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P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Sorry for the delay. We had some technical difficulties.

Good morning. I'm Commissioner Goldner. I'm joined today by Commissioner Simpson and Commissioner Chattopadhyay. This is a prehearing conference in Docket Number DE 22-021 in preparation for the Eversource Winter 2022-2023 Default Energy Service Solicitation.

Let's take appearances, beginning with the Company.

MS. CHIAVARA: Good morning, Commissioners. And I apologize for the technical difficulties. I will fall on that sword. I'm Jessica Chiavara. I am here on behalf of Public Service Company of New Hampshire, doing business as Eversource Energy.

I have colleagues here today, I will introduce them in a minute.

CHAIRMAN GOLDNER: Okay. Thank you. And the Office of the Consumer Advocate?

MR. KREIS: Good morning, Mr. Chairman, Commissioners. I am Donald Kreis, the Consumer Advocate, here pursuant to statute on behalf of

1 residential utility customers, including the
2 84 percent of those customers of Eversource who
3 remain on Default Energy Service.

4 CHAIRMAN GOLDNER: Very good. And the
5 New Hampshire Department of Energy?

6 MR. WIESNER: Good morning,
7 Commissioners. David Wiesner, representing the
8 Department of Energy this morning.

9 CHAIRMAN GOLDNER: Very good. Is there
10 anyone else here today that would like to
11 identify themselves or make a statement on the
12 record?

13 *[No indication given.]*

14 CHAIRMAN GOLDNER: Okay. Seeing none.
15 Okay. This prehearing conference was requested
16 by the Company as part of its proposed procedural
17 schedule that it submitted to the Commission on
18 October 5th, 2022. No objections were made to
19 this proposal. The procedural schedule, which
20 was approved by the Commission in October, is
21 geared toward the review and potential approval
22 of Eversource Default Energy Service rates for
23 service beginning on February 1st, 2023.

24 In the request for a prehearing

1 conference, the Company noted that it would like
2 to discuss contingencies in the event of a failed
3 RFP. It's our understanding that Eversource, in
4 light of the recent market turbulence in New
5 England and globally, wished to discuss how it
6 would address a potential unwillingness of
7 wholesale energy marketers to serve its
8 categories of energy service load under
9 requirements contracts.

10 Does the Company have any comments on
11 this summary or suggestions on how best to
12 proceed today?

13 MS. CHIAVARA: We do, in fact. I do
14 have a statement to make. And the technical
15 issues we were having were a slide deck, my
16 colleagues were going to present sort of the
17 technical issues surrounding the current
18 circumstances, market circumstances facing
19 procurement. So, we'd like to present those. I
20 was going to start with a statement, and then
21 proceed from there.

22 CHAIRMAN GOLDNER: Okay. Very good.
23 Please proceed.

24 MS. CHIAVARA: Okay. First, the

1 Company wants to thank the Commission for
2 scheduling the prehearing conference to allow
3 Eversource the opportunity to make all the
4 stakeholders aware of the exigent circumstances
5 that exist in the electric generation marketplace
6 in relation to the fulfillment of default service
7 supply for Eversource customers.

8 As the Eversource subject matter
9 experts will explain today, there have been
10 unprecedented challenges in the most recent
11 procurements in neighboring service territories,
12 namely, Connecticut and Massachusetts. These
13 challenges have taken the form of unpredictable,
14 extraordinarily high-price bids and lack of
15 participation, or bids that do not cover the
16 entire load solicited from the marketplace. The
17 Company is concerned that the unprecedented
18 solicitation results experienced in Connecticut
19 and Massachusetts are indicating a breakdown in
20 the competitive market that could also impair the
21 results of the bid solicitation for default
22 service supply in New Hampshire, which is the
23 subject of this proceeding.

24 Eversource has serious concerns about

1 the current state of the energy market and the
2 implications that it holds for the Company's
3 customers. While the Company is actively working
4 to take any measures possible to minimize
5 hardships and ensure reliable electric service,
6 the root of pricing hardships for customers lies
7 in the cost of electric supply.

8 New Hampshire procures 100 percent of
9 default service load in one procurement that will
10 be conducted on December 6th. Eversource issued
11 an RFP on October 27th, and bids are due on
12 December 6th, at 10:00 a.m. Due to a confluence
13 of factors being seen in neighboring
14 jurisdictions, and also out of an abundance of
15 caution, Eversource anticipates that it could see
16 the same unprecedented solicitation results, such
17 as aberrant and over-market bid prices and bids
18 for less than 100 percent of the load
19 requirement. Suitable process must be in place
20 if these circumstances occur on December 6th.

21 Today, the Company would like to
22 provide a presentation to the Commission that
23 details the extraordinary circumstances
24 experienced in recent solicitations and discuss a

1 procurement strategy that may be necessary to
2 invoke if the solicitation fails -- falls short
3 in whole, or in part.

4 The Company stresses the importance of
5 being prepared and having sufficient process in
6 place to address all possible scenarios resulting
7 from the current RFP. Service for default energy
8 customers is at stake and that service must be
9 assured. In addition to the presentation,
10 Eversource also requests that the Commission
11 consider a more collaborative approach to the
12 review of bids on December 6th that would involve
13 the preparation of all stakeholders to obtain the
14 most complete information and input available so
15 that the Company can best navigate the results of
16 a bid solicitation that could fail in whole or in
17 part. The objective is to chart a path forward
18 that maintains market-based prices and doesn't
19 shift risk to customers, and at the very least
20 has a backstop procurement strategy in place that
21 will have customers paying as close to market
22 prices as possible, if the bid solicitation
23 should fall to any degree.

24 It is possible that we receive bids on

1 December 6 that are reasonable under the
2 circumstances. But the conditions do exist for a
3 partially or fully failed RFP that either doesn't
4 cover all default service load or results in bids
5 that are so far beyond the pale of market
6 reflectiveness that those bids should be deemed
7 unacceptable. It is because of these
8 circumstances that Eversource needs to have the
9 ability to deviate from the existing,
10 Commission-approved process to assure the Company
11 is positioned to fulfill its mandated role of
12 providing default service to customers, which
13 cannot be disrupted.

14 Once the Eversource experts here today
15 have presented the technical details, I would
16 like to briefly outline the regulatory process
17 that we are requesting to establish Eversource's
18 ability to purchase electric supply for customers
19 directly from the market. ISO-New England's
20 market rules allow electric companies to purchase
21 electric -- or, electricity directly from ISO-New
22 England, in the event that there is no other way
23 to serve default service load. The currently
24 authorized procurement process only allows

1 Eversource to issue a competitive RFP and cover
2 the load that way. If the utility is going to
3 purchase load directly from the market, it will
4 need authorization from the Commission to do so.
5 Eversource has a proposed amended procedural
6 schedule it would also like to present, and all
7 of this will be filed in a petition early next
8 week.

9 Providing for this failsafe will
10 protect the interests of Eversource's default
11 service customers without unduly interfering with
12 the competitive market. It will ensure default
13 service for the February through July 2023
14 default service term, and will also ensure that
15 service remains market-reflective, consistent
16 with the Electric Restructuring Act.

17 That is all I have to say at this time.
18 With me today, I have, at the far end, Jim
19 Shuckerow, who is Director of Electric Supply,
20 and right next to me is Parker Littlehale, he's
21 Manager of Wholesale Electric Supply.

22 And right over here, I have paper
23 versions of the technology that didn't work.

24 *[Atty. Chiavara distributing]*

1 *documents.]*

2 MS. CHIAVARA: And, Chair, as next
3 steps, the Company conferred with the DOE and OCA
4 yesterday, because this presentation -- the
5 contents of this presentation are the foundation
6 of -- the content is something that we would like
7 the Commission to be able to rely upon in either
8 a prehearing order or an order of some kind, it
9 was decided that it would be best if
10 Mr. Littlehale and Mr. Shuckerow were sworn in,
11 and that the presentation be taken under oath.

12 It's not a full-blown hearing, but we
13 would like their statements on the record?

14 CHAIRMAN GOLDNER: Sure. Yes. Please
15 proceed.

16 MS. CHIAVARA: Okay. Can they proceed
17 from here or -- is that all right?

18 CHAIRMAN GOLDNER: I think so.

19 (Whereupon **Parker Littlehale** and
20 **James Shuckerow** were duly sworn by the
21 Court Reporter.)

22 **PARKER LITTLEHALE, SWORN**

23 **JAMES SHUCKEROW, SWORN**

24 CHAIRMAN GOLDNER: Before you proceed,

1 Ms. Chiavara, just checking in with the other
2 parties, to see if they would like to make an
3 opening statement before we proceed?

4 MR. KREIS: The OCA would certainly
5 like that opportunity, yes.

6 CHAIRMAN GOLDNER: Okay. Please
7 proceed, Attorney Kreis.

8 MR. KREIS: Thank you, Mr. Chairman.

9 As Abraham Lincoln is alleged to have
10 said to a jury, during his career as a legal
11 practitioner, "They got the facts right, they're
12 just drawing the wrong conclusion." By the
13 "facts", I mean there has been an epic failure in
14 the region's electricity markets at wholesale.
15 That's a feature, not a bug, at this point,
16 arising largely, I think, from the reliability
17 must-run agreement that FERC, the Federal Energy
18 Regulatory Commission, has approved with respect
19 to Mystic Station, in Everett, that has
20 introduced massive uncertainty in the wholesale
21 market in the region. And, as you just heard
22 from Eversource, that has created a "tsunami" of
23 sort in wholesale markets all over New England,
24 and it is extremely regrettable.

1 The "more collaborative" approach that
2 the Company intends to propose to you today is
3 illegal and inappropriate, and the OCA will do
4 everything in its power to prevent that from
5 being implemented.

6 I think that's all I have to say at
7 this point. I just want to make those realities
8 clear.

9 CHAIRMAN GOLDNER: All right. Thank
10 you.

11 And, Attorney Wiesner, any comments
12 from the Department of Energy?

13 MR. WIESNER: I think I had
14 contemplated that we would provide our position
15 statement once the Company had completed its
16 initial presentation.

17 CHAIRMAN GOLDNER: Okay.

18 MR. WIESNER: And I guess I would
19 propose to do that.

20 CHAIRMAN GOLDNER: Okay. Very good.

21 MR. WIESNER: Thank you.

22 CHAIRMAN GOLDNER: Thank you. Okay.
23 We'll turn back to the Company.

24 MR. SHUCKEROW: Good morning,

1 Commissioners. Thank you for the opportunity.

2 Again, I'm Jim Shuckerow. I'm Director
3 of Electric Supply. One of my responsibilities
4 at Eversource is to procure the power supply for,
5 basically, our three affiliate companies,
6 Connecticut, Massachusetts, and New Hampshire.

7 And what our goal today was to share
8 with you the recent experiences with regards to
9 procurements. So, we have a short presentation,
10 but with this presentation will be significant
11 comments that I'll be providing with regards to
12 kind of like what happened that day, with regards
13 to our experiences in Connecticut and
14 Massachusetts, that we hope will be a guide as to
15 what we think could happen on December 6th.
16 We're all hoping for the best. But I think it's
17 one of these that we want to prepare, in case
18 there is some challenges. And, again, thank you
19 for the opportunity, because I think this is kind
20 of a heads up, again, sharing our experiences
21 with you, and from that we will work together on
22 how best to proceed. Okay.

23 CHAIRMAN GOLDNER: Very good. Please
24 proceed.

1 MR. SHUCKEROW: Yes. The presentation
2 in front of you, we're actually starting,
3 obviously, on Page 2. And I think counsel for
4 Eversource really kind of touched on this. What
5 it really boils down to is -- what it really
6 boils down to, from a macro perspective, is
7 really looking at the experiences we've had in
8 the past, compared to our recent experiences in
9 the three states.

10 So, normally, really, up until
11 recently, and, for me, the "recently" really
12 perhaps occurred -- the big change was the war
13 between Russia and Ukraine. And that has created
14 some unique challenges, especially for New
15 England, as a result of the dependence upon
16 liquified natural gas for use by the --
17 essentially, the generation fleet within New
18 England during that time of the year.

19 To put in perspective, the
20 megawatt-hour demand in New England is 520
21 million megawatt-hours, about half of that comes
22 from natural gas facilities. And, to put it into
23 context, for example, this last winter, there was
24 needs at times, because there was a limited

1 supply to these natural gas facilities, these are
2 combined-cycle units, very, very good heat rates,
3 basically, we had to rely upon oil, especially
4 during the month of January, when it got colder.
5 And there were times in which the system, I mean
6 the generation system throughout New England, was
7 dependent upon liquified natural gas. So, that's
8 really the basis that kind of changed everything.

9 So, just a little background, if you
10 can bear with me, is, once the war happened in
11 Russia/Ukraine, the whole world supply situation
12 got altered, especially with regards to natural
13 gas. The European countries were getting around
14 40 percent of their natural gas supply from
15 Russia, delivered through pipelines primarily.
16 Obviously, with the start of the war, that has
17 been dramatically reduced. There has been
18 deliveries, but, overall, based on what I've
19 read, about 9 percent of the -- essentially,
20 about 9 percent of the natural gas, which is the
21 40 percent as I mentioned previously, is being
22 provided.

23 So, what that has really led to is
24 Europe has had to go to a situation where they

1 have to backfill, and the only way to backfill,
2 at least at this point in time, is to rely upon
3 liquidated natural gas. So, the demand has gone
4 up dramatically throughout the world, primarily
5 focused on Europe.

6 And, for example, in the United States,
7 industry benchmark, pre-COVID, so, pre-2020, the
8 United States was exporting around 8 BCF per day
9 of essentially natural gas via LNG. Currently,
10 it's around 12 BCF today. So, a 50 percent
11 increase; that's a lot. So, much of the natural
12 gas that's being delivered to Europe is now
13 coming from the United States. So, that's -- I
14 share with you, because that's the background
15 that, I think, for the most part, has changed
16 everything.

17 And what I want to start is maybe with
18 Connecticut first, because Connecticut was a
19 large amount of load, and share with you the
20 experiences of what happened on the procurement
21 of October 18th. So, it was roughly three weeks
22 ago.

23 Once I share with you what happened in
24 Connecticut, the next step would be to share with

1 you recent experiences in Massachusetts. One
2 that we did back in August, it was focused on
3 Large C&I customers, it was a relatively small
4 procurement. And the other was one that we
5 actually completed earlier this week. It's
6 the -- would be Eversource in the western Mass.
7 area, again, relatively small, because there's
8 not much load there, compared to the load in
9 Connecticut, eastern Massachusetts, or even
10 compared to New Hampshire.

11 So, essentially, that will be the
12 presentation that we'll get into. I think that
13 was all just, you know, setting the stage.

14 And let me pause there for any
15 questions from Commissioners?

16 CHAIRMAN GOLDNER: No questions.
17 Please proceed.

18 MR. SHUCKEROW: Okay. Let me start
19 with, again, I think the one that was most
20 indicative to the concerns we have occurred on
21 October 18th in Connecticut. And let me describe
22 the process in Connecticut. And, for many
23 respects, it's very similar to the default
24 process that you're very familiar with in New

1 Hampshire.

2 We procure a full-requirements service.
3 The one difference is, the process we do use in
4 Connecticut is a laddering process. So, for
5 example, the time period for this coming January
6 through June run a six-month time period, similar
7 to New Hampshire, just offset by a month. We
8 essentially procured power in April of this year,
9 July of this year, September of this year, and
10 October. So, that's what I meant by the
11 "laddering", was those four purchase points in
12 time would lead to the 100 percent of what we
13 needed. And we do it in tranches. Basically, we
14 take the load, just like we do in New Hampshire,
15 and we divide it into smaller levels. So, it
16 would be 10 percent levels.

