

1 **STATE OF NEW HAMPSHIRE**2 **PUBLIC UTILITIES COMMISSION**

3
4 **April 10, 2019** - 1:33 p.m.
5 Concord, New Hampshire

6
7 RE: **DE 19-049**
8 **UNITIL ENERGY SYSTEMS, INC.:**
9 **2019 Default Service.**
 (For the six-month period
 beginning June 1, 2019)

10 **PRESENT:** Chairman Martin P. Honigberg, Presiding
11 Commissioner Kathryn M. Bailey
 Commissioner Michael S. Giaimo

12
13 Sandy Deno, Clerk

14
15 **APPEARANCES:** **Reptg. Unitil Energy Systems, Inc.:**
16 Patrick Taylor, Esq.

17 **Reptg. Residential Ratepayers:**
18 D. Maurice Kreis, Esq., Consumer Adv.
 Office of Consumer Advocate

19 **Reptg. PUC Staff:**
20 Suzanne G. Amidon, Esq.
 Richard Chagnon, Electric Division

21
22
23 Court Reporter: Steven E. Patnaude, LCR No. 52
24

I N D E X**PAGE NO.**

WITNESS PANEL: **LINDA S. McNAMARA**
 JEFFREY M. PENTZ
 DANIEL T. NAWAZELSKI

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1	Unitil Energy System, Inc. <i>premarked</i> Petition for Approval of Default Service Solicitation and Proposed Default Service Tariffs, including the Direct Testimony of Jeffrey M. Pentz, with attachments; Direct Testimony of Linda S. McNamara, with attachments; and Direct Testimony of Daniel T. Nawazelski, with attachments (04-05-19) <i>[REDACTED - For PUBLIC Use]</i>	
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P R O C E E D I N G

CHAIRMAN HONIGBERG: We are here in Docket DE 19-049, which is Unitil's Default Service docket for this year. We've got their proposal booklet, with some confidential information in it.

But before we do anything else, let's take appearances.

MR. TAYLOR: Good afternoon, Commissioners. Patrick Taylor on behalf of Unitil Energy Systems, Inc.

MR. KREIS: Good afternoon. I'm D. Maurice Kreis, doing business as Don Kreis. I'm the Consumer Advocate. It's great to be back here in the hearing room. I feel like it's been a long time. So, hello.

CHAIRMAN HONIGBERG: It appears that you've come from the Legislature, because you're still wearing your blue name tag.

MR. KREIS: Indeed. It lives in my glove compartment. And if I leave it on my lapel, then it's more likely to end up in the glove compartment where it lives, and then everybody remembers my name here.

1 MS. AMIDON: Okay. Suzanne Amidon,
2 for Commission Staff, and with me is Rich
3 Chagnon, an Analyst in the Electric Division.

4 CHAIRMAN HONIGBERG: I see we have
5 witnesses who are already in the witness box.
6 Are there preliminary matters we need to deal
7 with before the witnesses are sworn in?

8 Mr. Taylor.

9 MR. TAYLOR: Just a few, Chair. Just
10 as an initial matter, we have premarked
11 exhibits. Specifically, we've premarked the
12 bound public redacted version of the Company's
13 filing as "Exhibit 1", and the bound
14 confidential version of the filing as "Exhibit
15 2".

16 A second issue, which is one that we
17 had raised last year, as we've done in the
18 past, we've included an updated Lead/Lag Study
19 and supporting testimony with the Default
20 Service filing. We, in the past, have
21 understood that the Commission and the Staff
22 and the OCA may need additional time to review
23 the study and ask questions as necessary. I
24 have spoken with counsel for Staff, and I think

1 they have a position on this that they will
2 articulate today.

3 But, in any event, last year the
4 Commission approved Unitil's use of the
5 lead/lag study filed with the Company's
6 Petition, conditioned on the review and a
7 subsequent recommendation by the Staff and OCA.
8 And then, any reconciliation of rates as is
9 required as a result of the review would be
10 considered in the next energy solicitation
11 filing. So, we propose that the Commission
12 adopt the same process again in this case, if
13 necessary.

14 And finally, I did want to raise with
15 the Commission, as noted in the Company's
16 Petition, the Company did solicit a proposal
17 from the one eligible facility in its service
18 territory, Wheelabrator Technologies, as
19 required by RSA 362-H:2. The Company has not
20 yet reached an agreement with Wheelabrator in
21 connection with the solicitation. There are
22 ongoing discussions between the companies.

23 To the extent that there is an
24 agreement reached, the Company would file it in

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 this docket for the Commission's review at a
2 later time.

3 CHAIRMAN HONIGBERG: Thank you,
4 Mr. Taylor. Ms. Amidon, do you want to address
5 the lead/lag study issue now or do you want to
6 hold off?

7 MS. AMIDON: I think we can hold off,
8 but -- until the end, the closing. I think
9 that's sufficient. We don't have any big
10 questions or anything on the lead/lag.

11 CHAIRMAN HONIGBERG: All right.
12 Let's go off the record before we swear the
13 witnesses in.

14 *[Brief off-the-record discussion*
15 *ensued.]*

16 CHAIRMAN HONIGBERG: All right.
17 Mr. Patnaude, would you swear the witnesses in
18 please.

19 (Whereupon **Linda S. McNamara,**
20 **Jeffrey M. Pentz,** and **Daniel T.**
21 **Nawazelski** were duly sworn by
22 the Court Reporter.)

23 CHAIRMAN HONIGBERG: Mr. Taylor.

24 **LINDA S. McNAMARA, SWORN**

1 **JEFFREY M. PENTZ, SWORN**

2 **DANIEL T. NAWAZELSKI, SWORN**

3 **DIRECT EXAMINATION**

4 BY MR. TAYLOR:

5 Q Mr. Pentz, please state your full name and
6 position with the Company.

7 A (Pentz) My name is Jeffrey M. Pentz. I am a
8 Senior Energy Analyst in the Energy Contracts
9 Group at Unitil.

10 Q Ms. McNamara, same questions.

11 A (McNamara) My name is Linda McNamara. And I'm
12 a Senior Regulatory Analyst.

13 Q And, Mr. Nawazelski, same questions.

14 A (Nawazelski) My name is Dan -- Daniel
15 Nawazelski. And I'm a Lead Financial Analyst.

16 Q Mr. Pentz, could you please refer to -- well,
17 actually, I'm sorry, stepping back. I'd like
18 to draw the panel's attention to the
19 confidential version of the Company's filing,
20 which has been marked as "Exhibit 2". And,
21 Mr. Pentz, if you could please refer to Exhibit
22 JMP-1 and Schedules JMP-1 through JMP-5. Were
23 these prepared by you or under your direction?

24 A (Pentz) Yes, they were.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q Do you have any changes or corrections that
2 you'd like to make on the record today?

3 A (Pentz) Yes. I have one correction on one
4 exhibit. On Bates Page 191, which is Schedule
5 JMP-5, for the G1 Purchases, in the "Weighted
6 Average Price", there is a number down at the
7 bottom for the period November 2018 and
8 December 2018. That price reads "\$87.54". The
9 correct number there is "\$87.93". There's also
10 a change in the column headed "Change Prior
11 Period" for G1 purchases for that same time
12 period. The correct number is "10 percent",
13 not "109 percent". For the "Change Prior
14 Year", for the same time period, the correct
15 number is "negative 22 percent", not
16 "93 percent".

17 Those are all the corrections I have.

18 CHAIRMAN HONIGBERG: All right.

19 We're going to go off the record again.

20 *[Brief off-the-record discussion*
21 *ensued.]*

22 CHAIRMAN HONIGBERG: Mr. Taylor, you
23 may resume.

24 BY MR. TAYLOR:

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1 Q So, Mr. Pentz, do you adopt these materials as
2 your testimony?

3 A (Pentz) Yes, I do.

4 Q Ms. McNamara, please refer to Exhibit LSM-1 and
5 Schedules LSM-1 through LSM-6. Were these
6 prepared by you or under your direction?

