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STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

October 2, 2013 - 9:04 a.m.  
Concord, New Hampshire

REDACTED  
(For public use)

RE: DE 13-079 NHPUC MAY06'14 PM 4:25  
UNITIL ENERGY SYSTEMS, INC.:  
2013 Default Service Solicitation.  
(Hearing regarding solicitation for the  
Large Customer Group (100%) for the period  
Dec. 1, 2013 through May 31, 2014,  
and for the Small Customer Group (100%) for  
the period Dec. 1, 2013 through May 31,  
2014)

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

Clare Howard-Pike, Clerk

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

Reptg. Residential Ratepayers:  
Stephen R. Eckberg  
Office of Consumer Advocate

Reptg. PUC Staff:  
Suzanne G. Amidon, Esq.

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

{ R E D A C T E D - F o r P u b l i c U s e }

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**I N D E X**

**PAGE NO.**

**WITNESS PANEL:            TODD M. BOHAN  
                                 LINDA S. McNAMARA**

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**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
3	Petition for Approval of Default Service Solicitation and Proposed Default Service Tariffs, including testimonies and schedules (09-27-13)	8
4	Default Service RFP Bid Evaluation Report - Tab A Confidential Attachment (09-27-13)	8

**P R O C E E D I N G**

1  
2 CHAIRMAN IGNATIUS: We are here today in  
3 Docket DE 13-079, which is the docket assigned to a series  
4 of proceedings throughout the year on Unitil Energy  
5 Systems' Default Service filings. And, by a letter dated  
6 September 27th, 2013, we scheduled a hearing on the most  
7 current solicitations, a hearing for today.

8 And, so, let's begin first with  
9 appearances.

10 MR. EPLER: Good morning. Gary Epler,  
11 appearing on behalf of Unitil Energy Systems, Inc.

12 CHAIRMAN IGNATIUS: Good morning.

13 MR. ECKBERG: Good morning. For the  
14 Office of Consumer Advocate, I'm Stephen Eckberg.

15 CHAIRMAN IGNATIUS: Good morning.

16 MS. AMIDON: Good morning. Suzanne  
17 Amidon, for Commission Staff. With me today is Grant  
18 Siwinski, an Analyst in the Electric Division.

19 CHAIRMAN IGNATIUS: Good morning,  
20 everyone. And, I understand we have some swap-out of  
21 materials. Maybe, Mr. Epler, you can make sure we mark  
22 everything correctly. And, the witnesses look like  
23 they're ready to go. Is there anything to take up before  
24 we begin?

1 MS. AMIDON: Yes, please. Thank you,  
2 madam Chairman. I was asked by the Docket Management  
3 Office to address an issue regarding this particular  
4 filing. The filing was made electronically on Friday,  
5 but, apparently, it was filed inconsistent with the rules  
6 regarding the filing of confidential material. And,  
7 subsequently, that entailed additional work for the Docket  
8 Management Office. And, as for myself, I did not get the  
9 full paper filing, corrected filing, until yesterday  
10 morning, which is, obviously, a day before the hearing.  
11 These are short-term dockets. The Commission is committed  
12 to turning them around within five days of the filing.  
13 And, I would just hope that the Company will work with the  
14 Docket Management Office to ensure that the future filings  
15 are filed consistent with the rules. Thank you.

16 CHAIRMAN IGNATIUS: Thank you. Anything  
17 further on that?

18 (No verbal response)

19 CHAIRMAN IGNATIUS: All right. Then, I  
20 assume the Company will make sure that everything is filed  
21 in accordance with the rules going forward. And, these do  
22 move quickly, so, anything that all of us can do to get  
23 the materials in the right hands quickly is important.

24 So, Mr. Epler, do you want to mark --

1 premark any of the exhibits?

2 MR. EPLER: Sure. Before I do that,  
3 just to make sure we do have the correct materials, and  
4 just by way of explanation. What happened is, after we  
5 had actually produced the materials and were about to file  
6 them on Friday, we realized that there was a number of  
7 sections -- a number of places where confidential material  
8 was in the filing in the public version. So, we didn't  
9 have the correct redacted and confidential version. But,  
10 since it was -- the hour was late, we filed it, and asked  
11 that it just be all treated as confidential, and we'll  
12 file conforming copies on, you know, as soon as we could  
13 on Monday. So, that's what happened, and we apologize for  
14 that. The substance of the filing did not change. So,  
15 anyone who looked at the materials that we initially  
16 filed, there's nothing, as I said, no substantive change.

17 So, then, on Monday, we did provide both  
18 electronic and hard copies of a revised petition, a  
19 revised tariff, and revised testimony and exhibits of  
20 Linda S. McNamara. And, we did that just so -- in whole,  
21 so it would be easier to substitute all of it, rather than  
22 to try to do a page-by-page substitution.

23 So, the way to make sure that we are, in  
24 this hearing, dealing with the same information is, if you

[WITNESS PANEL: Bohan~McNamara]

1 turn to Exhibit LSM-2 -- I mean LSM-1, which is the  
2 Testimony of Linda McNamara. And, if you turn to Page 5  
3 of 13, which I believe is the Bates stamp 98 at the  
4 bottom. And, if you look at Lines 7 and 8, the question  
5 there should read "Have you provided support for the  
6 forecast" -- "forecast costs shown on Page 1, lines 1 and  
7 7 of Schedule LSM-2?" If you've got that, you've got the  
8 right version, and we're all, as my grandmother used to  
9 say, "we're cooking with gas."

10 CHAIRMAN IGNATIUS: I think we're good.  
11 Thank you.

12 MR. EPLER: Okay. Very good. All  
13 right. So, with that, the Company would like to premark  
14 the green binder, which is the public copy of the filing,  
15 as I believe we're up to "Exhibit Number 3". And, then,  
16 the confidential material as "Exhibit Number 4".

17 CHAIRMAN IGNATIUS: And, if you haven't  
18 swapped out the materials, we'll -- just understanding  
19 that the green binder should have the corrected Petition  
20 and the corrected testimony of Ms. McNamara substituted  
21 for what's bound into the original green volume.

22 CMSR. HARRINGTON: The green binder is  
23 -- what's the number again please?

24 CHAIRMAN IGNATIUS: Exhibit 3 for

[WITNESS PANEL: Bohan~McNamara]

1 identification. All right. So marked.

2 (The documents, as described, were  
3 herewith marked as **Exhibit 3** and  
4 **Exhibit 4**, respectively, for  
5 identification.)

6 CHAIRMAN IGNATIUS: Anything else,  
7 administrative matters, before we begin?

8 (No verbal response)

9 CHAIRMAN IGNATIUS: If not, then,  
10 Mr. Patnaude, will you swear the witnesses please.

11 (Whereupon **Todd M. Bohan** and  
12 **Linda S. McNamara** were duly sworn by the  
13 Court Reporter.)

14 **TODD M. BOHAN, SWORN**

15 **LINDA S. McNAMARA, SWORN**

16 **DIRECT EXAMINATION**

17 BY MR. EPLER:

18 Q. Starting with you, Mr. Bohan. Please state your full  
19 name and position you hold with the Company.

20 A. (Bohan) Todd M. Bohan. And, I'm employed as a Senior  
21 Energy Analyst with Unutil Service Corporation, in the  
22 Energy Contracts Department.

