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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.
7	Petition for Approval of Default Service Solicitation and Proposed Default Service Tariff (12-06-24) {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
8	Petition for Approval of Default Service Solicitation and Proposed Default Service Tariff (12-06-24) <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
9	Proposed Tariff	<i>premarked</i>

P R O C E E D I N G

1
2 CHAIRMAN GOLDNER: Okay. Good morning.
3 This is the hearing for the current round of the
4 UES Default Service solicitations and Default
5 Service rates to be effective on February 1st,
6 2025, as scheduled by the Commission's procedural
7 order issued on November 7th, 2024. I'm Chairman
8 Dan Goldner, here with Commissioner Pradip
9 Chattopadhyay.

10 The Company filed its solicitation
11 results, requested rates, and testimony of Mr.
12 Pentz and Ms. McNamara. On December 6th, the
13 Company refiled this material with corrected
14 exhibit numbers yesterday morning, December 9th,
15 after input from the Clerks Office.

16 Before we take simple appearances
17 today, I would suggest the following sequence for
18 hearing: We'll have Mr. Pentz and Ms. McNamara
19 take the stand, where they already are; following
20 which, we will have Company direct, DOE and OCA
21 cross, and Commissioner questioning, followed by
22 Company redirect. As requested by the Company,
23 it's the Commission's intent to issue a
24 dispositional order in this proceeding by

1 December 13th.

2 The Company has proposed three exhibits
3 for today's hearing: Exhibit 7, being the
4 confidential version of the UES Default Service
5 filing; Exhibit 8, being the public redacted
6 version of the Company's filing; and Exhibit 9,
7 being the Company's proposed tariff pages for the
8 Default Service rates.

9 If there is to be any confidential
10 material discovered at today's hearing, we ask
11 that this be indicated for the benefit of the
12 court reporter.

13 When giving appearances, we ask that
14 the parties indicate whether they have any
15 objections to the Company's proposed exhibits, or
16 any other preliminary matters requiring the
17 Commission's attention.

18 We'll now take appearances, beginning
19 with the Company.

20 MS. DAVEY: Good morning,
21 Commissioners. Alice Davey, appearing on behalf
22 of Unitil Energy Systems, Incorporated.

23 CHAIRMAN GOLDNER: Okay.

24 MS. DAVEY: And with me today, in

1 addition to our witnesses, is Robby Page, from
2 Energy Supply, with the Company.

3 CHAIRMAN GOLDNER: Okay. Very good.
4 The Office of the Consumer Advocate?

5 MR. KREIS: Good morning. I'm Donald
6 Kreis, the Consumer Advocate, here all by myself
7 today.

8 We have no objections to any of the
9 exhibits, nor do we have any preliminary issues
10 to raise.

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

14 MR. YOUNG: Good morning,
15 Commissioners. Matthew Young, on behalf of the
16 Department of Energy. With me today is Steve
17 Eckberg, who is an Electric Analyst in the
18 Regulatory Support Division.

19 We have no objections to the exhibits,
20 and no preliminary issues for the Commission
21 today.

22 CHAIRMAN GOLDNER: Okay. Thank you.
23 Okay. The guest in the back?

24 MR. CRONIN: Yes. Michael Cronin,

[WITNESS PANEL: McNamara|Pentz]

1 Department of Energy.

2 CHAIRMAN GOLDNER: Thank you. Okay.
3 Hearing no objections and no further
4 preliminaries, we'll now invite Mr. Pentz and
5 Ms. McNamara to the stand, where they are already
6 located.

7 And I'll now swear in the witnesses,
8 please answer "I do" one at a time.

9 *(Whereupon **LINDA S. MCNAMARA** and*
10 ***JEFFREY M. PENTZ** were duly sworn by*
11 *Chairman Goldner.)*

12 WITNESS PENTZ: I do.

13 WITNESS McNAMARA: I do.

14 CHAIRMAN GOLDNER: Thank you. Okay.
15 We'll now begin with direct questioning by the
16 Company.

17 **LINDA S. McNAMARA, SWORN**

18 **JEFFREY M. PENTZ, SWORN**

19 **DIRECT EXAMINATION**

20 BY MS. DAVEY:

21 Q I will start with Ms. McNamara. Please state
22 your name, employer, and the position you hold
23 with the Company, and your responsibilities in
24 that position?

[WITNESS PANEL: McNamara|Pentz]

1 A (McNamara) Good morning. My name is Linda
2 McNamara, a Senior Regulatory Analyst for Unitil
3 Service Corp. Part of my responsibilities is the
4 preparation of the Default Service filing rates.

5 Q Hearing Exhibits 7 and 8 are the confidential and
6 redacted versions of the Company's Initial Filing
7 in this matter, and these included your prefiled
8 testimony, as well as supporting schedules. Was
9 your testimony and the supporting schedules
10 prepared by you or under your direction?

11 A (McNamara) Yes, they were.

12 Q And do you have any corrections to your testimony
13 or schedules today?

14 A (McNamara) No.

15 Q And do you adopt your written testimony as your
16 sworn testimony in this case?

17 A (McNamara) Yes.

18 Q I will move on to Mr. Pentz. Please state your
19 name, employer, the position you hold with the
20 Company, and your responsibilities in that
21 position?

22 A (Pentz) Good morning. My name is Jeff Pentz,
23 working for Unitil as a Supervisor of Energy
24 Supply. And part of my responsibilities include

[WITNESS PANEL: McNamara|Pentz]

1 the procurement of default service.

2 Q And hearing Exhibits 7 and 8 are the confidential
3 and redacted version of the Company's Initial
4 Filing, which includes your testimony and
5 supporting schedules. Was your testimony and the
6 supporting schedules prepared by you or under
7 your direction?

8 A (Pentz) Yes, they were.

9 Q And do you have any corrections to make to those
10 today?

11 A (Pentz) I do not.

12 Q And do you adopt your written testimony as your
13 sworn testimony in this case?

14 A (Pentz) I do.

15 MS. DAVEY: These witnesses are
16 available for cross-examination.

17 CHAIRMAN GOLDNER: Thank you. We'll
18 turn now to the New Hampshire Department of
19 Energy for cross.

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

21 All of my questions will refer to
22 Exhibit 7, but I don't believe we will need to
23 delve into any confidential information included
24 in that exhibit.

[WITNESS PANEL: McNamara|Pentz]

CROSS-EXAMINATION

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BY MR. YOUNG:

Q So, first, regarding the bids received by the Company for I guess what I'll call the "70 percent portion of the load" for the non-G1 customers. In reviewing this filing, am I correct in understanding that the Company selected two different suppliers for the Small and Medium Customer classes?

A (Pentz) Yes, that is correct.

Q And I guess to take a step back, the non-G1 customer class includes a Small and Medium within that class, right?

A (Pentz) That's correct. The non-G1 grouping consists of the Small Customer Group, which is the mostly residential customers, and the Medium General Group, which is small- to medium-size business customers.

Q And, then, in this solicitation, the Company selected winning bids from different suppliers for those two different classes, correct?

A (Pentz) Yes. That's correct.

Q Is that typically what has happened in the past?

A (Pentz) We've seen in recent history the same

[WITNESS PANEL: McNamara|Pentz]

1 supplier winning both of those groups. There is
2 an exhibit in the filing, on Bates Page 032,
3 which shows a history of the winning suppliers.
4 And we haven't had a situation like this where
5 this non-G1 group was split up since 2021. So,
6 typically, the winning bidder usually wins both.
7 But, in this case, that was not the case. We go
8 by the lowest bid price, and, you know, we
9 awarded each group to the bid price being the
10 lowest.

11 Q Okay. Thank you. So, it sounds, from your
12 explanation, it sounds like it was -- the Company
13 just looks at the numbers. Were there any other
14 factors or it's just a function of bids received?

15 A (Pentz) It is primarily a function of lowest
16 priced bids received. We do review the
17 submission forms from the bidders, such as
18 creditworthiness. These are the same pool of
19 bidders that we've worked with for years and
20 years. So, there were no concerns in that
21 department.

22 Q And, then, Mr. Pentz, I believe in your
23 testimony, the Company indicated that it will be
24 submitting a proposal to procure 100 percent of

[WITNESS PANEL: McNamara|Pentz]

1 the Large Customer load from the ISO markets.
2 Could you talk a little bit about how the Company
3 arrived at that decision?

4 A (Pentz) Sure. There are two primary reasons why
5 we are intending to submit a proposal to fully
6 self-supply the Large Customer Group.

7 Number one is the load volumes for this
8 group have been coming down. There was a
9 significant migration in the middle of 2023,
10 where around 95 percent of the sales for this
11 particular group was attributed to competitive
12 suppliers. We still had interest in the previous
13 solicitation for soliciting fixed adders. So, we
14 figured it was in the best interest to continue
15 soliciting for the fixed adder.

16 However, with the low load volumes, and
17 some bidder feedback we received this round, you
18 know, that was the primary reason for, you know,
19 our proposal that we will make to fully
20 self-supply the group.

21 The second reason is the spread in the
22 bids that we received. And you can see this in
23 Exhibit 7, and I'll go to the page now.

