

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

September 18, 2013 - 10:21 a.m.
Concord, New Hampshire

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RE: DE 13-018
GRANITE STATE ELECTRIC COMPANY
d/b/a LIBERTY UTILITIES:
*Default Service for the period
Nov. 1, 2013 through Jan. 31, 2014
for the Large & Medium Customer Group,
and Nov. 1, 2013 through April 30,
2014 for the Residential and Small
Commercial Customer Group.*

PRESENT: Commissioner Michael D. Harrington, Presiding
Commissioner Robert R. Scott

Sandy Deno, Clerk

APPEARANCES: Reptg. Granite State Electric Company
d/b/a Liberty Utilities:
Kevin M. Baum, Esq. (Devine, Millimet...)

Reptg. Residential Ratepayers:
Susan Chamberlin, Esq., Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Grant Siwinski, Electric Division

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

ORIGINAL

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P R O C E E D I N G

CMSR. HARRINGTON: Good morning, everyone. I understand there was some problem with traffic getting here. I'm glad to see everyone made it okay. Okay. This morning we're here to open Docket DE 13-018, Granite State Electric Company Default Service Rates for its Large and Medium Commercial and Industrial customers for the period of November 1st, 2013 through January 31st, 2014; for Residential and Small Commercial Customers Group for the period November 1st, 2013 through April 30th, 2014.

On January 13th of 2006, the PUC issued Order 24,577, which, among other things, approved Granite State Electric's solicitation process for procuring Default Service supply for its Small Customer Group and its Large Customer Group. On September 12th, 2013, Granite State Electric filed proposed Default Service rates for its Large and Medium Commercial and Industrial Group and for Residential and Small Commercial Customer Group. In support of the proposed rate, Liberty filed testimony and related schedules of John D. Warshaw. Excuse me. Whereas the meeting was scheduled for today, at 10:00 a.m. And, this is consistent with Order 24,577, which states "Granite State Electric will file a purchased

1 power agreement and accompanying rates for Commission
2 review pursuant to RSA 363:17-a."

3 Okay. To start with, we'll recognize
4 that there's a need for a quick turnaround on this order,
5 and our goal is to try to get it out by tomorrow, to
6 support the schedule on that.

7 Are there any other administrative
8 matters we need to deal with before we start?

9 MR. BAUM: Yes. Good morning. Kevin
10 Baum, Devine Millimet, on behalf of Granite State
11 Electric/Liberty Utilities. We do have a few exhibits.
12 If you'd like to deal with those now?

13 CMSR. HARRINGTON: Well, why don't we
14 take who's present, parties first, and then we can go into
15 the exhibits. So, --

16 MR. BAUM: Great. Then, I'll restart.

17 CMSR. HARRINGTON: Yes.

18 MR. BAUM: Good morning. My name is
19 Kevin Baum, Devine, Millimet & Branch. I'm here on behalf
20 of Granite State Electric, which does business as Liberty
21 Utilities. With me today is John Warshaw, who is already
22 at the witness stand; Steve Hall, who is the Company's new
23 regulatory head; and also David Simek, who is a new rate
24 analyst that the Company has brought on who is here to

1 observe today.

2 CMSR. HARRINGTON: Thank you.

3 MS. CHAMBERLIN: Good morning. Susan
4 Chamberlin, Consumer Advocate for the residential
5 ratepayers.

6 MS. AMIDON: Good morning. Suzanne
7 Amidon, for Commission Staff. With me today is Grant
8 Siwinski, an analyst from the Electric Division.

9 CMSR. HARRINGTON: Okay. Well, why
10 don't we go ahead and get started. Do you want to present
11 your exhibits first or as part of the swearing -- after we
12 swear in the witness?

13 MR. BAUM: I think it's easier, why
14 don't we, if you don't mind, we'll just present the
15 exhibits first.

16 CMSR. HARRINGTON: Sure.

17 MR. BAUM: We actually have four
18 exhibits today. I believe starting with Exhibit 7, which
19 is the Default Service filing that was made on September
20 12th. And, that's Bates numbered 001 to 127, the
21 confidential version.

22 CMSR. HARRINGTON: And, that's the
23 testimony of -- this is the Liberty Mutual [Utilities?]
24 Default Service, Testimony and Schedules of John D.

1 Warshaw?

2 MR. BAUM: Yes. That's correct.

3 CMSR. SCOTT: Liberty Utilities.

4 MR. BAUM: Liberty Utilities.

5 (The document, as described, was
6 herewith marked as **Exhibit 7** for
7 identification.)

8 MR. BAUM: And, then, the redacted
9 version of that filing, the testimony and schedules, which
10 is Exhibit Number 8, also Bates numbered 001 to 127.

11 CMSR. HARRINGTON: Just trying to get
12 that. Okay. We may not have the redacted one.

13 MR. BAUM: Yes.

14 CMSR. HARRINGTON: That's going to be
15 "Exhibit 8". Okay.

16 (The document, as described, was
17 herewith marked as **Exhibit 8** for
18 identification.)

19 MR. BAUM: Exhibit Number 9, which is
20 the Default Service Loss Factor Update Report, which was
21 also filed on September 12th with the testimony and
22 schedules.

23 CMSR. HARRINGTON: Okay.

24 CMSR. SCOTT: Can we get a copy of that

[WITNESS: Warshaw]

1 one?

2 MS. AMIDON: If you don't have an
3 additional copy, I can provide the Commissioners with one
4 of mine, with my copy?

5 MR. BAUM: That would be great. Well,
6 there should be one -- I should have given one as an
7 exhibit. And, let me --

8 CMSR. HARRINGTON: What is the date?

9 MS. AMIDON: It's just a stand-alone
10 document --

11 CMSR. HARRINGTON: Oh. Okay.

12 MS. AMIDON: -- that was made with
13 filing. And, it appears, in my package, this appeared
14 between the cover letter and --

15 CMSR. HARRINGTON: Thank you.

16 MS. AMIDON: Certainly.

17 CMSR. HARRINGTON: And, that would be
18 Exhibit 9?

19 MR. BAUM: That's correct.

20 (The document, as described, was
21 herewith marked as **Exhibit 9** for
22 identification.)

23 MR. BAUM: And, then, finally,
24 Exhibit 10, which was just provided this morning, which is

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1 titled "Granite State Electric Company Estimated Winter
2 2013-14 Reliability Program Costs". It's a single page
3 chart. And, that will be discussed during Mr. Warshaw's
4 testimony.

