

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

3
4 **April 8, 2020** - 1:51 p.m.
5 *[Remote Hearing conducted via Webex]*

6
7 RE: **DE 20-039**
8 **UNITIL ENERGY SYSTEMS, INC.:**
9 **2020 Schedule for Default Service.**
10 ***(Hearing regarding the period from***
11 ***June 1, 2020 through November 30, 2020)***

12 **PRESENT:** Chairwoman Dianne Martin, Presiding
13 Cmsr. Kathryn M. Bailey
14 Cmsr. Michael S. Giaimo

15 Jody Carmody, Clerk
16 Eric Wind, PUC Remote Hearing Host

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

19 **Reptg. Residential Ratepayers:**
20 D. Maurice Kreis, Esq., Consumer Adv.
21 Office of Consumer Advocate

22 **Reptg. PUC Staff:**
23 Suzanne G. Amidon, Esq.
24 Richard Chagnon, Asst. Dir/Electric Div.
 Stephen Eckberg, Electric Division

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

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I N D E X

PAGE NO.

**WITNESS PANEL: JEFFREY PENTZ
 LINDA McNAMARA
 DANIEL NAWAZELSKI**

Direct examination by Mr. Epler	15
Cross-examination by Mr. Kreis	19
Cross-examination by Ms. Amidon	23
Interrogatories by Cmsr. Bailey	35
Interrogatories by Cmsr. Giaimo	45

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CLOSING STATEMENTS BY:

Mr. Kreis	58
Ms. Amidon	60
Mr. Epler	61

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6
7
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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Unitil Energy Systems, Inc., 2020 Default Service Schedule (03-26-20) {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
2	Unitil Energy Systems, Inc., 2020 Default Service Schedule, including Petition, Proposed Tariffs, 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 (03-26-20) <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
3	RFP for current solicitation redlined against previous RFP issued in DE 19-049	<i>premarked</i>

P R O C E E D I N G

1
2 CHAIRWOMAN MARTIN: Okay. Good
3 afternoon, everyone. I am Dianne Martin. I'm
4 the Chairwoman of the PUC. And we're going to do
5 things a little bit differently today, because we
6 have to do a number of things before we get
7 started. So, bear with me as I walk through
8 those things that we need to do.

9 We're here this afternoon in Docket DE
10 20-039, which is Unitil Energy Systems,
11 Incorporated Default Energy Service rate
12 proceeding for the period beginning June 1, 2020.

13 We need to make a number of findings
14 before we get started. So, I'm going to read
15 through that. As Chairwoman of the Public
16 Utilities Commission, I find that, due to the
17 State of Emergency declared by the Governor as a
18 result of the COVID-19 pandemic, and in
19 accordance with the Governor's Emergency Order
20 Number 12 pursuant to Executive Order 2020-04,
21 this public body is authorized to meet
22 electronically.

23 Please note that there is no physical
24 location to observe and listen contemporaneously

1 to this meeting, which was authorized pursuant to
2 the Governor's Emergency Order. However, in
3 accordance with the Emergency Order, I am
4 confirming that we are utilizing Webex for this
5 electronic meeting. All members of the
6 Commission have the ability to communicate
7 contemporaneously during this meeting through
8 this platform, and the public has access to
9 contemporaneously listen and, if necessary,
10 participate.

11 We previously gave notice to the public
12 of the necessary information for accessing the
13 meeting in the Order of Notice. If anybody has a
14 problem during this hearing, please call
15 (603)271-2431 as soon as you can. In the event
16 the public is unable to access the meeting, and
17 notifies us through the phone number I just gave
18 you, the meeting will be adjourned and
19 rescheduled.

20 All right. I also want to go through
21 just a few ground rules, since we're trying to do
22 this electronically, and for many of us the first
23 time we've done a formal public hearing
24 electronically.

1 The biggest ground rule that I have is
2 that everyone be patient with each other and with
3 us. We will do our best to try to fix anything
4 that happens.

5 When you speak, make sure that you have
6 unmuted yourself, and to make sure that you mute
7 yourself if you're not talking, because that will
8 help to bring the sound quality up.

9 If you need to be recognized by me,
10 please put your hand up in front of your screen
11 so that I can see it. I can see the parties for
12 the most part, I think, and I will watch for
13 that. But, again, be patient with me. I will
14 try to get to you as soon as I can.

15 For confidential information, even more
16 than usual today, please try not to talk about
17 confidential information inadvertently. Whenever
18 possible, try to identify the exhibit number and
19 the page that you're referencing, and don't
20 actually state what the confidential information
21 is. If you absolutely must state confidential
22 information or identify it, please let me know
23 that you're going to do that in advance, because
24 we will need to make sure that only the people

1 who are entitled to have access to that remain in
2 the Webex, and that will take some coordination
3 with our host, Mr. Wind, who is helping us out
4 today.

5 Speak slowly, and leave time for others
6 to consider what you have said, so that, if they
7 need to make a response, they can. I know that
8 our reporters will appreciate that, and it will
9 make it a little bit easier for them to do their
10 job today.

11 And, due to security concerns, we
12 discourage the use of the "chat" function,
13 particularly the private chat, other than when
14 necessary to alert someone that they are speaking
15 and have not unmuted.

16 Other than that, if something comes up
17 as we go forward, please let me know and we will
18 try to address it.

19 So, let's start the meeting by taking a
20 roll call attendance of the Commission, and then
21 we will take appearances. When each commissioner
22 states their presence, please also state where
23 you are located. And, if anyone else is with
24 you, please identify them, and that would be with

1 you in the same room.

2 Again, I'm Dianne Martin, Chairwoman of
3 the PUC. And I am in the Commission's office,
4 and no one is with me.

5 Commissioner Bailey.

6 CMSR. BAILEY: Kate Bailey. I'm in my
7 home, and no one is with me.

8 CHAIRWOMAN MARTIN: Commissioner
9 Giaimo.

10 CMSR. GIAIMO: Good afternoon.
11 Commissioner Mike Giaimo. I am in my office as
12 well here at the PUC.

13 CHAIRWOMAN MARTIN: Okay. Then, let's
14 take appearances.

15 Mr. Epler.

16 MR. EPLER: Yes. Gary Epler. I'm the
17 Chief Regulatory Counsel for Unitil Energy
18 Systems. Thank you. Good afternoon, everyone,
19 Commissioners, Madam Chair. And I just want to,
20 on behalf of the Company, thank the Commission,
21 the Commission Staff, the Consumer Advocate, and
22 all the others who are, you know, extending their
23 efforts to make this possible. We do appreciate
24 it. Thank you.

1 CHAIRWOMAN MARTIN: Mr. Kreis.

2 MR. KREIS: Good afternoon, everybody.

3 Can you all hear me?

4 CHAIRWOMAN MARTIN: Yes.

5 MR. KREIS: I can't hear if people can
6 hear me or not.

7 CHAIRWOMAN MARTIN: I can hear you.

8 MR. KREIS: Okay. Great. Thank you.
9 I am D. Maurice Kreis, the Consumer Advocate, and
10 here on behalf of residential utility customers.

11 And there are a couple of members of my
12 staff who are here in this virtual hearing space,
13 but I do not believe any of them intend to
14 participate. They're simply here to keep an eye
15 on me and figure out how all this is going to
16 work, because we have a bunch of hearings coming
17 up in the next few weeks where we would like to
18 learn how to do this really well.

