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**STATE OF NEW HAMPSHIRE**

**PUBLIC UTILITIES COMMISSION**

**May 16, 2024** - 9:03 a.m.  
21 South Fruit Street  
Suite 10  
Concord, NH

**RE: DE 24-033**  
**UNITIL ENERGY SYSTEMS, INC.:**  
Petition to Increase the Storm  
Recovery Adjustment Factor.

**PRESENT:** Chairman Daniel C. Goldner, *Presiding*  
Commissioner Pradip K. Chattopadhyay  
Commissioner Carleton B. Simpson  
  
Ben Martin-McDonough, Esq./PUC  
*Legal Advisor*  
  
Tracey Russo, Clerk

**APPEARANCES:** **Reptg. Unitil Energy Systems, Inc.:**  
Matthew C. Campbell, Esq.  
  
**Reptg. New Hampshire Dept. of Energy:**  
Mary E. Schwarzer, Esq.  
Elizabeth Nixon, Director/Electric Div.  
Mark Toscano, Electric Division  
Jacqueline Trottier, Electric Division  
*(Regulatory Support Division)*

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

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EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Petition to Increase Storm Recovery Adjustment Factor Filing, including Proposed Tariff Pages, Testimony of Christopher J. Goulding and Daniel T. Nawazelski, with Schedules (02-28-24)	<i>premarked</i>
2	2023 Major Storm Cost Reserve Fund Report	<i>premarked</i>
3	Supplemental Filing, including Technical Statement of Christopher J. Goulding and Daniel T. Nawazelski, Proposed Tariff Pages, and Attachments of C. Goulding and D. Nawazelski (04-29-24)	<i>premarked</i>
4	Technical Statement of Jacqueline M. Trottier and Mark P. Toscano, with Attachments (05-10-24)	<i>premarked</i>
5	<b>RESERVED</b> (Re: Final Audit Report and Supplemental Technical Statement of Jacqueline M. Trottier and Mark P. Toscano <b>(to be filed)</b> )	<i>premarked</i>

**P R O C E E D I N G**

1  
2 CHAIRMAN GOLDNER: Okay. Good morning.  
3 I'm Commissioner Goldner. I'm joined today by  
4 Commissioner Simpson and Commissioner  
5 Chattopadhyay.

6 We're here today for a hearing in  
7 Docket Number DE 24-033, in which the Commission  
8 docketed Unitil's Petition to increase its Storm  
9 Recovery Adjustment Factor, or SRAF. According  
10 to Unitil's 2023 Major Storm Cost Reserve Fund  
11 Report, or MSCR, there is a deferral balance of  
12 approximately 3.6 million in the MSCR Fund.

13 In order to recover this balance,  
14 Unitil proposes to implement an SRAF rate of  
15 \$0.00727 per kilowatt-hour, effective June 1st,  
16 2024. Unitil proposes to recover the deferral  
17 balance over a three-year amortization period.

18 As the Commission understands, the sole  
19 question before us in this docket is whether to  
20 permit Unitil to implement its proposed SRAF  
21 rate.

22 The Department of Energy is the only  
23 other party to this docket, and has indicated  
24 that it supports Unitil's proposal.

1           The hearing was noticed on March 21st,  
2           2024. And the Commission's jurisdiction over  
3           this matter is based on the just and reasonable  
4           ratemaking standard of RSA 374:2 and RSA 378:7.

5           Let's start by taking appearances,  
6           beginning with Unitil.

7           MR. CAMPBELL: Good morning,  
8           Commissioners. Matt Campbell, on behalf of  
9           Unitil Energy Systems, Incorporated.

10          CHAIRMAN GOLDNER: Thank you. And  
11          we'll move now to the DOE.

12          MS. SCHWARZER: Good morning,  
13          Commissioners. Mary Schwarzer, Staff Attorney  
14          with the Department of Energy. I have with me  
15          today Mark Toscano and Jacqueline Trottier. They  
16          are our utility analysts.

17          The Department does not anticipate  
18          putting them on the witness stand, unless the  
19          Commission has questions and wishes them to be  
20          there.

21          CHAIRMAN GOLDNER: Okay. Thank you.

22          Okay. Before delving into the parties'  
23          cases, we'd like to make sure there are no issues  
24          related to the proposed exhibits. We note that

1 the parties filed a Joint Witness and Exhibit  
2 List on May 10th, 2024, that includes four  
3 exhibits and one reserved exhibit. The DOE  
4 indicated that the reserved exhibit would include  
5 the Final Audit Report and a supplemental  
6 technical statement.