17 So, essentially what had happened is we
18 have procured 70 percent of what we needed,
19 really, in the -- through the July -- excuse me,
20 the April, the July, and September procurements.
21 Prices were up, obviously, indicative of market
22 conditions. But, for the most part, it was, with
23 the exception of higher prices, things were
24 somewhat normal. We're beginning to see fewer

1 bidders than what we were accustomed to. But it
2 had worked. And all the purchases were
3 procured -- that were procured were approved by
4 the regulatory body in Connecticut.

5 And, so, then we're proceeding into
6 October, which was the last 30 percent, which was
7 kind of the norm, that's about the normal amount
8 we purchase. We purchase in October, because,
9 ideally, we need to identify the rates, the rates
10 will become public in Connecticut on November
11 17th, so, roughly a week away.

12 So, on that day, is as normal
13 procedure, again, very similar to Connecticut,
14 the bids are due at 10:00 a.m., in the morning.
15 So, October 18th we received the bids. The one
16 difference perhaps is, in Connecticut, there is
17 direct involvement by PURA. There is a
18 individual called a "Procurement Manager", and he
19 basically oversees the procurement processes both
20 for Eversource, in Connecticut, and United
21 Illuminating; also participating in the process
22 is the Office of Consumer Counsel. And they each
23 have consultants. The consultant for PURA is a
24 organization called "Richard Levitan &

1 Associates". They're highly capable, very
2 familiar with the market, have been involved in
3 this process for many years. Also, there's
4 another consultant involved, it's called
5 "Resource Insight, Incorporated". They've also
6 been involved in this process for years, and are
7 also very capable.

8 So, the role of each of those entities
9 is similar to New Hampshire, used to come up with
10 an estimate of what we think the market prices
11 should be for that bid. And we do that
12 independently. So, Eversource has a prediction.
13 These consultants have a prediction that they do
14 for -- one for PURA and one for the Office of
15 Consumer Counsel. So, that's really the starting
16 point. So, we get those proxy prices in advance
17 of the bids coming in at 10:00 a.m.

18 So, the bids arrived that day, and it
19 was a hard day for us. We only had two bidders.
20 I need to keep their names confidential, but I
21 can describe them as "Company A" and "B". I
22 can't give you the specifics of what they bid,
23 but I can give you plenty of insight as to how
24 the bids were relative to the -- what we thought

1 the fair market price would be, and where they
2 were above those prices. Hopefully, that's
3 acceptable to the Commission.

4 So, we received many fewer bids, and we
5 were procuring for the first half of calendar
6 year 2023. Again, we needed the final 30
7 percent. So, we received one bid, which we all
8 considered, meaning the parties involved,
9 considered the price to be reasonable. And we'll
10 call that one "Company A". The other bid
11 received, from Company B, was more challenging.
12 Their best bid was about 25 percent higher than
13 the bid that we thought was reasonable. And
14 their next best bids were even much higher than
15 that, with their last placed bid being almost
16 50 percent higher.

17 The way it works in Connecticut is,
18 roughly, around 11:00 in the morning, because the
19 first step is to receive the bids, to process the
20 information, make sure we assimilate it and put
21 it in a way in which we could make a fair
22 comparison. It's a standard process we've been
23 doing for years. At 11:00, we sit down together
24 and basically compare, you know, pricing. You

1 know, "have we interpreted the bid sheets
2 correctly?" The answer, of course, would have
3 been "yes".

4 And the next step in the process would
5 be, basically, "what's reasonable?" And the
6 bottom line was that the bids from Company B were
7 deemed by the Procurement Manager, in
8 Connecticut, to be unreasonable. They based that
9 on the discussion with Eversource, specifically,
10 me, also with the consultants for PURA and for
11 the Office of Consumer Counsel. But the decision
12 is, ultimately, in Connecticut, the decision of
13 the Procurement Manager. So, that was
14 unprecedented, at least in Connecticut, to
15 basically have pricing received that was at a
16 level that did not come close to what we had
17 hoped for.

18 Historically, we've had plenty of
19 bidders. That's the first thing we look for in a
20 competitive market. The second thing we look for
21 is how clustered the bids are to one another, in
22 other words, how close are they? Generally
23 speaking, they have been very, very close. The
24 third thing we look at would be the proxy price.

1 And, again, it's been highly predictive, and
2 usually the winning bid's been really close to
3 the proxy price. So, it worked for one company
4 bid, and that company only made one bid, it only
5 bid on 10 percent of the three tranches. So, the
6 other two had to be filled.

7 What that meant was that, at the end of
8 the day, a decision was made that we would fill
9 the remaining 20 percent essentially relying upon
10 the ISO-New England spot market for all resources
11 necessary, energy, capacity, and things of that
12 nature.

13 In our presentation, Mr. Littlehale
14 will explain what that means, and how we do that
15 process. That will be perhaps the next phase,
16 after I share with you -- of our presentation,
17 after I share with you what's happened in
18 Connecticut.

19 So, obviously, that was unknown. We
20 were concerned, but the results proved out our
21 concerns. I can get into various technical
22 details as to how we established rates, I'm very
23 happy to do that. That might be maybe the next
24 order of discussion.

1 But, at this point, maybe I could take
2 a pause, and, because, obviously, that was
3 information you were not familiar with, and to
4 answer any questions that you may have?

5 CHAIRMAN GOLDNER: No questions so far.

6 MR. SHUCKEROW: Okay. Good. Okay. To
7 wrap up the Connecticut story anyway is
8 essentially what we did is, for the 20 percent of
9 the load in which we were essentially relying
10 upon the spot market, we used the bid from the
11 Company A as the -- I'll call it the
12 "fill-in-the-price", because we have the
13 requirement to come up with a fixed price for
14 customers. That price will be announced on
15 November 17th for all the various customer
16 classes, and, again, that was agreed to. So,
17 that was really the big takeaway in Connecticut.

18 Let me switch to Massachusetts. And,
19 again, Massachusetts, and we've really kind of
20 gone from Page, you know, the top of Page 3 to
21 kind of the middle of Page 3. For Connecticut,
22 I've summarized what happened. In Massachusetts,
23 we actually do two separate solicitations; one
24 for the western part of the state and one for the

1 eastern part of the state. The reason for that
2 is that they, actually, in Massachusetts, has
3 what they call "load zones". Connecticut is one
4 load zone, for example. In Massachusetts,
5 there's a Western Load Zone, a Northeast
6 Massachusetts Load Zone, and a Southeast
7 Massachusetts Load Zone. So, basically, we
8 procure by different load zones.

9 The first signposts, again, that we had
10 that there were problems was back in August,
11 where we were procuring the power supply for the
12 Large C&I customers. For the most part, similar
13 to New Hampshire, and similar to Connecticut,
14 most Large C&I customers have gone to retail
15 supply. But there's a small percentage of the
16 load that still gets their power supply from
17 the -- from an EEC, and, for us, that would be
18 Eversource.

19 So, the process, in both Connecticut
20 and Massachusetts, is a little bit different, in
21 that we only procure for a three-month time
22 period. So, in August, we were procuring for the
23 August -- excuse me, in August, we were procuring
24 for the October through December 2022 time

1 period.

2 So, we went out and procured, and, in
3 summary, we do it by the load zone regions. So,
4 we procured for the southeastern Massachusetts
5 area, again, not a lot of load, and the prices we
6 got were reasonable.

7 We procured back in August, and this
8 was for the NEMA area, not a lot of load again,
9 it was around 100,000 megawatt-hours. And we got
10 one bidder, and their bid was about 20 cents per
11 kilowatt-hour higher than what we thought a fair
12 market-based bid would be. That's a lot higher.
13 And keep in mind that the months of October and
14 November are not high-risk price months, at least
15 in our view, it's really the winter months of
16 December, January, and February.

17 So, we -- the bottom line is, we felt
18 uncomfortable with that level of price. We
19 consulted with the appropriate regulatory bodies
20 in Massachusetts, which are the DPU and the Mass.
21 AG's Office. And to make a -- always a lengthy
22 story short, the decision was made that that
23 pricing was not reasonable. We had a bid, it was
24 unreasonable. And essentially what that led to,

1 us going to a -- Eversource stepped in, and
2 similar to Connecticut, we're providing power
3 supply, as we speak right now, through the
4 markets. And, again, Mr. Littlehale will provide
5 the details of what we're actively doing today to
6 meet that load for the October, November, and
7 December time period. So, that was a -- I'll
8 call it a "bright yellow flag". So, that's the
9 situation we're in.

10 Now, recently I mentioned we did a
11 procurement just this past week for, again, the
12 NSTAR West area. It was for the first half of
13 2023, and that's what's referred to here. And
14 essentially what happened, it was -- it ended up
15 being a decent day. We were procuring -- the way
16 it works in Massachusetts is we procured
17 50 percent of what we needed for residential
18 customers, small commercial/industrial customers,
19 and, again, we're procuring for large C&I
20 customers for January, February, and March. So,
21 we needed to procure the other 50 percent.

22 For both residential, which is a
23 separate procurement, and for the small C&I
24 customers, we basically got two bidders. Both of

1 those bids were what we considered "fair and
2 reasonable". We then spoke with the -- again,
3 the bids come in at 10:00 a.m. Roughly, at 11:00
4 a.m., we spoke with the Mass. DPU staff, the
5 Mass. A&G staff, shared with them the bid
6 summary, all the details, discussed it, provided
7 our recommendations with regards to those
8 customer classes. And the bottom line is we --
9 all of us were pleased. It exceeded
10 expectations, based on what happened in
11 Connecticut. So, there was perhaps a smidgen of
12 good news.

13 For the large C&I customers, again, not
14 many, 180 customers, around 25,000
15 megawatt-hours, so not a big load by any means,
16 we got one bid only. It was a little bit higher
17 than what we thought was reasonable. But there
18 was a conclusion, after consultation with the
19 Mass. DPU Staff and the Mass. A&G Staff, that,
20 for that, it was in the gray area of
21 acceptability, the bottom line. And the goal was
22 not for Eversource to step in. It's only when
23 there is, basically, unreasonable prices or no
24 bids at all that we would step in. And

1 essentially we, you know, all arrived at a
2 consensus, accepted the bid, and notified the
3 winning bidders, as is normal, by roughly 3:00
4 p.m. that day.

5 That filing will be made, the filing
6 associated with what we call the "NSTAR West
7 Eversource load", is scheduled to be made on this
8 coming Monday, the 14th. And, so, in a way,
9 we're a little bit back to normal with regards to
10 the pricing. But I must stress, it was a small
11 amount of load, we only had two bids. There were
12 no other bidders, you know, compared to the
13 recent history, meaning, you know, earlier this
14 year, prior years, and whatnot.

15 So, those are really the facts that we
16 wanted to, you know, bring to your attention in
17 advance of the bids coming in on the 6th, because
18 we cannot predict what will happen. Obviously,
19 we do -- we have relationships with all these,
20 the expected bidders. It is unclear, you know,
21 what will happen.

22 So, we thought it was extremely
23 important that we share with you our experiences
24 that we've had. Be prepared. Hopefully, we will

1 get adequate bids; we may or may not. And, so,
2 you have two thresholds that we need to address.
3 Number one would be "what do you do if you don't
4 have enough bidders?" Essentially, we have
5 tranches for PSNH/Eversource of 12 and a half
6 percent each, it's for all the load beginning in
7 February, and for the time period through July of
8 2023.

9 I can just talk through hypothetical
10 situations. We may have, you know, five decent
11 bids, and then we may just run out of bids, and
12 we will have no bids at all. So, if there are no
13 bids, responsibility is quite clear, the load is
14 our responsibility to basically provide service
15 to, to meet, unless you assign it to a third
16 party, a third party would be the wholesale
17 suppliers. So, that's issue, really, number one.
18 And there is a possibility of that happening.

19 Issue number two would be, what if you
20 get bids, and the bids fall into what is deemed
21 "unacceptable". It's not mechanical, by any
22 means. It comes down to a number of
23 considerations. For example, in Connecticut, we
24 have 80 percent of what we procured is at fixed

1 price. It was deemed to pick, basically, 20
2 percent as a spot price. That was deemed a
3 reasonable balance, and led to the logic of why
4 the bid that we got was 25 percent higher than
5 the best bid received was unreasonable. It
6 was -- those type of considerations are factored
7 in. There are a number of combinations of things
8 that lead to this. It's just not
9 one-size-fits-all.

10 So, you could also run into a
11 situation, again, hypothetically speaking, where
12 we might have three good bids, and then we might
13 have four or five bids that fall into the gray
14 zone. And, again, it comes down to whether or
15 not, you know, those are acceptable. And they
16 could range from perhaps being somewhat on the
17 high side, and I'll just use numbers of 10 or 15
18 percent, might be on the higher side. What if
19 they're in the 25 to 50 percent range? You know,
20 that makes it much more difficult with regards to
21 a judgment.

22 So, that's really, I think for the most
23 part, that's really Page 3, Page 2 and Page 3 of
24 the presentation, and all of the details behind

1 it that led to the reason we are here today, the
2 reason we wanted to share with you our
3 experiences, have a conversation, as to what
4 would be the best way to proceed.

5 We have, you know, when we look at the
6 process, which is Page 4 now, again, I think I've
7 touched on this, but the RFP was issued on the
8 27th, as would be normal procedure. We do it
9 well in advance. The bids are due at 10:00 a.m.
10 on the 6th. Again, that's bids for the
11 Residential and Small C&I customers, which are
12 combined together with the various tranches.
13 There will also be bids for the Large C&I
14 customers, not a lot of load there. So, it's
15 really only, you know, 100 percent is what's
16 required. We've always been challenged getting
17 bidders for Large C&I, even prior to this, this
18 situation.

19 So, those bids come in at 10:00 a.m.
20 The normal process is, within a couple of days,
21 we'd make a filing for approval, if all things
22 have gone well. It would have been scheduled for
23 the 8th. We would then have a hearing shortly
24 thereafter, scheduled for the 13th. Again, we'd

1 request urgency of approval.

2 And, so, the way the process works is,
3 by 3:00 on bid day, based on the decisions that
4 at least have been made in the past, we enter
5 into a contractual relationship with the bidders.
6 We sign -- an officer of Eversource signs those
7 contracts, the counterparty signs. They are
8 subject to regulatory approval, they are subject
9 to your approval. So, but that point is a key
10 point, is, to date, as in New Hampshire, and
11 Eversource has only been procuring power supply
12 in New Hampshire since 2018, prior to that we
13 owned generation, but we've always gotten
14 regulatory approval. That's been true in
15 Connecticut and Massachusetts. And we've been
16 doing this for 20 years, me personally involved,
17 we've always gotten regulatory approval by the --
18 by, basically, the appropriate regulatory
19 commission in each state.

20 So, on Page 4, what it adds for your
21 knowledge is that, you know, once we sign these
22 contracts, the suppliers have gone off and,
23 basically, they hedge their position. They have
24 committed to a price, they need to lock in the

1 energy, if the markets are highly volatile. Two
2 weeks later, the price could be higher, which
3 would be very bad for them, or it could be lower,
4 you just don't know. But they lock in,
5 basically, they lock in their position. That's
6 led to the urgency of why the bids come in at
7 10:00 a.m., and why the process is wrapped up by
8 3:00, because they need to get it done. By 3:00,
9 the bids are no longer viable, because they
10 basically have met their deadline. And, at 3:01,
11 those bids are, basically, no longer there.

12 So, the challenges we collectively have
13 together here is, in this very unique situation
14 that has happened in New England, is, again, once
15 the bids -- or, once you get to 3:00, the door
16 closes.

