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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Testimony and Schedules from Petition for Approval of Default Service Solicitation and Proposed Default Service Tariffs Filing (06-07-24) {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
2	Testimony and Schedules from Petition for Approval of Default Service Solicitation and Proposed Default Service Tariffs Filing (06-07-24) <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
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P R O C E E D I N G

1
2 CHAIRMAN GOLDNER: Okay. Good morning.
3 I'm Chairman Dan Goldner. I'm joined today by
4 Commissioner Simpson and Commissioner
5 Chattopadhyay. This is the hearing for the
6 August to January procurement cycle for default
7 service in Docket Number DE 24-065, the Unitil
8 Energy Systems' procurement review proceeding.

9 This hearing was scheduled pursuant to
10 an Order of Notice issued by the Commission on
11 May 8th, 2024, following Unitil's request for the
12 launch of its default service process filed on
13 April 19th, 2024. The Office of the Consumer
14 Advocate filed a letter of participation in this
15 proceeding on April 23rd, 2024.

16 On June 7th, 2024, Unitil filed its
17 Petition for approval of the results of its
18 August to January default service procurement, as
19 modified with an ISO-New England 10 percent
20 market-based procurement tranche, as established
21 pursuant to a Commission directive in Order
22 Numbers 26,910 and 26,973. Both of these orders
23 were issued in Unitil's previous default service
24 docket, DE 23-054.

1 Unitil late-filed a Witness and Exhibit
2 List yesterday, June 10th. The Commission noted
3 that, in quotes, "The DOE and OCA were provided
4 an advanced copy" of the list, according to the
5 Company. So, we'd like to inquire today as to
6 why it was filed later on Monday afternoon,
7 instead of on Friday with the other material,
8 given the Company's request for a waiver.

9 We also note that Unitil proposes a
10 Company witness panel of its personnel, Pentz,
11 McNamara, and Nawazelski.

12 Unitil relies on PUC Rule
13 201.06(a)(15), and 201.06 and 07 generally, for
14 the confidential treatment of certain material
15 filed with its June 7th filing. There are no
16 intervenors in this docket and no members of the
17 public here today. In light of this, when
18 confidential information is implicated in the
19 hearing, we ask that the parties indicate this
20 for the benefit of the court reporter.

21 When we take appearances today, we'll
22 invite the Company, the OCA, and the Department
23 of Energy to make brief opening statements, and
24 indicate if they have any objections to the

1 proposed Exhibits 1 to 3. We also ask the OCA
2 and DOE to indicate whether they intend to call
3 any witnesses today.

4 Let's begin by taking appearances,
5 beginning with the Company.

6 MS. DAVEY: Good morning,
7 Commissioners. Alice Davey -- Alice Davey, on
8 behalf of Unitil Energy Systems.

9 And would like for me to respond
10 regarding the Exhibit List now?

11 CHAIRMAN GOLDNER: Sure.

12 MS. DAVEY: Okay. So, I just -- the
13 only reason I filed it on Monday was in order to
14 give the OCA and DOE an opportunity to see the
15 list before I submitted it. I sent it to them in
16 the morning, I did speak with both of them later
17 in the afternoon. And I had already sent it in
18 at that point.

19 CHAIRMAN GOLDNER: But why wasn't it
20 filed on Friday?

21 MS. DAVEY: I just wanted to give them
22 an opportunity to see the filing on Friday,
23 review the list, and see if they wanted to add
24 anything on Monday.

1 CHAIRMAN GOLDNER: Okay. I would say,
2 in the future, maybe Friday morning, you know, --

3 MS. DAVEY: Absolutely.

4 CHAIRMAN GOLDNER: -- just make sure
5 it gets filed on Friday, --

6 MS. DAVEY: Sure.

7 CHAIRMAN GOLDNER: -- before close of
8 business in the future.

9 MS. DAVEY: Absolutely. Thank you.

10 CHAIRMAN GOLDNER: Okay. Thank you.
11 The Office of the Consumer Advocate?

12 MR. KREIS: Good morning, Mr. Chairman,
13 Commissioners. I'm Donald Kreis, the Consumer
14 Advocate. With me is our Director of Economics
15 and Finance, Marc Vatter.

16 We do not intend to call any witnesses
17 today.

18 CHAIRMAN GOLDNER: Okay. Thank you.
19 And the Department of Energy?

20 MR. YOUNG: Good morning,
21 Commissioners. Matthew Young, on behalf of the
22 Department of Energy. With me today is Stephen
23 Eckberg, who is a Electric Analyst in the
24 Regulatory Support Division.

1 We do not plan to call any witnesses
2 today. And we do not have any objections to the
3 witness panel.

4 CHAIRMAN GOLDNER: Okay. And no
5 concerns with the Exhibits 1 to 3?

6 MR. YOUNG: No concerns, Mr. Chairman.

7 CHAIRMAN GOLDNER: And, Attorney Kreis,
8 I assume no concerns with Exhibits 1 to 3?

9 MR. KREIS: Correct.

10 CHAIRMAN GOLDNER: Thank you. Okay.
11 Very good.

12 We can, I think at this point, take
13 brief opening statements, if there's anything
14 that anyone would like to add, or we can go
15 straight to the witness panel. Do the parties
16 have a preference, anything that they would like
17 to say in an opening statement, or should we go
18 straight to witnesses?

19 MS. DAVEY: The Company has no opening,
20 and will reserve its right to make a closing.

21 Thank you.

22 CHAIRMAN GOLDNER: Okay.

23 MR. YOUNG: The Department has no
24 opening remarks, and would agree to just go to

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 the witnesses.

2 CHAIRMAN GOLDNER: Okay. Thank you.

3 Attorney Kreis?

4 MR. KREIS: Likewise, we're happy to go
5 straight to the witness panel.

6 CHAIRMAN GOLDNER: Thank you very much.

7 Okay. So, Mr. Patnaude, would you
8 please swear in the witnesses.

9 *(Whereupon **LINDA S. McNAMARA,***
10 ***JEFFREY M. PENTZ** and **DANIEL T.***
11 ***NAWAZELSKI** were duly sworn by the*
12 *Court Reporter.)*

13 CHAIRMAN GOLDNER: Thank you. And now
14 we'll begin with Unitil direct, and Attorney
15 Davey.

16 MS. DAVEY: Thank you, Chair. And I
17 would just note for the record that I also have
18 Joe Conneely and Robby Page from Unitil here.

19 I will start with Ms. McNamara.

20 **LINDA S. McNAMARA, SWORN**

21 **JEFFREY M. PENTZ, SWORN**

22 **DANIEL T. NAWAZELSKI, SWORN**

23 **DIRECT EXAMINATION**

24 BY MS. DAVEY:

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q Ms. McNamara, please state your name, employer,
2 and the position you hold with the Company, and
3 your responsibilities in that position?

4 A (McNamara) Good morning. My name is Linda
5 McNamara. I am a Senior Regulatory Analyst for
6 Unitil. And part of my responsibilities is
7 preparation of the rates for the default service
8 filing.

9 Q Hearing Exhibits 1 and 2 are the confidential and
10 redacted versions of the Company's initial filing
11 in this case. Included in these exhibits is your
12 prefiled testimony, as well as supporting
13 schedules. Were these -- was this testimony and
14 the supporting schedules prepared by you or under
15 your direct supervision?

16 A (McNamara) Yes.

17 Q And do you have any corrections to your testimony
18 or schedules that you wish to make today?

19 A (McNamara) No.

20 Q And do you adopt your written testimony as your
21 sworn testimony in this case?

22 A (McNamara) I do.

23 MS. DAVEY: Thank you. This witness is
24 available for cross-examination, and I can move

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 on to Mr. Pentz.

2 BY MS. DAVEY:

3 Q Mr. Pentz, could you please state your full name
4 and employer, and the position that you hold with
5 the Company and your responsibilities in that
6 position?

7 A (Pentz) I'm the Supervisor of Energy Supply at
8 Unitil. And part of my responsibilities include
9 managing default service procurement and REC
10 procurement.

11 Q And Hearing Exhibits 1 and 2 are the confidential
12 and redacted versions of the Company's initial
13 filing in this case. Included in these exhibits
14 are your prefiled testimony and supporting
15 schedules. Was this direct testimony and
16 supporting schedules prepared by you or under
17 your direct supervision?

18 A (Pentz) Yes, they were.

19 Q And do you have any corrections to your testimony
20 or schedules that you wish to make today?

21 A (Pentz) I do not.

22 Q And do you adopt your written testimony as your
23 sworn testimony in this case?

24 A (Pentz) I do.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 MS. DAVEY: Thank you. Mr. Pentz is
2 available for cross-examination. And I will
3 finish with Mr. Nawazelski.

4 BY MS. DAVEY:

5 Q Please state your name, employer, and the
6 position you hold with the Company, and your
7 responsibilities in that position?

8 A (Nawazelski) Good morning. My name is Daniel
9 Nawazelski. I am the Manager of Revenue
10 Requirements at Unitil Service Corp. In this
11 capacity, I am responsible for the preparation
12 and presentation of distribution rate cases and
13 support of other various regulatory proceedings.

14 Q Hearing Exhibits 1 and 2 are the confidential and
15 redacted versions of the Company's filing.
16 Included in these exhibits is your prefiled
17 testimony and supporting schedules. Was this
18 testimony and the supporting schedules prepared
19 by you or under your supervision?

20 A (Nawazelski) Yes, it was.

21 Q Do you have any corrections to your testimony or
22 schedules that you wish to make today?

23 A (Nawazelski) No, I do not.

24 Q Do you adopt your written testimony as your sworn

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 testimony in this case?

2 A (Nawazelski) Yes, I do.

3 MS. DAVEY: All three witnesses are
4 available for cross-examination. Thank you.

5 CHAIRMAN GOLDNER: Thank you. We'll
6 turn now to cross, beginning with the New
7 Hampshire Department of Energy.

8 MR. YOUNG: Thank you, Mr. Chairman.
9 Good morning, witnesses. I have a few, I guess,
10 preliminary questions. I think I'll start with
11 Mr. Pentz.

12 **CROSS-EXAMINATION**

13 BY MR. YOUNG:

14 Q Could you explain, I guess, based on recent
15 Commission orders, how this Default Service
16 solicitation maybe differed from others?

17 A (Pentz) Sure. This solicitation changed per the
18 order earlier this year, where the Commission
19 required the Company to include an ISO market
20 tranche. So, in this particular procurement, we
21 are doing 90 percent fixed price from wholesale
22 suppliers, and a 10 percent ISO market tranche.

23 And that's the only difference,
24 compared to the prior procurement.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q So, for the 90 percent, I guess, "tranches" we'll
2 call it, was that procurement conducted in
3 accordance with the process approved in previous
4 Commission orders, specifically in 2012?

5 A (Pentz) Yes.

6 Q And, regarding the bids received for that 90
7 percent portion, did Unitil review and evaluate
8 these bids in a manner consistent with the
9 criteria and process approved by the Commission
10 in the settlement agreement that established that
11 process?

12 A (Pentz) Yes, we did.

13 Q So, turning to that 10 percent ISO-New England
14 portion, could you describe how the Company is
15 incorporating that into their pricing this
16 default service period?

17 A (Pentz) Sure. For the 10 percent ISO market
18 tranche, and this was all in our proposal that
19 was filed this spring, was we created an estimate
20 for that ISO market tranche based on energy
21 futures/NYMEX futures. We also are fairly
22 certain what the price of capacity is, since
23 forward capacity auctions are done three years in
24 advance. So, we have a good reasoning of what

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 the capacity and energy prices may be, and we
2 also incorporated historical average from the
3 wholesale cost report for all the other
4 components, such as ancillary services. Those
5 are more *de minimus* compared to energy and
6 capacity.

7 So, we, essentially, create an estimate
8 based off of those certain charges. And, then,
9 what we do is we weight the 10 percent with the
10 90 percent winning bidder, to create,
11 essentially, an estimate, a 90 percent fixed
12 price/10 percent estimate of what the market
13 tranche would be, and that weighted average price
14 is the wholesale power supply price for the
15 period. And, of course, we don't know what the
16 actual cost of that ISO market tranche will be
17 until those energy charges are incurred, which
18 would start in August.

19 Q And are there specific schedules that you could
20 point to in, I guess, either Exhibit 1 or 2, that
21 would -- that would kind of describe the process
22 you just described?

23 A (Pentz) Sure. I'm just going to go an find the
24 section.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q And I guess to jump to the -- maybe to the point,
2 would JMP-6 and JMP-7 be accurate reflections?

3 A (Pentz) That's correct. Yes.

4 Q And those are on Bates Page 150 and 153,
5 respectively, of either exhibit, I might add?

6 A (Pentz) Thank you. Yes. That's correct.

7 Q Okay. Would you mind, I guess starting with
8 JMP-6, just maybe describe what the Commission is
9 seeing in this schedule?

10 A (Pentz) JMP-6 is the estimate of the ISO market
11 tranche, as I had just described all the cost
12 components that go into the market tranche.

