

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

April 9, 2013 - 10:13 a.m.
Concord, New Hampshire

* * REDACTED * *
(For PUBLIC use)

RE: DE 13-079

NHPUC AUG29'13 PM 2:24

UNITIL ENERGY SYSTEMS, INC.:
2013 Default Service Solicitation.
(Hearing regarding solicitation for the
Large Customer Group (100%) for the period
June 1, 2013 through November 30, 2013,
and for the Small Customer Group (75%) for
the period June 1, 2013 through October 31,
2013 and for the Small Customer Group (100%)
for the period November 1, 2013 through
November 30, 2013)

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Robert R. Scott

Sandy Deno, Clerk

APPEARANCES: Reptg. Unitil Energy Systems, Inc.:
Gary Epler, Esq.

Reptg. Residential Ratepayers:
Susan W. Chamberlin, Esq., Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Steven E. Mullen, Asst. Dir./Electric Div.

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

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ORIGINAL

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LINDA S. McNAMARA
KRISTINA M. GUAY

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TRANSCRIPT NOTE: CONFIDENTIAL INFORMATION HAS BEEN
REDACTED AND NOTED BY UNDERLINING

P R O C E E D I N G

CHAIRMAN IGNATIUS: I'd like to open the hearing in Docket DE 13-079, which is Unitil Energy Systems' Default Service solicitation for 2013. And, as in past years, the protocol that's pretty well established now follows from solicitation to solicitation.

So, we will first begin with appearances. Mr. Epler.

MR. EPLER: Yes. Good morning, Chairman Ignatius, Commissioner Scott. My name is Gary Epler, appearing on behalf of Unitil Energy Systems, Inc. Thank you.

MS. CHAMBERLIN: Good morning. Susan Chamberlin, Consumer Advocate, for the residential ratepayers.

MS. AMIDON: Good morning. Suzanne Amidon, for Commission Staff. And, with me today is the Assistant Director of the Electric Division, Steve Mullen.

CHAIRMAN IGNATIUS: Good morning. You know that these are getting to be pretty routine, if you can't remember --

MR. EPLER: Right.

CHAIRMAN IGNATIUS: -- who you are and why you're here. So, this is the solicitation that is to

1 obtain power for residential customers, medium size
2 customers, and large customers of different percentages,
3 as you phase in and work through your varying procurement
4 blocks. So, it's fairly complicated, in terms of what's
5 being -- has been procured, and you're still in a
6 transition in your solicitation process, is that right?

7 MR. EPLER: Yes, Chairman. And, I can
8 walk through that rather quickly, but kind of catch us up
9 to where we are from the order that approved the
10 reconsideration, how we're accomplishing all this.

11 CHAIRMAN IGNATIUS: That would be great.
12 I think, in addition to the actual results of the
13 solicitation, to just sort of get caught up on where you
14 are in that transition, and whether there's any more to go
15 in the shifting over to the new schedule.

16 Is there anything before we begin with
17 evidence to take up? Mr. Epler.

18 MR. EPLER: Yes. And, I can do this
19 after the witnesses are sworn, if that would help. There
20 were a couple of changes to the filing; one due to a
21 mistake in the hard copy that was provided to the
22 Commission, and the other is a result of a change due to a
23 Commission order that was issued last Thursday with
24 respect to RECs. And, we've incorporated the results of

1 that order into a revised portion of the filing.

2 CHAIRMAN IGNATIUS: Which we received
3 and have been through, and I think Commissioner Scott and
4 I have slipped the new pages into the full filing. So, we
5 appreciate that. That helps to not be scribbling down
6 numbers and worrying that we're getting them wrong. So,
7 thank you for doing that. And, as you go through
8 witnesses, you can go into that in more detail.

9 I also wondered about, there's a request
10 for confidentiality that's the standard -- what's our
11 phrase? "Commonly recurring"?

12 MS. AMIDON: Yes. It's filed pursuant
13 to the 200 rules. It's routine confidential filings or
14 information that's filed in connection with these routine
15 default service proceedings.

16 CHAIRMAN IGNATIUS: Right. Thank you.
17 Is there any objection? Anyone have any concern about the
18 request?

19 MS. AMIDON: Staff believes that the
20 Company's information is confidential within the meaning
21 of the rules, and it's also -- the request is consistent
22 with prior rulings of the Commission. So, we have no
23 objection.

24 MS. CHAMBERLIN: My understanding is

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1 that the information is competitively sensitive and,
2 therefore, should be kept confidential.

3 CHAIRMAN IGNATIUS: Thank you. The only
4 question I had is that the identity of the winning bidders
5 is in the confidential materials and doesn't appear in the
6 public materials, and that seemed unusual to me. And,
7 maybe I missed it. But, certainly, the final order would
8 include the identity of the winning bidders, and the
9 discussion today would be, that would not be in a
10 protected record.

11 MR. BOHAN: Can I interrupt?

12 CHAIRMAN IGNATIUS: Please.

13 MR. BOHAN: It is in the public
14 materials. It's in my testimony. I identify the
15 customers. And, we understand that, under New Hampshire
16 rules, that has to be divulged to the public. So, that's
17 in our filing.

18 CHAIRMAN IGNATIUS: All right. I guess
19 I missed that.

20 MS. AMIDON: For reference, I found it
21 on Page 11 of 16 of Mr. Bohan's testimony.

22 MR. EPLER: In future filings, I could
23 put that in the cover letter, just so it's very clear.

24 CHAIRMAN IGNATIUS: Oh, you're right.

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1 There it is. No, that's good. It was -- I think the
2 cover had said that the identify was in the protected Tab
3 A. But, you're right, it's also in Mr. Bohan's. So,
4 thank you.

5 All right. Unless there's anything
6 else, Mr. Patnaude, could you swear the witnesses.

7 (Whereupon **Todd M. Bohan, Linda S.**
8 **McNamara**, and **Kristina M. Guay** were duly
9 sworn by the Court Reporter.)

10 **TODD M. BOHAN, SWORN**

11 **LINDA S. McNAMARA, SWORN**

12 **KRISTINA M. GUAY, SWORN**

13 **DIRECT EXAMINATION**

14 BY MR. EPLER:

15 Q. Okay. And, starting then with the witness closest to
16 me, if you can identify yourself and the position you
17 hold with the Company.

18 A. (Bohan) Todd M. Bohan. And, I'm employed as an Energy
19 Analyst -- Energy Analyst with Unitil Service
20 Corporation, in the Energy Contracts Group.

