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E X H I B I T S

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38	Liberty's filing consisting of the Supplemental Direct Testimony of Deborah M. Gilbertson and the Supplemental Direct Testimony of Catherine A. McNamara, including attachments and proposed Tariff pages (05-20-22) {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
39	Liberty's filing consisting of the Supplemental Direct Testimony of Deborah M. Gilbertson and the Supplemental Direct Testimony of Catherine A. McNamara, including attachments and proposed Tariff pages (05-20-22) <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
40	Revised response to DOE 2-1, including Revised Excel Spreadsheet DOE 2-1.b.1.xlsx, DOE 2-1.2.xlsx, DOE 2-1.b.1 (Re: COG standard format - initial rate and 25% bandwidth)	<i>premarked</i>
41	Liberty's response to DOE 2-2, DOE 2-2.a.xlsx (Re: Summer 2022 cumulative under collection of \$9,606,269)	<i>premarked</i>
42	Liberty's response to DOE 2-3 (Re: Liberty's assertion that market prices will remain "roughly at their current level for the balance of the Summer 2022 period.")	<i>premarked</i>

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43	Liberty's response to DOE 2-4 (Re: Whether factors have changed Liberty's projected pricing for Summer 2022)	<i>premarked</i>
44	Liberty's response to DOE 2-6 (Re: Will Liberty update its May 20, 2022 filing? No.)	<i>premarked</i>
45	Liberty's response to DOE 2-8 (Re: LDAC rates in effect for the Summer 2022 period)	<i>premarked</i>
46	Liberty's response to DOE 2-10 (Re: Bill impacts for each major customer class [but see responses to DR Set 3])	<i>premarked</i>
47	Liberty's response to DOE 2-11 (Re: Source of Summer 2022 projected send out requirements and costs)	<i>premarked</i>
48	Liberty's response to DOE 2-14 (Re: Liberty's under or over collection for the last four years, by Season i.e. Summer 2018 - Summer 2021 and Winter 2018 - Winter 2021)	<i>premarked</i>
49	Liberty's response to DOE 2-16 (Re: Request for bill impact comparing Summer rate approved in Order No. 26,541 to Liberty's May 20, 2022 filing [initial rate, reverse engineered] See Liberty's responses to Data Set 3)	<i>premarked</i>

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E X H I B I T S (Continued)

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
50	Liberty's response to DOE Set 3 (Re: Compare bill impact for Summer rate approved in Order No. 26,541 with Liberty's initial May 20, 2022 filing.)	<i>premarked</i>
<i>REVISED</i> 51	Liberty's Revised response to DOE Set 3-1 and 3-2 (Re: See above)	<i>premarked</i>
52	Henry Hub Natural Gas pricing data July 5, 2022; July 12, 2022; U.S. Energy Information Administration June 2022 Short-Term Energy Outlook, pp 1-3 (Re: Changes in the NYMEX rate since Liberty's May 20 filing, based on May 1 NYMEX data)	<i>premarked</i>

P R O C E E D I N G

1
2 CHAIRMAN GOLDNER: Okay. Good
3 afternoon, everyone. I'm Commissioner Goldner.
4 I'm joined today by Commissioner Simpson. We're
5 here today for a hearing in Docket 21-130
6 regarding Liberty Utilities' Summer 2022 Cost of
7 Gas.

8 Let's take appearances, beginning with
9 the Company.

10 MR. SHEEHAN: Good afternoon,
11 Commissioners. Mike Sheehan, for Liberty
12 Utilities (EnergyNorth Natural Gas) Corp.

13 CHAIRMAN GOLDNER: Thank you. And the
14 Office of Consumer Advocate.

15 MR. KREIS: Good afternoon. I'm Donald
16 Kreis, the Consumer Advocate. We're here on
17 behalf of residential customers.

18 CHAIRMAN GOLDNER: Thank you. And the
19 New Hampshire Department of Energy.

20 MS. SCHWARZER: Good morning *[sic]*, Mr.
21 Chairman, Commissioner Simpson. I'm Mary
22 Schwarzer, Staff Attorney with the Department of
23 Energy. And with me today are Faisal Deen Arif,
24 who is our new Director of Gas, and David

1 Goyette, who is a DOE Analyst.

2 CHAIRMAN GOLDNER: Very good. So, for
3 preliminary matters, we're here today to discuss
4 cost of gas rates for the Summer 2022 period
5 above those approved in Order 26,541. The
6 Company has proposed recovering the entire period
7 of under-collection through October 2022 of 9.6
8 million in their proposed rate.

9 I'll pause there, and see if the
10 parties have any concerns with the numbers or the
11 scope of today's hearing?

12 MR. SHEEHAN: I don't have a problem
13 with the scope. I'll certainly defer to my
14 witnesses of what the actual number is.

15 CHAIRMAN GOLDNER: Okay.

16 MR. SHEEHAN: It sounds right, but I'm
17 not sure.

18 CHAIRMAN GOLDNER: Okay. Would the
19 witnesses care to respond? I believe, from the
20 testimony, it showed October 2022, 9.6 million in
21 the proposed rate?

22 MS. McNAMARA: Correct.

23 CHAIRMAN GOLDNER: Okay.

24 MS. McNAMARA: Yes.

1 CHAIRMAN GOLDNER: Thank you. Thank
2 you. Very good.

3 MS. SCHWARZER: Mr. Chairman?

4 CHAIRMAN GOLDNER: Yes.

5 MS. SCHWARZER: If I might?

6 CHAIRMAN GOLDNER: Yes.

7 MS. SCHWARZER: I don't need to make
8 the remarks right now, but I do have some
9 preliminary open remarks that I would like to use
10 to frame the issues that the Commission might
11 better reflect upon some of the testimony, just
12 because you've been given a lot of information in
13 a fairly short time period.

14 CHAIRMAN GOLDNER: Okay. Yes. We
15 appreciate the opening, the opening statement. I
16 just want to make sure that we're here for a
17 summer cost of gas, and that -- and that, in
18 addition to just the cost of gas rate, we're
19 talking about recovery of an under-collection
20 through some time period. Is everyone okay with
21 that assessment?

22 MR. KREIS: The OCA certainly is okay
23 with that.

24 MS. SCHWARZER: Yes. But, guardedly,

1 in that my best understanding is that the Summer
2 of 2021 under-collection is accumulative \$7.7
3 million, but, of that, I believe 4.5 million has
4 already been recovered and is part of the rates
5 established effective November 1st.

6 CHAIRMAN GOLDNER: Yes. That is also
7 the Commission's understanding, but appreciate
8 the clarification. And we'll give the Company an
9 opportunity to discuss that.

10 Okay. Very good. So, we've got the
11 right scope.

12 Exhibits 38 and 39 have been prefiled
13 and premarked for identification. Material
14 identified as "confidential" in the filings will
15 be treated as confidential during the hearing.

16 For Exhibits 40 to 52, I'm at a loss as
17 to why they were not filed on time, since the
18 Company replied on July 6th. The exhibits were
19 filed after the close of business last night, in
20 what appears to be part of a recent trend of
21 after-hours filings. This does not provide
22 sufficient time for a thorough Commission review,
23 and nor are there DOE witnesses. So, the record
24 may be --

1 MS. SCHWARZER: Could I --

2 CHAIRMAN GOLDNER: I'm sorry, let me
3 finish.

4 So, the record may be kept open at the
5 end of this hearing to convene an additional
6 hearing.

7 I would like to hear from the DOE on
8 this matter. And let me pause there and let you
9 comment.

10 MS. SCHWARZER: Thank you, Mr.
11 Chairman. And I apologize for interrupting you.
12 I appreciate the opportunity to comment.

13 As some of the exhibits reflect,
14 especially Exhibit 42, 43, and 44, in this
15 somewhat unusual proceeding, the Department
16 encouraged and hoped and expected that the
17 Department [sic] would update its filing, in
18 light of the fact that it had based its numbers
19 on a May 10th NYMEX rate, and the Commission had
20 subsequently suspended the matter -- the tariff
21 until October -- until August 1st.

22 When that did not occur, we issued data
23 requests on June 21st, and Liberty was not able
24 to file its responses until 4:45 or 5:00 on July

1 6th. And, so, as of the date that exhibits were
2 due, we had not read the materials that were
3 received, the answers. We subsequently did.
4 And, as some of what's been submitted will show
5 you, I think, in part, because of the unusual
6 mid-season cost of gas adjustment, which is
7 just -- has not been done for a number of years,
8 and because of Liberty's request for a flat rate,
9 not in the standard format, there was some
10 miscommunication or misunderstanding, based on
11 the written Dataset 2, which we all worked
12 together to correct in what was ultimately
13 submitted as Dataset 3.

14 One of the issues yesterday was that
15 Excel spreadsheets that were attached to support
16 the Company's clarified responses in Dataset 3
17 were 100 pages long, because the section that was
18 intended to be highlighted was not -- was not
19 delineated in a way that our process could *pdf*.
20 So, when we tried to file Dataset 3 responses
21 that had been filed on the 12th, we were unable
22 to do that and ran into problems with Exhibit 51.

23 The Company worked with us, and
24 clarified that there were no confidential pieces

1 of information contained in the revised data
2 response to Set 3, which was filed I think at
3 about, my goodness, 11:00 today.

4 And, so, we understand that this is a
5 very late submission of information. One of the
6 problems in the cost of gas process is that, when
7 a company makes changes close in time to a
8 deadline, the Department is left without much
9 time to review or reflect or anticipate how best
10 to present information.

11 So, certainly, given yesterday's
12 hearing on the 12th to discuss cost of gas
13 formatting and LDAC formatting, we will also
14 discuss standard response formatting, and how we
15 all might streamline this. And I believe Liberty
16 has already expressed an interest in streamlining
17 the cost of gas filing.

18 We had been willing to propose, and
19 checked with counsel ahead of time, with the
20 suggestion of adjourning the hearing, instead of
21 closing it, to allow the Commission additional
22 time to review what we filed, and to have some
23 opportunity to ask more careful questions than
24 anyone could reasonably expect you to do with

1 documents that were filed yesterday and today.

2 CHAIRMAN GOLDNER: Yes. I'll just
3 comment that the testimony from the Company,
4 Exhibits 38 and 39, the Commission appreciates.
5 We had made some comments in the past and made
6 some suggestions, and we saw that that had been
7 attended to in testimony. So, the Commission
8 appreciates that.

9 Attorney Schwarzer, I guess my
10 suggestion would be, if, in the future, you get
11 something, you know, on the 6th or the 7th, and
12 you think it's going to take some time to go
13 through, a heads-up or warning to the Commission
14 will be very helpful, filing a letter in the
15 docket to say "we need a couple of days to look
16 at this", you know, "We plan to file something on
17 the 11th", or something like that.

18 But, naturally, you know, we have a
19 busy week. We have a big docket tomorrow, we had
20 that one yesterday. And, so, being able to read
21 through 13 exhibits, and this morning, was, I
22 think, not possible to do thoroughly. So, I'm a
23 little worried that we're not as prepared as we
24 could have been for this hearing.

1 Let me move to -- and I will come back
2 to an opening statement, Attorney Schwarzer. Do
3 the parties have any issues with Exhibits 40 to
4 52, or do you have any objections to admitting
5 those as exhibits?

6 MR. SHEEHAN: I have no objections.
7 Those are our answers to data requests, and the
8 information is accurate.

9 I just would like to comment that we
10 are not to blame for the late filing of these
11 exhibits. The first set of data requests came
12 out on June 21, a month after we made the filing.
13 And the gist of the documents that were filed,
14 these exhibits, are essentially taking our
15 original model, the May model, and say "Well, if
16 you change this number, what happens?" So,
17 there's a lot of that kind of stuff, which we got
18 over the last few days.

19 So, we did make every effort to
20 accommodate and to prepare that work, but it all
21 just started too late.

22 CHAIRMAN GOLDNER: Attorney Kreis, any
23 comments?

24 MR. KREIS: Yes. No objection to

1 entering any of the exhibits into evidence.

2 I just want to say, hopefully, in a
3 constructive fashion, that, in some way, the OCA
4 is in the same position as you folks are up on
5 the Bench, because, unlike the Gas Team at the
6 Department, and unlike Liberty, we're essentially
7 in all of the Commission's major dockets. So,
8 things are flying at us about as fast as they are
9 flying at you. So, we confront the same kinds of
10 difficulties that you do.

11 Which, to me, suggests that the impetus
12 is not to cast blame on anybody, but to try to
13 figure out how to get these cost of gas processes
14 right, so that the proper analysis can be done in
15 a thoughtful and rigorous way.

16 You know, these COG dockets don't
17 proceed formulaically, or haven't been proceeding
18 formulaically, in the way that the default energy
19 service dockets do on the electric side. So,
20 they shouldn't be treated in the same way.

21 CHAIRMAN GOLDNER: Very good, Attorney
22 Kreis.

23 Attorney Schwarzer, did you want to
24 comment?

1 MS. SCHWARZER: Thank you, Mr.
2 Chairman. I did want to make a formal motion to
3 waive the filing deadline, and ask that they be
4 admitted.

5 CHAIRMAN GOLDNER: Okay. Seeing no
6 objections, we'll accept the additional exhibits.

7 Are there any other preliminary
8 matters, before we have the witnesses sworn in?

9 MR. SHEEHAN: Just to articulate the
10 usual, that the confidentiality rule in 203, and
11 I forget the exact numbers, is the basis for the
12 assertion of confidentiality in these documents.

13 Thank you.

14 CHAIRMAN GOLDNER: Thank you. And --

15 MS. SCHWARZER: Mr. Chairman?

16 CHAIRMAN GOLDNER: We'll have the
17 witnesses sworn in, and then I will come back for
18 an opening statement. Thank you. The process is
19 a little bit out of order, but it's a Wednesday.

20 Attorney Kreis?

21 MR. KREIS: Nothing from me.

22 CHAIRMAN GOLDNER: All right. Very
23 good.

24 So, let's move -- before we have the

1 witnesses sworn in, let's move to any opening
2 statements that the parties want to make,
3 beginning with the Department of Energy.

4 MS. SCHWARZER: Thank you. Do I need
5 to pull this closer?

6 CHAIRMAN GOLDNER: You're fine.

7 MS. SCHWARZER: Okay. Thank you very
8 much.

9 Overall, during the -- with regard to
10 Liberty's submission, the Department will support
11 Liberty's request for the 1.2295 per therm rate
12 for the remaining three months of the Summer of
13 2022.

14 However, in this unusual mid-season
15 adjustment --

16 CHAIRMAN GOLDNER: I'm sorry, my turn
17 to interrupt. Can you repeat the rate please?

18 MS. SCHWARZER: Yes. It's 1.2295 per
19 therm.

20 CHAIRMAN GOLDNER: Okay. That was the
21 original filing, right?

22 MS. SCHWARZER: For the May -- the May
23 20th filing.

24 CHAIRMAN GOLDNER: Right.

1 MS. SCHWARZER: Yes.

2 CHAIRMAN GOLDNER: Yes.

3 MS. SCHWARZER: We support that
4 requested rate for the remaining three months of
5 the Summer of 2022.

6 However, in this unusual mid-season
7 adjustment, and the unusual format, in that it's
8 a flat rate, with no bandwidth to increase, there
9 are certain issues that the Department would like
10 to bring to the Commission's attention with
11 regard to the Summer of 2021 undercollection, the
12 volatility of the market, and the nature of some
13 of the exhibits. So, I'm just going to speak
14 very briefly to those issues now.

15 The Summer of 2021 under-collection,
16 it's our understanding, based on the witnesses'
17 testimony and data responses, that, of the 7.7
18 million from the Summer of 2021, only 4.5 million
19 was included in the under-collection identified
20 and reconciled in Liberty's October 20, 2021
21 updated filing, which became the basis of the
22 Commission's Order 26,541 for the cost of gas
23 rates effective November 1, 2021.

24 This raises the prospect that adding

1 the 3.2 million Liberty inadvertently omitted
2 from the Summer of 2022 rates could constitute
3 retroactive ratemaking. And, while the
4 Department takes no position on this issue at
5 this time, which was recently discovered and
6 which has not been developed, we wish to reserve
7 the issue and the right to ask Liberty to return
8 that 3.2 million, which is currently included in
9 the summer rate, at a future time, if deemed
10 appropriate. We also reserve the right to argue
11 that interest on the 3.2 million, that was not
12 initially included, should not be paid, as
13 omitting it was imprudent.

14 We here are also asking that the
15 standard cost of gas format be returned to. And,
16 although we, in the course of discovery, we had
17 asked Liberty to treat the 1.2295 proposed rate
18 as a new maximum rate, and some of our questions
19 went to that point. Liberty did not do that.
20 And, through discussion, after the July 6th,
21 shared that it considered the 1.2295 an initial
22 rate.

23 And, so, we would ask that the standard
24 format be reestablished, with the understanding

1 that the rate can be increased 25 percent, but
2 also reduced without limitation. And that
3 Liberty resume making standard trigger filings
4 five months [days?] before the conclusion of each
5 month, as is part of historic cost of gas
6 requirements, such that the Company would
7 disclose the estimated under-collection or
8 over-collection, and the percentage of the gas
9 revenue that that under- or over-collection
10 represented.

11 This allows an apples-to-apples
12 comparison, both historically, within the
13 Company's filings, and with regard to other New
14 Hampshire gas utilities.

15 Finally, with regard to the volatility
16 of the market, the May 10th NYMEX rate was
17 particularly high, and, quite recently, lower
18 NYMEX rates -- significantly lower NYMEX rates
19 have been filed. Liberty, again, reflected in
20 Exhibits 42, 43, and 44, declined to file an
21 update, notwithstanding the suspension, which
22 extended through, presumably, August 1st.

23 We would like the Department [sic] to
24 take administrative notice of Northern's recent

1 filing dated June 12th, in Docket 21-131. In
2 that -- in that filing, Northern suggested that
3 its residential rate in effect May 12th of 0.9126
4 may be, in fact, be sufficient, such that it may
5 no longer be seeking a second cost of gas
6 mid-season adjustment.

7 Moreover, it commented that Northern is
8 now experiencing an estimated over-collection in
9 its cost of gas rate, rather than the
10 under-collection that had been estimated at the
11 time of the June 13th filing.

12 So, with respect to that information,
13 it is perhaps troubling that the filing has not
14 been updated.

15 In the event that Northern proceeds
16 with its second requested cost of gas adjustment,
17 the rates Northern had requested, which,
18 admittedly, has a different supply than does
19 Liberty, would be 1.0973 for a residential rate,
20 with a potential 25 percent increase, to 1.37.

21 So, we wish to bring that to the
22 Commission's attention at this time. We also
23 found it instructive and helpful, as shown in
24 Exhibit 51, the revised exhibit filed today, for

1 the purposes of a bill comparison, to ask the
2 Company to make the comparison between the
3 currently effective rates, which I think are a
4 maximum 0.6 -- 0.6984, a comparison of the rates
5 in effect now, as ordered by the Commission, and
6 compared to the requested increase. We find that
7 helpful, because a mid-season adjustment
8 comparison to the Summer of 2021 is not
9 particularly meaningful, with regard to what the
10 Commission is being asked to do.

11 There are several exhibits that are
12 just -- that were provided to inform the
13 Commission that we, the Department, found
14 helpful.

15 For example, Exhibit 45 shows the LDAC
16 rates included in the summer cost of gas,
17 including changes made in other dockets. We find
18 that helpful.

19 And Exhibit 48 shows the historic over-
20 and under-collection for EnergyNorth's summer and
21 winter dockets. It's a useful perspective for
22 the under-collection issue here.

23 Exhibit 46 and Exhibit 49, in Set 2,
24 are better replaced by Data Responses Set 3, in

1 the Department's opinion. However, we've
2 included them for your reflection, because the
3 initial list, we didn't have Set 3 at that time,
4 and also to show -- to demonstrate to the
5 Commission that the Department has been diligent
6 in developing the record and trying to clarify
7 the issues for presentation here today.

