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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

June 12, 2018 - 10:04 a.m.
Concord, New Hampshire

25 JUN 18 10:05

RE: **DE 18-002**
EVERSOURCE ENERGY:
2018 Energy Service Solicitation.
(Hearing regarding the period of
August 1, 2018 through
January 31, 2019)

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

Sandy Deno, Clerk

APPEARANCES: **Reptg. Eversource Energy:**
Matthew J. Fossum, Esq.

Reptg. Residential Ratepayers:
D. Maurice Kreis, Esq., Consumer Adv.
James Brennan, Finance Director
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Thomas Frantz, Director/Electric Div.
Richard Chagnon, Electric Division

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

CERTIFIED
ORIGINAL TRANSCRIPT

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I N D E X

PAGE NO.

**WITNESS PANEL: FREDERICK B. WHITE
 RHONDA BISSON
 DAVID BIDMEAD**

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P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: We're here this
3 morning in Docket DE 18-002, which is
4 Eversource's Energy Service Solicitation docket
5 for Round 2 for 2018. We have materials, some
6 of which are confidential. We have an exhibit
7 someone has placed up here on the table, which
8 I'm sure someone will explain.

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

11 MR. FOSSUM: Good morning,
12 Commissioners. Matthew Fossum, here for Public
13 Service Company of New Hampshire doing business
14 as Eversource Energy.

15 MR. KREIS: Good morning, Mr.
16 Chairman. D. Maurice Kreis doing business as
17 Don Kreis, the Consumer Advocate, here on
18 behalf of residential utility customers. And
19 with me today is our Director of Finance,
20 Mr. James Brennan.

21 CHAIRMAN HONIGBERG: All right. Are
22 there any preliminary matters? How are we
23 proceeding this morning? Oh, Suzanne. I'm
24 sorry.

1 MS. AMIDON: Remember our
2 conversation in your office earlier?

3 CHAIRMAN HONIGBERG: I feel like you
4 already entered your appearance when you came
5 into my office this morning.

6 MS. AMIDON: Suzanne Amidon, for
7 Commission Staff. And with me is the Director
8 of the Electric Division, Tom Frantz, and Rich
9 Chagnon, who's an Analyst in that division.

10 CHAIRMAN HONIGBERG: I'm sorry.

11 MS. AMIDON: Good morning.

12 CHAIRMAN HONIGBERG: I'm sorry. So,
13 with that out of the way, are there any
14 preliminary matters we need to deal with? How
15 are we proceeding? Mr. Fossum.

16 MR. FOSSUM: I don't know of any
17 preliminary matters, other than perhaps the
18 identification of a couple of exhibits that
19 have been premarked for ID.

20 As for the "how are we proceeding?",
21 we have a panel of witnesses this morning. Due
22 to unfortunate circumstances, we'll be
23 substituting out one witness with some others,
24 but all of that will be explained on the stand.

1 Other than that, I don't think
2 there's anything preliminary to cover.

3 CHAIRMAN HONIGBERG: All right.
4 Let's talk about the exhibits.

5 MR. FOSSUM: Premarked for
6 identification so far are Eversource's
7 June 8th, 2018 submission in this docket. The
8 redacted version of that has been premarked as
9 "Exhibit 12", and the confidential version of
10 that same item has been premarked for
11 identification as "Exhibit 13". And the other
12 item that has been premarked thus far for
13 identification is the rate comparison sheet, a
14 three-page exhibit, which you have been
15 provided, that has been premarked as "Exhibit
16 14".

17 CHAIRMAN HONIGBERG: All right. Why
18 don't we have the witnesses move to the witness
19 box.

20 Off the record.

21 (Whereupon **Frederick B. White,**
22 **Rhonda Bisson,** and **David Bidmead**
23 were duly sworn by the Court
24 Reporter.)

[WITNESS PANEL: White|Bisson|Bidmead]

1 CHAIRMAN HONIGBERG: Mr. Fossum.

2 MR. FOSSUM: Thank you. We'll just
3 work right down the line.

4 **FREDERICK B. WHITE, SWORN**

5 **RHONDA BISSON, SWORN**

6 **DAVID BIDMEAD, SWORN**

7 **DIRECT EXAMINATION**

8 BY MR. FOSSUM:

9 Q Ms. Bisson, could you please state your name
10 and your place of employment and your
11 responsibilities for the record.

12 A (Bisson) My name is Rhonda Bisson --

13 *[Court reporter interruption.]*

14 **BY THE WITNESS:**

15 A (Bisson) Good morning. That's better. My name
16 is Rhonda Bisson. I work for Eversource Energy
17 Service Company. And as part of that role, I
18 provide service to Public Service Company of
19 New Hampshire. I am Manager of Rates, and am
20 responsible for the calculation of rates and
21 charges in each of the rate schedules in PSNH's
22 delivery service tariff. I'm also responsible
23 for all filings related to our delivery service
24 tariff.

[WITNESS PANEL: White|Bisson|Bidmead]

1 BY MR. FOSSUM:

2 Q Thank you. Mr. White, could you also state
3 your name, your responsibilities and your --
4 and your place of employment and your
5 responsibilities for the record.

6 A (White) My name is Frederick White. I work for
7 Eversource Service Company. I'm based in
8 Connecticut. My responsibilities include the
9 supervision and analytical support needed to
10 provide the power supply for PSNH Energy
11 Service. And we also manage the RPS
12 obligations for Energy Service customers, and
13 IPP and PPA ongoing contracts with power
14 generation facilities.

15 Q And finally, Mr. Bidmead, could you also
16 provide your name, employment, and
17 responsibilities?

18 A (Bidmead) My name is David Bidmead. I'm a
19 Senior Revenue Requirements Analyst for New
20 Hampshire employed by Eversource Energy, 107
21 Selden Street, Berlin, Connecticut. My
22 responsibilities include the preparation and
23 review of the calculation of New Hampshire
24 revenue requirements for Eversource, as well as

[WITNESS PANEL: White|Bisson|Bidmead]

1 filings associated with Eversource's Energy
2 Service Charge, Stranded Cost Recovery Charge,
3 and Transmission Cost Adjustment Mechanism.

4 Q Thank you. Mr. White, back -- well, not that
5 far back, but back on June 8th, did you submit
6 testimony and exhibits in what has been
7 premarked for identification as "Exhibits 12"
8 and "13"?

9 A (White) Yes.

10 Q And was that testimony prepared by you or at
11 your direction?

12 A (White) Yes.

13 Q And do you have any updates or corrections to
14 that testimony this morning?

15 A (White) No, I do not.

16 Q And do you adopt that testimony as your sworn
17 testimony for this proceeding?

18 A (White) Yes.

19 Q Mr. Bidmead, I'll ask you, did -- also in what
20 has been premarked for identification as
21 "Exhibits 12" and "13" back on June 8th, did
22 you file any testimony?

23 A (Bidmead) No.

24 Q Are you aware of the testimony that was filed

[WITNESS PANEL: White|Bisson|Bidmead]

1 in the name of Christopher Goulding?

