

1 **STATE OF NEW HAMPSHIRE**2 **PUBLIC UTILITIES COMMISSION**

3
4 **October 6, 2015** - 10:05 a.m.
5 Concord, New Hampshire

6
7 RE: **DE 15-079**
8 **UNITIL ENERGY SYSTEMS, INC.:**
9 ***2015 Default Service for the Period***
10 ***December 1, 2015 through May 31, 2016.***

11
12 **PRESENT:** Chairman Martin P. Honigberg, Presiding
13 Commissioner Robert R. Scott
14 Commissioner Kathryn M. Bailey

15 Sandy Deno, Clerk

16
17 **APPEARANCES:** **Reptg. Unitil Energy Systems, Inc.:**
18 Gary Epler, Esq.
19 Patrick H. Taylor, Esq.

20 **Reptg. Residential Ratepayers:**
21 Susan Chamberlin, Esq., Consumer Advocate
22 Pradip Chattopadhyay, Asst. Consumer Adv.
23 Office of Consumer Advocate

24 **Reptg. PUC Staff:**
 Suzanne G. Amidon, Esq.
 Grant Siwinski, Electric Division

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

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WITNESS PANEL: **TODD M. BOHAN**
 LINDA S. McNAMARA

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4	UES 2015 Default Service, including the Petition, Proposed Tariffs, Direct Testimony of Todd M. Bohan, including attachments, and Direct Testimony of Linda S. McNamara, including attachments (10-02-15) {CONFIDENTIAL & PROPRIETARY}	8
5	UES 2015 Default Service, including the Petition, Proposed Tariffs, Direct Testimony of Todd M. Bohan, including attachments, and Direct Testimony of Linda S. McNamara, including attachments (10-02-15) <i>[REDACTED - For Public Use]</i>	8

P R O C E E D I N G

CHAIRMAN HONIGBERG: We're here this morning in Docket 15-079, which is Unitil's Default Service proceeding, and there's a few other issues lurking in this docket. We're going to hear about the solicitation for Default Service for the six-month period that begins in December. We may also have to deal with something having to do with the lead/lag study. I know we have a recommendation from Staff that dates back to June. I'm not sure we're going to hear anything about that, but at least it's part of this proceeding, and maybe one of you will enlighten me. I believe we also have a pending motion for confidential treatment.

But, before we do anything else, let's take appearances.

MR. EPLER: Good morning. Gary Epler, counsel for Unitil, appearing on behalf of Unitil Energy Systems. Thank you. And, with me this morning, possibly some new faces for the Commission, Patrick Taylor, who is Senior Counsel at Unitil; and Lisa Glover, who is with the Energy Contracts unit; and including our two witnesses today, Todd Bohan and Linda McNamara.

CHAIRMAN HONIGBERG: Off the record.

[Brief off-the-record discussion]

1 *ensued.]*

2 MS. CHAMBERLIN: Susan Chamberlin,
3 Consumer Advocate. And, with me today is Pradip
4 Chattopadhyay.

5 MS. AMIDON: Good morning. Suzanne
6 Amidon, for Commission Staff. And, to my left is Grant
7 Siwinski, an Analyst in the Electric Division.

8 CHAIRMAN HONIGBERG: All right. So, I
9 think we can deal with the Motion for Confidential
10 Treatment fairly easily. We're granting the Motion for
11 Confidential Treatment.

12 Ms. Amidon, you were indicating that,
13 yes, the lead/lag study is in play here, but it's not
14 something we're going to hear about. Do you want to
15 clarify for the record please?

16 MS. AMIDON: Yes. And, I invite
17 Attorney Epler to comment as well. In their March filing
18 of each year, Unitil submits a lead/lag study based on the
19 prior year to update all of the time gaps between, for
20 example, when they send out bills, when they receive
21 revenues. And, they use that in this Default Service
22 filing to develop a working capital requirement. And, I
23 believe that Ms. McNamara incorporates the lead/lag study
24 results in her calculation of Default Service rates. And,

1 she's nodding her head. So, if you have any questions,
2 she might be able to tell you how she does that.

3 The lead/lag study is filed with its
4 Default Service filing. And, consequently, Staff does not
5 have sufficient amount of time to review the lead/lag
6 study. That's why you saw in the docket a filing in June.
7 Staff reviewed the lead/lag study and determined that it
8 was done consistent with the manner in which the Staff had
9 recommended, and was consistent with the prior lead/lag
10 studies. So, therefore, recommended that the Commission
11 approve it for use in this Default Service filing.

12 So, while there is no testimony on it,
13 the Company does not have its lead/lag witness here today,
14 it's important that the Commission approve it, so that the
15 underlying factors that Ms. McNamara uses in calculating
16 the rates are approved by the Commission.

17 CHAIRMAN HONIGBERG: So, it would be
18 approved as part of the order that comes out of this, it
19 doesn't need to be done in advance, is that correct?

20 MS. AMIDON: Correct.

21 CHAIRMAN HONIGBERG: All right.

22 MS. AMIDON: And, if Mr. Epler has
23 anything more to add.

24 CHAIRMAN HONIGBERG: Mr. Epler, do you

1 have anything more to add?

2 MR. EPLER: No, I don't. Thank you.

3 CHAIRMAN HONIGBERG: All right. I
4 think, with that out of the way, we're ready to begin,
5 unless there's something else we need to do?

6 *[No verbal response]*

7 CHAIRMAN HONIGBERG: Doesn't seem so.
8 Mr. Epler, you may proceed.

9 MR. EPLER: Thank you, Commissioners.
10 The first task, if I may, with our filing, as we've done
11 in the past, we have two volumes, a confidential volume
12 and redacted volume. And, I think we have it in order now
13 according to the Commission's rules on how to prepare
14 those documents. So, if I could have the confidential
15 volume marked as "Unitil Exhibit 4", I believe we're up to
16 number 4 in this proceeding, and then the redacted volume
17 as "Unitil Exhibit 5".

18 CHAIRMAN HONIGBERG: I'll just remind
19 everyone for the record that the only one of those two
20 that we have up here is Exhibit 4. We have the
21 confidential version. Which probably contains everything
22 we would need to know. And, again, if someone is going to
23 refer to information that is confidential specifically,
24 then, we'll have to deal with it at that time, either

1 create a separate part of the record or whatever. But
2 everybody is -- it's not the first time people have had to
3 deal with that.

4 (The documents, as described, were
5 marked as **Exhibit 4** and **Exhibit 5**,
6 respectively, for identification.)

7 CHAIRMAN HONIGBERG: So, with the
8 exhibits marked, Mr. Epler, you may proceed further.

9 MR. EPLER: Okay. If I could have the
10 witnesses sworn please.

11 (Whereupon **Todd M. Bohan** and
12 **Linda S. McNamara** were duly sworn by the
13 Court Reporter.)

14 MR. EPLER: Pardon me, Mr. Chairman. I
15 just realized there was one other, I guess, administrative
16 point to make note of. In the Petition for Approval,
17 there is a mistake, on Page 5 of 5. Just because we use
18 these petitions kind of as templates from each filing.
19 And, the second line on Page 5 it should say "for
20 inclusion in retail rates beginning in December 1, 2015".