8 Thank you.

9 CHAIRMAN GOLDNER: Thank you. And
10 before moving to the OCA for the opportunity to
11 make an opening comment, I'll just comment that,
12 your opening, Attorney Schwarzer, would be --
13 would have been very helpful to have been
14 received in a letter form ahead of time.

15 It sort of summarizes all of the
16 filings. So, it just helps orient us, and the
17 OCA, I think, to give us a grasp of what's been
18 filed. Because it looks like a lot of record
19 requests, and it's very difficult to sort of sort
20 out the point of the record requests.

21 So, a nice summary like that would be
22 very helpful.

23 MS. SCHWARZER: And, Mr. Chairman,
24 thank you. And, if I might, the exhibit list, I

1 tried to put in a short "re:" line for that
2 reason. But, of course, by the time you got
3 there, it was probably too late.

4 Thank you very much.

5 CHAIRMAN GOLDNER: Thank you. Would
6 the --

7 CMSR. SIMPSON: Can I ask one quick
8 question?

9 CHAIRMAN GOLDNER: Sure.

10 CMSR. SIMPSON: Can you explain what
11 you mean by "standard format"?

12 MS. SCHWARZER: Historically, the cost
13 of gas filing is done with an initial rate X.
14 Which is projected as the forecasted rate, and
15 then permission from the Commission, without
16 further Commission review or approval, to
17 increase the rate as far as 25 percent more, or
18 125 percent, --

19 CMSR. SIMPSON: Uh-huh.

20 MS. SCHWARZER: -- or to drop the rate
21 as much as necessary, based on market volatility.
22 And there are additional clauses in cost of gas
23 standard orders that direct each utility to make
24 a trigger filing five days before the end of each

1 month in the subsequent seasonal period. And
2 that trigger filing is done irrespective of
3 whether the rate is changed, to record for, now,
4 the Department and the Commission, what the
5 status of the over- or under-collection is, and
6 what percentage of the overall expected recovery
7 that represents.

8 Although, of course, I will defer to
9 the Company, if they wish to correct anything
10 that I'm explaining at this time.

11 And, in the event that the Company were
12 to choose to increase the rate, or to decrease
13 the rate, as may be done at 4 percent or 11
14 percent, it depends, tariff pages must also be
15 filed and the new rates identified. And, so,
16 that is all done five days before the end of the
17 month, or five business days before the end of
18 the month.

19 And there is, in the December reports
20 that Liberty and the Department filed, in terms
21 of procedure, a request to the Commission that,
22 before the Commission grant or find tariff pages
23 compliant, that there be some -- a few days that
24 the Department might also review and comment,

1 before a ruling from the Commission.

2 And I hope that answer is helpful.

3 CMSR. SIMPSON: That is helpful. Thank
4 you.

5 CHAIRMAN GOLDNER: Does the Office of
6 Consumer Advocate have any opening comment?

7 MR. KREIS: Just very briefly, Mr.
8 Chairman.

9 I really enjoyed listening to what
10 Attorney Schwarzer had to say, because, as she
11 was saying it, I was thinking "Wow, great minds
12 do tend to think alike." And, as proof of that,
13 I want to say that the only piece of paper I
14 brought in with me today, because everything else
15 is on my computer, is, in fact, the letter that
16 was filed by Northern Utilities, in Docket DG
17 21-131, on July 12th, which was yesterday.

18 And, while I don't propose to enter
19 that letter into evidence here, I think I heard
20 Ms. Schwarzer suggest, and I would agree, that
21 the Commission can and should say administrative
22 notice of what Northern Utilities said in its
23 cost of gas docket yesterday. Which was that
24 they don't actually think that they're going to

1 need a cost of gas increase, because, as they
2 said, although NYMEX prices have fluctuated, the
3 overall trend, at least recently, has been lower.

4 So, I think, as a matter of public
5 policy, and fairness to ratepayers, we need to
6 spend some time here, in this hearing, looking at
7 why one of our two natural gas utilities can file
8 a letter like the one that Northern Utilities
9 filed yesterday, in 21-131, while this utility
10 here, in this docket, is requesting a much
11 different outcome, resulting in a much higher
12 rate.

13 Because the people of New Hampshire,
14 and the journalists of New Hampshire who will be
15 calling me about this, will compare those two
16 rates, and they will be asking me, and you, and
17 everybody else, "Why the difference? What
18 accounts for that?"

19 And, as Ms. Schwarzer said, and as I'm
20 sure Mr. Sheehan and his witnesses will say,
21 "Well, of course, these two natural gas utilities
22 are not fungible. They have different supply
23 portfolios. They have different service
24 territories. They interconnect with the

1 interstate pipeline network differently. And,
2 so, of course, they're not going to behave
3 similarly in every instance."

4 But there's a pretty big delta between
5 what Northern is proposing and what Liberty is
6 proposing. And I think we have to make sure that
7 we all do the right thing here, because it's
8 customers who actually pay these rates.

9 Now, I suspect, or my hypothesis going
10 in to today's proceedings, is that we will, at
11 the end, tell you that we agree that the cost of
12 gas rate should be as Liberty requested, 1.2295,
13 which is to say \$1.22.95 per therm.

14 But I really want to reserve judgment
15 on the ultimate outcome, because I want to hear
16 what the witnesses have to say, and I want to
17 hear what the Department has to say, because,
18 like you, I'm evaluating all of this "on the
19 fly", to some degree. What we're doing here in
20 the hearing is really what we should have been
21 doing through discovery and some thoughtful
22 analysis that we just haven't had time to do.

23 I was intrigued and interested to hear
24 what the Department had to say about that \$3.2

1 million that is being brought forward in a way
2 that the Department is worried is an example of
3 retroactive ratemaking. We all know that
4 retroactive ratemaking is not just illegal in New
5 Hampshire, it is actually unconstitutional.

6 But, that said, and on behalf of the
7 OCA, I just -- I want to be very careful about
8 taking consistent positions before the PUC about
9 issues related to retroactive ratemaking. As the
10 Commission knows, I've taken a very emphatic
11 position with respect to the proposed adjustment
12 that Liberty has of its revenue decoupling
13 reconciliation mechanism to account for \$4
14 million that I think was -- is missing, because
15 everybody actually follows the tariff. So, my
16 argument there is "you can't change the tariff
17 retroactively." That's what "retroactive
18 ratemaking" is.

19 On the other hand, as you also know,
20 just a few days ago, I caved on a very similar
21 issue about a reconciling mechanism in connection
22 with Eversource. And I did that because they
23 convinced me, in this hearing room, that there
24 was very little time between when they discovered

1 a mistake and when they sought to effectuate that
2 mistake through the reconciling mechanism that
3 that Company was applying.

4 So, I'm not sure what my position is
5 about that \$3.2 million. I'm not yet convinced
6 that it is an example of retroactive ratemaking.
7 I hate retroactive ratemaking, because I love the
8 law and I love the State Constitution. But I
9 don't want to raise that alarm every time a
10 utility tries to bring something forward from
11 some past period that it thinks need to be
12 reconciled now.

13 But there does need to be a limit,
14 right? As I asked in the Eversource hearing,
15 "what happens if you discover an error that is
16 ten years-old? Do you get to bring that forward
17 and recover that?" It is worrisome.

18 I guess that's all I have to say by way
19 of an opening statement. I'm very interested in
20 what happens today. And I'm glad that it appears
21 that the hearing will -- that the record will not
22 close with the close of today's hearing.

23 CHAIRMAN GOLDNER: Attorney Sheehan,
24 would you like to make an opening statement?

1 MR. SHEEHAN: I wasn't going to, but --

2 CMSR. SIMPSON: If I could just --

3 MR. SHEEHAN: Sure.

4 CMSR. SIMPSON: -- offer a comment that
5 would be helpful if you might address?

6 With all the information that's been
7 recently filed, you often, when you appear before
8 us, you start with a summary of what the
9 Company's requesting, you outline the nuances,
10 and then you also end with a clear summary of
11 what the Company is requesting. And that's
12 always very helpful.

13 And what I would like to very
14 definitively understand is what the Company has
15 requested in terms of reconciliation from past
16 periods, the past gas period, and then the
17 adjustment for moving forward.

18 MR. SHEEHAN: Okay.

19 CMSR. SIMPSON: Thank you.

20 MR. SHEEHAN: First, Northern already
21 received a mid-summer increase in rates early
22 this year, as the Commission is well aware. So,
23 their decision not to seek another one is not
24 similar to what we're doing here. And they

1 received an increase from 60 cents to 95 cents,
2 whatever the numbers were.

3 Second, since first impressions are
4 important, and Mr. Kreis just attempted to give
5 you a first impression of our recent RDAF filing,
6 the basic argument there, and I can put it in one
7 sentence, is the tariff language, indeed,
8 directed us to rethink and properly return that
9 \$4 million, but the tariff also approved a
10 revenue requirement of X dollars that we couldn't
11 keep, because the other part of the tariff told
12 us to give it back. So, you have a tariff saying
13 two contradictory things: "You can collect X
14 dollars, you have to give back Y dollars." And
15 that's the issue in front of you.

16 Our view is, the "directing back"
17 language is administrative, as Mr. Dexter said
18 yesterday in the hearing, a very nuanced quirk in
19 that tariff language, but the overriding goal of
20 the Settlement Agreement and the order was
21 Liberty gets a revenue requirement of X, which
22 they did not get. Period. I'll move on.

23 Here, the rate we proposed in May, the
24 filing we made in May, has not changed one iota.

1 We still ask you to approve that rate, the number
2 that was mentioned already.

3 In response to the possibility that the
4 NYMEX has stabilized, and maybe gone down,
5 Ms. Gilbertson will address that. It seems to
6 have stabilized, but it still is going up and
7 down. So, it doesn't -- we didn't think it
8 advisable to pick another NYMEX, make a revised
9 filing that may again change by the time we get
10 here.

11 Contrary to what Ms. Schwarzer said, we
12 did not propose a "flat rate". We proposed a
13 rate that would not go any higher. We did not
14 request a 25 percent bandwidth, because the
15 Commission had, days before we made our filing,
16 denied that request from Northern. So, we
17 thought it disrespectful to make the same request
18 you just denied.

19 But our filing fully anticipated that
20 we would drop the rate, in the normal course,
21 based on NYMEX, through the usual trigger
22 filings. So, if you approve the rate as is, the
23 very next month, if it's down, it will go down,
24 and we'll follow that normal process.

1 Last, the reconciling -- the
2 "retroactive ratemaking" issue, what you will
3 hear from the witnesses is, last fall, you
4 approved a summer cost of gas rate that included,
5 incorporated, the over/under balance from last
6 summer. That number was put in a filing made in
7 September, based on estimated consumption through
8 several months at the end of the year, through
9 November, estimated future gas prices, estimated
10 everything. Those estimates, as always, weren't
11 right. So, what you have in this filing is the
12 actuals.

13 There's no imprudence there. There is
14 just estimates. And, as the testimony -- written
15 testimony said, the price spike happened at that
16 time, after September. So, we had estimates for
17 fuel prices from September through the rest of
18 the year. Prices went up. Our estimates didn't
19 pick that up. So, therefore, we had that
20 significant under-collection. That's all it is.

21 It's very plain vanilla. The number is
22 bigger than normal, no question. But there's
23 nothing unusual here. The same process that we
24 do every year. Now that we have actuals, we can

[WITNESS PANEL: Gilbertson|McNamara]

1 say exactly what we spent last year and what we
2 recovered. So, --

3 CHAIRMAN GOLDNER: Okay. Very good. I
4 think that concludes the opening statements.

5 Let's move to the witnesses.

6 Mr. Patnaude, would you please swear in today's
7 witnesses.

8 (Whereupon **Deborah M. Gilbertson** and
9 **Catherine A. McNamara** were duly sworn
10 by the Court Reporter.)

11 CHAIRMAN GOLDNER: Okay. We'll move to
12 direct examination, beginning with Attorney
13 Sheehan.

14 MR. SHEEHAN: Thank you.

15 **DEBORAH M. GILBERTSON, SWORN**

16 **CATHERINE A. McNAMARA, SWORN**

17 **DIRECT EXAMINATION**

18 BY MR. SHEEHAN:

19 Q Ms. Gilbertson, please introduce yourself and
20 tell us your position with Liberty?

21 A (Gilbertson) Hi. My name is Debbie Gilbertson.
22 I am the Senior Manager of Energy Procurement for
23 Liberty Utilities.

24 Q And you, along with Ms. McNamara, prepared

[WITNESS PANEL: Gilbertson|McNamara]

1 testimony and schedules that have been marked as
2 "Exhibit 38", confidential, and "39", redacted,
3 is that correct?

4 A (Gilbertson) Yes, we did.

5 Q Do you have any changes you need to bring to the
6 Commission's attention today?

7 A (Gilbertson) No.

8 Q And do you adopt that prefiled written testimony
9 as your sworn testimony today.

10 A (Gilbertson) Yes, I do.

11 Q I'll get back to you in a minute with a few
12 introductory questions.

13 Ms. McNamara, the same question, please
14 introduce yourself and give us your title?

15 A (McNamara) Excuse me. Catherine McNamara, I'm a
16 Rates Analyst for Liberty Utilities Service
17 Corporation.

18 Q And, Ms. McNamara, did you participate with
19 Ms. Gilbertson in preparing the testimony and
20 exhibits that -- or, attachments that appear as
21 "Exhibits 38" and "39"?

22 A (McNamara) I did.

23 Q And do you have any changes or corrections to be
24 made to that written testimony?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (McNamara) I do not.

2 Q And do you adopt that written testimony as your
3 sworn testimony today?

4 A (McNamara) I do.

5 MR. SHEEHAN: Thank you. I'd first
6 like to ask you folks a couple questions to kind
7 of confirm what I just said to the Commissioners,
8 because I'm not a witness giving evidence.

9 I'll start with you, Ms. McNamara.

10 BY MR. SHEEHAN:

11 Q With regard to the under-collection, can you tell
12 us what categories of information -- let me back
13 up. The Company filed a requested summer rate
14 that included a proposed under-collection for the
15 Summer of '21, is that right?

16 A (McNamara) Correct.

17 Q At the time that the Company made that filing
18 with that particular number, there were some
19 estimated figures in the filing, is that correct?

20 A (McNamara) Correct. Several months.

21 Q Yes. So, first question, how many months of
22 estimated numbers would be in that?

23 A (McNamara) There were actuals through June, and
24 then July through October estimated.

[WITNESS PANEL: Gilbertson|McNamara]

1 Q And what categories of information is that, were
2 estimated?

3 A (McNamara) Essentially, the entire filing. The
4 filing is an estimate of what we think the costs,
5 revenues, and therm sales are going to be for the
6 period.

7 Q So that the cost, the rate we charge our
8 customers, is based on, largely, on NYMEX
9 pricing, is that correct?

10 A (McNamara) That is correct.

11 Q And that was estimated?

12 A (McNamara) Correct.

13 Q The number of therms we would sell through the
14 last months of the summer was an estimate of what
15 our customers would consume, is that correct?

16 A (McNamara) That's correct.

17 Q And, therefore, the revenues, the therms times
18 the rate, was also an estimate?

19 A (McNamara) Correct.

20 Q Was there any -- strike that. So, that gave rise
21 to a beginning balance for the Summer '22?

22 A (McNamara) Correct.

23 Q Now, you made a filing -- we made a filing in May
24 of '22, as we all know, to adjust the rate for

[WITNESS PANEL: Gilbertson|McNamara]

1 the market conditions. Did you update those
2 estimates that were in the September '21 filing
3 to actuals?

4 A (McNamara) We did.

5 Q And, so, that the May '22 filing, to the extent
6 it's calculating a beginning balance for this
7 summer, now has all the actual numbers from last
8 summer?

9 A (McNamara) Correct.

10 Q And that gives rise to the \$9 million that has
11 been mentioned?

12 A (McNamara) The beginning balance is 7.7 million.

13 Q Okay.

14 A (McNamara) But, yes, it does.

15 Q And that number is baked into the May 20 filing
16 that we have in front of the Commission today?

17 A (McNamara) That's correct.

18 Q Okay. And the goal of every cost of gas filing
19 is to take whatever over- or under-collection, go
20 through all the math of all the different
21 components, and come to a zero at the end of the
22 period. Is that right?

23 A (McNamara) That's correct.

24 Q Based on all the estimates and projections of all

[WITNESS PANEL: Gilbertson|McNamara]

1 of these various categories. And, of course,
2 they're estimates, so, there's always variations,
3 is that fair?

4 A (McNamara) That's fair.

5 Q And, last fall, there happened to be rather
6 significant variations?

7 A (McNamara) That's correct.

8 Q So, from the fall filing, to the extent it
9 contained Summer '22 information, and we talked
10 about the beginning balance, you described how
11 that changed from fall to May. What else changed
12 in the -- from the fall filing that the
13 Commission last saw, regarding summer rates, to
14 what's in the May 20 filing?

15 A (McNamara) We changed the NYMEX rate, the basis
16 rates, which is a small change; the estimated --
17 the estimated therm sales became the actual therm
18 sales; and the estimated costs included became
19 the actual costs included.

20 Q And I believe there was some tweak to the LDAC
21 rate between November and May, is that correct?

22 A (McNamara) There was a tweak to the LDAC rate,
23 but it was not -- it was not due to a calculation
24 error, it was due to other dockets that we were

[WITNESS PANEL: Gilbertson|McNamara]

1 ordered to collect through the LDAC.

2 Q The energy efficiency dockets had a couple orders
3 that made the LDAC change through the winter, is
4 that fair?

5 A (McNamara) Correct. And PTAM as well.

6 Q Okay. So, from what the Commission saw last
7 fall, to what they see today, we've changed
8 estimates to actuals for last summer; we've
9 updated NYMEX, plus all the numbers that flow
10 from NYMEX, and I'll ask Ms. Gilbertson about
11 that; and there were some small changes to the
12 LDAC because of some other orders. Is that fair?

13 A (McNamara) Correct.

14 Q Thank you. Ms. Gilbertson, can you tell us, when
15 we say "we changed NYMEX", what impact that
16 actually has on the filing? What numbers change?

17 A (Gilbertson) So, NYMEX is the baseline for all
18 pricing. So, in the summertime, we buy most of
19 our gas from Zone 4, which is Marcellus Shale
20 area, and that particular price point is NYMEX,
21 minus like a nickel, or whatever. Most of the
22 pricing in the summertime is NYMEX, minus
23 something. It's not like winter, where we're
24 exposed to Zone 6, we don't buy at Zone 6 in the

[WITNESS PANEL: Gilbertson|McNamara]

1 summertime.

2 So, when NYMEX changes, it affects the
3 summertime rate quite a bit, because it is the --
4 it's the lion's share of the pricing.

5 Q As far as what changed in your world, from
6 November to May, NYMEX is the main thing, is that
7 correct?

8 A (Gilbertson) Yes.

9 Q From Ms. McNamara's world, on the calculation
10 side, it was this over/under-collection that
11 changed quite a bit from last fall to now, is
12 that fair?

13 A (McNamara) Correct.

14 Q But, when you change NYMEX in our filing, as you
15 say, so many other numbers depend on NYMEX, it
16 has a cascading effect throughout the filing?

17 A (Gilbertson) Yes. It's all pricing. All the
18 pricing will change, if NYMEX changes.

19 Q But NYMEX is the 600-pound gorilla that --

20 A (Gilbertson) Exactly.

21 Q So, if NYMEX didn't change, and there changes in
22 anything else, we wouldn't be here today?

23 A (Gilbertson) That's exactly right.

24 Q Okay. Can you tell us what the magnitude of the

[WITNESS PANEL: Gilbertson|McNamara]

1 NYMEX change was, roughly, from last fall to May?

2 A (Gilbertson) Last fall, when we put the filing
3 together, the NYMEX was hovering around \$4.00.
4 And then, when we put it together in May, it was
5 hovering around 7.50.

6 Q And you heard Ms. Schwarzer, in reference to
7 Northern, where there seems to be a suggestion
8 that the NYMEX has stabilized and/or decreased.
9 What's your take on where the NYMEX is now and
10 where you think it might be for the rest of the
11 summer period?

