

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

May 30, 2023 - 9:03 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.
*(Hearing regarding a further revision
as proposed by Liberty Utilities)*

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.
Jay Dudley, Electric Division.
(Regulatory Support Division)

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

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8	New Hampshire Dept. of Energy Letter of Support from Atty. Paul B. Dexter (02-16-23)	56
9	Technical Statement of Heather M. Tebbetts, with attachments (04-06-23)	<i>premarked</i>

P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Good morning.

This is the continued hearing for Docket DE 22-035, the Liberty-Electric step adjustment. I'm here with Commissioner Simpson and Chattopadhyay. This is an unusual proceeding, insofar as this is the third day of hearings in this matter; the first being held on July 19th, 2022, the second on February 7th, 2023.

The Company has filed a technical statement dated April 6th, 2023, requesting further revisions to the Company's -- or, to the Commission's disposition of this matter, as proposed Hearing Exhibit 9.

As a general matter, we are concerned regarding this latest revision, insofar as several revisions to this step adjustment proposal have already been made by the Company. We're also interested in knowing the Company and the DOE's position regarding whether the matters presented today should be better handled in the Company's overall distribution rate filing considered in Docket DE 23-039.

Furthermore, given the DOE's pivotal

1 role in past revisions to the Company's step
2 adjustment request, based on requested
3 disallowances, we are surprised that the DOE has
4 not made any responsive filings in connection
5 with this latest April revision proposal by the
6 Company.

7 We ask that the DOE indicate in its
8 opening statement today whether it has any
9 further proposed disallowances in connection with
10 this matter, and further ask that the DOE
11 indicate, at some point today, as to whether it
12 objects to the Commission's -- to the Commission
13 review of this matter as a part of Docket DE
14 23-039, the overall rate case.

15 We also ask that the DOE address in its
16 opening statement as to whether it has any
17 objections to including proposed Exhibit 9 in the
18 record.

19 We'll now take appearances from the
20 parties, beginning with the Company.

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

24 CHAIRMAN GOLDNER: Thank you. And the

1 Department of Energy?

2 MR. DEXTER: Good morning,
3 Mr. Chairman, Commissioners. Paul Dexter,
4 appearing on behalf of the Department of Energy.
5 I'm joined today by Jay Dudley, from the Electric
6 Division.

7 CHAIRMAN GOLDNER: Very good. And
8 let's now move to opening statements, beginning
9 with the Department of Energy.

10 MR. DEXTER: Thank you.

11 I guess I would describe the Department
12 of Energy's position in this docket as
13 reluctantly supportive of the Company's filing.
14 And I will address the items that the
15 Commissioner -- that the Chair referenced in the
16 opening comments.

17 We have reviewed the filing that was
18 made by the Company, marked as "Exhibit 9". We
19 have not identified any errors in that filing,
20 and we do not recommend any changes or
21 disallowances from the filing as made by the
22 Company. I do have several questions. Of
23 course, this is pending the answers that I get to
24 questions that I plan to ask, but I expect, when

1 I take the witness through calculation, that the
2 witness will describe the calculation and the
3 rate computations the way we understand them.
4 And, if that is the case, then we wouldn't be
5 recommending any disallowances.

6 We do have several -- this filing does
7 raise several concerns that I want to ask the
8 witness about and bring to the Company's
9 attention, bring to the Commission's attention.

10 First, I want to ask the witness what
11 the impact is on the decoupling mechanism and the
12 decoupling adjustments, one of which was recently
13 approved by the Commission, and for which there
14 is continuation of decoupling sought in the
15 upcoming rate case.

16 Secondly, I want to ask the witness
17 about the impact of this adjustment on the rate
18 case that was just filed. It appears to the
19 Department of Energy that the under-collection
20 that this filing seeks to correct will have
21 depressed artificially test year revenues in the
22 upcoming rate case. And we would expect that the
23 Company would have to make a *pro forma* adjustment
24 to test year revenues in the upcoming rate case

1 to account for the fact that these revenues were
2 not recorded when they should have been, starting
3 last August, August of 2022.

4 With respect to rolling this question
5 into the upcoming rate case, I hadn't considered
6 that before the Commission raised it. I guess I
7 would not recommend that. I would prefer -- the
8 Department would prefer that this be dealt with
9 in this docket, and there's a very good reason
10 for that. We've been confronted in other dockets
11 with the notion of changing base rates
12 retroactively, you know, after they have been in
13 effect for some time.

14 In this case, although going back and
15 changing things after-the-fact does concern us,
16 in this instance, what the Company has proposed
17 is all within the same docket. In other words,
18 we started in DE 22-035 last summer. And, as you
19 said, there have been three adjustments. But
20 they have all been done in the same docket. And,
21 so, I don't think we have a retroactive
22 ratemaking problem here. And, so, it's for that
23 reason that we aren't objecting.

24 If this had been a year or two later, I

1 think that would be a situation where we would
2 have a problem, and we'd get into the question
3 that we're struggling with in Liberty's gas RDAF,
4 or recoupling -- Revenue Decoupling Adjustment
5 Factor case, where we're struggling with a change
6 that's, you know, that's come up several years
7 after the underlying rates were set.

8 So, for that reason, I would prefer --
9 the Department recommends that the adjustment be
10 handled in this case.

11 I guess that's all I have by way of an
12 opening statement. As I said, I have questions
13 for the witness in all three of those areas: The
14 calculation of the proposed rates; a review of
15 the error that was made; the effect on the
16 revenue decoupling clause; and the effect on the
17 upcoming rate case. And then, assuming we get
18 the answers we expect we get, in closing, we
19 would recommend approval of the rate change.

20 CHAIRMAN GOLDNER: Do you have any
21 objections to Exhibit 9?

22 MR. DEXTER: No, we don't.

23 CHAIRMAN GOLDNER: Okay.

24 And then, Mr. Dexter, if you could help

1 the Commission understand, from a process
2 perspective, we were rather expecting the DOE to
3 file something ahead of the hearing, and the DOE
4 didn't file anything. Can you walk us through
5 the Department's thinking on that please?

6 MR. DEXTER: Well, I suppose we could
7 have. And, if that would have been helpful, in
8 retrospect, we probably should have put in a tech
9 statement of our own. Where we didn't identify
10 any recommended changes, we just opted to deal
11 with that at the hearing.

12 CHAIRMAN GOLDNER: Okay. Thank you for
13 that understanding. I guess, from the
14 Commission's point of view, it would be our
15 request, for future filings, and understanding
16 your position and the Department, that a filing
17 be made wherever possible up front, so the
18 Commission goes in knowing the Department's
19 position, that would be very helpful.

20 MR. DEXTER: Sure.

21 CHAIRMAN GOLDNER: Thank you.

22 Okay. Anything else, Commissioners,
23 before we get started with the witness?

24 Oh, I'm sorry, the opening statement

1 from the Company. Yes, absolutely. Mr. Sheehan,
2 sorry.

3 MR. SHEEHAN: Thank you. I see this
4 case as akin to a reconciling mechanism that,
5 although it is a change in base rates, the
6 concept is that the Commission approved a dollar
7 amount of rate case expenses and recoupment, and
8 just to say it's a million dollars, and we were
9 authorized to collect a million dollars, and,
10 since we collected a different number, it's
11 appropriate to fix it. And that's how we
12 approached this.

13 And the fix was, of course, using my
14 pretend number of "a million dollars", we were
15 authorized to collect it over two years, so we
16 changed the rates to collect \$500,000 each year.
17 After we collected a million dollars, we intended
18 to return rates to pre-numbers. So, we should
19 have changed rates by 500,000; in fact, we
20 changed the rates by the whole million, and that
21 was the mistake made. So, rates were reduced by
22 a million dollars, even though they should have
23 been reduced by a half million dollars, and
24 that's the delta we're seeking here today.

1 On my behalf, I apologize for the late
2 filing of the exhibit, that was on me. It was a
3 busy week, and I said "Oh, no", on Thursday, I
4 hadn't filed it yet. And, so, I apologize for
5 that oversight.

