



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**I N D E X**

**PAGE NO.**

**WITNESS PANEL:            JEFFREY M. PENTZ  
                                 DANIEL T. NAWAZELSKI  
                                 LINDA S. McNAMARA**

Direct examination by Mr. Fossum	6
Cross-examination by Mr. Wiesner	9
Interrogatories by Cmsr. Chattopadhyay	24
Interrogatories by Chairman Goldner	33

**\*           \*           \***

**CLOSING ARGUMENTS BY:**

Mr. Wiesner	39
Mr. Fossum	41

**E X H I B I T S**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Petition for Approval of Default Service Solicitation and Proposed Default Service Tariffs, including proposed tariff pages; Direct Testimony of Jeffrey M. Pentz, with attachments; Direct Testimony of Linda S. McNamara, with attachments; and Direct Testimony of Daniel T. Nawazelski, with attachments <b>{CONFIDENTIAL &amp; PROPRIETARY}</b>	<i>premarked</i>
2	Petition for Approval of Default Service Solicitation and Proposed Default Service Tariffs, including proposed tariff pages; Direct Testimony of Jeffrey M. Pentz, with attachments; Direct Testimony of Linda S. McNamara, with attachments; and Direct Testimony of Daniel T. Nawazelski, with attachments <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>

**P R O C E E D I N G**

1  
2 CHAIRMAN GOLDNER: Okay. Good morning,  
3 everyone. I'm Commissioner Goldner. And I'm  
4 joined today by Commissioner Chattopadhyay.  
5 We're here in Docket 22-017 for a hearing  
6 regarding the Unitil Default Service Schedule.

7 Let's take appearances, beginning with  
8 Unitil?

9 MR. FOSSUM: Good morning,  
10 Commissioners. Matthew Fossum, here for Unitil  
11 Energy Services.

12 CHAIRMAN GOLDNER: And the  
13 Department --

14 MR. FOSSUM: I'm sorry. I apologize.  
15 "Unitil Energy Systems". Still new.

16 CHAIRMAN GOLDNER: Thank you, sir. And  
17 the New Hampshire Department of Energy?

18 MR. WIESNER: David Wiesner,  
19 representing the Department of Energy.

20 CHAIRMAN GOLDNER: Thank you, sir.

21 For preliminary matters, Exhibits 1 and  
22 2 have been prefiled and premarked for  
23 identification. All material identified as  
24 "confidential" in the filings will be treated as

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 confidential during the hearing.

2 Is there anything else we need to cover  
3 regarding exhibits?

4 MR. FOSSUM: None that I'm aware of.

5 CHAIRMAN GOLDNER: Thank you. Are  
6 there any other preliminary matters, before we  
7 have the witnesses sworn in?

8 *[No verbal response.]*

9 CHAIRMAN GOLDNER: No. Seeing none.  
10 Let's proceed with the witnesses.

11 Mr. Patnaude, would you please swear in  
12 the panel of witnesses.

13 (Whereupon **Jeffrey M. Pentz,**  
14 **Daniel T. Nawazelski,** and **Linda S.**  
15 **McNamara** were duly sworn by the Court  
16 Reporter.)

17 CHAIRMAN GOLDNER: Thank you. We'll  
18 move to direct examination. And I'll recognize  
19 Mr. Fossum.

20 MR. FOSSUM: Thank you. I'll keep it  
21 brief. I'll start, just for ease, from my left  
22 to right.

23 **JEFFREY M. PENTZ, SWORN**

24 **DANIEL T. NAWAZELSKI, SWORN**

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**LINDA S. McNAMARA, SWORN**

**DIRECT EXAMINATION**

BY MR. FOSSUM:

Q Mr. Pentz, could you please state your name, your position, and your responsibilities for the record?

A (Pentz) My name is Jeffrey Pentz. I am a Senior Energy Analyst at Unitil. And I'm responsible for the procurement of default service.

Q And, Mr. Pentz, have you previously testified before this Commission?

A (Pentz) Yes.

Q And, Mr. Pentz, did you file, back on March 25th, 2022, testimony and attachments as part of the Company's Default Service filing, and included in what has been marked for identification as "Exhibits 1" and "2"?

A (Pentz) Yes.

Q And was that testimony and those materials, were those prepared by you or at your direction?

A (Pentz) Yes.

Q And do you have any corrections or updates to that testimony and information this morning?

A (Pentz) I do not.

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 Q And do you adopt that testimony as your sworn  
2 testimony for this proceeding?

3 A (Pentz) I do.

4 Q And next, Mr. Nawazelski, could you please state  
5 your name, position, and responsibilities for the  
6 record?

7 A (Nawazelski) My name is Daniel Nawazelski. I am  
8 the Manager of Revenue Requirements for Unitil.

9 Q And similarly, have you ever testified prior  
10 before this Commission?

11 A (Nawazelski) Yes, I have.

12 Q And did you also, back on March 25th,  
13 2020 [2022?] file testimony and attachments and  
14 other materials as part of the Company's Default  
15 Service filing, and included in what has been  
16 marked as "Exhibits 1" and "2"?

