

1 **STATE OF NEW HAMPSHIRE**
2 **PUBLIC UTILITIES COMMISSION**

3
4 **June 18, 2021** - 10:02 a.m.
5 21 South Fruit Street
6 Suite 10
7 Concord, NH

REDACTED
For PUBLIC Use

8 *[Hearing also conducted via Webex]*

9 **RE: DE 21-087**
10 **LIBERTY UTILITIES (GRANITE STATE**
11 **ELECTRIC) CORP. d/b/a LIBERTY UTILITIES:**
12 **2021 Default Service Solicitations.**
13 ***(Hearing regarding the period from***
14 ***August 1, 2021 through January 31, 2022)***

15 **PRESENT:** Chairwoman Dianne H. Martin, Presiding
16 Commissioner Daniel C. Goldner

17 Doreen Borden, Clerk
18 Susan Gagne, PUC Remote Hearing Host

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

22 **Reptg. PUC Staff:**
23 Paul B. Dexter, Esq.
24 Stephen Eckberg, Electric Division

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

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 DAVID B. SIMEK
 ADAM M. HALL

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6	<u>CONFIDENTIAL</u> 2020 RPS Compliance - Certificate Purchases	<i>premarked</i>
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8	Revised Schedule AMH/DBS-7, Bates 185R	<i>premarked</i>
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P R O C E E D I N G

1
2 CHAIRWOMAN MARTIN: All right. Good
3 morning, everyone. We're here this morning in
4 Docket DE 21-087, which is the Liberty Utilities'
5 Energy Service Solicitation proceeding for the
6 period beginning August 1, 2021.

7 My name is Dianne Martin. I am the
8 Chairwoman of the Public Utilities Commission.
9 Commissioner Goldner.

10 COMMISSIONER GOLDNER: Hello. This is
11 Dan Goldner, Public Utility Commission
12 Commissioner.

13 CHAIRWOMAN MARTIN: All right. And
14 let's take appearances, starting with
15 Mr. Sheehan.

16 MR. SHEEHAN: Good morning. And I
17 can't believe I'm saying this, but I'm looking
18 forward to getting back in the room with you
19 folks.

20 Mike Sheehan, for Liberty Utilities
21 (Granite State Electric) Corp.

22 CHAIRWOMAN MARTIN: All right. Thank
23 you. And Mr. Dexter.

24 MR. DEXTER: Good morning. Appearing

1 on behalf of the Commission Staff, Paul Dexter,
2 Staff Attorney.

3 CHAIRWOMAN MARTIN: All right. Good
4 morning.

5 And, for exhibits, I now have 1 through
6 10, prefiled and premarked. Is that accurate or
7 has that changed in the last few minutes?

8 MR. SHEEHAN: No. Apologies for the
9 late scramble. Yes, it's 1 through 10. And we
10 will walk through what they are and why they
11 happened.

12 CHAIRWOMAN MARTIN: Okay. Excellent.
13 And we also have some confidential information.
14 So, just to be cautious about not actually
15 stating the confidential information without
16 letting me know in advance.

17 MR. SHEEHAN: That's --

18 CHAIRWOMAN MARTIN: Anything else for
19 preliminary issues?

20 MR. SHEEHAN: I was going to say
21 "that's correct." And, as before, that the
22 confidentiality is based on the PUC rules that
23 presumes confidentiality --

24 *[Court reporter interruption due to*

1 *audio issues.]*

2 MR. SHEEHAN: The confidentiality is
3 asserted pursuant to the Commission rules that
4 presumes confidentiality of certain information
5 in default service hearings. Thank you.

6 CHAIRWOMAN MARTIN: Okay. Anything
7 else, before we have the witnesses sworn in?

8 *[No verbal response.]*

9 CHAIRWOMAN MARTIN: All right.
10 Mr. Patnaude, would you swear in the witnesses.

11 MR. DEXTER: Madam Chair, are you
12 intending to swear in Staff's witness at this
13 time as well or just the Liberty witnesses?

14 CHAIRWOMAN MARTIN: I am happy to do
15 them all at once, if that works for you?

16 MR. DEXTER: Yes. I just wanted to
17 make sure Mr. Eckberg was alerted.

18 (Whereupon **John D. Warshaw,**
19 **Adam M. Hall, David B. Simek,** and
20 **Stephen R. Eckberg** were duly sworn by
21 the Court Reporter.)

22 CHAIRWOMAN MARTIN: Okay. Thank you.
23 And, Mr. Sheehan, are we taking -- I assume we're
24 taking Liberty's witnesses first?

[WITNESS PANEL: Warshaw|Hall|Simek]

1 MR. SHEEHAN: That's correct.

2 CHAIRWOMAN MARTIN: Okay. Go ahead.

3 MR. SHEEHAN: Thank you.

4 **JOHN D. WARSHAW, SWORN**

5 **ADAM M. HALL, SWORN**

6 **DAVID B. SIMEK, SWORN**

7 **DIRECT EXAMINATION**

8 BY MR. SHEEHAN:

9 Q I'll start with Mr. Warshaw. Could you please
10 introduce yourself, explain your role with the
11 Company, and your involvement with this
12 particular filing?

13 A (Warshaw) Yes. Hi. My name is John Warshaw.
14 And I am the Manager of Energy Supply. I work
15 for Liberty Utilities Service Corp. And I
16 conducted the RFP to solicit Energy Service
17 rates, and also to solicit pricing for renewable
18 energy RECs for the 2021 period.

19 Q Mr. Warshaw, there are a couple exhibits with
20 your name on them. We will walk through them.
21 Exhibit 2 and Exhibit 3 are the same document; 2
22 is confidential, 3 is redacted. And it includes
23 your testimony, is that correct?

24 A (Warshaw) That is correct.

[WITNESS PANEL: Warshaw|Hall|Simek]

1 Q And do you have any changes to the testimony you
2 filed as it appears in Exhibit 2 and 3?

3 A (Warshaw) Yes, I do.

4 Q Please explain.

5 A (Warshaw) Yes. On Bates Page 013, Line 5, the
6 value of "7.944" should be replaced with the
7 value of "7.914". So, that's "7.914". And then,
8 on Line 8, the value of "8.426" should be
9 replaced with the value of "8.396". Again,
10 "8.396".

11 Q And is there -- does that change impact any other
12 part of either your testimony or the attachments
13 to your testimony?

14 A (Warshaw) The only other place it would have made
15 a change is in Bates Page 103 needed to be
16 replaced with new rates.

17 Q And the replacement for Bates 103 is what we
18 filed this morning, and that is Exhibit 9
19 confidential and Exhibit 10 redacted. Is that
20 correct?

21 A (Warshaw) That is my understanding.

22 Q Okay. Well, let me ask you this. Did you
23 provide a revised version of Bates 103 to me to
24 be filed this morning?

[WITNESS PANEL: Warshaw|Hall|Simek]

1 A (Warshaw) Yes.

2 Q Actually, you provided it to me last night, and
3 we filed it this morning, correct?

4 A (Warshaw) Correct.

5 Q Okay. And the reason for that was to pick up the
6 change you just made to your testimony, is that
7 correct?

8 A (Warshaw) Correct.

9 Q Could you summarize the results of your RFP for
10 Energy Service, how the process went, what
11 bids -- what bid you selected, and the Energy
12 Service rate that the Company has put in this
13 filing for which it's seeking approval?

14 A (Warshaw) Yes. I issued an RFP for Energy
15 Service rates at the beginning of May. We
16 received indicative bids on June 1st of this
17 year. And then, we received final binding bids
18 on June 8th. With the lowest cost to our
19 customers, bids were picked. We executed
20 agreements a day or so later, and filed a report
21 of the RFP process.

22 Q And, for Commissioner Goldner, this is perhaps
23 his first Energy Service. This quick timing that
24 you just described is typical for these

[WITNESS PANEL: Warsaw|Hall|Simek]

1 proceedings, is that correct?

2 A (Warshaw) Yes. That was part of a settlement
3 that was reached with the Commission a number of
4 years ago.

5 Q And is it fair to say the reason for the quick
6 timing, between accepting bids, making the
7 filing, and getting an order, is because these
8 suppliers can't have bids hanging out there for
9 too long a period of time? Is that fair?

10 A (Warshaw) That is correct. Like, for final bids,
11 they can only hold them out for maybe till one or
12 two o'clock in the afternoon, when they have
13 submitted them in the morning. And then, they
14 are, you know, basically waiting for approval of
15 our rates, so that the contracts can -- the
16 transactions can actually be completed and --

17 Q Okay. So, this quick process is, unfortunately,
18 normal for these kinds of hearings, is that fair?

19 A (Warshaw) That is correct. It's similar to what
20 I have experienced in Massachusetts and Rhode
21 Island.

22 Q So, the rate that was selected, there's a number
23 of rates for various customer classes, is that
24 correct?

[WITNESS PANEL: Warshaw|Hall|Simek]

1 A (Warshaw) Correct.

2 Q Can you tell us what the residential rate was for
3 Energy Service for the upcoming six-month period?

4 A (Warshaw) The residential rate for the upcoming
5 six-month period is 7.914 cents per
6 kilowatt-hour.

7 Q And is that a change from last year's summer rate
8 and/or the rate we are on right now?

9 A (Warshaw) Yes. That's an increase for both
10 rates, from both periods.

11 Q And approximately how much of an increase?

12 A (Warshaw) It's about a penny and a half from the
13 current. And, yup, there's about a penny and a
14 half increase.

15 Q And do you -- can you explain why this rate has
16 gone up a penny and a half, which is fairly
17 substantial in these kinds of hearings, is that
18 correct?

19 A (Warshaw) Yes. That's a large increase. We
20 haven't seen those in a couple of years. Mostly
21 this has been the result of increased costs of
22 natural gas, which is the marginal fuel in New
23 England. And, because natural gas prices have
24 gone up significantly, the electric futures will

[WITNESS PANEL: Warshaw|Hall|Simek]

1 also follow the natural gas. And, as a result,
2 the prices that we're locking in now are
3 reflective of those expected costs in the
4 marketplace.

5 Q Thank you. Turning to the other part of the RFP
6 where you selected bids for our REC compliance,
7 renewable energy credit compliance, can you tell
8 us at a very high level what it is, how the REC
9 system applies to you? What is it that you, as a
10 Liberty employee, has to do with regard to RECs,
11 just to sort of frame the conversation?

12 A (Warshaw) Well, it's not just as a Liberty
13 employee, but all load-serving entities in New
14 Hampshire are required to show that a portion of
15 their energy supply is coming from approved
16 renewable resources, consistent with the New
17 Hampshire Renewable Portfolio Standard. In 2021,
18 that means that 21.6 percent of our energy will
19 come from renewable sources. It goes up in 2022
20 to 22.5 percent.

21 Now, because we are in a regional
22 market, RECs, renewable energy credits, are used
23 as a means of demonstrating compliance. We don't
24 actually buy specific -- energy from specific

[WITNESS PANEL: Warshaw|Hall|Simek]

1 renewable resources. We will buy renewable
2 energy credits, or RECs, from the market. And a
3 REC is basically one megawatt-hour of renewable
4 energy that was generated, and, as a result, you
5 know, was not a megawatt-hour of conventional
6 energy generated instead. So, it replaced
7 conventional energy with renewable energy.

8 Q And, so, based on that 21 percent, the Company
9 has to acquire a certain number of RECs in the
10 various classes as dictated by the statute, is
11 that right?

12 A (Warshaw) That is correct. We are required to
13 meet that 21 percent -- 21.6 percent obligation
14 for 2021 based on our retail sales.

15 What gets interesting about this market
16 is that, due to the way the ISO New England
17 wholesale market operates and the way the NEPOOL
18 Generator Information System market has to
19 operate, there's almost a six-month lag between
20 when the generation is created and the RECs
21 actually have been created in the marketplace.

22 Q If there are not sufficient RECs for Liberty to
23 meet its obligation in any given period, what is
24 it that the Company has to do?

[WITNESS PANEL: Warshaw|Hall|Simek]

1 A (Warshaw) The Company will then make a
2 alternative compliance payment to the New
3 Hampshire Treasury for these -- this shortage in
4 non -- unable to complete the compliance.

5 Q And those are called "ACPs", correct?

6 A (Warshaw) Yes. Correct. "ACP". And, in fact,
7 we're in the process of determining what our ACP
8 payments are for the 2020 obligation period. The
9 trading of 2020 RECs was completed two days --
10 was ended two days ago. So, we're now in the
11 process of, you know, putting together the
12 required filing and reviewing what payments we
13 need to make to demonstrate meeting the New
14 Hampshire obligation.

15 Q And, again, that's part of a statutory scheme
16 that the load-serving entities either obtain RECs
17 or make ACPs to meet the full 20 something
18 percent requirement?

19 A (Warshaw) That is correct.

20 Q And, so, for the RECs that you did purchase that
21 are part of this filing, did you follow a similar
22 RFP process that you would for the Energy Service
23 itself?

24 A (Warshaw) It's similar, it's not the same. The

[WITNESS PANEL: Warshaw|Hall|Simek]

1 REC market is different. It's not as time
2 sensitive as the energy market. I would -- I
3 also will look at, you know, besides getting
4 offers in a official RPS solicitation, I will
5 also entertain unsolicited offers by individuals
6 looking to sell their RECs. And we evaluate
7 those offers compared to what we see in the
8 market and what we have executed and purchased in
9 previous solicitations.