7 So, the first question is, is when does  
8 the DOE intend to file this exhibit?

9 MS. SCHWARZER: Mr. Chairman, if I  
10 could speak to a few preliminary matters briefly.

11 As you've noticed, the audit was not  
12 attached to our technical statement. I've  
13 checked with the Department's Audit Division.  
14 The audit is in process, but I regrettably do not  
15 have a date certain for when I can assure the  
16 panel that the Department will be able to file  
17 its report or a supplemental technical statement.

18 So, we would propose, and I have  
19 touched base with Unitil's counsel, that  
20 following this proceeding, presuming the  
21 Commission issues an order on the SRAF increase  
22 to be effective June 1, that we wait until the  
23 Department is able to review the Final Audit, and  
24 then I can reach out to Unitil's counsel, and

1 perhaps we can file something jointly, or at  
2 least we can file our supplemental technical  
3 statement with the audit, and a proposal for next  
4 procedural steps for the Commission's  
5 consideration.

6 CHAIRMAN GOLDNER: So, are you  
7 proposing that these are temporary rates? Or --  
8 we were expecting the audit before May 31st.

9 MS. SCHWARZER: When we were here in  
10 the status conference, we, ourselves, expected  
11 that to be something that would be possible, but  
12 it has not turned out to be possible.

13 And, so, we're not proposing that this  
14 be preliminary, *per se*, largely, I think,  
15 because, in the past, audit adjustments have been  
16 of relatively small magnitude. And, therefore,  
17 while a change in the deficit balance to make it  
18 smaller might shorten the period of time that the  
19 SRAF would be necessary to collect the full  
20 amount, it's unlikely, though not impossible,  
21 that the audit would find errors of such  
22 magnitude that a further rate adjustment would be  
23 necessary.

24 And if I can just confer?

1                   *[Atty. Schwarzer and Mr. Toscano*  
2                   *conferring.]*

3                   MS. SCHWARZER: So, we believe that the  
4                   Commission could issue an order on the SRAF,  
5                   confident that that's a permanent order. And, if  
6                   necessary, which again seems unlikely, but if  
7                   necessary, we would address that, if the Final  
8                   Audit were to suggest an adjustment was  
9                   necessary, instead of a timeframe for the  
10                  collection of the SRAF.

11                  CHAIRMAN GOLDNER: Attorney Campbell?

12                  MR. CAMPBELL: That's acceptable to the  
13                  Company. I mean, once the Audit Report comes in,  
14                  if it's acceptable to the Commission, we can  
15                  confer with the Department and propose a  
16                  procedural schedule for your review and approval,  
17                  if that works mechanically?

18                  CHAIRMAN GOLDNER: Okay. Okay. Yes.  
19                  We would, of course, hope that we would have a  
20                  single final hearing, with everything in place,  
21                  so that we could close the issue. But, with the  
22                  lingering audit issue here, and in other dockets,  
23                  it causes multiple passes on the situation. So,  
24                  it's, I think, hard on everyone, because we have

1 to keep reviewing and keep looking at data that  
2 seems to go on for an awful long time.

3 So, we'll take a break after some  
4 portion of the proceeding today, and the  
5 Commissioners can confer on how to handle that  
6 particular aspect of it. But, for now, I think  
7 we understand what the parties' positions are.

8 MS. SCHWARZER: Mr. Chairman, if I  
9 might, I'm sure you've noticed, in the technical  
10 statement, for the purposes of the SRAF  
11 adjustment, the Department of Energy analysts  
12 have relied upon the Company's 2023 Report,  
13 assuming that it would be essentially accurate,  
14 but, of course, subject to audit.

15 And we have asked, if it's appropriate,  
16 to address two preliminary matters here that are  
17 related.

18 The Department has asked that Exhibit 5  
19 be reserved for that supplemental technical  
20 statement with the audit, which I hope the  
21 Commission will consider.