23 Q. And, Ms. McNamara, your full name and position you hold  
24 with the Company?

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[WITNESS PANEL: Bohan~McNamara]

1 A. (McNamara) Linda S. McNamara, Senior Regulatory Analyst  
2 for Unitil Service Corp.

3 Q. And, turning to you first, Mr. Bohan, can you look at  
4 the green binder, which has been premarked as "Exhibit  
5 Number 3", and the tabs in there labeled "Exhibit  
6 Number" -- "Exhibit TMB-1" and "Schedules TMB-1"  
7 through "TMB-7". Were these prepared by you or under  
8 your direction?

9 A. (Bohan) Yes, they were.

10 Q. And, do you have any changes or corrections at this  
11 time?

12 A. (Bohan) I have two minor edits or corrections I would  
13 like to make.

14 Q. Okay.

15 A. (Bohan) First of all, if we could turn to Bates stamp  
16 Page 18 in the green binder. Which is part of Schedule  
17 TMB-1, Bates stamp Page 18. Halfway down the page  
18 there's a header that reads "Solicitation Process". In  
19 that paragraph, seven lines down, it reads "This list  
20 includes individuals representing 30 separate power  
21 suppliers". I'd like to strike "30" and replace it  
22 with "31". And, coming back to my testimony, on Bates  
23 Page 10, Bates stamp Page 10, Line 13, in light of what  
24 we just discussed earlier regarding confidential

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[WITNESS PANEL: Bohan~McNamara]

1 materials, the sentence on Line 13 reads "UES seeks  
2 protective treatment of all materials provided in Tab  
3 A." I'd like to strike "all" and replace with  
4 "certain".

5 MR. EPLER: Thank you. Commissioners,  
6 just to explain that last change. As indicated by Staff  
7 Counsel, we will be discussing with the records clerks and  
8 so on the proper filing, because we have prepared redacted  
9 versions of Tab A, which we haven't done in the past, but  
10 we have done it this time. And, we just want to make sure  
11 that what we have is compliant with the rules. So, that's  
12 the reason for that change.

13 CHAIRMAN IGNATIUS: Thank you.

14 MR. EPLER: Thank you.

15 BY MR. EPLER:

16 Q. Ms. McNamara, can you please turn to -- oh, I'm sorry.  
17 Mr. Bohan, also could you turn to what's been premarked  
18 as "Exhibit 4", which is the "Confidential Tab A",  
19 which would include everything up to the last page.  
20 Was this prepared by you or under your direction?

21 A. (Bohan) Yes, it was.

22 Q. And, do you have any changes or corrections?

23 A. (Bohan) I do not.

24 Q. Okay. Thank you. And, Ms. McNamara, can you please

[WITNESS PANEL: Bohan~McNamara]

1 turn to Exhibit 3, and the tabs marked "Exhibit LSM-1"  
2 and "Schedules LSM-1" through "LSM-7", were these, and  
3 also the last page in the confidential materials,  
4 Exhibit Number 4, were all of these prepared by you or  
5 under your direction?

6 A. (McNamara) Yes.

7 Q. And, do you have any changes or corrections?

8 A. (McNamara) No.

9 Q. Okay. If I can ask both of you to verify that you  
10 adopt the testimony in Exhibit Number 3 as your  
11 testimony here today?

12 A. (McNamara) Yes.

13 A. (Bohan) Yes, I do.

14 MR. EPLER: Thank you. Thank you,  
15 Commissioners. I have no further questions. The  
16 witnesses are available for cross-examination.

17 CHAIRMAN IGNATIUS: Thank you.

18 Mr. Eckberg.

19 **CROSS-EXAMINATION**

20 BY MR. ECKBERG:

21 Q. Mr. Bohan, I wonder if you, or Ms. McNamara, whoever is  
22 more appropriate, I wonder if you could just review the  
23 proposed rates and rate impacts for the residential  
24 customers, who are part of the Non-G1 class? Perhaps

[WITNESS PANEL: Bohan~McNamara]

1 you have a schedule you could point us to.

2 A. (McNamara) If you could turn to Schedule LSM-7.

3 Q. Okay.

4 A. (McNamara) That provides bill impacts for all classes,  
5 except for the G1 class. And, if we can look at the  
6 first page, that provides one impact. It's Bates  
7 stamped Page 121. The top section shows a Residential  
8 Rate bill impact for a 500 kilowatt-hour bill. There  
9 are other usage levels provided in subsequent pages,  
10 however, this is just one example. The only rate  
11 changing on December 1 would be the Default Service  
12 rates. And, the bill impact on a 500 kilowatt-hour  
13 bill, under the proposed rate, versus the current rate,  
14 is \$13.21, which is a 17.3 percent increase.

15 Q. Okay. I see. And, there's one line in this upper  
16 portion of the table, that's the "Default Service  
17 Charge" rate, and you have those values underlined  
18 there in that table. Those are the -- those highlight  
19 the current energy or the Default Service rate and the  
20 new proposed rate, and the difference, is that correct?

21 A. (McNamara) Correct. The underline is actually just  
22 meant to indicate that the next line is a subtotal.

23 Q. Oh. Okay. Okay. Thank you for that clarification.

24 And, this is, obviously, a fairly significant increase

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[WITNESS PANEL: Bohan~McNamara]

1 in the market price. I wonder if either you or Mr.  
2 Bohan has any comments about that?

3 A. (Bohan) Certainly. If we could turn to Exhibit 4, the  
4 confidential piece. And, we turn to Bates Page 8, you  
5 will see there that there are a number of columns,  
6 "Bids A", "B", "C", and "D". For this customer group,  
7 the proposed rate and the awarded bid was to Bidder A,  
8 which is to TransCanada Power Marketing, and the  
9 six-month weighted average wholesale price is "\$84.77".  
10 If we then -- if we then move over to Bates Page 12, in  
11 that same document, --

12 Q. I'm sorry, you said "Bates 12"?

13 A. (Bohan) That's correct.

14 Q. Okay. Thank you.

15 A. (Bohan) If we move over to Bates stamp Page 12, down  
16 towards the bottom you'll see gray shading. And, I  
17 apologize. I was putting gray shading in there,  
18 thought it would help note the proposed period. But,  
19 in the photocopy, it looks rather grainy. So, I'll  
20 have to take that up. On the third column from the  
21 right, it shows a weighted average price of "\$82.71".

22 Q. Yeah. I see that.

23 A. (Bohan) That's a -- I've done this comparison. It's  
24 based on Non-G1, which includes the small and the

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[WITNESS PANEL: Bohan~McNamara]

1 medium customer groups. So, this is to show the impact  
2 of the price changes. So, it's approximately equal to  
3 the Small Customer Group. But, in comparison to the  
4 current period, under the current Default Service  
5 period, --

6 Q. Uh-huh.

7 A. (Bohan) -- that wholesale -- weighted average wholesale  
8 price is \$61.64. So, that is an increase of almost --  
9 that is an increase of almost -- that is an increase of  
10 approximately 34 percent in wholesale costs, between  
11 the current Default Service period and the period  
12 proposed for effect December 1st. Hence, the reason --  
13 the prime driver for the increase in the retail rate  
14 explained by Ms. McNamara.