10 Q And is it fair to say that the -- let me back up.
11 The ACP, the alternative compliance payment, is a
12 number fixed by statute, that adjusts each year
13 as determined by the statute, is that correct?

14 A (Warshaw) That is correct.

15 Q And, if the RECs that are available to you are
16 priced higher than the ACP, what does the Company
17 do? Does it purchase the REC or does it make the
18 ACP?

19 A (Warshaw) We would not purchase the REC. We
20 instead would make an ACP.

21 Q One of the wrinkles in this hearing is that the
22 Company made a mistake in that regard, is that
23 correct?

24 A (Warshaw) That is correct. I made a mistake in

[WITNESS PANEL: Warshaw|Hall|Simek]

1 purchasing some Class -- 2020 Class III RECs
2 above the published ACP.

3 Q And that error was pointed out to us by Staff, by
4 Mr. Eckberg, and we had to make judgments to
5 numbers to accommodate that change, to include in
6 rates only the ACP price, not the full price that
7 we actually paid for those particular RECs, is
8 that correct?

9 A (Warshaw) That is my understanding, yes.

10 Q Okay. That's all I had for you right now, Mr.
11 Warshaw.

12 Mr. Hall, could you please identify
13 yourself and your position with the Company?

14 A (Hall) My name is Adam Hall. And I am an
15 Analyst, Regulatory -- excuse me -- Rates and
16 Regulatory Affairs, with Liberty Utilities.

17 Q And, Mr. Hall, your name appears on a couple
18 documents before us today. The first is Exhibit
19 1, which is the May 14 filing, the testimony by
20 you and Mr. Simek. And the second is Exhibits 3
21 and 4, which is the revised testimony and tech
22 statement of you and Mr. Simek. Is that correct?

23 A (Hall) Yes.

24 Q So, your name is on May 14 testimony and -- I'm

[WITNESS PANEL: Warshaw|Hall|Simek]

1 sorry, just let me start over. Your name is on
2 the May 14 testimony, which is Exhibit 1; the
3 June 14 filing, it's a technical statement, which
4 is Exhibit 2 and Exhibit 3; and also the June 17
5 revised technical statement, which is Exhibit 4.
6 Is that correct?

7 A (Hall) Yes.

8 Q Okay. Do you have -- describe the difference
9 between the May filing, which is a reconciliation
10 filing, and the June filing, if you could?

11 A (Hall) So, the difference between the May filing
12 and the June filing pretty much is just updating
13 May forecasted values with actual values
14 after-the-fact. So, we updated those schedules
15 to show accurate information other than
16 forecasts.

17 Q Were there any other changes to the schedules
18 between May and June, other than updating those
19 forecasted values that you mentioned?

20 A (Hall) Yes. DBS/AMH-4, which is Bates 174R.

21 CHAIRWOMAN MARTIN: Mr. Hall, can you
22 say that first part again please?

23 WITNESS HALL: Yes. Where do you need
24 me to begin again?

[WITNESS PANEL: Warshaw|Hall|Simek]

1 CHAIRWOMAN MARTIN: You were describing
2 the document, I think.

3 **CONTINUED BY THE WITNESS:**

4 A (Hall) Yes. So, if you look at Bates 174R, this
5 shows the "Renewable Portfolio Standard
6 Reconciliation". And what we also changed in
7 this was a couple of formulas, a couple of
8 formula errors that we corrected to basically fix
9 everything.

10 BY MR. SHEEHAN:

11 Q And have -- did these updated updates and the
12 corrections, the formula corrections you just
13 mentioned, they also have an impact on the rates
14 that the Company is proposing today, is that
15 correct?

16 A (Hall) Yes.

17 Q And, so, those updates have been taken into
18 account into sort of the bottom line of the rates
19 that we're requesting here this morning?

20 A (Hall) Yes.

21 Q So, with those, with that description and those
22 changes, do you adopt your testimony and
23 technical statements here this morning?

24 A (Hall) Yes, I do.

[WITNESS PANEL: Warshaw|Hall|Simek]

1 Q Can you give us the bottom line, if you will?
2 What is the proposed Energy Service rate for
3 residential customers and the associated rate
4 impacts?

5 A (Hall) The proposed August 2021 Energy Service
6 rate for residential customers is 8.396 cents.
7 And, for a customer taking energy service from
8 Liberty Utilities, and using 650 kilowatt-hours,
9 they can expect to see a bill increase of \$12.80,
10 or an increase of 10.48 percent.

11 Q Thank you. And, Mr. Hall, those numbers appear
12 in your testimony, the schedule that we filed
13 this morning, is that correct, it was Bates 185
14 in the original filing?

15 A (Hall) I believe it was 195, but --

16 Q Okay. All right. I'll clarify that with Mr.
17 Simek.

18 A (Hall) Subject to check, but --

19 Q Okay. Thank you, Mr. Hall.

20 Mr. Simek, could you please identify
21 yourself and your role with Liberty?

22 A (Simek) David Simek. And I am Manager of
23 Regulatory -- Rates and Regulatory Affairs.

24 Q Mr. Simek, you were on the testimony in May with

[WITNESS PANEL: Warshaw|Hall|Simek]

1 Mr. Hall and on two June filings, the technical
2 statement with you and Mr. Hall, confidential and
3 redacted, and the revised technical statement of
4 you and Mr. Hall, which are collectively
5 Exhibits 1 through 5, is that correct?

6 A (Simek) Correct.

7 Q Other than what Mr. Hall described, do you have
8 any further corrections or changes you'd like to
9 make today?

10 A (Simek) I do not.

11 Q Okay. And do you adopt the testimony and your
12 technical statements as your testimony here this
13 morning?

14 A (Simek) I do.

15 Q Could you please walk us through the changes that
16 occurred from the initial May filing to the first
17 June filing, on the 14th, and then the second
18 June filing yesterday?

19 A (Simek) Yes. For the first filing, on May 14th,
20 to the second filing, which was made on June
21 14th, that's the typical filing that we make to,
22 as Mr. Hall said, typically just update the May
23 month to actuals, and then to update June for an
24 updated forecast of the best known information at

[WITNESS PANEL: Warshaw|Hall|Simek]

1 the time.

2 There was a couple other changes that
3 were also made. As Mr. Hall had mentioned, we
4 had some formula corrections made on Schedule 4.
5 And then, just to get into a little more detail
6 about what Mr. Warshaw was saying, we also
7 removed 1.3 million in Class III renewable energy
8 credit costs that were banked to be used for
9 future year compliance. The reason these RECs
10 were being banked is that they were purchased
11 before the obligation for Class III RECs was
12 reduced from 8 percent to 2 percent.

13 The differences between the June 14th
14 filing and the June seventeenth filing is that
15 Staff identified on June 16th, this past
16 Wednesday, specifically Mr. Eckberg, that the
17 Company used the wrong ACP, alternative
18 compliance payment, amounts for some of the REC
19 purchases, and that the Class III REC purchases
20 were made at prices that were higher than the
21 ACP, as Mr. Warshaw had mentioned.

22 This was an oversight by the Company,
23 as we were not aware at the time of purchase that
24 the ACP had dropped for the Class III RECs, from

[WITNESS PANEL: Warshaw|Hall|Simek]

1 \$55 to \$34.54.

2 Q Mr. Simek, briefly, you mentioned, when you made
3 the Class III purchases, there was an 8 percent
4 obligation, and then that changed to 2 percent.
5 The timing of that is purchases were made last
6 summer, when the requirement was still 8 percent,
7 is that correct?

8 A (Simek) Correct.

9 Q And, through a proceeding at the Commission in
10 the Spring of 2021, resulting in an order, I
11 don't have it at hand, but just a couple months
12 ago is when the Commission reduced that 8 percent
13 requirement down to 2 percent for Class III RECs,
14 is that correct?

15 A (Simek) Correct.

16 Q And what you mentioned is, to the extent we
17 bought enough to satisfy 8 percent, we can only
18 use 2 percent now, and the rest are banked for
19 future use, is that correct?

20 A (Simek) Correct.

21 Q And that was part of the adjustment that you
22 described between the two filings?

23 A (Simek) Correct.

24 Q One of the documents we filed this morning was a

[WITNESS PANEL: Warshaw|Hall|Simek]

1 single page, it's marked as "Exhibit 8", Bates
2 185. And the Company initially thought that that
3 had somehow been excluded from the filing we had
4 made the day before, is that correct?

5 A (Simek) Yes. If you follow the Bates page
6 numbers, I believe that that page should have
7 been inserted at Bates Page "185R". But, through
8 further review, while looking lower into the
9 document, as Mr. Hall had said, it actually was
10 put in at Bates Page 195R. So, those are just
11 duplicate documents. There's one at 185R and one
12 at 195R.

13 Q And likely the result of just *pdf* assembling it,
14 it got shuffled on us. So, we initially thought
15 it was missing, and it turns out it was there the
16 whole time?

17 A (Simek) Correct.

18 Q And last, I think this might be for Mr. Warshaw,
19 we also marked Exhibit 6 and 7, 6 the
20 confidential and 7 the redacted. Could either
21 David or John explain what that document is?

22 A (Simek) Yes.

23 A (Warshaw) Yes. Exhibit 6 is a listing of all of
24 the -- all of the transactions and purchases

[WITNESS PANEL: Warshaw|Hall|Simek]

1 that was made by the Company for all RECs, not --
2 all renewable energy credit RECs, not just
3 Class IIIs.

4 Q Okay. And it's more informational, and perhaps
5 Mr. Eckberg intends to speak to some of the
6 numbers in that, is that correct?

7 A (Warshaw) Right. That's correct. And the
8 volumes are, you know, not confidential, or the
9 suppliers, but the actual costs that we paid we
10 consider confidential.

11 MR. SHEEHAN: Okay. Thank you. Those
12 are all the questions I have. Thank you.

13 CHAIRWOMAN MARTIN: Okay. Thank you.
14 Mr. Dexter.

15 MR. DEXTER: Thanks, Madam Chair. I
16 have a lot of questions. I wonder if I could
17 take a five-minute break before I start?

18 CHAIRWOMAN MARTIN: That will be fine.
19 We will return at 10:35.

20 MR. DEXTER: Thank you.

21 CHAIRWOMAN MARTIN: We're on recess.

22 *(Recess taken at 10:29 a.m. and the*
23 *hearing resumed at 10:37 a.m.)*

24 CHAIRWOMAN MARTIN: Okay. Go ahead.

[WITNESS PANEL: Warshaw|Hall|Simek]

1 MR. DEXTER: Thank you. Good morning.
2 I guess I want to start with some
3 questions about the various updates that the
4 witnesses were talking about, and then I'll get
5 into some other more basic questions.

6 **CROSS-EXAMINATION**

7 BY MR. DEXTER:

8 Q But, generally speaking, this filing deals with
9 the purchase of energy by the Company to pass
10 along to customers? Generally speaking, is that
11 right?

12 A (Hall) Yes.

13 Q And the corrections -- and that's handled by
14 Mr. Warshaw's testimony, for the most part. In
15 other words, where he got the power from, and
16 where he got the renewable, you know, how the
17 Company met its Renewable Portfolio Standard
18 obligations. That's all Mr. Warshaw, correct?

19 A (Warshaw) That is correct.

20 Q And then, because, as is typical in the utility
21 business, there's a lot of tracking to account
22 for under- and over-collections, and forecasts
23 versus actuals, and those are done through
24 reconciliations. And those reconciliations are

[WITNESS PANEL: Warshaw|Hall|Simek]

1 handled in the testimony of Hall and Simek, is
2 that right?

3 A (Hall) Yes.

4 Q And Mr. Warshaw's testimony comes in very close
5 to the hearing date, in this instance it came in
6 Monday, and he explained the reasons for that.
7 Is it correct that, generally speaking, the
8 substance of Mr. Warshaw's presentation didn't
9 change today? In other words, what he filed on
10 Monday, the 14th, is essentially intact, except
11 for some side effects from the reconciliation
12 portion of the Hall/Simek testimony. Is that
13 right?

14 A (Warshaw) That is correct.

15 Q So, in other words, we're not hearing anything
16 new about the RFPs or anything like that today?

17 A (Warshaw) Again, that is correct.

18 Q Okay. And, so, the updates that I'll try to shed
19 some light on, and Mr. Eckberg will shed some
20 light on, really have to do with the
21 reconciliation of costs, and, in particular, I
22 think have to do with the costs associated with
23 the Renewable Portfolio Standard compliance. Is
24 that right?

[WITNESS PANEL: Warshaw|Hall|Simek]

1 A (Warshaw) That is correct.

2 Q Okay. So, with that background, and maybe
3 everybody got that, but I just wanted to make
4 sure I understood, I want to go back to the
5 beginning. Actually, the very first document in
6 this case was a letter filed by Mr. Sheehan that
7 talked about "Default Service", and that was
8 filed on April 29th, 2021, and yet all the
9 testimony and exhibits talk about "Energy
10 Service".

11 And I'd like one of the witnesses to
12 describe what, if any, differences there are
13 between "Default Service" and "Energy Service"?

14 A (Warshaw) I'll take that. "Default Service" has
15 been the jargon, the name that's been given to
16 mostly this wholesale purchase of energy to meet
17 customers' needs that are not being served by a
18 competitive supplier. Other name for this
19 service would be, you know, would be like POLR,
20 you know, "Supply of Last Resort". "Energy
21 Service" is the actual retail rate name that is
22 put in our rates that our customers actually see.