6 I understand from counsel, in a
7 conversation right before the hearing, that he
8 may reference earlier exhibits in this docket.
9 So, I think it would be helpful to start pulling
10 up Exhibits 1 and 2.

11 But that's all I have for an opening.
12 Thank you.

13 CHAIRMAN GOLDNER: And just to make
14 sure that we're all here talking about the same
15 thing, I think today's proceeding is about
16 "\$99,568". Would you agree with that,
17 Mr. Sheehan?

18 MR. SHEEHAN: I think I'd defer to Ms.
19 Tebbetts on the actual number.

20 CHAIRMAN GOLDNER: All right. Well, we
21 can lead with that in a moment then.

22 MR. SHEEHAN: Sure.

23 CHAIRMAN GOLDNER: I just wanted to
24 make sure we were in the right proceeding,

[WITNESS: Tebbetts]

1 looking at the right issues.

2 Okay. Without any further adieu, let's
3 swear in the witness please, Mr. Patnaude.

4 (*Whereupon **HEATHER M. TEBBETTS** was duly*
5 *sworn by the Court Reporter.*)

6 CHAIRMAN GOLDNER: Thank you. Okay.
7 Let's move to direct. And if you could please,
8 Mr. Sheehan, --

9 MR. SHEEHAN: Sure.

10 CHAIRMAN GOLDNER: -- help me with the
11 first question.

12 MR. SHEEHAN: Sure.

13 **HEATHER M. TEBBETTS, SWORN**

14 **DIRECT EXAMINATION**

15 BY MR. SHEEHAN:

16 Q Ms. Tebbetts, your name and position with Liberty
17 please?

18 A My name is Heather Tebbetts. I am employed by
19 Liberty Utilities Service Company. And I am the
20 Director of Business Development.

21 Q And, Ms. Tebbetts, did you prepare the technical
22 statement that has your name, dated April 6, and
23 marked as "Exhibit 9"?

24 A Yes.

[WITNESS: Tebbetts]

1 Q Do you have any corrections to that document?

2 A No.

3 Q And, jumping right to the Chair's question, on
4 Bates 002 of the technical statement -- where did
5 it go? Yes. The second paragraph from the
6 bottom, there's a reference to a "\$99,568". Do
7 you see that?

8 A Yes. Let me find -- why am I not able to find it
9 here? I'm sorry, what page was that?

10 Q Bates 002.

11 A Oh, yes.

12 Q The paragraph that begins "In addition", --

13 A Yes.

14 Q -- the very last sentence.

15 A Yes. Yes, yes. The amount of one-month
16 extension should have been \$109,000, instead of
17 208,000, for a difference of 99,000.

18 Q And explain those three numbers for us?

19 A Okay. I just need to look at my attachments,
20 too. Okay. So, essentially, when we had filed
21 for -- on April 6th, 2022, we filed our step
22 adjustment request, and we included adjustments
23 for recoupment/rate case expenses. And what we
24 should have done, which is what we didn't do, was

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[WITNESS: Tebbetts]

1 only include one year of that change; we actually
2 included two years.

3 And, so, it became, when I look at the
4 original revenue adjustment, for recoupment, we
5 had originally noted we should be adjusting by
6 \$1.9 million, when really we should have only
7 been adjusting by \$917,000.

8 The same issue occurred with the rate
9 case expense. We should have adjusted by
10 \$276,000, and we actually adjusted by \$565,000.

11 And so, when you take a look at -- when
12 you take a look at what we should have adjusted,
13 and the adjustments that have happened since, and
14 I'm just going back to my file, what comes out in
15 the soup ends up being a difference of the
16 \$99,568.

17 Q So, stated differently -- well, let me back up.
18 Was my simple example, in concept, what's
19 happened here?

20 A Yes.

21 Q And, so, when we are changing rates today, the
22 proposal, to get back to the starting point we
23 should have returned to, what we're asking the
24 Commission to do is to change rates by that

[WITNESS: Tebbetts]

1 \$99,000, or the rate effect of -- that
2 effectuates that \$99,000, is that right?

3 A Well, just one moment.

4 Q Yes. The question is, the next paragraph asks
5 for a total amount requested to increase
6 distribution rates to correct the error is \$1.29
7 million?

8 A That's correct. And I just want to make sure
9 that what I'm looking at accounts correctly.

10 I don't know why I'm having an issue
11 with my computer. Give me one moment. I
12 apologize.

13 *[Short pause.]*

14 **CONTINUED BY THE WITNESS:**

15 A So, the revenue change -- right. Okay. So, the
16 amount requested to increase rates is actually
17 \$1.294 million. That is the ask.

18 BY MR. SHEEHAN:

19 Q And the 99,000 in that paragraph, the beginning
20 of the paragraph explains where that -- what that
21 number is, and it has to do with a one-month
22 delay in the effective dates of a prior change
23 that caused us to over-collect, is that right?

24 A Yes. So, what -- maybe it's just not clear in

[WITNESS: Tebbetts]

1 the statement. There's a one-month difference of
2 109,000. But the total to be collected is
3 1.294 million. And you can see that on -- well,
4 I have to look at the filing for you. Excuse me
5 for one moment.

6 Okay. Okay. If you look at Bates 005
7 of Exhibit 9, you can see Line 7, "Annual
8 Recovery Effective June 1, 2023", that's the
9 annual recovery. Okay? So, what we're asking
10 for is an annual recovery of \$1.294 million. And
11 then, the incremental monthly would be 107,000.
12 So, we are asking to collect an additional
13 1.294 million starting June 1st, 2023, over a
14 12-month period ending June -- May 31st, 2024.

15 Q And is it correct to say the \$99,000 was one
16 small adjustment behind that 1.2 million?

17 A Yes.

18 Q And that was to, again, address a timing
19 difference based on a change ordered last fall?

20 A Yes.

21 Q So, back to the big picture, the amount -- there
22 was an amount approved in rates to recover
23 recoupment/rate case expenses that was half -- an
24 annual amount that was half of the total, because

[WITNESS: Tebbetts]

1 we recovered it over two years, is that right?

2 A Correct. So, we were to recover about \$1.9
3 million in recoupment. And that's 917 -- about
4 \$918,000 a year. And, so, when we made the
5 filing, we didn't realize -- I didn't realize it
6 was a two-year recoupment, and I thought it was a
7 one-year recoupment. And, because of that, we
8 included 1.9 million, and we should have only
9 included 917,000.

10 Q Stated differently, we should have asked to
11 reduce rates by 900,000, rather than asking to
12 reduce rates by 1.9 million?

13 A Correct.

14 Q Okay. And, because of that, we under -- we
15 basically under-collected since when? When did
16 this go into effect that we're seeking recovery
17 for?

18 A So, August 1st we had the initial rate change to
19 collect for the recoupment -- the offset -- well,
20 we had the step adjustment, and offsetting
21 reductions for rate case expense and recoupment,
22 August 1st. We then went through the process of
23 having another rate change, I believe it was
24 effective March 1st, 2023, which took out certain

[WITNESS: Tebbetts]

1 items from the step adjustment for the Salem Area
2 investments, and left alone the recoupment and
3 everything else, but accelerated the
4 over-recovery from August through February for
5 five months.

6 Q Accelerated the return of the over-recovery?

7 A Yes. Accelerated the return of the over-recovery
8 for five months. And, so, that's why we are
9 today.

10 Q Okay. And the calculation of what was, in
11 effect, returned to customers in error results in
12 a 1.2 million rate change we're proposing now for
13 one year?

14 A That's correct.

15 Q Okay. And I'll leave Mr. Dexter to ask the
16 questions he intended. But the one I wanted to
17 ask, in the outset he mentioned, if we are
18 changing distribution rates that goes back into
19 2022, in effect, we're changing distribution
20 rates that go back to 2022, could that have an
21 effect on the test year of the rate case we just
22 filed?

