STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

July 20, 2022 - 1:29 p.m.
21 South Fruit Street
Suite 10
Concord, NH

RE: **DE 22-038**
UNITIL ENERGY SYSTEMS, INC.:
Annual Stranded Cost Recovery and External Delivery Charge Reconciliation and Rate Filing.

PRESENT: Chairman Daniel C. Goldner, Presiding
Commissioner Pradip K. Chattopadhyay

Alexander Speidel, Esq.
(PUC Legal Advisor)

Tracey Russo, Clerk

APPEARANCES: **Reptg. Unitil Energy Systems, Inc.:**
Patrick H. Taylor, Esq.

Reptg. New Hampshire Dept. of Energy:
Paul B. Dexter, Esq.
Matthew C. Young, Esq.
Elizabeth Nixon, Director/Electric Group
Jay Dudley, Electric Group
(Regulatory Support Division)

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

I N D E X

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Annual Stranded Cost Recovery and External Delivery Charge Reconciliation and Rate Filing, including the Testimonies & Attachments of Linda S. McNamara, Lisa S. Glover, Daniel J. Hurstak, Daniel T. Nawazelski, and Christopher J. Goulding	*premarked*
2	Response to a reconciliation request made during the technical session on July 15th from N.H. Department of Energy	*premarked*

P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Good afternoon. I'm Commissioner Goldner. I'm joined today by Commissioner Chattopadhyay.

We're here today for a hearing in Docket 22-038 for Unitil Energy System's Annual Stranded Cost Recovery and External Delivery Charge Reconciliation and Rate Filing.

Let's take appearances, beginning with the Company.

MR. TAYLOR: Good afternoon, Commissioners. Patrick Taylor, on behalf of Unitil Energy Systems, Inc.

CHAIRMAN GOLDNER: Thank you. And the New Hampshire Department of Energy.

MR. DEXTER: Good afternoon, Mr. Chairman, Commissioner. My name is Paul Dexter. I'm an attorney with the Department of Energy, appearing on behalf of the Department today. I'm joined by co-counsel, Matthew Young, at the end of the table here, and with two persons from the Regulatory Support Division, Liz Nixon and Jay Dudley.

CHAIRMAN GOLDNER: Okay. Thank you,

Attorney Dexter.

And moving to preliminary matters, Exhibit 1 and 2 have been prefiled and premarked for identification. Any concerns with the exhibits?

I know that Exhibit 2 came in this morning. The Commission has no issue, if the Department and the Company are okay with the filing?

MR. DEXTER: Yes. The Department supports both exhibits being identified.

CHAIRMAN GOLDNER: Okay.

MR. TAYLOR: And, Commissioners, I did bring paper copies of the exhibit. I don't know if you need them. But, if you do want that for reference, I have them.

CHAIRMAN GOLDNER: Thank you. We do have the electronic copy, but thank you for doing that.

Okay. Any other preliminary matters, before we have the witnesses sworn in?

[No verbal response.]

CHAIRMAN GOLDNER: Okay. Seeing none. Mr. Patnaude, would you please swear in the witnesses.

(Whereupon ***Daniel J. Hurstak***, ***Linda S. McNamara***, ***Lisa S. Glover***, ***Christopher J. Goulding***, and ***Daniel T. Nawazelski*** were duly sworn by the Court Reporter.)

CHAIRMAN GOLDNER: Okay. We'll move to direct examination, beginning with -- and I'll recognize Attorney Taylor.

MR. TAYLOR: Thank you, Commissioners.

What I'll do is I will walk through the various members of the panel when I do the qualification of witnesses. What I would ask is that I reserve Mr. Nawazelski to go last, and then what I'd like to do is a brief direct of Mr. Nawazelski, just to explain Hearing Exhibit 2 and what is presented there for the Commission's reference.

CHAIRMAN GOLDNER: Okay. Very good.

MR. TAYLOR: So, I'll start with Mr. Hurstak.

DANIEL J. HURSTAK, SWORN

LINDA S. McNAMARA, SWORN

LISA S. GLOVER, SWORN

CHRISTOPHER J. GOULDING, SWORN

DANIEL T. NAWAZELSKI, SWORN

DIRECT EXAMINATION

BY MR. TAYLOR:

Q Mr. Hurstak, please state your name, employer, the position that you hold with the Company, and your responsibilities in that position?

A (Hurstak) Dan Hurstak. I'm the Controller for Unitil Energy Systems. And, in that role, I'm responsible for the accounting and financial reporting for the Company.

Q Hearing Exhibit 1 is the Company's initial filing in this case. And included in this exhibit is the prefiled testimony, direct testimony that you sponsored, as well as supporting exhibits. Was your direct testimony and the supporting attachments prepared by you or under your direction?

A (Hurstak) Yes, it was.

Q Do you have any corrections to your direct testimony that you'd like to make on the stand today?

A (Hurstak) I do not.

Q And do you adopt your direct testimony and the

supporting exhibits as your sworn testimony today?
A (Hurstak) Yes, I do.
Q Moving on to Ms. McNamara. Could you please state your name, employer, the position that you hold with the Company, and your responsibilities in that position?
A (McNamara) My name is Linda McNamara. I'm a Senior Regulatory Analyst for Unitil Service Corp. I'm primarily responsible for rate and reconciliation mechanisms, including the External Delivery Charge and Stranded Cost Charge.
Q Hearing Exhibit 1 is the Company's initial filing, and included in that exhibit is your prefiled direct testimony that you sponsored, as well as supporting exhibits. Was that direct testimony and the attachments prepared by you or under your direction?
A (McNamara) It was.
Q Do you have any corrections to your testimony or the attachments that you'd like to make at this time?
A (McNamara) No.
Q And do you adopt your direct testimony and the

attachments as your sworn testimony today?
A (McNamara) Yes.
Q Ms. Glover, can you state your name, employer, the position that you hold with the Company, and your responsibilities in that position?
A (Glover) My name is Lisa Glover. Excuse me. I'm a Senior Energy Analyst for Unitil Service Corp. And among my many responsibilities is supporting the External Delivery Charge and Stranded Cost Charge calculations, as well as I do Default Service, budgeting, long-term procurement, long-term clean energy procurements, renewable energy portfolio standard, and many other tasks as assigned.
Q And, as with the other witnesses, you've submitted direct testimony and attachments in this case. Was that testimony and the attachments prepared by you or under your direction?
A (Glover) Yes, it was.
Q Do you have any corrections that you'd like to make to your testimony or the attachments at this time?
A (Glover) I do not.

Q Do you adopt your testimony and the attachments as your sworn testimony today?

A (Glover) Yes I do.

Q Mr. Goulding, can you state your name, employer, position that you hold with the Company, and your responsibilities?

A (Goulding) My name is Christopher John Goulding. I'm the Director of Rates and Revenue Requirements for Unitil Service Corp. My responsibilities include the oversight of all rate and regulatory filings related to the financial requirements of UES and Unitil Corp., and the Corp.'s other subsidies.

Q And was the direct testimony and the supporting attachments that you sponsored, and that are included in Hearing Exhibit 1, prepared by or under your direction?

A (Goulding) Yes, they were.

Q Do you have any corrections that you'd like to make at this time to your testimony or the attachments?

A (Goulding) No, I do not.

Q And do you adopt the testimony and attachments as your sworn testimony today?