21 CHAIRMAN HONIGBERG: All right.
22 Everybody got that? All right.

23 MR. EPLER: Okay.

24 CHAIRMAN HONIGBERG: Thank you.

1 **TODD M. BOHAN, SWORN**

2 **LINDA S. McNAMARA, SWORN**

3 **DIRECT EXAMINATION**

4 BY MR. EPLER:

5 Q. Turn to the witness closest to me. Could you please
6 state your name and your business position with the
7 Company.

8 A. (Bohan) Todd M. Bohan. And, I'm employed as a Senior
9 Energy Analyst with Unitil Service Corporation.

10 Q. And, Mr. Bohan, if you could turn to what's been
11 premarked as "Exhibit Number 4". And, the tabs in that
12 exhibit marked "Exhibit TMB-1" through "Schedule
13 TMB-5". Were those prepared by you or under your
14 direction?

15 A. (Bohan) Yes, they were.

16 Q. And, do you have any changes or corrections?

17 A. (Bohan) I have one minor correction to make at this
18 point. If we could turn to Bates stamp Page 034. And,
19 this is a schedule showing REC (Renewable Energy
20 Credit) purchases. And, in the title on the top left
21 of that page, it says "Summary of REC Purchases for
22 2014 RPS Compliance". That should read "Summary of REC
23 Purchases for 2015 RPS Compliance".

24 Q. And, is that the extent of your corrections?

[WITNESS PANEL: Bohan~McNamara]

1 A. (Bohan) That is.

2 Q. And, if you were asked the same questions as appear in
3 your prefiled testimony, would your answers today be
4 the same?

5 A. (Bohan) Yes, they would.

6 Q. And, do you adopt the testimony and the exhibits as
7 your sworn testimony in this proceeding?

8 A. (Bohan) Yes, I do.

9 Q. Okay. Turning now to the witness to your left, can you
10 please state your name and your business position with
11 the Company.

12 A. (McNamara) My name is Linda S. McNamara. I'm a Senior
13 Regulatory Analyst for Unitil Service Corp.

14 Q. Okay. And, Ms. McNamara, can you please turn to what's
15 been premarked as "Unitil Exhibit 4"? And, the tabs
16 there marked "Exhibit LSM-1" and the "Schedules LSM-1"
17 through "LSM-7". And, were these prepared by you or
18 under your direction?

19 A. (McNamara) They were.

20 Q. And, do you have any changes or corrections?

21 A. (McNamara) I do. Pages 162 and 163, Bates stamp,
22 there's a page reference error which occurs actually
23 three times. First, on Page 162, Lines 12 and 20, it
24 refers to "Schedule LSM-1, Page 2", it should be

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1 "Page 1". And, again, this happens on the following
2 page, on Line 6.

3 Q. And, is that the extent of your corrections?

4 A. (McNamara) It is.

5 Q. Okay. And, if you were asked the same questions and
6 answers as appear in your prefiled direct testimony,
7 would your answers be the same?

8 A. (McNamara) They would.

9 Q. And, do you adopt your testimony and schedules as your
10 sworn testimony in this proceeding?

11 A. (McNamara) Yes.

12 MR. EPLER: Thank you very much. That
13 concludes the Company's direct examination. And, the
14 witnesses are available for cross-exam.

15 CHAIRMAN HONIGBERG: Ms. Chamberlin.

16 MS. CHAMBERLIN: Thank you.

17 **CROSS-EXAMINATION**

18 BY MS. CHAMBERLIN:

19 Q. I'm looking at LSM-7. And, I'm referring to the last
20 column, which describes the difference, and I'm afraid
21 I don't have the Bates Page.

22 COMMISSIONER SCOTT: I think it's 189.

23 MS. CHAMBERLIN: Okay.

24 BY MS. CHAMBERLIN:

1 Q. And, the differences between this year's all-in rate
2 for a residential customer and last winter's rate is
3 25 percent lower for the total bill, is that correct?

4 A. (McNamara) For everyone else, we're looking at
5 Page 198, I believe, Bates stamp, Schedule LSM-7,
6 Page 10. Is that correct? Okay. Yes. The
7 25.2 percent is the difference of total rates in effect
8 December 2014 versus 2015.

9 Q. Okay. And, this rate includes the RPS?

10 A. (McNamara) It does, yes.

11 Q. And, it was a six-month solicitation?

12 A. (McNamara) Correct.

13 Q. And, the month, the timing of the six months has not
14 changed, so it includes both the high cost winter
15 months?

16 A. (McNamara) Correct. It covers the Default Service
17 Charge shown in December of 2014 of \$0.15544 per
18 kilowatt-hour, ran December 2014 through May 2015.
19 And, the next number to the right, \$0.09409 per
20 kilowatt-hour is for the period December 2015 through
21 may 2016.

22 Q. And, the all-in rate includes a offset for an
23 over-collection done with the last solicitation?

24 A. (McNamara) Correct.

[WITNESS PANEL: Bohan~McNamara]

1 Q. What were the results of the -- I mean, how would you
2 describe the results of the RFP? Robust? Barely
3 making it? You know, what would you describe that to
4 be?

5 A. (Bohan) The results of the RFP this time were indeed
6 robust, yes.

7 Q. Are you familiar with the rates recently approved for
8 Liberty Utilities' solicitation?

9 A. (Bohan) Yes, generally.

10 Q. And, generally, they did not include the RPS, correct?
11 Not sure?

12 A. (Bohan) No, I'm not sure on that. I would have to look
13 at that in detail. Subject to check.

14 Q. Subject to check. And, it was for a nine-month
15 solicitation?

16 A. (Bohan) Correct.

17 Q. And, it does split the two highest winter months?

18 A. (Bohan) Well, technically, in this solicitation, it
19 does not. Because their solicitation starts for
20 service beginning, I believe, November 1st, and carries
21 them through the end of July of next year. So, the
22 would be split winter months won't happen until their
23 subsequent solicitation.

24 Q. Okay. So, the nine months was a transition, and then

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1 the split will happen with the next solicitation?

2 A. (Bohan) Correct.

3 Q. All right. And, are you aware that the Liberty rates
4 are approximately 44 percent less than they're last
5 winter period rates?

6 A. (Bohan) I am aware of that.

7 Q. And, my recollection of your testimony is that you are
8 looking -- you will continue to monitor Liberty's
9 situation and, you know, remain open to the possibility
10 that there may be ways to reduce your rate. But, for
11 the moment, you are going to stay with the six-month
12 solicitation as is, correct?

13 A. (Bohan) That is correct. But, also, just a point of
14 clarification, our Company's rate being proposed is
15 similarly lower as well in this filing.

16 Q. It is lower. It's 26 percent lower, correct?

17 A. (Bohan) Well, the "44 percent" that you mentioned for
18 Liberty is referring to just the wholesale costs.

19 Q. Okay.

20 A. (Bohan) Our wholesale costs are similarly lower.

21 Q. Of about 40 percent?

22 A. (Bohan) Correct. Yes.

23 Q. Okay. So, time will tell if you are getting the same
24 benefits, because you're combined with Fitchburg or

[WITNESS PANEL: Bohan~McNamara]

1 whatever differences, if it offsets perhaps the split
2 between the months?

