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E X H I B I T S

| EXHIBIT NO. | D E S C R I P T I O N | PAGE NO. |
|-------------|--|------------------|
| 1 | August 2, 2022 Initial Filing, consisting of the Testimony of Catherine A. McNamara, Testimony of Mary E. Casey, Schedules and Tariff Pages {CONFIDENTIAL & PROPRIETARY} | <i>premarked</i> |
| 2 | August 2, 2022 Initial Filing, consisting of the Testimony of Catherine A. McNamara, Testimony of Mary E. Casey, Schedules and Tariff Pages <i>[REDACTED - For PUBLIC Use]</i> | <i>premarked</i> |
| 3 | September 1, 2022 filing, consisting of Supplemental Testimony of Heather M. Tebbetts, with attachments {CONFIDENTIAL & PROPRIETARY} | <i>premarked</i> |
| 4 | September 1, 2022 filing, consisting of Supplemental Testimony of Heather M. Tebbetts, with attachments <i>[REDACTED - For PUBLIC Use]</i> | <i>premarked</i> |
| 5 | September 2, 2022 filing, consisting of Direct Testimony of Heather M. Tebbetts, Direct Testimony of Deborah M. Gilbertson, with attachments {CONFIDENTIAL & PROPRIETARY} | <i>premarked</i> |
| 6 | September 2, 2022 filing, consisting of Direct Testimony of Heather M. Tebbetts, Direct Testimony of Deborah M. Gilbertson, with attachments <i>[REDACTED - For PUBLIC Use]</i> | <i>premarked</i> |

E X H I B I T S (Continued)

| EXHIBIT NO. | D E S C R I P T I O N | PAGE NO. |
|-------------|---|------------------|
| 7 | October 7, 2022 filing, consisting of the Technical Statement of Heather M. Tebbetts, with attachments {CONFIDENTIAL & PROPRIETARY} | <i>premarked</i> |
| 8 | October 7, 2022 filing, consisting of the Technical Statement of Heather M. Tebbetts, with attachments [REDACTED - For PUBLIC Use] | <i>premarked</i> |
| 9 | October 21, 2022 filing, consisting of the Technical Statement of Faisal Deen Arif | <i>premarked</i> |
| 10 | October 10, 2022 DOE letter regarding recommended treatment of the Energy Efficiency Charge) | <i>premarked</i> |
| 11 | Liberty's October 21, 2022 Response to DOE TS Set 1-1 to 1-4, 1-6, 1-7, 1-8 with attachments, and 1-9. | <i>premarked</i> |
| 12 | Liberty's September 15, 2022 Response to DOE Data Request (DR) 1-2 (Liberty's updated Response to DOE DR Set 1-2, 1-3, 1-5 and 1-6 (<i>without attachments</i>)) | <i>premarked</i> |
| 13 | Liberty's September 15, 2022 Response to DOE DR 2-4 | <i>premarked</i> |
| 14 | Liberty's September 15, 2022 Response to DOE DR 2-5 | <i>premarked</i> |

E X H I B I T S (Continued)

| EXHIBIT NO. | D E S C R I P T I O N | PAGE NO. |
|-------------|---|------------------|
| 15 | Liberty's September 15, 2022 Response to DOE DR 2-6 | <i>premarked</i> |
| 16 | Liberty's September 15, 2022 Response to DOE DR 2-7, with attachments | <i>premarked</i> |
| 17 | RESERVED FOR RECORD REQUEST (Liberty to file the "Winter 30,000 Calpine" document) | 167 |

* * *

**ADMINISTRATIVE NOTICE REQUEST (16), (167), 165
GRANTED OF THE FOLLOWING:**

August 4, 2022 PUC Order No. 26,662
(PUC Docket No. DG 20-013)

Exhibit 6 - Faisal Deen Arif's CV from 08-18-22
(PUC Docket No. DG 17-152)

Mid-Season Summer Cost of Gas Filing and
the April through September trigger filings,
as well as the Joint Report by Liberty
and DOE filed on LDAC and Cost of Gas
proceedings dated December 27, 2021
(PUC Docket No. DG 21-130)

September 29, 2022 PUC Order No. 26,692
(PUC Docket No. DG 22-045)

NOTE: (##) above indicates where the
administrative notice was described

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P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Good morning. I'm Chairman Goldner. I'm joined by Commissioner Simpson. We're here this afternoon -- or, this morning in Docket DG 22-045 for a hearing regarding Liberty's Winter 2022-2023 and Summer 2023 Cost of Gas.

Let's take appearances, beginning with the Company.

MR. SHEEHAN: Good morning, Commissioners. Mike Sheehan, for Liberty Utilities (EnergyNorth Natural Gas).

And, just as a way of introduction, we have some new folks in the back of the room. Ms. Casey has retired. She's up on the stand now. She's here on a contract, as we bring in her replacement, Luke Sanborn, who's behind me. We have Greg Holder behind me, who's a new -- Coleman, who's a new member of the Regulatory Department. And we have Danielle, who's last name I didn't catch, is a new member of Debbie Gilbertson's team in Energy Procurement. Otherwise, it's the usual suspects.

CHAIRMAN GOLDNER: Very good. And the

1 Office of Consumer Advocate.

2 MR. KREIS: Good morning, Mr. Chairman,
3 Commissioner Simpson. I'm Donald Kreis, the
4 usual suspect representing the interests of
5 residential ratepayers as the Consumer Advocate.
6 And with me today is our Office's Director of
7 Economics and Finance, Maureen Reno.

8 CHAIRMAN GOLDNER: Very good. And the
9 New Hampshire Department of Energy.

10 MS. SCHWARZER: Good morning, Mr.
11 Chairman, Commissioner. My name is Mary
12 Schwarzer. I'm a Staff Attorney for the
13 Department of Energy. And with me is Faisal Deen
14 Arif, our Gas Director.

15 CHAIRMAN GOLDNER: All right. Very
16 good.

17 So, moving on to preliminary matters.
18 We received Liberty's response to the Friday
19 record requests from the Commission, and
20 appreciate the Company's timely filing. Thank
21 you for that. This will help make for an
22 efficient proceeding today.

23 Exhibits 1 through 8 have been prefiled
24 and premarked for identification. Exhibits 1, 3,

1 5, and 7 are marked as "confidential", and will
2 be treated accordingly in this hearing.

3 Yesterday, the DOE filed Exhibits 9
4 through 16, after the five-day deadline. So,
5 I'll check in with the OCA and the Company, to
6 see if there are any objections to these
7 exhibits?

8 MR. KREIS: None from the OCA.

9 CHAIRMAN GOLDNER: Okay.

10 MR. SHEEHAN: We don't object. They
11 are our answers to data requests mostly, with one
12 comment. There is, one of the exhibits, I think
13 it's 12, has a lot of information on the RDAF,
14 which is not at issue today.

15 So, I guess I'm asking you to ignore
16 that for now. Nothing will change when we get to
17 the RDAF later. But it's not relevant for
18 today's discussion.

19 CHAIRMAN GOLDNER: Okay. Very good.

20 MS. SCHWARZER: Mr. Commissioner, if I
21 might speak to that briefly?

22 CHAIRMAN GOLDNER: Uh-huh.

23 MS. SCHWARZER: The Department would
24 like just to point out for the record that, in

1 this cost of gas proceeding, there have been
2 multiple supplements, multiple changes and
3 updates. And the Department has exerted itself
4 tremendously to review all material, and to make
5 filings that inform the record, and will be
6 useful to the Commission.

7 And, to that extent, we appreciate the
8 Parties entertaining our request for relief. And
9 we hope the Commission will grant it.

10 CHAIRMAN GOLDNER: Okay. Thank you,
11 Attorney Schwarzer.

12 Realize that everything is moving very
13 fast in this docket. The Commission, itself,
14 filed something on Friday. So, we're all moving
15 as fast as we can. And we appreciate everything
16 the DOE is doing.

17 CMSR. SIMPSON: And I note the
18 technical statement that the DOE issued on Friday
19 was very helpful. So, appreciate that.

20 CHAIRMAN GOLDNER: Okay. In Order
21 26,692, September 29th, 2022, it required the
22 Parties to develop a procedural schedule for the
23 RDAF under-collection and Gas Holder costs, which
24 Attorney Sheehan referred to earlier. This did

1 not happen. The DOE filed yesterday to ask for
2 more time.

3 So, we'd just like to understand what's
4 happening, and why haven't we come to an
5 agreement with respect to the schedule?

6 MR. SHEEHAN: It was part of the last
7 flurry of Thursday, Friday, weekend, Monday. So,
8 we just didn't get to it. I have a proposal that
9 I emailed counsel yesterday afternoon, at the
10 time she was asking for additional time.

11 And that is that, of the two issues,
12 the Gas Holder extra costs, and we've referenced
13 this in prior hearings, we need to make a
14 supplemental filing to provide all the facts
15 behind that. And we can make that, I had a date,
16 I believe it was in about three weeks, our
17 engineers would be ready to have that all
18 finalized.

19 As for the RDAF piece of it, the
20 Company doesn't need to make any additional
21 filings, what was in the original filing we stand
22 by. Understanding that Staff, the whole purpose
23 of this was to give them more time to wade
24 through it all and make sure it all checks out.

1 So, I guess I would turn to them and
2 say, would they be ready for a -- if they're
3 going to file anything on that date?

4 And then, from the Company's point of
5 view, we could schedule a hearing thereafter.
6 Again, there may be some requests for discovery,
7 and we'd be fine with that, if the Department so
8 chose it, and the OCA as well, of course.

9 So, that's kind of where the
10 conversation left off over the last couple days.
11 And the date that I proposed, I believe, was
12 Friday, the 18th of November, or maybe it was
13 20th. Yes, the 18th.

14 CHAIRMAN GOLDNER: Attorney Schwarzer.

15 MS. SCHWARZER: Thank you, Mr.
16 Chairman.

17 The Company sent the schedule that it
18 has just described at 4:17 p.m. yesterday, after
19 the Department filed its letter seeking an
20 enlargement of time, and after seeking input on
21 Friday from both Parties, and hearing nothing
22 until 4:00 p.m. So, we didn't really hear much
23 after that either.

24 So, to the extent that the Company is

1 representing that it has engaged in an attempt to
2 create a schedule, I find that not necessarily
3 incorrect, but there hasn't been much opportunity
4 for the Parties to reflect upon what has been
5 proposed.

6 This new RDAF matter is also
7 accompanied by an old RDAF matter in a separate
8 docket, 21-044. At the Company's request, the
9 Department agreed to keep those two RDAF matters
10 separate. However, we are concerned that they
11 may have overlapping irregularities, or that what
12 is discovered in the old RDAF may flow into the
13 new RDAF, which presents perhaps the possibility
14 of resolving the new RDAF contingent upon
15 whatever has happened in the old RDAF, and flows
16 through to the new RDAF, if anything.

17 We asked for information in several
18 technical sessions in this docket before the
19 carve-out was granted, and continue to conduct
20 discovery. Most recently, there were questions
21 outstanding from the last September tech session,
22 with a renewed request in October, not an
23 explicit written request, in a formal data
24 request, but requests that were recorded by the

1 Company at a tech session, when Erica Menard had
2 to leave early.

3 And, so, from the Department's
4 perspective, we continue to pursue this to the
5 best of our ability. Without information, we are
6 not able to create a reasonable procedural
7 schedule. And we are also internally challenged,
8 and exploring avenues for additional expertise in
9 this area. It is apparently something that other
10 states have wrestled with.

11 I believe Washington, D.C., has an RDAF
12 matter that is significant, that has been going
13 on for many years, and to the extent of a \$20
14 million matter in dispute. And, so, while we are
15 sorry to hear that that has happened for
16 Washington, it is illustrative that this is not
17 unique to New Hampshire.

18 CHAIRMAN GOLDNER: Okay. Very good.
19 If we asked for an updated procedural schedule,
20 let's say, November 4th, would that be acceptable
21 to everyone? So, the parties could get together,
22 come up with a new procedural schedule, and then
23 the Commission can respond with a hearing
24 afterwards?

1 MR. SHEEHAN: That would be fine.

2 MS. SCHWARZER: Thank you very much.

3 We appreciate that.

4 CHAIRMAN GOLDNER: Attorney Kreis?

5 MR. KREIS: Well, seeing as how we're
6 all here today, for example, it might be possible
7 for us to confer on the sidelines, and figure
8 that out before we all leave the building.

9 CHAIRMAN GOLDNER: I'm in full support
10 of that. So, I'll mark down kind of a
11 November 4th deadline, if we can't come to an
12 agreement before we all leave the building today.

13 MS. SCHWARZER: And if I -- sorry.

14 CHAIRMAN GOLDNER: Otherwise -- yes?

15 MS. SCHWARZER: And, if I might, Mr.
16 Chairman, we have a meeting with Liberty for
17 tomorrow's cost of gas hearing to resolve issues
18 in that docket. And we have proposed a further
19 meeting Thursday to propose concerns we have in
20 this docket. And, so, I think it unlikely that
21 we'll be able to get a procedural schedule for
22 you by the end of the day, just to be clear.

23 CHAIRMAN GOLDNER: Okay. I mean, I
24 think what I heard was everyone is okay with

1 November 4th as a deadline. And no punishment
2 will be meted out for early meeting of any
3 deadlines. So, I think that would be fine.

4 Okay. All right. So, very good.
5 We're knocking them out here. Let's go onto the
6 next one.

7 And there was an October 10 letter from
8 the DOE recommending treatment for the Energy
9 Efficiency Charge. Does the OCA support that
10 position?

11 MR. KREIS: Yes, we do.

12 CHAIRMAN GOLDNER: Okay. And does
13 Liberty support DOE's position?

14 MR. SHEEHAN: Yes.

15 CHAIRMAN GOLDNER: Okay. Very good.
16 Are there any other preliminary matter, before we
17 have the witnesses sworn in.

18 *[No verbal response.]*

19 CHAIRMAN GOLDNER: No? Okay. Seeing
20 none.

21 MS. SCHWARZER: Mr. Chairman?

22 CHAIRMAN GOLDNER: Yes, I see one.

23 MS. SCHWARZER: Thank you very much.

24 The Department would like to make a brief opening

1 statement. And we would like to ask the
2 Commission to take administrative notice of Order
3 Number 26,662, from August 4th, 2020 [2022?],
4 regarding the Gas Assistance Program; Mr. Deen
5 Arif's CV, Exhibit 6, from an August 18th, 2022,
6 hearing in DG 17-152; we would ask the Commission
7 to take administrative notice of the Mid-Season
8 Cost of Gas Adjustment filing and the April
9 through September trigger filings in DG 21-130,
10 as well as perhaps the Joint Report Liberty and
11 DOE filed on LDAC and Cost of Gas proceedings,
12 December 27th, 2022 [2021?] in the same docket.

13 CHAIRMAN GOLDNER: All right. Does
14 anyone object to those requests for
15 administrative notice?

16 MR. SHEEHAN: No, sir.

17 CHAIRMAN GOLDNER: Okay.

18 MR. KREIS: None from us.

19 CHAIRMAN GOLDNER: All right. Very
20 good.

21 So, I think it's fine to have the DOE
22 issue an opening statement. And I'll give the
23 same opportunity to the OCA and to the Company.

24 So, Ms. Schwarzer, if you'd like to

1 lead off, that would be great.

2 MS. SCHWARZER: Certainly. I'd be
3 happy to defer to the Company. It was my
4 understanding that the Company wished to make
5 one. I'm happy to go either way.

6 MR. SHEEHAN: I didn't plan on one.
7 So, I'd prefer to respond, if necessary.

8 MS. SCHWARZER: Okay.

9 MR. SHEEHAN: Maybe I don't have to.

10 MS. SCHWARZER: Thank you, Mr.
11 Chairman.

12 The Department appreciates the time and
13 effort all the Parties have invested in this cost
14 of gas proceeding, and we look forward to
15 continuing to work to resolve a few outstanding
16 issues.

17 The Department will recommend approval
18 of the 2022-2023 rates, contingent upon a
19 subsequent meeting the Department and the Company
20 has agreed to hold with us, to allow us to
21 connect the Company's responses to the record
22 requests issued by the Commission, to the record
23 and schedules and technical statements filed in
24 this docket, which we have not been able to do in

1 the time allotted to us so far. And we would ask
2 the Commission to entertain a filing from the
3 Department stating our conclusions after such a
4 meeting has been held, on Thursday, but certainly
5 well in advance of the date when the Commission
6 must issue its order.

7 We also recommend the winter rates
8 contingent upon the Commission's Order 26,692,
9 September 29, 2022, carving out certain Liberty
10 costs for future review, and subject to Order
11 Number 26,662, August 4th, 2022, regarding the
12 Gas Assistance Program, or GAP program.

13 The Department recommends deferred
14 review of the Summer 2023 rates, and an update in
15 March, with potential discovery and Commission
16 review and approval to be effective May 1, for
17 the reasons stated in Gas Director Deen Arif's
18 technical statement, which is DOE Exhibit 9.

19 With regard to the EEC, the Commission
20 has already determined that the Parties are in
21 agreement with the recommended treatment for
22 those expenses. As will be brought forth in
23 testimony, it is the Department's understanding
24 that Liberty's over-collection related to the

1 Energy Efficiency Charge has not been included in
2 the rates proposed for the winter or summer
3 seasons in this docket.

4 With regard to the DOE audits, for the
5 first time, the Department's Audit Division
6 separated the cost of gas audit and the LDAC
7 audit. The cost of gas audit has been completed
8 and is without issue; the LDAC audit remains
9 pending. And, accordingly, DOE's support for
10 EnergyNorth's LDAC is contingent on the pending
11 audit. And, in the event that there are issues,
12 which the Department would like the Commission to
13 resolve, the Department will make a filing to
14 that effect in the future.

15 With regard to the gas component of the
16 LDAC, as previously stated, our recommendation is
17 subject to Order 26,662. The Commission has
18 concerns with the Fixed Price offer reflected in
19 this filing, to the extent that it continues to
20 contain the values carved out of the non-fixed
21 price offer, and is well above the 2 cents
22 increase normally assigned to the FPO rate for
23 residential customers.

24 To the extent that the Commission

1 wishes to address that, there will be a need for
2 an additional notice to those who have chosen to
3 enroll, and an opportunity for them to recommit
4 or change their minds. The Department would
5 recommend a ten business day period for them to
6 do that. And would like to suggest that the
7 Company entertain a combination of email, for
8 customers whose email they have, and snail mail
9 for those whom they don't, to inform them if FPO
10 rates are changed.

11 We note that the FPO Program is
12 described in Tariff Number 11, at Bates Page 086,
13 and in Tariff Number 10, available on the PUC
14 website, in Paragraph Q, Original Tariff Page 31.

15 With regard to the RDAF, obviously,
16 this has been carved out, pursuant to the order
17 we've asked the Commission to take administrative
18 notice with. There are ramifications for that in
19 the updated rates.

20 There are some administrative matters,
21 which may best be addressed in IR 22-053. We
22 note that there is no process for a mid-season
23 cost of adjustment, and, in this instance,
24 Liberty's rate was suspended for three months.

1 We note that, although Liberty made multiple
2 updated filings, there is no clean copy upon
3 which the Commission or the Parties can rely as
4 the final position of Liberty. And that is both
5 challenging, and inconsistent with Liberty and
6 the DOE's Joint Report filed into 21-130, on
7 December 27th, 2022, in which Liberty agreed to
8 make a clean and annotated filing to reflect
9 changes, and reduce the workload falling to the
10 Department when changes are made. Moving targets
11 are hard to track.

12 And there is a discovery matter, which
13 we will briefly bring to the Commission's
14 attention. In Liberty's response to technical
15 session data requests marked in this docket as
16 "DOE Exhibit 11", Liberty declined to update its
17 prior data responses, which is both inconsistent
18 with the directions that the DOE provided for
19 responding to data requests, and, although
20 time-consuming, is a burden best borne by the
21 Company making the changes, in the position of
22 the Department. It also makes it harder for the
23 Department to determine in advance what exhibits
24 it might be appropriate to mark, because we don't

1 know if those exhibits are going to be updated or
2 changed, and we would rather not put unnecessary
3 exhibits into the record.

4 Thank you.

5 CHAIRMAN GOLDNER: And just one
6 question, before I move to Attorney Kreis.

7 I don't believe the cost of gas audit
8 is in the docket, correct? It hasn't been filed
9 in this docket?

10 MS. SCHWARZER: It has not. And, Mr.
11 Chairman, that's consistent with the position
12 taken by the Department in the recent hearing on
13 the step increase. Which, if you -- if I could
14 have just one moment, I could identify --

15 CHAIRMAN GOLDNER: What's the objection
16 to just filing the audit in the docket?

17 MS. SCHWARZER: Consistent with the
18 Department's position in Docket IR 22-048 and
19 21-104, DOE supports keeping the audit out of
20 other cost of gas dockets, when possible. The
21 traditional role played by Audit is that audit
22 reviews are largely independent, and it reports
23 the findings to the utility first, and then to
24 DOE and to OCA. Orders can be issued subject to

1 audit, if necessary.

2 Often, audit findings are agreed to by
3 all parties, and incorporated into the Company's
4 final request and/or DOE's recommendation. If
5 not, and if the DOE wants to adopt the audit
6 recommendation, DOE would present the issue for
7 review and resolution by the PUC, but that would
8 normally be the exception, and not the rule.

9 Injecting Audit into the cost of gas
10 litigation could hamper Audit's ability to
11 complete its work in a timely fashion. And,
12 traditionally, utilities provide the Audit
13 Division with ready access to data and personnel
14 for quick questions, generally information not
15 formally exchanged through data requests. We are
16 hesitant to dampen what has been a traditionally
17 strong working relationship between the
18 Department's Audit Department and the utilities.

19 CHAIRMAN GOLDNER: Does the DOE take
20 the same position with the LDAC audit?

21 MS. SCHWARZER: It does. But that LDAC
22 audit is pending review. And, in the event that
23 there were issues that the Department felt it was
24 appropriate for the Commission to resolve, that

1 we could not resolve amicably with the Company
2 and with OCA, we would present them to the
3 Commission at that time.

4 Can we have a moment please?

5 *[Atty. Schwarzer and Dir. Arif*
6 *conferring.]*

7 MS. SCHWARZER: Thank you, Mr.
8 Chairman.

9 CHAIRMAN GOLDNER: Okay. Very good.
10 We'll move to Attorney Kreis for an opening
11 statement. And I'm hoping, Attorney Kreis, you
12 can comment on this audit question, in addition
13 to anything else that you have.