21 A. (McNamara) Linda McNamara. I'm a Senior Regulatory
22 Analyst for Unitil Service Corp.

23 A. (Guay) Kristina Guay. I'm a Senior Financial Analyst
24 for Unitil Service Corp., in the Finance Department.

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1 MR. EPLER: Okay. Thank you. Chairman,
2 I would like to have marked for identification purposes
3 two exhibits. And, I have provided the Clerk and the
4 Court Reporter with complete revised exhibits, so they
5 have that. But I will walk through on how we get there.
6 The green bound copy should be "Unitil Exhibit Number 1",
7 and then the confidential material that's separate in the
8 envelope would be "Unitil Exhibit Number 2".

9 CHAIRMAN IGNATIUS: Thank you. So
10 marked for identification.

11 MR. EPLER: Okay.
12 (The documents, as described, were
13 herewith marked as **Exhibit 1** and
14 **Exhibit 2**, respectively, for
15 identification.)

16 MR. EPLER: Now, if I could just walk
17 through quickly the changes. When we filed on Friday, the
18 electronic version -- excuse me -- the electronic version
19 that was provided by e-mail to the Commission and to the
20 parties was correct. However, the paper filing had
21 incorrect Exhibit LSM-1, and the schedules that followed,
22 the LSM Schedules 1 through 6. The other mistake was that
23 the Exhibit KG-1, and the two schedules, KG-1 and KG-2,
24 had an incorrect header. The text of the KG exhibits and

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1 schedule are correct, but they misidentified in the header
2 the docket number. So, all that needs to be changed is to
3 cross out the "12-003" and replace that with "13-079".
4 But, otherwise, the text in the schedules there are
5 correct.

6 At the same time, the Commission issued
7 an order on Thursday with respect to the RECs, which
8 changed our -- the implications of which would change our
9 testimony. So, we studied the order, after we made the
10 filing, and revised portions of the filing to take into
11 account the directives contained in that order. And, the
12 changes then we provided yesterday electronically, and I
13 provided hard copies to the parties today. And, again,
14 they're in -- the corrected versions are in what I
15 provided to the Clerk.

16 Those changes are two changes to the
17 tariffs, the first is 14th Revised Page 74 and the second
18 is 25th Revised Page 75. The next change would be a
19 one-page change to the testimony of Todd M. Bohan, which
20 appears in Exhibit TMB-1, its Page 14 has been revised.
21 And, we have provided a double-sided page that can easily
22 be slipped into the binder that was filed on Friday. Mr.
23 Bohan also has three revised exhibits, and they appear on
24 stamped Page 080, 081, and 087.

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1 The next change would be to replace
2 entirely the Direct Testimony of Linda McNamara, which is
3 Exhibit LSM-1, and all the schedules, LSM-1 through LSM-6.

4 WITNESS McNAMARA: Could I interrupt?
5 I'm sorry. The schedules were not filed incorrectly on
6 Friday. And, the new schedules provided in this packet
7 only replace those that had been affected due to the
8 change in the RPS.

9 MR. EPLER: Okay.

10 WITNESS McNAMARA: Which are most of
11 them. But the original schedules filed Friday were
12 correct. So, I'm sorry, I just wanted to correct that.

13 MR. EPLER: Okay. My apologies. In any
14 event, we have provided new pages stamped "088" through
15 "136", and those simply get inserted into the green
16 binder.

17 So, with that -- and, the other thing,
18 to make it clear what the revisions are, we left the
19 tracking mode changes on the revised pages, so that it's
20 clear what changes occur as a result of the Commission's
21 order on the RECs. Yes, Chairman?

22 CHAIRMAN IGNATIUS: One slight
23 difference in what I have.

24 MR. EPLER: Uh-huh.

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1 CHAIRMAN IGNATIUS: And, I may have
2 missed it. Oh, I see. Here it is. So, Page 105 is the
3 revised LSM-1, Page 2 of 3, is that right?

4 WITNESS McNAMARA: Correct.

5 CHAIRMAN IGNATIUS: All right.

6 WITNESS McNAMARA: It should be a
7 double-sided page that you have.

8 CHAIRMAN IGNATIUS: You're right.

9 WITNESS McNAMARA: 104 -- it should be
10 stamped "104" and "105".

11 MS. AMIDON: Could we have a moment
12 please? I'm just trying to clarify something.

13 (Atty. Amidon conferring with Atty.
14 Epler.)

15 MR. MULLEN: If I could, just to try and
16 help this along. Just to clarify, the only pages of your
17 schedules, Ms. McNamara, that were corrected, the only
18 ones that were provided today are the ones that were
19 corrected, not all of them, correct?

20 WITNESS McNAMARA: Correct.

21 MR. MULLEN: For example, LSM-2, in the
22 original filing, has remained unchanged?

23 WITNESS McNAMARA: Correct.

24 MR. MULLEN: So, that's why, when we go

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1 through the newly submitted pages, there are some Bates
2 pages that are not included in this new submission,
3 because the original ones were correct?

4 WITNESS McNAMARA: Correct.

5 MR. MULLEN: Okay.

6 WITNESS McNAMARA: In addition to the
7 schedules that were completely left out. For example,
8 Schedule LSM-2, Schedule LSM-1, for example, was a
9 three-page document. Page 3 of those three pages was left
10 unchanged. So, it was only Pages 1 and 2 that are being
11 resubmitted.

12 MR. MULLEN: So, any page that was not
13 provided today was correct as submitted? It has not been
14 changed since?

15 WITNESS McNAMARA: Correct.

16 MR. MULLEN: Thank you.

17 CHAIRMAN IGNATIUS: Thank you. Anything
18 further on the pages?

19 MR. EPLER: No. I think we now all have
20 the corrected pages.

21 CHAIRMAN IGNATIUS: And, the use of the
22 Bates numbers is really helpful to keep track of it all.
23 So, thank you for that.

24 MR. EPLER: You're welcome. Okay.

1 CHAIRMAN IGNATIUS: All right.

2 BY MR. EPLER:

3 Q. Okay. Mr. Bohan, could you turn to the documents that
4 have been marked "Exhibit Number" -- "Unitil Exhibit
5 Number 1" and "Unitil Exhibit Number 2". And, refer to
6 the material behind tab TMB-1 and Schedules TMB-1
7 through TMB-7, as well as the confidential material,
8 Pages 1 through -- I believe it's 1 through 143. Were
9 these prepared by you or under your direction?

