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I N D E X

PAGE NO.

SUMMARY OF THE DOCKET BY CHAIRMAN GOLDNER 4

* * *

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

Direct examination by Mr. Taylor 8

Cross-examination by Ms. Amidon 12

Interrogatories by Cmsr. Simpson 30, 55

Interrogatories by Cmsr. Chattopadhyay 45, 74

Interrogatories by Chairman Goldner 62

* * *

CLOSING STATEMENTS BY:

Mr. Crouse 85

Ms. Amidon 86

Mr. Taylor 87

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Unitil Energy Systems, Inc. Default Service Filing {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
2	Unitil Energy Systems, Inc. Default Service Filing <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
3	RESERVED FOR RECORD REQUEST <i>(Provide summary of observations of the difference in the quantification between the last bid and this current one)</i>	85

P R O C E E D I N G

1
2 CHAIRMAN GOLDNER: Okay. Good morning.
3 I am Chairman Goldner. I'm here today with
4 Commissioner Simpson and Commissioner
5 Chattopadhyay.

6 This hearing is for the August to
7 January procurement cycle for Docket DE 23-054,
8 the Unitil Energy System's Default Service filing
9 review proceeding. This hearing was scheduled
10 pursuant to an Order of Notice issued by the
11 Commission on May 25th, 2023, following UES's
12 request for the launch of its Default Service
13 process filed on May 17th. The Office of the
14 Consumer Advocate filed a Letter of Participation
15 in this proceeding on May 22nd, 2023, a few days
16 before the issuance of the Order of Notice.

17 On June 9th, 2023, UES filed its
18 witness and exhibit list for this matter,
19 together with the results of its Default Service
20 solicitation. The Commission hereby waives its
21 five-day deadline regarding this filing material,
22 with the understanding that it comports with the
23 Default Service procurement schedule requested by
24 the Company in its May 17th filing.

1 UES proposes that confidential Hearing
2 "Exhibit 1" be reserved for its confidential
3 version of its June 9th Default Service filing,
4 and that Hearing "Exhibit 2" be reserved for its
5 public version of its June 9th filing.

6 UES relies on Puc Rule 201.06(a)(15),
7 and 201.06 and 201.07 generally, for the
8 confidential treatment of material noticed as
9 Hearing "Exhibit 1". There are no intervenors in
10 this docket, and I see no members of the public
11 here today. In light of this, when confidential
12 material is implicated in the hearing today, we
13 ask that the parties indicate this for the
14 benefit of the Court Reporter.

15 We also see that the Company will
16 present a witness panel of Mr. Jeffrey Pentz,
17 Ms. Linda McNamara, and Mr. Daniel Nawazelski
18 today.

19 When we take appearances, we invite the
20 Company, the OCA, and the Department of Energy to
21 make brief opening statements. And we request
22 that the OCA and DOE indicate whether they have
23 any objections to the Company's proposed
24 exhibits. We also ask that the OCA and DOE

1 indicate whether they intend to call any
2 witnesses today.

3 If there are no other preliminary
4 matters, we will now take appearances, starting
5 with the Company.

6 MR. TAYLOR: Good morning. Patrick
7 Taylor, on behalf of Unitil Energy Systems, Inc.

8 CHAIRMAN GOLDNER: Thank you. And the
9 office of the Consumer Advocate?

10 MR. CROUSE: Good morning. My name is
11 Michael Crouse. I'm a Staff Attorney to the OCA.

12 CHAIRMAN GOLDNER: Thank you. And the
13 Department of Energy?

14 MS. AMIDON: Good morning. Suzanne
15 Amidon, for the Department of Energy. And I have
16 a whole crew with me today: Liz Nixon, the
17 Director of the Energy Group; Molly Lynch, who is
18 my co-counsel in the Legal Division; and Scott
19 Balise, who is an Analyst in the Energy Group.

20 Thank you.

21 CHAIRMAN GOLDNER: Okay.

22 MS. AMIDON: And, by way of
23 facilitating the proceeding, we have no objection
24 to either the Motion for Confidentiality, we have

1 no objections to the exhibits. And we do not
2 intend to call a witness. We intend to conduct
3 cross-examination of Unitil's witnesses.

4 CHAIRMAN GOLDNER: Okay. Thank you.
5 Mr. Crouse?

6 MR. CROUSE: Following suit, I have no
7 witnesses to call, I have no objections to make.
8 And I might have a couple grueling questions for
9 the witnesses on the stand.

10 Thank you.

11 CHAIRMAN GOLDNER: Okay. Very good.
12 Thank you.

13 Okay. Mr. Patnaude, would you
14 please -- well, let me just first check, are
15 there any other preliminary matters anyone wants
16 to cover?

17 MR. TAYLOR: None from the Company.

18 CHAIRMAN GOLDNER: Okay. Very good.
19 Mr. Patnaude, would you please swear in the
20 witnesses.

21 *(Whereupon **LINDA S. MCNAMARA,***
22 ***JEFFREY M. PENTZ,** and **DANIEL T.***
23 ***NAWAZELSKI** were duly sworn by the Court*
24 *Reporter.)*

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 CHAIRMAN GOLDNER: All right. Thank
2 you. And we'll begin with direct testimony, and
3 Attorney Taylor.

4 MR. TAYLOR: Thank you, Commissioners.

5 **LINDA S. McNAMARA, SWORN**

6 **JEFFREY M. PENTZ, SWORN**

7 **DANIEL T. NAWAZELSKI, SWORN**

8 **DIRECT EXAMINATION**

9 BY MR. TAYLOR:

10 Q I'm going to start with Ms. McNamara.

11 Ms. McNamara, please state your name, employer,
12 the position that you hold with the Company, and
13 your responsibilities in that position?

14 A (McNamara) Good morning. My name is Linda
15 McNamara. I am a Senior Regulatory Analyst for
16 Unitil Service Corp. And, as part of my
17 responsibilities, I help prepare the Default
18 Service filings.

19 Q Hearing Exhibits 1 and 2 are the confidential and
20 redacted versions of the Company's initial filing
21 in this case. Including in these exhibits are
22 your prefiled testimony, as well as supporting
23 schedules. Were your direct testimony and the
24 supporting schedules prepared by you or under

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 your direction?

2 A (McNamara) Yes.

3 Q Do you have any corrections to your direct
4 testimony or schedules that you wish to make on
5 the stand today?

6 A (McNamara) No.

7 Q Do you adopt your written testimony and the
8 accompanying schedules as your sworn testimony in
9 this case?

10 A (McNamara) I do.

11 Q Thank you very much. Mr. Pentz, can you please
12 state your name, employer, the position that you
13 hold with the Company, and your responsibilities
14 in that position?

15 A (Pentz) Hi. Good morning. My name is Jeff
16 Pentz. And I'm a Senior Energy Analyst with
17 Unitil. My position is responsible for procuring
18 wholesale power supply, along with many other
19 responsibilities.

20 Q As I noted for Ms. McNamara, Hearing Exhibits 1
21 and 2 are the confidential and redacted versions
22 of the Company's initial filing in this case.
23 And included in these exhibits are your prefiled
24 testimony and supporting schedules. Were your

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 direct testimony and the supporting schedules
2 prepared by you or under your direction?

3 A (Pentz) Yes.

4 Q Do you have any corrections to your direct
5 testimony or the schedules that you wish to make
6 on the stand today?

7 A (Pentz) I do not.

8 Q And do you adopt your written testimony and the
9 supporting schedules as your sworn testimony in
10 this case?

11 A (Pentz) Yes.

12 Q Mr. Nawazelski, please state your name, employer,
13 the position you withhold with the Company, and
14 your responsibilities in that position?

15 A (Nawazelski) Good morning. My name is Daniel
16 Nawazelski. I am the Manager of Revenue
17 Requirements for Unitol Service Corp. In this
18 capacity, I am responsible for the preparation
19 and presentation of distribution rate cases, and
20 in support of other various regulatory
21 proceedings.

22 Q Exhibits 1 and 2 contain your prefiled testimony
23 and supporting schedules. Were your direct
24 testimony and schedules prepared by you or under

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 your direction?

2 A (Nawazelski) Yes, they were.

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

6 A (Nawazelski) No, I do not.

7 Q And do you adopt your written testimony and
8 schedules as your sworn testimony in this case?

9 A (Nawazelski) Yes, I do.

10 MR. TAYLOR: I have no further
11 questions for the witnesses.

12 CHAIRMAN GOLDNER: Okay. Thank you.
13 We can move to OCA, and cross-examination.

14 MR. CROUSE: Thank you. I have no
15 grueling questions for the witnesses.

16 CHAIRMAN GOLDNER: You promised at
17 least one.

18 MR. CROUSE: I had to keep them on the
19 edge of their seats.

20 CHAIRMAN GOLDNER: Very good, sir. And
21 we'll move to the Department of Energy, and
22 Attorney Amidon.

23 MS. AMIDON: Thank you. Good morning.
24 Let me get this on.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

CROSS-EXAMINATION

1

2 BY MS. AMIDON:

3 Q Mr. Pentz, did Unitil conduct the solicitation in
4 accordance with the process UES has previously
5 used in past solicitations?

6 A (Pentz) Yes, we did.

7 Q And did Unitil review and evaluate the bids in a
8 manner consistent with the criteria and process
9 approved by the Commission in the Settlement
10 Agreement that established this process?

11 A (Pentz) Yes.

12 Q Did you make any changes to the solicitation this
13 time around?

14 A (Pentz) There was a change, when comparing this
15 current procurement to the prior procurement.
16 The prior procurement consisted of an altered
17 period, which included an eight-month service
18 term, instead of the typical six-month service
19 term. And that was to align the procurement
20 periods with the other two utilities in the
21 state.

22 So, aside from that change, you know,
23 there were no other significant structural
24 changes to the RFP.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q Okay. Thank you. Your testimony indicates that
2 the upcoming rates are decreasing due to an
3 overall decrease in wholesale market power costs.
4 And you testified the market costs in this
5 solicitation resulted in bids that are 51 percent
6 lower than the costs for the current service
7 period. Could you expand a little bit on the
8 reason for this decrease?

9 A (Pentz) Sure. The largest driver of the
10 significant decrease, you know, really can be
11 boiled down to a few different reasons. Going
12 into the procurement last year, there was a lot
13 of instability in the natural gas markets, global
14 LNG markets. There was a lot of uncertainty
15 about whether Europe was going to be able to
16 secure their LNG supplies for the winter,
17 considering the conflict in Ukraine.

18 And what happened is the temperatures
19 in Europe were much warmer than average, and that
20 resulted in less natural gas consumption. So,
21 there was a surplus of gas, essentially, not only
22 in Europe, but globally. You know, I'll note
23 that North America also had a much warmer winter
24 than usual. So, that took a lot of pressure off

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 of the gas markets.