14 MR. KREIS: Thank you, Mr. Chairman.
15 Okay, I'll start with that, since you asked.

16 We, the OCA, doesn't conduct audits, we
17 don't have an audit division. And, therefore, we
18 do not want to interfere with or interrupt or
19 cause trouble within the relationship between the
20 Audit Division of the Department of Energy and
21 this or any other utility.

22 So, on the question of whether the
23 audit or audits should be filed in this docket,
24 or any similar dockets, I guess the question is

1 "what the significant of that is?" If it's just
2 a matter of introducing those somehow into the
3 docket file, or even the record, I don't have any
4 difficulty with that.

5 But, if, as Ms. Schwarzer just pointed
6 out, if it's a matter of sort of squishing the
7 audit process into the process of building a
8 record here, so that you deal with the audit
9 through the formal discovery processes we have,
10 and, if we bring the auditors in to be
11 cross-examined and that sort of thing, I guess I
12 do agree that that might be less than helpful.
13 And, therefore, there shouldn't be a general rule
14 that that's the way we're going to handle it. I
15 suppose, if there was some need to scrutinize the
16 audits through some adjudicative proceeding, that
17 would be another story.

18 So, I suppose I'm equivocating a little
19 bit, generally deferring to the Department and
20 the utility about how they would like to best
21 handle it, because audits are important.

22 On the more general questions pending
23 here, the OCA is a little frustrated. We don't
24 have a gas division. We have a very small staff.

1 And we are in an internal struggle to keep up
2 with all of these proceedings as they come up,
3 come and go rather quickly.

4 The cost of gas proceedings are at
5 least analogous to the electric utility default
6 energy service proceedings. And the default
7 energy service proceedings, although they
8 involved lately some whopping big rate increases,
9 tend to go rather smoothly, and these proceedings
10 tend to go the opposite of smoothly. And I am
11 confused about why that is, and would be eager to
12 help smooth out these processes, so that we sail
13 into these hearings in a more orderly and
14 convivial fashion.

15 There are some issues in genuine
16 controversy here between this utility and both
17 the Department and the OCA, but those have been
18 carved out for future resolution. So, it really
19 ought to be -- what we ought to be doing here is
20 having a routine process of approving what's
21 essentially an accounting process.

22 To reprise something I've said in other
23 dockets, the OCA or at least I am not a fan of
24 the Fixed Price Option as it has been offered by

1 Liberty Utilities. I simply don't think it's in
2 the public interest to have groups of residential
3 customers essentially betting against each other
4 on this question of who's going to be better off,
5 the customers that choose the Fixed Price Option
6 versus the customers that choose to ride the wave
7 and live with the prices that varies from month
8 to month.

9 I recall several months ago the
10 Chairman asked me whether I would propose
11 handling cost of gas -- or, gas charges the same
12 way we handle default energy service charges on
13 the electric side? And I think my answer to that
14 is "probably not", because gas is fundamentally a
15 different fuel than electricity is, and much more
16 volatile. And I'm not sure it is, ultimately, in
17 the best interest of customers to lure them into
18 thinking otherwise by giving them a price that
19 doesn't vary. And, so, they're -- also, in the
20 electric realm, of course, customers have a very
21 real alternative to default energy service, so
22 that, if they don't like what is essentially an
23 electric fixed price option, they can migrate
24 into all kinds of alternatives that are far away

1 from the utility's default energy service. And,
2 of course, the dynamic here is much different.

3 That said, I will continue to recommend
4 that the Commission treat both of our natural gas
5 utilities in like fashion, and not have either
6 utility offer a fixed price option so that
7 customers are betting against each other.

8 Beyond that, I think that what we will
9 find here today is that what the Company is
10 asking you to approve today is worthy of your
11 approval.

12 CHAIRMAN GOLDNER: Okay. Thank you,
13 Attorney Kreis.

14 Attorney Sheehan.

15 MR. SHEEHAN: Thank you.

16 On the Audit Division, we have no
17 objection with reports coming into hearings.
18 Ninety-nine (99) times out of 100 they will be
19 noncontroversial. And, if there was
20 back-and-forth between the Company and Audit, it
21 would be reflected in the audit, as it always is.
22 And that one out of 100 times is when there's a
23 strong disagreement on an issue, and, yes, we
24 would we ask that the auditors testify, and, in

1 fact, that happened this summer in the Storm
2 Fund. And I wouldn't see it happening here.

3 But, generally speaking, I get it that
4 the Commission used to have full access to the
5 Audit Department, and they don't anymore. So, we
6 would not object to those coming in.

7 On the FPO, we will basically take the
8 Commission's direction. It's a policy decision
9 whether to have the FPO, with its concerns
10 expressed by Mr. Kreis, we do have a number of
11 customers that like it, sign up for it every
12 year. So, there is a desire for it.

13 We do have an option to fixed price,
14 and that is our budget billing, which essentially
15 averages a monthly bill over the course of a
16 year, and then tweaks it each year depending on
17 what happened. It's a fixed price option of a
18 different kind.

19 And, to the extent that this year,
20 again, there's a significant change from the
21 September 1 filing until today that leaves the
22 FPO kind of out-of-whack. Again, we'll take the
23 Commission's direction on how to handle it. I
24 don't have exact numbers in front of me, but I

1 think, when we filed, it was \$1.70, and now it's
2 \$1.40, so -- with the update it's \$1.40. So, we
3 appreciate the OCA's concerns in that regard.

4 On the Summer issue, our proposal is to
5 have you approve the Summer rates as filed, and
6 acknowledging DOE's concerns about that and what
7 happened last year, is to require us to make a
8 filing by April 1 that says one of two things:
9 Either (a) "the summer rate approved now is good,
10 no change needed", it would be a simple letter;
11 or (b) "based on the futures then in effect in
12 April, there is a big change, and here is a
13 substantive filing to propose a new summer rate."
14 So, it would be a mini-cost of gas, with just a
15 tweak to whatever the NYMEX change, however it
16 flows through the model.

17 So, that way, if the Summer rate
18 approved today is still good, we don't have to
19 make a filing in the spring, other than a
20 notification. So, that would be our proposal to
21 address the Summer issue.

22 And, last, I'll be having an exchange
23 with Ms. Gilbertson on direct about hedging.
24 There is a hedging order from 2014 that required

1 us to hedge the basis for a certain volume of our
2 gas, and the "basis" is the adder, so, it's
3 NYMEX, plus the amount to get it to New
4 Hampshire. That delta is the basis. And we have
5 hedged that basis since the 2014 order. We did
6 not do it this year. And Ms. Gilbertson will
7 explain why in direct.

8 And that's all.

9 CHAIRMAN GOLDNER: Okay. Just a
10 moment.

11 *[Chairman Goldner and Cmsr. Simpson*
12 *conferring.]*

13 CMSR. SIMPSON: A couple of follow-ups.
14 Are you -- or, we can wait until
15 Commissioner questions, but can you quantify,
16 roughly, how many customers sign up for the FPO,
17 just so we understand that going in?

18 MR. SHEEHAN: Yes. I don't have the
19 number handy. I think Ms. Tebbetts does,
20 but it's --

21 CMSR. SIMPSON: I'll wait then.

22 MR. SHEEHAN: Okay.

23 CMSR. SIMPSON: And, then, I'd like to
24 just follow up on the audit question. From our

1 work in other dockets as well, it's becoming more
2 apparent that the term "audit" is somewhat of a
3 term of art for the Department of Energy. Are
4 you able to distinguish the work that the Audit
5 Division does from the Division of Regulatory
6 Support, and the differences there? And help
7 enlighten us why the Audit Department's
8 conversations and work with the utilities is
9 distinct from what the Regulatory Support
10 Division does?

11 MS. SCHWARZER: Commissioner, I would
12 appreciate that as a record request, so that I
13 might respond more fully on behalf of the
14 Department as a whole. However, I can tell you
15 my understanding of the Department's position on
16 those issues as I sit here.

17 CMSR. SIMPSON: Uh-huh.

18 MS. SCHWARZER: The Audit Division does
19 not view itself as replacing the independent
20 audits that utilities must perform themselves.
21 The Audit Division understands itself to be a
22 tool to assist the Regulatory Division. And
23 there have been instances when something of
24 concern to Audit has been -- has not been a

1 concern to Regulatory. And, so, to the extent
2 that the Department wishes to speak with one
3 voice, that is something that will be resolved
4 between the two departments before a report and
5 recommendation or technical statement is issued
6 into the docket by the Department.

7 To the extent the Department wishes to
8 speak with one voice, we do not wish to have
9 dissent, certainly not on the record. And,
10 although that's said, the Audit Division does
11 have independent relationships with utilities,
12 wherein the Regulatory Division and the Legal
13 Division are largely excluded, not always, but
14 primarily.

15 And, so, I, as a part of the Legal
16 team, and Mr. Arif, Deen Arif, as part of the
17 Regulatory team, does not see the final audit
18 until the Audit Division and the Company --
19 generally, does not see the final audit until the
20 Audit Division and the Company have completed
21 their work. And, so, it introduces a certain
22 amount of disruption to the Audit Division's
23 relationship with the Company to make that now
24 something that may be exposed to the Commission

1 automatically.

2 In the event that there is an issue, as
3 certainly was illustrated in the Storm docket,
4 normally, rather than having the Audit Division
5 testify, the Audit Division would inform
6 Regulatory, and Regulatory would make the
7 presentation and explain the information on
8 behalf of the Department.

9 I hope I've answered your question.

10 CMSR. SIMPSON: That's helpful. Thank
11 you.

12 MR. SHEEHAN: Could I speak to that
13 briefly?

14 CMSR. SIMPSON: Please.

15 MR. SHEEHAN: The Audit Division does
16 have regular and extensive communications outside
17 of me, with, primarily, the folks behind me, the
18 Regulatory Department. It's a good, working
19 relationship. It is extensive. It is more
20 information than is provided in discovery often.
21 In this particular case, Audit came to our office
22 for a day to review things. And we find value in
23 that. We're all trying to get to the right
24 answer, and that's another step in doing that.

1 I appreciate DOE's concern that they
2 don't want to, small "p", politicize that
3 relationship. And, again, it's the exception,
4 not the rule, that one of the audit reports
5 become a topic of litigation. Again, most of the
6 time it is "Yup, we agree. We caught that number
7 and we'll fix it."

8 So, I don't have that concern of
9 disrupting that process, even if these reports
10 become routinely filed.

11 CMSR. SIMPSON: Okay. Thanks. And
12 I'll just say, for Ms. Schwarzer's benefit and
13 the Department's benefit, I'm not asking because
14 I want to make an issue of it, or I want the
15 audit reports to be in every record by default.
16 It's more that, in my experience, when reviewing
17 records, the audit reports have been extremely
18 informative, and they're very detailed, and they
19 help build a record, and they provide thoughtful
20 analyses for complex issues. So, their work is
21 greatly appreciated.

22 That's all I have for right now, Mr.
23 Chairman. Thanks.

24 CHAIRMAN GOLDNER: Okay. Very good.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Let's move now to the witnesses. Mr. Patnaude,
2 would you please swear in the Liberty panel.

3 (Whereupon **Heather M. Tebbetts,**
4 **Deborah M. Gilbertson,** and
5 **Mary E. Casey** were duly sworn by the
6 Court Reporter.)

7 CHAIRMAN GOLDNER: Okay. Very good.
8 Let's move to direct examination, and Attorney
9 Sheehan.

10 MR. SHEEHAN: Thank you.

11 **HEATHER M. TEBBETTS, SWORN**

12 **DEBORAH M. GILBERTSON, SWORN**

13 **MARY E. CASEY, SWORN**

14 **DIRECT EXAMINATION**

15 BY MR. SHEEHAN:

16 Q Ms. Tebbetts, we'll start with you, since your
17 name is on, I think, all pieces of all exhibits.
18 Please identify yourself and your current role
19 with Liberty?

20 A (Tebbetts) Yes. My name is Heather Tebbetts.
21 I'm employed by Liberty Utilities Service
22 Corporation. And I am the Director of Business
23 Development.

24 Q And, usually, the Director of Business

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Development does not testify in cost of gas
2 proceedings. And that is, is it not the case
3 that your prior role was involved in this world,
4 and you simply haven't quite transitioned out of
5 that role, is that fair?

6 A (Tebbetts) Yes. Prior to my taking that
7 position, I was the Manager of Rates and
8 Regulatory Affairs, and have not transitioned out
9 of that role at this time.

10 Q We have eight exhibits that the Company offered,
11 1, 3, 5, and 7 are the confidential versions of
12 2, 4, 6, and 8, is that correct?

13 A Yes.

14 Q If you could first identify Exhibit 1 and 2,
15 which is captioned with the testimony of Ms.
16 McNamara?

17 A (Tebbetts) Yes. Exhibits 1 and 2 are the
18 confidential and redacted versions of our August
19 2nd, 2022 LDAC filing.

20 Q And today, are you adopting Ms. McNamara's
21 testimony as contained in Exhibits 1 and 2?

22 A (Tebbetts) Yes.

23 Q Do you have any corrections to that testimony?

24 A (Tebbetts) No.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

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

3 A (Tebbetts) Yes.

4 Q Could you identify Exhibits 3 and 4, which are
5 the confidential and redacted versions of the
6 Tebbetts Supplemental Testimony?

7 A (Tebbetts) Yes. Those are the -- excuse me --
8 the redacted and confidential versions of the
9 September 1st LDAC filing, which was an update to
10 the August 2nd filing.

11 Q And what was the motivator for the update?

12 A (Tebbetts) Well, we wanted to ensure that we had
13 the most recent information, which also coincided
14 with our cost of gas filing. And, so, the
15 information provided also updated information
16 through July 2022.

17 Q Meaning, you had actual numbers that weren't
18 available with the earlier filing?

19 A (Tebbetts) Yes. That's correct.

20 Q Exhibit 5, confidential, and 6, redacted, is
21 what?

22 A (Tebbetts) That is our September 2nd Cost of Gas
23 filing, excuse me, the redacted and confidential
24 versions.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q And that is the portion of the case that
2 establishes and calculates the cost of gas rate
3 itself?

4 A (Tebbetts) Yes.

5 Q And let me back up. Exhibits 3 and 4, your
6 Supplemental Testimony, do you have any changes
7 to that testimony today?

8 A (Tebbetts) I do not.

9 Q And do you adopt that testimony as your sworn
10 testimony today?

11 A (Tebbetts) Yes.

12 Q And, for 5 and 6, it also includes
13 Ms. Gilbertson's testimony, but, as for your
14 testimony, do you have any changes you want to
15 raise today?

16 A (Tebbetts) I do not.

17 Q And do you adopt that today?

18 A (Tebbetts) Yes.

19 Q And, last, Exhibit 7 and 8 is a Technical
20 Statement dated "October 7". What was the
21 purpose of that document?

22 A (Tebbetts) The October 7th update provided
23 updated financial information through August of
24 2022, along with updated NYMEX pricing, which

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 provided updated rates for customers.

2 Q Is it the rates in Exhibit 7 that the Company is
3 asking the Commission to approve today?

4 A (Tebbetts) Yes.

5 Q Could you highlight those rates for us? And I
6 believe some of that may be in the record
7 requests that we filed yesterday, or in your
8 Technical Statement, either way. Where would we
9 find the rates that we're seeking approval of
10 today?

11 A (Tebbetts) Well, they were provided in the
12 filing, but I will also add that they are
13 provided in the Technical Statement, on Bates
14 Page 2. And those rates, for Residential
15 customers, is \$1.43; Low Income customers of
16 approximately 78 cents; High Winter Use customers
17 of \$1.4301; Low Winter Use of \$1.424 -- let me
18 say that again, \$1.4296 for High [Low?] Winter
19 Use customers.

20 Q And is there also an LDAC rate the Company seeks
21 approval of today?

22 A (Tebbetts) There is.

23 Q And where can we find that?

24 A (Tebbetts) That information is also provided in

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 my Technical Statement. And, for Residential
2 customers, we are asking for \$0.1110 per therm,
3 and, for commercial customers, \$0.0888 per therm.

4 Q And does that LDAC rate include the costs related
5 to the preservation of the gas holder?

6 A (Tebbetts) It does not.

7 Q And does that LDAC rate include the RDAF
8 reconciliation that was included in the August
9 filing?

10 A (Tebbetts) It does not.

11 Q And those are the two issues that have been
12 carved off for a later determination, is that
13 fair?

14 A (Tebbetts) Yes.

15 Q I'm not sure I asked you, but do you adopt your
16 10/7 Technical Statement as your sworn testimony
17 today?

18 A (Tebbetts) Yes, I do.

19 Q Thank you. Ms. Gilbertson, please introduce
20 yourself?

21 A (Gilbertson) Yes. Hi. My name is Deborah
22 Gilbertson. I'm the Senior Manager of Energy
23 Procurement for Liberty Utilities.

24 Q And Exhibit 5 has testimony with your name,

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 beginning at Bates 017, is that correct?

2 A (Gilbertson) Yes.

3 Q And Exhibit 6 is the redacted version of that
4 same testimony?

5 A (Gilbertson) Yes.

6 Q Do you have any changes to your testimony in
7 Exhibit 5?

8 A (Gilbertson) No.

9 Q Other than the update of the pricing that
10 happened later, all that information is accurate,
11 is that fair?

12 A (Gilbertson) Yes.

13 Q And do you adopt your testimony today?

14 A (Gilbertson) Yes, I do.

15 Q As referenced to the Commissioners a few minutes
16 ago, is it correct that the Company has been
17 hedging its basis for a certain volume of its
18 supplies each year since that 2014 order?

19 A (Gilbertson) Yes.

20 Q And I pulled a quote from that order summarizing
21 what our proposal was back then: "Liberty
22 proposes to hedge the basis differential by
23 purchasing "physical fixed base supply
24 contracts". Liberty seeks Commission approval to

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 issue request for proposals and enter into
2 contracts that will set a fixed price for the
3 basis differential."

4 Is that your understanding of what that
5 hedging program was?

6 A (Gilbertson) Yes, it is.

7 Q And has the Company followed that hedging program
8 since 2014?

9 A (Gilbertson) Yes, we have.

10 Q And is it the process to issue RFPs for those
11 contracts?

12 A (Gilbertson) Yes.

13 Q Can you tell us what happened this year? When
14 did the Company -- roughly, when did the Company
15 first issue its RFPs for those basis contracts?

16 A (Gilbertson) The Company went into the RFP
17 process early this year, because we understood
18 that prices were very expensive, and we wanted to
19 test the market and see what we were going to get
20 back for bids. So, we sent the RFP out about two
21 and a half months earlier than usual, on May
22 11th, for the full volume. And we got one bid,
23 which is unusual. We got one bid on May 20th.
24 And the price was very high. It was more than

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 double the year before, and higher than the
2 market. And the Company was not going to jump at
3 that.

4 So, we got into negotiations with the
5 supplier to attempt to maybe modify the volumes,
6 get a better price. The supplier said they would
7 come back with another proposal, which we had
8 somewhat agreed to verbally, and then they
9 didn't. So, we --

10 Q So, they backed out?

11 A (Gilbertson) They backed out. So, we followed up
12 with a phone call, and they said they couldn't do
13 it.

14 On June 17th, we sent out a second
15 request for proposal; we received zero bids. And
16 then, on July 29th, we sent out a third, a third
17 proposal, and we received one bid. And the bid
18 was -- it was nonconforming, in that it didn't
19 have the same volumes, but the price was beyond,
20 it was tied to the LNG market, the TTF, and it
21 was much more than the first bid that we didn't
22 have. So, it was just extremely expensive.

23 And we ended up following up with phone
24 calls to suppliers, why they didn't bid. And we

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 did obtain a reasonable bid, although it was not
2 a basis hedge deal, it would give us the supply
3 we needed at Zone 6, at market price.

4 Q So, is it fair to say the Company, your
5 department, made the judgment call that, rather
6 than trying to enter one of these higher priced
7 contracts, even if they were available, was not
8 the right decision?

9 A (Gilbertson) It was not the right decision. It
10 was too expensive.

11 Q And you did, as you say -- can you say
12 categorically that the Company does have
13 contracts in place to provide the supply to meet
14 its design day this winter?

15 A (Gilbertson) It does, yes.

16 Q And, so, it's just the hedging of the basis that
17 is not in place this year that has been in place
18 in prior years?

19 A (Gilbertson) That is correct.

20 Q Okay. With that discussion, do you adopt your
21 testimony as it appears in Exhibits 5 and 6 as
22 your sworn testimony today?

23 A (Gilbertson) Yes.

24 Q Thank you. Ms. Casey, please introduce yourself?

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 A (Casey) My name is Mary Casey. I am the former
2 Senior Manager of Environment for Liberty. As of
3 the writing of my testimony, which was before I
4 retired on July 31st, we may or may not need a
5 correction on Line 3.

6 Q And you are here today, essentially entered a
7 contract with the Company, to help the transition
8 to your successor, who is Mr. Sanborn, sitting in
9 the back of the room?

10 A (Casey) That is correct.

11 Q And is it fair to say that your testimony
12 explains the environmental costs and the details
13 behind those costs for the cleanup of the various
14 MGP sites in New Hampshire?

15 A (Casey) That's correct.

16 Q And this is testimony you filed in these
17 proceedings for a long time, is that fair?

18 A (Casey) Yes.

19 Q And the costs that you -- that were incurred
20 under your direction have flowed into the LDAC
21 charge that Ms. Tebbetts calculated a few minutes
22 ago, is that fair?

23 A (Casey) That's fair.

24 Q Do you have any changes to your testimony, other

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 than the fact that you don't work for Liberty
2 anymore officially, to make today?

3 A (Casey) I do not.

4 Q And do you adopt your testimony today, your
5 written testimony, as your sworn testimony?

6 A (Casey) Yes, I do.

7 Q And, to confirm what Ms. Tebbetts said, the costs
8 that the Company incurred in 2022 towards the
9 stabilization of the Gas Holder house are not in
10 this filing, is that correct?

11 A (Casey) Yes, it is.

12 Q It's in the filing, but it's not in the proposal
13 today?

14 A (Casey) Yup, I agree.

15 MR. SHEEHAN: Thank you. I have
16 nothing further.

17 WITNESS TEBBETTS: Excuse me. I'm
18 sorry. Could we just take a one-minute break, so
19 I could run to the lady's room to blow my nose?

