



April 6, 2023

Daniel C. Goldner, Chairman
NH Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Subject: Request for Littleton Water & Light (LWL) input
IR 22-053 NHPUC Investigation into Electric Power Procurement
(Default Service)

Dear Chairman:

Pursuant to your correspondence dated March 20, 2023 regarding the above subject, the Littleton Water and Light Board of Commissioners have addressed the questions as requested (see attached). We understand that LWL is not obligated to provide these answers and do so in a spirit of cooperation and understanding with the hope that our answers may potentially aid in reducing the burden on all electric ratepayers statewide.

We are grateful and appreciate the opportunity to collaborate with the NHPUC. Our answers provide a brief overview of "what works" for LWL regarding our power supply procurement strategy. This methodology has worked very well as LWL electric ratepayers have benefited from some of the lowest and most stable rates in our region for many years, a fact that we are very proud of.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Thomas Considine". The signature is written in a cursive style with a large, sweeping initial "T".

Thomas Considine
General Manager/ Treasurer

File
Encl (1)

Question 1: Does LWL purchase power directly from the ISONE Day Ahead and/or Real-Time market to serve its customers?

- Yes, LWL limits its exposure to spot market volatility. A minimal amount is purchased monthly as required to cover any short resource/product position as determined by the applicable load. (Refer to question 2 below for additional detail).
- LWL is a direct market participant in ISONE securing membership in 2004.
- LWL also maintains an Investment Grade Moody's credit rating.

Question 2: Does LWL apply a portfolio management approach, such a blend of short-term, medium-term and long-term contracts: hedging, asset management agreements, laddering.

- LWL power supply portfolio is diversified and consists of a blend of short-, medium- and long-term contracts for both energy and capacity needs. These resources are provided from a variety of sources/counterparties as needed to support the hourly load.
- Working with Daymark Energy Advisors, LWL solicits power supply procurements from a variety of credit worthy power supply counterparties. Edison Electric Institute Master Power Purchase Supply and Sales Agreements (EEI) are maintained with each counterparty that establish collateral and other financial surety goals.
- Request For Quotes (RFQ) are managed closely and power supply solicitations are made several times a year to take advantage of favorable market conditions to secure needed products/assets (i.e., Peak, Off-Peak, Around the Clock, Capacity) at a favorable low bid price.
- LWL is risk adverse, typically attempts to lock-in (hedge) a certain amount (large portion) of its projected load as market conditions allow/dictate thus limit exposure to spot market fluctuation.
 - This approach allows LWL to 1) manage risk/exposure to spot market volatility due to price fluctuation, 2) provides LWL ratepayers some rate stability and assurance and, 3) provide the most economical product to LWL customers.

- A small portion of LWL's load is left to ride/move with the spot market for those resources needed to meet actual load pattern/consumption. This also allows LWL the opportunity to capitalize on lower market prices or minimize any risk in the market due to geopolitical pressure and the impact of speculators driving prices due to a panicked market reacting to an event.
- Each procurement is carefully considered by management, the Board of Commissioners, and our consultant before procurement.

Question 3: Does LWL offer fixed-term prices for its electric service offered to its customers: and, if so how are those rates designed?

- No. All LWL customers pay their fair and equitable share. (Refer to Question 4 for further explanation)

Question 4: What are the various rate design options offered by LWL to its electric customers? Are time-varying rate options offered? How is energy procured for time-varying rate customers?

- Yes, LWL offers nine (9) structured rates to meet our customer's needs. Residential, Net Metering, Commercial, Industrial, Street/Area lighting, etc.
- Customers are grouped together based on similar usage characteristics and patterns.
- Rates are developed utilizing a Cost-of-Service Study methodology that is applied to each rate class. Costs are allocated to each class based on actual consumption (weighted basis) and adjusted by load factor.
- The Cost-of-Service Study results provide a starting point for final rate design discussion.
 - Other contributing factors are taken into consideration (i.e., customer impact, rate shock/ stability and other social and economic factors).
- No Time-of-Use or demand side management rates are currently being offered or considered at the present time.