22 And, lastly, we -- the Department has a  
23 correction to make in our technical statement.  
24 It's a small, one-word correction, that the

1           Company is fine with and accepts as well. And,  
2           because we don't expect to offer up our  
3           witnesses, I wanted to alert you here. It's on  
4           Page 2 of Exhibit 4. And, in paragraph 3, five  
5           lines down, the sentence says currently "The  
6           Company estimated a monthly rate impact of 0.43  
7           (or 0.3 percent) for a typical 600 kilowatt per  
8           month residential customer." The correction we  
9           need to make is that "the Company estimated a  
10          monthly bill impact", not a "rate impact". "The  
11          Company estimated a monthly bill impact".

12                   And that is the information that was  
13                   relied upon. And, so, that was really just an  
14                   error.

15                   CHAIRMAN GOLDNER: Okay. Thank you.

16                   MS. SCHWARZER: Thank you very much.

17                   CHAIRMAN GOLDNER: Okay. Any other  
18                   preliminary matters before we move to the  
19                   witnesses?

20                   MR. CAMPBELL: Not from the Company.

21                   MS. SCHWARZER: Nothing for the  
22                   Department. Thank you.

23                   CHAIRMAN GOLDNER: Okay. Very good.  
24                   We'll start with Unitil and its two witnesses,

[WITNESS PANEL: Goulding|Nawazelski]

1 Mr. Goulding and Mr. Nawazelski.

2 Mr. Patnaude, would you please swear in  
3 the witnesses.

4 (Whereupon **CHRISTOPHER J. GOULDING** and  
5 **DANIEL T. NAWAZELSKI** were duly sworn by  
6 the Court Reporter.)

7 CHAIRMAN GOLDNER: Thank you. We'll  
8 start with direct, and Attorney Campbell.

9 **CHRISTOPHER J. GOULDING, SWORN**

10 **DANIEL T. NAWAZELSKI, SWORN**

11 **DIRECT EXAMINATION**

12 BY MR. CAMPBELL:

13 Q Good morning, Mr. Goulding. Could you please  
14 state your full name, employer, the position that  
15 you hold with the Company and your  
16 responsibilities in that position?

17 A (Goulding) My name is Christopher J. Goulding.  
18 I'm the Vice President of Finance and Regulatory  
19 for Unitil Service Corp., a subsidiary of Unitil  
20 Corporation, that provides managerial, financial,  
21 accounting, regulatory, engineering, and  
22 information technology services to Unitil Corp.'s  
23 subsidiaries.

24 My responsibilities include all rate

[WITNESS PANEL: Goulding|Nawazelski]

1 and regulatory filings, financial planning and  
2 analysis, treasury operations, budget, and  
3 insurance and loss control programs.

4 Q Thank you, Mr. Goulding. And Hearing Exhibit 1  
5 is the Company's initial filing in this  
6 proceeding, and it includes the direct testimony  
7 that you co-sponsored with Mr. Nawazelski, as  
8 well as supporting schedules. Were the joint  
9 testimony and supporting schedules prepared by  
10 you or under your direction?

11 A (Goulding) Yes, they were.

12 Q Do you have any corrections to the joint  
13 testimony or schedules in Hearing Exhibit 1 that  
14 you'd like to make on the stand today?

15 A (Goulding) No, I do not.

16 Q Do you adopt the joint testimony and the  
17 supporting attachments as your sworn testimony?

18 A (Goulding) Yes, I do.

19 Q Hearing Exhibit 3 is the Company's supplemental  
20 filing in this proceeding, and it includes a  
21 Joint Technical Statement submitted by you and  
22 Mr. Nawazelski, as well as supporting schedules.  
23 Were the Joint Technical Statement and supporting  
24 schedules prepared by you or under your

[WITNESS PANEL: Goulding|Nawazelski]

1 direction?

2 A (Goulding) Yes, they were.

3 Q Do you have any corrections to the Joint  
4 Technical Statement or schedules in Hearing  
5 Exhibit 3?

6 A (Goulding) No, I do not.

7 Q Do you adopt the Joint Technical Statement and  
8 the supporting schedules as your sworn testimony?

9 A (Goulding) Yes.

10 Q Thank you, Mr. Goulding. Mr. Nawazelski, please  
11 state your full name, employer, the position that  
12 you hold with the Company, and your  
13 responsibilities in that position?

14 A (Nawazelski) My name is Daniel T. Nawazelski. I  
15 am the Manager of Revenue Requirements for Unitil  
16 Service Corporation. In this capacity I perform  
17 financial planning, forecasting, and analyses for  
18 financial matters in support of regulatory  
19 proceedings.

