

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

3  
4   **April 11, 2018 - 1:15 p.m.**  
5   Concord, New Hampshire

8 MAY '18 PM 2:33

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7                   **RE: DE 18-035**  
8                   **UNITIL ENERGY SYSTEMS, INC.:**  
9                   **2018 Default Service.**  
10                  **(For the period beginning**  
11                  **June 1, 2018)**

12  
13           **PRESENT:**   Chairman Martin P. Honigberg, Presiding  
14                           Commissioner Kathryn M. Bailey  
15                           Commissioner Michael S. Giaimo

16                           Sandy Deno, Clerk

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

19                           **Reptg. Residential Ratepayers:**  
20                           Brian D. Buckley, Esq.  
21                           Office of Consumer Advocate

22                           **Reptg. PUC Staff:**  
23                           Suzanne G. Amidon, Esq.  
24                           Richard Chagnon, Electric Division

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

**CERTIFIED  
ORIGINAL TRANSCRIPT**

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**WITNESS PANEL:**           **LISA S. GLOVER**  
                                  **LINDA S. McNAMARA**  
                                  **DANIEL T. NAWAZELSKI**  
                                  **ROBERT S. FURINO**

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

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1	UES 2018 Default Service filing, including Petition, Proposed Tariffs, Direct Testimony of Lisa S. Glover with attachments, Direct Testimony of Linda S. McNamara with attachments, and Direct Testimony of Daniel T. Nawazelski <i>[REDACTED - For Public Use]</i>	5
2	UES 2018 Default Service filing, including Petition, Proposed Tariffs, Direct Testimony of Lisa S. Glover with attachments, Direct Testimony of Linda S. McNamara with attachments, and Direct Testimony of Daniel T. Nawazelski <b>{CONFIDENTIAL &amp; PROPRIETARY}</b>	5
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**P R O C E E D I N G**

1  
2 CHAIRMAN HONIGBERG: We're here this  
3 afternoon in Docket DE 18-035, which is Unitil  
4 Energy Systems' 2018 Default Service docket.  
5 We have some confidential filings. We have  
6 witnesses who are already in place.

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

9 MR. EPLER: Good afternoon, Mr.  
10 Chairman, Commissioners. My name is Gary  
11 Epler. I'm the Chief Regulatory Counsel for  
12 Unitil Service Corp., appearing on behalf of  
13 Unitil Energy Systems, Inc.

14 Thank you.

15 MR. BUCKLEY: Good afternoon, Mr.  
16 Chairman and Commissioners. My name is Brian  
17 D. Buckley. I'm a staff attorney with the  
18 Office of the Consumer Advocate. And I'm here  
19 today representing the interests of residential  
20 ratepayers.

21 MS. AMIDON: Good afternoon. Suzanne  
22 Amidon, with the Commission Staff. And Rich  
23 Chagnon, from the Electric Division, is with me  
24 today.

1 CHAIRMAN HONIGBERG: All right. Any  
2 preliminary matters we need to deal with before  
3 proceeding?

4 MR. EPLER: Yes, there are, Mr.  
5 Chairman. I've discussed with the Clerk  
6 premarking the exhibits. We have -- as we've  
7 done in the past, we put all the filings in a  
8 binder. So, there's a redacted or public  
9 version that we've premarked as "Exhibit 1",  
10 and then the confidential version premarked as  
11 "Exhibit 2".

12 (The documents, as described,  
13 were herewith marked as  
14 **Exhibit 1** and **Exhibit 2**,  
15 respectively, for  
16 identification.)

17 MR. EPLER: The second issue, just  
18 since we're discussing things, we have included  
19 in this filing, as we do at this time year, our  
20 lead-lag study and the testimony supporting  
21 that. We are not asking for approval, however,  
22 right away of the lead-lag study. We  
23 understand that the Staff and the OCA have  
24 questions about that. And so, normally, what

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1           they do is they continue to review that, and  
2           then either at the next hearing in six months,  
3           or before that, they indicate whether they  
4           approve that or have any questions. So, I  
5           would continue that.

6                        And then the last thing is, in the  
7           order in the last basic service filing, the  
8           Commission requested that we have a witness  
9           available to answer questions about our peak  
10          and capacity and things like that. And we do  
11          have a witness available to address those  
12          questions.

13                      CHAIRMAN HONIGBERG: Thank you,  
14          Mr. Epler. Anything else before we have the  
15          witnesses sworn in?

16                      MS. AMIDON: No.

17                      CHAIRMAN HONIGBERG: Mr. Patnaude.

18                                (Whereupon **Lisa S. Glover,**  
19                                **Linda S. McNamara, Daniel T.**  
20                                **Nawazelski,** and **Robert S. Furino**  
21                                were duly sworn by the Court  
22                                Reporter.)

23                      CHAIRMAN HONIGBERG: Mr. Epler.

24                      MR. EPLER: Okay. Thank you.

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[WITNESSES: Glover|McNamara|Nawazelski|Furino]

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**LISA S. GLOVER, SWORN**

**LINDA S. McNAMARA, SWORN**

**DANIEL T. NAWAZELSKI, SWORN**

**ROBERT S. FURINO, SWORN**

**DIRECT EXAMINATION**

BY MR. EPLER:

Q Mr. Furino, could you please state your full name and your position with the Company?

A (Furino) Robert S. Furino. I am Director of Energy Contracts.

Q Okay. And Ms. Glover, the same questions.

A (Glover) Lisa Glover. I'm a Senior Analyst.

Q Ms. McNamara, the same questions.

A (McNamara) Linda McNamara. I'm a Senior Regulatory Analyst.

Q And Mr. Nawazelski, the same questions.

A (Nawazelski) Daniel Nawazelski, Senior Financial Analyst.

Q Okay. Now, if I can draw the panel's attention to, let's use the confidential version, what has been premarked as "Exhibit Number 2", you can turn to that.

And, Ms. Glover, if you can turn to the tabs that are marked "Exhibit LSG-1" and

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 "Schedules LSG-1" through "LSG-5", were these  
2 prepared by you or under your direction?

3 A (Glover) Yes, they were.

4 Q And do you have any changes or corrections?

5 A (Glover) I do not.

6 Q And do you adopt these materials as your  
7 testimony?

8 A (Glover) Yes.

9 Q Thank you. And, Ms. McNamara, can you refer to  
10 the same exhibit? And turn to the tabs marked  
11 "Exhibit LSM-1" and "Schedules LSM-1" through  
12 "LSM-6". Were these prepared by you or under  
13 your direction?

14 A (McNamara) Yes, they were.

15 Q And do you have any changes or corrections?

16 A (McNamara) I do have one correction.

17 Q Okay. And what page would that be on?

18 A (McNamara) That would be on Bates stamp  
19 Page 163. The schedule reference is "Schedule  
20 LSM-1, Page 3 of 4".

21 Q Okay.

22 A (McNamara) Line 7 has a typographical error.  
23 Under each month, it shows a rate of "0.04591".  
24 And, in fact, it should "0.00275".

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 Q So, the number that's in the last column on  
2 Line 7, under "Total", that should be the same  
3 number for each of those months?

4 A (McNamara) Correct.

5 Q Okay. Any other changes or corrections?

6 A (McNamara) No.

7 Q And with that, do you adopt these as your  
8 testimony in this proceeding?

9 A (McNamara) Yes.

10 Q Okay. Thank you. And, Mr. Nawazelski, can you  
11 refer to the same exhibit? And to the tabs  
12 marked "Exhibit DN-1" and "Schedules DN-1"  
13 through "DN-2". Were these prepared by you or  
14 under your direction?

15 A (Nawazelski) Yes, they were.

16 Q And do you have any changes or corrections?

17 A (Nawazelski) No, I do not.

18 Q Excuse me. And do you adopt these as your  
19 testimony?

20 A (Nawazelski) Yes, I do.

21 MR. EPLER: Thank you very much.  
22 With that, the witnesses are available for  
23 cross-examination.

24 CHAIRMAN HONIGBERG: Mr. Buckley.

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 MR. BUCKLEY: Thank you, Mr.  
2 Chairman. I'm going to start with just some  
3 table-setting questions, and I think these are  
4 for you, Ms. McNamara -- or, Ms. Glover,  
5 rather.

6 **CROSS-EXAMINATION**

7 BY MR. BUCKLEY:

8 Q Is it your understanding that the processes  
9 undertaken to release an RFP, examine the bids,  
10 and choose winning bidders, do those processes  
11 comply with the Commission's most recent orders  
12 approving default service procurement  
13 procedures, Order Number 25,397 I'm thinking of  
14 primarily, and by association its predecessors?

15 A (Glover) Is there a particular -- I apologize.  
16 And this would be the most recent order for our  
17 previous procurement?

18 Q Yes.

19 A (Glover) Yes. The answer to your question is  
20 "yes".

21 Q Great. And can you just very briefly describe  
22 the procedures undertaken?

23 A (Glover) For our procurement?

24 Q Yes.

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 A (Glover) We put an RFP out, in this case, it  
2 was March 5th. We issued an RFP to a very  
3 extensive list of suppliers and other entities.  
4 We had ISO New England send the RFP out to its  
5 Markets Committee to solicit bids for this  
6 procurement period. We reach out to suppliers  
7 and other entities to gauge their interest in  
8 participating. We answer any questions they  
9 might have. We provide also information on our  
10 RFP website for bidders to access at any time.