23 Q So, there's no substantive difference then
24 between "Default Service" and "Energy Service"

[WITNESS PANEL: Warshaw|Hall|Simek]

1 for purposes of this case, is that right?

2 A (Warshaw) Not really. No, there is not. Other
3 than, you know, "default" is a more general term
4 that crosses many state lines. Where "Energy
5 Service" is relatively unique to New Hampshire.
6 Similar service in Massachusetts is called "Basic
7 Service".

8 Q And I think you may have touched on this, but
9 Energy Service, in this docket, is available for
10 customers who opt not to buy their energy service
11 from a competitive supplier, is that right?

12 A (Warshaw) That is correct. And it's also for
13 those customers that the energy -- competitive
14 energy service supplier has, for one reason or
15 another, dropped from their service, or a
16 competitive supplier has withdrawn serving
17 customers in New Hampshire.

18 Q And, so, generally speaking, the rates that we're
19 talking about today can effectively be bypassed
20 by most customers, if they opt to purchase their
21 power through a competitive supplier. Is that
22 right?

23 A (Warshaw) Could you restate the question please?

24 Q Yes. In other words, a customer doesn't have to

[WITNESS PANEL: Warshaw|Hall|Simek]

1 pay the Energy Service rates that are at issue in
2 this case. They can just buy that power from
3 another supplier. They will pay rates to the
4 supplier. But they don't -- they're not captive
5 to this Energy Service rate that's at issue
6 today, correct?

7 A (Warshaw) That is correct. There is no minimum
8 time on Energy Service that is required in New
9 Hampshire. And customers can come and leave as,
10 you know, as they please, as long as those coming
11 and goings are done at, you know, the same time
12 as the customer's meter is read.

13 Q Can you tell the Commission what percent of --
14 well, let me back up. My understanding is that,
15 for purposes of Energy Service, we break your
16 customer group -- your customer base up into two
17 groups, the Large Group and the Small Group, is
18 that right?

19 A (Warshaw) That is correct.

20 Q And can you tell the Commission approximately
21 what percent of your Small Group, which is made
22 up of residential and small commercial customers,
23 opt to take the energy service versus securing
24 their power from a competitive supplier?

[WITNESS PANEL: Warshaw|Hall|Simek]

1 A (Warshaw) One second, I'm looking for that
2 information right now. I don't carry that on the
3 top -- on top of my head. But there we go.
4 Sorry.

5 A (Simek) I can answer that question. For the
6 month of March 2021, it was 89 percent.

7 Q And, Mr. Simek, that ratio appears on Exhibit 4,
8 Bates 169R, is that right? Or 170R?

9 A (Simek) Yes. 170R, correct.

10 Q Let me just get there. I'm sorry, that's
11 Exhibit 2. So, the residential customers, that's
12 Exhibit 2, Bates 170R. And that ratio that you
13 talked about, "89 percent", appears at Line 3,
14 correct?

15 A (Simek) Correct.

16 Q Okay. And, so, an overwhelming majority of your
17 residential customers take default service, 89
18 percent, in fact, based on this one month?

19 A (Simek) Correct.

20 Q And is there any reason to believe that this
21 month is not typical or do you see that general
22 speaking?

23 A (Simek) The latter. We see it generally
24 speaking, yes.

[WITNESS PANEL: Warshaw|Hall|Simek]

1 Q Okay. And, for non-residential customers, if I
2 were to go one page up, that's Bates 169R, in
3 Exhibit 2, that similar percentage for the Large
4 Group, which consists of medium and large C&I
5 customers, is about 20 percent, correct?

6 A (Simek) Correct.

7 Q Okay. Just trying to give some context as to who
8 ultimately will pay the rates that are at issue
9 in this case.

10 So, in order to see what the impact of
11 the proposed rates are for the Small Group for a
12 residential customer, it looks like I can go to
13 Exhibit 4, Bates 195R, or I can go to Exhibit 8,
14 which we're told are the same documents. So, I'm
15 going to go to Exhibit 8.

16 Is that right? Those two pages are
17 actually the same thing?

18 A (Simek) Correct.

19 Q Okay. And this is -- Exhibit 8 is a typical bill
20 for a customer, and it compares what a
21 residential customer would have paid on May 1st,
22 versus what they will pay on August 1st, if the
23 proposed rates are approved, correct?

24 A (Simek) Correct.

[WITNESS PANEL: Warshaw|Hall|Simek]

1 Q And, if I look at this, there's all sorts of
2 rates and charges in Lines 1 through 9: "Customer
3 Charge", "Distribution Charge", "Transmission",
4 "System Benefits". None of those are changing in
5 this document, is that right -- in this docket,
6 is that right?

7 A (Simek) Yes.

8 Q And all we're dealing with today is Line 12,
9 "Energy Service Charge", is that right?

10 A (Simek) Correct.

11 Q And, if I compare the rates, there's no column
12 numbers here, but, if I compare the two rates,
13 the May 1st rate versus the August 1st rate,
14 those are the numbers that either you or Mr. Hall
15 read into the record this morning, the 8 -- in
16 particular, the "\$0.08396", that's the 8.3 or 8.4
17 cents per kilowatt-hour that we've been talking
18 about today, right?

19 A (Simek) Correct.

20 Q Okay. And that represents about a 30 percent
21 increase versus the number before it, the
22 6.24 [6.42?] cents, right?

23 A (Simek) Yes.

24 Q And, Mr. Warshaw, you talked briefly about what

[WITNESS PANEL: Warshaw|Hall|Simek]

1 the -- well, let me hold that question, because I
2 want to get into the detail of this rate a little
3 bit first, and then we can talk about the reason
4 for the increase.

5 Just reading over to the right, the
6 result of this Energy Service Charge increase is
7 going to be about it looks like \$13 -- well,
8 \$12.80 per month for a typical residential
9 customer, is that right?

10 A (Simek) Correct.

11 Q Okay. And, assuming that Liberty has conducted a
12 fair and robust RFP, and gone to the market and
13 selected the best prices that it could, in a
14 sense, I don't want to use the word "inevitable",
15 but this increase is more reflective of the
16 market for power than it is of any particular
17 actions that Liberty may or may not have taken.
18 Is that generally a fair statement?

19 A (Simek) Yes.

20 Q Okay. And this is intended to be more or less a
21 "pass-through"?

22 A (Simek) Correct.

23 Q Okay. In order to go behind the 8.396 cents per
24 kilowatt-hour to see what's there, I think I

[WITNESS PANEL: Warshaw|Hall|Simek]

1 should go to Bates 170R, and that will be in
2 Exhibit 2, I believe. So, let me try that and
3 see if I'm right.

4 Yes. I think that -- and would you
5 agree this would give me some more detail into
6 that rate?

7 A (Simek) Yes. I believe, though, we may want to
8 look at Exhibit 4, because some of the
9 reconciliation factors would have been updated.

10 Q Right. Because I'm actually not seeing the right
11 numbers. So, I need to go to Exhibit 4.

12 A (Simek) Right.

13 Q Exhibit 4, Bates 170R. Okay.

14 A (Simek) Correct.

15 Q Let me get there. And that appears fairly early
16 in Exhibit 4, like the fourth page in it looks
17 like. So, it's -- yes, I have it as "Page 4 of
18 34".

19 Now, the number that we were talking
20 about on the customer's bill, again, we're
21 jumping between dollars and cents per kWh, but
22 the number that was on the residential customer's
23 bill of 8.396 cents per kWh appears on Line 18 at
24 the far right, correct?

[WITNESS PANEL: Warshaw|Hall|Simek]

1 A (Simek) Correct.

2 Q Okay. And, in order to see what makes up that
3 8.3 or 8.4 cents, if you go up into sort of this
4 grid of numbers on Lines 10, 11, 12, 13, and 14,
5 that breaks it down for us a little bit, right?

6 A (Simek) Correct.

7 Q And there's a lot of numbers in this grid. It
8 looks to me like the 8.396 ends up being sort of
9 a weighted average of a bunch of numbers that
10 some of which change monthly and some of which
11 don't. But is that right? That Line 18 is
12 really a weighted average of Lines 10, 11, 12,
13 and 13?

14 A (Simek) That's exactly what it is. Yes.

15 Q Okay. All right. Good. So, in order to --
16 again, I'm just trying to -- a lot of numbers in
17 this filing, and I'm trying to follow along.

18 So, if I look at Line 10 -- it looks
19 like there's four components that we're deal
20 with. And, if I look at Line 10, to me, that's
21 by far the largest of the component of what we're
22 dealing with. Would you agree?

23 A (Simek) Yes.

24 Q And that's the base residential and small C&I

[WITNESS PANEL: Warshaw|Hall|Simek]

1 energy rate. So, is it fair to say that Line 10
2 is what resulted from Mr. Warshaw's -- not
3 "Mr. Warshaw's", but the Company's solicitation
4 for power that Mr. Warshaw described to us?

5 A (Simek) For the wholesale power, yes.

6 Q For the wholesale power, right. And the other
7 lines, the next two lines are reconciliations.
8 And that's what I talked about earlier. That's
9 to sort of track the over and under recoveries
10 that are inevitable when you try to charge
11 customers an exact amount, because of variations
12 in sales for the most part, is that right?

13 A (Simek) Yes.

14 Q Yes. And then, Line 13 is the "Renewable
15 Portfolio Standard Adder", which would be, again,
16 Mr. Warshaw's responsibility, correct?

17 A (Simek) Correct.

18 Q Okay. Going back up to Line 10, these numbers
19 are the only numbers in the grid that vary by
20 month. And they get substantially higher as we
21 get closer to the winter. In other words,
22 December and January are significantly higher
23 than the prior summer and fall months, is that
24 right?

[WITNESS PANEL: Warshaw|Hall|Simek]

1 A (Simek) Yes.

2 Q Can you or Mr. Warshaw explain why that is?

3 A (Warshaw) I can take that, Mr. Dexter. The
4 reason is that, while New England and New
5 Hampshire peaks in the summer, when, you know,
6 when energy is at highest demand, during the
7 winter, though, the marginal cost of power in New
8 England is usually natural gas. But natural gas,
9 in the winter, is more -- is less available to
10 the generation market. The generators do not buy
11 firm gas, as opposed to the gas distribution
12 companies buy firm gas and firm transportation,
13 so that they can serve their customers reliably.
14 As a result, in the winter, when natural gas
15 prices increase, the electric -- resulting
16 electric market also increases. And, if there is
17 significant cold weather, those short-term prices
18 can, on the electric market, can get really high.

19 Q And what percentage of the New England portfolios
20 is natural gas generated, do you have a rough
21 idea?

22 A (Warshaw) It moves around, but it's about 60
23 percent.

24 Q This is a fairly minor point, but I think I've

[WITNESS PANEL: Warshaw|Hall|Simek]

1 mentioned this to you guys before in hearings,
2 that Staff relies heavily on the footnotes that
3 you provide. And, if I go to Line 10, the
4 footnote for Line 10, which is going to explain
5 to me what's in Line 10 that we've been talking
6 about, it says that Line 10 equals "Line 10 times
7 Line 11, divided by 1,000, truncated to five
8 places." And, to me, that -- that doesn't sound
9 right. I just don't understand how Line 10 could
10 equal Line 10 times something else, divided by
11 something else. Am I misreading this or does
12 that footnote need to be corrected?

13 A (Simek) That footnote should be corrected. It
14 should be "Line 7" referenced, rather than "Line
15 10".

16 Q So, the footnote should say "Line 7 times
17 Line 11, divided by 1,000, truncated"?

18 A (Simek) No. Actually, it should say "Line 7
19 times Line 8, divided by 1,000."

20 Q Okay. That makes sense. Okay. Moving -- well,
21 moving to the actual energy RFP, Mr. Warshaw's
22 testimony in Exhibit 2, Bates 008, talks about
23 that Liberty contracted with, is it pronounced
24 "Dynegy"?

[WITNESS PANEL: Warshaw|Hall|Simek]

1 A (Warshaw) That is correct.

2 Q Okay. That they contracted with Dynegy for the
3 six-month period August 1st to January 31st.

4 And, in actuality, and that's a correct
5 statement, but, in actuality, Dynegy was the
6 winning bidder for the two smaller three-month
7 periods for the Large Group, is that right?

8 A (Warshaw) Sorry, I'm just --

9 Q This is Exhibit 2, Bates Page 008, Lines -- right
10 around Lines 15, 16, 17. It's also marked as
11 "Page 6 of 12" of your testimony, if that helps.

12 A (Warshaw) Oh, there we go. I always get -- I
13 apologize. I always get turned around about
14 which supplier is at this point. Yes. Dyna --
15 eh, excuse me, I apologize. Dynegy is the winner
16 of the Large Customer Group. Did I state that
17 wrong?

18 Q No. My question was, did they win both of the
19 three-month solicitations versus one six-month
20 solicitation?

21 A (Warshaw) They won both, both Blocks A and B. We
22 split up the Large Customer Group into two
23 blocks, a near three-month block and then a
24 latter three-month block. And the period that it

[WITNESS PANEL: Warshaw|Hall|Simek]

1 does encompass is that six-month period of August
2 1st through January 31st. Sorry, I was a little
3 confused on the question.

4 Q No. No, not a big point. I just wanted to point
5 that out, that there were, in fact, two smaller
6 blocks for the Large Group.

7 In order to demonstrate to the
8 Commission that Liberty selected the lowest price
9 bid, I think I should look at Bates Page 096 of
10 Exhibit 2. So, I'm going to do that and see if
11 you can answer a few questions.