A (Goulding) I do.
Q And, finally, Mr. Nawazelski, can you state your name, employer, the position that you hold with the Company, and your responsibilities?
A (Nawazelski) My name is Daniel Nawazelski. I am the Manager of Revenue Requirements for Unitil Service Corp. In this capacity, I'm responsible for the preparation and presentation of distribution rate cases, and in support of other various filings.
Q Is the direct testimony and the supporting attachments that you sponsored, and that are included in Exhibit 1, were they sponsored -- or, I'm sorry, were they prepared by you or under your direction?
A (Nawazelski) Yes, they were.
Q Do you have any corrections to the testimony or the attachments that you'd like to make at this time?
A (Nawazelski) No, I do not.
Q And do you adopt the testimony and the attachments as your sworn testimony in this case?
A (Nawazelski) Yes, I do.
Q Mr. Nawazelski, earlier today the Company

submitted Hearing Exhibit 2, which is a response to a technical session request issued by the Department of Energy, Technical Session Request 1-1. And the date of that response is "July 19th", although it was submitted as a hearing exhibit today. Was that exhibit and its attachment prepared by you or under your direction?
A (Nawazelski) Yes.
Q Do you have a copy of that in front of you right now?
A (Nawazelski) I do.
Q But the request is actually broken into two parts. And, so, I think what I'd like to do is, for the benefit of the Commission, could you please explain Subpart (a) of the request, and the reconciliation you conducted, to the Commission?
A (Nawazelski) Sure. So, the response -- or, the question was asking the Company to reconcile the property taxes expensed as shown in the FERC Form 1, Page 262. And, on Lines 1 through 12 of DOE TS 1-01, Attachment 1, I go through that reconciliation.

On Line 2, you can see the property tax amount of "$7,697,108", compared to the taxes expensed as shown on FERC Form 1, Page 262, Line 10, Column (g). The difference between those two amounts was "$483,755".

Below that, on Lines 5 through 12, shows the reconciliation of that difference. So, starting off on Line 6, there was $27,080 of abatements. Those abatements are -- relate to property tax abatements prior to 2020. As a part of the Company's filing, we've excluded those, because that is after the implementation date of the cost recovery allowed by the Company. So, we've removed that.

There is the reclass of our deferred property taxes. So, that was an entry to move the property tax recovery -- or, the property tax expense that was higher than the amount currently in base distribution rates. So, the property tax expense was lowered in the Company's General Ledger and hung up as a regulatory asset.

Then, the Line 8 shows a correction for the Concord property tax bill that was related to the Company paying an extra $10 more than it should have. And we expect to reconcile that in future periods. But, for cost recovery purposes, the Company has not included that as a part of its request.

Line 9, the Town of Kingston, the Company could have made a discounted payment, if it had paid more promptly, which, in this case, it was inadvertently missed. But, in my view, the Company should have taken that discount. So, I have reflected that discounted payment, so that ratepayers were not held responsible for that.

There is a "Hampton Late Charge Correction" on Line 10. This was a late charge that the Company paid in January of 2021. I have removed that from the cost recovery filing here.

And, finally, on Line 11, there is the removal of the Kensington facility building of "$17,057". As a part of the Company's last base rate case, the Company removed this, both the property tax and the return on and of that investment, because that property is not used and useful anymore.

And that fulfills the reconciliation on Lines 1 through 12. Would you like me to turn to

Part (b) now?

Q Yes. Please.

A (Nawazelski) Okay. So, turning to Part (b) of the response, again, this refers -- this is a reconciliation of, again, what the Company is including for property taxes, on Line 14, compared to the amount of taxes paid by the Company as presented in FERC Form 1, Page 262, as shown on Line 15 of this Hearing Exhibit 2.

The difference there is "$274,317", as shown on Line 16. This reconciliation includes everything I just spoke of on Lines 1 through 12, but it also includes an additional item shown on Line 18, the "Annual Change in Prepaid Balance". The annual change was an increase of "$209,438", and that's primarily due to higher property tax valuations and an increase year over year.

Everything else, on Lines 19 and 24, I had previously discussed, and that reconciles the $274,317 difference.

Q Thank you. And having walked through all that, I assume that you have no corrections that you need to make to this response, correct?

A (Nawazelski) No, I do not.

MR. TAYLOR: With that, I have no further questions for the witnesses, and they're available for cross-examination.

CHAIRMAN GOLDNER: Okay. Thank you. We'll move to cross-examination, and Attorney Dexter.

MR. DEXTER: Thank you.

I have a lot of questions prepared. But, since we're talking about Exhibit 2, I just want to ask a few follow-ups on what I just heard.

CROSS-EXAMINATION

BY MR. DEXTER:

Q So, Mr. Nawazelski, I want to make sure I understand. So, I have in front of me Exhibit 2, and I have in front of me Page 209 of Exhibit 1. Do you have those two schedules?

A (Nawazelski) Yes, I do.

Q And looking at Page 209 of Exhibit 1, Line 11, I see a figure of "7,697,108", which is then broken down between state and local property taxes. This is the number that forms the basis for the Company's request in this EDC, correct?

A (Nawazelski) That is correct.

Q Okay. And what Exhibit 2 does is compare twice, the request to the first reconciliation is property tax expense on the Company's books, as shown in the FERC Form 1, correct?
A (Nawazelski) That is correct.
Q Okay. And, so, Lines 6 through 12 give five or six reasons for this difference. And it's correct, isn't it, that the request on, Line 2, is higher than the per books amount?
A (Nawazelski) That is --
Q The request for recovery in this case is higher than the per books amount?
A (Nawazelski) That is correct, the per books expense amount.
Q Right. And it seems -- I mean, it doesn't seem, it's clear that the largest contributor to that difference is Line 7, which is a figure of "474,060", which is shown in parentheses, but, actually, that's a situation where it's depicting that the request -- this contributes to the difference between the request and the per books amount, correct?
A (Nawazelski) That is correct.
Q Okay. So, if you could explain in a little bit

more detail, I know you gave a one- or two-sentence explanation of this adjustment, if you could explain why it's appropriate to make this adjustment, and how that fits into the request on Bates 209, that would be helpful?

A (Nawazelski) Sure. So, with the passing of House Bill 700, the Company was allowed recovery of local property taxes above the amount recovered in base distribution rates, and any further -- or, sequent steps, step adjustments. So, for -- when recording the amount of expense on the Company's books, the Company expensed the amount that is currently recovered via base distribution rates and subsequent step adjustments, and held up the amount above that level in a deferred regulatory asset.

Q So, what time period does this $464,060 relate to?

A (Nawazelski) It would have been related to the Company's fiscal year 2021 amounts.

Q And is the fiscal year different from the calendar year?

A (Nawazelski) No, it is not.

Q So, 2021?

A (Nawazelski) Correct.

Q So, jumping to Page 210, I've got a list here by town. And, in Column (4), I see the amount for all the towns added up, of "6,052,220". That's the same number that appears on the prior page, on Line 11, and that's what the Company is using as its basis for its request in this case, correct?

A (Nawazelski) That is correct.

Q So, I didn't do this exercise, but if I did, if I were to go back and check all the bills to the various towns, would I get to 6,052,220, or not?

A (Nawazelski) You would get very close. There are some items that I went through, as I was going through Hearing Exhibit 2, for example, the Concord State Education, the Company was charged that amount. So, we were charged an additional $10.

So, the taxes paid would show slightly higher. But, yes, it would, it would tie out exactly to the property tax bills, except for a couple of those stated adjustments, as shown in Hearing Exhibit 2.

Q Okay. And that I understand. In other words, there was a correction on the bill, the bill wouldn't show it, but, for regulatory purposes, you want to correct the $10 and the Kensington discount that you didn't take of $2,811. That all makes perfect sense to me.

But I'm still confused by the 474,060. So, if it's not on the bills, what exactly -- what's the basis for this adjustment?

A (Nawazelski) So, it is on the bills. So, in the case, the amount of the property tax bills, if you were to strictly look at the bills, it's the "$7,697,108", as shown on Line 11 of Bates Page 209. So, that is straight from the actual property tax bills.

When we are stating the Company's property expense, as shown in the FERC Form 1, that level of expense is lower by that reclass of the deferred property taxes. So, we are, in essence, lowering our property tax expense on the Company's books, and holding up a regulatory asset for that amount, and it is not expensed at that point.

