

1                                   **STATE OF NEW HAMPSHIRE**

2                                   **PUBLIC UTILITIES COMMISSION**

3       **November 15, 2022** - 1:33 p.m.  
4       21 South Fruit Street  
5       Suite 10  
6       Concord, NH

7                   RE: **DE 22-052**  
8                   **LIBERTY UTILITIES (GRANITE STATE**  
9                   **ELECTRIC) CORP. d/b/a LIBERTY**  
10                  **UTILITIES:** Request for Approval  
11                  of Revenue Decoupling Adjustment  
12                  for July 2021 through June 2022.

13                   **PRESENT:**     Chairman Daniel C. Goldner, Presiding  
14                                   Commissioner Pradip K. Chattopadhyay  
15                                   Doreen Borden, Clerk

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

20                                   **Reptg. Residential Ratepayers:**  
21                                   Julianne M. Desmet, Esq.  
22                                   Office of Consumer Advocate

23                                   **Reptg. New Hampshire Dept. of Energy:**  
24                                   Paul B. Dexter, Esq.  
                                 Elizabeth Nixon, Dir./Electric Group  
                                 Heidi Lemay, Electric Group  
                                 *(Regulatory Support Division)*

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

**I N D E X**

**PAGE NO.**

**OPENING STATEMENTS BY:**

Ms. Desmet 5

Mr. Dexter 7

Mr. Sheehan 12

\* \* \*

**WITNESS PANEL:**

**MELISSA B. SAMENFELD**

**ERICA L. MENARD**

**GREGG H. THERRIEN**

Direct examination by Mr. Sheehan 16

Cross-examination by Mr. Dexter 29

Interrogatories by Cmsr. Chattopadhyay 78

Interrogatories by Chairman Goldner 91

Redirect examination by Mr. Sheehan 96

\* \* \*

**DISCUSSION RE: RECOVERY PERIOD 98**

**CLOSING ARGUMENTS BY:**

Ms. Desmet 106

Mr. Dexter 108

Mr. Sheehan 109

**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Testimony of Erica L. Menard, Melissa B. Samenfeld, and Gregg H. Therrien, with attachments (09-13-22)	<i>premarked</i>
2	Revised Bates 034 from Exhibit 1, marked as "Bates 034R"	<i>premarked</i>

**P R O C E E D I N G**

CHAIRMAN GOLDNER: Okay. Good afternoon, everyone. I'm Chairman Goldner. I'm joined by Commissioner Chattopadhyay. We're here this afternoon in Docket DE 22-052, for a hearing regarding Liberty's Revenue Decoupling Adjustment for the time period July 2021 through June 2022.

Let's take appearances, beginning with the Company.

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

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

MS. DESMET: Good afternoon, Commissioners. Julianne Desmet, with the Office of Consumer Advocate.

CHAIRMAN GOLDNER: Very good. And, finally, the New Hampshire Department of Energy.

MR. DEXTER: Good afternoon, Commissioners. Paul Dexter, representing the Department of Energy. I'm joined today by Elizabeth Nixon and Heidi Lemay from the Regulatory Division.

1 CHAIRMAN GOLDNER: Very good.

2 Okay. For preliminary matters, the  
3 Commission received Exhibits 1 and 2 prefiled and  
4 premarked for identification. Anything marked as  
5 "confidential" will be treated as confidential in  
6 today's hearing.

7 Are there any objections to Exhibit 2,  
8 based on its filing last Friday?

9 MR. DEXTER: No objection from the  
10 Department.

11 CHAIRMAN GOLDNER: Okay. Very good.

12 As we only have Company filings before  
13 us, the Commission is not aware of any areas of  
14 dispute in this docket. I request that the DOE  
15 and OCA make opening statements to give us some  
16 headlights on your areas of inquiry today,  
17 identify whether there are any areas of dispute,  
18 and whether there are any -- and whether those  
19 areas of dispute were raised in discovery.  
20 Liberty is also welcome, of course, to make an  
21 opening statement.

22 So, we can begin with the OCA.

23 MS. DESMET: Yes. Thank you.

24 I joined this case late. To the best

1 of my ability, I believe our position today,  
2 pending testimony, will be to support the  
3 request. In discussions, the OCA has not found  
4 any strong reason that the Company should not get  
5 its recovery.

6 The OCA does understand that, as  
7 outlined in testimony, there is an increase to  
8 residential customers, which is something we  
9 don't like to see. However, the OCA is aware  
10 that, and it honors the Settlement Agreement that  
11 was signed to institute decoupling, and through  
12 this case and through testimony, where it was  
13 brought to the attention of the Commission and to  
14 the OCA, or myself, being put on this case, that  
15 there had been some dispute with the tariff  
16 language. The OCA is hopeful and -- hopeful that  
17 all the parties will work moving forward to get  
18 that correct.

19 The OCA does understand that there are  
20 benefits to customers in having decoupling, and  
21 the OCA still supports that Settlement Agreement  
22 and having that in place, as we're here today.

23 So, based on that, I believe, at the  
24 conclusion of the hearing today, the OCA will,

1       albeit somewhat reluctantly, support the  
2       Company's request.

3               CHAIRMAN GOLDNER:   Okay.   Thank you,  
4       Attorney Desmet.   Oops, sorry.   Thank you,  
5       Attorney Desmet.

6               And Attorney Dexter.

7               MR. DEXTER:   Thank you.

8               I think the Office of the Consumer  
9       Advocate hit the word that I was going to use,  
10      and I think, ultimately, the Department will  
11      recommend approval of what the Company files,  
12      with some changes that I believe we're going to  
13      hear about today.   And the word the OCA used was  
14      "reluctant", and maybe that's not the right word.

15              This proposal that's before us today  
16      was the result of a Settlement from a 2019 rate  
17      case.   It represents the first decoupling  
18      proposal from an electric utility in the State of  
19      New Hampshire following the agreement from the  
20      Energy Efficiency Resource Standard case for  
21      companies to file decoupling proposals.

22              We included in the Settlement sample  
23      calculations as to how the decoupling mechanism  
24      would be put forth back in the 2019 rate case.

1       We agreed to defer decoupling for one year, due  
2       to the COVID situation, to hopefully remove any  
3       anomalies. And we believe that the Company, in  
4       this case, has faithfully abided by the terms of  
5       the Settlement.

6               The reluctance comes from two areas. I  
7       would say one -- well, two areas. One with  
8       the -- with our ability or inability to verify  
9       some of the numbers that are in the filing. And,  
10      secondly, with the results -- with the results in  
11      total, as a \$1.7 million decoupling adjustment,  
12      and with the class allocation.

13             When I say "our inability to verify  
14      some of the numbers in the filing", we're going  
15      to learn, perhaps already learned by reading the  
16      materials, that the decoupling adjustment is a  
17      fairly simple mathematical calculation, comparing  
18      target revenues to actual revenues, and adjusting  
19      for the difference. And the target revenues were  
20      established in the last rate case. And, so, it's  
21      the actual revenues that are really at issue in  
22      this case. And the actual revenues seem to boil  
23      down to three numbers, which are total revenues,  
24      total number of customers or "equivalent bills",



1           and then the mathematical calculation of revenues  
2           per customer.

3                       So, we have done what we could to  
4           verify those numbers. We are going to request,  
5           at closing, that the results of this case be  
6           subject to an audit from our Audit Division,  
7           which has not yet been completed. But which I've  
8           spoken to the Audit Division Director, and this  
9           is an item that she would plan to audit, that her  
10          Division would plan to audit in the ordinary  
11          course. It's new, but it is something that she  
12          would plan to audit. And we expect that that  
13          will take place in the early part of 2023. And  
14          the preliminary indication was that it would not  
15          be a complicated matter to audit, because there  
16          really aren't that many numbers in the case.

17                      The importance of the audit is that we  
18          need to -- we need to be able to verify, and this  
19          is what I'm going to ask the witnesses today,  
20          that the numbers of actual revenues that are used  
21          in the calculation and the number of actual  
22          equivalent bills can be tied back to books and  
23          records of the Company. And we've made some  
24          headway through discovery in this case, in the

1        timeframe we have, the Company has provided an  
2        internal report called a "Sales and Volumes  
3        Report", and we have verified the numbers to this  
4        Sales and Volumes Report, which I'm going to ask  
5        them to explain. And then, the next step would  
6        be to just verify those Sales and Volumes Reports  
7        to the books.

8                So, those are some of the questions I'm  
9        going to ask about today. First of all, I'm  
10       going to ask how the calculation works, and I'm  
11       going to get into those three numbers that we  
12       just talked about. We have some questions about  
13       how tariff language was developed. As I said, I  
14       believe the Company is going to be making a  
15       proposal to modify the actual method of  
16       collection, from a base rate collection to a  
17       reconciling clause collection. Which, after we  
18       hear that, we will support.

19               We're going to ask the Company about a  
20       statement in the testimony that says "Decoupling  
21       allows a company to recover the revenue  
22       requirement that was set in the last rate case,  
23       no more and no less", and compare that to the  
24       calculations that are presented, where it appears

1       that the revenue decoupling calculation is going  
2       to allow the Company to recover more than that  
3       base revenue requirement. And we'll get into the  
4       details through questioning on that. There's a  
5       couple of numbers I want them to compare and  
6       explain, if my understanding is correct.

7               And, lastly, I wanted to ask them about  
8       what they think might be behind the \$1.75 million  
9       under-collection that the calculation yields, and  
10      whether or not the class allocation results are  
11      appropriate, both in connection with how the  
12      Settlement was drafted and in connection with  
13      general concepts of class responsibility.

14             So, that's where we're planning to head  
15      today. I estimate I probably have about an hour  
16      and a half of questioning. I can make that  
17      quicker, if we need, if the Bench has a lot of  
18      questions. But, to get through those seven  
19      topics, that's what I'm estimating.

20             CHAIRMAN GOLDNER: Okay. Thank you,  
21      Attorney Dexter. That would be very helpful to  
22      the Commission as well. So, I appreciate the  
23      headlights on the line of questioning.

24             Okay. Attorney Sheehan, anything that

1           you would like to open with?

2                   MR. SHEEHAN:   Yes.   Thank you.

3                   At a very high level, of course, the  
4           decoupling mechanism approves a dollars per  
5           customer that was approved in the rate case, and  
6           it is a simple math exercise.  And here, the math  
7           exercise said we should have been recovered \$100,  
8           and we only recovered 95.  And, so, we're asking  
9           for that \$5.00 difference.  The numbers, of  
10          course, are approximately 1.4 million is what  
11          we're asking for here, and there's 300,000 to  
12          defer to next year, because there's a cap on the  
13          amount we can recover, all part of the Settlement  
14          Agreement.

15                  We are making three asks of the  
16          Commission today.  The first is to approve that  
17          number.  And, as you've heard from counsel, it is  
18          a relatively straightforward math problem, and it  
19          sounds like they will ultimately support that  
20          number.

21                  The second is to, as Mr. Dexter  
22          suggested, is to change the way we propose to  
23          collect it.  Initially, the Settlement Agreement,  
24          at the time we reached the Settlement Agreement,

1 we thought the best place to put this adjustment  
2 was in transmission rates. Granite State does  
3 not have the equivalent of an LDAC. It doesn't  
4 have a bucket in which to put various charges.  
5 And, if you will look at our transmission rate  
6 filing, it already has a few charges in there  
7 that don't really belong, but that's where they  
8 end up living. So, at the time of the  
9 Settlement, that's where we decided it made the  
10 best sense to put it, because Granite State  
11 doesn't have anything else.

12 The timing of that case was thrown off  
13 by COVID. We expected to -- the rate case was  
14 filed the 1st of May, which means that it  
15 resolves the 1st of May the next year, and that  
16 transmission charge is a spring charge. So, it  
17 made sense, timingwise, to put it there. The  
18 rate case was pushed off three months because of  
19 COVID, so now we're resolving it in the summer,  
20 and the decoupling year then became, I think,  
21 July 1 -- July 31 to August 1, or whatever,  
22 summer months. So, the 12-month period no longer  
23 lines up.

24 Plus, by putting it in transmission

1 rates, transmission rates apply to all customers.  
2 The decoupling doesn't apply to all customers.  
3 The EV customers are carved out, the street  
4 lights are cut out. So, it didn't really fit.

5 All of this came to a head this fall  
6 when we were preparing this filing and figuring  
7 out how to do the collection, and these things  
8 didn't add up correctly.

9 So, what we're proposing today, and,  
10 again, sounds like the others will support, is to  
11 create a new bucket in which to put the RDAF. It  
12 would require some tariff language changes, which  
13 we propose filing after this hearing and before  
14 implementation. And it would be, like on the gas  
15 side, a stand-alone, you know, either a charge or  
16 a refund per kilowatt-hour for each 12-month  
17 period, and each year we'll reconcile back to  
18 that number. And the witness will explain the  
19 benefits of that, as opposed to what was  
20 initially in the tariff.

21 So, again, three asks: One is the  
22 number; two is that we recover it as a per  
23 kilowatt charge; and third, that you allow us to  
24 file tariff language after this hearing to put

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1           that into place. And we will circulate that with  
2           the parties, and, hopefully, file agreed-to  
3           language for that.

4                        So, that's what I have. Thank you.

5                        CHAIRMAN GOLDNER: Okay. Thank you.  
6           Any questions, Commissioner Chattopadhyay?

7                        CMSR. CHATTOPADHYAY: Nope.

8                        CHAIRMAN GOLDNER: Okay. Very good.

9                        So, okay. Are there any other  
10          preliminary matters, before we swear in the  
11          witnesses?

12                       *[No verbal response.]*

13                       CHAIRMAN GOLDNER: No? Okay. Very  
14          good. Mr. Patnaude, would you please swear in  
15          the Liberty panel of witnesses.

16                       (Whereupon **Melissa B. Samenfeld,**  
17                       **Erica L. Menard,** and **Gregg H. Therrien**  
18                       were duly sworn by the Court Reporter.)

19                       CHAIRMAN GOLDNER: Okay. We'll begin  
20          with direct examination, and Attorney Sheehan.

21                       MR. SHEEHAN: Thank you. We'll first  
22          do introductions and adopt some testimony. Ms.  
23          Samenfeld, I'll begin with you.

