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24

I N D E X

PAGE NO.

RE: MOTION FOR CONFIDENTIAL TREATMENT BY:

Mr. Kreis	6, 8, 11
Ms. Chiavara	7, 11, 12
Mr. Wiesner	9, 11
Chairman Goldner	10, 13

QUESTIONS BY:

Chairman Goldner	7, 9, 10
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* * *

WITNESS PANEL:

**JAMES SHUCKEROW
PARKER LITTLEHALE
LUANN LAMONTAGNE
MARISA PARUTA**

Direct examination by Ms. Chiavara	15, 114
Cross-examination by Mr. Kreis	30, 118
Cross-examination by Mr. Wiesner	53, 127 , 140
Interrogatories by Cmsr. Simpson	67, 130
Interrogatories by Chairman Goldner	83, 135
Redirect examination by Ms. Chiavara	112

*[NOTE TO READER: Page numbers above in **BOLD** are within the **CONFIDENTIAL** Session]*

CLOSING ARGUMENTS BY:

Mr. Kreis	142
Mr. Wiesner	145
Ms. Chiavara	149

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
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19
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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Petition for Adjustment to Energy Service Rate for Effect on August 1, 2022, including Testimony and Attachments <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
2	Petition for Adjustment to Energy Service Rate for Effect on August 1, 2022, including Testimony and Attachments {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>

1 is the Staff Attorney at the Office of the
2 Consumer Advocate.

3 CHAIRMAN GOLDNER: Thank you. Now,
4 we'll move to the New Hampshire Department of
5 Energy.

6 MR. WIESNER: Good afternoon,
7 Commissioners. David Wiesner, representing the
8 Department of Energy. With me is Steve Eckberg,
9 an Electric Analyst in the Regulatory Support
10 Division, and also Attorney Matt Young, who is
11 our new Hearings Examiner, who has been working
12 with me on this docket.

13 CHAIRMAN GOLDNER: Okay. Very good.
14 For preliminary matters, I'd first like
15 to thank the Company for providing a clear and
16 helpful cover letter summarizing the rates, the
17 current rates, and the August 1, 2022 to
18 January 31st, 2023 rates that are the subject of
19 today's filing. So, thank you for that.

20 Exhibits 1 and 2 have been prefiled and
21 premarked for identification. All material
22 identified as "confidential" in the filings will
23 be treated as confidential during the hearing.

24 Is there anything else that we need to

1 cover regarding exhibits?

2 MR. KREIS: There is, Mr. Chairman.
3 And it has to do with this issue of
4 confidentiality.

5 This is not a routine default service
6 filing in the following sense: In contrast, I
7 believe, to the Liberty Utilities filing that you
8 considered last week, and approved yesterday,
9 Eversource is proposing here not to identify the
10 winning bidder or bidders. That's unprecedented.
11 It is not, the identity of the winning bidder or
12 bidders, is not among the things that are
13 punitively confidential under RSA [Puc?] 201.06,
14 and, therefore, that is not a routine request.

15 I would also point out that not making
16 public the number of bidders in a solicitation
17 like this is a -- I guess I would characterize it
18 as "not a no-brainer", in RSA 91-A terms, given
19 the vast significance of the rate increase that
20 is being proposed here, and the public's
21 statutory right to be able to scrutinize the way
22 the PUC, and, frankly, my office, and the
23 Department of Energy, are dealing with what
24 Eversource is proposing here, which is

1 unprecedented after all.

2 CHAIRMAN GOLDNER: Ms. Chiavara.

3 MS. CHIAVARA: Yes. Thank you.

4 I would agree that the circumstances
5 are not routine, and that the request is not
6 routine. However, it's not to block the public's
7 information in any way. The market conditions
8 out there are extreme, to say the least. The
9 volatility is -- cannot be, I think, overstated.

10 And the Company's position is that,
11 yes, we normally divulge the winning bidders.
12 However, we feel that any indication as to what
13 the market is presently doing, market actors may
14 further take advantage of that situation, and
15 actually worsen the market, which would
16 ultimately hurt customers by making it less
17 competitive out there.

18 So, this is an attempt to keep the
19 market as -- to maintain any kind of -- I guess
20 there's no real stability right now, but to
21 maintain any kind of stability that we can.

22 CHAIRMAN GOLDNER: Just for
23 clarification, Eversource has secured the winning
24 bids. So, that's what we're here today to

1 discuss. So, I'm sort of -- I'm trying to
2 understand how disclosure of the winning bids
3 would compromise the market?

4 MS. CHIAVARA: It speaks more to --
5 it's more the number of bids and who the winning
6 bidders were, that can sort of indicate where the
7 market is headed overall. It's tough to discuss
8 it without discussing -- treading into the
9 confidential information. But it speaks to -- it
10 speaks to the landscape of the market as it is
11 now.

12 CHAIRMAN GOLDNER: Mr. Kreis, would you
13 care to respond?

14 MR. KREIS: I would. This state, in
15 1996, made a policy choice to rely on competitive
16 wholesale markets, and what was hoped to be a
17 competitive retail market, to provide for
18 electric service and to provide customers with
19 just and reasonable rates.

20 What we are seeing today, with this
21 obscenely large rate proposal, is the downside of
22 that policy choice. And I think the public has
23 the right to know what is going on here. What
24 this Company is essentially asking you to do is

1 to treat this whole thing as a black box. So,
2 from the standpoint of the outside world,
3 basically, you're being asked to approve, by far,
4 the biggest Default Service rate that you have
5 ever approved on a total "trust me" basis. The
6 public will have no way of knowing what it is
7 that we're really talking about here.

8 That is not consistent with RSA 91-A,
9 in any way.

10 CHAIRMAN GOLDNER: Would the Consumer
11 Advocate have any objection to proceeding with
12 today's hearing, keeping what's been marked as
13 "confidential" as confidential for today's
14 hearing, and having the Commission rule on that
15 issue after the hearing?

16 MR. KREIS: We would not object to
17 handling it that way.

18 CHAIRMAN GOLDNER: Okay. Thank you.
19 Is that acceptable to the Company?

20 MS. CHIAVARA: Yes, it is.

21 CHAIRMAN GOLDNER: Okay. Okay.

22 CMSR. SIMPSON: It looks like the
23 Department of Energy has a comment.

24 MR. WIESNER: I guess I'm a little

1 confused. It appears to me that the names of the
2 winning bidders are public. And, so, if I look
3 at Exhibit 2, the names are not shaded as
4 "confidential". And the testimony that was filed
5 includes information regarding the winning
6 bidders.

7 What I believe remains confidential is
8 the number of bidders in the solicitation, and
9 that has traditionally been something, I
10 understand, has been kept confidential.

11 CHAIRMAN GOLDNER: Thank you, Mr.
12 Wiesner, for that clarification. That was my
13 recollection, is the Large Customer Group had a
14 winning bidder, the Small Customer Group had four
15 winning bidders, which was actually two
16 companies. I recall them, I'm not looking at the
17 exhibit right now, but I recall them both as
18 being exposed in the document, in other words,
19 visible in the document.

20 Perhaps we could all check quickly to
21 make sure that that's correct. Although, it
22 sounds like Mr. Kreis and Ms. Chiavara are okay
23 with proceeding under the current guidelines.
24 But let's check real quick here.

1 Mr. Wiesner, do you have the page
2 number?

3 MR. WIESNER: So, in Exhibit 2, Page
4 25, there's information about the bids and
5 pricing. And the winning bidders are identified
6 on that schedule. There are also copies of the
7 actual Transaction Confirmations with the two
8 bidders, the two successful bidders, I should
9 say.

10 CHAIRMAN GOLDNER: Thank you,
11 Mr. Wiesner. That comports with my recollection.

12 Any concerns from the Company or the
13 Consumer Advocate with that filing?

14 MS. CHIAVARA: The Company was erring
15 towards the side of caution. But, as I said
16 earlier, we know that that was an unusual
17 request. It did depart from our usual practice
18 of divulging the names of the winning bidders.

19 So, we're all right with that at this
20 time.

21 CHAIRMAN GOLDNER: Okay.

22 MR. KREIS: I would just further say
23 that, while it has been the practice here not to
24 disclose the number of bidders, that is not --

1 the "number of bidders" is not on the list of
2 things that are punitively confidential in the
3 rule about punitive confidentiality, which
4 happens to be Puc 201.06.

5 And, you know, again, without really
6 going into the information that the Company is
7 seeking confidential treatment of, there comes a
8 point where that number becomes highly relevant.
9 And taking at face value the Commission's stated
10 obligation to conduct a balancing test about
11 confidential information, at some point that
12 information is such that the public's interest in
13 disclosure outweighs the -- any privacy interest
14 asserted here.

15 I mean, you know, eventually, we can
16 put the whole thing in a black box, because any
17 disclosures will affect the market. But that's
18 just a very -- that would be a very disturbing
19 result, from a public policy standpoint.

20 CHAIRMAN GOLDNER: Ms. Chiavara, would
21 you like to respond?

22 MS. CHIAVARA: Yes, please. So, PUC
23 201.06 says, in default service proceedings, this
24 is in Subpart (15), b says "Bidder information".

1 I would say that's a fairly broad topic, and the
2 number of bidders could be qualified as "bidder
3 information".

4 And then, circumstantially, I would say
5 that, you know, while it is a deregulated state,
6 and we've turned generation over to competitive
7 markets, there are still 85 percent of
8 residential Eversource customers on default
9 supply. And, if the market becomes less
10 competitive, they will be the ones that suffer
11 for that.

12 And, so, it is our belief that knowing
13 how competitive the market is or is not would
14 directly impact future -- the future of that, of
15 the nature of the competitive market.

16 CHAIRMAN GOLDNER: Okay. I think we're
17 okay. I think what we'll do is, we can -- we'll
18 use the exhibits as presented today for this
19 hearing. And then, we'll take this issue under
20 advisement and issue a ruling on it in the order.

21 Okay. So, let's keep moving. Are
22 there any other preliminary matters, before we
23 have the witnesses sworn in?

24 MS. CHIAVARA: I guess now might be a

1 good time to discuss it, because I realize we
2 have members of the public in the room.

3 I do have -- I'm trying to keep direct
4 exam fairly brief. But I do have, on direct
5 exam, a couple of questions that discuss
6 confidential information. And I'm not sure if
7 the Commission would prefer to hold those till
8 later, or, if we just want to address it as they
9 come?

10 But that would be -- that would be
11 coming up pretty quickly. So, I wanted to flag
12 it.

13 CHAIRMAN GOLDNER: Okay. What we could
14 do, depending on the length of the hearing, which
15 I think will go through the break, is we could
16 proceed without the confidential section, take a
17 break, excuse the members of the public, take
18 care of the confidential piece, and then invite
19 the members of the public back in.

20 Would that be okay with the Company?

21 MS. CHIAVARA: Sure. Absolutely.

22 CHAIRMAN GOLDNER: Okay. All right.
23 If there's nothing else, let's proceed with the
24 witnesses. Mr. Patnaude, would you please swear

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 in the panel of witnesses.

2 (Whereupon **JAMES SHUCKEROW, PARKER**
3 **LITTLEHALE, LUANN LAMONTAGNE,** and
4 **MARISA PARUTA** were duly sworn by the
5 Court Reporter.)

6 CHAIRMAN GOLDNER: Okay. Thank you.
7 And we'll begin with direct examination,
8 beginning with Attorney Chiavara.

9 MS. CHIAVARA: Thank you. I'm going to
10 start with Mr. Shuckerow.

11 **JAMES SHUCKEROW, SWORN**

12 **PARKER LITTLEHALE, SWORN**

13 **LUANN LAMONTAGNE, SWORN**

14 **MARISA PARUTA, SWORN**

15 **DIRECT EXAMINATION**

16 BY MS. CHIAVARA:

17 Q Mr. Shuckerow, will you please state your full
18 name and the title of your role at Eversource?

19 A (Shuckerow) Yes. My name is James Shuckerow.
20 I'm Director of Electric Supply for Eversource
21 Energy Service Company.

22 Q And what are the responsibilities of your role at
23 Eversource?

24 A (Shuckerow) Yes. One of my key responsibilities

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 is to procure the power supply for the customers
2 that haven't chosen a retail supplier for all our
3 service companies, that includes Connecticut,
4 Massachusetts, and New Hampshire.

5 Q And have you ever testified before this
6 Commission?

7 A (Shuckerow) I have.

8 Q Did you file testimony and the corresponding
9 attachments as part of the filing on June 16th,
10 2022, marked as "Exhibits 1" and "2"?

11 A (Shuckerow) Yes, I did.

12 Q And were the testimony and supporting materials
13 prepared by you or at your direction?

14 A (Shuckerow) They were.

15 Q Do you have any changes or updates to make at
16 this time?

17 A (Shuckerow) I do not.

18 Q So, do you adopt your testimony today as it was
19 written and filed?

20 A (Shuckerow) Yes, I do.

21 Q Thank you very much. I am moving to Mr.
22 Littlehale.

23 Mr. Littlehale, will you please state
24 your full name and the title of your role at

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Eversource?

2 A (Littlehale) Yes. Good afternoon. My name is
3 Parker Littlehale. And I am Manager, Wholesale
4 Power Supply in the Electric Supply Department of
5 Eversource Energy.

6 Q And what are the responsibilities of your role at
7 Eversource?

8 A (Littlehale) I support and manage the process
9 required to procure wholesale power supply for
10 Energy Service rates and RPS compliance for PSNH
11 customers who have not chosen a competitive
12 retail supplier.

13 Q And have you ever testified before this
14 Commission?

15 A (Littlehale) No.

16 Q Did you file testimony and corresponding
17 attachments as part of the filing on June 16th,
18 2022, marked as "Exhibits 1" and "2"?

19 A (Littlehale) Yes.

20 Q And were the testimony and supporting materials
21 prepared by you or at your direction?

22 A (Littlehale) Yes.

23 Q Do you have any changes or updates to make at
24 this time?

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 A (Littlehale) No, I do not.

2 Q So, do you adopt your testimony today as it was
3 written and filed?

4 A (Littlehale) Yes.

5 Q Thanks very much. Moving to Ms. Lamontagne.

6 Ms. Lamontagne, will you please state
7 your name and the title of your role at
8 Eversource?

9 A (Lamontagne) Hi. My name is --

10 *[Court reporter interruption regarding*
11 *the microphone.]*

12 **BY THE WITNESS:**

13 A (Lamontagne) Hi. My name is Luann Lamontagne.
14 I'm a Senior Analyst in the Electric Supply
15 Department of Eversource Energy.

16 BY MS. CHIAVARA:

17 Q And what are the responsibilities of your role at
18 Eversource?

19 A (Lamontagne) I perform the activities required to
20 fulfill the power supply requirement obligations
21 of Public Service of New Hampshire, including
22 conducting the solicitations for competitive
23 procurement of power for energy service, and
24 fulfilling the Renewable Portfolio Standards

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 obligation.

