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*REQUEST FOR SIMPLE TABLE TO BE PROVIDED  
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                                  **MARISA B. PARUTA**

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

CHAIRMAN GOLDNER: Okay. Good morning, everyone. I'm Commissioner Goldner. I'm joined today by Commissioner Simpson and Commissioner Chattopadhyay. We're here in Docket 22-021, for a hearing regarding the Eversource 2022 Energy Service Solicitation.

Let's take appearances, beginning with Eversource.

MS. CHIAVARA: Good morning, Commission. Jessica Chiavara, here on behalf of Public Service Company of New Hampshire, doing business as Eversource Energy.

I am here today with Marisa Paruta, Parker Littlehale, and Luann LaMontagne. We were also supposed to have James Shuckerow with us, but he is, unfortunately, too ill to testify remotely. So, Mr. Littlehale will be adopting Mr. Shuckerow's testimony.

CHAIRMAN GOLDNER: Okay. Very good. Just a moment, I think we're having technical difficulties.

*[Short pause.]*

CHAIRMAN GOLDNER: Okay. Let's move to

1 the Office of the Consumer Advocate.

2 MR. KREIS: Good morning, Mr. Chairman,  
3 Commissioners. I am Donald Kreis, the Consumer  
4 Advocate, doing business on behalf of residential  
5 ratepayers.

6 CHAIRMAN GOLDNER: Thank you. And,  
7 finally, the New Hampshire Department of Energy.

8 MR. YOUNG: Good morning,  
9 Commissioners. My name is Matt Young with the  
10 Department of Energy. With me today is Steve  
11 Eckberg and Scott Balise, who are analysts on  
12 this docket, as well as Suzanne Amidon, who is  
13 co-counsel, and Liz Nixon, who is the Electric  
14 Director.

15 CHAIRMAN GOLDNER: Okay. Very good.  
16 Thank you.

17 For preliminary matters, my  
18 understanding is that the Commission received a  
19 request yesterday afternoon from Eversource  
20 requesting remote participation. Can the  
21 Company, you know, discuss or explain the  
22 last-minute notification?

23 MS. CHIAVARA: Yes. Ms. LaMontagne is  
24 soldiering on. She is not feeling well, but

1 participating remotely. Mr. Shuckerow,  
2 unfortunately, is not feeling well enough to  
3 testify today.

4 CHAIRMAN GOLDNER: Okay. Very good.  
5 Does the OCA object to the remote participation?

6 MR. KREIS: We do not.

7 CHAIRMAN GOLDNER: And the New  
8 Hampshire Department of Energy?

9 MR. YOUNG: We do not.

10 CHAIRMAN GOLDNER: Okay. Very good.

11 In the cover letter, the Company  
12 requested confidential treatment pursuant to Puc  
13 201.06 and 201.07. Has the OCA had the  
14 opportunity to review this request and does the  
15 OCA object?

16 MR. KREIS: We have reviewed their  
17 request, and we do not object.

18 CHAIRMAN GOLDNER: Very good. And the  
19 same question for the New Hampshire Department of  
20 Energy. Have you had the opportunity to review  
21 the request and do you object?

22 MR. YOUNG: We have also had the  
23 opportunity to review, and we do not object.

24 CHAIRMAN GOLDNER: Okay. Very good.

1           So, I'll grant approval of the confidential  
2           treatment from the Bench.

3                       So, one request, before we move forward  
4           with the exhibits is, for future filings, the  
5           Commission requests that the Company provide a  
6           sample -- or, a simple table, rather, for Default  
7           Service, with the prior period, year ago period,  
8           for each rate class, including Default Service,  
9           RPS, SBC, and the total rate. And we'll go  
10          through this in the proceeding today, Attorney  
11          Chiavara. But also requesting that all asks are  
12          in the Petition. As we go through it, I think  
13          we'll see that a few of the asks weren't in the  
14          Petition. So, we'd ask for some clarity there in  
15          future filings.

16                      CMSR. SIMPSON: Mr. Chairman?

17                      CHAIRMAN GOLDNER: Yes.

18                      CMSR. SIMPSON: If, in terms of the  
19          rate, if those could be in dollars per  
20          kilowatt-hour. Many of the tables are in dollars  
21          per megawatt-hour. And I can divide the  
22          megawatt-hours by a thousand, but, in terms of  
23          ease of understanding, I'd appreciate if it were  
24          in dollars per kilowatt-hour.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 CHAIRMAN GOLDNER: Thank you. And  
2 we've made the request of the other utilities.  
3 So, I think it's the same request we're making  
4 from everyone.

5 Okay. Exhibits 3 and 4 have been  
6 prefiled and premarked for identification. All  
7 material identified as confidential in the  
8 filings will be treated as confidential during  
9 the hearing today.

10 Is there anything else that we need to  
11 cover regarding exhibits?

12 *[No verbal response.]*

13 CHAIRMAN GOLDNER: No? Okay. Very  
14 good.

15 Are there any other preliminary matters  
16 before we have the witnesses sworn in?

17 *[No verbal response.]*

18 CHAIRMAN GOLDNER: Okay. Does anyone  
19 want to make an opening statement or should we  
20 just proceed straight to the witnesses?

21 *[No verbal response.]*

22 CHAIRMAN GOLDNER: No? Everybody is  
23 good? Okay, great.

24 All right. Let's proceed.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 Mr. Patnaude, would you please swear in the  
2 panel.

3 (Whereupon **Parker Littlehale,**  
4 **Luann J. LaMontagne,** and  
5 **Marisa B. Paruta** were duly sworn by the  
6 Court Reporter.)

7 CHAIRMAN GOLDNER: Okay. Very good.  
8 We'll move to direct, and Attorney Chiavara.

9 MS. CHIAVARA: Thank you. And I'd just  
10 like to note for the Commission, any references  
11 on the record will be to Exhibit 3, which is the  
12 redacted version of the filing.

13 I will start with Mr. Littlehale.

14 **PARKER LITTLEHALE, SWORN**

15 **LUANN J. LaMONTAGNE, SWORN**

16 **MARISA B. PARUTA, SWORN**

17 **DIRECT EXAMINATION**

18 BY MS. CHIAVARA:

19 Q Mr. Littlehale, will you please state your name,  
20 your title, and the title of your role with  
21 Eversource?

22 A (Littlehale) Yes. Good morning. My name is  
23 Parker Littlehale. I am a Manager of Wholesale  
24 Power Supply in the Electric Supply Department of

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 Eversource Energy.

2 Q And what are the responsibilities of your role at  
3 Eversource?

4 A (Littlehale) I am part of the team that procures  
5 power supply and the associated renewable energy  
6 certificate for customers who remain on our  
7 default energy service.

8 Q And have you of ever testified before this  
9 Commission?

10 A (Littlehale) Yes, I have.

11 Q Did you file testimony and corresponding  
12 attachments as part of the filing on  
13 December 8th, 2022, marked as "Exhibits 3" and  
14 "4"?

15 A (Littlehale) Yes, I did.

16 Q Were the testimony and supporting materials made  
17 by you or at your direction?

18 A (Littlehale) Yes.

19 Q Do you have any updates or changes to make at  
20 this time?

21 A (Littlehale) Yes. The testimony says, on Bates  
22 Page 014, that the Company would issue a second  
23 RFP on "Thursday, December 16th", but  
24 December 16th is a Friday. We apologize for that

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 error. So, if authorized by the Commission, the  
2 Company would issue the RFP on "Friday, December  
3 16th".

4 Q Thank you for that clarification. Aside from  
5 that correction, do you adopt your testimony as  
6 it was written and filed?

7 A (Littlehale) Yes, I do.

8 Q You filed the December 8th testimony with James  
9 Shuckerow, who is unable to testify today due to  
10 illness. Are you able to adopt Mr. Shuckerow's  
11 testimony on his behalf?

12 A (Littlehale) Yes. Mr. Shuckerow and I developed  
13 the testimony together, and I am very familiar  
14 with its contents.

15 Q Thank you very much. Turning to Ms. LaMontagne.  
16 Ms. LaMontagne, can you please state your name  
17 and the title of your role with Eversource?

18 A (LaMontagne) Good morning. My name is Luann  
19 LaMontagne.

20 *[Court reporter interruption due to*  
21 *sound level of the Webex feed from*  
22 *Witness LaMontagne.]*

23 MS. CHIAVARA: Ms. LaMontagne, we can't  
24 quite hear you.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 WITNESS LaMONTAGNE: Okay.

2 MS. CHIAVARA: Oh, that's better.

3 **BY THE WITNESS:**

4 A (LaMontagne) My name is --

5 WITNESS LaMONTAGNE: Is that better?

6 Okay, my apologies.

7 **BY THE WITNESS:**

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

11 BY MS. CHIAVARA:

12 Q And what are the responsibilities of your role  
13 with Eversource?

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

23 Q Have you ever testified before this Commission?

24 A (LaMontagne) Yes.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 Q And did you file testimony and corresponding  
2 attachments as part of the filing on  
3 December 8th, 2022, that's marked at "Exhibits 3"  
4 and "4"?

5 A (LaMontagne) Yes.

6 Q Were the testimony and supporting materials  
7 created by you or at your direction?

8 A (LaMontagne) Yes.

9 Q Do you have any changes or corrections to make at  
10 this time?

11 A (LaMontagne) No.

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

14 A (LaMontagne) Yes, I do.

15 Q Thank you very much. Turning finally to Ms.  
16 Paruta. Ms. Paruta, will you please state your  
17 name and the title of your role with Eversource?

18 A (Paruta) Good morning, everyone. My name is  
19 Marisa Paruta. And I am the Director of Revenue  
20 Requirements at Eversource Energy.

21 Q And what are the responsibilities of your role  
22 with Eversource?

23 A (Paruta) In that responsibility, I have the  
24 overall oversight, coordination, and

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 implementation of the revenue requirements for  
2 both the New Hampshire and Connecticut electric  
3 and natural gas utilities for Eversource Energy.

4 Q Have you ever testified before this Commission?

5 A (Paruta) Yes, I have.

6 Q And did you file testimony and corresponding  
7 attachments as part of the filing on  
8 December 8th, 2022, that's marked as "Exhibits 3"  
9 and "4"?

10 A (Paruta) Yes, I did.

11 Q Were the testimony and supporting materials  
12 prepared by you or at your direction?

13 A (Paruta) Yes, they were.

14 Q And do you have any changes or updates to make at  
15 this time?

16 A (Paruta) I do, if I could. In my testimony, on  
17 Bates Page 046, during our tech session Mr.  
18 Eckberg pointed this out, which is a very good  
19 suggestion, I mentioned that there are no  
20 adjustments to the reconciliation adjustment  
21 factors. So, there are no adjustments to the  
22 Small ES, Large ES, and the RPS reconciliation  
23 adjustment factors. However, there is a  
24 semi-annual adjustment that is made to the

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 working capital adjustment factor. And, as a  
2 result, our tariff page shows that the total REC  
3 factor is black-lined. So, that is the edit I'd  
4 like to make to Page 46. And, at Bates 051 and  
5 068, you will see that working capital  
6 reconciliation adjustment in those two Bates  
7 pages.

8 Q Thank you for that clarification. Aside from  
9 that, do you adopt your testimony today as it was  
10 written and filed?

11 A (Paruta) Yes, I do.

12 Q Thank you. Beginning direct exam, I would like  
13 to start with Mr. Littlehale. If you could just  
14 provide an overview of this most recent RFP  
15 process?

16 A (Littlehale) Sure. We released the RFP on  
17 October 27th, 2022. The goal was to procure 100  
18 percent of both the Small and Large Customers'  
19 Energy Service loads for February 1st, 2023  
20 through July 31st, 2023.

21 As for quantity, we were looking for  
22 two tranches of Large load, each tranche is  
23 50 percent of about 120,000 megawatt-hours. For  
24 our Small Customers, we were looking for eight

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 tranches of 12 and a half percent each. That  
2 load is about 1.9 million megawatt-hours. This  
3 doubling of tranches is a revision from previous  
4 RFPs, where we offered one tranche of Large and  
5 four tranches of Small. And the goal to increase  
6 the number of tranches, which effectively reduces  
7 the megawatt-hour per tranche, to incentivize  
8 supplier participation by reducing risk and load  
9 uncertainty for each individual tranche.

10 Offers were received at 10 o'clock on  
11 December 6th. From there, we identified the  
12 lowest cost bids. We presented our recommended  
13 bids and analysis to senior management, and  
14 received their approval. We informed the winning  
15 bidders of their selected tranches. And we sent  
16 the Master Power Supply Agreement/Transaction  
17 Confirmation paperwork for execution that  
18 afternoon.

19 Q Thank you very much. Mr. Littlehale, could you  
20 also describe why the results for the Small  
21 Customer Group were satisfactory?

22 A (Littlehale) So, the Company relies on three main  
23 criteria. Number one, the number of suppliers  
24 participating in the solicitation; number two,

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 the amount of bids received; and, number three,  
2 how close together or clustered the bid prices  
3 are.

4 So, ideally, we want to see multiple  
5 participants, numerous bids, and pricing that's  
6 tightly clustered together. And, finally, we  
7 compare the bid pricing to our internal proxy  
8 price, which is analysis that we prepare, and  
9 helps us evaluate the reasonableness of the bids  
10 received.

11 In total, for the Small Customer  
12 tranche, we received thirteen total bids for the  
13 eight tranches that we were looking for. The  
14 selected bids for the Small Customer Group were  
15 aligned with the Company's proxy price. And, in  
16 summary, the results of the Small Customer Group  
17 were better than expected in all of these  
18 criteria.

19 Q And can you also describe the results received  
20 for the Large Customer Group?

21 A (Littlehale) For the available two tranches, we  
22 received one bid.

23 Q Okay. The Company accepted that bid as well.  
24 Could you explain the basis for accepting that

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 bid?

2 A (Littlehale) So, as we described in our  
3 November 10th pre-conference hearing, our  
4 experience in the recent solicitations in New  
5 Hampshire, Connecticut, and Mass. were causing  
6 concern for the success of this solicitation.  
7 So, in many ways, the results for the Large  
8 Customer Group were about what we expected coming  
9 into this solicitation. Suppliers have been  
10 reluctant to bid on this load in New Hampshire,  
11 Connecticut, and Massachusetts, because of the  
12 risk of load migration during the given service  
13 period. There are fewer customers in this  
14 customer class, meaning more megawatt-hours per  
15 customer results in larger swings in load  
16 variability.

17 However, this bid was aligned with  
18 similar load that we have received in Connecticut  
19 and Massachusetts. The bid was in what we  
20 considered our "zone of reasonableness" around  
21 our proxy price, which it's important to note  
22 that, you know, we generate a separate proxy  
23 price for both our -- for the Small Customer load  
24 and the Large Customer load. For the Large

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 Customer load, the proxy price serves, you know,  
2 more as an estimate or range, given that there  
3 are fewer data points available to generate that  
4 proxy price.

5 So, ultimately, in our opinion, this  
6 bid represents, you know, current conditions for  
7 the load. And that is why the Company accepted  
8 the bid, and why we are recommending that the  
9 Commission approve it.

10 Q Was this RFP process and bid selection consistent  
11 with prior solicitations by the Company for  
12 energy service, and with the various Commission  
13 orders governing the energy service procurement  
14 process?

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

20 Q And, so, looking forward, could you walk us  
21 through the next steps that Eversource would  
22 propose for covering the remaining Large Customer  
23 Group load?

24 A (Littlehale) So, our recommendation is we issue a

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 second RFP to fill the one remaining tranche for  
2 the Large Customer load. So, if approved by the  
3 Commission, we would issue the RFP on December  
4 16th; bids would be due on January 10th, 2023; we  
5 would make a filing on January 12th, 2023;  
6 request a hearing on January 17th; and request a  
7 decision by January 19th, 2023.

8 The idea behind this schedule is to  
9 allow some time between the two RFPs, to  
10 hopefully increase supplier participation, yet  
11 still allow enough time for a February 1st, 2023  
12 service start date.

13 If the second RFP does not result in  
14 any additional bids, or the bids that is received  
15 are unreasonably priced, the Company would return  
16 in January proposing to utilize the market-based  
17 procurements for the second 50 percent of the  
18 load for this customer group. This market-based  
19 procurement is -- it would only be done as a last  
20 resort, and is not our preferred outcome.

21 And, finally, in parallel with this  
22 second RFP process, the Company would need to  
23 contract with a third party vendor to generate a  
24 load forecasting model, in the event that we do

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           need to proceed to market-based procurements, so  
2           we can bid in that remaining 50 percent of our  
3           load into the ISO-New England Day-Ahead Market.  
4           The vendor would need to create or generate a  
5           model in order to produce this load forecast.  
6           This process takes several weeks to do for the  
7           vendor. And that is why it would need to be done  
8           in parallel with the second RFP, so the model is  
9           built and up and running prior to February 1st.

