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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

October 20, 2022 - 1:29 p.m.
21 South Fruit Street
Suite 10
Concord, NH

[Hearing also conducted via Webex]

RE: DG 22-059
NORTHERN UTILITIES, INC.:
2022/2023 Annual Cost of Gas.

PRESENT: Chairman Daniel C. Goldner, Presiding
Commissioner Pradip K. Chattopadhyay

Alexander F. Speidel, Esq.
(PUC Legal Advisor)

Tracey Russo, Clerk
Doreen Borden, PUC Hybrid Hearing Host

APPEARANCES: Reptg. Northern Utilities, Inc.:
Patrick H. Taylor, Esq.

Reptg. Residential Ratepayers:
Julianne M. Desmet, Esq.
Maureen Reno, Dir./Rates & Markets
Office of Consumer Advocate

Reptg. New Hampshire Dept. of Energy:
Mary E. Schwarzer, Esq.
Faisal Deen Arif, Director/Gas Group
(Regulatory Support Division)

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

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**CHRISTOPHER A. KAHL
FRANCIS X. WELLS
S. ELENA DEMERIS
DANIEL T. NAWAZELSKI**

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8	Response to DOE Data Request 1-3, with attachment	<i>premarked</i>
9	Response to DOE Data Request 1-4	<i>premarked</i>
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	Mid-Season Summer Cost of Gas Filings & Orders (PUC Docket No. DG 21-131)	
	October 18, 2022 Letter from NH DOE Re: Rate Case Expense & LDAC (PUC Docket No. DG 21-104)	
	Exhibit 6 - Faisal Deen Arif's CV from 08-18-22 (PUC Docket No. DG 17-152)	

P R O C E E D I N G

1
2 CHAIRMAN GOLDNER: Okay. Good
3 afternoon, everyone. I'm Chairman Goldner. I'm
4 joined by Commissioner Chattopadhyay today.
5 We're here this afternoon in Docket 22-059 for a
6 hearing regarding Northern Utilities' 2022-2023
7 Cost of Gas.

8 Let's take appearances, beginning with
9 the Company.

10 MR. TAYLOR: Good afternoon,
11 Commissioners. Patrick Taylor, on behalf of
12 Northern Utilities, Inc.

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

15 MS. DESMET: Good afternoon. Julianne
16 Desmet, for the Office of Consumer Advocate. And
17 with me is Maureen Reno, our Director of Rates.

18 CHAIRMAN GOLDNER: Very good. And the
19 New Hampshire Department of Energy?

20 MS. SCHWARZER: Good morning,
21 Commissioners. I'm Mary Schwarzer, Staff
22 Attorney with the Department of Energy. And with
23 me is our Gas Director, Deen Arif.

24 CHAIRMAN GOLDNER: Very good.

1 And, for preliminary matters,
2 Exhibits 1 through 7 have been prefiled and
3 premarked for identification. Exhibits 1, 3,
4 and 6 are marked as "confidential", and will be
5 treated as confidential in the hearing.

6 This morning the Commission issued a
7 procedural order accepting Exhibits 8 through 12,
8 which were filed by the DOE yesterday, after the
9 five-day deadline.

10 Are there any objections to these
11 exhibits?

12 *[No indication given.]*

13 CHAIRMAN GOLDNER: No? Everyone is
14 good.

15 Okay. Is there anything else that we
16 need to cover regarding exhibits?

17 MS. SCHWARZER: Mr. Chairman, I have
18 some preliminary matters.

19 CHAIRMAN GOLDNER: Okay. Let me see
20 here.

21 Well, that's perfect timing, I was just
22 about to ask "if there were any other preliminary
23 matters?"

24 MS. SCHWARZER: Thank you, Mr.

1 Chairman.

2 The Department would like to make an
3 opening statement. And we would like to -- we
4 propose that Northern's witnesses go first, with
5 our witness to go after.

6 And, finally, we would like the PUC to
7 take administrative notice of the letter that the
8 Department filed on October 10th in this docket
9 regarding the Energy Efficiency Charge; of Order
10 Number 26,662, regarding the Gas Assistance
11 Program from August 4th; we would ask the
12 Commission to take notice of Docket 21-131,
13 Mid-Season Summer Cost of Gas Adjustment filings
14 and orders; and Docket Number 21-104, a letter
15 that the Department filed on October 18th, with
16 regard to rate case expenses and the LDAC.

17 CHAIRMAN GOLDNER: Okay. Very good.

18 MS. SCHWARZER: I'm sorry. Sorry, one
19 more.

20 CHAIRMAN GOLDNER: One more, all right.

21 MS. SCHWARZER: Docket Number DG
22 17-152, Exhibit 6, from the August 18th, 2022,
23 hearing, which is Mr. Deen Arif's CV.

24 CHAIRMAN GOLDNER: Okay. Very good.

1 Does the Company or the Office of Consumer
2 Advocate have any objections to the approach
3 suggested by the Department of Energy?

4 MS. DESMET: The OCA has no objections.
5 And I didn't know if it was a fine time to bring
6 up, I had a conference with Attorney Schwarzer
7 about asking questions following the DOE. We may
8 need to just bat cleanup, if there is any.

9 But, if that is agreeable to parties,
10 we would -- I would make that request.

11 CHAIRMAN GOLDNER: Okay.

12 MR. TAYLOR: So, I guess I'll maybe
13 take them in reverse order.

14 First, starting with the Consumer
15 Advocate's request. That seems consistent with
16 the usual order of questioning. And, so, I have
17 no objection to that.

18 As for the Department of Energy's
19 requests, I have no objection to what they
20 proposed. I would only ask that the Company be
21 given an opportunity to respond to the opening
22 statement, or provide its own responsive
23 statement, which we may or may not do, kind of
24 depends on what we hear.

1 CHAIRMAN GOLDNER: Very good. Oh,
2 sorry. Very good.

3 Okay. Ms. Schwarzer, Attorney
4 Schwarzer, if you'd like to make your opening
5 statement, and then I'll also give the same
6 opportunity to the OCA and the Company.

7 MS. SCHWARZER: Thank you very much.
8 The Department would like to give the Commission
9 a brief overview of the positions that we will
10 take at this hearing.

11 The Department will recommend approval
12 of the winter 2022-2023 rates, including
13 Northern's request to use the standard 25 percent
14 increase for trigger filings.

15 The Department will recommend deferred
16 review of the Summer 2023 rates, with an update
17 in March, some discovery, and Commission review
18 and approval of those summer rates to be
19 effective May 1 thereafter. The reasons for our
20 requesting deferred review of the summer rates
21 include that the projections are significantly
22 more remote for the Summer Period, compared to
23 the Winter Period, which has a greater potential
24 for deviation. That markets are expected to

1 remain volatile and less predictable than in the
2 past, as Europe moves away from Russian oil and
3 gas, even if the hostilities are to cease.

4 That it is administratively efficient
5 for the Department and for the PUC and all
6 parties to defer final rates for the summer.
7 Particularly, with the volatile market, there
8 were several, three filed Mid-Season Cost of Gas
9 Adjustments to exceed the threshold in the past
10 Summer Period. And the DOE had no input in those
11 rates at that time. And we believe, if you look
12 back, even the May rate that was initially
13 imposed in the Summer of 2022, was higher than
14 what the Company forecasted its initial rate
15 would be in the last winter filing.

16 We point out that there's no hedging in
17 the Summer Period, which make summer rates
18 particularly sensitive to NYMEX volatility. And
19 we note that, for reconciliation of the prior
20 summer period, which would be the Summer of 2022,
21 it's -- the figures include forecasted rates for
22 the latter half of that period. So, August
23 September, and October, because of the recency of
24 the charges and rates, they are forecasted, not

1 actual. And we recommend that actual rates would
2 be -- actual data is more accurate.