Q And why would you make that adjustment? Why not just expense the 7,697,108?

A (Hurstak) The Company is currently recovering the 7.2 million in base rates, and that matches the expense. The additional expense the Company is allowed to recover, but not through base rates, and that's why it's included in here as a deferral. That we would match the revenue received for property tax expense to the property tax expense amounts, because we are allowed to recover, on a fully reconciling basis, local property taxes.

Q And the 474,000, is that an accounting adjustment that's made on the books, because it says "reclass of deferred property tax expenses"?

A (Hurstak) Yes, it is. So, the property tax bills, when they're processed, will go through our subsidiary accounting system for the full amount. That will hit the expense account. We then calculate the amount that should be deferred, based on the level of expense included in base rates, and that is our deferral amount that we record.

Q Okay. And it's your opinion that, under the mechanism that was set up by the statute, and then approved last year, that what you've got here, on exhibit -- on Bates 208, is the appropriate -- or, 209, is the appropriate amount to recover in this case?

A (Nawazelski) Yes.

Q And all that falls into the category of "nothing is as simple as it seems" when you set up these mechanisms.

So, I want to move now to more general questions. And I'm going to start with stranded costs. And I just have some very general or basic questions on this.

Could you indicate where, in the filing, I would find the rate or the stranded cost rates that are actually proposed for recovery in this case?

A (McNamara) The Stranded Cost Charge being proposed for all classes in this docket is $0.00002 per kilowatt-hour. And that amount is shown in a few places.

In the very first part of the filing, what has been marked as "Page 8 of 431" shows the proposed tariff for the Stranded Cost Charge calculation.

Q Well, I'm looking at Exhibit 1, Bates Page 027, and I don't know if we're looking at the same page with a different number on it. But what I'm looking at is called "Calculation of the Stranded Cost Charge"?

A (McNamara) Yes. And the page that you are referring to here is, essentially, the tariff page. Appearancewise, the data ends up being the same.

Q Okay. And their effective date of the proposed rate is "August 1st, 2022", as stated in the title, correct?

A (McNamara) Yes.

Q And what time period of costs, of stranded costs is this proposed rate designed to recover?

A (McNamara) The costs that are shown on Line 2 of that particular page, which is actually a credit of $31,000, represents the period August 2022 to July 2023.

Q And, if I wanted to see the details of these costs, I jump to Bates Page 085, is that where I would find the details of the $31,000 credit?

A (McNamara) Yes.

Q And the figure itself falls in the third block, it looks like, on Line 7. And there's some elements laid out in Line 4 and Line 5 that total up to the $31,532 credit. Could you give a brief description of those charges and/or credits on Lines 4 and 5?

A (Glover) I could take care of that. Line 4 are payments that we are making under the HQ Support Agreements that are still in effect for UPC. So, those are payments. And then, there are offsetting credits that we are receiving from ISO-New England into our account associated with OATT Schedule 9 tariff.

Q Okay. And, if I jump back to Bates Page 016, there's a little bit of history for the recent stranded costs shown in the middle of that page, and I see that, for the first time in it looks like about four years, the standard -- Stranded Cost Charge is actually a charge, not a credit. Could you explain why that is? Why that is?

A (McNamara) That is best to be reviewed, if you could return to Bates Page 038 of 431, which shows the change from the current Stranded Cost Charge to the proposed Stranded Cost Charge. And the change to a charge is the result of the prior period balance.

Q Okay. And I think this is one last question on stranded costs. If I go back to Page 6 -- sorry, it's Bates Page 016. I go back to Bates Page 016, I see the figure for the period that we're discussing in this case, at the far right, it says "Total dollars included in the stranded costs for Recovery $19,060". Could you explain why I don't see the credit of 31,532 there instead?

A (McNamara) The numbers that are provided in my testimony, on Bates Page 016, on the line "Total dollars included for recovery in the Stranded Cost Charge" represents the total amount, which is inclusive of estimated interest and the prior period reconciliation balance. So, the $31,000 credit is in there, along with the $49,000 under-collection, and about a thousand dollars of estimated interest.

Q And I see actually that breakdown you provided on Bates Page 027, where we started this whole discussion.

A (McNamara) That's correct.

Q Up at the top. Okay. All right. Thanks very much.

Okay. So, I'd like to ask a similar line of questions for the EDC. Could you indicate where in the filing the EDC rates that are proposed for approval are shown?
A (McNamara) Similar to the Stranded Cost Charge, the proposed rate is actually shown in a few places. The proposed tariff is on Page 10 of 431.
Q Would that be Bates Page 010?
A (McNamara) Yes. There was a similar calculation provided on Bates Page 031.
Q Okay. That's the one I was looking at. So, I'll stick with that one. And what's the effective date of this rate, the EDC rate?
A (McNamara) The total proposed EDC of $0.02533 per kilowatt-hour is proposed for August 1, 2022.
Q And that's the same for all the customer classes, correct?
A (McNamara) Correct.
Q And what time period of costs are sought to be recovered in this charge?
A (McNamara) August 2022 through July 2023.
Q Okay. And I see, on Line 2, that there are roughly $36 million of costs total proposed for

recovery, correct?
A (McNamara) That is correct.
Q And where would I find the detail for those costs?
A (McNamara) Bates Page 079.
Q So, I do have Bates Page 079. And I remember this schedule from last year. And this lays out the various transmission related and non-transmission related costs. And I do have some questions about those individual costs later.
But, if I were to direct your attention to Bates Page 034, there is a footnote on Bates Page 034 that has about six or seven cost elements listed as well. Are those also proposed for recovery in this case?
A (McNamara) They are.
Q And how do they differ from the costs that are on Bates Page 079?
A (McNamara) These costs are, for the most part, out of the six, four are related to the Company's most recent base rate case. The other two, one being the "Property Tax" and the other being the "Forecasted Storm Reconciliation Adjustment

Factor balance", are both items that -- they're not typical External Delivery Charge cost items. And I'm not sure if I'm conveying that correctly to you. But perhaps I could turn to Bates Page 076, which gives a description of the cost line items that go through -- that are External Delivery Charge cost line items, per the Company's tariff. The Company also, from time to time, will recover other items, like the property tax or, in this case, we're seeking recovery -- or, in this case, the credit associated with the Storm Reconciliation Adjustment Factor balance.

Q Okay. But, bottom line, there's no -- there's no difference, in terms of recovery, if a particular cost shows up on Page 76 through 79 nine, in the long horizontal tables with the definitions, versus the footnote on Bates Page 034, 34, is it just a different way of presenting them?

A (McNamara) I would say so.

Q And maybe this is what you just said, but are the costs that are outlined in the definitions on 76, are those ones that have sort of been around for a while, and that's why they fell into the standard schedule, and these other ones sort of

came out of the recent rate case?
A (McNamara) It's not just that they have been around for a while, they are External Delivery Charge cost line items, as opposed to the line items that are shown on Footnote 1, they are, as I mentioned, four of them being from the rate case, they aren't recurring. They are one-time, unique, related to this one filing. Property tax does occur every year. We do have a line or a sentence in our tariff that we are allowed to include the reconciliation of that through the EDC. However, it's not an EDC cost.
Q Okay. All right. Jumping up to Bates Page 031, the "Calculation of the EDC" begins with a $4.6 million over-recovery. Could you explain what makes that up?
A (McNamara) That over-recovery is the result of a few things. One, and I'll have Ms. Glover maybe explain some more about that, with the -- I want to get the name right, the "Eversource" -- right, the third party transmission costs. Again, I'll have Ms. Glover discuss that a little bit more. But it also includes the fact that RGGI rebates were much higher in the last period, or the

current period, August 2022 through -- I'm sorry, August 2021 through July 2022, than we had included in the prior filing or forecast.