13 So, we have "Projected Default Service
14 Volume", which is 10 percent of our projected
15 volumes, followed by the energy estimates,
16 capacity, and ancillary services, along with some
17 other *de minimis* charges. Then, we take the
18 weighted average of those for the Small and
19 Medium Customer Group.

20 Q Okay. Thank you for that. So, turning, I guess,
21 back to your testimony, in Exhibit 2, I'll just
22 stick with the redacted version for now. Bates
23 Page 009, on Lines 15 to 18, describes "Upon
24 review and analysis of the winning bid prices

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 compared to energy futures from current and prior
2 solicitations, the Company didn't see any notable
3 increases in bidder risk premiums caused by
4 municipal aggregations."

5 I guess my first question is, did you
6 receive any feedback from bidders regarding
7 municipal aggregations, I mean, broadly?

8 A (Pentz) Yes. We did receive feedback from
9 wholesale suppliers and bidders in the process.
10 And almost all the feedback was regarding
11 municipal aggregations. There were many
12 questions asking us, you know, certain timelines
13 as to when we think aggregations will start. Of
14 course, we don't know exactly when they will
15 start. It's really up to the town to make that
16 decision.

17 However, we do have outreach at the
18 Company. We have our Municipal Liaison Manager,
19 does reach out to these towns to try to get an
20 estimated start date for these aggregations. And
21 we did relay that information to the wholesale
22 suppliers, and they -- I believe that was very
23 helpful in the process.

24 If there's one thing that's the most

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 important, with regards to municipal aggregation
2 load risk, is knowing when that load is going to
3 shift away. And, in particular, for this
4 particular solicitation, as I noted in my
5 testimony, there will be significant migration
6 away in this service period.

7 Q So, would you expect -- I guess, so, as I just
8 mentioned, your testimony says that there was no
9 notable increases in bidder risk premiums caused
10 by municipal aggregations. But it sounds like,
11 for the next default service period, that could
12 change, based on migrations during this service
13 period. Would that be an accurate reflection?

14 A (Pentz) It could, yes. I think, you know, when
15 we looked at the bids that we received this
16 round, and we looked at the bidding data from the
17 previous round, markets have been very stable,
18 compared to the last round. If you look at the
19 NYMEX futures in the NYMEX exhibit, they're very,
20 very similar. Bid prices are fairly similar.
21 The one aspect that is not similar is the
22 expected municipal aggregation load, which is
23 expected to shift away. And, you know, to that
24 end, you know, we expected higher pricing because

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 of that.

2 Q Are there any notable towns or cities in Unitil
3 territory that are, I guess, close -- closer than
4 others to moving -- to migrating to municipal
5 aggregation?

6 A (Pentz) Yes. Currently, there are 11 towns
7 active in Unitil for aggregation service. There
8 are three pending out there that I believe have
9 been approved that have not started yet. And
10 that would be Concord, is the biggest one, they
11 were approved last week, and that represents
12 about 28 percent of the total residential load in
13 UES's service territory. So, wholesale bidders
14 had a lot of questions on Concord, as to when,
15 you know, that load might shift away.

16 And there are a couple other smaller
17 towns, too, that I don't believe have a set start
18 date that are pending.

19 Q Okay. So, I think I'll stick with Mr. Pentz for
20 now. But I think I'll switch to the RPS
21 discussion in your testimony.

22 And maybe just for some context-setting
23 purposes, the 2021 compliance year for RPS
24 compliance, that effectively runs from July 1st

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 2021 to June 30th 2020 [2022?], would that be
2 accurate?

3 A (Pentz) That is correct.

4 Q And that's -- and all these RECs are based off of
5 the energy delivered during calendar year 2021?

6 A (Pentz) That's correct.

7 Q And that's, you know, maybe six-month lag, we'll
8 call it, would be due to the GIS producing or
9 minting the RECs in question, right?

10 A (Pentz) That's correct. So, for example, the
11 fourth quarter trading period of any -- for the
12 REC year starts April 15th of the following year.
13 So, April 15th, you have RECs that are traded
14 that were generated in the last quarter of 2020,
15 of the previous year. So, let's say, for
16 example, right now, in this quarter we're in
17 right now, which is the fourth quarter trading
18 period, that generation would be for October,
19 November, and December of 2023.

20 Q And, then, typically what happens, the Department
21 would get the data from the 2021, just using that
22 year as an example, calendar year, and then for
23 it to assess whether to the lower the 8 percent,
24 statutory required 8 percent requirement sometime

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 in early the following year, 2022, is that
2 accurate?

3 A (Pentz) That's my understanding of the process,
4 in our view.

5 Q Sure. Okay. Thanks. That's just helpful, I
6 think, to settle on some baseline facts.

7 So, according to your testimony, the
8 Company bought, I believe, 14,500 Class III RECs
9 in October of 2021, is that correct?

10 A (Pentz) Yes. That's correct.

11 Q And, at the time, that was 2 percent of the
12 Company's obligation?

13 A (Pentz) That's correct. So, the obligation at
14 the time was 8 percent; we purchased 2 percent.

15 Q Okay. And what was the price the Company paid
16 for those RECs?

17 A (Pentz) _____.

18 Q And at that time the Company paid that price,
19 what was the statutorily set and published ACP
20 price?

21 A (Pentz) \$34.99.

22 Q So, the Company bought two percent below the ACP
23 in October of 2021, which is roughly five months
24 into the compliance year, for all intents and

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 purposes?

2 A (Pentz) That is correct.

3 Q Okay. Were there more than 2 percent -- were
4 there more Class III RECs available at that price
5 at that time?

6 A (Pentz) It's my understanding that the New
7 Hampshire Class III market has always been fairly
8 thin. There isn't too much supply out there.
9 There hasn't been, because of just the nature of
10 the industry. So, when we saw the offer, we
11 picked it up.

12 Q Okay. And, then, over the next, I guess, two
13 cycles, the Company -- the Department had lowered
14 the requirements. So, the Company was able to
15 use the "banked RECs", we'll call them, for
16 compliance in two following years, is that
17 correct?

18 A (Pentz) That's correct.

19 Q And, so, the Company used as many as it could
20 over the next two years, I guess. And we are
21 left with, I believe, 5,632 2021 Class III RECs
22 remaining?

23 A (Pentz) That's correct. The Company was limited
24 by certain banking provisions, where, for each

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 compliance year, you're only allowed to use 30
2 percent of banked RECs to fulfill a requirement.
3 So, that limited -- that limited the Company with
4 its ability to use those banked RECs. Because,
5 in the ensuing two years, that requirement, the
6 New Hampshire Class III requirement, was also
7 reduced significantly to I believe it was 1
8 percent in 2022 and half a percent in 2023.

9 Q Okay. Thank you. That's subject to check, but
10 that sounds right.

11 Thank you for walking through that.
12 That's helpful context. So, essentially, the
13 Company purchased 2 percent in October 2021 below
14 the ACP, tried to use those RECs over the next
15 two years, did use them to the extent they could,
16 and now you've got roughly 5,600 RECs remaining?

17 A (Pentz) That's correct. To be specific, 5,632.

18 Q Thank you. Thank you, Mr. Pentz. A couple quick
19 questions for Ms. McNamara.

20 The proposed Residential Class fixed
21 non-G1 Default Service rate proposed in the
22 filing is 10.506 cents per kilowatt-hour, is that
23 correct?

24 A (McNamara) It is.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q And that proposed Default Service Charge is
2 comprised of two components, a Power Supply
3 Charge and a Renewable Portfolio Standard Charge,
4 is that correct?

5 A (McNamara) Yes.

6 MR. YOUNG: Thank you. I believe those
7 are all my questions, Mr. Chairman.

8 CHAIRMAN GOLDNER: Thank you. And
9 we'll turn now to the Office of the Consumer
10 Advocate.

11 MR. KREIS: Thank you, Mr. Chairman. I
12 just have a few questions. I think they're all
13 for Mr. Pentz. And, hopefully, they won't take
14 very long.

15 BY MR. KREIS:

16 Q I want to start on, I'm looking at Exhibit 1, but
17 I'm not going to ask any -- I'm not going to ask
18 the witness to discuss any confidential -- or
19 disclose any confidential information on the
20 record. So, there shouldn't be any issues there.

21 In your description of the bidding --
22 or, the solicitation process, you mentioned that
23 you circulated the RFP to "all members of the
24 NEPOOL Markets Committee". How was that

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 circulation accomplished?

2 A (Pentz) ISO-New England publishes a list of all
3 participants from the Markets Committee. It's
4 publicly available information.

5 Q And, so, that means that you sent the RFP to the
6 email address for all those market participants?

7 A (Pentz) Yes. There are quite a few email
8 addresses in that list. So, it's quite lengthy,
9 to the point where you're talking about several
10 hundred participants.

11 Q Do you send it to our Office?

12 A (Pentz) It was only sent out to the Supplier and
13 Generation sector.

14 Q Ah. Okay. At Page 9, Bates Page 009, you
15 testified that the risk premiums did not increase
16 this time around because -- as the result of
17 community power aggregation. Could you take me a
18 little bit through the details of how you know
19 that?

20 A (Pentz) Sure. If we go to Bates Page 037, there
21 is confidential material in here, but I'm going
22 to try my best not to say anything that's
23 confidential. If I do, I will make a note of it,
24 however. If we look into this exhibit, you can

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 see what we're doing here, on Bates Page 037, is
2 looking at our bid data compared to the prior
3 round. And you're -- what we're trying to do
4 here is look at the NYMEX futures, and compare
5 that to the futures of the prior round. And we
6 create what's called a "ratio", I know some other
7 companies call it a "multiplier" or a "factor".
8 And what that factor -- how that factor is
9 calculated is you simply divide the weighted
10 average of the NYMEX futures, I apologize, you
11 divide the weighted average wholesale bid price
12 by the weighted average NYMEX futures, and you
13 create a factor. That factor essentially tries
14 to discover what are the components -- the
15 non-energy components of the bid. And capacity
16 is part of it, ancillary services, supplier
17 margins, supplier risk margins. And, when you
18 look at the factors from this service period,
19 compared to the prior service period, the factors
20 actually went down. And the NYMEX pricing was
21 fairly similar. There were some slight
22 variances, looking from February '24 to July '24.
23 The bid price is fairly similar. There was a
24 slight increase.

{DE 24-065} [REDACTED - For PUBLIC Use] {06-11-24}

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 But, if you look at overall how we did,
2 if you apply this period's bid price to the
3 ratios from the previous round, we actually made
4 out better, and that's in the final bid price
5 versus calculation result.

6 So, that's basically saying, you're
7 looking at your NYMEX futures, okay, they
8 increased a little bit. You look at your
9 wholesale bid prices, they increased as well, but
10 not as much as the NYMEX futures did on a
11 percentage basis.

12 Q So, that's really interesting. And I'm really
13 having trouble squaring that with the feedback
14 that you testified about, in which the bidders
15 are alluding to or mentioning or complaining
16 about or expressing concerns about the migration
17 into community power aggregation. And, yet, it
18 seems like, if I'm understanding you correctly,
19 the risk premium that they're actually extracting
20 is going down. So, how do you reconcile those
21 two things?

22 A (Pentz) That's a very good question. I think, if
23 you look at the bids that we received, one of the
24 things we look at, and it's actually a very

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 important factor we look at is clustering, how
2 close the bids are together. There is, you know,
3 some slight variations in regards to the winning
4 bidder, perhaps compared to other bidders.

5 So, I don't know, you know, from the
6 bidders' standpoint, you know, I don't know what
7 risk they assess. I do think the data we provide
8 them and trying to let them know, you know, "Hey,
9 this is when we think this aggregation is going
10 to start, based on our community outreach", I
11 think that goes a long way in helping the
12 wholesale bidders figure out when that load is
13 going to shift.

14 We do provide them with data by town,
15 which is sorted by default service and
16 competitive supply, so they have a better hold on
17 how much of that load is going to shift.

18 Q You mentioned, when you were talking with
19 Mr. Young, that there are 11 active community
20 power aggregation towns in the UES service
21 territory, and three more that are about to jump
22 onboard. So, that's going to take us to 14.

23 Do you know how many of those 14 are
24 part of the Community Power Coalition of New

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Hampshire and how many aren't?

2 A (Pentz) I believe all of the towns, except for
3 two.

4 Q You are aware, I presume, that the Community
5 Power Coalition of New Hampshire is going to roll
6 out new rates for its retail customers on the
7 same day that these rates for Unitil take effect?
8 You're aware of that?

9 A (Pentz) I am not particularly aware of what their
10 schedule is. I understand, in the past, their
11 rates have been set on default service service
12 period schedules.

13 Q What I'm curious about is whether there is
14 information that the bidders that you're seeing
15 are getting through the process of transacting
16 business with community power aggregators in New
17 Hampshire? Is it possible that they're deriving
18 insight that they're applying to their bids
19 they're submitting to you through contacts as
20 potential suppliers to them?

21 A (Pentz) That's certainly a possibility.

22 Q And, vice versa, they're getting information from
23 you that might be useful in their transactions
24 with the Community Power Coalition of New

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Hampshire and whoever else is supplying those two
2 other -- or, working with those two other towns?

