

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

June 23, 2016 - 2:07 p.m.
Concord, New Hampshire

NHPUC JUL20'16 PM 1:01

RE DE 16-249
LIBERTY UTILITIES (GRANITE STATE
ELECTRIC) CORP. d/b/a LIBERTY
UTILITIES: *Default Service for
the Period August 1, 2016 to
January 31, 2017.*

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

APPEARANCES: Reptg. Liberty Utilities (Granite
State Electric) Corp.:
Michael J. Sheehan, Esq.

Reptg. Residential Ratepayers:
Donald M. Kreis, Esq., Consumer Adv.
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.

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



ORIGINAL

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
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1	Testimony of Heather M. Tebbetts, including attachments, regarding reconciliation (05-23-16)	5
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2	Filing consisting of the Testimony of John D. Warshaw, including attachments, and the Technical Statement of Heather M. Tebbetts, including attachments (06-21-16) [CONFIDENTIAL & PROPRIETARY]	5
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3	Filing consisting of the Testimony of John D. Warshaw, including attachments, and the Technical Statement of Heather M. Tebbetts, including attachments (06-21-16) <i>(REDACTED - for public use)</i>	5
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P R O C E E D I N G

CHAIRMAN HONIGBERG: We're here this afternoon in Docket DE 16-249, which is Liberty Utilities (Granite State Electric) Corp.'s 2016 Default Service Solicitation docket. This is, I believe, the first one under the new six-month period that will start August 1st, with the Company having transitioned to this schedule in its last round.

I'll note for the record that Commissioner Scott is not in attendance at the hearing. He may read the transcript and the exhibits, if necessary. But you do have Commissioner Bailey and myself here.

Before we go any further, let's take appearances.

MR. SHEEHAN: Good afternoon, Commissioners. Mike Sheehan, for Liberty Utilities (Granite State Electric) Corp. Thank you.

MR. KREIS: Good afternoon. I am Consumer Advocate Donald Kreis, here on behalf of residential utility customers.

MS. AMIDON: Good afternoon. Suzanne

1 Amidon, for Commission Staff.

2 CHAIRMAN HONIGBERG: All right.
3 What, if anything, do we need to do in the way
4 of preliminary matters?

5 MR. SHEEHAN: I have two things, Mr.
6 Chairman. First, is to mark exhibits. And I
7 propose marking, as "Exhibit 1", Ms. Tebbetts'
8 reconciliation testimony filed May 23, with
9 attachments; as "Exhibit 2", the confidential
10 version of our June 21 filing, which consists
11 of Mr. Warshaw's testimony and exhibits and
12 Ms. Tebbetts' technical statement, updating her
13 prior testimony and giving rate impacts; and
14 "Exhibit 3" would be the redacted version of
15 Exhibit 2.

16 (The documents, as described,
17 were herewith marked as
18 **Exhibit 1, Exhibit 2,** and
19 **Exhibit 3,** respectively, for
20 identification.)

21 MR. SHEEHAN: The other matter I have
22 is we've requested confidential treatment for
23 certain information in Mr. Warshaw's test --
24 not in his testimony, but in his attachments,

1 and some of that information is picked up in
2 Ms. Tebbetts' attachments to her technical
3 statement. And that is information protected
4 under the rules or presumed confidential under
5 the rules, such as contract prices, bids, the
6 number of bidders, the ID of the bidders,
7 *etcetera*. And these are all matters that have
8 been granted confidential treatment in past
9 hearings.

10 CHAIRMAN HONIGBERG: Mr. Kreis?

11 Ms. Amidon?

12 MR. KREIS: No objection.

13 MS. AMIDON: Yes. The material that
14 for which they requested confidential treatment
15 is similar to the material that's been granted
16 confidential treatment in the past and is
17 consistent with the Commission rules.

18 CHAIRMAN HONIGBERG: Under those
19 rules, is an order required from us on this
20 motion? I had an understanding, at least for
21 some filings, that they're sort of
22 self-executing confidential.

23 MS. AMIDON: I think it's important
24 to identify them as comporting with the rules,

1 and, hence, they are confidential.