12 Now, virtually all of the schedule is
13 gray in the confidential version, I'm in
14 Exhibit 2, meaning it's confidential. So, I'm
15 going to try to just ask you questions without
16 revealing the numbers. But, given that, if I
17 want to look at the residential customers first,
18 it seems to me that's "Block C", towards the
19 bottom of the page, it seems to me that the
20 hyphen in the far right-hand column next to
21 "Bidder C" indicates that they're the lowest
22 bidder on a weighted average basis, and that all
23 of those other numbers, so Bidders A, B, D, and
24 E, indicate how much higher those bids were

[WITNESS PANEL: Warshaw|Hall|Simek]

1 versus Bidder C. Is that how I read the
2 schedule? Is that correct?

3 A (Warshaw) That is correct.

4 Q And, similarly, with Block A and B, which are the
5 three-month blocks for the Large Customers, it
6 looks like Bidder B had the lowest price, is that
7 right?

8 A (Warshaw) Also correct.

9 Q Okay. And, if I go to Page 99, I can cleverly
10 put two-and-two together and figure out who
11 Bidder B and C are, right?

12 A (Warshaw) That is also correct.

13 Q Okay. And those are the contracts that are, in
14 fact, presented for, not approval, but those are
15 the contracts which were used to develop the
16 rates that are presented for approval today, with
17 Bidders B and C, as indicated on Exhibit 9,
18 correct?

19 A (Warshaw) That is also correct.

20 Q Okay. So, in your opinion, Mr. Warshaw, did the
21 results of the RFP that we've been looking at
22 reflect a competitive marketplace for energy
23 service?

24 A (Warshaw) Yes, it does.

[WITNESS PANEL: Warshaw|Hall|Simek]

1 Q And was the level of response for this
2 solicitation, you know, sort of consistent or in
3 line with what you've experienced over recent
4 years for this same type of solicitation?

5 A (Warshaw) Yes, it has.

6 Q And, again, those questions I asked you deal with
7 the actual purchase of the power that we've been
8 talking about, which is that large component of
9 the bill that we discussed with Mr. Simek
10 earlier, the largest component of the 8.4 cents
11 that we're talking about here?

12 A (Warshaw) Yes. That is correct.

13 Q Okay. And, if I were to go down to Bates Page
14 100, just a couple -- just one page down, in
15 Exhibit 2, this would be an analysis of the bids
16 for the Renewable Portfolio Standard, is that
17 right?

18 A (Warshaw) Yes.

19 Q And could you explain, in general terms, the
20 Renewable Portfolio process and what it's
21 intended to do?

22 A (Warshaw) New Hampshire put in a Renewable
23 Portfolio Standard a number of years ago with the
24 intent of substituting conventional generation

[WITNESS PANEL: Warshaw|Hall|Simek]

1 with renewable generation. Since then, they have
2 also been pushing to move towards a carbon --
3 non-carbon-emitting generation. And there is
4 a -- and the statute is set up so that every year
5 the percentage of the Renewable Portfolio
6 Standard obligation goes up.

7 Q And I think you said earlier that a company, like
8 Liberty, can meet this obligation by purchasing
9 RECs, Renewable Energy Certificates, is that what
10 "RECs" stands for?

11 A (Warshaw) Correct. Yes.

12 Q Or is it "Renewable Energy Credits"?

13 A (Warshaw) It's "Renewable Energy Certificates".

14 Q "Certificates", okay. And, for the forecast
15 period that we're talking about, Liberty has
16 developed a price for meeting its Renewable
17 Portfolio Standard, and that -- the development
18 of that price is detailed on Bates Page 101 of
19 Exhibit 2, is that right?

20 A (Warshaw) Yes.

21 Q And, while the individual components of that
22 price are confidential, I think I can state
23 publicly, on Line 5 of Section 5, that the price
24 for meeting the Renewable Portfolio Standard in

[WITNESS PANEL: Warshaw|Hall|Simek]

1 the future will be "0.684 cents" per kWh, is that
2 right?

3 A (Warshaw) Yes. That's correct. That is what we
4 are -- I have estimated or forecasting what the
5 cost would be to meet the RPS standard over the
6 next six months. And, actually, we usually don't
7 change it in the next Energy Service RFP. So, we
8 will keep that adder consistent for the next
9 twelve-month period.

10 Q Okay. And, if I were to go back to Bates 169 and
11 170, which was that grid of rates, I would find
12 that exact number for all the months, for both
13 the Large and the Small Customer class, that
14 "0.684 cents" per kWh, is that right?

15 A (Warshaw) Yes.

16 Q And why does that not change between customer
17 classes?

18 A (Warshaw) It's the process that we use to
19 purchase the certificates. We don't try to -- we
20 don't say "well, these certificates are bought
21 for this customer group and this certificate is
22 bought for that customer group." Part of the
23 issue is that, while we are forecasting, you
24 know, what we think the retail sales will be for

[WITNESS PANEL: Warshaw|Hall|Simek]

1 those customers, we actually won't know that
2 until after-the-fact. And it is just similar to
3 aggregate and have a flat adder for all of our
4 retail customers.

5 Q And, again, back on Bates 101, if I look at the
6 second to the last column, in Section 5, Line 5,
7 there's a figure there of "0.968 cents" per kWh,
8 that's in a column marked "ACP". Is that the
9 Alternative Compliance Payments you were talking
10 about with Mr. Sheehan?

11 A (Warshaw) Yes.

12 Q So, on a forecasted basis, because the other
13 number is lower, the Company is projecting to
14 purchase RECs, rather than make Alternative
15 Compliance Payments, is that right?

16 A (Warshaw) Yes.

17 Q Okay. And, again, for purposes of this case, on
18 a going-forward basis, that would be the lower
19 cost options for Liberty's Default Service
20 customers, to take the action that's outlined
21 here on Bates 101, which is to purchase the
22 RPS -- to purchase the credits, and that's why
23 you chose that action, correct?

24 A (Warshaw) Yes.

[WITNESS PANEL: Warshaw|Hall|Simek]

1 Q Okay. So, I want to move now to the
2 reconciliation portion of the filing. And, as we
3 established earlier, most of the updates that
4 we've been seeing over the last day or two have
5 to do with the reconciliation, rather than the
6 actual solicitation.

7 And see if I've covered any of this. I
8 guess -- I guess I would like to go back to Bates
9 169R and 170R. I believe that's Exhibit 2, and I
10 believe -- Exhibit 4, and I believe those sheets
11 are up at the front of that document, Pages 3 and
12 4. Yes, Pages 3 and 4. And I'll just talk about
13 the residential customers for now, which is Bates
14 170. On Line 11, we have an item called "Energy
15 Service Reconciliation Adjustment Factor", and,
16 on Line 12, we have "Energy Service Cost
17 Reclassification Adjustment Factor".

18 Could one of the Liberty witnesses
19 explain Line 11 and Line 12, and maybe what the
20 difference is?

21 A (Simek) Yes, I'll explain that. For Line 11, the
22 Energy Service Reconciliation Adjustment Factor,
23 it's -- let me just make sure I have them right
24 here. Yes. The Energy Service Adjustment Factor

[WITNESS PANEL: Warshaw|Hall|Simek]

1 can be shown on Bates Page 175R, the calculation
2 for it, which it actually includes three
3 components: The reconciliation of the Base
4 Energy Service, the reconciliation of the prior
5 period Energy Service Adjustment Factor, and then
6 the reconciliation of the RPS
7 over-/under-collection. So, those three
8 components together make up the Energy Service
9 Adjustment Factor that you see on Page 170R.

10 Now, for the Energy Service
11 Reconciliation Factor -- or, Cost
12 Reclassification Adjustment Factor, that's
13 actually made up a few different components.
14 That's made up of items like our bad debt
15 expense, our working capital, and determine --
16 and ongoing administrative costs. And that
17 amount can actually be shown on Bates Page 179R.

18 Q And both of those references you made are in
19 Exhibit 4, because they have been updated?

20 A (Simek) Correct.

21 Q So, let's leave behind, for purposes of today, so
22 that we're not here until 5:00 p.m., we'll leave
23 the second one behind, the one that collects the
24 administrative costs, the bad debt, and the

[WITNESS PANEL: Warshaw|Hall|Simek]

1 working capital. That's just sort of
2 administrative costs that go along with providing
3 this service to your customers, and it's a
4 mechanism for you to recover those costs. And,
5 in the scheme of what we're talking about today,
6 those are fairly minor, is that true?

7 A (Simek) They're minor, and they also did not
8 change from the original filing in May.

9 Q Okay. And, so, let's go up back up, and I think
10 it was you said Exhibit -- I'm sorry --
11 Exhibit 4, Bates 175R.

12 Is it correct that the nature of the
13 updates that were filed yesterday have to do with
14 Line 3, the RPS over-collection?

15 A (Simek) Yes. The RPS is the driver. The two
16 lines above did change slightly, just because of
17 the nature of how the model works. But, yes, it
18 was, once we changed the RPS, that was the driver
19 of the filing, the updated filing.

20 Q Okay. And there is a schedule in here that will
21 detail that over-collection of 652,000 for us
22 that's on Line 3. You could probably find it, or
23 I could find it, but I want to go to that
24 schedule.

[WITNESS PANEL: Warshaw|Hall|Simek]

1 A (Simek) Yes. It's the page right before, 174R.
2 That at least details the calculation of the
3 652,807.

4 Q Right. Okay. This is the one I was looking for.
5 So, again, a lot of numbers on the page, but the
6 bottom line here is, what we're doing on this
7 page is comparing the revenue that you collected
8 in this time period shown in Column 1, versus the
9 expenses that were paid for Renewable Portfolio
10 Standard, and those expenses show up in Column
11 (c), correct?

12 A (Simek) Yes.

13 Q And that figure of "2,747,708" is about 1.3
14 million or 1.4 million lower than if I were to go
15 way back to the May filing to the equivalent
16 page, is that right? That number used to be
17 about 4.1 million, right?

18 A (Simek) Correct.

19 Q Okay. And I think, if the Commission wanted to
20 see what's behind that 2,747,000, I believe one
21 of the new exhibits will tie up to that number
22 directly, and I think it's Exhibit 6, but let me
23 check. Yes, Exhibit 6. So, if we go to Exhibit
24 6, which is confidential, and the bottom line

[WITNESS PANEL: Warshaw|Hall|Simek]

1 number there is not confidential, right, because
2 it's --

3 A (Simek) Correct.

4 Q -- it's in Exhibit 4? But all the information up
5 above is confidential, correct?

6 A (Simek) Yes. All the pricing numbers is
7 confidential.

8 Q Yes. Okay. So, there's that "2,747,708". This
9 is the detail of what is being built into the
10 rates that are at issue today with respect to RPS
11 compliance purchases, right?

12 A (Simek) That's correct.

13 Q Okay. And I know you guys went over this in
14 questions from Mr. Sheehan, but I'd like to hear
15 some of it again. Could you explain on, you
16 know, what is the difference between this number,
17 which is 2.7 million, and the \$4.1 million number
18 that was originally filed back in May?

19 A (Simek) Yes. The Company had originally
20 purchased enough Class III RECs to fulfill its
21 obligation of 8 percent for 2020. What had
22 happened was, after we had committed and
23 contracted to purchase these RECs, there was a
24 Commission rule change that changed that

[WITNESS PANEL: Warshaw|Hall|Simek]

1 commitment from 8 percent to 2 percent. So, all
2 we needed for this filing was 2 percent of those
3 costs to be built into rates for our
4 reconciliation, whereas the other remaining
5 piece, the 1.3 million, was moved and being held
6 for future use. So, that's one piece of why the
7 numbers changed.

8 Then, there was another piece that had
9 to do with there was, which was identified by
10 Mr. Eckberg, the Company had inadvertently used
11 some 2021 ACP amounts rather than the 2020 in the
12 ACP calculations that you see on this page at the
13 bottom. And, so, those were corrected.

14 And then, there was also the discussion
15 that Mr. Warshaw gave earlier, where we had
16 purchased the Class III RECs that were purchased,
17 there was an oversight by the Company, and we did
18 purchase those above the ACP amount. So, it's
19 the difference between what we had purchased them
20 for and what the actual ACP was, was also
21 corrected and taken into account here.

22 Q Okay. So, those -- it sounds like there are
23 three items that make up the difference between
24 this \$2.7 million figure I'm seeing on Exhibit 6,

[WITNESS PANEL: Warshaw|Hall|Simek]

1 and the \$4.1 million figure I would find back in
2 the May filing. And it sounds like there was an
3 issue related to the quantity of RECs. There was
4 an issue related to the price of the RECs, in
5 other words, the Company buying RECs at a price
6 higher than the ACP. And then, thirdly, there
7 was a smaller price issue regarding the Company
8 using a 2021 price instead of a 2020 price. Did
9 I get that right?

10 A (Simek) You did.

11 Q Okay. And Mr. Eckberg will go into this in more
12 detail.

13 And, so, based on this calculation that
14 you provided in Exhibit 6, which flows into the
15 Exhibit 4, which flows into the rates, would it
16 be your testimony that, for purposes of this
17 docket, Liberty's Default Service customers will
18 be paying the least-cost option for RPS
19 compliance?

