

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

June 19, 2019 - 1:43 p.m.
Concord, New Hampshire

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RE: DE 19-059
LIBERTY UTILITIES (GRANITE STATE
ELECTRIC) CORP. d/b/a LIBERTY
UTILITIES: 2019 Schedule for
Default Service Solicitations.
*(Hearing regarding the period of
of August 1, 2019 through
January 31, 2020)*

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

Sandy Deno, Clerk

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

Reptg. Residential Ratepayers:
Brian D. Buckley, Esq.
James Brennan, Finance Director
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Jay Dudley, Electric Division

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

**CERTIFIED
ORIGINAL TRANSCRIPT**

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DAVID B. SIMEK

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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 of David B. Simek, with attachments (06-07-19)	<i>premarked</i>
2	Testimony of John D. Warshaw, with attachments, and Technical Statement of David B. Simek, with attachments (06-17-19) {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
3	Testimony of John D. Warshaw, with attachments, and Technical Statement of David B. Simek, with attachments (06-17-19) <i>[Redacted - for PUBLIC use]</i>	<i>premarked</i>
4	Replacement page (due to formatting issue) for Bates Page 121 regarding the Large Customer Group and Bill Impacts	<i>premarked</i>

P R O C E E D I N G

CHAIRMAN HONIGBERG: We are here this afternoon in Docket DE 19-059, which is Liberty Utilities (Granite State Electric) Corp.'s Default Service docket. We're here to review the solicitation results for the six-month period starting August 1.

Before we do anything else, let's take appearances.

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

MR. BUCKLEY: Good afternoon, Mr. Chairman and Commissioners. My name is Brian D. Buckley. I'm the Staff Attorney with the Office of the Consumer Advocate. To my left is Mr. James Brennan, Director of Finance for the Office of the Consumer Advocate. And we're here representing the interests of residential ratepayers.

MS. AMIDON: Good afternoon. I'm Suzanne Amidon. I'm here for Commission Staff. And with me is Jay Dudley, an analyst in the Electric Division.

1 CHAIRMAN HONIGBERG: Any preliminary
2 matters we need to deal with? Mr. Sheehan.

3 MR. SHEEHAN: Thank you. We have
4 marked four exhibits for today's hearing.
5 Exhibit 1 is Mr. Simek's testimony of June 7.
6 Exhibit 2 is the confidential version and
7 Exhibit 3 is the redacted version of the filing
8 made on June 17th, which consists of
9 Mr. Warshaw's testimony and Mr. Simek's
10 technical statement. And Exhibit 4 is a -- not
11 a corrected page, a fixed page from Exhibit
12 2/3. The formatting got all messed up when it
13 was converted to pdf. And so, this is just a
14 clean copy of Bates Page 121, and that is
15 Exhibit 4.

16 The confidential material is filed
17 confidentially under one of the rules that
18 presumes confidential treatment of certain
19 materials in default service hearings. That's
20 Puc 201.06(a)(15).

21 CHAIRMAN HONIGBERG: Okay. Anything
22 else before we have the witnesses sworn in?

23 *[No verbal response.]*

24 CHAIRMAN HONIGBERG: Mr. Patnaude,

1 would you do the honors please.

2 (Whereupon **John D. Warshaw** and
3 **David B. Simek** were duly sworn
4 by the Court Reporter.)

5 CHAIRMAN HONIGBERG: Mr. Sheehan.

6 MR. SHEEHAN: Thank you.

7 **JOHN D. WARSHAW, SWORN**

8 **DAVID B. SIMEK, SWORN**

9 **DIRECT EXAMINATION**

10 BY MR. SHEEHAN:

11 Q Mr. Warshaw, your name and position with the
12 Company please?

13 A (Warshaw) My name is John D. Warshaw. And I am
14 Manager of Electric Supply for Liberty
15 Utilities Service Corp.

16 Q And, Mr. Warshaw, did you prepare testimony in
17 this docket, which has been marked as "Exhibit
18 2", the confidential version, and "Exhibit 3",
19 the redacted version?

20 A (Warshaw) Yes.

21 Q And do you have any changes to your testimony
22 you need to make this morning?

23 A (Warshaw) None.

24 Q And if I were to ask you the questions in

[WITNESS PANEL: Warshaw|Simek]

1 writing, would your answers be the same today?

2 A (Warshaw) They would be the did same.

3 Q So, you adopt your written testimony as your
4 sworn testimony today?

5 A (Warshaw) Yes, I do.

6 Q Mr. Simek, same questions. Your name and
7 position with the Company?

8 A (Simek) David Simek. And I'm Manager of Rates
9 and Regulatory Affairs.

10 Q And did you prepare testimony that's been
11 marked as "Exhibit 1" in this docket filed on
12 June 7th?

13 A (Simek) Yes, I did.

14 Q Do you have any changes to that testimony?

15 A (Simek) I do not.

16 Q And did you prepare a technical statement that
17 appears in Exhibit 2, beginning at Page 119?

18 A (Simek) Yes, I did.

19 Q And do you have any changes to the technical
20 statement?

21 A (Simek) I do not.

22 Q Do you adopt both documents, your testimony and
23 technical statement, as your testimony here
24 this afternoon?

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1 A (Simek) I do.

2 Q If you could turn to the very last page of
3 Exhibit 2/3, Bates 138, that is where the
4 customer impact of the rate changes that we're
5 proposing today appear. Is that correct?

6 A (Simek) Yes, they are.

7 Q And could you explain what those are for a
8 residential customer?

9 A (Simek) Yes. The proposed rate is \$0.07710 per
10 kilowatt-hour, which is a 7.1 percent decrease
11 from the previous Energy Service rate which is
12 in effect today of \$0.08299 per kilowatt-hour.
13 The total bill impact is a reduction of \$3.83
14 for a residential customer using 650
15 kilowatt-hours per month, which is a
16 3.22 percent decrease.

17 MR. SHEEHAN: Thank you. Those are
18 all the questions I have.

19 CHAIRMAN HONIGBERG: Mr. Buckley.

20 MR. BUCKLEY: Thank you, Mr.

21 Chairman.

22 **CROSS-EXAMINATION**

23 BY MR. BUCKLEY:

24 Q Mr. Simek, if I could ask you to turn in your

1 testimony to Bates Page 007, Line 6. And
2 that's the June 7th testimony that I believe is
3 Exhibit 1. So, I think this says there's an
4 under-collection of "\$261,837", is that
5 correct?

6 A (Simek) For that component of the rate, yes.

7 Q And I think you mentioned that the
8 under-collection is partially due to the
9 difference in forecasted versus actual
10 kilowatt-hour sales, is that correct?

11 A (Simek) Correct.

12 Q So, can you help me understand, when you say
13 "partially", can you give me some idea of the
14 other causes, aside from the actual versus
15 predicted sales forecast?

