

STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
d/b/a Eversource Energy
A proposal for an extended ISO New England market-based procurement approach

DIRECT TESTIMONY OF
PARKER LITTLEHALE AND ASHLEY N. BOTELHO

1 **I. INTRODUCTION**

2 **Q. Mr. Littlehale, please state your name, business address, and title.**

3 A. My name is Parker Littlehale. My business address is 247 Station Drive, Westwood,
4 Massachusetts. I am a Manager, Wholesale Power Supply in the Electric Supply
5 department of Eversource Energy Service Company.

6 **Q. Mr. Littlehale, please describe your power procurement responsibilities at**
7 **Eversource Energy.**

8 A. I oversee the process required to fulfill the power supply requirement obligations of
9 Public Service Company of New Hampshire d/b/a Eversource Energy (the
10 “Company”), including overseeing solicitations for the competitive procurement of
11 power for Energy Service (“ES”), and supervising the fulfillment of Renewable
12 Portfolio Standard (“RPS”) obligations. I also manage this process for Eversource
13 Energy affiliates NSTAR of Massachusetts and The Connecticut Light and Power
14 Company of Connecticut.

15 **Q. Ms. Botelho, please state your name, business address, and position with**
16 **Eversource.**

17 A. My name is Ashley N. Botelho. My business address is 247 Station Drive,
18 Westwood, Massachusetts. I am the Director of Revenue Requirements, Distribution
19 for Eversource Energy Service Company (“ESC). In that position, I support Public

1 Service Company of New Hampshire d/b/a Eversource Energy (“PSNH”,
2 “Eversource,” or the “Company”) regarding revenue and rate-related matters.

3 **Q. Ms. Botelho, please describe your educational and professional background.**

4 A. I graduated from Drexel University in Philadelphia, Pennsylvania in 2010 with a
5 Bachelor of Science in Business Administration, with a concentration in finance. In
6 2013, I graduated from the Bryant University Graduate School of Business with a
7 Master of Business Administration degree. I began working as a contractor for
8 NSTAR Electric in July 2010 in support of NSTAR Electric’s Smart Grid programs.
9 In October 2011, I was hired as a Smart Grid Associate Project Manager. In
10 December 2012, I assumed the role of Analyst in Revenue Requirements. In July
11 2014, I was promoted to a Senior Revenue Requirements Analyst. In January 2018,
12 I was promoted to Manager, Revenue Requirements. In July 2022, I was promoted to
13 my current role of Director, Revenue Requirements, for Distribution.

14 **Q. What are your responsibilities in your current position?**

15 A. In my position, I am responsible for the oversight, coordination, and implementation
16 of revenue requirement calculations in base distribution rate proceedings as well as
17 other proceedings before state regulatory agencies. I have previously supported base
18 distribution rate proceedings for the Connecticut operating subsidiaries of Eversource
19 Energy. I am also responsible for the oversight, coordination, and implementation of
20 revenue requirement calculations for the Massachusetts and New Hampshire
21 operating subsidiaries of Eversource Energy, including NSTAR Electric Company,
22 NSTAR Gas Company, Eversource Gas Company of Massachusetts, and PSNH. In
23 addition, I have the overall responsibility for regulatory interfaces for all revenue
24 requirement-related filings before the Massachusetts Department of Public Utilities
25 (the “Department”) and the New Hampshire Public Utilities Commission (the

1 “Commission”), including filings associated with PSNH’s default Energy Service
2 (“ES”), Stranded Cost Recovery Charge (“SCRC”), Transmission Cost Adjustment
3 Mechanism (“TCAM”), System Benefits Charge (“SBC”), Regulatory
4 Reconciliation Adjustment (“RRA”) mechanism, Pole Plant Adjustment Mechanism
5 (“PPAM”), and Base Distribution Rates.

6 **Q. Ms. Botelho, have you previously testified before the New Hampshire Public**
7 **Utilities Commission (the “Commission”)?**

8 A. Yes, I provided testimony before the Commission in this proceeding and also in
9 support of the Company’s SCRC adjustment proceeding in Docket No. DE 24-112.

