

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

WITNESS PANEL: **PARKER LITTLEHALE**
 LUANN J. LaMONTAGNE
 MARISA B. PARUTA
 SCOTT R. ANDERSON

Direct examination by Mr. Wiesner 9

Cross-examination by Mr. Crouse 22

Cross-examination by Mr. Young 26

Interrogatories by Cmsr. Chattopadhyay 35, 67

Interrogatories by Chairman Goldner 50, 69

Redirect examination by Mr. Wiesner 74

* * *

CLOSING STATEMENTS BY:

Mr. Crouse 83

Mr. Young 83

Mr. Wiesner 86

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.
1	Petition for Adjustment to Energy Service Rate for Effect on August 1, 2023, including Testimonies and Attachments <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
2	Petition for Adjustment to Energy Service Rate for Effect on August 1, 2023, including Testimonies and Attachments {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
3	Summary of Attachments MBP/SRA 1 through 3	<i>premarked</i>
4	RESERVED (<i>For submission of Master Power Supply Agreement with New Supplier</i>)	83

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 today with
4 Commissioner Chattopadhyay.

5 This is the hearing for the August to
6 January procurement cycle for Docket 23-043, the
7 Eversource Energy Service review proceeding.
8 This hearing was scheduled pursuant to an Order
9 of Notice issued by the Commission on April 11th,
10 2023, following Eversource's advisory filing
11 regarding its upcoming Energy Service procurement
12 plan made on April 5th. The Office of the
13 Consumer Advocate filed a Letter of Participation
14 in this proceeding on April 18th, 2023.

15 On June 15th, 2023, Eversource filed
16 its witness and exhibit list for this matter,
17 together with the results of its Default Service
18 Solicitation and Petition for Approval. The
19 Company immediately updated its filing with a
20 revised package on June 16th, with an additional
21 update, with new proposed exhibits, made
22 yesterday, June 19th. The Commission hereby
23 waives any five-day deadline regarding this
24 filing material, with the understanding that it

1 comports with the Default Service procurement
2 schedule requested by the Company in its April
3 5th filing.

4 Eversource proposes that Hearing
5 "Exhibit 1" be reserved for the public version of
6 its revised June 16th Energy Service filing, and
7 that confidential Hearing "Exhibit 2" be reserved
8 for its confidential version of its revised
9 June 16th Energy Service filing. Eversource also
10 proposes reservation of confidential "Exhibit 5",
11 an unredacted version of a Master Power Supply
12 Agreement with a new supplier.

13 Eversource relies on Puc Rule
14 201.06(a)(15), and 201.06 and 201.07 generally,
15 for the confidential treatment of material
16 noticed in Exhibit 2 and Exhibit 5. The
17 Commission does note that the name of the new
18 supplier is revealed in Exhibit 1, but is
19 redacted in Exhibit 4. The Commission will ask
20 about that. It may be appropriate for the
21 Company to resubmit Hearing Exhibit 4, and that
22 would eliminate Exhibit 5.

23 Are there any members of the public
24 here today?

1 *[No indication given.]*

2 CHAIRMAN GOLDNER: Okay. Seeing none.
3 There are no intervenors in this docket, and no
4 members of the public here today. In light of
5 this, when confidential information is implicated
6 in the hearing today, we ask that the parties
7 indicate this for the benefit of the Court
8 Reporter.

9 I'll also note that Hearing "Exhibit 3"
10 has been requested for a reservation by the
11 Company.

12 We see that the Company will present
13 the witness panel today of Luann LaMontagne,
14 Parker Littlehale, Marisa Paruta, and Scott
15 Anderson. When we take appearances today, we
16 invite the Company, the OCA, and the Department
17 of Energy to make brief opening statements. And
18 we request that the OCA and DOE indicate whether
19 they have any objections to the Company's
20 proposed exhibits, and opine if leaving the
21 redacting of the supplier's name on Exhibit 4 is
22 appropriate. We also ask that the OCA and DOE
23 indicate whether then intend to call any
24 witnesses here today.

1 If there are no other preliminary
2 matters, we will now take appearances, starting
3 with the Company.

4 MR. WIESNER: Good morning, Mr.
5 Chairman, Commissioner Chattopadhyay. David
6 Wiesner, representing Public Service Company of
7 New Hampshire, doing business as Eversource
8 Energy. I would introduce our witnesses, but
9 you've already done so. Thank you.

10 And I don't believe I'll have an
11 opening statement. We'll just let the witnesses
12 provide a brief summary.

13 CHAIRMAN GOLDNER: Okay. Very good,
14 Attorney Wiesner. Let's move to the Office of
15 the Consumer Advocate?

16 MR. CROUSE: Good morning,
17 Commissioners. My name is Michael Crouse. I am
18 not "the Consumer Advocate". He has run off to
19 FERC to speak at the New England Winter Gas Rate
20 Forum. I am a last-minute stand-in representing
21 the ratepayers.

22 Thank you.

23 CHAIRMAN GOLDNER: Okay.

24 MR. CROUSE: I have no objections and

1 no witnesses to call.

2 CHAIRMAN GOLDNER: Okay. Thank you.
3 That's perfect. And, finally, the Department of
4 Energy?

5 MR. YOUNG: Good morning,
6 Commissioners. My name is Matt Young, on behalf
7 of the Department of Energy. With me today is
8 Scott Balise, who is the regulatory analyst on
9 this docket; as well as Liz Nixon, who is the
10 Electric Director in the Regulatory Support
11 Division; and Steve Eckberg, who is also an
12 electric analyst.

13 CHAIRMAN GOLDNER: Okay.

14 MR. YOUNG: We have no witnesses today,
15 and no objections. And we are -- we don't have
16 opening remarks. So, we can defer to the
17 witnesses.

18 CHAIRMAN GOLDNER: All right. Very
19 good. Thank you.

20 Very good. So, now, we'll move to the
21 Eversource witnesses. Mr. Patnaude, would you
22 please swear in the witnesses.

23 *(Whereupon **PARKER LITTLEHALE,***

24 **LUANN J. LAMONTAGNE, MARISA B. PARUTA,**

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 and **SCOTT R. ANDERSON** were duly sworn
2 by the Court Reporter.)

3 CHAIRMAN GOLDNER: Thank you. And now
4 we'll begin with Eversource direct, and Attorney
5 Wiesner.

6 MR. WIESNER: Thank you, Mr. Chairman.

7 **PARKER LITTLEHALE, SWORN**

8 **LUANN J. LaMONTAGNE, SWORN**

9 **MARISA B. PARUTA, SWORN**

10 **SCOTT R. ANDERSON, SWORN**

11 **DIRECT EXAMINATION**

12 BY MR. WIESNER:

13 Q I'll begin with Mr. Littlehale. Would you please
14 state your name and title with Eversource for the
15 record?

16 A (Littlehale) Yes. Good morning. My name is
17 Parker Littlehale. I am a Manager of Wholesale
18 Power Supply in the Electric Supply Department at
19 Eversource Energy.

20 Q And what are the responsibilities of that role at
21 Eversource?

22 A (Littlehale) I oversee the process required to
23 fulfill the power supply requirement obligations
24 of PSNH, including overseeing solicitations for

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 the competitive procurement of power supply for
2 Energy Service, and supervising the fulfilling of
3 RPS obligations.

4 Q And have you testified before this Commission
5 before?

6 A (Littlehale) Yes, I have.

7 Q And did you file testimony and corresponding
8 attachments as part of the filing made by the
9 Company on June 15th, 2023, marked for
10 identification as "Exhibits 1" and "2"?

11 A (Littlehale) Yes.

12 Q And were that testimony and supporting materials
13 prepared by you or at your direction?

14 A (Littlehale) Yes.

15 Q Do you have any changes or updates to make at
16 this time?

17 A (Littlehale) Yes. On Page 10 of our testimony,
18 there is a statement that reads "Eversource has
19 previously" --

20 CHAIRMAN GOLDNER: I'm sorry. I'm
21 sorry, if you could point us to the Bates Page
22 please?

23 WITNESS LITTLEHALE: Bates Page.

24 MR. WIESNER: It's Bates Page 010 as

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 well.

2 CHAIRMAN GOLDNER: Thank you.

3 WITNESS LITTLEHALE: Yes. Sorry.

4 **CONTINUED BY THE WITNESS:**

5 A (Littlehale) Yes. On Page 10 -- sorry, Bates
6 Page 010 of our testimony, there is a statement
7 that reads "Eversource has previously experienced
8 successful full requirements power supply
9 transactions with all of the selected suppliers,
10 and all of them performed competently during the
11 service periods for which they were selected."

12 However, one of the winning bidders in
13 this RFP had not previously served PSNH wholesale
14 load. So, that statement should reference "most,
15 but not all, of the selected suppliers".

16 And, also on Page 10, the testimony
17 states that "Executed MPSAs with winning bidders
18 were previously provided in Docket DE 18-002."
19 But the MPSA for the new supplier was not filed
20 in that docket. Instead, it was submitted
21 yesterday as proposed "Exhibit 4", redacted, and
22 "Exhibit 5", confidential. The new supplier
23 meets all requirements to serve the Company's
24 Default Service load. But this is the first time

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 it has had a successful bid.

2 BY MR. WIESNER:

3 Q And, with those corrections as you noted, Mr.
4 Littlehale, do you adopt your testimony today as
5 it was written and filed?

6 A (Littlehale) Yes.

7 Q Thank you. I'll turn to Ms. LaMontagne now. And
8 would you please state your name and title with
9 the Company?

10 A (LaMontagne) My name is Luann LaMontagne. I am a
11 Senior Analyst in the Electric Supply Department
12 of Eversource Energy.

13 Q And what are the responsibilities in that role
14 with the Company?

15 A (LaMontagne) I perform the activities required to
16 fulfill the power supply requirement obligations
17 of Public Service of New Hampshire, PSNH,
18 including conducting solicitations for the
19 competitive procurement power for Energy Service,
20 and fulfilling Renewable Portfolio Standard
21 obligations. I am also responsible for ongoing
22 activities associated with independent power
23 producers and purchase power agreements.

24 Q And have you testified before the Commission

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 before?

2 A (LaMontagne) Yes.

3 Q And did you file testimony and corresponding
4 attachments as part of the June 15th filing,
5 which have been marked as "Exhibits 1" and "2"?

6 A (LaMontagne) Yes.

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

9 A (LaMontagne) Yes.

10 Q And do you have any changes or updates to make at
11 this time?

12 A (LaMontagne) Yes. I have two corrections. In
13 Attachment LJL-4, Bates Page 028, under "Current
14 Inventory Cost - \$ per REC", the number that
15 appears for Class III should instead be for
16 Class II.

