

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

I N D E X

PAGE NO.

SUMMARY OF THE DOCKET BY CHAIRMAN GOLDNER	4
STATEMENT BY CHAIRMAN GOLDNER <i>(Re: Proposed witnesses and exhibits)</i>	4
STATEMENT BY CHAIRMAN GOLDNER <i>(Re: Confidentiality)</i>	5
 APPEARANCES WITH OPENING STATEMENTS BY:	
Mr. Wiesner	6
Mr. Kreis	6, 8
Mr. Young	8
 WITNESS PANEL:	
PARKER LITTLEHALE	
LUANN J. LaMONTAGNE	
YI-AN CHEN	
SCOTT R. ANDERSON	
Direct examination by Mr. Wiesner	9
Cross-examination by Mr. Kreis	23
Cross-examination by Mr. Young	40
Interrogatories by Cmsr. Simpson	45
Interrogatories by Cmsr. Chattopadhyay	60, 94
Interrogatories by Chairman Goldner	74
Redirect examination by Mr. Wiesner	97
CLOSING STATEMENTS BY:	
Mr. Kreis	107
Mr. Young	109
Mr. Wiesner	113
 QUESTIONS BY CHAIRMAN GOLDNER	 111

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
5	Petition for Adjustment to Energy Service Rate for Effect on February 1, 2024, including Testimony and Attachments <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
6	Petition for Adjustment to Energy Service Rate for Effect on February 1, 2024, including Testimony and Attachments {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
7	Summary of Attachments YC/SRA 1 through 3	<i>premarked</i>
8	Wholesale Market Price Comparison Table (11-20-2023) <i>[REDACTED - For PUBLIC Use]</i>	107

P R O C E E D I N G

1
2 CHAIRMAN GOLDNER: Okay. Good morning.
3 I'm Chairman Goldner. I'm here with
4 Commissioners Chattopadhyay and Simpson.

5 This is the hearing for the February to
6 July procurement cycle for Docket DE 23-043, the
7 Eversource Energy Service filing review. This
8 hearing was scheduled pursuant to the procedural
9 order scheduled on October 12th, 2023.

10 On December 14th, 2023, Eversource
11 filed its Revised Witness and Exhibit List in
12 this matter. No concurrence of the Department of
13 Energy or Office of the Consumer Advocate was
14 indicated. But it's presumed today, unless we
15 hear otherwise from the DOE and OCA. We'll get
16 to that in a moment.

17 Eversource proposes its personnel
18 Parker Littlehale, Luann LaMontagne, Yi-An Chen,
19 and Scott Anderson will be called to testify this
20 morning regarding the Energy Service procurement.

21 Eversource further proposes that
22 Hearing "Exhibit 5" be reserved for its public
23 version of its Petition for Energy Service Rates
24 effective February 1st of 2024, plus supporting

1 testimony and schedules; and, then, confidential
2 Hearing "Exhibit 6" be reserved for its
3 confidential version of the Petition and
4 supporting testimony and schedules; and, finally,
5 Hearing "Exhibit 7" be reserved for its Summary
6 of Attachments. All of these materials were
7 filed by the Company on December 15th, 2023.

8 Eversource relies on Puc Rule
9 201.06(a)(15), and 201.06 and 201.07 generally,
10 for the confidential treatment of the material
11 noticed as confidential Hearing Exhibit 6.

12 There are no intervenors in this
13 docket, and no members of the public here today
14 that I see?

15 *[No indication given.]*

16 CHAIRMAN GOLDNER: No. Seeing none.
17 In light of this, when confidential information
18 is implicated in the hearing today, we ask that
19 the parties indicate this for the benefit of the
20 court reporter.

21 When we take appearances today, we'll
22 invite the Company, the OCA, and the Department
23 of Energy to make brief opening statements. We
24 do request that the OCA and DOE indicate whether

1 they have any objections to the proposed
2 exhibits, or the Company's request for
3 confidentiality relating to confidential
4 Exhibit 6.

5 If there are no other preliminary
6 matters, we'll now take appearances, starting
7 with the Company.

8 MR. WIESNER: Thank you, Mr. Chairman.
9 Good morning, Commissioners. I'm David Wiesner,
10 representing Public Service Company of New
11 Hampshire, doing business as Eversource Energy.

12 Our witnesses, whom you've already
13 named, are sitting in the witness box, and I'll
14 introduce you to them on direct testimony in just
15 a moment.

16 I think, in lieu of an opening
17 statement, the Company will ask the witnesses to
18 give a brief summary of the Company's filing.

19 CHAIRMAN GOLDNER: Okay. Thank you,
20 Attorney Wiesner.

21 We'll move to the Office of the
22 Consumer Advocate.

23 MR. KREIS: Good morning, Mr. Chairman,
24 Commissioners. I'm Donald Kreis, doing business

1 as the Consumer Advocate, here on behalf of
2 residential utility customers.

3 We have no objections to either the
4 exhibits that have been proposed, or the proposed
5 confidential treatment. As I've said previously,
6 I continue to think the number of bidders in
7 these solicitations should be public information.
8 But it is a battle that I have fought and lost
9 previously, and don't need to relitigate today.

10 And I think those are all the questions
11 that you asked.

12 CHAIRMAN GOLDNER: Thank you. And
13 we'll move now to the New Hampshire Department of
14 Energy.

15 MR. YOUNG: Good morning,
16 Commissioners. Matthew Young, on behalf of the
17 Department of Energy. Beside me today are
18 Stephen Eckberg and Scott Balise, who are utility
19 analysts in the Electric Division.

20 The Department also has no objection to
21 the exhibits or the confidentiality requests.

22 CHAIRMAN GOLDNER: Thank you.

23 And we'll afford the opportunity for
24 any opening statements from the OCA and then the

1 New Hampshire Department of Energy, if desired.
2 And Eversource had indicated that they will pass
3 on the opening statement.

4 Attorney Kreis, any opening statement
5 you'd like to make?

6 MR. KREIS: As far as I'm able to
7 ascertain, the proposed Default Energy Service
8 rates contained in Eversource's filing is, from
9 the perspective of residential customers, an
10 occasion for dancing in the streets.

11 And, so, I expect that, at the
12 conclusion of today's hearing, I will
13 emphatically urge you to approve Eversource's
14 request.

15 CHAIRMAN GOLDNER: Thank you. And the
16 New Hampshire Department of Energy, and Attorney
17 Young?

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

19 Similarly, the Department has reviewed
20 Eversource's filing. And, upon answering a
21 couple questions from the witnesses, we do
22 anticipate recommending approval as well.

23 Thank you.

24 CHAIRMAN GOLDNER: Thank you. I've

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 noticed that hearings are a lot shorter when
2 rates are on the way down, as opposed to on the
3 way up. So, that's encouraging.

4 Okay. Let's see. So, let's move to
5 the swearing of the witnesses, and Mr. Patnaude.

6 *(Whereupon **PARKER LITTLEHALE,***
7 ***LUANN J. LaMONTAGNE, YI-AN CHEN, and***
8 ***SCOTT R. ANDERSON** were duly sworn by*
9 *the Court Reporter.)*

10 CHAIRMAN GOLDNER: All right. Thank
11 you. And we'll move to Eversource direct, and
12 Attorney Wiesner.

13 MR. WIESNER: Thank you again, Mr.
14 Chairman.

15 **PARKER LITTLEHALE, SWORN**

16 **LUANN J. LaMONTAGNE, SWORN**

17 **YI-AN CHEN, SWORN**

18 **SCOTT R. ANDERSON, SWORN**

19 **DIRECT EXAMINATION**

20 BY MR. WIESNER:

21 Q I'll begin with Mr. Littlehale. For the record,
22 Mr. Littlehale, could you please state your name
23 and title of your role with Eversource?

24 A (Littlehale) Good morning. My name is Parker

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Littlehale. And I am a Manager of Wholesale
2 Power Supply in the Electric Supply Department of
3 Eversource Energy.

4 Q And what are your responsibilities in that role
5 with the Company?

6 A (Littlehale) I oversee the process required to
7 fulfill the power supply requirements of PSNH,
8 including overseeing solicitations for the
9 competitive procurement of power for Energy
10 Service, and supervise the fulfillment of the
11 related Renewable Portfolio Standard obligations.

12 Q And have you testified before, previously, before
13 this Commission?

14 A (Littlehale) Yes, I have.

15 Q Did you file testimony and corresponding
16 attachments as part of the December 14th filing
17 in this docket, which have been marked as
18 "Exhibits 5" and "6" for identification?

19 A (Littlehale) Yes, I did.

20 Q And was that testimony and supporting materials
21 prepared by you or at your direction?

22 A (Littlehale) Yes, it was.

23 Q Do you have any changes or updates to make at
24 this time?

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) No, I do not.

2 Q And do you adopt -- excuse me -- do you adopt
3 your testimony today as it was written and filed?

4 A (Littlehale) Yes, I do.

5 Q Moving on to Ms. LaMontagne. Would you please
6 state your name and title with the Company?

7 A (LaMontagne) My name is Luann LaMontagne. And
8 I'm a Senior Analyst in the Electric Supply
9 Department of Eversource Energy.

10 Q And what are your responsibilities in that role
11 with Eversource?

12 A (LaMontagne) I perform the activities required to
13 fulfill the power supply requirement obligations
14 of PSNH, including conducting solicitations for
15 the competitive procurement of power for Energy
16 Service, and also fulfilling Renewable Portfolio
17 Standard obligations.

18 I am also responsible for ongoing
19 activities associated with independent power
20 producers and purchase power agreements.

21 Q And have you ever testified before this
22 Commission?

23 A (LaMontagne) Yes, I have, including previously in
24 this docket.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Q Did you file testimony and corresponding
2 attachments as part of the December 14th filing,
3 which have been marked as "Exhibits 5" and "6",
4 in their redacted and confidential versions?

5 A (LaMontagne) Yes, I did.

6 Q And was that testimony and the supporting
7 materials prepared by you or at your direction?

8 A (LaMontagne) Yes.

9 Q Do you have any changes or updates to make?

10 A (LaMontagne) No, I do not.

11 Q And do adopt your testimony today as it was
12 written and filed?

13 A (LaMontagne) Yes, I do.

14 Q Thank you. Moving on to Ms. Chen. Would you
15 please state your name and title with the
16 Company?

17 A (Chen) My name is Yi-An Chen. I am the Director
18 of New Hampshire Revenue Requirements.

19 Q And what are your responsibilities in that role
20 with Eversource?

21 A (Chen) I am responsible for the coordination and
22 implementation of revenue requirement
23 calculations and regulatory filings for PSNH.

24 Q Have you ever testified before this Commission?

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Chen) Yes, I have.

2 Q And did you file testimony and supporting
3 attachments as part of the December 14th filing,
4 again, marked as "Exhibits 5" and "6" for
5 identification?

6 A (Chen) Yes, I did.

7 Q And was that testimony and the supporting
8 materials prepared by you or at your direction?

9 A (Chen) Yes.

10 Q Do you have any changes or updates to make to the
11 testimony at this time?

12 A (Chen) I do have one correction to make. It's on
13 Bates Page 047 of Exhibit 5, Lines 9 to 11. So,
14 those lines -- those numbers on those lines
15 should be the same as they appear in Exhibit 6,
16 the confidential version, which are on Bates
17 Page 047, at Lines 9 through 11.

18 Q And is the Company prepared to file a corrected
19 version of that exhibit?

20 A (Chen) Yes. The Company is going to file a
21 corrected version of that redacted exhibit by the
22 end of today.

23 Q And are there any other changes to your testimony
24 or the related attachments?

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Chen) No.

2 Q And do you adopt your testimony today, with those
3 corrections, as it was written and filed?

4 A (Chen) Yes.

5 Q Thank you. Turning to Mr. Anderson. Would you
6 please state your name and title with Eversource?

7 A (Anderson) My name is Scott Anderson. I'm the
8 Manager of Rates for New Hampshire.

9 Q And what are your responsibilities in that role?

10 A (Anderson) I'm responsible for activities related
11 to rate design, cost of service, and rates
12 administration.

13 Q Have you testified before, previously, before
14 this Commission?

15 A (Anderson) Yes. I've submitted testimony in
16 several dockets during 2023.

17 Q And did you file testimony and supporting
18 attachments as part of the filing on
19 December 14th, once again, marked as "Exhibits 5"
20 and "6"?

21 A (Anderson) Yes, I did.

22 Q And was that testimony and the supporting
23 materials prepared by you or at your direction?

24 A (Anderson) Yes.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Q Do you have any changes or updates to that
2 testimony?

3 A (Anderson) No, I don't.

4 Q And just to clarify, the corrections that Ms.
5 Chen just noted on Bates Page 047, does that
6 impact in any way the portions of the testimony
7 that you were responsible for, including, in
8 particular, the bill impacts analysis?

9 A (Anderson) No. They did not impact any of the
10 tariff or bill impact analysis.

11 Q And do you adopt your testimony today as it was
12 written and filed?

13 A (Anderson) Yes, I do.

14 Q Thank you. I'll now turn to Mr. Littlehale, and
15 ask if you could provide a brief summary of why
16 you consider the recent RFP process, and the
17 results of that process, for the proposed new
18 Energy Service rates to be satisfactory?

19 A (Littlehale) On November 2nd, 2023, we released
20 an RFP to purchase 100 percent of both the Small
21 and Large Customer Group's Energy Service loads
22 for February 1st, 2024, through July 31st, 2024.

23 We were looking, from a quantity
24 perspective, two tranches for the Large Customer

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Class of 50 percent each. It's approximately
2 80,000 megawatt-hours. For the Small Customers,
3 it was a total of eight tranches, or 12.5 percent
4 each, approximately 1.5 million megawatt-hours in
5 total.

