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24**STATE OF NEW HAMPSHIRE****PUBLIC UTILITIES COMMISSION**

February 7, 2023 - 9:06 a.m.
21 South Fruit Street
Suite 10
Concord, NH

RE: **DE 22-035**
LIBERTY UTILITIES (GRANITE STATE
ELECTRIC) CORP. d/b/a LIBERTY UTILITIES:
Request for Step Adjustment.
(Continuation of the hearing held
on July 19, 2022)

PRESENT: Chairman Daniel C. Goldner, *Presiding*
Commissioner Pradip K. Chattopadhyay
Commissioner Carleton B. Simpson

Alexander Speidel, Esq./*PUC Legal Advisor*

Tracey Russo, Clerk

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

Reptg. New Hampshire Dept. of Energy:
Paul B. Dexter, Esq.
Alexandra Ladwig, Esq.
Jay Dudley, Electric Group
(Regulatory Support Division)

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

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ANTHONY STRABONE**

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P R O C E E D I N G

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

This is the continued hearing for Docket DE 22-035, the Liberty step adjustment. The first hearing in this matter took place on July 19th, 2022, at which point the Department of Energy first indicated to the Commission that it disagreed with the Company's interpretation of the Settlement Agreement language for Docket DE 19-064 as pertaining to the step increase qualified investments. The DOE also indicated that it did not agree with Liberty's calculation of the step adjustment. And, as a consequence, this led to approximately seven months of further process.

Here, today, the Commission is presented with a stipulated adjustment to the Liberty distribution rates of a negative 1.5 million, which is approximately 575,000 -- I'm sorry -- which is a 575K decrease compared to the adjustment requested by the Company in its

1 revised July 2022 Petition of a negative 962K,
2 which, in turn, was a reduction from Liberty's
3 original April 2022 Petition of a negative 753K.

4 This revised negative \$1.5 million
5 number was presented by Liberty in its technical
6 statement filed on December 12th, 2022, and
7 accepted by the DOE in its recommendation filed
8 with the Commission on January 9th, 2023.

9 As this is a stipulated case, and time
10 is of the essence, we will proceed in a slightly
11 different procedural fashion today. First, after
12 taking appearances and swearing in the Company's
13 witnesses, we'll allow for limited direct
14 examination of these witnesses by the Company and
15 limited cross-examination of the witnesses by the
16 DOE. We envision that the direct examination and
17 cross-examination of the witnesses should take no
18 more than fifteen minutes altogether. We'll then
19 proceed with Commissioner questions.

20 We won't be taking opening statements
21 today. In other words, we'll largely proceed on
22 the papers filed on this step adjustment docket,
23 to understand the flow of what adjustments were
24 made and at what time and for what reasons.

1 Okay, we'll now take appearances from
2 the parties, beginning with the Company.

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

6 And, as a preview, I object to the
7 characterization that this is "stipulated". The
8 Commission ordered us to make the revised filing
9 removing those two projects. I would like to
10 articulate in a closing that we maintain that
11 those two projects should remain in the step.

12 CHAIRMAN GOLDNER: Okay. Thank you,
13 Mr. Sheehan. And Department of Energy?

14 MR. DEXTER: Good morning,
15 Commissioners. Paul Dexter, appearing on behalf
16 of the Department of Energy. I'm joined by
17 co-counsel Alexandra Ladwig, new with the
18 Department; also joined by Jay Dudley, Analyst in
19 the Electric Division.

20 I think, based on what Mr. Sheehan just
21 said about contesting those two projects, which
22 he informed me of last night, perhaps that would
23 be better addressed in the opening statement,
24 because then I might have some questions for the

1 witnesses concerning those two projects. If it
2 only comes up at closing, I won't have a chance
3 to ask the witnesses about them.

4 CHAIRMAN GOLDNER: Yes. Agreed, Mr.
5 Dexter. We did not understand those issues to be
6 contested, and we thought this was a stipulated
7 agreement. So, I agree, we should move to an
8 opening, given what to us appears to be a change.

9 All right. So, having taken
10 appearances, regarding exhibits, we see that the
11 Company has asked that the November 4th, 2022
12 testimony, with attachments, will be marked as
13 Hearing "Exhibit 3"; the Final DOE Audit Report
14 for Assets Placed in Service in 2021, dated
15 October 25th, 2022, be marked as Hearing "Exhibit
16 4"; and the December 12th, 2022 Technical
17 Statement of Heather Tebbetts be marked as
18 Hearing "Exhibit 5".

19 The DOE, in turn, has asked that its
20 position statement of January 9th, 2023 be marked
21 as Hearing "Exhibit 6".

22 Are there any further revisions to
23 these materials to be submitted today?

24 MR. SHEEHAN: No, sir.

1 MR. DEXTER: No.

2 CHAIRMAN GOLDNER: Thank you.

3 Okay. Well, given the change in course
4 here, let's move to opening statements, beginning
5 with -- would the Department like to lead with an
6 opening statement?

7 MR. DEXTER: Well, I could. But I
8 think it would flow better if the Company opened,
9 since they're the one proposing what I believe is
10 a change also.

11 CHAIRMAN GOLDNER: That's very fair,
12 Mr. Dexter. Would the Company like to proceed?

13 MR. SHEEHAN: Sure.

14 A brief recap. We filed this step
15 increase pursuant to the Settlement Agreement in
16 the underlying rate case last April, and it
17 included two Tuscan-related projects. We had the
18 hearing. At the hearing, DOE recommended that
19 they be excluded, because they were not
20 consistent with the Settlement Agreement; we did
21 not agree with that.

22 The Commission's order, in late July,
23 approved the proposed step increase, but asked
24 that the Company substitute other projects for

1 those two Tuscan projects, but allowing the
2 dollar amount to remain the same.

3 Because of the nature of other projects
4 we had, and the \$100,000 threshold the Commission
5 put on the replacement projects, we did not have
6 projects sufficient to replace the Tuscan, and
7 we so informed the Commission.

8 At that point, the approved rate was
9 still the higher rate that included those two
10 projects. The process that followed was DOE said
11 "the Company should reduce it, because those
12 projects aren't in." And this Commission
13 scheduled a hearing and asked for further
14 testimony.

15 Exhibit 3, the testimony, the only
16 purpose of that testimony is to argue for the
17 inclusion of those two projects, and it restates
18 why the Company believes those two projects
19 should remain in the step. After that testimony,
20 the Commission issued a procedural order saying
21 "Liberty, please file revised numbers that remove
22 those two projects."

23 So, that's why it wasn't "stipulated".
24 It was the Commission asking us to do so, for the

1 obvious reason that, should the Commission stay
2 with its original decision, it needs to have
3 rates to approve. And, so, it wasn't stipulated,
4 it was directed for us to do, and that's what we
5 did.