24                       **MELISSA B. SAMENFELD, SWORN**

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1                   **ERICA L. MENARD, SWORN**

2                   **GREGG H. THERRIEN, SWORN**

3                   **DIRECT EXAMINATION**

4 BY MR. SHEEHAN:

5 Q       Please introduce yourself and your title with  
6       Liberty?

7 A       (Samenfeld) My name is Melissa Samenfeld. And  
8       I'm a Rates Analyst with the Rates and Regulatory  
9       Affairs Department. And I provide rate-related  
10       services for Granite State Electric and  
11       EnergyNorth.

12 Q       Ms. Samenfeld, did you participate in drafting  
13       the testimony and exhibits that appear as  
14       "Exhibit 1" in this case?

15 A       (Samenfeld) Yes.

16 Q       Do you have any changes to those portions of  
17       the -- of the testimony that you contributed to,  
18       aside from what I just highlighted in some of the  
19       tariff language changes that are coming, are  
20       there any other changes or corrections that you  
21       need to make this morning -- this afternoon?

22 A       (Samenfeld) Sorry. Yes. On Bates Page 034,  
23       Line 149, Column C, I had an incorrect formula,  
24       which has since been revised and submitted as



[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Bates --

2 CHAIRMAN GOLDNER: I'm sorry,  
3 Ms. Samenfeld, just a moment. Are you on Exhibit  
4 2, the refiled -- the refiled Bates 034 or the  
5 original Bates 034?

6 WITNESS SAMENFELD: The original.

7 CHAIRMAN GOLDNER: The original  
8 Bates 034. But you filed an Exhibit 2 that was  
9 also "Bates 034".

10 WITNESS SAMENFELD: Yes.

11 CHAIRMAN GOLDNER: Should we just focus  
12 on the Exhibit 2? Maybe I'm looking at Attorney  
13 Sheehan.

14 MR. SHEEHAN: I believe you're correct.  
15 Exhibit 2 is the corrected 034.

16 WITNESS SAMENFELD: Right.

17 MR. SHEEHAN: I believe Ms. Samenfeld  
18 was simply going to point out on the original 034  
19 where the error was.

20 CHAIRMAN GOLDNER: Oh, I see. Okay.

21 WITNESS SAMENFELD: My apologies.

22 CHAIRMAN GOLDNER: Okay. Very good.

23 Please proceed.

24 **CONTINUED BY THE WITNESS:**

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 A (Samenfeld) So, on Bates Page 034, Line 149, in  
2 Column C, I had an incorrect formula, which has  
3 since been revised and submitted as "Bates R034"  
4 and marked as "Exhibit 2".

5 BY MR. SHEEHAN:

6 Q And, Ms. Samenfeld, the correction -- am I  
7 correct to say that the correction did not change  
8 the total numbers in the Company's request today?

9 A (Samenfeld) Correct.

10 Q So, the 1.7 million, at the lower right-hand  
11 corner, is the same number in both the original  
12 and the revised?

13 A (Samenfeld) That is correct.

14 Q Okay. It was some of the intermediate numbers  
15 that changed?

16 A (Samenfeld) Correct.

17 Q Okay. Aside from that correction, do you have  
18 any other changes to your testimony this  
19 afternoon?

20 A (Samenfeld) I do not.

21 Q And do you adopt it as your sworn testimony  
22 today?

23 A (Samenfeld) I do.

24 Q Thank you.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 CMSR. CHATTOPADHYAY: Can I just --

2 MR. SHEEHAN: Sure.

3 CMSR. CHATTOPADHYAY: I just want to be  
4 sure. So, Exhibit 1, the cell that you -- the  
5 cell that you were describing, Row 149, and the  
6 amount there is "800,588", that's been  
7 corrected, according to Exhibit 2, to "394,005",  
8 correct?

9 WITNESS SAMENFELD: That is correct.

10 CMSR. CHATTOPADHYAY: So, when you look  
11 at the other numbers, for example, Cell D, that's  
12 a negative number there for Exhibit 2. But, if  
13 you go to the originally filed Exhibit 1, that  
14 number is positive. So, I would say that, not  
15 just Cell C, but the other cells in that row also  
16 got changed?

17 WITNESS SAMENFELD: Correct. Those  
18 changed from C through I.

19 CMSR. CHATTOPADHYAY: Yes.

20 WITNESS SAMENFELD: And Column J was  
21 untouched. It was correct.

22 CMSR. CHATTOPADHYAY: Okay. Thanks.

23 BY MR. SHEEHAN:

24 Q And it was a formula in that one cell that caused

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1           those changes, is that correct?

2   A       (Samenfeld) That's correct.

3   Q       Okay. Thank you. Ms. Menard, could you please  
4           introduce yourself?

5   A       (Menard) Good afternoon. My name is Erica  
6           Menard. I'm the Director of Rates and Regulatory  
7           Affairs for Liberty Utilities Service Company,  
8           providing service to Granite State Electric in  
9           this case.

10   Q       Ms. Menard, did you participate in the drafting  
11           of the testimony and schedules that appear as  
12           Exhibit 1 and the corrected Exhibit 2?

13   A       (Menard) Yes, I did.

14   Q       And do you have any changes to -- I should say  
15           "any corrections" to that testimony?

16   A       (Menard) No, I don't.

17   Q       And do you adopt that testimony as your sworn  
18           testimony this afternoon?

19   A       (Menard) Yes, I do.

20   Q       You heard me mention at the outset that the  
21           Company is changing its request for recovery, is  
22           that correct?

23   A       (Menard) Correct.

24   Q       Could you please explain, in your words, not

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 mine, what -- the difference between what was  
2 originally included in the filing and what the  
3 Company is proposing the Commission authorize it  
4 to do?

5 A (Menard) Yes. In the original filing, the  
6 Settlement Agreement called for the calculation  
7 of the revenue decoupling to be included in --  
8 there was some discrepancy between what's in the  
9 Company's current tariff and what was in the  
10 Settlement Agreement. The Company tried to  
11 reconcile those differences, and had proposed a  
12 recovery mechanism through the distribution rate.

13 Through discovery, there was some  
14 back-and-forth, and this was an open issue as  
15 part of the Settlement Agreement, there was an  
16 open Exhibit 82, I believe, to further have this  
17 discussion between parties.

18 As part of this filing, the Company  
19 realized that there was a conflict between the  
20 tariff language that was in the Settlement  
21 Agreement, and we did have some further  
22 discussions with Department of Energy Staff. And  
23 we feel it's probably best to create a new rate  
24 mechanism that would flow through the

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 distribution rate, that recovers or gives back  
2 the revenue decoupling adjustment through a  
3 volumetric only charge, and that would require a  
4 new line item as part of the distribution rate  
5 itself.

6 So, the filing before you, in  
7 Exhibits 1 and 2, show a calculation through the  
8 distribution rate, the Company's distribution  
9 rate, using the class allocations that were part  
10 of the original Settlement Agreement, the  
11 original rate case itself. And what we are  
12 proposing here now is a change to that. You  
13 don't have exhibits in front of you, so we have  
14 just been discussing this over the past couple of  
15 days.

16 We will follow up with a revised tariff  
17 and revised calculations. And we would take the  
18 revenue decoupled adjustment, and divide that by  
19 the sales per class, to come up with a volumetric  
20 charge and apply that going forward.

21 Q So, is it correct to say that the dollar amount  
22 of the adjustment, the total dollar amount will  
23 not change from what's in the filing today, is  
24 that correct?

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 A (Menard) Correct.

2 Q It's the method by which we would recover that  
3 dollar amount from customers over the time  
4 period, until the next time we're here on this  
5 mechanism?

6 A (Menard) Correct. And, in the Exhibit 1 that you  
7 have before you, you'll see that there's changes  
8 to the customer charge, the per kW charge, and  
9 also the per kWH charge. This new proposed  
10 Revenue Decoupling Adjustment Factor, is what I'm  
11 going to call it, would be a per kWH charge only.

12 Q And that is the way, we can't analogize to the  
13 gas decoupling all the time, but, in this case,  
14 that's the way the gas one is done as well, is  
15 that correct?

16 A (Menard) That's correct.

17 Q And it's also the way other adjusting things  
18 happen, for example, the PTAM happens in a  
19 similar fashion, is that correct?

20 A (Menard) That's correct. And, so, in doing it  
21 this way, it's easier to, in the next decoupling  
22 years, to have those revenues separated out, so  
23 they don't interfere with the decoupling  
24 mechanism itself and the revenues associated with

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1           that. And then, it's also easier and cleaner to  
2           reconcile going forward.

3   Q       Thank you. Mr. Therrien, please introduce  
4           yourself?

5   A       (Therrien) Good afternoon. My name is Gregg  
6           Therrien. I'm Vice President with Concentric  
7           Energy Advisors, in Marlborough, Massachusetts.  
8           And I'm here to support the Company's decoupling  
9           filing, reconciling filing. I will note that I  
10          was the original decoupling expert witness in  
11          Docket 17-064 [19-064?].

12   Q       So, Mr. Therrien, just -- I'll take you through  
13          some of that. To start, you were an author of  
14          the testimony that we've marked as "Exhibit 1",  
15          along with Ms. Samenfeld and Ms. Menard, is that  
16          correct?

17   A       (Therrien) It is, yes.

18   Q       And aside from what you've heard before, do you  
19          have any corrections to that testimony?

20   A       (Therrien) I do not.

21   Q       So, do you adopt your written testimony as your  
22          sworn testimony today?

23   A       (Therrien) Yes, I do.

24   Q       Going back to your prior role, so, this



[WITNESS PANEL: Samenfeld|Menard|Therrien]

1       decoupling mechanism in the electric case comes  
2       out of docket 19-064, is that correct?

3   A     (Therrien) Yes.

4   Q     And, as you say, you were the Company's witness  
5       in support of proposing what has become this  
6       decoupling mechanism, is that correct?

7   A     (Therrien) Yes, as it morphed and was approved  
8       through the Settlement Agreement.

9   Q     Fair enough. So, what you proposed in the  
10       initial filing isn't necessarily what we have  
11       now. It did change over the course of the case?

12  A     (Therrien) Yes.

13  Q     Okay. And, also, and you were referencing a '17  
14       case, that was actually the EnergyNorth case,  
15       17-048, where you were also the witness for the  
16       EnergyNorth decoupling mechanism, is that  
17       correct?

18  A     (Therrien) That's correct.

19  Q     And, Mr. Therrien, in addition to advising and  
20       helping Liberty with these two mechanisms, have  
21       you testified or assisted other utilities on  
22       beginning or implementing decoupling mechanisms?

23  A     (Therrien) Yes, I have.

24  Q     And four times? A hundred times? Give some

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 sense?

2 A (Therrien) Including EnergyNorth and Granite  
3 State, at least five times.

4 Q Okay. And have you, in your testimony, since  
5 you've supported the testimony, I assume you  
6 support the numbers that are in front of the  
7 Commission today for the amount of adjustment  
8 that needs to occur?

9 A (Therrien) Yes. They comport with the Settlement  
10 Agreement calculation.

11 Q That was going to be my question. So, the  
12 numbers that we have in front of the Commission,  
13 you think have been a faithful following of what  
14 the decoupling mechanism is supposed to do?

15 A (Therrien) Yes.

16 Q And, as for the change in how we propose to  
17 collect that, as Ms. Menard just described, does  
18 that make sense to you to do it that way?

19 A (Therrien) It does. This is a distribution  
20 revenue adjustment, and it should be reflected as  
21 such in the tariffs, in my opinion.

22 Q And having it as a separate line item, if you  
23 will, makes sense for other reasons of  
24 administering, is that fair?

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 A (Therrien) That is true. In future years, you  
2 will need to exclude any current year revenue  
3 decoupling dollar adjustments from that next  
4 calculation. Therefore, having this as a  
5 separate line item, and being able to accurately  
6 and definitively exclude those dollars, it makes  
7 perfect sense.

8 Q Makes it a lot easier for the next time around?

9 A (Therrien) Yes, it does.

10 MR. SHEEHAN: That's all I have. I  
11 understand Mr. Dexter will go through some of the  
12 details that are of importance to the DOE, and  
13 I'll leave that to him.

14 Thank you.

15 CHAIRMAN GOLDNER: Very good. We'll  
16 start with the Consumer Advocate. Attorney  
17 Desmet, do you have any cross for the witnesses?

18 MS. DESMET: I was actually going to  
19 give my time to Mr. Dexter as well. We've  
20 consulted with them in preparation for this  
21 hearing, and I believe his spots are on point.

22 CHAIRMAN GOLDNER: Okay. Very good.

23 Yes, Mr. Dexter, we're particularly  
24 interested here, from a Commission perspective,

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 on this reconciliation, let's say, improvement.  
2 That was something that we had a question on  
3 coming into the hearing.

4 I don't -- you may have mentioned it,  
5 and I may have missed it, but the period over  
6 which this is recovered is just a detail perhaps,  
7 but it's something we'd be very interested in  
8 your position on.

9 And, finally, I think this -- we're at  
10 least, we had some questions, and if you can  
11 shine a light on it before we get to Commissioner  
12 questions, that would certainly be helpful, we're  
13 a little confused as to why the ratepayers -- the  
14 residential ratepayers are paying roughly the  
15 same percentage increase as the C&I ratepayers,  
16 and yet, on Table 34, there's positives and  
17 negatives on that table. So, we're a little  
18 baffled in terms of why it looks the way that it  
19 does. And I have a feeling you're headed there,  
20 but I wanted to encourage any questions in that  
21 area.

22 MR. DEXTER: Yes, that was on my list  
23 of topics. I guess I had called it "rate  
24 allocation" in my opening statement. Maybe

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1       that's not exactly it. And, actually, I'd like  
2       to ask the panel, when we get there, how the --  
3       if the new proposal has any impact on that  
4       allocation process.

5                                   **CROSS-EXAMINATION**

6   BY MR. DEXTER:

7   Q     But, if I may proceed, I'd like to start at what  
8       I think is the beginning, and maybe I  
9       oversimplified the whole calculation at the  
10      outset, but I described it as "a simple  
11      calculation between target revenues and actual  
12      revenues, and then the adjustment that's proposed  
13      is intended to collect the difference." Do I  
14      have that essentially right?