2 I am also responsible for ongoing
3 activities associated with the independent power
4 producers and purchase power agreements.

5 Q And have you ever testified before this
6 Commission?

7 A (Lamontagne) No, I have not.

8 Q Did you file testimony and corresponding
9 attachments as part of the filing on June 16th,
10 2022, that are marked as "Exhibits 1" and "2"?

11 A (Lamontagne) Yes, I did.

12 Q And were the testimony and supporting materials
13 prepared by you or at your direction?

14 A (Lamontagne) Yes, they were.

15 Q Do you have any changes or updates to make at
16 this time?

17 A (Lamontagne) No, I do not.

18 Q So, do you adopt your testimony today as it was
19 written and filed?

20 A (Lamontagne) Yes.

21 Q Thank you. And, finally, to Ms. Paruta.

22 Ms. Paruta, will you please state your
23 full name and the title of your role at
24 Eversource?

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 A (Paruta) Good afternoon. My name is Marisa
2 Paruta. And I'm the Director of Revenue
3 Requirements and Regulatory for Connecticut and
4 New Hampshire.

5 Q And what are the responsibilities of your at
6 Eversource?

7 A (Paruta) In my role, I am responsible for the
8 coordination and implementation of revenue
9 requirements, cost of service, and regulatory
10 filings that are associated with any rate impacts
11 to customers, for both Connecticut and New
12 Hampshire electric and natural gas companies.

13 Q And have you ever testified before this
14 Commission?

15 A (Paruta) Yes, I have.

16 Q Thank you. Did you file testimony and supporting
17 materials as part of the filing on June 16th,
18 2022, that is marked as "Exhibits 1" and "2"?

19 A (Paruta) Yes, I did.

20 Q And were the testimony and supporting materials
21 prepared by you or at your direction?

22 A (Paruta) Yes, they were.

23 Q Do you have any corrections or updates to make at
24 this time?

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 A (Paruta) We do not.

2 Q And, so, do you adopt your testimony today as it
3 was written and filed?

4 A (Paruta) Yes, I do.

5 MS. CHIAVARA: Thank you very much.

6 And, as I said, I do have a few questions for the
7 witnesses, and we'll keep them as brief as
8 possible, so we can get to others' questions.

9 I'm going to start with Mr.

10 Shuckerow.

11 BY MS. CHIAVARA:

12 Q Mr. Shuckerow, can you please provide an overview
13 of the forecasting that was conducted by the
14 Company, and whether the forecasting used served
15 as a reliable indicator of market conditions?
16 More specifically, does the forecasting conducted
17 by the Company support the doubling of Energy
18 Service prices for the next six-month service
19 period?

20 A (Shuckerow) It does -- first of all, it does.
21 You know, one of the important responsibilities
22 of my team is to forecast what the energy price
23 would be on the date the bids are received.

24 And we do that through a number of

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 different means. One of the means is through a
2 analytical technique called "multiple linear
3 regression analysis". Essentially, what that
4 means is we look at various independent variables
5 to determine what the price of energy may be.
6 And we have a model. It's been very successful.
7 But the world has changed, as we've been
8 discussing so far today. Prices have gotten much
9 higher and much more volatile.

10 So, we kind of made a decision that we
11 wanted to rely upon the most recent bids that we
12 had received in the other states that we procure
13 power supply for. Those happened to occur in
14 April and May of this year. So, we looked at,
15 specifically, the bids we received for our
16 Eversource Eastern Mass. territory, which is
17 Boston, Cape Cod, Northern Boston area. Those
18 bids were received on May 17th.

19 And this was all in preparation for a
20 discussion that we had with the DOE
21 Commissioners, the Staff, and OCA, on June 8th.
22 The objective of that meeting was to, basically,
23 share with them that we thought prices were going
24 to double. And essentially looked at those bids

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 as the guide with regards to what prices would
2 be, because I thought it was extremely accurate,
3 that we didn't come in with a range, that we came
4 in with what we thought would be a spot-on
5 forecast.

6 And, so, we digressed from our normal
7 procedure. It's a model that still works. I
8 think it needs to be updated for today's energy
9 price world.

10 But, when we sat down with,
11 essentially, virtually, with Staff on the 8th, we
12 told them prices were going to double, from the
13 current rate of around 10.7 cents a
14 kilowatt-hour. We explained why, we explained
15 how prices have gone up by a factor of three for
16 natural gas prices, which then leads to the
17 appropriate energy prices in New Hampshire, given
18 that about 50 percent of our energy comes from
19 natural gas.

20 So, that's why we diverged from the
21 process. It ended up being that, in many
22 respects, unfortunately, we were accurate. The
23 prices did double. But at least we provided
24 accurate information well in advance of our

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 filing such that people can begin to ponder the
2 complications that came with that.

3 Q Thank you very much. My next question is for
4 Mr. Littlehale, and speaks more to the RFP
5 process itself.

6 Could you provide a brief summary of
7 why you consider this particular RFP process and
8 the results for the proposed new Energy Service
9 rates to be satisfactory?

10 A (Littlehale) Yes. On May 12th, 2022, we released
11 an RFP to purchase 100 percent of both our Small
12 and Large Customer energy service loads for the
13 time period running August 1st, 2022 through
14 January 31st, 2023.

15 We were soliciting offers for what we
16 refer to as "full requirements energy service
17 supply", which is load-following supply that is
18 delivered 24/7, and includes the costs of energy,
19 capacity, and ancillary services. We were
20 looking for, from a quantity perspective, our
21 Large, which is covered in one tranche, and it's
22 about 111,000 megawatt-hours; our Small tranche
23 is significantly larger, it's about 1.9 million
24 megawatt-hours, that we divide into four 25

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 percent tranches.

2 Offers were received on June 14th,
3 2022, at about ten o'clock in the morning. The
4 team reviewed the bids. We identified the lowest
5 cost bids submitted. We reviewed the bids and
6 obtained approval from senior management. We
7 confirmed that the winning bidders remained in
8 good standing from a credit perspective. And we
9 proceeded to execute the Master Power Supply
10 Agreement Transaction Confirmations.

11 And it's our opinion that the bids were
12 selected -- the bids that we selected were in
13 line with price expectations, given the recent
14 solicitations that the Company held for
15 Massachusetts and Connecticut.

16 Q Thank you. Was the RF -- this RFP process and
17 bid selection consistent with prior solicitations
18 by the Company for energy service, and with the
19 various Commission orders governing the energy
20 service procurement process?

21 A (Littlehale) Yes. It was conducted consistent
22 with past practices, and with the Commission
23 requirements from the Settlement Agreement in
24 Docket Number DE 17-113, approved by Order Number

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 26,092.

2 MS. CHIAVARA: Thank you. The next
3 couple of questions contain confidential
4 information. So, I'm going to skip ahead and
5 return to Mr. Shuckerow.

6 BY MS. CHIAVARA:

7 Q And ask if you could please explain what the
8 Company would have to do in order to provide
9 energy service to Eversource Default Energy
10 Service customers, if the Commission were to not
11 approve the Company's proposed bids and rates,
12 and what the ramifications of that process would
13 be?

14 A (Shuckerow) Yes, I will. If there are no
15 bidders, or if the bids were just extraordinarily
16 unacceptable, basically, the responsibility to
17 serve the load remains with Eversource Energy.
18 We would, basically, be interfacing with the ISO
19 New England market. The term that we use is we'd
20 be a "load-serving entity". The responsibilities
21 of a load-serving entity would be to purchase
22 energy, capacity, ancillary services through the
23 ISO. Those are primarily associated with I'll
24 call it "short-term reliability".

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 So, it really boils down to, it would
2 be a -- essentially, a much different role for
3 us. One that we haven't done since we owned
4 generation in 2018. We would essentially have to
5 interface with the ISO New England on a daily
6 basis. That requires numerous various tools,
7 that we're familiar with, because we used those
8 back in 2018.

9 The problem we would face today, if we
10 had no bidders or the bids were unacceptable, is
11 we haven't had to do this process. So, our
12 skills are stale, many of the people who were
13 involved in that, that process previously, have
14 moved on. And, as such, we'd have to resurrect
15 those skills to the best of our ability, or seek
16 a third party to take over that responsibility
17 for us on an ongoing basis.

18 Q Okay. Thank you. And then, this question is for
19 Ms. Lamontagne, Mr. Littlehale, and Mr.
20 Shuckerow.

21 Is it your position that the rates
22 proposed for the period of August 2022 through
23 January 2023, as described in Exhibits 1 and 2,
24 are just and reasonable and consistent with the

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 public interest?

2 A (Shuckerow) Yes.

3 A (Littlehale) Yes.

4 A (Lamontagne) Yes.

5 Q Thank you. And I just have a couple questions
6 for Ms. Paruta.

7 Ms. Paruta, are there other rate
8 changes pending that would impact the proposed
9 Energy Service rate?

10 A (Paruta) There are other rate changes that will
11 impact customer bills, correct. Yes. We had the
12 Step 3 adjustment that was recently filed. We
13 had the RRA mechanism rate that was recently
14 filed as well. And then, we have our TCAM filing
15 that just went in yesterday. Our SCRC filing
16 will go in this week. We expect to file that on
17 or before Friday of this week.

18 And these additional rate changes, the
19 ones that have been filed, although they are a
20 benefit in totality to customer bills, they are,
21 unfortunately, significantly smaller of a benefit
22 than the ES rate as we are proposing it today.

23 Q And, given the severity of the Energy Service
24 price increase, what is the Company doing to

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 inform and support its customers or what does the
2 Company have planned in that regard?

3 A (Paruta) Yes. So, the Company is actively
4 pursuing our many different types of
5 communications. We have the *Eversource.com*
6 website, for which we are working on. We have
7 bill inserts and on-bill messaging as well. And
8 this is examples of things that we have done in
9 the past. We have envelope messaging,
10 traditional and social media. For our Large
11 commercial individual customers, we have
12 individual outreach programs. So, for our Large
13 commercial customers, the Company does have
14 account executives who are getting briefed, and
15 we are providing them the talking points, so that
16 they can educate those individual companies and
17 accounts.

18 We've requested the Commission to
19 approve a settlement in Docket Number 21-119, to
20 update our Eversource residential time-of-day
21 rates. And we think that that could provide
22 residential customers savings on their
23 transmission and distribution portions of their
24 bill. Ideally, we -- ideally, this would be

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 implemented and available for enrollments
2 starting August 1st, if the settlement is
3 approved by July 15th, which would give customers
4 an opportunity to really create energy savings
5 mechanisms for individual customers.

6 Q Great. Thank you. And is it the Company's
7 position that the solicitation was open and fair,
8 and that the resulting Energy Service rates are
9 just and reasonable, given the totality of the
10 circumstances?

11 A (Paruta) Yes.

12 MS. CHIAVARA: Thank you. Those are
13 all the questions I have. Thanks.

14 CHAIRMAN GOLDNER: Okay. Thank you.
15 We'll move to the Office of the Consumer
16 Advocate, and Attorney Kreis, for
17 cross-examination.

18 MR. KREIS: Thank you, Mr. Chairman. I
19 am going to ask a series of questions that are
20 based on Exhibit 1.

21 **CROSS-EXAMINATION**

22 BY MR. KREIS:

23 Q And let me start with -- well, my first question
24 is for Mr. Shuckerow.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 I'm looking at Exhibit 1, Bates
2 Page 005, Line 29, in which the Eversource
3 witnesses state that "about 85 percent of
4 residential customers, 30 percent of commercial
5 customers, and under 10 percent of industrial
6 customers" are now taking Default Energy Service.

7 And my question is, how do you expect
8 those numbers to change, assuming the Commission
9 approves the rate filed -- the new Default Energy
10 Service rates that the Company is proposing here?

11 A (Shuckerow) With regards to the Large Customers,
12 the "under 10 percent", it's our expectation that
13 there will be fewer that we'll be serving. Many
14 of those should go on to competitive retail
15 supply. They can get a price, basically,
16 tailored towards their exact usage needs. And,
17 as such, I think it would be in their interest to
18 do so.

19 With regards to the Small C&I
20 customers, which are currently around 35 percent
21 of the load, it's basically getting their power
22 supply from Eversource, they really have two
23 choices. And the two choices are to remain with
24 Eversource, which, as you know, is a six-month

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 changing rate, or they can explore the retail
2 market. The retail market, at least based on my
3 review, is there are really no short-term
4 offerings, by "short-term", I mean, basically, a
5 year or less. And that's probably driven by the
6 volatility and the high prices that we're
7 experiencing right now.

8 There are options that are longer.
9 We're seeing two- and three-year offers. So, I
10 think they have the option to explore that, and
11 that should be part of their consideration.

12 In many respects, the answer is the
13 same for the residential customers. Although,
14 the level that we're seeing, the 85 percent, it's
15 not abnormal. It's consistent with what we see
16 in Connecticut. It's consistent with what we see
17 in Western Massachusetts. So, I think, in
18 general, we don't see a lot of those customers
19 leaving, for whatever reason.

20 Q The "85 percent" figure for residential customers
21 on default service, how does that compare over
22 the time that there's been Default Energy
23 Service? Is this a high water mark, in terms of
24 percentage of residential customers on that rate?

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Or is it a low water mark? You know, sort of
2 looking for the trend?

3 A (Shuckerow) It is. It's a high water mark. To
4 put it in perspective, in 2018, when we basically
5 divested of the generation, for residential
6 customers, it was a little over 70 percent. So,
7 during that time, it's gone from a little over 70
8 percent, to the current 85 percent. It's been a
9 trend constantly upward.

10 Q Thank you. Looking at Bates Page 036 of Exhibit
11 1, which is Ms. Paruta's testimony, between Line
12 6 and 7, or I guess at Line 7 of that page, there
13 is a list of Large Customer Energy Service rates.
14 And that list, those monthly rates vary
15 significantly.

16 So, first of all, and, again, my
17 question is for Mr. Shuckerow, you would agree
18 with me that, while the Company is proposing a
19 uniform and fixed rate for Small Customers,
20 including residential customers, in the Large
21 Customer class, your proposal is to have a rate,
22 a retail rate, that varies by month. Do I have
23 that right?

24 A (Shuckerow) That's correct.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Q Okay. And, so, the Large Customer rates vary
2 considerably, from about 22.4 cents in August,
3 all the way up to a whopping big 48 and a half
4 cents in January. Could you talk a little bit
5 about why there is such a wide range in those
6 rates?

7 A (Shuckerow) Yes. Absolutely. An extremely
8 important exhibit we're looking at, which shows
9 the challenges that we're experiencing now
10 year-round.

11 In August, generally speaking, rates
12 are a little bit higher, because the loads go up
13 a little bit, it's the air conditioning load.
14 And, normally, they go down in the fall months,
15 and they tend to go up in the winter months.
16 That's the pattern within New England.