3 Finally, other jurisdictions separate
4 winter and summer, for example, Maine. And, even
5 five years ago, the PUC used to have Northern and
6 EnergyNorth make separate filings.

7 With regard to the Energy Efficiency
8 Charge, I've requested administrative notice of
9 the letter that we filed in this docket. We
10 would note that any over- or under-collection
11 associated with the EEC was not included in LDAC
12 calculations, and is not reflected in the
13 proposed rates for this docket. And we
14 anticipate that the EEC adjustment and
15 reconciliation required by House Bill 549 would
16 be reviewed in a different docket.

17 With regard to rate case expenses, --

18 CHAIRMAN GOLDNER: I'm sorry, Ms.
19 Schwarzer, but I need to stop you for a moment.
20 Just to clarify, your October -- I think it was
21 the October 10th letter, your EE position is the
22 same as in that letter?

23 MS. SCHWARZER: Yes, Mr. Chairman.

24 CHAIRMAN GOLDNER: Okay. Thank you.

1 MS. SCHWARZER: Except I don't
2 believe -- we included a statement at that time
3 that the over-/under collection, if any
4 associated with the EEC, is not included in the
5 rates contemplated here proposed by the Company,
6 and recommended by the Department for winter.

7 With regard to rate case expenses,
8 there were a few additional expenses that were
9 not included in the Docket 21-104. The
10 Department recommends that they be approved and
11 they have been included in this LDAC formula.

12 DOE audits have been completed; there
13 are no issues. So, no more need be said.

14 With regard to the GAP, the Gas
15 Assistance component of the LDAC, in DOE's view,
16 the GAP component here is consistent with the one
17 percent benchmark for gross revenue that the
18 Commission recommended -- required in 26,662.

19 And there is no revenue decoupling
20 adjustment formula in Northern's cost of gas at
21 this time. But, as the Commission is aware, it's
22 contemplated for the future, and will be relevant
23 in next year's cost of gas, we'll be reconciling
24 that.

1 CHAIRMAN GOLDNER: If I could come
2 back, I think, to the rate case expenses?

3 MS. SCHWARZER: Yes.

4 CHAIRMAN GOLDNER: And, so, we
5 approved, in 21-104, an amount, it was 377K, I
6 think.

7 MS. SCHWARZER: Yes.

8 CHAIRMAN GOLDNER: That included, I
9 think, an estimate for Mr. Woolridge's work, but
10 I think that had not been audited yet. Has the
11 DOE completed all the audits relative to rate
12 case expenses?

13 MS. SCHWARZER: The DOE has completed
14 all the audits in this docket in auditing the
15 LDAC recommendations, and the \$35,320 that was
16 submitted after the rate case expenses has been
17 approved, and we recommend -- that it's been
18 approved and included by the Company in this LDAC
19 component.

20
21 CHAIRMAN GOLDNER: Okay. Just to
22 clarify, I don't have the amount in front of me,
23 my recollection, Mr. Taylor, you may remember,
24 but, in 104, we approved I think it was 377K and

1 change for the rate case expenses. And I think
2 that the amount that you're suggesting,
3 Ms. Schwarzer, is the same or very close to it.
4 Do you have the exact amount that you are
5 recommending?

6 MS. SCHWARZER: Yes, Mr. Chairman. I'm
7 looking at the October 18th letter, when I
8 believe you included -- you permitted the
9 Northern to include \$373,871, --

10 CHAIRMAN GOLDNER: Okay.

11 MS. SCHWARZER: -- as rate case
12 expenses, and the difference -- and the new rate
13 that had not been audited at that time was
14 35,000 -- \$35,320. My understanding is that is
15 Mr. Woolridge's fee, as well as a very small
16 printing fee for a company whose name I can't
17 recall.

18 CHAIRMAN GOLDNER: Yes. And I think
19 that -- so, when the Commission approved the rate
20 case expenses in 21-104, we included
21 Dr. Woolridge's expenses, though unaudited at the
22 time, to make a clean sort of number for the
23 Company.

24 Are you -- do you agree with our number

1 in 21-104? Is that the number you're also
2 recommending?

3 MS. SCHWARZER: It is.

4 CHAIRMAN GOLDNER: Okay. Thank you.

5 So, Mr. Taylor, are you -- any concerns
6 on your point *[sic]* on rate case expenses?

7 MR. TAYLOR: No. No. My understanding
8 is that, notwithstanding the Commission's order,
9 that those additional rate case expenses that
10 were going to be subject to audit had been
11 audited, and we were in agreement with the
12 Department of Energy. And, so, the amount
13 included in the Company's -- in the
14 Department's *[sic]* order, which I believe is also
15 included in this case, should be the same, and --
16 or, should no longer be subject to
17 reconciliation. I think the Department is in
18 agreement with us.

19 CHAIRMAN GOLDNER: Okay. I think so.
20 I remember there being a very small difference, a
21 couple hundred dollars, in the audited number and
22 the unaudited number. So, I guess my suggestion
23 would be, if there is any small differences, feel
24 free to reconcile that next time. Probably it's

1 not worth it for the small amount, but that
2 would, I think, maybe be my suggestion. Because
3 we have the rate case expenses in 21-104, we
4 could transfer them over for the LDAC expense.
5 Now, we have a clean path forward.

6 If everyone is okay with that?

7 MS. SCHWARZER: Mr. Chairman, that's
8 fine. It was my understanding that Mr.
9 Woolridge's expenses were new. But perhaps, if
10 your forecasted number did include them, that is
11 the number we're recommending.

12 CHAIRMAN GOLDNER: The 370 -- and thank
13 you for correcting me, I thought it was "377",
14 the 373 number included the number from the
15 Commission's point of view.

16 MS. SCHWARZER: Thank you. Then,
17 that's -- then, we recommend that as well.

18 CHAIRMAN GOLDNER: Okay. Thank you.
19 Okay. Please continue, Ms. Schwarzer.

20 MS. SCHWARZER: Just the two final
21 points to make in my opening have to do with
22 administrative matters, that may be best
23 addressed in the IR 053 docket.

24 There is no clear procedural path for

1 mid-season cost of gas adjustments, and they have
2 been different procedures for different gas
3 companies. So, it may be appropriate to discuss
4 that in that docket.

5 It is also challenging to integrate
6 supplemental filings into an overall final, clean
7 filing. And I am imagining it could be
8 challenging for the Commission to try to do that
9 in one sitting. And, so, that's something that
10 may best be addressed in a separate docket.

11 CHAIRMAN GOLDNER: Okay. Very good.
12 Anything else, Attorney Schwarzer?

13 MS. SCHWARZER: Thank you. No, Mr.
14 Chairman.

15 CHAIRMAN GOLDNER: Okay. Thank you.
16 Let's give the Office of Consumer Advocate an
17 opportunity, if you have anything?

18 MS. DESMET: Yes. Thank you very much.

19 As far as the DOE's position, we are
20 pretty much in line with them as well. We do see
21 the advantages and recommend deferral of the
22 summer rate. And barring hearing anything
23 different during the course of this hearing, it
24 will be our position at the close of today as

1 well.

2 CHAIRMAN GOLDNER: Okay. Very good.
3 Anything else to add on the EEC or any of the
4 other LDAC charges?

5 MS. DESMET: We do agree with DOE on
6 those points also.

7 CHAIRMAN GOLDNER: Okay. Very good.
8 Okay. All right. And, we'll turn now to
9 Attorney Taylor.

10 MR. TAYLOR: Thank you, Commissioners.
11 I won't respond to every item that was discussed
12 in the Department of Energy's opening statement.