6 Offers were received on December 12th,
7 2023, at 10:00 a.m. And we utilized our
8 three-pronged approach to analyze the bids
9 received.

10 The results for both the Small
11 Customers and Large Customers satisfied all main
12 criteria. There were several bidders, and a good
13 number of bids, particularly for the Small
14 Customer tranches. The bids' prices were
15 clustered closely together. And the recent price
16 declines in natural gas and electricity prices
17 were reflected in the bids received. And,
18 finally, the bids were aligned with our internal
19 proxy price.

20 So, given that, we reviewed and
21 obtained approval from senior management. We
22 confirmed that the winning bidders are all in
23 good standing from a credit perspective, and we
24 executed the Master Power Supply Agreement

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Transaction Confirmations.

2 Q And was that RFP process and bid selection
3 consistent with prior solicitations by the
4 Company for Energy Service, and with the various
5 Commission orders governing the Energy Service
6 procurement process?

7 A (Littlehale) Yes. It was conducted consistent
8 with past practices, and the Commission
9 requirements under the Settlement Agreement in
10 Docket Number DE 17-113, that was approved by
11 Order Number 26,092.

12 Q Now, Mr. Littlehale, I want to ask if you could
13 briefly describe how the Company considered the
14 Commission's suggestion that up to 25 percent of
15 the Small Customer Group load be self-supply
16 through direct participation in the ISO-New
17 England wholesale power markets?

18 A (Littlehale) Yes. We considered that suggestion,
19 and its potential ramifications for the Company
20 and its Energy Service customers, in an effort to
21 mitigate the risk premiums charged by wholesale
22 suppliers.

23 However, the Company's current
24 procurement process is based on the Settlement

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 approved by the Commission. And, without a
2 specific and detailed order modifying that
3 current process, and authorizing the Company to
4 do something different, we were not comfortable
5 moving forward with a suggested alternative
6 approach of limited direct market participation.

7 We have participated actively in the
8 Department of Energy's current proceeding
9 investigating default service supply
10 procurements. And we anticipate that that
11 proceeding may result in recommendations
12 regarding potential changes to the current
13 procurement process.

14 We do remain concerned that engaging in
15 direct wholesale market participation, to obtain
16 all or a portion of Default Service energy
17 supply, shift risks to customers that would
18 otherwise be borne by third party suppliers.
19 Those risks include energy market price
20 volatility and potential price spikes, as well as
21 unforeseeable costs passed through to
22 load-serving entities in the region. Those
23 significant risks are currently taken on by the
24 wholesale suppliers selected through the approved

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 RFP process.

2 Based on those concerns, the Company
3 decided it was premature to engage in direct
4 wholesale market participation to cover a portion
5 of the Small Customer Group load, in connection
6 with the most recent competitive solicitation.

7 We remain open to considering
8 implementation of alternative default service
9 supply procurement processes, if such processes
10 are approved in advance by the Commission. And
11 we look forward to reviewing the conclusions of
12 the DOE's investigation.

13 Q Thank you. And, now, I'll ask both you and Ms.
14 LaMontagne, is it your position -- is it your
15 conclusion that the rates proposed for the period
16 February through July, as described in Exhibit 5,
17 are just and reasonable and consistent with the
18 public interest?

19 A (Littlehale) Yes.

20 A (LaMontagne) Yes.

21 Q The next couple of questions are for Ms. Chen.
22 Ms. Chen, how did the Company develop the rate
23 proposals for this docket?

24 A (Chen) Consistent with the Settlement in Docket

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Number DE 17-113, we took the RFP results that
2 Mr. Littlehale just described, and added
3 administrative and general expense and the RPS
4 cost to get to the retail rate.

5 Also included in this February 1st,
6 2024, rate are the reconciliations of over- and
7 under-recoveries, which were developed for the
8 August 2023 rate update.

9 Q And could you please summarize the resulting rate
10 changes?

11 A (Chen) Yes. For the Small Customer Group, the
12 weighted average fixed Energy Service rate for
13 the six-month period of February 1st, 2024,
14 through July 31st, 2024, it's proposed to be
15 8.285 cents per kilowatt-hour. This compares to
16 the current rate of 12.582 cents per
17 kilowatt-hour, a 34 percent decrease from the
18 current fixed rate. Attachment YC/SRA-5 provides
19 the bill comparison information for a typical
20 residential customer.

21 And, for the Large Customer Group, the
22 monthly prices range from 9.004 cents per
23 kilowatt-hour, to 18.173 cents per kilowatt-hour.
24 And those calculations are shown in Attachment

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 YC/SRA-1, on Page 2.

2 Q And, turning to Mr. Anderson now, are there other
3 rate changes that will affect the rate analysis?

4 A (Anderson) Yes. There are rate changes for PSNH
5 that will also take effect on February 1st,
6 namely, the Stranded Cost Recovery Charge. But
7 the impacts of those rate changes are not known
8 at this time. So, we have not reflected that in
9 the bill impacts for this proposed Energy Service
10 rate.

11 Q And could you briefly explain the customer rate
12 bill impacts that are depicted in Exhibit 5, in
13 YC/SRA-5, appearing at Bates 060 through 062?

14 A (Anderson) Sure. Page 1 provides a comparison of
15 residential rates proposed for effect
16 February 1st, 2024, to current rates effective
17 October 1st, 2023, for a 550 kilowatt-hour
18 monthly bill, a 600 kilowatt-hour monthly bill,
19 and a 650 kilowatt-hour monthly bill.

20 The impacts to customers of the
21 proposed Default Service rate would be a
22 reduction of 17.0 percent, 17.1 percent, and
23 17.2 percent, respectively, to those total
24 customer bills.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Page 2 of that exhibit provides a
2 comparison of residential rates proposed for
3 effect February 1st, 2024, to rates effective one
4 year ago, February 1st, 2023, again, for a 550,
5 600, and 650 kilowatt-hour monthly bill. The
6 impact to customers of the proposed Default
7 Service rate would be a reduction of 34.6
8 percent, 34.8 percent, and 35.0 percent,
9 respectively, to the total customer bill.

10 Finally, Page 3 provides an average
11 impact of each change on bills for all rate
12 classes by the Default Service rate component,
13 and by the total bill.

14 Q And I'll now ask both you and Ms. Chen, if you
15 can confirm it's the Company's position that the
16 recent solicitation was open and fair, and the
17 resulting Energy Service rates are just and
18 reasonable, in the totality of the circumstances?

19 A (Chen) Yes.

20 A (Anderson) Yes.

21 MR. WIESNER: That's all I have on
22 direct examination, Mr. Chair.

23 CHAIRMAN GOLDNER: Thank you. We'll
24 move now to cross-examination from the Office of

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 the Consumer Advocate.

2 MR. KREIS: Thank you. Good morning,
3 witnesses.

4 I think I have just a few questions,
5 and I'm pretty sure they're all for Mr.
6 Littlehale. With that said, I don't mind whether
7 any or all of the witnesses answer my questions.

8 **CROSS-EXAMINATION**

9 BY MR. KREIS:

10 Q Mr. Littlehale, during your direct exam, you
11 testified that you thought there were a "good
12 number of bids", that's the phrase that you used.
13 Could you elaborate a little bit on what you
14 meant by "good number of bids"? Like, does that
15 mean you thought that the number of bids was
16 optimal? Or, just okay?

17 A (Littlehale) So, for the Small Customer class,
18 the way that our perspective is, not only the
19 number of bidders, but the number of bids have
20 increased during this solicitation, compared to,
21 say, you know, June of 2023, December 2022,
22 June 2022, kind of the height of the volatility.
23 So, as volatility in the energy markets
24 have declined over the last nine months or so,

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 that has brought additional suppliers back to the
2 process, which is an encouraging sign, more
3 competition. And it's not only happening or
4 happened in New Hampshire, we're seeing similar
5 increased participation in the solicitations that
6 we hold in Connecticut and Massachusetts.

7 Q Would you say that the increase is the result of
8 more bidders, or is it just a matter of more of
9 the preexisting potential bidders being willing
10 to make bids?

11 A (Littlehale) I think it's a combination of
12 additional bidders, and which also would lead to
13 more additional bids as well.

14 Q Did you see any new bidders this time around?

15 A (Littlehale) Not compared to last cycle, no.

16 Q Do you have an estimate for how many potential
17 bidders there are out there that you would deem
18 sufficiently creditworthy to actually enter into
19 contracts with?

20 A (Littlehale) I don't have that number off the top
21 of our head. I know, I believe, two bidders
22 declined to participate in this cycle that we
23 typically engage with.

24 Q Did they explain why that was?

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) There was references to the ongoing
2 migration of customers to community power
3 aggregation, and understanding the time and the
4 scope and the scale, and some lingering concerns
5 around the Mystic RMR Cost of Service Agreement,
6 which runs through May of 2024. So, it does
7 include that this rate period.

8 Q But the Mystic Agreement that you just
9 referenced, as you just suggested, is about to
10 expire. So, we can all look forward to that not
11 being a factor in future solicitations, correct?

12 A (Littlehale) That's right. You know, as of right
13 now, that Agreement expires in May of 2024,
14 through May of 2024. So, when we go out again in
15 June, that will be beyond the Mystic Cost of
16 Service timeframe.

17 Q And I just want to make sure that you and I have
18 the same understanding of the effect that Mystic
19 has had on bids. The problem, as I understand
20 it, and please correct me if I'm wrong, is that,
21 basically, Mystic's fuel costs end up getting
22 passed through to those who enter into these
23 obligations, the sort of bidders that you're
24 doing business with, and that's an uncertainty,

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 because nobody knows in advance what costs Mystic
2 is going to incur by its source of fuel, which is
3 liquified natural gas that comes in from Trinidad
4 and Tobago by boat. Do I have all that right?

5 A (Littlehale) It's primarily the fuel, but it's
6 also the fixed costs of the --

7 *[Court reporter interruption.]*

8 **CONTINUED BY THE WITNESS:**

9 A (Littlehale) -- the Everett Marine terminal as
10 well. Which the ISO has done a nice job of
11 publishing those costs retrospectively. And,
12 through October of 2023, those are approximately
13 \$600 million to -- in supplemental capacity
14 payments to that flow.

15 But I agree that, in addition to the
16 fixed costs, it's the fuel that is an unknown in
17 advance, and not known until approximately two
18 months after the applicable month.

19 BY MR. KREIS:

20 Q And, then, you mentioned "community power
21 aggregation", and, if I'm remembering correctly,
22 which I'm pretty sure I am, at Page 11 of
23 Exhibit 6, you testified that there are about
24 "74,000 customers" of Eversource right now in New

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Hampshire on community power aggregation.

2 First of all, what percentage of
3 customers, I guess we're talking about Small
4 Customers, does 74,000 customers represent?

5 A (Littlehale) If you can give me a second? So, as
6 of September of 2023, there were about 535,000
7 distribution customers, and, so, about 350,000
8 customers on Default Service. So, 74,000 is
9 approximately 20 percent.

10 Q So, a not insignificant percentage --

11 A (Littlehale) No.

12 Q -- of potential Default Service customers?

13 A (Littlehale) And that's math on-the-fly.

14 Q Understood.

15 A (Littlehale) So, subject to review.

16 Q So, it's sort of rough justice math.

17 A (Littlehale) Yes.

18 Q Has Eversource undertaken any analysis of where
19 it sees that going? I think your testimony
20 alludes to the possibility that there will be
21 more customers on community power aggregation.

22 But I'm wondering if you've done
23 anything more specific by way of prognostication
24 about that?

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) So, the "74,000" referenced in the
2 testimony are the customers who have enrolled to
3 date. We have some indication of some additional
4 customers that potentially are going to enroll in
5 the future, and if you could give me one second?

6 Yes. Okay. So, there are, when we
7 last looked into this data a couple weeks ago,
8 there were twelve cities and towns pending
9 completion of three or four different outstanding
10 items before they could begin enrolling
11 customers. And those twelve cities and towns
12 represent an additional approximately 38,000
13 customers.

14 But exactly when those customers will
15 migrate, we don't know.

16 Q And, of course, some of them could migrate back?

17 A (Littlehale) That is their choice.

18 Q With respect to that insight and analysis that
19 you've undertaken, is that information that you
20 share with your potential bidders?

21 A (Littlehale) We share as much information as we
22 possibly can with our suppliers. The migration
23 is a question that we receive numerous questions
24 about from our suppliers. We post significant

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 amounts of data, hourly loads, for example, that
2 run through November of 2023. We also post ICAP
3 tags, ICAP is a way to reference the customer
4 classes' share towards peak demand. And those
5 numbers are updated through November of 2023.
6 So, we'll capture migration that has occurred
7 since the springtime, when customers began
8 enrolling.

9 We also publish the migration report
10 submitted -- the migration report to the
11 Commission. As part of the DOE's investigation,
12 there were some record requests that we
13 translated the number of customers, again, that
14 74,000, we translated that to an annual demand,
15 based upon typical consumption for residential
16 and commercial customers, and we made that
17 information public as well.

18 So, we're trying to be as transparent
19 with the data that is available, and to help
20 inform bidders to the best we can.

21 Q So, it would be fair, therefore, to infer that a
22 diligent bidder is aware of all the information
23 that you've just been testifying about?

24 A (Littlehale) That would be the hope.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Q Indeed. This is a question that I've asked
2 previously and I'm going to ask it again, because
3 I guess I never feel like I've gotten a good
4 answer.

5 On Page 24 is the -- of Exhibit 6, is
6 the schedule that you used. And it says that the
7 RFP went out on "November 2nd", and the bids were
8 due on "December 12th". So, I think that's about
9 six weeks.