12 A (Gilbertson) The NYMEX has decreased. There was
13 a significant event in Texas, back in June. It
14 was an export LNG facility, Freeport LNG, about
15 20 percent of the exports out of this country
16 were interrupted due to an explosion there, which
17 meant that there was more gas contained in the
18 country, rather than leaving the country.

19 Q So, damage to an export facility --

20 A (Gilbertson) Was a plus for the pricing for our
21 customers.

22 Q Okay. So, that was, you think, a downward
23 pressure on NYMEX pricing?

24 A (Gilbertson) Yes, I think, and so do a lot of

[WITNESS PANEL: Gilbertson|McNamara]

1 experts.

2 Q Is the NYMEX pricing still volatile today?

3 A (Gilbertson) It's hovering in the 6.50 range. Is
4 it volatile? It's volatile day-to-day, but the
5 outlook for first of month from July through the
6 rest of the term is -- it's right around 6.50.

7 Q And you said the May 20 filing before the
8 Commission now is based on a NYMEX of what?

9 A (Gilbertson) About 7.50.

10 Q And I think this is actually one of the data
11 requests that was made into an exhibit. What
12 happens, if we were to reduce NYMEX by a dollar
13 in our filing, what impact does that have on the
14 cost of gas rate? Does either of you -- it's
15 unfair for me to spring that on you, --

16 A (Gilbertson) I might have --

17 Q -- but do either of you have that number handy?

18 A (McNamara) Subject to check, it would be --

19 *[Court reporter interruption.]*

20 **BY THE WITNESS:**

21 A (McNamara) Sorry. Subject to check, it was a
22 over-collection of about \$350,000.

23 BY MR. SHEEHAN:

24 Q So, if the NYMEX goes down a dollar, and we don't

[WITNESS PANEL: Gilbertson|McNamara]

1 change the rate, and all the cascading happens
2 through the model, you would project a very
3 modest over-collection by the end of the year?

4 A (McNamara) Correct.

5 Q Now, if the NYMEX stays at 7.50, is that the
6 number that gives you the zero at the end of the
7 summer season, for the over/under?

8 A (McNamara) Can you repeat that?

9 Q Yes. The NYMEX in the filing is 7.50, give or
10 take. And, if the price stays exactly that for
11 the rest of the summer period, that's the number
12 you used to calculate a zero over/under by the
13 end of the period, is that right?

14 A (McNamara) Correct.

15 Q So, the dollar NYMEX order of magnitude has a
16 several hundred thousand dollar impact on the
17 over/under, is that a fair conclusion?

18 A (McNamara) Correct, if you change the NYMEX for
19 August, September, and October.

20 Q Okay. So, I'll ask Ms. McNamara -- I'll ask you
21 to articulate the rates and bill impacts from
22 your filing. So, what is the rate that Liberty
23 is proposing to charge customers, and now the
24 beginning date of the proposal is August 1?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (McNamara) The Company is still requesting a
2 proposed rate of one dollar and approximately
3 23 cents, 1.2295.

4 Q And is it correct that the Company will continue
5 to make trigger filings and lower that rate, if
6 NYMEX numbers warrant?

7 A (McNamara) Absolutely.

8 Q And what is the bill impact -- well, first tell
9 me, you computed a bill impact compared to what?
10 This rate compared to what rate?

11 A (McNamara) In the filing, we compared it to the
12 2021 summer actuals.

13 Q And what was the bill impact of those actuals to
14 this current rate, or the -- let me back up.
15 This summer is going to have three months at the
16 current rate of about 65 cents, and then three
17 month at \$1.20, fair?

18 A (McNamara) That's correct.

19 Q So, when the rate -- I guess I'm confusing the
20 thing. If you compare the proposed rate of \$1.20
21 to last summer's actuals, what's the bill impact?

22 A (McNamara) It's \$130.11, or 54.36 percent.

23 Q And that's over the course of the summer, is that
24 correct, rather than monthly?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (McNamara) That's the total six-month period bill
2 impact.

3 Q Okay. Did you prepare other bill comparisons?

4 A (McNamara) I did.

5 Q And could you offer a couple of those to help the
6 Commission sort of get a sense of --

7 A (McNamara) Certainly. I did a bill comparison
8 comparing to the rates approved in Order 26,541,
9 which was \$0.5587, or roughly 56 cents. That is
10 a 67-cent change, or 120 percent -- 120 percent.

11 MR. SHEEHAN: You had a question,
12 Commissioner?

13 CMSR. SIMPSON: I just wondered, is
14 that in an exhibit? Would you be able to point
15 us to the exhibit number, so we could reference
16 that?

17 WITNESS McNAMARA: I would have to look
18 it up, but, yes.

19 CMSR. SIMPSON: Okay.

20 WITNESS McNAMARA: It was one of the
21 calculations requested in a data request.

22 MR. SHEEHAN: We'll certainly get that
23 to you before, and Ms. Schwarzer may have it at
24 the tip of her tongue right now as we speak.

[WITNESS PANEL: Gilbertson|McNamara]

1 CMSR. SIMPSON: Sure. Please.

2 MS. SCHWARZER: Are you talking about
3 the estimate compared to the -- the current May
4 '22 compared to the proposed rate?

5 WITNESS McNAMARA: No, not the maximum
6 rate, but the original rate without the
7 25 percent increase that was in the order of 55
8 cents, versus the maximum rate that was in the
9 order for 69.84.

10 MR. SHEEHAN: We'll work on it.

11 MS. SCHWARZER: I know there are bill
12 impacts in DR Response 3, but I just -- I'm not
13 sure what you're describing. Sorry.

14 WITNESS McNAMARA: When Ms. Gilbertson
15 is answering questions, I'll take a look to find
16 that.

17 MR. SHEEHAN: Sure.

18 BY MR. SHEEHAN:

19 Q And, so, Ms. McNamara, this comparison is -- that
20 you're articulating is from the summer rate the
21 Commission approved last fall of 50 something
22 cents, to the proposed rate now of \$1.22?

23 A (McNamara) That's correct.

24 Q Did you prepare any other comparisons that we

[WITNESS PANEL: Gilbertson|McNamara]

1 believe are in one of the exhibits, and we will
2 track that down now?

3 A (McNamara) Yes. I compared it to the max rate
4 from Order 26,541, of roughly 69.8 cents, and
5 that was an increase of 53 cents, or 76 percent.

6 MR. SHEEHAN: Thank you. And, when we
7 find that exhibit, I think it has a couple
8 others.

9 That's all I have. Thank you.

10 CHAIRMAN GOLDNER: Okay. We'll move to
11 cross-examination, beginning with the Office of
12 Consumer Advocate.

13 MR. KREIS: Thank you, Mr. Chairman.
14 I'm going to try to be really quick, and I think
15 I might succeed. Largely because, although the
16 musings of my learned colleague, Mr. Sheehan, are
17 extremely interesting, and almost always
18 persuasive, they are nevertheless not testimony.

19 **CROSS-EXAMINATION**

20 BY MR. KREIS:

21 Q I do want to ask, I believe, Ms. Gilbertson to
22 comment, as Mr. Sheehan did, on what Northern
23 said in its July 12th letter filed in DG 21-131.
24 And, as we've already heard, what Northern said

[WITNESS PANEL: Gilbertson|McNamara]

1 is "well, we" -- well, what the letter actually
2 says is "It is possible or likely that Northern
3 will not require any increase in the COG rate as
4 it had anticipated on June 13th."

5 So, I would like you, Ms. Gilbertson,
6 to explain why it is that Northern is making that
7 filing, and Liberty is here asking for a rate
8 increase?

9 A (Gilbertson) I'll do my best. First of all, I
10 thought that Mike had mentioned, and I was aware
11 of this as well, that Northern already did go in
12 for an increase for the summer cost of gas, and
13 this is our first one.

14 So, I believe that letter references a
15 "second" increase to the cost of gas that they
16 won't need. And we're probably in the same
17 position they're in. We likely will not need a
18 second increase in our cost of gas either.

19 Q So, just to be clear --

20 A (Gilbertson) Yes.

21 Q So, it is as simple as that, from your
22 perspective? It's a matter of them already
23 having been here, having already gone through
24 what you are here, meaning Liberty, doing today?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (Gilbertson) Correct. Well, I won't get into
2 their portfolio of assets, because I don't know
3 it all that well. I am aware that they have
4 ability to take gas out of three pipes,
5 Maritimes, Portland, and Tennessee, whereas
6 EnergyNorth has only the ability to get gas off
7 of one pipe. So, you are really limited as to
8 where you can buy gas, based on where your
9 entitlements are on the pipes.

10 So, I don't know where they're buying
11 their gas or -- I know where we're buying ours,
12 though.

13 Q So, I think, then, that what I'm hearing is you
14 agree with me that it's difficult to compare the
15 two utilities, because their portfolios and
16 connections to the interstate pipeline network
17 are actually quite different?

18 A (Gilbertson) Yes, I do. I agree with that.

19 Q Looking at -- I just want to make sure I have the
20 correct exhibit number. I'm looking at -- excuse
21 me for a second, this is the cost of going all
22 electronic, I have to keep all my files straight.

23 I'm looking at the Company's prefiled
24 testimony, which I think is Exhibit 38, if I have

[WITNESS PANEL: Gilbertson|McNamara]

1 that right. And the pages I'm relying on are the
2 Bates page numbers, which are different than the
3 page numbers listed at the top of the prefiled
4 testimony. At Page 8, I think it's
5 Ms. Gilbertson that says "The Company has no
6 other option but to take the Dracut capacity that
7 was available or else declare a moratorium on
8 growth due to an insufficient portfolio of
9 resources needed to serve peak winter loads."

10 Has the Company every declared a growth
11 moratorium?

12 A (Gilbertson) Not to my knowledge.

13 Q And are there other options that would be
14 available over a longer planning horizon?

15 A (Gilbertson) There are -- well, we're hoping,
16 that there's opportunity to maybe expand on that
17 Tennessee contract to get more upstream to Dawn,
18 Canada. So, we're investigating opportunities to
19 get some upstream to connect to that.

20 Q Has the Company considered increasing its storage
21 capacity?

22 A (Gilbertson) Have we considered increasing our
23 storage capacity? Well, we don't have entitle --
24 we could have all the capacity in the ground, but

[WITNESS PANEL: Gilbertson|McNamara]

1 we can't get it out. It's the pipeline that gets
2 it to the gate. So, that's the problem.

3 Q So, in other words, if I'm understanding you
4 correctly, that wouldn't help, is what you're
5 saying?

6 A (Gilbertson) Yes.

7 Q Okay. Has the Company recently initiated any
8 RFPs to obtain a lower cost supply?

9 A (Gilbertson) Yes.

10 Q How recently?

11 A (Gilbertson) Gosh, as soon as the winter was
12 over, we're already planning for the next winter.
13 So, we've probably sent out, probably, four or
14 five, and then next week we're sending ten more.

15 Q Does that involve acquiring any fixed price
16 supply that would stabilize the price you pay at
17 Dracut?

18 A (Gilbertson) Yes, it does involve that.

19 Q You mentioned, I think it's on Page 15, the
20 Company's hedging strategy, and that you, I
21 think, have been or are reviewing that strategy.
22 Are there any preliminary findings that you can
23 share about that review? I know your testimony
24 is that you haven't completed it or haven't

[WITNESS PANEL: Gilbertson|McNamara]

1 approved it.

2 A (Gilbertson) Well, the Company is very interested
3 in looking back in time what we did before, years
4 ago, what kind of strategies we had in place. We
5 changed them, and why we did we change them?
6 And, if that still holds true today, is the
7 theories that, you know, came into play that
8 allowed us to have a strategy of physical hedging
9 at the Zone 6.

10 There are no concrete findings at this
11 time. As I said, it's been discussed. The
12 Company is very interested in -- we also have a
13 mitigation cost strategy, where we have assets
14 that are valuable, and we release them to vendors
15 for a good fee. So, any opportunity that we have
16 to reduce costs through cost mitigation, by
17 capacity release or asset management
18 arrangements, have netted, the bottom line, it's
19 a direct -- it's a direct benefit to customers.
20 Whereas, sometimes hedging, it's not necessarily
21 going to lower your cost, it's just going to
22 stabilize your cost.

23 So, we are in conversations with "what
24 can we do better?"

[WITNESS PANEL: Gilbertson|McNamara]

1 Q Okay. Just give me a second here to get to my
2 next question.

3 Looking at -- okay. Looking at Page 16
4 of Exhibit 38, which is the very last page of
5 Ms. Gilbertson's testimony, there's a discussion
6 there of the Company's Fixed Price Option. And,
7 of course, that's of enduring interest to the
8 Office of the Consumer Advocate.

9 Has the Company taken a look at all,
10 and I'm not sure which witness would be best able
11 to answer this question, have you taken a look at
12 all about the extent to which the FPO customers
13 and the non-FPO customers have been
14 cross-subsidizing each other?

15 A (McNamara) Can you repeat that one more time?

16 Q Sure. I'm just referencing the Fixed Price
17 Option that is mentioned by Ms. Gilbertson at the
18 end of her prefiled testimony. And I'm just
19 inquiring about whether the Company has studied
20 the extent to which the FPO customers and the
21 non-FPO customers have been cross-subsidizing
22 each other?

23 A (McNamara) I am not sure of that. I have not
24 done it myself.

[WITNESS PANEL: Gilbertson|McNamara]

1 MR. KREIS: Okay. I think I might be
2 done. Let me just look quickly here.

3 Yes. Those are all the questions I
4 have. I can't wait to hear what the Department
5 has.

6 CMSR. SIMPSON: Could I ask one quick
7 question of the Consumer Advocate for a point of
8 clarification?

9 MR. KREIS: You may. Of course.

10 CMSR. SIMPSON: With respect to the
11 Office's position on the Fixed Price Option,
12 would you be able to provide a brief overview, in
13 a general sense, of your position on FPO?

14 MR. KREIS: I'd be delighted to do
15 that. Thank you for asking, Commissioner
16 Simpson.

17 I believe that there should not be a
18 Fixed Price Option. Essentially, what the Fixed
19 Price Option does is cause one group of customers
20 to bet against another group of customers. And I
21 don't think it's good public policy, and I don't
22 think it's good ratemaking, and I think that it
23 shouldn't be perpetuated.

24 The other gas utility doesn't have a

[WITNESS PANEL: Gilbertson|McNamara]

1 Fixed Price Option, presumably for that reason.
2 And I don't think this one should have such an
3 option either.

4 CMSR. SIMPSON: Thank you.

5 CHAIRMAN GOLDNER: I see that
6 Mr. Sheehan may want to comment. But let's move
7 on right now to Attorney Schwarzer, and the
8 Department of Energy.

9 MS. SCHWARZER: Thank you, Mr.
10 Chairman. I'll just briefly comment on the Fixed
11 Price Option issue.

12 It is part of the tariff. And, while
13 the Department is not going to take a position at
14 this hearing on the Fixed Price Option,
15 certainly, just generically, some people prefer
16 to have a set number, and it seems to be -- it
17 may be an issue of choice.

18 In the event that the parties wish to
19 change it, it's my understanding that, in
20 general, a letter goes out to customers offering
21 them to sign up, engage, perhaps execute a
22 contract sometime in September/October, you know,
23 accept an offer. And, to the extent anybody
24 wishes to change that, it's probably easier to

[WITNESS PANEL: Gilbertson|McNamara]

1 change that before people have accepted it, as
2 opposed to afterwards, or perhaps to include in
3 the letter of offer that goes out some reference
4 to the fact that it might be eliminated.

5 That is just a comment from the
6 Department.

7 I'm going to try to address some of the
8 issues that I think are most helpful here. And,
9 first, I'd like to say that the Department has
10 asked to preserve the issue of retroactive rates,
11 and express -- and to have the opportunity to
12 request that the 3.2 million be returned. But
13 takes no position, it's just too new a thought.
14 It's undeveloped. We are not going to say more
15 about that at this time. Just ask that the
16 Commission note that we've reserved that --
17 preserved that issue and reserved the right to
18 pursue it at a later time.

19 BY MS. SCHWARZER:

20 Q Ms. Gilbertson, if I were to tell you that, I'm
21 going to speak a bit about the Northern letter,
22 to suggest that Northern's May 12th rate, the
23 rate approved effective June 1 in a May 12th
24 order, was "0.9126 per therm" for residential

[WITNESS PANEL: Gilbertson|McNamara]

1 customers, does that sound about right, if you
2 know?

3 A (Gilbertson) Honestly, I don't know. I don't
4 know their portfolio.

5 Q Okay. Well, if you assume that it is 0.9126,
6 compared to Liberty's requested rate of 1.2295,
7 there's a different of approximately 32 cents per
8 therm, is that correct?

9 A (Gilbertson) If you say so, yes.

10 Q Well, in terms of the math. I mean, if you
11 compared 0.9126 to 1.2295, that's \$0.3169?

12 A (Gilbertson) Okay.

13 Q Okay. So, do you believe the difference of 30
14 cents is accounted for purely because of supply?

15 A (Gilbertson) Honestly, I don't know, because I
16 don't know their portfolio. I don't know their
17 cost mitigation strategies. I don't know if
18 they're releasing assets. I don't know if they
19 have AMAs. I don't know what goes into their
20 rate.

21 Q Okay. But, fair to say, 91 cents a therm is
22 significantly less than what Liberty is seeking
23 in its mid-season adjustment?

24 MR. SHEEHAN: You know, I have to

[WITNESS PANEL: Gilbertson|McNamara]

1 object. She has no basis to judge the Northern
2 rate. And, yes, it's less. But I don't think
3 these witnesses can really offer any more than
4 that. And then -- and Ms. Gilbertson's
5 high-level description that they have a very
6 different portfolio. So, it's apples and
7 oranges. Or, as my son's high school teacher
8 said, "apples and drywall screws", actually.

9 MS. SCHWARZER: That's very helpful.

10 BY MS. SCHWARZER:

11 Q Well, I guess I was just hoping that
12 Ms. Gilbertson might comment on whether a 30-cent
13 per therm difference seems significant?

14 A (Gilbertson) Sure. It does. But I don't know
15 what goes into either one -- I mean, I know what
16 goes into ours. I don't know what goes into
17 theirs.

18 But 30 cents, it would be nice to be
19 able to lower ours, sure.

20 Q Okay. And part of what Liberty has built into
21 its current request is the Summer of 2021
22 under-collection of 3.1 that had not already been
23 included, correct?

24 A (McNamara) Correct.

[WITNESS PANEL: Gilbertson|McNamara]

1 Q And, when you say, I believe, Ms. McNamara's
2 prefiled testimony says that "the 4.5 million is
3 already included in the existing summer cost of
4 gas rate", is that correct?

5 A (McNamara) That is correct. However, I should
6 stipulate that, when we calculated the rates in
7 May, it was a recalculation. So, although it was
8 included in the first, we're not including it
9 again. We're still including it, it's the same
10 season, and we should start with the
11 under-collection. And, as I've stated earlier,
12 the change is estimates versus actuals, as a true
13 reconciling mechanism would be.

14 Q Well, I'm just trying to be clear, that the rates
15 currently in effect did include some
16 under-collection, and the under-collection it
17 included was 4.5 million, correct?

18 A (McNamara) It did. And it also included the
19 revenues that offset that that we already
20 collected, because we used the actual revenues
21 from that season. So, any portion of that
22 original 4 million that was collected was also
23 included in the May 20th filing.

24 Q I understand that the May 20th filing rate is an

[WITNESS PANEL: Gilbertson|McNamara]

1 increase from the rate that's currently in
2 effect. And, so, to that extent, it layers the
3 3.2 on top of the 4.5?