20 Q Hearing Exhibit 1 is the Company's initial filing  
21 in this proceeding, and it includes the direct  
22 testimony that you co-sponsored with  
23 Mr. Goulding, as well as supporting schedules.  
24 Were the joint testimony and supporting schedules

[WITNESS PANEL: Goulding|Nawazelski]

1 prepared by I or under your direction?

2 A (Nawazelski) Yes, they were.

3 Q Do you have any corrections to the joint  
4 testimony or schedules in Hearing Exhibit 1 that  
5 you'd like to make on the stand today?

6 A (Nawazelski) No, I do not.

7 Q Do you adopt the joint testimony and the  
8 supporting attachments as your sworn testimony?

9 A (Nawazelski) Yes, I do.

10 Q Hearing Exhibit 3 is the Company's supplemental  
11 filing in this proceeding, and it includes a  
12 Joint Technical Statement submitted by you and  
13 Mr. Goulding, as well as supporting schedules.  
14 Were the Joint Technical Statement and supporting  
15 schedules prepared by you or under your  
16 direction?

17 A (Nawazelski) Yes, they were.

18 Q Do you have any corrections to the Joint  
19 Technical Statement or schedules in Hearing  
20 Exhibit 3?

21 A (Nawazelski) No, I do not.

22 Q Do you adopt the Joint Technical Statement and  
23 the supporting schedules as your sworn testimony?

24 A (Nawazelski) Yes, I do.

[WITNESS PANEL: Goulding|Nawazelski]

1 Q Thank you. Mr. Nawazelski, can you please  
2 summarize the approvals the Company is seeking  
3 from the Commission in this proceeding?

4 A (Nawazelski) Sure. The Company is requesting  
5 that the Commission, one, approve its proposal to  
6 transfer the entire December 31, 2023, Major  
7 Storm Cost Reserve unrecovered deferral balance  
8 into the Storm Reserve Adjustment Factor, subject  
9 to any adjustments that may arise from the  
10 Commission's review and approval of the Company's  
11 2023 qualifying storm costs; second, approve the  
12 Company's proposal to increase the Storm Reserve  
13 Adjustment Factor, effective June 1st, 2024, to  
14 recover the Major Storm Cost Reserve unrecovered  
15 balance over a three-year period; three, find the  
16 resulting rates are just and reasonable; and,  
17 four, approve the proposed tariff changes  
18 necessary to implement recovery of the deferral  
19 balance through the Storm Reserve Adjustment  
20 Factor.

21 Q Thank you, Mr. Nawazelski. And you stated the  
22 Company is seeking to recover the Storm Fund  
23 deferral balance through the SRAF. Why is the  
24 Company seeking recovery through the SRAF

[WITNESS PANEL: Goulding|Nawazelski]

1 mechanism?

2 A (Nawazelski) The SRAF is the most logical and  
3 appropriate mechanism to use to reduce the  
4 deficit in the MSCR Fund, because its purpose is  
5 to recover storm costs. It's also  
6 administratively efficient to use the existing  
7 mechanism, rather than creating a new recovery  
8 mechanism and a new, separate tariff.

9 Also, if the Company were to defer  
10 proposing recovery until its next rate case, then  
11 carrying costs would continue to accrue on this  
12 unrecovered balance, which is not in the best  
13 interest of customers.

14 Q Thank you. And the Company's proposal to recover  
15 the Storm Fund deferral balance through the SRAF  
16 is estimated to have a monthly rate impact of 68  
17 cents for a typical residential customer. Do I  
18 have that correct?

19 A (Nawazelski) That's correct.

20 Q And can you please briefly explain why this rate  
21 increase is just and reasonable and in the public  
22 interest?

23 A (Nawazelski) The proposed SRAF is just and  
24 reasonable and in the public interest because it

[WITNESS PANEL: Goulding|Nawazelski]

1 reduces the amount of interest to be paid by  
2 customers on the deficit balance. Also, as I  
3 mentioned previously, if the Company continued to  
4 roll this deficit balance forward, customers  
5 would continue to pay carrying charges on it  
6 until it is recovered.