20 CHAIRMAN GOLDNER: Sure. Of course.

21 WITNESS TEBBETTS: It's not COVID, I
22 promise. I just tested negative. I just have to
23 go. Thank you.

24 CHAIRMAN GOLDNER: Sure. Take your

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 time.

2 (Brief recess was taken at 9:47 a.m.,
3 and the hearing resumed at 9:48 a.m.)

4 CHAIRMAN GOLDNER: Okay. Let's go back
5 on the record. And we'll begin with
6 cross-examination from Attorney Kreis.

7 MR. KREIS: Thank you, Mr. Chairman.
8 Glad everybody is back on the stand and feeling
9 reasonably healthy and capable of testifying.

10 Open on my screen at least is
11 Exhibit 7. So, my questions are all based off of
12 Exhibit 7. That's a confidential exhibit, but I
13 don't think I have any confidential questions.
14 So, if it makes people happier, you can assume
15 I'm looking at Exhibit 8.

16 I think my questions are primarily for
17 Ms. Tebbetts, because Exhibit 7 is her Technical
18 Statement. Some of my questions might be those
19 that Ms. Gilbertson might feel more competent or
20 well-informed to address, and I have no objection
21 if she does that.

22 I don't think I have any questions for
23 Ms. Casey, other than to indulge my curiosity
24 about which tropical island she intends to spend

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 her retirement on. But I suppose that would be
2 extraneous, so I won't ask her about that.

3 **CROSS-EXAMINATION**

4 BY MR. KREIS:

5 Q So, looking at Exhibit 7, I guess my first
6 question is really a general one. Does the
7 Company expect that it will be needing to make
8 new trigger filings during the Winter Period,
9 because the standard 25 percent cap will be
10 exceeded?

11 MS. SCHWARZER: Just as a point of
12 clarification, and so the record is smooth, the
13 Department tends to refer to "trigger filings" as
14 those filings that are required monthly, rather
15 or not the rate is adjusted, that require the
16 Company to make a statement about the projected
17 over- or under-collection.

18 And we have been referring to
19 "mid-season cost of gas adjustments" as those
20 filings that ask to move above the 25 percent
21 ceiling.

22 I have no -- certainly, the OCA is free
23 to use whatever terminology it wishes. But I
24 understood the question of the OCA to be "whether

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 the utility expects to make mid-season cost of
2 gas adjustments, because they have to make
3 filings every month?"

4 Thank you.

5 CHAIRMAN GOLDNER: Yes. I'll just ask,
6 Attorney Schwarzer, during the cross or the
7 direct from either the Company or the OCA, please
8 refrain from commenting until your turn.

9 If there's a clarification needed,
10 please do it during your time. Thank you.

11 MS. SCHWARZER: Well, I'm sorry, I
12 think, for a question, as representing the
13 Department, it's important that I have a right to
14 ask for a clarification. So, I would ask for a
15 clarification --

16 CHAIRMAN GOLDNER: Then, please address
17 it to the Chair, before you interrupt the party.
18 So, thank you.

19 Please, Attorney Kreis, please
20 continue.

21 MR. KREIS: Thank you, Mr. Chairman. I
22 appreciate that.

23 BY MR. KREIS:

24 Q So, regardless of the terminology, I guess my

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 question was really, does the Company expect that
2 it will -- well, what probability does the
3 Company assign to the likelihood of exceeding the
4 25 percent cap, such that the rates will need to
5 be switched during the winter?

6 A (Tebbetts) So, just to be clear, we -- the cap is
7 a cap. But, if the rate that we calculate is
8 greater than the rate by which we're charging
9 customers in the previous month, we can make a
10 filing up to the 25 percent. So, I just want to
11 be clear that the trigger filing allows us to
12 make a filing each month up to the 25 percent, to
13 make a rate change.

14 And anything over 25 percent, we would
15 still file something that says "We are not
16 changing the rate. This request is greater than
17 25 percent, and we have already hit our cap."
18 But I just want to make it clear we can charge up
19 to the 25 percent.

20 And I'll let Ms. Gilbertson talk about
21 the probability of that change.

22 A (Gilbertson) I can't speculate on what's going to
23 happen in five months. But I can tell you that I
24 looked at it last night, and prices have gone

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 down again, since the first time we filed. So,
2 it's trending lower. But, again, I can't
3 speculate what's going to happen in two months',
4 three months' time.

5 Q I understand you don't have a crystal ball. As
6 somebody who does have a crystal ball, I
7 understand your reluctance.

8 Could you comment a little bit about
9 that trend that you've observed? When did it
10 start? How big is it? And, I guess, without
11 asking you to predict the future, any comment you
12 care to make about where it's likely to go in the
13 future?

14 A (Gilbertson) Well, I can tell you that we filed,
15 I think the first filing was on September 1st,
16 and I think we had August 29th pricing. And we
17 re-ran the numbers, I believe, at the end of
18 September, and the prices had gone down. And
19 that's where we -- we started at maybe 1.73, then
20 we went to 1.42, I think is where we are right
21 now. And then, I ran it last night, and it
22 dropped another 20 cents. So, all in all, since
23 the original filing, the cost per therm has
24 dropped 51 cents.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 As far as the future, I mean, I really
2 can't -- I won't speculate what's going to happen
3 in the world market. And I wish I could.

4 Q I understand. Okay. Just so that it's clear,
5 with respect to the Technical Statement of
6 October 7th, which is "Exhibit 7", and the
7 changes from the original filing made back in
8 September 2nd, one of the things that is
9 reflected in -- one change that's reflected is a
10 reduction in rate case expenses, from about
11 742,000 to about 681,000? Do I have that right?

12 I think that's a question for
13 Ms. Tebbetts.

14 A (Tebbetts) And I do believe that is correct, in
15 the ballpark.

16 Q And you have extracted from the rates to be
17 approved today the \$4.3 million under-collection
18 in the RDAF and the cost of the gas holder
19 project. Those are both out of today's filing?

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

21 Q Ms. Tebbetts, could you talk about the impact of
22 House Bill 549 on the energy efficiency portion
23 of the LDAC?

24 A (Tebbetts) Yes, I can.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q Please do then.

2 A (Tebbetts) So, prior to House Bill 549, we had a
3 Triennial Plan, which was last partially
4 approved, I think, or somewhat approved in Docket
5 20-092. And, after that docket, House Bill 549
6 provided that the rate set in 2019, for the gas
7 utilities and the electric utilities, would be
8 the rate -- the base rate set for energy
9 efficiency.

10 And that an increase to those rates
11 would come about by a calculation by the
12 Department of Energy utilizing the CPI. And that
13 calculation would be done annually, and the rate
14 change would be effective, for gas and electric
15 utilities, January 1st of each year.

16 That is a change to how the gas
17 utilities implemented their energy efficiency
18 funding previously. Previously, before House
19 Bill 549, the gas utilities would implement their
20 rate change on November 1st, to go through
21 October 31st of the following year. And, so, the
22 LDAC filing, within the cost of gas proceeding,
23 would include that rate change and a
24 reconciliation.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 House Bill 549 provides for a
2 reconciliation. But I believe it's separate from
3 the rate change itself.

4 MS. SCHWARZER: For the record, I
5 objected, and the Commission shook its head.

6 CHAIRMAN GOLDNER: Attorney Schwarzer,
7 would you -- would you verbalize your concern
8 please.

9 MS. SCHWARZER: Thank you, Mr.
10 Chairman.

11 The Department's Exhibit 10, which was
12 identified as agreeable to all Parties, noted
13 that the Department recommended the discussion of
14 the energy efficiency component, and any
15 treatment of it, be kept out of the expedited
16 docket.

17 So, while the Department has no
18 objection to discussions of what was done in the
19 past, we're probably getting to the point where
20 we had hoped to avoid testimony or discussion
21 about the understanding of how the House Bill
22 applied to reconciliation for the future rate.

23 Thank you, sir.

24 CHAIRMAN GOLDNER: Attorney Kreis.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 MR. KREIS: So, I'll just move on to my
2 next question. Beyond noting that House Bill 549
3 is codified as RSA 374-F, Section 3,
4 Paragraph VI-a, Subparagraph (d), in case anybody
5 is interested in keeping score.

6 WITNESS TEBBETTS: And, Mr. Kreis, I
7 hope my memory served me well in that
8 description.

9 MR. KREIS: I believe that it did.

10 And I apologize for taxing anybody's
11 patience. But I think, you know, part of this
12 docket is the dog that isn't barking, right?
13 There's things that are not here that were in the
14 Company's original filing. And I think what we
15 need to be clear about is both what's here and
16 what's not here.

17 But, in the end, I just want the record
18 to be clear.

19 BY MR. KREIS:

20 Q Looking at Table 1 of Exhibit 7, this might be a
21 Ms. Gilbertson question, and I think, you know,
22 you covered this to some degree, I guess,
23 already. But there was a 22 percent decrease in
24 the NYMEX strip prices from September through

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 October. And I guess you've already said that.
2 That's a function of the world market in natural
3 gas. Is there anything else that you could tell
4 us about that?

5 A (Gilbertson) Well, there's a couple of things
6 that point to how pricing works in NYMEX, the
7 NYMEX benchmark price. The market looks at
8 things such as where the inventory is, the
9 storage inventory, the --

10 *[Court reporter interruption.]*

11 **CONTINUED BY THE WITNESS:**

12 A (Gilbertson) -- the underground storage inventory
13 for this country, and where it falls within the
14 five-year average.

15 And, when we put the filing together
16 initially, back in September, that average was
17 well below, rather, the storage inventory sat
18 like 12 percent below the five-year average.
19 Whereas, today, it looks like, by November 1st,
20 it should be right on target. So, production has
21 been up.

22 We had a very hot beginning of August,
23 but then things cooled down a little bit. So,
24 the power load decreased because of that. And we

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 had a -- for LNG, there was a -- there was an
2 explosion at a large LNG export facility that
3 kept gas in the country, basically. And that's
4 been off all summer long.

5 So, with production up, and inventories
6 looking pretty good for the country, whether or
7 not this LNG facility, when they come back, up
8 and running, it should be very soon, whether or
9 not that's going to put pressure on, you know,
10 supplies within the country, that remains to be
11 seen.

12 But pricing -- all price indicates that
13 the country is solid, as far as the storage is,
14 and I have a data request on that as well, that
15 showed a chart of where we were in September,
16 when we first put together the filing, and where
17 we are today with national storage inventories.

18 BY MR. KREIS:

19 Q Has the Company considered doing anything that
20 would reduce its exposure to wholesale supply
21 price volatility?

22 A (Gilbertson) Yes. The Company does quite a few
23 things to reduce the price volatility. Well,
24 first of all, we send out RFPs for asset

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 management agreements, which the winning bidder
2 will give us a guaranteed payment every month
3 throughout the term, which comes right off our
4 bottom line. We release our capacity to them, in
5 exchange for an agreement that they will give us
6 supply, and they pay us for that capacity. So,
7 that nets right off the bottom line. It's a
8 credit to us.

9 And, of course, we issue RFPs to get
10 the best possible price. We choose the lowest
11 cost supply of a conforming bid.

12 And does that answer your question?

13 Q Yes. And, just in case it isn't obvious, you do
14 those things during both the winter and the
15 summer periods?

16 A (Gilbertson) Yes, we do.

17 Q Have you looked at the volatility of wholesale
18 gas prices over the next year and beyond? And do
19 you have any plans to adjust your procurement
20 strategy going forward, in light of what you
21 don't predict the future to be?

22 A (Gilbertson) Well, we looked at just this winter
23 and summer for this docket. There is an IRP, a
24 Least Cost IRP, that I believe we filed. And

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 that talks more about the future, the five-year
2 plan.

3 But, as far as this winter is
4 concerned, and next summer, we did change our
5 strategy a bit. We don't have the physical hedge
6 basis deal, because, as I said, it was extremely
7 expensive. And we found other opportunities to
8 change things up a little bit. This has been a
9 unique planning season, given the prices and
10 what's going on politically. And we've got --
11 obviously, this has been difficult. It's been a
12 long planning season, and not just for us, but
13 for all other LDCs as well.

14 We are baseloading LNG for the first
15 time. We've never done that before. But LNG is
16 cheaper than Zone 6 baseload, basis deals that we
17 were getting. So, we have strategized to change
18 how we are dispatching for this upcoming winter,
19 given that prices at Zone 6 are so high.

20 Q And, so, given what you just described, the
21 Company does, in fact, have the supplies that it
22 needs to meet demand during December, January,
23 and February?

24 A (Gilbertson) Yes, it does.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q Okay. Looking at the Fixed Price Option, and, in
2 particular, there's, you know, Table 2 of
3 Exhibit 7, which is on Bates Page 2 of that
4 exhibit. First of all, the residential customers
5 who enroll in the Fixed Price Option will now pay
6 more than their -- than other customers who
7 aren't paying the Fixed Price Option. That's
8 true, correct?

9 A (Tebbetts) If you look at the rate that we're
10 requesting for November 1st, that is correct. If
11 I do -- if I do the quick math, at the 125
12 percent for the max trigger filing, customers can
13 pay up to \$1.78. So, in the event that we meet
14 our max over the winter, customers on the fixed
15 price will actually pay 3 cents less per therm
16 over that period.

17 Q And what is the purpose of offering customers an
18 option like that?

19 A (Tebbetts) I think, as Mr. Sheehan noted in his
20 opening -- or, the information he provided in the
21 beginning of this hearing, some customers do like
22 to have an idea of their price. They don't want
23 volatility. And they do pay attention to their
24 usage. And, so, they have an idea of how much

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 they use every month, and they can have a
2 calculation of how much their bill could be,
3 based on prior year's usage. And, so, it is like
4 a "budget billing" opportunity for these
5 customers, especially in a market that is
6 volatile.

7 Q And you would agree with me that, with respect to
8 that budget billing, to the extent that the Fixed
9 Price Option customers come out ahead of the
10 non-Fixed Price Option customers, it's really all
11 customers that end up making up the difference,
12 because of the way this is all trued up at the
13 end?

14 A (Tebbetts) Yes, that's correct. In fact, in the
15 order that changed the one-cent increase for the
16 Fixed Price Option to two cents, back in, I want
17 to say, 2005, provided that any collection
18 through the Fixed Price Option that is greater
19 than the pricing paid by customers who do not
20 choose it, go back to reconcile the costs, so
21 that all customers benefit, on the fact that the
22 other customers paid more during that period.

23 Q What percentage of customers have accepted the
24 Fixed Price Option to date?

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 A (Tebbetts) I don't have the exact to-date, as of
2 today. But approximately 10 percent, which is,
3 for EnergyNorth, about 10,000 customers, 9,500 to
4 10,000 customers.

5 Q Do you happen to know the figure for Keene
6 customers?

7 A (Tebbetts) Last I recall, it was about 156
8 customers. But that number is old, maybe a week
9 or two old. So, it could be more by now.

10 Q And are all those customers on notice that that
11 rate is subject to approval of the PUC, and,
12 therefore, might not be approved?

13 A (Tebbetts) Yes. The letter that we send out
14 provides that "This is subject to Public
15 Utilities Commission approval."

16 MR. KREIS: I think those are all the
17 questions I have, Mr. Chairman.

18 CHAIRMAN GOLDNER: Okay. Thank you,
19 Attorney Kreis.

20 Attorney Schwarzer.

21 MS. SCHWARZER: Thank you, Mr.
22 Chairman.

23 BY MS. SCHWARZER:

24 Q I'll start with a question for Ms. Casey, with

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 regard to what was filed in the initial
2 application. I believe you've agreed that gas
3 holder costs have been carved out of this docket
4 for consideration or approval at this time?

5 A (Casey) Yes.

6 Q And part of what the Company filed was a contract
7 between Liberty and the Preservation Society of
8 New Hampshire. Would it be your understanding
9 that any review or consideration of that contract
10 has also been carved out?

11 A (Casey) Yes.

12 Q Thank you.

13 A (Casey) Thank you.

14 Q Ms. Tebbetts, we were just talking about the
15 Fixed Price Option. So, I'm going to ask you a
16 couple of questions about that. Liberty
17 responded to a Data Request Set 2-7 on the FPO
18 Program, is that correct?

19 A (Tebbetts) Yes.

20 Q And that's been marked as the Department's
21 "Exhibit 16"?

22 A (Tebbetts) Yes.

23 Q And does that include a copy of the letter that
24 Liberty sent to all customers in the EnergyNorth

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 service area about the FPO project -- FPO option?

2 A (Tebbetts) Yes.

3 Q And, if I could direct your attention to Bates
4 Number 003, can you please indicate where the
5 Company informed the customer that review -- that
6 the price was subject to approval by the PUC?

7 A (Tebbetts) I need to read it. Give me one moment
8 please.

9 Q Sure. And I'd be happy to direct you to the
10 paragraph with the bold heading --

11 A (Tebbetts) Uh-huh.

12 Q -- "What is the "Fixed Price" for the 2022-2023
13 heating season?"

14 A (Tebbetts) Yes, I see that here. And, so, even
15 though we have submitted the filing, "these rates
16 are not guaranteed until we receive a decision",
17 and "a decision is expected prior to
18 November 1st."

19 Q I believe you recently commented that the Fixed
20 Price Option is supposed to be two cents more
21 than the rate offered the non-fixed price
22 customers, is that correct?

23 A (Tebbetts) Yes.

24 Q And, if I could direct your attention to your

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 record response, response to the Commission's
2 October 21st record request, Request Number 3, if
3 you were to use your Exhibit 7, and include the
4 FPO rate in that chart, can you say what the
5 figures would be?

6 A (Tebbetts) Yes. Give me a moment. I'm not on
7 the service list. And, so, I have to use my
8 phone to look at the record requests, because I
9 didn't have them. But I do believe that the
10 number that we provided --

11 Q Take your time.

12 *[Atty. Sheehan showing document to*
13 *Witness Tebbetts.]*

14 **BY THE WITNESS:**

15 A (Tebbetts) So, the number that we filed for
16 Residential customers was \$1.43. And, so, if we
17 were to -- well, let me -- what I'd like to do is
18 be really clear about this. We made an update on
19 October 7th. We have to mail the letters out
20 weeks, many weeks, actually, six weeks before we
21 can accept them back and get a decision. We need
22 a lot of time. So, we made a filing on September
23 2nd, and that price was \$1.73. And, as required,
24 we added two cents to the \$1.73.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 So, there is no way for us, on
2 October 7th, to file \$1.43 plus two cents, which
3 is \$1.45, and then be able to get letters out,
4 get them returned, and get rates implemented for
5 November 1st.

6 So, I just want to be clear that that
7 rate would be \$1.45, but the timing would not
8 allow us to reissue these letters.

9 BY MS. SCHWARZER:

10 Q Ms. Tebbetts, last year, when the Department --
11 when the Commission directed the Company to
12 change the FPO rate, to increase it because of
13 price volatility, the Company managed to
14 communicate that to the people who were enrolled,
15 correct?

16 A (Tebbetts) After the order was issued.

17 Q Okay. So, it's possible? Or, perhaps you're
18 just telling me it can't happen before
19 November 1st?

20 A (Tebbetts) That's correct. It is possible, if
21 the Commission orders us to make a change to the
22 FPO letter, that we can do that. It will take, I
23 believe I responded to this in a data request,
24 three to four weeks to get the letters completed

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 and mailed out. There's actually a paper
2 shortage that we found out from FiServ, in the
3 Company that sends out the letters. So, that's
4 an issue.

5 And, so, yes, it's possible. But it
6 would not have been possible to do that, number
7 one, by October 7th, and, number two, you know, I
8 don't know that we would even have the authority
9 to re-mail everything and offer customers a
10 different rate based on the updated filing
11 either. I don't know the answer to that.

12 Q Did you have the authority last year, based on
13 the Commission's order that you do so?

14 A (Tebbetts) Yes. There was a Commission order
15 that ordered us to do that. We did not have a
16 Commission order to re-mail this year.

17 Q Well, there's always the possibility that the
18 Commission could create such an order, correct,
19 to direct the Company to follow the requirement
20 that the rate be two cents above the rate set for
21 the non-FPO?

22 A (Tebbetts) Yes. I believe I already said that.

23 Q Okay. And, if the FPO rate were not adjusted,
24 then the FPO customers would be continuing to pay

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 the monies that were carved out explicitly by
2 Commission order, is that correct?

3 A (Tebbetts) They would continue to pay that rate.
4 But, as I noted with my discussion with Mr.
5 Kreis, they actually may benefit if we meet our
6 25 percent max on the \$1.43, because that rate
7 would become \$1.78 per therm.

8 Q So, they benefit by three cents?

9 A (Tebbetts) That's correct.

10 Q And, if you adjusted the FPO rate, so that it
11 were only two cents above the rate being offered,
12 what would they benefit by were the non-FPO rate
13 increased to the maximum?

14 A (Tebbetts) They actually would only benefit in
15 this period of the difference of that, which is
16 32 cents. Because whatever under-collection we
17 received, based on the fact that these customers
18 took the FPO, they would then pay that next year,
19 when we reconcile all of our costs.

20 Q But it wouldn't just be the FPO customers paying
21 it, correct? It would be everybody paying it?

22 A (Tebbetts) Well, the whole purpose of us being
23 able to increase to 25 percent above the rate is
24 to reduce that under-collection as much as

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 possible. And, so, those customers this year
2 that paid the \$1.45 would then -- I don't know
3 what their rate would be next year when we
4 reconcile, but they would end up paying that
5 amount that they hadn't paid this past winter --
6 this winter.

7 Q But, Ms. Tebbetts, I guess I'm asking you to
8 isolate the FPO customers and what that program,
9 which is recorded in the tariff, is supposed to
10 do, from whatever over- or under-collection
11 procedures are generally applied to all
12 customers. So, if we could just focus on the FPO
13 customers, if the Company were to adjust the
14 initial rate for the FPO customers to \$1.45, and
15 the Company had to raise the non-FPO rates
16 25 percent, then the FPO customers would be
17 paying 32 cents less per therm, correct?

18 A (Tebbetts) Only for the winter period. I know
19 you say "isolate", but it's not in isolation.
20 Because whatever we don't collect in this Winter
21 Period, we will request to collect in the next
22 winter period.

23 Q Yes. But not just from the FPO customers?

24 A (Tebbetts) That's correct.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q It would be also from the non-FPO customers?

2 A (Tebbetts) Yes.

3 Q So, the FPO customers would benefit, if you reach
4 the maximum rate, at 32 cents per therm?

5 A (Tebbetts) They would benefit this winter only,
6 yes.

7 Q And the Company has asked for a "five business
8 days period", in the event that the rate changes
9 for customers to change their minds?