2 CHAIRMAN HONIGBERG: All right.

3 (Chairman Honigberg and
4 Commissioner Bailey conferring.)

5 COMMISSIONER BAILEY: Is the
6 confidential information included in the filing
7 considered routine filing -- confidential
8 information of routine filings?

9 MR. SHEEHAN: Yes. The provisions of
10 the 200 rules that we cited are those
11 provisions. You know, the following items are
12 routine filings --

13 COMMISSIONER BAILEY: And they're not
14 automatically considered confidential, under
15 the rules?

16 MR. SHEEHAN: My understanding of the
17 process is they are, until somebody asks for
18 them. And, then, when someone asks for them,
19 it triggers the review and a determination of
20 whether, in fact, they are confidential or
21 should be released.

22 CHAIRMAN HONIGBERG: That's my
23 understanding as well. So, understanding that
24 the filing is consistent with the rules, they

[WITNESS PANEL: Warshaw~Tebbetts]

1 are -- the information will be treated as
2 confidential, as I think consistent with what
3 Mr. Sheehan just said.

4 Does that work for you, Ms. Amidon?

5 MS. AMIDON: Yes.

6 CHAIRMAN HONIGBERG: Okay. Anything
7 else, Mr. Sheehan, before --

8 MR. SHEEHAN: That's all I have. And
9 the witnesses are ready when we take care of
10 any other preliminary matters.

11 CHAIRMAN HONIGBERG: I saw that the
12 witnesses were prepositioned on this one.

13 Mr. Patnaude.

14 (Whereupon **John D. Warshaw** and
15 **Heather M. Tebbetts** were duly
16 sworn by the Court Reporter.)

17 **JOHN D. WARSHAW, SWORN**

18 **HEATHER M. TEBBETTS, SWORN**

19 **DIRECT EXAMINATION**

20 BY MR. SHEEHAN:

21 Q. Mr. Warshaw, your name and your position with
22 the Company please.

23 A. (Warshaw) My name is John D. Warshaw. And I am
24 the Manager of Electric Supply for Liberty

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1 Utilities Service Corp.

2 Q. And did you file testimony in this docket?

3 A. (Warshaw) Yes, I did.

4 Q. And, in a sentence, what's the nature of your
5 testimony? What topics do you cover?

6 A. (Warshaw) And, in my testimony, I cover the
7 procurement of supply of Energy Service for the
8 period August 1st, 2016 through the end of
9 January 31st, 2017. I also address the issue
10 of Renewable Portfolio Standard.

11 Q. Do you have any corrections to your testimony?

12 A. (Warshaw) Yes, I do. If you turn to Page 8,
13 Bates stamp Page 008, it's the same on both
14 exhibits, Line 4, instead of saying:
15 "January 31st, 2017", it should say
16 "January 31st, 2016".

17 Q. Any others?

18 A. (Warshaw) Those are all the corrections that I
19 know of.

20 Q. With that correction, if I were to ask you the
21 questions in your prefiled testimony today,
22 would your answers be the same?

23 A. (Warshaw) Yes, they would.

24 Q. And do adopt your testimony here today?

[WITNESS PANEL: Warshaw~Tebbetts]

1 A. (Warshaw) Yes, I do.

2 Q. Ms. Tebbetts, your name and your position with
3 the Company.

4 A. (Tebbetts) Yes. My name is Heather Tebbetts.
5 I am employed by Liberty Utilities Service
6 Corporation. I'm an Analyst in our Rates and
7 Regulatory Group. And I'm responsible for
8 rate-related services for Granite State
9 Electric.

10 Q. And did you file testimony in this docket?

11 A. (Tebbetts) Yes, I did.

12 Q. And that is marked as "Exhibit 1", the
13 reconciliation testimony?

14 A. (Tebbetts) Yes.

15 Q. And, again, briefly, that testimony does what?

16 A. (Tebbetts) That testimony provides a
17 reconciliation for the prior period, going back
18 to 2015. And it also includes information
19 about forward-looking rates for the
20 reconciliation period for 2016 into '17.

