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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
8	Technical Statement of John D. Warshaw, with Attachments, and Technical Statement of James M. King, with Attachments {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
9	Technical Statement of John D. Warshaw, with Attachments, and Technical Statement of James M. King, with Attachments <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>

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P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Good morning. I'm Commissioner Goldner. I'm joined today by Commissioner Simpson.

This is the continued hearing for Docket DE 22-024, the Liberty Default Service Petition. We're here today to review Liberty's proposed reduction in rates for the Large Service -- for the Large Customer Group, rather, for March and April of this year.

Let's take appearances, beginning with the Company.

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

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

MS. AMIDON: Thank you. Suzanne Amidon, for the Department. And with me today is Liz Nixon, who's the Director of the Energy Division of the Department.

CHAIRMAN GOLDNER: Thank you, Attorney Amidon.

Okay. So, Liberty has marked for

1 identification the confidential version of its
2 Petition and supporting testimony and attachments
3 for this continued proceeding as confidential
4 Hearing "Exhibit 8". Liberty has marked for
5 identification a public redacted version of its
6 Petition and supporting testimony for this phase
7 of the proceeding as Hearing "Exhibit 9". These
8 materials were filed on February 24th, 2023.

9 We see that Liberty has proposed a
10 Company witness panel of Aaron Doll, who is
11 appearing remotely from the Company's Joplin,
12 Missouri, affiliate offices, and James King, who
13 is appearing in person, and will adopt the
14 technical statements -- Technical Statement of
15 John Warshaw, filed as part of the proposed
16 Hearing Exhibits 8 and 9.

17 Will there be any New Hampshire
18 Department of Energy or -- well, let me try it
19 again. Will there be any New Hampshire
20 Department of Energy witnesses offering testimony
21 today?

22 MS. AMIDON: Not today. Thank you.

23 CHAIRMAN GOLDNER: Thank you.

24 Okay. We note that the Company's

1 confidential material and confidential Exhibit 8
2 has been submitted pursuant to the terms of the
3 Commission's rules Puc 201.06 and Puc 201.07 as
4 being within the scope of confidential treatment
5 under Puc 201.06(a)(15).

6 Since there are no members of the
7 public here today, we may address confidential
8 matters here directly without clearing the room.
9 And we don't need to issue a ruling on
10 confidentiality on this information today beyond
11 relying on Puc 201.06 and Puc 201.07.

12 Okay. Before the witnesses are sworn
13 in, are there any opening statements or any other
14 matters that require addressing this morning?

15 MR. SHEEHAN: I don't think so. I
16 think the reason we're here is pretty clear, and
17 we can dive right in.

18 CHAIRMAN GOLDNER: Okay. Very good.
19 Attorney Amidon?

20 MS. AMIDON: I agree.

21 CHAIRMAN GOLDNER: Okay. All right.
22 So, let's move to swearing in the witnesses,
23 Mr. Patnaude.

24 (Whereupon **Aaron J. Doll** and

[WITNESS PANEL: King|Doll]

1 **James M. King** were duly sworn by the
2 Court Reporter.)

3 CHAIRMAN GOLDNER: Okay. We'll begin
4 with direct, and Attorney Sheehan.

5 MR. SHEEHAN: Thank you.

6 **AARON J. DOLL, SWORN**

7 **JAMES M. KING, SWORN**

8 **DIRECT EXAMINATION**

9 BY MR. SHEEHAN:

10 Q Mr. Doll, I'll begin with you. Please introduce
11 yourself, and describe your position with
12 Liberty?

13 A (Doll) My name is Aaron Doll. I am the Senior
14 Director of Energy Strategy at Liberty
15 Utilities-Central. I oversee the energy
16 procurement and fuel procurement for the Central
17 Region, and recently for the East Region, in
18 particular, to its bid to the New England ISO for
19 procurement of power.

20 Q And, Mr. Doll, you've testified a few times in
21 this docket. And you and your team have been
22 procuring power for Granite State's Large
23 Customer Group since the 1st of February, is that
24 correct?

[WITNESS PANEL: King|Doll]

1 A (Doll) That is correct.

2 Q And, aside from what we're here for today, it's
3 my understanding that the mechanics of that
4 procurement have been going well, smoothly, is
5 that fair?

6 A (Doll) That they -- you cut out at the end. The
7 mechanics have been going well?

8 Q Yes.

9 A (Doll) Yes. That is correct.

10 Q For today, we have in front of us what's been
11 marked confidential "Exhibit 8", and the exact
12 same thing, redacted "Exhibit 9", begins with a
13 Technical Statement of John Warshaw". Mr.
14 Warshaw works in your group, is that correct?

15 A (Doll) He does.

16 Q And Mr. Warshaw is not available today. And you
17 are offering to adopt Mr. Warshaw's technical
18 statement, is that correct?

19 A (Doll) That is correct.

20 Q Can you give us a high-level description of the
21 purpose of the technical statement for, you know,
22 what we have in front of the Commission today?

23 A (Doll) Sure. The statement is a description of
24 where we found ourselves today, which is a failed

[WITNESS PANEL: King|Doll]

1 RFP for one of the Large Customer Group, Block
2 A's. John's statement goes through and describes
3 where the estimated charges and credits will
4 likely end up through February 2023. We don't
5 have full invoices yet, but we do have some
6 shadowing capability. And what we see is an
7 estimated over-collection of a significant
8 magnitude.

9 John's statement goes on to describe
10 that a lowering of the power prices for March and
11 April, to be more reflective of the recent drop
12 in the NYMEX electric futures, would push some of
13 the energy costs down and try to get us into a
14 more balanced over-/under-collection period.

15 Q So, is it fair to say that the pricing that Mr.
16 Warshaw has in the technical statement is based
17 on current market conditions, as if you were
18 proposing a new default service rate today?

19 A (Doll) That is correct.

20 Q And it's your understanding that that pricing
21 information is then conveyed to Mr. King, who
22 calculates a rate based on that pricing?

23 A (Doll) That is correct.

24 Q So, for today's purposes, do you adopt

[WITNESS PANEL: King|Doll]

1 Mr. Warshaw's technical statement as your own?

2 A (Doll) I do.

3 Q Thank you. Mr. King, please introduce yourself?

4 A (King) My name is James King. I'm an Analyst II
5 in the Rates and Regulatory Affairs Department
6 within Liberty Utilities Service Corp., providing
7 service to Granite State Electric.

8 Q Mr. King, Exhibits 8 and 9 have a document,
9 beginning at Bates 005, that's titled "Technical
10 Statement of James King". Did you prepare that?

11 A (King) I did.

12 Q Do you have any changes or corrections to bring
13 to the Commission's attention?

14 A (King) I do not, no.

15 Q And you just heard Mr. Doll explain that Mr.
16 Warshaw calculated a price for energy, and
17 conveyed it to you to calculate a rate, is that
18 correct?

19 A (King) That is correct.

20 Q And can you tell us the rate that you have
21 calculated that the Company is proposing for
22 approval beginning tomorrow, if all works well?

23 A (King) Yes. Effective March 1, for the G-1 and
24 G-2 rates, for March, it is 8.38 cents, and, for

[WITNESS PANEL: King|Doll]

1 April, it is 7.024 cents.

2 Q Is the Company proposing changes to anything else
3 that falls under the umbrella of default service?

4 A (King) Yes. The Company is proposing a rate
5 change for the EV-L and EV-M rate classes for
6 winter, for the winter period. As found in --

7 Q And --

8 A (King) Sorry. As found in Table 2 and 3 of my
9 technical statement.

10 Q And those rates change, because they are based,
11 in part, on the underlying commercial default
12 service rate, is that correct?

13 A (King) That is correct.

14 Q It was pointed out informally that your schedules
15 have a reference to "September forecasts". Can
16 you tell us what that is and how that was used?

17 A (King) Yes. So, I don't have the -- well, Bates
18 page, Bates Page 008, for Attachment JMK-1, if
19 you look at Line 1 and 2, we use the September
20 ratios of the total forecast and the total
21 forecast for the portion of customers taking
22 default service.

23 Q So, that's just a load forecast that is done
24 periodically, and you just returned to that

[WITNESS PANEL: King|Doll]

1 underlying forecast for estimating how much
2 energy this group will use over the next two
3 months?

4 A (King) Yes. So, in our original filing, we used
5 the September ratios of what I just described.
6 And, for today's filing, all else -- all others
7 being equal, we decided to keep the -- keep the
8 September ratios to use in the calculation of the
9 rates for March and April.

10 Q And another what may seem odd thing in the filing
11 is that there's calculations of this upcoming
12 summer time-of-use rates. Can you explain why
13 there had to be a calculation of that?