2 I recall back, going into the last
3 procurement, you had natural gas Henry Hub
4 pricing going -- fluctuating up and down 10
5 percent on a daily basis, that was the norm.
6 Now, the natural gas market has been remarkably
7 stable for months now. And, you know, I think
8 that plays a large part in why the rates have
9 gone down as much as they have, is natural gas
10 markets drive power prices in New England. And,
11 when gas prices are stable, and low, that
12 clearing price of energy is also going to be low.
13 So, the main driver is natural gas.

14 Q Is this common for a summer period for the prices
15 to be as low as they are?

16 A (Pentz) For this particular service period, you
17 know, we are splitting the summer and winter
18 months. So, it's not an entire summer period and
19 an entire winter period, like Unitil used to
20 procure. You know, we used to have seasonal
21 rates, where the winter rates would be higher
22 than the summer rates.

23 Bur, from what I've seen in the markets
24 recently over the past few months, it seems as if

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 the markets have gone even lower, because of the
2 cooler temperatures that we're experiencing right
3 now. So, the following few months have gone down
4 quite a bit when I was looking at the NYMEX
5 futures. And, so, I think that played a large
6 part in it as well.

7 Q Okay. That's very interesting. Thank you. And,
8 now, in the confidential exhibit, and it will
9 just take me a second to get there, and I believe
10 it's Page 21 of the piece identified as "Tab A".
11 Let me see if I can find that, see if I'm correct
12 on the page. Pardon for the delay, I just want
13 to make sure I got the right page.

14 MR. TAYLOR: Just, Attorney Amidon, are
15 you looking at the hearing exhibit with the Bates
16 numbers at the bottom right-hand corner?

17 MS. AMIDON: You know, they could be on
18 the printed copy or some copy. The page that I'm
19 looking at is the confidential Tab A discussion
20 of results. And I don't see a -- it's just a
21 matter of how these are transmitted. I don't see
22 a Bates page number on my copy.

23 If you have a Bates page number, that
24 may help the Commission. I have page -- it says

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 "Page 1", which I thought it was -- anyway, the
2 heading here, if you have more information to
3 direct the Commission, that would be helpful, but
4 the heading is "Bidder Activity".

5 And I apologize for this wandering way
6 of trying to get there.

7 MR. TAYLOR: That's okay. Is it, --

8 CHAIRMAN GOLDNER: I'm sorry, --

9 MR. TAYLOR: -- at the top, "Bid
10 Evaluation Report", "Tab A"?

11 MS. AMIDON: Yes.

12 MR. TAYLOR: Okay. So, for the
13 Commission's reference, this is, in the hearing
14 exhibit, Bates Number 033.

15 CHAIRMAN GOLDNER: Thank you, Attorney
16 Taylor.

17 MS. AMIDON: Yes. I apologize. I
18 don't have the Bates numbers. It was just a
19 matter of how it was transmitted via, you know,
20 the email yesterday.

21 BY MS. AMIDON:

22 Q Okay. So, and on this page, assuming we're all
23 here, the second paragraph is "Bidding Activity".
24 And this indicates, and correct me if I'm wrong,

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 the number of bids that you got for the small
2 customer class, the medium customer class, and
3 then for the large customer supply requirement,
4 is that correct?

5 A (Pentz) That's correct.

6 Q Do you consider this to be a competitive response
7 to the RFP?

8 A (Pentz) Yes, I do.

9 Q And was there anything unique about this group of
10 bidders that stood out to you? For example, was
11 there -- were there any new bidders or any new
12 interest in this block of energy?

13 A (Pentz) We were able to cultivate a new
14 relationship with a new supplier. So, this
15 particular supplier had not participated in any
16 previous RFPs for Unitil. So, that is the one,
17 you know, notable comment to make.

18 Additionally, there was another bidder
19 that they bid on more tranches. They were around
20 for the last RFP, but they participated in a much
21 more limited fashion.

22 Q So, is this more typical of what the Company
23 experienced prior to this episode last year, with
24 the vast increase in natural gas prices?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (Pentz) That's correct. I would definitely
2 characterize this solicitation as similar to the
3 prior solicitations. You know, I would say
4 beginning with the Spring 2022 solicitation, and
5 prior to that, you know, that's when we received
6 about a similar amount of bidders. And then, of
7 course, the prior solicitation, it went down
8 drastically, but then it went up this round, due
9 to the factors that I cited earlier.

10 Q Thank you. In connection with the election of
11 the winning bidders, did the Company ask for any
12 changes in the Master Power Agreement, other than
13 the time span that you mentioned earlier, where
14 you're changing the six-month period for a
15 supply?

16 A (Pentz) There were no other changes made to the
17 contract, the contract amendments, besides the
18 transaction information.

19 Q And were there any changes that would shift any
20 cost to customers?

21 A (Pentz) No.

22 MS. AMIDON: Thank you. Now, if you
23 could assist me, Mr. Taylor, I have Bates 029 in
24 the confidential document. If you could help me

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 with that please?

2 MR. TAYLOR: Sure. In the hearing
3 exhibit, that's Bates Page 041.

4 BY MS. AMIDON:

5 Q And I thought this -- I think we all thought this
6 one was very interesting, because what this --
7 what this shows, this is for G1 customers, but it
8 shows the historical pricing from I guess the
9 time that you began this record of the winning
10 bidders, and the weighted average price as we go
11 across the column, the change from the prior
12 period, and the change from the prior year. Do
13 you agree that the change from the prior -- well,
14 these changes really reflect a moment in time, is
15 that correct? That would be the time that you
16 sent out the bids and received the responses, is
17 that right?

18 A (Pentz) Yes. And I would comment that this is
19 the Large G1 customer class. So, you know, the
20 way we solicit that class is we ask for fixed
21 adder pricing and we flow through the energy
22 piece. So, this pricing, it's a weighted average
23 for a three-month period, but each month is
24 essentially based on that fixed adder price, plus

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 the weighted average real-time LMP price.

2 Q Yes. And we probably are more interested in the
3 non-G1, which is on the following page, right,
4 Page 30, or whatever appropriate page that is,
5 and Bates stamp. That shows the -- these are the
6 ones where the pricing terms are, you know, the
7 time is relative consistent, the prices are
8 market prices, they're not adders to the
9 distribution or whatever costs that the Company
10 assesses for the G1 customers. So, this shows
11 the same kind of thing. It shows the change from
12 the prior period and the change from the prior
13 year, and these reflect those times. It was the
14 moment that you went out to get the power and got
15 the supply, is that right?

16 A (Pentz) That's correct. The prices for the
17 Non-G1 customers are known at the time we, you
18 know, accept and award a final bid, because those
19 are fixed full requirement prices. Unlike the
20 Large G1 class, which is essentially a market
21 rate each month.

22 Q Thank you for helping me out there. This does,
23 though, even though it's just that point in time,
24 it still indicates or it can reveal to the reader

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 some of the volatility in the market, with the
2 prices going up and the prices going down for the
3 various periods and the various years, correct?

4 A (Pentz) That's correct.

5 Q Okay. Thank you. Now, I wanted to ask a
6 question about Page 81 that is in the document
7 that I have. There are two, I guess I'm going to
8 call them "graphs" on that page, and then the one
9 below --

10 CHAIRMAN GOLDNER: I'm sorry, Attorney
11 Amidon. Should we take a break, because we need
12 to be able to follow on the Bates page? Would it
13 be helpful if you had an opportunity to print out
14 the appropriate document?

15 MS. AMIDON: I have so few questions
16 left.

17 CHAIRMAN GOLDNER: Okay.

18 MS. AMIDON: I can --

19 CHAIRMAN GOLDNER: Maybe we can just
20 pause, and Attorney Taylor can help out with the
21 Bates page then.

22 MS. AMIDON: Well, the one, this one
23 page -- do you have a Bates number listed? No?

24 MR. TAYLOR: This is Bates Page 093.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 CHAIRMAN GOLDNER: Ninety-three.

2 MS. AMIDON: I just -- I apologize.

3 I'll wait till you get there. I'm sorry.

4 CHAIRMAN GOLDNER: Just a moment

5 please. So, Bates 093.

6 All right, Attorney Amidon, please.

7 BY MS. AMIDON:

8 Q The only question I have, is the colored portion
9 of the graph intended to be confidential?

10 A (Pentz) Yes, it is. It is marked as -- it is
11 redacted properly in the redacted version.

12 Q Okay. It wasn't -- it wasn't on the copy I have,
13 that's why I asked. I'm sorry.

14 And, Mr. Pentz, is there anything you
15 can tell us about customer migration? Are there
16 any trends that you observed in customer
17 migration to competitive supply?

18 A (Pentz) Sure. Let me just go to the Migration
19 Report.

20 Q And, if you could help me out by giving that
21 Bates page number to the Commissioners, that
22 would be very helpful. Thank you.

23 A (Pentz) This would be Bates Page 153. This
24 exhibit goes through historical Retail Sales by

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Customer Class, and the following page is
2 Customer Count by Class. And this data is sorted
3 by customers served by competitive generation,
4 along with total customers.

5 And some observations I would make,
6 that they're subtle. I, you know, do see a
7 little bit of fluctuation of load shifting to
8 competitive supply, you know, going back to the
9 beginning of this current service period,
10 December of 2022. So, I would guide everybody to
11 the bottom of, let's see, Bates Page 153, "Retail
12 Sales by Customer Class". You can see it starts
13 in April 2022, "Domestic" is, of course, the
14 Residential class, and you can see we have around
15 9.3 percent of sales assigned to competitive
16 generation. And December 2022, that figure is 9
17 and a half percent. And, when we go to April
18 2023, it's at 12.8. So, slight migration, you
19 know, and that may have been due to the current
20 rates, the default service rates.

21 Q Thank you. I wanted to ask Ms. McNamara a few
22 questions. And first of all -- I'm sorry. First
23 of all, we talked about this, the over-collection
24 in RPS costs. Could you explain the reason for

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 that over-collection?

2 A (McNamara) Sure. The primary reason for the
3 over-collection included in the RPS component of
4 the Default Service rates, which can be seen on,
5 for example, Bates Page 183 provides the non-G1
6 class RPS component, which is the Residential G2
7 Outdoor Lighting group.

8 In this filing, we've included an
9 \$811,000 over-collection. We've split the total
10 over-collection between the two periods, the
11 August 1 rates, and then in the next, will be in
12 February. That over-collection is primarily
13 related to the 2021 reconciliation, and that
14 has -- the over-collection really relates to the
15 Class III, which I believe was originally set at
16 8 percent, and ultimately came in at 1 percent.