15 Q. Is the current Default Service period also a six-month  
16 period?

17 A. (Bohan) It is.

18 MR. ECKBERG: Thank you very much. No  
19 further questions.

20 CHAIRMAN IGNATIUS: Thank you.

21 Ms. Amidon.

22 MS. AMIDON: Thank you. Good morning.

23 WITNESS BOHAN: Good morning.

24 MS. AMIDON: Many -- some of my

[WITNESS PANEL: Bohan~McNamara]

1 questions affect the Exhibit 4, which is the confidential  
2 filing. And, so, I'll try to group them together, but it  
3 may be difficult. And, I understand that the Company will  
4 probably want to review the transcript before it's  
5 published.

6 CHAIRMAN IGNATIUS: Thank you.

7 BY MS. AMIDON:

8 Q. If we look at -- good morning, Mr. Bohan, I believe  
9 this is for you. Bates stamp Page 3, in Exhibit 4,  
10 which is the first page of the Bid Evaluation Report.

11 A. (Bohan) Yes.

12 Q. Under the section for the "Bidding Activity", as you  
13 can see, it appears that there were some issues with  
14 participation. The final -- there were \_\_\_\_\_ final  
15 bidders for the Small Customer Group. And, while there  
16 -- well, I guess we have small and medium addressed  
17 here separately. But there are \_\_\_\_\_ final bids for  
18 the Small Customer Group and the Medium Customer Group,  
19 and there \_\_\_\_\_ for the Large  
20 Customer Group, is that correct?

21 A. (Bohan) That is correct.

22 Q. Are you at all concerned about \_\_\_\_\_  
23 \_\_\_\_\_ for the Large Customer Group?

24 A. (Bohan) Well, I would like to say that I certainly

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1 would like to have \_\_\_\_\_. But, in  
2 terms of evaluating the pricing that we received, I did  
3 some -- did a number of little comparisons off to the  
4 side to confirm that the pricing that we received for  
5 that bid stream is competitive.

6 Q. And, by "competitive", you mean it reflects market  
7 rates?

8 A. (Bohan) It reflects market rates. While it is higher,  
9 a little bit higher, by a couple of dollars, in  
10 comparison to the prior winter, it's still somewhat in  
11 line with the prior winter. And, just to expand on  
12 that, the added cost to this winter I think are coming  
13 from some other factors. There's some other  
14 uncertainties. One of the particular factors that I've  
15 explained here is the ISO Winter Reliability Program.  
16 So, those costs being added are driving uncertainty and  
17 adding to a little bit of the increase in costs that  
18 we're seeing in that rate.

19 Q. Does it all -- well, let me ask you this. I know that,  
20 in this confidential exhibit, you reference the "Winter  
21 Reliability", and indicate that may have discouraged  
22 the amount of final bidders. But I did not see any  
23 representation in the filing that the Winter  
24 Reliability costs were included in the rates. Are they

[WITNESS PANEL: Bohan~McNamara]

1 -- were they -- did the winning bidder -- suppliers  
2 offer Winter Reliability costs?

3 A. (Bohan) Let me back up just for a second --

4 Q. Okay.

5 A. (Bohan) -- to answer your question and to put some  
6 context with it. We had final bids come in on  
7 September 7 -- excuse me, indicative bids come in on  
8 September 17th. On September 16th, the FERC issued an  
9 order that specified that the ISO Winter Reliability  
10 Program costs would be assigned to real-time load this  
11 coming winter. We got indicative bids in right after  
12 that, and that information really wasn't known to the  
13 bidders.

14 After those indicative bids, when I  
15 communicated with those indicative bidders, we  
16 explained to them that they are now responsible for  
17 including in their final bids any costs that would be  
18 passed through from ISO regarding that Winter  
19 Reliability Program. As a result of that, when our  
20 final bids came in, \_\_\_\_\_  
21 \_\_\_\_\_  
22 \_\_\_\_\_. And, all of those bidders  
23 explained to us that they were concerned about the  
24 uncertainty associated with that.

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[WITNESS PANEL: Bohan~McNamara]

1 Q. So, did the winning suppliers include in their bid the  
2 cost -- the estimated cost of the Winter Reliability  
3 Program?

4 A. (Bohan) Yes, they did.

5 Q. And, how does the Company plan to reconcile the actual  
6 Winter Reliability costs incurred by the Company, as  
7 opposed to that billed by the suppliers?

8 A. (Bohan) I believe that those costs will all be borne by  
9 the suppliers in their -- based on real-time load. I  
10 don't think that's going to be coming back to the  
11 Company.

12 Q. Okay. And, did you develop what you determined to be  
13 an estimated cost for your customers of the -- of the  
14 Company's share of the Winter Reliability costs?

15 A. (Bohan) I did some offhand calculations. It's  
16 difficult to say with 100 percent certainty that this  
17 is an appropriate estimate, because there's a change in  
18 time from when we received the initial bids to the  
19 final bids. There's a week there, so, some things  
20 changed. But, to try to put this in context, a fair  
21 estimate was \$4 to maybe \$7 per megawatt-hour at the  
22 wholesale level, or 0.4 cents on a retail kilowatt-hour  
23 level.

24 Q. So, the suppliers --

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[WITNESS PANEL: Bohan~McNamara]

1 A. (Bohan) So, approximately a half a cent.

2 Q. So, the suppliers are bearing the entire risk for the  
3 Winter Reliability Program?

4 A. (Bohan) Yes.

5 Q. Okay. Besides the Winter Reliability Program, are  
6 there any other uncertainties which affected the final  
7 bids?

8 A. (Bohan) Well, there are a few factors, actually, that  
9 I'd like to mention. One, I think there's concern that  
10 we could experience a very difficult winter; one in  
11 terms of temperature being very cold. So, there's an  
12 expectation of that. And, another factor is natural  
13 gas pipeline capacity constraints in New England will  
14 once again be an issue. So, that raises uncertainty  
15 for a lack of liquidity for physical natural gas and  
16 certainly gas-fired generation. And, thirdly, regional  
17 natural gas supply heading into this winter is actually  
18 in a tougher state than it was heading into last  
19 winter. So, those -- those three or four issues all  
20 taken together are contributing to these higher prices  
21 that we're seeing at the wholesale level.

22 Q. Pardon me. I'm sorry.

23 A. (Bohan) Sure.

24 Q. I also had a question regarding, and this I can't

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[WITNESS PANEL: Bohan~McNamara]

1 recall, how the Company is restoring the RGGI rebate  
2 back to customers. It's through Default Service rates,  
3 is that correct?

4 A. (McNamara) It is. And, I can't speak to it too much,  
5 because I just don't recall how, you know, it all fully  
6 works. But I do know that, when rebates come in, and,  
7 again, apologize if I get this slightly incorrect, but  
8 it or a portion of it does go to Default Service. I  
9 know a few months ago I recall seeing something come  
10 through. So, I'm going to say sometime in the late  
11 spring, perhaps.

12 Q. Do you recall the Commission's order on the RGGI  
13 rebate?

14 A. (McNamara) I don't recall what it said, no.

15 Q. Well, subject to check, would you believe me if I said  
16 I believe the Commission ordered the rebate to be  
17 credited back to customers with no less a frequency of  
18 every six months?