10 A. (Bohan) Yes, they were.

11 Q. And, do you have any further changes or corrections to
12 these materials?

13 A. (Bohan) I do. I have one small change. And, that
14 would be in Exhibit 1, on that revised Page 14, it's
15 Bates stamp Page 14 as well. And, I'm referring in my
16 response, on Line Number 8, there's a sentence that
17 reads "The Class III requirement remains at
18 6.50 percent for 2013." And, based on the Commission's
19 latest order, that sentence should read "The Class III
20 requirement", and then scratch the remainder of the
21 sentence, and replace it with "will be 1.5 percent for
22 2013."

23 Q. Okay. So, just to repeat, that sentence on Line 8 is
24 "The Class III requirement will be 1.5 percent for

1 2013"?

2 A. (Bohan) That is correct.

3 Q. And, with that, do you have any further changes or
4 corrections?

5 A. (Bohan) I do not.

6 Q. And, do you adopt these materials as your testimony and
7 schedules in this proceeding?

8 A. (Bohan) I do.

9 Q. Thank you. Ms. McNamara, will you now please turn to,
10 again, those same exhibits, Unitil Exhibits 1 and 2,
11 and refer to the material in tabs "Exhibit LSM-1" and
12 "Schedules LSM-1" through "LSM-6", and the confidential
13 materials, I believe, at Page 144. Was that prepared
14 by you or under your direction?

15 A. (McNamara) Yes.

16 Q. And, do you have any changes or corrections to that?

17 A. (McNamara) No.

18 Q. And, do you adopt these as your testimony in this
19 proceeding?

20 A. (McNamara) I do.

21 Q. And, Ms. Guay, can you now refer to those two exhibits,
22 Unitil Exhibit 1 and Unitil Exhibit 2, and the material
23 at tabs "Exhibit KG-1" and "Schedules KG-1" and "KG-2",
24 and the confidential material starting at Page 145

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1 through 154. Were these prepared by you or under your
2 direction?

3 A. (Guay) Yes, they were.

4 Q. And, do you have any changes or corrections to these?

5 A. (Guay) I have one small change. It's on Bates stamp
6 Page 148, which is Page 10 of 11 of my testimony. Line
7 15, in my response, the sentence reads "less than the
8 net lag in the 2010 Study", and that should read "2011
9 Study". And, that's all the corrections I have.

10 Q. Okay. And, with that correction, do you adopt these
11 materials as your testimony in this proceeding?

12 A. (Guay) Yes, I do.

13 Q. Mr. Bohan, if you recall, in Commission Order 25,397,
14 the Commission approved a number of changes to Unitil's
15 Default Service Solicitation Program. And, those
16 changes included, one, moving the effective date for
17 Default Service supply contracts, and thus the Request
18 For Proposal issuance dates forward by one month. And,
19 second, for Non-G1 customers, we changed the duration
20 and the percentage of Non-G1 load requirements to be
21 purchased, and also split the Non-G1 load into small
22 and medium customer groups, each of whom would be
23 contracted for separately. And, third, we changed the
24 pricing structure for G1 customers from fixed pricing

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1 to variable pricing. And, we also changed the duration
2 of the supply purchase. Do recall those changes?

3 A. (Bohan) I do.

4 Q. And, could you turn to the confidential material. And,
5 at Page -- it's either 11 or 12, Page 12 of that
6 material, and does this exhibit show how the Company is
7 moving from the block ladder purchases to the
8 100 percent six-month purchases?

9 A. (Bohan) Yes. If I could walk through this just a
10 little bit, if you look at, if everybody is on Page 12
11 of Exhibit 2, you'll see that we have a number of
12 columns here. But the middle set of columns that are
13 identified by "Block A", "B", "C" and "D", these
14 reflect contracts that we've procured over the past few
15 years, for both the small and the medium customer
16 groups. And, as you can see here, that some of those
17 were purchased for 12-month periods, some were
18 purchased for 24-month periods. Those -- we're coming
19 to the time now that those are going to -- the wording
20 that we use for that is "water off". So, as you see,
21 as we come to the end of May 2013, if you look in that
22 middle section there, you see that this -- this odd
23 shape, from November 2012 through May 2013, represents
24 the contract that we entered into in the previous

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1 solicitation process that allowed us to get the small
2 and medium customer requirements for the five -- excuse
3 me, the six-month period, November 2012 through
4 April 2013, and then a 75 percent share for the
5 one-month period of May 2013.

6 In the current solicitation, what we're
7 doing is we're going out or we've gone out and asked
8 for a 75 percent share for June 2013 through
9 October 2013, and then, as you see for November 2013,
10 that's a 100 percent share. So, effective with our
11 next solicitation, which will be for service
12 requirements starting December 1st, 2013, there will be
13 no more blocks. It will be for a 100 percent share.

14 Q. And, with that next solicitation, we will have
15 successfully transitioned fully, pursuant to the
16 changes that were approved in the order that I referred
17 to, Order 25,397?

18 A. (Bohan) That is correct.

19 Q. Okay. Now, in this solicitation, you solicited for
20 three separate contracts, is that correct?

21 A. (Bohan) That is correct.

22 Q. And, however, there's only two pricing -- two prices
23 that we are asking for approval of for the Non-G1
24 customers, even though we have solicited for separate

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1 contracts for the medium Non-G1 customers and for the
2 small Non-G1 customers, there is only one price total
3 for those customers, is that correct?

4 A. (Bohan) That is correct.

5 Q. And, why is that, even though we've solicited for
6 separate contracts?

7 A. (Bohan) The reason for that is because we've had these
8 other contracts that are still embedded in our
9 portfolio, that will, as I mentioned, "water off" later
10 this year. So, until we get to that point, we are
11 essentially keeping the small and the medium class
12 bundled together, in terms of pricing.

13 Q. Okay. And, so, then starting with December 1, 2013,
14 there will both be a separate solicitation for the
15 small and medium Non-G1 customers and separate pricing
16 for those customers?

17 A. (Bohan) That is correct. And, in the next filing, we
18 would anticipate having a figure similar to this, but
19 it's going to be a lot more streamlined, because there
20 will be no more blocks. But we'll also have separate
21 snapshots for the Small Group -- Customer Group and the
22 Medium Customer Group.

23 Q. Now, Mr. Bohan, if you could just turn one page back,
24 to Page 11. What's -- can you explain the schedule

1 that's on this page?

2 A. (Bohan) Certainly. This page represents the wholesale
3 pricing for our Large G1 customers. And, this shows
4 pricing up through the latest available, which is
5 through March 2013.