17 If a bid is rejected, you know, by this
18 Commission, you know, based on your wisdom, and,
19 obviously, the contract would no longer be valid,
20 there would be -- there could be potentially
21 significant economic complications and
22 consequences to the entity that had won. And the
23 consequences would be simply, they probably
24 would, at that point, thought they were going to

1 be serving power supply, they would be long in
2 energy at that point in time. If they did not
3 need it, they would sell it into the market, at
4 whatever the price may be, to essentially unravel
5 their position. And they could be subject to the
6 economic consequences of that.

7 If you try to basically redo the RFP,
8 there's not a lot of bidders to begin with, who
9 knows what may happen. It would be -- could be
10 challenging, especially with the signal of a
11 rejected bid. So, we do want to talk through
12 just the challenges. This is not easy; this is
13 hard. But that's why we're here, because it's
14 our responsibility to share with you, and share
15 with you our experiences, and get feedback, and
16 work collectively together.

17 So, the current process, as we
18 understand it, very clear, at least for the
19 situation where there's not even adequate bids,
20 when you're just shy of the number of bidders,
21 there is not a process. And counsel could talk
22 about that. But we need to talk through, if
23 there's, for example, not enough bidders, we need
24 to, basically, take on the responsibility to

1 serve the load, we'd be the load-serving entity.
2 Our recommendation is we do it in a similar
3 manner to how we're currently doing it in
4 Massachusetts, how we will be doing it in
5 Connecticut beginning January 1st. And, again,
6 Mr. Littlehale will walk you through how that
7 process works and what we're actively doing.

8 So, in many respects, that I guess
9 would be my formal comments through the first
10 four pages. And, again, we can pause for
11 questions there. Or, we could round out the
12 story, and get more comfortable with regards to
13 what the Eversource purchased supply would be,
14 which would be covered on Page 5.

15 Once we get through Page 5, we're then
16 into a "what's this all mean?" How do we -- how
17 best to perhaps move forward, given what we
18 shared with you, what our experiences have been,
19 and have a conversation.

20 CHAIRMAN GOLDNER: Perfect. I think
21 that would be great, just please proceed with the
22 presentation, and we'll probably engage in
23 questions at that time.

24 MR. LITTLEHALE: Okay. Thank you.

1 So, under ISO-New England market rules,
2 the host utility becomes the load-serving entity
3 when there are no suppliers willing to accept the
4 utility's load obligation. ISO market rules
5 provide a process for utilities to purchase
6 electric supply on behalf of customers as a
7 backstop, a process we refer to here as
8 "Market-Based Procurement Processes". And, as
9 mentioned, this is what we're currently doing for
10 the NEMA Large C&I customers for the October
11 through December 2022 timeframe, and the plan for
12 the Connecticut process as of January 1st, 2023.

13 So, in these circumstances, utilities
14 obtain electric supply via the ISO-New England
15 Day-Ahead Market, and essentially purchase the
16 necessary megawatt-hours on behalf of our
17 customers. A key implication for this process,
18 which is captured in red font on this slide, is
19 Eversource's role in this market is limited
20 simply as a price-taker.

21 The first step in the Market-Based
22 Procurement Process is to contract with a third
23 party vendor who generates an hourly load
24 forecast for the area that we currently do not

1 have a supplier servicing. This load forecast is
2 based upon historical load for the past, you
3 know, five years approximately. It takes into
4 account weather, it takes into account things
5 like distributed solar generation, it takes into
6 account customer migration to the extent
7 possible.

8 But, ultimately, what is produced from
9 that load forecast is a day-ahead hourly load
10 forecast, which is captured in megawatts. The
11 process is for Eversource to input or submit that
12 demand bid into ISO-New England's "eMarket"
13 software, which is the tool that all market
14 participants use. ISO-New England then
15 aggregates all submitted demand bids, as well as
16 the corresponding supply bids. And the
17 intersection of those two becomes the locational
18 marginal price for that hour. And that it's
19 really simply that locational marginal price,
20 times the demand for that hour is the cost to
21 serve electricity.

22 So, those costs, those energy costs,
23 along with the additional market charges, such as
24 Forward Capacity, Ancillary Services, and other

1 ISO charges, such as the Mystic RMR, is then
2 billed to Eversource on the standard ISO Monthly
3 Bill. It goes through a reconciliation process
4 to account for the various charges that have been
5 assigned to Eversource for serving the load
6 during the timeframe that there's no supplier
7 allocated.

8 So, that is a quick summary. Unless
9 there's any questions, I'll turn to Ms. Chiavara
10 to talk through some regulatory concerns.

11 MS. CHIAVARA: So, I'm turning to
12 Slide 6 now. As far as how market-based
13 procurement, should Eversource have to fulfill
14 any of uncovered load with market-based
15 procurement, the rate structure for default
16 energy service would not change. Eversource
17 would still propose a six-month rate for the
18 February through July 2023 service period for
19 Residential and the Small Customer Group, and the
20 monthly price for the Large Customer Group. So,
21 this design would stay intact, as would the
22 process for approving the rates.

23 To determine, just for a little more
24 detail on how we determine what that price would

1 be, since it wouldn't be based on the bids that
2 were received, we would use, as a proxy, the
3 highest-priced of the acceptable bids that we
4 receive. And, if no bids are received at all
5 that are deemed to be acceptable, then we would
6 use accepted bids in neighboring jurisdictions,
7 the most recent, and base the price that we would
8 recommend on those acceptable prices, and as well
9 as current market conditions, to come up with an
10 overall price. And that rate would still take
11 effect on February 1, with PUC approval.

12 And, then, the cost recovery would
13 still take place in the June reconciliation that
14 happens annually. So, the reconciliation would
15 function slightly differently, in that it
16 wouldn't just -- it wouldn't reconcile only the
17 weather variance of the six-month contracts, it
18 would reconcile, you know, the projected price
19 that's approved for effect February 1 with what
20 the actual market prices shake out to be.

21 That could result in a greater
22 fluctuation. So, the reconciliation could be a
23 larger number in June, because of the nature of
24 not having the fixed price contracts. However,

1 it could also still be preferable to a six-month
2 fixed contractual commitment that would be
3 substantially over market price.

4 However, the market-based procurement
5 is still -- it's going to be required if, as Mr.
6 Shuckerow outlined, we receive just simply not
7 enough bids to cover that load, which we've
8 indicated is distinctly possible. So, that
9 function to go to market-based procurement needs
10 to be included in the existing -- or, added to
11 the existing procurement process.

12 Going to procedural issues, Slide 7
13 discusses the existing process, which was agreed
14 upon in the Settlement Agreement in Docket Number
15 DE 17-113, which was approved by Order 26,029.
16 And that did also allow for a change to the
17 process, and there is a block quote there that
18 delineates process change.

19 And there's also a citation to the
20 Restructuring Act itself, which does give the
21 Commission discretion to approve alternative
22 means for providing default service, so long as
23 it fulfills these criteria outlined on this side,
24 and if the Commission determines that it is in

1 the public interest.

2 So, as I mentioned before, Eversource
3 will file a petition sort of memorializing this
4 request on early next week. So, you know,
5 approving a market-based procurement will ensure
6 that 100 percent of default service will be
7 provided. And, so, we find this as a necessary
8 change to our existing procurement process, which
9 currently only allows for competitive bid
10 solicitation and acceptance of those bids.

11 The final slide is the proposed process
12 that Eversource would be suggesting to the
13 Commission today. It outlines today. And then,
14 also, on November 15th, which would be, you know,
15 a very succinct petition, with a supporting
16 testimony that may provide context, in the way
17 that Mr. Shuckerow provided this morning. We
18 would ask for a ruling on that petition no later
19 than December 2nd, so that we would have time to
20 implement whatever the direction of that order in
21 time for bid day on December 6th.

22 So, December 6th is where we would
23 recommend a modification, in addition to the
24 existing procedural schedule, which would be a

1 notice to confidential technical session on bid
2 day, after bids are received, so, from 11:00 to
3 noon. That would invite all parties to the
4 docket. Eversource would share the bids
5 received, the prices received, what load that
6 would cover, analysis of those bids, and
7 assessment, and then receive input from the
8 parties in attendance as to their thoughts on our
9 analysis and the assessments of those bids.

10 The contracts still need to be executed
11 by 3:00 p.m., in order to lock in the bids. As
12 Mr. Shuckerow mentioned, those bids are no longer
13 good at 3:01.

14 Eversource, I would like to note that
15 this -- Eversource isn't asking for a
16 predetermination of prudence in any way, we would
17 still be held to the same prudence standard. We
18 have to manage, you know, default service
19 prudently. We're not looking for absolution
20 here. And we're not even looking to eliminate
21 any of the existing remaining process in this
22 procedural schedule for this docket. We would
23 still make the filing on December 8th, supporting
24 any of the contracts we enter into. And, then,

1 of course, any load that we would supply with
2 market-based procurements.

3 The hearing would still be held on the
4 13th. So, all parties would still have full
5 participation in that hearing. And we would
6 still ask that the Commission issue an order by
7 December 15th, which we did in the procedural
8 schedule, so that contracts can be finalized, and
9 we can provide assurance to the suppliers that we
10 do accept bids from.

11 And that is all we have, as far as a
12 presentation.

13 CHAIRMAN GOLDNER: Thank you. I think
14 we can move to Commissioner questions, beginning
15 with the Company. And, then, I think we also
16 have a few questions for the Department of Energy
17 and the Office of the Consumer Advocate
18 afterwards.

19 We'll begin with Commissioner Simpson.

20 CMSR. SIMPSON: Mr. Chairman, I might
21 suggest getting some comments from the Department
22 and the Consumer Advocate? That would be
23 helpful, at least for me.

24 CHAIRMAN GOLDNER: Sure. Any comments

1 from the Consumer Advocate or the Department of
2 Energy, before we engage in questions?

3 MR. KREIS: The Consumer Advocate
4 certainly has a few comments.

5 The first comment I would make is of a
6 procedural nature. The Company has provided you
7 with sworn testimony. And, as it told you, that
8 is, in part, because that was an agreement of the
9 parties to recommend that to you. I don't think
10 it's necessary at this point, for me at least, to
11 cross-examine their witnesses. I don't have any
12 reason to doubt the factual accuracy of what you
13 heard via that testimony. And the Company has
14 stated that it intends to file a petition. There
15 will be another hearing. So, if it is necessary
16 to ask any questions of the Company's witnesses,
17 we will have an adequate opportunity to do that.
18 So, I just wanted to make clear why I'm not
19 clamoring to ask questions of the witnesses
20 before you folks up on the Bench get to do that.

21 The second thing I would like to say is
22 that what the Company is proposing here, as I
23 said before, is illegal and inappropriate. When
24 the going gets tough, in this state, we do not

1 abandon good order and due process. This Company
2 has a legal responsibility to meet its default
3 energy service load. And what it is telling you
4 is that it doesn't want to accept that
5 responsibility, it wants to share that
6 responsibility, and get everybody in this room
7 helping this Company do what the law obliges it
8 to do, which is figure out how to meet its
9 default service load, and then present the
10 results of that determination to you for
11 approval, after my office and the Department of
12 Energy get to cross-examine witnesses and present
13 whatever rebuttal testimony or evidence we want
14 to do.

15 In Connecticut, this process occurs
16 pursuant to Public Act Number 11-80, and a fully
17 developed written procurement plan that has been
18 preapproved by their utility regulator. They do
19 not change the game in the middle of the game,
20 because the game appears to be going badly for
21 either the good guys or the bad guys.

22 My office has a counterparty in
23 Connecticut, the Office of Consumer Counsel.
24 That office has consulting help to advise it on

1 its participation in the procurement process. I
2 do not have time to acquire that kind of help
3 between now and December 6th. I strenuously
4 object to this whole process. The Company
5 should, at the very least, make clear whether it
6 expects you folks up on the Bench to be in the
7 room on December 6th, as those bids and other
8 possibilities for meeting the default energy
9 service load get hatched out. That detail
10 appears to be missing from the Company's
11 testimony and its slide deck. That's an
12 important consideration.

13 If the Company intends to have you
14 folks in the room, that's outrageously illegal.
15 You can't both decide something, and participate
16 in the decision that you are then reviewing.
17 That would be absolutely outrageous.

18 That's just what I have to say as a
19 preliminary reaction to what I just heard from
20 this Company. It is evading responsibility that
21 the law clearly vests in them as the
22 provider-of-last-resort in this state. And as I
23 said when I entered my appearance, 84 percent of
24 this state's residential customers are taking

1 this service. This is a crisis. This is a real
2 crisis. And it is this Company's responsibility
3 to address that crisis, and it's your
4 responsibility, as the Commission, to review what
5 the Commission decides to do in -- or, what this
6 Company decides to do in response to that crisis.

7 Thank you.

8 CHAIRMAN GOLDNER: Before moving to the
9 Department of Energy, Ms. Chiavara, just a
10 question to Attorney Kreis's comment.

11 I'm looking at Page 8, "December 6,
12 noticed, confidential technical session on bid
13 day", and inviting everyone, DOE -- and,
14 parenthetically, it says "DOE, OCA & PUC". So,
15 just to clarify, your proposal is that the PUC,
16 in addition to the DOE and OCA, would be in the
17 room at the appointed time?

18 MS. CHIAVARA: Yes. That all parties
19 to the docket, so that there were no *ex parte*
20 issues being in the room at that time.

21 CHAIRMAN GOLDNER: Okay. Okay. Just
22 clarifying.

23 So, I think -- so, Attorney Kreis, I
24 think that that proposal is for the PUC to be

1 there from 11:00 to 12:00, just to clarify. You
2 had a question on that.

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

4 CHAIRMAN GOLDNER: Okay. Thank you.

5 Attorney Wiesner, any comments or
6 questions at this point?

7 MR. WIESNER: Yes. I do have a
8 statement of our position.

9 I will first confirm that we also do
10 not have cross-examination questions for the
11 sworn witnesses at this time, given the context
12 of this prehearing conference, and our
13 expectation that the actual petition will be
14 filed next week.

15 I'll also say that the statement I'm
16 going to provide of our position is without
17 prejudice to our right to affirm and supplement
18 that position statement through a response that
19 we may file to the Company's petition following
20 its filing next week.

21 So, we acknowledge the substantial
22 volatility and uncertainty that prevail in the
23 current wholesale electricity markets, and the
24 related challenges facing electric distribution

1 utilities as they seek suppliers for default
2 service to their retail customers. In many
3 respects, the current challenges are
4 unprecedented, and we support Eversource's
5 efforts to develop contingency plans for handling
6 a potential failed auction, but with the hope
7 that it does not occur.

8 In certain -- in certain situations, we
9 acknowledge as well, if no bids are received, if
10 insufficient bids are received, or if bids are
11 received that are unquestionably excessive, it
12 may well be the utility self-supply through
13 direct participation in the wholesale markets is
14 the only realistic option. Self-supply, however,
15 means that default service customers in this
16 state will be fully exposed to market price
17 volatility and the pass-through of certain
18 out-of-market costs assessed by ISO-New England.
19 We, therefore, see self-supply as a last resort,
20 and not as a preferred first alternative.

21 We also do not support the proposal
22 that the Commissioners, DOE, and OCA effectively
23 participate in the decision to accept or reject
24 bids when received on December 6th. While we do

1 understand that other states in which the
2 Company's affiliates conduct business have
3 established processes where regulatory staff
4 and/or consultants participate in the review and
5 decision-making process, no such process has been
6 established or even previously proposed in this
7 state. And, even in those other two states, the
8 Commissioners themselves are not participants in
9 the decisions to accept or reject wholesale
10 supply bids.

11 The Company effectively is asking the
12 Commissioners to make an on-the-spot prudence
13 determination about utility supply bid acceptance
14 or rejection, in real-time, on a non-public
15 basis, and without the benefit of any record
16 supporting that decision. That proposal raises
17 both legal issues and policy concerns that we
18 believe are insurmountable. Nor do we believe
19 it's reasonable or appropriate to expect DOE
20 Staff or the OCA to actively participate in that
21 real-time bid evaluation process.