4 A (McNamara) Correct.

5 Q But the numbers approved effective November 1,
6 for the Summer of 2022, already include the 4.5
7 million?

8 A (McNamara) For the -- say that once again,
9 because I think --

10 Q Sure.

11 A (McNamara) -- we crossed seasons.

12 Q I'll be as concrete as I can. And I'm going to,
13 I guess, address this all to Exhibit -- Revised
14 Exhibit 51. On Bates Page 039, I want to make
15 sure I'm dealing with residential rates. Yes.
16 Okay. So, Bates Page 039, "Projected Costs
17 May 1 to May 31, 2022" shows --

18 A (McNamara) Could you hold on one second?

19 Q Oh, sure. Yes. And I'll come back to this later
20 again, I just want to get this question out.

21 A (McNamara) So, I'm in Exhibit 50, I don't --

22 Q Do you have Revised Exhibit 51?

23 A (McNamara) 51 was what was just filed today, at
24 11:00, correct?

[WITNESS PANEL: Gilbertson|McNamara]

1 Q It's when you all -- yes. You updated your data
2 request response -- you updated your request --
3 your responses to Dataset 3?

4 A (McNamara) Uh-huh.

5 Q And I marked it as "Revised Exhibit 51".

6 A (McNamara) My understanding was 51 was the
7 spreadsheets behind the --

8 Q Well, that was when we were unable to mark them
9 yesterday. So, when you all explained the 100
10 pages weren't necessary, and it was reduced --

11 A (McNamara) Correct.

12 Q -- in the revised filing, we revised Exhibit 51.
13 So, if you have your data responses, Set 3, it's
14 "Attachment DOE 3.2a", or "3-2.a". Are you able
15 to open that maybe?

16 A (McNamara) I'm looking for it. I had to leave
17 the office to get here.

18 Q Okay.

19 A (McNamara) So, I don't have the exact exhibit in
20 front of me.

21 CMSR. SIMPSON: Ms. Schwarzer, can you
22 restate the Bates page you're on?

23 MS. SCHWARZER: Happy to. Bates

24 Page 039, --

[WITNESS PANEL: Gilbertson|McNamara]

1 CMSR. SIMPSON: Thank you.

2 MS. SCHWARZER: -- in Revised

3 Exhibit 51.

4 CMSR. SIMPSON: Okay. Thank you.

5 WITNESS McNAMARA: I believe I have it.

6 MS. SCHWARZER: Okay. I have a
7 hardcopy, if that would be helpful. There's an
8 extra hardcopy, if I could approach the witness?
9 Thank you.

10 *[Atty. Schwarzer handing document to*
11 *Witness McNamara.]*

12 BY MS. SCHWARZER:

13 Q So, Bates Page 059 -- or, excuse me, Bates Page
14 039, at the top, under "Projected Costs May 1,
15 2022 to May 31st, 2022", there's a residential
16 cost of gas rate per therm, identified as
17 "0.6984". And that is the maximum cost of gas
18 rate that was approved effective November 1st,
19 correct?

20 A (McNamara) It's approved for the summer. It was
21 approved on November 1st, for the summer period
22 beginning May 1st.

23 Q Correct.

24 A (McNamara) That's what I was getting confused on,

[WITNESS PANEL: Gilbertson|McNamara]

1 when you said "November 1".

2 Q Okay. There's a November 1 order, but the cost
3 of gas that was approved in the -- for the Summer
4 of '22 included a maximum cost of gas rate, which
5 is the only rate that has been charged for the
6 Summer of 2022 EnergyNorth period, is that
7 correct?

8 A (McNamara) That's correct. May through July.

9 Q And, for this rate, the 0.6984, was calculated
10 assuming the 4.5 under-collection, that included
11 the 4.5 under-collection already?

12 A (McNamara) Correct.

13 Q So, if there hadn't been a volatile market, and
14 had the under-collection only been 4.5 million,
15 Liberty would have collected that in this period,
16 if it charged the maximum rate for all six
17 months?

18 A (McNamara) In theory, correct.

19 Q Okay. So, I will come back to this page soon.
20 But I did want to go back to a couple preliminary
21 questions.

22 For the Summer of 2021, Liberty was
23 aware that the cost of gas it was charging, at
24 the maximum rate for the Summer of 2021, was

[WITNESS PANEL: Gilbertson|McNamara]

1 insufficient to meet the under-collection being
2 generated at that time, is that correct?

3 A (McNamara) That's correct. And it was in our
4 letter to the Commission.

5 Q And, so, in your -- I was going to say, in the
6 trigger filing letters that you filed in the
7 Summer of 2021, starting in about July, Liberty
8 anticipated that it might need to file a
9 mid-season cost of gas adjustment in the Summer
10 of 2021?

11 A (McNamara) That is correct.

12 Q And it so happens that you chose not to, and I'm
13 not criticizing that at this time, but Liberty
14 was aware that there was a significant
15 under-collection for the Summer of 2021 period?

16 A (McNamara) It was aware that the under-collection
17 was growing at that time. However, it was based
18 on, by July, it would have had one month of
19 actuals, and still have all estimates otherwise.

20 Q Well, I understand that you deal with that every
21 summer, when you're dealing with estimating an
22 under-collection for any summer period for
23 EnergyNorth. The billing period is what it is.
24 And you only have actuals at a certain time,

[WITNESS PANEL: Gilbertson|McNamara]

1 correct? It's no different --

2 A (McNamara) That is correct. Yes.

3 Q No different for the Summer of 2021. And, if you
4 look at what's been marked "Exhibit 48", the
5 Company has provided a list of historic under-
6 and over-collections for summer periods. And,
7 for Summer of 2018, it was an under-collection of
8 1.9 million; for the Summer of 2019, it was an
9 over-collection of about a million; for Summer of
10 2020, it was an over-collection of about 400,000;
11 and then we get to the Summer of 2021, and it's
12 7 million?

13 A (McNamara) Correct.

14 Q Okay. In the initial projection for the summer
15 cost of gas rate, the under-collection the
16 Company provided was the beginning, sort of hub,
17 of what the forecasted rates for Summer of 2022
18 were, is that correct? You start with the
19 under-collection, and then put the forecasted
20 rates on top?

21 A (McNamara) Yes. That's what the 4 million
22 included.

23 Q And that, I don't know if you're familiar with
24 descriptions of the cost of gas mechanism, and

[WITNESS PANEL: Gilbertson|McNamara]

1 when something becomes final and when it doesn't,
2 but there's a May 14, 2021 order, Order 26,480,
3 that states "Once the over- or under-recovery is
4 approved, and included in the upcoming period's
5 rates, the incurred costs are considered prudent,
6 and the over- or under-recovery will not be
7 retroactively adjusted." Are you familiar with
8 that provision?

9 MR. SHEEHAN: Objection. This is
10 really a legal question of what is appropriately
11 recovered or not.

12 MS. SCHWARZER: Well, I'm not going to
13 ask her the legal question. I'm just going to
14 ask her if, in that initial proceeding to
15 determine the summer rates, if the over- or
16 under-recovery was approved and included in the
17 upcoming period's rates.

18 **BY THE WITNESS:**

19 A (McNamara) It was, based on estimates, like it
20 always is.

21 BY MS. SCHWARZER:

22 Q Could you please speak to how it was that the
23 3.2 million was left out?

24 A (McNamara) The 3.2 million wasn't left out. It

[WITNESS PANEL: Gilbertson|McNamara]

1 was not an error. It's the difference between
2 what the Company estimated, based on the best
3 information it had for the 2021 season, compared
4 to the actuals that came in for the '21 -- 2021
5 season. Which were included in a reconciliation,
6 I don't have the exact date that it was filed.
7 It was filed and audited.

8 Q And, at a recent technical session, weren't we
9 discussing this very issue, and wasn't the gist
10 of the conversation that there had been a problem
11 with the volume numbers, such that the correct
12 calculation for the Summer of 2021
13 over-collection was missed?

14 A (McNamara) So, the issue with the volumes that we
15 were discussing previously has to do with how we
16 calculate the individual rate, not the costs that
17 are included. And, because we were at the
18 maximum rate for the entire summer, whatever
19 therms we used, we use therms that
20 underestimated, we used a greater amount of
21 therms than the actuals came in that we -- as our
22 sales of therms. So, our calculated rates were
23 lower than they would have been, if we had used
24 the 23 million that we used in the May 20th

[WITNESS PANEL: Gilbertson|McNamara]

1 filing.

2 Q Thank you.

3 A (McNamara) However, we were at the maximum rate
4 for the entire summer. So, our rates were
5 calculating above the maximum, based on a rate
6 that was actually understated. So, it really had
7 no bearing on the calculation of the cost per
8 therm that we charge, because we charged the
9 maximum.

10 Q Thank you. If we look at just the
11 under-collection for each month of the Summer
12 2022, do you think it's fair to say that, because
13 of market volatility, the estimated
14 under-collection for each month is approximately
15 \$300,000?

16 A (McNamara) I will have to look at the filing.
17 Give me a second.

18 I don't believe in the filing we have
19 the monthly over- or under-collection. I would
20 have to verify that.

21 Q Do you remember a discussion in technical
22 sessions where we -- where Liberty estimated that
23 the monthly under-collection for the Summer of
24 '22 was approximately \$300,000?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (McNamara) I do remember those conversations.

2 Q So, very roughly, --

3 A (McNamara) Yes.

4 Q -- \$300,000. And, so, if we look at the
5 under-collection that had yet to be incorporated
6 into the maximum rate that is in effect right
7 now, it's roughly 3.2 million for the Summer of
8 2021, and roughly 1.8 million for the Summer of
9 2022?

10 A (McNamara) I'll have to take your word for it. I
11 don't --

12 Q Please don't take my word for it.

13 A (McNamara) I don't have those numbers to confirm
14 them in front of me.

15 Q Well, if we take Liberty's estimate of roughly
16 \$300,000 per month for the Summer of 2022, and
17 the 3.2 million that was not included from the
18 Summer of 2021, that's roughly \$5 million to be
19 incorporated into the mid-season adjustment?

20 A (McNamara) The math you're stating sounds
21 correct. However, those conversations, I
22 remember hearing the number "300,000", but,
23 without going back to see how we calculated that,
24 I can't say that the 300,000 would tie out to the

[WITNESS PANEL: Gilbertson|McNamara]

1 numbers that you're --

2 Q Okay.

3 A (McNamara) I'd have to make sure that I
4 understood what was included in that --

5 Q Okay.

6 A (McNamara) -- to calculate the 300,000.

7 Q Okay.

8 A (McNamara) Sorry.

9 Q Let's look at Exhibit 52, which is Department's
10 Exhibit 52. It's some information from the Henry
11 Hub gas pricing, Page 1. Sorry, what I'm looking
12 at is Bates Page -- we jumped to 200, because of
13 the Excel spreadsheet problem. So, Bates Page
14 201, shows the Henry Hub natural gas price
15 effective July 5th, 2022. There's a date up in
16 this, very small, on the left-hand side.

17 I'm sorry, that's probably a question
18 for Ms. Gilbertson.

19 A (Gilbertson) I didn't provide this, but I can
20 speak to it. What was the question?

21 Q These are actually -- this is a printout that the
22 Department filed. It's a Henry Hub natural gas
23 print of -- dated July 5th, 2022.

24 A (Gilbertson) Okay.

[WITNESS PANEL: Gilbertson|McNamara]

1 Q And it shows the last rate of "\$5.487" per therm.
2 Do you remember roughly that rate at that time?

3 A (Gilbertson) I'm sorry. I see -- where am I
4 looking? I'm looking at August 2022, with a
5 settlement at "6.59".

6 Q Are you looking at Page 201, Bates Pages 201?

7 A (Gilbertson) 201.

8 Q DOE Exhibit 52.

9 A (Gilbertson) Yes.

10 Q At the top, and Bates Page 201?

11 MR. KREIS: It's the first page of the
12 exhibit.

13 BY MS. SCHWARZER:

14 Q The very first page of the exhibit.

15 A (McNamara) That is correct.

16 A (Gilbertson) Okay. That helps. Thank you.
17 Okay. Yes.

18 Q Okay. So, there's a date on the left-hand side,
19 "July 5th", "as of July 5th, 2022". And it shows
20 a rate "5.487". Correct?

21 A (Gilbertson) Yes, I see that, but I don't know
22 what it's for. Where's the date? I don't see
23 that date. Oh. Okay. "As of July", okay. So,
24 this was pulled from on July 5th, --

[WITNESS PANEL: Gilbertson|McNamara]

1 Q Correct.

2 A (Gilbertson) -- looks like. Okay.

3 Q And it shows "5.487" per therm. Do you remember
4 the prices being roughly there on July 5th?

5 A (Gilbertson) Well, this is probably a daily
6 price. It's not a settled price.

7 Q Okay.

8 A (Gilbertson) So, do I remember this? No. But I
9 don't doubt it. It's --

10 Q Does it seem consistent with where prices were
11 going in July?

12 A (Gilbertson) They go up and down every day, and
13 then they settle. And, when you go further down
14 on this page, and you look at, I guess, Page --

15 Q Well, --

16 A (Gilbertson) -- Page 2 of 6, and you see that
17 August is settling, the last is "6.59". That's
18 just where it is on that day. And, when it
19 really settles, that's just a projection of
20 settlement. It is not the settled.

21 Q And you're directing our attention to Bates Page
22 202, correct?

23 A (Gilbertson) Yes.

24 Q Okay. And that's a different date, that's of

[WITNESS PANEL: Gilbertson|McNamara]

1 July 12th.

2 A (Gilbertson) Oh, okay.

3 Q And that shows --

4 A (Gilbertson) That shows --

5 *[Court reporter interruption, multiple*
6 *parties speaking at the same time.]*

7 BY MS. SCHWARZER:

8 Q Just to direct your attention to Bates Page 202,
9 that shows the date of "July 12". It shows the
10 "6.167" is the daily price. And then, the
11 estimated volume, as you look down for each
12 month, there are different totals hovering around
13 6.5, 6.4, 6.3, somewhere in there.

14 A (Gilbertson) Yes.

15 Q Would you agree?

16 A (Gilbertson) I agree.

17 Q Okay. And then, the last page I'm going to
18 direct you to in this exhibit, Page 204, which is
19 Page 1 of a "U.S. Energy Information
20 Administration Short-Term Energy Outlook", dated
21 "June 2022".

22 A (Gilbertson) Yes.

23 Q If you look at -- where is the -- sorry, Page
24 205, the first bullet point under "Natural Gas",

[WITNESS PANEL: Gilbertson|McNamara]

1 it says "We expect the Henry Hub spot price to
2 average 8.69 per million British thermal units
3 (MMBtu)." Do you see that?

4 A (Gilbertson) Yes, I do.

5 Q Does that seem consistent with the information
6 that you have before you at this time?

7 A (Gilbertson) It's information I have in front of
8 me at this time, yes.

9 Q Is that consistent with your professional opinion
10 about where prices might go for Q3?

11 A (Gilbertson) Oh. When we ran the forwards, it
12 was around 6.50. So, I mean, this --

13 Q So, I'm sorry, I think I'm confusing you. Bates
14 Page 205 --

15 A (Gilbertson) Uh-huh.

16 Q -- says that, for Quarter 3, so, September,
17 October, November, their projection for the Henry
18 Hub spot price is \$8.69 per MMBtu, which is, I
19 hope you agree with me, is roughly a dekatherm?

20 A (Gilbertson) Okay. So, this -- this is in May,
21 it says -- and, yes, I do agree with this,
22 because it settled at 8.10 in June. So, this is,
23 I think, dated information. But I'd agree with
24 it, because I know what it settled at in June.

[WITNESS PANEL: Gilbertson|McNamara]

1 June was high.

2 Q Okay. So, is \$8.69 per MMBtu roughly equivalent
3 to \$0.869 per therm?

4 A (Gilbertson) It would be 86 cents per therm.

5 Q 86 cents, right.

6 A (Gilbertson) Yes.

7 Q Or \$0.89 -- \$0.86, the same thing?

8 A (Gilbertson) Okay.

9 Q Right?

10 A (Gilbertson) Yes.

11 MS. SCHWARZER: I'm sorry for the
12 record. Apologies.

13 Okay. Thank you. I'm all set with
14 that exhibit.

15 BY MS. SCHWARZER:

16 Q So, if we can turn to Exhibit 51 again, Revised
17 Exhibit 51. Bates Page 032 asked Liberty to
18 compare, at the top, the May through July maximum
19 rate as it actually was charged, and the August
20 to October proposed maximum rate of the 1.2295
21 per therm, with the existing maximum rates as if
22 they had been charged for the duration of the
23 summer. Is that correct?

24 A (McNamara) Yes. That's correct.

[WITNESS PANEL: Gilbertson|McNamara]

1 Q And just to walk the Commission through this a
2 little more slowly, at the very bottom, the
3 rectangle that says "Difference", shows that, for
4 a residential rate, if the relief requested is
5 granted, looking at the right-hand column, the
6 total bill change is "8.88 percent", and further
7 down, the cost of gas charge change is "25.88
8 percent". Correct?

9 A (McNamara) That's correct.

10 Q And then, if you look under the individual months
11 of August, September, and October, it shows that
12 the cost of gas change is roughly 76 percent
13 increase for that bill, for those bills, correct?

14 A (McNamara) Correct, for the last three months.

15 Q For the last three months, correct. And then, as
16 requested, you've done that calculation for each
17 customer class?

18 A (McNamara) Correct.

19 Q And do you believe that those bill impacts in
20 Exhibit -- Revised Exhibit 51 show the Commission
21 what the impact of the requested relief will be,
22 if granted?

23 A (McNamara) Yes.

24 Q Turning to, same exhibit, but the response is

[WITNESS PANEL: Gilbertson|McNamara]

1 3.3 -- 3-2. And I believe this is Bates
2 Page 039.

3 A (McNamara) Yes.

4 Q Ms. McNamara, I believe this is the page you
5 referenced earlier to suggest that, if there were
6 an adjustment of 10 cents less per therm, the
7 under-collection -- sorry, the incremental change
8 would be roughly 356,000, correct?

9 A (McNamara) The 356,000 over-collection shown here
10 is showing what would happen if the rates were
11 lowered for August, September, and October, NYMEX
12 rate of \$1.00 per MMBtu, which I believe is
13 approximately 10 cents per therm.

14 Q And this was in response to the Department's
15 question, correct?

16 A (McNamara) Absolutely.

17 Q But I did want to ask you for clarification, at
18 the very top of this page, and I'll just restate
19 what you said to me, that it shows an
20 "incremental over-collection of \$356,000"?

21 A (McNamara) Yes.

22 Q With the 10 cents. At the very top of the page,
23 Liberty has identified an over-collection of \$7.7
24 million, correct?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (McNamara) That's correct.

2 Q Wasn't 4.5 million already included in the
3 existing rates?

4 A (McNamara) \$4.5 million was included in the
5 original filing in October of '21. However, this
6 is a recalculation of the entire season, and also
7 includes the offsetting revenues. So, yes, the
8 7.7 includes the 4.5 from the original filing,
9 but it also includes the revenues received for
10 those months.

11 Q Okay.

12 A (McNamara) So, the months that were included in
13 the Order 26,541.

14 Q So, if I were to suggest that the starting
15 under-collection should be \$4.5 million lower,
16 would you disagree with me?

17 A (McNamara) I would disagree with you.

18 Q Okay. Let's look at what this page, Bates Page
19 039, shows for the costs, projected costs for
20 June through October of 2022. The first section
21 talks about June and July, and it says
22 "Forecasted firm Residential therm sales June 1,
23 2022 through July 31, 2022". And in this
24 calculation, the Department -- the Company has

[WITNESS PANEL: Gilbertson|McNamara]

1 used "1.2295", correct?

2 A (McNamara) That is correct.

3 Q But those months have passed, correct?

4 A (McNamara) They have passed.

5 Q And it's no longer possible to charge that rate?

6 A (McNamara) That is correct. The actual rates
7 were 69 cents.

8 Q 0.6984?

9 A (McNamara) Correct.

10 Q Correct. So, to the extent this intends to show
11 sort of a running account of an over- or
12 under-collection, in order to match what's
13 actually happened to far, that those numbers for
14 June and July would have to be changed to 0.6984
15 per therm?