17 The challenge right now is the rates
18 are very high. We're seeing rates in the 17 to
19 19-cent range. Those normally would be much
20 lower. That's due to the fact that, I mentioned
21 earlier, natural gas prices have increased
22 dramatically. Really began around, essentially,
23 when the war happened in Ukraine, late February
24 of this year.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 So, what used to be \$3 a million Btu
2 gas, it's now \$9 a million Btu, varying daily.
3 We can see variances up to 10 percent per day.
4 And, so, that's why the prices have risen so much
5 in September and October, from what we're
6 accustomed to.

7 When you get into the winter months,
8 the story is compounded by the challenges we have
9 within New England. And, basically, in New
10 England, we're dependent upon natural gas. It
11 provides, like I said earlier, about 50 percent
12 of the energy supply.

13 There's really two compounding reasons.
14 Number one is, the natural gas pipeline system
15 available for use by generators in New England is
16 constrained. Even though there's much shale gas
17 not far from here, in New York and Pennsylvania,
18 it's constrained on how we get it into New
19 England. So, that's problem number one.

20 What that leads to is there is
21 dependence on LNG. And the price of liquified
22 natural gas, which is a world commodity, has gone
23 up, triggered by, again, the war in Ukraine.
24 What used to be for LNG, let's say, last winter

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 at \$10 a million Btu; it's now \$30 a million Btu.
2 And that has translated into the very high prices
3 that we see here. This is exactly what I've been
4 seeing in Connecticut or Massachusetts. So, it's
5 a -- it's an extremely challenging situation.

6 Put in perspective, this past January,
7 it was a little bit colder than normal, about
8 three percent colder than normal. There is one
9 day where the load wasn't that high, it was
10 around 18,000 megawatts, I think the peak load we
11 experienced in the winter was maybe close to
12 20,000 megawatts. New England natural gas
13 generation combined cycles were 100 percent
14 dependent on LNG. And that LNG was basically
15 coming in from, essentially, cargo ships that
16 would attach to buoys in the Boston Harbor, and
17 they would, essentially, transport that into the
18 natural gas New England pipeline system.

19 The issue for this coming winter is
20 that, with world prices where they are, and the
21 demands in Europe going up dramatically, to put
22 in perspective, United States is an exporter of
23 LNG. In 2019, pre-COVID, United States was
24 exporting around 8 BCF per day, which is a lot.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 As we speak right now, it's 12 BCF per day. And
2 that difference of 4 BCF is all going to Europe,
3 because, obviously, the gas supply is being cut
4 off to Europe.

5 So, bottom line is compounding problems
6 of high natural gas prices, transmission natural
7 gas limitations into New England, and reliance on
8 LNG, has led to almost this 50-cent pricing for
9 energy supply in the winter months.

10 Q So, given that the -- you know, and my office
11 represents residential -- the interests of
12 residential utility customers. So, residential
13 utility customers, under the Company's filing,
14 don't get a monthly varying rate, they get a
15 uniform rate, and I'm not suggesting that's a bad
16 idea. But, unlike the Large Customers that get a
17 look at how the wholesale dynamics that you were
18 just describing actually come to bear on a
19 monthly varying rate, residential customers don't
20 get that same kind of price signal.

21 And I guess what I'm really trying to
22 do here is be respectful of the fact that the
23 more granular information about the bids that
24 evaluated isn't public, and I don't want to

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 disclose any information that should remain
2 confidential.

3 So, I guess I would just ask you a
4 general question about what you would have
5 residential customers infer from knowing what
6 those Large Customer monthly varying rates are?

7 A (Shuckerow) I think we're back to the outreach
8 campaign that we talked about earlier. To put a
9 little more concrete, for example, I just
10 recently did a seminar to small C&I customers.
11 It was a webinar. And which I went through much
12 of what we were just talking about, to sensitize,
13 at least that customer class, to what's -- the
14 challenges that we're facing in New England, and
15 why prices are going up.

16 There's plans to do the same in New
17 Hampshire. Those are planned after we get
18 through this process. The Connecticut and
19 Massachusetts process is basically ahead by a
20 month or so.

21 So, there's a tremendous amount of
22 outreach I do within the Company, to educate our
23 customer service representatives, all of our
24 customer outreach folks, so that you're hearing

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 from the subject matter expert. That's then
2 conveyed through the various means that we
3 discussed earlier to all our customers to make
4 them aware of where prices are going. It's
5 important.

6 And the reason for that is, is one of
7 the things that we're very much stressing is
8 energy efficiency as an option. Ways -- whatever
9 ways you can do to lower your costs. We're
10 strong proponents. We're a fabulous energy
11 efficiency company, I think always one of the
12 best rated in the United States. It's one of our
13 strengths. And, so, we're making people aware of
14 their options, because we all know this is
15 burdensome for everyone involved, these huge
16 price increases.

17 Q You just mentioned "energy efficiency", and the
18 fact that Eversource is a "highly related
19 company" when it comes to energy efficiency.
20 Would it be fair to say that a great deal of that
21 high rating is based on what the Company does in
22 Massachusetts, which happens to be a highly
23 ranked state for energy efficiency?

24 A (Shuckerow) I think we try to do an equal job in

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 all our states, and strive to do the best that we
2 can. So, I think, overall, we do a pretty good
3 job.

4 Q Thank you. I guess, let me ask a different
5 version of the second to last question I just
6 asked you.

7 If I were to say to the residential
8 customer class, whose interests I represent, that
9 the same market dynamics that you describe,
10 wholesale market dynamics that you describe as
11 generating Large Customer rates of the sort that
12 are listed on Bates Page 036, if I said that
13 those same market dynamics applied to service
14 provided to Small Customers, including
15 residential customers, you wouldn't have any
16 reason to disagree with that, would you?

17 A (Shuckerow) I would not.

18 Q Thank you. I want to talk a little bit about the
19 way Eversource procures default service for the
20 Small Customer class. And unlike, say, Liberty
21 Utilities, you divide your Small Customer default
22 service load into four different tranches,
23 correct?

24 A (Shuckerow) Correct.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Q How do -- well, first of all, can you explain
2 briefly why you do that?

3 A (Shuckerow) Yes. First of all, the load that
4 we're procuring, and I'll give rounded numbers,
5 it's around 2 million megawatt-hours, and that's
6 through the August through January '23 time
7 period.

8 The reason we divide it into classes --
9 or, those tranches, those 25 percent tranches,
10 so, roughly, 500,000 megawatt-hours each, is
11 really our attempt to get the best price we can
12 for customers. We know there is a number of
13 different suppliers, but they have limitations in
14 how much they want to purchase maybe at one point
15 in time. Perhaps what they want to provide in
16 one, perhaps, geographic area, meaning state or
17 whatever.

18 So, there's a lot of considerations
19 that went into this. This is a model that we've
20 been using in all our states, Connecticut,
21 Massachusetts, and New Hampshire, for a long
22 time. Obviously, only in New Hampshire since
23 2018.

24 And it was really our attempt to get as

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 many players as we can, get as many bidders as we
2 can, try to right-size it, so to speak. And, to
3 date, it's worked really well, in that we've
4 gotten always very excellent bids. And one that
5 would, you know, basically encourage us to
6 continue to do.

7 Q So, in other words, if I'm understanding you
8 correctly, Mr. Shuckerow, you think those
9 tranches are right-sized?

10 A (Shuckerow) Correct.

11 Q And, so, what that would suggest, I think, I just
12 want to see if you would disagree with me, is
13 that it wouldn't be a good idea to do a much
14 bigger -- much bigger tranches? I mean, you
15 could do a mega tranche of every default service
16 customer in the state. You don't favor something
17 like that, it sounds like to me?

18 A (Shuckerow) I do not. And, really, the primary
19 reason is, this is a -- it's not a "fixed cost"
20 business, this is a "variable cost" business.
21 You're paying for each kilowatt-hour. You're not
22 spreading fixed costs over more load, so to
23 speak. And the energy price is the primary
24 driver. Everything is really kilowatt-hour

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 driven.

2 So, it's really a question, not getting
3 bigger, it's really a question is "should we even
4 begin to make it smaller?" That's a debate that
5 we're always having.

6 Q Indeed. At Bates Page 010, you talk about and
7 your testimony here in the hearing room has
8 talked a little bit about the default service
9 procurement processes in Connecticut and
10 Massachusetts. Do you or any of your colleagues
11 on the panel know what the default service rates
12 that have resulted from those Massachusetts and
13 Connecticut procurements are?

14 A (Shuckerow) Yes, I have that information.

15 Q And what would it be?

16 A (Shuckerow) Yes. For Connecticut, the current
17 rate is 11.5 cents a kilowatt-hour. That's a
18 January through June 2022 rate. This is
19 Eversource numbers. As of July 1st through
20 December 31st, 2022, that's going up to about 12
21 cents.

22 In Massachusetts, the numbers are
23 higher. They're going up to, basically, for --
24 we have two regions in Massachusetts, Eastern and

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Western. The reason for that is there are
2 actually different capacity zones. You have an
3 Eastern Mass. capacity zone and a Western Mass.
4 capacity zone. The current price, for NSTAR
5 (East) is 15.8 cents, it's that same January
6 through June, and that's going up to 17.9 cents a
7 kilowatt-hour. And, for NSTAR (West), it's 13.73
8 cents a kilowatt-hour, and that's going up to
9 15.4 cents a kilowatt-hour, again, for the July
10 through December '22 time period.

11 Q So, my question is, given that those rates are
12 different, and lower than the rate that you're
13 presenting here for New Hampshire, what would you
14 say accounts for the difference? And,
15 specifically, is the difference the timing of
16 when you hit the market? Or is there some -- or
17 is there a difference arising out of a different
18 approach to acquiring wholesale supply?

19 A (Shuckerow) It was a timing and luck. In
20 Connecticut, the process is we stagger our
21 purchases over time. And I said in our -- I
22 believe in the testimony, purchases were made for
23 this upcoming period, would be July through
24 December, were made in October of '21, January

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 '22, and April of '22. That's Line 28 of
2 Bates 010.

3 For NSTAR (East) and (West), they were,
4 basically, Line 29, they were made 50 percent in
5 November of '21 and May of '22. That's simply
6 the process, the procurement plan that we follow,
7 as directed by the appropriate regulatory body in
8 each state. So, it was luck, it was primarily
9 luck.

10 The war is the driver of the price. To
11 date, the New Hampshire plan has been a very good
12 plan. The rates have been going down. If you
13 look at the trend, since 2018, it's really only
14 since we've gotten maybe into post-COVID economy,
15 and with the war situation, that we're seeing
16 these big increases.

17 And I think it's brought out by the
18 fact that we talked earlier about the residential
19 customers. In 2018, it was a little over 70
20 percent. They are price-sensitive, and we're
21 serving around 85 percent of that load. So, I
22 think that's just indicative of a plan that had
23 been working very well.

24 Q So, in light of that, and with reference to a

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 statement that you made at Bates Page 011 of
2 Exhibit 1, at Line 11 and 12, you said
3 "ultimately there is no definitive best approach
4 to procurement." And I think I may have
5 misunderstood this. So, I want to make sure I
6 understand exactly what you're trying to tell the
7 Commission.

8 I think what the Company is trying to
9 tell the Commission is that it could adopt that
10 kind of laddering or staggered purchase approach
11 here, that you would be willing to consider that.
12 You don't necessarily oppose it, but that you
13 can't say that either approach is superior to the
14 other. Do I have that basically right?

15 A (Shuckerow) Yes. The Commission, in their
16 approval of Liberty's rates, essentially the same
17 item that we're talking about, except for
18 Eversource, I believe they mention in that
19 decision, that approval, that "maybe it's a good
20 time to step back and do a revisit." And we're
21 eager to participate in that process, and share
22 with lessons learn, and discuss with others that
23 need to be involved, the other EDCs in New
24 Hampshire, and, obviously, yourself, and many

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 others, as to what would be the best practice
2 moving forward, given maybe a changed energy
3 world from what we had been accustomed to.

4 Q Thank you, Mr. Shuckerow. That's all very
5 helpful. I think, other than some confidential
6 issues that we might fruitfully talk about, I
7 want to switch over to Ms. Paruta and her
8 testimony.

9 Ms. Paruta, at Bates Page 041, which is
10 Page 9 of your testimony, at Line 7, you mention
11 "an under recovery of approximately \$5.2 million
12 in 2019 RPS true-up costs." Do you see where it
13 says that?

14 A (Paruta) Yes. Yup.

15 Q And, so, I want to make sure I'm understanding
16 what you're talking about there, what you're
17 requesting there. You're basically saying that
18 Eversource made a \$5.2 million mistake in 2019
19 that it would now like to recover in 2022. Do I
20 have that right?

21 A (Paruta) Eversource records a true-up on an
22 annual basis for the RPS portfolio. That true-up
23 happens in the following period, from an
24 accounting perspective, to make sure that the RPS

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 actual costs that are recorded are reflected
2 correctly in our books and records. That true-up
3 happens, in some cases, on expenses that could be
4 eighteen months later from the estimate that was
5 recorded in our accounting books and records.
6 So, the true-ups are annual.

7 This particular true-up, we did not
8 push through the reconciliation factor last year.
9 So, we are requesting that that true-up, it's an
10 accounting true-up, be pushed through the
11 reconciliation factor this year. These are costs
12 incurred by the Company that are passed through
13 to the customers.

14 Q Okay. Well, I'd like to ask you a hypothetical
15 question then.

16 The Renewable Portfolio Standard, and,
17 therefore, the obligation to purchase RECs, has
18 been applicable to electric utilities in New
19 Hampshire for quite a long time. I think the RPS
20 statute dates from about 2006, or something like
21 that.

22 So, my hypothetical is this: If
23 Eversource were to discover a mistake of this
24 sort that it made in 2010, say, more than a

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 decade ago, would you think it appropriate and
2 lawful for Eversource to request recovery of the
3 lost sum from 2010 here, now, in 2022?

4 MS. CHIAVARA: I'm sorry. I have an
5 objection to that. That's asking the witness to
6 make a legal conclusion.

7 MR. KREIS: Yes. Indeed. I apologize.
8 That's a valid objection, because I used the word
9 "lawful".

10 BY MR. KREIS:

11 Q So, I guess I just want to know whether you think
12 it would be appropriate, you know, you can let
13 Ms. Chiavara comment on the legality of it, but
14 would it be appropriate as a matter of, I don't
15 know, rates for Eversource to come here and say
16 "Oops. We made a mistake in 2010. We'd like to
17 true that up now"?

18 A (Paruta) This error, although it seems, by the
19 date of it, it's 2019, that it is old. It is
20 not, because, typically, a true-up happens in the
21 following year for which we cannot pick up in our
22 rate until a year after that.

23 So, this true-up was missed by three
24 weeks. It is not an "old" reconciliation item.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 It is a reconciliation item that was missed by
2 three weeks that we are requesting to push
3 through this rate mechanism.