17 A (Nawazelski) Yes, I did.

18 Q And was that testimony and were those materials  
19 prepared by you or at your direction?

20 A (Nawazelski) Yes, they were.

21 Q And do you have any corrections or updates to  
22 that information this morning?

23 A (Nawazelski) No, I do not.

24 Q And do you adopt that testimony as your sworn

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 testimony for this proceeding?

2 A (Nawazelski) Yes, I do.

3 Q And, finally, Ms. McNamara, could you please  
4 state your name, position, and responsibilities  
5 for the record?

6 A (McNamara) My name is Linda McNamara. I am a  
7 Senior Regulatory Analyst for Unitil.

8 Q And have you previously testified before this  
9 Commission?

10 A (McNamara) Yes.

11 Q And, Ms. McNamara, did you, back on March 25th,  
12 2022, file testimony and attachments and other  
13 materials as part of the Company's Default  
14 Service filing, and included in what has been  
15 marked as "Exhibits 1" and "2"?

16 A (McNamara) Yes.

17 Q And was that testimony prepared by you or at your  
18 direction?

19 A (McNamara) It was.

20 Q And do you have any corrections or updates to  
21 that information this morning?

22 A (McNamara) No.

23 Q And do you adopt that testimony as your sworn  
24 testimony for this proceeding?

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 A (McNamara) Yes.

2 MR. FOSSUM: With that, I'll make the  
3 witnesses available for cross-examination.

4 CHAIRMAN GOLDNER: Thank you. I'll  
5 recognize Mr. Wiesner.

6 MR. WIESNER: Thank you, Mr. Chairman.

7 I do have a number of questions for  
8 this panel. I'll begin with Mr. Pentz.

9 **CROSS-EXAMINATION**

10 BY MR. WIESNER:

11 Q And looking at Exhibit 2, Bates Page 018, and my  
12 references are to the red Bates pages at the very  
13 bottom of the page. Can you tell us if the RFP  
14 solicitation was conducted earlier in this cycle  
15 and at a different time of the month than it was  
16 last year, in Docket DE 21-041?

17 A (Pentz) Yes. The solicitation was shifted one  
18 week earlier for this solicitation. And this was  
19 a strategy we used to not coincide receiving  
20 final bids with what's called "Bid Week" in the  
21 natural gas markets, which can be a time of heavy  
22 volatility. And, you know, we did experience  
23 heavy volatility when we received final bids for  
24 our previous procurement. And we feel that, you

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 know, this was a good idea to bump it up and  
2 receive final bids to not coincide with the last  
3 week of the trading month for gas markets.

4 Q And does the Company believe that the lesser  
5 volatility reduces the risk of higher supplier  
6 bids?

7 A (Pentz) Yes. That's correct. The power markets  
8 are, in New England, usually directly correlated  
9 with gas markets.

10 Q And I suppose volatility could go either way.  
11 But it's the Company's belief that avoiding that  
12 volatility is beneficial to customers?

13 A (Pentz) Yes.

14 Q Thank you. So, moving on to Bates Page 020.  
15 And, if we look at Lines 9 through 16, this is  
16 where you provided I'll call it a "high-level  
17 comparison" of the current proposed rates, as  
18 compared to the current rates in effect, and the  
19 rates in effect a year ago. Do you see that?

20 A (Pentz) I apologize. Was this Bates Page 020?

21 Q Right. The red Bates Page 020.

22 A (Pentz) Oh. Okay.

23 Q And this is where you explain that, for Small and  
24 Medium customers, prices are "60 percent higher

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 than the same period a year ago", and "41 percent  
2 lower" than current prices.

3 However, for the large G1 customer  
4 pricing, the adder is "6.7 percent lower than a  
5 year ago", and "9.8 percent lower" than the  
6 current G1 adder.

7 I wonder if you could expand on that  
8 explanation somewhat, and also perhaps remind us  
9 what's included in that G1 adder?

10 A (Pentz) Sure. So, the way we procure for our  
11 Large Customer class is different than our Non-G1  
12 Customer class, which is our Small and Medium  
13 classes.

14 So, when we're talking about power  
15 supply, for Non-G1 customers, we procure a  
16 full -- full requirements service, which contains  
17 all components of wholesale energy costs, which  
18 includes energy, capacity, and ancillary  
19 services.

20 For large customers, we procure a fixed  
21 adder. And that fixed adder that we ask  
22 suppliers to bid just contains the capacity and  
23 the ancillary portion of it, does not contain the  
24 energy piece.

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1           So, when you look at the fixed adder  
2           pricing, and you see that it's lower than  
3           previous periods, that can be directly traced to  
4           capacity prices moving downward in recent years.  
5           And, in particular, if you look at this capacity  
6           year, 2021 through 2022, versus the previous one,  
7           the prices did decline quite a bit. So, you can  
8           see that. Coincidentally, the bid prices for the  
9           G1 class also went down. So, you know, from  
10          those lower percentages, you can tie that to the  
11          capacity prices, and the results seem to be in  
12          line with capacity prices moving downward. So,  
13          it makes sense to me, the results.

14        Q     Is it your understanding that capacity is the  
15          largest portion of the adder?

16        A     (Pentz) Yes. That's correct. Capacity is a  
17          significant portion of the fixed adder, while  
18          ancillary charges are a much smaller percentage.