A (Glover) For more clarity on the credit, so, for Eversource, we received two refunds from them. They typically do their true-ups in June for the prior year. So, normally, we would expect to see either -- we would expect to see a true-up, which could either be a refund or a payment in June of each year for the prior year.

In this case, Eversource was very much over-collected. And, so, what they decided to do is they issued a refund to us in November of 2021, and that was in the amount of $1.2 million, which you can see on Bates Page 078, in that first column, (a).

We then were expecting a refund again in June of 2022, to close out the true-up for 2021. We had estimated that refund to be 3.2 million. The refund actually came in at 3.2 -- it was about $40,000 off. So, you can see that that estimate is 2.8 million, but that also includes some charges. So, the net of the charges and the refund came out to 2.8 million as an estimate for June. But that is including a $3.2 million credit for the true-up.

Q So, in short, credits from Eversource on previously paid transmission charges?

A (Glover) That's correct.

Q When did the time period occur? In other words, what time period did the credits relate to?

A (Glover) Both credits related to 2021.

Q And back on Bates Page 031. So, that sort of explains the "Transmission" column. Now, I want to go to the "Non-Transmission" column. And I see a "negative $1,827,000" figure there. Could you explain what makes that up?

A (McNamara) Sure. Again, referring to Bates Page 079, which details out all of the costs for the proposed period of August 2022 to July 2023, multiple columns, with Column (e) being the total that is going through transmission, and Column (t) being the amount going through non-transmission. And, in Column (t), we'll see that $1.8 million credit.

Q And you had mentioned "RGGI credits" earlier. I see that RGGI credits appear in Column (p), and there seem to be four credits of about $1.1

million. Is that estimate in line with what you learned, based on the 2021 experience that you just referenced?

A (McNamara) Yes.

Q So, is that -- I guess it's a convoluted way of asking "are these higher than what we've seen in the past?"

A (Glover) Yes.

Q Okay. Thanks.

[Court reporter interruption to correctly identify the witness.]

WITNESS GLOVER: I said "yes", sorry. I'm not as quick on the trigger button over here.

BY MR. DEXTER:

Q So, Bates Page 031, Line 3, is titled "Estimated Wholesale and Wheeling Revenues". And there's a figure there of about 2.5 million. And there's a reference on the side for support, takes me to Bates -- to "Page 5 of 7", which is Bates Page 035. And could you explain, I do see "Wheeling Revenues" in Column (j), and I see "wholesale revenue" in Column (i). The wheeling revenues are very, very small, in comparison to Column (i). Could you explain first what the "wholesale revenues" are in Column (i)?

A (Glover) The "wholesale revenues" in Column (i) are associated with a group host net metering customers that we brought on effective June 1st, 2022. And, in that arrangement, the Company will be receiving both capacity and wholesale energy payments through ISO-New England.

Q Is this a new item? Would I not find this item in last year's EDC?

A (Glover) That's correct. It's a new item effective June 1st, 2022.

Q Okay. So, I understand that there was a change in the method for calculating working capital on the various costs that are passed through the EDC as a result of the last rate case.

And I guess my first question on that topic would go to Mr. Hurstak. And I'd like to jump to Bates Page 399 of the filing, which is his testimony. I just need a minute to get there.

So, 399, Bates Page 399, at Line 10, Line 8 asked the question: "Are the results of the 2021 Study included in the EDC rates proposed in this filing?" And the answer is: "Yes, the

2021 study results are used to derive the Transmission and Non-Transmission related cash working capital amounts included in EDC rates beginning August 1st, 2022, as described in the testimony of Ms. McNamara."

And I won't go through the exercise, but, if I were to jump back to Bates Pages 077, 078, and 079, that's the horizontal sheets where all the costs are laid out, am I correct that, in the footnotes, I would see a change indicating that, up until August 1st, 2021, the old method was used, and then, after August 1st, 2022, the working capital method -- the lead/lag method was used? That's what's shown on 077, 078, and 079, correct?

A (McNamara) Correct.

Q And, so, my question to the panel is, the testimony and the schedules are consistent, but, given that the rate order that set up this change in working capital calculation was effective June 1st, 2022, why wasn't the results of the study applied effective June 2022, as opposed to August 2022?

A (Hurstak) The Company applied the result of the lead/lag study in the EDC calculation effective August 1st, consistent with that date that's included in the Settlement Agreement for the UES base distribution rate case, I believe it's Section 11.1, that states "August 1st" as the effective date.

MR. DEXTER: Yes. I wanted to ask you about that, and I was going to read that, and I realized I didn't bring my copy of the Settlement. But I'm sure one of my colleagues has it. So, I'm going to ask to pause for just a second.

BY MR. DEXTER:

Q So, Mr. Hurstak, do you have that Settlement with you?

A (Hurstak) Yes, I do.

Q Can you read the first sentence, or I can read it, or if the Commission wants to reference it, whatever you like? Why don't I read it, and I will let you know that I'm reading from the Settlement in rate case 21-130 **[**21-030**?]**, and it is Section 11.1. And I am not recalling the exhibit number that this Settlement is, but I think it's Exhibit 17 **[**Exhibit 12**?]**, or something like that, but it's easily findable in the Virtual File Room.

So, this is "Section 11. Miscellaneous", "Section 11.1 Working capital, External Delivery Charges." It says: "The Settling Parties agree that Unitil shall calculate its working capital requirement for costs included in the External Delivery Charge (effective August 1, 2022) using a detailed lead-lag study in Unitil's Annual Stranded Cost and EDC rate filings, which the Company shall update based on prior year lead-/lag results in each annual filing, and until changed by order of the Commission."

So, I read that clause, and I see the date that you mention, "August 1st, 2022", and I interpret that as referring to the effective date of the External Delivery Charge, EDC, which is what we're talking about here today.

I gather from your prior answer that you read that as the effective date by which the results would be applied. Do I understand that correct?

A (Hurstak) Yes.

Q Okay. And the results that you calculated, what was the underlying period of study for the lead/lag study?
A (Hurstak) The data used in both the transmission and non-transmission lead/lag studies was from January 1st of 2021 through December 31st, 2021.
Q So, calendar year 2021?
A (Hurstak) Yes.
Q So, there would be no -- there's no updating effect by delaying the implementation from June 1st to August 1st? In other words, there's no new information that came to light in that time period, correct?
A (Hurstak) The net lead days or net lag days would remain unchanged.
Q Right. So, no change?
A (Hurstak) Correct.
Q Right. Okay. And what was the effective date of the rates that were approved in the rate case, 21-130 **[21-030?]**?
A (Hurstak) June 1st, 2022.
Q 2022. So, a question or two about the details of the study. And I would like to go to Bates Page 403, which is in your testimony, and it's a

discussion of a revenue float of "1.65 days". Let me get to that page. Page 403, it's the middle of the page, there's a question that says "Please describe the final component of the revenue lag, revenue float."

Could you explain what the "revenue float" is and how it fits into the overall lead/lag study?

A (Hurstak) Sure. The "revenue float" is the difference between the time that the customer funds are received by the bank, until they're available to the Company.

Q And, in a bigger picture, what we're trying to capture here, in a revenue lag, is the difference in time between the Company -- when the Company provides service to a customer and when it has access to the payments from that customer, correct?

A (Hurstak) Correct.

Q Okay. And this is the last piece of that, of that calculation, right?

A (Hurstak) Yes.

Q And, so, it's a situation again, I think you just said this, it's a situation where a customer has

made a payment, but the Company doesn't have access to the funds for, on average, 1.65 days?
A (Hurstak) That's correct.
Q Okay. Now, what happens during that 1.65 days? Why doesn't the Company get access to the money as soon as it's "paid", I guess is the word, or "deposited", whatever the right word is?
A (Hurstak) I don't know, necessarily, the specifics. It would depend, I assume, on our bank and the customer's bank, and the clearing of payments between financial institutions, that would allow for a delay between when the funds may have been paid by the customer, went through whatever means the customer chooses, and when those funds are available to the Company.
Q It's not a -- it's not a mailing time or anything like that. We're talking about a bank transaction time period, correct?
A (Hurstak) Yes.
Q And does this period, does this delay or lag of 1.65 days, does this apply to paper checks or -- does it apply to paper checks?
A (Hurstak) I think it would apply to all types of customer payments.