24 So, if we go to Bates Page 030 on

[WITNESS PANEL: McNamara|Pentz]

1 Exhibit 7, you can see the bids for the Large
2 Customer Group. And you can see there's quite a
3 difference between the winning bidder and the
4 losing bidder. And, when we looked at the
5 spread, it was concerning to us, in that we like
6 to see clustering with bidders, which was present
7 in the Small and Medium Customer Groups, but not
8 so much in the Large Customer Group. And, you
9 know, we looked at that, and that was another
10 significant reason for us to, you know, for us to
11 intend to submit a proposal to self-supply.

12 Q Thank you.

13 MR. YOUNG: Just a moment.

14 *[Atty. Young and Mr. Eckberg*
15 *conferring.]*

16 BY MR. YOUNG:

17 Q Do the bids for the Large Customer Group, are
18 those bids -- are those solely for energy?

19 A (Pentz) The fixed adder bids we received are for
20 the non-energy component, which primarily consist
21 of capacity, but other cost elements, like
22 ancillary services.

23 Q Thank you. So, turning to the ISO market tranche
24 that is included in this filing, and I'm going to

[WITNESS PANEL: McNamara|Pentz]

1 look specifically at Bates Page 179 of this -- of
2 Exhibit 7, excuse me. On that page, we see a
3 table, and there is a label of "Period Weighted
4 Average Price" of "67.25". Do you see where
5 we're looking?

6 A (Pentz) Yes.

7 Q I'm wondering if you could just explain, maybe
8 briefly, what that number represents, and how it
9 was factored into the rates?

10 A (Pentz) Sure. So, in coming up with the total
11 power supply price, we weight 70 percent of the
12 fixed contract price, and 30 percent is the
13 estimate for spot market purchases in the ISO
14 markets.

15 So, it's a simple weighted average of
16 the contract pricing and the estimates for
17 self-supply.

18 Q Thank you. And, then, I believe my next portion
19 will be for Ms. McNamara. How do you use those
20 figures to create the rates proposed here today?
21 Is there a schedule that would be helpful for us
22 to look at?

23 A (McNamara) If you refer to Schedule -- let's see,
24 it's hearing Exhibit 7, Bates Page 182, marked as

[WITNESS PANEL: McNamara|Pentz]

1 "Schedule JMP-6". This table details the market
2 tranche prices, which came from the page you were
3 just referencing, as well as the wholesale price,
4 which I believe is shown in the top table for the
5 Residential group, on Row E. It also provides
6 the loads, which are on Rows A, B, and C.

7 These amounts are used to calculate the
8 wholesale and market prices that are provided on
9 what is labeled as "Schedule LSM-2", and if you
10 give me a minute, I'll try to find that. It is
11 Bates Page 207.

12 Q Great. Thank you. Finally, I just wanted to,
13 apologies for the scrolling back and forth, on --
14 I'll turn to the Customer Migration Report,
15 which I believe is Bates Page 175 and 176, of
16 Exhibit 7.

17 On Bates Page 176, for the months
18 September 2024 to October 2024, there is what
19 looks to be a significant jump in migration. And
20 I'm wondering if you can just speak to kind of
21 the cause of that?

22 A (Pentz) Sure. So, on Bates Page 176, which is
23 the "Customer Count" part of the Migration
24 Report, if we go to the bottom section, "Customer

[WITNESS PANEL: McNamara|Pentz]

1 Count by Class", you'll see a pretty significant
2 change from September to October, "43.7 percent"
3 of the Domestic rate class, for example, was on
4 competitive generation; in October, that is now
5 "69.1 percent". And we do factor in aggregation
6 of supply as competitive generation. That
7 movement is because of the implementation of the
8 Concord aggregation.

9 Q And my understanding is that Concord aggregation
10 went live October 1st, is that your understanding
11 as well?

12 A (Pentz) Yes, that's correct. Customers were
13 enrolled on a bill cycle basis. So, not
14 necessarily -- not all customers necessarily
15 started on October 1st. And this is why, if we
16 go up to Bates Page 175, this is the part of the
17 Customer Migration Report which looks at total
18 sales in kilowatt-hours.

19 And you'll see, in October, that number
20 did not change significantly. And that is
21 because of simply customers are billing on a bill
22 cycle basis, they were enrolled in October. So,
23 that migration, in terms of sales, won't show up
24 until November on this report.

[WITNESS PANEL: McNamara|Pentz]

1 And I can report, based on recent data
2 we received yesterday from our Billing Group,
3 that, for November 2024, in the Domestic rate
4 class, that number is also 69 percent.

5 MR. YOUNG: Great. Thank you. No
6 further questions, Mr. Chairman.

7 CHAIRMAN GOLDNER: Thank you. We'll
8 turn now to the Office of the Consumer Advocate.

9 MR. KREIS: Thank you, Mr. Chairman.
10 Just briefly a few questions.

11 I think I want to go back to Schedule
12 JMP-5, which is on Bates Page 179. Although,
13 I've forgotten the exhibit number, I think it's
14 "Exhibit 7". And I think my questions are for
15 Mr. Pentz.

16 BY MR. KREIS:

17 Q I think that it would help me at least if you
18 could just briefly walk me through the method
19 that you use to estimate the price of the --
20 well, it's basically Line B, I think, and I'm
21 really only concerned about the Small Customer
22 Group, because those are your residential
23 customers. But Line B says "Total ISO Market
24 Tranche Estimate", and you have an estimated

[WITNESS PANEL: McNamara|Pentz]

1 price for February, March, April, May, June, and
2 July of next year. I just need to understand how
3 you develop that estimate?

4 A (Pentz) Sure. I'll start with the smaller
5 components first, and then work up to capacity,
6 and then, finally, energy.

7 If we look at Rows E, F, G, and H,
8 these are relatively minor costs to serve load.
9 That is "Net Commitment Period Compensation",
10 "Ancillary Markets", "Miscellaneous Credits and
11 Charges" assessed by ISO, and the "Wholesale
12 Market Service Charge". They're very small
13 charges. And we use data from ISO-New England's
14 Wholesale Load Cost Report, and we average the
15 last twelve months of data in that report. And
16 those are essentially the monthly values, from
17 February through July, for those four elements.
18 So, for Net Commitment Period Compensation,
19 "\$1.02", and so on.

20 Working up to Row D, in "Capacity", the
21 Capacity Price calculation is a separate
22 calculation, which is included in JMP-5. And
23 it's a capacity estimate, which uses capacity tag
24 data for each load asset. And, then, what we

[WITNESS PANEL: McNamara|Pentz]

1 also use is the forward capacity auction clearing
2 price for the capacity commitment period. We
3 multiply the capacity load obligation, which is,
4 basically, that asset ID's aggregated ICAP tag.
5 You multiply that by the effective charge rate to
6 come up with a total cost of capacity.

7 Now, we then need to divide that cost
8 of capacity by the total estimated Default
9 Service service volumes to come up with a unit
10 per megawatt-hour number. Then, that results in
11 the final capacity price estimate, which is shown
12 in Row D.

13 Q Okay. So, you referred to the "ISO-New England
14 Wholesale Cost Market Report", that's essentially
15 the basis of the forecast that you use?

16 A (Pentz) Only for the four minor charge categories
17 that I had discussed previously. So, that would
18 be Row E, F, G, and H.

19 Q Okay. What about Row C, though?

20 A (Pentz) So, Row C is energy. I was going to
21 finalize with that and discussed that yet.

22 Q Okay. Well, you stopped talking, so I just
23 thought I would ask another question to get you
24 to move on to Row C.

[WITNESS PANEL: McNamara|Pentz]

1 A (Pentz) The "Energy Price" is calculated by using
2 NYMEX futures pricing, and that is data that is
3 publicly available. What we do is, the day
4 before final bids, we take the futures price, and
5 we do -- we pull the peak futures and the
6 off-peak futures. We also know, from historical
7 data, how much load is on-peak versus off-peak.
8 So, when we go into JMP-5 for the energy
9 estimate, which is Page 2 of 3 on JMP-5, you can
10 see, on Row 3, there are percentage numbers.
11 February is "51 percent", for example; March is
12 "47 percent".

13 That's what we've calculated as the
14 amount of load that's technically on-peak,
15 according to ISO-New England's hours. And we
16 simply just do a calculation to weight the peak
17 futures appropriately, based on that number, to
18 come up with essentially a weighed NYMEX price to
19 use for the estimate. And that essentially is
20 the energy price estimate.

21 Q And, in the event that estimate is wrong, that
22 would be reconciled through some future Default
23 Energy Service period, yes?

24 A (Pentz) Yes. That is correct.

[WITNESS PANEL: McNamara|Pentz]

1 MR. KREIS: I think those are all the
2 questions that I have, Mr. Chairman.

3 CHAIRMAN GOLDNER: Thank you. We'll
4 turn now to Commissioner questions, beginning
5 with Commissioner Chattopadhyay.

6 CMSR. CHATTOPADHYAY: Good morning
7 again.

8 BY CMSR. CHATTOPADHYAY:

9 Q So, as I understand, I'm going to go to the G1
10 discussion that happened already about moving to
11 100 percent self-supply approach, the
12 recommendation there.

13 So, you have highlighted two main
14 reasons. Given the number of bidders, if there
15 was sufficient clustering, would you have still
16 recommended going to 100 percent?

17 I know it's sort of hypothetical, but I
18 want to get a sense, because the first reason
19 was, as you indicated, was the main reason.