10    Q     Thank you very much. Finally, for Mr. Littlehale  
11           and Ms. LaMontagne, is it your position that the  
12           rate proposed for the period of February 2023 to  
13           July 2023, for the Small Customer Group, as  
14           described in Exhibit 3, is just and reasonable  
15           and consistent with the public interest?

16    A     (Littlehale) Yes.

17    A     (LaMontagne) Yes.

18    Q     Okay. Thank you. I would now like to ask a few  
19           questions of Ms. Paruta.

20                        Ms. Paruta, can you provide an overview  
21           of the proposed Energy Service rate for the Small  
22           Customer Group?

23    A     (Paruta) Yes. Sorry. The proposed rate for the  
24           Small Customer Group is 20.2 cents per

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 kilowatt-hour, and that is a 10.3 percent  
2 decrease from the current rate. Consistent with  
3 the Settlement in Docket 17-113, Eversource took  
4 the results of the solicitation bid, and added  
5 the administrative and general costs, the RPS,  
6 and the forecasted working capital to get to the  
7 retail rate. And those calculations are  
8 presented in the Attachment MBP-1.

9 For MBP-2, just to walk through all of  
10 the attachments and summarize them, for MBP-2,  
11 that attachment presents the -- excuse me --  
12 provides the monthly reconciliations of the  
13 revenues and expenses that are associated with  
14 the Small Customers that have been updated today.  
15 We included the Large Customer page, however, a  
16 disclaimer that that will be updated at a later  
17 date, the A&G expenses and the RPS, and that's  
18 for the period August 1, 2022 through July 31,  
19 2023.

20 For the Attachment MBP-3, that provides  
21 the monthly reconciliation of the revenues around  
22 expenses, similar to MBP-2, however, that is for  
23 the period of August 1, 2021 through July 31,  
24 2022, and that includes all actuals.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           And then, for Attachment MBP-4, that  
2           provides the working capital detail for the  
3           period August 1, 2022 through July 1 -- excuse  
4           me -- July 31, 2023, with actual purchase power  
5           costs through October 2022, and then forecasted  
6           through July 31, 2023. And those updates, and as  
7           well as the update of the prime rate, as it has  
8           been changing, impacted the working capital  
9           reconciliation.

10    Q     Thank you very much. Do you assert that the  
11           resulting ES rate for the Small Customer Group  
12           that's proposed today of 20.2 cents is just and  
13           reasonable and in the public interest?

14    A     (Paruta) Yes.

15    Q     Thank you. Ms. Paruta, why is there no analysis  
16           for the Large Customer Group at this time, even  
17           though the Company did accept a bid for approval  
18           today for half of that, the load for that group?

19    A     (Paruta) Right. This is because any calculation  
20           at this time that the Company would have provided  
21           would more likely than not change as a result of  
22           the Company's next appearance in this docket, in  
23           January, and that's based on the outcome of the  
24           second RFP, as Mr. Littlehale described. Either

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 a second bid will be accepted through the second  
2 RFP, or the Company will have to supply directly  
3 through the market-based procurement process.

4 And, if it's the former, the price of  
5 that bid, combined with the one already received,  
6 will be the basis for the ultimate price. If  
7 it's the latter scenario, then Eversource is  
8 going to have to set an estimated price for the  
9 service period that's based on a combination of,  
10 number one, the bid price covering half of the  
11 load that we received in this RFP and, two, an  
12 estimate of what the market prices will bear out  
13 for the second half of the load that Eversource  
14 purchases at market over the course of the  
15 service period. The Company would account for  
16 that difference between the estimated price and  
17 the actual market purchase prices in the next  
18 reconciliation that we would file in the Summer  
19 of '23.

20 Either way, it did not really make  
21 sense for the Company to update that attachment.  
22 And, so, that is why you see those amounts left  
23 blank.

24 Q Thanks very much. Now, shifting gears or topics

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 for a moment, in Order Number 26,645, the  
2 Commission asked Eversource, in this filing, to  
3 report on the education and outreach efforts the  
4 Company performed over the last six months,  
5 regarding the price increases that began on  
6 August 1st, 2022. Could you summarize those  
7 efforts and how they were conducted?

8 A (Paruta) Sure. So, the Company pursued numerous  
9 avenues to reach our customers, both through the  
10 existing means that we have and newly created  
11 outreach tools and efforts specific to this  
12 issue. As the live virtual hardship residential  
13 webinar took place on July 26th, as stated in the  
14 testimony, we had over 600 participants, either  
15 live or virtual.

16 As I also mentioned in my testimony,  
17 and depicted in a -- there's a table on Bates  
18 Page 049, the overall efforts began back in July  
19 of '22, in the summer, in advance of the rate  
20 increase on August 1st, and it continued  
21 throughout the service period, into the fall.

22 This outreach and the education efforts  
23 not only covered that rate change, but it also  
24 presented customers with options that are

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 available to them. Whether it was moving to, you  
2 know, to a competitive supplier, taking advantage  
3 of billing plans or hardship programs, the  
4 Company made sure that that message was clear and  
5 concise, and consistent across all of the  
6 different outreach programs. The messages were  
7 tailored to the appropriate customer group,  
8 whether Small or Large Customer, with separate  
9 efforts for both customer groups.

10 Just to, at a high level, the first  
11 round of communications began in July and August,  
12 and that was more tailored towards the increase  
13 in rates, the energy efficiency measures, and  
14 then the assistance options. The next round  
15 occurred in October, and that was more specific  
16 to communicating about the New Hampshire  
17 emergency Energy Assistance Programs that were  
18 approved by the Legislature, along with other  
19 assistance measures for customers.

20 And then, the August communications  
21 that were planned were shared with the DOE and  
22 the OCA. And the October communication plans  
23 were shared with the DOE and coordinated as well.

24 MS. CHIAVARA: Thank you very much.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 That is all I have for direct exam.

2 CHAIRMAN GOLDNER: Thank you. We'll  
3 move to the Office of Consumer Advocate, and  
4 Attorney Kreis.

5 MR. KREIS: Thank you, Mr. Chairman.  
6 And good morning, Eversource witnesses.

7 My questions I think are going to be  
8 largely targeted towards Mr. Littlehale and  
9 possibly Ms. LaMontagne, but I don't mind if any  
10 of the witnesses answer any of my questions. And  
11 when I use the word "you" in my questions, I'm  
12 not talking about any specific witness  
13 personally, I'm talking about "Eversource", or at  
14 least "Public Service of New Hampshire".

15 And I'd also like to say that my  
16 questions, which I'm going to go through  
17 hopefully fairly quickly, are really focused on  
18 the Small Customer class, because my Office  
19 represents the interests of residential utility  
20 customers. What happened in the Large Customer  
21 class is interesting to me, but significantly  
22 less interesting. So, that's my focus.

23 **CROSS-EXAMINATION**

24 BY MR. KREIS:

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 Q Looking at -- and I'm looking here at the  
2 confidential version of the Company's two  
3 exhibits, which is Exhibit 4. But I don't think  
4 any of my questions require discussion of or  
5 disclosure of any confidential information. So,  
6 you could just as easily look at Exhibit 3 to  
7 answer my questions.

8 But, in either event, or as to either  
9 exhibit, on Bates Page 006, on Line 29, there is  
10 a statement that "84 percent of Eversource's  
11 residential customers are on Default Service."  
12 Is it fair to conclude that that number comes  
13 from Eversource's Third Quarter Migration Report?

14 A (Littlehale) Yes.

15 Q Does Eversource know how much migration there has  
16 been since the Third Quarter Migration Report,  
17 which I assume covers the three months that ended  
18 with September?

19 A (Littlehale) Yes. The last time we checked, it's  
20 roughly 20,000 have migrated, I believe, since  
21 July 2022 through -- so, I think the last report  
22 that we filed was at the end of September, and I  
23 believe we got an interim October number. So,  
24 I'm speaking in general numbers, broad numbers,

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           it's approximately 20,000 residential customers  
2           have moved off Default Service.

3    Q       Is that an increase from the migration level you  
4           were seeing back during the third quarter? The  
5           20,000, in the abstract, doesn't really mean  
6           anything to me unless we put that number in  
7           context.

8    A       (Littlehale) Sorry, can you -- when you say an  
9           "increase", I'm using the July number through the  
10          October number. So, --

11   Q       Well, what I'm really trying to get at is, 84  
12          percent of Eversource's residential customers  
13          were still on default service as of the end of  
14          September. Has that percentage increased? Has  
15          it increased significantly? Or, has it  
16          decreased? I'm just trying to get a feel for  
17          that imprecise number.

18   A       (Littlehale) Yes. It's been -- it's been  
19          relatively stable.

20   Q       The Company issued its RFP on October 27th, and  
21          then it received bids on December 6th. And,  
22          according to my law school math, that's a 40-day  
23          period. Why is it necessary to give the bidders  
24          40 days to respond to the RFP? Why not a shorter

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 period, for example, like 20 days or 10 days?

2 A (Littlehale) Luann, do you -- Ms. LaMontagne, do  
3 you have the history on the timeframe between  
4 bid -- RFP issuance and bids being received?

5 A (LaMontagne) Can you hear me? I do not know if  
6 there's a specific number of days in between the  
7 weeks. But we do work with the other two  
8 utilities on a schedule, and the timeframes are  
9 similar.

10 Q Okay. But that doesn't respond to my question,  
11 which is "Why 40 days and why not a shorter  
12 period?"

13 Would it be possible to do these  
14 solicitations in a 10-day period or a 20-day  
15 period or a 30-day period, versus a 40-day  
16 period?

17 A (LaMontagne) I am not sure.

18 A (Littlehale) Yes. Perhaps this second RFP, if  
19 approved, with a bit of a shorter timeframe, will  
20 shed some light on that question.

21 Q Could you describe what happens during that  
22 40-day period? What kinds of contacts Eversource  
23 has with bidders or potential bidders during that  
24 period?

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 A (Littlehale) So, after we release the RFP, we  
2 also provide a significant amount of information  
3 on our website, such as historical load  
4 information, customer migration. So, we  
5 sometimes get questions from bidders about the  
6 data that we publish, to help inform their bid.  
7 We also, approximately a week before bids are  
8 due, we poll suppliers, to get a sense for their  
9 participation. So, we can get a handle on, for  
10 example, how many bidders are expected to  
11 participate in the process.

12 Q When you say that you "pole suppliers", do you  
13 mean you call them up on the phone?

14 A (Littlehale) Call them or email them, yes.

15 Q And how do you know which suppliers to reach out  
16 to?

17 A (Littlehale) Well, we have a ongoing list of  
18 contacts that we email the RFP to. That list  
19 continues to evolve and change. The information  
20 is publicly available on our website. We have  
21 our names and our contact information up on the  
22 website, so people -- suppliers will contact us.  
23 So, it's, you know, we run these RFPs in three  
24 states. So, we've developed relationships with

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 various suppliers. So, we get a sense of who's  
2 participating in the market, and, you know, and  
3 that's how usually the process goes.

4 Q During those interactions with bidders, does the  
5 Company, Eversource, seek and do the bidders  
6 provide so-called "indicative bids" to you?

7 A (Littlehale) We do not receive indicative bids,  
8 mostly because the group that Ms. LaMontagne and  
9 I are part of, do these RFPs in three states,  
10 Connecticut, Massachusetts, and New Hampshire.  
11 So, we are constantly going to market, and, you  
12 know, have a flavor and a sense of what current  
13 market conditions are dictating.

14 Q So, therefore, your view is that indicative bids  
15 would be unnecessary or would be undesirable for  
16 some reason?

17 A (Littlehale) I'm not sure I'd use those words. I  
18 think, you know, through the years that the  
19 Company has been doing this, the sense, from our  
20 senior management, is that we'd rather utilize  
21 actual bids across the three states, as opposed  
22 to using indicative bids.

23 Q Mr. Littlehale, you, I presume, are aware that  
24 the Federal Energy Regulatory Commission has

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 approved a so-called "RMR", or "Reliability  
2 Must-Run agreement" involving Mystic Station,  
3 just north of Boston, are you not?

4 A (Littlehale) Yes, I am.

5 Q During your, meaning "Eversource's", contacts  
6 with potential bidders while this RFP was  
7 outstanding, were there any discussions of the  
8 implications of the Mystic RMR agreement?

9 A (Littlehale) Yes. There have been ongoing  
10 dialogue with suppliers about the Mystic RMR.

11 Q Was there any discussion with any of the bidders  
12 of treating the Mystic RMR costs as a  
13 pass-through, so that those costs wouldn't be  
14 reflected in the bids that you received?

15 A (Littlehale) Yes.

16 Q And did any of the bidders ask if it would be  
17 permissible for them to submit such bids?

18 A (Littlehale) I think the questions were more  
19 aligned around "Will there be a Mystic RMR or  
20 cost of service carve-out, so-called carve-out?"

21 Q And what was your answer to that question?

22 A (Littlehale) At this time, we are not requesting  
23 a Mystic RMR carve-out.

24 Q And why did you make that determination?

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 A (Littlehale) Well, the Mystic RMR has been a  
2 very, you know, discussed, went through the  
3 NEPOOL stakeholder process, all suppliers are  
4 well aware of that, that situation, which results  
5 in the supplemental capacity payments that  
6 suppliers are responsible for. And, in our  
7 judgment, that it's -- these are sophisticated  
8 players, they're well aware of this development.  
9 It's been years in the making. And it's the  
10 responsibility of the suppliers or the  
11 load-serving entities to carrying those and bear  
12 those costs.

13 Q I presume that Eversource is aware that one of  
14 the other electric utilities in New Hampshire  
15 Liberty Utilities, also had or has an outstanding  
16 default energy service RFP that lags about a week  
17 behind Eversource's, yes?

18 A (Littlehale) Yes.

19 Q Do you have any contact with your counterparts at  
20 Liberty while those two RFPs are outstanding?

21 A (Littlehale) There are dialogues, Ms. LaMontagne  
22 mentioned around scheduling. And there have been  
23 some discussions about this Mystic RMR.

24 Q Do you talk with your counterparts at Liberty

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           about what their contacts with bidders are  
2           revealing to them, versus what your discussions  
3           with those bidders are revealing to you?

4   A       (Littlehale) Not that I can recall.

5   Q       Would that information be interesting or useful  
6           to you?

7   A       (Littlehale) Perhaps.

8   Q       Does Eversource keep track of what happens in  
9           neighboring states outside of the Eversource  
10          footprint that also seek default energy service  
11          suppliers in the wholesale market?

12   A       (Littlehale) Yes, we do.

13   Q       Are you aware of what happened in Maine on  
14          November 16th? And just not to be coy, that's  
15          the day when the Maine Public Utilities  
16          Commission approved new standard offer prices for  
17          their two investor-owned utilities.

18   A       (Littlehale) I'm generally aware, but not  
19          specifically up-to-date on the specific  
20          circumstances.

21   Q       So, if I told you, subject to check, that the  
22          Maine PUC approved a so-called "standard offer"  
23          price in Maine of 17.6 cents for Central Maine  
24          Power, and a standard offer price of 16.4 cents

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 for the Versant subsidiary, Bangor Hydro, you  
2 wouldn't have any reason to suggest that I am  
3 incorrect?

4 A (Littlehale) I would not.

5 Q So, both of those numbers, 17.6 and 16.4, are, I  
6 would say, significantly lower than the Default  
7 Energy Service price that Eversource is proposing  
8 here. So, what accounts for the difference?

9 A (Littlehale) I don't know exact -- if it's a  
10 similar timeframe, perhaps. Did they cover the  
11 same six months that we're discussing here?  
12 Those are, for example, those could result in  
13 some differences.

14 Q So, in other words, the fact that those rates  
15 from Maine are applicable for an entire year, and  
16 go into effect on January 1st, as opposed to your  
17 rates, which are effective on February 1st, and  
18 only last for six months, that, in your opinion,  
19 could account for the difference?

20 A (Littlehale) I mean, that could be one of many  
21 reasons for different rates.

22 Q Are you aware that Maine did the thing that you  
23 just testified Eversource didn't do, which is  
24 approve the -- or, ask the bidders to back out

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 the Mystic RMR costs, and then added them back in  
2 as an adder to get to the prices, the default  
3 energy -- or, the standard offer rates that they  
4 approved in Maine?

5 A (Littlehale) I will take your word for it.

6 Q And, if I told you that that adder was 1.6 cents  
7 of those two prices I gave, you would also take  
8 my word for that, I presume?

9 A (Littlehale) I would have no reason not to.

10 Q So, does 1.6 cents seem to you a reasonable  
11 figure for what the -- I guess, the cost of the  
12 Mystic RMR agreement is for either default energy  
13 service prices here in New Hampshire or standard  
14 offer prices in the state next door?

15 A (Littlehale) I think that is a question that can  
16 only be answered after-the-fact. So, the way  
17 that the Mystic RMR works is there are fixed  
18 annual payments -- or, fixed monthly payments  
19 that last two years. And, depending how the unit  
20 operates over the course of the year, those fixed  
21 monthly rates can either increase or they can  
22 decrease.