6 So, here we are today, with that, and
7 that's Exhibit 5, the technical statement that
8 has revised rates that have those two projects
9 removed. But we have never waived our objection
10 to the exclusion of those two Tuscan projects.
11 So, what you have in front of you, in Exhibit 5,
12 is a technical statement, which proposes rates
13 that make two reductions from the original: One
14 is the two Tuscan projects, and the other are a
15 number of changes from the audit. We don't
16 contest the audit adjustments.

17 So, the only issue I see today is "Are
18 the two Tuscan projects in or out?" And we rely
19 on the November 4 testimony, which is Exhibit 3,
20 for the reasons that we think the Tuscan projects
21 should remain in. And, in a sentence, those
22 projects were in the Settlement Agreement, the
23 Settlement Agreement was approved. They were
24 labeled as "growth projects" in the Settlement

1 Agreement. And, to remove them now for being
2 growth projects, we think is contrary to the
3 Settlement Agreement and the order approving it.

4 So, in a nutshell, that's why we -- we
5 presented the numbers you've asked for, but we
6 don't agree with them.

7 CHAIRMAN GOLDNER: Okay. Thank you,
8 Mr. Sheehan.

9 Mr. Dexter.

10 MR. DEXTER: Thank you. And
11 appreciation to Attorney Sheehan for that
12 summary, which I believe is completely accurate
13 and consistent with my recollection of what went
14 on. What the Department does not agree with is
15 the conclusion that Liberty reaches.

16 We raised this issue of the Salem
17 projects being growth-related extensively at the
18 hearing in July. We got a Commission order that
19 did not allow those Salem investments on the
20 basis of our argument, as we understood it. And
21 the Company did not seek to rehear that order or
22 appeal it, or take any other steps to contest the
23 conclusion that the Commission drew in its order
24 on I believe it was August 1st. So, in the mind

1 of the Department, that issue had been settled as
2 of, roughly, August 1st by the Commission's
3 order.

4 We did notice that what's now
5 Exhibit 3, the testimony, sought to relitigate,
6 we believed, the issue of whether or not those
7 Salem projects were eligible under the step
8 adjustment. And we put in a recommendation,
9 dated November 16th, outlining again why we
10 believed that those two Salem projects were not
11 recoverable under the step adjustment.

12 And, basically, that argument is that
13 the overriding principle underlining the step
14 adjustments, not just in this case, but in many,
15 many cases before the Commission, is that step
16 adjustments are not to include growth-related
17 projects. The reason for that is fairly obvious
18 to everyone here, but I will state it, is that
19 step adjustments allow the Company to recover
20 investments that they made between rate cases.
21 In a rate case, both investments and revenues are
22 examined, and rates are set based on an
23 examination of the entire financial situation of
24 the company. Step adjustments are not like that.

1 Step adjustments are inherently one-sided, in
2 that they allow rate increases based on
3 investments, but they make no recognition of any
4 increased sales related from the investments that
5 are made. In other words, the revenues resulting
6 from these investments are not recognized in the
7 calculation.

8 That is, as I said -- so, the result of
9 that is that settlements that set up step
10 adjustments that are approved by the Commission
11 often, I want to even say "almost invariably",
12 include language that say the eligible
13 investments are not growth-related -- cannot be
14 growth-related.

15 So, what we have here, in this case,
16 was a situation wherein a case was filed in 2019,
17 the Settlement was negotiated in 2020. We agreed
18 to three step adjustments based on a list of
19 projects, but we did not have a list for the
20 third year, because the Company was not in a
21 position to propose specific projects. So, we
22 agreed to a mechanism where, in one of the prior
23 step adjustments, I believe it was the second
24 step adjustment, that was presented in 2021, the

1 Company would come up with a list. And, in fact,
2 these Salem projects were on the list.

3 In retrospect, I believe the Staff of
4 the Commission at the time, I think we were,
5 should have said "No, those aren't eligible.
6 Those are growth projects." We didn't do that,
7 but it still doesn't alter the underlying
8 Settlement Agreement that says "growth-related
9 projects are excluded."

10 We explored this issue at the July
11 hearing. The witnesses agreed that these are
12 growth-related projects. Anyone who's been down
13 to the Tuscan Village site would see that these
14 are growth-related projects. My understanding is
15 that two years ago there were -- two or three
16 years ago, this was, basically, vacant or
17 abandoned land, and, now, it's a thriving
18 shopping center/office complex, and so on and so
19 forth.

20 There is no evidence in the record as
21 to how much revenue has been coming in to Liberty
22 from the investments that they made in the Salem
23 projects. We don't know what that is. There is
24 no mechanism in the Settlement to pass that

1 revenue back to customers.

2 So, the bottom line is, to allow for
3 the cost of the investments, in what's clearly a
4 growth-related project, and not allow for the
5 recognition of the existing revenue, and not even
6 examining the existing revenue, is inherently
7 unjust and unreasonable, as I stated in the
8 November 19th *[sic]* recommendation.

9 So, we will proceed today along these
10 lines. We understood, up until last night, that
11 this was going to be a short mathematical
12 hearing, to examine the technical statement that
13 the Company put in in December, we put in a
14 letter in January saying we agreed with the
15 technical statement, with one addition, one
16 correction that we discovered through a tech
17 session.

18 We're prepared to support the technical
19 statement that was put in, as amended in our
20 January recommendation. But we are not in
21 support of either (a) reexamining the Salem
22 projects today, or (b) allowing recovery of the
23 Salem projects. Because, in other view, they are
24 the -- sort of the consummate growth project that

1 should be excluded under the terms of the
2 Settlement.

3 Thank you.

4 CHAIRMAN GOLDNER: Okay. Thank you.
5 So, what we'll do is we'll -- the Commission will
6 take a ten-minute break. I think the scoping of
7 this particular hearing is in question. So, the
8 Commissioners and counsel will caucus. And we'll
9 return at 9:30.

10 Thank you. Off the record.

11 *(Recess taken at 9:20 a.m., and the*
12 *hearing resumed at 9:33 a.m.)*

13 CHAIRMAN GOLDNER: Okay. So, our July
14 29th order stands. We won't relitigate the
15 Tuscan Village and Golden Rock today.

16 So, let's move to the swearing in of
17 the witnesses. Mr. Patnaude, if you could swear
18 in the witnesses please.

19 (Whereupon **Heather M. Tebbetts** and
20 **Anthony Strabone** were duly sworn by the
21 Court Reporter.)

22 CHAIRMAN GOLDNER: Thank you. We'll
23 move to direct examination.

24 MR. SHEEHAN: Thank you.

[WITNESS PANEL: Tebbetts|Strabone]

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HEATHER M. TEBBETTS, SWORN

ANTHONY STRABONE, SWORN

DIRECT EXAMINATION

BY MR. SHEEHAN:

Q Ms. Tebbetts, please introduce yourself, and describe your position with Liberty?

A (Tebbetts) Yes. Good morning. My name is Heather Tebbetts. And I am the Director of Business Development for Liberty Utilities.

Q Marked as exhibits for today's hearing are Exhibit 3, 4, 5, and 6, as the Chairman said before. Exhibit 3 appears to be testimony offered by you and Mr. Strabone, is that correct?

