G1 pricing, I think one of you said
24 that, if your use of electricity over the course of the

[Witness panel: McNamara~Bohan]

1 year stayed the same, you'd pay the same price as you
2 would on the non-variable?

3 A. (McNamara) Uh-huh.

4 Q. Or something to that effect?

5 A. (McNamara) Correct. That's what I said. Yes.

6 Q. So, the -- I'm trying to think of what the advantage is
7 there, because the variable there is just so -- we saw
8 on the rates, they're higher, for example, in July,
9 than they are in October. So, does it just give the
10 opportunity to the Non-G1 customer to adopt their rates
11 to save money? Is that the purpose of that?

12 A. (McNamara) I believe the intent when this was set up,
13 which was many years ago, I think it was initially
14 that, you know, the thought was perhaps that customers
15 would be switching to suppliers a lot. And, they
16 wanted to have a fixed option for customers who, you
17 know, a lot of, in particular, residential customers,
18 were going to stay put. And, so, the fixed option just
19 was very similar to old rate structures, where a rate
20 was set for a certain amount of time. And, then, the
21 variable rate was set up for those customers who would
22 be moving back and forth for -- from competitive supply
23 back to default service.

24 Q. Well, I guess my --

[Witness panel: McNamara~Bohan]

- 1 A. (McNamara) I don't believe it was set up for any -- I
2 don't believe any customers even use it in that way,
3 because we do have very, very few customers who are on
4 the variable option. So, perhaps they do, but I don't
5 believe that was -- I'm sure it was not the Company's
6 intent, nor was it even, you know, thought of at the
7 time that customers would be thinking that, you know,
8 monitoring their usage and seeing if there was a way to
9 make out by having a variable rate.
- 10 Q. But, if, and what I understand on what you said, that
11 if someone could go on variable rates on the months
12 when the variable rate is lower, and then switch to
13 fixed rates for, say, July and August, and then switch
14 back?
- 15 A. (McNamara) No.
- 16 Q. No.
- 17 A. (McNamara) That is not. That is not an option.
- 18 Q. Once you're on variable rates, you're on for a minimum
19 --
- 20 A. (McNamara) For the period.
- 21 Q. What's the period, I'm just curious?
- 22 A. (McNamara) The period, in this instance, is November
23 through May.
- 24 Q. Okay. All right. Thank you. And, one follow-up to

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[Witness panel: McNamara~Bohan]

1 Commissioner Scott's question. On the RSO
2 reconciliation, I'm assuming that's coming because the
3 need for it is because the costs were higher than the
4 revenues, because you said it would add onto the costs?

5 A. (Bohan) Yes. Let me just provide a little
6 clarification on that. That reconciliation balance
7 that's kind of outstanding is primarily comprised of
8 start-up costs that we incurred in originally
9 implementing the Renewable Source Option Program.
10 Since doing that, the costs that we have now, the
11 ongoing costs, are -- all we're incurring is our own
12 time in the office. We're not employing any other
13 outside resources. So, we're not adding to that bucket
14 of costs.

15 Q. So, those costs in your offices are now included in the
16 charges that for the people that would opt for this,
17 take this option pay?

18 A. (Bohan) Yes. But, in ratemaking parlance, I'd say
19 they're really included in base rates. Our time that
20 we put into it is, you know, included in the base rates
21 of the Company.

22 Q. And, how much are we talking? What's the amount of
23 this reconciliation?

24 A. (Bohan) As I mentioned before, it's on the order of --

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[Witness panel: McNamara~Bohan]

1 I said "\$1,850", that's probably a little bit higher
2 than that.

3 Q. Okay. All right. So, we're not talking much money one
4 way or the other then?

5 A. (Bohan) No.

6 CMSR. HARRINGTON: All right. Thank
7 you. That's all I have.

8 CHAIRMAN IGNATIUS: Mr. Epler, any
9 redirect?

10 MR. EPLER: No thank you.

11 CHAIRMAN IGNATIUS: Then, your witnesses
12 are excused. Thank you.

13 MS. HOLLENBERG: Excuse me. I'm sorry.
14 If I could just, it's not a confrontational question, I
15 just wanted to ask a clarification question related to one
16 of Commissioner Harrington's question, if I might?

