

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

3 **October 25, 2021 - 9:13 a.m.**
4 21 South Fruit Street
5 Suite 10
6 Concord, NH

7 *[Hearing also conducted via Webex]*

8 **RE: DG 21-130**
9 **LIBERTY UTILITIES (ENERGYNORTH NATURAL**
10 **GAS) CORP. d/b/a LIBERTY UTILITIES:**
 Winter 2021-2022 Cost of Gas and
 Summer 2022 Cost of Gas.

11 **PRESENT:** Chairwoman Dianne H. Martin, Presiding
12 Commissioner Daniel C. Goldner

13 Doreen Borden, Clerk
14 Corrine Lemay, PUC Hybrid Hearing Host

15 **APPEARANCES:** **Reptg. Liberty Utilities (EnergyNorth**
16 **Natural Gas) Corp. d/b/a Liberty**
17 **Utilities:**
 Michael J. Sheehan, Esq.
 Cheryl Kimball, Esq. (Keegan Werlin)

18 **Reptg. Residential Ratepayers:**
19 Donald M. Kreis, Esq., Consumer Adv.
20 Maureen Reno, Dir./Rates & Markets
 Office of Consumer Advocate

21 **Reptg. New Hampshire Dept. of Energy:**
22 Mary E. Schwarzer, Esq.
 Paul B. Dexter, Esq.
 (Regulatory Support Division)

23 Court Reporter: Steven E. Patnaude, LCR No. 52
24

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WITNESS PANEL: **MARY E. CASEY**
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 CATHERINE A. McNAMARA
 DAVID B. SIMEK
 ERIN O'BRIEN

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1	Updated Direct Testimony of David B. Simek and Catherine A. McNamara, Direct Testimony of Deborah M. Gilbertson, and Direct Testimony of Mary E. Casey, including Attachments, and Proposed Tariff Pages	<i>premarked</i>
2	{CONFIDENTIAL & PROPRIETARY}	
2	Updated Direct Testimony of David B. Simek and Catherine A. McNamara, Direct Testimony of Deborah M. Gilbertson, and Direct Testimony Mary E. Casey, including Attachments and Proposed Tariff Pages <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
3	2021-2022 Winter Cost of Gas Model, Updated Response to Commission Record Request 1-1 (PUC RR 1-1)	<i>premarked</i>
4	{CONFIDENTIAL & PROPRIETARY}	
4	Summary of Changes in Updated Winter Cost of Gas Model	<i>premarked</i>
5	Response to PUC RR 1-2	<i>premarked</i>
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11	Response to PUC RR 1-5	<i>premarked</i>
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13	Liberty EnergyNorth's responses to Energy's Data Requests Set -1	<i>premarked</i>
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16	Email string among various parties, including counsel for Department of Energy and counsel from Liberty Utilities (EnergyNorth) [5 pages]	<i>premarked</i>
17	Energy Audit Division Audit of Winter 2020-21 Reconciliation 10/13/21 & Addendum 10/20/21 <i>(Redacted in full)</i>	<i>premarked</i>
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19	DG 17-048 -Hearing Exhibit 90	<i>premarked</i>

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20	DG 19-145 - Transcript from 10/11/19 (Docket Tab 17), Page 1 and Pages 12-29	<i>premarked</i>
21	DG 19-145 - Hearing Exhibit 2, Pages 10-13 (from the Testimony of Simek and McNamara) and Pages 118-131 (from the On Peak Schedules)	<i>premarked</i>
22	DG 19-145 - Hearing Exhibit 3, Pages 10R, 11R, 12R, 16R (from the Revised Testimony of Simek and McNamara) and Pages 124R-129R (from Revised Attachment)	<i>premarked</i>
23	DG 20-141 - Hearing Exhibit 3, Pages 10R-12R, and Pages 109R, 110R and 112R (from Revised Testimony and Attachments of Simek and McNamara)	<i>premarked</i>
24	DG 20-105 - Hearing Exhibit 5	<i>premarked</i>
25	DG 20-105 - Hearing Exhibit 6	<i>premarked</i>
26	DG 20-105 - Hearing Exhibit 49	<i>premarked</i>
27	<i>Concord Natural Gas Corp, "Supplemental Order" Order No. 15,471 (February 2, 1982) Docket No. 81-284, 67 NH PUC 113 (1982) [available at Folio Bound VIEWS - PURbase: New Hampshire Lib. (nh.gov) Link at 109-112]</i>	<i>premarked</i>

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28	Concord Natural Gas Corp, Docket No. 81-284, (February 24, 1982), 67 NH PUC 180 (1982) [There is no order number; PUC order on Concord Natural Gas Corp.'s "Motion for Clarification and Other Relief" dated February 17, 1982] [Folio Bound VIEWS - PURbase: New Hampshire Lib. (nh.gov) Link at 184-185]	premarked
29	Liberty EnergyNorth's Petition as originally filed September 1, 2021, with testimony, attachments and schedules [REDACTED - For PUBLIC Use]	premarked
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P R O C E E D I N G

CHAIRWOMAN MARTIN: We're here this morning in Docket DG 21-130 for a hearing regarding the Liberty Winter 2021-2022 and Summer 2022 Cost of Gas.

Let's take appearances, starting with Mr. Sheehan please.

MR. SHEEHAN: Good morning. Mike Sheehan, for Liberty Utilities (EnergyNorth Natural Gas). And with me is Cheryl Kimball, from the Keegan Werlin law firm.

Thank you.

CHAIRWOMAN MARTIN: All right. Thank you. And Mr. Kreis.

MR. KREIS: Good morning, everybody. I am Donald Kreis, the Consumer Advocate, here on behalf of the residential customers of the utility. And with me today is our Director of Rates & Markets, Maureen Reno.

CHAIRWOMAN MARTIN: All right. Thank you. And I see we have Mr. Dexter and Ms. Schwarzer, if you'd like to introduce yourself.

MS. SCHWARZER: Thank you. Good

1 morning. Mary Schwarzer, for the Department of
2 Energy. And with me is co-counsel, Paul Dexter.

3 CHAIRWOMAN MARTIN: All right. Thank
4 you.

5 Let's cover exhibits to start. I have
6 Exhibits 1 through 30 prefiled and premarked.
7 However, Exhibit 15 is apparently omitted. And I
8 just want to make sure that that is remaining
9 that way. And also Exhibit 21 has been revised.
10 Are those correct?

11 MS. SCHWARZER: Those are correct.
12 Madam Chairwoman, Exhibit 14 was listed as "TBD"
13 on the exhibit list, because Energy had not
14 received it, or as of the date and time that this
15 was filed. Once we received it, at 3:40, we
16 didn't have time to turn it into an exhibit. And
17 we filed a *pdf* of that Exhibit 14 the following
18 day with a request for waiver, because Energy was
19 not possible -- it was physically impossible to
20 do it.

21 CHAIRWOMAN MARTIN: Okay. That waiver
22 is granted. Anything else on exhibits?

23 MR. SHEEHAN: Just --

24 MS. SCHWARZER: And I did want to raise

1 a question about the redlined schedules. And we
2 were also provided with a copy of redline
3 testimony. There are a significant number of
4 changes. Energy has asked that a redline version
5 of the testimony and of the schedules be marked
6 as an exhibit in this docket.

7 CHAIRWOMAN MARTIN: Mr. Sheehan.

8 MR. SHEEHAN: Here we go. Sorry.

9 I have no objection. I don't think
10 they're relevant, because the updated filing
11 replaces the original filing in whole, other than
12 for interest. But there's no objection.

13 CHAIRWOMAN MARTIN: Can we mark that as
14 "Exhibit 15"?

15 MS. SCHWARZER: I believe we would need
16 "Exhibit 31" and "32" for redacted and
17 confidential versions of the redline testimony
18 and schedules.

19 And I would also like to point out
20 that, traditionally, in cost of gas proceedings,
21 the original petition is always marked,
22 notwithstanding any changes that are made. And,
23 so, in this instance, Energy added them at the
24 last minute as "29" and "30". Those are the

1 petitions as originally filed September 1st.

2 CHAIRWOMAN MARTIN: Okay. Let's back
3 up for a minute.

4 So, Exhibit 29 and 30 are the original
5 Petition. You'd like to have the updated relined
6 Petition marked as well. Exhibit 15 was omitted.
7 But now, can you clarify that for me now?
8 Because I'm looking at your list, and with the
9 filing of 14, did you use 15 for the confidential
10 version?

11 MS. SCHWARZER: We had not seen the
12 responses to Energy's technical session data
13 requests when this exhibit list was assembled,
14 because the actual responses themselves were not
15 filed until the end of the day on the 21st. And,
16 so, out of an abundance of caution, not knowing
17 whether there would be a confidential attachment
18 or answers to our requests, we held an exhibit
19 number open for the confidential version of the
20 responses. Upon review of the responses, we
21 received them at 3:40, I believe, in the
22 afternoon on that day, there were no confidential
23 attachments. We just didn't know that at the
24 time.

1 CHAIRWOMAN MARTIN: Okay. So, Exhibit
2 15 is omitted, but you would prefer to use
3 Exhibit 31 for the redline version of the updated
4 filing?

5 MS. SCHWARZER: I believe there would
6 need to be a confidential redline version and a
7 standard redline version. And, so, normally,
8 those are two exhibit numbers paired together.

9 CHAIRWOMAN MARTIN: Okay. So, Exhibit
10 31 and 32 for the updated --

11 MS. SCHWARZER: Yes, ma'am.

12 CHAIRWOMAN MARTIN: -- will have the
13 unredacted -- or, not confidential version be
14 "Exhibit 31" and the confidential version be
15 "Exhibit 32".

16 MS. SCHWARZER: Correct.

17 CHAIRWOMAN MARTIN: And Exhibit 15 will
18 remain omitted.

19 Does that make sense to everyone? Just
20 a minute, Ms. Schwarzer. Does that make sense to
21 everyone?

22 MR. SHEEHAN: Yes.

23 MR. KREIS: Yes.

24 (The two documents, as described, were

1 herewith marked as **Exhibit 31** and
2 **Exhibit 32** for identification.)

3 CHAIRWOMAN MARTIN: Okay. Go ahead.

4 MS. SCHWARZER: Thank you. Excuse me.

5 To the best of my knowledge, the redline versions
6 have not been Bates numbered. And, so, I would
7 ask that those Bates numbers be added.

8 CHAIRWOMAN MARTIN: Mr. Sheehan?

9 MR. SHEEHAN: We can make that filing
10 either later today or overnight.

11 CHAIRWOMAN MARTIN: Okay. Thank you.
12 Anything else on exhibits?

13 MR. SHEEHAN: The only other thing I
14 wanted to point out is we marked Exhibit 12 as
15 the same responses to the tech session requests.
16 And, since those responses included an Excel
17 file, I marked the responses "12A" and the Excel
18 file "12B".

19 CHAIRWOMAN MARTIN: Okay. Thank you
20 for that clarification. And Ms. Borden, if she
21 has questions, can let us know.

22 MS. BORDEN: I'm good.

23 CHAIRWOMAN MARTIN: She's good. All
24 right.

1 Anything else on exhibits?

2 [No verbal response.]

3 CHAIRWOMAN MARTIN: Any other
4 preliminary matters?

5 MR. SHEEHAN: None from us.

6 CHAIRWOMAN MARTIN: Okay.

7 Ms. Schwarzer.

8 MS. SCHWARZER: Thank you.

9 Notwithstanding the Commission's order which has
10 excluded the \$4 million that was raised earlier,
11 there is a lack of clarity as to the impact of
12 the -- what's been called the "R-4 decoupling
13 mismatch error". And, so, it was my hope at the
14 beginning of this hearing that we could -- that I
15 could explain why, in Energy's view, it's
16 necessary to ask the Commission to suspend any
17 finding of finality or prudence with regard to
18 underlying over and under calculations for the
19 present period.

20 So, if I can step back, the parties
21 used some of the naming a little differently. In
22 the original Petition, attached to the end of
23 that Petition was something labeled "RDAF
24 Calculations 2019 to 2020" and "2020 to 2021".

1 The significant parts of those
2 calculations that have been over and under
3 reconciled, and therefore, in Energy's view, are
4 final, are the over and under calculations from
5 November 1, 2018, the beginning of the first
6 decoupling year, through August 31st of 2019,
7 that was the first decoupling year, which was
8 reconciled in Docket Number 19-145.

9 And then, the reconciliation of the
10 second decoupling year, which would have been an
11 over/under calculation for the period September
12 1, 2019 through August 31st, 2020. And that
13 would have occurred in Docket 21-141.

14 The Commission -- excuse me -- the
15 Department of Energy used those over and under
16 calculations as final. However, in the present
17 docket, there's a question of an over/under
18 reconciliation, including the RDAF factor for
19 decoupling, from the period of November 2020,
20 November 1st, 2020 through October 31st of 2021.
21 And, given the confusion around the decoupling
22 formulas, and the extent to which the 4 million
23 that's been taken out may or may not impact other
24 adjustments, equations, and calculations, in

1 light of the finding in the Liberty Cost of Gas
2 order from May of 2020, stating that, once
3 reconciled numbers are -- once over and under
4 calculations are reconciled, they are final, the
5 Department of Energy would ask this Commission,
6 for those reasons, to suspend any finality or
7 prudence finding.

8 This was attempted to be addressed
9 ahead of time in what's been marked "Exhibit 16",
10 and the parties were not able to come to
11 agreement, although it may be possible now,
12 things are moving very quickly.

13 CHAIRWOMAN MARTIN: Anything else?

14 MS. SCHWARZER: No. I wonder if
15 Liberty can agree to that request or if the
16 Commission might agree to suspend any finding of
17 prudence or finality?

18 CHAIRWOMAN MARTIN: I'd like to hear
19 from the other parties first. Mr. Sheehan.

20 MR. SHEEHAN: Thank you. My intent, on
21 direct exam, was to clarify that, as a result of
22 the Friday order carving off the so-called "R-4
23 issue", the updated filing accomplishes that.
24 The updated filing has removed the \$4 million

1 issue, and everything else in the filing remains
2 the same, and would not change regardless of the
3 Commission's ultimate ruling on the R-4 issue.

4 So, Step 1, we have a clean filing. We
5 have cleanly carved out the R-4 issue for a
6 hearing on another day.

7 Step 2, as far as the new decoupling
8 language, that was approved this summer in the
9 rate case. We solved the mismatch issue. And
10 the numbers for the reconciliation of the most
11 recent year, '20 to '21, applied that new
12 language as it should. And, so, basically, we're
13 good going forward on the reconciliation of the
14 most recent year.

15 So, again, the two years -- earlier
16 years that are at issue have been successfully
17 carved off. There's no reason to hold or suspend
18 or to delay a ruling on all the other components
19 of the cost of gas before you today.

20 And, again, I can have Mr. Simek walk
21 through that on the record to clarify those
22 points.

23 CHAIRWOMAN MARTIN: Okay. Thank you,
24 Mr. Sheehan. Mr. Kreis.

1 MR. KREIS: I guess, as I've listened
2 to Ms. Schwarzer and Mr. Sheehan, my suggestion
3 for the Commission might be to leave this
4 particular question to the end of the hearing, in
5 the hope that Mr. Sheehan makes the demonstration
6 that he just promised to make.

7 I would have to say that for me,
8 personally, or at least for the OCA, the
9 confusion might be in the fact that, with respect
10 to the decoupling adjustment, we are dealing with
11 the year that began on November 1st of last year,
12 and extends until Halloween of this year, a few
13 days from now. But the new tariff that went into
14 effect as a result of the rate case was not
15 effective until, I forget the date, but it's
16 something like September 1, I think. Am I
17 remembering that right?

18 MR. SHEEHAN: Yes.

19 MR. KREIS: September 1 of this year.
20 So, there's a question, at least in my mind, and
21 it may be just my confusion, about how the
22 decoupling mechanism worked from November 1st of
23 last year through August 31st of this year.

24 CHAIRWOMAN MARTIN: All right. Well,

1 we're not going to rule on that right now. We
2 will either reserve it for the end or we will
3 reserve it for a separate order, and may require
4 some very quick briefing from the parties.

5 Ms. Schwarzer.

6 MS. SCHWARZER: Thank you, Madam
7 Chairwoman.

8 I did want to point out confidential
9 Exhibit 18, addendum on the last page does
10 highlight a further complexity, in that there's a
11 discrepancy between the amount of money of the
12 requested reimbursement on a scale of 4 million
13 versus -- excuse me, that is a confidential
14 document, and I guess, if necessary, we can go
15 into a confidential session.

16 I will say that the pace of change in
17 this docket, and the refileing of numbers and
18 exhibits, makes it extremely challenging for
19 Energy to have confidence in any particular
20 aspect at this point in time. And out of an
21 abundance of caution, we can address, as we
22 further proceed in this hearing, Energy would --
23 feels it's more appropriate to leave --
24 certainly, to issue an order on a rate, but to

1 leave any finality or prudence findings, explicit
2 or implicit, to another time.

3 CHAIRWOMAN MARTIN: Okay. Thank you.
4 Ms. Schwarzer.

5 Any other preliminary matters?

6 *[No verbal response.]*

7 CHAIRWOMAN MARTIN: Okay. Seeing none,
8 let's please have the witnesses sworn in, Mr.
9 Patnaude.

10 And can you, before we start, can you
11 just confirm who the witnesses are for the
12 record?

13 MR. SHEEHAN: Yes. The witnesses on
14 the panel are those who filed testimony: Cathy
15 McNamara, Dave Simek, Deborah Gilbertson, and
16 Mary Casey.

17 CHAIRWOMAN MARTIN: And the witnesses
18 that Energy asked to be available are noted in
19 their letter?

20 MR. SHEEHAN: Yes. And those folks are
21 in the waiting room, or the "back row", as I say,
22 and can be called, if necessary: Mr. Bonner, Mr.
23 Mullen, Mr. DeCoursey, and Ms. O'Brien.