7 A (McNamara) They were.

8 Q Do you have any corrections that you'd like to
9 make on the record today?

10 A (McNamara) No.

11 Q Do you adopt these materials as your testimony?

12 A (McNamara) I do.

13 Q Mr. Nawazelski, please refer to Exhibit DTN-1
14 and Schedules DTN-1 through DTN-2. Were these
15 prepared by you or under your direction?

16 A (Nawazelski) Yes, they were.

17 Q Do you have any corrections that you'd like to
18 make on the record today?

19 A (Nawazelski) No, I do not.

20 Q And do you adopt them as your testimony?

21 A (Nawazelski) I do.

22 MR. TAYLOR: I have no more questions
23 for the witnesses.

24 CHAIRMAN HONIGBERG: Mr. Kreis.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

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

2 Let me start by maybe cutting to the chase a
3 little bit, by saying that, consistent with
4 what Mr. Taylor was just talking about, at
5 Bates Page 024 of both Exhibits 1 and 2,
6 there's a discussion of the fact that
7 Wheelabrator and the Company are apparently in
8 discussions based on a solicitation that the
9 Company issued pursuant to its obligations
10 under RSA 362-H, which, of course, is last
11 year's Senate Bill 365.

12 I would like to see the Company
13 produce that solicitation and talk about what's
14 in it. But I understand, from having talked
15 with Mr. Taylor before the hearing, that the
16 Company feels that that isn't something they're
17 willing to do at this point, unless ordered to
18 do by the Commission.

19 And so, rather than ask the witnesses
20 about that, I just thought I would raise that
21 issue with you and see what the Commission's
22 pleasure is.

23 CHAIRMAN HONIGBERG: What about the
24 solicitation do you want to see? Why do you

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1 want to see the solicitation itself?

2 MR. KREIS: Well, it's helpful,
3 because it apparently falls to me and my legal
4 team to defend the Commission's recent order on
5 the subject of implementing RSA 362-H, as the
6 result of your recent order in the Eversource
7 counterpart to this docket. And, of course,
8 the terms of Eversource's solicitation produced
9 quite a bit of contentiousness in the
10 conversations that it had with the companies
11 that were responsive to that solicitation.

12 And I would like to know how the
13 comparable process would be going here.

14 CHAIRMAN HONIGBERG: I think you can
15 ask questions along those lines without needing
16 to see the solicitation itself.

17 MR. KREIS: Yes. But the question
18 is, is that germane to what we're doing today,
19 versus is it something you would rather defer
20 to some later date?

21 One thing I don't want to do is hang
22 up the question that you need to resolve here,
23 which is has to do with the Default Service
24 solicitation. That needs a speedy approval,

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1 and I don't want to impede that at all.

2 CHAIRMAN HONIGBERG: No, none of us
3 does. I tend to agree with what you just said.
4 It's not clear to me that there's anything for
5 us to do about that right now. So, I'm
6 inclined just to go ahead.

7 If you want to make a request more
8 formally with Mr. Taylor, you guys either can
9 work it out or you can seek some sort of ruling
10 on a written request. Because it's on --
11 although it's in this docket, and I think the
12 legislation contemplates that it would be
13 implemented on the timeline with these rates
14 that we are looking at today, it's not
15 necessary that we resolve all issues with
16 respect to that by Friday.

17 MR. KREIS: Agreed. And you'll
18 recall that Eversource took some steps to
19 separate that piece of this comparable
20 proceeding off and have it treated separately.
21 And I guess I'm okay with assuming that that's
22 how this would go down as well.

23 CHAIRMAN HONIGBERG: Fair enough.

24 MR. KREIS: Okay. Then, I'll avoid

1 asking any questions about that, and we'll deal
2 with it as necessary in this docket, but not
3 today.

4 **CROSS-EXAMINATION**

5 BY MR. KREIS:

6 Q I guess, then I would like to start at Bates
7 Page 025. And I guess my questions are for
8 Mr. Pentz, at least initially, because I'm
9 looking at his testimony. At Lines 3 and 4,
10 you note that the "pricing submitted for the
11 Small and Medium classes (Non-G1) for the
12 upcoming period are 3 percent lower than the
13 same period a year ago". And I think that your
14 testimony then goes on to suggest that the
15 reason for that is the reduction in capacity
16 prices. Does that account for the entirety of
17 that difference between the result you got this
18 time and the result you got a year ago?

19 A (Pentz) I have a fair reason to believe that
20 that is accurate. The reduction in the forward
21 capacity clearing price, from the 2018 -- from
22 the 2017 through 2018 Capacity Commitment
23 Period versus the 2019 through 2020 Capacity
24 Commitment Period, those rises have fallen

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1 quite a bit actually, from \$9.53 to \$7.03. And
2 that -- I believe that is a significant piece
3 of the 3 percent change.

4 Q If you go to the preceding page, Page 24, at
5 Lines 15, 16, 17 and -- well, at Line 16 you
6 say "UES compared the pricing strips proposed
7 by the bidders by calculating weighted average
8 prices for the supply requirement using the
9 evaluation loads that were issued with the
10 RFP."

11 Now, I have to confess, I didn't really
12 understand that sentence. And I was hoping
13 maybe you could paraphrase it, I was going to
14 say "in English", but that would be too glib,
15 maybe in a more -- in a way that I could
16 understand as an English major, who then went
17 to law school?

18 A (Pentz) Sure. So, in our solicitation, you
19 know, as part of the RFP package, we issue a
20 bid template, and in that bid template there
21 are evaluated loads. And we ask bidders to
22 submit pricing per month, and for each month
23 there is a value in the evaluated loads, which
24 are a forecast of what we think the loads will

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1 be for the upcoming service period.

2 Now, what we do is we sum up those
3 evaluated loads for each of those six months,
4 and we calculate a weighted average price that
5 the bidders submit to us over those six months.
6 And that is how we get the weighted average
7 price.

8 Q Thank you. Later in your testimony, at
9 Page 26, you talk about doing follow-up with
10 prospective bidders. What does that follow-up
11 look or sound like? What do you actually do?

12 A (Pentz) Sure. The follow-up involves me
13 reaching out to prospective bidders, and this
14 happens after I issue the solicitation. What I
15 will do is I will reach out, either by email or
16 by a telephone conversation, to assess the
17 wholesale suppliers' interest in our
18 solicitation.

19 If a supplier is not interested in bidding
20 in our solicitation, I feel it's important to
21 know why. I take that feedback, you know,
22 bring it back and, you know, we discuss that
23 internally. And, you know, there are other,
24 you know, a supplier may ask a question about

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1 some of the data that we provide them, our
2 retail sales data, our load data. Those are
3 common questions that we receive.

4 Q When you do that follow-up, do you call all of
5 the prospective bidders or just some of them?

6 A (Pentz) Some of the bidders. There are bidders
7 that have never responded to our solicitations.
8 And I usually do not follow up with those
9 bidders. There is an active core of suppliers
10 that routinely bid on our solicitations, and I
11 have frequent conversations with them and
12 answer any questions that they may have about
13 our solicitation.

14 Q And do you embark on any persuasive efforts or
15 is it just, since they have questions,
16 information-gathering on your part?

17 A (Pentz) It's basically a Q&A session that we
18 have. And for bidders that are not interested,
19 and, you know, if they cite a specific reason,
20 you know, I may try to explain to them, you
21 know, in argument contrary to theirs as to why
22 they should participate.

23 Q And are there any mechanisms in place to assure
24 that all the bidders have access to any

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1 information that you share in those one-on-one
2 follow-up conversations?

3 A (Pentz) I'm sorry. Could you repeat the
4 question?

5 Q Are there any mechanisms to assure that, when
6 you share information during one of those
7 follow-on conversations with a prospective
8 bidder, that that information is then made
9 available to all of the bidders?

10 A (Pentz) That information is not publicly made
11 available to other bidders. My conversations
12 with each bidder are exclusive to that bidder.