16 A (McNamara) Correct.

17 Q So, then, the under-collection is perhaps larger
18 than shown here?

19 A (McNamara) The under-collection would actually be
20 less. It would actually turn into -- I'm sorry,
21 into a -- one second.

22 So, the revenues here, shown as 6.1
23 million, for June through July, and the revenues
24 for May -- actually, I guess we can look at June

[WITNESS PANEL: Gilbertson|McNamara]

1 and July, would be -- these revenues would be
2 reduced by roughly, I'll say, half, 60 cents --
3 or, 69 cents versus the 1.22, which means the
4 reduction would be less. And the over-collection
5 would likely become an under-collection, of
6 roughly 3 million, based on the fact that the
7 actual rate of 69 -- 0.6984 is roughly half of
8 the total. So, it would be approximately
9 3 million, as an under-collection.

10 Q So -- excuse me. So, to the extent this data
11 request was intended to show what the
12 under-collection might be, if the price were
13 reduced by 10 cents per therm, the estimated
14 over-collection of approximately \$356,000 does
15 not accurately reflect known figures to date, is
16 that fair to say?

17 A (McNamara) That's fair to say.

18 *[Atty. Schwarzer conferring with*
19 *Mr. Arif.]*

20 MS. SCHWARZER: I think, at this time,
21 the Department would perhaps, since the time for
22 discovery has passed, might suggest that perhaps
23 an inquiry from the Commission to clarify what
24 the under-collection would be might be helpful.

[WITNESS PANEL: Gilbertson|McNamara]

1 CHAIRMAN GOLDNER: Okay. I think we --
2 the Commission is not smarter than when we
3 started a couple hours ago. So, we would like to
4 take a break, maybe till -- what time is it now?

5 CMSR. SIMPSON: Ten minutes.

6 CHAIRMAN GOLDNER: Yes. Maybe take --
7 let's take 15 minutes, and, so, the Commission
8 can sort out what's happening here, and see how
9 we might want to proceed.

10 So, let's take 15 minutes, and come
11 back at 3:25. Thank you.

12 *(Recess taken at 3:10 p.m., and the*
13 *hearing resumed at 3:32 p.m.)*

14 CHAIRMAN GOLDNER: Okay. We'll move to
15 Commissioners' questions, and beginning with
16 Commissioner Simpson.

17 MS. SCHWARZER: Mr. Chairman, could I
18 ask two more questions?

19 CHAIRMAN GOLDNER: Yes.

20 MS. SCHWARZER: Thank you very much.

21 BY MS. SCHWARZER:

22 Q So, just a question to either Liberty witness,
23 with regard to Exhibit 40. Question a. asks
24 Liberty to "present in a standard cost of gas

[WITNESS PANEL: Gilbertson|McNamara]

1 format using 1.2295 per therm as Liberty's new
2 residential cost of gas for the Summer 2022
3 period", is that correct?

4 A (McNamara) Yes.

5 Q And Liberty declined to do that. Liberty said it
6 "did not request a 25 percent increase to the
7 proposed [gas and], therefore is presenting...it
8 in the same level." So, you did not show an
9 initial rate and a maximum rate, you used the
10 1.2295 as you had initially filed. That's your
11 answer, correct?

12 A (McNamara) Correct.

13 Q And, if you were to have done 75 percent of
14 1.2295, treating that 1.2295 as the maximum rate
15 as requested, would that response have been
16 approximately 0.9221 per therm?

17 A (McNamara) I'm not sure that I followed. I'm not
18 sure that I follow you.

19 Q If you were to have presented your request of
20 1.2295 as the maximum cost of gas rate, that is
21 125 percent of an initial rate, and to get that,
22 you'd have to take 75 percent of what that
23 maximum rate is identified as. Would that
24 initial rate have been 0.9221?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (McNamara) It sounds correct. The math sounds
2 correct. However, the initial rate that we filed
3 for was for a reason, and we only concluded that
4 that would be, in a sense, a maximum rate,
5 because of the Commission's ruling in the
6 Northern case. So, I don't know that we would
7 have filed for a lower beginning rate. If we
8 wanted to increase by 25 percent, we would have
9 filed for the 1.2295 and ask for 25 percent above
10 that.

11 Q Well, a data request is a hypothetical. And the
12 person asking the request usually gets to ask the
13 question.

14 A (McNamara) Okay.

15 Q And their question was to frame your request in a
16 standard cost of gas framework. And I'm asking
17 you, had you done that, would 75 percent of
18 1.2295 be approximately 0.9221?

19 A (McNamara) That sounds correct.

20 Q Thank you. And that's pretty close to Northern's
21 current rate, based on their only mid-season cost
22 of gas adjustment to date so far, of 0.9126, is
23 that correct?

24 A (McNamara) Assuming that that's the Northern

[WITNESS PANEL: Gilbertson|McNamara]

1 rate. That sounds correct.

2 Q Okay. Thank you. And last question, looking at
3 Exhibit 48, which is the comparison of the
4 historic under-/over-collection for summer from
5 2018 through 2021, is it Liberty's position that
6 the \$7 million under-collection for Summer of
7 2021 is uniquely related to a change in NYMEX
8 rates for July, August, September, and October?

9 A (McNamara) May and June were based on actuals.
10 And it's the difference between estimates and
11 actuals that gets to the 7 million. But it's not
12 just the change in rates, it's a change in every
13 facet of the rate.

14 Q Well, isn't that always the case every time you
15 do the summer under-/over-collection?

16 A (McNamara) Correct.

17 Q How is it different, that year from other years?

18 A (McNamara) The big difference was the second half
19 of the Summer of 2021, there was a substantial
20 increase in the cost of gas rate.

21 Q The NYMEX rate?

22 A (McNamara) The NYMEX rate.

23 MS. SCHWARZER: Yes. Thank you very
24 much. No further questions.

{DG 21-130} {07-13-22}

[WITNESS PANEL: Gilbertson|McNamara]

1 CHAIRMAN GOLDNER: Thank you. We'll
2 move to Commissioner Simpson.

3 CMSR. SIMPSON: Thank you. Thanks to
4 the witnesses for being available today.

5 I echo the Chairman's comments earlier
6 with respect to some of the process updates in
7 your testimony in this filing, with the charts
8 that you added, those are very helpful. And
9 summary tables are always very helpful. So,
10 appreciate that.

11 Empirically, I just want to make sure I
12 understand the core elements of the
13 reconciliation and the future change sought.

14 BY CMSR. SIMPSON:

15 Q So, the Company is asking to move your current
16 cost of gas rate from about point -- about 69
17 cents per therm, to \$1.22, correct?

18 A (McNamara) Correct.

19 Q Okay. So, that change, that encapsulates the
20 total \$9.6 million increase that is discussed in
21 your testimony, correct?

22 A (McNamara) Correct.

23 Q Okay. So, then, that 9.6 includes the
24 reconciliation of your under-collection from the

[WITNESS PANEL: Gilbertson|McNamara]

1 Summer '21 period, correct?

2 A (McNamara) Correct.

3 Q And, in the rate that's currently set, that
4 contemplated an under-collection of about 4.4
5 million, \$4.5 million, from the Summer '21
6 period, correct?

7 A (McNamara) That's correct.

8 Q So, that under-collection was an estimate, and
9 your actual under-collection from Summer '21 was
10 actually the 7.7 million, correct?

11 A (McNamara) That's correct.

12 Q Okay. So, then, the remaining 1.9 million, from
13 the 9.6, is sought to address the Company's
14 belief that, in this current Summer '22 gas
15 period, you will have a further under-collection.
16 So, you're proactively saying "we want to
17 increase the current cost of gas, because, in the
18 remaining three months of Summer '22, we believe
19 we're going to have a further under-collection",
20 is that correct?

21 A (McNamara) That's correct.

22 Q And that gets us to the total 9.6 million, that
23 leads to the \$1.22 -- or, \$1.22 per therm
24 ultimate rate for the remaining Summer '22 gas

[WITNESS PANEL: Gilbertson|McNamara]

1 period?

2 A (McNamara) That's correct.

3 Q Okay. Excellent. I think I understand then.

4 So, then, just a couple of quick questions with
5 respect to your testimony.

6 There's an illustration on Page 4.

7 A (McNamara) Bates Page 004?

8 Q Yes. And I'm just curious, I thought the
9 discussion about your supply portfolio was quite
10 interesting. Appreciate that. The 148,000
11 million Btus that is represented as your total
12 supply from your various sources, is that a fair
13 assessment of what this is demonstrating?

14 A (Gilbertson) Yes. This is pipeline.

15 Q Okay. What's the -- what's that receipt point,
16 where you get all of your 148,000?

17 A (Gilbertson) That would be -- there's different
18 receipt points.

19 Q Okay.

20 A (Gilbertson) There's Nashua, Manchester,
21 Londonderry, Pelham. I have a cheat sheet right
22 here. So, it's all the take stations. It's all
23 the territories. So, it's Liberty's distribution
24 system.

[WITNESS PANEL: Gilbertson|McNamara]

1 Q Uh-huh. Okay. So, you have various feeds. And
2 each of these zones -- or, I guess you have
3 different -- yes, different zones, those
4 represent receipt points across your distribution
5 system?

6 A (Gilbertson) So, we can buy -- we buy the gas in
7 the zones.

8 Q Uh-huh.

9 A (Gilbertson) And then, we deliver it to Liberty's
10 distribution system, which is in Zone 6.
11 Liberty's distribution system is in Zone 6. So,
12 we can buy gas in Zone 4, we can buy gas in Zone
13 1, we can buy gas -- those are where our
14 entitlements are to purchase the gas at the
15 purchase -- at the pools.

16 Q Okay.

17 A (Gilbertson) And we move it via the pipeline to
18 the distribution system on various contracts.

19 Q Okay. Thank you. On Bates Page 008, you mention
20 "gas growth", and how the Company's increase in
21 customer load through growth has led to a shift
22 to Dracut deliveries.

23 I think you mentioned in another
24 section of your testimony that Dracut is among

[WITNESS PANEL: Gilbertson|McNamara]

1 the "most expensive gas" in the country. Is that
2 a fair overview?

3 A (Gilbertson) Yes, it is, in the wintertime.

4 Q Just in the wintertime?

5 A (Gilbertson) Yes.

6 Q Okay. Can you elaborate on the Company's
7 strategy for gas growth moving forward?

8 A (Gilbertson) We did just obtain the ability to
9 buy -- to obtain 40,000 on the Tennessee Gas
10 Pipeline. We got 40,000 extra dekatherms, that
11 was approved, I think, last year, which is very
12 helpful.

13 Q Uh-huh.

14 A (Gilbertson) However, that path goes to the
15 Granite Ridge Power.

16 Q Uh-huh.

17 A (Gilbertson) Right? So, although it was good to
18 be able to grab it, it still only originates in
19 Zone 6, which is still the most expensive price
20 point. What we're seeking to do, and hoping to
21 do, is to obtain some upstream from Canada.

22 Q Is that -- is that capacity --

23 A (Gilbertson) Yes.

24 Q -- or is that molecules?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (Gilbertson) It's capacity.

2 Q Okay.

3 A (Gilbertson) Pipe. Pipe.

4 Q Yes.

5 A (Gilbertson) We're in discussions to see if
6 that's an opportunity that we could get.

7 Q Uh-huh.

8 A (Gilbertson) And there's no -- there's no
9 concrete answer yet. But we're investigating
10 whether or not we can. There is no more
11 pipeline. Nobody is building.

12 Q Uh-huh.

13 A (Gilbertson) So, this would be, not a build, but
14 they're talking about compression, on Union and
15 TransCanada, which is similar to our path that we
16 have as part of something called the "PXP". It's
17 a 5,000 that we have, and that feeds into that
18 Dracut, you know, we've got such a heavy
19 concentration on just Dracut, --

20 Q Uh-huh.

21 A (Gilbertson) -- which is -- it's not ideal. But
22 the 40,000 contract that we just got, it's
23 helpful, but it's -- we need to do other things
24 to make it work well for EnergyNorth.

[WITNESS PANEL: Gilbertson|McNamara]

1 Q Is it fair to say that the reconciliation from
2 the past summer period and the adjustment for
3 this current gas period is not capacity-driven,
4 but primarily commodity-driven?

5 A (Gilbertson) Yes, that's true. It's not the
6 demand charges.

7 Q Uh-huh.

8 A (Gilbertson) It's the gas. It's the price of the
9 gas.

10 Q Uh-huh. Okay. So, just for context, your gas
11 growth strategy and ability to serve customers,
12 driven by the availability of capacity, which the
13 Company contracts on a firm basis, you have
14 confidence in your portfolio with that respect,
15 but the ultimate rate adjustments that we're
16 discussing here today are driven by changes in
17 the commodity market?

18 A (Gilbertson) It's definitely driven by the
19 commodity market. The demand charges haven't
20 changed.

21 Q Uh-huh.

22 A (Gilbertson) And the portfolio, I would say that
23 there are things that have to be done with that
24 40,000 that we just got, that we just obtained,

[WITNESS PANEL: Gilbertson|McNamara]

1 and we just got approval on. There's things that
2 are going to have to happen to make that a little
3 bit -- because it does just go to that Granite
4 Ridge power plant. We need it to feed Manchester
5 and Nashua as well. So, there would have to be
6 some on-system enhancements to make that happen.
7 And I believe that was in the testimony with that
8 Tennessee contract.

9 Q Okay. Thank you. You also discuss your "storage
10 refill plan". And my understanding is that you
11 have underground storage out-of-state. So,
12 you're buying gas from Marcellus. You have
13 contracted for capacity underground. You've
14 purchased gas. You're hedging that the prices
15 are going to be better now, than in the
16 wintertime. You store that gas underground in
17 your storage. And, then, when you need it in the
18 winter, you call for it, you've got the firm
19 capacity, and you pull it up?

20 A (Gilbertson) That is correct.

21 Q And, you know, given the uncertainty and the
22 increases in the commodity market, how has that
23 influenced your gas procurement strategy, and the
24 timing of utilization of that storage for,

[WITNESS PANEL: Gilbertson|McNamara]

1 really, what has been the winter periods?

2 A (Gilbertson) We have to fill it -- we only have
3 so much pipeline to get the gas into the storage.
4 So, in order to be ready for the winter period,
5 we have to baseload that gas throughout the
6 summer period. It's not like we can say "Oh,
7 prices aren't great right now, let's wait and
8 then do it later." We wouldn't have the
9 entitlements to get it in. So, we really have to
10 do it systematically throughout the summer period
11 to get it in there and be full by November 1st.

12 Q Okay. Thank you. We also had some discussion
13 about the Fixed Price Option. My understanding
14 is that that is an option for customers that's
15 unique to EnergyNorth in New Hampshire, is that
16 correct?

17 A (Gilbertson) That would be Cathy, I think, more
18 than me.

19 A (McNamara) I believe -- I'm sorry. I believe
20 that it is unique to us.

21 Q Do you have any sense of how many customers elect
22 to enroll in your Fixed Price Option?

23 A (McNamara) My best recollection is approximately
24 between 12 and 20 percent, over the past five

[WITNESS PANEL: Gilbertson|McNamara]

1 years or so.

2 Q And do you have a sense of the mixture of rate
3 class in that 12 to 20 percent, whether it's
4 primarily C&I or primarily residential?

5 A (McNamara) I believe the FPO is only offered to
6 residential customers.

7 Q Okay.

8 A (McNamara) Therefore, that increase is totally
9 residential.

10 Q Okay. Thank you. On one of the exhibits that
11 Attorney Schwarzer was looking at, it's Exhibit
12 51 --

13 MS. SCHWARZER: Revised 51, I believe.

14 BY CMSR. SIMPSON:

15 Q Revised 51, yes. Bates 032, there's some summary
16 tables for residential classes. And these
17 summary tables contemplate the ultimate bill
18 impact for residential customers, if the
19 Commission were to approve the rate adjustment
20 that the Company has sought here. And let me
21 know when you're there.

22 A (McNamara) Correct.

23 Q So, I just want to make sure that I fully
24 understand. So, we broke down the 9.6 million

[WITNESS PANEL: Gilbertson|McNamara]

1 that you're seeking as an adjustment. We're
2 halfway through, at this point, the Summer '22
3 period. So, you would spread that adjustment
4 over the remaining three months in the summer.
5 And, ultimately, if I look at the bottom table,
6 the "Difference" table, that leads to a total
7 bill change of 21 to 25 percent, respectively,
8 over those months, is that correct?

9 A (McNamara) That's correct.

10 Q Okay. Thank you. And I am not --

11 MS. SCHWARZER: I apologize for
12 interrupting, but I didn't follow the "21 to 25".
13 I'm looking at Bates Page 032, and I see a "25
14 percent" change in the cost of gas rate and an
15 "8.8 percent" change in the bill rate. So, I
16 apologize.

17 CMSR. SIMPSON: If you look at Line 64,
18 "% Change", for "August-22", "September-22",
19 "October-22" --

20 MS. SCHWARZER: Oh, that's the bill
21 percent change. Yes. Thank you very much.

22 CMSR. SIMPSON: Yes. Okay.

23 BY CMSR. SIMPSON:

24 Q So, I'm not familiar with the process that the

[WITNESS PANEL: Gilbertson|McNamara]

1 state's other gas utility followed as of late.
2 It sounds as if there's some interesting
3 opportunities for EnergyNorth to review your
4 procurement strategy and your reconciliation
5 strategy. Will the Company go back and review
6 what Northern has done and consider that within
7 your risk strategy?

8 A (Gilbertson) You're not talking about the FPO,
9 right?

10 Q Not FPO, no.

11 A (Gilbertson) Yes. And I actually have read some
12 of Northern's testimony, and they do a lot of
13 what we do. They do asset management
14 arrangements, where you release some of your
15 capacity to a vendor, who will give you a good
16 price for it, and also offer a firm supply
17 delivery. So, they -- you release the capacity
18 to them, they give you a guaranteed payment every
19 month, and they also -- you can call on gas. If
20 you have good assets, you can get a lot of money
21 for them by doing that. And that's what we do,
22 every year we try to release that capacity and
23 get some money for it.

24 Q The firm capacity you've paid for, --

[WITNESS PANEL: Gilbertson|McNamara]

1 A (Gilbertson) Yes.

2 Q -- you have competitive customers that want to
3 buy that firm, when you have excess?

4 A (Gilbertson) We have suppliers that -- it's not
5 even excess. We will release the whole thing to
6 them, with a guarantee that they will give us the
7 supply when we call on it, some kind of baseload
8 supply, and then they will give us X number of
9 dollars every month for it, which comes right off
10 the bottom line for customers. And we do that in
11 other states as well. And it's a very -- it's a
12 great program, because there's not -- there's no
13 volatility. Like, if you hedged NYMEX, for
14 instance, you could hedge it high, and then our
15 customers could pay a lot more, or maybe you'll
16 get it lower. It's more of a stabilizing factor,
17 rather than a, you know, to try to make money.

18 Q Uh-huh.

19 A (Gilbertson) And we're trying to make money for
20 the customers, using what we have.

21 Q Uh-huh.

22 A (Gilbertson) And that Northern does the same.

23 Q Yes. And I'm just asking generally, that --

24 A (Gilbertson) Yes.

[WITNESS PANEL: Gilbertson|McNamara]

1 Q -- you review what other gas utilities in the
2 state do?

3 A (Gilbertson) Yes.

4 Q And you weigh the positives and downsides of
5 different risk strategies, and you are mindful of
6 the outcomes of those strategies, and put that
7 into your feedback loop for future opportunities
8 for improvement?