4 Q So, three weeks, that's okay. But what about ten
5 years?

6 I'm afraid you can't smile at me, you
7 have to answer my questions. Unless there's a
8 valid objection, of course.

9 A (Paruta) I would have to say that, on something
10 that is ten years old, would likely be highly
11 judgmental. And I think the Company would take a
12 very close look at it to determine whether that
13 truly is a fair cost.

14 But it would have to be at management's
15 discretion to present to this Committee for
16 approval.

17 Q And, so, with respect to that \$5.2 million, can
18 you tell me a little more about how that mistake
19 actually got made? Like, I don't think I need to
20 flog whoever made the mistake. But I just want
21 to know how it happened?

22 A (Paruta) Sure. On an annual basis, we reconcile
23 to the actual costs in the RPS in this particular
24 rate. In the year that we had prepared the

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 reconciliation mechanism to calculate the factor
2 for the RPS, and the true-up, it was missed.
3 There is one journal entry that is typically
4 booked in our June close of every year, after we
5 have our RPS filing that is performed by our
6 Energy Supply team in mid-June. That particular
7 journal entry was not picked up.

8 The journal entries that are used by
9 our Accounting Department, they ended up using a
10 different journal entry code. And, so, the
11 Revenue Requirements team did not catch that.
12 When we did catch it, is we typically perform an
13 accounting books and records reconciliation back,
14 once we have approval. And that's when it was
15 caught.

16 Q Thank you. Very helpful. Ms. Paruta, turning
17 your attention to Bates Page 073 of Exhibit 1,
18 which is Page 13 of Attachment MBP-3, the Column
19 (C) states that all of the REC purchases shown on
20 this schedule are from 2021. And I just would
21 like to make sure that I am correctly
22 understanding that all of these REC priced paid
23 by Eversource in 2021 did not exceed the
24 Alternative Clearing Price, the ACP?

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 I think I may be mistaking what "ACP"
2 actually stands for.

3 A (Paruta) So, your "Vintage Year 2021", Column
4 (C), we have the REC prices in Column (I). That
5 is correct. Those did not exceed the ACP price.

6 Q And I'm forgetting what "ACP" actually stands
7 for, I think.

8 MS. CHIAVARA: "Alternative Compliance
9 Payment".

10 MR. KREIS: "Alternative Compliance
11 Payment". I always, in my brain, think
12 "Alternative Clearing Price" for some reason,
13 knowing that couldn't be right.

14 Okay. Just making sure that I don't
15 have any other questions, other than confidential
16 ones. So, just give me a second to do that.

17 Yes, indeed. That concludes the
18 questions I have for this witness, these
19 witnesses, in public session.

20 CHAIRMAN GOLDNER: Okay. Thank you.
21 We'll turn to the Department of Energy, and
22 Attorney Wiesner.

23 MR. WIESNER: Thank you, Mr. Chairman.
24 I was intending to ask Mr. Shuckerow some

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 questions about the Company's modeling and
2 forecasting, and forward price projections, but I
3 believe that's been sufficiently addressed
4 through direct testimony.

5 BY MR. WIESNER:

6 Q I do want to follow up on some prior testimony
7 regarding what I'll call the "contingency
8 planning", if there were a failed auction.
9 Either in the sense that there were no bidders or
10 that bids were rejected.

11 I believe, if I can characterize
12 Mr. Shuckerow's testimony, in that event, the
13 Company would effectively retain the load asset
14 and serve as the load-serving entity, for
15 purposes of the ISO Markets Settlement System.
16 Does that -- do I have that right?

17 A (Shuckerow) That's correct.

18 Q And, in that event, the Company, as a direct
19 participant in the ISO markets, would be fully
20 exposed to the spot markets for energy and
21 ancillary services?

22 A (Shuckerow) It would.

23 Q Would there be any potential hedging strategies
24 that the Company could implement, in order to

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 mitigate the risks of that price exposure?

2 A (Shuckerow) We could -- if we've entered into
3 that situation, our first step would be to work
4 with you folks, the Department of Energy, as to
5 what would be the best way to serve customers.

6 One of the discussion items that we'd
7 have to talk about would be whether or not you
8 want to enter into bilateral contracts for
9 energy, which is where most of the costs are.
10 That's one that I think would be a lengthy
11 discussion, because you're really saying "I don't
12 think the price is going to go" -- you know,
13 basically, "go up further". You think it's going
14 to be at that price our lower.

15 So, you run into a lot of
16 complications, because, once you make a
17 commitment as to whether or not you're going to
18 end up with a fair price or not over the term
19 that you're talking about. So, there's a lot
20 into that decision, a lot of dollars would have
21 to be committed up front, and that could lead to,
22 at the end of the day, obviously, you may say
23 "yes, we made a great decision", or, at the end
24 of the day, say "we really made a horrible

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 decision."

2 And that's one that we'd want to work
3 on the Department with.

4 Q And those tradeoffs would apply, even if we
5 weren't talking about a purchase power agreement
6 with a 20-year term. You mean something shorter,
7 is that fair to say?

8 A (Shuckerow) Yes. The ones I was talking about
9 were really shorter. Then, you're getting
10 into -- that's a whole different story, with
11 regards to entering into something for a 20-year
12 term. Again, it's, you know, why the situation
13 is, we talked earlier about, whether or not
14 there's really migration risk. For example, will
15 some of these customers be leaving, because of
16 where the price signals are? In other words, the
17 options right now are retail choice in New
18 Hampshire. And some of those may be committed to
19 long-term.

20 So, one of the big drivers is, you
21 know, what level of load that you're going to be
22 serving. So, if the load ends up being less than
23 what you thought, you may be long on energy,
24 "long" meaning you have surplus, and you may be

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 selling that into a market, but that may be a
2 down market, for whatever reason that caused
3 that. And, before you know it, you have,
4 essentially, a very large under-recovery of
5 costs, and then you get into the whole discussion
6 of the complications as to whether or not those
7 costs are stranded or whatnot.

8 So, that's why it's necessary, I think,
9 to work with the Department, so there's no
10 uncertainty as to what the rules are,
11 collectively, moving forward, in order that
12 there's no misunderstandings on anyone's side.

13 Q Thank you. Appreciate that clarification. And
14 there was some testimony earlier about the
15 tranches for Small -- for the Small Customer
16 class. And I think I heard a suggestion that it
17 might even be beneficial to have more tranches of
18 a lower load amount? Is that --

19 A (Shuckerow) Yes.

20 Q Is that correct?

21 A (Shuckerow) Yes. Right. Once we have completed,
22 essentially, the most recent round, when I say
23 "completed", I'm talking about all the feedback
24 you get from running these RFPs for energy

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 service in Connecticut and Massachusetts and New
2 Hampshire. Prior to the one I did for New
3 Hampshire, my team and myself, I made a billion
4 dollars of purchases. So, we have a lot of
5 involvement in the market.

6 So, one of the things we want to look
7 at is whether or not we should go to a smaller
8 size, because we know the appetite may be less in
9 a market with very high prices and with the
10 volatility that we're seeing.

11 I think what we did in this round, the
12 prices, the four tranches that we selected, were
13 spot on. They were pretty much exactly what we
14 expected. But, as we do a deeper dive, maybe in
15 the confidential session, we can talk about maybe
16 some of the other bids and the complications.

17 So, yes. That's one of the things I
18 would like to revisit.

19 Q Is the tranche model used in the other two states
20 as well?

21 A (Shuckerow) Yes.

22 Q And are those tranches about the same size as
23 what we're seeing here?

24 A (Shuckerow) And, actually, you got to put in

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 perspective the size and the states. So, it's
2 really not so much whether it's 10 percent or 25
3 percent, it's really the megawatt-hours involved.

4 In Connecticut, we do 10 percent
5 tranches. But, as we talked about earlier, we go
6 out in multiple steps. In Massachusetts, for --
7 I'll recognize the residential customers' size,
8 theirs is like 12 and a half percent.

9 So, it's been tailored a little bit to
10 each state, recognizing the size of the load and
11 how often we go out.

12 Q And, if the tranches were smaller, I think you
13 were suggesting that there might be greater
14 bidder interest?

15 A (Shuckerow) There's a possibility. And we have a
16 great relationship with the bidders, as we'll
17 talk about in the confidential session, and share
18 with you, you know, who we talked to and the
19 feedback we got. Longstanding relationship, no
20 issues of any kind. It's been going on for many
21 years, more so than the four years in New
22 Hampshire. So, we're going back approaching 20
23 years in Massachusetts and Connecticut.

24 So, yes. We'll reach out to them and

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 say, you know, "Where's your appetite?" "What's
2 your thoughts?" You know, the goal is obviously
3 for us to get the lowest cost for customers, but
4 also, for them, is they want to be able to
5 participate also.

6 The signal we're getting right now is,
7 they are just scared off by the volatility.

8 Q And just for my understanding, each tranche
9 represents an undivided percentage share of the
10 total load for that customer category?

11 A (Shuckerow) Correct.

12 Q It's not a specific collection of customers?

13 A (Shuckerow) No. It's, in fact, whatever the load
14 is, they serve 25 percent. For example, if you
15 win one tranche, you would serve 25 percent of
16 the load for each and every hour. So, it's, you
17 know, midnight, when the loads are low, and when
18 it's a really hot day in the summer, and loads
19 are at their highest in New England, they would
20 serve their 25 percent share.

21 And that's what we mean by
22 "load-following service". Basically, they're
23 responsible for their share of the load each and
24 every hour.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Q So, if there were an increase or a decrease in
2 the total load, due to migration, either away
3 from the Company's default service or on to it,
4 the supplier would pick up their *pro rata* share?

5 A (Shuckerow) Correct. That's their
6 responsibility.

7 Q Okay. And, with respect to the contracts that
8 you enter into with the wholesale suppliers,
9 that's not for any minimum or maximum amount of
10 the load, is that it's whatever the load is?

11 A (Shuckerow) Correct. Whatever the load is, as I
12 just described.

13 Q So, if there were, just hypothetically, if there
14 were a competitive supplier electric supplier
15 serving retail load in the state, and that
16 supplier was suspended or went out of business,
17 there could be a significant migration back to
18 default service with the Company, the wholesale
19 supplier would be responsible for picking that
20 up?

21 A (Shuckerow) Yes. But make sure the record is
22 clear. To date, there's been minimal, with
23 regards to defaulting entities. It has happened.
24 They usually have been smaller, more

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 residential-focused, than perhaps the larger
2 customers or the small C&I customers. But by no
3 means has there been a lot. And I'm talking
4 about my experiences in Connecticut,
5 Massachusetts, and New Hampshire.

6 And that's because most suppliers
7 basically hedge. You know, they get a customer,
8 they want to keep that customer. They know what
9 the price is, they don't want to go out of
10 business. So, there's -- they try to hit the
11 proper balance. But it has happened, but it's
12 not a huge amount.

13 Q And there's no contractual right of the wholesale
14 supplier to drop that new load coming to it or to
15 get out of the contract entirely in that
16 situation?

17 A (Shuckerow) Absolutely not. They have that full
18 responsibility to serve whatever the load may be
19 for whatever reason. Whether it's a defaulting
20 supplier on the retail side, whether it's due to
21 weather conditions, whether it's due to by
22 choice, you know, customers wanting to come back
23 from their retail supplier to the default service
24 in New Hampshire.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Q And the Company, Eversource, believes that the
2 financial security that you require of those
3 bidders who are selected to become the suppliers
4 is sufficient to protect the Company, if there's
5 a supplier default?

6 A (Shuckerow) Yes. Absolutely. Our Credit
7 Department, first, monitors them essentially
8 daily. The suppliers that we have are all in
9 excellent standing. We basically require, if,
10 essentially, there's an upward market, as we're
11 speaking right now, we supply -- we require
12 additional security, primarily that's in the form
13 of letter of credits. The reason we require that
14 additional security, in the unlikely event that
15 they were to default, and this would be a very
16 unlikely event, we would have secured,
17 essentially, letters of credit that we could
18 essentially step in, because we'd have to meet
19 that through the wholesale markets. And the cost
20 to our customers would be unchanged. We'd
21 essentially be using the monies from these
22 wholesale suppliers. That's the concept behind
23 it.

24 But it's monitored closely. Reports

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 are produced weekly. And we have been asking for
2 letters of credit recently. But there's been no
3 issues. These are suppliers that are healthy,
4 are financially strong, and they meet all their
5 obligations.

6 Q So, there is an opportunity to call for a
7 financial security enhancement?

8 A (Shuckerow) There is constantly. As soon as they
9 make it a threshold level, we're getting the
10 appropriate securities.

11 Q Thank you. I'll turn briefly to Ms. Paruta, just
12 a couple of questions. One of them is a detail
13 question, but I'm curious, so I'll ask.

14 So, this is on Bates Page 047, Lines 11
15 to 12. And this is the section where the
16 Lead/Lag Study is described, relevant to the
17 Company's working capital requirements.

18 A (Paruta) Yes.

19 Q So, this is where -- excuse me, this is where you
20 describe the "collection lag" for various
21 customer classes. And it jumped out at me that
22 the collection lag for the Small Customers is
23 less than 30 days, "29.24 days", and is
24 significantly longer for the larger customers,

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 "48.06 days". Do I have that right?

2 A (Paruta) That is correct.

3 Q And can you please explain why there's such a
4 difference between those two customer classes?

5 A (Paruta) I can explain how the mechanism works,
6 which would be helpful. So, the way we determine
7 the lead/lag study and the collection is we look
8 at the accounts receivable balances, as well as
9 the revenues, to determine, based on customer
10 class. So, we pull that financial information
11 from our accounting books and records. And,
12 based on the total revenues for the period, as
13 well as the accounting balances throughout the
14 period at the end of each month, all of that data
15 is then taken to determine how many days
16 outstanding, in terms of the collection efforts,
17 by customer class.

18 So, it really is dependent on what the
19 balance is, compared to the total revenues for
20 the year, in order to determine the days
21 outstanding. So, the higher the balances,
22 essentially, the higher the number of days it is.

23 And then, there's small nuances in
24 there, too, that kind of builds into it. There's

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 a couple of more rate mechanisms, like the meter
2 reading days.

3 But that's really the significant
4 majority, the lion's share of that calculation.

5 Q And has the length of the collection lag for
6 Large commercial customers changed over the past
7 year or so?

8 A (Paruta) I don't have that at my fingertips. But
9 we can probably do a read-in in a little bit, if
10 I can just take a quick look, if that's okay?

11 Q Sure. Thank you. And you provided some
12 additional detail earlier about the customers'
13 planned customer outreach and customer education
14 and communication strategies, and appreciated
15 that.