11 We have the interim bids come in. And to  
12 the extent that we are expecting bids to come  
13 in from some entities that said that they would  
14 participate, and if we don't hear from them,  
15 we'll reach back out to them and find out  
16 whether they're planning on submitting, did  
17 they miss a deadline, and just find out where  
18 they are in that process. And then, about two  
19 weeks later the bids come in, the final bids.

20 Q And if I could ask you now to turn to Bates 024  
21 through 026, and I think that's in Exhibit 1.

22 A (Glover) Yes. I'm there.

23 Q So, from what I can tell, although earlier in  
24 your testimony you described that you evaluate

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1           bidders both on qualitative and quantitative  
2           factors, it appears that the bidder with the  
3           lowest quantitative bid was, in fact, the  
4           winning bidder for the Small customers. Is  
5           that correct?

6   A       (Glover) You're referring to the price?

7   Q       Yes.

8   A       (Glover) Yes.

9   Q       And more broadly, does that stand true for all  
10          of the solicitation classes?

11   A       (Glover) That is typically the case. The  
12          lowest price would generally be the winning  
13          bid, unless there were financial or other  
14          concerns that we have with that bidder.

15   Q       And concerns such as that didn't necessarily  
16          result in a change to the selection in this  
17          case?

18   A       (Glover) That is correct.

19   Q       So now, if I can ask you to turn to Bates 030.

20   A       (Glover) Yes.

21   Q       Thank you. Would it be accurate to observe  
22          that the current winning bids for the Small and  
23          Medium classes are 5.5 percent higher than last  
24          year's winning bid for the same period, and

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 17.6 percent lower than the current rate for  
2 the December through May period? I'm looking  
3 towards the very bottom right of that chart.

4 A (Glover) Yes. The "5.5 percent" references the  
5 prior year. So that would be June '17 through  
6 November '17. And the "minus 17.6 percent"  
7 would refer to the immediate prior six months,  
8 the winter period.

9 Q Now, can you explain to me why that figure  
10 might be rising over last year's winning  
11 bidder? I think maybe in the narrative of your  
12 testimony you talk about the impacts of the  
13 price of capacity?

14 A (Glover) Right. The Forward Capacity Market  
15 price for FCA 9 is up from the prior period a  
16 year ago. So, June 1st of every year is when  
17 the commitment period begins and when that new  
18 capacity price kicks in. And in this case,  
19 that price is \$9.55 beginning June 1st of 2018.  
20 So, that's higher than the prior year.

21 Q And is that rising cost likely to continue to  
22 rise or to fall for FCA 10 and moving on after  
23 that?

24 A (Glover) FCA 10 and moving on shows what the

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 market -- what the clearing price is, that they  
2 will continue to descend.

3 Q And I'm curious if you could speak to any  
4 actions that the Company might have taken to  
5 alleviate this foreseeable increase in capacity  
6 costs that drives the increase in the bids?  
7 And maybe others on the panel might be able to  
8 speak to this as well.

9 A (Furino) Hi. This is Rob Furino speaking.  
10 I'll take the question as a general question  
11 first. You know, first of all, the Company has  
12 certainly no direct control over the wholesale  
13 market and what ISO New England is doing, in  
14 terms of, you know, its ongoing changes to  
15 market rules that impact the Forward Capacity  
16 Market and the participation in that market  
17 that results in these prices. So, we're  
18 essentially a price-taker in that market,  
19 indirectly, through our wholesale default  
20 service suppliers.

21 That said, you know, I was here today to  
22 be that witness that was asked for to talk  
23 about what things that the Company is looking  
24 at doing to try to help customers to begin to

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[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 manage that cost.

2 I think, at a high level, we would  
3 recognize that there's a number of policy  
4 issues, initiatives, I guess I should say,  
5 unfolding in different fronts, including grid  
6 modernization, which sets up an infrastructure  
7 where customers can better interact with the  
8 utility and have some tools that they might use  
9 to control their consumption.

10 You know, the alternative net metering  
11 docket led to several different pilot programs.  
12 Eventually, you know, the Company will be  
13 making a time-of-use rate proposal. We've  
14 looked at a few alternatives, including  
15 introducing a simple time-of-use rate. We've  
16 also looked at different pilot projects that we  
17 could possibly do. We've gotten feedback from  
18 the Consumer Advocate's Office, and we  
19 appreciate that input.

20 Outside of, you know, those policy  
21 initiatives that do have, you know, homes in  
22 other dockets and, you know, proceedings that  
23 are going forward, the Company is this summer  
24 undertaking a communication campaign, just to

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 help customers better understand how their  
2 consumption and their usage patterns and  
3 behavior impact their eventual costs of power.  
4 And the general message really impacts all  
5 customers, whether they're taking default  
6 service from Unitil Energy Systems or whether  
7 they're buying their power from a retail  
8 marketer.

9 In any case, I could describe that  
10 communication campaign as we see it at this  
11 point, if you would like?

12 Q Sure. I think that would be helpful.

13 A (Furino) Okay. Thank you. So, we envision  
14 this, we're looking at this in sort of two  
15 aspects. One are, you know, "what channels  
16 will the Company pursue to contact the  
17 customers?" And then, "what would the nature  
18 of the messaging be?"

19 In terms of channels, we're going to try  
20 to get some stories printed in local news  
21 outlets. So, we intend to draft an opinion  
22 piece, it would be an op-ed piece, early in the  
23 season, sort of before the hot weather hits,  
24 and try to get some pickup, some publishing of

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 that. We'll carry that message into our social  
2 media, contacting. We have active people who  
3 regularly try to respond to customers and are  
4 pretty engaged with customers. And this would  
5 give them, you know, some relevant content to  
6 try to work with customers on.

7 When we see, you know, you've heard of  
8 some -- there are programs out there where  
9 companies try to do critical peak pricing, that  
10 kind of thing. This is outside of any critical  
11 peak pricing, but we will try to contact our  
12 customers 24 to 48 hours in advance of  
13 potential, you know, peak day conditions, heat  
14 wave type conditions, and, you know, work on  
15 reinforcing the message that we're trying to  
16 share with customers.

17 We'll be exploring graphical posts that  
18 can help hopefully simplify -- you know,  
19 simplify, you know, the message and concepts  
20 for customers. And are talking about doing  
21 what I'm hearing are called "VRN videos" -- or,  
22 "VNR", which is "video news release", sort of  
23 an unofficial news, you know, video that a  
24 company might post. You know, we would be

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[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 looking at posting some of this material to our  
2 website. No real plans to put it in the  
3 Company newsletter. We wanted to kind of keep  
4 it more interactive and immediate with  
5 customers.

6 In terms of messaging, the big focus is to  
7 try to get customers to understand the  
8 correlation between their demand, their use of  
9 power on hottest days, and how that impacts  
10 regional costs and their individual supply  
11 costs. We would try to differentiate -- help  
12 customers differentiate between supply costs  
13 and distribution costs. We would look at the  
14 cost components that are included in their  
15 supply. You know, you get one supply line item  
16 on your bill. But really, there's also, as the  
17 folks here know, energy charges, but also  
18 capacity charges are involved in that, and then  
19 the transmission costs are another cost item as  
20 well. And try to explain how, when peak loads  
21 go high, they drive costs to the customers over  
22 and above the cost of power that they consume  
23 during those periods. So, really trying to  
24 reinforce this message, begin to explain this

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[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 message that, along with whatever your, you  
2 know, kilowatt-hours you just paid for, you're  
3 also setting down a footprint in the sand  
4 that's going to cost you in future capacity  
5 costs and costs you in future transmission  
6 costs and that type of thing.

7 We also provide some general tips on  
8 curtailing usage on the hottest days, if there  
9 are programs available or, you know, policies  
10 like net metering or, you know, see a vendor  
11 about this or that, we would include that. And  
12 that's our current thinking.

13 Q So, you mentioned contacting customers a day  
14 ahead of possible events that are forecasted as  
15 peaks. I'm curious how that -- what the  
16 Company's thinking is on how that would work  
17 currently? Will that be via email or text or  
18 some other manner?

19 A (Furino) So, and again, these are under  
20 development, but we do have an active social  
21 media group. And they do, you know, have a  
22 following. I can't imagine it's a huge  
23 following, but they do interact with customers.  
24 And we're going to try to, you know, reinforce

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1           this message. We think that, you know, looking  
2           ahead to a time-of-use rate program, you know,  
3           it's important that customers understand, you  
4           know, how their usage is going to impact price.

5                     And that, you know, as we look in the  
6           future to unveil some type of time-of-use  
7           rates, that, you know, it would -- that this  
8           better understanding of prices will help  
9           encourage behavior when those opportunities  
10          arise.

11    Q        So, it sounds like the focus here is to reduce  
12           peak load as much as possible, to reduce the  
13           future capacity and transmission costs, or at  
14           least the Company's allocation of future  
15           capacity and transmission costs?

16    A        (Furino) In a very general way. And I think  
17           the messaging that we see, you know, out there  
18           today is typically around reliability. You  
19           know, ISO New England is going to go into, you  
20           know, a constrained operating procedure, and  
21           announce that, you know, customers need to try  
22           to, you know, reduce their usage so that we can  
23           keep the lights on. And that's definitely part  
24           of the story.