21 Q. And you also filed a technical statement, which
22 is the latter half of Exhibit 2. And what is
23 the topic covered in that technical statement?

24 A. (Tebbetts) The information in the technical

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[WITNESS PANEL: Warshaw~Tebbetts]

1 statement updates the attachments that I filed
2 on May 20th for the reconciliation. And it
3 also provides the calculated rates going
4 forward for August 1st, 2016 through
5 January 31, 2017.

6 Q. Do you have any corrections to your testimony
7 or technical statement?

8 A. (Tebbetts) I have one correction to my
9 testimony, which is Exhibit 1. That correction
10 is on Bates Page 013, Line 8. And the sentence
11 reads "The RPS Obligation Expense for 2015 is
12 presented on Page 3", and that should read
13 "Page 2".

14 Q. Any other corrections?

15 A. (Tebbetts) No.

16 Q. If I were to ask you the questions in your
17 prefiled testimony today, would your answers be
18 the same?

19 A. (Tebbetts) Yes.

20 Q. And do you adopt your testimony today?

21 A. (Tebbetts) Yes.

22 MR. SHEEHAN: Chairman, they're
23 available for cross-examination.

24 CHAIRMAN HONIGBERG: Mr. Kreis.

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1 MR. KREIS: Thank you, Mr. Chairman.
2 I'll try to get as close as I can to the
3 microphone without swallowing it. I just have
4 a couple of questions, and I think they're all
5 for Mr. Warshaw.

6 **CROSS-EXAMINATION**

7 BY MR. KREIS:

8 Q. Mr. Warshaw, at Page 5 of your testimony, which
9 is Bates Page 007, Exhibit No. 2, you said "A
10 similar number of bidders provided final prices
11 as in the last solicitation." First of all, I
12 assume that the vague -- the vague
13 characterization of the number of bidders is a
14 function of the fact that you consider the
15 precise number of bidders to be confidential
16 information?

17 A. (Warshaw) That is correct.

18 Q. Why is that number competitively sensitive?

19 A. (Warshaw) It's considered competitively
20 sensitive, because if, for some reason, the
21 suppliers out there find out that we have an
22 RFP where, instead of, you know, a good number,
23 we have a small number, you know, they then say
24 "Oh, well, the next time we bid, we don't have

[WITNESS PANEL: Warshaw~Tebbetts]

1 to cut our calculation as tight", because it's
2 less competitive than if there is a large
3 number of bidders involved.

4 The more number of bidders, the more
5 competitive the solicitation is. And you don't
6 want that information out there that one
7 solicitation is less competitive than another
8 solicitation.

9 Q. So, even the answer to the question "was there
10 a good number in this -- in this
11 solicitation?", that's competitively sensitive?

12 A. (Warshaw) I would say it was an adequate
13 number.

14 Q. Is there a trend that you could talk about? Is
15 the number getting -- are the number of
16 solicitations continuing to be healthy? Are
17 they declining over time?

18 A. (Warshaw) It is continuing to be healthy. We
19 did have some issues when the winter prices
20 were extremely volatile, and the suppliers were
21 reacting to that.

22 But, since then, they seem to have mostly
23 calmed down and are still willing to
24 participate in these RF -- in these types of

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1 solicitations.

2 Q. On the next page of that exhibit, which is
3 Bates Page 008, you said, at Lines 8 through
4 10, "Liberty Utilities evaluated the bids
5 received and selected the two suppliers that:
6 (i) provided a bid that was conforming to the
7 RFP, (ii) had the lowest price, (iii) met the
8 credit requirements described in the RFP, and
9 (iv) passed our qualitative evaluation."

10 What's the "qualitative evaluation"?

11 A. (Warshaw) These suppliers have all participated
12 in previous RFPs. And they -- and the winning
13 bidders have all served our default service
14 customers in previous solicitations.

15 Q. What would happen if a bidder popped up that
16 didn't meet that description of previous
17 experience with you?

18 A. (Warshaw) We would evaluate that bidder. We
19 would talk to references that the bidder has to
20 find out if there's been any problems with that
21 bidder in serving load in another utility's
22 territory.