13 The one that I will address is the
14 Department's recommendation, which was just
15 seconded by the Consumer Advocate, that the
16 Commission's decision on the Summer Period rates
17 be deferred, effectively returning the Company to
18 a biannual filing for its cost of gas.

19 The Commissioners who are currently on
20 the Bench were not Commissioners at the time,
21 but, back in 2016, Docket 16-564 actually, the
22 Company, the Consumer Advocate, the then PUC
23 Staff, went through an entire adjudicative
24 docket, in which we discussed the -- we discussed

1 the Company's proposal to move from a biannual
2 filing to an annual filing. That was something
3 that was supported by the Public Utilities' Staff
4 at the time as being efficient.

5 And, if the Commission were to look at
6 its order from that docket, which is Order
7 Number 25,940, the Commission did find that there
8 were "inherent efficiencies to be gained by
9 changing the COG adjustment clause so there's
10 only one filing per year", and that this would be
11 "more efficient, less cumbersome, and provides
12 the same information as the two seasonal
13 filings."

14 So, that is something that we went
15 through an entire docket, the parties had the
16 span of that docket to examine the proposal,
17 determine the advantages of it, perhaps the
18 disadvantages of it. Everybody was in agreement
19 that it was the more efficient way of doing
20 things, the Commission was in agreement that it
21 was the more efficient way of doing things.

22 The Company does make a monthly report
23 relative to the cost of gas. There are triggers
24 that would trigger a filing to change the -- to

1 change the rate. So, there are -- there are
2 guardrails or mechanisms built into this annual
3 filing that, you know, really are intended to
4 address what the Department is talking about.

5 And, so, when we talk about "okay, it's
6 done in other jurisdictions this way", or that
7 "the Commission used to do it this way", well,
8 it's true the Commission used to do it this way,
9 twice a year, but the Commission determined that
10 doing it once a year is a better way of doing it.

11 So, I don't think there's any reason to
12 go back. I appreciate that there's some
13 volatility in the market right now. But I think
14 that the way that this has been set up, it is
15 built to withstand this kind of volatility, keep
16 the Commission informed, keep the parties
17 informed, and we make filings, if we need to make
18 them, along the way.

19 So, I just wanted to put that before
20 the Commission. This is something that has been
21 vetted. It is something that the Commission has
22 already decided on.

23 There is a separate docket currently
24 pending, an investigatory docket, about

1 procurements and the processes around that. And,
2 so, if this were something that the parties felt
3 we should be going back to, I don't think we
4 would agree. But, again, you have the span of
5 time and the opportunity to actually look at it
6 in more detail in that docket.

7 And, so, we would certainly recommend
8 that the Commission not take that approach in
9 this case. And I realize I have essentially just
10 given a closing statement as my opening, but I
11 appreciate the opportunity to give it.

12 CHAIRMAN GOLDNER: No. Very good. And
13 I appreciate, Ms. Schwarzer, I appreciate the
14 opportunity to understand the issues from the
15 parties prior to talking to the witnesses. That
16 is very helpful.

17 Ms. Schwarzer, do you have something to
18 add?

19 MS. SCHWARZER: Thank you. Thank you,
20 Mr. Chairman.

21 I did want to point out that the
22 trigger filings are generally based on a seasonal
23 basis. And, so, while the trigger filings do
24 project concerns for the rates for the winter,

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 for the initial summer filing, in May, there is
2 not necessarily the same opportunity to adjust or
3 correct in a way that all parties have an input
4 in examining. And, particularly, understanding
5 that the 2016 order was not facing the sort of
6 volatility and changed circumstances that we're
7 facing here.

8 Thank you.

9 CHAIRMAN GOLDNER: Very good. Any
10 response from the OCA or the Company? Just want
11 to make sure everybody has a fair shake before we
12 move to the witnesses.

13 MS. DESMET: Nothing additional.

14 CHAIRMAN GOLDNER: Okay. Mr. Taylor,
15 it's okay?

16 MR. TAYLOR: Again, I think I would
17 just reiterate that the structure of the annual
18 process was something that was determined through
19 the course of a document. And that, if we are
20 going to change course, that the Commission
21 probably ought to have more time than just an
22 afternoon in the hearing room.

23 CHAIRMAN GOLDNER: Okay. Thank you,
24 Mr. Taylor.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 Just a moment please.

2 *[Chairman Goldner and Atty. Speidel*
3 *conferring.]*

4 CHAIRMAN GOLDNER: Okay. Very good.
5 And are there any other preliminary matters,
6 before we move to the witnesses?

7 *[No verbal response.]*

8 CHAIRMAN GOLDNER: All right. Seeing
9 none.

10 Let's proceed with the witnesses.
11 Mr. Patnaude, would you please swear in the
12 panel.

13 (Whereupon **Christopher A. Kahl,**
14 **Francis X. Wells, S. Elena Demeris,** and
15 **Daniel T. Nawazelski** were duly sworn by
16 the Court Reporter.)

17 CHAIRMAN GOLDNER: All right. Very
18 good. We'll move to direct examination, and I'll
19 turn it over to Attorney Taylor.

20 MR. TAYLOR: Thank you.

21 I'm going to ask a series of questions
22 of all of the witnesses. I'm going to start with
23 Mr. Kahl, and, after Mr. Kahl, I'll move to
24 Mr. Wells, Ms. Demeris, who is appearing

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 remotely, and Mr. Nawazelski.

2 **CHRISTOPHER A. KAHL, SWORN**

3 **FRANCIS X. WELLS, SWORN**

4 **S. ELENA DEMERIS, SWORN**

5 **DANIEL T. NAWAZELSKI, SWORN**

6 **DIRECT EXAMINATION**

7 BY MR. TAYLOR:

8 Q Starting with Mr. Kahl, can you please give your
9 name and position with the Company?

10 A (Kahl) It's Christopher Kahl. I'm a Senior
11 Regulatory Analyst for Unitil Service Corp.

12 Q Mr. Kahl, have you previously testified before
13 the Commission?

14 A (Kahl) Yes, I have.

15 Q If you could please refer to Hearing Exhibit 1,
16 which is the Company's initial filing from
17 September 16th, 2022. The Company's initial
18 filing includes testimony and schedules that you
19 sponsored, correct?

20 A (Kahl) That's correct.

21 Q And was the testimony prepared by you or under
22 your direction?

23 A (Kahl) Yes.

24 Q And were the schedules that accompany your

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 testimony prepared by you or under your
2 direction?

3 A (Kahl) Yes.

4 Q And do you have any changes or corrections to the
5 initial testimony and the initial schedules that
6 you wish to make on the record today?

7 A (Kahl) No.

8 Q And do you adopt the testimony and schedules as
9 your sworn testimony today, subject to changes
10 made in subsequent supplemental filings?

11 A (Kahl) Yes.

12 Q I'm also going to ask you to refer to Hearing
13 Exhibit 3, which is the Company's September 23rd,
14 2022, Supplemental filing. I'll refer to that as
15 the "First Supplemental filing". That includes
16 testimony and schedules that you sponsored,
17 correct?

18 A (Kahl) Yes. That's correct.

19 Q And was this First Supplemental Testimony
20 prepared by you or under your direction?

21 A (Kahl) Yes.

22 Q And were the schedules that accompany your
23 Supplemental Testimony prepared by you or under
24 your direction?

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 A (Kahl) Yes.