3 A (Pentz) I would say the wholesale suppliers that
4 we've traditionally worked with also supply load
5 to competitive suppliers and aggregations. So, I
6 think, yes, it does cut both ways, I would
7 imagine.

8 Q But we don't know, for purposes here, of what
9 effect any of that might be having?

10 A (Pentz) That is correct.

11 Q I have, I think, what might strike you as a dumb
12 question, or maybe a dumb series of a few
13 questions. And it has to do with, it's Bates
14 Page 028, and, again, there's a bunch of
15 confidential information on Bates Page 028, but
16 I'm not going to discuss any of the confidential
17 information, and I'm not going to ask you to
18 discuss any of it, although I might ask you to
19 characterize some of it.

20 That page basically reveals, in summary
21 form, the results of the bidding on the Small
22 Customer Class, which, of course, is the class I
23 care about. And you ranked the bidders. And I
24 guess my question is, well, there's a column or

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 there's a line called "Price Ranking". What is
2 the basis of that ranking? Which of the lines
3 above the "Price Ranking" resulted in those
4 bidders being ranked the way you ranked them?

5 A (Pentz) It would be the weighted average bid
6 price, based on the estimated load data.

7 Q And which line is that on that Page 28?

8 A (Pentz) That would be, if you look all the way
9 over to the left of that table, you'll see
10 "Period", right below "January 2025".

11 Q So, in other words, that's the basis for the
12 ranking, that line that says "Period".

13 There is, however, a separate price or
14 a separate bid for each of the months during the
15 six months. Is that the way these bidders
16 actually end up charging Unitil? Does the price
17 vary by month?

18 A (Pentz) When we receive the wholesale supplier
19 invoices, we are charged by month by the actual
20 monthly bid prices, yes.

21 Q But the solicitation process wouldn't allow you
22 to change winning bidders by month, you basically
23 have to choose one winning bidder for the entire
24 six-month period, under the rules of the

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 procurement?

2 A (Pentz) That's correct. Yes.

3 Q So, what to make of the fact that it's clear,
4 from looking at those confidential monthly bids,
5 that the bidders apply, I guess, different
6 strategies, like, in other words, the top-ranked
7 bidder is not the top-ranked bidder in every
8 month. And I guess I'm trying to think through
9 why that is?

10 A (Pentz) I think only the wholesale supplier would
11 know the answer to that question.

12 Q So, in other words, for your purposes, or mine,
13 or the Commission's, there's really no insight to
14 be gleaned from the fact that, if you look at it
15 that granularly month by month, you see that, in
16 any given month, any of the bidders might be the
17 "winning bidder"?

18 A (Pentz) Yes, that's correct. And, you know, you
19 can see, in our procurements, we ask for
20 indicative bids, which give us a better sense of
21 what pricing we're going to receive, and you can
22 see the changes in those months from indicative
23 to final.

24 But, essentially, we just take, you

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 know, per our procurement practices, the
2 six-month weighted average, and that's how it's
3 ranked.

4 MR. KREIS: I think those are all the
5 questions I have, Mr. Chairman. Thank you,
6 Mr. Pentz.

7 CHAIRMAN GOLDNER: Thank you. We'll
8 turn now to Commissioner questions, beginning
9 with Commissioner Simpson.

10 CMSR. SIMPSON: Thank you, Mr.
11 Chairman. Good morning.

12 BY CMSR. SIMPSON:

13 Q So, continuing on that line of questioning, when
14 you say "indicative bids", can you describe that
15 a bit more deeply please?

16 A (Pentz) These are essentially, I would just say,
17 practice round bids. They send us the bid
18 template, the same exact form that it's in for
19 final bids. And it's been a practice for the
20 Company for years and years to ask for indicative
21 bids, so we can get a better sense of where the
22 final bids are going to end up, and assess if
23 there are perhaps any anomalies with regards to
24 some of the pricing from some of the bidders.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q So, that comes in sometime prior to final bids
2 being due?

3 A (Pentz) They come in two weeks before final bids
4 are due.

5 Q So, then, looking at the same Hearing Exhibit 1
6 and 2, Bates Page 028, the figures that we're
7 seeing within the respective bids, on a per month
8 basis, those are the actual amounts that the
9 Company would pay for load served at the end of a
10 monthly period?

11 A (Pentz) That's correct.

12 Q And, for the line that says "Power Cost", it
13 sounds as if you don't pay that full amount up
14 front for the whole six-month period. You serve
15 load in August, and then you get an invoice from
16 the supplier, and you pay that amount for that
17 month. And, then, you go to the next month, and
18 then you run through that month, month two, and
19 you pay at the end of the month, is that correct?
20 Am I understanding that process correctly?

21 And, if I'm not, please go on and help
22 me understand.

23 A (Pentz) Yes. I would say the "Power Cost" line,
24 these are power cost figures based on the

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 evaluation loads, not actual loads.

2 Q Uh-huh.

3 A (Pentz) So, in terms of, just to be specific, the
4 actual numbers on that "Power Cost" line, those
5 are going to change based on actual load. So, we
6 don't pay that actual number.

7 In terms of invoicing, with regards to
8 the wholesale supplier, yes, that's, you know, I
9 think what you had mentioned, Commissioner, is
10 correct. In that, when you have load that's
11 served, say, in August, the wholesale supplier
12 would then typically send us an invoice the first
13 or second week of the following month, and it is
14 paid around the 15th of the month.

15 Q So, your rate is fixed, and the load served
16 varies, based on customer behavior, and that
17 product is what you ultimately pay to the
18 supplier at the end of a period?

19 A (Pentz) That's correct. Yes.

20 Q Okay. Going back to community power aggregation,
21 can you refresh my memory, how many towns does
22 UES serve?

23 A (Pentz) I don't have the number of towns off of
24 the top of my head. I could certainly get it

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 within a minute or so.

2 Q Roughly, is it around 40 or so? Is it --

3 A (Pentz) It's around 40. I believe 42.

4 Q Okay. So, right now, you're somewhere between a
5 quarter and a third, in terms of towns that have
6 moved to a municipal aggregation product?

7 A (Pentz) Yes. In terms of number of towns, yes,
8 you're probably around 25 percent, a little
9 higher than that. I think, most importantly,
10 when you're talking to the wholesale bidders,
11 they don't care about the number of towns, they
12 don't care about the number of customers, they
13 care about the load, what the actual usage is.

14 You know, I think when you have the
15 City of Concord, which is 28 percent of the
16 residential load, from the whole Residential
17 Class, that's significant to them.

18 Q Uh-huh. You anticipated my next question
19 beautifully. What would you say is the
20 percentagewise that you've seen, in terms of
21 attrition, to municipal aggregation at this time?

22 A (Pentz) Right. So, from what we've seen, in
23 terms of opt-out rates, for most of the
24 aggregations, is that around 98 to 99 percent of

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 the customers don't opt out and they enroll
2 with --

3 Q Ninety eight (98) percent do not opt out?

4 A (Pentz) Yes.

5 Q Wow.

6 A (Pentz) That's correct.

7 Q Okay. That's significant. So, then, in terms of
8 looking at just load, statewide, served by UES,
9 what have you lost so far to aggregation?

10 A (Pentz) I have those numbers, if you just give me
11 a second.

12 Q Yes. And, if you'd point -- if it's in the
13 schedules, that would be great, so we could see
14 in terms of megawatt-hours. And take your time.

15 A (Pentz) Bates Page 145 is the Customer Migration
16 Report. Okay. When we're looking at the
17 Migration Report, you know, we can see that,
18 through March 2024 -- I'm sorry, let me back up.
19 I have another version that -- I'm looking at an
20 Excel file. But, if we go to "Retail Sales by
21 Customer Class", at the bottom of Bates Page 145,
22 this shows the "Competitive generation Sales as a
23 Percentage of Total Sales".

24 April 2024, for the Residential rate

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 class, which is the "Domestic" rate class, you're
2 talking about "28.7 percent" of all sales being
3 attributed to competitive generation. These
4 reports do not separate out competitive
5 generation from municipal supply.

6 Q Uh-huh.

7 A (Pentz) However, the lion share of that is
8 municipal aggregation for the Residential Class.

9 Q And it looks like your Domestic classes are
10 clearly experiencing the great shift to a
11 competitive product, correct?

12 A (Pentz) Yes. That's correct. And, if we go back
13 several months, to May 2023, for example, you'll
14 see "13.7 percent", and then it jumps to "22.5
15 percent" in June 2023.

16 Q Uh-huh.

17 A (Pentz) And that was due to the implementation of
18 the Exeter aggregation, which was a significant
19 amount of load.

20 And I did do some calculations. So, if
21 we look at the 28.7 percent in April, you know,
22 the hypothetical really that we needed to look at
23 was "Okay, well, how much load do we expect there
24 to be on default service, given the pending

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 aggregations of Concord, a couple other towns,
2 like Plaistow, for example, I know you have
3 Rockingham County -- I'm sorry, Merrimack County
4 is aggregating as well?"

5 By my calculations, if you factor in
6 the opt-out rates being very low, you're probably
7 looking at that "28.7 percent" number go up to
8 around 70 to 75.

9 Q Within the next year?

10 A (Pentz) By the end of the year, yes.

11 Q The end of 2024?

12 A (Pentz) If what I'm hearing in the news is
13 correct, yes.

14 Q Uh-huh. And do you have a sense of where that is
15 shifting? Is it within your service territory?
16 Or are you speaking more broadly, statewide?

17 A (Pentz) I'm just speaking specific to Unitil.

18 Q Okay. Somewhat of an aside, it's interesting,
19 looking at this table, and comparing the supplier
20 type, whether on a default product or a
21 competitive product, just by class. And the
22 Domestic change doesn't surprise me. The Regular
23 General and Large General, it is interesting to
24 see about 10 percent shifting, that customer

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 group, still 10 percent, a fairly sizeable
2 portion remains on the Company's product. But
3 the Outdoor Lighting, that's really what
4 surprises me the most, is that that's a
5 relatively minor shift. Which, to me, it would
6 appear that that class, historically, has been on
7 a competitive product, even though other more
8 commercial loads were overwhelmingly on a
9 competitive product, but not to the same degree
10 are we seeing a shift. Do you have any insight
11 into that?

12 A (Pentz) I do. I think, historically, what we've
13 seen is Residential customers shop around the
14 least, followed by your Regular General Class,
15 like you just said. And, then, the Large General
16 classes do the most shopping, and that's why you
17 see 95.4 percent of all the load for Large
18 Customers is served by a competitive supplier.

19 With Outdoor Lighting, there are -- the
20 Outdoor Lighting Class and the Regular General
21 Class are actually solicited together on the RFP.
22 So, the load asset, 11,452, is inclusive of the
23 Regular General Class and the Outdoor Lighting
24 Class. It's Rate Class G2 and Rate Class OL.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 So, when suppliers enroll customers
2 that are in the Regular General Class, many a
3 times they have Outdoor Lighting accounts tied to
4 those accounts. And that's why you see,
5 generally, the Regular General percentages are
6 fairly similar to Outdoor Lighting.

7 Q And do you know -- do you have any insight into
8 that delta, I look at April of '23 versus
9 April of '24, Regular General is at 10 percent
10 attrition, from 50 to 60 percent, but, for
11 Outdoor Lighting, it's 1.3 percent?

12 A (Pentz) That could just be due to some accounts
13 may have more outdoor lights than others. And,
14 so, there could be some variation, you know. But
15 I wouldn't have too much to add at this time on
16 that.

17 Q Uh-huh. And do you have a sense of the customer
18 type, when I think of "outdoor lighting", I think
19 of municipal pretty heavily. Do you have a sense
20 of the split between a private, more commercial
21 customer, versus a municipal customer?

22 A (Pentz) I would not be able to provide any
23 insight into that.

24 Q No problem. You mentioned to the Consumer

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Advocate the exchange of information that happens
2 between when a supplier bids on the Company's
3 default product, versus when they then go and bid
4 on an aggregation. It's an interesting topic to
5 me. And I'm curious, when you work with a
6 supplier, what do you think about? What
7 information does the Company provide within their
8 RFP, their publicly available RFP process, that
9 can be applied to, if I'm a supplier, then going
10 out and bidding on an aggregation?

11 Like, what's of great value in the
12 process that the utility is fostering, to then
13 apply to an aggregation?

14 A (Pentz) Sure. There is publicly available data,
15 such as historical load information, which shows
16 the migration between competitive supply and
17 default service. There is load profiles, which
18 are publicly available on Unitil's website, which
19 wholesale suppliers use to calculate their bid
20 prices, and retail suppliers, I imagine, use the
21 profiles as well to come up with their bid prices
22 for an aggregation, for example.

23 I think, is that -- is the information
24 that we publicize in the RFPs used by competitive

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 suppliers and used by aggregations? I'm sure it
2 is. I'm sure they look at the -- I'm sure they
3 look at the data.

4 They also get additional datasets, and
5 I'm just speaking in terms of aggregations, they
6 get additional datasets via the 2200 rules. They
7 get detailed, granular data on how many customers
8 are on competitive supply versus default service,
9 probably more detailed data than what we provide
10 actually in our RFPs.