20 A (Pentz) I would say, considering that the load
21 volumes will probably likely go down even further
22 in the future, as the patterns have shown with
23 the Large Customer Group, we're trying to be
24 preemptive, in the sense where, you know, we

[WITNESS PANEL: McNamara|Pentz]

1 don't see this going in a direction where we can
2 continue soliciting fixed adder bids.

3 And had we received the same amount of
4 bids, except there was clustering, I believe we
5 still would have suggested this approach to fully
6 self-supply this class.

7 Q Okay. Somewhere in your testimony you had
8 indicated that there are like 12 towns that have
9 moved to community power aggregation. How many
10 total number of towns do you have?

11 A (Pentz) I don't know to the exact number how many
12 towns are in Unutil's service territory. I
13 believe it's a little under 40. The number of
14 towns that have fully implemented an aggregation
15 is 14.

16 Q Okay. And the discussion about "69 percent,
17 roughly, of load moving to competitive supplies",
18 I assume you were also talking about community
19 power aggregation and all of that. That is
20 associated with the 14 towns?

21 A (Pentz) Yes. That is correct.

22 Q But it also includes competitive supply?

23 A (Pentz) Yes. That is correct.

24 Q Across all the towns?

[WITNESS PANEL: McNamara|Pentz]

1 A (Pentz) Yes. And the Customer Migration Report,
2 the data that the Billing Group provides, they
3 cannot disaggregate the competitive supply versus
4 municipal aggregation supply. So, that's why
5 it's shown together.

6 Q Okay. Are you aware of other towns that are
7 pursuing community power aggregation, remaining,
8 you know, you said "40", "14", so I'm talking
9 about 26?

10 A (Pentz) I'm aware that the Town of Plaistow has a
11 approved aggregation, that was approved at the
12 end of 2023. However, there hasn't been any
13 movement yet on that town to contract for supply,
14 from what I've understood from Town Meeting
15 minutes that I've reviewed.

16 There are a couple other smaller towns.
17 I believe Allenstown is one of them, and Bretton
18 Woods, they have active aggregations that I
19 believe are pending. But those towns in Unitil's
20 service territory, the load volumes are very
21 small, compared to some of the other towns that
22 are active, like Concord.

23 Q To make sure I followed you, is Plaistow also
24 small?

[WITNESS PANEL: McNamara|Pentz]

1 A (Pentz) Plaistow, I would say, is a medium-size
2 town, with -- it's around 5 percent of total
3 retail sales.

4 Q So, it would be a rough calculation if I said
5 maybe, in the near future, you at least move to
6 75 percent moving to competitive -- sorry, to,
7 yes, community power and competitive supply?

8 A (Pentz) Yes. I would say that's, depending upon
9 the Town of Plaistow decides, yes, that's
10 correct.

11 Q Okay. If the remaining load remaining with
12 default service load for even small customers,
13 residential, falls, you know, becomes really
14 small, would you recommend the same thing that
15 you recommended for G1, in terms of moving to
16 100 percent self-supply, hypothetical?

17 A (Pentz) In terms of answering, you know, that
18 hypothetical question, which is a question, you
19 know, you have to consider, I think we haven't
20 had serious discussions about that yet, as we've
21 had communications with bidders, and especially
22 in this round, where they didn't have too many
23 concerns about the load volumes as it is right
24 now.

[WITNESS PANEL: McNamara|Pentz]

1 But I think something along the lines
2 of self-supplying would probably need to be
3 considered in that case. And, you know, there
4 would be extensive outreach to the suppliers to
5 see if they're comfortable with that amount of
6 load.

7 Q Can you speak to what's going on in Fitchburg?

8 A (Pentz) Sure. So, in Fitchburg, there's four
9 main towns in Fitchburg. The City of Fitchburg,
10 which accounts for about two-thirds of the total
11 load. That went live in March of 2023. The last
12 town to aggregate, the Town of Townsend, just
13 recently implemented their aggregation this,
14 December 2024. We had a failed auction for
15 Fitchburg this round, because the pricing that
16 they submitted was around 60 percent higher than
17 what we got for the Residential class for UES.
18 And we just couldn't tolerate that. We made the
19 decision to declare a failed auction, and we are
20 fully 100 percent self-supplying all customer
21 classes in Fitchburg for default service.

22 Q But have you said that going forward it will be
23 all 100 percent self-supply, or would you
24 continue to see whether the price formation is

[WITNESS PANEL: McNamara|Pentz]

1 good enough?

2 A (Pentz) That's a good question. And, in
3 Massachusetts, there was a docket, DPU 23-50,
4 which prescribes what the utility company should
5 do if there is a failed auction. So, for
6 example, in Massachusetts, we use what's called
7 the "proxy price" to estimate what the prices
8 are. It's referred to as the "expected bid
9 price". So, that's what we're using as a proxy
10 price.

11 And I apologize. Does that answer your
12 question or was there anything else?

13 Q I think, so, you probably could have continued,
14 but what I understood was this: That there is a
15 process which, in DPU, there's a docket which
16 says "If there's a failed auction, then what do
17 you want to do?"

18 A (Pentz) Yes.

19 Q But I'm trying to understand whether the Company
20 is at a place now where it has sort of seen the
21 writing on the wall, and, you know, what's going
22 on with Fitchburg, maybe it's better to go to 100
23 percent self-supply?

24 A (Pentz) Thank you. Sure. And I think we will

[WITNESS PANEL: McNamara|Pentz]

1 likely try a solicitation for the next period.
2 We had the Town of Townsend, which is essentially
3 active this month. So, there was some load
4 uncertainty, that could be a reason why the
5 suppliers didn't bid in this round, and why the
6 pricing was very high.

7 If we receive results like what we
8 received in this round for our next solicitation,
9 I believe we will likely submit a change proposal
10 to the DPU.

11 Q Okay. As you must have noted, clearly, there's a
12 premium associated with default service. And I
13 want to understand whether the Company examines
14 how the premium varies with the energy prices,
15 with the -- you know, whether you want to call it
16 "projected energy prices" or not? But, generally
17 speaking, have you done any analysis on how the
18 premium varies with the energy prices?

19 A (Pentz) Sure. We have published the comparison
20 of winning bids to NYMEX futures exhibit that's
21 in these filings, and that gives us -- it doesn't
22 fully detail what the supplier premiums are,
23 because you really can't access that data. The
24 bids that we get are essentially a black box. We

[WITNESS PANEL: McNamara|Pentz]

1 don't know what a supplier is bidding as a risk
2 premium, we don't know what they're bidding the
3 capacity component, it's one full package for all
4 the costs to serve load.

5 However, the NYMEX exhibits, as have
6 been published in the past, do provide ratios of
7 the final bids to projected forward prices. And
8 doing our analysis in this round, the final ratio
9 was very similar to the previous two rounds. And
10 it certainly makes sense, because the natural gas
11 markets have been remarkably stable. We're in a
12 period in the past couple of years where there
13 really haven't been any shocks to the market.

14 So, if we look at the ratio, which is
15 confidential, and you compare that to the last
16 two solicitations, they're fairly identical. In
17 this round, it actually went down a little bit,
18 which is encouraging.

19 Q Okay. But do you -- did you do an analysis of
20 that, looking at historical data for a longer
21 period?

22 A (Pentz) Yes. We have a database of historical
23 ratios that we look at. And that's part of the
24 evaluation on Tuesday morning is we look back at

[WITNESS PANEL: McNamara|Pentz]

1 where forwards were two years ago, five years
2 ago, during certain periods, and come up with an
3 assessment, a reasonable assessment of whether we
4 should accept or reject the bids.

5 Q Okay. So, did you notice any relationship, when
6 the energy prices are higher, the premiums are
7 percentage, in terms of -- I'm trying to
8 standardize them. So, let's go with the
9 percentage, okay. When you look at the
10 historical data do you see some relationship?

11 And if you don't, haven't probed that,
12 that's fine. I'm just asking.

13 A (Pentz) It's an interesting question, because, in
14 periods of volatility, where NYMEX futures are
15 significantly higher than where they're at right
16 now, the ratios could be fairly similar to what
17 we have today, because the futures are factoring
18 in a higher risk environment and a higher
19 commodity price environment. That's what
20 occurred, when I look at the numbers a couple
21 years ago, around the time of the war in Ukraine
22 started, they're fairly similar.

23 Q Thank you. That's helpful.

24 A (Pentz) Yes.

[WITNESS PANEL: McNamara|Pentz]

1 Q So, like much of it is probably absorbed by the
2 futures prices?

3 A (Pentz) Exactly.

4 Q I noted it down, can we go to Bates Page 204,
5 Exhibit 7. Just a moment.

6 Is this all confidential or can we talk
7 about it?

8 A (McNamara) We can talk about this.

9 Q We can talk about it, okay. So, if we go to
10 Row 7, okay, this is what you have proposed and
11 what you have -- what you had previously, which
12 you're replacing with the proposal, a sort of
13 similar situation. So, let's work with this
14 page, okay? The page number is 204.

15 I want to confirm this. So, that line
16 is telling me that it's this extra that has
17 nothing to do with the wholesale supplier charge,
18 which amounts to, confirm this, \$51.28 per
19 megawatt-hour?

20 A (McNamara) Correct.

21 Q Can you give me a sense of what that is as a
22 percentage of the rest of it? And you don't have
23 to, I mean, for what is projected, but I'm
24 looking at historically what happened.