2 Q Can you please summarize for the Commission's
3 benefit your reason for filing the Supplemental
4 Testimony?

5 A (Kahl) Yes. Shortly after we submitted the
6 initial filing, it came to my attention that some
7 of our accounting numbers had changed. This was
8 due to adjustments made due to our rate case
9 filing that pertained to indirect demand costs
10 that get allocated to the cost of gas, local
11 production costs, I believe miscellaneous
12 overhead costs. So, those had changed going back
13 to I believe it was last August of 2021. And
14 those had not been picked up in the accounting
15 numbers when I was putting together the
16 reconciliation.

17 So, once I realized that that had
18 changed, and realized that our reconciliation was
19 going to be audited, I realized I needed to
20 submit a supplemental filing that would update
21 the reconciliation and any associated schedules
22 with it.

23 Q Do you -- pardon me. Do you have any changes or
24 corrections to your Supplemental Testimony or

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 schedules that you'd like to note on the record
2 today, for the First Supplemental filing?

3 A (Kahl) For the First Supplemental Testimony and
4 schedules, there are no changes.

5 Q Okay. And do you adopt the First Supplemental
6 Testimony and schedules as your sworn testimony
7 today?

8 A (Kahl) Yes.

9 Q Now, Hearing Exhibit 5 is the Company's Second
10 Supplemental filing. You did not sponsor
11 testimony in that filing, correct?

12 A (Kahl) That's correct.

13 Q But did you prepare or provide some of the
14 supporting material for that filing?

15 A (Kahl) Yes. I provided the summary rate tariff
16 pages.

17 Q And do you have any corrections that you'd like
18 to note on the record relative to those pages?

19 A (Kahl) Yes. Those pages inadvertently, for the
20 summary, were using the initial cost of gas
21 rates, and not the revised cost of gas rates,
22 which were provided in the First Supplemental
23 Testimony. And this shows up on Bates Pages 4
24 through 7, and, in the redline, Pages 9 through

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 12.

2 But this does not impact in any way the
3 rates that we're proposing to charge, nor the
4 bill impacts that were provided in the Second
5 Supplemental Testimony.

6 Q And the Company also prepared and submitted
7 Hearing Exhibits 6 and 7, which are essentially
8 compilations of the Company's filings in this
9 case, correct?

10 A (Kahl) That's correct.

11 Q And are these -- were the summary pages that
12 you're referencing corrected within those
13 compilation of exhibits?

14 A (Kahl) Yes. In those exhibits, it does show, for
15 the rate summaries, the correct cost of gas
16 rates.

17 Q Thank you.

18 MS. SCHWARZER: Excuse me, just if I
19 might? What are the Bates pages for the
20 Exhibit 6 confidential compiled? The exhibit
21 that would show those corrections?

22 WITNESS KAHL: Hold on one second.

23 MS. SCHWARZER: Thank you.

24 MR. TAYLOR: Perhaps we could move on

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 with the other witnesses, while Mr. Kahl looks up
2 that answer?

3 CHAIRMAN GOLDNER: Perfect, Mr. Taylor.

4 Thank you.

5 BY MR. TAYLOR:

6 Q Mr. Wells, can you please give your name and
7 position with the Company?

8 A (Wells) Good afternoon. My name is Francis X.
9 Wells. I'm Manager of Energy Planning for Unitil
10 Service Corp. that provides services to Northern
11 Utilities.

12 Q Mr. Wells, have you previously testified before
13 the Commission?

14 A (Wells) Yes.

15 Q Referring to Hearing Exhibit 1, which is the
16 Company's initial filing, this includes testimony
17 and exhibits that you sponsored, correct?

18 A (Wells) It does.

19 Q And was the testimony prepared by you and under
20 your direction?

21 A (Wells) It was.

22 Q And were the supporting schedules prepared by you
23 or under your direction?

24 A (Wells) Yes.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 Q Do you have any changes or corrections to your
2 testimony or schedules that you'd like to note on
3 the record today?

4 A (Wells) I do not.

5 Q And do you adopt the testimony and schedules as
6 your sworn testimony today?

7 A (Wells) Yes.

8 Q Ms. Demeris, can you please state your name and
9 position with the Company? You're on mute.

10 MR. TAYLOR: I'm not sure if that's on
11 our witness's end or if that's an AV issue here.

12 Elena, can you give a thumb's up if
13 you're muted on your end?

14 WITNESS DEMERIS: Oh, interesting.

15 MS. RUSSO: Commissioner Goldner, can
16 you hear me?

17 CHAIRMAN GOLDNER: I can. I could.

18 *[Laughter.]*

19 MS. RUSSO: Okay. Ms. Demeris?

20 WITNESS DEMERIS: Yes.

21 MS. RUSSO: Can you hear me?

22 WITNESS DEMERIS: I can hear you, yes.

23 Can anyone hear me?

24 MR. TAYLOR: Yes.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 MS. SCHWARZER: We can.

2 WITNESS DEMERIS: Okay. Start over?

3 MR. TAYLOR: Let's start over.

4 BY MR. TAYLOR:

5 Q Ms. Demeris, please give your name and position
6 with the Company?

7 A (Demeris) My name is Elena Demeris. I'm a Senior
8 Regulatory Analyst with Unitil Service Corp.

9 Q Have you previously testified before the
10 Commission?

11 A (Demeris) Yes.

12 Q Referring to Hearing Exhibit 1, the Company's
13 initial filing from September 16th, 2022, this
14 included testimony and schedules that you
15 sponsored, correct?

16 A (Demeris) Yes.

17 Q And was the testimony prepared by you or under
18 your direction?

19 A (Demeris) Yes, it was.

20 Q Were the schedules that accompany your testimony
21 prepared by you or under your direction?

22 A (Demeris) Yes.

23 Q Do you have any changes or corrections to your
24 testimony or schedules that you'd like to note on

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 the record today?

2 A (Demeris) Yes, I do. Referring to Exhibit 1,
3 Bates Page 102, Line 4, the reference should be
4 to "NUI-SED-1", not "2".

5 Q Thank you. Do you adopt your initial testimony
6 and schedules as your sworn testimony today,
7 subject to changes made in subsequent
8 supplemental filings?

9 A (Demeris) Yes, I do.

10 Q I'm going to ask you to refer to Hearing
11 Exhibit 3, which is the Company's September 23rd,
12 2022, Supplemental filing, again, this is the
13 First Supplemental filing. This includes
14 testimony and schedules that you sponsored,
15 correct?

16 A (Demeris) Yes.

17 Q And was this Supplemental Testimony prepared by
18 you or under your direction?

19 A (Demeris) Yes, it was.

20 Q And were the schedules that accompany your
21 Supplemental Testimony prepared by you or under
22 your direction?

23 A (Demeris) Yes.

24 Q And can you just please summarize the reason for

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 filing the Supplemental Testimony?

2 A (Demeris) Yes. I submitted an updated bill
3 impact schedule, SED-3, as a result of the
4 changes discussed by Mr. Kahl.

5 Q I now refer to Hearing Exhibit 5, which is the
6 Company's Second Supplemental filing from
7 October 4th. Was this Second Supplemental
8 Testimony prepared by you or under your
9 direction?

10 A (Demeris) Yes.

11 Q And were the schedules that accompany your Second
12 Supplemental Testimony prepared by you or under
13 your direction?

14 A (Demeris) Yes.

15 Q And can you please summarize the reason for
16 filing the Second Supplemental Testimony?

17 A (Demeris) Yes. That was to update the RCE
18 calculation, because of additional rate case
19 expense invoices and an adjustment as a result of
20 the audit, and also updated bill impacts
21 associated with that change.

22 Q And do you have any changes or corrections to
23 your First or Second Supplemental Testimony or
24 schedules, other than those already noted by

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 Mr. Kahl, that you'd like to note on the record
2 today?

