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24**STATE OF NEW HAMPSHIRE****PUBLIC UTILITIES COMMISSION**

June 18, 2024 - 1:33 p.m.
21 South Fruit Street
Suite 10
Concord, NH

REDACTED
(For PUBLIC Use)

RE: DE 24-046
PUBLIC SERVICE COMPANY OF NEW
HAMPSHIRE d/b/a EVERSOURCE ENERGY:
2024 Energy Service Solicitation.
(Hearing regarding the Solicitation
period from August 1, 2024, through
January 31, 2025.)

PRESENT: Chairman Daniel C. Goldner, *Presiding*
Commissioner Pradip K. Chattopadhyay
Commissioner Carleton B. Simpson

Alexander Speidel, *Esq./PUC Legal Advisor*

Tracey Russo, Clerk

APPEARANCES: Reptg. Public Service Company of New
Hampshire d/b/a Eversource Energy:
David K. Wiesner, Esq.

Reptg. Residential Ratepayers:
Donald M. Kreis, *Esq., Consumer Adv.*
Marc H. Vatter, *Dir./Economics & Finance*
Office of Consumer Advocate

Reptg. New Hampshire Dept. of Energy:
Matthew C. Young, *Esq.*
(Regulatory Support Division)

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

*** R E D A C T E D - For PUBLIC Use ***

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 LUANN J. LaMONTAGNE
 YI-AN CHEN
 SCOTT R. ANDERSON

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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	Petition for Adjustment to Energy Service Rate for Effect on August 1, 2024, including Testimony and Attachments <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
2	Petition for Adjustment to Energy Service Rate for Effect on August 1, 2024, including Testimony and Attachments {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
3	Summary of Attachments YC/SRA 1 through 3	<i>premarked</i>

P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Good afternoon. I'm Chairman Goldner. I'm here with Commissioner Simpson and Commissioner Chattopadhyay. This is the hearing for the August to January procurement cycle for Energy Service for Docket Number DE 24-046, the Eversource Energy Service procurement review proceeding.

This hearing was scheduled pursuant to an Order of Notice issued by the Commission on May 6th, 2024, following Eversource's request for the launch of its Energy Service process filed on March 19th, 2024. The Office of the Consumer Advocate filed a letter of participation in this proceeding on April 10th. On June 14th, Eversource filed its Petition for approval of the results of its August to January Energy Service procurement, as modified with an ISO-New England 12.5 percent market-based procurement tranche for its Small Customer Group load, as established pursuant to a Commission directive in Order Numbers 26,920 and 26,994. Both of these orders were issued in Eversource's previous Energy

1 Service docket, DE 23-043.

2 Eversource relies on Puc Rule
3 201.06(a)(15), and 201.06 and 201.07 generally,
4 for the confidential treatment of certain
5 material with its June 14th filing. There are no
6 intervenors in the docket.

7 Are there any members of the public
8 here today?

9 *[Indication by a member of the public.]*

10 CHAIRMAN GOLDNER: Yes, sir. Would you
11 like to make a comment or are you just here to
12 watch?

13 UNIDENTIFIED SPEAKER: Just here to
14 watch.

15 CHAIRMAN GOLDNER: Okay. Very good.

16 In light of this, when confidential
17 information is implicated in the hearing, we ask
18 that the parties indicate this for the benefit of
19 the court reporter. And we'll have to ask the
20 member of the public to step out for just a
21 moment if we do discuss confidential material.

22 Okay. Eversource has proposed a
23 Witness and Exhibit List for today's hearing,
24 with a panel of four Company witnesses and three

1 Company exhibits.

2 When we take appearances today, we'll
3 invite the Company, the OCA, and the Department
4 of Energy to make brief opening statements, and
5 whether the OCA and DOE have any objections to
6 the proposed exhibits. We also ask that the OCA
7 and DOE indicate whether they intend to call any
8 witnesses today.

9 If there's no other preliminary
10 matters, we'll now take appearances, starting
11 with the Company.

12 MR. WIESNER: Good afternoon, Mr.
13 Chairman and Commissioners. I'm David Wiesner,
14 representing Public Service of New Hampshire,
15 doing business as Eversource Energy. I have no
16 opening statement. Our witnesses, whom you will
17 meet very shortly, will provide a brief
18 description on direct examination of the filing
19 we've submitted.

20 And I am hopeful that we can avoid
21 using confidential information in the hearing
22 room. We just may have to be a little bit more
23 careful in doing so.

24 CHAIRMAN GOLDNER: Okay. Thank you.

1 The Office of the Consumer Advocate?

2 MR. KREIS: Good morning, Mr. Chairman,
3 Commissioners. I'm Donald Kreis, the Consumer
4 Advocate. With me today is our Office's Director
5 of Economics and Finance, Marc Vatter.

6 I have no objections to the proposed
7 exhibits or any of the proposed witnesses. We do
8 not intend to call any witnesses on behalf of the
9 OCA.

10 And it is possible that I will have a
11 few questions about some confidential numbers in
12 the Company's filing.

13 CHAIRMAN GOLDNER: Okay. Thank you,
14 Attorney Kreis. And the New Hampshire Department
15 of Energy?

16 MR. YOUNG: Thank you, Mr. Chairman,
17 Commissioners. Matthew Young, on behalf of the
18 Department of Energy. With me today is Stephen
19 Eckberg, who is a Utility Analyst in the Electric
20 Division.

21 We do not have any objections to the
22 exhibits proposed today. We do not plan to call
23 any witnesses.

24 And, at this time, we do not have any

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 preliminary statements to make.

2 CHAIRMAN GOLDNER: Okay. Very good.

3 So, let's move now to swearing in the
4 witnesses. Mr. Patnaude, if you'd please swear
5 in the witness panel.

6 *(Whereupon **PARKER LITTLEHALE,***
7 ***LUANN J. LaMONTAGNE, YI-AN CHEN, and***
8 ***SCOTT R. ANDERSON** were duly sworn by*
9 *the Court Reporter.)*

10 CHAIRMAN GOLDNER: Thank you. We'll
11 start with direct questioning from Eversource.
12 And Attorney Wiesner.

13 MR. WIESNER: Thank you, Mr. Chairman.

14 **PARKER LITTLEHALE, SWORN**

15 **LUANN J. LaMONTAGNE, SWORN**

16 **YI-AN CHEN, SWORN**

17 **SCOTT R. ANDERSON, SWORN**

18 **DIRECT EXAMINATION**

19 BY MR. WIESNER:

20 Q So, I'll turn first to Mr. Littlehale, and ask if
21 you would please state for the record your name
22 and your title with Eversource?

23 A (Littlehale) Good afternoon. My name is Parker
24 Littlehale. And I am a Manager of Wholesale

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Power Supply in the Electric Supply Department of
2 Eversource Energy.

3 Q And what are your responsibilities in that role
4 with the Company?

5 A (Littlehale) I oversee the process required to
6 fulfill the power supply requirement obligations
7 of PSNH, including overseeing the solicitations
8 for the competitive procurement of power for
9 Energy Service, and supervising the fulfillment
10 of related Renewable Portfolio Standard
11 obligations.

12 Q And have you previously testified before the
13 Commission?

14 A (Littlehale) Yes. I have testified in prior
15 Energy Service rate adjustment dockets.

16 Q And did you file testimony and corresponding
17 attachments as part of the filing on June 13th,
18 2024, which have been marked as "Exhibit 1",
19 redacted, and "Exhibit 2", confidential?

20 A (Littlehale) Yes, I did.

21 Q And was that testimony and the supporting
22 materials prepared by you or at your direction?

23 A (Littlehale) Yes.

24 Q Do you have any changes or updates to make at

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 this time?

2 A (Littlehale) No, I do not.

3 Q And do you adopt your testimony today as it was
4 written and filed?

5 A (Littlehale) Yes, I do.

6 Q Thank you. Now, turning to Ms. LaMontagne.
7 Would you please state for the record your name
8 and title with Eversource?

9 A (LaMontagne) My name is Luann LaMontagne. And I
10 am a Senior Analyst in the Electric Supply
11 Department of Eversource Energy.

12 Q And what are your responsibilities in that role?

13 A (LaMontagne) I perform the activities required to
14 fulfill the power supply requirement obligations
15 of PSNH, including conducting solicitations for
16 the competitive procurement of power for Energy
17 Service, and fulfilling Renewable Portfolio
18 Standard obligations. I am also responsible for
19 ongoing activities associated with independent
20 power producers and purchase power agreements.

21 Q And have you testified before the Commission?

22 A (LaMontagne) Yes, I have tested -- yes. I have
23 testified in prior Energy Service rate adjustment
24 dockets.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Q And did you file testimony and corresponding
2 attachments as part of the filing submitted on
3 June 13th, which has been marked as "Exhibits 1"
4 and "2"?

5 A (LaMontagne) Yes, I did.

6 Q Were the testimony and supporting materials
7 prepared by you or at your direction?

8 A (LaMontagne) Yes.

9 Q Do you have any corrections or updates to make?

10 A (LaMontagne) No, I do not.

11 Q And do you adopt your testimony today as it was
12 written and filed?

13 A (LaMontagne) Yes, I do.

14 Q Now turning to Ms. Chen. Would you please state
15 your name and title with the Company?

16 A (Chen) My name is Yi-An Chen. I am the Director
17 of New Hampshire Revenue Requirements.

18 Q And what are your responsibilities in that role
19 as Director?

20 A (Chen) I'm responsible for the coordination and
21 implementation of revenue requirements
22 calculations and regulatory filings, such as
23 Energy Service, for the Company.

24 Q And have you testified previously before the PUC?

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 A (Chen) Yes, I did.

2 Q Did you file testimony and supporting
3 attachments as part of the filing submitted on
4 June 13th, marked for identification as
5 "Exhibits 1" and "2"?

6 A (Chen) Yes.

7 Q And were the testimony and supporting materials
8 prepared by you or at your direction?

9 A (Chen) Yes.

10 Q Do you have any changes or updates to make to
11 that testimony at this time?

12 A (Chen) No, I do not.

13 Q And do you adopt your testimony today as it was
14 written and filed?

15 A (Chen) Yes.

16 Q Finally, turning to Mr. Anderson. Would you
17 please state your name and title with the Company
18 for the record?

19 A (Anderson) My name is Scott Anderson. I'm the
20 Manager of Rates for New Hampshire.

21 Q And what are your responsibilities in that role?

22 A (Anderson) I'm responsible for activities related
23 to rate design, cost of service, and rates
24 administration.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Q Have you testified previously before this
2 Commission?

3 A (Anderson) I have submitted testimony in several
4 dockets before the Commission, including prior
5 Energy Service rate adjustment proceeding.

6 Q And did you file testimony and supporting
7 attachments as part of the filing submitted on
8 June 13th?

9 A (Anderson) Yes, I did.

10 Q Was that testimony and supporting materials
11 prepared by you or at your direction?

12 A (Anderson) Yes.

13 Q And do you have any changes or updates to that
14 testimony at this time?

15 A (Anderson) No, I do not.

16 Q Do you adopt your testimony today as it was
17 written and filed?

18 A (Anderson) Yes, I do.

19 MR. WIESNER: Thank you. We have an
20 experienced group for you today.

21 BY MR. WIESNER:

22 Q I'll now turn back to Mr. Littlehale, and ask if
23 he could provide a brief summary of why the
24 Company considers the recent RFP process and the

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 results for the proposed new Energy Service rates
2 to be satisfactory?

3 A (Littlehale) On May 9th, 2024, we released an RFP
4 to purchase 100 percent of the Large and 87 and a
5 half percent of the Small Customer Group's Energy
6 Service loads for August 1st, 2024, through
7 January 31st, 2025.

8 We were looking for the Large
9 Customers' two tranches, total megawatt-hours
10 approximately 58,000; for Small, it was seven
11 tranches of 12 and a half percent each,
12 approximately 1.4 million megawatt-hours in
13 total.

14 Bids were received on June 11th, at
15 10:00 a.m., and we utilized our three-prong
16 approach to analyze the bids received. The
17 results for both the Small Customers and Large
18 Customers satisfied all main criteria.

19 There were several bidders and a large
20 number of bids. The bids were clustered closely
21 together. And, finally, the bids were aligned
22 with our internal proxy price used during
23 solicitations.

24 Given that, we reviewed and obtained

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 approval from senior management. We reconfirmed
2 winning bidders were in good standing from a
3 credit perspective. And we executed the Master
4 Power Supply Agreement Transaction Confirmations
5 with the selected bidders.

6 Q And was this RFP process and bid selection
7 consistent with prior solicitations by the
8 Company for Energy Service, and with the various
9 Commission orders governing the procurement
10 process?

11 A (Littlehale) Yes. The solicitation was conducted
12 consistent with past practices, and with
13 Commission requirements under the Settlement
14 Agreement in Docket Number DE 17-113, that was
15 approved by Order Number 26,092, except that one
16 and a half Small Customer load tranche was
17 reserved to be self-supplied through direct
18 wholesale market participation, consistent with
19 the Commission's order in Number 26,994, issued
20 in April of 2024.

21 Q And, Mr. Littlehale, could you briefly describe
22 how the Company prepared the proxy price used for
23 the Energy Service rate calculation with respect
24 to the single self-supply Small Customer load

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 tranche?

2 A (Littlehale) Yes. Consistent with the
3 Commission's directive in its April order
4 approving limited direct market participation, we
5 developed a proxy price using NYMEX forward
6 energy prices, known capacity market prices, and
7 a multiplier intended to cover other wholesale
8 load cost elements, such as ancillary services,
9 Net Commitment Period Compensation, or NCPC,
10 wholesale market service charges, and the costs
11 for the new Inventoried Energy Program, along
12 with other ISO-New England miscellaneous credit
13 and charges. All of which were estimated, based
14 upon the relationship between energy costs and
15 these other wholesale load cost elements,
16 determined with reference to the wholesale market
17 price comparison tables for August '23 through
18 January '24 that we've submitted to the
19 Commission. This methodology is similar to that
20 used for the proxy price used to compare RFP bids
21 received, except that the supplier margins and
22 estimates for supplier risk premiums were not
23 included.

24 Q And I appreciate you providing that summary of

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 the procurement process as it played out this
2 year.

3 I'll now turn to both you, Mr.
4 Littlehale, and Ms. LaMontagne, and ask if it's
5 your position that the rates proposed for the
6 period August 2024 through January 2025, as
7 described in Exhibit 1 or 2, are just and
8 reasonable and consistent with the public
9 interest?

10 A (Littlehale) Yes.

11 A (LaMontagne) Yes.

12 Q Thank you. And my next couple of questions I'll
13 direct to Ms. Chen.

14 Ms. Chen, how did the Company develop
15 its rate proposals in this docket?

16 A (Chen) Sure. So, consistent with the Settlement
17 in Docket DE 17-113, we took the RFP results, and
18 added administrative and general expense, and RPS
19 costs, to get to the retail rate.

20 Also included in this proposed Energy
21 Service rate are the new reconciliations of over-
22 and under-recoveries, which have been developed
23 for the August 2024 update, for which we present
24 both the *status quo* approach, consistent with the

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 past practice and precedent, and a recommended
2 alternative design to address an under-recovery
3 problem affecting the Large Customer Class.

4 Q And I'll ask if you can please describe in more
5 detail the Large Customer under-recovery problem
6 the Company has identified, and the recommended
7 solution to address that problem?

8 A (Chen) Sure. The Large Customer under-recovery
9 increased substantially this year, primarily as
10 the result of declining retail sales due to
11 customer load migration from default service.
12 That leads to a situation where a higher
13 under-recovery amount must be assessed against a
14 smaller and decreasing number of customers and
15 level of kilowatt-hour sales.

16 The Company is very concerned about
17 this problem in the near term. Oh. The Company
18 is very concerned about the impacts of that
19 problem, both in the near term, and over the
20 longer term.

21 To address the problem in the near
22 term, the Company recommends that the Commission
23 approve an alternative approach in which the
24 Energy Service Reconciliation Factor will be

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 applied on a combined basis for both the Large
2 and the Small Customer under- or over-recoveries,
3 without regard to rate class, on a uniform
4 kilowatt-hour basis.