23 So, if you tell me what the weather is  
24 during December, January, and February, if you

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 tell me what the price of natural gas is, if you  
2 tell me how the Mystic unit operates, whether  
3 so-called "in merit" or so-called "out-of-merit",  
4 if you can provide those facts, then I can answer  
5 your question about the reasonableness of the  
6 rate.

7 Q And, so, in light of the answer you just gave,  
8 the fact that that 1.5 cent adder is actually  
9 reconcilable, you know, once those actual costs  
10 are known, that wouldn't shock or surprise you  
11 either?

12 A (Littlehale) I don't know. We won't know those  
13 costs of the Mystic RMR, usually it's a two-month  
14 lag. So, for example, we just received the  
15 October supplemental capacity payments late last  
16 week. So, again, it takes approximately two  
17 months. So, if -- we'll say April/May timeframe,  
18 we will have a sense of how the Mystic RMR costs  
19 played out over the winter. And, at that point  
20 in time, we will be able to determine what those  
21 costs are. And the ISO-New England has also  
22 hired third parties to audit those Mystic costs,  
23 to ensure that they're fair and reasonable.

24 So, I think, to guesstimate the

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           reasonableness of the Mystic RMR today, those  
2           costs, how they're going to play out over the  
3           next three or four months, is, I think, framing  
4           the challenge of this construct. And, in our  
5           opinion, in order to protect customers, we felt  
6           it was best to leave that risk with the  
7           suppliers, and not put that risk on customers.

8    Q       You mentioned, at Bates Page 010, Line 7, that  
9           the highest bid that you received, and, again,  
10          I'm looking at the Residential class, was  
11          something like "one percent above your proxy  
12          price". And I'm curious about whether that has  
13          happened before, that you have accepted bids that  
14          are actually higher than your proxy price? Just  
15          trying to get a feel for whether that itself is  
16          an unprecedented development?

17   A       (Littlehale) No, it's not.

18   Q       When you determined the proxy price, did you  
19          consider the potential impacts of migration  
20          triggered by the advent of opt-out community  
21          power aggregation?

22   A       (Littlehale) It really doesn't factor into the  
23          proxy price, migration. The proxy price is --  
24          well, it's a primary driver of energy prices,

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 capacity prices, and then some sort of a risk  
2 premium on top. So, perhaps customer migration  
3 is built into the risk premium. But it's not --  
4 *[Court reporter interruption.]*

5 **BY THE WITNESS:**

6 A (Littlehale) I'm sorry. It's not an individual  
7 line item, such as energy prices are and capacity  
8 prices are.

9 BY MR. KREIS:

10 Q So, if I understood what you just said correctly,  
11 the migration risk is a component of the risk  
12 premium, and the risk premium itself is a  
13 component of your proxy price?

14 A (Littlehale) That's right.

15 Q So, wouldn't you, as you determine that risk  
16 premium, take into account the possibility of  
17 pretty significant migration arising out of  
18 community power aggregation?

19 A (Littlehale) Yes. I mean, we have seen, over the  
20 course of the past twelve months, a higher risk  
21 premium built into the bids. Whether that's a  
22 factor of energy prices, whether that's a factor  
23 of the volatility in energy prices, whether  
24 that's a factor of customer migration, you know,

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           they're all contributing factors, and it's  
2           difficult to pull those apart separately.

3   Q       And, yet, you do that exact thing when you  
4           develop your proxy price. So, even though it's  
5           difficult, you do that?

6   A       (Littlehale) Well, they're all combined together  
7           into the risk premium. So, it's really a  
8           function of energy prices, capacity prices, and  
9           risk premium. Those are the three main drivers  
10          of the proxy price.

11   Q       Is there a particular methodology for determining  
12          what you think the risk premium is or is it just  
13          kind of a guesswork?

14   A       (Littlehale) It's kind of backcasting results  
15          that we've received in our three states. Think  
16          about it like an equation, right? We have the  
17          answer, or the bid. We know what energy prices  
18          are. We know what capacity prices are. And the  
19          risk premium, in effect, is the unknown variable  
20          that solves the equation. And we track those  
21          across Massachusetts, New Hampshire, and  
22          Connecticut. And those risk premiums help  
23          inform -- and those three factors, including risk  
24          premium, help inform our proxy price.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 Q The municipalities in New Hampshire that have  
2 presented community power aggregation plans to  
3 the Commission for approval seem to have some  
4 pretty ambiguous plans for the amount of  
5 migration that they intend to cause. Do you  
6 expect that effect to be a bigger factor with  
7 respect to the risk premium in future  
8 solicitations?

9 A (Littlehale) I mean, we are keeping an eye on the  
10 community power aggregation. Last count,  
11 approximately 11 cities and towns, that's the  
12 number that I have in my head, have filed plans,  
13 a couple have been approved, with start dates  
14 that may or may not occur during the February  
15 through July timeframe that we've been focused on  
16 100 percent over the past number of weeks.

17 So, until we get a sense of how many  
18 customers, at what quantity, at what time scale,  
19 you know, these are questions that are -- that  
20 are, you know, out in front of us. And we -- you  
21 may have noticed that we included a note in our  
22 most recent RFP to help keep suppliers informed  
23 of the process. Because, ultimately, this is one  
24 of the factors and the risks that suppliers bear

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 on load migration.

2 So, what we're trying to do is stay  
3 informed, and flag to the suppliers that this is  
4 happening. And, as more information, on timing  
5 and quantity, we will do our best to keep  
6 suppliers informed.

7 Q In the Company's filing, and in your testimony  
8 today on the stand, you mentioned that the  
9 Company received I think you said it was "13 bids  
10 for the eight tranches" into which it divided the  
11 Small Customer class?

12 MS. CHIAVARA: Yes. Excuse me. If I  
13 could interrupt for just one moment?

14 That was an inadvertent disclosure of  
15 confidential information. We probably should not  
16 have mentioned the number of bids received, and  
17 that is on us. But if we could remove that from  
18 the record?

19 I don't believe anybody from the public  
20 is here right now, but that would be the  
21 Company's request.

22 MR. KREIS: Yes. The OCA objects to  
23 that. I mean, that information has been  
24 disclosed publicly. It's out; end of story.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 CHAIRMAN GOLDNER: It's in the  
2 Petition, I think. Yes. We show "13" in the  
3 Petition, yes.

4 MS. CHIAVARA: All right.

5 MR. KREIS: And, actually, Ms. Chiavara  
6 actually anticipated my question, which is "why  
7 did the Company decide", I mean, you testified to  
8 that number here. Ms. Chiavara didn't object  
9 when you testified on the stand to that number.  
10 And I'm curious about why the Company decided to  
11 disclose it. Given that, in previous  
12 solicitations, the number of bidders has been a  
13 closely guarded -- well, it's been a confidential  
14 piece of information.

15 WITNESS LITTLEHALE: I think we are  
16 maybe treating bids versus -- bids, number of  
17 bids versus number of bids a bit differently.  
18 Or, what -- if I disclosed that improperly, it's  
19 on me. I'm trying to be up front and capture --  
20 you know, we expressed concerns going into this  
21 solicitation about experiences that we have seen  
22 both in New Hampshire, but also in Connecticut  
23 and Massachusetts on limited bids, limited  
24 bidders. And we're trying to express that, at

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           least on the Small Customer side, we were  
2           pleasantly surprised by the participation levels  
3           we saw.

4 BY MR. KREIS:

5 Q       You mentioned that, in this particular  
6       solicitation, you cut the size of the tranches of  
7       the Small Customer class in half, so that there  
8       are now eight tranches, instead of four tranches.  
9       What made you decide to do that?

10 A       (Littlehale) Yes. So, we didn't -- we actually  
11       doubled the number of tranches.

12 Q       Right. Excuse me.

13 A       (Littlehale) Which, when you double the number of  
14       tranches, you cut the megawatt-hours per tranche  
15       or you reduce the number of megawatt-hours per  
16       tranche. We did that, as I testified, and as we  
17       state in our testimony, to offer and to provide  
18       suppliers with additional opportunities to  
19       participate. And with the hope that, by  
20       providing a lower megawatt-hour responsibility,  
21       we would incent and receive more bids.

22 Q       Do you have an opinion about what the optimal  
23       size of a tranche is? Why not have 16 tranches,  
24       for example?

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 A (Littlehale) Well, we did, and prior to making  
2 the decision to move from four to eight tranches,  
3 we did compare our tranches in the other states  
4 to try to be more equivalent. And, through that  
5 analysis, we recognized that New Hampshire per  
6 tranche size was slightly larger than the other  
7 states. And that was a contributing factor to us  
8 increasing the number of tranches offered, again,  
9 with the hope of incentivizing participation, and  
10 being more similar to what we see in our other  
11 two states that we operate.

12 Q Would you agree, in, I guess, abstract or general  
13 terms, with the hypothesis that there is  
14 somewhere out there a "sweet spot", in terms of  
15 the optimal size of the tranches, such that that  
16 size tranche would attract the best, meaning, I  
17 guess, the lowest bids from suppliers?

18 A (Littlehale) I think that's probably a question  
19 better answered by the suppliers.

20 Q Unfortunately, they're not here, because I'd love  
21 to ask them that question.

22 I think that you already answered this  
23 question, but I just want to make sure I  
24 understand it. On Page 31 of Exhibits 4 and 3,

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           there's a reference to something called a "Bid  
2           Multiplier" as part of your proxy price. Is that  
3           where the risk premium that we were talking about  
4           earlier factors in?

5   A       (Littlehale) Yes.

6   Q       And then, looking at Page 41 of Exhibits 4 and 3,  
7           that's a graph of forward prices at the Mass Hub,  
8           which is, I guess, the sort of central default  
9           price for ISO-New England. Why not use the --  
10          or, why not submit a graph that shows the prices  
11          in the New Hampshire load zone?

12   A       (Littlehale) It will likely be very similar to  
13          this. There will probably be some slight  
14          separation. But, for all intents and purposes,  
15          you know, it will be -- it will be a very similar  
16          picture. We use Mass Hub, because it's the most  
17          liquid hub. And this is, really, this is a  
18          picture of a financial instrument of forward  
19          pricing. So, we believe it's the most applicable  
20          picture.

21   Q       So, as I look at that graph, and I guess my  
22          question is "do you agree with me?" As I look at  
23          that graph, I see a distinct upward trend that  
24          started roughly in the middle of 2021. Do you

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 agree?

2 A (Littlehale) Yes. Yes, middle to late 2021.

3 Q And do you have a theory about what caused that  
4 change in mid to late 2021?

5 A (Littlehale) So, the way I will describe it is,  
6 you know, during the COVID lockdowns, a  
7 significant amount of supply was taken off line.  
8 So, this is, you know, this is on-peak power  
9 prices. Power prices in New England are a  
10 function of natural gas prices, as I think most  
11 people in the room are aware. So, what drives  
12 this price is the price of natural gas, because,  
13 in New England, natural gas-fired generators are  
14 on the margin, and therefore sets the power  
15 price.

16 So, after, you know, March 2020, when  
17 we went into lockdown, a significant amount of  
18 natural gas drilling and rigs were taken off line  
19 as people locked down. Through 2020 and 2021,  
20 the economy began to open back up. Demand picked  
21 up before supply came back on. So, demand was  
22 outpacing supply. So, that was that first upward  
23 trend in pricing that you see in 2021, late 2021,  
24 which was then exacerbated in the February

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           timeframe, during -- when the Russia-Ukrainian  
2           war commenced.

3       Q     I want to lay out a hypothesis to you and see if  
4           you agree with this. As I look at that graph, I  
5           see that roughly coincident with the invasion of  
6           Ukraine by our friend in Russia, Vladimir Putin,  
7           the upward trend continues. But what Ukraine --  
8           or, the invasion of Ukraine seems to have added  
9           is a lot of volatility, a lot of up-and-down  
10          motion in that price.

11                         Would you agree with me that the  
12           invasion of Ukraine has increased volatility,  
13           rather than having that effect on actual prices  
14           over the long run?

15       A     (Littlehale) I would not necessarily testify to  
16           that. It's difficult for me to parse exactly,  
17           you know, the factors. What we're trying to  
18           convey in this graph is there's a significant  
19           upcrease [sic] in power prices that we've seen  
20           over the past two and a half years. And that is  
21           what's driving -- the primary driver of the rates  
22           and the prices that are in the market right now,  
23           and the results and the prices that we're, you  
24           know, submitting to the Commission today.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 Q Looking at the very end of that graph, there is  
2 there what looks to me like a big upward uptick  
3 in prices in November, and then a decline in the  
4 more recent period, leading up to you signing  
5 contracts with the successful bidders. Do you  
6 have a theory for what accounts for that little  
7 blip in the price trend?

8 A (Littlehale) I mean, no. It could be many  
9 different factors. But the point is, is we've  
10 seen continued -- we've seen significant  
11 volatility and upward pricing. And, you know, by  
12 luck or by, you know, we caught a relatively  
13 modest dip when we went to market last Tuesday,  
14 you know, compared to where they have been, we're  
15 talking about three, four, five percentage points  
16 decline from the previous Friday before we went  
17 to market.

18 Prices have moved again since last  
19 Tuesday. Where prices will be on January 10th,  
20 where prices will be in June, when we go out to  
21 market, it's anybody's guess. And that's the  
22 point that the graph represents, is these are,  
23 you know, unprecedented volatility and high  
24 prices that are being, you know, produced by the

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 market pricing.

2 Q So, to summarize, we lucked out?

3 A (Littlehale) I mean, "luck" would be your word,  
4 not mine. I would say that we caught a  
5 relatively, you know, modest dip in prices since  
6 the previous Friday.

7 Q Well, just to be clear, you used the word "luck"  
8 before I did. So, it actually literally is your  
9 word, and not mine.

10 Okay. I think that I want to wrap up  
11 with a question or two for Ms. Paruta, because I  
12 heard her testify about the Company's outreach  
13 efforts. And I guess I'd like to hear more from  
14 you about how successful you feel that those  
15 outreach efforts have been?

16 A (Paruta) I guess I would ask to clarify how I  
17 could determine success, it may be different than  
18 maybe how you would define "success".

19 Q Well, I'm not testifying. So, my question --

20 A (Paruta) Sure.

21 Q -- is how successful you think they have been?

22 A (Paruta) I think they were successful. And I  
23 think, right from the getgo, we received  
24 participation, even from the Webcast with

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 residential customers, where, again, I mentioned  
2 that, in our webinar, our very first kick-off  
3 webinar, we had over 600 participants, some of  
4 which also came and participated live.

5 In terms of Customer Call Center  
6 volume, there was a significant increase in the  
7 number of hours that were spent on a monthly  
8 basis in the customer outreach, in terms of  
9 educating the customers, providing them the  
10 information. And the Company did track that  
11 separately. So, we did see a significant amount  
12 of Call Center volume increase as a result of the  
13 energy prices and customer interest in hearing  
14 more. So, I think, overall, the outreach was  
15 successful.

16 Q How do you know that that increase in call volume  
17 to your Call Center connotes success, as distinct  
18 from, say, customers screaming a few obscenities  
19 into the phone and then hanging up?

20 A (Paruta) Great question. I mean, I would hope  
21 that the minutes, because, again, it's clocked  
22 based on the individual Customer Call Center  
23 representative, the amount of time that was spent  
24 to explain the different programs, I would hope

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 is a reflection of the customer continuing to be  
2 interested in the call, as opposed to just  
3 hanging up.

4 Q Has Eversource noticed, via its social media  
5 channels, a significant uptick in public  
6 hostility expressed by customers to the Company?

7 A (Paruta) As an employee of Eversource for over 20  
8 years, I would say any time there's a major  
9 storm, any time there's a significant change to  
10 rates to customers, we always receive backlash  
11 and customer hostility. So, I believe that the  
12 Company expected social media uproar because of  
13 the increasing customer rates. I don't think the  
14 Company was surprised by it. And I don't,  
15 representing the Company, I don't believe it was  
16 more than anticipated. Which is why we were  
17 doing our best to prepare for it in advance, and  
18 to try to put the message out there well in  
19 advance of the rate increase within our social  
20 media outreach programs.

21 Q And that uproar that you just acknowledged  
22 notwithstanding, the Company believes that its  
23 public outreach efforts are successful?

24 A (Paruta) Yes, we believe so. We certainly did

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           our best to make sure that, through all of the  
2           different avenues that we already have in place,  
3           in addition to providing advertising, providing  
4           links to our *eversource.com*, where we had a  
5           banner so that customers could easily come on to  
6           the Eversource website and find the tools  
7           necessary to help with all the different programs  
8           available to them -- to provide help, excuse me,  
9           for all the programs available to them.

10                   MR. KREIS: Thank you, Ms. Paruta.

11                   Those are all my questions, Mr.  
12           Chairman. I'd like to thank the Eversource  
13           witnesses for their forthright and helpful  
14           answers to my questions.