23 Q. Did you screen out any bids on that basis in
24 this solicitation?

[WITNESS PANEL: Warshaw~Tebbetts]

1 A. (Warshaw) No, we did not.

2 Q. In that case, it's a nonissue, right?

3 A. (Warshaw) Yes.

4 Q. I have to beg your indulgence, because this is
5 my first opportunity to participate in this
6 particular kind of docket with Liberty. And,
7 so, I am probably the only person in the room
8 who is confused about how the -- how you dealt
9 with the RPS compliance adder after asking for
10 bids with an RPS compliance adder. So, could
11 you maybe give me the elevator speech version
12 of how that works?

13 A. (Warshaw) Yes. We ask all bidders to -- we
14 request all bidders provide a simple dollar per
15 megawatt-hour adder to be added to their bids,
16 if they're willing to take on the RPS
17 obligation along with the load obligation. We
18 then compare that adder, if a supplier has
19 provided that, to both the value against making
20 an ACP for all of the obligation, and also a
21 estimate of what the market value is of that
22 adder at that time. Most of the bidders in
23 solicitations do not provide RPS adders.

24 Q. So, since most of the bidders don't propose a

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1 RPS compliance adder, and since you did not
2 select one of those compliance adders, based on
3 Lines 19 and 20 of Bates Page 010, how does the
4 Company meet its RPS obligation?

5 A. (Warshaw) The Company will meet its RPS
6 obligations a number of ways. One, we issue
7 RFPs for our obligation twice a year. We also
8 entertain unsolicited offers of sales of RPS
9 RECs. And, then, the third way is, if, at the
10 end of a obligation year and the end of the
11 trading period, we are still short come towards
12 the end of June, we end up making an ACP for
13 the shortage in the obligation.

14 Q. So, basically, you're staying in the RPS
15 market, rather than locking yourself into
16 something through one of these solicitations?

17 A. (Warshaw) Yes.

18 MR. KREIS: Okay. Mr. Chairman,
19 those are all the questions I have.

20 CHAIRMAN HONIGBERG: Ms. Amidon.

21 MS. AMIDON: Thank you. Good
22 afternoon.

23 WITNESS WARSHAW: Good afternoon.

24 BY MS. AMIDON:

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[WITNESS PANEL: Warshaw~Tebbetts]

1 Q. So, I think this question is really for
2 Ms. Tebbetts. As you know, in January, the
3 Class -- you calculate an RPS adder, is that
4 correct? Do you calculate it or does --

5 A. (Tebbetts) I do not calculate the RPS adder.
6 Mr. Warshaw calculates that.

7 Q. Okay. And, Mr. Warshaw, then maybe this
8 question is for you. So, you calculate that
9 adder based on a number of factors, and I think
10 you have an exhibit that has that calculation.
11 I think that is in Exhibit 2, on Page 102. Let
12 me know when you're there.

13 A. (Warshaw) I'm there.

14 Q. Okay. And, just to be clear, the shaded
15 information is the information that is
16 confidential, is that correct?

17 A. (Warshaw) Correct.

18 Q. All right. So, for -- as noted in your
19 testimony, for Class III, the RPS obligation
20 goes to 8 percent as of January 2017, is that
21 right?

22 A. (Warshaw) That's my understanding, yes.

23 Q. Okay. So, how -- can you show me where that is
24 shown in rates? I believe I saw an exhibit

[WITNESS PANEL: Warshaw~Tebbetts]

1 that Ms. Tebbetts had that shows the increase
2 in that RPS adder for the month of January.

3 A. (Tebbetts) Yes. If you go to Exhibit 2, Bates
4 Page 121, and it's Line 16. But, as I look at
5 my printed page, I'm not positive if you have
6 hash tags on your numbers? I do. So, --

7 Q. I do, too.

8 A. (Tebbetts) Okay. I apologize. It's the
9 "Renewable Portfolio Standard Adder (dollars
10 per kilowatt-hour)". That's the line you're
11 looking at, and it's Line 16.

12 Q. I see that, because it's grouped by six months,
13 and there are six columns, and then there is a
14 line that -- it's above the line that demarks
15 the "Total", is that fair to say?

