

**STATE OF NEW HAMPSHIRE**

**PUBLIC UTILITIES COMMISSION**

**July 21, 2022** - 9:04 a.m.  
21 South Fruit Street  
Suite 10  
Concord, NH

RE: **DE 21-073**  
**LIBERTY UTILITIES (GRANITE STATE**  
**ELECTRIC) CORP. d/b/a LIBERTY UTILITIES:**  
2020 Annual Storm Fund Report.

**DG 06-107**  
**NATIONAL GRID & KEYSpan CORPORATION:**  
Approval of Indirect Acquisition.

**PRESENT:** Cmsr. Carleton B. Simpson, Presiding  
Cmsr. Pradip K. Chattopadhyay  
  
Eric Wind, Esq. - PUC Legal Advisor  
  
Doreen Borden, Clerk

**APPEARANCES:** **Reptg. Liberty Utilities (Granite**  
**State Electric) Corp. d/b/a**  
**Liberty Utilities:**  
Michael J. Sheehan, Esq.  
Lakilah Spencer, Esq.  
  
**Reptg. New Hampshire Dept. of Energy:**  
Mary E. Schwarzer, Esq.  
Stephen Eckberg, Electric Group  
Karen Moran, Audit Division  
(Regulatory Support Division)

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

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                                  ANTHONY STRABONE**

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                                  KAREN MORAN**

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**E X H I B I T S**

EXHIBIT NO.	DESCRIPTION	PAGE NO.
10	Excerpts of Settlement Agreement in DG 06-107 (05-15-2007)	<i>premarked</i>
11	Staff 7/24/17 Recommendation on Liberty's 2016 Storm Report (07-24-2017)	<i>premarked</i>
12	Staff 3/23/21 Recommendation on Liberty's 2019 Storm Report (03-23-2021)	<i>premarked</i>
13	Various [National Grid and] Liberty Storm Reports for Calendar Years 2008 through 2018	<i>premarked</i>
14	Liberty's 2019 Storm Report (04-01-2020)	<i>premarked</i>
15	Basic Electricity for Customer Service Representatives depicting a Typical Pole Top [Excerpt]	<i>premarked</i>
16	Excerpts from FERC Chart of Accounts, 18 CFR part 101	<i>premarked</i>
17	Response to Staff 1-4	<i>premarked</i>
18	NH PUC [All Utilities] October 2011 Snowstorm Report	<i>premarked</i>
19	NH PUC [All Utilities] November 26, 2014, Thanksgiving Snowstorm Report	<i>premarked</i>
20	Audit Staff's Final Audit Report of Liberty's 2019 Storm Fund Report (09-30-2020)	<i>premarked</i>
21	Liberty's 2020 Storm Fund Report (04-10-2021)	<i>premarked</i>

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<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
22	Department of Energy's Report and Recommendation, Liberty's 2020 Storm Fund Report (06-16-2022)	<i>premarked</i>
23	Department of Energy's Final Audit Report of Liberty's 2020 Storm Fund Report (01-20-2022)	<i>premarked</i>
24	Various PUC Staff Audit Reports 2015-2016, 2017, 2018	<i>premarked</i>
25	PUC Virtual File Room Docket for DG 06-107 (08-10-2006 to present)	<i>premarked</i>
26	DOE Report and Recommendation Eversource Storm Fund with attached Audit [Docket 21-089] (07-15-2022)	<i>premarked</i>
27	Liberty Responses to DOE Data Requests dated July 15, 2022, with attachments (07-15-2022)	<i>premarked</i>
28	PUC Staff Review (Knepper) National Grid Response Time re National Grid 2010 Annual Storm Fund Report (04-22-2011)	<i>premarked</i>
29	<b>RECORD REQUEST</b> (to Liberty) (Please define "service" as it may be contemplated by Nat. Electric Safety Code or other industry reference.)	317
30	<b>RECORD REQUEST</b> (to NH DOE) (Please describe when and why the Company began filing Annual Storm Reports in individual dockets.)	318

**P R O C E E D I N G**

1  
2 CMSR. SIMPSON: Good morning, everyone.  
3 Welcome. I'm Commissioner Simpson. I'll be  
4 presiding over today's proceeding as Commissioner  
5 Goldner is unavailable. I am joined by  
6 Commissioner Chattopadhyay.

7 We're here this morning in Docket  
8 DE 21-073 and DG 06-107 for a hearing regarding  
9 Liberty Utilities (Granite State Electric) Corp.  
10 d/b/a Liberty's 2019 and 2020 Storm Form Reports.

11 Let's take appearances, starting with  
12 the Company.

13 MR. SHEEHAN: Good morning,  
14 Commissioners. Mike Sheehan, for Liberty  
15 Utilities (Granite State Electric) Corp. Aside  
16 from the usual cast of characters sitting behind  
17 me, sitting to my right is Lakilah Spencer. Ms.  
18 Spencer is my colleague counterpart at our new  
19 affiliate, Bermuda Electric Company. She's here  
20 in New Hampshire seeing how we operate on a  
21 regulatory and legal basis.

22 MS. SPENCER: Good morning.

23 CMSR. SIMPSON: Welcome. I've been  
24 fortunate to go to Bermuda in the past, and you

1 have a beautiful facility there.

2 MS. SPENCER: Thank you.

3 CMSR. SIMPSON: Welcome.

4 MS. SPENCER: Thank you.

5 CMSR. SIMPSON: The New Hampshire  
6 Department of Energy.

7 MS. SCHWARZER: Good morning. I'm Mary  
8 Schwarzer, Staff Attorney with the Department of  
9 Energy. And with me today is Stephen Eckberg and  
10 Karen Moran.

11 CMSR. SIMPSON: Welcome. Thank you.

12 Okay. For preliminary matters,  
13 Exhibits 10 through 28 have been prefiled and  
14 premarked for identification. There were several  
15 rounds of exhibits submitted. So, I want to make  
16 sure that that's reflective of the parties'  
17 expectation?

18 MR. SHEEHAN: I agree that those are  
19 what were marked. I do object to two of them, 26  
20 and 28.

21 Twenty-six (26) is an Eversource  
22 document related to their Storm Fund. Their  
23 Storm Fund is different than ours, with different  
24 language and different terms. And it's our view

1           that what happened in that report is simply  
2           irrelevant to the Commission's interpretation of  
3           the language that governs our report.

4                        The other exhibit is a report by Mr.  
5           Knepper, when he was in the Safety Division, in  
6           2010, reporting on our gas affiliate's response  
7           times. You know, when we get calls, we measure  
8           how long it takes us to respond. And, again, we  
9           believe that is completely irrelevant to the  
10          issues in this case.

11                      And there's nothing wrong with either  
12          document, they just have no bearing on the issues  
13          here. So, we respectfully object to their  
14          admission.

15                      CMSR. SIMPSON: And your objection is  
16          with respect to Exhibits 28 and --

17                      MR. SHEEHAN: Twenty-six (26).

18                      CMSR. SIMPSON: Twenty-eight (28) and  
19          26.

20                      Ms. Schwarzer, do you have any  
21          comment?

22                      MS. SCHWARZER: Thank you, Mr.  
23          Chairman. I do.

24                      I would like to note that both of those

1 documents could be the subject of requests for  
2 administrative notice, because they were filed in  
3 existing dockets. And I will also speak to their  
4 relevance.

5 I would also note that the Exhibit 26,  
6 the Eversource document did not exist until  
7 July 15th, which was the day after the deadline  
8 for filing exhibits. And, so, it could not have  
9 been filed on the deadline, as of the deadline  
10 date.

11 The Eversource document is relevant,  
12 because, as Mr. Sheehan has noted, it does have a  
13 different definition for "Major Storm", and  
14 illustrates the clarity with which that  
15 definition might otherwise have been made. And,  
16 so, it serves as an important contrast in this  
17 hearing, where the main focuses of the meaning  
18 and interpretation of the "Major Storm"  
19 definition in the Liberty docket.

20 With regard to Exhibit 28, Attorney  
21 Sheehan is correct, it has to do with gas  
22 matters. It was filed into the 06-107 docket in  
23 2010. And it's relevant, because one of the key  
24 issues here is the inattention of the Department



1 over a period of time to some of the Liberty's  
2 Storm Report filings.

3 And I've also marked "Exhibit", I  
4 believe, "25" is the docket as a whole, which  
5 shows that this docket spanned 2006, all the way  
6 to the present, making it 16 years old, with  
7 numerous filings, some related to storm docket,  
8 some not. But, for ease of reference, to  
9 illustrate the somewhat disorganized nature of  
10 06-107, which is marked as a "gas" docket, I felt  
11 it appropriate to show the first Staff  
12 recommendation following Settlement filed in the  
13 docket was not even relevant to storm hearings at  
14 all.

15 CMSR. SIMPSON: Okay. Thank you for  
16 that.

17 Just a moment.

18 *[Cmsr. Simpson conferring with*  
19 *Atty. Wind.]*

20 CMSR. SIMPSON: We're going to take a  
21 quick recess while we discuss. Off the record.

22 (Recess taken at 9:10 a.m. for the  
23 Commissioners to confer, and the  
24 hearing resumed at 9:30 a.m.)

1 CMSR. SIMPSON: On the record.

2 So, the Commission isn't prepared to  
3 exclude the two exhibits at this time. We're  
4 interested in hearing more from the Department of  
5 Energy with respect to these exhibits, and how  
6 they are relevant to this proceeding. They have  
7 been noted in the record. And we'd like to  
8 continue on with this hearing today, to hear  
9 further from the parties.

10 Are there any other preliminary matters  
11 today?

12 MR. SHEEHAN: The only other thing is  
13 counsel and I spoke ahead of time, and we would  
14 appreciate the opportunity to make an opening  
15 statement, to put this matter in context from our  
16 respective positions.

17 CMSR. SIMPSON: That would be helpful.  
18 I'll recognize the Company, at this time, for an  
19 opening statement.

20 MS. SCHWARZER: Mr. Chairman, if I  
21 might, one preliminary matter.

22 If there could be an explicit waiver of  
23 late filing on the record with regard to the  
24 Department's Exhibits 25 through 28?

1 CMSR. SIMPSON: The Commission grants  
2 the late filing of the exhibits.

3 MS. SCHWARZER: Thank you, Mr.  
4 Chairman.

5 CMSR. SIMPSON: I'll recognize the  
6 Company for an opening statement, before we move  
7 to the witnesses.

8 MR. SHEEHAN: Thank you.

9 The central issue in this dispute is  
10 whether the Commission can change the definition  
11 of a term that is locked into an approved  
12 Settlement Agreement, and that has been defined  
13 and used consistently with the Company -- by the  
14 Company since that Settlement was approved.

15 The way that DOE proposes to define the  
16 term "concurrent" from the Settlement Agreement  
17 would require that, for a storm to be considered  
18 a "major storm", eligible for recovery from the  
19 Storm Fund, all outages caused by a strong  
20 weather system occur at the exact same moment,  
21 even though customers may have experienced an  
22 outage, and then had been restored before the  
23 peak occurs.

24 As is clear from the Settlement term --

1 from the Settlement, the term "concurrent" is  
2 used in the context of a "severe weather event".  
3 The Company's definition has been used and  
4 accepted for over ten years, since the original  
5 Settlement, and first reported in 2008.

6 Defining it the way DOE wants to  
7 interpret it would mean that the system could  
8 experience a major summer or winter storm, but,  
9 if the damage was widespread and staggered in  
10 some way, it would not constitute a "major  
11 storm", because all of the outages did not occur  
12 at the same time. Outages, in the first hour,  
13 were fixed before outages in the third hour  
14 occurred, and the like.

15 This makes no sense, because the  
16 Company is under obligation to restore customers  
17 as expeditiously as is possible, while protecting  
18 the safety of our field workers.

19 A brief description of the Settlement  
20 Agreement I'm referring to. Granite State's  
21 Storm Fund was created in the Settlement  
22 Agreement in 06-107, that's the docket that  
23 addressed National Grid's acquisition of Granite  
24 State Electric and EnergyNorth.

1           The Settlement involved in-depth  
2           discussions among sophisticated parties, with  
3           experience in this field, parties from the  
4           Companies, Staff, the OCA, and several  
5           intervenors. The portion of the Settlement  
6           Agreement here is a definition of a "Major  
7           Storm", which determines whether the Company can  
8           recover storm restoration costs from the Storm  
9           Fund. Here, and I'll quote, "For purposes of the  
10          Storm Fund, a "Major Storm" shall be defined as a  
11          severe weather event or events causing 30  
12          concurrent troubles, and 15 percent of customers  
13          interrupted, or 45 concurrent troubles. Troubles  
14          are defined as interruption events occurring on  
15          either a primary or secondary lines."

16                 Most of the storms you'll hear about  
17                 today are addressing the 45 threshold. There  
18                 were a couple that were 15 percent, but those  
19                 really would have been the storms -- would have  
20                 been major storms regardless of the definition,  
21                 because they were like the 2008 Ice Storm or some  
22                 of the real large storms.

23                 The Staff/DOE recommendation of March  
24                 2021 proposes a change in the definition of

1 "concurrent" and "secondary" from the definition  
2 that all parties have applied since the inception  
3 of the Storm Fund more than ten years ago. DOE's  
4 proposed definitions should be rejected.

5 The plain word of the -- the plain  
6 meaning of the word "concurrent", as negotiated  
7 by those parties, can only mean what the Company  
8 has applied ever since. That the troubles  
9 experienced -- that the troubles were experienced  
10 concurrent with the cause of the storm -- with  
11 the course of the storm system. So, "concurrent  
12 with the storm" means "during the storm event,  
13 from the first outage to the last."

14 In the context of a major storm -- a  
15 major storm restoration, "concurrent" could never  
16 mean "all at the same time". If a storm could be  
17 considered a "major storm" only once there are 45  
18 troubles, the standard would run contrary to  
19 prudent restoration practice. The Company always  
20 has crews ready to go in advance of a predicted  
21 storm, and they dive in with the first outage.  
22 They don't wait. Requiring that 45 outages occur  
23 simultaneously before the storm system is  
24 considered a "major event" would create a strong

1 incentive to sit idly by and wait for the 45th  
2 outage to happen before starting to restore.  
3 This would be contrary to public policy, and the  
4 parties to the Settlement never would have  
5 thought that way. The Company has never thought  
6 that way ever. We have not applied the term of  
7 art in this fashion ever.

8 The requirement of 45 outages "over the  
9 course of the storm" is a proper measure, because  
10 45 outages is a very large number for Liberty,  
11 and means that there is a lot of work to do to  
12 repair all of those 45 outages. Restoring 45  
13 separate outages will take a long time, and it  
14 will cost a lot, whether those outages happen  
15 simultaneously or not. That is why it makes it a  
16 "major storm".

17 For example, think of a slow-moving  
18 snow and ice storm, that causes new outages over  
19 the course of three days, totaling 50 outages.  
20 But, since the storm did not cause them all at  
21 once, the Company was able to begin restoration  
22 immediately, and never fell behind. So, it never  
23 reached the "45 outage" threshold. Nonetheless,  
24 there were 50 outages that needed to be repaired

1 from that storm.

2 The parties' course of conduct, in  
3 every storm report since the Settlement  
4 Agreement, confirms that this is the only  
5 appropriate use of "concurrent". The Company,  
6 Commission Staff, and the Commission Audit Staff,  
7 all applied this definition, without exception,  
8 to every storm report filed since the Settlement  
9 Agreement in 2008. We will go through many of  
10 those reports to demonstrate that.

11 The other definition that DOE proposes  
12 to change now is the meaning of "secondary". As  
13 stated in the Settlement, "troubles" are defined  
14 as "interruption events occurring on either  
15 primary or secondary lines." DOE now claims that  
16 "a secondary line does not include a service."

17 We will demonstrate why a secondary  
18 line and a service line are electrically the same  
19 thing. And, as with "concurrent", we will  
20 demonstrate that the Company, Staff, and the  
21 Audit Staff consider a "loss of a service" to be  
22 the same as a loss of a secondary line throughout  
23 the history of the Storm Fund, and thus countable  
24 toward the "45 trouble" requirement. There is no



1           logical basis to interpret "secondary" in a  
2           manner that does not include a service.

3                       Finally, we will explain how these  
4           definitions were used to set distribution rates  
5           during the last three rate cases; 13-063, 16-383,  
6           and 19-064. Those are the Company's last three  
7           rate cases. The Storm Fund was tweaked in each  
8           of them, but more on the dollar side. The  
9           definition was never changed.

10                      The definition of a "Major Storm" allow  
11           the parties to estimate how many major storms  
12           there would be each year, which dictated the  
13           revenue the Company needed to collect from  
14           customers to pay for those, both non-major storms  
15           and major storms.

16                      It's the classic test year exercise.  
17           We look at the test year, how many storms, which  
18           ones were going to be major, which ones were  
19           going to be minor, and build rates so we could  
20           recover the cost to repair those. Remember, and  
21           no one disputes that storm restoration is a cost  
22           of doing business, and the Company should recover  
23           that.

24                      So, if we have a definition that

1 estimates one major storm per year, and 15 minor  
2 storms, and we have a history of how much those  
3 cost, we build rates to recover that. If the  
4 definition changes after the rate case, so that  
5 that one major storm doesn't qualify anymore, and  
6 the dollars for that one major storm were built  
7 into the rates for the minor storms, we don't  
8 collect the revenue we need to pay for all those  
9 storms.

10 And that's what's happening here. The  
11 definitions that we've used for ten years were  
12 used to set rates, to make sure we have  
13 sufficient funds. The Storm Fund is a mechanism  
14 to smooth out the ups and downs, if they happen,  
15 because major storms are unpredictable. Some  
16 years we have two or three, some years we have  
17 none. Instead of having rates do this to recover  
18 those costs, we have a steady contribution to the  
19 Storm Fund, so the money is always available to  
20 pay for these more expensive storms.

21 So, it's impermissible, we believe, for  
22 the Commission to allow a change in the  
23 definition to these concepts in between rate  
24 cases. The Company has absolutely no issue with

1           addressing this in the next rate case.  If  
2           there's a better way to do this, we're all ears.  
3           We're happy to participate in that conversation.  
4           So, then, we can adjust the rates appropriately,  
5           to make sure the rate structure meets the storm  
6           definition structure.

7                         And, for those reasons, we ask that the  
8           Commission will not accept Staff's recommendation  
9           in these two storm reports, and allow the Company  
10          to withdraw the funds from the Storm Fund that  
11          are at issue.

12                         Thank you.

13                         CMSR. SIMPSON:  Thank you, Attorney  
14          Sheehan.

15                         I'll recognize Attorney Schwarzer for  
16          the Department of Energy's opening statement.

17                         MS. SCHWARZER:  Thank you, Mr.  
18          Chairman.  Just some -- excuse me -- preliminary  
19          matters, before I get to the focus of our  
20          statement.

21                         DOE supports Liberty's request for  
22          stand-alone pre-staging costs.  And, so, unless  
23          the Commission has questions about those aspects  
24          of the Storm Reports, we do not intend to address

1           them.

2                       In addition, Liberty has accepted the  
3 accuracy of DOE charts, showing the individual  
4 beginning and ending times for individual  
5 reported troubles, as accurate and consistent  
6 with the raw data provided to DOE. So that is,  
7 there is agreement between the parties regarding  
8 how many current -- concurrent i.e.,  
9 simultaneous, storm events occurred in these  
10 dockets. Although, the parties, obviously,  
11 disagree as to whether simultaneous events is the  
12 proper criteria.

13                      Weather is -- oh, and I would ask the  
14 Commission to take administrative notice of the  
15 Settlement Agreement. You have an excerpt as  
16 "Exhibit 10", it is in Docket 06-107, at  
17 Tab 31. And I will ask the Commission to take  
18 administrative notice of Liberty's tariff, Tariff  
19 Number 21, for Granite State Electric  
20 specifically, Original Page 26.

21                      Weather is a standard risk for a  
22 utility as a business. Major storms are extreme  
23 storms. And the provision for a specific fund is  
24 not meant to relieve the utility for good faith

1 effort at all times, in any situation, for a  
2 storm that is less than severe, but, nonetheless,  
3 may still generate significant outages. Base  
4 distribution rates include \$1.5 million annually  
5 to provide for qualifying major storm costs, via  
6 the Major Storm Fund, and less severe storm and  
7 weather expenses are covered through regular  
8 distribution rates.

9 I will note for the Commission that my  
10 comments are going to follow the subject matter  
11 organization in the chock provided with the cover  
12 letter, and listed at the bottom of the exhibit  
13 list. It organizes the exhibits by topic, which  
14 may be more convenient for the Commission.

15 The Settlement Agreement, which was  
16 approved in Order 24,777, July 12th, 2007, and  
17 which was entered into by the parties in May of  
18 2007, has never been changed, and establishes the  
19 Major Storm Contingency Fund. And the Fund  
20 explicitly defines "qualifying major storms" as  
21 Mr. Sheehan read into the record. The definition  
22 begins with a specific caveat that "the  
23 definition is for the purposes of the Storm  
24 Fund", and goes on to say that a "major storm"

1 shall be defined as a severe weather event or  
2 events causing 30 concurrent troubles, and 15  
3 percent of customers interrupted, or 45  
4 concurrent troubles."

5 And it continues to state that  
6 "Troubles are defined as interruption events  
7 occurring on either primary or secondary lines."  
8 And that's Exhibit 10, at Bates 005.

9 This language has never changed, and  
10 remains the same from 2007 to the present.

11 I would challenge Mr. Sheehan's  
12 assertion that the word "concurrent" has been  
13 defined in storm reports or defined in audit  
14 reports. It has not been defined in any way,  
15 other than through the standard dictionary  
16 definition that any layperson would have  
17 understood the word to mean when it was  
18 originally written. And that is, "concurrent"  
19 means "operating or occurring at the same time".  
20 Mr. Sheehan would have you believe that  
21 "concurrent" has become a term of art.

22 I will point the Commission's attention  
23 to Exhibit 19, which is an After-Action Report  
24 from a Thanksgiving storm in November of 2014.

1           It was prepared by the Public Utilities  
2           Commission Staff, and includes information from  
3           all four utilities.

4                        On Bates Page 006 of that document, you  
5           will see that there are frequent references to  
6           "peak outages", by which is meant "outages  
7           occurring simultaneously". That does not mean  
8           "beginning all at the same time". It means "the  
9           course of the outage overlapped with the course  
10          of other outages." And, if you look at the one,  
11          two -- the fourth paragraph on Bates  
12          Page 106 [006?], which I will read into the  
13          record, the paragraph states: "At its peak, the  
14          storm resulted in over 238,000 of New Hampshire's  
15          approximately 700,000 electric utility customers  
16          losing power concurrently, which for many  
17          customers in the state means losing water and  
18          heat, as well as the use of lighting and electric  
19          appliances. The loss of power affected a  
20          population of approximating 480,000 [equivalent  
21          to nearly 37 percent of the 1.3 million New  
22          Hampshire citizens]." So, thus, the contrast is  
23          between concurrent outages of 238,000 at peak,  
24          and outages for the duration of the event of

1           480,000. Had the parties intended the word  
2           "concurrent" to mean "concurrent during the  
3           event", those words could have been included.

4                     Another utility has defined "major  
5           storm" differently, and included the phrase  
6           "during the event", and did not use the word  
7           "concurrent". That's Exhibit 26.

8                     It's standard in the law that words  
9           used in contracts and agreements are given their  
10          general and usual meaning. And "concurrent" has  
11          always meant "occurring at the same time".  
12          Settlement agreements are carefully worded. That  
13          language cannot change unless changes are made in  
14          writing with the agreement of all parties and the  
15          approval of the Commission, and that has not  
16          happened here.

17                    I want to review briefly the  
18          recommendation that DOE is making that is an  
19          issue in this docket. While considering  
20          Liberty's 2019 Storm Report, it came to the  
21          attention of the Department of Energy that  
22          Liberty had misinterpreted the definition of  
23          "Major Storm", and was assessing data as if  
24          "concurrent" meant "during the event", instead of



1 "operating or occurring at the same time".

2 Liberty had also misinterpreted and  
3 expanded the definition of "trouble" --  
4 "troubles" to mean "interruptions occurring on  
5 the service line". As Exhibit 15 shows, Exhibit  
6 15 is a diagram of standard electrical lines and  
7 post for customer service representatives in  
8 Liberty's company. The diagram went -- did not  
9 labeled -- excuse me, strike that. The diagram  
10 indicated three different types of lines, primary  
11 lines at the top, secondary lines attached to the  
12 pole, and individual service lines running from  
13 the secondary line to residences or homes.

14 Based on the Settlement Agreement's  
15 definition of "Major Storm", as Mr. Eckberg will  
16 explain in more detail, DOE concluded that  
17 certain storms Liberty had presented as "major  
18 storms" were not, in fact, major storms. And,  
19 therefore, for the 2019 Storm Report, DOE  
20 recommended that the Commission disallow \$706,838  
21 recovered from the Major Storm Fund. That  
22 expense would be covered by distribution rates  
23 instead. And that's Exhibit 12.

24 The same issue arose when DOE reviewed

1 Liberty's 2020 Storm Report Fund [sic], excuse  
2 me, that's Exhibit 22. DOE concluded that  
3 Liberty continued to misinterpret the definition  
4 of "Major Storms" in the same way. And DOE  
5 determined that the Major Storm Fund was  
6 over-collected as of December 31, 2020 by \$1.8  
7 million.

8 Therefore, DOE recommends that the  
9 Commission disallow \$340,882 for recovery from  
10 the Major Storm Fund, and direct the Company to  
11 calculate and submit for approval, excuse me, a  
12 Storm Recovery Adjustment Factor, an SRAF, rate  
13 to return the current over-collection balance to  
14 customers, along with any disallowed recovery  
15 from Docket 06-107 and Docket 21-073 referenced  
16 above.

17 Finally, DOE is asking the Commission  
18 to direct the Company to modify its treatment of  
19 transportation equipment depreciation charges in  
20 the burden rate to comply with FERC requirements,  
21 and, thus, not to under-charge the Storm Fund.  
22 Under-charging seems to have occurred since  
23 approximately December of 2018.

24 I want to speak also briefly about how

1           it is that Staff came to be inattentive, and  
2           Liberty's staff mistaken, with regard to the  
3           meaning of the definition agreed to in the  
4           Settlement Agreement.

5                        You can see from the docket, marked as  
6           "Exhibit 25", that DG 27-106 [06-107?] covered a  
7           broad number of issues over an extraordinary  
8           large number of time, and that many different  
9           reports were filed into it. Originally, that  
10          docket was for National Grid. Eventually, in  
11          approximately 2012 or 2013, Liberty purchased  
12          Granite State Electric. And storm reports  
13          continued to be filed into that docket, from  
14          approximately 2009 until -- until 2019.

15                       We can exhibit -- and a witness can  
16          walk the Commission through the exhibit, but that  
17          docket printout will show that, from 2009 until  
18          2016, until the 2016 Storm Report, there is no  
19          PUC Staff or DOE Staff filing or reporting a  
20          recommendation regarding or addressing or  
21          examining the charges in the Storm Report docket.

22                       It is true that Audit audited the Storm  
23          Report when it was filed, periodically, and as  
24          will be seen in the Audit Reports that have been

1 identified and marked here, Audit paid  
2 significant attention to sources of funds, dates,  
3 and timing of filing, whether someone had  
4 authorized his or her own expense, whether and  
5 how charges were reported, and whether -- whether  
6 all the money values were correctly put into the  
7 appropriate FERC accounts or other accounts.

8 Audit did not look at the original  
9 definition of the "major storm report" with  
10 regard to the meaning of "concurrent" or  
11 "troubles". Neither did the Regulatory bureau  
12 or, frankly, the Legal bureau at the time. All  
13 agencies are busy, have a large number of matters  
14 to address, and a large number of issues to  
15 review. And, without detracting from the best  
16 efforts that everyone makes, it is impossible to  
17 notice all efforts, and to delve into all details  
18 at all times.

19 I would like to draw the Commission's  
20 attention to a Massachusetts case, *Fitchburg Gas*  
21 *& Electric Light Company versus the Department of*  
22 *Telecommunications & Energy*, it's 801 New England  
23 2nd (2020) 440 Mass. 625, it's a January 8th,  
24 2004 case. And, in that case, it turned out that

1 a utility had been double-billing for over 11  
2 years in base rates and supplemental cost of gas  
3 accounts for aspects that, clearly, when  
4 double-billing is not permitted. This  
5 Massachusetts court held that the failure of the  
6 Massachusetts Department of Energy to detect  
7 overbilling practices, while regrettable, did not  
8 immunize the Company from consequences, and found  
9 that the Department had the authority to require  
10 the Company to repay ratepayers for  
11 double-billing. It went on to state that "the  
12 fact that the Gas & Electric Company's base rates  
13 were not as high as they could have been had no  
14 bearing on the question of whether charges it did  
15 collect were proper."

16 And, so, in this instance, while the  
17 Department is not accusing Liberty of bad faith,  
18 and Liberty seems to have relied upon an internal  
19 email -- or, excuse me, an email between National  
20 Grid and itself, with regard to what is framed as  
21 a "traditional interpretation" of "concurrent",  
22 the Department is charged with appropriately  
23 interpreting the Settlement Agreement language in  
24 a manner that's consistent with how it was

1 written. And, so, we are bringing forward this  
2 issue at this time.

3 Audit has consistently brought acute  
4 focus to financial charges, expenses, and  
5 accounts, and, yet, they did not focus on that  
6 particular aspect of the definition of "Major  
7 Storms". We don't dispute that. As the docket  
8 shows, there were many administrative  
9 improvements that could have led to more acute  
10 focus that simply were not in place at the time.

11 The Company remains responsible for  
12 accurately applying the terms of the May 2007  
13 Settlement Agreement. Had there been confusion,  
14 it could have raised a question for PUC Staff or  
15 DOE Staff to address; that did not occur.

16 Settlement agreements are carefully  
17 worded. The language has not been changed. And  
18 the original language remains in full force and  
19 effect.

20 The evidence will support that the  
21 Commission should accept the Department's  
22 recommendation, disallow \$700,000 in recovery  
23 from the 2019 Storm Fund, \$300,000 from the 2020  
24 Storm Fund, and should take steps to direct the

[WITNESS PANEL: Tebbetts|Strabone]

1 Company to return an over-collection and that  
2 total of \$1 million to ratepayers through the  
3 tariff and the SRAF factor.

4 Thank you.

5 CMSR. SIMPSON: Thank you.

6 Okay, unless there's anything else  
7 preliminarily, I'd like to proceed with the  
8 witnesses. Mr. Patnaude, would you please swear  
9 in the panel of witnesses.

10 (Whereupon **Heather M. Tebbetts** and  
11 **Anthony Strabone** were duly sworn by the  
12 Court Reporter.)

13 CMSR. SIMPSON: And, before we proceed  
14 with direct, does the Department intend to  
15 introduce witnesses to testify today?

16 MS. SCHWARZER: Yes, Mr. Chairman. I  
17 intend to introduce Mr. Eckberg and Ms. Moran.

18 CMSR. SIMPSON: Okay. Thank you.

19 I'll recognize Attorney Sheehan, for  
20 the Company.

21 MR. SHEEHAN: Thank you.

22 **HEATHER M. TEBBETTS, SWORN**

23 **ANTHONY STRABONE, SWORN**

24 **DIRECT EXAMINATION**

[WITNESS PANEL: Tebbetts|Strabone]

1 BY MR. SHEEHAN:

2 Q Ms. Tebbetts, please introduce yourself and  
3 describe your role with Liberty?

4 A (Tebbetts) Good morning. My name is Heather  
5 Tebbetts. And I am the Manager of Rates and  
6 Regulatory Affairs.

7 Q Most relevant to today are the two Storm Reports  
8 for 2019 and 2020, which have been marked as  
9 "Exhibits 14" is the 2019 Storm Report and "21"  
10 is the 2020 Storm Report. Did you play a role in  
11 preparing both of those documents?

12 A (Tebbetts) Yes. I prepared both of them.

13 Q And I believe Exhibit 21 also includes testimony  
14 from you and Mr. Strabone, is that correct?

15 A (Tebbetts) Yes.

16 Q Do you have any changes or corrections to the  
17 testimony in Exhibit 21 you'd like to bring to  
18 the Commission's attention this morning?

19 A (Tebbetts) I do not.

20 Q Do you have any other changes to the Storm  
21 Reports themselves, they're not technically  
22 testimony, that you'd like to bring to the  
23 attention of the Commission?

24 A (Tebbetts) I do not.

{DE 21-073 & DG 06-107} {07-21-22}



[WITNESS PANEL: Tebbetts|Strabone]

1 Q Can you tell us what role you play in a storm  
2 itself?

3 A (Tebbetts) Sure. Outside of my role as the  
4 Manager of Regulatory for the filings, I also  
5 play the role of Resource Officer. And, in that  
6 role, I am responsible for -- I'm responsible for  
7 getting, you know, internal crew -- internal  
8 resources and external resources, it could be  
9 helping the Incident Commander get outside crews,  
10 it could be asking for any other support that we  
11 may need.

12 And I also work with our logistics  
13 folks, to ensure that all of the crews and folks  
14 we have working on the storm have what they need  
15 to complete their duties, such as hotels, food,  
16 *etcetera*.

17 Q And, so, you are actively working throughout the  
18 course of a storm?

19 A (Tebbetts) Yes.

20 Q After a storm is over, what role do you play, if  
21 any, in ultimately creating what we see in these  
22 Storm Reports?

23 A (Tebbetts) So, the role I play after a storm  
24 would be gathering any information associated

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 with an internal, or potentially external,  
2 After-Action Report, if one does come from the  
3 Commission, and that has been, in the past, a  
4 request.

5 I also review all of the charges  
6 associated with the storm, whether they be  
7 expenses, invoices for hotels, invoices for  
8 outside crews, internal payroll, etcetera.

9 Q And, with that information, you ultimately  
10 prepare these Storm Reports?

11 A (Tebbetts) Yes.

12 Q Mr. Strabone, please introduce yourself?

13 A (Strabone) Good morning. Anthony Strabone,  
14 Director of Engineering, with Liberty Utilities.

15 Q And, Mr. Strabone, what role do you play in the  
16 storm itself?

17 A (Strabone) During storms, I assume the role of  
18 Systems Incident Commander, where I'm responsible  
19 for the overall direction and restoration effort.

20 Q And, so, you are the Incident Commander that  
21 Ms. Tebbetts just referred to?

22 A (Strabone) Yes, I am.

23 Q And how long have you been in that role?

24 A (Strabone) Approximately six years.

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 Q And those were all six years with Liberty, is  
2 that correct?

3 A (Strabone) That is correct.

4 Q And how long have you been with Liberty?

5 A (Strabone) Eight years.

6 Q And, prior to being Incident Commander, did you  
7 have a role with storms?

8 A (Strabone) Yes, I did. I acted as a Planning  
9 Chief.

10 Q Okay. And I assume you do a hundred things  
11 during a storm. But, if you could give us sort  
12 of the 30,000-foot description of your role  
13 during the conduct of the storm and the  
14 restoration itself?

15 A (Strabone) Sure. Prior to the storm, I am  
16 conducting meetings and making -- and having  
17 conversations with our internal folks to make  
18 sure that we are adequately staffed and have  
19 enough resources to be prepared to respond to any  
20 potential system impacts during the event.

21 Once the event occurs, once again,  
22 monitoring system impacts, working with various  
23 folks within the Company, such as a Resource  
24 Planner and a Planning Chief, our Operations

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 folks, and senior leadership, to make sure that,  
2 once again, we have enough resources. We set our  
3 clear objectives for the day, and for the overall  
4 storm, to ensure that we have a safe and -- a  
5 safe restoration, which is completed, you know,  
6 as fast as possible.

7 MS. SCHWARZER: Just a brief objection,  
8 Mr. Chairman.

9 I would just like to note for the  
10 record that the Exhibit 21 Storm Report, which  
11 includes background on both of the witnesses  
12 testifying here today, did not include any  
13 information about their roles in storms or the  
14 positions that they held.

15 So, some of this information is new to  
16 the Department at this time.

17 CMSR. SIMPSON: Can you explain why you  
18 feel that it isn't relevant to hear from these  
19 witnesses as to their roles with respect to  
20 storms?

21 MS. SCHWARZER: Mr. Chairman, I'm not  
22 challenging the relevancy. I'm just noting that,  
23 in terms of the background of the witnesses that  
24 the Department was made aware of in the Storm

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 Reports, and with regard to data requests, it  
2 just had their names and their titles. So, we  
3 were just not aware.

4 I'm not saying it's not relevant.  
5 We're just not familiar with the information  
6 being presented at this time.

7 CMSR. SIMPSON: Okay. I'm going to  
8 allow the testimony to continue.

9 MS. SCHWARZER: I'm not objecting.

10 CMSR. SIMPSON: Okay.

11 MS. SCHWARZER: Just I believe, going  
12 forward, it would be best, if there are multiple  
13 expertise or knowledge that's going to be  
14 provided, probably it preferable, from the  
15 Department's position, that we be notified ahead  
16 of time somewhere else in the case.

17 CMSR. SIMPSON: Okay. Noted. Thank  
18 you.

19 Please proceed, Mr. Sheehan.

20 MR. SHEEHAN: Thank you.

21 BY MR. SHEEHAN:

22 Q Mr. Strabone, after the completion of a storm, do  
23 you play a role in creating the documents that we  
24 see in front of us as Exhibits 14 and 21, the '19

[WITNESS PANEL: Tebbetts|Strabone]

1 and '20 Storm Reports?

2 A (Strabone) Yes, I do. I am providing necessary  
3 information to adequately prepare these reports.

4 Q And did you do that in the case of these two  
5 particular reports?

6 A (Strabone) Yes, I did.

7 Q And, with regard to Exhibit 21, the testimony,  
8 did you participate in that drafting of testimony  
9 as well?

10 A (Strabone) Yes, I did.

11 Q Do you any changes to that testimony that you'd  
12 like to bring to the Commission's attention?

13 A (Strabone) No, I did not.

14 Q The same question for the reports themselves, is  
15 there any information you'd like to correct or  
16 clarify?

17 A (Strabone) No.

18 Q And do you adopt the written testimony as your  
19 sworn testimony?

20 A (Strabone) Yes, I do.

21 Q And, Ms. Tebbetts, I'm not sure I asked you that  
22 critical question. Do you adopt your written  
23 testimony as your sworn testimony this morning?

24 A (Tebbetts) Yes, I do.

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 Q Thank you. So, I assume both of you are aware of  
2 the issue we're here about today that counsel  
3 just talked to, and, of course, there's been many  
4 conversations before. So, I'd like to go through  
5 some of the information in the record, and have  
6 you provide -- help provide a factual basis for  
7 the Company's position.

8 So, first, Ms. Tebbetts, if you could  
9 explain for us sort of the high-level mechanics  
10 of the Storm Fund itself? And I'll start with  
11 what your understanding of the purpose for the  
12 Storm Fund? Why do we have a "Storm Fund", as it  
13 was set up in the '06 docket and carried through  
14 to the present?

15 A (Tebbetts) Sure. So, a "Storm Fund" was set up  
16 primarily because, annually, there are events  
17 that happen. And, back in 2006, when this was  
18 originally discussed, the Company felt it was  
19 appropriate to put together some kind of fund  
20 where we would collect costs -- we would collect  
21 dollars from customers annually. At that time,  
22 it was \$125,000 a year. And we would be allowed  
23 to apply those dollars to those major storm  
24 costs, so that we were no longer going in for a

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 rate increase for storms. And the purpose really  
2 was to alleviate these future increases in our  
3 rates for customers. It was already built into  
4 base rates.

5 Q Are you aware that the other -- whether the other  
6 electric utilities in New Hampshire were creating  
7 their own Storm Fund approximately the same time?

8 A (Tebbetts) Yes, I am aware, and I do believe that  
9 they were.

10 Q And you've been at Liberty now for how long?

11 A (Tebbetts) Eight years.

12 Q And, prior to Liberty, you worked with?

13 A (Tebbetts) Eversource, which was PSNH at the  
14 time.

15 Q And how long were you there?

16 A (Tebbetts) Ten years.

17 Q And did you bump into the storm process while you  
18 were at Eversource as well, so you have some  
19 understanding of the fact that they had a Storm  
20 Fund, too?

21 A (Tebbetts) Yes. I worked in regulatory, and  
22 worked on the Storm Fund filings for Eversource.  
23 I also was the Logistics Chief for the Company  
24 when I was there. So, I worked multiple storms

{DE 21-073 & DG 06-107} {07-21-22}



[WITNESS PANEL: Tebbetts|Strabone]

1 as well.

2 Q Okay. So, prior to a Storm Fund, you mention  
3 about rate changes. If there was a large storm  
4 and a large cost for that storm, how would the  
5 Company go about recovering those costs?

6 A (Tebbetts) Well, prior to 2006, we would have  
7 included it in a rate case. And, so, that was  
8 just an additional cost on top of, you know, the  
9 normal request for rate increases. And, so, it  
10 would add onto it.

11 Q And in a -- other than the extraordinary costs of  
12 a major storm, are there costs to address  
13 so-called "regular storms" as part of  
14 distribution rates?

15 A (Tebbetts) Yes. As part of our test year, we  
16 would look at the expense associated with the  
17 storms, and that would not be qualifying, and  
18 that amount is built into our base rates for our  
19 operating costs.

20 Q And is that the same process that happens now  
21 that we have a Storm Fund?

22 A (Tebbetts) Yes, it is.

23 Q And then, there's a -- as you mentioned,  
24 initially, a 100 and something thousand

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 additional amount that goes to the Storm Fund?

2 A (Tebbetts) So, in 06-107, we had \$125,000. In  
3 Docket DE 13-063, we requested to increase that  
4 to \$1,360,000. And that was because we had  
5 incurred significant costs from the 2008 Ice  
6 Storm, the 2010 Windstorm, Hurricane Sandy,  
7 Tropical Storm Irene, and I believe other smaller  
8 storms. And, at the time, we actually had our  
9 Storm Fund Adjustment Factor collecting from  
10 customers on top of what we were collecting  
11 \$125,000 a year on.