17 Q So, the Company collected the costs, assuming
18 that the 8 percent applied?

19 A (McNamara) Correct.

20 Q And that was changed?

21 A (McNamara) Correct.

22 Q Okay. Thank you. Now, on Page 17 of your
23 testimony, this is the one page that I have,
24 Chairman. If you could go to that please, I just

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 have a question about --

2 A (McNamara) Could you repeat the number?

3 Q Page 17 of the testimony.

4 CHAIRMAN GOLDNER: We'll still need a
5 Bates page please.

6 **BY THE WITNESS:**

7 A (McNamara) My testimony is marked as "Pages 12 of
8 14", "13 of 14".

9 BY MS. AMIDON:

10 Q These -- okay. Well, let me just rephrase the
11 question then.

12 Now, in calculating the Energy Service
13 rate, there is the energy component, correct?
14 There's the energy supply cost component, there's
15 the RPS component, and there are other items as
16 well. For example, administrative costs
17 associated with the procurement of default
18 service. Could you -- could you tell us what
19 other elements are in there? I just wanted the
20 full list for the record.

21 A (McNamara) Sure. Sure. It might be helpful to
22 actually refer to Bates Page 180, which provides
23 the Non-G1 Class Default Service Charge power
24 supply component. As Ms. Amidon pointed out, the

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 total Default Service charge is comprised two
2 pieces, power supply and the RPS.

3 MR. CROUSE: My apologies. Did you say
4 "Bates Page 180"?

5 WITNESS McNAMARA: Yes.

6 MR. CROUSE: Okay. Thank you. Sorry
7 for the interruption.

8 **CONTINUED BY THE WITNESS:**

9 A (McNamara) So, this particular page is providing
10 the non-G1 class power supply component detail of
11 the costs. And, as shown in Column (a), there's
12 the power supply charges; Column (b), the GIS
13 support payments; there's a working capital
14 component; collection of bad debt associated with
15 supply; the internal company administrative
16 costs; any legal charges that may be incurred;
17 any outside consulting charges; and the Default
18 Service portion of the annual PUC assessment.

19 MR. TAYLOR: Ms. McNamara, I just want
20 to point something out, and I'll point this out
21 with the Commission.

22 What I understand you to be looking at,
23 when you reference "Page 180", is "Schedule
24 LSM-4, Page 5 of 5", is that right?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 CHAIRMAN GOLDNER: "LSM-2", I think.

2 WITNESS McNAMARA: Correct. I'm
3 looking at "Schedule LSM-2, Page 3 of 5".

4 MR. TAYLOR: Okay. No. So, I just
5 want to make sure. Okay. So, we are on the
6 right Bates page.

7 WITNESS McNAMARA: It's Exhibit -- it's
8 in Exhibit 1, yes, Page 180 of 251.

9 MR. TAYLOR: All right. Let's pretend
10 that I did not interject there.

11 *[Laughter.]*

12 WITNESS McNAMARA: That's all right. I
13 was done. I was done.

14 MR. TAYLOR: Thank you.

15 **BY THE WITNESS:**

16 A (McNamara) All these costs are included in the
17 Company's tariff.

18 BY MS. AMIDON:

19 Q Right. So, I just wanted to point out for the
20 record that the energy costs really is intended
21 to include all costs associated with the
22 procurement of energy. And it's not just the
23 supply costs, but it's the RPS compliance, and
24 the components that support the energy

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 procurement, including working capital, right?

2 A (McNamara) Correct.

3 Q Okay. Thank you. That was the only point I
4 wished to make.

5 Can you tell us what the difference is
6 between the current rate for just the energy and
7 RPS component, and the proposed rate in this
8 filing, per kilowatt-hour?

9 A (McNamara) If you refer to Page 163 of 251, in
10 Exhibit 1, I've included a nifty table at the
11 request of the Commissioners from the last
12 hearing, I think it was, which is really neat.
13 It helps to show it. And in there you can see,
14 for the Residential class, the "fixed Power
15 Supply Charge" proposed for effect August 1 is
16 "\$0.12687" per kilowatt-hour, and the current
17 charge is "\$0.25397" per kilowatt-hour.

18 Q And with the RPS in there?

19 A (McNamara) And the RPS is shown in there as well,
20 which changed ever so slightly.

21 Q Right.

22 A (McNamara) So, the resulting proposed rate for
23 the Residential class, "\$0.13257" per
24 kilowatt-hour, compared to the effective rate,

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 which is "\$0.25925" per kilowatt-hour.

2 Q And, so, if you go to your attachments, which
3 include the rate impacts, what will be the
4 typical rate decrease for customers who use 650
5 kilowatt-hours a month, I'm talking about
6 residential customers? In percentages?

7 A (McNamara) If we look at Bates Page 198, that
8 provides one example of a bill impact. There are
9 several, several pages with bill impacts. But
10 this particular one, if everyone is there, is,
11 again, Page 198, shows the current bill for a 650
12 kilowatt-hour residential customer paying
13 "\$235.74". Under the revised Default Service
14 rate, that bill would be "\$153.40", a decrease of
15 "34.9 percent".

16 Q Thank you. And I just have one question for Mr.
17 Nawazelski. Which is, did you conduct -- or, was
18 the lead/lag study conducted under your
19 supervision conducted similarly to those which
20 the Company has prepared in the past?

21 A (Nawazelski) Yes, it was.

22 MS. AMIDON: Thank you. That's all I
23 have. And, again, I apologize. I was working
24 off what was emailed to me from the Company. No

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 fault of theirs, but on -- while on the exhibits,
2 the Excel exhibits, the numbers appeared; on the
3 testimony itself, they did not. So, next time,
4 I've learned my lesson, I will go to the filing
5 with the Commission. And I apologize for the
6 confusion.

7 CHAIRMAN GOLDNER: Thank you, Attorney
8 Amidon. I appreciate that. Yes. I think the
9 Clerks publish something, as soon as they receive
10 the filing, they publish it back with the Bates
11 page, of course. But, because of the "rocket
12 docket" nature, I think we got the filing on
13 Friday, and I think the Clerks turned it maybe --
14 maybe it was yesterday. So, --

15 MS. AMIDON: I appreciate your
16 understanding.

17 CHAIRMAN GOLDNER: Thank you. Okay,
18 let's move to Commissioner questions, beginning
19 with Commissioner Simpson.

20 CMSR. SIMPSON: Thank you, Mr.
21 Chairman. Thank you all for being here.

22 BY CMSR. SIMPSON:

23 Q A question about time-of-use rates. How do you
24 set those with respect to your Default Service

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 solicitation?

2 A (McNamara) Well, as you mentioned, the filing is
3 a very fast turnaround. So, I'm not sure how
4 much of an opportunity you've had to flip through
5 the entire document. But you will notice that
6 there is no time-of-use --

7 Q Uh-huh.

8 A (McNamara) -- included in this particular filing,
9 and that's actually by design. The Company has
10 had and will have another filing, about a week
11 and a half ago we had a Revenue Decoupling
12 filing, our first one, followed up with this one
13 on this past Friday, and this coming Friday, on
14 June 16th, we'll have yet another one. And all
15 of them are proposed for effect on the same day,
16 August 1.

17 Therefore, in order to avoid confusion
18 with overlapping proposed tariff pages that are
19 all for effect the same day, in the filing that
20 will be coming in on Friday, which is the
21 External Delivery Charge and Stranded Cost
22 Charge, that will include all proposed August 1
23 rates, which, therefore, means the External
24 Delivery Charge, the Stranded Cost Charge, as

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 well as any tariff impacts associated with the
2 Default Service Charge that you see before you,
3 and the Revenue Decoupling filing that we
4 proposed on -- I don't recall the date, I feel
5 like it was June 1st.

6 The power supply component of Default
7 Service is time-varying. And that filing, I
8 apologize, I don't know the numbers off the top
9 of my head, will include the proposed rate. The
10 ratios were set, and I don't have the docket
11 number off the top of my head either, it was a
12 docket a year or two ago, which set these ratios
13 for the summer and winter periods.

14 Q Uh-huh.

15 A (McNamara) And the Company will apply those
16 ratios to these proposed rates.

17 Q So, you'll just take the respective domestic and
18 small and large commercial customers and apply
19 those ratios, and we'll see that in another
20 petition?

21 A (McNamara) Correct.

22 Q Okay. Thank you. What about aggregation? It
23 looks like you've had pretty good participation
24 through this round. Did you hear anything from

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 bidders about the state's community power
2 aggregation efforts, and whether that is
3 impacting bids received?

4 A (Pentz) We certainly did. We received many
5 questions from wholesale suppliers about
6 municipal aggregation activity. And I would say,
7 in my dialogue with the suppliers, and,
8 typically, there is some Q&A back and forth in
9 the lead up to final bids. This particular
10 round, pretty much all the inquiries were
11 surrounding timing of municipal aggregations, you
12 know, providing them as much information as the
13 Company could about, you know, when those
14 aggregations could start. And that means
15 communicating with the aggregators themselves,
16 which we did for one particular town. And, you
17 know, additionally, you know, some bidders would
18 ask questions, you know, about wholesale load
19 volumes associated with that particular town, and
20 what we would estimate the shift would be if an
21 aggregation was for that community.

22 I think that -- I think that helped
23 significantly toward the competition that we had.

24 Q In terms of them understanding where the Company

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 is with respect to aggregated load, or it helped
2 because you're seeing load attrition, and the
3 pool that you're seeking service for is
4 declining?

5 A (Pentz) Really, both. It's, you know, there was
6 one particular town that, you know, started
7 enrolling customers this past month, and some of
8 that data wasn't reflected in the historical data
9 that we do publish to the suppliers. So, what
10 they want to know, I mean, they just simply want
11 to know "when is that load going to shift?"

12 Q Yes.

13 A (Pentz) That's it. And we try to provide them as
14 much information as we can. You know, and
15 following up with the aggregators themselves, and
16 trying to come up with an estimate, is really all
17 them care about.

18 Q And then, how many municipalities have you seen
19 launch?

20 A (Pentz) We have seen two municipalities launch.

21 Q And, for the next solicitation, do you have an
22 estimate of how many will be active at that time,
23 just roughly?

24 A (Pentz) During -- so, for the upcoming service

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 period, August to January, I don't see too much
2 additional load shifting. And I think,
3 coincidentally, that helped with, you know, some of
4 the pricing that we received, and, you know,
5 having that load certainty from the supplier, and
6 knowing how much volume they need to purchase.
7 And, you know, I think I could see possibly one
8 small community, but I don't see any significant
9 shifts.