16 A. (Tebbetts) Yes. That's correct.

17 Q. Okay. So, -- and this is for the Large
18 Customer Group. Is it the same for all
19 customers, the RPS adder?

20 A. (Tebbetts) Yes. It's exactly the same. And we
21 can look at HMT-2 to confirm that. If you look
22 at the months of August through December,
23 you'll see it is "0.407 cents" per
24 kilowatt-hour --

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1 Q. Yes.

2 A. (Tebbetts) -- for those months. And, then,
3 January reflects the increase to the 8 percent,
4 for "0.778 cents" per kilowatt-hour.

5 Q. Yes.

6 A. (Tebbetts) And, on Bates Page 122, Line 16, you
7 will see those same numbers for the Small
8 Customer Group.

9 Q. Thank you. That's what I was looking for. Mr.
10 Warshaw, are there any changes in either of the
11 contracts or confirmation transactions with the
12 two selected companies that differ from the
13 form contract used by the Company in its RFP?

14 A. (Warshaw) No, there is not.

15 Q. Okay. And, then, the Consumer Advocate was
16 asking about the number of bidders. And, if I
17 go to Exhibit 2, Page 89, there is shaded
18 information. Let me know when you're there.

19 A. (Warshaw) I'm there.

20 Q. Okay. So, there's shaded information under the
21 paragraph that's identified as paragraph "4",
22 which shows the number, that is shaded because
23 it is confidential?

24 A. (Warshaw) Correct.

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1 Q. Okay. Thank you. And, if we turn to the next
2 page, we see that the same number of bidders
3 provided final bids. That first number I
4 referred to being indicative bids, is that
5 right?

6 A. (Warshaw) Correct.

7 Q. Okay. Thank you. And, just finally, I wanted
8 to, and, Ms. Tebbetts, this is for you,
9 Page 148 of Exhibit 2, there's nothing shaded
10 on here. Let me know when you're there.

11 A. (Tebbetts) I am there. Just you're referring
12 to Schedule HMT-10?

13 Q. Correct. Thank you for identifying that. This
14 is the reflection of a reduction in a
15 residential customer bill based on usage of 650
16 kilowatt-hours a month for those customers who
17 take service from Liberty, is that right?

18 A. (Tebbetts) Yes. This is for customers who take
19 Energy Service from Liberty.

20 Q. So, their bills will be reducing by \$15.29, or
21 by approximately 14 percent?

22 A. (Tebbetts) Yes. That's correct.

23 Q. And do you have any similar calculation for
24 Large customers or can -- I know that they have

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1 rates that vary monthly. So, it might be more
2 difficult to calculate that. Or, perhaps, Mr.
3 Warshaw, did you do a calculation comparing
4 costs for different periods? I think I saw
5 something in your testimony. It's on
6 Page Bates 013.

7 A. (Tebbetts) Ms. Amidon, we -- or, I calculate a
8 bill calculation on a residential bill, for
9 those customers, primarily because their rate
10 is a weighted average rate for the six-month
11 period.

12 Q. Uh-huh.

13 A. (Tebbetts) And, so, their rate does not change.
14 With regards to Large customers, they have a
15 monthly rate. And, so, to calculate a bill
16 impact for a Large customer is possible, but it
17 would be a different bill impact for each month
18 of the period.

19 Q. Well, I'm thinking that the information
20 provided in your testimony on Page 013 at least
21 gives us a comparison, is that right, at Line
22 5?

23 A. (Warshaw) Yes. At 5, it gives you a comparison
24 as the cents per kilowatt-hour basis, but it

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1 doesn't bring it up to a total estimate of what
2 someone's bill will change.

3 Q. Right. But it just gives the load-weighted
4 average of the power supply costs and just
5 compares the new period with the one that is
6 just ending. Is that fair to say?

