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13	4	Initial Filing, including the		<i>premarked</i>
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20		{CONFIDENTIAL & PROPRIETARY}		
21	5	Initial Filing, including the		<i>premarked</i>
22		Petition, TOC, Testimony and		
23		Attachments of Jeffrey M.		
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		<i>[REDACTED - For PUBLIC Use]</i>		
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P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Good morning. This is the hearing for the February to July procurement cycle for Docket Number DE 23-054, the Unutil Energy Systems' filing review proceeding. I'm here with Commissioner Chattopadhyay.

The hearing was scheduled pursuant to an Order of Notice issued by the Commission on May 25th, 2023, following Unutil's request for the launch of its Default Service process filed on May 17th. The hearing date for this phase of the proceeding was set by a subsequent procedural order issued by the Commission on October 30th, 2023, in response to Unutil's request letter filed on October 16th. The Office of the Consumer Advocate filed a Letter of Participation in this proceeding on May 22nd, 2023.

Let's begin by taking appearances, beginning with the Company.

MS. DAVEY: Good morning. I'm Alice Davey, for Unutil Energy Systems, Incorporated.

CHAIRMAN GOLDNER: All right. This is the first time we've seen you, Attorney Davey.

1 So, welcome.

2 MS. DAVEY: Good morning.

3 CHAIRMAN GOLDNER: Good morning. Yes?

4 Oh, the microphone.

5 MS. DAVEY: Can you hear me?

6 *[Multiple parties speaking*
7 *simultaneous, then a brief*
8 *off-the-record discussion ensued.]*

9 CHAIRMAN GOLDNER: All right. The
10 Office of the Consumer Advocate?

11 MR. CROUSE: Good morning,
12 Commissioners. My name is Michael Crouse, Staff
13 Attorney to the Office of the Consumer Advocate,
14 representing residential ratepayers in this
15 matter.

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

18 MR. YOUNG: Good morning,
19 Commissioners. Matthew Young, on behalf of the
20 Department of Energy. With me today are Stephen
21 Eckberg and Scott Balise, who are Electric
22 analysts in the Regulatory Support Division.

23 CHAIRMAN GOLDNER: Okay. Very good.

24 Okay. On December 1st, 2023, Unutil

1 filed its Petition for Approval of the Results of
2 its February to July Default Service Procurement.
3 On December 5th, after hours, Unitil filed its
4 witness and exhibit list and exhibits for this
5 matter.

6 Exhibits 1, 2, and 3 were already
7 reserved, but exhibits received yesterday were
8 numbered "1", "2", "3". So, does the Company
9 want to propose a solution for the problem?

10 MS. DAVEY: Yes. I apologize for that.
11 I wasn't on the June hearing, and I just -- that
12 was an error. So, I would make an oral motion to
13 change those "Exhibit 1", "2", and "3", to be
14 "4", "5", and "6". And, then, I will refile them
15 later today with the appropriate marking.

16 CHAIRMAN GOLDNER: Okay. Very good.
17 Do the other parties have any objections to this?

18 MR. CROUSE: No objections.

19 MR. YOUNG: No objection. But I think,
20 just maybe one related, I guess, preliminary
21 issue.

22 The Department yesterday filed it's
23 review of the Company's Lead/Lag Study. So, we
24 were going to ask the Commission if they would

1 prefer that be filed as an exhibit?

2 CHAIRMAN GOLDNER: Yes. We can make
3 that "Exhibit 7", would that work?

4 MR. YOUNG: Okay.

5 CHAIRMAN GOLDNER: Okay. If everybody
6 is okay with that?

7 So, for today's proceeding, 4, 5, and 6
8 will mirror 1, 2, 3, as filed. And, then,
9 Exhibit 7 will be the Lead/Lag Study filed
10 yesterday by the Department.

11 Everybody is okay?

12 *[Multiple parties indicating in the*
13 *affirmative.]*

14 CHAIRMAN GOLDNER: All right. That
15 sounds good. Looks like everybody is nodding
16 their heads.

17 *(Exhibits originally filed as*
18 *"Exhibits 1", "2", and "3" for this*
19 *proceeding were renumbered to*
20 ***"Exhibits 4", "5", and "6"**, as noted*
21 *above; and **Exhibit 7** was reserved for*
22 *the document noted above, to be filed)*

23 CHAIRMAN GOLDNER: Okay. Unutil relies
24 on Puc Rule 201.06(a)(15) and 201.06 and 201.07

1 generally, for the confidential treatment of the
2 material as noticed for the proceeding today.

3 There are no intervenors in this
4 docket, and no members of the public here today.
5 So, in light of this, when confidential
6 information is implicated in the hearing, we ask
7 that the parties indicate it for the benefit of
8 the court reporter.

9 Is there -- in the back, is there a
10 member of the public here today or --

11 MS. BAILINSON: Yes. Good morning. My
12 name is Marie-Helene Bailinson, and I work with
13 the Department of Energy.

14 CHAIRMAN GOLDNER: Okay. Thank you
15 very much.

16 Okay. At this point, I think we'll
17 offer the opportunity for any opening statements,
18 and beginning with the Company.

19 MS. DAVEY: Good morning. Could I
20 address one last preliminary matter quickly?

21 CHAIRMAN GOLDNER: Sure.

22 MS. DAVEY: So, regarding Exhibit 7, I
23 think that I may not be on the service list. So,
24 I don't have Exhibit 7, which is okay, for now.

1 But I did want to note that the witness
2 that we -- that spoke to that in the June filing,
3 or hearing, is not present today, in terms of the
4 lead/lag. So, if there are any questions
5 specific to that, that may not be these
6 witnesses, except, you know, they're -- in their
7 purview.

8 So, I just want to note from the
9 outset.

10 CHAIRMAN GOLDNER: Thank you. And will
11 the Department be offering a witness, in case
12 there any questions for the Lead/Lag Study?

13 MR. YOUNG: We are not intending to
14 offer a witness for the Lead/Lag Study. And
15 happy to provide a copy to counsel now.

16 CHAIRMAN GOLDNER: Okay. Please
17 proceed. Yes.

18 *[Atty. Young distributing document to*
19 *Atty. Davey.]*

20 MS. DAVEY: Thank you.

21 CHAIRMAN GOLDNER: So, if there are any
22 questions on the Lead/Lag Study, we may request a
23 witness, Attorney Young. But, for now, I think
24 that's okay.

1 Okay. Any other preliminary matters,
2 before any opening statements?

3 *[No verbal response.]*

4 CHAIRMAN GOLDNER: Okay. Seeing none,
5 Attorney Davey.

6 MS. DAVEY: And I have no opening,
7 except that we will reserve our right to for a
8 closing.

9 CHAIRMAN GOLDNER: Okay. Very good.
10 Attorney Crouse?

11 MR. CROUSE: Thank you.

12 The Office of the Consumer Advocate has
13 no objections to the relief sought by Unitil in
14 this matter.

15 CHAIRMAN GOLDNER: Okay. Thank you.
16 And Attorney Young?

17 MR. YOUNG: I think, similarly, we will
18 just -- we have no opening remarks, and we'll
19 just reserve our remarks for closing.

20 CHAIRMAN GOLDNER: Okay. Very good.
21 So, we'll move forward to the swearing
22 in of the Company witnesses. Mr. Patnaude, if
23 you could please swear in the witnesses.

24 *(Whereupon **LINDA S. MCNAMARA** and*

[WITNESS PANEL: McNamara|Pentz]

1 **JEFFREY M. PENTZ** were duly sworn by the
2 Court Reporter.)

3 CHAIRMAN GOLDNER: Thank you. And,
4 Attorney Davey, you can begin on direct.

5 MS. DAVEY: Thank you, Commissioners.
6 I will start with Ms. McNamara.

7 **LINDA S. McNAMARA, SWORN**

8 **JEFFREY M. PENTZ, SWORN**

9 **DIRECT EXAMINATION**

10 BY MS. DAVEY:

11 Q Ms. McNamara, could you please state your name,
12 your employer, and your title?

13 A (McNamara) Good morning. My name is Linda
14 McNamara. I'm a Senior Regulatory Analyst for
15 Unitil Service Corp.

16 Q And could you please explain your
17 responsibilities within your position in the
18 Company?

19 A (McNamara) I work with the Regulatory Services
20 group to -- on tariffs and reconciliation
21 mechanisms, and, in particular today, on the
22 Default Service rates.