6 Q. And, I notice, if I look down the second column, for
7 "G1 Pricing Dollars per Megawatt-Hour", there appear to
8 be higher prices for the months of January '13 and
9 February '13. Can you -- do you have an explanation
10 for the reason for those higher prices?

11 A. (Bohan) Yes. Wholesale electric prices in January and
12 particularly February of 2013 hit a ten-year high.
13 And, if I could have a second. Just a couple of
14 statistics to put this into perspective. The average
15 real-time wholesale electricity price was over
16 250 percent higher in February 2013 compared to 2012.
17 In February 2013, it was \$108.25 per megawatt-hour,
18 compared to \$30.14 during February 2012. And, the
19 prime driver for this was higher natural gas prices.

20 Q. Okay. But, even if we look at the period November 2012
21 through January 2013, on a weighted average basis,
22 those three months, even though they have the higher
23 price for January 2013, if you look at the comparable
24 period the previous year, November 2011 through

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1 January 2012, for the three-month period the weighted
2 average price actually compares favorably for those
3 three months, is that correct?

4 A. (Bohan) That is correct.

5 Q. Okay. And, do you have a sense of where pricing is
6 currently for the current month, April 2013?

7 A. (Bohan) Roughly, in the \$60 per megawatt-hour range.

8 Q. Okay. So, again, on a weighted average basis for that
9 three-month period, that would tend to moderate the
10 effect of the January spike, is that correct?

11 A. (Bohan) Correct.

12 Q. Okay. Thank you. You discuss and provide on your
13 Schedules TMB-6 and TMB-7 the -- on TMB-6, you provide
14 the RSO Program participation, and on 7 you provide the
15 rate calculation and bill impacts, is that correct?

16 A. (Bohan) That is correct.

17 Q. There is a statutory change that was effective last
18 year in RSA 374-F:3, V, I believe, and (f)(10), which
19 provides that "A utility, with Commission approval, may
20 require that a minimum number of customers, or a
21 minimum amount of load, choose to participate in the
22 program", and, by "the program", they're referring to
23 the "RSO Program", "in order to offer an RES option."
24 Would you agree that the Company will look at its

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1 current RSO participation rate over the next period,
2 and, if the participation rate continues to be at a
3 very low level, the Company may propose to discontinue
4 that program?

5 A. (Bohan) Correct.

6 Q. Okay. Thank you. And, that would be with the next
7 solicitation? With the next filing?

8 A. (Bohan) Yes. Or, maybe the next appropriate avenue is
9 -- excuse me -- is the annual RSO filing that we
10 provide early September, it would be early
11 September 2013.

12 Q. Okay. Thank you.

13 A. (Bohan) Either way.

14 Q. Ms. McNamara, could you please turn to your testimony
15 and exhibits. And, in particular, I'd just like you to
16 review the bill impacts that you have on LSM-6, so that
17 it's clear, with the changes in the schedule, what the
18 bill impacts are of the changes in the default service
19 charges?

20 CMSR. SCOTT: And, can you clarify that?
21 That particular exhibit did not change, correct?

22 WITNESS McNAMARA: That actually did
23 change. It's pretty safe to assume that everything on my
24 mine changed. Because of the change to the RECs pricing,

1 therefore, the RECs rate changed, which trickled,
2 obviously, through everything.

3 **BY THE WITNESS:**

4 A. (McNamara) If you refer to Schedule LSM-6, Page 4,
5 which is Bates stamped Page 131, it shows the average
6 class bill impacts for effect June 1 due to the change
7 in the Default Service rate, versus rates in effect in
8 April. And, the Residential and General Service
9 classes would both see a 0.3 percent decrease, the
10 Outdoor Lighting class would see a 0.2 percent
11 decrease. And, because the rate for the G1 class is
12 yet unknown, they have been excluded from this
13 schedule.

14 BY MR. EPLER:

15 Q. And, so, what would be, if we're looking at a typical
16 bill impact, where would we see that?

17 A. (McNamara) One place to look would be Schedule LSM-6,
18 Pages 5 through 9, which are on Bates stamped Page 132
19 to 136. And, this provides a range of bill impacts for
20 the different customer groups. Page 5 of 9 provides
21 the residential bill impacts. And, it shows that a
22 customer using 600 kilowatt-hours per month would have
23 a 29 cent decrease, or 0.3 percent.

24 MR. EPLER: And, Chairman Ignatius, with

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1 respect to the lead/lag testimony that's covered in
2 Ms. Guay's testimony and exhibits, what we're proposing,
3 and what we have in our Petition is what we've done
4 previously, when we've submitted lead/lag testimony.
5 Given the short time frame for the solicitation, review
6 and approval, even though we file it with the solicitation
7 filing, we have typically allowed the changes to go into
8 effect subject to review by Staff and the OCA, and any
9 other interested party. And, then, during a later
10 solicitation, there's a report to the Commission as to
11 whether or not there are any changes or corrections to
12 that. So, we're proposing that the same mechanism with
13 this filing. We have made Ms. Guay available, but I have
14 no questions for her, and would just propose that same
15 routine.

16 CHAIRMAN IGNATIUS: All right. Is that
17 acceptable to everyone, to follow the procedure we've done
18 in the past on the lead/lag study?

19 MS. AMIDON: Yes. Staff agrees with
20 that.

21 CHAIRMAN IGNATIUS: All right.

22 MS. CHAMBERLIN: Yes. That's fine.

23 CHAIRMAN IGNATIUS: Thank you. And,
24 obviously, we can inquire today of Ms. Guay on any issues

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1 to that, but then will leave other opportunities with the
2 subsequent report to be filed.

3 MR. EPLER: Okay. Thank you. Have no
4 further questions. Thank you.

5 CHAIRMAN IGNATIUS: Thank you.
6 Ms. Chamberlin, questions?

7 MS. CHAMBERLIN: I have a couple of
8 questions. Thank you.

9 **CROSS-EXAMINATION**

10 BY MS. CHAMBERLIN:

11 Q. The residential rate decrease, the primary driver of
12 that is simply a decrease in rates or a decrease in
13 consumption?

14 A. (McNamara) I actually speak to that in my testimony.
15 And, I would try to find it, but I might not be able
16 to. So, the decrease -- the primary decrease, the
17 reason for the decrease in the Non-G1 Default Service
18 rate is due to a change in the reconciliation balance
19 for the power supply portion. And, you can see that by
20 turning to Schedule LSM-1, Page 1, which is a redline
21 version of the tariff. It's Bates stamped Page 104.