13 Q And then, on Page 27, at the beginning of the
14 page, you say "as a result of bidder outreach,
15 a new wholesale supplier participated in this
16 solicitation". What sort of bidder outreach
17 did you undertake?

18 A (Pentz) The bidder outreach can take the form,
19 as I said previously, of reaching out via a
20 phone call or an email. Oftentimes we will
21 receive interest from suppliers that are not on
22 our distribution list. They may have received
23 our notification because they're a member of
24 the ISO-New England Markets Committee. And

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1 many times we will, you know, be asked to add
2 that particular supplier to our distribution
3 list.

4 Q In Schedule JMP-1, at Page 35, you give -- you
5 give a sort of narrative description of the
6 timing of the various events that would lead us
7 here today. And you note that the final bid
8 pricing from the bidders was received at Unitil
9 on April 2nd, 2019. And if I'm remembering
10 correctly, that's the same day that you pick
11 the winning bidders, yes?

12 A (Pentz) Yes. That is correct.

13 Q Do you think that there's a risk premium
14 associated with the fact that there is a gap
15 between April 2nd and the date on which the
16 Commission issues its order either approving or
17 disapproving of the results of this
18 solicitation?

19 A (Pentz) Yes, although I believe that risk is
20 minimal.

21 Q So, you don't think, I'm not trying to put
22 words in your mouth, but what I really want to
23 know is whether you think you would get a
24 palpably better price out of your bidders if

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1 there were a more instantaneous approval
2 process?

3 A (Pentz) I don't, I do not believe that is the
4 case. I believe we receive competitive
5 pricing. And I don't believe the short
6 timeframes described have any significant
7 impact on pricing.

8 Q Is it the Company's position that the number of
9 bids that the Company received as part of this
10 solicitation in each of the three categories is
11 confidential, the number of bidders?

12 A Yes.

13 Q Why does that need to be confidential?

14 A (Pentz) I'm not in a position to answer that
15 question.

16 Q Okay.

17 MR. TAYLOR: Just to clarify, if I
18 may?

19 CHAIRMAN HONIGBERG: Go ahead,
20 Mr. Taylor.

21 MR. TAYLOR: Okay. Mr. Pentz, are
22 you not in a position to answer that question
23 because you're not the person who made that
24 decision?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 WITNESS PENTZ: That is correct.

2 MR. TAYLOR: Perhaps this is
3 something that we could follow up on, in terms
4 of confidentiality. You know, I know that
5 we --

6 CHAIRMAN HONIGBERG: Well, we can
7 have a discussion about what's appropriate for
8 confidentiality. We do it all the time.

9 My understanding, Mr. Kreis, is that
10 typically the companies do take the position,
11 and it's pretty much accepted, that the number
12 of bidders is confidential. Because, although
13 on one solicitation it may be robust, five,
14 six, seven bidders, the next time there may be
15 only one or two, and you don't want to let the
16 world know and other bidders know that there
17 was only one or two. And even though that may
18 have been produced -- may have produced a
19 competitive price, because of other factors, it
20 was perfectly appropriate to accept that.

21 And I think we've made judgments like
22 that before, haven't we?

23 MR. KREIS: I would characterize it
24 as an "ongoing issue", but it, if I'm reading

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1 the tea leaves correctly, it doesn't sound like
2 it's an issue you want to revisit here. And
3 that's fine, I guess.

4 CHAIRMAN HONIGBERG: Yes. I mean, I
5 think it's an issue, if you want to raise it, I
6 think we can discuss it. I don't want to
7 necessarily have to do it right now. But I do
8 think that there are good and valid competitive
9 reasons not to give the bidding group too much
10 information about what kind of competition it
11 can expect when it's considering its bid.

12 I do have some questions, though, you
13 know, for Mr. Pentz on the things that you were
14 asking about earlier. But that's not one of
15 them.

16 MR. KREIS: Okay. Well, I'll just
17 move on to my next question.

18 BY MR. KREIS:

19 Q At Bates Page 065 [051?], you talked about
20 "that the current ratio of final bid prices to
21 the NYMEX ISO future price being 19.1 percent
22 lower" than it was a year ago. I'm curious
23 about why you think that that change occurred?

24 CHAIRMAN HONIGBERG: Hang on. Before

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1 you do that, what page are you talking about,
2 Mr. Kreis?

3 MR. KREIS: Fifty-one.

4 CMSR. GIAIMO: Oh, 051.

5 **BY THE WITNESS:**

6 A (Pentz) So, if we look at, on Bates Page 052,
7 that 19.1 percent comes from the final bid
8 price versus the calculation result. So, what
9 we're essentially doing there is we're
10 estimating the non-energy piece of the bid.
11 How we do that is we take our final bid
12 numbers, which are a fixed full requirements
13 price, including capacity, ancillary charges,
14 and energy, and we subtract the NYMEX ISO
15 price, and that is just energy. So, when we --
16 when we have those two numbers, we can take a
17 ratio and sort of figure out, you know, what
18 part of the bid is non-energy versus energy.
19 And what we do is we take the NYMEX ISO numbers
20 for the period, and we multiply that by the
21 ratio of the final bids to the NYMEX ISO prices
22 for the previous period and for the period a
23 year ago. And it's sort of saying like how did
24 we compare to the previous period, at

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1 19.1 percent.

2 So, when we look at this upcoming service
3 period, from June 2019 to November '19, and we
4 compare that to June 2018 through November
5 2018, we're saying "Okay, well, given our NYMEX
6 future prices for this period, we came out
7 19.1 percent lower against the ratios from the
8 prior period."

9 BY MR. KREIS:

10 Q Okay.

11 A (Pentz) And pardon me, this exhibit predates
12 myself. So, I am not 100 percent sure how
13 useful this exhibit is, but --

14 Q But you go with it anyway, because it's
15 tradition, and that's important.

16 A (Pentz) I believe it was actually required in a
17 PUC order years ago.

18 Q Even more important.

19 CHAIRMAN HONIGBERG: And while we're
20 talking about confidentiality, I note that
21 there's a number that's been used repeatedly,
22 discussed on Page 51, and then that same
23 number, which is I think the witness was
24 referring on the next page, Page 52, where it's

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1 shaded. So, is that intentional, Mr. Taylor?

2 I believe the number may also be in
3 the witness's testimony.

4 MR. KREIS: My copy of Page 52
5 doesn't really seem to show any redactions.
6 But then I'm looking at the confidential
7 version. I suppose I should look on the
8 redacted version and see what that looks like.

9 CHAIRMAN HONIGBERG: Let's go off the
10 record.

11 *[Brief off-the-record discussion*
12 *ensued.]*

13 CHAIRMAN HONIGBERG: Let's go on the
14 record. Mr. Taylor.

15 MR. TAYLOR: My understanding, so,
16 the number, the "19.1 percent", which I believe
17 was the number at issue, as it appears on Page
18 51 is not -- is not confidential. To the
19 extent that it appears on the following page,
20 the context that it's in, it is confidential.

21 CHAIRMAN HONIGBERG: Yes. The
22 problem there is that the witness directed
23 people, directed, his testimony, to Page 52, to
24 show where the number on Page 51 came from.

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1 So, if that's -- if that's the position, it
2 should have been -- it should be marked as
3 confidential on 51, in addition to 52, I think.
4 I mean, I could be wrong.

5 I guess what I'm going to suggest is
6 that Staff, the Company, the OCA work out what
7 should be confidential. And unfortunately,
8 we're going to have large portions of this
9 transcript that are going to have confidential
10 information in it I fear when that process is
11 done.

12 MR. TAYLOR: I think that we can have
13 a conversation amongst the Staff, OCA, and the
14 Company that, hopefully, we can try to minimize
15 that.

16 CHAIRMAN HONIGBERG: Fair enough.
17 All right. Mr. Kreis, we broke the flow. You
18 may resume.

19 MR. KREIS: You did.

20 BY MR. KREIS:

21 Q But continuing along a sort of similar theme,
22 I'm looking now at Bates Page 074. And so,
23 Bates Page 074 is part of -- is the Proposal
24 Submission Form of one of the bidders, is it

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1 not?