23 Q Thank you. Have ever testified before this
24 Commission?

[WITNESS PANEL: McNamara|Pentz]

1 A (McNamara) I have.

2 Q And did you file testimony and attachments filed
3 on December 1st, 2023, the public version of
4 which has been marked today as Hearing "Exhibit
5 Number 4" -- no, "5", excuse me, and the
6 confidential version of which has been marked as
7 Hearing "Exhibit 4", originally filed as "1" and
8 "2" -- or, yes, as "1" and "2"?

9 A (McNamara) Yes, I did.

10 Q As well as a clean version of the proposed
11 tariff, which has now been marked as Hearing
12 "Exhibit 6"?

13 A (McNamara) Yes.

14 Q Was that testimony and the associated attachments
15 prepared by you or at your direction?

16 A (McNamara) They were.

17 Q Do you have any changes, corrections, or updates
18 to make to these documents at this time?

19 A (McNamara) No.

20 Q And do you adopt your written testimony and the
21 associated attachments as your sworn testimony in
22 this case?

23 A (McNamara) Yes.

24 Q Thank you. I'll move on to Mr. Pentz. Please

[WITNESS PANEL: McNamara|Pentz]

1 state your name and your employer and your title
2 please?

3 A (Pentz) Jeffrey Pentz. I'm a Senior Energy
4 Analyst with Unitil.

5 Q Could you please explain your responsibilities
6 within your position with the Company?

7 A (Pentz) I'm responsible for power supply
8 procurement, REC procurement, load settlement,
9 supplier services, and relations with our retail
10 suppliers.

11 Q Have you ever testified before this Commission?

12 A (Pentz) Yes.

13 Q And did you file testimony and attachments on --
14 filed on December 1st, 2023, which, as
15 previously noted, included a public version
16 that's been marked as Hearing "Exhibit 5", and a
17 confidential version that has been marked as
18 Hearing "Exhibit 2" [4?]?

19 A (Pentz) Yes.

20 Q Was that testimony and the associated attachments
21 prepared by you or at your direction?

22 A (Pentz) Yes.

23 Q And do you have any changes, corrections, or
24 updates to make to these documents?

[WITNESS PANEL: McNamara|Pentz]

1 A (Pentz) I do not.

2 Q And do you adopt your written testimony and the
3 associated attachments as your sworn testimony in
4 this case?

5 A (Pentz) Yes, I do.

6 MS. DAVEY: Thank you. I have no
7 further questions for these witnesses.

8 CHAIRMAN GOLDNER: Thank you. We'll
9 move to cross, beginning with the Office of the
10 Consumer Advocate.

11 MR. CROUSE: Thank you. The Office of
12 the Consumer Advocate does not have any cross
13 questions. Thank you.

14 CHAIRMAN GOLDNER: Okay. And we'll
15 move to the New Hampshire Department of Energy.

16 MR. YOUNG: Thank you, Mr. Chairman.

17 **CROSS-EXAMINATION**

18 BY MR. YOUNG:

19 Q Mr. Pentz, good morning. So, my first question
20 is, did Unitil conduct the solicitation in
21 accordance with the process the Company has
22 previously used in past solicitations?

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

24 Q And did Unitil review and evaluate the bids in a

[WITNESS PANEL: McNamara|Pentz]

1 manner consistent with the criteria and process
2 approved by the Commission in the Settlement
3 Agreement that established this process?

4 A (Pentz) Yes.

5 Q And were there any changes made to the
6 solicitation this time around?

7 A (Pentz) There were no changes made to the
8 solicitation.

9 Q Okay. Thank you. So, your testimony indicates
10 that the upcoming rates are decreasing due to an
11 overall decrease in wholesale market power costs.
12 You testified that this solicitation resulted in
13 winning wholesale pricing for the upcoming period
14 that is 21.5 percent lower than the costs for the
15 current service period, is that correct?

16 A (Pentz) That is correct.

17 Q And could you maybe just expand a little bit on
18 the reason for this decrease?

19 A (Pentz) Sure. I think what you're seeing, you
20 know, in the past several months, is that the
21 natural gas markets, globally and domestically,
22 you know, are becoming more and more stable.
23 And, as New England is heavily reliant on natural
24 gas for power supplies, that, you know, stability

[WITNESS PANEL: McNamara|Pentz]

1 in the natural gas markets has translated into
2 stability in power prices and, most importantly,
3 futures in regards to power prices. And that's
4 -- that's the primary driver.

5 Q So, is this, in your opinion, would this be
6 more -- is this more typical of what the Company
7 has experienced prior to I guess I'll categorize
8 them as "extraordinary events" of the previous
9 year?

10 A (Pentz) Yes. I would describe, you know, the
11 pricing that we're seeing in the forward markets
12 is reflective of a time before we had major
13 geopolitical issues going on, particularly with
14 the war in Ukraine.

15 Q Thank you. So, turning to a supply -- excuse
16 me -- the supplier response in the solicitation,
17 in your testimony, on Bates Page 021, and this is
18 in Exhibit 5, the redacted version, you describe
19 how "A couple suppliers that have participated in
20 the past elected not to do so in this time", and
21 stating that their "concerns primarily about
22 municipal aggregation migration risk."

23 I guess I'm wondering if you could
24 elaborate on why this might be a concern for

[WITNESS PANEL: McNamara|Pentz]

1 these suppliers, but maybe not others?

2 A (Pentz) The suppliers that have cited these
3 particular reasons, migration load risk, for not
4 participating, are generally smaller suppliers,
5 that we have worked with in the past, that may
6 not have the balance sheets, you know, to
7 perhaps, you know, offer a bid into this market,
8 with the risks that could occur with municipal
9 aggregation load shifting away from default
10 service.

11 You know, one of the most, and I've
12 said this, you know, many times in the past, is,
13 you know, what's most important to these
14 wholesale suppliers, you know, load volumes are
15 important, but what's more important is load
16 certainty. How much that supplier is going to
17 purchase in the forward markets for that service
18 period.

19 When you have the introduction of
20 municipal aggregations, you know, starting, that
21 load shift. You know, I've seen aggregations
22 start up within five months of submitting their
23 PUC filing for aggregation initiation. So,
24 really depends on that load, and when it's going

[WITNESS PANEL: McNamara|Pentz]

1 to shift away.

2 And that's the primary driver and
3 concern for these suppliers is that, you know,
4 they are smaller suppliers, and that's a big risk
5 factor for them.

6 Q Thank you. And, related to that point of
7 municipal aggregation, on Bates
8 Page 144 *[Page 155/Exhibit 5]*, in the
9 attachments, which is "Schedule JMP-3", we see an
10 updated Customer Migration Report. And here we
11 can see some evidence that customer migration is
12 due to municipal aggregation, is that correct?

13 A (Pentz) That is correct.

14 Q And are there specific towns in Unitil's service
15 territory which have been early adopters of
16 municipal aggregation?

17 A (Pentz) Yes. There are two towns that currently
18 have active municipal aggregations, and that
19 would be Exeter and Canterbury.

20 Q Thank you. Now, turning to Ms. McNamara. The
21 proposed Residential Class fixed Non-G1 Default
22 Service Charge is "10.718 cents per
23 kilowatt-hour" in this filing, is that correct?

24 A (McNamara) That is correct.

[WITNESS PANEL: McNamara|Pentz]

1 Q And that proposed Default Service Charge is
2 comprised of two components, a power supply
3 charge and a renewable portfolio standard charge,
4 is that correct?