24 CHAIRWOMAN MARTIN: Okay. Thank you.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Then, let's proceed with the first four
2 that you mentioned. And we'll go to the others
3 if need be.

4 Ms. Schwarzer, does that align with
5 your plan?

6 MS. SCHWARZER: Yes. Thank you very
7 much, Madam Chairwoman.

8 CHAIRWOMAN MARTIN: Okay. Go ahead.
9 (Whereupon **Mary E. Casey, Deborah M.**
10 **Gilbertson, Catherine A. McNamara,** and
11 **David B. Simek** were duly sworn by the
12 Court Reporter.)

13 CHAIRWOMAN MARTIN: All right.
14 Mr. Sheehan.

15 MR. SHEEHAN: Thank you. First, we
16 will introduce the witnesses and have them adopt
17 their testimony.

18 **MARY E. CASEY, SWORN**

19 **DEBORAH M. GILBERTSON, SWORN**

20 **CATHERINE A. McNAMARA, SWORN**

21 **DAVID B. SIMEK, SWORN**

22 **DIRECT EXAMINATION**

23 BY MR. SHEEHAN:

24 Q Ms. Casey, you're the lucky one. I'll start with

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 you. Please introduce yourself, and give your
2 title with Liberty.

3 A (Casey) Yes. Hello. Good morning. My name is
4 Mary Casey. I'm the Senior Manager for
5 Environment for Liberty Utilities Service Corp.

6 Q And, Ms. Casey, there's testimony in the record
7 marked as "Exhibit 1", the confidential version
8 of the updated filing, and Exhibit 3 [Exh. 2?],
9 the redacted version of that same filing, where
10 your testimony begins at Bates 043, is that
11 correct?

12 A (Casey) Yes.

13 Q And, as was discussed a moment ago, there was
14 also the initial filing, back on September 1,
15 that also contained your testimony. Is that
16 correct?

17 A (Casey) That's correct.

18 Q Were there any changes in your testimony from the
19 original filing to the updated filing?

20 A (Casey) No. There were none.

21 Q Do you have any changes to your filing -- your
22 testimony that you'd like to bring to the
23 Commission's attention this morning?

24 A (Casey) No, I do not.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q And is it fair to say, Ms. Casey, that your
2 testimony centers on the environmental cleanup
3 costs that are a component of the LDAC that's at
4 issue today?

5 A (Casey) Yes, it does.

6 Q And do you adopt your testimony, Exhibit 1,
7 Exhibit 3 [Exh. 2?], and to the extent it's in
8 the earlier filed versions, do you adopt your
9 testimony here today?

10 A (Casey) Yes. I adopt the testimony.

11 Q Thank you. Ms. Gilbertson, please introduce
12 yourself.

13 A (Gilbertson) Yes. Hi. My name is Deborah
14 Gilbertson. I am the Senior Manager of Energy
15 Procurement with Liberty.

16 Q Ms. Gilbertson, same question. There's testimony
17 that bears your name in the updated filings,
18 Exhibit 1 and 3 [2?], that begin at Bates Page
19 023. Is that correct?

20 A (Gilbertson) Yes.

21 Q And you also had testimony in the initial filing,
22 dated September 1. Did any part of your
23 testimony change from the initial filing to the
24 updated filing?

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 A (Gilbertson) No.

2 Q Do you have any changes to your testimony you'd
3 like to bring to the Commission's attention this
4 morning?

5 A (Gilbertson) No.

6 Q And do you adopt your testimony this morning?

7 A (Gilbertson) Yes.

8 Q Your testimony didn't change, but is it fair to
9 say that some of the numbers you're responsible
10 for, namely the price of gas, have changed from
11 the initial filing to the updated filing?

12 A (Gilbertson) Yes. That's true.

13 Q And you essentially fed those numbers to Mr.
14 Simek and Ms. McNamara to incorporate into the
15 proposed rate, is that fair?

16 A (Gilbertson) Yes. That's true.

17 Q Could you give us just a brief description, from
18 your perspective, the magnitude of the increase
19 and the causes for the increase in the commodity
20 cost that's presented in both the original and
21 the updated filing?

22 A (Gilbertson) Yes. Prices have actually soared
23 over the summer. When we put together the
24 initial filing, the prices were high, they were

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 very high, compared to several, you know, several
2 years past, and especially compared to last year.
3 And, at that time, the comparison was looking at
4 spikes due to the national storage averages being
5 well below. What the indicators look at is how
6 we're refilling storage at a national level.
7 And, at the time, during -- through the summer,
8 that there was an extreme heatwave in the
9 Midwest, which was causing, rather than injecting
10 into storage, gas was being utilized for
11 generation. That was really the first indicator
12 that prices were going up.

13 At the same time, we have LNG exports
14 in the world market now. And global price
15 indices overseas were soaring. So, producers
16 were, and still are, taking advantage of that,
17 you know, those price spikes. They can make more
18 money abroad than they can selling within the
19 United States.

20 And then, if that wasn't actually
21 enough, we had a hurricane in early September,
22 Hurricane Ida hit, and it wreaked havoc in the
23 Gulf, and it knocked out about 40 percent of the
24 production.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 And, so, those three things kind of set
2 the stage for what we're seeing now, which is
3 very, very high prices. And we haven't seen
4 these prices in over ten years. So, these are
5 the contributors.

6 I will add, because it's worth
7 mentioning, that NOAA just released its
8 prediction for the winter forecast weather. And
9 it looks like they're saying possibly warmer
10 weather this winter, you know, compared to
11 averages. So, this may help soften the prices,
12 and we can only hope. And that's, basically, the
13 contributing factors.

14 Q Thank you, Ms. Gilbertson. The updated filing
15 contains recent price projections. And can you
16 tell us the date that you sort of locked in the
17 pricing, the futures pricing that is part of this
18 filing? The updated filing, I'm sorry.

19 A (Gilbertson) The updated filing --

20 Q The updated filing is --

21 A (Gilbertson) Yes, I have it. I actually do have
22 it. We updated the prices on October 24th. Yes,
23 October 24.

24 Q And is it fair to say that that updated pricing

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 is that date's look into the future to see what
2 the expectation is that gas prices would be over
3 the coming months?

4 A (Gilbertson) Yes. That's correct.

5 Q And, as you mentioned, if the winter is warmer
6 and the prices come down, that is something that
7 Mr. Simek, Ms. McNamara's group can take into
8 account as they make the monthly adjustments?

9 A (Gilbertson) Yes, we update it every month. Yes.

10 Q Thank you. Ms. McNamara, please introduce
11 yourself. You're on mute.

12 A (McNamara) Sorry about that. Hi. I'm Catherine
13 McNamara. I'm a Rates Analyst for Liberty.

14 Q Ms. McNamara, your name, along with Mr. Simek's,
15 appears on Exhibits 1 and 2, I think I might have
16 said "1 and 3" earlier, but it's on 1 and 2, the
17 confidential and redacted versions of the updated
18 filing. Did you participate in the drafting of
19 that document?

20 A (McNamara) Yes.

21 Q Do you have any changes to that document you'd
22 like to bring to the Commission's attention
23 today?

24 A (McNamara) No.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q Were you also the -- play a role in drafting the
2 initial filing from September 1?

3 A (McNamara) Yes.

4 Q And there were changes to your testimony and
5 attached schedules between the initial filing and
6 this updated filing, is that correct?

7 A (McNamara) Correct.

8 Q Do you adopt your updated testimony here this
9 morning?

10 A (McNamara) Yes, I do.

11 Q I'd like you just to summarize the overall impact
12 of this request, which includes the commodity
13 cost that Ms. Gilbertson just described, and some
14 of the LDAC changes that we'll discuss in a
15 moment. What is the proposed cost of gas rate
16 for residential customers in the updated filing?

17 A (McNamara) In the updated filing, the proposed
18 residential customer Winter Period 2021-22 is
19 \$1.1339. And the FPO --

20 Q And -- go ahead.

21 A (McNamara) Oh, sorry. The FPO rate is \$0.9256.

22 Q And the FPO, of course, is the Fixed Price Option
23 for customers?

24 A (McNamara) Correct.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q Isn't it usually the case that the Fixed Price
2 Option is 2 cents greater than the cost of gas
3 rate?

4 A (McNamara) Yes, it is.

5 Q Can you tell us why, in this case, it's about 10
6 cents less -- or, 20 cents less?

7 A (McNamara) Yes. Because the Company had already
8 sent out the FPO letters at the rate filed in the
9 original filing of 0.9256, they decided that it
10 would not be fair to the customer, I think is a
11 decent way to put it, if we then came in asking
12 for an increase in that rate, because we had
13 already notified them, and customers have been
14 electing through the month of October to take it
15 based on that notification.

16 Q Thank you.

17 A (McNamara) So, we offered to keep it the same.

18 Q Thank you. This filing also proposes cost of gas
19 rates for next summer. Can you just highlight
20 what those are?

21 A (McNamara) Yes. The current proposed residential
22 Summer 2022 rate is \$0.5587.

23 Q And there is no FPO for the summer period, is
24 that correct?

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 A (McNamara) That's correct. The FPO is winter
2 only.

3 Q And is it fair to say that the summer rate that
4 you just quoted is based on those same futures
5 that Ms. Gilbertson described, looking out to
6 next summer?

7 A (McNamara) That is correct as well.

8 Q Can you give us a bill impact of the typical
9 residential heating customer for the overall
10 proposed cost of gas rate?

11 A (McNamara) Yes. For the overall, hold on one
12 second.

13 Q I think you break it down into a change in the
14 cost of gas --

15 A (McNamara) Yes.

16 Q -- and a change in the overall bill.

17 A (McNamara) Yes. So, the total bill change for
18 residential customers would be \$469.43 for the
19 winter period. And that equates to a 55.15
20 percent increase.

21 Q So, a 55 percent increase in the overall bill, is
22 that what you said?

23 A (McNamara) Correct.

24 Q Thank you. And I'm not sure I had asked you

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 this, but to be clear, do you adopt your updated
2 testimony today?

3 A (McNamara) I do.

4 Q Thank you. Mr. Simek, please introduce yourself.

5 A (Simek) David Simek, Manager of Rates and
6 Regulatory Affairs for Liberty.

7 Q Mr. Simek, were you, with Ms. McNamara,
8 responsible for preparing the testimony that
9 appears in the updated filing at Bates 001?

10 A (Simek) Yes.

11 Q And were you also involved in the initial
12 testimony that appears at Bates 001 from
13 September 1?

14 A (Simek) Yes.

15 Q Do you have any changes to the updated filing
16 you'd like to bring to the Commission's attention
17 this morning?

18 A (Simek) No.

19 Q Do you adopt that testimony this morning?

20 A (Simek) I do.

21 Q Mr. Simek, I'm going to ask you a few questions
22 about the LDAC portion --

23 CHAIRWOMAN MARTIN: Mr. Sheehan, can
24 you pause for a minute? I've asked -- let's go

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 off the record.

2 [Off the record regarding a technical
3 issue.]

4 CHAIRWOMAN MARTIN: Okay. Back on the
5 record.

6 MR. SHEEHAN: Thank you.

7 BY MR. SHEEHAN:

8 Q Mr. Simek, the LDAC, the Local Distribution
9 Adjustment Clause is a charge that includes a
10 number of components of rates that make up an
11 overall LDAC, is that fair?

12 A (Simek) Yes.

13 Q One of those -- well, let me ask you. There are
14 several of them that have increased in this
15 filing. And I'd like to take them one at a time,
16 increased and/or just changed. There are rate
17 case expenses included in this filing, is that
18 correct?

19 A (Simek) Yes.

20 Q And what's the source of the Rate Case Expense
21 component of the LDAC?

22 A (Simek) Well, the source is that the amount ties
23 to what we have on the books and --

24 MS. SCHWARZER: I'm sorry, I can't hear

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Mr. Simek.

2 BY MR. SHEEHAN:

3 Q David, just start over. You blacked out just for
4 a moment.

5 A (Simek) Sure. The source for all LDAC components
6 is that we tie to the Company's books. All
7 components are tracked via a deferral account,
8 individual deferral account. And, so, we pull
9 the balance from the books. But, again, the Rate
10 Case Expense amount is driven by what was
11 actually incurred during our last rate case, DG
12 20-105.

13 Q And those costs were itemized as part of the
14 Settlement Agreement in DG 20-105, is that
15 correct?

16 A (Simek) Yes, they were.

17 Q And the amounts in the Settlement Agreement is
18 the same as in this filing, subject to a few
19 adjustments based on actual bills coming in, is
20 that correct?

21 A (Simek) Yes. That's correct. And we also have
22 a small balance that was carried over from what
23 was included on the books as well.

24 Q Another component of the LDAC is the recoupment

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 that arises out of the rate case, is that
2 correct?

3 A (Simek) Yes, it is.

4 Q And that's recovering the difference between
5 temporary rates that were approved in the Fall of
6 '20 and permanent rates that were approved in the
7 Summer of '21, and the recovery of that
8 difference begins now through that charge in the
9 LDAC, is that right?

10 A (Simek) Yes.

11 Q Another component that's changed is indirect gas
12 costs. Could you explain that for us please?

13 A (Simek) Sure. For the indirect gas costs, that's
14 related to the production of storage capacity.
15 And another component that came out of the
16 EnergyNorth rate case was that approximately 1.9
17 million of that amount would be collected -- an
18 additional 1.9 million will be collected through
19 the cost of gas. Now, 200 and some thousand of
20 that 1.9 million is included in the Keene cost of
21 gas, and the remainder is included here. So,
22 we -- or, that component of the increase to the
23 LDAC by approximately 1.6 million higher than
24 what it had previously been.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q And those costs were in distribution rates. And,
2 as part of the Settlement Agreement, they were
3 simply moved from distribution rates to the cost
4 of gas, is that correct?

5 A (Simek) Yes.

6 Q And the last significant change in the LDAC here
7 is related to decoupling. First, I'd like to ask
8 you a few questions about the -- what I call the
9 "R-4 issue", which is -- was the request that the
10 Company initially made in this proceeding for \$4
11 million, 2 million each for years '18-'19 and
12 '19-'20, that were in the initial filing and are
13 not in this filing.

14 My question is to clarify that they're
15 not in this filing. Can you tell us, Mr. Simek,
16 were those \$4 million in costs removed in the
17 updated filing?

18 A (Simek) Yes. I just want to clarify that the \$4
19 million was proposed to be collected over the
20 next two cost of gas filings in our original
21 filing. So, it's really the 2 million that we
22 removed this year, because -- in the updated
23 filing, because it was only \$2 million that was
24 ever included in this filing related to the \$4

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 million issue.

2 Q Okay. So, it was 2 million proposed to be
3 recovered starting now, and the second 2 million
4 proposed to be recovered a year from now, is that
5 correct?

6 A (Simek) Correct.

7 Q And you're clear that none of that money is in
8 the updated filing that's before the Commission
9 now?

10 A (Simek) Correct.

11 Q And, as the Commission has heard, and the parties
12 have spent a lot of time working on, those
13 dollars arise out of tariff language that existed
14 from the last rate case, the 17-048 rate case?

15 MS. SCHWARZER: Objection.

16 CHAIRWOMAN MARTIN: Go ahead.

17 MS. SCHWARZER: Thank you. Madam
18 Chairwoman, I believe the documents in evidence
19 and the testimony will be -- well, documents and
20 evidence at least will be that the OCA and
21 Liberty spent a lot of time working on the
22 decoupling adjustment. There's no information
23 about the role of former PUC Staff or current
24 Staff.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 CHAIRWOMAN MARTIN: Mr. Sheehan.

2 MR. SHEEHAN: I think the question was
3 simply "there was a lot of time spent on the
4 issue". I can make it a more vague statement
5 and --

6 MS. SCHWARZER: Well, you said "by the
7 parties". I just wanted to clarify, Liberty and
8 the OCA, I believe.

9 MR. SHEEHAN: I withdraw the question.
10 I'll start over, if that will help.

11 CHAIRWOMAN MARTIN: Okay. Go ahead.
12 Thank you.

13 BY MR. SHEEHAN:

14 Q Mr. Simek, the R-4 issue is a source of dispute
15 right now among the parties. Is that fair to
16 say?

17 A (Simek) Yes.

18 Q And the parties proposed, and the Commission
19 ordered on Friday, to address the R-4 issue in a
20 separate docket. Is that your understanding?

21 A (Simek) The Company requested to have the issue
22 remain in this proceeding, but on a different
23 schedule.

24 Q Okay. But the Commission made the order to move

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 it into a different docket on Friday, is that
2 correct?

3 A (Simek) Correct.

4 Q Are you familiar with the R-4 issue?

5 A (Simek) Yes.

6 Q Resolution of the R-4 issue in that other docket,
7 will that have an impact on the proposed
8 calculations that are in the updated filing
9 before us today? Let me start that over.
10 Putting aside the fact --

11 A (Simek) Yes, please.

12 Q Yes. Putting aside the fact that, if the
13 Commission approves the R-4 recovery of that \$4
14 million, that would, obviously, have an impact on
15 LDAC rates. Is that fair?

16 A (Simek) Yes.

17 Q Putting aside that impact, would the resolution
18 of the R-4 issue cause any other numbers in the
19 filing before them today to change?

20 A (Simek) No.

21 Q Is the R-4 issue -- are you able to clearly and
22 separately calculate the R-4 issue, without any
23 impact on all the calculations that go into the
24 rates before the Commission today?

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 A (Simek) Yes.

2 Q There is an RDAF, Revenue Decoupling Adjustment
3 Factor, rates in this filing. Can you explain
4 how the R-4 issue, resolution of that one way or
5 the other, would not change the other
6 calculations within the RDAF that's before the
7 Commission today?

8 A (Simek) Yes. The R-4 issue is related to two
9 years prior reconciliation and one year prior
10 reconciliation for the revenue decoupling
11 mechanism, or, in other words, I can say that the
12 four-year issue has to do with the year
13 commencing November 2018, and then the year that
14 commenced November 2019.

15 The decoupling calculation that we have
16 included in this updated filing is for the
17 year -- the reconciliation of the year that
18 commenced November 2020.