2 A (Bidmead) Yes.

3 Q Did you assist Mr. Goulding in the preparation
4 of that testimony and the attachments thereto?

5 A (Bidmead) Yes.

6 Q And you're familiar with the information that's
7 contained within that testimony?

8 A (Bidmead) Yes.

9 Q And are you here today to take place of Mr.
10 Goulding relative to the information that is in
11 that testimony?

12 A (Bidmead) Yes.

13 Q Do you have any updates or corrections to that
14 testimony?

15 A (Bidmead) I do not.

16 Q And do you adopt Mr. Goulding's testimony as
17 though it was your own testimony, your own
18 sworn testimony for purposes of this
19 proceeding?

20 A (Bidmead) Yes.

21 Q Mr. White and Mr. Bidmead, could you very
22 quickly please summarize what it is that the
23 Company is requesting in this filing?

24 A (White) We conducted a solicitation for the

[WITNESS PANEL: White|Bisson|Bidmead]

1 procurement of wholesale power supply for full
2 requirements service from competitive suppliers
3 throughout New England for the rate term August
4 of this year through January of 2019. And
5 along with that solicitation, using the results
6 of that, combined with other rate components,
7 have developed proposed Energy Service rates
8 for that period. And the filing reflects the
9 conduct of that solicitation and the resulting
10 Energy Service rates.

11 Q And, Mr. White, is it the Company's position
12 that the RFP and solicitation were fair, open
13 and appropriate, and that the results were fair
14 and reasonable?

15 A (White) Yes, it is. And we believe the filing
16 reflects that.

17 Q And, Mr. Bidmead, is it the Company's position
18 that the rates contained within this testimony
19 are just and reasonable rates?

20 A (Bidmead) Yes.

21 Q That's it. Ms. Bisson, I'd like to turn to you
22 for a moment. Do you have in front of you what
23 has been premarked for identification as
24 "Exhibit 14"?

[WITNESS PANEL: White|Bisson|Bidmead]

1 A (Bisson) Yes, I do.

2 Q Was this -- was this exhibit prepared by you or
3 at your direction?

4 A (Bisson) Yes.

5 Q Could you please explain what it is that is
6 shown in this exhibit.

7 A (Bisson) Sure. On Page 1 is a summary of the
8 bill impacts for a customer on our Residential
9 service rate. On Lines 1 and 2, those lines
10 represent the rates effective as of April 1st,
11 2018, and across the columns are each of the
12 rates and charges that are currently in effect.
13 On Lines 3 and 4 are the proposed August 1st,
14 2018 rates. As you can see, there's a
15 difference in the "Energy Service Charge"
16 component of Column (9) -- I'm sorry,
17 Column (6). The Energy Service rate has
18 increased from 7.903, and it's proposed to be
19 9.412 cents per kilowatt-hour.

20 We then calculated the bill impact for
21 three different scenarios: A residential
22 customer utilizing 550 kilowatt-hours per
23 month, 600 kilowatt-hours per month, and 650
24 kilowatt-hours per month. And as shown, you

[WITNESS PANEL: White|Bisson|Bidmead]

1 can see the difference in the bill for a
2 customer's Energy Service portion.

3 In the first scenario, the change is
4 \$8.30, and as a percentage of the total bill,
5 that's a 7.8 percent bill impact. Similarly,
6 for 600 kilowatt-hours, you can see the dollar
7 change is \$9.05, for a 7.9 percent bill impact.
8 And finally, for 650 kilowatt-hours, the dollar
9 change is \$9.81, for an 8 percent bill impact.

10 Q Thank you. Could you continue on to explain
11 the remaining pages of that exhibit?

12 A (Bisson) Sure. On Page 2, this is the impact
13 of each change on delivery service bills.
14 Since this is only representing the delivery
15 service portion of the bill, and not Energy
16 Service, all of the percentages are zero.

17 And finally, on Page 3, this shows, for
18 each of the major rate classifications, the
19 percentage change, the overall average
20 percentage change for each of those rate
21 classifications. So, as shown, Residential
22 customer bills would increase on average by 8
23 percent; on General Service, by 8.7 percent;
24 Rate GV by 7.8 percent; Rate LG by 8.9 percent;

[WITNESS PANEL: White|Bisson|Bidmead]

1 and then also the Outdoor Lighting rates, Rate
2 OL is 4 percent, Rate EOL is 4.4 percent. So,
3 if you look at it from an overall retail basis,
4 the bill impact would be 8.2 percent.

5 MR. FOSSUM: Thank you. I believe
6 that's all I have for the direct.

7 CHAIRMAN HONIGBERG: Mr. Kreis.

8 MR. KREIS: Thank you, Mr. Chairman.
9 I think I'm just going to pose my questions to
10 the panel, and let the distinguished members of
11 that panel decide who among them would be best
12 qualified to answer my questions.

13 **CROSS-EXAMINATION**

14 BY MR. KREIS:

15 Q Let me start with Exhibit 14. And I think I'm
16 going to start with a really broad question.
17 Which is, if you've got a 650 kilowatt-hour
18 monthly bill customer, there is basically going
19 to be an increase in that customer's electric
20 bill of 10 bucks a month starting on
21 October 1st. When that customer calls the
22 Company to say "why is my electric bill going
23 up?", what will you tell them?

24 A (White) If we're talking about the general

[WITNESS PANEL: White|Bisson|Bidmead]

1 increase in the Energy Service rate between the
2 current term and the rate term that begins on
3 August 1st?

4 Q We are.

5 A (White) The primary driver of the increase are
6 the energy and capacity markets in New England.
7 Capacity rates, the value of capacity, if you
8 will, moved from about \$7.00 to \$9.50 a
9 kilowatt-month on June 1st. So, the current
10 rate term had two months at \$7.00, two months
11 at \$9.50. The new rate term is 9.50
12 throughout.

13 In addition, and probably a bigger
14 contributor, is the energy market. The current
15 term being April through July is a relatively
16 low-cost period of time. The August through
17 January term includes August, just like July in
18 the current term, but it also includes December
19 and January, which are high-cost, high value
20 energy months.

21 Those are the two primary reasons for the
22 rate increase.

23 Q So, with respect to capacity, this is the --
24 this is the upward bump in capacity prices that

[WITNESS PANEL: White|Bisson|Bidmead]

1 have been sort of moving through the Forward
2 Capacity Market that we saw three years ago,
3 right? It's sort of like a mouse moving
4 through a snake, you can sort of see that lump
5 moving closer and closer to us, right?

6 A (White) Yes. At current forward stream of
7 prices, the 9.50 is the peak price for the June
8 '18 through May '19 period.

9 Q And with respect to those high-cost cold winter
10 months that are part of this solicitation, how
11 do the prices that you've agreed to pay this
12 winter compared to prices that were paid last
13 winter for energy?

14 A (White) Well, without doing a thorough review
15 of that, I would say the forward prices for
16 this winter, compared to last winter, are
17 probably a little elevated. And that's most
18 likely a result of, although the forward prices
19 last winter we might describe as "within a
20 typical range", we had a cold snap particularly
21 in half of December and January, which drove
22 actual prices well above the forward curve
23 leading into the winter.

24 So, having recently experienced that

[WITNESS PANEL: White|Bisson|Bidmead]

1 fairly high-cost period last winter, the
2 forward prices leading into this winter I would
3 guess are likely elevated a bit.