23 A Yes.

24 Q And, if so, certainly, the Company would look at

[WITNESS: Tebbetts]

1 that and make an appropriate change, if
2 necessary?

3 A Yes.

4 MR. SHEEHAN: Okay. Thank you. That's
5 all I have.

6 CHAIRMAN GOLDNER: Thank you,
7 Mr. Sheehan. I just want to double-check
8 something. So, the ask today is "1,294,385"?

9 MR. SHEEHAN: Correct.

10 CHAIRMAN GOLDNER: That's the ask.
11 Okay.

12 Okay. Thank you very much. Let's move
13 to the Department of Energy for cross.

14 MR. DEXTER: Thank you.

15 **CROSS-EXAMINATION**

16 BY MR. DEXTER:

17 Q Well, that's what we understood the ask to be
18 today as well, 1,294,000. So, the witness can
19 just confirm that, that's what's sought for
20 adjustment today in total?

21 A Yes.

22 Q The revenue requirement?

23 A Yes.

24 Q And the rates associated with that we'll get to

[WITNESS: Tebbetts]

1 in a minute. But I want to -- I want to go back
2 and make sure that I understand where the
3 1.294 million came from.

4 And I found the clearest explanation of
5 that to be on Exhibit 9, Bates Page 004. So, I'd
6 like you to turn to that please.

7 A I am there.

8 Q And, for purposes of this case, I'd like to start
9 with columns -- only look at Columns (d), (e),
10 (f), and (g), because the rest of it was sort of
11 old news, before we got to this third step
12 adjustment. So, starting with Column (d),
13 Line 2, it's labeled "Step", there's a figure
14 there of \$1,751,000. Could you explain what that
15 was?

16 A That's the capital increase associated with
17 projects that were in service in 2021 that we
18 filed for cost recovery on.

19 Q And for which the Commission approved the
20 Company's request in total, is my recollection.
21 Do you agree with that?

22 A Yes.

23 Q And then, moving one column to the right, again,
24 I'm just looking at the step adjustment piece

[WITNESS: Tebbetts]

1 now, I'm going to put the recoupment and the rate
2 case expenses aside for now, I just want to look
3 at Line 2. In March of 2023, there's a fairly
4 significant reduction to the step adjustment. My
5 understanding was that, effective March of 2023,
6 the Commission ordered the Company to remove the
7 revenue requirement associated with the Salem
8 adjustments. Would you agree with that?

9 A Yes.

10 Q And would you agree that that revenue -- annual
11 revenue requirement for the Salem adjustments was
12 in the neighborhood of \$575,000?

13 A Yes.

14 Q And, so, could you explain why Column (e) has a
15 figure of 1,380,000, and not the 575,000?

16 A Yes. Okay. I'm just reading my note.

17 *[Short pause.]*

18 **CONTINUED BY THE WITNESS:**

19 A Okay. I'm sorry, I'm reading my note, so I
20 don't -- let's see.

21 Okay. All right. So, the 1.3 million
22 is a combination of a couple of things. So, one,
23 we were -- I don't have the figure right in front
24 of me, but we had to reduce the revenue

[WITNESS: Tebbetts]

1 requirement -- the annual revenue requirement by
2 \$575,000. But we had to give it back over a very
3 short period of time. And, so, the annual
4 revenue requirement reduction was the 1.3. I
5 want to make sure I explain this correctly, okay.

6 So, the -- I don't want to make this
7 more confusing than it is. But, basically, we
8 had to give -- there is an annual amount that has
9 to be given back. And we had to accelerate that
10 amount and give it back over five months. And
11 that number is trying to show, over an annual
12 period, what the revenue requirement is over
13 twelve months, even though we gave it back only
14 over five months.

15 BY MR. DEXTER:

16 Q The 1.3 million that's listed in Column (e) is
17 used to calculate the 2.91 percentage decrease
18 that took place March 1st, correct?

19 A Yes.

20 Q But that percentage decrease is not intended to
21 be in place for twelve months, it's only intended
22 to be in place for five months, correct?

23 A Yes.

24 Q And, so, that 1.380 million is sort of a

[WITNESS: Tebbetts]

1 fractional computation that's based on the
2 575,000, but designed to account for the fact
3 that it's only intended to be in placed for five
4 months?

5 A Yes.

6 Q Correct?

7 A Yes.

8 Q Okay. Okay. And, so, then moving to Column (f),
9 which is what we're talking about today, there's
10 no request made by the Company concerning the
11 step adjustment piece of the step adjustment?
12 It's labeled "Step", but it really means the
13 plant additions? Line 2 is just the plant
14 additions?

15 A Correct.

16 Q Okay. So, the basic step adjustment is not at
17 issue today, correct?

18 A Correct.

19 Q Okay. Column G references an \$805,000 increase
20 for August 1st, 2023. That's not being proposed
21 by the Company today, correct?

22 A Correct.

23 Q There's no rates for effect August 1st proposed
24 today?

[WITNESS: Tebbetts]

1 A Correct.

2 Q Okay. Having established that, could you explain
3 why there would be an increase related to the
4 plant investments, part of the step adjustment,
5 Line 2, why would there be an increase called for
6 on August 1st?

7 A So, the \$575,000 in annual revenue requirement
8 reduction, the rates in effect on March 1st were
9 designed to be refunded at the annual revenue
10 requirement over a five-month period, which would
11 result in a refund, on an annual level, of the
12 1.3 million. We would need to increase the
13 revenues at the end of the five-month period to
14 normalize back to that annual revenue requirement
15 level. Which is -- so, the annual revenue
16 requirement level of that 570 -- there's 1.3
17 million, we've refunded 575,000. So, if you take
18 that 575,000 that we've refunded over five
19 months, and divide it by twelve, you get about
20 \$48,000 a month. We had to stop that, because we
21 accelerated this refund. And, if you take the
22 difference between the 115,000 a month, which is
23 the 575 divided by five, and the 48,000 I just
24 mentioned, you get 67,000 a month. And, so, we

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[WITNESS: Tebbetts]

1 need to increase rates by that 67,000 a month,
2 which is multiplied times twelve, 805,000.

3 Q Okay. Is that another way of saying that, on
4 August 1st, the Company is going to need to stop
5 the accelerated unrecovery of the Salem
6 investments, and -- let me withdraw that
7 question.

8 Let me ask you this. You said the
9 plant adjustment -- the revenue requirement
10 associated with the Salem adjustments is 575,000,
11 right?

12 A To refund over five months, yes.

13 Q Over five. No, the annual -- the annual revenue
14 requirement is 575,000?

15 A The annual level is 1.3 million, if I'm reading
16 my notes correctly. Nonetheless, we have
17 \$575,000 that we've accelerated to refund over
18 five months. We have to stop that refund. And,
19 so, that's the request that we will have to make
20 for August 1st, is stopping that refund. And,
21 however that is done, it's not for today, but we
22 have to make a request to do that.

23 Q Okay. All right. So, let's go down the chart a
24 little bit and get into the recoupment and the

[WITNESS: Tebbetts]

1 rate case expenses.

2 So, Line 4 is labeled "Recoupment".

3 And just so everyone is on the same page, the
4 "recoupment" is the difference between the
5 temporary rates and the permanent rates that were
6 allowed in the underlying rate case for this step
7 adjustment, which was DE 19-064. Agreed?

8 A Yes.

9 Q Okay. And the total amount of recoupment that
10 was allowed per statute in that case is that's
11 the 1,939,000 that shows up in Column (d)?

12 A Correct. The total amount allowed in that rate
13 case Settlement Agreement was the 1.939 million.

14 Q Okay. And we've heard a lot in the tech
15 statement today and today about there being, you
16 know, passing back the full amount, rather than
17 half the amount, words to that effect.

18 And, in order to trace that, I'd like
19 to bring you back to Exhibit 2 in this case. And
20 I don't know if you have that in front of you.
21 But Exhibit 2 is a tech statement that was made
22 an exhibit at the July 19th filing [hearing?].