19 Q Mr. Kreis raised in his opening comments that
20 the -- let me back up. The RDAF calculation in
21 this updated filing seeks an adjustment or a
22 reconciliation for the '20 to '21 year. Is that
23 correct?

24 A (Simek) Correct.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q The tariff related to the RDAF changed with the
2 recent rate case effective, Mr. Kreis said
3 "September", and that sounds about right, but the
4 tariff became effective September of 2021, is
5 that correct?

6 A (Simek) I believe it was August 1st of 2021.

7 Q Okay. And that was coming out of the Settlement
8 Agreement, and order approving that Settlement
9 Agreement, in the 20-105 rate case, is that
10 correct?

11 A (Simek) Correct.

12 Q And that's the -- the changed language is what --
13 is that changed language what you applied to the
14 RDAF reconciliation for the '20-'21 cost of gas
15 year?

16 A (Simek) Correct.

17 Q Okay.

18 A (Simek) That language was applied, and then the
19 filing was made September 1st.

20 Q And is it your understanding that the 2021
21 language in the decoupling tariff was, in part,
22 designed to clarify the issues that give rise to
23 the dispute for the prior two decoupling years?

24 A (Simek) Can you repeat that please?

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q Sure. Is it your understanding that the new
2 decoupling language that went in effect this
3 summer was intended, in part, to resolve the
4 dispute that has arisen, or at least resolve the
5 language that gave rise to the dispute pertaining
6 to the earlier two years?

7 MS. SCHWARZER: Objection.

8 CHAIRWOMAN MARTIN: Go ahead.

9 MS. SCHWARZER: Thank you. I believe
10 we've agreed to leave resolution of any issue or
11 discussion about the problems until a future
12 docket. There is a new tariff and a new formula.
13 And I certainly think it's appropriate to talk
14 about what that new formula says and when it was
15 applied.

16 But I don't think this is the forum to
17 talk about whether there were errors or what they
18 were and what new formulas were intended to do.

19 CHAIRWOMAN MARTIN: I'm going to
20 overrule that, because I am finding this line of
21 questioning helpful in getting to the exact issue
22 you just mentioned.

23 Go ahead.

24 BY MR. SHEEHAN:

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q Can you answer, Mr. Simek, or would you like me
2 to state it again?

3 A (Simek) Will you please state it again?

4 Q Sure. I'll take smaller steps. There's a
5 dispute over application of the 2018 tariff
6 language to decoupling years -- the first two
7 decoupling years. Is that your understanding?

8 A (Simek) Yes.

9 Q Some of that decoupling language changed with the
10 20-105 Settlement Agreement. Is that your
11 understanding?

12 A (Simek) Yes.

13 Q And the change in that language is -- do you
14 understand that a change in that language was
15 intended, in part, to solve -- resolve what has
16 become the dispute over the R-4 issue?

17 A (Simek) Yes.

18 Q And that new language was agreed by Energy and
19 OCA and the Company in the Settlement Agreement
20 and approved by the Commission, is that correct?

21 A (Simek) Yes.

22 Q And that's the language you applied to the RDAF
23 reconciliation in the updated filing before the
24 Commission today?

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 A (Simek) Correct.

2 MR. SHEEHAN: Thank you, Mr. Simek. I
3 have no further questions for this panel.

4 CHAIRWOMAN MARTIN: All right. Thank
5 you. Mr. Kreis.

6 MR. KREIS: Thank you, Madam
7 Chairwoman.

8 I guess it probably makes sense to just
9 start right where Mr. Sheehan left off. So, I'll
10 ask Mr. Simek some questions.

11 **CROSS-EXAMINATION**

12 BY MR. KREIS:

13 Q Mr. Simek, Mr. Sheehan asked you about what he
14 characterized as a "dispute" between the Company
15 on the one hand, and the OCA and the Department
16 of Energy on the other hand.

17 Could you describe the exact nature of
18 that dispute?

19 A (Simek) Well, the Company -- well, what we're
20 calling this is a "\$4 million issue", and this
21 was accumulated over a two-year period. And it
22 has to do with the allowed revenue for decoupling
23 and the actual revenue for decoupling not being
24 calculated on the same basis.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q So, -- I'm sorry.

2 A (Simek) Well, I can leave it at that for now.

3 Q Okay. With respect to the tariff that was in
4 effect prior to August 1st, 2020, was the tariff
5 at any time, and by "the tariff" I'm referring to
6 the tariff that lays out the decoupling
7 mechanism, was that tariff ever misapplied by the
8 Company while it was effective?

9 A (Simek) No.

10 Q So, the dispute is really a dispute over whether
11 that tariff language was correct or incorrect?

12 A (Simek) It's --

13 MR. SHEEHAN: I object, just to the
14 point to the extent he's asking for a legal
15 conclusion. And Mr. Simek can answer the
16 question otherwise.

17 CHAIRWOMAN MARTIN: Mr. Kreis, go
18 ahead.

19 MR. KREIS: Well, I'm not asking
20 Mr. Simek to state anything other than a factual
21 proposition. What I'm trying to figure out is
22 whether he thinks that the mistake that got made
23 was a mistake in the way the tariff was written
24 or was it a mistake in the way the tariff was

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 applied? And I think that distinction is pretty
2 significant.

3 CHAIRWOMAN MARTIN: Okay. Objection
4 overruled. Go ahead.

5 **BY THE WITNESS:**

6 A (Simek) I believe it was a mistake in how the
7 tariff was applied.

8 BY MR. KREIS:

9 Q A mistake in how the tariff was applied. And,
10 so, therefore, it's your position that, and I'm
11 really thinking now about your testimony, that
12 you applied the revised tariff to the entire year
13 of RDAF reconciliation that started last
14 November, and goes through the end of this
15 October. So, you've applied the new tariff
16 language to that whole year of reconciliation.
17 That's a fair statement. I think that's what you
18 testified to already?

19 A (Simek) Yes.

20 Q And, so, my question, and if Mr. Sheehan wants to
21 object and characterize this as a "legal" matter,
22 that's fine, but somebody needs to answer for me
23 the question of how is it that the Company was
24 able to apply to an entire year a tariff that

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 only went into effect on August 1st?

2 MR. SHEEHAN: I do raise that
3 objection. But I would certainly let Mr. Simek
4 answer to the extent he is able.

5 CHAIRWOMAN MARTIN: Okay. Thank you.
6 Go ahead, Mr. Simek.

7 **BY THE WITNESS:**

8 A (Simek) Can you repeat the question please?

9 BY MR. KREIS:

10 Q Sure. Your testimony was that, when you did the
11 revised filing, you applied the new decoupling
12 language from the tariff that went into effect on
13 August 1st, and you, I think correctly corrected
14 me, because I had said "September 1st", and then
15 you corrected me to "August 1st", and I think
16 that's right. So, that's the new tariff language
17 that arose out of the Settlement Agreement. And
18 you said that you applied that to the entire
19 year's worth of decoupling adjustments or
20 reconciliations that are contained in your
21 filing. That's what you testified to earlier,
22 correct?

23 A (Simek) Correct.

24 Q And, so, my question, I'm really trying to figure

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 out how you were able to apply tariff language
2 pre-August 1st, when the tariff only went into
3 effect on August 1st? How does that work?

4 A (Simek) Well, we made the filing on September
5 1st, the original filing in this case. And at
6 that time, we calculated the reconciliation based
7 on what was in our current tariff.

8 Q Okay.

9 CHAIRWOMAN MARTIN: Mr. Kreis, I'm
10 going to interject. And I'm going to ask
11 Mr. Sheehan to address that in his closing, the
12 legal basis for that.

13 MR. SHEEHAN: Sure.

14 CHAIRWOMAN MARTIN: Go ahead.

15 MR. KREIS: Yes. Thank you. I think
16 that would be helpful as well.

17 BY MR. KREIS:

18 Q All right. Let me sort of go back to some
19 fundamentals here. These questions might be
20 for -- well, I think they might be for
21 Ms. Gilbertson, but, really, any person on the
22 panel can estimate them -- or, answer them,
23 excuse me.

24 Has Liberty ever considered doing

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 anything to hedge the effect of the risk that
2 wholesale prices will increase in the manner that
3 Ms. Gilbertson testified they increased, both
4 during the summer and I gather more recently than
5 that?

6 A (Gilbertson) Yes. I can answer that. We do
7 hedge. We hedge a -- we have a basis hedge for a
8 baseload purchase of 12,000 in December,
9 20,000 -- or, sorry, 12,000 in, yes, December,
10 20,000 dekatherms in January, and 15,000 in
11 February. So, we definitely hedge.

12 We also consider the storage injections
13 a hedge, because we purchase those over the
14 summer period, to be used in winter. So, that's
15 also, essentially, a hedge.

16 Q Has the Company ever considered making more
17 long-term commitments than it does now?

18 A (Gilbertson) Long-term commitments? We don't do
19 financial hedging. I mean, I would think we'd
20 have to be approved for that. But, no.
21 Typically, we do just for the upcoming winter
22 period. We don't do long-term hedging.

23 Q Looking at what is marked in the revised filing
24 as "Schedule 6", and I think it's on Bates Page

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 100. Let me just look, get up to that. I'm
2 almost there.

3 Sorry, my computer is not behaving very
4 well today. I'm sorry.

5 CHAIRWOMAN MARTIN: Take your time.
6 It's been a common problem today.

7 MR. KREIS: Well, but I pride myself on
8 being perfect. Okay. I think I am there.

9 BY MR. KREIS:

10 Q Okay. On what I think is Bates Page 100, which
11 is Page 3 of the Schedule 6, I just -- and that
12 is a page full of confidential numbers. I don't
13 need to discuss the specifics of any of those
14 numbers, I don't think. I just want to make sure
15 I understand what the role is of the basis
16 differential on that page.

17 A (Gilbertson) So, the basis differential is always
18 the cost at the -- where the gas is delivered.
19 So, you've got your benchmark NYMEX price, and
20 then there's a cost to get it to, say, Dracut,
21 for instance. So, to value the gas at the Dracut
22 receipt location, you would need to add the
23 NYMEX, plus the basis, which is that
24 differential, the cost of getting it to Dracut.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 And the total of those two components would be
2 the Dracut price.

3 Q Thank you. Overall, given the somewhat unusual
4 events of the last few months, which you
5 testified is the first time we've seen this kind
6 of high prices in over a decade, has the Company
7 considered or is the Company considering changing
8 the way that it manages its supply portfolio
9 going forward?

10 A (Gilbertson) No, we haven't, because this is an
11 anomaly. For the last ten years, it's been two
12 dollars. You know, I don't think any --
13 certainly, we could consider everything. But I
14 think, at this time, we wait, we see what
15 happens. I wouldn't make any big changes.
16 Certainly, I mean, they would have to be, you
17 know, thought through and vetted.

18 But I think our methodology is solid in
19 how we approach buying gas, with, you know,
20 injecting in the summer and filling supplemental,
21 the LNG and the propane. We do have, as I said,
22 that hedge, that basis hedge, which sometimes
23 doesn't, you know, pan out to be a winner, but it
24 stabilizes prices.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 So, at this point, we really need to
2 look at what's going to happen this winter. You
3 know, if it's a warm winter, this could -- prices
4 could crater. We really have to just see. This
5 is kind of new, I think, for most LDCs. We
6 realize, as you just said, we haven't seen these
7 prices in many, many, many years. So, I think we
8 watch.

9 Q I want to ask a couple of questions about the
10 Fixed Price Option being below the regular rate.
11 Has that ever happened before? The price in the
12 Fixed -- the Fixed Price Option price being below
13 the rate that you would get if you didn't choose
14 the Fixed Price Option?

15 A (Gilbertson) Dave or Cathy? I don't -- I don't
16 know.

17 A (Simek) Yes, I was going to answer that. I'm not
18 aware if it's happened before.

19 Q When did the letter go out that offered that
20 Fixed Price Option to customers?

21 A (Simek) October 1st.

22 Q And is it fair to say that those customers that
23 are taking the Fixed Price Option or take the
24 Fixed Price Option, they're going to pay a lot

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 less for their natural gas under that Fixed Price
2 Option than they really should, if their -- if
3 their purchases were more reflective of the
4 market price?

5 A (Simek) That's correct. As of the latest pull
6 that we did for the futures market, they would be
7 paying a lot less than the market, yes.

8 Q When was the fixed price that was offered in that
9 October letter determined? On what date?

10 A (Simek) Well, we made the filing, again, on
11 September 1st. I'm not sure of the date that we
12 had pulled the futures for the original filing.

13 I don't know if anyone on the panel has
14 that information?

15 *[Short pause.]*

16 BY MR. KREIS:

17 Q I will assume not.

18 A (Gilbertson) Dave, I'm sorry. You're asking when
19 we pulled the futures for the first filing?

20 A (Simek) The original filing, yes, if we'd have
21 that information.

22 A (Gilbertson) We filed on September 1st, it would
23 have been -- it would have been in August, it
24 would have been in late August. I don't know the

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 exact date.

2 And also, while we're discussing that,
3 I did want to add that we updated the second, I
4 think I said it was the "24th", it wasn't the
5 24th. It was, for some reason, there's a formula
6 in there, I don't know how that got there, but it
7 was -- I believe it was, we had to file it on
8 like the 19th or something. So, it would have
9 been like the 17th. Sorry about that.

10 CHAIRWOMAN MARTIN: Ms. Gilbertson, I
11 was going to ask you to clarify that, though.
12 Since you are clarifying, can you please state
13 the month as well?

14 WITNESS GILBERTSON: October. Yes.

15 CHAIRWOMAN MARTIN: Thank you.

16 WITNESS GILBERTSON: Sorry about that.
17 I realized it after.

18 MR. KREIS: Okay. I want to make sure
19 I understand what you just said, Ms. Gilbertson,
20 and it sounds like the Chairwoman would like,
21 too.

22 BY MR. KREIS:

23 Q Can you explain that a little more? I've lost
24 track of what you were actually describing. I'm

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 sorry.

2 A (Gilbertson) Well, initially, I think Mr. Sheehan
3 asked me when prices were updated. So, I looked
4 at the filing, and there seems to be a formula in
5 there that made it look like it was yesterday,
6 but that's not correct. These prices were
7 updated, I believe, around the 17th or the 16th
8 of October. It wasn't the 24th. I mean, today's
9 the 25th, so --

10 Q So, that was about a week ago. Do you know what
11 has happened to prices in the last week?

12 A (Gilbertson) I do not. I don't know.

13 Q Okay.

14 A (Gilbertson) It's been volatile, very, very
15 volatile. They swing 50, you know, 50 cents,
16 which is really kind of uncommon. It's usually a
17 few pennies here and there. But it's swinging
18 quite erratically.

19 Q Okay. So, I was talking about the Fixed Price
20 Option. You testified that the number, the
21 amount that the Fixed Price Option actually
22 charges customers was determined in late August.
23 What was the state of the wholesale natural gas
24 markets when that determination was made in late

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 August?

2 A (Gilbertson) In late August, that was before
3 Hurricane Ida. So, at that point, prices were
4 high. They were high because of national
5 inventories. They were below the five-year
6 average. So, prices were definitely high. But
7 they weren't as high. Once it started
8 becoming -- shipments for LNG abroad became very
9 robust after that time, as well as the hurricane
10 in the Gulf. So, prices went much higher.

11 Q If I told you that Hurricane Ida made landfall on
12 August 29th of this year, would you have any
13 reason to tell me that I'm incorrect?

14 A (Gilbertson) No. I would not have any reason to
15 tell you you were incorrect.

16 Q But, at the time that the Fixed Price Option was
17 determined, it was before there were any price
18 effects arising out of Hurricane Ida, I think is
19 what you're trying to say. Do I have that right?

20 A (Gilbertson) That's correct. Yes.

21 Q Okay. When is the last day that a customer of
22 Liberty can sign up for the Fixed Price Option,
23 pursuant to that letter that went out?

24 A (Simek) It was this past Friday.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q So, that offer has already closed. Do you know
2 how many customers have signed up for it?

3 A (Simek) It was, as of Friday, so they were still
4 tallying some of them, but it was 10,249
5 customers.

6 Q And what percentage of your overall customers
7 does that reflect, that 10,000 customers and
8 change?

9 A (Simek) Probably about 12 percent, but --

10 Q Is that a typical number?

11 A (Simek) Somewhere between 11 and 12 percent,
12 based on -- I'm not sure what our total customer
13 count is at this point. Last year, the Fixed
14 Price Option, those that signed up for the Fixed
15 Price Option, was approximately 9,400.

16 Q So, it's a little more, but not significantly
17 more?

18 A (Simek) Exactly.

19 Q If it turns out that the customers on the Fixed
20 Price Option are paying a cost of gas rate that
21 is actually lower than what it costs the Company
22 to supply those customers with gas, who makes up
23 the difference?

24 A (Simek) All customers will make up the difference

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 in the next year's winter filing. It will carry
2 over the under-collected balance, with interest,
3 and then next year that will be the beginning
4 balance that we will use to calculate the winter
5 rate.

6 Q Okay. The last thing I want to turn to, I think,
7 is something that I don't believe anybody has
8 talked about yet, which is the maximum allowed
9 increase to the cost of gas rate, going up from
10 25 percent to 40 percent.

11 My first question is, since the Company
12 has been at the maximum allowed rate during most
13 of the last three summer periods, why hasn't the
14 Company, before now, asked to raise that maximum
15 allowed percentage from 25 to something higher
16 than 25?

17 A (Simek) Well, like you said, it is three years.
18 So, now we actually have some history to
19 calculate and kind of see, you know, that this,
20 unfortunately, seems to be a trend. After one
21 year of data, we were hoping that it was just a,
22 you know, an anomaly. And then, we had two
23 years, and it really started, you know, building.
24 And then, this was the year that we said "all

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 right, we got to really" -- "we have enough
2 information to do some analysis. We can see that
3 this has been going on for quite a while." We
4 can calculate what the rates would have been, I
5 believe it calculated out to 47 percent, if we
6 did have no cap, 47 percent on average. So, we
7 are requesting to be able to increase it to 40
8 percent, to help make up that difference and
9 avoid having to go in for an interim filing for a
10 request to increase rates.

