

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

UNITIL ENERGY SYSTEMS, INC.

JOINT DIRECT TESTIMONY OF
JOSEPH F. CONNEELY, CHRISTOPHER J. GOULDING, JEFFREY M. PENTZ,
S. ELENA DEMERIS, AND GARY MATHEWS
(IMPLEMENTATION PANEL)

Docket No. DE 23-002 (Phase II)

Purchase of Receivables Program

August 23, 2024

Table of Contents

I. INTRODUCTION	1
II. SUMMARY OF PHASE 1 OF THIS PROCEEDING.....	7
III. REVISIONS TO THE T&CS AND TPA NECESSARY TO IMPLEMENT SETTLEMENT AGREEMENT	10
IV. TIMING AND PROCESS FOR FULL IMPLEMENTATION.....	13
V. CONCLUSION.....	16

Attachments

Attachment IP-1	Terms and Conditions for Competitive Suppliers (Clean and Redline versions)
Attachment IP-2	Competitive Electric Supplier Trading Partner Agreement (Clean and Redline versions)

1 **I. INTRODUCTION**

2 **Q. Please introduce the members of the Implementation Panel.**

3 A. The members of the Implementation Panel and the sponsors of this Joint Testimony
4 are Christopher J. Goulding, Joseph F. Conneely, Jeffrey M. Pentz, S. Elena
5 Demeris, and Gary Mathews.

6 **Q. Mr. Goulding, please state your name and business address.**

7 A. My name is Christopher J. Goulding, and my business address is 6 Liberty Lane
8 West, Hampton, New Hampshire 03842.

9 **Q. What is your position and what are your responsibilities?**

10 A. I am the Vice President of Finance and Regulatory for Unitil Service Corp. (“Unitil
11 Service”), a subsidiary of Unitil Corporation that provides managerial, financial,
12 regulatory, and engineering services to Unitil Corporation’s utility subsidiaries
13 including Unitil Energy Systems, Inc. (“Unitil” or the “Company”). My
14 responsibilities include all rate and regulatory filings, financial planning and
15 analyses, treasury operations, budget, and insurance and loss control programs.

16 **Q. Please describe your business and educational background.**

17 A. In 2000, I was hired by NSTAR Electric & Gas Company (now Eversource Energy)
18 and held various positions with increasing responsibilities in Accounting, Corporate
19 Finance and Regulatory. I was hired by Unitil Service in early 2019 as Director of
20 Rates and Revenue Requirements. In 2023, I was promoted to my current position.
21 I earned a Bachelor of Science degree in Business Administration from Northeastern

1 University in 2000 and a Master’s in Business Administration from Boston College
2 in 2009.

3 **Q. Have you previously testified before the New Hampshire Public Utilities**
4 **Commission (the “Commission”) or other regulatory agencies?**

5 A. Yes, I have testified before the Commission on various financial, ratemaking and
6 utility regulation matters, including Phase 1 of this proceeding.

7 **Q. Mr. Conneely, please state your name and business addresses.**

8 A. My name is Joseph F. Conneely, and my business address is 6 Liberty Lane West,
9 Hampton, New Hampshire 03842.

10 **Q. What is your position and what are your responsibilities?**

11 A. I am the Director of Energy Supply for Unitil Service. My responsibilities are
12 primarily in the areas of wholesale energy supply procurement and management of
13 retail supplier programs.

14 **Q. Please describe your business and educational background.**

15 A. I graduated from Saint Anselm College in Manchester, New Hampshire in 1999
16 with a Bachelor of Arts degree in Financial Economics. Before joining Unitil
17 Service, I worked for the Royal Bank of Scotland-Sempra Energy Trading Corp.
18 joint venture (“RBS”) in Greenwich, Connecticut as a senior electricity and natural
19 gas trader. Prior to working for RBS, I was employed as a mid-term electricity and
20 natural gas trader at Morgan Stanley in New York City. Before this position at
21 Morgan Stanley, I ran an energy trading book at Shell Gas and Energy Trading

1 North America in La Jolla, California. I joined Usource, a subsidiary of Unitil
2 Service in August 2008. In December 2008, I joined the Regulatory Services
3 Department at Unitil Service. In 2023, I was appointed Director of Energy Supply.