15  A     (Menard) Yes.

16  Q     Okay. So, I want to ask the first questions I  
17      have about target revenues. And I want to do it  
18      with specific reference to the filing before us.  
19      So, I believe the target revenues are set forth  
20      on Bates Page 032 of Exhibit 1. Would you agree  
21      with that?

22  A     (Menard) Yes.

23  Q     Okay. And it looks to me like the way this  
24      schedule works is you start in the middle of the

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 page, and you see a figure on Line 26, of Bates  
2 Page 032, in the right-hand corner, that says  
3 \$47,167,000. That's sort of the total Company  
4 revenue figure. Would you agree with that?

5 A (Menard) Yes, it is.

6 Q You know, understanding that a couple of classes  
7 are left out of this. But total Company revenue  
8 figure for purposes of decoupling, I guess I  
9 should say?

10 A (Menard) Correct.

11 Q Okay.

12 CHAIRMAN GOLDNER: I'm sorry, Mr.  
13 Dexter, I'm just trying to catch up with you  
14 here.

15 MR. DEXTER: Yes.

16 CHAIRMAN GOLDNER: You're on Bates 032?

17 MR. DEXTER: Yes.

18 CHAIRMAN GOLDNER: And what line?

19 MR. DEXTER: I'm at Line 27, I guess it  
20 is. I said "26", I think it's 27.

21 CHAIRMAN GOLDNER: Oh. Thank you.

22 Okay. Yes. I should have just looked down one.  
23 Thank you.

24 MR. DEXTER: Yes. And over on the

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 right-hand column, 47 million.

2 CHAIRMAN GOLDNER: Very good. Thank  
3 you.

4 BY MR. DEXTER:

5 Q And, so, that number gets divided by the first  
6 third of this spreadsheet, which are the -- it  
7 says up there on Line 1, these are the "Test Year  
8 Equivalent Bills". Is that what happens on this  
9 sheet?

10 A (Menard) Yes. To be more specific, it's done on  
11 a monthly basis, not the annual basis.

12 Q Yes.

13 A (Menard) And, so, you take the distribution  
14 revenues on a monthly basis, so, for example,  
15 Line 15, divide that by the number of equivalent  
16 bills, for example, on Line 1, and you would  
17 calculate a monthly revenue per customer, target  
18 revenue per customer, on Line 29. And you do  
19 that for every month.

20 Q You do that for every month for every rate class?

21 A (Menard) For every rate class.

22 Q Okay. So, I want to start then by looking behind  
23 the \$47,167,000 figure. And I believe, in order  
24 to do that, I want to go back to Bates Page 030.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 And, while I don't see that exact figure on Bates  
2 Page 030, I do see that it falls in between two  
3 figures on Bates 030, Line 21. It falls in  
4 between the \$47,107,000 figure, Line 21, Column  
5 (b), and \$47,199,000 figure, which is Line 21,  
6 Column (c). Would you agree that it falls  
7 between those two figures?

8 A (Menard) Well, the distribution revenues on Bates  
9 032 are -- so, if you look at it on a monthly  
10 basis, you have a split -- you have a split year.  
11 And, so, some of those revenues are from the 2021  
12 period and some of those -- sorry, on Bates 030,  
13 you have some that were effective on July 1st of  
14 2021 and some that are effective on November 1st  
15 of 2021, in Columns (b) and (c). So, it's a  
16 split between those two, yes.

17 Q Yes. I guess another way of saying that would be  
18 that the 40 -- the number on Page 32, 47,167,000,  
19 is derived from a combination of these two  
20 numbers on Bates 030, depending on where the  
21 months fell?

22 A (Menard) Correct.

23 Q Okay.

24 A (Menard) So, for July through October, you would



[WITNESS PANEL: Samenfeld|Menard|Therrien]

1           have -- you would use Column (b), and for  
2           November through June, you would use Column (c).

3   Q       Okay. That's what I thought.

4   A       (Menard) Yes.

5   Q       So, then, to go back a little bit further, I want  
6           to go back to the top of this page and see if I  
7           understand how this worksheet -- how this  
8           worksheet works, because it calculates downward,  
9           I believe. So, I want to go back to the top.

10                       And the first number I see on this page  
11           is Line 1, Column (a), 43,711,000. And the  
12           footnote there says that this comes from the  
13           Settlement Agreement in 19-064, the underlying  
14           base case. Would you say that this is the  
15           revenue requirement from that case?

16   A       (Menard) Yes.

17   Q       Okay. And then, Lines 1 through 6 have various  
18           items that are added to the revenue requirement  
19           that was established in that underlying case in  
20           2020, is that right?

21   A       (Menard) Correct.

22   Q       And one of them is a step adjustment, one of them  
23           is reliability enhancement, one of them is  
24           recoupment, one of them is rate case expenses.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1           Those are all additional items that were added to  
2           base rates, either at the time of the underlying  
3           case or shortly thereafter, is that right?

4   A       (Menard) Correct.

5   Q       Okay. And, so, that gives you sort of a --  
6           again, we're trying to get back to the total  
7           Company revenue target, that would give you the  
8           total Company revenue target effective July 1st,  
9           2021, is that right?

10   A       (Menard) Yes.

11   Q       And then, you move over a column, and you start  
12           this process all over again to add in things that  
13           were added into base rates after July 1st, 2021,  
14           and again it was another step adjustment, another  
15           year of REP, recoupment, and rate case expenses,  
16           is that right?

17   A       (Menard) Correct.

18   Q       Okay. And then, the same process continues to  
19           get you over to Column (c)?

20   A       (Menard) Yes.

21   Q       Correct? Okay. So, the question I had, I wanted  
22           to focus in on recoupment and rate case expenses.  
23           So, in Column (a), on Bates Page 030, there's a  
24           recoupment amount of 918,000 and a rate case

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 expense of 277,000. And could you explain where  
2 those numbers come from, it's probably in the  
3 footnotes, and why they're added in like this?

4 A (Menard) Yes. They are in the footnotes. Hold  
5 on, let me just see if I can read it.

6 So, there were, as part of the rate  
7 case back in 2019 that was finalized in 2020,  
8 there were rate case expenses and recoupment that  
9 were included as part of that case. And, so,  
10 those were increases to the distribution revenue  
11 amount.

12 Q And those were, if I recall, having gone back and  
13 looked at the rate case Settlement, this  
14 represents about half of the total recoupment  
15 amount and about half of the rate case expenses,  
16 would you agree with that?

17 A (Menard) Yes.

18 Q And the reason for that would be that the  
19 Settlement Agreement called for recoupment and  
20 rate case expenses to be collected in base rates  
21 over a two-year period?

22 A (Menard) Correct.

23 Q Okay. And there were some minor adjustments made  
24 in Column (b) in the step adjustment filing that

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 was made in the Summer of 2021 to reflect more  
2 actual conditions. And that's what those figures  
3 are in Column (b), 104,000 and 11,000, is that  
4 right?

5 A (Menard) Correct.

6 Q Okay. Now, in Column (c), those numbers jump to  
7 zero. And my question is, should those numbers  
8 be less than zero? In other words, those numbers  
9 are going to be removed from base rates at some  
10 point in time, correct, once they're fully  
11 collected?

12 A (Menard) Yes.

13 Q And, so, why, in Column (c), do I see zeros, and  
14 not negative numbers reflecting the removal of  
15 those items?

16 A (Menard) The removal happened in August of 2022.  
17 So, the next decoupling year you would see those  
18 negative numbers.

19 Q So, if there were another column -- so, this last  
20 rate change that's shown here is November 1st,  
21 2021, that's within the decoupling year, correct?

22 A (Menard) Yes.

23 Q The date that you just mentioned is what, August?

24 A (Menard) August of 2022.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Q That falls outside this decoupling year?

2 A (Menard) Correct.

3 Q So, if we saw a schedule like this next year,  
4 assuming this format was used, it would reflect  
5 the removal of both the recoupment and the rate  
6 case expenses?

7 A (Menard) Yes.

8 Q Okay.

9 A (Menard) And it would also reflect another step  
10 adjustment in August of 2022.

11 Q August of 2022, okay. Yes. Okay. So, getting  
12 back to Bates Page 032, I have some questions  
13 about the top third of the page, which is labeled  
14 "Test Year Equivalent Bills". The total Company  
15 figure for decoupling purposes is 522,000. Could  
16 you explain what this number represents?

17 A (Menard) Yes. Just one second. If you were to  
18 move to Bates Page 058, in Exhibit 1, there is a  
19 definition of what the "Equivalent Bill" is.  
20 And, so, essentially, the "equivalent bill" is  
21 measuring -- is synonymous with a customer count  
22 for revenue calculation purposes, as part of the  
23 rate case itself. So, base distribution rates,  
24 as well as the decoupling calculation, the count

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 of customers is the equivalent bills. And, so,  
2 if you were to think of what the revenue is for a  
3 particular month, it's made up of a series of  
4 customers that have customer charges. There are  
5 times where those customer charges are more than  
6 a month, and there are times when that is less  
7 than a month. And, so, the calculation of an  
8 equivalent bill is to try to align the customer  
9 charge or the count of the number of customer  
10 bills, with the revenue associated with that  
11 period.

12 And, so, in a perfect world, if you  
13 were to have a customer there for the entire  
14 month, and their associated revenue for that  
15 entire month, you would have an equivalent bill  
16 of one. If you were to have an example where the  
17 customer came on for half of the month, and, so,  
18 there's a proration of their customer bill, you  
19 would have an associated lower amount of revenue  
20 associated with that customer only being there  
21 for half a month. So, their equivalent bill  
22 would be for half a month. And, so, you're just  
23 aligning the bill counts with the revenues.

24 Q So, does this number of test year equivalent

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 bills, does that appear on the Company's books  
2 and records anywhere?

3 A (Menard) It is a calculation based off of what is  
4 on the Company's books and records. So, on the  
5 Company's books and records, we have the number  
6 of customer charges, you know, customer charges  
7 are on the Company's books. And, so, this  
8 equivalent bill is a calculation using the  
9 customer charges that are on the Company's books.  
10 So, there isn't a account of an equivalent bill  
11 on the books.

12 Q So, you'd need two factors, right? You would  
13 need this amount of customer charges and you'd  
14 need total revenues to get this equivalent bill  
15 calculation. Do I understand that right?

16 A (Menard) Just the first part. You just need the  
17 number of customer charges.

18 Q You just need to know the number of customer  
19 charges to get the equivalent bill?

20 A (Menard) Yes.

21 Q I guess, to get the number of equivalent bills?

22 A (Menard) Correct.

23 Q Okay. Now, somewhere in the testimony it says  
24 two things. One, it says that this is a -- I

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 think it describes it as a "regulatory  
2 calculation" or a "ratemaking calculation", and I  
3 can get the page reference, if that's helpful.  
4 And in another place it says that it was  
5 "important to do an equivalent bill calculation  
6 for both target revenues and actual revenues."  
7 Am I remembering the testimony right? Are those  
8 statements in there?

9 A (Menard) Do you have the page reference? I know  
10 it's in there, but --

11 Q Yes, let me give it a shot here. So, I'm looking  
12 at the bottom of Page 10, Bates Page 010.

13 A (Menard) Yes. I see it.

14 A (Therrien) So, if I may, I can help with the  
15 ratemaking aspect of equivalent bills?

16 Q Sure.

17 A (Therrien) And it's also more commonly referred  
18 to as a "calendarization". It's a form of making  
19 sure that your test year represents like a normal  
20 annual billing activity in which to jump off of  
21 when you're establishing your new revenue  
22 requirements.

23 So, this has been accurately described.  
24 It's essentially saying "How many customer



[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 charges did you bill during that test year?" And  
2 you then divide by that tariff rate to result in  
3 equivalent bills.

4 Some other jurisdictions do rough  
5 justice, where they just pick a midpoint in the  
6 test year and say "that's the number of customers  
7 you have", or they pick the end of the calendar  
8 year, or they do an average.

9 In my opinion, this equivalent bill  
10 calculation is a more accurate representation of  
11 customer count for purposes of rate-setting. So,  
12 this is one of a few different methods of what I  
13 call "customer calendarization".

14 Q And is it your understanding that this method was  
15 used in establishing the revenue requirement in  
16 19-064?

17 A (Therrien) It is.

18 Q Okay. So, that was sort of a starting point in  
19 putting that rate case together?

20 A (Therrien) That's correct.

21 Q Okay.

22 A (Menard) And just to support that, you could go  
23 back to the Settlement Agreement, and you could  
24 look in particular testimony, you could see the

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 calculation, you can see these exact customer  
2 equivalent bills in the Settlement Agreement and  
3 in the -- sorry, in the Company's testimony.

4 Q Okay. And, so, since we've been able to trace  
5 the 47,167,000 back to the rate case, I think  
6 what you're saying is we could also trace this  
7 522,000 of equivalent bills back to the rate  
8 case?

9 A (Therrien) Yes. There is an exhibit that  
10 supports that calculation in the rate case.

11 Q Okay. So, there is some monthly variation in the  
12 number of equivalent bills, and it seems to occur  
13 in all the classes that are listed on Bates  
14 Page 032. Some of the classes, the number of  
15 customers has a greater impact on the ultimate  
16 calculation, because the customers are larger,  
17 I'm thinking, in particular, of Column D and  
18 Column E. So, I wanted to look at Column E for a  
19 second. Column E has 12 different numbers of  
20 equivalent bills for the test year. I see a low  
21 of, I think, 132 -- 131, and a high of 143 --  
22 145, I guess. So, with customers this big, why  
23 do you suppose that the number of equivalent  
24 bills jumps around a bit by month?

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 A (Menard) Again, the equivalent bill is a  
2 calculation of how that customer is billed for  
3 the month. And, so, there might be issues with  
4 the billing for each of those customers. There  
5 could be billing adjustments that were made.  
6 There could be long or short bills. There's a  
7 variety of reasons why those numbers could jump  
8 around. And that's what these numbers represent.

9 And just to support that, you can also  
10 see that in the revenues themselves, they kind of  
11 bounce around accordingly.

12 Q Well, I guess that raises two questions. Let me  
13 ask this one first. So, let's look at the  
14 revenues. Again, sticking with this Column E,  
15 which are the large "General TOU", stands for  
16 "Time of Use", correct?