3 A. (Bohan) I think the way I characterized it in my
4 testimony is that I think we'd like to wait and see if
5 there are benefits that are going to come out of that
6 process. We could certainly get into a discussion
7 about that, but I'm not certain that that's the purpose
8 of this proceeding. We've talked about that in other
9 proceedings. I mean, if we want to, I'm happy to,
10 but --

11 Q. In terms of the results of the RFP, did you get any
12 feedback from the -- from the wholesale suppliers about
13 market conditions and what we can expect going forward?

14 A. (Bohan) We did. You know, a few things that I learn --
15 every time we talk to these suppliers we learn
16 something. One of them that did not bid in this round
17 indicated that their senior management had adopted a
18 strategy where they were not allowed to bid on any
19 load-following power in the winter months of December
20 through March. So, that removed them from our
21 solicitation.

22 MS. CHAMBERLIN: Okay. Thank you.

23 That's all I have.

24 CHAIRMAN HONIGBERG: Ms. Amidon.

[WITNESS PANEL: Bohan~McNamara]

1 MS. AMIDON: Thank you. Good morning.

2 WITNESS BOHAN: Good morning.

3 WITNESS McNAMARA: Good morning.

4 BY MS. AMIDON:

5 Q. Mr. Bohan, I just wanted to follow up on something that
6 Ms. Chamberlin asked you. Would you, subject to check,
7 agree that Liberty includes in its calculation of
8 energy service costs an RPS factor to comply with the
9 RPS obligation under the law?

10 A. (Bohan) Yes. I understand that they do that.

11 Q. Yes. And, I think the record in that docket will show
12 that they included an RPS adder in their calculation of
13 rates. And, I wanted to talk a little bit about the
14 RPS. Mr. Bohan, on Page 011, Bates stamp, of your
15 testimony, you have a chart that compares the
16 obligation for calendar year 2015 with calendar year
17 2016.

18 CHAIRMAN HONIGBERG: I'm sorry,
19 Ms. Amidon, what page did you say?

20 MS. AMIDON: Eleven.

21 WITNESS BOHAN: Bates stamp Page 011.

22 BY MS. AMIDON:

23 Q. So, is it fair to say that the most significant
24 increase here is in Class III?

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1 A. (Bohan) Yes, it is. And, --

2 Q. And, if we look at, moving now to Page -- I didn't
3 bring my glasses -- 034, Bates stamp 034, which -- and
4 let me know when you're there please.

5 A. (Bohan) I am there.

6 Q. And, this is confidential, but this is the summary of
7 the REC purchases for 2015 RPS compliance, is that
8 right?

9 A. (Bohan) That is correct.

10 Q. And, I'm reading this correctly, that you have
11 purchased zero percent of your Class III requirements
12 for 2015?

13 A. (Bohan) That is correct.

14 Q. And, can you explain why?

15 A. (Bohan) Well, it's not due to a lack of trying, I can
16 tell you that. We have solicited for Class III RECs in
17 all of the REC solicitations that are listed here in
18 the left-hand column. Also, my colleague that's here
19 today spends some time talking with REC brokers, and
20 has attempted to procure Class III RECs. But, to date,
21 we have been unable to do so.

22 And, to refresh everybody's memory from
23 some of the proceedings we've been involved in before
24 on RECs, these are the RECs that happen to qualify in

[WITNESS PANEL: Bohan~McNamara]

1 other states, particularly Connecticut, but also
2 Massachusetts. And, as such, any of these Class III
3 RECs that generally are produced end up going to
4 Connecticut, because, in Connecticut, they typically
5 command a higher price than they do in our region. So,
6 to date, we have not been able to acquire any of those,
7 and we meet all our requirements through alternative
8 compliance payments.

9 Q. And, Ms. McNamara, you, in your exhibits, I will find
10 the page, you calculate what the RPS adder is for the
11 customer groups, for the Small and the Large Customer
12 Group, and I believe it's -- I can't see a Bates stamp
13 on this, I'm sorry. LSM-3, I think that the Bates
14 stamp is embedded in some numbers in the column, but
15 it's Page 1 of 2.

16 A. (McNamara) Uh-huh.

17 Q. Let me know when you're there.

18 A. (McNamara) I'm there.

19 Q. Okay. So, if we look at, this is for the Non-G1 class,
20 it's the RPS adder to procure Renewable Portfolio
21 Standard compliance, is that right?

22 A. (McNamara) Yes.

23 Q. And, this is added to the commodity cost to calculate
24 the rate, is that right?

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1 A. (McNamara) Correct.

2 Q. Okay. And, you have that this calculation shows the
3 costs that you anticipate being incurred for the
4 six-month period December 2015 through May 2016, is
5 that right?

6 A. (McNamara) That's right.

7 Q. And, it looks like there's an overrecovery on Line 1,
8 that -- am I reading that correctly?

9 A. (McNamara) That's right.

10 Q. Okay. Thank you. So -- and, the Non-G1 class, just to
11 be clear, this is for the residential and the small
12 commercial customers?

13 A. (McNamara) And outdoor lighting, correct.

14 Q. Outdoor lighting. Thank you. So, if we look at the
15 far right, under the "Total", there is a rate of -- is
16 0.504 cents per kilowatt-hour for RPS compliance, is
17 that the adder that you used on those small and medium
18 customer commodity costs?

19 A. (McNamara) Yes, it is.

20 Q. And, if we go over to the December 2015, which is the
21 current year's obligation, that's quite a -- it's 0.192
22 cents, correct?

23 A. (McNamara) Right.

24 Q. So, it's more than doubling?

1 A. (McNamara) Correct.

2 Q. And, I just wanted to tie that back to the conversation
3 that we had, that I had with Mr. Bohan. Is that
4 primarily due to the increase in the Class III
5 compliance costs?

6 A. (Bohan) That is correct. And, we can look at a couple
7 schedules, if we need to. But the RPS Class III
8 requirement effective January 1st, 2016 reverts from
9 0.5 percent to 8 percent. And, I know that, again,
10 we've been involved in proceedings here where the
11 Commission has had to revisit those requirements, and
12 done so and made some changes. But the Company, at
13 this stage, is not in any position to speculate as to
14 what might happen with requirements. So, in an effort
15 to meet those requirements, we have to include that in
16 our proposed rates, and we've done so here.

17 Q. And, I think the Commission saw a similar doubling of
18 the RPS adder for Liberty. So, this is not an
19 unexpected event. But I did want to talk about it a
20 little bit.

21 A. (Bohan) And, actually, if we could turn briefly to
22 Bates stamp Page 155, which is Schedule TMB-4, it shows
23 the RPS costs. And, if you look here, I know it's a
24 little bit small type, but you'll see, under the "RPS

[WITNESS PANEL: Bohan~McNamara]

1 Obligation", you'll see "2015", "December 2015", and
2 then just look at "January 2016". If we come over way
3 to the right-hand side, it would be about four columns
4 from the far right, Class III, for December 2015,
5 that's a little over \$12,000. And, then, for
6 January 2016, that's just over \$200,000. So, that's
7 the stark difference that is driving that RPS adder.