4 **Q. Mr. Conneely, have you previously testified before the Commission or other**
5 **regulatory agencies?**

6 A. Yes, I have testified before the Commission in several Cost of Gas Adjustment
7 proceedings.

8 **Q. Mr. Pentz, would you please state your name and business address?**

9 A. My name is Jeffrey M. Pentz. My business address is 6 Liberty Lane West,
10 Hampton, New Hampshire 03842.

11 **Q. What is your position?**

12 A. I am employed by Unitil Service as a Senior Energy Analyst.

13 **Q. Please describe your business and educational background.**

14 A. I received my Bachelor of Arts degree in Economics from the University of
15 Massachusetts. Before joining Unitil Service, I worked as a Contracting and
16 Transaction Analyst with Mint Energy, a retail electric supplier. My range of
17 responsibilities included contract negotiation with brokers and customers, retail
18 billing, and sales. Prior to Mint Energy, I worked as a data analyst for Energy
19 Services Group. My responsibilities included supplier business transaction testing
20 and integration with regulated utilities. I joined Unitil Service in February 2016 as
21 an Energy Analyst with the Energy Contracts department. In January 2019, I was

1 promoted to my current position as Senior Energy Analyst. I have primary
2 responsibilities in the areas of load settlement, renewable energy credit
3 procurement, renewable portfolio standard compliance, default service
4 procurement, market research and operations, and monitoring renewable energy
5 policy.

6 **Q. Have you previously testified before the Commission?**

7 A. Yes, I have testified before the Commission in several Default Service Solicitation
8 proceedings.

9 **Q. Ms. Demeris, please state your name and business address.**

10 A. My name is S. Elena Demeris. My business address is 6 Liberty Lane West,
11 Hampton, New Hampshire.

12 **Q. For whom do you work and in what capacity?**

13 A. I am a Senior Regulatory Analyst for Unitil Service. In this capacity, I am
14 responsible for preparing regulatory filings, pricing research, regulatory analysis,
15 tariff administration, revenue requirements calculations, customer research, and
16 other analytical services.

17 **Q. Please summarize your professional and educational background.**

18 A. In 1996, I graduated from the University of Massachusetts-Lowell with a Bachelor's
19 of Science Degree in Civil Engineering. In 2005, I earned a Master's Degree in
20 Business Administration and in 2006 a Master's Degree in Finance from Southern

1 New Hampshire University. I joined Unitil Service in July 1998 in the
2 regulatory/rate department.

3 **Q. Have you previously testified before the Commission?**

4 A. Yes, I have testified before the Commission in several proceedings, including Phase
5 1 of this proceeding.

6 **Q. Mr. Mathews, please state your name and business address.**

7 A. My name is Gary Mathews, and my business address is 5 McGuire Street, Concord,
8 New Hampshire 03301.

9 **Q. What is your position and what are your responsibilities?**

10 A. I am a Supervisor in the Rates & Reconciliation Regulatory Compliance group at
11 Unitil Service. My responsibilities include supervision of two Senior Process Leads
12 (Rates & Reconciliation), two Financial System Analysts, and three Billing System
13 Analysts. Billing System Analysts are responsible for ensuring approved Regulatory
14 Tariff rates are updated and reconciled in the Customer Information System (“CIS”).
15 Billing System Analysts also build/test any new approved rate structures to ensure
16 accurate customer billing along with setting up third-party supplier information in
17 the CIS. Financial System Analysts reconcile and control the compilation of
18 reconciling revenue, cash remittance, and customer billing financial information so
19 that the monthly posting of journal entries to the general ledger is valid, accurate,
20 complete, and timely.