7 MR. CAMPBELL: Thank you, sir. The  
8 witnesses are available for cross-examination.

9 CHAIRMAN GOLDNER: Thank you. We'll  
10 turn now to the Department of Energy, and  
11 Attorney Schwarzer.

12 MS. SCHWARZER: Thank you, Mr.  
13 Chairman. Just a few clarifying questions.

14 **CROSS-EXAMINATION**

15 BY MS. SCHWARZER:

16 Q I'm not sure I heard reference to "Exhibit 2"  
17 from either of the witnesses. And although --  
18 could either of the witnesses speak to Exhibit 2,  
19 which is identified on the list as the "Major  
20 Storm Cost Reserve Fund Report for 2023"?

21 A (Nawazelski) Sure. So, generally, this is the  
22 annual report that the Company files that  
23 provides a summary of each storm-qualifying  
24 event, a listing of what occurred during that

[WITNESS PANEL: Goulding|Nawazelski]

1 event, the qualifications and impacts to  
2 customers within its service area, and the  
3 applicable eligible storm costs.

4 Q And, as you just recently stated, the Company is  
5 seeking approval here to move a balance in the  
6 MSCRF, which is not just unrecovered, but also  
7 under-collected, correct? It's, essentially, a  
8 negative or a deficit balance?

9 A (Nawazelski) That is correct.

10 Q And you were -- you either authored or rely upon  
11 Exhibit 2 in your work in determining what you  
12 are recommending today?

13 A (Nawazelski) That is correct.

14 Q Is it correct also, and this may have been  
15 covered, but, in your original Petition, you  
16 sought a five-year recovery period, and today you  
17 are recommending, and the Department is  
18 supporting, a three-year period?

19 A (Nawazelski) Yes. That is correct.

20 MS. SCHWARZER: Thank you. No further  
21 questions.

22 CHAIRMAN GOLDNER: Thank you. We'll  
23 turn now to Commissioner questions, beginning  
24 with Commissioner Simpson.

[WITNESS PANEL: Goulding|Nawazelski]

1 CMSR. SIMPSON: Thank you. Nothing  
2 from me today.

3 CHAIRMAN GOLDNER: We'll turn now to  
4 Commissioner Chattopadhyay.

5 CMSR. CHATTOPADHYAY: It's one of those  
6 dockets, there's not a whole lot to probe.

7 BY CMSR. CHATTOPADHYAY:

8 Q But let's go to Bates Page 017 of Exhibit 1.

9 A (Nawazelski) I'm there.

10 Q And, in Line 3, did you mean "MSCR deferral to  
11 the SRAF"?

12 A (Nawazelski) That is correct.

13 CMSR. CHATTOPADHYAY: So, there is a  
14 correction, okay.

15 *[Laughter.]*

16 BY CMSR. CHATTOPADHYAY:

17 Q This is just a conceptual question. If you are  
18 willing to respond, that's fine. If you're not,  
19 that's fine, too.

20 So, this \$800,000 is in the rates.

21 And, now, it's been such a long time, do you have  
22 a sense of what would be an appropriate number?

23 A (Nawazelski) So, that's something that we  
24 typically look into and would propose as part of

[WITNESS PANEL: Goulding|Nawazelski]

1 a base rate case. When we make those filings, we  
2 typically try to look at a three- to five-year  
3 period, historical period. The last case ended  
4 in a settlement. It was not a part of that. I  
5 think, in our original filing, initial filing in  
6 that docket, I don't believe we proposed any  
7 change to that level of \$800,000.

8 But that is something that we will be  
9 looking for -- or, looking into again, when the  
10 Company files its next base rate case.

11 A (Goulding) Yes. And I know we usually -- it's a  
12 balancing act of having too much funding in base  
13 rates and carrying an over-collection, and  
14 having, obviously, the right amount that kind of  
15 gets you exactly what you need.

16 Q In your opinion, though, that's sort of not  
17 enough, right? I'm just trying --

18 A (Goulding) It has not been enough, just because  
19 there's been some larger magnitude storms the  
20 past few years. And, also, there has been a  
21 deferral of storm costs built up over the past  
22 decade.

23 CMSR. CHATTOPADHYAY: Okay. That's all  
24 I have. Thank you.

[WITNESS PANEL: Goulding|Nawazelski]

1 CHAIRMAN GOLDNER: Thank you. Just a  
2 few questions. One's kind of a big picture  
3 question, and maybe either witness can answer  
4 this question.

5 BY CHAIRMAN GOLDNER:

6 Q The Company is using the cost of debt, I think  
7 4.01 percent, as the interest rate here. And I  
8 believe, and I'll ask the Department this in a  
9 moment if you would like to mentally prepare for  
10 the upcoming question, that the other two  
11 utilities use the Prime Rate.