10 **II. PURPOSE**

11 **Q. What is the purpose of your testimony?**

12 A. Our testimony is in response to Order No. 27,090, which directed the Company to
13 file with the Commission, no later than February 7, 2025, an extended proposal for
14 an ISO New England (“ISO-NE”) market-based procurement of at least 50 percent
15 for the Small Customer Group load, and 100 percent of the Large Customer Group
16 load for the Company’s upcoming August 2025-January 2026 energy service period,
17 to be assessed by the Commission in a future phase of this proceeding.

18 Our testimony describes the Company’s proposal to procure power supply for both
19 Small Customer Group and Large Customer Groups customers’ load in the ISO-NE
20 market; set the Energy Service rate for those customers during the same period; and
21 allow recovery and reconciliation of the Company’s Energy Service costs in relation
22 to the expanded alternative procurement plan.

1 **III. PROPOSAL FOR AN EXPANDED ISO-NE MARKET-BASED SELF-**
2 **SUPPLY PROCUREMENT APPROACH**

3 **Q. How does the Company propose to continue an ISO-NE market-based**
4 **procurement for 50 percent of the load for its Small Customer Group and 100**
5 **percent for its Large Customer Group?**

6 A. The Company proposes to continue its market-based procurement to “self-supply”
7 all or a portion of both Customer Groups’ load by having the Company assume
8 responsibility for managing the relevant load assets in the ISO-NE wholesale power
9 market. These responsibilities will include scheduling the Energy Service load in the
10 ISO-NE Day Ahead Energy Market, as it is the Company’s understanding that ISO-
11 NE prefers load assets with significant load to be scheduled in the Day Ahead Market.
12 The Company will engage in direct market-based procurement to “self-supply” for a
13 50 percent tranche of its Small Customer Group load and for 100 percent of its Large
14 Customer Group load, with suppliers selected through a competitive solicitation
15 process managing the other 50 percent of the Small Customer Group load. In
16 summary, this approach means that the Company is buying energy, capacity, and
17 other wholesale market products and related services directly from the ISO-NE
18 markets, including the hourly Day-Ahead Energy Market.

19 **Q. What is the ISO-NE Day Ahead Energy Market?**

20 A. The ISO-NE Day Ahead Energy Market allows market participants to commit to buy
21 wholesale electricity one day before the operating day. The market produces a daily
22 financial settlement that refers to the Load Zone Price (\$/MWh) that is assigned to
23 load submitted in the Day Ahead Market by the market participant with the
24 corresponding registered load asset.

1 **Q. What is the process for load zone pricing in the ISO-NE Day Ahead Energy**
2 **Market?**

3 A. The following process will continue to be used for each Customer Group. For next
4 day load zone pricing, the forecasted load is submitted through the ISO-NE
5 “eMarket” software, which is used by all market participants to submit their expected
6 load values for each hour to the ISO-NE Day Ahead Market by 10:30 a.m. By 1:00
7 p.m. that same day, ISO-NE publishes the Day Ahead hourly prices that are
8 associated with the submitted load.

9 **Q. What is the process for load forecasting by the Company?**

10 A. The load submitted to ISO-NE will continue to be modeled by a third-party load
11 forecasting service. The forecast models are built using (1) historical Small Customer
12 Energy Service customer load data and accounting for near-term weather forecasts,
13 and (2) historical Large Customer Energy Service customer load data and accounting
14 for near-term weather forecasts.

15 **Q. How will the Company manage the market-based procurements process?**

16 A. The following process will be continued for each Customer Group. Each day during
17 the six-month service period, the Company will purchase energy and other wholesale
18 power products in the ISO-NE spot markets. The energy price will vary day by day.
19 Specifically, the Company will use the following two steps each day to notify ISO-
20 NE of its expected next day load for each hour: (1) the load forecast is obtained from
21 the Company’s third-party load forecasting software that uses historical load data and
22 local weather forecasts in its algorithm to produce the next day load forecast; and (2)
23 the next day load forecast is then submitted to ISO-NE through its “eMarket” system.
24 The Company is not proposing to make any forward energy purchases or implement
25 any other “hedging” strategies to mitigate price or load volatility, but instead will be
26 a “price-taker” at whatever price level the ISO-NE market settles.