19 A. (McNamara) That's right. I would have actually guessed  
20 less than that, actually. So, --

21 Q. So, would those monies be in this filing?

22 A. (McNamara) No. This filing is only forward-looking,  
23 meaning that it's only a forecast. And, we don't  
24 forecast any of the RGGI refunds. Also, it reconciles

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[WITNESS PANEL: Bohan~McNamara]

1 data through a certain point in time. We only  
2 reconcile once a year. And, this is a reconciliation  
3 with actual data through February. I don't recall the  
4 date of the order, but I believe it was in the spring  
5 or late spring. So, the next filing, which will have  
6 rates for effect June, I believe we file in April, that  
7 would contain any refunds that have come in to date.

8 Q. And, are you aware that, as of January 1, the rebate of  
9 the RGGI proceeds go to all customers, and not just  
10 default service customers?

11 A. (Bohan) I'm aware of that.

12 Q. All right. Okay. Mr. Bohan, getting back to Exhibit  
13 4, Page 11, there's a bunch of stuff that's blacked  
14 out. And, since this is the confidential version, I  
15 would have expected to either see shaded numbers in  
16 this, in these columns, or nothing at all. So, could  
17 you explain what's going on with this exhibit.

18 A. (Bohan) Excellent question here. This actually is  
19 nothing at all. There is no data there, whether it's  
20 confidential or redacted. And, here's the reason why.  
21 If we -- actually, this gives me a chance to point out  
22 something, too. As you know, we've moved to a new  
23 pricing methodology for our large customers, for G1.  
24 And, that model includes a real-time locational

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[WITNESS PANEL: Bohan~McNamara]

1 marginal price, plus this adder. And, the adder is  
2 included in that to determine the final price. Because  
3 of that process, we don't know the final wholesale cost  
4 until after the fact. So, as of the time of this  
5 filing, the rates that we had full information on was  
6 up through August 2013. So, if we look at this second  
7 column, from November 2012 through August 2013, is the  
8 time period in which we've been under this new  
9 methodology. So, those are the actual wholesale prices  
10 that have occurred over that approximately one year  
11 period. So, we just don't have G1 pricing. And, we  
12 won't know that until, you know, until we get towards  
13 the end of the month -- the end of the month.

14 Q. Well, to avoid confusion, you probably should at least  
15 put lines through here or something, rather than black  
16 it out in the future, because it is confusing.

17 A. (Bohan) That's well noted.

18 Q. There is, in Exhibit 4, and, again, this is  
19 confidential material, and I recognize that, on Bates  
20 stamp 80, there is a new contract term. And, I believe  
21 this is with the contract with Next -- no, it's with  
22 TransCanada. And, you'll see it is number 4, it's  
23 Paragraph Number 4, and it says "Section 7.4 of the  
24 Agreement is amended by inserting the following at the

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1 end thereof:" And, then, there is one sentence which I  
2 just wanted to get an understanding of what the purpose  
3 of this section is? I mean, and I confess, I'm not  
4 familiar with "swap regulation". So, it would be  
5 helpful if you would just let me know what this term  
6 means.

7 A. (Bohan) So, there have been, and, again, I don't know  
8 all the details on this, but there are -- the Commodity  
9 Futures Trading Commission has issued certain  
10 regulations. And, what this -- what this statement is  
11 doing is basically saying that that -- this contract  
12 would be excluded from that, those regulations, as a  
13 result of this, because it is not subject to it. It's  
14 not a swap.

15 Q. Okay. So, it's just -- it's just acknowledging that  
16 fact?

17 A. (Bohan) Yes. They're entering into a contract with us,  
18 but this is not a swap.

19 Q. Okay. So, this is not a legal conclusion, but it's  
20 just a contract term?

21 A. (Bohan) Correct.

22 Q. Okay. I have a couple more. And, this I just wanted  
23 to get a clarification. And, this -- in Exhibit 3,  
24 it's Bates stamp 17, it's in the Bid Evaluation Report.

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1 And, the second paragraph begins with "The RFP document  
2 issued on September 3rd", and the sentence goes on.  
3 And, then, the second sentence says "Shortly after  
4 issuance, UES filed with the Commission a redlined  
5 version of the current RFP." But that didn't occur  
6 shortly after September 3rd, is that correct?

7 A. (Bohan) That was my intention. But, I think, after  
8 talking with people at our office, I don't think that  
9 was physically done until the date of the filing, --

10 Q. Right.

11 A. (Bohan) -- one September 27th, 2013.

12 Q. I think that's correct.

13 A. (Bohan) If that's the case, I apologize, because we  
14 normally provide that right after we issue it.

15 Q. That's all right. I just wanted just to point out that  
16 inconsistency. Finally, you do reference the  
17 "Renewable Service Option Program" in this filing. Are  
18 you requesting any rate change for the Renewable  
19 Service Option in this filing?

20 A. (Bohan) Actually, if we could turn to my testimony for  
21 a second. Bates stamp Pages 12 and 13, I discuss the  
22 RSO and discuss what our recommendation is. You know,  
23 we filed, on September 17th, 2013, we filed our annual  
24 review of the RSO Program. And, to make a long story

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1 short, our recommendation in that is to close this  
2 program. And, our recommendation is to do so effective  
3 November 30th, 2013.

4 Long story short, the subscription or  
5 participation in this program has been minimal. And,  
6 it has been that way for almost since the inception of  
7 the program. We have a total of 23 residential  
8 customers and one small commercial customer that is  
9 participating in the program. And, these are a  
10 fraction of one percent of our total eligible customers  
11 for both of these groups.

12 Q. And, if I recall, when this program was created,  
13 one percent was considered to be "robust" participation  
14 in the program. Do you recall that?

15 A. (Bohan) That is correct.

16 Q. Thank you. And, I understand that's subject to a  
17 separate docket. So, I won't ask you anything more  
18 about that.

19 A. (Bohan) Correct.

20 MS. AMIDON: All right. Thank you. I  
21 have no further questions. Thank you, madam Chair.

22 CHAIRMAN IGNATIUS: Thank you.  
23 Commissioner Harrington.

24 CMSR. HARRINGTON: Yes. Good morning.

[WITNESS PANEL: Bohan~McNamara]

1 WITNESS BOHAN: Good morning.

2 CMSR. HARRINGTON: I have a few  
3 questions on different subjects.

4 BY CMSR. HARRINGTON:

5 Q. Dealing with the Winter Reliability Program, what you  
6 said was that the indicative bids came in basically the  
7 day after the FERC ruling that basically overturned the  
8 ISO's proposal to have the costs assigned to network  
9 load, and instead to charge them to those with the  
10 real-time load obligation. Is that correct?

11 A. (Bohan) That is correct. But I just would like to  
12 clarify that those indicative bids, when they came in,  
13 I don't believe that those bidders had knowledge of  
14 what the FERC's order was. It came out on the 16th,  
15 but it was late in the day. And, so, that the bids and  
16 the information that we received from them on the 17th  
17 I think did not include the FERC's decision.

18 Q. Okay. And, so, then, once that information was known,  
19 some of the bidders did not make a final bid, is that  
20 correct?