5 A (McNamara) Yes.

6 Q Turning to Bates Page 165, in Exhibit 5. And I'm
7 looking between Lines 13 and 14, there is a very
8 helpful table that describes these charges. And
9 I just have one clarifying --

10 A (McNamara) Could I interrupt for one moment?

11 Q I'm sorry.

12 A (McNamara) Which exhibit are we looking at?

13 Q The redacted version.

14 A (McNamara) Okay.

15 Q Which I believe is "Exhibit 5".

16 A (McNamara) I'm there now. I'm sorry.

17 Q No, no. That's okay. So, in that table, --

18 CMSR. CHATTOPADHYAY: Can you repeat
19 the Bates page? I'm sorry.

20 MR. YOUNG: Sure. Bates Page 165.

21 CMSR. CHATTOPADHYAY: Thank you.

22 BY MR. YOUNG:

23 Q So, in that table, I'm just wondering if you
24 could quickly clarify for the record why there

[WITNESS PANEL: McNamara|Pentz]

1 are two different winter effective dates there
2 in --

3 A (McNamara) Sure. I'm guessing, and you correct
4 me if I'm wrong, that you're looking at the
5 "2/1/24" date, and then the previous winter date
6 was "12/1/22"?

7 Q That is correct.

8 A (McNamara) About that time, last December, Unitil
9 changed its solicitation period, to coincide with
10 the other two utilities in the state. So, now,
11 the Default Service runs with an effective date
12 of "August 1" and "February 1". In the past, it
13 had been "June 1" and "December 1".

14 So, in the December 2022 Default
15 Service proceeding, that one was actually an
16 eight-month rate, in order to extend out the
17 extra two months, so that we could get on to the
18 February and August cycle.

19 MR. YOUNG: Perfect. Thank you. I
20 believe that the Department has no further
21 questions.

22 CHAIRMAN GOLDNER: Okay. Thank you.

23 We'll turn now to Commissioner
24 questions, with Commissioner Chattopadhyay.

[WITNESS PANEL: McNamara|Pentz]

1 CMSR. CHATTOPADHYAY: Good morning.

2 BY CMSR. CHATTOPADHYAY:

3 Q So, first, let's go to the Customer Migration
4 Report. I want to go back to I think you said
5 "Bates Page 144".

6 CHAIRMAN GOLDNER: Exhibit 5,
7 Commissioner Chattopadhyay?

8 CMSR. CHATTOPADHYAY: It would be
9 Exhibit 5.

10 BY CMSR. CHATTOPADHYAY:

11 Q Once you're there, let me know.

12 A (Pentz) I'm there.

13 Q Okay. So, I notice that, you know, for example,
14 in Bates Page 144 *[Page 155/Exhibit 5]*, going
15 from October 2022 to October 2023, the percentage
16 is going up for most of them, or, actually, all
17 of them, with little, you know, it's not --

18 *[Court reporter interruption.]*

19 CMSR. CHATTOPADHYAY: I don't remember
20 what I said before.

21 BY CMSR. CHATTOPADHYAY:

22 Q What I'm saying is, in this, on this page, as I
23 look at it, for each of those classes, I notice
24 that more -- a higher percentage in October 2023,

[WITNESS PANEL: McNamara|Pentz]

1 relative to October 2022, now being other
2 supplies, of competitive supplies.

3 And how do I know that that is
4 happening either, you know, can you throw light
5 on whether it's driven by community aggregation,
6 or it could be because of the unusual situation
7 last year, customers may have moved to
8 competitive supplies, and they're also coming
9 back, and, you know, they're going out? I'm just
10 trying to understand, how do you know for sure
11 it's driven by competitive -- sorry, community
12 aggregation?

13 A (Pentz) Right. And the data that is sourced in
14 this report comes from our Billing Department.
15 And they, from what I understand, are unable to
16 segregate that, the migration that is coming from
17 strictly customers going to a third party
18 supplier that are not in aggregation, versus that
19 are in an aggregation. I understand that they
20 are working on a report to do that.

21 However, I can tell you, from just the
22 data that I look at, is that I would say well
23 over 95 percent of that is due to municipal
24 aggregations being implemented. It's an opt-out

[WITNESS PANEL: McNamara|Pentz]

1 program. And, generally, there are very few
2 customers that opt out. So, the vast majority of
3 that is Exeter and Canterbury.

4 And I would point, in particular, May
5 2023, into June 2023, in terms of the retail
6 sales by customer class, and you can see that
7 jumps from "13.7" to "22.5 percent". And that's
8 around the time both of those aggregations were
9 implemented.

10 Q Okay. So, you have some ability to go back and
11 check the opt-out feature, and sort of conclude
12 that that movement is largely due to community
13 aggregation?

14 A (Pentz) Yes.

15 Q Okay. How long would it take your systems to
16 better track it, and so have the data, the actual
17 data on what's going on?

18 You mentioned that, you know, right
19 now, you don't have the ability to do it, and I'm
20 assuming Unitil, but they're working on it. Do
21 you have a sense how long would it take?

22 A (Pentz) I don't have a sense. That's something
23 that I think we would have to follow up on
24 internally. That's data -- that data is housed

[WITNESS PANEL: McNamara|Pentz]

1 by the Billing Department.

2 Q Okay. Can you define "imprudency" for me?

3 A (Pentz) "Imprudency"? I would say "imprudency"
4 is not something that, you know, probably should
5 go forward, that, you know, maybe is -- could be
6 risky. I think, you know, I think what we're
7 getting at here is the -- including a
8 market-based tranche, I think I would include
9 "imprudent" in there. And, from my experience,
10 and from what I've seen around New England with
11 default service rates, is, you know, I have not
12 seen a variable rate for mass-market customers
13 for default service. So, I would, you know,
14 characterize "imprudence" there as, you know,
15 possibly not the right decision at this time.

16 Q You haven't -- sorry. You haven't done any
17 specific analysis to come to that conclusion,
18 though. Like, you're depending on your -- your
19 statement is predicated on the fact that the DOE
20 hasn't completed its analysis or -- right?

21 A (Pentz) The primary reason is because there is a
22 current investigation by the Department of
23 Energy, in regards to default service. Uh-huh.

24 Q Are you aware, I mean, again, it's maybe not, but

[WITNESS PANEL: McNamara|Pentz]

1 I'm asking, are you aware that, in some places,
2 they -- some states, they do go, instead of
3 100 percent fixed price option, they go, let's
4 say, 90 percent or 80 percent, the rest of it is
5 left to the market? And, even there, it's --
6 ultimately, the rates that are seen by the
7 ratepayers, it's still a six monthly average or
8 it's not a monthly price, are you aware of that?

9 A (Pentz) I am not aware of that.

10 Q Can you speak to what happens in your affiliated
11 company in Massachusetts?

12 A (Pentz) In Massachusetts, we procure 50 percent
13 of the load requirements for a twelve-month
14 period, a fixed rate, for mass-market customers.

15 Q What about the rest?

16 A (Pentz) The large customers are on a variable
17 rate.

18 Q Okay. So, I'm really probing this point that
19 you're making, the introduction of a market-based
20 tranche, would inevitably result in monthly
21 variable pricing, removing the price -- fixed
22 price certainly that mass-market customers are
23 accustomed to. I think it's Bates Page 007. And
24 it doesn't matter whether it's Exhibit 4 or 5,

[WITNESS PANEL: McNamara|Pentz]

1 it's there. But it's not redacted.

2 So, I'm just -- I mean, clearly, there
3 are ways to, even if you go to the market, you
4 could still be estimating what's going on, what
5 might be happening over the next six months, and
6 then setting up an average price over the six
7 months for the residential ratepayers, for
8 example. So, you don't have to expose them to
9 monthly, you know, variable prices, correct?

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

11 Q And I will tell you that there are other places
12 that have sort of done that. But I do agree with
13 you that, in terms of going to the -- letting,
14 let's say, for example, 10 percent you're buying
15 from the ISO-New England market, you're exposed
16 to whatever the reality would be for those six
17 months for the 10 percent. I understand that
18 point. But, you, as a utility, you could
19 actually work around it, and there may be ways to
20 reconcile whatever deviations there are, correct?

21 A (Pentz) I do understand, you know, that there are
22 retail ratemaking ways to project a forward rate.
23 I think, just from what we had seen, in the
24 order, taking out a market tranche, let's say, 25

[WITNESS PANEL: McNamara|Pentz]

1 percent, or whatever the percentage is, I mean,
2 that would inevitably result in a variable rate,
3 because, you know, you wouldn't know what those
4 charges are until after-the-fact, until that
5 month is over, because it would be tied to the
6 ISO Real-Time Markets.