12 And, so, by increasing that request,  
13 that collection from 125,000 a year to the 1.36  
14 million a year, we were able to pay off those  
15 storms faster. And then, the Storm Fund  
16 Adjustment Factor went to zero, I believe, in  
17 2015. So, since then, it's been zero, because  
18 we've been collecting through this process. And  
19 then, we increased that again, in Docket 16-383,  
20 to 1.5 million a year. Because, again, we were  
21 incurring costs for storms. And then, at the  
22 time, I believe we were underfunded.

23 Q So, through those first years of the Storm Fund,  
24 especially the first couple of years, with the

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 lower contribution to the Storm Fund, we did not  
2 have enough money in base rates or the Storm Fund  
3 to pay for these extraordinary storms you just  
4 listed?

5 A (Tebbetts) That is correct.

6 Q And, so, the Storm Fund was increased to help pay  
7 off those costs, and to address future storms, is  
8 that fair?

9 A (Tebbetts) Yes.

10 Q And, as you say, since those older storms were  
11 paid off in about 2015, we continue to collect  
12 some amount in base rates for the "regular  
13 storms", and the 1.5 million for the Storm Fund?

14 A (Tebbetts) Yes. So, the amount in expenses for,  
15 you know, the everyday storms, and then the 1.5  
16 million is to meet the requirements of the Storm  
17 Fund.

18 Q And, of course, the other part of the Storm Fund  
19 is a definition to tell us what is a "major  
20 storm" and what is not a "major storm", is that  
21 correct?

22 A (Tebbetts) Yes.

23 Q And how does that definition play into the rates  
24 that were set, between the distribution rates for

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 regular storms and that distribution rate for the  
2 Storm Fund?

3 A (Tebbetts) Sure. So, costs associated with  
4 storms that would have been filed under the Storm  
5 Fund would essentially have been excluded from  
6 our expense that year, in the test year. And, so  
7 -- and, in fact, our last test year, to give an  
8 example, was 2018. And, in 2018, we had 23  
9 storms. We spent about \$4.3 million, and about  
10 one and a half or so of that was gone to expense.  
11 And, so, that, if any of those storms in 2018 had  
12 not qualified, that one and a half million dollar  
13 expense would have been higher. And, in that  
14 test year, we would have presented a much higher  
15 expense level to be included in base rates, so  
16 that the amount recovered through the Storm Fund  
17 would be less. And, so, our base rate level,  
18 which should have been higher, had we -- had  
19 those parameters been different.

20 Q So, if I understand that correctly, in the 2018  
21 test year, with those 23 storms, some of them  
22 were "major storms" under this definition,  
23 correct?

24 A (Tebbetts) Only three were major storms. The

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 other, there were three pre-stage storms, and the  
2 other 17 were expensed.

3 Q Meaning the 17 were the so-called "normal storms"  
4 that were built into -- what was built into  
5 distribution rates already?

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

7 Q And the three storms that were major storms, what  
8 do you recall the approximate cost of those  
9 three? Is that the million and a half you  
10 referenced?

11 A (Tebbetts) It was actually much more. It was  
12 about 2 -- over 2.8 million. One of them was a  
13 major restoration effort, took about four days,  
14 and that storm was over 1.7 million alone, for  
15 about four to five days of restoration.

16 Q Okay. So, the 1.5 million was the cost of the  
17 storms that essentially got paid for in regular  
18 distribution rates?

19 A (Tebbetts) That's correct.

20 Q Okay. And those three major storms were, as you  
21 say, about two and a half million dollars that  
22 came out of the Storm Fund?

23 A (Tebbetts) Yes.

24 Q If the definition of "Major Storm" were different

[WITNESS PANEL: Tebbetts|Strabone]

1 in 2018, so that those major storms did not  
2 qualify --

3 MS. SCHWARZER: Objection. Objection.  
4 I would like counsel to specify that the  
5 definition he's referring to is Liberty's  
6 construction of the word, it's not "different",  
7 the phrase is "concurrent troubles".

8 I'm not -- the question is not clear  
9 from the record what he means by "if the  
10 definition were "different"."

11 MR. SHEEHAN: I can rephrase, I think,  
12 to help, if that's okay?

13 CMSR. SIMPSON: Please.

14 BY MR. SHEEHAN:

15 Q Ms. Tebbetts, without regard to a particular  
16 definition, it's fair to say that a definition  
17 was applied in 2018 that designated three of  
18 those storms "major storms"?

19 A (Tebbetts) Yes.

20 Q If that definition were different, and the  
21 definition made it so those storms did not  
22 qualify, you know, the thresholds were different,  
23 that two and a half million dollars would have  
24 been paid for how?

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) So, two of the storms would not have  
2 been filed for under the Storm --

3 Q Disregarding the particulars of our  
4 definitions --

5 A (Tebbetts) Oh.

6 Q -- we're fighting about today, --

7 A (Tebbetts) Yes.

8 Q -- I'm saying more generically, --

9 A (Tebbetts) Oh.

10 Q -- if we had a different definition that was  
11 harder to meet, if you will, --

12 A (Tebbetts) Uh-huh.

13 Q -- and those storms weren't considered "major  
14 storms", where would the two and a half million  
15 dollars have come from?

16 A (Tebbetts) It would have come from expense. It  
17 would have come from -- we would have just  
18 expensed them. That's how it would have worked.  
19 And it wouldn't have -- it would have actually  
20 been included also in our test year. So, when we  
21 went in for our rate case, we would have included  
22 that money into our expense level. So, if our  
23 expense level during the rate case was \$50  
24 million, it actually -- we would have filed for

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Tebbetts|Strabone]

1 52 and a half million dollars and said "this is  
2 our expense in the test year."

3 Q So, as I understand it, when you -- when you came  
4 up with the test year, that -- how much of these  
5 storm costs are in the so-called "base rates" and  
6 how much are in the Storm Fund depends on this  
7 definition of what's major and what's not major?

8 A (Tebbetts) Absolutely. Because those rates that  
9 we're charging customers today are predicated on  
10 how we are working through our everyday storm  
11 costs versus what we are working through for cost  
12 recovery through the Storm Fund.

13 Q And, in 2018, as an example, you gave us the  
14 rough numbers, we proposed rates, and rates were  
15 approved, based on assuming these storms -- this  
16 definition, now I'll go back to the specific, the  
17 definition that we had of "major storms" would  
18 apply?

19 A (Tebbetts) Yes.

20 Q And, now, if we look back from 2022, and if we  
21 were to change that definition, it would affect  
22 how much the Company can recover in rates for  
23 storms, is that true?

24 A (Tebbetts) Yes.

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[WITNESS PANEL: Tebbetts|Strabone]

1 MS. SCHWARZER: Objection, in terms of  
2 "changing the definition". If the definition of  
3 "concurrent", meaning "occurring at the same  
4 time" were to apply, I believe is the question.

5 MR. SHEEHAN: That wasn't the question.  
6 So, I think the witness answered the question.

7 My question was, if that definition  
8 changed, period, that we're trying to get to the  
9 concept that the definition of "major" versus  
10 "nonmajor" affects our rates and how much we  
11 collect?

12 MS. SCHWARZER: I have no objection  
13 with the general premise, except when you asked  
14 the witness "if the definition has" -- "is  
15 changed", the definition has not changed. I just  
16 think you need to specify which meaning of  
17 "concurrent" you're talking about, in terms of  
18 her answering the question.

19 CMSR. SIMPSON: Mr. Sheehan, can you  
20 restate the question?

21 MR. SHEEHAN: Sure.

22 BY MR. SHEEHAN:

23 Q Ms. Tebbetts, using the 2018 test year example --

24 CMSR. SIMPSON: Do you have an exhibit

[WITNESS PANEL: Tebbetts|Strabone]

1 to reference?

2 MR. SHEEHAN: Not on these numbers. As  
3 you know, I think as you know, I'm trying to just  
4 first establish the framework of the Storm Fund  
5 and how a definition of "Major Storm" affects how  
6 we calculate rates. That's the only point of  
7 this particular line of questioning. So, I'm not  
8 tying it to the specifics.

9 I intend to now get into the specifics  
10 of these definitions. But I was just trying to  
11 set the framework for the import of how important  
12 this definition is.

13 CMSR. SIMPSON: And your framing is  
14 different than what's marked as "Exhibit 10" for  
15 "major storm"?

16 MR. SHEEHAN: It's not different from,  
17 I'm just -- again, I'm simply saying, whatever  
18 definition the Commission applies to distinguish  
19 a major storm from a nonmajor has impacts on  
20 rate-setting. That's the point.

21 And, so, then we can get into "if the  
22 definition has changed", which DOE is proposing,  
23 it has an impact on rates --

24 MS. SCHWARZER: Objection.

[WITNESS PANEL: Tebbetts|Strabone]

1 MR. SHEEHAN: May I finish please?

2 MS. SCHWARZER: I would respectfully  
3 ask that Liberty refrain from suggesting that  
4 "DOE is changing the definition". I believe we  
5 established parameters where Liberty construes  
6 "concurrent" as "during the event", and DOE  
7 construes "concurrent" as "occurring at the same  
8 time".

9 And I think, for clarity of the record,  
10 it would be best if we referred to the definition  
11 of "concurrent" in that way.

12 MR. SHEEHAN: I completely disagree.  
13 DOE has interpreted the definition the way we  
14 proposed until March of 2021. And, as a factual  
15 matter, that, if counsel will let me ask  
16 questions, we can get into. It's not agreed and  
17 it's not clear.

18 MS. SCHWARZER: I think we certainly  
19 disagree. And I respectfully just -- I'm asking  
20 that the questions be clear, so the record  
21 reflects the discussion.

22 We object to the suggestion that the  
23 "definition has changed". I understand Liberty  
24 has a different view. But it seems clear, if we

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[WITNESS PANEL: Tebbetts|Strabone]

1 all agree to refer to the meanings that we  
2 assigned to the words in Exhibit 10.

3 CMSR. SIMPSON: Okay. There's a lot of  
4 evidence in the record and discussion with  
5 respect to interpretation. It would be helpful,  
6 as you proceed, if you can rely on the exhibits  
7 that have been premarked in this proceeding, so  
8 that we can reference details that are in front  
9 of us, please. Thank you.

10 BY MR. SHEEHAN:

11 Q Ms. Tebbetts, in 2018, the definition that govern  
12 "Major Storm" is the same language that we have  
13 in front of us today, is that correct?

14 A (Tebbetts) Yes.

15 Q And, in 2018, when the Company prepared its test  
16 year of major versus nonmajor storms, it  
17 applied -- the Company applied a definition -- an  
18 interpretation to that definition, is that  
19 correct, in looking at the numbers?

20 A (Tebbetts) That is correct. And, on Bates  
21 Page 328 of Exhibit 13, we do provide \$2.8  
22 million in total of the storm costs for that  
23 year. It is in the record.

24 CMSR. SIMPSON: Ms. Tebbetts, can you

[WITNESS PANEL: Tebbetts|Strabone]

1 restate that Bates page for me please?

2 **BY THE WITNESS:**

3 A (Tebbetts) Yes. 328 of Exhibit 13 provides the  
4 Annual Storm Fund accounting for the year ending  
5 December 31, 2018. And you can see there the  
6 total costs for the year were "\$2,873,282.15".  
7 And our test year, which was 2018, relied on this  
8 information to determine the expense associated  
9 with storm costs in our 19-064 rate case. This  
10 is the data we utilize.

11 BY MR. SHEEHAN:

12 Q And, again, using that data, the Company  
13 calculated its revenue requirement based on the  
14 2.8 million would come from the Storm Fund, and  
15 the rest of the storm costs, which you say were  
16 approximately 1.5 million, would be built into  
17 distribution requests, is that correct?

18 A (Tebbetts) Yes.

19 Q And that 2.8 million of eligible major storms  
20 turned on the definition of what a "Major Storm"  
21 is, is that correct?

22 A (Tebbetts) Yes.

23 Q And it turned on our -- the Company's application  
24 or interpretation of that definition, is that

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[WITNESS PANEL: Tebbetts|Strabone]

1 fair?

2 A (Tebbetts) Yes.

3 Q And I think you said it before, if a different  
4 definition were applied to what makes a "major  
5 storm" so that that 2.8 million was not from the  
6 Storm Fund, that 2.8 million would have gone into  
7 the test year, and now our request for a revenue  
8 requirement would have been \$2.8 million higher?

9 A (Tebbetts) Yes.

10 Q So, the Company has been filing Storm Reports  
11 every year since 2008. And you've been involved  
12 in the last five or six of them, is that fair?

13 A (Tebbetts) I have been involved since 2015. And,  
14 so, seven years.

15 Q Okay. So, the 2020 Report -- the 2021 Report  
16 that we just filed in '22, which is not before us  
17 today, was your seventh one, is that correct?

18 A (Tebbetts) Yes.

19 Q All right. Can you tell us the process that, up  
20 until this docket, the 21-073 Docket, the process  
21 that was followed amongst the Company and the  
22 Staff when a Storm Report was filed?

23 A (Tebbetts) Yes. So, as I mentioned earlier, all  
24 of the costs associated with the storms are

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[WITNESS PANEL: Tebbetts|Strabone]

1 gathered. And the second exercise, after a major  
2 storm -- after every storm, it's not a major  
3 storm, after every storm we have, our Engineering  
4 Department would review all of the data from the  
5 storm. And they would determine, based on that  
6 data, if -- what number of incidents would occur.  
7 And then, based on that information, we would  
8 discuss "was it qualifying or was it not  
9 qualifying?" And, if it met our -- if we  
10 believed it was qualifying, we would include it  
11 in our Storm Fund filing.

12 Q And, so, that -- and the Storm Fund filing is due  
13 in March of each year, is that correct?

14 A (Tebbetts) It's due April 1 of every year.

15 Q After the Company makes a Storm Fund filing --  
16 well, first, who gets copied on the Storm Fund  
17 filing, prior to the 21-073 Docket?

18 A (Tebbetts) It was filed in 06-107. So, I guess  
19 everyone on that service list.

20 Q Which, of course, would include Staff then, the  
21 Department of Energy now?

22 A (Tebbetts) Yes.

23 Q And the Office of Consumer Advocate?

24 A (Tebbetts) Yes.

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[WITNESS PANEL: Tebbetts|Strabone]

1 Q And then, what happens, after you file the Storm  
2 Report?

3 A (Tebbetts) At some point later on in the year, it  
4 could be sooner than later depending, we would  
5 receive a request from the now Department of  
6 Energy's Audit Staff, requesting that they're  
7 going to -- notifying us they're going to start  
8 the audit, and they would start to provide us  
9 with data responses to gather information about  
10 what was in the Report.

11 Q Can you recall a Storm Report, in your  
12 experience, that was not audited by the Audit  
13 Division?

14 A (Tebbetts) No.

15 Q So, then, the Audit Division does its work, and  
16 does the Audit Division file a report?

17 A (Tebbetts) The Audit Division does file a Final  
18 Report for each storm that they've audited.

19 Q And, if we look at the docket entries in the '06  
20 docket, those reports aren't actually filed in  
21 the docket, is that correct?

22 A (Tebbetts) That's correct.

23 Q They're provided to the Company, correct?

24 A (Tebbetts) Actually, they're addressed to the

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[WITNESS PANEL: Tebbetts|Strabone]

1 Department of Energy now. They're not addressed  
2 to us. We are just copied as a party.

3 Q And, if you were to pull up Exhibit 20, --

4 A (Tebbetts) I'm there.

5 Q -- that's the Audit Division's Audit Report of  
6 the 2019 Storm Fund, is that right?

7 A (Tebbetts) Yes.

8 Q And this is an example that shows that it was  
9 addressed to three folks in the Commission Staff?

10 A (Tebbetts) Yes.

11 Q And this would be the normal -- what we see in  
12 Exhibit 20 is sort of the normal course. The  
13 Audit circulates it internally, and then we get a  
14 copy of that report?

15 A (Tebbetts) Yes.

16 Q After the Audit Report, what happens?

17 A (Tebbetts) Nothing. We just move forward to the  
18 next year. If there are things in the Audit  
19 Report we need to address, we will address them.  
20 But --

21 Q So, let me ask this. So, the Storm Fund, it's  
22 not a bank account in some -- in Merrimack County  
23 Savings Bank. It's money we are basically  
24 setting aside for major storms. And the purpose

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[WITNESS PANEL: Tebbetts|Strabone]

1 of filing the Storm Report is to essentially say  
2 "we want to pull X dollars from the Storm Fund.  
3 Is it okay?" Is that fair?

4 A (Tebbetts) Yes. And we would then make an  
5 accounting journal entry to move those dollars  
6 from the appropriate accounts to ensure that we  
7 have reduced the amount in the Storm Fund, and  
8 then captured those dollars in the appropriate  
9 accounting entries so that we are made whole.

10 Q And, for reasons not clear in the '06 docket,  
11 these Storm Reports and withdrawals from the  
12 Storm Fund never involved a Commission, is that  
13 correct?

14 A (Tebbetts) That's correct.

15 Q And do you have any idea why that's the case or  
16 is that just the way you inherited it?

17 A (Tebbetts) That is how I inherited it.

18 Q Okay. So, before we would make that withdrawal  
19 from the Storm Fund, we'd make the report, there  
20 would be an audit. Would there ever be a  
21 conversation with folks prior to saying "are we  
22 good?", for lack of a better word?

23 A (Tebbetts) There were --

24 MS. SCHWARZER: Objection. At

[WITNESS PANEL: Tebbetts|Strabone]

1 yesterday's tech session, Liberty represented  
2 that there would be no discussion about  
3 conversations having to do with the Storm  
4 Reports.

5 MR. SHEEHAN: That's not true. What I  
6 said is "we're not going to get into a "he  
7 said/she said"." I am going to ask the witness  
8 what involvement the Department of Energy and/or  
9 Commission Staff had in the process of us getting  
10 the essential informal approval to withdraw from  
11 the Storm Fund.

12 MS. SCHWARZER: At a high, generic  
13 level, I don't object.

14 CMSR. SIMPSON: Okay. And just so I'm  
15 clear, when you're referencing "Storm Reports",  
16 you're referring to, for example, Exhibit 18,  
17 which is with respect to --

18 MR. SHEEHAN: So, Exhibit --

19 CMSR. SIMPSON: -- the PUC After-Action  
20 Reports, are you referring to the Company's  
21 reports filed post an event?

22 MR. SHEEHAN: So, there are the annual  
23 Storm Reports, which are Liberty's specific  
24 calculations. The goal of which is to get, in

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[WITNESS PANEL: Tebbetts|Strabone]

1 essence, approval to withdraw from the Storm  
2 Fund. Period.

3 New paragraph. There's a couple  
4 exhibits in there that are the Commission  
5 Staff's, Mr. Knepper's former division, statewide  
6 review of a couple major storms. Those are  
7 separate and are, frankly, in this docket for  
8 lesser reasons.

9 You know, that Ms. Schwarzer pointed to  
10 one for one purpose, there's a couple phrases we  
11 want to point to you and others. But those  
12 really are separate from the Annual Storm Report  
13 filings that Liberty makes to get authorization  
14 to remove funds from the Storm Fund.

15 And the ones at issue here are Exhibits  
16 14 and 21, the 2019 and 2020 Storm Reports. And,  
17 in Exhibit 13 is just a collection of all the  
18 others. I put them all in one document  
19 sequentially, that we'll walk through to see some  
20 specifics.

21 CMSR. SIMPSON: What exhibit is that?

22 MR. SHEEHAN: Thirteen.

23 CMSR. SIMPSON: Okay. Thank you.

24 Please proceed.

[WITNESS PANEL: Tebbetts|Strabone]

1 BY MR. SHEEHAN:

2 Q So, Ms. Tebbetts, again, taking a step back, is  
3 it fair to say that the purpose of filing the  
4 Storm Report is, first, to inform the parties  
5 what happened, which is a requirement of the old  
6 Settlement Agreement, but, also, in effect, a  
7 request for approval to withdraw funds from the  
8 Storm Fund?

9 A (Tebbetts) Yes.

10 Q And you described you file the report, Audit  
11 would do its audit. And then, my questions were  
12 "what kinds of discussions, the nature of  
13 discussions you had, if any, or the Company had,  
14 if any, with Staff/Energy about that?"

15 A (Tebbetts) Yes. So, we would have many  
16 conversations with the Audit Staff, lots of  
17 emails, sometimes phone calls. And, at times,  
18 there may have been a discussion or two with the  
19 Department of Energy today, Staff, if there were  
20 questions or concerns about anything that had  
21 come up in the audit, prior to the Final Audit  
22 Report being issued.

23 Q So, is it fair to say it's the Final Audit Report  
24 that gives you, the Company, us, the Company,

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[WITNESS PANEL: Tebbetts|Strabone]

1 "okay, it's okay for us now to withdraw the funds  
2 based on the findings, if any, of the Audit  
3 Report"?

4 MS. SCHWARZER: Object -- objection. I  
5 think the process has evolved over time.

6 MR. SHEEHAN: This is this witness's  
7 understanding of the process. If Ms. Schwarzer  
8 wants to ask her questions later, she's entitled  
9 to do that.

10 MS. SCHWARZER: Okay. Withdrawn.

11 CMSR. SIMPSON: Okay. Please proceed.

12 BY MR. SHEEHAN:

13 Q So, if there were issues in an Audit Report,  
14 Ms. Moran's folks found a number that was wrong,  
15 would the Company, assuming the Company agreed  
16 with that mistake, make an adjustment to what  
17 they were withdrawing from the audit -- from the  
18 Storm Fund?

19 A (Tebbetts) Yes, we would. We would look to see  
20 what all the information is, and the process has  
21 been since I've been doing this, for many years,  
22 it hasn't changed. We would receive a draft. We  
23 would have the opportunity to respond to that  
24 draft. And then, the Audit Division would either

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[WITNESS PANEL: Tebbetts|Strabone]

1           agree or disagree with our response, and they  
2           would issue their Final Report.

3                         And, in that Final Report, if they  
4           believed disallowances were prudent, and we  
5           agreed, then we would not take those dollars from  
6           the Storm Fund. We would leave them in there and  
7           we would expense that.

8   Q       And, up until now, that's all the process, as  
9           informal as it was, that occurred, is that fair?

10  A       (Tebbetts) That is the process that has occurred,  
11           and, when I was at Eversource, that was the  
12           process I participated in as well.

13  Q       And is it fair so say the reason we're sitting in  
14           front of the Commission now is because the  
15           position of Staff was significant enough,  
16           disallowances of a million dollars, that we said  
17           "Time out. We have to bring this to the  
18           Commission's attention." Is that fair?

19  A       (Tebbetts) Yes.

20  Q       Because there is a dispute over how much we can  
21           withdraw, the dispute is a big enough number that  
22           it warrants asking the Commission for help?

23  A       (Tebbetts) Yes.

24  Q       So, I apologize for the long lead-up. Let's now

[WITNESS PANEL: Tebbetts|Strabone]

1 get into the details of the issues here. And  
2 that is the definitions of "what does  
3 "concurrent" mean and what does "secondary"  
4 mean?"

5 And I just mentioned to Commissioner  
6 Simpson, Exhibit 13 contains every Storm Report  
7 we filed since the inception of the Fund through  
8 2018. And we can turn there. And, generally,  
9 the specifics of the storm filings have changed  
10 somewhat over time, is that correct? You know,  
11 the exact information and how it appears has  
12 evolved, fair enough?

13 A (Tebbetts) Yes. In some reports, there's a lot  
14 of information, because some of these storms were  
15 very significant, such as the 2008 Ice Storm,  
16 and, in other instances, the storms were not a  
17 major New Hampshire storm, they were  
18 Liberty-specific. And, so, as such, there is not  
19 as much information -- or, "detail", I should  
20 say.

21 Q Either you or Mr. Strabone, what do you see as  
22 the key kinds of information that you're  
23 including in this Report? You know, not specific  
24 numbers, but, obviously, the number of outages is

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[WITNESS PANEL: Tebbetts|Strabone]

1 one. What are the kinds of information you're  
2 trying to say? Here's the important stuff that  
3 you, the reader of this Report, needs to know?

4 A (Strabone) Yes. In addition to the number of  
5 customers impacted, we include information  
6 related to the weather. We also include  
7 information related to what we receive from our  
8 weather service, that also provides us weather  
9 information that we make our decisions on, our  
10 prep that we made prior to the event, with  
11 respect to resources and actions we took during  
12 the event to restore power.

13 Q And there are various forms of tables in Exhibit  
14 13 that list every single outage, is that  
15 correct?

16 A (Strabone) That is correct.

17 Q And is it fair to use the term "outage" and  
18 "trouble" interchangeably?

19 A (Strabone) Yes.

20 Q So, a "trouble" is an outage?

21 A (Strabone) That is correct.

22 Q And, we'll see, when we go through the tables,  
23 some outages affect one customer, some outages  
24 affect many customers, is that correct?

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Strabone) That is correct.

2 Q One of the -- the two definitions that are at  
3 issue, one is a definition of "secondary". Mr.  
4 Strabone, if you could, you, the electrical  
5 engineering, give us a primer on what is a  
6 "secondary"?

7 And I certainly know that Commissioner  
8 Simpson probably knows something about this, too.

9 And using Exhibit --

10 A (Strabone) Fifteen (15).

11 Q Fifteen (15) thank you.

12 A (Strabone) I'll give folks a second to get to it.

13 Q And, while they're looking, Exhibit 15 is a  
14 diagram that comes from, essentially, the  
15 educational materials we provide to our customer  
16 service reps, is that correct?

17 A (Strabone) That is correct. That is where this  
18 diagram was taken from. But we do also provide  
19 this to other folks, such as folks in accounting,  
20 or other departments, that may not necessarily  
21 have everyday exposures to the electric system.

22 Q And including folks in legal, right?

23 A (Strabone) That is correct.

24 Q Okay. So, why don't you just walk us through

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[WITNESS PANEL: Tebbetts|Strabone]

1 this diagram?

2 A (Strabone) Yes. So, as it says on the top, this  
3 is a "Typical Pole" -- a "Typical Pole Top". So,  
4 what you have here in this diagram is, in the  
5 middle of the page, you have a wood pole, with a  
6 crossarm up at the top. That crossarm is  
7 installed to support our primary conductors.  
8 That primary can either be single-phase or  
9 three-phase, which, at that point, a single-phase  
10 would just be one primary wire; three-phase is  
11 three wires, as you see here in this picture. In  
12 this particular diagram, the primary wire is  
13 energized at 13,800 volts.

14 Q Is that a typical voltage for Liberty's system?

15 A (Strabone) Yes, it is. That primary wire is then  
16 connected to a piece of equipment, and you see  
17 here, it's a transformer. That transformer is --  
18 the sole purpose of that transformer is to step  
19 down the primary voltage, say, from 13,000 volts  
20 or 7,920 volts, to a secondary voltage, which you  
21 would typically find at a residential house,  
22 120/240.

23 So, you can see here, is the  
24 transformer is connected to the primary, then

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[WITNESS PANEL: Tebbetts|Strabone]

1           there's wires connected to what we refer to as  
2           the "secondary side". That secondary wire, as  
3           mentioned, you can see on the side, says  
4           "Secondary Cable 120/240 volts". That secondary  
5           then goes from maybe pole to pole, and then,  
6           ultimately to a house.

7                        The wire, from the secondary wire, is  
8           called "secondaries" from pole to pole, and then  
9           we use the term "service" from pole to house, to  
10          help identify what section of the electrical  
11          system we're talking about. So, each section of  
12          our standard -- of our electrical system has  
13          standard definitions and terms to help identify  
14          what component or what, essentially, what  
15          component of the electric system we are referring  
16          to.

17   Q       Is there any difference in the wires themselves,  
18           the secondary cable going pole to pole and the  
19           service going to a house?

20   A       (Strabone) Essentially, no. The wires usually  
21           are the same size. In some older, rural towns,  
22           the wire may be slightly smaller. But, in  
23           general, it's electrically the same wire, and  
24           there's really no difference or a distinguishable

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[WITNESS PANEL: Tebbetts|Strabone]

1 difference between the two.

2 Q Is it fair to say the important information, when  
3 you're conveying "primary" versus "secondary" is  
4 to know the -- understand what problem the  
5 employee may face when he or she gets to a scene?

6 A (Strabone) That is, and also what voltage it is  
7 operating at. So, if a trouble came in and we  
8 knew that it was primary voltage, we would know  
9 that it was on, you know, on the top of the pole,  
10 and, due to safe work practices, we may need to  
11 send multiple crews to go and address that. If a  
12 call came in and said it was a "secondary" or  
13 "service", once again, we know where on the  
14 system the problem is. We know what we may need  
15 to send for material, and crew complement as  
16 well.

17 Q And this is for everyday issues, as well as storm  
18 events, is that fair?

19 A (Strabone) Yes, it is.

20 Q And, when you lose a secondary line, if you're  
21 going to distinguish it from the service, that  
22 could be one customer or a few customers, if  
23 several on a street are served off that same  
24 secondary line, is that right?

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Strabone) That is correct.

2 Q And, if you lose a service to a house, more often  
3 than not, that's one, but it could be one or two,  
4 is that correct?

5 A (Strabone) That is correct, depending on if the  
6 house has -- a two-family house there.

7 Q Okay. So, for purposes of counting troubles or  
8 outages during a storm, does the Company  
9 distinguish between --

10 MS. SCHWARZER: Objection. Regular  
11 storm or major storm?

12 MR. SHEEHAN: A storm, any storm.

13 MS. SCHWARZER: Well, I object. I  
14 think it's unclear, but go ahead.

15 MR. SHEEHAN: Well, we have to count  
16 the outages, the troubles, before we can decide  
17 whether it's a "major" or a "nonmajor" storm.  
18 So, we apply the same definition to all troubles,  
19 whether it's a major or a nonmajor.

20 CMSR. SIMPSON: Please proceed.

21 BY MR. SHEEHAN:

22 Q So, Mr. Strabone, when we are counting -- when we  
23 are looking at troubles, and on secondary lines,  
24 how do we treat or differentiate between a

[WITNESS PANEL: Tebbetts|Strabone]

1 secondary line and a service, if we do?

2 A (Strabone) It's differentiated in the system that  
3 we analyze that we have during our storms, our  
4 Outage Management System. It's the  
5 responsibility of our dispatch or our customer  
6 service, when they take this call, to ask certain  
7 questions to help determine what part of the  
8 electrical system has been impacted.

9 So, it's in our system, so we can  
10 analyze the data, and also determine, as I  
11 mentioned before, if we need to send a large  
12 contingent or a small contingent of crews to go  
13 and address these issues.

14 Q When we report outages or troubles in the Storm  
15 Report and those graphs we're about to go  
16 through, do we distinguish there as well whether  
17 it's at a secondary or at the service, or both?

18 A (Strabone) Yes, we do.

19 Q When we count the number of troubles to see if we  
20 meet the threshold, do we count a damage to a  
21 service only?

22 A (Strabone) Both.

23 Q Do we --

24 A (Strabone) Yes. We do count that as a trouble,

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[WITNESS PANEL: Tebbetts|Strabone]

1 since, essentially, we still need to send a crew  
2 to make the repair to restore power to a  
3 customer.

4 Q And that's the same whether it's a service to a  
5 house or a lost secondary between two poles that  
6 affects one house?

7 A (Strabone) That is correct.

8 Q So, the thinking -- is the thinking that "it's  
9 something that we need to fix, therefore, it  
10 counts towards the storm counting", if you will?

11 A (Strabone) Absolutely.

12 Q And is that something we have done consistently?

13 A (Strabone) Yes, it is.

14 Q If you were to turn to Bates 010 of Exhibit 13.  
15 And I apologize, my Exhibit 13 just went blank.

16 CMSR. SIMPSON: Take your time.

17 MR. SHEEHAN: There it is. I lied,  
18 it's not there yet. Give me one second.

19 BY MR. SHEEHAN:

20 Q On Bates 010, if there's a entry, I'm looking at  
21 my notes, not the *pdf*, so I am exactly sure where  
22 it is, but it refers to a "service down at 10  
23 Fairbrother Avenue". Do you see that? I'm  
24 sorry, yes, Bates 010.

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Strabone) Yes, I see it.

2 Q And there's a reference to --

3 MS. SCHWARZER: I apologize. Can you  
4 indicate if it's the top, middle, or bottom of  
5 the page?

6 WITNESS STRABONE: It's the middle of  
7 the page. If you look under, in the middle of  
8 the page, --

9 MS. SCHWARZER: Yes. Got it.

10 WITNESS STRABONE: Okay.

11 MS. SCHWARZER: Thank you very much.

12 WITNESS STRABONE: Yes.

13 CMSR. SIMPSON: And if you could  
14 address the source of this data, it would be  
15 helpful context?

16 MR. SHEEHAN: Sure. So, good question.

17 BY MR. SHEEHAN:

18 Q So, this is a list of information about the  
19 various troubles. Where does this come from?

20 A (Strabone) This would come from our Outage  
21 Management System, which is then, as Ms. Tebbetts  
22 indicated earlier, after the event, our  
23 Engineering Department will go through and scrub  
24 all this information. So, this, essentially,

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[WITNESS PANEL: Tebbetts|Strabone]

1 originates as part of our outage management  
2 information that was taken during -- a call that  
3 was taken during the event.

4 Q And here is an example where the Company has  
5 listed the loss of a service as a trouble in a  
6 Storm Report, is that correct?

7 A (Strabone) That is correct.

8 Q And this is in the 2008 Storm Report, is that  
9 right?

10 A (Strabone) Sorry. Yes.

11 A (Tebbetts) Yes, that's correct.

12 A (Strabone) Yes.

13 Q And, if you were to turn to Bates 016, and I  
14 don't have my *pdf* up yet, but there's a reference  
15 to a "service down on 25 Blake Road". Do you see  
16 that?

17 A (Strabone) That is correct. That's the second  
18 line from the top.

19 Q And, so, there's another instance where we have  
20 recorded the loss of a service as a trouble that  
21 counts towards the "Major Storm" definition, is  
22 that correct?

23 A (Strabone) That is correct.

24 Q If you go to Bates 065, this is the 2010 Storm

[WITNESS PANEL: Tebbetts|Strabone]

1 Report, February windstorm.

2 A (Strabone) Yes.

3 Q There's a reference -- well, there are many  
4 references between Bates 065 and 071, several  
5 dozen, which refer to "Secondary/Service". Do  
6 you see that?

7 A (Strabone) That is correct. I do.

8 Q And those --

9 A (Strabone) That would be the third line from the  
10 top.

11 MS. SCHWARZER: I apologize, on  
12 Bates 065?

13 WITNESS STRABONE: That is correct.

14 MS. SCHWARZER: I'm looking for  
15 "Secondary/Service", I'm sorry, I just don't --

16 WITNESS STRABONE: Under  
17 "Classification", on the right-hand side.

18 MS. SCHWARZER: Thank you.

19 WITNESS STRABONE: Third line from the  
20 top is an example of a single customer.

21 MR. SHEEHAN: I'm finally getting  
22 there.

23 BY MR. SHEEHAN:

24 Q And, through the next few pages, these are the

[WITNESS PANEL: Tebbetts|Strabone]

1 list of all the outages or troubles that happened  
2 during that storm, is that correct?

3 A (Strabone) That is correct.

4 Q And, if you go left to right on the chart,  
5 there's some identifying information, describe  
6 what else is on -- what the various categories of  
7 information are?

8 A (Strabone) Sure. Essentially, every trouble  
9 receives an Event ID. It's just a number that's  
10 assigned in the system. So, that's at the  
11 left-hand column, that's the first column on the  
12 left-hand. Next, is the "Feeder" so we know what  
13 feeder this is occurring on. "Time Off" is  
14 essentially a time assigned to it from the first  
15 call to when we actually clear it in the system.  
16 We have a -- we indicate what the weather is,  
17 followed by what the cause of the outage is. A  
18 classification, which we just touched. There's a  
19 column called "CI", which stands for "Customer  
20 Interruption". So, the numbers below that  
21 indicates the number of customers associated with  
22 each one of those. So, that's, you know, you'll  
23 see various numbers. And then, ultimately, the  
24 "Duration" is the time that that customer or that

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[WITNESS PANEL: Tebbetts|Strabone]

1 outage was out, and that gives you the minutes.

2 Q And that data is used for other purposes,  
3 calculating the Company's reliability metrics, is  
4 that correct?

5 A (Strabone) That is correct.

6 Q Looking at 065 still, we see, for example, on the  
7 fifth line, it says -- the classification is  
8 "Main line - overhead", and we see the loss of  
9 "560" customers. So, that was clearly a more  
10 significant line that went down and had a broader  
11 impact, is that correct?

12 A (Strabone) That is correct.

13 Q And, for purposes of a storm, that counts as one  
14 trouble?

15 A (Strabone) It does, yes.

16 Q And, if we were to look at the one we just  
17 started with, the third line down, that's a  
18 "secondary/service", one customer interrupted,  
19 that's also a trouble, is that correct?

20 A (Strabone) That is correct.

21 Q And, if you were to look in the "CI" column, and  
22 just scroll down, and for every time you see one,  
23 most often the reference is  
24 "Secondary/Service-overhead", is that right?

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Strabone) That is correct.

2 Q And that happens many, many times during the next  
3 few pages, is that correct?

4 A (Strabone) That is correct.

5 Q And, so, each of those was counted as a trouble  
6 towards the two metrics for a major storm?

7 A (Strabone) Correct.

8 Q And I'm going to beat that horse a few times,  
9 just to make the point clear.

10 If you go to Bates 097, this is in the  
11 2011 Storm Report, the March Ice Storm. Again,  
12 we see a number of references to  
13 "Secondary/Service - overhead", and the first one  
14 is about six or seven down, do you see that?

15 A (Strabone) Yes, I do.

16 Q And the same thing, if you look at the column of  
17 "Customer Interrupted", and look for the ones,  
18 you'll see many more references to a  
19 "secondary/service" being counted as a trouble,  
20 is that correct?

21 A (Strabone) Yes, it is.

22 Q 2012 Storm Report, Bates 141, and this is  
23 actually Hurricane Sandy. Again, the lingo in  
24 this 2012 Report is "Secondary/Service -

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[WITNESS PANEL: Tebbetts|Strabone]

1           overhead". And, again, there are many that  
2           appear in this list of troubles, is that correct?

3   A       (Strabone) That is correct.

4   Q       And the 2013 Storm Report, Bates 194, the June 3  
5           storm, there are -- I'm trying to catch up to see  
6           if the lingo has changed, because my *pdf* is  
7           misbehaving.

8   A       (Strabone) While you're waiting, I can --

9   Q       Sure.

10   A       (Strabone) -- answer that. Sure. The lingo has  
11           not changed. The information provided is in the  
12           same format, and very similar to previous  
13           examples, when you look down to the customers  
14           interrupted. The majority of time is, for one  
15           customer interrupted, it says "Secondary/Service  
16           - overhead" as the classification.

17   Q       Thank you. And, Ms. Tebbetts, I'll turn to you  
18           here.

19                        Did you go through many of these storms  
20           to see, if services were not counted, whether  
21           those storms would have qualified as a major?

22   A       (Tebbetts) Yes, I did.

23   Q       And was this June 3, 2013 storm one of those?

24   A       (Tebbetts) Yes, it was.

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[WITNESS PANEL: Tebbetts|Strabone]

1 Q That storm, it appears, had 56 troubles, and 14  
2 of them were services, is that correct?

3 A (Tebbetts) Yes.

4 Q And, so, if those services were not counted in  
5 that storm, it would have been below the "45  
6 trouble" threshold?

7 A (Tebbetts) Yes.

8 Q And, in fact, the Company reported that as a  
9 major storm in its report, and, ultimately,  
10 withdrew funds from the Storm Fund for the costs  
11 of that storm, is that correct?

12 A (Tebbetts) Yes.

13 Q Following the process that you just described of  
14 filing the report, having it audited, and then  
15 making the withdrawal?

16 A (Tebbetts) Yes.

17 Q Let's go to the 2015 Storm Report, Bates 222.

18 CMSR. SIMPSON: Can you restate that  
19 please?

20 MR. SHEEHAN: 222, it's the 2015 Storm  
21 Report.

22 BY MR. SHEEHAN:

23 Q Here, the language is a bit more specific that  
24 it's referring to a "service". It doesn't the

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[WITNESS PANEL: Tebbetts|Strabone]

1 phrase "secondary/service", it reports loss of a  
2 "service", is that correct?

3 A (Tebbetts) Yes.

4 Q I'm looking at one on Line 13, "Replaced service  
5 wires down due to fallen tree limbs at Burr  
6 Road." And that's an example that appears many  
7 times here, is that correct?

8 A (Tebbetts) Yes. It shows "one customer  
9 interrupted".

10 Q And, if you go to Bates 250, this is the 2016  
11 Storm Report, a windstorm. There is a couple  
12 that say "Single Customer Outage - Re-Attached  
13 service to house at", and then gives a specific  
14 address on a number of occasions, is that  
15 correct?

16 A (Tebbetts) Yes.

17 Q And, again, these are -- each of these is a  
18 trouble that was counted towards whether the 45  
19 was met or not?

20 A (Tebbetts) Yes.

21 Q The July 16 storm that year, which begins at --  
22 the related info begins at Bates 259, this is  
23 another one, Ms. Tebbetts, that you identified  
24 that would not have qualified, if these services

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[WITNESS PANEL: Tebbetts|Strabone]

1 were not counted as a trouble, is that correct?

2 A (Tebbetts) Yes.

3 Q I believe it was 52 incidents, 52 troubles, and  
4 13 of them were services, which would have  
5 brought us below the "45" threshold, correct?

6 A (Tebbetts) Yes.

7 MS. SCHWARZER: Are we in Bates  
8 Page 259?

9 MR. SHEEHAN: Correct.

10 MS. SCHWARZER: Thank you.

11 BY MR. SHEEHAN:

12 Q The 2017 Storm Report I believe had, which begins  
13 at around Bates 302, had three storms that were  
14 major, is that right, Ms. Tebbetts?