15                   CHAIRMAN GOLDNER: Okay. Thank you.  
16           Before we move to Attorney Young, I just want to  
17           go back to the objection.

18                   I think the issue was around the number  
19           of bids versus the number of bidders. I think  
20           the number of bidders is confidential and hasn't  
21           been disclosed. I think the number of bids has  
22           been disclosed in multiple places in the  
23           Petition.

24                   Would you agree, Ms. Chiavara?

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1 MS. CHIAVARA: It is in the testimony,  
2 yes, on Bates Page 012. I would say that that is  
3 an oversight. We typically treat the number of  
4 bids, as well as the number of bidders, as  
5 confidential. And I think, going forward, the  
6 Company would want to continue to proceed  
7 treating the number of bids as confidential, and  
8 treat this as a one-time anomalous disclosure.

9 CHAIRMAN GOLDNER: Let me ask you a  
10 question along those lines. If I go to Bates  
11 Page 030, in your table, and I'm just thinking  
12 here of residential. Obviously, for the Large  
13 Customers, there's only one bidder, and we've  
14 talked about that, and that's shown here on the  
15 table as well. But, for the Small Customers,  
16 there's thirteen lines in the table. So, anyone  
17 could count the number of lines on the bids, even  
18 though it's blacked out. So, I just don't know  
19 how useful it would be to disguise or not  
20 disclose the number of bids, as opposed to  
21 bidders. Is that fair?

22 MS. CHIAVARA: That's perfectly fair.

23 CHAIRMAN GOLDNER: Okay. Could I  
24 request then that you withdraw your objection to

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1 make the --

2 MS. CHIAVARA: Absolutely. Objection  
3 withdrawn.

4 CHAIRMAN GOLDNER: Okay.

5 MS. CHIAVARA: May I make one request,  
6 before we move to the Department of Energy?

7 CHAIRMAN GOLDNER: Yes, please.

8 MS. CHIAVARA: May we afford the  
9 witnesses a bio-break for about five minutes?

10 CHAIRMAN GOLDNER: Absolutely. Let's  
11 return at 10:20.

12 MS. CHIAVARA: Thank you.

13 *(Recess taken at 10:11 a.m., and the*  
14 *hearing resumed at 10:24 a.m.)*

15 CHAIRMAN GOLDNER: Okay. Back on the  
16 record.

17 Is there anything else that we need to  
18 cover before we move to the New Hampshire  
19 Department of Energy?

20 MS. CHIAVARA: I could -- I can either  
21 do this now or I can do it later, but I would  
22 like to revisit the disclosure of the bidders,  
23 that issue. And I can certainly do that when I  
24 do my closing, if that seems like a better time

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1 to clear that up?

2 CHAIRMAN GOLDNER: Okay. Your choice.  
3 Do you prefer to do it now or later?

4 MS. CHIAVARA: I guess, why don't we do  
5 it now then.

6 CHAIRMAN GOLDNER: Okay.

7 MS. CHIAVARA: I guess, so, while I do  
8 remove my objection, because the Company did, in  
9 fact, have -- it's undeniable that we disclosed  
10 the number of bidders in this instance. And I  
11 think that was due to some unique circumstances,  
12 novel circumstances of this RFP. We've never had  
13 a partially failed RFP. This was part of our  
14 concern when we came in for the prehearing  
15 conference last month.

16 We have two narratives to tell here;  
17 one of a successful bidding process and one that  
18 failed. It's very hard to discuss those without  
19 discussing the number of bids. The Company  
20 should have been more cautious in its approach.  
21 But this is certainly not a deliberate  
22 disclosure. We gain nothing from disclosing the  
23 amount of bids.

24 And, you know, Puc 201.06 protects this

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1 information, it has for years. And there's a  
2 reason for that. You know, we enter into  
3 agreements with the suppliers. And, while the  
4 suppliers aren't here, you know, part of this is  
5 protecting their information. And there's also a  
6 public interest in the protection of this  
7 information, in that we want to keep these,  
8 particularly now, when the market is not terribly  
9 competitive, we want to keep these RFP  
10 solicitations as competitive as possible.

11 So, moving forward, the Company would  
12 certainly not make this mistake again. And we  
13 would, you know, be doubly sure to protect the  
14 number of bidders, as well as the number of bids  
15 received.

16 That's all I have to say on that.

17 CHAIRMAN GOLDNER: Okay. Thank you.  
18 Anything else, before we move to the New  
19 Hampshire Department of Energy?

20 MR. KREIS: I would like to respond to  
21 that.

22 CHAIRMAN GOLDNER: Please.

23 MR. KREIS: First of all, the extent to  
24 which, and the repeated times which, the Company

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1 disclosed the number of bidders belies the claim  
2 that this was somehow "an accident" or  
3 "unintentional". This Company made a deliberate  
4 choice to disclose, in public, the number of bids  
5 that it received.

6 And I agree with the Chairman, the  
7 witnesses were careful to draw a distinction  
8 between the number of bidders and the number of  
9 bids. And I agree that they continue to protect  
10 the confidentiality of the number of bidders.

11 But what -- the Company is conflating  
12 two things here. One is, what information does  
13 the Commission and the parties need to evaluate,  
14 in an informed way, the results of this  
15 procurement. And that happens regardless of what  
16 is confidential or not, because we all have  
17 access to the confidential information that the  
18 Company provides. So, the issue here is not what  
19 is necessary for the Commission to make a good  
20 decision and fully evaluate the Company's work in  
21 procuring default energy service.

22 What's really going on here is the  
23 Company is making strategic public disclosures.  
24 And the notion that "the Company derives no

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1 benefit from that" simply does not withstand  
2 scrutiny. Because the Company, as Ms. Paruta  
3 acknowledged, is under siege in terms of its  
4 public reputation. And, so, therefore, it makes  
5 strategic choices about what it will and will not  
6 disclose publicly, so as to avoid damage to its  
7 interest.

8 That is linked absolutely to the  
9 Company's failed request to essentially require  
10 everybody in this room to help it decide which  
11 bidders to choose. This is a company that is  
12 desperately seeking to shore up its public  
13 interest at a time -- its public image at a time  
14 when that public image is under attack.

15 And that cannot become the excuse for  
16 over -- for unnecessarily and maximally treating  
17 a process that is of keen public interest as  
18 confidential.

19 CHAIRMAN GOLDNER: Thank you, Attorney  
20 Kreis. And I would invite any rebuttal, Attorney  
21 Chiavara, in closing.

22 MS. CHIAVARA: Fantastic.

23 CHAIRMAN GOLDNER: Thank you.

24 All right. Then, let's move to the New

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1 Hampshire Department of Energy, and Attorney  
2 Young.

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

4 I think my first questions would be  
5 directed to Mr. Littlehale. But, if it's going  
6 to be blending into different areas, please  
7 direct me elsewhere.

8 BY MR. YOUNG:

9 Q So, looking at Bates 015, in Exhibit 3, Lines 14  
10 and 15, and you had previously mentioned that the  
11 Company is requesting authorization to commence  
12 work with an outside vendor to develop load  
13 forecasts necessary to engage in the market  
14 procurement.

15 So, just to clarify, due to time  
16 constraints of the proposed schedule, this work  
17 will be conducted and the costs incurred by the  
18 Company regardless of whether that second RFP is  
19 successful, correct?

20 A (Littlehale) Yes, that's right. Our third party  
21 vendor, which we're currently using in a  
22 market-based procurement situation in  
23 Massachusetts, so we have a relationship with  
24 them. But these are load forecasts or models

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1 that need to be built. They're not  
2 off-the-shelf. So, the vendor needs  
3 approximately one month to build that, that  
4 model, to generate the daily load forecast that,  
5 if we need to proceed to market-based  
6 procurements as a last resort, we would need that  
7 forecast to participate in the Day-Ahead Market.  
8 So, the approximately one month to  
9 build it, and what that comes with it is one  
10 year's worth of load forecasts. So, while, if it  
11 turns out that the second RFP is successful, if  
12 approved, and we proceed with the second RFP, and  
13 we do get a bid to fill the one remaining  
14 tranche, we would not need that model for  
15 February through July. However, we're going to  
16 go back out to market in June, you know, we'll  
17 see where market prices are in June, but we may  
18 be in a similar situation in June. And, if  
19 that's the case, the model will be built. And it  
20 will be, you know, the year's worth of  
21 forecasting that we will secure will, you know,  
22 cover that next timeframe, which would be August  
23 through January of -- leading into 2024.  
24 Q Okay. Thank you. So, it would only be used in

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 the event of a self-supply for the next?

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

3 Q Okay.

4 A (Littlehale) We wouldn't -- we don't need the  
5 service, if we're able to have a supplier fill  
6 that last tranche.

7 Q And maybe this is a question for Ms. Paruta. How  
8 would the Company propose recovering these costs  
9 for building the model?

10 A (Paruta) Yes. So, if we actually look at MBP-2,  
11 Page 3, which is on Bates Page -- let me get us  
12 there, it should be Bates Page 057. With this  
13 additional A&G cost that the Company would incur,  
14 we would propose that, in our next filing, we  
15 would include a separate line item. So, right  
16 now, we have Line 1 that identifies the "Internal  
17 Company Administrative" costs. We would insert a  
18 "Line 2" between that and the "Bad Debt Expense"  
19 and include this cost, which would likely fall  
20 within the December/January timeframe, depending  
21 on accrual accounting and all that fun stuff.

22 Q Okay. Thank you. And then, just to clarify,  
23 that expense is borne by across all customer  
24 bases, correct?

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 A (Paruta) No. So, the particular expense for the  
2 administrative costs associated with that  
3 solicitation bid -- I'm sorry, for that -- for  
4 the self-procurement, we would make sure that  
5 100 percent of that would be allocated to our  
6 Large Customers.

7 Q Okay. Thank you for clarifying. Ms. Paruta,  
8 earlier, thank you for clarifying the  
9 reconciliation adjustment. Just a couple other  
10 clarifying questions on that issue, on Bates 068,  
11 in Exhibit 3.

12 There are also changes, it looks like,  
13 to the Admin. and General costs -- or, the  
14 General rate. Is that also due to the  
15 semi-annual working capital adjustment that you  
16 mentioned?

17 A (Paruta) It's also due to the change in the prime  
18 rate as well.

19 Q Okay. And then, one last question, Ms. Paruta,  
20 on Bates Page 050, sorry for jumping around. On  
21 6 through 7, there are costs stated for  
22 "education and outreach efforts". The Company is  
23 not asking for approval of those costs here,  
24 correct?

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 A (Paruta) No, the Company is not.

2 Q And would they be included in the next  
3 reconciliation filing for default service?

4 A (Paruta) No, these would not.

5 Q Okay. Apologize, I know I just said "one last  
6 question". So, if it turns out the Company must  
7 use the self-procurement model as described,  
8 would the possible estimated Large Customer price  
9 be a monthly varying rate, in accordance with the  
10 tariff?

11 A (Paruta) I'm sorry, can you repeat that? I'm not  
12 sure I understand the question.

13 Q So, if the Company does turn to the self-supply,  
14 and goes to the market, and sets the price, would  
15 the Large Customers be priced be a monthly  
16 varying rate?

17 A (Paruta) Okay, I see what you're saying. I think  
18 that is still yet to be determined. But I think,  
19 just because this is the first time this has  
20 really ever happened, and I'll let Mr.  
21 Littlehale, my colleague here, answer the  
22 question in case I don't do it justice. But I  
23 believe that this is unprecedented territory for  
24 the Company. So, I would expect that

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1 determination is yet to be made.

2 But, regardless of what the Company  
3 does determine to put into the rates, it will be  
4 reconciled on, you know, on a monthly basis as  
5 those -- and it will be seen in the summer filing  
6 of the default ES rate reconciliation filing,  
7 where, on a monthly basis, those actual costs  
8 that were incurred as a result of the  
9 market-based procurement process will come in  
10 through our general ledger system as those bills  
11 are paid to the suppliers.

12 I don't know if you wanted to add  
13 anything, Mr. Littlehale?

14 A (Littlehale) No, I think you covered it.

15 MR. YOUNG: Okay. Thank you. No  
16 further questions, Commissioners.

17 CHAIRMAN GOLDNER: Okay. Thank you,  
18 Attorney Young.

19 Let's move to Commissioner questions,  
20 beginning with Commissioner Simpson.

21 CMSR. SIMPSON: Thank you, Mr.  
22 Chairman.

23 And I'll just note, I hope that Mr.  
24 Shuckerow recovers from whatever he's battling

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 right now. It's a tough time for a lot of folks.  
2 A lot of stuff is going around.

3 BY CMSR. SIMPSON:

4 Q Before we move off of the topic, I'd just like to  
5 back up to Bates 057, the A&G expenses schedule  
6 that you just spoke to, Ms. Paruta. Can you  
7 explain, in general terms, what you're presenting  
8 here?

9 A (Paruta) Sure. So, in general terms, these costs  
10 that you're seeing on Bates Page 057, these are  
11 the Administrative and General expenses that the  
12 Company is allowed to include in the Default  
13 Energy Service rate. The first line being the  
14 costs associated with the "Internal Company"  
15 employees that work on the Default Energy Service  
16 rate, the Energy Supply team, their portion of  
17 their labor costs that are, I'll say, associated  
18 with the New Hampshire procurement process.

19 The "Bad Debt Expense", that's in  
20 accordance with our Settlement Agreement, where  
21 we take 47 percent of actual and forecasted bad  
22 debt expense and the uncollectible assumptions  
23 and push that through the default ES.

24 The "Company Usage", this is something

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           that was from our -- not our last settlement  
2           agreement, but the one before. So, it's somewhat  
3           antiquated. The "Company Usage" represents the  
4           amount of Eversource's usage of energy supply  
5           associated with the Area Work Center, Energy  
6           Park, in Manchester, and other locations, where  
7           the decision was made in Docket DE 09-035 that  
8           the costs associated with those facilities'  
9           expenses would be included our base rate. So, in  
10          that settlement agreement, those costs were moved  
11          to base distribution rates. So, we collect those  
12          there. So, this is a credit back, flowing  
13          through default ES, so you essentially have a  
14          negating dollar-for-dollar between the two rates  
15          of Eversource's procurement of energy to supply  
16          all of our buildings and facilities in New  
17          Hampshire.

18                         And then, that last line is the "DOE  
19          Assessment", which that's just the \$10,000 over  
20          the course of the year that we get to collect in  
21          the Default ES rate.

22          Q         Okay. That line is a little confusing to me,  
23          because you have estimates for each calendar  
24          month, which would mean "12", but it only adds up

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 to 10. Can you explain that? Is it just  
2 rounding?

3 A (Paruta) Correct.

4 Q Okay.

5 A (Paruta) Yes.

6 Q Thank you. And then, Lines 1 through -- or,  
7 Lines 1 through 5, the total represented in  
8 Line 6. Over what customer groups do you spread  
9 those costs?

10 A (Paruta) So, if you -- if you look at Line 7  
11 and 8, you'll see that there is a percentage  
12 factor that's applied.

13 Q Uh-huh.

14 A (Paruta) The ratio there is how it is determined,  
15 where it is applied between the Small and the  
16 Large Customer rates.

17 Q Okay. And that ratio, is that the same for  
18 determining Lines 9 and 10?

19 A (Paruta) That's correct.

20 Q Okay. And why are the Administrative and General  
21 expenses so disproportionate to Small versus  
22 Large Customer Groups?

23 A (Paruta) Yes. So, it's basically based -- it's  
24 based on the load and the usage, which is why it

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1 is such a disproportionate share. So, most of  
2 our load is used by our small residential  
3 customers. And that's essentially, if you look  
4 back into the model, that's what it's built on.  
5 It's built on the actual load and forecasted  
6 load, --

7 Q Okay.

8 A (Paruta) -- and customer class.

9 Q Okay. Thank you. That's helpful, Ms. Paruta.

10 So, then, I'll jump over to Mr.  
11 Littlehale and Ms. LaMontagne. So, you -- the  
12 information is public, I think we've all agreed  
13 on that. So, I'm going to speak to it. You  
14 received thirteen bids for the eight Small  
15 Customer tranches. You happy? Surprised? What  
16 were your reactions?

17 A (Littlehale) Yes.

18 Q Because we were waiting with anxious  
19 anticipation.

20 A (Littlehale) Yes. We, I think I mentioned  
21 earlier, the Small participation level -- the  
22 Small level of participation exceeded our  
23 expectations.

24 Q And you were relatively pleased with the result?

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 A (Littlehale) Yes.

2 Q Okay. And you mentioned, both in your testimony  
3 here today and in your written testimony, that  
4 there is continuing volatility in the market. I  
5 think that graph demonstrated it.

6 A (Littlehale) Yes.

7 Q Did you look at futures or prices today, before  
8 you came in to this hearing? Or yesterday?

9 A (Littlehale) We -- I looked at them yesterday,  
10 which would have based on -- would have been a  
11 Friday close.