7 Q Yes. But you agree that you could still have the
8 same price for the six months, adjusting for
9 those changes as a reconciliation mechanism?

10 A (Pentz) Yes. And, you know, to add to that, in
11 Fitchburg, in a prior solicitation, we actually
12 did have a failed solicitation. So, we did
13 something similar in that manner, where we
14 projected a forward rate based on underlying
15 market purchases. That was only because it was a
16 failed solicitation.

17 Q Now that you mention that, can you tell me that
18 has -- that is already done, right? I mean,
19 that's history, is it?

20 A (Pentz) That is history. And we had a successful
21 procurement. We had bidder interest this time
22 around in Fitchburg for a fixed price.

23 Q Is there a way for you to say what the outcome
24 was, you know, like, and probably not, like

[WITNESS PANEL: McNamara|Pentz]

1 whether it was a good result or a --

2 A (Pentz) That, yes. So, at that particular time,
3 the market was very unstable, and we had
4 projected -- the projected retail rate was
5 significantly higher than what the underlying
6 market costs came in at. And that resulted in a
7 very large over-collection.

8 Q So, the prices had to go down?

9 A (Pentz) Yes.

10 Q Okay.

11 A (Pentz) So, you know, I think, in terms of
12 discussion about possible retail ratemaking
13 mechanisms, I mean, I think there would have to
14 be a need for a mid-term adjustment, if you look
15 at these costs, if such a retail rate type of
16 scheme would be eliminated.

17 Q So, you mentioned the investigation that is being
18 conducted by the Department of Energy. Have you
19 been talking to them about where that stands, in
20 terms of giving you more visibility as to what
21 could be the direction you might be taking, or
22 has that not happened at all?

23 A (Pentz) We have had tech sessions related to the
24 investigation that I have participated in, and

[WITNESS PANEL: McNamara|Pentz]

1 with their consultant.

2 Q But you still hesitate to glean anything from
3 that, because you want to wait until the total
4 investigation is done, right?

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

6 CHAIRMAN GOLDNER: Commissioner
7 Chattopadhyay, if I could just jump in quickly
8 and ask the Department directly.

9 My recollection, Attorney Young, was
10 that the Department committed to produce that
11 report by December 1st. Do you have a status
12 update on the report?

13 MR. YOUNG: The Department is currently
14 working on the report, and is a top priority.

15 CHAIRMAN GOLDNER: Can you give us some
16 additional insight, in terms of the expectation
17 of production? Is it coming in a matter of days
18 or weeks or months or years?

19 MR. YOUNG: I don't know that I could
20 give a specific timeline. I do know that we are
21 working diligently. It is a top priority. It's
22 not necessarily a capacity issue. We're working
23 to finish.

24 CHAIRMAN GOLDNER: Okay. All right.

[WITNESS PANEL: McNamara|Pentz]

1 Well, I'll come back to that later.

2 But please proceed, Commissioner
3 Chattopadhyay.

4 CMSR. CHATTOPADHYAY: Yes.

5 BY CMSR. CHATTOPADHYAY:

6 Q My last question is, just give me a sense of how
7 the volatility has changed, you know, relative to
8 this unusual year that we saw last year? So,
9 just give me a sense. You know, have you noticed
10 less? More?

11 A (Pentz) Significantly less volatility from what
12 I've seen in NYMEX natural gas prices and power
13 futures.

14 Q Have you historically looked at what, you know,
15 what the NYMEX prices were suggesting, and what
16 ultimately ended up being the prices in the
17 market, meaning, you know, the ISO-New England
18 market? Have you done any analysis going back,
19 say, five, six, seven years?

20 A (Pentz) So, I guess that would be tracking
21 futures prices --

22 Q Yes.

23 A (Pentz) -- at a certain point in time and see how
24 they change. We have done that on occasion in

[WITNESS PANEL: McNamara|Pentz]

1 the past on an *ad hoc* basis. But we don't have
2 an active tracker, you know, that actively tracks
3 those changes from week-to-week, let's say, or
4 month-to-month.

5 CMSR. CHATTOPADHYAY: I think I would
6 encourage that utilities do that, because it's --
7 ultimately, information is useful. And this
8 point about going to the market, it's not merely
9 just, you know, trying to have lower prices, it's
10 also about creating information that puts
11 pressure on the bidders to be more competitive.
12 And it's -- and, speaking as an economist, that
13 the benefit out of that could sometimes be
14 significantly more than the slightly increased
15 volatility that you might face if you go with a
16 small tranche in the market.

17 So, I'm just -- I'm going to stop
18 there. That's all I have.

19 CHAIRMAN GOLDNER: Okay. So, I'm going
20 to begin a line of questioning that partially
21 relates to confidential information submitted by
22 the Company.

23 Does the OCA, the Company, and the DOE
24 have ready access to the confidential version of

[WITNESS PANEL: McNamara|Pentz]

1 the compliance filing made by the Company in this
2 docket on November 3rd, 2023?

3 I guess I'll just pause there. And, if
4 the parties need a break to gather that
5 information, we can certainly -- we can certainly
6 take a quick break.

7 MR. CROUSE: I believe I have the
8 document you're referencing.

9 CHAIRMAN GOLDNER: Okay.

10 MR. CROUSE: But we'll find out
11 shortly.

12 CHAIRMAN GOLDNER: Thank you, Attorney
13 Crouse. Yes, it's the spreadsheets, confidential
14 spreadsheets, filed on November 3rd. Thank you.
15 I'll just wait for the parties.

16 MS. DAVEY: I might need -- I might
17 need a minute to figure out if I have that.

18 CHAIRMAN GOLDNER: No problem. And I
19 did want to, just while we're waiting, Attorney
20 Davey, highlight that the Clerks did note that
21 you were not on the distribution list, and you've
22 been added now. So, we're all set.

23 MS. DAVEY: Thank you.

24 CHAIRMAN GOLDNER: Attorney Young, do

[WITNESS PANEL: McNamara|Pentz]

1 you have the November 3rd filing?

2 MR. YOUNG: We do have the November 3rd
3 filing.

4 CHAIRMAN GOLDNER: Okay.

5 MR. YOUNG: And, I think, just while I
6 have the microphone, I will make one citation
7 correction. I was -- the Customer Migration
8 Report, I believe, was on Bates Page 155, on
9 Exhibit 5.

10 CHAIRMAN GOLDNER: Okay. There's two
11 Bates pages. So, I was also perplexed at which
12 page. So, thank you for clarifying.

13 CMSR. CHATTOPADHYAY: And, then, if I
14 may, I think I was looking at the --

15 CHAIRMAN GOLDNER: The center one, I
16 think.

17 CMSR. CHATTOPADHYAY: -- the
18 confidential one. I know that that is not a
19 problem, okay. So, I assumed it was the same
20 Bates page in the other one, but you're saying
21 "no". In the redacted one? Are they different?

22 MR. YOUNG: I think that would have
23 different Bates pages.

24 CMSR. CHATTOPADHYAY: Yes. That's why.

[WITNESS PANEL: McNamara|Pentz]

1 Okay. Thank you.

2 CHAIRMAN GOLDNER: Mr. Pentz, Ms.
3 McNamara, are you able to locate the November 3rd
4 filing?

5 WITNESS McNAMARA: Yes.

6 CHAIRMAN GOLDNER: It's that monthly
7 filing that the Company was making to the
8 Commission relative to pricing?

9 WITNESS PENTZ: Yes.

10 CHAIRMAN GOLDNER: You have it, okay.
11 You have it available? Okay. So, I'll proceed
12 then.

13 BY CHAIRMAN GOLDNER:

14 Q Okay. So, on the first page of the filing,
15 moving there myself, we see that the ISO-New
16 England wholesale market price for energy,
17 including ancillary charges, listed for August
18 '23 and September '23, is "39.57" and "43.37",
19 respectively. Does everyone see that?