10 Why is it necessary for there to be six
11 weeks between when the RFP goes out and the bids
12 have to come in?

13 Because that seems like a long time to
14 me, not being somebody who does this for a
15 living.

16 A (LaMontagne) I don't -- that's the way that it
17 started, when they first started doing
18 procurements in New Hampshire. And we've just
19 followed the same schedule guideline. And we
20 worked with the two other utilities in scheduling
21 the RFP, so we're not on top of each other in the
22 same week.

23 Q So, thank you. That's helpful. So, in other
24 words, what you're trying to do is make sure that

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 the bidders don't have bids due to more than one
2 New Hampshire utility --

3 A (LaMontagne) On the same time, at the same day,
4 yes.

5 Q Would it be a problem, though, if all the bids
6 were due on the same day?

7 A (Littlehale) Potentially.

8 Q Why?

9 A (Littlehale) I don't want to speculate, but there
10 could be concern about, if -- how much risk and
11 obligation a particular supplier is going to take
12 on. And, if there's a window during the
13 evaluation process, there may be a concern about
14 taking on too many tranches of obligation.

15 But, again, these are -- these are
16 questions that really suppliers are more informed
17 to answer than we are.

18 Q I understand. You're aware that Maine does a
19 statewide procurement that's undertaken by its
20 Public Utilities Commission all in -- well,
21 simultaneously, for all -- or, both of the two
22 investor-owned utilities in Maine, correct?

23 A (Littlehale) I'm not -- we don't operate in
24 Maine. So, I'll take your word for it. I'm

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 somewhat familiar, but I do not follow it
2 particularly closely.

3 Q So, you're not watching to see how their process
4 compares to our process, in other words?

5 A (Littlehale) No.

6 Q You mentioned, I think this is on Page 28 of
7 Exhibit 6, that the number of bids was aligned
8 with the proxy price that Eversource developed.
9 Could you tell me what "aligned" really means?
10 Because it looks to me that -- I don't see the
11 same alignment that I think you do.

12 A (Littlehale) So, our perspective on the proxy is
13 it's a zone of reasonableness. When we do the
14 evaluation, it's really at the end of the
15 checklist, if you will. First and foremost, it's
16 the number of bidders, it's the number of bids,
17 it's the clustering of bids. And, then, as a
18 final check, it's against our internal proxy
19 calculation, which is an estimate of energy,
20 capacity, ancillary services, all the products
21 needed to provide all service requirements.

22 We also have a so-called "multiplier"
23 to estimate the supplier risk premium, the costs
24 that the suppliers charge just to take on the

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 load obligation for the rate period. And we
2 compare the bids against that proxy.

3 The concern is to overemphasize that
4 specific comparison. The market for serving load
5 in New Hampshire are the bids received on bid
6 day. Our spreadsheet exercise to calculate a
7 proxy price is to compare against a zone of
8 reasonableness.

9 So, "aligned", from our perspective, in
10 this case of the solicitation, the bids came in
11 below our average proxy. So, "below", "aligned",
12 I think "zone of reasonableness" is how we think
13 of it.

14 Q Thank you. That's really helpful. That's
15 exactly what I was hoping you would clarify.

16 Do you have a theory about why the
17 proxy price and the actual bids -- well, do you
18 have a theory about why the bids came in lower
19 than the proxy price?

20 A (Littlehale) So, the multipliers that we use in
21 our proxy calculation are selected from a
22 historical database of past solicitations. So,
23 we are picking from, you know, previous
24 solicitation results. And what we've seen, and

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 my hypothesis would be, is that the market
2 decline in, primarily, natural gas prices, which
3 correspondingly translates to lower electricity
4 prices, is happening, you know, quite quickly
5 over the past months. And we -- when we now
6 backcast the -- what the multiplier would have
7 been in this solicitation, it was slightly lower
8 than what we estimated going in. Remember, we
9 pick the multiplier before we see the bids.

10 So, it goes to show the difficulty in
11 forecasting. And that's why, from our
12 perspective, it's a zone, it's not meant to be a
13 specific number. You know, again, it's a
14 spreadsheet exercise that we do. We're not
15 committing, in this case, \$75 million behind that
16 calculation like the bidders themselves are.

17 Q Understood. Okay. This question might or might
18 not ask you to disclose confidential information.
19 I guess, if it's necessary, then it just is.

20 I'm looking at the bids that appear on
21 Bates 027 of Exhibit 6. And it seems to me, and
22 I'm not an economist, and I don't have that great
23 a memory, but it seems to me that there's an
24 unusually large spread between the highest bid

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 that you received and the lowest bid that you
2 received. Obviously, you tended to -- you chose
3 the low bidders.

4 But, first of all, is that impression
5 correct? And, second of all, if it is, why is it
6 that there's such a big spread between the high
7 bid and the low bid?

8 A (Littlehale) We don't have detailed information
9 on what the suppliers, you know, the thought or
10 the analysis behind the suppliers' bids that we
11 received. Our job is to identify the lowest
12 eight bids that we can find. And, through this
13 solicitation, and this filing, we have done so.
14 And, you know, we, obviously, look at the
15 clustering of prices. And you can see that, you
16 know, the -- probably, you know, more than
17 halfway through, they're all quite competitive
18 and quite aligned, and then there's some spread.

19 But why the high-cost bidder submitted
20 a different bid than some of the other bids?
21 That's a question that is for the suppliers.

22 Q Because you don't know or don't have a theory or
23 because --

24 A (Littlehale) I don't think it's informative for

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 me to speculate.

2 Q Okay. I guess I'll let the Commissioners decide
3 if they want to see if they can press you about
4 that.

5 I think this is my last question or
6 two. As I listened to your direct testimony, I
7 got the distinct impression that the Company does
8 not want to expose any portion of its default
9 energy service load, particularly in the Small
10 Customer class, to the spot market.

11 Is that a fair inference to draw from
12 the testimony you've given? You just don't think
13 it would be a good idea? "You", meaning
14 Eversource, or you, personally?

15 A (Littlehale) No. I think that's an -- that's not
16 what we said in our testimony.

17 Q Okay. I just want to understand what you did
18 say?

19 A (Littlehale) Yes. Yes. I think what we spelled
20 out, not only in our written remarks, but under
21 direct testimony, is the language in the most
22 recent order suggesting direct market
23 participation, that led us to be concerned,
24 number one, about exposing customers to those

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 costs. And, you know, there needs to be --
2 obviously, the process that we operate the
3 solicitations under today are under an approved
4 settlement agreement and order. And it's our
5 opinion that an order is necessary to further
6 adopt, modify the procurement process. There's
7 the open investigation by the DOE.

8 You know, we have talked in past
9 hearings about our concern around exposing
10 customers to direct market participation. These
11 are complicated markets, these are complicated
12 times in the world. And recent events have
13 allowed some direct market participation that the
14 Company has done in other states to come in lower
15 than the approved rate. But that past
16 performance does not guarantee future situations,
17 and future, you know, cost recoveries.

18 Because, really, what we're doing here
19 is, in, you know, December setting a rate that
20 begins in, you know, six weeks, and then extends
21 for six months. When you compare that against
22 wholesale costs or direct market participation,
23 you know, it's a 2020 hindsight.

24 So, the concern, and just from our

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 perspective, is, you know, all stakeholders are
2 aware that direct market participation transfers
3 that risk from suppliers to customers.

4 Q Okay. So, here's what I'm hearing from the
5 Company, and you can tell me if I'm incorrect.
6 And I might be the victim of my legal training
7 here.

8 But it sounds to me like what the
9 Company is saying is that it has previously been
10 ordered by the Commission to do it the way it has
11 been doing it. It has received a suggestion from
12 the Commission that it do something different.
13 But, in the absence of an outright order, a mere
14 suggestion isn't going to make you change the way
15 you do this?

16 A (Littlehale) For the reasons we spelled out in
17 our testimony.

18 Q Okay. You used the word "backcasting" a few
19 minutes ago. And I'm curious about whether the
20 Company has done any retrospective analysis of
21 what would have happened to Default Service
22 customers had some percentage, like 20 percent,
23 of the default energy service load been exposed
24 to the spot market during some period of time in

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 the last few years? Have you looked at that at
2 all?

3 A (Littlehale) So, as part of the order from June,
4 we have been submitting, on a monthly basis to
5 the Commission, costs, wholesale market costs,
6 and updating that on a monthly basis, and
7 comparing that to the rate that was approved in
8 June. So, those monthly analysis has been going
9 in.

10 We have not gone back further than the
11 past, I believe, four months, off the top of my
12 head, is what is the -- what we've submitted.

13 MR. KREIS: Okay. Thank you,
14 Mr. Littlehale, and other Eversource witnesses.
15 Those are all of my questions.

16 CHAIRMAN GOLDNER: Thank you. We'll
17 turn now to Attorney Young, and the New Hampshire
18 Department of Energy, for cross.

19 MR. YOUNG: Thank you, Mr. Chairman.
20 My questions are also for Mr. Littlehale and Ms.
21 LaMontagne. But, please, if there's another
22 witness, please feel free.

23 And I think that Attorney Wiesner and
24 Attorney Kreis have addressed many parts of my

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 cross-examination, but I think I'll start in kind
2 of an overview.

3 BY MR. YOUNG:

4 Q In your opinion, was this RFP process and
5 solicitation, I guess, more like previous
6 solicitations prior to the volatility of the past
7 year or so?

8 A (Littlehale) Yes. I would say, as market prices
9 have stabilized and declined since call it the
10 past nine months or so, it has brought additional
11 suppliers, additional bids, back to the process,
12 not only in New Hampshire, but in Connecticut and
13 Massachusetts as well.

14 Q And I guess, just to clarify for the record, were
15 there any changes made to the solicitation
16 process this time around?

17 A (Littlehale) Not this time around. It was about
18 a year ago when we increased the number of
19 tranches from four to eight for small customers,
20 in an effort to entice additional bidders, so,
21 more tranches, less load per tranche, less risk.
22 But that has been in effect, I believe, three
23 cycles now.

24 Q Okay. And, then, I guess at the risk of bringing

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 down the mood in the room, based on the bids
2 received and, you know, seemingly reasonable
3 prices, could you talk a little bit about any
4 concerns you've heard in the conversations with
5 bidders during this process?

6 A (Littlehale) So, the concerns, or I think of them
7 as reasons not to bid, that were referenced in
8 the previous discussion, we heard from two
9 bidders that they declined to participate.

10 The other questions that we received
11 from our suppliers were predominantly around
12 community power migration. That was the number
13 one topic on folks' minds.

14 Q And, then, about a year or so ago, and correct me
15 if I'm wrong, I believe that a lot of the
16 concerns -- or, really, reasons, I guess, for the
17 market increase or price increases, were largely
18 due to the war in Ukraine, I think that's fair to
19 say, is that correct?

20 A (Littlehale) Yes. I would say, initially, there
21 was an uptick in prices coming out of the COVID
22 lockdowns. You know, significant amounts of
23 supply was taken off line during the lockdowns.
24 The demand began to outpace supply as the

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 lockdowns eased. And, then, the Russia-Ukraine
2 War was a second accelerator of the crisis.

3 And, in New England, because natural
4 gas produces about half of the megawatt-hours
5 that the region consumes, and it also is the
6 so-called "marginal resource", meaning it sets
7 the power price. And, so, as natural gas prices
8 rise, electricity prices follow, and *vice versa*.

9 Since then, you know, in response to
10 the high prices, additional supply has come on
11 line. So, you can -- you know, more aligned with
12 demand and supply.

13 And, then, frankly, we've had some
14 weather at -- for example, last winter was a
15 normal -- a warmer-than-normal winter. So, that
16 helped from a supply perspective.

17 Q And, in your experience in the market currently,
18 are there current world events that you're
19 hearing or seeing that could impact prices
20 similarly to the way that the war in Ukraine did?

21 A (Littlehale) So, obviously, there's many
22 potential geopolitical events. The situation in
23 the Middle East that began on October 7th, from
24 our perspective, those events have not had a

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 materially positive impact on prices to date.
2 But that could change at any moment. And that
3 gets into the risk and, you know, who bears that
4 responsibility of that risk.

5 But it's clear, from a price
6 perspective, over the last six, nine months,
7 there's lower volatility and lower prices. And
8 that's reflected in the bids that we've received
9 and the rate that we're proposing here today.

10 Q And turning, I think, specifically, I just have
11 one more question, to your testimony, Bates
12 Page 013 of Exhibit -- I guess I'm in Exhibit 5,
13 the redacted version. Specifically, I'm looking
14 at Lines 23 through 26. And let me know when
15 you're there.

16 A (Littlehale) Thirteen, Bates 013?

17 Q Yes. Exhibit 5.

18 A (Littlehale) Okay.

19 Q There's a reference there that "Eversource will
20 continue to purchase Class I RECs from the
21 Burgess BioPower Wind facility under an existing
22 PPA."

23 I wonder if you could just clarify, I
24 guess, where those RECs will be purchased from

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 there?

2 A (Littlehale) Where -- you mean, from the Burgess
3 facility?

4 Q Is it the Burgess biomass facility?

5 A (LaMontagne) Yes.

6 Q Yes. Okay.

7 A (Littlehale) Okay. You're saying -- you're
8 seeing "Burgess BioPower Wind facility". Okay,
9 that is -- you'll see there's a footnote there?

10 Q Uh-huh.

11 A (Littlehale) That line, in addition to Burgess,
12 used to reference "Lempster Wind" as well.

13 Q Okay.

14 A (Littlehale) And you can see there's a
15 Footnote 3, that we had, there was an existing
16 PPA with Lempster Wind that expired on
17 November 30th, 2023. So, we removed the
18 reference from Line 24, had a footnote to call
19 attention to it, but I think we failed to
20 delete --

21 A (LaMontagne) The "Wind".

22 A (Littlehale) -- "Wind", prior to "facility", on
23 Line 24. Thank you for that catch.

24 MR. YOUNG: Thank you, Mr. Littlehale

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 and Ms. LaMontagne. Those are all the questions
2 on cross.