[WITNESS PANEL: McNamara|Pentz]

1 A (McNamara) Would you repeat that please?

2 Q So, let me elaborate a little bit. The wholesale
3 supplier charge is a market-driven number, right?
4 But, historically, you know what they were,
5 correct?

6 A *[Witness McNamara indicating in the affirmative].*

7 Q So, I'm trying to get a sense of the -- for Row
8 Number 7, what that number, relative to the
9 market, you know, it can even adjust for the
10 losses, is?

11 A (McNamara) Oh. Okay. Could I --

12 Q So, just give me a sense?

13 A (McNamara) Okay. I think what you're -- I think
14 I know what you're asking. I believe what you're
15 asking is perhaps what would normally be shown on
16 Rows 8a, b, c?

17 Q Correct.

18 A (McNamara) So, essentially, the energy price has
19 been, let's just say, _ cents, _ cents. So, the
20 5 cents that is shown on Line 7 is roughly ____
21 of that. Normally, the -- I think what we've
22 seen lately has been that the Total Power Supply
23 Charge, which would be on Row 9, I don't believe
24 this is confidential because it's not a specific

[WITNESS PANEL: McNamara|Pentz]

1 number, is, I'll say, around __ cents, __ cents,
2 __ cents, in that area lately. So, the 5 cents
3 that is on Row 7 is maybe just under ____ of that
4 number.

5 Q And that is -- is there a counterpart for the
6 residential ratepayers, something similar? I
7 know it doesn't show up --

8 A (McNamara) There is -- there is something, I'll
9 say, similar in the sense of what is -- what
10 makes up that 5 cents. However, the G1 class and
11 the non-G1 class, so, the Residential and the G2,
12 the Outdoor Lighting, they are separately
13 reconciled, the process for procuring their
14 energy is obviously completely different. But
15 most of the 5 cents that is shown on Bates
16 Page 204 is comprised of the Reconciliation, as
17 you can see, up on Row 1.

18 So, in this particular period, we
19 are -- we've included \$362,000, an
20 under-collection. A lot of that is the result of
21 last year, when the G1 loads dropped
22 significantly, and we were unable to collect a
23 lot of the reconciliation from the prior year.

24 Q So, that's where I'm going. I noticed, when you

[WITNESS PANEL: McNamara|Pentz]

1 shared the information on migration, for the G1,
2 for the Large Customers, the percentage didn't
3 change much, okay? So, it remains so. Something
4 happened previously, which, you know, very fine
5 that happened the last time around maybe, that
6 is, and we don't have to be specific on when it
7 happened, I'm just trying to get a sense of,
8 like, that is -- that wasn't the case previously
9 before that, correct?

10 A [No verbal response].

11 Q So, if you look at what you have redlined, you've
12 taken rid of the number, if you go to the next
13 page, it's "0.5707", 57 cents?

14 A (McNamara) Uh-huh.

15 Q Okay. That is a big percentage of the -- you
16 know, the wholesale supply charge, plus losses,
17 and the rest of it. So, it's -- I'm trying to
18 get a sense of now when did that happen? And, if
19 it happened recently, before that, it wasn't like
20 that, correct?

21 A (McNamara) I will have Mr. Pentz maybe respond to
22 that.

23 Q Okay.

24 A (McNamara) I would guess that it happened in the

[WITNESS PANEL: McNamara|Pentz]

1 Spring of 2024. It was sometime between the Fall
2 of 2023 and the Spring of 2024.

3 A (Pentz) If you don't mind, I just need a few
4 seconds?

5 Q Sure.

6 A (Pentz) The Large Customer migration, it
7 experienced a significant attrition in the Summer
8 of 2023.

9 Q Okay. And that, too, was largely driven by
10 community power aggregation or competitive
11 supply?

12 A (Pentz) That was primarily competitive supply.

13 Q Okay. Currently, you have whatever the load is,
14 and it's roughly 86 percent, 87 percent of the
15 Large Group has migrated. And it's been that
16 same number for a while, I looked at the
17 Migration Report, or the data, right?

18 A (Pentz) Well, it's the migration for
19 kilowatt-hour sales for the Large Customer
20 Group, --

21 Q Yes.

22 A (Pentz) -- as of November 2024 is 95.7 percent.

23 Q Okay. You're talking about the load?

24 A (Pentz) Yes. Not customers, that's just load.

[WITNESS PANEL: McNamara|Pentz]

1 And it's the load numbers that --

2 Q But can we go back to that exhibit? Can you
3 remind me what page? I want to confirm
4 something.

5 A (Pentz) I apologize, it's a large filing.

6 Q I think it's around 175, --

7 A (Pentz) Yes.

8 Q -- 170 something.

9 A (Pentz) It's Bates Page 175 and 176.

10 Q Okay. So, yes. And what I'm trying to capture
11 is, so something happened before this, that's
12 what you're talking about?

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

14 Q Okay.

15 A (Pentz) Yes. The Migration Report, as filed,
16 contains thirteen months.

17 Q Yes. So, we can check that. But where are
18 those, where are the remaining loads, and which
19 towns, and are they with community power
20 aggregation, do you know?

21 A (Pentz) I apologize. Could you repeat the
22 question?

23 Q For the Large General class, you still have
24 roughly 5 percent of the load?

[WITNESS PANEL: McNamara|Pentz]

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

2 Q That load resides where? Is it within towns that
3 already have community power aggregation, or --

4 A (Pentz) I would not know the answer to that
5 question. That there could be large customers
6 spread throughout UES's service territory.

7 Q Okay.

8 A (Pentz) I know there's about 20 to 21 Large
9 Customers left on Default Service. I don't know
10 to the extent geo -- you know, geographically
11 speaking, what towns they're in. I'm aware
12 Concord has quite a few Large G1 customers on
13 Default Service.

14 Q Okay. Remind me whether, when you have community
15 power aggregation coming into a town, it's
16 opt-out for also Large Customers, right?

17 A (Pentz) I'm not aware of how the community power
18 aggregators -- I'm not sure what their approach
19 is for the Large Customers.

20 Q Okay.

21 A (Pentz) I'm aware that one particular aggregator
22 does not service Large Customers, for whatever
23 reason they deem.

24 Q Okay.

[WITNESS PANEL: McNamara|Pentz]

1 A (Pentz) So, I couldn't --

2 Q You may not know. So, that's okay. I don't
3 know. So, I'm just curious about that.

4 So, really, with community power
5 aggregation and with competitive supply, there
6 are -- there's migration going on. At the end,
7 you might end up having a small Default Service
8 load, say, in the future. And what begs a
9 question there is, this is all happening because
10 we want competition to flourish, but, in the
11 process, there's these captive customers with
12 default service who are bearing some costs a lot
13 more than what they used to. So, in your
14 example, and we went through Page 204, that's a
15 big number, 5 cents, \$51, okay, with the
16 remaining load. And that is a little bit
17 bothersome, because, you know, of whether that's
18 the right thing.

19 Why should customers that are moving
20 away to community power aggregation and
21 competitive supply now, you know, are basically
22 the -- the remaining customers bear the burden of
23 those costs. And it's getting to be pretty high.

24 So, I just want you to think about it,

[WITNESS PANEL: McNamara|Pentz]

1 and, you know, is there a way to deal with it?

2 A (Pentz) That's a very good conceptual question.
3 I don't have the answer to that question right
4 now.

5 CMSR. CHATTOPADHYAY: Okay. That's all
6 I have for now.

7 CHAIRMAN GOLDNER: Okay.

8 BY CHAIRMAN GOLDNER:

9 Q I'll start on Bates 183. And I'll just ask a
10 general question, in terms of how is self-supply
11 going?

12 You've been, I think, four months now
13 into the 10 percent tranche. And it looks like,
14 from your table, that you've been able to achieve
15 significantly lower rates with self-supply, in
16 that your June 6th, 2024, market price estimate
17 is very close to the actuals. And, as you said,
18 it's been pretty stable.

19 So, it looks like, when you look at the
20 table, things are going well. But I wanted to
21 check in with the Company?

22 A (Pentz) Yes. I would say that that's an accurate
23 statement. And this new exhibit is something
24 that we figured would be useful for the

[WITNESS PANEL: McNamara|Pentz]

1 Commission to look at, just to get some actual
2 data in there from our ISO-New England bills that
3 we received for self-supply. And you can see
4 that, when we look at the estimated self-supply
5 tranche, it's coming in actually fairly close to
6 the actuals.

7 Q Yes. Yes, it's right on top of it. The forecast
8 is almost perfect. So, congratulations to the
9 Company on that. That looks really good.

10 The next thing I wanted to cover was
11 the transition from the testimony of you,
12 Mr. Pentz, to you, Ms. McNamara. And it feeds on
13 a question I believe that the OCA asked earlier.

14 Mr. Pentz, in your at least portion of
15 the testimony, it has the tables, anything above
16 184, it's got the calculation that shows the
17 _____ per megawatt-hour for the Residential
18 customers, for the Small Customers. And, then,
19 we go to Ms. McNamara's testimony that uses LSM-2
20 to do many calculations to get to a final rate of
21 86.16. So, I'll just, as a baseline, mention
22 that.