17 Also, in Attachment LJL-3, Bates
18 Page 027, the Small and Large multipliers and
19 proxy prices are reversed. The "Energy Price Bid
20 Multiplier" and "Term Proxy Price - \$ per
21 Megawatts" shown for the Large Customer Group are
22 actually the Energy Price Bid Multiplier and Term
23 Proxy for the Small Customer Group, and vice
24 versa.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

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

4 A (LaMontagne) Yes.

5 Q I'll now turn to Ms. Paruta. And would you
6 please state your name and title with the
7 Company?

8 A (Paruta) Good morning. My name is Marisa Paruta.
9 And I am the Director of Revenue Requirements for
10 both New Hampshire and Connecticut for Eversource
11 Energy.

12 Q And could you describe the responsibilities of
13 that role with Eversource?

14 A (Paruta) Yes. In my current position, I'm
15 responsible for the coordination and the
16 implementation of the revenue requirements, the
17 calculations related to them, and the regulatory
18 filings, such as Energy Service, which we're here
19 for today, for both our New Hampshire electric
20 utility company, as well as our Connecticut, and
21 the electric and gas subsidiaries there.

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

24 A (Paruta) Yes.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 Q And did you file testimony and supporting
2 attachments as part of the June 15th filing,
3 again, marked as "Exhibits 1" and "2"?

4 A (Paruta) Yes.

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

7 A (Paruta) Yes, it was.

8 Q Do you have any changes or updates to that
9 testimony today?

10 A (Paruta) Not today, nope. Thank you.

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

13 A (Paruta) I do.

14 Q And, last, we'll turn to Mr. Anderson. Would you
15 please state your name and title with the
16 Company?

17 A (Anderson) Good morning. My name is Scott
18 Anderson. I am the Manager of Rates for New
19 Hampshire.

20 Q And what are the responsibilities of that role
21 with Eversource?

22 A (Anderson) I'm responsible for rate design, cost
23 of service, and rate administration for Public
24 Service of New Hampshire.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 Q And have you ever testified before this
2 Commission previously?

3 A (Anderson) For Eversource, I'm submitted
4 testimony in Docket 23-021, in the Company's RRA
5 rate adjustment filing. I have previously
6 testified in the 1990's for Connecticut Valley
7 Electric Company.

8 Q Thank you. And did you file testimony and
9 supporting attachments as part of the Company's
10 June 15th filing, marked as "Exhibits 1" and "2"?

11 A (Anderson) Yes.

12 Q And were the testimony and supporting materials
13 prepared by you or at your direction?

14 A (Anderson) Yes.

15 Q Any changes or updates to that testimony?

16 A (Anderson) No.

17 Q And do you adopt your testimony today as it was
18 written and filed?

19 A (Anderson) Yes.

20 Q So, that concludes the introductory portion of
21 direct testimony. I'll now turn to Mr.
22 Littlehale and ask that he provide a brief
23 summary of why you consider this RFP process and
24 the results of the proposed new Energy Service

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 rates to be satisfactory?

2 A (Littlehale) On May 11th, 2023, we released the
3 RFP to purchase 100 percent of both the Small and
4 Large Customer Energy Service loads for
5 August 1st, 2023, through January 31st, 2024.
6 From a quantity perspective, we were looking for
7 about 112,000 megawatt-hours for our Large
8 Customer Group, spread across two tranches. And,
9 for our Small Customers, approximately 1.8
10 million megawatt-hours, across eight tranches.

11 Offers were received on June 13th,
12 2023, at 10:00 a.m. And we utilized our
13 three-pronged approach to analyze the bids
14 received. We're pleased to describe the results
15 for both the Small and Customer [sic] satisfied
16 our three main criteria.

17 Number one, there were several bidders,
18 and a good number of bids received. Number two,
19 the bids were clustered closely together, which
20 gives us an indication of a competitive process.
21 In addition, there were multiple winning bidders,
22 meaning we were able to select the most
23 competitive bid from each of the respective
24 bidders, which is an added bonus. And, finally,

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 the bids were aligned with our internal proxy
2 price calculation.

3 Given that, we reviewed and obtained
4 approval from senior management. We confirmed
5 that the winning bidders are all in good standing
6 from a credit perspective. And we proceeded to
7 execute the Master Power Supply Agreement
8 Transaction Confirmations.

9 Q And was that -- was the RFP process and the bid
10 selection that you just described consistent with
11 prior solicitations by the Company for Energy
12 Service, and with the various Commission orders
13 governing the Energy Service procurement process?

14 A (Littlehale) Yes. It was conducted consistent
15 with past practices, and with Commission
16 requirements from the Settlement Agreement in
17 Docket Number DE 17-113, approved by Order Number
18 26,092.

19 Q And I'll now turn to both Mr. Littlehale and Ms.
20 LaMontagne and ask you is it your position that
21 the rates proposed for the period of August 2023
22 through January 2024, as described in Exhibits 1
23 and 2, are just and reasonable and consistent
24 with the public interest?

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 A (Littlehale) Yes.

2 A (LaMontagne) Yes.

3 Q Thank you. The next couple of questions are for
4 Ms. Paruta. Ms. Paruta, how did the Company
5 develop its rate proposals in this docket?

6 A (Paruta) Consistent with the Settlement in Docket
7 Number DE 17-113, we took the results of the RFP,
8 as Mr. Littlehale described, and we added the
9 administrative and general expenses, as well as
10 the Renewable Portfolio Standard costs, to get
11 the retail rate that was calculated within our
12 model.

13 Also included in the August rate, as is
14 typical annually, is the rate reconciliation
15 factors. And that essentially takes into
16 consideration, over the course of the prior year
17 rate and the calendar year results on the
18 over-/under-recoveries, when comparing actual
19 revenues to the expenses. And that has been
20 included in the August rate update as well.

21 Q And could you please summarize the resulting rate
22 changes?

23 A (Paruta) Yes, I can. The Small Customer class,
24 the weighted average fixed rate for the six-month

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 period August 1, 2023, through January 31, 2024,
2 is 12.582 cents per kilowatt-hour. And this
3 compares to the current rate that's in effect of
4 20.221 cents per kilowatt-hour, and that is about
5 a 37.8 percent decrease from the current rate.

6 The Attachment MBP/SRA-4 provides the
7 bill comparison information for a typical
8 residential customer, which was provided by Mr.
9 Anderson.

10 The Large Customer class, on the other
11 hand, is a monthly price range. And we have
12 amounts from 9.486 cents per kilowatt-hour, to
13 29.225 cents per kilowatt-hour over that
14 six-month period. And these calculations are
15 shown in Attachment MBP/SRA-1, on Page 2.

16 Q And, finally, turning to Mr. Anderson. Are there
17 other rate changes that will affect the analysis?

18 A (Anderson) Yes. There are other changes for PSNH
19 over the next coming months, such as the TCAM,
20 the RRA, and possibly the SCRC. But the impacts
21 of those rate changes are not known at this time,
22 and so do not impact the bill analysis of the
23 proposed Default Service rate.

24 Q And could you please explain the customer rate

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 bill impacts that are depicted in Exhibit 2, in
2 MBP/SRA-4, and that appears at Bates 084 through
3 086?

4 A (Anderson) Yes. The first page, Page 1, provides
5 a comparison of residential rates proposed for
6 effect August 1st, 2023, to the current rates
7 effective February 1st, 2023, for a 550, 600, and
8 650 kilowatt-hour per month bill. The impacts to
9 customers of the proposed Default Service rate
10 would be a reduction of 23.8, 23.9, and 24.1,
11 respectively, to the total customer bill.

12 Page 2 provides a comparison of
13 residential rates proposed for effect August 1st,
14 2023, to rates effective a year ago, August 1st,
15 2022, for, again, a 550 kilowatt-hour, 600
16 kilowatt-hour, and 650 kilowatt-hour monthly
17 bill. The impact to customers of the proposed
18 Default Service rate would be a reduction of
19 27.5, 27.7, and 27.8, respectively, to the total
20 customer bill.

21 The final page, Page 3, provides an
22 average impact of each change on bills for all
23 rate classes by the Default Service rate
24 component, and, again, by total bill.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 Q Thank you. And I'll now turn to both Ms. Paruta
2 and Mr. Anderson, and ask you is it the Company's
3 position that the solicitation was open and fair,
4 and that the resulting energy service rates are
5 just and reasonable, given the totality of the
6 circumstances?

7 A (Paruta) Yes.

8 A (Anderson) Yes.

9 MR. WIESNER: Thank you. That's all I
10 have on direct examination, Mr. Chair.

11 CHAIRMAN GOLDNER: Thank you. We'll
12 move to the Office of the Consumer Advocate.

13 MR. CROUSE: Thank you. I have a
14 couple of questions that I've prepared. Any of
15 the witnesses are welcome to answer. I'm not
16 directing it towards anyone in particular.

17 **CROSS-EXAMINATION**

18 BY MR. CROUSE:

19 Q But I'm going to turn everyone's attention to
20 Bates Page 007 for the direct testimony of Parker
21 Littlehale and Luann LaMontagne. Just generally,
22 it's not super important, but I'm looking at
23 Lines 4 through 16. Just talking about why we
24 have the procurement range of "February through

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 July, and August through January". I understand
2 that's consistent with the Settlement Agreement.
3 But, in your opinion, have those procurement
4 dates been effective? Do you have any insights
5 that you can share of what might be a better
6 alternative?

7 A (Littlehale) So, my understanding is the
8 primary -- or, one of the primary drivers for the
9 current rate periods was to split January and
10 February into separate rate periods. January and
11 February are the highest cost month periods, and,
12 by splitting those into separate rate periods,
13 you avoid having a significant zigzagging effect
14 of the rate period, you know, high-to-low,
15 high-to-low, high-to-low. And, generally
16 speaking, customers prefer stable and predictable
17 rates, and, by splitting those time periods, it
18 helps reach that objective.

19 Q Thank you. And does the length of that
20 procurement period seem appropriate or effective
21 to you, or would a shorter or longer procurement
22 period change that?

23 A (Littlehale) You know, I think our objective is
24 to follow the procurement process, and as -- as

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 written and adopted. If the, you know,
2 discussions take us to extend or shorten, you
3 know, those rate periods, I think that's probably
4 something that should be discussed in a specific
5 docket, whether it's the New Hampshire PUC docket
6 that recently closed or the DOE docket that was
7 recently opened. That's probably the more
8 appropriate place to have that discussion.