10 A (Tebbetts) I trust that we sent that in in a data
11 response somewhere, I just don't recall.

12 Q Okay. Well, if the Department were to suggest
13 that ten business days is a more reasonable
14 period of time for customers to either receive
15 snail mail or, if the Company has an email, to
16 receive an email notice, would the Company be
17 amenable to that?

18 A (Tebbetts) I can't answer that now, because I'd
19 have to go back to our Customer Service group.
20 And I would appreciate more time. I'm not
21 suggesting we don't appreciate more time.

22 Q Okay.

23 A (Tebbetts) I'm just telling you I can't say "yes"
24 or "no", I would obviously appreciate more time,

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 though.

2 MS. SCHWARZER: Well, could -- I guess,
3 given where we are with the hearing, could the
4 Commission make that a record request? Because
5 the Department does recommend ten business days,
6 in the event that the FPO rate is adjusted to be
7 consistent with past practice and the tariff.

8 CMSR. SIMPSON: And can -- Attorney
9 Schwarzer, would you elaborate on how the
10 Department came to the "ten-day notification
11 period" please?

12 MS. SCHWARZER: Can I -- could I just
13 have one moment?

14 CMSR. SIMPSON: Please.

15 *[Atty. Schwarzer and Dir. Arif*
16 *conferring.]*

17 MS. SCHWARZER: Just as an offer of
18 proof, our Gas Director spoke with the Director
19 of Consumer Affairs Division. And the concern is
20 that, even if Liberty puts a date on the offer,
21 Liberty has no control over mail. They can't
22 predict how long it would take to get to certain
23 people. And, so, the five business days is --
24 there's a concern that, by the time it was

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 processed and mailed, someone might have minus
2 one day to decide, or six hours, or even some
3 period that is just not sufficient to predict
4 that mail would be opened and read.

5 Our Consumer Affairs Director also
6 recommended that the Company consider email for
7 those customers that have it. Because,
8 obviously, that's a more prompt opportunity.
9 But, understandably, that doesn't exist for all
10 customers.

11 And, certainly, anyone can inquire of
12 the Gas Director, when he testifies.

13 CMSR. SIMPSON: Thank you.

14 MS. SCHWARZER: Certainly.

15 BY MS. SCHWARZER:

16 Q And last question about the Fixed Price Offer.
17 Ms. Tebbetts, Liberty has considered eliminating
18 the FPO, is that correct?

19 A (Tebbetts) We have listened to different parties
20 and different discussions over the past, I guess,
21 twelve to thirteen months, about concerns with
22 the FPO, especially with what happened last year.
23 And, so, we have not taken the stance that we
24 think we should eliminate it. We are open to

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 listening more to what folks have to say. And,
2 if the Commission orders us to eliminate it, we
3 will. But our tariff provides that we offer it
4 to our customers. And, so, we will continue to
5 offer it through our tariff.

6 Q And your customers -- some of your customers
7 strongly wish to keep that, correct?

8 A (Tebbetts) Yes, I have not heard specifically.
9 But, anecdotally, I do believe that they
10 appreciate having the opportunity.

11 Q And how would you distinguish between the FPO
12 Program and the budget offer, the Budget Program?

13 A (Tebbetts) So, the Budget Program is for the full
14 year. And it would take their bill over the
15 course of twelve months, and divide it by twelve.

16 Instead, the FPO rate is just for the
17 winter period. And it's only for the cost of gas
18 portion of their bill.

19 Q And the FPO rate is also fixed, correct?

20 A (Tebbetts) Yes.

21 Q The Budget Program is not fixed?

22 A (Tebbetts) I'm not familiar enough with how our
23 budget billing works to say "yes" or "no" to
24 that. But I do know that there is a calculation

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 done, where customers have an idea of how much
2 they're paying each month through the year.

3 Q I'm sorry, the rate, the cost of gas in the
4 Budget Program is not a fixed cost of gas rate?

5 A (Tebbetts) Again, I am not positive of the
6 calculation of how the budget billing works. But
7 my understanding is we take a determination of
8 the total bill for twelve months, divide it by
9 twelve, and that's what customers pay. And, at
10 the end of a 12-month period, I don't know if
11 it's reconciled somehow with the customer, but
12 there is an adjustment done to that. And, in the
13 event, that they overpaid, I would assume they
14 get a credit on their bill. If they underpaid,
15 we would adjust somehow.

16 But their monthly payment is adjusted
17 such that they are paying, I believe, in the
18 wintertime, it's the same all winter, if it's not
19 all year.

20 Q But, I'm sorry, whether or not they make the same
21 payment on their bill, they are paying based upon
22 non-fixed price rates, is that correct?

23 A (Tebbetts) No. They're not paying a non-fixed
24 price. Again, the budget billing only deals with

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 what their total bill is. It's not dealing with
2 what the rate is that they're paying each month.

3 Q Ms. Tebbetts, I'm just trying to clarify. There
4 is no special cost of gas rate established at the
5 Commission for those customers who wish to enroll
6 in the Budget Program, correct?

7 A (Tebbetts) That's correct. There is no
8 special -- they are not offered a special rate.
9 We are just looking at their total bill for
10 twelve months.

11 Q Okay. Thank you. I think this question is for
12 Ms. Gilbertson.

13 But, just to clarify for the record,
14 for the first time this year, we've seen
15 references, or at least I have seen references to
16 a "peak period" and a "non-peak period". And
17 those correspond to the winter and summer period,
18 is that correct?

19 A (Gilbertson) Yes.

20 Q Ms. Gilbertson, could you discuss the Company's
21 decisions with regard to buying LNG and propane?
22 As a hedging mechanism?

23 A (Gilbertson) Well, okay. The Company has three
24 LNG facilities, located in Concord, Tilton, and

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Manchester. And, operationally, the LNG can
2 vaporize about 22,000 a day. But, for storage,
3 it can only store about 12,600. So, in order to
4 vaporize fully, we need trucking to come in and
5 replace what's been vaporized.

6 For the propane, we have three
7 facilities, located in Nashua, Manchester, and
8 Tilton. And we also have a facility in Amherst
9 that serves as just a storage facility, that does
10 not vaporize, but it serves to just store
11 product. The propane can vaporize up to 26 -- up
12 to 26,000 decatherms, but it can store much more
13 than that. So, the propane has much more storage
14 capacity than the LNG does.

15 Am I going off in a wrong direction
16 here?

17 Q No, that's fine. Just in terms of cost this
18 year, which is the least expensive, propane or
19 LNG?

20 A (Gilbertson) At this moment, propane appears to
21 be the least expensive than LNG.

22 Q And can you discuss the choices that the Company
23 made with regard to purchasing propane this year,
24 as opposed to contracting for LNG?

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 A (Gilbertson) The Company is contracting for both,
2 to refill both, as they always do. The
3 difference this year, with LNG, is that the
4 Company is employing a different strategy with
5 LNG, than it did in previous years, to combat the
6 prices at Zone 6. So, the Company is planning
7 to, for December, January, and February, baseload
8 5,000 a day of LNG, rather than just using it as
9 needed, because LNG is cheaper than Zone 6.

10 So, that's the first time the Company
11 has done this. And it seems like a reasonable
12 hedge against the volatility in the prices at
13 Zone 6.

14 For propane, the Company will use
15 propane, as it always has, which is when the --
16 it meets the qualifications of propane in the
17 distribution system, and that's measured by the
18 flow. You can't just put propane into the
19 system. It has to have a certain mixture, and it
20 has to be a certain flow rate before propane can
21 be introduced to the system. So, therefore, you
22 can't treat propane the same way you treat LNG.

23 Q And you provided that -- some of those details
24 and more details in your answer to DOE 2-5, which

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 has been marked the Department's "Exhibit 14", is
2 that correct?

3 A (Gilbertson) Yes.

4 Q I'm not sure who to ask about the Gas Assistance
5 Program?

6 A (Tebbetts) I could take that.

7 Q Okay. Thank you. I'll direct your attention to
8 DOE Exhibit 12, which is the Company's response
9 to Data Request 1-6. Can you just briefly
10 describe what the GAP program is? And what the
11 LDAC charge is for the GAP program this year
12 proposed?

13 A (Tebbetts) Yes. So, in general, the GAP program
14 is a low-income assistance program. We have a
15 dedicated rate to those customers, our Rate R-4
16 and R-7. And it provides that, in the winter
17 months, customers pay a lower customer charge
18 than the equivalent R-3 and R-5 -- and R-6,
19 actually. And that they also pay a lower cost of
20 gas rate in the winter, as compared to the R-3
21 rate.

22 Q And could you, in Exhibit 7, could you point me
23 to the GAP component of the LDAC, what that
24 dollars or cents per therm is proposed to be?

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 A (Tebbetts) I need to get there. I apologize.
2 You're asking me what the rates are for those
3 customers?

4 Q Nope. Thinking about constructing the LDAC, I'm
5 asking you for the GAP rate.

6 A (Tebbetts) Oh.

7 Q How many cents the Company is proposing to
8 include in the LDAC for the proposed winter
9 period, or year period, it's just the annual
10 LDAC?

11 A (Tebbetts) Okay. I just need to open it up.
12 I've got it here.

13 Q Sure. Please, take your time.

14 A (Tebbetts) The Gas Assistance Program is \$0.0203
15 per therm.

16 Q And what page would I find that?

17 A (Tebbetts) That is Bates Page -- whoops. Hold
18 on. Oh, gosh. It's skipping around on me. I'm
19 sorry.

20 Q Bless you.

21 A (Tebbetts) Thank you. I think it's Bates Page 2,
22 but I can't get my screen to show me that.

23 CMSR. SIMPSON: I'm sorry, which
24 exhibit are we on?

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 MS. SCHWARZER: I thought we were in
2 Exhibit 7.

3 WITNESS TEBBETTS: Oh.

4 MS. SCHWARZER: But I don't see it at
5 Bates Page 2.

6 WITNESS TEBBETTS: Exhibit 7 is the
7 cost of gas. I have the --

8 MS. SCHWARZER: I'm sorry, I thought
9 Exhibit 7 updated both the cost of gas and the
10 LDAC?

11 WITNESS TEBBETTS: Okay. It very well
12 may have. Maybe my -- give me one moment please.

13 MS. SCHWARZER: Absolutely. Please,
14 take your time.

15 *[Atty. Sheehan bringing up his laptop*
16 *for Witness Tebbetts, and conferring*
17 *with Witness Tebbetts as well.]*

18 WITNESS TEBBETTS: My apologies. I
19 was -- I guess I didn't realize that we combined
20 the LDAC schedules in with the cost of gas
21 schedules. So, if you look at Bates Page 146, in
22 Exhibit 7, you will see that rate, under
23 Column (K).

24 BY MS. SCHWARZER:

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q I do see it. Thank you. Can you tell me what
2 you predict as the number of therm sales for
3 EnergyNorth and Liberty-Keene for the gross -- to
4 predict gross revenue?

5 A (Tebbetts) I believe we have -- sorry, I just
6 want to make sure I reference it for you guys.
7 If you look at Schedule 3, which I think it's on
8 multiple schedules, but this is the easiest one
9 and it's the quickest, I think, to get to, it's
10 on Bates Page 149. Excuse me, we have
11 "186,338,561 therms", to be estimated over the
12 twelve months.

13 Q I'm sorry, I'm trying to catch up with you. And
14 my -- it's double-sided here. So, --

15 A (Tebbetts) So, Bates 146 had the rate.

16 Q Yes.

17 A (Tebbetts) And you just get to 149, that's the
18 same therms that we would use.

19 Q Okay. So, can you, for me, tell me what you
20 expect the gross revenue to be for this period,
21 for LDAC purposes?

22 A (Tebbetts) For the total LDAC or for GAP?

23 Q What I'm looking for is the percentage that the
24 GAP number would represent, as compared to gross

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 revenue.

2 A (Tebbetts) Okay. So, you want me to multiply the
3 total LDAC rate, times therms, and then carve out
4 what amount that is for the GAP rate?

5 Q No, actually, it's not just the LDAC rate. I
6 wonder what gross -- what Liberty's predictions
7 are for gross revenue for EnergyNorth?

8 A (Tebbetts) I don't have that information. That's
9 including distribution, and all of the other
10 components. I don't have that number.

11 Q Are you aware of Order 26,662, from August 4th,
12 2020 -- excuse me -- August 4th, 2022, regarding
13 the Gas Assistance Program for the Winter
14 2022-2023 period?

15 A (Tebbetts) I am somewhat familiar with it.

16 Q And do you believe that the GAP rate that the
17 Company has set is consistent with that order?

18 A (Tebbetts) I'd have to review that order before I
19 can answer that. I honestly don't know off the
20 top of my head.

21 Q Can I direct you to DOE Exhibit 12?

22 A (Tebbetts) Yes. I'm in Exhibit 12.

23 Q Could you please look at -- I'll direct you to
24 the question. "(a) How will Liberty manage the

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 GAP program so as not to exceed the LDAC
2 thresholds the Commission has identified for the
3 Winter 2022-2023?"

4 A (Tebbetts) What Bates page is that?

5 Q That's Bates Page 008 of Exhibit 12. I guess I
6 can read the Company's response and ask the panel
7 if they agree.

8 A (Tebbetts) I have it. Just give me one moment to
9 please look at it.

10 *[Short pause.]*

11 WITNESS TEBBETTS: Okay. So, go ahead
12 with your question again. I'm sorry.

13 BY MS. SCHWARZER:

14 Q Well, just for the record, I'm just going to read
15 the answer in and ask you if you agree with it.

16 The Company's answer is that "The GAP
17 is designed to recover the discount offered to
18 our GAP customers. This discount of 45 percent
19 is mandated by the Settlement Agreement approved
20 in Order Number 26,397 (August 27, 2020) in
21 Docket Number DG 20-013. In Order Number 26,662,
22 from August 4th, 2022, in its current design for
23 the 2022-2023 winter period" -- excuse me, I
24 skipped a line -- picking up from "(August 4th,

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 2022) in Docket Number DG 20-013, the Commission
2 ordered, "that the GAP program will continue in
3 its current design for the 2022-2023 winter
4 period." Based on Order Number 26,662, the
5 Company will not be making changes for the
6 2022-2023 winter period and thus will exceed the
7 one percent threshold. The Company will work
8 over this period to create a recommendation for
9 program changes for the winter of 2023 to 2024,
10 which is due to the Commission on May 31st,
11 2023."

12 Did I read that correctly?

13 A (Tebbetts) Yes.

14 Q And is that the Company's position at this time?

15 A (Tebbetts) Yes.

16 Q Thank you. I want to direct the -- I guess it's
17 Ms. Tebbetts' attention to Exhibit 7, Bates
18 Page 009.

19 A (Tebbetts) I'm there.

20 Q It appears on this page that the LDAC rate
21 proposed for the November 1, 2022 through
22 April 30th, 2023 Winter Period is "0.1065"?

23 A (Tebbetts) Yes, I see that here.

24 Q And that is inconsistent with the record request

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 response filed with the Commission yesterday, is
2 that correct?

3 A (Tebbetts) That is correct. That is a typo in
4 this. There's a typo in here. And let's see.
5 That's a typo. And it's also a typo for the
6 Commercial customers. That should be "0.1110"
7 and "0.0888".

8 Q Do you know where else that error might appear in
9 this exhibit?

10 A (Tebbetts) I don't. These numbers are manually
11 typed into the schedule. So, I can only search
12 for it. This is not a schedule linked to
13 anything.

14 Q Do the maximum rates that would be consistent
15 with the 25 percent ceiling appear in your
16 Exhibit 7?

17 A (Tebbetts) I need to check. I don't think it
18 does. I don't believe that the maximum rates
19 appear anywhere on our schedule. They just know
20 -- just the order provides -- the previous order
21 provided we could increase it up to an additional
22 25 percent.

23 Q And, looking at the Company's response to Record
24 Request 3 of 4, is there any place that the cost

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 of gas and LDAC rates -- well, let me strike
2 that.

3 Record Request 3 of 4 does not add the
4 minimum cost of gas rate and the proposed LDAC,
5 is that correct?

6 A (Tebbetts) No, it does not. The request was to
7 provide what the actual rates would be, and then
8 the max rates, and the LDAC was separate.

9 Q But, to get, basically, the cost of gas and LDAC
10 in combination, which is how they have been often
11 done in the past, you just add the proposed LDAC
12 to the proposed cost of gas, correct?

13 A (Tebbetts) Well, no, we don't add the cost of gas
14 to it. These are separately billed items on the
15 bill.

16 Q I guess, if you were, for comparison purposes,
17 looking at the cost of gas and the LDAC, you
18 might combine them. Do you know where those
19 numbers -- in your Exhibit 7 filing, do you know
20 if the bill impacts include the correct LDAC or
21 the incorrect LDAC? Could we do a quick check?

22 A (Tebbetts) Yup. I just need to get there.
23 Excuse me.

24 CHAIRMAN GOLDNER: Just jumping in real

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 quick, we probably need to take a break for the
2 stenographer soon. Is this a -- was there maybe
3 a few, maybe five or ten more minutes, Attorney
4 Schwarzer, or would it be good to take a break
5 now?

6 MS. SCHWARZER: We can certainly take a
7 break now. I don't expect many more questions,
8 Mr. Chairman. But certainly happy to take a
9 break.

10 CMSR. SIMPSON: Probably a good time,
11 because this is an important clarification.

12 **BY THE WITNESS:**

13 A (Tebbetts) I do have an answer. If you look at
14 Bates Page 060, the correct --

15 CMSR. SIMPSON: Which exhibit?

16 WITNESS TEBBETTS: I apologize.
17 Exhibit 7.

18 **CONTINUED BY THE WITNESS:**

19 A (Tebbetts) The correct LDAC rates are in there;
20 the "0.1110" for Residential customers, and the
21 "0.0888" for Commercial customers.

22 BY MS. SCHWARZER:

23 Q But, at this time, Ms. Tebbetts, you can't
24 predict, on a page-to-page basis, can you, which

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 numbers are correct and which are incorrect?

2 A (Tebbetts) I mean, I can sit here and search for
3 "843" and "1065". But, in a quick search I just
4 did, it was only those tariff pages. As I noted,
5 they're hand-entered, that had those errors.
6 Which we will need to file compliance pages
7 anyways, once we receive an order approving
8 rates.

9 CMSR. SIMPSON: Could you just
10 reidentify which exhibit and page number that's
11 on where the error is present please?

12 WITNESS TEBBETTS: Yes. One moment.
13 It shows up originally -- or, initially, on
14 Bates 009 --

15 CMSR. SIMPSON: Exhibit?

16 WITNESS TEBBETTS: Seven. Bates 009,
17 Bates 010, Bates 009 and 010. Those are the two
18 pages I do believe that they show up.

19 CMSR. SIMPSON: Okay. Thank you.

20 MS. SCHWARZER: And, if I might, before
21 the break?

22 BY MS. SCHWARZER:

23 Q Ms. Tebbetts, on Page 60 and 61, where you said
24 the correct LDAC appears for Residential. Can

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 you point out to me pages where the correct
2 Commercial rate appears?

3 A (Tebbetts) Let's see.

4 Q Might it be Bates 063?

5 A (Tebbetts) Yes. Bates 063 is where you can find
6 the correct Commercial rate, Line 25.

7 Q And that is distinct from the LDAC rate for G-41,
8 Line 53, that's "0.0831"?

9 A (Tebbetts) Actually, that's the 2021 rate.

10 MS. SCHWARZER: Great. Thank you.

11 If we want to take a break now,
12 Commission, Mr. Chairman, that makes sense.
13 Thank you very much.

14 CHAIRMAN GOLDNER: Okay. Very good.
15 Let's take a ten-minute break, and return at five
16 of the hour. Thank you.

17 *(Recess taken at 10:44 a.m., and the*
18 *hearing resumed at 11:01 a.m.)*

19 CHAIRMAN GOLDNER: Okay. We'll go back
20 on the record, and resume cross with Attorney
21 Schwarzer.

22 MS. SCHWARZER: Thank you, Mr.
23 Chairman.

24 BY MS. SCHWARZER:

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q Before I forget, this is a broad question for the
2 panel. Does the Company agree that any
3 over-collection associated with the Energy
4 Efficiency Charge has not been included in the
5 proposed rates?

6 A (Tebbetts) Yes.

7 Q Thank you.

8 CHAIRMAN GOLDNER: I'm sorry, Attorney
9 Schwarzer, I was falling behind. Could you
10 repeat your question please?

11 MS. SCHWARZER: Certainly.

12 BY MS. SCHWARZER:

13 Q Does the Company panel, anyone on the Company
14 panel, agree that any over-collection associated
15 with the Energy Efficiency Charge has not been
16 included in the proposed rates?

17 A (Tebbetts) Yes. And, actually, to be more clear,
18 no reconciliation has been included, whether it's
19 an over-collection or under-collection, in the
20 Energy Efficiency rate.

21 Q Well, in point of fact, in your testimony you
22 identified an "over-collection", is that correct?

23 A (Tebbetts) I identified it, but it is not
24 included in the rate.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q Thank you. I want to ask about another question
2 about rates. And I'm going to direct the panel's
3 attention to what's been marked DOE "Exhibit 11",
4 Bates Page 100, which is the Company's response
5 to Technical Session Data Request 1-9. And, in
6 that response, the question was, if the PUC were
7 to carve out the RDAF matter and the Gas Holder
8 matter, if it were subsequently included, what
9 would be the cost, per therm cost of including
10 it, putting it back in?

11 And the Company's response was "The
12 LDAC rate for the RDAF component would increase
13 by 0.0423 per therm for residential and 0.0055
14 per therm for commercial." And the Gas Holder
15 rate was "0.0004 per therm" for either category.
16 Correct?

17 A (Tebbetts) Yes.

18 Q Okay. Thank you. And then, I'm looking at the
19 LDAC rate initially proposed on September 1st.
20 And my records show that, for residential, that
21 was "0.1508". Do you agree?

22 A (Tebbetts) I need to get there. So, the total I
23 see here in that filing is "0.1508", for
24 residential customers.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q And for -- can you say what Bates Page you're on?

2 A (Tebbetts) I believe it's 014.

3 Q And, for the commercial and industrial, the
4 initially proposed -- the LDAC proposed September
5 1, in that supplement, was "0.0915", is that
6 correct?

7 A (Tebbetts) Yes.

8 Q And is that the same Bates page?

9 A (Tebbetts) Yes.

10 Q So, when I look at the initially proposed rates,
11 and then the record request LDAC identified, I
12 see a residential LDAC of "0.1110" and a
13 commercial and industrial LDAC of "0.0888".
14 Agreed?