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

21 Q Thank you. On the second page of the compliance
22 filing, we see that the all-in contracted rate
23 for Unitil's default service procured energy was
24 "89.74" and "71.10", for August and September,

[WITNESS PANEL: McNamara|Pentz]

1 respectively. That includes, and I'll now cite
2 to confidential figures for the court reporter, a
3 wholesale contract price of _____ for August
4 and _____ for September. That ends the
5 confidential portion.

6 So, basically, you know, it looks to me
7 like it's a pretty big differential cost. And,
8 so, you know, in light of the Commission's recent
9 investigation, the Department's investigation was
10 launched after the Commission's investigation, so
11 it will be interesting to note any differences.
12 But, you know, when we look at that, you know, it
13 is a significant difference.

14 So, the question I have for you is, why
15 didn't Unital take the Commission's invitation to
16 include a market-based, meaning ISO-New England
17 Day-Ahead and Real-Time, market-based price, for
18 at least the Small and Medium Customer Groups, as
19 extended by Order 26,850 back in June?

20 And I guess I'll point the question at
21 Mr. Pentz, because it was partially addressed in
22 the testimony, on Page 7.

23 A (Pentz) Sure. So, there were two primary reasons
24 why the Company did not go forward with

[WITNESS PANEL: McNamara|Pentz]

1 introducing a variable rate. And that is that
2 there is a current investigation into default
3 service by the Department of Energy, and we're
4 waiting to see what comes of that. And, two, you
5 know, we were concerned about introducing any
6 tranche of a market-related price, considering
7 the territory we were in, you know, the
8 volatility that could happen.

9 Q Yes. And I think you probably remember from the
10 investigation on the data provided by the
11 utilities, across each utility, and across every
12 year since 2015, the market price, that is the
13 ISO-New England price, was always less than the
14 price actually paid by ratepayers,
15 apples-to-apples, with all the ins and outs, in
16 that investigation.

17 So, as a Commission, we're kind of
18 struggling with why we don't take at least a
19 portion, not 100 percent, but a portion of the --
20 of the need from the Company, and purchase it in
21 the market, because it historically always
22 results in a lower price.

23 And I'll just comment briefly by
24 saying, it's also understandable that the price

[WITNESS PANEL: McNamara|Pentz]

1 is lower in the market, because the -- I'll call
2 it the insurance contract that one gets through
3 the NextEras and Constellations of the world.
4 They have to make money, too. So, it's totally
5 understandable that they charge more than they
6 pay.

7 So, Mr. Pentz, I would like to give you
8 an opportunity to comment on that.

9 A (Pentz) I agree. I think, you know, the fixed
10 pricing that we receive from wholesale suppliers,
11 that includes insurance, right? I mean, if
12 you're -- you know, to, I guess, use a metaphor,
13 you know, if you're driving in Boston, you know,
14 with a lot of the traffic, you probably want car
15 insurance. Because the risk of you getting in an
16 accident, it's probably a lot higher than in New
17 Hampshire, driving around here. You can kind of
18 equate that to New England and the energy
19 markets. You know, do you want insurance when
20 you're a ratepayer, and, you know, exposed to,
21 you know, possible cold spells that could bump up
22 the hourly market prices? Probably do.

23 Q And that's why we did the study, as a Commission,
24 we asked the utilities to go back to I think it

[WITNESS PANEL: McNamara|Pentz]

1 was 2015, and look at all the data. And this
2 included the Ukraine situation and all these
3 other things. And, in fact, you, as you well
4 know, Mr. Pentz, I think, the insurance rate goes
5 up when uncertainty goes up. And, so, the
6 insurance rate was actually at its highest during
7 periods of uncertainty.

8 And, so, from a Commission standpoint,
9 we're just struggling with why, from a ratepayer
10 perspective, we don't just take a certain
11 percentage of the tranche. And I'll kind of --
12 I'll kind of go one further, because I want to
13 address a comment that you made, Mr. Pentz, that
14 I understand, but I just wanted to clarify.

15 So, sort of mechanically, if -- I'm
16 just going to throw out a number, if roughly 80
17 percent was through the current process, and the
18 Commission said "Take 15 to 25 percent and go
19 through the ISO-New England Market", it made that
20 variable, so, in other words, there was a range,
21 "15 to 25 percent" in this particular example, I
22 think that would help you. Because, then, when
23 you go out to the bidders, if you have community
24 aggregation risk and some other variability and

[WITNESS PANEL: McNamara|Pentz]

1 so forth, that would just be filled with your own
2 process within the ISO-New England Market. So,
3 you could have a nice, fixed number that you're
4 providing to the market. And, then, whatever the
5 remainder is, you could purchase yourself in the
6 ISO-New England Market, with, again, roughly 20
7 percent, something like that.

8 Can you share with me any concerns you
9 would have with a model like that?

10 A (Pentz) So, I think, from the -- I mean, I
11 understand, you know, I think what you're saying.
12 And, you know, I guess the question is is, in
13 terms of, you know, retail ratemaking, you know,
14 how would that work to come up with a fixed
15 price? Over- and under-recoveries that could
16 happen as a result. We saw, in Fitchburg, a very
17 large over-recovery. And I know, generally
18 speaking, over- and under-recoveries are -- try
19 to be minimized as much as possible.

20 You know, I do wonder, too, the effect
21 that it would have on the competitive market, you
22 know, in general, not just for default service.
23 When you introduce, you know, default service
24 being partially procured from the market, how

[WITNESS PANEL: McNamara|Pentz]

1 does that set up, in the perspective of a
2 restructured market, where, you know, suppliers
3 can do whatever they want to supply their
4 customers. They can take out a fixed contract,
5 they can buy in the market.

6 You know, and do we want to introduce
7 those power supply strategies into default
8 service? You know, to try to, you know,
9 essentially, you know, well, I think what we're
10 doing is changing default service into more of
11 a -- you know, in terms of power supply becoming
12 a competitive supplier.

13 Q Yes. Pardon me. And I think I can share that,
14 as I understand it, Vermont, which I know is not
15 in your area, I believe they have -- they get
16 about 10 percent, I think, from the market today,
17 is my understanding from their Chair. So, it's
18 not unprecedented. And I don't think it would be
19 changing the market, if the percentage was
20 modest.

21 If we went to 100 percent or 80 percent
22 or 75 percent, then I think you might have a
23 different situation, particularly for a small
24 supplier, like Unitil. Eversource maybe worries

[WITNESS PANEL: McNamara|Pentz]

1 less about these kinds of things.

2 But a modest percentage, it seems like
3 would be, you know, sort of almost *de minimis*, if
4 you just were still providing, say, 80 percent of
5 the load.

6 And I'd like to give you the
7 opportunity to comment on that.

8 A (Pentz) I mean, regardless of the percentages, I
9 mean, you know, I understand Eversource has a
10 much larger volume, but, you know, it's really
11 not about that, it's about percentages. You
12 know, if it's 20 percent for Eversource, it's 20
13 percent for Unitil. It doesn't, you know, the
14 volumes are -- really I don't think would make a
15 difference.

16 Q But let me pause you there, sir, because this is
17 an important point you're making.

18 So, if the Constellations and NextEras
19 of the world, or whatever the suppliers are,
20 they -- wouldn't they, because Eversource has a
21 much larger volume, it might -- I'm actually
22 making your point for you a little bit, because
23 Eversource's volume is so much larger, that they
24 might not, you know, it's still a big number in

[WITNESS PANEL: McNamara|Pentz]

1 the end, where Eversource's [Unitil's?] number is
2 going to be smaller. So, I sort of understand
3 the Unitil argument, where you're a very small
4 supplier. And, if you take away some volume,
5 there may be some concerns. And that's what I'm
6 trying to extract from your comment.

7 A (Pentz) That's a very good point. I would say,
8 if we do take away some of that, that load
9 volume, away from being procured from the
10 marketers and the wholesale suppliers, you know,
11 that actually may decrease interest from
12 wholesale suppliers. From, I mean, from a
13 wholesale volume -- from a wholesale load volume
14 perspective, I don't think it would be a huge
15 issue. But it could potentially, you know, on
16 the fringe, maybe suppliers would not be
17 interested if, you know, a quarter of the load is
18 not available to bid on.