16 A (Simek) Well, there's always a timing issue as
17 well with how the invoices, when they actually
18 get booked and when they are actually incurred.
19 Which we typically will do an accrual to try to
20 account for that difference, but there also
21 could be -- the accrual is generally based on
22 estimates, and then it gets trued up to actuals
23 each month. So, that's one example.

24 Q Any further examples you might have?

1 A (Simek) No. I can't think of anything else off
2 the top of my head.

3 Q All right. So, asking you to move to Lines 18
4 through 21, you mention, and this is still at
5 Bates Page 007 of Exhibit 1, you mention that
6 total actual Energy Service August 1st, 2018,
7 over-collection balance of about 9.6 million.
8 Can you tell me what the fundamental cause of
9 this \$9.6 million over-collection is?

10 A (Simek) Absolutely. About half of it is the
11 carryover balance that was included in last
12 year's filing that we had in DE 18-051, I
13 believe -- I'm sorry, 18-041, which included
14 about a little over a \$4 million balance as the
15 beginning balance beginning August 1st of '18.
16 And then we also had an additional 4 million
17 that came about when we tied the filing to the
18 books. And I just want to expand on that a
19 little further.

20 Last year, in DE 18-041, we had a
21 technical session with Staff, I don't recall if
22 OCA was part of that technical session or not,
23 and we had discussed how the filing did not tie
24 to the books. And the point for that led to us

[WITNESS PANEL: Warshaw|Simek]

1 actually going through an audit and saying that
2 we need to get everything audited so that we
3 will tie to the books in the future, which we
4 do this time.

5 Also, we knew that there was this big
6 difference, and we believe that it had to do
7 with the beginning balances from when
8 everything had transferred over from Grid,
9 which we had determined that it did. So, now
10 we are including it this time so that everyone
11 will be made whole.

12 Q And going forward, the numbers in these filings
13 will be directly tied to the books?

14 A (Simek) Exactly.

15 Q So, if I could ask you just one or two more
16 questions about one of your schedules, DBS-3,
17 Page 1.

18 A (Simek) Do you have the Bates number?

19 Q Fifteen. Bates 015.

20 A (Simek) I'm sorry, you said "Bates 050"?

21 Q Fifteen.

22 A (Simek) Oh.

23 Q Apologies.

24 A (Simek) Okay. I'm there.

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1 Q So, in Column (d), is there a reason for the
2 February 2019 under-collection of about
3 1.9 million being so large as compared to the
4 other differences?

5 A (Simek) Again, I'm tying to the books. I do
6 not have that answer in front of me. These
7 books are in the process of being audited by
8 PUC Audit Staff. And I spoke to Ms. Moran a
9 little while ago, and she hasn't found any
10 pressing issues yet. But the audit is still in
11 process.

12 Q That's good to know. Now, one more question on
13 this. So, looking at Column (g), the
14 "Effective Interim Rate" -- "Interest Rate",
15 sorry. Why does the rate change three times,
16 from 5 percent to 5.25 percent, to 5.5 percent?

17 A (Simek) That's the prime rate. It's included
18 on the PUC webpage as well. They call it the
19 "rate for customer deposits".

20 Q Great. So, if I could ask you to turn to Bates
21 Page 008, Line 15, and this is a question about
22 the RPS reconciliation.

23 A (Simek) Yes.

24 Q So, I think, at Bates 008, Line 15, it says

1 there is an over-collection of about \$28,000.
2 And then, I think further down in the
3 testimony, at Bates Page 009, Line 11, it says
4 there is an "under-collection of RPS". Is one
5 of those possibly a typo or --

6 A (Simek) No. These are all different factors
7 that are made up within the -- I'm sorry.
8 These are all different factors that are made
9 up to come up with the Energy Service rate.
10 And so, on Line 11, it's talking about the
11 Energy Service Adjustment Factor, which is
12 really the factor that takes into all these
13 different over and unders by component. Maybe
14 the best way to look at that would be to go to
15 Bates Page 019.

16 So, Bates Page 019 is the calculation of
17 the Energy Service Adjustment Factor. And as
18 you can see, each line, there's one for the
19 "Base Energy Service" that you just mentioned,
20 which has the under-collection of the 261,000.
21 Then, there's that \$4 million adjustment that
22 we had just discussed as well for the Energy
23 Service Adjustment Factor for basically the
24 prior period. And then, there's the RPS that

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1 you're just pointing out now, the
2 over-collection of 28,000. And that's a total
3 over-collection of the 4.7 million, which we
4 are then dividing by the estimated energy
5 service kilowatt-hour deliveries, to come up
6 with the rate that's getting proposed in the
7 Energy Service Adjustment Factor portion of the
8 Energy Service rate.

9 BY CHAIRMAN HONIGBERG:

10 Q Mr. Simek, would you go back to Bates Page 009?

11 A (Simek) Sure.

12 Q Line --

13 CMSR. BAILEY: Eleven.

14 BY CHAIRMAN HONIGBERG:

15 Q -- 11. What is the under-collection of the RPS
16 being referenced there?

17 A (Simek) Well, if you look at the end of 11, it
18 says "The net of these amounts is estimated to
19 be an over-collection of 4.7 million".

20 Q Yes. I got the sum of all those, and I got
21 that from the other schedule. But I --

22 A (Simek) Oh, I'm sorry.

23 Q One of the components of that --

24 A (Simek) I'm sorry.

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1 Q -- is said to be an "under-collection of the
2 RPS".

3 A (Simek) I understand.

4 Q And neither Mr. Buckley nor I know what you're
5 talking about.

6 A (Simek) I now understand that it was an
7 over-collection of 28,178. And yes, it is a
8 typo.

9 CHAIRMAN HONIGBERG: Mr. Buckley, you
10 may continue.

11 BY MR. BUCKLEY:

12 Q All right. So, understanding that, I think
13 that I only have one final question, and this I
14 think might be for Mr. Warshaw.

15 So, hypothetically, Mr. Warshaw, if a
16 bidder is required to provide credit
17 enhancements, such as a standby letter of
18 credit, is the cost of that financial service
19 included in energy service rates?

20 A (Warshaw) Yes. That would be included in the
21 bid that the supplier provided to us.

22 MR. BUCKLEY: No further questions.

23 CHAIRMAN HONIGBERG: Ms. Amidon.

24 MS. AMIDON: Thank you. My

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1 colleague, Mr. Dudley, worked on the issue of
2 the reconciliation in last year's docket. And
3 I am asking that he cross the witnesses, so
4 that that narrative can be more completely
5 before the Commission.

6 CHAIRMAN HONIGBERG: Mr. Dudley.

7 MR. DUDLEY: Thank you, Ms. Amidon.
8 Thank you, Mr. Chairman.

9 My questions are primarily for Mr.
10 Simek. And I apologize if they may overlap
11 somewhat with what Mr. Buckley was just asking
12 you a few minutes ago. But, I'd like to get
13 into the weeds a little bit more on some of the
14 variances of some of the adjustments that have
15 been made.