23 And, then, so, my request would be, for
24 the next filing, and this is a question for you,

[WITNESS PANEL: McNamara|Pentz]

1 Ms. McNamara, could you commit to providing a
2 summary that starts with Mr. Pentz's total power
3 supply cost, and then translates it into the
4 final dollars per megawatt-hour, because I had to
5 go through the spreadsheets for about two hours
6 yesterday to figure out what the Company did?
7 And I'm confident that it's correct. But it's
8 Byzantine to figure out how to get from -- at
9 least I couldn't figure out how to get it from
10 _____ to 86.16, without going through the details
11 of LSM-2.

12 So, first question, Ms. McNamara, would
13 be, would it be -- or, would you be comfortable
14 creating just kind of a simplified table to go
15 from the _____ to 86.16 for the next cycle?
16 Would that be -- would you be comfortable doing
17 that?

18 A (McNamara) Would you just be able to point me to
19 the -- that 86.60 -- 86.16?

20 Q Sure.

21 A (McNamara) I just want to make sure I'm
22 referencing the correct --

23 Q Sure. So, 86.16, just a moment, I'm going to go
24 to the redline page, I just have to page through.

[WITNESS PANEL: McNamara|Pentz]

1 So, I'm going -- I'm on Bates 2 -- I think it's
2 202, but the Bates number is covered up. Yes,
3 Bates 202.

4 A (McNamara) I've got it.

5 Q Yes. Line 26. Yes. That looks like your final
6 rate to me. And you've got the calculations
7 above that that get to that, but nowhere will you
8 find Mr. Pentz's _____ on that sheet. Unless I
9 missed something?

10 A (McNamara) I'm trying to already formulate the
11 best way to prepare something like that. I think
12 it would be helpful, at least now, or in the
13 future, to include something on this particular
14 page that you're referencing, which is Bates Page
15 202, which is the redlined tariff, pointing back
16 to the schedules where some of these numbers come
17 from.

18 Because, for example, in the top
19 section of that page, Lines 1 through 8, if I
20 referenced that those are taken right off of
21 Bates Page 206, --

22 Q You could perhaps, if I could make a suggestion,
23 you could perhaps, on that redline page, and an
24 even simpler table would be great, but what you

[WITNESS PANEL: McNamara|Pentz]

1 did was, in Line 2, that \$6,650,000, that's
2 partially the _____. And, then, there's some
3 additional pieces in there that make it a
4 different number. So, you can't follow, unless
5 you go deep into the weeds of LSM-2, you can't
6 figure out how to get to the _____.

7 CHAIRMAN GOLDNER: So, if you could
8 maybe break that out or, you know, just clearly
9 show how you get from Mr. Pentz's table to your
10 table, that would be very helpful. Different
11 ways to do it. You could probably add another
12 line, another "row", I should say, and then you
13 could add a column that just has the "dollars per
14 megawatt-hour" to the right, so everyone could
15 see what it is. That would be one, one place to
16 do it.

17 But I figured it out, but it's really
18 hard. You've got, I think, the working capital
19 and the provision for uncollected accounts in
20 Line 2 that makes it untraceable back to the
21 _____, unless you go over the spreadsheet.

22 So, okay. Thank you for that. So,
23 I'll let the Company sort of noodle on the best
24 way to do that. But just, you know, any kind of

[WITNESS PANEL: McNamara|Pentz]

1 simplified table that allows us to tie one to the
2 other, I believe that that was a similar question
3 to what the OCA had asked previously.

4 BY CHAIRMAN GOLDNER:

5 Q Okay. So, let's, if we can, let's move directly
6 into LSM-2. So, these will be questions for you,
7 Ms. McNamara. And I just want to make sure I
8 understand the spreadsheet.

9 So, if I go to -- just a moment. So,
10 if I go to the -- really, what I was referring to
11 earlier. So, I'm on -- on the spreadsheet, it's
12 Line 34. Yes, Bates Page reference, on LSM-2,
13 Page 2 of 2.

14 *[Atty. Speidel and Chairman Goldner*
15 *conferring.]*

16 CHAIRMAN GOLDNER: So, 207, under
17 Exhibit 7, per Attorney Speidel. So, I'm going
18 to go into confidential numbers here, Attorney
19 Davey. So, we'll need to work with, I don't
20 think there's any problems with the room, we'll
21 need to work with -- see if you can work with
22 Mr. Patnaude afterwards, that would be great.
23 But it's important to work through these numbers.

24 BY CHAIRMAN GOLDNER:

[WITNESS PANEL: McNamara|Pentz]

1 Q So, Ms. McNamara, I believe what you did was you
2 took the _____, and I'm on Line 34 of the
3 spreadsheet, you added the _____, to get to the
4 6650 [6,650,000?], which shows on the tariff
5 page, on the redline we were looking at earlier,
6 and that explains how to get to that first
7 number.

8 Can you just walk us through what's in
9 the _____?

10 A (McNamara) Sure. Referring back up to the -- I
11 suppose everyone is looking at the Excel version
12 of this, or are people looking at the *pdf*
13 version?

14 Q I'm on the Excel.

15 A (McNamara) Okay.

16 Q But if you want to --

17 A (McNamara) I'll explain it from that point of
18 view then.

19 Q If you could, yes.

20 A (McNamara) So, in the top section, which is on
21 Rows 13 to 19, this kind of spells out the
22 whole -- everything that's included in the power
23 supply rates for the non-G1 group. Columns A, B,
24 C, and D are the energy pieces, Column E is the

[WITNESS PANEL: McNamara|Pentz]

1 GIS component, then we get into the working
2 capital, so on and so forth. You can see the
3 column headers there.

4 So, down to the lines that you were
5 referencing, which is on Rows 25 to 34, to get
6 down to the \$6,650,000, it's comprised of energy
7 piece, which is the market rate and the wholesale
8 rate, times loads. And, then, the remaining
9 costs of _____ for the non-G1 group -- the
10 Residential group, I apologize, and the G2 and
11 Outdoor Lighting have a similar component of
12 costs, which total to _____. Those two figures
13 together sum to _____. And you can see that
14 in the spreadsheet, what is marked under
15 Column O.

16 Q Yup. And, then, you just broke them into Large
17 versus Small Customers, and that's how you got to
18 the ____.

19 Can you walk us -- so, the working
20 capital calculation I see on Column H on the
21 spreadsheet, F, in Row 10. And that looks like a
22 pretty small number, _____, for the working
23 capital, not very large.

24 But the next column is quite large, the

[WITNESS PANEL: McNamara|Pentz]

1 provision for uncollected accounts, the _____. Can
2 you walk us through what's in that provision for
3 uncollected accounts? Or, is that just Default
4 Service customers you're currently servicing or
5 is that other things?

6 A (McNamara) That is right off the -- well, this
7 is, of course, forecasted, the forecasted
8 write-off associated with non-G1 Default Service.

9 Q Okay. And, when you say "write-offs", that's bad
10 debt?

11 A (McNamara) Bad debt.

12 Q Okay. And is bad debt expense, is that totally
13 attributable to customers currently on Default
14 Service or is that some kind of mix?

15 A (McNamara) I'm not exactly sure how, because
16 these customers have been, as I mentioned,
17 "written off", so I'm not sure how they could
18 still be a Default Service customer. So, I can't
19 speak to that so much, other than this is bad
20 debt associated with non-G1 Default Service.

21 Q Okay. And it's just their supply portion of
22 their bill?

23 A (McNamara) Correct. There are three, three
24 components to bad debt for UES. There's the

[WITNESS PANEL: McNamara|Pentz]

1 non-G1 Default Service related; there's the G1
2 Default Service related, which is typically zero,
3 once in a blue moon there could be something; and
4 then there's the distribution piece, which goes
5 to base rates.

6 Q Okay. Okay, so, it sounds like it's likely that
7 these uncollected accounts were Default Service
8 customers, or are Default Service customers now,
9 but they might not have been. They may be
10 community aggregation customers now, they might
11 be on third party supply. We don't know, based
12 on what you're saying, is that right?

13 A (McNamara) That is correct.

14 Q Okay. Okay, thank you.

15 Okay. Next question is for working
16 capital. As I mentioned before, it's __,
17 _____, and then all the numbers I'm using here
18 are confidential. Which I calculate to be about
19 ____ percent of the total, in other words, ____
20 into the \$6.6 million number.

21 If Unitil was to go to a higher amount
22 of self-supply, and just for purposes of
23 calculation, let's use 100, would you expect that
24 working capital amount to triple, roughly?

[WITNESS PANEL: McNamara|Pentz]

1 A (McNamara) I'm sorry, could you repeat that?

2 Q Sure. Your working capital is currently ___K or
3 so. You're at 30 percent self-supply. If you
4 went to 100 percent self-supply, would you
5 estimate that that working capital amount would
6 roughly triple, 3.3?

7 A (McNamara) I mean, that's a good estimate.

8 Q Yes. That would be a reasonable calculation?

9 A *[Witness McNamara indicating in the affirmative].*

10 Q Okay. Okay. But the provision for uncollected
11 accounts, we don't -- the provision for
12 uncollected accounts is -- it's unrelated, I
13 would say, is that correct?

14 A (McNamara) Correct. Assuming UES had no more
15 Default Service customers, of course, write-offs
16 happen significantly, you know, after a certain
17 amount of time. So, let's say we're three years
18 out from now, and we have no -- we haven't had
19 any Default Service customers, the uncollected
20 accounts would be zero.