19 CHAIRWOMAN MARTIN: Okay. Ms. Amidon.

20 MS. AMIDON: Thank you. Suzanne
21 Amidon, for Commission Staff. I do have two
22 analysts in the virtual room with me. I have
23 Rich Chagnon, the Assistant Director of the
24 Electric Division, and Steve Eckberg, who is an

1 analyst in the Electric Division.

2 Just as an administrative matter, I
3 noticed on my screen a "Call-in-User 7". I
4 wonder if we should ask Mr. Wind who that might
5 be?

6 CHAIRWOMAN MARTIN: Mr. Wind, are you
7 able to respond?

8 MR. WIND: Yes. So, Call-in-User 7, if
9 you recently joined this meeting via telephone,
10 can you identify yourself verbally?

11 MR. CHAGNON: This is Rich Chagnon. I
12 was not able to get audio on my laptop at work.

13 CHAIRWOMAN MARTIN: Okay. Thank you.
14 And that leads to my next question. Do we have
15 any members of the public joining this hearing?
16 If you are from the public and can speak up?

17 *[No indication given.]*

18 MS. MULLHOLAND: Madam Chair, this is
19 Kath Mullholand. We have with us today some
20 members of the State of New Hampshire DoIT
21 Division and from Cisco Webex. They are Cindy
22 Dotlich, Wendy Pouliot, Scott Lawrence, and Jim
23 Sarno.

24 CHAIRWOMAN MARTIN: Okay. Thank you.

1 All right. I believe that we have all of the
2 exhibits prefiled and premarked for
3 identification, Exhibits 1 through 3. Is that
4 correct? Does anyone have any concerns with the
5 exhibits at this point?

6 *[No indication given.]*

7 CHAIRWOMAN MARTIN: Okay. Moving on --
8 oh, Mr. Epler.

9 MR. EPLER: Yes, Madam Chairwoman. No
10 concerns. I would just propose, for purposes of
11 the hearing, to make it clear that there are two
12 exhibits, Exhibit 1 and Exhibit 2 are essentially
13 the same thing; one is a confidential version and
14 one is the redacted version of the filing. And
15 just so that we're all literally, and I guess
16 figuratively, on the same page, if we could refer
17 generally to Exhibit 1, which is the confidential
18 version, just so that we all see all the numbers
19 we need to see.

20 CHAIRWOMAN MARTIN: Okay. Thank you
21 for making that point. That's helpful.

22 And then, we had confidential treatment
23 of certain information. Until designated
24 information that's confidential pursuant to Rules

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 Puc 201.06 and 07. We will treat all of that
2 information as confidential during the hearing
3 and address it in the order as necessary. So,
4 that gets back to the statement I made before
5 about being cautious about all of that
6 information that's been marked "confidential".

7 Okay. Are there any other preliminary
8 matters we should address before we proceed with
9 the witnesses? I'm looking to counsel?

10 CMSR. BAILEY: Madam Chair?

11 CHAIRWOMAN MARTIN: Yes, Commissioner
12 Bailey.

13 CMSR. BAILEY: Can we take a brief
14 recess please?

15 CHAIRWOMAN MARTIN: Yes. Mr. Wind, can
16 you move the Commissioners to the lobby please?

17 MR. WIND: Yes, ma'am.

18 *[Brief recess taken at 2:04 p.m. and*
19 *the hearing reconvened at 2:10 p.m.]*

20 CHAIRWOMAN MARTIN: Let's go back on
21 the record and proceed with the witnesses.

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

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 CHAIRWOMAN MARTIN: Mr. Epler, are you
2 set?

3 MR. EPLER: Yes. I'm ready to proceed.
4 I have lost all video from everyone, and I'm not
5 sure why. But, I mean, I can still proceed,
6 assuming that you can hear me.

7 MR. PATNAUDE: I can see you.

8 MR. EPLER: Okay.

9 CHAIRWOMAN MARTIN: Commissioner
10 Bailey, can you see everyone? And, Commissioner
11 Giaimo, can you see everyone?

12 CMSR. BAILEY: I can see Attorney
13 Epler.

14 CMSR. GIAIMO: I can definitely see
15 Attorney Epler.

16 CHAIRWOMAN MARTIN: And can you see the
17 witnesses?

18 CMSR. GIAIMO: They were coming in and
19 out of the boxes [?], but, yes, I saw them all.
20 I don't see Scott Lawrence right now. Is he --

21 CHAIRWOMAN MARTIN: Okay.

22 MR. LAWRENCE: Yes. That's me, from
23 Cisco.

24 CMSR. GIAIMO: Okay.

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 MR. LAWRENCE: So, the top right corner
2 of your screen, you can click the first little
3 circle, and will give you four buttons. The
4 "Gallery View" will show everyone at the same
5 time. So, if you hover over the top, first one,
6 four buttons, "Gallery View".

7 CMSR. GIAIMO: Okay. Thank you.

8 MR. LAWRENCE: Sure.

9 CHAIRWOMAN MARTIN: Okay. Do we have
10 any objection to proceeding at this point?

11 *[No indication given.]*

12 CHAIRWOMAN MARTIN: Mr. Kreis, can you
13 see everybody, the witnesses?

14 MR. KREIS: Yes. I can see the
15 Commissioners, and I can see Mr. Pentz, and I can
16 see Ms. McNamara. And, yes, I think I'm good.

17 CHAIRWOMAN MARTIN: Okay. Well, since
18 we have no objection, I suggest we proceed.

19 Mr. Epler.

20 MR. EPLER: Okay. Thank you very much.
21 I would like to start my direct examination of
22 the witnesses. My plan is to go in the following
23 order: Mr. Pentz first, then Ms. McNamara, then
24 Mr. Nawazelski.

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 And, barring any objection, I think I
2 would prefer to try to ask in more of a leading
3 manner than even I usually do, just to be able to
4 get through some of this preliminary material.

5 **JEFFREY M. PENTZ, SWORN**

6 **LINDA S. McNAMARA, SWORN**

7 **DANIEL T. NAWAZELSKI, SWORN**

8 **DIRECT EXAMINATION**

9 BY MR. EPLER:

10 Q So, with that, Mr. Pentz, can I draw your
11 attention to what has been marked as "Exhibit 1",
12 which is the confidential version of the filing.
13 And, if you can turn to what the Bates stamp
14 pages in that filing -- well, actually, let me
15 step back a little bit. Before that, can you
16 confirm that you are a Senior Energy Analyst
17 working for Unitil?

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

19 Q Okay. And you have previously testified before
20 the Commission?

21 A (Pentz) Yes.

22 Q And, turning back --

23 CHAIRWOMAN MARTIN: Mr. Epler, I'm
24 sorry to interrupt. Can you please have him

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 identify himself on the record?

2 MR. EPLER: Yes.

3 BY MR. EPLER:

4 Q Mr. Pentz, can you please identify yourself on
5 the record?

6 A (Pentz) Yes. My name is Jeffrey Pentz. I'm a
7 Senior Energy Analyst at Unitil.

8 CHAIRWOMAN MARTIN: Thanks.

9 BY MR. EPLER:

10 Q Okay. Mr. Pentz, could you turn to what has been
11 marked as "Exhibit 1", which is the full filing,
12 confidential version?

13 A *(Witness Pentz nodding in the affirmative).*

14 Q And can you turn to Bates stamp Pages 0019
15 through 00206? And was that material in that
16 exhibit, on those pages, prepared by you or under
17 your direction?

18 A (Pentz) Yes. It was prepared by me.

19 Q And do you have any changes or corrections to
20 that material?

21 A (Pentz) Yes. I do have one slight cosmetic
22 correction on Bates Page 051. Okay. So, on
23 Bates Page 051, on the last paragraph, you'll see
24 two confidential percentage numbers there. The

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 last percentage number, there is a word "higher".
2 That should be "lower". So, the correct word is
3 "lower".