20 A (Simek) Yes.

21 Q Okay. Now, would you agree that we may need to
22 account for this, these issues, the quantity and
23 the large price issue, would you agree that those
24 same issues may have an impact in future Energy

[WITNESS PANEL: Warshaw|Hall|Simek]

1 Service reconciliation filings?

2 A (Simek) Yes.

3 Q And the nature of that issue would be, again, the
4 goal of the future reconciliation files [sic]
5 would be that the customers pay the least-cost
6 option that was available to the Company at the
7 time. Do you agree with that?

8 A (Simek) Yes. We believe that the customers
9 should not have to pay over ACP.

10 Q Okay.

11 A (Simek) So, yes.

12 MR. DEXTER: Madam Chair, I wonder if I
13 could take a moment to confer with Mr. Eckberg?
14 I think I'm done, but I'd like to check with him
15 before I determine that.

16 CHAIRWOMAN MARTIN: Okay. How long
17 would --

18 MR. DEXTER: And I could do that in
19 about five minutes. I think about five minutes
20 would be fine.

21 CHAIRWOMAN MARTIN: Let's take a break,
22 and return at 11:30. Off the record.

23 *(Recess taken at 11:23 a.m. and the*
24 *hearing resumed at 11:31 a.m.)*

[WITNESS PANEL: Warshaw|Hall|Simek]

1 CHAIRWOMAN MARTIN: Okay. Let's go
2 back on the record.

3 MR. DEXTER: Thank you, Chairwoman. I
4 do have a few more questions on the topic of RPS
5 and RECs. And I think they will be directed to
6 Mr. Warshaw. It shouldn't take more than fifteen
7 minutes or so.

8 BY MR. DEXTER:

9 Q Mr. Warshaw, in your question and answering with
10 Mr. Sheehan, we were talking about -- you were
11 talking about a situation where you purchased
12 some RECs at a price above the Alternative
13 Compliance Payment price, is that right?

14 A (Warshaw) Yes.

15 Q And those purchases, if I'm not mistaken, took
16 place in July of 2020, correct?

17 A (Warshaw) Yes.

18 Q And, if I were looking at Exhibit 6, so, I'm
19 looking at Exhibit 6, the one-page spreadsheet
20 showing the breakdown of the RECs. And, if I
21 were to go over and look at all the RECs that are
22 labeled as "Class III" on this sheet, I think
23 there's three or four lines. Those are the RECs
24 that we're talking about, right?

[WITNESS PANEL: Warshaw|Hall|Simek]

1 A (Warshaw) Yes.

2 Q Okay. Now, if at the time you hadn't made the
3 mistake, as you put it, when you purchased them,
4 would the action that the Company had taken been
5 to not purchase RECs and just rely on the ACP?

6 A (Warshaw) Yes.

7 Q Okay.

8 A (Warshaw) And I would probably have notified the
9 bidders that their bidding price was higher than
10 the ACP.

11 Q Okay. Each year the Company files with the
12 Commission a report that's labeled the "E-2500
13 Report", and your name came in on last year's, so
14 I assume you're familiar with that report,
15 correct?

16 A (Warshaw) I'm not sure about the "E-2500 Report",
17 but I'll take your word for it.

18 Q Okay. Well, last year it was filed on June 25th,
19 and it's about a five-page report, and it's got
20 some colors on it. And it provides all sorts of
21 details about prior year's REC purchases.

22 A (Warshaw) Oh, Okay. I don't think of it as the
23 "E-2500 Report". I think of it as the "RPS
24 Report on Compliance".

[WITNESS PANEL: Warshaw|Hall|Simek]

1 Q Yes. And the title in your cover from last year
2 calls it the "Standard Compliance filing".

3 Okay. Understanding that the deadline
4 for filing this year's report hasn't arrived yet,
5 you haven't filed this year's report, correct?

6 A (Warshaw) Correct. I have not yet.

7 Q Right. What I'm asking is, in future filings,
8 would it be possible for Liberty to provide this
9 report, you know, with the reconciliation filing,
10 in this case that came in June 14th,
11 understanding that most of the information in
12 here is confidential, and that it would be a
13 draft or, you know, a draft filing, basically,
14 because the final filing is not made until June
15 30th? Is that something that you think the
16 Company could do, and do you think it would help
17 everybody understand this REC situation in these
18 reconciliation filings?

19 A (Warshaw) I'm not sure if it would be helpful.
20 And I'm not sure if it would be able to be
21 provided with the reconciliation. And the reason
22 is that the trading period for the Q4, the last
23 year trading ends on June 15th. And if, you
24 know, for some reason we may be short or there

[WITNESS PANEL: Warshaw|Hall|Simek]

1 may be some suppliers that will offer an
2 unsolicited sale of RECs at a reasonable price,
3 we would buy them either for the -- either to use
4 in the current, you know, ending obligation year,
5 or to be banked and used in the future. So, that
6 would be unknown at the time of the
7 reconciliation filing.

8 Q And, in fact, if I look at Exhibit 6, it does
9 indicate in Column 2 that there was some
10 transactions made that looks like as late as June
11 10th, 2021 for the 2020 period. So, activity can
12 happen right up to the end of the closing period,
13 is that right?

14 A (Warshaw) Correct.

15 MR. DEXTER: Okay. Well, maybe that's
16 something we'll take up with you guys next year,
17 depending on the situation, and maybe we can do
18 something informally.

19 But that's all the questions I have for
20 this panel, Commissioners.

21 CHAIRWOMAN MARTIN: Okay. Thank you,
22 Mr. Dexter.

23 Commissioner Goldner, questions?

24 BY COMMISSIONER GOLDNER:

[WITNESS PANEL: Warshaw|Hall|Simek]

1 Q The only question I have is related to this Class
2 III issue. It looks like, on Exhibit 6, the
3 total is about _____ attributable to this
4 issue.

5 COMMISSIONER GOLDNER: Can I say that,
6 Mr. Dexter? Can we talk about the totals? I
7 know the details are hidden.

8 MR. DEXTER: Well, it's the Company's
9 schedule. But my understanding is that there's
10 two shades of gray on Exhibit 6. And the last
11 line, which is shaded light gray, I think is only
12 to denote that it's a total, and that's a public
13 figure. But all of the gray figures above that
14 are confidential. Which we can talk about, as
15 the Chair would tell you, we just need to take
16 appropriate steps to, so as not to reveal them in
17 a public session.

18 Not sure if I answered your question.

19 COMMISSIONER GOLDNER: I think so. I
20 think so.

21 BY COMMISSIONER GOLDNER:

22 Q So, my question, I think for Mr. Warshaw, is that
23 total of Class III RECs that are shown here on
24 Exhibit 6, is the idea that these should be

[WITNESS PANEL: Warshaw|Hall|Simek]

1 eliminated from ratepayer charges in the current
2 time period and moved to a future time period?

3 A (Simek) I can answer that question. The schedule
4 already takes into account the correct price for
5 those RECs that are needed for this period's
6 compliance. So, that quantity and that price,
7 that's at the ACP price, that is the correct
8 amount. That was kind of the point for the
9 filing that we made yesterday was to make
10 corrections like that.

11 COMMISSIONER GOLDNER: Okay, I see.
12 Okay. Thank you. That's all the questions I
13 have.

14 CHAIRWOMAN MARTIN: I just want to
15 clarify. I think that Commissioner Goldner
16 stated a total. Mr. Sheehan, do you have a
17 concern with what's on the record?

18 MR. SHEEHAN: I don't think so. But,
19 you know, as before, I'll work with -- if we
20 determine it is confidential, I'll just work with
21 Mr. Patnaude to have that number redacted.

22 CHAIRWOMAN MARTIN: Okay. Perfect.
23 Thank you.

24 And most of my questions have been

[WITNESS PANEL: Warshaw|Hall|Simek]

1 answered. Let me just look to see if there are
2 any left.

3 BY CHAIRWOMAN MARTIN:

4 Q One of the witnesses testified about the
5 increased costs of natural gas driving the prices
6 up. There was a reference to "other things".
7 Can you give us an idea generally of what those
8 other drivers might be?

9 A (Warshaw) It is mostly that -- this is John
10 Warshaw. It is mostly natural gas that is the
11 marginal cost. The other drivers would be, you
12 know, the futures market pricing, which is
13 determined based on offers and bids out in the
14 marketplace. And the understanding or the -- or
15 the view of the various market, you know, market
16 participants of what will happen in various
17 months, especially in the winter, as far as how
18 much risk there would be to buy natural gas and
19 at what price, and that drives -- that also
20 drives the price up from natural gas.

21 And that's basically the main driver in
22 New England, is that natural gas issue. And
23 then, on the electric side, a little bit of how
24 much, you know, what is the risk of having a

[WITNESS PANEL: Warsaw|Hall|Simek]

1 really cold winter, where the natural gas is only
2 available at a significantly high -- a very high
3 price for the generators to actually generate and
4 meet the electric needs in New England.

5 Q Okay. Thank you. I think, Mr. Warsaw, you
6 testified to the periods being split up, the
7 different blocks, and one was slightly more than
8 three months, one slightly less. Why do you
9 split them up that way and how is that
10 determined?

11 A (Warsaw) This was part of the development of
12 soliciting Energy Service rates for the six-month
13 period that we only buy for. And the intent was,
14 by splitting up to have, for the Large Customer
15 Group, a block that is the first three months of
16 the six-month period and a block for the second
17 three months of the six-month period, the intent
18 is to be able to get the most competitive prices
19 using -- and having different suppliers
20 regarding their risk and their forecast of costs
21 for the different periods. And there have been
22 times when we have had different suppliers for
23 the first six [three?] months and the second
24 six [three?] months, and a lot of times it is the

[WITNESS PANEL: Warshaw|Hall|Simek]

1 supplier that will win both blocks. But we
2 don't -- we would not accept a bid that said
3 "well, we'll only serve the far six [three?]
4 months, if you give us the near six [three?]
5 months." We don't do that.

6 CHAIRWOMAN MARTIN: Okay. Thank you.
7 And it looks like you have all already answered
8 the rest of my questions.

9 So, Mr. Sheehan, any redirect?

10 MR. SHEEHAN: Just two questions.

11 **REDIRECT EXAMINATION**

12 BY MR. SHEEHAN:

13 Q Mr. Warshaw, in the answer you just gave, you
14 said "far six months" and "near six months", you
15 meant "three months" and "three months", is that
16 correct?

17 A (Warshaw) That's correct.

18 Q And the other question I had is, Mr. Dexter asked
19 you for the REC -- the Class III REC purchases
20 made last summer, absent the over price we paid,
21 you would have paid the ACP, correct? Remember
22 that answer? If you hadn't bought --

23 A (Warshaw) We would have paid no more than ACP,
24 and we probably would have gotten additional

[WITNESS PANEL: Warshaw|Hall|Simek]

1 offers at or -- at or below ACP.

2 Q That was my question. That it remained the
3 possibility, if you didn't buy the overpriced
4 ones a year ago, and you had the balance of the
5 year to possibly buy actual RECs at a price below
6 the ACP?

7 A (Warshaw) Correct.

8 MR. SHEEHAN: Okay. That's all I had.
9 Thank you.

10 CHAIRWOMAN MARTIN: All right. Thank
11 you. Mr. Dexter, your witness.

12 MR. DEXTER: Yes. I would like to call
13 Stephen Eckberg to the stand.

14 CHAIRWOMAN MARTIN: Go ahead. And he's
15 sworn in already.

16 WITNESS ECKBERG: I'm here.

17 MR. DEXTER: Good morning, Mr. Eckberg.

18 **STEPHEN R. ECKBERG, SWORN**

19 **DIRECT EXAMINATION**

20 BY MR. DEXTER:

21 Q I'd like you to start, since you don't have
22 prefiled testimony in this case, to identify
23 yourself, your role with the Commission, and your
24 role with this case, in this case, please?

[WITNESS: Eckberg]

1 A My name is Stephen Eckberg. I'm a Utility
2 Analyst here in the Electric Division of the New
3 Hampshire Public Utilities Commission. Prior to
4 this position, I served as an analyst in the
5 Commission's Sustainable Energy Division, where I
6 had a variety of responsibilities, including
7 oversight of RPS administration.

8 And, in this current case, I have been
9 the Staff analyst charged with reviewing the
10 Company's filing, asking questions, engaging in
11 technical sessions, and working with the Company
12 witnesses and my Staff colleagues to move this
13 docket forward.

14 Q And is it correct that the purpose of your
15 testimony today will be to provide Staff's
16 insight and view primarily on the questions we
17 talked about this morning concerning Renewable
18 Portfolio Standard compliance and Renewable
19 Energy Certificates?

20 A Yes. That certainly the bulk of my comments will
21 be about that today, yes.

22 Q Now, having said that though, you did review all
23 the rates that were proposed in this case,
24 correct?

[WITNESS: Eckberg]

1 A Yes, I did.

2 Q And does Staff recommend approval of the rates as
3 proposed, and particularly as updated in the
4 recent filing?

5 A Yes. Staff does support the rates proposed as
6 presented in the updated filings. I believe,
7 from my review of things, Exhibit 4 reflects the
8 most recent iteration of updates and rates. And
9 Staff supports those, the approval of those
10 rates, yes.

11 Q And does Staff have any concerns about the RFP
12 process for Energy Service or Liberty's
13 evaluation of the bids or the selection of the
14 winning bids concerning the service that Mr.
15 Warshaw described?