A (Tebbetts) Yes.

Q And that was filed in November of 2022?

A (Tebbetts) Yes.

Q And, as I stated earlier in this hearing, the purpose of that testimony was to articulate the Company's arguments in favor of keeping the Tuscan projects in the step, is that correct?

A (Tebbetts) Yes.

Q Do you have any changes to that testimony that you would like to bring to the Commission's attention this morning?

[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) I do not.

2 Q And, for those portions of the testimony you were
3 responsible for, do you adopt that testimony here
4 this morning?

5 A (Tebbetts) Yes.

6 Q Exhibit 5 is a technical statement authored by
7 you, is that correct?

8 A (Tebbetts) Yes.

9 Q And could you give us -- explain to us the
10 purpose for that technical statement?

11 A (Tebbetts) Yes. We received a procedural letter,
12 I believe, back in November canceling the
13 November 22nd hearing, and requesting, by
14 December 12th, 2022, the Company file rates
15 associated with the removal of the two Tuscan
16 projects.

17 Q And your technical statement, that is Exhibit 5,
18 does just that?

19 A (Tebbetts) Yes.

20 Q Exhibit 6 is a letter from DOE, with an attached
21 page. Can you tell us what that is?

22 A (Tebbetts) Yes. So, as part of the December 12th
23 filing, we provided what the rates would look
24 like, based on -- let me rephrase that. We

[WITNESS PANEL: Tebbetts|Strabone]

1 provided what the rates look like effective
2 August 1st, 2022.

3 What the procedural letter requested us
4 to do for 12/12, and then what the rates would
5 end up looking like at the end of July 31, 2023,
6 because the recoupment and rate case expense
7 would have dropped off. And the schedule that
8 the DOE provided in the recommendation had a
9 couple edits in there for the calculation of the
10 final revenue requirement for January -- I'm
11 sorry, July 31, 2023.

12 Q Does Exhibit 6, the schedule attached in
13 Exhibit 6, does that replace any of the
14 attachments to your technical statement or is
15 that in addition to?

16 A (Tebbetts) I guess it would replace -- it would
17 replace what was part of Attachment HT-1 on
18 12/12, because it edits the final revenue
19 requirement effective July 31.

20 Q Okay. Other than what you've just discussed, do
21 you have any other changes to your technical
22 statement, Exhibit 5?

23 A (Tebbetts) No.

24 Q And do you adopt that here this morning?

[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) Yes.

2 Q Exhibit 4 is the Audit Report, is that correct?

3 A (Tebbetts) Yes.

4 Q And it's my understanding that the Audit Report
5 made certain adjustments that the Company has
6 accepted and has incorporated into your technical
7 statement, is that correct?

8 A (Tebbetts) Yes.

9 Q Thank you. Mr. Strabone, please introduce
10 yourself and your position with Liberty?

11 A (Strabone) Good morning. Anthony Strabone, with
12 Liberty Utilities. I am the Senior Director of
13 Electric Operations. I'm responsible for the
14 safe and reliable design and maintenance of the
15 electric system.

16 Q Mr. Strabone, along with Ms. Tebbetts, it appears
17 you prepared testimony and attachments that are
18 marked as "Exhibit 4" this morning, is that
19 correct -- I'm sorry, "Exhibit 3" this morning,
20 is that correct?

21 A (Strabone) Correct.

22 Q Do you have any changes to those portions of the
23 testimony that you were responsible for?

24 A (Strabone) No, I do not.

[WITNESS PANEL: Tebbetts|Strabone]

1 Q And do adopt that testimony here this morning?

2 A (Strabone) Yes, I do.

3 MR. SHEEHAN: Thank you. Those are all
4 the questions.

5 CHAIRMAN GOLDNER: Thank you, Attorney
6 Sheehan. We'll move to cross-examination, and
7 Attorney Dexter.

8 MR. DEXTER: Thank you.

9 **CROSS-EXAMINATION**

10 BY MR. DEXTER:

11 Q So, I guess I'd like to first direct the
12 witnesses' attention to Exhibit 5, which is the
13 January *[sic]* Technical Statement, Bates
14 Page 005, Line 13, which is titled "Percentage of
15 Adjustment to Distribution Rates". Do you see
16 that?

17 A (Tebbetts) I'm sorry, when you say "January", do
18 you mean the "December Technical Statement"?

19 Q Yes, sorry. December Technical Statement,
20 Exhibit 5.

21 A (Tebbetts) Yes. And I apologize, what page were
22 you looking at?

23 Q I was looking at Page 5, Bates Page 005.

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

[WITNESS PANEL: Tebbetts|Strabone]

1 Q Okay. And that's the schedule that was updated
2 in the Department's Exhibit 6, correct?

3 A (Tebbetts) Yes.

4 Q Okay. So, let me go to Exhibit 6 also. So, on
5 the line that I referenced, which was Line 13,
6 "Percentage of Adjustment to Distribution Rates",
7 in both instances, the rates effective March 1st,
8 2023, which is Column C, show an overall rate
9 decrease of "1.21 percent", do you agree?

10 A (Tebbetts) Yes.

11 Q Okay. And that's what's proposed in this
12 technical statement, that's what the rates will
13 be designed to effect that percentage decrease,
14 correct?

15 A (Tebbetts) Yes.

16 Q Okay. Now, the percentage decrease has a couple
17 of components, as I understand it. And this
18 might be clear, but I just want to make sure it
19 is. This percentage decrease does, in fact,
20 include recovery of several million dollars of
21 Company investments under the third step
22 adjustment, correct?

23 A (Tebbetts) The decrease includes an increase to
24 the revenue requirement of a little over a

[WITNESS PANEL: Tebbetts|Strabone]

1 million dollars, offset by about \$2.5 million of
2 recoupment and rate case expense.

3 Q Yes. So, you're -- you're going a little faster
4 than I wanted to, because I want to make sure
5 it's clear. But, in the first line, you said it
6 "includes a million dollar revenue requirement
7 recovery." And do you recall what the investment
8 level is that was associated with that million or
9 so dollar increase?

10 A (Tebbetts) Yes. It was a \$6.5 million
11 investment.

12 Q Okay. And that was the step adjustment, adjusted
13 to remove the Salem projects or the Tuscan
14 projects, and adjusted to reflect the agreed-to
15 audit adjustments, right?

16 A (Tebbetts) Yes.

17 Q Okay. Now, the second and third things you
18 mentioned were "recoupment and rate case
19 expenses". So, why is it that, at this time,
20 there is a rate decrease associated with rate
21 case expenses?

22 A (Tebbetts) I would have to go back into the
23 docket and look. If you want to give me a
24 minute, I can?

[WITNESS PANEL: Tebbetts|Strabone]

1 Q Sure.

2 A (Tebbetts) Okay. Let me just open up my original
3 testimony.

4 Okay. So, let's see here. So, we
5 already recovered -- we had fully recovered the
6 rate case expenses and recoupment per the
7 Settlement Agreement at that time. So, we had to
8 remove it, because we were collecting it, we had
9 to remove it from the calculation, because rates
10 were increased for the two years after the rate
11 case.