19 Q That's helpful. I think, yes, I think this
20 question of "will costs go up or down, relative
21 to going directly to the ISO-New England
22 market?", at least from the Commission's
23 perspective, was answered in the IR docket. So,
24 we saw, empirically, that the costs for

[WITNESS PANEL: McNamara|Pentz]

1 ratepayers would go down, assuming there were no
2 secondary effects, Mr. Pentz, which is the point
3 that you're making. We don't know what those
4 secondary effects would be until we did it. And
5 that's why I think the Commission has suggested
6 approaching this modestly, not going at 100
7 percent or 80 percent, or something like that,
8 but a 20 or 25 percent load being more modest.

9 And maybe a different percentage would
10 be better. You know, I think I would like to get
11 your suggestion, what would be a small enough
12 percentage as to not effect the market?

13 And I realize that question has no
14 answer. But perhaps a range that you would
15 consider as being something that would not be
16 problematic from the market point of view, in the
17 next cycle, not this cycle, the next cycle?

18 A (Pentz) I think I would have to think about that
19 a little bit more.

20 Q Okay. Okay. Okay. Because that's really all
21 we're talking about here, is of sort of getting
22 to a percentage that doesn't upset the applecart,
23 you know, upset the applecart at all. And
24 perhaps, as we learn more, we could adjust those

[WITNESS PANEL: McNamara|Pentz]

1 percentages collaboratively, so that we get to a
2 place where, ultimately, the Company is able to
3 execute a plan, and the ratepayers ultimately get
4 lower costs. Because, in the end, I think that's
5 the passion that everyone has in the room, right?
6 Everyone in this room benefits if ratepayer costs
7 are lowered here, Unitil has a better market
8 reputation, the DOE and the OCA are happy,
9 because ratepayers are getting a lower cost.
10 Everyone wins, if we're able to execute something
11 that results in a lower cost. So, that's the
12 thought process that we're going through up here.

13 So, okay. Thank you for that. Let me
14 keep going here.

15 Just a clarification, Mr. Pentz, on the
16 line of questioning before from Commissioner
17 Chattopadhyay and Attorney Young. Can you, and
18 if this is somehow confidential, then please
19 highlight it for the court reporter, but what's
20 the population of those two communities you
21 mentioned that are already in community
22 aggregation, verse your total number of
23 customers?

24 I'm just trying to understand how big

[WITNESS PANEL: McNamara|Pentz]

1 this issue is.

2 A (Pentz) Sure. Let me just go to the part of the
3 RFP, because the number of customers per each
4 community was actually published in the RFP.

5 Q Okay. Thank you. Thank you.

6 A (Pentz) The total number of customers in the
7 Exeter, at the time of the RFP, was 8,430.

8 CMSR. CHATTOPADHYAY: Can you provide
9 the Bates page?

10 WITNESS PENTZ: Sure. Bates Page, in
11 Exhibit 1 [4?], which I believe was renamed this
12 morning, it's -- well, I see two Bates pages on
13 this document.

14 MS. DAVEY: It's the -- it is
15 Exhibit 4, if I could just interject, renamed,
16 and the Bates, on the right, are the correct
17 Bates.

18 WITNESS PENTZ: Okay. This would be
19 Bates Page 100, which is document Page 100.

20 MS. DAVEY: I apologize for the double
21 Bates. The original Bates are from the initial
22 filing.

23 WITNESS McNAMARA: And I'll just throw
24 in my two cents. So, Bates Page 100, but Mr.

[WITNESS PANEL: McNamara|Pentz]

1 Pentz is looking at, you know, what has now been
2 marked as "Exhibit 5", the redacted version.

3 MS. DAVEY: Oh, okay. Thank you.

4 **CONTINUED BY THE WITNESS:**

5 A (Pentz) Exeter, 8,430 customers; Canterbury, 648;
6 for a total customer count in New Hampshire is
7 79,476 customers.

8 BY CHAIRMAN GOLDNER:

9 Q So, just roughly, it looks like it's maybe, well,
10 it's a little over 10 percent of your customer
11 base?

12 A (Pentz) Yes.

13 Q Okay. Thank you. Okay. Just trying to
14 understand the scope.

15 Okay. Next sort of line of questioning
16 comes from -- comes from the -- I think it's also
17 Exhibit 5 [4?], the confidential -- the
18 confidential one.

19 CHAIRMAN GOLDNER: And I'm going to --
20 this is confidential data, Mr. Patnaude.

21 BY CHAIRMAN GOLDNER:

22 Q _____
23 _____
24 _____

[WITNESS PANEL: McNamara|Pentz]

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Does the Company have any concerns about the actual competitiveness of this market? You know, when you only have two providers, or even maximum of four, usually there's just two that end up winning, we just have concerns, potential concerns, about the competitiveness of the market.

And we'd like Mr. Pentz or Ms. McNamara to get your opinion on that?

A (Pentz) I will say it was more of a competitive market years ago. I would say, I mean, prior to the implementation of municipal aggregations, and, you know, the instability in the market that

[WITNESS PANEL: McNamara|Pentz]

1 was caused by the war in Ukraine, I believe we
2 would see not significantly more suppliers, maybe
3 a few more, sometimes not any more, depending
4 upon the service period.

5 But, I mean, these are companies, you
6 know, several of them participated in this round.
7 And I don't have current concerns with
8 competitiveness. And I would actually say it's
9 getting more competitive, and especially if we
10 compare it to the solicitation in Fall of 2022,
11 where we only had, you know, a very limited
12 amount, and it's increasing. And, from my
13 conversations with other suppliers that do not
14 participate, is they have actually expressed
15 interest in participating in the future as some
16 of these other costs, you know, the Mystic Cost
17 of Service cost, essentially end this year, I'm
18 optimistic for increased participation.

19 Q Okay. Thank you. That's helpful. I want to
20 return briefly to the municipal aggregation risk
21 that was in the testimony. And it's a process
22 question. So, I understand that 10 or 12 percent
23 or something of your current customers have gone
24 over to community aggregation. And I know,

[WITNESS PANEL: McNamara|Pentz]

1 across the state, there's, I don't know, maybe 30
2 filings or something that the Commission has of
3 community aggregation filings.

4 How much -- how much, in the way of
5 headlights, do you have in terms of what's
6 coming?

7 I assume you see all the filings we
8 see, all the towns that are filing for community
9 aggregation. You probably have a pretty good
10 understanding of their timeline. So, when I
11 think of community aggregation risk, but we're
12 only talking about a six-month sort of time
13 windows here, I would think the risk in the
14 six-month timeline, though, would be small; over
15 a longer time horizon, obviously, that risk
16 increases. Would you agree with that?

17 A (Pentz) I would definitely agree with that. And
18 I think that's a very good point to hit on, is
19 that the risk in New Hampshire, in terms of
20 municipal aggregation load risk, is significantly
21 different than what I'm accustomed to in
22 Massachusetts.

23 And, in Massachusetts, and as I
24 mentioned in the previous hearing, we had an

[WITNESS PANEL: McNamara|Pentz]

1 aggregation, the City of Fitchburg, which
2 accounts for two-thirds of our load, that was
3 pending for over two years, and that caused
4 significant issues. We had to change our
5 procurements from twelve months to six months,
6 because we just couldn't attract that interest
7 for longer service periods.

8 And I think, in New Hampshire, what I'm
9 seeing is that the risk is lower. In essence,
10 these aggregations, they go quickly. You know,
11 from the filing, to when they're implemented,
12 Exeter was on the longer side of things, that was
13 around eight months, Canterbury was around five,
14 from PUC filing to implementation. So, I think
15 that, generally, you know, it bodes well for, you
16 know, increasing that participation from
17 suppliers, because they kind of know what's going
18 to go in the short term.

19 Another, you know, topic is just our
20 conversations with the communities and the
21 consultants that manage these aggregations, and,
22 you know, we have good conversations with them,
23 and, you know, they try to let us know, when they
24 can, of, you know, when they are going to go

[WITNESS PANEL: McNamara|Pentz]

1 live. So, that's generally very helpful.