5 CMSR. HARRINGTON: Okay.

6 (The document, as described, was
7 herewith marked as **Exhibit 10** for
8 identification.)

9 CMSR. HARRINGTON: Why don't we swear in
10 the witness then. And, then, we can --

11 (Whereupon **John D. Warshaw** was duly
12 sworn by the Court Reporter.)

13 CMSR. HARRINGTON: Go ahead and begin
14 direct examination.

15 **JOHN D. WARSHAW, SWORN**

16 **DIRECT EXAMINATION**

17 BY MR. BAUM:

18 Q. Mr. Warshaw, would you please state your full name for
19 the record.

20 A. John D. Warshaw.

21 Q. And, by whom are you employed?

22 A. Liberty Energy Utilities New Hampshire Corp.

23 Q. And, what is your position with the Company?

24 A. I am the Manager of Electric Supply.

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[WITNESS: Warshaw]

1 Q. Okay. Before you get started, do you have before you
2 the document marked as "Exhibit 7"?

3 A. Yes.

4 Q. Which is the confidential copy of the September 12th
5 Default Service filing. Was that prepared by you or
6 under your direction?

7 A. Yes.

8 Q. And, do you have any changes or corrections to that
9 filing this morning?

10 A. The only change that we have would be to -- we are
11 proposing to include the Winter -- the ISO-New
12 England's Winter Reliability Program costs. This is as
13 a result of the recent FERC order that was issued on
14 September 16th that changed the cost allocation of
15 these costs from network load, which would have been a
16 transmission cost and borne by transmission customers,
17 to the real-time load obligation, which would then have
18 been borne by, among other things, our Default Service
19 suppliers.

20 CMSR. HARRINGTON: And, this refers to
21 your testimony on Page 14 then, where it states that "Due
22 to the uncertainty as to which market participants will
23 incur the cost, Granite State does not want to burden its
24 Default Service customers with a cost they may not incur."

[WITNESS: Warsaw]

1 Due to the FERC ruling, you're saying that those costs are
2 now known and will be assigned how?

3 WITNESS WARSHAW: What we are proposing
4 to do is to have a cost adder on both the Large Customer
5 Group and the Small Customer Group, for the months of
6 December, January, and February, of 0.241 cents per
7 kilowatt-hour. We base that calculation on the estimated
8 cost --

9 CMSR. HARRINGTON: Excuse me. Could you
10 give me the number again?

11 WITNESS WARSHAW: Oh, I'm sorry. 0.241
12 cents per kilowatt-hour, as an adder only for the months
13 December, January, and February. For the Large Customer
14 Group, in this filing, we are only filing for rates for
15 November through January. We would expect to include this
16 cost adder in the rates in the next Large Customer Group
17 filing that we would make in November for the period
18 February through April.

19 **CONTINUED BY THE WITNESS:**

20 A. And, these costs are based on the most recent filing by
21 ISO that estimated the costs of the Winter Reliability
22 Program after their second round of solicitation for
23 suppliers to bid into this program. And, ISO, in their
24 filing, estimated the costs for all of New England, in

[WITNESS: Warshaw]

1 total for that period, would be 78,756 -- \$78,756,283.

2 And, we estimated that Granite State's portion would be
3 based on our estimated load for each month in the
4 period as a ratio against the estimated load for -- the
5 ISO has published in its CELT Report for that same
6 period. And, we estimated that, as a result, our
7 percent -- our costs would be about \$351,900. And, we
8 took that value and averaged it over the total Default
9 Service load forecast that the Company has made for
10 internal use over the period December through February.

11 CMSR. SCOTT: So, that 351 -- 352,000
12 was for that period you just mentioned?

13 WITNESS WARSHAW: Correct.

14 CMSR. SCOTT: Thank you.

15 BY MR. BAUM:

16 Q. Mr. Warshaw, other than the Winter Reliability costs,
17 were there any other changes to your testimony?

18 A. No.

19 CMSR. HARRINGTON: Excuse me, just one
20 follow-up while we're on this. You said, for the
21 industrial customers, this goes till -- that it only --
22 that it didn't include the -- this is through January, so
23 it doesn't include the February timeframe, correct?

24 WITNESS WARSHAW: Our rate filing does

[WITNESS: Warshaw]

1 not include the February time period. But we do plan on
2 including this cost in the next rate filing for the Large
3 Customer Group that would be made in November, for the
4 February through April time period.

5 CMSR. HARRINGTON: And that would be the
6 same 0.241 cents per kilowatt-hour?

7 WITNESS WARSHAW: At this time, yes.
8 Unless there's some significant over- or undercharge that
9 comes out of the ISO, and then we may reserve our right to
10 update that value, if it needs to.

11 CMSR. HARRINGTON: And, while we're on
12 this particular issue, I just wanted to ask one question.
13 As you're probably aware, FERC has approved the
14 methodology of the Winter Program, but not the results of
15 the auction. So, there's a possibility that they may find
16 that the auction wasn't held properly or, because, you
17 know, the ISO terminated the auction and didn't buy
18 100 percent of the required load -- of the required
19 product, because the price curve got too steep. Given
20 that, do you think it's still prudent to put this in now
21 or to take the action that you originally proposed, which
22 is to wait until the final results were known before you
23 charge them to the customers?

24 WITNESS WARSHAW: We feel it's prudent

[WITNESS: Warshaw]

1 to do the costs now. This would -- this is a reconciling
2 charge that, you know, if, for some reason, you know, it
3 got -- it was changed, the costs of the program were
4 changed, we would, you know, adjust the revenue that we
5 received against the costs and we would reconcile that.
6 And, again, you know, this is an estimated cost that the
7 ISO has put out up front. And, like any estimate, it
8 never survives the actual costs that are incurred.

9 CMSR. HARRINGTON: Thank you.

10 BY MR. BAUM:

11 Q. Mr. Warshaw, did the solicitation described in your
12 testimony comply with the process that has been
13 approved by the Commission for Default Service
14 solicitations?

15 A. Yes.

16 Q. And, would you describe the results of the solicitation
17 and identify the names of the winning bidders for the
18 Commission.

19 A. Yes. We issued an RFP in August for supply for the
20 period, for the Large Customer Group, for the period
21 November through January, and, for the Small Customer
22 Group, for the period November through April. We
23 received bids on September 10th. And, as a result of
24 analyzing the bids, we selected two winning suppliers.