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[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1           But, on this side here, what we're also  
2           trying to do is to get customers to understand  
3           that there are these additional costs that are  
4           going to be incurred and what the nature of  
5           those are.

6   Q       So, not quite ISO New England declaring an  
7           OP-4, but something just short of that, where  
8           you're asking your customers to be good  
9           samaritans, and help to reduce their costs and  
10          the rest of your Company's ratepayers' costs as  
11          well?

12   A       (Furino) Right. At this point, it's just  
13          informational, and there's no, like I said,  
14          there's no pricing regime behind it. There's  
15          no, you know, there's no daily critical peak,  
16          you know, reward at this point. But really  
17          just trying to, you know, explain that there is  
18          a regional benefit. There is a, you know,  
19          collection of our customers, a benefit to the  
20          collection of our customers, UES's customers,  
21          and just sort of start that process.

22   Q       I'm curious if you would agree with me that  
23          there are some things that the Company is  
24          currently doing that are actively working to

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1           reduce that peak demand? And most specifically  
2           I'm thinking of the Energy Efficiency Resource  
3           Standard that was passed by this Commission,  
4           and the increased spending on energy efficiency  
5           measures, which many of them have a peak demand  
6           coincidence in some cases. Would you agree  
7           with me that that is also another important  
8           avenue for reducing costs associated with  
9           rising capacity and transmission costs?

10       A     (Furino) Yes. And I'm not -- unfortunately,  
11           I'm not an expert in the details of those  
12           programs. But, absolutely, we're trying to  
13           reinforce, you know, those messages. I had  
14           mentioned there were various policy initiatives  
15           underway, and I neglected to mention that.

16       Q     So now, I think we can turn back to Ms. Glover.  
17           And I can ask you to turn to Bates Page 036.

18       A     (Glover) Yes. I am with you.

19       Q     And, so, I've seen a couple of these before.  
20           And from my understanding, this is basically a  
21           way to provide a check on what the winning bid  
22           was. You're comparing it to Henry Hub futures,  
23           and there are other charts and other  
24           comparisons in here as well.

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1           But my question is, in previous iterations  
2           of these charts, at least from my recollection,  
3           the number in the bottom right corner, which is  
4           a confidential number, has been slightly less.  
5           Would that be accurate, as a percentage?

6   A       (Glover) You are testing my memory here.

7   Q       Maybe I could phrase the question differently.  
8           What would drive that number to not be zero, if  
9           it were not zero?

10   A       (Glover) The cost -- in this case, it would be  
11           the cost of natural gas. So, as the price  
12           would go up, you would see a relationship  
13           between what the bid prices would be and  
14           whether, notwithstanding capacity, but as the  
15           prices go up in the forecast, you would expect  
16           to see a larger portion of that bid price  
17           included to be energy. So, like if you go back  
18           to, for example, let's look at Bates Page  
19           Number 035, which is electric. As those ratios  
20           decline, that bigger portion of that bid price  
21           is going to be less energy.

22   Q       So, you're saying that any increase in that  
23           number I'm thinking of is probably associated  
24           with maybe something like the increase in the

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1 cost of capacity and --

2 A (Glover) Yes.

3 Q -- others incorporated that into their bids?

4 A (Glover) That's correct. Yes.

5 Q If I could ask you now to turn to Bates Page  
6 010, I have a quick question. So, Lines 3  
7 through 5, you mention that some suppliers  
8 didn't participate due to short staffing, but  
9 plan to do so in the future. Could you  
10 elaborate on that for me?

11 A (Glover) My understanding, from reach out to  
12 the bidders, is that there was a kind of  
13 "perfect storm" with the timing of our  
14 solicitation, in that they were unable, due to  
15 staffing resources, to participate in this  
16 solicitation. But that they -- and these are  
17 bidders that would typically participate with  
18 us, and they just weren't able to this time  
19 around, but that they would be participating in  
20 our fall solicitation.

21 Q So, when you say "a perfect storm with the  
22 timing of our solicitation", is that maybe  
23 referring to other solicitations throughout the  
24 region that happened to have coincided in

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1 this --

2 A (Glover) I don't know. For them -- the  
3 response from them to us was that it was a  
4 "staffing resource" issue.

5 Q And now, if I could ask you to turn to Bates  
6 Page 022. I'm sorry, 021.

7 A (Glover) Yes.

8 Q In the second paragraph on this page, you  
9 describe the number of bids for the G1 supply  
10 requirement, and that's a confidential number,  
11 which I'm not going to bring forth here, but I  
12 want to ask you hypothetically. Would you say  
13 that, if three bidders had placed final bids,  
14 would that provide for a fair and competitive  
15 solicitation from your perspective?

16 A (Glover) I believe it would.

17 Q How about if two had placed final bids?

18 A (Glover) Yes.

19 Q And if one had placed a final bid?

20 A (Glover) I think we would have to revisit that.

21 Q So, in that context, is there anything here,  
22 from your perspective, that might be worth  
23 pursuing as far as structural changes, if that  
24 sort of a scenario were to play out, structural

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 changes in the procurement process? Is there  
2 anything you can think of that you might  
3 suggest here, either from your understanding of  
4 how it works in other jurisdictions or  
5 elsewhere, that might encourage participation  
6 by more bidders?

7 A (Glover) Well, we do have alternative plans  
8 should we have what we would consider a failed  
9 solicitation. For example, in the case if we  
10 had one bidder. We do have a backup plan, such  
11 as we would reissue the RFP, perhaps extend,  
12 for this case, if it was this G1 class, extend  
13 the period for getting the bids back, reaching  
14 out to suppliers.

15 As far as another method for solicitation  
16 beyond putting out this RFP, the Company has  
17 discussed other options, such as how we procure  
18 power for this class in Massachusetts, which is  
19 directly through the wholesale market.

20 Q Can you expand on that for me a little bit?

21 A (Glover) So, in Massachusetts, when we put an  
22 RFP out, we do not solicit load for our Large  
23 customer class. We simply run it through our  
24 ISO Settlement account. So, we're purchasing

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1 power on their behalf. And then we incorporate  
2 that into a retail rate at the other end, which  
3 is what we do for New Hampshire.

4 Q So, there's -- is there no adder, like there is  
5 in the G1 class for New Hampshire?

6 A (Glover) That's correct. There's no adder.  
7 There's no solicitation at all for the -- it's  
8 a G3 class in Massachusetts. But we don't even  
9 solicit load at all. We just do our Small and  
10 Medium customers. There -- oh, go ahead.

11 A (Furino) Again, this is Rob Furino again. Just  
12 to clarify what Lisa is saying, in terms of the  
13 Company's procurement process for large  
14 customers in Massachusetts, the pricing we use  
15 is, actually, it mimicks an adder. So, what  
16 we do is we take the weighted average  
17 locational marginal price, which is the energy  
18 price. We add to that the capacity price when  
19 we increase -- the adder ends up being  
20 10 percent of the sum of that. So, there is  
21 this additional cost. And that's meant to  
22 cover other ancillary costs, *etcetera*, and it's  
23 a very simple formulaic approach. But that's  
24 the approach to the pricing.

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[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1           So, there's sort of an adder-type  
2           component. We are adding capacity indirectly,  
3           and we are increasing that by 10 percent.  
4           That's what we do in Massachusetts, without a  
5           wholesale supplier.

6   Q       That's helpful. I think now I can turn to Ms.  
7           McNamara. And if I could ask you to turn to  
8           Bates Page 198.

9   A       (McNamara) I'm there.

10   Q      And if you could just summarize for me what  
11           we're all looking at here on Bates Page 198.

12   A       (McNamara) Page 198 is a typical bill for the  
13           Residential class and the G2 Demand class  
14           comparing these proposed rates versus rates in  
15           effect last June, June 2017.

16   Q      And, so, I think that I am most interested in  
17           the residential rate up top there. Would it be  
18           accurate to say that, overall, this change  
19           would result in an increase in total bills of  
20           about 5.5 percent?

21   A       (McNamara) That "5.5 percent" includes other  
22           changes, not just default service.

23   Q      Right. So, it's just a lucky coincidence that  
24           the increase in the smaller class bids happen

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 to be 5.5 percent, and the increase in total  
2 bill is also 5.5 percent, is that correct?

3 A (McNamara) I apologize. What was the first  
4 5.5 percent?

5 Q That was the 5.5 percent we had gone over  
6 earlier in Ms. Glover's testimony, where the  
7 Small/Medium classes had gone up -- their  
8 chosen rate had gone up about 5.5 percent over  
9 the period from last year.

10 A (McNamara) Yes. Coincidence.

11 Q And can you just describe for me briefly, it  
12 looks like within the Default Service Charge,  
13 there's a percentage that is broken out as  
14 having contributed to the total bill increase  
15 percentage. Can you tell me what that is?

16 A (McNamara) On the "Default Service Charge"  
17 line?

18 Q Yes.

19 A (McNamara) The "2.1 percent", is that what  
20 you're referring to?

21 Q Yes.

22 A (McNamara) That is the percent -- so, as you've  
23 mentioned earlier, a residential customer,  
24 using 650 kilowatt-hours in a month, would see

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 an increase in June 2018, including these  
2 proposed default service rates, versus last  
3 June of 2017, the increase would be 5.5 percent  
4 on their total bill. Of that 5.5 percent,  
5 2.1 percent of that is related to this Default  
6 Service change.