9 Q Thank you. And, just generally speaking, one of
10 the observations that I've made is that each of
11 the investor-owned utilities engages in a similar
12 RFP process. It's the same energy supply,
13 probably the same energy market, but the rates do
14 tend to vary. Would you attribute that just to
15 the cost of natural gas when the RFP goes out or
16 is there another insight that you could offer?

17 A (Littlehale) The cost of natural gas is a
18 significant driver of prices. In New England,
19 natural gas fired-generation is almost half of
20 the annual generation. And, in addition to being
21 the dominant fuel in the region, it's also the
22 so-called "marginal" generator, meaning that it
23 sets the price of electricity in the market. So,
24 as the cost of natural gas, as an input fuel, to

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 the production of electricity goes, they're
2 highly correlated.

3 And, in addition to that, it's a
4 volatile commodity. It's subject to
5 supply/demand fundamentals, both on a domestic
6 basis, but an international basis, for a region
7 like New England that relies on LNG, which is a
8 globally priced commodity during wintertimes.

9 So, you know, over the past two years
10 or so, we've seen significant volatility in the
11 price of natural gas, and therefore a significant
12 volatility in the price of electricity. And, you
13 know, even slight purchase, you know, two to
14 three weeks between one utility verse another for
15 the same rate period, can result in a different
16 result, driven by the cost of natural gas.

17 Q Thank you. And my last question is a little more
18 broad for all of the witnesses. But, given that
19 volatility, and what we see happening with
20 Ukraine and other world events, does anyone have
21 any insights to offer of how you see the market
22 playing out for the next procurement period?

23 A (Littlehale) So, the next procurement period,
24 when we go out in December of 2023, is that --

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 Q Yes, just generally.

2 A (Littlehale) I mean, you know, what we've seen
3 over the past few months is a downward direction
4 in the price of natural gas. But that being
5 said, you know, six months is a long time away.
6 So, I think it would be premature for me to
7 comment on what the cost of natural gas is going
8 to be in December of 2023. There are varying
9 things that can change.

10 So, I think, you know, again, I think
11 it's premature to look ahead.

12 MR. CROUSE: Thank you for your
13 answers. That's all the questions I have today.

14 CHAIRMAN GOLDNER: Thank you. We'll
15 now move to the Department of Energy.

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

17 So, my questions are for the whole
18 panel of witnesses. I've attempted to, you know,
19 try to direct my questions to a specific witness.
20 But, if I misfire, anybody can feel free to
21 answer.

22 BY MR. YOUNG:

23 Q So, I think I'll start with Mr. Littlehale. In
24 this filing, we see that the Small Customer rate

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 went from 20.2 cents per kilowatt-hour to a
2 proposed 12.58 cents per kilowatt-hour. And you
3 just spoke of natural gas as sort of the
4 price-setter. So, I may know the answer to this
5 question now, but what would you say are the
6 biggest reasons for the significant decrease?

7 A (Littlehale) In the cost of natural gas?

8 Q In the Small Customer rate going from 20.2 to
9 12.58?

10 A (Littlehale) So, I think, you know, natural gas
11 is probably the primary driver. You know, over
12 the past few months, we've seen a steady downward
13 direction of, again, of both domestic prices, so,
14 for New England, that's often referred to as the
15 "Algonquin Hub" as a domestic basis. But, to my
16 point earlier, during the wintertime, New England
17 relies on LNG to serve all load. And that global
18 price of LNG has also been on a downward
19 direction coming out of, you know, I think, from
20 my perspective, it dates back to, you know,
21 coming out of the COVID lockdowns, when a
22 significant portion of our supply, and drilling
23 rigs and whatnot came offline during COVID. And
24 then, demand, as the lockdowns began to ease,

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 demand outpaced supply, and that was, you know,
2 kind of the initial increase in prices, and then
3 the Russia-Ukraine war would be a second increase
4 in prices, as Russia exported less LNG or natural
5 gas to Europe, and LNG filled in some of that
6 void. And that was the run-up.

7 And then, you know, we've seen, you
8 know, supply catch up. We've seen a warm winter,
9 which was a significant driver, you know, as
10 warmer months means less both gas-fired
11 generation, but also gas -- natural gas used for
12 heating.

13 So, again, this is a very complex,
14 dynamic global market at play, that, you know,
15 volatility is a common underlying theme.

16 Q In your testimony, on Bates 008, Lines 5
17 through 10, you describe how Eversource recently
18 increased their number of tranches from four to
19 eight in the Small Customer Group, and then from
20 one to two in the Large Customer Group. Is that
21 correct?

22 A (Littlehale) That's right.

23 Q Do you feel that change had any impact on pricing
24 or participation in the solicitation?

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 A (Littlehale) It's difficult to state
2 quantitatively if it had an impact. But the
3 sense that, and the motivation, and it was our
4 Director, Jim Shuckerow, who made this
5 suggestion, that we double the tranche size, and
6 therefore reduce the megawatt-hours per tranche.
7 And what that does is that that reduces the risk
8 that the suppliers take on for each tranche that
9 they serve. So, our sense is that the -- you
10 know, higher number of tranches, less
11 megawatt-hours per tranche, has had a positive
12 impact during the past two solicitations.

13 And the one thing that maybe we can
14 point to quantitatively is, if you recall, in
15 December, when we had our solicitation for our
16 Large Customer Group, we offered two tranches,
17 and we only received one single bid. Now, that
18 supplier could have bid on both tranches, but,
19 for one reason or another, they felt it was only
20 appropriate to bid on one tranche and take on the
21 risk of one tranche. So, we did a second RFP.
22 We reoffered that tranche a month later. There
23 was a downward direction in prices over those
24 three or four weeks, and we were able to get a

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 second tranche.

2 So, that's probably the closest hard
3 data I can provide. But our sense and our
4 feeling is, by increasing the tranches, that's
5 had a positive effect on bidder participation.

6 Q Thank you. I guess one final question for you,
7 Mr. Littlehale. Regarding any contact the
8 Company had with suppliers during the course of
9 this solicitation, did you hear anything
10 regarding market factors, such as the ISO's
11 Winter Inventory Energy Program or concerns about
12 the impact of community aggregation?

13 A (Littlehale) Yes. And maybe I can start, and Ms.
14 LaMontagne can help as well.

15 But, generally speaking, it's very
16 typical for us to receive questions from
17 suppliers, after the RFP is released and before
18 bids are received. And the situation with not
19 only the Inventory Energy Program, which begins
20 in December of 2023, so, for two, you know, we do
21 pick that up in this cycle. But then, you have
22 the Mystic Cost of Service Agreement as well.
23 And, you know, these are -- these are
24 market-based or out of market-based mechanisms to

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 encourage generators to lock in oil and/or
2 natural gas supply during the winter months to
3 ensure reliability.

4 And it's, again, it's one of the very,
5 you know, numerous items of risk in this market.
6 And, you know, we continue to try to, you know,
7 do our best to keep folks informed about various
8 data that is coming out of the ISO around these
9 programs.

10 As far as the municipal supply
11 aggregation, you know, that has kicked off,
12 obviously, in New Hampshire during this
13 timeframe. And bidders were asking numerous
14 questions about timing and scope of customer
15 migration to community power aggregation during
16 this timeframe. And we did our best, and Luann,
17 you know, led this effort, to keep suppliers
18 informed to the best of our ability the data that
19 we had available to us during that timeframe.

20 Ms. LaMontagne, is there anything that
21 you'd like to add on that?

22 A (LaMontagne) No. Only on the historical data
23 that we provide on our website for the suppliers
24 to use for the load, it was as of the end of May.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 And there had been some movement on the community
2 aggregation, but we didn't have hard numbers for
3 the suppliers. So, they were looking for any
4 data that we could provide on the potential
5 movement, migration, over the service period of
6 August through January.

7 Q Great. Thank you both. I just have a couple
8 questions now for Ms. Paruta and Mr. Anderson.

9 In your testimony on Bates Page 050,
10 Lines 10 through 16, the testimony describes
11 making a \$10.1 million reduction to the
12 anticipated RPS costs, in response to the
13 Department of Energy's order adjusting the Class
14 III RPS requirement from 8 percent, down to 0.5
15 percent.

16 And my question is, did this adjustment
17 have any actual change in rates when it was made?

18 A (Paruta) Said differently, are you asking "if
19 making this adjustment is going to have an impact
20 to our rates effective August 1st?"

21 Q Correct.

22 A (Paruta) It will, yes.

23 Q And then, could you talk a little bit about what
24 that change will be?

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 A (Paruta) Sure. And just to help with the visual,
2 I'll point to the Bates page that I think will
3 provide further clarity. It's going to be the
4 Attachment MBP/SRA-2, Page 4 of 4, which is on
5 Bates Page -- let me get to it -- Bates Page 068,
6 in Exhibit 1.

7 So, this attachment is showing the rate
8 reconciliation for the period of August 1, 2022,
9 through July 31 of 2023. And what the Company
10 has decided to do is, when the Department of
11 Energy issued their letter indicating that the
12 RPS, the Renewable Portfolio Standard, percentage
13 requirement of 8 percent, the estimate was being
14 reduced to half a percent, the Company made the
15 decision to record that in the accounting books
16 and records. So, several of the key stakeholders
17 within Eversource met, and made the decision
18 that, because it would result in quite a material
19 over-recovery as a result of that reduction, the
20 Company made the decision to go ahead and reflect
21 that within the Company's books and records as of
22 April 30th, 2023.

23 This is a deviation from past practice,
24 because, typically, what the Company has done

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 historically is, when that letter is issued, the
2 Company typically waits until the Form E-2500 is
3 submitted, which is after the RPS period ends,
4 and that usually happens within the June time
5 period. And then, the Company recorded the full
6 true-up for the rate reconciliation period at
7 that time, including the change in the
8 percentage.

9 Last year, we saw a significant change
10 from 8 percent to 1 percent. This year, again,
11 we were expecting, and were watching closely for
12 the letter to be issued, and it did come out.
13 And it, again, was a significant change from 8
14 percent to half a percent. So, that \$10.1
15 million, which typically would have been
16 reflected in the June 30th accounting close,
17 consistent and concurrent with the E-2500 filing,
18 the Company made the decision to flow that back
19 to customers, so that the customers would see the
20 benefit more on an accelerated basis.

21 So, because the Company made that
22 decision, it's reflected in the "April 2023"
23 column in that Bates Page 068. And it is
24 impacting the rate that is going to be effective

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 August 1 of '23. It has the impact of reducing
2 the rate even further.