5 The filing includes both the *status quo*
6 approach to the Energy Service rate calculation,
7 as well as the recommended alternative.

8 Q And could you please summarize for us the
9 resulting rate changes under the two
10 alternatives?

11 A (Chen) Yes. So, for the Large Customer Group,
12 using the *status quo* approach, the monthly prices
13 range from 12.917 cents per kilowatt-hour, to
14 24.276 cents per kilowatt-hour; and, under the
15 alternative approach, would range from 7.010
16 cents per kilowatt-hour, to 18.369 cents per
17 kilowatt-hour. The calculations of those rates
18 are shown in Attachment YC/SRA-1, on Page 2.

19 For the Small Customer Group, using the
20 *status quo* approach, the weighted average fixed
21 Energy Service rate for the six-month period of
22 August 1st, 2024, through January 31st, 2025,
23 would be 10.458 cents per kilowatt-hour; and,
24 using the alternative approach, the rate would be

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 10.707 cents per kilowatt-hour. In each case,
2 this compares to the current Small Customer fixed
3 rate of 8.285 cents per kilowatt-hour, and
4 represents an increase due primarily to wholesale
5 power market conditions.

6 Q Thank you. And I'll now turn to Mr. Anderson,
7 and ask if there are any other rate changes that
8 will affect the analysis?

9 A (Anderson) Yes. There are rate changes for PSNH
10 also set to take effect on August 1st, such as
11 the Regulatory Reconciliation Adjustment, and
12 potentially temporary rates in the Company's rate
13 case. But the impacts of those rate changes are
14 not known or approved at this time, and so do not
15 impact the bill analysis for the proposed Energy
16 Service rate.

17 Q And could you explain the customer rate bill
18 impacts depicted in Attachment YC/SRA-4?

19 A (Anderson) Page 1 provides some comparisons of
20 residential rates proposed for effect August 1st,
21 2024, to current rates effective February 1st,
22 2024, under the *status quo* approach. The impact
23 to a 600 kilowatt-hour customer of the proposed
24 Default Service rate would be an increase of 10.2

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 percent to the total customer bill.

2 Page 2 provides some comparisons of
3 residential rates proposed for effect August 1st,
4 2024, to rates effective one year ago, August
5 1st, 2023, under the *status quo* approach. The
6 impact to a 600 kilowatt-hour customer of the
7 proposed Default Service rate would be a decrease
8 of 8.8 percent to the total customer bill.

9 Page 4 provides some comparisons of
10 residential rates proposed for effect August 1st,
11 2024, to current rates effective February 1st,
12 2024, under the recommended alternative approach.
13 The impact to a 600 kilowatt-hour customer of the
14 procurement period Default Service rate would be
15 an increase of 11.3 percent to the total customer
16 bill.

17 Page 5 provides some comparisons of
18 residential rates proposed for effect August 1st,
19 2024, to rates effective one year ago,
20 August 1st, 2023, under the recommended
21 alternative approach. The impact to a 600
22 kilowatt-hour customer of the proposed Default
23 Service rate would be a decrease of 7.7 percent
24 to total customer bill.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Pages 3 and 6 provide an average impact
2 of each change on bills for all rate classes, by
3 the Default Service rate component and by the
4 total bill for the *status quo* approach and the
5 recommended alternative approach, respectively.

6 Q Thank you. And I'll ask you now, Mr. Anderson,
7 as well as Ms. Chen, is it the Company's position
8 that the solicitation was open and fair, and that
9 the resulting Energy Service rates are just and
10 reasonable, under the totality of the
11 circumstances, and regardless of which
12 reconciliation approach is implemented?

13 A (Chen) Yes.

14 A (Anderson) Yes.

15 MR. WIESNER: Thank you. That's all I
16 have for direct examination today, Mr. Chairman.

17 CHAIRMAN GOLDNER: Okay. Thank you.

18 We'll now move to cross and the
19 Department of Energy, and Attorney Young.

20 MR. YOUNG: Thank you, Mr. Chairman.
21 Good afternoon, everybody.

22 All of my questions, in terms of Bates
23 pages, will refer to the confidential Exhibit 2.
24 But I think we can probably avoid any of the

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 confidential information.

2 **CROSS-EXAMINATION**

3 BY MR. YOUNG:

4 Q So, starting with just the procurement process
5 maybe more broadly, Mr. Littlehale, were there
6 any notable changes in the procurement process
7 from prior years?

8 A (Littlehale) The major change for this cycle was
9 per the order from the Commission, instead of
10 offering our standard eight tranches for our
11 Small Customers, we offered seven tranches, and
12 we withheld one, the eighth tranche, if you will,
13 for self-supply, which was a process that we had
14 outlined in testimony, and which was approved by
15 the Commission earlier this year.

16 Q So, then, looking at Bates Page 031, there is
17 a -- in Exhibit 2, there is a ranking 1 through
18 total number of bids. Could you explain, had
19 there -- if there wasn't a self-supply tranche in
20 this, how the Company would have -- would have
21 approached the bidding process there?

22 A (Littlehale) So, absent the self-supply order,
23 under the prior guidelines, we would have
24 selected the eighth highest cost bid or lowest

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 cost bid, depending on your perspective, and that
2 would have been averaged with the other seven to
3 produce the wholesale rate that's captured on
4 Bates Page 031 here.

5 Q Thank you. Then, I suppose, moving more into
6 questions regarding that self-supply tranche. In
7 April 2024, the Commission issued Order 26,994,
8 which directed Eversource to develop an
9 alternative NYMEX price-based methodology, in
10 order to apply that market developed pricing
11 forecast approach to its market-based procurement
12 tranche, or the self-supply tranches. I think
13 we're kind of more generally referring to it.

14 Could you explain the Company's newly
15 developed pricing approach that you use, and
16 maybe point us to a specific schedule that we
17 could look at?

18 A (Littlehale) Yes. It would be Bates Page 032, is
19 our so-called "traditional" proxy approach, and
20 Bates Page 033 is the self-supply proxy. And,
21 for the most part, they are very similar. The
22 energy forwards are similar -- are exactly the
23 same, and, therefore, the load-weighted energy
24 price of 63.82 is the same in all three

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 scenarios. The capacity price is the same.

2 And, then, the formula, which we've
3 talked about in prior hearings, our linear
4 regression formula, that's used to calculate the
5 proxy price remains the same in all three
6 scenarios.

7 The one difference is the multiplier.
8 And the multiplier is used in the traditional
9 proxy calculation to estimate other wholesale
10 load cost elements beyond energy and capacity,
11 such as ancillary services, NCPC, any programs,
12 such as the Inventoried Energy Program, and then
13 also captures our estimate of the supplier risk
14 premium and profit.

15 On the self-supply proxy, so it would
16 be, again, Bates Page 033, the estimate for
17 supplier risk premium and supplier profit is
18 eliminated. But we do include estimates for the
19 ancillary services, the NCPC, IEP, *et cetera*, all
20 the other products within the ISO-New England
21 market necessary to deliver full requirements
22 power supply.

23 So, you will notice that the multiplier
24 that we have here is lower than the multiplier in

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 the standard proxy calculation. And that
2 multiplier, that we estimated for the self-supply
3 tranche, is directly sourced to the wholesale
4 load cost element tables that we've been
5 submitting to the Commission on a monthly basis.
6 And it's a relationship between all those other
7 costs and the energy costs. So, essentially,
8 what we're doing is we're using that relationship
9 to gross up the forward power prices, to account
10 for the other wholesale load cost elements,
11 beyond energy and capacity, that are necessary to
12 serve customer load and deliver 24/7 power.

13 Q Thank you for that explanation. I guess just to
14 highlight, which I do think you mentioned, if we
15 wanted to find the forward pricing that
16 Eversource developed to use with its market-based
17 tranche of the Small Customer Group, and, I
18 guess, how they were blended with the procured
19 energy, that would be the table, which is marked
20 "confidential", at the bottom of Bates Page 031,
21 is that correct?

22 A (Littlehale) No. The Bates Page 031 is the bid
23 results. Bates Page 032 and 033, it would be the
24 section of the table labeled "Forward Energy

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Prices", and there's three different columns.
2 Because the forwards, again, produced by NYMEX,
3 come in at -- on an on-peak forwards and on an
4 off-peak forwards. And, then, what we do is we
5 blend them together to create an all-hours, which
6 is not quite a -- roughly an average of the
7 on-peak and off-peak, but it's based upon the
8 number of hours of each month that are on-peak
9 and off-peak. And, then, what we do is we
10 load-weight those, those individual six monthly
11 all-hour prices, to a single metric capturing the
12 six-month term, which is the "63.82", referenced
13 both on Bates Page 032 and 033.

14 Q Thank you for that clarification. And just
15 circling back, does the Company -- is it the
16 Company's position that this new methodology does
17 comply with the Commission's order in 26,994?

18 A (Littlehale) Yes.

19 Q Thank you, Mr. Littlehale. I think my next few
20 questions will be for Ms. Chen and Mr. Anderson.

21 Beginning on Page 12 of 24 of your
22 testimony, which I believe is Bates Page 053, you
23 described there, and then also in the direct
24 testimony today, a substantial under-recovery

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 related to the Large Customer Group. I just have
2 a couple questions about that.

3 On Bates Page 053, there is a
4 discussion of the "\$2.4 million" that the Company
5 has removed from its accounting of the Large
6 Customer under-recovery. And I was just
7 wondering if you could explain a little bit more
8 about that situation?

9 A (Chen) Sure. So, as we were -- the Company was
10 preparing for the Default Energy Service filing,
11 the Company determined that the 2.4 million of
12 the total Large Customer Group under-recovery is
13 due to the difference between the retail customer
14 billing and the wholesale load reporting for a
15 period of time beginning in May 2023. The
16 Company does plan on reconciling the differences
17 through the resettlement and rebilling of loads
18 in the ISO-New England Market Settlement System
19 and/or with affected wholesale and competitive
20 suppliers.

21 Because of the timing regarding
22 completion of all those efforts, the Company
23 decided to defer recovery of this 2.4 million
24 amount while we pursue collection through load

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 resettlement and rebilling.

2 Q And does the Company feel it will be successful
3 in recovering that amount of money?

4 A (Chen) The Company has already started the
5 process, and is confident that we will be able to
6 pursue the 2.4 million or associated dollar
7 amount.

8 Q If those funds are not recovered, would the
9 Company propose to recover those, I guess,
10 remaining uncollected amounts from the
11 ratepayers?

12 A (Chen) The Company currently plans to -- well,
13 let me reiterate. So, the Company plans to --
14 well, is already in the middle of working with
15 these parties to collect the 2.4 million. And we
16 do have the confidence that we will be able to
17 recoup, *per se*, the 2.4 million from the parties
18 that are involved.

19 So, at this point, the Company is not
20 planning to recover this 2.4 million through the
21 ratepayers.

22 Q Okay. Thank you. And I think you pointed to
23 this as well in your direct testimony, Attachment
24 YC/SRA-2, which I believe is Bates Page 071, sort

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 of is that the schedule that lays out the
2 specifics of this over- and under-recovery?

3 A (Chen) That's correct. Bates Page 071, Line 14,
4 represents the 2.4 million the Company is
5 deferring.

6 Q And would that also be why, in Line 1, there
7 appears to be a "negative \$94,000" in revenues?
8 In "March 2024", I'm sorry?

9 A (Chen) That's okay. Thank you for clarifying.
10 So, the Company did look into this negative
11 dollar amount, and has determined that was due to
12 the rebilling. The cancel and rebill, I should
13 clarify.

14 Q Thank you. So, I think in your testimony, I
15 think it was Bates Page 054, there was --
16 regarding this under-recovery, I believe you
17 stated that the "continuing migration of Large
18 Customers to competitive suppliers and community
19 aggregation was the most significant factor" in
20 causing this situation. And I'm wondering if,
21 based on the information the Company has at its
22 disposal, if -- could you say that that migration
23 is a one-way migration, or could it be viewed as
24 Large Customers coming back and forth? Wondering

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 if the Company has any insight on that?

2 A (Littlehale) Indications to date that the cause
3 or the results of customer -- the \$2.4 million
4 that we're focused on here, primarily, is for
5 customer accounts that were migrated in the
6 Eversource billing system for Large Customers
7 associated with community aggregation. They were
8 not immediately and automatically moved for --
9 moved from the wholesale load settlement, and
10 reporting, due to the ongoing software, you know,
11 due to some ongoing software updates not being
12 completed.

13 So, these wholesale loads have been now
14 manually moved, and, in the meantime, the dollars
15 associated with the difference between the retail
16 customer billing and the wholesale load reporting
17 in prior months is being reconciled.

18 So, while it's possible that, and this,
19 you know, your question further highlights some
20 of the challenges here, because customers can
21 move in both directions, indications are to date,
22 as we sit here today, is that this particular
23 situation is timing differences on kind of a
24 one-way move from Default Service to community

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 power aggregation.

2 Q And, so, maybe that question wasn't -- I was
3 actually -- that's very helpful context for the
4 2.4 million. I was -- I think my question was
5 more broadly. Does the Company see this
6 under-collection issue, based on what they -- the
7 information you have internally, kind of broader
8 picture, are more of the Large Customers
9 migrating one way, or is it back and forth?

10 A (Littlehale) Since community power aggregation
11 began in -- it would have been roughly springtime
12 of 2023, there has been meaningful migration off
13 Default Service to community power aggregation
14 for the Large Customers.

15 And it surely is possible that
16 customers can come back, and we do see, you know,
17 minor movements in returns. But, over the past
18 year or so, it's been primarily one way, off
19 Default Service towards community power
20 aggregation, for our Large Customers.

21 MR. YOUNG: Thank you. I think those
22 are all my questions, Mr. Chairman. Thank you.

23 CHAIRMAN GOLDNER: Thank you.

24 We'll turn now to the Office of the

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Consumer Advocate, and Attorney Kreis.

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

3 I think I might go through some of
4 these issues sort of in reverse order by starting
5 with Ms. Chen.

6 BY MR. KREIS:

7 Q And I want to zero in on I think what she
8 described as the "*status quo* approach" versus the
9 "alternative approach". Ms. Chen, you actually
10 are recommending that the Commission approve the
11 alternative approach, are you not?

12 A (Chen) I am.

13 Q And aren't you, by doing that, essentially asking
14 to have the Small Customer Class bail out the
15 Large Customer Class? Wouldn't that be a fair
16 statement?

17 A (Chen) I would categorize it as the Company has
18 identified an issue, an ongoing issue, and we are
19 expecting the issue to even be worse. And the
20 Company is trying to come up with a proposal to
21 solve this identified issue in the near term, or
22 even the longer term.

23 Would you like me to elaborate a little
24 bit more on that?

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Q Well, yes. You just referred to something as
2 "the issue". I'd like to know exactly what "the
3 issue" is?

4 A (Chen) Yes. So, as, Mr. Kreis, you have also --
5 you're also aware that we are seeing this
6 migration issue, and that this large
7 under-recovery from the Large Customer Group.
8 Ultimately, if I just kind of like recap on what
9 our testimony noted, ultimately, we are expecting
10 the Large Customer Group to have less customer --
11 number of customers in the near future. And we
12 are already seeing that trend. And we are trying
13 to address the issue of where there is so-called
14 the "last man standing" as an issue, where fewer
15 customers are picking up the large
16 under-recovery.

17 So, we are trying to solve that issue
18 by proposing to combine the Small and Large
19 under-recovery reconciliation together. So, we
20 have a larger customer base for the under- or
21 over-recovery in the future.

22 Q Just to make sure that it's completely clear,
23 when you talk about the difference between the
24 Large Customer Class and the Small Customer

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Class, the Small Customer Class, for this
2 purpose, includes all of the Company's
3 residential customers and also some of its
4 commercial customers, right? There are some very
5 small commercial customers, mom-and-pop
6 businesses, that sort of thing, and they're
7 actually lumped in with residential customers for
8 purposes of the solution that you've proposed
9 here, and any other rate-setting mechanism that
10 you undertake we respect to Default Energy
11 Service?