11 Q And, on the flip-side, is there anything that you
12 glean from aggregation RFPs that could provide
13 insights or process improvements or pricing
14 improvements on the default service side?

15 A (Pentz) That's sort of a tough question to ask,
16 because I think it's two different products.

17 Q Uh-huh.

18 A (Pentz) Municipal aggregators, you know, I would
19 imagine procure in a different manner than
20 utilities do, with a load-following fixed price.

21 Q Can you dive into that a bit more? What's the
22 product that they're procuring for, versus what
23 the utility is procuring for, and distinguish
24 those for us?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (Pentz) Both of the entities, the utilities and
2 the aggregators, are procuring energy for their
3 customers. It's just the manner in how they
4 procure that energy.

5 I don't know how they procure their
6 energy. That's -- I don't believe that's public
7 information.

8 Q Would -- to your understanding, is what they're
9 procuring load-following as well?

10 A (Pentz) I wouldn't know the answer to that.

11 Q Okay. No problem. Can you point us to a summary
12 of the forecast price from the ISO market
13 tranche, as compared to the bid price for the
14 market-procured tranche?

15 A (Pentz) Yes. Hold on a second.

16 *[Short pause.]*

17 **BY THE WITNESS:**

18 A (Pentz) I'm on Bates Page 153.

19 BY CMSR. SIMPSON:

20 Q I am there.

21 A (Pentz) And this is Schedule JMP-7, which is the
22 "Total Power Supply Price Estimate", inclusive of
23 the 10 percent estimate -- the 10 percent market
24 tranche, versus the 90 percent fixed power. And,

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 if you look at, for example, August 2024, Row D,
2 you will see the Total ISO Market Tranche
3 Estimate of "57.72". Below that is the Fixed
4 Price Contract price.

5 Q Okay. And, looking at A and B, the -- developing
6 the load forecast for the 10 percent tranche and
7 the 90 percent tranche, what process do you have
8 to go through to identify the volume of load
9 served per tranche, and how do you divide up your
10 total load?

11 A (Pentz) That process, the budget -- the
12 forecasting of total load volumes is done by
13 another department in the Company. In regards to
14 how we split out the 10 percent versus the 90
15 percent, it's fairly simple. It's just we have
16 the total load volumes, and we divvy it up 10
17 percent for the tranche, for the market tranche,
18 and 90 percent for fixed price.

19 Q And, in planning for this, can you share with us
20 the outreach and, at a high level, the
21 communication that you've had or the Company has
22 had with ISO-New England?

23 A (Pentz) ISO-New England is not involved in this
24 procurement process. We, in terms of procuring

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 the actual energy, the way Unitil is doing it in
2 the Real-Time Markets, I believe in the Day-Ahead
3 Markets it's not required either, but it's simple
4 administrative changes on ISO's, it's called the
5 "CAMS" website, where you can change ownership
6 levels of load assets, and that's essentially how
7 to self-supply by direct purchases. It's a
8 simple change.

9 Q Okay. And, when you look at these figures, for
10 that 10 percent market tranche, what would you
11 say is the savings, versus the fixed price
12 contract?

13 A (Pentz) Okay. So, when -- I don't have those
14 numbers in front of me, but I think I understand
15 what the question was. In that, if we had
16 purchased 100 percent fixed price power, --

17 Q Correct.

18 A (Pentz) -- as opposed to doing what we're doing
19 now, the delta was around a little over \$2.00.

20 Q Okay.

21 A (Pentz) So, that period, weighted average price
22 would increase by that amount.

23 Q Okay. And, in this process, working with the
24 suppliers who were interested in bidding on the

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 fixed price contract, it sounds like their
2 overall interest or greatest level of questions
3 to the Company was with respect to attrition from
4 Company to municipal aggregation, and not so much
5 the Company's purchase of energy from ISO-New
6 England?

7 A (Pentz) We did receive one question in regards to
8 the change from 100 percent fixed price to 90
9 percent.

10 Q Uh-huh. Okay.

11 A (Pentz) But, yes. Most of the -- if not all the
12 questions, except for that one, was surrounding
13 municipal aggregations.

14 Q And the questions around municipal aggregation,
15 now that this municipal aggregation has been
16 ongoing within the state for a couple years now,
17 I'd say, is it intraperiod that they're
18 interested, attrition within this supply period,
19 as opposed to more broadly?

20 A (Pentz) The wholesale bidders strictly only care
21 about the relevant service period that's being
22 procured for. I think anything in the future,
23 2025, 2026, that's not what they're bidding on.

24 CMSR. SIMPSON: Thank you. Okay.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Thank you. I think that's all I have at this
2 time.

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

5 CMSR. CHATTOPADHYAY: Thank you.

6 BY CMSR. CHATTOPADHYAY:

7 Q Let's go to Bates Page 011, Exhibit 1. In Line 7
8 through 11, I may be reading it wrong, or you can
9 just clarify, you say that "next default service
10 solicitation will be for 90 percent of the small,
11 medium and large customer supply requirement", it
12 should be just "small and medium", right?

13 A (Pentz) Yes. That's correct.

14 Q Okay. The 10 percent that you procure or
15 expecting to procure for the Residential and the
16 Small Customer Class is through the Real-Time
17 Market?

18 A (Pentz) Yes.

19 Q You are aware that the other two utilities are
20 procuring through the Day-Ahead Market?

21 A (Pentz) Yes.

22 Q Is there a reason why you don't want to move to
23 day-ahead prices?

24 A (Pentz) We have done real-time purchases in the

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 past for our Massachusetts entity, in Fitchburg.
2 I know there are -- there's some reasoning that,
3 if you're bidding large amounts of load, that
4 it's appropriate to do so in the Day-Ahead
5 Market. However, with the attrition in default
6 service and the load volumes being significantly
7 declined, you know, we don't have any concerns
8 about purchasing in the Real-Time Market.

9 And, in regards to price spikes, that
10 could happen in the Real-Time Market, if you
11 looked at it over a period of time, I would say
12 months, years, the weighted average actually ends
13 up being on par with the Day-Ahead, and sometimes
14 can be actually lower.

15 Q Yes. I would expect them to be, on average,
16 lower, because there's a premium associated with
17 day-ahead prices, relative to, you know, the
18 forward energy prices, there will be a day-ahead
19 price premium. But that is pretty small, in my
20 opinion, having looked at the data.

21 Is there any technical reason why you
22 don't want to go to day-ahead prices? Like, is
23 it difficult to go to day-ahead prices?

24 A (Pentz) It's not something that the Company has

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 done. Perhaps, maybe twenty years ago, when the
2 markets were not restructured and the Company had
3 a trading desk, I think there may have been some
4 involvement there.

5 I do know that, in terms of
6 administrative processes, you know, it's
7 significantly -- it entails significantly more
8 resources than bidding real-time. You have to
9 come up with the forecast, submit the day-ahead
10 bids. There would be a cost to have a vendor
11 perform all the estimates for day-ahead bidding.

12 So, it adds just another layer of
13 complexity that the Company, at this time, is not
14 comfortable with.

15 Q And is it because you -- the Company doesn't do
16 it even in Fitchburg? They don't have the
17 ability to do it at this point?

18 A (Pentz) That's correct. We don't have the
19 ability to do day-ahead bidding in Fitchburg, or
20 in Unitil, in UES.

21 Q Do you agree, though, that day-ahead prices tend
22 to be less volatile than real-time prices?

23 A (Pentz) Yes. I think it depends upon the
24 operating day. But, as I said, --

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q I'm talking overall, that's, you know, not
2 particular data, generally, the volatility with
3 real-time prices would be higher than the
4 day-ahead prices, right?

5 A (Pentz) Yes. If you have a generator, a large
6 generator, that goes out of service, for example,
7 for a few hours, you will have a price spike for
8 a couple hours that you won't experience if you
9 do day-ahead.

10 Q And, very quickly, let's go to Bates Page 038.
11 Let me know when you're there.

12 A (Pentz) I'm there.

13 Q So, would you agree that it -- when you're
14 looking at, for example, August '24 through
15 January '25, a better comparison would be with
16 August '23 through January '24, rather than
17 February through July?

18 A (Pentz) That's correct. I believe, for this
19 particular solicitation, it's good to compare the
20 results of this round to the prior round.
21 Because, really, the markets have been stable for
22 the most part, futures pricing has been stable.
23 Yes.

24 Q In calculating the ratios here, ultimately, when

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 you are creating the last two columns, you're
2 using an average multiplier, right?

3 A (Pentz) Yes. With the "Ratio of Final Bid to
4 NYMEX" ISO column, yes.

5 Q But it's possible sometimes that, for a
6 particular month, that your analysis might show
7 that your estimate -- sorry, the bid that you
8 receive may be support -- may be displaying a
9 multiplier that's higher than the one that you
10 get through the NYMEX, you know, approach?

11 I know it's not happening here, but
12 it's possible, right, if you look at a particular
13 month? So, without -- without divulging the
14 numbers, so, for example, for August 2024, if you
15 look at the "Ratio of Final Bid to NYMEX", it is
16 what it is. And, then, you look at the one for
17 August '23, and you go to the third last column,
18 that number is -- I'm comparing those two
19 numbers. Okay?

20 Should I repeat?

21 A (Pentz) Yes.

22 Q Okay.

23 A (Pentz) I'm not 100 percent following this.

24 Q Okay. Go for the -- so, I'm going to be

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 comparing two numbers here. First number is, for
2 August '24, go to the number that appears in the
3 column that says "Ratio of Final Bid to NYMEX
4 NG", okay, under the 2024.

5 A (Pentz) For August '24?

6 Q Yes. Okay. And compare that to the August
7 number from the previous year, using the RFP for,
8 you know, the ratio -- again, the "Ratio of Final
9 Bid to NYMEX NG", which appears in the first row,
10 and in third last column.

11 A (Pentz) Okay.

12 Q So, that looks good. What I'm saying, it's
13 possible, when you're doing this averaging, that
14 it's possible, for a particular month, you may
15 have the numbers going the other way around?

16 A (Pentz) Yes. Yes, I mean, each unique month has
17 its own ratio. So, what we're doing with these
18 exhibits is creating a weighted average.

19 Q This question is almost similar to what, you
20 know, it's not quite, but the Consumer Advocate
21 was asking about the monthly prices, you know,
22 different bids, different bidders. So, do you
23 ever, like, look back and see what's going on in
24 a particular month, and, you know maybe some

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1 reasons to worry about market power abuse there
2 for a particular month? Have you ever done that?

3 If you have not, just say "no", but,
4 you know, I'm just curious.

5 A (Pentz) No. It hasn't been a practice that we do
6 on an individual or monthly basis. Yes.

7 Q Okay. But that did occur to me, like it depends
8 on what the numbers are. So, let me now go to --
9 so, we're at Bates Page 038 now. So, just
10 quickly explain to me, relative to Pages 36 and
11 37, for 38 and 39, what is the difference?

12 A (Pentz) I'd just like for you to clarify the
13 question. So, the question is clarifying Bates
14 Page 036 and 037, which used power futures,
15 versus natural gas futures.

16 Q Okay. That's the only difference?

17 A (Pentz) Yes.

18 Q Okay. And the multipliers are looked at
19 differently therefore?

20 A (Pentz) Yes.

21 Q Okay.

22 A (Pentz) And, in fact, we, and I've said this
23 quite a bit in the past at hearings, is the NYMEX
24 power futures is more reliable when you're

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1 looking at these comparisons, because the NYMEX
2 futures that we use are Henry Hub futures, which
3 do not include what's called "basis", which is
4 the added cost of gas after you reach a certain
5 point in the pipeline. So, New England gets much
6 higher pricing.

7 Q Agreed.

8 A (Pentz) Yes.

9 Q So, let's go to Bates Page 153. Okay. I know
10 that you had, like I said, going back to Bates
11 Page 011, you had indicated you want to, you
12 know, you're ready to do 90/10 for the next time
13 around as well. Do you have an opinion on
14 whether, you know, given what we are seeing,
15 there might be a split that is better than the
16 split we have right now? So, could be, let's
17 say, 25/75, and is that -- does that create
18 issues, in terms of implementing it?

19 This is really not about this
20 procurement. I'm just trying to get a sense of
21 what that means.

22 A (Pentz) From an implementation standpoint, we
23 could do it. The other question is more of a
24 public policy question. When you increase it

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1 from 10 to 25, as we've discussed many times,
2 you're shifting the risk from, you know, fixed
3 price to variable price, essentially.

4 In that respect, I don't have too much
5 further comment on that.

6 Q Okay.

7 A (Pentz) If ordered to do so, we would follow
8 orders.

9 Q Okay. Talking about community power, you have --
10 you estimated roughly that, like with Concord
11 going for community power, and other towns,
12 you're already seeing maybe next year it will
13 be -- by end of this year it would be 70 percent
14 of the load would go, and I'm talking about
15 residential customers here.

16 Do you have a sense of where this is
17 going? Because, right now, you have 40 towns, 14
18 of them are in the offing to go for community
19 power. Like, do you have a sense of what the
20 steady state is?