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

6 CMSR. SIMPSON: Thank you,
7 Mr. Chairman.

8 I'm sure you all have been busy with
9 storm duty over the last day. How's everything
10 going with the restoration?

11 WITNESS LITTLEHALE: It's ongoing.
12 Yes.

13 CMSR. SIMPSON: You would have been a
14 great lawyer.

15 *[Laughter.]*

16 CMSR. SIMPSON: Appreciate Ms. Gagnon's
17 emails for keeping us updated.

18 BY CMSR. SIMPSON:

19 Q Are you aware of recent Commission orders
20 pertaining to UES and Granite State Electric's
21 Default Service?

22 A (Littlehale) Yes, we where.

23 Q And are you familiar with the directive to the
24 Companies to respectively develop proposals for a

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 market-based procurement?

2 A (Littlehale) Yes, we are.

3 Q Do you have any thoughts on the matter?

4 A (Littlehale) From a -- from what perspective? On
5 a potential proposal for direct market
6 participation?

7 Q You've testified that, absent a direct Commission
8 order to go to the market for a portion of your
9 Default Service procurement, the Company's
10 prerogative has been to remain with the process
11 since your Settlement Agreement in 17-113,
12 correct?

13 A (Littlehale) That's correct.

14 Q So, if this Commission were to similarly direct
15 Public Service Company of New Hampshire to
16 develop a proposal for a portion of your Default
17 Service procurement to be obtained through the
18 ISO-New England Market, either Day-Ahead or
19 Real-Time, do you have a perspective on that?

20 A (Littlehale) Well, we would follow the orders.
21 And our proposed direct market participation
22 would likely be based upon recent direct market
23 participation that was done in our Connecticut
24 and Massachusetts affiliates. Which were done

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 not because of Commission order, they were done
2 because of failed RFPs during the height of the
3 volatility.

4 Q In those jurisdictions?

5 A (Littlehale) In those jurisdictions, correct.
6 And we have a process that we followed in both
7 Massachusetts and Connecticut, very similar,
8 where we contract with a third party to generate
9 the respective customer class demand that would
10 be bid in the Day-Ahead Market as a price-taker.
11 So, for example, you know, the Residential class,
12 or Small Customer class, whatever we expect that
13 customer class to demand the next day, gets bid
14 in, and then, whatever the clearing price is, the
15 locational marginal price the next day, you know,
16 that becomes the, you know, how much those
17 megawatt-hours cost.

18 In addition, you know, you have
19 capacity charges, you have ancillary charges,
20 other, you know, Mystic RMR charges, *et cetera*,
21 that, you know, flow through.

22 So, we have experience doing that,
23 recent experience doing that in our group.

24 Q Uh-huh.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) And, in Connecticut and
2 Massachusetts, we benefited from warmer --
3 primarily, warmer weather. So, it looks like
4 we'll be able to return costs to customers in --
5 through a future reconciliation rate period.

6 So, you know, from a development of a
7 proposal, per the similar order to Unitil and
8 Liberty, we would want to ensure that the
9 reconciliation process is identified clearly,
10 because it can work both ways. There can be
11 times that dollars will be returned to customers
12 in a future rate period, and there will be times,
13 likely, that you'll need to recover costs that
14 were not charged, and have a positive
15 reconciliation in a future rate period. And that
16 gets to the heart of the risks that are being
17 transferred from suppliers to customers.

18 Q Okay. You used the term "likely" in recovering
19 costs from customers. So, I interpret that as
20 your perspective being you feel that that
21 tranche, if you will, that portion of your load
22 that you would be serving through the ISO-New
23 England Market would be more expensive than the
24 supplier-based procurement. Is that a fair

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 understanding and assessment of your testimony?

2 A (Littlehale) I don't think so, no.

3 Q Please clarify.

4 A (Littlehale) Yes. I'm sorry if I gave off that
5 impression.

6 You don't know, until after the rate
7 period, if the self-supply costs are lower or
8 higher than the supplier costs that got bid into
9 an RFP. And that, from our perspective, is the
10 biggest challenge when it comes to self-suppling.

11 So, if we think about the wholesale
12 rate for this rate period, which is captured in
13 LJL-2. So, confidential LJL-2 is Bates Page 027.

14 Q Yes. I see that.

15 A (Littlehale) So, a confidential number for the
16 "Overall Result", under "Period", we'll call it,
17 you know, "_____". Again, that's a confidential
18 number. That represents the eight bids that we
19 accepted in this cycle.

20 So, under a proposed, say, 25 percent
21 self-supply, you would not accept Bids 7 and 8.
22 So, the _____, again, a confidential number, and
23 the _____, again, a confidential number, those
24 bids presumably would not be accepted, and it

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 would be on our responsibility to come up with an
2 alternative rate to put there.

3 And what that rate is, unless we're
4 really good, or really lucky, is going to be
5 wrong, at the end of the six months. It's either
6 going to be lower, which will allow us to -- if
7 we -- if costs come in lower than we anticipated,
8 we'll be able to return those dollars to
9 customers in a future reconciliation. That's all
10 good and well, and I think, in an ideal
11 situation, everybody's happy.

12 The challenge is, and the pain point, I
13 think, for all stakeholders, is if costs come in
14 higher than our self-supply estimate for Bids
15 called "7" and "8" in this construct. And it's
16 our opinion that those -- those costs would need
17 to be recovered from customers in a future rate
18 period. And, from our perspective, it would be
19 important to ensure that, if we do need to
20 recover costs from customers in a future rate
21 period, that we have ensured rate recovery on
22 behalf of customers.

23 And that's the risk, I think, in a
24 nutshell. Is you're asking us to forecast a

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 rate, and it's hard to do. It's really hard to
2 do.

3 And, in an ideal world, the costs come
4 in lower, and everybody is happy. But there are,
5 you know, I think the most pressing example of a
6 -- you know, would be the polar vortex of 2013
7 and 2014. When, you know, we had a prolonged
8 cold spell, and costs skyrocketed, and, you know,
9 there was a big blow-out in costs for, you know,
10 in the billions of dollars. And, under that
11 construct, that additional charge falls on
12 customers.

13 And that would be our concern, and
14 ensure that everybody is onboard and aligned,
15 that that risk should be transferred from
16 customers -- I mean, from suppliers to customers.

17 Q Does the Company feel unable or ill-equipped to
18 forecast such a rate?

19 A (Littlehale) Well, we can do it. You know, we,
20 in Massachusetts, we followed a process where we
21 had a failed solicitation in the NEMA, the
22 Northeast of Boston, but we had a successful
23 solicitation in SEMA, the Southeast. So, we just
24 used the same day, we used the SEMA rate as a

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 proxy for NEMA customers. So, that would be one
2 example.

3 Q How did you do?

4 A (Littlehale) Well, because of the normal -- the
5 above-normal weather, we ended up, you know, in
6 the process of returning dollars to customers.

7 So, in Connecticut, bids were -- we had
8 two tranches that were unable to be filled. So,
9 Bids 9 and 10, there's ten tranches in
10 Connecticut, were replicated. So, that would be
11 another potential, you know, way to do it.

12 We could use our proxy price, would be
13 a third way potentially to do it. But, again,
14 the proxy price is an estimate based upon forward
15 prices that is the collective view of
16 stakeholders involved in this market.

17 So, you know, we can do it, but we're
18 going to be wrong. It's just a matter if we're
19 high or if we're low.

20 Q When you look at the risk/benefit analysis for
21 such an undertaking, what benefits do you foresee
22 for customers, and what downsides? I think
23 you've talked quite a bit about the downsides.

24 A (Littlehale) Yes.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Q But do you see any benefit?

2 A (Littlehale) The benefits are that you will
3 potentially avoid paying the supplier risk
4 premium, which, you know, has, you know, in "low
5 volatility" times is, you know, relatively
6 stable. During the recent volatility, you know,
7 it probably increased to two or three times.

8 So, the benefit is a lower rate for
9 customers in, you know, typical rate periods that
10 goes according -- relatively according to plan.

11 The downfalls is that these are really
12 complex markets. We live in a complex world.
13 And, you know, you have weather thrown in there,
14 you have an evolving ISO-New England system that
15 is, you know, retiring traditional baseload
16 resources, and waiting for new clean energy
17 resources to come on line that, for one reason or
18 another, have been delayed.

19 So, you know, past market prices are no
20 indicator for future market prices. So, the
21 biggest risk, from our perspective, is, you know,
22 projecting a low self-supply rate, you know,
23 again, we would do this, conceivably, in December
24 for a time period that begins in June. And,

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 then, come the end of July, you look back and say
2 "Well, how did I do?"

3 And I think I've used the example
4 before, it's, you know, it's like insurance.
5 Right? Whether it's car insurance or health
6 insurance or property insurance, you're household
7 budget or expenses are increased every month
8 because of the costs that we pay in insurance.

9 And there are likely many months that
10 you don't go to the doctor or you don't go in a
11 car accident or you don't have some event at your
12 home. But there -- but, when you do have a car
13 accident or when you do go to the doctor or you
14 do need to call in your homeowner's insurance,
15 you want that protection, even though it may not
16 happen very often.

17 Q Thank you. I appreciate that, Mr. Littlehale.

18 Let me ask you about the REC
19 requirement. Looking at Exhibit 6, Bates
20 Page 029, and may be a question for Ms.
21 LaMontagne.

22 So, under "Current Inventory", I see

23 -----
24 -----

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 _____?

2 A (LaMontagne) Correct, for 2024 RECs.

3 Q Uh-huh.

4 A (LaMontagne) So, there may be a carryover of
5 Class I RECs for 2023 that could be used in 2024.
6 But, at this moment, when we prepared this, we
7 did not know that for certain.

8 Q So, you've already contracted to buy some or all
9 of 2023 RECs?

10 A (LaMontagne) Yes.

11 Q Okay. And do you have a perspective on when the
12 obligations should be clear? My understanding is
13 that, for 2023, the obligation actually won't be
14 set until sometime in 2024, is that correct?

15 A (LaMontagne) Well, the obligation for 2023 is
16 set, but the purchasing of the RECs goes through
17 2023 in the generation.

18 Q Uh-huh.

19 A (LaMontagne) So, the generation for December of
20 2023 will be known in March of 2024, I believe.

21 Q Uh-huh.

22 A (LaMontagne) So, at the end of December, when we
23 have the generation, we'll have a good estimate
24 on the number of RECs that we'll be receiving

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 through our purchase power agreements.

2 Q Okay. Okay, thank you. How's the transition
3 going with municipalities that are aggregating?

4 A (LaMontagne) The transition, I believe, is going
5 good. There are, as referenced earlier, there
6 are, like, twelve communities that are going to
7 be progressing over. Three of those twelve are
8 enrolling in December, a few may have started in
9 November. Of the twelve, there were six
10 agreements that were coming through to
11 Eversource, and they would start the process.

12 Q What portion of your load has migrated at this
13 point? Rough numbers, I'm not looking for a
14 specific number, but --

15 A (Littlehale) Yes. I think the easiest way to
16 think about it is, when we think of the 74,000
17 customers that have enrolled to date, in
18 aggregate, --

19 Q In aggregation?

20 A (Littlehale) In aggregation, right. So, that
21 breaks down to about 65,000 residential
22 customers, and about 10,000, 9.5 commercial.

23 So, then, if we think of a typical, in
24 fact, we pulled these numbers from the PSNH FERC

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Form 1, the typical residential customer in New
2 Hampshire is about 619 kilowatt-hours per month.
3 So, if you translate the 64,000 customers, at 619
4 kilowatt-hours per month, you get about 483,000
5 megawatt-hours. You do the same thing for the
6 commercial customers, that's another 195,000.
7 So, it's a total call it 678,000 megawatt-hours.

8 Q Uh-huh.

9 A (Littlehale) Now, that hasn't all, you know,
10 showed up yet, because that's an annualized
11 number.

12 In 2022, our PSNH energy service
13 obligation was 3.8 million megawatt-hours. So,
14 the 678 is about 18 percent of 3.8, of our 2022
15 pre-migration number. I think that's, to me,
16 that's how I -- it makes sense to me.

17 Q And are you familiar with the municipal
18 aggregation effort in Massachusetts?

19 A (Littlehale) Yes.

20 Q I recall, this might have been a year ago or so,
21 the City of Boston transitioned to a municipal
22 aggregation. Is that --

23 A (Littlehale) That's correct.

24 Q -- your understanding?

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) Yes.

2 Q Okay. How did that transition go?

3 A (Littlehale) I mean, overall, I think it went
4 well. There, you know, what's interesting about
5 Massachusetts is we serve load in Eastern Mass.
6 and Western Mass. And community/municipal
7 aggregation is more prevalent in Eastern Mass.
8 than Western Mass. So, from a Massachusetts
9 perspective, we're serving about 15 percent of
10 our distribution load, it's preferred to as
11 "Basic Service" in Massachusetts, and, in the
12 western part of the state, we're serving about 35
13 percent.

14 So, it's, you know, I think
15 Massachusetts is a little bit ahead of New
16 Hampshire, from a, you know, migration to
17 community power. So, perhaps there's some
18 lessons learned that we were able to implement.

19 But, at this point, you know, there's
20 still a bit of migration, but it's slowed. And,
21 you know, perhaps eastern -- the eastern part of
22 the state is ahead, and likely future
23 aggregations are more likely to take place in the
24 western part of the state.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Q As you liaise with different suppliers, and I'm
2 sure you have for many years, is there a
3 distinction between the community power or
4 municipal aggregation suppliers and your
5 traditional suppliers who bid for -- to bid to
6 provide Default Service, in terms of what they're
7 seeking from you, or how they're trying to serve
8 load within your service territories?