21 Q Okay. Okay, thank you.

22 Okay. And, then, I just want to check
23 on the \$226,000 number. So, now I'm back on the
24 redline on Bates, I think it was 202, I think, is

[WITNESS PANEL: McNamara|Pentz]

1 that right? Yes, Bates 202. So, now I'm looking
2 at that "226,040" number, which is not
3 confidential.

4 And I just want to verify, these are --
5 that's the carryforward from the prior period?

6 A (McNamara) That is correct. Yes.

7 Q Okay.

8 A (McNamara) The Company reconciles once a year in
9 the summer filing, so in the last filing. And
10 the balance is allocated between the two Default
11 Service periods, so the August to January rate
12 period, and then the February to July rate
13 period.

14 Q Okay. And the same question here. Can you be
15 sure that those are fully attributable to your
16 current Default Service customers, or is that
17 more than likely some kind of mix?

18 A (McNamara) Well, when you say "some kind of mix",
19 now this is an under-collection associated with
20 providing Default Service. So, this recognizes
21 that, you know, loads have changed versus
22 forecast, that perhaps the write-offs were
23 different than forecast, things like that. And,
24 then, of course, the Company designs its Default

[WITNESS PANEL: McNamara|Pentz]

1 Service rates using a assumed loss factor. So,
2 to the extent that that loss factor is also
3 different in actual versus forecast, that also
4 impacts the amount.

5 So, the \$226,000 isn't the -- I guess
6 maybe I'm just not understanding your question,
7 as far as how it would relate to customers who
8 are externally supplied?

9 Q If you moved from -- to community aggregation,
10 for example, or a significant increase in third
11 party supply, that the folks paying this amount
12 now, in the current cycle, would be different
13 than the folks that it's attributable to in that
14 scenario, you know, six months ago?

15 A (McNamara) Correct. There is a, again, like I
16 mentioned, roughly a one-year lag on the
17 collection or credit, if it was an
18 over-collection, of the reconciliation, so that
19 the customer group would be different.

20 Q Okay. And the reason, to Commissioner
21 Chattopadhyay's point, on the Large Customer
22 versus Small Customer, we see totally different
23 effects, I'm not going to shock you with this
24 one, is that you have ten times the loading for

[WITNESS PANEL: McNamara|Pentz]

1 the Small Customers than the Large Customers.
2 So, these fixed charges and these carryforwards,
3 which are roughly similar, a few hundreds of
4 thousands of dollars, have a significant impact
5 on the Large customers, and a more modest impact,
6 more roughly one-tenth, on the smaller customers.
7 Would that be a fair summary?

8 A (McNamara) That's right.

9 CHAIRMAN GOLDNER: Okay.

10 Okay. I actually have a question for
11 the DOE. I know the Department is not
12 testifying, but just if we really need to ask the
13 Company a question, it depends on the
14 Department's thoughts on this topic.

15 So, on RPS, relative to Class III, I
16 know that the Department has noticed this topic,
17 and I think you'll have some hearings in March,
18 as I recall. And there's the possibility that,
19 as in years past, that percentage would go from
20 the current 8 percent, to a lower percentage. I
21 think, in the past, it's been 2 percent in years
22 past.

23 So, first of all, is that an accurate
24 description of what's going on with respect to

[WITNESS PANEL: McNamara|Pentz]

1 RPS Class III? And because I just want to ask
2 the Company a question based on the Department's
3 position on Class III RECs.

4 MR. YOUNG: One moment.

5 CHAIRMAN GOLDNER: Sure.

6 *[Atty. Young and Mr. Eckberg*
7 *conferring.]*

8 MR. YOUNG: So, I do -- to answer your
9 question, I do believe it has been noticed. I
10 haven't -- I don't know when the hearings are
11 going to be. So, to answer your question of
12 whether that's accurate, you mentioned "March", I
13 think they might be earlier than March this year,
14 but --

15 CHAIRMAN GOLDNER: Okay. Good. Okay.
16 That would be helpful. So, the Company will know
17 the answer in the next few months, it sounds
18 like.

19 MR. YOUNG: And I can try to look it up
20 here in the next few minutes. I believe it is
21 posted.

22 CHAIRMAN GOLDNER: Okay. Thank you.
23 Oh, that will be helpful.

24 BY CHAIRMAN GOLDNER:

[WITNESS PANEL: McNamara|Pentz]

1 Q So, if we assume, pardon me, that, for the
2 Company, that the Department makes some kind of
3 modification of the 8 percent, whether 7 or zero
4 percent, or whatever it ends up being, would that
5 affect any -- how would that affect, I guess, the
6 Company's RPS rates now or in the future?

7 A (Pentz) I can speak to the procurement of Class
8 III RECs. And, in terms of the rates, I'm not
9 sure how much feedback I'll be able to provide on
10 that.

11 But, currently, we have not purchased
12 any New Hampshire Class III RECs, because of the
13 uncertainty surrounding the adjustment, which is
14 typically made in the spring of each year, as was
15 just discussed. Once that adjustment is made, we
16 may go out into the market and look for Class III
17 RECs. But, as of right now, we will not be
18 purchasing Class IIIs until that percentage is
19 known.

20 Q And do you remember the ACP on Class IIIs by any
21 chance?

22 A (Pentz) If you can just give me a second?

23 Q Sure.

24 MR. YOUNG: Mr. Chairman, I do have

[WITNESS PANEL: McNamara|Pentz]

1 that date, if that's helpful at this moment?

2 CHAIRMAN GOLDNER: Oh. It is. Thank
3 you.

4 MR. YOUNG: So, there will be a public
5 comment hearing on actually December 19th.

6 CHAIRMAN GOLDNER: Okay. And, then,
7 the hearing will be in a few months after that?

8 MR. YOUNG: That will be the --

9 CHAIRMAN GOLDNER: That is the hearing?

10 MR. YOUNG: Yes.

11 CHAIRMAN GOLDNER: Okay. Okay.

12 "Public comment" equals "hearing". Okay. Thank
13 you.

14 **BY THE WITNESS:**

15 A (Pentz) The 2024 rate was \$40.23.

16 BY CHAIRMAN GOLDNER:

17 Q Okay. Okay, thank you. Okay. I'm going to turn
18 now, just a couple of lines of questioning
19 remaining here, to Bates 036.

20 All right. So, again, I'm going to use
21 a confidential number. So, as you alluded to
22 earlier, Mr. Pentz, without using the numbers,
23 but I'll use them now, the ratio is about ____.
24 And, as you pointed out, that's pretty similar,

[WITNESS PANEL: McNamara|Pentz]

1 actually a little bit less than it was in the
2 prior period, when it was ___?

3 A (Pentz) Yes. That is correct.

4 Q Okay. And, then, you alluded to this a little
5 bit earlier, I just wanted to clarify, embedded
6 in that premium, which is roughly ___ a
7 megawatt-hour, again, proprietary/confidential,
8 embedded in that is the risk premium. And is
9 there anything -- is there anything else in there
10 in that ___? I guess, it's the -- is there
11 anything else that you would include in that ___
12 a megawatt-hour?

13 A (Pentz) The ___ includes the supplier's profit,
14 or the forecasted profit; the risk premium; also
15 non-energy components. So, we're measuring the
16 NYMEX forwards, which is strictly the energy
17 component.

18 Q Okay. And, so, they're paying for the capacity
19 and the ancillary charges, or no?

20 A (Pentz) The bidders are paying full requirements.

21 Q Full requirements.

22 A (Pentz) Right.

23 Q Okay. So, everything is included in those
24 numbers?

[WITNESS PANEL: McNamara|Pentz]

1 A (Pentz) The final bid prices on this exhibit
2 contain all the cost elements that the supplier
3 proposes in their bid.

4 Q Okay.

5 A (Pentz) Yes.

6 Q Thank you. So, then that would mean, another
7 confidential number, that the amount that you're
8 using for this upcoming cycle is _____, and that
9 includes all of the components?

10 No, I'm sorry. I'm sorry. No, I see
11 your hesitation, and you're right. So, the
12 number -- the number that you're using is _____.
13 The premium is the ___?

14 A (Pentz) Yes. That is correct.

15 Q Sorry.

16 A (Pentz) Well, and just to clarify, it's not just
17 the premium. It's all the cost elements as well.

18 Q All the cost elements.

19 A (Pentz) Such as capacity, supplier margin.

20 Q Yes. Thank you. I didn't say that very well.

21 Thank you.

22 And I just note here, since we're on
23 the record, I looked up the -- the Co-op had just
24 published their rates effective January 1st, so a

[WITNESS PANEL: McNamara|Pentz]

1 little bit of a timing difference, but they're at
2 \$86.48 per megawatt-hour for their power charge.
3 So, it's almost identical to the Unitil charge
4 for this cycle as well. So, it's just an
5 anecdote. I just noticed that the NHEC rate is
6 virtually identical to the Unitil rate for the
7 upcoming cycle, for what that's worth.

8 Okay. And last topic, I just want to
9 cover the Large Customers. Commissioner
10 Chattopadhyay covered this in some detail, I just
11 want to clarify a couple of things. So, I'm
12 going to start on Bates 210.