19        Q     And to be clear, those two separate components  
20          that you believe are covered by the adder are not  
21          separately itemized or unbundled?

22        A     (Pentz) That's correct.

23        Q     Okay. Thank you. Now, on Bates Page 022, and,  
24          again, I'm using the red Bates pages, which are

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 somewhat different than the pages that were in  
2 the original testimony as filed. Here you state  
3 that some bidders believe that "the large  
4 customer load is too small to serve", and also  
5 that "large customer migration to a third party  
6 supplier is a concern for some bidders."

7 Are there any strategies the Company  
8 could implement to alleviate those bidder  
9 concerns?

10 A (Pentz) Previously, the way large customers used  
11 to be procured, was that we asked for full  
12 requirement bids, where we asked for all the  
13 components to be bid. And, you know, there was  
14 not too much participation in that class, once  
15 retail choice started up. So, we moved to the  
16 fixed adder bidding, in order for suppliers to  
17 reduce their risk in regards to, you know, load  
18 migration to competitive supply.

19 So, we do think that the current  
20 strategy of procuring a fixed adder and passing  
21 through the energy piece is really the best way  
22 to procure energy for these large customers.

23 You know, that being said, the  
24 participation is usually slightly more limited

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 when compared to the non-G1 class. But we have  
2 been consistently receiving enough bids in this  
3 class for, you know, me to make the evaluation  
4 that it still is a competitive bidding process,  
5 although there is slightly less competition.

6 Q And, in particular, the number of bidders that  
7 you saw in this solicitation, even for the Large  
8 Customer class, suggest that there is sufficient  
9 competition?

10 A (Pentz) Yes. That's correct.

11 Q Thanks. Now, on Bates 023, and this is where  
12 you've spent some time describing the Company's  
13 procurement of RECs for RPS compliance through  
14 RFPs that are issued each year. Is that right?

15 A (Pentz) That's right.

16 Q And can you provide some more detail about the  
17 timing of the two annual RFPs?

18 A (Pentz) Right. Historically, we've issued RFPs  
19 for RECs in October. And the RFPs consist of  
20 procuring 50 percent of the REC requirements for  
21 the current REC compliance year, and 50 percent  
22 for the next compliance year.

23 For example, in our most recent REC  
24 solicitation, in October, we procured 50 percent,

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 we asked bidders to supply 50 percent of our RECs  
2 for the 2021 trading year, and 50 percent for the  
3 2022 trading year.

4 So, we're able to, when we issue these  
5 annual RFPs, we're able to -- well, our goal is  
6 to purchase 50 percent of our requirements,  
7 essentially, twice a year.

8 Q And, so, if I'm understanding it, then a  
9 sufficient number of the RECs that you're  
10 procuring in each solicitation are being bought  
11 on a forward basis, which is to say they haven't  
12 been produced yet, but the suppliers of those  
13 RECs are committing to produce them at a future  
14 time?

15 A (Pentz) For the most part, yes. You will have  
16 some suppliers that will already have minted RECs  
17 that will bid in the RFP. And, in that case,  
18 should we award them RECs, the transfer of RECs  
19 is done almost immediately, once the award is  
20 done.

21 However, for future compliance years,  
22 such as in 2022, those RECs have not been minted  
23 yet, and that is a forward obligation on behalf  
24 of the REC supplier.

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 Q And has the Company found that strategy and that  
2 timing to be a successful means to procure RECs  
3 at reasonable prices?

4 A (Pentz) We believe it has. The strategy here is  
5 to release the RFP shortly after the second  
6 quarter trading period has opened up. And that's  
7 usually when suppliers -- when REC suppliers can  
8 reconcile their generation. And, if they have  
9 any excess generation, sell it into the market.

10 Q And I'm assuming that the Company would not buy  
11 RECs at a price in excess of the applicable  
12 alternative compliance payment. Is that a fair  
13 assumption?

14 A (Pentz) Yes. That's a fair assumption.

15 Q And instead, the Company would say "We're not  
16 going to buy the RECs, we will pay the ACP the  
17 following year when it's due"?

18 A (Pentz) That's correct.

19 Q Thank you. Now, I'll jump ahead to Bates, again,  
20 these are the red Bates pages, 178 and 179. This  
21 is the Customer Migration Report, is that  
22 correct, when you get there?

23 A (Pentz) Yes. That's correct.

24 Q Okay. Thank you. And this is a report that

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 shows the number of customers and the amount of  
2 energy delivered by competitive electric  
3 suppliers, rather than through Company default  
4 service. Is that a fair characterization?

5 A (Pentz) Yes.

6 Q And has the Company seen any upward or downward  
7 changes in migration trends in the past several  
8 months?

9 A (Pentz) No. The percentages here illustrate  
10 there really hasn't been significant migration  
11 from competitive supply onto default service, or  
12 vice versa. It's pretty consistent with what  
13 we've seen historically, going back several  
14 years.

15 Q And that's the case, even though the Company's  
16 winter period higher -- default service rate was  
17 considerably higher than it's been in prior  
18 years?

19 A (Pentz) That's correct.

20 Q Is there any surprise on the part of the Company  
21 to that lack of migration, especially the smaller  
22 customers?