9 A (Littlehale) There are some players who do, you
10 know, who bid into our processes, and also will
11 serve an aggregation. But it's not uniform. You
12 know, some participate in both, some stakeholders
13 participate in both, and some do one or the
14 other.

15 Q Uh-huh. I guess my understanding is that there
16 are different types of products and services
17 that, at least in New Hampshire, community power
18 aggregations are enabled to provide through the
19 statute, RSA 53.

20 A (Littlehale) Additional renewable certificate
21 purchases, for example?

22 Q Uh-huh.

23 A (Littlehale) Yes.

24 Q So, is that -- is there a distinction in your

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 process, or are you seeing anything that's
2 noteworthy for us to be aware of?

3 A (Littlehale) Nothing comes immediately to mind.

4 CMSR. SIMPSON: Okay. All right.

5 Thank you all for your testimony.

6 WITNESS LITTLEHALE: Uh-huh.

7 CMSR. SIMPSON: I don't have any
8 further questions.

9 CHAIRMAN GOLDNER: Thank you. We'll
10 move now to Commissioner Chattopadhyay.

11 CMSR. CHATTOPADHYAY: Good morning.

12 BY CMSR. CHATTOPADHYAY:

13 Q So, let's continue the discussion about
14 migration. I just jotted down what was shared.
15 So, there's twelve cities and towns that are in
16 the process of getting community power
17 aggregation, right?

18 A (LaMontagne) There are twelve that are setting up
19 to start to be enrolling.

20 Q Okay.

21 A (LaMontagne) There's --

22 A (Littlehale) Seventeen.

23 A (LaMontagne) -- seventeen that are currently
24 enrolling and have been enrolling.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Q So, I'm trying to understand, the 74,000 --
2 sorry, 70 -- yes, forget about the number, the
3 approximately 70 percent of residential customers
4 you mentioned that in, if you go to Exhibit 6,
5 Bates Page 005, when all of that happens, meaning
6 the rest of, you know, the twelve towns fully
7 materialize, meaning they have community power
8 aggregation, do you have an estimate of what
9 percentage of residential customers would remain
10 with, you know, with Default Service?

11 A (LaMontagne) I don't believe we have -- I don't
12 believe we have the total of the seventeen and
13 the additional twelve. We don't have that
14 estimate.

15 A (Littlehale) Yes. I don't believe we've done the
16 math on that.

17 A (LaMontagne) Yes.

18 A (Littlehale) But, just estimating, you know, you
19 can see, if 74,000 customers generate 678,000
20 annual megawatt-hours of consumption, and an
21 additional 37,000, you know, you're looking at,
22 you know, a million, perhaps a million
23 megawatt-hours at least, perhaps. So, you know,
24 when -- you can see us -- it's difficult to do

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 the math on-the-fly. But, you know, we're likely
2 trending down towards, you know, instead of
3 serving, you know, pre-migration, we were serving
4 about half of our distribution load. You can see
5 we're heading, you know, towards the 30 -- 30
6 percent range, you know.

7 Q Yes. I think I did some calculations mentally,
8 and that you're in the ballpark.

9 A (Littlehale) Okay.

10 Q So, my question stemming from that is, right now
11 you have, for example, in the Small Customer
12 Group, you have eight tranches, --

13 A (Littlehale) Uh-huh.

14 Q -- when you go out for Default Service
15 solicitation. And the reason it was made eight,
16 when you moved from four to eight, was to make --
17 to reduce the risk that the suppliers face,
18 because the smaller the tranche, the less they
19 have to deal with.

20 A (Littlehale) Yes.

21 Q But there is a point at which the size may become
22 so small that they may think that it's not
23 worth --

24 A (Littlehale) That's right.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Q -- participating. Do you have a sense of when
2 that could happen?

3 And, if you want to rely on your
4 experience in Connecticut and Massachusetts, if
5 there is anything comparable, then I'd like to
6 understand that.

7 A (Littlehale) Yes. We haven't given it too much
8 thought. But, given the level of interest in
9 this solicitation, and especially in the Small
10 Customer tranches, based upon the number of bids
11 received, we're still talking the eight -- the
12 eight tranches seems to be attracting
13 participation.

14 But it is something that we'll continue
15 to keep an eye on moving forward. Do we want to
16 scale that down as we -- as more megawatt-hours
17 migrate from Default Service to community
18 power -- the community power?

19 Q You had mentioned, I'm sort of changing the topic
20 now, so, you had mentioned how, in Connecticut
21 and Massachusetts, because you were forced to go
22 to the ISO-New England Market, and it turned out
23 that the rates were lower than what the other
24 rates were, you mentioned something about that

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 was "due to the weather".

2 Have you done any analysis on whether
3 it's 100 percent due to the weather, or there are
4 other factors also?

5 A (Littlehale) There are other factors also, for
6 sure. But, if we think about Winter 2022 into
7 2023, which call it "last winter", it was, while
8 there were some cold days, it was a above-normal
9 weather. And that, when there's normal --
10 above-normal weather, that leads to less demand
11 for, primarily, natural gas. So, if there's less
12 demand for gas, there's more supply of gas. And,
13 therefore, the more supply has a downward impact
14 on the price of natural gas.

15 You know, we also can't lose sight of
16 when these rates are set, primarily based upon
17 forward prices, which is a NYMEX-based, you know,
18 financial instrument, that, if the solicitation
19 is, say, two months before a rate period, and
20 then it's a rate period that extends for eight --
21 for six months, you know, forward prices that set
22 the rate become, conceivably, eight months out to
23 date.

24 And, given the volatility that we've

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 seen, eight months can be a long time in these
2 markets.

3 Q Going back to the discussion that you were having
4 about, you know, what happens if you go for a
5 tranche, let's say, one-eighth, instead of -- so,
6 one of the tranches for the Small Customers, you
7 are exposed to the ISO-New England Markets.

8 If you go there, do you think it could
9 create -- there is value in having information
10 coming into the fray that is about how the
11 markets -- how the spot markets operate, might
12 also create some discipline with respect to how
13 the other -- how the suppliers participate in the
14 Default Service solicitations?

15 A (Littlehale) So, --

16 Q So, before you answer, so, I mean, you've talked
17 about upsides and downsides. I'm trying to ask
18 you whether there may be an upside because of
19 that as well?

20 A (Littlehale) And just so I understand the
21 question. Is it "If we were to self-supply one
22 or two tranches, does that bring discipline to
23 the bidding strategy of the suppliers?"

24 Q Yes.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) That's a difficult question to
2 answer. I would be hesitant to speculate.

3 I suspect that the suppliers would --
4 I'm hesitant to speculate.

5 Q Okay.

6 A (Littlehale) You know, I think it puts us, as
7 utilities, in a position to "compete" against the
8 competitive suppliers or the municipal
9 aggregators. And I think that's a larger
10 stakeholder question. Is that the public policy
11 objective of default service, to compete on price
12 with the alternative suppliers?

13 Q I think that is a separate question. I think
14 you -- the question I was asking, you understood
15 it, and I understand your response, you're not
16 going to speculate on it. So, I mean, in the
17 other solicitations, the utilities have provided
18 their thoughts on it. So, that's okay. I
19 respect your position.

20 Going back to community power
21 aggregation again. Right now, at this point, or
22 maybe a month ago, do you have a sense of how
23 many customers are there with community power
24 aggregation?

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) Well, it's.

2 Q Is it still 74,000?

3 A (Littlehale) Yes. We pulled this a couple weeks,
4 November 24th, that's when this was put together.
5 So, it's in the past three weeks that we pulled
6 it.

7 Q Okay.

8 A (Littlehale) Yes. So, it's a relatively fresh
9 number.

10 Q And do you know whether, because I'm -- because
11 it's opt out, do you know whether -- are you
12 tracking whether there are customers who are
13 opting out?

14 A (Littlehale) I am not.

15 A (LaMontagne) I don't know.

16 Q Okay.

17 A (Littlehale) Yes.

18 Q That would be helpful to know, not at this point,
19 but keeping track.

20 Going to the point about "multiplier",
21 that you use for your proxy prices, for the
22 determination of the proxy prices. The
23 multiplier is -- and I should have been clear
24 that, whoever is feeling more confident

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 responding to these, please do. You know, it's
2 up to you.

3 The multipliers are determined based on
4 historical information, correct?

5 A (Littlehale) That's right. So, and, in fact, as
6 part of the DOE investigation, we tried to spell
7 this out in great detail, which -- so, I'll try
8 to draw from that response. And it's really a --
9 it's a two-step process with the same formula, if
10 you will. And that linear regression formula
11 $y = m x + b$. So, "y" is the calculated proxy
12 price, that's the answer to the equation, "m" is
13 the forward energy prices as of bid day, "x" is
14 the multiplier, and "b" is the capacity.

15 So, before we open up the bids, and
16 this is important, before we know the answer to
17 the equation, if you will, we come up with our
18 own estimate. So, we know what energy prices --
19 the forward energy prices are, because we can
20 pull NYMEX. We know what capacity prices are,
21 because we can calculate and translate forward
22 capacity prices. And, then, we select a
23 multiplier, based upon historical solicitations
24 that we have held. And that -- the equation

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 spits out our proxy price, which we've captured
2 in the filing.

3 Then, once bid day is over, and we've
4 submitted the filing, then we backcast, then
5 that -- the solicitation creates a new multiplier
6 for our database. And the formula remains the
7 same, but, instead of the proxy price that we
8 generate, our "y", if you will, now is the result
9 of the solicitation, you know, last week, for
10 example. That weighted average that we show in
11 the bottom of that, on that table. The
12 wholesale, you know, the average of the eight
13 accepted bids.

14 The energy stays the same, right? The
15 capacity stays the same. And, then, we solve,
16 you know, because we have our new y, the answer
17 to the solicitation, then we solve for the m, or
18 the multiplier, and now that's a new multiplier,
19 that we can't use last week, because we didn't
20 know until we got the bids, but now we have a new
21 multiplier from December 2023 that we will draw
22 upon in June, and perhaps in December, you know,
23 in a future solicitation.

24 So, you know, it's important to note

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 that it's a two-step process. And the math stays
2 the same, but the -- and two of the variables
3 stay the same, but two of the variables change,
4 depending on when you do the calculation.

5 CHAIRMAN GOLDNER: Commissioner
6 Chattopadhyay, I'm thinking that perhaps we could
7 continue your questions after a break, and give
8 the court reporter maybe ten minutes?

9 CMSR. CHATTOPADHYAY: Absolutely.

10 CHAIRMAN GOLDNER: Okay. Let's take a
11 short break, and return at 10:45. Thank you.
12 Off the record.

13 *(Recess taken at 10:35 a.m., and the*
14 *hearing reconvened at 10:46 a.m.)*

15 CHAIRMAN GOLDNER: Okay. We'll go back
16 on the record, and continue with Commissioner
17 Chattopadhyay's questions.

18 BY CMSR. CHATTOPADHYAY:

19 Q Let's go to Exhibit 6, Bates Page 028. So, I'm
20 just trying to understand what was discussed
21 before the break. So, we go there, and I will
22 not reveal the numbers, I know you sort of did
23 already, but that doesn't matter really for me.

24 So, where you have the "Energy Price

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Bid Multiplier", for example, for the Small
2 Customers, that is based on history?

3 A (Littlehale) Yes. That's right.

4 Q Okay.

5 A (Littlehale) That's actually pulled from a high
6 multiplier from a previous solicitation and a
7 low, to create an average. So, it's actually the
8 average of two separate multipliers from two
9 different solicitations. Which creates our
10 average, because, again, we have a large database
11 to choose from.

12 Q So, you're looking at the large database, and
13 then going for the high, the max, and the low,
14 the least, and doing an average?

15 A (Littlehale) That's right. For this cycle, yes.

16 Q When you said "for this cycle", so, are you
17 indicating that the method was changed?

18 A (Littlehale) The multiplier has been, in the
19 height of volatility, just the max.

20 Q Okay.

21 A (Littlehale) Yes. But, given what we saw in
22 Connecticut and Massachusetts, where, in response
23 to lower volatility, more participation, we are
24 reintroducing the average, or, at least in this

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 cycle, we've reintroduced the average, to be --
2 again, to tighten that zone of reasonableness.
3 And that's what we've captured in Bates Page 028.

4 Q Is this "averaging" approach something that you
5 used prior to the volatility events or periods?

6 A (Littlehale) That's right.

7 Q Okay.

8 A (Littlehale) Yes.

9 Q Do you know whether -- do you follow ISO-New
10 England Market enough to be able to indicate the
11 degree of volatility in the Day-Ahead Market,
12 relative to the Real-Time Market?

13 A (Littlehale) So, generally speaking, the
14 Real-Time and the Day-Ahead Market can -- it can
15 vary. But they do relatively closely track each
16 other, you know, if you look at it, you know,
17 like an annual -- a year's worth of annual data.

18 But, from this perspective, we are --
19 the forward energy prices are Day-Ahead forwards.
20 So, we're only -- so, that's what we're capturing
21 here is the Day-Ahead NYMEX forwards.

22 Q Can you elaborate? So, for example, when you're
23 setting the proxies, the "Forward Energy Prices",
24 you have "Peak", "Off-Peak", "All-Hours".

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) Yes.

2 Q When you're looking at February, May, April, May
3 June, all of that -- sorry, February, March,
4 April, May, June, July, for the forwards, --

5 A (Littlehale) Yes.

6 Q -- you're basically saying Day-Ahead, but those
7 are for the six months, five months, four months,
8 three months, right?