23 A Oh, yes. I have Exhibit 2 up. This is also in
24 Exhibit 1. But, yes, I have Exhibit 2.

[WITNESS: Tebbetts]

1 Q Okay. Let me see if I can find Exhibit 2. So,
2 I'm looking at Exhibit 2, Bates Page 005. Do you
3 have that?

4 A Yes.

5 Q And, at the bottom of Exhibit 2 -- well,
6 actually, it's the middle of Exhibit 2, there's a
7 "Percentage Adjustment to Distribution Rates",
8 it's a "negative 1.99 percent". Do you see that?

9 A Yes.

10 Q So, that was what the Company requested approval
11 for at the outset of this step adjustment, a
12 reduction in rates of a million -- I'm sorry, of
13 1.99 percent, correct?

14 A Yes.

15 Q And that's the same 1.99 percent that shows up on
16 Exhibit 9, Column (d), Line 10, correct?

17 A Yes.

18 Q Okay. And, if we go up on Exhibit 2, into the
19 body of how that 1.99 percent is calculated, we
20 see on Line 1 that we have an annual revenue
21 requirement of 1.7 million associated with the
22 2022 step increase is, again, that's another way
23 of saying the "2022 plant investments", correct?

24 A Yes.

[WITNESS: Tebbetts]

1 Q So, the basic step was 1.7 million?

2 A Yes.

3 Q Okay. The next two lines are where the error
4 occurred, would you agree?

5 A Yes.

6 Q Okay. Dealing first with just the recoupment. I
7 understand your testimony to be that that number,
8 back in August of 2022, instead of being
9 "1,939,679", should have been half that number,
10 is that right?

11 A Yes.

12 Q And I know you've said it before, but just once
13 again, why should that number have been half,
14 rather than the full recoupment number?

15 A So, as part of the Settlement Agreement, we
16 agreed to collect the 1.9 million over two years,
17 which means we increased rates by 917,000, not
18 \$1.9 million. So, to bring us back to the
19 allowed revenue requirement, we had to then
20 reduce the revenue requirement by 917,000,
21 because it was not increased by 1.9.

22 Q So, that would go back to the first step
23 adjustment, is that when the recoupment began to
24 be collected, under the rate case Settlement?

[WITNESS: Tebbetts]

1 A The recoupment began in the original Order
2 26,376, I think it was dated "June 30th, 2020", I
3 believe.

4 Q Well, that --

5 A That was when recoupment would have been started.
6 It would have -- the step adjustment would
7 have -- I believe the step adjustment just added
8 to the original rate case order.

9 Q So, if I'm looking at Exhibit 9, Page 4, where
10 we've been, the horizontal chart, in Column (a),
11 looks like all those rates were effective
12 July 1st, 2020. Does that sound right?

13 A Yes.

14 Q That would be the original base rate case, the
15 first step adjustment, the reliability program,
16 and the recoupment?

17 A Correct. They were all effective July 1st, but
18 the approval came in the rate case order.

19 Q Okay. And, in fact, this sheet, Exhibit 9,
20 Page 4, shows that the Company increased rates at
21 that time for 917,000, not 1,939,000, correct?

22 A Yes.

23 Q Okay. So, then, having established that the
24 error in recoupment occurred in Column (d), or

[WITNESS: Tebbetts]

1 Exhibit 2, because Exhibit 2 goes back to
2 August 1st, 2022, Column (f), which is where we
3 are today, seeks to reverse that error, correct?

4 A Yes.

5 Q Okay. Now, of course, it's never that simple,
6 because the numbers in Column (f) aren't a
7 full -- they aren't half the numbers in Column
8 (d). In other words, 917,000 is not half of
9 1,939,000. And the reason for that difference is
10 because we're talking about different time
11 periods, would you agree?

12 A Yes.

13 Q And the different time periods we're talking
14 about is that we're not making this rate
15 change -- not "we", the Company is not proposing
16 this rate change August 1st, you're proposing it
17 June 1st?

18 A Correct.

19 Q And, so, you have to account for that time
20 difference, would you agree?

21 A Yes.

22 Q So, if the Commission were to approve, with
23 respect to recoupment, the reduction in the
24 revenue requirement of 917,000, that, along with

[WITNESS: Tebbetts]

1 the other items in Column (f), lead to a decrease
2 today overall of 2.81 percent, right? That's on
3 Line 10.

4 A It's an increase.

5 Q Sorry, an increase of 2.81 percent?

6 A Yes.

7 Q Okay. How long would that increase remain in
8 effect? In other words, does that have a shelf
9 life that has to be adjusted, like the step
10 adjustment up above we just talked about, has to
11 be adjusted again in August? Does this
12 recoupment adjustment need to be further
13 adjusted?

14 A No. No, this is going to bring us back to where
15 we should have been August 1st, 2022, for rates.

16 Q And that's why there's no number associated with
17 recoupment costs in Column (g)? In other words,
18 you're not going to come back August 1st and seek
19 to adjust this number? It's already going to be
20 taken care of in Column (f), is that your
21 understanding?

22 A Yes.

23 Q Okay. So, if I were to go through the same
24 exercise with regard to Line 5, which is "Rate

[WITNESS: Tebbetts]

1 Case Expenses", would I see anything different
2 from what was done for recoupment, or is it
3 essentially the same, the same phenomena that we
4 just spent the last ten minutes talking about?

5 A It's the same.

6 Q The same phenomena, okay. And -- okay. So, the
7 total rate case expenses then for 19-064 were
8 565,000, and that's what's in Column (d)?

9 A Yes.

10 Q Is that right?

11 A Yes.

12 Q Okay. All right. And, if I add the two numbers
13 in Column (f) that we've just been talking about,
14 on Exhibit 9, Page 4, related to recoupment and
15 rate case expenses, I get a number of
16 "1,194,812", which is the same number that
17 appears -- or, 817,000 [sic] [1,194,817?] I guess
18 it is, which is the same number that appears in
19 your tech statement, on Page 2, Subparagraph C,
20 third -- end of the second paragraph, right?

21 A Yes.

22 Q And that's the majority of what we're talking
23 about today, not the 99,000?

24 A Right.

[WITNESS: Tebbetts]

1 Q Okay. So, that was the easy part. So, now,
2 let's go to Lines 6 and 7. The Company is --
3 again, the Company today is requesting a 2.81
4 percent rate increase, that's Column (f),
5 correct?

6 A Yes.

7 Q And two of those elements appear on Lines 6
8 and 7. One is 700 -- I'm sorry -- one is
9 "76,500", one is "23,068", for a total of
10 "99,568". There's a sort of abbreviated caption
11 over on the left-hand side of the chart. Could
12 you explain again, I know you've gone through it
13 before, but just explain again what's that
14 99,000, and why does it have to be adjusted
15 effective August 1st?

16 A So, we had requested, on April 6, 2022, rates to
17 be effective July 1, 2022. They ended up
18 becoming effective August 1, 2022. And, so, we
19 had over-collected for the recoupment and rate
20 case expenses. And, so, we had to accommodate
21 that in the rate change for August 1. And we
22 had --

23 Q In '22? August 1, '22?

24 A 2022, yes. And, so, we had accommodated that by

[WITNESS: Tebbetts]

1 reducing -- further reducing rates by the 161,000
2 shown in Column (d), and 47,000 also in Column
3 (d). And we should not have done that, because
4 those numbers were included in the calculation
5 for August 1 rates. So, we should have only
6 reduced it by approximately the half, 76,000 and
7 23,000.

8 Q So, I think I understand. You're saying that, in
9 the same way that, I'm looking at Column (d),
10 Exhibit 9, Page 4, Column (d), in the same way
11 that Lines 4 and 5 were doubled what they should
12 have been, Lines 6 and 7 were double what they
13 should have been?

14 A Yes.

15 Q Okay. And, in fact, if you take the recoupment
16 amount of "1,939,679", and divide it by twelve,
17 you get the figure of "161,640", would you agree?