12 A (Anderson) That's accurate.

13 Q So, and I think I understand the "last man
14 standing" issue, I tend to refer to that as the
15 "default service death spiral". And I see that
16 it is or could be occurring in the Large Customer
17 Class.

18 I guess what I'm really having trouble
19 understanding is, how could that possibly be a
20 problem that the Small Customer Class should help
21 solve? Like, what public interest reason is
22 there, given your testimony that this alternative
23 proposal results in just and reasonable rates,
24 what possible public interest could be served by

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 forcing Small Customers to come to the aid of
2 Large Customers in that manner?

3 I just don't get it. I apologize for
4 asking this question in an edgy manner, but I
5 really don't get it.

6 A (Chen) The way that I can describe it is, this is
7 really getting into more of a policy and also
8 ratemaking or rate design type of area. So, if I
9 think about the low-income rates, that's an
10 example of other customers are subsidizing for
11 low-income customer rate's discount. So, if
12 we -- the Company believes that, because the
13 default service is the last resort for the -- for
14 all the distribution customers. So, we are
15 strongly recommending and believing that, by
16 combining Small and Large Customer Group
17 reconciliation together, we are ultimately, like,
18 solving the issue that was noted earlier.

19 And, then, even more, I think we -- I
20 think, in our testimony, we also identified
21 another alternative approach. But the Company
22 recognized that, as of today, the combining of
23 the Small and Large Customer Class reconciliation
24 factor together is the preferred recommended

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 approach, so they can be sitting still in the
2 Default Energy Service rate.

3 Q Thank you. Just to make sure I understand your
4 testimony, you just referenced "another
5 alternative approach". So, there's like a third
6 approach sort of hanging out there?

7 A (Chen) There is. If I can direct us to -- sorry,
8 my computer is a little slow.

9 If I can direct us to Bates Page 055
10 and 056, so it starts at the very -- Line 21 of
11 Bates Page 055. So, even though the Company is
12 not recommending today for this alternative
13 approach, we have identified this could
14 ultimately solve the issue that was noted earlier
15 for the -- due to the migration.

16 Q So, in other words, what you're talking about,
17 it's actually at the beginning of Page 56 of that
18 exhibit, is basically moving this recovery into
19 the non-bypassable Stranded Cost Recovery Charge,
20 so that it would no longer be just Small
21 Customers on Default Service who were
22 participating in this bailout. It would be all,
23 all customers, regardless of whether they're
24 taking competitive supply or community power

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 aggregation supply?

2 A (Chen) That's correct. And the rationale behind
3 it was, one, this would ultimately solve the
4 migration issue that was noted. And, then, also,
5 some of these customers might have been provided
6 with a default service prior to their migration.
7 So, that was the rationale.

8 Q And, then, going back a bit to your reference
9 earlier to "low-income customers", I just want to
10 sort of read back what I think I heard you say.
11 What you basically said is that this, what I
12 characterized as a "bailout", is justified, i.e.,
13 that the Small Customer Class should come to the
14 aid of the large, wealthy, powerful industrial
15 customers in your Company for exactly the same
16 reason that all of us who are Eversource
17 customers pay through the System Benefits Charge
18 for a poverty alleviation initiative that really
19 means a low-income discount for customers who
20 can't afford their electric bill. You basically
21 see an equivalence between those two things?

22 A (Chen) I wouldn't say it that way, Mr. Kreis, due
23 to -- due all respect. I think what I -- my
24 testimony earlier would be what I can say here

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 today and testify.

2 Q Thank you. That -- I appreciate that. This
3 might involve asking Mr. Littlehale, I'm not
4 sure, it's between Ms. Chen and Mr. Littlehale,
5 who's best able to answer this question.

6 I really want to make sure I understand
7 this \$2.4 million thing. And, you know, the
8 testimony was a little opaque or maybe a little
9 delicately worded. So, I really would like to
10 hear, in plain English, who screwed up? Like,
11 where did this 2.4 million -- how did this
12 \$2.4 million disappear? Who's responsible? Who
13 did what wrong? And how is the Company going to
14 fix it?

15 A (Littlehale) We don't characterize it as a
16 "screw-up", using your words, Attorney Kreis.
17 From our perspective, it's mostly a timing issue.
18 There were approximately 50 customers who, on the
19 retail side, who had migrated over to community
20 power aggregation. But, due to some
21 complications and some lingering issues on some
22 IT issues had remained on the wholesale load.
23 So, they were showing up on our wholesale load
24 numbers. So, therefore, they were in one place

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 on the wholesale side, but they had migrated to
2 community power on the retail side. So, revenues
3 were not coming in the door, they were going to
4 the competitive supplier, instead of to the
5 default service provider.

6 But we are in the process, through the
7 reconciliation, to correct that, primarily
8 correct that through the resettlement process.
9 And these things take time, unfortunately. We
10 all wish it moved sooner. But, due to some of
11 the time necessary to reconcile all this, we have
12 flagged it. We are trying to be as transparent
13 as we can. And, at this point, not seeking
14 recovery, until we can ensure all the loads and
15 dollars flow to the appropriate places.

16 Q Thank you. That's really helpful, because that
17 does kind of clarify it a bit. So, in other
18 words, it's something around 50 customers, it's
19 not like one or two really big customers. It's,
20 I guess, a little more of a systemic problem than
21 that. Fair?

22 A *(No verbal response given).*

23 Q And you didn't want to characterize it as a
24 "screw-up", but the fact is, you referred to

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 "complications and IT issues", that at least
2 suggests something that the Company wishes hadn't
3 happened. Fair?

4 A (Littlehale) In an ideal world, they would have
5 been moved at the same time.

6 Q But you would agree with me that whatever
7 happened that we wished hadn't happened is not
8 the fault of either anybody from the community
9 power aggregation world or any of these 50
10 customers? All of them did everything they were
11 supposed to do. Is that a fair statement?

12 A (Littlehale) From our perspective, this is a
13 timing event that should not be an ongoing issue
14 going forward. We have initiated, through the
15 ISO-New England's Settlement, and a process
16 called "Requests for Billing Adjustments". And
17 that will cover the December through January 2024
18 timeframe. Through the ISO-New England
19 Settlement System, we can reconcile loads back to
20 roughly February. And, you know, for adjustments
21 necessary prior to the RBAs, that will be -- it's
22 a manual process performed between the
23 appropriate parties that we're pursuing at this
24 point in time.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Q Understood. Thank you. So, now, kind of zooming
2 back to some more general questions about Default
3 Service for Small Customers. Can you remind me
4 what percentage of Eversource's Small -- what
5 percentage of the Default Service load that
6 applies to Small Customers has now -- let me
7 rephrase that.

8 What percentage of Small Customers have
9 migrated away from Default Service at present?

10 A (Littlehale) So, on Bates Page 008, we quote
11 these numbers. So, we are currently, in
12 aggregate, we are serving about 36 percent of
13 Eversource's distribution loads through Default
14 Service.

15 Q And do you expect that percentage to grow in the
16 coming six months?

17 A (Below) That's likely to decline, given continued
18 migration to community power. Before community
19 power began, we were serving about 50 percent of
20 our distribution load through Default Service.
21 So, over the past year, these are approximations,
22 but we've gone from roughly serving 50 percent of
23 our Default Service load, to 36 percent.

24 Q And you expect that number "36 percent" to keep

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 going down?

2 A (Littlehale) It's our understanding, as
3 additional cities and towns pursue community
4 power aggregation, obviously, it doesn't happen
5 overnight, there's a process involved. But, once
6 customers enroll, then that number would decline
7 from the 36 percent.

8 Q Mr. Littlehale, I presume you're one of the folks
9 at Eversource that talks to the bidders. Did you
10 get any read back from the bidders about how that
11 trend is affecting their bidding habits?

12 A (Littlehale) We field all -- a number of
13 different questions from suppliers. They're
14 always anxious to get as much information as we
15 can provide or direct them to on ongoing
16 migration off Default Service. But,
17 unfortunately, they do not share their bidding
18 strategy with us.

19 Q Indeed, that is unfortunate. How much data do
20 you give them? Do they get town-by-town data
21 with respect to migration, or is it just
22 aggregated migration data from you?

23 A (Littlehale) It's aggregated.

24 Q If they asked for town-by-town data, would you be

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 willing and able to provide it to them?

2 A (LaMontagne) I do not believe we would be able to
3 provide that. We don't have it on a community
4 level.

5 Q Thank you. You mentioned, Mr. Littlehale, that
6 your price for -- your proxy price for that
7 self-supply tranche is based on NYMEX futures.
8 Would it be possible for Eversource to meet that
9 tranche simply by buying NYMEX futures?

10 A (Littlehale) Well, NYMEX is an energy forward
11 price curve. Full requirements power, which is
12 necessary to deliver in 24/7 power is not simply
13 energy in isolation. So, in many ways, it's,
14 while both metrics are in dollars per
15 megawatt-hour, it would be inappropriate to
16 compare a bid price, which includes energy,
17 capacity, and other products to meet 24/7 load,
18 and simply the energy forward price from the
19 NYMEX curve. Those are two different things.

20 Q So, does that mean that, if the Company were to
21 meet its self-supply load by buying energy
22 futures in some way, it would simply have to then
23 layer on top of it the ancillary services and
24 other things that comprise wholesale electricity,

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 or are you just basically saying "No, we couldn't
2 do that"?

3 A (Littlehale) Well, I'm saying that those two, a
4 NYMEX curve and an all-requirements price, are
5 two separate things. So, just trying to
6 establish the discrepancy and the differences
7 between those two numbers.

8 Q Understood.

9 A (Littlehale) If the Commission requested that we
10 produce a self-supply proposal, outlining our
11 approach to meet the self-supply requirements,
12 which we outlined the plan to purchase Day-Ahead
13 energy and the other wholesale load cost
14 elements, similar to what we did in Massachusetts
15 and Connecticut, when we had to procure a
16 self-supply following failed procurements.

17 So, the approved self-supply plan from
18 the Commission involves Day-Ahead spot prices.
19 It does not involve using forward NYMEX price
20 curves to purchase energy from.

21 Q Understood. Okay. Coming down the home stretch
22 now, I think.

23 I assume, Mr. Littlehale, that you are
24 well aware that just the other day the Commission

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 approved a new Default Service price for Unitil,
2 and, in its order doing that, it ordered Unitil
3 to make a proposal next month that would involve
4 increasing the size of its self-supply -- the
5 size of its self-supply in the context of its
6 Default Energy Service. You're probably -- I
7 assume you're familiar with the fact that the
8 Commission made that decision, yes?

9 A (Littlehale) I have read the Unitil order.

10 Q Do you expect to receive a similar directive from
11 the Commission in this docket?

12 A (Littlehale) It's not my job to anticipate orders
13 from the Commission.

14 Q Understood. Although, I do think it is mine
15 sometimes.

16 Were the Commission to order Eversource
17 to make a proposal to procure at least 30 percent
18 of its Default Energy Service load from
19 self-supply, first of all, how many tranches
20 would that involve? I think it would involve at
21 least three, would you agree?

22 A (Littlehale) Three would be what, 37 and a half?

23 Q Right. And, if you went down to two, it would be
24 less than that?

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) Yes.

2 Q Have you given any thought to whether the Company
3 would be willing to do that, and, if so, what the
4 optimal number of self-supply tranches would be?

5 A (Littlehale) So, this ultimately is a public
6 policy question. To what degree should Default
7 Service customers be exposed to Day-Ahead and
8 Real-Time wholesale power prices? From
9 Eversource's perspective, we remain concerned
10 that engaging in direct wholesale market
11 participation to obtain a greater percent of
12 Default Service energy supply shifts risks to
13 customers, that would ultimately or have
14 historically been borne by third-party suppliers.
15 Those risks include, obviously, energy market
16 price volatility, and potential price spikes, as
17 well as unforeseen costs passed through to
18 load-serving entities in the region.

19 These risks are currently assumed by
20 the -- or, yes, assumed by the wholesale
21 suppliers that we select through the RFP process.
22 So, increasing direct market participation
23 increase the risks that are shift to customers.

24 But our practice is to, you know,

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 engage and be responsive to Commission
2 directives. So, if we are ordered to increase
3 our self-supply to 30 percent, then we are
4 prepared to do so. But we will continue to
5 highlight the shifting of risks from suppliers to
6 customers as you increase the share of
7 self-supply tranches.

8 Q I really appreciate that, Mr. Littlehale. And I
9 think that that answer is really helpful. But
10 you would also have to agree with me, would you
11 not, that, although an initiative like that
12 shifts risks to customers that has historically
13 been borne by third-party suppliers, it's also
14 true that those third-party suppliers were
15 extracting or are extracting a risk premium from
16 customers in exchange for having assumed that
17 risk?

18 A (Littlehale) I agree that the suppliers have
19 included a profit margin, and a -- what we refer
20 to as a "supplier risk premium" to accept the
21 load-serving obligations. So, for example, we're
22 heading into a heatwave here.

23 Q I think we might already be in the heatwave.

24 A (Littlehale) Fair point. I haven't checked

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 energy prices today. But, you know, if, for
2 example, prices were to spike because of this
3 heatwave, those risks are borne by suppliers.
4 There's no change in the rate.

5 Q And your testimony, just to make sure it's clear,
6 is that the Company is ultimately indifferent.
7 It has no business interest one way or another in
8 how Default Energy Service is procured. You're
9 worried about exposing customers to risk. But
10 you consider it a public policy question, the
11 answer to which is not the responsibility of the
12 Company, it's the responsibility, I guess,
13 ultimately, of the Commission. That's your
14 testimony?

15 A (Littlehale) I mean, we're engaging in these
16 types of discussions, and participating in the --
17 you know, for example, the DOE investigation and
18 the Commission investigation, where we have
19 actively engaged in these types of discussions.

20 But, you know, we have followed a
21 procurement plan that fell out of the
22 Restructuring Act and settlement agreements, and
23 that is our -- and Commission orders as well.
24 So, our objective is to continue to comply with

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Commission orders, and actively, you know, follow
2 the path that we've been ordered to do so.

3 MR. KREIS: Thank you. Mr. Littlehale
4 and Ms. Chen, I really appreciate your helpful
5 and candid answers to my questions.

6 Beyond, and at the risk of testifying,
7 pointing out that the spot price of electricity
8 here in New Hampshire is currently \$75.75, as
9 we're in this first day of the heatwave, I have
10 no further questions of the witnesses.

11 CHAIRMAN GOLDNER: Thank you, Attorney
12 Kreis.

13 We'll turn now to Commissioner
14 questions, and Commissioner Simpson.

15 CMSR. SIMPSON: Thank you.

16 BY CMSR. SIMPSON:

17 Q So, I'd like to return to the Large Customer
18 under-recovery issue. It sounds as if the
19 Company anticipated that this group of 50 Large
20 Customers would remain on Company-provided
21 Default Service. And it was programmed within
22 your settlement function through ISO-New England
23 that they were customers of Default Service, is
24 that correct?

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) I guess I would probably take a
2 little issue to the way you characterize it. It
3 was more, you know, the Company has to be
4 notified when, you know, a customer moves to
5 competitive supply or municipal aggregation.

6 And, for these roughly 50 customers,
7 when the notification came through, they were
8 moved on the retail side, but not the wholesale
9 side.

10 Q And did you get a similar notification for your
11 Small Customer Group at the same time?

12 A (Littlehale) So, there are two different billing
13 systems. And all indications, as of today, is
14 that there has not been the circumstances like
15 that we see -- that we've seen with these 50
16 customers, that there was a -- one side moved,
17 but the other side didn't. Indications are of
18 the Small is that they're moving in tandem as
19 designed.

20 Q By whom? Moved in tandem by whom?

21 A (Littlehale) Both on the retail side, and then
22 the wholesale side, as they migrate off Default
23 Service to community power.

24 Q Moved to within Eversource's internal systems?

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) Yes. I mean, I guess it's from a
2 billing perspective on the retail side, and the
3 ISO-New England load reporting on the wholesale
4 side.

5 Q So, somebody within Eversource gets the
6 notifications that customers are migrating. You
7 have a group that does Small with one billing
8 system, and then you have another group that does
9 Large with a different billing system?