8 Q. Thank you. That was helpful. And, Ms. McNamara, the
9 RPS adder for the Large Customer class is increasing as
10 well?

11 A. (McNamara) Correct.

12 Q. Okay. Mr. Bohan, you include the Company's Customer
13 Migration Report at Bates 153 and 154?

14 A. (Bohan) That is correct.

15 Q. Has the Company seen -- well, it looks to me like
16 there's not been a lot of change in the migration rate
17 for the past six months. Am I missing something or --

18 A. (Bohan) Well, if I could characterize that a little bit
19 differently.

20 Q. Okay.

21 A. (Bohan) Over the last six months, or I should say over
22 the last year, we have seen a significant amount of
23 migration. And, we can look at this two ways. Page 1
24 of 2 there shows this in terms of sales. So, if we

1 look down at the bottom left corner, for example, in
2 August 2014, roughly 11 percent of our domestic or
3 residential customers were on competitive supply.
4 Compare that with, you know, July and August of 2015,
5 and that's on the order of 17 percent, in terms of
6 sales.

7 If we want to look at that in terms of
8 the number of customers, we can look at the following
9 page, Page 2. And, that number, while it has
10 increased, it's not as significant. You can see that,
11 in July and August of 2015, it's around 14 percent.
12 Not a big surprise there, because the customers that
13 likely would be incented to migrate would be ones that
14 are heavy users of electricity. So, on the -- not
15 surprised to see the number a little bit higher on the
16 usage side versus the customer side.

17 Q. Thank you. And, continuing with you, Mr. Bohan, on
18 Page 013, Bates stamp 013 of your testimony, beginning
19 with Lines 1 through 7, you explain the differences
20 between the winter prices for 2013 through '14, the
21 following winter, and this coming winter.

22 A. Correct.

23 Q. And, the last sentence in that paragraph, beginning on
24 Line 6, says "To put this in perspective, the Winter

[WITNESS PANEL: Bohan~McNamara]

1 2013 and 2014 actual average price was \$127.84 per
2 megawatt-hour (70 [75?] percent higher)." Could you
3 just explain how you did that calculation?

4 A. (Bohan) Sure. If you take the 127 -- well, let me, if
5 we come over to the Bates stamp Page 012, you see
6 there's a table there. So, if you take the four
7 numbers for December 2013 through March 2014 and
8 average those, and I didn't do a weighted average on
9 this, so, it would be a little bit skewed, but I just
10 wanted to put this in perspective for everyone. So, if
11 you do an average of those four numbers, you come to
12 that result of \$127.84. If you look at the Winter
13 2014-15 numbers, those four numbers there and average
14 those, it's \$71.14. And, then, if you average the
15 expected for these upcoming winter months, December '15
16 through March '16, it's \$72.88. So, my point here was,
17 I wanted to show that the expectation headed into this
18 winter is that we are, as we head into it, expecting
19 things to be much more along the lines of what we saw
20 ground out actually last winter than two winters ago.

21 Now, in terms of that particular
22 calculation, all I did is take the difference between
23 127.84, the 72.88, and then divided by the 127.84, and
24 I think that works out to be about 75 -- I'm sorry,

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1 over 72.88, and it works out to be about 75 percent
2 higher.

3 Q. Thank you. And, then, I just have a final question for
4 you, Ms. McNamara, on I think it's Page 163. And,
5 beginning at Lines 1 and then continuing through Line
6 6, I believe what you have provided here is the
7 commodity cost for power, is that right? In other
8 words, the proposed Residential fixed Non-GI Power
9 Supply is 8.905 cents. So, that would be the commodity
10 cost?

11 A. (McNamara) Correct.

12 Q. And, then, to that commodity cost, and I'm just going
13 to use the residential for the time being, you include
14 the RPS adder, correct?

15 A. (McNamara) Uh-huh.

16 Q. And, then, the other adjustments, which you describe on
17 Page 165 of your testimony, such as the Supplier
18 Charge, the GIS Support Payments, Related Working
19 Capital, right?

20 A. (McNamara) No. The other charges that are described on
21 Page 165, let me turn to that page, and we're looking
22 at Lines 4 through 13? It talks about "Supplier
23 Charges, GIS Support Payments, Working Capital".

24 Q. Right. Right. Yes.

[WITNESS PANEL: Bohan~McNamara]

1 A. (McNamara) All of those costs are included in the
2 8.905 cents per kilowatt-hour.

3 MS. AMIDON: Okay. That's just -- I
4 just wanted to understand that.

5 WITNESS McNAMARA: Okay.

6 MS. AMIDON: Thank you. I have no
7 further questions.

8 CHAIRMAN HONIGBERG: Commissioner Scott.

9 COMMISSIONER SCOTT: Good morning.

10 WITNESS BOHAN: Good morning.

11 WITNESS McNAMARA: Good morning.

12 BY COMMISSIONER SCOTT:

13 Q. I think I'll start with Mr. Bohan. I want to go back
14 to the OCA's questions regarding Bates 013 and 014.

15 A. (Bohan) Okay.

16 Q. And, just wanted to, since it's in the testimony here,
17 I was just curious, obviously, the testimony says
18 you'll kind of watch what's happening with Liberty
19 before you make any recommendations on splitting the
20 winter. Is that a fair -- a fair read of your
21 testimony?

22 A. (Bohan) It is. I'm happy to expand a little bit on
23 that. As I did in my testimony, you know, the Company
24 has positioned itself such that we do our solicitations

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1 in unison with our Massachusetts affiliate, and that
2 brings us two benefits. One is that, when we go out
3 and we're soliciting, we're bringing more load to the
4 market. So, we have a little bit higher visibility
5 with potential suppliers. And, secondly, it also adds
6 some administrative efficiencies to our default service
7 solicitation process. We set this up, we do it twice a
8 year, and that provides benefits to us as well, so
9 we're not doing multiple solicitations in addition to
10 that.

11 Q. So, more specifically, what I intended to ask you is,
12 you mentioned you're "going to monitor". What things
13 are you going to be monitoring? You know, what
14 would -- what are the key things that you're interested
15 in seeing happen that would educate your decision to
16 either stay the same or recommend a change?

17 A. (Bohan) Well, to be really honest here, I think, one,
18 there's a little bit of learning that needs to be done.
19 And, two, I think we also want to see what the
20 direction will be from the Commission when they see
21 what happens with Liberty's rates. And, the reason
22 that I say this is, if we have a -- if we go to a model
23 where we split those, we go to those two six-month
24 periods, where we go February to July and then August

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1 through January. What we envision is that the default
2 service rate is going to be relatively stable and will
3 be stable pretty much on an annual basis. Now, there
4 could be some anomalies in there and things are going
5 to move around. But that's going to result in a rate
6 that is -- could be roughly an annual rate.

7 Once you do that, we remove the
8 seasonality from the rates. And, my concern there is
9 that, when we do that, we take away the big incentive
10 for customers to go out onto competitive supply. So,
11 one of the big things we saw last winter is, with those
12 rates ramping up, customers were incented to
13 potentially migrate. Now, this winter, the rate is
14 much lower, and competitive suppliers are not having
15 that large of an incentive.