17 A (Menard) Correct.

18 Q "G01" customers. The revenues, in total, seem to  
19 be the highest in July, August, and September,  
20 where they're over a million dollars, and then  
21 all the other months they're under a million  
22 dollars, I guess they get as low as \$836,000. I  
23 had, maybe naively, attributed that to those  
24 being summer months. Do you think that's an

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 accurate -- that's accurate?

2 A (Menard) Yes. It could be a number of things.  
3 It could be the fact that those are summer  
4 months. But there could also be billing factors  
5 in there as well. So, just like you're trying to  
6 measure your equivalent bills, in terms of you  
7 match your revenues, this could be maybe a longer  
8 billing period or a shorter billing period. And,  
9 so, you've got two different factors. You've got  
10 the billing period, as well as the consumption  
11 itself in that month.

12 Q And you had mentioned I think the term "long  
13 bills" or "short bills", and that terminology  
14 shows up on Page 11 of the testimony. It's the  
15 same sentence or same question we were just  
16 talking about earlier. We were talking about  
17 "equivalent bills". And it says "Adjustments are  
18 necessary for long, short, initial, and final  
19 bills, when the monthly fixed charge is  
20 pro-rated." What does that mean? What's the  
21 proration that's referenced there? And what are  
22 "long", "short", "initial", and "final bills"?

23 A (Menard) So, an "initial bill" would be when the  
24 customer first comes onto the system. They might

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 join in the middle of a billing cycle. A "final  
2 bill" would be when they terminate service in the  
3 middle of a billing cycle. And a "short" or  
4 "long bill" could be for reasons, there could be  
5 reasons to bill them over a longer period or a  
6 shorter period than their normal billing cycle.  
7 And, so, these are common adjustments that are  
8 made, in terms of how bills are sent out to  
9 customers.

10 Q And, if adjustments like that are made, which  
11 numbers on Bates Page 032 do they impact? Do  
12 they impact the middle of the page, which is  
13 revenues? Or, do they impact the equivalent bill  
14 number, which is the top third of the page? In  
15 situations where there are "adjustments" made for  
16 these four phenomena?

17 A (Menard) They would impact both. So, let's take,  
18 for example, an initial bill, where they come on  
19 in the middle of the month, or the middle of  
20 their billing cycle. Their associated revenues  
21 would be shorter. They would just be for the  
22 kilowatt-hours or kilowatts associated with that  
23 time period when they were a customer.

24 Their equivalent bill would also be

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 factored in. So, if they were there for only  
2 half of the billing cycle, they would be half of  
3 a customer.

4 And, so, if you were to calculate a  
5 revenue per customer, and, so, you have revenue,  
6 let's just say it was a thousand dollars, to be  
7 simple, a thousand dollars of revenues, if you  
8 were to divide that by a customer count of one,  
9 that would be different than a customer count of  
10 a half. And, so, you try to align your revenues  
11 with your bills or your customer count. And, so,  
12 this equivalent bill is a way to factor that in.

13 Q Okay. Okay. So, now, I want to compare Bates  
14 032, which was target revenues, to Bates 033,  
15 which is actual revenues. And, again, I want to  
16 start with the same number. So, I'm on Line 71,  
17 and I'm in the far right-hand Column J, and I see  
18 a figure of \$47,806,000. Could you explain what  
19 that number is?

20 A (Menard) That is revenues received from the time  
21 period July 2021 through June 2022 for these  
22 specific rate classes.

23 Q So, that, I would imagine, would be fairly easy  
24 to tie to the Company's books. That's a number

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1       that would show up on the books and records,  
2       correct?

3   A     (Menard) Correct.

4   Q     Okay. And that number is actual. And, as we've  
5       said, we compare that to target. And, if you  
6       flip back one page, the target revenue is  
7       47,167,000, the actual revenue is 47,806,000.  
8       The actual number is higher than the target,  
9       correct?

10  A     (Menard) Correct.

11  Q     And the difference, looking at it quickly, seems  
12       to be about 100 -- I'm sorry, about \$640,000.  
13       Would you agree?

14  A     (Menard) Correct.

15  Q     Okay. So, what I'm struggling with is, well, I  
16       guess I want to go to the testimony. There's a  
17       statement in the testimony, on Page 7, and it  
18       says "Revenue decoupling allows a utility to  
19       recover the base revenue requirement approved in  
20       the most recent base-rate proceeding - no more,  
21       no less." So, I would read that and say to  
22       myself that "the revenue decoupling mechanism  
23       should allow the Company to recover 47,167,000  
24       that I see on Bates 032." Am I wrong in that?

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Is that incorrect?

2 A (Therrien) So, you're mixing methodologies of  
3 decoupling. Unfortunately, I think the text in  
4 the testimony could have been a little more  
5 clear. What the methodology approved for Granite  
6 State is a revenue per customer methodology. So,  
7 when you -- and by way of kind of helping the  
8 conversation, if you look at Bates 033, compared  
9 to Bates 032, and to your point, you're comparing  
10 Line 71, total distribution revenues of  
11 47,806,000, to a lower number in the target, on  
12 Page Bates 032, Line 27, of 47,167,000. However,  
13 there are also more equivalent bills in  
14 actuality. Looking at Bates 033, Line 57, there  
15 are "541,290" equivalent bills, which is higher  
16 than the target, shown on Bates 032, Line 13, of  
17 "522,214".

18 So, the point I'm making here is that  
19 the revenues are higher, but so are the number of  
20 customers. One of the main reasons why you  
21 select a revenue per customer form of decoupling  
22 is to help the Company cover the costs of adding  
23 new customers. So, there are approximately  
24 20,000 additional bills. That's what, some 1,500



[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 customers I'll just say. Those new customers  
2 presumably had incremental investment required in  
3 order to serve them. So, the incremental revenue  
4 helps to cover that incremental revenue  
5 requirement.

6 Q Okay. So, is the statement on Page 7 incorrect  
7 or is it an oversimplification? How would you  
8 characterize that?

9 A (Therrien) Can you please give me the line number  
10 again, I'm sorry?

11 Q Yes. I'm starting on Line 18.

12 A (Therrien) So, the way it reads, I would say it's  
13 slightly incomplete of a thought, given the fact  
14 that Granite State has a revenue per customer  
15 decoupling methodology. This reads more generic,  
16 like a total revenue methodology. So, if I were  
17 to rewrite it, I would introduce, you know, the  
18 concept of a "per customer". Because, in Granite  
19 State's case, you're recovering revenue per  
20 customer as what was allowed in rates, no more,  
21 no less.

22 Q Okay. So, we have a situation in this case, as I  
23 understand it, where the Company actually  
24 recovered more than the revenue requirement on a

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 total basis, but under-recovered on a revenue per  
2 customer basis. That's what you're saying?

3 A (Therrien) Yes, sir.

4 Q Okay. So, I did want to talk about the  
5 difference in the equivalent bills on Bates Page  
6 033 versus Bates Page 032. And I think I agree  
7 with you, it looks like it's about a \$20,000 --  
8 I'm sorry, 20,000 equivalent bill increase. Do  
9 you know what that would be attributed to?

10 A (Menard) And, when we're talking about the  
11 comparison, those test year equivalent bills were  
12 from 2018, and we're looking at the actuals,  
13 that's from the 2021-22 time period. So, that's  
14 over a four-year time period. And, so, that's  
15 just traditional, normal growth. And that, if  
16 you compare them on a class-by-class basis, you  
17 can see that growth mainly happening in the  
18 Residential class.

19 Q And the figure that Mr. Therrien sort of  
20 estimated at 1,500, that's because you figure 12  
21 bills per year, and, so, you take the \$20,000  
22 [20,000?] difference and divide it by 12?

23 A (Menard) Yes.

24 Q Okay. And, so, the 1,500 or so new customers

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1       seems like a reasonable number, is what you're  
2       saying, especially over a three-year period?

3   A     (Menard) Yes. I think we had calculated it to,  
4       you know, one, one and a half percent, something  
5       like that.

6   Q     Okay. All right.

7   A     (Therrien) And, if I may also supplement, just as  
8       a point of reference, going back to the original  
9       rate case testimony, Page 15, starting on Line 14  
10      of my direct testimony, I talk about the reasons  
11      why a revenue per customer methodology is best  
12      for Granite State, and it also refers to some  
13      growth in the Tuscan Village, in Salem, New  
14      Hampshire. So, perhaps some of that growth came  
15      to fruition over the past three years.

16   Q     Right. So, you're referring back to your rate  
17      case testimony.

18   A     (Therrien) I am.

19   Q     And my recollection of that, and also the gas  
20      case, was the idea was to develop a method that  
21      allowed the Company to keep revenue from new  
22      customers, and not give that growth revenue back  
23      through the decoupling mechanism. Do I have that  
24      right?

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 A (Therrien) You do. It would be at the class  
2 average revenue.

3 Q Uh-huh.

4 A (Therrien) But, yes. It would be to allow the  
5 Company to retain that class average revenue  
6 associated with that new customer, in order to  
7 help cover the new incremental revenue  
8 requirements of those new customers.

9 Q Okay. Now, the way the math works in this  
10 schedule, if -- because the number on Bates Page  
11 032 -- 033 of 541,000 is higher than the  
12 equivalent number on Bates Page 032, that  
13 produces lower revenue per customers -- lower  
14 actual revenue per customer than if the test year  
15 number had stayed the same, the 522,000 of  
16 equivalent bills had stayed the same. Right?

17 A (Therrien) That's logical mathematics, yes.

18 Q Okay. And that, therefore, results in a  
19 decoupling adjustment, a collection for the  
20 Company, because the actual revenue per customer  
21 gets lower as the number of equivalent bills gets  
22 higher. Is that right?

23 A (Therrien) All else being equal, yes.

24 Q Okay.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 A (Therrien) Both the numerator, being revenues,  
2 and the denominator, equivalent bills, have  
3 grown. But, after the division process, the  
4 revenue per customer is less in actuality than  
5 what was contemplated and approved in rates.

6 Q Okay. Okay. So, let's move to Bates Page 034,  
7 and I think it makes sense just to go right to  
8 Exhibit 2, rather than -- rather than Exhibit 1.  
9 This is where the actual calculation of the  
10 adjustment takes place, correct?

11 A (Menard) Correct.

12 Q And, although it looks really complicated -- it  
13 is really complicated, but it's really a bunch of  
14 little comparisons done on a monthly basis and on  
15 a revenue/class basis, correct? So, each one of  
16 these little cells is its own little decoupling  
17 adjustment, if you will?

18 A (Menard) Yes. It's essentially taking what's on  
19 Bates Pages 032 and 033, and simplifying it to  
20 just the target and actual revenue per customer,  
21 comparing those two, calculating the difference,  
22 and then multiplying it by the actual number of  
23 equivalent bills to come up with your decoupling  
24 variance.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Q Okay. So, let me -- that's what I thought. So,  
2 let me see if I can break it down a little bit.  
3 And I'm just going to focus on the upper  
4 left-hand corner in this instance. So, I'm  
5 looking at Column C. And I'm looking at roughly  
6 Rows 89 through 94. And, so, what I'm looking at  
7 is really the adjustment for residential  
8 customers for July of 2021, right?

9 A (Menard) Correct.

10 Q And here we have a target revenue per customer of  
11 "\$57.94", correct?

12 A (Menard) Yes.

13 Q And that comes right from Bates 032, would you  
14 agree?

15 A (Menard) Yes. Line 29, Column C.

16 Q Okay. And then, for actual revenue per customer,  
17 we have a figure of "\$61.60", and that comes  
18 right from Bates 033, correct?

19 A (Menard) Yes. Line 73, Column C.

20 Q Okay. And, so, that's a \$3.66 difference on a  
21 per customer basis, right?

22 A (Menard) Yes.

23 Q Okay. So, I'm struggling with terms like  
24 "over-collected" or "over-performed", I'm not

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1       sure how to characterize it. But maybe the best  
2       way to say it is, that, for this month, these  
3       residential customers brought in more revenue  
4       than was expected at the time the targets were  
5       set?

6   A     (Menard) Yes.

7   Q     Okay.

8   A     (Menard) A surplus of revenue.

9   Q     What's that?

10  A     (Menard) Surplus.

11  Q     Surplus, okay. So, they produced a surplus of  
12       revenue. And then, that surplus, which is on a  
13       customer basis, gets multiplied by Line 92, which  
14       is labeled "Actual Bills", "36,600", that number  
15       comes directly from Bates 033, upper left-hand  
16       corner, where it's called "equivalent bills".  
17       There's no difference between "actual bills" and  
18       "equivalent bills", no difference intended,  
19       correct?

20  A     (Menard) Correct. We use them synonymously.

21  Q     Okay. So, I could call them "actual equivalent  
22       bills" or something, or is that a misnomer?

23  A     (Menard) Yes. You can call them "actual".

24  Q     "Actual equivalent bills", okay. And, so, this

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 extrapolates you out to the full class level from  
2 that \$3.66 difference on a per customer basis,  
3 and tells you that the residential customers in  
4 this class produced a surplus of 134,000 for that  
5 one month?

6 A (Menard) Yes.

7 Q Okay. And do you have any idea what would have  
8 led to that surplus? And whether or not that  
9 surplus is significant, from like a total class  
10 perspective? I guess we'd have to put it in  
11 perspective as to total revenues for that class.  
12 Maybe there's a target number for that as well?

13 A (Menard) Well, you can see the, you know, total  
14 revenues for that month, on Bates 033, is about  
15 \$2.3 million. So, in terms of what causes that?  
16 You know, the revenue decoupling was supposed to  
17 account for various -- various changes between  
18 the, you know, how the original distribution  
19 rates were set, the revenues, the base revenues.  
20 And, so, this decoupling mechanism replaces the  
21 Lost Revenue Adjustment Mechanism for energy  
22 efficiency, for net metering, it could be for  
23 economic conditions, it could be changes for use  
24 per customer.



[WITNESS PANEL: Samenfeld|Menard|Therrien]

1                   And, so, sitting here with this  
2                   aggregated number, you can't tell exactly what  
3                   causes that difference. But it's likely an  
4                   increase in use per customer for that Residential  
5                   class.