10 A (Littlehale) I don't know if it's different
11 groups, but there are two billing systems.

12 Q Okay. So, "individuals", I should say, some
13 individual gets the notifications of customer
14 migration from utility Default Service to a
15 aggregation or a competitive supplier. And,
16 then, within your billing system, you make that
17 change. But, then, you also have to go within
18 the ISO-New England Settlement System and make a
19 similar change?

20 A (Littlehale) That's right.

21 Q And, then, somebody made that change for the
22 Small Customers, but that change was not made for
23 Large Customers?

24 A (Littlehale) For these 50 customers.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Q For these 50 customers, okay. And, for the
2 realization of that under-recovery, is that
3 because the Company was paying ISO-New England
4 revenues that they thought would come in from
5 that Large group of 50 customers, but then later
6 those revenues were not coming in, because those
7 customers were being appropriately billed, and
8 they were paying their competitive supplier?

9 A (Littlehale) Yes. And I would probably
10 characterize it more, when the team began to
11 prepare the Large Customer Energy Service
12 reconciliation exhibit for -- that's done on an
13 annual basis. When that process began roughly
14 two to three months ago, in preparation of this
15 hearing, --

16 Q Uh-huh.

17 A (Littlehale) -- it became obvious that there was
18 a disconnect between the wholesale load and the
19 retail billing.

20 Q And what is the timeframe? Like, when did that
21 under-recovery of 2.4 million begin to accrue,
22 and when did it stop accruing? When was the
23 problem corrected?

24 A (Littlehale) Well, if you recall this time last

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 year, there was an under-collection for the Large
2 Customers of about \$4.3 million. And that led to
3 the positive 2 cents Energy Service
4 Reconciliation Factor that's on the bill right
5 now. So, it began in 2023. And, then, a
6 further, I guess, contributing factor is that
7 that 2. -- that 2 cents, roughly, that is on
8 the -- currently on the Large Customers, because
9 of the -- that spread -- that was spread across
10 the forecasted load for the past twelve months,
11 which has come in lower due to migration. So,
12 that roughly 2 cents, if based upon actual sales,
13 would have actually needed to be almost twice as
14 large, roughly 4 cents, to re-collect the \$4
15 million.

16 So, it's a situation that, you know,
17 is, you know, continuing to increase as time goes
18 on, beyond the 50 customers that we've talked
19 about. You know, that's a separate situation
20 that we're working to correct the timing on.

21 Q And, so, the Company is saying "We would
22 typically reconcile these under- and
23 over-collections in a subsequent Default Service
24 period, historically, when the load was

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 relatively steady?

2 A (Littlehale) Right.

3 Q And, so, the factor was naturally fairly stable,
4 generally speaking?

5 A *[Witness Littlehale indicating in the*
6 *affirmative].*

7 Q Now, you're experiencing considerable migration,
8 primarily due to community power. So, the volume
9 is decreasing, and then those balances are either
10 staying the same, or increasing in this instance?

11 A (Littlehale) Right.

12 Q So, now, that reconciliation factor is
13 considerable?

14 A (Littlehale) That's right.

15 Q Okay.

16 A (Littlehale) That's right.

17 Q Thank you.

18 A (Littlehale) The quantity of megawatt-hours
19 hasn't been enough to --

20 Q Uh-huh. And, so, I would like to hear a bit more
21 about the rationale -- before I move there, what
22 is the under- or over-recovery for the Small
23 Customer Group at the moment?

24 A (Littlehale) Ms. Chen.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 A (Chen) So, the under-recovery -- well, at the
2 moment, if I can find the Bates page number.

3 Q Take your time.

4 A (Chen) So, if we -- if we turn to Bates Page 070.
5 So, the projected over-recovery, as of July 31st,
6 2024, is that 3.4 million.

7 Q Can you point me to a line number please?

8 A (Chen) Sorry, yes. It's Line 13.

9 Q So, the Company has over-collected 14 and a half
10 million, roughly, from the Small Customer Group
11 as of July -- or, I should say "through
12 July 31st, 2024", as estimated, correct?

13 A (Chen) 3.4, on Line 13.

14 Q I'm sorry.

15 A (Chen) I'm sorry. The twelve-month --

16 Q I was reading the balance.

17 A (Chen) The twelve-month, I think you were
18 referring to the beginning balance?

19 Q I was. Okay. So, you came in July -- or, I
20 should say "August 1st of '23" with a 14 and a
21 half million dollar over-collection. And, in the
22 year as ending July 31st of 2024, you estimate
23 that over-collection to be down to 3.4 million?

24 A (Chen) Correct.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Q Okay. And, so, I think I probably share some of
2 the perspective as outlined by the Consumer
3 Advocate of a concern of the Small Customer Group
4 subsidizing the Large Customer Group for this
5 under-collection.

6 Is there an alternative non-bypassable
7 factor that can only be attributed to the Large
8 Customer -- your Large Customer Groups, where
9 these expenses could be recovered?

10 A (Chen) I don't believe so. Not right now.

11 Q Okay.

12 A (Chen) There is no existing mechanism today that
13 would just be collecting through the Large
14 Customer Group as a non-bypassable rate.

15 Q Okay. And I think you had mentioned in your
16 testimony booking these costs to the Stranded
17 Cost Recovery Charge, correct?

18 A *[Witness Chen indicating in the affirmative]*.

19 Q So, then, that is an equivalent volumetric charge
20 for all customers?

21 A (Chen) Correct, all distribution customers.

22 Q Okay. And I'm guessing you've thought about
23 whether there's a means to ensure that within
24 rate classes these under- and over-collections

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 are attributed based on class. I'm guessing you
2 thought about that. That's not what you
3 presented here today. But did you think about
4 that, whether there could be a means to do that?

5 A (Chen) Are you referring to allocation of
6 different percentages between different classes?
7 Is that what you're referring to? Or, are you --

8 Q I'm not sure if I'm referring to "percentages",
9 but you have -- just a moment.

10 You have a 2.4 million under-recovery
11 that is within -- that resulted from your Large
12 Customer Group. And you have a Small Customer
13 Group for Default Energy Service purposes.
14 Within those groups you have multiple rate
15 classes, correct?

16 A (Chen) Correct.

17 Q So, there's -- did you consider that, within
18 those rate classes, developing a means to
19 attribute that under-recovery more directly?

20 And why I'm asking is, because I think
21 one of you described the rationale behind seeking
22 socialization of this under-recovery across all
23 customer classes is driven by the fact that the
24 Company is the provider of last resort, and

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 that's a service that you provide to all of your
2 customers.

3 It seems that you have distinct needs
4 from the Large and Small Customer Groups, and the
5 subsequent rate classes within those groups.
6 Does that rationale of providing this backstop
7 service, and the under- and over-recoveries that
8 may result, is there a way to more directly
9 attribute that by rate class? And did you think
10 about that? Or am I missing something?

11 A (Chen) I guess I can start, and Mr. Anderson can
12 chime in as well.

13 So, that's actually an interesting
14 point that you bring up, Commissioner. So, I
15 don't believe we have done that type of detailed
16 analysis yet.

17 But, Mr. Anderson?

18 A (Anderson) Yes. That was going to be my response
19 as well. That that consideration has not been
20 analyzed yet.

21 Q Okay, do you have any -- I know you're on the
22 witness stand right now. Do you have any
23 thoughts about that, the feasibility of that, so
24 that there isn't cross-subsidization between

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Large and Small, and then specifically rate
2 classes?

3 A (Anderson) Well, my reaction would be, we've got
4 a specific circumstance now.

5 Q Uh-huh.

6 A (Anderson) Will that circumstance repeat itself
7 next year, or will it be a different set of
8 customers that maybe have an
9 over-/under-collection? So, I'm not sure that we
10 can, via formula, solve issues in the future that
11 we don't know which direction they may go.

12 Q Okay. So, with this particular instance, it
13 sounds like it resulted from one of the two
14 billing systems that the Company uses, correct,
15 it was tied to a group of customers in one
16 billing system, versus your billing system
17 leveraged for the Small Customer Group?

18 A (Littlehale) Yes. I mean, I come back to timing
19 differences on when they were moved --

20 Q Uh-huh.

21 A (Littlehale) -- from Default Service, and they
22 were moved -- these 50 customers for Large, they
23 were moved, on the retail side, immediately, and
24 then they were not immediately moved on the

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 wholesale side.

2 Q Uh-huh.

3 A (Littlehale) And we are in the process of -- you
4 know, the resettlement process is available to
5 us, the RBA process, to put the dollars and
6 megawatt-hours in the appropriate buckets that
7 they should have been.

8 Q And could, in this unique instance, the 2.4
9 million, is there any means that, within the
10 billing system where the problem arose, that
11 those dollars could be reconciled, as opposed to
12 then reconciling those dollars to customers that
13 are within a completely different billing system?

14 A (Littlehale) I'm not sure I understand the
15 question, I'm sorry.

16 Q Okay. Would you consider a means of addressing
17 the under-recovery to just the groups of
18 customers that were directly impacted?

19 A (Littlehale) Yes. And maybe it's just worth
20 repeating. The \$2.4 million that we have
21 identified is being characterized as a "deferred
22 purchase power expense adjustment".

23 Q Uh-huh.

24 A (Littlehale) So, we're, in this hearing, we are

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 not seeking recovery of that \$2.4 million,
2 because of the timing differences that need to
3 work its way throughout the resettlement process
4 and the RBA process, and the discussions with
5 some of the third parties. So, that's going to
6 take time.

7 Q Uh-huh.

8 A (Littlehale) So, we're trying to be -- to flag
9 this, to say "We need some time to put the
10 dollars and the megawatt-hours in the appropriate
11 buckets." That's not -- that's why we're not
12 seeking recovery for it today.

13 Q I understand that. What I'm reacting to are the
14 approaches that are recommended by the Company,
15 in terms of the future, as explained by Ms. Chen.
16 And, so, I guess I'm asking whether another
17 alternative approach, where you seek to attribute
18 this and future over-/under-collections more
19 directly to the groups where those under- and
20 over-collections result, as opposed to creating
21 one under- and over-collection where Small and
22 Large Customers, in this instance, would be
23 impacted?

24 A (Littlehale) So, --

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 A (Chen) So, if I can just make sure that I
2 understand clearly, Commissioner?

3 Q Uh-huh.

4 A (Chen) So, are you asking the *status quo*, which
5 is Small Customer Class still to be reconciled
6 within the Small Customer Class, and then the
7 Large Customer Class to be reconciled within that
8 Large Customer Class? Or are you recommending
9 and asking about even further down, which is
10 individual rate classes within each of those
11 classes?

12 Q That's a very good question, Ms. Chen. Thank you
13 for asking that. Because that -- let me clarify
14 my understanding before I go further.

15 So, I'm looking at Bates Page 056.
16 And, starting on Lines -- at Line 13, you
17 describe the impact under the current process.
18 That, if you were to reconcile this change, I'm
19 reading from Line 17, "Customers would see an
20 increase to the default Energy Service portion of
21 the bill of approximately 39 percent."

22 So, within -- for those 50 customers,
23 I'm checking my understanding here, for those 50
24 customers, whatever group they're in, rate groups

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 they're in, that whole rate group would see, on
2 their Default Service portion of the bill, a 39
3 percent estimated increase, correct?

4 A (Anderson) Yes, that's correct. For those
5 Default Service customers, those customers taking
6 Default Service.

7 Q So, then, that's a rate that -- I'm assuming it's
8 one rate class, am I wrong? Or is it, like,
9 maybe two rate classes?

10 A (Anderson) It's Rate Class GV and LG.

11 Q Okay. So, two rate classes then. The way that
12 the Company has described the provision of
13 Default Service is that it's beneficial to all
14 customers in those respective rate groups,
15 regardless of whether they take that Energy
16 Service from you or they don't. So, is there a
17 means to attribute this under-collection to all
18 of those -- to that group of rates, as opposed to
19 just the customers on Default Service within
20 those rates? Do you understand what I'm asking?

21 A (Anderson) I do. There's just a handful of
22 customers who are continuing to take Default
23 Service --

24 Q Right.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 A (Anderson) -- in those rate classes. That's part
2 of the problem. That's a big part of the
3 problem.

4 Q Yes.

5 A (Anderson) And what we're suggesting is
6 collecting that through a broader base of
7 customers.

8 Q Uh-huh.

9 A (Anderson) Now, our recommendation is that it be
10 shared from Default Service customers, Small and
11 Large. I'm hearing your question being "not the
12 Large Default Service, but all Large
13 Customers," --

14 Q Correct.

15 A (Anderson) -- "default and non-default
16 customers."

17 Q That's my question exactly, Mr. Anderson.

18 A (Anderson) And, so, we're not making that
19 proposal today.

20 Q Understood.

21 A (Anderson) But we are flagging that proposal as a
22 potential solution on a going-forward basis. And
23 one mechanism to do that is through the SCRC
24 adjustment, which will apply to not only just

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Default Service customers, but all distribution
2 customers.

3 Q And, so, -- and my question would be, is there a
4 way to break that down, that adjustment, so that
5 you're not reconciling between all rate classes,
6 but you're reconciling this between the classes
7 that caused -- that were "impacted", I should
8 say?

9 A (Anderson) That brings me back to my response
10 from a few minutes ago, is we have not done that
11 analysis.

12 Q Uh-huh.

13 A (Anderson) And, secondly, I think it's going to
14 be hard to predict exactly where these
15 over-/under-collections may pop up, and having
16 the nimbleness of your reconciliation adjustment
17 to be able to address that on-the-fly may be
18 difficult to do.

19 Q Okay.

20 A (Anderson) I don't think it's a "set it and
21 forget it" solution.

22 Q Uh-huh. Okay.

23 A (Anderson) But it does spread the reconciliation
24 costs that we're trying to recover over a larger

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 base, which is appealing.

2 Q As opposed to what I think you've recommended,
3 which is spreading it over all distribution
4 customers --

5 A (Anderson) Our recommendation is to spread it --

6 Q -- that take Default Service?

7 A (Anderson) -- to Default Service customers.

8 Q Yes.

9 A (Anderson) To all Default Service customers,
10 correct.

11 Q Okay. Well, I would ask that you at least
12 consider that alternative approach, so that the
13 reconciliation is within the rate classes
14 impacted, --

15 A *[Witness Chen and Witness Anderson indicating in*
16 *the affirmative].*

17 Q -- when the Company does offer a complete
18 proposal.

19 CHAIRMAN GOLDNER: Okay. So, we'll
20 just -- we'll come back with Commissioner
21 Simpson's additional questions in fifteen
22 minutes. So, let's take a break, returning at
23 3:20. Thank you. Off the record.

24 *(Recess taken at 3:04 p.m., and the*

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 *hearing reconvened at 3:21 p.m.)*

2 CHAIRMAN GOLDNER: Okay. We'll go back
3 on the record and pick up with Commissioner
4 Simpson's questions.

5 CMSR. SIMPSON: Okay. Thank you.

6 BY CMSR. SIMPSON:

7 Q Ms. Chen or Mr. Anderson, could you please speak
8 to the work around the updated lead/lag study,
9 and the working capital component for energy
10 supply and RECs?

11 A (Chen) Sure. I'm trying to find the page.

12 Q Take your time, and just please use the
13 microphone.

14 A (Chen) So, if we go to Bates Page 057. So, we,
15 as described in here, so we use the calendar year
16 2023 actual to calculate the lead/lag, and, then,
17 that is provided in Attachment YC/SRA-3. And,
18 then -- would you like me to go over the results?

19 Q Yes, please. And the rationale for this
20 recommendation.

21 A (Chen) The rationale for it, I'm sorry?

22 Q For the recommendation of the changes, as
23 described.

24 A (Chen) Okay. So, if I go -- so, the way that we

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 calculate the lead/lag is to look at the revenue
2 lags and the expense lead/lag -- lead days,
3 because the rates are based on the revenue
4 expenses. But, on the actual basis, the revenue
5 lag results in the need for capital, while the
6 expense lead offsets the need to extend the
7 Company, is typically not required to make
8 payment to its vendor until after the service is
9 provided.