12 Can you share a little bit about where  
13 the Prime Rate is used with Unitil and where the  
14 cost of debt is used? And any background you can  
15 have in terms of why the cost of debt is used in  
16 this particular instance?

17 A (Goulding) So, I can start a little bit. I found  
18 it -- it's an interesting question, because I  
19 happened to be looking at another storm filing  
20 for another company the other day, I noticed they  
21 use Prime Rate, where we use cost of debt. And  
22 the current Prime Rate is significantly higher  
23 than our cost of debt.

24 It came out of the DPU 10-055

[WITNESS PANEL: Goulding|Nawazelski]

1 settlement, I believe, when the mechanism was  
2 established, that the cost of interest was -- as  
3 part of that settlement was defined as the  
4 after-tax cost of debt for the Company. So, that  
5 was the origination of it, I believe.

6 Q Okay. And can you share a little bit more, just  
7 painting with broad strokes for the Commission's  
8 understanding, where cost of debt is used today  
9 and where Prime Rate is used today? Because, as  
10 you pointed out, the delta today is like four and  
11 a half points. So, it's a significant  
12 difference.

13 A (Goulding) Yes. And I just -- this is the  
14 after-tax cost of debt for us. So, the pre-tax,  
15 I believe, is 5.49 percent. So, we're looking at  
16 about a 300 basis -- or, 275 basis point delta.  
17 So, it's not as wide as it seems, but it's  
18 definitely wide.

19 I know we use the Prime Rate in many of  
20 our mechanisms. Our decoupling deferral uses the  
21 Prime Rate, our External Delivery Charge uses  
22 Prime Rate, Energy Efficiency deferral uses Prime  
23 Rate.

24 The only mechanisms -- I mean, the only

[WITNESS PANEL: Goulding|Nawazelski]

1 items where I think we use the cost of debt  
2 outside of this deferral is for when we establish  
3 base distribution rates, we look at the overall  
4 weighted average cost of capital.

5 Q Yes. Okay. That's very helpful. And, then, one  
6 thing I wasn't quite clear on in the filing is,  
7 inside the MSCR it looks like -- well, I  
8 shouldn't presuppose. Inside the MSCR, and  
9 inside the SRAF, is that 4.01 rate being applied  
10 in both buckets, or just in the MSCR bucket?

11 A (Goulding) It's in both buckets.

12 Q Okay.

13 A (Goulding) It's on the Fund, and also the  
14 recovery through the SRAF. So, whether it sits  
15 in one or the other, it collects the same  
16 interest.

17 Q Okay. But, of course, you're writing it down, in  
18 the event of the SRAF. And, so, the dollars paid  
19 goes down over time?

20 A (Goulding) Yes. Yes.

21 CHAIRMAN GOLDNER: Okay. Thank you.

22 And, then, maybe the Department can  
23 comment on why the difference? Why is this  
24 utility at cost of debt, in this particular -- in

[WITNESS PANEL: Goulding|Nawazelski]

1           these particular storm funds, versus the other  
2           two utilities? Can you provide any perspective  
3           in terms of why that's the case?

4                       MS. SCHWARZER: Mr. Chairman,  
5           consistent with what the Company's witnesses has  
6           testified to, in Docket Number 10-055, which may  
7           have been identified as "DPU 10-", but I believe  
8           we're all in agreement it's the New Hampshire  
9           docket 10-055, that agreement was reached in  
10          settlement.

11                      Certainly, I believe the Company and  
12          the Department will consider in the next rate  
13          case whether it would be appropriate to bring  
14          Unitil's insurance charges in line with other  
15          companies, or perhaps bring the other companies  
16          to Unitil, who knows? But we will certainly look  
17          at that.

18                      Other than the fact that it was agreed  
19          to in settlement, the Department does not have a  
20          position at this time.

21                      CHAIRMAN GOLDNER: Okay. Thank you.  
22          That's helpful.

23                      I think my encouragement would be, in  
24          upcoming rate cases, that this cost of debt

[WITNESS PANEL: Goulding|Nawazelski]

1 versus Prime Rate be fully explored. I know we  
2 have four rate cases in front of us.

3 And what the Company is doing here  
4 makes a lot of sense to me. So, just to clarify,  
5 I have no problem with this approach. This seems  
6 like a sensible approach.