14 A (King) Yes. In the time-of-use models, they use
15 the full year of costs to calculate the periods.
16 So, to calculate the cost for March and April, we
17 need to do a full twelve-month calculation for
18 the time-of-use rates for EV-L and EV-M.

19 So, in my technical statement, we have
20 projected the summer and winter months, with the
21 winter months being what we're asking for
22 recovery today. But should we proceed and go
23 into May, the summer rates will revert back to
24 what have already been approved.

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[WITNESS PANEL: King|Doll]

1 So, the summer rates presented in my
2 technical statement are just for informational
3 purposes, to show that the calculation uses a
4 full year of information to spit out the rates.

5 Q And, to underscore something you just said, if
6 the Commission approves the rate change as
7 proposed for March and April, come May 1, rates
8 will revert back to what the Commission has
9 already approved for the -- what we call
10 "Block B" for commercial customers, is that
11 right?

12 A (King) That's correct.

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

15 CHAIRMAN GOLDNER: Thank you. Attorney
16 Amidon, any questions from the Department?

17 MS. AMIDON: Yes. We have a few
18 questions. Thank you.

19 Good morning. How are you?

20 WITNESS KING: Good morning. Great.

21 **CROSS-EXAMINATION**

22 BY MS. AMIDON:

23 Q One of the things that Staff and the Company --
24 Staff in the Department of Energy and the Company

[WITNESS PANEL: King|Doll]

1 informally discussed was the reconciliation
2 process, and how this significant over-collection
3 would be returned to the customers. And, in the
4 course of that discussion, we identified several
5 issues related to, for example, rate stability,
6 and also how much of this could be returned to
7 the actual customers who are responsible for
8 paying this over-collection.

9 As I understand it, the Company does
10 not intend, at this point, to propose a
11 reconciliation methodology that differs from its
12 traditional methodology, which would be to make a
13 filing for reconciliation for effect August 1.
14 Could you elaborate on that, to the extent that
15 you are aware of what the Company may or may not
16 do?

17 A (King) Yes. So, as Aaron spoke on earlier, the
18 dust is still settling for February. We don't
19 have a total on the amounts that we think would
20 be appropriate to give back in any sense to
21 customers. So, at this time, we're waiting for
22 the dust to settle. And, at the time of the May
23 reconciliation for rates effect for August 1st,
24 we'll deal with it at that time, once we know

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[WITNESS PANEL: King|Doll]

1 the, you know, the exact magnitude of, you know,
2 what the price differences were for what we
3 originally submitted verse [sic] what we're
4 collecting for February.

5 Q But, in addition to that, we discussed the
6 problems that would occur, for example, if the
7 Company, and this is just hypothetical, if the
8 Company had decided, for example, to return any
9 over-collection beginning with rates effective
10 May 1, as I understand it, that would result in a
11 really adverse type of situation, where the
12 Company may be paying companies -- or, rather
13 "customers", I should say, for using power, is
14 that correct?

15 A (King) Yes. So, there are still internal
16 discussions being had about appropriate actions
17 to take for any refund that might -- may or may
18 not happen.

19 Q Right. So, at this point, the Company has agreed
20 to just talk to Staff and to -- so that we, I
21 mean, of the Department of Energy, so that we may
22 be aware of how you're going to proceed in that
23 regard, is that fair to say?

24 A (King) Yes. So, obviously, you know, there's a,

[WITNESS PANEL: King|Doll]

1 you know, vast discrepancy of the costs we've
2 presented earlier and what we're actually
3 collecting. So, coming -- once we figure out the
4 actual magnitude, we will have a better picture
5 of how to respond.

6 MS. AMIDON: Okay. Thank you. Thank
7 you. That's all we have.

8 CHAIRMAN GOLDNER: Thank you. We'll
9 move to Commissioner questions, beginning with
10 Commissioner Simpson.

11 CMSR. SIMPSON: Thank you.

12 BY CMSR. SIMPSON:

13 Q So, on the over-collection, can you explain how
14 many weeks that you are confident or you have
15 data with respect to what has led to the
16 approximately \$3 million over-collection?

17 A (King) I would have to defer to Aaron on that
18 question.

19 Q Okay. Mr. Doll?

20 A (Doll) Sure. We have an actual settlement
21 statement through the 22nd of February. Like I
22 said, we had have the ability to shadow calculate
23 using public LMPs. We do have to -- have to make
24 estimations on load, some of the ancillary

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[WITNESS PANEL: King|Doll]

1 charges, then, of course, there is a few monthly
2 charges that will come in post-month, such as the
3 Mystic cost of service. So, we have estimates
4 for some of those that will just be updated when
5 the new rates come in.

6 Q Okay. I mean, there's a positive and a negative
7 to this over-collection, of course, in that
8 customers have fronted significant monies for
9 energy service that was significantly less
10 costly. So, that's the good part.

11 I mean, certainly, I would hope that
12 this reconciliation can happen as soon as
13 possible, in a way that is efficient and can be
14 communicated clearly to these customers, and
15 directly attributed to the customers that had to
16 bear the higher proxy price that, in many ways,
17 thankfully, did not reflect market conditions.

18 Perhaps you could elaborate further on
19 what you would intend for a reconciliation
20 process, Mr. Doll?

21 A (Doll) Yes. I'm more the energy procurement
22 side. I will be able to help with the marketing
23 aspect, and describing where the differences are
24 between the proposed rate and what the actual

[WITNESS PANEL: King|Doll]

1 costs are.

2 But, as far as making decisions on how
3 an over-collection would be refunded to
4 customers, that will be run through the
5 Regulatory Department.

6 Q So, I'll turn back to Mr. King, right? So, your
7 Department would be the one that would work on
8 that process with the Department?

9 A (King) Yes.

10 Q Okay. So, I mean, in theory, with the
11 significant over-collection, I think Attorney
12 Amidon stated that there's a possibility that the
13 Company could have negative energy service
14 pricing at some point. Did I understand that
15 correctly?

16 A (King) Yes. I believe John did a calculation,
17 when we were putting the prices together for this
18 filing. And, like I say, we don't know the exact
19 magnitude, but there are potential -- potential
20 outcomes where that is the case.

21 Q Uh-huh. And I think Attorney Amidon noted that
22 there's a lot of factors to weigh, in terms of
23 rate stability, predictability. Have you
24 considered zeroing out energy service costs

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[WITNESS PANEL: King|Doll]

1 moving forward? Was that something that you
2 contemplated, prior to making this filing?

3 A (King) To be honest, I can't speak on that. I
4 did miss one meeting --

5 Q Uh-huh.

6 A (King) -- that we had internally to discuss the
7 options. I wouldn't say it's out of the picture.

8 Q Uh-huh.

9 A (King) But the validity of your statement, I
10 couldn't make a statement.

11 Q Okay.

12 MR. SHEEHAN: Commissioner Simpson, if
13 I may?

14 CMSR. SIMPSON: Please.

15 MR. SHEEHAN: Given vacation week, we
16 have a few key people who aren't here who were
17 part of the conversation.

18 CMSR. SIMPSON: Sure.

19 MR. SHEEHAN: But I'm happy to, I mean,
20 it's not testimony, but I'm happy to -- you're
21 asking kind of policy questions that we consider.
22 I'm happy to help you out on those.

23 CMSR. SIMPSON: Please.

24 MR. SHEEHAN: So, Mr. Warshaw did do

[WITNESS PANEL: King|Doll]

1 some sensitivity calculations if we were to
2 return the over-collection over the next two
3 months, it would get either to zero or
4 thereabouts.

5 CMSR. SIMPSON: Uh-huh.

6 MR. SHEEHAN: It does raise questions
7 about, if we had a zero rate, of people
8 switching. So, then people would be on the rates
9 who didn't pay it.

10 CMSR. SIMPSON: Yes.

11 MR. SHEEHAN: And, so, it raises, you
12 know, a lot more policy questions than is usual.
13 And, so, we opted for "Let's pick the market
14 price as best we can."

15 And there's also the unknown, prices
16 could still go crazy between now and the end of
17 March, you know, in April. So, there's still a
18 chance that we eat into this.

19 Come reconciliation time, you know,
20 it's done before the end of the next three
21 months, because that's often based on
22 projections. But we end up with a reconciliation
23 number August 1. We'll be in front of you to say
24 "Okay, it turns out, after all the ups and downs

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[WITNESS PANEL: King|Doll]

1 with the weather, Mystic came in really high or
2 really low, that we have a number." And we will
3 certainly make a proposal for returning it. But,
4 obviously, you guys would have a lot of input if
5 that proposal works or not.