10 And, then, if I can turn your attention
11 to Bates Page 058, Line 17, --

12 Q Yes.

13 A (Chen) -- and then that will be the table to show
14 the summary of the lead/lag study results in this
15 period.

16 Q Okay. So, just so I understand this, that, in
17 this table, the figures presented are averages
18 across each of the respective groups, the Small
19 and Large Groups, correct?

20 A (Chen) That's correct.

21 Q So, Small Customers, let me -- this is in days.
22 So, 2.19 days on average that you collect early?

23 A *[Witness Chen indicating in the affirmative].*

24 Q And, then, for the Large Groups, it's

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 approximately 34 days, where you're lacking, in
2 terms of collection, correct?

3 A (Chen) That's correct. Thank you.

4 Q Okay. And do you have any sense of the
5 historical figures there? What your lead/lag per
6 customer type or group has been historically? Is
7 this in line with historical averages? Or, are
8 things changing, in terms of your working
9 capital?

10 A (Chen) So, if we are comparing the results based
11 on the calendar year 2023, which is what we just
12 went over in this table, --

13 Q Uh-huh.

14 A (Chen) -- versus the calendar year 2022, which
15 is -- which also can be found, I'm just trying to
16 look for it on the attachments, --

17 Q Take your time.

18 A (Chen) If I can turn your attention to Bates Page
19 Number 076?

20 Q Okay.

21 A (Chen) Lines 5 through 7.

22 Q Yes.

23 A (Chen) So, the Small is showing the "negative
24 8.3", whereas the Large is showing the "positive

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 18.1". And that's based on the lead/lag study
2 from calendar year -- of last year's filing,
3 which is based off calendar year 2022.

4 Q Okay. So, you're getting closer to zero for the
5 Small Groups, but the Large Group is actually
6 spreading further?

7 A (Chen) correct.

8 Q Do you have any sense of the drivers for those
9 respective trends?

10 A (Chen) I'm trying to find the Bates page number.

11 Q Take your time.

12 A (Chen) So, if we look at Bates Page 078, Line 3.

13 Q Yes.

14 A (Chen) So, the revenue lag here is showing
15 "75.64" as the "Revenue Lag Days", and then the
16 "Cost Lead Days" showing "41.85". So, I will
17 need to pull up what was the comparable
18 calculation from last year's to be able to dive
19 into, like, if it's caused by the revenue lead
20 days or the cost lead days -- the revenue lag
21 days, excuse me, or the cost lead days.

22 CMSR. SIMPSON: Okay. Well, I
23 appreciate you referencing these schedules. I
24 think I'm going to leave it there.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 I don't have any further questions for
2 these witnesses. Thank you.

3 CHAIRMAN GOLDNER: Okay. We'll turn
4 now to Commissioner Chattopadhyay.

5 CMSR. CHATTOPADHYAY: I'll try to be as
6 conceptual as possible.

7 BY CMSR. CHATTOPADHYAY:

8 Q First, the whole discussion about "\$2.4 million",
9 it's really an accounting issue, right?

10 A *(No verbal response given).*

11 Q So, you're talking about somehow both sides they
12 were not accounted for, and so that situation
13 resulted because of that, the \$2.4 million,
14 wholesale and retail, correct?

15 A *(Littlehale)* When you say "accounting", can you
16 just --

17 Q Okay. What I mean is, once you figure out a
18 solution to deal with that, it's not necessarily
19 related to, you know, how customers are
20 migrating, when, if you were properly accounting
21 for the buckets of dollars, it may well be true
22 that over time more and more customers are moving
23 away from Default Service to competitive supply
24 or community power. But, as long as you're

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 dealing with the disconnect appropriately, you
2 won't have this \$2.4 million issue?

3 A (Littlehale) The hope is, through the
4 reconciliation and the RBA, and the direct
5 discussions with the third parties involved,
6 that, once we put all the megawatt-hours and the
7 dollars in the appropriate buckets, then, you
8 know, that \$2.4 million will be reconciled
9 appropriately.

10 Q Let me -- let me put this differently. As long
11 as customers are remaining with Default Service,
12 the customers that remain with Default Service,
13 if you were properly accounting for them, you
14 will be recovering the money from those
15 customers?

16 A (Littlehale) Well, once, if we --

17 Q The reason I'm asking this is there was a lot of
18 back-and-forth on trying, you know, and I was
19 getting confused with the discussion about
20 customers moving from default to -- Default
21 Service to community power for the Large
22 Customers. And that is sort of a different
23 issue, compared to what you're trying to tackle
24 with the \$2.4 million. I mean, they may be

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 related, but it's not, --

2 A (Littlehale) Yes.

3 Q -- you know, accounting, that's why it's an
4 accounting thing.

5 A (Littlehale) Yes. Yes, there are two separate
6 buckets, right?

7 Q Yes.

8 A (Littlehale) We've identified, you know, it's my
9 understanding that, you know, the software system
10 has historically been set up to migrate one
11 account at a time as you move from competitive --
12 off Default Service to competitive supply, as
13 opposed to, you know, a town in total or
14 aggregate. I think that has caused, you know,
15 some of the delay in moving on the wholesale
16 side.

17 Q Okay. So, you mentioned "50 customers". But can
18 you tell me how many Large Customers do you have
19 overall?

20 A (Littlehale) For Default Service?

21 Q Yes.

22 A (Littlehale) It's roughly 135, I believe.

23 Q Okay.

24 A (Littlehale) That remain as the most recent data.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Q How many towns have moved to community power
2 aggregation? And how many total towns do you
3 serve?

4 A (LaMontagne) I believe that there's approximately
5 34 towns that are currently enrolling that we
6 have customers in. And I believe there are 17
7 more that have been approved plans, that they may
8 or may not be in the process of being set up for
9 enrollment.

10 Q And how many towns do you in total serve?

11 A (Littlehale) I don't know the answer to that.
12 Maybe we can --

13 Q Okay. Can you -- sorry. Can you explain, for
14 example, a particular town might have already
15 migrated completely, do you track data as to how
16 many customers have opted out?

17 A (LaMontagne) No. We -- I don't.

18 Q Okay.

19 A (LaMontagne) In Electric Supply, we don't. I
20 believe there would be another group within
21 Eversource that might track that information.
22 I'm not sure.

23 Q Okay. So, you don't know?

24 A *[Witness LaMontagne indicating in the negative].*

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Q Okay. I'm going to go back to the Large, you
2 know, the Small versus Large discussion about
3 cross subsidies and all of that. I'm trying to
4 understand this conceptually.

5 So, let's say, when you do an RFP, you
6 know, a third-party supplier is going to provide
7 power, or energy, to let's use the Large Group,
8 okay, Large Customers. You're essentially just
9 setting the -- the contract is about setting the
10 price per unit, right, per kilowatt-hour, right?

11 A (Littlehale) That's correct.

12 Q So, there is no other payments?

13 A (Littlehale) From Eversource to the supplier?

14 Q Yes. It's all based on per kilowatt-hours --

15 A (Littlehale) That is specified in the Master
16 Power Sales Agreement --

17 Q Okay.

18 A (Littlehale) -- and bid into the RFP.

19 Q So, when some of the customers migrate to
20 community power, so what remains with you, as
21 Default Service, you have fewer kilowatt-hours,
22 right, to provide energy for?

23 A (Littlehale) That's correct.

24 Q Everything else being held constant.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) Yes.

2 Q Yes. So, you're basically paying that much less
3 to the suppliers, correct, because it's still
4 based on the kilowatt-hours, per kilowatt-hours?

5 A (Littlehale) Generally speaking -- generally
6 speaking, that is correct.

7 Q So, I'm trying to understand why, when you --
8 when this continues, when customers are moving to
9 community power, why is it that the customers
10 that remain would have to pay more? Can you
11 explain that to us?

12 A (Littlehale) So, the reconciliation factors are
13 treated -- a different line item than the
14 wholesale rate charged to suppliers. That really
15 is the result of the RFP is the wholesale rate.

16 And, then, the retail adder is the
17 reconciliation factor for both energy and
18 Renewable Portfolio Standards, the RPS charge, et
19 cetera, all gets added on top or subtracted off
20 the wholesale rate for the supplier.

21 So, the way that I think of the
22 situation is, there was an under-collection from
23 last year of roughly \$4.4 million, that we had a
24 roughly 2-cent reconciliation factor to recover.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 And that was -- that was spread over the
2 estimated load this time last year, which was
3 roughly 200,000 megawatt-hours. Well, the actual
4 sales were significantly less than 200,000, they
5 were roughly 100, 110,000 megawatt-hours. We
6 still don't have the final data yet. So, there
7 wasn't enough megawatt-hours to re-collect the
8 under-recovery from last year. So, it's just
9 grown over time. And that's how I think about
10 separating the 2.4, we put that in a, you know,
11 in a different bucket than the under-collection
12 that is materializing on the Large Customers.
13 Q Understood. So, it's really being driven by
14 reconciliation accounts that are sort of
15 capturing historical realities, and --
16 A (Littlehale) Yes. That's --
17 Q So, it's that starting point which is creating
18 this problem?
19 A (Littlehale) It's contributing to the problem,
20 yes. Yes.
21 Q Okay. Just going back to the \$2.4 million issue,
22 is that an Eversource-wide phenomena? What I
23 mean by that is, is it happening everywhere, like
24 in all jurisdictions? Or is it -- because CPA,

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 you know, that thing is going on, I'm just
2 curious whether it's just a New Hampshire
3 situation?

4 A (Littlehale) So far, it's, that we've identified,
5 this issue is solely focused on the Large
6 Customers in New Hampshire.

7 Q Okay. Again, I keep it conceptual, and try not
8 to talk about anything that's confidential.

9 In setting the self-supply, you know,
10 proxy price, you've used a multiplier that tries
11 to capture, you know, the Net Commitment Period
12 Compensation, the ancillary service market
13 prices, wholesale market service charge, IEP, and
14 other ISO-New England miscellaneous
15 credit/charges. But you're using data from
16 August 2023 through January 2024 to estimate what
17 that multiplier is, right?

18 A (Littlehale) I calculate a percent. So, it's a
19 percent of the ancillary services, the NCPC, the
20 IEP.

21 Q Understood.

22 A (Littlehale) So, I aggregate all those buckets
23 over six months, and that is roughly \$5.00 a
24 megawatt-hour, over -- between January -- I'm

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 sorry, August '23 to January '25, for all those
2 other load -- all other products necessary to
3 serve load 24/7, except energy and capacity.

4 Q So, I understand that the multiplier is based on
5 all of these that we were talking about, relative
6 to the energy piece?

7 A (Littlehale) That's right.

8 Q Right. Aren't some of these prices known
9 relatively, you know, with greater certainty
10 than, like, I'm saying, for the current --

11 *[Court reporter interruption.]*

12 BY CMSR. CHATTOPADHYAY:

13 Q -- for the current period, or near future, you
14 would know these pieces individually anyway?

15 A (Littlehale) I would not agree with that
16 statement, no.

17 Q Okay. And, so, you still have to estimate it?

18 A (Littlehale) I believe the appropriate thing to
19 do is estimate it.

20 Q And you mentioned the total was "\$5.00"?

21 A (Littlehale) For the August '23 through
22 January '24 timeframe.

23 Q Okay.

24 A (Littlehale) And, you know, if it's helpful,

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 that's \$5.00 a megawatt-hour. During that same
2 timeframe, energy was roughly \$38.00 a
3 megawatt-hour. So, \$5.00 is roughly 13 percent
4 of the \$38.00 energy. So, then, --

5 Q I guess --

6 A (Littlehale) I'm sorry.

7 Q I guess, where I'm driving is, that \$5.00 number,
8 you do not agree that that will necessarily be
9 close to what the number would be going forward.
10 And, so, you're using a percentage.

11 But my question to you was, I mean -- I
12 mean, the numbers that you'll get, based on what
13 you get, you can perhaps use your own judgment as
14 to say whether this is a good estimate or not?

15 A (Littlehale) Yes. I mean, frankly, you know,
16 some of these other wholesale load cost elements,
17 beyond energy and capacity, are pretty, you know,
18 in-the-weeds, nitty-gritty, you know, detail.

19 And, you know, perhaps, if we still
20 owned generation, and we were, you know,
21 dispatching plants and -- power plants and things
22 like that, then we would have a better handle on
23 exactly where these numbers should play out. But
24 they're very hard to predict.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 And, frankly, you know, what ultimately
2 results in the multiplier that we have selected
3 for our self-supply tranche, you know, I make no
4 illusions that our self-supply tranche is going
5 to be correct. I'm promising you it's going to
6 be wrong. It's just a matter of if it's high or
7 if it's low.

8 Q Understood.

9 A (Littlehale) So, you know, it's, from our
10 perspective, and, you know, what I have proposed
11 in the process, is using the relationship to give
12 you an indication of how these other load
13 elements compare to energy, and then gross up the
14 forward energy prices based upon that
15 relationship. And that's going to give you a
16 reasonable proxy for your self-supply tranche,
17 which is going to be wrong.

18 Q And this is the method that you used even
19 previously, like in other --

20 A (Littlehale) No.

21 Q This is a new approach?

22 A (Littlehale) Well, the --

23 Q Can I finish? So, this is a new approach,
24 because previously you would go with the entire

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 amount, including the risk premium, --

2 A (Littlehale) That's right.

3 Q -- as you separate it?

4 A (Littlehale) So, the math is the same, the proxy
5 math is the same, the energy component is the
6 same, the capacity component is the same. The
7 only thing different is the multiplier.

8 Q Okay. Do you have a sense, and anybody who is
9 more involved in this can respond, so, with how
10 community power is progressing, do you have sense
11 what ultimately will happen with the Default
12 Service? Like, we are still in a state of flux,
13 but is there any attempt to understand where
14 things might be in the future? And, you know, is
15 there some internal thinking, internal studies
16 that the Company has conducted?

17 A (Littlehale) I'm not aware of any internal
18 studies that have been conducted. Ms. LaMontagne
19 and I track the amount of customers that have
20 enrolled in community power. And we are, you
21 know, doing our best to keep suppliers informed
22 with the information that we have.

23 As customers move off Default Service
24 to community power, that data begins to show up

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 in the hourly load data and the ICAP tag data
2 that we publish on our supplier website that the
3 suppliers use to inform their bids.

4 Q I think it would have helped if you had provided
5 me an answer about how many towns have still not
6 migrated. I'm just trying to get a sense. I
7 know you said you don't have the total number of
8 towns.

9 I mean, I calculated, you said "34",
10 plus "17" in the offing. But how many remain,
11 that would be helpful, because, --

12 A (LaMontagne) okay.

13 Q -- essentially, you're using that information to
14 predict where -- how the percentages are falling.

15 A (Littlehale) Okay. We can try to dig that up
16 between now and the end.

17 A *[Witness LaMontagne indicating in the*
18 *affirmative]*.

19 CMSR. CHATTOPADHYAY: Okay. And that's
20 all I have.

21 CHAIRMAN GOLDNER: Okay.

22 BY CHAIRMAN GOLDNER:

23 Q I'll start with this Large Customer piece. Isn't
24 your situation with Large Customers caused by the

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 fact that they can get a lower price elsewhere?

2 I mean, your folks are migrating away from
3 Eversource as a Large Customer supplier, because
4 ostensibly they can find a lower price
5 elsewhere, would that be fair?

6 A (Littlehale) Historically, prior to community
7 power aggregation, we were serving a small amount
8 of Large Customers. Conceivably, they can obtain
9 a better price in the market, or, you know,
10 perhaps there's some other driving force, for
11 example, a different share of renewable energy
12 would be one example.

13 But, then, since community aggregation
14 took off, this is roughly spring of last year, we
15 have seen additional migration off, to the point
16 that we have approximately 135 Large Customers
17 remaining on Default Service.

18 Q So, why not go to 100 percent wholesale market
19 procurement with Large Customers, to get the most
20 competitive rate you can, and then just see what
21 happens?

22 So, I'm thinking about solving this
23 issue that you raise relative to this
24 over-collect -- was it an over-collection or was

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 it an under-collection? Relative to the
2 under-collection, if you had more customers, the
3 problem would go away. Ostensively, if you had a
4 more competitive price, you weren't going through
5 the third-party model, you would be able to
6 perhaps increase your load.