4 Q Looking now at I guess Exhibits 12 and 13, I
5 have Exhibit 13 in front of me, and I'm looking
6 at Bates Page 022, which is essentially the
7 sheet that summarizes the results of the
8 solicitation. I think this is a question for
9 Mr. White.

10 With respect to the Small Customer
11 suppliers, this solicitation was divided into
12 four tranches. What's the difference between
13 the four tranches?

14 A (White) There is no difference. Each is a
15 25 percent slice of the total. The only
16 difference would be the offers we received from
17 suppliers. They can "assign", if you will,
18 different prices to different tranches.

19 Q Why would they do that, given that they're all
20 identical?

21 A (White) That fits within their company's
22 business model, risk profile. You take on more
23 load, you take on more risk. Typically, they
24 range from a high to a low across four

[WITNESS PANEL: White|Bisson|Bidmead]

1 tranches.

2 Q But it wouldn't be possible for you to choose
3 different companies for different tranches?

4 A (White) Absolutely, we would.

5 Q But you did not in this case?

6 A (White) We did not in this case. All the
7 suppliers that provided offers in response to
8 our RFP were deemed qualified based on credit
9 requirements, their standing at ISO-New
10 England, and our experience with them from
11 prior solicitations. So, the winning
12 evaluation essentially came down to price.

13 Had, you know, had lowest prices been
14 stratified among various suppliers, then awards
15 would have been granted based on that.

16 Q Were there an adequate number of bidders in
17 this solicitation to assure you and us and the
18 Commission that this was a sufficiently robust
19 competition for the opportunity to serve this
20 load?

21 A (White) We would say "yes". While you always
22 prefer -- you can't have too many participants,
23 the number we had in this solicitation was not
24 out of line with what we've experienced in

[WITNESS PANEL: White|Bisson|Bidmead]

1 other solicitations in other jurisdictions.

2 So, yes. We believe it was a robust auction.

3 In addition, the offers that came in were
4 fairly within a reasonable range among one
5 another. There wasn't a really wide diversity
6 among all the various offers, which is another
7 indication that -- and again, and they fell
8 within our proxy range of prices.

9 So, it appeared on all -- through all
10 characteristics that it was a legitimate and
11 successful RFP process.

12 Q Does the Company consider the number of bidders
13 to be confidential information?

14 A (White) We do.

15 Q Why is that confidential?

16 A (White) Well, we just think it provides
17 competitive information to the various
18 participants.

19 Q And with respect to the Large Customer
20 solicitation, is it your testimony that the
21 number of bidders in that solicitation was an
22 adequate number of bidders to assure that that
23 competition was sufficiently robust?

24 A (White) While it's not ideal, we believe it was

[WITNESS PANEL: White|Bisson|Bidmead]

1 a good solicitation. There is, in general,
2 much less interest in large commercial and
3 industrial customers among the wholesale
4 supplier community. It's not unusual to have
5 only one or two, and even instances where
6 they're have been no offers, provided in other
7 solicitations for this type of customer group.

8 So, again, while we always prefer greater
9 participation, we did get participation. By
10 all evaluations that we made, it appeared to be
11 a reasonable offer among the suppliers that
12 provided offers. And so, we selected the best
13 one.

14 Q Is there anything to be inferred, either
15 favorable or unfavorable, from the fact that
16 the winning bidder was the same in both the
17 Large Customer class and all four tranches of
18 the Small Customer class?

19 A (White) Well, we don't -- we could guess that,
20 given various suppliers' current positions in
21 their portfolios, there may be incentives that
22 are driving suppliers' offers higher or lower.
23 They may perceive the risks in the upcoming
24 rate delivery term to be different than one

[WITNESS PANEL: White|Bisson|Bidmead]

1 another. We don't know what their business
2 strategies are. So, that's the way it worked
3 out.

4 Q And if I'm understanding -- well, let me ask
5 this question. In the non-confidential version
6 of Bates Page 022, which I guess means Bates
7 Page 022 in Exhibit 12, the winning bidder is
8 identified, Exxon -- Exelon Generation Company,
9 LLC. But there are other places in the
10 redacted version of Exhibit 12 where the name
11 of that bidder is redacted. The Company is
12 taking the position, is it not, that the name
13 of the winning bidder is public information at
14 this point?

15 A (White) Yes, as a result of discussions we've
16 had outside of hearing on confidentiality
17 issues. In this particular case, as you've
18 pointed out, there was one winner. In the
19 Transaction Agreements, we've redacted the name
20 of the supplier sort of as a matter of course,
21 with a view that, in future procurements or in
22 the past procurement, there were multiple
23 winners.

24 And there are, although minor, there are

[WITNESS PANEL: White|Bisson|Bidmead]

1 some unique characteristics in those
2 Transaction Agreements to each individual
3 supplier. For example, credit requirements,
4 that we feel suppliers would prefer it be held
5 confidential. That's just our view.

6 So, it's, if there were three sets of
7 winning transaction documents, to not reveal
8 the credit position among the various
9 suppliers, it's been redacted.

10 I agree, it's maybe a little pointless in
11 this particular case. That would be our
12 reasoning, and to do that uniformly going
13 forward.

14 But we're open to discussion. I don't --
15 well, I'll leave it at that.

16 Q So, just so I understand the answer that you
17 just gave. From the Company's perspective,
18 from Eversource's perspective, it's important
19 to redact the credit terms in these agreements
20 that you enter into, even though you deem all
21 of the bidders to have been creditworthy, they
22 don't all negotiate the same credit terms?

23 A (White) There's a -- sort of a roadmap of how
24 one can qualify with regard to credit. And

[WITNESS PANEL: White|Bisson|Bidmead]

1 they each may sort of hit the qualification
2 button at different points on a scale, if you
3 will.

4 Q So, that would justify redacting the credit
5 terms from the public versions of these
6 documents, but not the names of the winning
7 bidders?

8 A (White) Perhaps.

9 Q And you also, meaning Eversource, consider the
10 specific monthly prices that were bid by the
11 various bidders, including the winning bidder,
12 to be confidential?

13 A (White) Correct.

14 Q Why is that?

15 A (White) It's competitive information. We also
16 feel that at some point in time all the offers
17 should be made public, probably as anonymous
18 price streams. It's just that we believe it
19 should be confidential for a period of time.
20 In particular, until after a final decision is
21 rendered by the Commission. Thereafter, at
22 some point in time, it seems like it would be
23 useful information going forward for all the
24 suppliers to see the family of bids for

[WITNESS PANEL: White|Bisson|Bidmead]

1 solicitations in which they participated. But
2 we don't necessarily think it should be
3 revealed immediately.

4 Q So, to save Commissioner Giaimo the trouble,
5 what point in time would be a reasonable period
6 after which to make that information public?

7 A (White) Certainly, prior to the issuance of the
8 next RFP. It could be as soon as the week
9 following the Commission's decision. But I
10 guess we would think sometime probably -- well,
11 anywhere within that range would be acceptable
12 in our view.

13 MR. KREIS: Thank you. Mr. Chairman,
14 those are all the questions I have.

15 CHAIRMAN HONIGBERG: Ms. Amidon.

16 MS. AMIDON: Thank you. Good
17 morning.

18 WITNESS WHITE: Good morning.

19 MS. AMIDON: I know you know who I
20 am.

21 BY MS. AMIDON:

22 Q I wanted to continue this discussion on
23 confidentiality, because did you -- are you
24 aware that the Commission holds confidential

[WITNESS PANEL: White|Bisson|Bidmead]

1 the number of bidders for the other companies
2 that solicit energy service on the market,
3 Liberty and Unitil?