16 I take it the Company would be willing
17 to work with the DOE and the OCA on messaging
18 and --

19 A (Paruta) Absolutely, yes. I should have said
20 that in my opening remarks, I apologize.

21 Q And I guess I'll just ask as well, if the Company
22 might consider implementing expanded payment
23 arrangement opportunities for residential
24 customers or, in fact, for Small commercial

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 customer classes?

2 A (Paruta) Yes. So, those are options that we are
3 evaluating internally. You know, there are IT
4 challenges. So, there are multiple areas of the
5 organization that have to be sort of involved in
6 that decision-making process, make sure that it
7 can be effective and implemented within a timely
8 period, given this rate is coming relatively
9 quickly.

10 Q Would it be possible for those decisions to be
11 made before further customer outreach is
12 conducted, either through residential -- for
13 residential customers or the small commercial
14 seminars, webinars that Mr. Shuckerow described?

15 A (Paruta) Are you asking if we can make those
16 decisions before the outreach begins?

17 Q Yes.

18 A (Paruta) I can't really answer that, because
19 there are a lot of areas of the organization that
20 are going to have to move quick, to make sure
21 that things can be changed, in terms of system
22 changes. So, I can't answer that question.

23 Q Okay.

24 A (Paruta) But we are working very hard,

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 internally, to make sure that we do as best as we
2 can to achieve those asks of us, as a company.
3 And we certainly are prepared to do that.

4 Q Thank you. Appreciate that. And just to
5 clarify, the Company has historically offered
6 payment arrangements to residential customers,
7 but not to small commercial customers, Rate G
8 customers, for example, is that right?

9 A (Paruta) That is correct.

10 MR. WIESNER: Thank you. I don't -- no
11 further questions of this panel. Thank you.

12 CHAIRMAN GOLDNER: Okay. Thank you.
13 We'll turn to Commissioner Simpson.

14 CMSR. SIMPSON: Thank you.

15 BY CMSR. SIMPSON:

16 Q On Bates Page 005 of Exhibit 1, it stated that
17 default service is taken by "approximately
18 50 percent" of the aggregate load. And I presume
19 that's looking at megawatts of energy when you
20 make that statement?

21 A (Shuckerow) Yes. Correct. Megawatt-hours.

22 Q Okay. And you break that down further, "85
23 percent of residential customers, 30 percent of
24 commercial customers, and less than 10 percent of

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 industrial customers." Is that correct?

2 A (Shuckerow) Correct.

3 Q And is that also with respect to megawatt-hours
4 or is that with respect to customer counts?

5 A (Shuckerow) Megawatt-hours.

6 Q Can you speak to the customer counts for each of
7 those classes?

8 A (Shuckerow) Yes. And just bear with me.

9 Okay. We can get into much detail,
10 but, in general, for the Small Customer Group,
11 which we see the same pricing, the customer count
12 that we're aware of, and this would be for the
13 customers that Eversource is serving, would be
14 442,000. And, for the Large Group, it was 286
15 customers.

16 Q So, in your Large Customer Group, irrespective of
17 those customers that take energy service from the
18 Company, how many customers are in that group?

19 A (Shuckerow) Why don't I turn it over to Mr.

20 Littlehale. He has some details by the various
21 rate classes.

22 A (Littlehale) So, there is a report that we file
23 with the Commission. So, the most recent one was
24 filed on April 14th. It's entitled the "First

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Quarter of 2022 Customer Migration Report". So
2 that, in that filing, there's some more detailed
3 information, and we have data through March of
4 2022.

5 So, as of March 2022, there was
6 approximately 530,000 customers that take both --
7 that take our delivery service, and there are
8 approximately 90,000 customers that choose a
9 competitive supplier. So, the difference is the
10 combination of customers that take energy service
11 from the Company.

12 Q So, a majority of your customers take energy
13 service from the Company, but a majority of the
14 load served take energy service from a
15 competitive supplier. Is that correct?

16 A (Littlehale) Yes. I think that is a -- a
17 majority, I think we're saying at right about
18 half, if you aggregate the residential,
19 commercial, and the industrial, on a
20 megawatt-hour basis, it's about half.

21 Q Okay. And can you speak to the education and
22 outreach efforts that has been detailed in your
23 testimony, and discussed here today, with respect
24 to how the Company intends to target customers

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 that take energy service from the Company today?

2 A (Paruta) Yes. So, we, within our billing
3 process, know who takes energy service. So, in
4 terms of bill inserts, bill disclaimers, that is
5 easily identifiable, because we have that within
6 our billing system.

7 In terms of the Large Customers, we
8 have account executives that know who those Large
9 commercial/industrial customers are. And, so,
10 like I said earlier, we are performing outreach
11 to our account executives. We are creating
12 talking points, based on the results of this
13 hearing today, and the decision, and the outcome
14 of this hearing, at that point in time is when we
15 will begin the outreach, once we have finalized
16 and determined truly the impact to our customers.

17 So, that is how we determine who our
18 customers are that we have to perform the
19 outreach. We know who they are, because we have
20 it within our system, within our billing system.

21 Hopefully, that answers your question.

22 Q That's helpful. And, with respect to
23 coordination efforts with the Department of
24 Energy and the Office of the Consumer Advocate,

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 had the Company communicated with those two
2 respective agencies prior to today?

3 A (Paruta) Yes. We did.

4 Q Okay.

5 A (Paruta) Yes. So, the Energy Supply team reached
6 out immediately to our Regulatory Policy and
7 Revenue Requirements teams about what was coming
8 as soon as they saw it, vice presidents and this
9 team. We immediately reacted and started talking
10 about communications even before we contacted the
11 DOE and the OCA about scheduling a meeting to
12 discuss the coming tsunami of what we saw from
13 our Energy Supply team.

14 Q And the Company is providing information to both
15 respective groups, in order to help them
16 communicate to constituents at large?

17 A (Paruta) Yes. The information, and I can let Mr.
18 Shuckerow speak about the information that was
19 provided at our June -- I think it was Wednesday,
20 June 8th meeting, if I'm not mistaken, when we
21 began talking to our state agencies about what
22 was coming.

23 Q On Bates Page 009 through 010 of Exhibit 1, as
24 previously discussed as well, you mention

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 "conditions within the energy markets that are
2 influencing these significantly higher rates."
3 Are any of you able to offer insight into a
4 forward outlook into how those conditions might
5 be changing in the future and what we might be
6 able to expect in the coming months?

7 A (Shuckerow) Yes. I'll take a shot at that. I'm
8 not going to have a specific answer. But I can
9 share with you what we do on, essentially, a
10 daily basis.

11 First of all, the team I work with is
12 both the Natural Gas Supply team within
13 Eversource and my team. The point being is, the
14 individual head of the Gas Supply Team, which is
15 really driving everything here, the world's
16 natural gas prices is essentially every day he is
17 educating me, and others, with regards to what is
18 happening with regards to the variety of world
19 events that are out there right now. And I
20 simply shared with you the outcome, where prices
21 are very high.

22 So, the bottom line is, we're
23 monitoring. Unfortunately, it's not a
24 supply-and-demand situation, at least currently.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 It's driven by circumstances that are out of our
2 control. And, mainly, the war in Ukraine and the
3 demand for natural gas throughout the world.

4 So, the best I can say is, we're
5 monitoring it constantly. The questions that are
6 being asked are common to what we're experiencing
7 in Massachusetts, Connecticut. Tremendous
8 outreach, both internal and external, at all
9 levels of government and officials, and much
10 going on.

11 But we just can't -- you know, we all
12 want to hope that this is behind us, and it's not
13 going to get worse. But, obviously, there's no
14 guarantees right now.

15 Q You mentioned the Commission's investigation into
16 the process of procuring Default Energy Service.
17 And I am curious to hear more about your process
18 in Connecticut and Massachusetts, as opposed to
19 soliciting 100 percent of the default service
20 requirements here in New Hampshire. Can you
21 explain the nuanced differences between
22 Connecticut and Massachusetts?

23 A (Shuckerow) The processes, first of all, are
24 really quite similar. And, as I mention in my

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 testimony, the key difference is the amount, and
2 whether or not you're spreading out the
3 purchases.

4 So, Connecticut and Massachusetts are
5 probably more aligned. But I do want to stress
6 that the -- no process is really that much better
7 than the other. It's just that circumstances
8 have turned out that New Hampshire is the first
9 to see the wave of the big increases in prices.

10 Prior to this, as the numbers I shared
11 earlier in the testimony, New Hampshire was one
12 of the best priced in New England, if not the
13 best. So, you've had that advantage that you've
14 been well below market from February through
15 July, and others' pricing have been above. Now,
16 you're going to be above, perhaps the others, but
17 they will be catching up quite quickly, at least
18 in our estimation, when we get to January 1st.

19 So, you have to look at it over a
20 timeline. But, overall, the New Hampshire prices
21 have been excellent, been on a downward path, and
22 have been usually some of the lowest consistently
23 within New England. And it's just that, now,
24 you're at the head of the wave, so to speak, with

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 regards to the next phase of price increases, but
2 others are close behind.

3 Q The process as conducted today was directed in DE
4 17-113, is that correct?

5 A (Shuckerow) Yes, it is.

6 Q Can you explain the decisions that were made at
7 that time, in which the process today was
8 developed -- for which the process today was
9 developed, and the rationale?

10 A (Shuckerow) Sure. We're going really back to, I
11 think, 2017. So, I'm relying upon memory, to
12 some degree. Obviously, as is the norm, because,
13 and to set the stage, we were transitioning from,
14 basically, meeting most of our power supply
15 needs, meaning PSNH's, with owned generation, and
16 decisions were made to divest.

17 So, recognizing that, we really met
18 with the New Hampshire PUC Staff at that time,
19 and the OCA, and there were probably others
20 involved, too, and we discussed where the various
21 options were. It led to, basically, the process
22 that we're in today. So, it was, like
23 everything, it's a decision that comes about as a
24 result of the thoughts and the lessons learned.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 And, so, we kind of ended up where we are as the
2 result of that collaborative process.

3 Q You mentioned that, in your view, "there is no
4 perfect process". Would the Company recommend
5 aligning their processes with Massachusetts and
6 Connecticut for New Hampshire in the future?

7 A (Shuckerow) As I mentioned earlier, our goal
8 today is not to say one process is better or
9 worse. Our goal is really saying that we are
10 eager to move forward with regards to sharing our
11 experiences.

12 Obviously, the DOE staff and the OCA,
13 and others, we'll be hearing suggestions from
14 those other than Eversource. Hopefully, with all
15 that brainpower together, we can come up with a
16 process that is deemed acceptable, and will lead
17 to best practice and excellent pricing for the
18 New Hampshire customers that remain with the EDCs
19 in New Hampshire.

20 Q How about with respect to "bundled" procurements?
21 Seeking Energy Service solicitations for multiple
22 states at one time? Can you describe the risks
23 and possible benefits that might be realized
24 through such a process?

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 A (Shuckerow) Yes. By "bundled", making sure I --
2 I believe I understand what you're saying,
3 "bundled" would mean doing a procurement that
4 would be basically joint, by more than one EDC?

5 Q Correct.

6 A (Shuckerow) Okay. Again, I think we'd fall into
7 the category of pluses and minuses. The
8 challenges you face, under a situation like that,
9 is each company has its own, perhaps, financial
10 directives from the financial organization, with
11 regards to credit requirements, things of that
12 nature, contractual obligations, the terms in the
13 contract.

14 So, in theory, it could be done. But
15 you're adding another level of complexity with
16 regard to getting alignment, and sometimes with
17 alignment can come a potential, in my view,
18 shortcomings, because it's a compromise versus
19 a -- what one company thinks might be a best
20 practice and another company may not think it's
21 the best practice. So, it's just layering in
22 another level of complexity.

23 I think it's worth exploring. But it
24 would make it harder, in my view.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Q Do you think that a significantly larger pool of
2 load would be more desirable to the supplier
3 community, where the Company might find more
4 competitive pricing?

5 A (Shuckerow) My belief is "no". It's really along
6 the lines of questioning I was getting from
7 Mr. Wiesner with regards to the tranche size, and
8 that maybe leaning towards a smaller tranche
9 size. It's, basically, a "variable cost"
10 business, and larger, I believe, does not mean
11 "better". I think, if anything, it may mean
12 "worse".

13 But, again, that's perhaps the view of
14 Eversource, and maybe others have differing
15 views.

16 Q The Consumer Advocate asked about informing
17 customers about market dynamics. And I'm
18 interested in how we can enable customers to have
19 better insight and control over their energy
20 usage. Does the Company feel that time-of-use
21 rates for customers would serve as a tool for
22 customers to mitigate such high energy prices?

23 A (Shuckerow) It's an area where I'm really not the
24 Company subject matter expert on time-of-use

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 rates and interval metering. There is much going
2 on with all our companies, meaning Eversource
3 companies on this. So, I'm hesitant to say that
4 it should be one or the other.

5 Let me share with you at least, prior
6 to the experiences right now, which, hopefully,
7 are abnormal, and we'll go back to perhaps the
8 norm. The real driver comes down to the energy
9 component is the driver. And what it really
10 comes down to is the difference between on-peak
11 pricing and off-peak pricing in the day. And,
12 generally speaking, what that really comes down
13 to is the marginal resources within New England
14 are natural gas. I talked about the 50 percent,
15 the other 50 percent is nuclear, dispatched
16 around the clock. Renewable, basically,
17 intermittent. And then, we actually import
18 around 10 percent of our energy, or more, into
19 New England.

20 One of the biggest lines that we import
21 energy over that we have, Eversource has
22 transmission rights to, including PSNH, is what
23 we call the "Hydro-Quebec Phase I/Phase II line",
24 which runs through the State of New Hampshire.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 That line, for example, put in perspective, is
2 used at virtually 100 percent. It has extremely
3 high reliability, and it provides around 12
4 million megawatt-hours per year.

5 So, the point being is, we have a very
6 strong I'll call it "base" of energy, and,
7 hopefully, there's more on the horizon through
8 additional interconnections, and the efforts to
9 build offshore wind, primarily by Connecticut and
10 Massachusetts and Rhode Island.

11 But, at least the way the system is
12 right now, off-peak and on-peak is really natural
13 gas. The vast majority of the time, it really
14 comes down to what I'll call "efficiency
15 differences" in those units, heat rates. They're
16 very efficient units to start. By that, I meant
17 they're in the 6,000 to 7,000 Btus per
18 kilowatt-hour range. Put in perspective, an
19 older fossil steam unit is in the 11,000 Btus to
20 14,000 Btus per kilowatt-hour range. In other
21 words, the amount of energy you need to put in
22 the unit to get a kilowatt-hour out of it.

23 So, you're talking about modest
24 differences, because, really, the best units

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 would always be dispatched, at least that's the
2 expectation. So, you're seeing pricing
3 differential, but it's not huge. It does vary
4 throughout the year, but it might be in the
5 2-cent range or 3-cent range a kilowatt-hour.