9 A (Gilbertson) Yes.

10 Q Is that correct?

11 A (Gilbertson) And other states as well.

12 Q Yes.

13 A (Gilbertson) Other states as well.

14 Q Because you are responsible for not just New
15 Hampshire?

16 A (Gilbertson) Right.

17 Q Okay.

18 A (Gilbertson) Massachusetts, and Georgia and
19 mid-states --

20 *[Court reporter interruption.]*

21 **CONTINUED BY THE WITNESS:**

22 A (Gilbertson) We have territories in
23 Massachusetts, Georgia, Missouri, Iowa, Illinois,
24 St. Lawrence Gas, in New York, and New Brunswick

[WITNESS PANEL: Gilbertson|McNamara]

1 Gas, in New Brunswick.

2 CMSR. SIMPSON: Okay. I don't have any
3 further questions. Thank you.

4 CHAIRMAN GOLDNER: Okay. I'll just
5 maybe start at the top, and just ask the
6 question.

7 BY CHAIRMAN GOLDNER:

8 Q At 1.2295, beginning August 1st, the Company is
9 satisfied, and would be happy with the outcome if
10 that was the adjusted rate? Is that -- do I have
11 that right?

12 A (McNamara) That's correct.

13 Q Okay. And then, if rates, you know, NYMEX goes
14 way down, and gas prices get lower, then each
15 month you would adjust down that 1.2295 to some
16 other number, to take into account current
17 pricing?

18 A (McNamara) Correct.

19 Q Okay. All right. Well, this could have been a
20 much shorter meeting.

21 So, I understand that. All right,
22 that's good. So, I just have a few tactical
23 questions, beginning with Ms. Gilbertson.

24 And just we spent a lot of time in

[WITNESS PANEL: Gilbertson|McNamara]

1 prior dockets thinking about the Tennessee
2 Pipeline, so you have my undivided attention on
3 that one. With that Tennessee contract, 40,000
4 MMBtus a day, is that part of the "146,833 MMBtu
5 per day" mentioned on Page 4? Is that --

6 A (Gilbertson) Yes. It's in there.

7 Q That's total, okay. So, the 40 is not in
8 addition to that?

9 A (Gilbertson) No.

10 Q Okay. And then, how much, and I think the answer
11 is "zero", because it's coming through Dracut,
12 so, it's not a trick question, but how much of
13 the 40,000 is being used for the summer period?
14 It's zero, correct?

15 A (Gilbertson) Zero.

16 Q Okay. And that's not a criticism, it's just
17 trying to understand how your system works.

18 A (Gilbertson) No, because it would be very
19 expensive -- we wouldn't buy there.

20 Q Right.

21 A (Gilbertson) Not in the summer.

22 Q Right. Because you buy nothing out of Dracut in
23 the summer, at least you try to buy nothing,
24 correct?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (Gilbertson) Yes. I mean, it's just not -- we
2 buy it at the cheapest price point, and it
3 wouldn't be --

4 Q And you have other supplies, there's no need?

5 A (Gilbertson) Yes. Everything's better.

6 Q Everybody's better. And then, when I look at
7 your total firm transportation contracts, and how
8 much of that is used during the summer? Is
9 that -- are you using like, on average, over the
10 six months of summer, are you using 30 percent of
11 those contracts, or 40 percent? I couldn't quite
12 figure out how much of the firm transmission
13 contract was being actually used in the summer?

14 A (Gilbertson) That's a good question. So, what we
15 do is we fill up our cheapest price points first,
16 which would be mostly in the Gulf -- I'm sorry,
17 not the "Gulf", the Zone 4, which is the
18 Marcellus. Once we exhaust that, we go to
19 Canada, and we'll get it there, and so on and so
20 on.

21 But, for the most part, we buy like
22 60 -- I think there's another page that gives you
23 the breakout of how we utilize the capacity.

24 Q There is. And maybe that would be a good place

[WITNESS PANEL: Gilbertson|McNamara]

1 to turn to, because I think it's Page 8, Bates
2 008. Nope, I'm wrong. It's -- what page is the
3 graph? Ten, Bates 010.

4 CMSR. SIMPSON: Which exhibit?

5 CHAIRMAN GOLDNER: It's Exhibit -- it's
6 Exhibit 38. So, it's Ms. Gilbertson's testimony.

7 BY CHAIRMAN GOLDNER:

8 Q So, you do have a very nice piechart there, and
9 that's much appreciated. It helps make things
10 visual, so that we can understand. And, so, it
11 says that "66 percent" is coming out of Zone 4,
12 which is what you were describing. And that's
13 the bulk of it. And then, you have different
14 pieces. And I think Dracut is "zero" on that
15 piechart, correct?

16 A (Gilbertson) Well, it's "2 percent", because
17 there's a possibility that, in October, we might
18 need, you know, a little bit, or in May. So,
19 there's a, you know, in the event that it gets
20 cold, and we have to get it to that tier, it's
21 based on the demand forecast. And, of course,
22 every -- you know, that's just a forecast. So,
23 we would -- we always do things like day-to-day.
24 So, we buy at the cheapest price point. And, in

[WITNESS PANEL: Gilbertson|McNamara]

1 general, that's Zone 4. That's the Marcellus
2 area, and then Canada is next.

3 Q Okay. And, so, you've got, and you described it
4 in your testimony, I think, where you've got the
5 maximum capacity in Zone 4, and Canadian supply,
6 and so forth. So, you've got these maxes.
7 You're pulling everything you can out of Zone 4,
8 then you move to Canada. So, you're doing it
9 very -- you're doing it sequentially, because
10 that's how the costs work to get the cheapest
11 prices?

12 A (Gilbertson) Right. And we're also injecting
13 from Zone 4.

14 Q Okay.

15 A (Gilbertson) That's where we get it to put it
16 into storage.

17 Q Okay. Okay. And you have some comment on --
18 that you made to Commissioner Simpson on you're,
19 you know, you're selling -- you're brokering the
20 gas, you're selling some when you can, and then
21 you're buying it back.

22 And, so, is there any analysis or is
23 it -- can the Commission get an understanding how
24 that works? Because that would be -- that would

[WITNESS PANEL: Gilbertson|McNamara]

1 be helpful to understand what's being sold and
2 what's coming back? And it's sort of -- you're
3 describing it, but I don't think we have a clear
4 picture on what's happening there. Is that
5 brokering transaction, you know, 10 percent of
6 your load, or is it half? Or, what are you doing
7 there?

8 A (Gilbertson) So, I think you're talking about the
9 "asset management arrangement"?

10 Q Yes.

11 A (Gilbertson) So, those are requests -- we would
12 put out a Request for Proposal, to see how much
13 we can get for, for instance, the path we have
14 that goes Union, TransCanada, to Tennessee,
15 there's about 5,000 that we can -- along that
16 path, and that's a valuable path. So, what we do
17 is we put out a Request for Proposals. And
18 whoever is going to give us the best fee, we'll
19 release the capacity to them, with the caveat
20 that they will sell us gas at Tennessee -- at
21 Dracut, they will bring the gas to Dracut, and
22 for the price that's in Canada, basically.

23 Q Okay.

24 A (Gilbertson) So, we get the gas fairly cheap. We

[WITNESS PANEL: Gilbertson|McNamara]

1 release the asset to them, and they also pay us a
2 fee.

3 Q Okay.

4 A (Gilbertson) So, it works pretty well.

5 Q Okay. Thank you for that. And just to kind of
6 go back to a previous question, just to make sure
7 I understand, what is your summer, this summer,
8 Summer 2022, what do you estimate will be your
9 mean or average load per day, MMBtus, you know,
10 per day? What would be your average load,
11 roughly? Would it be like 20,000 or 50,000?

12 A (Gilbertson) Well, we have -- we have marketer
13 gas, too. So, our baseload is 14,000.

14 Q 14,000. Okay. Because I'm just comparing that
15 to your total capacity, which is 146,000.
16 Obviously, you need a lot more in the winter, and
17 you've got peak load and these kind of things.

18 A (Gilbertson) Oh, right. Yes.

19 Q I'm just trying to understand.

20 A (Gilbertson) Yes. And we release as much as we
21 can on the -- just on pipeline EDPs *[sic]*,
22 there's a brokerage that goes on there, too. So,
23 any capacity that we're not using, we don't get
24 much for it, but we get something. And that's

[WITNESS PANEL: Gilbertson|McNamara]

1 what we try to do. We put it out there for bids
2 and --

3 Q And how much storage, you mentioned to
4 Commissioner Simpson, you know, you have to have
5 the strategy of getting everything systematically
6 into storage, so that you can access it in the
7 winter. How much storage do you target?

8 A (Gilbertson) You mean, how much refill? One
9 hundred percent. Do you mean --

10 Q Well, I mean, how much gas are you storing? Is
11 it --

12 A (Gilbertson) I think it's a million -- it's in
13 here somewhere.

14 Q Yes, I couldn't find it.

15 A (Gilbertson) 2. --

16 Q If you have the reference, that would be helpful,
17 because I couldn't find it.

18 A (Gilbertson) So, 2.5, about 2.6 million MMBtus,
19 is between the four storage facilities.

20 Q Okay. So, bear with me while I do some simple
21 Excel math here.

22 So, that would be, if you were fully
23 using your 146,000 per day, that would be about
24 18 days' worth of storage, something like that?

[WITNESS PANEL: Gilbertson|McNamara]

1 I just divided -- I took 2.6 million, divided by
2 146,000. I'm just trying to understand what your
3 targeted storage is, how much you have in
4 storage. Is that how it works, or no?

5 A (Gilbertson) No. Because, you know, you can only
6 use the assets that -- the pipeline assets that
7 go to the storage facility.

8 Q Right.

9 A (Gilbertson) And, of the 147, 28,000 is what's
10 going to be able to go to storage.

11 Q Okay. You want to --

12 A And you can see that on that schematic, too. You
13 can see the ones that can go to storage.

14 Q I'm just trying to grasp --

15 A (Gilbertson) I know.

16 Q -- how much of your winter -- maybe I'll ask the
17 question differently. How much of your winter
18 load, what percentage of your winter load do you
19 expect to come out of storage?

20 A (Gilbertson) Oh, I have another chart on that.

21 Q So, like, 10 percent or 20 percent? I'm just
22 trying to understand how much storage capacity
23 you're using.

24 A (Gilbertson) I think it's 22 percent --

[WITNESS PANEL: Gilbertson|McNamara]

1 Q Okay.

2 A (Gilbertson) -- that comes out of storage. I can
3 double-check that. But it's close, if it's not.

4 Q Okay. So, that's pretty sizable. Okay. Yes, if
5 you find the reference, that would be helpful,
6 because I couldn't find that in the testimony.

7 Okay. I'll just continue my
8 encouragement on the graphs. You have graphs on
9 Page 11, I think, and 12. Very, very helpful.
10 Helps us understand what's going on. I would
11 encourage a broadening of the Y axis, so we can
12 see it a little better. But it's a good start.
13 So, thank you for making the pass. If you just
14 change the scale a little bit, it makes it a
15 little bit easier to see. If you go up to, like,
16 you know, 10,000 or something, it only needs to
17 go to one-fifth of that.

18 Okay. You had an update,
19 Ms. Gilbertson, on Bates 013, about the
20 "five-year storage balances". And I know now
21 that data point's a couple months old. So, I
22 just thought I'd check to see how are things
23 looking as of right now?

24 A (Gilbertson) Things are looking better. They're

[WITNESS PANEL: Gilbertson|McNamara]

1 much better than they were. This was prior to
2 that explosion at that Freeport LNG facility. We
3 are within the five-year average. We're low, but
4 we're within the average now.

5 Q Okay.

6 A (Gilbertson) Which is helping prices.

7 Q Very good. And that storage capacity, coming
8 back to that real quick, how much of your storage
9 capacity, you're targeting the 2.something
10 million, how much of that is in storage right
11 now? Is it all full or are you still working on
12 it?

13 A (Gilbertson) We have targets. I'm not sure, by
14 the end of the month, we have planning meetings
15 every month that tell us this. And I think that
16 we're at maybe 60 percent or something along that
17 line.

18 Q Okay.

19 A (Gilbertson) I can give you the targets, but I
20 don't have it in front of me.

21 Q And you try to get that full by the end of
22 October or --

23 A (Gilbertson) Yes.

24 Q Okay.

[WITNESS PANEL: Gilbertson|McNamara]

1 A (Gilbertson) Yes. And we inject it rateably. We
2 plan every month, where we are at the beginning
3 of the month, and what the target is at the end
4 of the month, and how much purchases to get to
5 that target monthly.

6 Q Okay. So, it sounds like you're on linearity to
7 get to where you need to be this summer?

8 A (Gilbertson) Absolutely. Yes.

9 Q Okay. Okay. On Bates 014, you had -- you had a
10 discussion on a "call option" strategy, which I
11 think we may have alluded to earlier. And I
12 guess I just want to come back to, is there any
13 way to quantify that call option strategy, in
14 terms of the benefits? It talks about it in the
15 testimony, but it doesn't quantify it.

16 A (Gilbertson) That's part of that asset management
17 arrangement.

18 Q Yes.

19 A (Gilbertson) Where we release the asset, and we
20 tell them "but we need to be able to call on it
21 and guarantee delivery." That's what that is.
22 And, for assets that we do release, in the
23 wintertime, the call would be like 100 percent,
24 on a cold day, we would want to be able to call

[WITNESS PANEL: Gilbertson|McNamara]

1 on all of that. They could use the assets on
2 warm days, but, on cold days, we would need to
3 have the supply coming through. So, we'll be
4 using the assets, even though they're paying for
5 it.

6 Q Okay. Okay. Very good. Very good. I mean, I
7 think, over time, we'll want to understand, not
8 for this proceeding, but we'll want to understand
9 more about, you know, that -- let's call it the
10 "call option strategy", and how that's working
11 and, you know, quantification, to the extent that
12 it could be quantified. It's just helpful for us
13 to understand how the business is being run.

14 On Bates 015, you commit to a review of
15 your hedging strategy. And I'll just comment
16 that this is appreciated and encouraged by the
17 Commission. So, thank you for that.

18 On Bates 016, you talk about the "Fixed
19 Price Option". Let me check my notes here on
20 Commissioner Simpson's question.

21 No. I think, with the other comments
22 today, I'll pass on any additional questions on
23 that.

24 Moving to Ms. McNamara, let me just go

[WITNESS PANEL: Gilbertson|McNamara]

1 through my list quickly here. I think many of
2 the questions have been answered.

3 Yes. I was confused, on Bates 021 of
4 your testimony, Ms. McNamara, I was struggling
5 with -- struggling with one of the numbers. Let
6 me get to Bates 021.

7 I couldn't tell if it was a typo, or
8 what it was. So, it's Bates 021, Line 1. So,
9 there's a question: "Was the May rate increase
10 sufficient to eliminate the projected
11 under-collection?" And the sentence ends with
12 "approximately 231", space, and then "thousand"
13 is spelled out. And I just wanted to verify that
14 that is "231,000"? That that's -- because of the
15 way it was transcribed, I just didn't know if
16 that was an error or if that was correct?

17 A (McNamara) Let me just reread it. I believe it
18 is correct.

19 Q Okay. Thank you.

20 A (McNamara) I'd have to go back to the detail to
21 confirm it.

22 Q Okay. Well, the Company can file something if
23 there's an error there, please. But I think I
24 just wanted to verify.

[WITNESS PANEL: Gilbertson|McNamara]

1 And then, there's some discussion on
2 Bates 023, and Ms. Gilbertson showed the summer
3 NYMEX price at "3.50", and then, in this
4 testimony, it shows "4.03". And then, on the
5 other side, for 2022, there's also a "7.00"
6 versus "7.39" discrepancy. Is that just a timing
7 of when you pulled your data for your separate
8 testimonies? Because you filed the testimony on
9 the same day, but you have different NYMEX
10 numbers.

11 A (McNamara) So, I was referencing Ms. Gilbertson's
12 testimony. But I believe we're just talking
13 about the average here, not the precise rate.

14 Q Yes. Maybe, Ms. Gilbertson, you could comment as
15 well. I just -- I'm looking at the "4.03" and
16 "7.39", respectively, from Ms. McNamara's
17 testimony. And then, when I go up to your
18 testimony, you show "3.50" and "7.00" even. So,
19 I just -- I'm trying to sort out which is the
20 correct answer, or if there's just a timing
21 difference or --

22 A (Gilbertson) So, in my testimony, it's Zone 4.
23 It's not NYMEX. She's talking about NYMEX.

24 Q Okay. So, you're only talking about Zone 4?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (Gilbertson) Yes. I'm only talking about Zone 4,
2 because that's the cheapest price point. It's
3 NYMEX, minus like a nickel or whatever, whatever
4 it was that day, on that day.

5 Q I see. Okay. So, that actually provides for us
6 the difference between NYMEX and Zone 4, which is
7 50 cents or 40 to 50 cents?

8 A (Gilbertson) Right. Right.

9 Q All right. Well, that's helpful. And then, just
10 a couple more questions.

11 In the summer, is everything that
12 you're buying on the spot or is it on the fixed
13 market? I guess I didn't capture how that was
14 working? Is everything on there the spot price
15 or --

16 A (Gilbertson) We buy it at First of Month.

17 Q First of Month.

18 A (Gilbertson) Yes.

19 Q Okay. Okay. Have you considered another
20 approach? Or is that -- you feel like that's
21 working pretty well for you?

22 A (Gilbertson) Typically, First of Month, which is
23 called "IFERC", the pricing is better than daily.

24 Q Okay. Okay. And, if you go back and you look at

[WITNESS PANEL: Gilbertson|McNamara]

1 last three months in the summer, has that proven
2 to be true or is that an historical artifact
3 that's no longer true?

4 A (Gilbertson) Well, we have to buy gas before the
5 month settles. And we know what we need. So, we
6 get with a vendor who is going to give us what we
7 need, and we'll buy it at baseload. We don't
8 really go into the spot market, unless we need
9 to, unless it gets colder, and we're able to pick
10 up a little bit of gas on the spot market. But
11 we don't -- you don't know what the price is
12 before you buy it, let's just put it that way.
13 You never know. You wait till it's settled,
14 because it's bought on an index.

15 Q So, if, and I'm not suggesting the Commission
16 would do this, but if the Commission would have
17 said, before the summer, "you must buy at the
18 spot price, you must buy at the spot price",
19 that's the new Commission rule, and you did that,
20 would you have gotten a cheaper price than your
21 current methodology?

22 A (Gilbertson) We would have to go out and buy gas
23 every single day.

24 Q Yes.

[WITNESS PANEL: Gilbertson|McNamara]

1 A (Gilbertson) The same quantity.

2 Q Yes.

3 A (Gilbertson) It would be -- but we wouldn't know.
4 Right? We wouldn't know, because we'd have to
5 buy it the day before, and we wouldn't know what
6 the price settled at. I mean, do you follow what
7 I mean?

8 Q I hope so. Yes.

9 A (Gilbertson) Yes. We would have to buy it the
10 day before. So, it would be a lot of work.

11 Q Yes. No, I'm just -- what I was trying --

12 A (Gilbertson) But I don't think it would -- I
13 don't think we would land anywhere much
14 different, in the summer.

15 Q Yes.

16 A (Gilbertson) In the summer. In the winter,
17 maybe.

18 Q Maybe.

19 A (Gilbertson) Yes, because spot prices will spike
20 way up in the winter, based on weather. But, in
21 the summer, --

22 Q But you're buying a hundred percent on the first
23 of the month today?

24 A (Gilbertson) Not a hundred percent. We're buying

[WITNESS PANEL: Gilbertson|McNamara]

1 our baseload injections to storage, because we
2 know what we need.

3 Q Right.

4 A (Gilbertson) You know, we have our targets.

5 Q Right.

6 A (Gilbertson) And we buy that as a baseload, it
7 would be IFERC, which is the Zone 6 -- Zone 4
8 price. And, for daily gas, we buy a bit of -- we
9 buy a bit of baseload, but not all baseload,
10 because we're going to -- if it gets cold, we'll
11 need more, and if it gets too warm, we'll --
12 we've got to get rid of it. So, we try to find
13 the right amount.