21 A. (Bohan) That's correct.

22 Q. So, what I'm trying to do is back up a little bit here,  
23 because on August 26th, ISO-New England filed with the  
24 FERC a proposal for their Winter Reliability Program,

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1 which, as we know, part of it was subsequently reversed  
2 by FERC, which is who pays the bill. But they did have  
3 an estimate of the cost in there being approximately  
4 \$79 million. They said they -- they accepted about  
5 83 percent of the targeted bids, which is, as you're  
6 probably aware, was the second round of bidding. The  
7 first one was considered, well, not successful. So,  
8 when these suppliers were bidding in on their  
9 indicative bids that came in on the 17th, they must  
10 have been aware of the ISO proposal that would cost  
11 approximately \$79 million in additional funding. Now,  
12 at the time, that was proposed to be assigned to  
13 network load. Did the bidders bid with the idea that  
14 it would be assigned to network load?

15 A. (Bohan) Yes.

16 Q. Okay. So, their indicative bids would have been lower  
17 in all cases than the final bids, for the ones who made  
18 final bids?

19 A. (Bohan) That's correct. And, that was the case.

20 Q. Okay. And, now, we move to the next phase, where the  
21 FERC ruling of the 17th said "this is not going to  
22 network load, but, in fact, are going to those with the  
23 real-time load obligation", which any of the bidders  
24 that were successful would have been assigned, by

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1 virtue of getting the contract from Unitil. So, they  
2 now knew what the cost was going to be, at least  
3 estimated by ISO. They knew how it was going to be  
4 allocated, meaning to them, if they were a winning  
5 bidder. Why was it they didn't simply just make a  
6 determination of the costs, and they knew it was going  
7 to them, and just add it on to their bid and then make  
8 a final bid? What was the reason why somebody dropped  
9 off? If \_\_\_\_\_ figure out, I'm thinking the rest  
10 of them should be able to, too.

11 A. (Bohan) That is a great question. I don't have a  
12 detailed answer from those suppliers that bid in the  
13 indicative, but didn't bid in the final, but those that  
14 didn't bid expressed that concern. They expressed the  
15 concern. Maybe they didn't have time to digest the  
16 FERC order and figure out what those costs were going  
17 to be.

18 I also heard from \_\_\_\_\_  
19 \_\_\_\_\_  
20 \_\_\_\_\_. I'm not so sure that that's  
21 necessarily a correct answer, because they had bid in  
22 the indicative round, all of a sudden something came  
23 up. But that was a potential reason that they used.  
24 So, I'm not sure.

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1 Q. Okay.

2 A. (Bohan) I don't know that.

3 Q. Fair enough. One more question on the Winter Program.  
4 When the original solicitation went out, which resulted  
5 in the indicative bids, both Unitil and the -- all  
6 potential bidders were aware that the ISO was  
7 proposing, and, in fact, was getting close to filing a  
8 winter proposal, which would cost money. Did Unitil  
9 give any thought to amending their bidding process to  
10 just allow that to be a pass-through? In other words,  
11 "bid your best bid, and don't worry about the Winter  
12 Program, and we will allow those costs to get passed  
13 through to the ratepayers." Because one way or the  
14 other, ratepayers are going to pay it through network  
15 load or through incorporation of the bid. And, that  
16 way, it would limit the risk to the bidders, and  
17 hopefully solicit more bids.

18 A. (Bohan) We did discuss it. We didn't necessarily  
19 discuss that we would do an adder or how we would tack  
20 it on, but we did discuss how would we handle these  
21 costs. So, in the indicative bid round, we were --  
22 essentially, suppliers were to not include those in  
23 their bids. And, then, once that determination was  
24 made, we made the decision to notify suppliers that

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1 they would be responsible for it, as opposed to us just  
2 taking it on and, you know, constructing an adder.

3 Q. And, given -- let me just preface the question --

4 A. (Bohan) Sure.

5 Q. -- by that there's at least the possibility that we'll  
6 have some type of similar program next winter. The ISO  
7 is talking about it. It's supposedly going to be a  
8 little different, but it could be the same  
9 out-of-market type of program as this one. Given that  
10 fact, and the fact that your method that you chose to  
11 pursue this year resulted in, in one case, \_\_\_\_\_  
12 \_\_\_\_\_, would Unitil consider or maybe reconsider  
13 their bidding process for next winter and go with one  
14 where the rates -- where the costs were passed through?

15 A. (Bohan) That certainly seems like a reasonable thing to  
16 consider, in light of this. And, as you had mentioned,  
17 I'm aware of the plans for next winter as well.

18 Q. It would just seem increasing the number of bidders  
19 might increase the competition level, and hence the  
20 price a little bit. Okay. So much for that. A couple  
21 of other questions on other subjects. On Page 14 of  
22 Attachment 4, which is Tab A, just a question. This  
23 lists the, and either, whoever is appropriate for this,  
24 the UES Default Service RFP, I'm just curious. You

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1 list that there was different RFPs and different  
2 purchases, but there was nothing under "Class III  
3 RECs". Can you explain why none were purchased?

4 A. (Bohan) Certainly. This is a class of RECs that is  
5 extremely illiquid, and we can't find any Class III  
6 RECs, New Hampshire Class III RECs. And, one of the  
7 things, I think external to this proceeding, I think  
8 there are initiatives going on to attempt to address  
9 that. But, for the purposes of complying with RPS,  
10 that market, those RECs just are not available.

11 Q. So, you make the alternate compliance payments for the  
12 Class III obligation?

13 A. (Bohan) That's correct. That's what we did in our most  
14 recent compliance.

15 Q. Just a couple more questions. Just so we're clear for  
16 the record, that, you know, last winter there was some  
17 really high price spikes during the cold week we had,  
18 and the blizzard, even though, overall, the winter was  
19 basically average. If we were to have an extremely  
20 cold winter, or just a run of a couple of cold snaps  
21 very close to each other, it could cause severe price  
22 spikes again. In the contracts that you've signed or  
23 proposing we approve, are the ratepayers completely  
24 protected from these type of price spikes, and that

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1 they're going to pay the rates, I'm not talking about  
2 the ones with the variable rate, obviously, but the  
3 people that have fixed rates in the contracts, are they  
4 100 percent protected from those?

5 A. (Bohan) To the best of my knowledge, yes. Because  
6 these contracts that we've entered into for the Small  
7 and the Medium Customer Groups are agreed-to prices,  
8 and they're all-in costs.

9 Q. Okay.

10 A. (Bohan) So, absent some other decision from a  
11 regulatory agency that assigns costs to those  
12 customers, I don't foresee that.

13 Q. Okay.

14 A. (Bohan) As you mentioned, though, the Large Customer  
15 Group, that's a little bit of a different story,  
16 because those price spikes will be felt, should they  
17 occur, will be felt by those customers. Just as we  
18 saw, you mentioned last winter, and that's shown in the  
19 testimony as well.

20 Q. Okay. And, just one last group of questions then on  
21 migration. As discussed here, there's going to be a  
22 fairly hefty increase in costs. And, again, not  
23 counting the variable costs associated with the large  
24 customers, because those -- they're variable costs,

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1 they're basically reflected in the LMPs, which is  
2 probably as good as you're going to get one way or the  
3 other. But, for the other two classes, do you feel as  
4 though this will increase migration, given that there's  
5 still people, you know, advertising on radio and so  
6 forth, I'm still getting things in the mail for prices  
7 that would be a penny, a penny and a half less than  
8 what you're proposing for the winter program, for the  
9 winter season?