3 MR. YOUNG: Great. Thank you. And I
4 believe that answer also answered my follow-up
5 question. So, thank you for that.

6 No more questions, Mr. Chairman.

7 CHAIRMAN GOLDNER: Thank you, Attorney
8 Young.

9 Let's move to Commissioner questions,
10 beginning with Commissioner Chattopadhyay.

11 CMSR. CHATTOPADHYAY: Good morning
12 again.

13 BY CMSR. CHATTOPADHYAY:

14 Q Let's go to Bates Page I think it was 027. So,
15 to make sure that I understood the corrections
16 that was made, I'll try not to disclose the
17 numbers. So, if you look at the Bates Page 027,
18 and there's the top table. And, if you look at
19 the rows, beginning with "Capacity -
20 \$/megawatt-hours", all the way down to "Term
21 Proxy Price - \$ per megawatt-hours", that you, I
22 think, said was meant to be shown for the Small
23 Customers?

24 A (LaMontagne) Correct.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 Q And the one that is appearing for the Small
2 Customers, the same rows would substitute the
3 ones that we just moved, so which is -- it will
4 become -- it will be part of the Large Customers,
5 right?

6 A (LaMontagne) Yes. That is correct, on both.

7 Q So, I'm just going to keep my questions
8 conceptual. I would add that I'm quite happy the
9 way the Default Service procurement played out.
10 I like the fact that there were more tranches,
11 and there were more bids, all of that.

12 Can you give me a sense of, so, for
13 example, the number that should be for the Small
14 Customer, for the Energy Price Bid Multiplier,
15 why is that so different from the one for the
16 Large Customers?

17 A (Littlehale) So, the way that the Energy Bid
18 Multiplier is calculated is essentially a
19 database that we keep internally for all the
20 solicitations that our group is responsible for,
21 across New Hampshire, Massachusetts, and
22 Connecticut. And, really, what the -- you know,
23 going into bid day, we know what the forward
24 energy prices are on any given bid day. In

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 addition, we know what the capacity prices are on
2 any given bid day.

3 And then, there's a bucket that we
4 don't know. And that is, you know, it can
5 include many different things. But mostly it's a
6 representation of the supplier risk premium or
7 the cost of the suppliers to serve this load and
8 absorb the risk for the six-month time period.

9 And then, we know, once bids are
10 received, we know what the winning bidding prices
11 are. So, if you think of a very simple, you
12 know, three-step equation, we have two, we have
13 one unknown variable, and then, once the bids are
14 open, we have the answer. So, we can just solve
15 for that equation. And we, you know, keep those
16 solicitation results back for a number of
17 different timeframe. And, as you can see, you
18 get a different price for the Large Customers
19 versus the Small Customers. Which means, to us,
20 that the suppliers are baking in a different risk
21 profile for the Large Customer load than the
22 Small Customer load. And we see that, again, in
23 the three states that we serve.

24 So, when we, you know, identify a

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 multiplier to use in our proxy price calculation,
2 we try to match the best we can to a past
3 solicitation. And for, you know, going into last
4 Tuesday, one of the things that, based upon the
5 questions that we received, that was on the mind
6 of the supplier was around the potential load
7 migration during this time period due to
8 municipal aggregation. And it was a risk from,
9 based upon the questions that we received, that
10 it was an unknown, and it was a question mark for
11 the suppliers.

12 So, you know, what we did is we tried
13 to, you know, cast a wide net, using our, you
14 know, past database of multipliers, to identify,
15 you know, a solicitation with a high amount of
16 risk, due to the unknowns of not only municipal
17 aggregation, but winter reliability, Mystic Cost
18 of Service, Inventory Energy Program, *et cetera*.

19 So, you know, there is, obviously, a
20 very, you know, specific formula that we utilize
21 to generate the proxy price. But, then, it's a
22 little bit of, you know, trying to identify, you
23 know, what would be the most appropriate, given
24 the level of risk that suppliers face during the

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 upcoming rate period.

2 So, you know, for the Small, we always
3 try to identify a small or a
4 residential/commercial solicitation to draw from.
5 From the Large, the same, we always try to draw a
6 multiplier from a large solicitation. And
7 they're different, for various reasons.

8 So, that is what -- you know, you can
9 see that the underlying energy and capacity are
10 the same. The multipliers are different, and,
11 therefore, the proxy prices are different.

12 Q What strikes me as something that might be going
13 on, and I will ask this question in a moment, is
14 that, given the volatility, which is largely
15 driven by the natural gas prices moving up and
16 down a lot more, could that have played into,
17 because you're relying on the historical
18 database, --

19 A (Littlehale) Uh-huh.

20 Q -- and I don't know exactly how far back you go,
21 but is it the case that you give a lot of
22 weightage to what happened over the last year or
23 so, and that may be reflecting -- that may play
24 into what these multipliers turn out to be? And,

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 so, the question I have is, is there a way to get
2 the multipliers to be more reflective of what is
3 truly measuring a number that aligns with the
4 level of competition that's out there? Could it
5 be that the numbers that you have are rather
6 stale?

7 A (Littlehale) Well, you know, we do rely on past
8 solicitations, and we do give weight to the more
9 recent solicitations when identifying the
10 multiplier. I think -- I think that's a fair
11 statement to make.

12 But I would also, you know, caution
13 that, you know, this proxy, if we think back to
14 our evaluation criteria, I would say we rate this
15 proxy calculation third, right? So, number --
16 from our perspective, what's most important is
17 the number of bidders, the number of bids
18 received. Secondly, the clustering of bids, how
19 closely are they to one another. And the third
20 and final check is this internal proxy price
21 calculation that we're discussing. And it's
22 really more meant to be a zone of reasonableness
23 comparing the bids, as opposed to some sort of an
24 internal barometer for the appropriate --

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 "appropriate" or market, you know, what a
2 market-based price would be. This is an internal
3 check to crosscheck against the bids received.

4 And, you know, from our perspective,
5 it's a tool, and it's a -- it's a process that,
6 you know, we continue to try to refine. But,
7 most importantly, you know, what the market
8 prices are are the bids that are received on bid
9 day.

10 Q So, I would agree with you that the number of
11 bidders, the clustering, those, in my mind, and,
12 as an economist, I would rely on them a lot more.

13 A (Littlehale) Uh-huh.

14 Q And, so, that's why I started off by saying I'm
15 kind of happy the way this turned out. But, when
16 you think about the multiplier, I mean, it's part
17 of the filing. And what I would hope, and maybe
18 some thought given to refining it further,
19 depending on what's going on in the markets.

20 A (Littlehale) Uh-huh.

21 Q So, clearly, I -- you know, you can let me know
22 if you know, what were the multipliers previous
23 to the last two years, usually what were the
24 multipliers? So, you know, some sort of a sense

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 that this may be kind of an outlier. If you want
2 to think about how the markets have settled
3 significantly now, what does that mean for the
4 multiplier? Maybe some sort of human
5 judgment, --

6 A (Littlehale) Uh-huh.

7 Q -- and not merely just looking at numbers, and
8 therefore might be helpful.

9 A (Littlehale) Right. Yes. No, I think, if we --
10 if the community power aggregation risk wasn't
11 part of the solicitation, we probably would have
12 identified a lower multiplier for this cycle.

13 But, given the, you know, the
14 uncertainty on, you know, quantity and timing of
15 load migration, we felt like that it was
16 appropriate to cast a wider net for this
17 multiplier.

18 And, you know, you're right, and I've
19 testified that market prices have settled down.
20 But, you know, I think it would be premature for
21 us to sit here and to say that "we're out of the
22 woods" over the long term.

23 There is a FERC Technical Conference
24 today in Portland, Maine, you know, around this

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 winter reliability issue in New England. And,
2 you know, there's significant studies being done
3 at the ISO, with the support of folks like EPRI,
4 to try to quantify the winter risk. And, you
5 know, we've gotten some good news over the past,
6 you know, six to nine months. But, mostly, you
7 know, that's driven a lot by weather. And, you
8 know, I think it would be, again, premature to
9 say that "that's all behind us." And I think,
10 you know, this winter reliability and volatility
11 will likely continue for the next few winters,
12 you know, up until some of the new generation
13 resources come on line, which are, you know, two,
14 three, four years away.

15 *[Activation of the fire alarm sounding*
16 *in the room.]*

17 CHAIRMAN GOLDNER: Let's break, and
18 return when the beepers go off. Off the record.

19 *(Recess taken at 10:03 a.m. due to fire*
20 *alarm activation.)*

21 *(Hearing resumed at 10:15 a.m.)*

22 CHAIRMAN GOLDNER: Okay. We'll go back
23 on the record, and pick up again with
24 Commissioner Chattopadhyay.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 CMSR. CHATTOPADHYAY: I think it's
2 going to take me a while to get back to the
3 thoughts that I was exploring.

4 BY CMSR. CHATTOPADHYAY:

5 Q So, one of the things that I think about, this is
6 purely conceptual, so it's -- as we noticed, that
7 when we have a lot of volatility over the last
8 couple of years, clearly, there were fewer
9 bidders, the tranches situation might have also
10 contributed. But I'm just curious whether, if
11 there are again situations like that, there is a
12 way to approach at least one or two tranche to
13 let the -- sort of, you know, to directly go to
14 the ISO-New England market for those tranches?

15 I'm just trying to find out whether you
16 have any thoughts on that?

17 A (Littlehale) So, from our perspective,
18 intentionally reserving one or two tranches to
19 self-supply directly from the market would be
20 inconsistent with the currently approved process
21 for default procurement in this state, and would
22 potentially expose customers directly to the
23 risks of the wholesale market that we talked
24 about.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 We do have the expertise to do it, if
2 directed. Given some situations that occurred in
3 Connecticut and Massachusetts, there have been
4 recently rate periods where we self-supplied load
5 directly. And, so, we know how to do it, we've
6 got the expertise to do it.

7 But, at least where we sit here today,
8 we think it's more appropriate for a
9 consideration in the recently started Department
10 of Energy investigation on Default Service
11 procurement and possible alternatives. You know,
12 from our perspective, again, to do that directly
13 wouldn't be aligned with the current approved
14 process.

15 Q Since you mentioned "self-supply", and your
16 experience with Connecticut and, you know, the
17 other places, you know, can you give me a sense
18 of whether ultimately self-supply ended up being
19 lower cost relative to maybe the remaining
20 tranches or what the prices would have been in
21 other places where you ended up having Default
22 Service procurement, like the one you have here?