6 But that's -- that's the infrastructure
7 we have today. I mention we have challenges
8 right now, that's why we're so dependent on LNG.
9 If many of these new resources that at least have
10 contracts do come about, of roughly the 60
11 million megawatt-hours that are coming from
12 natural gas to serve New England as we speak,
13 with a lot of the contracts we have in place,
14 meaning like the New England Clean Energy Connect
15 running through Maine, the thousands of megawatts
16 of offshore wind contracts, that 60 million
17 megawatt-hours may cut maybe in half, to about 30
18 million that would be gas, natural gas.

19 The hope is, at least from a cost
20 perspective, and I think an environmental
21 perspective, that those will happen, but they're
22 not tomorrow. They're all in the 2025-out range,
23 many are being delayed, either through legal
24 challenges, like in Maine, or supply change

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 issues, with regards to the offshore wind. So,
2 what we're seeing, because we are parties to many
3 of those contracts, is that the earlier
4 in-service dates are being pushed out to,
5 basically, the latest possible time. And that's
6 why I'm saying, a lot of this may be in the 2025,
7 at the earliest, to 2028 window.

8 Hopefully, that's helpful.

9 Q Thank you. And, with respect to customer
10 outreach and education, is the Company intending
11 to help customers analyze investments, like
12 distributed generation or energy storage, and how
13 they may have more control on the demand side of
14 their energy usage?

15 A (Paruta) That's really not our priority. Our
16 priority is to make sure that they understand the
17 significant increase in the Energy Service side
18 of the bill as well, to understand what their
19 options are, given that it's coming so quickly.

20 That those are items that I don't
21 believe have been evaluated. But I can certainly
22 take that back and do like a read-in. I'll check
23 with the team on the laptop. I can get in touch
24 with them.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Q Thank you. That would be appreciated.

2 A (Paruta) Sure.

3 CMSR. SIMPSON: I don't have any
4 further questions at this time, Chairman.

5 CHAIRMAN GOLDNER: Okay. So, we'll
6 just finish up here. I just have a few
7 questions, I think. And then, we'll take that
8 break, and then come back in a confidential
9 session.

10 BY CHAIRMAN GOLDNER:

11 Q So, Mr. Shuckerow, you mentioned, at the very
12 outset, when Attorney Chiavara was asking you
13 some initial questions, that you're doing some
14 linear regression modeling. What were you --
15 what are you actually modeling, and why do you
16 use linear regression?

17 A (Shuckerow) A little bit of background, if you
18 bear with me, is I became an expert in multiple
19 linear regression analysis in my first career
20 job, which is a long time ago.

21 Q I learned on Fortran, by the way.

22 A (Shuckerow) Correct.

23 Q So, you can do it both ways.

24 A (Shuckerow) Yes. Exactly. So, it was actually

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 involved, and just because of my background of
2 mechanical engineering, and I was involved in
3 essentially looking at how nuclear reactor
4 cooling pumps will operate under accident
5 conditions, of which there is high temperatures
6 and highly compressed water. It was, basically,
7 two-phase analytics, that was really my
8 background.

9 To fast-forward many years, in my
10 current responsibilities, it was important that I
11 had a handle on what the market would be. And,
12 basically, the traditional approach within the
13 industry is to run a -- essentially, a model of
14 the New England, or whatever region you're in,
15 system. Recognizing the resources, recognizing
16 the fuels, recognizing the load, a pretty
17 complex, big effort.

18 And the bottom line is, I had a
19 thought, and I thought multiple linear regression
20 would work. And the reason I thought that was I
21 knew that energy was the primary driver, in other
22 words, the energy, capacity is a big driver. And
23 there's some additional costs.

24 But what I didn't know was exactly the

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 level of risk premiums, because I'm not a
2 wholesale supplier, haven't been on that side of
3 the business, or profit that they would need,
4 because they're not investing capital. So, we
5 had a thought that we could essentially look at
6 what we call a "number of variables".

7 Make a long story short, it really came
8 down to that the energy component and the
9 capacity component, we could almost get a, you
10 know, *R-squared* of close to one, believe it or
11 not, which is indicative of the quality of the
12 model, the accuracy of the model.

13 Q Did you get that this time?

14 A (Shuckerow) We did not. We did not.

15 Q Thought not.

16 A (Shuckerow) Didn't get close, by the way. And
17 that began -- the lightbulb really went off when
18 I did the NSTAR, the Eversource Massachusetts
19 (Eastern) and said "Guys, we missed." And we're
20 usually right on. And, obviously, we knew what
21 was happening. And we looked at the variables,
22 and we can, maybe, with enough input.

23 The bottom line is, I have a lot of
24 years of data. We do it by state, but we look at

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 it collectively. And, believe it or not, we were
2 able to come up with a pretty simple model.
3 Basically, if -- it sounds like the model was the
4 traditional $y = ax + b$, where b was the capacity
5 component, which was not variable, x was the
6 energy component that we looked at over the term
7 of which we are procuring power, so it would be
8 the six months is the load-weighted average of
9 energy, and the y was basically the bid prices,
10 we looked at just the winning bids, and the a was
11 really, in many respects, the risk uncertainty,
12 the profit premiums.

13 And I was amazed that, after a little
14 bit of effort, we nailed it. And I've been using
15 that model. And I do benchmark, because, in
16 Connecticut, they have consultants that use the
17 traditional running a generation model through
18 New England. And I'm proud to say, we usually do
19 pretty well against them, if not better, in
20 regards to what the actual winning bid was.

21 Q I'm just surprised you don't use like a Monte
22 Carlo or something more complex?

23 A (Shuckerow) We could. But we just ended up
24 finding a model that I can ask my analyst,

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 saying, based on market conditions today, I can
2 tell the CEO within an hour what prices would be.
3 That's why we went to this much more approach --
4 it was a thought, and it worked. And we've been
5 using it. It's well accepted in Connecticut, and
6 well accepted in Massachusetts, and I know well
7 accepted in New Hampshire, because we've applied
8 testimony in that regard.

9 And that's what probably triggered
10 "well, why you did it different?" And the reason
11 we did it different is I needed an accurate
12 answer. And the volatility in the price skewed
13 the results of the model, since I had too big of
14 an outcome range. So, I went to, I think, a
15 better Plan B, at least in the short term.

16 Q Yes. And I think, in this upcoming investigative
17 docket, we can discuss this kind of thing more.
18 It would be very interesting to learn more about
19 your techniques, and what's working, what's not
20 working, stable/unstable environments, etcetera.

21 A (Shuckerow) Yes. Yes, it's simply a tool.

22 Q Yes.

23 A (Shuckerow) And with some good minds, and some --
24 a little bit of effort, sometimes a good thought

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 works.

2 Q Very good. I would like to just quickly move to
3 Exhibit 1, Bates 001. There's a reference there
4 I just didn't understand, and I was hoping
5 somebody could help me.

6 So, under Number 2, it says "in Docket
7 DE 17-113", there is discussion of Eversource
8 using "a competitive basis, rather than its
9 traditional method." What is the "traditional
10 method", if not "competitive basis"?

11 A (Shuckerow) Let me double-check.

12 Q Oh, take your time.

13 MS. CHIAVARA: Excuse me, Chair
14 Goldner, that's in the Petition?

15 CHAIRMAN GOLDNER: Yes, it is. Bates
16 Page 001 of Exhibit 1.

17 MS. CHIAVARA: Yes. I believe that
18 that's referring back to Docket Number DE 17-113,
19 where we moved to a competitive supply, after
20 divestiture of generation assets. And that's
21 what I believe is referred to --

22 CHAIRMAN GOLDNER: Okay. So,
23 "traditional method" was when you owned power
24 generation?

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 MS. CHIAVARA: Correct.

2 CHAIRMAN GOLDNER: Okay. Thank you. I
3 didn't know what "traditional" meant. Okay.
4 Very good.

5 BY CHAIRMAN GOLDNER:

6 Q I'm going to go back to the famous Exhibit 1,
7 Bates 005, for probably the fifth time. And I
8 think I understand everything about it. The only
9 thing I don't understand is this trend of going
10 from 70 percent to 85 percent residential. I
11 understand that is a trend, but can anyone
12 explain why? Why is it trending in that
13 direction?

14 A (Shuckerow) Yes. And just to make sure we're
15 grounded, that was the residential load, and that
16 a few years ago was around the 70 percent level,
17 and now we're at the 85 percent level.

18 I think we're back to the fact that
19 we've been on, in New Hampshire, a downward price
20 trend, and certain customers, I think, have been
21 responsive to that. And they're sensitive to the
22 price, and they have just seen "yes, let's go
23 back to the traditional utility, versus a retail
24 marketer."

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 It's the same trend that we have seen
2 in Connecticut, and in parts of Massachusetts
3 also.

4 And I think it was simply
5 representative of the fact that, until we got
6 into the COVID era, prices have been declining
7 for years. And --

8 Q Well, I'll make sort of an off-color joke, that,
9 if I used a linear regression analysis, it would
10 be at 100 in a couple of years, you know, 70 to
11 85 to 100.

12 I mean, do you see that tailing off or
13 do you see it continuing?

14 A (Shuckerow) It would be interesting to see what
15 happens with these pricing. So, it's, you know,
16 obviously, we'll talk about that. It's
17 definitely been on an upward trend. And, you
18 know, again, I think it comes down to is people
19 have seen a fair and reasonable price through the
20 procurement processes, in at least where
21 Eversource serves, in Connecticut, Massachusetts,
22 and New Hampshire, and said, you know, "It works
23 for me."

24 Q Would you -- do you anticipate, in other words,

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 it leveling out at 85 percent or do you
2 anticipate it continuing to climb?

3 A (Shuckerow) I expect it to maybe not go much
4 above 90 percent. I think there's always going
5 to be those that for whatever reason. And one of
6 the reasons that's important is, with the retail
7 suppliers, as appropriate, we simply meet the RPS
8 requirement in each state, the level of greening
9 up. Some customers are more sensitive to that.
10 And there are available options in which there is
11 additional, essentially, your power is coming
12 from -- from, basically, more renewable energy.
13 So, I think there's definitely a subset of
14 customers that have a strong interest in that
15 area.

16 Q Yes. I just think, I wonder if the original
17 deregulators in 1996 would have been surprised by
18 such an outcome? I think they might have
19 expected something quite different. Nothing in
20 this -- nobody in this room can control. But
21 it's -- I would say that it's surprising to be at
22 that level after all these years.

23 A (Shuckerow) It is, because it's been 20 years,
24 when you look at New England. In 1998, I was

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 asked to do the job I'm currently doing. It was
2 thought to be a one-year job, and they had
3 another job for me. When it came after the one
4 year, they said "We kind of need you in your
5 current job", because the level of customers
6 leaving towards retail supply really took a long
7 time to take off.

8 And there is an ups-and-downs in
9 residential, as we discussed. When you look at
10 the Small C&I segment, and you further break that
11 down, of that segment, the smaller usage
12 customers have stayed with the EDC. It's really
13 been, it turns out, that the customers that can
14 basically get a fine-tuned product, by
15 "fine-tune", in other words, their costs match to
16 their load shape, such that they're not paying
17 more or paying less, they're paying right on,
18 with regards to their usage. That's why you've
19 seen the Large C&I customers migrate.

20 I think there's more interest from the
21 retail providers. Obviously, they get a bigger
22 bang for their buck for the effort involved, when
23 they can basically secure a large customer.

24 So, it's clear, in at least within the

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Eversource New England states, that the bottom
2 line, after 20 years, is the Large Customers, the
3 super majority, have gone on to retail supply,
4 and the Small Customers have stayed with the
5 native EDC.

6 Q Very good. Thank you for that explanation. Just
7 a couple of questions on sort of behalf of
8 members of the public, if I can represent them
9 for a moment.

10 Does Eversource have any concerns with
11 rolling blackouts or brownouts this winter?

12 A (Shuckerow) The answer is, we were extremely
13 concerned with regards to the warnings we
14 received from ISO New England last year. It's a
15 difficult message to tell our customers that
16 there may be a chance of rolling blackouts. As a
17 result of that ISO message last year, we had many
18 drills within the Company. For example, one of
19 my roles, a secondary role, is to be a community
20 liaison, which is to explain to the communities
21 what's happening. Those are tough stories to
22 tell.

23 Recognizing this winter, we haven't
24 seen much change with regards to infrastructure

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 additions, we are, you know, very worried about
2 the same message coming from ISO. Through the
3 NEPOOL process, along with the other
4 transmission-owning utilities, and that's what
5 Eversource is within ISO New England, is a
6 transmission owner, basically, collectively
7 agreed. We reached out to all the states,
8 meaning collectively as the TOs, urged the ISO
9 New England to relook, and they did commit to
10 that. We're expecting their report, they told
11 us, by the end of this month, as to the level of
12 concern they have going into this winter.

13 So, I can't share with you whether or
14 not it's a red flag or yellow flag going into
15 this winter, other than it's being investigated.

16 The other thing I can share with you is
17 that, if it ends up being a concern, the ISO has
18 said that they're willing to look at appropriate
19 out-of-market remedies, of which there's a wide
20 spectrum of those. We're not there yet, but
21 they've committed to do that.

22 So, the answer "yes", we are concerned.
23 We don't want to have that issue. We want to
24 make sure remedies are in place to avoid that

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 issue, for all the obvious reasons. And, as
2 difficult it is, when you have a storm or
3 whatever, especially, I live in Connecticut, or
4 in southeastern Massachusetts, driven by the
5 hurricanes or whatever, that's difficult enough
6 during the summer, just to think about in the
7 winter, where you would have the challenges of
8 extremely cold weather, and the necessary steps
9 that you would have to take to make sure that
10 people are safe and healthy.

11 So, it's something that's high on our
12 radar screen, to work with others to make sure
13 that we are okay.

14 Q Do you file such a report with the Department of
15 Energy or the OCA or with the Commission?

16 A (Shuckerow) I don't know.

17 CHAIRMAN GOLDNER: Ms. Chiavara, do you
18 know if we receive such a report, as a community
19 in New Hampshire?

20 MS. CHIAVARA: About possible rolling
21 blackouts?

22 CHAIRMAN GOLDNER: Correct.

23 MS. CHIAVARA: I could take it back and
24 find out for you. I don't know that information

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 off the top of my head.

2 CHAIRMAN GOLDNER: I think it would be
3 good. It would be good to inform everyone, it
4 sounds like you have some important information
5 coming. So, thank you.

6 MR. KREIS: Well, I could speak to that
7 briefly, Mr. Chairman.

8 CHAIRMAN GOLDNER: Yes. Thank you.

9 MR. KREIS: We do not, I don't think,
10 receive reports from either Eversource or the
11 other electric utilities about the likelihood of
12 rolling blackouts. But we do receive
13 communications fairly regularly from ISO, in part
14 because our office is a member of NEPOOL in the
15 end-user sector.