12 Q So, two years ago, there was a rate increase for
13 recoupment of rate case expenses, and now that
14 needs to be reversed, because those have "been
15 fully recovered"?

16 A (Tebbetts) Yes.

17 Q Okay. Thanks. So, the 1.21 percent that you
18 mentioned, I want to look now at Exhibit 5, Bates
19 Pages 007 and 008.

20 So, on Bates Page 007 and 008, I see a
21 lot of rates listed. And many of them have a
22 "1.21 percent decrease" listed in Column (b).
23 Would you agree?

24 A (Tebbetts) Yes.

[WITNESS PANEL: Tebbetts|Strabone]

1 Q Yes. And that's the 1.21 percent we've been
2 talking about, correct?

3 A (Tebbetts) Yes.

4 Q And, up at the top of Bates Page 007, you'll see
5 that the residential customers don't have a 1.21
6 percent increase [sic], they have a "zero
7 percent" change to the customer charge, and then
8 a larger increase in the -- almost 5 percent, a
9 larger decrease, with respect to their variable
10 distribution rate, their kWh rate, correct?

11 A (Tebbetts) Yes.

12 Q Why is that?

13 A (Tebbetts) As part of the Settlement Agreement in
14 Docket 19-064, the Company agreed that any future
15 rate changes within that Settlement Agreement
16 would not affect the fixed customer charges for
17 residential customers. It would only affect the
18 volumetric charges for residential customers.
19 And all other customers would see a change,
20 either an increase or a decrease, to all of their
21 charges associated with the distribution rates.

22 Q But, so, for example, with the Rate D, which is
23 your most popular residential rate, correct?

24 A (Tebbetts) It is the one we have the most --

[WITNESS PANEL: Tebbetts|Strabone]

1 Q Most customers.

2 A (Tebbetts) -- usage, yes.

3 Q Yes. That combination of holding a customer
4 charge flat, and decreasing the volumetric charge
5 by 4.9 [sic] percent, is designed mathematically
6 to get you to the 1.21 percent overall, is that
7 right?

8 A (Tebbetts) Yes.

9 Q Okay. So, on Exhibit 5, back up on Page 5, there
10 is a Column (d), which talks about what will have
11 to happen to the rates on August 1st, 2023, it
12 indicates that there's a "5.47" -- "5.47 percent"
13 rate increase coming in August of 2021 [2023?],
14 that number has been revised in Exhibit 6, right?

15 A (Tebbetts) Yes.

16 Q Okay. So, what's the rate increase that would be
17 coming on August 1st, 2023, on Exhibit 6?

18 A (Tebbetts) It is a 0.44 percent rate increase.

19 Q Okay. And why would there be a rate change at
20 all planned for August 1st, 2023?

21 A (Tebbetts) So, when we filed in April 2022, we
22 requested rates to be effective July 1. And the
23 rates were not effective July 1, they were
24 effective August 1. And, so, we over-collected

[WITNESS PANEL: Tebbetts|Strabone]

1 in July an amount that we shouldn't have. And,
2 so, rates -- we over-collected in July. We're
3 giving it back, what we over-collected, but we
4 need to bring the revenue requirement back to
5 where it should have been. And, so, that's the
6 addition of those over-collected --
7 over-refunded, I apologize, over-refunded, not
8 "over-collected", rate case and recoupment
9 expenses.

10 Q And there's a similar phenomena in effect, with
11 respect to your March 1st, 2023 rate change, is
12 it not, in order to sort of make that March 1st,
13 2023 rate change as though it was in effect back
14 on August 1st, is that right?

15 A (Tebbetts) Yes. What we're looking at is the
16 difference between what we have -- we estimate to
17 have collected, versus what we anticipate would
18 have collected with the removal of the two Tuscan
19 projects, and that difference is being refunded
20 back to customers.

21 Q And, if I look at Exhibit 5, Bates Page 006, and
22 I look down at the middle of the page, there's a
23 Column (b) called "Refund", and there's a figure
24 for August '22 through February '23 of about

[WITNESS PANEL: Tebbetts|Strabone]

1 \$80,000. Do you see that?

2 A (Tebbetts) I apologize. You're on "Exhibit 5",
3 you said?

4 Q Exhibit 5, Bates Page 006.

5 A (Tebbetts) I have to make it smaller so I can see
6 the Bates Page on here.

7 Just to make sure I'm on the right
8 page, it does say at the top "Attachment HMT-1
9 Page 4 of 7", is that correct?

10 Q Correct.

11 A (Tebbetts) Okay. Yes. Go ahead. Okay.

12 Q Yes. So, in the middle of the page, there's a
13 refund listed for the months "August 2022"
14 through "February 2023" of \$80,000, and then that
15 jumps to a larger refund starting "March" through
16 "July", it jumps to 195,000. Do you see that?

17 A (Tebbetts) March through July? I see, on Line 4,
18 the 575, and then, on Line 5, 115,000.

19 Q Yes, I'm down below in the tables. If you scroll
20 down?

21 A (Tebbetts) Oh, okay.

22 Q I'm just trying to look at the monthly changes.

23 A (Tebbetts) Yes, yes, yes, yes. Okay. I
24 apologize. Yes.

[WITNESS PANEL: Tebbetts|Strabone]

1 So, the idea behind that was we had to
2 refund what we were collecting August through
3 what we anticipate through February. The
4 additional refund, not "additional refund", but
5 we had to incorporate a refund of 80,000 for
6 March through July, but also add in the removal
7 of the Tuscan projects, which increased that
8 reduction to 195,000.

9 Q And, in August, you're going to need to reverse
10 that "extra refund", if you want to call it that,
11 that's in effect from March '23 -- March 2023
12 through July 2023?

13 A (Tebbetts) Yes.

14 Q Okay. And that's what leads to the projected
15 August 1st, 2023 rate reduction back on
16 Exhibit 6?

17 A (Tebbetts) Yes.

18 Q Okay. All right. Does the Company plan to make
19 a -- well, I'll save that for closing.

20 Well, I may as well ask you while
21 you're here. Does the Company plan on making a
22 rate filing in August of 2023? Or, is it the
23 Company's position that that decrease could be
24 effected based on what's in the record here right

[WITNESS PANEL: Tebbetts|Strabone]

1 now?

2 A (Tebbetts) I don't know the answer to that
3 question at this moment.

4 MR. DEXTER: Sure. I understand.
5 Those are all the questions I have.

6 CHAIRMAN GOLDNER: Thank you, Attorney
7 Dexter.

8 We'll move to Commissioner questions,
9 today beginning with Commissioner Chattopadhyay.

10 MR. CHATTOPADHYAY: Good morning.

11 BY CMSR. CHATTOPADHYAY:

12 Q So, the first question I have is, I think you,
13 Attorney Paul Dexter, you mentioned this is
14 mathematical. So, I just want to make sure I
15 understand what we are supposed to look at.