21 Like, you know, are you doing any
22 analysis to get a sense of where things might end
23 up being? I'm very curious, like, if you lose
24 70 percent, you have only 30 percent, maybe in

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 the future it would be even smaller, and that has
2 implications for even the procurements that we
3 are talking about here, ultimately.

4 A (Pentz) Right.

5 Q So, do you have any thoughts on that?

6 A (Pentz) Yes. And, you know, there's many
7 different ways you can branch off of that, that
8 question, and it's a very good one.

9 I think, you know, number one, when we
10 talk about "self-supplying", direct market
11 purchases, --

12 Q Uh-huh.

13 A (Pentz) -- you know, the more you increase in
14 self-supply, the less you take away from fixed
15 price volumes. So, you know, that is a point
16 that, at some point, those loads may not be
17 attractive to wholesale bidders if that
18 percentage goes high enough. What that
19 percentage is? I don't know at this time.

20 I've had conversations with bidders,
21 and to get into detail, you know, they have
22 advised us as to what their thresholds are for
23 bidding on loads.

24 Q Uh-huh.

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1 A (Pentz) Currently, right now, the domestic, the
2 residential load asset, peaks out at around 70
3 megawatts. If you take into account -- if you
4 take into account the load attrition that's
5 expected with Concord, with the few other towns,
6 you probably get to around half of that, around
7 35. And many of the suppliers we've spoken to
8 are comfortable with bidding on peak megawatt
9 loads as low as 5 to 10 megawatts.

10 I don't see a particular concern at
11 this time with losing wholesale supplier
12 interest. But it's something to monitor.

13 Q Do you have anything to share from the experience
14 in Fitchburg, for example? What's going on
15 there?

16 A (Pentz) In Fitchburg, just to compare UES to
17 Fitchburg, they're two very different entities.
18 UES is significantly larger than Fitchburg. So,
19 you know, we have -- the peak load that we asked
20 bidders to bid on in Fitchburg this time for the
21 residential load asset was around 2 to 3
22 megawatts.

23 So, you know, we're talking potentially
24 2 to 3 megawatts for Fitchburg right now, versus

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1 35, very big difference.

2 Q Yes. But don't they have community power there
3 as well?

4 A (Pentz) Yes.

5 Q And what has happened to this 2 to 3 megawatts?
6 Like, do they -- I mean, are there bidders
7 showing interest even then?

8 A (Pentz) They are showing interest, but it's lower
9 than in New Hampshire, and the risk premiums are
10 higher.

11 Q Okay. Is the question of whether, if the risk
12 premium -- the risk premiums keep going up, for
13 example, in Fitchburg, like you said, it might be
14 almost inevitable that you have to now completely
15 rely on the ISO-New England market at some point?

16 A (Pentz) I don't see that happening in the near
17 future for UES. But, like I --

18 Q No, I'm talking about Fitchburg?

19 A (Pentz) For Fitchburg, it's, you know, we do have
20 another town that is forming an aggregation in
21 Fitchburg, and that will take away even more
22 load. So, in Fitchburg, it's a possibility in
23 the future, if we --

24 Q Okay.

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1 A (Pentz) Yes.

2 Q Very quickly, if I go to Bates Page 150, I notice
3 that the only difference between the Medium
4 Customer Group and the Small Customer Group is,
5 if I'm seeing it correctly, it's just the
6 capacity price. And why is the capacity price
7 lower for the Medium Customer Group, relative to
8 the Small Customer Group? And just out of
9 curiosity.

10 A (Pentz) Sure. The Medium Customer Groups have,
11 typically, in the past, have a higher load
12 factor. So, that reduces the amount of capacity
13 costs on a per megawatt-hour basis that they have
14 to pay for load for.

15 Q So, --

16 A (Pentz) So, just to say in different words, the
17 Residential Customer Class contributes more to
18 the peak, as they use more power at peak times,
19 as opposed to the Medium Customer Class.

20 Q Yes. And, to that extent, that's what's really
21 surprising to me. Anyway, --

22 A (Pentz) Yes. And all the other pricing
23 categories are volumetric. So, that's why they
24 are the same, yes.

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1 Q Okay. You had talked about remaining RECs, you
2 know, in the discussion about 30 percent cap, and
3 that you still have 5,632 RECs. What do you do
4 with them?

5 A (Pentz) They expire. We're unable to use those
6 RECs for --

7 Q And who pays for it? The ratepayers?

8 A (Pentz) I know those RECs were already expensed
9 in 2021, is my understanding.

10 Q Okay. Somebody else, if you want to join in,
11 please feel free to, if you have more information
12 about it?

13 A (McNamara) Well, I'll just say you're correct,
14 the ratepayers pay for it. They were expensed,
15 as Mr. Pentz explained, when they were purchased.
16 And, through the reconciliation process,
17 ultimately customers would have seen that expense
18 actually over this past year, just because of the
19 timing of the reconciliation. I know it seems
20 like a long time gap between when they were
21 purchased and the reconciliation. But they would
22 have actually been part of, ultimately, the
23 August 2023 through July 2024 reconciliation.

24 And, then, in this most recent filing,

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1 the one that's before you today, we included
2 today an adjustment for that, to adjust the
3 timing of when those RECs were expensed, so that
4 they fully weren't expensed in November of 2021.
5 That the part that was used in the 2021
6 compliance year, it was part of that year. Going
7 forward, the piece that was banked that was used
8 for the 2022 compliance year, and then going
9 forward again to the 2023, as well as the
10 remaining unused piece.

11 Q Going back to Bates Page 038, I missed this
12 question, I should have asked it before. There
13 was some discussion about "evaluation load" and
14 "actual load". So, when you're looking at the --
15 for example, Bates Page 038, just as an example,
16 when you look at "RFP for Service Beginning
17 August 1st, 2023", is that based on evaluated
18 load or, I'm just curious, is it actual load?

19 A (Pentz) Those are evaluation loads.

20 Q Those are evaluation loads, okay. Or you
21 actually say it on top, so --

22 A (Pentz) Yes.

23 Q Yes. So, okay. Is there a reason why you don't,
24 because you have the data, right? So, why not

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 look at actual loads, just to, you know, --

2 A (Pentz) We do have the actual purchases. From
3 the perspective of this exhibit, --

4 Q Yes.

5 A (Pentz) -- this is an analysis at the time we
6 receive the bids. So, you know, we don't know,
7 of course, the actual load data out in the
8 future. We do have the actual load data for the
9 prior periods. But, again, like I just said, we
10 want to try to compare the pricing data, the
11 NYMEX pricing data, the bid prices, at the time
12 we receive bids.

13 Q That makes sense. Thank you. This you can
14 probably explain further, I have a feeling
15 Chairman Goldner is going to probe this a little
16 bit more. But, when I was reading the REC
17 discussion, this point about "working capital",
18 you know, "as being negative", I was a little
19 confused as to how that played out. So,
20 apparently, there were some expenses that were
21 related to 2021, and I still don't fully
22 understand what you were trying to capture in the
23 "working capital" discussion.

24 So, you can summarize it now. But, if

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1 there's more questions, I'm expecting Chairman
2 Goldner to further probe.

3 A (McNamara) I guess I'll ask a clarifying
4 question.

5 Q So, walk through --

6 A (McNamara) Are you specifically speaking of the
7 2021 RECs that were unused, and the adjustment
8 associated with that, or are you speaking more to
9 working capital in general?

10 Q More to working capital in general, as part of
11 the RECs discussion. So, if you --

12 A (McNamara) So, I guess I'll have you turn to
13 Bates Page 191, just for starters.

14 Q Bear with me.

15 A (McNamara) I want to make sure --

16 Q You said "191"?

17 A (McNamara) Yes.

18 Q Yes.

19 A (McNamara) I want to make sure I'm answering your
20 question, --

21 Q Okay.

22 A (McNamara) -- because I may not understand it.

23 Q And I may not have, you know, because I am still
24 kind of confused to how to put this question.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (McNamara) So, this particular page is for the
2 Non-G1 Class.

3 Q Okay.

4 A (McNamara) And it is for the forecast of RPS
5 costs. So, as you can see, in Column (a) has the
6 "Renewable Energy Credits", and, ultimately, that
7 number for the period is \$2.4 million.

8 The next section of that is where
9 working capital is calculated, and this is where
10 I thought maybe you were going, with Column (b),
11 "Number of Days Lag", divided by 365 days, shows
12 a "negative 80.27 percent", which results in
13 negative working capital, shown in Column (c),
14 and, ultimately, in Column (e).

15 Q Okay.

16 A (McNamara) Before I go any further, I just want
17 to make sure that this is what you were asking
18 about?

19 Q Yes.

20 A (McNamara) Okay. So, I will actually let Mr.
21 Nawazelski kind of speak to this a little bit
22 more, since, ultimately, this relies on Column
23 (b), which is negative.

24 A (Nawazelski) Sure. So, what you're seeing there

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 is really a greater expense lead than a revenue
2 lag. So, we're paying those suppliers faster
3 than in let's say it's 45 days, and it takes us
4 50 days to receive that revenue after it's billed
5 out, received/remitted from our bank, and
6 ultimately gets into our account. So, you're
7 seeing negative -- the summation of those two
8 leads to a negative working capital for the
9 Company. And that's really what you're seeing
10 there.

11 Q Okay. That's all that is?

12 A *[Witness McNamara indicating in the affirmative].*

13 CMSR. CHATTOPADHYAY: Okay. Thank you.
14 That's all I have.

15 CHAIRMAN GOLDNER: Okay. Thank you. I
16 think we'll -- I'll ask a couple of
17 administrative questions, and then we'll take a
18 break.

19 So, a question for the Company, and
20 I'll address it to Attorney Davey just to start
21 with.

22 So, administratively, so, why doesn't
23 the Petition or cover letter or testimony give us
24 any kind of summary of the ask?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Like, I can't really determine what the
2 ask is from the Company here. There's RPS stuff.
3 There's working capital stuff. There's all kinds
4 of things.

5 Where should the Commission look for
6 your ask numerically?

7 MS. DAVEY: I'm going to ask for, once
8 the Commission is done with their questioning, I
9 was going to ask for a recess. During that
10 recess, I could come up with the specific
11 location and number.

12 CHAIRMAN GOLDNER: Thank you. And one
13 thing I'll just ask for up front, because it's
14 not in the filing, is, if you look at our prior
15 order, which is 26,910, we always include, at the
16 top, in the top paragraph, just a table that
17 gives the prior year rate, the current rate, the
18 proposed rate, power supply charge, RPS, and
19 total. So, it just gives anyone who is reading
20 the order a clear understanding of what it is,
21 you know, we're approving, and where we came
22 from, in terms of the prior year ago periods.

23 So, I'll just make that a record
24 request, so that we can have clarity on that.

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1 And we can make that "Exhibit 4". Just so that
2 everyone knows what we're approving.

3 **(Exhibit 4 reserved)**

4 CHAIRMAN GOLDNER: Because, when the
5 Commission goes in and manipulates numbers and
6 such, then that's risky. So, we would prefer to
7 have it straight from the Company, just so that
8 we know and the Company knows exactly what it is
9 we're reviewing and approving. So, that's as
10 far -- that's ratewise.

11 If there's other requests you have, in
12 terms of RPS or working capital and such, then
13 perhaps, after a break, we could talk about that.

14 And, then, the other thing I'll mention
15 is, that there's a 258-page filing, there's no
16 table of contents. So, I would suggest in the
17 future either breaking that down into three
18 exhibits, or having a table of contents up front.
19 It's really hard to sort of sort all the way
20 through a 258-page document.

21 MS. DAVEY: Yes, Chair. We actually --
22 we went back and forth on this quite a bit,
23 trying to figure out the best way to make the
24 filing the same on the hearing exhibits and the

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1 filing. In our initial filing, we filed a Table
2 of Contents separately, so that when we -- so
3 that the Bates numbers would not change when we
4 filed the marked hearing exhibits.

5 But we can include that Table of
6 Contents in that one exhibit, if that would be
7 helpful?

8 CHAIRMAN GOLDNER: That would be fine.
9 It's just easy for everyone to orient with a
10 table of contents or separate exhibits. And
11 that's for the benefit of the parties and the
12 Commission.

13 Okay. So, we can -- we can take a
14 brief recess. Let's return at a quarter till.
15 Off the record.

16 Oh. Yes?

17 MS. DAVEY: Sorry. I just wanted to
18 clarify, is the Bench finished questioning, in
19 terms of redirect or --

20 CHAIRMAN GOLDNER: No. No. I'll have
21 a series of questions. It will take half hour to
22 45 minutes when we return. I just wanted to get
23 the administrative questions out of the way, so
24 that you can address those at break.

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1 MS. DAVEY: Okay. That sounds good.

2 CHAIRMAN GOLDNER: Thank you. Off the
3 record.

4 *(Recess taken at 10:31 a.m., and the*
5 *hearing reconvened at 10:47 a.m.)*

6 CHAIRMAN GOLDNER: Okay. I think we
7 can pick back up with the ask.

8 MS. DAVEY: Yes, Chair. So, as stated
9 in the Petition, we're asking for approval of the
10 contracts by Friday. The tariff changes, and the
11 tariff pages, which are, I believe, Exhibit 3,
12 proposed tariff changes, include the rates, which
13 are what we're also asking for within those
14 tariff pages, and those rates include all
15 adjustments relating to RECs and default service.