6 But, yes, it's a big enough that can
7 effect the rates a lot.

8 CMSR. SIMPSON: Yes.

9 MR. SHEEHAN: There's no -- I mean,
10 it's better than being the other way, but it
11 raises lots of policy questions.

12 CMSR. SIMPSON: Yes. And, clearly,
13 we're in a new era of default service for your
14 Large Customers. This is a new process, going to
15 the market.

16 So, it sounds as if you're here today
17 to let the Commission know that "Our proxy was
18 much higher than the market-based rates were that
19 we ended up paying. We're in front of the
20 Commission so that you understand that. And we
21 want to reconcile whatever over/under there is at
22 some point in the future. But, today, the proxy
23 price was just too high, and we want to adjust
24 that, so that it's more market reflective." Is

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[WITNESS PANEL: King|Doll]

1 that generally why you're here?

2 MR. SHEEHAN: Yes. I, internally, and
3 I will say it here, I think of this as a cost of
4 gas adjustment.

5 CMSR. SIMPSON: Uh-huh.

6 MR. SHEEHAN: We've got market changes,
7 a little more process here than a cost of gas,
8 but it's the same idea. Since we're on a daily,
9 in Mr. Doll's case, or monthly pricing, let's
10 jump while we can and stop the bleeding, and deal
11 with the reconciliation later.

12 CMSR. SIMPSON: And, despite the
13 significant over-collection, which, you know,
14 needs to be addressed, is the Company encouraged
15 by what has manifested over the last few weeks?

16 MR. SHEEHAN: Well, I'm encouraged by
17 the fact that Mr. Doll's group has done it well
18 without a hiccup. I was on vacation, came back
19 on February 7th, 8th, or 9th, and said "Wait a
20 minute, I didn't here anything about going live
21 February 1. It must have gone well?" And it
22 did. So, that's the encouraging part.

23 The rest of it's all market. You know,
24 it could have gone the over way.

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[WITNESS PANEL: King|Doll]

1 CMSR. SIMPSON: Uh-huh.

2 MR. SHEEHAN: And, so, we've been
3 talking informally, this I'm sure will be a bit
4 of a pilot project, these three months. We'll
5 grab all the data and slide it over to your
6 investigative docket. "Is this a good thing? A
7 bad thing?" All those kinds of questions can be
8 vetted.

9 CMSR. SIMPSON: Uh-huh. And I'm sure
10 this will be a topic there that's discussed.
11 Because, you know, there's a lot of positives,
12 despite the negative of a significant
13 over-collection, the fact that market rates were
14 significantly lower than the proxy. And, at the
15 time that you solicited these default service
16 bids, back at the end of 2022, I mean, there's a
17 lot to be deciphered from that.

18 MR. SHEEHAN: Right. And, even the
19 last couple years, if you track each of the
20 electric utilities' default service changes,
21 people were getting the benefit or the harm of
22 the pricing based on timing. And I forget who
23 was where, but I remember one time someone had a
24 low rate well into the time that the other rates

[WITNESS PANEL: King|Doll]

1 were going high, and vice versa.

2 CMSR. SIMPSON: Uh-huh.

3 MR. SHEEHAN: So, you know, the
4 six-month blocks have a lot of benefits. But
5 this is a situation that makes us look.

6 CMSR. SIMPSON: Uh-huh. And would any
7 of you agree that, really, what you have now is a
8 portfolio of products within your Large Customer
9 Group default service offering? You now have --
10 you've been able to procure, through your RFP
11 process, half of your need, and now you're
12 fulfilling the remainder through the market. You
13 now have some business judgment and management
14 that exists within that process?

15 MR. SHEEHAN: Yes. I mean,
16 mechanically, we are doing it. I still think the
17 question of "is this model of being in the market
18 the right one or not?", is really not a business
19 decision, that's a policy decision. Because,
20 businesswise, we can do it. And we will always
21 be able to look back to decide whether that was a
22 winner or a loser economically. But, again, it's
23 a policy decision of how --

24 CMSR. SIMPSON: Uh-huh.

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[WITNESS PANEL: King|Doll]

1 MR. SHEEHAN: -- how exposed we want
2 customers to be monthly. Again, gas it happens;
3 electricity it happens somewhat with our, you
4 know, our commercial rates adjust, but, again,
5 they're set at those six-month time periods. So,
6 there's always a lag, and markets do what they
7 do.

8 So, I don't think that's so much a
9 business decision of which way to go, as it is a
10 policy decision for the Commission to make, with
11 us, obviously, weighing in with facts. And we've
12 received all the reports, and there are some
13 hesitations of concerns of, for example, Granite
14 State being so small, if we divide it up too
15 much, do we get any bids. Those kinds of
16 questions are out there.

17 CMSR. SIMPSON: Uh-huh.

18 BY CMSR. SIMPSON:

19 Q So, Mr. Doll, maybe you could just explain some
20 of the mechanics of what you've been doing? We
21 haven't been a stakeholder in this type of
22 process in the past, where we've had a regulated
23 company going to ISO-New England. You know, just
24 enlighten us. If you could explain what the

[WITNESS PANEL: King|Doll]

1 day-to-day has looked like, what your interfaces
2 have been like with ISO-New England; the tools
3 that you've had to interact with from ISO; any
4 challenges, any takeaways that were positive, and
5 were more straightforward than you expected?

6 I mean, just generally, if you could
7 enlighten us on what the last few weeks have been
8 like for your group, and interfacing with ISO-New
9 England, it would be very helpful?

10 A (Doll) Sure. It's been pretty seamless. I think
11 the first step we had really was to try to take
12 hourly loads from this sort of customer class,
13 and run it through, we have a subscription to a
14 neural networking model, to try to predict
15 customer loads.

16 You know, since it's C&I customers,
17 it's not the traditional kind of the load shapes
18 that you would expect when you see a total
19 company. And, so, that was something unique, and
20 it's something that will just continually be
21 refined.

22 As we've stated here, kind of in the
23 past, you know, there is some amount of
24 protection into the Day-Ahead Market. So, it was

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[WITNESS PANEL: King|Doll]

1 trying to assess what we saw as different risk
2 factors on anything where we would want to
3 increase our load forecast to avoid a Real Time
4 Market that has a potential to have some extreme
5 volatility in it.

6 When we started in February, there was
7 a cold snap. I'm trying to remember the words
8 that came through in some of the reports we were
9 reading, a "generational arctic blast" I think
10 was referenced. So, we got the experience right
11 off the bat.

12 I could tell you the surprising thing
13 was that, after the two days of the extreme cold
14 weather that came in, I believe, on Saturday, and
15 then Sunday it started to moderate, gas prices
16 dropped precipitously. You know, the gas prices
17 generally drive the LMP market on what you're
18 paying for power. And we saw gas prices for the
19 New England area settle below \$3.00 for the large
20 part of the month of February, which was
21 surprising that the basis can get really high.

22 I know there's been some colder weather
23 that's come in, and so we've seen a tick up in
24 natural gas prices. We saw the corresponding LMP

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[WITNESS PANEL: King|Doll]

1 prices go up. And, you know, depending on when
2 that happens, you'll kind of hold those prices
3 through the weekend, especially if it happens
4 near the weekend, because gas doesn't trade after
5 Friday. And, so, we're starting to soften back
6 down on those prices.

7 Outside of that, there's not really
8 been, you know, there's not a ton of congestion
9 or anything that we're seeing. We've held pretty
10 solid positions where we've been able to manage
11 the load forecast and stay -- I think the last
12 time I did an assessment on it, I think we were
13 within a 4 percent tolerance range of where
14 actual load was to where we actually put in our
15 Day-Ahead demand bids. And some of -- even that
16 4 percent was us choosing to take a little bit
17 longer position in the Day-Ahead, just to the
18 extent we would have some protection in the Real
19 Time.

20 Q How does that --

21 *[Court reporter interruption.]*

22 BY CMSR. SIMPSON:

23 Q How does that tolerance align with your
24 vertically-integrated businesses?

[WITNESS PANEL: King|Doll]

1 A (Doll) It is very similar. I will say, the
2 difference is, depending on what we see coming
3 out of the market, in a vertically-integrated, I
4 can actually hedge my load by turning on
5 generators.

6 Q Uh-huh.

7 A (Doll) So, if power prices go high, to the extent
8 the ISO doesn't turn on a generator, I've always
9 got something in my back pocket I can turn on. I
10 can run some run-of-the-river hydro, I could turn
11 on a quick aero.

12 You know, with this particular setup,
13 it's only load. So, the only protection we have
14 from volatility is just to try to take a little
15 healthier position into the Day-Ahead Market,
16 which tends to be less volatile.