10 A. (Bohan) Yes. I would expect that. And, actually,  
11 looking at our Customer Migration Report, we've seen  
12 some movement, particularly in the domestic, you know,  
13 the residential group, we've seen a fair number of  
14 customers migrating. And, that process or that path  
15 will probably continue, if they're able to go out and  
16 get, you know, secure a lower price with a competitive  
17 supplier. And, from the Company's standpoint, we  
18 welcome that, that happening.

19 Q. Right. Thank you. And, just getting back to like my  
20 previous question. Obviously, if there's a change in  
21 migration, that could have an effect on the overall  
22 cost of the contract from the supplier's point of view.  
23 But, from the ratepayer's point of view, whether that  
24 effect is negative or positive, again, does the

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1 contract basically protect them from that risk?

2 A. (Bohan) That is correct. I agree.

3 A. (Witness McNamara nodding in the affirmative.)

4 CMSR. HARRINGTON: Thank you. That's  
5 all the questions I have.

6 CHAIRMAN IGNATIUS: Thank you.  
7 Commissioner Scott.

8 CMSR. SCOTT: Good morning.

9 WITNESS BOHAN: Good morning.

10 BY CMSR. SCOTT:

11 Q. I wanted to discuss, go back a little bit about the  
12 number of bidders. I was curious, obviously, you've  
13 already discussed a little bit the impact that the ISO  
14 Winter Program has had on some of the bidders. So, I  
15 understand that. If I understood right, you also,  
16 between the indicative bidding and the final bidding,  
17 you also lost some others, is that correct?

18 A. (Bohan) Just to make sure my numbers are correct here.  
19 I think, for the small, we had \_\_\_\_\_  
20 \_\_\_\_\_; for the medium, we had \_\_\_\_\_  
21 \_\_\_\_\_; and, for the large, we had \_\_\_\_\_  
22 \_\_\_\_\_. So, that was the path.

23 Q. And, were all those, the people dropping out, were all  
24 those stating the "Winter Program", or were there other

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1 things? Or, maybe you don't know, maybe they didn't  
2 say.

3 A. (Bohan) Well, as I mentioned earlier, all of those  
4 mentioned the "Winter Reliability Program" as an issue.  
5 But, in addition to that, I think \_\_\_\_ others mentioned  
6 that they had some resource constraints, basically,  
7 that they didn't have enough staff on hand to  
8 participate in all the bids that they were  
9 participating in.

10 Q. Interesting.

11 A. (Bohan) Again, I don't know, you know, what the  
12 legitimacy of that claim is or if that's just the  
13 reason they used to not put in a bid.

14 Q. And, even within that, it sounds logical that perhaps,  
15 given the recent change due to the FERC ruling that you  
16 kind of alluded to, maybe they didn't have the staffing  
17 to evaluate that enough or --

18 A. (Bohan) Correct.

19 Q. -- perhaps those two tie together. Can you give me an  
20 idea of how, compared to past years, the number of  
21 bidders has changed?

22 A. (Bohan) For the Large Customer Group, I think, not the  
23 previous Default Service filing, but the one before  
24 that, which was the first time that we instituted this

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1 adder, \_\_\_\_\_. I believe, last time, \_\_\_\_\_  
2 \_\_\_\_\_ . And, my colleague has pulled out the  
3 previous filing.

4 Okay. So, in the previous -- in the  
5 previous filing, for the Non-G1, Small Customer Group,  
6 we had \_\_\_\_\_ indicative and \_\_\_\_\_ final; for the Medium  
7 Customer Group, we had \_\_\_\_\_ indicative and \_\_\_\_\_ final.  
8 So, generally speaking, the number of bidders in the  
9 indicative round is pretty comparable, but the final  
10 bidder number is certainly lower.

11 Q. Okay. Thank you. And, on the same front, obviously,  
12 you know, you've outlined it, too. You do your RFP.  
13 And, it's fairly widely distributed among what seems to  
14 be proper circles. I also have to assume that the fact  
15 that you will be doing it, they don't wait till the RFP  
16 and say "Oh, gee, I didn't know that", and then start  
17 to act. I assume there's -- they understand the  
18 frequency of these are going to be coming, and they  
19 understand that you're a potential customer of them  
20 moving forward. Is that all correct?

21 A. (Bohan) Absolutely. And, I have a schedule in here  
22 that shows, you know, there are X number of them that  
23 I've talked with. But, you know, it's reasonable,  
24 approximately, you know, 20 of these potential

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1 suppliers I've talked with directly. After we issue  
2 the RFP, I get on the phone and I talk with them. "Did  
3 you get it? And, any questions, call me, e-mail me."  
4 But I also talk with them to find out what their  
5 interest \_\_\_ in the RFP. And, interestingly, there are  
6 probably \_\_\_\_\_ of those bidders that tell me  
7 outright "We're not going to bid right now, but we want  
8 to stay involved in the process. We have some things  
9 going on in-house. We can't bid right now. We're  
10 re-evaluating how we handle, you know, Default Service  
11 solicitations. But we're interested in staying  
12 involved in the process." So, there's a number of  
13 these bidders that are still out there that are  
14 interested in things, but they're just not submitting  
15 bids in this process at this moment. So, there's a  
16 fair amount of bidders and potential activity out there  
17 that, you know, I'd like to hopefully cull into that  
18 process.

19 Q. So, to wrap up my questioning on that front, so, the  
20 Winter Program aside, and that uncertainty that was  
21 thrown in kind of at the last minute, do you see any  
22 barriers to getting more bidders and getting,  
23 obviously, the intent is to have competition and lower  
24 prices, etcetera, do you see any barriers to that?

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1 A. (Bohan) Aside from what we just mentioned here, no.

2 Q. Okay. Thank you. And, can you direct me, I think I've  
3 seen it, we discussed the changes in rate -- rate  
4 impact from the last cycle. Can you direct me,  
5 compared to the same period last year, the same?

6 A. (Bohan) I think we need to turn to Exhibit 4, the  
7 confidential one. And, if we turn to Bates stamp Page  
8 12, in Exhibit 4, on the bottom right-hand side, what  
9 this is going to show, we looked at this a little  
10 earlier in the hearing, in the bottom right-hand corner  
11 you see a number of just over 30 percent. That is the  
12 change from the prior period, actually. So, this  
13 "82.71", which is the weighted average price for the  
14 period under consideration, in comparison to last  
15 winter, which was \$63.32, is an approximately  
16 30 percent increase.

17 Q. Okay.

18 A. (Bohan) On a wholesale level. Ms. McNamara can  
19 probably speak to things at the retail level. Is that  
20 what you were looking for?

21 Q. Yes. Thank you.

22 A. (McNamara) Would you like me to speak to the retail  
23 level?

24 Q. Sure.

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1 A. (McNamara) Okay. Well, since that time, there have  
2 been a number of other rate changes that take place.  
3 We have External Delivery Charge, we have Stranded Cost  
4 Charges. There are steps that have taken place,  
5 because of our rate case a couple years ago. There's  
6 also been "Storm Reconciliation", I think it's called.  
7 So, aside from those other changes, normally, Default  
8 Service is roughly half of the total kilowatt-hour  
9 rate. For example, I think this time it's -- I'm  
10 sorry?