16 A No. Staff has reviewed the materials in
17 Mr. Warshaw's testimony regarding the RFP
18 process, the Company solicitation for Energy
19 Service, and the price details that were
20 provided, and the Company's final selection of
21 winning bidders. And this material provided all
22 appears reasonable and substantially in line with
23 the prior dockets of the Company's Energy Service
24 solicitation. So, Staff finds all those

[WITNESS: Eckberg]

1 materials to be acceptable.

2 Q Then, turning to the RPS reconciliation issue,
3 I'd like you to go to Exhibit 4, Bates 174R.

4 A Yes. I have that page here.

5 Q And I had asked Mr. Simek if an earlier iteration
6 of this spreadsheet, in Column (c), had showed
7 RPS expenses at around 4.1 million, as opposed to
8 the 2.7 million that's shown here. Do you recall
9 that question?

10 A Yes, I do.

11 Q And I would -- go ahead.

12 A No, I was just going to say that I believe the
13 4.1 million number you referred to came from
14 Exhibit 2 on the similar same page, Bates 174.

15 Q Correct. Exhibit 2, correct. Not Exhibit 1.

16 A Yes.

17 Q Exhibit 2. Thank you.

18 A Yes.

19 Q Which was the June 14th filing?

20 A Yes. Correct.

21 Q Can you explain, from Staff's perspective, your
22 understanding of why an update was necessary to
23 Exhibit 2 to move from \$4.1 million of expense to
24 \$2.7 million of RPS expense?

[WITNESS: Eckberg]

1 A Certainly. When Staff received the original
2 filing, that is Exhibit 2, in our review of the
3 expenses here in this RPS reconciliation page,
4 certainly the total shown on Bates 174 of 4.1
5 million caught my attention as being
6 significantly larger than prior period total RPS
7 expenses, in particular a year ago, in Docket DE
8 20-053, the corresponding total amount of RPS
9 expenses was approximately 1.7 million. So, this
10 significant increase was certainly an area that
11 Staff asked for additional information about.

12 And we're certainly very aware that the
13 RPS market and RPS compliance costs can vary
14 quite a bit from year to year. As the Company
15 witnesses, Mr. Warshaw and others, have talked
16 about, you know, the RPS market, the REC market
17 is a regional market, and costs can fluctuate for
18 different classes of RECs quite a lot. And, as
19 policy changes in different states happen, that
20 can also influence the costs as well.

21 But, nonetheless, this was an area
22 where we wanted to get some further information.
23 And the Company certainly provided additional
24 information at Staff's request. They provided a

[WITNESS: Eckberg]

1 listing of all the REC purchases during the
2 period of this reconciliation that we're looking
3 at, and that was a schedule that was quite
4 similar to what we now see as Exhibit 6. It was
5 pretty much exactly like this, though there was a
6 little bit -- the information was a little bit
7 different.

8 And, in particular, one of the
9 differences was the information that's shown here
10 on Exhibit 6 currently, in the "Price" column,
11 what we see here is, and, again, I'm aware and
12 sensitive to the fact that this pricing
13 information is confidential, so I'm trying
14 carefully to dance around that issue and not
15 reveal any of the details there. But, in the
16 original version of the information provided,
17 Staff was able to see that the Class III RECs
18 that had been purchased, the price had been --
19 that had been paid was greater than the ACP, as
20 we've talked about, as Company witnesses have
21 said.

22 And, so, that raised a flag with Staff.
23 And we explored that issue in great detail. And
24 the result is what we have here, on Exhibit 6, is

[WITNESS: Eckberg]

1 that we see the prices for the individual REC
2 transactions totaling the amount of 2.747
3 million, and that is now the adjusted amount that
4 the Company has included in its RPS
5 reconciliation. And, as the Company witnesses
6 have said, they removed --

7 Q Well, Mr. Eckberg, let me interrupt you for a
8 second, --

9 A Certainly.

10 Q -- because I had asked Mr. Simek about three
11 issues that affected this schedule, and I want
12 you to go through those, too.

13 But I have a more general question. If
14 we look at the "Price" category, it's correct,
15 isn't it, that that column now has a combination
16 of prices that were paid by Liberty, as well as
17 ACP payments, is that right?

18 A Yes. That's correct. I think that's sort of
19 what I was alluding to. If you -- in the rows
20 that have to do with Class III purchases, I think
21 there are two rows related to the Class III, the
22 price numbers that we see there in the schedule
23 are the published 2020 ACP rates. Whereas, in
24 the original schedule that the Company provided,

[WITNESS: Eckberg]

1 the numbers that would have been showing there
2 were the actual prices that the Company had paid
3 for the RECs, which, as Mr. Warshaw said, that
4 was -- the prices paid were somewhat above the
5 ACP rate.

6 And, so, this schedule reflects all
7 three of the adjustments that the Company
8 witnesses talked about. Those three adjustments
9 are, first, they have removed quantities of RECs,
10 and to put them in the bank, so that -- and they
11 have removed the costs related to those
12 customers, so that customers are not paying for
13 those RECs in this reconciliation. The second
14 adjustment is the one I just mentioned, where the
15 Class III REC prices that we see here have been
16 reduced from the actual price paid by the Company
17 down to the ACP level, which as Mr. Warshaw said,
18 that's really the maximum that customers should
19 be liable for paying. And the third little
20 adjustment was I think mentioned by several
21 witnesses, including Mr. Simek, perhaps Mr. Hall
22 as well, down at the bottom, where we have
23 several rows of ACP payments, the Company had
24 inadvertently used the 2021 ACP rate for its

[WITNESS: Eckberg]

1 calculations of the amount due there, and those
2 rates are just slightly higher than the 2020
3 rates.

4 So, there's been three adjustments to
5 this schedule. And the total amount showing here
6 now, 2.747 million, is an amount that Staff
7 agrees with, as far as the reconciliation amount
8 that customers should pay for RECs in the RPS
9 compliance for this period under discussion.

10 Q Would you agree, Mr. Eckberg, based on what you
11 said, without having all of the detailed
12 knowledge that you have, that the title of this
13 schedule, which is called "Certificate
14 Purchases", might be a little misleading, in that
15 it really reflects purchases, as well as ACPs?
16 Maybe "misleading" is not the right word.

17 A Yes.

18 Q But could you comment on that?

19 A Well, yes. I think that's sort of correct, in
20 that, as I described, the price numbers that are
21 showing there, at least for the Class III RECs,
22 is not actually what the Company paid. It's not
23 the certificate purchase, you might say, as the
24 title of the schedule reads. It's this is what

[WITNESS: Eckberg]

1 the ratepayers will be charged for. This is what
2 the compliance cost is. And, so, the Company
3 has, as they described and as I've described,
4 have lowered the price to the ACP level or the
5 ACP rate, so that customers aren't paying the
6 incremental amount that the Company overpaid for
7 those RECs, the Class III RECs.

8 Q And, looking at this schedule, is it correct that
9 you wouldn't really know which purchase --
10 "purchases" were really ACP purchases, unless you
11 happen to know what the ACP price was?

12 A That's true. You know, it might be useful, for
13 instance, in future iterations of a schedule like
14 this, if there were an additional column next to
15 the "Price" column that shows the applicable ACP
16 rate, so that anyone reviewing this schedule
17 could easily see whether the price paid was less
18 than the ACP rate or whether it was exactly the
19 ACP rate. Yes.

20 Q I'd like you to comment on the question and
21 answer on redirect between Attorney Sheehan and
22 Mr. Warshaw about what the Company might have
23 done back in July of 2020, when they purchased
24 RECs, rather than not purchasing RECs. Do you

[WITNESS: Eckberg]

1 recall that question and answer?

2 A Yes, I do. Yes. Uh-huh.

3 Q On redirect, Mr. Warshaw said that, in fact, had
4 they not purchased the RECs back in July of 2020,
5 that there might have been an opportunity later
6 on to purchase RECs at an amount lower than the
7 ACP. Did you hear that?

8 A I did hear that, yes.

9 Q And does that strike you as a reasonable
10 possibility?

11 A Well, it's hard to say what a "reasonable
12 possibility" is, really, in that scenario. I
13 think it's certainly a possibility such a thing
14 could have occurred. But I think that's very
15 dependent upon the market conditions, and whether
16 marketers of RECs, whether those are the
17 producers themselves or whether they are third
18 party marketers of RECs, how their experience is
19 in the marketplace.

20 I think that, you know, if they were
21 able to sell these RECs -- I don't know how
22 complicated I should get here, but it might be
23 worth mentioning, for instance, that the RECs
24 that we're talking about here, the Renewable

[WITNESS: Eckberg]

1 Energy Certificates, the Class III, New Hampshire
2 Class III RECs, most of them, if not all of them,
3 are also certified in other states. So, for
4 instance, these Class III RECs may also bear a
5 little stamp on them that says they are, for
6 example, "Connecticut Class I RECs". This is
7 perfectly legal, perfectly acceptable. This is
8 how the regional RPS market works. And, so, the
9 marketer of these RECs has the opportunity to
10 sell them in one market that may bear a certain
11 price, depending upon what the ACP is in that
12 state, or they may be able to sell them in New
13 Hampshire at a different price, and that might be
14 a lower price, it might be a higher price.

15 And, so, the scenario that Mr. Warshaw
16 described is certainly possible, if the marketers
17 of these RECs found, for instance, that they were
18 no longer able to sell them to people -- to
19 entities, load-serving entities in Connecticut at
20 some higher price, they may eventually turn their
21 marketing efforts in a different direction. And,
22 so, I think that the scenario that Mr. Warshaw
23 described is certainly possible. They might say
24 "Oh, well, I can't sell these RECs anymore. I'm

[WITNESS: Eckberg]

1 going to try to sell them in New Hampshire to
2 load-serving entities there." So, it's certainly
3 possible that they could have gotten RECs closer,
4 below the ACP price, yes.

5 Q And, if I understand the mechanics of this
6 Exhibit 6 as it flows into the rates, Liberty's
7 customers are paying for those RECs at the ACP
8 rate, right?

9 A They're paying -- yes. We would say they're
10 paying for compliance at the ACP rate, rather
11 than complying through the purchase of RECs.
12 Both of those things are legitimate methods of
13 compliance with the RPS requirements, yes.

14 Q Right. But, in Mr. Sheehan and Mr. Warshaw's
15 hypothetical, had they been able to sell these --
16 purchase these RECs below ACP, this number of 2.7
17 million would be lower, wouldn't it?

18 A Yes, it would. If that scenario that they
19 described came to fruition, then the Company
20 would have perhaps realized the need to purchase
21 Class III RECs at some price below the ACP, yes.
22 And, so, the total amount here, the 2.747
23 million, would be lower, yes. Uh-huh.

24 Q But that's sort of a hypothetical that won't

[WITNESS: Eckberg]

1 happen, and Staff's comfortable recommending
2 rates based on the ACP payments or the ACP price
3 for purposes of this docket?

4 A For purposes of this docket, yes, we are. Or, I
5 am. I'm not sure which pronoun I should use
6 there.

7 Q Okay. Staff is comfortable?

8 A Yes.

9 Q Okay. In the scenario where, back in July, Mr.
10 Warshaw had -- well, let me back up a little bit.
11 You had broken down the "issues" concerning RPS
12 into three categories, one involving quantity,
13 two involving price. I want to talk about the
14 quantity issue first for a bit. This is a
15 situation where the Company went out and bought 8
16 percent of their load in RECs, based on a
17 requirement that was in effect at the time of the
18 purchase, is that right?

19 A Yes. That is correct.

20 Q And then, subsequently, that requirement was
21 dropped by the Commission to 2 percent, after
22 they had made their purchase, is that right?

23 A Yes. That's also correct. Staff --

24 Q And --

[WITNESS: Eckberg]

1 A Yes. I would say that the Company, Mr. Warshaw,
2 made that point in his comments, and he also
3 expressed his concerns during the Commission's
4 conduction of that Docket DE 21-037. That's
5 where the -- the docket earlier this year where
6 the Commission reviewed the Class III requirement
7 and considered a reduction. And the Company
8 provided public comments during that docket, and
9 shared its position that it had already committed
10 or purchased sufficient Class III RECs to meet
11 the 8 percent requirement, and, you know, wanted
12 to make sure that the Commission was aware of
13 that during their decision-making process. And,
14 eventually, in Order 26,472, the Commission did
15 move ahead with reducing the requirement from 8
16 percent to 2 percent.

17 Q And, for purposes of this case, the customers
18 will only be paying based at the 2 percent,
19 right?

20 A That's absolutely correct. And that is reflected
21 in Exhibit 6. The number of Class III RECs that
22 are shown there is 2 percent of the Company's
23 energy sales in 2020, and the price for that 2
24 percent requirement is at the ACP. Though, --

[WITNESS: Eckberg]

1 Q Can you -- I'm sorry.

2 A I was going to say, though, if you would like me
3 to comment more on that quantity and price issue,
4 or if you had additional questions you were going
5 to ask about that?

6 Q Yes. I had a question on the quantity issue.
7 Could you provide the Commission your insight,
8 Staff's insight on what might happen to these I'm
9 going to call them "extra RECs" that were
10 purchased in future reconciliation proceedings,
11 and how you might see that being presented and
12 dealt with?