14 Q Yes. And maybe I'm -- I'm sure I'm behind you
15 here, in terms of my understanding. But I'm just
16 trying to understand how much you're buying on
17 the sort of fixed first of the month, versus
18 other sources. Is it 90 percent/10 percent? Or
19 is it half and half? I'm just trying to
20 understand how much --

21 A (Gilbertson) I would say "90 percent".

22 Q Okay.

23 A (Gilbertson) Ninety (90) percent on the first of
24 the month. Yes.

[WITNESS PANEL: Gilbertson|McNamara]

1 Q Okay. So, 90 percent on the first of the
2 month, --

3 A (Gilbertson) In the summer. Yes.

4 Q -- and then you have to make some adjustments
5 naturally, because it's not perfect?

6 A (Gilbertson) Yes.

7 Q Yes. Okay. All right. Thank you. And then,
8 the final questions, it's kind of a big picture
9 question, you know, what are you hearing about
10 winter supply? Do you have any concerns about
11 shortfalls?

12 A (Gilbertson) Yes, we do. We have concerns, about
13 pricing. It's very volatile, and --

14 Q Well, I mean capacity. I'm sure the pricing
15 will -- is an issue.

16 A (Gilbertson) The pricing is a concern, yes.

17 Q But will you be able to provide enough gas to New
18 Hampshire customers in that time period, in the
19 winter?

20 A (Gilbertson) We are -- we have our RFPs out now.
21 And we'll have to wait to see what kind of
22 responses we get back, at this point.

23 Q But you would color your response as "cautiously
24 optimistic" or you would say you're "concerned

[WITNESS PANEL: Gilbertson|McNamara]

1 about supply in New Hampshire this winter"?

2 A (Gilbertson) The problem is that our RFP is out
3 there. I don't want to say anything that could
4 be taken by someone who read it, I guess. I
5 don't know what to say.

6 Q No problem. Let me ask it differently. When
7 will you know if you have a capacity issue this
8 winter?

9 A (Gilbertson) When all our RFPs have been granted.

10 Q When is that?

11 A (Gilbertson) We will know by, I would say,
12 September. September. This week we send out
13 about five of them. We've already sent some out.
14 We've got some responses back already.

15 Q But in the next few months, you'll --

16 A (Gilbertson) In the next few months, we should
17 have our entire supply plan in place.

18 Q Okay.

19 A (Gilbertson) And then we can talk about it.

20 Q Okay. Very good. I'm sure that the Company will
21 put something in the docket, if we're not going
22 to be able to supply enough gas this winter to
23 New Hampshire customers. So, we would just ask
24 for early warning on that issue that become a

[WITNESS PANEL: Gilbertson|McNamara]

1 problem, you know, could be problematic,
2 obviously. So, --

3 CMSR. SIMPSON: Could I ask two more
4 questions, before you move on, Mr. Chairman?

5 CHAIRMAN GOLDNER: Yes. Please. Yes.

6 BY CMSR. SIMPSON:

7 Q And just to ensure that I'm crystal clear, if the
8 Commission were to approve the blended \$1.23 per
9 million Btu rate, which encapsulates the total
10 9.6 million sought, then, by the end of the
11 Summer '22 period, the Company will have fully
12 reconciled the under-collection from Summer '21,
13 correct?

14 A (Gilbertson) Sounds right to me.

15 A (McNamara) In theory, that's correct. It's
16 all -- actually, the Summer 2021 is actuals.

17 Q Uh-huh. Yes.

18 A (McNamara) So, the first three months of the
19 season we're at the 69.84.

20 Q For '22?

21 A (McNamara) For '22. Where we're collecting some
22 of that over-collection.

23 Q Yes.

24 A (McNamara) And then, depending on what your

[WITNESS PANEL: Gilbertson|McNamara]

1 ruling is for the remaining months of the
2 summer, --

3 Q I'm just focused at this moment on the Summer
4 '21, --

5 A (McNamara) Okay.

6 Q -- the under-collection from Summer '21. That,
7 if we were to approve the blended \$1.23 per
8 million Btu, that, by the end of the Summer '22
9 period, you will have reconciled all of the
10 under-collection from the Summer of '21, correct?

11 A (McNamara) Correct.

12 Q Okay. And, additionally, you believe that,
13 through approval of that request, the Company
14 will be in a position, by the end of Summer 2022,
15 that your under-/over-collection will be
16 minimized?

17 A (McNamara) The under-/over-collection, based on
18 having the proposed rate for the last three
19 months of the season, --

20 Q Uh-huh.

21 A (McNamara) -- is approximately going to be a
22 \$2.6 million under-collection, where, when we
23 filed the rate, we were hoping for the approval
24 of the \$1.23 for June through the end of the

[WITNESS PANEL: Gilbertson|McNamara]

1 season.

2 Q Okay. So, then, your currently blended request
3 is what per million Btu dollars?

4 A (McNamara) Can you say that again?

5 Q Well, so, my understanding was you had the 7.7
6 million under-collection from Summer 2021, and
7 that the total request of 9.6, that's 1.9 million
8 difference, and that's what you're projecting for
9 under-collection for Summer 2022?

10 A (McNamara) Correct.

11 Q You just said "2.6 million"?

12 A (McNamara) 2.6 million is what the
13 under-collection will be, because the rate won't
14 be effective until August 1st.

15 Q Uh-huh.

16 A (McNamara) In the original filing, it would have
17 brought the under-collection/over-collection to
18 zero.

19 Q Right.

20 A (McNamara) Does that answer --

21 Q The 1.9 would have brought you to zero. But
22 you're now saying that the under-collection is
23 even greater than when you originally filed the
24 Petition in May?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (McNamara) Yes.

2 Q Okay. So, then, is there an update for the
3 dollars per million Btu that gets you to that
4 2.6? I just want to make sure I totally
5 understand the rate that you're proposing.

6 A (McNamara) The \$1.22 will get you to the 2.6
7 million.

8 Q Okay.

9 A (McNamara) To get to zero, I believe it's in a
10 data request, I can look for it and give you the
11 reference.

12 Q Uh-huh.

13 A (McNamara) I believe the rate would have to be
14 closer to 1.45, without taking into account the
15 fact that NYMEX seems to be going down at this
16 point.

17 Q So, the 2.6, that's Summer 2022, 9.6 minus 2.6 is
18 7 million. So, help me understand the
19 differences in figures here, because I'm like
20 700,000 apart from you?

21 A (McNamara) So, the -- I think I know what you're
22 asking. So, the calculation doesn't -- and the
23 collections don't go through and say "we're going
24 to collect this 7.7 first, and exhaust that," --

[WITNESS PANEL: Gilbertson|McNamara]

1 Q Uh-huh.

2 A (McNamara) -- "and then add the two", the 1.9
3 million.

4 Q Uh-huh. Yes.

5 A (McNamara) It says that it's 9.6.

6 Q Yes.

7 A (McNamara) And that kind of rolled forward number
8 will be 2.6. So, when you explain it like that,
9 we are not going to have a full collection of the
10 7.7. That extra 700,000 is actually -- 700,000
11 of the 2021 7.7 million will not be collected by
12 the end of the season.

13 Q When would you collect that?

14 A (McNamara) It would roll into the beginning
15 balance for next summer.

16 Q Okay. So, really, Summer '23, you're actually
17 going to have a portion of your '21 period being
18 reconciled?

19 A (McNamara) Correct.

20 Q Is that typical?

21 A (McNamara) Well, I hate to say "reconciled",
22 because we are using the actual numbers in this
23 filing.

24 Q Uh-huh.

[WITNESS PANEL: Gilbertson|McNamara]

1 A (McNamara) We will not have collected everything
2 that we wanted to collect.

3 Q That you spent in '21?

4 A (McNamara) Right.

5 Q Okay. And that will roll forward to even the '23
6 Summer Period?

7 A (McNamara) Correct.

8 Q And is that typical for cost of gas, that you
9 have a two-year delta in recovering?

10 A (McNamara) I'm not sure, because I haven't
11 thought about it in that --

12 Q Uh-huh.

13 A (McNamara) -- in those terms before.

14 CMSR. SIMPSON: Okay. All right. I
15 think I understand. And then, I know that the
16 Consumer Advocate and Attorney Schwarzer had
17 noted that they were supportive of elements of
18 the Company's Petition, but were taking exception
19 to other portions.

20 So, in closing, if you would be able to
21 rearticulate the elements that you either support
22 or oppose, and if there are outstanding elements
23 that you require further process in order to make
24 an informed decision upon.

[WITNESS PANEL: Gilbertson|McNamara]

1 That would be very helpful. Thank you.
2 I don't have any further questions, Mr. Chairman.

3 CHAIRMAN GOLDNER: All right. But,
4 since we can't have enough of the "1.2295"
5 questions, I'll keep going.

6 BY CHAIRMAN GOLDNER:

7 Q So, I think just to -- I just want to clarify,
8 because what you're really saying is "the next
9 three months are an estimate", you don't have
10 actuals. Based on everything you know, the
11 Company is satisfied with 1.2295. But there's a
12 risk that you could have an under-collection of
13 2.6 million, based on some assumptions. Could go
14 the other direction, and you might have an
15 over-collection, and you just don't know, because
16 you have an estimate. So, you're just kind of
17 giving the Commission a heads up. If things stay
18 where they are or get worse, the under-collection
19 could increase, it could be 2.6 million or it
20 could increase, or it could go the other
21 direction, because everything is an estimate. Is
22 that fair?

23 A (McNamara) That's fair.

24 CHAIRMAN GOLDNER: Okay. Thank you.

[WITNESS PANEL: Gilbertson|McNamara]

1 Okay. Commissioner Simpson, do you have any
2 other questions?

3 CMSR. SIMPSON: I'm all set. Thank
4 you.

5 CHAIRMAN GOLDNER: All right. Attorney
6 Sheehan, do you have any redirect for your
7 witnesses?

8 MR. SHEEHAN: Just a few, if I could.

9 **REDIRECT EXAMINATION**

10 BY MR. SHEEHAN:

11 Q Ms. McNamara, just to -- a few questions that I
12 think would clarify what just happened, but maybe
13 it's helping me more than you, but I'll try
14 anyway.

15 When we made the filing in May and
16 proposed \$1.22, effective June 1, that was the
17 rate that you calculated, based on all the overs
18 and unders and carryforwards would get us to zero
19 as of the end of the summer?

20 A (McNamara) That's correct.

21 Q And, since that starting of the 1.22 has been
22 delayed by two months, we didn't collect that
23 money over the two months, that is what gives
24 rise to the 2 million at the end of the summer

[WITNESS PANEL: Gilbertson|McNamara]

1 that you just described, is that fair?

2 A (McNamara) Correct.

3 Q The Company elected not to revise the filing for
4 a number of reasons, hearing process, the rate's
5 high enough, *etcetera*, that, and all things being
6 equal, a \$2 million under-collection at the end
7 of this year is not bad. Is that fair?

8 A (McNamara) Correct.

9 Q And, if the price does go down, we'll eat away at
10 that under-collection?

11 A (McNamara) Correct.

12 Q Okay. And, so, it is still the \$1.22 we're
13 asking for approval today?

14 A (McNamara) Correct.

15 MR. SHEEHAN: I was writing my notes on
16 three different pages.

17 BY MR. SHEEHAN:

18 Q Ms. Gilbertson, the storage, to be clear, the
19 limitation on the amount of storage we can use is
20 the -- we don't have the capacity, the pipeline
21 capacity to bring it to New Hampshire?

22 A (Gilbertson) Correct. Yes.

23 Q If we had a bigger pipe, we could bring more
24 storage. We just don't have those rights?

[WITNESS PANEL: Gilbertson|McNamara]

1 A (Gilbertson) That's right.

2 Q And, if those rights were available, would we get
3 them?

4 A (Gilbertson) We'd need to get approval.

5 Q Yes. But the point being, it's not that we
6 choose not to get more storage --

7 A (Gilbertson) Right.

8 Q -- and capacity, it's not out there?

9 A (Gilbertson) Right. Correct.

10 Q And is that true for all the other ability to
11 access cheaper gas, there just isn't the pipeline
12 out there that we can buy?

13 A (Gilbertson) That's exactly correct, yes.

14 MR. SHEEHAN: That's all I have. Thank
15 you.

16 CHAIRMAN GOLDNER: Okay. Thank you.

17 We'll release the witnesses. Thank you
18 for your testimony today, both of you.

19 Without objection, we'll strike ID on
20 Exhibits 38 through 52 and admit them as full
21 exhibits. Just a moment please.

22 Okay. I think the Commission believes
23 that we have everything we need, and so that we
24 do not need to leave the record open, unless,

1 Commissioner Simpson, you have concern?

2 MS. SCHWARZER: Mr. Chairman?

3 CHAIRMAN GOLDNER: Yes.

4 MS. SCHWARZER: There's been an open
5 question from Commissioner Simpson. If we could
6 briefly respond to the question about whether a
7 further process was necessary or whether the
8 parties had a concern about the 1.2295 rate, in
9 light of the under-collection?

10 CHAIRMAN GOLDNER: Okay. Would you be
11 amenable to taking care of that in closing? Or,
12 is there some dialogue that's needed?

13 MS. SCHWARZER: Well, there might be
14 dialogue that's needed.

15 CHAIRMAN GOLDNER: Okay. Then, please
16 proceed.

17 MS. SCHWARZER: If you don't mind? And
18 it will be very brief.

19 I would like to note that, in Data
20 Request 2-6, which is Exhibit 44, the Department
21 anticipated a concern with the June and July
22 period, where the 1.2295 was not in effect. And
23 asked the Company to update its rates. And the
24 Company's response was that there would be an

1 under-collection of 2.6 million, and that the
2 Company was not going to update its rates.

3 Certainly, the Department can't require
4 it to file. But it is unclear to me, given that
5 there is an anticipated volatility in the winter,
6 why, with a delay between May 20th and today,
7 there wasn't some discussion or at least a
8 response to a question to show what the increased
9 rate would be.

10 And, because the Commission -- excuse
11 me -- because the Department prefers the standard
12 cost of gas framework, in the event that treating
13 the 1.2295 rate as an initial rate, with the 25
14 percent bandwidth, would give the Company the
15 ability to adjust its rate to reach, roughly, a
16 zero under-collection at the end of the summer
17 period, consistent with Exhibit 48, which shows
18 that, generally, under-collections are 1.9,
19 900,000, 400,000, but not extraordinary --
20 perhaps not 2.6 million, the Department would
21 be -- we would support that.

22 CHAIRMAN GOLDNER: Let me repeat that
23 back. So, the Department supports 1.2295, with a
24 25 percent adder? Or that is a cap?

1 MS. SCHWARZER: With the 25 percent
2 bandwidth, such that, should the Company's
3 calculations in the trigger filings result in a
4 lower under-collection, it might be appropriate
5 to do that at this time. I heard the Company
6 saying they were concerned about presenting in
7 the standard cost of gas framework, and,
8 certainly, it's not -- I'm not criticizing them
9 for that at this time.

10 But here we are in July with a cost of
11 gas framework that might put us in an anticipated
12 volatile period to adjust back to the standard
13 framework, where 1.2295 is the initial rate. If
14 that meant collecting the different -- the delta
15 for June and July, the Company -- the Department
16 would support that.

17 CHAIRMAN GOLDNER: Okay. So, what I'd
18 suggest is that all the parties include in their
19 closing the question of 1.2295 with the
20 25 percent, you know, headroom that the Company
21 can go up another 25 percent, or if the 1.2295 is
22 a cap.

23 CMSR. SIMPSON: Yes. Did the
24 Company -- may I ask, if the Company contemplated

1 whether the 1.22 -- \$1.23 per MMBtu rate would be
2 subject to the 25 percent allowance, one way or
3 the other?

4 MR. SHEEHAN: When we made the filing,
5 we did not request that permission, which was the
6 norm.

7 CMSR. SIMPSON: Yes.

8 MR. SHEEHAN: In part, because of the
9 order in the Northern case saying "No".

10 CMSR. SIMPSON: Yes.

11 MR. SHEEHAN: We're okay with it
12 staying that way, for all the reasons we know
13 with these high prices. We certainly won't
14 object to having the flexibility, if the
15 Commission, really, as a policy matter, opts to
16 give it to us, and we would then follow the
17 normal course, probably bumping it up to help
18 offset that \$2 million projected
19 under-collection.

20 Does that help?

21 CHAIRMAN GOLDNER: It does.

22 CMSR. SIMPSON: Yes.

23 CHAIRMAN GOLDNER: I think that the
24 challenge, of course, is that the NYMEX rates are

1 down right now from the original projection. So,
2 we're just trying, as Commissioners, we're just
3 trying to balance, you know, all the ins and
4 outs, and to not overcharge and undercharge. So,
5 that's the challenge.

6 MR. SHEEHAN: And the other thought we
7 have, and it is -- we're all guessing now what's
8 going to happen over the next 12 months, is, if
9 next summer returns to something like normal,
10 having to absorb the under-collection won't be as
11 big a burden as it would be to add it onto the
12 rates now.

13 CHAIRMAN GOLDNER: Yes.

14 MR. SHEEHAN: And you may decide to
15 approve something less than \$1.22 just for that
16 reason. So, we'll ease the pain now or spread it
17 over next summer. Of course, there's a risk that
18 next summer is worse, and then we've made the
19 wrong guess.

20 CMSR. SIMPSON: Uh-huh.

21 MR. SHEEHAN: So, we are sticking with
22 the request for the 1.22, and without the
23 bandwidth. But, obviously, we'll do what you
24 folks think is best.

1 CHAIRMAN GOLDNER: Okay. Thank you,
2 Mr. Sheehan.

3 CMSR. SIMPSON: And I just want to make
4 sure I fully understand the Department's
5 position. That that is the only outstanding
6 issue that the Department takes exception to
7 within the requested Petition?

8 MS. SCHWARZER: The Department reserves
9 its right with regard to potentially retroactive
10 rates for Summer of 2021. But it's not arguing
11 that here. We take no position. We just note
12 the issue and reserve our right to pursue it at a
13 later time.

14 But the framework, we would strongly
15 urge departure from the flat rate framework, even
16 identifying 1.2295 as the "maximum" rate, and
17 projecting an initial rate backwards from that
18 for this year. Consistency across time of the
19 cost of gas framework would be preferable in the
20 Department's position.

21 And, certainly, if Liberty wants -- if
22 the Company's best judgment is that next summer
23 will be lower, and it prefers to keep the 2.6
24 million under-recovery, then we would recommend,

1 as we tried to seek in the 2-1 Data Request, that
2 the 1.2295 be treated as the maximum cost of gas
3 rate for the adjusted mid-season period.

4 CMSR. SIMPSON: Okay.

5 MS. SCHWARZER: And the lower initial
6 rate be sort of reverse-manufactured, if you
7 will.

8 CMSR. SIMPSON: And then, with respect
9 to the 2021 under-recovery issue, where the
10 Department has expressed a concern with respect
11 to retroactive ratemaking, you mentioned you
12 reserve the right to pursue that elsewhere. Do
13 you have a vision for a forum where you might --
14 where you might pursue that, and suggestions to
15 the Commission, given the pendency of the issue
16 and the fluctuations in this market, how we move
17 forward in this docket?

18 MS. SCHWARZER: In this docket, we are
19 not asking an adjustment in the rates, just a
20 reservation of the issue. As was done in the
21 historic demand charge docket, which I believe
22 was 20-152, issues had been reserved. And, so
23 long as they're reserved, given that money is
24 somewhat fungible, it would be that having

1 reserved it, it would be that the Department's
2 position that, when it comes time to reconcile
3 the Summer of 2022, --

4 CMSR. SIMPSON: Uh-huh.

5 MS. SCHWARZER: -- or even the Summer
6 of 2023, it is, I think, likely that there will
7 be more definition around "retroactive
8 ratemaking" in light of the new docket 22-041,
9 with regard to the RDAF retroactive ratemaking
10 issue.

11 And then, once there's either more
12 clarity in that docket, or more clarity as the
13 Department and the parties have discussed it, in
14 the traditional expected reconciliation of the
15 summer under-/over-recovery going forward, we
16 would clarify whether we were pursuing it or not
17 pursuing it without further fanfare.

18 CMSR. SIMPSON: So, to summarize, the
19 Department is supportive of the Company's request
20 to revise their current cost of gas rates to
21 reconcile or to adjust for the Summer 2022
22 period, but you are not offering any
23 recommendation with respect to the sought
24 adjustment for the Summer '21 period?