2 A (Pentz) Yes, it is.

3 Q And is it not the Submission Form that was
4 submitted by the winning bidder or one of the
5 winning bidders?

6 A (Pentz) I believe that's confidential
7 information.

8 Q The fact that one of -- the names of the
9 winning bidders is confidential?

10 A (Pentz) I'm not -- I'm sorry, I apologize.
11 Yes, it is.

12 Q The name --

13 CHAIRMAN HONIGBERG: Okay. Wait,
14 wait, wait. The "yes, it is", which question
15 were you answering when you said "yes, it is"?

16 WITNESS PENTZ: When Mr. Kreis asked
17 "if the name of the bidder was one of the
18 winning bidders?"

19 BY MR. KREIS:

20 Q Yes. So, the Company's Motion for
21 Confidentiality, which Ms. Amidon just handed
22 me, says "UES does not request confidential
23 treatment of the identity of the winning
24 bidders, which are provided in the cover letter

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1 and also in the public prefiled testimony of
2 Mr. Pentz in Exhibit JMP." So, the name of the
3 winning bidders aren't confidential?

4 A (Pentz) Yes. That's correct. I apologize.
5 That was my mistake.

6 Q Okay. But your position is still nevertheless
7 that the winning bidders' responses to the
8 solicitation are confidential?

9 A (Pentz) The winning bidders' pricing or --

10 Q Well, just anything about their responses.
11 Because looking at -- you just told me that
12 Page 74 is the Proposal Submission Form
13 submitted by one of the winning bidders, and in
14 the public version of that document all of that
15 company's responses are blacked out.

16 A (Pentz) The material that is blacked out is
17 specific information to that company. However,
18 the company name is not confidential.

19 MR. KREIS: So, Mr. Chairman, I would
20 like to ask a couple of questions about the
21 responses that are contained in Page 74 and the
22 next few pages. And I guess that, since the
23 Company has taken the position that that is
24 confidential, I guess that potentially becomes

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1 part of the confidential part of this
2 transcript.

3 CHAIRMAN HONIGBERG: It would seem
4 so. Go ahead.

5 MR. KREIS: Okay.

6 BY MR. KREIS:

7 Q So, now addressing the information that you
8 deem as confidential and covered by your Motion
9 for Confidential Treatment, at the bottom of
10 Page 74, the Company answers the question
11 "Indicate whether Respondent is in good
12 standing in all states in which Respondent is
13 authorized to do business and, if not, which
14 states and the reason it is not." And the
15 Respondent gives a rather long and convoluted
16 answer to that question, wouldn't you agree?
17 And the answer is not "Yes, we are in good
18 standing in all states in which we are
19 authorized to do business"?

20 MR. TAYLOR: I object. I'm not
21 really sure what the question is or if there's
22 a question posed to Mr. Pentz at this point.

23 CHAIRMAN HONIGBERG: Mr. Kreis, can
24 you clarify the question?

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1 BY MR. KREIS:

2 Q Well, it was just a pretty straightforward
3 question. I just asking the witness to confirm
4 that, in fact, the company doesn't simply
5 answer that question "Yes, we are in good
6 standing in all states in which we are
7 authorized to do business"?

8 A (Pentz) That is correct.

9 Q And, in fact, the -- well, could you read --
10 could you just read that answer that the
11 company -- that company gives in response to
12 that question?

13 MR. TAYLOR: Before Mr. Pentz
14 proceeds, I just want to confirm that we are in
15 a confidential portion of the transcript?

16 CHAIRMAN HONIGBERG: We are.

17 **BY THE WITNESS:**

18 A (Pentz) "Yes. In good standing in all states
19 in which Respondent is authorized to do
20 business, except where failure to be so
21 authorized would not have a material adverse
22 effect on Respondent's ability to perform under
23 any contract entered into pursuant to this
24 RFP."

1 BY MR. KREIS:

2 Q Presumably you looked at that answer when that
3 bid response form was submitted, true?

4 A (Pentz) Yes.

5 Q Did you find anything about that answer to be
6 concerning or interesting? Did it elicit any
7 interest from you or anybody else at the
8 Company?

9 A (Pentz) No, it did not. We have -- we have
10 done, you know, this particular supplier has
11 participated in our RFPs for quite a while now.
12 And we have no concern.

13 Q Similarly, on Page 6 -- 76, excuse me, and
14 again, I guess this is information that the
15 Company regards as confidential, the company
16 responds to questions that come under the
17 heading "Defaults and Adverse Situations". And
18 you ask there a bunch of questions that have to
19 do with "noncompliance of contractual
20 obligations", and below that, situations that
21 involve "receivers, trustees, custodians or
22 liquidators of substantial part of its assets".
23 Would it be fair to say that the gist of the
24 company's response to those two questions is

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1 "We've disclosed that in Securities and
2 Exchange Commission filings, and you can go
3 read those filings if you want." Would that be
4 a fair paraphrase of the way the company
5 responds?

6 MR. TAYLOR: I object to the
7 question. The document says what it says.

8 CHAIRMAN HONIGBERG: Sustained.

9 MR. KREIS: Okay.

10 BY MR. KREIS:

11 Q So, I guess my follow-up question is, did you,
12 in fact, go and look at the SEC filings to
13 which that company referred you?

14 A (Pentz) I did not.

15 Q So, would it be fair to say then that Unitil
16 doesn't really concern itself with the answers
17 to those two questions that relate to defaults
18 and adverse situations?

19 A (Pentz) It is information that we review. This
20 particular supplier we have contracted with
21 many times in the past, and their credit --
22 they have an investment grade credit rating.
23 And given that, we have had no particular
24 concerns with this supplier.

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1 If there was a new supplier, then, yes, we
2 would absolutely delve into their filings.

3 Q If you look at Page 81, and you would agree
4 that that is the response to the same
5 questionnaire by a different bidder, yes?

6 A (Pentz) Yes.

7 Q And in response to the questions about
8 "defaults and adverse situations", which is the
9 same set of questions I was looking at earlier
10 as to a different bidder, this bidder, the one
11 that responded on Bates Page 81, just answered
12 "None" and "None". So, that's a different
13 answer than the previous bidder gave?

14 A (Pentz) Yes.

15 Q And I just want to make sure I understand your
16 answer correctly. You don't get terribly
17 concerned about the responses to this kind of
18 question when the Company that you're -- whose
19 bid you're evaluating has an investment grade
20 bond rating. That seems to be of paramount
21 consideration for you when you sort of assess
22 the suitability of a potential counterparty?

23 MR. TAYLOR: Objection. I don't know
24 that that's exactly what Mr. Pentz said.

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1 MR. KREIS: Well, right. So, I just
2 want to make sure I understand it.

3 **BY THE WITNESS:**

4 A (Pentz) It's not just the -- I was just merely
5 stating an example of that particular supplier
6 that we've been doing business with. It is not
7 the only piece of information that we look at.

8 BY MR. KREIS:

9 Q Moving on, I'm looking at Bates Page 085. I
10 think this might relate to your testimony
11 earlier about your bidder follow-up list. Is
12 this list a -- sort of a log, I guess you might
13 say, of the bidder contacts that you had?

14 A (Pentz) That is correct.

15 Q And so, what to make of the fact that certain
16 bidders don't have any entries in the
17 "Communications" and "Initial Expectation"
18 columns?

19 A (Pentz) As I mentioned earlier, there are a
20 pool of suppliers that have never responded to
21 our solicitation, yet we keep them on our
22 distribution list. The suppliers where there
23 is a note, such as "email" or "spoken", are, of
24 course, suppliers that I reach out to in our

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1 solicitation process.

2 Q And all of that information is confidential,
3 because it's all blacked out in the public
4 version of the Company's filing?