15 A (Tebbetts) Yes.

16 Q And, for residential, if I subtract the initially
17 proposed LDAC from the revised LDAC, I get a
18 difference of 0.0398?

19 A (Tebbetts) I'm sorry, can you say that again?

20 Q Sure. If I subtract the revised LDAC from the
21 initial one, so, 0.1508, minus 0.1110, the answer
22 to that is 0.0398?

23 A (Tebbetts) Yes.

24 Q And then, the same thing for the commercial,

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 0.0915, minus 0.0888, is 0.0027?

2 A (Tebbetts) Yes.

3 Q When I compare those numbers, to the response
4 given in Exhibit 11, Bates 100, the
5 Department's [Company's?] response to TS 1-9, I'm
6 stumped, because the only thing I'm aware of the
7 carve-out shows that, for residential, the
8 carve-out would be 0.0423, which is different,
9 significantly different from 0.0398. It's a
10 difference of about 0.0025 per therm. Can you
11 explain that?

12 A (Tebbetts) I am happy to compare both of those
13 filings. Let me get to Bates -- I'm trying to
14 remember what Bates page we have that on, I think
15 it was 146.

16 Q I'm sorry, --

17 A (Tebbetts) So, Bates Page 146, in Exhibit 7, as
18 compared to Bates Page 014, in Exhibit 3, --

19 Q I'm sorry, Bates Page 014, in Exhibit 3? Okay.

20 A (Tebbetts) In Exhibit 3. Those aren't the only
21 two components that changed. So, you need to go
22 through every component and look and see what
23 changed. And, if you want me to, I will, but
24 that's part of the issue. There were changes to

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 this, that are not just affecting the RDAF.

2 Q And are those changes reflected in your comments
3 on Page 1 of Exhibit 7, which would be, excuse
4 me, I'll turn it around, to Page 2 of Exhibit 7,
5 changes to the PTAM and the RCEF?

6 A (Tebbetts) Yes. So, we took out the Gas Holder,
7 we took out the RDAF. We changed the PTAM, we
8 changed the RCEF, and the GAP rate also changed
9 by 0.0001.

10 Q So, as you were speaking, I'm just making a note,
11 0.0001. And, if I can quickly add the rates that
12 you mentioned, that may explain the differential
13 for residential. Oops, my computer just did a
14 strange thing. Hmm. When I added up the numbers
15 that you gave me, and that are included on
16 Exhibit 7, Page 2, for the PTAM, the RCEF, and
17 the GAP, I got 0.0175. And I guess, if I add
18 that to 0.0398, I get 0.0573. Hmm.

19 A (Tebbetts) So, in Exhibit 7, on Page -- on Bates
20 Page 146, we do have the Energy Efficiency Charge
21 that is effective January 1 in that schedule.
22 And we don't have the Energy Efficiency Charge
23 effective November -- currently effective, still
24 effective on November 1 in there. So, --

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q Okay. Well, that brings me to a good issue to
2 clarify with the Company. Irrespective of
3 whether the -- irrespective of the fact that the
4 Company is not changing the Energy Efficiency
5 Charge, it has been included in the
6 November/December rate for the duration of the
7 LDAC annual period, correct?

8 A (Tebbetts) Correct.

9 Q Okay. Thank you. If I could direct the panel to
10 Exhibit 11 briefly, Bates Page 003? There is
11 information about FPO and non-FPO rates. And I
12 believe that contains your estimate of the number
13 of people enrolled as of the end of September, on
14 Page 2 of that answer, do you agree?

15 A (Tebbetts) "As of October 12th" it says what our
16 numbers are.

17 Q Oh, great. Yes. "October 12th".

18 A (Tebbetts) Uh-huh.

19 Q Thank you. And, Exhibit 11, Bates Page 010, the
20 Company's initial estimate of the Summer 2022
21 reconciliation under-collection was approximately
22 7 million. And, in the updated filing, the
23 Company estimated the Summer 2022
24 under-collection as approximately 11 million.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Could you please explain why?

2 A (Tebbetts) Yes. So, the information that we
3 provide in this response, information provided in
4 the September 2nd filing only included actuals
5 through July. The October 7th filing include
6 actuals for August. And the attachments that we
7 provided calculated those
8 over-/under-collections. And, so, we saw a
9 significant increase in costs in those periods.

10 Q Okay. Thank you. And, lastly, just to direct
11 your attention to Exhibit 13, a question to the
12 panel.

13 This question asked the Company to make
14 corrections to mislabels or numbers that appeared
15 incorrect with regard to the initial filing. And
16 the Company made those corrections, is that
17 right?

18 A (Tebbetts) Yes.

19 MS. SCHWARZER: The Department has no
20 further questions. Thank you.

21 CHAIRMAN GOLDNER: Thank you, Attorney
22 Schwarzer.

23 We'll move to Commissioner questions,
24 beginning with Commissioner Simpson.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 CMSR. SIMPSON: Thank you, Mr.

2 Chairman.

3 BY CMSR. SIMPSON:

4 Q So, let's stay on the under-collection issue for
5 a moment. Looking at Exhibit 7, Bates 107, so,
6 it looks like the anticipated total cost of gas
7 is just over 24 million, of which 11 million are
8 adjustments in under-collection, is that correct?

9 A (Tebbetts) Yes. Yes.

10 Q Does the Company have any thoughts on how we
11 could prevent that scale of under-collection in
12 the future, whether there's more periodic
13 adjustments to cost of gas, or something that
14 could be done to mitigate that type of impact?

15 A (Tebbetts) Well, given the volatility of the gas
16 market, the 25 percent cap being lifted would
17 require us to then provide what the costs are in
18 that period to charge customers, and not having a
19 cap would allow those under-collections to not
20 end up flowing through to the following season.

21 Q Do you think that would be a worthwhile effort to
22 pursue?

23 A (Tebbetts) As a gas customer of Liberty, yes.

24 And I only say that as a gas customer. But I do

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 think it's important that customers, and, again,
2 I'm a gas customer, so, you know, I think about
3 it as a customer and say "Do I have to pay for
4 something that happened a year ago? Like, how
5 come I have to pay for it now?" "Well, that's
6 how the process works."

7 And, so, I do think that it's a
8 significant under-collection, which means it's a
9 significant burden in the following season to
10 customers. And, if those rates are already
11 higher than anticipated, now they are also
12 getting charged for that additional
13 under-collection.

14 So, I think it's -- there's an
15 opportunity to have that explored.

16 Q And I think that's my concern. That we hope that
17 rates will stabilize and, hopefully, go down.
18 But the last season and beyond hasn't really
19 demonstrated that. And the significant
20 under-collections are exacerbating even a problem
21 of continually high prices on the supply side.

22 So, the 25 percent cap, what would be,
23 from the Company's perspective, an appropriate
24 forum to determine whether that should remain in

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 place?

2 A (Tebbetts) Well, there's always the investigative
3 docket. But, in my opinion, investigative
4 dockets take a long time. And this is an issue
5 we have to deal with today. And I don't mean
6 today, in this hearing, but today, in this
7 timeframe.

8 And, so, there's a couple ways the
9 Commission can address it. The first, the
10 quickest way is order us to not have a cap. See
11 what happens this winter. There's always that
12 chance that, you know, customers benefit by doing
13 that. The other way is to open up a new docket
14 that provides opportunities for both of the gas
15 companies in New Hampshire to an adjudicative
16 docket to look through that process and determine
17 what is the best method to have customers pay for
18 those costs within the period that they are
19 incurred. That process is what we use on the
20 energy service proceedings for electric. You
21 know, procuring gas is very different than
22 procuring electricity. But, again, you know, the
23 over-/under-collections on the electric side seem
24 to be vastly lower, because we calculate the

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 rates in a different manner.

2 Q And then, how do you square that possibility with
3 the Company's offering of, really, two options,
4 rate options for customers, the standard offering
5 and then the Fixed Price offering? Which we had,
6 you know, some good questioning about that, and
7 the impacts that that has for customers within
8 each of those options, and then customers at
9 large as well who maybe didn't select the FPO
10 option. It seems like that discrepancy, and the
11 shift that could occur, could continue to
12 exacerbate the same issue, recognizing that
13 you've testified that you have customers that
14 like that option of a fixed price?

15 A (Tebbetts) Yes. I will be the first person to
16 tell you, last winter, first time I ever signed
17 up for FPO. Didn't bother to take -- get out of
18 it, because I'm going to be fine. I got my first
19 winter bill in February, it was over \$700, and we
20 keep our house at 65. So, I did not benefit from
21 it last year.

22 And, so, you know, I don't know what
23 the answer is to the FPO issue. We do have
24 customers who like it. We do have the disparity

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 between what customers are paying that month,
2 versus what the FPO customers have contracted
3 with us.

4 I honestly don't have an answer as to
5 what is best for all customers.

6 Q Okay. Thank you. So, it sounds like the Company
7 has not embarked on the typical hedging program
8 that you had from year to year in the recent
9 past. Is that a fair perspective?

10 A (Gilbertson) We didn't secure a physical basis
11 hedge this year, because of the reasons that I
12 stated at the beginning.

13 Q Uh-huh.

14 A (Gilbertson) But, other than that, --

15 Q You tried?

16 A (Gilbertson) Oh, we tried, for sure. Other than
17 that, we do have the asset managed agreements
18 with certain suppliers. And we got a very good
19 result with that, more so than years prior.

20 Q And have you been able to quantify the benefit
21 that that program has offered or estimate the
22 benefit that that program has offered to your
23 customers historically, the hedging program?

24 A (Gilbertson) Oh, the physical hedge? We did take

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 a look at that, and, over the past five years, I
2 think the result was that it was like even. So,
3 most years it doesn't do that well. But, then,
4 when it does do well, it does very well.

5 Q Uh-huh.

6 A (Gilbertson) So, I think -- I thought we had a
7 data request, not this time, but maybe in the
8 prior docket.

9 Q Okay. You testified earlier about your LNG
10 needs, and your procurement of LNG, and how that
11 impacts vaporization on your system. Is that
12 correct?

13 A (Gilbertson) Yes.

14 Q So, you said that -- I believe you said that you
15 can "vaporize 22,000 therms per day", is that
16 correct?

17 A (Gilbertson) That is the maximum that could be
18 vaporized for LNG, yes.

19 Q And, so, that's just EnergyNorth, not Keene,
20 correct?

21 A (Gilbertson) Oh, right. That's just EnergyNorth.

22 Q Yes. And you have storage on-site, and I presume
23 that's between the three locations on your
24 system?

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 A (Gilbertson) Yes.

2 Q The 22,000?

3 A (Gilbertson) It's only 12,600 is the storage
4 capability.

5 Q Yes.

6 A (Gilbertson) With trucking, the nameplate
7 vaporization that we've always known is the
8 22,6 (22,600), with trucking.

9 Q What's a truck hold?

10 A (Gilbertson) 8,500 therms, --

11 *[Court reporter interruption.]*

12 **CONTINUED BY THE WITNESS:**

13 A (Gilbertson) -- 850 decatherms.

14 BY CMSR. SIMPSON:

15 Q So, how many trucks do you get in a day? A week?

16 A (Gilbertson) Well, it depends. But ten trucks is
17 typically the max we can take.

18 Q Per?

19 A (Gilbertson) Day.

20 Q Per day, okay. And it looks like, if I go to
21 Exhibit -- just a moment, Exhibit 5, I'm looking
22 at Bates Page 033, you have -- 032 and 033, you
23 have a resource mix and subsequent forecast
24 pricing. You had testified that propane right

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 now looks a little bit more cost advantageous
2 versus liquified natural gas, is that correct?

3 A (Gilbertson) Yes. I'm sorry, what Bates page did
4 you say?

5 Q 032 and 033 of Exhibit 5.

6 A (Gilbertson) Yes.

7 Q And that's interesting. Can you -- can you
8 describe how you inject propane into the system,
9 and the relative percentages that you're able to
10 blend with pipeline gas?

11 A (Gilbertson) At a high level, I can tell you
12 that, currently, the Company's position is that
13 nothing over 50-50, and that's given the
14 portfolio we have today, and the customers that
15 we have today. Propane is more of an art,
16 getting it right, because we have complaints by
17 customers who have high-efficiency equipment.
18 And, if we don't get the blend right, it causes a
19 lot of problems on the system. And that probably
20 is something that's going to become more
21 prevalent, as new construction, typically, they
22 install high-efficiency equipment, and that
23 includes residential. So, that could be more
24 problematic as time goes by.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q So, when you inject propane, do you inject it
2 across your system, through mobiles and different
3 delivery points?

4 A (Gilbertson) Just, well, it's on our system in
5 the three spots that we can, we got Nashua,
6 Manchester, and Tilton.

7 Q So, you do it at the location?

8 A (Gilbertson) At the plants.

9 Q At your plants?

10 A (Gilbertson) Yes.

11 Q Okay. And what are you seeing -- this seems to
12 indicate that there's pretty good stability in
13 the propane market. Is that still what you're
14 seeing relative to, like the NYMEX, for natural?

15 A (Gilbertson) Are you -- I think you're asking how
16 our response is for selling -- for buying, for
17 purchasing?

18 Q For volatility of propane, relative to natural
19 gas.

20 A (Gilbertson) Oh. Oh, okay. Well, propane is
21 also volatile.

22 Q Uh-huh.

23 A (Gilbertson) And that's gone down, along with
24 NYMEX. So, they kind of, if the market's up,

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 typically, everything's up; if the market's down,
2 typically, everything is down. But propane has
3 been surprisingly less than I would have expected
4 it to be.

5 Q Hmm. And what about volatility?

6 A (Gilbertson) There's volatility there. There's
7 volatility there as well.

8 Q Similar to gas?

9 A (Gilbertson) Yes.

10 Q I mean, just generally speaking?

11 A (Gilbertson) Yes.

12 Q Okay. And I think you -- I mean, your testimony
13 describes how the Tennessee Gas Zone 6 is one of,
14 if not the most, volatile spots for gas in the
15 country, is that correct?

16 A (Gilbertson) That is correct.

17 Q So, I look at, in this exhibit, you have a
18 Delivery Path chart on Bates 021. Do you
19 envision opportunities to further diversify from
20 that or are you constrained at every other point
21 where you -- the only opportunity for you to get
22 gas delivered to your system is through Zone 6,
23 at Dracut?

24 A (Gilbertson) So, this chart shows where we can

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 buy our gas from.

2 Q Uh-huh.

3 A (Gilbertson) And anything on the right is where
4 the citygate is, and that's all off of Tennessee.

5 Q Yes.

6 A (Gilbertson) So, if you look at the bottom, we've
7 got a 40,000 contract, a 30,000 contract, and a
8 20,000 contract. That's where we can buy gas at
9 Zone 6. That's at Dracut. The only path that
10 connects to that 90,000, if you will, is a small
11 path that goes back to Canada of 5,000. So,
12 really, 85,000 we can only buy at Dracut. We got
13 a 5,000 deal to get gas in Canada. And we're
14 seeking opportunities to get more of that same
15 path. We're in conversations with TC Energy and
16 Union Gas, which is Enbridge, --

17 Q Uh-huh.

18 A (Gilbertson) -- to see if we can get more of
19 that. Because it's very -- it's a good path, and
20 we get asset management credits when we release
21 it, that are very good for the portfolio.

22 Q Okay. Thank you. So, are you familiar with the
23 peaking supply agreement with Granite Ridge?

24 A (Gilbertson) I'm familiar with the fact that

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 National Grid had a peaking agreement with
2 Granite Ridge. But is that what you're talking
3 about?

4 Q So, I'm looking at Exhibit 11. Let me pull it
5 up. Just a moment.

6 *[Short pause.]*

7 BY CMSR. SIMPSON:

8 Q Just a moment. So, I'm looking at Bates Page 006
9 of Exhibit 11. And your supplier for the Zone 6
10 call option is Calpine?

11 A (Gilbertson) That's right. Yes.

12 Q Which I would take to be Granite Ridge?

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

14 Q Can you explain how that call option works?

15 A (Gilbertson) So, this is one of the AMAs. And
16 how it works is we put out an RFP, and we say
17 "you can take our" -- "we would release our
18 capacity in exchange for call gas on days when we
19 needed the call gas."

20 In this particular case, Calpine won.
21 It was 30,000. So, they -- and they give us a
22 fee for that. And then, during the winter
23 period, we can call on up to 30,000 decatherms,
24 at the prices that we've contracted for, any day

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 during the winter.

2 Q And, in these exhibits, can you point me to where
3 we can see the costs and/or revenues from this
4 agreement?

5 A (Gilbertson) From this agreement, it's very
6 small. But I don't have anywhere in this, I
7 don't have any exhibits that could tell you
8 exactly what that is.

9 Q Do you know what the contract rates for demand
10 and supply are?

11 A (Gilbertson) I do, but I don't -- it's
12 confidential. I don't know if I can put that on
13 the record.

14 Q Okay. If we go into confidential session, we can
15 talk about it.

16 Would the Company be able to provide
17 those agreements, contractual agreements?

18 A (Gilbertson) Definitely, yes. Yes.

19 CMSR. SIMPSON: Okay. I think that's
20 all I have at this time, Mr. Chairman. Thank
21 you.

22 CHAIRMAN GOLDNER: All right. Just a
23 few questions.

24 BY CHAIRMAN GOLDNER:

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q Does the Company look at what Unitil and others
2 are doing, and how Liberty could improve their
3 own processes? Do you have an internal look at
4 how you're doing and how you can improve
5 periodically?

6 Because your rates this cycle are
7 significantly above Unitil, and I know your
8 purchasing process is different, and storage and
9 so forth. So, I understand that there's
10 differences between the two companies, and where
11 you purchase from, and access to gas. But it's a
12 significant difference this cycle. And I didn't
13 know if there was anything that other companies
14 were doing that you could benefit from when you
15 review their processes.

16 A (Gilbertson) Unitil -- It's resources. Unitil
17 has the opportunity to purchase on three
18 different pipelines; we have one. They do the
19 same thing we do, as far as asset management
20 agreements. There's nothing that they do that we
21 could do to get our price to be the same as
22 theirs, given the assets and the resources that
23 we have.

24 Q Would you say part of the difference in this, and

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 last time, was the timing, or perhaps the propane
2 strategy? I mean, can you point to any other
3 differences, besides the three versus one
4 pipeline?

5 A (Gilbertson) That's the biggest one.

6 Q And would you say that's 80 percent of the
7 pricing difference would be the inability to --
8 the lack of access would be the bulk of the
9 issue, is what you're saying? Like, you
10 wouldn't -- the other ones you would regard as
11 small issues?

12 A (Gilbertson) More than half of our portfolio is
13 at Zone 6.

14 Q Uh-huh. And does the Company have any strategy
15 long term to deal with that issue?

16 A (Gilbertson) Just seeking more upstream
17 opportunities to get gas from Canada.

18 Q Okay.

19 A (Gilbertson) That's the only possible, viable, on
20 the table right now.

21 Q Okay. Thank you. Okay. Moving back to the FPO
22 topic, if FPO was eliminated in this cycle, in
23 this order, what would the Company communicate or
24 propose to their customers?

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 A (Tebbetts) Well, and I'm thinking off-the-cuff,
2 but I think that we would -- well, we would most
3 certainly have to notify all of our customers who
4 signed up for the FPO. We have multiple
5 opportunities to do that. So, one, we would
6 notify them through our website, if we have to
7 use social media, that's sometimes the quickest
8 way to get information to customers.

9 Q I'm sorry, Ms. Tebbetts, I was thinking more
10 along the lines, would you propose to them this
11 twelve-month program that you have? Would you --
12 what would their options be?

13 A (Tebbetts) Yes, yes, yes. We would absolutely
14 propose that, if they want to have a more
15 levelized bill over the course of the twelve
16 months, to call us to find out more about budget
17 billing. And, if it's something that they're
18 interested, we can sign them up.

19 Q Okay. And, you know, I remember the last cycle,
20 I think, as I recall, we, in this hearing, in the
21 year ago period, the FPO price was increased, I
22 think, by consent of all the parties as I recall.
23 And a letter went out from Liberty, and the
24 letter said something to the effect of "The PUC

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 had approved the price increase." What would
2 the -- what would this letter say?

3 A (Tebbetts) You're asking, if we were to
4 eliminate?

5 Q Yes.

6 A (Tebbetts) Well, it would have to explain, one,
7 "the PUC denied our request for the FPO Program
8 this year"; two, "you will be billed based on the
9 rate in effect of X", let's call it "\$1.43" for
10 right now.

11 Q Which, in fairness, is lower than the Fixed Price
12 Option, right?

13 A (Tebbetts) Yes. And that that rate is, you know,
14 subject to change each month. "Also, you have
15 the opportunity to go on budget billing, if you
16 wanted to."

17 And also, we would offer, you know,
18 information about our energy efficiency programs,
19 so that they do know that there are other ways to
20 save money.

21 CHAIRMAN GOLDNER: Okay. Thank you.
22 And just directed at the DOE and OCA for closing,
23 I think we'd like to hear more about your
24 position, having had the opportunity to listen to

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 the whole hearing, about the FPO option.

2 It just strikes me as an odd time to,
3 in the middle of wildly fluctuating prices and
4 high prices, to change or modify a program. It
5 seems like, just from where I'm sitting, it seems
6 like something that would maybe be better handled
7 in the longer term in a more systematic or
8 thoughtful way, through the IR docket or
9 something else.

10 So, if -- and, of course, Liberty as
11 well, I would like to hear from all the Parties
12 on their thinking about implementing -- or,
13 eliminating the FPO option this cycle.

14 Okay. Thank you.

15 BY CHAIRMAN GOLDNER:

16 Q And then, if you mentioned this earlier, I missed
17 it. What is the Company's sort of policy or
18 threshold as to when to file for that, if the
19 25 percent cap is exceeded?

20 So, you probably have an internal
21 process, you're watching the NYMEX price. Things
22 are happening pretty fast, things are changing.
23 And there's some trigger that you have, in terms
24 of when you would file for an increase above that

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 25 percent cap. And can you just walk the
2 Commission through, and the Parties through, how
3 that works internally at Liberty?

4 A (Tebbetts) Yes. So, it is five -- we have to
5 notify the Commission we are requesting a change,
6 or that we've already hit the cap, five business
7 days prior to the end of the month, or the first
8 of the next month. So, essentially, we file by
9 the 24th, on average, of the previous month for
10 which we're asking for rates to be approved.