Q Including like a phone payment for a direct debit or a credit card payment or anything like that?

A (Hurstak) Yes.

Q And they would all be different, wouldn't they?

A (Hurstak) Yes, they would.

Q Did you study those elements individually or how did you come up with the 1.65 percent?

A (Hurstak) We looked at daily reports from the bank. So, we did not look at individual transaction types. We would have looked at the payments in total.

Q And what would the daily report show you?

A (Hurstak) The daily reports would show opening balance/closing balance, the amount of bank debits or the amount of bank credits to the account on that date, one-day float or two-day float, and other sort of similar information.

Q Okay. And having read through this on the revenue side, and looked at the revenue float, a question came into my mind as to whether or not there would be a similar phenomenon on the other side of the lead/lag study, which measures the time period between when the Company receives the service and pays for it? That's sort of the "expense lag" side of the study. I don't see a similar expense float lag on that side of the study, is that right?

A (Hurstak) That's correct.

Q And why is that?

A (Hurstak) When the Company looked at the method of payment used for transmission and non-transmission costs included in these two studies, the majority of payments, 99 percent of the payments are made by wire -- or, 99 percent of the dollars are paid by wire, therefore, the wire payments, there is no expense lag. The money leaves the Company's account on the date that the wire is made. That date is what's used in the lead/lag calculation for expense lag or lead days for both transmission and non-transmission.

Q And let's just take -- and some of those payments go to Eversource, is that right?

A (Hurstak) That's right.

Q And, so, you don't really know whether or not Eversource gets access to that money right away, correct?

A (Hurstak) We do not.

Q But you do know for a fact that you no longer have access to it on the day it's reported on that report that you mentioned?

A (Hurstak) That's correct.

Q Okay. And that report is what you used in the lead/lag study?

A (Hurstak) Yes.

Q Okay. So, I got another sort of detail question. I'm going to go to Bates Page 409 of the lead/lag study. And this is talking about the amount of time between a meter reading and the recording of an accounts receivable. And, if I'm not mistaken, I'm in the "revenue lag" part of the calculation, correct?

A (Hurstak) Correct.

Q Okay. And I see that, you know, for the overwhelming majority of your meters, you know, it looks like 99 percent plus of the meters there's a one-day lag between meter reading and recording of the receivables. And that's just going on a quick look at the various months that are presented here. Is that right?

A (Hurstak) Yes.

Q But, looking at these various months, I notice that almost every month has a period of "8 to 14 days" and "Over 14 days". And I don't see many entries in the "Over 14 days". But, in many of the months, I see entries in the "8 to 14 days". So, do I understand that this would be a situation where a company reads a customer's meter and doesn't record a receivable for, basically, a week or two, is that right?

A (Hurstak) Yes. That's right. It would be -- the receivable would be recorded, I believe, on the customer's bill.

Q Oh. So, this is a lag between meter read and billing?

A (Hurstak) Yes.

Q Okay. All right. Do you know what would lead to a situation where it would take one or even two weeks to produce a customer's bill?

A (Hurstak) I don't know offhand.

Q Okay. And what's the bottom line of this calculation on 409? When you go through all the various months and all the various meters and all the various days, what's the ultimate "billing lag", if that's the right term, that you calculated?

I think I actually -- I think I've answered my own question. Is that the "1.01 days" on Page 408?

A (Hurstak) Yes, it is.

Q Okay. Okay, I have some other questions to finish up on property taxes, and then some questions on vegetation management costs.

So, let's finish up with the property taxes. So, I'm going back to the case that set up the mechanism, it was DE 21-069. And there is a statement in Mr. Goulding's prefiled testimony in that case that I want to read, and then just ask how this was implemented, or if this has any effect on the filing before us.

So, Mr. Goulding said in that testimony, I think it's on Page 7 of that testimony: "For 2020, the total local property tax reconciliation under-recovery was 173,418. This under-recovery would be charged to the EDC reconciliation in January 2021 and would be included as part of the EDC rate change effective August 1, 2021."

And my question I guess would go to Mr. Goulding, is I'm confused by the reference to

"January 2021" in that case, and I would ask whether or not January 2022 has any role in this case that maybe you could point me to?

A (Goulding) So, the year would change for this one, it would be reflected in the EDC, once approved, for January 1, 2022. In our Schedule EDC, External Delivery Charge, tariff there is a provision that says "The over- or under-recovery associated with the reconciliation shall be charged or credited through the EDC on January 1 of the following calendar year. The EDC shall also include a charge" -- I'll stop there, because that's a different mechanism. So, that's what that's referring to.

Q So, will there be an EDC charge for each January, as well as August, or no?

A (Goulding) No EDC charged. The credit or -- or, the over- or under-recovery will be included in the EDC reconciliation balance, which will be picked up in the subsequent EDC rate change on August 1st.

Q Okay. Can you show me then in -- do we have a monthly breakdown in this filing that would demonstrate where that property tax amount would have sort of found its way into the calculation as of January 1st, 2022?

A (McNamara) If you refer to Bates Page 034, as part of this includes -- where the "Beginning balance" includes six line items.

Q Excuse me, Ms. McNamara, I just need a second to get there.

A (McNamara) Okay.

MR. TAYLOR: Sorry, what's the Bates number again?

WITNESS McNAMARA: It was Bates 034.

BY MR. DEXTER:

Q Okay. I'm there.

A (McNamara) The second line item shows approximately $103,000. And I think part of the confusion might just be the approach to how the Company presents it in the filing. Many changes that are presented in the EDC filing are shown for the period August 1, or over the year beginning August 1. So, in this case, it is an August 1 item going into the August 1, 2022 beginning balance.

However, it's done that way so that the Commission has the opportunity to review the

Company's filing before that amount is booked. If we decided to, we could have booked it back in January, I guess, and then, you know, we come in today, you would have seen it hit in January. And then, if, for some reason, the DOE or OCA or the Commission said that amount wasn't correct, the Company would go back to January, and reverse it and make some change.

So, the approach the Company has taken on many line items, including, you know, some line items which have already been agreed to upon, in like in the rate case, these other four line items that are represented in that footnote, is to show them, beginning in August, when the EDC would be approved, that way the Commission and parties have an opportunity to review the numbers, and approve the numbers, before General Accounting makes the changes.

Q Okay. So, the footnote that you reference is for August 22nd -- August '22, not January '22, but the --

A (McNamara) The amount of the "103,973" --

Q Right.

A (McNamara) -- would get booked in August.

Q Okay.
A (McNamara) However, General Accounting would do a true-up to interest back to January.
That has been the approach the Company has taken with all of these filings, since it's been included.
Q Well, looking at the footnote on Bates Page 034, I recognize the final four items were things that we dealt with in the recent rate case, correct?
A (McNamara) Correct.
Q So, those would not have, like, they weren't in existence until, I guess, June 1st, 2022, right?
A (McNamara) Well, I can't -- I can't agree with you fully. "In existence"? Yes, they were in existence. They just weren't allowed to be recovered through the EDC until June 1.
Q Okay.
A (McNamara) Yes. And, again, the Company has included them in August 1, to be coincident with the effective date of all changes related to the rate case, to the extent they aren't directly something that would have an opposite side to it in base rates, have been proposed for August 1.
Q Okay. All right. And, lastly, on -- I think

it's the last question on property taxes, I want to go back to the Bates Page 209.