4 Q So, could you please read the corrected sentence?

5 A (Pentz) "For natural gas, the comparison shows
6 that current ratio of final bid prices to NYMEX
7 natural gas is *confidential percentage number*
8 higher than the ratio of final bid prices during
9 the same six-month period a year ago, and
10 *confidential percentage* higher than the ratio for
11 the prior" -- "lower", "lower than the ratio for
12 the prior six-month period of June 2019 to
13 November 2019."

14 Q Thank you. And, with that correction, do you
15 adopt these pages as your testimony and schedules
16 in this proceeding?

17 A (Pentz) Yes, I do.

18 Q Thank you. Ms. McNamara, can you please identify
19 yourself?

20 A (McNamara) My name is Linda McNamara. I'm a
21 Senior Regulatory Analyst for Unitil.

22 Q And have you previously testified before the
23 Commission?

24 A (McNamara) Yes.

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 Q Okay. Ms. McNamara, if you could also turn to
2 Exhibit Number 1, and turn -- and referring you
3 to Bates Page 00207 through 00264. Were these
4 prepared by you or under your direction?

5 A (McNamara) Yes, they were.

6 Q And do you have any changes or corrections?

7 A (McNamara) No.

8 Q And do you adopt these pages as your testimony
9 and schedules in this proceeding?

10 A (McNamara) Yes.

11 Q Thank you. Mr. Nawazelski, would you please
12 identify yourself?

13 A (Nawazelski) Hi. My name is Daniel Nawazelski.
14 I'm the Lead Financial Analyst for Unitil.

15 Q Mr. Nawazelski, could you please turn to Exhibit
16 Number 1, and to the Bates stamp Pages 00265
17 through 00308. And were these prepared by you or
18 under your direction?

19 A (Nawazelski) Yes, they were.

20 Q And do you have any changes or corrections?

21 A (Nawazelski) No, I do not.

22 Q And do you adopt these as your testimony and
23 schedules in this proceeding?

24 A (Nawazelski) Yes, I do.

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 MR. EPLER: Thank you very much. Madam
2 Chair, the witnesses are available for
3 cross-examination.

4 CHAIRWOMAN MARTIN: Okay. Thank you.
5 Mr. Kreis.

6 MR. KREIS: Thank you, Chairwoman
7 Martin. Good afternoon to everybody.

8 I just have, I think, a couple of
9 questions. And I'm guessing that Mr. Pentz will
10 want to answer them, but happy to hear from any
11 of the witnesses who want to talk to me.

12 **CROSS-EXAMINATION**

13 BY MR. KREIS:

14 Q There are various places in Exhibit 1 where the
15 Company refers to kWh sales projections and
16 projections of future load. And my question is,
17 to what extent do those projections take the
18 effect of the pandemic into account?

19 A (Pentz) They don't take into account the current
20 COVID-19 crisis, because these were numbers that
21 came out from our budget, which that process
22 started at the end of last year.

23 Q And, so, therefore, it would be fair to say that
24 those projections are probably pretty inaccurate

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 at this point, wouldn't you agree?

2 A (Pentz) You know, given that the crisis -- we're
3 not sure how it's unfolding. We understand there
4 is around a 5 to 7 percent reduction in load
5 according to ISO-New England. How that affects
6 certain classes, you know, that's something
7 that's debatable. You actually could see
8 residential load go up. But I don't want to
9 speculate on those particular numbers, because I
10 think it's too early to tell, you know, what
11 those numbers will be.

12 I think, to say they will be "wildly
13 inaccurate" or "inaccurate", you know, I think we
14 just need to have, you know, look several months
15 from now as time will tell.

16 Q Is there any sense in which the risk of those
17 projections being inaccurate falls onto the back
18 of customers or does the risk associated with
19 those projections essentially become the
20 responsibility of the winning bidders?

21 A (Pentz) So, when we ask our bidders to submit
22 bids, you know, they look at various factors.
23 And one factor that they will factor into their
24 final bid prices is uncertainty in load volumes.

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 So, given what's going on in the current crisis,
2 you know, I did hear feedback from some bidders
3 that, you know, they were concerned about where
4 load volumes were going to be at.

5 Now, usually what bidders will do is
6 they will incorporate a risk premium into their
7 bids to cover the risk for that wholesale
8 supplier. You know, if they say a certain amount
9 of -- if they think a certain amount of load
10 isn't going to come back for a long time, but it
11 actually does come back earlier than what they
12 think, then that provides a risk for them, and
13 also vice versa there.

14 So, you know, I think it's good that we
15 had competition. We had very robust competition
16 here. We had, you know, our highest
17 participation we've had in a while. So, I think
18 that helps to mitigate the effects on ratepayers.

19 But, you know, to answer your question,
20 I think that there may be an impact in regards to
21 the risk premiums, but we can't quantify that.

22 Q So, you aren't in a position to testify or
23 speculate about the extent to which there is an
24 unusually high or typical risk premium reflected

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 in the winning bids?

2 A (Pentz) That's correct.

3 Q This is a question that I should probably know
4 the answer to. But there are a few places where
5 you talk about the -- or, the documents talk
6 about the payment terms that have been settled
7 upon with the winning bidders. Has any of that
8 changed from previous solicitations that Unitil
9 has done?

10 A (Pentz) They have not changed since previous
11 solicitations.

12 Q So, probably what changed was just my having
13 focused on those questions this time for the
14 first time.

15 And I think this is my last question.
16 There are references in Exhibit 1 to both
17 quantitative and qualitative criteria that the
18 Company uses in determining who the winning
19 bidders are. Is it fair to say that in this case
20 the qualitative criteria that you apply did not
21 change the results of this solicitation?

22 A (Pentz) That's correct. They did not change the
23 results. All bidders that participated, you
24 know, we did a thorough review, you know, of

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 their submissions. You know, we have worked with
2 all of them in the past. So, we are comfortable
3 basing this on quantitative numbers, yes.

4 MR. KREIS: Thank you. Chairwoman
5 Martin, those are all my questions.

6 CHAIRWOMAN MARTIN: Okay. Thank you.
7 Ms. Amidon.

8 MS. AMIDON: Thank you. I'll try to be
9 extra careful and wait until the witnesses have
10 answered the questions, since sometimes I trip up
11 on that.

12 Good afternoon.

13 BY MS. AMIDON:

14 Q I wanted to ask my first question to Mr. Pentz,
15 concerning your correction. So, as I read this,
16 this is consistent with the statement that you
17 make in your testimony, that one of the reasons
18 for the lower prices we see this period is the
19 lower gas prices. Is that fair to say?

20 A (Pentz) Yes. That is fair to say, that lower
21 natural gas prices during this solicitation,
22 versus the same period last year, has resulted in
23 significantly lower power prices, yes.

24 Q Thank you. And the other factor you mention in

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 your testimony was the lower Forward Capacity
2 Market Auction price. And I believe that's on
3 Bates Page 026 of your testimony. And I can wait
4 till everybody gets there. You can just raise
5 your hand when you're there.

6 A *(Witness Pentz indicating).*

7 Q Okay. So, could you just tell me, explain that a
8 little bit, the change in the Forward Capacity
9 Market? I know you do that in your testimony,
10 but I would just appreciate hearing it from you
11 for the record.