5 A (Pentz) That is correct.

6 Q Okay. I think I'm almost done.

7 MR. KREIS: In fact, I am done.

8 Those are all the questions I have. Thank you.

9 CHAIRMAN HONIGBERG: Ms. Amidon.

10 MS. AMIDON: Thank you.

11 BY MS. AMIDON:

12 Q Because Attorney Kreis called my attention to
13 it, I started looking at the other bid
14 responses. And I notice on Bates 062, it
15 starts discussing an entity which I do not
16 understand was the winning bidder of any of
17 the -- any of the supply. I thought the
18 winning bidder were NextEra, Exelon, and
19 something called "Dynergy"?

20 A (Pentz) That's correct.

21 Q So, you see the name at the top here?

22 A (Pentz) Yes.

23 Q What is that?

24 A (Pentz) That is a supplier who participated in

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1 our solicitations that did not succeed in New
2 England *[sic]*.

3 Q Oh. Okay. So, this is just there, because it
4 was interesting to me because I thought you
5 just put your winning in here, no?

6 A (Pentz) No. We put all of our respondents that
7 reply to our solicitation are required to
8 submit this form.

9 Q Okay. Cool. I was just -- like I said, I was
10 just curious, because I didn't see them as a
11 winning bidder.

12 I have a question, too, on Bates 048,
13 about whether certain information is
14 confidential or not. Because I have a copy,
15 which appears to be inconsistent with that, and
16 my colleague, Mr. Chagnon, his information is
17 much clearer than mine. On Page 48, the last
18 two lines at the bottom, the three columns at
19 the far right, appear in my copy to be shaded.
20 In other words, those appear to be presented to
21 the Commission as confidential information. Is
22 that correct?

23 A (Pentz) That is correct.

24 Q And I was curious about that, because on

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1 Page -- hold on -- 25, Bates Page 025, which is
2 Page 7 of your testimony, at Line 2, you talk
3 about pricing being "3 percent lower than the
4 same period a year ago and 32 percent lower
5 than the previous six-month period". Granted,
6 those numbers aren't the same numbers that
7 appear on Page 48, but they're pretty close.
8 So, is there a reason why the number on Page 25
9 is not confidential, and then the three columns
10 at the bottom of Page 48, at the far right, are
11 confidential?

12 I just, you know, and I will say one of my
13 concern is to make sure that appropriate
14 caution is taken by those of us who have access
15 to this information. Because, if it is
16 confidential, then we shouldn't be disclosing
17 that beyond the confidential portion of this
18 proceeding. So, that's my concern. I mean, is
19 it something that you would like to look into
20 and have that be part of our discussion about
21 confidential material?

22 A (Pentz) Yes.

23 Q Okay. Thank you. So, did I pronounce "Dynergy"
24 correctly? Is that how you pronounce it?

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1 A (Pentz) As far as I know, yes.

2 Q Okay. Can you tell me if there are any
3 substantive changes to the PPA you entered into
4 with Dynegy, as opposed to the form PPA that
5 you issue with your RFP?

6 A (Pentz) There are no substantive changes to the
7 agreement.

8 Q Thank you. And I don't know who this is for,
9 it could be for you, Ms. McNamara. I notice
10 that there was a large over-collection in RPS
11 revenue. Am I right about that or did I --

12 A (McNamara) Yes. That's right.

13 Q Okay. It's like 900,000 something? I don't
14 know if --

15 A (McNamara) Without reviewing, I'll take your
16 word for it.

17 Q Well, do you have an explanation as to why
18 there is such a large over-collection? Was it,
19 you know, did it have to do with sales? Did it
20 have to do with a bad price calculation? Or do
21 you have any idea?

22 A (McNamara) The number for the Non-G1 class was
23 just a little over a million dollars
24 over-collected. For this period, in total,

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1 that number is approximately \$2 million for --
2 the Company reconciles that over a full year.
3 So, approximately half of it is in this filing,
4 and the other half will be in the filing that
5 we make in the fall.

6 There was a few things that contributed to
7 that. One, the 2017 compliance year
8 reconciliation, that is done in the summer,
9 it's done in June/July timeframe, that was part
10 of the over-collection, the prices that we
11 were -- that we purchased the RECs for were
12 lower than what had been included in the
13 filing. The other piece of it is, for this
14 current compliance year, and Mr. Pentz may able
15 to -- may be able to speak to this a little bit
16 more, most recently, in maybe November and
17 December timeframe, the prices for certain
18 classes, for example, Class I, really took a
19 nosedive from what we had expected them to be
20 earlier in the year, when we were including
21 those costs for recovery in our filings.

22 A (Pentz) Yes. And just to follow up, you know,
23 there seems to be an over-supply in the New
24 Hampshire Class I and the New Hampshire Class

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1 III market, which have caused the prices to
2 fall quite, quite drastically.

3 Q Okay. Thank you. That is helpful. And, Ms.
4 McNamara, if you could help me out. I do not
5 recall why there is a different RPS adder for
6 non-G1 as opposed to G1 customers. Could you
7 explain that to me?

8 A (McNamara) Sure. The numbers themselves are
9 relatively close. The RPS costs that initially
10 start that rate off are provided on -- I wanted
11 to reference the page, Bates Page 189 for the
12 Non-G1 group and Page 190 for the G1 group.
13 And in the column to the far right, you'll see
14 "\$3.32". So, those numbers are initially the
15 same for both classes. But working capital is
16 different for each class. So, that's one piece
17 of it. They have -- then, they're, you know,
18 summed together, and we apply the purchases to
19 that, and then a loss factor, and the loss
20 factor is different by those two groups. So,
21 there's a little -- a few things after those
22 inputs are put in that make them slightly
23 different.

24 Q Thank you. I really do appreciate that

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1 explanation. I have one, a final question
2 related to RPS compliance. On Bates 050, it
3 indicates that some purchases have been made
4 for Class IV RECs. Let me know when you're
5 there.

6 A (Pentz) Yes. That is correct.

7 Q Do you know if this price is less than the
8 Class IV alternative compliance payment?

9 A (Pentz) Yes, it is.

10 Q Do you know what the current compliance payment
11 is? I don't know, but I'll --

12 A (Pentz) I don't know it off the top of my head.

13 Q Okay.

14 A (Pentz) But it's close to the price.

15 Q Okay. All right.

16 A (Pentz) The New Hampshire Class IV market tends
17 to be a little bit under-supplied. So, the
18 pricing tends to reflect the ACP rate.

19 MS. AMIDON: Okay. Thank you.

20 That's what I was looking for. That's all the
21 questions I have.

22 CHAIRMAN HONIGBERG: Commissioner
23 Bailey.

24 BY CMSR. BAILEY:

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q Mr. Pentz, do you know how the rates that are
2 proposed for this period beginning June 1st
3 compare to the rates that were in effect as of
4 June of 2017, when the capacity charge was the
5 same?

6 A (Pentz) The rates are slightly lower, by that
7 3 percent mark that I discussed earlier. And I
8 think that predominantly is attributed to the
9 reduction in capacity prices.

10 Q No. You misunderstood my question.

11 A (Pentz) Yes.

12 Q I understand that answer. I'm asking you to
13 look back the year before that, in 2017.

14 A (Pentz) 2017.

15 Q When the capacity price was \$7.03, like it is
16 now, and how do the rates compare?

17 A (McNamara) From a retail standpoint, the rates
18 proposed in this filing are a hair lower than
19 the retail rate, the Non-G1 Default Service
20 rate, in the -- that became effective
21 June 2017. The June 2017 Default Service rate
22 was 7.886 cents per kilowatt-hour, and the rate
23 proposed here is 7.714 cents per kilowatt-hour.

24 Q Thank you. I have one point of confusion with

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1 the rates. And I understand that the Default
2 Service rate for energy is 7.714 cents, and
3 then you add the RPS adder and get the Power
4 Supply Charge, is that right?

5 A (McNamara) The Power Supply Charge, and then
6 the RPS is added to get the full Default
7 Service rate of --

8 Q Okay. That makes sense.

9 A (McNamara) -- 7.714.

10 Q But, in your testimony, see if I can find the
11 page, it's at 196 to 197, maybe I misread it.
12 The question on 196, at Line 13, asks "What are
13 the proposed Non-G1 Class Default Service
14 Charges?" And it is "7.714 cents"?