9 A (Littlehale) Right. Yes. So, the way --

10 Q Just to make sure I'm following it.

11 A (Littlehale) So, the way you, if you look at this
12 "Forward Energy Prices", you can see there's
13 "Peak", "Off-Peak", and "All-Hours", by month.
14 Right? And, then, we've got the period, the
15 "52.49", that represents the load-weighted. And
16 that's why, on this table, we include the loads
17 at the top.

18 So, instead of just averaging these six
19 months, taking the simple average, we take
20 weighted average using the loads, because they
21 can vary by month. So, if you don't load-weight
22 them, for example, April, which has the lowest
23 load, would have an equal share to the average
24 than, say, July, which has the highest. So, we

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 load-weight them. And the result of the
2 Day-Ahead forward energy prices for February
3 through July, pulled on December 11th or 12th,
4 was 52.49.

5 If we pulled it again today, it would
6 be a different number.

7 Q You mentioned that there will be stranded cost
8 charges that will come in in February, if I heard
9 it correctly. Do you have a sense of what I'm
10 talking about, like, in terms of a percentage?
11 Minimal?

12 The rates are going to change in
13 February, right?

14 A (Anderson) Yes. We've made a preliminary filing
15 already.

16 Q Yes.

17 A (Anderson) And we'll follow that up with a second
18 filing in January. But the impacts will be
19 somewhat minimal.

20 CMSR. CHATTOPADHYAY: Okay. That's all
21 I have. Thank you.

22 CHAIRMAN GOLDNER: Okay.

23 BY CHAIRMAN GOLDNER:

24 Q I'll draw the Company's witnesses' attention to

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 the "Eversource Energy Wholesale Market
2 Comparison Table" that was most recently filed in
3 this docket on November 20, 2023, and is publicly
4 available online in the Commission's website
5 under Tab 27.

6 Do the witnesses have access to that
7 table?

8 A (LaMontagne) One second.

9 *[Short pause.]*

10 **BY THE WITNESS:**

11 A (LaMontagne) Yes. Yes. Sorry for the delay.

12 BY CHAIRMAN GOLDNER:

13 Q Thank you. So, if we -- if we look at Table 1,
14 Line A, which is derived from the ISO-New England
15 Market costs, plus ancillary costs, for the
16 months of August, September, and October of 2023,
17 I'm seeing, and these are not confidential
18 numbers, numbers of about \$38, \$43, and \$35,
19 respectively. Do you see that on the table?

20 A (Littlehale) Yes, we do.

21 Q Thank you. And, then, hopefully, the Company can
22 help out with the best comparable to Table 2 and
23 Table 3, from that Table 1, Row A. Is that -- is
24 the best comparable Table 2, Row f?

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) Row --

2 A (LaMontagne) Could you ask that question again?

3 Q Sure. The best comparable, Table 1, Row A,
4 what's the best comparable in Table 2 or Table 3,
5 which row?

6 I think it might be Table 2, Row f, but
7 I want -- I'd like the Company to verify.

8 A (Littlehale) So, in our opinion, Table 3 is the
9 table that produces the rate, the Energy Service
10 rate.

11 Q Okay.

12 A (Littlehale) If I recall the process, when we
13 initially submitted our first cost comparison
14 table, the Commission came back and asked us to
15 make some changes to what our -- our first. And
16 we understood what was asked for by the
17 Commission is what's reflected in Table 2.

18 Now, it's our opinion that Table 3 is
19 the more appropriate metric to compare, even
20 though, you know, we can get into some
21 differences, because that's the table that sets
22 the rate.

23 What Table 2 does is Table 2 updates
24 forecasted load with actual load. So, Table 2,

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Row a. And Table 2 also omits some of the
2 reconciliation factors. So, if you omit the
3 reconciliation factors from Table 2, and you
4 update with historical loads, you can no longer
5 return the 12.582 rate that is on Small Customer
6 bills.

7 And what we understood is we're trying
8 to compare the rate that results from the
9 competitive procurement, versus a self-supply
10 construct. And it's our opinion that, by
11 omitting some of the reconciliation factors and
12 updating historical load, or updating forecast
13 load with actual load, you can no longer return
14 the rate that's on the bill.

15 So, that's why we were responsive to
16 the request from the Commission by including
17 Table 2 as directed, and yet we included Table 3
18 to say, if you want to show the rate that's on
19 the bill, you can't make midcourse corrections.
20 And that's why we've structured the report as
21 we've done.

22 Q Okay. Thank you for that. So, Table 1, Row A,
23 in Table 3, what would be the best row to compare
24 it to? I guess the options are "b" or "h"?

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) It would be "b".

2 Q "b". Okay. Thank you. So, again, these are not
3 confidential numbers. So, we're comparing the
4 numbers I rattled off earlier, in Table 1, Row A,
5 with Table 3, Row b.

6 A (Littlehale) Sorry, can I change my answer?

7 Q Yes.

8 A (Littlehale) So, Table B -- Table 1, Row B, is an
9 "energy".

10 Q Yes.

11 A (Littlehale) You know, that's a wholesale local
12 LMP price.

13 Q Yes.

14 A (Littlehale) And what we get -- so, there's not a
15 direct comparison. Because what we get from
16 suppliers is not just an energy component, right?
17 It's the -- it's the energy, it's the capacity,
18 it's the ancillary. It's the obligation to have
19 customers return. It's the obligation to have
20 customers come back. So, there's not an
21 equivalent "energy only", which we can pull from
22 ISO data, to the rate that we receive from
23 suppliers. Because we receive an all-in, an "all
24 requirements" service, which includes energy, but

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 it also includes these other products and
2 obligation to serve load that aren't reflected
3 only in the LMP price.

4 Q So, you've probably guessed what we were trying
5 to facilitate in these tables, which was, if the
6 Company went directly to the ISO-New England
7 Market, they would purchase at some price, and we
8 would compare that to the -- let's say, the
9 apples-to-apples price that the Company actually
10 purchased through the wholesale suppliers. So,
11 that was the intent of the table.

12 So, for purposes of today's discussion,
13 I won't hold you to your first answer, but,
14 instead, perhaps, give me the best number to
15 compare Table 1, Row A, to in Table 2 and
16 Table 3, understanding that it's not perfect?

17 A (Littlehale) So, the energy, from Table 1, Row B,
18 is --

19 Q Row A? Oh, no. I'm sorry, you're on the other.
20 I'm sorry, yes. Go ahead and use B, okay.

21 A (Littlehale) Yes. B, "Energy".

22 Q Okay.

23 A (Littlehale) Is part of the wholesale contract
24 price, Table 2, Row b, and is also part of the

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Table 3, b, the "Small Customer Energy Service
2 Rate".

3 Q Okay. So, just for simplicity, for the sake of
4 this discussion, and not crossing over into
5 lunch, the best thing to do would be to compare
6 Table 1, Row B, so, that's \$29, \$33, and \$24,
7 respectively, to, roughly, Table 3, Row b, \$93,
8 \$73, and \$69, respectively. That gives us kind
9 of a ballpark comparison?

10 A (Littlehale) Well, my concern is you're comparing
11 an "energy only" price to an "energy, plus
12 capacity, plus ancillary services, plus
13 obligation to serve load".

14 Q Totally understand. And what I'm trying to get
15 to, for today's hearing, is just give me the
16 Table 1 versus Table 2 or Table 3 that's the most
17 apples-to-apples?

18 The illustration here is, of course,
19 just that the market price is considerably under
20 the wholesale price, this is not a surprise to
21 anyone. But I'm trying to give, for the record,
22 an opportunity to look at --

23 A (Littlehale) Yes.

24 Q -- the magnitude of that difference.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (Littlehale) All right. So, what I think the
2 appropriate metric to do, number one, we have to
3 wait until the six-month rate period is over.

4 Q Uh-huh.

5 A (Littlehale) And, then, we will be able to
6 populate Table 1, Row M. Table 1, Row M, which
7 is the sum of energy, it's the sum of capacity,
8 it's the sum of NCPC, it's the sum of Mystic,
9 when the IEP costs begin to flow, it will be the
10 sum of those costs as well.

11 So, it's the weighted average of Row --
12 Table 1, Row M, and you compare that to the
13 "125.82" in Table 3, Row j.

14 Q I see. So, with today's population of those
15 numbers, you have a \$38 number for August, a \$43
16 for September, that will eventually be compared
17 to a \$125 number, understanding that there's
18 obviously four more numbers to populate on Row M?

19 A (Littlehale) That's right. Because then you've
20 got energy, capacity, ancillary, all the market
21 products necessary to deliver 24/7 load, which is
22 what we're procuring. Right? We're not
23 procuring just an energy price delivered
24 whenever. Right? We're delivering 24/7

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 load-following services. So, that row, Table 1,
2 Row M, includes all those factors.

3 And, then, Table 3, I guess it's Row j,
4 at the end there, the 125, that also includes all
5 the products necessary to deliver load-following
6 services.

7 The only difference, and this is where,
8 you know, timing comes in, the 125.82 was set
9 back in June of 2023, and the suppliers
10 guarantied to deliver at that price no matter
11 what happens in the world.

12 Q Oh, no. I totally understand that piece.

13 A (Littlehale) Okay.

14 Q No problem there.

15 A (Littlehale) All right.

16 Q And I just want to, and at the risk of beating
17 this poor dead horse one more time, if we go to
18 Table 1, Row A, and Table 1, Row M, those are
19 basically the same number. So, --

20 A (Littlehale) I don't -- I would disagree.

21 Q They look the same.

22 A (Littlehale) Sorry?

23 Q Table A -- or, Table 1, Row A, and Table A [1?],
24 Row M, as in "Mary". They're fundamentally the

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 same number, within some cents?

2 A (Littlehale) Yes. But Row M includes more
3 than -- obviously, energy is the largest
4 component of it. But it includes other products,
5 ISO-New England products, necessary to serve
6 load.

7 Q Okay. So, just for purposes of illustration
8 today, and to move merrily along, I think what
9 you're saying is that the price on Table 3,
10 Row j, \$125, is about three times what the
11 Company would have paid so far, if going directly
12 to the ISO-New England Market?

13 A (Littlehale) So, if you're -- if you're looking
14 for a half-time score, --

15 Q It would be 40 to 125, yes.

16 A (Littlehale) Yes.

17 Q Yes. It's like a Patriots game.

18 *[Laughter.]*

19 UNIDENTIFIED SPEAKER: Oh.

20 CHAIRMAN GOLDNER: Oh, sorry. Sorry.

21 WITNESS LITTLEHALE: Yes.

22 CHAIRMAN GOLDNER: That one hit too
23 close to home.

24 BY CHAIRMAN GOLDNER:

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Q So, very good. And understanding that things can
2 move around in time.

3 And the only point I was trying to
4 illustrate, Mr. Littlehale, as you can probably
5 imagine, is just that the -- if the Company would
6 have gone, and I'm not -- and I totally
7 understand why the Company didn't, but, just for
8 purposes of the next iteration, if the Company
9 would have gone directly to the ISO-New England
10 Market, the best measure of future performance is
11 past performance, the Company would have
12 purchased at about \$40 against 125.

13 And that -- and my only point here is
14 is that the ISO-New England Market today is
15 considerably lower than the wholesale market; no
16 surprise.

17 The second thing I'll say is, in the IR
18 docket, Mr. Littlehale, did you participate in
19 that IR docket? It was IR 22-053?

20 A (Littlehale) Yes, I did.

21 Q Okay. So, the Company provided, as did the other
22 utilities, the historical data. I think it went
23 back to 2015, 2015-2016, sometime in that
24 timeframe. And one of the things the Commission

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 wanted to understand was, is the ISO-New England
2 Market ever historically higher than the
3 wholesale market? And the answer to that, in the
4 case of Eversource, was "No." In no six-month
5 period was any ISO -- at any time, there was no
6 time at which the ISO-New England Market was
7 higher than the wholesale price in that time
8 period.

9 And, so, just looking at history, I
10 think we totally understand that there could be a
11 perturbation that could happen that would upset
12 the whole appplecart. But, if we look at
13 historical data going back, you know, eight or
14 nine years, whatever that is, it did give us some
15 understanding that, historically speaking, and
16 this is not a shocker, right, that the insurance
17 companies, in this case, the NextEras and
18 Constellations of the world, made money, which is
19 their business model. So, I don't think there's
20 anything surprising or shocking about that.

21 But it was just to help the Commission
22 understand the nature of the market.

23 A (Littlehale) Yes. I'm familiar with the exhibit
24 you're referencing, and I agree with the

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 conclusion. That, looking over that timeframe,
2 the wholesale costs would have been lower than
3 the rates.

4 Q That's right. Sorry. That's right.

5 A (Littlehale) Yes.

6 Q Yes.

7 A (Littlehale) Again, I think our concern would be,
8 just because it's happened in the past, does not
9 guarantee that it's going to happen in the
10 future.

11 Q And let's talk a little bit about, you were
12 concerned about the reconciliation process, which
13 is a good thing to bring up. I think the way the
14 reconciliation process would work would be, let's
15 first start with the -- let's call it the "proxy
16 price" that the Company would use for that
17 six-month period, relative to any tranches that
18 went directly to the ISO-New England Market. You
19 have to determine a price for those going in to
20 the time period. So, that's understandable.

21 I think, though, that you already have
22 that. Because, if you would have selected six
23 tranches this time, for example, and this period
24 is just an illustration, it's not a criticism of

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 the Company, if you would have selected six
2 tranches, we would have had a market price, it
3 would have been around 8 cents, and that could
4 have been used for the tranche that went directly
5 to the ISO-New England Market, for example. And,
6 then, at the end of the six-month period, there
7 would be a reconciliation to true up the
8 over/under on that.