1 **Q. Please describe your business and educational background.**

2 A. I received a Bachelor of Science/Business Administration in Financial Analysis
3 from The State University of New York at Buffalo. I have been with Unitil Service
4 since 2006 and prior to that I held various positions in the investment securities
5 sector. These positions included mutual fund accounting, mutual fund reporting,
6 and compliance along with mutual fund performance analysis. While at Unitil
7 Service, I have been promoted from Associate Financial Systems Analyst, Financial
8 Systems Analyst, Senior Financial Systems Analyst, Billing Supervisor, and
9 currently Supervisor, Rates & Reconciliation Regulatory Compliance.

10 **Q. Have you previously testified before the Commission or other regulatory**
11 **agencies?**

12 A. No, I have not.¹

13 **Q. What is the purpose of the Implementation Panel’s testimony?**

14 A. The purpose of our testimony is to present revisions to Unitil’s Terms and
15 Conditions for Competitive Suppliers (“T&Cs”) and Competitive Electric Supplier
16 Trading Partner Agreement (“TPA”), which are necessary to fully implement
17 Unitil’s Purchase of Receivables (“POR”) Program.

¹ Mr. Mathews was present and available to appear as a witness at the September 20, 2023 hearing in this proceeding. However, Mr. Mathews was not called upon to testify at that hearing.

1 **Q. How is the Implementation Panel’s testimony organized?**

2 A. First, we provide a summary of Phase 1 of this proceeding. Second, we present the
3 revisions to the T&Cs and the TPA, which are necessary to implement the
4 Settlement Agreement approved by the Commission.

5 **II. SUMMARY OF PHASE 1 OF THIS PROCEEDING**

6 **Q. Could you please provide a brief summary of Phase 1 of this proceeding.**

7 A. In 2021, New Hampshire House Bill 315 added Section 9 to New Hampshire
8 Revised Statutes Annotated (“RSA”) 53-E. Section 9 requires each electric
9 distribution utility to propose a POR Program to the Commission. The
10 Commission’s rules required each electric distribution utility to propose a POR
11 Program within 90 days of the effective date of the Puc 2200 Rules (i.e., by January
12 10, 2023). Puc § 2205.16(e). On January 10, 2023, pursuant to RSA 53-E:9 and Puc
13 § 2205.16(e), Unitol filed testimony and exhibits in support of a proposed POR
14 Program. The Commission docketed this matter as DE 23-002.

15 Following two sets of discovery and one technical session, the Department of
16 Energy (the “Department”), the Community Power Coalition of New Hampshire
17 (“CPCNH”), and Direct Energy Services, LLC, Direct Energy Business, LLC,
18 Direct Energy Business Marketing, LLC, Reliant Energy Northeast LLC, and
19 XOOM Energy New Hampshire, LLC (the “NRG Retail Companies”) filed written
20 technical statements, testimony, and comments, respectively, on June 9, 2023.
21 Productive settlement discussions took place on June 15, 2023, July 12, 2023, July

1 18, 2023, July 26, 2023, and August 30, 2023, which ultimately led to a Settlement
2 Agreement.²

3 On September 6, 2023, the Settling Parties³ filed a Settlement Agreement setting
4 forth the mechanics of Unitil’s POR Program. Among other things, the Settlement
5 Agreement addressed the calculation of the discount percentage rate (“DPR”) and
6 its components, the timing of payments to Suppliers, the timing and process for
7 reconciling the DPR, and the timing and process for implementation. The Settlement
8 Agreement also set forth the Settling Parties agreement to bifurcate this proceeding
9 into two phases, with the second phase focused on revisions to the T&Cs and TPA,
10 which are necessary to fully implement the POR Program.

11 A hearing was held on the proposed Settlement Agreement on September 20, 2023.
12 On December 22, 2023, the hearing examiner issued a report and recommended
13 order (together the “Report”), which recommended that the Commission deny the
14 Settlement Agreement but approve, in part, the proposed POR program framework.
15 The recommended denial was based on a finding that the Settlement Agreement did
16 not provide for the full recovery of program costs. According to the Report, RSA
17 53-E:9, II requires electric distribution utilities to allocate a *pro rata* share of
18 existing, “baseline” collection costs and working capital to suppliers participating

² The settlement discussions held on July 18 and July 26 included representatives of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty and Public Service Company of New Hampshire d/b/a Eversource Energy. The purpose of those joint settlement discussions was to achieve consistency, where possible, among the POR programs to be implemented by the three electric distribution companies.