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1 NextEra Energy Power Marketing was the winning bidder
2 for the Large Customer Group and DTE Energy Trading,
3 Incorporated, was the winning bidder for the Small
4 Customer Group. Both suppliers have done business
5 before with Granite State Electric.

6 Q. Thank you. Would you please walk us through the rates
7 that are being proposed for each of the customer
8 groups.

9 A. If you'd turn to my filing, on Bates stamp Page 22,
10 there's a summary of the rates that we've calculated.
11 For the Residential and Small Customer Group, we're
12 proposing a -- we proposed a rate of 8.769. We will
13 need -- if we are given -- if we are able to, and also
14 add the costs of the Winter Reliability Program as we
15 estimated in Exhibit 10, we would need to revise that
16 value. Again, we would also have to -- and, then, we
17 also have rates for the Medium and Large Customer Group
18 for the period; for November, we are proposing a rate
19 of 6.272; for December, a rate of 9.078; and a rate in
20 January of 11.518, all cents per kilowatt-hour. But,
21 again, if we are approved to include the Winter
22 Reliability Program cost estimate, we would need to
23 revise those rates to include that cost.

24 Q. Thank you. Have you calculated the impact of the rate

[WITNESS: Warsaw]

1 changes to customer bills?

2 A. Yes. For residential customers, the impact is in the
3 range of about 15 percent. If we add on this Winter
4 Reliability Program, it would increase that 14. -- that
5 15 percent increase by about 1.7 percent. So, it would
6 increase it to about 16.6 percent. And, then, for the
7 Large Customer Group, we estimated the range of
8 increases of -- I mean, for the Small Customer Group,
9 we -- I apologize, I'm getting numbers mixed up.

10 For the Large Customer Group, we
11 estimated the cost to be about -- increase about, yes,
12 for the Small Customer Group, I had that right,
13 14.9 percent, with an increase of 1.7 percent for the
14 Winter Reliability Program costs. For the Large
15 Customer Groups, we estimated the bill increase to be
16 about 21 to 27 percent. And, that would -- we would
17 see an additional incremental increase of about
18 2.5 percent on their bill.

19 CMSR. HARRINGTON: I'm sorry, I didn't
20 quite follow that. You said the 27 percent, plus what was
21 the 2.5?

22 WITNESS WARSHAW: The 2.5 percent would
23 be the increase, the incremental increase for the Winter
24 Reliability Program costs.

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[WITNESS: Warshaw]

1 CMSR. SCOTT: While you're on the cost
2 calculation. So, am I correct in my assumption, on that
3 chart, on Page 22, the "RPS adder" is assuming the worst
4 case, paying the ACP, is that what that figure is?

5 WITNESS WARSHAW: It's close to paying
6 the ACP. We always have the hope of being able to buy
7 RECs in the market. So, we have -- I use as a cost the
8 estimated costs that I receive from market sheets from
9 various REC marketers. And, I take an average of the
10 values that are in those cost sheets to come up with that
11 RPS value.

12 CMSR. SCOTT: Thank you. I'm sure you
13 were going to get there anyways, but since we were on the
14 table.

15 WITNESS WARSHAW: That's okay.

16 CMSR. SCOTT: Thank you.

17 BY MR. BAUM:

18 Q. And, that was actually the next question, is why -- can
19 you explain why there is a new RPS adder?

20 A. The reason we have a change in the RPS adder is, one,
21 the Commission changed the RPS obligation for 2013.
22 And, as a result, we needed to change the RPS adder,
23 because the adder we had previously used was on a
24 higher RPS percentage obligation. And, also, we

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1 calculated an RPS adder for 2014, because, per the
2 requirement, the RPS obligations go up in each class.

3 Q. Thank you. And, finally, Mr. Warshaw, would you let us
4 know when the proposed rates will go into effect and
5 when you will need an order for these proposed rates.

6 A. These rates are proposed to go in effect on November
7 1st. And, we need an order, contrary to my testimony,
8 I realize there is an error, is that we need an order
9 by September 19th.

10 Q. Thank you, Mr. Warshaw. Would you now please turn your
11 attention to Exhibit 9, which is the Default Service
12 Loss Factor Investigation Update.

13 A. I have that in front of me.

14 Q. Was this report prepared by you or under your
15 direction?

16 A. Yes.

17 Q. Okay. Would you please, this is an update report,
18 would you please walk the Commission through the
19 changes since the Company filed its last Default
20 Service Loss Factor Investigation Update?

21 A. Yes. We continue to bill Massachusetts Electric
22 Company for borderline sales per Granite State's FERC
23 borderline tariff. For those customers that are in
24 Mass. Electric's service territory, but they are served

[WITNESS: Warshaw]

1 from a Granite State distribution line. We are also
2 under discussions with National Grid regarding the
3 costs that Granite State incurred for serving those
4 customers from about 2006 through September of 2012.
5 Those discussions are still ongoing. And, as soon as
6 we have a settlement, we will inform the Commission of
7 the terms of that settlement.

8 There are a number of meters that are
9 planned to be installed between Granite State and NEP
10 -- or, MECO. As of yesterday, the current plans are to
11 have most of those meters installed by the end of 2013.

12 And, finally, we are working on the new
13 meter domain. National Grid is working very closely
14 with our Meter Data Services Group to define what the
15 new meter domain for Granite State will be, once
16 Granite State no longer uses National Grid's customer
17 service system for its customer billing purposes. And,
18 that is planned for May of next year.

19 MR. BAUM: Thank you, Mr. Warshaw. At
20 this point, I have no further questions for Mr. Warshaw,
21 and would like to make him available for
22 cross-examination.

23 CMSR. HARRINGTON: Ms. Chamberlin.

24 MS. CHAMBERLIN: Thank you. I have a

1 few questions.

2 **CROSS-EXAMINATION**

3 BY MS. CHAMBERLIN:

4 Q. For residential customers, and, in fact, for all
5 customers, this is a cents per kilowatt-hour charge for
6 both the Default Service and the Winter Reliability?

7 A. What is the -- I don't understand the question.

8 Q. It's a cents per kilowatt-hour charge?

9 A. On the Winter Reliability, on Exhibit 10?

10 Q. On the Winter Reliability. Let's start there.

11 A. Yes. That would be the charge that would go to both
12 the Large Customer Group and the Small Customer Group,
13 yes.