23 A (Littlehale) Right. So, I think we're trending
24 towards having our self-supply costs come in

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 lower than maybe a recent -- than an accepted bid
2 in corresponding solicitation. However, that can
3 mostly be attributed to a warmer-than-normal
4 winter that we just experienced.

5 So, in many ways, my perspective on the
6 situation is it all comes down to how much risk
7 customers should be exposed to. And when we
8 identify a winning supplier, all the variables
9 that we've talked about, you know, natural gas
10 prices, electricity prices, load risk, weather
11 risk, that risk gets transferred to the suppliers
12 from a winning solicitation for the six-month
13 rate period. And, in exchange for, you know,
14 innumerable factors being boiled down to one
15 single number, they charge a supplier risk
16 premium to provide a stable and predictable rate
17 over six months.

18 And, you know, so, if the decision is
19 made to expose customers to a percent of that
20 risk, you know, that's ultimately what's being
21 pursued or what occurs during a self-supply
22 process, because you become a, you know, spot
23 purchaser on a daily basis.

24 Q And it doesn't have to be mandatory. I mean,

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 it's, for example, in the procurement this time
2 around, you had clustering.

3 A (Littlehale) Uh-huh.

4 Q If you look at the eight tranches, just speaking
5 of the Residential class, the numbers are pretty
6 close to each other.

7 A (Littlehale) Yes.

8 Q And that would suggest that it's competitive
9 enough. But, if, in a volatile environment, if
10 the highest price tranche is, let's say,
11 50 percent higher than the lowest priced tranche,
12 then it's, ultimately, we all, as, you know,
13 decision makers in our own lives, you know, we
14 look at risk. And if sometimes the premium that
15 we may be paying may be a lot higher than what I
16 would assume to be reasonable. So, there's that
17 thinking that I wanted to share.

18 A (Littlehale) Okay.

19 Q Is it possible for Eversource to, for example,
20 after this RFP goes into effect, let's talk about
21 all this through January, is it possible to get a
22 pricing that one would have received if it were
23 directly in the ISO-New England market, so,
24 self-supply, and track that? Is it possible for

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 Eversource to report it?

2 A (Littlehale) At the conclusion of the six-month
3 rate period?

4 Q Yes.

5 A (Littlehale) Yes.

6 Q Historically.

7 A (Littlehale) Right. Yes, we can track that. And
8 we can, you know, estimate what prices -- what
9 market-based prices would have done. And I think
10 it's similar to a question in the recently closed
11 procurement docket that we provided some data,
12 comparing market prices verse our Default Service
13 rate. So, you know, we have a library of data
14 that we provided during that docket. And we can
15 continue to keep an eye on those costs.

16 Q Any thoughts on whether the Mystic cost situation
17 is playing into the rates here? And if there is
18 any change, compared to what was going on a year
19 ago, because Mystic was around then, too?

20 A (Littlehale) Correct.

21 Q So, you had the same issue then. So, I'm just
22 curious about that.

23 A (Littlehale) Yes. So, the Cost of Service went
24 into effect in June of 2022. And, on a two-month

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 lag, the ISO has reported costs of the Cost of
2 Service Agreement. And, now, we have 11 months'
3 worth of data, and it's approximately \$488
4 million that have been attributed to the Mystic
5 Cost of Service Agreement. If you divide that by
6 real-time load obligation, it's roughly \$4.00 a
7 megawatt-hour, or 0.4 cents a kilowatt-hour.

8 So, as we sit here today, there's at
9 least 11 data points that didn't exist, you know,
10 last cycle. So, I think what that data has given
11 is a sense of how the Cost of Service Agreement
12 operates in real-time. And, in a very high
13 level, it's roughly a \$13 million per month fixed
14 costs, if the plant didn't run at all, that's
15 attributed to the Cost of Service Agreement. And
16 then, if the plant -- if Mystic operates what
17 they call "in merit", meaning it's in the
18 appropriate space in the dispatch stack, then
19 that \$13 million gets reduced by the difference
20 between Mystic's costs and the revenue received
21 from the ISO market.

22 And then, if Mystic needs to operate
23 out-of-merit, in order to free up natural gas in
24 the storage tanks to allow enough space for the

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 next tanker to deliver LNG, then those \$13
2 million per month increase. And what we've seen,
3 we've seen months that the Mystic Cost of Service
4 is as low as three and a half million dollars,
5 and we've seen months that the Cost of Service is
6 \$150 million a month.

7 So, again, we're seeing this
8 significant range. But, if you add up the 11
9 data points that have been released so far, you
10 get to approximately \$488 million. And that's
11 data that didn't exist, you know, previously.
12 You know, whether that gives comfort or lack of
13 comfort, it's difficult to say. But, you know,
14 at least the suppliers have more data to work
15 with today than they did previously.

16 CMSR. CHATTOPADHYAY: I appreciate the
17 answers. Thank you.

18 BY CHAIRMAN GOLDNER:

19 Q Mr. Littlehale, just following up on a comment
20 you made to Commissioner Chattopadhyay. You
21 mentioned that there was additional capacity
22 coming on line in the next three to four years.
23 Could you just share, at a high level, a summary
24 of what's happening there?

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 A (Littlehale) So, the Vineyard Wind 1 Project,
2 which is an 800 megawatt project that is under
3 contract with the Massachusetts distribution
4 companies, is under construction. And the
5 expected on-line date for that offshore wind
6 project is 2024, roughly. And that 800
7 megawatts, at a roughly 50 percent capacity
8 factor, will provide about three and a half
9 million megawatt-hours a year, which is, you
10 know, about three percent of the New England's
11 annual demand.

12 It has a high capacity factor during
13 winter months. It's, obviously, not natural gas,
14 you know, based. So, it will, you know, provide
15 a non-natural gas supply. So, that is the
16 project that is most advanced.

17 There are a number of other offshore
18 wind projects under development that, you know,
19 for one reason or another, are at least a couple
20 years behind Vineyard Wind. So, I could think
21 of, you know, the Seacoast Project, the
22 Commonwealth Wind Project, the Park City Project,
23 again, these are under -- the Revolution Wind
24 contract, again, these are under contract with

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 the Connecticut, Massachusetts, and Rhode Island.
2 Those are a little less firm on their on-line
3 dates, but, you know, under development.

4 And then, you have the NECEC line under
5 development through May, and that connects to
6 Hydro-Quebec. And Hydro-Quebec has a significant
7 resource of hydro, reservoir-based hydro. So,
8 that's, essentially, a around-the-clock delivery,
9 when that reaches commercial operation. That
10 project also has faced various hurdles, you know,
11 under development or under construction, and then
12 pause. So, you know, they've recently had some
13 court victories. And, again, that's still
14 difficult to nail down an exact commercial
15 on-line date, but that's, you know, a two, three,
16 four-year, five-year timeframe to reaching
17 commercial operation. But that's a significant
18 amount of energy. That's roughly 9.5 million
19 megawatt-hours. So, you know, a little less than
20 10 percent of New England's demand on an annual
21 basis, if and when that project reaches
22 commercial operation.

23 Q So, just to kind of resummarize. You have sort
24 of foreign hydro, plus offshore wind, are the

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 only projects that you're aware of in development
2 that are significant?

3 A (Littlehale) That's right.

4 Q Okay. Thank you. Okay. So, Mr. Littlehale, I
5 will return to you. I think I believe what I
6 heard you say earlier was that "community
7 aggregation is increasing the Eversource Default
8 Service" -- or, "is increasing Eversource Default
9 Service prices". That would be a fair statement?

10 A (Littlehale) No, I don't think I would say that.
11 I think what we tried to capture is that, during
12 this timeframe that we are -- we're procuring
13 for, the enrollments in municipal aggregation was
14 underway, meaning a, you know, a percentage of
15 our Default Service load would migrate off during
16 this timeframe. And that risk of load migration
17 was on the minds of the suppliers. They wanted
18 to better understand the scale, the timing, and
19 the scope.

20 Q So, it's a -- it's a transient problem. You're
21 experiencing it right now because of the changing
22 nature of it. But, once things stabilize, you
23 feel like it wouldn't affect your pricing, is
24 that fair?

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 A (Littlehale) Yes. We don't anticipate it
2 impacting our prices. And I think it would be
3 difficult to say that, if this risk didn't exist
4 during the, you know, RFP that is in front of us
5 today, we would have gotten a different price. I
6 think I would be hesitant to say that.

7 What we are trying to say is that it
8 was on the minds of our suppliers, wanting to
9 understand the risk, because, again, the way
10 suppliers have to serve the load, whatever it may
11 be, during that timeframe. So, that's a risk
12 that they need to quantify and understand. But I
13 think it would be premature and inappropriate for
14 us to say that the rate would have been
15 different, if community aggregation was not
16 occurring during this timeframe.

17 Q I'm not sure I agree with you, but I appreciate
18 your assessment.

19 A (Littlehale) Okay.

20 Q Okay. If we move to the IR docket, Mr.
21 Littlehale, that you referenced earlier, the
22 Commission's investigation, which has turned into
23 a Department investigation, and we appreciate all
24 the work that the Company did in that docket to

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 help understand what was going on. What that
2 showed was that the ISO-New England price was
3 always lower, going back as far back in time as
4 we researched in that docket, I think it was five
5 years or so. So, this risk premium was always
6 positive. In other words, these sophisticated
7 agents, Constellation, NextEra, these are very
8 sophisticated folks, they know what they're
9 doing. They seem unlikely to me to lose money in
10 such a process, because they are sophisticated,
11 and they do know how to calculate the market and
12 understand what's going on.

13 So, just as a clarification, I'll say
14 that I think that, you know, the analysis is that
15 the risk premium is always positive. And, to
16 Commissioner Chattopadhyay's point, it really
17 becomes more of a question of "How does it
18 compare to prior time periods, and is that sort
19 of one of your checks, and are those checks
20 reasonable?"

21 So, I do want to talk about numbers
22 here in a second, which, Mr. Patnaude, will be
23 confidential. But, and I'm admittedly still
24 confused on Bates 027. I think Commissioner

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 Chattopadhyay is clear, however, I'm not quite
2 clear.

3 The multiplier for the Small Customers,
4 the Residential customers, what is that
5 multiplier? I just want to make sure I'm reading
6 the chart correctly, Bates 027.

7 A (Littlehale) So, just to confirm, we can
8 reference confidential numbers in this setting?

9 Q Yes. We'll redact it.

10 A (Littlehale) For Small, the multiplier, "_____".

11 Q Okay. So, that's what was flipped. Okay. And
12 then, again, just using numbers, following up on
13 Commissioner Chattopadhyay's point, what was it
14 in the year ago period?