22 Q. Okay. Got it.

23 A. (McNamara) And, the reconciliation balance in the
24 current rate was just a little bit over \$680,000, an

1 undercollection. And, the reconciliation in the
2 proposed rate is just over \$152,000. And, the
3 discussion on that in my testimony is found on Page 92.

4 Q. And, could you just summarize why that happened for me.

5 A. (McNamara) I don't have notes with me on what caused
6 the undercollection that's in the current rate. I can
7 tell you that the undercollection in the rate that
8 we're proposing was primarily due to sales less than
9 forecast, and that was due to a higher than -- higher
10 average loss factor than what we had assumed in the
11 filing.

12 Q. Thank you. And, could you explain that higher average
13 loss factor? Where does the loss factor come from?

14 A. (McNamara) As part of setting the rate, the rate we use
15 uses a loss factor out of I believe it was -- I don't
16 know if it was in our last rate case or in the previous
17 one, but it's in our tariff. And, we use that for
18 purposes of determining the retail rate. Of course,
19 loss factors change every month. But we have to, for
20 purposes of setting the rate, we have to pick one
21 number. So, we use the average loss for the Non-G1
22 group that's found in the tariff.

23 Q. Okay. So, it's a tariffed rate that's set in a rate
24 case?

[WITNESS PANEL: Bohan~McNamara~Guay]

1 A. (McNamara) It is -- I don't want to go as far as saying
2 it's a "tariffed rate", because you won't find 6.40 in
3 the tariff. You will find, if you look at the Non-G1
4 classes, numbers that are similar to that. So, it's
5 sort of an average of those.

6 Q. Okay.

7 A. (McNamara) The G1 loss factor of 4.591 is directly from
8 the tariff.

9 Q. Can you tell me why the G1 factor is a tariffed rate
10 and the Residential factor isn't?

11 A. (McNamara) The Non-G1 group is made up of the
12 Residential class and the G2 class and Outdoor
13 Lighting. So, in order to get one single loss factor
14 for determining the Default Service rates, we looked at
15 the three classes, because those three classes make up
16 the Non-G1 group; whereas the G1 class is by itself, so
17 we were able to just use their straight loss factor.

18 Q. Okay. Thank you very much.

19 A. (Bohan) Just to clarify on that, too. Part of what
20 Mr. Epler asked me earlier on about the pricing, that
21 pricing is going to be broken out. This won't be
22 specific to each class, but a good part of it is,
23 because you're blending different classes.

24 Q. Okay.

1 A. (Bohan) Okay?

2 Q. And, Mr. Epler talked about the minimum number of
3 participants in the renewable rate. Are you aware of
4 other options customers have, residential customers
5 have for a renewable rate?

6 A. (Bohan) Do I know particular options that they are
7 enrolling in?

8 Q. Are you generally aware that there are other options?

9 A. (Bohan) Yes. I am generally aware that there are other
10 options available to them through the competitive
11 marketplace.

12 Q. Okay. So, should people want to continue with the
13 renewable option, even if Unitil stops its rates, there
14 will be other ways for customers to participate?

15 A. (Bohan) That is correct.

16 Q. Okay.

17 A. (Bohan) And, actually, on some of the recent
18 advertisements I've seen for competitive energy supply,
19 those suppliers are offering renewable products as
20 well.

21 Q. Can you tell me, you respond to the RPS percentages as
22 set by the Legislature, correct?

23 A. (Bohan) Correct.

24 Q. And, is there a way to track the success rate of these

[WITNESS PANEL: Bohan~McNamara~Guay]

1 percentages? Is there a way to determine that it is
2 doing what it's intended to do, which is stimulate the
3 market in renewable energy?

4 A. (Bohan) Well, this is a tough question. But one of the
5 things I think we would look to to ask "is the market
6 successful?" is are those RECs trading and are the
7 requirements being met through the marketplace versus
8 alternative compliance payments?

9 Q. So, one indication of a successful market is RECs
10 trading at a particular price and companies are not
11 paying the alternative compliance?

12 A. (Bohan) That would be a measure, yes.

13 Q. Is there anything else that comes to mind?

14 A. (Bohan) Well, it's difficult to say, because, you know,
15 I'm trying to think in broader terms of what is the
16 goal and the purpose of an RPS program. From our side,
17 from the Unitil's standpoint, what we want to do is, we
18 want to meet the requirements that are established by
19 the Legislature and the Commission to the best of our
20 ability, and do that within the regulatory framework in
21 which we work. We're not setting the policy goals of
22 what those requirements should be.

23 MS. CHAMBERLIN: All right. Thank you
24 very much. I have no other questions.

[WITNESS PANEL: Bohan~McNamara~Guay]

1 CHAIRMAN IGNATIUS: Thank you.

2 Ms. Amidon.

3 MS. AMIDON: Thank you. Good morning.

4 WITNESS BOHAN: Good morning.

5 BY MS. AMIDON:

6 Q. In the testimony, I think, Mr. Bohan, that you gave
7 today, you talked about the Small Non-G1 Customer Group
8 and the Medium Non-G1 Customer Group. For the record,
9 could you just tell us who the small customers are, as
10 opposed to the medium?

11 A. (Bohan) The small customers are the residentials and
12 the G2 customers.

13 A. (McNamara) I believe she's asking, when you break the
14 Non-G1 group into --

15 (Court reporter interruption.)

16 **CONTINUED BY THE WITNESS:**

17 A. (McNamara) The Non-G1 group, when it's broken into its
18 pieces for the future, what will make up the Small
19 Non-G1s versus the Medium Non-G1?

20 A. (Bohan) Right. The Small will be the Domestic, and the
21 G2 -- actually, let me -- I'm trying to find something
22 in my exhibits that would spell this out for us. Okay.
23 If we could turn to -- if we could turn to Page 26,
24 Bates stamp Page 26 of Exhibit 1. And, this is -- this

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1 is a page that is included in the RFP that we issued.
2 So, you'll see in the middle of that table -- in the
3 middle of that page, there's a schedule there. And,
4 what we have there is the UES -- the "Small Default
5 Service Load" is the residential class, Domestic.
6 That's what we have as "Load Asset 11451". And, then,
7 we have the "Medium Default Service Load" class, which
8 is the G2 and OL, which is "Outdoor Lighting". That's
9 "Load Asset 11452".

10 We have solicited, in this current
11 solicitation, separately for these two assets, but we
12 have set up our pricing such that it's blended. Going
13 forward, in the next solicitation, for service
14 effective December 1st, we would have separate pricing
15 for Load Asset 11451 and 11452, just like we have
16 separate pricing right now for Load Asset 10019.