14 Q. So, then, if prices increase to the point where
15 customer migration increases, that cost will not
16 immediately shift to other customers, correct?

17 A. If prices are such that customers will migrate to
18 competitive suppliers, they will also face those costs,
19 because the competitive suppliers will have a real-time
20 load obligation in the load that they serve, and those
21 competitive suppliers will also incur those costs.

22 Q. However, the remaining customers will not experience an
23 increase due to increased migration?

24 A. No, they would not. And, in fact, if there was -- and,

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1 any difference between the actual costs and the
2 estimated costs, we would reconcile that in the March
3 reconciliation filing.

4 Q. In that March reconciliation, if there are fewer
5 customers in the Default Service, will that cause them
6 to incur greater costs?

7 A. No, because these costs are volumetric-based. So, as
8 customers move to a competitive supplier, their volume
9 will also move to that competitive supplier. And, as a
10 result, our estimate may, you know, may be
11 overestimating, because of our changes in volumes. But
12 this is the best information that we have.

13 Q. And, you anticipate a true-up filing in March, is that
14 correct?

15 A. Yes. Consistent with our normal true-up filings that
16 we do for all commodity purchased costs.

17 Q. In your RFP for Default Service, did you include any
18 sort of discussion of potential Winter Reliability
19 increase in costs?

20 A. No, I did not.

21 Q. And, do you know if suppliers anticipated that cost in
22 their bids?

23 A. The suppliers did not include that cost in their bids,
24 because we informed the suppliers that any of those

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1 costs they would be able to pass through them directly
2 to Granite State and, as a result, they should not
3 include those costs in their bids.

4 MS. CHAMBERLIN: All right. Thank you.
5 That's all I have.

6 CMSR. HARRINGTON: Ms. Amidon.

7 MS. AMIDON: Thank you. Good morning.

8 WITNESS WARSHAW: Good morning.

9 BY MS. AMIDON:

10 Q. Just a couple of follow-up questions, because I don't
11 know if I understand this correctly. If I look at
12 Exhibit 10, there the months of December, January, and
13 February are listed. Are those the only months where
14 Granite State would impose the Winter Reliability
15 costs?

16 A. Correct.

17 Q. So, the fact that this bid for large customers is for
18 the months of November, December, January?

19 A. Correct.

20 Q. And, so, in the filing that you make for the next
21 three-month period, only the month of February would
22 large customers incur these additional costs, is that
23 correct?

24 A. No. For the month of February, both large and small

1 customers --

2 Q. Oh. Right. I'm sorry, I didn't make that clear. But
3 the residential customers, these impacts would be felt
4 December, January, and February?

5 A. Correct.

6 Q. And, the same period for large customers?

7 A. Correct.

8 Q. But, because this Default Service only includes two
9 months in that period, the next filing for the Large
10 Customer Default Service will include the month of
11 February, and that will have this cost?

12 A. Yes.

13 Q. And only that month?

14 A. Yes.

15 Q. Okay. I just wanted to clarify that. Now, and you
16 mentioned that this was reconciling?

17 A. Yes.

18 Q. Will you separately track the Winter Reliability costs?

19 A. Yes.

20 Q. And, when do you expect to -- well, let me change my
21 question. Will you receive bills from ISO for these
22 costs?

23 A. We will not receive bills directly from ISO for these
24 costs. These bills will go to the winning Default

[WITNESS: Warshaw]

1 Service bidders. But they would then turn -- they
2 would then turn around and provide us with an invoice
3 with the costs that they incurred to serve these
4 customers. And, our contracts are written so that they
5 would need to provide sufficient detailed information
6 for us to verify that those are the costs that they
7 incurred for serving these customers and no other
8 customers.

9 Q. Thank you. And, then, after you collect the money that
10 you propose to collect through this, and I'll call it a
11 "surcharge", for lack of a better word, you would use
12 that money to pay the supplier for the Winter
13 Reliability costs the supplier incurred?

14 A. Yes.

15 Q. Well, one thing that we have talked about in prior
16 Default Service hearings with Granite State is the
17 variation in price from the prior similar period. And,
18 I believe in the exhibit, on Page Bates stamp 73, you
19 include a table that illustrates the increase in the
20 commodity costs from the prior winter period to the
21 current winter period.

22 A. Right.

23 Q. Let me know when you're there.

24 A. Yes.

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[WITNESS: Warshaw]

1 Q. Are you there?

2 A. I'm there.

3 Q. Okay. So, could you explain what is shown on the last
4 column in this, in this table, where it says "Percent
5 Change Winter to Winter". So, for example, what is
6 represented by the "28.4 percent"?

7 A. The "28.4 percent" represents the increase in the
8 electric futures price that was available at the time
9 of last winter's RFP as compared to this current RFP.
10 And, the average of those -- hourly weighted average of
11 those costs increased by about 28.4 percent. And, if
12 you compare that to the costs -- the rates that the
13 Small Customer Group saw last November through April,
14 versus the costs that we're proposing, not including
15 the Winter Cost Reliability adder, for the November
16 through April period, we're seeing an increase of about
17 26 and a half percent. So, as a result, they're in the
18 order -- they're very similar to each other. So, we
19 are following the market.

20 Q. And, since you work in this area, do you have any
21 explanation, based on what you've seen in the market
22 for this what looks like a fairly significant increase
23 from the prior winter period?

24 A. There's one major factor that is driving this increase,

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1 and that is the current low cost of natural gas has
2 created a number of anomalies in the market. The first
3 is that, while New England is a -- for energy and load,
4 it's a summer peaking region. For price now, it is a
5 winter peaking region. And, these price peaks are
6 directly related to uncertainty in the ability of the
7 natural gas generators to be able to actually run
8 during the times of significantly cold weather, when
9 they don't have firm transportation on natural gas
10 pipelines, but the natural gas distribution companies
11 do, so they get priority on serving their customers.
12 And, there's a potential that these natural gas
13 generators, while they are needed, their electricity is
14 needed, are unable to secure a gas supply to be able to
15 run. And, thus, there would be a shortage in the
16 electric market driving the electric market prices up.

17 Q. Thank you. I want to just -- I had another question on
18 the Winter Reliability Program. These costs are only
19 incurred during these three months, is that correct?