17 So, outside of that, it's gone pretty
18 smooth. We've tried to create some dashboards so
19 we can monitor things, and have anybody --
20 anybody in the management groups that want to see
21 kind of how power prices have been coming out of
22 the New England ISO. So, we've got some screens
23 developed, so it's not just us looking at them.
24 But, yes, we've got them carouseled through

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[WITNESS PANEL: King|Doll]

1 everything we're doing right now. So, it's been
2 interesting work for the group. We're monitoring
3 Southwest Power Pool and New England ISO
4 together.

5 Q Uh-huh. And is this something, I know we've
6 really only been six/eight weeks into it, but is
7 this something that you feel the Company could
8 perform continuously moving forward, if the
9 Company made the decision or advocated for a
10 energy supply portfolio that included a portion
11 of your load being served directly through the
12 ISO-New England market?

13 A (Doll) To the extent the Company made a decision
14 that they wanted to serve partial load or some
15 amount of load through the New England ISO, my
16 group is fully capable of continuing this process
17 without a problem.

18 Q Okay. And what about the methodology behind
19 development of proxy prices? What have you
20 learned? What factors have changed, from when
21 the Company developed the current as-approved
22 proxy for this Large Customer Group? You know,
23 how would you modify that moving forward, if at
24 all?

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[WITNESS PANEL: King|Doll]

1 A (Doll) You know, I think the difference that we
2 saw prices was almost exclusively driven by just
3 the extreme drop in natural gas prices. You
4 know, we did a lot of assessment of historical
5 LMPs for New England ISO prior to February 1st,
6 just to try to understand where we were expecting
7 prices to be.

8 And the reality is, when the cold
9 weather comes in New England, the gas prices, the
10 basis differential, in particular, can get really
11 high. That's something that we were not used to.
12 Generally, it's the commodity price that drives
13 things up. But the basis differential drives
14 prices extremely high, or it has the potential to
15 drive prices high in New England ISO. So, it is
16 very weather-sensitive.

17 Q Can you explain what you mean --

18 A (Doll) And, so, that, I think, is probably the
19 big lesson here. I'm sorry?

20 Q Can you explain what you mean by "basis
21 differential"?

22 A (Doll) Sure. There's an underlying, you know,
23 the underlying commodity in the natural gas
24 markets is just the dekatherms that people are

[WITNESS PANEL: King|Doll]

1 buying. And, so, if you're buying off of, say,
2 NYMEX or something like that, a liquid exchange,
3 you're settling at, you know, what they could
4 call a "generic natural gas price", Henry Hub.
5 And then, how does everything trade from there?
6 So, if you were to do any kind of natural gas
7 hedging, you could trade with NYMEX.

8 That being said, it doesn't necessarily
9 provide you much value, if the price of gas
10 somewhere else is different. And, so, the
11 difference between different pipelines, even
12 though the underlying commodity may be the same,
13 is what's termed as the "basis differential".
14 So, you can monitor kind of liquid markets to see
15 where the actual commodity is trading at. But
16 the reality is, most of the price separation that
17 we saw in New England was driven by basis.
18 Where, you know, maybe Henry Hub was trading at
19 \$5.00 or \$6.00, but New England -- or, but like
20 Algonquin city gate, Tennessee Zone 6, *et cetera*,
21 were trading at \$26.00. And, so, it's just an
22 extreme on the basis differential.

23 Q And are you updating your model, based on these
24 lessons learned, for future proxy prices? Have

[WITNESS PANEL: King|Doll]

1 you already integrated some of those findings
2 into the methodology that you deployed for this
3 update that's in front of us today?

4 A (Doll) This update that's in front of you today
5 is using the NYMEX electric futures, because it's
6 so near -- I think we're comfortable using NYMEX,
7 because we're starting to get out of the winter
8 weather, where we don't see such extreme swings
9 in prices. And, so, with such a near-term look,
10 and less -- traditionally less volatile months, I
11 think it's possible to use the NYMEX futures as
12 your next proxy.

13 You know, we're still seeing, I think,
14 prices, natural gas prices, are somewhere in
15 the \$7.00 or \$8.00 today. Like I said, most of
16 the month of Friday, Algonquin city gate was
17 below 3, --

18 Q Uh-huh.

19 A (Doll) -- which was extremely surprising, and
20 that really softened the market prices. What we
21 have currently is just the -- is the NYMEX
22 electric futures, which is just a reflection of
23 these kind of lower prices.

24 So, I think it's appropriate for what

[WITNESS PANEL: King|Doll]

1 we are doing today. If you're getting ready to
2 go into the winter, I think there's a lot more
3 volatility to possibly consider. But, since
4 we're talking, you know, kind of a winter/spring
5 period here with the next two months, I think
6 it's appropriate to use the NYMEX electric
7 futures.

8 Q Do you have any perspective on a longer look of
9 NYMEX futures, of six months, a year, two years?
10 Do you have any thoughts on that, you know,
11 coming out of some historically high prices that,
12 you know, manifested in the last few months, but
13 thankfully haven't necessarily remained as market
14 prices?

15 A (Doll) Yes. I mean, that is the tricky -- that
16 is the tricky question, right?

17 Q Yes.

18 A (Doll) Is any time you're looking to the futures,
19 it is the best guess at that point in time of
20 what expected prices are going to be. If we look
21 at something like let's take like February -- or,
22 I'm sorry, April 2022, nowhere in gas or electric
23 futures did anybody assume that a Ukraine-Russia
24 invasion was going to drive up natural gas prices

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[WITNESS PANEL: King|Doll]

1 the way it did.

2 And, so, there's just a whole host of
3 elements that can change things on a dime. So, I
4 think the futures are best guess at information
5 today. I think they're pretty flat. But would I
6 expect to see them change over the next year?

7 Absolutely, they will change, based on newer
8 information. I just -- I can't tell you which
9 way.

10 Q Okay. And have you thought about what it would
11 look like if the Company were to extend this
12 process to other customer classes?

13 A (Doll) I mean, from my perspective, all we would
14 need ask is just additional load data to be able
15 to run through the models and try to do some
16 fine-tuning. In particular, you know, now we've
17 got a historical dataset, and, you know, every
18 piece of data that we run through and replace
19 with actual allows us to fine-tune the model.
20 And, so, that would probably just be the biggest
21 challenges, is getting newer customer loads in
22 there, especially, you know, with the idea that
23 default service can have customer migration, you
24 know, that can play havoc with the loads a little

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[WITNESS PANEL: King|Doll]

1 bit. But it's not something I don't think we
2 couldn't get past.

3 Q And then, with respect to this period's Large
4 Customer Group, can you comment on what the
5 Company has seen for migration? Have you seen a
6 significant attrition of customers from default
7 service over the last few weeks?

8 A (Doll) I think we -- all we see are the daily
9 loads that come in. So, I think the migration
10 report is a monthly report. Jim, you may know
11 that better than me. But I believe the migration
12 report is a monthly report. So, you won't know
13 until post-month if you see many customers
14 leaving.

15 A (King) Yes.

16 A (Doll) But the loads have been pretty static.

17 A (King) Yes. As Aaron said, it's done monthly, at
18 the end of the month.

19 Q Did you see any for January?

20 A (King) I haven't looked at the report for
21 January. So, I cannot tell you.

22 Q And, so, then, what about just on a volumetric
23 basis, like what have your loads been? Are you
24 serving a consistent load pool? Has it been

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[WITNESS PANEL: King|Doll]

1 relatively stable?

2 A (Doll) It has been relatively stable. Like I
3 said, adjustments for weather. We've had a
4 couple, you know, we had the kind of extreme
5 condition that came in at the beginning of
6 February, and we had some colder weather come in
7 this last weekend. But we were able to get
8 pretty close to exactly where we want to be, to
9 hold just a slight long position in the Day-Ahead
10 Market.

11 Q Okay. Thank you.

12 MR. SHEEHAN: And, Commissioners, I
13 continue to testify.

14 I can tell you, internally, through
15 conversations about migration, and we don't have
16 the data, but, anecdotically, we have not heard
17 of much.

18 CMSR. SIMPSON: Okay.

19 MR. SHEEHAN: If any.

20 CMSR. SIMPSON: Thank you. That's
21 helpful.

22 And then, I just want to ask you about
23 some of the redactions, and maybe Attorney
24 Sheehan would be able to look at Exhibit 8, Bates

[WITNESS PANEL: King|Doll]

1 Page 004. There's two dollar figures in this
2 table, "Proposed Power Purchase Rate in dollars
3 per megawatt-hour". So, those are unredacted.