7 Q And there's another large -- well, it's a  
8 larger figure in there than the Default Service  
9 Charge change, and that's attributable to  
10 External Delivery Charge, is that correct?

11 A (McNamara) Correct.

12 Q And can you just briefly explain for me the  
13 components that have led --

14 *[Court reporter interruption.]*

15 BY MR. BUCKLEY:

16 Q Can you briefly explain for me the components  
17 that have led to that rise in the External  
18 Delivery Charge?

19 A (McNamara) I apologize, I don't have that  
20 filing with me. But I could take a stab at it,  
21 and say that it was most likely transmission  
22 charges.

23 MR. BUCKLEY: Thank you. No further  
24 questions.

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 CHAIRMAN HONIGBERG: Ms. Amidon. Oh,  
2 actually before you do that, go off the record  
3 please.

4 [Brief off-the-record discussion  
5 ensued.]

6 CHAIRMAN HONIGBERG: Ms. Amidon.

7 MS. AMIDON: Thank you. And I guess  
8 I should thank Attorney Buckley, too, because  
9 he literally asked half of my questions. So,  
10 there you go.

11 BY MS. AMIDON:

12 Q Ms. Glover, I wanted to start with you, if I  
13 could. Is the form of agreement then and the  
14 transaction confirmation that you executed  
15 with -- or, that the Company executed with the  
16 winning bidders similar to those that you've  
17 done in the past with no substantive changes?

18 A (Glover) You are referring to the Power  
19 Purchase Agreements?

20 Q Yes.

21 A (Glover) That is correct.

22 Q Thank you. I noticed, at Bates 099, and I  
23 don't know if this is a form or if this is  
24 something that was executed in this instance,

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1 but let me get there, too, make sure I'm not  
2 referring to confidential information. This  
3 is -- are you there?

4 A (Glover) Yes.

5 Q Okay. So, this is a Mutual Confidential  
6 Non-Disclosure Agreement. Is this a standard  
7 agreement that the Company executes with its  
8 suppliers?

9 A (Glover) Yes. So, during the procurement  
10 period, should they wish to see our financials,  
11 which are confidential, we would have them  
12 complete this Non-Disclosure Agreement.

13 Q Yes. That makes perfect sense. Thank you.

14 A (Glover) You're welcome.

15 Q Is there any way that you could determine  
16 whether any of the cost difference between this  
17 summer period and the summer period, well, for  
18 last year was due to anything other than  
19 capacity? In other words, do you think that  
20 the energy costs are relatively stable as to  
21 the two periods? Or, if you don't have  
22 information on that, I understand, but I just  
23 thought I'd ask that question.

24 A (Glover) I actually do have that information.

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1 Q Great. Thanks.

2 A (Glover) We look at the bid price. We compare  
3 it to the current NYMEX price. And we take the  
4 difference between those and assume that the  
5 NYMEX price is the energy portion of the price.  
6 The remainder of that being non-energy,  
7 primarily capacity, and other ancillary  
8 services. And what that tells us is the  
9 proportion of that price that we would  
10 attribute to non-energy. For this period, it  
11 is 60 percent. The period a year ago, it was  
12 52 percent. So, we backed out the energy  
13 portion, leaving those two percentages. So, in  
14 this case, it's telling us, while the energy  
15 price is -- it was 40 percent this time around,  
16 48 percent a year ago, the biggest jump in the  
17 proportion of that energy price is the  
18 non-energy piece of it.

19 Q Thank you. And as I understand it, and I don't  
20 know if this is a question for you or Ms.  
21 McNamara, but who's ever better able to answer,  
22 you have forecasted an additional increase in  
23 the capacity prices for June 1 of this year in  
24 calculating these rates?

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[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 A (Glover) The capacity price is --

2 Q It's already set.

3 A (Glover) -- already in the price that we have  
4 in the bids.

5 Q Okay.

6 A (Glover) Yes.

7 Q All right. Thank you. If we could go to  
8 Page 151, and this is your testimony, Ms.  
9 McNamara. Let me know when you're there.

10 A (McNamara) I'm there.

11 Q Okay. Thank you. Could you just explain what  
12 you understand to be the cause for the  
13 overcollection in this instance, if I'm reading  
14 that correctly?

15 A (McNamara) The overcollection, on Line 12, of  
16 \$520,000 approximately, --

17 Q Yes.

18 A (McNamara) -- is mainly related to increased  
19 sales versus what we had estimated for the  
20 period.

21 Q Okay. Thank you. And if we go to the next  
22 page, Page 152, beginning at Line 13, there's a  
23 question on net metering customers. And I just  
24 wanted to know if you could explain the

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 interplay between this payment or the amount of  
2 38,700 -- well \$38,000, and the amount that is  
3 recovered by the Company through the EDC, if I  
4 could understand the relationship between those  
5 two amounts? My understanding is that through  
6 the External Delivery Charge, the Company  
7 recovers lost distribution revenues associated  
8 with that metering, is that right?

9 A (McNamara) That is correct.

10 Q And in this stance, this amount of \$38,000 is  
11 the energy portion that otherwise would be  
12 credited to customers who net meter, who choose  
13 not to have it balance forward or something  
14 like that? I'm just trying to understand how  
15 they relate to one another.

16 And if you're not able to answer the  
17 question, it's not essential for us to know  
18 that today, for Staff to know that today in  
19 connection with this filing, and we could take  
20 a record request. I'm just trying to  
21 understand the interplay between the two  
22 numbers.

23 A (McNamara) I wouldn't be confident answering  
24 where the --

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1                                    *[Court reporter interruption.]*

2   **BY THE WITNESS:**

3   A       (McNamara) I wouldn't be confident answering  
4           how the \$38,000 is arrived at.

5                   CHAIRMAN HONIGBERG: Ms. Amidon, do  
6           you want to make that a record request?

7                   MS. AMIDON: Yes. And I'm trying to  
8           think about how best to say it. I guess,  
9           please explain the calculation of the amount of  
10          \$38,000 and the reasons for it being credited  
11          back to -- I'm not sure how to say it  
12          correctly, Mr. Chairman.

13                   I'm wondering if I could work with  
14          the Company afterwards and give it to the clerk  
15          and have it for the record that way?

16                   CHAIRMAN HONIGBERG: I think you  
17          could put something in writing and put it in  
18          the file as to what the record request is.

19                   MS. AMIDON: Okay.

20                   CHAIRMAN HONIGBERG: I suspect that,  
21          if you work with Mr. Epler and the witnesses,  
22          that you'll come up with something that will  
23          get you the information you're interested in.

24                   MS. AMIDON: I'm just thinking of,

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1           you know, moving this proceeding along without  
2           holding things up.

3                       CHAIRMAN HONIGBERG: Mr. Epler.

4                       MR. EPLER: Yes. For now, just for  
5           clarity in the transcript, if we can just say  
6           that there's a record request pending on  
7           material on Bates stamp Page 152, Line 22.

8                       CHAIRMAN HONIGBERG: That would  
9           certainly help, I think.

10                      MS. AMIDON: Yes.

11                      MR. EPLER: Thank you.

12                      MS. AMIDON: Thank you, Attorney  
13           Epler.

14                                       *(Exhibit 3 reserved)*

15                      MS. AMIDON: And just a couple more  
16           questions.

17 BY MS. AMIDON:

18 Q       And I know you and I discussed this, Ms.  
19       McNamara, before the hearing. And just for the  
20       sake of getting your explanation on the record  
21       at this point, would you turn to Page Bates 163  
22       for me. And I have just a general question for  
23       you, and I know you know the answer. So, I  
24       just wanted to -- are you there?

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1 A (McNamara) I am.

2 Q Okay. Thank you. So, I was, as you know, I  
3 was confused about what the term on Line 2 was,  
4 "Total Costs excluding wholesale supplier  
5 charge". So, perhaps with respect to the top  
6 part of this schedule related to the G1 class  
7 default service, you could explain what the  
8 cost components are and what is not included in  
9 this schedule, because of -- because of its  
10 confidentiality? Is that fair to ask?

11 A (McNamara) Sure. The easiest way to perhaps  
12 see the costs that are included on this  
13 schedule would be to reference Schedule LSM-4.  
14 And there's probably two pages we could look  
15 at.

16 Q Okay.

17 A (McNamara) Bates Page 183, which is kind of  
18 hard to read, because it got stamped over some  
19 other text. I apologize, I think I've turned  
20 you to the wrong page. Page 177.

21 Q Thank you.

22 A (McNamara) This page shows the actual  
23 calculation of the factor that was shown on the  
24 previous page of "0.00275".

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 Q And as I understand, this 0.275 cents per  
2 kilowatt-hour recovers Unitil's costs, in other  
3 words, the working capital, the bad debt, the  
4 internal costs, includes the reconciliation,  
5 and does not include any of the costs from the  
6 supplier. Is that correct?

7 A (McNamara) That is correct.

8 Q So, the calculation of the supplier adder and  
9 the wholesale power cost is something that is  
10 done monthly, and you provide that to the  
11 Commission. Is that right, Ms. Glover?