12 Q Uh-huh.

13 A (Littlehale) And they went down another couple  
14 percentage points, if you recall that discussion,  
15 we saw a little bit of a dip, maybe another two,  
16 three, four percent. And then -- but, again, I  
17 don't know what happened yesterday close, --

18 Q Uh-huh.

19 A (Littlehale) -- or what's going on today.

20 Q Okay. But, if, let's say hypothetically, your  
21 bids had come in on Friday, they might have been  
22 a few points lower, percentage points lower than  
23 they were on the date that you received them?

24 A (Littlehale) That's right.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 Q Okay.

2 A (Littlehale) All else equal.

3 Q Yup. And you spoke to the proxy price that the  
4 Company develops, and maybe you could direct us  
5 to the relevant sections of your written  
6 testimony, but I'm interested in better  
7 understanding how you develop that proxy price?  
8 And I'm asking, because I know there are two  
9 options on the table in order to serve all of the  
10 load for the Large Customer Group, either to  
11 issue a second RFP or to have the Company go into  
12 the market.

13 And I'm wondering, are you viewing the  
14 50 percent obligation to serve that has been  
15 committed to as a relative proxy price for the  
16 January timeframe, if the Company executes a  
17 second RFP?

18 So, explain the methodology, and  
19 address --

20 A (Littlehale) Yes.

21 Q -- address how you're viewing the current price,  
22 versus what you might receive in January, if we  
23 go down the second RFP route, please?

24 A (Littlehale) Okay. So, there's an Attachment

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 LJL-3 that captures the proxy calculation.

2 Q Bates, is that 031?

3 A (Littlehale) Yes, 031. So, as captured here,  
4 there are three main components to the proxy  
5 price. One is the forward energy price, which is  
6 captured in the graph, is it LJ-9 -- sorry. Yes,  
7 LJL-9, which is Bates Page 041, that represents  
8 the forward energy price.

9 So, the way to look at this graph is,  
10 is the timeframe that we're purchasing for,  
11 February through July 2023, that remains  
12 constant. But what changes is how different  
13 points in time, if you were to purchase a block  
14 or a megawatt-hour of on-peak power for that  
15 February through July 2023 timeframe, how that  
16 would have changed over time.

17 So, if I had perfect insight or  
18 foresight, I would have purchased this block of  
19 hour in June of 2020.

20 Q Uh-huh.

21 A (Littlehale) And, if I had imperfect foresight, I  
22 would have purchased this block of power in  
23 August of 2022. We have neither perfect nor  
24 imperfect foresight. You know, we have certain

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 points on the calendar that we purchase energy  
2 for. And it just, you know, as we mentioned  
3 earlier, we caught a, you know, a dip when we  
4 purchased last week. So, this graph represents  
5 the load-weighted energy price as part of our  
6 proxy price, so -- which is captured in that  
7 LJL-3, going back to Bates 031. So, that  
8 represents essentially that 114 -- that \$111.14  
9 for the period.

10 The other main component is the  
11 capacity price. So, you know, we know, through  
12 the Forward Capacity Market, what capacity prices  
13 cleared at for the capacity timeframe, which  
14 covers June 2022 through May 2023, and then  
15 that's what is referred to as "Forward Capacity  
16 Auction Number 13". And then, there's "Forward  
17 Capacity Auction Number 14", which covers  
18 June 2023 through May 2024. Those prices are,  
19 you know, they're public, you know, it's what  
20 so-called "capacity" clears for in the ISO  
21 Market.

22 So, essentially, what that \$12.77  
23 represents is translating those capacity prices,  
24 which are priced in dollars per kW month. That's

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           how the ISO clears capacity. We translate those  
2           costs to megawatt-hours using sales in New  
3           Hampshire.

4                        So, those are the, you know, two big  
5           components of the proxy price. And then, the  
6           third is the so-called "multiplier". And that  
7           multiplier, as we spoke about earlier, that is,  
8           you know, based upon the linear regression model,  
9           when Mr. Shuckerow was here last time he went  
10          into some detail around how that's calculated.  
11          But, essentially, this is, you know, data points  
12          that we capture across our three states that we  
13          operate and we hold these solicitations in.

14                       And, really, what it comes down to is,  
15          is we know what forward energy prices are at any  
16          given time we go to market; we know what capacity  
17          prices are at any given time when we go to  
18          market; and then we know what the bid prices are.  
19          But what we don't know is what the suppliers add  
20          on for their risk premium. But, using a, you  
21          know, a relatively, you know, simple equation,  
22          you can solve for that multiplier, because you  
23          have the answer, which is, you know, you have the  
24          bid, you have the bid price, which is equivalent

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 to the answer. You have two of the three  
2 variables, energy and capacity.

3 And then, you solve, essentially, for  
4 the one unknown variable that becomes the  
5 multiplier. And we track these multipliers  
6 across our three states. And then, we, every --  
7 prior to the bids being received, we recalculate  
8 our energy price, we recalculate our capacity  
9 price, and then we, you know, utilize or rely  
10 upon the multipliers that we've seen in recent  
11 solicitations to guesstimate what we think our  
12 prices are likely to be received on that given  
13 day. And that's essentially what we're doing  
14 when we generate the proxy price.

15 And, as captured in LJL-3, you know,  
16 the energy and the capacity for both the Small  
17 and the Large are the same. What's different is  
18 the multiplier, and, therefore, the proxy price  
19 between the Small and the Large is different.

20 And, because we have more tranches for  
21 Small, not only in New Hampshire, but in our  
22 other states, we have more data points. And, you  
23 know, given the volatility that we've seen over  
24 the past year and a half or so, you know, we're

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 continuing, you know, the more data the better.  
2 The more data points, the better, the more  
3 accurate we feel the proxy price is. And, you  
4 know, we're feeling quite confident in our Small  
5 Customer proxy. You know, it really aligned well  
6 in this solicitation.

7 The Large, because of the fewer data  
8 points, you know, it's -- we need to expand the  
9 range of reasonableness. And, again, it's not  
10 unique to New Hampshire, we're, you know, we have  
11 fewer data points for this customer class. And  
12 that's why we give a little bit more flexibility  
13 to the Large proxy versus the Small proxy.

14 But, at the end of the day, they're  
15 calculated in very similar manners. Two of the  
16 three variables are the same, and the one is the  
17 multiplier.

18 Q So, does the -- the current bid that you have for  
19 the Large -- for half of the Large Group, does  
20 that naturally become your proxy, if there's a  
21 second RFP?

22 A (Littlehale) So, we would rerun our proxy, you  
23 know, on the morning of January 10th, if approved  
24 by the Commission. So, we would get a -- you

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 know, have a new proxy for that bid day.

2 Now, to your second point, if we get a  
3 successful RFP, then the rate that we would  
4 propose would be the one bid that we accepted  
5 last week, blended with the one bid that we  
6 receive on January 10th, and that becomes the  
7 rate that we would propose.

8 If the second RFP is unsuccessful, we  
9 would propose a proxy rate at that time. And we  
10 would -- we're hesitant to commit to exactly what  
11 that would be, because we don't know what prices  
12 are going to be on January 10th. They could be  
13 higher; they could be lower. But, you know, we  
14 would propose a rate, and we would justify and  
15 explain our decision-making process.

16 What we've done in Massachusetts, for  
17 example, is we have, when we had to go to utilize  
18 market-based procurements, we had a failed RFP in  
19 our NEMA load zone, which is Northeast  
20 Massachusetts reliability zone. But we had a  
21 successful SEMA, which is the Southeast. So,  
22 NEMA is north of Boston; SEMA is south of Boston.  
23 We had a successful SEMA solicitation. So, what  
24 we proposed in New Hampshire is that we utilize

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 the SEMA rate approved by the Massachusetts  
2 Department of Public Utilities as our NEMA proxy  
3 rate. And that, essentially, would be one  
4 option.

5 Another option would be to blend the  
6 rate that we -- the bid that we received last  
7 week with our updated January 10th proxy. That  
8 could be a second alternative.

9 There's probably three or four  
10 different ways that we could go about it. And,  
11 again, I'm hesitant to commit to that today,  
12 because I want to know what our January 10th  
13 proxy is before doing so. But what I can commit  
14 to doing is, whatever rate we would propose, if,  
15 in the event of a failed RFP, is we would explain  
16 it, justify it, and answer questions on it.

17 Q Okay. Thank you. That's helpful. The graph  
18 that you've referenced, I think in your  
19 Exhibit 9 [Attachment LJL-9?], on Bates 041, you  
20 know, it's been on an upward trajectory for the  
21 last two, two and a half years. So, I wonder if  
22 you have any thoughts on timing?

23 Like, when I think about January, I  
24 think "Now, we're really in the midst of winter."

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           It's often colder than early December. Is that a  
2           less favorable time to have bids come in for this  
3           type of solicitation, but eliminating the  
4           significant unknowns that exist within the  
5           market?

6   A       (Littlehale) Yes.

7   Q       I mean, just generally?

8   A       (Littlehale) You know, we typically don't go to  
9           market in January. So, this would be a new data  
10          point for us.

11   Q       Uh-huh.

12   A       (Littlehale) You know, it's not so much the  
13          weather in January, it's the weather and the  
14          forward pricing for the February through July  
15          timeframe. So, you know, it really is dependent  
16          on those dynamics that are, frankly, out of our  
17          hands.

18                    You know, when we were kind of debating  
19                    our proposed second RFP proposed timeframe, you  
20                    know, we were hesitant to go out immediately,  
21                    because we felt like we'd get similar results,  
22                    you know, if we held the RFP immediately. We  
23                    wanted to give it a little bit of separation.  
24                    But, at the same time, February 1st is not that

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 far away. So, we needed to act, you know, with  
2 some sense of urgency. So, we could, you know,  
3 hold the solicitation, analyze the bids, do a  
4 second, you know, hearing, testimony and all that  
5 comes with it.

6 So, those are some of the pros and cons  
7 and the factors that we talked through as we  
8 proposed, you know, the second RFP cycle.

9 Q Just a couple of questions, if we just stick to  
10 Small Customer Group, or let's say "residential".  
11 What are your procurement windows in  
12 Massachusetts and Connecticut for soliciting  
13 default service/standard offer service?

14 A (Littlehale) So, I can speak to Massachusetts off  
15 the top of my head. I'm not as familiar with  
16 what my colleagues do in Connecticut.

17 But, in Massachusetts, we go, for all  
18 customer classes, we go out in May and November.  
19 And, for the equivalent to the Small, those  
20 are -- those are usually -- we utilize laddering  
21 in New Hampshire -- I mean, in Massachusetts.  
22 It's a little bit different. But those are  
23 yearlong terms that ladder on top of each other.

24 So, May and November is all customer

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 classes. And then, at the same time, we do a  
2 Large for -- at those points in time for three  
3 months, and then we also go out, in the off  
4 quarters, for Large-only solicitations, again, on  
5 a three-month forward basis. So, it ends up  
6 being August and February.

7 Q So, we're only about a month off from  
8 Massachusetts?

9 A (Littlehale) Yes.

10 Q A month difference here in New Hampshire?

11 A (Littlehale) Right. Yes.

12 Q What we've discussed here are the components of  
13 the overall rate, energy, capacity, and a risk  
14 premium. Are there other cost components within  
15 your default service rate in Massachusetts?

16 A (Littlehale) No. The proxy is calculated in a  
17 similar manner in Massachusetts.

18 Q So, no policy-based costs or other administrative  
19 costs associated with the Company?

20 A (Littlehale) Right. Because, you know, what the  
21 proxy does is the wholesale rate. And then,  
22 there are adders converting it to the retail  
23 rate, which are different in Massachusetts and  
24 New Hampshire. So, for example, you know, the

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 RPS adder --

2 Q Uh-huh.

3 A (Littlehale) -- in Massachusetts is going to be  
4 different than the RPS adder in New Hampshire.  
5 But, to get the equivalent wholesale level, the  
6 process is the same.

7 Q Uh-huh. And just -- I'm interested in the  
8 results of the wholesale components, energy,  
9 capacity, and the risk premium, what's the delta  
10 between New Hampshire and Massachusetts?

11 A (Littlehale) If they were done at the exact same  
12 day?

13 Q No. I'm asking in reality?

14 A (Littlehale) So, when we went to the market in  
15 Massachusetts in November, --

16 Q Uh-huh.

17 A (Littlehale) -- well, it's a function of this  
18 chart, primarily, right? So, --

19 Q I'm just wondering, what was the number?

20 A (Littlehale) I don't have it at the top of my  
21 head.

22 Q Okay.

23 A (Littlehale) But, you know, it really -- it  
24 really follows this chart on Bates Page 041. So,

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           when we went -- when we did our Large Industrial  
2           solicitation in August, the proxy was high, --

3   Q       Uh-huh.

4   A       (Littlehale) -- higher than what it was last  
5           week, and, therefore, was a contributing factor  
6           to a failed RFP that we had in Massachusetts.

7   Q       Okay. The Consumer Advocate asked you some  
8           questions about Maine. It sounds like they do  
9           annual procurements for twelve months. Is that  
10          your understanding?

11   A       (Littlehale) I don't have any reason to disagree  
12          or to -- to have a different timeframe than what  
13          was presented by Attorney Kreis.

14   Q       Okay. But you're not familiar with it, it sounds  
15          like?

16   A       (Littlehale) I don't really know.

17                        CMSR. SIMPSON: Okay. Okay, thank you,  
18                        Mr. Littlehale.

19                        I'll ask, just for the DOE and the  
20                        Consumer Advocate, any comments, further comments  
21                        on whether the Commission should endorse the  
22                        Company's proposal to issue a second RFP, with  
23                        bids due in January, or just go directly to the  
24                        ISO-New England Market?

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 I believe you've both said that you're  
2 supportive of the RFP approach. Just wanted to  
3 give you another opportunity to comment.

4 MR. KREIS: I just want to clarify. I  
5 haven't taken a position on that.

6 CMSR. SIMPSON: Okay.

7 MR. KREIS: Nor should I be, because it  
8 concerns a customer class that I don't protect.

9 CMSR. SIMPSON: Okay. If we ran into a  
10 similar situation with residential customers,  
11 hypothetically speaking, and you don't have to  
12 answer if you don't care to, I just am curious of  
13 your thoughts. If you think that it would be  
14 worthwhile to give the competitive market a  
15 second opportunity to serve load, or if we should  
16 just go directly to the market?

17 MR. KREIS: I would say that,  
18 hypothetically, without regard to the specific  
19 circumstances, I would tend to favor that, as  
20 opposed to just sending customers naked into the  
21 spot market, and that would apply to all  
22 customers.

23 I mean, I suppose large, super big  
24 commercial customers are big kids, and they can

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 play in the spot market on their own, if they  
2 want to. But I'm very queasy about doing that  
3 with respect to default energy service.

4 CMSR. SIMPSON: Thank you.

5 MR. YOUNG: The Department will and was  
6 planning on addressing this in our closing, but  
7 we would support the second RFP approach.

8 CMSR. SIMPSON: Great. Thank you.

9 BY CMSR. SIMPSON:

10 Q We talked a little bit about "community  
11 aggregation". And I know that, if you're  
12 familiar with Massachusetts, you are familiar  
13 with "municipal aggregation", I think is the  
14 correct term?

15 A (Littlehale) Yes.

16 Q And my understanding is that there's been  
17 significant attrition. I know that, when the  
18 Company's Massachusetts subsidiary went through  
19 the Boston aggregation, there was a significant  
20 level of coverage of that, and it was a  
21 significant change for the Company.

22 You know, New Hampshire's statute is  
23 pretty different, in terms of the scope of  
24 products and services that could be offered

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 through aggregation. And I think what is also  
2 unique about it is that it's not just  
3 municipalities, but counties. And, if the county  
4 aggregates, then my understanding is that the  
5 communities within that county become part of  
6 that aggregation. If those municipalities choose  
7 to aggregate on their own, then they don't need  
8 to participate in the county aggregation, they  
9 can go their own way, if you will. Is that in  
10 line with your understanding?

11 A (Littlehale) I would be, you know, it is probably  
12 not something that I'm terribly comfortable  
13 speaking about. I mean, we pay attention to it,  
14 you know, more on a megawatt-hour basis, and how  
15 that would impact, you know, the megawatt-hours  
16 that we served. There are other people in  
17 Eversource who are following this --

18 Q Uh-huh.

19 A (Littlehale) -- a lot closer than I am. But, you  
20 know, I wouldn't have any reason to disagree with  
21 your assessment.

22 Q Uh-huh. And what has the Company in  
23 Massachusetts faced, in terms of attrition,  
24 relatively speaking? Is it 50 percent? Is it 20

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           percent? Is it 80 percent? From the default  
2           company product to now their default community --  
3           or, municipal aggregation?

4    A       (Littlehale) So, it's depending on -- so, the way  
5           that we procure supply in Massachusetts, we break  
6           it down to what is referred to as "NSTAR East"  
7           and "NSTAR West". And these are, you know, date  
8           back to, you know, legacy utilities, prior to the  
9           current.