10 Q Okay. And how has that process gone, in terms of
11 attrition from your default service load, and
12 what you're seeking in the procurement of default
13 service? Has it been fairly smooth, in terms of
14 working with the municipalities that are
15 aggregating?

16 A (Pentz) Yes, it's been smooth. Yes.

17 Q Okay. And, so, just so I fully understand,
18 the -- part of, in your view, the positive season
19 over season decrease you would say would be
20 attributed to the fact that your pool of sought
21 load is declining, in terms of overall
22 kilowatt-hours or megawatt-hours of energy, that
23 you're seeking a smaller pool, and that's making
24 the competition to bid on that more enticing?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (Pentz) I wouldn't say that the smaller load
2 volumes was a big driving factor in the pricing
3 that we received. Generally, you know, when
4 you're purchasing bulk power in the ISO markets,
5 it's -- you know, in many other industries, if
6 you're buying in bulk, usually you get a better
7 rate.

8 Q Uh-huh.

9 A (Pentz) If you're buying bulk in power in the ISO
10 markets, it can tend to work the other way,
11 because you're working higher up in the stack of
12 generation, so your higher marginal cost
13 resources. So, those volumes don't really matter
14 that much.

15 Q Okay. And that's precisely the question that I'm
16 trying to reconcile myself, is whether there's a
17 "tipping point", if you will, of load? As you
18 grow, you'd think that, you know, you'd get a
19 better price with the more that you're seeking to
20 purchase. But, at some point, there's
21 diminishing returns, that there's additional risk
22 factored in, and maybe there's only a limited
23 number of participants that have the financial
24 wherewithal to support that type of load. That's

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 really what I'm just trying to understand.

2 A (Pentz) Right. Absolutely. And, you know, those
3 concerns do not show itself in the UES
4 procurement.

5 Q Uh-huh.

6 A (Pentz) You know, as you've heard, talking about
7 smaller entities, if you have a smaller amount of
8 load, a wholesale supplier may say "No, we don't
9 want to participate, because the administrative
10 costs are too high."

11 Q Sure. Yes. Okay. So, seasonally, this is a
12 significant decrease, it's about half of the
13 winter rate, you know, roughly speaking. But it
14 still is above what the last summer rate was, by
15 I think 15, 20 -- 15 to 25 percent, is that
16 correct?

17 A (Pentz) That sounds right, without having the
18 numbers in front of me.

19 Q Yes. And is that really just driven by, you had
20 said the natural gas commodity prices, that a
21 year ago today that gas prices were below what
22 they are now?

23 A (Pentz) I would say that that has a slight
24 factor. There are -- there are other components

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 that are present in this procurement that
2 suppliers have to hedge for that were not present
3 in the prior summer period. A couple of those
4 are the Mystic Cost of Service Agreement and the
5 Inventory Energy Program, which will be starting
6 this upcoming winter. Those present two
7 additional costs to serving load, which it's
8 known to me, and this is from what I have heard
9 from suppliers, is it's more difficult to hedge.
10 The cost estimates of both of those programs, and
11 in particular Mystic, are relatively unknown.
12 There's a little bit more certainty with Mystic
13 now that we're almost -- well, we're past halfway
14 through that particular Cost of Service
15 Agreement. But I think the Inventory Energy
16 Program is definitely one that, you know, would
17 probably, if you're talking about an
18 apples-to-apples comparison, well, those two
19 programs weren't around, so that's going to add
20 more supplier risk, more supplier premiums to the
21 bid.

22 So, I think that is generally why there
23 is still a little bit higher of a, you know, a
24 higher pricing than compared to like the prior

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 summer period.

2 Q That's very helpful. Is there anywhere, in terms
3 of the exhibits and the data, that, from your
4 perspective, you might see where that premium is
5 being reflected of Mystic and the Inventory
6 Energy Program? Like something that you would
7 look at, in terms of the data, and say "I think
8 I" -- or, "I have a sense that I can see the
9 premium that is part of this solicitation from
10 those two driving factors"?

11 A (Pentz) I think there is. And I think, if we go
12 to the NYMEX comparison exhibits, we can scroll
13 down there. Just give me a second.

14 Q Yes, take your time. And, if you have a Bates
15 page, that would be helpful. Thank you.

16 A (Pentz) So, if we go to Bates Page 034, what
17 we're looking at here is the NYMEX comparison to
18 the final bid prices. This is confidential
19 information. So, I can't share specific numbers,
20 but --

21 Q So, I think, if you -- you can just let us know
22 what confidential information you're discussing,
23 so that the Court Reporter can note that for the
24 record. I don't see anybody in the room, a

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 public member.

2 CHAIRMAN GOLDNER: No, nobody is in the
3 room. And I think it's Bates 038 maybe?

4 WITNESS PENTZ: I'm sorry. I
5 apologize. Bates Page 046.

6 BY CMSR. SIMPSON:

7 Q Okay. Yes, I'm there. Thank you.

8 A (Pentz) All right. So, this has the comparison
9 of the upcoming period to the prior summer
10 period. And, because of the change in service
11 period, you know, the prior procurement was eight
12 months, it's not a -- essentially, a
13 season-to-season comparison, because we're doing
14 August to January, and that's from June to
15 November. So, there's a little -- little bit of
16 a difference there. But, generally, when you
17 look at the ratios, and I just want to confirm, I
18 can speak about the numbers?

19 CMSR. SIMPSON: Yes.

20 CHAIRMAN GOLDNER: Yes.

21 WITNESS PENTZ: Okay.

22 CMSR. SIMPSON: I think the Court
23 Reporter recognizes this is a confidential
24 section. Thank you.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 WITNESS PENTZ: Thanks.

2 BY CMSR. SIMPSON:

3 Q Please go ahead, Mr. Pentz.

4 A (Pentz) Sure. So, you know, if you go to the
5 ratio of final bids to NYMEX ISO, generally, the
6 higher ratio that you have, that means that there
7 is more non-energy piece-related charges. This
8 exhibit compares the NYMEX ISO forwards, which is
9 just the energy piece of serving load, whereas
10 the final bid, that is a full-requirements price,
11 which includes not only energy, but your
12 capacity, ancillary services, risk premium by the
13 bidder, you know, other costs, like we had
14 mentioned Mystic, Inventory Energy Program, any
15 other cost that the wholesale bidder is putting
16 in.

17 And you can see, in the current period,
18 it's _____, versus _____ for the prior summer
19 period. So that, like we just discussed, that
20 indicates to me that there is more
21 nonenergy-related costs, which could be
22 attributed to Mystic and the Inventory Energy
23 Program.

24 Q And do you have a sense of, from those two

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 adders, which is the dominating addition or were
2 they roughly equivalent? Is it hard to
3 differentiate between the two?

4 A (Pentz) It's hard to differentiate between the
5 two.

6 Q Uh-huh.

7 A (Pentz) Yes. It's tough to isolate out which
8 piece is doing which. But I know both components
9 are affecting.

10 Q Okay. Thank you so much. And then, the final
11 question that I have, and no more confidential
12 information, for the Court Reporter's benefit.

13 Just on the REC piece, so I understand,
14 you over-collected in anticipation of a certain
15 market pricing -- for certain market pricing for
16 RECs, which ended up being lower than you
17 anticipated. So, you didn't buy RECs at an
18 elevated price, you bought at market. You just
19 over-collected in anticipation of higher market
20 prices, and you intend to reconcile and credit
21 that over-collection back to customers, correct?

22 A (McNamara) Well, as far as the costs of the
23 actual RECs themselves, I will have to let
24 Mr. Pentz speak to that. But, yes, as far as the

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 revenue component goes, which is why we are
2 over-collected, the rates were set assuming 8
3 percent for Class III.

4 Q Uh-huh.

5 A (McNamara) And, therefore, you know, the
6 estimates that came in in the Default Service
7 filings included that assumption. And then, when
8 it became just the 1 percent -- I shouldn't say
9 that, I'm sorry, I don't mean "just one percent".
10 But, when it became 1 percent versus 8 percent,
11 it, you know, therefore, there was an
12 over-collection in revenue.

13 Q Okay. But you didn't buy 8 percent, you just --
14 or, you set the revenue under the belief that it
15 would be 8 percent, then it became 1 percent.
16 So, nothing has been wasted, if you will, you'll
17 credit that difference back, correct?

18 A (McNamara) Again, I'd have to let Mr. Pentz speak
19 to how much of anything was actually purchased
20 for the Class III --

21 Q Okay.

22 A (McNamara) -- during the 2021 requirement year.
23 But, yes, you're correct. That the credit goes
24 back to the customers for the collection based on

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 8 percent, compared to the 1 percent.

2 Q Thank you, Ms. McNamara. Anything to add,
3 Mr. Pentz?

4 A (Pentz) Yes. And just to add, you know, the
5 Company did purchase New Hampshire Class III RECs
6 over and beyond what the obligation ended up
7 being. So, in 2022, it's 1 percent.

8 Q Uh-huh.

9 A (Pentz) The Company did purchase more than that.
10 So, we do have RECs that are banked that we need
11 to use for 2023.

12 Q Okay. And you'll carry those over into 2023?

13 A (Pentz) Yes.

14 Q And then, if you have an excess banked, how long
15 can you carry over? And, if you've overbought,
16 then what do you anticipate the Company doing?

17 A (Pentz) To answer the latter question, I can't
18 answer that question.

19 Q Sure.

20 A (Pentz) But I know that the RECs have a
21 three-year shelf life.

22 Q Okay.

23 A (Pentz) So, if you have 2021 RECs, you have to
24 use them by 2023.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q Okay.

2 A (Pentz) Yes.

3 CMSR. SIMPSON: All right. Thank you.
4 I don't have any further questions, Mr. Chairman.

5 CHAIRMAN GOLDNER: Let's move to
6 Commissioner Chattopadhyay.

7 CMSR. CHATTOPADHYAY: Good morning.

8 BY CMSR. CHATTOPADHYAY:

9 Q So, I'm going to first go to the discussion that
10 we were having about community power. And, so,
11 if you have a sense, is Fitchburg also dealing
12 with the same issue?

13 A (Pentz) Yes. The issues surrounding FG&E are
14 very different compared to UES. But, yes. I
15 mean, you have the City of Fitchburg, which
16 comprises around two-thirds of the distribution
17 load, and that aggregation just shifted onto
18 competitive supply a few months ago. So, the
19 issue, the municipal aggregation risk, that is
20 clearly a large risk in FG&E, that is not present
21 in UES.

22 Q But, if community power aggregation in New
23 Hampshire continues to grow, will you have a
24 similar issue here, you know?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (Pentz) I would correct myself and say Fitchburg
2 was unique because of just the Fitchburg
3 aggregation was, that one municipality, consisted
4 of two-thirds of the distribution load.