4 A (White) I would have thought that was the case.

5 Q And that is the case.

6 A (White) Okay.

7 Q Because of the very argument that you made
8 about trying to protect certain information
9 from the competitive market. And are you aware
10 that the Commission generally, with respect to
11 the wholesale prices, maintains those
12 confidential until they're released by FERC,
13 which I believe is -- I can't remember if
14 that's on a semi-annual basis, but there's a
15 FERC rule, as I understand it, that holds those
16 prices confidential, and then makes them public
17 after a certain point in time. Are you aware
18 of that?

19 A (White) I'm not aware of that.

20 Q But I believe that is the case. And subject to
21 check, I just wanted to make sure that we
22 understood that from the other companies that
23 that is indeed the case, which makes sense.

24 A (White) I agree. And I guess I'd like to know

[WITNESS PANEL: White|Bisson|Bidmead]

1 more of the details on that, because we have
2 gotten that question from suppliers. "Is there
3 a point in time at which these are made
4 public?"

5 Q Well, we can -- we can have a discussion
6 outside of this --

7 A (White) Good.

8 Q -- building on that. Or, not "outside of the
9 building", outside of the hearing. Or, maybe
10 outside of the building.

11 But going to Page 22, I had a question
12 about why the Company, at the top of the page,
13 considers forecasted loads to be confidential?

14 A (White) The reasoning there is that it would
15 provide insight for competitive suppliers into
16 how we might be evaluating their offers, which
17 in fact, it would. Because we take their
18 offers and essentially do a monthly
19 load-weighted evaluation of their offers.
20 That's the reasoning. And honestly, we thought
21 we were doing this according to the discussions
22 we've had outside of hearing on what's
23 confidential. That's the reasoning. It would
24 provide insight, and they may massage their

[WITNESS PANEL: White|Bisson|Bidmead]

1 offers based on our forecast. It may be
2 contrary to what their monthly forecast for
3 this load might be. That was the reasoning.

4 Q And we can continue those conversations outside
5 of this hearing. We don't need to take up time
6 with that.

7 I did want to talk to you about the
8 internal proxy price calculation on Page 23,
9 which you discussed on Bates 008, the last
10 paragraph, Line 27, in your testimony. So, if
11 you could go to the testimony first. Let me
12 know when you're there.

13 A (White) Yup. I'm there.

14 Q Okay. Hopefully, you see Line 27, you talk
15 about the factors that you used to evaluate the
16 bids. And on Page [Line?] 28, it begins "Over
17 time a family of factors from several prior
18 RFPs are accumulated, and from that group the
19 low and high factors are used to set the range
20 for an upcoming RFP." And it goes on to say
21 "The Company has borrowed the factors from
22 other jurisdictions" where it does business,
23 and that you "will over time incorporate more
24 iterations from New Hampshire".

[WITNESS PANEL: White|Bisson|Bidmead]

1 So, could you explain that last portion
2 about you "will over time incorporate more
3 iterations for New Hampshire"?

4 A (White) Well, this is just our second RFP.

5 Q Correct.

6 A (White) So, in that family of factors that's
7 discussed, our initial RFP is included in the
8 evaluation of those factors. And we believe, I
9 think for pretty good reason, that factors
10 developed from solicitations for this
11 particular energy service load are more valid
12 than those in other jurisdictions. So,
13 preferably that evaluation will be done only
14 using results from New Hampshire RFPs. But we
15 don't feel that, having only one prior
16 solicitation, that that represents a
17 significant amount to make it legitimate, I
18 forget the term.

19 So, over time we will roll off factors
20 from other jurisdictions until we get, I don't
21 know, maybe three years' worth of factors from
22 New Hampshire, which might represent a
23 sufficient number to be considered
24 "statistically valid".

[WITNESS PANEL: White|Bisson|Bidmead]

1 Q So, I understand. So, the intention is to try
2 to develop New Hampshire-specific criteria to
3 develop your proxy. Is that right?

4 A (White) Correct.

5 Q Okay. So, if we go to Bates 023, and that this
6 is the Eversource proxy prices. Let me know
7 when you're there please.

8 A (White) Yup. I'm there.

9 Q Okay. So, the very last row says "Term Proxy
10 Price per Megawatt-Hour". And there's a low
11 and high number there that are confidential,
12 right?

13 A (White) Yes.

14 Q And if we go to the prior page, and we look,
15 for example, at the Large Customer Group, and
16 it's a confidential number, the header of that
17 column is "Period". Do you see that number?

18 A (White) Yes.

19 Q And that does fall within that range?

20 A (White) Yes.

21 Q And similarly, when you go down to the last
22 series of rows, for the period there's an --

23 *[Court reporter interruption.]*

24 CONTINUED BY MS. AMIDON:

[WITNESS PANEL: White|Bisson|Bidmead]

1 Q -- overall result, and that number also falls
2 in the range. Is that correct?

3 A (White) That's correct.

4 Q Okay. Thank you. And further, just to
5 illustrate what you were talking about, the
6 difference between shoulder months and the
7 winter months, if we go to Bates 025. And let
8 me know when you're there please.

9 A (White) Okay.

10 Q And this is for the Large Customer Group. If
11 we look at that second table, and we see the
12 costs per month, is that right? The
13 megawatt-hour costs per month?

14 A (White) Yes.

15 Q And so, we can see that there's a substantial
16 difference, or a significant difference I'll
17 say, between November and December and December
18 and January, in terms of -- reflecting your
19 comments about the winter pricing?

20 A (White) Yes. That illustrates it fairly well
21 there.

22 Q And also, if we look at Page 27, with respect
23 to the Small Customer Group, let me know when
24 you're there.

[WITNESS PANEL: White|Bisson|Bidmead]

1 A (White) Yes.

2 Q It shows the same, it reflects your remarks
3 about the cost of the winter months, is that
4 right?

5 A (White) Yes, it does.

6 Q Okay. Thank you.

7 MS. AMIDON: And just one moment
8 please.

9 *(Atty. Amidon conferring with*
10 *Mr. Chagnon.)*

11 BY MS. AMIDON:

12 Q So, I just have a few, a couple of other
13 questions. The first one for you, Mr. White.

14 And that is, if -- what would the Company
15 do in the event that there were no bidders at
16 all? I mean, that's a remote possibility, but
17 what would you do if there were no bidders?

18 A (White) Well, I think the first thing we
19 would -- excuse me -- we would try to do is get
20 in touch with you all and bring that matter
21 out. We typically poll the supplier community
22 about a week before the offers are due. So, we
23 do get an indication of what they tell us are
24 their intentions with regard to offers they're

[WITNESS PANEL: White|Bisson|Bidmead]

1 going to provide. If we realize we weren't
2 going to get any, and most likely that might
3 occur for the Large Group, a reasonable place
4 to wind up would be some type of self-supply
5 arrangement. But we would want to go over that
6 with you all. We would have a little bit of
7 lead time there to, you know, collaborate and
8 decide what the best approach is. So, that
9 would be how we would proceed.