6   Q   Well, not "likely", it has to be, right? That's  
7                   the comparison of the two numbers?

8   A   (Menard) Yes. But, if you think about --

9   Q   Is there anything else it could be?

10   A   (Menard) If you think about what else is behind  
11                   that number, you've got energy efficiency  
12                   measures in there. So, that's offsetting that  
13                   increase. You've got net metering in there. So,  
14                   you've got customers that have solar on their  
15                   house. And, so, all these things are factored  
16                   into that number. There's some ups and downs.  
17                   And, in general, that use per customer for that  
18                   particular class seems to be increasing. You  
19                   have the opposite effect on the C&I classes.

20   Q   Yes. I wanted to get to that in a minute. But I  
21                   see what you're saying. You're saying, sort of,  
22                   when you net all this stuff out, what's left over  
23                   is additional use per customer --

24   A   (Menard) Yes.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Q -- on the residential side. So, I'm not going to  
2 go through all, I don't know how many squares  
3 there are here on this page. But just looking  
4 down Column C, and I'm on Bates 034, Exhibit 2,  
5 and I see -- you know, I said "could we put that  
6 number in perspective, the 134,000, for that  
7 month?" I think you pointed me over to the  
8 actual revenue for that month for that class of  
9 2.2 million. So, it looks like they  
10 out-performed, if you will, like 5 percent, is  
11 that -- that's about right, isn't it?

12 A (Therrien) No. I think that's -- I think it's  
13 less than a half a percent.

14 A (Menard) Yes.

15 Q 134,000 divided by 2.2 million? I didn't bring  
16 my calculator.

17 A (Therrien) I didn't do it either.

18 A (Menard) I didn't bring my calculator, but the  
19 math --

20 Q Okay. Well, the numbers speak for themselves.  
21 So, just glancing down Column C, I don't see a  
22 number that big again in the positive side until  
23 I get to February and March, and I do see some  
24 negative numbers.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1                   Do you have any explanation as to why  
2                   the number would go from a positive 134, to as  
3                   low as a negative 128,000 in January, and then  
4                   back up to a positive of 214,000 in February, and  
5                   a positive of 164,000 in March? It seems to jump  
6                   around a bit. Is there any explanation for that  
7                   that you can think of?

8    A    (Therrien) I'm not sure that weather was one of  
9           the items listed in the explanation, but, for  
10          Granite State, weather is not explicitly carved  
11          out of the decoupling calculation, unlike  
12          EnergyNorth, where there is a separate  
13          weather-normalization adjustment. So, in my  
14          view, it's most likely, especially the Domestic  
15          class, that weather is the contributor to this  
16          variance, especially when you see a surplus in  
17          July of 2021, subject to check, I believe it was  
18          a hotter-than-normal month. And that, to me,  
19          would be a likely contributor to this variance.

20   Q    Okay. And then, moving over to the commercial  
21          classes, there's a lot of them here, but, to keep  
22          it simple, I want to focus on, again, Column E,  
23          which has a lot of number -- a lot of dollars and  
24          very few customers. I see, almost across the

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 board, I think it is across the board, negative  
2 numbers, meaning that, again, it's probably not  
3 the right term, but the class sort of  
4 "under-performed", had a deficiency versus their  
5 target. And, if I go down to the bottom of the  
6 page, it all totals up to \$1.3 million, roughly.

7 Do you have any sense as to what would  
8 have caused that consistent across-the-months  
9 deficiency?

10 A (Menard) In general, we've been seeing, on the  
11 customer class, overall use per customer  
12 declining for that class. I don't -- and we  
13 haven't dug into reasons why that is, it's just  
14 something we've been seeing and experiencing over  
15 the past few years.

16 Q So, I see, from Bates 033, that the use per  
17 customer for this class is roughly \$6,000 a  
18 month. So, quick math, maybe 72 to \$80,000 a  
19 year. That's a pretty big electric bill, I  
20 think. Can you give us an idea what types of  
21 customers fall into this G01 Time of Use class?

22 A (Menard) They're going to be our largest  
23 customers, you know, manufacturing-type  
24 customers, you know, large commercial, large

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 industrial customers.

2 Q So, Mr. Therrien mentioned the Salem Tuscan  
3 village development. I've been there myself,  
4 it's kind of a giant mall, with a bunch of stores  
5 and restaurants. Do customers of that size fall  
6 in this class? Like, I think there's an L.L.  
7 Bean there or a Williams-Sonoma. Or, are we  
8 talking even bigger than that?

9 A (Menard) Even bigger than that. I think those  
10 retail customers tend to be on the -- I want to  
11 say the G02/G03 type rates. So, the G01 would be  
12 even the larger industrial customers.

13 Q Okay. And -- okay. And the target number of  
14 bills for that class was "1,658", when I say  
15 "that class", the G01 class, I'm on Bates 032,  
16 Column E, Line 14.

17 When I flip to the actual number of  
18 bills, again, this is equivalent bills, on  
19 Bates 033, I get "1,803". That's a difference of  
20 about 150. So, if I divide that by 12, what does  
21 that tell me? That's 12 new customers or 13 new  
22 customers, something like that?

23 A *(Witness Therrien indicating in the affirmative).*

24 Q Does that surprise you that there would be 12 or

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1           13, or whatever it is, new customers of this  
2           magnitude in this timeframe?

3   A       (Menard) I don't know. I'd have to look into the  
4           details. Sorry, we did not do that.

5   Q       So, if our Audit Division was able to go in and  
6           look at the equivalent bill number of "541,290",  
7           you think that's something they would be able  
8           to -- that's an unfair question for you, I guess.  
9           Let me withdraw that question. I'm not going to  
10          ask you what you think the auditors might find.

11                 MR. DEXTER: I'll just state for the  
12           Bench that that is a number that I will ask the  
13           auditors to look at, and which is why I'm going  
14           to make the request at the end that the results  
15           be subject to audit, because we believe that  
16           the -- that, really, the key number in this  
17           calculation is Line 58, I guess it is, on  
18           Bates 033, which is the actual equivalent bill  
19           number. And we think it's particularly important  
20           that we nail down that "1,803" number, because it  
21           gets multiplied by 6 or \$7,000 a month. It's a  
22           few customers, but a lot of money involved.

23                 So, sorry I'm --

24                 CHAIRMAN GOLDNER: Yes. I think, Mr.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1       Dexter, and I think we're aligned, at least I'm  
2       confused, not speaking for Commissioner  
3       Chattopadhyay, but I think we're in the same  
4       position, that you would expect the largest  
5       customers, these huge industrial customers to be  
6       rock-solid through the course of the year. I  
7       would expect there to be almost no variation in  
8       that. How many big customers does one add or  
9       subtract in the course of a year?

10               So, that's an excellent topic for the  
11       audit. Thank you.

12               MR. DEXTER: Okay. Thanks.

13 BY MR. DEXTER:

14 Q       So, I guess, along the lines of continued  
15       speculation, I asked you what might have led to  
16       these changes in RPC, revenue per customer, and I  
17       heard "weather", and I heard "economy". I didn't  
18       hear anyone mention the "COVID pandemic". Do you  
19       think that was a factor? And I understand it's  
20       just a gut feeling, but do you think that was a  
21       factor?

22 A       (Menard) We have seen usage patterns change in  
23       our customer classes. I don't know whether, you  
24       know, if you were to compare pre-pandemic to

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 post, the characteristics have changed, the usage  
2 characteristics have changed.

3 We delayed the implementation of this  
4 decoupling mechanism to get out of the period.  
5 And I'm not sure we will ever be back to  
6 pre-pandemic.

7 Q And the test year was pre-pandemic?

8 A (Menard) Yes.

9 Q Okay. So, when the math is all done on Bates  
10 034, we end up with a situation where the Company  
11 seeks to collect \$1,753,000, some of it in this  
12 case, some of it deferred to next year. And  
13 there's been a change that was presented today in  
14 the method that that number is going to be  
15 collected. But, before we get to that, I want to  
16 ask you if you can give me some reasons why we're  
17 left with a -- well, I'm jumping ahead a bit.

18 Let me ask you, if we know, under the  
19 new proposal that was presented today, how that  
20 1,753,000, who it's going to be collected from?  
21 I know how it was going to be collected from  
22 under the filing that's here. That is set forth  
23 on Bates 035, Line 177, correct?

24 A (Menard) Can you say that again?



[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Q So, under the current -- we'll move to the new  
2 proposal in a minute. So, let me just stick with  
3 the way it was presented here in the documents.  
4 So, I'm on Bates 034, we have a total request of  
5 the Company to collect 1,753,000, correct?

6 A (Menard) Prior to the cap?

7 Q Yes.

8 A (Menard) Yes.

9 Q In total.

10 A (Menard) In total.

11 Q And then, when we get to Bates Page 035, the cap  
12 comes into play. So that, in this case, if you  
13 will, the only collection that's going to happen  
14 is 1,415,000, that shows up on Line 155 and 177  
15 of Bates 035, correct?

16 A (Menard) Correct.

17 Q Okay. Now, the way that was going to be divided  
18 between the classes, under the proposal that was  
19 made, it shows up on Bates Page 70 -- I'm  
20 sorry -- Bates Page 035, Line 177, correct?

21 A (Menard) On Bates Page 036 is -- was the original  
22 proposal of how the \$1.4 million would be  
23 allocated to the classes and to the individual  
24 rate components.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Q Yes. That shows me the change in the rate. But,  
2 if I wanted to look at it on a total dollar  
3 basis, --

4 A (Menard) Oh. Yes. On a total dollar basis,  
5 correct. Yes.

6 Q Okay.

7 A (Menard) Yes.

8 Q And, so, what this tells me, again, this is the  
9 way it was presented, that the Residential class,  
10 who we saw on Bates Page 034, sort of  
11 over-performed their target by 394,000, is asked  
12 to pay, under this decoupling clause, \$689,000.  
13 Do you have that math right?

14 A (Menard) Yes.

15 Q Okay. What's the reasoning behind that? And I  
16 understand it comes from the Settlement, and we  
17 all agreed to the Settlement. And I'm sitting  
18 here struggling to figure out why that makes  
19 sense?

20 A (Therrien) So, if I may? And I will bring you  
21 back to the original docket and the original  
22 direct testimony, citing Page 31 of 37, starting  
23 on Line 16, going to Page 32, Line 4. And if I  
24 could just read it, --

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Q Sure.

2 A (Therrien) -- a portion of it? "It is  
3 appropriate to apply the RDM to all customers  
4 because (a) all Granite State customers are  
5 eligible for the Company's EE programs, and (b)  
6 Residential and C&I customers are likely to  
7 implement conservation efforts that are not  
8 directly associated with Granite State's EE  
9 programs."

10 That is in the context of "why was this  
11 a uniform volumetric charge?" So, the theory  
12 behind applying the adjustment to everybody is  
13 that we don't know what's going on in the  
14 individual premises, insofar as personal energy  
15 efficiency. Because, remember, this is all tied  
16 to enticing customers or disincentivizing the  
17 utility from decreased sales. So, the Company  
18 should be indifferent to the amount of sales.  
19 And that's -- that's, in this particular section,  
20 an attempt to address that.

21 I will say that I've seen it calculated  
22 in kind of both ways, where it's uniform, as the  
23 Settlement Agreement has, and I've seen it also  
24 at the individual class level.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Q So, when you say "uniform", my understanding is  
2 that what we agreed to in 19-064, and this is on  
3 Line 176, is you go back and look at what percent  
4 each class contributes to the Company's test year  
5 revenues. And, in this instance, residential  
6 customers contributed roughly 49 percent of the  
7 test year revenues.

8 A (Therrien) Right.

9 Q Is that right?

10 A (Therrien) That's correct.

11 Q Okay. And, so, the theory then was, they should  
12 bear the burden, or the benefit, depending on  
13 which way this adjustment went, of 49 percent of  
14 the decoupling adjustment. Do I have that right?

15 A (Therrien) You do.

16 Q Okay. And does that make any sense or is it just  
17 like convenient math?

18 A (Therrien) I think it makes sense. I do believe  
19 that was a change from the original uniform  
20 volumetric charge, which would have just treated  
21 the entire system shortfall, divided by the total  
22 entire system kilowatt-hours. So, it's an  
23 attempt at refinement of allocating the revenues  
24 to the classes. I don't know if that was a

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 matter of convenience or a matter of negotiation,  
2 but this was a change.

3 Q Okay. Now, moving to what was proposed today, I  
4 guess what I'm curious about is whether or not  
5 what Ms. Menard and Liberty proposed today would  
6 have any impact on this class allocation that's  
7 on Bates 035?

8 A (Menard) No, it wouldn't have any impact on the  
9 class allocation. It would just recover the  
10 dollars according to -- so, you take the dollars,  
11 on Line 177, so still allocating accordingly, and  
12 then you would just recover them over the future  
13 sales forecast volumes.

14 Q So, it would affect the blocks below Line 177,  
15 where here you calculated a percentage base rate  
16 increase and a monthly impact, instead we'll see  
17 something that calculates a per kWh collection  
18 method?

19 A (Menard) Correct. An only per kWh collection  
20 method, yes.

21 Q Okay. All right. Okay. All right. If, and,  
22 again, I'm asking you to maybe speculate or just  
23 opine, but are there other, and maybe this  
24 question is more to Mr. Therrien, with the

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 broader experience, are there other ways that  
2 this could have been done that you've seen in  
3 other decoupling mechanisms? And maybe you could  
4 let me know what those are?

5 A (Therrien) Well, certainly, there's are variety  
6 of different methods. I'll try to limit it to  
7 two. One is the methodology that we see here.  
8 And I do think the cap comes into play here,  
9 because we have a 3 percent cap, and the amount  
10 of the adjustment is larger than that 3 percent.  
11 So, you do need to do some math at the aggregate  
12 level, okay?

13 So, let's, for purposes of comparing  
14 two methodologies, let's pretend there's no cap  
15 for a minute. So, we have a \$1.752 million  
16 amount of money that needs to get collected.  
17 Method 1 would be to divide that 1,752,000 times  
18 forecasted system sales, and that would give you  
19 a uniform rate. Method 2 would be to look at the  
20 deficiency or surplus at the class level, divide  
21 by the forecasted throughput for that class, and  
22 have an individual rate for each class.

23 So, Method 1 is a  
24 all-for-one/one-for-all methodology. Method 2 is

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1       decoupling is really a class-specific  
2       calculation.