5 In Unitil, you know, you have smaller
6 towns, it's more diversified. So, there's less
7 risk of a large amount of load shifting.
8 Although, there could be a scenario where
9 multiple towns shift within one period, and, you
10 know, certainly that could -- that could, you
11 know, add to the risk premiums that suppliers
12 bid.

13 Q Yes. I'm not -- I'm more focused on the -- sort
14 of the end point. Like, if community power
15 becomes very prevalent, as you have more and more
16 towns opting for it, is the situation going to be
17 very similar to what you have in Fitchburg?

18 A (Pentz) The prior solicitation for FG&E was a
19 failed auction because of that.

20 Q That's okay. I just wanted to understand that.

21 So, my questions are going to
22 conceptual. A lot of the discussion that
23 Commissioner Simpson had addressed a few things
24 at least I was interested in.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 So, now, let's go to Bates Page 046.
2 And I could have chosen some other page, because
3 it's about concept. This also has that issue, so
4 I'll go there. And I will avoid using numbers.
5 So, I'll keep it non -- you know, you don't have
6 to deal with confidentiality. But I can say, for
7 example, in that page, Bates Page 046, the row
8 that says "PERIOD", okay, and you go all the way
9 to the end, there's a number that appears in that
10 row, the last column.

11 So, can you tell me, like, when you
12 were calculating that number, how far back did
13 you go?

14 A (Pentz) That number was calculated -- it's the
15 simple average of that period's calculation
16 result going by each month.

17 Q So, maybe I'm confused. That is, it's almost
18 like you calculate a proxy price there, right?
19 So, I'm asking what data did you use to calculate
20 that proxy price there? Like, you know, for
21 example, if you go one, two columns to the left,
22 that is for the period beginning June 1st, 2022.
23 So, that's for, you know, the six months. Can
24 you tell me what period did you look at for that

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 last number?

2 That's my question. And, if I'm -- so,
3 I know that you're still using averaging. So,
4 you're saying -- I mean, I'm a little confused
5 there. Can you --

6 A (Pentz) I'm slightly, you know, I'm a little
7 confused myself.

8 Q Okay.

9 A (Pentz) I guess I would say that the number that
10 is cited --

11 Q Yes.

12 A (Pentz) -- is a product of what's in the "\$per
13 Megawatt-Hour NYMEX ISO" column for the August 1,
14 2023 period, --

15 Q Okay.

16 A (Pentz) -- multiplied by the ratio of "Final Bids
17 to NYMEX ISO" for the June 1st, 2022 period. If
18 you multiply those two numbers together, you get
19 to that number.

20 Q So, it's hard to -- so, maybe we should go into a
21 confidential session here, so -- just for my
22 understanding.

23 *(Brief off-the-record statement by the*
24 *Court Reporter to the Commissioners*

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 *regarding the process for dealing with*
2 *confidential references within the*
3 *transcript.)*

4 CHAIRMAN GOLDNER: Thank you.

5 CMSR. CHATTOPADHYAY: That's helpful.

6 Thank you.

7 BY CMSR. CHATTOPADHYAY:

8 Q So, let me ask it this way. So, if you go down
9 to the column that appears, it's the third
10 column, says "\$per Megawatt-Hours NYMEX ISO",
11 right?

12 A (Pentz) Yes.

13 Q Those numbers are for August '23 through January
14 '24, right?

15 A (Pentz) Yes.

16 Q Those are the NYMEX. And, so, what do you have
17 for the last column?

18 A (Pentz) The "\$per Megawatt-Hour Calculation
19 Result"?

20 Q Yes. So, how is -- so, it must be purely just
21 I'm confused. So, those are the numbers that you
22 have been, you know, talking about, the third
23 column first, and then go to the last column,
24 okay?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (Pentz) Yes. So, the number in the "\$per
2 Megawatt-Hour NYMEX ISO" for the service period
3 beginning August 1st, 2023, that number --

4 Q Yes.

5 A (Pentz) -- is the weighted average of the NYMEX
6 ISO prices for the August 2023 to January 2024
7 period.

8 Q Yes.

9 A (Pentz) Take that number, --

10 Q Yes.

11 A (Pentz) -- and we multiply it by the "Ratio of
12 Final Bid to NYMEX ISO" for the service period
13 beginning June 1st, 2022. If we multiply those
14 two numbers together, you end up at the "\$per
15 Megawatt-Hour Calculation Result".

16 Q So, the multiplier appears there?

17 A (Pentz) That is the "Ratio of Final Bid to NYMEX
18 ISO" --

19 Q Yes.

20 A (Pentz) -- for the RFP for service beginning
21 June 1st, 2022.

22 Q I got it. Thank you. So, basically, it's that
23 column, which is above?

24 A (Pentz) Exactly.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q Okay.

2 A (Pentz) Yes.

3 Q Thanks. So, it is based on just those six
4 months. You're not basing it on some sort of a
5 calculation that relies on historical data, and
6 that includes also includes the last, in the
7 June 2022 to November 2022? What I'm saying is,
8 your measurement of those ratios are just about
9 this period, you do not rely on historical --
10 historically what happened?

11 A (Pentz) Well, it's comparing the upcoming period
12 to the June 2022 to November '22 period. So, you
13 are looking -- it's a direct comparison
14 between --

15 Q Yes.

16 A (Pentz) -- to upcoming period to the prior summer
17 period. So, the "Ratio of Final Bid to NYMEX
18 ISO" is the ratio from the prior period.

19 Q Okay.

20 A (Pentz) I'm sorry, the prior summer period, yes.

21 Q So, now, you have made some sort of an assessment
22 that _____ is -- still tells you it's
23 competitive?

24 A (Pentz) That's what it tells me. And I think, as

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 I was saying earlier, the ratios are, I think, a
2 little bit higher this time around, because
3 there's more nonenergy-related costs baked into
4 the bids that the suppliers are submitting.

5 Q Do you recall usually what that percentage is?
6 Not this time around, I'm saying previously?

7 A (Pentz) The previous Final Bid Price to
8 Calculation Result?

9 Q Yes.

10 A (Pentz) I don't have that number in front of me.

11 Q Okay. Was it -- is it lower or higher? Or you
12 can't remember?

13 I mean, if you don't know, that's fine.
14 I'm just trying to -- you've already said __
15 _____ tells you it's competitive. But I'm just
16 trying to understand usually what is it?

17 A (Pentz) I can certainly take a record request
18 and --

19 Q Yes. And I'm not trying to put words in your
20 mouth. But I'm just, very carefully, for me, if
21 it's like _____, maybe it's not an issue.
22 But how do you decide _____ is also not an
23 issue? That's where I'm going.

24 Okay. So, this is purely conceptual,

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 you know, and you've done a very good job here
2 with all the information. Do you sort of take a
3 look at the historical data to, and it could be
4 even a look at what happens in Fitchburg, so, you
5 know, herein you have, for example, the small
6 customers, you have 100 percent load. If you had
7 two tranches, for example, you know, smaller
8 tranches, do you have a sense of what that would
9 do to the competitiveness? Do you think the
10 smaller tranches helps, you know, the suppliers
11 to bid in lower or higher?

12 And it sort of relates to the previous
13 discussion you were having with Commissioner
14 Simpson.

15 A (Pentz) In terms of competitiveness, I wouldn't
16 think it would make much of a difference. If
17 we're talking strictly getting the most amount of
18 bidders as you can, and, you know, a competitive
19 solicitation. I think, you know, there's other
20 arguments for laddering, you know, doing
21 50 percent twice a year. I will say --

22 Q Can I stop you? I'm not talking about
23 "laddering", okay? I'm saying, you're going 100
24 percent, but you create two tranches, or three

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 tranches, does that help? And, especially in
2 terms of figuring out when there's volatility in
3 the market, so you have -- maybe one of the
4 tranches will behave very differently from the
5 other, and then you can be opining on whether
6 that is competitive, it's probably better to go
7 to the ISO New England market directly for that
8 tranche. That's what my focus is on.

9 And, so, my -- what I'm -- it's kind of
10 a difficult concept, but trying to understand
11 whether you, at Unitil, have looked at
12 information to have an opinion on whether a
13 smaller tranche is the better approach to go?
14 Too small wouldn't work, I know, but --

15 A (Pentz) Right. I think, the smaller you go does
16 add more risk. But I do understand Eversource, I
17 think they do tranches, where I think they do
18 twelve and a half percent, and they have eight
19 different tranches --

20 Q Yes.

21 A (Pentz) -- for that 100 percent. And, from my
22 understanding, you know, from technical sessions
23 in Massachusetts, and just industrywide, is that
24 their load is so large that a wholesale supplier,

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 you know, might think twice about putting one
2 price in for 100 percent of Eversource's load.
3 Whereas, for Unitil, the load is much smaller.
4 And, you know, that introduces a little bit less
5 risk. And especially for some of the small
6 bidders, you know, they may not want to do 100
7 percent of, you know, of a very large amount of
8 load, you know, such that Eversource has.

9 And, for Unitil, we've never had any
10 questions or issues related to the volumes we've
11 had or have been asked to, you know, tranche the
12 load. It's something that is not a concern for
13 the Company.

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

16 CHAIRMAN GOLDNER: Commissioner Simpson
17 had a follow-up.

18 CMSR. SIMPSON: Yes, just one
19 follow-up, along the same line of thought.

20 BY CMSR. SIMPSON:

21 Q Are you aware of Liberty Utilities, they had a
22 failed solicitation for their Large Customer
23 Group, do you -- in the last solicitation, you're
24 aware of that?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (Pentz) Yes.

2 Q Okay. Yes. And it sounds like, in Fitchburg,
3 you had a filed solicitation as well, correct?

4 A (Pentz) Yes, we did.

5 Q What did you do in Fitchburg to address that?

6 A (Pentz) In Fitchburg, we had a plan ready to go
7 that we filed with the DPU, in case we had a
8 failed solicitation. Which, you know, what we
9 did was we purchased energy as a load-serving
10 entity from the ISO markets. We took the
11 real-time price, and, you know, that's how we
12 purchased the wholesale energy. And, for a
13 retail rate, at the beginning of the period, what
14 we did was we came up with an estimate of what
15 pricing would look like incorporating forwards --
16 NYMEX forwards for that period, the known
17 capacity price, and an estimate for ancillary
18 costs, that we were able to get a good handling
19 around, because our Fitchburg Large Customer
20 base, that's how we purchase power for those
21 customers, is through the ISO market. So, we
22 were able to look at billing history, and look at
23 how much of the ancillary costs are a percentage
24 of total wholesale load costs. So, we added an

{DE 23-054}[CONFIDENTIAL & PROPRIETARY]{06-13-23}

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 adder for ancillary costs as well. And we used
2 that as a proxy price to come up with a retail
3 rate, essentially. But we did estimate the
4 wholesale cost using that methodology.