10 Should we receive only one offer, and it
11 was deemed unreasonable, the timeframe for that
12 collaboration and discussion with Staff would
13 be greatly reduced, because we wouldn't know
14 that until the offers are due, and we'd be
15 planning to file two days later. Nevertheless,
16 we would try to have that discussion with you
17 all.

18 We've thought that perhaps setting
19 something up just in case might make sense. We
20 thought about that too late and we didn't do
21 that this time.

22 But that's how we would proceed. We would
23 want sort of, you know, all the ideas on the
24 table, and among us pick the best approach.

[WITNESS PANEL: White|Bisson|Bidmead]

1 Q And has this occurred with any of Eversource's
2 affiliates in other jurisdictions?

3 A (White) It has.

4 Q And have you adopted that approach of
5 self-supplying?

6 A (White) Yes. That's been the outcome.

7 Q Thank you. And then there are a couple of
8 questions which probably reflect my poor
9 memory. And this has to do with the
10 reconciliation. And I don't know if this is
11 for you, Mr. Bidmead. But, if I recall, the
12 Company was going to conduct a reconciliation
13 once a year, is that right?

14 A (Bidmead) Yes.

15 Q And that would occur after you have a full 12
16 months, is that right?

17 A (Bidmead) That is correct.

18 Q Okay.

19 A (Bidmead) So -- I'm sorry. So, for probably
20 this filing next year, we would have a fully
21 populated I think it's CJG-2, Pages 1 and 2.

22 Q Okay.

23 A (Bidmead) And in the next rates for the --
24 starting February 1, we plan on populating at

[WITNESS PANEL: White|Bisson|Bidmead]

1 least April through the latest month available
2 at the time of that filing. It will be
3 populated. It won't be included in the rate.

4 Q Understood.

5 A (Bidmead) It will be included in the rate for
6 the August 1, '19 -- 2019 filing.

7 Q And also this again is the part of my failure
8 to recall. When -- is there an expected date,
9 Mr. White, for the sale of the hydro units?

10 A (White) I'm probably not the one to speak to
11 that. All I keep hearing is that it's delayed.
12 But I don't know the best estimate at this
13 point in time.

14 Q But, with respect to the hydro adjustor, that
15 is reconciling as well, is it not?

16 A (Bidmead) Yes.

17 Q And finally, probably I can't get an answer to
18 this question, but I know the Company will
19 receive rates from the ISO for its transmission
20 costs, and that you're also preparing to file
21 this week the proposed stranded costs also for
22 effect August 1. Do we have any -- do you have
23 any idea at this point what the stranded costs
24 might be for -- in terms of a cents per

[WITNESS PANEL: White|Bisson|Bidmead]

1 kilowatt-hour?

2 A (Bidmead) No. We're not there yet.

3 MS. AMIDON: Okay. All right. Thank
4 you. That's all I have.

5 CHAIRMAN HONIGBERG: Commissioner
6 Bailey.

7 CMSR. BAILEY: Thank you. Good
8 morning.

9 WITNESS BIDMEAD: Good morning.

10 WITNESS WHITE: Good morning.

11 BY CMSR. BAILEY:

12 Q Mr. White, what do you mean by a "self-supply
13 arrangement"?

14 A (White) Where we would become the load-serving
15 entity at ISO-New England. And so, the load
16 responsibility would fall onto our settlement
17 account. And the monies in that load being
18 served with energy, capacity, ancillaries, all
19 costs associated -- administrative costs at ISO
20 would flow through our settlement account. So,
21 there would be no third party wholesale
22 supplier involved. We would, in effect, be the
23 wholesale supplier.

24 Not entirely unlike what we did when we

[WITNESS PANEL: White|Bisson|Bidmead]

1 owned generation and used that portfolio to
2 serve load. We were the load-serving entity in
3 ISO-New England's eyes for this load. And
4 while we had the generation, we still had to
5 make additional procurements through ISO-New
6 England to serve the load. So, it would be
7 that arrangement. That's what "self-supply"
8 refers to. There's no other party involved in
9 serving that load. It all flows through
10 Eversource.

11 Q And you would buy -- would you buy it based
12 on -- would you buy energy based on the LMP?
13 How does that work? How does that work?

14 A (White) Yes. I guess the question would be, if
15 we would make any forward purchases for energy
16 to risk manage energy costs. If we didn't make
17 any or -- any forward purchases, or even if we
18 did, to the extent the actual load differed
19 from those purchased amounts, they would settle
20 at ISO-New England LMPs.

21 Q And I'm sorry, I forgot this. Did you -- did
22 you say that you've done that before in other
23 jurisdictions?

24 A (White) Yes, we have. There have been

[WITNESS PANEL: White|Bisson|Bidmead]

1 instances -- there have been instances in other
2 jurisdictions where no offers were received
3 for, you know, large, used generally, for large
4 customer load, and in those cases we've
5 self-supplied.

6 In Connecticut, in fact, there was a
7 agreement or directive from the Connecticut PUC
8 that CL&P would manage a portion of energy
9 service load in a self-supply arrangement. In
10 other words, when the RFP went out for full
11 requirements service, it wasn't for the full
12 load. It was predetermined that CL&P would
13 self-supply a small portion of that load.

14 So, we have had these arrangements in
15 other jurisdictions where it's been necessary
16 for us to manage that portfolio directly with
17 ISO-New England.

18 Q Why do you think it's so hard to get responses
19 for the Large Customer Group? Is it because
20 the load is small and the risk is high?

21 A (White) That's essentially it. It's not that
22 attractive. I don't think there's -- like you
23 say, it's small. So, there's not a lot of
24 money to be made. And really, those are the

[WITNESS PANEL: White|Bisson|Bidmead]

1 customers that have the most ingress and
2 egress. So, there's a lot of volume risk. And
3 if a supplier wants to go make forward
4 purchases, it's difficult to peg the right
5 amount looking across a six-month upcoming
6 term. So, that represents risk to them.

7 If load comes back, it may be coming back
8 at a high price. They've set a fixed rate, and
9 they're responsible for it. They have to
10 procure energy at a rate above the offer they
11 gave us. They may have bought too much forward
12 and, if the load goes away, they're stuck with
13 too much energy that they have to dump into the
14 ISO market.

15 So, it's -- I think you've summarized it
16 very well. There is not a lot of opportunity
17 there, and there's much greater risk than with
18 residential-type load.

19 Q What would the drawback be to adding the C&I
20 load to the residential load and just
21 soliciting for the entire load in one, without
22 distinguishing between C&I and residential?
23 Would that have the effect of increasing the
24 rate for residential?

[WITNESS PANEL: White|Bisson|Bidmead]

1 A (White) I believe, if you blended those risks,
2 then residential customers would probably have
3 higher risk premiums in their rate. They would
4 be by far the dominant component of that load
5 group, combined load group. But it would have
6 the tendency to raise those risk premiums to
7 some degree.

8 I think that it's kind of become the norm,
9 if you will, that it's recognized that those
10 larger customers have greater incentive and
11 greater ability, receive more potential
12 arrangements with competitive retail suppliers,
13 and they just tend to move back and forth
14 between default and third party supply more
15 frequently. And to not subject residential
16 customers to those risks, they have been
17 separated.