17 CHAIRMAN IGNATIUS: Any objection from
18 anybody?

19 MR. EPLER: No objection.

20 BY MS. HOLLENBERG:

21 Q. I guess what I just wanted to clarify is that the value
22 of the variable rate, for purposes of the Non-G1 group
23 -- or, I guess you could tell me what you think the
24 value of that is please?

[Witness panel: McNamara~Bohan]

1 A. (McNamara) The value is simply for customers, in my
2 opinion, based on the way the tariff is written, for
3 customers who switch from competitive supply back to
4 default service.

5 Q. But you would -- I'm sorry.

6 A. (McNamara) Or vice versa, that are on --

7 Q. But would you -- sorry.

8 A. (McNamara) No. Or, for customers who are on default
9 service who would like to switch to a external
10 supplier.

11 Q. Would you agree, though, that to the extent -- so, one
12 of the things you said was "once a customer chooses a
13 variable rate, they're on the variable rate for that
14 period of time", correct?

15 A. (McNamara) Correct.

16 Q. And, if that customer were to leave your default
17 service, but they were on the variable rate, when they
18 left you would recalculate them as if they were on the
19 fixed rate for the period of time that they were here,
20 so you could capture -- so there wouldn't be gaming of
21 the variable rate, is that correct?

22 A. (McNamara) No.

23 Q. Okay.

24 A. (McNamara) That is not. If they are on the variable

[Witness panel: McNamara~Bohan]

1 rate, we have considered that they have paid their fair
2 share of that cost by being on the variable rate. If
3 they were on the fixed rate, --

4 Q. Okay.

5 A. (McNamara) For example, RPS, the cost is, without
6 reviewing the numbers, let's just say for argument sake
7 the rate is lower in December and goes up in January.
8 If the customer is on the fixed rate, they will pay a
9 blended number of that, somewhere in between something
10 that's lower and higher. If the customer decides to
11 leave, they would not have -- they would have paid, in
12 this instance, too much, because they were only a
13 default service customer in the month of December, they
14 didn't need to pay for that higher cost in the month of
15 January. So, their bill, if they were fixed under the
16 fixed option, they would be recalculated as variable.

17 MS. HOLLENBERG: Uh-huh. Okay. I hope
18 I didn't confuse anyone. I think I had some clarification
19 that I needed. Thank you.

20 CHAIRMAN IGNATIUS: All right. All
21 right, then I think we're reserving Exhibit 12 for the
22 revised Bates Pages 084 and 085, with some further
23 explanation added regarding the rate impacts. And, can
24 that be submitted by close of business today?

1 MR. EPLER: Yes. We will do that.

2 CHAIRMAN IGNATIUS: All right. And,
3 make sure that it's emailed to the OCA and Staff as well,
4 so that people can see it right away.

5 MR. EPLER: Yes. We can certainly have
6 it electronically served on everyone. But the hard copy,
7 if we could have that overnight, by overnight. But,
8 electronically, we will serve everyone.

9 CHAIRMAN IGNATIUS: That's fine. Thank
10 you. Other than that, is there any objection to striking
11 the identification on the exhibits and making them full
12 exhibits?

13 MS. HOLLENBERG: No thank you.

14 CHAIRMAN IGNATIUS: All right. Seeing
15 nothing, we'll do that. And, so, I think we just have an
16 opportunity for closings. Ms. Hollenberg.

17 MS. HOLLENBERG: Thank you. The Office
18 of Consumer Advocate has no objection to the Company's
19 proposed default service rates for the Non-G1 customer
20 class.