17 BY MS. AMIDON:

18 Q. And, the G2 customers or the regular general customers
19 are small commercial customers, is that a fair
20 characterization?

21 A. (Bohan) That is correct.

22 Q. Okay. Thank you. Again for Mr. Bohan, you contracted,
23 I believe, for the Small Customer Group with NextEra,
24 is that correct, or do I have it mixed?

[WITNESS PANEL: Bohan~McNamara~Guay]

1 A. (Bohan) Integrys.

2 Q. Integrys. And, then, the Large Customer Group,
3 NextEra, is that right?

4 A. (Bohan) Yes, and also the Medium Customer Group with
5 NextEra.

6 Q. So, has the Company previously contracted with these
7 two suppliers?

8 A. (Bohan) We have, to the best of my knowledge, we have
9 not contracted with them for UES. But we have had
10 contracts with both of these companies with our
11 Massachusetts affiliate, Fitchburg Gas & Electric Light
12 Company. So, in that, we are familiar with the
13 companies.

14 Q. And, did you participate in the negotiation of the
15 contracts with these two suppliers?

16 A. (Bohan) Yes, I did.

17 Q. Are there any -- are you aware of any substantive
18 changes in, for example, financial security or other
19 requirements in these contracts, as opposed to the
20 contract that you provide, the sample contract you
21 provide when you issue the RFP?

22 A. (Bohan) Nothing substantive.

23 Q. Okay. Thank you. And, I think I have a couple more
24 for you, Mr. Bohan.

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1 A. (Bohan) Sure.

2 Q. Tab A, it would help if I had the right exhibit. And,
3 if you go at Page 1, which is Bates stamp 3 at the
4 bottom, --

5 A. (Bohan) Yes.

6 Q. -- there's a paragraph here, and I understand this is
7 confidential information, but the paragraph "Bidding
8 Activity". Does the text in this paragraph relate the
9 bidding activity with respect to this particular
10 solicitation?

11 A. (Bohan) Yes.

12 Q. So, was the Company satisfied with the range of bidders
13 that offered bids on both blocks?

14 A. (Bohan) Well, we had three solicitations. And, I can
15 turn to those and we can look at the results. The
16 bidding for the Small and the Medium Customer Groups,
17 you know, we had a very good number of bidders. And,
18 if we look at the numbers in particular, the bidding,
19 at least in my estimation, was very competitive. The
20 bids were very tight and very close.

21 In terms of the Large solicitation, for
22 which we're bidding the adder, we only had ____ bidders.
23 Ideally, we'd like to have more. I think, the fact
24 that this is something new that we're doing, certainly,

[WITNESS PANEL: Bohan~McNamara~Guay]

1 you know, might take a little bit of time. But, also,
2 I would note that the final bid that we received for
3 the default service adder for the Large Customer Group
4 was, in my estimation, very competitive, and even lower
5 than what we saw last time.

6 Q. And, the number of final bidders that you mentioned on
7 the record here, that's confidential, is that correct?

8 A. (Bohan) Yes.

9 Q. Thank you. Also, in Tab A, at Page 14, it indicates
10 what REC purchases the Company has made for 2012 RPS
11 compliance?

12 A. (Bohan) Correct.

13 Q. And, were these done -- these were done through RFPs,
14 in part, and, then, in part through -- well, the first
15 three were done through a single RFP. The three
16 purchases mentioned, for February 23rd, June 7th, and
17 July 20th says "No RFP". Could you describe the
18 process by which you procured those RECs?

19 A. (Bohan) Just the three without the RFP?

20 Q. Yes.

21 A. (Bohan) As we do from time to time, we're approached by
22 vendors of REC products. And, they may make us an
23 offer, they have an odd lot or they have some units
24 that they're trying to sell. And, actually, that

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1 happens on a fairly frequent basis. We'll take that
2 under advisement, take a look at things. And, if, in
3 our determination, that's, you know, an economically
4 viable thing to do, we'll enter into a contract or an
5 agreement with them for those RECs. And, that's what
6 we did on these occasions.

7 Q. Do you plan to issue another RFP?

8 A. (Bohan) Yes. One of the things that's been a little
9 bit of a concern for myself is that, over the last six
10 months or maybe even last year, there's been a little
11 bit of uncertainty as to the direction of what the REC
12 requirements were going to be. So, I haven't been
13 pushing to get that next REC out. I think it's safe to
14 say that, with the Commission's order, you know, last
15 Thursday, that that has been solidify, and we'll be
16 looking to issue a REC RFP in the near future,
17 realizing that we have a compliance filing that we have
18 to do by I think it's the end of June 2013. So, we'll
19 be looking to get it through that.

20 Q. Thank you. And, I have just one final question, and
21 this is for Ms. McNamara. Good morning. On Page 7 of
22 your testimony, I'm sorry, I printed the electronic
23 copy, so, I don't have a Bates stamp. Just a moment.

24 A. (McNamara) Page 96.

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1 Q. Page 96? Okay. Thank you very much. You mention at
2 -- beginning at Line 4, a "customer billing adjustment
3 line item". And, it looks like that is pursuant to a
4 settlement agreement. Just for the record, could you
5 clarify what this "customer billing adjustment" is and
6 how long -- what period of time it will cover for
7 recovery? I mean, the testimony does say "UES is
8 allowed to recover \$1,152,493, plus interest".

9 A. (McNamara) Uh-huh. It's easier maybe just to look at a
10 schedule that I have, --

11 Q. Great.

12 A. (McNamara) -- as part of Schedule LSM-2, it's the last
13 page of Schedule LSM-2, which is Bates stamp Page 112.
14 And, this shows the reconciliation beginning in June
15 2012, which was the date in the settlement that the
16 Company was allowed to begin interest on the principal
17 amount of \$1,152,493. So, for these first few months,
18 you can see its just going along calculating interest,
19 and, beginning in June 2013, we've incorporated a
20 portion of that into the Default Service rate. And,
21 based on the current interest rate of 3.25 percent, if
22 we incorporate \$41,314 into each month, which would be
23 done at six-month chunks at a time, as part of the
24 Default Service rate, we would end up with a zero

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1 balance at the end of November 2015, which was the date
2 set in the settlement to end this.

3 Q. And, as I understand it, pursuant to the settlement
4 agreement, your -- this recovery is being made only
5 from the Non-G1 customers, and the interest rate was
6 also agreed upon in the settlement, is that correct?