18 They have the wherewithal to track those
19 things, the greater incentive, because they
20 probably have more risk on their own part about
21 what their power supply costs are in their
22 manufacturing or whatever operations.

23 So, characteristically, the groups are
24 different. That's been recognized, and so they

[WITNESS PANEL: White|Bisson|Bidmead]

1 have been operated.

2 Q Do you have -- have you made an historical
3 analysis of the load for C&I customers? I
4 understand that individual C&I customers may
5 come and go. But is there a baseline amount of
6 load that C&I customers always expect you to
7 provide? Do you know that yet?

8 A (White) I'm not sure I understand. The C&I
9 load in this case is an under 50 megawatt peak
10 load. It's probably something like an average
11 of 30 megawatts around the clock.

12 Has it gone below that? I'm not sure I
13 know what historically the minimum is. I would
14 say that I think 30 is probably pretty close to
15 as low as it gets. Probably goes a little
16 below that.

17 Q But that's 30 levelized out or could it go --
18 do you think it might go below 30 or do you
19 think 30 is a safe bet?

20 A (White) I think it could go below 30. I think
21 that it moves around, and hence the risk. I
22 mean, it goes up and down. And so, you know,
23 if you were to say that what the baseline is, I
24 think you'd be talking about what's the

[WITNESS PANEL: White|Bisson|Bidmead]

1 minimum. There's no guaranteed minimum. I
2 wouldn't -- I hesitate to guess how low it
3 could go.

4 Q Would it be hard to take a look at the history
5 of that?

6 A (White) We could do that. We have that data.
7 Just at a migration percent, we're serving less
8 than 10 percent of industrial customer load
9 currently. So, --

10 Q But it seems like 10 percent is -- you're
11 always going to have some kind of -- right, you
12 just don't know. Okay.

13 A (White) Yes. I don't think we know. I think
14 you could make a reasonable guess that it
15 probably won't be zero.

16 CHAIRMAN HONIGBERG: Yes.

17 CMSR. GIAIMO: Maybe I can ask a
18 question that enlightens us on this one.

19 BY CMSR. GIAIMO:

20 Q The people that remain on PSNH's default
21 service that are C&I, are they credit risks?
22 In other words, are they people that suppliers
23 don't target specifically because they may have
24 poor credit?

[WITNESS PANEL: White|Bisson|Bidmead]

1 A (White) I would say that's a component. I'm
2 not familiar with individual customer, the
3 position of them, and those that are remain on
4 our rate. But that's a common discussion point
5 around large C&I customers.

6 BY CMSR. BAILEY:

7 Q Another thing that you said was that sometimes
8 you could "set something up just in case, in
9 case you didn't get a response to a bid." What
10 did you mean by that?

11 A (White) Well, we might try to set aside some
12 time with the Staff on the offer date for
13 perhaps, you know, midday, in case we receive
14 offers, and we look at them and go "these don't
15 seem reasonable. Perhaps we shouldn't accept
16 any of these offers." We don't want to
17 unilaterally make that decision. We would --
18 we feel it makes sense that that should be a
19 collaborative decision about which way to
20 proceed. And with the condensed timeframe, it
21 might be advisable to set aside some time ahead
22 of time, in case that occurs.

23 That's all I was referring to. And, you
24 know, there's probably some more discussion to

[WITNESS PANEL: White|Bisson|Bidmead]

1 have about that.

2 Q Okay. Thanks. That's helpful. In looking at
3 the monthly bids, it seems like there's a bump
4 in October. Based on your experience, can you
5 explain why October would be higher than
6 November maybe?

7 A (White) Yes. That's likely because loads --
8 there's lower loads in that month, for example,
9 and there are some fixed cost components to the
10 Energy Service rate, for example, capacity.
11 And so, those costs are amortized over much
12 smaller megawatt-hours, and which sort of
13 drives that rate up.

14 CMSR. BAILEY: Okay. Thank you.
15 That's all I have.

16 CHAIRMAN HONIGBERG: Commissioner
17 Giaimo.

18 BY CMSR. GIAIMO:

19 Q So, following up on that question. Maybe you
20 can just explain that or send that by me one
21 more time. It seems like the actual -- the LMP
22 should be significantly lower in the shoulder
23 months, when there's -- particularly when
24 there's no heating load or no air conditioning

[WITNESS PANEL: White|Bisson|Bidmead]

1 load, but yet still we're seeing a bump. And
2 you're suggesting that it's due to fixed
3 prices, like the capacity market, being divided
4 over a fewer number of kilowatt-hour sales?

5 A (White) That's correct.

6 Q Okay.

7 A (White) Yes. The capacity market doesn't have
8 the volume changes like energy does from
9 seasonal. It's really a -- not a fixed number,
10 but essentially a fixed amount of capacity that
11 has to be supported year-round. And those
12 costs are kind of developed on a monthly basis.
13 And they don't change that much from month to
14 month absent a clearing price change.

15 So, that's what it is. It's fixed dollars
16 being spread over smaller sales.

17 Q Okay. So, it's not, in that month where it
18 might be \$9.00 -- where the capacity price for
19 Capacity Commitment Period 9 cleared at \$9.55
20 per kilowatt-hour month, each month can vary,
21 is that correct? That the total amount
22 collected each month varies?

23 A (White) Well, no. The total amount collected
24 to support capacity doesn't change very month

[WITNESS PANEL: White|Bisson|Bidmead]

1 -- very much each month. So, in other words --
2 I don't really have a number in my head. But,
3 if ISO-New England says "To keep the lights on,
4 we've got to support 35,000 megawatts
5 throughout New England", and it clears at 9.50
6 a kilowatt-month, whatever that multiplication
7 is, they need to collect that amount of money
8 every month from the load throughout New
9 England. And so, if you're collecting, I don't
10 know, \$10 million dollars every month, but in
11 October the sales over which you collect it --

12 Q Yes. That's --

13 A (White) So, it's a reliability market that
14 supports around for the full year a needed
15 amount of capacity.

16 Q Okay. Speaking of the capacity market, it
17 looks like the capacity component represents
18 maybe about a third of the total clearing price
19 for the solicitation. Is that about right?

20 A (White) I haven't checked it in that respect.

21 Q Let me see. If we were doing a
22 back-of-the-envelope?

23 A (White) Yes. I think that that's a reasonable
24 approximation.

[WITNESS PANEL: White|Bisson|Bidmead]

1 Q Okay. Thanks. And as we're in the high water
2 mark for the capacity commitment period
3 pricing, we could expect that to go down in
4 subsequent years?

5 A (White) Yes. It's 9.55, as you said, starting
6 this June. Next June, it goes to \$7.00, \$5.30
7 the following June, and 4.60 in June of '21,
8 which is the latest Forward Capacity Auction
9 that's been conducted.

10 Q Great. So, does anyone know off the top of
11 their head how the July 2018 number compares to
12 the August number? The July number was the
13 result of a solicitation back in February, and
14 this August number is obviously related to the
15 June solicitation. So, we have months
16 difference of solicitations that are five
17 months later. How does the price look?

18 A (White) Well, if I follow you, the current
19 Small Customer rate through July is 7.9 cents
20 per kilowatt-hour. And the proposed rate in
21 this filing beginning August 1st is 9.4 cents
22 per kilowatt-hour. And that increase is
23 reflective of primarily energy market prices,
24 as we've discussed.