3   Q     Which one do we have here?   Method 1?

4   A     (Therrien) A bit of a hybrid, but I would say  
5       Method 1.

6   Q     Okay.

7   A     (Therrien) Because, ultimately, you're taking the  
8       dollar amount and spreading it across all the  
9       classes. And I would -- I would bet that the  
10      volumetric rates are fairly close. In fact, they  
11      are. You can see that on Line 181. I think the  
12      allocation, based on test year distribution  
13      revenues, on Line 176, kind of upsets the uniform  
14      rate, but it's fairly close to it.

15   Q     Okay. And did I understand you to say that  
16      Method 2 would be, if I went to Bates Page 034,  
17      Exhibit 2, the revised version, you would take  
18      each of those totals at the bottom, and come up  
19      with decoupling rates, so that those with  
20      positive numbers, like the Domestic class, would  
21      get money back, and those with negative numbers  
22      would pay?

23   A     (Therrien) Yes.

24   Q     Is that right?

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 A (Therrien) That's correct.

2 Q Does that defeat the purpose of decoupling and  
3 the --

4 *[Court reporter interruption.]*

5 BY MR. DEXTER:

6 Q Yes. I said, does that defeat the purposes of  
7 decoupling and the incentives that you talked  
8 about earlier?

9 A (Therrien) In my opinion, it does not defeat the  
10 purpose of decoupling. By way of example, there  
11 are companies that only apply decoupling to the  
12 residential customer class, because that's where  
13 they believe the greatest disincentive to the  
14 utility to prevent lower sales occurs. And  
15 that's also the class that tends to get the most  
16 advantage from energy efficiency programs.

17 So, we're attempting -- we're  
18 attempting to match things the best we can. And  
19 ratemaking is not always that precise, or it can  
20 somewhat be a bit of a blunt instrument. I don't  
21 believe the Company, or perhaps any of the  
22 Settling Parties, thought the adjustment would  
23 exceed the cap, but it has. That's a  
24 consideration. So, it's a little larger, I



[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 think, than perhaps people thought it might be.

2 Q Well, that brings me to my final question. So,  
3 what we have here is a \$1.75 million adjustment,  
4 from a rate case that produced a revenue increase  
5 of 4.15 million. So, again, almost more than a  
6 third of the entire rate case. Does that  
7 surprise the panel that the decoupling adjustment  
8 is as high as it is? And, if so, do you have any  
9 reasons why you think it's as high as it is, in  
10 comparison to the underlying rate case that was  
11 settled?

12 *[Short pause.]*

13 CHAIRMAN GOLDNER: That was apparently  
14 an excellent final question.

15 **BY THE WITNESS:**

16 A (Therrien) Well, I respectfully just deferred,  
17 because I don't know enough about the Company's  
18 operations to really answer that. From a  
19 theoretical standpoint, it's been three years  
20 since your test year. You're going to have wider  
21 variation the further you get away from that.  
22 But I don't know enough about the operation of,  
23 you know, the customers behind this utility.

24 **BY MR. DEXTER:**

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Q Sure. Anybody else? I have a follow-up for  
2 Mr. Therrien. But if anybody else has any  
3 insight?

4 A (Menard) I haven't looked at it from that  
5 perspective to have an opinion whether this is  
6 too high or too low in comparison.

7 Q Okay. And have you come across other situations,  
8 Mr. Therrien, where you've been involved in  
9 developing decoupling clauses, and the results  
10 were as significant as this, in comparison to the  
11 underlying rate case?

12 And I guess EnergyNorth is an obvious  
13 example. But let's put that one aside, since we  
14 have a whole nother case looking into that.

15 A (Therrien) I'm rattling through a few adjustment  
16 clauses that I remember. It's anecdotal, so  
17 please --

18 Q Sure.

19 A (Therrien) I would say that I have seen  
20 adjustments both positive and negative. So, I  
21 would say that, in order to judge whether your  
22 mechanism is as intended, it may take a few years  
23 of experience to make that determination.

24 Q Okay.

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1                   *[Atty. Dexter conferring with Director*  
2                   *Nixon.]*

3 BY MR. DEXTER:

4 Q     So, we've just come out of a COVID period that  
5     Ms. Menard testified to, you know, had an impact  
6     on use per customer and customer usage. And I  
7     think we'd all agree that that was an unusual  
8     event.

9                   Does decoupling work better in a  
10     scenario where you don't have unusual events like  
11     that? For example, the Great Recession of 2008,  
12     or whatever it was, or the economic impacts of  
13     9-11 twenty years ago, or the current Ukraine War  
14     and the impact on energy prices worldwide, or the  
15     similar effects we had during the Iraq War, and  
16     so on and so forth.

17                  All of those historical events that I  
18     mentioned I would imagine had a huge impact on  
19     customer usage. And I guess what I'm asking,  
20     and, again, we're just sort of talking here  
21     theoretically, is decoupling well-suited in these  
22     last 20 years that we've had of, you know,  
23     various global upheaval? Or, does it work better  
24     maybe in the 1950s, where we all imagine, you

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 know, a calmer decade, with steady sales growth  
2 and expansion, and low inflation and low interest  
3 rates?

4 A (Therrien) At the risk of flipping this on its  
5 head, let me go back 25 years, when decoupling  
6 first started to evolve as a potential ratemaking  
7 methodology. And, frankly, professionally, I was  
8 skeptical of it. But the intent of decoupling,  
9 and I'll go back to my original testimony, is to  
10 incentivize energy conservation. It's to  
11 disaggregate sales from utility revenues and  
12 earnings. And it's meant to really unlock a  
13 culture of saving energy. And whether that be  
14 through utility-funded programs, ratepayer  
15 programs, or just customers deciding to go to  
16 Home Depot, I think you can tell, by the  
17 widespread acceptance and implementation of  
18 decoupling across the country over the past  
19 25 years, frankly, it has surprised me how well  
20 received it has been.

21 Now that we have this length of time of  
22 experience with it, are we seeing some unintended  
23 consequences? I think, absolutely. And I think  
24 you've pointed to a couple of events where

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 decoupling wasn't intended to solve problems from  
2 a financial crisis. It was intended to promote  
3 conservation.

4           You know, we can go back, and I want to  
5 make sure I choose the right word here, so  
6 relitigate the reasons for decoupling, I don't  
7 think that's particularly helpful here, seeing we  
8 have a Settlement Agreement in front of us. But  
9 I do think that the overarching goal for  
10 decoupling, and the reasons why it's been  
11 implemented so widespread in this country, I  
12 think it's working.

13           MR. DEXTER: Okay. Well, I appreciate  
14 that. And I appreciate Mr. Sheehan not objecting  
15 to my question. I almost objected to it myself  
16 when I formulated it.

17           But we are, you know, as I said on the  
18 gas side, we're still at the beginning of  
19 decoupling in New Hampshire. This is the first  
20 case where an electric company is seeking to  
21 recover money. So, I appreciate going a little  
22 bit broader, beyond just the numbers in the case,  
23 and asking some foundational questions.

24           And, with that, I have no further

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 questions.

2 CHAIRMAN GOLDNER: And the Commission  
3 appreciates that, that as well, for the same  
4 reasons.

5 I'm showing a little bit after 3:00,  
6 the time for a stenographer break. Would coming  
7 back at 3:20 work for everyone? That's okay?

8 *[Multiple parties indicating in the*  
9 *affirmative.]*

10 CHAIRMAN GOLDNER: Okay. Let's return  
11 at 3:20. Off the record. Thank you.

12 *(Recess taken at 3:09 p.m., and the*  
13 *hearing resumed at 3:22 p.m.)*

14 CHAIRMAN GOLDNER: Okay. Back on the  
15 record.

16 We'll go to Commissioner questions,  
17 beginning with Commissioner Chattopadhyay.

18 BY CMSR. CHATTOPADHYAY:

19 Q So, let's begin with Bates Page 030, Exhibit 1.  
20 Just trying to make sure I follow what was  
21 discussed previously. So, if you go to, it  
22 doesn't matter which one, just let's go to Lines  
23 3 through 5, okay. And you have numbers in  
24 Column (a) and Column (b). These are numbers

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1           that were per the Settlement Agreement in 19-064.  
2           They were part of the decoupling mechanism --  
3           like the distribution revenue, rather?

4   A       (Menard) They're part of the distribution  
5           revenue. Not all of these numbers came from  
6           19-064. There's some notations as to where each  
7           number came from. The REP number itself was in a  
8           different docket. But these were all increases  
9           to the distribution revenue since the Settlement  
10          Agreement.

11   Q       But the recoupment, does that go away?

12   A       (Menard) It will go away.

13   Q       Ultimately?

14   A       (Menard) Yes.

15   Q       And, so, --

16   A       (Menard) And, so, I indicated, when Mr. Dexter  
17           was asking that question, that effective with the  
18           step adjustment, in August of 2022 that was  
19           approved, there was a rate decrease, and that was  
20           largely due to the recoupment and rate case  
21           expense being fully recovered. And, so, you  
22           would see a negative, you would see a lower  
23           amount, distribution revenue would decrease  
24           effective, if we were to go out one more column,

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1           you would see, effective August 2022, you would  
2           see that drop.

3   Q       Okay. And that will be showing up the year next?

4   A       (Menard) The next decoupling year, yes.

5   Q       Okay. Same thing with the rate case expense?

6   A       (Menard) Yes.

7   Q       Okay. So, I'm just going to make some  
8           observations, and I wanted to make sure that you,  
9           in principle, agree with me that what I'm saying  
10          I got it right, okay?

11                 So, as we were comparing Pages, staying  
12          on the same exhibit here, 32 with 33, the  
13          equivalent bills, the number has increased from  
14          522,000, roughly, to 541,000, correct?

15   A       (Menard) Correct.

16   Q       And it is my observation here that the increases  
17          have happened more or less throughout all of the  
18          classes. Because, if you compare, except for  
19          D10, if you compare DOD2, G01, G02, G03, it seems  
20          to me that the equivalent number of bills have  
21          increased relative to 2018, which was the basis  
22          for the test year calculations.

23   A       (Menard) Yes.

24   Q       Will you agree?



[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 A (Menard) The D10, and the T class also, --

2 Q T class, yes.

3 A (Menard) Yes. I would agree.

4 Q So, going to the General class, just based on a  
5 look at the numbers here, it has to be the case  
6 that it's driven by the usage patterns. So, the  
7 usage has gone down significantly. Otherwise,  
8 you would not have had such a result. Will you  
9 agree with that? So, talking about General  
10 class, --

11 A (Menard) Yes.

12 Q -- their usage really changed?

13 A (Menard) Yes.

14 Q Would you agree that, given that we had the  
15 pandemic, and you may not have looked into the  
16 numbers clinically or scientifically, but it's  
17 almost like it should be understood that the  
18 usage perhaps would have been significantly  
19 lower, because of the pandemic itself, and a lot  
20 of the usage for the residential has gone up,  
21 because people were working from home and all of  
22 that. Would you -- I know that we don't have any  
23 data necessarily at this point, but that would be  
24 a pretty good assumption, right?

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 A (Menard) I think that's the general theory at  
2 this time. That, yes, there are more people  
3 working from home, and, you know, the makeup of  
4 businesses has changed. So, that would be a good  
5 working theory. But we haven't tested it out  
6 scientifically and surveyed our customers or  
7 anything like that at this time.

8 Q So, Mr. Therrien, I have a -- I will make a  
9 comment here about this point that "decoupling is  
10 out there to help energy efficiency." What  
11 baffles me is, even if we just leave out the  
12 pandemic out of the equation, if there was a,  
13 let's say, a pretty mild winter -- or, a mild  
14 summer, rather, and I don't consume a lot of  
15 units, ultimately, next year, I will be paying  
16 more per unit to accommodate decoupling, right,  
17 as a customer?

18 A (Therrien) That's the way the mechanism is  
19 structured. It has a year lag, correct.

20 Q Yes. So, to me, as a customer, I would say "Why  
21 am I even consuming less? Because I know it  
22 doesn't matter, you know, ultimately, I've paid  
23 the same amount." So, in some sense, the  
24 incentive for me to conserve actually goes away

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1           because of this mechanism.

2                       So, I'm not entirely sure that this  
3           whole point about decoupling, in the sense that  
4           it takes away the disincentive for the utility,  
5           is necessarily achieving the goal of energy  
6           conservation. So, I would just -- I would add  
7           that. So, I'm a little baffled by how this  
8           works.

9   A       (Therrien) If I may?

10   Q       Yes. Sure.

11   A       (Therrien) Distribution component of a total bill  
12           is less than half, I would think. So, every  
13           kilowatt-hour that I save is one less that I have  
14           to pay a generation charge on. And generation  
15           charges, the prospect of them going up is quite  
16           good. So, I would be, and personally am, looking  
17           at ways to conserve, in my household and in my  
18           daily activities.

19   Q       But --

20   A       (Menard) And I would add to that, if, you know,  
21           your assumption that "Why should I conserve? If  
22           they don't conserve, you're paying that much more  
23           anyway." So, it does benefit the customer to  
24           conserve, because then they can control at least

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1           their own individual, personal consumption and  
2           usage and charges, on an individual level.

3   Q       My point is, if we didn't have decoupling, I  
4           would, everything else held constant, *ceteris*  
5           *paribus*, if -- I would be like, probably what Mr.  
6           Therrien said, I'm very conscious of conserving  
7           energy, you know, energy, I would do it on my  
8           own, a lot of it. But I'm just not sure this  
9           kind of incentive is something that keeps that  
10          incentive, the incentive that I have, fully  
11          intact, the way I would like it to remain. So,  
12          that's the point I was making.

13                       So, I'm going to --

14   A       (Therrien) I don't know how to respond to that,  
15           other than how I have.

16   Q       That is fine. And that's all you can do. So,  
17           that's fine.

18                       Let's go to, just a moment, in  
19           Exhibit 2. So, as I understand now, first of  
20           all, you would be showing the RDAF separately, as  
21           a separate charge, right? That's what you're  
22           going to work on with the new tariff language?

23   A       (Menard) Yes. So, if I could just kind of show  
24           you an example. If you wanted to see on -- let's

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 take Bates Page 044. And you could see on --  
2 this is the tariff for Rate D.