15 A (Tebbetts) I'm sorry, what year was that?

16 Q 2017.

17 A (Tebbetts) Yes. Yes.

18 Q There was a March 14 storm, at Bates 302, the  
19 October 29 storm, and a December 23 storm. And  
20 did you look at those to see whether any of those  
21 would not have qualified, if you removed the  
22 services?

23 A (Tebbetts) Yes, I did.

24 Q And which ones would have fallen beneath the "45"

[WITNESS PANEL: Tebbetts|Strabone]

1 threshold?

2 A (Tebbetts) The March 14th would have. There were  
3 55 incidents, and 15 services included. And the  
4 December 23rd, with 46 incidents, and 7 services  
5 included.

6 Q So, the data in the Report for 2017 said only,  
7 again, using -- excluding services, only one of  
8 those would have qualified, is that right?

9 A (Tebbetts) Yes.

10 Q In 2017, as an anomaly, Staff actually filed a  
11 recommendation. And I would turn your attention  
12 to Exhibit 11. I might have mixed up the years,  
13 let me double-check.

14 A (Tebbetts) I am there.

15 Q Is that referring to the 2017 Storm Report or is  
16 it a 2017 memo?

17 A (Tebbetts) It's referring to the "Calendar Year  
18 2016".

19 Q Okay. Let's go back to the 2016 Report itself,  
20 in Exhibit 13, which the data is around Bates 259  
21 and 260. Is that another storm, the July 23, '16  
22 storm, that would not have qualified, if we did  
23 not include services?

24 A (Tebbetts) The July 23rd storm would not have

[WITNESS PANEL: Tebbetts|Strabone]

1 qualified. We have 52 incidents, and of that, 13  
2 services.

3 Q If you turn to the Staff recommendation on that  
4 Report, they, in fact, agree with the Company's  
5 interpretation of the statute that that storm did  
6 qualify as a major storm?

7 A (Tebbetts) Yes.

8 CMSR. SIMPSON: Attorney Sheehan,  
9 you're referring to Exhibit 11?

10 MR. SHEEHAN: Yes.

11 CMSR. SIMPSON: Okay. Thank you.

12 BY MR. SHEEHAN:

13 Q Now, is Mr. Chagnon's recommendation that the  
14 major storms in the 2016 Report, we properly  
15 calculated or figured out that those were major  
16 storms?

17 MS. SCHWARZER: Objection. The  
18 document speaks for itself. But the question as  
19 to whether the "storm is approved" is fine.

20 CMSR. SIMPSON: Can you restate your  
21 objection?

22 MS. SCHWARZER: Yes. I object to any  
23 suggestion that document Exhibit 11 explicitly  
24 says "the major storms were properly calculated".

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[WITNESS PANEL: Tebbetts|Strabone]

1 BY MR. SHEEHAN:

2 Q All right. Ms. Tebbetts, could you read from  
3 Mr. Chagnon's recommendation, anything indicating  
4 that the Report's determination of a major storm  
5 were done correctly?

6 A (Tebbetts) Yes. If I turn to Page 2 of  
7 Exhibit 11 -- may I just have one minute just to  
8 review please?

9 Q Sure.

10 A (Tebbetts) Thank you.

11 Q And I apologize again, mine has gone blank. If,  
12 in fact, Mr. Chagnon did not make it  
13 specifically, my question would be did he approve  
14 the Storm Report as filed in some fashion?

15 A (Tebbetts) I'm sorry. Excuse me. Okay. So, in  
16 reviewing the "Staff Review", they note that the  
17 "Report details the costs of one event which  
18 meets the Commission's criteria for recovery."  
19 It says it right in that first sentence under  
20 "Staff Review".

21 MS. SCHWARZER: Just tell me where you  
22 are?

23 WITNESS TEBBETTS: Sure. I am under --  
24 on Page 2 of Exhibit 11, and if you look where it

[WITNESS PANEL: Tebbetts|Strabone]

1           says -- a "header" we'll call it, of "Staff  
2           Review", underneath that it says "The 2016 Report  
3           details the estimated costs of one storm event  
4           which meets the Commission's criteria for  
5           recovery."

6                       MS. SCHWARZER: It doesn't explicitly  
7           say "it meets the definition". There's no  
8           discussion about the definition. It just  
9           approves the expenditure. And I don't contest  
10          that.

11                      MR. SHEEHAN: Is there an objection?

12                      MS. SCHWARZER: No. There's no  
13          objection.

14                      MR. SHEEHAN: Okay.

15 BY MR. SHEEHAN:

16 Q       Ms. Tebbetts, would it have met the requirements  
17       if those secondary service were not counted  
18       towards the 45?

19 A       (Tebbetts) It would not.

20 Q       We had gone through the 2017 Report. If you go  
21       to the 2018 Storm Report, Bates 342, --

22                      CMSR. SIMPSON: I'm sorry. Can you  
23       restate that, Attorney Sheehan?

24                      MR. SHEEHAN: 342.

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[WITNESS PANEL: Tebbetts|Strabone]

1 CMSR. SIMPSON: In Exhibit?

2 MR. SHEEHAN: Thirteen still.

3 **BY THE WITNESS:**

4 A (Tebbetts) I'm there.

5 BY MR. SHEEHAN:

6 Q Again, there are examples here of "service damage  
7 due to a tree, service reconnected", and the  
8 like. Do you see that on Bates 342?

9 A (Tebbetts) Yes.

10 Q And, again, the Company counted those towards  
11 the -- they were list -- let me back up. Are all  
12 the troubles listed on all of these Storm Reports  
13 indicate that those are what the Company  
14 considered a "trouble" for purposes of a major  
15 storm?

16 A (Tebbetts) Yes.

17 Q Would you have listed something in this document  
18 that, for some reason, did not qualify, in the  
19 Company's view, as a "trouble" for purposes of a  
20 major storm?

21 A (Tebbetts) No.

22 Q The 2019 report, which is Exhibit 21 [14?], and  
23 this is, obviously, one of the reports at issue  
24 today. Give folks a chance to get there.

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) I'm there.

2 MS. SCHWARZER: I'm sorry.

3 MR. SHEEHAN: '19.

4 MS. SCHWARZER: The 2019 Report is  
5 Exhibit 12 [14?].

6 MR. SHEEHAN: I'm sorry.

7 MS. SCHWARZER: No. No problem.

8 MR. SHEEHAN: It's actually "Exhibit  
9 21", is that right?

10 CMSR. SIMPSON: I'm seeing "Exhibit 21"  
11 as the "Calendar Year 2020 Storm Fund".

12 MR. SHEEHAN: 2020. I'm sorry,  
13 Exhibit 14 is the 2019 Report.

14 And, as an aside, Mr. Simpson, I  
15 prepared the exhibit list in a funny order,  
16 because I did it a year ago, before one of the  
17 prior hearings. And Ms. Schwarzer is probably,  
18 right, that I should have reorganized, but time  
19 didn't allow. So, we're stuck with these funny  
20 numberings.

21 BY MR. SHEEHAN:

22 Q The 2019 Report, Exhibit 14, and if you go to  
23 Bates 025-026, referring to a January 19, 2019  
24 storm, there are a number of troubles, Number 4,



[WITNESS PANEL: Tebbetts|Strabone]

1           Number 7, Number 11, and others, that say  
2           "Re-Attached service wires", with particular  
3           addresses, is that correct?

4   A       (Tebbetts) Yes.

5   Q       So, again, the Company was reporting that we are  
6           considering the loss of a service to be a  
7           trouble, is that right?

8   A       (Tebbetts) Yes.

9   Q       The 27 -- I'm sorry, the October 17 storm, Bates  
10          032, again --

11                   MS. SCHWARZER: Mr. Chairman, I have --  
12           it's not the Department's position that Staff did  
13           not inattend -- was inattentive to whether or not  
14           the troubles were included in the Reports. The  
15           Department doesn't see the point in continuing to  
16           go through the remaining pages. Although, if  
17           it's helpful to the Commission, certainly, that  
18           can happen.

19                   But this is becoming cumulative, and it  
20           doesn't even -- it doesn't speak to the  
21           Department's concern that the "Major Storm  
22           Report" definition was misapplied and not  
23           accurately used for a number of years, which is  
24           really the issue here.

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[WITNESS PANEL: Tebbetts|Strabone]

1 CMSR. SIMPSON: Okay. So, just to try  
2 to frame the issue, it would be helpful.

3 It's my understanding that the Company  
4 is trying to demonstrate that individual service  
5 issues in an event via your OMS and the Company's  
6 own classification, that you, from time to time,  
7 characterize individual service outages as a  
8 "trouble" event?

9 MR. SHEEHAN: Every time.

10 CMSR. SIMPSON: Every time. And the  
11 Department --

12 MS. SCHWARZER: Well, as an offer of  
13 proof, I don't my witnesses yet.

14 CMSR. SIMPSON: Uh-huh.

15 MS. SCHWARZER: But, as an offer of  
16 proof, certainly, the Company was responsible for  
17 recording, any time outages occurred, whether  
18 that was for one client or -- excuse me, one  
19 customer or 540 customers. And, if the Company  
20 internally chooses to use the same word  
21 "troubles", generically, to include single-person  
22 events, as well as multiple household events,  
23 that's really up to the Company.

24 But the issue is the definition for the

[WITNESS PANEL: Tebbetts|Strabone]

1 "Major Storm Fund", which is -- starts by saying  
2 "For the purposes of the Storm Fund, troubles are  
3 defined as...", you know, "troubles are defined  
4 as "interruption events occurring on either  
5 primary or secondary lines"." In the  
6 Department's view, as illustrated in the diagram,  
7 there are three types of lines. There are  
8 primary lines, there are secondary lines, and  
9 there are service lines.

10 And, further, as an offer of proof,  
11 there are reliability statistics that are  
12 utilitywide standards that utilities have to  
13 track, and those reliability -- that reliability  
14 data includes all types of outages, not simply  
15 troubles on secondary or primary lines.

16 And, so, the raw data, as collected,  
17 was doubtless appropriately collected, to the  
18 extent that Liberty had to restore even single  
19 service lines that were out, because they're  
20 customers who need power, and Liberty needs to  
21 keep its reliability statistics on track, just as  
22 anyone does.

23 But the definition in the "Major Storm  
24 Fund" does not include service lines, in part,

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[WITNESS PANEL: Tebbetts|Strabone]

1 because there are 30 concurrent troubles and 45  
2 concurrent troubles, and, for a major storm, one  
3 would imagine that's more than 30 people without  
4 power. So, there was a lot of attention paid to  
5 the wording used.

6 And the Department has never taken the  
7 position that we did all we could have to bring  
8 forward the concern about the misinterpretation  
9 as promptly as possible. The Department's  
10 position is that we, in reviewing the 2019 Storm  
11 Report and the 2020 Storm Report, we have noticed  
12 that the language is not being appropriately  
13 interpreted. And, so, therefore moved to  
14 disallow recovery for \$700,000 in 2019 and  
15 \$300,000 in 2020.

16 And, so -- and to the extent Liberty is  
17 trying to show that they record outages for  
18 service line problems, that doesn't really go to  
19 whether or not that's consistent with the  
20 definition of a "Major Storm".

21 MR. SHEEHAN: If I may respond? Ms.  
22 Tebbetts just testified that the only incidents  
23 in these Storm Reports are incidents that we  
24 consider to be a trouble. So, yes, we collect

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[WITNESS PANEL: Tebbetts|Strabone]

1 lots of data, but only the data that supports the  
2 Storm Fund determinations are in this report.

3 So, every time we put a service loss in  
4 this Report, we were saying to the Commission, to  
5 the Staff, "this is a trouble that we are  
6 counting towards the 45."

7 Ms. Schwarzer's statement that "it's  
8 not their fault that they didn't look at this for  
9 ten years" really needs to be answered.

10 It does have consequences. They can't  
11 let this happen for ten years, and then say "Oh,  
12 by the way, we were wrong." Their ability to  
13 look at and review, as they did, and we will see  
14 in more evidence, the Audit Division similarly  
15 agrees that these outages met the definition, has  
16 consequences. And one of those consequences is,  
17 the definition of "trouble" does include a  
18 service by the course of conduct, in addition to  
19 Mr. Strabone's testimony that a "service" and a  
20 "secondary" are the same thing electrically, and  
21 you could lose a secondary with one customer that  
22 counts, you lose a service with one customer that  
23 counts.

24 CMSR. SIMPSON: Ms. Schwarzer.

[WITNESS PANEL: Tebbetts|Strabone]

1 MS. SCHWARZER: I started this  
2 conversation because I believe we could save time  
3 by agreeing that Liberty has, in the Department's  
4 view, inappropriately included single-customer  
5 events as troubles that counted, in its view,  
6 towards the "Major Storm" definition.

7 And the Department was inattentive, we  
8 aren't saying otherwise, but it is inconsistent  
9 to, with the definition in the Settlement  
10 Agreement, to suggest that service lines are the  
11 same as secondary lines, because the diagram  
12 itself makes the distinction. The distinction  
13 isn't only about the voltage on the line. As  
14 Liberty's witness testified, "secondary lines go  
15 from pole to pole, service lines go from  
16 secondary lines to the house", that's a  
17 difference.

18 And that is a difference that the  
19 people who drafted the definition of a "Major  
20 Storm" in the Settlement Agreement in 2007 were  
21 cognizant of, and therefore wrote --

22 MR. SHEEHAN: There is no evidence of  
23 that. I object.

24 MS. SCHWARZER: Well, if they didn't --

[WITNESS PANEL: Tebbetts|Strabone]

1 if they meant to include "any outage", they could  
2 have saved themselves a number of words and said  
3 "Troubles are defined as interruption events."  
4 Instead of "Troubles are defined as interruption  
5 events occurring on either primary or secondary  
6 lines." In standard statutory contract  
7 construction, that you have to give weight to  
8 every word that's been included.

9 CMSR. SIMPSON: Okay. So, the  
10 threshold question that the Commission has to  
11 answer is whether "secondary" includes the  
12 secondary line on the pole and the service?  
13 Whether the service is included in that  
14 "secondary" definition? That's really what we're  
15 arguing?

16 MS. SCHWARZER: There are two of them.  
17 Two questions. One is, whether the Settlement  
18 language, as drafted, intended to distinguish  
19 between primary, secondary, and other lines. And  
20 the other question is the meaning of  
21 "concurrent".

22 CMSR. SIMPSON: Uh-huh.

23 MS. SCHWARZER: Whether "concurrent"  
24 means "at the same time" or if "concurrent" means

[WITNESS PANEL: Tebbetts|Strabone]

1 "during the same event"?

2 CMSR. SIMPSON: My understanding is  
3 that Attorney Sheehan hasn't yet addressed that  
4 question. Is that fair? The second part of  
5 your --

6 MS. SCHWARZER: Yes. I wasn't  
7 suggesting that.

8 CMSR. SIMPSON: Okay.

9 MS. SCHWARZER: I'm just trying to  
10 frame it overall.

11 CMSR. SIMPSON: Thank you. That's  
12 helpful.

13 I respectfully agree with Attorney  
14 Schwarzer's suggestion that we've sufficiently  
15 understood the point that the Company is trying  
16 to make. That, historically, when defining  
17 "major storm events", it's been the Company's  
18 view that troubles have included individual  
19 service outages, as identified by their Outage  
20 Management System.

21 I appreciate the Company walking us  
22 through. I think the Commission's comfortable  
23 that, if you're comfortable moving on, that would  
24 be preferred, from a time perspective.

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1 Do you have anything further with  
2 respect to that issue?

3 MR. SHEEHAN: The only thing -- I  
4 agree, I respect that. The only thing I would  
5 like to add is an offer of proof. We got to '19,  
6 which is a Report at issue here. Just to say out  
7 loud, me saying it, that there are some in the  
8 2020 Report, and make the reference, so it's in  
9 the record.

10 That, on Exhibit 21, Bates 046, has  
11 similar references to "services" which were  
12 counted towards the "Major Storm" definition.

13 With that, --

14 MS. SCHWARZER: Well, I would object to  
15 that a bit, because by that point the Department  
16 had raised the issue. And, so, it would be our  
17 view that in the --

18 MR. SHEEHAN: Well, that's not the  
19 issue. The issue is, if the Commission accepts  
20 the long-standing definitional use of that word  
21 in the 2020 Report, it should reject the  
22 Staff's -- DOE's recommendation to disallow.

23 MS. SCHWARZER: And I object --

24 MR. SHEEHAN: And I'm saying that, in

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1 the 2020 Report, we did the same thing. We had  
2 services count as troubles. And that is part of  
3 the 2020 Report, and the request for 340,000 from  
4 the fund. That's all I wanted to say.

5 MS. SCHWARZER: Well, I think it's  
6 important to note that the data, the raw data in  
7 the Storm Report, is not equivalent to an  
8 explicit definition of "troubles". And the  
9 Department has acknowledged inattention to that  
10 matter.

11 But we want to bring the focus back to  
12 the literal language in the "Major Storm"  
13 definition in the Settlement. And I won't make  
14 further comments, but it's important to me that  
15 there is no "verbal" definition of "troubles" in  
16 any of the submitted Storm Reports. There just  
17 is not.

18 CMSR. SIMPSON: Could the Department  
19 point us to an exhibit in the record where the  
20 Department raised this issue with respect to the  
21 2019 report, before we move on?

22 MS. SCHWARZER: Exhibit 12 is the  
23 Department's Report and Recommendation by Mr.  
24 Demers [Demmer?], who raises that issue. One

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1 moment.

2 Bates Page 2 of Exhibit 12,  
3 paragraph -- the fourth paragraph from the top,  
4 "Not all service interruptions are considered  
5 "troubles" as defined in the above excerpt from  
6 the Settlement Agreement." "Only trouble spots  
7 on primary and secondary distribution lines that  
8 cause customer outages are classified as  
9 "troubles"." It's goes on to state "For clarity,  
10 a single-service line connecting a single  
11 customer from a secondary distribution line is  
12 not considered, nor is it identified in the  
13 Settlement Agreement approved in Order 24,777, as  
14 a qualifier for a trouble event or condition.  
15 Although single-service lines are attached to  
16 secondary lines, secondary lines generally serve  
17 more than one customer, are located in the public  
18 roadway, and require more resources than a  
19 single-service to repair. The definition of a  
20 trouble event or condition was worded  
21 specifically to delimit the scope of qualifying  
22 events in the above-noted Settlement Agreement."  
23 There's also a Footnote 5, which talks  
24 about voltage on primary and secondary lines. I

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1 guess that's not relevant to that piece.

2 That's consistent with the  
3 Department's -- excuse me -- the Company's  
4 witness that "secondary distribution lines go  
5 from pole to pole".

6 CMSR. SIMPSON: And, today, the  
7 Department is hoping to resolve both 2019 and  
8 2020 unresolved issues?

9 MS. SCHWARZER: That's correct, Mr.  
10 Chairman.

11 CMSR. SIMPSON: Okay. Attorney  
12 Sheehan, how much longer do you think you have  
13 for examination of your witnesses?

14 MR. SHEEHAN: I was going to go through  
15 a similar exercise with "concurrent", and we can  
16 speed it up, to show many examples throughout the  
17 years where there was not a time where there were  
18 45 at the same moment in time, it was over the  
19 course of a storm, where we reported it as  
20 "major", and where Staff Audit didn't challenge  
21 it, and we recovered from the Storm Fund. Again,  
22 similarly establishing not only a definition by  
23 the plain meaning of the words, in our view, but  
24 a course of conduct.

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1 CMSR. SIMPSON: Okay.

2 MS. SCHWARZER: And I guess I would --  
3 I would not contest that there was data that was  
4 not properly reviewed by Staff. But I do object  
5 that inattention can change the definition of the  
6 Settlement Agreement language.

7 CMSR. SIMPSON: Okay. Let's -- I think  
8 it would be helpful if we took a ten-minute  
9 recess. So, let's go off the record and return  
10 at 11:30.

11 ***(Recess taken at 11:20 a.m., and the***  
12 ***hearing resumed at 11:40 a.m.)***

13 CMSR. SIMPSON: Let's go back on the  
14 record. Attorney Sheehan, please proceed.

15 MR. SHEEHAN: Thank you. In light of  
16 the conversation we had about, basically, having  
17 gone through enough of those references to  
18 "trouble services", we've done a similar analysis  
19 of looking at prior storms to see what that --  
20 that we've said qualified for 45, but never had  
21 45 at one moment.

22 And, so, again, rather than belaboring  
23 it, maybe I can sort of lead the witness through  
24 the handful that we looked at to show where they

[WITNESS PANEL: Tebbetts|Strabone]

1 are in the records, and speed things along, if  
2 that would be okay?

3 CMSR. SIMPSON: With respect to the  
4 issue of "concurrency"?

5 MR. SHEEHAN: Correct.

6 CMSR. SIMPSON: Excellent.

7 MR. SHEEHAN: Okay.

8 CMSR. SIMPSON: Please proceed. Thank  
9 you.

10 BY MR. SHEEHAN:

11 Q Ms. Tebbetts, we're in Exhibit 13.

12 A (Tebbetts) Okay.

13 Q And, if we start Bates 064, beginning at  
14 Bates 064, this is a February 2010 windstorm.

15 A (Tebbetts) Yes, I'm there.

16 Q Is this one of those storms that qualified as a  
17 major storm, but, by looking at the starting and  
18 ends, we couldn't find a point at which we hit  
19 45?

20 A (Tebbetts) That's correct.

21 CMSR. SIMPSON: And, I'm sorry, could  
22 you point us to the exhibit number again?

23 MR. SHEEHAN: Thirteen.

24 CMSR. SIMPSON: And page?

[WITNESS PANEL: Tebbetts|Strabone]

1 MR. SHEEHAN: Sixty-four.

2 CMSR. SIMPSON: Thank you.

3 BY MR. SHEEHAN:

4 Q And just to show you how we did it, and I'll do  
5 this just once, if you go to Bates 065, about --  
6 I have it as the 15th one down, there's an outage  
7 that occurred at "07:51" hours. You see that  
8 one?

9 A (Tebbetts) Yes. "Light rain".

10 Q Yes. And it lasted 234 minutes, right?

11 A (Tebbetts) Yes.

12 Q Which is four hours, roughly. So, that means it  
13 was resolved approximately four hours later,  
14 before midnight, is that fair?

15 A (Tebbetts) Yes.

16 Q But, then, you look at the rest of the troubles,  
17 most of them start after that, as you go down the  
18 list?

19 A (Tebbetts) Yes.

20 Q So, by going through that kind of analysis, you  
21 can say "okay, these troubles were resolved  
22 before those troubles started", correct?

23 A (Tebbetts) Yes.

24 Q Okay. Now, this storm, in particular, I was

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1 wrong, this one was a major storm under any  
2 definition. But this is the kind of analysis we  
3 went through.

4 So, if you turn to the 2013 Storm  
5 Report, Bates 192, --

6 A (Tebbetts) I'm there.

7 Q Again, this one only had 56 troubles. So, if you  
8 do the starting and ending time, it's pretty --  
9 you can exclude enough of the storms from the  
10 beginning and the end, when you look at start  
11 times and -- or outage times and restoration  
12 times to realize we never quite got to 45 at one  
13 moment?

14 A (Tebbetts) Yes.

15 Q And Bates 214 is a 2015 storm.

16 A (Tebbetts) Yes.

17 Q And, again, it's 59 troubles, and we have the  
18 same issue of starting times and ending times. A  
19 bunch of the early troubles were resolved, like  
20 troubles 1, 2, and 3 were resolved hours before  
21 some of the others even started.

22 MS. SCHWARZER: I apologize, which  
23 Bates page are we on?

24 MR. SHEEHAN: 222.



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1 MS. SCHWARZER: Thank you.

2 BY MR. SHEEHAN:

3 Q And, of course, this is the analysis Staff went  
4 through in a 2019 Storm Report and the 2020 storm  
5 report market to find those storms that  
6 similarly, if you line up all the outages, you  
7 can't quite get to 45 on any particular time. Is  
8 that correct?

9 A (Tebbetts) Yes.

10 Q And the point of the exercise is, on several  
11 occasions in the past, the same thing happened,  
12 the Company reported it as a major storm, and was  
13 approved as a major storm, through this informal  
14 process that we talked about?

15 A (Tebbetts) Yes.

16 Q And, briefly, on a different next topic, we'll  
17 hear more about it, but Staff filed its  
18 recommendation in the 2019 Storm Report in March  
19 of '21, and that was the first time we heard from  
20 Staff that they think we're applying the wrong  
21 definition, is that correct?

22 A (Tebbetts) Yes.

23 Q And the Staff member who offered that was Mr.  
24 Demmer, is that right?

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) Yes.

2 Q Did Mr. Demmer used to work for Liberty?

3 A (Tebbetts) Yes.

4 Q And did he have a role to play in these earlier  
5 Storm Reports?

6 A (Tebbetts) Yes, he did.

7 Q Do you know when he left Liberty?

8 A (Tebbetts) I want to recall 2017.

9 Q Okay. And is it your recollection that he was  
10 involved in Storm Reports in prior years?

11 A (Tebbetts) Yes. I would prepare, with the  
12 Engineering group, the reports. And he would  
13 review them prior to us filing them.

14 Q And, so, through that review process, he was part  
15 of the Storm Reports that applied the definition  
16 that we think is the appropriate definition in  
17 this docket, is that correct?

18 A (Tebbetts) Yes. He, at the time, was the  
19 Director of Electric Operations, I believe. And,  
20 so, that was part of his contribution to ensuring  
21 that what we were filing was correct, and we  
22 would not see any disallowances.

23 MS. SCHWARZER: Objection. I think  
24 it's unfair to sort of construe what Mr. Demmer's

[WITNESS PANEL: Tebbetts|Strabone]

1 view may or may not have been. There's no  
2 evidence about what the Company's position was on  
3 any of this, other than one record that we'll get  
4 to in our cross. But I object to any  
5 construction of what Mr. Demmer's view would have  
6 been.

7 CMSR. SIMPSON: Let's move on from that  
8 issue.

9 MR. SHEEHAN: Okay. Fair enough.

10 BY MR. SHEEHAN:

11 Q Let's look at a few of the Audit Reports, which  
12 are Exhibit 24. Exhibit 24 includes Audit  
13 Reports of the '15, '16, '17, and '18 Storm  
14 Reports. As you can see from the Table of  
15 Contents, '15 and '16 were done in the same  
16 Report, and then '17 and '18.

17 And, as you just testified, Ms.  
18 Tebbetts, these Reports, obviously, are prepared  
19 by the Audit Division, but involved a lot of  
20 interaction with the Company, and collecting data  
21 and answering questions, and maybe even resolving  
22 some disagreements, is that fair?

23 A (Tebbetts) Yes.

24 Q And if we turn to Bates 005?

[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) Which exhibit is this? I'm sorry.

2 Q Twenty-four.

3 A (Tebbetts) I don't think I have 24 in front of  
4 me. I'm familiar with the Audit Reports. I  
5 don't have it in front of me.

6 Q Okay.

7 A (Tebbetts) I thought I had printed it. I guess I  
8 didn't.

9 Q Do you have them, Mr. Strabone?

10 A (Strabone) I may.

11 Q I would give you my computer, but it's still  
12 acting up on me somehow.

13 A (Tebbetts) Oh, okay. Yes. Sorry. Okay. Yes.  
14 Go ahead.

15 Q Bates 005, there's a paragraph above the heading  
16 of "2015" that begins "Audit reviewed docket  
17 16-107" [06-107?]. Do you see that?

18 A (Tebbetts) I am on Bates 005. I see "Audit  
19 reviewed the costs of October 31, 2019." Maybe  
20 I'm --

21 Q Maybe you're on the wrong one.

22 MR. SHEEHAN: Okay. I'll move on.

23 This is -- I'm just asking the witness to look at  
24 what's already in the exhibit, we can cover that

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[WITNESS PANEL: Tebbetts|Strabone]

1 with Ms. Moran. Okay.

2 BY MR. SHEEHAN:

3 Q The last topic, Ms. Tebbetts, is the FERC issue,  
4 which I did not comment in my opening. I would  
5 like you to just briefly describe what the issue  
6 is, and how we propose that the Commission  
7 resolve it. It was raised in the 2021  
8 recommendation. And if you could explain to me  
9 your understanding of what the DOE issue is?

10 A (Tebbetts) Sure. So, my understanding is that  
11 the Department of Energy believes that -- well,  
12 first, that there are fleet-related costs that  
13 have been -- that are depreciated, and we are  
14 capitalizing, within the storm costs.

15 Q And the issue that Staff -- that DOE has, the  
16 Audit Division has, is with the concept of  
17 depreciating -- I mean, capitalizing a  
18 depreciation cost, is that fair?

19 A (Tebbetts) Yes.

20 Q And it's the Company's position that this issue  
21 really isn't in this docket, is that correct?

22 A (Tebbetts) Yes.

23 Q Can you explain why?

24 A (Tebbetts) Sure. So, prior to 2018, whenever we

[WITNESS PANEL: Tebbetts|Strabone]

1 would suspect there was a storm, we would open a  
2 capital work order. Capital work orders receive  
3 burdens. And those burdens are overhead, and  
4 they apply to labor and materials and outside  
5 vendors and outside resources. And the storms  
6 are the -- the costs associated with the storms  
7 that we recover through the Storm Fund are, in  
8 essence, O&M costs. They are not capital.

9 Q So, we do not and should not seek recovery of  
10 capital costs through the Storm Fund?

11 A (Tebbetts) That's correct. And, so, we would  
12 make adjustments, prior to 2018, in order to put  
13 together all the information for the Storm Fund.  
14 So, any capital costs, such as poles and wires  
15 that we had to replace, we would remove. But,  
16 then, we also would have to remove, you know, any  
17 burdens and everything else. And it really makes  
18 for a very difficult and tedious process to file  
19 a Storm Fund.

20 And, so, in 2018, we made --

21 Q Let me just stop you there. So, you open a  
22 capital work order. All the storm costs get  
23 applied to that through the course of the storm,  
24 capital costs and non-capital. But, then, you

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1 have to go in and remove all the capital costs,  
2 because they're not allowed in the Storm Fund to  
3 prepare this Report?

4 A (Tebbetts) Right.

5 Q And that was a pain in the neck?

6 A (Tebbetts) Correct.

7 Q Okay.

8 A (Tebbetts) Correct. Because, so, for the  
9 Company, so, O&M or expense work orders, and just  
10 generically, an expense work order would be if a  
11 customer calls and said "Hey, my street light's  
12 out down the road. Can you go take a look at  
13 it?" And we sent a trouble man out there, and  
14 they took a ride, and said "Yup, the photocell is  
15 busted." So, they put a new photocell on.  
16 Photocell is not a plant unit. And, as such, we  
17 would just replace the photocell and expense it.  
18 It's not capital. And that kind of work order  
19 would not receive any burdens.

20 And, so, by moving, in 2018, to just  
21 open an expense work order, O&M, we do not have  
22 to deal with this, the burdens getting charged.  
23 And, also, we do not have to worry about making  
24 adjustments to capital or anything that got stuck

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1 into that work order, because it wasn't a capital  
2 work order. Certain charges just don't hit it.

3 So, the concern that the Department has  
4 with regard to us including fleet burdens is not  
5 an issue for the Storm Fund, given that the work  
6 orders are expense work orders. And, as such, do  
7 not receive any charges for burdens.

8 Q So, the prior practice was a capital work order  
9 that captured all storm costs, and you had to  
10 pull out the capital. And you're saying, after  
11 2018, we would open a expense work order for the  
12 storm, and only put the expense items on that  
13 work order, and, to the extent there were  
14 capital, they would go on a separate storm work  
15 order, is that correct?

16 A (Tebbetts) Yes.

17 Q And the burdens that are put on capital, and not  
18 expense, is where the fleet costs reside, is that  
19 right?

20 A (Tebbetts) Yes.

21 Q So, to the extent today, in '19 and '20, all of  
22 the costs you see before you are all the  
23 appropriate expense O&M costs, no burdens, there  
24 are no fleet expenses in the Storm Reports, is



[WITNESS PANEL: Tebbetts|Strabone]

1           that correct?

2   A       (Tebbetts) Yes.

3   Q       And, to the extent the Department has a  
4           disagreement with the way we treat those fleet  
5           expenses, there are none in this case, and it  
6           should be something that's talked about somewhere  
7           else, perhaps, most likely, the next rate case,  
8           is that fair?

9   A       (Tebbetts) Yes.

10   Q       Okay. Now, I understand DOE wishes to resolve  
11           that issue here, and our position is it should be  
12           somewhere else, is that fair?

13   A       (Tebbetts) I would say, since there are no fleet  
14           charges in the costs that we are requesting to  
15           recover through the Storm Fund, that the issue is  
16           not applicable here, but may be applicable  
17           elsewhere.

18                   MR. SHEEHAN: Okay. Thank you. That's  
19           all I have for these witnesses.

20                   CMSR. SIMPSON: Before we move on, can  
21           you address the DOE's suggestion with respect to  
22           the SRAF rate and the over-collection balance?

23                   MR. SHEEHAN: Okay.

24   BY MR. SHEEHAN:

[WITNESS PANEL: Tebbetts|Strabone]

1 Q Ms. Tebbetts, if you could just briefly explain  
2 how we end up with a so-called "overbalance"?

3 A (Tebbetts) Sure. So, as I had mentioned earlier,  
4 we collect \$1.5 million right now from customers  
5 annually. And any storms that we file for, that  
6 we believe qualified, or were pre-staged, and/or  
7 were pre-staged, those costs are, you know,  
8 moved, once we've gone through this process and  
9 applied to those -- the funds in the Storm -- the  
10 dollars in the Storm Fund are applied towards  
11 those storm costs.

12 The last time we had a multi-day  
13 restoration effort was in 2018. And that one  
14 storm, I want to recall it was five days of  
15 restoration, but, if I'm wrong, Mr. Strabone will  
16 certainly correct me, cost over \$1.7 million,  
17 just one storm.

18 And, so, while the Department contends  
19 that we have an over-collection, in the event we  
20 have one single storm, that over-collection is  
21 gone, assuming it meets the criteria, etcetera,  
22 we're discussing today. Let's move beyond that.  
23 Assuming we're all in agreement that it  
24 qualifies, that over-collection is gone. In the

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1 events that the over-collection is gone, we will  
2 now need to request from customers to pay for any  
3 other storms, and that potentially could be  
4 through the Storm Recovery Adjustment Factor, as  
5 I had mentioned that we had done in prior years.

6 And, so, to refund the money to  
7 customers would only mean we will now be asking  
8 them for this money once a storm occurs.

9 Q So, is it fair to say that one of the basic  
10 purposes of a Storm Fund is to build up money to  
11 be available for those big storms, when they  
12 occur?

13 A (Tebbetts) It's a bank account for customers, I  
14 would say, because now they are insulated from  
15 the fact that we have had to restore their power,  
16 and it could be costly, depending on how much  
17 damage we have. And, so, it's their insurance  
18 policy. We no longer -- we don't have to ask  
19 them for the money now. We have it. It's ready  
20 to go. We go through this process. Customers  
21 are insulated from the rate increase.

22 Q And, to the extent we have a positive balance, it  
23 accrues interest to the benefit of customers, is  
24 that correct?

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) That's correct.

2 Q And you will recognize, do you not, that at some  
3 point, yes, it could be a high enough balance  
4 that it does make sense to return some of it to  
5 customers. If we go another five years without a  
6 big storm, and the balance is "X" dollars, is  
7 that --

8 A (Tebbetts) That's correct.

9 Q And do you believe that's the case where it is as  
10 the Staff recommends?

11 A (Tebbetts) I do not believe we're at that point  
12 right now.

13 MR. SHEEHAN: Okay. Thank you.

14 CMSR. SIMPSON: Okay. I'll recognize  
15 Ms. Schwarzer for cross-examination.

16 MS. SCHWARZER: Thank you.

17 Whatever question I ask, I hope, if you  
18 both feel like it's appropriate for you to  
19 answer, that you do. Or, if one of you feels  
20 you're in a better position to answer, please go  
21 ahead.

22 **CROSS-EXAMINATION**

23 BY MS. SCHWARZER:

24 Q If you direct your attention to Exhibit 10, which

[WITNESS PANEL: Tebbetts|Strabone]

1 is an excerpt from the controlling Settlement  
2 Agreement signed in the year 2007. If you look  
3 at Page -- excuse me, Bates Page 005,  
4 Paragraph 2, I think you'll agree, we can all  
5 agree, that that's the definition of a "Major  
6 Storm", as has been quoted by both Mr. Sheehan  
7 and myself?

8 A (Tebbetts) Yes.

9 Q And, if you go to Page 6, Paragraph 5, talks  
10 about the "Annual Storm Fund Report". And, in  
11 terms of the Storm Reports that are filed, the  
12 important information included in the Settlement  
13 Agreement that was to be included in each annual  
14 report, I'm to read the last sentence on  
15 Paragraph 5: "The report will also include a  
16 description of the storm along with a summary of  
17 the extent of the damage to the distribution  
18 system, including the number of outages and the  
19 length of outages." Is that correct?

20 A (Tebbetts) Yes.

21 A (Strabone) Yes.

22 Q And the "length of outages" talks about the  
23 duration of each outage, correct?

24 A (Tebbetts) I could interpret the "length of

[WITNESS PANEL: Tebbetts|Strabone]

1 outages" to be that.

2 Q How else might you interpret it?

3 A (Tebbetts) Oh, I don't know. I'm just saying "I  
4 could interpret it that way, yes."

5 Q Mr. Strabone?

6 A (Strabone) Yes. I can interpret it as the length  
7 of outages associated with the event.

8 Q Any other method of interpreting -- any other  
9 meaning occur to you?

10 A (Strabone) No.

11 Q Does the Company keep reliability statistics that  
12 also include duration of outages, each individual  
13 outage?

14 A (Strabone) Yes, it does.

15 Q And, Ms. Tebbetts, is that something you're aware  
16 of as well?

17 A (Tebbetts) Yes.

18 Q And are those reliability statistics  
19 industrywide? It's not just particular to  
20 Liberty?

21 A (Strabone) No. They are industrywide.

22 Q Ms. Tebbetts, do you agree?

23 A (Tebbetts) Yes.

24 Q So, in terms of counting any individual outage as

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[WITNESS PANEL: Tebbetts|Strabone]

1 a trouble, you would need to do that for any  
2 regular storm, correct?

3 A (Strabone) I'm sorry, can you rephrase that?

4 Q Sure. You keep statistics for storms that aren't  
5 major storms, and storms that are simply, for  
6 lack of a better word, "storms"?

7 A (Strabone) We keep reliability statistics for  
8 every interruption regardless, on our system  
9 every day.

10 Q Okay. So, any interruption, if it's a storm or  
11 if it's a major storm, you track those  
12 interruption?

13 A (Strabone) Yes.

14 Q And does the Outage Management System generically  
15 refer to interruptions as "troubles"?

16 A (Strabone) Yes.

17 Q Okay. It wasn't built for the major storms,  
18 right, it's built for any interruption?

19 A (Strabone) It's in our Outage --

20 *[Court reporter interruption.]*

21 **BY THE WITNESS:**

22 A (Strabone) It's in Outage Management System for  
23 any interruption on our electric system.

24 BY MS. SCHWARZER:

[WITNESS PANEL: Tebbetts|Strabone]

1 Q And you don't understand the Department to be  
2 suggesting that you shouldn't keep data for  
3 interruptions to service lines, it's -- that's  
4 appropriate for Liberty to do?

5 A (Strabone) Correct.

6 Q So, the dispute is whether outages on service  
7 lines count towards the definition of a "Major  
8 Storm"?

9 A (Strabone) I believe that's what you had raised,  
10 yes.

11 Q Is that your understanding, Ms. Tebbetts?

12 A (Tebbetts) That the Department has raised that  
13 issue? Yes.

14 Q And Liberty and the Department see it  
15 differently?

16 A (Tebbetts) We agree to disagree at this time.

17 Q So, let me direct Mr. Strabone to Exhibit 15.  
18 And you have described this as a "typical pole  
19 diagram" that you provide to customer service  
20 representatives?

21 A (Strabone) They are one group that gets this,  
22 yes.

23 Q And just how old do you think this diagram is?

24 A (Strabone) At least 22 years old.

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[WITNESS PANEL: Tebbetts|Strabone]

1 Q And there's a -- I believe a former "Liberty"  
2 logo in the lower right-hand corner, that might  
3 be one of the reasons you know?

4 A (Strabone) I know this because I've been in the  
5 industry for 22 years, and I've seen this  
6 multiple times throughout the course of my  
7 career.

8 Q And this diagram labels three different types of  
9 lines, doesn't it?

10 A (Strabone) No.

11 Q It has three different labels attached to lines?

12 A (Strabone) For terminology purposes, yes.

13 Q Okay, for terminology purposes. And, for  
14 terminology purposes, is there -- is there  
15 anything that distinguishes a service to a house  
16 line, either geographically or number of outages,  
17 from a secondary line?

18 A (Strabone) It's just the last piece of wire. It  
19 just determines if that's the wire that's  
20 connecting to the house, that is part of the  
21 secondary, since it's the secondary voltage of  
22 120 and 240.

23 Q And, Mr. Strabone, I understand it's your  
24 position that since the voltage, in your opinion,

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[WITNESS PANEL: Tebbetts|Strabone]

1 the voltage on the service to the house and the  
2 secondary cable are the same, it's therefore the  
3 same line?

4 But, if you were a customer service  
5 representative, hypothetically, and you were  
6 going to describe an outage to the Company's  
7 service group, would it be relevant if a  
8 secondary cable were out with regard to the  
9 number of customers that might need service?

10 A (Strabone) Not necessarily.

11 Q "Not necessarily." Could you explain?

12 A (Strabone) Yes. Sure. A service to a building,  
13 depending on the size of it, could have, thinking  
14 of an apartment building, you could have 50  
15 customers off of that one single service, or, in  
16 a residential, you could have one customer.

17 Q But if you were trying to plan for what trucks to  
18 send and what resources were needed, would it  
19 matter to the Company whether it was a secondary  
20 cable or a single service to house line?

21 A (Strabone) Only in the fact that we want to know  
22 what component of the system or where on the  
23 system it is occurring.