And, again, we're reconciling here to the numbers that are supported in this filing, as compared to the numbers that are included already in rates. And the numbers that are included already in rates show up on Line 10, is that correct?

A (Nawazelski) That is correct.

Q Okay. Now, the Line 10 number, if we were to go back and look what's behind that 7 and a half million dollars, I think we did this -- well, you do it right there up above. You go through the various rate cases and the various step adjustments that have happened, and there's now an amount stated in each of those filings, and you add them all up, and that's the number, right?

A (Nawazelski) That's correct.

Q Is it correct that, in reality, that that might not be what the Company collects, based on variations in sales, as compared to what was predicted when these amounts were put into base rates and step adjustments?

A (Nawazelski) Yes. But I would say, just from my experience in the Company, that it is roughly one-twelfth per month that the Company is collecting in that period. But, yes, there would be sales variations there, based on the rate and sales in each given month.

Q But not even monthly variations. In total, in other words, if the Company had a very, very high sales year, they would collect more, and, if they had a very, very low sales year, they would collect less revenue, and, therefore, they wouldn't collect these numbers that we have so precisely displayed here, right?

A (Nawazelski) Yes. I would agree.

Q Okay. Does the mechanism that we all worked on over the last couple of years, does that account for that at all? In other words, the reconciliation that we're doing today doesn't account for that variation that we just described, is that right?

A (Nawazelski) That's correct.

Q Okay. So, turning to vegetation management, I'd like to go to Bates Page 018. There's a question at the bottom that says "Has the Company included the under- or over-collection from its VMP and REP this year as part of the EDC?" And the answer is "No." And it references "DE 21-139", where the Company proposed that the "over-collection be rolled over into the 2022 program to fund 2021 cycle trim carryover work." Could someone tell me what the amount of that over-collection, it's not included in the EDC, so could someone tell me what the amount is that's not included?

A (Goulding) Yes. So, in our DE 21-139, there's an annual report reconciliation for REP/VMP that was filed. And in there, it shows the amount as "$531,278".

Q Okay.

A (Goulding) And, for the cycle prune carryover work for 2021, per the Annual Report, it was "$532,693". So, about a $1,500 difference between the carryover funding and the estimate of carryover cycle pruning work.

Q Okay. I didn't catch the second part of what you said there, Mr. Goulding, because I was looking at the bench thinking it was Mr. Nawazelski speaking.

So, let me ask you the question a different way. So, I'm in report that I think you mentioned. It was filed with the Commission on June 8th, 2022, and it's a letter from Attorney Taylor. And there's a chart in the middle of that letter, and I see that number that you mentioned exactly, "531,278". Am I looking in the right place, the June 8th Report?
A (Goulding) That is the June 8th Report. But we actually made an April 1st Report, consistent with kind of the filing requirements for this report.
Q Uh-huh.
A (Goulding) And that report kind of has more of the details on fiscal year vegetation management program, lays out the -- and that's where it talks about the carryover work for 2021.

The reason we made the June 8th, 2022 Revised Report was to account for the rate case Order and the increased funding in base rate effective June 1st, 2021.
Q Okay. Thanks. And then, the statement that you made that I don't think I understood was -- what was that? You were comparing two numbers that

were very close to 531,000.
A (Goulding) Yes. So, in that April 1st Report, I am not sure if anyone has it in front of them, but, on Page 4 of the Report, there's a sentence in there that says: "In the VMP spending, the cycle pruning work was not completed by year-end due to contractor workforce issues. $532,693 of work in awarded contract was not fully completed by year-end and is carried over into 2022."
So, I was connecting those two numbers to say we didn't finish $532,000 of work in 2021 that we will be finishing in 2022, and we have carryover funds of almost the exact same dollar amount.
Q Okay. Can you give an update as to how the cycle trim work is progressing, now that we're halfway through 2022?
A (Goulding) Yes. So, based on discussions with Operations, carryover work has been caught up, and they're on target to finish up to get the 2023 -- or, 2022 work done also. So, by the end of the year, we should be all caught up.
Q Could you put the 530 odd thousand in perspective? In other words, how does that

compare to the total cycle trim budget for Unitil?

A (Goulding) Yes. So, based on that -- what was in that DE 21-139 budget for 2022, the normal cycle prune work that we have there was $1,799,973. And the carryover was the "532,693". So, what's that? Roughly, 20, 30 percent.

Q And no action's been taken on the request in 21-139, correct?

MR. TAYLOR: The Company filed its -- filed its annual budget showing planned activity for 2022, and then made its reports. But there hasn't been any action in that docket, other than the Company's filings. That's correct.

BY MR. DEXTER:

Q And, if the requested action of this carryover were not taken, is it -- were not adopted or implemented, is it true that the effect would be that this roughly half a million dollars would go back to the EDC in this docket?

A (Goulding) If the carryover was not allowed to be held onto to fund the cycle pruning for 2021 cycle prune carryover work, it would go back through the EDC. And then, next year, when we do

the vegetation management -- veg. REP/SRP reconciliation process, if we spent to budget, including the carryover work, we would be overspent by the $532,693, which would result in us asking for $532,693 as part of next year's EDC.
Q So, the EDC is the mechanism by which you would balance out veg. management over- and under-recoveries, is that right?
A (Goulding) That is correct.
A (McNamara) Unless approved by the Commission otherwise.
Q What's that?
A (McNamara) Unless approved by the Commission otherwise. I believe the Company's tariff allows for the Company to propose to not include the over- or under-collection.
Q Yes. No, I understand that. And what I was wondering was whether or not there was another reconciling clause that covered veg. management, other than the EDC, but I'm hearing that there isn't. That this is it? This is where it's done?
A *(Witness McNamara indicating in the affirmative).*

A (Goulding) It is done through the EDC. And there's the tariff language that specifies that "the EDC shall include the calendar year over-/under-collection from the Company's Vegetation Management Program, Storm Resiliency Program, and Reliability Enhancement Program, including third party reimbursements. The over-/under-collection shall be credited or charged to the EDC on May 1st of the following year, or, with approval of the Commission, the Company may credit unspent amounts from future" -- or, "to future Vegetation Management Program expenditures."

So, that's the language that Ms. McNamara was referencing.

Q Yes. Okay. Thanks. So, you mentioned "third party reimbursements", and I wanted to ask about that a bit.

And, again, I'm looking at the April -- the June 8th letter that had this very useful chart in it from DE 21-139. And that referenced, on Line 9, "FairPoint Reimbursements" for 2021, in the amount of "930,739", and they're labeled "actuals". So, I assume that this is money that

the Company actually received from FairPoint for kind of sharing in the veg. management costs?
A (Goulding) Yes. That's what we billed and received from FairPoint.
Q Well, that was my next question. So, did they -- did they pay the full amount? Or, is there any amount that's outstanding, you know, that was billed, and is perhaps under dispute or something like that?
A (Goulding) I'm not aware of any dollars under dispute. I haven't checked recently. I know, during the rate case docket, we had had some questions on it. And I believe those were -- I might have been asked about it back in the March or February timeframe, and FairPoint was all paid up.
Q Okay. Are there any other parties that share in the Company's veg. management expenses?
A (Goulding) I believe there is another company besides FairPoint. But for some -- I always use the word "Fair" -- or, always use the description of "FairPoint", but I believe there is another one. They tend to change frequently. So, I'm not positive. I want to say "TDS", but I think

they were bought out.
Q Okay. Are there any other reimbursements that were either received or billed, but not received, that aren't depicted on this chart in the June 8th filing?
A (Goulding) No.
Q Okay. I have one final topic that I wanted to go to, and that's the topic of "regulatory assessments". And I want to go to Bates Pages 077, 078, and 079 to ask about that.
And the regulatory assessment costs get depicted in Column (m). And I see, on Bates Page 077 and 078, there are numbers in all the months, and then starting May, I think, or June of 2022, and carrying through 2023, those numbers go to "zero".
So, could someone explain why there's "zero", I guess, forecasted for regulatory assessment?
A (McNamara) Yes. On Bates Page 078, I think I have the right line, I can't really tell if it's April or May, based on the way I'm reading this, but there is an amount of a credit of $123,000. Do you see that amount?