11 A. (Bohan) Of the total bill.

12 A. (McNamara) Of -- right, over the total bill. So, any  
13 impact that would be shown on this schedule would be  
14 roughly half on a retail level.

15 CMSR. SCOTT: All right. Thank you.

16 CHAIRMAN IGNATIUS: Thank you.

17 CMSR. HARRINGTON: Excuse me, could I  
18 just follow up?

19 CHAIRMAN IGNATIUS: Sure.

20 BY CMSR. HARRINGTON:

21 Q. When you say "half", you mean the wholesale increase  
22 here would represent half as far as the total customer  
23 bill, including all distribution, transmission, and  
24 other costs?

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1 A. (McNamara) Correct. Yes. So, this is going --  
2 exactly. I believe Mr. Bohan pointed out that this  
3 change this time was about 34 percent. And, when we  
4 looked at the retail level, it was approximately  
5 17 percent. So, --

6 Q. Okay. So, the 17 percent shown in your testimony is  
7 not just the change in the Default Service Charge?

8 A. (McNamara) Correct. It's on a total bill.

9 Q. It's on a total bill?

10 A. (McNamara) Yes.

11 CMSR. HARRINGTON: Okay.

12 CHAIRMAN IGNATIUS: I have a few other  
13 questions.

14 BY CHAIRMAN IGNATIUS:

15 Q. Ms. McNamara, sticking with you for a moment. In your  
16 Schedule 7, you've shown the impacts with a 500  
17 kilowatt-hour bill, of 540, and 650, just different  
18 ways of calculating it. And, I think, historically,  
19 the Commission was looking for the 500, and I guess it  
20 may have represented a more typical user in years past,  
21 and the math was easy. But, as usage has been creeping  
22 up, I think we're now really particularly interested in  
23 that typical user. Would that be around the 650 level?

24 A. (McNamara) Based on Schedule LSM-7, Page 3, yes. The

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1 mean use for the period April 2012 through March 2013  
2 was 650. We could certainly change -- I believe that  
3 initial page I think is a leftover from years past.  
4 And, so, this whole schedule, Schedule LSM-7, has  
5 increased in size over time, just to provide additional  
6 bill impacts and ranges and all the different ways to  
7 look at the data. But, if you would prefer, I  
8 certainly can change that to 600, 650.

9 Q. Well, I think we are urging the utilities to really  
10 look at what would they consider a typical user,  
11 typical usage level, and be sure we include that. If  
12 you want additional ones, I don't know if Staff has a  
13 reason to know the mean versus median. But I think  
14 that 500 really does seem like a vestige from another  
15 day. And, we're trying to get away from that one. Mr.  
16 Bohan, --

17 A. (Bohan) Just a second?

18 Q. Yes.

19 (Witness Bohan conferring with Witness  
20 McNamara.)

21 WITNESS McNAMARA: I think he was just  
22 referencing the additional pages on Schedule LSM-7, Pages  
23 5 through 9, which show a bunch of usage levels, just to  
24 make sure that you saw that.

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1 CHAIRMAN IGNATIUS: Thank you.

2 BY CHAIRMAN IGNATIUS:

3 Q. A couple of questions about the supply projections that  
4 you referenced. You said that we're coming into this  
5 winter -- we will be coming into this winter at "not in  
6 as good a supply situation as the year prior", I think  
7 is what you said. Can you explain? And, if I got that  
8 wrong, just don't worry what I said.

9 A. (Bohan) Yes.

10 Q. Tell me what it is we're looking at.

11 A. (Bohan) Yes. Certainly. In preparation, actually, for  
12 this hearing, I had a brief conversation with our  
13 Manager of Gas Supply. And, I said, "can you just, you  
14 know, give me some general concerns, if you have any,  
15 going into the winter?" And, one she had indicated  
16 that natural gas supply going into this winter is not  
17 as abundant as it was heading into last winter.

18 Q. And, do you know why?

19 A. (Bohan) That I do not.

20 BY CMSR. HARRINGTON:

21 Q. I'm assuming that she might be referring to the lack of  
22 gas, the LNG being brought into Canaport. Because,  
23 last year, they had a fleet of ships, and they claim  
24 anyway, to flow about over 30 Bcf down into New England

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1 in the wintertime, and this year they're saying they  
2 will only do about seven or eight.

3 A. (Bohan) That is correct. And, she did actually  
4 indicate that to me.

5 BY CHAIRMAN IGNATIUS:

6 Q. And, did you also say that we are projecting a  
7 colder-than-average winter or just that, in case we  
8 have a colder winter, people are thinking about how to  
9 respond?

10 A. (Bohan) I'm hearing that the expectation is we're going  
11 to have a colder-than-average winter. And, that's  
12 raising concerns. So, the concern is not just if we  
13 do, the concern is we may, and that may create issues.

14 Q. On the issue of Class III RECs, you noted that they're  
15 extremely difficult to obtain, and you had to use the  
16 ACP mechanism last year, for compliance for last year.  
17 The obligations are increasing on Class III  
18 significantly as of January of 2014, correct?

19 A. (Bohan) Yes. They're going from I think it's 1.5 or  
20 1.4 to 7 percent. And, if I could turn to a schedule  
21 in my testimony.

22 Q. Or, in your -- I think, in your testimony, Page 12,  
23 Bates stamp 12, looks like it's 1.5 to 7.

24 A. (Bohan) Yes.

[WITNESS PANEL: Bohan~McNamara]

1 Q. Is it your expectation again that there will be none of  
2 those available and it will be an ACP response?

3 A. (Bohan) That is correct. That's my expectation at the  
4 moment.

5 Q. How about availability of the Class I, which also  
6 increases from 3.8 to 5?

7 A. (Bohan) Class I seems to be a bit more liquid, and  
8 those RECs have been available, generally been  
9 available and trading. So, --

10 Q. And, so, you expect for going into 2014, that will  
11 remain for Class I?

12 A. (Bohan) Correct.

13 Q. You also said there are -- you said something like  
14 "there are initiatives underway to address the Class  
15 III availability problem", something like that. And,  
16 I'm not sure, I probably got that wrong. But what were  
17 you referring to?

18 A. (Bohan) I'd like to speak a little more generally, not  
19 necessarily Class III. But I'm aware of outside  
20 efforts by other parties to evaluate Renewable  
21 Portfolio Standards. What exactly that entails, I  
22 really do not have a whole lot of detail. I just  
23 understand that there are some policymakers and people  
24 out there that are looking at things.

{DE 13-079} [REDACTED - For Public Use] {10-02-13}

[WITNESS PANEL: Bohan~McNamara]

1 Q. In New Hampshire?

2 A. (Bohan) In New Hampshire.

3 Q. So, legislative initiatives is what you're thinking of?

4 A. (Bohan) Correct. Or, initiatives that would have to be  
5 brought to the Legislature, yes.

6 Q. Okay. Thank you. The last question, and I'm not sure  
7 if it's -- which of you is better to respond to it, so,  
8 I'll just throw it out, is getting back to what  
9 Ms. Amidon was asking about on the RGGI rebates. If,  
10 as of January 2014, they're now to be done across the  
11 board, and not just to Default Service, how then do you  
12 -- does that Default Service filing that you mentioned  
13 coming up is a time for reconciliation, how does that  
14 fit in -- how do you pick up the non-default service  
15 customers in that rebate?