12 A *(Pentz)* Sure. So, every year the ISO-New England
13 regional marketplace holds forward capacity
14 auctions, and that is for three years in the
15 future. So, for example, the auction that took
16 place at the end of this year will be for three
17 years from now. So, 2023.

18 So, what I have here in my testimony
19 are the clearing prices on previous capacity
20 auctions. So, you know, in June 2017, it was
21 \$7.03 per kilowatt-month. And then it, you know,
22 proceeds to \$9.55 for 2018, down to \$7.03 for
23 2019.

24 Due to recent trends in the wholesale

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 regional marketplace, capacity prices are going
2 lower. And it is, you know, the capacity prices
3 for FCA 11 went down to \$5.30 per kilowatt-month.
4 And they are continuing to go down. So, just for
5 the capacity commitment period starting June 1st,
6 2021, it's going to be \$4.63; June 2022, it will
7 be \$3.80; and June 2023, it will go down to
8 \$2.00, which is the lowest it's been in over ten
9 years.

10 Q Thank you.

11 A (Pentz) So, we're going to see capacity prices
12 keep going down.

13 Q Well, that's a bit different, because, as you
14 probably know, for a while they were consistently
15 going up. So, thank you for that.

16 So, I just have some -- well, I have a
17 few more questions, but did -- the question does
18 relate again to your testimony, Mr. Pentz. Did
19 the Company make any changes to the RFP, other
20 than the dates and non-substantive matters such
21 as that?

22 A (Pentz) We did not make any changes to the RFP.
23 We did remove the solicitation related to SB 365
24 for certain eligible facilities. But that is

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 all.

2 Q Perfect. Thank you. Similarly, were there any
3 substantive changes to the Master Power
4 Agreements that would shift any risk to the
5 customers in this solicitation?

6 A (Pentz) No. There were not any changes.

7 Q Thank you. I wanted to talk a little bit to get
8 your opinion about the RPS market. And I believe
9 you raise this issue at Bates Pages 029 and 030
10 in your testimony. And I'll wait till everyone's
11 there. Just raise your hand when you're there.

12 A (*Witness Pentz indicating*).

13 MS. AMIDON: Okay. Is everyone all
14 set? All right. I'm assuming that's the case.

15 BY MS. AMIDON:

16 Q So, what these pages show, first of all, is the
17 RPS obligations, is that right, for the
18 forthcoming year?

19 A (Pentz) On Bates Page 030? Yes. It shows the
20 New Hampshire Renewable Portfolio Standards for
21 2020.

22 Q And, in connection with this discussion, you talk
23 about constraints on procuring certain renewable
24 energy certificates, or RECs, is that right?

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 A (Pentz) Yes. You know, and this primarily has to
2 do with New Hampshire Class III. So, you know,
3 there has been a concern about a possible
4 shortage in the New Hampshire Class III market,
5 because these are predominantly biomass
6 facilities that generate in-state, in New
7 Hampshire. There are other facilities, such as
8 landfill gas, that are eligible to generate for
9 that class. But a majority of it does come from
10 in-state New Hampshire resources.

11 Now, due to wholesale power market
12 conditions, many of these wholesale -- these
13 merchant generators have been shuttering their
14 facilities. That could cause some constraints on
15 the supply side of New Hampshire Class III RECs.

16 Now, I know there is a big concern for
17 2019 with regards to, you know, if the compliance
18 percentages should be changed or not.

19 Ultimately, they stayed -- they are stayed at --
20 they will remain at 8 percent. I am curious to
21 see how that will play out in 2020.

22 Q And, if you turn to -- I mean, this is sort of
23 reflected, this issue that we just raised is
24 reflected in the pricing of the RPS adder, if you

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 will, the amount of money per kilowatt-hour that
2 the Company charges customers to pay for its RPS
3 obligation. And I believe it's on Page 203,
4 where you -- I think there's a graph that
5 demonstrates the components that the Company took
6 into account in setting the RPS adder. But, if
7 we could get there, then I think we could at
8 least have a better chance of talking about it.

9 A (Pentz) I'm on Bates Page 203, and I don't see a
10 graph. I see a table with market price
11 assumptions and --

12 Q That's because I'm terrible -- that's because I'm
13 terrible at describing things. So, thank you.
14 So, could you explain what's going on in this
15 table please?

16 A (Pentz) On Bates Page 203?

17 Q Yes.

18 A (Pentz) Okay. So, over to the left --

19 Q Or tell me what it demonstrates.

20 A (Pentz) Yes. So, you have your RPS obligation
21 for the upcoming service period with your
22 obligation percentages by class. Now, market
23 price assumptions, you know, these are
24 predominantly taken from broker sheets. We, you

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 know, are in regular contact with various brokers
2 throughout the industry. And they are a very
3 useful source of information regarding market
4 pricing.

5 So, you know, for Class I, you know, we
6 have, you know, \$40, and then the other classes
7 there as well.

8 A couple things to note. "Class I
9 Carve Out 2" -- "Class I Carve Out" is your
10 thermal. And we have that set at the alternative
11 compliance payment, because typically that REC
12 class has been undersupplied in previous years,
13 although it is catching up from what I hear. So,
14 you may see prices going down in future years.

15 And one other thing to note is Class
16 III. So, that's your New Hampshire Class III
17 biomass. We're using the alternative compliance
18 payment there as well, because we're not sure
19 what supply and demand will be for 2020. We're
20 unsure if the compliance percentages will change.
21 You know, as we went through this year, you know,
22 the compliance percentages could have changed up
23 until March or April, I believe, but they are
24 staying the same.

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 So, there's a lot of market risk with
2 Class III that I've heard from broker and market
3 participants, because you just really don't know
4 where it's going to end up.

5 Q And how does Unitil obtain its RPS requirements?
6 Is it through bilateral contracts? Is it through
7 an RFP? Would you briefly explain that for us
8 please?

9 A (Pentz) Sure. Mostly, we use the RFP process to
10 purchase RECs. We also occasionally will go out
11 and purchase RECs from parties outside of the RFP
12 process. It's rare, but we do do it on occasion.

13 Q Okay. Thank you. And I wanted to turn to Ms.
14 McNamara at this point please.

15 We were -- we were just talking about
16 the RPS adder, Ms. McNamara. And I understand
17 that, for the period beginning June 1, it will be
18 0.981 cents per kilowatt-hour, is that correct?

19 A (McNamara) That's correct.

20 Q Now, this is -- this adder calculation, as I
21 understand it, includes 50 percent of an
22 undercollection from the prior period, is that
23 right?

24 A (McNamara) That is correct.

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 Q And could you explain why there is this
2 under-collection from the prior period, if you
3 know please?

4 A (McNamara) The most significant part of that
5 expected under-collection is due to the increase
6 in the pricing for the RECs. For example, Class
7 I, I believe we had forecasted that in our prior
8 filings, which were made -- I guess I'm not sure
9 of the dates of those, but they would have been a
10 year ago and then in the fall. It covered the
11 2019 RECs period. And we had estimated the Class
12 I to come in somewhere around \$12 a REC. And I
13 think the current pricing on that is about \$40 or
14 so.

15 Q That would be consistent with what we saw from
16 Mr. Pentz, I believe, in his testimony. And, so,
17 it's not -- is it fair to say that it's not just
18 the future price of RECs for the period beginning
19 June 1, but also this under-collection, which is
20 contributing to an RPS adder which is almost one
21 cent per kilowatt-hour?

22 A (McNamara) It certainly contributed to it.

23 Q Thank you. That's basically what I was looking
24 for.

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 Now, one more question for you, because
2 I think I overlooked this in prior hearings. But
3 I notice, as the Company typically does, you also
4 set at this point in time, for June 1, a
5 kilowatt-hour rate for the low income customers,
6 is that right?