5 Q And were you pretty close with your proxy?

6 A (Pentz) So, the -- at the time, you know, Fall of
7 2022, the markets were much higher than they
8 were, you know, even in the middle of the period.

9 Q Uh-huh.

10 A (Pentz) But the market went down quite a bit
11 starting in December, January, and February. So,
12 we, you know, definitely overestimated the rate.

13 There is a mechanism that we used to
14 adjust the wholesale rates, in case the
15 underlying wholesale costs come in at a variance
16 of 20 percent or greater. And we actually did,
17 you know, we do a monthly analysis of the energy
18 forwards, to see if that rate can be changed, to
19 try to avoid an under-collection or an
20 over-collection. You know, if stuck with the
21 initial retail rate, you know, knowing what the
22 wholesale costs are, that would, you know,
23 provide a large over-collection. And, so, the
24 rate change mechanism was done to try to mitigate

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 that issue.

2 Q Yes. Okay. And do you have a sense, in
3 Massachusetts, what your rates were when you were
4 buying from ISO-New England, relative to the
5 other two EDCs?

6 A (Pentz) The rates, as purchased through ISO-New
7 England, as compared to the other Massachusetts
8 EDCs' fixed rates?

9 Q Correct.

10 A (Pentz) The rates for Fitchburg came in
11 significantly lower.

12 Q Okay. So, in terms of mechanics, you're the one,
13 I presume, that manages the purchasing with
14 ISO-New England, correct?

15 A (Pentz) Yes, that's correct. And, in Fitchburg,
16 we were purchasing energy in the real-time
17 markets, not the Day Ahead. So, it removes quite
18 a bit of the administrative tasks. And I will
19 note that Fitchburg's load is very, very low,
20 compared to UES.

21 Q Uh-huh.

22 A (Pentz) So, you know, there wasn't -- the Company
23 thought there wasn't really a need to bid Day
24 Ahead. You know, we're not a market-mover in

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Fitchburg. So, --

2 Q Yes. And, when you say that the rates were lower
3 than what the other utilities in Massachusetts
4 had for fixed rates, were they half? Was it 15
5 percent less? Was it 100 percent less? Do you
6 have any, roughly, like a sense of what it was?

7 A (Pentz) For comparing to, let's see, for one
8 utility, we're talking probably greater than 50
9 percent less.

10 Q So, a big difference?

11 A (Pentz) Yes.

12 Q Okay.

13 A (Pentz) Very large. But, you know, that, of
14 course, had to do with the market, market swings.

15 Q Yes. So, I'm just interested in your perspective
16 about a portfolio. You know, today, we're going
17 and getting all of the Energy Service
18 requirements in an RFP. My understanding is
19 that, historically, some of the utilities have
20 had PURPA contracts, long-term contracts, that
21 were an element in their energy portfolio, many
22 of those have ended at this point. You've had a
23 somewhat successful process of going in and
24 bidding real-time in the market and serving

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 customers that way.

2 Do you have any perspective on whether
3 it makes sense to have a portfolio of options?
4 Do you -- I understand that there's less risk for
5 the Company when you go out and get everything in
6 a bid, and you get a fixed price. But, just in
7 terms of benefiting ratepayers, is there a
8 balance that might afford a more
9 market-reflective in real-time pricing for Energy
10 Service?

11 A (Pentz) That could be, you know, a possible
12 scenario to procure energy. You know, I think
13 it's as much of a policy discussion, you know, --

14 Q Uh-huh.

15 A (Pentz) -- on what the state wants to do and how
16 the utilities want to procure energy. I mean,
17 there's benefits and drawbacks to anything. You
18 know, I think, if you sign a ten-year long-term
19 contract, if the market, you know, goes up, then,
20 you know, --

21 Q You're pretty good.

22 A (Pentz) Yes. And, if it goes down, then you're
23 not pretty good.

24 Q Yes.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (Pentz) So, with regard to long-term contracts,
2 you know, there's drawbacks and benefits. You
3 know, with regard to just purchasing default
4 service energy on short-term contracts, there --
5 I mean, it's really a policy question. But, I
6 mean, sure, I mean, you know, if you want to
7 mitigate contract risk, you could purchase some
8 in the Day Ahead market, you know, to hedge your
9 portfolio. That's certainly -- certainly
10 something that I know power suppliers do on a
11 daily basis, wholesale suppliers. I think it's
12 just a question of what's right for, you know,
13 residential ratepayers.

14 Q Uh-huh. Do you have an opinion on that?

15 A (Pentz) I don't. I'm just not sure if I would be
16 able to say what, you know, represent what the
17 Company would want to do.

18 Q Okay.

19 A (Pentz) The Company's opinion.

20 CMSR. SIMPSON: That's fine. Okay.

21 Thank you. That's all I had for follow-up.

22 CHAIRMAN GOLDNER: And just maybe
23 following up on the follow-up.

24 BY CHAIRMAN GOLDNER:

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q For Fitchburg, can you just give a rough
2 percentage, and, if you said it, I didn't catch
3 it, between sort of the proxy that you set going
4 in to the process, and what you actual saw? Was
5 it a 50 percent reduction or so?

6 A (Pentz) It was around that. The retail rate that
7 we set for Fitchburg, initially, in
8 November 2022, was 22 cents a kilowatt-hour. And
9 that has come down by over 50 -- well, the
10 underlying wholesale cost went down by over 50
11 percent. Yes.

12 Q Thank you. That's helpful. And I'd like to go
13 back to Bates Page 180 to start. And then, I'd
14 like to just look at the total number at the
15 bottom. This is not confidential. But it shows
16 121 million in Column (a), and then, in Column
17 (1), it's 122 million. So, all of these things,
18 the working capital, and all the other components
19 on this chart, is really like a 1 percent issue,
20 right, a sub 1 percent issue?

21 A (McNamara) I'll agree with your math.

22 Q Thank you. Thank you. And is that typical?
23 When you go across time periods, do you see
24 something that would change this math? Or is it

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 always kind a 1 percent type of thing?

2 A (McNamara) Well, I can say that, aside from the
3 Column (a), Supplier Charges, and, obviously, the
4 Working Capital component, which is influenced by
5 that number, the other numbers rarely change.

6 Q Perfect.

7 A (McNamara) So, yes. So, in terms of it being a
8 "1 percent", I guess that number would actually
9 be slightly higher, right, because normally
10 Column (a) would be much smaller.

11 Q Yes. I see. Okay. That's very helpful. Thank
12 you. So, yes. It was just following up, I
13 think, on some DOE questions. So, we're talking
14 about kind of a "sub 1 percent" there, at least
15 in the current time period, and maybe that
16 wobbles a little bit over time.

17 Okay. So, now, let's go to Bates 046.
18 All right. And I'm going to return, and I will
19 use some confidential numbers, just so it's
20 clear, but it's, I think, helpful.

21 So, Mr. Pentz, I think you were
22 referring to the prior time period, which I know
23 is not pure, because of the change in periods,
24 but you're talking about a ratio of, you know,

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 roughly _____. In the old paradigm, whether you
2 look at Bates Page 046 or 047, you know, you're
3 in that ballpark of _____, and now you're closer to
4 _____.

5 And you did mention a couple of issues
6 that would -- that might significantly impact the
7 number. I think you mentioned the Mystic issue,
8 and then an Inventory Program. And I'm just
9 going to return to the question of, is that --
10 would that take that ratio from ___ to ____? Or
11 would it take it to ____? Or how much of an
12 impact? I think all the Commissioners are
13 struggling with the impact that you're talking
14 about with Mystic and the Inventory Program.

15 A (Pentz) I think, if we talk about going back to
16 the prior solicitation in Fall of 2022, when
17 there was still a lot of risk and uncertainty
18 surrounding what the costs were going to be
19 surrounding Mystic, I mean, I had, you know, a
20 supplier tell me they were planning on baking in
21 a \$50 per megawatt-hour risk premium just for
22 Mystic alone. So, where that would be
23 represented in, you know, how much would that
24 have an effect? You know, I think it would raise

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 the ratio quite a bit, if you're talking about a
2 \$50 adder. But, if you're talking, you know, for
3 the current procurement period, probably 0.1 to
4 0.2.

5 Q Okay. That makes sense. And the Commission is
6 charged with understanding if your procurement
7 process, you know, yields a just and reasonable
8 number. And, so, when we, as Commissioners, or
9 I, as Commissioner, look at the ratio of ____, you
10 know, we're struggling with "is that reasonable?"
11 And, so, it looks quite high, absent some of the
12 other details that we're mentioning here at
13 hearing, but that aren't documented, or at least
14 that I know of, in the filing.

15 Is there any place we can find some of
16 these details to help us transition from the
17 old -- the prior time period to this time period,
18 and that ____ to ____ number? Because it looks,
19 otherwise, quite large.

20 A (Pentz) Well, aside from this particular exhibit,
21 you know, talking about this number, I will not
22 that we did have a significant increase in
23 supplier participation, and the bids were tightly
24 clustered, which indicates a very competitive

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 solicitation.

2 You know, with regards to the NYMEX
3 comparisons, you know, that's something, you
4 know, we did the prior period and the prior
5 summer period, which I know are not
6 apples-to-apples for months. But I don't have
7 that information readily available on me right
8 now.

9 Q Okay. That may be something we can caucus on as
10 Commissioners. That may be -- that's probably
11 something we're interested in learning more
12 about. And, because it is -- that transition is
13 something that's important.

14 So, if you would have determined that
15 your current bids, and I know you talked about
16 the tight clustering and the competency of the
17 current bids, but, if the current bids weren't
18 deemed to be acceptable by UES, what would you
19 have done? So, these bids come back, and you're
20 thinking, you know, "This is not acceptable.
21 These bids are too high." What would you have
22 done next?

23 A (Pentz) If we deemed a bid too high, the Company
24 would likely have no other choice but to reissue

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 another solicitation possibly; potentially
2 self-supply would be an option.

3 Q And then, if -- that's where I was going to. So,
4 if the second solicitation was also unacceptable,
5 the Company would have gone to self-solicitation.

6 And then, you know, for the hard
7 question, how did you know or how did you
8 determine that these bids were acceptable?

9 I understand the "tight clustering"
10 piece. But I'm a little stuck on the prior time
11 period premium versus this premium. If it would
12 have been 2.7 or 7.9 or a million, like at what
13 point does UES say "Wait a minute, this is too
14 much"?