22 Now, alternative processes might be
23 considered for future default service supply
24 procurement through the open investigation

1 docket, IR 22-053. It's not possible to
2 implement such a wholly new and unvetted process
3 for the current round of utility default service
4 procurements. Any such change is far too
5 fundamental to be made on-the-fly and under the
6 gun. Accordingly, DOE strongly opposes the
7 Eversource proposal for the Commissioners or
8 regulatory staff to be in the room, so to speak,
9 during bid evaluation and acceptance or
10 rejection.

11 Now, finally, as I noted previously, we
12 believe utility self-supply of default service
13 should be a last resort, and not a first resort.
14 And we, therefore, urge the Company to consider a
15 quick turnaround second RFP, if insufficient or
16 clearly unacceptable bids are received on
17 December 6th. That would represent a final test
18 of the competitive supplier market, before going
19 with utility self-supply, assuming that
20 sufficient time is available to conduct a second
21 competitive RFP process.

22 That's a summary of our position at
23 this point. And with that, I'll be happy to
24 respond to any questions you may have.

1 CHAIRMAN GOLDNER: Okay. Thank you.

2 Before we begin with Commissioner
3 questions, Attorney Chiavara, anything else from
4 the Company's standpoint?

5 MS. CHIAVARA: Yes, a few things.
6 Thank you, Chair.

7 First, a couple of things to the OCA's
8 remarks. I don't believe and the Company doesn't
9 believe that there are "good guys" and "bad guys"
10 here. We believe that it's a bad situation. And
11 that there are conditions that indicate that the
12 market is failing to a certain extent, and we are
13 trying to account for that. We're trying to, as
14 far as who things are going bad for, things are
15 potentially going bad for customers, and we are
16 trying to find a solution to that.

17 The conditions that we're seeing don't
18 just make it difficult for the Company to make
19 their assessment. We are still -- we still have
20 the expertise to assess the bids on bid day and
21 enter into contracts. We can fulfill our legal
22 obligation, and that is the extent of the legal
23 obligation of the utility here is to make sure
24 service gets to default service customers. We

1 don't have discretion in this area to determine
2 threshold sort of policy-implicated decisions.
3 And we believe that the conditions here, the
4 market conditions here, do rise to the level of
5 policy considerations.

6 While we can determine the
7 reasonableness of a particular RFP, one could
8 argue that, because it was a response to an RFP
9 solicitation, then any bids would be, therefore,
10 market-reflective, because they were in response
11 to an RFP. I don't know if the Commission would
12 consider that to be the case. And that's what I
13 say -- what I mean, that I think that these are
14 policy threshold considerations.

15 To the DOE's point, Eversource
16 absolutely agrees, utility market-based
17 procurement should absolutely be a last resort,
18 backstop measure. This is not an ideal situation
19 for the Company to enter into, and we agree that
20 it's riskier than a fixed price contract for six
21 months. However, it may be, in this event, you
22 know, less risky than depending on the price of
23 the bids that we receive.

24 As to the process in neighboring

1 states, the DOE mention that the Commissioners
2 aren't present in the room, but the process is --
3 in those states are also different. The
4 decision-makers were in the room. The
5 Procurement Manager for PURA is a decision-maker.
6 He makes the decision as to the go/no go on
7 contracts. For the DPU, to my understanding, A&G
8 Staff and DPU Staff were in the room. There is
9 no hearing in Massachusetts. Once the
10 recommendation goes to the Commission, the DPU, I
11 think every single time, has just approved that,
12 without a hearing.

13 We are not looking for a pre-prudence
14 determination, as we said. This is, you know,
15 we're looking for -- we're looking for the most
16 complete information we can get, so that we can
17 minimize the risk to customers, as far as
18 their -- the possibility of them paying
19 over-market prices or things that the Commission
20 would determine to be not market-reflective, and
21 inconsistent with RSA 374-F, the Restructuring
22 Act.

23 So, and to one last point, the
24 recommendation as to the issuance of a second

1 RFP. The Company's position at this time is that
2 a second RFP would likely not only be
3 unsuccessful, it would create further risk, in
4 that, if it -- it would only be issued likely in
5 the result of a partially or fully failed RFP, in
6 which case we'd be here recommending at least
7 partial utility market-based procurement. And,
8 if the result were to be a rejection of the
9 Company's proposal, or a rejection of any of
10 those contracts to go back to market, the market
11 will not respond favorably. Seeing those
12 rejections, they will not be encouraged to bid
13 again, and likely -- will likely not bid again,
14 and this will put customers at greater risk. The
15 longer the period of time that prices are not set
16 and certainty is not obtained in this area, the
17 worse it is for customers or the higher the risk
18 for customers.

19 That's all I have right now.

20 CHAIRMAN GOLDNER: Thank you. Let's do
21 this. I've noticed it's 10:30. Let's take a
22 quick break, and return at 20 till, and then
23 we'll resume then.

24 Okay. Thank you. Off the record.

1 *(Recess taken at 10:30 a.m., and the*
2 *hearing resumed at 10:51 a.m.)*

3 CHAIRMAN GOLDNER: Okay. Sorry for
4 being late. We'll resume. And we'll begin with
5 some questions from Commissioner Simpson.

6 CMSR. SIMPSON: Okay. Thank you.
7 Start with a few questions for the Company.

8 Do you intend to file a formal
9 petition?

10 MS. CHIAVARA: Yes.

11 CMSR. SIMPSON: Okay.

12 MS. CHIAVARA: By Tuesday.

13 CMSR. SIMPSON: And, then, with respect
14 to the consensus decision that you mentioned
15 regarding CL&P, you state that PURA, the Consumer
16 Advocate in Connecticut, and the Company make
17 this consensus decision. Is that in confidential
18 session or in public session?

19 MR. SHUCKEROW: It's confidential.

20 CMSR. SIMPSON: Okay. So, in your
21 statement, you described some of the market
22 forces that are at play that have led to the
23 current situation, and the regional prices, and
24 prices bid by suppliers in neighboring states.

1 If the Commission were to accept this proposal,
2 what would be the market impacts of that? What
3 would we be indicating to the competitive market,
4 in your view?

5 MS. CHIAVARA: If I may?

6 CMSR. SIMPSON: Please.

7 MS. CHIAVARA: Okay. First, I think
8 indicating -- authorizing the Company to
9 participate in market procurement directly from
10 the market I think indicates that New Hampshire
11 is going to ensure that default supply is
12 available no matter what competitive suppliers
13 do. And that's a legal obligation. So, I think
14 that needs to happen.

15 You know, we did this in Massachusetts.
16 We filed with the DPU, because we needed the
17 option to do the same thing in that state. The
18 DPU granted it. And Tuesday, we had bids that
19 covered all the load.

20 So, I don't know that it -- either it
21 put the feet -- the competitive suppliers' feet
22 to the fire, or I can't say, that would be
23 speculation on my part. But, I think, putting
24 this backstop mechanism in place, all it does is

1 say, you know, "No matter what the market does,
2 we will ensure that default supply is provided."

3 CMSR. SIMPSON: So, from the Company's
4 perspective, you do not feel that you have the
5 legal ability to go to the market and serve load,
6 if you face a failed solicitation or a
7 solicitation that, in your professional opinions,
8 is not appropriately priced?

9 MS. CHIAVARA: The Settlement Agreement
10 in 17-113 says pretty much "the Company shall go
11 to the" -- "issue a competitive RFP and solicit
12 bids through there." It doesn't -- it doesn't
13 enumerate an option to permit direct market
14 purchases.

15 CMSR. SIMPSON: Could I inquire to the
16 Department and the Consumer Advocate on that
17 question? If the Company proceeds under their
18 normal process, the Commission declines to accept
19 the proposals that they described here today, and
20 they follow through on their RFP, and they either
21 receive a failed solicitation or a solicitation
22 that is unreasonably priced in their view, do
23 either of you feel that they have the ability at
24 that time to go to the market absent Commission

1 approval? Or, do they require Commission
2 approval, in order to serve load as a price-taker
3 in the ISO-New England market?

4 MR. KREIS: Commissioner Simpson, this
5 Company has an obligation to serve load, retail
6 load, with default energy service, regardless of
7 what price the Company has to pay to serve that
8 load. And I believe the statute authorizes them
9 to recover their costs. That is a very grim
10 reality that is firmly enshrined in New Hampshire
11 law.

12 I'm not sure if that's fully responsive
13 to your question that you asked.

14 CMSR. SIMPSON: So, I think that's
15 responsive to, if they received bids that would
16 fully meet their load obligation, but the price
17 of those bids, in their professional opinion, are
18 unreasonable.

19 Under the hypothetical where they do
20 not receive bids to serve all of their load, in
21 your view, do you believe that they have the
22 legal ability to go into the ISO-New England
23 market as a price-taker to serve the remaining
24 load, absent Commission approval?

1 MR. KREIS: I would say that they have
2 not just the ability, but, in fact, the
3 responsibility to do exactly what you just
4 described.

5 CHAIRMAN GOLDNER: Okay. Thank you.
6 Attorney Wiesner?

7 MR. WIESNER: I'll just add that the --
8 there are not established and previously approved
9 contingency plans for a failed auction for this
10 Company, or perhaps for the other two regulated
11 utilities either. This is a question of whether
12 those contingency plans need to be approved by
13 the Commission in advance, or, on December 13th,
14 once the results of the bid solicitation are
15 known.

16 I gather that the Company is here in
17 advance largely because they want regulators in
18 the room when they open the bids and make that
19 decision, and you've heard our position on that.

20 So, would it otherwise be required that
21 there be a pre-approval of contingency plans
22 prior to the Company coming before you on the
23 13th, and saying "We need authority to
24 self-supply because we experienced a failed

1 auction"? I think the answer is probably "no".

2 CMSR. SIMPSON: Thank you.

3 So, I'm looking at Page 6 of the
4 presentation. Under your proposal, if the
5 Commission were to accept the process that you've
6 outlined here, would the Company propose to
7 provide updates to the Commission and
8 stakeholders regarding actual pricing from the
9 market?

10 MS. CHIAVARA: I believe the process
11 would be that it would still be -- it would be --
12 the decision would be to accept any acceptable
13 bids that we receive. And, if that doesn't cover
14 100 percent of load, we would do market-based
15 procurement for the remaining load, but it would
16 be for the same six-month period. So, it would
17 be the February through July service period. And
18 we would come back in at the next energy service
19 hearing, which includes the annual
20 reconciliation, and we would address the state of
21 market prices at that time, and the market prices
22 that were actually received at that time.

23 We had not contemplated a reporting
24 mechanism during the service period. That is

1 what we had contemplated up until this point.

2 CMSR. SIMPSON: Okay. So, let's just
3 go through the mechanics of the Company's
4 participation in the ISO-New England market as a
5 price-taker in order to serve load, if that
6 situation arises.

7 The Company, as the load-serving
8 entity, you're a market participant in the
9 ISO-New England market, correct?

10 MR. SHUCKEROW: Yes.

11 CMSR. SIMPSON: And you are describing
12 a process where you would be purchasing in the
13 Day-Ahead Market, correct?

14 MR. SHUCKEROW: Correct.

15 CMSR. SIMPSON: Walk us through that
16 mechanism, of purchasing energy in the market,
17 how you account for it, how the Company would pay
18 for it, and then how that reconciliation would be
19 executed, please?

20 MR. SHUCKEROW: Sure. As we touched
21 upon, the first step in that process is we are
22 the load-serving entity, so we have the
23 responsibility. We get to January 1st, and we're
24 in this situation, we'll start bidding in the

1 load, as we described, each and every day. Along
2 with that load responsibility, essentially
3 through the ISO billing process, we will get
4 assigned costs associated with the energy in the
5 Day-Ahead Market. If, for example, we didn't bid
6 at the exact right level in the Day-Ahead Market,
7 and had to buy additional energy, that would come
8 from what's called the "real-time market", the
9 residual energy market.

10 On top of that, we would be assigned
11 the various capacity costs, called "forward
12 capacity costs", associated with the load that
13 we're serving over this time period, that would
14 be month by month. There would also be a number
15 of ancillary costs. In English, basically,
16 "ancillary costs" would be the daily operational
17 costs of the system. They would be the operating
18 reserves to maintain short-term reliability, they
19 would be the automatic generation control. Those
20 are typical ones. "Automatic generation control"
21 is, basically, generators being ramped and ramped
22 down to maintain voltage stability within the
23 system.

24 So, those all essentially would come

1 through the ISO billing system. And we're
2 getting experience with that now. We've only
3 done this for a month.

4 And, Mr. Littlehale, I'm not sure if
5 we've gotten any reports yet, or you have any
6 specificity on what we receive from ISO would be
7 useful?

8 MR. LITTLEHALE: Yes. Thank you. So,
9 we're working our way through those bills right
10 now for the month of October, because there's
11 usually a bit of a lag. The energy is available
12 almost immediately, or the next couple of days.
13 The capacity report is on a monthly basis. You
14 know, so, it's a different timeframe. That the
15 Mystic RMR report, for example, is a two-month
16 delay. So, we won't see the Mystic RMR charges
17 for October until early December. So, you know,
18 it's a bit of a lag.

19 But, you know, like we mentioned when
20 we talked through Slide 5, we're working through
21 that process. And, you know, approximately, you
22 know, two months after the completion of the
23 actual month itself that we serve the load, we
24 will have a reasonable accurate estimate of the

1 costs associated with serving that load, that
2 includes energy, capacity, ancillary, and other
3 charges.

4 MR. SHUCKEROW: And if I could add two
5 things here?

6 Number one is, we'd also, as we
7 currently are responsible, to procure the RPS
8 requirements, the RECs, to various classes.
9 Those really aren't due until June of the
10 following year. So, it would be June of, well,
11 2023 for the 2022 period. And we're talking
12 probably here '23, so it would be, you know, a
13 lag into 2024. So, those would be additional
14 costs that would also show up.

15 If I could, Commissioner, you seemed to
16 allude to the value of information, and we agree.
17 We are very open, as we get information, and as
18 you just heard, it is lagged, to provide a report
19 to the Commission, and others as appropriate,
20 simply saying "These are the" -- "these are the
21 details of the costs." Obviously, those will
22 eventually be reconciled through a very formal
23 process, with your full review. But there is a
24 benefit or assistance in providing I'll call it

1 "draft information" that is subject to load,
2 because the load sometimes takes even longer
3 within the actual billing system. You have what
4 they call the "90 day", and then you have the
5 "post 90 day". So, there is a lot here to
6 unravel.

7 But we are, at appropriate times, maybe
8 for another discussion, we could share what the
9 best times would be, if that could be useful, we
10 could provide you that information.

11 And, obviously, what you'll see here
12 is, with fixed pricing for the customers, that
13 essentially the costs will vary. January would
14 be expected to be a high-cost month, for all the
15 obvious reasons we've talked about. So, the
16 revenues we're receiving in January, because the
17 rate is a weighted average rate over the six
18 months, would be less than our costs. But, vice
19 versa, in May, the revenues we're receiving
20 should be higher than the costs.

21 The ideal is when you get to the end,
22 in this time period, and I know our period is
23 February through July, that, depending upon where
24 energy prices go, there will be a reconciliation

1 different that will be greater than what we're
2 accustomed to, and it will be mostly driven by
3 the energy prices. And, if they end up being
4 lower than expected, then essentially what's
5 built into this proxy price that we put in, then
6 there will be a benefit or a refund to customers,
7 or, vice versa, if the costs ended up being
8 higher, there will be an eventual
9 under-collection, and the appropriate recovery
10 mechanisms associated with those.