21 We are -- I would say that we are a
22 little concerned about the status of the Renewable Service
23 Option or Renewable Supply Option, given that the
24 participation is so low. And, we would be interested in

1 meeting with the stakeholders to discuss the status of
2 that statutorily required rate, and to see if there are
3 ways to approach it in a different way, because we do see
4 it as a valuable option. But, certainly, we wouldn't be
5 interested in incurring costs that were significantly
6 greater than the benefits that could be realized from that
7 program. Excuse me one moment.

8 (Atty. Hollenberg conferring with Mr.
9 Eckberg.)

10 MS. HOLLENBERG: Nothing further. Thank
11 you.

12 CHAIRMAN IGNATIUS: Thank you. And,
13 before we go to Staff, Mr. Bohan, you had said there was
14 another docket that would be taking up issues relating to
15 the RSO Program. Do you know what -- does anyone know
16 what the docket number of that is?

17 WITNESS BOHAN: Well, I don't think it
18 was docketed as one docket. The electric utilities each
19 have separate docket numbers. Our docket number happens
20 to be DE 09-224. But we had a proceeding I think
21 Ms. Amidon can speak to.

22 MS. AMIDON: Yes, if I may add. There
23 are separate dockets. But, in the last action, there was
24 a secretarial letter issued, which required all three

1 companies, and that would be Unitil, Liberty, and PSNH, to
2 file an annual report on the status and participation and
3 other information in connection with Renewable Source
4 Option. As Unitil stated, they have filed their report.
5 We haven't received one from Liberty. And, the idea, as
6 Attorney Hollenberg said, is for the stakeholders to
7 regroup to evaluate what are the options. Because,
8 generally, the participation across the board has not been
9 -- have concerning the Staff, in that the cost of
10 supporting the program appear to be outweighing the
11 benefits. And, we do want to take a look at that. But
12 it's outside of this docket. This just happens to be the
13 proceeding where the Company files for the rate
14 adjustments for that particular option.

15 CHAIRMAN IGNATIUS: All right. And, so,
16 those are continuations of the original dockets that
17 created the RSO programs --

18 MS. AMIDON: Correct.

19 CHAIRMAN IGNATIUS: -- under various
20 names. Okay. Thank you. Ms. Amidon.

21 MS. AMIDON: Thank you. Staff has
22 reviewed the filing. And, we have determined that, with
23 respect to the Non-G1 customers, that the Company followed
24 the process established by the Commission in Order Number

1 24,511, as modified by the most recent order, Number
2 25,397. And, the bid solicitation, evaluation, and
3 selection of a supplier, and that the rates -- resulting
4 rates for the Non-G1 group are market-based. And, we
5 recommend the Commission approve those rates.

6 With respect to the procurement of the
7 -- what I'm going to call the "power supply variable
8 adder", which was a subject of the solicitation, in
9 addition to the LMP marginal pricing, we believe that the
10 selection of the supplier at the least cost was
11 reasonable. And, we look forward to finding out what
12 those prices are on a going-forward basis.

13 And, finally, Staff agrees in the
14 assertion by the Company that the material filed in Tab A
15 qualifies for confidential treatment under Puc 201.06 and
16 201.07. Thank you.

17 CHAIRMAN IGNATIUS: Thank you.

18 Mr. Epler.

19 MR. EPLER: Yes. Thank you. Just to
20 not burden the record, I'll just refer the Commission to
21 the relief requested in our petition. One minor
22 administrative note. I was contacted by one of the Staff
23 administrative people that our filing may not have -- may
24 not be in full compliance with the most recent rules

1 regarding filings. And, I'm meeting with the Staff after
2 this hearing to ensure that that's the case. And, if it's
3 not, I apologize for not being in full compliance.

4 CHAIRMAN IGNATIUS: It looked good to
5 me, but there may be some technical thing that someone
6 caught. Thank you for meeting with them. All right. If
7 there's nothing further, I appreciate everyone's work on
8 this today. I understand that you need an order, under
9 the terms of how these dockets move, by close of business
10 Friday, the 21st. And, we will meet that deadline. So,
11 thank you. We'll take it under advisement.

12 (Whereupon the hearing ended at 11:53
13 a.m.)

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