13 All right. Okay, I just want to
14 clarify, because I'm not sure I understand. So,
15 a customer would pay the -- would pay the ISO-New
16 England price, plus, this is a proprietary
17 number, __, that's the quote from NextEra, plus
18 __. Is that -- do I have the math right, in
19 terms of what the customer would pay?

20 A (McNamara) Yes, you have that correct.

21 Q Okay. Thank you. So, if, as we saw on the prior
22 spreadsheet, which is where I was kind of going,
23 if we have a number around \$55 for the full
24 requirements price, plus __, plus __, you know,

[WITNESS PANEL: McNamara|Pentz]

1 roughly 40 percent of the price that a customer
2 would pay would be this ___ adder, something like
3 that?

4 A (McNamara) Roughly, yes.

5 Q Okay. Thank you. And I just want to check with
6 this, I usually check each cycle, but, if the
7 Commission were to -- were to reject one of these
8 contracts, how does the -- how does it work with
9 the penalty clauses? What would happen there?

10 A (Pentz) We have baked into the contract a date of
11 this upcoming Friday, which is the 13th, for the
12 Commission to either approve or reject the
13 contracts. If they are rejected, then there are
14 no penalties, that's in the contract.

15 Q Okay. Okay, well done. Okay. And the -- okay,
16 thank you for that. So, now, I'm going to -- I'm
17 just going to return to Page 210 for a moment.

18 What's a little bit concerning is that
19 we have these large dollar amounts, last cycle it
20 was, I think, \$57 or \$58, now ___, again, these
21 are confidential numbers, at least the current
22 one, that we're adding in, that customers may or
23 may not be the same as before have to pay, again,
24 for Large Customers.

[WITNESS PANEL: McNamara|Pentz]

1 Would the Company be supportive of a
2 deferral account for this kind of reconciliation,
3 given that customers are hopping on and off of
4 these rates?

5 A (McNamara) Well, I will say -- well, a
6 clarification first off, that particular number
7 is not confidential. So, we can speak to that.

8 Q Okay. Great.

9 A (McNamara) This was sort of a "perfect storm"
10 situation, in that, as I mentioned, the Company
11 reconciles once a year. That reconciliation is
12 part of the summer filing, so those numbers are
13 in -- prepared in late May/early June. The Large
14 G1 Customer Group saw the drop of the load in mid
15 to late summer. So, and now we're going back a
16 year and a half, two years, you know, some time.

17 So, unfortunately, if we had known at
18 the time, I mean, I suppose that these numbers
19 might have been -- might have been seen a year
20 ago, as opposed to today, because this is a --
21 this is sort of an old problem, it's just now
22 finally getting caught up with the fact that the
23 loads are disappearing.

24 As the Company has been, you know,

[WITNESS PANEL: McNamara|Pentz]

1 considering other alternatives to reconciliation
2 of default service, nothing has been spoken to in
3 great lengths yet or discussed in great lengths,
4 or thought about in great lengths. But it
5 certainly has been something that the Company has
6 been considering.

7 Q Because what's old is about to become new again,
8 because you're about to experience the same thing
9 with Small Customers, right, because you have the
10 large transition that just happened, so, with the
11 reconciliation this summer, you'll have it all
12 over again, right?

13 A (McNamara) That could be, could be.

14 Q Right. Yes.

15 A (McNamara) It may not be as -- you know, the
16 other thing with the G1 Group is, of course, that
17 we don't know what their -- what the energy
18 component is going to be, we don't know what energy
19 is going to be doing from day to day. So, you
20 know, that can also cause, you know, some issues.

21 So, I don't know since, as you had
22 previously mentioned, the Non-G1 Customer Group,
23 even with customers moving to external supply, is
24 it still going to be large enough that we won't

[WITNESS PANEL: McNamara|Pentz]

1 see such a large bump in the reconciliation
2 component.

3 Q Yes.

4 A (Pentz) I'd just like to --

5 Q Yes, go ahead.

6 A (Pentz) I apologize. You know, just to add, with
7 the self-supply component, you know, you could
8 have a scenario where you're over-collected on
9 that component, but under, because of the
10 migration.

11 Q That's a good point.

12 A (Pentz) So, there's competing movements that are
13 possible. Yes.

14 CHAIRMAN GOLDNER: No, that's a good
15 point. And I'm just -- I'm responding, really,
16 to the denominator changing significantly, which
17 will take the fixed costs and spread them over a
18 lower base, just as you had with the larger
19 customers. And I'm just looking at Page 175
20 again, where your domestic load will go from
21 something like 20 percent to something like 70
22 percent. So, you've got lots of moving parts.

23 So, I guess my encouragement would be
24 to think through that. And if, with the

[WITNESS PANEL: McNamara|Pentz]

1 Company's proposal, sorry, coming in January,
2 that may be something that the Company wants to
3 include in that proposal, is how to deal with
4 these reconciliations, given the moving load, and
5 some of the changes that are happening in the
6 market.

7 Okay. I think that's all I had.
8 Commissioner Chattopadhyay, any follow-up
9 questions?

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

11 CHAIRMAN GOLDNER: Okay. Let's do
12 this, so the Commissioners can just briefly meet,
13 and then, Attorney Davey, we'll give you some
14 minutes to discuss with the witnesses. Let's
15 just take a quick ten-minute break, and return at
16 10:30. Thank you.

17 MS. DAVEY: Thank you.

18 *(Recess taken at 10:20 a.m., and the*
19 *hearing resumed at 10:33 a.m.)*

20 CHAIRMAN GOLDNER: Okay. Just wrap up
21 with one quick comment from the Commission, then
22 we'll go to redirect. Just a question for the
23 witnesses.

24 BY CHAIRMAN GOLDNER:

[WITNESS PANEL: McNamara|Pentz]

1 Q Are you aware of this same or similar issue with
2 Eversource? Have you been following that docket
3 by any chance?

4 A (Pentz) Yes.

5 Q Okay. Thank you. And, in terms of addressing
6 this for both Large and Small Customers, for
7 Unitil, do you have any thoughts for the
8 Commission on when or where you might address
9 that?

10 A (Pentz) We believe we would, as of now, I can't
11 say with 100 percent certainty, that that would
12 be in the January 31st proposal.

13 CHAIRMAN GOLDNER: Okay. Thank you.
14 Thank you. And I think it would, if there was
15 any kind of -- would it, I guess maybe a
16 question, would it fit in the 24-080 docket
17 ultimately, or do you see it -- that's your
18 reconciling feature, it's like Eversource's
19 SCRC?

20 MS. DAVEY: I don't want to speak for
21 the witness, but I do know that this is -- we
22 just were talking about this.

23 CHAIRMAN GOLDNER: Okay.

24 MS. DAVEY: It's very up-in-the-air in

[WITNESS PANEL: McNamara|Pentz]

1 this moment.

2 CHAIRMAN GOLDNER: Okay.

3 MS. DAVEY: But we're going to put some
4 thought into it for the January filing.

5 CHAIRMAN GOLDNER: Okay. Very good.
6 Thank you.

7 Okay. Anything else, Commissioner
8 Chattopadhyay, before we move to redirect?

9 CMSR. CHATTOPADHYAY: No, I don't.
10 Thank you.

11 CHAIRMAN GOLDNER: Attorney Davey?

12 MS. DAVEY: I do have just a couple
13 questions.

14 **REDIRECT EXAMINATION**

15 BY MS. DAVEY:

16 Q First, for Ms. McNamara, there was a line of
17 questioning with the Chair regarding the working
18 capital. I believe the figure was "_____", and
19 the question was "Would this number estimated be
20 around triple, if the Company were to 100 percent
21 self-supply?"

22 Would you like to expand on your
23 response to that?

24 A (McNamara) Yes. I know, I think we were looking

[WITNESS PANEL: McNamara|Pentz]

1 at this strictly from the terms of the number of
2 days lead/lag, and also considering that the
3 market component is, in this particular period,
4 30 percent. So, we were probably all -- all had
5 our heads in the 30 percent/70 percent thinking
6 pattern.

7 But the other component that makes up
8 working capital is, of course, the costs. And
9 the costs for the market component, at least
10 currently, are lower than the wholesale
11 component. So, that piece would also, of course,
12 factor into what ultimately totaled working
13 capital.

14 So, without doing the math, but it
15 would not be triple. It would not be triple.
16 Because the costs, the market costs, which are
17 the -- you know, the beginning component for
18 deriving working capital, would be overall lower
19 than the costs for the wholesale component of
20 working capital.

21 BY CHAIRMAN GOLDNER:

22 Q Okay. So, without doing the math, it would be
23 something less than triple?

24 A (McNamara) Yes. I would agree.

[WITNESS PANEL: McNamara|Pentz]

1 Q Significantly?

2 A (McNamara) Based on this filing, I would say it
3 would be probably not even double.

4 CHAIRMAN GOLDNER: Right. Perfect.

5 Thank you very much. Sorry, Attorney Davey.

6 BY MS. DAVEY:

7 Q And, for Mr. Pentz, I just want to -- I want to
8 talk a little bit about this year's proposed --
9 or, this solicitation's proposed rates.

10 Referencing Fitchburg, is it fair to
11 say that, for the Energy Supply team, for you and
12 your team, that a failed auction resulting in
13 self-supply is always on the table or considered
14 when analyzing the bids received?