16 BY MR. DUDLEY:

17 Q And so, Mr. Simek, I'm going to be jumping
18 between your testimony in Exhibit 1 and your
19 technical statement in Exhibit 2. And I
20 realize that may be a bit cumbersome. But I'm
21 just trying to make sure that I have a correct
22 understanding of some of the adjustments or
23 some of the variances that are occurring here.

24 And so, if I could direct your attention

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1 to your testimony at Bates Page 005, Line 17,
2 and carrying on to Bates Page 006. Is it fair
3 to say that there are about four different
4 elements at play here in the Energy service
5 Reconciliation Adjustment Factor?

6 A (Simek) Yes. For the Energy Service Adjustment
7 Factor, there are four -- three components,
8 yes.

9 Q Three components, okay. Great. And starting
10 with the Energy Service Reconciliation, for
11 those who aren't familiar, and I know it is in
12 your written testimony, but if you could just
13 give a brief description of what that is?

14 A (Simek) The "Energy Service Adjustment Factor"
15 or the --

16 Q The "Energy Service Reconciliation". It's
17 listed on Bates Page 005 as "Energy Service
18 Reconciliation - power supply", and then you
19 refer to it again, --

20 A (Simek) Oh, I'm sorry.

21 Q -- yes, on Bates Page 007 of your testimony.

22 A (Simek) Yes. That's meant to capture for the
23 previous 12 months the actual variance for only
24 the previous 12 months of the commodity piece

1 only for the Energy Service rate.

2 Q Okay. And on Bates Page 007 of your testimony,
3 on Line 6, as Mr. Buckley just pointed out, you
4 reference "an under-collection of Energy
5 Service power supply costs of \$261,837". Do
6 you see that?

7 A (Simek) Yes.

8 Q Okay. And so, turning to your technical
9 statement in Exhibit 2, on Page 1, Section B,
10 Paragraph 1, you provide -- you represent the
11 under-collection as actually being "1,094,672"?

12 A (Simek) Correct.

13 Q Okay. And is it correct to say that the
14 difference between your testimony, in Exhibit
15 1, and your technical statement, in Exhibit 2,
16 is Exhibit 1 contains estimates, Exhibit 2 are
17 the actuals?

18 A (Simek) No. Exhibit 2 still includes some
19 estimates, but the month of May was updated to
20 actuals.

21 Q Okay. Good. Thank you. And turning to --
22 turning to Attachment DBS-3, which is contained
23 in both exhibits. And in your testimony, it's
24 Bates Page 015, and I don't have the Bates

1 pages for the technical statement, I apologize.
2 But it's the same attachment or schedule,
3 Schedule DBS-3, and the first page.

4 And as I do a comparison between the two,
5 both the testimony, the attachment offered in
6 the testimony, and the attachment offered in
7 the technical statement, it appears that the
8 variance that I just spoke about with you, and
9 by the way, that appears to be a variance of
10 \$832,835. Would you agree with that?

11 A (Simek) Yes.

12 Q Okay. And it appears that the differences
13 begin to occur on Line 12, with
14 May 19th ['19?]. Do you see that?

15 A (Simek) Yes. That's when we changed from May
16 being added as an actual, and then we updated
17 the forecast as well, yes.

18 Q Okay. And could you just kind of provide some
19 insight behind the causes for those
20 differences?

21 A (Simek) Yes. We had one supplier who had
22 offered us some RECs, renewable energy credits,
23 in their bid, and we had held back a portion of
24 the amount that we paid them until we had

1 received all the RECs. So, once we received
2 all the RECs, we had held back a portion that
3 covered not only the REC costs, but also some
4 of the purchased power costs, which then were
5 all applied to this amount in May. And so,
6 that's where the \$800,000 came from.

7 Q Okay. All right. Thank you. Now, I see, if
8 you look at the -- at DBS-3, as contained -- as
9 attached to your testimony, on Lines 12, 13,
10 and 14, they're all asterisked, which indicates
11 that those are forecasted numbers. Is that
12 correct?

13 A (Simek) Yes.

14 Q And as in the past, for these reconciliations
15 you rely on sales forecasts, is that also
16 correct?

17 A (Simek) Yes.

18 Q And Liberty uses an outside consultant to
19 develop that sales forecast annually, is that
20 correct?

21 A (Simek) No, I --

22 A *(Witness Warshaw nodding in the affirmative)*.

23 A (Simek) I'm sorry. Yes, it is.

24 Q Okay. And, Mr. Warshaw, do you have anything

1 to add to that?

2 A (Warshaw) I'm confirming that, yes, we do use
3 an outside consultant to perform the annual
4 sales forecast.

5 Q Okay. Thank you. And does it include a
6 look-back, once the forecast is over, to see
7 how the forecast compared to actuals?

8 A (Warshaw) We are always comparing the actuals
9 to what was forecast. And there are
10 adjustments due to either major shifts in
11 customers and also the weather.

12 Q And do you also consider whether or not the
13 forecast, as part of your review process, looks
14 to see if there are any anomalies that either
15 the forecast didn't catch or that are currently
16 occurring within the market?

17 A (Warshaw) The forecast is looking at the
18 revenue we would receive from customers, the
19 volume, and then, as a result, the dollars.
20 When we update and do the next year's sales
21 forecast, we do look at comparing how the last
22 one performed and how the current forecast
23 compared to what the actual data is. And we're
24 right now in the middle of doing that.

1 Q Okay. And overall, in consideration of your
2 history with this company, are you satisfied as
3 to the accuracy of those forecasts?

4 A (Warshaw) Yes, we are. We work very closely
5 with the company to improve their forecast, and
6 also to improve the data that we provide to
7 them for the forecast.

8 Q Okay. Thank you. So, Mr. Simek, turning once
9 again back to DBS-3, and this -- and this is
10 contained on both versions, both Exhibit 1 and
11 Exhibit 2. At the very top, on Lines 1 and 2,
12 I see an adjustment there of "\$650,150". And
13 Line 1 representing the over-collection, the
14 prior year over-collection -- prior period
15 over-collection. And can you explain that
16 adjustment to me?

17 A (Simek) Yes. The Line 1 is the prior period
18 projected over- and under-collection that was
19 in the filing in DE 18-041. And the adjustment
20 that we made to zero out the beginning balance
21 for August was to be able to capture the true
22 activity for this period based solely on this
23 period's revenue and expense.

24 The total over-/under-collection balance

1 is included in the Energy Service Adjustment
2 Factor, with a piece of it also included in the
3 Energy Service Adjustment Reconciliation
4 Factor. So, for these pieces that we zero out,
5 it's just meant to show the current -- the
6 previous 12 months' activities, and then have
7 the total balance that we submitted to PUC
8 audit for review to be included in the total on
9 both the ESAF and the ESARF.