7 A (McNamara) I'm not sure. Could you rephrase your
8 question?

9 Q Well, let me just say, one of the tariffs that
10 are provided at the beginning of the filing, and
11 it's not numbered because it's a tariff, is for
12 Low Income Electric Assistance Program discount.
13 So, I probably did ask -- word that incorrectly.
14 Could you just address that briefly please?

15 A (McNamara) This page shows the calculation of the
16 various -- the discount levels, depending on
17 which tier the low income customer falls into.
18 And is everyone looking at the page that
19 Ms. Amidon referenced?

20 Q The page is about, I think -- well, the one I'm
21 looking is the proposed tariff, so it's not Bates
22 stamped. But I believe you have one in your --
23 you have a redline of this in your attachments,
24 Ms. McNamara. Maybe you could help me find that?

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 A (McNamara) The redline page number is Bates stamp
2 Page 227.

3 Q Thank you so much. And I'll wait till everyone
4 gets there. And then, I just would like you to
5 explain what's going on for these customers, or
6 in the Low-Income Assistant Program?

7 MS. AMIDON: Is everyone there? Okay.

8 BY MS. AMIDON:

9 Q Okay. So, if you could just explain what is
10 depicted in this exhibit please.

11 A (McNamara) The very first column of numbers is
12 showing the calculation of the discount per
13 kilowatt-hour to the residential rates or for
14 delivery only. So, it has nothing to do with the
15 default service. All of the other columns here,
16 obviously not including the ones that have been
17 redlined, are showing the calculation of each
18 percentage tier to the proposed default service
19 rates.

20 So, for example, in the third column
21 over, the "Low-Income Discount Fixed Default
22 Service" for the June to November 2020 period,
23 the very first number shown is a credit of
24 "\$0.00559" per kilowatt-hour. And that is

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 determined by taking the percentage of 8 percent
2 under the proposed fixed Default Service Charge
3 for the Non-G1 class of \$0.06987 per
4 kilowatt-hour.

5 Q Thank you. I just wanted to note that the
6 changes in the energy price also impact the
7 Low-Income Electric Assistance customers in a
8 beneficial manner.

9 MS. AMIDON: One moment please. Oh,
10 that's all I have for you, Ms. McNamara.

11 I do have a couple of questions for Mr.
12 Nawazelski. Thank you. You look attentive, so I
13 appreciate that.

14 BY MS. AMIDON:

15 Q Did you conduct the Lead/Lag Study similar to the
16 prior studies that you performed, for example,
17 for the year 2018?

18 A (Nawazelski) Yes, I did.

19 Q And that is consistent with discussions that
20 occurred at a prior time with Staff and the OCA
21 about how to calculate or how to, you know, to
22 make an inquiry into how the Company calculates
23 the leads and lags. Do you recall that?

24 A (Nawazelski) Yup.

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 Q Okay.

2 A (Nawazelski) Correct.

3 MS. AMIDON: So, thank you. That's all
4 I had for you. Thank you very much.

5 And that's all I have, Madam
6 Chairwoman.

7 CHAIRWOMAN MARTIN: Okay. Thank you.
8 Ms. Epler, do you have any follow-up?

9 MR. EPLER: No, I do not. Thank you.

10 CHAIRWOMAN MARTIN: Okay. Thank you.
11 Commissioner Bailey.

12 CMSR. BAILEY: Thank you.

13 BY CMSR. BAILEY:

14 Q Mr. Pentz, can we look at the page that you
15 corrected, I think it was Bates Page 051?

16 A (Pentz) Yes.

17 Q And I don't need you to go into the confidential
18 numbers there. But, in the first part of the
19 sentence, it says "For natural gas, the
20 comparison shows that current ratio of final bid
21 prices to NYMEX NG is higher than the ratio of
22 final bid prices during the same six-month period
23 a year ago." Is that true?

24 A (Pentz) Yes. And, you know, just for reference

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 here, these numbers that are in that page are
2 also in another section of the filing here, a few
3 pages down. So, let me --

4 Q Mr. Pentz, are you talking? Are you on mute?

5 A (Pentz) I'm not on mute. I was just looking to
6 find the exhibit for you. So, on Bates Page 054,
7 you will also see that number. So, it's pulled
8 from --

9 CMSR. BAILEY: I can't hear the
10 witness.

11 CHAIRWOMAN MARTIN: Mr. Pentz, can you
12 hold for a minute? Commissioner Bailey cannot
13 hear you speak for some reason.

14 CMSR. BAILEY: Now I can't hear you,
15 Chairwoman Martin, either. I can see your lips
16 moving.

17 CHAIRWOMAN MARTIN: Mr. Wind, Mr. Pentz
18 is unmuted and able to go, from your perspective?

19 WITNESS PENTZ: Test. Test.

20 MR. WIND: Yes. I can hear Mr. Pentz.
21 He's not on mute.

22 MS. MULLHOLAND: I also want to point
23 out that Mr. Pentz has separate audio from video.
24 So, you will not see his video and audio in the

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 same square.

2 CHAIRWOMAN MARTIN: Well, why don't we
3 take, since this is important that Commissioner
4 Bailey see and hear everything during this time,
5 why don't we take a brief recess.

6 Mr. Wind, if you could put the
7 Commissioners in the lobby and we can try to
8 figure this out, I would appreciate it.

9 *(Recess taken at 2:46 p.m., and the*
10 *hearing resumed at 2:53 p.m.)*

11 CHAIRWOMAN MARTIN: Let's go back on
12 the record, and if you could just start over.

13 CMSR. BAILEY: Okay. Thank you.

14 CHAIRWOMAN MARTIN: Okay. If
15 Mr. Patnaude is set, Commissioner Bailey, you can
16 go ahead.

17 CMSR. BAILEY: Thank you.

18 BY CMSR. BAILEY:

19 Q Mr. Pentz, could you look at the sentence on Page
20 51, the first part of the sentence, and tell me
21 if the comparison shows that the current ratio of
22 final bid prices is higher than the ratio of
23 final bid prices compared to last year?

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

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 Q Can you explain that to me please?

2 A (Pentz) Sure. So, those numbers are also on
3 another page here, on Bates Page 054. Okay. So,
4 if we go to Bates Page 054, --

5 Q Okay.

6 A (Pentz) -- you'll see that number there. Now,
7 there's some confidential data in here, and I
8 don't want to talk about confidential data by
9 accident here.

10 Q Yes.

11 A (Pentz) So, I'm not sure how I should approach
12 this. Basically, what you're doing is, you know,
13 you have the ratio of the final bids to NYMEX
14 natural gas prices for the prior year period, and
15 then you have your current ratio of final bids to
16 NYMEX as a result of this solicitation.

17 And, you know, the reason why this is
18 in the filing is it's good to see, you know,
19 having a ratio of the gas prices to what the
20 final bids came out at, because you can kind of
21 gauge, you know, the correlations. "Well,
22 natural gas prices are lower, are power prices by
23 that same ratio lower?" Then, you would come out
24 with essentially that same percentage, because

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 the ratio would go down equally. Which is
2 essentially what's happening here with that
3 numbering.

4 Q Okay. All right.

5 A (Pentz) Do you have a --

6 Q So, would you say that the bid prices came in
7 about where you expected them to come in from
8 your analysis before you issued the RFP?