16 So, the question will be "what will
17 happen come this summer?" So, summer rates, you know,
18 I don't know what they're going to be, we'll see when
19 we get there. But, at least, if we were looking at
20 expectations right now, the projection is those rates
21 would likely be lower than what the proposed winter
22 rate is. So, whether it's 6, 7, or 8 cents, I don't
23 know. Having that low a rate in the summertime I think
24 would be beneficial for our customers, because you get

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1 into the summertime, you're running air conditioning,
2 cooling pools, or heating pools, doing that type of
3 stuff, that lower rate could be beneficial for
4 customers. So, that's why we're not really ready to
5 jump ship and get into a model where we go to splitting
6 that winter period.

7 Q. And, in your evaluation of what's going on with
8 Liberty, as you watch that, do you have discussions
9 with your counterpart at Liberty? Do you share, I
10 guess, for want of a better word?

11 A. (Bohan) Yes. I actually speak with Mr. Warshaw on a
12 somewhat regular basis.

13 Q. So, you would at least have a feel for, when they get
14 to that point, does the split -- splitting the winter,
15 does it have a negative impact on the number of bids
16 and that type of thing? You'd have that kind of, maybe
17 not the exact number, but you'd know if it was robust
18 or not, that type of thing? Would that be something
19 you'd have visibility in on that discussion?

20 A. (Bohan) The answer to your specific question would
21 probably be "no", because we do not discuss any of the
22 specific bids or number of bidders or anything like
23 that. We may speak generally about interest. But --
24 so, I'll leave it at that. We speak generally, but not

1 in any detail.

2 Q. So, correct me if I'm wrong, you could share between
3 yourselves whether you're been getting "it looks like a
4 good auction" or you're "less interest", "high
5 interest", that type of thing?

6 A. (Bohan) Yes. Yes.

7 Q. Thank you. Going to the -- back to the RPS discussion
8 on Class III, you mention, and I won't get your exact
9 wording right, but some of the bidders were not allowed
10 to bid for December - March for load-following.

11 A. (Bohan) Correct.

12 Q. Can you elaborate?

13 A. (Bohan) Yes. Their senior management determined that
14 that was a risky time period, and that they did not
15 want them bidding on load that was served during those
16 months.

17 Q. So, it would follow, and I guess I'm asking you to
18 maybe answer something you don't know, is I assume
19 normally people would -- wholesalers would put a risk
20 premium in, and that would be their -- that would be
21 educated by that risk and that would be how they would
22 bid. So, you're suggesting that they're not even
23 willing to put a risk premium in?

24 A. (Bohan) That particular -- well, other suppliers that

1 did bid likely would build in that risk. And, then,
2 the question is "how would they collect that through
3 their pricing?" Either some would assign it to their
4 winter months, some might spread it out over the entire
5 six-month period.

6 Q. And, is my assumption correct that those who are not
7 bidding for those months, it's because they feel the
8 volatility is not worth the risk, is that a fair
9 assessment?

10 A. (Bohan) To some extent, yes. Some of them are just not
11 bidding. Some we talk to that opt not to bid are not
12 bidding for other reasons. For example, they may --
13 they do not like load-following power. So, even if it
14 was a contract in, you know, for June through November,
15 they wouldn't bid, because they don't like
16 load-following power. But there are specific bidders,
17 to your point, that are not bidding in the winter
18 months because of that.

19 Q. Thank you. And, now, I go on to the discussion on
20 Class III purchases.

21 A. (Bohan) Sure.

22 Q. Are you aware of at different times, obviously,
23 Massachusetts and Connecticut have, for want of a
24 better word, threatened to change their requirements.

1 Are there coming changes that you're aware of that
2 would impact Massachusetts and/or Connecticut, the
3 equivalent of Class III, where they could be sold from
4 New Hampshire?

5 A. (Bohan) I do not know of any pending changes that would
6 change that, other than what it's already at today, so
7 that would, in theory, improve it for New Hampshire,
8 no.

9 Q. Okay. Thank you. That's fair.

10 A. (Bohan) Yes.

11 Q. And, not to neglect Ms. McNamara, wouldn't want you to
12 come here for nothing. On Bates 167, you have a
13 discussion about the administrative costs associated
14 with the Default Service. I was just curious, can you
15 compare that or point me to where -- how these numbers
16 compare to prior years?

17 A. (McNamara) On Lines 19 through 23, the dollar amounts
18 are listed. The amount calculated in this filing, on
19 Schedule LSM-6, is \$74,826 in total. And, the amount
20 in the past year, so that was December 2014 through
21 November 2015, \$69,616. So, roughly \$5,000.

22 Q. Okay. And, am I correct that those numbers also
23 include your efforts to get -- obtain RECs also?

24 A. (McNamara) They would, there's no line item specific --

1 well, why don't we turn to the schedule, that might be
2 easier.

3 Q. Okay.

4 A. (McNamara) Schedule LSM-6, Bates stamp Page 187. On
5 the very bottom of that page shows the "Total Annual
6 Cost", and shows the "\$74,826" that I just mentioned.
7 So, those amounts are determined based off of the
8 average labor cost by department. These are
9 departments that are involved in the Default Service
10 process. And, again, this was determined many, many
11 years ago. I don't remember the docket reference in
12 there that I had in my testimony. I think it was DE
13 05-064?

14 A. (Bohan) That sounds right.

15 A. (McNamara) Okay. Which was a rate case. And, so, the
16 estimated labor hours, which is, for example, on Line
17 2, under the "Energy Contracts", those numbers never
18 change. Those amounts were determined in the rate
19 case. It's the amount above it, Line 1, and the
20 overhead costs. Those two amounts were allowed to
21 change with each Default Service filing -- I'm sorry,
22 in each winter's Default Service filing.

23 Q. Okay. All right. Thank you. And, I think my last
24 question, you know, the good news is this, compared to

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1 other times, this is a fairly lower rate for this
2 filing. But it's still more than the current rate?

3 A. (McNamara) Correct.

4 Q. So, I'm just curious, and this is probably a
5 reoccurring theme from me, how are you communicating
6 this to the customer? What methods and what are you
7 saying?

8 A. (McNamara) I don't believe this winter will be any
9 different than -- or, maybe it will be a little
10 different than last winter, last winter was quite
11 unique. But it will be the same, bill messages, you
12 know, bill inserts, the website, all the communication
13 that our Customer Service folks typically do.

14 A. (Bohan) And, that typically happens in the month of
15 November, the bill inserts and the --

16 *[Court reporter interruption.]*

17 **BY THE WITNESS:**

18 A. (Bohan) In the month of November, I'm sorry.

19 BY COMMISSIONER SCOTT:

20 Q. And, more specifically, if I'm a customer, I think we
21 all understand that we're still, even though it's,
22 hopefully, well, it looks like this current winter for
23 retail sales will be less of a variation, but we seem
24 to be in a cycle of a variation between the summer and

1 shoulder months and the winter months. How would a
2 customer know that, to expect that? Is that in your --

3 A. (McNamara) The Company has a required 60 day notice and
4 a required 30 day notice before the rate change. The
5 60 day notice, we don't know the rates. So, the
6 customer is just notified that rates will be changing
7 in December. And, then, as Dr. Bohan mentioned, that,
8 in November, once we have approval of these, which we
9 hope to have this week, we can then notify the public
10 on what the specific rates are.