12 A (Glover) That's correct.

13 Q Okay. So, this cost does not reflect the adder  
14 that was bid for the Large Customer Group?

15 A (McNamara) That is right.

16 Q All right. And finally, I know, and perhaps  
17 you can help me find this. I know Mr. -- I  
18 mean, Attorney Buckley was able to show the  
19 comparison between the period last year, the  
20 same period, and the period that begins June 1,  
21 this change in the bills. If I go to Page 189,  
22 Bates Page 189, that shows the difference  
23 between the bill in the current period that  
24 ends March 31st -- or does it? Well, it shows

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 the bill for the current period and the bill  
2 for the period beginning June 1, and that is  
3 actually, for a residential customer, a  
4 decrease of 9.3 percent overall in their  
5 monthly bill. Is that right?

6 A (McNamara) That is correct. And that is solely  
7 based on the change in the default service  
8 rate.

9 Q Right. I know that there may be other changes  
10 that are coming along. But at least if we're  
11 looking at the energy rate portion of the  
12 customer bill, there is an overall decrease  
13 from the winter period?

14 A (McNamara) That is correct.

15 MS. AMIDON: Okay. Thank you. I  
16 have no further questions.

17 CHAIRMAN HONIGBERG: Commissioner  
18 Bailey.

19 CMSR. BAILEY: Thank you.

20 BY CMSR. BAILEY:

21 Q Can we start on Bates Page 028? It's  
22 confidential. So, I won't ask you specifically  
23 about these numbers, to say what the numbers --

24 A (Glover) I'm there.

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[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 Q Okay. Are these the numbers that the suppliers  
2 bid to you for their portion of the adder?

3 A (Glover) Yes. Each of these lines for these  
4 bidders is just the adder portion.

5 Q Okay. And in the past, haven't you come up  
6 with a rate component that reflect these  
7 numbers?

8 A (Glover) I'm going to answer. Do you want to  
9 take that?

10 We send the rate to the Staff every month,  
11 using the adder and the wholesale price. So,  
12 the schedule you were just on, there was a line  
13 that said "market", we update that every month,  
14 between Linda and I, with the adder and the  
15 wholesale price and send it to Staff, so that  
16 they would know what the rate is.

17 Q I understand that. But I thought my memory of  
18 these proceedings, and maybe I'm getting it  
19 confused with another electric company, but I  
20 don't think so, is that the adder portion from  
21 the supplier was part of not confidential  
22 information and part of the rate that was  
23 perhaps added to the Company's adder that we  
24 just looked at that was 0.275 cents per

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 kilowatt-hour?

2 A (McNamara) No. Not since we've gone to this  
3 method for the G1 classes, which has been a  
4 monthly, a monthly rate, --

5 Q Okay.

6 A (McNamara) -- we follow the same method.

7 Q Okay. Can you -- so, I got a little confused  
8 when I was reading the testimony by this adder  
9 and the Company's adder. But can you tell me  
10 how the adders on this page, Bates Page 028,  
11 compare to the adders that you received from  
12 the suppliers last time? Is that the  
13 11 percent or the 6 percent difference?

14 A (Glover) One moment please.

15 (Short pause.)

16 BY CMSR. BAILEY:

17 Q I'm looking at Bates Page 008. That's where I  
18 got 11 percent.

19 A (Glover) Comparing the adders to last summer,  
20 is that what you wanted me to look at? Okay.

21 Q Sure. And I think your testimony says that  
22 it's "24 percent higher than the same period a  
23 year ago". Is that sentence read, from Page 8,  
24 Line 10, is that sentence related to the adder,

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1 the supplier's adder?

2 A (Glover) I apologize. Are we on Bates

3 Page 008 --

4 Q Yes.

5 A (Glover) -- of my testimony? Okay. Thank you.

6 "Pricing for the Large customer class is 11  
7 percent higher than the previous 6-month period  
8 and 24 percent higher than the same period a  
9 year ago." That is true.

10 Q So, the numbers on Bates Page 028 are  
11 24 percent higher than they were a year ago?

12 A (Glover) To the same period a year ago, yes.

13 Q Okay. Do you have any idea why the adder is  
14 24 percent higher?

15 A (Glover) The adder itself is non-energy. So, I  
16 would surmise it's the non-energy portion, so,  
17 forward capacity charges and other ancillary  
18 services.

19 Q Okay. Do you know what the forward capacity  
20 price was last year?

21 A (Glover) I do. June 1st, 2017, it was \$7.03.  
22 June 1st, 2018, it is now \$9.55. And it  
23 declines every -- for the next three years.

24 Q Okay. All right. So, what are the rates that

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 the customers are provided in advance of the  
2 rate period that the G1 rates are in effect?

3 A (McNamara) The G1 customers are told that, that  
4 0.00275, and the RPS component of the overall  
5 default service rate. They're also told,  
6 although without much advance notice, but a  
7 couple of days beforehand, when we determine  
8 the rate for the month, based on the wholesale  
9 price, they're notified of that rate.

10 Q So, you determine the rate for that month.  
11 Does the supplier give you that rate for the  
12 month in advance? It's not based on LMP?

13 A (Glover) It is based on LMP, yes.

14 Q So, how do you know in advance what the rate  
15 is?

16 A (Glover) We use a prior period of already  
17 published prices. So, we would have a chunk of  
18 time, it doesn't go right up to the month, but  
19 it would be a period of the month prior.

20 Q Okay. And to that, you add the adders that we  
21 talked about?

22 A (Glover) Yes.

23 Q And then it gets reconciled to whatever the  
24 actual LMP is?

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 A (Glover) Yes. For the calendar month, yes.

2 Q And does that reconciliation occur in the next  
3 six-month period, like the adder of the 0.275  
4 cents per kilowatt-hour? Is that part of the  
5 reconciliation of the difference between the  
6 price paid and the price actually incurred or  
7 the costs incurred?

8 A (McNamara) We reconcile once a year, and spread  
9 that over 12 months.

10 Q Okay.

11 A (McNamara) So, this particular filing, we  
12 reconcile it with the spring filing. And any  
13 reconciliation balance would get recovered or  
14 credited over the next 12 months.

15 Q And, so, that's the number in your -- I think  
16 it was Schedule 4, that was in the 20 or  
17 \$20,700 range?

18 A (McNamara) It was the \$20,000. So,  
19 approximately \$40,000 was the total  
20 undercollection, and then 20 of it would be for  
21 this six-month period. And then, in the next  
22 filing, in the fall, we would include the  
23 remaining 20,000.

24 Q Okay. Thank you. Ms. Glover, I don't know if

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1           you know this, but do you have any explanation  
2           for why the bids for medium size customers are  
3           lower than the bids for residential customers,  
4           even though the load is smaller?

5    A       (Glover) I don't have a good answer for you, I  
6           don't think.

7    Q       Have you ever considered combining those two  
8           groups? Mr. Furino, do you have any idea?

9    A       (Furino) Yes, Commissioner. Let me just give  
10           you a little background. In the distant past,  
11           they were combined. They were one, we used to  
12           price Non-G1 default service together. And we  
13           recognized that the two groups, the  
14           residential or the domestics and the Small  
15           Commercials had distinct differences.

16                    When we first did make the split, the real  
17           driving factor was migration risk. The Medium  
18           customers were going to market much quicker  
19           than domestic customers. So, we got to a point  
20           where, you know, retail choice penetration was  
21           maybe 30 percent in that group, and, you know,  
22           just barely beginning, if any, in the  
23           residential group. And suppliers looking at  
24           that identified that as a risk, and that they

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1 would throw premiums on top of that. So, we  
2 did break that up.

3 We also were looking at load profiles.  
4 And the two -- the profiles for the two groups  
5 of customers do vary quite a bit. And we  
6 showed that back at the time, I can't remember  
7 how many years ago it was, it was several years  
8 ago that we made this change.

9 Another thing that's kind of going on is  
10 that Small Commercial customers, you know, may  
11 have less late in the day peak exposure, which  
12 is really driving a lot of the hourly costs.  
13 So, in addition to having a better load profile  
14 overall, they're avoiding certain peak periods  
15 of time.

16 But we're not overly surprised by the  
17 results.

18 Q And do you think that the suppliers now think  
19 that the residential group is riskier for  
20 migration than the Medium or the Small Business  
21 group?

22 A (Furino) I think they know that it's lower than  
23 it is still for the Medium group. But I think  
24 it's been -- both groups have been fairly

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1 stable. There's been robust activity relative  
2 to what we had seen in the past. But I think  
3 it's been fairly stable.

4 Q So, you're saying that the suppliers perceive  
5 the Small Business customers as more of a risk?

6 A (Furino) You know, and I apologize, we provide  
7 these quarterly migration reports that you may  
8 be familiar with, which show the trends for  
9 each of these groups over the last 13 months.  
10 And Ms. Glover is going to show them to me as  
11 we speak.

12 So, I can see like our -- looking, and we  
13 show this in terms of energy consumption and  
14 also in terms of customer counts. In terms of  
15 customer counts, you know, our domestic  
16 customers are in the 13 percent range a year  
17 ago to about 11 percent now. So, --

18 Q Migration?

19 A (Furino) Yes. I would say just retail --  
20 participating in retail choice, those customers  
21 taking supply from a third party, down from 13  
22 to 11 percent in the last year. The regular  
23 general, which is this other group, pretty  
24 steady at 26-27 percent.

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1 Q So, isn't that a higher risk?

2 A (Furino) Well, I think the risk factor is a  
3 question of how quickly that is changing, how  
4 stable that is. It means to have been fairly  
5 stable over time, and that's what they're going  
6 to look for.