23 A (Pentz) I would say no. That the market is the  
24 market. And competitive suppliers, you know, may

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 see the Company's pricing, and, you know, they  
2 have their own strategies for how they want to  
3 price out customers. But the market is the  
4 market. And, generally, if prices are high, you  
5 know, for a utility procuring, you know, it may  
6 be the same price as what retail suppliers offer  
7 as well.

8 But it all depends on timing, and how  
9 they procure energy. And I think that's probably  
10 not an area to go into. But, generally, I'm not  
11 surprised.

12 Q Okay. Thank you. Thank you for that answer.  
13 Now, I'll turn to Ms. McNamara. And I'm looking  
14 at Bates Page 206. I'll let you get there.  
15 Again, the red 206.

16 A (McNamara) I'm there. Thank you.

17 Q And this is a table captioned "Non-G1 Class  
18 Default Service Power Supply Charge Revenue". Do  
19 you see that?

20 A (McNamara) I do.

21 Q And, if we look at that table, and there are  
22 other similar tables also attached to your  
23 testimony, there are references to the "Unbilled  
24 Factor", "Unbilled kilowatt-hours", and "Unbilled

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 Revenue". Can you walk us through what that's  
2 telling us?

3 A (McNamara) Yes. The purpose of "Unbilled  
4 Revenue" in this particular calculation is to  
5 better align revenues with the period in which  
6 they would have incurred, or kilowatt-hours, in  
7 this particular case, and then calculated revenue  
8 as an estimate. Every month we do an estimate.  
9 The following month the estimate is reversed, and  
10 a new estimate for the following month is  
11 calculated. Which, if you were to look on the  
12 schedule, you see the first few columns that you  
13 referenced, Columns (b) and (c), (d) and (e), for  
14 example. That's the Residential section on this  
15 particular page. There's a similar section for  
16 the G2 and Outdoor Lighting.

17 And, then, if you go way over to Column  
18 (k), you see the reversal for the prior month,  
19 which is a summation of the two classes for the  
20 previous month.

21 The purpose, again, is to calculate the  
22 energy that is used in any single month, but not  
23 yet billed.

24 Q So, in effect, those entries reflect the

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 different cycles for meter reading, billing, and  
2 collections. Is that fair to say?

3 A (McNamara) I would say that's fair to say.

4 Q Which do not track calendar months?

5 A (McNamara) Correct.

6 Q Okay. But, ultimately, the actual charges and  
7 revenues for various rate components are  
8 reconciled through proceedings such as this, is  
9 that right?

10 A (McNamara) Correct. And actual billed revenue is  
11 also shown on this particular page, under Column  
12 (1). Those amounts are what go through the  
13 billing cycle. And you would probably notice  
14 that in any months, particularly, I will say, the  
15 middle months, so avoiding the first months and  
16 the last months, generally speaking, there's not  
17 a big difference, because most customers, in this  
18 particular class, pay the fixed energy charge,  
19 and, therefore, wouldn't calculate unbilled  
20 revenue, which is based on, just for an estimate,  
21 using the fixed energy charge. Then, the amount  
22 that we have for total revenue, which includes  
23 the unbilled estimate and actual billed revenue,  
24 generally are about in a close neighborhood.

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1           Your differences can typically come  
2           with using unbilled revenue in any model, any  
3           mechanism, would be, if you had a large change in  
4           usage, where you also had a rate change. If you  
5           had a large rate change, you would also see a  
6           little bit more of a difference.

7    Q       Thank you. That's a helpful clarification. And  
8           I guess I'm turning back a few pages to Page 192,  
9           again, red Bates Page 192 in your testimony. And  
10          here there are references to the "prime rate",  
11          and there are other references throughout the  
12          testimony and schedules. The current prime rate  
13          is three and a half percent, is that correct?

14    A       (McNamara) Correct.

15    Q       How often is the applicable prime rate adjusted  
16          under the Company's tariff?

17    A       (McNamara) The Company uses two prime rates in  
18          its calculation of Default Service. One prime  
19          rate, which is quarterly, is used as part of the  
20          reconciliation process, which provides the  
21          carrying charges on any over- or  
22          under-collection. The other prime rate is used  
23          in the calculation of working capital, which I  
24          believe is what is being referenced here on Bates

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 Page 192. That prime rate is monthly.

2 Q And does the Company expect the prime rate to  
3 rise in the coming months, as is expected,  
4 interest rates are increased by the Federal  
5 Reserve Open Markets Committee?

6 A (McNamara) I would say yes.

7 Q And that adjustment will carry through to these  
8 calculations?

9 A (McNamara) Correct.

10 Q And can you just confirm for us what the basis  
11 for the requirement for the Company to use the  
12 prime rate in these calculations comes from?

13 A (McNamara) That came from a Commission order  
14 probably close to fifteen years ago. I believe  
15 it was in DG 07-072. It was a utility-issued  
16 order. It wasn't specific to just Unitil.

17 *(Atty. Wiesner and Mr. Eckberg*  
18 *conferring.)*

19 BY MR. WIESNER:

20 Q So, I guess our notes suggest that it was Order  
21 Number 24,682, from October of 2006, in Docket DE  
22 06-123.

23 A (McNamara) Correct.

24 Q And I'm not trying to stump you.

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 A (McNamara) No. No.