15 A (Littlehale) We may just need a minute to look
16 that up.

17 Q Please. Take your time.

18 *[Witness Littlehale and Witness*
19 *LaMontagne conferring.]*

20 MR. YOUNG: Mr. Chairman?

21 CHAIRMAN GOLDNER: Uh-huh.

22 MR. YOUNG: It's unclear if that was in
23 the record last year.

24 DIR. NIXON: Yes. No, it wasn't.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 **BY THE WITNESS:**

2 A (Littlehale) That's right. That's right. We did
3 not file -- I think that was, you know, the
4 height of the uncertainty. So, we did not file
5 that attachment one year ago in June.

6 BY CHAIRMAN GOLDNER:

7 Q Okay. Thank you.

8 A (Littlehale) We do have it from December.

9 Q Okay. What was that?

10 A (Littlehale) "_____".

11 Q Okay. And my overarching concept is that, in
12 periods of higher uncertainty, the market
13 instability, that that factor should be higher in
14 those time periods, correct?

15 A (Littlehale) Generally speaking, correct.

16 Q And, so, would you characterize the current time
17 period, with the ____, to be a period of higher
18 risk, higher uncertainty, higher instability,
19 than the prior time period, when it was ____?

20 A (Littlehale) I would say that the risks remain on
21 a similar scale, although prices are lower in
22 this cycle than the previous cycle.

23 Q Okay. Okay. Thank you. And, in this cycle, was
24 there a threshold price beyond which the Company

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 would have gone in for a second round or
2 eventually directly to the market? Would
3 there -- do you go into the process with a
4 threshold, a cut-off, that says "over this price,
5 we're going to requote or go directly to the
6 market"?

7 A (Littlehale) Yes. And I would say that the
8 internal proxy price is roughly that threshold.

9 Q Okay.

10 A (Littlehale) You know, it's not necessarily a
11 hard ceiling. But, again, it's more of a, once
12 we get through the first stage of "are there
13 significant bids and bidders?", and then we get
14 to the second step of "are the bids and pricing
15 clustering?", then the third stage is to compare
16 it against our internal proxy price.

17 And, in this cycle, we did cast a wide
18 net or a high multiplier. And the bids came in
19 lower than our -- than our internal proxy price.
20 So, that becomes, you know, a "check", "check",
21 "check" type of an evaluation.

22 If bids came in, you know, above, then
23 we would have, you know, had a discussion. And
24 we have -- we have some, you know, internal

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 tracking around bids that we've accepted or
2 rejected above our original proxy price. So, we
3 probably would have referenced that database to
4 get a sense of, you know, how -- you know, what
5 percentage above our proxy are we willing to go.
6 And, thankfully, given the bids that we received,
7 we didn't need to have that discussion.

8 Q Has that ever happened, to your recollection, in
9 the last five or six years?

10 A (Littlehale) Accepting bids above our proxy?

11 Q Have you ever had to consider accepting any bids
12 above the proxy?

13 A (Littlehale) Yes, we have.

14 Q Okay. And is that a rare occasion? Does it
15 happen, as you can remember, maybe one example,
16 or has it happened frequently?

17 A (Littlehale) It's happened multiple times over
18 the past couple of years.

19 Q And what did the Company do in those
20 circumstances?

21 A (Littlehale) Well, we, you know, we accepted
22 some, and rejected others.

23 Q And the ones that you rejected, did go back in
24 for a second bid, is that what you did?

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 A (Littlehale) Well, in New Hampshire, it wasn't a
2 situation where it was -- that there was a bid
3 above our proxy that necessitated a second RFP.
4 We didn't get a bid for the second Large tranche.

5 Q This the most recent one you're referring to?

6 A (Littlehale) Yes. Right.

7 Q But that was the only time it's happened in New
8 Hampshire that you can recall?

9 A (Littlehale) I'd have to check. But my sense is
10 that, you know, the way that I think about it,
11 and, again, it's not a hard ceiling, but it's
12 roughly. So, we can double-check on if we've
13 accepted a bid higher than our proxy in New
14 Hampshire. If you give me a second, I can do it.

15 Q Yes. Just take your time. It would be more
16 efficient to check now.

17 A (Littlehale) Yes. It looks to me, in June of
18 2022 and December of 2022 and January of 2023, we
19 accepted bids higher than our proxy price, our
20 internal proxy price.

21 Q Okay. So, there was no second bid or second
22 round. You evaluated it, and you decided to
23 accept the bids?

24 A (Littlehale) That's right.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 Q And the Commission, obviously, approved those?

2 A (Littlehale) Yes.

3 Q Okay. Thank you. Does Eversource have a formal
4 contingency plan? Is there something that gives
5 you, you know, a clear process, if something
6 breaks? I know, last winter, a lot of people
7 were worried about the process breaking. And
8 does the Company have anything on file with the
9 Commission or on file with the Company that sort
10 of formalizes what you would do in the case of a
11 failed solicitation?

12 A (Littlehale) So, each state is a little bit
13 different. And each state has an open docket
14 exploring procurement processes. For New
15 Hampshire, what the process has been recently is,
16 in the event of our failed solicitation, we
17 requested permission to run a second RFP
18 immediately; and that permission was granted.
19 And we ran the RFP, and we were able to fill that
20 tranche.

21 If, for example, in January of 2023,
22 when we ran our second RFP, if that second RFP
23 did not produce an acceptable bid, then we would
24 have moved to self -- we would have had to move

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 to self-supply.

2 Q Right.

3 A (Littlehale) But, because we received an
4 acceptable bid in January, we didn't proceed down
5 the self-supply path in New Hampshire. Unlike
6 what we've done in Connecticut and Massachusetts,
7 where we have self-supplied a portion of our
8 load.

9 Q And I think you answered that question for
10 Commissioner Chattopadhyay, but I just want to
11 check my understanding. In the cases where you
12 did pursue self-supply in those other states, you
13 were able to get a better price than the price
14 that was -- that was quoted through the normal
15 process?

16 A (Littlehale) We're trending in that direction.
17 Not all the self-supply rate periods are complete
18 at this point in time. But, you know, I think
19 there was some help in that analysis because of
20 the warmer-than-normal winter.

21 Q Yes. Okay. And can you share just briefly what,
22 if you can, what you're learning in those other
23 states? You mentioned that there's studies
24 ongoing in I think Connecticut and Massachusetts.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 Is there anything you can share from those
2 dockets for discussions?

3 A (Littlehale) So, number one, we have the
4 expertise to do it. You know, we need to rely on
5 a third party vendor to generate the hourly load
6 forecast that is required to be submitted on a
7 Day-Ahead basis for the respective customer
8 tranches or the customer base. So, there is some
9 added costs and efforts involved to contract with
10 that third party to produce those hourly
11 forecasts. And then, there is, you know, an
12 effort to submit those bids on a daily basis to
13 the ISO via their software. And then, there's
14 some effort in, you know, to understand and track
15 the various costs. It impacts our ISO bill that
16 we receive on a monthly basis.

17 So, you know, there is some internal
18 work required. But, you know, through the
19 self-supply process, we've, you know, we've
20 regained that expertise.

21 Q Okay. And I assume there would be some synergy,
22 if New Hampshire went this direction, and
23 Connecticut and Massachusetts, that there would
24 be some synergy, in terms of the software and so

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 forth?

2 A (Littlehale) Well, each customer class needs its
3 own model. So, there would likely be some, but
4 not -- you still need a separate forecast for,
5 say, a Small Customer tranche in New Hampshire,
6 verse a Large Industrial tranche in
7 Massachusetts.

8 Q Has there been any cost estimates in any of these
9 dockets, in terms of what you would expect in
10 Connecticut or Massachusetts to implement such a
11 formula?

12 A (Littlehale) I don't know if we've submitted
13 those costs in New Hampshire.

14 Q In the other states, though? You haven't
15 submitted them here, for sure. But, Connecticut
16 and Massachusetts, any idea? Is it a few hundred
17 thousand dollars? A few million dollars?

18 A (Littlehale) No. It's in the hundreds of
19 thousands, you know, for multiple models.

20 CHAIRMAN GOLDNER: Okay. Oh, that's
21 helpful. Thank you.

22 This question may or may not be
23 directed at the witnesses, Mr. Wiesner. So, I
24 just want to check this.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 We had an order in -- in 26,747, which
2 was December 14th, 2022, and I'll just read it
3 into the record: "Further ordered, that
4 Eversource shall provide the Commission with an
5 update regarding the Company's customer outreach
6 and education efforts with respect to the Energy
7 Service rates approved herein, along with a
8 review of the costs associated with such efforts,
9 as a part of the next Default Service
10 Solicitation Petition."

11 And, so far as we know, we haven't
12 received that yet. Are you -- is anyone aware of
13 that, fulfilling that ordering clause?

14 MR. WIESNER: I think perhaps one of
15 the witnesses could speak to the status of that.

16 CHAIRMAN GOLDNER: And, if not, we can
17 make it a record request. We're just following
18 up on what was ordered for this solicitation.

19 So, --

20 WITNESS PARUTA: Yes. So, in the last
21 hearing, we did provide an update on the
22 February 1st rates that were going into effect at
23 that time.

24 For purposes of this rate that is going

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 into effect August 1st, we actually did speak to
2 our Customer Service and Customer Care Leadership
3 Team. And there is outreach, as soon as we had
4 information from the Energy Supply Team on the
5 solicited bids that won, we began to populate the
6 communication, both in emails, for the Large
7 Customers, we have account executives that are
8 specifically assigned to each customer. That
9 communication was circulated on Friday, and
10 signed off on. Of course, right now, the
11 customer outreach, emails, social media, direct
12 contact with customers, our website, and updates
13 made to our website are all preliminary and
14 subject to the Commission approval, and that is
15 stated throughout our communication. But we do
16 have it populated and ready to go this week.

17 CHAIRMAN GOLDNER: Okay. Thank you.

18 WITNESS PARUTA: The initial, I'll say,
19 ready to go this week. We are starting this
20 week.

21 CHAIRMAN GOLDNER: Okay. Okay, I think
22 that's all I have.

23 Commissioner Chattopadhyay, any
24 follow-up questions?

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 CMSR. CHATTOPADHYAY: Just one.

2 BY CMSR. CHATTOPADHYAY:

3 Q Community power aggregation, in New Hampshire,
4 it's still very early stage. Does Eversource,
5 like in the other states, Connecticut and
6 Massachusetts, are you dealing with that issue
7 there as well?