1 MS. SCHWARZER: No, I'm sorry. We are
2 explicitly approving, agreeing, and supporting
3 the 1.2295 rate, presumably as a maximum rate,
4 and reserving the right to challenge a portion of
5 that later.

6 CMSR. SIMPSON: Thank you. That's very
7 helpful.

8 CHAIRMAN GOLDNER: Sadly, I released
9 the witnesses. But I would say that, in my view,
10 and, again, it can be addressed in closing, if
11 desired, the 2021 gas rates are actuals. So, we
12 know exactly what that is. We've rolled that
13 into 2022. And we're now doing estimates,
14 because, obviously, 2022 is not closed. So, it's
15 not really, in my opinion, retroactive. It's
16 more a rolling number. The number will always
17 roll. There will always be something that rolls
18 from year to year, because it won't be perfect.

19 So, as long as we true-up on the
20 actuals in 2021, and then eventually we'll
21 true-up on the actuals in 2022, that will roll
22 into 2023.

23 So, I don't -- you can address it in
24 your closing, if you wish. But I don't see how

1 it's anything other than a sort of a rolling
2 number that keeps getting trued up. That's my
3 opinion. I'm not ruling from the Bench, rather
4 just disclosing my full mind.

5 So, without any further adieu, let's
6 move to closing. And we'll begin with the Office
7 of Consumer Advocate, and I'll recognize Attorney
8 Kreis.

9 MR. KREIS: Thank you, Mr. Chairman. I
10 guess I'll start where you just left off.

11 I do not have a good faith basis upon
12 which to disagree with what you just said, about
13 whether what we are confronting here is
14 retroactive ratemaking. And, as I said at the
15 beginning of the hearing, I want to be very
16 consistent and careful about what I say to the
17 Commission about "retroactive ratemaking",
18 because, when I think it's happening, it should
19 be stopped in its tracks.

20 But there are a lot of reconciling
21 mechanisms that "roll", to use the verb that the
22 Chairman just used, and I think that there are
23 good public policy reasons for having those
24 mechanisms in place. And I don't want to confuse

1 the use of those mechanisms with things that
2 legitimately consist of retroactive ratemaking.

3 And without -- without inspiring
4 Attorney Sheehan to, you know, offer up yet
5 another peroration about his RDAF problem, --

6 CHAIRMAN GOLDNER: He does get to go
7 last, sir, so --

8 MR. KREIS: -- I just want to say, I
9 truly believe that is an example of retroactive
10 ratemaking, that can be distinguished from the
11 mechanism that we are talking about here. And I
12 just want to be intellectually honest about this
13 issue, if nothing else.

14 So, in light of that, I agree with the
15 Department of Energy that it is appropriate for
16 the Commission to approve the maximum rate that
17 the Company is proposing here. I haven't heard
18 anything today that gives me a reason to urge you
19 to do anything else.

20 I believe I'm the only person in the
21 room who actually can claim to own a crystal
22 ball. But, nevertheless, I, too, can't predict,
23 with accuracy, what will happen to natural gas
24 prices on the NYMEX, or anything else about the

1 future of natural gas. Who knows, there might be
2 another explosion next week in Texas, and what
3 effect will that have, or any number of other
4 crazy things that might happen near and far in
5 the world.

6 And, so, I just have no basis for
7 second-guessing anything that the Company has
8 asked you to approve here today.

9 Like, I think, the Commissioners, I
10 don't have any objection to the Commission
11 telling the Company that, if it wants to have
12 some 25 percent headroom to change that rate, if
13 conditions warrant, I'm okay with that. Because,
14 in general, even though my job is to keep rates
15 in check the best I can, I do have an engrained
16 dislike, as Consumer Advocate, in things that
17 kick cans down the road, and raise the specter of
18 tomorrow's ratepayers paying for today's good
19 faith mistakes to forecast the future accurately,
20 if that makes any sense.

21 Commissioner Simpson is interested in
22 this question of the Fixed Price Option. And I
23 guess I don't honestly know what the appropriate
24 time for the Commission to make its ruling about

1 the Fixed Price Option really is. The Company
2 hasn't come to you today and asked you to decide,
3 yes or no, about a Fixed Price Option for this
4 coming winter.

5 I heard Attorney Schwarzer point out
6 correctly that lots of consumers appreciate the
7 opportunity to lock in their energy prices as
8 they begin their winter. That is a true
9 proposition generally.

10 But I think it's important for all of
11 us to keep in mind that, in an unregulated
12 context, if you are, say, a fuel oil customer,
13 who locks in a price with your fuel oil dealer
14 for the winter, you're essentially entering into
15 a risk arbitrage arrangement with the owners of
16 that fuel oil company. And that makes a lot of
17 sense. They're willing to do that, consumers are
18 willing to do that. There's an exchange of value
19 here that -- there that makes sense.

20 But, in this context, at a regulated
21 utility like Liberty, the arbitrage is
22 essentially between the fixed price ratepayers
23 and all ratepayers. And I just find that to be
24 anathema as a matter of public policy. I mean,

1 ratepayers simply shouldn't bet against each
2 other that way. It's not fair, it's not
3 reasonable. And I'm the guy who gets all the
4 phone calls from the outraged Liberty customers,
5 who at first were annoyed with me for having
6 asked you to raise the FPO rate at the beginning
7 of last winter, because, if you recall,
8 originally, the FPO rate was actually lower than
9 the regular rate, and that didn't work. And,
10 then, by the end of the winter, the Fixed Price
11 Option customers weren't feeling really aggrieved
12 and unfairly treated and beaten up by the way the
13 market actually evolved.

14 If just don't think it's good policy
15 for the Commission to put customers in that kind
16 of a position, even if those customers are of the
17 sort who would appreciate the ability to lock in
18 a price. You know, electric customers get to
19 lock in a price, right, for their default
20 service, because that's the way the Commission
21 requires its electric utilities to fix the price
22 of default energy service. But that doesn't work
23 on the gas side, and it's just the nature of
24 using that particular fuel for heating in the

1 winter.

2 And, so, therefore, at whatever point
3 the Commission deems it appropriate to do so, I
4 suggest that the Commission impose the death
5 penalty on the Liberty Utilities' Fixed Price
6 Option.

7 I think that's all I have to say,
8 unless the Commissioners have any questions for
9 me?

10 CHAIRMAN GOLDNER: Yes. Just briefly.
11 Can you refresh my memory, do any other -- well,
12 does the other gas utility have a fixed price
13 option?

14 MR. KREIS: It does not.

15 CHAIRMAN GOLDNER: So, it's just a
16 Liberty issue.

17 MR. KREIS: Yes.

18 CHAIRMAN GOLDNER: Because I was
19 thinking that perhaps an IR docket would be the
20 way to resolve it, but it's just a one-company
21 issue.

22 Would you care to leverage your years
23 of experience and wisdom to help guide us, in
24 terms of how to get to resolution on this

1 question?

2 MR. KREIS: Well, I certainly have no
3 objection to you determining, in your order in
4 this docket, that you do not want to see a Fixed
5 Price Option. The Company can change the tariff
6 that's required.

7 I haven't looked at what the tariff
8 language actually says. It may simply say that
9 "the utility may ask the Commission for approval
10 of a fixed price option", in which case, you
11 don't need a tariff change, you just need to
12 exercise your authority to say "HET" or "no", to
13 stick with English, I guess.

14 I'm not sure I've answered your
15 question adequately, and I've kind of lost my
16 thread.

17 CHAIRMAN GOLDNER: No. No, I think
18 that's actually very helpful. And maybe Attorney
19 Sheehan, in closing, can maybe give us some
20 additional thoughts, as can Attorney Schwarzer.

21 So, okay. Thank you, Attorney Kreis.
22 Let's move to the closing for the New Hampshire
23 Department of Energy, and Attorney Schwarzer.

24 MS. SCHWARZER: Thank you, Mr.

1 Chairman.

2 Let me just start with the FPO matter,
3 since we've just heard from the OCA. That matter
4 was not noticed for this docket, nor are we
5 prepared to address it at this time.

6 It is my belief, based on reading it,
7 the tariff language, a few months ago, that there
8 is a specific requirement that the FPO offer be
9 made. And, to that extent, it seems tricky to
10 wait until the actual Winter 2022-2023 cost of
11 gas order to eliminate it, if other customers
12 have received and accepted what they expect to be
13 an FPO price.

14 So, we would urge people to reserve --
15 resolve it sooner, rather than later, or include
16 language, in whatever letters are sent, that
17 notifies people perhaps that the tariff might be
18 resolved. It should not be a surprise, we would
19 hope, just for the mere fact that the tariff is a
20 contract that controls the relationship between
21 the company and the consumer.

22 But it was not noticed here. And, so,
23 we would object to resolving it prematurely.

24 The Department urges that there be a

1 return to the standard cost of gas framework and
2 mechanism. As it happens, in this instance, with
3 Liberty describing its ongoing and relentless
4 intent not to move beyond 1.2295, which is, of
5 course, it's prerogative, that sounds very much
6 like a maximum rate. And if we take 75 percent
7 of that rate, we hit 0.92212, which is remarkably
8 close to what Northern is now charging. And,
9 given the reference to the letter that was --
10 that I hope the Commission took administrative
11 notice of, that the rate for Northern of 0.9126
12 is currently resulting in an over-collection, at
13 least for Northern.

14 It might be -- it would be wonderful,
15 from the Department's perspective, were the order
16 rephrased in the standard format.

17 I'm surprised that the retroactive
18 issue has taken as much attention as it did,
19 because it was the Department's intent to avoid
20 focusing much upon that issue by simply asking
21 the Commission to note that we wish to preserve
22 it for a future time, and reserve the right to
23 seek recovery of the 3.2, in the event that it is
24 retroactive.

1 But I would like to comment on, Mr.
2 Chairman, on your comment about a "rolling
3 balance be trued up". Because the reconciliation
4 framework is generally a 12-month framework.
5 And, because there is an order in place from the
6 Commission, Order 26,480, that says "once the
7 over or under-recovery is approved and included
8 in the upcoming period's rates, the incurred
9 costs are considered prudent, and the over or
10 under-recovery will not be retroactively
11 adjusted."

12 In the unusual circumstance here,
13 EnergyNorth does both its winter and summer up
14 front in the fall. Unlike Liberty-Keene, where
15 the summer reconciliation from the Company and
16 the Department's audit come out before the summer
17 cost of gas ruling. Here, the Company, and I
18 have not reread it in detail, perhaps it puts
19 everyone on notice that the reconciliation is an
20 estimate, but my -- consistent with past cost of
21 gas cases, my belief would be was that the
22 under-recovery was simply identified. And that,
23 in that instance, it is my obligation, as a
24 lawyer, to point out potentially contrary

1 authority, to simply preserve the matter.

2 So, I won't spend more time on it,
3 because it's not even a fully developed position
4 for the Department. We take no position, and
5 only ask that the issue be preserved, so that
6 there's -- so, we don't miss the chance, having
7 failed to say something, to seek recovery at a
8 future time.

9 We would just note, for Exhibit --
10 Revised Exhibit 51, that the responses to 3.1 are
11 appropriate, and we believe helpful. That the
12 responses to 3-2 seem to misinterpret at least
13 where we thought we were going with that
14 question, to the extent that they include the
15 1.2295 in the June and July rates, when that is
16 no longer possible, because the period has
17 passed. So, I believe the tables or schedules
18 filed responsibly to 3.2 may not be as helpful as
19 was hoped.

20 So, thank you. We have nothing else.

21 CHAIRMAN GOLDNER: Okay. Thank you.
22 And, finally, we'll move to the Company, and
23 Attorney Sheehan.

24 MR. SHEEHAN: Thank you.

1 We appreciate the parties' support for
2 the proposed rate of 1.22. It was calculated in
3 the normal way we took the filing from last fall,
4 made the adjustments they testified to, and
5 there's nothing unusual about it, other than the
6 fact that it's a high price.

7 As mentioned earlier, we're not
8 requesting the 25 percent bandwidth. It's
9 certainly up to the Commission whether you want
10 to give us that option. Or, the other option
11 that counsel mentioned of setting it at 90 cents,
12 in effect, it would still be a \$1.22 rate. I'm
13 not sure that changes anything. So, we
14 appreciate that, and we ask the Commission to
15 approve that rate.

16 I'll just touch on a few of the other
17 topics discussed today.

18 The FPO, at this time, we don't intend
19 to suspend or eliminate the FPO. It is a program
20 that a lot of our customers partake of. Ms.
21 McNamara estimated the number, and I think she
22 was in the ballpark. And it's a topic of
23 testimony every year in the fall cost of gas.
24 So, you could certainly go there and see whether

1 it's 12,000 or 22,000. But it's a significant
2 number of people that do that.

3 And I take Mr. Kreis's arguments
4 seriously. They make a good point. There's a
5 policy reason to go that way. But it's not
6 our -- we're not proposing that here.

7 We're certainly open to discussions
8 with the stakeholders and the Commission, during
9 even this proceeding, of what to do with the FPO.
10 The Company does have other options, and we have
11 a Budget Billing Program, where they take your
12 yearly bill and divide it by twelve, and
13 reconcile that. So, the customers have other
14 options.

15 But sometime last winter I read every
16 FPO order over the last 20 years. And the
17 consistent phrase from the Commission was
18 "customers like predictability", and that was the
19 justification for the program over and over
20 again.

21 Northern did have one. It was
22 eliminated quite a few years ago, for the reason
23 that Northern's portfolio can hedge pretty much
24 their entire requirements. I forget the number,

1 70, 80, 90 percent, they can lock in before the
2 winter, because they don't have that same
3 exposure to Dracut. Yet, we wouldn't want to
4 lock that in, because of the uncertainty of high
5 prices.

6 So, because they're so significantly
7 hedged, by offering the FPO, the likelihood of
8 cross-subsidies is much, much lower. And, so, in
9 effect, those customers are hedging against more
10 modest swings, whereas, in Liberty's case, there
11 are the scenarios as Mr. Kreis just described.

12 So, anyway, those are the competing
13 concerns there. Our customers certainly like it.
14 They use it. There are certainly reasons to
15 reexamine it, and we're happy to have those
16 discussions.

17 And I agree that, if there's any way to
18 do that under the guise of this docket, we're
19 happy to jump right in. And, as Ms. Schwarzer
20 said, if we're not going to do it this fall, we
21 would need to know sooner rather than later.

22 On hedging, there's been a lot of good
23 discussion about our hedging program. I can say
24 that we gave a presentation to Staff and OCA a

1 couple weeks ago. Your conversation today
2 probably covered 30-40 percent of it. We're
3 happy to do the same for you. We could invite
4 these same parties into the room, as a status
5 conference, if you will. Pick the docket, and,
6 again, it could be this one. And we would bring
7 in Debbie and Debbie's team to make a
8 presentation and answer any questions you have,
9 just as an informational session.

10 That will roll into our IRP this
11 winter. That's part of it. It's focused on
12 hedging, but there's a lot of overlap.

13 I think the Chair has the concept of
14 the reconciling mechanism just right, it is a
15 rolling number. We get an ending balance in
16 October, and, frankly, regardless of what made up
17 that number, whether it's fuel costs being higher
18 or lower, or whatever, that just is a starting
19 for the next summer. And, again, when that
20 period is over, we don't look back to see "Okay,
21 how many dollars of the summer before are left
22 over or not", it's just the next balance.

23 And it's good to keep an eye on that,
24 because, in effect, we are spreading one summer's

1 cost perhaps over more than one. But it really
2 is just the starting point to have all the pluses
3 and minuses that happened during that period.

4 On the "retroactive ratemaking" issue,
5 for a reconciling mechanism, our position is they
6 are incompatible, because reconciling mechanisms
7 are sort of -- it's not ratemaking. I mean, it's
8 adjusting a rate that was -- not "adjusting",
9 truing up a rate that was approved. It's not
10 changing rates.

11 If you think about it, the Commission
12 sets a cost of gas rate today at \$1.22, customers
13 aren't going to pay \$1.22. At the end of the
14 year, they're going to pay probably a little more
15 or a little less. So, by truing that up to what
16 was actually paid is not retroactive ratemaking,
17 it's truing up a reconciling mechanism to get the
18 actual costs coming and going.

19 The order that counsel cites about
20 the -- that conflated these two concepts, that
21 was a case where Liberty signed a contract for
22 Keene for the compressed natural gas facility, in
23 the Summer of -- I think it was 2017, thinking
24 we'd start the service that summer. For a

1 million reasons, we didn't. We actually had to
2 pay on that contract for two years before CNG
3 went live in 2019. So, in that case, that was a
4 component of the cost of gas, because it was a
5 demand charge in effect for the CNG.

6 In that case, Staff then challenged
7 that, signing that contract, as being imprudent,
8 and Commission found it was. So, what they did
9 is you removed those demand charges as a
10 imprudent cost. It wasn't a -- as a component of
11 those reconciling charges.

12 So, the analogy here would be, "did we
13 do something imprudent?" Sign a contract that
14 wasn't wise, Debbie bought gas on a day that
15 was -- she shouldn't have bought it here, should
16 have bought it there. That's a different
17 concept.

18 And to conflate that kind of prudence
19 determination with a reconciling mechanism as
20 being retroactive ratemaking, I think is an
21 improper -- sort of conflating two concepts
22 improperly.

23 I think that's all I have. We beat the
24 horse pretty well today.

1 Thank you.

2 CHAIRMAN GOLDNER: I would like to just
3 ask the OCA quickly. There's two ways to solve
4 the problem. There's the "make everything a
5 fixed rate for six months" or "eliminate one of
6 the programs". Would you suggest kind of going
7 with the default service for gas, as opposed to
8 the -- because your concern is, right, there's
9 two options, and, so, you know, customers are
10 competing against each other for the right
11 option.

12 Would you prefer, like a default
13 service style "six month is fixed" option?

14 MR. KREIS: In other words, put
15 everybody on a fixed price option?

16 CHAIRMAN GOLDNER: Yes, sir.

17 MR. KREIS: That's a really interesting
18 question. I wonder if you might let me think
19 about that, before committing myself to one
20 approach or another? It's a legitimate question,
21 and I just don't want to answer that one off the
22 top of head.

23 I will say that I'd like to quote
24 Commissioner Ellsworth, Bruce Ellsworth, who used

1 to sit up on this Bench, back when it was across
2 town. And he always said "I reserve the right to
3 get smarter as I get older."

4 And, so, that that means that none of
5 us should ever hesitate to change our mind about
6 things.

7 CHAIRMAN GOLDNER: I'm reminded of King
8 Lear, but we won't go there at 5:00 p.m.

9 CMSR. SIMPSON: It looked like, Ms
10 Schwarzer, did you have something you wanted to
11 add?

12 MS. SCHWARZER: Thank you. I guess I
13 was not -- I did not engage in the reasons that I
14 felt that the Liberty-Keene case was different
15 from those described by Attorney Sheehan. And,
16 basically, I believe Liberty had argued that the
17 rate was approved, both prospect -- was found
18 prudent, because it was a foreseeable rate that
19 had been approved, and that's why the Commission
20 went, in its order, into the history of the cost
21 of gas mechanism, and the reasoning and the
22 format and the process of the cost of gas
23 mechanism, and came up with the statement that
24 "Once the prior year's under-recovery was the

1 nugget of the new year, it was prudent and
2 final."

3 So, we do not need to resolve that
4 today. But I appreciate a chance to put on the
5 record that I just didn't engage in that level of
6 discussion, because all we sought to do was to
7 preserve the issue.

8 Thank you.

9 CHAIRMAN GOLDNER: Thank you.
10 Commissioner Simpson, anything else?

11 CMSR. SIMPSON: No. Thank you.

12 CHAIRMAN GOLDNER: All right. Okay.
13 Well, I think we have everything we need. I'll
14 thank everyone.

15 We'll take the matter under advisement
16 and issue an order. We are adjourned.

17 ***(Whereupon the hearing was adjourned***
18 ***at 4:58 p.m.)***