11 Hopefully, that was helpful.

12 CMSR. SIMPSON: Yes. That's helpful.

13 With respect to purchases from the
14 market, does the Company have an ISO-New England
15 Settlement account?

16 MR. LITTLEHALE: Yes.

17 CMSR. SIMPSON: So, the purchases would
18 flow through your Settlement account, correct?

19 MR. LITTLEHALE: That's correct.

20 CMSR. SIMPSON: When would the
21 Company -- or, how would the Company pay those
22 bills and reconcile to costs that you're
23 incurring in that account? It sounds like, and
24 correct me if I'm wrong, for residential

1 customers, you intend to set a proxy price, which
2 effectively represents their default service rate
3 for the six-month period. You're accruing costs
4 throughout the period, and then you true that up
5 next year in the reconciliation, correct?

6 MR. SHUCKEROW: Correct.

7 CMSR. SIMPSON: So, does -- how would
8 the Company reconcile those Settlement account
9 costs internally?

10 MR. SHUCKEROW: Yes. In many respects,
11 it's no different from what we're experiencing
12 today. Under the normal circumstance, where we
13 are basically providing, you know, getting our
14 service from a wholesale supplier, we pay month
15 by month. And we pay them prices that they think
16 they're going to be experiencing in that
17 respective month. So, for example, the month of
18 February, we are paying them more than the
19 revenues that we're receiving, true of all the
20 companies providing service for. Our Treasury
21 Department is responsible, it's really for cash
22 flow. There's really nothing new here. It would
23 essentially be exactly the same from a management
24 perspective of paying the suppliers and paying

1 the ISO-New England.

2 With the ISO-New England, we will
3 have -- it's monitored by our Credit Department.
4 We do have, you know, credit assurances in place,
5 those are monitored daily. And, just like they
6 are today, we do have interface with ISO-New
7 England. Not associated perhaps with being a
8 load-serving entity, we now are because of the
9 unique situation described, but we do have
10 contracts for power supply. And those are
11 usually IPP, for us, primarily renewable
12 contracts that are driven through legislation.
13 So, there is flow there. There's also flow
14 through transmission costs. So, all these are
15 really grouped together when you're working at
16 ISO-New England. And it's the net of those costs
17 that will lead to payments to or, essentially,
18 payments from ISO-New England.

19 CMSR. SIMPSON: Okay. Thank you. Can
20 you articulate how this proposal varies from what
21 your Massachusetts affiliate proposed for
22 northeastern Massachusetts, and, subsequently, it
23 appears that the DPU approved that proposal?

24 MR. SHUCKEROW: Yes. When you say

1 "proposal", could you be a little more specific,
2 because I think I have a different answer?

3 CMSR. SIMPSON: I'm intentionally not
4 using "petition", because we don't have anything
5 formal in front of us.

6 MR. SHUCKEROW: Right.

7 CMSR. SIMPSON: But the process that
8 you've outlined before us, and the request that
9 you've made of the Commission, in order to
10 provide --

11 MR. SHUCKEROW: I understand the
12 question.

13 CMSR. SIMPSON: -- an amendment to your
14 existing procurement process. What is different
15 from what you asked the DPU to do?

16 MR. SHUCKEROW: Yes. The one
17 difference here, if you recall my earlier
18 comments, is with the Mass. -- in Massachusetts,
19 at 11:00 a.m., for example, this past Tuesday, we
20 got on the call together through a Teams meeting.

21 CMSR. SIMPSON: Is that typical?

22 MR. SHUCKEROW: That had occurred --
23 it's not typical. It had occurred previously.

24 CMSR. SIMPSON: Okay.

1 MR. SHUCKEROW: The situation that
2 occurred previously was the result of some
3 uncertainties that came about, again, it was a
4 very unique situation, it had to do with us doing
5 a power supply procurement, it was associated
6 with the opportunity for the City of Boston to do
7 a municipal supply aggregation. There was great
8 uncertainty as to when that would begin. And, as
9 such, knowing load is very important to the
10 wholesale suppliers, so, with the Mass. DPU and
11 the AG, we basically talked through this. And it
12 turned out that our concerns were valid, in that
13 we didn't get as many bids as we normally would
14 have gotten, and we also had concerns with
15 regards to I'll call it the "outlier pricing".
16 So, what that led to was we took less load, after
17 consultation with the Mass. DPU and the Mass.
18 A&G, and we took less than what we had planned,
19 we had planned on taking 50 percent, and we took
20 37.5 percent. That was the only other time we
21 had done that. And, now, it's the current
22 situation that we've done it. So, it's been only
23 those two circumstances.

24 But, with regards to your question as

1 to "what's different?", clearly, what's different
2 is the -- and counsel could add more details, is
3 the Commission would be involved here, I mean you
4 folks would be involved in that conversation.
5 The Commissioners are not involved in
6 Massachusetts, nor are the Commissioners involved
7 in Connecticut, that was correctly stated
8 earlier. The Connecticut PURA representative,
9 his exact title is called the "Procurement
10 Manager", and this is one of his responsibilities
11 is to oversee the process. And he has the
12 authority to essentially make the decision as a
13 function of recommendations received from those
14 involved.

15 CMSR. SIMPSON: Are there differences,
16 aside from the individuals involved, with respect
17 to the procurement process changes that you've
18 sought here that you sought in Massachusetts?

19 MR. SHUCKEROW: To make sure there's no
20 confusion here, as was correctly stated earlier,
21 in Connecticut, there is a very lengthy
22 procurement plan. And that procurement plan,
23 under the authority of the Procurement Manager,
24 has the ability essentially to direct the Company

1 to become a load-serving entity.

2 In Massachusetts, there was not a
3 procurement plan to the same depth. What that
4 really led to, as we had stated earlier, was it
5 led to essentially a filing, with testimony, of
6 mine, describing the process that was submitted
7 to the Department, and they went through their
8 normal procedures, and eventually approved the
9 ability for Eversource to be a load-serving
10 entity, if driven by these unique circumstances.

11 And, as was stated earlier, there's
12 discussion for New Hampshire as to whether or not
13 we have the ability to do that. And I'll leave
14 that to the counsel to sort through.

15 CMSR. SIMPSON: So, the essence of the
16 Company's request to integrate a market-based
17 procurement as a approved or sanctioned
18 contingency, --

19 MR. SHUCKEROW: Yes.

20 CHAIRMAN GOLDNER: -- that's the same
21 here as you sought in Massachusetts?

22 MR. SHUCKEROW: Correct. And what it
23 really boils down to is, so that, on the day the
24 bids come in, "what are our choices?" "What do

1 we have the authority to do and what can we not
2 do?", is really what it boils down to, such that
3 we can make value judgments, you know, to the
4 Commissioners.

5 CMSR. SIMPSON: Was I correct in
6 understanding that, in Massachusetts, you went
7 through your RFP process, and you received bids
8 that you found were sufficient and appropriate in
9 order to serve all of your load?

10 MR. SHUCKEROW: Correct, for the most
11 recent one, this past Tuesday.

12 CMSR. SIMPSON: That was past Tuesday.

13 MR. SHUCKEROW: Yes.

14 CMSR. SIMPSON: So, given that
15 paradigm, do you still feel that there is
16 significant risk here in New Hampshire, in order
17 to mitigate the scenarios that you've outlined,
18 in terms of not getting enough bids or bids that
19 are priced outside of a reasonable bandwidth?

20 MR. SHUCKEROW: Yes, and for a
21 multitude of reasons. Number one, I shared with
22 you earlier, the Connecticut experience and what
23 happened there. Number two, there is much
24 uncertainty. And we don't have the list of

1 bidders that we were accustomed to, by any means.

2 So, the goal was to make sure that we
3 hope for the best. Our goal, as a company, is
4 not to be a load-serving entity. It is an
5 extreme last resort.

6 But the goal also is "What do you do if
7 there's not enough bidders?" And, again, not to
8 be redundant, "what if the pricing just is not
9 reasonable?" Is there an alternative that could
10 hopefully provide a fair price to customers?

11 CMSR. SIMPSON: If the Commission
12 decides not to accept what you've proposed here,
13 on the day that you receive bids for your RFP,
14 the four- or five-hour window when you have to
15 make the decision of whether or not to execute
16 contracts with suppliers, describe the factors
17 that you would weigh in order to assess whether
18 the prices that you've received from suppliers
19 are reasonable?

20 MR. SHUCKEROW: Yes. The first thing
21 we look for would be the number of bidders. As I
22 said, sometimes we've been getting two, maybe
23 three at best. So, number one is the number of
24 bidders. Number two, is the pricing basically

1 clustered together or reasonably close? Number
2 three, we do have an estimate that we call the
3 "proxy price" that we develop internally, that is
4 used as really a benchmark or a guide.

5 To me, the clustered pricing, in other
6 words, we get multiple bids, and they're all
7 close together, overrides the proxy price,
8 because, and especially during this unique time,
9 there may be risks that we're not sensitive to,
10 or haven't caught up in the previous pricing that
11 has gone into our pricing model.

12 So, those are really the
13 considerations. Those are perhaps the easy ones.
14 You then get into "well, what happens if the
15 prices are not clustered, and we can see
16 significant variances?" That's what I described
17 earlier as the "gray zone".

18 Let me share with you at least, in
19 Connecticut, again, not to be redundant, but the
20 second place price was 25 percent higher, and
21 actually over 30 percent over our proxy price.

22 CMSR. SIMPSON: And what was -- and
23 this is where I was going to go next, so, I'm
24 glad you went there. The Bid A, --

1 MR. SHUCKEROW: Yes.

2 CMSR. SIMPSON: -- where you accepted
3 one bid covering 10 percent, what was the
4 variance of that bid from your proxy price,
5 approximately?

6 MR. SHUCKEROW: It was under 10
7 percent.

8 CMSR. SIMPSON: Okay.

9 MR. SHUCKEROW: Yes. So, it was -- it
10 was close.

11 CMSR. SIMPSON: And Bid B you stated
12 was "25 percent higher". Is that higher than the
13 proxy price or higher than Bid A?

14 MR. SHUCKEROW: Higher than Bid A.

15 CMSR. SIMPSON: Okay. Thank you.

16 MR. SHUCKEROW: So, when we got to that
17 situation, again, there were different parties in
18 the room as described, the conversation went
19 along the lines of something like "Well, should
20 we take this next best bid that was 25 percent
21 higher to reduce the risk to customers of having,
22 you know, some exposure to the market?" And
23 there were point and counterpoints on that
24 discussion.

1 And, obviously, this discussion is I
2 don't think people are laying out "this is the
3 whys", and eventually making a recommendation.
4 But I think it became clear in that situation
5 that we had 80 percent was at a fixed price, and
6 that would -- and by taking, essentially, going
7 to being a load-serving entity, we're only
8 putting prices at risk for 20 percent of the
9 load, and that was deemed to be acceptable in the
10 views of the parties in the room. If you -- and
11 that really led us to where we were at.

12 The situation that we ran into just
13 this past Tuesday, where the bid for the Large
14 C&I customers, again, I mentioned it's a very
15 small amount of load, it was above our proxy,
16 there's a tremendous risk with the Large C&I
17 customers. They have probably the best
18 opportunity to leave. They have the market
19 intelligence and whatnot.

20 So, the conclusion of that was actually
21 different, because it wasn't residential
22 customers. We looked at it with a different eye
23 with regards to the Large C&I customers. So,
24 that's number one. It's only for three months,

1 the situation in Massachusetts. Number two was
2 they have the opportunity to leave, we talked
3 about that earlier. Number three, perhaps it's a
4 good benchmark. They have this price. They know
5 what they can go out and perhaps do better at.
6 So, that would have been useful information.

7 So, the conclusion was, I think along
8 the lines of, yes, Eversource stepping in is a
9 last resort, it's not the game plan. Given that
10 specific situation, we accepted that bid.

11 So, I think the point I'm making is,
12 the decision is not one that is very mechanical.
13 It's a function of the circumstances. It's a
14 function of perhaps what customers are being
15 impacted.

16 Let's drift into hypotheticals now.
17 Say we come on December 6th, I would perhaps,
18 this is my opinion now, is, if we only had a few
19 good bids, my eye would be much more open to
20 regards to taking bids that perhaps were higher,
21 to reduce the market exposure risk for customers.

22 If we had a number of good bids, and
23 I'm perhaps back to the Connecticut model, let's
24 say we're three-quarters of the way there with

1 good bids, and the next price was definitely on
2 the high side, because we have a very good
3 foundation of fixed prices, exposure for the next
4 twelve and a half or 25 percent, in our situation
5 here, is that's the type of discussions I would
6 bring to the attention of the Commission, if we
7 end up with the proposal going forward as we
8 said. That's what I would add, is to try to come
9 up with the balance.

10 What I would expect from you is "What
11 are we trying to accomplish? What is the public
12 policy in New Hampshire?" What is it -- what is
13 it trying to do, you know, to get weaved into all
14 this, so it can all be factored into the
15 considerations, and with the final recommendation
16 that we've mentioned here. That would be the
17 type of exchange that we would have during this
18 hour.

19 It would simply be the bid sheets,
20 again, with the numbers in front of us. We'd
21 share with you the impacts with regards to the
22 impact to customer rates. That's exactly what we
23 provided. We had a working model. We pushed the
24 number in, live, we can see what the impacts

1 were. Again, it's just the frame to help people
2 understand. Because, I admit, it's a fast-paced
3 environment, but it's the environment we're in.
4 It's part of this 10:00 to 3:00 clock that we're
5 under. So, that's how it goes.

6 And just to back up, when we did the
7 NEMA Large C&I, I think it was more in the model
8 of, you know, we accepted one and rejected one.
9 The one we rejected was 20 cents a kilowatt-hour
10 above what we thought would have been, you know,
11 reasonable. Those were the bids we received.
12 And everybody looked at it and said "how could we
13 go forth and basically support that?" It just
14 didn't -- it didn't pass the common sense test.
15 And that led to us going and becoming a
16 self-serving entity for the NEMA Large C&I.

17 I'm just sharing with you the dynamics
18 of the conversation that takes place. And there
19 is no threshold that we went in with, absolutely
20 not. The threshold was "Try to accept as many
21 bids that pass the test of reasonableness as we
22 can, and do the best we can for customers, but
23 balance that against the risk."

24 CMSR. SIMPSON: And that's ultimately

1 what you're weighing, in your experience, you
2 weigh the factors and the associated risk --

3 MR. SHUCKEROW: Yes.

4 CMSR. SIMPSON: -- in that analysis?

5 MR. SHUCKEROW: Correct. Yes, sir.

6 CMSR. SIMPSON: So, as you know, and
7 you mentioned these proceedings are very
8 fast-paced, you're aware that we have an
9 investigation ongoing with respect to the process
10 around the procurement of default service?

11 MR. SHUCKEROW: Yes.

12 CMSR. SIMPSON: Do you think that that
13 might be an appropriate forum for the Company to
14 offer the types of suggestions that you put forth
15 before us here today?

16 MR. SHUCKEROW: Oh, yes. Absolutely.
17 And we spent much time answering the seven
18 questions that you sent to us, the three of us at
19 this table, and others. And we will get those in
20 on time, and I believe it's the 18th.

21 Yes. We are doing a very large
22 information exchange, really based on the
23 experiences, the information, and the experiences
24 in other states. Yes. So, there will be much

1 that we will be providing to you, and all is open
2 to discussion.

3 CMSR. SIMPSON: Okay. Thank you for
4 your testimony today.

5 I don't have any further questions, Mr.
6 Chairman.

7 CHAIRMAN GOLDNER: Thank you,
8 Commissioner Simpson. We'll move to Commissioner
9 Chattopadhyay.

10 CMSR. CHATTOPADHYAY: Thank you.

11 So, some of the questions at the
12 beginning would be really trying to understand
13 the legal back-and-forth. Not being a lawyer,
14 but it's important for me to grasp.