10 Q All right. So, I mean, just to be clear, the
11 650 just doesn't disappear. It does come back
12 into the calculation, correct?

13 A (Simek) Correct.

14 Q Yes. Thank you. Moving on to your testimony,
15 at Page 8. And this involves the Renewable
16 Portfolio Standard Reconciliation. At Bates
17 Page 008, you have an estimated over-collection
18 of "\$28,178", on Line 15, is that correct?

19 A (Simek) Yes.

20 Q Okay. And then, turning back to your technical
21 statement, Exhibit 2, Page 1, Item B.2, you
22 have the over-collection at "62,693", is that
23 also correct?

24 A (Simek) Yes.

1 Q And once again, this time turning to Attachment
2 DBS-4, and also in Exhibit 2. And the
3 difference appears to be \$34,515. Would you
4 agree with that?

5 A (Simek) Yes.

6 Q And once again, it appears that the differences
7 occur only this time on Line 13, would that be
8 correct?

9 A (Simek) Correct.

10 Q And could you please describe what's going on
11 there?

12 A (Simek) Sure. It's similar to the one that we
13 just discussed for the base energy, was that we
14 had a supplier that had supplied us both base
15 energy and renewable energy credits throughout
16 the year. And for the renewable energy
17 credits, we held back a portion of what we owed
18 them until we actually received the credits
19 from them. So, once we did receive them in
20 May, we went ahead and paid them for it. And
21 there was a portion for the RECs that was held
22 back, and there was also a portion for the
23 commodity. So, we just discussed the commodity
24 piece that was affected by this transaction.

1 And this 30 some thousand is the effect of the
2 REC portion of that transaction.

3 Q So, largely a timing issue, is what you're
4 saying?

5 A (Simek) Basically, yes.

6 Q Okay. Thank you.

7 A (Simek) You're welcome.

8 Q Okay. Moving on to your testimony at Page --
9 Bates Page 009. And on -- excuse me. And on
10 Bates Page 009, you reference an
11 over-collection of "\$4,716,543". Do you see
12 that?

13 A (Simek) Yes.

14 Q Okay. And then, turning to your technical
15 statement, on Page 1, and this is in reference
16 to the Energy Service Adjustment Factor, or
17 "ESAF", you refer to an over-collection of
18 "\$4,982,792". Do you see that?

19 A (Simek) Yes.

20 Q And the difference there is 266,249. Do you
21 agree with that number?

22 A (Simek) I do.

23 Q Okay. And turning to the Attachment DBS-5, and
24 it's on Bates Page 019 of your testimony. And

1 actually, what I'm looking at, there are
2 several pages to this attachment, I'm looking
3 at Bates Page 020. And comparing that with
4 DBS-5 in your technical statement, it appears
5 that once again the variances are occurring on
6 Line 12, as of May 19th. And can you -- excuse
7 me, May 2019. And could you provide some
8 insight as to what's happening there?

9 A (Simek) This tied to the monthly balance that
10 was included in the reconciliation that we had
11 performed and given to audit, ties to the
12 Company's books. This truly is just a timing
13 issue, based on the estimate to actual.

14 Q Okay. And looking at the top of the
15 spreadsheet, on Lines 1 and 2, you have an
16 entry there on Line 1 of "4,385,505", and then,
17 Line 2, "4,643,046". It appears that you've
18 added those two amounts together. Could you
19 please explain that?

20 A (Simek) Yes. The balance on the Company's
21 books for August 1st, 2018 is "\$9,028,551",
22 which is shown on Line 3. So, the "4,385,505",
23 that was the projected amount that was included
24 in last year's filing and carried over to this

1 year, then we had this adjustment for
2 "4,643,046" to come to have the filing tied to
3 the Company's books.

4 Q Okay. So, that's a true-up adjustment?

5 A (Simek) Yes.

6 Q Okay. Thank you. And by the way, that
7 constitutes the over-collection, correct?

8 A (Simek) The majority of the over-collection,
9 yes.

10 Q Oh, the majority of the over-collection, yes.
11 Thank you.

12 And so, just turning back to your
13 technical statement, on Page 2 -- sorry about
14 that. So, on Page 2, on Page 2, Item B.3, so,
15 the net of the three components that we just
16 discussed comes in at approximately
17 3.9 million, an over-collection of 3.9 million,
18 is that correct? Am I reading that correctly?

19 A (Simek) Yes, as shown on Bates 128.

20 Q Okay. And so, that translates into an Energy
21 Service Adjustment Factor, after you account
22 for kilowatt-hour sales, of 0.00822, is that
23 correct?

24 A (Simek) Yes.

1 Q Okay. Thank you. So, moving on to the Energy
2 Service Cost Reclassification Adjustment
3 Factor, for those who aren't familiar, could
4 you please describe what that is?

5 A (Simek) Yes. This is the portion of the rate
6 that includes only three items. It includes
7 administrative costs, bad debt costs, and a
8 cash working capital cost.

9 Q Okay. And turning to your testimony at Bates
10 Page 011, the page actually references an
11 under-collection of "357,839". Do you see
12 that?

13 A (Simek) Yes.

14 Q Okay. And turning to your technical statement,
15 at Page 2, Item B.4, you reference an
16 under-collection of "\$369,071". Do you see
17 that?

18 A (Simek) Yes.

19 Q For a difference of \$11,232, do you agree?

20 A (Simek) Yes.

21 Q Okay. So, turning to Attachment DBS-6, and I
22 am looking at Bates Page 022. It appears that
23 the source of the variance is again May 19th --
24 excuse me, May 2019, Line 12. And could you

1 just provide some insight as to what's
2 happening there?

3 A (Simek) Yes. It's a true-up based on comparing
4 an estimate to the actual.

5 Q Okay. Great. And this is more -- turning to
6 Bates Page 023, and this is still DBS-6, just a
7 curiosity question, comparing the two
8 attachments in your testimony and in your
9 technical statement. In the attachment of your
10 testimony, you have a total bad debt expense of
11 "\$209,122". Do you see that?

12 A (Simek) Yes.

13 Q And then, in your technical statement, you
14 reference a bad debt expense of "224,572". Do
15 you see that?

16 A (Simek) Yes.

17 Q For a difference -- for an increase of \$15,450.
18 And can you tell us what's driving -- what
19 drove that increase in bad debt expense?

20 A (Simek) Yes. Just give me a moment please.

21 Q Sure.

22 A (Simek) So, the bad debt expense included on
23 Page 24 included what was included for
24 estimated bad debt expense and not the actual.