15 A (McNamara) Correct.

16 Q But I thought you just said that that was a
17 Power Supply Charge, and then you add the RPS
18 to get the Default Service rate?

19 A (McNamara) The Power Supply and the RPS is
20 added to get the full Default Service rate of
21 the 7.714.

22 Q Okay.

23 A (McNamara) If I could turn your attention, you
24 might be able to see it more clearly --

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1 Q But look at -- how about if you just look at
2 Page -- the top of Page 197, where it asks
3 about the proposed Power Supply Charge, and
4 it's 7.727, which is higher than the Default
5 Service Charge? That's my confusion.

6 A (McNamara) The RPS component in this proposed
7 rate is negative this time.

8 Q Oh. Okay. All right.

9 A (McNamara) And you can see that, if you care
10 to, on Bates Page 209.

11 Q So, the price that the suppliers bid is the
12 Power Supply Charge?

13 A (McNamara) Correct.

14 Q And that includes the loss factor?

15 A (McNamara) Both factors are -- for the default
16 service process, we don't develop a sales
17 forecast, we're developing the rate. It's
18 based off of the purchases, actually, on
19 Page 209, you can see this. At the top, we're
20 looking at the power supply for the Residential
21 class, for example. And it takes the
22 over/under-collection from the prior period, it
23 sums in all of the costs, which primarily are
24 the power supply costs. And then it divides by

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1 purchases, and to that it applies a loss
2 factor. By doing that, sort of mimicking the
3 sales.

4 Q Okay. Thank you. Can you explain your
5 discussion about the changes in 19-043 that you
6 proposed that would be effective May 1st, and
7 how you plan to file a rate change in
8 compliance with this order?

9 A (McNamara) I will need clarification about
10 the -- and I apologize, 19-043 is the Company's
11 May 1 step change?

12 Q I guess. I'm assuming that's what it is. I
13 didn't look it up, but it's in -- I think it's
14 in your testimony.

15 A (McNamara) Oh, okay. Because I'm trying to
16 find the reference on a page.

17 MR. TAYLOR: I believe it's Page 2,
18 Lines 8 to 10.

19 CHAIRMAN HONIGBERG: Page 2?

20 CMSR. BAILEY: Page 196?

21 MR. TAYLOR: Sorry. Page 2 of her
22 testimony, Page 196.

23 CMSR. BAILEY: Yes, that's it. Yes.
24 Bates Page 196.

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1 **BY THE WITNESS:**

2 A (McNamara) Thank you. The reference to the --
3 how the Company "plans to file in compliance
4 with a Commission order", is that your
5 question? I apologize.

6 BY CMSR. BAILEY:

7 Q No. I don't understand the answer to the
8 question that starts on Line 6. How --

9 A (McNamara) Okay.

10 Q You know, it starts off talking about the
11 Low-Income Electric Assistance Program
12 Discounts".

13 A (McNamara) So, the Company would normally with
14 this filing, the Default Service change, have
15 three tariff pages that it would propose; the
16 Non-G1 class Default Service, the G1 class
17 Default Service tariff pages, and it would also
18 have its Low-Income Discounts, is its own
19 tariff page. But because we don't have
20 approved May 1 base rate changes in effect yet,
21 which would affect the Low-Income tariff page,
22 we're waiting for that to be figured out,
23 approved, whatever the process will be with
24 that, and then the Company will apply, because

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1 Default Service -- the Default Service
2 discounts are also on that page. So, in order
3 to have the June 1 Low-Income Discounts be
4 accurate, we need to incorporate whatever will
5 happen on May 1st.

6 Q And how will the discounts get determined?

7 A (McNamara) The tiered discounts?

8 Q The Low-Income Discounts.

9 A (McNamara) Uh-huh.

10 Q So, is it a percentage from the Default Service
11 rate?

12 A (McNamara) It is, in part, as well as all the
13 other rates.

14 Q Okay. So, you know what the discount from the
15 Default Service rate is? You just have to plug
16 that in, once you know what the base rate is?

17 A (McNamara) Correct.

18 Q Okay. Thank you. Mr. Pentz, just a couple
19 questions about the Wheelabrator. Did
20 Wheelabrator respond to your RFP?

21 A (Pentz) No, they did not.

22 Q Okay. Then, I guess I don't have any
23 follow-ups. On Page 26 of your testimony,
24 Mr. Pentz, there was a sentence that I didn't

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 understand on Lines 18 through 19. "The
2 response from suppliers bidding an add-on
3 charge" -- no, that's not it.

4 A (Pentz) I'm sorry, what Bates page was that?

5 Q Twenty-six. Had to do with the "wholesale
6 market financial risks".

7 A (Pentz) Right. So, there are -- there are some
8 suppliers that, you know, may not have the
9 appetite for participating in the energy
10 markets in New England, and that could be to
11 winter pricing. You know, the fact that there
12 may be some, you know, natural gas shortages in
13 the market in the winter that could cause price
14 shocks in the winter, where energy prices could
15 go up significantly higher. And there have
16 been participants who have not participated in
17 our solicitation because of that.

18 Q But this isn't a winter solicitation, is it?
19 It starts June 1st.

20 A (Pentz) It is not. Historically speaking, that
21 has been the case. I know there has been some
22 concern over capacity pricing as well.
23 Although, the capacity prices are lower in this
24 period.

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1 Q And they're known. And they're known three
2 years out.

3 A (Pentz) Yes.

4 Q I just didn't understand what you meant by
5 "financial risks"? They have "temporarily
6 withdrawn participation from load auctions due
7 to wholesale market financial risks".

8 A (Pentz) Yes.

9 Q Is that maybe just a carryover sentence from
10 the winter pricing docket?

11 A (Pentz) It's not a carryover sentence. I have
12 received feedback from suppliers, even in this
13 environment, in this upcoming service period,
14 where capacity prices are lower, that they, for
15 whatever reason, I'm not sure what reason, they
16 have, you know, they haven't been too specific
17 with me, but they have exited the New England
18 market.

19 CMSR. BAILEY: Okay. All right.

20 Thank you. That's all I have.

21 CHAIRMAN HONIGBERG: Commissioner
22 Giaimo.

23 CMSR. GIAIMO: Good afternoon.

24 WITNESS PENTZ: Good afternoon.

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1 CMSR. GIAIMO: Just a couple of
2 questions. It shouldn't take too long, and
3 I'll try to go sequentially through, through
4 the exhibit.

5 BY CMSR. GIAIMO:

6 Q I'm looking at -- I guess it's Page Bates 013,
7 and it's a follow-up to Commissioner Bailey,
8 who briefly talked about losses. And I see the
9 number of "6.40". Can someone explain the
10 derivation of that number? What's it based in?

11 A (McNamara) Could you refer me to the page
12 you're looking at again?

13 Q Sure. Bates 013.

14 A (McNamara) Okay.

15 Q And Line --

16 A (McNamara) Yes.

17 Q -- 6 and 22.

18 A (McNamara) The "6.40" is -- it's based on the
19 Company's tariff, the losses that are included
20 in that. The Company's tariff has specific
21 loss factors applicable to each class. But,
22 because the Non-G1 Default Service class is
23 comprised of Residential, the G2 class, and the
24 Outdoor Lighting class, it was necessary to

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1 develop a single loss factor for purposes of
2 this calculation. So, the 6.4 is an average,
3 "soft average" maybe might be a better term for
4 it.

5 Q Okay.

6 A (McNamara) If you turn to the next page, you
7 see the "4.591 percent" for the G1 class, which
8 is specifically out of the Company's tariff.

9 Q That was my next question. So, the fact that
10 the G1 number is lower than the Non-G1 number
11 is a function of where they are on the system.
12 And so, the larger consumers are closer to the
13 transmission system. I'm looking for
14 affirmation if I have this right. So, their
15 line losses would be less, whereas the deeper
16 you go into the distribution system, the more
17 line losses you would have?