24 This would be no different than a

[WITNESS PANEL: Tebbetts|Strabone]

1 homeowner calling somebody for a repair to their  
2 house. You know, you have different components  
3 of your house, walls, foundation, windows, doors,  
4 a roof. If you were to call a handyman, they're  
5 going to ask you questions of what component  
6 is -- that you're having trouble with or damage.  
7 Essentially, they're going to ask you that so  
8 they know what to bring for tools or materials or  
9 equipment to help repair it.

10 That's the same that we're doing here.  
11 We're just -- we're trying to get as much  
12 information available from the customer or the  
13 person calling in, so we can relay that  
14 information to our Operations folks, so they can  
15 make sure that they have the appropriate tools  
16 and equipment to report to the site and make the  
17 repairs, you know, as fast as possible.

18 Q And looking at the diagram, one component is  
19 "Secondary Cable" and one component is "Service  
20 to house"?

21 A (Strabone) To me, they're the same component.  
22 Its just the terminology.

23 Q Ms. Tebbetts, one component is the "Secondary  
24 Cable" and one component is "Service to house"?

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) No, I see them as the same component.  
2 And, again, I think, as Mr. Strabone noted  
3 earlier, as an engineer, a Professional Engineer,  
4 I would rely on him to further explain this. I  
5 am not an engineer. And, so, I rely on my  
6 engineers at the Company to explain how the  
7 electrical system works.

8 Q Well, I didn't ask about how the electrical  
9 system works. I just asked you if there were  
10 three components labeled differently?

11 A (Tebbetts) I'm sorry, I should have said "how  
12 it's built."

13 Q If you would direct your attention to Exhibit  
14 Number 27, Bates Page --

15 A (Tebbetts) Excuse me, I apologize. We didn't  
16 have a chance to print these out. I don't know  
17 if you have an additional copy that we could look  
18 at? I'm sorry.

19 MS. SCHWARZER: One moment.

20 WITNESS TEBBETTS: Or, I could start my  
21 computer real quickly. If you want to give me  
22 one minute, I will start my computer.

23 MS. SCHWARZER: Sure. That would be  
24 great. Thank you.

[WITNESS PANEL: Tebbetts|Strabone]

1 WITNESS TEBBETTS: Thank you.

2 MR. SHEEHAN: Ms. Tebbetts, these are  
3 our data responses, Exhibit 27.

4 WITNESS TEBBETTS: Okay. Never mind, I  
5 apologize. We have that. I think I wrote them  
6 down as a "no exhibit number". So, go ahead.

7 BY MS. SCHWARZER:

8 Q Okay. So, Exhibit 27 are responses to data  
9 requests from Liberty to the Department that were  
10 filed on July 15th, correct?

11 A (Tebbetts) Yes.

12 Q And the question, the data request at the bottom  
13 of Bates Page 002 says: "Please provide a  
14 narrative explanation, and documentation,  
15 including, but not limited to, all internal  
16 Liberty emails or meeting notes, and emails or  
17 meetings with DOE Staff, that document what  
18 Liberty asserts is the "original meaning" of  
19 "troubles" and "concurrent" and any "change" to  
20 the meaning of those terms. Please distinguish  
21 between a change in the terms as defined, and any  
22 internal practice or practices Liberty may have  
23 adopted. Please describe changes to the  
24 definitions, if any, and Liberty's internal

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[WITNESS PANEL: Tebbetts|Strabone]

1 practices." Did I read that correctly?

2 A (Tebbetts) Yes.

3 Q Okay. And Liberty has attached one document in  
4 response to that data request -- or, several,  
5 actually, I guess. You've attached the  
6 Department's Report and Recommendation for  
7 calendar year 2019, which has already been marked  
8 as "Exhibit 12", and you've attached the Report  
9 and Recommendation, I believe, for 2020. But  
10 there's one new document that you've attached as  
11 Bates Page 005, is that correct?

12 A (Tebbetts) Yes.

13 Q And that document is an email from National Grid  
14 Staff to Liberty Staff?

15 A (Tebbetts) Yes.

16 Q And it's dated "2013"?

17 A (Tebbetts) Yes.

18 Q And were you with Liberty at that -- or, were you  
19 with Granite State Electric at that time?

20 A (Tebbetts) No.

21 Q So, you were still working with Eversource?

22 A (Tebbetts) Yes.

23 Q This email exchange says -- quotes the definition  
24 of a "Major Storm", and then National Grid told

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[WITNESS PANEL: Tebbetts|Strabone]

1 Liberty "We have traditionally interpreted  
2 "concurrent trouble" to mean "IDS events on the  
3 same day". Did I read that correctly?

4 A (Tebbetts) Yes.

5 Q And Liberty expected Northern's interpretation --  
6 or, excuse me, National Grid's interpretation?

7 A (Tebbetts) Yes. Let me see that again. "IDS  
8 events in the same day". Yes, that's correct.

9 Q And that was Northern's -- that was National  
10 Grid's interpretation, and Liberty just accepted  
11 that?

12 A (Tebbetts) Actually, we didn't just accept it.  
13 Some of these folks, prior to working at Liberty,  
14 were at National Grid doing this work. We were  
15 in the process of working through our service  
16 agreement through the merger with these folks.  
17 And, so, some of these folks had already  
18 transitioned to Liberty from National Grid.

19 Q Okay. I think that -- I don't think that was  
20 responsive, but good to know.

21 There's no definition -- no dictionary  
22 definition of "concurrent" in that email, is that  
23 correct?

24 A (Tebbetts) There is not.

[WITNESS PANEL: Tebbetts|Strabone]

1 Q And if we go to Exhibit 26?

2 A (Tebbetts) I don't have Exhibit 26. And I'm not  
3 familiar with the Eversource storm document.

4 Q Well, I think your testimony was that you worked  
5 for Eversource in the Storm Report field for many  
6 years before you came to Liberty, is that  
7 correct?

8 A (Tebbetts) I did. But I believe the date on that  
9 was "July 15, 2022". I have not worked at  
10 Eversource since September of 2014.

11 Q That's not going to be a problem with regards to  
12 the question I want to ask you. So, thank you,  
13 though. Do you have Exhibit 26 before you?

14 A (Tebbetts) I don't.

15 Q Can you -- does anybody else have it or can you  
16 open your computer?

17 A (Tebbetts) I can open my computer.

18 Q Thank you.

19 A (Tebbetts) Apparently, I am being restricted  
20 access to the Wi-Fi here. So, give me one  
21 moment, so I can turn my hotspot on and try it  
22 there.

23 MS. SCHWARZER: Mr. Chairman, if I  
24 could approach, it will be a short question,



[WITNESS PANEL: Tebbetts|Strabone]

1 directed to Bates Page 005 of Exhibit 26, or I'm  
2 happy to wait?

3 CMSR. SIMPSON: Just give Ms. Tebbetts  
4 a moment, so she can pull the exhibit up.

5 MS. SCHWARZER: Thank you.

6 WITNESS TEBBETTS: My apologies. We  
7 have to get into our computer system in 20  
8 different ways. So, it just takes a minute. I  
9 just want to pull up the exhibit. And I believe  
10 you said "26", correct?

11 MS. SCHWARZER: Yes. Exhibit 26.

12 WITNESS TEBBETTS: Thank you.

13 CMSR. SIMPSON: Bates 005?

14 MS. SCHWARZER: Bates 005.

15 CMSR. SIMPSON: Thank you.

16 WITNESS TEBBETTS: Okay. I'm there.

17 MS. SCHWARZER: Thank you.

18 WITNESS TEBBETTS: Oh, wait. Oh, gosh.  
19 Okay. I'm sorry, now it won't open your *pdf*.  
20 Oh, my goodness.

21 MS. SCHWARZER: Let me -- take your  
22 time. We're okay.

23 WITNESS TEBBETTS: Okay, I think it's  
24 there. "Bates 005" you said, right?

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[WITNESS PANEL: Tebbetts|Strabone]

1 MS. SCHWARZER: Yes.

2 WITNESS TEBBETTS: Right. Okay. Now,  
3 I'm here. Thank you.

4 BY MS. SCHWARZER:

5 Q Okay. So, this is the Audit Report attached to a  
6 recent Report and Recommendation from the  
7 Department with regard to a Major Storm Report  
8 for Eversource, in Docket DE 21-089. And I  
9 understand that you haven't worked at Eversource  
10 since approximately 2014.

11 But, if you look under the heading  
12 "Definition of a Major Storm", this page,  
13 Bates 005, quotes the Eversource Settlement and  
14 definition of "Major Storm" used there, says:  
15 "Under the MSCR, a qualifying major storm is  
16 defined as a storm that results in either 10  
17 percent or more of PSNH's retail customers being  
18 without power in conjunction with more than 200  
19 reported troubles, or more than 300 reported  
20 troubles during the event." Did I read that  
21 correctly.

22 A (Tebbetts) Yes.

23 Q Is that your memory of what the definition of  
24 "Major Storm" was in Eversource?

[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) I'm going to rely that it was in  
2 Docket DE 12-320.

3 Q And is it Liberty's position that the definition  
4 in Exhibit 10 means the same thing as the  
5 definition here?

6 MR. SHEEHAN: Objection. The  
7 Eversource definition is irrelevant. What's  
8 relevant is a definition in our Settlement  
9 Agreement, and the ten years of history of  
10 applying that definition.

11 Could we have used different words? Of  
12 course. But that's not what's relevant in this  
13 proceeding.

14 MS. SCHWARZER: Mr. Chairman, it's  
15 highly relevant that other words could be used,  
16 and it's also relevant that Liberty employee who  
17 was in charge of interpreting the document within  
18 Eversource for a number of years, and that that  
19 would have -- could easily have colored or  
20 contributed to her understanding of what  
21 "troubles" meant in the storm docket.

22 MR. SHEEHAN: Just one comment. That's  
23 not the question that was asked. She can  
24 certainly ask "did Ms. Tebbetts' understanding of

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[WITNESS PANEL: Tebbetts|Strabone]

1 the Eversource definition color her application  
2 of the definition here?"

3 But that wasn't the question that was  
4 asked.

5 MS. SCHWARZER: Well, I can also ask --  
6 I'll rephrase.

7 BY MS. SCHWARZER:

8 Q Does Liberty assert that the definition in the  
9 Settlement Agreement marked as "Exhibit 10", with  
10 regard to "concurrent troubles", is essentially  
11 equivalent to reported troubles during the event?

12 A (Tebbetts) Oh. Reported troubles during the  
13 event in Exhibit 10?

14 Q No.

15 A (Tebbetts) Or are you talking about Exhibit 26?

16 Q No. I'm asking you to compare the two.  
17 Exhibit 10 uses the phrase "concurrent troubles",  
18 and Exhibit 26 uses the phrase "reported troubles  
19 during the event". And I'm asking you if it's  
20 your position that those phrases have the same  
21 meaning?

22 A (Tebbetts) Well, actually, the information here  
23 is very different than what Eversource -- from  
24 Liberty and Eversource. They have "10 percent";

[WITNESS PANEL: Tebbetts|Strabone]

1 we have "15 percent". And "200"; we have "45".  
2 And, so, the information is different. I would  
3 not contend that they're the same. The word  
4 "concurrent" is not in here.

5 Q And let me just restate --

6 A (Tebbetts) And, so, --

7 Q Let me just restate the question, because it's  
8 pretty narrow. Is it your position that the  
9 phrase in the "Major Storm" definition in Exhibit  
10 "Concurrent troubles" means the same thing as  
11 "reported troubles during the event"?

12 A (Tebbetts) I, honestly, don't remember how we  
13 reported troubles when I was there. I don't --  
14 and, what I'm telling you is, I don't know,  
15 because I don't recall how we reported troubles.  
16 And I am not going to say if they were  
17 "concurrent" or not, because I just can't  
18 remember.

19 Q Okay. Let me ask a general question for both of  
20 you. There was some discussion about the Company  
21 being "disincentivized to promptly repair  
22 outages", were the Department's definition to be  
23 adopted. Would you agree that repairs should  
24 always be done as quickly and safely as possible?

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Strabone) Yes, I do.

2 Q Ms. Tebbetts?

3 A (Tebbetts) Yes.

4 Q And the Company would never delay repairs in  
5 order to create additional concurrent outages?

6 A (Tebbetts) No.

7 A (Strabone) No.

8 Q Ms. Tebbetts, a different topic. What were the  
9 transportation costs in Storm Reports prior to  
10 2018, with regard to regular maintenance and O&M  
11 costs related to trucks?

12 A (Tebbetts) There weren't. In going back and  
13 looking, I think that I had found one instance  
14 of -- I want to say it was, like, \$238, where we  
15 had included that. And that is due to the fact  
16 that, again, we were opening a capital work  
17 order. Many adjustments have to be made to  
18 remove those burdens. And I want to say it was  
19 an oversight by the Company for not removing  
20 them. They should not have been in there,  
21 because we do not apply burdens to expense work  
22 orders.

23 Q So, let me direct your attention to Exhibit 27,  
24 Bates 042 to 045. This was a data request from

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[WITNESS PANEL: Tebbetts|Strabone]

1 the Department asking Liberty to provide  
2 information with regard to our concern about  
3 Liberty capitalizing fleet depreciation.

4 And would you agree with me that your  
5 recent position with regard to "there should have  
6 been no fleet expenses" was not something we were  
7 aware of until we received an email this morning?

8 A (Tebbetts) I would agree with you. And, through  
9 this line of questioning, we had to go back and  
10 try to understand what you're asking about in the  
11 Storm Fund. And, through many discussions,  
12 email, and in person, actually, in the office,  
13 through the question of, I believe, we received  
14 in our tech session "what changed?" We realized  
15 the change was we were opening capital work  
16 orders. And that's where all of the work had  
17 come from to make all these adjustments to remove  
18 things. And, in 2018, we stopped that practice.

19 And, so, yes, unfortunately, after  
20 asking and discussing this in the office and with  
21 you guys, we realized it yesterday morning that  
22 was the change. There was no accounting change.  
23 There was no -- any other change. It was simply  
24 we stopped opening capital work orders for the

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[WITNESS PANEL: Tebbetts|Strabone]

1 simple reason it was a nightmare to administer  
2 when we made this filing. And we started just  
3 opening expense work orders, where we didn't have  
4 to remove burdens.

5 Q And this was a question -- an issue in the 19-064  
6 rate case, is that correct? It was just not  
7 addressed?

8 A (Tebbetts) This was an issue in the rate case,  
9 yes.

10 Q And it was an issue in the Exhibit 12, there's --  
11 Mr. Demmers [sic] recommends that this practice  
12 be ceased and addressed?

13 A (Tebbetts) Yes.

14 Q And, again, then, in the most recent, Exhibit 22,  
15 Department Report and Recommendation, we  
16 recommended that the practice be discontinued and  
17 that Liberty comply with FERC rules?

18 A (Tebbetts) So, to be clear, the Department  
19 requested we discontinue this practice in the  
20 Storm Fund. The issue associated with the rate  
21 case is separate, because these rates -- this  
22 cost in the Storm Fund do not include any fleet  
23 burdens. So, while Mr. Demmer -- while Mr.  
24 Demmer included that this should be "ceased", it

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[WITNESS PANEL: Tebbetts|Strabone]

1 was never there.

2 Q What expenses had been included prior to 2018 for  
3 transportation?

4 A (Tebbetts) It should have been none. But I do  
5 believe that there might have been a couple  
6 instances where we, unfortunately, did not remove  
7 those dollars from the filing, because we  
8 inadvertently missed it. Because, again, burdens  
9 do not get -- burdens do not get applied to work  
10 orders -- expense work orders, and the fleet  
11 transmission burden would only be applied to a  
12 capital work order.

13 And I believe we did explain that in  
14 Exhibit 27, on Page -- Bates Page 044, under  
15 Part c, says "At the end of every month, the  
16 clearing in the account is spread to O&M accounts  
17 based on a percentage of labor. Fleet  
18 depreciation is not a part of this account. And  
19 the fleet depreciation is debited to the 403  
20 Depreciation Expense, and the capitalized portion  
21 is moved from the 403 Depreciation to the burden  
22 overhead bucket."

23 And due to that, no burdens for fleet  
24 ever hit O&M jobs, and these jobs are O&M jobs.

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[WITNESS PANEL: Tebbetts|Strabone]

1           So, in the past, I believe, because we were  
2           opening capital work orders, we missed a few  
3           instances where it should have been adjusted and  
4           removed.

5   Q       Well, if the Department's view is that the  
6           depreciation expenses should be apportioned  
7           between the Storm Reports and the capitalized  
8           jobs, would that mean that Liberty is  
9           undercharging the Storm Fund for fleet  
10          depreciation?

11   A       (Tebbetts) I guess we are. And we are okay with  
12          that, because we believe that fleet  
13          depreciation -- the fleet issue is a burden  
14          issue, and burdens get applied to capital jobs,  
15          and not O&M jobs, or expense jobs.

16                       MS. SCHWARZER: Could I have a moment,  
17          Mr. Chairman?

18                       CMSR. SIMPSON: Sure.

19                       (Atty. Schwarzer conferring with Ms.  
20          Moran.)

21   BY MS. SCHWARZER:

22   Q       Ms. Tebbetts, are there other transportation  
23          costs associated with the Storm Fund, such as  
24          tires, gas, trucks that should be appearing, and

[WITNESS PANEL: Tebbetts|Strabone]

1 did until 2018, and are no longer charged to the  
2 Storm Fund?

3 A (Tebbetts) Again, those are charges that are  
4 burdens, and were -- are included in capital  
5 jobs. And, so, no, they should not be included.  
6 And, yes, there were instances where they were  
7 included inadvertently, because we did not adjust  
8 for those dollars. And that is a mistake on the  
9 Company, I will say.

10 MS. SCHWARZER: Just a moment, Mr.  
11 Chairman. Thank you.

12 *[Short pause.]*

13 BY MS. SCHWARZER:

14 Q Ms. Tebbetts, it's the Department's view that  
15 the -- strike that.

16 Is it Liberty's view that you aren't  
17 able to remove funds without a final audit? Is  
18 that an internal practice?

19 A (Tebbetts) We always want something to direct us  
20 to making the right decision from the Department,  
21 to say, you know, "you were prudent in these  
22 costs", or "these costs are prudent over here,  
23 and we don't believe these others are." So, I  
24 mean, we want some kind of verification, from the

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[WITNESS PANEL: Tebbetts|Strabone]

1 Department or Commission, from a regulatory  
2 authority that say, you know, "you can collect  
3 these funds."

4 Q But, as a business and a company, it's your  
5 responsibility, ultimately, to meet whatever  
6 standards have been agreed to, and you can move  
7 forward without input from the Department?

8 A (Tebbetts) We could. But, then, we run the risk  
9 of what's happening here. Right? If we had  
10 moved all this money over, and now we're in this  
11 litigation, and we have to move it back. So, we  
12 would always want to have something that provides  
13 verification that the decisions we made were  
14 prudent, and we can move forward.

15 Q Well, there's no requirement, you would agree, in  
16 legislation, there's no requirement that you wait  
17 for an audit report?

18 A (Tebbetts) There is no regulatory or legislative  
19 requirement that we wait for a report.

20 Q Now, I'm looking for an exhibit. Exhibit 24,  
21 Bates Page 014. This is a 2017 Storm Fund Audit  
22 Report.

23 A (Tebbetts) Just one minute please.

24 Q Bates Page 014.

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) I'm just trying to find where you  
2 filed that. I'm sorry. I'm looking for it in  
3 your list of exhibits, I only see 25 through --

4 Q Because it's your exhibit.

5 A (Tebbetts) Oh, that's a good reason. I'm sorry.  
6 I'm sorry, it's a long morning. Just one minute  
7 please.

8 CMSR. SIMPSON: Take your time.

9 MS. SCHWARZER: That's okay. And it  
10 may have been a separate email. I think it was  
11 sent separately.

12 MR. SHEEHAN: It's the older Audit  
13 Reports.

14 WITNESS TEBBETTS: One minute.

15 *[Short pause.]*

16 WITNESS TEBBETTS: I am there. I  
17 apologize. I missed the third email from our  
18 attorney to print it out for today. So, I have  
19 it up now.

20 MS. SCHWARZER: That's okay. I think  
21 we're all feeling like there's a lot of paper and  
22 lot of electronic exhibits. No worries.

23 BY MS. SCHWARZER:

24 Q So, if you are on Bates Page 014 of that exhibit,

[WITNESS PANEL: Tebbetts|Strabone]

1           which is the 2017 Final -- is the Final Audit  
2           Report on the 2017 Storm Report.

3   A       (Tebbetts) I'm just making sure I'm on 14, Bates  
4           014. I'm on 14, yes. Go ahead.

5   Q       Okay. There's a heading that says  
6           "Transportation".

7   A       (Tebbetts) Yes.

8   Q       And there's a discussion of the "Transportation  
9           costs charged to the storm", and it goes on to  
10          Bates Page 015. So, at least in the 2017 Storm  
11          Report, there were a number of charges related to  
12          transportation that were asked to be paid for  
13          from the Storm Fund?

14   A       (Tebbetts) Yes, I see that.

15   Q       Okay. And, after Liberty changed a policy, there  
16          are now no transportation charged to Storm  
17          Reports at all, correct?

18   A       (Tebbetts) Yes.

19   Q       Where do fleet clearing expense accounts post?

20   A       (Tebbetts) To capital jobs.

21   Q       In Exhibit 27, I think, and I'm happy to pull up  
22          the citation, didn't Liberty agree that  
23          pre-staging events and storm electricity  
24          restoration are not capital jobs?

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) Yes.

2 Q So, then, why would fleet clearing expenses post  
3 to a capital jobs account?

4 A (Tebbetts) I don't understand your question.

5 Q Okay. I probably asked it incorrectly.

6 A (Tebbetts) Yes, I don't understand.

7 Q Why aren't any of the fleet clearing expense  
8 accounts allocated to O&M jobs as well?

9 A (Tebbetts) Well, all I can tell you is, based on  
10 our accountants, that they -- what we provided in  
11 Section c. of Exhibit 27 -- 24 -- no, 27, that --

12 CMSR. SIMPSON: Ms. Tebbetts, do you  
13 have a Bates page?

14 WITNESS TEBBETTS: I'm sorry, yes.

15 Bates Page 043 [044?], Section c.

16 **CONTINUED BY THE WITNESS:**

17 A (Tebbetts) That fleet depreciation is not part of  
18 the O&M clearing account, and the capitalized  
19 portion is moved from 403 to the burden. And,  
20 so, the OpEx portion of the fleet depreciation  
21 remains in 403, and does not get that -- is not  
22 part of the fleet clearing account that gets  
23 allocated.

24 So, again, from an accounting

[WITNESS PANEL: Tebbetts|Strabone]

1           standpoint, we do not apply fleet depreciation to  
2           O&M charges, which means we do not apply them to  
3           Storm Fund.

4                   CMSR. SIMPSON: And, just for the  
5           record, I believe Ms. Tebbetts is reading from  
6           Bates Page 044 of Exhibit 27.

7                   WITNESS TEBBETTS: Yes. Thank you.

8 BY MS. SCHWARZER:

9 Q       Would maintenance and repair not appropriately be  
10       charged to the Storm Fund?

11 A       (Tebbetts) Well, if maintenance and repair is  
12       part of the burden, then, no, it would not,  
13       because it is part of the burden.

14 Q       And, finally, on Bates Page 45, the Department  
15       asked Liberty if you sought the opinion of third  
16       party consultants on this topic, and Liberty has  
17       not done that, is that correct?

18 A       (Tebbetts) That is correct.

19                   MS. SCHWARZER: No further questions.  
20       Thank you, Mr. Chairman.

21                   CMSR. SIMPSON: Okay. Thank you.

22                   Okay. Before we jump to Commissioner  
23       questions, we're going to take a break for lunch.  
24       Given the time that has spent thus far, I'd like

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[WITNESS PANEL: Tebbetts|Strabone]

1 to suggest just a half an hour, unless there's  
2 any issue with that from the parties?

3 *[No verbal response.]*

4 CMSR. SIMPSON: Okay. So, then, let's  
5 return at ten past one (1:10) for Commissioner  
6 questions, we'll then go to Liberty redirect, and  
7 then we'll move over to the DOE witnesses.

8 Off the record.

9 *(Lunch recess taken at 12:38 p.m., and*  
10 *the hearing resumed at 1:18 p.m.)*

11 CMSR. SIMPSON: Let's go back on the  
12 record. And we'll have Commissioner questions,  
13 starting with Commissioner Chattopadhyay.

14 CMSR. CHATTOPADHYAY: Good afternoon.

15 So, let's -- the term "concurrent", I'm  
16 having some difficulty, just making sure I'm  
17 understanding what the DOE and the Company are  
18 quibbling about. So, let me just -- I just want  
19 to make sure I understand it, okay?

20 WITNESS TEBBETTS: Uh-huh.

21 BY CMSR. CHATTOPADHYAY:

22 Q So, somebody must be there, you know, sort of  
23 declaring there is a storm today, or not, right?  
24 And then, when a storm happens, people --

[WITNESS PANEL: Tebbetts|Strabone]

1 A (Strabone) Yes.

2 Q -- people know that there is a storm?

3 A (Strabone) Yes, I would make -- as the role of  
4 the Incident Commander, I would make that  
5 notification to senior leadership that we are  
6 watching an event or we are preparing for one.

7 Q And let's say you have outages during that  
8 period. When you -- when you say "concurrent",  
9 are you implying that you have, let's say, six or  
10 seven outages happening, and they're all, even  
11 though they're not happening simultaneously, not  
12 at the same times, but they could be happening at  
13 different periods, but as long as they are all  
14 connected. Is that what you mean by "concurrent"  
15 or do you mean, you know, seven of them happening  
16 at the same time?

17 A (Strabone) We interpret it to be associated with  
18 a storm event, and happening in the duration of  
19 the storm.

20 Q That's how you're interpreting it, okay.

21 A (Tebbetts) So, we would consider "concurrent" to  
22 be from the time the first outage occurred, and  
23 any outages after that, until the last outage  
24 occurs. So, there's a period between that first

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1 outage and that last outage. Whatever time  
2 period that is, we consider that "concurrent".

3 Q During that defined storm?

4 A (Tebbetts) Yes.

5 A (Strabone) Yes.

6 Q Okay. And just that's helpful to understand.  
7 And I'll get the understanding from DOE later, as  
8 to what they think it is, okay.

9 So, let's go to Bates -- sorry,  
10 Exhibit -- I think it was Exhibit 13. And let's  
11 go to Page -- it's Bates Page 066. And I know  
12 that the Company's attorney was asking, going  
13 through these listings, and he was asking about  
14 there are these events or outages or troubles  
15 that were affecting only one customer, okay? So,  
16 just trying to show all these events. I'm using  
17 my own word here.

18 So, if you look at one, two, three,  
19 four, five, six, seven, eight. Number 8, Row  
20 Number 8, that is not -- that's not defined as  
21 "Secondary/Service - overhead", right?

22 A (Strabone) If I'm looking at the correct one, if  
23 I may just reference you to the left-hand column,  
24 where it says "Event ID", it is "7475519", is

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1 that the correct one?

2 Q Correct. That's the one.

3 A (Strabone) Correct. The "Classification" says  
4 "Transformer - overhead" for "1" customer.

5 Q Right. So, it's not -- so, but that's just one  
6 person, one customer being impacted?

7 A (Strabone) That is correct.

8 Q That is also part of the -- that's counted as a  
9 trouble during the storm?

10 A (Strabone) Yes, it is.

11 Q That's the Company's position?

12 A (Strabone) Yes, it is. Because it requires a  
13 crew to go out and make a repair prior to that  
14 customer having service again, or being  
15 energized. So, we treat that as an interruption  
16 of service, and requiring -- and, therefore, as a  
17 trouble.

18 Q Where would you characterize that as, a secondary  
19 or primary? If you were reading the "Major  
20 Storm" definition, where would that fall?

21 A (Strabone) Not having the other detail and  
22 comments that go along with that, I wouldn't know  
23 what the damage was to the transformer, whether  
24 it was a broken bushing, or something on the

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1 secondary side, what the true cause was. To me,  
2 this is a piece of equipment that failed on the  
3 system. So, at the very generic, I would  
4 identify this as "equipment failure", which  
5 caused an outage. And going further, the  
6 transformer is connected both to the primary and  
7 secondary system.

8 Q Yes, I just wanted to --

9 A (Strabone) Yes.

10 Q So, in Exhibit 15, you had a diagram, and, you  
11 know, don't need to look at it, I'm just going to  
12 ask a question.

13 A (Strabone) Sure.

14 Q So, the way you were describing it, there's the  
15 secondary line and there's the primary line, and  
16 then there was these two lines that said "Service  
17 to house". I'm curious whether you have any  
18 definition for those lines, not "definition", any  
19 term, terminology, for those lines that are  
20 properly defined somewhere? So, the "Service to  
21 house", what do you call those lines?

22 A (Strabone) We refer to it as the "service". It's  
23 still part of the secondary system, but we refer  
24 to it as the "service".

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[WITNESS PANEL: Tebbetts|Strabone]

1 Q Is the term "service" defined formally anywhere?

2 A (Strabone) It may be in the National Electric  
3 Safety Code. I would have to -- I can't recall  
4 what section, but I believe there may be a  
5 definition of "service" in the National Electric  
6 Safety Code.

7 Q Can you go back and check that, and provide a  
8 confirmation, whether it's there or not, and, if  
9 so, I'd like to look at it?

10 A (Strabone) Yes, I can.

11 CMSR. SIMPSON: Looks like a record  
12 request?

13 CMSR. CHATTOPADHYAY: Yes. I was going  
14 to turn around -- and, so, I think it would help  
15 if I phrase it right.

16 So, I would say, please define  
17 "service" as it may be contemplated by -- and I  
18 think you mentioned a few sources, please mention  
19 those? What were those? The sources? The  
20 National --

21 WITNESS STRABONE: National Electric  
22 Safety Code.

23 CMSR. CHATTOPADHYAY: Okay.

24 WITNESS STRABONE: It may be in there.

[WITNESS PANEL: Tebbetts|Strabone]

1 So, essentially, I believe what you're asking for  
2 is if there's an industry standard definition for  
3 "service"?

4 CMSR. CHATTOPADHYAY: Yes.

5 MS. SCHWARZER: Excuse me, Mr.  
6 Chairman. Might the Department have an  
7 opportunity to respond as well?

8 CMSR. SIMPSON: Sure.

9 CMSR. CHATTOPADHYAY: Sure.

10 MS. SCHWARZER: Thank you.

11 CMSR. CHATTOPADHYAY: Are you set with  
12 it?

13 CMSR. SIMPSON: Yes, I think so.

14 CMSR. CHATTOPADHYAY: Thank you.

15 BY CMSR. CHATTOPADHYAY:

16 Q So, just bear with me, I'm trying to go to the  
17 right exhibit. So, I'm going to confess that I  
18 was having difficulty understanding the  
19 discussion about the transportation equipment  
20 depreciation charges and all of that. It's not  
21 very clear to me.

22 So, I'm going to go to Exhibit 22. And  
23 I know it's from DOE, but, if I can extract  
24 something useful from you, too, then, I would,

[WITNESS PANEL: Tebbetts|Strabone]

1 you know, I would definitely do that.

2 So, I think, so, if you go to Bates  
3 Page, what is that? Doesn't have a Bates page  
4 there, but it's number 7. Let's go to Page 7.

5 Okay. And the DOE says, in number 3,  
6 okay, "Direct the Company to modify its treatment  
7 of transportation equipment depreciation charges  
8 in the burden rate to comply with FERC  
9 requirements, make adjustments to the 2019 ASFR  
10 and 2020 ASFR accordingly, and to comply with all  
11 applicable FERC requirements in future ASFRs."

12 So, I'm not asking necessarily about  
13 the ASFR piece of it. What was discussed and  
14 what the Company said is being done now, does  
15 that comply with the FERC requirements?

16 A (Tebbetts) So, yes, it complies. But it only  
17 complies because burdens are not applied to the  
18 Storm Fund work orders. So, I guess, in that  
19 sense, it doesn't apply, right, because we aren't  
20 applying burdens. If we were applying burdens,  
21 then we'd be having the further discussion on it.  
22 But, because we're not applying burdens, the  
23 fleet depreciation issue doesn't apply. It gets  
24 applied to burdens. Burdens don't get applied to

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[WITNESS PANEL: Tebbetts|Strabone]

1 the storm work orders.

2 Q And, again, repeating, I'm not fully  
3 comprehending everything. So, my question really  
4 is, what the Company is doing, does that create  
5 issues with meeting FERC requirements?

6 A (Tebbetts) It does not, because the fleet  
7 depreciation issue is not at issue here, given  
8 that we are not including fleet charges to the  
9 storm work orders.

10 Q Okay. Some of these questions, including the  
11 previous one, I'm going to ask the DOE as well,  
12 but I just want to understand.

13 So, the issue of primary versus --  
14 sorry, secondary versus service line, that got  
15 flagged during 2019's investigation by the Staff,  
16 correct?

17 A (Tebbetts) Yes. The Audit Report was completed,  
18 and then we received that memo a year later.

19 Q And the issue of "concurrence" or what  
20 "concurrent", within quotes, means, that came up  
21 after 2019? Or did it come up at the same time?

22 A (Tebbetts) So, just -- if it's okay for me to  
23 just elaborate the process?

24 Q It is.

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) Okay. So, in 20 -- April 1st, 2020,  
2 we made our 2019 calendar year Storm Fund filing.  
3 We went through the process of an audit with the  
4 Audit Staff. On September 30th, they sent along  
5 their Final Audit Report to the parties.

6 Q Uh-huh.

7 A (Tebbetts) And we received some data requests  
8 from the Staff at the time, Commission Staff at  
9 the time, and I want to say it was in November.  
10 These issues were not brought up, the "service"  
11 issue nor the "concurrent" issue. We received a  
12 recommendation in March of 2021 where these two  
13 issues arose. And, outside of that, we had not  
14 heard of these issues prior to that  
15 recommendation.

16 Q Where, in that review, and maybe I missed it, the  
17 issue of, you know, the terminology "concurrent"  
18 came as is being discussed? So, if you go to  
19 Exhibit 12, can you just show me that?

20 A (Tebbetts) Yes. I'll just get there.

21 Q Because I see the discussion about "troubles",  
22 and, you know, that, but --

23 A (Tebbetts) Let's see. Okay. So, if you go to  
24 Page --

[WITNESS PANEL: Tebbetts|Strabone]

1 Q I think I see it now.

2 A (Tebbetts) -- 3. Yes. It's like the third  
3 paragraph that reads --

4 *[Court reporter interruption.]*

5 WITNESS TEBBETTS: Oh, I'm sorry.

6 **BY THE WITNESS:**

7 A (Tebbetts) Page 3. And, if you go "January 19,  
8 2019" [January 9, 2019?] "Storm Event", and one  
9 two -- the last paragraph.

10 BY CMSR. CHATTOPADHYAY:

11 Q Yes.

12 A (Tebbetts) "Staff has reviewed this storm event."  
13 And it says in there "The graph in Attachment  
14 KFD-2", that section.

15 CMSR. CHATTOPADHYAY: Okay. Yes.

16 Thank you. I think I see it. It also shows up  
17 in Bates Page 005, I think. There's more  
18 discussion there, yes.

19 So, I'm good for now. Thank you.

20 CMSR. SIMPSON: Okay. I'll continue on  
21 that same exhibit then, just while we're on it.

22 BY CMSR. SIMPSON:

23 Q So, I'm looking at Bates Page 003, Exhibit 12.

24 "In order for an event to be concurrent with

[WITNESS PANEL: Tebbetts|Strabone]

1 another event, a part of that outage event must  
2 occur at the same time as another event outage."

3 Did I read that right?

4 A (Tebbetts) Yes.

5 Q So, to me, that would seemingly indicate that,  
6 within an event, the PUC Staff's analysis at the  
7 time of this Audit Report was that you have a  
8 storm event, beginning to end. Within that  
9 timeframe, you have outages that are occurring  
10 throughout it. And the Company is repairing  
11 outages and getting new outages as the storm  
12 continues. That, for concurrence, you have to  
13 have one outage overlapping with another outage.  
14 That first outage might be resolved, but then you  
15 have another outage that overlaps. You have to  
16 have overlapping throughout the event. Is that a  
17 reasonable characterization of this statement?

18 A (Tebbetts) You know what, I think, just so we're  
19 clear, I'm looking for the tables that were  
20 included there. Because, in the review, I think  
21 in the recommendation, actually, it has tables at  
22 the end of it that -- I just want to make sure  
23 we're clear on what you're asking.

24 Q So, like Bates 025 in that, in Exhibit 12,

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1           there's a bar graph that shows a "January 9th,  
2           2019 Storm Event"?

3    A       (Tebbetts) Yes, that is there. I don't know why  
4           it's not at my fingertips. Anyways, yes. If you  
5           look at that graph, you can see it was plotted to  
6           show that at one point in time there needed to be  
7           at least 45 incidents at that single point in  
8           time at the same time. And, in the event of that  
9           graph, you can see that's not the case.

10   Q       Uh-huh.

11   A       (Tebbetts) But what we were saying is that it  
12           doesn't have to be the case, because it's one  
13           event, and we have a start -- a single outage or  
14           the first outage to the last outage. And, as  
15           we've described, we start to repair as we go, but  
16           it doesn't mean that the outages have stopped, it  
17           just means we're starting to get customers back  
18           on. So, there may be a time that we don't ever  
19           have 45, simply because we've already started the  
20           restoration point.

21   Q       In your view, could you have a moment during a  
22           storm event where you have no outages, you've had  
23           an outage or a number of outages at the beginning  
24           of the event, the Company's restored all the

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1 customers that were impacted during that event,  
2 and then, subsequently, had additional outages  
3 past that time, in order to reach the concurrence  
4 of customer outages that rise to a major storm  
5 event?

6 A (Tebbetts) We could. An example would be, our  
7 territory is pretty scattered. So, we serve the  
8 Lebanon area and the Salem area. And, in the  
9 event of a weather event that comes through and  
10 affects our Lebanon area, and we have 30  
11 incidents, that weather system, let's say, is  
12 still moving through the state, hasn't reached  
13 Salem. We've already started restoring in  
14 Lebanon.

15 Call it three hours later, we're  
16 starting to see outages in Salem. We could have  
17 restored those customers in Lebanon, but that  
18 same incident -- that same weather event is now  
19 coming through Salem, and now we're starting to  
20 get outages in our next area.

21 And, so, because we're so scattered in  
22 the state, it's very possible that we could have  
23 an instance where there is zero, but we're just  
24 now getting into the Salem area and getting

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[WITNESS PANEL: Tebbetts|Strabone]

1 outages. So, it's very possible.

2 A (Strabone) I was just going to say,  
3 theoretically, it is possible. We have never  
4 experienced that type of scenario, though.  
5 Because, usually, you have significant enough  
6 damage where you are still repairing those first  
7 outages as the other ones start to roll in.

8 Q So, now, I'm looking at the "Major Storm"  
9 definition in Exhibit 10, on Bates 005. So,  
10 "Major Storm" shall be defined as a severe  
11 weather event or events causing 30 concurrent  
12 troubles and 15 percent of customers interrupted,  
13 or 45 concurrent troubles."

14 So, first question I want to ask is, on  
15 the record, can you provide how many customers  
16 the Company has?

17 A (Strabone) Approximately 46, approximately  
18 46,000, 46,000 customers.

19 Q Okay. So, the 15 percent as applied to that  
20 total customer count?

21 A (Strabone) May I use my phone to do some math  
22 here?

23 Q I'm not asking you to calculate it.

24 A (Strabone) Yes.

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[WITNESS PANEL: Tebbetts|Strabone]

1 Q We can do that?

2 A (Strabone) Yes.

3 Q Okay. So, my understanding is, we're looking at  
4 a weather event. How does the Company define an  
5 "event"? What triggers an event?

6 A (Strabone) Sure. Well, today could actually be  
7 an event. We're watching severe storms that are  
8 developing out in the west, associated with a  
9 cold front. And it's going to make its way  
10 through the State of New Hampshire this afternoon  
11 and into the evening. So, depending on if it  
12 materializes as anticipated, we're going to see  
13 potential strong storms, with winds up to  
14 potentially 60 miles an hour and isolated  
15 tornadoes.

16 If that makes its way through our  
17 service territory, and we start receiving  
18 significant outages, not just one, but multiple  
19 outages, and we start having, you know, a  
20 significant impact to our system, we would  
21 classify this as a "weather event".

22 Now, whether or not it materializes to  
23 the criteria, we would not know that until after  
24 we made it through the event and we did our, you

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[WITNESS PANEL: Tebbetts|Strabone]

1 know, post storm analysis of the number of  
2 incidents and customers impacted.

3 Q So, in your view, what is the triggering  
4 criterion to begin an event?

5 A (Strabone) The triggering? It could be  
6 multiple -- it could be two different things.  
7 Today, we're already on alert. So, today, to me,  
8 because our weather forecaster, which is DTN, has  
9 provided us information saying that we have a  
10 significant risk of potential severe storms, they  
11 have given us an increasing confidence of that,  
12 and they give us weather updates twice daily, and  
13 they give us on a scale of 1 to 5 of severity of  
14 storms. So, we're currently at a 2, which is,  
15 you know, slightly elevated, but there's a  
16 potential to go to a Level 3, which has a  
17 significant impact on our system.

18 So, we're already in what I would  
19 consider "storm mode", saying we're watching it,  
20 we're already looking to see if the weather will  
21 materialize. So, today's weather would classify  
22 as a "storm event".

23 The other thing that does trigger us to  
24 go immediately into a storm mode, a storm mode

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[WITNESS PANEL: Tebbetts|Strabone]

1 and storm planning, which is part of our  
2 Emergency Response Plan, is that our weather  
3 forecast, DTN, provides us a "Level 3 with high  
4 confidence", so that would indicate that, I  
5 should know this by heart, we're going to see,  
6 you know, approximately 4,500 customers plus  
7 without, you know, 4,500 plus customers  
8 interrupted. We may see up to 30, 40 incidents  
9 on our system, if not up to 50 incidents. So,  
10 when we see a high confidence of severe weather,  
11 whether it's thunderstorms or snow, and we get  
12 that Level 3, we're already in storm mode and  
13 we're already prepared for a weather event.