11 Q You mentioned that the real number is "47
12 percent", you rounded it down to 40 percent. Why
13 did you do that?

14 A (Simek) Just because we realize that we're asking
15 for a jump from 25 to something higher. And it
16 just seemed that for this, for now, 40 percent
17 seems to make sense.

18 Q Okay.

19 A (Simek) It really wouldn't make sense to bump it
20 up to 50 percent. So, I guess we could have done
21 47 or 45, but we're like "we'll just lower it for
22 now to 40 and see, you know, how that works out."

23 Q Going back to -- let me just try to flip back to
24 the prefiled testimony. In the Simek/McNamara

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 testimony, I think it's on Bates Page 009, which
2 is actually Page 7 of their testimony, Mr. Simek
3 and Ms. McNamara, you testify that the time
4 between the filing and the effective date for the
5 Summer Cost of Gas increases the likelihood that
6 the forecast will differ significantly from
7 market conditions.

8 And maybe this is a cosmically dumb
9 question, but I'm going to ask it anyway. Why
10 does it increase that likelihood?

11 A (Simek) Well, there's market fluctuation, that
12 there's just a lot of time for uncertainty. We
13 make the filing September 1st. As Ms. Gilbertson
14 stated, we pull those futures somewhere towards
15 the last week or so of August, maybe even mid
16 August at that point. And, with no updated
17 filings or anything, if we do happen to go that
18 way, now we're going all the way till rates
19 effective May 1st that were set on futures from
20 mid August of the prior year.

21 Q So, you do take those seasonal variations into
22 account, and you're looking at gas futures. But
23 it's just the pure lapse of time, I guess I would
24 say, or the "passage of time" would be better,

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 that creates those uncertainties? In other
2 words, there's no way of forecasting with better
3 precision using futures and what you know about
4 seasonal variations in demand between the winter
5 period and the summer period?

6 A (Simek) Well, I would think that using the market
7 data, the best available at the time, that is the
8 market. So, that's what others are willing to
9 trade for to invest in. So, that is what we feel
10 is the best data available, is looking at the
11 futures at that date. And, unfortunately, with
12 that much time that passes, they could fluctuate
13 quite a bit.

14 Q Has the Company considered returning to twice
15 yearly cost of gas filings?

16 A (Simek) I don't know if there was any
17 considerations to do that, no.

18 Q With respect to the under-collected balances of
19 \$4.5 million, has the Company considered
20 amortizing those costs over multiple years, three
21 years, say?

22 A (Simek) No.

23 Q I noticed that there was a slight increase in the
24 energy efficiency portion of the LDAC, from 0.831

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 to 0.861. Given that the Commission has
2 instructed the NHSaves utilities to remain on
3 their 2020 budgets, why is the system -- why is
4 the LDAC or the energy efficiency portion of the
5 LDAC going up?

6 A (Simek) We calculate that rate based on the
7 books, on the balance that's on the deferral
8 account. And, if we had a under-collected
9 balance to begin with, that would be carried over
10 to calculate the rate. It's not just the current
11 budget that gets taken into account when we
12 calculate any of the LDAC rates for that matter.

13 Q And then, finally, there is some testimony in the
14 Company's updated filing about the emergency
15 stabilization license agreement that has to do
16 with the gas holder in Concord. Has that
17 agreement been finalized?

18 A (Casey) I'm so sorry, I was trying to find my
19 "unmute" button.

20 Q A perennial problem.

21 A (Casey) Yes. The agreement has been finalized.

22 Q But the testimony about the gas holder is simply
23 in the Company's filing I guess for informational
24 purposes. You're not asking the Commission to

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 take any action with respect to that particular
2 question at this time. Would that be a fair
3 statement?

4 A (Casey) That's correct.

5 MR. KREIS: Madam Chairwoman, those are
6 all the questions I have.

7 CHAIRWOMAN MARTIN: Okay. Thank you,
8 Mr. Kreis. Ms. Schwarzer.

9 MS. SCHWARZER: Thank you, Madam
10 Chairwoman.

11 BY MS. SCHWARZER:

12 Q I'll start where we sort of left off with the 40
13 percent request for the summer period. Mr.
14 Simek, has Liberty ever asked the Commission,
15 during a summer period, to increase the cap?

16 A (Simek) I don't believe so.

17 Q Might that be an alternative route to consider, a
18 request to increase the cap, as opposed to
19 significantly changing the size of that cap?

20 A (Simek) I'm not sure I understand the question.
21 Aren't we both just asking to increase the cap?

22 Q No. I believe last year, in the cost of gas
23 proceeding, when you were asked about the 25
24 percent cap, I believe, you were testifying, the

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 panel was just testifying. Yes, I believe -- I
2 will just read your testimony to you, and I
3 understand you can't follow it right now. But
4 you were asked about the cap, and you said "We
5 currently follow what we're allowed to do. We
6 will not raise the rate over the current allowed
7 maximum amount. If the trend tends to go much
8 higher, and we feel that we need to go ahead and
9 ask for a higher rate, we will bring that to the
10 Commission and ask for to be able to go outside
11 of that maximum and increase the rate."

12 So, at least last year, my
13 understanding of that testimony was that, if
14 Liberty felt it was up against the 25 percent
15 cap, and that were problematic, Liberty could
16 file something to ask the Commission for
17 permission to increase the cap for the current --
18 A (Simek) Increase the rate, yes. So, we could go
19 in -- we always have the option to go in for an
20 interim filing to request to raise the rate above
21 what the allowed cap is. I believe that's what I
22 was probably referring to there.

23 Q And, so, you could -- you could come in at any
24 time during the six-month summer period and focus

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 just on a request to be permitted to increase the
2 percentage of the cap, is that right?

3 A (Simek) Yes. I look at it a little differently.
4 I look at it as being able to increase the rate
5 above what the allowed cap is.

6 Q Okay. But, if you came in, you could increase
7 the cap as well? You could say "we'd like a
8 trigger filing for the remaining six months to be
9 as much as 30 percent or 35 percent", you could
10 introduce information to support that request?

11 A (Simek) I guess, if that's your understanding of
12 it, then maybe we could, yes.

13 Q Well, I think that was your understanding last
14 year. That's why I brought up the testimony.

15 A (Simek) Well, what I meant to say last year is my
16 understanding, which is still the same this year,
17 is that we have the right to go in and request to
18 increase, to ask to request our rates to be
19 higher than what the allowed cap is. So, if the
20 allowed cap was at 25 percent, which it currently
21 is, and if our rate is higher than that, our
22 calculated rate, we have the right to come in
23 front of the Commission and ask to go outside of
24 those boundaries and raise the rate, if we felt

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 that it was needed.

2 Q Okay. And this summer, when the rate was up
3 against the 25 percent cap for six months, did
4 Liberty take any steps to ask for permission to
5 go above that 25 percent cap?

6 A (Simek) No. And let me explain why. We have --
7 the one issue with this whole interim filing that
8 we could do has to do with timing. The Company,
9 the way we do all of our filings is that we tie
10 to the Company's books. So, for the summer
11 period, which begins in May, we don't even have
12 May actuals until some point around mid June.
13 So, all we're able to update for the rates that
14 we are looking for for the cost of gas is market
15 rates for the month of May. In the month of
16 June, we're able to update the, you know, the
17 actual carryover under or over balance for the
18 month of May, and then we're able to update the
19 market or any other information that we have
20 available at that time. So, there's always a
21 month delay. Now, we're already into mid July
22 when we have actuals for June. So, we have
23 actuals for May, actuals for June, and we don't
24 even have that until mid July.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Now, we would be able to start seeing
2 the trend that we're at the cap, even with
3 actuals, not just solely relying on the market,
4 and it's just too late to really be able to go
5 ahead, schedule a hearing, have a hearing, and
6 get it approved, without just piling on all these
7 costs for like the last month of the summer,
8 September or October, by the time everything got
9 approved and applied to rates.

10 So that's why we don't feel that that
11 option to go in for an interim rate, even though
12 we do have it, really makes much sense, because
13 we don't really have enough information until
14 we're already through approximately three months
15 of the six-month period.

16 Q Well, you are able to do that in the
17 Liberty-Keene docket, correct?

18 A (Simek) We're able to do what?

19 Q You have a Keene winter cost of gas and a Keene
20 summer cost of gas, and you're able to make a
21 Keene summer cost of gas filing that's
22 adjudicated and in place in a timely manner?

23 A (Simek) Of course, we are. That's because it's a
24 separate hearing. And we have the -- we get an

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 order all the way up until around May 1st that
2 puts those rates into effect. We have a right to
3 do the same thing, of going in for this interim
4 increase in Keene as well, but we would be
5 subject to the same issue of having not really
6 having the actual data until three months into
7 the six-month period.

8 Q Okay. I'll leave the question with regard to the
9 summer period. In Keene, you do have a separate
10 summer filing, and you reach a cost of gas
11 adjustment with sufficient market information, is
12 that correct?

13 A (Simek) We have a separate summer of gas
14 filing -- summer cost of gas filing, excuse me,
15 and we do make monthly adjustments within those
16 summer months, just like we do for EnergyNorth.

17 Q I'd like to ask you about -- some about the RDAF
18 formula. But there were some errors I wanted to
19 bring to the Company's attention and ask about
20 before I go too much into a confidential
21 document.

22 In the initial filing, on Bates Page
23 005 in the testimony, there's a reference to two
24 different cost of gas. I don't know if you have

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 that testimony in front of you?

2 A (Simek) Yes, I do.

3 Q Okay. So, it's the original filing, Bates Page
4 005, Line 13, says the Direct Cost of Gas Rate is
5 "0.8557 per therm", correct?

6 A (Simek) Just give me a moment here.

7 Q Sure. Take your time.

8 A (Simek) And you said "Bates Page 005"?

9 Q Yes. Line 13.

10 A (Simek) In the updated filing?

11 Q No. In the original filing.

12 A (Simek) I don't actually have that filing up.

13 Q Are you looking -- I assume you're looking for
14 it, is that correct?

15 A (Simek) Correct. Just give me one moment please.

16 CHAIRWOMAN MARTIN: Why don't we take a
17 five-minute break. Let's go off the record.

18 (Recess taken at 10:31 a.m. and the
19 hearing resumed at 10:44 a.m.)

20 CHAIRWOMAN MARTIN: All right. Let's
21 go back on the record. Ms. Schwarzer.

22 MS. SCHWARZER: Thank you.

23 BY MS. SCHWARZER:

24 Q Mr. Simek, were you able to locate the original

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Petition during the break?

2 A (Simek) I was. Yes, I was.

3 Q And if you could look at Bates Page 005, Line 13
4 identifies the Direct Cost of Gas Rate as
5 "0.8557"?

6 A (Simek) Yes.

7 Q And then, on Line 16, it says the Direct Cost of
8 Gas Rate is "0.8665"?

9 A (Simek) Correct.

10 Q One of those rates but must be an error?

11 A (Simek) Yes. The "0.8665" should have been
12 "0.8557".

13 Q To the best of your knowledge, was that an error
14 that was exclusively in the testimony or did it
15 carry through in calculations?

16 A (Simek) No. You can -- actually, you can go, we
17 can look, if you'd like, at Bates 056, which is
18 referenced in Line 9?

19 Q I'm comfortable with your answer, if you're
20 comfortable that that was just a narrative
21 answer?

22 A (Simek) That's correct.

23 Q Okay. If we can look -- I'm going to direct your
24 attention to a couple of different areas. But,

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 if we can just start with the revised Petition,
2 Bates 129 and 130.

3 A (Simek) So, now we're going back to the updated
4 filing?

5 Q The updated filing. Yes. Thank you.

6 A (Simek) And which pages?

7 Q 129 revised and 130 revised.

8 A (Simek) Okay. Okay, I'm there.

9 Q Okay. So, Bates Page 129 revised starts with
10 November 2020 and goes through August 2021, is
11 that correct?

12 A (Simek) Goes from November '20, and through
13 August of '21, correct.

14 Q And Bates Page 130 starts in September of '20,
15 and goes through August of '21?

16 A (Simek) Correct.

17 Q So, those are different intervals. The Bates
18 Page 130R is a full year and Bates 129R shows a
19 year that's missing September and October on one
20 end or the other?

21 A (Simek) Correct. It was based on the decoupling
22 definition for a decoupling year that ends
23 August 31st.

24 Q Well, I did have a question about that, because

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 going back to the definition in Tariff Number 10,
2 the first decoupling year is from November 1st
3 through August 31st. But, then, each subsequent
4 year was supposed to be twelve months commencing
5 September 1 through August 31st.

6 And I can wait, if you'd like to pull
7 up the tariff. I'm looking at the tariff that
8 was in effect until the rate case, the recent
9 rate case. So, the tariff from the 17-048
10 docket. If you take -- if you accept as an offer
11 of proof that what I'm representing is correct,
12 then the months of September and October 2020
13 should have been included in Bates 129?

14 A (Simek) Okay. I mean, I guess what we're
15 representing here is a full reconciliation from
16 September 2020 through August of 2021 between the
17 two pages.

18 Q Well, September 2020 and October of 2020 seem to
19 be missing from this page. And, by way of an
20 offer of proof, those months, September 2020 and
21 October 2020, were included in the 20-141 filing,
22 in Schedule 19, at the end of the interval. And,
23 if that were the case, they would have been
24 counted twice. Correct?

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 A (Simek) No, I'm not sure of that. Only because,
2 when I'm looking at the beginning balance here,
3 we're basing this off of the -- I believe off of
4 the calculated beginning balance at that time.
5 So, even if there were a couple of months that
6 weren't shown beforehand, it's still the actual
7 beginning balance as of that date.

8 Q But what if those same months had been already
9 counted in the prior docket for reconciliation
10 purposes?

11 A (Simek) I'm just -- I'm not really following you,
12 I guess.

13 Q Well, take, hypothetically, if, in the prior
14 reconciliation for Docket 20-141, September of
15 2020 and October 2020 had been added to Schedule
16 19, the 2 of 4 page already, would that be of
17 concern to you?

18 A (Simek) No. Because the beginning balance would
19 have already taken into account all collections
20 and existing costs or balances that were fact.

21 So, I think what you're saying is that
22 we potentially gave back two months, double
23 counting two months of how much we gave back to
24 customers?

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q I'm not sure what the impact would be. It's
2 inconsistent with the tariff year. It appears
3 inconsistent with the tariff year.

4 A (Simek) Okay. But, without having all that
5 information in front of me, I'm not exactly sure
6 I agree. But I do know that, I'm just using this
7 for example, if we're looking at the month of
8 November '20, 2020, and it's an actual number,
9 and we're saying that this is the over or under
10 beginning balance, that takes into account all
11 prior months. And, if there was, in your
12 example, of something double-counted, it's still
13 all included in the beginning balance. So, --

14 Q I believe --

15 A (Simek) I'm sorry, go ahead.

16 Q No, you go ahead.

17 A (Simek) Well, I was just going to say that it's
18 all accounted for still here.

19 Q I agree with your statement with regard to
20 November as the under or over accounting for the
21 prior balance. But what if those months were
22 added to the end of the interval? What if last
23 year's page started in November and ran through
24 October?

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 A (Simek) Well, again, then this year's page that
2 starts with the beginning balance as of November,
3 it has that balance. And it takes all prior
4 months into account.

5 Q Wouldn't it then, though, be, if November were
6 taking the prior months into account, wouldn't
7 you have a 14-month period, if you added
8 September and October to the end?

9 A (Simek) As estimates you're talking about, right?

10 Q In last year's filing, those months were at the
11 end of this page.

12 A (Simek) Okay.

13 Q I will move on.

14 A (Simek) Well, --

15 Q Go ahead. Did you want to make a statement, Mr.
16 Simek?

17 A (Simek) No.

18 MS. SCHWARZER: Madam Chairwoman, I
19 would like to discuss a confidential document.

20 CHAIRWOMAN MARTIN: Okay. Thank you.
21 Ms. Lemay, do we have anyone in the audience
22 observing?

23 MS. LEMAY: Yes. There are a number of
24 people in the audience.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 CHAIRWOMAN MARTIN: Okay. Then, can we
2 go into a confidential session please? And, if
3 counsel can identify anyone who should be
4 included in that session, that would be helpful.
5 Mr. Sheehan?

6 MR. SHEEHAN: I'm looking through the
7 list of attendees. And I don't see anyone other
8 than Commission employees or Liberty employees.
9 And, briefly, it's Mr. Iqbal, Ms. Ross,
10 Ms. O'Brien, who's Liberty, Ms. Fabrizio, Mr.
11 DeCoursey, who is Liberty, Mr. Chattopadhyay, and
12 Mr. Mullen, who is Liberty.

13 CHAIRWOMAN MARTIN: So, am I to
14 understand from that that there is no one that
15 you would object to remaining in the confidential
16 session?

17 MR. SHEEHAN: Correct.

18 CHAIRWOMAN MARTIN: Any other counsel
19 have any concerns?

20 *[No verbal response.]*

21 CHAIRWOMAN MARTIN: All right. We'll
22 start the confidential session.

23 ***[Suspension of PUBLIC Session]***

24 **{CONFIDENTIAL SESSION BEGINS}**

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 **(Upon conclusion of the CONFIDENTIAL**
2 **Session, the Company confirmed that no**
3 **CONFIDENTIAL information had been**
4 **disclosed, therefore the CONFIDENTIAL**
5 **SESSION is being provided within this**
6 **public transcript.)**

7 CHAIRWOMAN MARTIN: And, Ms. Schwarzer,
8 if you can just let me know when you're coming
9 out of it, just so we can note it for the record.