18 A Subject to checking, yes.

19 Q So, that basically is one month of recoupment?

20 A Yes.

21 Q Okay. And, so, because, for the same phenomena
22 that we've been talking about, you now -- the
23 Company now needs to reverse that error that was
24 made in August of 2022, with respect to the extra

[WITNESS: Tebbetts]

1 month of recoupment?

2 A Yes.

3 Q Okay. And the same for the rate case expenses?

4 A Yes.

5 Q Okay. Now, Attorney Sheehan characterized these
6 as "reconciling mechanisms". In fact, there's no
7 intent for these numbers to reconcile, would you
8 agree?

9 And when I say "reconcile", this is not
10 designed for the Company to collect exactly
11 1,939,679 in recoupment expenses? Well, maybe
12 "not designed" is the wrong word. You wouldn't
13 expect the Company to collect that exact number,
14 even if no errors had been made, agreed?

15 A Our revenue requirement is based on the, you
16 know, Settlement Agreement, in which we have a
17 level of revenue to be collected. Whether or not
18 we collect it is not reconciling. So, we, you
19 know, our base rates are set on a certain level,
20 and, you know, we either collect it or we don't.
21 But we don't get to come back in and say "Hey, we
22 didn't collect this, please give us the rest of
23 it."

24 Q And that would be different if these items, rate

[WITNESS: Tebbetts]

1 case expenses and recoupment, were put into some
2 sort of reconciling mechanism, like we have, for
3 example, for energy efficiency costs? Those are
4 designed to be collected dollar-for-dollar, would
5 you agree?

6 A Yes.

7 Q Yes. So, that's all the questions I had about
8 the calculation of the proposed reduction.
9 Although -- well, having said that, I do want
10 to -- I want to take it one step further.

11 So, we're talking about a 2.81 percent
12 rate increase. And I just want to take you to
13 Page 6 and 7 of Exhibit 9. And I can find that
14 "2.81 percent" rate increase, listed in Column
15 (b) for all the rates, except the residential
16 customers, and it looks like a couple of the LED
17 lighting rates, correct?

18 A Correct.

19 Q So, all those rates were basically increased, all
20 the elements were increased 2.81 percent?

21 A Correct.

22 Q And the reason that the residential rates don't
23 see a 2.81 percent increase is because the
24 Settlement Agreement in 19-064 agreed that all

[WITNESS: Tebbetts]

1 the step adjustments would not -- that none of
2 the step adjustments would affect the customer
3 charge. Agreed?

4 A Yes.

5 Q And, so, because the customer charge is held
6 flat, the volumetric charge has to be greater
7 than 2.81 percent, as we see for Rate D and Rate
8 D-10. Agreed?

9 A Yes.

10 Q Okay. But the rates here that are sought for
11 approval, on Page 6 and 7, they do reflect the
12 overall 2.81 percent that we've been talking
13 about?

14 A Yes.

15 Q Okay. And just to follow that through, if I go
16 to Page 8 of Exhibit 9, the only rate on this
17 page -- the only element of the bill that changes
18 on this page is the distribution charge for all
19 kWh. Agreed?

20 A Yes.

21 Q And, again, this is a residential bill. So, the
22 customer charge is flat, is held constant?

23 A Yes.

24 Q Okay. Okay. Now, that's all I had on the rates.

[WITNESS: Tebbetts]

1 I did want to ask you about the last three pages
2 of this exhibit. These have to deal with revenue
3 decoupling. Could you explain what's on
4 Exhibit 9, Page 9?

5 A Okay. I just had to get there. Okay. This page
6 provides the calculation of revenues per
7 customer, which is how our decoupling mechanism
8 was approved.

9 Q So, I see at the top of this page there's a
10 chart, and I see -- there's actually three
11 charts, and the third chart is labeled
12 "Distribution Revenues Subject to Decoupling",
13 "46,175,056"?

14 A Yes.

15 Q And I see that that same number carries over to
16 Page 10, there's a chart in the middle of the
17 page labeled "Decoupling Year 2: Allowed Revenue
18 Requirement", and, again, "46,175,056". Those
19 numbers are the total revenue requirement that is
20 going to be used to calculate the revenue per
21 customer targets. Agreed?

22 A Yes.

23 Q Okay. And the rest of Exhibit 9, Page 10 and 11,
24 takes that number, and turns it from a total

[WITNESS: Tebbetts]

1 revenue requirement to a revenue requirement per
2 customer, and it's different for each class,
3 would you agree?

4 A Yes.

5 Q Okay. Now, we just established that there was an
6 error made in the overall revenue requirement
7 effective August 1st, 2022. Would you agree?

8 A Yes.

9 Q So, in effect, the revenue per customer targets
10 that were set in August, on August 1st of 2022,
11 are also incorrect, would you agree?

12 A Yes.

13 Q So, how then, in the upcoming -- well, let me ask
14 you one more question. The Company is in its
15 second revenue decoupling year. Is that right?

16 A Yes.

17 Q And what's the twelve-month period for the
18 decoupling year?

19 A July through June.

20 Q So, the second decoupling year would be July of
21 2023 through June of 2024, do you have that
22 right?

23 A No. The second year was July '22 through June
24 '23. We're in our second year. We have one

[WITNESS: Tebbetts]

1 month left.

2 Q Okay. Okay. So, the revenue requirement was
3 wrong as of August 1st, 2022, and will remain
4 wrong until June 1st, 2023. So, in the
5 decoupling adjustment, how will the decoupling
6 adjustment account for the fact that it's based
7 on an incorrect revenue requirement, if at all?

8 A I am not -- so, I have not been making the
9 filings for the revenue decoupling adjustment
10 mechanisms. But I can tell you that, when the
11 filing is made, all this will be taken into
12 consideration, and will be explained as to how
13 they made adjustments for it, if at all, or how
14 they will adjust it in the future. I don't know
15 how that will happen. But I can tell you it will
16 be addressed.

17 Q Okay. So, the revenue decoupling adjustment
18 that's being collected now was for Revenue
19 Decoupling Year 1, agreed?

20 A Subject to check, yes.

21 Q And that was, I think you said, July 1st, 2021 to
22 June 1st -- June 30th, 2022?

23 A Yes.

24 Q Okay. So, this error hasn't impacted the

[WITNESS: Tebbetts]

1 decoupling calculation that's been approved by
2 the Commission, because this happened effective
3 August of 2022?

4 A Correct.

5 Q So, there would still be time to account for this
6 issue, to the extent it needs accounting, in the
7 upcoming revenue decoupling filing, would you
8 agree?

9 A Yes.

10 Q And that filing is going to be made
11 September 1st, I believe, of 2023, does that
12 sound right?

13 A It sounds right.

14 Q Okay. Now, the Company recently filed for a
15 general rate increase, would you agree?

16 A Yes.

17 Q What's the test year in that case?

18 A 2022.

19 Q And the revenue requirement calculation is based,
20 at least in some part, in large part, on actual
21 test year revenues collected, would you agree?

22 A Yes.

23 Q We've just established that there was an
24 under-collection in the Company's base rates that

[WITNESS: Tebbetts]

1 started on August 1st, 2022, would you agree?

2 A Yes.

3 Q So, can we assume or is it logical to conclude
4 that the test year revenues that are used to
5 calculate the revenue requirement in the pending
6 rate case were depressed, if that's the right
7 word, or were lower than they should have been
8 for the months of August through December, five
9 months. Agreed?

10 A I do not have intimate knowledge of what went
11 into the rate case. What I can tell you is that
12 we know, based on the error that was found, that
13 there -- the revenues were not collected. I
14 don't know if an adjustment was made for that.