14 Today has not reached that. But, due  
15 to the severity of the storms, and what we also  
16 see from multiple news media, the Storm  
17 Prediction Center, and just what we're seeing  
18 from other media weather-related outlets, we're  
19 prepared to respond to a potential weather event  
20 today.

21 Q Yes. I understand that. And I'm looking at your  
22 DTN forecast. For example, one of them, in  
23 Exhibit 12, Bates Page 028, where, for a snow  
24 event, as you defined it, on Saturday, January

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[WITNESS PANEL: Tebbetts|Strabone]

1 19th, you received EEI-4s for a few areas of your  
2 territory, operating territory, on two days.

3 I'm still unclear, though, what -- how  
4 an event begins. Do you -- are you able to  
5 define it as clearly as, for instance, when you,  
6 as the storm -- the Incident Commander, when you  
7 begin ICS, you transition the organization into  
8 Incident Command?

9 A (Strabone) That is one trigger, yes. The other  
10 one, on a day like today, where we're not in  
11 Incident Command, we would -- a storm event would  
12 be triggered. Once we had multiple outages, with  
13 numerous customers impacted, so, probably a  
14 thousand plus customers impacted, you know, five  
15 to ten individual trouble spots, our -- we would  
16 start monitoring to see how that would progress.

17 Now, whether or not we get out and  
18 restore, if that's all that happens, that's  
19 great. But, essentially, at that point, our  
20 Operation team is already in storm mode.

21 Q Uh-huh.

22 A (Strabone) There's other people responding. So,  
23 there's not a hard-and-fast number, say, like  
24 "two events, three customers", it's a bit more

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[WITNESS PANEL: Tebbetts|Strabone]

1 than that. Once we, in our storm -- in our  
2 Emergency Response Plan, zero to 840 customers is  
3 a "blue sky day". Above 840, we're actually in  
4 an "elevated response". So, I would, you know,  
5 taking that into account, where I guess now I  
6 will recorrect myself and say "there is a hard  
7 number." I would say anything above 840  
8 customers, with multiple incidents, would trigger  
9 us to be in a storm mode.

10 Q Is that -- is "event" defined that way in your  
11 ERP?

12 A (Strabone) Is the overall event?

13 Q Yes. When --

14 A (Strabone) Yes.

15 Q When does an event begin? That's what I'm really  
16 trying to understand. It sounds like you --

17 A (Strabone) If you're asking when would that event  
18 begin? If we got multiple outages, and we looked  
19 at -- and we hit, say, a thousand customers, so  
20 we went into that next level, our event would  
21 begin, we would look back and say "our event  
22 began when that first customer called." Because  
23 now that -- because of that first customer  
24 calling is when the storms are making its way

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[WITNESS PANEL: Tebbetts|Strabone]

1 through or we're starting to see negative impacts  
2 to our system.

3 Q Uh-huh.

4 A (Strabone) So, we would look back and say "yes,  
5 for this storm event, our first outage came in",  
6 and I'm just making this up, "at 3:00 p.m.  
7 Today", --

8 Q Uh-huh.

9 A (Strabone) -- that's the start of our storm  
10 restoration, and our storm event started at 3:00  
11 p.m., because that's when we started seeing  
12 impacts, and customers were without power, and we  
13 needed to go and restore it.

14 Q And that's under the premise that you're not  
15 operating under Incident Command?

16 A (Strabone) It would be both, actually. So, yes,  
17 not under Incident Command. But, even when we  
18 are under Incident Command, we have two phases.  
19 We have our -- we're under Incident Command,  
20 we're pre-staged or we're ready to respond.

21 Q Uh-huh.

22 A (Strabone) Our restoration efforts would then  
23 still fall in line with what I just mentioned.  
24 Once we hit that first customer outage, that

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[WITNESS PANEL: Tebbetts|Strabone]

1 would be considered our restoration period.

2 Q So, you transition to Incident Command, the storm  
3 begins, and by the time that you get the first  
4 impacts to your system, customer outages, at that  
5 moment, when you experience customer outages,  
6 that's the beginning of the event?

7 A (Strabone) We look at our first customer  
8 impacted, yes.

9 Q Okay.

10 A (Strabone) Now, the other part to that, if I may,  
11 on a day like today, if our impacts, we're not in  
12 Incident Command right now, but if our system  
13 impacts do reach the level of where we need to,  
14 we will activate immediately and get into  
15 Incident Command, and follow our Emergency  
16 Response procedures as part of that as well.

17 So, it's a little bit, with  
18 thunderstorms, we're a little bit more on the  
19 reactionary side by implementing Incident  
20 Command. We're at the ready, our Operations  
21 folks know, our teams know, we just have not gone  
22 into full Incident Command at this point.

23 Q Okay. But it sounds like the event begins once  
24 you have that first experience of customer

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[WITNESS PANEL: Tebbetts|Strabone]

1 impacts?

2 A (Strabone) Correct.

3 Q Okay. So, then, let's dig a little bit more  
4 deeply into "concurrency". What does  
5 "concurrency" mean to you, as the Storm Director?

6 A (Strabone) Associated with the event, from start  
7 to finish, from our first outage, when we receive  
8 it, to when we restore our last customer and  
9 declare it as "restoration complete".

10 A (Tebbetts) Excuse me, I apologize. I just -- I  
11 want to clarify that. Our "concurrency" would be  
12 from the first outage to the last outage. It  
13 wouldn't be through the full restoration period.

14 A (Strabone) I'm sorry.

15 Q Could you elaborate on that?

16 A (Tebbetts) Yes. So, as Mr. Strabone noted, let's  
17 give today as an example, at 3:00 p.m., he noted  
18 that we had our first customer incident, okay?  
19 And we are continuing to receive calls, and  
20 troubles are coming in. And let's say, through  
21 4:00, the storms are still coming through. And  
22 customers are still, you know, going without  
23 power. New incidents are coming in. We are  
24 restoring original incidents, new incidents are

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[WITNESS PANEL: Tebbetts|Strabone]

1 coming in. And let's say, as the last  
2 incident -- let's say that when -- after the  
3 storm is over, we scrub all the data, and we see  
4 the first incident happened at 3:00, and the last  
5 incident occurred at 7:00. We had four hours of  
6 a period that we incurred outages. During those  
7 four hours, we started to also restore those  
8 customers as we could. And, so, we would suggest  
9 that this incident, for the concurrence of the  
10 storm, for this definition, would have been from  
11 3:00 p.m. to 7:00 p.m. in my example.

12 Maybe there's spans of wire down, it's  
13 going to take all night to get customers back,  
14 and we don't restore till tomorrow afternoon, we  
15 would still consider any incidents that occurred  
16 between 3:00 and 7:00 p.m., regardless of how  
17 long it took to restore.

18 Q So, from the beginning of the first outage  
19 impact, to the beginning of the very last outage  
20 impact?

21 A (Tebbetts) Yes.

22 Q That's your event timeframe?

23 A (Tebbetts) That is what we would look at for the  
24 Storm Fund. The event itself, as Mr. Strabone



[WITNESS PANEL: Tebbetts|Strabone]

1 did note, is, you know, we wouldn't declare  
2 everything is over until we restored the last  
3 customer.

4 But, with regards to looking at if it  
5 met the qualifications of a Major Storm, it's my  
6 definition from that 3:00 p.m. to 7:00 p.m.

7 Q Okay. So, then, let's jump over to the last  
8 sentence in this definition, "Troubles are  
9 defined as interruption events occurring on  
10 either primary or secondary lines." And I want  
11 to jump then to Exhibit 15, which is your  
12 "Typical Pole Top" diagram.

13 So, going from top to bottom, this  
14 depicts three-phase primary at the top, at  
15 13.8 kV. You then have a fuse that runs from the  
16 primary to your transformer. Then, the  
17 transformer connects to the secondary cable,  
18 which connects to the services. Is that -- did  
19 I --

20 A (Strabone) You have it correct.

21 Q -- articulate that correctly? Okay.

22 A (Strabone) Yes, you did.

23 Q So, the fuse and the cutout, how would you  
24 characterize that?

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Strabone) Primary equipment.

2 Q That's primary?

3 A (Strabone) Yes. It's rated at 13,000 volts.

4 Q Okay. So, then, your transformer, how would you  
5 characterize that?

6 A (Strabone) I'm probably being a bit too  
7 technical. I would look at that as equipment,  
8 where it steps down the primary to secondary.  
9 So, it has both components of primary and  
10 secondary in it. So, I would just -- I would  
11 look at that as general equipment.

12 Q For the purposes of the definition, would you say  
13 that that transformer falls within either the  
14 words "primary" or "secondary" lines?

15 A (Strabone) Secondary.

16 Q What about the ground wire that goes to your  
17 transformer?

18 A (Strabone) So, the ground wire that's going down  
19 the pole to the ground?

20 Q Yes.

21 A (Strabone) For clarification, are my only two  
22 options "primary" and "secondary"? Then, I would  
23 list that as "secondary".

24 Q Okay. And then, secondary cable?

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Strabone) Correct.

2 Q You would characterize that as "secondary"  
3 equipment?

4 A (Strabone) That is correct.

5 Q And the service to the house, you characterize as  
6 "secondary" equipment, correct?

7 A (Strabone) That is correct.

8 Q Who owns the service?

9 A (Strabone) For residential, we own the service  
10 from the pole to the point of attachment on the  
11 house.

12 Q What about for your commercial or industrial  
13 customers?

14 A (Strabone) It is owned by them.

15 Q And you might have instances where that's  
16 overhead or underground?

17 A (Strabone) Technically, it is strictly to  
18 underground. And I'm going to now look at  
19 Ms. Tebbetts real quick for this, because I  
20 believe there's a change in our policy. And I  
21 believe it is in reference to "secondary  
22 underground services", correct?

23 A (Tebbetts) Yes. So, for January 1, 2020 -- 2019,  
24 the Company made a change to it's line extension

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[WITNESS PANEL: Tebbetts|Strabone]

1           tariff policies, whereby we previously did not  
2           own customer underground services, we did not own  
3           that secondary. And, as of January 1, 2019, we  
4           now own new customer -- well, it was "customer  
5           services", now they're owned by the Company  
6           services. The policy did not change with regards  
7           to commercial customers. They continue to own  
8           the secondary, and we continue to own the  
9           primary.

10    Q     And, in either case, for service damages, does  
11           the Company repair those during storm events, or  
12           is it the customer's responsibility to repair  
13           services?

14    A     (Strabone) If the Company -- if it is  
15           Company-owned, the Company will repair. If it's  
16           customer-owned during a storm, as Ms. Tebbetts  
17           indicated, I think the majority of that is  
18           underground. So, those do not get impacted as  
19           much during a storm.

20    Q     Let's say that one did?

21    A     (Strabone) Okay. It would be on the customer to  
22           repair. I believe we can, as a last alternate, I  
23           believe the Company can be hired, but there's a  
24           lot of other paperwork and everything else that

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[WITNESS PANEL: Tebbetts|Strabone]

1 goes along with that. So, essentially, the most  
2 direct and clean way is that the customer is  
3 responsible to make those repairs. And that's  
4 commercial side.

5 A (Tebbetts) We would not repair an underground  
6 residential customer's service, if it's  
7 customer-owned, in any emergency. And, as Mr.  
8 Strabone noted, only commercial would be -- we  
9 would be the last -- contractor-of-last-resort,  
10 once we filled out paperwork and had an  
11 agreement, for customer-owned secondary.

12 A (Strabone) Service.

13 A (Tebbetts) Service, secondary.

14 Q From the OMS tables that are in various exhibits,  
15 like Exhibit 14, would we have any -- or, could  
16 we interpret from these tables whether they were  
17 customer-owned or company-owned, and how you  
18 repaired them, if you did?

19 A (Strabone) The majority of the time, when we look  
20 at the details, it would say, you know, "Repair  
21 service - tree fell", so we know that it's a  
22 residential -- or, actually, not a "residential",  
23 it's an overhead service, where Liberty would  
24 own. So, through those tables, and when you look

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[WITNESS PANEL: Tebbetts|Strabone]

1 at the backup data, it is listed in there, you  
2 know, "overhead service", "tree fell". So,  
3 ultimately, we know that it's our responsibility  
4 to go and repair it.

5 Q So, then, explain to me how your OMS works, with  
6 respect to identification of troubles? When  
7 you -- when you experience an outage, how does  
8 the OMS identify or distinguish between  
9 individual events that impact one customer and  
10 events that impact multiple customers?

11 A (Strabone) Sure. When an outage comes into the  
12 system, and that could be through our IVR or a  
13 person -- a customer talking to our customer  
14 service rep, or another way of it getting logged,  
15 if it's a single customer, when that outage of a  
16 "no power" call gets logged into the system, the  
17 OMS will actually identify an outage dot on that  
18 customer by itself.

19 From there, if there's multiple  
20 customers fed off the transformer, if we start  
21 receiving "no power" calls from those customers  
22 as well, the system will analyze that, and then  
23 roll it up to the transformer. And then, from  
24 there, if we start receiving more calls in an

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[WITNESS PANEL: Tebbetts|Strabone]

1 area, once again, the system will analyze it and  
2 roll it up to the next common device. So, that  
3 could be any type of primary device, fuse,  
4 switches, reclosers, or, ultimately, the breaker  
5 at the substation.

6 So, from there, we're looking at this  
7 information, we're analyzing that. And we'll see  
8 that it gets rolled up. What we end up doing is  
9 sending out damage assessors to assess, or, if  
10 it's, you know, in the early part of the storm,  
11 and that's the only -- and, if outages are  
12 limited, and we have crews available, we can send  
13 a crew first. What the crew will do is we'll  
14 send them to that most common device, and they  
15 will start patrolling to find damage. And, as  
16 they find damage, they'll call in. So, they may  
17 call in and say "There's a tree, there's broken  
18 primary. We found this service down."

19 So, what we're doing, as the storm goes  
20 on, we're making notes. And, as our damage  
21 assessors go through there, if there's a large  
22 outage in an area impacting 300 customers, *per*  
23 *se*, but we find a service that's ripped down,  
24 because a tree fell and ripped, you know, broke

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[WITNESS PANEL: Tebbetts|Strabone]

1           that, that service actually gets pulled out  
2           separately from the large outage. Because, when  
3           we restore that large outage, that customer is  
4           not being restored until we go and make that  
5           repair.

6                        So, our system itself, yes, it can  
7           do -- it can analyze the calls as it comes in.  
8           We then have the outage, we're then sending crews  
9           and other folks out there to, you know, also put  
10          a set of eyes on it while we make the repair.  
11          Once the repairs are made, say all 300 customers  
12          are impacted by a tree on the line, once that  
13          tree is cleared, and we restore the system, we'll  
14          go in, we'll make our comments, and we'll update  
15          the system to show that it's been restored.

16                       All three -- all 300 of those customers  
17          are now cleared from the system. And that's why,  
18          when you look at some of the tables and  
19          information, you'll see "Tree fell, 560  
20          customers", right? But, in that scenario, where  
21          we found, say, out of those 300, we found three  
22          services that were also ripped down, they get  
23          pulled out. So, when -- and they become their  
24          own incident ID. So, when we go in and restore

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[WITNESS PANEL: Tebbetts|Strabone]

1           that larger outage now, I think I used the  
2           example "300", with three customers, only 297  
3           customers are restored, and then we still have to  
4           keep that crew or those crews in the area to  
5           restore the service to those other three  
6           individuals, or, you know, send more crews over  
7           there.

8                         But, essentially, what we're looking at  
9           is to say "there's a different cause from this  
10          large event to this one."   Meaning, it could be  
11          trees, but one tree fell over here, and another  
12          tree fell over here to make that damage.   So,  
13          we're constantly going through the outage system,  
14          even though it's doing the analyzation, analyzing  
15          the data as the calls come in, we're still also  
16          manipulating that to make sure that we're  
17          accurately reflecting the incidents in the  
18          system.

19    Q       So, let's hypothetically say you have a tree limb  
20           that falls on three-phase primary, and that  
21           causes your recloser to open, that causes a broad  
22           outage across multiple customers.   At the same  
23           time, within that customer group of outages, you  
24           could have a tree limb that fell and damaged an

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[WITNESS PANEL: Tebbetts|Strabone]

1 individual service to one of those customers  
2 within that group of outages?

3 A (Strabone) That is correct.

4 Q And would those incidents be represented  
5 independently in your OMS, in these tables that  
6 we're seeing?

7 A (Strabone) They would be, yes. They would be  
8 represented independently in the tables.

9 Q So, then, let me ask you, same scenario, tree  
10 limb falls, it causes the recloser to open,  
11 multiple customer outages, but that's the only  
12 damage. But an individual customer calls, and  
13 that outage is identified in your IVR, would that  
14 be fed into your OMS as a distinct outage, in  
15 addition to the upstream outage?

16 A (Strabone) No, it would roll up. And, that's  
17 when it takes the crew or the damage assessor to  
18 go out and catch that.

19 So, in your scenario, if I may play it  
20 just back, to make sure I'm understanding?

21 Q Uh-huh.

22 A (Strabone) We see that we have a large outage, a  
23 broad outage, and someone then ultimately calls a  
24 few minutes after, correct? No damage to their

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[WITNESS PANEL: Tebbetts|Strabone]

1 house.

2 Q But they call and identify they have an outage?

3 A (Strabone) Correct. The system will ultimately  
4 roll up -- road that customer up, because there's  
5 already a large outage identified. We need to  
6 make sure that we catch that. So, it  
7 automatically rolls up. And, when we restore it,  
8 we'll restore that customer, if it's not been  
9 identified that there's been, you know,  
10 additional damage to their house, I mean, their  
11 service.

12 Prior to a crew leaving -- just, if I  
13 may?

14 Q Please.

15 A (Strabone) Prior to a crew leaving that site,  
16 they are required to drive down and patrol that,  
17 to make sure that everything is captured, before  
18 take off and drive out of the area.

19 Q Does your metering system provide any input to  
20 your OMS? Or, are you reliant on individual  
21 customers calling in?

22 A (Strabone) So, our meters do not yet. But what  
23 we're relying on is customers calling in, and  
24 then our devices, like our reclosers and our

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[WITNESS PANEL: Tebbetts|Strabone]

1 breakers that are connected to our SCADA system,  
2 and they can communicate back into our Electric  
3 Control Center. So, if that device indicates  
4 that it's open, it will send -- it will send an  
5 alert back, and actually be reflected into our  
6 system that it's open, and we now have an outage  
7 of X amount of customers.

8 Q So, is it safe to say that the process of rolling  
9 up those outages is a manual process?

10 A (Strabone) No, it's automatic in the system.  
11 There has to be certain criteria, like a hit in  
12 the system for it to do -- for it to do its  
13 analysis, and, forgive me, I can't remember the  
14 percentage of each device as it rolls up. But,  
15 if those numbers inside the system are met, that  
16 the system itself will automatically roll up to  
17 the next common device or what it believes where  
18 the cause or the device that opened is, you know,  
19 associated with all of those customers.

20 Q Okay. Thank you. Generally speaking, a lot of  
21 the exhibits here in this proceeding seemingly  
22 provide similar or identical information on an  
23 annual basis, but they appear in different  
24 formats. And that's with respect to both

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[WITNESS PANEL: Tebbetts|Strabone]

1 exhibits that the Company submitted and the  
2 Department of Energy.

3 So, for example, your Exhibit 14, which  
4 is your 2019 Storm Report, looks quite different  
5 from your Exhibit 21, which is your 2020 Storm  
6 Fund Report.

7 Can you comment on why that is? Why,  
8 in 2020, the Company changed the method in which  
9 you provided the Report, and why there's expert  
10 testimony from both of you?

11 A (Tebbetts) Yes. One of the reasons was, I think,  
12 looking back on previous years, we found that,  
13 while our Report is important, testimony provides  
14 us the opportunity to further explain in a Q&A  
15 format of what happened. And I think a lot of it  
16 also was preference, just to allow us to explain.

17 There wasn't any changes within the  
18 data that we're providing, just the format change  
19 to testimony.

20 Q Okay. And then, jumping back to the  
21 transportation issue, from the Company's  
22 perspective, is there a willingness to classify  
23 transportation-related costs, using the  
24 methodology that the Department has put forth,

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[WITNESS PANEL: Tebbetts|Strabone]

1 let's just say in future years, or do you feel as  
2 if the means through which you classify capital  
3 O&M costs for transportation is how you want to  
4 continue on in the future?

5 A (Tebbetts) Me not being an accountant, what I  
6 will say is, I think it's most appropriately  
7 addressed in a rate case, where all of these  
8 issues can be further looked at, and also -- so,  
9 I'm not saying we wouldn't be willing to look at  
10 it. I just can't make the determination on  
11 whether or not the Storm Fund is the appropriate  
12 spot. I would suggest a rate case is, and that  
13 we would work with the Department, and anyone  
14 else, to further understand the concerns, and  
15 work to find a way to come to agreement in how we  
16 account for these things.

17 Q Okay. And, from some of your testimony earlier,  
18 it seems that you had a process change in how you  
19 classified these costs several years ago, due to  
20 the fact that there was a significant  
21 administrative burden, is that fair?

22 A (Tebbetts) So, we didn't change how we classified  
23 the costs. The change was, when -- we used to  
24 just open a capital work order. And, by opening

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[WITNESS PANEL: Tebbetts|Strabone]

1 a capital work order for a storm, like today, if  
2 we had opened a capital work order, and we had  
3 charges to it, it automatically gets burdened in  
4 the following month.

5 And Storm Fund work orders are supposed  
6 to be expense work orders, and they do not  
7 include any capital. And, as such, they should  
8 not receive any burdens charged to them.

9 Q Can you define "burden" for me?

10 A (Tebbetts) Yes. Overheads, you know, labor  
11 overheads, for like stores, and just the  
12 indirects that get charged to storm -- to any  
13 kind of work order.

14 And, so, by opening a capital work  
15 order, which receives those overheads charged to  
16 them in the following month, it was a significant  
17 amount of work to remove those overheads through  
18 the course of the year, because every time a  
19 charge occurs on a work order that's capital, the  
20 next month gets a burden.

21 So, you know, if we had a storm today,  
22 and we got outside crews, we may not get invoices  
23 for two or three months. So, in two or three  
24 months from now, we're going to get an invoice

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1 charged to it, and then, a month later, we're  
2 going to get a burden charged to it.

3 So, now, we're removing all of these  
4 charges over the course of the period that the  
5 work order is open, so that we don't capture them  
6 in the Storm Fund filing. So, the change was, we  
7 shouldn't be opening a capital work order, we  
8 should be opening an expense work order, where  
9 none of those charges will occur, and we don't  
10 have to make any adjustments.

11 And that's really the change that we  
12 made.

13 CMSR. SIMPSON: Okay. Thank you.

14 Do you have any further questions,  
15 Commissioner Chattopadhyay?

16 CMSR. CHATTOPADHYAY: No, I don't.

17 CMSR. SIMPSON: Okay. So, we're  
18 currently at ten past two. I want to offer the  
19 Company an opportunity for redirect, before we  
20 move over to the Department of Energy witnesses.

21 I'm hopeful that we can proceed with  
22 concision. As, if not, we'll end up scheduling  
23 another hearing in this matter, as we're already  
24 getting deep into the afternoon.

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[WITNESS PANEL: Tebbetts|Strabone]

1 MR. SHEEHAN: I just have a couple  
2 redirect, and I don't anticipate lengthy  
3 examinations of the DOE witnesses.

4 CMSR. SIMPSON: Okay. Please proceed.

5 MR. SHEEHAN: I just wanted to address  
6 two points.

7 **REDIRECT EXAMINATION**

8 BY MR. SHEEHAN:

9 Q Because I thought I just -- one I just thought I  
10 heard a disconnect between the Bench and the  
11 witness. On the FERC issue, I think the question  
12 was trying to -- trying to find out if we think  
13 the way we are capitalizing the fleet expense is  
14 consistent with FERC, not so much whether it's in  
15 this proceeding or not? And your answer was  
16 "It's not in this proceeding, therefore, you  
17 don't have to address."

18 But I think the question was "do we  
19 think it complies with FERC?" And could you  
20 answer that?

21 A (Tebbetts) Yes. I apologize. I probably did  
22 mishear the question.

23 Yes. We do believe that the way we are  
24 classifying these costs is consistent with FERC

[WITNESS PANEL: Tebbetts|Strabone]

1 accounting.

2 Q And that's from our accounting folks, right?

3 A (Tebbetts) That's correct.

4 Q And we recognize that the Department may disagree  
5 with our interpretation of what FERC requires?

6 A (Tebbetts) Yes.

7 Q And I think the point of your answer was, this  
8 isn't the time to resolve that, it would be in  
9 another proceeding where those costs are actually  
10 being sought for recovery?

11 A (Tebbetts) Yes.

12 Q Okay. And the other thing I wanted to ask both  
13 of you is, there's questions about reliability  
14 metrics that come from the data that are in this  
15 Report, and this data, you've collected it in a  
16 way that's helpful to the Storm Report. But, as  
17 you answered, the data also feeds into storm  
18 metrics -- I'm sorry, reliability metrics.

19 If the DOE's proposed definition for  
20 "Major Storm" is applied now, would that have an  
21 effect on storm metrics -- I mean, reliability  
22 metrics?

23 A (Strabone) It would, yes.

24 Q And why is that?

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[WITNESS PANEL: Tebbetts|Strabone]

1 A (Strabone) Major events or major storms, as long  
2 as they meet the criteria, are excludable from  
3 our reliability statistics. So, we don't have to  
4 include them in our normal reliability numbers,  
5 things that would be impacted that we, you know,  
6 recently filed, would be the -- we'd have to take  
7 a look at our E-2, which is our quarterly reports  
8 on interruptions, and our E-38, which is a  
9 quarterly report of electric reliability  
10 measures, the ones that we recently filed would  
11 have to be resubmitted, because these now would  
12 be part of our --

13 Q So, the definition of "Major Storm" that applies  
14 to the Storm Fund is the same definition we use  
15 to define a "Major Storm" that is excluded from  
16 reliability metrics?

17 A (Strabone) That is correct.

18 Q Okay. And then, you're describing how the change  
19 in reliability metrics may have a cascading  
20 effect through other parts of what we do?

21 A (Strabone) Correct. So, it would be the reports  
22 that we filed. And then, ultimately, it also  
23 could impact our capital budgeting, because our  
24 reliability numbers that we've been -- as we

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[WITNESS PANEL: Tebbetts|Strabone]

1 incorporate as part of our decision-making on  
2 some of our -- when we determine what projects  
3 we're going to do for capital investment and  
4 prioritizing, we would have to go back and take a  
5 look at that as it may have an impact on, you  
6 know, our capital budget, and what we've  
7 determined to be, you know, priority for our  
8 workload, and capital investments in our  
9 long-term model as well.

10 Q And that's because capital investments, in part,  
11 are looking to improve reliability metrics?

12 A (Strabone) That is correct, yes.

13 Q And location-specific, we have a problem here,  
14 and not over there, so, we're going to  
15 prioritize?

16 A (Strabone) That is correct.

17 Q Can you think of any other ways, Ms. Tebbetts,  
18 that this may filter through?

19 A (Tebbetts) It actually -- I mean, it could impact  
20 the least cost planning, because, again, when we  
21 look to least cost plan, and I think Mr. Strabone  
22 just noted, like, our long-term modeling, it  
23 definitely could impact that. If we look at our  
24 least cost planning, and we see areas that need

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[WITNESS PANEL: Tebbetts|Strabone]

1 to be addressed for capital, then, you know,  
2 those numbers now are -- they're going to be  
3 different.

4 We also had previously a Reliability  
5 Enhancement Program that we used to file. And  
6 those reliability numbers provided us the  
7 backdrop as to why we chose those projects. And,  
8 if those reliability numbers would change, the  
9 projects that we embarked on could be different,  
10 I don't know that they would be, but they very  
11 well could be different. And, if they are,  
12 again, it just -- it's a snowball effect  
13 throughout everything that we do, because our  
14 reliability metrics drive decision-making.

15 Q And, as we discussed on direct testimony, we went  
16 through the fact that we've been using the same  
17 definition for years. Is that the same for --  
18 does that statement mean we have used the same  
19 definition of "Major Storm" for reliability all  
20 these years as well?

21 A (Strabone) Yes, it does.

22 MR. SHEEHAN: That was all I had.  
23 Thank you very much.

24 CMSR. SIMPSON: Thank you. So, I will

[WITNESS PANEL: Eckberg|Moran]

1 release the witnesses. Thank you.

2 MS. SCHWARZER: Mr. Chairman, could we  
3 have a brief recess, just a "drink of water" kind  
4 of thing?

5 CMSR. SIMPSON: Yes. Let's take five.  
6 Let's return at 2:20. Off the record.

7 *(Recess taken at 2:15 p.m., and the*  
8 *hearing resumed at 2:22 p.m.)*

9 CMSR. SIMPSON: Let's go back on the  
10 record. Mr. Patnaude, would you please swear in  
11 the DOE witnesses.

12 *(Whereupon **Stephen R. Eckberg** and*  
13 ***Karen Moran** were duly sworn by the*  
14 *Court Reporter.)*

15 CMSR. SIMPSON: Great. I will  
16 recognize Attorney Schwarzer for the Department  
17 of Energy.

18 MS. SCHWARZER: Thank you, Mr.  
19 Chairman.

20 **STEPHEN R. ECKBERG, SWORN**

21 **KAREN MORAN, SWORN**

22 **DIRECT EXAMINATION**

23 BY MS. SCHWARZER:

24 Q Mr. Eckberg, could you please introduce yourself

[WITNESS PANEL: Eckberg|Moran]

1 and describe your position with DOE?

2 A (Eckberg) My name is Stephen Eckberg. I'm a  
3 Utility Analyst with Division of Regulatory  
4 Support within the Department of Energy.

5 Q And have you testified before the Commission  
6 before?

7 A (Eckberg) Yes, I have. Numerous times.

8 Q And did you prepare the analysis contained in  
9 DOE's Report and Recommendation regarding  
10 Liberty's 2020 Storm Fund Report, marked as  
11 "Exhibit 22"?

12 A (Eckberg) Yes. I did perform the analysis and  
13 prepare the Report and Recommendation here.  
14 Though, that document bears your signature,  
15 rather than mine, I would generally represent  
16 that as a formality of our Department of Energy  
17 procedures.

18 Q And are there any changes or corrections that you  
19 would like to bring to the Commission's attention  
20 this afternoon?

21 A (Eckberg) Yes. There are two small items that I  
22 would like to correct or change. And I am on --  
23 so, I'm on Exhibit 22, on Page 7. And I'm in my  
24 numbered recommendation number 4. And, within

[WITNESS PANEL: Eckberg|Moran]

1           that recommendation, at the end of the second  
2           line, there is an amount in parentheses, which is  
3           shown as "\$1,861,474". And that last digit  
4           should be changed to a "3", to more closely match  
5           the amount shown in the Audit Report.

6   Q       Okay. Any other?

7   A       (Eckberg) Yes. And, on the third line, where it  
8           says "as of December 31st, 2022", again, in order  
9           to be correct and match the Audit Report, that  
10          date should be "2020" per the Audit Report.

11   Q       With those changes, do you adopt Exhibit 22 as  
12          your analysis and DOE's position in this docket?

13   A       (Eckberg) Yes.

14   Q       And, before I ask you to briefly explain your  
15          analysis, I'd like to direct your attention to  
16          Liberty's 2019 Storm Report, Exhibit 12.

17   A       (Eckberg) Yes. I have a copy of that here.

18   Q       Did you prepare the analysis contained in the DOE  
19          Report and Recommendation marked as "Exhibit 12"  
20          regarding Liberty's 2019 Storm Fund Report?

21   A       No, I did not prepare this analysis. This was  
22          prepared by a former colleague, Mr. Demmer.

23   Q       Have you reviewed Exhibit 12 with regard to your  
24          role in Docket 21-073, as well as Docket 06-107?

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[WITNESS PANEL: Eckberg|Moran]

1 A (Eckberg) Yes. I have reviewed this document  
2 extensively, along with the associated audit,  
3 which is attached to this document. And I  
4 believe here, in this process, is also -- that  
5 audit report is also perhaps labeled as a  
6 separate exhibit, but it's attached here as well.

7 Q And are there any changes, corrections, or  
8 details you'd like to bring to the Commissioners'  
9 attention this morning?

10 A (Eckberg) There are no changes in the sense of  
11 errors or omissions -- actually, in terms of  
12 omission, there are a couple of little bits of  
13 information I would like to add to this report,  
14 which I think add a little bit of, excuse me,  
15 useful detail.

16 So, I'm in Exhibit 12. And, on Bates  
17 Page 003, the Report begins its discussion of a  
18 storm-by-storm analysis. And, in the final full  
19 paragraph on that page, in the description of the  
20 "January 9th, 2019 Storm Event", the paragraph  
21 says "Staff has reviewed this storm event to  
22 confirm whether it qualifies as a major storm.  
23 Staff graphed the individual trouble events  
24 utilizing the data provided by the Company in its

[WITNESS PANEL: Eckberg|Moran]

1 Report. The graph in Attachment KFD-2 depicts  
2 each outage", and then it goes on to say that  
3 this does not meet the "Major Storm" criteria of  
4 either 30 concurrent or 45 concurrent outages.

5 The analysis and information presented  
6 here does not actually state what the maximum  
7 number of concurrent outages is, or that Staff  
8 analyzed from that data. And I would -- I would  
9 like to represent that that maximum is 29.

10 So, if we were to flip forward to Bates  
11 Page 025 of this exhibit, I believe we looked at  
12 this page a few minutes ago with the other  
13 witnesses on the stand. So, on Bates 025, we see  
14 the graphical presentation of this outage  
15 information that was provided by the Company.  
16 This information, as was explained here in this  
17 Report, was filtered, so to speak, to remove the  
18 outages that had only one customer impacted for  
19 each outage.

20 Q Service line impacts, correct?

21 A (Eckberg) One-customer impact. Yes. So, it  
22 would be a -- it's what we consider to be a  
23 "service line outage", that's correct. So, as  
24 this chart describes, there's a shaded box, it

[WITNESS PANEL: Eckberg|Moran]

1 says "Note: To demonstrate concurrence, place a  
2 straight edge or ruler vertically along the  
3 timeline of the storm. In order for 30 or 45  
4 concurrent events to occur, the straight edge  
5 must intercept", or intersect, "30 or 45 events  
6 at a given time."

7 And, in my analysis of the information  
8 here, 29 is the maximum number, and that occurs  
9 at a point fairly close to the center of the  
10 graph, just to the right of "January 9th, 2019,  
11 at 2:24". If you were to follow that line  
12 straight up, I believe you would intersect 26  
13 outages. But, just to the right of that, several  
14 tick marks, you would intersect a maximum of  
15 about 29 outages currently at that point in time.  
16 So, I did want to just provide that sort of extra  
17 level of -- extra bit of detail.

18 And, similarly, for the other two storm  
19 events, if we turn back to Page 4, there's a  
20 discussion of the "October 17th, 2019 Storm  
21 Event". And there, in the third paragraph, Mr.  
22 Demmer, the original author, refers to  
23 "Attachment KFD-3", and that chart appears on  
24 Bates Page 026. And a similar analysis by me

[WITNESS PANEL: Eckberg|Moran]

1 shows that the maximum concurrent outages is 20.

2 And, finally, on Bates Page 005, where  
3 there is a discussion of the "October 31st, 2019  
4 Storm Event", in the third paragraph down, there  
5 is a mention of the graph in Attachment KFD-4,  
6 and that graph appears on Bates Page 027 of this  
7 exhibit, and conducting the same type of analysis  
8 to try to find the maximum number of concurrent  
9 outages. I determined that number to be 28,  
10 which certainly aligns with the original  
11 analysis, which says that there weren't  
12 sufficient concurrent outages. But that there  
13 was not an actual number that was provided. So,  
14 I felt there was some benefit to having that  
15 actual number.

16 Q Thank you. With that clarification, do you adopt  
17 former PUC Staff/DOE employee Kurt Demmer's  
18 analysis in Exhibit 12 as if it were your own?

19 A (Eckberg) I do.

20 Q If you could turn to the analysis for the DE  
21 21-073 docket, that's the 2021 Storm Report.  
22 Could you please explain your analysis?

23 A (Eckberg) That's Exhibit 22 you're referring to?

24 Q Exhibit 22, yes.

[WITNESS PANEL: Eckberg|Moran]

1 A (Eckberg) Yes. Well, my general approach to this  
2 process was to certainly read the testimony and  
3 the report that was provided by the Company.  
4 That's Exhibit 21. At that time, I also had  
5 available the Final Storm Fund Audit, which --  
6 from our Audit Division, that's "Exhibit 23".  
7 So, I had both of those documents to review.

8 I also, as would be typical in a  
9 situation like this, reviewed the prior year's  
10 Report and audit and materials, which are  
11 included, at least in part, in Exhibit 12.  
12 Exhibit 12 doesn't include the actual Storm  
13 Report. Perhaps you can -- 13?

14 Q That's Exhibit 21 -- or, excuse me, sorry, 14, I  
15 believe. Is that --

16 A (Eckberg) Fourteen (14), yes, indeed. That's  
17 Liberty's 2019 Storm Report. Yes. So, all of  
18 those materials were reviewed. And, in this  
19 particular year, in the 2020 Annual Storm Fund  
20 Report, I believe it was actually the audit team  
21 which conducted the concurrency analysis  
22 originally. They're the ones that produced an  
23 Excel chart with lining up all of the individual  
24 outages with their start and ending time, in

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1 order to determine the maximum number of  
2 outages -- the maximum concurrent number of  
3 outages that occurred.

4 So, I didn't have to conduct that  
5 analysis myself, but I reviewed that spreadsheet.  
6 And I think I cleaned it up a little bit for  
7 presentation to be included. And somehow that  
8 chart is not included with my Exhibit 22, but it  
9 is attached to what I believe "Exhibit 23", is  
10 that correct?

11 Q I think Exhibit 22 included your attachments.  
12 So, the chart is Attachment 2, after the audit,  
13 but I believe, when it was filed, the chart was  
14 closer to the analysis that the Department filed.  
15 So, Exhibit 2 includes both the Report and  
16 Recommendation. Attachment 1, which is the  
17 Department's Audit Division's Report, and then  
18 those last three pages are, I believe, the chart  
19 that you cleaned up and filed with your Report  
20 and Recommendation.

21 CMSR. SIMPSON: Which exhibit is the  
22 chart in, Attorney Schwarzer?

23 MS. SCHWARZER: The chart is in the  
24 last three pages of Exhibit 22, I believe.

[WITNESS PANEL: Eckberg|Moran]

1 WITNESS ECKBERG: And you may be  
2 correct.

3 MS. SCHWARZER: Do have Exhibit 22  
4 before you? Let me open up the electronic --

5 WITNESS ECKBERG: I do have Exhibit 22.  
6 But, I think, perhaps, my hard copy may be  
7 incomplete. So, if I could just have a moment  
8 to -- I'll be glad to click on my electronic,  
9 genuine, official copy of Exhibit 22.

10 MS. SCHWARZER: Oh. Huh.

11 WITNESS ECKBERG: And I do not see that  
12 chart attached there.

13 MS. SCHWARZER: And perhaps, as you  
14 say, perhaps it is part of 23. Let me check.

15 Yes. Excuse me, Mr. Chairman. Exhibit  
16 23 says at the top, you can see "Attachment 1",  
17 it is, in fact, the audit, but it seems to have  
18 been taken from the Department's Exhibit 22 as  
19 filed. And, if you continue to the end, you will  
20 see what is marked as "Attachment 2", which is,  
21 in fact, Attachment 2 to the Department's Report  
22 and Recommendation dated June 16, 2022.

23 WITNESS ECKBERG: So, yes. There's a  
24 little bit of an attachment detachment situation

[WITNESS PANEL: Eckberg|Moran]

1 going on there.

2 MS. SCHWARZER: There is.

3 BY MS. SCHWARZER:

4 Q But could you discuss the chart that you  
5 prepared?

6 A (Eckberg) Sure. That chart, as produced here, is  
7 actually a multipage chart. And the user would  
8 need to, using perhaps some scissors and tape, to  
9 assemble the three pages together to get the full  
10 timeline representation, from the beginning of  
11 the storm to the end of the storm period.

12 Q Okay. I took my hard copy, and I did roughly  
13 what you said.

14 A (Eckberg) Oh, excellent. Nicely done.

15 Q Thank you.

16 A (Eckberg) Yes, very well. Very nice. Very nice.

17 And along the bottom edge of that  
18 chart, the Audit team took the extra step of sort  
19 of measuring the current number of storms at each  
20 point in time, multiple point in time. So, you  
21 can see along the bottom edge of that chart a  
22 series of numbers. You know, 7, 8, 9, 10, 12,  
23 *etcetera, etcetera*. And I believe the maximum  
24 number of concurrent outages is 22, if my memory



[WITNESS PANEL: Eckberg|Moran]

1 serves me correct.

2 Q And is that on Page 1 of 3, highlighted in yellow  
3 in the electric version?

4 A (Eckberg) I'm hearing a "yes" from my colleague,  
5 Ms. Moran. Again, I don't believe that either of  
6 my Exhibit 22 or Exhibit 23 have that chart  
7 attached to them. That's through my own fault of  
8 using incomplete versions.

9 Q Okay. Thank you.

10 A (Eckberg) Uh-huh.

11 Q How do you determine -- how did you determine  
12 whether storms were qualifying major storms?

13 A (Eckberg) Well, as I described, the first step in  
14 the analysis would be to determine the maximum  
15 number of concurrent outages, to see if the storm  
16 would be able to meet the 30 concurrent outages  
17 threshold. And, if it met the 30 concurrent  
18 outages threshold, then there would be the second  
19 step to determine the total number of customers  
20 impacted at that point in time.

21 Each of the outages, as we've seen from  
22 the data that was discussed extensively earlier,  
23 comes with that little piece of data, each outage  
24 of record from the OMS comes with the "customers

[WITNESS PANEL: Eckberg|Moran]

1 impacted" number.