15 Does the Company have an obligation to
16 meet the default service requirement?

17 MS. CHIAVARA: I believe that the
18 Electric Restructuring Act requires that default
19 energy service be provided, universal access to
20 that be provided. And that the utility industry,
21 as a whole, has to assure that that is provided.
22 But I believe that there is significant
23 Commission discretion in how default -- how that
24 default service is provided that is also

1 contained within the Electric Restructuring Act.

2 CMSR. CHATTOPADHYAY: So, leaving aside
3 the issue of the Commission sort of blessing
4 whatever the Company proposes, you would agree
5 that what I just asked you a while ago, does the
6 Company have an obligation to meet the default
7 service requirement?

8 MS. CHIAVARA: Yes.

9 CMSR. CHATTOPADHYAY: The answer is
10 "yes"?

11 MS. CHIAVARA: Default service has to
12 be assured, yes.

13 CMSR. CHATTOPADHYAY: Okay. Just
14 thinking about the five hours window that you
15 were talking about, 10:00 a.m. to 3:00 p.m. So,
16 let's let that be the background for this
17 question, or maybe the ones that follow.

18 Assume that it's just the Company that
19 is looking at the information. There is no DOE,
20 there is no OCA, and certainly not PUC, because
21 we are -- we have to look at the evidence and
22 then decide. So, does the Company have the
23 ability to determine whether a particular tranche
24 is competitive or not? And I'm really asking it,

1 does the Company have the expertise to sort of do
2 that on its own?

3 MS. CHIAVARA: I believe the Company
4 has the expertise to determine whether a
5 particular bid is market-reflective, and, to that
6 point, sufficiently competitive. I believe
7 that's gotten much more -- that has become a much
8 more difficult determination, because of all the
9 many factors that Mr. Shuckerow just pointed out.
10 It is no longer an easy math problem. It's a
11 totality of the circumstances problem. And I
12 believe I'd argue now that, while we do have the
13 expertise to assess the competitiveness of a
14 particular bid, there -- given the conditions of
15 the market, the determination as to whether that
16 satisfies the purpose of default service for New
17 Hampshire, that is a threshold policy question
18 that needs to be made.

19 CMSR. CHATTOPADHYAY: That is something
20 I, you know, I kind of hesitate to use the term
21 "policy decision" and all of that. But you're
22 essentially talking about realms or areas that
23 would need some back-and-forth. And I would
24 assume that the IR docket would be a good vehicle

1 for that.

2 But, really, what you're responding
3 here is that you're -- the Company is able to
4 come to a conclusion whether the rates were
5 competitive or not, based on what happened, and
6 then there are other considerations. The other
7 considerations come into place because you then
8 have to decide, if you concluded that the bidding
9 wasn't competitive, what are the options? And
10 then, you kind of look at different situations.

11 And, in one case, you might be -- you
12 concluded 80 percent of the procurement is
13 competitive, we are left with 20 percent that
14 doesn't look like it's competitive. But, in the
15 overall scheme of things, we can still go with
16 it, because, overall, it still is "good enough".

17 As opposed to 20 percent is -- looks
18 good, and 80 percent doesn't look competitive,
19 then does the Company have the ability to say
20 "Okay, you know what, we are not going to go
21 ahead and procurement this, we will do it through
22 the ISO process", meaning the markets?

23 My question is, in that
24 decision-making, you have the expertise,

1 hopefully, based on the analytics that you use,
2 to come to some sort of a judgment as to whether
3 Approach A is right or Approach B is right?

4 That's a question.

5 MS. CHIAVARA: I would say that the
6 Company has the expertise and the obligation to
7 provide default service in -- with the premise
8 that there is a functioning and successful
9 competitive market.

10 With the conditions that Mr. Shuckerow
11 and Mr. Littlehale have outlined today, that
12 whether or not there is a competitive market that
13 is -- that is thriving or at all in existence is
14 questionable. And should an RFP fail to -- fail,
15 in part or in whole, we are arguably not dealing
16 with a competitive market. So, the premises
17 underlying our ability to make that decision have
18 changed.

19 Do we still have the expertise to
20 assess the competitiveness of a bid? Absolutely.
21 We do have that expertise.

22 But the totality of the circumstances,
23 the paradigm has changed within which we are
24 making that decision. And it's because of the

1 paradigm shift that we are seeking an
2 extraordinary remedy to extraordinary
3 circumstances.

4 CMSR. CHATTOPADHYAY: But, when you
5 speak about "last resort", even without a
6 contingency approval, you have that ability to
7 trigger the last resort, and sort of say "you
8 know what, in my example 20/80, 80 percent didn't
9 even happen, and so we have to go to the market.
10 That can be -- that's the last resort."

11 So, I'm saying, that kind of
12 decision-making is allowed, isn't it, as far as
13 the Company is concerned?

14 MS. CHIAVARA: To decline bids in favor
15 of going to the market directly?

16 CMSR. CHATTOPADHYAY: Yes.

17 MS. CHIAVARA: I would say that we
18 would need -- we would need Commission
19 authorization to do that. Right now, our
20 procurement process is set by Settlement
21 Agreement and an order approving that Settlement
22 Agreement, and it doesn't give us the discretion
23 to decline bids in favor of direct market
24 participation.

1 CMSR. CHATTOPADHYAY: So, when you're
2 going to file whatever you're going file soon, --

3 MS. CHIAVARA: Yes.

4 CMSR. CHATTOPADHYAY: -- I would
5 greatly appreciate if you delve on that issue a
6 lot more. To me, I'm thinking about,
7 statutorily, whether you're allowed to trigger
8 going to the market, because you've decided
9 something in procurement wasn't competitive
10 enough. And, so, I want to go to the ISO-New
11 England market, because that's in the interest of
12 the ratepayers. So, I'm just letting you know
13 that that's something that I'm thinking of.

14 MS. CHIAVARA: Yes, sir.

15 CMSR. CHATTOPADHYAY: Can, and this is
16 for Mr. -- you know, I think I'm going to, rather
17 than -- this is not a legal question, so I'm
18 going -- either of you can try and respond. In
19 your opinion, is the ISO markets, the Day-Ahead
20 Markets and the real-time markets, all of that,
21 is that more liquid than what you essentially
22 face when you go through a procurement --
23 RFP-based procurement?

24 MR. SHUCKEROW: By "liquid", --

1 CMSR. CHATTOPADHYAY: I mean there are
2 lots of players playing there. And, so, the
3 market price has greater weight to it as being
4 competitive.

5 MR. SHUCKEROW: Yes. The answer,
6 absolutely. First of all, there's many market
7 participants. They are all interfacing with
8 ISO-New England. With regards to establishing
9 the price, that's done under, obviously, ISO-New
10 England has tariffs with FERC. So, there are
11 rules and obligations on how they determine the
12 price. So, and the bottom line is at least the
13 energy price and the capacity price are a
14 function of market rules, and essentially are
15 based on marginal pricing concepts. A function
16 of the most economic resource, the last economic
17 resource to be dispatched would become available
18 to meet that load or capacity requirement.

19 So, I have 100 percent confidence that
20 the price we will get from the market would be
21 reflective of the market conditions at that point
22 in time. I must stress that those conditions
23 vary, as a function of the load, the weather
24 conditions, and the price for fuel at those

1 points in time. So, you can get much variability
2 through the course of the day and through the
3 course of the week and the course of the month, a
4 significant variability.

5 But it's all based on a very liquid
6 market, and rules that -- and tariffs that are
7 well vetted, and are subject to a market monitor
8 in ISO-New England, subject to audit. So, I have
9 100 percent confidence that the price you pay at
10 that point in time is reflective of the market
11 conditions at that point in time.

12 CMSR. CHATTOPADHYAY: Shifting gears a
13 bit. So, excuse me, as for the "proxy price"
14 discussion, how do you do it? Like, is it based
15 on your own analysis or is it based on a
16 consultant also helping you?

17 MR. SHUCKEROW: Yes. First of all, on
18 the proxy price, it's one that we determine
19 internally. So, we do not use a consultant.
20 But, in a snapshot, the process we use is -- for
21 developing the proxy price is the same we've been
22 using with the Commission now -- it's the same
23 we've been using with the Commission now since
24 we've been doing this since 2018. In effect,

1 it's a living model. It's really based on a
2 regression analysis concept. And, which we, by
3 the history of the bids that we have received,
4 the winning bids, I must stress, not all bids,
5 it's the winning bids that we receive, in all our
6 territories that we serve, based on the pricing
7 at the point in time the bids are due, you know,
8 specifically the energy pricing, we have very
9 good predictive capabilities as to what a fair
10 price should be over the respective period of
11 time.

12 We've been using this methodology not
13 only in New Hampshire since 2018, the methodology
14 was created a long time ago, close to, you know,
15 15 to 20 years ago, I was directly involved in
16 it. We have proved confidence in this
17 methodology, really, through the work that the
18 consultants do in Connecticut, in which they do a
19 different approach. So, we're looking at it from
20 a different angle, but we come to the same
21 conclusion. We are almost, not quite identical,
22 but very, very close.

23 So, the proxy model that we had
24 historically prior to this was spot on. As I

1 discussed earlier, the new proxy price has a
2 greater variance, because of the fact of all the
3 issues that we're talking about, the high prices,
4 the high volatility, and, obviously, a fair range
5 needs to be reflective of the market conditions.
6 The range is broader now than it had been prior
7 to 2022.

8 Hopefully, that's helpful.

9 CMSR. CHATTOPADHYAY: It is. And I
10 don't remember what the process is. So, that's
11 why I'm asking you these questions.

12 MR. SHUCKEROW: Sure.

13 CMSR. CHATTOPADHYAY: When you're
14 looking at proxy prices, how far back do you go?
15 Like you use information from two years? Three
16 years? How do you do it?

17 MR. SHUCKEROW: Let me answer that in
18 two ways. Prior to now, it was as far as back as
19 we thought was reasonable, with perhaps putting a
20 little more weight on the more current.

21 We have shifted as of this year. The
22 older stuff, for the most part, has been
23 abandoned, and the model has been recreated,
24 reflective of bids we've been getting since,

1 really, the spring of this year. So, the model
2 is becoming more powerful, in that we have more
3 data. And, again, I must stress, it's on the
4 winning bids. So, they're just and reasonable
5 bids, you know, to begin with. All data does not
6 get -- only the valued bids are reflected in the
7 model.

8 CMSR. CHATTOPADHYAY: And do you have a
9 particular approach to sort of also creating a
10 band around the proxy price?

11 MR. SHUCKEROW: Yes.

12 CMSR. CHATTOPADHYAY: And I'm more
13 interested in the upper end of it.

14 MR. SHUCKEROW: Yes.

15 CMSR. CHATTOPADHYAY: So, is it like 10
16 percent? Or, do you kind of say, "okay, if it's
17 within 10 percent, then it still is okay?"

18 MR. SHUCKEROW: Yes. It really boils
19 down to, we could go that approach, but we've
20 gotten more sophisticated than that. In that the
21 band is really a function of the range of bids
22 that we've taken. So, based on prior bidding
23 behavior, we try to use that as the basis for the
24 upper bands and the lower bands. So, it's not

1 subjective. It's based on bids that have guided
2 us to the range of the bands.

3 CMSR. CHATTOPADHYAY: Okay. So, before
4 I jump to another question that is more about
5 legal or maybe administrative abilities, just
6 give me a sense of, as you -- as I was going
7 through the slides, I see that, for example, in
8 Connecticut Light & Power, there are 1.3 million
9 customers; in NSTAR Electric, there are 1.3
10 million customers; and, in New Hampshire, PSNH,
11 it's 523,000.

12 But, when you do procurements, you have
13 laddering in the other two states, --

14 MR. SHUCKEROW: Yes.

15 CMSR. CHATTOPADHYAY: -- as I
16 understood it. Just give me a sense of, as far
17 as the size of the procurement is concerned at
18 any point in time, when you do procurement, how
19 do the three states compare?

20 MR. SHUCKEROW: Yes. Let's start with
21 New Hampshire. Roughly, the distribution load
22 for PSNH/New Hampshire is around 8 million
23 megawatt-hours, I'll use rounded numbers for ease
24 of discussion, currently, around 50 percent of

1 the load gets their power supply from Eversource.
2 It varies among customer class. It's much
3 greater for residential, as I mentioned earlier.
4 The number of "84 percent" was used by Mr. Kreis.
5 It's lower in the -- around the 40 percent range,
6 you know, give or take, and then much lower, as
7 we discussed, to Large C&I customers, but in
8 aggregate. So, when you look at the total load
9 in that respect that we're procuring is, on an
10 annual basis, it would be about 4 million
11 megawatt-hours, and, for a six-month basis,
12 you're talking roughly 2 million megawatt-hours.
13 So, that gets us grounded on New Hampshire.

14 Connecticut is probably at the very
15 large megawatt end of that range. The
16 Connecticut load is in the vicinity of around 24
17 million megawatt-hours. Currently, we're serving
18 around 55 percent of that through this,
19 essentially, they call it "Standard Service" in
20 the Connecticut process. So, we're serving over
21 12 million megawatt-hours. So, that's the one
22 difference of 12 million versus the 4 million, on
23 an annual basis. That's -- again, it varies
24 dramatically between classes of customers. Very

1 similar to New Hampshire, close, you know,
2 currently, we're at 87 percent for residential
3 customers in Connecticut, 42 percent for Small
4 C&I customers, and 8 percent for Large C&I
5 customers, make the composite of that roughly
6 12 million megawatt-hours that we're serving.
7 So, there is a big magnitude difference.

8 That perhaps have led to the laddering
9 for two-fold: Number one, there was policy
10 objectives to try to avoid significant price
11 changes, and the laddering does that, both in a
12 positive way, when price is going up, but also
13 perhaps can be perceived as a negative way, when
14 prices are declining, they don't decline as
15 quickly.

16 Also, the magnitude of the load is a
17 consideration. That's a lot to basically throw
18 out to the market at one point in time. And
19 that's why it's been spread, really, through
20 three, sometimes four procurements, for the
21 Residential and Small C&I customers.

22 For our western Mass., the NSTAR one
23 that we did this past week, it's basically the
24 New Hampshire story divided in half. The

1 distribution load is around 4 million
2 megawatt-hours. It's about 40 percent of the
3 load is getting their power supply from
4 Eversource, you can do the math. So, let's make
5 it half the size of New Hampshire.

6 And the eastern Mass. story is more
7 complicated. We're currently serving under 20
8 percent of the load through the -- they call it
9 "Basic Service" process. What's happened in
10 eastern Mass. is municipal aggregation. I think
11 I shared earlier the City of Boston was, by far,
12 our biggest load. Many towns have gone to
13 municipal aggregation. And, as such, we don't
14 serve those towns anymore. So, essentially we're
15 serving now about 30 percent of the Residential
16 customers. The load also is around 24 million
17 megawatt-hours, by coincidences, it's similar to
18 the Connecticut load, but we're only serving
19 about 20 percent of that, give or take, about 30
20 percent for Residential customers; the Small C&I,
21 similar; Large C&I, lower. So, scalewise, you're
22 down to, and this is for ease so I can do it in
23 my head is, so it would be 20 percent of 24
24 million. So, it's what, 5 million? So, it's, on

1 an equal basis, so it's now more similar to New
2 Hampshire as a result of time. Five years ago,
3 it was more similar to Connecticut.