1 **Q. What types of wholesale load costs will the Company incur in executing the**
2 **expanded self-supply plan?**

3 A. The wholesale energy market costs of serving 50% of the Small Customer Group
4 load and 100% of the Large Customer Group load through direct market-based
5 procurement will be the daily submitted load quantities times the zonal price assigned
6 to that load. Other charges for the related load assets are identified in the ISO-NE
7 monthly bill, including Forward Capacity, Ancillary Services, and other ISO-NE
8 Charges such as Net Commitment Period Compensation and Inventoried Energy
9 Program (“IEP”) costs. Lastly, there is an annual fee associated with obtaining the
10 services of the third-party load forecasting service and additional internal staffing
11 potentially may be required.

12 **Q. Does ISO-NE market-based procurement effectively shift risk from wholesale**
13 **suppliers to the Small or Large Customer Energy Service customers?**

14 A. Yes. The future remains highly unpredictable and energy markets may be quite
15 volatile; therefore, should future market-based costs come in higher than the self-
16 supply proxy rate, it would result in an under-collection, and that would necessitate
17 cost recovery from customers in a successive rate period(s) as described below. This
18 unpredictability in market-based costs effectively shifts the corresponding risks from
19 wholesale suppliers to the customers from whom those costs will be recovered.

20 **Q. What led the Company to propose ISO-NE market-based procurement for just**
21 **50 percent of the Small Customer Group load?**

22 A. The Company is proposing ISO-NE market-based procurement for 50% of the Small
23 Customer Group load because (1) 50% complies with Order No. 27,090, and (2) as
24 mentioned in the previous question, ISO-NE market-based procurements shifts risk
25 from wholesale suppliers to customers. In addition, the initial change to serving
26 12.5% of Small Customer Group load through direct ISO-NE market participation

1 just concluded and the impacts of that change are not yet finalized. Nor are the results
2 of the increase to 30% direct market procurement for the Small Customer Group as
3 of February 1, 2025 known at this time. Additionally, serving a significant amount
4 of load in the ISO-NE Day Ahead Energy Market may result in either large over- or
5 under-recoveries, because rates for the market-based procurements would be
6 forecasted based on a combination of historical and forward prices and not known
7 costs. Accordingly, the Company believes that it is appropriate to increase the share
8 of ISO-NE market-based procurement in a measured and prudent manner, allowing
9 additional time and data points to accumulate that will enable stakeholders to
10 understand the benefits and costs more fully.

11 **Q. Is there an alternative proposal that the Commission should consider prior to**
12 **increasing the self-supply percentage to 50% for August 2025-January 2026?**

13 A. As an alternative to immediately going to 50% market-based procurements for Small
14 Customers during the August 2025 – January 2026 rate period, the Company would
15 be amenable to maintaining the self-supply percentage at 30% during the August
16 2025 – January 2026 rate period. The Company’s position remains consistent that
17 increasing the share of market-based procurement should be done in a measured and
18 prudent manner, allowing additional time and data points to accumulate that will
19 enable stakeholders to better understand the benefits and costs. The Company’s
20 perspective is that a second consecutive rate period at 30% self-supply for the Small
21 Customer Group would achieve that prudence objective.