16 So, let's go to Exhibit 6. We are --
17 we are really talking about that column,
18 Column (c), right, as far as the rate design is
19 concerned, --

20 A (Tebbetts) Yes.

21 Q -- and that follows, correct?

22 A (Tebbetts) Yes.

23 Q Okay. Did the Company have any tech session with
24 the DOE on the rate design?

[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) We had a technical session with the
2 DOE regarding our December 12th filing, and just
3 how we calculated the new rates, with the removal
4 of those two projects.

5 CMSR. CHATTOPADHYAY: And, so, I just
6 want to confirm that, and then the DOE sort of
7 agreed that the rate design is appropriate?

8 WITNESS TEBBETTS: Yes. Oh.

9 MR. DEXTER: Yes. I can agree to that.
10 In other words, what I went through with Ms.
11 Tebbetts, about the flat reduction for all the
12 costs -- customer classes, except the
13 residential, then the reduction to the
14 residential volumetric charge, but the holding of
15 the customer charge flat. If that's -- I think
16 that's what you mean by "rate design"? That's
17 all consistent with the Settlement from 19-064,
18 in the Department's view.

19 CMSR. CHATTOPADHYAY: So, my question
20 was, did you actually walk through the Excel
21 file? And, you know, if you used an analyst to
22 go through it, then I'm just -- I'm just curious
23 whether you also -- do you agree that you have
24 the right numbers?

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[WITNESS PANEL: Tebbetts|Strabone]

1 MR. DEXTER: Well, I will say that I
2 actually wasn't at the technical session. But my
3 understanding is that we would not have gone
4 through it then. But the Company then filed
5 compliance tariffs, pursuant to the Commission
6 order, right after the new year, I believe, I
7 don't have the exact date. And those we checked,
8 not with the Company, but on our own. And we are
9 supportive of those tariffs that were filed also.

10 BY CMSR. CHATTOPADHYAY:

11 Q So, let's go to Exhibit 5, Bates Page 007. The
12 rates that are showing up there, and you say
13 "Proposed December 1st", it's -- did you mean on
14 "March 1st" there at the top, with the rates?

15 A (Tebbetts) Yes. Yes, that is a mistake. That
16 should say "March 1st".

17 CMSR. CHATTOPADHYAY: And, so -- so,
18 the rates that appear there, the DOE and the
19 Company, they went through it, you agree that
20 those are the right rates? I'm talking about
21 Column (c). And that is a question.

22 WITNESS TEBBETTS: I apologize. I
23 didn't know if you were asking myself or
24 Mr. Dexter.

[WITNESS PANEL: Tebbetts|Strabone]

1 CMSR. CHATTOPADHYAY: I'm asking the
2 DOE.

3 WITNESS TEBBETTS: Okay.

4 CMSR. CHATTOPADHYAY: And, even if you
5 guys worked together, I'm just asking whether you
6 agree with those. So, let me just focus this
7 question to DOE. So, you agree that those are
8 the right rates?

9 MR. DEXTER: Well, we -- again, I was
10 not at the technical session. I don't believe we
11 took the time to go through the spreadsheets.
12 The rate changes seemed reasonable to us. If
13 there's an incorrect rate in Column (c), we did
14 not discover it.

15 CMSR. CHATTOPADHYAY: Okay.

16 WITNESS TEBBETTS: So, if I may add,
17 that the rates -- for the December 12th filing,
18 we also requested a waiver to file the
19 illustrative tariff and the rate schedules at the
20 time, because we had pending rate changes. And
21 the Commission granted us that, and said we "need
22 to file those illustrative tariff pages and rate
23 schedules no later than January 31st, 2023."

24 On January 31st, 2023, we filed those

[WITNESS PANEL: Tebbetts|Strabone]

1 rate schedules. But we included in those rate
2 schedules a calculation that showed what rates
3 went into effect on January 1st for our Revenue
4 Decoupling Adjustment Factor, and those schedules
5 also included our request for our Storm Fund
6 Adjustment Factor.

7 So, the rates are not -- they may not
8 be exactly this, because we've had rate changes
9 since. But the calculation behind those rate
10 changes did not change.

11 BY CMSR. CHATTOPADHYAY:

12 Q So, let me be clear. I'm not talking about the
13 tariff, *per se*. I'm just talking about the
14 numbers that were calculated here, do you -- so,
15 the Company says that these are all right
16 numbers?

17 A (Tebbetts) Yes.

18 Q Okay. So, I want to get into -- so, I looked at
19 the Excel file, which I think it was Attachment
20 HT-1.

21 A (Tebbetts) Yes.

22 Q Okay. So, I'm going to go through some questions
23 there. And it is truly going to be mathematical.
24 So, let's just go into that. Do you have the

[WITNESS PANEL: Tebbetts|Strabone]

1 Excel file handy?

2 A (Tebbetts) Yes.

3 Q Okay. Can we go to Column B first -- V first,
4 rather?

5 A (Tebbetts) And you're looking at Column V, as in
6 "Victor"?

7 Q Victor.

8 A (Tebbetts) Yes. And I just want to be clear,
9 that is the permanent rate design for the step
10 adjustment that we just were looking at in Excel.
11 It's called Tab "rate calcs p5".

12 Q Oh, we should say "rate" -- I should have said
13 that, "rate calc page 5".

14 A (Tebbetts) Okay.

15 Q Sorry.

16 A (Tebbetts) That's okay. Thank you. Yes, I'm
17 there. And you want to look at Column V?

18 Q Yes.

19 A (Tebbetts) Okay, let me get to Column V. Okay.
20 Yes, I'm there.

21 Q And let's go to Row 112.

22 A (Tebbetts) Row 112, yes.

23 Q So, let's first talk about what is -- so, you're
24 essentially saying, in Cell S-112, this is the

[WITNESS PANEL: Tebbetts|Strabone]

1 current revenue. And then, you're adjusting it
2 in the amount that is -- the amount of the
3 adjustment is in Cell T-112, correct?

4 A (Tebbetts) Yes.

5 Q And then, the new revenue would be in Cell U-112,
6 correct?

7 A (Tebbetts) Yes.

8 Q So, what were you doing with Column V, because it
9 appears to be you were trying to check whether
10 you got the revenue that is being shown in Cell
11 U-112?

12 A (Tebbetts) It's just a check, just to make sure
13 we didn't make a mistake.

14 Q Did you do any additions? If you do the
15 additions, what do you get? So, go to Cell
16 V-112, tell me what the total is?

17 A (Tebbetts) "23,577,697".

18 Q So, that defers from 23,469,839. Would you
19 agree?

20 A (Tebbetts) It does.

21 *[Court reporter interruption.]*

22 BY CMSR. CHATTOPADHYAY:

23 Q Okay. Would you agree it defers from the number
24 in Cell U-112, which is "23,469,839"?

[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) Yes.