[WITNESS PANEL: White|Bisson|Bidmead]

1 Q That's the blended number. That was the
2 blended number for the entire --

3 A (White) Six-month term.

4 Q -- six-month term.

5 A (White) Correct.

6 Q I was just wondering if you noticed or observed
7 what the month strip was for each solicitation?
8 If I looked at it correctly, it looks like it's
9 very comparable. And my point is that the
10 solicitation, even though it was six months
11 later, showed comparable prices between July
12 and August?

13 A (White) Between July and August? Yes. I
14 believe that would be true. Those months
15 typically are similar costs.

16 Q Following up on Commissioner Bailey's question,
17 I think her comment was that there might be
18 fewer or the suggestion was that there might be
19 fewer offers for C&I, as a result of the
20 existing migration rates and the potential for
21 additional migration, and then the volume, as I
22 think you turned to it, the volume risk that
23 the supplier has is significant.

24 A (White) Yes.

[WITNESS PANEL: White|Bisson|Bidmead]

1 Q Okay.

2 A (White) And it's not just egress, it's ingress,
3 as they could come back and they can come and
4 go.

5 Q Right. So, and I think Commissioner Bailey
6 mentioned it, would there be any benefit of
7 merging the C&I customers with residential
8 customers? I'll take it slightly different,
9 I'll ask a slightly different question. Would
10 there be any value or any potential in blending
11 all of the C&I customers in Massachusetts,
12 Connecticut, and New Hampshire, increasing, you
13 know, increasing the supply, being a better --
14 maybe providing a better load, larger numbers,
15 economy of scales?

16 A (White) Maybe in a pure sense. But I think
17 that creates a lot of complexity among
18 jurisdictions. It may be very difficult to get
19 there. In theory, perhaps it would -- I don't
20 think it would reduce volume risk. It might
21 create a better -- more profit potential for a
22 large supplier. But I just -- I'm not sure
23 that's a practical --

24 Q Okay.

[WITNESS PANEL: White|Bisson|Bidmead]

1 A (White) -- thing to pursue, from my
2 perspective.

3 Q Thank you, sir. Thank you for answering that
4 question.

5 The next question is relative to
6 self-supply. I just want to make sure I heard
7 you right. If there were no suppliers, and the
8 obligation was on the Company, you would
9 self-supply. And what I thought I heard you
10 say was that you would do that through the spot
11 market, and now I may be putting words in your
12 mouth, but that would be some sort of blending
13 of real-time, day-ahead, and potential longer
14 contracts, hedging contracts. Is that the
15 general --

16 A (White) That's correct. It's a fairly small
17 amount of load. So, you know, the idea of
18 doing forward purchases may be difficult for
19 those volumes. It may not make a whole lot of
20 sense.

21 And I just also want to add that we would
22 probably believe that's a reasonable approach
23 that we would -- that could be adopted to serve
24 the load. But we don't want to arrive there

[WITNESS PANEL: White|Bisson|Bidmead]

1 unilaterally. We would look for advice and
2 input and, you know, have a discussion before
3 we said, you know, "we're going to do this",
4 without any input from other stakeholders.

5 Q And my last question would be, on Valentine's
6 Day we were together. And you -- in this prior
7 proceeding, obviously.

8 [Laughter.]

9 WITNESS WHITE: Glad you got that on
10 the record.

11 BY CMSR. GIAIMO:

12 Q So, I'm looking at the February transcript
13 here.

14 [Court reporter interruption.]

15 BY CMSR. GIAIMO:

16 Q I'm sorry. I'm looking at the transcript from
17 February 14th. And we had a discussion about
18 the timeframe for the process. And you said
19 "the shorter the timeframe the better." And
20 so, it looks like maybe the Company and Staff
21 got together and expedited the timeframe. I
22 was hoping you might be able to comment on it.
23 And in the prior solicitation, it looks like
24 there might have been eight days between the

[WITNESS PANEL: White|Bisson|Bidmead]

1 hearing and the order, excuse me, and at that
2 time you mentioned that that provides some sort
3 of uncertainty that could result in a price
4 premium being put on solicitations. And so,
5 now it looks like the turnaround is three days.
6 So, I was wondering if you might just be able
7 to comment on that?

8 A (White) Yes. I think that we had a
9 misunderstanding about the time required for
10 the Commission to deliberate and issue an
11 order. And so, that reduction in time is very
12 beneficial. You know, again, shorter is always
13 better.

14 On our side, we receive offers, in this
15 case, on a Wednesday, and we filed on Friday.
16 You know, there's a day there. Could we get
17 rid of that day? I think that would be
18 difficult on our side. Whether there's any
19 additional time to be gained between filing and
20 an order, that's on your all's time schedule.

21 But we do agree that this is much better.
22 And I believe it's in line with the other
23 utilities in New Hampshire. We didn't realize
24 we were different last time around, quite

[WITNESS PANEL: White|Bisson|Bidmead]

1 frankly.

2 CMSR. GIAIMO: Thank you for that.

3 CHAIRMAN HONIGBERG: Most of my
4 questions have been answered.

5 BY CHAIRMAN HONIGBERG:

6 Q I want to beat a horse that may not quite be
7 dead, with respect to the possibility of
8 combining the large C&I customers with the
9 small group. I understand your instincts are
10 telling you that the risk added to the
11 residential customers may be large. Has there
12 been any thought or would you consider making
13 it an option for the bidders, to see if someone
14 wants to bid on the entire load, and see what
15 it is they come up with?

16 It may well be that the relatively small
17 C&I load has little effect. But, again, unless
18 you do an experiment, you may not know.

19 A (White) Well, I guess it's something that can
20 be discussed. You recall that the history of
21 the ES rate, where we went through some
22 deliberation, the outcome was to have an ADE
23 rate. That was wholly a result of the
24 migration risk that was laid on or added to

[WITNESS PANEL: White|Bisson|Bidmead]

1 residential customers.

2 So, to some extent there have been a lot
3 of discussions that -- which outcome was to
4 separate the rate classes. That was some time
5 ago. I don't know if things have changed all
6 that much.

7 I guess we would have to think through
8 that option to suppliers.

9 Q I think that's the idea. And I think these
10 topics, all the topics we discuss up here, they
11 recur.

12 A (White) Uh-huh.

13 Q And they cycle back. And sometimes what seems
14 like a good idea, turns out to be a bad idea.
15 Or it was a good idea for a while, and then
16 stopped working, and so you go back to
17 something that works for somebody else.

18 A (White) Uh-huh.

19 Q Nothing -- nothing is new in this realm, it
20 seems. And in fact, Commissioner Giaimo's
21 questions about combining jurisdictions may be
22 Commissioner Scott again for a question that he
23 would ask about combining solicitations in
24 different jurisdictions. Not with you,

[WITNESS PANEL: White|Bisson|Bidmead]

1 obviously, because you were in a different
2 process, but some of your peers.

3 A (White) Okay.

4 Q So, again, your instincts are probably correct
5 about what would happen with a combination.
6 But maybe thinking, as you said, thinking
7 through the process with suppliers, conferring
8 with Staff, who knows more about this than we
9 do, it can't hurt. And then, if there's a
10 process you can put in place that might give
11 bidders an option, we might all learn
12 something.