3 Q Just a moment, let me -- can I just go there?  
4 Yes, I'm there.

5 A (Menard) So, in the lower half of that page,  
6 there's "Energy Charges Per Kilowatt-Hour", on a  
7 "cents per kilowatt-hour" basis, there's a  
8 "Distribution Charge", there's a "Reliability  
9 Enhancement/Vegetation Management" charge, I  
10 would envision there would be another line that  
11 says "Revenue Decoupling Adjustment Mechanism".  
12 And the three of those components summed together  
13 would be your total distribution rate.

14 Q Okay. And, because you're sharing this, just out  
15 of curiosity, the line that says "Reliability  
16 Enhancement and Vegetation Management", is that  
17 as part of a reconciliation mechanism?

18 A (Menard) It is.

19 Q It is. Okay. So, what you were describing  
20 before, it's going to go away, all of that, is  
21 that all taken into account in getting this  
22 number?

23 Maybe I'm not putting it right. I'm a  
24 little confused as to when we were looking at the

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Bates Page, was it 030? Just explain to me --  
2 that's Bates Page 031. No, sorry. Okay, Bates  
3 Page 030.

4 A (Menard) 035?

5 Q No. And maybe I'm -- just trying to get rid of  
6 my confusion here. So, if you go to Bates Page  
7 030, and you have a line there, the "Reliability  
8 Enhancement Program", that has nothing to do  
9 with --

10 A (Menard) Correct.

11 Q -- what you were talking about, right?

12 A (Menard) Right. That is the capital component.

13 Q Okay. Yes, let's go back to Bates Page 034.  
14 Let's stick with Exhibit 2, so, revised Bates  
15 Page 034. Currently, the decoupling mechanism  
16 that is there for your affiliate gas company, how  
17 is it implemented? Do you have the Residential  
18 class and the Commercial class looked at  
19 separately?

20 A (Menard) Yes, we do.

21 Q And that's not how it's being done here?

22 A (Menard) Correct.

23 Q And this is how it was framed in the Settlement?

24 A (Menard) Yes. Unfortunately, I don't have the

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 history. But, you know, we have the Settlement  
2 Agreement in front of us. You know, from talking  
3 to my peers, this is the mechanism. And that's  
4 why Mr. Therrien is here, so that he can -- he  
5 has that history, and this is what was agreed  
6 upon, and the mechanism and the construct, as  
7 part of that electric rate case.

8 Q So, if it was instead like the gas, you know,  
9 company rate design, what would have happened  
10 right now? Just give me a general sense. Like,  
11 would this -- would the -- and this for  
12 Mr. Therrien, really. So, as far as the rate  
13 design is concerned, if you go back to Exhibit 1,  
14 and you go to, just a moment, let's say, Bates  
15 Page 036, or even 035, how would the numbers be  
16 different in -- so, let's take Bates Page 035,  
17 and let's talk about Row Number 177. What would  
18 have happened, if we had the gas approach?

19 A (Therrien) Certainly. And, if I may compare that  
20 to Bates Page 034, Line 149, --

21 Q Yes.

22 A (Therrien) And I'll speak generally for a minute  
23 first. So, under the Settlement, using Bates  
24 035, you would have a charge to Domestic

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 customers. While, if you had used the  
2 "EnergyNorth" approach, it would be more like the  
3 value you see on the bottom of Page 034. So, it  
4 would have been a credit to customers.

5 Q It would be a credit?

6 A (Therrien) It would have been a credit to  
7 customers. Now, I will say that that is a little  
8 bit of an oversimplification, because there's a  
9 problem with the cap. But, if we solve the  
10 problem for the cap, then I think that you could  
11 switch methods.

12 Q So, let me rephrase my question. I think the  
13 answer would still be the same. For the gas  
14 program -- for the gas, sorry, rate design, are  
15 there caps that are applied individually for the  
16 different rate classes?

17 A (Menard) No. So, if you were to compare the gas  
18 mechanism, you would take -- you would group your  
19 residential rate classes, you would group your  
20 C&I rate classes.

21 Q Uh-huh.

22 A (Menard) You wouldn't have this allocation. It  
23 would be whatever the surplus or deficiency is,  
24 divided by the forecasted sales.



[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 Q Yes. So, my question is, within the -- within,  
2 let's say, residential, even if it's grouped, are  
3 there some safety valves with respect to, if  
4 their rates go up more than 5 percent or 3  
5 percent, then we will keep it capped at 3 or 5  
6 percent, in my example, and the rest of it will  
7 go into the next decoupling year? So, I'm asking  
8 that. Do you have that in the gas?

9 A (Menard) No.

10 Q So, how is it? Is it like there's no band?

11 A (Menard) It's unconstrained.

12 Q There's no band?

13 A (Menard) Right. Unconstrained.

14 Q Okay.

15 A (Therrien) And if I may add to that? There's a  
16 reason for that.

17 Q Yes.

18 A (Therrien) Because of the weather-normalization  
19 adjustment component, --

20 Q Uh-huh.

21 A (Therrien) -- which eliminates the weather  
22 variance --

23 Q Yes.

24 A (Therrien) -- on the gas side. So, therefore,

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 the only piece left has to do with energy  
2 efficiency, the economic situations and things  
3 like that. The adjustment tends to be much  
4 smaller, once you take weather out of the  
5 equation.

6 The prevailing thought here on the  
7 electric system, which I concur with, is that  
8 weather typically is not that big of a factor. I  
9 think it may have played a factor in some of  
10 these months. But, again, over a period of  
11 years, I would expect it to become less of a  
12 factor.

13 Q So, if you had caps, but you had a similar to the  
14 gas rate design approach here, if you still had  
15 caps here, your answer would still be the same,  
16 that you would expect that the amount the -- that  
17 the residential customers will be credited?

18 A (Therrien) Yes.

19 A (Menard) Yes.

20 CMSR. CHATTOPADHYAY: Okay. I mean, it  
21 looks like, even with the corrections, same thing  
22 will hold. And I really, as an economist, I'm --  
23 you know, I kind of worry that you have a rate  
24 design where you have a class that is

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 contributing more than what they should have, and  
2 yet they end up paying even more, what does that  
3 do? So, it's almost like it's not the right kind  
4 of incentives.

5 But I'll stop there. I just wanted to  
6 understand these things. Thank you.

7 WITNESS THERRIEN: Thank you.

8 WITNESS MENARD: Uh-huh.

9 CHAIRMAN GOLDNER: I just have a couple  
10 of questions, then we can wrap up.

11 I'm just going to build off something  
12 that Attorney Dexter was referring to, I think,  
13 please correct me, Mr. Dexter, if I'm not.

14 BY CHAIRMAN GOLDNER:

15 Q You know, it seems like, in this decoupling  
16 realm, that the energy efficiency piece is  
17 swamped by the other effects, let's call them the  
18 "economic effects". So, Mr. Therrien, I think  
19 you suggested that, because this decoupling,  
20 these decoupling mechanisms have been fanned out  
21 across the country, that that might be evidence  
22 of its success. We could debate that topic, I  
23 suppose, for hours.

24 But, in any case, I guess I'd like to

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 ask you the question directly, of is that a  
2 correct assertion? Is energy efficiency small,  
3 relative to these economic effects we've seen  
4 over the last 20 years, and probably before that,  
5 or is that a mischaracterization?

6 A (Therrien) I haven't studied it. But let me say  
7 that the past two years have been really wild,  
8 right? And I don't know what the new normal is.  
9 And I've had several conversations with Ph.D  
10 economists about "How can we properly account for  
11 the COVID effect in econometric models in order  
12 to forecast demand?" And I haven't received  
13 any -- there's nobody out there who is really  
14 saying "This is exactly how you do it." It's  
15 very hard. So, I would say it's been a challenge  
16 the past couple of years.

17 Before that, I would, and, again,  
18 without studying it, they tend to be sharp events  
19 that are more levelized over time. So, I do  
20 think a method like decoupling works.

21 And I will also say, it's fair to the  
22 Company. You know, the Company, absent a  
23 decoupling mechanism, will, over time, see  
24 declining use per customer. I mean, the trends

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 are there, both on gas and electric. Which just  
2 ultimately leads to, in my opinion, more frequent  
3 rate cases.

4 So, I do think it works. It's not  
5 perfect, as I said. And I would say the last two  
6 years have been unprecedented, really.

7 Q Okay. Thank you. Thank you. And I just want to  
8 clarify my own, you know, sort of simple  
9 understanding of what's really happening here.  
10 And that is that I think what's happening is, is  
11 in the rate case, you, you know, you do your  
12 calculations, revenue per customer and so forth.  
13 And then, moving forward into year one, year two,  
14 year three, if the customer count is constant,  
15 the Company would recover exactly the same amount  
16 every year. That's what's really happening here,  
17 for constant, and let's say it's constant across  
18 all rate classes, just to keep it simple.

19 But what's really happening is, that  
20 enables the Company to get exactly the same  
21 amount of revenue every year until the next rate  
22 case. Is that fair? Or am I missing something?

23 A (Therrien) Well, I think, under this construct,  
24 it's use per customer, okay? You can have a

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 growing customer count, as long as everybody is  
2 still using the same amount.

3 Q In this scenario, though, just for my  
4 understanding, assume the customer count is  
5 constant, it is flat. There's no change across  
6 customer classes. If that's the case, the  
7 Company would get exactly the same amount of  
8 revenue every year, correct?

9 A (Therrien) I believe that's correct.

10 Q Yes.

11 A (Therrien) Mathematically, I think that's  
12 correct.

13 Q Mathematically, yes. I think so. Until the next  
14 rate case. And at the next rate case, there's a  
15 bunch of recalculations, and then all bets are  
16 off, and we calculate it all over again.

17 A (Therrien) And that's, you know, that's another  
18 reason for decoupling, is that it takes sales out  
19 of the revenue requirements equation, and utility  
20 managers have to manage to the revenue  
21 requirement authorized by the Commission in their  
22 last rate case.

23 CHAIRMAN GOLDNER: And I know it's very  
24 popular, and we've had CFOs here before us in

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1       this Commission talking about the importance of  
2       the bond market, and how helpful it is in terms  
3       of knowing what your revenues are going to be.  
4       It's the only business in the world that I'm  
5       aware that has that marker. Most businesses, you  
6       know, have to deal with ups and downs. And,  
7       where decoupling exists, there's the -- the bond  
8       market, I'm sure, appreciates that.

9               And I'm sure, in future rate cases,  
10       we'll have spirited debates about the tradeoffs  
11       or the benefits of what the utilities are getting  
12       versus what the ratepayers are getting due to  
13       decoupling. But we'll leave that spirited  
14       discussion for another time.

15              Okay. No, that's very helpful. I just  
16       wanted to make sure I understood what was really  
17       going on here.

18              Okay. We can clean up some of the  
19       administrative things here at the end. And I  
20       guess, at this point, let's move to redirect, and  
21       Attorney Sheehan.

22              MR. SHEEHAN: There was one thing that  
23       I -- and it may be my misunderstanding.

24                       **REDIRECT EXAMINATION**

[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 BY MR. SHEEHAN:

2 Q But, Ms. Menard, if you could turn to Bates 033,  
3 yes. And we spent some time on the Column E with  
4 the Large customers, the numbers varying between  
5 145 and 163, and they vary each month. Is it  
6 correct to say that those numbers don't reflect a  
7 change in the number of customers month-to-month?  
8 That is, we didn't have 146 G01 customers in  
9 September and 150 customers in October, it's  
10 more of a billing variation, is that correct?

11 A (Menard) That's correct. If you are looking at  
12 just that column, and the month variation,  
13 it's -- the change in those numbers is changes in  
14 the bills that were rendered within that month.  
15 If you were to then compare that Column E, on  
16 Bates 032, to that same Column E on Bates 033,  
17 that's where you could see, again, month-to-month  
18 is going to be the variation in the bills, but  
19 that's where you will see the change in the  
20 number of customers.

21 Q So, by looking at the whole year, as we did  
22 before, divide by 12, we have roughly, --

23 A (Menard) An average.

24 Q -- whatever the number was, 13 of those



[WITNESS PANEL: Samenfeld|Menard|Therrien]

1 customers, or 130, all the way up to 140,  
2 whatever those numbers were, is that fair?

3 A (Menard) That's correct.

4 Q And is it the case we've acquired new customers  
5 in that class over the last few years?

6 A (Menard) Yes. During the break, we were able to  
7 do a little bit of digging as to what contributed  
8 to the change in the G01 customer class. And  
9 there were, you know, a handful of large  
10 customers in the Tuscan Village area that we just  
11 knew to zero in on, and there were a handful of  
12 new customers that have been added since the test  
13 year, specifically in Tuscan Village. And, so,  
14 you know, when you expand that across the system,  
15 there might have been customers added throughout  
16 the system.

17 MR. SHEEHAN: Thank you. That's the  
18 only question I had.

19 CHAIRMAN GOLDNER: Okay. I'll thank  
20 the witnesses for their testimony today. You're  
21 excused. You're welcome to stay there or go to  
22 any seat you like. Thank you.

23 Okay. Without objection, we'll strike  
24 ID on Exhibits 1 and 2, and admit them as full

1 exhibits.

2 Just to wrap up on some of the  
3 administrative pieces, I think that maybe I'll  
4 start at the bottom of my list.

5 So, Mr. Dexter, you mentioned that the  
6 Department was supportive of an audit in this  
7 particular docket. And I always like to put a  
8 date on there, just so that it doesn't -- things  
9 don't extend forever. But, I guess, as long as  
10 the audit was done prior to the next filing, I  
11 assume that would be acceptable to the  
12 Department?

13 MR. DEXTER: "Next filing", you mean  
14 next year's decoupling filing?

15 CHAIRMAN GOLDNER: Yes, sir.

16 MR. DEXTER: Yes. I believe we can  
17 commit to that.

18 CHAIRMAN GOLDNER: Okay. Very good.  
19 And then, and perhaps you were going to --  
20 perhaps you were going to take care of this if we  
21 do choose to have a closing, which we can. But,  
22 in the recovery period, Mr. Dexter, I didn't  
23 capture what you were comfortable with from a  
24 recovery period standpoint. Eleven months? Or,

1       you know, we're past -- I think 11/1 was the  
2       original start date. So, we need to sort through  
3       a recovery period.