2 Q But does that sound right?

3 A (McNamara) That's good. That's -- it was  
4 initially, I believe, that's where the Company  
5 included it. And that's how the Company proposed  
6 to calculate its Default Service rates.  
7 Ultimately, I believe the Commission did issue an  
8 order and said, long story short, "Yes, Unitil,  
9 go ahead and use that. Keep going."

10 But, like I said, the initial order  
11 that I referenced, DG 07-072, which was Order  
12 25,028, was a wider utility-issued order, which,  
13 again, confirmed to Unitil, at least, and I don't  
14 recall what it said about the other utilities.

15 MR. WIESNER: Thank you. That's  
16 helpful. I have no further questions, Mr.  
17 Chairman.

18 CHAIRMAN GOLDNER: Thank you,  
19 Mr. Wiesner. We'll move to Commissioner  
20 questions. Commissioner Chattopadhyay.

21 CMSR. CHATTOPADHYAY: Good morning.  
22 So, I will not have too many questions. But just  
23 let me first respond to what I've heard. And I  
24 have a couple of questions, I think.

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 BY CMSR. CHATTOPADHYAY:

2 Q So, one of them is, you mentioned how the  
3 solicitation was done a week ahead of what  
4 usually is done. Now that you did it, did you go  
5 back and check whether that was the right thing  
6 to do, in terms of, you know, you were stressing  
7 the need to face less volatility? So, I'm just  
8 curious whether you kind of go back and do some  
9 look-back?

10 A (Pentz) We will review the numbers, you know,  
11 probably in the coming weeks, to see how we  
12 stacked up. This was pretty much an experiment  
13 on our part, to see if prices comparatively, you  
14 know, would be lower than receiving final bids in  
15 the final week.

16 So, I can't speculate right now as to  
17 whether, you know, that really was any benefit.  
18 But I think, historically, I think what we're  
19 going to do is, you know, in the coming weeks,  
20 track the gas market prices and, you know, see if  
21 it was useful or not.

22 Q So, is it possible that you provide that analysis  
23 at some point? It doesn't have to be now. But,  
24 you know, I'm just -- I'm interested in knowing

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1           whether that decision resulted in, you know,  
2           better rates?

3    A       (Pentz) Yes. And just to add on to that, when we  
4           received final bids in the previous solicitation,  
5           during our default procurement, that week was  
6           very volatile. There were geopolitical issues  
7           going on around the world, which caused gas  
8           markets to spike. And, to this day, that's still  
9           continuing, where we're seeing natural gas prices  
10          go significantly higher due to increased LNG  
11          exports to Europe right now, and that's going to  
12          increase power prices even further, not just in  
13          New England, but in the entire country.

14                        Of course, it's exacerbated in New  
15          England, because, you know, most of the power is  
16          produced by natural gas, and there are pipeline  
17          constraint issues, which causes the cost of  
18          natural gas, just in New England, to be much  
19          higher than the rest of the country.

20    Q       You mentioned that it's an "experiment" that you  
21           thought about. So, was this in your mind for a  
22           while, or really the current reality kind of  
23           popped up, this idea?

24    A       (Pentz) The idea popped up as a result of our

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 previous procurement.

2 Q Okay.

3 A (Pentz) Yes.

4 Q But it happened just, you know, pretty recently?  
5 That's what I'm trying to say.

6 A (Pentz) Yes.

7 Q Yes. Can you, if you have the history behind the  
8 large G1 customers, you know, that you have a  
9 fixed adder approach now, which uses just the  
10 capacity and the ancillary markets, you know, and  
11 it leaves the energy portion separate, and they  
12 face the music depending on whatever the prices  
13 are real-time. When was that change put in  
14 place? Just curious.

15 A (Pentz) I don't know the exact year it was put  
16 into place. I believe it was 2012, but I can  
17 take a record check on that and get back to you.

18 Q Did you notice that really helped in changing the  
19 participation from bidders, as far as the large  
20 G1 category is concerned?

21 A (Pentz) I do know --

22 Q Do you recall, like --

23 A (Pentz) Yes. I am aware that, when the change  
24 was made, participation, on part of wholesale

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 suppliers, did increase substantially. Because,  
2 before the change was made, when bidders were  
3 bidding on a full requirements price, there was a  
4 large amount of migration risk on large  
5 customers. And usually suppliers will price in a  
6 risk premium to their bids, when there's -- when  
7 you have large customers that represent a large  
8 amount of load that could go to competitive  
9 supply, that's a big risk on their part.

10 So, we do find that, since we  
11 transitioned to the fixed adder approach, that  
12 bidders are more willing and able to participate  
13 in the large customer procurement now, now that  
14 energy is a passthrough, and they essentially  
15 don't have to worry about hedging their energy  
16 piece. It's just capacity and ancillaries, which  
17 are a smaller part. And, you know, those pieces,  
18 and particularly energy, you know, being very  
19 volatile, the fact that they don't have to fix  
20 that in makes it less risky for the supplier,  
21 yes.

22 Q With the Master Supply Agreements with, you know,  
23 the winning bidders, did you need to change  
24 anything there this time around, relative to what

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 agreements you had previously?