8 And, if it's already entrenched or
9 already there, do you have any sense of what that
10 is doing in those states, as far as default
11 service is concerned.

12 A (Littlehale) So, I can speak to the Massachusetts
13 numbers off the top of my head, which we divide
14 Massachusetts into NSTAR(East) and NSTAR(West).

15 In NSTAR(East) territory, community
16 aggregation is much more prevalent than
17 NSTAR(West)'s territory. So, for NSTAR(East),
18 for example, about 15 percent of customer load,
19 meaning 15 percent of our distribution load,
20 remains on our Default Service. In NSTAR(West),
21 about 40 percent of our distribution load remains
22 on Default Service.

23 I think, in our -- in New Hampshire,
24 we've been roughly at 50/50, prior to community

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 aggregation. And I think we're trending, I think
2 we quoted in testimony "about 45 percent", and I
3 think we're trending, you know, towards
4 40 percent of remaining on our Default Service.

5 Once the approved plans, you know,
6 enrollment, you know, continues to proceed, the
7 visibility that we can see, based upon the plans
8 that have been approved, we see, you know,
9 roughly a 10 to 12, 10 to 15 percent, if we want
10 to, you know, cast a little bit of a wider net,
11 moving to municipal aggregation, meaning, you
12 know, we're likely to be in the 40 percent range
13 or so of PSNH customers remaining on Default
14 Service. And those are round numbers, just to
15 give you a sense of the flavor and the feel.

16 Q And this migration, and I'm talking about
17 Massachusetts in particular, how has that
18 impacted the Default Service? Has there been any
19 study done, like, what is that? Is it possible
20 to isolate the impact of community power
21 aggregation on Default Service rates?

22 And, if you haven't done it, that's --
23 let me know.

24 A (Littlehale) No. I am not aware of any study

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 that's been done. I mean, in effect, it reduces
2 the, you know, tranche size that we're procuring.

3 Q And that could reduce the risk?

4 A (Littlehale) That's right.

5 Q On the other hand, too small of a tranche could
6 be a problem?

7 A (Littlehale) That's right. That's right.

8 CMSR. CHATTOPADHYAY: Okay. Thank you.

9 BY CHAIRMAN GOLDNER:

10 Q So, just quickly, following up on Commissioner
11 Chattopadhyay's follow-up. On the numbers you
12 just quoted, Mr. Littlehale, does that include
13 the third party supply options?

14 A (Littlehale) That's right. So, you know, if we
15 use the NSTAR(West) [sic] as an example, if 15
16 percent remain on Default Service, that means 85
17 percent is on some combination of municipal
18 aggregation and third party suppliers. And,
19 again, that's not number of customers, that's on
20 megawatt-hours.

21 Q Perfect. No, that's helpful. And then, in those
22 other states, what do you see as the break-out
23 between the third party suppliers and the
24 community aggregation, do you have any?

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 A (Littlehale) I don't have those.

2 Q You have no idea?

3 A (Littlehale) No.

4 Q Okay. But here, in New Hampshire, if you can
5 quote it, Ms. Paruta, it sounds like you have
6 some information? In New Hampshire, I think it's
7 15 percent or so are on third party suppliers
8 today, I think. And then, whatever in addition
9 to that would be community aggregation. Do you
10 have anything to add? To both Massachusetts,
11 Connecticut, and New Hampshire, sorry?

12 A (Paruta) I was just going to add that, in
13 Connecticut, we do not currently have community
14 aggregation. It is something that has been
15 discussed internally, but it is not yet in effect
16 in Connecticut, like it is in Massachusetts, and
17 as we have it here in New Hampshire.

18 Q Okay. Okay. And would that be correct, though,
19 to say, in New Hampshire, about 15 percent of
20 Eversource's customers are on third party
21 suppliers today, is that right? I'm doing this
22 from memory, I'm not sure.

23 A (Littlehale) On 10 to 15 of our --

24 Q Of your existing load today, for residential,

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 yes.

2 A (Littlehale) Prior to municipal supply
3 aggregation?

4 Q Correct.

5 A (Littlehale) So, we had it at about 50/50,
6 meaning on a -- so, if you think of our PSNH
7 distribution load, it's about 8 million
8 megawatt-hours. And our Default Service load,
9 prior to the recent wave, was about 4 million
10 megawatt-hours. So, we were serving about half
11 of our load, meaning half were on competitive
12 supply. Half of the megawatt-hours were on
13 competitive supply, because it's different.

14 And then, given the plans that have
15 been approved, we see approximately 10 to 15
16 percent moving to municipal supply aggregation,
17 meaning roughly 35 to 40 percent of
18 megawatt-hours will remain on Default Service.

19 Q So, that would mean something like a million and
20 a half megawatt-hours, something like that?

21 A (Littlehale) That moves?

22 Q That, I might have done the math backwards, that
23 remains?

24 A (Littlehale) Yes. I think it's -- is it 500,000

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 roughly moves. So, we're down to three and a
2 half million megawatt-hours.

3 Q Okay. I see what you're doing now. Okay.

4 A (Littlehale) Yes.

5 Q And of that -- of that three and a half million,
6 how much of that is residential versus commercial
7 or large customers?

8 A (Littlehale) It's heavily tilted towards
9 residential.

10 Q Residential, yes.

11 A (Littlehale) Yes. Give me a second, and --

12 Q I'm a little baffled, because I had seen numbers
13 that were much smaller, in terms of third party
14 supply for residential customers. But I can go
15 back and check the other docket and figure that
16 out.

17 A (Littlehale) And the numbers I'm quoting are
18 based on the megawatt-hours, as opposed to cut --
19 if you look at it, if you cut it by customers,
20 you get a different result, right, because more
21 residential customers remain on Default Service,
22 while more large industrial/commercial customers
23 have moved over.

24 So, that's why I'm trying to be very

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 clear that I'm speaking to megawatt-hours, as
2 opposed to number of customers. Because you do
3 get a significantly different result, if you
4 slice it that way.

5 Q I think that's right. Okay. That's very
6 helpful.

7 A (Littlehale) Yes. So for example, residential
8 customers, about -- we're serving about 76
9 percent of load; 26 percent of commercial
10 customers we're serving, and 5 percent of
11 industrial customers.

12 Q Okay.

13 A (Littlehale) So, the -- you know, one minus those
14 numbers is the quantity that is on competitive
15 supply. And, if you add that all together, about
16 44 percent are on Default Service, but we expect
17 that to decline by a few percentage points as
18 enrollments in municipal aggregation continue.

19 CHAIRMAN GOLDNER: Okay. Okay, thank
20 you. That solved the mystery.

21 Okay. Very good, Commissioner
22 Chattopadhyay, any follow-up on my follow-up?

23 CMSR. CHATTOPADHYAY: No.

24 CHAIRMAN GOLDNER: All right.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 CMSR. CHATTOPADHYAY: Thank you.

2 CHAIRMAN GOLDNER: Thank you. Okay.

3 Let's move to Eversource redirect.

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

5 I just have a few questions for redirect.

6 I want to spend a little bit of time
7 exploring just a bit further the issues that have
8 been raised regarding the difference between the
9 wholesale supply of bids that the Company
10 receives in its RFPs for Default Service, versus
11 the market prices.

12 **REDIRECT EXAMINATION**

13 BY MR. WIESNER:

14 Q And I think I want to ask Mr. Littlehale to
15 confirm that, in the other two states, when the
16 Company has gone to self-supply, that has
17 effectively been as a last resort, because of a
18 "failed auction", at least for some percentage of
19 the load?

20 A (Littlehale) That is correct.

21 Q And, so, the Company has not, in any state, said
22 "Let's take a certain percentage of the load,
23 tranches, or however it's split up, and put that
24 directly in the market", sort of as a test case

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 versus the RFP procurement model?

2 A (Littlehale) Yes, that's correct. The
3 self-supply that we've done in Connecticut and
4 Mass. is as a result of failed RFPs.

5 Q Okay. Thank you. And the Energy Price Bid
6 Multiplier, I think of that as sort of
7 statistical measure, based on historical
8 experience of the Company, that compares the
9 differential between the bid prices received from
10 the wholesale suppliers through the RFP process,
11 and the -- and the expectations of future energy
12 prices. Is that the right way to look at it?

13 A (Littlehale) Yes, I think so. Because, I mean,
14 what the bidders are providing is essentially a
15 flat rate, you know, all the variables that are
16 at play in this market, and between August 1st
17 and January 31st, they're going to essentially
18 levelize all those costs for customers. And
19 they're going to boil that down to a single
20 number. And they're providing a service to do
21 that. And that's a cost, which we identify as
22 the "supplier risk premium".

23 And, you know, obviously, we could have
24 a discussion if that cost is too high or too low.

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 But they are providing a service by doing so, and
2 absorbing that risk, and in place of putting that
3 risk on customers.

4 Q And I think you testified earlier, and I just
5 want to spend a little bit more time examining
6 this, what we call the "risk premium" actually
7 covers a number of different components. One of
8 the things it covers, if I understood you
9 correctly, was, yes, we have a sense of what the
10 future energy prices may look like, we know what
11 the capacity price will look like. There are
12 other components of all-requirements,
13 load-following service that the wholesale
14 suppliers provide that are not as easily
15 quantified on a forward basis, such as ancillary
16 services, spinning reserves, regulation service,
17 other types of products that are procured by
18 ISO-New England through the market, as well as
19 net commitment period compensation, sometimes
20 referred to as "uplift", and other pass-through
21 costs, as we've described earlier, the Mystic RMR
22 costs, as well as the potential IEP costs. All
23 of those are also covered by the "risk premium"?

24 A (Littlehale) Yes. The vast majority of those

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 items that you mentioned are, you know, other
2 costs that are baked into our Energy Bid
3 Multiplier.

4 We do specifically quantify our
5 estimate of Mystic and IEP that will show up in
6 our "Capacity" line, because those are,
7 especially for Mystic, purchased capacity supply
8 obligations. But what would show up there is the
9 range of possibilities in and around Mystic and
10 the IEP that would show up in the supplier risk
11 premium that we're not quantifying. We're trying
12 to use actual costs that we've seen to translate.
13 So, you know, it splits.

14 But, yes, your point is very accurate.
15 That the Energy Bid Multiplier, and that's why
16 it's not called necessarily simply the "supplier
17 risk premium", because it includes the supplier
18 risk premium, and other costs that suppliers face
19 in order to serve the customer load.