9 But I think there is a process to get
10 to that sort of proxy price, right, just by using
11 the six tranches that you chose?

12 A (Littlehale) Use the 6, so, essentially,
13 replicating Tranche 6 for a hypothetical Tranche
14 7 and 8 that would ultimately be self-supply.

15 And, so, that could be done. It
16 wouldn't -- it wouldn't have an immediate benefit
17 reduction for customers, --

18 Q That's right.

19 A (Littlehale) -- because Tranche 6 has the
20 embedded supplier risk premium baked into it.

21 Q Yes.

22 A (Littlehale) But, through a future
23 reconciliation, if costs came in low, then
24 whatever the difference is would be returned to

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 customers through reconciliation.

2 Q Yes. So, in a twelve-month time horizon, you
3 would always be true. You would just come up
4 with this rolling six-month true-up.

5 And the Company could, I suppose,
6 choose, with the concurrence of the DOE and OCA,
7 a different number. And one could have, for
8 example, if this tranche used, you know, 4 cents
9 or 5 cents or 6 cents or 7 cents, the Company
10 could choose what -- a different number. But it
11 would have a mechanism to determine the market
12 price, at least from a wholesale perspective, if
13 it chose to just use the average of the six
14 months or the last six-month tranche, or what
15 have you?

16 A (Littlehale) Yes. And that's what was done in
17 Connecticut, the Tranche 8 was replicated for
18 Tranche 9 and 10.

19 Q Okay. Thank you. And, then, and I think you
20 said earlier that that, in that particular
21 instance, that resulted in a rebate to customers
22 in the next six-month period?

23 A (Littlehale) That will be going into effect
24 January 1.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Q Okay. Thank you. That's very helpful.

2 Okay. And just to be, I think,
3 consistent with the other dockets, we had
4 discussions in those other dockets about, talking
5 about Unitil and Liberty, in their respective
6 Default Service hearings, we talked about sort of
7 the potential -- or, well, does the Company view
8 the wholesale supply market today as an
9 oligopoly? Because it seems very close to that,
10 you know, NextEra and Constellation, at least in
11 the residential sector, seem to win the vast
12 majority of the time, if not all the time, which
13 would imply sort of an oligopoly there.

14 What's the Company's view of the
15 market?

16 And, then, it's a two-part question.
17 I'll include the other one, not to surprise you.
18 So, if you did end up with a 50 to 100 percent
19 premium, which is what we were talking about in
20 the prior chart, then, you know, is that an
21 excessive risk premium? Talking about, if the
22 risk premium were, for example, 100 percent, is
23 that excessive?

24 A (Littlehale) So, from a competitive -- from a

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 competition standpoint, we are doing our best to
2 encourage more suppliers to come to the table.
3 It's a long process, because there's not
4 necessarily, you know, an infinite number of
5 people who play in this space. So, there -- and,
6 then, once we do get interest from a potential
7 supplier, there is some paperwork, a Master Power
8 Supply Agreement, that needs to be put into
9 effect before they participate in the
10 solicitation. And that can involve some
11 negotiation with, you know, various legal
12 departments, to ensure that the Ts and Cs, and
13 the terms and conditions are all agreed upon.

14 So, whenever we get a new supplier or a
15 supplier that hasn't participated in a number of
16 cycles, you know, expressing some interest in
17 re-engaging, we spend a lot of time and effort to
18 do what we can to bring them back to the process
19 or into the process.

20 So, I would say we've had some success
21 with that. But, obviously, there are still
22 people who are sitting out on the sidelines or
23 who aren't participating.

24 So, I think I would agree with your

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 contention that competition could be improved.

2 And I think that would be to the benefit of

3 customers.

4 Q Okay. Thank you. So, really, just one, I think,

5 last question, or a couple of questions. And

6 this is relative to the tranche size. So, today,

7 you have eight tranches. Is it fair to assume

8 that your -- absent any order from the

9 Commission, that would be your plan for the next

10 six-month cycle as well?

11 A (Littlehale) I would say so, given the results of

12 what we saw in this cycle. But I do think the --

13 continuing to keep an eye on that as customers

14 continue to migrate to municipal aggregation, it

15 may make sense to bring that down to six or four

16 again. But I don't think we're there quite yet.

17 Q Okay. And, if the Commission were to provide an

18 order to the Company relative to the size of the

19 tranche that goes directly to the ISO-New England

20 Market, does the Company have a preference

21 between one or two tranches? So, in other words,

22 12 and a half to 25 percent of the load? Would

23 the Company prefer some flexibility to do one or

24 two tranches?

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Does the Company have any input on the
2 size of the -- I'll call it the "tranche", to go
3 directly to the ISO-New England Market?

4 A (Littlehale) So, our understanding of the order
5 for Unitil and Liberty is an ask for the
6 Companies to make a proposal. So, I think we'd
7 probably want to talk that out some more, if we
8 receive a similar order to that. And I think
9 it's premature for me to commit to a one verse
10 two tranche here today.

11 Q Okay. But would it be fair to assume the Company
12 would prefer flexibility, one or two? Or, would
13 the Company prefer that the Commission provide
14 the answer to the equation?

15 A (Littlehale) Well, the answer would give you
16 certainty. You know, because our concern is, if
17 it turns out that, you know, again, everybody is
18 going to be happy, and stakeholders are going to
19 be happy, if costs come in lower than the rate
20 and costs get returned to customers.

21 The real trick and the real challenge
22 is when the inverse occurs. And I know we
23 haven't seen it in the historical data. But, you
24 know, if we are to extend that timeframe and we

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 included the polar vortex, for example, I'd bet
2 you we'd get a different answer.

3 So, I think where we're concerned is a
4 second-guessing eight months after the fact.

5 "Oh, you know, you self-supplied Tranches 7
6 and 8, based upon forward prices and your proxy
7 price. But, you know, market prices came in a
8 lot higher. You're the experts, you should have
9 known that."

10 Q Right.

11 A (Littlehale) We're not going to, you know -- you
12 know, and then contend with the cost recovery
13 scrutiny, and, you know, that's where the
14 challenge is.

15 So, I think certainty, from our
16 perspective, is probably better. But we will
17 give that some more thought when it comes to a
18 potential order for us to come up with a
19 proposal.

20 CHAIRMAN GOLDNER: Okay. Thank you.
21 That's insightful, a little bit may be
22 counterintuitive, but that's very helpful
23 feedback, because it does make sense when you say
24 it that way.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Let me just check to make sure there is
2 nothing else.

3 *[Short pause.]*

4 CHAIRMAN GOLDNER: Okay. I think
5 that's all I have.

6 Commissioner Chattopadhyay, you have a
7 follow-up?

8 CMSR. CHATTOPADHYAY: Yes. Very
9 quickly.

10 BY CMSR. CHATTOPADHYAY:

11 Q What is the difference between, so to stay with
12 the -- with the -- I think it was filed on the
13 20th of October, the price comparison, wholesale
14 prices, and all of that. So, just the same
15 exhibit.

16 What is the difference between Table 2
17 and 3?

18 A (Littlehale) So, Table 2 -- so, when we submitted
19 the August data to the Commission, we submitted
20 just a version of Table 1. And the Commission
21 came back and ordered us to make some changes,
22 and include Table 2. So, there are some
23 footnotes associated to this exhibit. But,
24 essentially, what we're saying is Table 2 is what

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 the Commission asked us to prepare.

2 Now, when we look at Table 2, what
3 jumps out to us is the RPS and the Energy Service
4 reconciliation factors were omitted from the
5 directive of the Commission of generating
6 Table 2. And the Commission also asked us to
7 update forecasted load with actual load. And,
8 when you do those two things, when you omit the
9 reconciliation factors, or you update actual load
10 for forecasted load, you no longer return the
11 125.82, the rate, or the 12.582, that's the Small
12 Customer rate that is currently in effect.

13 So, by providing Table 2, we're trying
14 to be responsive to the Commission's request.
15 Yet, at the same time, we're trying to politely
16 point out that, in our opinion, it's Table 3 that
17 is the appropriate metric to compare, or the more
18 appropriate metric to compare, because Table 3
19 does include the RPS and the Energy Service
20 reconciliation factors, and you don't update
21 actual load, yet you continue to return the
22 125.82 that's on the Small Customer bill.

23 Q Okay. Yes. I think I just wanted to -- I was
24 looking at this file, it's small enough, but

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 perhaps I could move it here on the right side.
2 But I was simply trying to understand. So, it's
3 really the Rows e and c, in Table 3, that are
4 being added?

5 A (Littlehale) Yes. That's right.

6 Q Okay. And that's all that --

7 A (Littlehale) That's right. And the updating of
8 "a". See how it --

9 Q Because of the difference between forecasted
10 versus actuals?

11 A (Littlehale) Right.

12 Q Okay.

13 A (Littlehale) Right. Because, once you change
14 that, --

15 Q Yes.

16 A (Littlehale) -- you no longer return to the
17 appropriate rate -- or, the rate that's on the
18 bill, which we understand is what really we're
19 trying to compare here.

20 CMSR. CHATTOPADHYAY: Okay. Thank you.

21 CHAIRMAN GOLDNER: Okay. Thank you. I
22 think that's all the Commissioner questions.

23 We'll move to Eversource redirect, and
24 Attorney Wiesner.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 MR. WIESNER: Thank you. Just a couple
2 of questions. I hope these are just clarifying
3 questions.

4 **REDIRECT EXAMINATION**

5 BY MR. WIESNER:

6 Q I'll direct the first questions to Mr.
7 Littlehale. And, again, looking at Bates
8 Page 027, but also keeping in mind the discussion
9 that we've had this morning, and previously in
10 this docket, about the so-called "risk premiums".

11 Do you think it's fair to think of the
12 risk premium as a pure profit adder for the
13 suppliers or does it cover other risk assessment
14 and other increases as well?

15 A (Littlehale) It, in our opinion, the supplier
16 risk premium includes other factors beyond profit
17 for the suppliers. And, most notably, it's
18 the -- it's the thing that makes Default Service
19 unique, where, once the supplier -- the winning
20 suppliers have an obligation to serve load, no
21 matter, you know, customers going and customers
22 leaving.

23 So, if all of a sudden a, you know,
24 25,000 customers came back to Default Service,

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 they would receive the rate, the current rate.
2 The suppliers would be obligated to serve that
3 load.

4 So, that's what's missing, in our
5 opinion, when you compare historical backward
6 wholesale market costs, versus a forward-looking
7 Small Customer rate, that includes that
8 obligation to serve load no matter price,
9 weather, geopolitical events.

10 Q And, in fact, is it your understanding that the
11 suppliers are not only assuming that risk of
12 having the load obligation in the wholesale
13 markets, and everything that comes with it, but
14 they are, in fact, buying insurance against that
15 risk through various hedging strategies, which
16 themselves come at a price?

17 A (Littlehale) Yes, that's our understanding of how
18 suppliers lock in these costs. They make a
19 financial transaction via the various financial
20 instruments that they have access to.

21 Q And is it your understanding that it is possible
22 to hedge against future energy price fluctuation?

23 A (Littlehale) Yes.

24 Q But it would not be possible, I take it, to buy a

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 hedge against some of the other components of
2 wholesale load responsibility, such as, in
3 particular, the Mystic RMR costs?

4 A (Littlehale) Not to my knowledge.

5 Q And, so, in this case, the wholesale supplier is
6 fully exposed to those risks, and, in the case
7 of the Company were to take on direct market
8 participation for some portion of the load, those
9 "unhedgable risks" would be essentially assumed
10 by customers?

11 A (Littlehale) That's correct.

12 Q And I guess I'll ask this question, and at the
13 risk of asking -- inviting you to speculate, and
14 you expressed some reluctance to do that before,
15 and I understand.

16 If what we've called the "risk premium"
17 were, in fact, pure profit, it seems that it
18 would be surprising that there wouldn't be more
19 suppliers interested in bidding on these
20 tranches, and yet that's not always what we see.
21 Is that fair to say?

22 A (Littlehale) Yes. That's correct. And, you
23 know, I think what we've seen through the
24 volatility, you know, call it "past 18, 24

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 months", that, when we back into our multiplier,
2 which includes the supplier risk premium, that
3 has increased during the volatility. So, the way
4 that I think about it is the cost to serve load,
5 in New England, goes up when volatility goes up.

6 And, now, we've seen we're on the
7 downside of prices, and the cost to serve load,
8 in New England, has gone down.

9 MR. WIESNER: Thank you. I think
10 that's all I have on that topic.

11 I think I'll turn to Ms. LaMontagne now
12 and ask some questions about RPS compliance.

13 BY MR. WIESNER:

14 Q And it's a confusing topic, with a number of
15 different times that are involved. If I look at
16 I think it's Bates Page 029, and we were looking
17 at it before, this is, if I understand it
18 correctly, this is how the Company develops the
19 RPS Adder going forward for RPS compliance during
20 the six-month rate period that's the topic of
21 this docket, is that correct?

22 A (LaMontagne) That is correct.

23 Q So, that's entirely a forecast. And, so, for
24 example, if I look at the Class III obligation

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 that's stated here, that is the statutory
2 requirement for 8 percent of retail load?

3 A (LaMontagne) That is correct.

4 Q And, so, that -- and, then, in June, because it's
5 only done once a year, there will be a
6 reconciliation, a true-up, versus what was
7 collected from customers through the RPS adder,
8 and what, in fact, was spent by the Company for
9 RPS compliance?

10 A (LaMontagne) That is correct.

11 Q Whether through REC purchases or ACP payments?

12 A (LaMontagne) Yes.

13 Q And, so, there's a timing issue there. But, in
14 addition, the -- I believe it's correct, and you
15 can confirm it, if it's your understanding as
16 well, that the Department of Energy has the legal
17 authority to adjust the Class III and also
18 Class IV requirement, I believe, to reflect
19 market conditions and the availability of RECs
20 within that class?