13 A Yes. Certainly. Let me see here. So,
14 initially, Staff was aware, as I've said, the
15 Company was very forthcoming in making everyone
16 aware of the quantity issue as it related to
17 their compliance with the RPS for these Class III
18 RECs. And, if the Company's decision to acquire
19 that amount of RECs needed to meet the larger
20 requirement was otherwise sound, then it probably
21 would not -- the Company would not be, I don't
22 imagine, held liable for additional costs that it
23 incurred. For instance, what I'm saying is that
24 the Company acquired 8 percent of its -- the RPS

[WITNESS: Eckberg]

1 requirement. And, if they made a good decision
2 around doing that acquisition of those RECs, and
3 then the RPS requirement got changed after their
4 acquisition, down to 2 percent, then most likely
5 Staff would be, you know, not looking at an
6 opportunity to hold the Company liable for making
7 a bad decision.

8 In this case, I'm going to talk a
9 little bit more about the quantity and the price
10 issue here. In the current situation, however, I
11 think what we've heard -- well, what we have
12 heard from the Company is that, at the time that
13 they made the purchase of the 8 percent worth of
14 RECs, that's approximately 35,000 Class III RECs.
15 At the time they purchased those RECs, though at
16 a price that was too high, and it's, in
17 retrospect, I think that, you know, the Company
18 realizes that it paid too much for those RECs.
19 And, so, they have willingly, you know, said that
20 "we're going to remove the costs of the extra
21 RECs that we don't need now", that's that you
22 might say the 6 percent, you know, the
23 requirement went from 8 percent down to 2
24 percent, so they have got a chunk of RECs that

[WITNESS: Eckberg]

1 they don't need now.

2 Well, they had initially thought that
3 maybe the customers should pay for that. But,
4 after discussions, they have moved that, they
5 have moved those RECs into the bank, and they are
6 not charging customers for those. And that is,
7 again, reflected in Exhibit 6 accurately.

8 And, so, your question to me was "what
9 happens to those RECs that are in the bank?" And
10 the Company will be able to use some of those
11 banked RECs over the course of the next two
12 compliance years. That's the 2021 compliance
13 year and the 2022 compliance year. The RPS
14 statute and rules allow load-serving entities to
15 bank extra RECs, and then to use them for
16 compliance in future years.

17 The challenge with that for the
18 Company, in this particular situation, is that
19 there is a limit to how many banked RECs a
20 load-serving entity can use to meet its
21 compliance requirement for any one particular
22 class, and that limit is 30 percent. So, for
23 instance, if a load-serving entity has an
24 obligation of 6,000 Class III RECs, and it has a

[WITNESS: Eckberg]

1 lot of RECs in the bank, it can only use 30
2 percent times 6,000, what does that work out to?
3 1,800. They can pull that many RECs out of the
4 bank and use them for compliance. And then they
5 need to acquire other RECs or make ACP payments
6 to make up the balance of their obligation.

7 So, in the current situation, the
8 Company will be able to use some of the future
9 RECs, some of these current RECs that they
10 purchased, for compliance. However, I think that
11 it's fairly impossible to know exactly how many
12 they will be able to use in the future. That
13 depends upon energy sales. It depends on any
14 potential adjustments to the RPS requirements.
15 But I do think that there's a possibility that
16 there will be some RECs that -- Class III RECs in
17 the bank that the Company will not be able to
18 use, and we might refer to those as "stranded
19 RECs".

20 And I think that that is an issue that
21 is going to require some further discussion
22 between Staff and the Company, and perhaps
23 additional presentations to the Commission, to
24 determine what the appropriate outcome of how

[WITNESS: Eckberg]

1 costs related to those RECs should be handled.

2 And, so, I hope that's a sufficient
3 explanation or --

4 Q Well, of course, I always have a follow-up.

5 Would you recommend, based on what you've said,
6 that the Commission direct Liberty, in their next
7 or their future energy service filings and
8 reconciliation filings, to provide an update on
9 these RECs that resulted from this July 20th
10 transaction, the so-called "excess RECs", until
11 their final disposition has been dealt with?
12 Would that be something that you would find
13 helpful to have in the initial filing,
14 particularly given the tight timeframe of these
15 dockets?

16 A Yes. I do. Certainly, I think that would be a
17 very useful -- that is a good recommendation.
18 That the Commission should, you know, direct the
19 Company to explicitly include in its technical
20 statements or testimony some discussion about the
21 disposition of these Class III banked RECs that
22 they are using in each of the next few years, and
23 the costs that they're including in the
24 reconciliation that they're asking ratepayers to

[WITNESS: Eckberg]

1 pay. Because, as we heard today, the Company
2 paid more than the ACP rate. So, they overpaid
3 for the RECs. And, while you and I and everyone
4 here in this hearing today knows a lot about this
5 situation right now, there may be other people
6 sitting in these chairs in the future who would
7 benefit from having some really clear
8 explanations of this situation going forward.

9 Q And, at the risk of being redundant, just to
10 hammer home the point, for purposes of this
11 docket, you believe Exhibit 6, and the rates that
12 flow from Exhibit 6, appropriately take care of
13 the cost issues for these RECs in this
14 proceeding, is that right?

15 A Yes. Absolutely. Exhibit 6 outlined, you know,
16 provides all the detail of the RECs that are
17 being used for compliance, for the 2020
18 compliance, as well as, you know, the ACP
19 payments that the Company will be making to
20 fulfill all of its compliance obligations. And
21 the total amount of 2.747 million that's shown on
22 Exhibit 6 is appropriately included in the
23 schedules, and it flows through the new Energy
24 Service Adjustment Factor calculations, which we

[WITNESS: Eckberg]

1 see on Bates 175R, in Exhibit 4.

2 So, Staff is comfortable that the
3 appropriate or, you know, not an excessive amount
4 of cost is being passed to ratepayers at this
5 time.

6 MR. DEXTER: Thank you. That's all the
7 questions I have, Commissioners.

8 CHAIRWOMAN MARTIN: Thank you, Mr.
9 Dexter. Mr. Sheehan?

10 MR. SHEEHAN: I have no questions.
11 Thank you.

12 CHAIRWOMAN MARTIN: Commissioner
13 Goldner.

14 COMMISSIONER GOLDNER: Yes. Thank you.
15 I have a couple of requests.

16 BY COMMISSIONER GOLDNER:

17 Q In looking at Exhibit 6, and being sensitive to
18 the fact that it's confidential, I'm very
19 interested in this discussion on the "Price"
20 column, and that is when RECs were used and when
21 ACP was used. And the reason I'm interested in
22 that is it sort of talks to the efficacy of the
23 program, if, for example, the ACP is really the
24 one being used here, then I wonder how good the

[WITNESS: Eckberg]

1 REC purchase process is, and would want to know
2 more about that in the future.

3 The question I have is, does any of
4 these costs that the Company is forced to eat,
5 I'm sorry, I can't think of a better word to
6 apply than that, do those show up in the rate of
7 return calculations? Or are these -- are these
8 costs, these extra costs that Liberty is sort of
9 forced to pay for those, are those excluded from
10 the rate of return calculation?

11 A I should probably let -- my answer to that would
12 be "no, they're not included in a rate of return
13 calculation." These are expenses. They're not
14 included as rate base that the Company earns a
15 rate of return on. This is just an expense that
16 the Company gets the return of their expenses.
17 And, so, this amount, the 2.747 million that we
18 see on this page, the Company earns a, you know,
19 they just -- they get this amount back from
20 ratepayers. There may be -- there may be small
21 amounts of interest or cash working capital that
22 are associated with timing differences between
23 when customers pay for things and when the
24 Company has to pay the suppliers of those RECs.

[WITNESS: Eckberg]

1 But, generally, there's no return on
2 this. And I'd certainly be glad for the Company
3 witness to answer that question as well, to
4 confirm my understanding.

5 COMMISSIONER GOLDNER: Is it
6 appropriate for the Company to answer?

7 WITNESS WARSHAW: Yes. Hi. Yes.
8 These kind of costs for Energy Service, to meet
9 Energy Service for our customers, are strictly
10 a -- we receive no return on these costs.
11 They're strictly passed through to the customers.
12 Other than, you know, some of the factors that
13 Mr. Eckberg spoke about.

14 COMMISSIONER GOLDNER: Okay. Thank
15 you.

16 And the only other comment I had is
17 that I am interested in this sort of summary of
18 the "bank", if we could call it that. And it
19 sounds like everyone is aligned to continue
20 working that. So, no problem. But I do think,
21 in future filings, that's something that the
22 Commission would want to require, in terms of
23 information.

24 I do have one question about these

[WITNESS: Eckberg]

1 extra RECs, these extra Class III RECs. Are you
2 able to sell those? Or are you sort of stuck
3 with them, for lack of a better word?

4 WITNESS WARSHAW: No. We are not able
5 to sell RECs. Those RECs, they are placed into a
6 subaccount in our NEPOOL GIS system. And, at the
7 end of each quarter, those RECs are basically
8 retired.

9 COMMISSIONER GOLDNER: Okay. Thank you
10 very much. That's all I have, Chairwoman.

11 CHAIRWOMAN MARTIN: Okay. I have a
12 couple questions, and I will start with
13 Mr. Eckberg. And, if we need to hear from the
14 Company, we can go there as well.

15 BY CHAIRWOMAN MARTIN:

16 Q But, on Exhibit 6, can you explain the
17 distinction between "Transaction Date" and
18 "Contract Date"?

19 WITNESS WARSHAW: Steve, I'll take
20 that.

21 WITNESS ECKBERG: That sounds good.
22 Thank you.

23 WITNESS WARSHAW: Basically, when, you
24 know, we go out for an RFP for RECs, we enter

[WITNESS: Eckberg]

1 into a contract. And that's the date that the
2 contract was entered into. This is usually for
3 delivery in the future. Sometimes we enter a
4 contract, and the RECs are delivered just about
5 the next day. I mean, we can see that on, well,
6 I don't have a line number, but, if you look at
7 Transaction Number "NH-2020-18", you will see
8 that we contracted on June 3rd, and they were
9 delivered June 4th. While other transactions are
10 contracted like July 10th of last year, and they
11 were not delivered until January of this year,
12 you know, April of this year.

13 So, that is the difference. One is
14 when the contract is entered into, and the other
15 is when the actual transaction of the RECs
16 delivered to the Company's account occurs.

17 CHAIRWOMAN MARTIN: Okay. Thank you.

18 That helps.

19 BY CHAIRWOMAN MARTIN:

20 Q And this may be redundant, but I just want to
21 make sure I'm 100 percent clear. For the
22 contract date "7/10/2020", are the RECs
23 contracted for on that date actually being used
24 for compliance here or, well, being used for

[WITNESS: Eckberg]

1 compliance here, but the rates paid being
2 reflected at the ACP price or are the ACPs
3 actually being made, and those RECs purchased by
4 a contract on 7/10/2020 being banked and
5 potentially used at that higher rate somewhere
6 else?

7 A Is that a question to me?

8 Q You can start.

9 A Okay. So, there are several parts to your
10 question. The RECs, the first part was about, if
11 I understand correctly, the first part was about,
12 for example, a contract date of 7 -- July 10th,
13 2020. So, you know, if the Company entered into
14 a contract on that date, you know, they would
15 have been making a decision to compare the price
16 that was offered to them for those RECs with the
17 known ACP rates, which have been published since
18 late January of that year. The PUC publishes on
19 its website the ACP rates, in accordance with
20 statute and rule, by the end of January every
21 year. So, the Company, you know, would enter
22 into that contract, and say, you know, "We're
23 committing to buy X number of RECs from you at Y
24 dollars per REC." And, as Mr. Warshaw just

[WITNESS: Eckberg]

1 explained, those -- there probably wouldn't be
2 any money changing hands until some point in the
3 future, that could be three months, it could be
4 six months, it could be more than that, depending
5 upon what the RECs were being contracted for.

6 So, when the -- when the energy is
7 produced by that renewable energy producer, the
8 energy gets reported to the NEPOOL GIS system,
9 there's a schedule on the NEPOOL GIS website that
10 tells energy producers when they have to enter
11 their data on their energy production. And, if
12 those energy producers are certified renewable
13 producers, in any state in New England, there's a
14 schedule when the RECs get minted, they get
15 produced, so to speak, to correspond to the
16 energy. And then, the Company may take delivery
17 of the RECs from the person they have contracted
18 with. And that's when money would change hands.

19 And, as far as the "Price" column goes,
20 on this particular schedule, I believe the
21 "Price" column information that we're seeing here
22 on Exhibit 6, for each and every transaction,
23 represents the actual price paid for those RECs,
24 for each of the RECs, with the exception of the

[WITNESS: Eckberg]

1 Class III entries, where, as I discuss, the
2 actual price the Company paid was greater than
3 the ACP, it was greater than the price number
4 that we see here on this schedule.

5 Did I hit all the bases?

6 Q You did. Let me see if I can narrow it a little
7 bit and maybe help. So, for example, on
8 Transaction Number "NH-2020-14", --

9 A Yes.

10 Q -- there are "543" listed in "Quantity".

11 A Yes.

12 Q Are those 543 RECs actually being used here and
13 not banked?

14 A Yes.

15 Q We heard about "banking".

16 A Yes.

17 Q And there was a reference to the "July 10, 2020"
18 contract date.

19 A Yes.

20 Q And I just want to be clear that the "543" and
21 the "7,876" are actually being used and not
22 banked?

23 A That is correct. The Company purchased Class III
24 RECs, as Mr. Warshaw said, sufficient to meet the

[WITNESS: Eckberg]

1 8 percent requirement, and that was a total of
2 let's call it roughly 35,000 RECs. So, the
3 transactions you're seeing here, the two
4 quantities, are only the RECs that they're using
5 to meet the 2 percent requirement for 2020.
6 That's the adjusted Class III requirement from 8
7 percent down to 2 percent. So, above and beyond
8 the RECs that you're seeing here, there's a whole
9 lot of RECs in the bank. Yes.