7 Q So then, you think that really the reason --

8 A (Furino) I'm sorry. We're on Bates Page 140.

9 Q Thank you.

10 A (Furino) She pointed it out to me three times  
11 and I finally realized the message.

12 Q But my question or this whole conversation was  
13 trying to figure out why the bid price for the  
14 Small Commercial customers was lower? The load  
15 is lower, but it's more predictable? I mean,  
16 the load is smaller, sorry, smaller, but it's  
17 more predictable, and because of that lack of  
18 the peak in the afternoon?

19 A (Furino) Right. So, the timing of the hourly  
20 profile has different pricing impacts.

21 Q Okay. All right. Thank you. I really  
22 appreciate your customer outreach to be more  
23 aware of the relationship between the price of  
24 energy and how they consume it. And I think

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 that you have some good plans. Do you -- I  
2 think Mr. Buckley asked you this, but I don't  
3 think I understood the answer. Do you contact  
4 your customers by text at all or just by social  
5 media, Facebook, and that kind of thing?

6 A (Furino) I will have to get back to you on  
7 that, or I just don't have a real complete  
8 answer on that. I know we've recently  
9 introduced a new customer information billing  
10 system. And part of that involves a component  
11 of capturing customers', you know, contact  
12 information, including e-mails and texts, and  
13 with an eye to rolling out that type of  
14 communication. I just don't know where we are  
15 in terms of that process.

16 CMSR. BAILEY: The Chairman suggests  
17 that I ask you for a record request to provide  
18 the communication plan. And I would like our  
19 Consumer Affairs Director to see what you're  
20 planning to tell your customers, so that we can  
21 tell them the same thing. Or, if it's not as  
22 understandable as you think it is, that we  
23 could give you some suggestions. Because I  
24 think this is a very important thing that

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1           you're doing, and hopefully we can maximize the  
2           value of it.

3                   CHAIRMAN HONIGBERG: Hang on. Mr.  
4           Epler.

5                   MR. EPLER: We would be happy to  
6           contact the Consumer Director, and perhaps set  
7           up like a tech session, where we can discuss  
8           that --

9                   CMSR. BAILEY: Okay.

10                  MR. EPLER: -- and go through a  
11           presentation, in addition to responding to the  
12           record request.

13                  CHAIRMAN HONIGBERG: So, you could  
14           prepare a record request that describes the  
15           current state of play?

16                  MR. EPLER: Yes.

17                               **(Exhibit 4 reserved)**

18                  CHAIRMAN HONIGBERG: And then I think  
19           the idea of sitting down with the Consumer  
20           Affairs Division Director makes a lot of sense.  
21           Whether its a formal tech session or something  
22           informal, we'll leave that to you and Staff.

23                  MR. EPLER: Happy to do that.

24                  CMSR. BAILEY: Thank you.

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1 BY CMSR. BAILEY:

2 Q Do you have a plan or a method of measuring the  
3 results of this? I mean, are you aware of --  
4 you must be aware of what the peak load was for  
5 both transmission, allocation, and capacity  
6 last year and the years before that, right?

7 A (Furino) We have the numbers, yes.

8 Q Okay. And so, you can compare that to this  
9 year to see if it made a difference?

10 A (Furino) We could do that. You know, we could  
11 also -- and I'll be talking with my  
12 Communications team, they will be drafting the  
13 communications. But, as far as, you know, the  
14 number of contacts that we have, you know, how  
15 the -- I believe, like when we utilize social  
16 media, we get, you know, we can see the  
17 engagement, that type of thing.

18 Just as a -- you know, I mean, as a  
19 non-energy, you know, we're not -- in addition  
20 to trying to identify changes in our aggregate  
21 consumption on the system, including during  
22 peak hours, you know, one of the -- you know,  
23 we may look for metrics in terms of our  
24 communication campaign, in terms of how many

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1 tangible touch points we have with customers.

2 Q Okay. And you don't know -- I mean, you said  
3 you didn't know whether the Company has the  
4 ability to text customers. Just anecdotally,  
5 I'll tell you that I have electric service from  
6 another utility, and they send me a text  
7 message before every storm. And it's almost  
8 annoying, but --

9 A (Furino) I get those same messages.

10 Q Okay. But it's a good way -- it's a good way  
11 to communicate with customers, especially  
12 during a peak or an expected peak, you know,  
13 "Now is the time to watch out and try to  
14 conserve your usage." Just some thoughts.

15 CHAIRMAN HONIGBERG: A study with a  
16 sample size of one.

17 *[Laughter.]*

18 CMSR. BAILEY: No, two. He has it,  
19 too.

20 WITNESS FURINO: Thank you.

21 CMSR. BAILEY: All right. I think  
22 that's all I have. Thank you very much.

23 CHAIRMAN HONIGBERG: Commissioner  
24 Giaimo.

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 CMSR. GIAIMO: Good afternoon. Let  
2 me start with what I think is a real easy  
3 question.

4 BY CMSR. GIAIMO:

5 Q Ms. McNamara, you mentioned an increase in use  
6 above what was forecasted last year, did I hear  
7 that correctly at sometime during your  
8 testimony?

9 A (McNamara) The sales increased over this  
10 current period compared to what we forecasted,  
11 yes.

12 Q Do you know if Unitil has actually been  
13 experiencing load growth?

14 A (McNamara) I do not. And I should have really  
15 clarified that question a little bit. This  
16 filing doesn't necessarily forecast, in the  
17 traditional sense, sales. What it does is it  
18 applies a loss factor to the forecasted  
19 purchases. So, in this instance, what happened  
20 was the loss factor that we apply, which is, I  
21 believe, for that class, the Residential class,  
22 is -- I want to say "6.4 percent", it wasn't as  
23 high as 6.4 percent.

24 Q Okay. And now, when you say "loss factor", we

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 are talking about physical electrons  
2 transmitted from the generation to delivery or  
3 are we talking about customer -- losing of  
4 customers?

5 A (McNamara) The actual loss, the difference  
6 between what is purchased and what is  
7 ultimately sold in retail.

8 Q Thank you. That's good to know. Before I  
9 start my next -- my next line of questions, I  
10 want to thank Attorney Epler and Mr. Furino for  
11 coming. I think he's partly here because of  
12 questions I asked about six months ago. So,  
13 thank you for being here and thanking for  
14 recognizing that request.

15 So, the next line of questions are about  
16 the capacity market. So, let's say we have a  
17 hypothetical of a large manufacturer. And this  
18 large manufacturer is off line and has no  
19 use -- and is not utilizing any electrons. Be  
20 it because they're just completely off line or  
21 because they have some sort of behind-the-meter  
22 generation that they're utilizing. And it's  
23 the system peak and it's the utility peak and  
24 it's the zonal peak. What is their capacity

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1 payment due in the next year?

2 A (Furino) Zero.

3 Q It is zero. Okay.

4 A (Furino) And I'm going to assume that they're a  
5 large customer, that they're interval metered,  
6 and therefore they would be reported as zero  
7 and the subsequent billings would be based on  
8 that.

9 Q So, in that situation, under the hypothetical  
10 customer I'm talking about, they would have  
11 every incentive to respond to the text messages  
12 that Commissioner Bailey was talking with you  
13 about just a moment ago?

14 A (Furino) Yes. And the key is the metering,  
15 but, yes.

16 Q Okay. What I heard from you, Mr. Furino, was a  
17 lot of things that you plan to do. So, in  
18 light of the fact that Ms. Glover mentioned  
19 that FCA 9 is the high water mark for capacity  
20 clearing prices, specifically what did you  
21 do -- what did you do to mitigate the price  
22 last year or what did you do?

23 A (Furino) So, we had no specific programs in  
24 place. You know, obviously, we're

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1 participating in the net metering docket as  
2 that was playing out, have various commitments  
3 that stem from that. And I don't believe there  
4 was any -- I don't know about energy efficiency  
5 activities in particular.

6 I do know some of our larger customers do  
7 participate directly in demand response  
8 programs administered by the ISO, and they're  
9 introduced by a variety of suppliers who offer  
10 that as a complementary service to them.

11 Q Okay. Thanks. Has the Company done any  
12 specific analysis as to just the commodity  
13 costs last year versus this year or what's  
14 coming?

15 A (Furino) Other than just looking at visually  
16 the differences between the NYMEX prices that  
17 we received a year ago, no.

18 Q Okay. On Page 8 of Ms. Glover's testimony --  
19 CHAIRMAN HONIGBERG: Bates page?  
20 CMSR. GIAIMO: Page 8. Sorry. Page  
21 6, Bates Page 008.

22 BY CMSR. GIAIMO:

23 Q Commissioner Bailey was touching on this. And  
24 you talked on Line 9, it states "Pricing for

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 Large customer class adder is 11 percent higher  
2 than the previous 6-month period and 24 percent  
3 higher than the same period a year ago."

4 So, I heard that's due to non-energy  
5 related factors, specifically the capacity  
6 market?

7 A (Glover) The adder, yes, is a non-energy  
8 portion of the Large G1 class price, yes.

9 Q And to what extent is this increase a result of  
10 pay-for-performance, as opposed to just the  
11 capacity market in general? Is it the changes  
12 to the capacity market that are being  
13 implemented June 1st that are driving these  
14 or --

15 A (Glover) I would surmise that. But I, not  
16 being a supplier, there could be some  
17 pay-for-performance in there. But I don't know  
18 how much that would affect that price  
19 specifically.