7 A. (McNamara) It is only the Non-G1 customers, and the
8 interest rate I believe was set at the Commission --
9 what is set quarterly by the Commission.

10 Q. Okay. Thank you.

11 A. (McNamara) And, so, going forward, obviously, if the
12 interest rate were to change, the figure would change
13 for sure.

14 MS. AMIDON: Okay. That's good to know.
15 I wasn't aware of that. Thank you. That's all, madam
16 Chairman.

17 CHAIRMAN IGNATIUS: Thank you.
18 Commissioner Scott, questions?

19 CMSR. SCOTT: Thank you. And, good
20 morning.

21 WITNESS BOHAN: Good morning.

22 BY CMSR. SCOTT:

23 Q. I'll start with Exhibit 2 and similar discussions you
24 just had with Staff. You mentioned, for the Large

1 Customer bids, and it's on Page 8, Bates stamp 8, you
2 only had ___ bids in this solicitation. Can you help
3 flesh out a little bit of why you think that may be?

4 A. (Bohan) We had ___ final bids. We had ___ initial
5 bids. One opted just not to bid the final round, and
6 one we did not want to bid in the final round. Again,
7 this is -- this is new for UES. You know, we just had
8 -- we implemented it a little over six months ago.
9 And, soliciting these bids now, I think we're just --
10 we're just getting the interest of some of these that
11 would be wanting to do this, you know. And, I'm
12 hopeful that, you know, going forward, we're going to
13 see more bids.

14 But, in terms of the outcome, I was
15 pretty pleased with the bid that they made. You know,
16 getting a figure of _____ for a weighted average bid
17 was very, very competitive.

18 Q. And, again, it sounds like, as you said, you're hopeful
19 in the future you'll see more --

20 A. (Bohan) Yes.

21 Q. -- as this gets traction. If that doesn't happen, is
22 there a strategy there, if you end up with only
23 effectively one bidder?

24 A. (Bohan) Well, that's an excellent question. And, I'd

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1 just like to back up and say that this proposal was one
2 of the things that got us to this point. Because, when
3 we had it structured the other way, we were getting to
4 a lower number of bidders. So, I'm hopeful that we're
5 going to be going in the other direction.

6 Q. So, it's safe to say you'll continue to watch that,
7 obviously?

8 A. (Bohan) Certainly.

9 Q. Okay. Going now to our Thursday's order regarding the
10 percentage for the RPS.

11 A. (Bohan) Uh-huh.

12 Q. As you're aware, and you've mentioned, there are
13 multiple components, but two major components,
14 basically it impacts both the compliance year 2012 and
15 2013?

16 A. (Bohan) Correct.

17 Q. I was curious if you could just walk me through a
18 little bit about how the impact -- how you are
19 incorporating the impact to 2012, the compliance year
20 2012 impact? How are they incorporating into their
21 activities the change to the compliance 2012 year?

22 A. (Bohan) Okay. Well -- where is that. I'm trying to go
23 back to the schedule that Ms. Amidon had directed us
24 to.

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1 CHAIRMAN IGNATIUS: Is it Page 14 of Tab
2 A?

3 WITNESS BOHAN: Fourteen? That would be
4 it.

5 **BY THE WITNESS:**

6 A. (Bohan) What we have here is, if we look at this
7 schedule on Bates stamp Page 14 in Tab A, at the
8 bottom, what we see here is what we have already
9 purchased for our 2012 requirement. So, we have
10 essentially, you know, we've already acquired
11 86 percent of our Class I's, this is, again, just for
12 2012, 29 percent of our Class II, none of our Class
13 III, and 46 percent of our Class IV. So, now, one of
14 the things the Commission order did was we know exactly
15 what all the percentages are going to be for 2012. If
16 we go out and issue an RFP now, we can -- we don't know
17 if we'll get exactly what we want, but we can certainly
18 issue the RFP to get the exact amount of RECs for 2012.
19 Plus, we have the banking provision, if we end up with
20 a little extra, we can carry those over. Does that
21 clarify things?

22 CMSR. SCOTT: Yes. Thank you.

23 WITNESS BOHAN: Sure.

24 BY CHAIRMAN IGNATIUS:

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1 Q. And, while we're on the page, let me just clarify.

2 "Estimated Requirements", is that what would have been
3 prior to the Commission order last Thursday?

4 A. (Bohan) Yes. And, also, we generally say "Estimated
5 Requirements", although at this point we would have
6 final volumes. Because, as we're going through the
7 year, we don't know what the final loads are going to
8 be. And, our requirement for the RPS standard is based
9 on what our actual sales and loads were, not on what
10 our forecast was.

11 Q. But the Class III requirement was assuming the
12 5.5 percent, and it's now, by our order, 1.5 percent?

13 A. (Bohan) Correct.

14 Q. So, the "requirement" line there would be significantly
15 lower?

16 A. (Bohan) That's correct.

17 CHAIRMAN IGNATIUS: Thank you.

18 BY CMSR. SCOTT:

19 Q. So, to put another way, I guess what I was getting at
20 is do you have a surplus for the compliance obligation
21 for the 2012 or do you need to purchase still some
22 more, but not as many?

23 A. (Bohan) The latter. It would be "still some more, but
24 not as many."

[WITNESS PANEL: Bohan~McNamara~Guay]

1 Q. Okay. Thank you.

2 A. (Bohan) Okay.

3 Q. And, I'm going to ask you to look in your crystal ball.
4 Obviously, we've issued that order. There are still
5 bills in the Legislature that would have yet different
6 percentages.

7 A. (Bohan) Uh-huh.

8 Q. Particularly for 2013, but possibly for 2012. How
9 would that be taken care of, should that happen?

10 A. (Bohan) Well, if the requirements change, obviously, we
11 would need to meet them. Hopefully, any requirements
12 that would impact 2012 would be done in short order, in
13 order for us to meet the requirement by the end of
14 June. I'm not sure what else to say, other than, you
15 know, we'll abide by whatever the outcome is.

16 Q. And, I know you just, again, through Staff questioning,
17 and with Mr. Epler, you mentioned the renewables, the
18 RSO Program. And, obviously, it's something, with the
19 enrollment, it makes sense to look at, from what you're
20 saying. Have you had a chance to look at it enough to
21 understand what the cost is to running the program or
22 is that something you'll look at as you move forward?