21 A (LaMontagne) Yes. That's my understanding, too.

22 Q And has the Department exercised that authority
23 in recent years?

24 A (LaMontagne) They have the past couple of years.

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 Q And, typically, that is done, is it not, through
2 a proceeding that's opened early in the new year,
3 with reference to compliance obligations for the
4 previous calendar year?

5 A (LaMontagne) Correct.

6 Q So, in fact, the 8 percent RPS requirement for
7 Class III that is set by statute, for the
8 compliance year 2023, for example, may be
9 adjusted by Department of Energy action?

10 A (LaMontagne) Yes. It could be.

11 Q That is likely to occur sometime in March or
12 April of 2024, is that --

13 A (LaMontagne) 2024.

14 Q Is that fair?

15 A (LaMontagne) Correct.

16 Q And, so, to some extent, that creates uncertainty
17 for utilities and other suppliers, in terms of
18 what they purchase and when, to meet the
19 requirement?

20 A (LaMontagne) Yes, it does.

21 Q But the adder is developed based on the Company's
22 best understanding of the requirements that will
23 apply for the coming year, with some estimate of
24 market prices or ACPs?

[WITNESSES: Littlehale|LaMontagne|Chen|Anderson]

1 A (LaMontagne) That is correct.

2 MR. WIESNER: I think that's all I
3 have. Thank you.

4 CHAIRMAN GOLDNER: Thank you. And I
5 think, for Attorney Young, if the Department
6 could address in closing, and if you need a
7 break, no problem, the practice of the sort of
8 *ex post facto* adjustment of the Class III RECs.

9 It's come to the attention of the
10 Commission, in other dockets as well, that this
11 adjustment in March or April of 2024, for the
12 prior year, creates -- must create challenges on
13 behalf of the utility, who really has no
14 confidence in what the obligation is until March
15 or April, when the ruling comes out. And, then,
16 they only have, I think, until the end of June to
17 complete the transaction. So, it must create
18 market challenges on behalf of the utilities.

19 So, if the Department could address
20 that. The Commission has -- it's come to the
21 attention of the Commission, and we're not sure
22 that we understand the REC III market at the
23 moment and what's happening there.

24 So, would that be okay?

1 MR. YOUNG: Yes. That would be okay.
2 I'll do my best.

3 CHAIRMAN GOLDNER: Okay. Thank you.

4 Okay. So, let's see. So, at this
5 point, the questioning of the witnesses has
6 concluded. The Company's witnesses are now
7 dismissed.

8 We'll invite the parties to make brief
9 closing statements at the conclusion of the
10 proceeding.

11 But, before this, seeing no objections,
12 we'll strike ID on Exhibits 5 through 7.

13 And I believe that there's a correction
14 coming on Exhibit 5, Attorney Wiesner, is that
15 correct?

16 MR. WIESNER: That is correct. We will
17 endeavor to file that by the end of the day or
18 early tomorrow.

19 CHAIRMAN GOLDNER: Okay. Thank you.

20 And, so, at this point, if there's no
21 other matters, we'll now ask the parties to make
22 closing statements, starting with the Office of
23 the Consumer Advocate.

24 MR. KREIS: Mr. Chairman, before I make

1 a closing argument, I have a query. I'm not sure
2 I have a good answer to the query.

3 But I'm wondering whether it would be
4 appropriate to enter as an exhibit the Company's
5 filing that was made on November 20th, given that
6 you, the Commissioners, asked quite a few
7 questions about that chart?

8 And rules-bound lawyer that I am, it
9 just would feel better, I think, if that became
10 an exhibit in the proceeding and, therefore,
11 evidence.

12 CHAIRMAN GOLDNER: I think that is an
13 excellent idea.

14 And, so, we'll add the November 20th
15 confidential filing that we were referring to,
16 that table, as "Exhibit 8".

17 *[Chairman Goldner and Atty. Speidel*
18 *conferring.]*

19 CHAIRMAN GOLDNER: Okay. We would also
20 like to just check to make sure that the OCA
21 sponsors that exhibit, and there's no objections?

22 MR. KREIS: Well, to my knowledge, I do
23 not have an unredacted version of that chart.
24 And, so, therefore, I don't feel comfortable

1 sponsoring it as an exhibit, at least in its
2 unredacted form.

3 But, other than that, I don't have any
4 issues with that being an OCA exhibit.

5 CHAIRMAN GOLDNER: Okay. Attorney
6 Young, any objections?

7 MR. YOUNG: We have no objections --

8 CHAIRMAN GOLDNER: Okay.

9 MR. YOUNG: -- to using that as an
10 exhibit.

11 CHAIRMAN GOLDNER: Does the Company
12 have any objections, Attorney Wiesner?

13 MR. WIESNER: The discussion that we
14 had, I think, was referencing the redacted
15 version or the confidential version?

16 CHAIRMAN GOLDNER: It was the redacted
17 version.

18 MR. WIESNER: So, would that be the
19 exhibit, "Exhibit 8"?

20 CHAIRMAN GOLDNER: Yes.

21 MR. WIESNER: Okay.

22 CHAIRMAN GOLDNER: Yes.

23 MR. WIESNER: No objection.

24 CHAIRMAN GOLDNER: Okay.

1 *(The document, as described, was*
2 *herewith marked as **Exhibit 8** for*
3 *identification, and subsequently ID was*
4 *stricken and exhibit entered into the*
5 *record.)*

6 CHAIRMAN GOLDNER: Okay. Attorney
7 Kreis, if everything is acceptable on that front,
8 please proceed.

9 MR. KREIS: Everything is perfectly
10 acceptable on that front, and thank you.

11 As I predicted at the beginning of the
12 hearing today, it is the Office of the Consumer
13 Advocate's recommendation that the Commission
14 approve the Petition of Eversource, for approval
15 of its proposed Default Energy Service rate
16 commencing on February 1st.

17 I agree with the Company that the
18 proposed rate is just and reasonable, and the
19 result of a solicitation process that is
20 sufficiently competitive, that the Commission can
21 conclude with confidence that there was -- that
22 there was a market-based solicitation that
23 resulted in a just and reasonable price.

24 I'm assuming here that what the

1 Commission is about to do is similar to what it
2 ordered Liberty and Unitil to do, which is to
3 file a proposal next month for a new default
4 energy service paradigm that would involve
5 essentially taking the bottom two tranches of the
6 Eversource solicitation and consigning those to
7 the spot market.

8 I just want to make clear that the
9 Office of the Consumer Advocate has no position
10 about that idea at this time. It's something we
11 need to study very carefully. And I don't -- I
12 can't rule out our coming before the Commission,
13 in those three proceedings, and urging the
14 Commission not to take that step.

15 It's not a no-brainer from our
16 perspective. It raises a bunch of policy issues
17 that go to the heart of the Restructuring Act,
18 and it's something we will take very seriously.

19 I think that's all I have to say. I
20 thank you for a very informative hearing. I
21 thank the Eversource's witnesses, in particular,
22 for their thoughtful contribution to the public
23 discourse about the default energy service
24 dilemma.

1 CHAIRMAN GOLDNER: Thank you.

2 And I'll move now to the New Hampshire
3 Department of Energy, and Attorney Young.

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

5 So, first, I'd like to thank the
6 Company and the witnesses today for their time
7 yesterday attending a technical session that
8 helped answer some questions.

9 The Department has reviewed
10 Eversource's filing in this proceeding, and
11 determined that the Company did conduct this
12 wholesale power supply solicitation, and selected
13 the winning bid to provide default energy
14 service, in compliance with the relevant orders
15 and settlements.

16 The Company's calculation of rates,
17 based on those supply bids, prior period
18 reconciliations, and other factors appear to be
19 sound.

20 As a result, we do believe the
21 resulting Energy Service rates are just and
22 reasonable. And we do urge the Commission to
23 approve the Petition in this proceeding and the
24 Energy Service rates for effect on February 1st.

1 Now, to address some of the RPS
2 compliance questions that the Chairman raised.

3 So, I believe, in sort of prompting
4 this issue, the Chairman mentioned that there was
5 an *ex post facto* reduction. And I don't know
6 that I would necessarily agree with that
7 classification.

8 The Department does a review in,
9 typically, around March or April, and will look
10 at the generation of RECs that occurred in the
11 prior year. And what happens is, the compliance
12 of that -- utilities are not required to meet
13 whatever that standard might be, or whatever that
14 level might be, until July 1st. So, while the
15 review and potential reduction is performed,
16 technically, after that compliance year, there is
17 still time for the utilities to meet that
18 requirement.

19 And I think the Department always does
20 endeavor to do that as soon as possible. Just
21 based on the fact that there are delays in
22 receiving generation information at the end of
23 every year, particularly Q4 of the prior year, I
24 think it's safe to say that sometimes the

1 Department may just not be able to have that
2 information in order to maybe perform that
3 analysis and go through the process of --
4 whether making a reduction or not making a
5 reduction as early as the utilities would prefer,
6 I think.

7 So, I think there are challenges. But
8 the Department does, you know, work as hard as we
9 can to get that out as earlier as possible,
10 understanding that there is some risk involved
11 and some uncertainty involved.

12 I hope that helps clarify some of those
13 issues.

14 CHAIRMAN GOLDNER: And, if I could
15 just -- sorry, if I could just follow up briefly?

16 So, just the Company -- all three
17 utilities would then have from, if the order came
18 out on April 15th, they would then have the rest
19 of April, May, and June to complete their REC III
20 purchases for the prior year. And, so, I think
21 what we would probably see, from a behavior
22 perspective, is that the utilities would not
23 purchase any REC III RECs, or any REC IIIs, until
24 the Commission -- or, until the Department had

1 ruled. And, so, that they would then have that
2 call it "ten-week period" to procure any RECs.
3 And, if they couldn't, or the price was too high,
4 then they would be forced to go to the ACP.

5 Is that correct?

6 MR. YOUNG: And I think that is
7 correct. And I think it's just important maybe
8 to, for lack of a better term, emphasis or hammer
9 home that the reduction is based on the amount of
10 Class III RECs in the market, and, you know,
11 whether there's enough to meet an 8 percent
12 requirement. And it's just a non-knowable number
13 until we have all the data. And, so, there's
14 that sort of balancing test there.

15 And I think, too, we only do review the
16 Class III RECs, I think is important to note,
17 too.

18 CHAIRMAN GOLDNER: Okay. Thank you.
19 That's very helpful, Attorney Young.

20 Anything else in closing? I didn't to
21 interrupt you.

22 MR. YOUNG: No, that was it.

23 CHAIRMAN GOLDNER: Okay.

24 MR. YOUNG: Yes, the Department rests.

1 CHAIRMAN GOLDNER: Okay. Thank you.
2 And we will wrap up with Eversource.

3 MR. WIESNER: Thank you, Mr. Chairman
4 and Commissioners.

5 I also want to thank the DOE and OCA
6 for taking the time to participate in the
7 technical session yesterday morning. These
8 dockets move very quickly, and it is most helpful
9 to all parties, I believe, including the Company,
10 to have an opportunity to vet any issues, answer
11 any questions, and prepare for a most efficient
12 hearing. And we thank them for their willingness
13 to participate.

14 So, with that, I'll just emphasize once
15 again that we believe the Company's Energy
16 Service rates proposed for the Commission's
17 approval in this docket represent the results of
18 a fair and successful competitive solicitation,
19 for both the Small Customer Group and the Large
20 Customer Group.

21 The bids accepted by the Company, and
22 the RFP process itself, are in conformance with
23 the Restructuring Act, and the Settlement
24 Agreement approved in Docket DE 17-113. That

1 Settlement established Eversource's current
2 default service supply procurement process, and
3 was approved by the Commission at that time. The
4 processes are likewise consistent with past
5 practices followed by the Company for its default
6 energy service solicitation in New Hampshire.

7 Of equal importance to us is the fact
8 that the accepted bids, and all bids received in
9 response to the solicitation, are reflective of
10 current market conditions. The proposed Energy
11 Service rates for the six-month period beginning
12 February 1st were derived from the selected bids,
13 and appropriately calculated, taking into account
14 actual and anticipated RPS compliance costs and
15 prior period reconciliations, and are consistent
16 with Commission-directed practices and
17 requirements.

18 Those proposed Energy Service rates
19 will result in just and reasonable rates for
20 Eversource's Default Service customers. And
21 we're pleased that the Energy Service rates will
22 be lower than those most recently in effect, and
23 substantially lower than those effective last
24 winter.

1 Although, both of those previous rates
2 were reflective of market conditions at the time,
3 I think it's to the benefit of all of us that the
4 market has settled down from what we were seeing
5 last year.

6 So, accordingly, the Company
7 respectfully requests that the Commission approve
8 both the Small Customer rate and the Large
9 Customer rates, as proposed, by the date
10 specified by the Company, which is December 21st,
11 so that they may become effective February 1st.

12 CHAIRMAN GOLDNER: Thank you.

13 And I'll also join -- the Commission
14 will also join in thanking the witnesses today,
15 very helpful. Particularly, Mr. Littlehale, who
16 I think got 93 percent of the questions.

17 So, next, I'll mention that, given that
18 there was confidential information discussed
19 today, we'll have Mr. Patnaude, the court
20 reporter, work with the Company and Attorney
21 Speidel to properly redact the transcript to be
22 produced in this matter.

23 The Commission will issue an order
24 regarding this matter as requested by Eversource

1 by the close of business Thursday, December 21st.

2 I'll thank everyone. And the hearing
3 is adjourned.

4 **(Whereupon the hearing was adjourned**
5 **at 11:42 a.m.)**

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24