³ The DE 23-002 Settling Parties consist of Unitil, the Department, CPCNH, and the NRG Retail Companies.

1 in the POR Program in addition to a *pro rata* share of the incremental costs of
2 administration and collection.

3 On January 12, 2024, comments and exceptions to the Report were filed by Unitil,
4 NRG, and CPCNH. In its exceptions, Unitil argued that contrary to the hearing
5 examiner’s finding, RSA 53-E:9, II does not require the electric distribution
6 companies to recover a *pro rata* allocation of “baseline collection efforts costs” but
7 instead requires the electric distribution companies to recover only the incremental
8 costs of program administration.

9 On July 19, 2024, the Commission issued Order No. 27,036 (the “Phase 1 Order”),
10 in which it found that RSA 53-E:9, II does not require the DPRs to account for
11 baseline collection costs and working capital, but instead, only need to provide for
12 recovery of costs arising from the New Hampshire POR Program. The Phase 1 Order
13 approved the Settlement Agreement in its entirety, with the exception of the May 1
14 effective date, which the Commission extended to August 1st to provide more time
15 for notice, input from the Department and interested parties, any necessary
16 proceedings, and issuance of the Commission’s order.⁴ The Phase 1 Order also
17 approved the bifurcation of this proceeding to a second phase to review the
18 Company’s proposed revisions to its TPA and T&C tariff.

⁴ On July 24, 2024, the Company filed a Motion for Clarification to confirm that it will be required to submit annual reconciliation filings on March 1, with any adjustments to the DPRs to take effect on August 1 of the year the reconciliation filing is made. The Motion for Clarification further sought to confirm the initial effective date of the POR Program may be different than the August 1 effective date applicable to subsequent annual reconciliation filings. On August 6, 2024, the Commission issued a Procedural Order confirming both of these assumptions.

1 **III. REVISIONS TO THE T&CS AND TPA NECESSARY TO IMPLEMENT**
2 **SETTLEMENT AGREEMENT**

3 **Q. Could you please provide a summary of the substantive changes the Company**
4 **is proposing to make to the T&Cs and TPA to implement the approved**
5 **Settlement Agreement?**

6 A. Section 2.3 of the Settlement Agreement provides that all suppliers that choose
7 Consolidated Billing Service will be automatically enrolled in the POR Program
8 (the “Participating Suppliers”). Unitil has included this requirement in Section III.6
9 of the T&Cs and Section VII.A.i of the TPA.

10 Sections 2.4 and 2.5 of the Settlement Agreement provide that Unitil will calculate
11 separate DPRs for the Residential Service and General Service classes and set forth
12 the calculation of the DPRs and their components. These provisions are captured in
13 Section III.6.B.4.b of the T&Cs and incorporated by reference into the TPA at
14 Section VII.A.vii.

15 Section 2.7 of the Settlement Agreement provides that payments to Participating
16 Suppliers shall be made monthly based on the combined average payment period
17 for all Customers on Default Service and Consolidated Billing Service. The
18 Settlement Agreement further provides that the payment date will be calculated
19 based on actual historical data for the most recent calendar year and will remain in
20 effect for a 12-month period beginning *August 1st* (reflecting the Commission’s
21 modification to the effective date)(subject to a different effective date for initial

1 implementation). The Company has reflected these requirements in Section
2 III.6.B.4.a of the T&Cs.

3 Section 2.8 of the Settlement Agreement provides that Unitil will pay Participating
4 Suppliers for existing accounts receivable of customers billed under Consolidated
5 Billing at the start of the POR Program. The Company has incorporated this
6 provision in Section III.6.B.5.b of the T&Cs.