3 A (Demeris) Yes. I have no changes to content.
4 But the Second Supplemental filing, Bates Pages
5 321 to 330 have been renumbered and reordered.

6 Q And I'm sorry, when you say that "they have been
7 renumbered and reordered", you know, --

8 A (Demeris) The page numbering did not follow how
9 it should be. Like, I think there were several
10 pages that were marked page "2" and several pages
11 that were marked page "6". And now, they're all
12 numbered correctly as 1 through 10.

13 Q And, when you say now that's been done, that was
14 in the -- that was accomplished in the Hearing
15 Exhibits 6 and 7 that compiled all of the prior
16 exhibits?

17 A (Demeris) That is correct. Yes.

18 Q Thank you. Do you adopt the First and Second
19 Supplemental Testimony and schedules as your
20 sworn testimony today?

21 A (Demeris) Yes.

22 Q And, finally, Mr. Nawazelski, can you give your
23 name and position with the Company?

24 A (Nawazelski) Good afternoon. Daniel Nawazelski.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 I'm the Manager of Revenue Requirements at Unitil
2 Service Corp.

3 Q Have you previously testified before the
4 Commission?

5 A (Nawazelski) Yes, I have.

6 Q And Hearing Exhibit 1, the Company's initial
7 filing, that includes testimony and schedules
8 that you sponsored, correct?

9 A (Nawazelski) That's correct.

10 Q And was that testimony prepared by you or under
11 your direction?

12 A (Nawazelski) It was.

13 Q Were the schedules that accompany your testimony
14 prepared by you or under your direction?

15 A (Nawazelski) Yes, they were.

16 Q Do you have any changes to the testimony or
17 schedules that you'd like to note on the record
18 today?

19 A (Nawazelski) No, I do not.

20 Q Do adopt the testimony and schedules as your
21 sworn testimony today?

22 A (Nawazelski) Yes, I do.

23 MR. TAYLOR: I have no further direct
24 questions for the witnesses.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 CHAIRMAN GOLDNER: Okay. Very good.

2 Let's move to cross-examination, beginning with
3 the Office of Consumer Advocate.

4 MS. DESMET: I wouldn't mind going
5 behind DOE, if everyone is agreeable with that.

6 CHAIRMAN GOLDNER: Attorney Schwarzer.

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

9 I'll address my questions to the panel
10 as a whole, and whoever feels they're best suited
11 to answer, please do. Or, if there are multiple
12 responses, that's also fine.

13 **CROSS-EXAMINATION**

14 BY MS. SCHWARZER:

15 Q I'd just like to confirm the rates that Northern
16 is recommending for the Winter Period. What is
17 the Residential rate per therm that the
18 Department -- excuse me -- that the Company is
19 recommending for the Winter Period?

20 A (Kahl) Yes. For the Winter Period, the Cost of
21 Gas rate for Residential customers is \$1.1289.

22 Q And, with the 25 percent increase, what is the
23 maximum rate the Department would -- excuse me --
24 the Company would charge?

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 A (Kahl) That would be \$1.4112.

2 Q And how much higher is this initial rate compared
3 to the prior winter?

4 MR. TAYLOR: If I may, just for a point
5 of classification, are you asking about the
6 Residential rate adjustment or the Residential
7 rate with the 25 percent increase?

8 MS. SCHWARZER: I believe this
9 comparison is to the initial rate, without the 25
10 percent increase.

11 MR. TAYLOR: Thank you.

12 **BY THE WITNESS:**

13 A (Kahl) Yes. The proposed rate is about 16
14 percent higher than the average rate for '21-22.

15 BY MS. SCHWARZER:

16 Q Thank you. And --

17 CHAIRMAN GOLDNER: I'm sorry. I'm
18 sorry, Ms. Schwarzer. If I could pause there?

19 BY CHAIRMAN GOLDNER:

20 Q What do you have as the prior year rate? We've
21 calculated a different percentage. So, perhaps
22 you could -- do you have "0.9392" as the prior
23 winter rate?

24 A (Kahl) No, I have a slightly different rate.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 Q I'm sorry?

2 A (Kahl) I have a different rate for an average for
3 the --

4 Q Okay. What do you get?

5 A (Kahl) I have "0.9719".

6 Q "0.9719". And perhaps the difference is, we
7 might taken a simple average, and you probably
8 have a weighted average?

9 A (Kahl) I'd have to check. But that's possible,
10 yes.

11 CHAIRMAN GOLDNER: Okay. Attorney
12 Schwarzer, what do you have as the baseline? Did
13 you calculate one or do you agree with the
14 Company?

15 MR. ARIF: Good afternoon, Chairman
16 Goldner. This is Deen Arif here. If I may take
17 that question?

18 I believe your understanding is
19 correct. We have calculated based on the
20 weighted average. But I understand that, if you
21 are to take the initial rate, that would be the
22 rate that you have just quoted.

23 CHAIRMAN GOLDNER: Okay.

24 MS. ARWEN: And that would result in a

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 different percentage. In the vicinity, if I'm
2 not incorrect, around 20 percent.

3 CHAIRMAN GOLDNER: Exactly. So, we
4 were using "0.9392", which I think is the simple
5 average, which would be a 20 percent increase.
6 But it would be more appropriate to use the
7 weighted average for sure.

8 BY CHAIRMAN GOLDNER:

9 Q So, could the Company just confirm that you used
10 the weighted average to get the 0.9719 as the
11 baseline?

12 A (Kahl) I mean, I believe we did that.

13 Q That would make more sense --

14 A (Kahl) Yes.

15 Q -- than the simple average, but --

16 A (Kahl) Yes. I think so.

17 Q Okay. So, that's your belief. You can't confirm
18 it, but that's your understanding?

19 A (Kahl) That's correct.

20 CHAIRMAN GOLDNER: Okay. Thank you.

21 Can anyone else confirm it?

22 *[No indication given.]*

23 CHAIRMAN GOLDNER: I just want to make
24 sure, because we'll have this in our final order.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 So, I want to make sure we use the appropriate
2 number as the baseline.

3 MR. TAYLOR: Do you want us to take
4 that as a record request? I'm sure we can
5 provide you with the answer.

6 CHAIRMAN GOLDNER: Sure. That would --
7 thank you, Mr. Taylor. That would be excellent.
8 What we're -- we just want to make sure that --
9 the cost of gas has a lot of visibility these
10 days, and, even if it didn't, we would want to
11 have the right number. And, so, we just want to
12 make sure we're using the right baseline in order
13 to calculate the increase in the Cost of Gas and
14 the overall rates year-on-year.

15 So, thank you.

16 WITNESS DEMERIS: If I may interject?
17 Are we talking about the average Winter 2021-2022
18 Cost of Gas?

19 CHAIRMAN GOLDNER: Yes. Residential,
20 yes.

21 WITNESS DEMERIS: For Residential, I
22 have "0.9691" weighted average.

23 CHAIRMAN GOLDNER: Oh-oh. Well, we do
24 need a record request, Mr. Taylor.

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[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 Thank you, Ms. Demeris, for stepping
2 forward with that. That's helpful.

3 We just -- what we're interested in,
4 from a Commission point of view, and to make sure
5 we get the right numbers out there in the order,
6 is to make sure that we have the right baseline
7 for the Cost of Gas, for the LDAC, for the
8 distribution rates, and for both the winter and
9 summer, and, obviously, for Residential and for
10 C&I. So, those baselines are really important to
11 calculate the appropriate increase.