16 A. (Bohan) Well, I think, first of all, if it has to go to  
17 all customers, and not just default service customers,  
18 I think the conclusion is that has to be a retail rate  
19 component and not a wholesale cost component.

20 A. (McNamara) Without, you know, having discussed this  
21 personally, internally, my expectation is it would be,  
22 you know, something that would perhaps be included in  
23 something like the External Delivery Charge, just as a  
24 place to put it, so that it would go to all customers.

{DE 13-079} [REDACTED - For Public Use] {10-02-13}

[WITNESS PANEL: Bohan~McNamara]

1 Q. So, when would we see that? How would that be filed,  
2 if it were in the External Delivery Charge?

3 A. (McNamara) The External Delivery Charge is filed each  
4 June for effect August 1. So, any RGGI refunds that  
5 came in that were to be directed to all customers that  
6 we saw prior to mid May, I believe the actuals are  
7 included through approximately that time, April or May,  
8 would be included in that filing.

9 Q. Is that only done once a year?

10 A. (McNamara) It is.

11 Q. So, how would you comply with the Commission  
12 requirement that it be done no less than six months  
13 apart?

14 A. (McNamara) Well, the amounts would definitely be booked  
15 with interest when they came in. As far as how they  
16 would get returned to customers earlier than every six  
17 months, the External Delivery Charge obviously wouldn't  
18 work. I guess that I -- I haven't discussed this with  
19 anyone. So, I don't have an answer for that one.

20 CHAIRMAN IGNATIUS: And, that's fair. I  
21 think we're all trying to sort out the best ways that this  
22 should be done. So, this is a good opportunity to start  
23 thinking about it. And, maybe work with Staff and the  
24 OCA, and internal conversations, obviously, at the

[WITNESS PANEL: Bohan~McNamara]

1 Company, to come up with a plan.

2 All right. That concludes questions  
3 from the Commissioners. Mr. Epler, do you have any  
4 redirect?

5 MR. EPLER: No, I don't. Thank you.

6 CHAIRMAN IGNATIUS: All right. Then,  
7 the witnesses are excused, but stay where you are.

8 Is there any objection to striking the  
9 identification of the two exhibits and making them full  
10 exhibits?

11 (No verbal response)

12 CHAIRMAN IGNATIUS: All right. Seeing  
13 none, we will do so. Is there anything else to take up  
14 before closing comments?

15 (No verbal response)

16 CHAIRMAN IGNATIUS: Seeing none, then,  
17 Mr. Eckberg, any closing remarks?

18 MR. ECKBERG: Thank you, Commissioner.  
19 The OCA takes no position on the Company's filing today.  
20 We understand that Unitil's Default Service rates, as  
21 proposed, are the result of a competitive bid process that  
22 the Company has conducted to purchase power in the  
23 competitive market for its customers. And, that these  
24 costs of the power are passed through to customers at the

1 Company's own cost. Nonetheless, we are concerned about  
2 the impacts of a approximately 35 percent increase in  
3 energy costs for residential customers, who are part of  
4 the Company's Non-G1 rate group. Those impacts were  
5 discussed this morning, and are shown, I believe, in the  
6 Company's Exhibit LSM-7.

7 One of the few bright spots that we can  
8 see, in light of this energy cost increase, is perhaps the  
9 opportunity to highlight the value of investments in  
10 energy efficiency, which is a cost-effective way to reduce  
11 energy consumption. We are mindful that federal programs,  
12 which provide some measure of support to assist low income  
13 residents with heating costs, which may include  
14 electricity for some customers, during the upcoming winter  
15 months, may experience funding difficulties in light of  
16 recent budget challenges in Washington. We're also aware  
17 that the Commission has recently approved a slight  
18 increase in benefits through the ratepayer-supportive  
19 Electric Assistance Program. This increase in benefits  
20 may be useful to customers who participate through that  
21 program in the high energy use months ahead.

22 We appreciate the Company's filing.  
23 And, thank the Staff and Commissioners for their very  
24 thorough review and questioning directed at the witnesses

1 about today's filing. Thank you.

2 CHAIRMAN IGNATIUS: Thank you.

3 Ms. Amidon.

4 MS. AMIDON: Thank you. The Staff has  
5 reviewed the filing. And, we determined that UES did  
6 follow the bid solicitation, bid evaluation, and bid  
7 selection process required by the Commission in Order  
8 Number 24,511. And, based on that, we believe that the  
9 resulting rates are market-based.

10 Having said that, we do find that  
11 Commissioner Harrington's proposal that the Company use a  
12 pass-through with respect to the Winter Reliability  
13 Program that may occur next year is a good suggestion.  
14 And, we would recommend that the Commission give the  
15 Company that direction.

16 The Staff filed a lead/lag -- strike  
17 that. The Staff filed a memo this week recommending that  
18 the Commission approve the lead/lag study, which the  
19 Company filed with its, I believe, its March filing.  
20 Staff understands that this is -- was maybe not timely,  
21 but it's timely for this order, and we would ask that the  
22 Commission approve the use of the lead/lag study for the  
23 development of rates.

24 Finally, we looked at the revised

1 filing, in terms of the confidential information. We  
2 understand that there are issues related to the format of  
3 the filing. But, as to the content, we believe it's  
4 consistent with the PUC 200 rules and what this Commission  
5 has normally considered to be confidential with respect to  
6 these filings, and would recommend that the Commission  
7 grant that confidential treatment subject to the normal  
8 conditions. Thank you.

9 CHAIRMAN IGNATIUS: Thank you.

10 Mr. Epler.

11 MR. EPLER: Yes. Thank you. As I said  
12 earlier, the Company apologizes for not having our filing  
13 comply with the Commission rules. And, we will work with  
14 the Staff to make sure that occurs. We will also make the  
15 changes on future filings, such as on Bates stamp 11 and  
16 the Exhibit 4, so as not to totally black that out. We'll  
17 come up with some other format so that it doesn't appear  
18 confusing as to whether or not that's confidential, and  
19 also the changes recommended to LSM-7.

20 The only additional point that I would  
21 make, in terms of the -- what we're seeing is a high cost  
22 for this coming winter, is the Company -- excuse me, the  
23 Company does encourage the competitive market and  
24 competitive suppliers, and tries to work with competitive

1 suppliers as much as possible to have alternatives  
2 available to its customers. And, as part of that, we are  
3 actively engaged in the investigation that the Commission  
4 opened up in terms of the hierarchal payments. And, we've  
5 had discussions with the competitive suppliers who are  
6 participating in there to try to resolve that favorably  
7 and as quickly as possible. So, those are, you know, some  
8 other alternative efforts, because we do realize that  
9 default service is just an indication what the Company is  
10 able to procure in the market. It may not indicate what  
11 other suppliers are able to provide to customers.

12 CHAIRMAN IGNATIUS: Thank you. I  
13 understand you need an order, under the terms for these  
14 market-based filings, an order needs to be out by Friday,  
15 October 4th. So, we will take all this under advisement  
16 and we'll meet that deadline. Thank you. Unless there's  
17 anything else?

18 (No verbal response)

19 CHAIRMAN IGNATIUS: We're adjourned.

20 MR. BOHAN: Thank you.

21 **(Whereupon the hearing was adjourned at**  
22 **10:13 a.m.)**