2 Q Okay. This really led me to probe a little bit
3 more. And, so, let's go to -- just bear with me.

4 A (Tebbetts) Uh-huh.

5 Q So, let's go to Class D, okay? And let's go to
6 Cell Q-12 and J-12. And I did unhide those
7 columns. So, --

8 A (Tebbetts) Okay. Uh-huh.

9 Q So, if you go to Cell -- excuse me -- Q-12, and
10 compare that with Cell J-12, okay, they're the
11 same numbers, right?

12 A (Tebbetts) Yes.

13 Q What were you doing in Columns Q and R? You were
14 trying to focus on what will happen, what billing
15 determinants are there over five months, right?

16 A (Tebbetts) Yes.

17 Q So, when you -- the number 424,580 is for the
18 entire twelve months, right?

19 A (Tebbetts) Yes.

20 Q For Cell Q-12, why would you want to use the same
21 number as what is true for 12 months? Why didn't
22 you use the number for five months?

23 A (Tebbetts) It's not affected. So, we aren't
24 making a change to the calculation for the

[WITNESS PANEL: Tebbetts|Strabone]

1 customer charge.

2 Q So, that is -- I would disagree with that
3 assertion. You're basically trying to see, over
4 those five months, what you would be collecting
5 as customer, you know, charge. So, I think that
6 is -- you need to go back and check that. That
7 is meant to be exactly same as what you were
8 doing in the other cells below that, until
9 Cell -- Cell Q-16, okay?

10 A (Tebbetts) Okay.

11 Q So, that's --

12 A (Tebbetts) Okay.

13 Q Yes. And, because what it does, you're taking
14 out from the -- when you're calculating that
15 percentage increase in Row D, when you're
16 calculating the number that appears in Cell D-13,
17 you're essentially taking out a way bigger amount
18 of customer charge from the denominator than what
19 you should. You should only take it out up to
20 five months. So, that's why that calculation
21 isn't right. So, that "4.59 percent" is not
22 right. That's my -- so, you can take a look at
23 it, and I tried to explain why.

24 And then, and you're really -- and the

[WITNESS PANEL: Tebbetts|Strabone]

1 next question I have, in determining what appears
2 in Cell D-13, just as an example, so, you can go
3 there, --

4 A (Tebbetts) Uh-huh.

5 Q -- because we'll be talking formulas. You're
6 relying on what's happening in Rows T, S, and R.
7 Do you agree with me?

8 A (Tebbetts) Yes.

9 Q And that you sort of did that, and then just
10 continued do it for the other cells, and that
11 makes sense.

12 But my comment about the correction
13 needed for the billing determinants still
14 remains. So, you have a different number. Okay?

15 A (Tebbetts) Okay.

16 Q And then, if you go to Cell D-45, just as an
17 example, and that continues everywhere, what I
18 don't understand, and I would like you to respond
19 to this, you've been using Columns S, T, and R
20 for the other one, here, you're again relying on
21 Rows -- sorry -- Columns M and L, which are about
22 twelve months, okay? So, that percentage
23 calculation is also -- it doesn't appear to be
24 done correctly. It should be based on the

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[WITNESS PANEL: Tebbetts|Strabone]

1 reality that you would see over five months.
2 Instead, you've relied on -- so, for example,
3 Cell D-45, you're looking at M-49 divided by
4 L-49, and that is about twelve months, okay? So,
5 you need to correct for that, at least for what
6 we are supposed to be looking at here.

7 So, I just want you -- I want to give
8 you the opportunity to respond to that.

9 A (Tebbetts) Yes. I agree that these formulas need
10 to be looked at. And we certainly can review
11 them, and then make a -- we can file a record
12 request -- a record response, if you prefer, and
13 provide the corrected calculations.

14 CMSR. CHATTOPADHYAY: And I'll let
15 Chair Goldner go there. But I think what -- I'm
16 still not sure what would be the right approach,
17 that's why. But, definitely, when you are trying
18 to make sure that you're collecting revenue or
19 returning money, what you did in Column V is an
20 important step. You need to check. And I would
21 ask you to go back and also do that. Even if you
22 have a record request here, just need to make
23 sure that we are getting the right numbers.

24 Having said that, I have a couple of

[WITNESS PANEL: Tebbetts|Strabone]

1 other questions.

2 BY CMSR. CHATTOPADHYAY:

3 Q One, can you give me a sense of what's going on
4 for the Rate D-10 through EV-M, those five rate
5 classes? You have -- how did you derive the
6 numbers that's appearing in Column (e)?

7 A (Tebbetts) So, we have models that were approved
8 in other dockets, and that's -- we have to -- so,
9 what we do is we take the total revenues for the
10 rate class and put it into that model for
11 distribution. And the way the model works is it
12 takes the data that's already provided for hourly
13 usage, and then spits out a rate for us for that
14 period.

15 Q So, are you confirming that, when those numbers
16 were determined, they account for this, the
17 return of money to the ratepayers?

18 A (Tebbetts) Yes.

19 Q Okay. So, there's some modeling there. But it
20 does account for that?

21 A (Tebbetts) Yes.

22 Q Okay. Given that different months have -- sorry,
23 different months -- my throat is getting so dry,
24 sorry. Different months have different load

[WITNESS PANEL: Tebbetts|Strabone]

1 profile.

2 A (Witness Tebbetts indicating in the affirmative.)

3 Q Can you comment on why the five/twelfth approach
4 is the right approach, as opposed to actually
5 looking at the specific months that's going to
6 happen beginning March through August, and then
7 looking at the billing determinants that way,
8 rather than going five over twelve?

9 A (Tebbetts) So, the rates were set based on a
10 total 12-month forecast, not a "forecast", but
11 they were based on the total twelve months from
12 the billing determinants from the rate case. So,
13 we kept in line with how those rates were set, it
14 was a total. So, to refund, we felt it was most
15 appropriate to use the same calculation, and then
16 just have it be over the last five months.

17 We did not -- the billing determinants
18 used in the rate case did not create rates that
19 used a monthly load profile to determine what
20 those rates would be, well, I don't want to say
21 "each month", but, all things being equal, they
22 could be different each month.

23 Q So, you just went sort of kind of averaging?

24 A (Tebbetts) Correct.

[WITNESS PANEL: Tebbetts|Strabone]

1 Q Okay. So, you do agree now that these rates will
2 be different, if you went ahead and did the
3 corrections that I kind of pointed out to you?

4 A (Tebbetts) Yes.

5 CMSR. CHATTOPADHYAY: Okay. I think
6 that's all I have. I would -- Chair Goldner, I
7 would let you think through, like, how we can
8 ensure that this will be taken care of. Okay.
9 Thanks.

10 CHAIRMAN GOLDNER: Commissioner
11 Simpson, any additional questions?

12 CMSR. SIMPSON: I don't have any
13 further questions. Thank you.

14 CHAIRMAN GOLDNER: Okay. And the Chair
15 has no questions.

16 So, in terms of getting to the bottom
17 of Commissioner Chattopadhyay's questions, we can
18 issue a PO, so that there's clarity on exactly
19 what we're asking for, by close of business
20 tomorrow.