10   Q       Uh-huh.

11   A       (Littlehale) But it is a much higher percentage  
12           of customers on community -- or, municipal supply  
13           in NSTAR East than NSTAR West. And I think  
14           that's mostly, you know, cities like, you know,  
15           large customers, like Boston, --

16   Q       Uh-huh.

17   A       (Littlehale) -- and others have moved over to  
18           municipal supply aggregation.

19                        So, you know, in round numbers, we  
20           serve about 20 percent of NSTAR East customers,  
21           as opposed to the 50 percent that -- or, roughly  
22           50 percent in New Hampshire.

23   Q       So, 80 percent of the customers have migrated in  
24           NSTAR East?

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 A (Littlehale) That's right.

2 Q And is that in terms of customers or is that in  
3 terms of megawatt-hours?

4 A (Littlehale) Megawatt-hours.

5 Q Okay.

6 A (Littlehale) Megawatt-hours, yes.

7 Q Okay. So, you're at 20 percent what you were at,  
8 relatively speaking, --

9 A (Littlehale) That's right.

10 Q -- eight or ten years ago?

11 A (Littlehale) Yes.

12 Q And has that caused the Company to rethink the  
13 default service that is offered to customers that  
14 are not in an aggregation?

15 A (Littlehale) I mean, from our perspective, you  
16 know, we are reasonably or generally agnostic.

17 Q Uh-huh.

18 A (Littlehale) If customers, you know, move to  
19 competitive supply or municipal supply  
20 aggregation, that is their choice.

21 Q Uh-huh.

22 A (Littlehale) It's our job to serve the customers  
23 that remain. You know, going back to the  
24 discussion around "tranche size", the power

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 business, from our experience, there's no bulk  
2 discount the more megawatt-hours that you buy.

3 Q That's where I was going. I was curious about  
4 this.

5 A (Littlehale) Yes.

6 Q So, please go on about that.

7 A (Littlehale) In fact, it probably works the other  
8 way around. Because, like we saw, we made the  
9 recommendation in this RFP to increase the number  
10 of tranches, and therefore reduce the  
11 megawatt-hours per tranche, as a way to incent  
12 more bidders, more offers, more participation.  
13 So, --

14 Q And is that because the former process, the  
15 obligation was so significant that there are  
16 fewer suppliers that are able, willing to take  
17 the risk to sign on to serve that load?

18 A (Littlehale) That is our hypothesis. Yes.

19 Q Okay. And I ask, because, you know, from time to  
20 time I look at competitive supply rates, and  
21 they're often lower than the default product from  
22 the utility. And I wonder that it seems as if  
23 the scale isn't as relevant as it is in other  
24 markets outside of this space?

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 A (Littlehale) Yes. We would -- our, you know,  
2 take, and, you know, others may have different  
3 perspectives on this, but it's our view that, you  
4 know, there's no bulk discount when you buy more  
5 megawatt-hours. You know, from our perspective,  
6 you move up the supply curve, up and to the right  
7 of the supply curve, --

8 Q Uh-huh.

9 A (Littlehale) -- and, therefore, the costs  
10 increase. And that is, you know, that is one of  
11 the reasons why, again, we made the  
12 recommendation to increase tranches, reduce  
13 megawatt-hours, with the hope of, you know, more  
14 competition, more bids, ultimately better  
15 pricing.

16 Q So, smaller amounts of energy/capacity sought to  
17 be supplied by the market might actually present  
18 lower costs for customers?

19 A (Littlehale) That is what we're trying to play  
20 out by reducing the -- or, increasing tranche  
21 size, reducing megawatt-hours per tranche.

22 CMSR. SIMPSON: Thank you.

23 And, if I may, I'd like to return to  
24 the Consumer Advocate. I was interested in the

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 questions that you asked with respect to the  
2 Mystic adder. It sounds like Maine, in their  
3 solicitation, their annual solicitation, they  
4 required suppliers to pull out the Mystic RMR  
5 costs, and then bring them forward for  
6 reconciliation at a future date. Am I  
7 understanding that right?

8 MR. KREIS: Commissioner Simpson, I  
9 believe that you are.

10 I would suggest that the Commission  
11 look at Maine PUC Docket Number 2022-00091. I  
12 think that you can take administrative notice of  
13 what that PUC decided. I've read those orders,  
14 and they explain what they did in laudable  
15 detail. And I believe that you have  
16 characterized it correctly.

17 I want to be cautious, because I don't  
18 want to offer testimony. And I did reach out to  
19 the staff of the Maine PUC to talk about how they  
20 did what they did and how they do what they do.

21 I guess I would also say that taking a  
22 close look at the way things work in Maine would  
23 be a good idea in the context of the  
24 investigative docket that you've opened to look

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 at default energy service procurement.

2 But I believe that you've characterized  
3 it correctly.

4 CMSR. SIMPSON: So, in your view, it  
5 seems as if suppliers are assuming the risk of  
6 those costs within their bids here before us  
7 today, as opposed to reconciling whatever the  
8 actual RMR costs end up being down the road, as  
9 Maine has done?

10 MR. KREIS: That's my understanding of  
11 Mr. Littlehale's testimony and what I have  
12 gleaned from the two orders in Maine.

13 I would further say that the decision  
14 in Maine to separate out the costs of the Mystic  
15 RMR agreement, if you want to call it that, and  
16 incorporate them into their standard offer price  
17 as a 1.5 cent adder arises out of contacts that  
18 the staff of the Maine PUC had while their RFP  
19 was outstanding. So, in other words, I think the  
20 bidders basically said to the Maine PUC "We'd  
21 like it a lot better if you just separated,  
22 carved out the Mystic RMR costs and handle that  
23 separately." And then, what Maine did was they  
24 didn't just make up that 1.5 cent number, that is

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1           their best guess about what the actual cost of  
2           the Mystic RMR component will be. But I believe  
3           it is subject to a future reconciliation.

4                        So, in other words, in Maine, the risk  
5           of that uncertainty, which I believe is  
6           considerable, that's on the backs of that state's  
7           utility customers of all classes.

8                        CMSR. SIMPSON: And you're not  
9           recommending that we migrate to the Maine model  
10          or not, you're just presenting what has happened?

11                       MR. KREIS: Yes. I guess the point,  
12          for present purposes, is that this Company made  
13          some very deliberate choices not to go down a  
14          road that Maine went down. And the results speak  
15          for themselves. I mean, Maine's prices are lower  
16          than ours.

17                       That said, you know, Maine is a  
18          different state. It has a different public  
19          policy than we do. It puts a different entity in  
20          the role of acquiring default energy -- or, what  
21          they call "standard offer service". And they are  
22          geographically different. You'll see, when you  
23          look at the orders, they appear to have relied on  
24          an entity called "New Brunswick Energy Marketing

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 Corporation", as at least their current major  
2 supplier of their standard offer service.

3 One thing I don't know is whether the  
4 proximity to New Brunswick makes a difference. I  
5 don't think it does. But that would be something  
6 worth thinking about, too, as you think about  
7 what the difference between Maine and New  
8 Hampshire is.

9 And, as Mr. Littlehale testified, I  
10 mean, his suggestion or his theory, as I  
11 understood it, was that the fact that they have a  
12 yearlong price, and a price that goes into effect  
13 on January 1st, rather than February 1st, could  
14 make a difference.

15 That said, Mr. Littlehale used the word  
16 "luck". And I think "luck" explains a lot of the  
17 result that you're evaluating here, because it  
18 could have been worse. But, as you see from  
19 Maine, it could have been better.

20 CMSR. SIMPSON: And we won't know,  
21 Maine customers won't know what those RMR costs  
22 are until they're realized months in the future,  
23 and then subject to reconciliation?

24 MR. KREIS: That's my understanding,

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1           yes.

2                       CMSR. SIMPSON:   Okay.   So, they could  
3   be half a cent, they could be 6 cents, we really  
4   don't know?

5                       MR. KREIS:   Agreed.

6                       CMSR. SIMPSON:   Okay.   All right.

7   Thank you.

8                       Appreciate everybody's comments today.  
9   I don't have any further questions at this time,  
10  Mr. Chairman.

11                      CHAIRMAN GOLDNER:   Thank you.   We'll  
12  move to Commissioner Chattopadhyay.

13  BY CMSR. CHATTOPADHYAY:

14  Q   Since we were on Bates Page 030, even though I'm  
15  looking at the confidential version, and I will  
16  be careful not to go anywhere that I'm not  
17  supposed to go.   If you're already there, and if  
18  you look at the last table on that page, at the  
19  end.   To get a sense of what the overall result  
20  would be, okay, here it's done in a way, it  
21  almost looks like a placeholder, not a lot of  
22  thought was given on the 50 percent that was not  
23  procured.

24                      So, if I was just trying to get a sense

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1 of what the price would end up being, could it be  
2 just use the number that you have there, in the  
3 first row, okay, under "Period", and then also  
4 get a sense of what your proxy was and combine  
5 them to get a sense of where the prices might be?  
6 But, of course, you know, I'm not -- I'm just  
7 talking a point-in-time analysis, that rather  
8 than just looking at the number that you have  
9 here as an overall result. And I'm just --  
10 A (Littlehale) Yes. I mean, I think what the  
11 "Period" rate does is takes the six months and  
12 load weights it. We bill customers, Large  
13 Customers, on a monthly basis. But, in order to  
14 capture it, and as opposed to six separate  
15 numbers, that load-weights it, you know, you can  
16 see there's a significant variability between  
17 February and July, and load-weights that into a  
18 one six-month rate, even though that's not what  
19 would end up on a typical customer's bill.  
20 Q Okay. Can you remind me, like, for the Large  
21 Customers, whether you have, in the Default  
22 Service rates, typically, just going back  
23 previously, I don't have the rates right now, do  
24 you have -- you have monthly rates, right?

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1 A (Paruta) That is correct.

2 Q And, if, and assume that the second RFP is  
3 approved, and it goes into effect, and then you  
4 actually get a successful RFP, then you'll again  
5 get prices for six months. And then, you would  
6 average those prices to get a sense of what the  
7 monthly prices will be for February through July,  
8 correct?

9 A (Paruta) That is correct.

10 Q If the RFP is not successful, then you have to go  
11 to the market, ISO-New England Market. You  
12 haven't yet thought through how that price, which  
13 would require some sort of forecasting, either  
14 you're going to reply on the SEMA, you know,  
15 that's -- you were just talking about different  
16 approaches, or you could be relying on the proxy  
17 approach, or there might be some other approach,  
18 but you can again get six-month prices. But it  
19 wasn't clear to me how, and maybe you haven't  
20 even thought through it, how you will keep this  
21 current approach of having monthly prices for the  
22 last customers intact.

23 And I don't think you can simply say  
24 "Okay, we're going to move away from it", because

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           that's a significant change, in my opinion. But  
2           there might be different ways to look for the --  
3           for the remaining procurement or work with the  
4           remaining procurement to change, to use the  
5           pricing in a different way, and yet make sure  
6           that you have monthly prices for the last  
7           customers?

8    A       (Paruta) It's the concern that we would see a  
9           significant volatility in the monthly rates,  
10           compared to what we've seen in the past, is that  
11           the concern? I just want to make sure I  
12           understand where --

13   Q       To me, there is a value to the price signal. So,  
14           you know, and I would expect the prices in  
15           February/March to be higher than the other  
16           months. So, if you keep that construct alive,  
17           then you may have to be careful about how you  
18           bring in that?

19   A       (Littlehale) Yes, maybe I can --

20   A       (Paruta) Yes.

21   A       (Littlehale) You know, if we get approval to go  
22           to a second RFP, and if that second RFP is  
23           unsuccessful, --

24   Q       Uh-huh.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 A (Littlehale) -- and we need to come up with some  
2 sort of a proxy rate, that proxy rate would be at  
3 a monthly level.

4 Q Good.

5 A (Littlehale) Similar scale to what you're seeing  
6 here, on Bates Page 030. As I mentioned earlier,  
7 where I'm hesitant to commit to exactly what that  
8 construct would look, because there's a couple  
9 different avenues that we could go down. And  
10 really, depending on where prices are on January  
11 10th, and, you know, perhaps bids that we  
12 receive, you know, again, there's multiple ways  
13 that we could go.

14 But whatever way we go, it would  
15 reflect the curve that you're seeing, you know,  
16 on that Bates Page 030. Where you get higher  
17 pricing in February and March, and lower pricing  
18 as you head towards the summer.

19 A (Paruta) And, if I could add, Commissioner, sort  
20 of to your previous question, was if you would  
21 take, on Bates Page 030, that last table, and  
22 let's assume that that was 100 percent won at  
23 those prices, then what would happen is, in  
24 MBP-1, Page 2, those prices would go in Line 4.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 So, MBP, Page -- MBP-1, Page 2, is Bates Page --  
2 let me get you there, excuse me.

3 Q Can you give me -- yes.

4 A (Paruta) Yes. Bates Page -- so, you are at Bates  
5 Page 052, which right now we have the disclaimer  
6 at the top stating it was not updated on Bates  
7 Page 052. That's in the confidential Exhibit 4.

8 If the bid price received for  
9 50 percent of the solicitation bid was actually  
10 received for 100 percent of the solicitation bid,  
11 that bottom price, starting with the \_\_\_\_\_ per  
12 megawatt-hour would have been included on Line 4,  
13 confidential.

14 And please strike that, because that is  
15 confidential, closed confidential. So, please.  
16 So, that is what would be populated on Line 4.

17 Q Yes, I understand. So, just going back to the  
18 other point that we were talking about, which is  
19 you still maintain the monthly prices construct.  
20 And I'm not, I mean, there are different ways to  
21 do it. One could even do it by sort of saying,  
22 "Okay, we have a projection, because the second  
23 RFP wasn't successful, we're going to project  
24 what the prices are going to be for the different

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1 months." And it appears things are really  
2 volatile, even across the months. So, maybe  
3 we'll just use the average and add that to the --  
4 to the 50 percent numbers that you have, and come  
5 up with a price that is more "bearable".

6 Again, I'm not -- I'm just thinking  
7 there are different ways to do it. But it's  
8 important to maintain the monthly signal, okay?

9 A (Littlehale) We agree.

10 Q Can you just -- can you confirm that this is my  
11 understanding, that the Company moved to the  
12 "eight tranches" approach first time this time  
13 around?

14 A (Littlehale) That's right.

15 Q Previously, it used be four?

16 A (Littlehale) It was four for the Small, and one  
17 for the Large, and we essentially doubled those.  
18 Eight for the -- now, it's eight for the Small,  
19 two for the Large.

20 Q And you had four tranches a long -- going back to  
21 a long time?

22 A (Littlehale) I can't speak to it. But, as long  
23 as, you know, multiple years, how about that?

24 Q Okay. I know the tranche -- the size of the

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           tranche varies quite a bit between the Small  
2           Customers and the Large Customers, even as you  
3           have it. So, maybe -- maybe the answer is  
4           obvious, but I'll ask you anyway.

5                       For the Small Customers, you have  
6           testified that, with the doubling of the number  
7           of tranches, that improved the participation?

8   A       (Littlehale) Well, that was our goal, to double  
9           the tranches, reduce the megawatt-hour per  
10          tranche, to increase participation.

11   Q       Uh-huh.

12   A       (Littlehale) In order to effectively answer that,  
13          you know, it's difficult, because we didn't run  
14          this cycle using our four tranches, our old way,  
15          our four tranches and our one tranche for Large.  
16          But one data point to think about, for example,  
17          is, for the Large Customers, we did receive one  
18          bid, at 50 percent of our load. That supplier  
19          did have the option to bid on both tranches, for  
20          100 percent of the load, our old method; it chose  
21          not to.

22                       So, it's a small sample size. So, I'm  
23          hesitant to take away any concrete determination  
24          from it. But, last week, when we held our RFP, a

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 supplier made the determination that it was  
2 comfortable bidding on 50 percent of our Large  
3 Customer load. It chose not to bid on 100  
4 percent of our Large Customer load.

5 So, if we were to have run this RFP  
6 under our old construct, it's difficult to say if  
7 that one bid would have still been submitted.  
8 But what we can say affirmatively is that this  
9 bidder was comfortable bidding on 50 percent of  
10 our Large load last week.

11 Q You have to be careful how I put this. And my  
12 focus was on the Small Customers. And, so, what  
13 I heard from what was described previously was  
14 that you -- that the Company thinks that moving  
15 from four tranches to eight tranches helped the  
16 participation. And I agree with you that,  
17 because we are looking at different historical  
18 periods, such a statement, you know, it's not --  
19 it's not perfect. Because, if I was doing it  
20 correctly, then I would construct an experiment  
21 where, at the same time what people did or how  
22 the parties reacted, that would be measured.

23 A (Littlehale) Right.

24 Q So, maybe an econometric analysis I can have

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           some, you know, way to figure out "Okay, this is"  
2           -- "yes, we have a positive and significant, you  
3           know, coefficient or something like that.