15 Q Okay. Will you agree that an adjustment would be
16 appropriate in the rate case to account for this?

17 A Yes.

18 MR. DEXTER: Okay. That's all the
19 questions I have. Thanks.

20 CHAIRMAN GOLDNER: Thank you, Attorney
21 Dexter.

22 We'll turn to Commissioner questions,
23 beginning with Commissioner Simpson.

24 CMSR. SIMPSON: Thank you.

[WITNESS: Tebbetts]

1 BY CMSR. SIMPSON:

2 Q I guess my main question would just be, how did
3 you catch the error?

4 A Actually going through the exercise of preparing
5 the rate case is where we caught it. Just going
6 through the financials and doing the math for the
7 revenue requirement, and something didn't add up
8 correctly, and we found that's why, because we
9 included two years in the calculation, instead of
10 the one year.

11 Q And maybe you just might elaborate a little more
12 for us. What were you seeking to determine when
13 you came across this error? Like, what were
14 you -- what were you trying to figure out?

15 A I actually didn't do the work on it. But my
16 understand is, you know, we knew we had an
17 authorized level of revenue requirement. If you
18 go back to the rate case, and add up the years,
19 something didn't add up when we actually looked
20 at what we had filed, and found that this error
21 was the reason we were off by a significant
22 amount in the calculation.

23 Q Okay. And then -- but you're not sure if the
24 pending rate case was filed with that knowledge

[WITNESS: Tebbetts]

1 in mind? You don't know what the Company has
2 petitioned in the general rate case docket,
3 whether this error has been reflected in that
4 petition?

5 A I don't know.

6 CMSR. SIMPSON: Okay. All right. I
7 don't have any further questions right now.
8 Thank you.

9 CHAIRMAN GOLDNER: Thank you. We'll
10 turn to Commissioner Chattopadhyay.

11 CMSR. CHATTOPADHYAY: Good morning.

12 WITNESS TEBBETTS: Good morning.

13 BY CMSR. CHATTOPADHYAY:

14 Q As I was listening to everything, I've been
15 scribbling, maybe for the first time in hearings,
16 just only numbers. And I think I understand
17 what's going on. But I want to make sure I am
18 properly grounded. So, the -- and I will be
19 talking high level, even though I will still talk
20 about numbers.

21 So, the first thing I have is, in the
22 previous rate case, this, the recoupment that we
23 are talking about, if you were -- so that
24 recoupment was happening over two years, correct?

[WITNESS: Tebbetts]

1 A Yes.

2 Q And, if you were to focus on just one year,
3 roughly speaking, and, you know, that's why I'm
4 saying it's "high level", the number that was
5 being collected was "917,996". Is that a fair
6 understanding?

7 A Yes.

8 Q Okay. And, so, what happened was, when you did
9 the calculations, you -- when you decided that
10 all of that has been collected, when you wanted
11 to take that amount out of the revenue
12 requirement, you ended up instead taking out
13 "1,939,679". Roughly speaking, that's what
14 happened?

15 A Yes.

16 Q So, per year, we are talking about -- so, you
17 sort of did it -- you doubled the amount, but,
18 you know, what's -- can you explain, I know
19 Attorney Dexter went into it, but I just want
20 make sure I'm following this. The half of 15 --
21 I'm sorry, 1,939,679 is rough -- it is exactly
22 969839.5. So -- and there was a discussion about
23 "timing difference". Can you explain why -- how
24 that -- can you explain that timing difference

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[WITNESS: Tebbetts]

1 and how that impacts the number, so that you get
2 an ultimate number of 917,996?

3 A So, the recoupment and rate case expense should
4 have ended on August 1. And, if we had asked for
5 an August 1 rate change, it would have been that
6 full 50 percent we would have taken out. But
7 we're asking for a June 1 rate change. So,
8 there's two months left to collect for June and
9 July. So, we wouldn't ask for 50 percent of it,
10 because we're going to get it back. We're only
11 asking for 10/12ths of it. And, so, it's not a
12 50 percent split exactly.

13 I'm explaining that correctly, I hope.

14 Q I think what I was very interested in knowing,
15 exactly why is the difference what it is?

16 A Okay.

17 Q So, I mean, it may not be clear, but,
18 conceptually, I think I'm getting you, but I'm
19 still kind of a little bit perplexed.

20 A Okay. So, if you look at -- if you look at
21 Exhibit 9, and it's Bates 004 -- if you look at
22 Exhibit 9, Bates 004, you can see that, in Column
23 (a), we collected \$917,000 in recoupment for
24 July 1, 2020, and then an additional 103,000 in

[WITNESS: Tebbetts]

1 2021. That was the difference. So, in essence,
2 we collected annually 1. -- a little over a
3 million dollars each year.

4 So, if this -- if what we had we -- how
5 do I say this? It would have been over \$2
6 million we would have collected, if we had done a
7 50 percent, say, give back 50 percent -- I'm
8 sorry, collected the 50 percent, because it was
9 over a million dollars in recoupment -- in costs.

10 And, so, that is not the case, because
11 we aren't collecting that whole \$1.9 million over
12 twelve months, because we had two months left of
13 this year -- of the period. So, we've done the
14 calculation to only collect the 917,996.

15 I hope that makes sense.

16 Q Can you show me, since you're talking about
17 effective July 1st, 2020 in Column (a), the
18 recoupment being \$917,996, that is -- is that a
19 monthly number? It's -- clearly, it's for the
20 entire year, right?

21 A Correct. So, at the time --

22 Q So, can I just -- so, it goes from July through
23 June, right, that number, "917,996"?

24 A Yes.

[WITNESS: Tebbetts]

1 Q Would that number have appeared in the rate case
2 previously? I mean, I'm talking about 064?

3 A The total, --

4 Q Yes.

5 A -- which was -- I'd have to go back. But, so,
6 917996, in the Excel version, multiplied by 2, --

7 Q Yes.

8 A -- make it two years, it's the \$1.8 million,
9 that's the amount that was allowed in rates. And
10 then, once we were able, because the -- we didn't
11 know what the difference was at the time rates
12 went into effect, we were allowed to get the rest
13 of the 103,000 in the next step. So, the 1.83
14 million I do believe is in the Settlement
15 Agreement.

16 Q Okay. I think that helps. What happened in
17 March -- sorry, on March 1st, 2023, so, if you
18 look at Column (f) -- sorry, Column (e), correct?

19 A Yes.

20 Q If you go there, --

21 A Yes.

22 Q -- that is what the revenue requirement was, if
23 you're looking at totals, so Row 9, that's what
24 was allowed in the rates. And, when you talk

[WITNESS: Tebbetts]

1 about "minus 2.91 percent", that is what -- that
2 went into effect March 1st, 2023. I'm just
3 stating, just to make sure I understood the
4 numbers correctly.

5 A Yes.

6 Q Okay. And, if you had -- that number, being
7 minus 2.9 percent, is relative to the total that
8 appears in Column (d), Row 9?

9 A Column (d), Row 9, the total of "47,432,820"?

10 Q Yes. So, relative to that, that's -- when you
11 apply the minus 2.9 percent to that, you get
12 "46,052,621"?

13 A Yes.

14 Q Correct?

15 A Yes.

16 Q Okay. So, essentially, if you had done it
17 correctly then, and you had already figured out
18 there was this mistake that you are addressing in
19 this hearing, then the number should have gone
20 down from 47,432,820 to 47 --

21 *[Court reporter interruption.]*

22 CMSR. CHATTOPADHYAY: I'm going to
23 repeat it, because I don't know exactly which
24 number you want me to spell out.

[WITNESS: Tebbetts]

1 BY CMSR. CHATTOPADHYAY:

2 Q So, what I'm saying is, if you had identified the
3 error that is being discussed in this hearing
4 before, meaning at the time the rates were set
5 March 1st, 2023, roughly speaking, and I'm saying
6 "roughly speaking", because I don't know whether
7 the timing effects things. But the number
8 currently that you're requesting, the total is
9 "47,347,006", correct?

10 A Yes.

11 Q That, relative to the total that appears in
12 Column (d), for Row 9, is still smaller, correct?
13 I'm just saying the obvious, I just want you to
14 compare. I mean, if we were doing it using the
15 Excel file, it would be easier, I can do that?