4 Hopefully, that's --

5 CMSR. CHATTOPADHYAY: That is extremely
6 helpful, really.

7 MR. SHUCKEROW: Okay.

8 CMSR. CHATTOPADHYAY: So, one -- the
9 last question is about really reacting to what
10 DOE had mentioned. So, if, let's say you have a
11 failed procurement. So, and you have to go, if
12 you were ideally prepared for the second round of
13 it, trying to see whether you can, you know, you
14 have a second RFP, excuse me. Given the timeline
15 here, right, I mean, and I'm stressing the word
16 "ideally", let's say you knew that was always a
17 possibility, give me a sense of whether that is
18 doable, you know, it's quite reasonable to do or
19 not, in terms of still being able to meet the
20 load requirement for February through July?

21 MS. CHIAVARA: I can maybe start this
22 answer, and then I will probably defer to Mr.
23 Shuckerow. But it is my understanding that, even
24 if we had assurances right now, once our initial

1 RFP concludes on the 6th, we might just be able
2 to practically turn it around, but I don't know
3 that that would be guaranteed. It would be -- it
4 would be extremely close. And I don't know that
5 load would be assured, because we would not --
6 the results of that RFP would be highly
7 unpredictable. And all indications would be that
8 it would be either equally or less successful
9 than the initial RFP. So, I don't know that -- I
10 don't know that we would have sufficient load
11 covered by February 1st.

12 CMSR. CHATTOPADHYAY: My question
13 wasn't -- I mean, I understand those points.

14 MS. CHIAVARA: Okay.

15 CMSR. CHATTOPADHYAY: My question was
16 more about the administering of something like
17 that. Is that -- will you have difficulty in
18 going ahead with a second RFP, trying to still
19 stay within bounds, meaning that you're still
20 targeting February through July? That's all I
21 was asking about.

22 MS. CHIAVARA: Okay.

23 CMSR. CHATTOPADHYAY: I mean, I
24 understand your point about what it could mean,

1 given the current realities. But --

2 MS. CHIAVARA: Yes, sir. I think Mr.
3 Shuckerow might be the better one to speak to the
4 logistics of it.

5 MR. SHUCKEROW: Yes. The thoughts on
6 that exact question coming into this was, at
7 least for me, was we go through the process,
8 however we get to the end, and we have something
9 before this Commission for approval. And that,
10 obviously, the bids come in on December 6th, but
11 that process takes time. With the -- just the
12 submittals, the hearings, and eventually a
13 decision, and that's a very tight schedule as is.
14 I think the date we used in our presentation was
15 December 15th.

16 And let's say, hypothetically speaking,
17 we had recommended that Eversource would become a
18 load-serving entity for X amount of load. So,
19 that was the question. And the Department
20 said -- the Commission said "No, we'd like you to
21 go out for a new bid." So, the start date
22 wouldn't be really until December 15th. So, we'd
23 like the process to play out, number one. I
24 think that's the first point we're trying to

1 stress here, is we want the process to play out.
2 And, if you said "Go out for a second RFP", here
3 we are on December 15th, assuming that was the
4 date, well, you then have to go through the
5 mechanics of getting that done, and it's not
6 overnight. We would, you know, definitely
7 provide, you know, without a doubt, we're looking
8 at the same time period. We have the data with
9 regards to the loads. If necessary, we'd want to
10 refresh that. So, that would be a point.

11 You need to give the bidders adequate
12 time, because they're looking at only this bid,
13 which would have been unplanned. I have to
14 stress that, is they're working -- the suppliers,
15 as we understand it, basically have a term that's
16 used in the industry is a "book", and they
17 basically design that book really around the
18 solicitations, and these wholesale solicitations
19 are a major part of that book. We just went
20 through the many megawatt-hours that are
21 associated with that. They would then have to
22 decide whether or not they're even open to doing
23 anything more, recognizing where their book may
24 be at that point in time.

1 So, just because you send out the RFP
2 does not imply that there will be any interest.
3 And that's what we were trying to share with you
4 earlier with regards to the uncertainty and the
5 risk associated with a second RFP. You don't
6 know if there's any interest, because this would
7 have been unplanned by everyone.

8 Number two is, you don't know what the
9 pricing would be at that point in time. Prices
10 could be higher, they could be lower. Especially
11 in this market, there's no -- there's no
12 certainty at all.

13 And, thirdly, as a result of
14 essentially something being offered to the
15 Commission, and I pointed this out, I think it's
16 on Slide, you know, 4, if, basically, something
17 that was put forth before the Commission that
18 was, in effect, rejected, you're going to an
19 alternative approach, folks would view -- would
20 have to factor that into the calculus moving
21 forward, with regards to how it all comes
22 together.

23 So, I wish I could give you a bright
24 line test that it would be successful. I'm just

1 trying to share with you some of the challenges
2 that would come about associated with a second
3 go-around.

4 And, with all that said, you're not
5 sure exactly, obviously, we'd have to have a
6 schedule. I mean, the reality is, it is a
7 holiday season. That puts pressure with regards
8 to perhaps people being receptive to do things.
9 I know that, for example, nobody in -- because
10 these bids have to go through the equivalent that
11 we go through, they have to go through Energy
12 Risk Committee before they're even allowed to be
13 submitted. And do you have the right people even
14 available at these other counterparties to sign
15 off, you know, recognizing the time of year and
16 everything? That's why we try to get this stuff
17 done before you get into those time periods.

18 So, there are a wide combination of
19 circumstances that are not in our favor. And I
20 think that's what we wanted to share with you.

21 CMSR. CHATTOPADHYAY: Thank you for the
22 answers. That's all I have right now.

23 CHAIRMAN GOLDNER: Okay. So, first,
24 I'd like to thank the Company for bringing this

1 important issue to everyone's attention. This is
2 the fullest hearing room in months. So, it's an
3 important topic.

4 I think what I'd like to do is see if I
5 can summarize the places where everyone is
6 aligned, and then sort out where we're not
7 aligned, so that the ruling that you request on
8 December 2nd is concise.

9 So, I think we all know what to do if
10 there's a successful auction. You're here
11 because of the potential of a failed auction.
12 So, successful auction; check. We can move to
13 the failed auction.

14 The Company's process, I think I'm
15 summarizing it at least correctly at a high
16 level, is, when you receive the bids, you'll
17 accept all bids that you deem is acceptable, and
18 that anything that's not acceptable would move
19 into the ISO-New England load-serving entity
20 process, right? That might be 20 percent, it
21 might be 50 percent, it might be a different
22 number, and then we would reconcile in six
23 months. I think that's the process.

24 So, the issue is, you know, "what is an

1 acceptable bid?" That's what we've been talking
2 about, I think, for the greater part of an hour.
3 And I have a couple of questions in this regard.

4 So, when the Company gets their bids,
5 you're trying to sort out, Mr. Shuckerow, I think
6 you were saying, deeming what's acceptable and
7 what's not. Why wouldn't the Company -- let's
8 assume that you had received bids that fully
9 consumed your load, but some were 25 percent
10 above what you thought was reasonable, some were
11 50 percent, there were numbers that were higher
12 than what you would want to see. Why wouldn't
13 you just accept all those bids, and then come to
14 the Commission, the Commission would say "Mr.
15 Shuckerow, I don't know why you accepted a
16 50 percent bid that was too high. We reject that
17 bid. Mr. Shuckerow, you need to go to the
18 ISO-New England market and be a load-serving
19 entity." Why wouldn't that be an approach?

20 MR. SHUCKEROW: Yes. You hit the nail
21 on the head with regards to I think one of the
22 primary reasons why we're here, is we don't want
23 to get into a situation where you have to reject
24 a recommendation that we make. We think that

1 will send a really bad signal to the market. It
2 would be unprecedented. It hasn't happened
3 before. And I think it would create a dark cloud
4 with regards to future solicitations. I believe
5 it would serve no one well. It would not serve
6 our customers well, by basically blindly taking,
7 you know, an unreasonable bid, because that's
8 really what it comes down to, kind of putting
9 that in your lap, so to speak. You're saying,
10 essentially, "You didn't use common sense. And,
11 as such, we're rejecting those." And there would
12 be cascading negative consequences, I believe.
13 And that's in the presentation.

14 That's why we're here. It was the
15 intent, as is Connecticut, as is Massachusetts,
16 is the "no surprise", we're trying to be as
17 transparent as possible, balance all the
18 challenges that we talked about earlier, the risk
19 balancing and the things of that nature, and get
20 some sense that what we submit to you, at least
21 at that point in time, pass the test of
22 reasonableness. It has a honest chance of being
23 accepted by the Department, absent new
24 considerations that may come into play.

1 CHAIRMAN GOLDNER: Very good. So, I
2 appreciate that explanation. So, what you're --
3 so, what you're really saying is that, if you
4 have a portion of the load that's unserved,
5 because you don't receive a reasonable bid, you
6 want to have the ability to go the ISO-New
7 England market, and that's really why we're here
8 today. And that the process that you proposed,
9 that I think was objected to by both the OCA and
10 the DOE, had many people sitting around the
11 table. Would, and I'll ask the same question to
12 the OCA and to the DOE, but this December 6th
13 meeting, would there be any concerns if it was
14 just the DOE and OCA at the table, from the
15 Company's point of view?

16 And then, I'll ask the other parties
17 the same question.

18 MS. CHIAVARA: I think, if it was just
19 the DOE and the OCA at the table, certainly we
20 would welcome that information and input. I
21 don't know if the other parties would welcome
22 providing that information and input, but we
23 would certainly welcome receiving it. I don't
24 believe it would be the most complete information

1 we could receive, because, ultimately, it is the
2 Commission that is the arbiter of what's in the
3 public interest here.

4 However, the Company sees no problem
5 with the OCA and DOE being in the room, if it was
6 just those two.

7 CHAIRMAN GOLDNER: So, I think, if I
8 can -- if I can ask a question of the OCA. I
9 think the OCA, I think, Attorney Kreis, you have
10 already suggested that you would be opposed to
11 such an approach, in terms of being at the table
12 on December 6th, with or without the PUC? Is
13 that true or false?

14 MR. KREIS: In fact, Mr. Chairman, if
15 anything, you have understated the emphatic
16 nature of my position. I would likely refuse to
17 participate in something like that. First of
18 all, it is *ultra vires* with respect to my
19 statutory authority, which tells me that I have
20 the power and the duty to petition for, initiate,
21 appear, or intervene in any proceeding,
22 concerning rates, charges, tariffs, and consumer
23 services before any board, commission, agency,
24 court, or regulatory body in which the interests

1 of residential utility consumers are involved.

2 I'm not trying to be glib here, but I
3 am the Consumer Advocate. I have no
4 responsibilities; none. All I do is tell you
5 folks, the deciders up on the Bench, what I think
6 you ought to do in the exercise of your authority
7 that is in the interests of residential utility
8 customers. I do not participate at all in the
9 management of any utility, and I will not.

10 CHAIRMAN GOLDNER: Well, that seems
11 clear. And, Mr. Kreis, this is with the intent
12 of understanding better your position. Realizing
13 that the laws in other states are undoubtedly
14 different, how does that, the fact, if I can call
15 it that, that was discussed earlier of the OCA
16 participating in this process, or the equivalent
17 of the OCA participating in this process in other
18 jurisdictions? Can you help? Can you share what
19 you know about that?

20 MR. KREIS: I think I can a little bit.
21 So, I have reached out to my counterparts in
22 Massachusetts and Connecticut. And what I
23 learned is that my counterpart in
24 Connecticut [Massachusetts?], who works with the

1 Attorney General, doesn't participate in that
2 decision-making process. They simply don't do
3 it.

4 In Connecticut, my counterpart is the
5 Consumer Counsel. She and her office do
6 participate. That is a well-planned and
7 thought-out process that proceeds according to a
8 procurement plan that the PURA, which is their
9 PUC, has approved. And the key point, though, is
10 that she has a consultant that she has hired, and
11 that consultant is an expert on how the wholesale
12 electricity markets work, and that consultant is
13 in a position to advise her, in real-time,
14 whether accepting those bids, or whatever other
15 outcomes of those solicitations, are in the
16 public interest.

17 Frankly, if Commissioner Chattopadhyay
18 still worked for me, I would be a lot more
19 comfortable being in the room. But, more
20 broadly, I just think it is not my responsibility
21 to make decisions. This Company has not, by
22 virtue of the Restructuring Act, been divested of
23 its responsibility to serve retail load, and to
24 do so in a prudent fashion. And I will not

1 accept one shred of that responsibility,
2 absolutely not.

3 CHAIRMAN GOLDNER: So, at the risk of
4 putting the wrong words in your mouth again, let
5 me take a stab at this.

6 I think, in terms of your
7 recommendation for the process that we should
8 follow during this very difficult time,
9 understanding that we have an IR docket to work
10 on the more strategic issues later, I think what
11 you're suggesting, Attorney Kreis, is that we
12 follow the current process without any changes,
13 and that that would mean that the Company would
14 come to all of us at hearing and say "Here's our
15 proposal. We have accepted these bids. We don't
16 have a full -- we don't have the full load
17 covered. Because of that, we're going to have to
18 go to ISO-New England on, you know, 20 percent of
19 the load." Whatever it is, but we would follow
20 the normal process, and we would discuss that all
21 at hearing. Is that a better summary? Did I put
22 the wrong words in your mouth?

23 MR. KREIS: No. That was perfect.
24 You've done an excellent job of characterizing my

1 position and my opinion.

2 And I would further point out that the
3 Company's dismissive attitude about the
4 possibility of a second RFP, so, in other words,
5 if we follow the process that is already in
6 place, and the answer is this Company comes
7 before you and recommends that there be a second
8 RFP, or if I recommend that, and I convince you
9 that that's the right thing to do, the idea that
10 that wouldn't work, that's not proven.

11 I have a great deal of respect for Mr.
12 Shuckerow, but he is not the sole authority about
13 these things. That proposition might need to be
14 tested.

15 And, furthermore, everybody in this
16 room should remember that a week from today we
17 are going to be in this room having the same
18 conversation with a different utility that is
19 going to be in the exact same problem. We need
20 to ask ourselves or we need to listen to what
21 that utility has to say about how it intends to
22 confront this situation, or how it recommends
23 that you confront that situation.

24 So, I agree that there are a lot of

1 unknowns here. And, frankly, I resent the
2 reference to "Christmas", really. Because I
3 understand that some of what we're talking about
4 here might impinge on people's leisure time and
5 family time during the Christmas Holiday. But
6 let me tell you how many thousands and thousands
7 of people in this state are about to have a
8 horrible Christmas because they can't afford
9 their electric bill. I'm sorry if this ruins the
10 holidays for a few people. It might ruin my
11 holiday.

12 But that's what we all have to live
13 with here. Because we have public service
14 responsibilities. This Company has a utility
15 franchise, it must serve load.

16 CHAIRMAN GOLDNER: Thank you, Attorney.
17 Kreis.

18 Let me ask the same question of the
19 Department of Energy, and Attorney Wiesner.

20 MR. WIESNER: Well, other than the fact
21 that our scope of statutory authority is probably
22 broader than the Consumer Advocate's, I think we
23 are of a similar mind. That this is the
24 Company's job to make a reasonable decision about

1 what bids can be accepted and which should be
2 rejected, and then to bring that back to this
3 Commission for review through the standard
4 process, based on a fully developed evidentiary
5 record. And we don't see any reason to vary from
6 that.

7 We might be convinced otherwise through
8 the IR docket, with enough time to consider
9 alternatives and implement them. We also are not
10 in a position at this point, four weeks from now,
11 to come into a room and provide, you know,
12 well-informed advice, I would say, on which bids
13 are in-market or out-of-market. We might very
14 well want to engage a consultant, if we were
15 interested in playing that role, which we're not,
16 and we don't have time to put that in place in
17 barely four weeks.