16 I will also say, and something I've
17 undertaken to do, I did this last year, was I
18 reached out to Liberty, Eversource and Unitil,
19 and the Electric Co-op, and asked them what
20 actually happens in the event of rolling
21 blackouts. Because what I learned, by talking to
22 the ISO, is that, basically, the ISO issues a
23 directive, that ultimately has to be executed in
24 New Hampshire by Eversource, which essentially

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 operates the system, it also includes the
2 Electric Co-op, and then Liberty and Unitil.
3 They would all have to decide how they would
4 respond to that directive from the ISO. And
5 they -- spoiler alert -- they don't all respond
6 the same way.

7 And I guess that's an inquiry I would
8 recommend to the Commission, and to the
9 Department. It was interesting, I'll just put it
10 that way. Outside the scope of this proceeding,
11 obviously, but since you mentioned it.

12 CHAIRMAN GOLDNER: Thank you, Mr.
13 Kreis. That is helpful. Just maybe two more
14 questions on the same line.

15 BY CHAIRMAN GOLDNER:

16 Q What would you say to members of the public about
17 what they should expect when the current
18 six-month contract expires? Or maybe, what are
19 you telling them in your communications?

20 A (Shuckerow) Unfortunately, it's kind of "stay
21 tuned". As we discussed before, it's not a
22 supply-and-demand in the traditional sense that
23 we're accustomed to. It's the events of the
24 world are dictating the prices, as we discussed

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 earlier. And that's exactly what I've been
2 sharing with others. I've been talking to with
3 senior management, they're briefed constantly on
4 this.

5 And I do not have a prediction for you,
6 sir.

7 Q Thank you. Understand. When I look at the
8 Eversource rate that's being proposed here today,
9 let's call it "22 cents", it looks a lot like the
10 Liberty rate. The UES rate is actually 10 cents,
11 and, to your point earlier, that has a lot to do
12 with timing, their rate begins on June 1st. So
13 that the timing looks a lot like Massachusetts
14 and Connecticut in your region.

15 But what I don't understand is that --
16 so, it sounds like prices have doubled in the
17 last four to eight weeks.

18 A (Shuckerow) Yes.

19 Q Right?

20 A (Shuckerow) Well, since February.

21 Q Since February. And some -- entering some
22 dollar/cost averaging, and the math is sort of
23 complex. I'm just using the Unutil number,
24 because they apparently pegged exactly the right

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 day, because they're literally 10 cents lower
2 than any of the Eversource regions that you were
3 referring to earlier.

4 A (Shuckerow) Yes.

5 Q But what I don't understand is, so that the
6 prices have gone up dramatically in the last four
7 to eight weeks, the Ukraine war started in
8 February. I'm trying to correlate your
9 explanation of "It's Ukraine", versus the price
10 in the last four to eight weeks?

11 A (Shuckerow) Yes. I think I said earlier that
12 prices, and in my testimony, it's really tied to
13 the Ukraine war, which would be late February.

14 Q Okay.

15 A (Shuckerow) So, if I created confusion by saying
16 "four to eight weeks" --

17 Q Well, I'm just responding to the UES rate, which
18 is 12 cents, --

19 A (Shuckerow) Oh, okay.

20 Q -- which was locked about 6 weeks ago. Six weeks
21 later, you locked at 22 cents. And I'm trying to
22 understand why the price has doubled in the last,
23 four, you know, six weeks?

24 A (Shuckerow) Yes. Two responses there. Number

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 one, again, I think they're on a June through
2 December -- through November.

3 Q Correct.

4 A (Shuckerow) So, they probably went out in April.
5 And the key difference here, and we actually saw
6 an exhibit earlier about the winter pricing,
7 they've escaped the worst months.

8 Q The last two months, right.

9 A (Shuckerow) December, January, where the prices
10 are in the 40 to almost 50 cents a kilowatt-hour,
11 when you blend that with the other months, it
12 really pushes things up.

13 So, it's -- they have escaped the worst
14 of the months. Unfortunately, based on my view,
15 when their next rate comes due on December,
16 they're going to capture the worst, because they
17 will have the December, January, February, and
18 March in their next rate. So, --

19 Q Okay. And, to be fair, they were at 17 cents
20 last cycle. So, I understand your perturbation
21 message.

22 A (Shuckerow) Yes.

23 CHAIRMAN GOLDNER: Just a moment here
24 for the machine.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 MR. KREIS: So, I guess if I might
2 interject?

3 What I think that suggests, and be
4 curious if Mr. Shuckerow agrees, is that the
5 procurement cycle that Liberty and Eversource
6 have is actually better for customers, because it
7 reduces the rate volatility, by splitting up
8 those high wholesale price winter months.

9 WITNESS SHUCKEROW: Yes. And if I
10 could respond to that?

11 The answer is "yes". When we talk
12 about how we got to the process for PSNH in 2017,
13 and recognizing the winter challenges that we
14 talked about earlier, it was our suggestion, and
15 it was accepted, that we basically divide the
16 winter up, we think about the four winter months,
17 December, January, February, and March. That's
18 why we split it as of February 1st, versus the
19 other states being January, because we'd prefer
20 no volatility. And that would help to at least
21 dampen it. And it actually did, until we got
22 into this -- into this situation we're in right
23 now. So, it actually worked.

24 MS. CHIAVARA: And, if I may, Chair

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Goldner? I just checked on the docket webpage.
2 And Unutil's RFP went out at the end of February,
3 and final bids came in in March, March 4th, I
4 believe.

5 CHAIRMAN GOLDNER: Because they locked
6 on June 1st. So, I didn't recall the bids being
7 that early in the process. But thank you for the
8 clarification.

9 All right. Just a couple more
10 questions.

11 BY CHAIRMAN GOLDNER:

12 Q The next one is on Exhibit 2, Exhibit 2, Bates
13 073. Or do I have the wrong exhibit? Just a
14 moment please. I think I might have Exhibit 1.

15 Yes, it is. It is Exhibit 1.
16 Exhibit 1, Bates 073.

17 And my question here, and I ask this a
18 lot, but, on the RECs, how many -- I'm looking at
19 this, "Knollwood Energy", and looking down the
20 list, "3Degrees Group", etcetera. How much of
21 this money leaves New Hampshire versus how much
22 stays here? Does anyone calculate that? Is that
23 part of the calculus, when you sort through --
24 sort through this process?

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 A (Shuckerow) If I could ask a follow-up? This
2 would be the payment for the Class I, II, III, IV
3 RECs?

4 Q Correct.

5 A (Shuckerow) And how much goes to New Hampshire
6 resources, versus resources that may be --

7 Q Yes. I'm just trying to sort through the
8 benefits and cost to New Hampshire as we go
9 through this process.

10 And I realize, on the next page, the
11 follow-up question will be some explanation on
12 Burgess and Lempster, which are pretty large, and
13 here in New Hampshire.

14 A (Shuckerow) Right.

15 Q But I'm focused on Page 1 at the moment.

16 A (Shuckerow) Yes. Yes. Absolutely. I can give
17 you an "in general" answer, because I don't think
18 we have the detail. And I'm not sure where to
19 get it.

20 Resources within New England can be
21 classified to serve RECs in other states. So,
22 you'd really have to look at where those
23 resources are located. And there are different
24 variances of RECs with each state, too. And the

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 most complicated by the number of classes is
2 Massachusetts, and then I think Connecticut and
3 New Hampshire are similar. So, you really have
4 to get down, I think, to the source of where the
5 resources are located.

6 And the type of resources we're talking
7 about, and let's take the Class I, which is the
8 dominant cost. Those would be the traditional
9 wind, solar, certain levels of maybe hydro
10 facilities, whatever, you know, classify for
11 those. And I think there's a direction
12 correlation is, you can look at the megawatts and
13 the megawatt-hours produced in each state, and
14 I'm sure we could drill down to this through ISO
15 New England data, as to how much megawatt-hours
16 are being processed by I'll call it "Class I"
17 type resources in each respective state. And, in
18 theory, that's where the money perhaps may be
19 ending up. Sometimes it may get complicated,
20 because you could have brokers, you know, in
21 between that. So, the path may not be that
22 clear.

23 But I think there's a direct
24 correlation between the megawatt-hours produced

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 for Class I type resources in each respective
2 states, and where the money is going.

3 Q So, they're all New England vendors?

4 A (Shuckerow) Yes.

5 Q And the state is not part of the calculation,
6 you're just looking for the lowest rates that you
7 can get?

8 A (Shuckerow) Yes. Correct. I think you hit the
9 nail on the head, is that they're New England
10 resources. There are a few resources outside of
11 New England that classify for the "Class I"
12 category in their respective states. But the
13 supermajority are in New England. They have iron
14 in the ground, so to speak, in New England.

15 Q Okay. Far enough. And then, just a couple more,
16 just some calculation on how this -- so, Bates
17 074, next page, Bates Page 074. I just didn't
18 understand the chart.

19 There's "Burgess Biopower" there,
20 there's "Lempster Wind" on there. There's a lot
21 of dollars flowing through. And I couldn't sort
22 through what was meant by "Columns (H)", "(I)",
23 and "(J)", so, "Contract Price", "Transfer
24 Price", "Energy Service Cash Basis".

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Can somebody just kind of walk through
2 the chart and how am I -- how should I read these
3 different prices and what's actually used, and
4 etcetera?

5 A (Lamontagne) The contract price is the price
6 that --

7 [*Court reporter interruption.*]

8 **BY THE WITNESS:**

9 A (Lamontagne) The contract price is the price
10 that's within the contracts for each of those
11 facilities. And then, the transfer price is the
12 difference between the market price and the price
13 that's within the agreement.

14 BY CHAIRMAN GOLDNER:

15 Q So, maybe let's just take an example. So,
16 Lempster Wind, Line 6, the contract price is
17 "10.00", so that's the price that you're paying
18 them, you're cutting them a check for \$10, times
19 whatever the volume is?

20 A (Lamontagne) Correct.

21 Q Okay. And transfer price of "35.50", where is
22 that money going, from where to where? Or, what
23 is that "35.50"?

24 A (Lamontagne) That would be the settled price.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Q Meaning -- what does that -- what does that mean?
2 Who is cutting the check and where is the money
3 landing?

4 I understand Eversource cutting a check
5 for \$10 times the volume to Lempster Wind, I
6 assume?

7 A (Lamontagne) Yes.

8 Q But I don't understand the rest of the
9 transaction?

10 A (Lamontagne) So, that would be the amount that
11 goes into the inventory to cover our RPS
12 obligation.

13 Q Okay.

14 A (Lamontagne) So, that would be the inventory
15 cost.

16 Q Okay. So, the check gets cut for \$10, but you
17 put the balance, 35.50, in inventory?

18 A (Lamontagne) Yes.

19 Q Okay. All right. Thank you. And then, finally,
20 the last column, which, again, is "\$10.00" in
21 this case, Column (J), what does "Energy Service
22 Cash Basis" mean? That's, again, the contract
23 price, in this case, matches the cash basis
24 price, that's the check that you're cutting.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 But, if you go up to Burgess Biopower,
2 those numbers are different. So, maybe let's
3 look at Burgess for a moment, "Column H" versus
4 "Column J", why are those different?

5 A (Lamontagne) So, the contract price for Burgess,
6 the "54.38", is what we're paying them based on
7 their agreement.

8 Q Okay.

9 A (Lamontagne) And then, the transfer price would
10 be the value based on the market.

11 Q Perfect. Perfect.

12 A (Paruta) And, if I could just add, the "Energy
13 Service Cash Basis" price is the lower of those
14 two.

15 Q I see. Okay. Thank you. Looking at it again, I
16 should have figured that out. Okay. Very good.
17 Thank you for that explanation.

18 And then, I think my final question is,
19 can you help me locate the RPS cost to
20 ratepayers, in dollars, for the six-month period?

21 If that's a confidential number, we can
22 wait till the next session. I'm just trying to
23 put it in dollars.

24 A (Paruta) If we could wait till the next session?

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 Q It's confidential, okay.

2 A (Paruta) Thank you.

3 CHAIRMAN GOLDNER: Very good. So, I'll
4 just make a note on that.

5 BY CHAIRMAN GOLDNER:

6 Q And then, finally, I think I know the answer, but
7 I just want to ask this final question.

8 On the power supply that you receive in
9 these contracts, do you have any idea of the
10 proportion of gas, nuclear, etcetera? Is it
11 transparent to you?

12 A (Shuckerow) It's transparent, and the rule of
13 thumb is it's, basically, a system mix of New
14 England. So, it would be along the lines of what
15 I shared with you earlier.

16 Q And I think you said -- I think I've read before
17 that the natural gas percentage in New England,
18 I've read before, I'm doing this from memory, was
19 about 60 percent, I think you said "50 percent"?

20 A (Shuckerow) It's 50 percent.

21 Q Fifty percent right now.

22 A (Shuckerow) Yes.

23 Q Okay, in the current period. And what's nuclear
24 on the balance?

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 A (Shuckerow) About 30 percent.

2 Q Okay. So, in New England, it's a New England
3 cut, right?

4 A (Shuckerow) Yes.

5 Q So, 50 percent is natural gas, 30 percent is
6 nuclear. So, 80 percent of the --

7 A (Shuckerow) Yes.

8 Q Okay.

9 A (Shuckerow) Yes. And those are rules of thumb,
10 obviously, their function.

11 Q Yes.

12 A (Shuckerow) But the nuclear units are, obviously,
13 Seabrook, that's about 1,200 megawatts, and then
14 you have also, in Connecticut, in southeastern
15 Connecticut, it's called "Millstone", you have
16 Millstone 2, which is around 900 megawatts, and
17 then, really, a sister facility of Seabrook
18 called "Millstone 3", also around 1,200
19 megawatts. Those resources are owned by
20 Dominion. And they were part of the divestiture
21 that occurred around 2000, the year 2000.

22 Q Thank you. And has that 50 percent, the natural
23 gas, has that gone down in the last year or two
24 with this --

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 A (Shuckerow) It's actually been steady around
2 there. Two things have happened. Actually, a
3 older nuclear power plant, called "Pilgrim 1",
4 which was south of Boston, almost 700 megawatts,
5 retired in June of 2020. That was around the
6 clock. So, you had to basically replace it. So,
7 two things have happened. You've had a modest
8 amount of new renewable resources, smaller scale,
9 have come on line to help replace it. So, we
10 think we've been steady around that 50 percent,
11 plus/minus a little bit from year in/year out, as
12 a function of weather and outages and things of
13 that nature.