2 And, you know, I have no way to
3 quantitatively measure how much of an impact that
4 has on the price. But, you know, I think that it
5 definitely helps.

6 CHAIRMAN GOLDNER: Yes. Thank you.
7 Yes. And it feels like there's sort of relative
8 certainty over these short time periods in New
9 Hampshire, where it might be different in
10 different states. So, I appreciate that
11 understanding with Fitchburg, I didn't have that
12 data point.

13 So, I think what we'll do shortly is
14 just take a quick break, so the Commissioners can
15 confer, and maybe have any follow-on questions.

16 But, before we do that, Attorney Young,
17 I'll turn to you, I think. When we return, and I
18 just want to give you a chance to prepare with
19 your team, relative to this report, and the
20 timing. And what I would like to understand from
21 the Department is, if the Commission were to
22 require Unitil to have a certain percentage or
23 purchase a certain percentage of their
24 electricity from the ISO-New England Market in

[WITNESS PANEL: McNamara|Pentz]

1 the upcoming cycle, not this cycle, not the one
2 we're talking about here today, but in the next
3 cycle, any -- what the Department's thoughts or
4 position or input would be on that direction to
5 the Company?

6 So -- and that, Mr. Crouse, I would --
7 I would invite your comments as well. I just saw
8 Mr. Young has his team here as well today.

9 So, very good. So, let's just take a
10 quick -- let's just take a quick ten-minute
11 break, return at ten after, and we'll wrap things
12 up today. So, off the record.

13 (Recess taken at 10:01 a.m., and the
14 hearing reconvened at 10:16 a.m.)

15 CHAIRMAN GOLDNER: Okay. First, I want
16 to turn to Mr. Young on the question before we
17 left, and see if the Department had any comments
18 on that topic?

19 MR. YOUNG: Sure. So, thank you, Mr.
20 Chairman, for the opportunity.

21 I think the first point I'd like to
22 make about the Department's investigation
23 relative to Default Service is that,
24 understanding these are complex issues, in the

[WITNESS PANEL: McNamara|Pentz]

1 Order of Notice published on May 24th, the
2 Department set a goal of December 1st. However,
3 as we all know, these are complicated and
4 important issues. But this report is a top
5 priority of the Department, and it will be
6 released as soon as that process is concluded.

7 And, then, moving to the Commissioner's
8 specific question posed before the break, I do
9 appreciate the question, Mr. Chairman.

10 Unfortunately, I'm just not in a position to
11 provide comment on how the Department would
12 respond to any proposal from the Commission in
13 that regard. An answer would likely require
14 in-depth and lengthy conversations with
15 individuals within the Department.

16 CHAIRMAN GOLDNER: Okay. Thank you,
17 Attorney Young.

18 Does the OCA have any comments on the
19 topic?

20 MR. CROUSE: Thank you for the
21 opportunity to comment as well.

22 Currently, I am the only one in the
23 Office today, outside from our economist. But I
24 will be bringing this matter back to him and the

[WITNESS PANEL: McNamara|Pentz]

1 Consumer Advocate.

2 My only initial thoughts between, say,
3 Vermont and New Hampshire, is that, in Vermont,
4 it is vertically integrated; whereas, here in New
5 Hampshire, we're restructuring. There's probably
6 settlements to look at.

7 So, I don't think I'm in a position to
8 comment. But I am happy to bring that matter
9 back and discuss internally.

10 CHAIRMAN GOLDNER: Okay. Thank you,
11 Attorney Crouse. Appreciate it.

12 Okay. Just to wrap up on Commissioner
13 questions, I think Commissioner Chattopadhyay has
14 a follow-up.

15 CMSR. CHATTOPADHYAY: A very quick one.

16 BY CMSR. CHATTOPADHYAY:

17 Q Since community aggregation is happening in
18 Massachusetts, has happened, I'm just curious
19 where things stand in terms of the -- in terms of
20 Unitil being comfortable or not comfortable in
21 dealing with their procurements?

22 Like, so, I'm just curious, like, is
23 there a -- have you now reached a point where
24 Unitil is pretty comfortable where things are?

[WITNESS PANEL: McNamara|Pentz]

1 A (Pentz) Yes. I'd say, you know, since the failed
2 procurement and the implementation of the
3 Fitchburg aggregation, we have load stability
4 now, which is what the wholesale market is really
5 looking at. And we have, in this past
6 procurement last week, we were able to award a
7 fixed price, and get back on the laddering
8 structure, which is 50 percent of load
9 requirements for a twelve-month period. And
10 we're, right now, reasonably comfortable with
11 that.

12 Q Is community aggregation opt-out in Fitchburg, do
13 you know?

14 A (Pentz) Yes. It is opt-out.

15 CMSR. CHATTOPADHYAY: Thank you.

16 CHAIRMAN GOLDNER: Okay. I think that
17 concludes Commissioner questions.

18 We'll move to the Company's redirect,
19 if any?

20 MS. DAVEY: Thank you. Just a couple
21 of quick follow-ups.

22 **REDIRECT EXAMINATION**

23 BY MS. DAVEY:

24 Q Mr. Pentz, is there anything that you would like

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1 to add regarding your concerns with the
2 Commissioner's -- the Commission's proposal with
3 the variable rate?

4 A (Pentz) I would just say, from providing default
5 service, it has no financial impact on us. We're
6 just passing through these costs to customers.

7 You know, that said, with the
8 discussion we have had today of possibly
9 involving a tranche, you know, tied to the
10 ISO-New England hourly markets, you know, if
11 there is such a retail rate, such as a midterm
12 adjustment, which might be needed for an
13 over-/under-collection, that could be potentially
14 large, and involve a variable rate being passed
15 on to residential customers.

16 And that -- that has, you know, caused
17 us to be concerned.

18 CHAIRMAN GOLDNER: I'm sorry, I'll ask
19 a question during redirect.

20 BY CHAIRMAN GOLDNER:

21 Q Could you elaborate, Mr. Pentz? So, in this
22 discussion we had earlier, relative to providing
23 a range to the Company of going to the Day-Ahead
24 Market in the next iteration, we're not talking

[WITNESS PANEL: McNamara|Pentz]

1 about this one, the proceeding today. In my
2 mind, the wholesale suppliers would -- you would
3 give them a load, and it would be let's just say
4 80 percent of the load that you expect, you would
5 go through the normal bidding process, and then
6 you would go to the Day-Ahead Market for that,
7 I'm just going to use that number, 20 percent, is
8 what you would purchase from the Day-Ahead
9 Market.

10 Can you -- did I miss something or is
11 that -- are we saying the same thing or something
12 different?

13 A (Pentz) I think that sounds accurate. You know,
14 one additional topic that I would like to add is
15 that the Company does not have experience in
16 purchasing from the Day-Ahead Markets. That is
17 something that we would need to look at. Bidding
18 in the Day-Ahead is very much different than
19 taking the Real-Time price. It involves much
20 more administrative overhead, and submitting
21 daily schedules. So, that is something that we
22 would absolutely need to take back.

23 Q And how did you manage Fitchburg again?

24 A (Pentz) When we did have the failed auction, and

[WITNESS PANEL: McNamara|Pentz]

1 we did self-supply, that was through the
2 Real-Time Market.

3 CHAIRMAN GOLDNER: Okay. Okay.

4 Commissioner Chattopadhyay, any follow-up on the
5 topic of the Real-Time versus Day-Ahead Market?

6 CMSR. CHATTOPADHYAY: Yes.

7 BY CMSR. CHATTOPADHYAY:

8 Q I think, I know that for other utilities, they
9 have special groups or maybe even other entities
10 that go through the process of participating in
11 the ISO-New England Market, Day-Ahead and
12 Real-Time.

13 So, I'm just -- I'm curious whether
14 Unitil, and you're saying that you don't have
15 that ability, or, you know, that's why you
16 went -- that's why you went entirely to Real-Time
17 Markets or, you know, just --

18 A (Pentz) Yes. We don't have experience
19 participating in the Day-Ahead Markets.

20 CMSR. CHATTOPADHYAY: Okay.

21 BY CHAIRMAN GOLDNER:

22 Q And, if we were to go forward with this sort of
23 hypothetical on the table, would the Company's
24 preference be to use Real-Time Markets, the

[WITNESS PANEL: McNamara|Pentz]

1 Day-Ahead Markets, some combination, would you
2 have a preference?

3 A (Pentz) Right now, I can't answer that question.

4 Q You would probably appreciate flexibility,
5 though, to have the option to do whatever the
6 Company thought was best?