9 A (Pentz) Yes. Yes. I think that the bid prices
10 were reasonable and fair, and they came in as we
11 expected.

12 Q Okay. Thank you. Has Unitil purchased the
13 required amount of Class III RECs for 2019?

14 A (Pentz) Yes. We purchased all of our
15 requirement.

16 Q And what was the actual price?

17 A (Pentz) I mean, I could take a record request on
18 that. I don't want to, you know, say a number
19 that I'd have to be corrected. But I'd be happy
20 to get you a weighted average price.

21 Q Do you know, was it -- did you pay more than you
22 thought you were going to have to pay for Class
23 III as well?

24 A (Pentz) Yes.

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 Q Okay. Do you know if you banked any Class III
2 RECs?

3 A (Pentz) A very, very small amount, a very minute
4 amount. Nothing substantive.

5 Q So, you will have to buy pretty much the full
6 amount next year for the 2020 compliance year?

7 A (Pentz) Yes. That's true. And, in our most
8 recent REC RFP, we did not purchase any New
9 Hampshire Class III 2020 RECs, because we were
10 still uncertain about what was going to happen in
11 2019.

12 Q Okay. Mr. Nawazelski, can you take me through
13 the schedule on Page 299 please?

14 A (Nawazelski) Yes. Just give me a minute to get
15 there.

16 All right. So, this schedule is taking
17 estimated renewable energy certificate costs
18 across the year. So, we have estimated costs
19 across 2019. I take those estimated monthly
20 costs, and I remove -- I apply actual renewable
21 energy certificate purchases in chronological
22 order, until each month's -- each month's costs
23 is brought to zero. And then, the next amount of
24 purchases are applied to the subsequent months,

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 until the amount of purchases made in the year
2 are completed, or, when I say "year", I mean up
3 until March 27th of 2020.

4 Any remaining payments, for example,
5 September through December of "\$774,710", I apply
6 a payment date of July 1, 2020, which is the last
7 date that the Company can make purchases related
8 to the 2019 renewable energy certificates.

9 Q And this table is showing us the number of lead
10 days from delivery of the RECs to when you
11 actually purchased them. Is that what it's
12 showing?

13 A (Nawazelski) Yes. That is correct.

14 Q So, in January, you were required to have, say,
15 22 or 23 percent of your energy delivered, you
16 needed to have REC credits for 22 percent of your
17 energy delivered in January, each month, right?

18 A (Nawazelski) I believe that is, that's the case.

19 Q Okay. But you didn't buy any until September?

20 A (Nawazelski) No. So, we estimate the costs.
21 Give me one second.

22 So, for example, we have -- we
23 estimated \$12,427 of renewable energy certificate
24 purchases would be made in January. Because we

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 don't know at the time how many we are actually
2 going to be making, I take that dollar amount.
3 And, as purchases are made across the year, so,
4 for example, the first purchase that we made, in
5 the second column down, "REC Purchases", of
6 "\$3,121". Oh, actually, I was looking at the G1
7 period, sorry. The amount of "\$44,535", that REC
8 purchase is then applied to our January estimated
9 costs.

10 Q But you -- sorry, if I had my headphone on, you
11 wouldn't hear my clock. So, in January, you
12 actually spent or purchased \$44,535 of RECs?

13 A (Nawazelski) In January, we did not purchase any
14 RECs that were attributed to 2019. The
15 \$44,000 -- \$44,535 of RECs were purchased on
16 August 12th, 2019. And that was the first time
17 that the Company purchased RECs attributable to
18 2019.

19 Q Okay. And, so, tell me how that impacts your
20 Lead/Lag Study, the fact that you didn't purchase
21 until August?

22 A (Nawazelski) Okay. So, if you look up -- so,
23 staying in that same REC purchases, where you can
24 see that dollar amount of "44,535", the beginning

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 and end period, the two lines above that \$44,000
2 amount, that shows that the period that you're
3 applying those purchases to applies to the month
4 of January of 2019. Then, you go down and you
5 see that there's a payment date again of August
6 12th, 2019. Your lead period is then calculated
7 based off of the January -- the midpoint of the
8 January period, January 2019 period, and the
9 payment date of August 12th, 2019.

10 Q And that's what I'm having a hard time
11 understanding. So, why would you count 208 days,
12 when you didn't purchase them until August?

13 Because I thought that the purpose of
14 the lead calculation was to determine the number
15 of days from delivery of the RECs to when you
16 made the payment. And you didn't really deliver
17 them in January, because you didn't buy them
18 until August. So, why would you count that as
19 lead?

20 A (Nawazelski) I think I would need to take a data
21 request on that, and get a better understanding
22 of the estimated REC purchases that are estimated
23 for January of 2019.

24 Q I have the same question for every month. If --

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 you know, the way the REC market works, you don't
2 have to purchase your RECs until July, but you're
3 crediting them back to January. You really
4 haven't spent the money, you haven't waited for
5 the money. I don't understand, I guess, why the
6 lead -- lead/lag study would apply to these.

7 And, so, maybe you could work it out
8 with Staff. I know that usually you work on the
9 lead/lag study between this default service
10 period and the next one. And, so, maybe I would
11 just you and Staff to look at that and see if
12 it -- why it makes sense to count that many days
13 for lead, when you really don't have to buy any
14 RECs until the end -- until July for the 2019
15 period.

16 A (Nawazelski) Okay. I can work to get that
17 completed and look at that.

18 CMSR. BAILEY: Okay. Thank you.
19 That's all I have.

20 CHAIRWOMAN MARTIN: Okay. Commissioner
21 Giaimo.

22 CMSR. GIAIMO: Okay. Good afternoon.
23 There will be -- I won't get any feedback on that
24 one, right?

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 I guess my -- can everyone hear me?
2 Just someone shake their head? Okay. Great.

3 So, I think any of the three panelists
4 can feel free to answer the questions that I
5 have.

6 BY CMSR. GIAIMO:

7 Q And I guess my first question is, is it fair to
8 say the results of the solicitation produced
9 historically low default service rates?

10 A (Pentz) I would say, looking back in time, that
11 they certainly have. I know I looked back to
12 2016. 2016 was a pretty low cost year. So, you
13 know, it was about the same as 2016, when you
14 look at the UES residential rate. And, when I'm
15 talking about rates, I mean the wholesale power
16 rates. You know, the wholesale market rates were
17 almost as low in 2016. And then, going before
18 2016, you know, power prices were fairly elevated
19 before 2016. So, these are some of the lowest
20 prices we've seen in a long time.

21 Q Yes. I would think, with just my recollection, I
22 would think you'd need to look back into the
23 early 2000s to get to numbers similar to this.

24 So, with that in mind, with the June

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 through November numbers being close to historic
2 lows at least, is the Company concerned with a
3 potential for a forthcoming winter price spike in
4 December?

5 A (Pentz) You know, there always is that
6 possibility. You know, we are in New England.
7 So, you know, and depending on how cold it gets,
8 it has, you know, certain effects on the price of
9 power. So, you know, sure. I think that that,
10 you know, potential for higher power prices in
11 winter to come back are certainly going to be
12 there.

13 Q I don't mean to put words in your mouth, and you
14 may feel like your system has worked, it's worked
15 great, and you've produced among the lowest
16 default service rates in New Hampshire. So, you
17 could -- that may be your answer, but I guess I'm
18 wondering is the Company -- is the Company
19 considering or would the Company consider
20 bifurcating the winter months, so all three
21 months, December, January, and February, aren't
22 all in the same solicitation period? Or, you
23 might tell me that's irrelevant.