7 Section 2.9 provides that Unitil will make an annual reconciliation filing on or
8 before March 1st each year (subject to a different date for initial implementation)
9 providing the DPR calculations and the payment date for the forthcoming year.
10 These provisions are captured in Section III.6.B.4.b in the T&Cs.

11 **Q. Please provide an overview of the Company’s proposed Security Interest**
12 **requirement.**

13 A. The Company views the POR Program as a “true-sale” of the accounts receivable—
14 i.e., upon transfer, the receivables become the property of the Company. However,
15 there may be some risk that if a Competitive Supplier files for bankruptcy, the
16 Company could have difficulty enforcing its rights in the receivables. This risk
17 stems from the fact that, in the context of a bankruptcy proceeding, a bankruptcy
18 court would be the ultimate arbiter of whether a “true sale” exists. The Company
19 cannot say with certainty what a bankruptcy court would do under these facts and
20 circumstances (i.e., an accounts receivable program managed by a regulated utility
21 company). Specifically, it is not certain how a bankruptcy court would view the

1 Company's right to collect on the receivables or its priority in collecting on them.
2 Therefore, although the Company believes the POR Program is a "true-sale" of the
3 accounts receivable, a security interest provision is a necessary risk mitigation
4 measure to protect the Company and its customers.

5 The Company's proposed security interest provision is set forth at Section VI of the
6 TPA.

7 **Q. Has the Company made any other revisions to the TPA and the T&Cs?**

8 A. Yes. The Company has included revisions to both the TPA and the T&Cs for clarity,
9 to update internal section references, and to update terms that are obsolete. All of
10 these revisions are marked in redline and examples include:

- 11 • *T&Cs, Section I.2.* Added definitions for Community Power Aggregation,
12 and EBT Standards. Simplified the definition for Department of Energy.
- 13 • *T&Cs, Section II.2.16, II.3.7, and II.3.8.* Inserted language to recognize
14 applicability exceptions for Community Power Aggregations.
- 15 • *T&Cs and TPA generally.* Updated references from the New Hampshire
16 Public Utilities Commission to the Department to Energy where relevant
17 authority has been transferred.
- 18 • *TPA, Section VI.* Removed reference to Value Added Network (VAN)
19 because it is no longer relevant and made clarifying edits to electronic
20 transmission provision.

- 1 • *TPA, Section VI.* The sentence concerning preexisting balances has been
2 removed because under the POR program, existing balances will be
3 purchased by the Company for Suppliers choosing Consolidated Billing
4 Service.
- 5 • *TPA, Section VII.B.* Removed language regarding load and usage reports
6 because Suppliers now have direct rights and access to this data. The
7 Supplier’s loads are available as MIS reports from ISO-NE and data is
8 available 3 business days after operating day.

9 **IV. TIMING AND PROCESS FOR FULL IMPLEMENTATION**

10 **Q. Does the approved Settlement Agreement address the timing of full**
11 **implementation for the POR Program?**

12 A. Yes, Section 2.10 of the Settlement Agreement provides that the Company shall
13 make a compliance filing with the Commission for the initial implementation of the
14 POR Program on the later of (1) five months from the date of the Phase 1 Order or
15 (2) one month from the date of the Phase 2 Order. The Settlement Agreement further
16 provides that the Company will define the effective date for the initial
17 implementation of the POR Program in that compliance filing.

18 **Q. What factors will inform the proposed effective date for initial implementation**
19 **of the POR Program?**

20 A. If all Participating Suppliers have signed the revised TPA (as approved in Phase 2
21 of this proceeding) prior to the compliance filing, a date certain for POR Program

1 implementation will be provided. Otherwise, the effective date depends on the
2 timing of receipt of executed TPAs or such other date set by the Commission in
3 Phase 2 of this proceeding.