20 Would you want to add?

21 A (Furino) Yes. I was just going to say, we  
22 don't have any transparency into that. We  
23 don't, you know, know whether suppliers who are  
24 bidding have their, you know, existing

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1 generation fleet that is able to sort of  
2 self-supply this obligation, or whether they  
3 see that as more of a consumer in that market.

4 Q Okay. Ms. Glover, what I thought I heard you  
5 say, and I just want to confirm this, is that  
6 you are comfortable that the number of bidders  
7 was commensurate with a competitive process?

8 A (Glover) It's a stable number. It's the number  
9 that we typically see for this class. It has  
10 not changed.

11 Q Okay.

12 A (Furino) I just wanted to take the opportunity  
13 to make one comment in that regard. I think we  
14 had said earlier that, if there were a single  
15 bidder, that it would necessarily be  
16 uncompetitive and we do something else. I did  
17 just want to put forward the proposition that a  
18 single bidder could, in fact, provide a very  
19 reasonable market result. In jurisdictions --  
20 in other jurisdictions, we have had extended  
21 periods where one bidder was very successful,  
22 and we continued to contract with them. And at  
23 one point, they were not so competitive in  
24 their bidding, and we, you know, we found

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1 another way, we redid things, and we did not  
2 accept that.

3 But that would be, in that circumstance,  
4 my view is that would be a showing we would  
5 need to make.

6 Q I jotted down "Mr. Furino, it looks like you  
7 have something to say on this?" So, thank you  
8 for chiming in there. That was my next  
9 question.

10 All right. I think I have just one left.  
11 Bates 028. Bates 028, --

12 A (Glover) Yes.

13 Q -- 027, and 026, recognizing that they're  
14 highlighted numbers, I won't speak specifically  
15 to anything other than to say that it appears  
16 as if the adder is half the size of the all-in  
17 prices on Page 027 and 026. Is that a  
18 reasonable conclusion to make?

19 A (Glover) Close. Yes. Just looking at the  
20 numbers.

21 Q Is there anything that we can surmise from  
22 that?

23 A (Glover) Well, if you're looking at Bates 026  
24 and 027, those two pieces are energy and

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 non-energy. And while they're not exactly  
2 half, they are close. I did look at the  
3 portion of those bids that are energy and  
4 non-energy, and that came out to I think we  
5 said -- hold on. I think it was 60 percent.

6 Q Right.

7 A (Glover) Sixty (60) percent was non-energy.  
8 So, I'm not sure I answered your question. I  
9 might have wandered.

10 Q It sounds like it's consistent, now that you  
11 reference the "60".

12 A (Glover) Okay. Right, because it's not exactly  
13 half.

14 Q That makes sense.

15 A (Glover) Yes. Okay.

16 Q And so why they made it look similar, --

17 A (Glover) Yes.

18 Q -- is what I was getting at?

19 A (Glover) Correct.

20 CMSR. GIAIMO: Thank you. I have no  
21 other questions.

22 CHAIRMAN HONIGBERG: Commissioner  
23 Bailey.

24 BY CMSR. BAILEY:

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 Q Didn't you say that, in Massachusetts, the  
2 adder was only 10 percent for the non-energy  
3 costs?

4 A (Furino) I made those statements. So,  
5 clarifying what we do for Fitchburg, it's the  
6 sum of the LMP, plus the capacity, the sum of  
7 those, times 10 percent, or 10 percent of that  
8 ends up being the total price, 110 percent of  
9 the sum of those two.

10 Q Okay. And so, how do you -- do you go out and  
11 competitively bid the capacity and the energy  
12 for Massachusetts?

13 A (Furino) No. Remember, this is just for  
14 Fitchburg Gas & Electric, Unitil's  
15 Massachusetts affiliate, only for the largest  
16 group of customers. And so, no, we're actually  
17 not having any market procurement of any type.  
18 It's literally a load obligation that sits in  
19 Fitchburg's own Settlement account and is seen  
20 as a demand or load in the ISO New England  
21 system. We pay the bill and process those  
22 charges.

23 Q That's right. That's what you said. And I  
24 meant to ask you this question. How do those

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1 rates compare ultimately to the rates that we  
2 get from competitively bid?

3 A (Furino) This is an interesting question, and I  
4 appreciate it. But, by and large, lower.

5 Q It's lower when you buy it on the LMP, on the  
6 market?

7 A (Furino) So, here -- even here in New  
8 Hampshire, we have Non-G1 pricing, which has  
9 suppliers bidding in full-requirement service.  
10 It includes energy, includes capacity, includes  
11 everything else.

12 For the G1s, and we've been trying to  
13 clarify all this, but, with the G1s, we have  
14 suppliers just bid this adder, and it basically  
15 covers everything but energy, and then to that  
16 we add the LMP. Over time, the pricing that we  
17 have seen for G1 customers has been much lower  
18 than the pricing we've seen for Non-G1  
19 customers, because the wholesale suppliers are  
20 doing less risk management, there's less  
21 hedging involved, etcetera.

22 So, that's -- it's actually one of the --  
23 an item I believe the Consumer Advocate,  
24 Mr. Buckley had asked, you know, "Were there

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1 any structural changes the Company was  
2 considering?" The Company is looking at the  
3 possibility of bringing some structure like  
4 that we use in New Hampshire for G1 customers  
5 for Non-G1 customers. And we would combine  
6 that with some sort of rate-smoothing  
7 mechanism, if we were to try to bring a  
8 proposal to go forward with that.

9 But our view is that, based on the  
10 experience we've seen over time, in the long  
11 run, that yields you a lower price than, you  
12 know, purchasing under a full-requirement  
13 service.

14 Q Okay. Thank you. What about the comparison of  
15 the G1 customers and the price that G1  
16 customers in New Hampshire pay and the price  
17 that G3 customers in Massachusetts pay?

18 A (Furino) And I apologize, but I haven't looked  
19 very closely at that, but they must move very  
20 closely. It's possible that the Fitchburg  
21 prices could be lower. We could certainly  
22 provide that. We do those same calculations  
23 every month for Fitchburg, except we're just  
24 using, you know, ISO's capacity charges that we

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1 get, as opposed to these adders. So,  
2 mechanically, it's just a little different.

3 Q But, if the adder is 60 percent, --

4 A (Furino) Yes. So, what's happening there, in  
5 particular, is that we're in an environment of  
6 high capacity costs --

7 Q Uh-huh.

8 A (Furino) -- and low summer commodity costs.  
9 And it's -- you know, as a winter-constrained  
10 system, from a reliability standpoint, that's  
11 what really is driving the prices. We tend to  
12 see lower commodity prices in the summer. You  
13 know, the capacity costs are constant  
14 year-round.

15 BY CHAIRMAN HONIGBERG:

16 Q It would seem that, if you're considering  
17 making a change in the process to mirror what  
18 goes on in Massachusetts, one of the things  
19 you're going to want to provide is some  
20 historical comparisons. Understanding that  
21 past performance is no guarantee of future  
22 results, you could at least give some  
23 indications of how things might look --

24 A (Furino) Yes.

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 Q -- might have looked had such a process been in  
2 place here.

3 A (Furino) Right. And so, we have undertaken to  
4 recast, you know, our New Hampshire history  
5 using what would be the G1 approach, not the  
6 Massachusetts approach. And the reason really  
7 is, there are other things going on. So,  
8 our -- I'm trying to think of it, the part of  
9 the testimony, the -- anyway, so, it impacts  
10 the financial parts of things, the lead-lag  
11 study, *etcetera*.

12 What happens is, ISO New England is going  
13 to bill you like two days after the fact, and  
14 they're going to invoice you twice a month --  
15 twice a week, you know, throughout the period.  
16 Whereas, when you're with a wholesale supplier,  
17 you're basically paying the bill at the end of  
18 the month after the month of service. So,  
19 there's a very big, you know, deferral of  
20 payments there that, you know, really matches  
21 well with the Company's collections from  
22 customers.

23 Also, financial assurance requirements at  
24 ISO New England, if the Company jumps in as the

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1 wholesale supplier itself, then, you know, its  
2 financial assurance requirements go up. So,  
3 there's, you know, a direct financing impact  
4 there.

5 So, there are other reasons why it's more  
6 than just what -- if you calculate  
7 after-the-fact what those costs are. In the  
8 case of Fitchburg's large customers, the number  
9 of customers that rely on that service varies  
10 between three and eight, or something like  
11 that, and it's not a large commitment. And  
12 these are largely customers who, in my view,  
13 have had poor credit over time or for whatever  
14 reason are not purchasing from the market.

15 Most of our customers down there are  
16 purchasing from the markets, as they are up  
17 here. You would see that in that page we  
18 referenced.

19 Q Circling back to the communication plan, you  
20 spent some time talking about the how and the  
21 what you would communicate. I guess I'd also  
22 be interested in the who. Do you anticipate  
23 different messaging for different types of  
24 customers? It seems that the biggest bang for

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1           your buck is with your biggest users, and those  
2           are the ones you'd have maybe a different  
3           message for than the individual homeowner, like  
4           me, I am a default service customer of Unitil.