14 CHAIRMAN GOLDNER: Okay. Thank you.
15 That's very helpful.

16 Okay. So, let's -- would ten minutes
17 be enough of a break or would you need more time?

18 Ms. Chiavara.

19 MS. CHIAVARA: I actually just had one
20 question. Chair, I have two nonconfidential
21 redirect questions.

22 CHAIRMAN GOLDNER: Sure. Let's do that
23 before we break. Perfect.

24 MS. CHIAVARA: All right. Great.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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REDIRECT EXAMINATION

BY MS. CHIAVARA:

Q The first is for Ms. Paruta. Ms. Paruta, referring back to the OCA's line of questioning, regarding the \$5.2 million under-recovery that we're asking for in the reconciliation this year. Were you suggesting, when the hypothetical is made that "Okay, three weeks is okay, but 10 years would not be okay", were you suggesting, in your answer, that there should be any sort of time limit for recovery of prudently incurred costs for which the Company is entitled to recovery?

A (Paruta) No, I was not.

Q Okay. Thank you. And then, for Mr. Shuckerow, you've been asked about a number of elements and approaches to procurement process, from just about everybody, from the parties, from the Commissioners. And I just want to clarify, are you making any procurement process changes or recommendations on behalf of the Company at this time?

A (Shuckerow) No. The only recommendation would be is, for those that are involved in the process,

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 sit down together, review best practices, and
2 with the hope that we could come up with a plan
3 that meets the needs and provides value for New
4 Hampshire customers.

5 MS. CHIAVARA: Thank you very much.
6 That's all I have.

7 CHAIRMAN GOLDNER: Thank you. So,
8 let's come back at ten minutes till the hour.

9 And, when we resume, we'll go into a
10 confidential session. So, for members of the
11 public, there's a waiting area just outside of
12 the reception, members of the public could wait
13 there. And then, we'll invite the members of the
14 public back in, when we complete the confidential
15 session.

16 So, we'll go off the record, and return
17 at ten till. Thank you.

18 (Recess taken at 3:39 p.m., and, upon
19 returning from the recess, the hearing
20 opened in a **CONFIDENTIAL SESSION** at
21 3:56 p.m.)

22 [*Suspension of **PUBLIC** session*]

23 (**Pages 114 to 139** are **CONFIDENTIAL** and
24 **REDACTED** from the **PUBLIC** transcript.)

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

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[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 *(The hearing resumes on the **PUBLIC***
2 *portion of the transcript.)*

3 [Public session resumed at 4:27 p.m.]

4 CHAIRMAN GOLDNER: Okay. We'll go back
5 on the record. And, Mr. Wiesner, did you want
6 to --

7 MR. WIESNER: I just have a quick
8 clarifying question for Ms. Paruta, now that
9 we're back into a public session.

10 BY MR. WIESNER:

11 Q I'm looking at Exhibit 2, Bates Page 053, and
12 Line 7, which is the "RPS Adjustment Factor".
13 And it's shown here as a confidential number.
14 But, in fact, that is not confidential, is that
15 correct?

16 A (Paruta) That is correct. On Bates --

17 Q And -- sorry. Go ahead.

18 A (Paruta) I was going to say, on Bates
19 Page 026, that is a public number.

20 MR. WIESNER: Okay. Thank you.

21 WITNESS PARUTA: Thank you.

22 CHAIRMAN GOLDNER: Attorney Chiavara,
23 do you have any redirect?

24 MS. CHIAVARA: I do not.

[WITNESSES: Shuckerow|Littlehale|Lamontagne|Paruta]

1 CHAIRMAN GOLDNER: Okay.

2 MS. CHIAVARA: Thank you.

3 CHAIRMAN GOLDNER: Just checking.

4 Okay. Very good. Thank you to all the
5 witnesses today. The witnesses are released.
6 You're welcome to stay seated there, or grab
7 another seat, whatever is most comfortable for
8 you. Thank you.

9 So, without objection, we'll strike ID
10 on Exhibits 1 and 2, and admit them as exhibits.
11 There are no record requests. So, there's no
12 need to hold the record open.

13 And we can move to closing arguments.
14 But, before we move to closing arguments, I'd
15 just like to check, with the OCA and the DOE,
16 that if, in your closing, you'll address a
17 recommendation on this Petition?

18 MR. KREIS: Yes.

19 MR. WIESNER: Yes.

20 CHAIRMAN GOLDNER: Thought so. And,
21 then, finally, for the DOE, will you, in your
22 closing, make a recommendation on this
23 confidentiality question on the number of
24 bidders?

1 MR. WIESNER: Yes. I'll do that.

2 CHAIRMAN GOLDNER: Okay. Thank you.

3 Thank you very much.

4 Okay. Without further adieu, anything
5 else, before we move to closings, Commissioner?

6 CMSR. SIMPSON: Nothing further from
7 me.

8 CHAIRMAN GOLDNER: Very good. We'll
9 move to Attorney Kreis for a closing.

10 MR. KREIS: Thank you. It's always a
11 pleasure to have the Office of the Consumer
12 Advocate go first.

13 I would like to start by thanking
14 everybody. I think the Eversource witnesses have
15 done a fine job explaining the results of this
16 really unhappy Default Energy Service
17 solicitation. I think the Company's counsel has
18 likewise done a good job presenting the Company's
19 position. I thank my colleagues at the
20 Department of Energy. And, most particularly,
21 thank the Commission for its thoughtful
22 questions, and its willingness to entertain my
23 rantings and ravings.

24 Next, I would like to say, to

1 Ms. Paruta, that you'll be happy to know that you
2 have worn me down about that \$5.2 million
3 adjustment. I can see that it is reasonable,
4 provided that none of the other parties have a
5 good argument, or, that the Department, I guess,
6 doesn't have a good argument for why it shouldn't
7 be considered reasonable, and, therefore, fairly
8 included in the reconciliation process that is
9 part of what we're talking about here.

10 And then, beyond that, as to the bigger
11 question of whether the Commission should approve
12 the Petition, and with it the ginormous Default
13 Energy Service rate that the Company is
14 proposing, in particular, for the Small Customer
15 class, but for all of its Default Energy Service
16 customers.

17 You know, I guess that the Commission,
18 yesterday evening, issued its order in DE 22-024,
19 I'm referring to Order Number 26,643, that was
20 the Commission approving a very similar proposal
21 from Liberty Utilities. And, essentially, I
22 think the Commission must or has little or no
23 choice other than to make exactly the same
24 decision here, for exactly the reasons that you

1 laid out quite thoughtfully in the order that you
2 issued yesterday.

3 There is nobody in this room who is
4 less happy about this outcome than I am. And I
5 am absolutely convinced that it is imperative
6 that my office, the Department, our electric
7 utilities, the Commission take some very
8 proactive measures to make sure that we are
9 continuing -- that we are continuing to get
10 Default Energy Service right, in the context of
11 the Restructuring Act, and a decision that was
12 made quite a number of years ago about what
13 the -- what the State hoped would develop by way
14 of competitive markets at wholesale and retail in
15 New Hampshire.

16 So, we need to leap right into some
17 very thoughtful, frank, robust, and difficult
18 conversations about where we go from here, as a
19 state, with Default Energy Service.

20 But, in the near term, I regret to say
21 that I look forward to reading your order
22 approving that huge rate as consistent with the
23 requisite just and reasonable standard.

24 Thank you.

1 CHAIRMAN GOLDNER: Thank you, Attorney
2 Kreis. Moving to Attorney Wiesner.

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

4 So, we do first want to express our
5 appreciation again for the Company's willingness
6 to participate in technicals sessions with us
7 yesterday morning and before, and to provide
8 additional information we requested, in order to
9 clarify certain material points related to the
10 requested rate increase, and, in particular, the
11 \$5.2 million RPS compliance cost from a few years
12 past.

13 So, the Department has reviewed
14 Eversource's filing in this proceeding. And we
15 have determined that the Company conducted its
16 wholesale power supply solicitation and selected
17 winning bids to provide Default Energy Service in
18 compliance with the settlement agreement and
19 process approved by the Commission in Docket DE
20 17-113, back in 2017.

21 We believe that the Company's selection
22 of the winning suppliers was reasonable, and, as
23 a result of its competitive procurement, that was
24 reflective of current wholesale power market

1 conditions, which has been noted are, perhaps,
2 unprecedented.

3 And the Company's calculation of the
4 rates based on those supply bids, prior period
5 reconciliations, and other factors, appear to be
6 sound. As a result, we believe the resulting
7 Energy Service rates, while quite high, are
8 nonetheless just and reasonable. The dramatic
9 price increases reflect the current volatile in
10 the market, and the high forward natural gas and
11 electric prices heading into next winter.

12 In view of the potential customer bill
13 impacts, we are encouraged that the Company has
14 committed to engage in meaningful outreach and
15 communications to prepare its customers for the
16 rate increase, and to describe potential
17 strategies that might mitigate and help customers
18 manage the impacts of the increase.

19 We also understand and encourage the
20 Company to consider expanding opportunities for
21 payment arrangements that would help customers,
22 including small commercial customers, manage the
23 rate increase and the resulting bill impacts.

24 And the Department is prepared to work

1 with the Company to review its customer outreach
2 and communication strategies.

3 With respect to the specific issue of
4 the \$5.2 million adjustment, which is based on a
5 prior reconciliation related to 2019 RPS
6 compliance expenses, the Department has met with
7 Company representatives on multiple occasions in
8 technical sessions to review detailed information
9 regarding those expenses, as well as the
10 reconciliation accounting for those costs.

11 Both the Company and the Department
12 have made an extra effort to ensure that those
13 reported costs were accurate and properly
14 incurred and reconciled. Based on that review,
15 we've determined that the Company has accurately
16 reported those costs, and correctly performed the
17 reconciliation.

18 Therefore, we recommend that the
19 Commission find that the adjusted Energy Service
20 rate reconciliation, to account for and include
21 those prior year RPS compliance expenses, is
22 accurate and appropriate. And, once again, we
23 appreciate the Company's time and efforts to
24 assist our review of that issue.

1 With respect to the number of bidders,
2 and the confidentiality of that number, for
3 Eversource, and for other utilities in this
4 state, that number has traditionally been kept
5 confidential, and I think it's appropriate to do
6 so, even though it doesn't fall expressly within
7 the language of the rule. As noted by
8 Ms. Chiavara, "bidder information" is a category
9 that is entitled to be treated confidentially,
10 and the number of bidders could have a
11 significant impact on the results of the
12 competitive procurement.

13 Certainly, if one bidder knows it's the
14 only bidder, or likely to be the only bidder,
15 then the pricing may be different, and customers
16 may end up paying more than they should. Even if
17 there are more than one bidder, it still seems
18 like it's commercially sensitive information that
19 should be kept confidential under an appropriate
20 balancing test.

21 In conclusion, the Department supports
22 Eversource's filing. And we urge the Commission
23 to grant the Petition, make the findings
24 requested by the Company, and approve the

1 proposed Energy Service rates in this proceeding,
2 for effect on August 1st.

3 Thank you.

4 CHAIRMAN GOLDNER: Thank you, Attorney
5 Wiesner. And, finally, Attorney Chiavara.

6 MS. CHIAVARA: Thank you.

7 The significance of this unprecedented
8 Energy Service rate increase, and the impact it
9 will have on Eversource customers, cannot be
10 overstated. The Company is acutely aware of the
11 burden this will create for so many residents and
12 businesses throughout New Hampshire, which is why
13 the Company is quickly developing a multifaceted
14 customer outreach and education effort, to be
15 deployed as soon as possible, and in consultation
16 with the Department of Energy, the Office of the
17 Consumer Advocate, as well as municipal
18 officials, state legislators, and community
19 agencies.

20 Our objective is to ensure maximum
21 public penetration of awareness of the impending
22 increase, along with education as to all
23 available options to navigate hardships posed by
24 the proposed Energy Service rates. These

1 extraordinary circumstances affect us all, and
2 Eversource will make every effort to support its
3 customers during this trying time.

4 As harrowing as the present
5 circumstances may be, they are extraordinary and
6 even novel conditions of the global, national,
7 and regional energy markets that have resulted in
8 the more-than-doubling of the Energy Service
9 rate. And although the proposed increase in
10 rates is drastic, the rates also represent the
11 results of a fair and competitive solicitation
12 that abides by all Commission requirements, and
13 is consistent with best practices for Eversource
14 Energy Service solicitations.

15 The selected bids accurately reflect
16 what are presently volatile and extreme market
17 conditions. There is no failure in process or
18 practice, nor was there an available panacea that
19 could have avoided or ameliorated this outcome,
20 and the Commission acknowledged as much in
21 yesterday's order that approved Liberty's Energy
22 Service rates.

23 Eversource appreciates and supports the
24 Commission's approach of examining the

1 procurement process in a dedicated docket, with
2 all relevant and interested stakeholders, so that
3 all issues may be thoroughly analyzed in context,
4 and New Hampshire can implement best practices in
5 the face of the current energy climate.

6 The Commission's commitment to
7 reexamining procurement for possible process
8 improvements is a measured and reasoned approach
9 to attempt to mitigate some the worst of these
10 steep upward pricing trends.

11 Despite the difficulty of this reality,
12 and unpalatable decision facing the Commission,
13 the proposed rates are just and reasonable, given
14 the circumstances, and represent the most sound
15 option for providing electric service to
16 Eversource customers on default energy supply in
17 both the near and long term. The Company,
18 therefore, respectfully requests the timely
19 approval of the proposed rates by this Thursday,
20 June 23rd, so that the Company may finalize its
21 commitments to its suppliers.

22 The Company wants to thank the
23 Commission, the Department of Energy, and the
24 Office of the Consumer Advocate, for their

1 thoughtful consideration of this matter, and the
2 Company will continue to seek out the insight and
3 participation of both the DOE and the OCA, so
4 that Eversource may endeavor to be the most
5 comprehensive and effective resource for
6 customers as they face these upcoming challenges.

7 I guess I will also weigh in on the
8 \$5.2 million under-recovery, since we all have.
9 I'll just say that it's covered by RSA 374-F:3,
10 V, Subpart (c), which states "Any prudently
11 incurred costs arising from compliance with the
12 renewable portfolio standards of RSA 362-F for
13 default service or purchased power agreements
14 shall be recovered through the default service
15 charge." There is no qualification regarding the
16 passage of time. These costs are incurred to
17 comply with an express and unambiguous statutory
18 obligation, and they're incurred as the result of
19 any management discretion. It would, therefore,
20 be unreasonable to argue or conclude that these
21 costs were imprudently incurred. Accordingly,
22 because compliance with the RPS was compelled,
23 and there's no basis to conclude that the RPS
24 costs were incurred through a lack of due care,

1 the costs were prudently incurred and should be
2 recovered from customers. The passage of one
3 reconciliation period should have no bearing on
4 the Company's right for recovery.

5 Again, thank you to all the parties.
6 And that's all I have today.

7 CHAIRMAN GOLDNER: Thank you. I'll
8 thank everyone, especially today's witnesses.

9 We'll take the matter under advisement,
10 and work to issue an order by June 23rd. We are
11 adjourned. Thank you.

12 ***(Whereupon the hearing was adjourned***
13 ***at 4:41 p.m.)***