4 But, then, on Bates Page 008, the
5 figures that are on Lines 11 and 12 are redacted.
6 I just want to see whether this is correct or an
7 error?

8 MR. SHEEHAN: The Line 11 is the loss
9 factor. And I do believe that's something we
10 have always treated as confidential. And it's a
11 good question on 12, the "Forecasted Wholesale
12 Price". I'm not sure.

13 CMSR. SIMPSON: Okay.

14 MR. SHEEHAN: So, I will certainly look
15 into that, and, if necessary, make a change.

16 CMSR. SIMPSON: Okay. Thank you, all.
17 And I just want to recognize all of you for your
18 work in a process that was new. There's still a
19 lot to be worked out. You know, we definitely
20 need to address the reconciliation, which is
21 going to be significant, possibly. I guess we'll
22 have to wait and see. But it's -- I just want to
23 recognize all the work that you've done, and
24 despite challenging circumstances. So, thank

[WITNESS PANEL: King|Doll]

1 you.

2 I don't have any further questions, Mr.
3 Chairman.

4 CHAIRMAN GOLDNER: I thought for sure
5 you were going to mention the snow. But I will
6 thank everyone for getting in through the snow
7 today as well.

8 CMSR. SIMPSON: I had my snow tires on
9 my car. So, I was nice and stable on the road.

10 CHAIRMAN GOLDNER: I was sliding. So,
11 it was --

12 CMSR. SIMPSON: Got to get those snow
13 tires.

14 CHAIRMAN GOLDNER: -- a scary drive.
15 Hopefully, it didn't snow in Missouri this
16 morning.

17 Okay. I just have a few questions.

18 BY CHAIRMAN GOLDNER:

19 Q First, on the reconciliation. You know, when you
20 go back and you do the reconciliation for the C&I
21 customers, is it on a customer-by-customer basis?
22 So, they bought electricity at X price, and the
23 actual price was something different. I mean, is
24 it a customer-by-customer reconciliation? Or, is

[WITNESS PANEL: King|Doll]

1 it -- do you paint with broad strokes and just
2 run the math at a very high level?

3 A (King) I believe it would be at the customer
4 class level.

5 Q Customer class level. So, can you walk me
6 through how it would work? So, I'm
7 Anheuser-Busch. I paid, you know, whatever, 45
8 cents or something in last month, you're going
9 through and you're doing the reconciliation, what
10 do I, you know, what do I end up paying? How
11 does that work?

12 A (King) I don't know, to be honest with you. I
13 could get back to you with that information. I
14 started in September. So, this will be my first
15 reconciliation process coming up. So, I don't
16 know of the exact process of how that goes just
17 yet.

18 CHAIRMAN GOLDNER: Yes. I think, Mr.
19 Sheehan, maybe you could --

20 MR. SHEEHAN: Sure.

21 CHAIRMAN GOLDNER: Yes.

22 MR. SHEEHAN: They are by class. So,
23 we don't look at customer-by-customer. We will
24 look at these -- so, first of all, these are

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[WITNESS PANEL: King|Doll]

1 default service customers in the Commercial
2 class. Most of our commercial customers are on
3 competitive supply. So, it's a relatively small
4 number of customers. The number is thrown
5 around, I don't remember, but hundreds, not
6 thousands.

7 So, those customers, as a class, paid
8 45 cents, instead of 10, whatever the numbers
9 were. So, that 35 cents will get refunded to
10 that -- or, reconciled to that class.

11 CHAIRMAN GOLDNER: Okay.

12 MR. SHEEHAN: So, in theory, they all
13 use proportionately the same amount, so they will
14 get the proportional benefit. There's not a
15 customer-by-customer, because that would be 642
16 calculations we'd have to do, or whatever it
17 turns out to be.

18 CHAIRMAN GOLDNER: I think that makes
19 sense. And you would do that on a monthly basis.
20 So, you would go look at the 45 versus the 10 for
21 one month, and then the next one. But I'm just
22 thinking of, what if customers come on and off?

23 MR. SHEEHAN: That's what you can't
24 pick up.

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[WITNESS PANEL: King|Doll]

1 CHAIRMAN GOLDNER: Right.

2 MR. SHEEHAN: I mean, reconciliation is
3 the whole period. So, when we make the
4 reconciliation filing, we'll have actual numbers
5 for three or four months, we'll estimate for the
6 last two. And it will be simply dollars
7 in/dollars out. We received, in this case, \$4
8 million, we've spent 1 million. So, we return
9 the 3 million by reducing the rate, whatever that
10 amount is.

11 So, and that's all an issue with
12 reconciliations, is there's some mismatch between
13 the customers who paid and the customers who
14 benefit. Which is why we thought about returning
15 it right away. And, again, it just -- it's such
16 a big number, it would result in near-zero rates,
17 which we didn't think would be a wise proposal.

18 But, come reconciliation time, this --
19 beginning August 1, I suspect the whole
20 Commercial class will get a significant decrease
21 from, I mean, we'll go, assuming no other
22 changes, we'll get a contract for that next
23 six-month period, which will be X, and then we'll
24 reduce it by whatever the reconciliation is. So,

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[WITNESS PANEL: King|Doll]

1 their total default service will be, I guess, a
2 good chunk lower than what the --

3 *[Court reporter interruption.]*

4 MR. SHEEHAN: -- than the residential
5 would be.

6 CHAIRMAN GOLDNER: So, if I'm a large
7 customer, and I see the new rates published --
8 potentially published today or tomorrow, and, so,
9 it's 8 cents for March. And I look at those
10 rates and I say, you know, "Wow, those look like
11 great rates. I want to sign up for those." That
12 same customer would also receive the refund
13 during the reconciliation, when you look at the
14 whole period, correct?

15 MR. SHEEHAN: Right.

16 CHAIRMAN GOLDNER: That's the downside
17 to the process?

18 MR. SHEEHAN: Right. And that will be
19 another interesting tidbit of information, when
20 we look at the period, how much switching was
21 there.

22 CHAIRMAN GOLDNER: Yes.

23 MR. SHEEHAN: Now, understand that, if
24 someone said today "I want to switch", it usually

[WITNESS PANEL: King|Doll]

1 happens on the meter read date. So, there's a
2 lag there. So, any customer will get the new
3 rate for four, five, six, seven weeks, not the
4 whole two months, and then they bounce back to
5 the preapproved rate.

6 So, you know, there's some wiggle in
7 there. But, unless we get a massive switching
8 just for the one month, I suspect that won't be
9 the issue. The issue will be the broader one of
10 just the magnitude of the over-collection.

11 CHAIRMAN GOLDNER: And, if I -- if I
12 study your forecast, it looks like you're
13 forecasting, I don't know, a six or eight percent
14 increase in volume due to the lower prices. I
15 just want to validate what you were -- if you
16 charge lower prices, one would assume you will
17 have customers coming onboard, because they will
18 see lower prices and they will get very excited
19 and join up, or no?

20 MR. SHEEHAN: I don't think, I'm not
21 familiar with the change in the forecast you just
22 referenced, but we did not redo the forecast
23 based on this filing. We, as Mr. King testified,
24 we basically used the same forecast we had

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1 prepared last fall.

2 So, if there's any changes, I will have
3 to go back and check that out.

4 CHAIRMAN GOLDNER: What I was looking
5 at I think was on Bates Page 004. Bates
6 Page 004, you have "Forecasted Volumes" at, you
7 know, 8.7 and 8.5, for March and April,
8 respectively. And I don't -- I'm not finding it
9 immediately -- oh, there it is. So, your
10 estimated, on Bates Page 003, your estimated
11 amount for February was 8. So, I just assumed
12 that the higher load in March and April were
13 relative to February, and not relative to the
14 prior forecast. So, this was your -- this was
15 your forecast all along, was 8, going to 8.7, and
16 going to 8.4, is what you're saying?

17 MR. SHEEHAN: That's my assumption,
18 yes.

19 CHAIRMAN GOLDNER: Okay.

20 MR. SHEEHAN: And I believe that's the
21 case, because I do know we did not redo the
22 forecast for this filing.

23 CHAIRMAN GOLDNER: Okay. Because I
24 would have assumed that your volume would go up.

[WITNESS PANEL: King|Doll]

1 But your point you made earlier of "there's a lag
2 in the process", and, so, maybe it wouldn't go up
3 as much as one would think. If, you know, you
4 lower the price at the grocery store to half
5 price, you know, you empty the shelf pretty fast,
6 right? So, I would have assumed that there would
7 be some increase in volume.