21 Would it be possible for the Company
22 and the DOE to review those potential
23 adjustments, and, ideally, come to some
24 conclusion or agreement on those numbers in some

[WITNESS PANEL: Tebbetts|Strabone]

1 few days, if we gave it till early next week?

2 We have a -- you know, it's a pretty
3 large refund, essentially, going to customers.
4 So, we're trying to resolve this in time for the
5 March 1st implementation.

6 Would that be something, Attorney
7 Dexter and Attorney Sheehan, that would be
8 possible to collaborate on or would you prefer
9 serial filings?

10 MR. SHEEHAN: No. Excuse me. I think
11 we can make the corrections and review them with
12 DOE in a matter of days, not weeks.

13 CHAIRMAN GOLDNER: Okay. Thank you.

14 MR. DEXTER: Yes. And I believe we
15 could do that as well.

16 CHAIRMAN GOLDNER: If we just looked at
17 the calendar and grabbed some dates, would it
18 be -- today's the 7th. Would it be possible to
19 review this by the 10th, assuming we issue the PO
20 tomorrow, or would you prefer like the 14th or
21 15th next week?

22 MR. SHEEHAN: I'm looking to my witness
23 who will be doing the work.

24 WITNESS TEBBETTS: That is not a

[WITNESS PANEL: Tebbetts|Strabone]

1 problem.

2 CHAIRMAN GOLDNER: Okay. Thank you.
3 Attorney Dexter, do you have a preference on the
4 date?

5 MR. DEXTER: Yes. So, I'm not sure
6 that we would be able to get the information,
7 review it, and agree all by the 10th. So, the
8 14th or 15th does sound better.

9 CHAIRMAN GOLDNER: Okay. Yes, let's
10 make it the 15th then. And we'll put that in the
11 procedural order, but just for verbal
12 communication.

13 And I guess, in the event, Attorney
14 Dexter, I'll look to you on this, in the event
15 that you can't reach agreement, if we provided
16 another couple of days, say, to the 17th for a
17 DOE response, in case there was no agreement,
18 would that be acceptable?

19 MR. DEXTER: Yes.

20 CHAIRMAN GOLDNER: Okay. Thank you.
21 So, we'll make that the 17th.

22 Okay. So, we'll, and I will give you a
23 chance to redirect, Attorney Sheehan, but just to
24 sort out the issues here. So, we'll hold

[WITNESS PANEL: Tebbetts|Strabone]

1 Exhibit 7 open for the hopefully aligned -- the
2 aligned filing. And, if needed, we'll hold
3 Exhibit 8 open for the DOE response, if that's
4 required.

5 (Exhibit 7 and Exhibit 8 reserved as
6 noted above.)

7 CHAIRMAN GOLDNER: Okay. All right.
8 Thank you. I think we've sorted that out.
9 We can move, Attorney Sheehan, to
10 redirect?

11 MR. SHEEHAN: Thank you. Just one
12 clarification.

13 So, Exhibit 7 would be a correction,
14 but what I understand you're expecting to see is
15 a revised version of the schedule we've been
16 looking at?

17 CHAIRMAN GOLDNER: Yes.

18 MR. SHEEHAN: And, of course, if
19 approved, then that will be incorporated into the
20 tariff pages?

21 CHAIRMAN GOLDNER: Yes, sir. Correct.
22 Commissioner Chattopadhyay? Just a moment.

23 *[Chairman Goldner and Cmsr.*
24 *Chattopadhyay conferring.]*

[WITNESS PANEL: Tebbetts|Strabone]

1 CHAIRMAN GOLDNER: Yes. We'll put it
2 in the procedural order, but in the Excel file,
3 so we can read it.

4 MR. SHEEHAN: Uh-huh.

5 CHAIRMAN GOLDNER: Thank you.

6 MR. SHEEHAN: Of course.

7 The only question I have on redirect is
8 to, and it goes to the other argument of the two
9 projects in or out, I understand what the
10 Commission has ruled, I just need to -- I'd like
11 to put in just a couple numbers on the record.

12 **REDIRECT EXAMINATION**

13 BY MR. SHEEHAN:

14 Q Ms. Tebbetts, have you performed a calculation
15 of -- let me back up. The revenue requirement
16 for those two projects is approximately how many
17 dollars per year? The two projects, of course,
18 being the two Tuscan projects that the Commission
19 has indicated it will order it removed from
20 rates.

21 A (Tebbetts) It's approximately \$2.8 million in
22 investment, and 575,000 -- less than 575,000,
23 probably like 400,000 in revenue requirement.

24 Q So, the 575,000 was the -- let me strike that.

[WITNESS PANEL: Tebbetts|Strabone]

1 So, it's approximately \$400,000 in revenue
2 requirement, that's annual revenue requirement,
3 that's associated with those two projects?

4 A (Tebbetts) Ballpark, off the top of my head, yes.

5 MR. SHEEHAN: Okay. That's all I had.
6 Thank you.

7 CHAIRMAN GOLDNER: Attorney Sheehan, if
8 I could just clarify. I just want to make sure
9 that you're -- we've got the data right.

10 BY CHAIRMAN GOLDNER:

11 Q So, you said it was "2.9 million"?

12 A (Tebbetts) The investment for the two Tuscan
13 projects' total is \$2,758,736.

14 Q Okay. I'll round that to "2.8". And then, your
15 weighted average cost of capital is 7-ish? I'm
16 just trying to figure, because, if I take
17 7 percent times 2.8, I get, like, 200K. Am I
18 doing the math right on that?

19 MR. SHEEHAN: It would be both the
20 return and the recovery of the -- it's both
21 comments, return of the asset and return on the
22 asset.

23 CHAIRMAN GOLDNER: Perfect. Okay.

24 Thank you.

[WITNESS PANEL: Tebbetts|Strabone]

1 BY CHAIRMAN GOLDNER:

2 Q And then, the total of those two, Ms. Tebbetts,
3 would be approximately 400,000?

4 A (Tebbetts) I apologize, let me just hit a button.
5 The impact of the two projects alone, from the
6 original 1.7 million in revenue requirement, is
7 \$432,095.

8 MR. SHEEHAN: And, if I may, could you
9 tell us what you were reading from, in case
10 people want to go check?

11 WITNESS TEBBETTS: Oh, sure. I just
12 did the -- I did the 400,000 in my head, but I
13 was close, but not there. And what I did is, I
14 went to Exhibit 5, and on the tab called
15 "investment p1", in the Excel file, I removed the
16 revisions of the Lebanon pole pile, the LED
17 street lighting, and the transportation, which
18 were the items in the audit. So, all things
19 being equal, if we just removed the two Tuscan
20 projects, what would that impact be to the
21 reduction? And that's where I got the 432,000.

22 MR. SHEEHAN: Thank you.

23 CHAIRMAN GOLDNER: Okay. Thank you,
24 Mr. Sheehan. I just wanted to make sure we had a

[WITNESS PANEL: Tebbetts|Strabone]

1 clear record of your question.