23 A. (Bohan) Well, what we've seen with the RSO Program is
24 that, you know, we had these customers come in, and it

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[WITNESS PANEL: Bohan~McNamara~Guay]

1 reached a certain level. It's had very low
2 participation. And, it reached that level, and it's
3 essentially just stayed there for the last year and a
4 half. Our concern was that we were -- we didn't, as a
5 company, we didn't want to spend a lot of money, incur
6 a lot of cost for a program that was only benefiting a
7 very small number of customers. So, what happened was,
8 we worked with the parties, and they asked us to try to
9 continue with either no cost or very low cost efforts
10 to keep the program going. And, that's what we've done
11 to date. And, we have a webpage set up for it. I
12 think the Customer Service Group has a Facebook page,
13 those types of things, and we have a few other things
14 that we do. But we're not incurring any additional
15 operating costs to operate the program right now.

16 Q. Okay. Thank you. That's good. And, I understand, for
17 the lead/lag study, there will be people looking at
18 that moving forward. I was just, while we had you
19 here, --

20 A. (Guay) Yes.

21 Q. -- I was hoping to get you to at least talk a little
22 bit of why the 2012 numbers are different from the 2011
23 numbers, as kind of a broad overview, if you could?

24 A. (Guay) Okay. Let's see. So, if we look at my Schedule

1 KG-1.

2 (Court reporter interruption.)

3 **BY THE WITNESS:**

4 A. (Guay) I'm sorry. If you look at Schedule KG-1,
5 Page 4, just gives a summary of the lead/lag data for
6 2012. So, in comparison to 2011, the lead of 20.11
7 days for the G1 customers is 19.26 days higher than the
8 lead of 0.85 days in 2011. And, this was driven by an
9 increase in default service and renewable energy cost
10 expense lead of 15.83 days, and by an overall revenue
11 lag decrease -- excuse me -- of 3.43 days. Does that
12 -- do you want me to go into more detail about those
13 numbers as well?

14 BY CMSR. SCOTT:

15 Q. So, is it fair to say a reduction in delay is a good
16 thing?

17 A. (Guay) Yes. Yes. The delay in the lag, that's the one
18 -- the 3.43 days, that's 3.43 days sooner that we're
19 getting money in from our customers. So, the lag of
20 payment from customers has decreased 3.43 days, and the
21 lead of time that we pay the default service suppliers,
22 from when we receive the energy to when we pay it, has
23 increased 15 days. So, the combination of those two
24 has driven the increase of our lead, from basically one

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1 day to 20.

2 Q. Okay. And, are there, for both the lead and lag, are
3 there parameters through which the Company would be
4 concerned one way or another?

5 A. (Guay) Not that I'm aware of. Of course, we like the
6 decrease in the lag. And, the increase in the lead, I
7 don't know that there's a concern for that. I can look
8 into that further for you, if you --

9 Q. Well, it was more notional. I assume there's going to
10 be some bounds, plus or minus, at which the Company
11 would be, perhaps instead of saying "hey, this is a
12 good thing", now "this is a bad thing"?

13 A. (Guay) Oh, I see. No, I'm not aware of that.

14 CMSR. SCOTT: All right. Thank you.

15 CHAIRMAN IGNATIUS: Thank you. I didn't
16 have any questions, but I wanted to thank you for the work
17 it took to update the testimony and exhibits to reflect
18 the Commission order. It didn't occur to us that the
19 timing was exactly in the wrong or right, depending on
20 your point of view. That, since we were coming in today
21 for the hearing, to have the updated figures is really
22 helpful. But I know it took a lot of last-minute
23 scrambling, so, thank you for that.

24 There was, I think, a brief mention of

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1 bidder information that was confidential. And, so, the
2 court reporter should work with the parties to be sure
3 that that's protected.

4 And, am I right that you need an order
5 by April 12th?

6 WITNESS BOHAN: The 12th.

7 CHAIRMAN IGNATIUS: All right. And,
8 these are all for effect June 1st?

9 WITNESS BOHAN: Correct.

10 CHAIRMAN IGNATIUS: Thank you. Any
11 redirect, Mr. Epler?

12 MR. EPLER: No thank you, Chairman.
13 And, I can just alert the court reporter, I thought I was
14 going to be able to tell him exactly what line it was, but
15 I'll work off the record with him and tell him that.

16 CHAIRMAN IGNATIUS: Thank you.

17 MR. EPLER: Thank you.

18 CHAIRMAN IGNATIUS: Then, the witnesses
19 are excused, but why don't you stay put for a moment, just
20 for convenience.

21 So, is there any opposition to striking
22 the identification and making the two exhibits full
23 exhibits?

24 (No verbal response)

1 CHAIRMAN IGNATIUS: Seeing no objection,
2 we'll do that. I don't think there are any other
3 outstanding matters. There's no record requests, any
4 other dates. Is there anything else we need to attend to
5 before closings?

6 (No verbal response)

7 CHAIRMAN IGNATIUS: No? All right.
8 Then, Ms. Chamberlin, a closing?

9 MS. CHAMBERLIN: In closing, I would
10 recommend that the Commission approve the request. It
11 appears to be in line with similar solicitations, and that
12 they have followed the directions from the Commission's
13 order on making changes. Thank you.

14 CHAIRMAN IGNATIUS: Thank you.
15 Ms. Amidon.

16 MS. AMIDON: Thank you. Staff has
17 reviewed the Petition. And, we determined that the
18 Company has complied with the Settlement Agreement
19 approved by the Commission in Order Number 24,511, and as
20 modified most recently in Order Number 25,397, which was
21 the order approving the transition to the new procurement
22 paradigm. And, that they conducted the bid solicitation
23 process and the evaluation of the bids and the selection
24 of the final bidders consistent with the terms of the

1 Settlement Agreement.

2 We also take the position that the
3 resulting rates are market-based, but based on the
4 Company's review of the bids, and recommend the Commission
5 approve the Petition.

6 CHAIRMAN IGNATIUS: Thank you.

7 MS. AMIDON: Thank you.

8 CHAIRMAN IGNATIUS: Mr. Epler.

9 MR. EPLER: Yes. Thank you. I just
10 would draw the Commission's attention to the approvals
11 that are requested in our Petition. Thank you very much.

12 CHAIRMAN IGNATIUS: All right. Thank
13 you. All right. Unless there's anything further, we will
14 take all of this under advisement. We recognize the
15 Friday deadline. And, we will meet the terms of the
16 agreement that sets out how these are processed. So,
17 thank you, everyone, for your time this morning. We're
18 adjourned.

19 **(Whereupon the hearing ended at 11:21**
20 **a.m.)**