Q Yes.

A (McNamara) That is a true-up, as the result of the Company's base rate case in 21-030, because of a change of the amount that will be going to base rates associated with the New Hampshire PUC assessment back to June, I think it's June 1, 2021.

And then, going forward, beginning in June 2022, you see "zero" through the rest of the period, through June 2020 -- July 2023, because the Company has not yet received the new Commission assessment. And, therefore, the way the assessment currently works is a certain amount goes to base rates, and then $10,000 is carved out to go -- to be recovered through Default Service.

And then, any remaining amount, whether it be an over-collection or an under-collection, compared to what is actually billed, versus what is recovered through base rates and what is recovered through Default Service, like the $10,000, would go through the EDC.

So, currently, the Company is using the most recent bill. Therefore, the forecast is zero.

MR. DEXTER: Okay. Thank you. That's all the questions that I have.

CHAIRMAN GOLDNER: Okay. Thank you. We'll move to Commissioner questions, beginning with Commissioner Chattopadhyay.

CMSR. CHATTOPADHYAY: Good afternoon.

BY CMSR. CHATTOPADHYAY:

Q Let's go to Bates Page 209. So, the question has been prompted by the discussion that the witnesses were having with the DOE. So, I'm just trying to make sure I have it right.

As far as Line -- just bear with me, I need to reduce the size here to be able to see everything. So, Line 10, did I hear it right, are you saying that the number, for example, under Column (2), "$7,511,873", that's based on what you're allowed to recover or is that a number that you actually recovered?

A (Nawazelski) So, just confirming, you're speaking to Line 6, the "$7,002,664"?

Q No. The Number 10.

A (Nawazelski) So, Line Number 10 represents the amount of recovery of property tax expense --

Q Yes.
A (Nawazelski) -- that's included in the Company's base distribution rates over the course of calendar year 2021.
Q So, it's almost like coded, there's a number that you're allowed to recover through the base rates, that's the number?
A (Nawazelski) Correct.
Q And my -- but you could have received, depending on what the sales is, that you could have received more, right, or less?
A (Nawazelski) Correct.
Q Okay. Do you know what you received? Is there a way for you to figure out what the Company ended up receiving?
And that really ties to also another question that I have. Are you able to specifically look at your charges and determine "okay, this is what we received for the property tax, you know, item"?
A (Nawazelski) I don't think it would be an easy exercise. I almost think you would have to go back to your last base distribution rate case, and only include that level of recovery for that

given expense item, and then go through the rate design process, which, in turn, would get you a rate, and then multiply that by the usage in the calendar year.

I've never done something like that before. So, theoretically, I think it's possible, but I think it would be a bit of an exercise to do.

Q Okay. Another question. Let's go to Bates Page 034. And bear with me, I'll go there as well.

So, this is, again, a clarifying question for my benefit. So, at the end of that page, you have these several items listed. And the one that we were talking about was a "Property tax reconciliation", we were also talking about, I think, briefly maybe, the "SRAF balance". So, those two items are not part of the EDC as it appears in, I think, Bates Page 074 **[076?]**, right?

A (McNamara) Correct.

Q But it's part of the EDC as has been proposed here?

A (McNamara) Correct, as part of the

reconciliation.
Q For the determination of the charge?
A (McNamara) Correct.
Q Was that -- is that a routine process or had the Commission approved that previously? And assume I'm -- you know, I don't recall, because I've been here only since December. So, can you give me a little bit more on that?
A (McNamara) Sure. The cost line items that you reference, and, again, I'm not sure of the page reference, but I think we're going with "Page 74", --
Q I think it's Bates Page 074.
A (McNamara) The long list of line items. Those are normal External Delivery Charge type cost items. The Company has limited reconciliation mechanisms for which to use to return over- or under-collections or include other costs that perhaps have occurred elsewhere, in order to return them to customers or include them for recovery from customers. Really, at this point, the Company, for all customers, really only has two places, base rates or in the External Delivery Charge. There's the Stranded Cost

Charge as well, but that's more or less going away.

So, when items like this, the Storm Reconciliation Adjustment Factor balance, the property tax balance, which actually is included in the Company's tariff with a line item mentioning that that could be included in there, as well as the four items from the rate case, that's why those are not presented on Page 74, because they're included here, just as a --

Q I will correct myself, it's "Bates Page 076". Okay.

A (McNamara) Okay. Thank you.

Q And, so, you're really talking about that page. And I'm not -- I've skimmed through all of the items there. But can you confirm that the last line, the "COVID-19 related costs", those are also part of the EDC?

A (McNamara) They were part of the Company's base rate case, as earlier mentioned and referenced in Section 11 of the Settlement, "Miscellaneous" items. There were a few sections that dealt with some line items. One of which was the "COVID related waiver of the late payments", and that

amount was taken directly out of the Settlement.
Q So, that doesn't show up in Bates Page 076?
A (McNamara) Correct. None of these line times shown in the footnote are shown on Page 076.
Q Just wanted to make sure now. Can the Company confirm that the -- and, you know, I'm not looking at the -- I'm looking at Bates Page 076, the "Displaced Distribution Revenue" that relates to net metering, and, you know, that is also part of the EDC?
A (McNamara) Yes.
Q And it's coded as part of the EDC, again, on Bates Page 076?
A (McNamara) Yes, it is.

CMSR. CHATTOPADHYAY: Okay. I just wanted to make sure.

Okay. I think that's all I have.

CHAIRMAN GOLDNER: I just have one clarifying question.

BY CHAIRMAN GOLDNER:
Q Exhibit 1, Bates 036, there's just a simple chart that shows "Billed" and "Unbilled". And I guess it's a conceptual question. And I'm not sure I understand the concept of "unbilled hours".

What's happening in this chart? Why aren't all your hours billed?

A (McNamara) This is in order to get to amount of consumption that was used in a current month, but not yet billed for that month. Because customers are read throughout the month, so, on average, you know, obviously, you can see it's based on these percentages, it's approximately 50 percent. Right? So, on average, most customers are billed somewhere around the middle of the month, with some customers being read on the 1st, 2nd of the month, some customers being read on the 28th, 29th of the month.

So, the amount that is shown on Page 36, in this center column, the "Estimate of Unbilled Kilowatt-hours", that amount is used to approximate the amount of usage related to the current month, but not yet billed.

Q I see.

A (McNamara) It will be billed the following month.

CHAIRMAN GOLDNER: Very good. Thank you. I knew I was missing something simple.

Okay. Very good. That was -- that's really all I have.

Is there any redirect for your witness, Attorney Taylor, witnesses?

MR. TAYLOR: If you can just give me a moment and I'm just going to go over my notes.

CHAIRMAN GOLDNER: Sure.

(Atty. Taylor conferring with Witness Goulding.)

MR. TAYLOR: Commissioners, could we take perhaps a five-minute recess, just so I can confer with my witness? And the stenographer may want the break anyway. He's been going for an hour and a half.

CHAIRMAN GOLDNER: Very good. Let's just under commit and over perform, and return at 3:15.

MR. TAYLOR: Great. Thank you.

CHAIRMAN GOLDNER: All right.

(Recess taken 3:04 p.m., and the hearing resumed at 3:18 p.m.)

CHAIRMAN GOLDNER: All right. Returning to Mr. Taylor, Attorney Taylor.

MR. TAYLOR: Well, I don't know if this is good news or bad news, after sending you away for fifteen minutes, but we actually have no redirect.

CHAIRMAN GOLDNER: No comment.