10 MS. SCHWARZER: Certainly, Madam
11 Chairwoman.

12 BY MS. SCHWARZER:

13 Q Mr. Simek, if I could address your attention to
14 Exhibit 18.

15 A (Simek) And which exhibit is that?

16 Q It's Energy Audit and Addendum. The Audit is
17 from October 13th, and the Addendum is dated
18 October 20.

19 A (Simek) Okay. And this is related to the
20 environmental or is it the rate --

21 Q No. This is a reconciliation audit. The subject
22 is captioned "Liberty Utilities Winter Cost of
23 Gas Adjustment Reconciliation Confidential Final
24 Audit Report".

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 A (Simek) Okay.

2 Q Are you familiar with that document?

3 A (Simek) I am.

4 Q And can you tell me, with reference to Bates Page
5 015, was there an audit issue?

6 A (Simek) Just give me one moment please. You said
7 this was from October 13, right?

8 Q Well, Exhibit 18 has both an addendum, and the
9 initial audit is October 13, 2021.

10 MR. SHEEHAN: David, I just sent you
11 Exhibit 18.

12 WITNESS SIMEK: Yes, I have it.

13 BY MS. SCHWARZER:

14 Q And was there Audit Issue Number 1?

15 A (Simek) Yes.

16 Q And can you summarize what the issue was?

17 A (Simek) The Audit was recommending that we update
18 our tariff to include some of the asset liability
19 accounts that we use for the decoupling mechanism
20 *[indecipherable audio]* --

21 CHAIRWOMAN MARTIN: Mr. Simek, can you
22 restate that? You seem to be cutting in and out.
23 I'm not sure if you're away from your microphone?

24 WITNESS SIMEK: Sorry about that.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 **CONTINUED BY THE WITNESS:**

2 A (Simek) Audit Issue 1, that was filed in this
3 report, was Audit Staff was requesting that the
4 Company include some additional asset liability
5 accounts within our tariff for reference.

6 BY MS. SCHWARZER:

7 Q And, at the top of the page, it was stated that
8 "the filing schedules need to clearly list the
9 asset and liability general ledger accounts on
10 the filing schedule." Is that correct?

11 A (Simek) And where is that reference from?

12 Q The very top of the page.

13 A (Simek) Which page is that?

14 Q Bates Page 015, "Audit Issue Number 1".

15 A (Simek) Okay. And what it's saying there is that
16 it wasn't clearly identified on the
17 *[indecipherable audio]* --

18 CHAIRWOMAN MARTIN: Just a minute, Mr.
19 Simek.

20 Mr. Schwarzer, I think you may need to
21 mute in between. That's the only thing I can
22 think may be causing the issue. If you could
23 mute when you're not speaking, that might help.

24 Go ahead.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 **CONTINUED BY THE WITNESS:**

2 A (Simek) I was just stating here that the audit
3 issue, the very first line, references that the
4 filing page did not clearly identify which
5 accounts were being referred to. And then, it
6 says that we need to update the tariff page to
7 list the accounts.

8 BY MS. SCHWARZER:

9 Q Does the Audit Recommendation note that the
10 decoupling accounts "are not presently included
11 in the filing schedules"?

12 A (Simek) The Audit Recommendation, I'm sorry,
13 which lines are you referring to?

14 Q At the bottom of Bates Page 015.

15 A (Simek) Yes.

16 Q Three short paragraphs with audit
17 recommendations.

18 A (Simek) Right. And there's one line in here that
19 says "Going forward, the (over)/under balances on
20 the RDAF filing schedules should reconcile to the
21 GL accounts, prior to submission of the filing
22 schedules."

23 Q And going forward, the Company is asked to
24 "clearly list the names of the EnergyNorth and

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Keene Deferral Decoupling Asset...accounts and
2 the Deferral Decoupling Liability...accounts",
3 correct?

4 A (Simek) "On all filing schedules", correct.

5 Q Because they weren't -- as of October 13th, they
6 had not been included in filing schedules?

7 A (Simek) Okay. Going forward, the Company will
8 include that.

9 CHAIRWOMAN MARTIN: Mr. Simek, can you
10 restate that again? You cut out.

11 **CONTINUED BY THE WITNESS:**

12 A (Simek) I was just saying that, going forward,
13 the Company will include these deferral accounts
14 listed on those filing schedules.

15 CHAIRWOMAN MARTIN: Okay. Thank you.

16 **BY THE WITNESS:**

17 A (McNamara) If I could -- if I might suggest for
18 one second, in working with Sean Courtois, the
19 auditor, the accounts that were included in the
20 reconciliation, it doesn't have the name of what
21 the account was. So, it had the account number,
22 not the name. In the assets, also we provide the
23 name of the accounts on the reconciliation. But
24 all the accounts necessary were included in the

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 filing.

2 BY MS. SCHWARZER:

3 Q I'll ask the panel, Mr. Simek and Ms. McNamara,
4 on Page 15, there's a statement that says "The
5 variance was discovered by former NH PUC Staff
6 who have since retired and moved to other
7 positions within the PUC." Did the Company give
8 that information to Audit?

9 A (Simek) And I'm sorry, which page was that that
10 you're referencing?

11 Q We're still on Bates Page 015.

12 A (Simek) Okay.

13 Q And I'm looking at the third paragraph from the
14 top. There's a sentence that says "The variance
15 was discovered by former New Hampshire PUC Staff
16 who have since retired and moved to other
17 positions within the PUC." Is that information
18 that the Company, that Liberty, provided to
19 Energy's Audit Staff?

20 A (Simek) I don't believe so, no.

21 Q Catherine?

22 CHAIRWOMAN MARTIN: Ms. McNamara,
23 you're on mute.

24 **BY THE WITNESS:**

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 A (McNamara) Sorry about that. The \$4 million is
2 referring to the \$4 million that --

3 Q Ms. McNamara?

4 A (McNamara) Yes?

5 Q Ms. McNamara, if you could answer my question.
6 Did you tell Sean, in the Energy Accounting
7 Division, that "the variance was discovered by
8 former New Hampshire PUC Staff who have since
9 retired and moved to other positions"?

10 A (McNamara) I don't recall telling him that, no.

11 Q It would surprise you if you or Mr. Simek had
12 been identified as the source of that
13 information?

14 A (McNamara) Well, it would. It may have been in a
15 conversation that I'm not recalling, but I don't
16 recall saying that it was "discovered by PUC
17 Staff".

18 Q If I could direct the panel's attention to Bates
19 Page 011 of this report. And if you could help
20 me understand, this Audit Report seems to
21 indicate, based on the Petition as originally
22 filed, that there was a 4 million amount that the
23 Company sought to recover?

24 A (McNamara) Yes.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q And, at the bottom of the page, that of the
2 amount sought to be recovered, the difference
3 between the general ledger and the filing is
4 \$459,000, not the 4 million?

5 A (Simek) That is the difference between the
6 general ledger and the filing, just like it says.
7 So, the filing was for the \$4 million, and the
8 general ledger was \$459,000 different than the
9 filing.

10 Q When did the Company include the 4 million that
11 it felt it should be able to recover in its
12 general ledger?

13 A (Simek) The Company has always been tracking the
14 difference. I don't know when they actually had
15 identified it and included in the general ledger.
16 I just know that, when we made, again, our filing
17 tied to our books, or we explain why they don't
18 tie to our books, and the filing was off from our
19 books by \$459,586.

20 Q But, as of the conclusion of 19 -- Docket 19-145
21 and Docket 20-141, my understanding is that the
22 Company asserted that the reimbursement of the \$2
23 million, based on the RDAF over recovery, was
24 appropriate. Is that -- isn't that the case?

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 A (Simek) Can you please repeat that question?

2 Q My understanding is this is the first time
3 Liberty is seeking the 4 million, and up to the
4 present reconciliation, Liberty's position was
5 that the reimbursement of the 4 million was
6 consistent with the decoupling formula in the
7 tariff?

8 A (Simek) Correct.

9 Q So, why would there have been a 4 million
10 liability or a 4 million figure on the general
11 ledger, if it was understood to have been
12 correct?

13 A (Simek) The Company had identified all the way
14 back, and all throughout the last rate case, and
15 in prior discussions with Staff and OCA, that we
16 have identified that there's this issue out
17 there. Again, it's the application of the
18 tariff, not tying to the tariff itself. And that
19 was the whole purpose of the change that occurred
20 in 20-105.

21 So, of course, the Company was aware of
22 this, this going on. We made it clear to all
23 parties throughout the rate case, at a minimum,
24 plus prior to that.

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 Q But this report is trying to reconcile the cost
2 of gas from the period of November 1, 2020 to
3 through October 31st of 2021, correct?

4 A (Simek) Correct.

5 Q And you're still -- you're showing the \$4 million
6 as on the general ledger, and the difference
7 between the general ledger and the review and
8 the -- the difference between the general ledger
9 and the filing is \$459,000?

10 A (Simek) So, we were tracking these costs on the
11 books, yes.

12 Q Okay. Let's -- I'm not sure that we've exhausted
13 that, but I know, I'm conscious of the time,
14 there are other things to address.

15 Let me ask you to turn to the last page
16 of this document, which is the supplemental
17 report from October 20, 2021.

18 A (Simek) Yes.

19 Q And I'm just going to read the Clarification at
20 the bottom of the report: "The identified
21 459,586 proposed adjusting entry is understood by
22 the Audit Division to be the mathematical
23 variance between what is in the filing, including
24 the 4,024,828 proposed recovery of prior period

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 refunds, and the general ledger rolling
2 under-recovery. The Audit Division does not
3 express an opinion regarding the appropriateness
4 of the proposed prior period refund recoveries of
5 4,024,828 or of the related adjusting entry of
6 \$459,586. Audit understands that the recovery of
7 these amounts is currently under review by the
8 Public Utilities Commission in Docket DG 21-130,
9 the 2021-2022 Winter Cost of Gas."

10 Did I read that correctly?

11 A (Simek) Yes.

12 MS. SCHWARZER: Madam Chairwoman, I
13 don't have further questions about this audit. I
14 do have further questions that I'd like to ask
15 the panel. But, since we're in confidential
16 session, I guess I would open it to other
17 counsel.

18 CHAIRWOMAN MARTIN: Okay. Is there any
19 questions from other counsel that we could cover
20 just related to this confidential section, before
21 we leave?

22 MR. SHEEHAN: I don't. And I, frankly,
23 don't think we actually touched any confidential
24 numbers in this, even though the document has

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 been marked so. And I can work with Mr. Patnaude
2 to confirm that after the hearing.

3 CHAIRWOMAN MARTIN: Okay. Mr. Kreis?

4 MR. KREIS: I don't have anything.

5 CHAIRWOMAN MARTIN: Commissioner
6 Goldner, do you have anything on this?

7 *(Commissioner Goldner indicating in the*
8 *negative.)*

9 CHAIRWOMAN MARTIN: Okay. Then, we
10 will come out of confidential session please, for
11 the record.

12 **[END OF CONFIDENTIAL SESSION]**

13 **{Public session resumes}**

14 CHAIRWOMAN MARTIN: Okay. Back to you,
15 Ms. Schwarzer.

16 MS. SCHWARZER: Thank you.

17 BY MS. SCHWARZER:

18 Q I would like us to look at the updated filing on
19 docket Page 130. Addressing the panel, in
20 particular, Mr. Simek.

21 With regard to Page -- Bates Page,
22 sorry, it's 128, not "130", Bates Page 128. The
23 revised filing shows a new Line "7", purporting
24 to take out the 2 million from the docket. And

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 then, so, the following line numbers don't match
2 the original filing. But, if you look at what's
3 now Line "12", it says, under the "Commercial"
4 heading, it says "Residential Revenue Decoupling
5 Deficiency". Should that be "Commercial Revenue
6 Decoupling Deficiency"?

7 A (Simek) Yes, it should.

8 Q Okay. And then, Line 1 and 2, Mr. Simek, could
9 you please explain or address whether you are
10 confident that the 4 million that's been directed
11 to be removed from this docket does not have a
12 role in computing the over or under recoveries in
13 Lines 1 and 2?

14 A (Simek) Yes. We removed it in Line 7. So, the
15 2 million that we're looking to recover for this
16 period has been removed. And it does not affect
17 any of the other lines in the filing.

18 Q Can you explain, is the -- are those two lines
19 exclusively from the prior winter cost of gas
20 period to reconcile decoupling?

21 A (Simek) I believe you're asking if those two
22 lines are related to the prior decoupling period?

23 Q If they're exclusively related to the prior
24 decoupling period?

[WITNESSES: Casey|Gilbertson|McNamara|Simek]

1 A (Simek) I believe so, yes.

2 Q Well, as a matter -- by definition, why would
3 that have to be the case?

4 A (Simek) Well, I'm not sure of the definition. I
5 may need to ask to bump up one of the other
6 participants to just be able to answer this
7 question, if possible.

8 Q Of course. Who would be helpful to you?

9 A (Simek) It would be Erin.

10 CHAIRWOMAN MARTIN: Mr. Sheehan.

11 MR. SHEEHAN: Ms. O'Brien is from
12 Accounting. And I'm not sure this was the
13 question that she was initially flagged to
14 testify on. But I suppose we could put her on
15 the spot, and promote her and see if she can
16 help.

17 CHAIRWOMAN MARTIN: Okay. If we do
18 that, we will need to have her sworn in.

19 Mr. Patnaude, could you swear in Ms.
20 O'Brien please. And then, Mr. Sheehan, if you
21 can just do a quick laying the groundwork for
22 this witness.

23 (Whereupon **Erin O'Brien** was duly sworn
24 by the Court Reporter and added to the

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 Witness Panel.)

2 MS. SCHWARZER: I believe you're on
3 mute.

4 WITNESS O'BRIEN: Is that any better?
5 Oh, good. Sorry. I think my -- I can hear you
6 through my computer, but the mike must be on
7 here.

8 MR. SHEEHAN: So, I think you have to
9 say "I do".

10 WITNESS O'BRIEN: Right. I do.
11 Apologies.

12 MR. SHEEHAN: Thank you.

13 **ERIN O'BRIEN, SWORN**

14 **DIRECT EXAMINATION**

15 BY MR. SHEEHAN:

16 Q Ms. O'Brien, could you please introduce yourself
17 and tell us your position with the Company?

18 A (O'Brien) I am Erin O'Brien. I am the Director
19 of Accounting.

20 Q And have you been listening to the conversation
21 in the last few minutes between Ms. Schwarzer and
22 Mr. Simek?

23 A (O'Brien) I have.

24 Q And do you think you have knowledge or experience

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 that could provide some answers to Ms. Schwarzer?

2 A (O'Brien) I may be able to help. I just am not
3 certain that I fully understand the question.

4 MR. SHEEHAN: Okay. We'll give it our
5 best try. Thank you.

6 CHAIRWOMAN MARTIN: Go ahead,
7 Ms. Schwarzer.

8 MS. SCHWARZER: Thank you, Madam
9 Chairwoman.

10 BY MS. SCHWARZER:

11 Q Ms. O'Brien, let me just ask, are you familiar
12 with the Audit, Exhibit 18?

13 A (O'Brien) Yes.

14 Q And are you familiar with the addendum?

15 A (O'Brien) Yes.

16 Q Then, do you have Bates Page 128 before you?

17 A (O'Brien) I do.

18 Q Looking at Page [Line?] 1 and 2, do you believe
19 those numbers are impacted in any way by the
20 4 million at issue that's been removed from this
21 docket?

22 A (O'Brien) I am comfortable that, as Dave stated,
23 the 4 million, which, in the filing for the
24 current year is 2 million, as Mr. Simek has

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 mentioned, is appropriately removed from the
2 updated filing.

3 Q And when you say "appropriately removed", are you
4 confident that the R-4 mismatch issue has no role
5 in the computation of over- and under-recovery
6 for the decoupling formula?

7 A (O'Brien) I am. And the rationale there is that
8 our starting point, our beginning balance in the
9 calculation for this year is last year's filing,
10 which does not take this adjustment into account.

11 So, by removing the amounts, the
12 2 million, related to the prior filings, that
13 would effectively take that out of the filing for
14 this year.

15 Q When you say "last year's filing did not take the
16 amount into account", is that because the
17 4 million at issue was not on the general ledger?

18 A (O'Brien) That is because the 4 million was not
19 in the filing.

20 Q Was it on the general ledger?

21 A (O'Brien) Not in that, not that balance, but a
22 piece of it was recorded through the general
23 ledger. And that's why you see the difference
24 in -- that we show in the Audit Report.

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 Q What piece of the 4 million balance had been
2 recorded in the general ledger last -- in the
3 prior year?

4 A (O'Brien) I cannot tell you off the top of my
5 head the exact figure.

6 Q But last year it was not identified in the
7 filing?

8 A (O'Brien) That piece was not included in last
9 year's filing, no.

10 Q And, when you say that accounts for the
11 difference on Bates Page 128, what difference are
12 you referencing?

13 A (O'Brien) So, on Bates Page 128, I'm looking at
14 Lines 5 and 6. So, in removing those two
15 adjustments related to the prior year filing,
16 that would effectively take out the two million,
17 which is the piece of the 4 million, for the R-4
18 error.

19 Q I apologize. I think I'm confused. Is it your
20 position that the 2 million, roughly, the
21 2 million figure identified as being removed on
22 Bates Page 128 was included in the Winter
23 2020-2021 Cost of Gas?

24 A (O'Brien) It is not included in this filing once

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 those figures are removed.

2 Q No, I understand. But had it been included in
3 the prior year's filing?

4 A (O'Brien) Not in the prior year's filing, no.

5 Q So, was it on the general ledger in the prior
6 year, but simply not identified?

7 A (O'Brien) A piece of it was in the general
8 ledger, yes.

9 Q And which piece, what piece of it was in the
10 general ledger?

11 A (O'Brien) And that's what, I'm sorry, I don't
12 have off the top of my head what the exact amount
13 was. And you'll see that's why we land at the
14 general ledger difference of the -- between the
15 GL and the filing, is that this is the
16 reconciliation that we are doing between the two.

17 Q So, if -- whatever the number was that indicated
18 a difference in the addendum between the general
19 ledger and the filing, is it your position that,
20 of the 2 million or the 4 million -- 4 million or
21 2 million, I appreciate your clarification, all
22 but that difference had been included in the
23 prior year?