11 Q. I think I was being more general. What I was
12 suggesting is, to the extent they would anticipate this
13 fluctuation being normal, are we communicating that
14 generally? I understand you're not going to be able to
15 give in advance the exact amount.

16 A. (Bohan) I believe that is generally done in the
17 communication, you know, the general communications
18 that we use about rates. That, in the winter, prices
19 tend to be, you know, a bit higher and seasonal, and
20 then, in the summer, they tend to be a bit lower.

21 Q. Okay.

22 A. (Bohan) Yes.

23 Q. That question kind of ties into whether we split -- or,
24 whether you split the winter months. Part of the

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1 intent was to have less of a surprise, for want of a
2 better word, for customers.

3 A. (Bohan) Right.

4 Q. And, that was really the intent of my question, are we
5 educating customers that this could be an ongoing
6 thing, and it may not be a surprise that next winter it
7 would be higher than next summer, that type of thing?

8 A. (Bohan) Correct. Yes.

9 COMMISSIONER SCOTT: Okay. Thank you.
10 That's all I have.

11 CHAIRMAN HONIGBERG: Commissioner
12 Bailey.

13 COMMISSIONER BAILEY: Thank you. Good
14 morning.

15 WITNESS McNAMARA: Good morning.

16 WITNESS BOHAN: Good morning.

17 BY COMMISSIONER BAILEY:

18 Q. Ms. McNamara, do you provide a copy of the bill insert
19 to our Consumer Affairs Division?

20 A. (McNamara) I'm not aware if the Company does. Do you
21 know?

22 A. (Bohan) I want to say, subject to check, I believe
23 Ms. Bellino, who has testified here before in these
24 proceedings, does communicate with the Director of

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1 Consumer Affairs on a regular basis, and may provide
2 that directly to her.

3 Q. Could you just make sure that she gets a copy of that?

4 A. (Bohan) Sure.

5 Q. Because my experience is, when customers call, it's
6 easier to have a copy of the bill insert, in case
7 customers call with questions.

8 A. (Bohan) We can do that, certainly.

9 Q. That would be great. Thanks. Mr. Bohan, is there
10 anything preventing you from splitting the winter
11 months in Massachusetts?

12 A. (Bohan) I don't know off the top of my head. I think
13 the way that it is structured in Massachusetts, we
14 would have to go through a process that would allow us
15 to change our default service solicitation. In
16 Massachusetts, it's done a little bit differently. We
17 are required to solicit every six months, but, when we
18 go out for a six-month -- when we go out to solicit,
19 it's only for a 50 percent load obligation, and it's
20 done for a year period. So, in Massachusetts, what we
21 have is something that's referred to as "laddering".
22 So, when we went out for this solicitation for UES, we
23 solicited for 100 percent load share for the small,
24 medium and large classes for December through May. At

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1 the same time, we solicited for a 50 percent load share
2 for Fitchburg's small and medium classes for the period
3 December 1st through November 30th, 2016. And, we
4 are -- there is a schedule where every six months we go
5 out and do that.

6 Q. Okay.

7 A. (Bohan) And, I -- so, the answer, I think, to your
8 question is, I think there would need to be legislative
9 or commission changes in order to allow that to happen.

10 Q. So, there is something preventing you from --

11 A. (Bohan) Yes. We can't just arbitrarily change that.
12 We would --

13 Q. Okay. All right. Thank you.

14 COMMISSIONER BAILEY: And, this may get
15 into some confidential testimony. Is there anybody in the
16 room that can't hear it? Okay. Then, we'll just figure
17 out what to mark in the record?

18 MR. EPLER: Yes. Yes, Commissioner
19 Bailey. We have a process whereby the transcript is
20 provided to the parties before it's submitted to the
21 Commission. And, then, if there's a necessity to mark a
22 confidential portion, we do that.

23 COMMISSIONER BAILEY: Great. Thank you.

24 WITNESS BOHAN: Can I interrupt for a

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1 second? If we do get to that stage, I would like to offer
2 something in response to Commissioner Scott that I don't
3 feel doing unless it's under confidentiality.

4 CHAIRMAN HONIGBERG: Sure. We'll let
5 you do that. Maybe next time it would have -- might have
6 been helpful to say to Commissioner Scott "well, there's
7 some information that I would provide if it were
8 confidential." But, now that you've done it, we haven't
9 closed the record or anything like that. So, we can make
10 that work for you.

11 So, you're going to ask your question
12 now, and then -- why don't we let Commissioner Bailey
13 finish up with her questions. If something that is
14 related to one of Commissioner Bailey's questions triggers
15 the supplemental response you'd give, do it then. If not,
16 we'll let Commissioner Bailey finish up, and then go back
17 to Commissioner Scott. Does that work for you, Dr. Bohan?

18 WITNESS BOHAN: Fair enough.

19 CHAIRMAN HONIGBERG: All right.

20 COMMISSIONER BAILEY: Thank you.

21 BY COMMISSIONER BAILEY:

22 Q. So, can you explain to me what you consider a "robust
23 solicitation"?

24 A. (Bohan) Well, ideally, we would like to have certainly

1 a larger number of bidders or suppliers. But one of
2 the things that I look at is, if I have three bidders,
3 and I can look at that pricing, and that pricing is
4 extremely tight, I consider that a "robust" response.
5 And, when I look at, in particular, the response that
6 we got in this solicitation, that's what we have in
7 those results. The bids are very, very competitive and
8 they're very tight, in terms of, you know, the winning
9 bidder versus a losing bidder.

10 Q. And, if you have two bidders that are very close in
11 their prices, is that considered "robust"?

12 A. (Bohan) Well, it's a matter of degree, I guess, because
13 now we're getting down to two bidders. But there are
14 also other things that we can look at. There are
15 futures, future electric prices that we can look at to
16 provide an assessment of how competitive those bids
17 are. But, to what I think your point is, once you get
18 down to two bidders, it's a smaller pool, and then the
19 competitiveness maybe tends to go away.

20 Q. So, it's not -- so, you would say that two bidders
21 isn't "robust"?

22 A. (Bohan) Right.

23 Q. It's acceptable?

24 A. (Bohan) Acceptable. Yes.

1 Q. Can you point me in your -- I looked at it, and I can't
2 remember where it is, but the tables that show the
3 prices that were bid and the calculation of the
4 average?

5 A. (Bohan) Yes. Sure. Hold on one second. We need to go
6 to -- it would start on Bates stamp Page 028, which is
7 in Schedule TMB-1. And, those numbers are going to be
8 on Bates stamp Page 028, 029, and 030.

9 Q. Thank you. Okay. So, I just wanted to confirm that
10 the prices were -- I notice that the prices between the
11 two lowest bidders were very close.