7 But I think it is a good topic. Unutil  
8 hasn't filed a rate case yet this year. I think  
9 we determined that none is coming. But one would  
10 assume that the Company will be filing a rate  
11 case perhaps next year. So, that would be a good  
12 time to further discuss this topic.

13 MS. SCHWARZER: Mr. Chairman, if I may  
14 make an offer of proof?

15 CHAIRMAN GOLDNER: Uh-huh.

16 MS. SCHWARZER: And I don't -- I don't  
17 have an Audit witness here.

18 But Commissioner Chattopadhyay had  
19 asked about the testimony in the Petition, I  
20 believe it was on Bates Page 017. And the  
21 question was "Why is the Company proposing to  
22 transfer and recover the MSCR deferral through  
23 the MSCR?" And, so, I guess it was "through the  
24 SRAF".

[WITNESS PANEL: Goulding|Nawazelski]

1 CHAIRMAN GOLDNER: "SRAF". Yes.

2 MS. SCHWARZER: Okay. I understand.

3 The "MSCR deferral" I believe is a  
4 phrase -- an accounting phrase, that just refers  
5 to the fact that, until the MSCR Fund is reviewed  
6 and approved, it is simply held as a deferral  
7 amount. So, I just wanted -- perhaps that is  
8 everyone's understanding, but I just wanted to  
9 clarify that that's something -- that "MSCR  
10 deferral" does not mean always deferral to the  
11 SRAF.

12 And perhaps that was clear to everyone  
13 except me. So, thank you very much.

14 CHAIRMAN GOLDNER: No. Thank you.

15 BY CHAIRMAN GOLDNER:

16 Q So, can the Company just put headlights on the  
17 future? So, we -- assuming this transaction is  
18 approved, does the Company have any thoughts on  
19 the MSCR Fund for 2024? Does it anticipate  
20 coming back next year? And how would that work?

21 I think your answer is going to be, if  
22 there's a big storm, you might be back. And, if  
23 there's not, maybe there's no -- maybe there's  
24 nothing in the MSCR Fund to talk about?

[WITNESS PANEL: Goulding|Nawazelski]

1 A (Goulding) I would agree. It's a little  
2 premature just in not knowing all of the events.  
3 Obviously, we did have a fairly large storm on  
4 April 3rd. We don't have the final tallies for  
5 that storm yet. And, then, there was a few  
6 smaller storms earlier in the year. Well, one  
7 storm was fairly large. I believe that was in  
8 January, or March, but it was a fairly efficient  
9 cleanup, where the costs were not significant.

10 Q Okay. And, finally, I know the original filing  
11 was five years, and I know the parties discussed  
12 and concluded that "three years" was a good  
13 answer. Is there any reason not to recover it  
14 faster?

15 I mean, I think, just interested in the  
16 parties' thought process. I would have thought  
17 that the Company would have sought, you know,  
18 perhaps a one-year recovery, given that these  
19 expenses go way back in time?

20 A (Goulding) It's always a balancing act, I think,  
21 just to make sure we don't have a spike in a  
22 customer's bill. And then, if we recover it over  
23 one year, and then it drops back down the next  
24 year. So, it's just more about the rate

[WITNESS PANEL: Goulding|Nawazelski]

1 continuity than anything that we consider when we  
2 determine a recovery period.

3 Ideally, the Company would love to  
4 recover it over a one-year period. But I think a  
5 three-year period is considered -- it takes into  
6 consideration bill impacts for customers.

7 Q Yes. And, if I'm using my units right, this is  
8 about \$7.00 a megawatt-hour. So, if you would  
9 have recovered in a single year, then, of course,  
10 that would be more like \$21.00 a megawatt-hour.  
11 So, you were just trying to find that balance,  
12 that make sense?

13 A (Goulding) Yes. And there's no -- it's tough to  
14 say what is too much for one customer versus  
15 another customer. So, it's just kind of general,  
16 this is what we thought was a good proposal.