18 A (McNamara) I'm not able to answer that
19 question.

20 Q Okay. My understanding of line losses, and you
21 may or may not be able to answer this question,
22 is that it's also a function of the time of the
23 season. So, I would expect -- you're already
24 shaking your head "no", so -- well, I'll finish

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1 the question, and you can say "I can't answer
2 that." Is that the line losses vary based on
3 the season, and summer line losses are
4 generally less than the winter line losses, yet
5 we have a fixed number. But the answer may
6 just be that you've weighted it. So, that it's
7 weighted throughout the whole year and not just
8 on a six-month period?

9 A (McNamara) The amount that I have here on these
10 pages is, again, from the Company's tariff,
11 which is a single number for each class.

12 Q Okay. Line -- I'm sorry, Page 24, Mr. Pentz
13 has one or two words in it that I just hope you
14 might elaborate on. Line 12 and 13, and here
15 you're talking about the evaluation process,
16 and Line 12 says "UES evaluated the bids on
17 both a quantitative and qualitative criteria,
18 including price, market conditions," and then
19 it goes on to list other things. I'm just --
20 can you elaborate on "market conditions"? What
21 do you mean by that?

22 A (Pentz) So, when I'm saying "market
23 conditions", you know, we will take a look at
24 the bid and evaluate if it's appropriate for

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1 that seasonal period. You know, if they're
2 submitting what appears to be a winter price
3 during a summer period, you know, that has to
4 be considered.

5 Q Okay. Historic, I don't know, is this the
6 first time that three different suppliers have
7 been selected for three -- to satisfy each of
8 the three tranches, to the best of your
9 knowledge?

10 A (Pentz) To the best of my knowledge, yes. I've
11 been with the Company three years, and this is
12 the first time that has happened for UES.

13 Q Okay. Line 21, on Bates 026, and Commissioner
14 Bailey was starting to ask some questions on
15 this, it says "Feedback from some bidders is
16 the large load class is too small to serve."
17 So, I have a bunch of questions on that.

18 But is this unique to Unitil? Is it a
19 function of the fact that the vast majority of
20 your C&I has left on their own for competitive
21 bid, and now you're left with an even smaller
22 small base of customers?

23 A (Pentz) It is predominantly a function of our
24 large customers leaving default supply and

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1 migrating to competitive supply, which leaves a
2 very small pool of customers left. Some
3 bidders are just not interested in
4 participating because of that. There is also,
5 you know, some migration risk in there, too.
6 Where, if a customer, you know, falls off of
7 default supply and onto competitive supply, you
8 know, that that could cause some issues
9 financially for them.

10 Q Okay. You also, later on in that Q&A, say "The
11 Company did receive significant interest from
12 several suppliers, some existing and others
13 new, who expressed interest in participating in
14 future solicitations." I guess with that in
15 mind, do you expect actually to see more robust
16 participation going forward?

17 A (Pentz) I do. I do. I received significant
18 feedback from suppliers that have not responded
19 to our solicitation, have not followed up with
20 me on our solicitation in years. And these are
21 suppliers from years ago that have contacted me
22 and expressed interest in participating in the
23 next solicitation.

24 Q Great.

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1 A (Pentz) I believe that to be a function of
2 possibly lower capacity prices as well.

3 Q Okay. I was going to ask a different question,
4 but now you've sent us down the capacity market
5 road, I'd like to hear your thoughts on this.
6 And so, for the Capacity Commitment Period
7 '18/19, we saw \$9.55 per kilowatt-hour month;
8 for the '19/20 Capacity Commitment Period we
9 see \$7.03. And we also, in the process between
10 those two solicitations, saw a reduction in
11 price of about 3 percent in the total energy
12 costs. Correct?

13 A (Pentz) That's correct.

14 Q All right. So, for Capacity Commitment Period
15 '20/21, do you know the number of the clear
16 price of the auction for that year? And would
17 you believe it's 5.29?

18 A (Pentz) \$5.30.

19 Q And thirty cents, 5.29, okay. So, with that in
20 mind, could we expect, with all else equal, to
21 see prices go down again?

22 A (Pentz) Yes. That is what I would expect.

23 Q Okay. I just have --

24 CMSR. GIAIMO: Well, I think that's

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1 it. I'm fine. Thank you for the time.

2 CHAIRMAN HONIGBERG: Good afternoon.

3 I have a few questions.

4 BY CHAIRMAN HONIGBERG:

5 Q First, following up on Commissioner Bailey's
6 question about the situation two years ago,
7 from 2017. I believe the answer we ended up
8 getting had to do with the retail rate being
9 close. Wouldn't another way to get at that
10 would be to look at the spreadsheet on Page 48,
11 and compare the third to the last column from
12 those two, which are extremely close?

13 A (Pentz) Yes. That is a good observation. That
14 is correct.

15 Q Mr. Pentz, you indicate that you've been with
16 the Company for three years. This is your
17 first appearance in front of us. We welcome
18 you. You talk like somebody who has been doing
19 this for a while, though. What is your
20 experience in this kind of process, prior to
21 this solicitation?

22 A (Pentz) My process for this solicitation itself
23 or just for my responsibilities?

24 Q Your experience. You sound -- you talk about

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1 this like you've done it before. And I'm
2 wondering what your experience is prior to this
3 solicitation?

4 A (Pentz) Well, my main responsibilities, you
5 know, when I first started three years ago,
6 involved load settlement. So, I'm very active
7 in submitting meter reads to ISO-New England,
8 and I managed the reallocation process with our
9 load assets in our metering domain. So, I'm
10 very privy to that process. I'm also a member
11 of the ISO-New England Markets Committee. And
12 I have attended Market Committee meetings in
13 the past. And I try to keep abreast of any new
14 news that comes about, you know, such as the
15 CASPR, C-A-S-P-R, Program.

16 So, I have pretty good experience in the
17 ISO-New England markets. And I use that
18 knowledge to help me assess bids. And it's
19 really good knowledge to have when you're
20 talking with suppliers who are also market
21 experts.

22 Q Had you participated or assisted in the
23 Company's prior solicitations?

24 A (Pentz) I have. I have. I have assisted in

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1 the solicitations for the past three
2 solicitations. Of course, I have not submitted
3 testimony. But I have managed the -- let's
4 call it the "front end of the solicitation",
5 which is creating the RFP, bidder outreach,
6 bidder communications. And that's where I
7 stopped last time. But this time I have put
8 together testimony and exhibits to defend the
9 results.

10 Q About the RFP process, that front-end process
11 and bidder outreach, Mr. Kreis asked you a few
12 questions about questions. You talked a little
13 bit about having conversations with prospective
14 bidders who may have questions about the
15 information that was in the RFP. Do you
16 remember that testimony?

17 A (Pentz) Yes.

18 Q Mr. Kreis was driving at a point that I became
19 interested in. In the public contracting
20 process, if questions come in from prospective
21 bidders, complicated proposals or not, there's
22 a process whereby the entity that issues the
23 RFP publishes all the questions and all the
24 answers that have been given. Usually, they

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1 say, you know, "all questions that have been
2 received by a particular date, we're going to
3 post all those questions and answers two days
4 later."

5 And I think the concern that Mr. Kreis --
6 that underlies Mr. Kreis's questions and my
7 questions are, if you're not giving the same
8 information to all of your prospective bidders,
9 do you run a risk of not getting the best bids
10 from everyone?

11 A (Pentz) I don't believe that to be the case.
12 You know, each communication that I have with
13 each supplier is robust, and they generally
14 have the same questions regarding the
15 solicitation. I am aware of a utility in
16 Massachusetts and Rhode Island that publishes a
17 Q&A on their default service procurement sites.
18 That is something we may want to look into.
19 But I don't believe it's necessary now.

20 CHAIRMAN HONIGBERG: Thank you. I
21 think the last thing I want to talk about is
22 confidentiality, and this may be for you,
23 Mr. Taylor, as much as anyone. I am going to
24 disclose some confidential information that's

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1 been marked in the packet.