1 It included the estimated bad debt expense that
2 was carried over from 18-041. The bad debt
3 expense that's included on Bates Page 133,
4 that's included with the technical statement,
5 that bad debt expense includes the actuals that
6 were booked through May of '19. So, it's a
7 difference between one version included
8 estimates, another version included actuals.

9 Q Okay. So, you had an actual increase of
10 15,000?

11 A (Simek) Yes. It looks like it was based on
12 approximately 3,000 a month, yes.

13 Q Okay. Just a second. If I could turn your
14 attention to your testimony on Bates Page 011.
15 And are you there?

16 A (Simek) Yes.

17 Q Okay. On Bates Page 011, you're asked a
18 question regarding whether or not "the Company
19 has calculated the ESCRAF in the same manner as
20 the prior year's filing?" And I'm assuming the
21 reference to "prior year's filing" was Docket
22 18-041?

23 A (Simek) Yes.

24 Q Okay. And the reply was that "yes, it was

1 calculated in the same manner". And you
2 reference a prior -- a Settlement Agreement in
3 a prior docket there, do you see that?

4 A (Simek) Yes.

5 Q Okay. And part of this involves the revenue
6 lead/lag that's represented in DBS-6, is that
7 correct? On Page 8? Excuse me, that would be
8 Page 8 of DBS-6.

9 A (Simek) Just give me a moment please. Yes.

10 Q Okay. Yes. Okay. Thank you. Now, do you
11 recall from last year in the hearing in Docket
12 18-041 that you had a discussion with Staff
13 Attorney Dexter involving the inclusion of the
14 one-day bank float lag and the lead/lag study
15 conducted in the prior -- Liberty's prior rate
16 case of 16 -- Docket 16-383?

17 A (Simek) Yes, I do.

18 Q Do you recall that discussion? Okay. And as a
19 result of that discussion that you had with Mr.
20 Dexter, Staff recommended that the one-day bank
21 float be taken out, which, of course, was what
22 occurred in the lead/lag study that was filed
23 in 16-383. Do you also recall that?

24 A (Simek) Yes.

1 Q And the subsequent -- and the Commission's
2 subsequent order in 18-041 likewise adopted
3 Staff's recommendation that the one-day bank
4 float be taken out. Does DBS-6 contain that
5 one-day bank float?

6 A (Simek) No, it does not.

7 Q Okay. So, going back to your testimony on Page
8 11, you're actually, just for clarity, you're
9 actually not calculating the -- what I'm going
10 to call the "ESCRAF" as the same way that you
11 did in 18-041. You've actually made that
12 adjustment of the one-day lag in bank float?

13 A (Simek) Yes. We filed this -- we completed and
14 used the same methodology that was used in
15 18-041 as we did in this filing.

16 Q Okay. Okay. Also, another matter left over
17 from 18-041 was the issue of Staff's
18 recommendation for an audit of Liberty's Energy
19 Service Reconciliation process. Do you recall
20 that?

21 A (Simek) Yes.

22 Q Okay. And just for background purposes, as
23 part of your analysis in the filing for 18-041,
24 you reportedly or had noticed an anomaly in the

1 calculations in the prior period adjustments,
2 including a potential double-counting of the
3 RPS. Do you recall that?

4 A (Simek) From what we reported last year in
5 18-041?

6 Q Yes.

7 A (Simek) Yes, I do.

8 Q Yes. And what happened there, does that, in
9 part, account for what we're seeing in terms of
10 the large over-collection amounts that we've
11 observed over the last two to three years?

12 A (Simek) No. Last year, the balance on the
13 books was, for August of '18, was approximately
14 a \$9 million over-collected balance. And last
15 year, what we had filed in 18-041, knowing that
16 there was -- that that was there, we had filed
17 I believe it was four and a half million or
18 close to it of an over-collection. We knew
19 that there was a variance there.

20 What we were looking to do was be able to
21 capture everything in last year's filing that
22 we could back up all the numbers that we
23 included in last year's filing. And that
24 included completing some prior year

1 corrections.

2 Q Uh-huh.

3 A (Simek) And so that -- those corrections gave
4 us that 4. -- or, four and a half or so that we
5 filed last year as an over-collection, and we
6 knew there was still a gap from there to what
7 was on the books.

8 We weren't sure, for the balance that was
9 on the books, what the true beginning balance
10 was, nor how the -- if there may have been
11 other accounts that maybe offset some of this.
12 So that was why the Company had also
13 recommended that we do go through the audit
14 internally, and also a PUC audit, so that this
15 year's filing could actually tie to the books,
16 going forward we could tie to the books, and we
17 shouldn't have any issues that were carried
18 over from day one, when the Company was
19 acquired from National Grid.

20 Q But would you agree that some of that actually
21 funnels in to the \$9 million figure?

22 A (Simek) No, I wouldn't. Because the \$9 million
23 figure truly ties to what was on the books, and
24 we weren't tying to the books in our filing.

1 We're tying in our filing to the numbers that
2 we could defend on the stand and have included
3 in the rates with customers.

4 Q Okay. Would you agree that, but for the
5 over-collections that we've seen, that rates
6 would be much higher than they are now?

7 A (Simek) Yes.

8 Q Yes. Okay. Now, --

9 MR. DUDLEY: Go ahead.

10 BY MS. AMIDON:

11 Q Mr. Simek, as I understand it, the credit for
12 the Large Customer Group and the Small Customer
13 Group is the 0.822 cents or something like that
14 per kilowatt-hour?

15 A (Simek) Yes. For the Energy Service Adjustment
16 Factor, yes.

17 Q And do the -- does the reconciliation factors
18 for any other element, are they different for
19 the classes?

20 A (Simek) Yes.

21 Q And are -- and is that -- what categories of
22 reconciliation have different allocations
23 between the two customer classes, or the two
24 groups, I should say?

1 A (Simek) So, we have the Energy Service
2 Adjustment Factor, and then we also have the
3 Energy Service Cost Reclassification Adjustment
4 Factor. So, the Energy Service Cost
5 Reclassification Adjustment Factor accounts for
6 administrative costs, bad debt, and the cash
7 working capital calculation.

8 Q And why are those allocated differently between
9 the Small and the Large Customer Groups?

10 A (Simek) Other than I believe it was approved in
11 a prior docket the format that we do these
12 filings, I don't have another -- a better
13 answer than that.

14 MS. AMIDON: I couldn't recall
15 myself. That's why I thought you might be able
16 to provide the answer. Turn it back to Mr.
17 Dudley.

18 CHAIRMAN HONIGBERG: We're going to
19 go off the record for a second.

20 *[Brief off-the-record discussion*
21 *ensued.]*

22 BY MR. DUDLEY:

23 Q So, Mr. Simek, just jumping back a couple of
24 statements ago. Again, this is in reference to

1 the audit. You made reference, I believe, to
2 an "internal audit" at Liberty, am I correct in
3 recalling that?