24 A (Pentz) It's something we've considered. I

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 think, when you look at, you know, the way our
2 service periods are structured, you have
3 essentially a summertime rate, June 1st through
4 November 30th, which is low; you have a winter
5 period, which is higher. And, you know, does it
6 really make any difference if you split the
7 winter? You know, when you average it all out, I
8 know we've crunched some numbers here and there,
9 and there really isn't that much of a difference.

10 Q Okay. Thank you. The RPS adder is almost a
11 cent. That's the same irrespective of class, is
12 that right?

13 A (McNamara) It is different by class for the
14 Non-G1 and the G1 classes.

15 Q Okay.

16 A (McNamara) It's just because the classes have the
17 different over-/under-collections associated with
18 them, different loss factors that are applied to
19 the purchases. But underlying, just for the sake
20 of the forecasts, I believe Mr. Pentz could
21 confirm are the same.

22 Q Right. Okay. So, Residential, G2, OL, all the
23 same, G1 slightly different, but, fundamentally,
24 from the same numbers?

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 A (McNamara) Yes.

2 Q Okay. Thanks. So, the RPS obligation is
3 approximately a sixth the size of the residential
4 power supply chart, which I think that's right.
5 Basically, it's almost a cent, compared to six
6 cents. Do I have that right?

7 A (McNamara) That's right.

8 Q And I guess, under current trends, and with all
9 else equal, if the RPS represents a seventh, or
10 approximately fourteen percent of the Default
11 Service Charge, in future solicitations, with RPS
12 increases coming and lower capacity costs, can we
13 expect the RPS to be a larger percent of the
14 total Default Service Charge?

15 A (Pentz) I would expect that to be the case, yes.

16 Q Okay. I think I've asked this of the Company
17 before, and you can scold me and tell me you
18 answered it in a prior hearing. But, if you
19 haven't, maybe you could answer, the G2 and OL
20 rate are generally lower than the residential.
21 Is that reduced cost a function of low migration
22 risk and maybe more predictable, better load
23 curves in the future?

24 A (Pentz) Yes, that's a good question. I don't

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 think it has much to do with migration, because,
2 in your residential class, there isn't as much
3 migration as there is in your small business, you
4 know, medium commercial class. Obviously, it's
5 much larger in your large commercial class,
6 right?

7 But, you know, to answer your question
8 about, you know, why is the residential rate
9 lower -- I'm sorry -- higher than your medium
10 rate? And, you know, I think it has something to
11 do with the way they're profiled, really. So,
12 you know, your residential customers, you know,
13 the way profiles are created, they use more power
14 at night. You know, everybody gets back from
15 work, you know, you turn on your air conditioning
16 in the summertime during peak hours, that's when
17 peak power prices are the highest. Well, if
18 you're a small business owner, if you own a
19 medium-size company or, you know, a large-size
20 company, you're probably shut down at 6:00, 7:00
21 p.m., during those really high-price days. So, I
22 think that's probably all of it.

23 Q Okay. So, -- sorry, I didn't mean to cut you
24 off.

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 A (Pentz) No, that's okay. I'm finished, yes.

2 Q Ms. McNamara, you okay with that?

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

4 Q Okay. Going last, or close to last, I feel like
5 I bat eighth in the lineup here with respect to
6 questions, and frequently my questions are often
7 asked by Attorney Kreis. I think he'll like that
8 baseball analogy.

9 But I want to make sure I understand
10 kind of the Q&A that happened earlier with him
11 and the pandemic, that he had with respect to the
12 pandemic in the forecast. So, I just want to see
13 if I have this right. Given the pandemic and the
14 potential for a shrinking economy, how confident
15 is the Company with its purchase -- with its
16 kilowatt-hour purchase forecast? And what I
17 heard the answer was was, basically, "That's to
18 be determined. We'll figure that out. We'll
19 figure that out. But the forecast predates the
20 outbreak of the Coronavirus." So, I'm going to
21 pause there and --

22 A (Pentz) The forecasted -- let's see. Yes. The
23 forecasted sales data that we used for this RFP
24 was prepared before, you know, the COVID-19

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 crisis really hit the country.

2 Q Uh-huh.

3 A (Pentz) Now, as I mentioned to the Consumer
4 Advocate, is that, you know, we had a very good
5 amount of competition this round. The most
6 competition we've had in a while. So, that in a
7 way, you know, is going to mitigate some factors
8 there, because, you know, I saw in some pricing,
9 you know, that there was some variation. So, and
10 it's good, you know, to have as many bidders as
11 you can. And I think that's really the most
12 promising part here is, you know, we were able to
13 get the lowest rate because of that increase in
14 competition. And you really get to see how
15 different -- different bidders react to certain
16 environments.

17 And I think that the power prices, the
18 bids that were submitted were appropriate. I
19 don't think they were -- I don't think there were
20 too high of a risk premium involved. I did hear
21 feedback from a couple bidders that did say that.
22 But then we have other bidders that bid a low
23 price. So, you know, it's just good having the
24 competition there, but I don't have any issues

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 with the power prices.

2 Q Yes. But, not to put words in your mouth, but
3 your response could easily be that this is a full
4 requirement contract, they're obligated, and
5 it's -- and that that risk is borne by them, and
6 it's the cost of doing business as a supplier.
7 Do I have that right?

8 A (Pentz) Yes, that's correct. Yes. This is a
9 full requirements contract, you know, for six
10 months of a power supply, and they have to
11 provide that power supply at the agreed-to
12 prices, yes.

13 Q The companies that won the bids, have they won
14 prior default service contracts with the Company?

15 A (Pentz) Yes. They have.

16 Q All three have?

17 A (Pentz) Hold on one second here. Yes, that's
18 correct.

19 Q Okay. Great. I'm going to jump to Page 201,
20 Bates 201. And I'll pause so we can get there.
21 So, I was looking over this -- Mr. Pentz, are you
22 there? I'm sorry.

23 A (Pentz) Yes. I'm here. Sorry.

24 Q No, I just didn't want to get ahead of us. So, I

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 was looking over your Schedule 3. And I think it
2 basically talks about customer migration numbers
3 from February 2019 through February 2020. And,
4 as I looked through all the numbers, to me it
5 looked like there was a pretty steady bandwidth
6 for which there -- for which migration happened,
7 and that they stayed clustered and pretty compact
8 and not a lot of deviation. Is that a fair
9 reading?

10 A (Pentz) Yes. I'd say that's a fair reading.
11 There really isn't too much migration, you know,
12 in the domestic class. You know, there are only
13 a handful of large customers. So, you know, when
14 you see a large customer go away, that can shift
15 the numbers. But, yes, it has been consistent.

16 Q So, would this consistency find its way into a
17 supplier's bid, if they saw the consistency and
18 knew that migration was relatively flat, and give
19 them certainty and, hopefully, which, in turn,
20 would help mitigate their risk and their risk
21 premium. Is that -- am I making a fair jump
22 there?

23 A (Pentz) Yes. I think that's a fair statement.
24 You know, we do provide wholesale bidders our

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 historical load, along with the retail sales
2 file, which shows migration patterns from
3 competitive supply to default service. So,
4 certainly, this is one part of their forecast
5 that they rely heavily upon, is trends in
6 migration and, yes, load data.

7 Q Thanks. This is my last question. I just want
8 to make sure I understand the Class III RPS
9 situation. So, I'm going to go to Page 203. So,
10 let's go forward two more pages.

11 A (Pentz) Okay.

12 Q And maybe I missed it in the earlier discussions
13 with Commissioner Bailey and/or Attorney Amidon.
14 I just see this "34.54" number as a market price
15 assumption. That's the number the Company used
16 and it used to factor the RPS adder, correct?