5           But, I mean, is that part of the thinking  
6           as well?

7    A       (Furino) You know, at this point, my instinct  
8           is that we're trying to communicate with the  
9           residential customer, or maybe the Small  
10          Business. You know, larger customers do have,  
11          you know, more sophisticated opportunities.  
12          And not to say that we would necessarily ignore  
13          that group. I did mention there are demand  
14          response programs that some of them participate  
15          in directly.

16          You know, if you're a particularly large  
17          customer, you may have a sophisticated buying,  
18          you know, process, and you may not even be on  
19          default service. It doesn't mean you can't  
20          benefit from these kind of technologies.

21    Q       Right. And I think all of us could benefit, if  
22           the bigger users conserve at the right times,  
23           because that would affect, although it's not a  
24           huge amount of money, it would affect what gets

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 allocated to the State of New Hampshire in the  
2 long run, would it not?

3 A (Furino) Yes, it would, in terms of -- you  
4 know, particularly in terms of transmission.

5 CHAIRMAN HONIGBERG: Right. I think  
6 there are benefits to being in touch with all  
7 of your customers at every level, even those  
8 who are doing things in the competitive market  
9 that weren't your default customers, and I  
10 think you would probably agree with that.

11 That's all I had. Mr. Epler, do you  
12 any further questions for the witness panel?

13 MR. EPLER: Yes, I do.

14 **REDIRECT EXAMINATION**

15 BY MR. EPLER:

16 Q Mr. Furino, just to follow up on a couple of  
17 questions that you were asked, to distinguish  
18 between what we do for our large G3 customers  
19 in Fitchburg and the G1 customers here with  
20 UES.

21 Is it correct that the large G3 customers  
22 used to be served in the same manner that we  
23 now serve the G1 customers for UES?

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

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 Q And the issue was that, as you started to  
2 explain, that the number of customers in that  
3 customer class became so small that during  
4 solicitations it became difficult for the  
5 Company to get the kind of response that would  
6 indicate that we were getting a market rate?

7 A (Furino) That's correct.

8 Q And so, we then migrated to this -- or, I'm  
9 sorry, strike that. We then changed the  
10 methodology that we use for providing service  
11 to the G3 customers, is that correct?

12 A (Furino) That's correct. Thank you.

13 Q And so, if we were to attempt to do that here  
14 in New Hampshire for the G1 customers, the  
15 additional costs that you were referencing, in  
16 terms of the financial commitments that the  
17 Company would have to make, the frequency of  
18 payments to ISO New England, if we were to try  
19 that in New Hampshire, would such a -- with a  
20 larger customer class, like the G1 customers  
21 for UES, that that would pose additional costs,  
22 and we would not necessarily see the same  
23 result that we're seeing in Massachusetts. Is  
24 that correct?

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1 A (Furino) I think that's correct. Yes.

2 Q That was kind of a long question, I apologize.

3 CHAIRMAN HONIGBERG: It was led  
4 beautifully, though.

5 MR. EPLER: Thank you.

6 BY MR. EPLER:

7 Q And this is to Mr. Furino again. If you have  
8 this information, is there any information that  
9 you can share regarding UES's historic peak and  
10 whether it has changed over time, and how it  
11 compares to our neighboring utilities in New  
12 Hampshire?

13 A (Furino) Can I take a record request on that?  
14 So, what I can say is we were very recently  
15 studying this data and this question, and I  
16 don't happen to have the printout in front of  
17 me. UES's peak demands over the last eight  
18 years have been fairly steady. And it appears  
19 that the balance of New Hampshire's peak demand  
20 has grown over the last several years.

21 We're still studying the data. And so,  
22 it's a little preliminary. But those are the  
23 comments I could offer at this time.

24 Q And would you characterize UES's service

[WITNESSES: Glover|McNamara|Nawazelski|Furino]

1 territory, particularly the Seacoast, as  
2 growing?

3 A (Furino) I would, yes.

4 Q Okay. Mr. Furino, when you discussed the  
5 methodology we use to provide service to the G3  
6 customers, you mentioned the 10 percent adder  
7 that the Company applies. Do you happen to  
8 know what the Company does with that 10 percent  
9 adder? How it accounts for that, in terms of  
10 its -- what use the Company puts that 10  
11 percent to?

12 A (Furino) Well, that 10 percent becomes part of  
13 the retail rate that we charge the large  
14 customer in Fitchburg. And the revenue that  
15 comes in, when that customer pays, goes into  
16 the annual reconciliation to cover all of those  
17 gas costs. So, on the cost side, Fitchburg is  
18 paying its ISO New England bill. And so, all  
19 of -- both of those revenues and costs are  
20 going into an annual reconciliation, which is  
21 common among all customers in Fitchburg.  
22 Unlike here, we have a Non-G1 and a G1. It's  
23 common in Fitchburg.

24 Q So, in other words, that 10 percent is not a

1 profit margin to the Company?

2 A (Furino) No. The Company has absolutely no  
3 profit margin on that.

4 MR. EPLER: That's all I have. Thank  
5 you.

6 CHAIRMAN HONIGBERG: All right. If  
7 there's nothing else, then I -- I'm correct  
8 there's no other witnesses, right?

9 MS. AMIDON: Correct.

10 CHAIRMAN HONIGBERG: All right. You  
11 all can probably stay where you are, because it  
12 won't be long from here.

13 Without objection, we'll strike ID on  
14 Exhibits 1 and 2. Exhibits 3 and 4 we'll hold  
15 open as record requests.

16 Anything else we need to do before  
17 summing up?

18 *[No verbal response.]*

19 CHAIRMAN HONIGBERG: I'll just note,  
20 we do not need to have the answers -- the  
21 responses to the record requests before we  
22 issue a decision. And I do understand that  
23 this is a short turnaround, correct?

24 MR. EPLER: Yes.

1 CHAIRMAN HONIGBERG: All right.

2 Mr. Buckley, why don't you start us off.

3 MR. BUCKLEY: Thank you. The Office  
4 of the Consumer Advocate appreciates the  
5 Company's offer to work with the parties to  
6 review the lead-lag study moving forward in the  
7 future. And looks at the instant Petition as  
8 presenting just and reasonable rates, and  
9 recommends their approval by the Commission.

10 CHAIRMAN HONIGBERG: Thank you, Mr.  
11 Buckley. Ms. Amidon.

12 MS. AMIDON: Thank you. First of  
13 all, just for the record, I just want to  
14 recognize that the Company does a very  
15 straightforward, easy-to-understand filing. I  
16 don't understand some of the numbers myself,  
17 but, generally, it's a quality job, and I just  
18 wanted to thank the Company for continuing to  
19 make an effort to do that.

20 Having reviewed this filing, Staff  
21 concludes that the solicitation, evaluation,  
22 and bid selection was done appropriately and  
23 consistent with the prior Commission orders.  
24 And that the selection is a reflection -- of

1 the winning bidders is a reflection of the  
2 competitive market. And that the resulting  
3 costs to recover the cost of the supplier  
4 contracts through rates result in just and  
5 reasonable rates. And so, we would recommend  
6 that the Commission approve the filing  
7 according to the timelines requested by the  
8 Company.

9 We also recommend that the Company's  
10 lead-lag study be allowed to go into effect for  
11 rates developed in connection with this filing.  
12 And if the review of the OCA and Staff results  
13 in any changes to the lead-lag study or  
14 anything that requires a reconciliation, we  
15 would recommend a reconciliation in the next  
16 filing, if that's the result.

17 That's what I have. Thank you.

18 CHAIRMAN HONIGBERG: Thank you,  
19 Ms. Amidon. Mr. Epler.

20 MR. EPLER: Yes. Thank you. I will  
21 just point the Commission to the relief  
22 requested in our Petition.

23 I did just want to make the following  
24 informal offer. I think that the discussion

1 about the markets and so on is helpful, and  
2 it's clear that there's an interest on the part  
3 of the Commission in developments. Sometimes I  
4 personally find that the strictures of a formal  
5 hearing are sometimes not necessarily  
6 completely conducive, though, to a full  
7 discussion of that.

8 So, I just want to make an offer that  
9 we would be happy to open up in a tech session,  
10 perhaps in a less formal atmosphere, to have a  
11 more thorough discussion of these issues with  
12 the Commission, obviously, invite the OCA, and  
13 make it available to the public and so on.

14 But, if there's any interest in doing  
15 that, I know your schedules are pretty tight,  
16 there's a lot going on. But, if that -- if you  
17 do have interest in that, we'd be happy to try  
18 to work with you and have that happen.

19 CHAIRMAN HONIGBERG: Thank you,  
20 Mr. Epler. I will agree with you there is  
21 interest here in that subject. It's been a  
22 topic of discussion with other utilities, the  
23 other EDCs. And it comes up at every event  
24 these days. We're talking about the New

1 England market generally, and what goes into  
2 the varying components of the rates.

3 So, you know, we'll talk with our  
4 Staff, and there will be some communication.  
5 We'll see what makes the most sense going  
6 forward. But we appreciate the offer.

7 And I'll echo what Commissioner  
8 Giaimo said, we appreciate Mr. Furino being  
9 here to answer these questions, because we, as  
10 you said, are interested.

11 Anything else we need to do then?

12 *[No verbal response.]*

13 CHAIRMAN HONIGBERG: All right. We  
14 will adjourn, take the matter under advisement,  
15 issue an order as quickly as we can,  
16 understanding the schedule. So, we are  
17 adjourned.

18 ***(Whereupon the hearing was***  
19 ***adjourned at 2:50 p.m.)***