4 A (Simek) Well, what the Company had done was our
5 Accounting staff got together and put together
6 a reconciliation. It was reviewed and signed
7 off by senior financial management. And then
8 we used those numbers in here, and we also had
9 provided them to Mrs. Moran for her review and
10 the PUC audit team.

11 Q And when did you provide those numbers to
12 Ms. Moran?

13 A (Simek) I believe it was June 7th.

14 Q Okay. And do you recall from the order in
15 18-041 that the Commission had ordered Liberty
16 to provide those accounts and balances in time
17 to allow for the results to be reflected in
18 next year's reconciliation filing, which is
19 what we're talking about today? Do you recall
20 that?

21 A (Simek) Not exactly. But they did order that
22 we had to do the audit, and we were to include
23 those results in the filing. I do believe
24 that, yes.

1 Q Okay. If I may, I'll just -- I'll read the
2 ordering clause into the record, and this is
3 from Commission Order Number 26,150. And it
4 says: Further ordered, that an audit be
5 conducted of the ESAT and the ESCRAF and
6 related accounts and balances in time to follow
7 the" -- "allow the results to be reflected in
8 next year's reconciliation filing."

9 Did you notify Staff that the filing would
10 be late?

11 A (Simek) The filing I don't believe was late. I
12 mean, they weren't given much time to perform
13 the audit, but there was no due date.

14 Q Well, according to the order, the ordering
15 clause, which I just read, it was to be filed
16 in time so that it's reflected in next year's
17 reconciliation filing. And in today's hearing,
18 we're reviewing that reconciliation filing
19 right now.

20 So, I think it was -- I think it was
21 intended -- the intent was that that
22 information be filed to help and assist in the
23 review of this year's reconciliation.

24 A (Simek) Yes. And I did have a conversation

1 with Mrs. Moran just right before this hearing
2 started. And she was hoping to get out a
3 report today. And up until that point, she had
4 found no issues.

5 MR. DUDLEY: Okay.

6 MS. AMIDON: I just have I think a
7 couple questions for Mr. Warshaw.

8 BY MS. AMIDON:

9 Q And what I want to know is, whether the master
10 agreements or transaction confirmations contain
11 any terms that shift burden to customers?

12 A (Warshaw) No, they do not.

13 Q Okay. And is it fair to say that you were
14 satisfied with the participation of suppliers
15 in the bid solicitation process?

16 A (Warshaw) I'm always hoping for more bidders.
17 But the number of bidders that we did receive,
18 you know, I was satisfied that that did make a
19 competitive solicitation.

20 Q And the number of bidders is reflected, is a
21 confidential number, but it's reflected on
22 Bates Page 091 of an attachment to your
23 testimony, I believe?

24 A (Warshaw) Yes.

[WITNESS PANEL: Warshaw|Simek]

1 Q Okay. And just briefly, would you explain how
2 you've calculated, you know, what basis -- the
3 basis is for your calculation of the RPS
4 Adjustment Factor and the reason for the change
5 at this point?

6 A (Warshaw) The reason for -- well, the
7 calculation of the RPS Adjustment Factor is
8 laid out on Bates Page, sorry, --

9 Q That's okay.

10 A (Warshaw) -- 103 of my testimony. And it's
11 based on the market price, which is the average
12 price of the bids that I received for RECs at
13 the beginning of this RFP. The issue is, the
14 price -- some of the pricing is higher than it
15 was six months ago, when we did a previous RPS
16 solicitation.

17 Q Uh-huh.

18 A (Warshaw) The market does shift from place to
19 place. And I work on getting the lowest cost
20 for our customers.

21 Q So, does the change reflect the increased price
22 for the 2020 RECs?

23 A (Warshaw) It reflects the increased price for
24 both the 2019, and this is the first time I've

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1 done 2020.

2 MS. AMIDON: Right. Okay. Thank
3 you. That's all I have.

4 CHAIRMAN HONIGBERG: Commissioner
5 Bailey.

6 CMSR. BAILEY: I think it's going to
7 take me a couple minutes, because Mr. Dudley
8 asked a lot of the same areas that I was going
9 to ask.

10 BY CMSR. BAILEY:

11 Q But to sum it up, the big picture, Mr. Simek,
12 did you last year have an over-collection that
13 you were sure about that was \$9 million,
14 roughly?

15 A (Simek) At the time of the filing?

16 Q Yes.

17 A (Simek) No. The amount that we were aware of
18 in last year's filing was the amount that we
19 included in the filing.

20 Q The four and a half?

21 A (Simek) Yes. The FERC Form 1, which was
22 brought up by, at the time, Staff Attorney
23 Dexter in tech sessions, and he was pointing to
24 the balance in there, and asking, you know,

1 "that's closer to the 9 million, why?" And
2 that's when we had the discussion saying that
3 "right now, we're going to back into the
4 numbers that we know that we can defend on the
5 stand. We're going to do the audit, and then
6 determine if that number is the best number,
7 and then going forward we will use that
8 number." And that's what happened here.

9 Q Okay. So, over the past year, you've refunded
10 four and a half million dollars to customers?

11 A (Simek) Correct.

12 Q But you still have 9 million?

13 A (Simek) Well, no. The 9 million was the
14 balance as of August of '18.

15 Q Okay. So, there's another four and a half
16 million now that you need to refund that gets
17 you back to the books?

18 A (Simek) Correct.

19 Q Okay. Can we look at DBS-4? I'm going to
20 compare both, like Mr. Dudley was. So, I'll
21 give you the pages in a sec. Page 127 and
22 Page 18.

23 So, the expense on Page 127, for May, is
24 significantly reduced than the estimated

1 expense on Page 18. I thought I heard you say
2 the RPS cost went up?

3 A (Simek) So, what had happened was, there was --
4 a bidder held back -- we had held back payment
5 to a REC bidder for, and it included both
6 commodity and RECs, and because we had a
7 contract signed with them, but they didn't
8 actually send the RECs over yet. So, once they
9 sent the RECs, we then turned around and made
10 the payment, and that happened in May. If I --
11 I misspoke about additional expense about RPS,
12 this would just be tying to what we actually
13 had on the books for the month.

14 Q Okay. Do you know what the final REC prices
15 were for June, since the trading period ended
16 on June 15th?

17 A (Warshaw) I have -- this is John. I have it,
18 but I don't have it with me.

19 Q Was it higher or lower than you thought?

20 A (Warshaw) It was equivalent to what I
21 contracted for.

22 Q And is what you contracted for included in the
23 \$693,000 expense?

24 A (Simek) Yes. What John contracts for is the

1 REC price. But it's still dependent on the
2 number of kilowatt-hours that are sold.

3 Q Right.

4 A (Simek) So that's where we go from an estimate
5 to an actual true-up, between the actual
6 expense and what we had estimated for.