7 A (Littlehale) So, with the idea that self-supply
8 conceptually would be lower than the supplier
9 bids?

10 Q What we learned in the IR docket that Eversource
11 and the other utilities participated in, is that
12 the wholesale price is consistently under the
13 third-party price, which is not surprising, the
14 third parties have to make money, and everyone
15 understands that. But the data showed, since
16 2018, in fact, there is no six-month period that
17 where the third-party price was lower than the
18 wholesale price.

19 A (Littlehale) So that you're saying the --
20 comparing -- sorry, can you repeat the two data
21 points that you're comparing?

22 Q So, if you're comparing the wholesale price, and
23 I'm talking about the all-in wholesale price,
24 including capacity and so forth, with the

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 third-party price, the price that customers end
2 up paying after the bidding process, the data in
3 the IR docket showed that there was no time
4 period in which the third-party price was worse
5 than the wholesale price.

6 In other words, and what I'm suggesting
7 here is, would the Company be willing to go to
8 100 percent market procurement for the Large
9 Customer -- for the Large Customer business, in
10 order, among other things, besides giving
11 customers another option of a lower price, but
12 also solving this under-collection problem?

13 A (Littlehale) I will echo the comments that I made
14 earlier. You know, the position of the Company,
15 you know, we remain concerned that exposing
16 customers to, you know, the spot prices is
17 shifting risk from suppliers to customers.

18 And that, if we're directed to do so,
19 then we will pursue that path. But our
20 perspective remains concern about expose -- fully
21 exposing customers to fluctuations of the spot
22 market.

23 Q And, so, I might turn that around and say that
24 you're also exposing customers to the benefit of

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 the spot market, because, if the third-party
2 price is higher than the wholesale price
3 consistently, then customers will, in fact, get a
4 benefit from going to the wholesale market, as
5 opposed to the other way around. You would
6 agree?

7 A (Littlehale) Right. I understand the
8 perspective. I just urge caution that there have
9 been points in time, and -- that, whether it's a
10 forward price or an accepted bid price, have been
11 lower than the wholesale market price.

12 Q And can you -- can you point us to a time period
13 when that's happened? The only data we had was
14 from the IR docket, that went back to
15 January 1st, 2018, as I recall. You might be
16 thinking about a time period farther in the past?

17 A (Littlehale) So, I've looked at some data
18 comparing the forward price versus the spot
19 price. And the challenge is, what do you pick
20 for the spot -- the forward price? Because
21 forwards can conceivably trade for five, six,
22 seven years at a time, for the same period.

23 But one useful comparison that -- or,
24 one appropriate time period that I thought would

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 be appropriate would be the day before bid day.
2 So, if you compare the forward wholesale power
3 price versus the spot Day-Ahead wholesale power
4 price, so now we're just looking at energy,
5 energy and energy on both sides of the equation,
6 capacity/ancillaries are being removed. Since
7 2018, Day-Ahead energy prices have been higher
8 than forward prices about 36 percent of the time.

9 Q And what would the implication of that be?

10 A (Littlehale) Well, those are points in time that
11 the spot market is higher than, say, a locked-in
12 forward price curve.

13 Q Yes. I'm just thinking about the data that we've
14 looked at in the IR docket, and then the data
15 that you've been publishing in your monthly
16 updates, that show very consistently that the
17 wholesale price is well under the third-party
18 price in all time periods that we can see.

19 A (Littlehale) I mean, I think there -- that has
20 been especially true in recent years. I think,
21 if you take a long -- a little bit of a longer
22 time horizon, there were points in time, for
23 example, coming out of the COVID lockdowns, when
24 demand began to outpace supply, that spot energy

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 prices were above the forward prices. Or, you
2 know, the run-up in the beginning of the
3 Russia-Ukraine War would be another example where
4 spot prices got up ahead of forward energy
5 prices.

6 So, I don't disagree with the data that
7 was in the IR docket or the data that we've been
8 publishing on a monthly basis comparatively.
9 We're looking at the same data.

10 Q Thank you.

11 A (Littlehale) I just continue to urge caution
12 that, just because that's been the history, does
13 not mean that that's always going to be the
14 future.

15 Q And is there anything in your mind where the
16 markets have changed? Have the markets gotten
17 more mature in the last five or six years? Is
18 there anything like that that you can point to?
19 Or would you say the markets now are the same as
20 they were ten or fifteen years ago?

21 A (Littlehale) So, when you say "markets", are you
22 referring to the RFP markets or the --

23 Q The ISO-New England market, the wholesale market.

24 A (Littlehale) Well, they, you know, they have a

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 few more years of history, right? I believe the
2 LMP began in about 2004, if my math is -- if my
3 memory is correct. So, you have another couple
4 years of experience with the ISO-New England
5 operating the market.

6 But, you know, I'm not aware of any
7 specific changes. I mean, I think much of the
8 focus on the markets is around the winter pricing
9 issue, and the challenges of getting enough
10 natural gas to New England to heat the homes and
11 the businesses, while at the same time running
12 the power plants. And that leads to New England
13 being reliant on global LNG to balance demand and
14 supply, and that brings the region into an
15 international pricing benchmark, in addition
16 to -- or, as opposed to just solely a domestic
17 pricing benchmark.

18 Q And, just turning to the Large Customers, and
19 you're urging caution there, in the terms of
20 going 100 percent to the wholesale market. From
21 their perspective, wouldn't the benefit, in
22 really all scenarios, I'm thinking about their
23 options, so they can -- the large customer can be
24 part of a community aggregation, they can, you

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 know, probably purchase directly, some of them.
2 There's lots of different options at their
3 disposal. And what you're offering them, if you
4 give them wholesale prices -- the wholesale
5 price, Eversource is a large and respected
6 company, and they can know that you're going to
7 be able to achieve the wholesale price, whatever
8 that wholesale price is, you're selling it to
9 them on a monthly basis. I would think it would
10 be positive marketing for Eversource to go and
11 say to your Large Customers "I can secure for you
12 the wholesale price every month", whatever that
13 wholesale price is, and develop a strong track
14 record in that regard.

15 Would you have any comments on that
16 assertion?

17 A (Littlehale) No. I would not.

18 Q Okay.

19 A (Littlehale) You know, I don't want to continue
20 to reiterate the same stance, but that is our
21 perspective. That --

22 Q It's okay to change a perspective. That's all
23 right.

24 A (Littlehale) Yes.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Q We can be here as long as we want.

2 A (Littlehale) Yes.

3 Q It's okay, I'll leave the topic.

4 A (Littlehale) You know, I think our role is to
5 serve the customers that remain, and/or haven't
6 chosen a -- either a third-party supplier, or
7 they're not in a city or town. And, you know, we
8 do our best to serve the customers that remain.

9 CHAIRMAN GOLDNER: And, so, I guess my
10 encouragement, as I leave this topic, would just
11 be to take it back to Eversource, after this
12 hearing, and have that discussion internally.

13 Because it looks like this business of
14 the wholesale price, based on all the data we've
15 accumulated in the IR docket, the data that the
16 Company has been publishing on a monthly basis,
17 everything leads to that the wholesale price
18 might be a very good way for the Company to move
19 forward, even from a marketing perspective with
20 its customers, to say "We can achieve for you the
21 wholesale price." And who doesn't want the
22 wholesale price, as opposed to the resale --
23 retail price? You know, I think that most people
24 would, if you ask them, they would go for the

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 wholesale price.

2 Okay. Let's leave that topic.

3 BY CHAIRMAN GOLDNER:

4 Q Just wanted to check something on loss factor.

5 It's Bates Page 066, but it's not necessary to go
6 there. I think it's confidential. So, I won't
7 use the number. But would it surprise you to
8 know that your loss factor is significantly
9 higher than Unitil? I won't use the number. But
10 would it surprise you, and can someone maybe
11 explain why that would be?

12 I can only tell you, factually, it's
13 significantly higher. I won't say how much.

14 CHAIRMAN GOLDNER: Or, I can, sir, if
15 you have -- if you're departing? All right.

16 **BY THE WITNESS:**

17 A (Littlehale) So, our understanding is that the
18 loss factor that we have in this exhibit is
19 sourced to a line loss study that the Company did
20 a number of years ago.

21 BY CHAIRMAN GOLDNER:

22 Q And, in a rate case, would you be refreshing that
23 number?

24 A (Littlehale) I can't speak to that question. I

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 don't know --

2 Q You don't know? Okay.

3 A (Littlehale) I don't know the answer to that.

4 CHAIRMAN GOLDNER: I think that would
5 be, I'll look to the Department, you know, who's
6 running the rate case, but the -- I'll use the
7 number, because the member of the public has
8 stepped out, but you're __ percent higher, in
9 terms of line losses, which is significant. And
10 it might be a larger service area that carries
11 more line losses, lines are longer and so forth,
12 I don't know.

13 But that would be something that maybe
14 we could look at in a different time and place.
15 But it shows up here in your data, so that's why
16 I mentioned it.

17 BY CHAIRMAN GOLDNER:

18 Q I believe this was touched on earlier, but I'll
19 just hit it quickly. Today, you're at eight
20 Small Customer tranches, two Large Customer
21 tranches. The Default Service customer base is
22 declining, as we've talked about at length.

23 Would you -- are you proposing or would
24 you consider proposing a different tranche model

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 prior to the February 1st, 2025 period?

2 I noted before you were at four and
3 one, now you're at eight and two. Are you
4 considering any changes going into the next
5 tranche?

6 A (Littlehale) We haven't discussed that yet. But,
7 you're correct, that we were at a four and a one.
8 And, in response to concern about -- or, trying
9 to encourage customers to -- or, suppliers to
10 continue with the RFP process during the height
11 of the volatility, and to reduce the amount of
12 risk per tranche, we doubled that to eight and
13 two roughly two years ago. And, from our
14 perspective, that has served the process well, at
15 the height of the volatility.

16 But we would have a conversation
17 likely, if we were ordered to increase our
18 self-supply share going forward. It may make
19 sense to take a fresh look at the number of
20 tranches offered, but we have not had those
21 conversations yet.

22 Q Okay. Okay. That's fair. I think, yes, between
23 the declining supply -- or, the declining demand,
24 rather, and the self-supply piece, that could --

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 that could impact your thought process.

2 I'm going to try to not to cover the
3 ground that my fellow Commissioners covered,
4 although I might have to hit a brief question or
5 two.

6 But, if we go to Bates 016, there's
7 discussion on Bates 016 relative to the Class I
8 RECs, the Burgess issue, SCRC, the filing here.
9 I couldn't really follow what was happening with
10 respect to Class I RECs. Can you walk us through
11 what's happening with Class I RECs in this
12 docket, versus the SCRC docket?

13 And, if you need to access proprietary
14 information or confidential information, that's
15 fine. Just highlight it for the court reporter.

16 A (LaMontagne) So, under the PPA Agreement that we
17 have with Burgess, we purchase the RECs for
18 100,000 in their contract year for that. The
19 price of those RECs were over-market. So, when
20 we file our RPS obligation, the obligation goes
21 in at the market price. And --

22 Q In this docket?

23 A (LaMontagne) Yes.

24 Q Okay.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 A (LaMontagne) Yes, in this docket.

2 Q Okay.

3 A (LaMontagne) And, then, the difference between
4 the over-market price and the market price flows
5 over into the SCRC --

6 Q Very good.

7 A (LaMontagne) -- at a transfer price.

8 Q Okay. And, so, in this cycle, I'm talking about
9 the August 1st, 2024, to February 1st, 2025,
10 cycle, will there be any Burgess RECs in that
11 cycle?

12 A (LaMontagne) There are a carryover number of RECs
13 that were not -- that will not be used for our
14 2023 filing.

15 Q Yes.

16 A (LaMontagne) I don't recall the exact quantity of
17 it, but those will be used in our 2024 RPS
18 filing.

19 Q And, then, you would -- those would show up in
20 this docket at ACP? Because the over-market
21 shows up in the SCRC, so I'm just trying to
22 understand what will show up here. Because I
23 didn't see anything in your filing that said you
24 were recovering any those Burgess RECs, so I

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 don't -- I'm not sure what's going on.

2 A (LaMontagne) The Burgess RECs aren't on my
3 attachment for the RPS obligation, because they
4 are within the PPA. But they do fall over into
5 the filing on Ms. Chen's.

6 Q And that's in the SCRC docket?

7 A (LaMontagne) Yes.

8 Q Okay. So, in the upcoming SCRC hearing, I think
9 it's mid-August, we should be able to fully
10 understand where all of the Burgess RECs are
11 going, whether it's in the Part 2, or whether
12 it's in -- you know, where it's located. But it
13 won't show up here, I guess, right, in this
14 docket, because this docket showed "zero" in the
15 upcoming cycle for all of your recovery numbers?

16 A (LaMontagne) Correct.

17 Q Okay. Right?

18 A (LaMontagne) Yes.

19 Q Okay. So, maybe a question for Mr. Littlehale
20 before I leave this section. You know, it seems
21 like we're in a period of pretty stable markets,
22 the last six or nine months seem stable when I
23 look at the data. And, yet, residential
24 ratepayers are going to see a 26.2 percent

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 increase in their Default Service price. That
2 surprised me when I saw the filing. I thought
3 that the numbers would be closer to what you
4 had -- what you were delivering in the current
5 period.

6 Can you maybe walk us through a little
7 bit about what happened there?

8 A (Littlehale) Yes. Sure. Exactly. So, you're
9 right, it's an increase rate period over rate
10 period. I would encourage you to also compare it
11 to what the rate period one year ago, so the
12 August 2023 through January 31, 2024, which was
13 at 12.5 cents, versus the 10.5 cents that we're
14 proposing today. And that is appropriate,
15 because that has the two winter months, December
16 and January, in the two comparison rate periods.
17 When you look at the February through July, it's
18 only one winter price, the February.

19 So, you know, to my point earlier, one
20 of the biggest fundamental characteristics of the
21 New England -- ISO-New England market right now
22 is the variation in pricing across the winter
23 versus the rest of the year.

24 But, to your point of "Why is the rate

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 going from 8.2 to the proposed 10.5?" So, about
2 eight-tenths of a cent can be attributed to the
3 difference in the retail adders. The current
4 cycle has a negative 0.05 cent credit going back
5 to customers. It came up earlier, we had the
6 \$14 million over-collection for the Small
7 Customers this time last year, which led to a
8 negative -- or, a return to customers over the
9 past six months. So, instead of having a
10 negative 0.05 retail adders, this cycle is a
11 positive plus 2.5. So, it's a swing of
12 eight-tenths of a cent by the retail adder
13 difference.

14 And, then, energy prices are up roughly
15 another penny, 1.1.

16 So, the swing of roughly 2 cents is
17 primarily due to the difference in the retail
18 adders, which was a negative in the last cycle,
19 and now is being a positive in this cycle, and
20 the increase of roughly a penny in energy costs.

21 Q Okay. And using the current methodology of
22 determining the proxy price, the twelve and a
23 half percent, you would agree that, had we -- had
24 we gone 100 percent to the ISO-New England market

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 in this time period, we would -- it would be
2 about the -- the pricing wouldn't have changed
3 really at all, it would have been pretty flat,
4 wouldn't you -- you would agree?

5 A (Littlehale) Sorry, say that --

6 Q No problem. So, the current -- the current price
7 the customers are paying in the current time
8 period is -- can you remind me of the number?

9 A (Littlehale) 8.3.

10 Q 8.3, thank you. And, if we were to -- if we were
11 to have used 100 percent of the ISO-New England
12 market, which is your Bates Page 033, I'm just
13 going to turn to it real quick, you would agree
14 that those two numbers are pretty close? In
15 other words, prices -- we wouldn't have the 26.2
16 percent increase, it would be roughly flat?

17 A (Littlehale) I think we're mixing and matching
18 time periods here. So, Bates Page 033 is the
19 forward energy prices for the August '24 through
20 January '25 time period.