16 CHAIRMAN GOLDNER: Because it's kind of
17 hard to tell exactly, it's mixing all kinds of
18 variables in that. I can't follow what it is
19 you're asking for approval of.

20 I understand that we have the third
21 party bids. I understand we have a proxy price
22 for the 10 percent. I understand there is
23 something about 180 -- 190,000 for RPS, which I
24 think has already been charged.

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1 So, I'm not -- I can't follow what your
2 ask is.

3 MS. DAVEY: So, the resulting rates are
4 in that tariff page. But I do also have, on
5 Bates Page 160, which is LSM-1, which is
6 Ms. McNamara's testimony, she provides a table,
7 we did look at 26,910, it's similar. I believe
8 my understanding is it has the information that
9 is in the table in your order, perhaps a little
10 additional information.

11 And we -- I'm happy for us to provide
12 that separately, if that's helpful to have it as
13 an exhibit, if that is indeed what you're looking
14 for, in terms of laying things out?

15 CHAIRMAN GOLDNER: So, no, this is
16 helpful. So, Bates Page 160 is the ask, --

17 MS. DAVEY: Okay.

18 CHAIRMAN GOLDNER: -- at the end of the
19 day, right? Do you agree with that?

20 MS. DAVEY: Yes, the calculation. Yes.

21 CHAIRMAN GOLDNER: At the end.

22 MS. DAVEY: The calculation leading up
23 to --

24 CHAIRMAN GOLDNER: So, that's got

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1 working capital, that's got -- everything is in,
2 on Page 160, do you agree with that?

3 WITNESS McNAMARA: On a fixed default
4 service basis, yes. The variable rates are
5 obviously shown on the tariff as well. But this
6 table presents everything, yes, everything that
7 you're speaking about.

8 CHAIRMAN GOLDNER: Okay. Thank you.
9 So, I would say, in the future, just put that in
10 the Petition, a letter, just so everyone knows
11 what it is that we're being asked to approve.

12 Okay. Thank you. That's helpful.

13 MS. DAVEY: Thank you.

14 CHAIRMAN GOLDNER: Okay. So, let's
15 start with some questions, I believe that it
16 starts with Mr. Pentz.

17 BY CHAIRMAN GOLDNER:

18 Q So, just a question for understanding, Mr. Pentz.
19 I'm trying to understand how the 10 percent will
20 work, since it's the first time we've been
21 through this. So, how does it work mechanically?
22 So, on a daily basis, how do you know what 10
23 percent of the load is? And how does that -- how
24 does that result in the purchase of power in that

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1 daily market? Just if you could explain to us
2 how that mechanically would work?

3 A (Pentz) Sure. So, as part of our daily load
4 settlement process, our load settlement vendor
5 performs load settlement, not just for default
6 service assets, but all competitive supplier
7 assets. And those default service loads are then
8 reported to ISO-New England. In this case, the
9 real-time tranche is for 10 percent of those
10 loads.

11 So, the way that mechanically works at
12 ISO-New England is you go on to ISO-New England's
13 Administration website, and the change from the
14 procurement period we're in, to the 10 percent
15 period this upcoming August, we will make a
16 change from 100 percent to 90 percent,
17 essentially.

18 So, the wholesale supplier is
19 accustomed to having 100 percent of the load.
20 That will go down to 90 percent for the winning
21 supplier, 10 percent will go to Unitil.

22 Q And do you do that by 10:00 in the morning or how
23 do you -- when is that -- when is ISO-New England
24 aware of that transaction?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (Pentz) The changes can be made up to thirty days
2 before the effective date, and it's a one-time
3 change. So, for example, for this upcoming
4 service period, we will likely make the change in
5 early July, to change the percentage allocations
6 to the load assets, for an effective date of
7 August 1st. After that, there are no changes
8 that are needed, until that percentage could
9 possibly change.

10 Q Okay. Thank you. That's very helpful. If we go
11 to Bates Page 030, let me center it up here. So,
12 I was having trouble understanding why the Large
13 Customer bids were so much lower than Small and
14 Medium. And I think there's some variable price
15 adders and fixed price adders. But I wasn't able
16 to piece together the Large Customer piece. So,
17 could you just orient me in how to read this
18 Large Customer chart, and what the total cost is
19 for a Large Customer?

20 A (Pentz) The total cost for a Large Customer, the
21 total wholesale power supply costs are not known
22 yet. So, for this particular tranche of
23 customers, the Large Customer Group, we procure
24 fixed adders, which cover the cost of everything,

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1 except energy. The energy piece is based on the
2 Real-Time Market price. So, we don't know three
3 months out, four months out, what that price
4 would be.

5 So, you know, if we're talking about
6 the Residential Class, we know what that price is
7 going to be, for the most part, 90 percent fixed
8 price. For these customers, they have the energy
9 piece settled in the Real-Time Market every
10 month.

11 Q So, I won't repeat any of the numbers, but Bates
12 Page 030 is an estimate on the "Period" line of
13 the energy costs, that's what that is?

14 A (Pentz) The non-energy costs.

15 Q The non-energy costs. Okay. So, I probably
16 misunderstood. So, that "Period" line is the --
17 I'm confused, because the title of it says
18 "Variable Price Adder", but I think you just said
19 that what I'm reading on that "Period" line is
20 the fixed costs. What did I get wrong there?

21 A (Pentz) That's the fixed cost of all components,
22 except the energy component.

23 Q Okay. So, the way to read this chart is that's
24 the fixed piece, okay. Okay. Thank you. So,

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1 going to Bates 036. So, I won't read any of the
2 numbers, but I'll go to that same "Period" line,
3 and compare the "RFP for Service Beginning
4 August 1st, 2023" with "RFP for Service Beginning
5 August 1st, 2024". Those two numbers are
6 different. And they're -- it's reduced from the
7 '23 period to the '24 period. And I'd just like
8 to understand, do you, and this is kind of a
9 follow-up to a brief question in a way, but do
10 you view that as a positive development or is
11 that just random walk?

12 A (Pentz) This could be viewed as a positive
13 development. You know, in the exhibits, in
14 Tab A, we describe that, you know, what we're
15 trying to gauge here is the non-energy component,
16 right, by dividing the bid price by the NYMEX
17 prices. The NYMEX price is a well-known dataset
18 that suppliers use to forecast energy prices.

19 So, what we're trying to do here is,
20 you don't know exactly what the risk premiums
21 are, you will never know that, because the bid
22 price is -- that's all baked into that one bid
23 price. So, we try to assess a zone of
24 reasonability when we look at these factors,

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 these ratios. And the fact that we're seeing
2 them go down, amidst all of the load migration
3 that's expected, which you would think would
4 cause higher risk premiums. That's how we
5 interpreted the results as being satisfactory.

6 Q And, so, the attribution piece is the most
7 interesting piece, and I think different parties
8 and the Commissioners poke on this a little bit,
9 and I'll just kind of come at it from maybe a
10 slightly different angle.

11 Is it possible that the 10 percent
12 tranche puts pressure on the bidders to be more
13 competitive or would you say that the 10 percent
14 tranche really is not relevant to this reduction?

15 A (Pentz) I would say that, in the bidders' mind,
16 if they see changes in how much they need to
17 procure. They look at the dockets. They know
18 what has been going on. It's really up to them
19 to figure out what kind of bid prices they want
20 to submit. If they see that, "Oh, we're going
21 down to 90 percent now", how does that affect
22 their pricing? Do they become more aggressive or
23 less aggressive? I don't know the answer to that
24 question.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q Would you say it's possible?

2 A (Pentz) I would say it's possible.

3 Q Okay. Thank you. And, then, when you go back in
4 time, and you look over the last, you know, six
5 or eight different, you know, six-month periods,
6 have you looked, and I think we did this in the
7 IR docket, so, I suppose we did do this
8 collaboratively, but have you -- or, do you
9 recall what the comparison would be between the
10 forecast as you enter a period and what the
11 actuals ended up coming in at? Would it be --
12 because what I'm trying to sort out is are those
13 actuals higher or lower than the forecast, using
14 the forecast as you enter the period?

15 A (Pentz) Are we talking about load data?

16 Q We're talking about pricing. So, if, for
17 example, in this case, I think your average --
18 the forecast that you have entering this period
19 is something like \$70 a megawatt-hour, and then
20 the actuals will come in at some number, we don't
21 know what that is yet. But, if you go back and
22 you look at the prior few years, three, four,
23 five, six years, I think what you'll find is, and
24 we've already found is, that the forecast is sort

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 of always higher than the actuals.

2 A (Pentz) Yes. And I believe this was discussed
3 previously, you know, at a few hearings. The
4 monthly report that we provide the Commission
5 illustrates those variances.

6 Q Yes. But you would agree with that assessment,
7 that the forecast, in history, in the recorded
8 history that we have going back into the IR
9 docket, which was 2018, the forecast is always
10 higher than the actuals?

11 A (Pentz) From what I've seen from the reports
12 submitted on a monthly basis, that would be
13 accurate.

14 Q Okay. Thank you. And I will turn to that report
15 that you're mentioning. Unitil does a very nice
16 job of summarizing this in a concise way. So,
17 I'm just looking at the current period, which
18 is -- or, the current report, which starts in
19 January of '24, and goes through April of '24.
20 And, right now, and realize things can change,
21 but, roughly speaking, the actual wholesale price
22 in the market, the actuals, is roughly half of
23 what the wholesale contract price is. Would you
24 agree that that's -- that ratio is roughly

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 correct?

2 A (Pentz) This is for the period January '24 to
3 April '24, correct?

4 Q Yes. I went -- I'm looking at your chart, and
5 then I see an error. But it's -- one of the
6 charts starts in January '24, and the other one
7 starts in February '24, but let's use the
8 February '24 as the starting period.

9 A (Pentz) Right. I do see, in January '24, the
10 total rate is "75.34".

11 Q That's right. But, on the other chart, it starts
12 in February, so we don't have the comparable.

13 A (Pentz) Okay. I would observe, as the report
14 reports, that the delta between the contract
15 prices and the market prices, you know,
16 they're -- the market prices have been lower.

17 Q I think so. And just, you know, this isn't -- I
18 don't think there's anything proprietary about
19 the data, I don't think -- well, there is. So, I
20 won't read it. But, yes, I get roughly half, is
21 what I get if I look at both those time periods.
22 So, just to say, the magnitude of it is not
23 small, is my point, the magnitude of it, at least
24 at the moment, is significant.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (Pentz) Yes. And I would just add that, you
2 know, as I've mentioned in the past, you know,
3 that's the actual real-time purchasing of energy.
4 You know, these aren't forward contracts at all,
5 there's no insurance in there. That's, as we all
6 know, you know, that's the Real-Time Markets.

7 Q Straight up. Yes. Thank you for that. If we go
8 to Bates 085, go there myself.

9 Okay. So, on Bates 085, it looks at --
10 there's a nice chart and table, it talks about
11 bidder participation. And would you interpret
12 that as saying that bidder participation has been
13 declining, let's just look at Small Customers,
14 since 2016? I think it's, you know, down to
15 maybe two to four. And what do you attribute
16 that decline to, assuming you agree with my
17 assessment that it's declining?

18 A (Pentz) I agree participation has been declining.
19 I would also say it's been fairly steady in the
20 past few cycles. I think a couple of factors you
21 could probably attribute to decline in
22 participation. One example would be
23 out-of-market cost categories, like the Mystic
24 Cost of Service Agreement, which a lot of

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 wholesale suppliers found very hard to hedge and
2 very difficult to price. I know, from wholesale
3 supplier feedback, a few of them decided not to
4 participate because of that.

5 Q Okay.

6 A (Pentz) I think increased volatility with the war
7 in Ukraine caused some suppliers to bow out of
8 the market temporarily.

9 Q Okay. And they haven't come back?

10 A (Pentz) With the solicitation that followed the
11 start of the war in Ukraine, I mean, we had a
12 very limited amount of bidders. And we had a few
13 more come back on after the energy markets
14 stabilized. So, we did see some suppliers come
15 back, once the markets stabilized.

16 Q Okay. I see your point. Okay. Thank you. And,
17 then, going to Bates Page 174, a very quick
18 question, I think this may be Ms. McNamara's
19 portion, 174. The line called "Losses", which I
20 think is Line 6 here, how were those -- how are
21 those calculated, that's in the tariff?

22 A (McNamara) That specific number that you're
23 seeing here, the "6.4 percent", is from the
24 tariff, but that specific number is not from the

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 tariff, because this is for the whole Non-G1
2 group. So, the tariff itself lists out each
3 class, Residential, G2, Outdoor Lighting, G1.

4 Q And what's the meaning of that line, "losses" due
5 to what?

6 A (McNamara) Well, that's the difference between
7 the energy that is purchased and how much
8 ultimately makes its way to customers.