20 A. Correct.

21 Q. And, so, your proposal today, to amend the filing
22 today, is intended, in part, to match the costs with
23 the people who incur those costs? In other words, with
24 the customers who have the load during the time the

[WITNESS: Warshaw]

1 Winter Reliability Program is in effect?

2 A. Yes.

3 Q. Okay. Thank you. If you could reference Bates stamp
4 63 in your filing, which is Schedule JDW-2, Page 9 of
5 16. And, I notice that the content of this particular
6 table is confidential. So, I just want to reference
7 this exhibit for the Commission's consideration and ask
8 you, are you satisfied with the number of energy supply
9 bidders that you had for both customer groups?

10 A. I am confident that this was a competitive bid. I'm
11 always looking to bring in new suppliers. And, I work
12 diligently to do that.

13 Q. Okay. Finally, I wanted to look at the loss factor
14 report, which is Exhibit 9. And, with respect to the
15 Item Number 2, "Borderline Sales", these negotiations
16 have been going on for quite a bit of time, as I
17 recall. Is that fair to say?

18 A. Yes.

19 Q. Is there any particular stumbling block or some reason
20 why these negotiations haven't resulted in any
21 resolution of monies owed Granite State?

22 A. Settlement discussions with another party are always a
23 delicate matter. National Grid has been very
24 cooperative in this. And, as a result, we, you know,

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1 we have had many meetings and conversations back and
2 forth over this. But, like any settlement, it
3 sometimes takes longer to come to a final understanding
4 that both parties are satisfied with. And, we still
5 have a gap that we are working diligently to close
6 between us and National Grid.

7 Q. And, is it -- are talks taking place on a regular basis
8 or has there been, you know, walk-aways?

9 A. There has never been a walk-away. Talks -- there are
10 no regularly scheduled talks. But we do have -- we
11 have had, as information comes in from one party or the
12 other, we have had mostly conference calls to discuss
13 the information. And, what we find is, as information
14 is received, it just -- it creates yet more questions
15 that need answers, which then create more analysis and
16 review and hoping this will end soon.

17 Q. Does your -- is your crystal ball cloudy about when it
18 will be resolved?

19 A. It's cloudy, but not cracked.

20 Q. Okay. And, finally, I just wanted to make sure I heard
21 you correctly. With respect to the meter installation,
22 is all the meters are to be installed by the end of
23 this year, is that right?

24 A. That is my understanding, based on a meeting I attended

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[WITNESS: Warshaw]

1 yesterday. The plans, the goals are to install these
2 meters by the end of the year. Like any operations,
3 there are things that get in the way, including
4 priority and emergencies that have to -- that companies
5 need to deal with customers first. And, while these
6 are important, these meters would take, you know, a
7 second -- backseat to dealing with customer issues up
8 front. And, this is something that both Granite State
9 Electric and MECO would, you know, abide by.

10 Q. And, if there was any change in the schedule, you would
11 inform the Commission, is that correct?

12 A. We could, we would --

13 Q. Well, in your regular update?

14 A. In my regular update, yes. If there was a change in
15 schedule, we would definitely provide that information.

16 Q. Okay. And, I guess I said "finally", but there is
17 another one. Obviously, you've asked the Commission to
18 include in this filing the Winter Reliability costs.
19 And, is the Company prepared to provide any exhibits
20 that need to be replaced, if the Commission asks them
21 to, for example, any of the impacts -- bill impact
22 exhibits or any of that nature, so that the Commission
23 can have a supplemental record that provides that
24 information, if they decide to go ahead and grant the

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1 proposal?

2 A. Yes. We would be more than willing to amend our filing
3 to include that cost.

4 Q. Yes. I think it would just be helpful for the record
5 to have the rate calculation include that cost, if
6 that's the way the Commission decides to go.

7 A. I see no problem with providing that.

8 MS. AMIDON: Thank you. I have nothing
9 further.

10 CMSR. HARRINGTON: Thank you.
11 Commissioner Scott.

12 CMSR. SCOTT: Good morning.

13 WITNESS WARSHAW: Good morning.

14 BY CMSR. SCOTT:

15 Q. Going back to Exhibit 7, Page 73, where you were
16 discussing with Attorney Amidon the Small Customer
17 Group comparison between similar months last year and
18 this year. Do you have a similar analysis for the
19 Large Customer Group?

20 A. No. We normally only provide this exhibit for one or
21 the other at the time of the filing.

22 Q. Okay. Are they -- do you think it's -- can you give me
23 a guesstimate on what you think the comparison would be
24 for the Large Customer Group?

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1 A. I would say the comparison would probably be similar,
2 but I have not done a calculation in that fashion.

3 Q. Similar order of magnitude?

4 A. Similar order of magnitude, and similar direction that
5 you see on this chart, yes.

6 Q. All right. Thank you. We just had some discussion
7 about the RPS adder. I didn't dig it out of your
8 testimony, but I remember in your testimony you
9 discussed, I think, for the Small Customer Group
10 bidder, you didn't have, if I remember correctly --
11 anyways, for one group you had no -- no, on the adder,
12 you thought it was too high, and the other one, you
13 didn't have an adder in the bid.

14 A. Correct.

15 Q. Is that correct? I was just curious if you'd talk a
16 little bit to that, why -- why do you think there was
17 no bid for one and why do you think the other one was
18 so high?

19 A. I would say that the reason some of the suppliers will
20 provide no bid, because they also see in the
21 marketplace a difficulty in acquiring the RECs that --
22 for New Hampshire. And, they decide not to be bothered
23 by having to, and they're also probably not in that
24 market as much, so, they don't want to be bothered with

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1 those transactions. And, the other supplier used, you
2 know, close to ACP or even a little bit of a -- a
3 little bit higher, to include their costs in working
4 those transactions.

5 Q. Okay. And, I know you've kind of already talked to it.
6 So, you will be putting out a separate RFP to bid out,
7 hopefully get bids for those obligations, is that
8 correct?

9 A. Yes, I will be.

10 Q. And, obviously, you're expecting something lower than
11 the ACP, based on your earlier statement?

12 A. Yes. And, if they're bidding, you know, a penny below
13 ACP, I would probably not accept that bid and go onto
14 another, maybe another RFP.

15 Q. Okay. That's interesting. Thank you. On the Regional
16 Greenhouse Gas Initiative payments, so, first thing, I
17 just wanted to make sure the Company was paying
18 attention to that the law has yet again changed. So,
19 under House Bill 306, effective 1 January of next year,
20 instead of the -- anything collected by the State above
21 a dollar for the proceeds for allowances going to
22 Default Service customers, will go to all customers.
23 Are you aware of that?