12 CMSR. CHATTOPADHYAY: Can I ask a quick
13 question?

14 CHAIRMAN GOLDNER: Of course, yes.

15 BY CMSR. CHATTOPADHYAY:

16 Q So, can you -- it's probably better if you can
17 show us where the calculations are done.

18 A (Kahl) Uh-huh.

19 Q And at least the Bates page number and all of
20 that. Can you provide that? I know that you
21 don't know for sure whether it's weighted or not,
22 but --

23 A (Kahl) Yes.

24 Q -- you think it is weighted. But I'd like to

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 look at the numbers somewhere.

2 A (Kahl) Yes. I show it on Bates Page 178.

3 Q Of Exhibit 1?

4 A (Kahl) Yes.

5 Q Okay.

6 A (Kahl) You would want to look at Exhibit 6, I
7 believe. That would have the latest updated
8 rate.

9 Q Okay. You said "Page"?

10 A (Kahl) "178".

11 CMSR. CHATTOPADHYAY: That would be
12 Part 1. Thank you.

13 BY MS. SCHWARZER:

14 Q Mr. Kahl, before we move on, does Exhibit 6,
15 Twelfth Revised Page 42 of the tariff also show
16 the residential proposed rate per therm and the
17 maximum rate?

18 A (Kahl) Yes. Are you talking for certain rate
19 classes?

20 Q Yes, for Residential. The rate you just
21 identified for Residential Cost of Gas rate for
22 the Winter Period?

23 A (Kahl) Yes.

24 Q Thank you. And could you please answer the

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 questions you just answered for the Residential
2 rate class, for the C&I Low Load Factor, what
3 would the rate per therm be and where would one
4 find that?

5 A (Kahl) Yes. For the High Load Factor rate
6 class, --

7 Q Okay. "High" is fine, too. Yes.

8 A (Kahl) The rate is -- the proposed rate is
9 \$1.0536, and that is --

10 Q I'm sorry. Mr. Kahl, I believe -- I'm looking at
11 Tariff Page Twelfth Revised Page 42, and I show
12 the "1.0536 per therm" rate as the "C&I Low
13 Winter Use Rate"?

14 A (Kahl) Yes. That is "low winter", which equates
15 to "high load factor". So, --

16 Q Oh. Okay. Thank you. Can you explain why the
17 low winter rate is the high load factor?

18 A (Kahl) Well, in the winter period, there's no
19 peaking of demand. So, demand stays lower,
20 compared to its average usage. It's lower
21 compared to a low load factor. If you have a low
22 load factor, then your winter use is going to be
23 significantly higher, if not substantially
24 higher.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 Q So, how would you like me to -- well, what should
2 I call the "1.0536 rate"?

3 A (Kahl) We can call it the "High Load Factor
4 rate".

5 Q The "High Load Factor rate", okay. And I'm
6 sorry, had you already identified the Bates page
7 for that?

8 A (Kahl) One second.

9 Q Sure.

10 A (Kahl) Is that -- if you're looking at Exhibit 6,
11 I think that would be Page 10.

12 Q There are some pages that aren't numbered. And
13 they seem to be tariff pages, perhaps?

14 A (Kahl) So, I believe, if you're looking at a *pdf*,
15 it might be on the thirteenth page of the *pdf*, if
16 that makes it a little easier.

17 Q I do have a hard copy. So, let me catch up with
18 you. Yes. So, it is still the "Twelfth Revised
19 Page 42" of the tariff page, is that Page 10?

20 A (Kahl) Yes.

21 Q Okay. Great. And what is the maximum rate
22 associated with the C&I High Load 1.0536 per
23 therm rate?

24 A (Kahl) That's \$1.3170.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 Q Thank you. And what is the increase, as compared
2 to the prior winter weighted average?

3 A (Kahl) I believe that was 20 percent.

4 Q And where would I find that?

5 CHAIRMAN GOLDNER: I have a fresh idea
6 for the IR docket. We'll just have tables that
7 we calculate before the meeting. But, for today,
8 we'll grind through.

9 **BY THE WITNESS:**

10 A (Kahl) You can find that in a redline form on
11 Bates Page 38.

12 BY MS. SCHWARZER:

13 Q Thank you. And the same questions for the C&I
14 Low Load Factor rate proposed for the Winter
15 Period?

16 A (Kahl) Yes. That rate is \$1.1428. And that is
17 15.69 percent higher than the prior year's
18 average.

19 Q Okay. And just before we move on to the Bates
20 pages, what would the 25 percent increase result
21 in?

22 A (Kahl) That would be \$1.4285.

23 Q Okay. Thank you. And if you can point me in
24 Exhibit 6 to those Bates pages?

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 A Yes. It's the same pages as before. So, I
2 believe that was Page 10, and Page 38.

3 Q In Exhibit 6 and 7?

4 A (Kahl) Yes.

5 Q Thank you. Can you please identify the Company's
6 proposed LDAC rate for Residential customer
7 class?

8 A (Demeris) This is Elena Demeris. The proposed
9 LDAC for the Residential class is "0.1850" per
10 therm.

11 Q Thank you. And can you point me to that in the
12 record please?

13 A (Demeris) It would appear on the LDAC Tariff
14 Page 62. And it is also listed in the bill
15 impact files, that would be Exhibit 7, Bates
16 Pages 321 to 330.

17 Q Can you specifically point me to the Bates page
18 that shows the Residential LDAC please?

19 A (Demeris) It is a tariff page. So, I'm not sure
20 if it's Bates numbered.

21 A (Kahl) I believe, in Exhibit 6, it would show up
22 on Bates Page 12.

23 Q And again, I apologize, but I don't have Bates
24 pages on my printout. So, let's see, one, two,

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 three, four, five, six, seven, eight, nine, ten,
2 eleven, twelve. Oh, I think 12 is the Local
3 Delivery Adjustment Clause. Bates Page 10 seems
4 to be the Twelfth Revised Page 42. I'm not --
5 where's the LDAC?

6 A (Kahl) At Bates Page 12.

7 Q Bates Page 12? Twelve (12) seems to be the Local
8 Delivery Adjustment Charge.

9 A (Kahl) Yes.

10 A (Demeris) Bates Page 015 maybe.

11 Q Okay. I see the "Sixteenth Revised Page 86" as
12 the tariff page that shows the LDAC tariff
13 associated with Residential Heating as "0.1850".
14 Is that correct?

15 A (Kahl) I believe you'd want to go to --

16 A (Demeris) That is correct.

17 A (Kahl) Yes.

18 Q Okay. I will take that.

19 A (Kahl) Yes.

20 Q Thank you. And can you point me towards the LDAC
21 for the C&I rate please?

22 A (Demeris) Yes. The C&I is "0.0493" per therm.

23 Q And let's try this again. And where would I find
24 that in the record?

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 A (Kahl) That would be two Bates pages later.

2 A (Demeris) In Exhibit 7, I have the LDAC tariff
3 page as Bates Page 15.

4 Q I am looking at the "Fourteenth Revised Page 88",
5 which may well be Bates Page 15. But I did print
6 it out, so there aren't pages at the bottom of
7 it. But I do see a tariff rate for Commercial,
8 C&I, as "0.0493". And that's correct, is that
9 right, Ms. Demeris?

10 A (Demeris) That is correct, yes.

11 Q Thank you.

12 CHAIRMAN GOLDNER: Ms. Schwarzer, if we
13 want to get out of here before midnight, we're
14 going to have to speed up. Is there anything
15 else that we can -- that you need that we can
16 fine-tune in the details?

17 MS. SCHWARZER: I appreciate that
18 point, Mr. Chairman. I think it's always
19 difficult when the Department gets everything
20 last, and its pages aren't all numbered. I'm
21 trying to verify for the record, and for the
22 Commission as well.