15 A (Pentz) Right. I think, you know, we don't
16 really have a specific number that we have. You
17 know, "Hey, if it's above, you know, 3 or 4 of
18 that, you know, this is it." It's really, you
19 know, the clustering of the bids, you know,
20 looking at the NYMEX forwards, making sure they
21 look reasonable, and when compared to the prior
22 periods, and, you know, the _____
23 _____, when compared to prior periods, were
24 within -- well within the range, I would think,

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 that the Company would accept.

2 Q Okay. And, if the Commission instructed the
3 Company, for the smaller customer tranche, and
4 I'm not saying we would or wouldn't, but, if we
5 instructed the Company to self-supply, what
6 concerns would you have with that direction?

7 A (Pentz) My concerns would be how the retail rate
8 would be calculated, if it's something that would
9 be an approach similar in Massachusetts. How the
10 Company would purchase the energy in the markets?
11 Would it be Day Ahead versus real-time? I think,
12 for Day Ahead purchasing, you know, there would
13 be more administrative responsibilities with
14 bidding the load in the Day Ahead market every
15 day, forecasting load.

16 So, I think that would be, you know, a
17 challenge, because we're not in the business of,
18 you know, like a competitive supplier, purchasing
19 in the Day Ahead markets. So, that's something
20 we would likely have to look into.

21 Q Okay. And you mentioned, pardon me, you
22 mentioned I think, with Fitchburg, I think it was
23 with Fitchburg, it might have been another piece
24 of your business, that you had "a plan filed for

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 a failed solicitation". Do you have anything
2 filed with the Commission here for a failed
3 solicitation?

4 A (Pentz) No.

5 Q And would that be something that you think would
6 be perhaps helpful, if a failed solicitation were
7 to happen in the future? Would that be something
8 that the Company would be open to providing?

9 A (Pentz) I would believe so. But I would defer to
10 Attorney Taylor. I'm not sure if that's
11 something that the Company would do or not.

12 MR. TAYLOR: Well, I'm not a testifying
13 as a witness, obviously. But I would encourage
14 the Commissioners, if it's helpful, to look at
15 those filings in Massachusetts. We, for several
16 procurement periods, did pre-file requests to
17 conduct procurements and set retail rates in a
18 manner that is different than the method
19 prescribed by the Department. And the
20 Department, through a series of orders, post
21 restructuring, in the late '90s and the early
22 2000s, came up with the laddering framework that
23 you heard about, where 50 percent is procured
24 over a 12-month period, and then it's stacked, so

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 it's 100 percent.

2 And, so, because of some uncertainty
3 that was related to the launch of the Fitchburg
4 aggregation that went on for a period of time,
5 that's why we had to pre-file these plans. It
6 wasn't something that we were just doing in a
7 vacuum or doing as a hedge against something as a
8 general matter. It was specifically related to
9 issues that were associated with the Fitchburg
10 aggregation launch. And, so, I just want to give
11 you that background.

12 CHAIRMAN GOLDNER: Yes. I mean, it
13 seems sort of like the request, I think, I'm not
14 saying we're making this request, but, if we
15 were, it seems like a safety plan for the
16 building, right? If there's a fire, we all know
17 to follow this routing out of the building.

18 And, if there's a failed solicitation,
19 it seems a lot like a fire, that we would need to
20 have a safe way to get out of the proverbial
21 "building".

22 So, that's maybe something that we'll
23 address in the future.

24 BY CHAIRMAN GOLDNER:

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q Would the Company have any concerns with
2 reporting the difference between the accepted bid
3 price that we see here from the winning bidder or
4 bidders, and the ISO-New England price on a
5 monthly basis? And what I'm really requesting is
6 the apples-to-apples comparison. I'm calling it
7 the "ISO-New England price". But, if there's a
8 better way to phrase that, I'm just looking for
9 kind of the apples-to-apples. And what the
10 Commission is interested in doing is sort of
11 monitoring this over time, and seeing how this
12 bid is doing, versus the market price on a
13 monthly basis. Would you have any concerns with
14 reporting that?

15 A (Pentz) No.

16 Q Okay. Thank you.

17 A (Pentz) No.

18 CHAIRMAN GOLDNER: Thank you, sir.
19 Okay. Very good. And then, I think I would wrap
20 up with a question actually for the Department,
21 and Attorney Amidon, I realize you're not
22 testifying, but a question, an administrative
23 question.

24 Relative to the lead/lag study, on this

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 tight timeline, it's not possible for the
2 Commission, or probably the Department, to review
3 all the details. So, we're just trying to
4 understand, does the Department have an internal
5 timeline on the review? Is Audit involved? Can
6 you share with us the process for reviewing the
7 lead/lag?

8 MS. AMIDON: Well, first of all, I
9 mean, we notice that the Company recognizes that
10 we haven't had the opportunity to look at it. I
11 think, in the past, we've taken, maybe Attorney
12 Taylor can help me out, in the timeframe of six
13 months or so. I don't -- I would not want to
14 offer any less time than six months, not because
15 of the scope and task, but because of competing
16 work that has to be accomplished within a
17 specific timeframe.

18 So, does that answer your question? Is
19 that adequate?

20 CHAIRMAN GOLDNER: I think so. I think
21 we're just looking, in our orders, to make sure
22 that we're documenting the plan, so that everyone
23 can remember months down the road, you know, what
24 we're doing.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 MS. AMIDON: Yes. Yes, I was actually
2 going to mention that in my closing, because I
3 recognize that the Company mentioned that in the
4 Petition, and that is typically the way that this
5 has been conducted. That I would say it may take
6 six months, as, again, it's because of competing
7 work, not because of the task involved. Because,
8 basically, we want to make sure that it was done
9 consistent with the past, and that any kind of
10 revised times are calculated appropriately.

11 CHAIRMAN GOLDNER: And is that
12 something that the Department uses the Audit
13 Department on or is that something that's done by
14 the analysts?

15 MS. AMIDON: No. In my -- no. In my
16 past work here, it's been done by an analyst. It
17 hasn't been done by the Audit Department.
18 Because it's really a methodology, and not really
19 an accounting thing. It's the method used, or
20 the lag times haven't changed, why have they
21 changed, have the lead times changed, *et cetera*,
22 and then putting that all together for the cost
23 of capital.

24 CHAIRMAN GOLDNER: And just returning

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 to Bates 180 for a moment. I'm sorry, I'm
2 scrolling down. But I think what we determined
3 on Bates 180, at least my current understanding
4 is, that it's not a huge number anyway.

5 MS. AMIDON: No. I just -- it's just
6 part of the restructuring principles in RSA
7 374-F, that all costs associated with default
8 energy service procurement be billed through that
9 rate. And that was really the only point that I
10 was trying to elicit from Ms. McNamara, that
11 there were costs that contributed to the effort
12 to procure the default supply.

13 CHAIRMAN GOLDNER: Okay. Okay, thank
14 you very much.

15 MS. AMIDON: You're welcome.

16 CHAIRMAN GOLDNER: Thank you. Do the
17 Commissioners have any follow-up questions?

18 CMSR. CHATTOPADHYAY: I do.

19 CHAIRMAN GOLDNER: Commissioner
20 Chattopadhyay has a follow-up.

21 BY CMSR. CHATTOPADHYAY:

22 Q I'm going to go back to Bates Page 046. And let
23 me know when you're there.

24 A *[Witness Pentz indicating in the affirmative].*

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q Okay. So, the first set of questions I was
2 asking, I was kind of thinking through why the
3 numbers are what they are. But, really, what I
4 am concerned about is, when you look back just
5 the last -- what happened last six months, so, in
6 this case, in deriving -- so that deriving the
7 dollar per megawatt-hour calculation results,
8 okay, you're relying on the NYMEX prices for
9 those months, and you're also using the ratios
10 that were calculated for the RFP -- based on the
11 RFP for service beginning June 1st, 2022, right?

12 A *[Witness Pentz indicating in the affirmative].*

13 Q And I don't exactly remember what the realities
14 were then. But, if the market has changed
15 significantly, and, you know, what is a benchmark
16 to compare, you know, in this case, it's the __
17 _____ number that you derived. So, that's
18 based on a particular way of doing things.

19 In my mind, when you're trying to judge
20 competitiveness, the benchmark probably is not
21 necessarily that, the last six months, because
22 things keep changing. So, you may have a -- so,
23 I'm very curious whether, you know, like, I know
24 in some other jurisdictions, they might even look

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 at two years, you know, historical data. And
2 that, so, when you have a lot of volatility, just
3 relying on the concept of sort of going back to
4 the last six months may not really give you a
5 very good sense of competitiveness of the market.
6 So, that's where I'm going.

7 So, can you provide some thoughts on,
8 you know, whether, in Unitil, you had a different
9 approach previously, or, if you didn't, you know,
10 just say you didn't?

11 A (Pentz) With these particular NYMEX exhibits, and
12 this is just from a filing history, you know,
13 we've always done prior period comparisons and to
14 periods from a year ago. Of course, the
15 eight-month solicitation period kind of threw
16 things off.

17 But, if the Commission is asking for a
18 deeper look-back, more historical data in these
19 exhibits, I think that would be fine.

20 CMSR. CHATTOPADHYAY: Uh-huh. Okay.
21 Thank you.

22 WITNESS PENTZ: Yes.

23 CHAIRMAN GOLDNER: All right. Just a
24 couple things to wrap up here.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 So, on the lead/lag, Attorney Amidon,
2 would it be acceptable to the Department to just
3 provide the Commission an update at the next
4 hearing in six months, the one six months from
5 now?

6 MS. AMIDON: Yes. I think that's
7 totally appropriate. Thank you.

8 CHAIRMAN GOLDNER: Okay. Thank you.

9 And then, I would like to make a record
10 request. And, because of the "rocket docket"
11 nature, I'll just ask for it tomorrow, I don't
12 think it's complicated. This follows up on the
13 discussion that Mr. Pentz was having with the
14 Commission relative to Mystic and the Inventory
15 Program.

16 And my request is just to sort of
17 update Bates 046 with the impact of Mystic and
18 the Inventory Program. And, Mr. Pentz, anything
19 else that you'd like to add, if there's more
20 pieces to it. And we just -- I just would like
21 to understand this ratio difference, from the
22 ___ or so, to the ___ or so, and the impact of
23 these other factors that have changed in those
24 two time periods.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 You look puzzled, sir.