21 Q Yes, I agree. I agree. And, right now, we just
22 discussed, in the current time period, in the
23 current, what customers are paying right now, is
24 about the same, it's about \$82 a megawatt-hour,

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 \$83 a megawatt-hour, something like that. All
2 I'm saying is, is that, had we gone directly to
3 the wholesale markets, in the upcoming time
4 period, instead of 12.5 percent, customers
5 wouldn't have seen an increase in prices, rather
6 it would have been pretty flat?

7 A (Littlehale) I would argue that the appropriate
8 metric to look at or document to look at is the
9 monthly filings that we've been providing to the
10 Commission that compares the underlying wholesale
11 load cost estimates to the 8.3 cents, as opposed
12 to this proxy exhibit.

13 Q I see your point. That would be even lower, by
14 the way. And these are not proprietary numbers,
15 but it looks like February, March, and April, the
16 numbers I have in front of me, it looks like it
17 averages, I think you mentioned it earlier, \$36
18 or \$37 a megawatt-hour, something like that. I'm
19 looking at Table 1, Row A.

20 A (Littlehale) Filed in May?

21 Q May 21st, that's right. I'm just averaging in my
22 head 42, 31, and 34, so somewhere in the mid-30s,
23 I guess.

24 A (Littlehale) I would encourage you to look at the

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 bottom line.

2 Q Uh-huh.

3 A (Littlehale) Column -- I'm sorry, Row M.

4 Q Okay. Fair enough. So, that would be 44, 32,
5 34. So, yes, mid-30s, 35, 36.

6 A (Littlehale) Thirty-seven (37) is the number I'm
7 getting.

8 Q Okay.

9 A (Littlehale) Yes.

10 Q I'll accept 37, as opposed to 83?

11 A (Littlehale) That's right.

12 Q And understanding that the pricing mid-summer may
13 very well be higher. But, so far, customers
14 would have gotten about 37, and we're halfway
15 through the --

16 A (Littlehale) Halfway through the rate period,
17 that's right.

18 Q -- through the rate period, that's right. Okay.
19 That's fair. Thank you.

20 Did you have a chance to look at how
21 Unitil procures from the ISO-New England market?
22 They were using 100 percent Day-Ahead -- I'm
23 sorry, 100 percent Real-Time, and you're using
24 the Day-Ahead market. Can you just walk the

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Commission through kind of your logic, and why
2 you believe that your model is the same or better
3 than what Unitil is doing?

4 A (Littlehale) So, we recommended the Day-Ahead
5 purchases, because the Day-Ahead -- ISO-New
6 England, on a daily basis, accepts the Day-Ahead
7 bids, and then the Day-Ahead supply offers. And,
8 then, they rank those and compare those, and then
9 the intersection of supply and demand is where
10 the LMP price is set.

11 So, if we, let's just say for argument
12 sake, we are -- our Day-Ahead twelve and a half
13 percent load was 100 megawatts. If we omit that
14 100 megawatts from the Day-Ahead market, then the
15 ISO demand curve is going to be off by 100
16 megawatts. And, therefore, the resulting LMP
17 price will be slightly different than it would
18 have been if that 100 megawatts were included.

19 So, for a meaningful amount of load,
20 and I would define, you know, PSNH Small
21 Customers a meaningful amount of load, it's our
22 understanding, from the ISO's perspective, is the
23 encouragement, when possible, to bid into the
24 Day-Ahead market, so they can appropriately build

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 their supply/demand curve, and therefore set the
2 LMP appropriately.

3 Q Okay. Okay. That makes sense. We had a lot of
4 questions for Unitil, because we had some -- it
5 seemed like your model made more sense to us than
6 Unitil at the outset. So, thank you for helping
7 with that.

8 Is there any -- is it more or less
9 difficult to purchase from the ISO market for
10 Large or Small Customers? Is there any
11 difference there? Would you have any concerns
12 with either flavor?

13 A (Littlehale) No. They're each tied to a certain
14 asset ID that we would essentially bid in the
15 same way. And, you know, it's a megawatt per
16 hour for the 24 hours of the upcoming day. So,
17 we would need to build -- we need to build
18 separate load forecasting models, too. But, once
19 you have that, the process of bidding in is no
20 different for Small verse Large Customers.

21 Q And I think, if I remember, you had a third party
22 that's doing the forecasting for you?

23 A (Littlehale) That's right.

24 Q And are you satisfied with what you've seen so

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 far?

2 A (Littlehale) That's right. We are evaluating a
3 competitor at the moment, to see if we can, you
4 know, reduce that cost. But those discussions
5 are ongoing, --

6 Q Okay.

7 A (Littlehale) -- and no final decision has been
8 made.

9 Q Okay. And just some blocking-and-tackling
10 questions, to make sure that we have everything
11 that we need today.

12 Does the Company have the capability to
13 expand the current program, 12 and a half
14 percent, to the Large Customer Group load, and
15 does it have the capability to expand within the
16 residential base?

17 So, it's just a check to see, if we
18 increase the percentage, if Eversource would have
19 any --

20 A (Littlehale) So, from, say, 12 and a half to 25
21 percent or --

22 Q Or 30, or 50, --

23 A (Littlehale) Yes.

24 Q -- or 100?

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) Yes. We do have that capability to
2 do that.

3 Q So, the Company, just to repeat back, the
4 Company, whether it's Large or Small Customers,
5 could go as far as 100 percent in either of those
6 categories, if required?

7 A (Littlehale) If required. And I will reiterate
8 my caution of exposing customers to wholesale
9 spot prices. But you've heard that already from
10 me today.

11 Q Thank you. No, you've been very consistent. And
12 I would have to -- I would have to remind you of
13 the benefits that they might see as well, and we
14 can call a truce.

15 Okay. Very good. Let's see. Just to
16 check also on what you probably saw in the Unitil
17 order, I think you did see it, where we suggest
18 there a proposal of a four-year rolling average
19 of the ISO-New England market prices and the
20 NYMEX forecasts, just a simple average of the two
21 to come up with what may be a better proxy price.
22 Would you have any comments on that proposal?

23 A (Littlehale) Yes. That's what led me to look
24 into the comparison of the Day-Ahead spot prices

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 versus the forward prices as of bid day. And I
2 was, you know, to me, the roughly 36 percent of
3 the time that the Day-Ahead spot prices is above
4 the forwards was, to me, a higher number than I
5 would have guessed, without having the data in
6 front of me.

7 So, frankly, I would be more inclined
8 to focus on the forwards, and not bring in
9 historical data. Because of, you know, many
10 things that we discussed today, the past is not a
11 necessary predictor of the future. I mean, the
12 forward prices are the market's consensus of what
13 forward prices are going to be.

14 So, from my perspective, if you take
15 the forwards and you blend history, you're making
16 a bet that you're smarter than the market. And I
17 don't believe I'm smarter than the market. I
18 think all available information from the
19 stakeholders is baked into the forward price, and
20 that is a benchmark that is used by stakeholders
21 across the industry. So, my reaction is the
22 forwards does an adequate job.

23 Q And I think, if the forward or futures prices
24 were -- didn't have a risk premium baked in, or

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 something like that, you know, there may be --
2 or, if we could quantify the risk premium, I
3 think the Commission is certainly willing and
4 happy to look at different options that are
5 available.

6 But, at least from my perspective, if
7 you have a futures price, with some risk premium
8 baked in, and, if you can't quantify it, then you
9 have to come up with another way of dealing with
10 the risk premium.

11 So, I didn't know if you had any
12 comments on that. But that's where, kind of, we
13 would like to talk more in the later summer and
14 early fall.

15 A (Littlehale) And, when you say "risk premium", to
16 me it takes me back to the conversation that, you
17 know, you can trade forward energy prices for
18 roughly five to seven years in advance of the
19 time period. So, when is the appropriate time to
20 compare that to the actual wholesale price? It's
21 hard to do, because there's so many data points
22 involved. So, you got to pick a certain point in
23 time. And, whether that's right or wrong, to me
24 it's bid day, that's the appropriate point in

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 time to compare it to.

2 And, when I do that analysis, it is
3 more often that the -- that the day-aheads are
4 less than forwards. But, for 36 percent of the
5 time for day-aheads to be more than the forwards,
6 I'm not sure where the risk premium comes into
7 play when day-aheads are lower than the forwards.

8 Q Okay. Okay. Thank you. Thank you for that
9 perspective.

10 Sadly, I do need to briefly go back to
11 Pages 71 and 70, that were well-covered by my
12 fellow Commissioners, but just to line up on a
13 couple of things really quick here.

14 So, starting with 71, which is the
15 Large Customers, you highlighted very well
16 earlier what had happened. I think what I
17 understood you to say was you took that 4.4,
18 4.5 million, you divided it by 200,000, and the
19 number turned out to be closer to 100,000, so you
20 had the under-recovery issue.

21 So, my question becomes, so, this time,
22 you now have 100,000. If that's 50,000, I guess
23 you would have the same issue again, magnified?

24 A (Littlehale) That's correct.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Q So, you were probably reticent to use 50,000,
2 because that would go from a problem of \$59 a
3 megawatt-hour to \$120 a megawatt-hour, so you
4 were probably reticent to lower the 109,000
5 forecast number?

6 A (Littlehale) Yes. You know, forecasting load is
7 one of the most difficult things to do in this
8 business. And you can see we cut it dramatically
9 over the course of the year to reflect the
10 community power aggregation. What's it going to
11 be over the next twelve months? It's hard to
12 say. And the only thing we can say is that 109
13 is going to be wrong. Is it going to be high?
14 Is it going to be low? Ultimately, we don't
15 know. But we do our best to have the -- to
16 incorporate the information that we have at our
17 fingertips. We don't get a great sense of
18 exactly when communities are going to, you know,
19 begin enrolling, and, then, secondarily, when
20 they roll off. So, it's a really hard number to
21 pinpoint.

22 But we're trying to incorporate the
23 data that we have. But it's -- you're absolutely
24 right to pick up on the large cut from last year,

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 from roughly 205 to 110 this year.

2 Q And I think the answer might be to increase your
3 load, as opposed to decrease it. That would,
4 obviously, help this problem.

5 And, then, a final question on this
6 topic, and maybe final question at all, is, on
7 Bates 070, which is the Residential version of
8 the same spreadsheet, you have an over-recovery
9 of 3.4 million over a total forecasted sales of
10 like 2.6 million. What's the basis for that
11 2.6 million Company forecast load? Is that the
12 *status quo*? Is that what it is at this instant
13 in time? Or is that some attempt at forecasting
14 the next twelve months?

15 A (Littlehale) That's an attempt to forecast over
16 the next twelve months.

17 Q What would it be -- what would it be if you took
18 today's snapshot? It's probably on this
19 spreadsheet, I just need some help to capture it.
20 In other words, how much of a decline have you
21 forecasted in?

22 A (Littlehale) I guess the way that I think about
23 it is, before community power aggregation began,
24 the annual forecast would have been about 4

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 million megawatt-hours.

2 Q Okay.

3 A (Littlehale) So, we've taken it from 4 million,
4 to 2.5, --

5 Q I see. Thank you.

6 A (Littlehale) -- in round numbers.

7 Q That's fine. And 2.5 would be kind of today's
8 snapshot, or that would be kind of mid-point of
9 the next twelve months?

10 A (Littlehale) I think of it as our best guess as
11 of --

12 Q For the next twelve months.

13 A (Littlehale) -- for the next twelve months.

14 Q So, it's kind of the average of the next twelve
15 months.

16 A (Littlehale) Yes.

17 Q So, maybe starts at 3, ends at 2, something like
18 that?

19 A (Littlehale) On a rolling basis, perhaps.

20 Q Yes. But the average would be 2.5, okay.

21 A (Littlehale) Yes.

22 CHAIRMAN GOLDNER: Okay. Let me just
23 check my notes quickly here.

24 Why don't I start by asking my fellow

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 Commissioners if they have any follow-up
2 questions?

3 CMSR. CHATTOPADHYAY: I do.

4 BY CMSR. CHATTOPADHYAY:

5 Q Mr. Littlehale, I think, when Chairman Goldner
6 was asking you about comparing what the ISO-New
7 England prices were, you know, with what turned
8 out to be the Default Service rates, you started
9 comparing forward prices and, you know, the
10 ISO-New England prices.

11 Have you done any comparison between
12 the Default Service energy component piece with
13 the ISO-New England prices?

14 I know we have been looking at the data
15 for the last maybe a year or so. But have you
16 looked at a longer period?

17 A (Littlehale) I have not.

18 Q Okay.

19 A (Littlehale) Only the monthly exhibits that we've
20 been submitting to the Commission.

21 CMSR. CHATTOPADHYAY: Yes. Ultimately,
22 regardless of what the forward prices are, there
23 is a significant premium being attached to it in
24 terms of what the energy component turns out to

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 be. So, I think it's a better comparison to look
2 at. Also keep in mind, even though the forward
3 capacity -- sorry, forward prices are about
4 market prices, but there are entities that are
5 agreeing to set that price, they have their
6 interest, they may be actually, you know, trying
7 to control their situation going forward.

8 So, I think it's important to look at
9 what the Default Service prices have been,
10 relative to the ISO-New England prices, when
11 you're doing a comparison.

12 So, that's just a suggestion for
13 future. Thanks.

14 WITNESS LITTLEHALE: Thank you.

15 CHAIRMAN GOLDNER: I'll just -- I have
16 a couple of follow-ups from the lead/lag, just to
17 clarify a couple of things quickly.

18 BY CHAIRMAN GOLDNER:

19 Q The movement of customers to community
20 aggregation reduces the need for working capital,
21 correct, as opposed to increases it?

22 A (Chen) Can you kind of elaborate on your thinking
23 there?

24 Q Sure. Sure. So, if you have customers that are

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 moving their load to community aggregation, then
2 the Company doesn't have to have any transactions
3 in that time period. So, your number of
4 transactions, the volume of transactions,
5 everything would go down, and the Company would
6 need less working capital. I think that's the
7 way it works, but am I thinking of that in the
8 right way?

9 A (Chen) If you are referring to just the Large
10 Customers of the -- the way we calculate -- well,
11 if you are --

12 Q Just conceptually, if you have fewer
13 customers, --

14 A (Chen) Yes.

15 Q -- does that mean you need -- the Company needs
16 less working capital? It's just high level.

17 A (Chen) Yes. Conceptually, like, in general.

18 Q Okay.

19 A (Chen) Like, totalwise.

20 Q No problem. And, then, going from the
21 eight-tranche model for Small Customers, to the
22 12 and a half percent tranche of self-supply, do
23 you need more or less working capital to move to
24 the 12 and a half percent, as you're doing right

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 now?

2 A (Chen) So, if we are talking about total dollars,
3 like the previous question, conceptually, --

4 Q Yes.

5 A (Chen) -- then, yes, I would agree with that.

6 Q That you would need less working capital. And is
7 there anywhere on these spreadsheets that that's
8 quantified, both the transition to community
9 aggregation, both for Large and Small Customers,
10 and the transition for residential customers of
11 the 12 and a half percent tranche? Is there
12 anywhere that I can see the impact of that
13 working capital? Is it 0.1 days or 7 days, or is
14 there any place here that that's quantified where
15 it can be seen?

16 A (Chen) Not -- no, we do not have that.

17 Q It's buried?

18 A (Chen) Yes.

19 CHAIRMAN GOLDNER: Okay. That may be
20 something in the future, as community aggregation
21 ebbs and flows, or just ebbs, whatever direction
22 things go, it would be good to know kind of the
23 impact that that's having on working capital.

24 You're coming to the Commission in a

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 rocket docket and asking for a lot of
2 adjustments. And, so, the simpler you can make
3 things so we understand the impact of what's
4 going on, and, in this case, working capital is
5 one of the adjustments. And it's really hard to
6 follow the impact of, you know, 10,000 numbers.

7 So, if you could, in the future,
8 simplify that for the Commission, that would
9 be -- that would be very helpful in the lead/lag?