18 And I will also say, and I'm going to
19 pick up on the Consumer Advocate's second point
20 about the RFP, I think that there may be great
21 value in testing the market yet again, almost by
22 definition, in a volume market, where prices are
23 swinging up and down, a few weeks, maybe even a
24 few days, may make a difference in what the

1 market is telling people, in terms of forward
2 strips of gas and electricity. And, if you hit
3 it right, you may come up with a very different
4 bid that looks much better, falls within the
5 proxy range, and can be accepted. And that would
6 have the virtue then of insulating retail
7 customers in this state from the direct market
8 exposure that they would otherwise face, if the
9 Company is participating directly in the, you
10 know, so-called "spot markets" of the ISO.

11 So, I think I agree with Attorney
12 Kreis, that the Company should seriously consider
13 that.

14 Our position on that as well is
15 informed by some precedent from this Commission
16 in an order issued in February 2015, not with
17 respect to Eversource, but Liberty and Unitil,
18 that actually rejected a Liberty proposal, in the
19 case of a failed auction, to go directly to a
20 wholesale market of supply through the spot
21 markets, and instead signaled to them that they
22 should consider going back to the market for a
23 second RFP, as Unitil had proposed.

24 And, for everyone's benefit, the docket

1 numbers for that order are DE 14-061 and DE
2 14-211. I acknowledge that was a number of years
3 ago. We, fortunately, have not had to deal with
4 that in real-life, and we now have a different
5 Commission, but that was an indication at that
6 time. As I said earlier, that going directly to
7 market participation as a load-serving entity
8 should be considered a last resort, rather than a
9 first resort.

10 CHAIRMAN GOLDNER: And maybe just a
11 wrap-up question from me for Mr. Shuckerow, just
12 feeding off this question of a second RFP.

13 Given that you stated earlier that the
14 ISO piece of it would be the last resort, that
15 was already your position, then, and you
16 highlighted earlier that there's a lot of steps
17 to go through and it's very complicated, and
18 maybe the outcome wouldn't be what you wanted for
19 the second RFP, is that something the Company
20 would still be willing or open to do, if it were
21 to come down to the fact that your initial bids
22 were unsuccessful?

23 MR. SHUCKEROW: Obviously, if we were
24 directed by the Commission to do that, we would

1 follow your guidance. And simply stress is,
2 between the first and the second RFP, I think the
3 underlying important issues are, number one is,
4 we don't have a lot of bidders. That's why we're
5 here. And I'm not sure a second RFP will shake
6 the tree to get more leaves to fall, so to speak,
7 more bidders.

8 CHAIRMAN GOLDNER: It would probably
9 just be a timing issue, right? I mean, if, on
10 the first bid, people were very nervous, but then
11 the market got better, you might have more
12 bidders. I mean, that might be the only
13 difference I could see.

14 MR. SHUCKEROW: Yes. Yes, definitely,
15 if there was some reason of stability. And,
16 again, it's a function of the timing. You know,
17 if you're talking the next day, you know, --

18 CHAIRMAN GOLDNER: Same answer.

19 MR. SHUCKEROW: -- versus a couple of
20 weeks or whatever. So, you know, the challenge
21 is not a lot of bidders, there's not a lot of
22 appetite right now in this market, and you're
23 well aware of that, with regards to the entities
24 that are capable of handling, you know, the

1 volatility.

2 The ones that are involved aren't
3 bidding to the level that they're accustomed to.
4 I mentioned, for example, in Connecticut, we had
5 the Company A bid. Well, that Company A bid
6 usually bid a lot more than just one bid. I
7 think that's indicative of just the underlying
8 fundamentals there are being challenged right
9 now.

10 So, I guess we could hope for -- I
11 guess, what it really comes down to is I guess
12 you could hope things would be better. But the
13 stars are not lined up that they would be better.
14 There is no guarantee, by any means, that a
15 second bite of the apple you'll be happier with.

16 CHAIRMAN GOLDNER: It just seems like a
17 process that could be helpful, in terms of giving
18 assurances to the parties and the market that
19 everything has been done. We've gone through a
20 first RFP, we got answers; we went to a second
21 RFP, got answers; and now we have to go to
22 ISO-New England. It seems like it would build
23 confidence in the process for the parties.

24 I don't know if the Company would like

1 to respond to that, but that's what it seems like
2 from here.

3 MR. SHUCKEROW: All unchartered
4 territory for all of us. Obviously, the reason
5 we came here today was to share our experiences
6 as a guide that may happen. Obviously, more
7 experiences will assist us in all these questions
8 that are being asked.

9 CHAIRMAN GOLDNER: Very good.

10 CMSR. SIMPSON: May I ask one
11 follow-up, Mr. Chairman?

12 CHAIRMAN GOLDNER: Yes. I was going to
13 give both the Commissioners an opportunity. So,
14 yes, please proceed, Commissioner Simpson.

15 CMSR. SIMPSON: I'm just wondering, did
16 the Company approach the Consumer Advocate's
17 Office and the DOE prior to today with respect to
18 this proposal?

19 MS. CHIAVARA: Yes.

20 CMSR. SIMPSON: And did the OCA and the
21 Department find an opportunity to weigh in, and
22 did you realize any responsiveness in what we've
23 been presented with here today?

24 MR. KREIS: I'm not sure what you're

1 really asking. If the question is "did the
2 Company discuss what it has said here today with
3 the OCA and the Department in advance?" The
4 answer is "Yes, they did, quite forthrightly."

5 They -- well, I wouldn't say we were
6 having "settlement negotiations", so, I don't
7 think there's anything I can't disclose about
8 those conversations. I would just say that I
9 made my concerns known to the Company, and they
10 proceeded nevertheless.

11 MS. CHIAVARA: Commissioner, if I --

12 MR. WIESNER: That is correct. And I
13 have nothing further to say. We were clear as
14 well in our position, and here we are today.

15 CMSR. SIMPSON: Thank you. Attorney
16 Chiavara.

17 MS. CHIAVARA: I appreciate that.
18 Thank you.

19 I just wanted to note that, again, I
20 know it's been said before, but we are here to
21 minimize the risk to the customers in a very
22 unusual circumstance. Yes, the utility does have
23 a legal obligation to provide default service to
24 all customers, all default customers. But we do

1 not determine what -- how market-reflective
2 default service should be. We are not a
3 traditional market participant. We go under that
4 legally. We go to the market in the way that we
5 are mandated to. This is not an area of company
6 discretion. We do implement -- we do employ our
7 expertise.

8 But, in regards to -- it's not that I
9 don't understand the OCA's and DOE's reluctance
10 to participate in the process, but I would argue
11 that they're going to very much participate on
12 December 13th. And, at that point, there -- the
13 sooner that we get more information, the less
14 risk there will be to customers.

15 And both agencies, the OCA and the DOE,
16 are comfortable recommending a second RFP. So,
17 to a certain extent, I would say that they are
18 comfortable weighing in on the process. But, you
19 know, that is, I think, secondary to the ultimate
20 question, is "what process would minimize risk to
21 customers?" And "what obligation the utility
22 actually has?" Which is somewhat limited in this
23 instance, in that we are dictated how we should
24 go to the market. And we don't determine what --

1 while we can determine the competitiveness of a
2 particular bid, we don't determine just how
3 market-reflective default energy service should
4 be. That is a decision for policymakers.

5 MR. KREIS: Mr. Chairman, if I might
6 clarify?

7 I am not suggesting to you that that
8 second RFP is the answer or is an answer. I'm
9 just suggesting that ruling it out now is not
10 appropriate. I have no opinion about what a
11 second RFP would or would not do. That's my
12 whole point. I don't have the expertise to
13 advise this Company on how it should procure
14 default energy service.

15 CMSR. SIMPSON: Thank you for the
16 responses. That's all I have, Mr. Chairman.

17 CHAIRMAN GOLDNER: Commissioner.

18 CMSR. CHATTOPADHYAY: So, the RFP was
19 issued on the 27th of October. And the bids will
20 be received on the 6th of December, right?

21 MS. CHIAVARA: Yes, sir.

22 CMSR. CHATTOPADHYAY: Let's say you
23 actually had a failed RFP.

24 MS. CHIAVARA: No bidders?

1 CMSR. CHATTOPADHYAY: No bidders.

2 MS. CHIAVARA: Okay.

3 CMSR. CHATTOPADHYAY: Just assume that.

4 But, hypothetically, just assume you're still
5 going to have another try, another round of RFP.
6 My question is, do you have enough time to be
7 able to take care of something like that, and yet
8 target February through July load procurement?

9 MS. CHIAVARA: I think that would -- if
10 we had no bidders, I think we'd be obligated to
11 make a filing on the 8th that said "We have no
12 bidders, and therefore must go to market directly
13 on 100 percent of the load." Have the hearing on
14 the 13th; get an order on the 15th.

15 And then, we'd be issuing an RFP, let's
16 say we could do it right on the 15th, if we
17 followed the schedule of this current RFP, I
18 don't think the timing works out to actually get
19 rates implemented by the 1st. I'm just doing
20 quick math. I don't know that we would run the
21 RFP in the same manner as the first one. Maybe
22 there would be an abbreviated schedule. But
23 that's -- I don't know what the implications of
24 that would be. So, you're just asking straight

1 math. And, so, that might --

2 CMSR. CHATTOPADHYAY: I can't think of
3 all kinds of eventualities. So, let's just
4 assume, hypothetically, --

5 MS. CHIAVARA: Uh-huh.

6 CMSR. CHATTOPADHYAY: -- that that is
7 how the process is. And my question is, if, on
8 the 6th, that you don't receive any bids, and
9 assume the later plan is that you then go for the
10 second RFP. My question is, whether that can be
11 taken -- that can be done, and to be able to
12 target February through July load? That's my
13 question.

14 MS. CHIAVARA: Right. And, so, I
15 believe we would get the go/no go from the
16 Commission on December 15th.

17 CMSR. CHATTOPADHYAY: Now, again,
18 forget about how it's done.

19 MS. CHIAVARA: Okay.

20 CMSR. CHATTOPADHYAY: I'm just trying
21 to get a sense of the time that people need --

22 MS. CHIAVARA: Right.

23 CMSR. CHATTOPADHYAY: -- to wrap up an
24 RFP. That's what I'm trying to get a sense of.

1 MS. CHIAVARA: Right. So, the RFP
2 process, this current one, has taken about five
3 weeks. And, so, we could conduct the RFP, that
4 would bring us to mid-January, third week of
5 January, I think we'd have to be in here, and
6 then like, you know, the day after.

7 CMSR. CHATTOPADHYAY: Okay.

8 MS. CHIAVARA: And, yes. So, maybe
9 technically it would be possible, it would be
10 really close.

11 CMSR. CHATTOPADHYAY: That's all I was
12 asking.

13 MS. CHIAVARA: Okay.

14 CMSR. CHATTOPADHYAY: Thank you.

15 CHAIRMAN GOLDNER: Okay. Let me -- we
16 had a lot of topics. So, let me give the parties
17 an opportunity to wrap up, if they wish. Does
18 the OCA have anything that they would like to
19 add?

20 MR. KREIS: Beyond reiterating
21 everything I have already said, while I was
22 sitting here listening to everything that the
23 Company and the Department and the Commissioners
24 have said, I reacquainted myself with the

1 Company's 2022 proxy statement. And the
2 President and Chief Executive Officer of
3 Eversource, Joseph R. Nolan, Junior, the same
4 gentleman who also wrote to the President of the
5 United States, publicly, demanding that he take
6 certain action to keep the electricity flowing in
7 New England, he received compensation, he had
8 received compensation in 2021 totaling nearly six
9 and a half million dollars.

10 The idea that he and his Company can't
11 take responsibility for their statutory
12 obligations in New Hampshire is outrageous,
13 outrageous. And the Commission shouldn't stand
14 for it here.

15 That's all I have to say.

16 CHAIRMAN GOLDNER: Attorney Wiesner,
17 and Department of Energy?

18 MR. WIESNER: I can't top that, and I
19 won't even try.

20 I believe we have made our statement of
21 position clear. And we may very well reiterate
22 it in response to the Company's filing that's
23 anticipated next week.

24 We don't believe there's a role for

1 regulators, including the DOE, the OCA, or, in
2 particular, the Commissioners, to be in the room
3 giving any level assurance to the Company based
4 on the decision it makes. It is their decision
5 to make. They are the experts. And, in the
6 absence of some other process pre-approved, with
7 more time for it to be developed and better
8 understood, we're not going to budge from that
9 position.

10 On what happens if there's a failed
11 auction, we all hope that it does not, the prior
12 precedent of the Commission is that there should
13 be one further opportunity for an RFP. We
14 acknowledge that that timing would be difficult.
15 Five weeks is probably going to go to one week or
16 two weeks. Whether that generates results
17 remains to be seen.

18 It might also be possible, I'll just
19 float this idea, for a second RFP to not cover
20 the entire six-month period. And maybe the
21 Company would have to self-supply for a month or
22 two, and then a wholesale supplier would take
23 over for the remainder of the four months.

24 Really, this is about risk-shifting.

1 In either instance, there's ultimate reliance on
2 the ISO-administered competitive markets in New
3 England. The question is, is there a middleman,
4 if you will, who's accepting much, if not all, of
5 the unknown risk, or whether the Company and its
6 customers are fully exposed to it.

7 If there's a failure in the -- a
8 failure, partial or complete, in what the third
9 party wholesale supply market is going to do to
10 serve the Company's wholesale -- excuse me --
11 default service load, then, you know, as we said
12 before, the ISO spot market is always an option.
13 The question is, "what steps must the Company
14 take before it goes to that "last resort"
15 option?" And, you know, arguably, whatever is
16 realistic and may be beneficial should at least
17 be considered seriously by the Company.

18 CHAIRMAN GOLDNER: Okay. Thank you.
19 And Attorney Chiavara.

20 MS. CHIAVARA: Thank you.

21 First, I'd like to say that Eversource
22 is absolutely taking responsibility for its role
23 here. We are in no way shirking that
24 responsibility, nor are we recommending that we

1 have the ability to shirk that responsibility.
2 If anything, we take that responsibility
3 extremely seriously. And we wouldn't be here if
4 the circumstances didn't absolutely necessitate
5 it. We would stick with the process we got, and
6 we would roll with that process.

7 However, and it might be easier had we
8 decided to do that, but the things that we've
9 been seeing in neighboring states, and the
10 conditions of the market, for us, in good
11 conscience, to minimize risk to customers of
12 paying substantially over-market prices, this was
13 the responsible course of action. Was to come in
14 here and make a proposal for your consideration
15 of amending the current process, to perhaps
16 minimize that risk, and ensure that customers pay
17 more reflective market prices.

18 We are not asking to be absolved of any
19 responsibility. We know what our charge is here.
20 And we will execute that charge. And we will
21 certainly do it according to whatever the
22 Commission dictates -- mandates us to do.

23 However, we do urge the Commission to
24 whatever process results from this proceeding, on

1 the 13th, when we come in with our
2 recommendation, we do urge the Commission to
3 accept that recommendation. Because rejection,
4 as Mr. Shuckerow had alluded to earlier,
5 rejection of contracts and of the proposal that
6 the Company makes at that point, that would
7 destabilize the competitive market in the future,
8 that would send a very bad signal to competitive
9 suppliers, and it would certainly make the risk
10 much higher. Ultimately, this is all about the
11 risk to both residential and commercial
12 customers, it's all of the default supply
13 customers in New Hampshire, and it's about
14 minimizing that risk.

15 And that's all I have. Thank you very
16 much.

17 CHAIRMAN GOLDNER: Yes. Thank you. Is
18 there anything else we need to cover?

19 *[No verbal response.]*

20 CHAIRMAN GOLDNER: Okay. Seeing none.
21 Thank you, everyone. We are adjourned.

22 ***(Whereupon the prehearing conference***
23 ***was adjourned at 12:26 p.m.)***