2 Directing your attention to Page 76,
3 which Mr. Kreis asked some questions about, the
4 questions having to do with problems, I guess
5 put simply, comparing that to the same
6 questions and the answers that are on Page 81.
7 Marked not confidential on Page 81 are the
8 one-word responses "None", n-o-n-e. Marked
9 confidential, on Page 76, are a lot of words.
10 That strikes me as a red flag. When
11 identifying things that are confidential versus
12 not, if I see something not confidential that
13 says "none", and then I see a whole bunch of
14 blacked out material on an earlier page in
15 response to the same questions, I am
16 immediately interested in what's been blacked
17 out.

18 And that just seems like something you
19 want to think about in your redaction process
20 in making it -- so, if it's legitimately
21 confidential information, I make no judgment
22 about that, you've made that judgment and I'm
23 not going to question it. It strikes me that
24 what you want to do is make it so that people

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1 can't tell what you've redacted. So, I think,
2 and maybe as part of the discussion you have
3 with the OCA and Staff about redactions going
4 forward, you might want to think more broadly
5 about how to redact.

6 And I will, I guess, direct you to one of
7 the other companies, and I can't remember
8 whether it's Eversource or Liberty, that in
9 the -- their version of this proceeding, they
10 create a table that has a couple of dozen lines
11 on it, and only a handful of them are filled in
12 with information. And so, it's impossible to
13 tell how many bidders there were, and I think
14 they have room for as many as 15 or 20, and
15 they may only get five or six or two or three.
16 But, from one bid to another -- from one bid
17 cycle to another, there would be no way of
18 knowing how many came in. And that also goes
19 back to the conversation that we had with Mr.
20 Kreis earlier.

21 So, I guess I would just ask, Mr. Taylor,
22 as you think about redactions going forward and
23 what's confidential, to think more broadly
24 about this process, so that you are effectively

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1 hiding the confidential information and fairly
2 characterizing what is confidential and what
3 isn't. Can you do that for me?

4 MR. TAYLOR: That's a fair
5 observation. And, you know, we'll certainly
6 take it to heart.

7 CHAIRMAN HONIGBERG: All right.
8 That's all the questions I have.

9 Do you have any follow-up questions
10 for your witnesses?

11 MR. TAYLOR: I don't. Thank you.

12 CHAIRMAN HONIGBERG: All right.
13 There are no more witnesses for this
14 proceeding. So, I think the three of you can
15 stay where you are, because it probably won't
16 be long from now.

17 Without objection, we'll strike ID on
18 Exhibits 1 and 2?

19 *[No verbal response.]*

20 CHAIRMAN HONIGBERG: Are there any
21 other matters we need to take up before the
22 parties sum up?

23 *[No verbal response.]*

24 CHAIRMAN HONIGBERG: Mr. Kreis, why

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1 don't you start us off.

2 MR. KREIS: Thank you. Let me start
3 by thanking you, Mr. Chairman, for sort of
4 discerning the method in some of my madness
5 with respect to my questions, because my
6 recommendation to the Commission is that you
7 approve the results of this solicitation. It
8 appears to have been conducted in a fair,
9 reasonable, and robust manner. The results are
10 acceptable. I think there was competition
11 amongst bidders. The Company chose the lowest
12 bidders, it made good choices.

13 And so, some of the issues that I
14 raised are not of the sort that would cause me
15 to urge a different result on the Commission,
16 but they are things to think about, about the
17 way that, if certain things are redacted, the
18 way certain questions are posed, the
19 communications with the bidders.

20 I might be hypersensitive to this
21 question of what communications you have with
22 bidders during the bidding process, because I
23 have an RFP out, and I just had to send out
24 some -- I just had to post a bunch of answers

1 to questions that I got from bidders. And my
2 understanding of the rules that we live by, as
3 State purchasers of services and goods from
4 contractors, is that we can't answer questions
5 on an *ad hoc* basis.

6 It isn't necessarily the right thing
7 to do here, but it is something to consider.
8 And I was interested to hear that there's at
9 least one utility down in the southern part of
10 New England that does that. I don't know
11 enough to know whether that it is necessary and
12 appropriate here, but it's just something to
13 consider.

14 In any event, I'm also pleased,
15 consistent with the colloquy at the very
16 beginning of my cross-examination, to take the
17 issues that arise under RSA 362-H, also known
18 as "SB 365", and defer them to the future, when
19 and if Unitil enters into some kind of an
20 agreement with Wheelabrator pursuant to the
21 requirements of that statute. So, we've kind
22 of put that, that issue off for another day,
23 which is appropriate.

24 And subject to all of that, I thank

1 the three Unitil witnesses for their testimony,
2 especially Mr. Pentz, who is making his maiden
3 voyage here. And I urge a speedy and
4 expeditious Commission approval of the
5 Company's request.

6 CHAIRMAN HONIGBERG: Thank you, Mr.
7 Kreis. Ms. Amidon.

8 MS. AMIDON: Thank you. Staff has
9 reviewed the filing, and it has concluded that
10 Unitil complied with Commission orders
11 regarding the solicitation, bid evaluation, and
12 selection of the winning bidder, and that the
13 proposed rates are market-based and are just
14 and reasonable.

15 Staff recommends that the Commission
16 approve the rates as requested by Unitil to
17 recover the costs associated with their
18 purchase power agreements.

19 And finally, Staff has reviewed the
20 2018 Lead/Lag Study that was provided in this
21 filing, and we believe that the results are
22 acceptable for use for the default service
23 filings for this year. I believe Mr. Kreis may
24 have another opinion, I mean, another request

1 in that regard, so -- which he may have forgot
2 to make in his closing. And if I'm wrong, I
3 apologize, Mr. Kreis.

4 MR. KREIS: What do you think I
5 forgot to do?

6 MS. AMIDON: I thought you wanted to
7 condition the -- I thought you wanted to say
8 that the OCA needed to review the Lead/Lag
9 before they could finally accept it for use in
10 the default service calculation of rates?

11 MR. KREIS: No. Actually, I, if
12 Staff is satisfied with the results of that
13 lead/lag analysis, then I am willing to trust
14 that Mr. Chagnon, in particular, has given this
15 filing the attention it deserves. I am under
16 the impression that Staff has concluded that
17 the results of this study are consistent with
18 the results of the previous study. And subject
19 to all of that, I don't think we need to
20 prolong the lead/lag question.

21 MS. AMIDON: I would correct that,
22 saying the results are different, but that the
23 Lead/Lag Study was conducted in the same way
24 that the Commission has requested it be done in

1 the past. And the results flowing from all the
2 numbers are -- and Mr. Chagnon has concluded
3 that those results are accurate and should be
4 used in the default service rates for
5 calculation for this year.

6 MR. KREIS: Indeed. That's what I
7 meant.

8 CHAIRMAN HONIGBERG: Thank you,
9 Ms. Amidon. Mr. Taylor.

10 MR. TAYLOR: The Company appreciates
11 the time spent today on this by the Commission,
12 by the Staff, the OCA. And we also appreciate
13 the support of the Company's Petition by the
14 Consumer Advocate and by the Staff. And we
15 would encourage the Commission to approve the
16 Company's filing in the state that it was
17 filed, subject to Mr. Pentz's correction
18 earlier today.

19 And given what the Staff and the OCA
20 have just said, I guess I would amend my
21 earlier proposal regarding the lead/lag study,
22 and simply ask that the Commission approve the
23 Default Service filing with the Lead/Lag Study
24 as filed.

1 I will also say that, you know, the
2 Company does endeavor to put forth a
3 comprehensive and understandable filing to the
4 Commission. We do appreciate your thoughts on
5 how to improve it, and we will take those back.

6 CHAIRMAN HONIGBERG: Thank you,
7 Mr. Taylor.

8 We thank the witnesses for their
9 participation today. And we'll take the matter
10 under advisement, understanding that we have a
11 short time to turn this one around, and issue
12 an order as quickly as we can.

13 ***(Whereupon the hearing was***
14 ***adjourned at 2:59 p.m.)***