23 So, it should go faster, once we get
24 through this piece. And I will do my best, and

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 please don't hesitate to mention it again.

2 CHAIRMAN GOLDNER: Okay.

3 BY MS. SCHWARZER:

4 Q Could you please identify the starting
5 over-collection for this period?

6 CHAIRMAN GOLDNER: I think,
7 Ms. Schwarzer, you're making the case for my
8 proposal earlier to separate LDAC from cost of
9 gas. Because, you know, the hearing is supposed
10 to be a quick cost of gas. You know, people have
11 talked about a *nisi* order and different ideas,
12 but this should be a rocket docket that we're
13 able to go through fairly quickly. I'm just --
14 I'm struggling with how we can get through this
15 hearing in a timely fashion.

16 So, maybe you could share, what are
17 you -- what are we trying to accomplish with this
18 line of questioning?

19 MS. SCHWARZER: Well, to the extent
20 that the Department is making a statement that it
21 supports the winter rates, it seems appropriate
22 to identify on the record what those rates are.
23 The Commission itself has asked to be pointed to
24 the location of those rates in the record. And a

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 fundamental aspect of calculating the cost of gas
2 and the LDAC is the over-collection identified,
3 which has changed in the course of the discovery.

4 So, it's my wish to identify for the
5 Department, for the Department's position, and
6 for the Commission, what the proper numbers are.

7 CHAIRMAN GOLDNER: Would you be --
8 would you be comfortable with a slightly
9 different approach? Meaning that we specify for
10 the Company -- or, you specify for the Company
11 exactly what you need, and then they can produce
12 a record request very quickly, maybe in the next
13 24 hours, so that you have the numbers that you
14 need, and the Commission needs, to feel
15 comfortable?

16 MS. SCHWARZER: Sure. I'm happy to
17 present my understanding of what we are
18 approving, and perhaps the Company can take that
19 as a record request and provide those Bates
20 pages.

21 BY MS. SCHWARZER:

22 Q So, I'll just direct this to the panel. It's the
23 Department's understanding, subject to a record
24 request and check, that the starting

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 over-collection for the Winter Period is
2 \$2,757,176, based on Revised Attachment
3 NUI-CAK-10, which was submitted on September 23rd
4 in the First Supplemental filing by Mr. Kahl?

5 A (Kahl) That is correct.

6 Q Thank you. And that the typical Residential
7 Heating customer, consuming 582 therms during the
8 '22-23 Winter Period, from the Company's view,
9 can be expected -- can expect a bill of
10 \$1,438.03, an increase of \$256.76, or 21.7
11 percent, compared to the 2021-2022 Winter
12 weighted average, would you agree?

13 A (Demeris) This is Elena Demeris. I actually have
14 "\$1,438.02". But I agree with everything else
15 you said.

16 Q Can you point me towards the source of that or
17 perhaps take it as a record check -- a record
18 request, subject to check?

19 A (Demeris) Exhibit 7, Page 321, which is the first
20 page of the Second Revised bill impacts.

21 Q First page, Second Revised. Thank you.

22 A (Demeris) You're welcome.

23 MS. SCHWARZER: Shall I wait for the
24 Commission?

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 CHAIRMAN GOLDNER: I'm sorry, just a
2 moment.

3 MS. SCHWARZER: Certainly.

4 *[Chairman Goldner and Atty. Speidel*
5 *conferring.]*

6 CHAIRMAN GOLDNER: Okay. I'm sorry,
7 Ms. Schwarzer, if you could just repeat your
8 question?

9 MS. SCHWARZER: Certainly. The --
10 excuse me, Mr. Chairman, my microphone was off.
11 Repeat the last two or the last one?

12 CHAIRMAN GOLDNER: Just the last one.

13 MS. SCHWARZER: Last one, certainly.

14 BY MS. SCHWARZER:

15 Q Would the panel agree that the typical
16 residential heating customer, consuming 582
17 therms during the 2022-2023 Winter Period, can
18 expect a bill of \$1,438, and either a "03" or
19 "02" cents, subject to check in a record request,
20 an increase of \$556 **[\$256?]** and 76 or 75 cents,
21 or 21.7 percent, compared to the 2021-2022 Winter
22 weighted average?

23 That's an open question. I believe,
24 Ms. Demeris, you had responded before, is that

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1 correct?

2 A (Demeris) Yes. I'm sorry, but can you repeat the
3 dollar difference. I think you said "556", and
4 it's "256".

5 Q The information that I have is a bill of
6 "1,438.03", an increase of "\$256.76", or "21.7
7 percent"?

8 A (Demeris) That is correct.

9 Q Thank you.

10 A (Demeris) Thank you.

11 MS. SCHWARZER: So, shall I move on to
12 other questions?

13 CHAIRMAN GOLDNER: Yes, please.

14 MS. SCHWARZER: Certainly.

15 MR. TAYLOR: Before we move on, if I
16 could just ask. There was a suggestion that
17 there might be a record request coming out of it.
18 But I'm not -- it's not clear to me what that
19 record request is?

20 MS. SCHWARZER: There is a difference
21 of ".03" or ".02" cents, and I just don't have
22 the answer to the discrepancy. The figures I
23 pulled said "03", and Ms. Demeris has corrected
24 me on the record as "02". I just don't -- I just

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1 don't know what the answer is.

2 MR. TAYLOR: Well, that's actually not
3 what I was referring to. There was -- I think,
4 prior to that, there had been this question of
5 "to speed the line of questioning along, we would
6 provide a record request." I'm not sure what
7 that record request is. And I just want to make
8 sure, because we're going to be asked to turn it
9 around in a short period of time, if it still
10 stands, I'd like to know what it is.

11 MS. SCHWARZER: My understanding was
12 the record request was Bates pages in the record
13 that support those figures. Is that correct, Mr.
14 Chairman?

15 CHAIRMAN GOLDNER: If you're satisfied,
16 Ms. Schwarzer, then I'm satisfied. I just want
17 to make sure you're getting everything you need
18 from the Company.

19 MS. SCHWARZER: Okay. Well, I'm
20 satisfied.

21 CHAIRMAN GOLDNER: Okay. All right.
22 Very good.

23 So, no record request at this point,
24 Mr. Taylor.

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1 MR. TAYLOR: Very good. Thank you.

2 MS. SCHWARZER: And I'm sorry, Mr.
3 Chairman. I believe, is there one outstanding
4 record request as regard to the weighted average,
5 or no record request?

6 MR. TAYLOR: I understand that is a
7 record request we're going to be responding to.

8 CHAIRMAN GOLDNER: Yes. I would
9 classify it as a "prior request", but, yes.

10 MS. SCHWARZER: Thank you.

11 BY MS. SCHWARZER:

12 Q So, a question for the panel. Could you please
13 explain why the recoupment for residential
14 customers in the LDAC is "\$0.1206" per therm,
15 while, for C&I customers, the proposed RPC is
16 "0.101" per therm, and that's based on the
17 October 4th Supplemental filing?

18 A (Nawazelski) I can take that one. So, under the
19 approved rate design out of the Company's last
20 rate case, in DG 21-104, the C&I rate classes,
21 based on the cost studies filed in that case,
22 were already at or above revenue parity, meaning
23 the resulting increase was not as large. So,
24 when we got to the recoupment to reconcile

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 permanent to temporary rates, the incremental
2 difference to get there was larger for the
3 residential classes than it was to the C&I rate
4 classes.

5 Q Thank you. And can you explain how Northern
6 calculated the reconciliation amounts for each
7 sector, which was 0.6 million for C&I and
8 2.5 million for residential?