4 **Q. What is the significance of having signed TPAs from all suppliers?**

5 A. The Settlement Agreement provides that that all suppliers that choose Consolidated
6 Billing Service from the Company must be automatically enrolled in Unitil's POR
7 Program and POR Program enrollment is contingent upon the execution of the
8 TPA.⁵ Therefore, all suppliers on Consolidated Billing must be placed in the POR
9 Program at the same time. Otherwise, Unitil would need to maintain two parallel
10 systems for Consolidated Billing Service: (1) one for Competitive Suppliers on
11 Consolidated Billing without signed TPAs that are not in the POR Program; and (2)
12 one for Competitive Suppliers on Consolidated Billing with signed TPAs that are
13 enrolled in the POR Program. The administrative burden and implementation costs
14 associated with such an approach are not workable.

15 **Q. When will the Company contact suppliers to execute the TPA approved in**
16 **Phase 2 of this proceeding.**

17 A. Pursuant to Section 2.10 of the Settlement Agreement, Unitil will deliver the revised
18 TPA to all active suppliers no later than five business days following a Phase 2
19 Order.

⁵ In addition, Section 2.8 of the Settlement Agreement provides that Unitil will pay Participating Suppliers for existing accounts receivable of customers billed under Consolidated Billing at the start of the POR Program. The Company has incorporated this provision in Section III.6.B.5.b of the T&Cs.

1 **Q. Has the Company taken any preliminary steps to implement the POR**
2 **Program?**

3 A. Yes, Section 2.10 of the Settlement Agreement provides that the Company will
4 begin the testing and process modifications necessary to implement the POR
5 Program following a final order by the Commission approving the Settlement
6 Agreement. As noted above, the Commission approved the Settlement Agreement
7 on July 19, 2024, and accordingly, the Company has initiated testing and process
8 modifications for implementation.

9 **Q. The approved Settlement Agreement provides that Unitil will implement the**
10 **POR Program using the Massachusetts Electronic Business Transaction**
11 **(“EBT”) standards. Why is Unitil using the Massachusetts EBT standards for**
12 **implementation?**

13 A. On April 2, 1998, the New Hampshire Electronic Data Interchange (“EDI”)
14 Working Group filed with the Commission a report recommending the adoption of
15 business rules and related standard transactions and formats for the electronic
16 transfer of customer information. In *New Hampshire Electric Cooperative Inc.*, DR
17 98-097; Order No. 23,013 (September 8, 1998), the Commission approved the EDI
18 Working Group’s recommendations pending the outcome of a rulemaking to
19 implement EDI standards. The rulemaking to implement the EDI standards has not
20 occurred and the EDI Working Group had not convened for 25 years when the
21 Settlement Agreement was filed with the Commission in this docket.

22 In the absence of approved EDI standards for New Hampshire, Unitil has followed

1 the Massachusetts EBT standards maintained by the Massachusetts EBT working
2 group.⁶ In order the expedite implementation of the POR Program, the Settling
3 Parties agreed that Unitil would continue to utilize the rules, processes, standards
4 and procedures of the Massachusetts EBT Working Group unless and until the
5 Company is directed by the Commission to adopt and implement EDI standards
6 developed for New Hampshire. The Company is aware that in DE 23-063 the
7 Commission found that the EDI Working Group should be reconvened with a goal
8 of determining whether the current EDI system is meeting the evolving electric
9 system needs and if not, what changes may be required, and at what cost.⁷ Unitil has
10 been an active participant in the recovened EDI Working Group in New Hampshire.

11 **Q. Has the Company revised the T&Cs and TPA to reflect that it will be using the**
12 **Massachusetts EBT Working Group standards for implementation until EDI**
13 **standards are developed for New Hampshire?**

14 A. Yes, Unitil has replaced all references to the New Hampshire EDI Working Group
15 and Working Group Report with the Massachusetts EBT Working Group standards.

16 **V. CONCLUSION**

17 **Q. Does this conclude your testimony?**

18 A. Yes, it does.

⁶ EDI rules and procedures, including details on “payment/adjustment” transactions are posted online at: <https://www9.nationalgridus.com/masselectric/ebt/index.asp>

⁷ DE 23-063, Order 26,903 (Nov. 15, 2023).