10 Q And, so, the overpayment for those is resolved
11 here through the reflection of the ACP price,
12 instead of the actual price paid, and will not
13 appear anywhere else?

14 A The prices included here are the ACP rates for
15 the RECs that are being used. There are two
16 perhaps cost overages that you might think of, I
17 think, in terms of this situation. There are --
18 there's a cost overage, or you might -- I'm not
19 sure, but ratepayers are not paying for it right
20 now. For these RECs that are being used right
21 now, that you have highlighted in these two rows,
22 as Mr. Warshaw said, the Company paid an amount
23 higher than this for those RECs. But they are
24 not charging customers for that amount.

[WITNESS: Eckberg]

1 And I would hope that that amount does
2 not reappear somewhere else at a later date that
3 somehow it would, because these RECs are being
4 used, that the loss, so to speak, related to the
5 use of those RECs would be written off by the
6 Company in a more or less contemporaneous basis.
7 But that is a detail we have not discussed or
8 ascertained at this point with the Company.

9 CHAIRWOMAN MARTIN: Thank you. That's
10 exactly what I was trying to get at.

11 Can the Company respond to that
12 please?

13 WITNESS SIMEK: The Company will write
14 off that difference.

15 CHAIRWOMAN MARTIN: Okay. Thank you.

16 WITNESS ECKBERG: And if I might, Madam
17 Chair?

18 CHAIRWOMAN MARTIN: Uh-huh.

19 WITNESS ECKBERG: As I said earlier,
20 there is still -- there are still future similar
21 discussions that and, situations will arise, when
22 the Company uses some of the banked RECs next
23 year. For example, there will be perhaps a
24 schedule just like this that shows they're using

[WITNESS: Eckberg]

1 a certain number of banked RECs. And we know
2 that they paid an amount above ACP for those
3 RECs. There may be another similar write-off at
4 that point.

5 Again, these details are things that
6 can be dealt with in the future. For the
7 purposes of today, we want to ensure, you know,
8 that the Commissioners are aware that Staff
9 supports the rates that are being proposed. And
10 we are comfortable that the amounts that are
11 included in this filing are appropriate for
12 approval.

13 CHAIRWOMAN MARTIN: Thank you.

14 BY CHAIRWOMAN MARTIN:

15 Q So, just to confirm, I want to make sure I'm
16 following you, there are additional RECs that
17 were overpaid for that are banked?

18 A Yes.

19 CHAIRWOMAN MARTIN: Okay. Thank you.
20 Commissioner Goldner, you had a follow-up?

21 COMMISSIONER GOLDNER: Yes. Thank you.

22 BY COMMISSIONER GOLDNER:

23 Q I just am a little puzzled by the inability to
24 sell the RECs back. And I know you would, if you

[WITNESS: Eckberg]

1 could. So, I don't -- I can see that.

2 But, if I look at Schedule -- or,
3 Exhibit 6, rather, I see hydro companies, I see
4 power companies. And then, I see a large sale in
5 Class I to "Yale University". And I'm wondering
6 how they can sell RECs, but you can't? I'm just
7 trying to understand how the process works.

8 A Well, I'll --

9 WITNESS WARSHAW: I'll take that,
10 Commissioner.

11 WITNESS ECKBERG: Okay.

12 COMMISSIONER GOLDNER: Thank you.

13 WITNESS WARSHAW: Basically, we try to
14 buy RECs as close as the obligation that we have.
15 We do buy some RECs, you know, based on an
16 estimate of what the obligation will be, you
17 know, we're looking. But we won't know what the
18 obligation actually is until, like, for 2021, we
19 won't know the obligation until April of 2022
20 what the actual obligation is. What has -- other
21 than for these Class III, what we usually are is
22 we are either a little short or a little long.
23 And, because of that, we usually just put them in
24 an account that they will be retired at the end

[WITNESS: Eckberg]

1 of the trading period, whether it's, you know,
2 one of the four trading periods in the NEPOOL GIS
3 market.

4 Because New Hampshire RPS standard
5 allows us to, you know, carry forward or bank
6 some RECs, we are -- we will, you know, carry
7 forward those, a small quantity of RECs that we
8 have banked, and to be used in a future
9 obligation period.

10 This is the absolutely first time we
11 have ever encountered a situation where we have a
12 vast large number of RECs that we are unable to
13 use in the current period, and we're putting them
14 into the bank for a future period. They have
15 already been retired. They're unable to be
16 remarketed.

17 What you see from, you know, these
18 various sellers is they actually generated the
19 RECs at the time, and they are marketing them for
20 load-serving entities to buy and to retire, to
21 show that they meet the RPS obligation in the
22 various states.

23 COMMISSIONER GOLDNER: Thank you. Just
24 one last question.

[WITNESS: Eckberg]

1 BY COMMISSIONER GOLDNER:

2 Q How would an entity like Yale University generate
3 a REC? How does that work? I imagine that
4 there's no biomass fuel plants on the Yale
5 campus. So, I'm just trying to understand how
6 that would work?

7 WITNESS WARSHAW: No. They -- Yale
8 owns a number of facilities, you know, all over
9 New England, and some of that is -- they own
10 Class III RECs. Some of that may be through
11 their purchase of energy from a third party that
12 includes both the energy and the REC in the
13 transaction, and then they turn around and resell
14 the REC itself.

15 COMMISSIONER GOLDNER: Okay.

16 WITNESS ECKBERG: Or, as Mr. Warshaw
17 suggested, it could very well be that Yale
18 University, a well-endowed institution, may own
19 some, for example, hydro generating station
20 somewhere. And, so, they are using the energy
21 for themselves, and they are selling off the
22 renewable characteristic to other load-serving
23 entities, such as Liberty.

24 So, I don't know, without checking, you

[WITNESS: Eckberg]

1 know, the records that are available to us. But
2 we could certainly find out more information
3 about that Class I certified energy that is
4 produced by or is marketed by Yale University.
5 It clearly bears a New Hampshire Class I
6 certification. So, in the Commission's records,
7 we have information about what that energy is,
8 where it's generated. And we, I'm sure, would be
9 willing, happy to provide further detail, if that
10 would be of use or interest to you.

11 COMMISSIONER GOLDNER: Thank you,
12 Mr. Eckberg. It would be. I think it's -- it's
13 interesting that the University can profit from
14 this RPS compliance metrics that we have here in
15 New Hampshire. So, I'm just very curious about
16 that particular line item.

17 And I'm also interested, and you've
18 answered the question, the panel has, so thank
19 you, in terms of these credits can be sold, but
20 then not sold again. So, I appreciate the
21 clarification there.

22 So, thank you. That's all I have,
23 Chairwoman.

24 WITNESS ECKBERG: And, if I might add,

[WITNESS: Eckberg]

1 Commissioner Goldner, the University of New
2 Hampshire also produces renewable energy and
3 sells several types of RECs. And I'm sure that
4 we can provide that information to you as well.

5 COMMISSIONER GOLDNER: Thank you,
6 Mr. Eckberg. I appreciate that. Thank you.

7 MR. ECKBERG: Yes.

8 CHAIRWOMAN MARTIN: Okay. Mr. Dexter,
9 do you have any redirect?

10 MR. DEXTER: I don't. I just want to
11 make sure that we don't have an outstanding
12 record request for Mr. Eckberg about this. This
13 is some information that's not particularly
14 germane to the rates at issue here, and can just
15 be provided informally? And I want to make sure
16 the Company is aware of that.

17 COMMISSIONER GOLDNER: Informally is
18 fine.

19 MR. DEXTER: As I understand this
20 additional information about Yale and UNH is
21 going to transpire?

22 COMMISSIONER GOLDNER: Informally is
23 fine, Mr. Dexter. Informally.

24 MR. DEXTER: Thanks. I don't have any

1 redirect.

2 CHAIRWOMAN MARTIN: Okay. So, it
3 sounds like we have no record requests.

4 Anything else that we need to cover
5 before we hear closing arguments?

6 *[No verbal response.]*

7 CHAIRWOMAN MARTIN: Okay. Then, we
8 will strike ID on Exhibits 1 through 10 and admit
9 them as full exhibits.

10 And, Mr. Dexter, would you like to
11 start?

12 MR. DEXTER: Yes. Thanks.

13 As all of the witnesses have said, and
14 in some cases several times, with the corrections
15 that were made to the exhibits as we went through
16 in detail, the rates that are proposed are just
17 and reasonable, in that they reflect the lowest
18 possible cost for RECs. All the witnesses
19 testified that the solicitation for the power was
20 done appropriately and in conformance with
21 existing rules and past practices. And, based on
22 all of that, Staff recommends that the Commission
23 approve the rates as filed, number one.

24 And, number two, we do recommend that

1 the Commission adopt Mr. Eckberg's suggestion
2 that the future filings include in them a
3 discussion of these so-called "extra RECs" that
4 resulted from the transactions that we discussed,
5 so that it's apparent, when the case comes in,
6 what the state of the RECs is, and what, if any,
7 dollars associated with those RECs is included in
8 rates proposed in the future, until such time as
9 those RECs have been finally recovered or
10 disposed of.

11 CHAIRWOMAN MARTIN: Okay. Thank you,
12 Mr. Dexter. Mr. Sheehan.

13 MR. SHEEHAN: Thank you.

14 Taking that last piece, we have no
15 objection to doing that, and we will certainly
16 keep the parties and the Commission informed
17 through future filings of what happens to those
18 banked RECs. Without committing the Company,
19 because lots of things could change between now
20 and then, the plan would be to use them next
21 year, as many as we can, understanding the
22 restrictions that Mr. Eckberg described, at
23 either the ACP price, like we did this time, or
24 their actual value, if, in fact, the ACP goes up.

1 Recall that the ACP is now \$35, it was \$55.
2 So -- and the price we paid was in between those
3 two numbers. So, it's conceivable that
4 legislation changes again, and these become, you
5 know, below-market, so to speak, or below ACP.
6 So, that's why, as everyone agrees, we can't
7 resolve the issue today, because things may
8 change in the future that would change how we
9 would address them. But, yes. We will
10 nevertheless agree to track these RECs as we go
11 forward.

12 A lose end on the confidentiality, that
13 figure that I said I would check to see if it was
14 confidential. I have confirmed, so we know it is
15 confidential, so if Mr. Patnaude could so
16 indicate.

17 And the other confidential number we
18 mentioned today, and it might have been from me
19 or with the witness early, is the price we paid
20 for the over-market RECs. It was something above
21 the \$35 ACP amount, and that number is
22 confidential, and again I will help Mr. Patnaude
23 identify it and mark it accordingly.

24 And just to make sure I'm -- just to

1 clarify a couple things that were said to, I
2 think everyone is on the same page, but as to the
3 retiring of RECs, the only reason, and
4 Commissioner Goldner asked about "why can't we
5 resell them?" And, as Mr. Warshaw testified, we
6 try to buy only as many as we need. And we have
7 to retire them in order to meet our obligation.
8 So, in the normal course, we buy what we need,
9 they get retired in the normal course. And, at
10 the end of the year, we're a couple short or a
11 couple over, and we bank them or make the ACP.

12 If we were in the business of marketing
13 them, and buying way more than we need and try to
14 resell them, then we wouldn't have retired them,
15 we would have held on to them and resold them.
16 Of course, that's not the business we're in and
17 we try not to do that. This is a one-off, where
18 we made a mistake and ended up with too many.

19 If Mr. -- if the Company realized
20 sooner that we had overpaid, perhaps we could
21 have pulled them out of the account that would
22 have retired them and tried to do that. But, by
23 the time the issue surfaced, it was too late to
24 do so.

1 All right. So, finally, I appreciate
2 Staff's support for the rates as finally
3 proposed. I also appreciate Staff working with
4 us to get to the right answer. It's always our
5 goal to get to the right answer. It's certainly
6 Staff's goal to get to the answer. And, when
7 they flagged the issue, I can tell you it was a
8 frenzied, but very courteous and professional
9 exchange of "let's get to the right answer." And
10 you saw the paper result with the various
11 filings, but the net result is we're all at the
12 same place, and it's the right place. And, so,
13 we also ask you to approve the rates as proposed.

14 Thank you for your time.

15 CHAIRWOMAN MARTIN: Thank you,
16 Mr. Sheehan.

17 Is there any reason the Company
18 couldn't provide the relevant ACP on the date of
19 the contract in its next filing? There was a
20 comment about adding a column. Is there a reason
21 the Company would object to doing that or thinks
22 that wouldn't be a good idea?

23 MR. SHEEHAN: You mean just indicating
24 what the ACP is?

1 CHAIRWOMAN MARTIN: Right. It would
2 have highlighted the issue in this case.

3 MR. SHEEHAN: Absolutely. So, looking
4 at Exhibit 6, it would be we have a price, which
5 was price paid, and you're suggesting another
6 column that says "Relevant ACP". I don't see
7 there would be any problem in doing that.

8 CHAIRWOMAN MARTIN: Okay. Great. That
9 would be, I think, helpful, and give me some
10 piece of mind after this, after this case.

11 All right. Well, then, with that, we
12 will close the record. And, obviously, we will
13 issue an order promptly. And this hearing is
14 adjourned. Thank you.

15 ***(Whereupon the hearing was adjourned***
16 ***at 12:42 p.m.)***

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