24 A. Yes, I am.

[WITNESS: Warshaw]

1 Q. Okay. How -- can you give me a preview of how you will
2 deal with that?

3 A. We would -- we would basically use a similar
4 calculation methods. The volumes would be different.
5 We would then, instead of using just Default Service
6 customer volumes, we would use volumes for our entire
7 distribution load.

8 Q. Okay. So, you don't see that as a --

9 A. I don't see that as a problem. The only difference
10 would be, we would have to move those costs from the
11 Default Service costs to the transmission rate, the
12 retail transmission rate. And, we would also need an
13 order from the Commission that tells us to do that.

14 Q. Point taken. Thank you. I think the Consumer Advocate
15 also was asking you about Default Service, if I
16 remember correctly. Can you give me an update on what
17 your migration rate is from -- away from Default
18 Service?

19 A. We've seen a little bit, a small increase in customers
20 moving from, especially residential customers, moving
21 from, you know, from Default Service to competitive
22 supply. As of June, almost 2 percent now take
23 competitive supply, where before it was 1 percent or
24 less. And, the rates for the Large Customer Group are

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1 still staying about the same.

2 Q. So, you haven't seen any significant change in your --

3 A. I wouldn't -- I haven't seen anything significant, but
4 it's the beginning of some change. You know, for a
5 long time, there was virtually no change on the
6 residential/small commercial, and you're starting to
7 see that tick up a little bit. And, I think that has
8 to do with the number of suppliers that have entered
9 the New Hampshire marketplace.

10 Q. Okay. Thank you. And, finally, I'll pick at the
11 borderline potential settlement discussion -- well, the
12 potential settlement agreement, but the settlement
13 discussions. Can you -- you know, are we talking
14 weeks, months, years? What do you think for a
15 resolution of this at this point?

16 A. Not weeks, but not years.

17 CMSR. SCOTT: Okay. That's all I have.
18 Thank you.

19 CMSR. HARRINGTON: I just had a couple
20 of questions.

21 BY CMSR. HARRINGTON:

22 Q. Your original submittal went out, for the Winter
23 Program, you stated that you were not going to
24 incorporate the costs, because you didn't know what

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1 they were at the time and you didn't know when the FERC
2 order approval was going to be coming in. Was that a
3 decision that Granite State made based on negotiations
4 with suppliers or did you just decide that that was the
5 correct approach to take up front, to pass the costs
6 along when they became known?

7 A. It was mostly because of the uncertainty that was
8 revolving around the cost allocation of those costs.
9 We were very reluctant to put an adder on our
10 customers, Default Service customers, if the costs as
11 filed by the ISO went to network load transmission
12 costs, because then we would have had to repay those
13 customers -- those revenues back to the customers.
14 And, we felt that at the time there was too much
15 uncertainty. Plus a number of suppliers were concerned
16 about incurring that cost that they -- while the ISO
17 had put out an estimate, they were concerned that that
18 cost could be more or less than what the estimate was,
19 and they would have had to bear that cost in a fixed
20 price bid.

21 So, as we have done in the past, when
22 we've had some significant uncertainty in the
23 marketplace, we proposed to allow those suppliers to
24 pass through their actual costs, not include those --

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1 any risks in their bidding. And, we have proposed a
2 estimated adder that would recover those costs from our
3 customers.

4 Q. And, since there's going to be a similar type program
5 for next winter, meaning the Winter of 2014-2015, I
6 assume then you'll be taking the same approach, if an
7 actual number is known what the assessment is going to
8 be, then you would simply allow people to bid, knowing
9 that the real-time load obligation would have to pay
10 for that. But, if it's uncertain at the time, then you
11 would allow a pass-through as you did this year?

12 A. I would not say we would do exactly the same thing next
13 year as we will do this year. I would have to see what
14 is actually proposed by the ISO for next winter and see
15 what the situation is. It may be, for next winter,
16 there may be less uncertainty, and the suppliers would
17 be able to rely on the ISO costs more definitive. And,
18 we would -- you know, they would then be able to
19 include those costs in their bids and we would not have
20 to do a pass-through. But, again, I would have to wait
21 to pass judgment on next year's Winter Reliability
22 Program, once we get closer to that program and what
23 the marketplace is doing.

24 Q. And, just so I understand, is the concern -- I know

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1 this year it's two-fold. FERC has not finalized the
2 results of the auction of the ISO IRP. So, we don't
3 know what the actual costs are going to be. But it
4 seems as if you're also inferring that there's some,
5 and maybe I've got this wrong, that there's some
6 question about, even if that had happened, that the
7 costs could vary due to what happens this winter?

8 A. I think the costs could vary. It's just -- it's an
9 estimate, versus what actually happens. If we have a
10 very mild winter --

11 Q. But the fuel costs, you're paying someone to procure
12 fuel, not to -- not paying them to buy the fuel. So,
13 they're going to get a set fee saying "I will buy this
14 many barrels of oil." So, we're paying that much money
15 to ensure you have those barrels of oil. So, I would
16 think the costs would be fairly fixed at that point.
17 If it's colder and they run out of oil, they run out of
18 oil. And, if it's warm and they don't use it all, they
19 keep the money anyway. So, --

20 A. Right. But you still end up with, you know, there will
21 be some variation from actual costs. Exactly how far
22 that will be, because one of this things that, while
23 the costs may be fixed, the volumes could change
24 significantly for the winter. So that, either a higher

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1 percentage of the ISO-New England's costs could go up
2 or could go down, and, as a result, we could bear more
3 or bear less of those Winter Reliability costs.

4 Q. I'm not quite sure how the volumes could change, but
5 that's not a debate for today. We could discuss that
6 some other time.

7 A. Well, our volumes -- the volume that we base that cost
8 on are forecasted volumes, the load.

9 Q. Oh, you're talking total load volumes.

10 A. Yes, total load.

11 Q. I thought you were talking about oil volumes.

12 A. Oh. Okay. Sorry.

13 Q. Sorry, I misunderstood you. A question on the
14 Renewable Portfolio Standard compliance. So, you
15 initially requested bids with the RPS adder included
16 and -- or you gave people the option or how did that
17 work?