4   A       (Littlehale) Yes.   Yes.

5   Q       But that can't be done, I agree.

6   A       (Littlehale) Right.

7   Q       But, even in your testimony, you talked about how  
8           this may be one of the reasons why it appeared to  
9           do better this time.

10  A       (Littlehale) Right.

11  Q       So, where I'm going now is, can that be done for  
12           the Large Customers as well?

13  A       (Littlehale) Split it further?

14  Q       Split it further?

15  A       (Littlehale) Yes, I mean, --

16  Q       And at what point does it become, I'm following  
17           the conversation that you were having with  
18           Commissioner Carleton, you know, it seems like  
19           for power, you know, the smaller the tranches  
20           are, the better it is, --

21  A       (Littlehale) Yes.

22  Q       -- because of dealing with the risk premium.   Can  
23           that be --

24  A       (Littlehale) Yes.

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1 Q -- an approach that can be taken? But I'm also  
2 concerned at some point the size is too small,  
3 then --

4 A (Littlehale) That's right. I mean, you know, the  
5 Large Customer load, during this timeframe, it's  
6 about 120,000 megawatt-hours.

7 Q Yes.

8 A (Littlehale) So, each tranche is 60,000  
9 megawatt-hours, which, you know, compared to the  
10 small, it's, you know, it's a few percentage  
11 points. So, at some point, there's a diminishing  
12 return that, you know, there's just not enough  
13 megawatt-hours, you know, to make it and to  
14 entice the bidders to participate.

15 Where that point is, it's tough to say.  
16 You know, I --

17 Q Does the Company have any data based on even  
18 other jurisdictions that can throw a light on  
19 that issue?

20 A (Littlehale) Yes. As I testified earlier, you  
21 know, by making this switch from four to eight  
22 and one to two, the tranche sizes are now -- are  
23 more closely aligned between Mass., Connecticut,  
24 and New Hampshire.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           You know, I think, you know, we're  
2           pleased with, you know, especially on the Small  
3           with what we saw. You know, we haven't had an  
4           opportunity to talk through "Should we split  
5           large any further?" I can take that back to the  
6           group as something to consider for next cycle.

7           But I go back to what I mentioned  
8           earlier. The one bid that we received for Large,  
9           at 50 percent, came through. That same bidder  
10          very well could have bid on the other 50 percent.  
11          And, at some point, between 50 and 100, they  
12          became uncomfortable. Where that point is, I  
13          don't know.

14    Q    Yes. Understood. I think, as I look at it is,  
15          first of all, the Large group is not that big, in  
16          terms of the megawatt-hours. So, what happens if  
17          I was -- if I was interested in providing that  
18          service, and I'm providing all of it, then I'll  
19          be concerned about the variations in it, and I  
20          may get stuck.

21    A    (Littlehale) Yes.

22    Q    So, it kind of makes sense to me that you  
23          provide, instead of this one tranche, two, they  
24          would react, go with half of it gladly.

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1 A (Littlehale) Uh-huh.

2 Q The rest of it, they would still have to deal  
3 with that issue if they were also going with it.  
4 So, at some point, breaking it up even further  
5 might actually make it easier for parties to bid  
6 more, okay? But that's just a theory.

7 A (Littlehale) Yes.

8 CMSR. CHATTOPADHYAY: I think that's  
9 all I have. Thank you.

10 CHAIRMAN GOLDNER: Okay. One question  
11 for Ms. Paruta.

12 BY CHAIRMAN GOLDNER:

13 Q You had mentioned that, you know, when you're  
14 analyzing your calls, you -- I think you used  
15 length of time as a proxy for what was going on.  
16 Have you ever considered or are you looking at  
17 doing any sort of natural language processing or  
18 software algorithms that help you analyze the  
19 calls?

20 It's common in many industries to use,  
21 you know, software to determine the type of call  
22 and the characterization of calls.

23 A (Paruta) I can say that I know that our Customer  
24 Service team does use a lot of software. I'm not

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1 familiar with it. But I also know they do  
2 several recordings. And I believe, and subject  
3 to check, that there are certain flags, and I  
4 don't know the appropriate terms, in determining  
5 the types of calls that were made, and those are  
6 the calls that are essentially flagged, and then  
7 evaluated. And whether or not they are  
8 bucketized, that I don't know.

9 But I do know that they do use several  
10 tools in evaluating their Customer Call Center  
11 calls.

12 Q So, I won't make it a record request, but my  
13 encouragement would be to go back and understand  
14 what kind of feedback they're getting in the Call  
15 Centers. And, so, if the Commission or the OCA  
16 or the Department of Energy has any questions  
17 about what kinds of calls you're getting, you'll  
18 be able to better answer it next time. So, --

19 A (Paruta) Sure.

20 Q Thank you.

21 A (Paruta) Will do.

22 Q Okay. Number two is, Mr. Littlehale, you were  
23 talking about the "risk premium", and I think  
24 Commissioner Simpson had asked you some questions

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1 about that. Recognizing that -- do you consider  
2 that confidential information, first of all?

3 A (Littlehale) Yes. Because it's based upon bids  
4 that we've received, and it's really accepted in  
5 all three states that we operate.

6 Q Because what I'd like to request, and if there's  
7 any concern with this, please share, but what I'd  
8 like to understand is the historical risk  
9 premium, going back maybe three or four years, in  
10 Massachusetts, Connecticut, New Hampshire,  
11 confidentially, not right now, but as a record  
12 request. If you could perhaps share that, I  
13 think that would help give us a better  
14 understanding of what you're facing, from a risk  
15 perspective. Would you have any concerns with  
16 that request?

17 A (Littlehale) I think we can --

18 MS. CHIAVARA: Would you need this,  
19 that I'm not sure, I'd have to confer with Mr.  
20 Littlehale on how much time it would take to  
21 compile that information, would you need it in  
22 order to reach an order for this matter?

23 CHAIRMAN GOLDNER: No.

24 MS. CHIAVARA: Okay. Then, we will

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1 provide that. Confidentially?

2 CHAIRMAN GOLDNER: Yes.

3 MS. CHIAVARA: Sure.

4 CHAIRMAN GOLDNER: Thank you. Yes, we  
5 can make that a record request. I just think it  
6 would help everyone to have a better  
7 understanding of what -- what you're facing, and  
8 then that would -- this would also, I think,  
9 serve us well in the IR docket as well, just can  
10 take administrative notice of.

11 BY CHAIRMAN GOLDNER:

12 Q One thing that's always puzzled me, and I'm glad  
13 to have this opportunity to ask, is, if I look at  
14 third party suppliers, and I have in front of me  
15 North American Power and Direct Energy. If you  
16 go in and look on the PUC website --

17 A (Littlehale) I'm sorry.

18 Q Yes.

19 A (Littlehale) What are you looking --

20 Q If a residential customer --

21 A (Littlehale) Oh.

22 Q -- wants to go off and get a rate that's not an  
23 Eversource Default Service rate. And you look at  
24 that, now, I'll acknowledge here that these are

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 10-month periods, but there's a 19-cent cost, and  
2 there's a 17-cent cost, and different options  
3 available.

4 But I've gone out and looked before in  
5 the same time period, and it's very often that  
6 these suppliers have lower rates than default  
7 service, which is sort of surprising with the  
8 market power that Eversource has, and the  
9 sophistication that you have.

10 And I just wanted to ask the question,  
11 why is that? Why do these third parties often  
12 have lower rates?

13 A (Littlehale) So, I don't have those rates in  
14 front of me. So, I can't speak to them. But  
15 what I think, you know, what I will mention, and  
16 it really gets back to our LJL-9, which is Bates  
17 Page 041, at what point in time along the curve,  
18 you know, were these purchases made? And then,  
19 furthermore, what timeframe are we talking about,  
20 right?

21 So, you know, we chose to split the  
22 winter months, which is, you know, December,  
23 January, and February are really the high-priced  
24 months in New England. So, our six-month cycle,

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           you know, splits, you know, January and February.  
2           So, that is one mitigating tool that we've tried  
3           to do to lower the variability from one rate  
4           period to the other.

5                         But, ultimately, you know, it comes  
6           down to when the purchases were made, and then  
7           for the duration of the purchases.

8   Q       And it would need an adder, too? I'm sorry for  
9           interrupting.

10   A       (Littlehale) Yes. Yes. And then, that's where I  
11           was going.

12   Q       But you would need the adder.

13   A       (Littlehale) Yes.

14   Q       And I think that goes to the OCA's argument, and  
15           perhaps some other arguments, that you're  
16           charging the market rate plus, or sometimes  
17           minus, other factors, and the "competition", if I  
18           can call them that, does not have to deal with  
19           that.

20                         I'm just looking to try to understand  
21           the differences between what they're doing and  
22           what you're doing.

23   A       (Littlehale) Yes. And I would -- I am maybe  
24           hesitant to say that we're charging the risk

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1 premium, it's we are recognizing the risk premium  
2 in the costs that we incur to buy electricity on  
3 behalf of our customers, so -- which is, I think,  
4 a slightly different perspective on how the  
5 purchases are made.

6 But, you know, I can't speculate if a  
7 third party supplier that goes directly to  
8 customers applies a lower risk premium than when  
9 they contract with us.

10 Q I see. Okay. Thank you. But you wouldn't  
11 consider yourself to be at any -- I know you're  
12 not competing for this space, but you wouldn't --  
13 so, I'll just use the words "competitive  
14 disadvantage", you don't feel like you're at any  
15 competitive disadvantage, they have costs, you  
16 have costs, in the end, you would -- I am not  
17 trying to put words in your mouth, but I'm trying  
18 to understand, do you feel that Eversource has  
19 any disadvantages versus these third parties?

20 A (Littlehale) Yes. I mean, you know, we're  
21 different sides of the business. We don't own  
22 any power plants, right? And, so, you know, it's  
23 beyond our control on what it costs to produce  
24 electricity in New England.

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1 Q I see. And I understand that. If you own your  
2 own power, you can choose your own margin, and  
3 you can mark it up by whatever you feel like you  
4 can get from a market perspective, where you're  
5 just purchasing out of the market, so, there can  
6 be some room for disconnect there. They can  
7 certainly under bid you, if they wanted to?

8 A (Littlehale) Yes. And it goes back to my  
9 comments earlier. You know, we are not -- you  
10 know, we don't look at it as a competition  
11 between our -- the customers that remain on  
12 energy service and the customers that choose to  
13 go to a competitive supplier, or, potentially,  
14 ultimately, to municipal supply aggregation.

15 You know, for example, there's no  
16 difference, you know, time -- and I'm sorry, what  
17 I'm trying to say is that, you know, we're  
18 agnostic towards it. So, if customers feel like  
19 they can get a better rate by going to a third  
20 party, then albeit, that, you know, then that  
21 doesn't affect the way that we do business. Our  
22 job is, for the customers that remain, to procure  
23 electricity on their behalf.

24 Q At the lowest cost --

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 A (Littlehale) At the lowest cost possible.

2 Q Yes.

3 A (Littlehale) At set timeframes that have been --  
4 that we're prescribed to buy at.

5 Q Okay.

6 A (Littlehale) So, you know, to my point earlier,  
7 in fact, you know, that the lower tranches or the  
8 lower megawatt-hours, in our view, you know,  
9 likely leads to lower risk profile for the  
10 suppliers. So, you know, and we'll see if that  
11 plays out by increasing the tranche size. But  
12 that's something that, again, is our hypothesis  
13 that we're trying to prove through this  
14 solicitation.

15 Q Okay. Thank you. Going back to the topic of  
16 this outside vendor to generate a load forecast,  
17 I'd just like maybe another brief explanation of  
18 that. I guess I don't understand why Eversource  
19 doesn't already have their own load forecast.  
20 What is it you need this outside vendor to do  
21 that Eversource can't do?

22 A (Littlehale) So, it's essentially bidding in the  
23 Day-Ahead Market on behalf of the Large  
24 Customers, and the circumstances that have

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 presented itself this cycle, it would be half of  
2 the Large Customers. So, approximately 265 large  
3 customers remain on default service. So, if we  
4 cut that in half, you know, call it 130 customers  
5 remain.

6 So, we don't forecast -- we don't have  
7 the ability or it's not part of our day-to-day  
8 business to forecast the load, hourly load  
9 patterns of those 130 customers.

10 Q I see. So, you have a contractor that comes in,  
11 takes all the data, --

12 A (Littlehale) That's right.

13 Q -- and provides the analysis?

14 A (Littlehale) That's right. And it's important to  
15 note that the load forecast accounts for things  
16 like weather. It accounts for things, if we can  
17 capture it, like distributed solar PV, and to  
18 make the most accurate forecast as possible.

19 So, it's just -- it's not part of our,  
20 you know, core competencies.

21 Q Okay.

22 A (Littlehale) So, that's why we need help.

23 Q Okay. And I think, as I remember in the filing,  
24 there was some modest cost associated with this.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 Did I understand earlier, too, that there's no  
2 cost recovery being sought here from this  
3 modeling that they're doing, or are you seeking  
4 recovery of that?

5 And the reason I ask is it wasn't in  
6 the Petition. That was what I highlighted at the  
7 outset. So, if you are asking for that, it  
8 wasn't in the Petition. I just want to verify.

9 MS. CHIAVARA: Right. It wasn't in the  
10 Petition, because we're not seeking recovery at  
11 this time. It would be in the reconciliation, I  
12 do believe the next reconciliation.

13 CHAIRMAN GOLDNER: Okay. Okay. Very  
14 good. Thank you.

15 Okay. Just wrapping up here. So,  
16 maybe a question actually for you, Attorney  
17 Chiavara.

18 So, on the Large Customer RFP for  
19 50 percent of the load, I just want to make sure  
20 that I understand your ask from the Petition.  
21 Would it be correct to say that you're requesting  
22 approval of a procedural schedule, and  
23 authorization to engage in the direct marketing  
24 procurement in the event of a failed auction?

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1           So, you're actually asking for those two things  
2           for us to rule on by the 15th, right?

3                     You want to be able to have a  
4           procedural schedule for the RFP. But, in  
5           parallel, I assume you want to pursue the option  
6           for the direct market-based procurement?

7                     MS. CHIAVARA: Almost. Yes. So, the  
8           procedural schedule modification would be for the  
9           second RFP process. And then, the subsequent  
10          approval process, since we see a direct  
11          market-based procurement as sort of the backstop  
12          last resort, I think that the Company's idea was  
13          that we would run the RFP, when that closes,  
14          do -- just like we did this time, put together a  
15          filing, submit that filing a couple days after we  
16          receive bids, or no bids, whatever that is. And,  
17          in that filing, then either propose that the  
18          Commission accepts any bids that the Company  
19          accepts, or, in the alternative, to then  
20          authorize direct market-based procurement by the  
21          Company.

22                     CHAIRMAN GOLDNER: Okay. So, you don't  
23          need any pre-work on that, you can wait until the  
24          17th to get that?

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 MS. CHIAVARA: Yes. We just -- we were  
2 just putting the Commission on notice that we  
3 need to start the modeling work in case that does  
4 become the eventuality.

5 CHAIRMAN GOLDNER: Okay.

6 MS. CHIAVARA: So, we need to start the  
7 modeling work now, because that takes a number of  
8 weeks to do. So, we can't wait for the -- we  
9 can't wait for the RFP results in the second  
10 round RFP.

11 CHAIRMAN GOLDNER: I see. I see. And  
12 are you seeking sort of pre-approval of this  
13 modeling work, is that what you're seeking? Or,  
14 you're just sort of informing us that this is  
15 what you're doing, and we would -- we would  
16 review that in six months?

17 MS. CHIAVARA: I think it would be  
18 reviewed in the next reconciliation. But we see  
19 this as typical administrative responses -- or,  
20 administrative expenses that are required for us  
21 to assure, you know, proper precautions to ensure  
22 default service is there no matter what.

23 CHAIRMAN GOLDNER: Okay. Okay. Very  
24 good.

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1                   Okay. All right. I think, is there  
2 any other questions from the Commissioners?

3                   *[Cmsr. Simpson indicating in the*  
4                   *negative.]*

5                   CMSR. CHATTOPADHYAY: No.

6                   CHAIRMAN GOLDNER: All right. We can  
7 move to redirect, Attorney Chiavara.

8                   MS. CHIAVARA: Yes. And I just have a  
9 couple of brief, brief questions. And I believe  
10 it's all for Mr. Littlehale.

11                   **REDIRECT EXAMINATION**

12 BY MS. CHIAVARA:

13 Q       Mr. Littlehale, are you in the position to assess  
14 the reasonableness of the Maine Mystic RMR  
15 carve-out or the Maine proposed default service  
16 rates, or I guess they're accepted right now,  
17 then those accepted rates, without all the  
18 relevant facts surrounding the solicitation and  
19 the resulting bids received?

20 A       (Littlehale) No. Especially not to explain the  
21 differences between the Maine rate and the rate  
22 that we're proposing, to assign that to the  
23 Mystic RMR.