13 But that's just me using -- that's not a
14 question, that's just a comment.

15 A (White) I will take it back to our office. And
16 perhaps it can lead to discussions with Staff.
17 And those are legitimate thoughts, I agree.

18 Q New topic. But you had a conversation with, I
19 don't remember who it was now, on regarding
20 Page 22 of Exhibits 12 and 13, the load
21 information that's at the top of that page.
22 What load information do the perspective
23 bidders get? What is it that they're bidding
24 on in terms of load?

[WITNESS PANEL: White|Bisson|Bidmead]

1 A (White) They get historical loads for these
2 load assets. So, they know over the past many
3 years how the -- the load profile of these
4 particular customer classes.

5 Q So, then they have to go through a process of
6 projecting what they think the load will be,
7 just like you're going through a process of
8 projecting what you think the load will be?

9 A (White) That's correct. And I assume they all
10 have their own models, software to do that,
11 weather forecasts, whatever. And how they view
12 migration risk, you know.

13 Q Do you know, and maybe someone else in the room
14 knows if you don't, when your process and the
15 default service processes generally are being
16 reviewed formally? Are we due for a formal
17 review of energy service solicitations by the
18 utilities?

19 CHAIRMAN HONIGBERG: Ms. Amidon.

20 MS. AMIDON: Well, what I recall is,
21 I mean, and I want to say at the outset, you
22 know, PSNH is -- or, Eversource is new to this
23 process. So, there's always going to be some
24 adjustment period and some period of time where

[WITNESS PANEL: White|Bisson|Bidmead]

1 they're going to evaluate the results, as
2 Mr. White said.

3 But, in the prior order in this
4 docket, I believe there -- or in the -- was it
5 in the prior order or related to the settlement
6 on the process, there was a directive by the
7 Commission for Staff to file a recommendation
8 evaluating default service procurement for
9 energy by I think it was September 1.

10 I can't remember whether it was in
11 connection with the Commission's approval of
12 the methodology or in connection with the last
13 procurement. But that is a task that was
14 assigned to the Staff.

15 CHAIRMAN HONIGBERG: Okay. Thank
16 you, Ms. Amidon. Thank you for clarifying
17 that.

18 And I agree with you, Ms. Amidon,
19 this is clearly a new process for the Company.
20 And, Mr. White, we understand that. We
21 understand that this is -- we're still in the
22 "shakedown cruise" phase for this. And the
23 numbers for the three-month period looking so
24 different from the numbers for the six-month

1 period are not surprising, given what we knew
2 we were getting into. I think everybody
3 understands that we're moving forward slowly,
4 and going to fix things as we go and as you go.

5 Those were my questions. Mr. Fossum,
6 do you have any follow-up for your panel?

7 MR. FOSSUM: No, I do not.

8 CHAIRMAN HONIGBERG: All right. I
9 think you can probably remain where you are,
10 because we won't take long from here.

11 Without objection, we'll strike ID on
12 Exhibits 12, 13, and 14.

13 Anything we need to do before the
14 parties sum up?

15 *[No verbal response.]*

16 CHAIRMAN HONIGBERG: All right. Mr.
17 Kreis, why don't you start us off.

18 MR. KREIS: Thank you, Mr. Chairman.
19 I learned recently from those whose pay grade
20 is higher than mine that the fundamental
21 purpose of electricity restructuring is to
22 reduce cost to consumers. And in that spirit,
23 I have to say that the Office of the Consumer
24 Advocate would look with extreme skepticism at

1 the notion of reconfiguring the way PSNH seeks
2 bids for default service load in a manner that
3 would potentially have the effect of
4 transferring the risk associated with
5 commercial and industrial load to the
6 beleaguered backs of residential customers.

7 I'm not saying it's something we
8 would oppose in all circumstances forever.
9 But, as I say, it's something that we would
10 regard with skepticism. And much as we
11 appreciate the possibility of the Company
12 having dialogue with the Staff of the
13 Commission about that, we would most assuredly
14 like to be part of those conversations as well.
15 And we will need to be convinced, before we
16 agree to anything, that the interests of
17 residential customers, who have borne the brunt
18 of the costs associated with restructuring, are
19 fully protected.

20 Beyond that, though, I would say that
21 the results of this solicitation are just and
22 reasonable rates. And therefore, the
23 Commission should approve the proposal that the
24 Company has put before you.

1 CHAIRMAN HONIGBERG: Thank you, Mr.
2 Kreis. Ms. Amidon.

3 MS. AMIDON: Thank you. Staff has
4 reviewed the filing and determined that the
5 Company followed the appropriate solicitation,
6 bid evaluation, and selection process, and that
7 the Company should be allowed to recover the
8 costs of the supply offered by winning bidders
9 through rates. And because it's a result of
10 the competitive market, we believe that the
11 final rates are just and reasonable.

12 As to the process, Staff does not
13 favor at this time requiring the Company to
14 change the current process that it's employing
15 to procure default service by combining the
16 small and residential customers.

17 We think it's appropriate for the
18 Company to provide -- to continue to do it the
19 way it's doing it for some time in order to get
20 adequate information on the factors that
21 Mr. White referenced, in terms of the New
22 Hampshire-specific factors.

23 In addition, we note that Unitil, for
24 example, has three customer groups, and they

1 are different rates for each group. So, I tend
2 to agree with Mr. -- with Attorney Kreis that
3 the result of this might be an unfair burden on
4 those customers who are less inclined to leave
5 supply offered by a utility, which are the
6 residential customers bearing a greater burden
7 of any poor over-collection -- I mean,
8 under-collection, bad debt, and just generally
9 cost of power.

10 So, in conclusion, we would support
11 the Commission approving this Petition
12 according to the timeframes requested by
13 Eversource.

14 CHAIRMAN HONIGBERG: Thank you,
15 Ms. Amidon. Mr. Fossum.

16 MR. FOSSUM: Thank you. As the
17 Commission is well aware, now that we've
18 finally moved over to a process that's similar
19 to that conducted by the other utilities in New
20 Hampshire, this is essentially a pass-through
21 for the Company. And therefore, what we're, as
22 a general matter, looking for is a process
23 that's straightforward, perhaps even easy to
24 administer, transparent, understandable, and

1 ultimately fair to the customers.

2 So, to that end, you know, whether
3 there might be a change down the line in how
4 things are conducted, we're open to at least
5 discussing it. Certainly, nothing is going to
6 change for this solicitation, and probably not
7 for the next one either. But we're not --
8 we're certainly open to the possibility that
9 other stakeholders may have other ideas, and we
10 can talk about them.

11 For whatever discussions might be had
12 relative to these filings as they are, or may
13 be changed in the future, I see no problem
14 including the OCA, and would welcome their
15 participation in those as well.

16 With that all said, we appreciate the
17 comments of the others this morning that the
18 rates as proposed are just and reasonable. We
19 echo that sentiment. And we would request that
20 the Commission approve the solicitation and the
21 ultimate rates that have been proposed as just
22 and reasonable for implementation on
23 August 1st, as proposed.

24 CHAIRMAN HONIGBERG: All right.

1 Thank you all. We will take the matter under
2 advisement, issue an order as quickly as we
3 can.

4 ***(Whereupon the hearing was***
5 ***adjourned at 11:16 a.m.)***

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