11 So, for December 1st, for example, we
12 would file November 24th, which this year happens
13 to be Thanksgiving. So, we will have to file
14 November 23rd.

15 And Ms. Gilbertson can provide more
16 information on how she deals with the pricing.
17 But, usually, I get the pricing the day before.
18 So, I have everything ready to go for the filing
19 except that pricing, and so that we can get it as
20 close to the filing date as possible.

21 Q And, so, would the trigger be the pricing comes
22 in from Ms. Gilbertson and it says "25.1
23 percent", you file something; it says "24.9
24 percent", you don't. What's your threshold for

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 filing?

2 A (Tebbetts) No. We would, if it's "24.999
3 percent", I believe we would file. It's up to
4 25. So, even if it's "25.0 percent", we would
5 file.

6 I'm not sure we have hit the 25.001
7 issue before. But I would assume, if we did, we
8 would just leave the rate as is. And, if we hit
9 over 25 percent, we've already hit that cap,
10 we'll say, we just file a letter that says "we're
11 not changing."

12 Q Okay. And the analysis is done on a monthly
13 basis?

14 A (Tebbetts) Yes.

15 Q Okay. So, every month you perform this process,
16 and you either file or don't file five days prior
17 to the end of the month?

18 A (Tebbetts) We file every month. We just may not
19 file a rate change. If we've already hit that
20 25 percent cap, we will just file a letter that
21 says "The rate is X. We've already hit our cap.
22 And, so, we're not requesting a rate change."

23 Q Okay. And either I heard it backwards or I
24 didn't understand something. But, if the market

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 rate has increased by 30 percent, then I assume
2 you would be over the 25 percent threshold, and
3 that's when you would file, not the opposite.
4 Did I misunderstand something?

5 A (Tebbetts) No. So, we file every single month.
6 So, let me say this again. Let me give you an
7 example. In this month, we've requested \$1.43
8 effective November 1st. And let's say, for
9 December 1, the rate should be \$1.49. We will
10 file a rate change to \$1.49.

11 I believe I mentioned earlier, the cap
12 is \$1.78. So, in December -- I'm sorry, in
13 November, if the pricing goes to \$1.79, then we
14 would request a rate change to \$1.78. And then,
15 unless the rate goes down in the following
16 months, we would leave it at \$1.78 through the
17 winter period.

18 Q I see. And you would -- thank you, that's
19 helpful. And then, if, let's say, it remained at
20 \$2.00 for the last five months, you would never
21 come in for more, for a higher rate in front of
22 the Commission, that would just be part of your
23 over/under, and that would carry forward to the
24 next season?

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 A (Tebbetts) Well, what I will say is, in the past,
2 we have not. I'm not going to say "we wouldn't".
3 Now, maybe we would decide, if it's \$3.00, we
4 need to make a change. But, as far as our past
5 practices, no, we would not come in and ask for a
6 rate increase over the 25 percent.

7 CHAIRMAN GOLDNER: Okay. That may also
8 be something, Mr. Sheehan, you might choose to
9 address in closing, given the volatility of the
10 market and past practice.

11 MR. SHEEHAN: Yes. And I think, if I
12 may, an observation.

13 I think there was just a disconnect
14 between the two of you. You were asking "when do
15 you go for a filing like we did last summer?"
16 And Heather was focusing on the -- what we call
17 the "monthly trigger filings". So, maybe give
18 her another crack at it. That, so, we've been at
19 the 25 percent cap, and it's just now a huge jump
20 over. What's the trigger for the Company to say
21 we need to tell you we need to go to 42 percent,
22 or whatever the number is.

23 And I don't know if that helps.

24 **BY THE WITNESS:**

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 A (Tebbetts) Yes. My apologies. You're right.
2 There is no trigger for that. We go through the
3 winter season, and then our summer rates are
4 effective May 1st. And we have a new rate, which
5 we can -- are capped at 25 percent. And what
6 would happen is, whatever under-collection we
7 incurred over the winter, we incurred, and we'll
8 ask for it in the following winter.

9 But we would not, in the past
10 practices, we would not come back to the
11 Commission in that winter period, or summer
12 period, and ask for a change.

13 CHAIRMAN GOLDNER: Okay. Thank you.
14 So, there's -- yes, I understand that there's
15 really no trigger. And I guess I would just say,
16 for this filing, totally understand, that's what
17 I was asking, past practices.

18 For the IR docket, this may be
19 something to reconsider and rethink. And maybe
20 this is the perfect practice, and we shouldn't
21 change it. But it does seem like something
22 worthy of thinking through again one more time.

23 MR. SHEEHAN: And, in fairness to
24 Ms. Tebbetts, she was not involved last summer.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 She's been more of electric. We did make such a
2 filing, as you know, last summer, just for this
3 reason. And I'm not a witness, but I can tell
4 you we go through the process every month looking
5 at prices, and it's a judgment call. You know,
6 "Have we got to a point where the over-collection
7 is going to be too big and we should come in?"
8 And, obviously, we made that call this summer to
9 come in.

10 As far as I know, there's now magic
11 number at which we cross, because there's so many
12 factors that impact what that under-collection
13 would be.

14 CHAIRMAN GOLDNER: Okay.

15 MR. SHEEHAN: But, I agree, that would
16 be a great topic for the IR, to, if possible,
17 systematize that some.

18 CHAIRMAN GOLDNER: I understand the
19 process. Yes. I mean, if I look at the summer
20 filing, the carryforward of \$11 million nearly
21 doubles the cost of gas in the summer period.
22 So, that's probably not what -- that's probably
23 not ideal, understanding that everyone's putting
24 in their best effort to not have over- and

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 under-collections.

2 Okay. Very good. Thank you. I'm just
3 checking my notes here.

4 Commissioner Simpson, did you have
5 anything, anything else?

6 CMSR. SIMPSON: Not at this time.

7 Thank you.

8 CHAIRMAN GOLDNER: Okay. All right.
9 We'll move to redirect, and Attorney Sheehan.

10 MR. SHEEHAN: Most of my notes were
11 more closing-related, so I don't need to ask the
12 witnesses. But there was one topic I wanted to
13 address with Ms. Gilbertson.

14 **REDIRECT EXAMINATION**

15 BY MR. SHEEHAN:

16 Q You were asked two different ways, once I think
17 it was "How do you protect customers against the
18 fluctuations in wholesale prices?", and,
19 similarly, about the hedging. You mentioned the
20 AMA agreements we enter with customers. But is
21 it true also that our purchases of storage in the
22 summer is, in fact, a way to protect customers
23 from high market prices?

24 A (Gilbertson) Yes, it is.

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 Q And, as that chart we just looked at in your
2 testimony showed, there's a significant
3 percentage of our supply that is purchased
4 roughly in the summer, and at a lower price?

5 A (Gilbertson) Yes.

6 Q And the other thing is that you mentioned a
7 different approach this winter to how we dispatch
8 the gas, and you mention that the quantities of
9 propane that are available and the quantities of
10 LNG that are available, and that we are
11 "baseloading" LNG, which is new, is that correct?

12 A (Gilbertson) That is correct.

13 Q And is that to say that we have committed to
14 having X amount of LNG every day, and then we
15 would use the pipeline gas as the peaker, in
16 effect, rather than the other way around?

17 A (Gilbertson) Yes. That's right.

18 Q And that's, as you say, to avoid buying gas in
19 Dracut as much as possible?

20 A (Gilbertson) That's true, yes.

21 Q And is it fair to say, that's really the primary
22 goal this winter, given the prices we are seeing,
23 is to use every other bit of gas before we go to
24 Dracut?

[WITNESS PANEL: Tebbetts|Gilbertson|Casey]

1 A (Gilbertson) That's right. Yes.

2 Q Okay. And that will result in ten trucks a day
3 going to our yards for LNG, or whatever it may
4 be?

5 A (Gilbertson) Yes.

6 MR. SHEEHAN: Okay. That was the only
7 topic. Thank you.

8 CHAIRMAN GOLDNER: Thank you for the
9 clarification. That's helpful.

10 So, thank you. The witnesses are
11 excused.

12 Attorney Schwarzer, did you want to put
13 a witness on the stand?

14 MS. SCHWARZER: Yes. Thank you, Mr.
15 Chairman. I'd like to call Mr. Deen Arif.

16 CHAIRMAN GOLDNER: Okay. Thank you.
17 Witnesses are executed, and we'll rotate chairs.
18 Thank you.

19 *[Short pause.]*

20 CHAIRMAN GOLDNER: And, while we're
21 transitioning, Attorney Kreis, I don't think you
22 were planning on a witness, but I do want to
23 check with you out of courtesy?

24 MR. KREIS: Thank you. We do not have

[WITNESS: Arif]

1 a witness.

2 CHAIRMAN GOLDNER: Thank you. Okay.
3 Thank you. As soon as Dr. Deen Arif gets settled
4 in, we'll start with the direct, and Attorney
5 Schwarzer.

6 MS. SCHWARZER: Could the stenographer
7 swear my witness in please?

8 CHAIRMAN GOLDNER: I'm sorry?

9 MS. SCHWARZER: I'm asking for the
10 stenographer to swear in my witness.

11 CHAIRMAN GOLDNER: Oh, thank you. Yes.
12 (Whereupon **Faisal Deen Arif** was duly
13 sworn by the Court Reporter.)

14 **FAISAL DEEN ARIF, SWORN**

15 **DIRECT EXAMINATION**

16 BY MS. SCHWARZER:

17 Q Would you please state your name for the record?

18 A My name is Faisal Deen Arif.

19 Q And what position do you hold with the Department
20 of Energy?

21 A I am the Gas Director for the Department of
22 Energy.

23 Q And how long have you held that position?

24 A Since June 17, 2022.

[WITNESS: Arif]

1 Q And have you testified before the Commission
2 before?

3 A I have.

4 Q Did you file -- are you familiar with Exhibit 9
5 in this docket, which is an October 21, 2022
6 Technical Statement filed by you?

7 A I am.

8 Q And is there anything in that Technical Statement
9 that you want to change or update?

10 A I don't.

11 Q Could you please explain whether the Department
12 of Energy recommends that summer rates be
13 approved at this time?

14 A No. The recommendation for the Department of
15 Energy is to have a deferred approval of the
16 Summer 2023 rate at a later point in time.

17 Q And why is that?

18 A Essentially, for the same reasons that have been
19 identified in the exhibit that you were just
20 referring to. If I can be brief, it is the
21 principle of allowing the most recent information
22 available for the purposes of doing a projection
23 that can hopefully be less deviated from the
24 projections that is being, essentially, in this

[WITNESS: Arif]

1 case, made far out of in time, and effectively in
2 winter.

3 So, that principle is, essentially,
4 driving all other reasons that are also, in our
5 view, practical, which has been identified in the
6 letter.

7 Q And what is your understanding of how trigger
8 filings work?

9 A As I believe Ms. Tebbetts were mentioning, that's
10 exactly how I would characterize the trigger
11 filings work. It's the five business days prior
12 to the end of the month. And, if we allow or
13 roughly translated into calendar days, that's no
14 more than seven calendar days. What is an
15 inherent feature of this is that that does not
16 allow any party, in view of the Department,
17 enough time should there be any substantive
18 conversation need to be had, information to be --
19 should be taken into account. That structure, in
20 and of itself, does not allow that.

21 And I heard prior today comments from
22 the Bench about having an opportunity to discuss
23 about it. I believe that that is probably
24 warranted, to have a better process overall in

[WITNESS: Arif]

1 mind. That allows, again, going back to the
2 principle of allowing the most recent information
3 taken into account for the purposes of everybody,
4 particularly the ratepayers.

5 Q And are trigger filings seasonal, and by that I
6 mean does the -- do the winter trigger filings
7 reference an over- or under-collection projected
8 for the winter period only, and do the summer
9 trigger filings reference an under- or
10 over-collection for the summer period only?

11 A I believe that is what it is.

12 Q And, so, with reference to your statement, you
13 cite an April 25th, 2022 letter, which was a
14 trigger filing in Docket Number 21-130, which
15 five days before May 1st indicated a projected
16 under-collection of 13.7 million, which was
17 64.79 percent of the total revised anticipated
18 gas costs for the 2022 summer season.

19 Was there an opportunity for the
20 Department to recommend any sort of -- get any
21 input into that, into that filing?

22 A No, there was not, and that was essentially my
23 point. That the structure in and of itself does
24 not allow for that. Whether we -- what we are

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1 proposing is, essentially, driven by that
2 practical aspect of not being able to do so,
3 when, frankly speaking, if there is an
4 opportunity to do so, and is substantive in
5 nature and warranted, still it does not allow.

6 Q And, with regard to the history of that docket,
7 which we asked the Commission to take
8 administrative notice of, Liberty did not make a
9 request for a mid-season cost of gas adjustment
10 until May 20th in that docket, which was even
11 after being aware of a \$13.74 million
12 under-collection, is that correct?

13 A I believe so.

14 Q In your opinion, would the Company's proposal
15 that there be an April 1st -- excuse me, April
16 15th --

17 MR. SHEEHAN: March 15th.

18 MS. SCHWARZER: Oh, a March 15th filing
19 with us?

20 MR. SHEEHAN: I'm sorry. You go.

21 MS. SCHWARZER: I'm sorry.

22 BY MS. SCHWARZER:

23 Q I guess I'll just --

24 MR. SHEEHAN: April 1st.

[WITNESS: Arif]

1 BY MS. SCHWARZER:

2 Q An April 1st filing with the Commission, which
3 could be informed by work among the Parties
4 prior, perhaps on March 15th, and a joint comment
5 or individual comments, meet the Department's
6 suggestion that there be an update for the Summer
7 Period that allows comments?

8 A With the illustrative example, I think that would
9 work. However, I just wanted to make a comment
10 about what probably should happen, --

11 Q Yes.

12 A -- in the views of the Department, is to have an
13 opportunity to take into account of all relevant
14 information, be it a very simple filing, or
15 complicated, should the situation warrant it.
16 That way, if there is substantive changes to be
17 observed, I think a reasonable mind would expect
18 information exchanged farther, in order to be
19 sufficiently clear, and develop a position on
20 each end. Particularly, from the perspective of
21 Department of Energy, that's exactly what
22 Department of Energy intends to do, and hopes to
23 do, in collaboration with the Company, and do it
24 in an expeditious manner, as the situation and

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1 the time would permit.

2 Q So, hypothetically, if the Summer update showed,
3 in the unlikely event, it showed absolutely no
4 change in rates, would the Department expect to
5 do discovery or expect extended discussion?

6 A In that hypothetical scenario, I would think, no.

7 Q And, in the event that the updated filing showed
8 that a projected rate fell within the already
9 approved 25 percent rate increase, and was
10 unlikely to go higher, would there be need for an
11 extensive discovery or discussion?

12 A I believe, no.

13 Q But, in the instance illustrated here, on Bates
14 Page 2 of your Technical Statement, were the
15 April 1 filing to show a projected \$13 million
16 under-collection, would the Department expect to
17 engage in some extensive discovery and discussion
18 and a new proposed rate?

19 A I believe, yes.

20 Q Thank you. Does the Department support what the
21 Company recently proposed, in response to a
22 question from the Commission, that there be a
23 lifting of the 25 percent cap for cost of gas
24 proceedings?

[WITNESS: Arif]

1 A Could you repeat your question please?

2 Q Yes. In response to a question from the
3 Commission, the Company suggested that, in
4 response to significant under- or over- -- excuse
5 me, under-collections, the Commission could lift
6 the 25 percent cap, such that the Company could
7 set rates at will. Does the Company agree with
8 that proposal?

9 A I would like to just mention that that is a
10 proposal, and it needs to be vetted with
11 substantive evidence, in favor and against of it.
12 In the absence of doing that, it would be
13 improper for me to take any position on that.

14 Q Is that something the Company would be -- excuse
15 me -- that the Department would look forward to
16 considering in the IR 22-053 docket?

17 A It could, it could come in that process.

18 MS. SCHWARZER: I have no further
19 questions. Thank you.

20 CHAIRMAN GOLDNER: Thank you. We'll
21 turn to cross-examination, beginning with the
22 Office of Consumer Advocate.

23 MR. KREIS: Thank you, Mr. Chairman.
24 Just a few questions for Mr. Arif. Good

[WITNESS: Arif]

1 afternoon.

2 WITNESS ARIF: Good afternoon. It's
3 still "good morning", I think, for a few minutes.

4 MR. KREIS: Indeed. Three minutes to
5 noon. Well, I'll try to get all my questions in,
6 before I have to say "good afternoon" to you.

7 **CROSS-EXAMINATION**

8 BY MR. KREIS:

9 Q Let me start with the Fixed Price Option. There
10 was some testimony, when the Company witnesses
11 were on the stand, about the extent to which
12 customers of the Company like having a Fixed
13 Price Option. Do you have any insight into that
14 question, about what customers like and don't
15 like, about whether there is a Fixed Price
16 Option?

17 A I don't. I can only make an observation that is
18 a part of the exhibit that 12 percent of
19 EnergyNorth customers, if the data request is --
20 as of October 12th, if I'm not mistaken, has
21 either expressed or they are on a Fixed Price
22 Option. And that commensurate number for Keene
23 Division would be 9 percent.

24 Q With respect to the recommendation that you have

[WITNESS: Arif]

1 made in your Technical Statement, first, I want
2 to make sure I understand it correctly. You, on
3 behalf of the Department, are essentially
4 recommending that there be two full-blown cost of
5 gas dockets each year, one for the winter period
6 and the other for the summer period?

7 A I believe I wouldn't characterize it that way.
8 It's not a "full-blown" process, but it could as
9 well be, depending on the substantive nature of
10 the information that is being submitted at a
11 future point in time. And I would argue that,
12 if, should that happen, the situation should
13 warrant to have that kind of discovery, whatever
14 the process could involve.

15 But it is not necessarily should be a
16 full-blown process, if the situation is not such.

17 Q Thank you that's helpful. Are you aware that the
18 practice of only having one cost of gas
19 proceeding per year per utility is a relatively
20 recent phenomenon before the Commission?

21 A Yes, I am aware. I was made aware in a separate
22 proceeding.

23 Q And, so, what has changed to suggest that this
24 relatively new approach of one cost of gas

[WITNESS: Arif]

1 proceeding a year is no longer appropriate, in
2 your opinion?

3 A I think the number -- the reasoning are
4 enumerated in my letter. However, if I want to
5 summarize, I would think that that's the demand
6 of the day, as I would characterize, which is the
7 volatility. It may as well be an outlier at this
8 point in time, or maybe characterize it that way.
9 But I think reasonable minds, and that includes
10 different parties in different proceedings here
11 before the New Hampshire Public Utilities
12 Commission, as well as the U.S. Energy
13 Information Administration projection that sort
14 of identifies such volatility to be a feature of
15 the market that can potentially become somewhat
16 permanent.

17 I don't have a crystal ball. But I'm
18 going with people who are much more attuned with
19 the nature of the market, and trying to
20 reasonably conclude that the demand of the day is
21 probably to not do it, or rather approve a rate
22 far out in time, and wait until that is
23 necessary, and allow the processes to have
24 opportunity for all parties to come to a

[WITNESS: Arif]

1 reasonable conclusion. That was the whole basis
2 of this, this request.

3 Q Thank you. Well, let me just say that I actually
4 do have a crystal ball. And I would be delighted
5 to rent it out by the hour to the Department, if
6 that would be helpful to you or any of your
7 colleagues at the Department. Beyond that, --

8 A Can I use your crystal ball for financial markets
9 for myself?

10 Q Please feel free. It works. It's a family
11 heirloom. I would say more about it, but I'm not
12 allowed to testify.

13 So, if I understand what you just said,
14 you are recommending this change back to two
15 proceedings a year because the global market for
16 natural gas has become significantly more
17 volatile over the period. But I think I also
18 heard you say that, given that that volatility
19 might be a long-term phenomenon, that this isn't
20 a temporary recommendation you're making. You
21 think, to the extent that anybody is willing or
22 ready or able to look out into the future, that
23 it probably would be a good idea for the
24 foreseeable future to have two proceedings a

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1 year, rather than one?

2 A I believe the overall, if I may summarize, the
3 basis of this proposal and the discussion that
4 was -- that ensued before bringing it to the
5 Commission, the whole objective was to have a
6 practical solution, to be able to take into
7 account most recently available and updated
8 information, and be respectful to the processes
9 that we have. And all for the benefit of the
10 ratepayers, so that they don't -- they neither
11 pay excessively more than what is necessary, nor
12 do they pay less than what is necessary.

13 So, this is the whole principle of
14 allowing the most relevant and updated
15 information, prior to deciding on a rate, is
16 what's driving this request.

17 Q And, given the current paradigm, and the
18 proceeding that we're in the midst of right now,
19 would you characterize the process, as it
20 currently occurs at the Department, and inside
21 the Company, and ultimately before the
22 Commission, would you say that process is going
23 smoothly or not so smoothly?

24 A That's a hard one to respond to. I would -- I

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1 would put it out there, because of the structure
2 that we have in place, and the expeditious nature
3 of the cost of gas proceedings. That may not
4 be -- that may be just germane to the cost of gas
5 in and of itself. I'm just making that
6 observation, because I'm relatively new into
7 this. And I have no insight into other
8 proceedings, whether that includes water or
9 electric.

10 However, cost of gas moves really fast.
11 And, despite everybody's goodwill, and I would
12 like to point out that I'm very grateful for all
13 the collaboration that I've received in this
14 process, which is ongoing, by the Company,
15 despite everybody's goodwill, sometimes the
16 structure does not simply allow for all
17 information to be taken into account. So, this
18 is probably a feature in that, if that needs to
19 be looked into, more than happy to.

20 I don't know whether that sort of
21 responds to your question.

22 Q Yes, it does. Quite thoughtfully, in fact. So,
23 your proposal -- well, I don't want to put words
24 in your mouth. Do you think your proposal will

[WITNESS: Arif]

1 help the process become more smooth, and less
2 contentious?

3 A I certainly hope so.

4 Q Fair enough. Are you familiar with the
5 counterproposal that the Company has made, in
6 response to what's in your Technical Statement?

7 A I am not aware.

8 Q Well, are you --

9 A Would you elaborate please?

10 Q Well, I don't know want to put words in the
11 Company's mouth. But, as I understand it, the
12 Company's suggestion is that there not
13 automatically be two proceedings a year. That
14 the Company have the opportunity to write to the
15 Commission and suggest that one isn't necessary,
16 and, in the event one does become necessary, then
17 we would have them.