2 A (Pentz) There were no changes made to the master  
3 contracts.

4 Q So, just bear with me, I'm going to go to the  
5 right page. For this one, I'd like to reference  
6 the Bates pages.

7 So, I'm still trying to reach the right  
8 portion. So, it's -- I'm going to go to where  
9 you do your own analysis, to see whether the  
10 prices that you received, the bids, are in line  
11 with what you would expect in a competitive  
12 environment.

13 So, can you -- I know you talked about  
14 it in the testimony, but can you walk me through?  
15 So, where I am is, I think, using the red  
16 numbering, it's 046 of 274. And just go there,  
17 and just give me a general sense of what you're  
18 doing. I mean, I have read your testimony, but  
19 it always helps to have the chart in front of me,  
20 and then it might be easier for me to grasp  
21 exactly what you're doing.

22 A (Pentz) I believe this is the "Comparison of  
23 Winning Bids to NYMEX Futures" exhibit?

24 Q Yes.

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 A (Pentz) Yes. Yes. So, NYMEX power futures, in  
2 general, have gone up significantly in the past  
3 six months, and even over the past year. And,  
4 so, I apologize. I have a version of the filing,  
5 which seems to be three Bate pages off. I'm not  
6 sure what exactly happened. I have the filing in  
7 front of me, but I just want to make that  
8 mention. So, if we go in this --

9 Q So, if I understood you, just bear with me.

10 A (Pentz) Yes.

11 Q I think you're probably looking at the black  
12 labels or --

13 A (Pentz) I'm looking at the red labels.

14 Q Red labels.

15 A (Pentz) Yes.

16 Q And you're saying it's still off?

17 A (Pentz) Yes. It is. But I do have the exhibit  
18 in front me. So, it's not a big deal.

19 Q Okay.

20 A (Pentz) So, this particular exhibit, when we look  
21 at the bid prices, and what we're doing is  
22 comparing them to NYMEX futures. And, on the  
23 first exhibit, where we're looking at power  
24 futures, and comparing that to the previous year.

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 So, you'll see we're looking at "June 2022", and  
2 comparing that to "June 2021". You'll see that,  
3 you know, that there is quite a bit of change in  
4 the NYMEX ISO forwards. And much of this exhibit  
5 is confidential. However, you can see the  
6 numbers essentially speak for themselves, the  
7 NYMEX futures, and that effect on bid prices.

8 And, in this exhibit, there is -- well,  
9 the "Ratio of Final Bid to NYMEX" prices. And  
10 what that is is a comparison of NYMEX futures to  
11 the previous period, applying the current bid  
12 prices that we receive for this period. So, you  
13 see how we did compared to the previous period.  
14 And the results are shown there, in the final bid  
15 price versus calculation result. And those are  
16 the numbers. Yes.

17 Q Okay. So, without, of course, this is a  
18 confidential, you know, so, without divulging the  
19 numbers, essentially what you're showing me how  
20 the ratios have changed?

21 A (Pentz) Yes.

22 Q And then, you know, and kind of judging whether  
23 that makes sense, in terms of "okay, we are in a  
24 more competitive or decently competitive

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 environment"?

2 A (Pentz) That's correct.

3 Q Okay.

4 A (Pentz) Yes.

5 Q Thank you. So, I would -- this is more  
6 forward-looking, I'm not talking about any data  
7 now, but it would really help going forward, when  
8 you are presenting the information, visuals  
9 really help. So, for example, and just a simple  
10 example, the number of, you know, bidders, right,  
11 so, you have data of what happened over the last,  
12 let's say, ten years, whenever you did  
13 solicitations. So, if you have some sort of a  
14 visual on, you know, a graph showing how many  
15 bidders participated, and, over time, that kind  
16 of stuff would help going forward.

17 So, I'm just suggesting, and there  
18 might be other, you know, other pieces of  
19 information that can be also provided that are  
20 visually, rather than having to go through  
21 everything like in so many pages. So, I'm just  
22 suggesting that it would be helpful to us, at  
23 least for the next time around.

24 A (Pentz) Thank you, Commissioner. And I

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 definitely understand the interest there in  
2 receiving information on the number of bidders.  
3 However, the number of bidders is strictly  
4 confidential.

5 Q Okay.

6 A (Pentz) That can cause issues in a competitive  
7 environment, if you have a supplier that it looks  
8 back at our filings and they see "oh, well, you  
9 know, they received no bidders this time", "they  
10 received seven bidders", they can then  
11 essentially, not game the market, but they can  
12 make adjustments, and we may be at a competitive  
13 disadvantage, --

14 Q Yes.

15 A (Pentz) -- based on revealing that information.

16 Q I'm not suggesting you would provide it  
17 publicly, --

18 A (Pentz) Okay.

19 Q -- if it's, you know, confidential. I mean,  
20 you've provided stuff here that's confidential.  
21 So, even in the confidential version, there may  
22 be ways to improve the visuals. And that was my  
23 thought.

24 CMSR. CHATTOPADHYAY: I think that's

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 all I have. Thank you.

2 CHAIRMAN GOLDNER: Okay. I just have,  
3 really, one area of interest.

4 BY CHAIRMAN GOLDNER:

5 Q It's in red Bates 199. So, I believe it's  
6 Ms. McNamara's testimony. And I'm just trying to  
7 understand the large table on that page. So, if  
8 you're there, let me know?