2 And there was also earlier a little bit  
3 of discussion, I believe a question from  
4 Commissioner Simpson about the number of Liberty  
5 Utility customers, *etcetera*, in order to figure  
6 out what that 15 percent threshold is.

7 And, if we look at Exhibit 12, on Bates  
8 Page 003, in Footnote 9, the original author of  
9 this Report, using information that was  
10 available, provided that calculation. So, at  
11 that point in time, the 15 percent threshold was  
12 about 6,621. We might want to update that, if we  
13 were doing, you know, a similar analysis now, or  
14 at a different point in time.

15 Q Was there another approach that you took to  
16 considering whether something was a major storm  
17 besides 30 concurrent, *i.e.*, occurring at the  
18 same time, troubles with the 15 percent of  
19 customers without power?

20 A (Eckberg) Well, there's, certainly, the other  
21 important step is to look at the weather  
22 information, the weather forecast information  
23 that is provided by the Company with each storm.

24 Q And I do want to get to that, but I meant, in

[WITNESS PANEL: Eckberg|Moran]

1 terms of, if you look at Exhibit 10, Bates Page  
2 005, there's a definition that includes causing  
3 "30 concurrent troubles and 15 percent of  
4 customers interrupted", and there's an  
5 alternative definition as well?

6 A (Eckberg) Yes, absolutely right. If the "30  
7 concurrent troubles and the 15 percent of  
8 customers" combination of factors was not met,  
9 then, certainly, the other possible eligibility  
10 would be "45 concurrent troubles", regardless of  
11 the number of customers impacted.

12 Q And did the Tropical Storm Isaias, reported in  
13 this Liberty 2020 Storm would qualify?

14 A (Eckberg) I was informed by the -- that I was  
15 supposed to pronounce it "Isaias".

16 Q Okay. Excuse me.

17 A (Eckberg) I think that was the pronunciation I  
18 heard.

19 But that storm did not qualify as a  
20 major storm. That's the chart that I just  
21 discussed with the maximum "22 concurrent  
22 outages". So, it did not meet the "Major Storm"  
23 definition criteria.

24 Q And could you explain in a bit more detail, you

[WITNESS PANEL: Eckberg|Moran]

1 had said you subtracted troubles on a service --  
2 on a single service line. How were you able to  
3 do that?

4 A (Eckberg) Yes. That, again, the information,  
5 that that's provided by the Company with its  
6 Storm Report, or it may be as a result of my  
7 esteemed Audit colleagues asking for that  
8 detailed data, I'm not 100 percent sure. But,  
9 presumably, the Company provides that data one  
10 way or the other.

11 And I believe in my -- I believe, in  
12 Exhibit 22, there is an analysis. There's a  
13 discussion about the total number of outage  
14 events. Yes, here we are, on Bates Page 005 of  
15 Exhibit 22.

16 The second paragraph up from the  
17 bottom, it says that "The Company's 2020 ASFR",  
18 that's the "Annual Storm Fund Report", provided  
19 details of 67 outage events that occurred during  
20 the total period of the storm. DOE reviewed the  
21 67 events, and identified 14 of them as related  
22 to single service line connections, i.e., in  
23 other words, a single line running from a  
24 secondary line to an individual customer.

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[WITNESS PANEL: Eckberg|Moran]

1           Therefore, these 14 events were removed from the  
2           further outage analysis, leaving 53 outage  
3           events.

4                       So, on the chart, which I just  
5           discussed, which had a maximum of 22 concurrent  
6           outages, I think we would see -- I believe we'll  
7           see 53 horizontal bars, each one representing one  
8           of those outage events.

9   Q       How are costs for storms that do not meet the  
10       definition of "Major Storms" covered?

11   A       (Eckberg) Well, those related storm costs would  
12       be paid for just as expenses, O&M, from the  
13       Company's distribution rates, I believe.

14   Q       And with regard to the Department's analysis in  
15       Exhibit 12, for Liberty's 2019 reported costs,  
16       can you briefly describe how that was done?

17   A       (Eckberg) I'm sorry, what was the last part of  
18       your question?

19   Q       Can you briefly describe how the Department did  
20       the analysis for Liberty's 2019 Storm Report in  
21       Exhibit 12?

22   A       (Eckberg) Well, I believe the analysis that was  
23       conducted is very much in line with the process I  
24       just described for Tropical Storm Isaias in the

[WITNESS PANEL: Eckberg|Moran]

1 2020 Annual Storm Report.

2 Q Thank you.

3 A (Eckberg) In terms of, you know, taking the total  
4 number of outages provided by the Company's data  
5 from its OMS system, removing single service line  
6 outages, and then aligning those, you know,  
7 arranging those in an Excel type chart, in order  
8 to figure out the maximum concurrent number of  
9 outages.

10 Q Mr. Eckberg, when you looked at Exhibit 10, the  
11 definition of "Major Storm", can you please  
12 explain what you understood "concurrent" to mean?

13 A (Eckberg) That's Exhibit 10, on Page 5, we have  
14 that numbered paragraph 2 definition of "Major  
15 Storm". I understood that definition to mean,  
16 you know, "a "Major Storm" shall be defined as a  
17 severe weather event", the "severe weather  
18 event", that is the weather severity information  
19 that was described by Mr. Strabone, the DTN  
20 forecast provides details of impending wind or a  
21 thunderstorm, or snow or heavy rain events, on a  
22 1 to 5 scale, in each of the three -- and there  
23 might be slightly -- there might be three or  
24 four, but those weather reports are provided as

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[WITNESS PANEL: Eckberg|Moran]

1 part of the storm event report as well. So, we  
2 look at the severity of the weather information.

3 And then, it's imperative to assess  
4 whether there are 30 concurrent troubles, of  
5 which, in my assessment, means "30 troubles  
6 occurring at the same time, simultaneously."

7 Q And does your Report and Recommendation, Exhibit  
8 22, include a footnote referencing  
9 *Merriam-Webster's Dictionary* definition of  
10 "concurrence"?

11 A (Eckberg) I think that is probably accurate.  
12 And, in fact, on Exhibit 20 -- in Exhibit 22, I  
13 see such a footnote on the bottom of Page 2, yes.  
14 The applicable definition of "concurrent" is  
15 "operating or occurring at the same time", yes.

16 Q And did Exhibit 12 also reference a dictionary  
17 definition of the word "concurrence", at Bates  
18 Page 002, Footnote 4?

19 A (Eckberg) Yes. It does provide that. And it is  
20 there in Footnote Number 4, yup.

21 Q And is that the definition, i.e., occurring at  
22 the same time, what you used in your assessment  
23 of data reported with regard to whether something  
24 was or was not a Major Storm?

[WITNESS PANEL: Eckberg|Moran]

1 A (Eckberg) Yes.

2 Q I want to direct your attention briefly to  
3 Exhibit 26.

4 A (Eckberg) Twenty-six (26). I'll have to open  
5 that one up electronically. One moment.

6 CMSR. SIMPSON: Take your time.

7 WITNESS ECKBERG: Unlike Ms. Tebbetts,  
8 I have a trick. I put all my exhibits on my  
9 local C drive. I don't need the network. Just I  
10 got there quicker. I'm there.

11 MS. SCHWARZER: Oh, you're there.

12 Okay.

13 WITNESS ECKBERG: Yes.

14 BY MS. SCHWARZER:

15 Q So, if you look at Bates Page 005, for Exhibit  
16 26, and this is the Report and Recommendation  
17 that the Department filed dated July 15th, 2022,  
18 in Docket DE 21-089. On Page 5, I would direct  
19 your attention to the operative definition of  
20 "Major Storm" in the Eversource settlement.  
21 Specifically, it references more than -- excuse  
22 me -- "10 percent or more of PSNH's retail  
23 customers being without power in conjunction with  
24 more than 200 reported troubles, or more than 300



[WITNESS PANEL: Eckberg|Moran]

1 reported troubles during the event."

2 Do you understand that definition to be  
3 the same or different from the definition in  
4 Exhibit 10 that we just reviewed?

5 A (Eckberg) Well, in my reading of these  
6 definitions, I understand them to be different,  
7 yes.

8 Q So, do you understand "concurrent troubles" to be  
9 different from "troubles reported during the  
10 event"?

11 A (Eckberg) Yes, I do. I think that my  
12 understanding of this Eversource or PSNH "Major  
13 Storm" definition is certainly different. There  
14 would not be a need to conduct the same type of  
15 analysis on an Excel spreadsheet to try and align  
16 30 or 40 or 50 concurrent outages. Here, with  
17 this definition, we would be looking at the total  
18 number of reported troubles during the event.  
19 So, it's a different approach to defining the  
20 major stormness [*sic*] of the event.

21 Q Before we talk about the Department's  
22 recommendation, I'd like to direct your attention  
23 to Docket DG 06-107, specifically, Exhibit 25.

24 A (Eckberg) Yes. Exhibit 25.

[WITNESS PANEL: Eckberg|Moran]

1 Q And can you explain what "DG" stands for in the  
2 Department's gradation system?

3 A (Eckberg) That designation, originally, it's a  
4 PUC type designation from the former Public  
5 Utilities Commission. The "DG" stands for  
6 "Docket Gas" related. That's how I understand  
7 it. Yes.

8 Q And looking at Exhibit 25, does it span a number  
9 of years?

10 A (Eckberg) It does span a number of years, yes.  
11 And this docket had to do -- the genesis of this  
12 docket was, while I may misrepresent it from a  
13 legal standpoint, but I think of it as the  
14 acquisition of the KeySpan utilities by National  
15 Grid. It's title is "Merger of indirect  
16 subsidiaries", but this is the acquisition by  
17 National Grid of EnergyNorth Natural Gas and  
18 Granite State Electric. Yes.

19 Q And just briefly, to just move it along in terms  
20 of more direct questions, in this docket  
21 printout, the Settlement Agreement, in Exhibit  
22 10, the excerpt, appears at Tab 31 as something  
23 relevant to the storm docket?

24 A (Eckberg) I'll be glad to check that. You said

[WITNESS PANEL: Eckberg|Moran]

1 "Tab 31"?

2 Q Thirty-one (31).

3 A (Eckberg) So, 31 is the left-hand column of  
4 numbers, yes, that item says it is "National  
5 Grid's Comprehensive Settlement Agreement, Joint  
6 Testimony, and Brief Explanatory Statement". So,  
7 I take it that -- it's certainly my understanding  
8 that our Exhibit 10 is only a small portion of  
9 this.

10 Q A small portion of that.

11 A (Eckberg) Yes.

12 Q And then, the order approving it appears at 36?

13 A (Eckberg) I'm glad to scroll down a little bit,  
14 36, Tab 36, is dated "July 12, 2007 Order Number  
15 24,777 Regarding Settlement Agreement". I would  
16 have to confirm that that's "approving Settlement  
17 Agreement".

18 Q Okay. Fair enough.

19 A (Eckberg) Okay.

20 Q Tab 63, two years later, is the "National Grid  
21 Annual Storm Fund Report for 2008"?

22 A (Eckberg) "Tab 63" did you say?

23 Q Sixty-three (63).

24 A (Eckberg) "National Grid's Annual Storm Fund

[WITNESS PANEL: Eckberg|Moran]

1 Report for 2008".

2 Q And then, Tab 66 is an "Amended Annual Storm Fund  
3 Report" -- well, it doesn't say what it is, but  
4 it's an "Amended Report"?

5 A (Eckberg) Yes. That's correct.

6 Q Okay. And then, Tab 82 is the next entry  
7 relevant to Storm Fund Report?

8 A (Eckberg) I may not be quick enough to scan all  
9 of those intermediary items, but I do see that  
10 Tab 82 is the "2009 Storm Fund Report", yes. So,  
11 that seems to be the next one.

12 Q Okay. And then, the next one is Tab 112?

13 A (Eckberg) It's a very active docket.

14 Q And it's a very active docket, with any number of  
15 other reports, "call answering reports", and  
16 "Residential Customer" --

17 A (Eckberg) I believe you referenced "Tab 112".  
18 That says the "2011 Storm Report", --

19 Q It does. I would make an offer of proof that  
20 it's just an error. It's really "2010". It's a  
21 mislabel. But --

22 A (Eckberg) Okay.

23 Q -- you can see that --

24 MR. SHEEHAN: If I may interject, we

[WITNESS PANEL: Eckberg|Moran]

1 have not dispute that the document is what it is,  
2 and those reports were filed on the date they  
3 were filed. And it doesn't seem productive to go  
4 through this exercise.

5 MS. SCHWARZER: Well, Mr. Chairman, I  
6 won't take too much longer. But it's important  
7 to me to show where Staff did and did not file a  
8 report or recommendation, because part of the  
9 relevance of this is that the Department has  
10 represented that there approvals or approved  
11 definitions.

12 And it's important to me to show that  
13 inattention on behalf of the Department was the  
14 result, in part, an unfortunate administrative  
15 system, and a docket that, although, certainly,  
16 there was testimony from Ms. Tebbetts, that  
17 anything filed with the docket would go to the  
18 service list. By way of representation, someone  
19 who's working on an electric matter, that  
20 receives a notice of a filing in a gas docket  
21 from several years ago, may not view that as  
22 essential information.

23 CMSR. SIMPSON: Okay. Without walking  
24 through the rest, you think you might be able to

[WITNESS PANEL: Eckberg|Moran]

1 summarize or move on?

2 MS. SCHWARZER: Sure.

3 CMSR. SIMPSON: I understand the point  
4 that you're making.

5 MS. SCHWARZER: Okay. Let me take us  
6 to Bates Page 10 for this docket, Exhibit 25.

7 *[Court reporter interruption.]*

8 BY MS. SCHWARZER:

9 Q And, so, let me just take us to Bates Page 010.

10 A (Eckberg) Bates Page 010 of this exhibit?

11 Q Of this exhibit.

12 A (Eckberg) Yes.

13 Q And there are a number of Storm Reports filed in  
14 quick succession. Page 1 -- excuse me, Tab 156  
15 is the "2012 Storm Report", 160 is the "2013  
16 Storm Report", 162 is the "2014 Storm Report", --

17 A (Eckberg) Uh-huh.

18 Q -- 163 is the "2015 Storm Calendar Year Report",  
19 and then Tab 164 is the "Calendar Year 2016 Storm  
20 Fund Report", would you agree?

21 A (Eckberg) Generally, yes. I'm not sure I would  
22 say they occurred in "quick" -- they appear in  
23 quick succession here in the document list, I  
24 don't think "quick succession" timewise. I think

[WITNESS PANEL: Eckberg|Moran]

1           they were all filed in --

2   Q       That is correct.

3   A       (Eckberg) -- appropriate annual periods. I think  
4           that this, the fact that we see them all together  
5           quickly like this probably means there was --  
6           that other activities in this docket had ceased.

7   Q       And, so, the first "Staff Review" is Tab 165?

8   A       (Eckberg) Tab 165 is a "Staff Review", most  
9           likely of the 2016 Storm Fund Report, which is  
10          the prior item. Yes.

11   Q       And that's been marked "Exhibit 11" in this  
12          docket, correct?

13   A       (Eckberg) I'll be glad to -- yes. It has been,  
14          yes.

15   Q       And then, there are several more sequential  
16          filings, until the last entry at the bottom, 169,  
17          which is the "Updated Calendar Year 2019 Report"?

18   A       (Eckberg) Yes.

19   Q       Followed by what is now "Exhibit 12" in this  
20          docket, Tab 170?

21   A       (Eckberg) Yes. That's correct.

22   Q       In your experience, were Storm Reports given a  
23          high priority in the Electric Division with  
24          regard to immediate review?

[WITNESS PANEL: Eckberg|Moran]

1 A (Eckberg) I joined the Electric Division of the  
2 PUC in August of 2019. So, I can't speak very  
3 definitively regarding historical priorities.  
4 But I can say that, generally, since joining,  
5 these dockets are important, as are all  
6 regulatory matters. However, I think that, with  
7 each report and with each -- each Storm Report  
8 that comes in, and then with subsequent analysis  
9 and report by Commission Staff, or DOE Staff, in  
10 the summary, at the very first paragraph, it does  
11 say "There is no rate change triggered by this  
12 filing." So, these filings, because of that, do  
13 have, I would say, a bit of regulatory  
14 flexibility, and we don't necessarily, I mean, if  
15 there is a press of other business, and something  
16 needs to move on the schedule, I would say this  
17 one is more likely to move than things which have  
18 more important deadlines. So, I wouldn't want to  
19 say they're "unimportant".

20 Q No, of course. To your knowledge, are Liberty  
21 Storm Reports still filed in this docket, 06-107?

22 A (Eckberg) No. That was a priority of our prior  
23 Assistant Director of the PUC's Electric  
24 Division, Mr. Chagnon, felt that it was very



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1 important that these -- that new storm reports  
2 from Liberty, or any utility, should be filed in  
3 a new docket in the year in which they're filed,  
4 to facilitate more timely review and attention  
5 from Staff.

6 Q And, if I could direct your attention to  
7 Exhibit 11, which was the report filed by  
8 Mr. Chagnon in 2017.

9 A (Eckberg) Eleven (11).

10 Q Exhibit 11, Page 3.

11 A (Eckberg) I do have Exhibit 11 open, yes.

12 Q So, on Page 3, there is some focus from the  
13 Department on the fact that "expenses need to be  
14 properly booked in a timely manner", that "each  
15 year accurately reflects the finalized expenses",  
16 I'm looking at the top four lines. And then, in  
17 the last paragraph notes that "estimated  
18 qualifying pre-staging costs for the December 29  
19 storm event did not include \$279,000 for the  
20 restoration costs for the same storm event", due  
21 to data availability for filing.

22 So, based on just that content, it's  
23 certainly fair to say that the Department's  
24 Report and Recommendation from July 2017 did

[WITNESS PANEL: Eckberg|Moran]

1 focus on certain issues?

2 A (Eckberg) Yes, it did.

3 Q But not the definition of a "Major Storm"?

4 A (Eckberg) That's correct. That issue was not  
5 brought to the fore in that report. That's  
6 correct.

7 Q Has the Settlement Agreement language in Exhibit  
8 10 been amended by either party, with regard to  
9 Storm Fund issues, to your knowledge?

10 A (Eckberg) No, not to my knowledge. We are still  
11 operating with that exact same definition of  
12 "Major Storm". And I believe that it is oft  
13 repeated in reports and audits and other similar  
14 documents throughout this process.

15 Q Has there been changing to the funding for the  
16 Major Storm Report -- or, excuse me, for the  
17 Major Storm Fund?

18 A (Eckberg) Yes, there has been. Here, in this  
19 Exhibit 10, on that exact same Page 5, in the  
20 initial paragraph there we can see that, at its  
21 genesis, the Storm Fund was funded at a rate of  
22 \$120,000 per year. And I believe earlier today  
23 we heard testimony from Ms. Tebbetts that said  
24 that this funding had been increased at one point

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1 to 1.3 million, something like that. And it has  
2 subsequently been amended again. And, currently,  
3 the funding is, I believe, since 2013 or 2014, is  
4 1.5 million per year that is collected --  
5 included, I should say, included within base  
6 distribution rates for the Major Storm Fund.

7 Q Is it possible to accurately predict the number  
8 of major storms that will occur in a given year?

9 A (Eckberg) Not to my knowledge. Not even the  
10 number of nonmajor storms, probably.

11 Q Do you have a sense of the variation in storm  
12 costs from year to year?

13 A (Eckberg) I do have some information about that.  
14 It's not an exhibit. But, as all of these  
15 reports are in the docket that we have just  
16 discussed at length, 06-107, except for the most  
17 recent one, the Company reported storm costs from  
18 2014 through 2020 varied from a low of \$65,000 in  
19 2016, as reported in the Storm Fund Report, to a  
20 high of 2.8 million in 2018 in the Company's  
21 Storm Fund Report. Over that seven-year period,  
22 I calculated an average of just about \$1.2  
23 million of Company-reported major storm costs per  
24 year.

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[WITNESS PANEL: Eckberg|Moran]

1 Q Mr. Eckberg, if we could turn to the Department's  
2 recommendation, with the exception of the  
3 accounting issue?

4 A (Eckberg) With the exception of the -- what was  
5 that?

6 Q The accounting issue, which I'm reserving to --

7 A (Eckberg) Oh. Yes. Please.

8 *[Court reporter interruption, multiple*  
9 *parties speaking simultaneously.]*

10 BY MS. SCHWARZER:

11 Q If we could -- I'd like to turn to the  
12 Department's recommendations in this docket -- in  
13 these dockets, with the exception of the  
14 accounting issue, which will be reserved to Ms.  
15 Moran.

16 CMSR. SIMPSON: Do you have an exhibit  
17 you're referencing?

18 MS. SCHWARZER: Exhibit 12 and  
19 Exhibit 22.

20 CMSR. SIMPSON: Thank you.

21 **BY THE WITNESS:**

22 A (Eckberg) Correct. Twenty-two (22) covers  
23 several recommendations in my Report and  
24 Recommendation. And, in Exhibit 12, we will

[WITNESS PANEL: Eckberg|Moran]

1 find, on Page 1, the recommendation in that 2019  
2 Storm Report. Yes.

3 BY MS. SCHWARZER:

4 Q So, on Exhibit 22, Page 7, and Exhibit 12 --

5 A (Eckberg) We could just refer to Page 1.

6 Q Page 1.

7 A (Eckberg) I think that the recommendation is  
8 summarized there on Page 1. In the third  
9 paragraph, "Staff recommends that the costs  
10 related to these three storms, totaling 706,838,  
11 be disallowed for cost recovery from the  
12 Company's Storm Fund account."

13 Q Yes. That is specific to the Storm Fund account.  
14 But, if you don't mind, I would refer you to  
15 Page 7 of -- 7 and 8 of Exhibit 12, and a Page 7  
16 of your Exhibit 22.

17 A (Eckberg) I'm there. Yes.

18 Q Okay. I will just acknowledge, as I think  
19 Liberty has, the pre-staging events -- the  
20 stand-alone pre-staging events are not an issue.  
21 And, so, I don't want to spend the Commission's  
22 time on those recommendations.

23 But just to move to the items in  
24 dispute, what is the Department's recommendation

[WITNESS PANEL: Eckberg|Moran]

1 with regard to storm costs in the 21-073 docket?

2 A (Eckberg) Well, my recommendation, number one,  
3 was, because I determined that the Tropical Storm  
4 Isaias did not meet the "Major Storm" criteria,  
5 that the reported cost of 340,882 should not be  
6 collected through the Major Storm Fund, but  
7 rather would be booked as expenses, O&M expenses.

8 Q And what is the next recommendation that you make  
9 that is an issue here today?

10 A (Eckberg) Well, I think, if I understand  
11 correctly, you suggested that I jump over  
12 Number 2, --

13 Q Yes.

14 A (Eckberg) -- because that's not in -- not in  
15 dispute. And Number 3 has to do with the  
16 accounting treatment, which I will pass to my  
17 esteemed colleague on my right.

18 So, Number 4, I had recommended -- I  
19 have recommended that the Commission direct the  
20 Company to return an over-collection balance in  
21 its Major Storm Fund, which is currently, well,  
22 as of the date of the audit, December 31st, 2020,  
23 the ending balance of that Storm Fund is  
24 \$1,861,473. The Company has been in an

[WITNESS PANEL: Eckberg|Moran]

1 over-collected position with the Storm Fund for  
2 an extended period of time. Again, reviewing the  
3 Major Storm Fund audits, and reports that are in  
4 DG 107 [06-107?], the reader can see that the  
5 Storm Fund has been in a -- had an over-collected  
6 position of at least a million dollars since  
7 12/31/2015.

8 And, so, that was my conclusion and  
9 recommendation.

10 Q How would you -- were there any other elements  
11 included in the refund number that you proposed  
12 and how would you propose that that be done?

13 A (Eckberg) I did not include any other specific  
14 details. I mean, I did suggest, in addition to  
15 this balance of 1,861,000, that the Commission  
16 also return additional Major Storm Fund  
17 disallowances, which would include the amount  
18 from Recommendation Number 1, of that 340,882.  
19 In addition, the 706,838, if the Commission  
20 approved that disallowance also.

21 Of course, the Commission has plenty of  
22 flexibility in what it wishes to do in that  
23 matter.

24 Q And is there a method that would allow that money

[WITNESS PANEL: Eckberg|Moran]

1 to be returned, both the over-collection and the  
2 disallowed balances?

3 A (Eckberg) Yes, there is. In fact, I believe  
4 we've heard reference to that, in the Company's  
5 tariff, Tariff Page 26, I'm not sure, is that --  
6 well, I'm not sure it needs to be an exhibit, the  
7 tariff is on file. But Tariff Page 26 --

8 Q We did ask the Commission to take administrative  
9 notice of the tariff at the beginning.

10 A (Eckberg) Okay. So, Tariff Page 26 explains the  
11 SRAF, I think it's referred to, the Storm  
12 Recovery Adjustment Factor. Generally, that  
13 factor is used if the Company is in an  
14 under-collected position. If it has -- we heard  
15 some description earlier today, if there was a  
16 super giant major storm, which cost the Company,  
17 you know, millions of dollars, and, in order to  
18 be able to collect that extra amounts from  
19 ratepayers, this provision is already in the  
20 tariff, and the Company could request, and has in  
21 the past collected additional major storm funds  
22 from ratepayers.

23 But the language of that tariff  
24 provision does specifically refer, I believe, to



[WITNESS PANEL: Eckberg|Moran]

1 either refunds, as well as additional  
2 collections. So, --

3 Q If I suggested that it states that "the Company  
4 shall implement a factor designed to provide the  
5 increased or decreased funding to the Storm Fund  
6 at an amount approved by the Commission through  
7 the funding period", would you agree with me?

8 A (Eckberg) That sounds very much like the language  
9 I was trying to recreate from memory, yes.

10 Q What were the recommendations from the 2019  
11 Report marked as Exhibit 12?

12 A (Eckberg) Well, I think I've sort of rounded that  
13 in here in my discussion.

14 Q Okay. But, if I could bring your attention to  
15 Exhibit 12, 7 and 8, in addition to the  
16 disallowances requested, which are approximately  
17 700,000, as you referenced, there's also approval  
18 of pre-staging costs, which, again, are not  
19 contested, so, we won't go into those here.

20 But there is a requirement that Liberty  
21 terminate it's practice of capitalizing  
22 transportation. So, it's common to both,  
23 correct?

24 A (Eckberg) That's correct. And that issue is one

[WITNESS PANEL: Eckberg|Moran]

1           that is fairly nuanced. And I think that Ms.  
2           Moran is more well equipped to discuss that  
3           issue.

4    Q       Do you have even a general estimate of what sort  
5           of adjustment would be necessary to refund money  
6           to the customers, if the Commission were to grant  
7           the disallowances requested, as well as the  
8           return of the over-collection?

9    A       (Eckberg) Well, I think that there are several  
10           variables there, certainly, depending upon what  
11           the Commission decides. Whether the Commission  
12           decides to accept the DOE's recommendations or  
13           not. But my calculation of the total amounts  
14           that we're talking about here, that's the current  
15           over-collected balance of the Major Storm Fund,  
16           which is the 1.8 million; the 2019 storm  
17           disallowance, 706,000; the 2020 storm  
18           disallowance of 340,000.

19                        The total -- that total amount there is  
20           \$2.9 million. And, depending upon the period,  
21           for example, over which that would be returned to  
22           ratepayers, if we picked, for instance, a  
23           three-year period, and then looking at the -- so,  
24           we would divide that total number by 3, be just

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1 under, you know, \$969,000 a year to return to  
2 ratepayers. And, using the Company's 2021 total  
3 distribution delivery kilowatt-hours, that would  
4 work out to about one-tenth of a cent, \$0.001 as  
5 a refund rate.

6 MS. SCHWARZER: Thank you. I don't  
7 have any further questions. I'm not sure if  
8 you'd like --

9 **BY THE WITNESS:**

10 A (Eckberg) If I may, I would want to point out, in  
11 addition to that, the Department of Energy is not  
12 proposing any change to the Major Storm Fund  
13 collections. The \$1.5 million that is currently  
14 being collected for the Major Storm Fund would  
15 continue to be collected, because, indeed, as the  
16 Company has testified, there are major storms  
17 that are likely to happen. We don't know how  
18 many. We just have an intelligent guess or we  
19 look at history to see what those costs are  
20 approximately per year.

21 And, so, in effect the Company would  
22 continue to collect 1.5 million per year. But  
23 would be returning some potentially disallowed  
24 costs or some potentially over-collected costs,

[WITNESS PANEL: Eckberg|Moran]

1 if that is what the Commission determines.

2 MS. SCHWARZER: Thank you.

3 WITNESS ECKBERG: Uh-huh.

4 MS. SCHWARZER: Mr. Chairman, did you  
5 want to break this up by topic, with  
6 cross-examination and Commission questions to Mr.  
7 Eckberg, or would you like to hear the accounting  
8 issue at this time?

9 CMSR. SIMPSON: I'd like to hear the  
10 accounting issue at this time please. Thank you.

11 BY MS. SCHWARZER:

12 Q Ms. Moran, could you please introduce yourself  
13 and state your title with the Department?

14 A (Moran) Sure. My name is Karen Moran. I'm the  
15 Audit Director in the Enforcement Division in the  
16 Department of Energy.

17 Q And what are some of the duties that you have in  
18 the Department?

19 A (Moran) Well, I participate in and oversee all of  
20 the audits that we're asked to perform, either by  
21 the head of the Regulatory Division or by  
22 statute, as we're finding out. For audits I  
23 don't participate in, I oversee everything.

24 Q And what is your background?

[WITNESS PANEL: Eckberg|Moran]

1 A (Moran) I have a Master's in -- gosh, what do I  
2 have a Master's in? Business Administration and  
3 Leadership. I have a couple of different  
4 professional designations, a couple of extra --  
5 nothing that really focuses on just accounting,  
6 but more broadly across the spectrum of business  
7 administration.

8 Q And how long have you been either with the Public  
9 Utilities Commission as Staff or with the  
10 Department of Energy?

11 A (Moran) I started with the Public Utilities  
12 Commission in 1999.

13 Q And what role have you had in the review of  
14 Liberty's 2019 Storm Report and Liberty's --  
15 review of Liberty's 2020 Storm Report?

16 A (Moran) I oversaw those audits.

17 Q And have you reviewed that material before coming  
18 in to testify today?

19 A (Moran) Yes.

20 Q And did you prepare the -- or review the audit  
21 analysis for the 2019 Report and the 2020 Report?

22 A (Moran) Yes.

23 Q And are there any changes you would want to make  
24 to those documents as attached to Exhibit 12 and

[WITNESS PANEL: Eckberg|Moran]

1 Exhibit 22, with regard to what you filed -- what  
2 was filed by your Division?

3 A (Moran) No, I don't have any recommendations.

4 Q Will you please explain what the Department's  
5 concern is with regard to Liberty's practice?

6 A (Moran) Regarding the depreciation?

7 Q Regarding depreciation.

8 A (Moran) The depreciation question came out as a  
9 result of the rate case in 19-064. As part of  
10 our review of plant in service, we look at  
11 overhead calculations. We try to get into what  
12 is included in all of the different overheads.  
13 Over the years, Liberty has gone from ten or  
14 twelve overhead categories, down to six, down  
15 to -- I think they're down to four now. So, we  
16 try to make sure we understand what's included in  
17 all of those. First, to see that the inclusion  
18 of those items is reasonable, and then to make  
19 sure it's being spread across all of the  
20 affiliated companies appropriately.

21 In 19-064, we noted that they're  
22 including fleet depreciation in this "BRD"  
23 overhead burden that they apply to all of their  
24 work-in-process jobs. It's been in existence for

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1 quite a while. The depreciation inclusion was  
2 new to that test year.

3 Q And why was that of concern?

4 A (Moran) It was a concern because we hadn't seen  
5 it before, either at Liberty or other utilities.  
6 I know, in one of the exhibits, Liberty mentioned  
7 that Eversource does that. I can't say whether  
8 that's accurate or not.

9 Typically, depreciation expense  
10 literally hits the income statement, the offsets  
11 to the balance sheet, end of story. The concern  
12 we had was, if they're taking either all or a  
13 portion of the fleet depreciation and  
14 capitalizing it, that inflates the  
15 plant-in-service balance on which other  
16 depreciation is going to accrue, in a nutshell.

17 Q Well, and I wanted to address your attention to  
18 Exhibit 27, which I believe -- which is Liberty's  
19 answers to data requests, because I believe  
20 the -- Ms. Moran, you had suggested that part of  
21 Liberty's answer at one point was that  
22 "Eversource capitalizes a portion of fleet  
23 depreciation". When you said Eversource does  
24 that, were you referencing Bates Page 45, in

[WITNESS PANEL: Eckberg|Moran]

1 Exhibit 27, which is Liberty's response to data  
2 requests?

3 A (Moran) Yes.

4 Q Okay. So, it doesn't say they do it completely,  
5 it says they "capitalize a portion", is that  
6 correct, under h.?

7 A (Moran) That's what it states. That's correct.

8 Q Okay. So, your concern with regard to -- how  
9 would that, if they were -- if they were to  
10 capitalize the fleet expenses, how would that  
11 impact the Storm Fund?

12 A (Moran) Frankly, I'm truly unsure. If you look  
13 at the Storm Reports that are in Exhibit 24, that  
14 did include transportation costs. I don't know  
15 if those costs only reflected depreciation, or if  
16 they reflected part of the fleet clearing, which  
17 rolls up all of the operations and maintenance  
18 expenses associated with vehicles, you know,  
19 tires, gas, regular repairs and maintenance.

20 That said, I completely agree that  
21 depreciation should not be in the Storm Fund. I  
22 completely agree with that. I'm concerned,  
23 however, that the other transportation expenses  
24 that are not depreciation, such as the O&M, don't



[WITNESS PANEL: Eckberg|Moran]

1 follow the labor, which is how it was explained  
2 to us in many of the reports, or many of the  
3 interactions.

4 Q And is that the transportation section that Ms.  
5 Tebbetts was referring to in the 2017 Report that  
6 talked about the labor and the distribution  
7 across capitalized and expense accounts?

8 A (Moran) I'm unsure.

9 Q Okay. Exhibit 24, Page 14, which is the Final  
10 Audit Report, dated "July 19, 2017". Liberty's  
11 Storm Fund expenses for '15 and '16. At Bates  
12 Page 014 has a discussion about transportation  
13 costs. Are you there?

14 A (Moran) I'm there.

15 Q Okay. And is this something that the Audit  
16 Division felt was appropriate and was accustomed  
17 to seeing?

18 A (Moran) Yes.

19 Q And, in contrast, if you go to Bates Page 056 in  
20 this document, which is the Audit Report, it's  
21 dated "November 20, 2019" for the 2018 Storm Fund  
22 Report, that shows transportation at "zero",  
23 correct?

24 A (Moran) Correct.

[WITNESS PANEL: Eckberg|Moran]

1 Q And is that what sparked your concern?

2 A (Moran) Regarding the Storm Reports, yes.

3 Q And, although that was brought up in the rate  
4 base -- the rate case, 19-064, fair to say it was  
5 not resolved?

6 A (Moran) Correct.

7 Q And it was brought up in the 2019 Audit and  
8 Report and Recommendation, and it was not  
9 resolved?

10 A (Moran) Correct.

11 Q And it was brought up in the 2020 Audit and the  
12 2020 Department's Report and Recommendation, and  
13 has yet to be resolved, is that correct?

14 A (Moran) Correct.

15 Q Do you think that the Storm Fund should include  
16 any transportation-related expenses?

17 A (Moran) I do. As was part of Bates -- forgive  
18 me, I don't have my glasses, Bates 057, in  
19 Exhibit 24, the sentence in the last paragraph  
20 before "Capitalization" itself, "Audit  
21 understands that the "fleet spread" continues to  
22 follow labor for expenses, but the fleet burden  
23 has changed." And, as I said, I'm okay with the  
24 fleet burden changing. But the fleet spread

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1           should still be part of the storm.  Granted, it's  
2           going to be a small dollar amount.  I'm not  
3           arguing materiality here.  But the focus of the  
4           transportation costs over the years in the  
5           storms, as only being related to the fleet  
6           depreciation, hasn't been our understanding over  
7           the years.

8   Q       Have you reached out to colleagues at FERC to  
9           discuss this issue?

10  A       (Moran) I have.

11  Q       And what is your understanding?

12  A       (Moran) My conversation with the FERC --

13                   MR. SHEEHAN:  Objection, to the extent  
14           we're going to get opinions or statements from  
15           FERC colleagues that we have no information about  
16           or from.

17                   MS. SCHWARZER:  Hearsay is admissible  
18           in administrative hearings, and I don't think  
19           that objection holds.

20                   CMSR. SIMPSON:  I'll going to allow you  
21           to proceed.

22                   MS. SCHWARZER:  Thank you.

23  BY MS. SCHWARZER:

24  Q       What did you learn?

[WITNESS PANEL: Eckberg|Moran]

1 A (Moran) I'll make it brief, so I don't offend too  
2 many people.

3 My concern, when I contacted the FERC  
4 accountant last week had to do with the  
5 capitalization piece. So, of course, that  
6 doesn't impact the Storm Fund. I want to make  
7 sure everybody is clear that I understand that.

8 The capitalization of fleet spread over  
9 open work-in-process jobs was odd, as the  
10 accountant I spoke with explained it. He had not  
11 seen that. He's been with FERC for quite a  
12 while.

13 My guess, talk about "hearsay", this is  
14 a guess, is that it's being done for purposes of  
15 consolidation of financial statements. I don't  
16 know if that's true or not true. But we've had  
17 conversations in the past about different kinds  
18 of interpretation of FERC, and that ends up being  
19 the reason.

20 And the conclusion is, the consolidated  
21 financials have to comply with GAAP; the  
22 regulated utilities have to comply with FERC.  
23 That's -- we run into that nuance with other  
24 utilities as well.

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1 Q If transportation-related expense -- if  
2 transportation expenses related to the storm  
3 pre-staging or reelectrification are not being  
4 included in the Storm Report, do you believe that  
5 is consistent or inconsistent with FERC?

6 A (Moran) I'm hesitating, only because, as I stated  
7 earlier, I'm unclear now what the fleet  
8 transportation costs reflected in the prior storm  
9 reports were.

10 Q And is that because of an email we received from  
11 the Company this morning?

12 A (Moran) No. Actually, that's from -- well, it's  
13 partly from that. It's also partly from  
14 testimony earlier today that, prior year storm  
15 filings, transportation costs were only  
16 depreciation, and that was not our understanding.

17 MS. SCHWARZER: Could I have a moment,  
18 Mr. Chairman, perhaps to consider whether, given  
19 the current understanding or lack of  
20 understanding, there might be a better method of  
21 proceeding on that particular issue?

22 CMSR. SIMPSON: Sure. Let's just take  
23 five minutes. We'll return here at 3:35. Off  
24 the record.

[WITNESS PANEL: Eckberg|Moran]

1                   *(Recess taken at 3:29 p.m., and the*  
2                   *hearing resumed at 3:37 p.m.)*

3                   CMSR. SIMPSON: Let's go back on the  
4 record. Please proceed, Attorney Schwarzer.

5                   MS. SCHWARZER: Thank you. Mr.  
6 Chairman, the Parties have had a conversation.  
7 And DOE would like to refer to the rate case an  
8 issue from Exhibit 12 and from Exhibit 22.

9                   In Exhibit 22, that would be Issue 3,  
10 which discusses the capitalization of  
11 depreciation.

12                  CMSR. SIMPSON: Uh-huh.

13                  MS. SCHWARZER: And Exhibit 12, that's  
14 on Page Bates 008, and I'm just going to read it  
15 into the record, this would be referred to the  
16 rate case for future resolution: Requiring  
17 Liberty to terminate its practice of capitalizing  
18 transportation depreciation through the burden  
19 rate; requiring quantification of the impact in  
20 this 2019 Storm Fund filing" and the 2020 filing.  
21 And we would also expand that to include  
22 transportation generally, but that was not an  
23 issue in these Reports.

24                  So, we would ask that that be removed

[WITNESS PANEL: Eckberg|Moran]

1 from this particular docket and resolved in the  
2 future.

3 CMSR. SIMPSON: So, we're taking the  
4 FERC treatment of transportation off the table in  
5 this proceeding, and you intend to litigate that  
6 issue in a future rate case?

7 MS. SCHWARZER: Yes. So, taking off  
8 the table, but without prejudice. And it's my  
9 understanding, and, certainly, Liberty can  
10 confirm, if they agree.

11 MR. SHEEHAN: That's fine with us.

12 CMSR. SIMPSON: Okay. So, then, the  
13 issues pertain now only to 2019 and 2020 storm  
14 costs, absent the discussion of transportation?

15 MS. SCHWARZER: Yes, Mr. Chairman.

16 CMSR. SIMPSON: Okay.

17 MS. SCHWARZER: Thank you.

18 I have a few more questions for  
19 Ms. Moran, and then I'll conclude.

20 CMSR. SIMPSON: Please proceed.

21 MS. SCHWARZER: Thank you.

22 BY MS. SCHWARZER:

23 Q Ms. Moran, could you please discuss the process  
24 of issuing final reports for Liberty's Storm

[WITNESS PANEL: Eckberg|Moran]

1 audit reviews?

2 A (Moran) Sure. As Ms. Tebbetts spoke earlier, the  
3 audit process basically takes what the Regulatory  
4 Staff also reviews, takes the storm filing, we  
5 ask for specific support for each of the storms,  
6 the different components within each storm,  
7 different types of costs that are included. We  
8 communicate with the Company on a regular basis.  
9 We issue a draft report, which is sent just to  
10 them, it's not sent to the Staff at all. And  
11 they have the chance to review it, comment, if we  
12 misinterpreted something, if we just added a  
13 column incorrectly.

14 And, if there are any issues, then it's  
15 up to them to either provide a written response,  
16 which they have to do, but, if they want to talk  
17 about anything that we have included in the  
18 report, we can revise it. It's called a "draft"  
19 for a reason.