16 A So, let me just make sure I understand what
17 you're saying to me.

18 On August 1st, if that mistake was not
19 made, we would have a base on Line 1 of 48.3
20 million. We would have a step of 1.75 million.
21 We would have had a reduction of the 1.294
22 million, that's what the reduction should have
23 been.

24 Q I'm not very sure I'm following you.

[WITNESS: Tebbetts]

1 A Okay. Well, I think -- I think what I'm trying
2 to see here is, and I have my Excel, but I guess
3 what I'm trying to say is, if the correction --
4 I'm sorry, if the calculation was correct for
5 August 1st rates, and the only adjustment we
6 would have had to make for March 1st had to do
7 with the step, as you just described, I'm getting
8 47,471,000 on March 1st. And we've asked for
9 47,347,000. So, it's in the ballpark of where we
10 are asking, had that correction -- had that
11 mistake not been made, yes. I do agree it's in
12 the ballpark of where we should have been.

13 Q Okay. And, just to make sure I'm -- again, this
14 is purely to understand the numbers. The last,
15 Column (g), you are explaining, because we had to
16 do this, the five-month collection, sorry, the
17 numbers were not meant to be collected over
18 twelve months, they were meant to be collected
19 over five months. If you really had done it over
20 twelve months, that's -- and that's how the rates
21 are into effect. So, right now, the numbers that
22 are in the rates are going to be applied twelve
23 months, and you need to correct -- you need to
24 fix the number. And, really, what you're talking

[WITNESS: Tebbetts]

1 about is the difference between 1,380,199 and
2 575,083?

3 A Yes.

4 Q And that difference is 805,116?

5 A Yes.

6 CMSR. CHATTOPADHYAY: Okay. I just
7 wanted to make sure I follow. And that's all I
8 have. Thank you.

9 WITNESS TEBBETTS: Okay.

10 CHAIRMAN GOLDNER: Okay.

11 BY CHAIRMAN GOLDNER:

12 Q So, my first question for Ms. Tebbetts is, did
13 you review Exhibit 9 with the DOE?

14 A We had a technical session, jeez, maybe a month
15 ago or so.

16 Q So, you had a technical session. And what was
17 the -- what was the outcome? It seems like the
18 DOE still had a number of questions for you.

19 A The outcome was they understood what we were
20 trying to do. You're right, they did have other
21 questions. But the takeaway was that they
22 understood the mistake we made, and how it was
23 made, and where the information came from.

24 CHAIRMAN GOLDNER: Okay. And I guess

[WITNESS: Tebbetts]

1 I'll just begin by being very critical of the
2 Company's work in this docket. I'm looking at 53
3 filings, 9 exhibits, and a step. And, speaking
4 for myself, I am unhappy with the Company's
5 performance in this docket.

6 Thank goodness for Mr. Dexter going
7 through this, taking considerable effort to try
8 and sort through what this filing is. And I just
9 want to give you some specifics of why this is
10 unimpressive.

11 So, on Bates 002, you have the filing
12 request, which is buried in the filing,
13 "1,294,385" that we've talked about. As Mr.
14 Dexter pointed out, you have to go into Column
15 (f) of Bates 004 to sort through the total, which
16 is never summed anywhere. You have to get out
17 your calculator to figure out what the filing is.
18 Then, there's this business of the timing.
19 There's this additional August 1st number. It
20 is -- it is an absolute mess. So, I want to
21 state on the record that I am unhappy with this
22 filing.

23 I do want to return to the original
24 thought of, given the mess here, and I don't have

[WITNESS: Tebbetts]

1 confidence in these numbers, I'll be very honest,
2 given the number of changes and everything else
3 we've seen in this docket, I have no confidence
4 in these numbers.

5 Is there -- I would like to revisit
6 this question of the rate case with the DOE, Mr.
7 Dexter, if you could, in closing. I know you had
8 a number of questions. I know and I feel like
9 you felt like those were successfully answered.
10 But it seems like, given the complexities here,
11 it may be worth considering just throwing this to
12 the rate case and sorting out, and perhaps a
13 settlement, if that were to come, in sorting all
14 this out. Because I'm reluctant to even ask
15 further questions, because it's so -- this is
16 such a mess.

17 Okay. So, I would, at this point, like
18 to take care of an administrative issue. A
19 question for you, Mr. Dexter. There was a filing
20 that you made on February 16th, and we had
21 reserved an "Exhibit 8" for that letter. It
22 wasn't filed as an "Exhibit 8". But would you be
23 supportive of filing that February 16th letter as
24 "Exhibit 8"?

[WITNESS: Tebbetts]

1 We had reserved it, but it was filed as
2 an exhibit.

3 MR. DEXTER: I just want to take a
4 minute to review the letter.

5 CHAIRMAN GOLDNER: Please.

6 *[Short pause.]*

7 MR. DEXTER: Yes. We don't have any
8 objection to making that "Exhibit 8".

9 *(The document, as described, was*
10 *herewith marked as **Exhibit 8** for*
11 *identification, as previously reserved*
12 *during the hearing held on*
13 *February 7, 2023 in this docket.)*

14 CHAIRMAN GOLDNER: Okay. Thank you,
15 sir.

16 Okay. At this point, I think, unless
17 the Commissioners have any additional questions,
18 maybe they do. Just a moment.

19 *[Chairman and Commissioners*
20 *conferring.]*

21 CHAIRMAN GOLDNER: Okay. Let's --

22 CMSR. CHATTOPADHYAY: Wait.

23 CHAIRMAN GOLDNER: Oh. Commissioner
24 Chattopadhyay has an additional question.

[WITNESS: Tebbetts]

1 BY CMSR. CHATTOPADHYAY:

2 Q So, I'm thinking about the rate case now a little
3 bit. When you take account of this error, which
4 is about recoupment, you know, largely, when you
5 calculate the revenue per customer that is based
6 on the -- sort of the test year, will that need
7 to be changed? And the reason I'm asking is,
8 this was filed I think in April, the rate case
9 was filed end of April, or May 5th, you know,
10 with how it turned out.

11 So, I want to make sure that, if this
12 is impacting your test year revenue somehow, that
13 is properly accounted for. Do you have any
14 thoughts on what -- of whether my hunch may be
15 correct, that it does?

16 A I honestly have not had any -- I have no intimate
17 knowledge of the rate case revenue requirement
18 calculations in the filing. But what I can tell
19 you is, I will bring this back to the Regulatory
20 team, and explain to them your questions and your
21 concerns. And, as they move through the rate
22 case, they will need to ensure that those
23 questions are answered.

24 CMSR. CHATTOPADHYAY: Thank you.

[WITNESS: Tebbetts]

1 CHAIRMAN GOLDNER: Thank you. Let's
2 move to redirect, and Attorney Sheehan.

3 MR. SHEEHAN: I don't have any further
4 questions. Thank you.

5 CHAIRMAN GOLDNER: Thank you. So, --

6 MR. DEXTER: Commissioner?

7 CHAIRMAN GOLDNER: Yes.

8 MR. DEXTER: I know it's unusual, but
9 this question I'd like to ask the witness is
10 prompted by your question about whether or not
11 this is better treated in the rate case. Could I
12 ask the witness one additional question?

13 CHAIRMAN GOLDNER: Please.

14 **CROSS-EXAMINATION (resumed)**

15 BY MR. DEXTER:

16 Q Ms. Tebbetts, there's been a lot of rate changes
17 to collect and recollect and re-pass back, you
18 know, all detailed on Page 4 of Exhibit 9. There
19 aren't any carrying charges associated with any
20 of these balances, whether under- or
21 over-collections, is that right? There's no
22 interest or anything like that?

23 A I don't have any knowledge of interest being
24 calculated. I can tell you that.

[WITNESS: Tebbetts]

1 Q I mean, it would be here on the page, if it was
2 factored into the proposed rates, there would be
3 a line for interest on over-/under-recoveries,
4 correct?