7 A. (Warshaw) That's correct.

8 Q. Or the one that will be ending?

9 A. (Warshaw) Yes. It doesn't include any of the
10 adjustments that Ms. Tebbetts has calculated --

11 Q. Right.

12 A. (Warshaw) -- that goes along with the Energy
13 Service bill.

14 Q. But it does show us the general reduction in
15 the power costs?

16 A. (Warshaw) Correct.

17 MS. AMIDON: Okay. Thank you.

18 That's all I have. Thank you.

19 CHAIRMAN HONIGBERG: Commissioner
20 Bailey.

21 COMMISSIONER BAILEY: I have no
22 questions. Thank you.

23 BY CHAIRMAN HONIGBERG:

24 Q. Mr. Warshaw, this is the first time for the new

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1 schedule. Did you see any difference in how
2 things went, compared to the last few
3 solicitations you've done?

4 A. (Warshaw) The only difference is one of the
5 bidders, for reasons that they did not
6 disclose, who have bid in the past and have
7 served load in the past, decided to not
8 participate in this RFP. And, one of the
9 reasons is that they are still shy about the
10 winter prices. And, if I can -- if I would
11 speculate, it's probably because they may have
12 been hurt when the winter prices were extremely
13 volatile, and are now very shy about
14 participating in load in the December through
15 February period.

16 Q. But, taking a step back and looking at the
17 process generally, are you satisfied that it
18 went well?

19 A. (Warshaw) Yes. We had a good turnout. We
20 weren't stepping on any other RFPs that were
21 also -- that were also done at the same time.
22 So, we were able to get the attention of the
23 bidders, and felt that this was a reasonable,
24 robust solicitation, similar to what we've seen

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1 in the past.

2 Q. You were asked some questions about the RPS
3 adder. While we're on the subject of that
4 obligation and the ACPs, we're coming up on the
5 end of the period for payments. And do you
6 have any sense of what your alternative
7 compliance payments are going to be when they
8 come in at the end of this month?

9 A. (Warshaw) I'm going to be -- we will be making
10 a ACP of about \$70,000.

11 Q. Do you know how that compares to last year,
12 roughly?

13 A. (Warshaw) I think last year was maybe -- I
14 mean, a little over \$100,000.

15 Q. So, less, but not way less?

16 A. (Warshaw) No. But nowhere near a million
17 dollars, as we paid in other dates.

18 CHAIRMAN HONIGBERG: All right. I
19 think that's all I have.

20 Mr. Sheehan, do you have any further
21 questions for your witnesses?

22 MR. SHEEHAN: I do not. Thank you.

23 CHAIRMAN HONIGBERG: All right. I'm
24 assuming there's no objection to striking the

1 ID on Exhibits 1, 2, and 3?

2 *[No verbal response.]*

3 CHAIRMAN HONIGBERG: All right. The
4 ID is struck. Those are full exhibits.

5 I think the only thing we need to do
6 is allow the Parties to sum up. Mr. Kreis.

7 MR. KREIS: Thank you, Mr. Chairman.
8 I agree with the Company that the proposed
9 Energy Service rates are consistent with RSA
10 374-F, Section 3, Paragraph V(c), and are in
11 the public interest, as reflective of
12 competitive market prices pursuant to RSA
13 374-F:3, V(c).

14 Therefore, I believe that it is
15 appropriate for the Commission to approve the
16 Company's requested rates.

17 CHAIRMAN HONIGBERG: Ms. Amidon.

18 MS. AMIDON: Thank you. Staff
19 reviewed the filing and concluded that the
20 Company complied with the bid solicitation,
21 evaluation, and selection process approved by
22 the Commission in various orders regarding
23 Liberty's procurement of default service, and
24 have determined that the resulting rates are

1 market-based.

2 And, on that basis, we believe the
3 Commission should grant approval of this for
4 rates effective August 1.

5 CHAIRMAN HONIGBERG: Mr. Sheehan.

6 MR. SHEEHAN: I don't think I could
7 say it better than the two of them. So, we ask
8 that you approve the rates as we requested.
9 The order we respectfully request be issued by
10 July -- by June 27 for the contract reasons for
11 rates effective August 1.

12 Thank you very much.

13 CHAIRMAN HONIGBERG: Thank you all.
14 We'll take this under advisement and issue an
15 order as quickly as we can.

16 ***(Whereupon the hearing was***
17 ***adjourned at 2:32 p.m.)***