18 A. We request bids with an -- and we ask suppliers to
19 include an RFP [RPS?] adder. We don't require them to
20 provide an RFP [RPS?] adder. And, those suppliers that
21 elect -- that do not want to be burdened with dealing
22 with the RPS don't include an adder.

23 Q. Okay. And, then, you just simply, if they -- you make
24 your best decision based on price, and then come up

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1 with your own calculation, and you've shown us in the
2 past on how to estimate what the RPS adder should be?

3 A. Correct.

4 Q. Okay. On this Page 73, where we have the comparison of
5 future prices, if you look at those prices, and, on the
6 electric future prices, September 10, 2013, in dollars
7 per megawatt-hour, and you look at the peak prices
8 given there for November, December, January, and if you
9 compare them to what's stated on Page 63, they seem to
10 be quite a difference there. And, those are on-peak,
11 not -- if you look at the on-peak prices, they're
12 different than the ones, and I don't know how we can do
13 this discussion without getting into confidential. So,
14 if you think I'm getting there, we can just mark this
15 part of the transcript confidential?

16 A. We could talk in generalities.

17 Q. Okay.

18 MS. AMIDON: Right. And, customarily,
19 Commissioner Harrington, if you like, I mean, we could ask
20 the court reporter to mark confidential, "begin
21 confidential"/"end confidential", and then the Company can
22 review the transcript to determine whether anything does
23 need to be stricken.

24 CMSR. HARRINGTON: All right. Well, why

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1 don't we just, right from this question, why don't we
2 start marking it "confidential", Steve.

3 BY CMSR. HARRINGTON:

4 Q. My question is, on the future prices shown on Page 73,
5 for on-peak, they're all lower than the prices that you
6 have awarded to the bidder on Page 63. Now, I'm
7 assuming Page 63 excludes RPS costs. I'm assuming the
8 future prices exclude RPS costs as well. Well, what
9 accounts for the winning bid to be of higher than the
10 on-peak prices in each of those three months?

11 A. The winning bids, that's a full requirements bid.
12 So, --

13 Q. I'm sorry, which is the full requirements bid?

14 A. Our bids --

15 Q. Okay.

16 A. -- are all full requirements service. So, that means
17 all energy, all capacity, all of ancillary services are
18 the responsibility of the supplier to take on for the
19 period that they're serving the load. They also will
20 include costs for migration risk and other -- and maybe
21 some other uncertainties in the marketplace. And, as a
22 result, those bids are usually higher than what you
23 would see in the market strip just for energy.

24 CMSR. HARRINGTON: Okay. Thank you.

[WITNESS: Warshaw]

1 That was a good explanation. And, you can stop the
2 confidential part now, Steve.

3 CMSR. HARRINGTON: And, I have no
4 further questions. So, anything on redirect?

5 CMSR. SCOTT: I had one.

6 CMSR. HARRINGTON: Commissioner Scott.

7 CMSR. SCOTT: Thank you. Real quick.

8 BY CMSR. SCOTT:

9 Q. I had asked you earlier about your comparison of this
10 this winter period with the last winter period on Bates
11 73 of your Exhibit 7, I think it is, --

12 A. Yes.

13 Q. -- for the Small Customers Group. And, you indicated
14 you don't generally do that for both groups, you just
15 do it for one for illustrative purposes, if I
16 understood you?

17 A. Correct.

18 Q. How big of -- ideally, for our orders, we really like
19 to be able to signal to ratepayers what the changes
20 are. And, the best apples-to-apples comparison is not
21 summer to winter, but winter to winter, that type of
22 thing. How big of a -- how hard would it be to
23 calculate that for the Large?

24 A. Not at all. We could -- we can include that, if you

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1 would like to see that in future filings.

2 Q. Okay. That would be good. I don't want to create a
3 lot of burden, but I think it's helpful to tell the
4 story.

5 A. It's not a lot of burden. It's just, you know, one
6 more exhibit that is easily calculated, based on all
7 the data that we already have.

8 CMSR. SCOTT: Okay. Thank you.

9 CMSR. HARRINGTON: And, while we're on
10 that subject, I was just wondering if parties could
11 comment on whether we need a record request that would
12 give the final rates and the percentage changes to the
13 rates? That was something that Ms. Amidon had suggested
14 earlier.

15 MS. AMIDON: One moment.

16 (Attorney Amidon conferring with Mr.
17 Siwinski.)

18 MS. AMIDON: Yes, Commissioner. I mean,
19 Staff believes it would be helpful to have the modified
20 bill impacts. There's a set of schedules that show the
21 bill impacts. And, I think it would be appropriate to
22 have that for the Commission's information and for the
23 record.

24 CMSR. HARRINGTON: And, given the

[WITNESS: Warsaw]

1 timeframe, could that be something you could get today to
2 us?

3 MR. BAUM: Yes.

4 WITNESS WARSHAW: Yes.

5 CMSR. HARRINGTON: Okay. Then, do we
6 need to hold that as a record request?

7 MS. AMIDON: Since it's not available at
8 present, yes.

9 CMSR. HARRINGTON: Okay.

10 MS. AMIDON: So, that would be Exhibit
11 -- for identification, Exhibit 11, is that correct?

12 CMSR. HARRINGTON: Eleven, I believe,
13 yes.

14 MS. AMIDON: Yes. Right. And, when
15 that comes in, we can just make sure we add that to the
16 record.

17 CMSR. HARRINGTON: Okay. So, that would
18 be a record request to show the finalized or the impact of
19 the rates when we include the Winter Program adder.

20 MS. AMIDON: Thank you.

21 **(Exhibit 11 reserved)**

22 CMSR. HARRINGTON: Now, we can go to
23 anything on redirect?

24 MR. BAUM: We may have one question.

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1 Would it be possible to go off record for just a minute.

2 CMSR. HARRINGTON: Sure.

3 (Attorney Baum conferring with the
4 witness and company representatives.)

5 CMSR. HARRINGTON: Are we all set to go
6 back on the record?

7 MR. BAUM: Yes. Thank you.

8 CMSR. HARRINGTON: Steve. Okay.
9 Proceed please.

10 MR. BAUM: Thank you.

11 **REDIRECT EXAMINATION**

12 BY MR. BAUM:

13 Q. Mr. Warshaw, would you please clarify, getting back to
14 the Winter Reliability adder, how that would be applied
15 to the Residential Customer Group?