18 And, so, what I'm trying to do, I
19 guess, or what I'd like to ask you to do is to
20 consider whether that is sufficiently similar to
21 what you're suggesting as to represent a
22 reasonable compromise?

23 A I can -- thank you for clarifying it. I did not
24 understand it to be that way. But, if I take

[WITNESS: Arif]

1 your premise, then I would just respond by saying
2 Department of Energy is happy to collaborate and
3 have a conversation. And whatever deemed
4 practical should prevail, and that would be the
5 position of the Department of Energy.

6 MR. KREIS: Thank you. Those are all
7 the questions I have for the Department's
8 witness.

9 WITNESS ARIF: Thank you, Attorney
10 Kreis.

11 CHAIRMAN GOLDNER: Okay. Thank you,
12 Attorney Kreis.

13 Attorney Sheehan.

14 MR. SHEEHAN: Mr. Kreis asked all the
15 questions I was going to ask. So, I have nothing
16 further. Thank you.

17 CHAIRMAN GOLDNER: Well, that's good,
18 because his crystal ball is not very good at
19 determining mornings and afternoons. So, --

20 MR. KREIS: I was close, though. I
21 went five minutes into the afternoon.

22 CHAIRMAN GOLDNER: Yes. It was very
23 helpful. Thank you.

24 Okay. Let's move to Commissioners.

[WITNESS: Arif]

1 MS. SCHWARZER: If I might -- if I
2 might interrupt, just briefly please, because I
3 need some clarification?

4 It was my understanding, based on an
5 informal conversation with Liberty's counsel,
6 that what I described as a proposed exchange of
7 information among the Parties on March 15th, with
8 a filing by the Company on April 1st, was
9 consistent with what the Company had proposed as
10 an alternative, or as something consistent, I
11 don't necessarily see it as different, so long as
12 the Department has input and opportunity to
13 request discovery. And that it's not a process
14 that's solely informed by the Company.

15 So, maybe Mr. Sheehan could clarify
16 what his proposal is at this time.

17 MR. SHEEHAN: Sure. Understanding that
18 summer cost of gas does not involve most of what
19 we talked about today, FPO and LDAC, and all
20 those things. It is driven largely by market
21 prices. So, we look at the market prices, do the
22 math, and come up with what the rate should be as
23 of April. And, if it's significantly different,
24 then that's -- we can define that, we make a

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1 filing. If it's not, we notify the Commission
2 that the rate you approved in October was okay.

3 And what I offered to Staff was, we
4 would have that conversation March 15, just to
5 throw out a date, show them the numbers, have a
6 meeting, and hopefully come to an agreement that
7 a filing is not necessary, or, if it is, we're
8 going to make it in two weeks.

9 That was the proposal.

10 CHAIRMAN GOLDNER: Anything else,
11 Attorney Schwarzer? Is that clear?

12 MS. SCHWARZER: That's helpful. And
13 the Department would just want an opportunity to
14 comment, I believe.

15 BY MS. SCHWARZER:

16 Q I did want to direct the witness back to his
17 Technical Statement, on Page 2. There's a Bullet
18 Point Number 5. And I'm just going to read it:
19 "DOE is not attempting to turn back the clock and
20 completely separate the Company's winter and
21 summer cost of gas filings. It is appropriate
22 that the bulk of the work and analysis continue
23 in the initial filing, with the modification that
24 summer rates are updated before being approved,

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1 effective May 1. This would allow the Commission
2 and the Department to take more accurate and
3 updated information into account, resulting in
4 approved rates that are less likely to have" --
5 "that are likely to have less deviation from the
6 realized market rates."

7 So, first, I will ask, did I read that
8 correctly?

9 A Yes, you did.

10 Q And is that -- that points out that the OCA's
11 view that the Department is somehow requesting
12 two fully separate proceedings is inconsistent
13 with your statement, is that correct?

14 A I would -- that is how it would appear so.

15 Q I mean, obviously, in the event that there were
16 an extraordinary change, you would request a
17 proceeding. But, as referenced by the Company,
18 many things in the summer rate are not newly
19 adjudicated, correct?

20 A That is what I was suggesting, yes.

21 MS. SCHWARZER: Thank you. Thank you.

22 CHAIRMAN GOLDNER: Okay. Let's move to
23 Commissioner Simpson.

24 CMSR. SIMPSON: Thank you. And, while

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1 I don't have a crystal ball, I wish I did, I'm
2 just a simple guy. So, I'll do my best under the
3 circumstances.

4 So, thank you, Mr. Arif, for
5 testifying.

6 BY CMSR. SIMPSON:

7 Q Let's just clarify that a bit more. So, you're
8 not suggesting that we would have two separate
9 dockets, or you are suggesting that we would have
10 two separate dockets?

11 A I was not.

12 Q Okay. So, a single docket. But, within that
13 docket, a filing for the winter rate, go through
14 the process, like we are today, and like the
15 Department has in preparation for this, that rate
16 presumably approved. And then, subsequently, a
17 summer rate, where it would be reviewed and
18 approved, and a hearing?

19 A I largely agree with that statement. I would
20 just add, by saying that what we are proposing is
21 not to approve that summer rate at this point in
22 time, primarily because it is a projection at
23 best.

24 Q Uh-huh.

[WITNESS: Arif]

1 A Along with a lot of other features, which is --
2 which is, I would say, a characterization of the
3 system in place, whereby the last three months of
4 the summer, of previous period, is again, at the
5 time of the filing, is again, at best,
6 projection. Those will be not projections, and
7 actuals, if what we are proposing is adhered to.

8 So, there are many practical reasons
9 why we are proposing this, but most of all is
10 having an opportunity for all parties, before we
11 approve a summer rate, to have the most relevant
12 information and updated information taken into
13 account.

14 That may also allow for the process to
15 have certain benefits, such as the extent of
16 under- or over-collections that we have seen in
17 the past could be avoided, and I emphasize on the
18 word "could", because nobody has seen the market.
19 But, as far as it is based on projections, when
20 the projections are made closer to time when the
21 rates are necessary, there are less likelihood of
22 having substantive deviation.

23 And, if I may add, that actually bears,
24 in the Department's view, well for the

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1 ratepayers, who ultimately has the pocket, as
2 Attorney Kreis has indicated in other proceedings
3 in the past. That it probably benefits them by
4 having to deal with -- or, not having to deal
5 with a huge under- or over-collection.

6 Q So, your primary motivation is to ensure that, at
7 the time the rates are reviewed and potentially
8 approved, that all of the Parties have the most
9 up-to-date, relevant information, in order to
10 develop those rates, understand the market, and
11 then subsequently find approval of a rate that is
12 reflective of current situations?

13 A That is correct. And, if I may elaborate on one
14 last thing?

15 Q Please.

16 A I think, by the structure, when we approve the
17 rates, it inherently becomes a decision to be
18 taken by the Company, should they decide to come
19 and substantively propose a cost of gas update,
20 as we would have -- as we have seen in recent
21 summer, when the market is excessively
22 out-of-norm, if I may put it this way.

23 That is not being precluded in the
24 proposed process. That might as well happen.

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1 But the possibility of that happening is
2 substantively reduced, in the views of the
3 Department, when we allow the rate to be approved
4 at a later point in time, or much closer to when
5 the rates are necessary. Otherwise, we would
6 have to really rely on the goodwill of one party,
7 but not all parties, who should be involved, in
8 the view of the Department.

9 Q So, certainly, the issue of under-collection and
10 reconciliation is an issue that you're looking to
11 try to mitigate in the future, correct?

12 A I would characterize it that way, yes.

13 Q So, would you suggest that the Company, and the
14 companies, could more frequently adjust rates as
15 market conditions warrant? You know, here we
16 are, we're facing almost 50 percent of the total
17 cost of gas representing an under-collection.
18 Could that have been mitigated by a petition for
19 a change mid-cycle?

20 A In the views of the Department, I think, yes.

21 Q And do you have any sense of where historic
22 summer gas prices have been?

23 A Could you elaborate on that question? I mean,
24 what was the intent of that?

[WITNESS: Arif]

1 Q Well, my sense is that it's the winter rates
2 where we're seeing significantly volatility.
3 And, historically, the summer rates haven't been
4 as volatile.

5 And my perspective on the current
6 paradigm is that there has been less volatility
7 on the summer side. So, those rates are -- have
8 been more foreseeable, and have been less prone
9 to fluctuation, which would necessitate a
10 subsequent review. And I wonder whether there is
11 a way to develop a new paradigm, where, if
12 there's market volatility, that the Company steps
13 forward and says, before there's a significant
14 under-collection, that "we're facing an issue on
15 our supply rate"?

16 A I believe that that sounds reasonable. And what
17 we can surmise at this point in time is that what
18 we have, as a practice, does not allow for that.
19 So, to the extent what could potentially be a
20 more palatable or practical option is a subject
21 of discussion, and the Department of Energy is
22 very interested in that.

23 I believe what you, if I may -- if I
24 may have understood your comment, there is

[WITNESS: Arif]

1 administrative efficiency, which probably have
2 directed where we are at this point in time.
3 What we have observed in the last summer is that
4 that administrative efficiency has the "con" side
5 of it, which was a manifestation in the last
6 summer. So, that sort of told us that the system
7 that we have, it works, but not always works for
8 everybody, at best.

9 Is there an opportunity to have a
10 discussion to have another way of doing things?
11 Absolutely. We will be collaborative.

12 Is there a certain way that would
13 always mitigate it? I don't believe so. But
14 what is necessary is to really keep an idea on
15 the needs of the day, and respond to that need.

16 What we have here, even this morning I
17 was checking on the NYMEX prices, we're talking
18 about summer, I believe the NYMEX price this
19 morning, at the time when I saw, was something
20 around \$5.66 per decatherm.

21 And last week, when I was here, the
22 2023 average NYMEX price was projected by the EIA
23 to be \$3.64 per decatherm. This morning that was
24 \$3.49. Now, can we characterize that as a

[WITNESS: Arif]

1 significant volatility deviation? That's, I
2 think, different minds would have different
3 conclusion.

4 But what is -- what is at issue here is
5 to identify a mechanism whereby we can balance
6 the administrative efficiency, as well as having
7 an opportunity to take the most relevant and
8 updated information taken into account for the
9 purpose of ratemaking in due time. And that
10 needs to be explored a little bit more. What we
11 have proposed is a compromise that achieves or
12 that hopes to achieve that.

13 Q And it sounds as if you've had some discussions
14 with EnergyNorth about this concept?

15 A I believe the attorneys might have exchanged some
16 information. And what prompted us to submit this
17 technical note was to have everybody an
18 opportunity to see, and that includes the
19 Commission, what the Department had in mind.

20 CMSR. SIMPSON: Okay. Probably should
21 have asked the Company's witnesses if they had
22 any thoughts on this, but maybe Attorney Sheehan
23 might be able to represent the Company's position
24 specific to the summer gas rates in front of us

[WITNESS: Arif]

1 today?

2 MR. SHEEHAN: Yes. Our request -- our
3 request is that you approve the rates as filed,
4 so we have a rate that we're ready to charge
5 May 1. And, in response to their totally
6 reasonable request, that things may change
7 drastically, we simply set up that process. We'd
8 just recommend a slightly -- a process that would
9 allow for even less process. Again, if Summer
10 rates are close to what you approve today,
11 nothing needs to be done.

12 His scenario means, even if the rates
13 are spot-on, we still have to come in with a
14 filing for approval. And that goes back to the
15 old procedures that the Commission decided were a
16 waste of time, frankly. Those summer costs of
17 gas, it was three bucks and ten cents every
18 summer, "why are we doing this?" Let's hope
19 that's the case.

20 These mid-season filings are
21 cumbersome, even though they are still quick
22 filings. We filed a week after Unutil last
23 summer, in May, and got an order in July, for
24 August rates. That wouldn't have helped -- it

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1 didn't help a whole lot. We still got the big
2 under-collection.

3 So, it seems to me the best process is
4 to approve now. And, again, if there's a
5 significant change, and that's the purpose of the
6 notice, is we can have the conversation. And we
7 may not think it's significant, they think it is,
8 "okay, we'll make the filing", or vice versa.

9 So, it just seems a better way to deal
10 with what happened this summer, should it happen
11 again next summer.

12 CMSR. SIMPSON: Okay. Thank you.
13 That's helpful.

14 Do you have anything you want to add,
15 Attorney Schwarzer?

16 MS. SCHWARZER: Thank you. Just to
17 clarify. I believe there might have been
18 confusion in that question and response.

19 The Department is not proposing that
20 the winter filing, you know, the fall filing,
21 exclude summer rates. It's anticipated that the
22 filing would be made just as it is now, with the
23 provision that the summer rates not be final
24 until the updated period.

[WITNESS: Arif]

1 And, so, I just wanted to be clear
2 that we're not --

3 CMSR. SIMPSON: Okay.

4 MS. SCHWARZER: -- there's not the
5 contemplation that there be -- that summer never
6 be addressed in the fall. Just that the
7 groundwork be laid, but that it not be final
8 until a future date.

9 CMSR. SIMPSON: So, a conditional
10 approval of the summer rate?

11 MS. SCHWARZER: Correct. Yes, deferred
12 approval or conditional approval, or something
13 along those lines, and I would defer to my
14 witness. But I think there was a confusion
15 between the two of you in the question.

16 CMSR. SIMPSON: So, then, just to
17 clarify. So, if the winter rate, as filed, is
18 not of significant deviation from market, at some
19 time in the future, it goes into effect as
20 conditionally approved?

21 MS. SCHWARZER: Well, I think we would
22 expect that the Company would touch base with the
23 Department on March 15th. The attorneys had a
24 preliminary conversation just this morning.

[WITNESS: Arif]

1 CMSR. SIMPSON: Okay.

2 MS. SCHWARZER: So, it's not well
3 developed. But the idea being that the
4 Department would like input. And, so, to the
5 extent there were conditional approval, it would
6 still be contingent upon there being an update to
7 the Department, and, of course, the OCA, if the
8 OCA wished. And some discussion among the
9 parties for either a joint filing April 1st, or
10 different perspectives filing April 1st, so that
11 everyone's perspective could be taken into
12 account.

13 And, in the opinion of the Department,
14 the 64.79 percent under-collection, described on
15 April 25th, should have probably resulted in a
16 mid-season cost of adjustment filed sooner than
17 May 20th. Now, it's easy for us to say that, and
18 there are all sorts of factors that come to bear.

19 But, as Mr. Deen Arif has testified, it
20 is the Department's hope to avoid that sort of
21 impact in the future, and to create a mechanism
22 whereby seasonal trigger filings allow for --
23 which don't allow for input by the Parties, are
24 replaced by what Mr. Dean Arif has described,

[WITNESS: Arif]

1 which would be more input and an advanced
2 understanding.

3 CMSR. SIMPSON: Okay. Thank you.

4 Certainly, I think there's upgrade opportunities
5 for process improvement.

6 BY CMSR. SIMPSON:

7 Q So, I recognize you've recommended that we don't
8 approve the Summer rates as proposed, correct?

9 A That is the proposal.

10 Q Okay. Did you review them, as proposed? Did you
11 review the summer rates, as proposed?

12 A We have.

13 Q And your primary concern is that you're
14 recognizing overall market volatility, and that
15 you don't have a great sense of certainty that
16 the rates, as proposed, will be reflective of
17 market conditions when they go into effect in
18 2023, correct?

19 A That is, I would say, yes.

20 Q Okay. So, if we were to approve them at this
21 time, given the current process -- or, let me
22 back up. Under the expectation that we are to
23 approve these rates under our current process,
24 did you find any red flags or issues with what

[WITNESS: Arif]

1 the Company has proposed for Summer, absent the
2 market volatility that you've articulated?

3 A And this comment is about the overall process and
4 the design of the process, more than --

5 Q Okay.

6 A -- the Parties who are involved into it. I think
7 the design of the process should have equitable
8 incentive for all parties to act on their own
9 accord, which is absent at this point in time.
10 And that is a significant element, in light of
11 two issues that are at the heart of that
12 proposal. One is the requirement by the
13 structure to come and file, as opposed to
14 depending on the goodwill of any party who is
15 involved. And the other one is the extent of the
16 over- or under-collection, and how we address
17 that.

18 I think, having to resort to any
19 process that is reasonable, I would -- we would
20 have to take that into advisement, and then come
21 back with a recommendation. But, absent of that,
22 what we are proposing also responds to that
23 incentive structure, so to speak. And I think
24 that's a critical element here.

[WITNESS: Arif]

1 CMSR. SIMPSON: Uh-huh. Okay. Thank
2 you. That's helpful.

3 I'd just say, I think we all recognize
4 the challenges that exist with these proceedings,
5 the pace, the dimension of issues, the impact to
6 customers. I have serious concerns for customers
7 this winter across the state. They're going to
8 be facing very high bills, both on the electric
9 and the gas side. So, it's having that we need
10 to continue to work towards.

11 Given the pendency of, particularly,
12 the winter rates, and what's in front of us right
13 now, I guess we, as the Commission, really need
14 to think deeply about whether right now is
15 appropriate for a process change. I know that
16 there's an investigative docket ongoing, intended
17 to investigate some of these issues.

18 So, a thought-provoking conversation.
19 You've been very thoughtful, and I appreciate
20 that.

21 I guess, at this time, I don't have any
22 further questions. Thank you.

23 WITNESS ARIF: Thank you, Commissioner
24 Simpson.

[WITNESS: Arif]

1 CHAIRMAN GOLDNER: Yes, I'll just add
2 one comment, and then move to a question.

3 I think what you're hearing, and I
4 guess I'll address this to the DOE collectively,
5 is, you know, reticence to change from a process
6 that's already been adjudicated in the middle of
7 this docket, you know, and I appreciate the idea
8 and the motivation. But would just say, maybe
9 the IR docket is a better place to work through a
10 lot of these things, and then eventually
11 adjudicated, adjudicated, so that, you know,
12 everyone has an opportunity to weigh in.

13 CMSR. SIMPSON: And if I may?

14 CHAIRMAN GOLDNER: Yes, of course.

15 CMSR. SIMPSON: And I would encourage
16 the Company to work proactively with the
17 Department of Energy, because they're, you know,
18 they're clearly being thoughtful about this
19 issue. And I think we all want to ensure that
20 customers have rates that are easily understood,
21 and have information to make informed decisions.

22 MR. SHEEHAN: Yes. Despite what may
23 happen in this room, we talk to them all the time
24 about all sorts of things, and we'll continue to

[WITNESS: Arif]

1 do so. And this is certainly an important topic
2 to cover.

3 CHAIRMAN GOLDNER: And, for us, just to
4 add an additional layer is, you know, from at
5 least my perspective, speaking on my own behalf,
6 the combination of the LDAC, the multiple cost of
7 gas filings, it's all very convoluted. And I
8 don't know that we're getting what we want out of
9 the process. So, that was the motivation in
10 filing for the IR docket, was to give everyone a
11 chance to weigh in, see what we can do better,
12 and then move along.

13 So, this is just something that's been
14 sort of inserted into this process. It's a big
15 concern. And I appreciate that. And it's, for
16 me, it's something that would be a really good
17 topic for the IR docket to have further
18 discussion.

19 So, I'll just make that comment. And
20 then move to my -- I think, my only question.

21 And I was confused, Attorney Schwarzer,
22 by something that you said earlier. So, I'll
23 address it to the witness. But, please, since
24 I'm going off of your comment, please weigh in

[WITNESS: Arif]

1 after the witness.

2 BY CHAIRMAN GOLDNER:

3 Q So, I'm confused by the EE Charge. I think the
4 October 10th letter said that it should be
5 included, included in the LDAC, with the current
6 rate through the end of the year, and then that
7 same rate is a placeholder January through
8 October 31st. So, I understood everyone to be
9 aligned and in agreement on that. Is there
10 any -- does the DOE have any concerns with that
11 summary? Did I summarize that correctly?

12 A I would say I would agree with you. But I
13 welcome comment from my attorney, please.

14 MS. SCHWARZER: Yes, Mr. Chairman, I
15 believe you did summarize it correctly. Perhaps
16 you're thinking of the clarification that I made
17 that any over-or under-collection related to that
18 EEC charge has not been included in the rates.

19 CHAIRMAN GOLDNER: I see. Okay. Thank
20 you for the clarification.

21 MS. SCHWARZER: And, so, --

22 CHAIRMAN GOLDNER: Okay. And, if I can
23 ask, I guess, what would be the DOE's proposal on
24 the over-/under-collection there? How would you

[WITNESS: Arif]

1 propose resolving that issue?

2 MS. SCHWARZER: And, Mr. Chairman, I've
3 been directed by the Department to ask the
4 Commission to please defer all discussions about
5 any reconciliation to the separate docket that's
6 anticipated, to allow all the utilities to
7 resolve that.

8 And any thought I would have would be
9 my own thought, and not worth repeating it.

10 CHAIRMAN GOLDNER: So that, just to
11 clarify, in this docket, everyone is comfortable,
12 and I think that the other Parties agreed
13 earlier, that the October 10th memo is a good
14 summary, and that is what should be in the LDAC
15 rate in this docket. Any over/under would be
16 addressed in a separate docket. That's fair?

17 MS. SCHWARZER: Any over/under that
18 would or would not be included in the updated
19 LDAC should be addressed in the separate docket.

20 WITNESS ARIF: May I add?

21 CHAIRMAN GOLDNER: Yes. Please.

22 WITNESS ARIF: Thank you for that
23 opportunity.

24 The intent is to have, again,

[WITNESS: Arif]

1 everybody, all the parties, and, in this case,
2 all five utilities of the State of New Hampshire,
3 electric and gas, to have an opportunity, along
4 with the Department of Energy, to have a fulsome
5 discussion. Whereby, how they would -- they
6 would have opportunities to express their views,
7 in terms of what interpretation of House Bill 549
8 they would like to espouse to. And what would be
9 an informed position of all parties involved into
10 a different docket that, hopefully, the
11 Commission would initiate.

12 And then, whatever the outcome of that,
13 and for the purposes of LDAC ratemaking, EEC
14 competent -- component, excuse me, should be
15 always now, and going forward, informed into the
16 cost of gas proceedings.

17 Is that clear? I'm not --

18 CHAIRMAN GOLDNER: Yes. My motivation
19 is to clarify for Mr. Sheehan and the Company
20 what they're supposed to have in their LDAC rate.
21 That's my only motivation.