24 A (O'Brien) In the prior year filing, yes. I'm

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 sorry, I know that we're talking filing versus
2 GL, and that that could be confusing, especially
3 in this instance.

4 Q I think one of the consequences of an expedited
5 docket and a complicated issue is that there's
6 not sufficient time for tech sessions or
7 discovery or a clarification on issues that are
8 of significant importance.

9 Do you agree that there was no
10 reconciliation -- excuse me. To the best of your
11 knowledge, the 2 million at issue here has not
12 been approved for payment to Liberty, is that
13 correct?

14 A (O'Brien) That is -- that is my understanding. I
15 would leave it to our legal and regulatory team
16 to confirm.

17 A (Simek) That is correct.

18 Q I would like to ask about the application of a
19 decoupling formula to computing the
20 over-/under-recovery in this docket.

21 Ms. O'Brien, do you know what formula was applied
22 to calculate the under- or over-recovery?

23 A (O'Brien) In the current year? In the current
24 filing?

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 Q Yes.

2 A (O'Brien) Yes.

3 Q And what formula was that?

4 A (O'Brien) The formula that was approved through
5 the rate case this summer.

6 Q I'm just going to refer to that as the "new
7 formula" for shorthand, okay?

8 A *(Witness O'Brien nodding in the affirmative)*.

9 Q Do you know when the new formula was first
10 applied?

11 A (O'Brien) In the current filing, it was applied
12 for the full year, for September 1st, 2020
13 through August 31st, 2021.

14 Q Okay. If the new formula were applied for that
15 period of time, does the 1.5 million decoupling
16 excess collection seem large to you?

17 A (O'Brien) It does not. This is following what
18 the formula requires.

19 Q Well, that's something -- Bates Page 128 shows
20 that Liberty seeks to recover \$1.5 million, is
21 that correct?

22 A (O'Brien) So, you would take the -- yes. So,
23 yes, it is 1.5, when you net the residential and
24 commercial, yes.

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 Q For Winter of 2020-2021?

2 A (O'Brien) Yes.

3 Q In Line 2?

4 A (O'Brien) So, I believe you need to take the net
5 balance of Line 3, and then also the -- yes, for
6 residential, the net of the two.

7 Q Okay. And on just a very high level, I'm trying
8 to understand why Liberty describes a
9 reimbursement of \$2 million as "excessive", and
10 yet here, in this period, a request for
11 additional money related to decoupling of 1.5
12 million just for residential on Line 2 is seen as
13 appropriate?

14 MR. SHEEHAN: Objection. The phrase
15 "excessive" has never been applied as either the
16 right number or the wrong number. We think the
17 2 million was the correct number, and that's why
18 we were seeking it. And it's taken out of this
19 case. And what we have in this case is a
20 calculation of the RDAF, which results in the
21 numbers on this page.

22 CHAIRWOMAN MARTIN: Ms. Schwarzer, can
23 you clarify where you came up with that word?

24 MS. SCHWARZER: I believe it's in the

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 Company's responses to tech session data
2 requests. But I can't pinpoint it at this time.

3 CHAIRWOMAN MARTIN: Can you rephrase
4 your question, since you can't point to the
5 source?

6 MS. SCHWARZER: Sure.

7 CHAIRWOMAN MARTIN: All right. Thank
8 you.

9 MS. SCHWARZER: May I have a moment?

10 *[Short pause.]*

11 MS. SCHWARZER: Madam Chairwoman, I'm
12 looking at Exhibit 14, and the Company's response
13 to (b), which is describing the 2 million each
14 year as -- I'll just read the sentence: "When
15 the Company submitted its first cost of gas
16 filing following the implementation of the
17 Revenue Decoupling Mechanism, it recognized that
18 a relatively big refund was calculated using the
19 approved tariff language."

20 BY MS. SCHWARZER:

21 Q So, taking that reference to a "relatively big
22 refund", I will rephrase my question with regard
23 to Bates 128, and ask whether there is a concern
24 that 1.5 million purportedly due to the Company,

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 as a result of the decoupling adjustment, is
2 "relatively big"?

3 A (Simek) I can answer that question. So, taking
4 this into context, the first decoupling year we
5 gave back to customers approximately \$7 million,
6 which 2 million is what's at issue here that we
7 keep talking about. In the second year of
8 decoupling, I believe it was about \$5 million
9 that we gave back to customers, that included the
10 additional 2 million that we're talking about in
11 this issue.

12 So, "relatively big", if you remove the
13 2 million from the first year, we still gave back
14 5 million. And, if we remove the 2 million from
15 the second year, we still gave back 3 million.
16 So, now we're looking at, with the new formula,
17 we're collecting 1.5 million, and that's still
18 lower than what was given back the last two
19 years.

20 Q I will ask this as a general question with regard
21 to Exhibit 16, Bates Page 002 of that exhibit.
22 In the middle of the page, the red ink is an
23 answer from Liberty counsel. It says "Remember
24 that the new formula is not being applied in this

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 docket, because it only goes into effect November
2 1, 2021, and will be applied in next year's
3 reconciliation." Does the panel disagree with
4 that statement?

5 MR. SHEEHAN: And, if I may, that's my
6 words. And I have been corrected since then.
7 That is an incorrect statement.

8 MS. SCHWARZER: Okay.

9 BY MS. SCHWARZER:

10 Q Let me ask, in the interest of clarity, if it's
11 possible that, in Liberty's most recent rate
12 case, Docket 20-105, the temporary rate order
13 included a settlement agreement that the RDAF
14 formula described in the final settlement be
15 applied as of October 2020 forward?

16 A (Simek) I don't know. I'd have to see what
17 you're referencing.

18 Q Ms. O'Brien, do you know?

19 A (O'Brien) I don't.

20 MS. SCHWARZER: Madam Chairwoman, may I
21 have a moment to confer with my co-counsel?

22 CHAIRWOMAN MARTIN: You may. Do you
23 need just a moment or should we take a break?

24 MS. SCHWARZER: If we could take a five

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 or ten -- what time is it? Five minutes?

2 CHAIRWOMAN MARTIN: Five minutes.

3 We'll be back at 11:36.

4 MS. SCHWARZER: Thank you very much.

5 CHAIRWOMAN MARTIN: Yes. Bye-bye.

6 *(Recess taken at 11:30 a.m. and the*
7 *hearing resumed at 11:40 a.m.)*

8 CHAIRWOMAN MARTIN: All right. Let's
9 go back on the record please.

10 MS. SCHWARZER: Thank you, Madam
11 Chairwoman. Some general questions for the
12 panel.

13 BY MS. SCHWARZER:

14 Q With regard to the FPO rate, has the Company ever
15 assessed -- reassessed the FPO rate to be offered
16 between the August calculation and the October 1
17 mail date?

18 A (Simek) Has it ever assessed, as far as what the
19 rate would change to, if we had waited the few
20 weeks to recalculate?

21 Q I'm just wondering if there's a process in place
22 to hold up the FPO rate calculated based on an
23 August NYMEX before it's issued?

24 A (Simek) No.

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 Q And I wanted to ask about the "swing of 50 cents"
2 that was identified by Ms. Gilbertson. I believe
3 I understood correctly, but I think you're saying
4 the NYMEX rates are fairly volatile right now,
5 and a "swing of 50 cents", meaning it could go up
6 or down by 50 cents on any given day?

7 A (Gilbertson) Yes. That's correct.

8 Q And, if it were to, say, go down 50 cents
9 tomorrow, what would the impact on the requested
10 rate be?

11 A (Gilbertson) Well, I'm talking the forward
12 market, which would be November. So, the way
13 this is -- the way it's calculated is based on
14 six months. So, it would depend on what all the
15 other months did as well.

16 Q But, if, for example, instead of the change that
17 you're requesting based on an increase in the
18 NYMEX, if it had gone down 50 cents, I'm just
19 wondering, hypothetically, how would that have
20 impacted the rate requested?

21 A (Gilbertson) I don't know off the top of my head
22 how that would affect it. But I know that,
23 during the trigger filings, we would lower the
24 rate.

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 Q Is the NYMEX rate reflected on Bates Page I think
2 it's 103?

3 A (Simek) I think I know where this question is
4 going, and I may be able to help.

5 Q Great.

6 A (Simek) We typically do a updated filing, for
7 these cost of gas filings, based on the market
8 changes from when we filed closer to the
9 November 1 date. And, if the rates go up or
10 down, we, of course, update the proposed rate
11 accordingly. So, there have been times that
12 we've done the calculations and it was rather
13 small, and in the discussions with -- previously
14 with Staff and OCA, if they ask us not to make
15 any changes, and we'll just do it in the first
16 month of the monthly adjustment trigger filing.
17 But we will -- we typically do do these updated
18 filings for each cost of gas.

19 Q I understand. Is the NYMEX rate in terms of
20 dekatherms or some other unit?

21 A (Gilbertson) Dekatherms.

22 Q Dekatherms. Thank you. Would the panel agree
23 that, with regard to the reconciliation audit and
24 the environmental audit, Energy's Audit Division

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 has not been able to review the updated filing?

2 A (Simek) I'm sorry, that they "have not been able
3 to review the updated filing"?

4 Q Let me just -- I'll strike the question. The
5 audits, as issued by Energy's Audit Division, do
6 not consider the updated filings, is that
7 correct?

8 A (Simek) Correct.

9 Q I have a question about the environmental audit.
10 Did the Company receive an audit report from
11 Energy Staff on the environmental remediation
12 reconciliation for the last year?

13 A (Casey) Yes.

14 A (Simek) Yes.

15 Q And is that Ms. Casey? I'm lost. There you are.

16 A (Casey) This is Ms. Casey.

17 Q Can you summarize what the results of that audit
18 were please?

19 A (Casey) The results of the audit was that we were
20 to put money back in for the website hosting.
21 And it was never completed last year. So, I
22 believe that's going to be done currently.

23 Q Was that the only audit result?

24 A (Casey) That was the only audit result.

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 Q And what percentage of bad debt was used this
2 year, the panel?

3 A (Simek) Yes. Well, I'll let -- Ms. McNamara can
4 answer that in a minute. She just probably needs
5 to find it.

6 But I can confirm that that \$1,000 web
7 hosting issue from the environmental audit was
8 removed from this updated filing.

9 Q While we're waiting for the "bad debt" question,
10 with regard to hedging, were the volumes Liberty
11 purchased this year for hedging higher or lower
12 than the volumes purchased in the prior year?

13 A (Gilbertson) The volumes are the same.

14 Q And, in light of the volatile market, was there
15 consideration given to possibly increasing those
16 quantities?

17 A (Gilbertson) No.

18 Q Why? Why or why not?

19 A (Gilbertson) Well, you don't want to hedge too
20 much of your portfolio, if the market dips low.
21 We stick to the methodology that, you know, has
22 worked in the past. And, again, the storages are
23 also a hedge. So, most of the portfolio or more
24 than half of the portfolio is hedged.

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 Q Ms. Gilbertson, you identified some of the
2 factors that led to a volatile market. Did the
3 COVID pandemic have any role in creating
4 volatility in these prices?

5 A (Gilbertson) Not to my knowledge.

6 Q Is there an answer on the bad debt?

7 *[No verbal response.]*

8 BY MS. SCHWARZER:

9 Q Let me ask -- well, I guess that's related to the
10 -- never mind. It's been excluded.

11 CHAIRWOMAN MARTIN: Ms. McNamara,
12 you're on mute.

13 **BY THE WITNESS:**

14 A (McNamara) I'm just wondering if Mr. Simek
15 recalls what schedule has the bad debt in it?

16 A (Simek) I do not recall off the top of my head.
17 I am trying to look it up as we speak.

18 A (McNamara) Okay. I'm doing the same.

19 A (Simek) So, the bad debt from this filing, which
20 was calculated within the reconciliation, is 0.7
21 percent.

22 BY MS. SCHWARZER:

23 Q And how did that compare to last year's bad debt?

24 A (Simek) Give me a minute. This may take me a

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 moment, sorry.

2 Last year's model is opening up right
3 now. So, the bad debt percentage had done down.
4 Last year, it was 1.11 percent, and this year it
5 was 0.7 percent.

6 MS. SCHWARZER: Thank you. I do not
7 have further questions for this panel.

8 CHAIRWOMAN MARTIN: Okay. Thank you,
9 Ms. Schwarzer.

10 Commissioner Goldner.

11 BY COMMISSIONER GOLDNER:

12 Q First, a question for the panel. Does Liberty
13 take any actions to reduce cost in times of
14 rising prices? And I'm talking about, you know,
15 cutting travel, slowing down capital, freezing
16 headcount, these kinds of activities. Is there
17 anything done to lower the cost to ratepayers in
18 times of rising commodity prices?

19 A (Simek) Yes. I'm sure the Company does. I'm
20 just not in the position to really answer that
21 question. I'm not involved in those decisions.

22 COMMISSIONER GOLDNER: Would counsel
23 have any advice, in terms of how to get an answer
24 to that question?

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 MR. SHEEHAN: Similarly, I'm not --
2 wouldn't be part of those conversations. But I
3 suppose a record request, we could certainly
4 confer, and give you a statement of what kinds of
5 things we do do, because, of course, customer
6 bills are foremost in every decision we make.

7 COMMISSIONER GOLDNER: Okay. Thank
8 you. I would like to make that a record request.
9 Should I repeat the question or do you have it?

10 MR. SHEEHAN: "What efforts does the
11 Company undertake to try to reduce customer
12 impacts in times of rising commodity prices?"

13 COMMISSIONER GOLDNER: Thank you.

14 MR. SHEEHAN: Is that right?

15 COMMISSIONER GOLDNER: Yes. Thank you.
16 Well done. Well done. And just as examples, you
17 know, cutting travel, slowing down capital,
18 freezing headcount, just to sort of frame the
19 question in terms of what I mean. Thank you.

20 BY COMMISSIONER GOLDNER:

21 Q I think, Mr. Simek, you said earlier that, as an
22 example of one of the LDAC rates, the energy
23 efficiency portion of the LDAC would move from
24 0.0831 to 0.0861, based on the Company's books.

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 I was surprised by that, because I thought that
2 the rate being frozen by the Commission back, I
3 think, in February would -- the Commission
4 stipulated that that rate wouldn't change. So, I
5 was surprised to see the rate change.

6 Can you maybe walk us through why
7 the -- that Liberty would expect the Commission
8 to change that, change that rate?

9 A (Simek) Well, I believe that that order back in
10 February, my understanding was that that was
11 meant more for distribution rates. But, again,
12 this is an LDAC rate. And the budget, I believe,
13 did not change from year over year. But, for all
14 of the LDAC components and the cost of gas
15 components, we typically go back and tie it to
16 the books. And, if there is any period over --
17 under/over balance that was included when we
18 calculated that rate, it may have had a frozen
19 budget, but the balance, that could fluctuate
20 from the beginning, and gets carried over into
21 the calculation.

22 Q Is there a reconciliation in the record to show
23 the change in those rates and the carryforward?
24 Do we have a record of that?

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 A (Simek) No, I don't believe we have a record in
2 this case. But we do have Audit Staff --
3 Energy's Audit Staff does review these LDAC
4 accounts and perform their review during the
5 reconciliation process.

6 Q Okay. Yes, I guess my comment would be, if
7 Liberty expects the Commission to change the
8 rate, then I would expect there to be a
9 reconciliation in the record to show us why we
10 should change that rate. So, okay. Thank you.

11 CHAIRWOMAN MARTIN: Do you want to make
12 that a record request?

13 **BY THE WITNESS:**

14 A (Simek) The calculation of the energy efficiency
15 rate is included in this filing, under Schedule
16 19.

17 BY COMMISSIONER GOLDNER:

18 Q Yes. I guess what I'm asking, Mr. Simek, is if
19 there is a place where you can point me to where
20 the reconciliation is from 0.0831 to 0.0861, that
21 reconciliation in the filing? If you can point
22 me to that, that would allow the Commission to
23 consider the request. But, if there's no
24 reconciliation, then we don't have a record in

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 which to change the request.

2 A (Simek) Okay. Yes. Then, unfortunately, we
3 probably need a record request for that.

4 COMMISSIONER GOLDNER: Okay. Would
5 Liberty like me to make a record request?

6 WITNESS SIMEK: Please.

7 MR. SHEEHAN: Yes, please. "For a
8 reconciliation of the change in the EE rate",
9 correct?

10 COMMISSIONER GOLDNER: Yes. That's
11 right, the energy efficiency portion of the LDAC.

12 Okay, thank you.

13 CHAIRWOMAN MARTIN: And, Ms. Borden, if
14 you have any questions about the record requests
15 as we go through, please feel free to speak up.

16 BY COMMISSIONER GOLDNER:

17 Q Okay. Next question relates to this "twice per
18 year" versus "once per year" process for cost of
19 gas. A question for the panel. If we went to a
20 twice per year process, would that equal less
21 uncertainty for Liberty? And, if there is less
22 uncertainty, would that equal less risk? And, if
23 there is less risk, would that equal lower cost?
24 So, just a question from the Commission, a "once

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 per year" versus "twice per year" process?

2 A (Simek) Well, when we initially switched from the
3 twice-a-year to once-a-year, it was more based on
4 administrative efficiency. As far as being able
5 to project out the summer months, you know, based
6 on a mid August futures look, it is -- I don't
7 believe it's necessarily risky. It's just that
8 there could be more volatility in the rates.
9 And, unfortunately, over the past three years,
10 we've seen that the volatility has been higher,
11 with rates going up, and we've been capped at
12 that 25 percent potential increase to the rate.

13 So, again, our request here was to
14 avoid having to go back to a twice-a-year filing,
15 but to adjust that 25 percent cap for the summer
16 period to a 40 percent cap. So, that's -- that
17 would just allow the Company more flexibility,
18 you know, again, the cost of gas is made whole,
19 it is a complete pass-through to the customer.