4               MR. SHEEHAN: If I could jump in on  
5       that? We talked about that as well. And,  
6       between this hearing, and the need to provide  
7       some tariff language, December 1 may be tight, we  
8       can shoot for it. January 1 is also an option.  
9       It's not in the record, because I didn't ask the  
10      question. But recovering the 12 months over 10  
11      has a fairly tiny impact on the rate impact on  
12      customers, you know, 20 or 30 cents per month  
13      kind of order of magnitude. So, it may work out  
14      that January 1, a 10-month recovery, would work.

15              We will endeavor to get you the  
16      information by December 1, but just so you have  
17      that data.

18              CHAIRMAN GOLDNER: Plan on worst case  
19      maybe would be prudent. Attorney Dexter,  
20      Attorney Desmet, are you comfortable with a  
21      10-month recovery period in this instance?

22              MR. DEXTER: So, the 10 months would  
23      run from January 1st, 2023 to the end of  
24      October 2023, to collect the 1,400,000, roughly?

1 CHAIRMAN GOLDNER: Yes, sir.

2 MR. DEXTER: Yes. We'd be comfortable  
3 with that.

4 CHAIRMAN GOLDNER: Attorney Desmet?

5 MS. DESMET: Yes.

6 CHAIRMAN GOLDNER: Okay. Thank you.  
7 Okay. So, let's just plan on January 1st, just  
8 so that we can all not have too much drama on  
9 this particular event.

10 And then, the final thing that I had in  
11 my notes, and please, if there was something else  
12 I missed, let me know, but we have this -- the  
13 Company was suggesting a revised tariff filing  
14 that would be -- and, actually, on behalf of the  
15 Company?

16 MR. SHEEHAN: Yes. And that would  
17 include this new recovery mechanism, in addition  
18 to updating the numbers. And that's the piece  
19 that we'd like to get to you in time for  
20 December 1. But, given the next two weeks, with  
21 holidays, *et cetera*, I'm not comfortable  
22 committing to.

23 CHAIRMAN GOLDNER: Yes. So, I think  
24 January 1st would be fine. If you can -- can you

1           get us that, you think, the first week in  
2           December or so? Would you be comfortable with  
3           that?

4                   MR. SHEEHAN: Yes, I think -- yes, I'm  
5           getting nods. Yes.

6                   CHAIRMAN GOLDNER: December 10th or  
7           something? Just so we have enough time ourselves  
8           to respond, --

9                   MR. SHEEHAN: Yes.

10                  CHAIRMAN GOLDNER: -- and not have a  
11           December 24th order. Okay. So, I'll just mark  
12           down "December 10th" or so, I'm not looking at my  
13           calendar. But let me look real quick, actually,  
14           just make sure I haven't picked Sunday or  
15           something. Oh, I did. December 9th then, that's  
16           okay?

17                           *(Atty. Sheehan indicating in the*  
18                           *affirmative.)*

19                  CHAIRMAN GOLDNER: Okay. Okay. I just  
20           wanted to take care of those administrative  
21           items.

22                           Anything else administratively that I  
23           have missed?

24                  MR. DEXTER: The Department would like

1 an opportunity to send a response in to the 12/9  
2 filing?

3 CHAIRMAN GOLDNER: Oh, that's a good  
4 point. So, we would have to have then a  
5 Department response to the filing, and then we  
6 would have to respond before the 1st. How long  
7 would the Department need to respond to the  
8 filing? I know it depends on the length of the  
9 filing, and --

10 MR. DEXTER: Yes. I'm trying to pull  
11 up a calendar, and not doing a good job. The 9th  
12 is what day of the week?

13 CHAIRMAN GOLDNER: It's a Friday.

14 MR. DEXTER: I mean, we're expecting  
15 maybe a short letter or a technical statement,  
16 and some tariff language. I'm thinking under  
17 five pages. I don't know if the Company agrees  
18 with that. From what we talked about, I don't  
19 think this is going to be complicated. So, the  
20 following Friday, if it came in on a Friday, the  
21 following Friday would be?

22 CHAIRMAN GOLDNER: The 16th.

23 MR. DEXTER: The 16th, okay.

24 CHAIRMAN GOLDNER: All right.

1 MS. DESMET: And, if the OCA could be  
2 included in that, I assume it would be parties,  
3 but just for the record?

4 CHAIRMAN GOLDNER: Of course. Would  
5 you also be comfortable with getting back by the  
6 16th?

7 MS. DESMET: For speaking on behalf of  
8 the Consumer Advocate, I'm sure he would be.

9 CHAIRMAN GOLDNER: All right. You can  
10 commit to the 10th, if you like, but we'll run  
11 with the 16th. He would probably be pressing for  
12 a faster turnaround.

13 And then, that would leave the  
14 Commission two weeks, including the holidays, to  
15 get back, which I think would be fine.

16 Attorney Sheehan, if we replied by the  
17 30th, hopefully not on the very last day, at the  
18 last hour, but, if we did, would that be enough  
19 time?

20 MR. SHEEHAN: Yes.

21 CHAIRMAN GOLDNER: Okay.

22 MR. SHEEHAN: And we will certainly  
23 have an indication from Staff's filing if things  
24 are on track or not. So, --

1 CHAIRMAN GOLDNER: Okay. Okay.

2 MR. SHEEHAN: Wait a minute, I'm  
3 getting --

4 CHAIRMAN GOLDNER: That might not be  
5 enough time. You don't have to walk over there,  
6 I can tell you it wasn't enough time.

7 *[Laughter.]*

8 *[Atty. Sheehan conferring with Ms.*  
9 *Menard.]*

10 MR. SHEEHAN: So, the issue is the new  
11 mechanism requires a change to the billing  
12 system. And, so, if we don't get the official  
13 okay on that till the last minute, we don't have  
14 enough time to do that, although we've given them  
15 a heads up.

16 But it's -- so, if I may throw a  
17 curveball, perhaps an order from the Commission  
18 approving the number and approving an alternate  
19 mechanism, details to follow, that would give us  
20 the go-ahead to change the system, and then we  
21 file -- then we make the December 9th filing,  
22 with the actual details, that you could then say  
23 "you've now satisfied the condition that this  
24 language works for the new mechanism."



1 Does that make sense?

2 MR. DEXTER: No, I didn't follow that,  
3 I'm sorry.

4 I was going to suggest, if the Company  
5 looked at the schedule, and could make the filing  
6 a week earlier, on December 2nd, that would be  
7 two full weeks -- I guess that's one full week  
8 after the Thanksgiving holiday. And then, we  
9 could reply on the 9th. That would give the  
10 Commission an extra week.

11 CHAIRMAN GOLDNER: And I think we could  
12 then reply on the 16th, would that be enough  
13 time?

14 MR. SHEEHAN: I'm getting a nod.

15 CHAIRMAN GOLDNER: Okay.

16 MR. SHEEHAN: Thank you.

17 CHAIRMAN GOLDNER: Okay. So, Attorney  
18 Desmet, are you also comfortable with that  
19 schedule?

20 MS. DESMET: Yes. Thank you.

21 CHAIRMAN GOLDNER: Okay. Thank you.  
22 So, then, we'll make that 2, 9, and 16, on the  
23 deadlines.

24 Okay. Very good. Any other

1 administrative items, before we move to any  
2 close?

3 *[No verbal response.]*

4 CHAIRMAN GOLDNER: Seeing none. We'll  
5 begin with Attorney Desmet, and the OCA.

6 MS. DESMET: Thank you. I don't have  
7 too much to add from my opening.

8 The OCA, again, believes that the  
9 Company is implementing the Settlement Agreement  
10 properly, believes that their request should be  
11 approved. We also support the Department's  
12 request for the audit, and for the new mechanism  
13 to be developed allowing the recovery.

14 The OCA, and the Consumer Advocate, who  
15 is absent today, I think would be very encouraged  
16 and impressed with the Company's expert, and his  
17 comments on decoupling, having discussions in our  
18 office, and what I've been learning over the past  
19 year. Being here, as the Consumer Advocate, also  
20 believes that it unlocks the doorway to  
21 conservation, and it really moves things forward,  
22 which is something that the Consumer Advocate  
23 truly believes in, I believe with every bone of  
24 his body, energy efficiency and conservation.

1                   So, with that, we ask that the  
2                   Commission approve the Company's request in this  
3                   matter. And it will be all hands on board going  
4                   forward to improve decoupling for the State of  
5                   New Hampshire.

6                   And I guess, similarly, I have -- also  
7                   know that there's been some discussions, and I  
8                   will equate it, just myself, to the Commission  
9                   moving forward with IRs, where they have said  
10                  "We're here to learn and we're here to explore",  
11                  and I also know the Consumer Advocate, if it is  
12                  not working for residential ratepayers, he will  
13                  put his personal beliefs aside, and he knows,  
14                  first and foremost, his mandate and his duty to  
15                  advocate for residential ratepayers. So, I can  
16                  confidently say that he is open to differing  
17                  opinions, and will be participating in future  
18                  rate cases and future discussions with an open  
19                  mind, and come down and put forward the decision  
20                  that most benefits the residential ratepayers of  
21                  New Hampshire.

22                  Thank you.

23                  CHAIRMAN GOLDNER: Thank you, Attorney  
24                  Desmet. We'll move to Attorney Dexter.

1                   MR. DEXTER: Thank you, Mr. Chairman,  
2 Commissioner.

3                   As I said in the opening, our intention  
4 was to recommend approval of the decoupling  
5 mechanism that was put before you today, as  
6 altered by the Company's testimony. Having heard  
7 all the questions and answers today, that remains  
8 our position. We're supportive of allowing the  
9 Company to collect, in this docket, the \$1.4  
10 million figure we discussed, which is the cap, as  
11 well as approval to collect at a future time the  
12 difference that gets us up to the \$1.75 million  
13 figure.

14                  I do recommend -- or, the Department  
15 recommends that that number be subject to audit,  
16 as we discussed, for the reasons that I discussed  
17 earlier. And we think it's particularly  
18 important in this case. Given the need to tie  
19 the revenue number to the books, the equivalent  
20 bill number to be examined, and given the short  
21 timeframe allowed in this docket, as set out by  
22 the Settlement.

23                  We appreciate the Company's willingness  
24 to -- well, first of all, we appreciate the

1       Company's presentation, sticking to the  
2       Settlement that we all signed. And we also  
3       appreciate the flexibility on the recovery  
4       mechanism, where it just appeared that what was  
5       agreed to in the Settlement just was not -- not  
6       the best way to go about recovering the 1.4  
7       million. We are generally supportive of the new  
8       approach that was proposed today. And look  
9       forward to the filing on December 2nd, and don't  
10      expect to have any problems with it.

11               So, with that, we will close. And,  
12      again, a final appreciation for allowing my  
13      questions to go beyond just the strict numbers  
14      and the reconciliation, and the witnesses'  
15      willingness to, you know, opine on decoupling  
16      more in general. It certainly will be an issue  
17      in the upcoming rate cases. And, so, I  
18      appreciate that latitude today.

19               Thank you.

20               CHAIRMAN GOLDNER: Thank you, Attorney  
21      Dexter. And, finally, Attorney Sheehan, and  
22      Liberty.

23               MR. SHEEHAN: Thank you.

24               And I intentionally did not object for

1 the same reasons. I think these conversations  
2 are good, to go outside the boundaries on  
3 occasion, for all the obvious reasons of  
4 learning, and understanding the policy  
5 considerations. That this is, primarily, a  
6 number-crunching docket, but it affects all these  
7 other things, and we know they're coming up  
8 later. So, we might as well talk about them when  
9 we can.

10 So, appreciate the comments from  
11 counsels in support of our request. As stated at  
12 the beginning, we had three asks today: One was  
13 to approve the number, the 1.4, to recover now,  
14 with the 300,000 to be deferred till next year;  
15 second, to approve a different collection  
16 mechanism, and it sounds like everyone's onboard  
17 with that; and, third, the leeway to file the  
18 language to implement that, which, again, it  
19 sounds like everyone is onboard with that as  
20 well. So, we ask that the Commission allow us to  
21 do that, sounds like you have.

22 Just a couple other comments. The  
23 purpose of the decoupling mechanism, as  
24 Mr. Therrien said, is really an incentive for the

1 utility. There was discussion there about  
2 customer behavior. Remember, it's the utility's  
3 disconnecting sales from revenues is a utility --  
4 we no longer have the incentive to make people  
5 burn more gas or use more electricity. And, so,  
6 that allows us to fully support conservation.

7 The decoupling does not necessarily  
8 benefit customers the same way. Their benefit is  
9 in some evenness in their bills.

10 This, today, it's a request for a  
11 shortcoming. Next year, we may over-recover.  
12 So, to the Chair's comments of that it "ensures  
13 that we recover the same amount every year." If  
14 we actually recover more, we give it back. And,  
15 in the EnergyNorth case, over the first couple of  
16 years, we gave back millions of dollars because  
17 of the way the mechanism worked.

18 So, just to remind that that's the --  
19 sort of the two big pieces of decoupling. A  
20 disconnect of us, from us have the incentive to  
21 sell more, and the -- some evenness, and I think  
22 the phrase used at the EnergyNorth hearing, back  
23 when the first decoupling was approved, now I  
24 forgot the phrase, but it was -- it goes both

1       ways, basically. It benefits customers and the  
2       Company, and the evening out of the distribution  
3       charges.

4               So, that's all I have. And thank you.

5               CHAIRMAN GOLDNER: Okay. Thank you.  
6       Sorry. Just wanted to note, before we close,  
7       that we, the Commission, appreciate what we're  
8       seeing as sort of an increasing quality and  
9       clarity, what we feel like we're seeing in the  
10      Liberty filings. So, that's appreciated. That  
11      vector looks like it's going in a good direction.  
12      So, we appreciate the effort that went into the  
13      filing.

14              So, very good. Anything else before we  
15      part today?

16              MR. SHEEHAN: And thank you for the  
17      comment. We appreciate taking that back as well.

18              CHAIRMAN GOLDNER: Thank you. Okay.  
19      Very good. Thank you, everyone. We'll take the  
20      matter under advisement and issue an order. And  
21      we are adjourned.

22                      *(Whereupon the hearing was adjourned*  
23                      *at 4:06 p.m.)*