5 A Yes.

6 Q And that doesn't appear here, does it?

7 A It does not.

8 MR. DEXTER: Okay. Thanks. I just
9 wanted to get that on the record.

10 CHAIRMAN GOLDNER: Thank you, Attorney
11 Dexter. Attorney Sheehan, any follow-up?

12 MR. SHEEHAN: Nothing further.

13 CHAIRMAN GOLDNER: Okay. Very good.
14 So, let's strike ID on Exhibits 8 and 9, and
15 admit them into evidence.

16 And then, move to any closing
17 statements, provide the opportunity for closing
18 to both the DOE and the Company, beginning with
19 the Company -- or, I mean, beginning with the
20 DOE, sorry.

21 MR. DEXTER: Okay. Thanks.

22 So, as I said in the opening, the
23 Department's position here, and its position I
24 guess, in retrospect, we could have provided in a

1 status letter, like we did in Exhibit 8.

2 Although, in honesty, we were looking at these
3 numbers right up until nine o'clock this morning.
4 But we suspected that our position would be a
5 reluctant recommendation for approval for what
6 the Company has laid out. And, based on the
7 cross-examination and the answers that we have
8 today, that remains our recommendation.

9 We have identified what we think are
10 two potential side effects to this calculation.
11 One has to do with decoupling. And we talked
12 with the witness about the actual revenue
13 decoupling targets that were in place from
14 August 2022 until June of 2023, assuming that
15 this rate change is approved, that those targets
16 are, in fact, incorrect, and we need to explore,
17 in the next decoupling case, whether or not that
18 matters. And I'm actually sitting here not sure,
19 because I'm not sure that decoupling depends on
20 whether or not you have the revenue requirement
21 right. I think decoupling might just depend on
22 "did you collect what the target was?" Whether
23 or not the target was right or not. So, I'm not
24 as concerned about the effect on the decoupling

1 mechanism.

2 I do know that every time a company
3 makes a base rate change, a company that has a
4 decoupling mechanism like Liberty's, they do have
5 to set the revenue targets each and every time.
6 So, it gets -- it's going to make the calculation
7 pretty complicated having all these rate changes
8 during the decoupling period.

9 But my initial concern about, you know,
10 having a wrong revenue requirement, as I sit
11 here, I don't think that's going to be a problem.

12 I'm virtually certain that there's
13 going to have to -- that there is going to be a
14 side effect that's going to have an impact on the
15 rate case. And I believe it's going to be fairly
16 simple. I think the Company is going to have to
17 make a positive revenue adjustment to their test
18 year revenues, to reflect the fact that they had
19 the wrong rates in effect for the five months of
20 the test year. I don't think it's going to be
21 complicated. I don't think any of these
22 adjustments that were presented today took into
23 account seasonality. They're all based on the
24 assumption that usage is the same in all of the

1 twelve months, which is a simplifying assumption
2 that's sometimes made in ratemaking.

3 I think it could be a fairly simple
4 calculation that's going to have to be added to
5 test year revenues before the revenue deficiency
6 calculation is done in that case. I haven't
7 checked, we haven't checked in the rate case
8 whether or not that's happened. But we certainly
9 will, and we will not lose sight of that
10 particular issue in the rate case.

11 Having said that, to address the
12 Chair's question, I don't think pushing this
13 issue further out, and adjusting for it in the
14 rate case, is going to be of any help. There is
15 no interest involved here. So, in a sense,
16 delaying recovery could be viewed as beneficial
17 to the customers. But the amounts we're talking
18 about here are relatively small in relation to
19 the full rate case.

20 I think all the information is before
21 the Commission right now. You know, we are
22 sitting here on May 30th, and the Company is
23 looking for a June 1st adjustment, and maybe
24 that's just not enough time for the Commission.

1 And we're certainly understanding at the
2 Department of things like that.

3 I'd hate to recommend pushing this off
4 to August 1st, but it looks like we're going to
5 have a rate change August 1st anyway. So, that
6 might be something that the Company could -- that
7 the Commission could consider. Of course, that's
8 going to change all the math.

9 So, that's kind of the issue that we're
10 struggling with. But I don't see a benefit to
11 pushing this off to a rate case, which will then
12 get it caught up in potentially a settlement and
13 a new revenue requirement, and then that will
14 affect recoupment from the next phase, and it
15 goes on and on.

16 So, our recommendation would be to deal
17 with this unfortunate set of circumstances in
18 this docket, close this docket, and just make
19 sure it's accounted for in the upcoming rate
20 case.

21 So, with all that said, as I said, the
22 Department is reluctantly supportive of the rate
23 increase. We regret that the Company made the
24 error. We regret that we didn't catch the error

1 ourselves back in August of 2022. That certainly
2 would have been a possibility, but it just
3 didn't -- it didn't occur.

4 So, having said that, we would
5 recommend that the requested rate increase be
6 approved.

7 CHAIRMAN GOLDNER: Thank you, Attorney
8 Dexter. And we'll turn to Attorney Sheehan, and
9 the Company.

10 MR. SHEEHAN: Thank you. Three basic
11 points I'd like to make.

12 First is, we take serious note of your
13 displeasure with this filing. We will take it
14 back and make sure it doesn't happen again,
15 frankly, and fix what you identified as more
16 presentation issues that brought us here.

17 Two, I have to say this politely and
18 delicately, but the reason for this docket being
19 so complicated are many. They began with
20 approval of a step increase based on projects
21 that were approved in the Settlement Agreement,
22 and then later disapproved. The Salem projects
23 were in the Settlement Agreement. We got the
24 first order approving it based on those dollars,

1 and then the Commission changed its mind and
2 ordered us to remove them. And you had every
3 right to do that, but that was a significant
4 reason for several hearings in this docket.

5 And, second, there were schedule
6 issues. You know, we proposed rates on one date
7 and, for lots of reasons, we had those delayed
8 effective dates. Which, as we know today,
9 tremendously complicated the math.

10 So, just pointing those out. It
11 doesn't change your issues with today's filing,
12 and I get that.

13 Actually, four things. Three, on the
14 rate case, I do see this as a simple issue. It
15 makes perfect sense that what we've heard today
16 does indicate our revenue in 2022, if we just
17 look at what was in place was lower than it
18 should have been, and it may very well have
19 understated what's in the rate case, which would
20 overstate our revenue request. And there's two
21 easy fixes. One, they may have fixed it in
22 calculating the rate case. I don't know either.
23 We do many adjustments to test year revenues to
24 fix issues like that. I am not aware that that

1 was done, but that's an easy check. If not, yes,
2 we will make the adjustment to the test year
3 revenues. So, I agree with Mr. Dexter that the
4 fix is easy to identify and easy to do, as
5 necessary. So, I concur with not having this
6 issue flow into the rate case.

7 And last, is this case itself, it was a
8 simple error that had a very complex fix. And
9 that's what we went through this morning. The
10 mistake was very simple, we removed the wrong
11 number from rates.

12 In my opening, I wasn't suggesting
13 "this is a reconciling mechanism." I was just
14 saying "it is kind of like one", because we're
15 trying to recover a set number, then stop
16 recovering that set number. As opposed to, in a,
17 for example, a rate case, once it's in rates, we
18 don't look at it again, it's just in rates. So,
19 just analytically, it's a little different that
20 way. And that's why, again, it's a simple
21 mistake that had complex aftershocks, for all the
22 reasons we've talked about today.

23 We do appreciate DOE's look at the
24 case. We appreciate the fact that they have

1 ultimately come to the same conclusion, that the
2 appropriate remedy here is to grant our request.
3 And we ask that the Commission do so.

4 Thank you.

5 CHAIRMAN GOLDNER: Okay. Thank you.
6 Is there anything else that we need to cover
7 today?

8 *[No verbal response.]*

9 CHAIRMAN GOLDNER: Okay. Seeing none.
10 If there's no further matters, we'll take the
11 matter under advisement pending resolution of
12 these issues, and issue an order. The hearing is
13 adjourned.

14 ***(Whereupon the hearing was adjourned***
15 ***at 10:28 a.m.)***

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