17 CHAIRMAN GOLDNER: Okay. Does the  
18 Department -- would the Department like to  
19 comment on that topic?

20 MS. SCHWARZER: I believe we would. If  
21 you could give me a moment, Mr. Chairman?

22 CHAIRMAN GOLDNER: Sure.

23 *[Atty. Schwarzer and Ms. Nixon*  
24 *conferring.]*

[WITNESS PANEL: Goulding|Nawazelski]

1 MS. SCHWARZER: Mr. Chairman, thank  
2 you.

3 The Department agrees with the  
4 statements offered by the Company, that it's  
5 really a question of balance and rate continuity.  
6 Every year there are some customers for whom even  
7 a small increase could be burdensome. And, so,  
8 that's an issue that the Company and the  
9 Department keep in mind.

10 I just wanted to clarify for the  
11 record, I'm not sure if the reference was to a  
12 rate other than the SRAF increase of 0.00114 per  
13 kilowatt-hour? That's what we understand the  
14 addition being made today, and what the Company  
15 is requesting approval for.

16 CHAIRMAN GOLDNER: Well, that's a good  
17 topic. Let's just sort that one out before we  
18 take a break.

19 I'm showing "\$0.00727 per  
20 kilowatt-hour". Just a moment.

21 *[Chairman Goldner and Atty.  
22 Martin-McDonough conferring.]*

23 CHAIRMAN GOLDNER: Correction, Attorney  
24 Schwarzer. Attorney McDonough has straightened

[WITNESS PANEL: Goulding|Nawazelski]

1 me out that we had -- I had the wrong number in  
2 my preamble. So, we agree with your number.

3 Does the Company agree with their  
4 number?

5 WITNESS GOULDING: Yes.

6 CHAIRMAN GOLDNER: Okay. Thank you.  
7 Situation remedied.

8 Okay. So, we're going to take a quick  
9 ten-minute break. We're going to sort out if the  
10 Commissioners would like to talk to the  
11 Department witnesses, and work on this audit  
12 issue.

13 So, let's take ten minutes, and come  
14 back at -- oh, that's hard to do.

15 *[Laughter.]*

16 CHAIRMAN GOLDNER: Let's just come back  
17 at a quarter till. Off the record.

18 *(Recess taken at 9:33 a.m., and the*  
19 *hearing reconvened at 9:48 a.m.)*

20 CHAIRMAN GOLDNER: Okay. The  
21 Commission has conferred, and we are okay with  
22 the audit proposal from the parties. So, we'll  
23 move forward as Attorney Schwarzer suggested.

24 And I think the Commission has no

[WITNESS PANEL: Goulding|Nawazelski]

1 further questions. We won't need to hear from  
2 the Department's witnesses today. Thank you for  
3 bringing the witnesses, the witnesses coming and  
4 the offer. But the testimony was quite helpful,  
5 and I think we understand the Department's  
6 position clearly.

7 And, so, at this point, we can move to  
8 redirect, and Attorney Campbell.

9 MR. CAMPBELL: No redirect from the  
10 Company. Thank you.

11 CHAIRMAN GOLDNER: All right. Okay.  
12 So, is -- so, we'll thank you for the witnesses  
13 today, thank you for your time. The witnesses  
14 are excused.

15 Is everyone okay with moving Exhibits 1  
16 through 4 onto the record?

17 MR. CAMPBELL: Yes.

18 MS. SCHWARZER: Thank you.

19 CHAIRMAN GOLDNER: Thank you. Hearing  
20 no objections, the Commission moves those  
21 exhibits onto the record.

22 In addition, the DOE has represented  
23 that it will file a new exhibit for the audit,  
24 when the audit comes in. And we talked about

1           that earlier, in terms of the Company's [sic]  
2           proposal and the agreement of the Company in  
3           terms of that process.

4                     And, so, I think, ordinarily, we would  
5           provide an opportunity for closing statements.  
6           But I think we understand the parties' positions,  
7           and everyone appears to be in agreement.

8                     So, unless the parties wish to raise  
9           any additional issues, I think we're good to wrap  
10          up. And I'll just ask if there's anything else  
11          that we need to cover today?

12                    MR. CAMPBELL: Not for the Company.  
13          Thank you.

14                    CHAIRMAN GOLDNER: Okay.

15                    MS. SCHWARZER: Nothing from the  
16          Department. Thank you, Mr. Chairman.

17                    CHAIRMAN GOLDNER: Okay. Thank you.  
18          Let me first thank everyone for their time today.  
19          We'll take the issues presented at the hearing  
20          under advisement and issue an order as soon as  
21          possible. We are adjourned.

22                    **(Whereupon the hearing was adjourned**  
23                    **at 9:50 a.m.)**