8 MR. SHEEHAN: And this is totally a
9 guess. But, again, most of our commercial
10 customers are on competitive supply. Those who
11 are not, frankly, I suspect are the people who
12 don't pay as close attention to this. The
13 smaller businesses, who are running the
14 storefront, will complain about the high bill,
15 but may not act quickly to switch. But, again,
16 that's just a guesstimate.

17 CHAIRMAN GOLDNER: Okay. Okay. By
18 virtue of the room is empty behind you, I think
19 there might be a lag there, too, because nobody
20 is getting this information in real-time.

21 Okay. Very good. That's very
22 helpful.

23 So, I think -- so, maybe a question for
24 Mr. Doll.

[WITNESS PANEL: King|Doll]

1 BY CHAIRMAN GOLDNER:

2 Q Commissioner Simpson was talking about the fact
3 that this is a new process in New Hampshire,
4 which is -- which is, for sure, true. But is it
5 a new process for Liberty? This is something
6 you've been doing in other states, other regions,
7 for some time. Is that right, Mr. Doll?

8 A (Doll) That is correct.

9 CHAIRMAN GOLDNER: Okay. Okay.
10 Excellent. Is it -- Commissioner Simpson, are
11 you in synch with that?

12 CMSR. SIMPSON: I think so.

13 CHAIRMAN GOLDNER: Okay. All right.
14 Very good.

15 BY CHAIRMAN GOLDNER:

16 Q And then, also, Mr. Doll, you had mentioned, I
17 think to Commissioner Simpson as well, that, if
18 this -- if, in the future, there was to be, you
19 know, partial loads that your team needed to
20 manage, you had no concerns about that. But you
21 used the word "partial", instead of "full". So,
22 I was curious as to why you would not have
23 concerns with a partial load, but you might have
24 some concerns with a full load. Can you

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[WITNESS PANEL: King|Doll]

1 elaborate on that please?

2 A (Doll) Sure. Maybe that was just a misspeak. I
3 thought I was hearing whether we would do --
4 whether there would be interest in serving parts
5 of the load through this process. So, I was just
6 trying to reflect I thought what was the nature
7 of the question. We have no concerns serving
8 partial loads or full loads.

9 CMSR. SIMPSON: And I will confirm,
10 that was the nature of my question.

11 CHAIRMAN GOLDNER: Okay.

12 CMSR. SIMPSON: Just for clarity.

13 CHAIRMAN GOLDNER: Okay. Thank you.

14 That is helpful.

15 BY CHAIRMAN GOLDNER:

16 Q And another question for Mr. Doll. I just want
17 to clarify my understanding on this. I'm
18 assuming that, if you were to do this for
19 residential customers, that would actually be
20 easier than C&I customers, because you have
21 statistical averaging. There would be a lot of
22 residential customers, statistically you can
23 model it, and the load is probably more stable.
24 Is that a good assumption or a poor assumption?

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1 A (Doll) Honestly, I think the easiest group to
2 power market, just from the perspective of really
3 what we're trying to zero in on is to precisely
4 hit the load forecast, this is probably the
5 easiest group. There's not as much traditionally
6 weather sensitivity in the larger volume
7 customers.

8 Residential customers tend to have the
9 most volatility. And, so, a miss of a load
10 forecast, whether it was weather coming in early,
11 weather coming in late, or just a model error,
12 that could be magnified, when you're talking
13 about customers that are more weather-sensitive,
14 like a residential customer typically is.

15 Q I see your point. So, if you're powering a
16 machine shop, they run their machines regardless
17 of the weather, that's their primary load, it's
18 the machines. And, so, that's much more
19 predictable than the weather variation with
20 residential customers, is that right?

21 A (Doll) Yes. And I will say, in honesty, I have
22 not specifically dove into the New Hampshire
23 residential customers, to see precisely that
24 magnitude of volatility that they have, or their

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[WITNESS PANEL: King|Doll]

1 weather -- what we call their "weather
2 signature", how much they move with weather.

3 But my experience over the last 15
4 years is that residentially typically hold the
5 most weather sensitivity of all the customer
6 classes.

7 CHAIRMAN GOLDNER: Okay. Okay, thank
8 you. That's very helpful.

9 Okay. Commissioner Simpson, any
10 additional questions, before we move to redirect?

11 CMSR. SIMPSON: No. No further
12 questions. Just encourage the Company to
13 continue to collaborate with the Department of
14 Energy with respect to a suggested reconciliation
15 process as we move forward through this period.

16 So, appreciate what the Department's
17 doing and what the Company will do.

18 CHAIRMAN GOLDNER: Okay. Very good.
19 And we'll move to redirect.

20 MR. SHEEHAN: I have none. Thank you.

21 CHAIRMAN GOLDNER: Okay. Very good.
22 All right. So, let's move to the next stage.
23 We'll excuse witnesses. Thank you, to the
24 witnesses, for your participation today, very

1 helpful.

2 And we'll move to any closing
3 statements.

4 MS. AMIDON: Thank you, Mr. Chairman.

5 I think this is a very positive filing
6 from a, you know, both a policy and a practical
7 standpoint. And, to echo Commissioner Simpson, I
8 think it is very appropriate and commendable that
9 Mr. Doll and his group carefully monitored the
10 prices that they were seeing on the market, and
11 considered the rates that customers were paying,
12 to try to fix this issue of the discrepancy in
13 such a short period of time. It is -- I think
14 it's really quite remarkable and very
15 commendable.

16 And I also think that the Company's
17 willingness, and curiosity, really, about
18 evaluating their experience during these three
19 months where they go to the market. And they're,
20 you know, volunteering to contribute that to the
21 discussion about default service in the
22 investigative docket is really also very
23 commendable. So, from that standpoint, we are,
24 you know, we agree with some of the comments that

1 Commissioner Simpson said.

2 In addition, as to the, you know, the
3 direct subject matter of this proceeding, we
4 agree that the rate recalculation for the months
5 of March and April are appropriate. The
6 calculations are, you know, the Company has
7 proven that it has a basis for these
8 calculations, and that the results are just and
9 reasonable rates within the meaning of RSA 378.
10 And we agree that those rates should be approved
11 by the Commission for effect March 1, which is
12 tomorrow.

13 Finally, on some of the policy issues,
14 I recall that, when we were in this room not that
15 long ago, there was discussion about, you know,
16 "did the market fail?" And I think that over the
17 years that the Commission has worked, not just
18 this Commission, but the prior, you know, the
19 prior constitution of the Commission worked on
20 default service, as suggested by Attorney
21 Sheehan, the market has proven itself to be
22 sometimes quite volatile, and other times, you
23 know, quite astonishing in its resilience.

24 So, I don't -- I think the issue about

1 the market is whether or not the companies can
2 adapt a process to try to have the sensitivities
3 that Liberty had in this particular instance to
4 respond to market signals. But I think the
5 market is what it is.

6 I recall, for example, in 2008, Unitil
7 went out to purchase a three-year block of power
8 when the price was at its peak. And it was three
9 years with that high price was incorporated and
10 embedded in its rates, because at that time it
11 had a laddered portfolio. So, there was the good
12 and the bad, and sometimes the very ugly, as we
13 have previously seen most recently. But this
14 outcome is a reflection of how the market can
15 also provide results that are good for customers.

16 So, having said that, if you have any
17 questions for the Department, we -- I don't think
18 we are able, probably, to provide any more
19 information on this docket. But we do look
20 forward to working with the Company on the
21 reconciliation, and also on any appropriate
22 reporting we think would help inform the whole
23 process of default service.

24 Thank you.

1 CHAIRMAN GOLDNER: Thank you, Attorney
2 Amidon. And Attorney Sheehan.

3 MR. SHEEHAN: Thank you.

4 Picking up on a stray point.

5 Commissioner Simpson had questions about the
6 "basis". The way I think of it is, that's the
7 cost to get the NYMEX gas to New Hampshire.
8 NYMEX is cheap. There's some -- all the
9 constraints we all know about, getting it up to
10 New Hampshire is where all the fluctuation in
11 price is.

12 EnergyNorth used to hedge NYMEX
13 pricing, or whatever the equivalent was. And it
14 was decided that that really wasn't very
15 effective, because that price was relatively
16 stable. And, so, we changed to a hedging of the
17 basis. And I'm not exactly sure the mechanisms
18 we did, but that was a 2014 order that changed
19 our hedging policy, where we can make some
20 headway if we hedge that, because that's the
21 number that makes the price in New England \$100,
22 instead of \$5.00.

23 So, that's how I think of "basis", is
24 the cost to get it here. And it's all the

1 pipeline and demand and weather, and all those
2 factors. And that's what Mr. Doll was saying, is
3 that's the risk that is New England-specific. Is
4 "how much is it going to go above NYMEX in New
5 Hampshire?"