7 Q I guess my question is, if the number -- if the
8 actual was lower in May than the estimate,
9 should the -- do you expect the actual to be
10 lower in June than the estimate, which you
11 didn't change?

12 A (Simek) No, because they're based on the
13 contracted prices. So, the estimates are based
14 on the contracted prices, and assuming we're
15 going to get the rest of them in June, because
16 it closed June 15. But, again, they're only
17 delivering it based on actual kilowatt-hours.
18 And the difference that may occur would be
19 between the actual and estimated kilowatt-hours
20 that were included in the expense.

21 Q Okay. Let's look at DBS-3, and the
22 kilowatt-hours actual to estimated. So, that's
23 Page 15, compared to Page 124. And the revenue
24 in May was lower. So, the kilowatt-hours were

1 lower in May than you expected, and the expense
2 was higher. Right?

3 A (Simek) Right. Now, this was based on the
4 timing of the holdback that we had from one
5 vendor, that we held back what we were going to
6 pay them until they actually delivered their
7 RECs. Once they delivered the RECs, we held
8 back more than just the REC amount, we also
9 held back a purchased power amount as well. So
10 that payment all hit in May. But, again, if
11 you look in June, on Bates Page 124, we also
12 lowered the expense to help offset the timing
13 of when we were planning on that hitting. It
14 just came earlier than we thought.

15 Q Okay. What about the revenue? Doesn't the
16 revenue imply that the kilowatt-hours were
17 lower than you expected in May?

18 A (Simek) It could. We also do an unbilled
19 calculation to revenue, it's not just a
20 straight out cost. We also, on the books, we
21 do an accrual for the unbilled revenue that
22 didn't actually get billed based on the timing,
23 of like a customer who goes from the 15th to
24 the 15th of the month.

1 Q But you take that into account in your
2 estimate, don't you?

3 A (Simek) No, we do not. That's just a revenue
4 calculation.

5 Q But you estimate the revenue calculation for
6 every month?

7 A (Simek) But the estimated revenue is just based
8 on the full month of estimated kilowatt-hours
9 of sales, whereas the revenue could include
10 half a month of actuals that came in and then
11 an estimated unbilled accrual.

12 Q Okay. And is the reason that the
13 under-collection increased from 261,000 to a
14 million dollars for the energy service all
15 related to the same reason?

16 A (Simek) Yes.

17 Q The previous period over- or under-collection
18 that you zero out so that you get the revenue
19 and expenses just for this year, is that added
20 to the ESAF?

21 A (Simek) Yes.

22 Q That amount that you take out?

23 A (Simek) Yes, it is. The ESAF includes the true
24 on-the-books total over- or under-collected

[WITNESS PANEL: Warshaw|Simek]

1 balance.

2 CMSR. BAILEY: Okay. All right.

3 Thank you. That's all I have.

4 WITNESS SIMEK: You're welcome.

5 CHAIRMAN HONIGBERG: Commissioner
6 Giaimo.

7 CMSR. GIAIMO: Good afternoon.

8 WITNESS WARSHAW: Good afternoon.

9 WITNESS SIMEK: Good afternoon.

10 BY CMSR. GIAIMO:

11 Q Was this something that was reasonably
12 foreseeable, this over-collection? Last year
13 at this time, did you have any idea when you
14 were going to -- be determined to use --
15 correct the books or true-up the books, that it
16 was going to come to the tune of almost
17 \$5 million?

18 A (Simek) Well, last year around this time, we
19 had several different reconciling internal
20 activities going on, between the transmission
21 and everything tying back to the National Grid
22 books. And for example, on the transmission
23 side, there were a lot of things that happened
24 between multiple accounts. And we were aware

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[WITNESS PANEL: Warshaw|Simek]

1 of how some of those were moving.

2 So now, just a month or so later, we're
3 coming into the Energy Service. And again,
4 there was a balance on the books that was a
5 high over-collection of almost \$9 million
6 dollars, or a little over \$9 million. And we
7 knew that balance existed, but we weren't sure
8 if there may have been some other existing
9 accounts that may offset some of that.

10 It's just, once we went through this
11 thorough financial review, that balance didn't
12 really change much. There was a couple little
13 corrections in there, but --

14 Q Okay. At this time next year, we're not going
15 to be here with another -- we won't see this
16 situation again, is it true?

17 A (Simek) Next year, beginning now and going
18 forward, we're always going to tie to the
19 books.

20 Q Okay. With respect to, I think Mr. Warshaw,
21 you were talking about your -- you have a third
22 party vendor that forecasts kilowatt-hours?

23 A (Warshaw) Yes.

24 Q Do you -- how good are they? Do you think that

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[WITNESS PANEL: Warshaw|Simek]

1 they're performing well? And do you have
2 metrics which you judge them against?

3 A (Warshaw) We feel they're performing well.
4 We've been working with the vender to improve
5 on their forecasts, based on improving the data
6 that we provide them. And we verify and look
7 at, you know, what his components are, and if
8 there's something, an issue that we need to
9 discuss.

10 Q I think last year I asked a series of questions
11 about historical numbers. And looking back in
12 the transcript, it looked like there was an
13 under-collection in 2015, there was a -- to the
14 tune of about \$215,000; in '16, 311,000; 2017,
15 an under-collection of 1.5 million; and then
16 the past two years, over 4 million.

17 The '15, '16, '17 numbers, those numbers,
18 the deviation is mostly in effect or, I'm
19 sorry, is a result of the kilowatt-hour
20 forecast? Does that sound right? Is that the
21 deviating factor?

22 A (Simek) There were some factors that were
23 corrected in last year's filing for some prior
24 year filings. So, the over-/under-collection

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1 would have changed. I don't have the numbers
2 in front of me of what they would have changed
3 from, but they were corrected last year and was
4 made up of part of that four and a half million
5 dollars.

6 Q Okay. I'm sorry if I missed this. We were
7 talking about the third party vendor that
8 forecast kilowatt-hour use, did they also
9 forecast REC -- REC requirements or are they
10 just linked?

11 A (Warshaw) They're linked.

12 Q Okay. So, to the extent that you're happy with
13 the way they forecast the kilowatt-hours, it
14 then translates into you being happy with the
15 way that the REC purchases happen?

16 A (Warshaw) Yes. We break up the REC purchases
17 into at least two or three different periods
18 where I look for bids, so that I'm not buying a
19 whole bunch up front, and then having to either
20 bank a batch for the next year, and possibly
21 run into a problem of having RECs expire,
22 because they can't -- they can only be banked
23 for two years.

24 Q Okay. But the second set of purchases is

1 generally the calendar year, right, with maybe
2 a month or two?