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

16 Q And, when looking at UES, and looking at the
17 Large Customer Group, is that true when you
18 analyze those bids? That that was always -- that
19 will always be a consideration when analyzing the
20 bids?

21 A (Pentz) Yes. I mean, in particular, the Large
22 Customer Group, you know, with this round, you
23 know, the winning bidder was within our
24 expectations of what we would expect for the

[WITNESS PANEL: McNamara|Pentz]

1 fixed adder price. When we look at those cost
2 components, they measured up very well, compared
3 against the past couple rounds as well.

4 But self-supply is always an option, if
5 we don't deem the bids competitive, or if they're
6 out-of-market. And we do these, we do an
7 analysis with the NYMEX futures, and the NYMEX
8 exhibits, to make sure we're in the same
9 ballpark, you know, compared to past periods.

10 Q And you mentioned, obviously, in the filing,
11 there is reference to making a proposal in
12 January for self-supplying the Large Customer
13 Group. And you referenced some of the concerns
14 that have led to that proposal.

15 Could you explain whether those
16 concerns are present for the Small Customer Group
17 at this time?

18 A (Pentz) At this time, presently, those concerns
19 are not there for the Non-G1 Group. There is
20 significantly more load at this time. There are
21 significantly more bidders that participate in
22 the Non-G1 Group, and that gives us more data to
23 work with to assess the competitiveness of the
24 bids, as opposed to the Large Customer Group.

[WITNESS PANEL: McNamara|Pentz]

1 Q And moving forward, just as you -- the Energy
2 Supply team has done with Fitchburg, and is
3 proposing to do with the Large Customer Group for
4 UES, the Company will continue to analyze whether
5 there are concerns about the Small Customer
6 Group?

7 A (Pentz) Absolutely. Yes.

8 MS. DAVEY: Thank you. That's all I
9 have.

10 CHAIRMAN GOLDNER: Okay. Thank you.

11 So, the Company witnesses are now
12 excused. Thank you for your time today.

13 Having heard no objections, we'll
14 strike identification on Hearing Exhibits 7, 8,
15 and 9 and enter them into evidence.

16 We'll now grant leave for the parties
17 to offer brief closing statements on the record,
18 beginning with the Department of Energy.

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

20 So, I think, first, regarding the
21 possibility of deferred accounting related to the
22 G1 under-collection that was discussed earlier,
23 and I guess, without reviewing any actual
24 proposal, the Department would just like to

1 express, I guess, its hesitancy on creating any
2 such account. Because the intergenerational
3 costs are just one piece of the regulatory
4 puzzle, in that any such deferred account could
5 also shift Default Service costs onto non-Default
6 Service customers in the Department's view.

7 But we would look forward to reviewing
8 any such proposal, whether it's in January, or
9 whenever the Company, I guess, decides to file.

10 Regarding the Petition today, first,
11 the Department would like to express our
12 appreciation for the Company and the OCA's
13 willingness to participate in a technical session
14 yesterday. The Department has reviewed Unitil's
15 filing, and we do believe the Company conducted
16 the wholesale power supply solicitation and
17 selected the winning bids, in compliance with
18 historical precedent and recent Commission
19 orders.

20 Further, we do believe the Company's
21 calculation of the rates, including the inclusion
22 of ISO-New England prices, do appear to be sound.
23 And, as a result, we believe the resulting rates
24 are just and reasonable.

1 I would also note that the Department
2 is encouraged by the pricing forecasts included
3 in the filing, and we do look forward to
4 monitoring the situation over the coming period.

5 As such, we do urge the Commission to
6 make the findings requested by the Company for
7 rates effective on February 1st.

8 CHAIRMAN GOLDNER: Thank you, Attorney
9 Young. We'll move now to the Office of the
10 Consumer Advocate.

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

12 I just listened to what Mr. Young has
13 to say, and I think I agree with all of his
14 observations.

15 Overall, I think that this was a
16 well-run and competently executed solicitation
17 for Default Energy Service. The Company has
18 clearly complied with the directives of the
19 Commission with respect to how to procure Default
20 Energy Service, and particularly with respect to
21 the Small Customer class, that is the class that
22 we care about at the OCA. I think the results
23 are just and reasonable rates that warrant
24 approval by the Commission, along with the

1 underlying contract.

2 I do want to make a couple of general
3 observations. With respect to the issue of
4 "deferred accounting" for the G1 class, we have
5 no opinion, because the G1 class is not the class
6 of customers that we worry about.

7 But I do want to indicate generally our
8 view that it would never be appropriate, whether
9 at this utility or any other one, for residential
10 customers to be subjected to costs incurred by
11 utilities in connection with providing Default
12 Energy Service to non-residential customers. I
13 just think there's a fundamental difference
14 between the equities that apply to residential
15 customers, versus the equities that apply to
16 commercial and industrial customers, who have
17 enjoyed all kinds of benefits from industry
18 restructuring over the quarter century of
19 experience that we now have with it, whereas
20 residential customers are just now really
21 beginning to enjoy some of the fruits of industry
22 restructuring.

23 So, I think that those two groups of
24 customers need to be treated differently, in

1 scenarios that seem to be more likely to come up,
2 where there needs to be some kind of
3 reconciliation or recovery of otherwise
4 unrecovered Default Energy Service costs.

5 I think we have to be really careful,
6 for the same reason that you can't change the
7 side of the road that you drive on gradually. If
8 you read the Restructuring Act literally, it is
9 clear, dating back to 1996, when the
10 Restructuring Act was adopted, that the General
11 Court, and the governor that signed that bill
12 into law, thought of Default Energy Service as a
13 "backstop" service, meaning the assumption was
14 that all customers would be migrating into other
15 sources of energy supply, and would only really
16 turn to the utility as a provider-of-last-resort.

17 I think that the world, and New
18 Hampshire's energy markets, and utility service
19 have evolved, to the point where Default Energy
20 Service really isn't merely a backstop service
21 anymore. And, yet, we're sort of transitioning
22 into something else, but we're not quite ready to
23 treat Default Service as a haven for customers,
24 whether residential or otherwise, who are

1 sufficiently risk-tolerant to want to play in the
2 spot market and live with whatever the results
3 are, given the vicissitudes in that market. So,
4 I think we have to really continue to seek
5 clarity about which of those two things we want
6 Default Energy Service to be.

7 And I sympathize that the Commission is
8 struggling with that, because the statutory
9 directives that you're trying to implement here
10 are not very clear. So, it might be that this is
11 a conversation we need to have over at the State
12 House.

13 But it continues to be a subject of
14 active concern for the OCA. I worry about
15 residential customers kind of getting caught up
16 in situations where Default Energy Service
17 procured at least partially through the spot
18 market proves to have been unduly risky, and
19 there's the danger of unrecovered costs.

20 But, in the meantime, the Company has
21 done an excellent job here. And I urge the
22 Commission to approve the Company's request.

23 I think that's all I have to say.

24 CHAIRMAN GOLDNER: Okay. Thank you,

1 Attorney Kreis. We'll now wrap up with the
2 Company.

3 MS. DAVEY: Thank you, Chair.

4 The Company, of course, appreciates the
5 time of the parties here. We know that the time
6 between filing and hearing, and including the
7 tech session, is very condensed. So, we
8 appreciate the time and effort to review the
9 filing.

10 I do want to clarify one thing, that
11 the Company, in its testimony, proposed to make a
12 filing in January, regarding the Large Customer
13 Group. Today, there's been discussion of an
14 additional component to that filing, which has
15 not been fully vetted internally. So, I don't
16 believe that it's the Company's position that we
17 are concrete in providing that information or
18 proposal as part of the proposal that we
19 mentioned. But it is something that we're
20 considering internally, but that has not been
21 fully discussed.

22 CHAIRMAN GOLDNER: Could I ask the
23 Company to put something in the Commission's file
24 in December as to the Company's decision as to

1 what it would like to do on that topic? Just a
2 letter would be fine, so all the parties know
3 what the Company plans to do. And, then, you
4 know, what you do in January is a separate
5 matter.

6 MS. DAVEY: Yes. Do you -- is there a
7 specific date that you would like that by?

8 CHAIRMAN GOLDNER: It would be, yes,
9 December 20th would be just great.

10 MS. DAVEY: Yes. We can do that.

11 CHAIRMAN GOLDNER: Thank you.

12 MS. DAVEY: We believe that the Company
13 has demonstrated that we've conducted a complete
14 and competitive solicitation, and that the
15 analysis of the bids was reasonable. That the
16 Company has justified its selection of suppliers,
17 and that the power supply costs resulting from
18 the solicitation are market-based, just and
19 reasonable, and in the public interest.

20 Unitil requests that the Commission
21 approve the Default Service contracts, rates
22 proposed in -- the rates included in the proposed
23 tariffs no later than this Friday, the 13th.

24 CHAIRMAN GOLDNER: Okay.

1 MS. DAVEY: Thank you.

2 CHAIRMAN GOLDNER: Thank you.

3 So, first of all, thank the witnesses
4 for their excellent testimony today, that was
5 very helpful, and the excellent filing. The
6 Commission will render its decision on this
7 matter by December 13th, as requested by the
8 Company.

9 And the hearing is adjourned. Thank
10 you.

11 ***(Whereupon the hearing was adjourned***
12 ***at 10:48 a.m.)***

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