20 So, it would just kind of help
21 eliminate some of that timing difference, and the
22 amounts that would get carried over in the
23 beginning balance for the next calculation.

24 Q So, and maybe there's something in the cost of

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 gas that I don't understand, but I think that
2 you're negotiating rates or you're getting rates
3 for both the winter and summer periods. So, for
4 the summer period, that's farther out in time,
5 and there's more risk the farther out in time you
6 go. Do I have that right?

7 A (Simek) Yes. I'll leave this question, I
8 believe, to Ms. Gilbertson. But what I believe
9 is that the summer period we're just buying
10 basically on the spot market. And, so, when we
11 set the rates in the fall, we're only just
12 looking at the futures market just for the
13 summer, nothing is getting locked in or anything
14 with that volatility, until the time comes.

15 Did you want to add to that response?

16 A (Gilbertson) Yes. Well, you know, and I think
17 maybe you already said it. It really is, it's so
18 far in advance that, if there, you know, we're
19 setting the summer rate so far in advance that,
20 if there is a trend, you know, that occurs closer
21 to the period, we're not going to capture it, we
22 won't be able to capture it.

23 So, you know, I understand that it can
24 go down as much as, you know, as low as possible,

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 and whatever the rate actually is, the actual.
2 But, being capped at the 25 percent, if there is
3 a trend where, you know, costs are going to
4 increase, we're not going to be counted [sic] in
5 close enough to the period to capture that.

6 So, I think the cap would be helpful to
7 kind of mitigate that time difference with the
8 increased cap.

9 Q Okay. Thank you. On Bates 039, I think it says
10 that the hedging program costs 1.5 million. Does
11 that seem right?

12 A (Gilbertson) I'm sorry, where are we?

13 Q I'm showing it on Bates 039. I'm showing a
14 hedging program cost of about "1.5 million", I
15 believe that's annually. Does that --

16 A (Gilbertson) Yes. That's right. That was from
17 last year.

18 Q Okay. Is that kind of your annual cost? Is that
19 normal?

20 A (Gilbertson) Well, it can go either way.
21 Depending on what, you know, how the market is.
22 Last year was unfavorable. I believe the prior
23 year was favorable.

24 Q Okay. So, when you -- when you're recording a

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 cost, you're saying, "okay, we've" -- I think you
2 said in testimony that "the units are constant",
3 the dekatherm units are constant. So, you're
4 negotiating the same amount, you're hedging the
5 same amount there per year. And you're recording
6 either the benefit or the deficit each year as
7 you go through time? Is that -- is that right?

8 A (Gilbertson) That's correct.

9 Q Okay. Can you, and if you don't know this off
10 the top of your head, I can make this a record
11 request. But, if we look at, say, the last four
12 years of the hedging costs being beneficial to
13 ratepayers or, you know, not beneficial to
14 ratepayers, do you have anywhere handy the last,
15 you know, say, three years of benefits or costs
16 to the hedging program?

17 A (Gilbertson) I do. I don't have it -- well, I
18 don't have it in front of me right now the exact
19 cost. But it was not -- I don't believe it was a
20 savings over the three years, it was likely a
21 cost. We consider that basis hedge to be more of
22 a stabilization mechanism, rather than a savings,
23 because, like I said, it could go either way.

24 Q Okay. So, I'll make that a record request, just

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 so we have it in the record. The last three
2 years of hedging, whether that was a cost or a
3 benefit?

4 And maybe another question that would
5 be helpful to me is, when you say the
6 "stabilization is helpful", can you walk me
7 through that? Because, in my simple mind, it's
8 either a cost or a benefit. And I'm not
9 appreciating the "stability" piece of it. So,
10 can you walk me through how the ratepayer or the
11 shareholders would benefit from the stability?

12 A (Gilbertson) Yes. So, what it does is it takes
13 out the volatility in the market. It's a
14 mechanism used to, you know, ward off against
15 price spikes.

16 But, on the flip side, if things go
17 down, it would be a cost. So, you're really just
18 fixing a price, so that you're not subject to, in
19 the event that the market, you know, went way,
20 way up, you'd fix that so that you wouldn't be --
21 it's like an insurance policy, that you wouldn't,
22 you know, customers won't be at risk for that.

23 Q Okay. So, if I'm a ratepayer, I benefit from the
24 hedging program from the standpoint of my costs

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 aren't jumping up and down a lot. You've hedged
2 me, so I don't pay more than a particular rate,
3 though, I don't get the benefit if rates go down?

4 A (Gilbertson) That's correct.

5 COMMISSIONER GOLDNER: Okay. Thank
6 you.

7 Okay. So, I have no more questions. I
8 do have a record -- a final record request. I'll
9 try to describe this, in sort of spreadsheet
10 form. So, what I -- the record request is for a
11 summary table of the LDAC, with all of its
12 components in a column, with, you know, with its
13 description, a column for the percentage, a
14 column for the total dollar impact, and a column
15 with the order in which the charge was approved.
16 Just a simple one-page document. I think that
17 would be very handy to have in the record, not
18 only now, but I think in the future, so that we
19 can easily visualize in this expedited process
20 what we're being asked to approve.

21 MR. SHEEHAN: So I understand, for
22 example, just picking three items, we have rate
23 case expense, RDAF, and EE, you want to see those
24 itemized. And as far as percentage and dollars,

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 is the percent of the total LDAC that this
2 particular filing has and the dollar. Okay.

3 COMMISSIONER GOLDNER: The consequent
4 dollars, yes.

5 MR. SHEEHAN: So, \$10, \$14, \$11, for
6 those categories?

7 COMMISSIONER GOLDNER: Right.

8 MR. SHEEHAN: Okay.

9 COMMISSIONER GOLDNER: Exactly. Thank
10 you. And if there's more, I just don't
11 appreciate all the different LDAC components.
12 So, I might be not understanding something.

13 And, if you could, too, maybe just, I
14 don't want to go back too far in time and make it
15 burdensome, but maybe just go back a couple of
16 years, so we can see how those charges have
17 changed in the LDAC. So that, when we're being
18 asked to approve the LDAC charges in this
19 expedited hearing, we can have an easy transition
20 year on year. So, thank you.

21 CHAIRWOMAN MARTIN: So, this filing and
22 two prior or two years prior?

23 COMMISSIONER GOLDNER: This filing and
24 two prior.

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 CHAIRWOMAN MARTIN: Okay.

2 COMMISSIONER GOLDNER: Yes.

3 CHAIRWOMAN MARTIN: Ms. Borden, did you
4 get all of that?

5 *(Ms. Borden indicating in the*
6 *affirmative.)*

7 CHAIRWOMAN MARTIN: Okay. Excellent.
8 All right. Anything else, Commissioner Goldner?

9 COMMISSIONER GOLDNER: No. That's all.
10 Thank you.

11 CHAIRWOMAN MARTIN: Okay. Most of my
12 questions were answered, but I have a couple.

13 BY CHAIRWOMAN MARTIN:

14 Q Can someone point me in the exhibits to where the
15 FPO letter for this docket is contained?

16 MR. SHEEHAN: It's in one of the marked
17 data requests. And I will find that.

18 CHAIRWOMAN MARTIN: And while you're
19 looking, I'll just follow up with the question
20 and my reasoning.

21 I may be crossing my wires, but I
22 recall the date that the person needed to request
23 to participate as being October 27, and I believe
24 Mr. Simek said "Friday", which was October 22nd.

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 So, I may have the two dockets crossed. Can you
2 just clarify?

3 MR. SHEEHAN: Sure. Twenty-second is
4 this Company, EnergyNorth. Twenty-seventh is
5 Keene.

6 CHAIRWOMAN MARTIN: Okay. Thank you
7 for the clarification. And if you can just give
8 me the location when you find it, that will be
9 helpful.

10 BY CHAIRWOMAN MARTIN:

11 Q And I want to confirm, I think, Mr. Simek, you
12 may have already answered this question, but I
13 want to make sure I understood you right.

14 So, the futures are checked in August,
15 in or about August for this filing. And then,
16 the letter, the FPO letter, was issued in
17 October. Did the Company check the futures on or
18 about the time the FPO letter went out or were
19 they not checked between August and the October
20 letter?

21 A (Simek) Well, I guess, when we -- the checking
22 part, Ms. Gilbertson continuously, in this rising
23 market, was constantly updating the model,
24 because we were getting, like, emails "the rates

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 keep going up", you know, "just do
2 quick-and-dirty calculations", because, you know,
3 everyone was aware of this rising market.

4 But, as far as, once we make that
5 filing September 1st, and state what that FPO
6 rate is, that's the rate that we go forward with.
7 So, I'm not sure we're looking at the updated
8 market necessarily on the impact that it's doing
9 to the FPO, because we just know off the top of
10 our head that it's two cents higher than whatever
11 the new rates are showing.

12 But I know that our tariff does say
13 that the FPO rate that we offer to customers will
14 be the one that was filed September 1st.

15 Q Okay. And, so, that has never, historically, to
16 your knowledge varied, regardless of what the
17 market has done in between?

18 A (Simek) I know -- I believe that there's been a
19 few times that we've done these updated filings,
20 and the FPO -- the rates went down, so we lowered
21 the FPO as well. I don't believe there's any
22 instances where we've actually raised the FPO in
23 the past, no.

24 Q Okay. Any other responses?

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 [No verbal response.]

2 CHAIRWOMAN MARTIN: All right.

3 Ms. O'Brien testified, when we were speaking
4 about the \$4 million, that a piece was recorded
5 in the general ledger at the time of the prior
6 filing, but she didn't know what piece.

7 Can I make a record request please,
8 Mr. Sheehan, that you provide that information?

9 MR. SHEEHAN: Yes.

10 CHAIRWOMAN MARTIN: Okay. And all of
11 my other questions have been answered.

12 So, Mr. Sheehan, do you have any
13 redirect?

14 MR. SHEEHAN: I just have one question
15 for Ms. O'Brien and Mr. Simek.

16 **REDIRECT EXAMINATION**

17 BY MR. SHEEHAN:

18 Q Can both of you state clearly that whether any of
19 the so-called "R-4 dollars" that have been carved
20 out to a different docket are included in this
21 filing?

22 A (Simek) There are not any included in this
23 filing.

24 Q Do you agree, Ms. O'Brien?

[WITNESSES: Casey|Gilbertson|McNamara|Simek|O'Brien]

1 A (O'Brien) I agree with Mr. Simek.

2 MR. SHEEHAN: Thank you. That's all I
3 have.

4 **CONTINUED BY THE WITNESS:**

5 A (O'Brien) They are not included.

6 CHAIRWOMAN MARTIN: Okay. Thank you.

7 All right. So, we are at 12:10, and we
8 do have another proceeding coming up, but I do
9 want to give the parties the opportunity to have
10 closing arguments. And, if each counsel could
11 answer the question related to the application of
12 the new tariff, as it relates to this filing,
13 that would be helpful.

14 Before we do that, we have, currently,
15 I just want to make sure we're all in agreement,
16 we have Exhibits 1 through 14 and Exhibits 16
17 through 32, which up through Exhibit 30 were
18 prefiled and premarked. And then, we have
19 Exhibits 33, 34, 35, 36, and 37 for record
20 requests.

21 And I see Mr. Sheehan nodding, and no
22 one else disagreeing. So, I'm going to take that
23 as correct.

24 **(Exhibits 33, 34, 35, 36, and 37**

1 reserved for record requests.)

2 MS. SCHWARZER: Madam Chairwoman, did
3 you mention 31 and 32? I didn't hear you say
4 that.

5 CHAIRWOMAN MARTIN: Yes. I said "16
6 through 32", and up through 30 had been prefiled
7 and premarked". So, we will admit all of those,
8 Exhibits 1 through 14 and 16 through 32 as full
9 exhibits. And hold the record open for Exhibits
10 33 through 37 for the record requests.

11 Anything else before we hear closing
12 arguments? Ms. Schwarzer.

13 MS. SCHWARZER: Just briefly, Madam
14 Chairwoman. Thank you.

15 If the Commission would entertain a
16 motion for a request to keep -- to suspend any
17 finding of prudence or finality in this docket,
18 Energy would be interested in filing such a
19 request.

20 CHAIRWOMAN MARTIN: Can you restate the
21 motion?

22 MS. SCHWARZER: Yes. No objection to,
23 obviously, to establishing a rate going forward.
24 But, with regard to findings in the prior

1 Liberty-Keene cost of gas case, that once a
2 matter is reconciled, it is final and will not be
3 changed. Energy would like the Commission to
4 explicitly address and state that, in this
5 instance, due to the rushed docket and the
6 uncertainty and lack of opportunity to inquire,
7 that over/under reconciliations for the RDAF
8 components and cost of gas, frankly, the bulk of
9 the components in this document [docket?] will be
10 held as suspended and not final, pending a
11 further perhaps cost of gas or perhaps the 4
12 million, whatever the other docket becomes.

13 CHAIRWOMAN MARTIN: Okay. Thank you.
14 Any response to that from other counsel?

15 MR. SHEEHAN: Yes. It's our position
16 that the cost of gas filing and all its
17 components are all reconcilable. So, if we find
18 an error next year, we fix it in the next year's
19 reconciliation. So, in that sense, I don't
20 object to Energy's request. I don't think the
21 Commission needs to suspend anything or hold
22 anything.

23 And another thought is, there's really
24 nothing here that is subject to prudence review.

1 These are all pass-through costs. And, again, we
2 do a lot of math, and sometimes we make mistakes
3 or sometimes there's an adjustment, and that can
4 all be reconciled. Indeed, that's our argument
5 for the R-4 costs. That was a cost that can be
6 reconciled.

7 The difference with the Keene matter
8 that counsel referenced was that was an
9 underlying contract that gave rise to costs. And
10 there was a question of whether we should have
11 entered that contract. That sort of did carve
12 off an odd prudence issue that was litigated
13 there.

14 But we don't have that kind of issue
15 here of a "should we have entered a contract?"
16 kind of question. We have tariffs that were in
17 place. We have, again, lots of formulas and math
18 that we can always correct, if necessary.

19 CHAIRWOMAN MARTIN: Okay. Thank you.
20 Mr. Kreis, any response?

21 MR. KREIS: I am almost speechless. I
22 think I support the motion that the Department of
23 Energy made, to hold any determinations of
24 prudence or finality in abeyance, pending some

1 kind of further inquiry about how the decoupling
2 mechanism works, and how it should have worked,
3 not just during the two decoupling years that
4 relate to that 4 million bucks, but to the
5 current decoupling year that ends on Halloween.

6 If you look at the objection that
7 Liberty filed recently to what I styled as a
8 "motion in *limine*", but which the Commission, I
9 think correctly, suggested it's really more in
10 the order of a "motion for summary judgment". If
11 you look at Paragraph 15 of that pleading, and
12 you go to the middle of that paragraph, you read
13 the following sentence: "For R-4 customers, the
14 tariff called for the calculation of actual
15 revenues collected using R-3 distribution rates,
16 which did not take into account the 60 percent
17 discount."

18 I think that's a really important
19 sentence, because I am a plodding literalist, and
20 I fall back on the legal principle that says that
21 "customers are entitled to the benefit or the
22 costs of whatever tariff is in effect when they
23 take service." So, the decoupling tariff was
24 updated, but the update only took effect on

1 August 1st. So, as to everything that preceded
2 August 1st, I would argue that the old version of
3 the tariff applied.

4 And, you know, Mr. Sheehan says "well,
5 there's no prudence at issue here." But there
6 is, because there were errors and problems with
7 the way the decoupling tariff worked. And I
8 contend, I mean, you can call it "prudence", you
9 can call it "finality", you can call it whatever
10 you want, but I contend that this Company is
11 stuck with the tariff that was in effect until
12 August 1st of this year.

13 Now, I heard Ms. Schwarzer allude to
14 something that I thought was interesting. She --
15 I thought I heard her imply that, back during the
16 temporary rate phase of 20-105, which was this
17 Company's most recent rate case, there was some
18 determination made when the Company -- or, when
19 the Commission approved temporary rates, that
20 somehow "the fix" that relates to this R-4
21 problem is retroactive to last October 1st.

22 But that isn't what the Commission
23 ordered in its temporary rate order. That order
24 simply says "current rates will be fixed" -- or,

1 "temporary rates", excuse me, "will be fixed at
2 their current rate." And there is some allusion
3 in, I think, Exhibit 5, in the rate case, that
4 this was a problem that the Company knew about.
5 There's no secret about that. So, the question
6 is, "what would a prudent company have done?" I
7 guess, attempted to update the tariff at that
8 point, but it didn't happen. The tariff remained
9 in its flawed state all the way through July 31st
10 of this year. And I really think that, if that
11 operates to the detriment of the Company, that's
12 between the management of the Company and its
13 shareholders.

14 I just want to see if I have anything
15 else to say about that. I don't think I do.
16 Except that, well, Mr. Simek -- I asked Mr. Simek
17 "is this a tariff application problem or is this
18 a problem of the tariff being worded
19 incorrectly?" And his testimony was actually, I
20 thought, that "it was a tariff application
21 problem." But his testimony is at variance with
22 the position that the Company has taken in its
23 pleadings. And I think the Company's position,
24 as stated in its pleadings, is what the

1 Commission needs to apply.

2 Commissioner Goldner was asking about
3 the Energy Efficiency charge that's embedded in
4 the LDAC.

5 CHAIRWOMAN MARTIN: Mr. Kreis, I
6 apologize for interjecting. I was looking to get
7 your feedback on the motion. Are you going
8 forward with the rest of your closing now?

9 MR. KREIS: Yes. So, my feedback on
10 the motion is that I support the motion, and I
11 think the Commission should grant it.

12 CHAIRWOMAN MARTIN: Okay. Thank you
13 very much. I think what we're going to do is --
14 oh, Ms. Schwarzer, did you have more on that?