20 So, once we come to an agreement that  
21 the document is as it should be, then we finalize  
22 it, send it to the Regulatory Staff. It's  
23 addressed to Tom Frantz and others within the  
24 Department of Energy. Because, from the



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1 inception of the Audit Division itself, it's been  
2 considered an internal tool that the Regulatory  
3 Staff uses, so they can provide more  
4 information -- or, we provide more information to  
5 them, so they can do their data requests, almost  
6 using us as a springboard.

7 Does that help at all?

8 Q Thank you. And I did want to address -- bring  
9 your attention one more time to Exhibit 24, Bates  
10 Page 035. Given that pre-staging events aren't  
11 an issue, I do want to bring your attention to  
12 the second bullet on that Page 035.

13 A (Moran) I'm there.

14 Q Are you there?

15 A (Moran) Yes.

16 Q Okay. I'm just going to read it and ask you to  
17 comment: "The Audit Staff's recommendation that  
18 Staff provide "clear rules and instructions as to  
19 which costs are allowed during pre-staging  
20 events", that's in quotes, "may be  
21 understandable, but is improper. The  
22 qualification of pre-staging costs is based on  
23 the words in the Commission-approved Settlement  
24 Agreement in Docket Number DE 13-063, and not to

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1 any future instructions from Staff. Any  
2 modifications, potential limitations, or  
3 clarifications to that Commission-approved  
4 Settlement Agreement cannot be made  
5 unilaterally." Did I read that correctly?

6 A (Moran) You did.

7 Q And, so, is it fair to say you had sought  
8 information from Liberty about how they  
9 understood pre-staging, and they did not provide  
10 anything other than referring to the language in  
11 the Settlement.

12 A (Moran) Well, this, within the context of this  
13 Audit Report, related to pre-staging crews in  
14 probably Salem, but the storm hit in Lebanon.  
15 And, for clarity, oftentimes the Audit Reports  
16 are used for informational purposes internally  
17 and externally. We didn't want to lose the fact  
18 that the Company had talked to an auditor in a  
19 prior year. This kind of information was not  
20 provided. That, if you look at Bates Page --  
21 let's see, the Company's response starts on Bates  
22 Page 033, goes through 034, 035, and on after  
23 that.

24 The Commission, the Department of

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1 Energy, the Audit Staff, certainly does not want  
2 to be in the position to micromanage your crew  
3 setups. And I wanted it to be clear and  
4 documented that, if we go and look at the next  
5 storm audit and say "Boy, they pre-staged crews  
6 somewhere, and they used them somewhere else in  
7 the state", we're not going to get into that  
8 level of micromanaging, because it's just not  
9 proper.

10 But, rather than having us ask  
11 questions every year, "Hey, why did a crew from  
12 Salem do work in Lebanon?" We tried to get this  
13 documented. And, while I agree that we can't  
14 change the language of a settlement or anything  
15 else, but I think we can ask for clarification,  
16 in any context, really.

17 Q Ms. Moran, did the audit -- did the audits prior  
18 to 2020 address or raise the issue of the meaning  
19 of "concurrent" or the meaning of "troubles"?

20 A (Moran) Not directly.

21 MS. SCHWARZER: Thank you. I have no  
22 further questions.

23 CMSR. SIMPSON: Okay. Thank you. I'll  
24 recognize the Company for cross-examination.

[WITNESS PANEL: Eckberg|Moran]

1 MR. SHEEHAN: Thank you.

2 CMSR. SIMPSON: Attorney Sheehan.

3 MR. SHEEHAN: Mr. Eckberg, I will start  
4 with you.

5 **CROSS-EXAMINATION**

6 BY MR. SHEEHAN:

7 Q First, and not to be cute, but you're not an  
8 electrical engineer, is that correct?

9 A (Eckberg) That is correct.

10 Q Okay. So, to the extent you sort of adopted Mr.  
11 Demmer's report, there are parts of that that are  
12 technical that's probably outside your expertise,  
13 is that fair?

14 A (Eckberg) That may be the case, yes.

15 Q Okay. Second, the recommendation for these two  
16 Storm Reports of a disallowance are not based on  
17 findings of imprudence, they are based on the  
18 interpretation of the language that we've been  
19 talking about all day, is that --

20 MS. SCHWARZER: Objection. The Staff  
21 doesn't make findings of prudence.

22 BY MR. SHEEHAN:

23 Q Recommendations. Staff's recommendations are  
24 not -- they are not -- I may have misspoken, I'm

[WITNESS PANEL: Eckberg|Moran]

1           sorry. Staff is not making recommendations of  
2           imprudence for any of the costs incurred in these  
3           two storm years. The recommendation is based on  
4           an interpretation of Settlement Agreement  
5           language, is that correct?

6   A       (Eckberg) I would agree with that. As we've  
7           heard here today, I think that the -- that the  
8           former PUC Staff was, you know, our  
9           interpretation or the application of this  
10          definition, which has not changed since it was  
11          approved, I'm referring to the definition of  
12          "Major Storm" as it exists in Exhibit 10, on Page  
13          5, I think that that definition has not changed,  
14          but we are -- you could say are paying more close  
15          attention to the working than was previously paid  
16          by either National Grid or Liberty or prior Staff  
17          members.

18   Q       Would you agree with me that the application of  
19          that definition Staff is proposing -- let me  
20          start over. Would you agree that Staff -- DOE,  
21          Department of Energy, is proposing a change in  
22          the application of that tariff language to  
23          Liberty's 2019 and 2020 Storm Fund?

24   A       (Eckberg) I'm not quite sure how to parse that.

[WITNESS PANEL: Eckberg|Moran]

1 Q Okay. I'll withdraw the question.

2 A (Eckberg) Okay.

3 Q You referenced you had gone through some of the  
4 Storm Reports to look at how much we spend each  
5 year on storms.

6 A (Eckberg) Yes.

7 Q Is it your understanding that those costs reflect  
8 all of the Company's storm costs or only the  
9 storm costs related to the storms that the  
10 Company is describing in its Storm Reports?

11 A (Eckberg) I did try to be clear. I think I tried  
12 to say that these are the -- those would be the  
13 costs that were reported in the Major Storm  
14 Report. So, yes, I would assume that the Company  
15 had other storm costs as well that for storms  
16 that the Company did not find to be eligible for  
17 inclusion in the Major Storm Fund, yes.

18 Q So, is it fair to say the point of that little  
19 bit of testimony is the cost of major storms can  
20 vary widely?

21 A (Eckberg) Yes.

22 Q Okay. And I think you said they range from  
23 \$60,000, to I forget how many million you said,  
24 it was either 2 or \$4 million?

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[WITNESS PANEL: Eckberg|Moran]

1 A (Eckberg) 2.8 million --

2 Q Okay.

3 A (Eckberg) -- was the high that I say in that  
4 seven-year period I looked at.

5 Q And going back to the policy for the Storm Fund,  
6 isn't that the reason that we contribute X amount  
7 every year, to be able to pay for these -- the  
8 high years, and then build the Fund back up  
9 during the low years? You agree with that?

10 A (Eckberg) I wasn't part of the discussions of the  
11 genesis of the Storm Fund. But I think that  
12 there certainly is variability in the Company's  
13 expenses, as I said. However, I can see, from  
14 looking at the ending balance of the Major Storm  
15 Fund, that that hasn't -- that has remained in a  
16 noticeably over-collected position consistently  
17 for the last six years. So, that part has not  
18 varied.

19 Q Yes. But doesn't that mean that over the  
20 course -- as an aside, the Company is willing to  
21 consider, you know, refunding some of that  
22 "over-collection" you call it, and we're working  
23 on that right now. It's a fair point.

24 But the fact that it's stayed at

[WITNESS PANEL: Eckberg|Moran]

1 roughly the same level over the years, doesn't  
2 that mean that every year we're getting 1.5  
3 million in and we're spending 1.5 million on  
4 major storms, although it may be 2 million one  
5 year and 1 million the next year?

6 A (Eckberg) Well, I'm not sure I said "it remained  
7 approximately the same." It did -- that  
8 over-collection amount varied from -- the numbers  
9 I have in front of me here are from 1.2 million  
10 to 2.9 million.

11 Q Okay.

12 A (Eckberg) So, there's variability there in that  
13 issue as well.

14 Q Yes. And I take that as that's how it's supposed  
15 to work. And, again, you may have a point that  
16 the floor of that is too high, and we should drop  
17 the floor of that balance. But this is how the  
18 Storm Fund should work. The money is there and  
19 available to pay for the big storms when they  
20 arise?

21 A (Eckberg) Well, I think that there certainly  
22 could be some discussion about what that  
23 equilibrium point should be.

24 Q Right.



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1 A (Eckberg) You know, if the Storm Fund is  
2 consistently in an over-collected position,  
3 perhaps the annual amount that's collected is a  
4 little bit too great. So, yes.

5 Q We can't change the amount that's collected  
6 annually outside of a rate case. But, as you  
7 suggest, we could -- the Commission could approve  
8 a one-time, for lack of a better word, payback of  
9 part of that balance, correct?

10 A (Eckberg) That's correct.

11 Q Okay.

12 A (Eckberg) And we -- I have tried to be clear that  
13 we're not certain -- we are certainly not  
14 proposing to change the amount that is currently  
15 approved for collection for the Major Storm Fund.  
16 And, as I tried to explain with the SRAF, that  
17 element that's in the Tariff Page 26, that could  
18 be used to collect extra Storm Fund costs from  
19 ratepayers or to return costs, I believe.  
20 That's -- I'm not a lawyer. I'll leave that to  
21 the lawyers, but --

22 Q Now, to the central issue here, which, of the two  
23 definitions, the definition of "concurrent" is  
24 probably primary. Putting aside a specific

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1 definition for a moment, is it correct, in your  
2 opinion, that the purpose of the Storm Fund is to  
3 allow a mechanism of recovering costs for large  
4 storms, and, of course, the rub is in how we  
5 define "large storms". Do you agree with that  
6 basic premise?

7 A (Eckberg) Yes. I think that's the basic premise  
8 of the Major Storm Fund, yes.

9 Q And, since it's a fund, we're not looking  
10 necessarily at numbers of customers, numbers of  
11 outages, we're ultimately looking at dollars,  
12 because that's what the costs are that we come  
13 back for recovery. And, again, putting aside the  
14 particular definitions for a moment. Is that  
15 fair? What makes a major storm, ultimately, is  
16 expensive ones?

17 A (Eckberg) I'm not sure what the question is  
18 there.

19 Q Sure.

20 A (Eckberg) I mean, I think that the definition of  
21 "Major Storm" is important, because that tells us  
22 how the Fund will operate, and what costs are  
23 eligible to be paid for by the Fund.

24 Q Yes. I guess I'm asking you to take a step back

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1 to the policy level here, why we have a Storm  
2 Fund. And we don't have a Storm Fund because  
3 there was, I don't know, a particular number of  
4 outages. We have a Storm Fund because the  
5 Company incurred a large cost for a major storm.  
6 Do you agree with that statement? And then, we  
7 get to that definition of what's a "big storm"  
8 through these more precise metrics?

9 A (Eckberg) Yes. That there are major storms, and  
10 the Company needs to pay for those, yes.

11 Q Okay. And, so, if you look at the -- now we go  
12 to the particular definition we have in our  
13 Settlement Agreement for what constitutes a major  
14 storm. And the way the Company applies  
15 "concurrent" and the way you apply "concurrent"  
16 through those graphs you walked us through, if  
17 you look at one of the storms where we said  
18 "there's more than 45", and you said -- or, DOE  
19 said "there's 28", or whatever the number was,  
20 simply by drawing a point in time. But, in both  
21 instances, it's the same number of outages, do  
22 you agree with that?

23 Whether it's major or not. We had 52  
24 outages, we say they happened over the course of

[WITNESS PANEL: Eckberg|Moran]

1 the storm. You say "yes, 52 outages, but only 20  
2 were at one particular time."

3 A (Eckberg) That, with the exception of the issue  
4 of the service line interruptions, I think that  
5 impacts how --

6 Q Okay.

7 A (Eckberg) -- we considered the total population  
8 of outages during that storm, yes.

9 Q Taking that issue out, and --

10 A (Eckberg) Boy, we're taking a lot of issues out.

11 Q Well, I'm trying to understand the policy of why  
12 we do this.

13 A (Eckberg) Okay.

14 Q And to make sure the Commission's order in this  
15 docket supports that policy, rather than  
16 frustrates it, from our view.

17 So, if we agreed that the 55 incidents  
18 or troubles are countable, and our -- the way the  
19 storm worked out is those 55 outages were spread  
20 out enough so that at no one time were there 45,  
21 why should the Company not get recovery as a  
22 major storm, when those same 45 outages, if they  
23 were lined up better, same costs, same impacts  
24 would qualify for a major storm?

[WITNESS PANEL: Eckberg|Moran]

1           I mean, I understand you say it's a  
2           different definition. But, as a policy matter,  
3           why should that be different?

4   A       (Eckberg) I'm not quite sure how to answer that.  
5           I'm really not.

6   Q       Okay.

7   A       (Eckberg) Yes. I suppose I could say that, you  
8           know, this definition has been in place, as we've  
9           talked about numerous times today, since 2007.  
10          This is the definition. And, as I'm sitting here  
11          considering the situation, it could be that that  
12          definition, once upon a time, was -- let's  
13          just -- we'll assume that the Department of  
14          Energy's interpretation is the appropriate one,  
15          with the 30 concurrent outages, okay, and that  
16          only applied to primary and secondary lines, as  
17          we've explained that in our interpretation.

18                 It's certainly possible that 12, 13, 14  
19                 years ago, that those were appropriate metrics  
20                 for the Major Storm Fund, based upon the  
21                 reliability and performance statistics of the  
22                 Company's service areas. And perhaps, over time,  
23                 evolution has occurred. The Company's  
24                 reliability metrics have improved. And there are

[WITNESS PANEL: Eckberg|Moran]

1 fewer concurrent outages that occur at one time  
2 during a storm. And maybe this definition itself  
3 should evolve and be reviewed in the next  
4 storm -- next distribution rate case. That's  
5 certainly something that could be looked at. I'm  
6 just sort of thinking about that definition,  
7 which I think you're sort of asking about.

8 Q Right. And this isn't a question, this is my  
9 testimony. We have no problems looking at that  
10 definition going forward, and the next rate case  
11 is a great place to do it. But I'll save that  
12 for a later discussion with the Commissioners.

13 Okay. So, have you looked at the prior  
14 Storm Reports from 2008 through 2018?

15 A (Eckberg) Not extensively.

16 Q Okay.

17 A (Eckberg) There was a lot of testimony about that  
18 earlier today. I spent only a small amount of  
19 time with some data that we had available from  
20 one prior Storm Report that was easily accessible  
21 to me, just to look back out of curiosity.

22 Q Okay.

23 A (Eckberg) But that was not my purpose in this  
24 analysis. I was not intending to go back in time

[WITNESS PANEL: Eckberg|Moran]

1 and see if there were changes that should be made  
2 to interpretations of prior storms.

3 Q Okay. So, maybe this will be easy. Do you have  
4 any evidence that contradicts that services were  
5 considered troubles during those first ten years  
6 of Storm Reports as we went through this morning?  
7 You disagree with that, that that's what  
8 happened?

9 MS. SCHWARZER: Objection. I think  
10 you're asking the witness for sort of a legal  
11 conclusion about whether services were seen as  
12 secondary lines or separate lines.

13 MR. SHEEHAN: That's not what I asked.

14 MS. SCHWARZER: Okay. You're asking  
15 him to assess whether there's evidence in support  
16 of Liberty's argument?

17 MR. SHEEHAN: Yeah. Okay, I'll ask a  
18 better question.

19 BY MR. SHEEHAN:

20 Q Ms. Tebbetts went through a number of the old  
21 Storm Reports that showed many occasions on which  
22 a "service" was considered to be a "trouble" by  
23 the Company. Do you remember that?

24 A (Eckberg) Yes, I do. I think that many of those

[WITNESS PANEL: Eckberg|Moran]

1           outages, as they were presented in the big log of  
2           outages from the Outage Management System, if I  
3           recall correctly, they were often labeled as  
4           "secondary/service".

5   Q       And then, later, some of them were more directly  
6           labeled just a "service", do you recall that?

7   A       (Eckberg) I don't specifically recall that, but I  
8           don't doubt you. That I think that could simply  
9           be, you know, a change in the way items are  
10          recorded in a database.

11   Q       Do you dispute that some of those storms that  
12          were treated as major storms depended on those  
13          services being counted as an outage? Mainly,  
14          that out -- that services were part of the 45?

15   A       (Eckberg) I believe that was the Company's  
16          interpretation, and that was, as we have seen,  
17          that was also an interpretation that PUC Staff  
18          had perhaps agreed with in the past.

19   Q       Okay.

20   A       (Eckberg) Yes.

21   Q       And that happened up until the Storm Reports that  
22          we have before us today, is that correct?

23   A       (Eckberg) Those Reports that are Exhibit 12 and  
24          Exhibit 22, yes.



[WITNESS PANEL: Eckberg|Moran]

1 Q Okay. And the same with -- we just talked about  
2 the definition of "trouble" as being a service or  
3 not. Same with the application of the word  
4 "concurrent". Up until the reports in front of  
5 today, the Company applied the "concurrent" --  
6 the definition of "concurrent" as "beginning to  
7 end", as we described. Do you agree that that is  
8 what happened from the first reports through --  
9 they're in the current reports, but it happened  
10 through '18 without objection or issues raised by  
11 Staff?

12 A (Eckberg) Through either, you know, a  
13 misinterpretation of the definition or historical  
14 acceptance of that approach to the definition, I  
15 believe that that's how the interpretation of the  
16 "Major Storm" definition occurred for many years,  
17 yes.

18 Q And do you agree that that definition, the one  
19 the Company applied, and that DOE now disagrees  
20 with, that definition informed how rates were set  
21 for storm costs and distribution rates and the  
22 amount contributed to the Storm Fund?

23 A (Eckberg) I've heard the explanation that the  
24 Company witnesses presented about that. I have

[WITNESS PANEL: Eckberg|Moran]

1 not thought deeply about that issue, about how  
2 that "Major Storm" definition could impact  
3 distribution rates. I haven't given that issue a  
4 great deal of thought. I think that's where  
5 you're headed.

6 Q Yes. And it's not so much impacting the rates,  
7 but impacting the revenues the Company can keep  
8 as a result of the rates that were set based on  
9 those definitions. Does that make sense?

10 A (Eckberg) It does make some sense. Though, I  
11 think that that depends very much on, you know,  
12 how much -- you alluded earlier to, in addition  
13 to major storm costs, there are nonmajor storm  
14 costs, which the Company has to deal with with  
15 the rates that it collects. And I think it's  
16 quite difficult to predict how many storms we're  
17 going to get in a year, whether those are major  
18 storms or nonmajor storms. So, that is a big  
19 variable, and that's part of the risk that the  
20 Company has to live with with the business that  
21 it operates. And I'm not sure, as I said, I'm  
22 not quite sure how the definition of the "Major  
23 Storm" will impact that.

24 Q Okay. Can I start with a first question, a basic

[WITNESS PANEL: Eckberg|Moran]

1 question? The Company is entitled to recover  
2 prudent storm restoration costs as a general  
3 matter, is that correct?

4 A (Eckberg) Yes. I don't think --

5 Q Okay.

6 A (Eckberg) -- there's any doubt there.

7 Q Sometimes I wonder. And let's assume that we get  
8 ten storms a year, eight of them are minor, under  
9 whatever definition we have, and two of them are  
10 major. But those two storms don't always happen  
11 in the same year. So, it's one one year, and  
12 three the next year, but, over an average, we get  
13 two major storms a year. That's information we  
14 could arrive at through a test year. We look at  
15 what happened in the test year, we look at the  
16 major storms over the last six years, and we  
17 could come to that conclusion. Does that make  
18 sense to you?

19 A (Eckberg) Yes. We would, in order to establish,  
20 you know, what's appropriate for inclusion in a  
21 test year, we would want to look at an historical  
22 average, rather than just what occurred in that  
23 calendar test year. That the test year may be an  
24 anomaly.

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Eckberg|Moran]

1           Just as, you know, collectibles might  
2           be impacted by COVID, for example. That would be  
3           another different kind of an anomaly.

4    Q       So, in that simple example, it's relatively easy  
5           to predict the cost of those 8 nonmajor storms,  
6           again, there's a lot of variability, but, in the  
7           grand scheme of things, we can look at the  
8           history, and we know we're going to spend a  
9           million dollars a year on those 8 storms. And  
10          that would be one number that's just sort of  
11          baked into distribution rates. Does that make  
12          sense?

13                   MS. SCHWARZER: Is this a hypothetical?

14                   MR. SHEEHAN: Yes.

15                   WITNESS ECKBERG: Was -- am I clear to  
16          move ahead there?

17                   MS. SCHWARZER: Oh, yes.

18                   WITNESS ECKBERG: Okay. I'm sorry. I  
19          wasn't quite sure what that -- if that was an  
20          objection or --

21                   MS. SCHWARZER: Just wondering if there  
22          was facts not in evidence. So, if it's a  
23          hypothetical, it's fine.

24                   WITNESS ECKBERG: Could you repeat that

[WITNESS PANEL: Eckberg|Moran]

1 question?

2 MR. SHEEHAN: Sure.

3 BY MR. SHEEHAN:

4 Q Under my simple example of 8 minor storms a year  
5 and an average of two major ones in a year, the  
6 costs for those eight storms could be roughly  
7 calculated and included in distribution rates as  
8 part of a rate case. Sort of a test year  
9 exercise. Does that make sense to you?

10 A (Eckberg) If there -- if there was evidence I  
11 think that there were, you know, to support an  
12 average of eight minor storms per year, over some  
13 appropriate historical three- or five-year  
14 period, I would think that would be a normal  
15 thing to include within distribution rates, yes.

16 Q And, if we have, again, based on our research,  
17 two major storms, but of wildly varying costs  
18 that happen each year, we could estimate the cost  
19 for those storms and build it into the  
20 contribution to the Storm Fund. Does that seem  
21 like a --

22 A (Eckberg) We could. Or, the Company could, you  
23 know, make use of its Storm Recovery Adjustment  
24 Factor, and ask for the compensation it needs

[WITNESS PANEL: Eckberg|Moran]

1           when it accesses the capital that it has access  
2           to to make major storm reparations.

3    Q       But doesn't the Storm Fund serve the exact same  
4           purpose? It allows us to recover just the cost  
5           of those major storms, no more, no less, as  
6           opposed to, as you say, the risk we take in all  
7           the other storms?

8    A       (Eckberg) The purpose of the Major Storm Fund is  
9           to pay for major storms, yes.

10   Q       And, as you say, we could do this through the  
11           SRAF. We could wait for the storm to happen,  
12           come in with a filing, we need 2.2 million for  
13           that storm, SRAF gets adjusted, we get the 2.2  
14           million. It could work that way, too, correct?

15   A       (Eckberg) Could work that way, yes.

16   Q       Right now, we've got the Storm Fund. And that's  
17           what happened in these years. So, the goal of  
18           the Storm Fund is to make sure we recovered that  
19           hypothetical 2.2 million for that one major storm  
20           we had, correct?

21   A       (Eckberg) Or, some historically average amount of  
22           major storm costs that might occur in a typical  
23           year.

24   Q       And, if we don't have major storms, we end up

[WITNESS PANEL: Eckberg|Moran]

1 with a higher balance in the Fund that we can  
2 return to customers, correct?

3 A (Eckberg) That's one of the proposals on the  
4 table today, yes.

5 Q And, again, the purpose is to allow us to collect  
6 all of those major storm costs that are outside  
7 of the regular rates?

8 A (Eckberg) Assuming they're prudent storm  
9 costs, --

10 Q Of course.

11 A (Eckberg) -- of course, yes.

12 Q So, now, we set rates based on that 8 and 2. And  
13 to do -- to draw that line, we come up with a  
14 definition that says "Here's how you define those  
15 two major storms."

16 And then, sometime later, you change  
17 that definition. So, now, instead of qualifying  
18 for two --

19 MS. SCHWARZER: Objection. Is that a  
20 hypothetical change?

21 MR. SHEEHAN: Yes.

22 BY MR. SHEEHAN:

23 Q And so, that some years later the change in  
24 definition means we're only going to qualify for

[WITNESS PANEL: Eckberg|Moran]

1           one major storm a year. In that case, we would  
2           be out, that second major storm now gets rolled  
3           back into the regular bucket, but we don't have a  
4           corresponding increase in revenue to pay for it.  
5           Does that make sense?

6   A       (Eckberg) Well, I think that is one possible  
7           interpretation of what happens. I mean, the  
8           Company could also face a situation where there  
9           are more than anticipated nonmajor storms in a  
10          year. And that would be a similar situation to  
11          what you're describing, I think.

12   Q       Well, that's the risk of having a definition  
13          that's applied consistently. Some years, we  
14          don't have enough money in the regular rates to  
15          pay for them all and we eat it, so to speak.  
16          Other years, we do have enough. But, when you  
17          change a definition -- I'll strike that.

18   A       (Eckberg) Just to be clear, the definition hasn't  
19          changed since the 2006 Settlement Agreement.

20   Q       Do you acknowledge the application of the  
21          definition has changed in this case, or the  
22          proposed application?

23   A       (Eckberg) I believe that's a correct statement,  
24          yes.



[WITNESS PANEL: Eckberg|Moran]

1 MR. SHEEHAN: Okay. Thank you, Mr.  
2 Eckberg. I appreciate the exchange.

3 Ms. Moran, just a few questions for  
4 you, not about FERC, thank goodness, because I  
5 don't understand it.

6 BY MR. SHEEHAN:

7 Q We have in evidence the Audit Division's audits  
8 of the 2020 and 2019 Storm Funds. And I  
9 collected audits of four other funds in one of  
10 the exhibits, going back to '15.

11 A (Moran) Yes. Twenty four (24).

12 Q Okay. Did the Audit Division audit every audit  
13 [sic] report since the beginning, even though we  
14 don't have those reports in front of us today?

15 A (Moran) I don't think we went back to 2008. But  
16 I want to say there were likely reports from 2011  
17 or '12 maybe.

18 Q Okay. If we turn to Exhibit 24, which is the  
19 collection of -- I'm sorry. Yes, Exhibit 24,  
20 which is the collection of the audits, there's  
21 three audits, but it covers four years.

22 A (Moran) Uh-huh.

23 Q As part of each of those audits, the Audit  
24 Division applied the Settlement Agreement

[WITNESS PANEL: Eckberg|Moran]

1 definition to determine whether the storms in the  
2 Report qualify as major or not, is that correct?

3 A (Moran) That's correct.

4 Q And, if we turn to Bates 005, and I'm losing my  
5 screen again. And the paragraph in the middle of  
6 the page right above the heading "2015", --

7 A (Moran) Uh-huh.

8 Q -- and it begins "Audit reviewed docket DG  
9 06-107" --

10 MS. SCHWARZER: I apologize. I'm not  
11 sure where we are right now.

12 MR. SHEEHAN: Exhibit 24, Bates 005.

13 MS. SCHWARZER: Thank you very much.

14 MR. SHEEHAN: Sure.

15 BY MR. SHEEHAN:

16 Q And this is from the 2015 storms. This paragraph  
17 recites the definition of a "Major Storm", and  
18 then writes "Audit concurs that all of the storms  
19 charged to the Storm Fund qualify." Is that what  
20 that says?

21 A (Moran) That's what it says.

22 Q So, that was Audit Division's essentially  
23 agreement with the 2015 Audit Report that the  
24 storms list met that definition of "number of

[WITNESS PANEL: Eckberg|Moran]

1 troubles" and the type of troubles, is that  
2 correct?

3 A (Moran) That's correct.

4 Q If you go to Bates Page 017, and this is the  
5 report of the 2016 storms, there's a similar  
6 exchange in the paragraphs above the heading  
7 "2016". Three paragraphs up says "Audit reviewed  
8 the docket", and --

9 MS. SCHWARZER: I apologize again, I'm  
10 sorry. What is the Bates page?

11 MR. SHEEHAN: Seventeen.

12 MS. SCHWARZER: Thank you.

13 BY MR. SHEEHAN:

14 Q It summarizes the definition, and then the  
15 paragraph immediately above '16 again says "Audit  
16 reviewed the storms' EEI levels, and number of  
17 troubles and acknowledges that all of the storms  
18 charged to the Storm Fund qualify as a major  
19 storm or pre-staging event." Is that what that  
20 says?

21 A (Moran) That is what that says.

22 Q And then, to Bates 042, and this is the audit of  
23 the 2018 Storm Report, not 042, this one doesn't  
24 have the single statement like we saw above that

[WITNESS PANEL: Eckberg|Moran]

1 "Audit agrees that they are major storms", it has  
2 a reference for each of the storms, and they  
3 appear at Bates 050, 053, and 054. So, let's go  
4 to 050.

5 The very top of the page: "A  
6 description of the costs for this qualifying  
7 winter storm is included in the Report", is that  
8 correct?

9 A (Moran) That's what it says.

10 Q And, so, that certainly implies that the Audit  
11 Division has done the same review and reached the  
12 same conclusion, is that fair?

13 A (Moran) That's fair. And to be clear, until it  
14 was brought to our attention, we didn't go to the  
15 level of detail that we should have, --

16 Q Okay.

17 A (Moran) -- frankly.

18 Q Okay. And then, moving quickly, on Bates 053 is  
19 a reference to one of the other '18 storms, and,  
20 again, "A description of the costs for this  
21 qualifying wind event." And then, at 054, for  
22 another of the 2018 storms, it's the same phrase.

23 And then, if you go to Exhibit 20,  
24 Bates 005, and this is one of the storm -- this

[WITNESS PANEL: Eckberg|Moran]

1 is the audit of the 2019 Storm Report, one of the  
2 ones at issue here today, once again, it's -- are  
3 you there?

4 MS. SCHWARZER: I'm not there. I'm  
5 sorry.

6 MR. SHEEHAN: Okay.

7 MS. SCHWARZER: I'm there. Exhibit 20.  
8 Which Bates page?

9 MR. SHEEHAN: Five.

10 BY MR. SHEEHAN:

11 Q The small paragraph above "2019" again says  
12 "Audit reviewed the storms' EEI levels and number  
13 of troubles and acknowledges that all of the  
14 storms charged to the Storm Fund qualify as a  
15 major storm or pre-staging event." So, even in  
16 if audit of the 2019 Storm Report, Audit agreed  
17 with the Company's application of the tariff --  
18 of the Settlement Agreement definition to those  
19 storms, is that correct?

20 A (Moran) Yes.

21 Q Okay. The 2020 audit, it's not a 2020 audit,  
22 it's an audit of the 2020 Report, changes and  
23 applies the definition that the Department is  
24 advocating for in this proceeding, is that

[WITNESS PANEL: Eckberg|Moran]

1 correct?

2 A (Moran) Correct.

3 Q Why the change?

4 A (Moran) Because we were educated on what we  
5 should have been doing from day one.

6 Q By whom?

7 A (Moran) By the Engineering Staff in the Electric  
8 Division.

9 Q Okay. And, so, you acknowledge, as Mr. Eckberg  
10 did, that what was done prior to 2019 is  
11 different than what's being proposed here today?

12 A (Moran) Prior to 2020, it wasn't as thorough as  
13 it should have been. That's correct.

14 Q Okay. Do you recognize that, not only the  
15 Company, but others, might have relied on the  
16 Audit Division's treatment of that Settlement  
17 Agreement through those years to, again,  
18 informally approve the withdrawals from the Storm  
19 Fund?

20 A (Moran) They may have.

21 Q Okay. And do you agree with Ms. Tebbetts'  
22 description of that was an informal process,  
23 where we would file a report, your team would  
24 audit it, and there were no official orders or

[WITNESS PANEL: Eckberg|Moran]

1           approvals, but we would take that audit findings,  
2           with the pluses and minuses that might come out  
3           of it, and make withdrawals from the Storm Fund?

4   A       (Moran) I do. And I want to actually be clear,  
5           I'm glad you brought that up, --

6   Q       Sure.

7   A       (Moran) -- that the Company must offset those  
8           revenues and expenses every year, because we're  
9           often not able to give you a timely audit report,  
10          and you must close the books. So, you're under  
11          no obligation to wait for us to do that.

12   Q       You understand why we would like to get your  
13          blessing, for lack of a better word?

14   A       (Moran) I do.

15   Q       Okay.

16   A       (Moran) However, we can't be part of your  
17          process. To be an arm's-length audit, you know,  
18          from a regulatory standpoint, we can't be part of  
19          your process.

20   Q       Understood.

21   A       (Moran) Okay.

22   Q       And I'll ask both of you the same question. We  
23          walked through a bunch of the storms, and showed,  
24          I think, that some of them would not have

[WITNESS PANEL: Eckberg|Moran]

1 qualified as major storms if we changed -- if we  
2 applied the proposed definition of "trouble". Do  
3 you dispute that, either of you?

4 A (Eckberg) No, I don't dispute that. I think that  
5 you provided examples of that. I think it  
6 would -- and, as I alluded to, I did look at some  
7 data from the past. And I was able to identify  
8 one prior storm that had been approved as a major  
9 storm, which I probably would not have, if I was  
10 using the current approach. So, I would agree  
11 with you.

12 Q And the same with the different versions of  
13 "concurrent". There are some storms in the past  
14 that were considered major that wouldn't be under  
15 the currently proposed interpretation of  
16 "concurrent". Do you --

17 A (Eckberg) Well, I think my comment encompassed  
18 both the single service line outage, as well as  
19 the "concurrency" element of the definition.

20 Q Ms. Moran, do you agree?

21 A (Moran) I would agree with that.

22 MR. SHEEHAN: Thank you. Those are all  
23 the questions I have. Thank you.

24 CMSR. SIMPSON: So, we're at ten



[WITNESS PANEL: Eckberg|Moran]

1 minutes to 4:30. I want to survey the Parties to  
2 see if you're comfortable continuing on with this  
3 hearing or it would be preferable for the  
4 Commission to schedule another time to continue?

5 MR. SHEEHAN: My preference is to  
6 finish. I think we are relatively close. And,  
7 if we came back another day, we'd probably spend  
8 an hour rereading ground that we've already trod  
9 today.

10 MS. SCHWARZER: I believe we could  
11 finish by 5:00, if that is the option.

12 CMSR. SIMPSON: Okay.

13 MS. SCHWARZER: And are the witness --  
14 I haven't checked with my witnesses. Is that  
15 acceptable?

16 WITNESS ECKBERG: I'm fine with  
17 continuing.

18 WITNESS MORAN: I'm fine as well.

19 MS. SCHWARZER: Thank you.

20 CMSR. SIMPSON: Okay. Then, let's  
21 proceed. I'll recognize --

22 MS. SCHWARZER: I'm sorry. Shall I do  
23 redirect now or do you want to do your questions?  
24 Go ahead.

[WITNESS PANEL: Eckberg|Moran]

1 CMSR. SIMPSON: Yes. I'll recognize  
2 Commissioner Chattopadhyay.

3 MR. SHEEHAN: I'm sorry to interrupt,  
4 but I can short-circuit another thing.

5 We've been talking in the back, and we  
6 are willing to agree to refund, defund, whatever  
7 the word is, that \$1.8 million balance. We can't  
8 do it in this filing, but we will start the  
9 wheels moving to get that done.

10 CMSR. SIMPSON: So, then, let me  
11 continue on that.

12 There's been a couple of issues that  
13 we've taken off the table. And the testimony  
14 today, from all the witnesses, has been very  
15 helpful.

16 Do the Parties foresee any pathway to a  
17 proposal, in terms of a settlement?

18 MR. SHEEHAN: On the other issue, the  
19 million dollars that are at --

20 CMSR. SIMPSON: The issues with respect  
21 to the '19 and the '20 costs. I mean, we've  
22 already taken a couple issues off the table. So,  
23 it sounds like, in periods of the Commission  
24 stepping out, going off the record, there has

[WITNESS PANEL: Eckberg|Moran]

1           been some collaboration between the Company and  
2           the Department. Is that a fair characterization  
3           or no? Or, is the Company willing to remove  
4           issues?

5                       MR. SHEEHAN: Well, I think it was one  
6           of each. I think it was -- the Department  
7           approached us, if we were willing, if they wanted  
8           to remove the FERC issue, and we were fine with  
9           that. And we, on our own, have thought through  
10          the 1.8 million, and are fine with removing that.  
11          It hasn't so much been a conversation, as a --

12                      CMSR. SIMPSON: Okay.

13                     MR. SHEEHAN: It's simply a move to try  
14          to help the -- what I always saw as a core issue  
15          of these definitions, --

16                      CMSR. SIMPSON: Uh-huh.

17                     MR. SHEEHAN: -- because it's happened  
18          over two years. It may happen again this year.  
19          It won't get changed until the rate case, if at  
20          all, that it is an important issue.

21                     Saying that, we're always willing to  
22          talk. To date, we have been unsuccessful. You  
23          know, we've had conversations, and we acknowledge  
24          our disagreements, and we haven't made much

[WITNESS PANEL: Eckberg|Moran]

1 progress. But I will never say I won't talk.  
2 It's always an option.

3 CMSR. SIMPSON: Thank you. Ms.  
4 Schwarzer.

5 MS. SCHWARZER: Mr. Chairman, it's news  
6 to me that the Company is willing to return the  
7 1.8 million. And I'm not sure if they mean they  
8 are going to do that in the SRAF factor?

9 MR. SHEEHAN: We'll figure out the  
10 mechanics. I mean, through that factor is the  
11 best way to do it, but it has to be in some  
12 proceeding. I'm not sure we could sort of revive  
13 this one to do it. There's notice issues. Or it  
14 could be in the next electric rate adjustment  
15 proceeding, which would be probably the fall's  
16 Energy Service, or something, we can certainly  
17 get that done.

18 MS. SCHWARZER: Well, certainly, if --  
19 I'm sorry this is just new information. And, so,  
20 we're happy that the over-collection may be  
21 returned. I think we prefer that it be done  
22 through the SRAF and a tariff function. And I'm  
23 not sure if the offer to do it in the rate case  
24 is sort of a delay. I honestly haven't had a

[WITNESS PANEL: Eckberg|Moran]

1 chance to speak to my witnesses or --

2 MR. SHEEHAN: I didn't say "rate case"  
3 for that. We can get that SRAF thing done on  
4 relatively short order. I'm not sure exactly  
5 what the mechanism is. But it's not -- we're not  
6 asking that that be put off to a rate case.

7 MS. SCHWARZER: Well, so, certainly,  
8 we're pleased that the Company is willing to  
9 refund the 1.8 million. And, if that's not -- if  
10 the Commission could include information along  
11 the lines of, I don't know, a month or two to  
12 reach agreement on a mechanism or a process, if I  
13 can have a moment to speak to my witnesses, --

14 CMSR. SIMPSON: Oh. Let's --

15 MS. SCHWARZER: You don't have to  
16 necessarily even leave. If I could just -- we  
17 could turn off the mikes and I can --

18 CMSR. SIMPSON: Okay. Let's go off the  
19 record for a moment for you to speak to your  
20 witnesses.

21 MS. SCHWARZER: Thank you.

22 *[Atty. Schwarzer conferring with*  
23 *Witness Moran and Witness Eckberg.]*

24 CMSR. SIMPSON: Let's go back on the

[WITNESS PANEL: Eckberg|Moran]

1 record.

2 So, Ms. Schwarzer, we gave you an  
3 opportunity to caucus with your witnesses.

4 MS. SCHWARZER: Yes. Thank you, Mr.  
5 Chairman.

6 Certainly, if, in the Energy Service  
7 filing, there's a provision for returning the 1.8  
8 million over-collection, and assuming we have an  
9 opportunity for some input on the period of time  
10 over which that happens, and I see Mr. Sheehan  
11 nodding.

12 So, that seems like a good resolution.  
13 And that aspect of the contested issues can be  
14 taken off the table. Which leaves us with the  
15 question about the disallowed amounts and the  
16 meaning of the Settlement language.

17 CMSR. SIMPSON: Okay.

18 MS. SCHWARZER: And how that might be  
19 refunded or not.

20 CMSR. SIMPSON: Okay. Thank you. It's  
21 been an interesting hearing.

22 I'll recognize Commissioner  
23 Chattopadhyay to question these witnesses.

24 CMSR. CHATTOPADHYAY: I'll be happy to.

[WITNESS PANEL: Eckberg|Moran]

1 And things could have been way better if we were  
2 in Bermuda, but --

3 [Laughter.]

4 BY CMSR. CHATTOPADHYAY:

5 Q So, let's go to Exhibit 22, and give me some time  
6 to find it. I think I did already.

7 So, I'm just trying to make sure I  
8 understand. And, when you look at the page  
9 number, it always helps doing that, Page  
10 Number 7, I just want to make sure that, in Item  
11 Number 4, when you talk about the "1.861474",  
12 this is for my understanding, it's 473, actually?

13 A (Eckberg) Yes.

14 Q That is after the withdrawal from the Storm Fund,  
15 you know, withdrawal of the costs, you know,  
16 right, for 2019 and 2020?

17 A (Eckberg) That balance, --

18 Q Yes.

19 A (Eckberg) -- the over-collection balance that's  
20 shown there of 1.8 million reflects the audited  
21 Storm Fund balance as of December 31st, 2020.  
22 So, that would be after the 2009 [2019?] Storm  
23 Report.

24 I'm double-checking with my auditor.

[WITNESS PANEL: Eckberg|Moran]

1 A (Moran) I'm looking for the date, hold on please.

2 Q And you said "29", so, I'm not sure what  
3 you meant?

4 A (Eckberg) I said -- I'm sorry, I said "after the  
5 2019 Storm Report."

6 Q "After the 2019", okay.

7 A (Moran) No. That is after the 2020 --

8 Q 2020.

9 A (Moran) -- Storm Report, correct.

10 Q So, that -- so, the withdrawal is accounted for  
11 there for 2020?

12 A (Moran) Correct.

13 Q Okay. Just wanted to make sure. Can you give me  
14 a sense of how that over-collection balance has  
15 trended? So, just give me a sense of over the  
16 last five years what has happened, because you  
17 mentioned about, like, you had looked at it. So,  
18 I just want to get a sense.