12 A. (Bohan) Yes.

13 Q. I didn't look at the other two, but I see now that they
14 are.

15 A. (Bohan) Yes. That was -- that's what I was saying when
16 I looked at these results. Now, one of the things that
17 we did see in the indicative round is we had an entity
18 that has been trying to get into supplying default
19 service supply, and they were testing the waters, if
20 you will. And, their indicative pricing in the
21 spectrum here was significantly higher than what's
22 shown here. And, they didn't participate in the final
23 round.

24 Q. Did they know that their indicative pricing was much

1 higher than everybody else's? Why did they decide not
2 to bid in the final?

3 A. (Bohan) We give them some general feedback.

4 Q. Okay.

5 A. (Bohan) Obviously, we can't disclose exactly where they
6 were. But we give them some feedback, so that they
7 can, you know, hone their estimates or their process
8 and compete in the next round.

9 Q. And, why do you think there's such a difference between
10 the number of bidders in the Non-G1 and the G1?

11 A. (Bohan) G1. The G1 model that we developed a few years
12 ago is a little bit -- it's just a different model.
13 So, what it does is, instead of having to provide
14 load -- all of the load-following power, all the large
15 bidders are bidding is the adder, and the price that
16 they are going to receive is the locational marginal
17 price for the New Hampshire Load Zone. So, in that
18 sense, that model, the reason that we like it, is
19 because it takes a lot of the risk away, the price
20 variability risk, because bidders don't have to bid
21 that, they're going to get the LMP. But I don't know
22 why we haven't had more interest in that. We would
23 certainly like to. We've worked on this for, you know,
24 at least, I think, four or five Default Service

1 solicitations now. And, we're seeing about two to
2 three bidders, three bidders in the indicative round,
3 generally, for this model.

4 Q. Would it make sense to try the other approach to see if
5 you get more bidders?

6 A. (Bohan) Well, we've done the other approach in the
7 past. And, what happened was, we got to a point where
8 we were getting less and less bidders with that model.
9 That's why we moved to this one.

10 Q. Did you get less than these?

11 A. (Bohan) I don't think we've gotten less than those,
12 because we never had a failed auction on that side.
13 So, we had at least one. We did, though, also use this
14 model in our Massachusetts territory with that
15 affiliate, and we did have a point where there were no
16 bids. We actually bid it a couple different ways, we
17 got no bids for the -- what I'll call the "standard
18 model", and then we got bids for this type of model.

19 Q. When was that?

20 A. (Bohan) That was a number of years ago now. It was
21 actually prior to -- prior to implementing it here, I
22 want to say four, four years ago.

23 Q. I wonder if the market, as the market has developed and
24 new entrants have come in, that it might be worth

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1 testing the water again, I don't know. I mean, I'm not
2 telling you --

3 A. (Bohan) Yes.

4 Q. -- what you should do.

5 A. (Bohan) No.

6 Q. But it seems like this is not a very robust response to
7 me.

8 A. (Bohan) Okay.

9 COMMISSIONER BAILEY: That's all I have.
10 Thank you.

11 WITNESS BOHAN: Fair enough.

12 CHAIRMAN HONIGBERG: I have to confess,
13 I'm not sure there was anything in there that was
14 confidential. But we're in that portion that people are
15 tuned into. Dr. Bohan, then you want to follow up with
16 Commissioner Scott on the information that you would have
17 provided had you been thinking about it at that time.

18 WITNESS BOHAN: That is correct.
19 Commissioner Scott asked me about the entity that had
20 responded to us and indicated that they had a moratorium
21 on bidding between December and March. That entity is
22 Dominion Energy Marketing, and they are the entity that
23 won a portion of Liberty's Large Default Service supply in
24 the summer months. So, what that tells me is that they

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1 are interested in bidding in this area, and potentially on
2 the loads, but they decided to sit out those winter
3 months, because of -- because of the risks that they
4 perceive. But, yet, they still participated in a
5 solicitation going on at the same time, but only for the
6 requirements during the summer period.

7 CHAIRMAN HONIGBERG: Commissioner Scott,
8 do you want to follow up at all on that?

9 COMMISSIONER SCOTT: No thank you. But
10 thank you.

11 CHAIRMAN HONIGBERG: All right. All
12 right, I'm going to pick up on a couple of questions that
13 were asked, and I have my own question.

14 BY CHAIRMAN HONIGBERG:

15 Q. Something about the way Commissioner Scott asked you
16 the question to which that was a supplemental answer
17 implied some relationship between the RPS obligation
18 and the decision of a bidder not to -- a prospective
19 bidder not to participate. I didn't perceive in your
20 answer that the RPS obligation is related. Am I
21 correct?

22 A. (Bohan) You are correct. There is no relationship
23 between those two.

24 Q. And, we've talked a lot in the past about --

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1 A. (Bohan) Sure.

2 Q. -- "robust" responses to RFPs. I want to make sure
3 that, in the semantics game, that we, collectively, and
4 I, in particular, am not confusing what is a "robust
5 response" to a response that produces what you perceive
6 to be a "competitive price". Those are two different
7 things, are they not?

8 A. (Bohan) That may be a good way of characterizing it,
9 yes.

10 Q. Because I think you've testified in the past that part
11 of your process is, and I think you alluded to it, is
12 that you try to determine what you think the market's
13 going to come in at, using futures prices and other
14 information you have available to you. And, if you see
15 proposals that are coming in somewhere in the ballpark
16 of that price, you think to yourself "well, I did a
17 good analysis, and these people are also using the same
18 information and coming up in roughly the same place."
19 Is that roughly the mind -- your thought process?

20 A. (Bohan) Agreed. Absolutely.

21 Q. All right. And, in this instance, this response isn't
22 radically different from what you've been seeing in
23 recent RFP responses, is it?

24 A. (Bohan) That is correct.

1 Q. I never -- I always criticize people when they do this,
2 but I think this is the last area of inquiry I'm going
3 to go with you. Ms. Amidon enjoyed that one, I know.

4 One of the things that you talked about
5 was the Class III obligation within the RPS standards
6 being 8, I think, percent, with the Commission having
7 reduced it. You recall that discussion?

8 A. (Bohan) Yes, I do.

9 Q. One of the products of that has been an overrecovery,
10 because you have to plan for the law as it is, and it
11 is the law until somebody changes it, right?

12 A. (Bohan) That is correct.

13 Q. This is very rough, but isn't it fair to say that,
14 because you then reconcile the prior overrecovery with
15 the -- with the projected amount that you have to
16 collect, there's some netting there of the past
17 overrecovery and the projected recovery that you think
18 may change, but you can't -- you can't assume that
19 change?

20 A. (Bohan) Agreed. Correct.

21 Q. If the requirement in statute stayed the same, you
22 would expect those to net out close to each other. It
23 would never be exact, but they would be roughly close
24 to each other. Isn't that about right?

1 A. (McNamara) I'm not sure I followed the --

2 Q. Yes, I'm not sure it was a very good question. We know
3 that the RPS obligations continue to increase, and that
4 causes you to collect more going forward.

5 A. (McNamara) Uh-huh.

6 Q. But, if those didn't change, you would collect the
7 same, you'd overrecover the same, if the Commission
8 reduced the amount, as it's allowed to do. And, that
9 you would be roughly doing an overprojection -- rather,
10 an overrecovery and a reconciliation at roughly the
11 same amounts each year, isn't that about right?