1 **IV. ENERGY SERVICE RATES**

2 **Q. Under the proposal for an expanded direct ISO-NE market-based procurement**
3 **approach, what is the Company’s proposal for setting the Small Customer**
4 **Energy Service rates during the six-month service period?**

5 A. Under the approved full-requirements competitive procurement process, the
6 Wholesale Contract Price has been based on the average price of the eight lowest-
7 cost bids received for the Small Customer Group during the solicitation process. Line
8 losses, RPS obligations, reconciliations, and A&G Adjustment Factors are then added
9 to the Wholesale Contract Price to calculate the Small Customer Energy Service rate
10 for the applicable service period. Under the proposed alternative direct market-based
11 procurement approach, the Company would select the four lowest-cost bids received
12 during the competitive solicitation process for four tranches of 12.5% each of Small
13 Customer load. As directed by the Commission, the Company would then calculate
14 a proxy price for the 50% market-based procurement tranche as the average of (a) the
15 four-year rolling weighted average of ISO-NE market prices in the New Hampshire
16 load zone, and (b) the OTC Global Holdings¹ futures prices for the upcoming six-
17 month energy service period for ISO-NE. The six-monthly proxy prices would then
18 be averaged on a load-weighted basis to calculate a single proxy price for use in
19 developing the flat price component for the Small Customer Group ES rate for the
20 six-month period. That approach is compliance with the Commission’s directives in
21 Order No. 27,022 and Order No. 27,090.

22 **Q. What is the Company’s proposal for setting the Large Customer Energy Service**
23 **rates during the six-month service period?**

24 A. Similar to the above approach for the Small Customer Group, the Large Customer
25 Group proxy prices would be calculated as the average of (a) the four-year rolling

¹ As of August 23, 2024, NYMEX no longer published forward power prices, so the Company now utilizes OTC Global Holdings, an independent broker of commodities, for the power forward curves as a NYMEX pricing index replacement.

1 weighted average of ISO-NE market prices in the New Hampshire load zone, and (b)
2 the OTC Global Holdings futures prices for the upcoming six-month energy service
3 period for ISO-NE, for each month of the six-month rate period. The six-monthly
4 proxy prices would then be used to develop the monthly price components for the
5 Large Customer Group ES rate for each month during the six-month period. That
6 approach is compliant with the Commission's directives in Order No. 27,022 and
7 Order No. 27,090.

8 **V. COST RECOVERY AND RECONCILIATION**

9 **Q. What is the Company's proposal for cost recovery?**

10
11 A. The Company does not propose in this filing any modifications to the currently effective
12 cost recovery methods for Energy Service. Under the current method, the Company
13 recovers the cost of providing Energy Service by charging customers a rate reflective of
14 the cost of procurement as approved by the Commission. To the extent that the Energy
15 Service revenue collected is over or under the cost of procurement, the over- or under-
16 recovered balance is reconciled through the Company's Reconciliation Adjustment
17 Factors for Small and Large Customers. In Order No. 27,002, the Commission directed
18 the Company to prepare a proposal for the integration of the ES Reconciliation
19 Adjustment Factor charges into collection through the SCRC to be filed in advance of
20 the Company's next SCRC petition filing. The Company submitted that proposal in
21 connection with its SCRC filing in November 2024, and its update to that filing in
22 January 2025, in Docket No. DE 24-112. That proposal remains pending adjudication in
23 the SCRC docket and has not yet been approved for implementation.

1 **Q. How will the reconciliation process work?**

2 A The reconciliations for the Small and Large Customer groups currently are completed as
3 part of the Company's annual Reconciliation Adjustment Factor filing made in June of
4 each year. The Company reconciles its total cost of purchased power procured for ES
5 supply from all sources (whether from wholesale suppliers or self-supply) against its total
6 ES revenue. The excess or deficiency, including interest, is refunded to or collected from
7 customers on a per kilowatt-hour basis over the following twelve-month period, as filed
8 with and approved by the Commission. Interest is calculated on the average monthly
9 over- or under-recovered balance using the Prime rate. The reconciliation also includes
10 uncollected prior period balances. Under the Company's pending proposal in Docket
11 No. DE 24-112, the reconciliation balances so determined through calculation of the ES
12 Reconciliation Adjustment Factors would be deferred for future recovery through the
13 next applicable SCRC rate adjustment.