3 A (Warshaw) I just did the purchases for most of
4 2019.

5 Q Okay. But there still would be a deviation --
6 *[Court reporter interruption.]*

7 BY CMSR. GIAIMO:

8 Q There still would be a difference at the end of
9 the year, a deviation?

10 A (Warshaw) Yes.

11 Q Okay. Thanks. Just talking about process,
12 so -- and these will be quick. And I guess
13 they're "yes" or "no" questions.

14 There was -- what I thought I heard you
15 say was there was good participation in the --

16 A (Warshaw) There was good participation. I
17 always am looking for better participation.

18 Q Was it a -- would you consider it a robust
19 auction?

20 A (Warshaw) Yes.

21 Q Okay. A competitive solicitation process
22 happened?

23 A (Warshaw) Yes.

24 Q The prices you received were consistent with

1 your expectations?

2 A (Warshaw) Yes.

3 Q And do you know how it compares to recently
4 submitted proposals by other utilities in the
5 state?

6 A (Warshaw) I believe we are a little bit lower
7 than PSNH's filing.

8 Q Absent the over-collection, is it consistent
9 with their filing?

10 A (Warshaw) Yes. It's in the ballpark, yes.

11 CMSR. GIAIMO: Okay. Thanks. Those
12 are my questions. Thank you.

13 BY CHAIRMAN HONIGBERG:

14 Q Mr. Warshaw, comparing the period we're about
15 to start, August 1st, 2019, to the period from
16 the prior year, starting August 1 of '18, in
17 looking at the order that Mr. Dudley read from
18 earlier, looks like, for the Small Customer
19 Group a year ago, the load-weighted average was
20 8.913 cents per kilowatt-hour. Does that sound
21 right to you?

22 A (Warshaw) That sounds about right.

23 Q And the number for this year is 7.862?

24 A (Warshaw) That sounds correct.

[WITNESS PANEL: Warshaw|Simek]

1 Q What's going on in the market that is producing
2 the lower price?

3 A (Warshaw) Forwards are -- on electric futures
4 are down, forwards on gas are down. The
5 suppliers are comfortable with some of the
6 programs that the ISO has put in to ameliorate
7 any major change, you know, bumps in the
8 market. Plus, there's a large change in the
9 Forward Capacity Market that dropped beginning
10 June 1st of this past year, and that helped
11 with also the change in the pricing.

12 Q Any sense of what -- what the capacity market
13 change contribution was to the lower price? Is
14 it half? Is it 30 percent? Seventy (70)
15 percent? Any sense of that?

16 A (Warshaw) I didn't run -- I didn't run that
17 calculation.

18 Q And just to close the loop on that, the
19 comparable numbers for the Large Customer
20 Group, for the period beginning August 1, was
21 8.556 a year ago. Does that sound right?

22 A (Warshaw) That sounds about right.

23 Q And for this period that we're about to start,
24 7.343?

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1 A (Warshaw) That sounds about right.

2 CHAIRMAN HONIGBERG: Thank you.

3 That's all I had.

4 Mr. Sheehan, do you have any further
5 questions for your witnesses?

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

7 CHAIRMAN HONIGBERG: There are no
8 other witnesses, correct?

9 (Atty. Sheehan nodding in the
10 affirmative).

11 CHAIRMAN HONIGBERG: All right. If
12 there's nothing else, I think you gentlemen can
13 probably stay where you are.

14 Without objection, we'll strike ID on
15 Exhibits 1, 2, 3, and 4, and have the parties
16 sum up.

17 Mr. Buckley, why don't you start us
18 off.

19 MR. BUCKLEY: Thank you,
20 Mr. Chairman.

21 While the Office of the Consumer
22 Advocate is pleased to hear that the Company
23 has taken efforts in advance of this filing to
24 more accurately tie the numbers in these

1 filings to its actual books, we are somewhat
2 concerned that the Company's revised analysis
3 was not provided to the Commission Audit Staff
4 in time for its review to be completed and any
5 recommendations discussed at the time of this
6 hearing.

7 Recognizing that the Commission will
8 be completing this review, and any
9 recommendations would be subject to
10 reconciliation, we support the rates in the
11 instant Petition as just and reasonable, and
12 recommend their approval by the Commission.

13 CHAIRMAN HONIGBERG: Thank you,
14 Mr. Buckley. Ms. Amidon.

15 MS. AMIDON: Thank you. Given the
16 language that -- I mean the ordering clause
17 that Mr. Dudley read into the record, Staff
18 concurs with the Consumer Advocate and the
19 concern for the late filing of the
20 reconciliation.

21 Audit Staff is busy with many other
22 things, and needs some additional time to work
23 it through. I talked with Ms. Moran this
24 morning, and she said she had been out of the

1 office several days since receiving the emailed
2 filing from Mr. Simek, and had also experienced
3 computer difficulties. So, it is -- and it
4 should have been done before it was -- it
5 should have been filed with Audit Staff before
6 it was filed. But having said that, subject to
7 reconciliation, we appreciate the fact that
8 this issue will be put to rest for next year.

9 Having said that, we have reviewed
10 the filing, and believe the Company followed
11 the bid solicitation process approved by the
12 Commission in several orders setting up
13 Liberty's default service procurement. And
14 that the bid evaluation and selection of the
15 winning bidders was consistent also with the
16 requirements of those orders. And as Mr.
17 Warshaw testified, that the bidding was
18 competitive, we believe that the rates are
19 market-based and are just and reasonable, and
20 recommend the Commission approve the Petition
21 along the timing requested by the Company.

22 Thank you.

23 CHAIRMAN HONIGBERG: Thank you,
24 Ms. Amidon. Mr. Sheehan.

1 MR. SHEEHAN: Thank you. We
2 appreciate the recommendations of the OCA and
3 Staff to approve the rates that we proposed.
4 Those are specifically in Mr. Simek's technical
5 statement is where the actual rates --
6 requested rates appear. And we also ask that
7 the Commission approve them.

8 And we do think the tremendous amount
9 of work that goes into that tracing back the
10 starting balances we did to the National Grid
11 days, of course, we always like to get things
12 sooner, but we got it here, and it looks like
13 it's going to turn out to be the right number.

14 As the Commission is aware, we have
15 done similar processes with some of the gas
16 accounts and with the other electric accounts.
17 And so, this is all huge amounts of work on our
18 end, and then, of course, the Staff has to
19 review them. But it is good work. It is going
20 to result in better filings going forward and
21 more accurate filings. So, you know, we
22 appreciate the work with Staff in getting us to
23 that point.

24 So, we ask that the Commission

1 approve the proposed rates in Mr. Simek's
2 technical statement.

3 Thank you.

4 CHAIRMAN HONIGBERG: All right.
5 Thank you all.

6 With that, we will close the record,
7 adjourn the hearing, take the matter under
8 advisement. Understanding we have a tight
9 deadline on this one, we will issue an order as
10 quickly as we can.

11 *(Whereupon the hearing was*
12 *adjourned at 3:00 p.m.)*