2 WITNESS PENTZ: Yes. Well, the Mystic
3 costs and the Inventory Energy Program, they're
4 baked into the final bid numbers. So, we no way
5 of --

6 CHAIRMAN GOLDNER: You have no way of
7 knowing.

8 WITNESS PENTZ: -- extracting those
9 numbers. I mean, what's in the bid is
10 essentially a black box.

11 CHAIRMAN GOLDNER: It's baked in, I
12 see.

13 WITNESS PENTZ: Yes.

14 CHAIRMAN GOLDNER: Okay.

15 Is there any other way to help the
16 Commission out, in terms of understanding what's
17 different between last time and this time,
18 because we have the obligation to understand if
19 this current bid is -- the current accepted bid
20 is reasonable?

21 WITNESS PENTZ: I can look into -- I
22 can look into it. I know extracting the Mystic
23 Cost of Service and IEP parts of the bid, it's
24 impossible. I think we would have to think about

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 that.

2 CHAIRMAN GOLDNER: Okay. Well, let me
3 make it for kind of a record request on the honor
4 system. So, maybe what we could do is, if you
5 could just maybe publish, by close of business
6 tomorrow, kind of your assessment of the
7 difference from the last -- forgetting about the
8 time periods please, the difference between the
9 last bid ratio and this bid ratio, and your best
10 assessment of what's a function of a premium that
11 the provider is getting, and all of the other
12 things that are going into it that make for a
13 real difference. That's what I think we're
14 trying to understand.

15 And Commissioner Chattopadhyay would
16 like to add to that, I think.

17 CMSR. CHATTOPADHYAY: And I may be
18 wrong, but you will have the sense, even with
19 _____, was the Mystic issue already there?

20 *[Witness Pentz indicating in the*
21 *affirmative.]*

22 CMSR. CHATTOPADHYAY: So, that's
23 really -- and that's why --

24 CHAIRMAN GOLDNER: Yes, a good point.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 CMSR. CHATTOPADHYAY: -- the answer may
2 not be that straightforward, but the way you have
3 described may not be also correct.

4 Thank you.

5 CHAIRMAN GOLDNER: Mr. Pentz, is that
6 clear as well?

7 WITNESS PENTZ: I believe so.

8 CHAIRMAN GOLDNER: Thank you.

9 MR. TAYLOR: And just so -- I'm not
10 sure it's clear to me.

11 So, you're looking at Page 46, and
12 you're asking about the ratio, the Ratio of Final
13 Bid to NYMEX ISO?

14 CHAIRMAN GOLDNER: Uh-huh.

15 MR. TAYLOR: And you've observed an
16 increase in the ratio relative to the prior
17 period. And you're asking for some
18 quantification or explanation for the movement
19 between the two?

20 CHAIRMAN GOLDNER: Precisely. The last
21 two time periods on Bates 046 and 047 show a
22 ratio of about ____, I know that's confidential,
23 but it's about ____, ____ and ____, so, I've
24 cleverly averaged them. And then, now, we're

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 looking at like a _____. So, it's, I would say, a
2 significant difference, and the Commission is
3 just trying to understand the "why" part of that.

4 MR. TAYLOR: And, if I may ask the
5 witness, is that something that the Company would
6 be able to quantify?

7 WITNESS PENTZ: In terms of the actual
8 dollar amounts per each category, that being
9 Mystic and other certain programs, no. The final
10 bid is a black box. I mean, we don't know how to
11 segregate the energy component of what a bidder
12 is submitting or what the capacity component is.
13 You can make high-level observations, which I've
14 done today. I'm just not sure you can slice and
15 dice it and say "This particular component is
16 attributed to, let's say, the Mystic Cost of
17 Service or Inventory Energy."

18 CHAIRMAN GOLDNER: And, so, I think
19 what we're looking for, Mr. Taylor, is just sort
20 of -- or, at least what I'm looking for, is some
21 sort of explanation, even if it can't be
22 quantified.

23 So, for example, to Commissioner
24 Chattopadhyay's point, maybe Mystic was in there

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 last time, you know, upon further review, and so
2 that wouldn't actually be a part of the delta.
3 So, I think we can -- to the extent that
4 quantification is possible, we would, of course,
5 appreciate that. If it can't be quantified, more
6 of an explanation. Because it just looks, on
7 paper, like it's a significant increase, with
8 no -- it's a "black box", as Mr. Pentz said.
9 There's no -- we don't have an understanding of
10 why that would be. And thus, how do we approve
11 something that we don't understand?

12 MR. TAYLOR: I think my -- perhaps my
13 concern is that, in seeking an explanation, it
14 would require the Company really to engage in
15 speculation as to the vagaries of the market, and
16 why suppliers might be bid one way, as opposed to
17 another way.

18 That's -- but, and I'm not sure if
19 you'd rather I do this on redirect. But my
20 concern is that all we'd really be providing is
21 something that is speculative. And I guess I
22 would have concerns about our witnesses doing
23 that, because, as a general matter, witnesses
24 really ought not to be speculating, they ought to

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 be providing information that they have knowledge
2 of, and facts that they can provide to you.

3 And, so, I certainly understand the
4 Commission's desire to understand that change.
5 I'm just not sure, and, again, I don't want to
6 put words in Mr. Pentz's mouth, whether what we
7 can provide to you in a record request would be
8 anything more than speculation or the high-level
9 observations that Mr. Pentz has already offered
10 today.

11 CHAIRMAN GOLDNER: I think, perhaps,
12 unless the Commissioners would like to add to
13 this or subtract from it, I think I would
14 appreciate Mr. Pentz's summary of his
15 observations relative to that difference. And,
16 so, we can have kind of a concise view sort of on
17 the record, so that we understand, if we are to
18 approve this request, that we have an
19 understanding of what transpired since last time.
20 All right. So, let's do that.

21 Okay. Moving forward, we can move to
22 redirect, Mr. Taylor.

23 MR. TAYLOR: If I could take five
24 minutes with my witnesses, there is one potential

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 matter for redirect, but I just would like to
2 confer with them?

3 CHAIRMAN GOLDNER: Of course.

4 MR. TAYLOR: And it might be a time to
5 take a brief break anyways.

6 CHAIRMAN GOLDNER: Sure. Okay. Let's
7 return -- do you want ten minutes, Mr. Taylor?

8 MR. TAYLOR: Ten minutes is fine.
9 Thanks.

10 CHAIRMAN GOLDNER: Okay. Let's return
11 at five minutes of. Thank you.

12 *(Recess taken at 10:44 a.m., and the*
13 *hearing resumed at 10:58 a.m.)*

14 CHAIRMAN GOLDNER: Okay. So, let's
15 move to UES redirect.

16 MR. TAYLOR: Well, I apologize for
17 having sent everybody away, we've decided that we
18 have no redirect.

19 CHAIRMAN GOLDNER: Well, that worked
20 just fine then.

21 Okay. Very good. So, the questioning
22 of the witnesses has concluded. The witnesses
23 are now dismissed. Thank you. You can stay
24 seated, if you'd like, but you're dismissed.

1 We'll invite the parties to make brief
2 closing statements at the conclusion of this
3 proceeding. Before that, seeing no objections,
4 we'll strike identification on Exhibits 1 and 2
5 and enter them into evidence.

6 And, then, I'd like to reserve Exhibit
7 3 for the request to Mr. Pentz. And we'd like to
8 ask for that tomorrow, given the tight timeline
9 in this proceeding.

10 *(Exhibit 3 reserved for Record*
11 *Request.)*

12 CHAIRMAN GOLDNER: If there are no
13 other matters, we'll now ask the parties to make
14 closing statements, starting with the Consumer
15 Advocate.

16 MR. CROUSE: Yes. Thank you. I know
17 I've spoken exhaustively today. So, I will keep
18 it blessedly brief.

19 The OCA, once again, has no objections.
20 And we very much appreciate the collaboration of
21 all parties, from the Company and the DOE, as we
22 are in search of our own internal analysts. This
23 has been a very collaborative process, and we
24 just appreciate that generally.

1 Thank you.

2 CHAIRMAN GOLDNER: Okay. Thank you
3 very much. And we'll move to the Department of
4 Energy.

5 MS. AMIDON: And it's funny, because I
6 was going to say that I appreciate the Company
7 and the OCA meeting with the Department
8 yesterday. And it was a very short turnaround,
9 we got the filing late Friday, hence the
10 incorrect Bates numbers or the absence of the
11 Bates numbers. But, leaving all that aside, it
12 was very helpful to have the meeting yesterday,
13 and we appreciate the time that the witnesses and
14 counsel made available to us to talk about some
15 of the issues in the filing.

16 The Staff has reviewed the filing, and
17 has concluded that the bid solicitation,
18 evaluation, and selection process used by Unitil
19 is consistent with the Settlement Agreement and
20 the restructuring principles of RSA 374-F. That
21 the resulting rates are market-based, and just
22 and reasonable within the meaning of RSA 378, and
23 should be approved by the Commission to allow
24 Unitil to recover the costs of providing energy

1 supply to customers who have not elected to go to
2 competitive supply.

3 In addition, I believe I previously
4 stated, we support the Motion for
5 Confidentiality, and understand that the
6 competitive -- that wholesale providers would be
7 probably less [sic] hesitant to come forward and
8 bid on solicitations, if they had to disclose
9 certain information which they deem to be
10 confidential, or which could impair the
11 competitive place in the market.

12 And we also ask the Commission to
13 approve the filing within the time date proposed
14 by the Company.

15 Thank you.

16 CHAIRMAN GOLDNER: Thank you. And,
17 finally, UES.

18 MR. TAYLOR: Thank you. Unutil
19 appreciates the time of the Commission, the
20 Department of Energy, and the Office of the
21 Consumer Advocate today.

22 We do understand that the elapsed time
23 between our filing and the hearing thereon is
24 short, and that's especially the case in this

1 docket. So, we appreciate the time and effort of
2 the Commission and our colleagues here in the
3 room today to review and understand the filing.

4 We also want to thank the Department
5 and the Office of the Consumer Advocate for
6 giving us some time in a technical session
7 yesterday to walk through and explain our
8 filings.

9 The Company's Default Service filing is
10 good news for ratepayers, as it represents a
11 significant reduction in energy costs from the
12 current period. We believe that Unitil has
13 demonstrated that the Company conducted a
14 complete and competitive solicitation. That its
15 analysis of the submitted bids was reasonable.
16 That the Company has justified its selection of
17 suppliers, and that the power supply costs
18 resulting from the solicitation are market-based,
19 just and reasonable, and in the public interest.

20 And, so, we would ask that you approve
21 the Company's filing, and that you do so and
22 issue an order no later than June 16th, 2023.

23 CHAIRMAN GOLDNER: Okay. Thank you,
24 Mr. Taylor.

1 So, the Commission will issue an order
2 regarding this matter as requested by the
3 Company, by June 16th. And the hearing is
4 adjourned. Thank you.

5 ***(Whereupon the hearing was adjourned***
6 ***at 11:03 a.m.)***

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