9 Q I see. So, it's line losses and things of that
10 nature?

11 A (McNamara) Yes.

12 Q Okay. Okay. So, 93.5 percent of the energy
13 purchased reaches customers, that's how to read
14 that?

15 A *[Witness McNamara indicating in the affirmative].*

16 Q I think, it's small, but I think I got a decimal
17 place wrong. Let me do it again.

18 Yes. So, 93.6 percent of the energy
19 reaches customers?

20 A (McNamara) Pretty much, yes.

21 Q Okay. All right. Thank you. Okay, I'm going to
22 go back in time to the rate -- the effective date
23 rate of 12/01/22, and this is in the prior order,
24 Order 26,910. And Unitil's rate at that time was

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 \$0.336 per kilowatt-hour. So, an extremely high
2 rate, I think maybe a little bit of bad luck on
3 the day of your bid and so forth. That might
4 have been the highest rate in the country in that
5 time period. I can't check that, but it was --
6 it's more than three times the current rate, for
7 example. And the Company was just following, I
8 want to make clear, the process as approved by
9 the Commission. So, this isn't a criticism. It
10 was just the time was maybe not perfect for the
11 competitive bidding process. And the rate was
12 extremely, extremely high.

13 So, you know, I think I'd like to get
14 your comments on, you know, that's the existing
15 approach. So, that's no 10 percent or perhaps a
16 higher loading over time. That's using the
17 Commission process that's in place, you know, as
18 of right now.

19 And, so, I guess my comment would be,
20 it doesn't look to me like, in periods of flux,
21 you know, Ukraine War, whatever the issue is,
22 that the current process, the process with zero
23 percent going into the ISO-New England Market,
24 the current process, it doesn't look like that

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 works very well, and I want to give you the
2 opportunity to comment on that.

3 A (Pentz) I know, at the very beginning of your
4 statement, there was a rate that was cited.
5 Could you repeat that rate? Was that "0.336"?

6 Q "0.336". That's the power supply charge, plus
7 RPS, in that time period.

8 A (Pentz) Okay. I had thought that rate was lower.

9 Q Yes, I'm just reading off the Commission order.

10 A (Pentz) Yes.

11 Q I hope the order is right. So, --

12 A (Pentz) Okay. So, I think that the question was
13 about direct market purchases, in retrospect of
14 the previous period, and how the Company's --

15 Q Yes. For 20 years, we've had, or plus maybe,
16 we've had a process in place, and the Company has
17 been following that process. And it just looks
18 like, in hindsight, when we look at times of
19 flux, or variability in the market, the current
20 process wasn't working very well.

21 And, so, I think, you know, I want to
22 see if you agree with that, and just understand
23 if you believe the current approach is working
24 well?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (Pentz) Well, I think, if you look in retrospect,
2 back in 2022, in December of that year, there was
3 quite a bit of uncertainty and risk in the market
4 at that time. You know, the rate that was cited,
5 you know, the wholesale suppliers price in a lot
6 of risk. And, if markets, instead of what had
7 happened following, in 2023, where markets went
8 down, they could have gone up. We don't know
9 that. At the time, we didn't know that.

10 So, when, you know, we were following
11 protocols, rules, regarding the procurement to
12 solicit the lowest price, and that's what we did.

13 Q For sure, the Company followed the existing
14 process. Do you, and the power supply charge in
15 that time period was roughly 25 cents, so
16 subtracting out the RPS piece and the other
17 pieces, do you recall what the ISO-New England
18 price was over that six-month period?

19 A (Pentz) I don't recall it off the top of my head.
20 I do understand that, at the beginning of 2023,
21 prices started to go down in the hourly markets.

22 Q Would you believe me if I said the price was
23 roughly 9 and a half cents, something like that,
24 would that be -- would you say that that's in the

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 right zone?

2 A (Pentz) Nine and a half cents for full
3 requirements?

4 Q For the full requirements for the power supply
5 charge in that time period.

6 A (Pentz) I would have to look at the data, but it
7 sounds reasonable.

8 Q Sounds something in that ballpark. Okay. And
9 the point is, just that, in times of uncertainty,
10 the risk premium increases, and ratepayers end up
11 paying a higher charge.

12 Okay. Thank you. So, just kind of
13 returning to a previous question. Are you aware
14 of any six-month period where the six-month
15 wholesale price was higher than the price paid by
16 customers in any time period, going back in
17 history?

18 I think the IR docket went back to
19 2018, but that's all the data that I've been able
20 to look at. Are you aware of any other time
21 period where that was the case, where the actual
22 price, the price the customers paid was higher
23 than the -- higher than the -- the wholesale
24 price was higher than the price paid by

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 customers?

2 A (Pentz) I'm a little confused about the question.
3 Are we comparing the 2022 service period, which
4 was the highest we've seen, to other periods in
5 the past or --

6 Q No, no. So, within each time period, within each
7 six-month period, if you go back in time, for 20
8 years, if you have that data, has there ever been
9 a time where the wholesale price was higher than
10 the price the customers actually paid via the
11 third-party bidding process?

12 A (Pentz) I do recall, during the winter vortex
13 price spikes, in 2013 and 2014, that the
14 Real-time Markets were considerably higher than
15 the contract rates. And it does tend to seesaw,
16 when you have these time periods where the
17 Real-Time Markets go very, very high, for
18 example, Day-Ahead Markets go very, very high,
19 that has been reflected in the wholesale bidders'
20 price in the next round, *per se*. So, you may win
21 that period, but, in the next period you may not,
22 right?

23 Q Yes. Okay. Thank you.

24 A (Pentz) But I do -- I do understand that 2013 and

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 2014 contract prices were lower than market
2 prices.

3 Q Okay. And by how much, do you remember?

4 A (Pentz) I don't have that, that data off the top
5 of my head.

6 Q Small? Large? Would you characterize it as
7 being "marginally higher" or "much higher"?

8 A (Pentz) I would say somewhere in the middle.

9 Q Okay. Okay. And would you say that there's
10 anything about the markets that's different now
11 than ten years ago? Are the markets more mature,
12 anything like that? Or, would you say that it's
13 a direct comparable?

14 A (Pentz) As of now, I'd say they're fairly
15 comparable, the ISO markets. As I mentioned, you
16 had Mystic Cost of Service, which caused some
17 issues with suppliers, that has since gone away
18 effective June 2024. So, in terms of comparing
19 the ISO markets today to ten years ago, there
20 really isn't too much of a substantial change.

21 I understand there are possible changes
22 coming in the form of day-ahead ancillary service
23 markets, that are aimed toward providing more
24 stability in market pricing.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 Q Okay. So, whether it's the Small, Medium, or
2 Large Customers, if the Commission were to --
3 were to order 10 percent, 30 percent, 50 percent,
4 100 percent, would the Company have the
5 capability to perform that, the procurement?

6 A (Pentz) I think, when it comes to self-supplying,
7 you know, there's another aspect of this we have
8 to talk about, which is actually paying the
9 monthly invoices. When we have a wholesale
10 supplier serving load, there's more lag, there's
11 around 45 days of lag. When we're purchasing
12 directly from the ISO, we're invoiced twice a
13 week. And I know that puts more pressure on
14 working capital and short-term borrowing. And I
15 know that could have a real impact on the
16 finances of the Company potentially. I don't --
17 I'm not a finance person, so I can't provide too
18 much detail into that.

19 But, you know, I think the percentage
20 really is something we would have to look at.

21 Q Okay, from a working capital perspective. And
22 that actually does bleed into some questions I
23 had, we can jump to it now.

24 When we read through the lead/lag

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 study, and looking at the 10 percent, and the
2 impact on the working capital, we couldn't
3 quite -- or, at least I couldn't quite ascertain
4 exactly what the impact was.

5 Do you, Ms. McNamara, do you have an
6 impact attributable solely to the 10 percent?
7 Because, obviously, we can multiply it times 10
8 and, you know, get a better understanding of what
9 it would be at 100, for example.

10 A (McNamara) If you look at Page Bates 186.

11 Q Okay. Just a second. Hold on.

12 A (McNamara) A lot of information on this page.

13 Q 186. Okay, go ahead.

14 A (McNamara) There is a section just below halfway,
15 starts off with Footnote "(2) Calculation of
16 Supply Related Working Capital", and that's where
17 the working capital itself is calculated. This
18 is marked "confidential", while working capital
19 itself is not confidential, it has confidential
20 inputs. That's why it's marked "confidential".

21 And the section that's to the left is
22 calculating the working capital on the
23 traditional purchased, using the supplier costs.
24 So, you can see that the "Number of Days Lag",

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 under Column (iv), that number right there is
2 pretty typical of the lead/lag.

3 If you go over to Column (ix), you can
4 see that number jumps up quite a bit. That
5 section there on the right is the working capital
6 associated with the direct market purchases.

7 Q I don't know if this is easy to do on the
8 back-of-the-envelope or live during a meeting --
9 or a hearing. But I think Mr. Pentz highlighted
10 earlier that potentially 70 percent of the load
11 would be community aggregation for the upcoming
12 cycle, not this cycle, but the February 1st,
13 2025, cycle. And, so, just to use a simple
14 number, if 100 percent of the load was procured
15 from the ISO market, that would be, of course,
16 30 percent of your load. Can you translate this
17 into what the dollar impact would be, from a
18 ratepayer point of view, for 30 percent ISO-New
19 England load?

20 A (McNamara) I'm not sure I understand your
21 question.

22 Q So, I'm trying to understand, if the Commission
23 were to order, just for example, that 30 percent
24 total, of the total, let's just say, residential

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 load for the moment, was procured from the
2 ISO-New England Market, the point that you and
3 Mr. Pentz are making is that that has a negative
4 impact on working capital because of the timing
5 of the payments. So, what is the impact? How
6 much would that be in dollars?

7 A (McNamara) I think what you're saying is, in the
8 column that's marked "Total Non-G1 Class DS
9 Market Charges", which is Column (viii) in that
10 same section that I was referring to for working
11 capital.

12 Q Okay.

13 A (McNamara) Those are the estimated charges from
14 market. So, what -- I think what you're saying
15 is, right now that represents 10 percent.

16 Q Okay.

17 A (McNamara) So, what -- you know, so, in total,
18 we're showing \$2 million there. That number
19 would be \$6 million.

20 Q Perfect.

21 A (McNamara) Okay. So, ultimately, the column
22 "Supply Related Working Capital" is, without
23 doing the actual math, I would say would also be
24 three times as large. Likewise, the column to

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 the left would go down, because we would not be
2 purchasing --

3 Q And that would be a one-time adjustment, right?
4 It would be a one-time adjustment. So, if the
5 working capital changed to something new, there
6 would be a one-time adjustment of, let's just
7 say, \$4 million, right, 6 minus 2., and then that
8 would be the working capital sort of rate moving
9 forward. How does that work? Is it a one-time
10 adjustment or is it an ongoing charge?

11 A (McNamara) I apologize, I'm not following, when
12 you say "one-time adjustment". The lead/lag that
13 is the driving force behind this, I guess I'll
14 say "this calculation", obviously, is the input
15 as far as costs of power, but also the number of
16 days lag.

17 I would assume that, going forward,
18 much like the number of days lag associated with
19 purchased power under a supplier, because they're
20 paid, you know, somewhat regularly, revenue comes
21 in somewhat regularly. So, the number of days
22 lag that we're showing here of "5.98 days" for --
23 under supplier, that number is relatively stable.
24 I would assume the "13.2 percent" number for the

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 market as well would stay relatively stable.

2 So, the big variable here, of course,
3 obviously, is Prime Rate, that can cause havoc,
4 as well as how much power is actually purchased
5 through the market.

6 Q And I guess what I'm just trying to get to,
7 ultimately, is what's the rate impact of going
8 to -- going from the current 10 percent, it's
9 actually, I think, more like 7 percent, but going
10 from that current loading, to like a 30 percent,
11 just for example, I'm just trying to understand
12 the rate impact. How does that impact customers?

13 A (McNamara) Well, working capital would go up
14 quite a bit.

15 Q Right. But, I mean, what would the rate impact
16 be? Can you rough out what we're talking about
17 here? I'm not --

18 A (McNamara) Oh, I see what you're saying.

19 Q Yes.

20 A (McNamara) I don't know that I can do that right
21 off the fly, but I could certainly try.

22 Q Yes. Okay. Yes, take your time. We can come
23 back to it. But just trying to understand what
24 the rate impact would be I think would be

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 helpful, helpful for the Commission.

2 So, next, I think I'd like to talk
3 about the proxy price. And, then, we'll end with
4 any lead/lag questions.

5 So, on the proxy price, Unutil has
6 communicated clearly what it plans to do. But,
7 in terms of this, the forecast being accurate,
8 have you looked at other options?

9 You know, for example, would it be
10 better to take a two- or three- or five-year sort
11 of average of the actuals, rather than using the
12 forecast? Because I know the forecast has
13 some -- has some risk premium built into it.
14 And, if you look back in time, even with the
15 variability of the time period a couple years
16 ago, and so forth, you know, you still -- you
17 know, the average, I think, over the last two or
18 three years is still about \$50 a megawatt-hour.
19 So, it's relatively stable, in terms of actuals,
20 even though it seems like it was crazy. The max
21 was actually the \$95 a megawatt-hour that we
22 talked about earlier, and the average is 50, it's
23 still not a huge variation in the grand scheme of
24 things.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 And, so, for the proxy price, I guess I
2 would just like to explore your thoughts on using
3 actuals of history, rather than a forecast?