15 MS. SCHWARZER: I do, just briefly,
16 have more on the motion.

17 CHAIRWOMAN MARTIN: Okay.

18 MS. SCHWARZER: In the summer cost of
19 gas, Liberty took the position that, because a
20 contract term -- because a contract rate was
21 included in the cost of gas rate, the entire
22 contract should have been found reasonable or
23 prudent, which is a position that then PUC Staff
24 opposed. And the position was also taken in the

1 Liberty summer cost of gas that the contract
2 itself might not be prudent, but that, to the
3 extent the rate was approved in the then pending
4 request for a summer rate, the price in the
5 contract would be considered by Liberty prudent.

6 And, so, because in this docket, for
7 the reasons eloquently summarized by the OCA, and
8 I think demonstrated by the lack of certainty and
9 clarity and limited hearing to inquire, the
10 Energy Staff would ask for an explicit statement
11 from the PUC that no rate would operate -- no
12 prospective rate or reconciliation supporting a
13 rate in this current period would be found to be
14 prudent or final in and of itself at this time.

15 CHAIRWOMAN MARTIN: Okay. Thank you,
16 Ms. Schwarzer.

17 We're going to take the motion under
18 advisement. But what I would ask is, to the
19 extent it's possible, and we may have further
20 briefing on another issue in a moment, if parties
21 are able to file a briefing supporting their
22 position, that would be helpful. I know we have
23 a short time, so, I would like it by Wednesday,
24 if you're going to file something.

1 COMMISSIONER GOLDNER: I think we have
2 a similar issue on the record requests, too. We
3 would need that by Wednesday, right, in order to
4 issue a ruling by Friday.

5 MS. SCHWARZER: And Wednesday, close of
6 business?

7 CHAIRWOMAN MARTIN: That's fine
8 Mr. Sheehan, does that pose a problem?

9 MR. SHEEHAN: I don't think so. I
10 think most of the data you requested is readily
11 available. If we run into problems, we'll file
12 what we can and let you know what our problems
13 were.

14 CHAIRWOMAN MARTIN: Okay. Thank you.
15 All right. So, let's start with Mr.
16 Kreis, if you'd like to return to the rest of
17 your closing.

18 MR. KREIS: Thank you. So, that's all
19 I have to say at this time about the revenue
20 decoupling problem. And I'm grateful for the
21 opportunity to state something in writing via a
22 brief that we'll file by Wednesday, close of
23 business.

24 I only have two other issues that I

1 want to highlight for the Commission. I suppose
2 the good news is that I think the Commission
3 should approve everything else in the Company's
4 filing. So, those two issues are the Energy
5 Efficiency charge, which is part of the LDAC, and
6 then the Fixed Price Option.

7 And what I want to say about the Energy
8 Efficiency charge, which goes up modestly in the
9 Company's filing, I think that's actually
10 authorized by what the Commission determined in
11 Docket Number 20-092, at the very end of last
12 year. Because what the Commission said in that
13 order is "We are ordering the utilities", all the
14 NHSaves utilities, "to continue their energy
15 efficiency programs under their present budgets",
16 and then the Commission also talked about the
17 System Benefits Charge, and said "that had to
18 remain unchanged into 2021", and I believe that's
19 happened.

20 But we're not talking about the System
21 Benefits Charge here, we're talking about the
22 Energy Efficiency charge of a gas utility, which
23 is a component of the LDAC. And the Commission
24 did not say, in that order in December of last

1 year, that gas utilities couldn't raise the
2 Energy Efficiency charge that is embedded in
3 their LDAC. And what their testimony was here is
4 that we've bumped up that Energy Efficiency
5 charge slightly, because we're reconciling actual
6 spend to real spend, pursuant to the budgets,
7 that the Commission said were going to remain in
8 effect from 2020 into the year we're in now,
9 which is 2022. So, I think that's the answer
10 with respect to the Energy Efficiency charge.

11 And then, the Fixed Price Option,
12 that's a problem. If you are a fuel oil
13 customer, say, and that's an unregulated
14 commodity, so, a fuel oil dealer can offer you a
15 fixed price option for the winter. And what
16 you're essentially doing is trading risk back and
17 forth between the company that is supplying you
18 with the commodity, and the customer, who is
19 trading off uncertainty about future price
20 against the possibility that the bet might not
21 pan out, and they will end up paying more than
22 they would have if they had gone with a variable
23 rate.

24 That is a perfectly legitimate thing

1 for an unregulated company to do with its
2 unregulated customers. It might be a perfectly
3 legitimate thing to do for a utility to do with
4 its customers, if the utility shareholders had
5 any skin in the game, but they don't.

6 The problem here is that we know, going
7 into this winter, that this Fixed Price Option is
8 a good deal for the 10 or 12 percent of the
9 customers who took it, and a bad deal for the
10 rest of the customers who are going to make up
11 the deficiency. That is not in the public
12 interest. And the Commission should do something
13 about that.

14 What should it do? It should either
15 tell those customers who took the Fixed Price
16 Option that the Fixed Price Option rate is going
17 to have to go up, and give them a chance to
18 change their minds. Or, it should simply say,
19 "For this winter, there isn't going to be a Fixed
20 Price Option, because of the price volatility."
21 Or, a third option would be to make the
22 shareholders of the Company liable for any
23 deficiency that arises out of the fact that the
24 Fixed Price Option is priced too low.

1 But the one thing that the Commission
2 shouldn't do is saddle the ill-effects of that
3 bet on the customers who simply opted not to take
4 the Fixed Price Option. That isn't fair and it's
5 not in the public interest.

6 So, those are my points. As to
7 everything else, I think this is a routine cost
8 of gas reconciliation. And the Commission should
9 and can or can and should speedily issue an order
10 by Friday that will allow the new cost of gas
11 rates to go into effect.

12 CHAIRWOMAN MARTIN: Mr. Kreis, I have a
13 question.

14 One of your "options", as you described
15 them, for the FPO was to say that it would go up.
16 But what method would the Commission have to
17 determine how much it would go up?

18 MR. KREIS: I would actually ask the
19 Company to figure that out for you, by saying
20 "you tell us what Fixed Price Option you would
21 offer today?" And, then, use that, based on
22 everything we know about how the market has
23 changed since last summer.

24 CHAIRWOMAN MARTIN: Okay. Thank you.

1 Commissioner Goldner, any questions?

2 COMMISSIONER GOLDNER: No.

3 CHAIRWOMAN MARTIN: Okay.

4 Ms. Schwarzer.

5 MS. SCHWARZER: Thank you, Madam
6 Chairwoman.

7 And just to comment briefly on the
8 OCA's proposal. Energy does not have an analyst
9 or a witness. And, so, we have no opinion on the
10 proposed updated cost of gas. But look at our
11 position as raising legal concerns and completing
12 a record, and asking questions for the Commission
13 to consider at its own will.

14 With regard to the FPO, it is my
15 understanding that that is outlined explicitly in
16 the controlling tariff, which is a contract
17 between the Company and its customers. It is not
18 clear to me that all the options that the OCA
19 suggested are available to Liberty at this time.
20 Although, perhaps the FPO provisions in its
21 tariff could be changed.

22 In other years, I believe those people
23 who have selected the FPO option and lose money
24 are making a better deal for the customers who

1 don't. And, although perhaps it should be
2 reformed, and perhaps it's not a good deal, I'm
3 not sure there's latitude to do that in this
4 docket.

5 And I just raise those legal questions
6 for the Commission to consider. I appreciate --
7 I have spoken to the motion, I will not speak to
8 it again.

9 We are -- Liberty -- excuse me, Energy
10 opposes the 40 percent increase. It seems, for
11 the summer period, it seems worth trying at least
12 once a request from Liberty within the larger
13 annual filing to exceed its tariff or to adjust
14 the cap. It's not clear what sort of
15 administrative burden that might be. It may be
16 better than throwing the baby out with the bath
17 water.

18 I think this proceeding points again
19 and again to a need for standardizing the cost of
20 gas, or at least providing some guidelines such
21 that initial petitions are always filed, that
22 there be a limited timeframe in which to file
23 updated numbers or rates, to allow all parties an
24 opportunity to consider them, at somewhat more

1 leisure than two business days. That redlined or
2 highlighted versions might reasonably be required
3 to show changes. I believe the changes at issue
4 here are in excess of 1,600 for schedules and in
5 excess of 450 for testimony. And I would ask the
6 Commission to consider providing those guidelines
7 or perhaps providing a docket for considering
8 those changes.

9 Thank you very much. That is my
10 closing.

11 CHAIRWOMAN MARTIN: Ms. Schwarzer, can
12 you clarify on Energy's position on the effect of
13 the new tariff and when it was effective in this
14 case?

15 MS. SCHWARZER: Energy has not had
16 sufficient time to fully outline those changes or
17 when it was effective. I say that we agree that
18 the new tariff was dated August 1st, 2021. I was
19 not part of the Liberty's rate case. Perhaps my
20 co-counsel would wish to speak to the temporary
21 order and its intent. But there may not be time
22 for that, and I haven't read the order. And I'm
23 not sure the order changed the tariff language.

24 So, I'm afraid I can't speak to it. It

1 was a question, no one on the panel had an
2 answer. And I have to leave it there.

3 CHAIRWOMAN MARTIN: Okay. Thank you,
4 Ms. Schwarzer.

5 All right. Mr. Sheehan.

6 MR. SHEEHAN: Thank you. First, a
7 couple one-off items, if I may.

8 The FPO letters are actually attached
9 to a discovery response that's been marked in the
10 Keene case. Both of those are there, within
11 Exhibit 6, and you can find them both there.
12 Presumably, those will be admitted this
13 afternoon.

14 The redline filing issue, to be honest,
15 we didn't know how to do that. I know
16 Ms. Schwarzer and other Staff attorneys have been
17 bugging us to do that over the last year or two.
18 And all the experts on our end didn't know how to
19 do a redlined Excel. And, frankly, on Friday, we
20 figured it out, by making them pdfs and
21 converting them. And it seems like an
22 embarrassingly simple thing that we now know how
23 to do easily. So, going forward, we will be able
24 to provide these redlined testimonies and

1 schedules quickly. And I apologize for being so
2 dense on that over the last couple of years.

3 So, it's a fun situation where I get to
4 agree with Staff on one thing and Mr. Kreis on
5 the other. I think he has the EE issue correct.
6 The order -- the 20-092 order did not
7 specifically reference the gas rate for EE. And,
8 so, what we are simply doing is keeping the
9 budget flat, and there's always a little wiggle
10 between the actuals and budgets, and that's what
11 you see in the changed rate here. And we will
12 provide the supporting schedules.

13 And, on the FPO issue, we have similar
14 concerns that Staff raised, on a couple levels.
15 One, there are provisions in the tariff that tell
16 us how to do the FPO. And, as Mr. Simek said,
17 it's based on the initial filing. And, yes,
18 there are winners some years or losers some
19 years. Certainly, the FPO customers look like
20 they're going to be winners this year. But,
21 certainly, as Ms. Gilbertson said, the prediction
22 is a warm winter. So, who knows? You know, and
23 that's the whole nature of the beast with the
24 FPO. So, it's our recommendation that you keep

1 the FPO as proposed in this docket.

2 And then, a second issue of that, from
3 our perspective is, obviously, it would be a --
4 not a good thing for us to tell 10,000 customers
5 that we're, in their eyes, welshing on the deal.
6 And that's not good for us or, frankly, for the
7 other parties in the room here. So, we ask that
8 you approve the FPO as proposed.

9 I think the other most important thing
10 to remember here is the entire R-4 issue is not
11 here. Mr. Kreis gave some argument about what
12 the tariff mismatch said or didn't say, and how
13 it was applied or not applied. The Commission
14 has decided we're going to address that in a
15 different docket. Our witnesses said,
16 unequivocally, that it is not in any of the
17 numbers before you today. So, by approving
18 today's rates, the proposed rates, there's been
19 no predetermination on the R-4 issue, and we'll
20 dive into that then.

21 The whole issue of prudence and
22 finality of a cost of gas order, again, as I
23 suggested earlier, it is a reconciling -- all of
24 these are reconciling numbers. And, again, let's

1 assume that we get into the R-4 issue, and we do
2 find a tentacle of that that gets into these
3 rates here today, we'll fix them. And that's how
4 the reconciling rates work. So, I don't think
5 that's the case, but I don't -- I don't think
6 it's a problem, if you will.

7 So, I don't object to the spirit of
8 Ms. Schwarzer's motion, that these are not final.
9 They can all be fixed in the future. And I think
10 that's the way they always are. It doesn't
11 necessarily need to be specifically called out.

12 CHAIRWOMAN MARTIN: So, could I
13 clarify, Mr. Sheehan. Are you agreeing to the
14 language that you proposed related to suspending?

15 MR. SHEEHAN: I just don't think it's
16 necessary. And I, frankly, think it might open
17 unintended consequences. By approving these
18 rates, and the standard language in all of the
19 orders approving cost of gas rates says something
20 to the effect that these are reconciling rates.
21 So, I think it's unnecessary.

22 And I hadn't thought through what
23 happens if we have an order here that's
24 suspending something, what is it suspending?

1 What does that mean? And, again, what are the
2 things we haven't thought of, the problems that
3 could cause?

4 CHAIRWOMAN MARTIN: I interrupted you.
5 Did you have more?

6 MR. SHEEHAN: I have a few more items.
7 I think we've touched everything else.

8 On the 40 percent cap issue, the whole
9 goal of that is to avoid a large
10 over-collection -- or, I'm sorry, a large
11 under-collection. If rates are going up and we
12 can't adjust the rates up enough, that
13 under-collection gets carried to the next year.

14 It seems like a big cap for a cost of
15 gas rate. But, as explained in testimony, the
16 rates are relatively low, the usage is relatively
17 low. So, the actual impact of going from 25 to
18 40 is small, and, again, it avoids the
19 under-collection.

20 We decided, we, collectively, with the
21 Commission approval, decided to go to once-a-year
22 filings. I looked quickly, it looked like 2016
23 was the last year that we had a separate summer
24 filing. So, it's been four years or so of a

1 single filing. And the reasons for keeping a
2 single filing, I submit, remain, and it's mostly
3 avoiding another hearing process. And, again,
4 the harm that flows from a single filing is,
5 again, the lack of certainty on futures, because
6 we're predicting a year out. And we think the 40
7 percent cap is a reasonable tweak to the
8 once-a-year filing that would ease that.

9 Counsel suggested that maybe next year
10 we make an interim filing to give it a chance,
11 and that's fair. But, as Mr. Simek reported, if
12 we know -- if we think the very first month of
13 the summer is already bumping up past the 25
14 percent cap, and we start the wheels in motion
15 for a midterm adjustment, it's not going to
16 happen until July or August. And, by then, we
17 will have accumulated the under-collection, and
18 there won't be enough months left to really fix
19 it. So, it's a timing thing.

20 And it's neither here nor there
21 financially for the Company. Again, these are
22 pass-through costs. We're not harmed or
23 benefited either way with what the Commission
24 decides to do. We just think the 40 percent cap

1 is an administratively good thing to do to
2 further refine the once-a-year filings.

3 And I guess the last thing, subject to
4 Ms. Kimball nudging me, is the legal issue of
5 what tariff to apply, or what's the effect of the
6 tariff that was approved August 1.?

7 I'll start with the side argument, in
8 that, if it was applied incorrectly or there is
9 some bad number, again, it's reconcilable. But I
10 think the legal requirement is you apply the
11 tariff in effect at the time that you take the
12 action. And, to me, that's black letter law.
13 And the action we took here was making a
14 reconciling filing on September 1. And the
15 tariff in effect on September 1 was the new
16 approved tariff of August 1, the month before.
17 And that's what we do with everything. You know,
18 you apply a rate that's in effect on the day you
19 charge the rate.

20 And the alternate, in this particular
21 case, would be unworkable. So, if we somehow
22 applied the old tariff through August -- I guess,
23 July 30th, and we apply the new tariff and then
24 on, then you have a reconciliation that's divided

1 in half. And it seems to me a unnecessary and
2 burdensome process to have a -- some kind of a
3 single reconciliation governed by two tariffs.

4 So, the legal memo, if we file one, and
5 we're certainly happy to do so, would say just
6 that. You follow the tariff in effect at the day
7 that you take the action that is in question.

8 Right. And the other piece is the
9 reconciliation -- the tariff language, both
10 before and after, we talked about reconciling a
11 decoupling year. So, the new tariff says, for a
12 reconciliation filing, I'm paraphrasing, of
13 course, for a reconciliation filing, after August
14 1, for a decoupling year, the following rules
15 apply. Again, so, the decoupling year reaches
16 back to a year ago. So, the tariff in effect
17 August 1 says that reconciliation filing applies
18 to a decoupling year, which, by definition, means
19 from '20 to '21 -- '20 to 2021.

20 That's all I have. Thank you.

21 CHAIRWOMAN MARTIN: I am going to ask
22 you to brief that, because we have a very little
23 amount of time, and you've just referenced a
24 number of things that I would want to be able to

1 go and check. And any other -- and you can
2 include this in the same briefing that -- on the
3 other issue, if you do file one. I think it
4 would be very helpful to have it in writing --

5 MR. SHEEHAN: Okay.

6 CHAIRWOMAN MARTIN: -- to look at. And
7 anyone else is welcome to do the same.

8 MR. SHEEHAN: And one other random
9 thought we'll include in the brief, is the
10 hedging policy we follow now was approved by
11 Commission order in 2014. So, we are following a
12 Commission-approved hedging, the basis that
13 Ms. Gilbertson talked about, and that was
14 following a docket where we considered all the
15 options, and that's what was settled on.

16 CHAIRWOMAN MARTIN: Okay. Thank you
17 very much.

18 All right. Commissioner Goldner, do
19 you have any follow-up questions?

20 COMMISSIONER GOLDNER: No.

21 CHAIRWOMAN MARTIN: All right. Then,
22 thank you, everyone. That was a long one. And I
23 believe we'll all be -- or, most of us will be
24 back here very shortly, at one o'clock.

1 We will take this matter under
2 advisement and issue an order, after we receive
3 the additional information.

4 All right. We're adjourned.

5 ***(Whereupon the hearing was adjourned***
6 ***at 12:38 p.m.)***

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