24 Q       Okay. And that partially answers my next

[WITNESS PANEL: Littlehale|LaMontagne|Paruta]

1 question. Do the lower Maine prices, and I  
2 understand that those Maine prices might not  
3 actually be lower once the Mystic RMR  
4 reconciliation is done, but that has yet to be  
5 seen, but do those Maine prices as they stand  
6 now, do those in any way indicate that the bids  
7 received and the price proposed today for  
8 Commission approval, does that affect the  
9 reasonableness of the bids received in New  
10 Hampshire and the prices proposed today?

11 A (Littlehale) No.

12 MS. CHIAVARA: Okay. That is all I  
13 have. Thank you.

14 CHAIRMAN GOLDNER: Okay. Thank you.

15 Okay. I'll thank the witnesses today.  
16 You're released. You're welcome to stay where  
17 you are or return to the hearing room, but  
18 witnesses are released.

19 Without objection, we'll strike ID on  
20 Exhibits 3 and 4 and admit them as full exhibits.  
21 We'll hold Exhibit 5 open, let's say, in a week's  
22 time, so, 12/20, for what I'll call "Confidential  
23 disclosure of the risk premium in Massachusetts,  
24 Connecticut, and New Hampshire, going back, let's

1           just say, four years, to give us some trend of  
2           what has been happening there." Thank you for  
3           that.

4                           *(Exhibit 5 reserved for record*  
5                           *request.)*

6           CHAIRMAN GOLDNER: Okay. Anything  
7           else, before we move to closing arguments?

8                           *[Atty. Chiavara indicating in the*  
9                           *negative.]*

10          CHAIRMAN GOLDNER: No? Okay, very  
11          good. Let's move to closing, beginning with the  
12          Office of the Consumer Advocate.

13          MR. KREIS: Thank you, Mr. Chairman.

14                          Just briefly about the results of the  
15          Maine solicitation. I gave the Commission the  
16          relevant docket number. The orders that Maine  
17          issued on November 29th, the Maine PUC, are  
18          easily downloaded from that agency's website,  
19          which is almost as good as the New Hampshire  
20          PUC's website.

21                          And I reread the provisions that govern  
22          the true-up of Mystic RMR costs in the standard  
23          offer price in Maine. And I just would point out  
24          that the Maine PUC hedges a little bit, it simply

1 reserves the right to conduct that true-up, and  
2 didn't promise that it would do that. That said,  
3 I don't know how they avoid truing up that adder,  
4 because the money has to come from somewhere.

5 But I do recommend that the  
6 Commissioners read the Maine orders, and they can  
7 speak for themselves.

8 More generally about the matters that  
9 are at issue here today. If you reread the  
10 Restructuring Act, RSA 374-F, and it's my fate to  
11 have to do that all the time, you see that the  
12 premise of that statute is that few, if any,  
13 customers by now would be taking default energy  
14 service. The idea was that default service is a  
15 backstop service, and that most customers, in all  
16 classes, would be out into the competitive  
17 wholesale or the competitive retail market.

18 But, for whatever reason, in the  
19 Residential class, that just is not happening. I  
20 mean, customers, residential customers, are not  
21 migrating. I mean, if the current circumstances  
22 aren't enough to cause mass migration, I don't  
23 really know what is. Customers, residential  
24 customers, are staying put, I would imagine

1           because they fear uncertainty, and they're  
2           staying put, and they are mad, rightly so,  
3           because a Default Energy Service rate of 20.2  
4           cents is not good news. And I can't spin it that  
5           way, as good news, and neither should the  
6           Commission, and neither should Eversource.

7                        I believe it was Commissioner Danly of  
8           the Federal Energy Regulatory Commission who  
9           recently observed that, when we think about  
10          reliability and the need to keep the lights on,  
11          hope is not good public policy. Well, neither  
12          can we or should we rely on luck, when it comes  
13          to the price of default energy service.

14                       There is a huge principal agent problem  
15          playing out here. We are relying on Eversource  
16          to act as the agent of the overwhelming majority  
17          of its residential customers, people who depend  
18          on default energy service. And that Company, in  
19          turn, is letting its desire to maintain its  
20          corporate image, and see its selective and  
21          strategic and allegedly accidental public  
22          disclosures about certain aspects of this  
23          solicitation results, its desire to keep --  
24          maintain it's corporate image, and luck, drive

1           what it is doing as the agent for its residential  
2           customers.

3                       What we do about that, going forward,  
4           is best addressed in the open investigative  
5           docket about default service procurement, IR  
6           22-053. But we have to get that right, because  
7           we need to address this problem now, before the  
8           next procurement. Futures prices suggest that  
9           the era of cheap default service are over, and we  
10          cannot leave this state's residential customers  
11          to rely on luck as they confront those soaring  
12          and permanently high default energy service  
13          prices.

14                      Now, the advent of community power  
15          aggregation in New Hampshire may give a lot of  
16          New Hampshire customers a more trustworthy agent  
17          than Eversource has proven itself to be. But  
18          there will always be a significant number of  
19          residential customers who take default service.

20                      I remind the Commission again that the  
21          residential customers of this great state have  
22          paid dearly hundreds of millions, if not billions  
23          of dollars, in Stranded Cost Recovery Charges,  
24          and they paid those sums for the right to buy

1 electricity via a restructured electric industry.  
2 We owe those people, we owe the state's  
3 residential customers more than what they're  
4 getting here, especially when it's so obvious  
5 that their neighbors in Maine are luckier.

6 I make no personal comments here about  
7 any of the Eversource representatives who are in  
8 the room today. In fact, I know all of them to  
9 varying degrees, and I can tell you that all of  
10 them are good people who come to work and try to  
11 do the right thing.

12 But, nevertheless, I am holding my  
13 nose, and I recommend that you hold your noses  
14 and approve the proposed Default Service rate for  
15 the Small Customer class after today's hearing.  
16 And I express no opinion whatsoever about  
17 anything having to do with the Large Customer  
18 class.

19 Thank you for your attention to my  
20 views.

21 CHAIRMAN GOLDNER: Thank you. We'll  
22 move to the New Hampshire Department of Energy,  
23 and Attorney Young.

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

1           Just quickly addressing some of the  
2           confidentiality issues that arose today. The  
3           Department would just request that the Commission  
4           use caution in any consideration of amending the  
5           long-recognized protection of bid information for  
6           the electric distribution utilities in future  
7           proceedings.

8           While, in this particular solicitation,  
9           Eversource may have released this information in  
10          its public filing, this information, along with  
11          other information provided in the default service  
12          filings, has previously been recognized as  
13          confidential.

14          Moving forward, if the Commission does  
15          consider a change to this policy, the Department  
16          would suggest asking each electric distribution  
17          utility to respond to that proposed change, so  
18          that it has a full and complete picture of this  
19          issue. And I would also note that IR 22-053, the  
20          procurement investigation, may be an appropriate  
21          venue for such an inquiry.

22          So, moving on. The Department first  
23          wants to express its appreciation for the  
24          Company's willingness to participate in a

1 technical session yesterday, to discuss its  
2 default service filing and to clarify certain  
3 points related to their filing.

4 The Department has reviewed  
5 Eversource's filing in this proceeding, and we  
6 have determined that the Company conducted its  
7 wholesale power supply solicitation to provide  
8 default energy service in compliance with the  
9 Settlement Agreement and the process approved by  
10 the Commission in Docket DE 17-113, back in 2017.

11 We believe that the Company's selection  
12 of the winning suppliers for its Small Customer  
13 Group and one half of the forecasted load for its  
14 Large Customer Group was reasonable, and, as a  
15 result of its competitive procurement, was  
16 reflective of current wholesale power market  
17 conditions, which are perhaps unprecedented.

18 The Department supports Commission  
19 approval of the modification to the procedural  
20 schedule in this docket to accommodate the second  
21 RFP to solicit bids for the other half of  
22 forecasted load for the Company's Large Customer  
23 Group. The Department also supports the schedule  
24 proposed by the Company in this filing.

1           The second RFP may represent a  
2           so-called "final test" of the competitive  
3           supplier market, or going with utility  
4           self-supply to serve the outstanding load.

5           The Company's calculation of the rates  
6           based on the supplier bids, prior period  
7           reconciliations, and other factors appears  
8           accurate. As a result, we believe the resulting  
9           Energy Service rates remain quite high, are  
10          nonetheless just and reasonable.

11          To be clear, with this filing, the  
12          Company is only proposing rates for its Small  
13          Customer Group. The very high market prices  
14          continue to reflect the current volatility in the  
15          market and the high forward natural gas and  
16          electric prices heading into the coming months.  
17          In view of the continued customer bill impacts  
18          these rates will have on New Hampshire  
19          ratepayers, we are encouraged that the Company  
20          continues to engage in meaningful outreach and  
21          communications to assist its customers in  
22          managing these rates, and to describe potential  
23          strategies that might mitigate their impacts.

24          In conclusion, the Department supports

1 Eversource's filing. And we urge the Commission  
2 to grant the Petition, make the findings  
3 requested by the Company, and approve the  
4 proposed Energy Service rates in this proceeding  
5 for effect on February 1st.

6 CHAIRMAN GOLDNER: Thank you, Attorney  
7 Young.

8 Before turning to the Company, I just  
9 want to clarify on the confidential treatment.  
10 So, I think -- I just want to confirm, I think  
11 you're supporting the confidential treatment as  
12 requested by the Company, is that -- is that  
13 true? You're supporting their filing, from a  
14 confidential perspective?

15 MR. YOUNG: Yes. Yes.

16 CHAIRMAN GOLDNER: Okay. And then, I  
17 think what you were saying was, in terms of the  
18 number of bidders, you believe that should  
19 continue to remain confidential, as it was here.  
20 But the number -- and the number of bids you also  
21 believe should be confidential, which it was not  
22 here, is that true?

23 MR. YOUNG: For future proceedings,  
24 yes.

1                   CHAIRMAN GOLDNER: For future  
2 proceedings. Okay. Thank you. I just wanted to  
3 clarify.

4                   All right. Let's turn to the Company,  
5 and Attorney Chiavara.

6                   MS. CHIAVARA: Thank you, Chair.

7                   There were a lot of issues discussed  
8 today surrounding energy procurement by the  
9 Company, competitive suppliers, and utilities in  
10 other states and what those regulatory  
11 authorities are doing. However, the request in  
12 front of the Commission today is relatively  
13 straightforward.

14                   The Small Customer Group Energy Service  
15 rate and the Large Customer Group bid proposed  
16 for Commission approval represent the results of  
17 a fair and successful solicitation, almost,  
18 except for where that did not succeed. The Small  
19 Customer rate and the Large Customer bid accepted  
20 by the Company and the RFP itself conform with  
21 the Electric Restructuring Act, the Settlement  
22 Agreement in Docket Number DE 17-113 that  
23 established Eversource's procurement process, and  
24 Order Number 26,092, which approved that

1 Settlement. They are likewise consistent with  
2 past practices for Eversource energy service  
3 solicitation.

4 Additionally, and equal, if not  
5 greater, importance, the accepted bids and all  
6 bids received from the solicitation are  
7 reflective of current market conditions. The  
8 proposed Small Customer Default Service rate was  
9 derived from the selected bids was appropriately  
10 calculated, consistent with Commission-directed  
11 practices and requirements. And the rate, as  
12 well as the bid accepted for the Large Customer  
13 Group, will result in just and reasonable rates  
14 for Eversource default energy service customers.

15 Is 20.2 cents good news? The Company  
16 would say "No." The Company is glad that the  
17 price is going down, rather than up. However, we  
18 do acknowledge that is a very high price.  
19 Unfortunately, that is what the market is bearing  
20 out at this time.

21 Eversource respectfully recommends that  
22 the Commission approve the Small Customer rate  
23 and the Large Customer bid that was accepted by  
24 the Company, by the date that the Company has

1 requested, which is December 15th.

2 I'd just like to note that the Company  
3 is not -- there's no protection of a corporate  
4 image here, as the OCA has implied the Company of  
5 doing. We're simply fulfilling the obligation  
6 that is in the Electric restructuring Act to  
7 provide universal service in any event and any  
8 eventuality. And that, in doing so, it's not to  
9 interfere with the development of the competitive  
10 market.

11 The procurement process is set and  
12 governed by Commission order. The Company has  
13 very little discretion here but to analyze the  
14 bids that it receives, and accept or reject those  
15 bids, accepting those bids that the Company  
16 determines are adequately reflective of the  
17 market conditions, and then recommend them for  
18 Commission approval. And that is, in fact, what  
19 we have done here. And, of course, trying to  
20 mitigate customer risk of paying non-market  
21 reflective prices along the way.

22 As another matter, going back to --  
23 I'll just recap the request on the procedural  
24 schedule. The modification presented in the

1 procedural schedule, except for getting the day  
2 of the week wrong, December 16th being a Friday,  
3 we would recommend that modification to the  
4 procedural schedule to execute the second RFP  
5 process, and then approval of whatever the  
6 results of that RFP are.

7 And I know we also covered the load  
8 forecasting work. We would commence that work  
9 upon the issuance of the order on or around  
10 December 15th, so that that work would be ready  
11 in time to provide service on February 1st, in  
12 the eventuality that the Company has to go  
13 directly to market to cover the remaining Large  
14 Customer load.

15 As a final matter, I guess, going back  
16 to the question of the confidential treatment of  
17 the number of bids. Disclosure of the number of  
18 bidders here for the Small and the Large Customer  
19 Group was, I can personally attest, this was not  
20 a deliberate strategy. The Company does not gain  
21 anything from disclosing the number of bids. I  
22 didn't hear the OCA mention any benefit that is  
23 being reaped by the Company by disclosing these  
24 bids. And this doesn't point to any victory of

1 the Company's, or anything to hang our hat on by  
2 any means. As Mr. Littlehale testified  
3 previously, the results of the RFP were not  
4 necessarily attributable to anything that the  
5 Company did, including splitting up the tranches.  
6 There's too much that's uncertain there. It  
7 could just as easily be attributable to  
8 serendipitous market timing. So, the number of  
9 bids only goes to the fact that the Company  
10 received sufficient bids to cover the load of the  
11 Small Customer Group, and a conclusion that the  
12 price proposed today is, based off of those bids,  
13 is a reasonable price.

14 The Company did not influence the  
15 outcome of these bids. So, the number of bids  
16 received is not a Company success. It is a  
17 success solely of this RFP solicitation. And  
18 this solicitation process has been constant for  
19 the last five years.

20 I strongly disagree with the OCA's  
21 characterization that the Company's reputation is  
22 "under siege". And this might not be the main  
23 point relating to confidentiality, but Ms. Paruta  
24 simply stated that customers are typically upset

1           when rates go up, and that's quite  
2           understandable. And, when they are upset, they  
3           look to the utility for explanations at those  
4           times, and we understand that as well.

5                        I would like to reiterate, though, that  
6           the Company generates no revenue from default  
7           energy service. It has no control over the  
8           prices that the market bears out. The Company's  
9           obligation is to secure default load through the  
10          competitive market, and that market is struggling  
11          right now. At the very least, it is predictably  
12          volatile, if that makes any sense.

13                       Despite the Company having no influence  
14          over market prices, the Company has made every  
15          effort in this docket to minimize the risk of  
16          customers paying prices that are not reflective  
17          of the market. And that is why we did suggest  
18          receiving input from the relevant New Hampshire  
19          agencies, not because we were looking to abrogate  
20          our role and responsibility to ensure the  
21          provision of default energy service, the Company  
22          has always been, and continues to be, prepared  
23          for and has the expertise to provide that  
24          service.

1           The Company is, of course, pleased that  
2           sufficient number of bids were received to cover  
3           the Small Customer load, and that we're able to  
4           provide a price today that we do feel is  
5           competitive or reflective of the market, and  
6           lower than the current price that's being  
7           offered.

8           But the Company is not responsible for  
9           the decrease in the price proposed today either.  
10          It's entirely a function of the competitive  
11          market, and that is a market that is still  
12          absolutely rife with volatility.

13          So, just as with the price proposed  
14          today, the number of bids received is not to the  
15          Company's credit or benefit. But Puc 201.06,  
16          specifically Subparagraph (a)(15),  
17          Subparagraph b, protects "bidder information" as  
18          confidential. And I would argue that "bidder  
19          information" includes the number of bids.  
20          Puc 201.06 protects this as commercially  
21          sensitive. And I would argue again that there is  
22          a public interest here, and that the idea is that  
23          these bids remain as competitive as possible.

24                 And we would respectfully request that

1 the bid numbers, regardless of those bid  
2 outcomes, be treated as confidential in the  
3 future. And the Company will certainly be, as I  
4 said, meticulously careful to do that itself, and  
5 apologizes for this oversight.

6 CHAIRMAN GOLDNER: Okay. Thank you,  
7 Attorney Chiavara.

8 We'll take the matter under advisement,  
9 issue an order on or before December 15th. We  
10 are adjourned.

11 ***(Whereupon the hearing was adjourned***  
12 ***at 12:10 p.m.)***