6 And, on the topic of "reporting", the
7 initial order approving this process asked the
8 Company and DOE to, and anyone, OCA, if he wishes
9 to participate, to come up with some reporting
10 metrics. We've started the conversation at a
11 high level. And, as you can tell, Mr. Doll's
12 group is collecting lots of information. And I
13 suspect we'll be able to provide lots without too
14 much work. And, so, it's really a matter of
15 figuring out what are the columns we want on a
16 spreadsheet. So, we'll have that.

17 It probably won't be available until
18 sometime after the three months. But it
19 certainly will be available in time for use in
20 the other proceeding.

21 We appreciate the DOE's kind comments.
22 We also appreciate the Commission's willingness
23 to jump on this. This was -- we found out about
24 it Friday, and here we are in a hearing, and

1 maybe an order tomorrow. And that has gone --
2 not gone without notice. So, we ask that the
3 Commission approve the rates we proposed.

4 My last comment is not particular to
5 this, but it was a plea from a young woman in my
6 office, Ms. Karpf, dealing with compliance
7 tariffs. And I just wanted to flag an issue
8 we've been having.

9 The ask is that, for this particular
10 docket, you extend the compliance tariff period
11 for enough time to sort out what is pending. As
12 you are probably aware, there are two or three
13 dockets where the Commission has asked us to
14 revise compliance tariffs, and they are still
15 open. I think it's maybe the RDAF change in the
16 rate case and the TOU change, and probably the
17 TOU change in the battery case.

18 And what's happening is, the errors
19 that are being pointed out are not in the numbers
20 in the tariff changes, the rate numbers. The
21 errors are in -- or, at least the disconnect is
22 in what it says on the top of the page, you know,
23 "Fifth Revised Page 7", or, in the bottom of the
24 page, the order and the date.

1 And what's happening is, so, we file
2 a -- we have a Sixth Page in effect today.
3 Tomorrow, we file a case that's going to have a
4 change, it will be "Seventh Revised". The next
5 day we file a proceeding that's going to have
6 "Eighth Revised". And then, by the time we get
7 to compliance filings, they're not following the
8 same sequence. So, when we do a compliance
9 filing, our redline is to what? Is it to the one
10 that's still in effect, the Seventh? Is it to
11 the -- you know, that kind of disconnect. And
12 it's -- it's created an enormous amount of work
13 on our end to try to keep track of it.

14 And, for example, Maureen made filings
15 Friday to try to clean all of that up. If you
16 issue an order today, all that work is for not,
17 because now we have a different starting point.
18 And, so, does she have to do that all over again?
19 And, again, it's literally tens of hours of work
20 to do.

21 The solution, I think, is as follows
22 and this is consistent with the rules. When we
23 make a new filing, and, again, this will assume
24 Sixth Revised is the one in effect. We don't

1 propose it as "Seventh", we propose it as a
2 "change to what's currently in rates, Sixth".
3 And, so, then, if we have three of them that have
4 all -- are all open, they're all proposing
5 changes to that Sixth page. And, so, the first
6 one that gets approved, that becomes the
7 "Seventh". And you sort of sequential that.

8 The rules have one -- one place where
9 that would wouldn't work is specifically
10 requiring us to reserve a proposed number when
11 the Commission suspends -- formally suspends a
12 tariff filing. So, if we have Sixth in effect,
13 and we propose "Seventh", let's assume a rate
14 case, and you suspend that, that Seventh has now
15 been used, it can't be used again. But,
16 otherwise, for these other filings, there's no
17 magic to keeping that sequential proposed tariff
18 headings.

19 I'm probably confusing you all, but
20 I've been trying to catch up myself.

21 And the other thought is the compliance
22 filings, the rules do not require a redline of
23 the compliance filings. It does require redlines
24 of other places. So, its absence in that section

1 suggests it's not required. The Commission has
2 asked for that, we understand. And that's part
3 of the problem, too, is, when we redline a
4 compliance filing, we're not redlining what
5 others think is the right page to redline, and
6 we're, again, talking past each other.

7 So, my suggestion, and in talking to
8 DOE, what they want to make sure is that we got
9 the right numbers in the new tariff. And it's
10 easy when it's redlined, they can go to the four
11 numbers that changed. But, rather than
12 redlining, why can't we just highlight it?
13 They're not so much concerned that the "Seven"
14 changed to an "Eight", they want to make sure the
15 "Eighth" that the Commission ordered is what's in
16 the new tariff. So, instead of redlining to the
17 Seven or to the Four or to whatever other number
18 preceded it, maybe we just highlight the Eight.
19 Here's the number that changed. They can check
20 and say "All right, the Commission ordered Eight,
21 and we've got Eight in the tariff, we're good."
22 We could care less what all those prior versions
23 were.

24 So, that's an ask. And I'm not sure it

1 can all be addressed in this hearing, I suspect
2 not, because you have a short timeframe. But I
3 would encourage some kind of session where we can
4 talk this through. I've tried informally, and
5 have had some effect. Your Tariff Administrator
6 has been great to work with, I haven't
7 personally, but Maureen has. But it's still a --
8 it's an issue. It's a huge time commitment on
9 our end, and it seems to be a simple way where
10 we're bogging down. And it's important, but it's
11 form over function.

12 So, I'll end now. Thank you.

13 CHAIRMAN GOLDNER: Attorney Amidon,
14 would you have any comments on the topic, or Ms.
15 Nixon?

16 MS. AMIDON: Let me defer to Ms. Nixon,
17 if you will.

18 MS. NIXON: I will start by saying I
19 haven't been following all the back-and-forth
20 between the Company. But I think, just in my
21 experience when I was reviewing tariffs, before
22 we became DOE, I was responsible for looking at
23 the numbers, like Attorney Sheehan mentioned,
24 where the Tariff Administrator actually looked at

1 the pages that he referenced as well. So, I
2 think -- I think getting both right is critical.

3 I'd have to look back and see what
4 other companies do, because it doesn't seem to
5 always be an issue with others. So, I think what
6 he's proposed might be a good scenario, and don't
7 highlight a -- leave the numbers out on the
8 revision numbers.

9 Personally, I like redline for all
10 changes, however that -- whether it's
11 highlighted, redlined, that makes no difference
12 to me. But I think what Attorney Sheehan has
13 proposed is to leave out the proposed revision
14 number, that would be helpful.

15 And, again, from the past, when I was
16 the one at the PUC looking at those, it was very
17 helpful, when the compliance tariff was filed,
18 whether it's required or not, that the redline is
19 in that, as well as the unredlined version.

20 CHAIRMAN GOLDNER: Do you have any
21 thoughts on the challenges that Liberty is
22 facing, versus Eversource and Unitil?

23 It seems like there's issues with
24 Liberty that are frequent. And I'm not picking

1 on Liberty, it's just that's the reality.

2 But Eversource and Unitil seem to be
3 smoother. Can you maybe help answer that?

4 MS. NIXON: I haven't -- I didn't
5 really come prepared to address this. But I can
6 go back and look. But I believe it actually is
7 related to that numbering issue.

8 But, I mean, I could go back and look
9 and provide you with a thought, but -- and work
10 with them to see, to align that.

11 CHAIRMAN GOLDNER: Yes. It just seems
12 like there's -- the other we're not having the
13 same issues with the other utilities, and I
14 can't -- I don't know why, honestly.

15 MR. SHEEHAN: I don't either.

16 CHAIRMAN GOLDNER: Okay.

17 MR. SHEEHAN: And it's puzzling me,
18 too.

19 CHAIRMAN GOLDNER: Okay.

20 CMSR. SIMPSON: Do you know, Attorney
21 Sheehan, what's different about the process that
22 you use?

23 I know, I recall from a prior hearing,
24 that one of the witnesses noted that you don't

1 use Word, you use an Excel spreadsheet for your
2 tariffs, and that that presents challenges with
3 respect to redlining versus highlighting.

4 I mean, functionally, what's different
5 about your process? Why is what you're
6 proposing, "highlighting" versus "redlining", why
7 is that really what you're advocating for?

8 MR. SHEEHAN: It's to -- that
9 particular request is to eliminate the question
10 of "what's being redlined?" Again, to my
11 scenario where we have sequential filings all
12 open, when you get to the compliance filing for
13 the third one, are you redlining to the rates in
14 effect? Are you redlining to the proposal? Are
15 you redlining to, you know, the subsequent filing
16 that hasn't been acted on?