4 A (Pentz) That's certainly one other way to
5 forecast the rate. I mean, you could use
6 historicals, you could use some sort of average
7 of historicals in NYMEX pricing.

8 You know, I think going back in the
9 past, you know, if you're looking directly into
10 the past, of course, you know, if you come, say,
11 you know, some big geopolitical event happens,
12 and, you know, the NYMEX futures may be better
13 pricing that energy than historical market data,
14 right? So, it really depends on your point of
15 view. I mean, you could use historical data,
16 certainly.

17 Q Yes, I think -- I think, history, as I understand
18 it is, if things are relatively stable, history
19 is probably a better indicator, and, if things
20 are in flux, the market's probably a better
21 indicator. I think that that turned out to be
22 mathematically true in this last cycle.

23 So, I think I agree with that. So, it
24 depends on, I guess, what you're trying to

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 achieve.

2 Have you given any thought to taking
3 out the risk premium from the NYMEX forecasts,
4 and trying to perhaps judge that down a little
5 bit, to get a more accurate number? Because it
6 will be inflated, I think we would agree?

7 A (Pentz) NYMEX futures are inherently futures.
8 So, there is some sort of premium, I would think,
9 attributed to those prices. Those premiums
10 aren't reflected in the pricing sheets, however,
11 like on the NYMEX, you know, pricing website. We
12 don't know what the risk premium is. Much like
13 we don't know what the risk premiums are in
14 wholesale bids. So, I don't think we would have
15 a way to do that.

16 Q Okay. So, you would agree that there's some
17 premium embedded in the proxy price, but it's
18 just not possible to quantify that premium? You
19 would agree with that?

20 A (Pentz) I would agree with that.

21 Q Okay. Thank you. So, I'll return, Ms. McNamara,
22 to you, because I'm onto the final leg of the
23 questions relative to the lead/lag.

24 And, again, the Commission is just

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 trying to understand the impact of the 10 percent
2 wholesale procurement on rates, and then what it
3 would be, of course, if that increased to some
4 other percentage?

5 A (McNamara) So, I think I have an answer.

6 Q Thank you.

7 A (McNamara) So, as we were discussing back on that
8 exhibit, on that page, the Bates Page, which I --

9 Q So, 186 still?

10 A (McNamara) Yes. The current market charge
11 estimate, in Column (viii) was \$2 million.
12 Leading to working capital associated with that
13 of \$23,000.

14 Q Yes.

15 A (McNamara) Turning that into a retail rate, which
16 I think is where you started, where you're going
17 with this, is --

18 Q Yes.

19 *[Court reporter interruption.]*

20 **CONTINUED BY THE WITNESS:**

21 A (McNamara) \$0.00012 per kilowatt-hour.

22 BY CHAIRMAN GOLDNER:

23 Q So, it would be 12 cents a megawatt-hour, did I
24 do the decimals right?

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (McNamara) I believe that's right.

2 Q Okay.

3 A (McNamara) So, of the total proposed rate, power
4 supply rate, --

5 Q Okay.

6 A (McNamara) -- of \$10.334 per megawatt-hour, the
7 12-cent dollar per megawatt-hour is associated
8 with that currently in the proposed filing.

9 Q Okay.

10 A (McNamara) If I make the \$2 million "\$6 million",
11 that increases roughly three times that 12-cent
12 number we were speaking of, --

13 Q Yes.

14 A (McNamara) -- it actually makes it 34 cents --
15 well, 34 cents, yes.

16 Q Per megawatt-hour?

17 A (McNamara) Yes.

18 Q Okay. And is that ongoing, forever out in time,
19 or is that a one-time bump?

20 A (McNamara) That number, assuming none of these
21 other inputs change, that number would stay
22 stable, yes. Again, it depends on what the
23 market charges are.

24 Q Okay.

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 A (McNamara) And, again, I don't believe the number
2 of days lag, currently here is just over 13
3 percent, I don't believe that would change
4 significantly. But the other big driver can be
5 Prime Rate.

6 Q Okay. Thank you. And this includes the Prime
7 Rate calculation as it currently exists at 8 and
8 a half percent, right?

9 A (McNamara) Correct. Yes. All the numbers we
10 spoke of is as presented in the filing, simply
11 changing the market costs from the roughly
12 2 million, to 6 million.

13 Q Okay. So, not to make it more complex than it
14 needs to be, but, if the Prime Rate was cut in
15 half, then these numbers would be cut in half.
16 You would agree?

17 A (McNamara) I'm going to do it just to see.

18 Q That's the safest way.

19 A (McNamara) So, based on the numbers in the
20 filing, yes, exactly. It would be half.

21 Q Thank you. Thank you. And, then, I just want to
22 make sure that I'm not missing a decimal place,
23 which in this business is easy to do.

24 If we look at the current estimate for

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 the ISO-New England price for the upcoming
2 six-month period, and we compare that to the
3 third-party bids, Mr. Pentz, you mentioned
4 earlier, I think we're talking about, I'm just
5 going to use a rough number, because I don't want
6 to get into anything proprietary, we're talking
7 about something like \$20 a megawatt-hour is the
8 difference. Would you agree roughly with that
9 assessment, something like that, ballpark?

10 A (Pentz) I would agree with that.

11 Q Okay. And, then, the cost, the weighted average
12 cost of capital, is something between, you know,
13 12 and 34 cents a megawatt-hour. So, it's a few
14 orders of magnitude lower. In other words, the
15 working capital costs are very small, relative to
16 the savings in the current forecast. Is that --

17 A (Pentz) From the numbers that Ms. McNamara just
18 said, I would, yes, I would agree with that.

19 CHAIRMAN GOLDNER: Okay. I'm just
20 trying to understand if we're talking about the
21 right orders of magnitude. Okay. Yes. So, it
22 would be call it "about two orders of magnitude".

23 Okay. Very good. Let me turn to my
24 fellow Commissioners to see if there is any other

[WITNESS PANEL: McNamara|Pentz|Nawazelski]

1 questions?

2 [Cmsr. Simpson indicating in the
3 negative.]

4 CMSR. CHATTOPADHYAY: I don't.

5 CHAIRMAN GOLDNER: Okay.

6 Okay. Let's turn now to redirect, and
7 Attorney Davey.

8 MS. DAVEY: The Company has no
9 redirect.

10 CHAIRMAN GOLDNER: Okay. Very good.

11 So, first, the questioning of the
12 witnesses has concluded. Thank you for your time
13 today. And the witnesses are dismissed.

14 We'll invite the parties to make brief
15 closing statements at the conclusion of the
16 proceeding. Before this, seeing no objections,
17 we'll strike ID on Hearing Exhibits 1 through 3
18 and enter them into evidence.

19 I'll add Exhibit 4, Attorney Davey, so
20 that we can -- the Company can send us the table
21 that we have put in all the prior Commission
22 orders, so that we can make sure that we're
23 approving the rate that the Company is asking
24 for, --

1 MS. DAVEY: Chairman, could I make a --
2 CHAIRMAN GOLDNER: -- and make that
3 "Exhibit 4".

4 [**Exhibit 4** reserved for record request
5 as previously noted and identified.]

6 MS. DAVEY: Can I clarify?

7 CHAIRMAN GOLDNER: Please.

8 MS. DAVEY: Just I want to make sure we
9 get you the right thing.

10 Do you want the table to look exactly
11 as it does in your order or as it looks on Bates
12 Page 160?

13 CHAIRMAN GOLDNER: Let's put it exactly
14 as it is in the Commission order, just to make
15 sure that we're doing the right thing. And I do
16 understand that Bates Page 160 had it in there.
17 But let's just make sure that we've got the right
18 table in the order.

19 MS. DAVEY: Sure. Thank you.

20 CHAIRMAN GOLDNER: Thank you. All
21 right. So, having heard no objections, we'll
22 enter 1 through 3 into evidence. And hearing no
23 objections, we'll grant Unitil's request for late
24 filing of these exhibits and the Exhibit and

1 Witness List.

2 So, if there's no other matters, we'll
3 now ask the parties to make closing statements,
4 beginning with the Department of Energy.

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

6 First, the Department would just like
7 to express our appreciation for both the
8 Company's and the OCA's willingness to
9 participate in a technical session yesterday,
10 where we had some fruitful conversations to both
11 clarify certain aspects of this Petition, and
12 discuss many of the issues currently surrounding
13 default service, I think, more broadly.

14 Regarding the Petition before the
15 Commission today, the Department has reviewed
16 Unitil's filing, and we believe the Company
17 conducted the wholesale power supply solicitation
18 and selected the winning bids to provide default
19 energy service in compliance with historical
20 precedent and recent Commission orders.

21 Further, we do believe the Company's
22 calculation of the rates, including the inclusion
23 of ISO-New England prices, appear to be sound.
24 As a result, we believe the resulting rates are

1 just and reasonable.

2 We also reviewed the lead/lag study,
3 and it appears consistent with results in prior
4 years, and we recommend the PUC accept the
5 results for use in determining the cash working
6 capital in the current docket.

7 As such, we do urge the Commission to
8 make the findings requested by the Company, for
9 rates effective on August 1st.

10 CHAIRMAN GOLDNER: Okay. Thank you,
11 Attorney Young.

12 We'll turn now to the Office of the
13 Consumer Advocate.

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

15 As Mr. Young did, I'd like to thank
16 everybody, particularly the folks at the Company,
17 for their thoughtful participation in this
18 docket, and for our productive discussions
19 yesterday, which led to an equally productive and
20 interesting hearing today.

21 I have to say I share the Chairman's
22 preference for a sort of cut-to-the-chase place
23 to look for exactly what the Company is seeking.
24 I had the same critique, but I didn't quite have

1 the audacity to lay it out, since I'm not a
2 commissioner myself. And, so, I'm happy that the
3 Commission is encouraging the Company to do that
4 as a practical matter.

5 Our interest, of course, is focused on
6 the Residential Class. And, with respect to the
7 Residential Class, I think it's pretty clear from
8 the record adduced today, including the materials
9 furnished by the Company, that the proposed
10 Default Energy Service rate of 10.506 cents per
11 kilowatt-hour is a just and reasonable rate,
12 resulting from a well thought out and effectively
13 conducted procurement. And, therefore, I
14 recommend that the Commission approve that rate.

15 In terms of general observations, it
16 seems to me that, with this utility in
17 particular, and perhaps with all of our
18 investor-owned electric utilities, we're really
19 embarking on an era where residential customers,
20 essentially, have two flavors to choose from:
21 One flavor being the default service offered by
22 the utility, and the other flavor being the
23 default service offered by the community power
24 aggregator, likely, in this case, for most folks,

1 the Community Power Coalition of New Hampshire.
2 And note that I am referring to both of them as
3 "default energy service", because that's what the
4 statute does.

5 And I think customers are well-served,
6 residential customers are well-served, if those
7 two flavors are allowed to compete with each
8 other as robustly as possible. And, so, I hope
9 that the Commission will encourage our utilities,
10 certainly the competitive one that is before us
11 today, to be as -- to use as much of its acumen
12 and excellent business judgment as possible in
13 procuring and then supplying default service for
14 customers.

15 I think that's all I have to say, other
16 than to say thank you again.

17 CHAIRMAN GOLDNER: Thank you, Attorney
18 Kreis.

19 We'll turn now to the Company, and
20 Attorney Davey.

21 MS. DAVEY: Thank you.

22 The Company appreciates the time of the
23 Commission, the Department of Energy, and the
24 Office of the Consumer Advocate today. The

1 Company understands that the elapsed time between
2 its Default Service filing and the hearing is
3 short, and especially in this case. So, we also
4 appreciate the time and effort of the Commission
5 and our colleagues here to review and understand
6 the filing.

7 We believe that Unitil has demonstrated
8 that the Company conducted a complete and
9 competitive solicitation. That its analysis of
10 the submitted bids were reasonable. That the
11 Company has justified its selection of suppliers,
12 and that the power supply costs resulting from
13 the solicitation are market-based, just and
14 reasonable, and in the public interest.

15 Unitil requests the Commission approve
16 the Default Service contracts, rates proposed in
17 the proposed tariffs in Exhibit 3, and its
18 lead/lag study found in its filing, and issue an
19 order no later than June 14th, 2024.

20 Thank you.

21 CHAIRMAN GOLDNER: Thank you.

22 So, given, if there was any
23 confidential material discussed here today,
24 Attorney Davey, please work with the court

1 reporter if there's anything you'd like to
2 redact.

3 Otherwise, the Commission will issue an
4 order regarding this matter, as requested by the
5 Company, by the close of business Friday,
6 June 14th.

7 Is there anything else that we need to
8 cover today?

9 *[No verbal response.]*

10 CHAIRMAN GOLDNER: Okay. Thank you.
11 Seeing none, we are adjourned.

12 ***(Whereupon the hearing was adjourned***
13 ***at 11:36 a.m.)***