12 A. (McNamara) That sounds about right.

13 Q. All right. Just something we're going to have to deal
14 with, I think.

15 A. (McNamara) I believe that we have overrecovered,
16 definitely in this filing, and I want to say most
17 likely for the prior two as well. It's typically the
18 case that the requirements end up coming in less on an
19 actual basis than initially projected.

20 Q. Now, having said that was the last area of inquiry, I'm
21 going to do something in addition. The very first
22 correction you made, Dr. Bohan, had to do with changing
23 the year associated with the RPS requirements in one of
24 the -- one of the --

1 A. (Bohan) Schedules.

2 Q. -- attachments, yes. Under that schedule, it showed
3 you were purchasing in, I think, a calendar year in
4 2013. And, so, you are purchasing RECs that far back
5 for the '15 obligation, which is actually the one for
6 through which you could be purchasing as late as June
7 of next year, if I'm not mistaken?

8 A. (Bohan) That is correct. And, that's not something
9 that we do on a regular basis. But, if we happen to
10 run into -- we get an offer through either from a
11 broker or through an RFP that we consider to be a good
12 deal, based on what we've learned, you know, what we're
13 doing, looking at in the market, we might execute that.
14 And, that's what we have done, we did there. But,
15 generally, we're -- generally, we're purchasing within
16 a, you know, a one and a half year window for those
17 requirements.

18 CHAIRMAN HONIGBERG: Thank you. That's
19 helpful.

20 WITNESS BOHAN: Yes.

21 CHAIRMAN HONIGBERG: That's all I have.
22 Does either of you have anything else? Mr. Epler, do you
23 have any follow-up for your witnesses?

24 MR. EPLER: I do. I'm just trying to

1 think of the most direct way of doing this.

2 CHAIRMAN HONIGBERG: You could circle
3 around the way the rest of us, and eventually settle on
4 it, if you want.

5 **REDIRECT EXAMINATION**

6 BY MR. EPLER:

7 Q. Mr. Bohan, if you could turn to Bates stamp 153, that's
8 Schedule TMB-3.

9 A. (Bohan) 153. I'm there.

10 Q. Okay. And, if you recall a question you had from
11 Commissioner Bailey regarding the Large Customer
12 solicitation and the reasons behind why the Company has
13 moved in that direction. And, if you look at the
14 bottom third of that page, under the column titled
15 "Large General", which shows "Retail Sales by Customer
16 Class". So, that shows, for the Large General, an
17 increasing percentage of the retail sales that are
18 being supplied by competitive generation for the Large
19 Customers, is that correct?

20 A. (Bohan) That is correct.

21 Q. And, so, given that such a large percentage has gone to
22 competitive sales, is that the reason behind the
23 Company's initial request to move to the type of
24 solicitation it does now, where it's just seeking an

1 adder, and then flowing through -- and allowing the
2 supplier to flow through the locational marginal
3 price?

4 A. (Bohan) That is correct. And, I appreciate Mr. Epler
5 for reminding me of this fact. But the reason that we
6 went to this type of model was the risk that's
7 associated with the Large Customer Group voiced by
8 suppliers is migration risk. And, when you have a
9 large -- when you have a very small number of
10 supplier -- excuse me, customers on that supply, the
11 risk for migration can be great. Because, if you only
12 have, for example, ten customers that are on a service,
13 and four of them migrate in one direction or the other,
14 that's a 40 percent swing in your requirement.

15 So, one of the reasons we moved to this
16 model was because the concern expressed by suppliers
17 was they didn't want to bid on that load because of the
18 migration risk. This model helps eliminate that part
19 of the risk. And, as a result, that's why we moved to
20 this. So, those that do bid on this are not subject to
21 that migration risk. So, if we get into a period where
22 all of a sudden those four customers leave, that's a
23 40 percent migration, or they revert back, there's no
24 direct price impact for the current supplier under this

[WITNESS PANEL: Bohan~McNamara]

1 model. Whereas, that wouldn't be the case under the
2 traditional model.

3 Q. And, Mr. Bohan, would you also agree that, if you look
4 at the history of the pricing that's been realized
5 under the current model for Large Customers, even
6 though the Company may have only had a small number of
7 bidders to provide that service, the ultimate pricing
8 has been very competitive to the Large General
9 Customers who remain on default service?

10 A. (Bohan) That is correct. And, I believe we provided
11 some of that information in some of the dockets that
12 we've been involved with before. I also have a copy of
13 things here, if we need it. But, in short, the Large
14 Customer Default Service price that UES has had over
15 the last couple of years has been either the lowest or
16 among the lowest between its New Hampshire and
17 Massachusetts counterparts since its inception.

18 Q. You just referenced the docket. Would that be Docket
19 IR 14-338, where we provided some of that pricing
20 information?

21 A. (Bohan) That is correct.

22 MR. EPLER: Okay. Thank you. That's
23 all I have.

24 CHAIRMAN HONIGBERG: Is there anything

1 else from the Commissioners? All right. Thank you very
2 much. I think you can stay there, because we're going to
3 wrap up fairly quickly.

4 I assume there's no objection to
5 striking the ID on Exhibits 4 and 5?

6 *[No verbal response]*

7 CHAIRMAN HONIGBERG: The ID will be
8 struck. Is there anything else we need to do before the
9 parties sum up?

10 *[No verbal response]*

11 CHAIRMAN HONIGBERG: Didn't think so.
12 Ms. Chamberlin.

13 MS. CHAMBERLIN: Thank you. This rate
14 represents an increase for residential customers, which
15 reflects the higher winter rates the entire region is
16 experiencing. It is a great improvement over the increase
17 from the prior winter. So, it appears that this is a
18 competitive rate, a reasonable and fair rate. So, I don't
19 have an objection.

20 It's difficult to compare the two
21 utilities, Unitil and Liberty, trying to work at the
22 various components to see which ones are actually making
23 an impact and which are just part of the market. And,
24 that's difficult. I think it's worth continuing to look

1 at that. And, if there is a clear benefit to, from my
2 perspective, residential customers, one way or the other,
3 then that should be considered. At this point, I don't
4 think we have enough information.

5 So, I support the filing as made.

6 CHAIRMAN HONIGBERG: Ms. Amidon.

7 MS. AMIDON: Thank you. Staff has
8 reviewed the filing, and we have determined that the
9 Company has followed the bid solicitation, bid evaluation,
10 and selection process approved by the Commission in the
11 Settlement Agreement which originated these Default
12 Service proceedings, as subsequently modified by
13 Commission order.

14 And, we believe that the resulting rates
15 are a result of the competitive market and are
16 market-based, and, as such, are just and reasonable. And,
17 the Commission should approve the Petition. Thank you.

18 CHAIRMAN HONIGBERG: Mr. Epler.

19 MR. EPLER: Yes. I'll just direct the
20 Commission to the relief requested in the Petition. And,
21 thank you for your time this morning.

22 CHAIRMAN HONIGBERG: All right. Thank
23 you all very much. I know we have a short turnaround on
24 this one. We'll get an order out as soon as we can. We

1 are adjourned.

2 *(Whereupon the hearing was adjourned at*
3 *11:12 a.m.)*