9 A (McNamara) I am there.

10 Q 199. So, as I read the table, you have, in part  
11 two of the chart, and under "Renewable Portfolio  
12 Standard Charge", if you go to the bottom right,  
13 it looks like about four-tenths of a cent,  
14 "0.00438". And, then, if I look, and if we just  
15 focus, for example, on the Residential class  
16 above that, it looks like that's "0.096", you  
17 know, cents. So, roughly, 4 percent, right,  
18 0.004, divided by 0.096, would be the portion of  
19 the total attributable to RPS. Am I doing the  
20 math right?

21 A (McNamara) Slightly off.

22 Q Good. Good.

23 A (McNamara) The top section -- so, this is  
24 actually our non-G1 Default Service tariff page.

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 This is in redline, the particular page that is  
2 referenced. But the tariff page essentially  
3 looks identical.

4 The top section is calculating power  
5 supply, as indicated in the top, or near the top  
6 left, there's a little blurb there that says  
7 "Power Supply Charge". And it's done for the  
8 Residential class. And, as you mentioned, the  
9 rate there is shown for the fixed, the fixed rate  
10 for the period, is proposed to be "\$0.09679" per  
11 kilowatt-hour. Just below that is the same  
12 calculation done for the G2 and Outdoor Lighting  
13 class.

14 And then, carrying down to roughly the  
15 middle of the page is that next box shows the  
16 "Renewable Portfolio Standard Charge", and that's  
17 where you've indicated the "\$0.00438" per  
18 kilowatt-hour.

19 So, at the very bottom is where we sum  
20 those amounts together. So, the proposed Default  
21 Service charge, which is based on the Power  
22 Supply Charge and the RPS, is about 10 cents.

23 Q Perfect. So, just if you take it home on the  
24 precise calculation, it would be 0.00438, and

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 would I divide that by the "0.10117" or the  
2 "0.09370"?

3 A (McNamara) The 10-cent amount would be the total  
4 amount, yes.

5 Q Okay. So, roughly, if we're doing rough math,  
6 and correct me again if I go astray, but that  
7 would something like 4 percent, right, something  
8 in that ballpark?

9 A (McNamara) Correct.

10 Q Yes. Okay. Okay, very good. So, about 4  
11 percent.

12 And, then, I didn't see a table in the  
13 testimony, so anyone on the panel, please jump  
14 in. But I was just trying to understand the  
15 difference between what you paid for the RPS  
16 charges, what the components of that 0.00438 in  
17 dollars per kilowatt-hour, and how that compared  
18 to the current ACP price. Is there any testimony  
19 that relates to ACP?

20 A (Pentz) I would have to go in here and review my  
21 testimony. So, there is information in some  
22 exhibits and testimony. I think, for example,  
23 the summary of REC purchases for 2022 RPS  
24 compliance. This reviews the purchases made for

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 2022.

2 Q So, Mr. Pentz, can you point me to the Bates page  
3 please?

4 A (Pentz) Right. So, that would be red Bates Page  
5 041 is what I have. It may be "Bates Page 044"  
6 for you.

7 Q Okay. No problem. Just give me a moment please  
8 as I'm paging up. What's at the top of the  
9 table? And I'm looking at something called "UES  
10 Default Service RFP Issued February 22nd"?

11 A (Pentz) That's correct.

12 Q Okay.

13 A (Pentz) And I apologize again for the Bates page  
14 mishap. So, this particular exhibit gives us the  
15 results of the RFP issued last October. Now, I  
16 think going forward we're going to make some  
17 additions, in particular to our REC purchases, to  
18 add in the ACP price as well. So, you can  
19 compare the ACP price to the market price. And  
20 this was mentioned to us in the technical  
21 conference a couple days ago. So, we will make  
22 changes to this exhibit. So, it will be easier  
23 to see how we did compared to the ACP price.

24 CHAIRMAN GOLDNER: Okay. Very good.

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 That's helpful. And just to follow on  
2 Commissioner Chattopadhyay's comments. It is  
3 helpful for us to have summary tables in the  
4 testimony, just the "big picture" stuff, so we  
5 can orient ourselves quickly. You can imagine  
6 reading 274 pages of testimony, and trying to  
7 find the, you know, kernel of truth in the middle  
8 of the array of numbers can be challenging. It  
9 just makes our life easier, and thus everyone's  
10 life easier.

11 Okay. Very good. Well, that is  
12 helpful. So, yes, next time around, if you could  
13 just orient us to ACP. It sounds like, in a  
14 technical session, that was brought up as well.

15 Okay. Very good. That's all the  
16 questions that I have.

17 I'll turn it over to Mr. Fossum for any  
18 redirect.

19 MR. FOSSUM: I was going to clarify the  
20 last item that you had raised, Commissioner. But  
21 we've discussed that. So, I have nothing for  
22 redirect.

23 CHAIRMAN GOLDNER: Commissioner  
24 Chattopadhyay, I'm sorry, had a follow-on, too.

[WITNESS PANEL: Pentz|Nawazelski|McNamara]

1 So, I'll give you another chance at the end.

2 Yes.

3 CMSR. CHATTOPADHYAY: Yes. I just  
4 wanted to be clear, based on the prior  
5 back-and-forth that we had. I was simply using  
6 the number of bidders as an example. So, you may  
7 have to think through, there are other variables  
8 that could also be easily presented graphically  
9 or in a table. That's what I meant.