16 A. (Warshaw) For the Small Customer Group?

17 Q. I'm sorry. The Small Customer Group.

18 A. Yes. For the Small Customer Group, we would calculate
19 new monthly retail rates for November through April.
20 We would then take those -- take that and create an
21 average cost for the entire period, so that the entire
22 period of November through April will include the
23 winter costs recovered from the customers. That way,
24 we still end up with a uniform price for the Small

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1 Customer Group for the November through April period.

2 And, if what I had said before confused the situation,

3 I apologize.

4 BY CMSR. HARRINGTON:

5 Q. So, just to follow up on that then. If it's going to
6 be spread over the larger amount of time, the rate, in
7 cents per kilowatt-hour, will be lower for the Small
8 Customer Residential Group than it will be for the
9 Large Customer Group, correct?

10 A. Yes.

11 Q. Okay. So, the 0.241 cents, where it's accurate for the
12 Large Customer Group, would be too high for the Small
13 Customer Group, that's on Exhibit 10, because it's
14 going to be spread out?

15 A. Yes. It would not be 0.241 for six months. It would
16 be --

17 Q. Something else?

18 A. It would be a weighted average of that value over the
19 six months. We would just use the same calculation
20 method that we used in Exhibit -- as we use on Page 97.
21 And would -- you know, doing this on the fly, but I
22 would say that we would add another line that would
23 include the 0.241 just for the months of -- the three
24 months of the winter costs, and then come up with a new

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1 average cost calculation.

2 Q. Okay. Because -- I'm glad you made that correction,
3 because I had assumed that you were just doing it for
4 the three months, and then the bill would go back down.

5 A. Right. No, we still need to provide a uniform price
6 for our customers for the six-month period.

7 Q. And, that will be included in Exhibit 11 then what that
8 adder will be, because it's going to be slightly
9 different than the 2.41, if it's spread out over six?

10 A. Yes. We would also have to redo Schedule JDW-7 --

11 Q. Okay.

12 A. -- and 6. There will be a couple of schedules that we
13 would have to redo.

14 CMSR. HARRINGTON: Ms. Amidon has a
15 question.

16 MS. AMIDON: Yes.

17 **RECROSS-EXAMINATION**

18 BY MS. AMIDON:

19 Q. Based on that, I just wanted to ask a follow-up
20 question on the rate impact for small customers?

21 A. Yes. There would probably be, instead of the
22 1.6 percent, it would probably be about half that, if
23 we average it over the six months.

24 Q. And, we would see that when we see the rate impact --

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1 revised rate impact schedules that the Company will
2 file as Exhibit 11, is that correct?

3 A. Correct.

4 MS. AMIDON: Thank you.

5 CMSR. HARRINGTON: And, just so we're
6 clear then, Exhibit 11 will include that, the rate impact
7 statement we were just concerned with, as well as any
8 other schedules that need to be changed to update this?

9 WITNESS WARSHAW: Correct.

10 CMSR. HARRINGTON: Okay. Thank you.

11 Any further redirect?

12 MR. BAUM: No further redirect. Thank
13 you.

14 CMSR. HARRINGTON: Okay. I guess that
15 you can stay there or take your seat, whatever you prefer.
16 That gets us to closings.

17 MS. AMIDON: Mr. Chairman?

18 CMSR. HARRINGTON: Sure.

19 MS. AMIDON: Generally, the Petitioner
20 goes last. So, you would start, perhaps, with the Office
21 of Consumer Advocate.

22 CMSR. HARRINGTON: Okay. Thank you,
23 Ms. Amidon.

24 MS. CHAMBERLIN: Thank you. I am

1 concerned about the rate shock and rate impact for the
2 residential customers. I'm aware of Granite State having
3 a rate case pending. However, it appears from the various
4 analyses done by the ISO that a modest adder for Winter
5 Reliability is overall in the best interest of customers,
6 because it will avoid greater problems later. And, I'm
7 pleased that it's going over six months. I also thought
8 it was a three-month adder, so that reduces the rate
9 impact a little bit. And, it may provide a incentive for
10 customers to migrate or for customers to implement energy
11 efficiency, both of which are part of New Hampshire's
12 systems. So, that would be a positive thing.

13 I have no reason to believe that the RFP
14 was anything other than competitive. So, I don't object
15 to this proposal.

16 CMSR. HARRINGTON: Thank you.

17 Ms. Amidon.

18 MS. AMIDON: Thank you. Staff has
19 reviewed the filing. And, we have determined that the
20 Company complied with Order Number 24,577, and that the
21 solicitation, evaluation of bids, and the final selection
22 of the winning bidders was conducted appropriately, and
23 that the resulting rates are market-based. And, we
24 recommend that the Commission approve the Petition.

1 With respect to the Winter Reliability
2 charge or surcharge, Staff has no objection to the
3 modification of the Petition with that change. And, we
4 believe it's appropriate to have those costs to the
5 customers at the time that those costs are incurred. So,
6 in that sense, we think that's appropriate.

7 And, finally, we looked at the
8 confidential information or the information that was
9 submitted as "confidential". And, the information is
10 similar to information for which the Commission has
11 acknowledged confidential treatment in the past and is
12 consistent with the New Hampshire Administrative Code Puc
13 200 rules. Thank you.

14 CMSR. HARRINGTON: Thank you. The
15 Company.

16 MR. BAUM: Thank you. The Company
17 requests that the Commission approve the proposed rates,
18 including the Winter Reliability adder that was proposed
19 today. I think, as shown by Mr. Warshaw's written
20 testimony and oral testimony today, the solicitation
21 process complied with all the requirements governing
22 Default Service filings for Liberty Utilities.

23 Finally, we would ask for the
24 confidential treatment as was requested in the cover

1 letter submitted with the September 12th filing. And,
2 finally, that we respectfully request that the Commission
3 issue its order within the five day period. Thank you.

4 CMSR. HARRINGTON: Thank you. The only
5 other matter, I guess, if there's no objection, we'll
6 strike the exhibits as full exhibits?

7 (No verbal response)

8 CMSR. HARRINGTON: And, seeing no
9 objection. We will take this under advisement. We
10 understand that we need to have the order out tomorrow.
11 Just, obviously, it would be helpful, the sooner we could
12 get that Exhibit 11 in to the Staff, the quicker. So, I
13 realize this is a rush job for everybody and appreciate
14 everybody's efforts. Thank you.

15 **(Whereupon the hearing was adjourned at**
16 **11:26 a.m.)**