17 A (Pentz) Yes. And, you know, as I was saying to
18 Ms. Amidon is the -- that number, the 34.54, is
19 the alternative compliance rate for 2020 for New
20 Hampshire Class III.

21 You know, given, as I said earlier,
22 that, you know, the New Hampshire biomass
23 generators, you know, market, you know, could be
24 supplying lower amounts of energy because of

[WITNESS PANEL: Pentz|McNamara|Nawazelski]

1 market conditions, you know, we tend to think
2 that there could be a shortage of supply. And
3 that, you know, we're basing our market payments
4 on the alternative compliance payment rate.

5 Q Okay. See, I just -- maybe it's subject to maybe
6 checking and going back and making sure, but my
7 understanding was that the ACP was generally
8 higher than that. But, if you're telling me it's
9 34.54, and not the \$55 range, which my head
10 gravitates towards, --

11 A (Pentz) Yes.

12 Q Thank you. What I really want to know is, is
13 whether you assumed the highest price of the ACP,
14 and it sounds like you said you did.

15 CMSR. GIAIMO: So, with that, Madam
16 Chair, I'm done with my questions. Thanks to the
17 panelists.

18 WITNESS PENTZ: Thanks.

19 CHAIRWOMAN MARTIN: Okay. Thank you.
20 I have no questions that haven't already been
21 answered.

22 So, Mr. Epler, do you want any
23 follow-up at this point?

24 MR. EPLER: Thank you, Madam Chair. I

1 have no redirect at this point of the witnesses.

2 We recognize that we have one record
3 request that's been asked, to explain the REC
4 payment schedule impact on the lead expense, and
5 we will get that to the Commission as quickly as
6 possible.

7 CHAIRWOMAN MARTIN: Commissioner
8 Bailey, did you have -- there was initially a
9 question about a first record request before the
10 "lead" question. Did you have another record
11 request or just the one?

12 CMSR. BAILEY: Well, I had just the
13 one. And I'm not sure that it needs to be a
14 record request, because I don't think it was
15 concerning the lead/lag study in this filing.

16 So, I think what would probably be
17 better is that the Staff and the Company talk
18 about it, and to help me understand --

19 *[Court reporter interruption due to*
20 *inaudible audio.]*

21 CHAIRWOMAN MARTIN: Commissioner
22 Bailey, Steve is having trouble hearing you.

23 *[Court reporter interruption.]*

24 CMSR. BAILEY: I recommend that Staff

1 and the Company talk about it, and to explain it
2 at the next hearing, or in a filing before that,
3 if they prefer. I don't think it needs to be a
4 record request.

5 CHAIRWOMAN MARTIN: Mr. Epler.

6 MR. EPLER: Yes. That's fine with the
7 Company. Commissioner Bailey is correct. We do
8 not need approval of the Lead/Lag Study with the
9 approval --

10 *[Court reporter interruption due to*
11 *inaudible audio.]*

12 MS. MULLHOLAND: Madam Chairwoman,
13 would you go off the record for a moment?

14 CHAIRWOMAN MARTIN: Yes.

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

17 CHAIRWOMAN MARTIN: Okay. Mr. Epler,
18 why don't you take it from the beginning, where
19 you were explaining your response to Commissioner
20 Bailey's explanation that we don't need a record
21 request.

22 MR. EPLER: Thank you. Yes. As
23 indicated in our Petition, and as we have done
24 for the past several years at least, the Company

1 does not need approval of the Lead/Lag Study with
2 the approval that we're requesting by the end of
3 this week. That gives us time to -- for the
4 Staff and the OCA to review the Lead/Lag Study,
5 and, in this instance, it would give us time to
6 do precisely what Commissioner Bailey has
7 requested us to do, which is to investigate the
8 issue that she's raised.

9 So, we can do that. And, as soon as we
10 have an answer, and then consensus on that, we
11 can file a letter with the Commission. We
12 wouldn't have to wait until the next hearing. We
13 could file a letter with the Commission
14 indicating how that's been resolved.

15 CHAIRWOMAN MARTIN: Okay. Thank you.
16 Then, I think we just need to strike the ID on
17 Exhibits 1 to 3 and admit them as full exhibits.

18 And we can go to the parties summing
19 up, unless someone else had something we need to
20 address before that?

21 *[No indication given.]*

22 CHAIRWOMAN MARTIN: All ready? Okay,
23 Mr. Kreis.

24 MR. KREIS: Sorry about that. I was

1 having a little trouble unmuting myself.

2 Let me just start by thanking
3 everybody. This looks to have been a hugely
4 successful enterprise. The first time in the
5 history of the New Hampshire Public Utilities
6 Commission of over 100 years that a hearing has
7 been conducted using this technology. And I
8 think it was fabulously successful, and I was
9 honored to participate in it.

10 I would also like to say that I agree
11 with everything Mr. Epler just said about the
12 proper treatment of the Lead/Lag Study. We look
13 forward to the opportunity to work with the
14 Company and with Staff to assure ourselves that
15 the results of the Lead/Lag Study are hunky-dory,
16 to use the legal term, and deserve to be fully
17 reflected in the price of default service that's
18 charged by the Company.

19 And, subject to all of that, I think
20 that it is clear from the record adduced today
21 that this was a notably robust default service
22 solicitation. It was conducted in a manner that
23 is consistent with all of the previous rulings
24 that the Commission has made, and that the

1 results of that solicitation are reasonable rates
2 that meet the just and reasonable standard. And
3 that the Commission's prompt approval of the
4 Company's Petition is consistent with the public
5 good. And, therefore, that is what we recommend
6 the Commission do at its earliest convenience.

7 That's all I have to say.

8 CHAIRWOMAN MARTIN: Okay. Thank you.
9 Ms. Amidon.

10 MS. AMIDON: Thank you.

11 Staff has reviewed the filing, and we
12 have determined that Unitil followed the bid
13 evaluation, solicitation, and selection of the
14 final bidder process as approved by the
15 Commission in prior dockets. And that the
16 results were from a competitive market, and the
17 resulting rates are market-based and, therefore,
18 just and reasonable and should be approved.

19 We take the position that we also agree
20 with the results of the Lead/Lag -- Lead/Lag
21 Report filed with the Commission. We think it
22 was done appropriately. But, as directed by the
23 Commission, we will work with Staff and the OCA
24 to provide an adequate explanation of why it is

1 done the way it has been done. We agree that the
2 results of the lead/lag should be used in this
3 docket in the calculation of rates pending that
4 result.

5 And, finally, we also agree that the
6 Petition should be approved on a timely basis,
7 which would be an order be issued no later than
8 Friday of this week.

9 Thank you.

10 CHAIRWOMAN MARTIN: Okay. Thank you.
11 Mr. Epler.

12 MR. EPLER: Yes. Thank you, Madam
13 Chair and Commissioners.

14 I have really nothing further to add.
15 I'll just direct the Commissioners to the
16 requests for approval that are in our Petition.

17 And we appreciate the patience and
18 participation of all the parties to this. And
19 thank you very much.

20 CHAIRWOMAN MARTIN: All right. Well, I
21 want to say thank you to everyone as well. I
22 think this went really, really well, considering
23 all the little hiccups we had, and everyone kept
24 on going. So, thank you. We did it.

1 And, with that, we will close the
2 record, take the matter under advisement. And
3 this hearing is adjourned. Thank you, everyone.

4 ***(Whereupon the hearing was adjourned***
5 ***at 3:30 p.m.)***

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