7 CHAIRMAN GOLDNER: He was making eye
8 contact with you, Attorney Davey.

9 MS. DAVEY: I guess --

10 CHAIRMAN GOLDNER: So, Attorney Davey,
11 would you --

12 MS. DAVEY: I guess I would just, since
13 Mr. Pentz doesn't feel comfortable answering that
14 question, or doesn't feel that he's the correct
15 witness, that, you know, we can take that back.
16 We can -- or, if he -- if that's not within his,
17 you know, he may not have a position on that.

18 CHAIRMAN GOLDNER: Okay. I understand.
19 Okay. Thank you. That was helpful. I
20 was unable to read between the lines. So, now, I
21 have read between the lines.

22 I'm sorry, Attorney Davey, please
23 proceed. Sorry for the interruption.

24 MS. DAVEY: I have no further

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1 questions.

2 CHAIRMAN GOLDNER: Okay. Commissioner
3 Chattopadhyay, any follow-up, before I release
4 the witnesses?

5 CMSR. CHATTOPADHYAY: No, I don't.

6 CHAIRMAN GOLDNER: Okay. The
7 questioning for the witnesses has concluded. The
8 witnesses are now dismissed. Thank you.

9 *[Atty. Speidel conferring with Chairman*
10 *Goldner.]*

11 CHAIRMAN GOLDNER: Oh. Thank you.
12 Just a moment please.

13 *[Short pause.]*

14 CHAIRMAN GOLDNER: Okay. So, this is a
15 little bit irregular, I hope everybody is okay
16 with this. But this will aid in sort of
17 administrative efficiency and transparency.

18 The Company noted that, despite the
19 November 17th procedural order reminding Northern
20 (gas), Unitol's sister company, to file the
21 missing October 2023 Cost of Gas Report, in
22 Docket 22-059, by November 27th. No such report
23 has been filed with the Commission.

24 Can the Unitol Service Corporation, and

1 again, admittedly, this is a different docket,
2 make some comment or provide some insight to the
3 Commission in terms of why that wasn't filed?

4 MS. DAVEY: I'm sorry. So, this is on
5 a different docket?

6 CHAIRMAN GOLDNER: Different docket.
7 This is cost of gas.

8 MS. DAVEY: In 23-085?

9 CHAIRMAN GOLDNER: Yes. We have no --
10 usually, Unutil is very -- 22-059.

11 MS. DAVEY: 22-059.

12 CHAIRMAN GOLDNER: Yes. Unutil has
13 been very reliable, historically, in terms of the
14 filings, but we are missing the October 2023 Cost
15 of Gas Report. And we, rather than sort of
16 trading procedural orders, we thought it might be
17 more efficient just to mention it here. And,
18 Attorney Davey, if you could take that back
19 please.

20 MS. DAVEY: Yes.

21 CHAIRMAN GOLDNER: And help us
22 understand what's happened there. And, then,
23 ultimately, you know, make the filing as soon as
24 possible, please.

1 MS. DAVEY: Okay. Yes. I'll take that
2 back.

3 CHAIRMAN GOLDNER: Okay. Thank you.
4 And we'd appreciate getting it by the end of the
5 week, unless there's an obstacle to that. Okay.
6 Thank you.

7 So, at this point, we'll invite the
8 parties to make brief closing statements.

9 And, before this, seeing no objections,
10 we'll strike identification on Exhibits 4
11 through 7 and enter them into evidence.

12 And, if there's no other matters, we'll
13 now ask the parties to make closing statements,
14 beginning with the Office of the Consumer
15 Advocate.

16 MR. CROUSE: Thank you.

17 As stated in our opening, the OCA does
18 not object to the relief sought by Unitil. In
19 our view, the solicitation process was
20 competitive, and resulting in just and reasonable
21 rates.

22 However, the Commissioners' inquiry
23 into whether or not the number of bidders might
24 represent an oligopoly is interesting, because

1 those are -- I think there's no more than four,
2 or somewhere in that range. So, that's something
3 that I'll take back and think on as well.

4 But, other than that, that concludes
5 our view.

6 CHAIRMAN GOLDNER: Okay. Thank you,
7 Attorney Crouse.

8 We'll move to the New Hampshire
9 Department of Energy.

10 MR. YOUNG: Thank you, Mr. Chairman.

11 First, the Department wants to express
12 our appreciation to the Company and the OCA's
13 willingness to participate in a technical session
14 earlier this week.

15 The Department has reviewed Unitil's
16 filing. And we have determined that the Company
17 conducted this wholesale power supply
18 solicitation and selected the winning bids to
19 provide default energy service in compliance with
20 the Settlement Agreement and restructuring
21 principles of RSA 374-F.

22 We believe that the Company's selection
23 of the winning suppliers are reasonable, and, as
24 a result of its competitive procurement, the

1 selections were reflective of current wholesale
2 power market conditions.

3 The Company's calculation of these
4 rates, based on those supply bids, prior period
5 reconciliations and other factors, appear to be
6 sound. As a result, we believe the resulting
7 rates are just and reasonable, and within the
8 meaning of RSA 378.

9 In conclusion, the Department supports
10 Unitil's filing. And we urge the Commission to
11 grant the Petition, make the findings requested
12 by the Company, including finding these rates as
13 just and reasonable, and approve the proposed
14 rates in this proceeding for effect on
15 February 1st.

16 CHAIRMAN GOLDNER: Thank you, Attorney
17 Young.

18 And, finally, the Company.

19 MS. DAVEY: Thank you, Commissioners.

20 Unitil appreciates the time of the
21 Commission, the Department of Energy, and the
22 Office of the Consumer Advocate today. We
23 understand that the turnaround time on this
24 filing is quick and short, and we appreciate the

1 time and effort of the Commission and our
2 colleagues here to review and understand the
3 filing, both today and at our technical session
4 on Monday.

5 The Company's Default Service filing
6 represents a reduction in energy costs. Unitil
7 believes this is good news for ratepayers.

8 Unitil has demonstrated, through this
9 filing, that it conducted a complete and
10 competitive solicitation. Further, the analysis
11 of the submitted bids was reasonable, and the
12 Company has justified its selection of bidders
13 and suppliers. The Company submits that the
14 power supply costs resulting from the
15 solicitation are market-based, just and
16 reasonable, and in the public interest.

17 We ask that the Commission approve the
18 Company's filing. And the Company specifically
19 requests the Commission do so by December 8th.

20 Thank you.

21 CHAIRMAN GOLDNER: Thank you. Okay.

22 Given the confidential information
23 discussed today, we'll have Mr. Patnaude, the
24 court reporter, work with the Company and

1 Attorney Speidel to properly redact the
2 transcript to be produced in this matter.

3 The Commission will issue an order
4 regarding this matter as requested by the
5 Company, by the close of business Friday,
6 December 8th.

7 And this hearing is adjourned -- oh,
8 not quite yet. Mr. Young, I'm sorry.

9 MR. YOUNG: I apologize, Chairman. On
10 the note about the transcript, I did just want to
11 mention, I don't think there is a redacted
12 transcript up on the public site. So, I just
13 want to note that for the record. I think it
14 might just need some coordination with the
15 Company and the parties.

16 CHAIRMAN GOLDNER: Okay.

17 MR. YOUNG: For the prior hearing, I'm
18 sorry.

19 CHAIRMAN GOLDNER: For the prior
20 hearing, okay. Okay. Thank you. Noted,
21 Attorney Young.

22 Anything else, before we wrap up
23 today?

24 *[No verbal response.]*

1 CHAIRMAN GOLDNER: Okay. Sorry. At
2 this point, the hearing is adjourned. Thank
3 you.

4 ***(Whereupon the hearing was adjourned***
5 ***at 10:29 a.m.)***

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