17 You know, so, it's sort of a --
18 because, again, if you've got four of them out
19 there, you've got an original -- you've got the
20 "Sixth" in effect, you've got the "Proposed
21 Seventh", "Proposed Eighth", and the "Proposed
22 Ninth". The Proposed Eighth had a hearing, but
23 no order yet. So, the Ninth got approved. Do I
24 redline the Eighth, which might get approved

1 tomorrow? Do I redline the Sixth? But that
2 disagrees with the Eighth.

3 And I don't know why other companies
4 aren't having this. But it's been an issue for
5 us, obviously. And I was appropriately asked to
6 flag it and see if we can have -- get some
7 progress on it.

8 I will suggest internally to have
9 Maureen contact her counterparts to see if
10 there's any, you know, difference in process that
11 we can follow.

12 CMSR. SIMPSON: So, with respect to
13 just what's before us today, you stated that the
14 Company last week filed several revisions to your
15 tariffs. And this change that's proposed today
16 would impact what was filed on Friday. Did I
17 understand that correctly?

18 MR. SHEEHAN: Yes. So, Friday was a
19 filing of compliance pages for a number of
20 dockets. And, until the Commission says "they're
21 good", --

22 CMSR. SIMPSON: Uh-huh.

23 MR. SHEEHAN: -- they're still open, if
24 you will. And, when the Commission approves this

1 rate, then the underlying -- the documents being
2 redlined now has a different number in it,
3 because there was -- this rate didn't exist on
4 Friday; it exists today. So, then, again, what
5 was filed Friday, to try to close all those open
6 unapproved tariff -- compliance tariffs, it is
7 not correct anymore. And, so, you know,
8 that's --

9 CHAIRMAN GOLDNER: No, I think, it was
10 Attorney Speidel mentioned, that Liberty has had
11 more filings than the other utilities. So,
12 that's one of the issues. That would explain a
13 lot. And then, the RDAF issue has sort of spun
14 things up a little bit.

15 We're looking at different options, in
16 terms of sorting this out. And we're just trying
17 to deal with the *ex parte* communication issue.

18 MR. SHEEHAN: Right. And I appreciate
19 that.

20 CHAIRMAN GOLDNER: Would you guys
21 recommend like a Commission meeting, or what
22 would be the best way to kind of get -- what
23 would you recommend for closure?

24 MR. SHEEHAN: I personally think those

1 kinds of communications about what numbers should
2 be in the top of the page aren't *ex parte*. You
3 know, they could be had between, you know, Ben,
4 whose last name I've forgotten, and Maureen, and
5 whoever else.

6 But, if the Commission disagrees, and
7 would prefer it not to be that kind of informal,
8 have one of our Commission-attended tech
9 sessions, with Maureen and her counterparts here
10 to see if there's a better way to do this.

11 CHAIRMAN GOLDNER: Would the Department
12 have a thought or input on the *ex parte* piece,
13 and how we could move forward with this?

14 MS. AMIDON: I would agree with
15 Attorney Sheehan, I think Ms. Nixon is nodding
16 her head, that this is a matter of form over
17 substance. You know, we do also have rules that
18 require changes to tariffs to be annotated, and
19 there are certain markings, *et cetera*, that have
20 to be on the proposed tariff or revised tariff.

21 So, it's really not something where
22 it's a policy decision. It's more or less what
23 is appropriate to file with the Commission.

24 I think that Attorney Speidel raised a

1 very good point. Because, if you have a
2 cascading number of tariffs, which I would think,
3 perhaps, in this particular docket, you might, I
4 mean, just as an example, if the prior tariff
5 hasn't been approved, and then they file a new
6 tariff, which tariff does that amend? The
7 currently existing tariff or the one that is
8 pending, was, you know, for a final sign-off by
9 the Commission?

10 So, I think it really is more of a
11 process, and not a substantive policy issue, that
12 could be discussed, I think. And should be
13 resolved, in the event that there are other
14 issues that come up with other utilities, you
15 know.

16 I understand it's Liberty that is
17 principally having the problem. But the number
18 of dockets that they have had, you know, or
19 proceedings that they have had in individual
20 dockets, sort of does indicate that there could
21 be a real problem that they're trying to grapple
22 with.

23 MR. SHEEHAN: And it just occurred to
24 me, the other issue that might make it

1 Liberty-specific is that TOU rate is in so many
2 dockets. And that's the one that started this
3 whole thing, and hasn't been resolved. And it
4 just has tentacles that go to all the others.

5 And I did, just so it's clear, I did
6 talk to Don Kreis about this, because one of the
7 emails I sent to the Commission on having a
8 meeting, I copied him. And I don't know if he
9 copied to the whole group, but his point was
10 "Follow the rules. I don't want any practices
11 that" -- you know, "Let's do it a better way, if
12 it's not in the rules." And that's fair. And I
13 think we should go back to the rules and see if
14 there's a -- there's always some gray in the
15 rules, is there a way we can apply the rules in a
16 way that makes sense.

17 CHAIRMAN GOLDNER: Okay. So, I think,
18 if I can repeat back, I think what I heard was
19 that the Department and Liberty are comfortable
20 with a direct conversation with our Tariff
21 Administrator, with our, you know, technical
22 experts, and Liberty directly, to sort through
23 the header and the filing.

24 And maybe there's just some sort of

1 delay where we just pause for 30 days, something,
2 just to sort of get back on track. And the
3 Department would be comfortable with that, if the
4 Commission took that approach?

5 MS. AMIDON: Yes. Yes, we would,
6 because we know the Department -- I mean, the
7 Company will be working with us as well on trying
8 to address those problems.

9 Thank you.

10 CHAIRMAN GOLDNER: Okay.

11 *[Chairman Goldner and Atty. Speidel*
12 *conferring.]*

13 CHAIRMAN GOLDNER: Okay. Right.

14 Attorney Speidel is talking about the constant
15 resetting of the 30-day time clock. And we can,
16 with the Department's support, we can, I think,
17 get on the phone with Liberty and probably sort
18 out the piece that's tactical on the header and
19 so forth.

20 But the 30-day time clock would have to
21 be more of a, you know, Commission activity. In
22 other words, that wouldn't be a direct
23 conversation. That would be more of a Commission
24 meeting or something like that.

1 MR. SHEEHAN: And my specific ask in
2 this case was to give us more time for this
3 compliance filing, as I think Mr. Speidel was
4 whispering to you, I could hear him.

5 [Laughter.]

6 MR. SHEEHAN: Give more time for the
7 others to shake out and get resolved.

8 CHAIRMAN GOLDNER: Yes.

9 MR. SHEEHAN: So that, when it comes
10 time for this compliance filing, we have
11 something that's been approved, and we don't go
12 back to square one because we're having this
13 cascading effect.

14 CHAIRMAN GOLDNER: I think so. And
15 anything else, Attorney Amidon?

16 MS. AMIDON: No. I was just going to
17 say that the Department, you know, understands
18 that there is a problem, for whatever reason, and
19 we would support efforts to resolve this
20 informally.

21 CHAIRMAN GOLDNER: Okay.

22 MS. AMIDON: As can be done within the
23 limits of *ex parte* exclusion. So, thank you.

24 CHAIRMAN GOLDNER: Very good. And yes,

1 we're just trying to follow the rules, so we're
2 not doing anything outside the rules. So, that
3 seems sensible.

4 Okay. Just in wrapping up here today,
5 I'll just mention that this -- that Mr. Doll's
6 process, Liberty's exposure to the Commission and
7 to the Department of Mr. Doll's process has been
8 very helpful. I would call it the benchmark of
9 the electric utilities in New Hampshire. And the
10 further insight that we received today was
11 extremely helpful, from many perspectives,
12 including a technical one.

13 And the only other comment I'll make is
14 that this immediate reaction to the prices is
15 very positive, as Attorney Amidon mentioned, from
16 a regulator perspective. But it's also very
17 positive from a business perspective. If you're
18 able to pick up more business, that helps defray
19 your fixed costs. And everyone ultimately
20 benefits, if Liberty is able to -- is able to get
21 more business from this business decision that
22 you've made. So, it benefits, it's 100 percent
23 positive, from what I can see.

24 Before I move to closing, Attorney --

1 Attorney Simpson and Commissioner Simpson, any
2 other?

3 CMSR. SIMPSON: No. Thank you, Mr.
4 Chairman.

5 CHAIRMAN GOLDNER: Okay. Very good.
6 Okay. If there's no further matters, we'll take
7 the matter under advisement, issue an order by
8 close of business today, February 28th, as
9 requested by the Company in the Petition. And
10 the hearing is adjourned. Thank you.

11 ***(Whereupon the hearing was adjourned***
12 ***at 10:19 a.m.)***

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