19 A (Eckberg) And I'm sorry, Commissioner, could you  
20 repeat the question? You were --

21 Q So, the over-collection balance, as it stands  
22 right now, I want to get a sense of how it has  
23 changed over the years. So, let's go back to,  
24 like, five years, and tell me, if you know, how



[WITNESS PANEL: Eckberg|Moran]

1 that balance has changed?

2 A (Eckberg) Five years ago, the ending balance on  
3 12/31/2016, according to the information I have,  
4 which is from a storm audit, the balance -- the  
5 ending balance was an over-collection of \$2.9  
6 million. That was the maximum high point of  
7 over-collection, and the balance has reduced  
8 mostly consistently since then, from 2.9 million,  
9 to 2.6 million over-collection at the end of  
10 2017, to 1.6 million at the end of 2018, to 1.2  
11 million at the end of 2019, and then there was a  
12 slight bump up in the ending balance  
13 over-collection to that value 1.8 million that  
14 we're looking at now.

15 Q Thank you. Let's go to Exhibit 13, I think. Let  
16 me find it. No, Exhibit 14. And let's go to  
17 Bates Page 025.

18 A (Eckberg) Exhibit 14, Bates 025.

19 Q And we can also, I mean, the same thing, I mean,  
20 we can look at the listing there, it goes to --  
21 goes up to Page 26. So, two pages.

22 A (Eckberg) Yes. This is a listing of the outage  
23 events --

24 Q Yes.

[WITNESS PANEL: Eckberg|Moran]

1 A (Eckberg) -- during that particular storm.

2 Q So, this was for 2019, correct?

3 A (Eckberg) That's correct. Yes. The date column  
4 is listed there, yes.

5 Q Yes. So, when we were talking about the graphs,  
6 and we were, you know, looking at 2019, sort of  
7 to figure out the number of concurrent outages,  
8 that sort of relied on this, right?

9 A (Eckberg) That's correct. This would be -- this  
10 represents the listing of all of the outages that  
11 took place during that storm event that were  
12 provided in the Report. So, Staff would have  
13 removed the outages with only a single customer,  
14 I believe, would have removed each one of those.  
15 For instance, in the first row on Page 25, this  
16 is a customer -- no, I'm sorry, my error.  
17 That's -- my glasses need cleaning -- that one  
18 says "Customers Impacted: 3".

19 Q Yes.

20 A (Eckberg) But, on the fourth row down, there's  
21 "Customers Impacted: 1", and you can see the  
22 comment related to "service wires".

23 Q Okay.

24 A (Eckberg) So, we would have removed that from

[WITNESS PANEL: Eckberg|Moran]

1 consideration. And then, other ones similar to  
2 that, and created the graph, the chart. Yes.

3 Q So, my question is, so, the entries in the  
4 "Comments" column, for example, if you go down to  
5 the ID Number "51996", which is Number 7 from  
6 top?

7 A (Eckberg) Yes. I see that one.

8 Q It says "Reattached Service Wires P15 Whitcomb  
9 Road."

10 A (Eckberg) Correct.

11 Q So, that would be -- you would consider that a  
12 service wires, right? So, you've taken that out.

13 A (Eckberg) Yes.

14 Q And, as you explained, you've taken out all of  
15 the rows that had "1" showing up in Column "CI"?

16 A (Eckberg) I think that was the general approach,  
17 yes.

18 Q So, just to make sure I understand it, all of  
19 those events are indeed about, in the DOE's  
20 opinion, about service wires. So, for example,  
21 if you go down to Line Number 20?

22 A (Eckberg) Line Number 20, I see that, yes.

23 Q And it says "Failed Transformer Cutout Pole 151 -  
24 1 County Road."

[WITNESS PANEL: Eckberg|Moran]

1 A (Eckberg) Yes.

2 Q How would I know that that is indeed about  
3 service?

4 A (Eckberg) Well, I think that we had some  
5 questioning earlier with the Company's witnesses  
6 that -- that would suggest that an outage like  
7 this is probably not a service-related line.  
8 This would be something that was -- it's a failed  
9 transformer. So, that transformer connects the  
10 primary to the secondary wiring system. And, so,  
11 I think, even though this is only impacting one  
12 customer, if we're going to parse this down to a  
13 lot of detail, I think this particular outage  
14 should probably remain "in the mix", so to speak.

15 Q And, likewise, there are a few more that I am not  
16 sure about. So, for example, on Line No. 22, and  
17 it may well be about service, but I don't  
18 understand: "25K Trip Saver P13 Dogford Road  
19 locked out due to fallen tree." So, again, my  
20 question really is, ultimately, if you have taken  
21 out all of the ones that have "1" in the Column  
22 "CI", --

23 A (Eckberg) Uh-huh.

24 Q -- did you ensure that there -- you have also

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[WITNESS PANEL: Eckberg|Moran]

1 looked into the details, so that there are some  
2 that would actually not be about service lines,  
3 they would be more about, you know, secondary, or  
4 even primary, I'm not sure, so that they should  
5 not be taken out when you're doing the analysis  
6 with the graphs?

7 A (Eckberg) Well, I think that we have your example  
8 of Line Number 20 has established an example of  
9 the type of thing that I think should be left in  
10 consideration of the total pool of storm events.  
11 That's the one that mentions "transformer". And,  
12 even though there's a customer impact of only  
13 "1", if I'm looking at the correct column, let me  
14 scroll up a moment, yes, that's "CI", "customers  
15 impacted".

16 So, I can't -- I can't say with  
17 certainty, right here at the moment, exactly --

18 Q Yes.

19 A (Eckberg) -- which ones were in and which ones  
20 were out. But I certainly do acknowledge that  
21 there are interruptions with one customer  
22 impacted that are not service line wires, which I  
23 think, using our definition -- or, using our  
24 application of the definition, we should consider

[WITNESS PANEL: Eckberg|Moran]

1           them to be in the pool of outages that we would  
2           chart and determine whether that contributed or  
3           didn't contribute to a "30 concurrent outages" or  
4           a "45 concurrent outages" standard, yes.

5   Q       So, at Line 35, and I will just keep it short, it  
6           says: "Blown Line Fuse", again, not being an  
7           electrical engineer, and also assuming, you know,  
8           that, obviously, you're not one, and, so, I would  
9           kind of point out that there are some rows here  
10          that need to be revisited, if that analysis is to  
11          be done properly. It's entirely possible that  
12          the answer would be same, but I just wanted to  
13          flag that.

14   A       (Eckberg) And I would acknowledge that it's  
15          possible that it could be different as well.

16                    CMSR. CHATTOPADHYAY: Yes. So, I think  
17          that's all I have.

18                    CMSR. SIMPSON: Okay. Thank you.

19                    So, I'd like to just sort of start to  
20          set the stage at a high level.

21   BY CMSR. SIMPSON:

22   Q       National Grid acquired KeySpan Settlement  
23          Agreement, which is Exhibit 10, we have excerpts  
24          from the Settlement Agreement in Exhibit 10,

[WITNESS PANEL: Eckberg|Moran]

1           which we've been debating the definition of  
2           "Storm Fund". Exhibit 25 was introduced to show  
3           historically the docket and the submissions of  
4           Annual Storm Reports by the Company. And, for  
5           several years, it appears that those Reports were  
6           filed in this Docket DG 06-107.

7                        Is it fair to say that the Commission,  
8           at the time, from both of your understanding,  
9           took a light review of those Reports over the  
10          course of time, for a variety of factors, given  
11          that they were filed in what's a gas docket, but  
12          they applied, really, for the Company's electric  
13          subsidiary. Is that a fair characterization?

14   A       (Eckberg) I think, generally, that's a fair  
15          characterization. Though, we did hear from  
16          Ms. Moran that, I believe, starting in perhaps  
17          2011 or so that there were audits of those  
18          reports. Though, those audits do not all appear  
19          here in the docketbook.

20   Q       Uh-huh. Okay.

21   A       (Eckberg) It was like, sort of, though, the audit  
22          was formal, the process surrounding then the  
23          review of the audit and the discussions with the  
24          Company, I think reflect an informal process,

[WITNESS PANEL: Eckberg|Moran]

1           yes.

2   Q       So, the Audit Division would review those Storm  
3           Reports annually. We have audits I believe  
4           beginning in the Calendar Year 2017 as pertaining  
5           to the 2016 Storm Report, that's the first one in  
6           the Exhibit List. And the former PUC Staff Audit  
7           Division would review the Company's Reports, and,  
8           starting in 2016, from the evidence that we have,  
9           they approved the Company's interpretation of  
10          "major storms", is that fair to say?

11   A       (Eckberg) Go ahead.

12   A       (Moran) Go ahead. The record actually starts  
13          with the 2015 Storm Report. And I would say, as  
14          I did earlier, that we, frankly, didn't consider  
15          "concurrent" at all. So, the Reports, even  
16          though they didn't identify it as an issue,  
17          failed to say whether it was all happening at the  
18          same time or not. And that's a problem with all  
19          the reports from the very beginning, --

20   Q       Uh-huh.

21   A       (Moran) -- until it was brought to our attention  
22          to "pay closer attention", which we have done.

23   Q       Okay. So, then, sometime, with respect to the  
24          Company's 2019 Storm Report, the Audit Division



[WITNESS PANEL: Eckberg|Moran]

1 became internally aware of the definition of  
2 "Major Storm", as per the Settlement Agreement in  
3 DG 06-107, and began examining that language  
4 through a different lense?

5 A (Moran) Correct.

6 Q Okay. And then, subsequent to the Audit Division  
7 taking a closer look at the definition, and  
8 auditing the Reports, began to flag the issue of  
9 concurrence in their Audit Reports?

10 A (Moran) Yes. Excuse me.

11 Q Additionally, in addition to the issue of  
12 concurrence, the topic of "troubles" as defined  
13 as "Interruption events occurring on primary or  
14 secondary lines", that was also looked at more  
15 closely --

16 A (Moran) Correct.

17 Q -- at the same time?

18 A (Moran) That's correct.

19 Q Okay. So, your Audit Staff began flagging the  
20 issue. And it's really been hanging out there  
21 looking for a resolution from the Commission  
22 since that time. And that's why the Company has  
23 proceeded via their interpretation of those two  
24 issues in years 2020 and, presumably, beyond?

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[WITNESS PANEL: Eckberg|Moran]

1 A (Moran) The issue was actually flagged by the PUC  
2 engineer, who took the 2019 Storm Report Audit  
3 Report, --

4 Q Uh-huh. Okay.

5 A (Moran) -- and said "I disagree with what Audit  
6 concluded. This is why I think these storms did  
7 not qualify." And that was the education lesson  
8 the Audit Staff got.

9 Q And, subsequently, the Audit Staff's  
10 interpretation is evolving based upon the former  
11 PUC Staff's engineer's analysis?

12 A (Moran) That's correct.

13 Q Okay. Can you provide a perspective on the  
14 Company's reliance of past practice, in terms of  
15 interpreting the terminology in the Settlement  
16 Agreement?

17 A (Moran) I'm not sure I can express an opinion on  
18 what they interpreted from so many years ago.

19 Q Okay. Since we've had a few issues taken off the  
20 table, I'd like to revisit the outstanding  
21 issues.

22 So, looking at Exhibit 12, Bates  
23 Page 007, there's a "Staff Recommendation  
24 Summary".

[WITNESS PANEL: Eckberg|Moran]

1 MS. SCHWARZER: Yes.

2 BY CMSR. SIMPSON:

3 Q So, the first bullet, the "disallowance of  
4 \$172,970 for the January 9th, 2019 storm event",  
5 that is still a contested issue, correct?

6 A (Eckberg) Yes, I believe that's correct. I  
7 believe these -- the first three bullets here --

8 Q Uh-huh.

9 A (Eckberg) -- identified in this list, not having  
10 a calculator, but I believe that those three  
11 issues would total up to be the summary  
12 recommendation on Page 1, --

13 Q Uh-huh.

14 A (Eckberg) -- which is the "706,838".

15 Q Okay. And then, the fourth and fifth bullets are  
16 not contested issues, correct?

17 A (Eckberg) That's correct.

18 Q The sixth bullet has been removed from issue in  
19 this proceeding, correct?

20 A (Eckberg) I believe that's correct.

21 MS. SCHWARZER: Yes, without prejudice.

22 BY CMSR. SIMPSON:

23 Q And then, the final bullet, the seventh bullet,  
24 is a threshold question for the Commission to

[WITNESS PANEL: Eckberg|Moran]

1 determine?

2 A (Eckberg) Yes. I believe that bullet represents  
3 part of the definition of "Major Storms", yes.

4 Q Okay. Excellent. Just a moment. So, then, if  
5 we move to Exhibit 22, Bates Page -- well,  
6 Page 7, --

7 A (Eckberg) Yes.

8 Q -- we have the list of four items. So, the first  
9 item, this remains contested?

10 A (Eckberg) That's correct.

11 CMSR. SIMPSON: And I believe that's  
12 the last contested issue then.

13 The other three, Issue 2 was  
14 recommended approval; Issue 3 has been taken off  
15 the table; and Issue 4, my understanding is that  
16 the Company has agreed to make the adjustment in  
17 line with the recommendations. Is that fair to  
18 say?

19 MR. SHEEHAN: Yes. And we just have to  
20 find the right vehicle to do that, but, yes.

21 CMSR. SIMPSON: Okay.

22 MS. SCHWARZER: Mr. Chairman, I  
23 apologize, but Number 4 includes the suggestion  
24 that any additional disallowances also be

[WITNESS PANEL: Eckberg|Moran]

1 returned. And I felt it's appropriate to bring  
2 that to your attention, because it is somehow  
3 linked to both the disallowance matters that  
4 remain unresolved.

5 CMSR. SIMPSON: Okay. Thank you. I  
6 appreciate that.

7 BY CMSR. SIMPSON:

8 Q So, then, let me return to Exhibit 10, the  
9 definition of "Major Storm".

10 So, the Department's position is that  
11 "concurrent troubles" means that "at a single  
12 moment in time, the Company must have 30 troubles  
13 and 15 percent of customers interrupted, or 45  
14 troubles at a single moment in time." Correct?

15 A (Eckberg) That's our -- that's what we believe  
16 the definition of "Major Storm" means, yes.

17 Q And that's -- oh.

18 A (Eckberg) I was just going to say, in combination  
19 with that part in parentheses, in that "Troubles  
20 are defined as interruption events on primary or  
21 secondary lines." So, it's closely tied  
22 together.

23 Q Uh-huh. And, if we move back and discuss the  
24 term "severe weather event or events", I had

[WITNESS PANEL: Eckberg|Moran]

1           asked the Company witnesses some questions about  
2           the triggering of a storm event.  When we examine  
3           the concurrent troubles, and I recall the bar  
4           graphs that you introduced into evidence in  
5           Exhibit --

6   A       (Eckberg) There are some of those bar graphs  
7           including in Exhibit 12, and there's also --

8   Q       Yes.

9   A       (Eckberg) -- with Exhibit 23, I believe.

10  Q       Okay.  Thank you.

11  A       (Eckberg) Yes.

12  Q       And those are the ones I'm thinking of.  So, as  
13           you articulated, at a single moment in time,  
14           overlapping outages?

15  A       (Eckberg) "Overlapping" in the sense that they  
16           occur at the same point in time, yes.

17  Q       Uh-huh.  And, through that interpretation, does  
18           that incentivize the Company to restore customers  
19           in a timely manner or does it leave them  
20           incentivized to leave outages?

21  A       (Eckberg) I don't -- I wouldn't want to suggest  
22           that the Company has any incentive to leave  
23           customers out of service.  I think the Company,  
24           as we heard today, is always -- it's operational

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[WITNESS PANEL: Eckberg|Moran]

1 approach is to restore customers as quickly and  
2 safely as possible, within the parameters of how  
3 they do that, how they triage and prioritize  
4 activities.

5 I think it would be -- we have  
6 certainly not considered that this definition, as  
7 it's written here, would create any sort of a bad  
8 incentive to leave customers unrestored, in order  
9 to establish a 30 concurrent outages at the same  
10 time. I would certainly hope that that's not an  
11 outcome of that.

12 Q Okay. Thank you. And then, the final sentence  
13 in the definition of "Major Storm", "Troubles are  
14 defined as interruption events occurring on  
15 primary or secondary lines." I'd like to then  
16 reference Exhibit 15.

17 A (Eckberg) Oh. Yes. Uh-huh.

18 Q So, there's a disagreement present as to whether  
19 or not the service is included within the  
20 secondary line. Is that a fair characterization?

21 A (Eckberg) I believe that's a fair  
22 characterization, yes. I think Mr. Strabone  
23 testified that, electrically speaking, --

24 Q Uh-huh.

[WITNESS PANEL: Eckberg|Moran]

1 A (Eckberg) -- the secondary line itself is perhaps  
2 constructed of the same material, carries the  
3 same voltage.

4 Q Uh-huh.

5 A (Eckberg) However, I think the secondary cables,  
6 the secondary lines are distinct from service  
7 lines. The secondary cables are attached from  
8 pole to pole to pole, and service lines connect  
9 the secondary cable to the point of service at  
10 the house, or multifamily building, if that's the  
11 case.

12 Q So, I asked the Company witness about the items  
13 as identified in this diagram, such as the fuse  
14 and the transformer. In the Department's view,  
15 is a fuse included within the definition of  
16 either "primary" or "secondary line", and,  
17 similarly, is a transformer included within the  
18 Department's definition of a "primary" or  
19 "secondary line"?

20 A (Eckberg) I think that, based upon the  
21 discussions today, and as illuminated by the  
22 questioning of Commissioner Chattopadhyay, that  
23 where he pointed out a specific example of -- in  
24 an exhibit, where there was a transformer that



[WITNESS PANEL: Eckberg|Moran]

1 was blown, that impacted, apparently, only one  
2 customer, I would consider that to be an outage  
3 that we should continue to keep in the pool of  
4 outages. In other words, I think the answer  
5 is -- to your question is that that transformer  
6 would be considered part of the primary or  
7 secondary characteristics of the system. So that  
8 we would only be eliminating those outages that  
9 pertain to "service lines", but leaving in those  
10 outages that were a fuse or a transformer, yes.

11 Q That's helpful.

12 A (Moran) I would agree with that as well.

13 Q And can you help me understand why the Department  
14 distinguishes "service" from the primary and  
15 secondary equipment?

16 A (Eckberg) Well, first of all, I think that is  
17 included in the definition of "Major Storm.  
18 "Troubles are defined as interruption events  
19 occurring on either the primary or secondary  
20 line." And also, because of discussions with our  
21 former employee, who was an engineer, and who was  
22 very involved in this type of work, explained  
23 that there was different treatments for, you  
24 know, and different priorities, perhaps you might

[WITNESS PANEL: Eckberg|Moran]

1 say, for restoration of a single service to a  
2 house, versus a transformer or a secondary line.

3 Not being a Professional Engineer  
4 myself, as I have testified today, I am not, that  
5 was the useful and educational input that I got  
6 on this issue.

7 Q Understood. So, Exhibit 26 pertains to Public  
8 Service Company of New Hampshire's 2020 Major  
9 Storm Cost Reserve Report. Do you know if,  
10 within the work that Public Service Company of  
11 New Hampshire does in order to identify events  
12 that arise to inclusion within a major storm,  
13 that includes services?

14 A (Eckberg) I don't know for sure. But I do know  
15 that the definition here, on Page 5, of  
16 Exhibit 26, simply says "10 percent or more of  
17 PSNH's retail customers being without power in  
18 conjunction with more than 200 reported troubles,  
19 or more than 300 reported troubles during the  
20 event."

21 I don't think there's any further  
22 detail about what the definition of "trouble" is  
23 in the Eversource or PSNH definition of "Major  
24 Storm". So, it's entirely possible that those

[WITNESS PANEL: Eckberg|Moran]

1 single service line interruptions could be  
2 included there.

3 Q It's just the definition is different for "Major  
4 Storm"?

5 A (Eckberg) Right.

6 Q Right.

7 A (Eckberg) Just as the definition of "Major Storm"  
8 itself is different, it's possible that the  
9 outages that are included in that trouble count  
10 are identified differently.

11 Q Okay. Thank you. And then, just generally  
12 speaking, does the Department have a recommended  
13 forum or process for examining Storm Reports on  
14 an annual basis moving forward? Would it be  
15 helpful for the Commission to have individual  
16 dockets on an annual basis, broadly speaking, for  
17 electric distribution utilities in the state?

18 A (Eckberg) I think that is -- that's a basic  
19 description of how we do it now, currently.  
20 There's individual dockets related to each  
21 utility's Storm Fund Report. The Audit Division  
22 is able to audit that Report as they have time  
23 available. And, as I believe I testified earlier  
24 today, because there generally are not, as these

[WITNESS PANEL: Eckberg|Moran]

1 Reports often say, there is no rate change  
2 triggered by this filing, the Major Storm funding  
3 exists already, usually as a result of  
4 settlements in a rate case.

5 And, so, these dockets do have the  
6 ability, generally, to be delayed a little bit,  
7 if there are other pressing matters. So, we do  
8 give them priority. But, you know, allowing us  
9 the flexibility to process them with the time  
10 that we have available was certainly helpful --  
11 would be helpful.

12 Q And did the change to the process arise, in your  
13 view, as an outcome of the contested nature of  
14 Liberty's 2019 and 2020 Storm Reports or was it  
15 influenced by another factor?

16 A (Eckberg) And, when you say "change in the  
17 process", what are you specifically referring to?

18 Q The fact that, from 20 -- or, from 2007 or '08,  
19 up until 20 -- just a moment. I want to go to  
20 Exhibit 25.

21 A (Eckberg) You're referring, perhaps, to just the  
22 generally heightened level of attention and  
23 regulatory engagement?

24 Q Yes. And that it appears that, at least with

[WITNESS PANEL: Eckberg|Moran]

1           respect to Liberty, the Storm Reports were filed,  
2           but, up until 2017, there was no review provided  
3           by PUC Staff at the time, formally submitted into  
4           the docket. What changed? And why do we now  
5           have a separate process historically?

6    A       (Eckberg) That's difficult for me to answer. I  
7           wasn't part of Staff at that point in time. I do  
8           think we heard testimony that there was at least  
9           other informal process.

10                        I'm not sure if Ms. Moran has any input  
11           on what may have changed, or whether it's just an  
12           evolutionary element of our work here?

13   A       (Moran) My actual guess, because I don't change  
14           dockets at all, is that, because that 06-107  
15           docket was becoming so bulky, and would never  
16           close, if the Storm Reports were chronically  
17           filed in there, it would be open for eternity.  
18           They decided "That's it. We'll just start having  
19           its own docket each year, to more easily identify  
20           what's come in, and to close that docket out." I  
21           mean, that was just -- I'm not sure it's closed  
22           yet or not, frankly.

23                        But it was -- it was one that was going  
24           to be open forever, if they didn't put a stop to

[WITNESS PANEL: Eckberg|Moran]

1 things that were required each year.

2 Q Okay.

3 MS. SCHWARZER: Mr. Chairman, if I  
4 might? And I apologize. Just by way of an offer  
5 of proof, in the course of this docket, and I  
6 believe there's a data request that's responsive,  
7 one of the PUC attorneys who's no longer Staff,  
8 in conjunction, I believe, with Rich Chagnon,  
9 directed Liberty to begin filing Storm Reports in  
10 a new and separate docket.

11 And, for that reason, the last Storm  
12 Report filed into 06-107 was, in fact, the  
13 Liberty 2019 Report, that includes Exhibit 12,  
14 the review asserting that the definition of  
15 "Major Storm Fund" was inappropriate.

16 And, so, I just -- there's no reason  
17 that Mr. Eckberg or Ms. Moran would necessarily  
18 know that. And I can look for the data response  
19 to give you a page number. I know Liberty has  
20 agreed that, upon direction from DOE, they  
21 immediately complied and started opening new  
22 dockets.

23 CMSR. SIMPSON: Okay. Thank you.  
24 That's helpful. I don't have any further

[WITNESS PANEL: Eckberg|Moran]

1 questions at this time.

2 Commissioner Chattopadhyay, do you?

3 CMSR. CHATTOPADHYAY: No, I don't.

4 CMSR. SIMPSON: Attorney Schwarzer, do  
5 you have any redirect for your witnesses? And  
6 I'm mindful of the fact that we're past 5:00, --

7 MS. SCHWARZER: Yes.

8 CMSR. SIMPSON: -- I want to be  
9 respectful of everybody's time.

10 MS. SCHWARZER: And just very briefly,  
11 yes. Thank you.

12 CMSR. SIMPSON: While being respectful  
13 of your ability to redirect your witnesses. And  
14 I raise that, if you feel that you need another  
15 day in order to proceed, I'm willing to give you  
16 that. Unless you feel that you can adequately  
17 address any topics you'd like to presently?

18 MS. SCHWARZER: I certainly feel  
19 that -- I feel that I can adequately address it  
20 on redirect. In terms of a closing, I don't know  
21 if you want a long closing or a short closing, or  
22 no closing?

23 CMSR. SIMPSON: So, I've been  
24 contemplating whether briefing would be

[WITNESS PANEL: Eckberg|Moran]

1 appropriate. And I would ask the Parties, would  
2 you prefer to provide a written opportunity for  
3 briefing, in lieu of closing?

4 MS. SCHWARZER: Mr. Chairman, I think a  
5 written opportunity for briefing would be  
6 helpful. Inasmuch as Liberty has the burden of  
7 proof in this case, we would ask that they file  
8 their brief, and give us an opportunity to read  
9 it and reply. And, then, if they wish to make a  
10 sur-reply, that would be up to the Commission.

11 MR. SHEEHAN: I always hate agreeing to  
12 write a brief, but I do think it's appropriate  
13 here. I have no objection to that.

14 CMSR. SIMPSON: Okay.

15 MS. SCHWARZER: Could the -- thank you.  
16 That would be acceptable. And I do want to find  
17 the data response for you, but I can't find it  
18 right now, and I don't want to sit here while we  
19 do that.

20 CMSR. SIMPSON: We'll make it a record  
21 request, which I'll get to in a moment.

22 I will recognize Attorney Schwarzer for  
23 redirect of her witnesses.

24 MS. SCHWARZER: Thank you, Mr.



[WITNESS PANEL: Eckberg|Moran]

1 Chairman. Just briefly.

2 **REDIRECT EXAMINATION**

3 BY MS. SCHWARZER:

4 Q Ms. Moran and Mr. Eckberg, I'm directing your  
5 attention to Exhibit 20, which is a 2019 Storm  
6 Fund Report, again, Page 5, as was referenced by  
7 Mr. Sheehan earlier. I want to direct your  
8 attention, Ms. Moran, to the sentence that says:  
9 "Audit reviewed the storms' EEI levels and the  
10 number of troubles." Do you see that?

11 A (Moran) Yes, I'm there.

12 Q "And acknowledges that all of the storms charged  
13 to the Storm Fund qualify as a major storm or  
14 pre-staging event." And you had commented that  
15 you were not looking at the details in the  
16 definition at that time?

17 A (Moran) We were not looking at the "concurrent"  
18 details for the specific times. But that  
19 statement, literally, if you read it the way it's  
20 written, the weather event itself qualified as a  
21 "Major Storm", and either met the threshold of,  
22 you know, "major, with high probability", or the  
23 Edison Electric Institute, I think that's what  
24 "EEI levels" stand for, don't quote me, they

[WITNESS PANEL: Eckberg|Moran]

1           have -- the storm itself, before any outages  
2           occur, the storm itself has to qualify within the  
3           range that's in the Settlement Agreement.

4   Q       And, Mr. Eckberg, did you want to add to that?

5   A       (Eckberg) Yes. I think that that's an issue that  
6           is not really under contention, generally. That  
7           this is the -- the EEI index of 3, with a high  
8           probability, that's a fairly straightforward  
9           criteria to evaluate. The Company provides that  
10          information regarding each of its storms, and  
11          Audit looks at that, and Staff reviews that as  
12          well.

13   Q       And, so, would it be fair to say, Ms. Moran, that  
14          when Liberty Reports noted the EEI levels and the  
15          number of troubles, you accepted that as the  
16          appropriate criteria, and reviewed it on that  
17          basis?

18   A       (Moran) That is correct.

19   Q       Without looking at the meaning in the Settlement  
20          Agreement or perhaps without considering whether  
21          concurrent had been met or whether troubles had  
22          been met?

23   A       (Moran) We looked at the trouble number, but not  
24          the concurrency of those.

{DE 21-073 & DG 06-107} {07-21-22}

[WITNESS PANEL: Eckberg|Moran]

1 Q And, if I could direct your attention to  
2 Exhibit 10 one more time, I know we've spent some  
3 time with this, on Page 5, there's the definition  
4 of a "Major Storm" that has been discussed. But,  
5 on Page 6, there, from the inception of the  
6 Settlement Agreement, there are criteria that the  
7 Company is required to report. And that last  
8 sentence says "The Report will also include a  
9 description of the storm, along with a summary of  
10 the extent of the damage to the distribution  
11 system, including the number of outages and the  
12 length of outages." Correct.

13 A (Moran) Yes.

14 Q And, so, when you were referencing here the storm  
15 EEI level and the number of troubles, that was  
16 leaving out something that had been negotiated as  
17 reflected on Page 6 of Exhibit 10, which was the  
18 length of the outages?

19 A (Moran) That sentence did leave that out.

20 Q And, when you testified earlier that you agreed  
21 that Liberty's definition had been met, did you  
22 agree that their definition of "concurrent",  
23 meaning "during the storm" had been met or was it  
24 your inattention that found that storm complying

[WITNESS PANEL: Eckberg|Moran]

1 with the definition?

2 A (Moran) I'm not sure which --

3 Q Oh, sorry.

4 A (Moran) -- Which statement I made.

5 Q Okay.

6 A (Moran) Because, as I've said before, frankly,  
7 the Audit Staff just didn't look at the time  
8 stamps of when an outage occurred and was  
9 cleared, until it was brought to our attention to  
10 do that.

11 Q And, Mr. Eckberg, with regard to other Storm  
12 Reports and the Department's Exhibit 11, which is  
13 Mr. Chagnon's 2016 -- review of the Liberty 2016  
14 Report, do you believe that, in that report, the  
15 Department accepted Liberty's definition, leaving  
16 out length of outages and the "concurrent" issue,  
17 or would it be your opinion that the Department  
18 was inattentive to relevant matters.

19 A (Eckberg) I think that -- just let me take a  
20 quick look here, I have Exhibit 11 open. I just  
21 want to make sure to scroll up. Okay, so, I can  
22 see the cover page of that document.

23 And, yes, that's the Electric  
24 Division's Report and Recommendation regarding

[WITNESS PANEL: Eckberg|Moran]

1 the Calendar Year 2016 Storm Report. And, yes, I  
2 would say that, as you described, I think that  
3 the evaluation of the outages part of the major  
4 storms was something that was -- well, I don't  
5 have the artful language that you used a moment  
6 ago, but the level of attention to the  
7 "concurrency" issue was not there at that point  
8 in time.

9 Q And there's nothing in that document that agrees  
10 that "concurrent" means "during the event",  
11 correct?

12 There's no narrative statement that  
13 says "'concurrent" means during the event"?

14 A (Eckberg) No, I don't believe there is. No.

15 Q And there's no narrative statement that said  
16 "Troubles" -- "The number of troubles can include  
17 troubles on service lines", there's no --

18 A (Eckberg) There's no affirmative statement to  
19 that effect, no.

20 Q Thank you. Last question. For both of you, I  
21 suppose.

22 There was discussion about the purpose  
23 of a Major Storm Fund. Is it fair to say that  
24 the business of being a utility includes

[WITNESS PANEL: Eckberg|Moran]

1 providing for restoration of service during  
2 severe weather?

3 A (Moran) Yes.

4 A (Eckberg) During severe weather, during nonsevere  
5 weather, during motor vehicle accidents, which  
6 may damage the distribution system, all of the  
7 above, yes.

8 Q And is the Major Storm Fund intended to wholly  
9 insulate a utility from the costs that may come  
10 to be paid through the standard distribution  
11 rates?

12 A (Eckberg) No. I don't think that the Major Storm  
13 Fund is intended to "wholly" insulate the  
14 Company. There are still the possibilities that  
15 there would be extraordinary weather events, that  
16 would be above and beyond even what a Major Storm  
17 Fund could cover.

18 Q Well, I'm sorry, I probably asked a bad question.  
19 The definition of a "Major Storm", whatever  
20 criteria are agreed upon, leaves some storms to  
21 be covered in standard distribution rates?

22 A (Eckberg) Yes.

23 Q And some storms to be covered through the Major  
24 Storm Fund?

[WITNESS PANEL: Eckberg|Moran]

1 A (Eckberg) Yes. That is correct.

2 Q And is it somewhat -- is it financially  
3 advantageous to the Company, if more storms are  
4 covered through the Major Storm Fund than are  
5 covered through standard distribution rates?

6 A (Eckberg) Well, I think -- I'm not sure I want to  
7 answer "yes" or "no" to that.

8 Q Okay.

9 A (Eckberg) I think that the Company is entitled to  
10 recover all of its prudently incurred expenses.  
11 So, regardless of how they recover them, they  
12 will be made whole for those prudently incurred  
13 expenses, one way or the other. So, --

14 Q Agreed. But was there some earlier discussion  
15 that the Company, if this -- if the Company is  
16 required to meet a concurrent troubles  
17 requirement, that it will be underfunded?

18 A (Eckberg) I think that there was the suggestion  
19 that a different application of the "Major Storm"  
20 definition could impact the Company's bottom  
21 line, yes. If expenses have to be recovered  
22 through regular distribution rates, rather than  
23 through the Major Storm Fund.

24 Q But the standard process allows for a method of

[WITNESS PANEL: Eckberg|Moran]

1 recovering prudently incurred costs?

2 A (Eckberg) Yes.

3 Q Last question. If the Company wished to make a  
4 new definition, changing what's in the Settlement  
5 Agreement, an issue for the next rate case, would  
6 the Department be open to discussing that?

7 A (Eckberg) Well, I think, just as Mr. Sheehan  
8 said, we're always open to discussing things.

9 MS. SCHWARZER: Okay. No further  
10 questions. Thank you.

11 CMSR. SIMPSON: Okay.

12 So, for the final record request,  
13 Attorney Schwarzer, can you articulate the name  
14 of the document that you're looking for or the  
15 nature of the document you're looking for?

16 MS. SCHWARZER: Yes. I believe there  
17 was a question to Liberty as to whether they  
18 began filing storm docket reports in separate  
19 dockets, based on a request from either the  
20 Public Utilities Commission Staff or the  
21 Department of Energy.

22 And I believe that there's a response,  
23 and maybe the Company can tell me where it is,  
24 but I don't know where it is at this moment.



1 MR. SHEEHAN: I haven't found it  
2 either. And I believe that was evidence that the  
3 Department wanted in. So, I respectfully suggest  
4 they answer that, that I'll help them, but that's  
5 theirs to answer.

6 And the one for us was to provide the  
7 industry definitions of "service" from outside  
8 sources.

9 MS. SCHWARZER: Yes. And the  
10 Department had asked that we be able to comment  
11 on that as well.

12 Could the Chairman, in terms of  
13 briefing, is it your -- is the brief supposed to  
14 address whether or not the money at issue should  
15 be --

16 CMSR. SIMPSON: The brief should  
17 address the remaining contested issues and the  
18 concise articulation of each respective Parties'  
19 recommendation for Commission decision.

20 Just a moment.

21 *[Short pause.]*

22 CMSR. SIMPSON: Okay. Anything else,  
23 before we move to exhibits?

24 MS. SCHWARZER: Just the timing?

1           Whether or not Liberty will brief --

2                       CMSR. SIMPSON:  Oh.  Yes.  So, I'm  
3 mindful of the time through which this matter has  
4 been pending, and that the Parties deserve  
5 finality in this docket from the Commission in a  
6 timely manner.

7                       MS. SCHWARZER:  I apologize, Mr.  
8 Chairman.  I actually meant whether Liberty would  
9 brief first, and then we would have an  
10 opportunity to brief, or if we were expected to  
11 file it simultaneously?

12                      Given that Liberty has the burden of  
13 proof, I would ask that they brief, and then we  
14 brief, if possible.

15                      CMSR. SIMPSON:  Attorney Sheehan, do  
16 you have any comments on that?

17                      MR. SHEEHAN:  That is fine.

18                      CMSR. SIMPSON:  Okay.  Just a moment.

19                      *[Commissioner Simpson, Commissioner*  
20 *Chattopadhyay, and Atty. Wind*  
21 *conferring.]*

22                      CMSR. SIMPSON:  Attorney Sheehan, how  
23 much time do you think you might need in order to  
24 brief this matter?

1 MR. SHEEHAN: So, I appreciate your  
2 concern about how long this has been out there.  
3 As a practical matter, though, the '19 and '20  
4 costs have been incurred. As Ms. Moran said, we  
5 have to book them within that year. So, they  
6 have already -- it's all happened.

7 CMSR. SIMPSON: Uh-huh.

8 MR. SHEEHAN: And the next time this  
9 issue comes up is with our April 1, 2023 filing  
10 for this storm year. So, there is no real  
11 urgency to resolve this. And we've already  
12 agreed to make the rate change on the electric  
13 side.

14 CMSR. SIMPSON: Uh-huh.

15 MR. SHEEHAN: So, all that being said,  
16 I'm going to ask myself to give myself some more  
17 time.

18 MS. SCHWARZER: We also have cost of  
19 gas things coming up pretty quickly.

20 MR. SHEEHAN: Of course. If I could  
21 have two weeks, to the 5th, that would be great?

22 CMSR. SIMPSON: Okay. And then, if we  
23 provide the Department with two weeks following  
24 that for a reply to the Company's brief, is that

1 sufficient?

2 MS. SCHWARZER: I'm scheduled for  
3 vacation the week of August 5th. And, so, I  
4 won't -- my expectation is not to be here.

5 CMSR. SIMPSON: Uh-huh.

6 MS. SCHWARZER: So, if I could have two  
7 weeks after the week of August 5th? So, two  
8 working weeks?

9 MR. SHEEHAN: The 5th is a Friday,  
10 so --

11 MS. SCHWARZER: Oh. Well, the week 1  
12 through 5, okay. So, yes.

13 CMSR. SIMPSON: Are you thinking, so,  
14 the 5th for the Company's brief, and then August  
15 19th, is that what you're suggesting?

16 MS. SCHWARZER: I don't have a  
17 calendar, but is that two business -- 10 business  
18 days after the 5th?

19 CMSR. SIMPSON: It is.

20 MS. SCHWARZER: Great.

21 CMSR. SIMPSON: Okay. All right. So,  
22 we'll set those dates as deadlines for the  
23 Company's brief of August 5th, and the Department  
24 of Energy's reply brief for August 19th.

1                   With respect to exhibits, there were  
2 two objections raised. With respect to Exhibits  
3 26 and 28, the objections are denied. While the  
4 exhibits will be admitted, they will be given the  
5 weight they deserve.

6                   The Commission also grants the request  
7 to take administrative notice of the Company's  
8 tariff and the Settlement Agreement in Docket DG  
9 06-107.

10                   *(Administrative notice taken of the*  
11                   *Company's tariff and the Settlement*  
12                   *Agreement in Docket DG 06-107)*

13                   CMSR. SIMPSON: So, without objection,  
14 we'll strike ID on Exhibits 10 through 28 and  
15 admit them as full exhibits.

16                   And we'll hold the record open for  
17 Exhibits 29 and 30. Exhibit 29 being, for  
18 Liberty: "Please define "service" as it may be  
19 contemplated by the National Electric Safety Code  
20 or other industry reference."

21                   **(Exhibit 29 reserved)**

22                   CMSR. SIMPSON: How much time do you  
23 think the Company needs to respond to that?  
24 Should we just do it on the same date?

1 MR. SHEEHAN: Yes, that would be great.

2 CMSR. SIMPSON: The 19th -- or, excuse  
3 me, the 5th?

4 MR. SHEEHAN: That would great.

5 CMSR. SIMPSON: Okay. We'll make that  
6 also due August 5th. And then, Exhibit 30, for  
7 the Department of Energy: Please describe when  
8 and why the Company began filing Annual Storm  
9 Reports in individual dockets?"

10 (Exhibit 30 reserved)

11 CMSR. SIMPSON: Would you like that due  
12 on August 5th or would you rather reply to that  
13 on the 19th?

14 MS. SCHWARZER: If I could reply to  
15 that on the 19th, and only for, I mean, to the  
16 extent the Company started doing it. I can  
17 comment on DOE's role in the Company filing  
18 individual -- excuse me -- filing Storm Reports  
19 into individual dockets. And we would like an  
20 opportunity to rely to whatever industry standard  
21 that Liberty does or doesn't provide for  
22 "service".

23 CMSR. SIMPSON: Okay. We would accept  
24 that in your brief.

1 MS. SCHWARZER: Thank you.

2 CMSR. SIMPSON: Okay. So, we'll make  
3 Exhibit 29 due on August 5th for the Company, and  
4 Exhibit 30 due on August 19th. Is that what I  
5 said? Yes, the 19th.

6 And we'll hold the record open  
7 pertaining to those record requests.

8 So, I'll recognize the Parties for  
9 closing, but my understanding was that, in lieu  
10 of closing, issues would be addressed in briefs,  
11 but I'll recognize the Company, if there's  
12 anything you'd like to add?

13 MR. SHEEHAN: No. Because, once I  
14 start, I won't be able to keep it short, because  
15 there's a lot here. But I do appreciate the  
16 opportunity.

17 CMSR. SIMPSON: And Attorney Schwarzer,  
18 for the Department?

19 MS. SCHWARZER: So, thank you, Mr.  
20 Chairman. But I will wait and use it as the  
21 brief.

22 CMSR. SIMPSON: Okay. All right.  
23 Thank you, everyone.

24 We'll take the matter under advisement,

1           await responses to the record requests and the  
2           briefs, and issue an order.

3                       We're adjourned. Off the record.

4                       ***(Whereupon the hearing was adjourned***  
5                       ***at 5:22 p.m.)***

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