10 So, you know, at this point, I don't  
11 have other suggestions. But I would request the  
12 Company to think through it, and maybe suggest  
13 changes and make some changes that would help us  
14 next time around. Because this all happens like  
15 a -- almost like a rocket docket, right. So,  
16 yes.

17 WITNESS PENTZ: We will think through  
18 that. Thank you.

19 CHAIRMAN GOLDNER: Mr. Fossum?

20 MR. FOSSUM: I do not have anything  
21 further.

22 CHAIRMAN GOLDNER: All right. Well,  
23 I'll thank the witnesses for their time today,  
24 excellent and very helpful testimony. And the

1 witnesses are released. So, thank you.

2 Okay. So, without objection, we'll  
3 strike ID on Exhibits 1 and 2 and admit them as  
4 full exhibits.

5 And we can move now to closing  
6 arguments, beginning with Energy.

7 MR. WIESNER: Thank you, Mr. Chairman.

8 The Department of Energy has reviewed  
9 the Company's filing, and we discussed it with  
10 the Company during a technical session on Tuesday  
11 afternoon. And I want to thank them for the  
12 opportunity to have that discussion. It's very  
13 helpful, given the accelerated nature of these  
14 proceedings.

15 Based on that review and discussion, we  
16 believe the Company conducted the bid  
17 solicitation, bid evaluation, and final supplier  
18 selection according to the process described in  
19 the settlement that was approved by the  
20 Commission in Order Number 24,511, in  
21 September 2005, in Docket DE 05-064, and  
22 consistent with other Commission decisions.

23 In particular, we believe that the  
24 supplier solicitation process was competitive,

1 and the bids selected were reasonable, and the  
2 resulting energy supply prices are market-based.  
3 In addition, the estimated RPS compliance costs  
4 and prior period reconciliations appear to be  
5 reasonable and proper.

6 We'd also like to recognize the  
7 Company's acknowledgement in its Petition that  
8 the Department, and other interested parties, may  
9 not have had sufficient time in the short course  
10 of this proceeding to thoroughly review the  
11 updated lead/lag study included with the  
12 Company's testimony. And we agree with the  
13 Company's request for the Commission to approve  
14 the proposed tariffs as filed. And Department  
15 Staff will continue to review the lead/lag study.  
16 If any issues are identified as a result of that  
17 review, that would result in changes to rates or  
18 reconciliations, we will notify the Commission if  
19 any such determination is made.

20 So, in sum, consistent with the  
21 Commission's precedent, including the settlement  
22 agreement previously referenced, we believe the  
23 Commission should approve the filing and the  
24 rates -- excuse me -- the rates that result from

1 the filing.

2 And, as requested by the Company, the  
3 Commission approval order should be issued by  
4 tomorrow afternoon to permit customer notice  
5 prior to the Default Service rate change  
6 effective for June 1st.

7 Thank you.

8 CHAIRMAN GOLDNER: Thank you,  
9 Mr. Wiesner. Mr. Fossum.

10 MR. FOSSUM: I'll begin by thanking  
11 Mr. Wiesner for a very thorough and complete  
12 statement, with which I wholeheartedly agree.

13 The Company likewise believes and has  
14 put forth a filing indicating that a complete and  
15 competitive solicitation was undertaken. That  
16 the resulting rates coming from that solicitation  
17 are market-based, just and reasonable, and should  
18 be approved.

19 I'll note only briefly one other thing  
20 that was discussed at this hearing, and that we  
21 will take up in time, is that the Department of  
22 Energy Staff, in the course of our technical  
23 conference earlier this week, indicated certain  
24 enhancements that they believe would be helpful

1 to the filing. And we intend to make those,  
2 along with the enhancements that the  
3 Commissioners have raised this morning. And we  
4 look forward to presenting to you a filing in the  
5 future that is more complete and more helpful,  
6 given the speedy nature of these particular  
7 dockets.

8 And, on that last point, I'll offer  
9 just, I guess, a single *mea culpa* on that.  
10 Historically, the Company has, in a more timely  
11 fashion, notified the Commission of its schedule  
12 and intent, and did so in much less time this  
13 year, and very much appreciates the Commission  
14 accommodating the schedule, to make sure that  
15 these rates are approved efficiently and in time  
16 so that they may be put in place as requested.

17 So, with that aside, I'll say, again,  
18 that I agree with the Department of Energy,  
19 request the Commission approve the rates as  
20 filed, as being just and reasonable and in the  
21 public interest.

22 Thank you.

23 CHAIRMAN GOLDNER: Thank you. Okay,  
24 I'll just take the opportunity to thank the

1           Company and the New Hampshire Department of  
2           Energy for developing the record, making for a  
3           very efficient hearing. And I'll thank the  
4           witnesses as well for being very helpful today.

5                       We'll take the matter under advisement,  
6           issue an order. And we are adjourned.

7                       ***(Whereupon the hearing was adjourned***  
8                       ***at 9:52 a.m.)***

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24