10 WITNESS CHEN: Will do.

11 CHAIRMAN GOLDNER: Thank you.

12 WITNESS CHEN: Yes.

13 CHAIRMAN GOLDNER: Anything else,
14 Commissioners?

15 *[Cmsr. Simpson and Cmsr. Chattopadhyay*
16 *indicating in the negative.]*

17 CHAIRMAN GOLDNER: Okay. Let's move to
18 redirect, and Attorney Wiesner.

19 MR. WIESNER: I just have a few
20 clarifying questions. I think I'll direct the
21 first one to Ms. Chen.

22 **REDIRECT EXAMINATION**

23 BY MR. WIESNER:

24 Q And I just want to make sure we absolutely focus

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 on the amount of the Large Customer
2 under-recovery. That total under-recovery for
3 the Large Customer Group is approximately \$9
4 million, is that correct?

5 A (Chen) That's correct.

6 Q And the Company is going to implement a deferral
7 for approximately 2.4 million of that 9 million
8 total?

9 A (Chen) That's correct.

10 Q So, these are all rough numbers, but that leaves
11 6.5 million in under-recovery, and, in fact, that
12 is the amount, again roughly, approximately, that
13 would be flowing through the Energy Service
14 Reconciliation Factor, and assessed either to the
15 Large Customer Group solely, or, in our
16 recommended alternative, to all Energy Service
17 customers?

18 A (Chen) That's correct. And, then, that's
19 referenced on Bates Page 071. So, that's the
20 *status quo* rate.

21 Q *Status quo* approach, yes.

22 A (Chen) Yes.

23 Q Thank you. And I think this is for Mr.
24 Littlehale.

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 I think there was a suggestion in a
2 line of questioning that perhaps if 100 percent
3 of the Large Customer Group were being served
4 through wholesale market direct participation,
5 that that would avoid any under-recovery. But I
6 guess I think of it this way. Any time a rate is
7 being set on a prospective basis, there have to
8 be some assumptions made. And, for example, if
9 we were using the proxy price for the -- to set
10 the price on a prospective basis, as well as
11 estimated retail sales, then isn't it true that
12 there is still a potential that there will be an
13 under-recovery or perhaps an over-recovery?

14 A (Littlehale) That's correct. Self-supply does
15 not eliminate the need for reconciliation on the
16 Energy Service or RPS going forward.

17 Q Although, it may be that, if the price being
18 charged to Large Customers is lower, set lower
19 based on a proxy price, for example, that
20 eliminates the risk premiums and profit margins
21 of a third-party supplier, that that lower rate
22 might encourage some Large Customers to stay with
23 the Company's Default Service, rather than going
24 along with an aggregation or choosing a supplier?

[WITNESS PANEL: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) Perhaps, yes. That's correct.

2 MR. WIESNER: And I think that's all I
3 have.

4 CHAIRMAN GOLDNER: Thank you. Thank
5 you, Attorney Wiesner.

6 Very good. So, the questioning of the
7 witnesses has concluded. The witnesses are now
8 dismissed.

9 Seeing no objections, we'll strike ID
10 on Hearing Exhibits 1 through 3 and enter them
11 into evidence.

12 And we'll move now and invite the
13 parties to make brief closing statements. Let's
14 begin with the Department of Energy.

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

16 First, the Department would like to
17 express our appreciation to the Company and the
18 OCA for their willingness to participate in a
19 technical session yesterday. We had some
20 fruitful conversations both to clarify this
21 Petition, and then also discussed many of the
22 issues surrounding Default Service more broadly.

23 Regarding the Petition before the
24 Commission today, the Department has reviewed

1 Eversource's filing. We do believe the Company
2 conducted the wholesale power supply solicitation
3 and selected the winning bids to provide Default
4 Energy Service in compliance with historical
5 precedent and recent Commission orders.

6 After careful consideration, in order
7 to recover the roughly \$6.5 million
8 under-recovery, as seen on the Large Customer
9 reconciliation schedule, on Bates 071, at
10 Line 15, the Department does support the
11 Company's recommendation for one reconciliation
12 adjustment factor and have it applicable to all
13 Default Service customers. The Department
14 supports this approach for this one-year
15 reconciliation period only, with the 2.4 million
16 issue deferred to a later date, as proposed by
17 the Company here today. We would expect the
18 Company would keep the Department "in the loop",
19 so to speak, on how that issue is resolving.

20 The Department has also reviewed the
21 lead/lag study, and it appears consistent with
22 prior years. And we would recommend the PUC
23 accept the results for use in determining cash
24 working capital in the current docket.

1 Finally, the Department believes the
2 Company's calculation of rates, including the
3 inclusion of ISO-New England prices, does appear
4 to be sound. As a result, we believe the
5 resulting rates are just and reasonable. And we
6 do urge the Commission to make the findings
7 requested by the Company for rates effective on
8 August 1st.

9 CHAIRMAN GOLDNER: Thank you, Attorney
10 Young. I just want to clarify one thing in your
11 recommendation.

12 So, what I understood Mr. Littlehale to
13 say earlier was that that 6.5 million would be
14 spread -- so, you're suggesting 6.5 million be
15 spread across all of the -- across both groups,
16 right, Large and Small?

17 MR. YOUNG: That's correct.

18 CHAIRMAN GOLDNER: Okay. Thank you.
19 Okay, I just wanted to make sure I understood it.
20 I get it.

21 Attorney Kreis, please proceed.

22 MR. KREIS: Thank you.

23 I'll try to be really quick in light of
24 the hour. I think I only have about four points

1 to make.

2 Point number one, I would like to thank
3 Ms. Chen and Mr. Littlehale for their honest,
4 forthright, thoughtful, and, as far as I know,
5 accurate answers to my questions. I asked them
6 some pointed questions. They declined to use the
7 same kinds of adjectives that I was willing to
8 use. I understand why, since they work for
9 Eversource and I don't.

10 We have long-term, very excellent
11 relationships with all of the representatives of
12 the Company who are here today. And I just want
13 to make sure that nobody thinks that we have
14 anything other than infinite goodwill for all of
15 those folks, and eager to keep working with them.

16 That said, the record in this case,
17 point number two, does not support the
18 recommendation to require the Small Customer
19 Group to bail out the Large Customer Group. It
20 is really irritating, to say the least, that
21 after, how many years has it been since
22 restructuring began, you know, 1996, 2018,
23 whenever you think this thing started, the facts
24 are that residential customers, Small Customers,

1 have paid hundreds and hundreds of millions of
2 dollars in stranded costs for the privilege of
3 having the opportunity to participate in a
4 restructured electricity system. And there have
5 been, until recently, essentially no benefits to
6 Small Customers. Large Customers have made a
7 fortune off of electricity restructuring.

8 It is really objectionable, it's
9 downright offensive, that the minute there is a
10 shortfall in the recovery for Large Customers,
11 because of Large Customer migration, what does
12 this Company and what does this Department walk
13 in here and ask you to do? They ask the Small
14 Customers to bail out the Large Customers.

15 The record in this docket does not
16 support such an outcome here. And, therefore,
17 the Commission should not, and must not, impose
18 that result on the Large Customer class. When I
19 asked the Company what the basis is for that kind
20 of outcome, the only thing they could offer was
21 an analogy to the Low-Income Assistance Program
22 that is supported through the System Benefits
23 Charge. That program, which is I guess you could
24 call it a "Robin Hood Program", in which the

1 rich, I suppose, support the poor in some way, as
2 a matter of logic doesn't justify the kind of
3 "reverse Robin Hood Program" the Company and the
4 Department are here asking you to adopt.

5 And I would make the obvious point that
6 the Low-Income Program is explicitly authorized,
7 if not required, by language in the Restructuring
8 Act. What they are talking about doing here is
9 nowhere justified in New Hampshire law. It does
10 not result in just and reasonable rates. And it
11 would be absolutely inappropriate, and again not
12 supported by the record, for the Commission to
13 approve a result like that here.

14 So, in case I've left anything to
15 ambiguity, we reject that idea vigorously, and
16 reserve the right to challenge it, should the
17 Commission embrace such a misguided approach to
18 reconciling Default Service charges. That's
19 point number two.

20 Point number three, the \$2.4 million,
21 the Company screwed up. Their witnesses couldn't
22 bring themselves to say that. I can bring myself
23 to say that. They didn't do something they
24 should have done or they did something they

1 shouldn't have done, the fact is that \$2.4
2 million is right now missing. I wish the Company
3 well in getting to recover it. I hope that -- I
4 hope that those who owe that \$2.4 million fork it
5 over promptly. But, in the event that doesn't
6 happen, the ratepayers of this Company should be
7 held harmless for what was clearly an error,
8 omission, or screw-up by Eversource. Okay,
9 that's point number three.

10 Point number four, I continue to urge
11 the Commission to proceed with caution about
12 throwing customers naked into the Real-Time
13 market for electricity for purposes of Default
14 Service.

15 I would urge the Commission to take
16 another look at the April 3rd filing of the
17 Office of the Consumer Advocate, it's Tab
18 Number 72 in Docket Number DE 23-044. That
19 happens to be last year's Default Energy Service
20 docket that was opened in connection with Liberty
21 Utilities. They happened to be our opportunity
22 to share the insights that we have amassed about
23 how we think Default Service should be
24 provisioned.

1 Basically, our perspective is that the
2 Commission should expect both the Community Power
3 Coalition of New Hampshire and our investor-owned
4 utilities to be as aggressive and vigilant and
5 pro-consumer as they possibly can, so that both
6 of these flavors of default service, and, again,
7 they're both defined as "default service" under
8 the statute, are as attractive to customers as
9 possible.

10 Merely throwing customers into the spot
11 market only sounds like an attractive idea until
12 the first polar vortex comes along, and we live
13 through a week or two or three of triple-digit,
14 or worse, spot prices for electricity. And,
15 then, you know, the public will be laying siege
16 to this building with torches and pitchforks
17 complaining about their ridiculously high
18 electricity bills. I hope to avoid that outcome.
19 I think we owe everybody, I think we owe
20 residential customers more than that.

21 And, so, assuming that what the
22 Commission is going to do here is similar to what
23 the Commission did just do with respect to
24 Unitil, which is to say "Please file a proposal

1 for an even more" -- "even more reliance on spot
2 prices for meeting Default Service obligations."

3 What we would like to suggest is that
4 the Commission convene hearings. Frankly, we'd
5 like to come in and testify, and offer up our
6 perspective on the record, so that there really
7 is a full body of evidence. Because the Company
8 can come here and say "Well, ultimately, these
9 are public policy questions, we have no
10 opinions." We do have opinions. And the
11 customer class that we represent deserves to have
12 those opinions placed on the record, and we would
13 like the opportunity to do that.

14 Thank you all for this excellent
15 hearing. It's been very interesting. And, in
16 light of the hour, I guess that's all I will say
17 at this tribunal.

18 CHAIRMAN GOLDNER: And, Attorney Kreis,
19 just to clarify, I think the hearing is already
20 scheduled for Unitil. Ostensibly, there would be
21 a hearing here for Eversource, and then Liberty
22 as well. So, there is -- there are planned
23 hearings to follow up on this, this topic. So,
24 that's the plan of record.

1 MR. KREIS: Yes. You're reminding that
2 you actually scheduled that hearing in the order
3 that you issued about Unitil?

4 *[Chairman Goldner and Atty. Speidel*
5 *conferring.]*

6 CHAIRMAN GOLDNER: Attorney Speidel
7 says it hasn't been rescheduled, but it has
8 been -- it was mentioned.

9 MR. KREIS: Okay. Well, I guess what
10 I'd really say about that hearing, and this
11 hearing in this docket, is I think we'd like the
12 opportunity to testify.

13 CHAIRMAN GOLDNER: I see. Okay. Very
14 good. Excellent. That is good to know.

15 And we'll wrap up today with Attorney
16 Wiesner, and Eversource.

17 MR. WIESNER: Thank you, Mr. Chairman
18 and Commissioners.

19 And I also want to extend thanks to the
20 Department and the Consumer Advocate for joining
21 us in a technical session yesterday afternoon.
22 In particular, in these very quick-moving
23 dockets, where a filing is submitted on a
24 Thursday, and we meet on a Monday, and here we

1 are in a hearing on Tuesday, it is most helpful
2 to have that opportunity to meet with the other
3 parties, walk them through our proposal, hear
4 their questions, and develop some better
5 understanding before we come before you.

6 So, with that said, I will emphasize
7 that we believe the Company's Energy Service
8 rates proposed for your approval represent the
9 results of a fair and successful competitive
10 solicitation for both the Small Customer Group
11 and the Large Customer Group. The wholesale
12 supplier bids accepted by the Company, and the
13 RFP itself, are in conformance with the Electric
14 Restructuring Act, the Settlement Agreement
15 approved in DE 17-113, which established this
16 current Default Service supply procurement
17 process, and the order that approved that
18 Settlement.

19 As noted by the Company witnesses,
20 however, and consistent with the Commission's
21 order in last year's docket, only 87.5 percent of
22 the Small Customer Group load was procured
23 through that longstanding process, which approved
24 the self-supply of one Small Customer load

1 tranche -- excuse me, consistent with the
2 Commission's order issued in April, the Company
3 has reserved one tranche for self-supply for the
4 Small Customer Group, 12.5 percent, which will be
5 supplied through wholesale market participation.
6 And a separate proxy price was developed for that
7 self-supply tranche to be used in setting the
8 Small Customer Energy Service rate for
9 August 1st.

10 It's important to note that the
11 accepted bids, and all bids received in response
12 to the solicitation, are reflective of the
13 current market conditions, which result in a
14 slight increase in the rate for both Small and
15 Large Customers. The proposed Energy Service
16 rates for the six-month period beginning
17 August 1st were derived from the selected bids
18 and the self-supply tranche proxy price, and were
19 appropriately calculated, taking into account
20 actual and anticipated RPS compliance costs, and
21 the prior period reconciliations, consistent with
22 the Commission-directed practices and
23 requirements.

24 Now, with respect to the Large Customer

1 Group under-recovery amount that we've discussed
2 at length today, the Company's deep concern
3 regarding the impact of that amount would be best
4 alleviated in the near-term through our
5 recommended alternative of applying a single
6 Energy Service Reconciliation Factor to all
7 Default Service customers, Large and Small.

8 We believe that this is a serious and
9 acute problem that calls for a timely solution,
10 and the recommended approach would meet that
11 need. That's not to say that an alternative
12 approach, such as the one we have encouraged the
13 Commission to consider, of spreading the
14 under-recoveries and over-recoveries even more
15 broadly among all distribution service customers
16 is not also worthy of close consideration. And
17 we will evaluate that potential option, as well
18 as the variation on, as suggested by Commissioner
19 Simpson, which would preserve some division
20 between Large and Small Customers, when we come
21 back before you again in a relevant docket.

22 And we recognize our alternative
23 approach would represent a departure from the
24 past practice. And, so, we have also included in

1 the filing rate calculations that are consistent
2 with the *status quo* approach. Again, we
3 recommend the alternative be implemented at this
4 time, and we appreciate the Department's support
5 for that approach.

6 So, in summary, the Energy Service
7 rates proposed by the Company will result in just
8 and reasonable rates for Eversource's Default
9 Service customers, whichever approach to the
10 under-recovery reconciliation is implemented, and
11 the resulting rates should be approved by the
12 Commission. Accordingly, the Company
13 respectfully requests that the Commission approve
14 both the Small Customer rate and the Large
15 Customer rates, including the proxy price
16 determination, and the recommended alternative
17 design, with a single ES Reconciliation Factor
18 applied to all Default Service customers.

19 And, in view, once again, of the
20 compressed timeframe that applies in these
21 proceedings, we ask that the Commission approve
22 the Company's proposal by the date specified,
23 which is this Thursday, the 20th.

24 Thank you.

1 CHAIRMAN GOLDNER: Thank you, Attorney
2 Wiesner.

3 We'll thank the witnesses for their
4 time today.

5 And, given any confidential information
6 that was discussed today, I think there were only
7 one or two, we'll have Mr. Patnaude, the court
8 reporter, work with the Company and Attorney
9 Wiesner to properly redact the transcripts to be
10 produced in this matter.

11 The Commission will issue an order as
12 requested by the Company, by the close of
13 business on Thursday, June 20th.

14 And this hearing is adjourned. Thank
15 you.

16 ***(Whereupon the hearing was adjourned***
17 ***at 4:54 p.m.)***

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