20 Q And, when we say "risk premium", there's also a
21 profit margin for the suppliers built into that,
22 is that correct?

23 A (Littlehale) That's right.

24 Q Even if there were no risk, they wouldn't be

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 doing it for free?

2 A (Littlehale) That's right.

3 Q They would seek a return on equity, and, as
4 unregulated companies, we might think could be
5 higher than what a regulated utility recovers?

6 A (Littlehale) That's right.

7 Q And then, in terms of the risk alone, we go to
8 the market, and wholesale suppliers are asked to
9 take on a significant number of risks for a
10 six-month period at a time, which, in both times
11 of the year, includes the high-price -- in New
12 England, high-price winter periods, is that
13 correct?

14 A (Littlehale) That's right.

15 Q And is it -- can we even think of that risk
16 premium to some extent as the Company buying
17 insurance to protect its customers?

18 A (Littlehale) Yes. I think the insurance analogy
19 is a good one. You know, I have two young kids,
20 I'm always looking to cut costs from my budget.
21 I could cut my car insurance and save a few
22 hundred dollars a year from my household
23 expenses. And, after six months, looking back,
24 and I didn't get in a car accident, then it was

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 probably a prudent decision.

2 But, if, after six months, I do get in
3 a car accident, and I'm out thousands of dollars,
4 then it's an imprudent investment or an imprudent
5 decision to cancel my car insurance.

6 So, they are -- absolutely, I think
7 that's a good analogy to consider. Just because
8 we are paying that supplier risk premium to
9 protect against a large, you know, polar vortex
10 type blow-out event that costs billions of
11 dollars, you know, that's ultimately what we're
12 compensating the suppliers for.

13 And we can pass that risk to
14 suppliers -- to customers, but, in that polar
15 vortex environment, those costs are going to be
16 in the customers' responsibility, and that's a
17 lot of risk to put on customers.

18 Q And one difference with insurance, is that the
19 cost of insurance are more transparent, because
20 it's an unbundled product. Here, in effect, it's
21 included in what we're broadly calling the "risk
22 premium" --

23 A (Littlehale) That's right.

24 Q -- that suppliers are charging?

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 A (Littlehale) Yes.

2 Q But, and again, to go to the proxy price, I think
3 you characterized it earlier as sort of some
4 indication of a "zone of reasonableness", not a
5 "hard ceiling"?

6 A (Littlehale) Yes.

7 Q So, if you do get bids that are above the proxy
8 price, it's not an automatic reject. You know,
9 is that correct?

10 A (Littlehale) That's correct.

11 Q Because it may be that what you're seeing in the
12 market is actually an indication that the
13 historical multipliers may not apply, given
14 what's happening, in particular, you know, in the
15 natural gas market on an international basis?

16 A (Littlehale) That's right. Yes. I think that my
17 caution is to, you know, avoid putting too much
18 emphasis on the internal proxy price. It's our
19 spreadsheet exercise to replicate an expected
20 zone of reasonableness of where we think bids
21 should come in at.

22 Q And, so, with multiple -- and I think this is
23 picking up on what you said earlier, with
24 multiple bidders, and a clustering of bids, and

[WITNESSES: Littlehale|LaMontagne|Paruta|Anderson]

1 no reason to think that there was collusion or
2 anti-competitive behavior, in effect, the results
3 of that solicitation are telling you what the
4 market thinks about the next six months?

5 A (Littlehale) That's right. That's right. You
6 know, I think, if we consider, it's LJL-2, that
7 exhibit, that's the market on June 13, 2023.
8 Those are the market prices to serve this load
9 for August through January. That's the market on
10 that day.

11 And, if we ran the RFP tomorrow, we'd
12 likely get a different answer for what market
13 prices are.

14 MR. WIESNER: Thank you. I don't
15 believe I have any further questions. No.

16 CHAIRMAN GOLDNER: Thank you, Attorney
17 Wiesner.

18 Okay. The questioning of the witnesses
19 has concluded. The witnesses are now dismissed.
20 You can stay in the box, if you prefer, or join
21 in the main hearing room.

22 Okay. I'll invite the parties to make
23 brief closing statements at the conclusion of the
24 proceeding. Before this, seeing no objection,

1 we'll strike identification on Exhibits 1
2 through 3.

3 Then, I'd like to come back to you,
4 Mr. Wiesner, on what the Company would like to do
5 relative to Exhibits 4 and 5?

6 MR. WIESNER: When we submitted them
7 yesterday, we were following the model from the
8 2018 docket, 18-002. As you correctly noted in
9 your introductory remarks, we all know the name
10 of the successful new bidder, Calpine. And, so,
11 you know, there's a pretty good argument that
12 there's no reason to have that redacted.

13 So, if it's the pleasure of the Chair
14 and the Commission, we could resubmit that. In
15 fact, we could withdraw 4 and 5, and submit the
16 unredacted version of the contract as
17 "Exhibit 4".

18 CHAIRMAN GOLDNER: Perfect. Thank you.

19 MR. WIESNER: We'll do that.

20 CHAIRMAN GOLDNER: Thank you. Okay. I
21 won't try to resummarize your excellent summary.
22 But we'll strike ID on Exhibits 1 through 3, and
23 then reserve Exhibit 4 for resubmission, or
24 submission, I guess.

1 (**Exhibit 4** reserved)

2 CHAIRMAN GOLDNER: Okay. If there's no
3 other matters, we can ask the Parties to make
4 closing statements. Is there anything before
5 closing?

6 [No verbal response.]

7 CHAIRMAN GOLDNER: No? Seeing none.
8 Let's start with the Office of the Consumer
9 Advocate.

10 MR. CROUSE: Thank you.

11 The Office of the Consumer Advocate
12 appreciates the dialogue and record that
13 developed today. It was helpful, especially in
14 our quest to find analysts that can help us
15 contribute to developing a meaningful record.

16 It's the opinion of the OCA that the
17 bidding process was competitive, and the
18 resulting price just and reasonable.

19 Thank you. That's all.

20 CHAIRMAN GOLDNER: Thank you, Attorney
21 Crouse. Now, we'll move to Attorney Young, and
22 the Department of Energy.

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

24 Just quickly, for the record, I believe

1 that many of the numbers discussed during the
2 Commissioner questions regarding customer
3 migration were not filed in testimony, but are
4 available in Customer Migration Reports filed
5 with the Commission.

6 So, first, the Department wants to
7 express appreciation for the Company's
8 willingness to participate in a technical session
9 yesterday, to clarify certain points related to
10 their Petition before the Commission today.

11 The Department has reviewed
12 Eversource's filing in this proceeding, and we
13 have determined that the Company conducted this
14 wholesale power supply solicitation and selected
15 the winning bid to provide Default Energy Service
16 in compliance with Order Number 26,747, as well
17 as the Settlement Agreement and process approved
18 by the Commission in Docket DE 17-113, back in
19 2017.

20 We believe that the Company's selection
21 of the winning supplier was reasonable. And, as
22 a result of its competitive procurement, that
23 selection was reflective of the current wholesale
24 power market conditions. The Company's

1 calculation of the rates, based on those supply
2 bids, prior reconciliations, and other factors,
3 appear to be sound. As a result, we believe the
4 resulting Energy Service rates are just and
5 reasonable.

6 Now, these prices reflect a significant
7 decrease from the previous Default Service
8 solicitation. However, the risk of uncertainty
9 remains. As such, the Department would emphasize
10 a cautious optimism based on the success of this
11 solicitation.

12 As was mentioned here today, the
13 Department has commenced an investigation
14 regarding energy procurement in the state. While
15 that investigation is ongoing, and the Department
16 gathers all the relevant information, the
17 Department would caution against changing the
18 procurement process even partially, as that may
19 have unintended and irreversible consequences.

20 Given the short turnaround of these
21 Default Service solicitations, the Department
22 will work with the Company, and commits to
23 provide the results of its review of the lead/lag
24 study in time for the next Default Service review

1 proceeding for the Company.

2 However, to be clear, the Department
3 recommends approval of these rates before you
4 today, including the results of the lead/lag
5 study, subject to a future Department review of
6 that lead/lag study.

7 In conclusion, the Department supports
8 Eversource's filing. And we urge the Commission
9 to grant the Petition, making the findings
10 requested by the Company, including the finding
11 of these rates as just and reasonable, and
12 approve the proposed Energy Service rates in this
13 proceeding for effect on August 1st.

14 Thank you.

15 CHAIRMAN GOLDNER: Thank you, Attorney
16 Young. And thank you for addressing the lead/lag
17 study.

18 And, finally, Attorney Wiesner, and
19 Eversource.

20 MR. WIESNER: Thank you.

21 The Company also wants to express
22 appreciation for the Department's participation
23 in the technical session that we had yesterday
24 afternoon. These dockets go very quickly, and

1 it's helpful to have that discussion on both
2 sides, I think, to prepare for the hearing. And
3 we found it to be a very useful hour and a half
4 of time.

5 So, with that, I'll say the Company's
6 Energy Service rates that are proposed for
7 Commission approval today represent the result of
8 a fair and successful competitive solicitation,
9 for both the Small Customer Group and the Large
10 Customer Group.

11 The wholesale supplier bids accepted by
12 the Company, and the RFP itself, conform with the
13 Electric Restructuring Act, the Settlement
14 Agreement in Docket 17-113, which established
15 this procurement service process -- procurement
16 for Default Service process, and Order Number
17 26,092 that approved that Settlement. They're
18 likewise consistent with past practices for
19 Eversource Default Service solicitation. And of
20 equal importance is the fact that the accepted
21 bids, and all bids received in response to the
22 solicitation, are reflective of the current
23 competitive market conditions.

24 The proposed Energy Service rates for

1 the six-month period beginning August 1st were
2 derived from those selected bids, and were
3 appropriately calculated, taking into account
4 actual and anticipated RPS compliance costs, and
5 prior period reconciliations, consistent with
6 Commission-directed practices and requirements.
7 And those proposed Energy Service rates will
8 result in just and reasonable rates for
9 Eversource's Default Service customers.

10 Accordingly, the Company respectfully
11 requests that the Commission approve both the
12 Small Customer rate and the Large Customer rates
13 as proposed by the date the Company specified,
14 which is Thursday, the 22nd.

15 Thank you.

16 CHAIRMAN GOLDNER: Thank you, Attorney
17 Wiesner.

18 Okay. The Commission will issue an
19 order regarding this matter as requested by the
20 Company, by June 22nd. The hearing is adjourned.

21 ***(Whereupon the hearing was adjourned***
22 ***at 11:13 a.m.)***