22 So, I think what we agreed was that the
23 October 10th memo is what they should load into
24 their LDAC rate.

[WITNESS: Arif]

1 *[Witness Arif indicating in the*
2 *affirmative.]*

3 CHAIRMAN GOLDNER: That's what they
4 certainly need to load in. And then, over/under,
5 we'll address that separately. So, I appreciate
6 the clarification. I think we're clear. I just
7 want to make sure that the Company has the right
8 numbers loaded in for their rate.

9 MS. SCHWARZER: And the future docket
10 will also update the LDAC rate, independent of
11 the over/under.

12 CHAIRMAN GOLDNER: Oh, of course. Yes.
13 Unless the over/under were zero, yes. I agree.
14 Yes.

15 MR. SHEEHAN: And just to make -- just
16 to put a point on that. Our expectation is to
17 file for a change January 1, based on the new
18 calculation for the EE.

19 CHAIRMAN GOLDNER: I see your point,
20 Attorney Schwarzer. Okay. Thank you. Thank
21 you, Attorney Sheehan.

22 Okay. Very good. So, let me go off
23 the record for a second.

24 *[Chairman Goldner, Cmsr. Simpson, and*

[WITNESS: Arif]

1 *the Court Reporter conferring.]*

2 CHAIRMAN GOLDNER: Okay. Back on the
3 record. Let's go to Attorney Schwarzer, for
4 redirect.

5 MS. SCHWARZER: No redirect. Thank
6 you.

7 CHAIRMAN GOLDNER: Okay. Thank you.

8 All right. So, the witness is excused.
9 Thank you, Dr. Arif.

10 WITNESS ARIF: Thank you, Chairman
11 Goldner.

12 CHAIRMAN GOLDNER: You're welcome to
13 stay there, or return to your desk, whatever you
14 prefer.

15 WITNESS ARIF: This chair is daunting.
16 So, I would prefer to go over there.

17 MR. SHEEHAN: It's warm.

18 CHAIRMAN GOLDNER: Exactly. We might
19 have more questions.

20 Okay. So, based on the assent of the
21 Parties, we'll strike ID on Exhibits 1
22 through 16, so, all the exhibits that were
23 presented, and admit them as full exhibits. Any
24 objection? I think everybody was good?

1 *[No verbal response.]*

2 CHAIRMAN GOLDNER: Okay. We'll take
3 administrative notice, again, on the assent of
4 all the Parties, on the -- administrative notice
5 on the filing, as proposed by the DOE.

6 *[Administrative notice taken.]*

7 CHAIRMAN GOLDNER: We'll issue a
8 procedural order with a November 4th deadline for
9 the RDAF and Gas Holder pieces. And, of course,
10 early filings are always welcome, that's just the
11 deadline.

12 We agreed that the EE Charge and the
13 LDAC would be what's loaded into the system here
14 in the cost of gas filings, but understanding
15 that there will be another filing on January 1st,
16 and that the over/under will also be attended to
17 in another docket.

18 So, I think that is all the
19 administrative issues I have. There were two
20 record requests. Let's see if they're still
21 needed. There was one on the ten-day
22 notification. Is that still needed?

23 MS. SCHWARZER: I believe that's the
24 Fixed Price Offer proposal from the Department

1 that there be a ten-day notice opportunity for
2 consumers to change their minds, in the event
3 that the Commission changes the rate.

4 And, so, if you would wish additional
5 information, I was able to offer what the
6 Commission -- the Director of Consumer Affairs
7 and our Gas Director understood is the purpose
8 for that, which was the mail date. It's up to
9 you.

10 CHAIRMAN GOLDNER: Okay. I don't think
11 we need anything else on that. Are you okay,
12 Commissioner?

13 CMSR. SIMPSON: Yes. If the Department
14 is satisfied, then I'm all set.

15 CHAIRMAN GOLDNER: Okay. Great. And
16 the other one was, I think Commissioner Simpson
17 had asked for the Calpine agreement to be filed
18 in the docket, is that -- is that correct?

19 CMSR. SIMPSON: Yes.

20 *(Atty. Sheehan conferring with Ms.*
21 *Gilbertson.)*

22 MR. SHEEHAN: Yes. It's what we call
23 the "Winter 30,000 Calpine" document, we will
24 file.

1 CMSR. SIMPSON: Thank you.

2 CHAIRMAN GOLDNER: Okay. Thank you.

3 Any timeline on that, Attorney Sheehan?

4 MR. SHEEHAN: We can do it by tomorrow.

5 CHAIRMAN GOLDNER: Okay. Thank you.

6 MR. SHEEHAN: And that would be "17"?

7 CHAIRMAN GOLDNER: Yes, sir.

8 Seventeen.

9 *(Exhibit 17 reserved for record*
10 *request.)*

11 CHAIRMAN GOLDNER: Okay. Are there any
12 other administrative issues, before we go to
13 close?

14 MS. SCHWARZER: Mr. Chairman, we had
15 asked that the Commission take administrative
16 notice of Order Number 26,662, August 4th; and
17 Mr. Deen Arif's CV, in Docket Number 17-152, it's
18 Exhibit 6 from the August 18th, 2022 hearing; and
19 the Commission Order 26,692, removing the
20 under-collection and the Gas Holder.

21 CHAIRMAN GOLDNER: Correct. Yes. That
22 was my note on taking administrative notice of
23 the filings as you proposed in your opening.

24 MS. SCHWARZER: Okay. Thank you.

1 CHAIRMAN GOLDNER: Yes. Yes,
2 absolutely. And no one objected to that, so,
3 we're fine. But thank you for reading those back
4 into the record. That's helpful. It was hard to
5 capture the first time.

6 Okay. Very good. So, we can -- is
7 there anything else administratively, before we
8 move to close?

9 *[No verbal response.]*

10 CHAIRMAN GOLDNER: Okay. Very good.
11 So, let's move to the OCA for close.

12 MR. KREIS: Thank you, Mr. Chairman.
13 Very quickly.

14 Overall, I believe that the issues that
15 you are actually called upon to decide today,
16 meaning the proposed cost of gas rates, shorn of
17 the deferred controversies involving RDAF and the
18 Gas Holder, are worthy of your approval as just
19 and reasonable.

20 You asked earlier, Mr. Chairman, for
21 the Parties to consider whether this is a good
22 time to make changes, in light of the general and
23 reasonable statewide freakout over high electric
24 and natural gas rates. And I have thought about

1 that. And I would like to make a few
2 observations about the Fixed Price Option, as it
3 has been discussed here at today's hearing.

4 There's a lot of speculation on the
5 record about whether or not consumers like the
6 Fixed Price Option. You know, Ms. Tebbetts
7 offered her own testimony about her own
8 experience as a customer of her employer. But,
9 apart from that, she actually confessed that she
10 doesn't really know whether consumers generally
11 appreciate having that opportunity or not.

12 There is evidence in the record that a
13 certain number of customers have so far opted
14 into that program. And I would just make the
15 general observation that that percentage is
16 roughly comparable to the data I recently saw
17 about customers of Eversource migrating away from
18 default energy service, at a time when electric
19 prices are very volatile.

20 What does that tell me? Or, what
21 should that tell you? If I were the Commission,
22 I would draw the inference that, in general, but
23 for a segment of customers that are somewhere in
24 the 15 to 20 percent range, most people just do

1 whatever the default setting is. If the
2 defaulting setting is "take the fixed price
3 six-month default energy service charge", as an
4 electric customers, customers do that. If
5 they're a customer of Liberty Utilities, the
6 default setting is "take the price that varies by
7 month", and people generally don't take the
8 affirmative steps necessary to choose something
9 else, even when it is, arguably, in their best
10 interest to do so.

11 So, as to the question you actually
12 posed to us, Mr. Chairman, wouldn't it make sense
13 not to do anything that would create further
14 stress and uncertainty, given where we are now in
15 the history of energy and natural gas rates in
16 the state? I guess, although I have a certain
17 amount of ambivalence, and would actually prefer
18 to see the Fixed Price Option fade into the
19 sunset, I have no basis for disagreeing with the
20 hypothesis that this might not be the best time
21 to make anything that would look like significant
22 changes to the way we do things.

23 And I do think that the IR docket is an
24 appropriate place to consider this, along with

1 all of the other looming questions that relate to
2 procurement and retail rates in both in the
3 electric and natural gas industry.

4 So, if that's the Commission's
5 pleasure, that we leave the Fixed Price Option in
6 place, and indeed not make any other big changes
7 to the cost of gas paradigm that Liberty uses, I
8 certainly would have no objection. I see the
9 logic to that. And I think it might well be the
10 most reasonable way to go.

11 I think that's all I have to say.

12 CHAIRMAN GOLDNER: Thank you. And its
13 been a long hearing. And, so, I apologize if I
14 thought this in my head, but didn't verbalize it.
15 But did you have any thoughts on this audit
16 question? Of whether audits should be required
17 for cost of gas and LDAC, and how that should
18 work?

19 CMSR. SIMPSON: And I think,
20 importantly, whether they should be submitted
21 into the record by default?

22 CHAIRMAN GOLDNER: Submitted into the
23 record, yes.

24 MR. KREIS: I would be inclined to

1 submit them into the record, speaking as not only
2 the only crystal ball in the room, but the only
3 wallet in the room.

4 CHAIRMAN GOLDNER: Very good. All
5 right, sir. Thank you for your comments there.
6 Anything else, Attorney Kreis?

7 MR. KREIS: Nope. I have nothing
8 further at this time.

9 CHAIRMAN GOLDNER: Okay. Very good.
10 And, so, we'll move to Attorney
11 Schwarzer.

12 MS. SCHWARZER: Thank you. The
13 Department wants to thank the Parties for their
14 time and effort in moving through this expedited
15 cost of gas docket and to the Commission as well.

16 In closing, the Department recommends
17 that the Winter rates be approved, subject to a
18 meeting with the Parties -- excuse me -- with the
19 Company tomorrow to update Exhibit 7, and a
20 statement from the Department as to our view of
21 that update. Also, subject to the GAP Order
22 26,662, and the pending LDAC audit, which remains
23 in process, and subject to the carve-out. So,
24 those are some conditions upon our

1 recommendation.

2 The Commission asked DOE to comment on
3 whether it's an appropriate time to abolish the
4 FPO Program. I believe, apart from the reasons
5 mentioned by the OCA with regard to a volatile
6 market, there may be some legal complexity to
7 abolishing something in a tariff, which the New
8 Hampshire Supreme Court has defined as
9 "equivalent to a statute", entitling consumers to
10 what is in that tariff. The Company's letter,
11 although it notified of a potential change in
12 rate, certainly did not notify them that it might
13 be abolished in its entirety.

14 And, in addition to the tariff and the
15 notice question, there's just basic contract
16 offer/acceptance principles to bring to the fore,
17 which is that people who have been offered and
18 who have accepted may now feel they have a
19 contract, subject to whatever rate the Commission
20 approves.

21 So, the Department is in support of the
22 FPO Program at this time. And we would ask that
23 you leave it in place, and modify it for two
24 cents over the initial rate, with ten business

1 days of allowing customers to change their minds,
2 and with -- based upon information and belief
3 from the Company, email may be problematic. So,
4 certainly, if the mailing is the only way to
5 achieve that, we would defer to the Company on
6 what is an appropriate and appropriate way to
7 make that decision. Thank you.

8 We believe the winter rates, with the
9 caveats expressed, are reasonable and in the
10 public interest.

11 CHAIRMAN GOLDNER: Okay. Thank you.
12 So, I just want to clarify. You're supportive of
13 the FPO rate, as provided by the Company?

14 MS. SCHWARZER: No. We think it should
15 be two cents more than the initial rate, not --
16 the FPO rate, as proposed by the Company in
17 Exhibit 7, does not carve out any of the costs
18 associated with the RDAF or the Gas Holder
19 building. And it is roughly 30 cents plus more
20 than the rate for non-FPO customers to be made
21 effective November 1st. So, it's our request
22 that the FPO rate be adjusted to be no more than
23 two cents above the November 1 rate for non-FPO
24 customers.

1 CHAIRMAN GOLDNER: Go ahead,
2 Commissioner Simpson.

3 CMSR. SIMPSON: Is that something that
4 you would expect to discuss tomorrow, upon
5 meeting with the Company?

6 MS. SCHWARZER: It is not.

7 CMSR. SIMPSON: Okay.

8 CHAIRMAN GOLDNER: And I just want to
9 clarify this point, so the Commission knows the
10 request.

11 So, I'm showing, on Bates Page 2,
12 Exhibit 7, I'm showing a Residential rate -- I
13 just want to make sure I understand the number
14 that you're using, Attorney Schwarzer. So, I'm
15 showing an FPO rate of "\$1.7535", "1.7535".
16 You're suggesting "1.7735"?

17 MS. SCHWARZER: No. If you're looking
18 at Page 2 of Exhibit 7, and looking at the
19 column that says "10/7/22 Rate", for winter
20 comparison, --

21 CHAIRMAN GOLDNER: Uh-huh.

22 MS. SCHWARZER: -- the second column,
23 the Residential rate has been modified to
24 "1.4300". And, so, in the opinion of the

1 Department, consistent with past practice, and
2 the two cents additional charge for the fixed
3 rate, the rate to be effective for the FPO
4 Program, as of November 1, would be "1.4500".

5 CHAIRMAN GOLDNER: Okay. And let me
6 just return to Attorney Kreis for a moment,
7 before we turn it over to the Company. Does
8 Attorney Kreis have a recommendation on the
9 appropriate FPO rate?

10 MR. KREIS: I concur with the
11 Department.

12 CHAIRMAN GOLDNER: Okay. Very good.
13 Well, that makes it easier.

14 Anything more, Commissioner Simpson,
15 before we turn to the Company?

16 CMSR. SIMPSON: Just be great if
17 tomorrow we get updated schedules and any issues
18 that have been discussed today have been
19 resolved. And I look forward to hearing from the
20 Company.

21 MS. SCHWARZER: Mr. Chairman, I'm
22 sorry, there's been a complexity here on our end.

23 CHAIRMAN GOLDNER: Okay. Take your
24 time.

1 MS. SCHWARZER: Thank you. It's a
2 combination of the carve-out, which may be
3 adjusted, and the Fixed Price offering, which, at
4 this time, includes what has been carved out, but
5 which may be adjusted at a future point.

6 So, frankly, there is a requirement, I
7 believe, cited by the Company, that the FPO
8 amount is supposed to be two cents above the
9 rate. And, last year, in deference to that, in
10 interpretation of that, the rate offered in
11 September was raised to be consistent with what
12 the residential customers paid November 1.

13 So, I guess, consistent with past
14 decisions and past practice, we seem to be in a
15 position where it would be 1.45. I don't have --

16 CHAIRMAN GOLDNER: 1.45. And, go
17 ahead.

18 MS. SCHWARZER: Thank you.

19 CMSR. SIMPSON: I just look forward to
20 hearing from the Company, if they might have any
21 ability to address this topic in closing.

22 CHAIRMAN GOLDNER: Please, Attorney
23 Sheehan.

24 MR. SHEEHAN: Time for me?

1 CHAIRMAN GOLDNER: No pressure.

2 MR. SHEEHAN: So, the FPO is two cents
3 above the cost of gas rate. It has nothing to do
4 with LDAC. So, the cost of gas rate that we
5 initially filed was "1.73", and, therefore, we
6 proposed "1.75" for FPO. The new cost of gas
7 we're proposing today, based on the updates, is
8 "1.43". Others are proposing a "1.45" FPO. If
9 that's what the Commission decides to do, and
10 we're agnostic to that, it can't go into effect
11 November 1, because all the stuff that has to
12 happen with notifying customers, *et cetera*.

13 So, what I think what happened in the
14 past was the initial FPO went into effect
15 November 1, here that would be the "\$1.75". And
16 then, let us run through the customer notice and
17 adjust, *et cetera*, so that we can do an FPO rate
18 at a later time. And I believe December 1 would
19 be doable, but I don't have -- I didn't talk to
20 anyone about that. That's five weeks, and I've
21 heard it's a five- to six-week process.

22 So, and I don't even know, if it's a
23 November 1 kind of thing, or a -- I guess it
24 wouldn't be, we would have to pick a firm date to

1 start the new rate. So, that's the FPO issue, as
2 far as rates go.

3 More broadly, whether to continue it or
4 not, as I said earlier, that's ultimately your
5 decision, a policy decision to make. Customers
6 sign up for it. And, as Mr. Kreis says, we don't
7 have proof of whether that's because they like it
8 or because that's what they do for reasons that
9 we don't understand. And that's -- it's fair not
10 to tinker with that now, for all the reasons
11 you've just discussed. And, again, we're either
12 way with that. So, I'll leave that.

13 We appreciate the Parties' support for
14 the cost of gas rates. The subject, too, that
15 Ms. Schwarzer just mentioned, she indicated to me
16 they just haven't had time to tie a couple
17 numbers. And there's a chance that, if they
18 don't tie right, there might be a small
19 adjustment. And my suggestion is that that be
20 taken up in a reconciliation, rather than us
21 having to file a bunch of new schedules in two
22 days to come up with a rate that's a penny
23 different. So, I don't know the numbers. But
24 that's my suggestion, is that -- or, we

1 accommodate that in a trigger filing, rather than
2 hold up your process.

3 But we will certainly engage with them,
4 and make sure we can tie the numbers that they
5 haven't had a good chance to digest yet.

6 The other comments in closing are just
7 some of the other issues, just to touch on them
8 to close the loop.

9 Commissioner Simpson asked if we could
10 change the cap structures to help eliminate the
11 under-collection? In fact, the Company proposed
12 a 40 percent cap last year. And then, the
13 Commission decided not to opt for it. We didn't
14 propose it here, because you said "no" a year
15 ago. But that is a workable option. I believe
16 that we did do some backcasting, and found that
17 40 percent was a good number. Didn't catch every
18 crazy season, but most of them. So, that's out
19 there.

20 I guess the rest of the stuff I covered
21 with Ms. Gilbertson on the stand. So, the last
22 piece of the Summer, you've heard our proposal,
23 is to keep -- to approve the Summer rates, and
24 subject to -- I guess there is a condition, we

1 need to file a letter, hopefully, jointly, that
2 says "they're still good", or "we have agreed to
3 make a adjustment filing."

4 Again, the bulk of the -- well, the
5 only changes in that filing would be whatever
6 market prices have changed and how that impacts
7 the Summer rate. So, it's not an involved
8 process. There shouldn't be much discovery.

9 "Here are the new market runs that we're seeing,
10 and here's our model, how we run it through the
11 model that's being approved otherwise today."

12 So, it should be a fairly -- if we have to make a
13 filing, a fairly "simple one", in quotes.

14 So, and we're okay with those dates, a
15 March 15th conversation, and an April 1 filing,
16 of either a letter or an adjusted Summer cost of
17 gas.

18 CHAIRMAN GOLDNER: Okay.

19 MR. SHEEHAN: So, that's all I have.

20 CHAIRMAN GOLDNER: Thank you, Attorney
21 Sheehan. I just -- let's spend another minute on
22 the FPO, as a group, before we adjourn, because
23 I, for one, at least I'm confused.

24 So, I think the point, Attorney

1 Schwarzer, you were making was, if we provide an
2 FPO rate of \$1.45, that's not going to include
3 this RDAF and these other sort of reconciliation
4 issues. My simple math on that is that's about a
5 five percent issue. So, if I'm right, that's
6 7 cents, or something like that. So, that means
7 that the FPO group is getting, effectively, a
8 subsidized rate, because they're not subject to
9 these issues that have been carved off.

10 Is that what you're saying or something
11 different?

12 MS. SCHWARZER: I think I may have
13 confused the issue by raising the LDAC carve-out.
14 Because, as Liberty stated, the FPO is just a
15 cost of gas rate. So, all FPO and non-FPO
16 customers pay the LDAC. And, to the extent there
17 is an adjustment made to accommodate whatever
18 carve-out has been made, that would apply
19 uniformly, subject to check.

20 CHAIRMAN GOLDNER: That would be
21 separate. Okay. Okay. Very good.

22 So, just confirming then, everyone is
23 comfortable with an FPO rate of \$1.45?

24 MR. SHEEHAN: With the proviso, we have

1 time to implement it.

2 CHAIRMAN GOLDNER: Of course. And just
3 out of curiosity, would you adjust it to be 1.45
4 weighted average over the six months or would you
5 implement the current rate of 1.75, and then have
6 1.45 for the last five or six -- or, four or five
7 months? How would you do that?

8 *[Atty. Sheehan conferring with Ms.*
9 *Menard.]*

10 MR. SHEEHAN: So, Ms. Menard has
11 logic. Who's going to object to the 1.43 on
12 November 1 -- the 1.45 on November 1? They
13 signed up for a buck 75. If we approve 1.45, on
14 November 1 we give them 1.45, they're not going
15 to object. We can still give them the option to
16 opt out, if they decide to.

17 CHAIRMAN GOLDNER: I see your point.
18 So, they would get -- so, even though -- so, the
19 rate goes into effect November 1, they might get
20 their first bill, it might be wrong, but then you
21 would just rebate them on their following bill?

22 MR. SHEEHAN: No. I'm saying we'd
23 implement 1.45 on November 1.

24 CHAIRMAN GOLDNER: Oh, I see. Okay.

1 MR. SHEEHAN: Last year, we had to give
2 them notice, because it went up.

3 CHAIRMAN GOLDNER: Up, right.

4 MR. SHEEHAN: This year, it's going
5 down 25, 30 cents. So, why would -- there
6 shouldn't be any reason for a complaint that we
7 gave it to them on day one. And then, we go
8 through the notice. And, if people then opt out,
9 we would just remove them from the program by the
10 next month.

11 CHAIRMAN GOLDNER: I see. That seems
12 sensible. Attorney Kreis, Attorney Schwarzer,
13 are you -- is that acceptable?

14 MS. SCHWARZER: The Department is on
15 board.

16 MR. KREIS: Ditto.

17 CHAIRMAN GOLDNER: Okay. All right.
18 Notice when it goes up; no notice when it goes
19 down. Got it.

20 MR. SHEEHAN: So, never mind on that
21 whole process thing. We're good.

22 CHAIRMAN GOLDNER: Okay. All right.
23 Well, I'm glad we got it resolved. That was time
24 well spent.

1 Okay. Very good. Is there anything
2 else we need to cover today?

3 *[No verbal response.]*

4 CHAIRMAN GOLDNER: Okay. Seeing none.
5 Thank you, everyone. We'll take the matter under
6 advisement, and issue an order by November 1st.
7 And we are adjourned. Thank you.

8 ***(Whereupon the hearing was adjourned***
9 ***at 12:56 p.m.)***

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