2 Okay. Very good.

3 MR. DEXTER: Mr. Chairman?

4 CHAIRMAN GOLDNER: Yes, sir.

5 MR. DEXTER: I sense you're moving to
6 close the record, and I just wanted to ask a
7 clarifying question. It's not really recross,
8 but it goes to Commissioner Chattopadhyay's
9 request.

10 CHAIRMAN GOLDNER: Please.

11 MR. DEXTER: So, would this be an
12 appropriate time?

13 CHAIRMAN GOLDNER: Please. And we'll
14 give Mr. Sheehan a chance to respond, if needed.
15 Thank you.

16 MR. DEXTER: Okay.

17 BY MR. DEXTER:

18 Q So, as I understood things, based on Exhibit 5,
19 Bates 005, there was a calculation that showed a
20 1.21 percent overall rate decrease. And,
21 although I didn't check the Excel sheet, I
22 believe it's simply the \$575,000 in revenue
23 requirement, divided by the total revenues.

24 Then, with Commissioner Chattopadhyay's

[WITNESS PANEL: Tebbetts|Strabone]

1 questioning, he went to the Excel sheet where the
2 1.21 percent was developed. And I believe he had
3 some questions that would indicate that the "1.21
4 percent" on the Excel spreadsheet wasn't
5 accurate.

6 So, my question is, I guess it's to the
7 group here, are we not looking at a 1.21 percent
8 decrease potentially because of this calculation,
9 or are we in agreement that, on an overall basis,
10 there's a 1.21 percent decrease?

11 A (Tebbetts) So, on an overall basis, there's a
12 1.21 percent. But, as the Commissioner pointed
13 out, the calculation, some of the cells are
14 incorrect. And, if you think about it, the
15 decrease is greater than 1.21 percent, simply
16 because it's only over five months, it's not over
17 twelve months. And, so, those rate decreases
18 should be higher.

19 And, so, when I do the calculations, we
20 should see a higher decrease, simply because it's
21 over a shorter period of time.

22 Q And, so, the 1.21 percent that's on Exhibit 5,
23 Bates 005, you expect that that will get updated,
24 and the update will show a larger decrease?

[WITNESS PANEL: Tebbetts|Strabone]

1 A (Tebbetts) Yes.

2 MR. DEXTER: Okay. Thanks. That
3 helps.

4 CHAIRMAN GOLDNER: Attorney Sheehan,
5 any --

6 MR. SHEEHAN: Nothing from me.

7 CHAIRMAN GOLDNER: All right.

8 So, I'll just resummarize the exhibits,
9 and then we can move to close. So, we'll strike
10 identification on Exhibits 3, 4, 5, 6, and admit
11 them into evidence. We'll also reserve
12 Exhibit 7, for the collaboration between the DOE
13 and the Company, based on what Commissioner
14 Chattopadhyay described, and we will also issue
15 in a procedural order by close of business
16 tomorrow. And we'll hold Exhibit 8 open for the
17 DOE to reply, in case the alignment discussion
18 goes awry.

19 Okay. With that said, we can move to
20 closing. Attorney Dexter.

21 MR. DEXTER: Well, thank you,
22 Commissioners.

23 We appreciate the ruling earlier in the
24 day that kept the focus of today's hearings on

1 the mathematical calculations of calculating the
2 rates consistent with the July 29th order
3 excluding the Salem projects, and consistent with
4 removing the projects that were identified in the
5 audit.

6 We also appreciate the Commission's
7 in-depth inquiry into the numbers behind the
8 mathematics, which, in fact, the DOE's analysis
9 did not reveal the potential error that's been
10 identified. So, we greatly appreciate that.

11 Once the math is sorted out, we are
12 generally in agreement in principle with what was
13 presented by the Company. And we will endeavor
14 to work with the Company to review the revised
15 sheets that come in, trace them through the
16 tariff pages, so that these rates can go into
17 effect -- these rate reductions can go into
18 effect March 1st.

19 Thank you.

20 CHAIRMAN GOLDNER: Thank you, Attorney
21 Dexter. And Attorney Sheehan.

22 MR. SHEEHAN: Thank you.

23 I don't have anything to add on the
24 narrower issue that has been discussed in the

1 hearing, and has been addressed by Mr. Dexter.
2 We will make the corrections, and give you the
3 numbers to approve rates that exclude the Tuscan
4 projects. I do want to state clearly our
5 position on the Tuscan projects, just so it's on
6 the record.

7 First, the orders up-to-date have
8 not -- let me back up. Staff's -- DOE's position
9 is that we can't relitigate the Tuscan issue,
10 because there's already an order out there.
11 However, today, in rates are the two Tuscan
12 projects. It is today's hearing, and the order
13 that follows, that finally removes the Tuscan
14 projects from rates. So, we have nothing to
15 rehear until after this order. So, there's not a
16 timing issue there.

17 New paragraph. Even if there were, RSA
18 365:28 gives the Commission authority to amend
19 orders "at any time". It is sort of a side
20 authority to the usual rehearing process. So,
21 raising the issue over the last few months is
22 timely.

23 Third, we did raise the issue
24 specifically in the November 4 testimony, which

1 is Exhibit 3. So, there's no surprise that the
2 Company maintained its position that those two
3 projects should have remained in the step until
4 this hearing, and it was noticed as part of this
5 hearing.

6 On the merits, Exhibit 37, in the
7 underlying rate case, is the Settlement
8 Agreement. The Settlement Agreement, of course,
9 was signed by all parties, including then Staff,
10 now DOE, and it was approved by the Commission.
11 The Settlement Agreement specifically includes
12 these two projects. It specifically labeled them
13 as "growth projects". And the Commission
14 approved them for recovery in a step adjustment.

15 Fast-forward a couple years, now the
16 Commission is saying "No, they can't be in the
17 step adjustment, because they're growth
18 projects." We think it's simply incorrect to
19 reach that conclusion.

20 Mr. Dexter's argument for why growth
21 projects shouldn't be in a step adjustment are
22 valid, but they were not raised and not accepted
23 back in the order in this case. Going forward, I
24 suspect we will hear that in future rate cases,

1 and that will probably be a reason that growth
2 projects aren't in future steps. But they were
3 in this step, and they were approved by the
4 Commission. So, by now removing them from a
5 step, the Commission is taking away what it had
6 previously granted. And, as you just heard, it's
7 a cost of about \$400,000 per year to the Company.

8 So, we maintain that position. We
9 understand the Commission's position. Frankly, I
10 ask that you think about it again before you
11 issue an order. And we will, of course, comply
12 with the order that the Commission issues.

13 Thank you.

14 CHAIRMAN GOLDNER: Thank you,
15 Mr. Sheehan.

16 Is there anything further that we need
17 to discuss today?

18 *[No verbal response.]*

19 CHAIRMAN GOLDNER: No? Seeing none.
20 We will take the matter under advisement pending
21 resolution of these issues. And the hearing is
22 adjourned.

23 ***(Whereupon the hearing was adjourned***
24 ***at 10:26 a.m.)***