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

And we'll move to closing arguments, beginning with the New Hampshire Department of Energy, and Attorney Dexter.

MR. DEXTER: Thank you, Mr. Chairman and Commissioners.

We, at the Department of Energy, are generally supportive of the Company's filing in this Stranded Cost and EDC docket. And we recognize that the EDC, as the witnesses said, can be a convenient place to put reconciling items that are decided in other cases and need to be collected dollar-for-dollar, and we appreciate the Company's explanation of what items ended up in the horizontal schedule at Bates Page 077, versus the footnote on Bates Page 034. But we believe we were able to follow all that, and we're generally supportive.

We do have two recommended changes to what's been presented by the Company, both of which we talked about during cross-examination.

One, we have reviewed the rate case Settlement and the rate case Order regarding the lead/lag study results. And it would be our recommendation that the Company apply those results on the effective date of the rate order, which is June 1st, 2022, as opposed to August 1st, 2022, which is what the Company has done in its filing here.

We had a long discussion at the EDC docket last summer about this issue, and the Company's use of a formula for calculating working capital, as opposed to a lead/lag study. And the Company's position at that time was that the use of the formula had been decided in a rate case back in 2010, and had not been an issue in any of the subsequent rate cases, and that it would be inappropriate, in an EDC case, to change that formula that was established in a rate case settlement back in 2020 -- back in 2010.

We ultimately did not press the issue in the EDC last year, and agreed that we would look at the issue of working capital on transmission costs and non-transmission --

non-transmission related costs in the rate case, which we did. And we included in the Settlement a clause that the results of the lead/lag study be applied to these transmission costs, which are substantial an amount, and that's why the impact of the lead/lag study is particularly important when applied to transmission costs.

We believe that, because the issue was deferred from the EDC last year into the rate case, the rate case was finished on June 1st, 2022, that the results should be applied effective June 1st, 2022. The reference to "August 1st, 2022" in the rate case Settlement, in our mind, clearly refers to the date that the EDC would be next recalculated, not that the results would be held up until that date.

The witness testified that there's no new information that came to light between June 1st and August 1st that would have affected the study. The study was based on information that related to the calendar year 2021. So, we don't see any reason why the results shouldn't be applied coincident with the effective date of the base rate case, which is June 1st. So, that's our first recommendation.

Our second recommendation has to do with the Company's request to move to not refund unspent vegetation management funds in the EDC, as the tariff provides, with the exceptions that the Company noted. The Company has requested to make use of that exception, which says, if there are under-spends or under-recoveries -- over-recoveries, I'm sorry, that they have the option to ask the Commission for permission not to send them back through the EDC.

We don't have a lot of information about the state of the veg. management in this docket. The Commission did open DE 21-139. And, as the witnesses and the attorney for Unitil indicated, there hasn't been any real action in that case. There hasn't been any substantive examination of the Company's VMP plans.

We do have statements today from Mr. Goulding that they're on track to spend the money. But, other than that, there's really nothing in this record detailing information on VMP, you know, beyond that.

The impact of passing the $521,000 in

unspent VMP funds would be to reduce the proposed EDC. We believe that that would be an appropriate thing to do in times of very high energy rates, and to the extent that this money came from collections over the last year, our position would be that it's appropriate to pass that money back to customers this year. And, if it turns out, when 2022 is finished, and all the cycle trim work has been caught up, and there is an under-collection, that can be handled in the appropriate timeframe, which would be next year.

So, with those two suggested changes, we recommend approval of the Stranded Cost Charge and the EDC Cost Charge, as filed.

CHAIRMAN GOLDNER: Just a point of clarification, Attorney Dexter, before we move to the Company's closing.

Are you -- I think you're suggesting that the Company make these adjustments prior to the August 1st, 2022 adjustment?

MR. DEXTER: Yes.

CHAIRMAN GOLDNER: Okay. So, thank you.

Mr. Taylor.

MR. TAYLOR: Thank you. Well, we appreciate the Commission's time today, as well as the time spent by the Department of Energy here today walking through the filing, and sitting down with us last week in a technical session.

Given that the Department is generally -- generally recommends approval of the filing, with the two exceptions, I will address the filing generally, and we'll just point the Commission to our Petition and the requests made in the Petition, and ask that the Commission grant -- grant the Company's filing, as it's consistent with the Company's tariff.

With respect to the lead/lag study, the Department has taken exception with the Company using an August 1, 2022 to August 2023 timeframe. As explained by the Company, the Company believes that it is actually quite clear in the Settlement, which was approved by the Commission, that the working capital requirement for costs included in the External Delivery Charge would, in fact, correspond with the August 1, 2022 timeframe. I think that the Settlement Agreement can clearly be read that way.

The notion that June 1 should be used, it's been presented as something that's quite sensible, but, in reality, June 1 was the effective date for base rates, not for the EDC charge, which already exists on an August-to-August schedule. And, so, the Settlement, with respect to working capital requirements in connection with the EDC, is not tied to June 1, 2022.

And, in fact, should it require it to be June 1, 2022, it would be entirely arbitrary. There's no reason, there's nothing in the record to suggest why the Commission should do that. There's nothing in the Settlement suggesting that the Commission should do that. Whereas, the plain language of the Settlement suggests that the way the Company has done it is correct, and the Commission should not adopt any change as recommended by the Department of Energy in that regard.

With respect to the REP/VMP, you know, it's true that there are -- there are two dockets. The Company made its first -- made its first filing in that docket, 21-139, and, obviously, it's a 2021 docket, back in November of 2021. And, in the report filed in that case, the Company explains that it would be carrying forward the $532,000 of work that it couldn't complete in the last year. It then made two subsequent filings in 2022 in that docket, explaining that the Company intended to apply an over-collection to those monies, and so that information has been out there for a long period of time.

It's true that it was not discussed at length in the testimony presented in this case. But the Company has, I think, appropriately made the request. I think the Company's testimony can be fairly read to make that request in this case. I think, as a matter of efficiency, it makes quite a bit of sense, practical sense, to apply the $531,000 and change in an over-collection to the approximately $532,000 of work that has been carried over to this year, which we know is going to done, as Mr. Goulding testified earlier today.

So, to pass the money back, and then to simply request it back again from customers, I do understand the appeal of the Department's argument that these are times of high energy prices, however, I think to return the money to customers, and then request it back again in the subsequent year, really does customers no favor.

I think that the Department's -- the Company's tariff is designed to allow for this very thing. To say "You have some over-collection, you have carry-forward work. So, as a matter of efficiency, these funds should be applied to the work that you're doing in this year." That's what we're requesting here. I think it's a very sensible request. And we would ask the Commission to grant it.

CHAIRMAN GOLDNER: When is the next adjustment planned? When would the next hearing be on this topic?

MR. TAYLOR: For the External Delivery Charge?

CHAIRMAN GOLDNER: Yes.

MR. TAYLOR: Would be a year from now.

CHAIRMAN GOLDNER: All right. Okay. Okay. Thank you.

If you can give us just a moment to

confer, before we adjourn, that would be very helpful. Just a moment please.

[Chairman Goldner, Commissioner Chattopadhyay, and Attorney Speidel conferring.]

CHAIRMAN GOLDNER: Okay. Like Mr. Taylor, we have conferred, and we have nothing to add.

[Laughter.]

CHAIRMAN GOLDNER: So, we have a trend developing today.

Okay. Is there anything else that we need to cover today?

[No verbal response.]

CHAIRMAN GOLDNER: Okay. Seeing none, we'll take the matter under advisement, and issue an order. We recognize that this is an August 1st implementation. So, the order is needed quickly.

And I would just like to take a moment to thank the very high-quality witnesses today that Unitil has provided. So, I'd like to thank everyone for coming today.

And we'll issue an order. We are

adjourned. Thank you.

(Whereupon the hearing was adjourned at 3:30 p.m.)