14 **Q. Would reconciliation apply to both the Small Customer group and the Large**
15 **Customer group?**

16 A. Under the currently effective ES Reconciliation Adjustment method, the Small and Large
17 Customer groups are reconciled separately. Accordingly, even though both Customer
18 Groups will be self-supplied in whole or in part, each Customer Group's costs will be
19 subject to a full reconciliation, including self-supply related costs.

20 **Q. Would reconciliation including self-supply procurement for both the Small**
21 **Customer group and the Large Customer Group likely result in additional**
22 **administrative costs?**

23 A. Yes, however, the Company does not expect administrative costs related to self-supply
24 procurement, whether for internal or external resources, to have a significant impact on
25 either the Small Customer Group or the Large Customer Group Reconciliation
26 Adjustment Factor calculations. For example, the third-party vendor that assists with
27 forecasting the Company's loads would cost approximately \$20,000. However, with the

1 implementation of an increased percentage for self-supply of 30% of the Small Customer
2 Group load, and 100% of the Large Customer Group load, these administrative costs
3 could become more of a factor for the next ES rate service period from February 2025
4 through July 2025.

5 **Q. Will the proposed limited direct market participation have a material impact on**
6 **the Company's cash flow and working capital requirements?**

7 A. To the extent that the Company serves a portion of its Small Customer Group load
8 directly, and all of its Large Customer Group load directly, there will be an impact
9 on its working capital requirements, because the billing lag would decrease from
10 approximately 45 days to around 5 days, reflecting the more frequent ISO-NE market
11 settlement schedule. This will create some upward pressure on the Company's
12 working capital requirements and related interest expense. If the Company's
13 expanded direct market procurement proposal is approved, the Company will update
14 its lead-lag study in its next ES rate adjustment filing to reflect the change in working
15 capital requirements. The overall impact of these changes may not be substantial,
16 but with an increase for both Customer Groups the impact should be considered in
17 connection with the next relevant filing.

18 **Q. How and when will the Company reconcile actual market participation costs**
19 **with estimated market costs?**

20 A. The actual costs of expanded direct market participation may not be finally known
21 until several months after the conclusion of the next ES service period. This lag is
22 due to ISO-NE hourly market pricing, market settlement lag, and the resettlement
23 process for load volumes. The difference between actual market costs resulting from
24 direct market participation and the estimated market costs incorporated into the ES
25 rate will become part of the Company's ES under- or over-collection. As such, any
26 variation in those costs will be treated through the approved annual reconciliation

1 process as outlined above, as that process may be modified by future Commission
2 order.

3 **Q. Would there be tariff changes required if the Commission approves the**
4 **Company's proposal as described in this testimony?**

5 A. The Company has not identified any tariff changes required to implement the
6 expanded self-supply procurement through direct market participation as described
7 in this testimony. However, if any such tariff changes are necessary, those changes
8 can be provided in this proceeding as requested, in a compliance filing, or in
9 connection with the Company's next ES rate adjustment filing.

10 **VI. CONCLUSION**

11 **Q. Is the Company's proposal a reasonable and appropriate plan to self-supply a**
12 **larger portion of the Small Customer Group load, and all of the Large Customer**
13 **Group load, through direct ISO-NE wholesale market participation?**

14 A. Yes, the expanded direct wholesale market participation proposal described in this
15 testimony represents a reasonable and appropriate approach to meeting the
16 Commission's directives in Order No. 27,090. Although the Company's Small and
17 Large Customers will be exposed to some additional market volatility risks as a result
18 of its implementation, those risks must be balanced against avoidance, in whole or in
19 part, of the so-called "risk premiums" included by third party wholesale suppliers in
20 their competitive bids to provide ES supply. In order to afford the Company
21 sufficient time to prepare to implement the proposed expanded direct market
22 participation, in conjunction with the competitive solicitation of third-party
23 wholesale supply for the remaining tranches of its Small Customer Group load for
24 the next upcoming ES rate period, the Company respectfully requests that the
25 Commission review and approve this proposal, through a further phase of the

1 proceeding, in a timely manner and with a decision issued not later than April 15,
2 2025.

3 **Q. Does that conclude your testimony?**

4 A. Yes, it does.