9 A (Demeris) I'm sorry, what was the question?

10 Q Can Northern explain how it calculated the
11 reconciliation amounts for each sector, which was
12 0.6 million for C&I and 2.5 million for
13 residential?

14 A (Demeris) Yes. So, the actual billing
15 determinants for the period, multiplied times the
16 final rates, give us our required revenue. And
17 then, we subtract the actual revenue collected
18 under temporary rates, and that difference is the
19 recoupment.

20 Q But --

21 A (Demeris) For each sector.

22 Q For each sector?

23 A (Demeris) Yes.

24 Q Thank you. Based on the Tariff Page Sixteenth

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 Revised Page 86, from the October 4th filing,
2 it's my understanding that Northern is proposing
3 increased delivery charges. Why?

4 A (Demeris) You're asking about distribution rate
5 changes?

6 Q I'm asking about the delivery charges, on
7 Sixteenth Revised Page 86, in the October 4th
8 update. If helpful, I can pull up the electronic
9 version of that.

10 A (Kahl) Just to clarify --

11 A (Demeris) Yes, I'm not sure -- not sure to what
12 you're --

13 Q I'm looking at the Sixteenth Revised Page 86 from
14 the October 4th Supplemental filing. And there's
15 a chart, a table that shows "Total Delivery Rates
16 (including the LDAC)" increasing. And I'm
17 wondering, apart from the change in the LDAC,
18 what is the basis for the increase?

19 A (Kahl) I believe earlier, when I was explaining
20 that, in those pages, these are summary tariff
21 pages, Page 86 and 88, that, in the October 4th
22 filing, the prior cost of gas rates had been
23 included, reflected, and not the revised cost of
24 gas rates.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 Q Oh, not the revised. Oh, okay. Okay. So, this
2 has bearing on the correction that you made on
3 the stand with regard to Exhibit 6 and 7?

4 A (Kahl) Yes.

5 Q Okay.

6 A (Kahl) That would impact the final rates.

7 Q Northern's Exhibit 6 -- this is a new question.
8 Northern's Exhibit 6, Bates Number 51, Line 9
9 references "normal sendout". Could you please
10 explain, in the context of the calculation of
11 variable costs, could you please explain "normal
12 sendout", what that means?

13 A (Kahl) Yes. What I'm referring to here is that
14 we are projecting commodity costs, based on
15 weather -- weather conditions that are under
16 normal weather conditions, so to speak, as
17 opposed to, for instance, design weather
18 conditions, which are -- our Energy Contracts
19 Department would utilize at times, to determine
20 how much capacity we need to meet our peak
21 demands.

22 Q Would you please explain the normalization
23 process in a little more detail?

24 A (Wells) I'd be happy to.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 Q Thank you.

2 A (Wells) So, when we are --

3 *[Court reporter interruption to make*
4 *sure the microphone is on.]*

5 WITNESS WELLS: Oh. It is not. Thank
6 you.

7 **BY THE WITNESS:**

8 A (Wells) So, when the Company evaluates its sales
9 forecast, as Mr. Kahl had just testified, we
10 assume a "normal weather" scenario. So, we'll
11 use econometric regression to determine what the
12 historic usage per meter was and usage for the
13 Company was under, you know, a 20-year normal
14 weather. So, we take an average of all the
15 Januaries going back 20 years, all Novembers
16 going back 20 years, and we calculate, based on
17 historic data, what that, you know, what the
18 historic relationship between weather and
19 utilization was.

20 And, so, our assumption for the cost of
21 gas is that we'll have normal weather.

22 Obviously, that's a 50 percent scenario, you
23 know, 50 percent of the time it should be higher,
24 50 percent of the time it should be lower,

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1 because it's the average.

2 But, having said that, you know, our
3 purpose is to, in providing this, is that this is
4 the expected value, based on historic weather
5 patterns and historic utilization, as to how we
6 would determine the sendout for both the Maine
7 and New Hampshire Divisions.

8 Mr. Kahl's testimony here just says
9 that, when we allocate commodity costs, we're
10 allocating it based on the relative sendout for
11 each Division. So, even if it -- you know, when
12 we get to actual, we'll allocate actual costs
13 based on actual sendout.

14 For the purpose of determining our
15 rate, our assumption is "normal weather". And,
16 if you said to the Company "Jeez, we don't like
17 the normal weather assumption, it should be some
18 other assumption." We would, of course, then
19 utilize that weather assumption for how we would
20 allocate costs between divisions for the
21 commodity costs.

22 So, there's nothing really special
23 about "normal" sendout, insofar as variable
24 commodity costs are allocated. But it is

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1 fundamental to like our assumption on what our
2 sales will be and what our sendout will be.

3 Q Thank you.

4 A (Wells) You're welcome.

5 Q In Northern's October 4th Supplemental filing, at
6 Page 21 and 27, which corresponds to Exhibit 6,
7 Revised Page 324, there's a gray bar that says
8 the "Monthly amount for benchmarking purposes,
9 does not represent the average monthly use of
10 Northern's residential class."

11 Can you explain why it doesn't? Is it
12 an average monthly use for the Winter Period?

13 A (Demeris) It's a -- it's a usage level that is
14 often used by people to compare rates with other
15 utilities.

16 Q But, in order to calculate the actual monthly
17 impact for an average residential bill, you would
18 need to use a larger consumption volume, correct?

19 A (Demeris) Well, you know, for the Winter Period,
20 the usage varies from month to month. And I
21 believe, on Page 321, those monthly changes are
22 shown on the bottom row.

23 Q I'm trying to understand why you picked the
24 increments that you did for 324. Why there's

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 a -- why you picked "125" for therm usage on that
2 page?

3 A (Demeris) Well, I mean, that's just a level
4 that's been traditionally used by people when
5 they compare rates among companies. I'm not
6 really sure where it came from.

7 Q Okay. Thank you. With regard to the Energy
8 Efficiency Charge, can the Company confirm that
9 it excluded any anticipated over-collection or
10 under-collection stemming from the EEC in these
11 proposed rates?

12 A (Demeris) Yes. The -- yes. We simply are
13 carrying forward the current EEC through the end
14 of the year.

15 Q And that's reflected in the Department's Exhibit
16 8, is that correct? The calculations?

17 A (Demeris) Exhibit 8?

18 Q Exhibit 8 is the Department's -- excuse me -- is
19 the Company's response to the Department's Data
20 Request 1-3.

21 A (Demeris) Yes. Uh-huh.

22 Q Thank you. And referring the Company to
23 Exhibit 9, could you please summarize the steps
24 Northern took to lower gas costs during the

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 anticipated volatile Winter Period?

2 MR. TAYLOR: If you don't mind, could
3 you just identify Exhibit 9, because Witness
4 Demeris I don't think has had an opportunity
5 to --

6 MS. SCHWARZER: Sure. Exhibit 9 is the
7 Company's response to the DOE Record Request 1-4.

8 BY MS. SCHWARZER:

9 Q So, could Northern just --

10 A (Wells) Are you looking for a summary of my
11 response? I'd be happy to provide that. I just
12 want to make sure.

13 Q Sure. Just a quick statement on the record with
14 regard to the steps that you took. Thank you.

15 A (Wells) So, you know, as I have talked about in
16 my prefiled testimony, the Company, and by
17 extension, you know, our customers, are facing
18 volatility in two ways, two price areas.

19 The first is NYMEX, which is more -- I
20 think of it more as a national price for natural
21 gas. That is relatively new. That we actually
22 began observing, in the lead up to the '21-22
23 Annual Cost of Gas filing. And I had testified,
24 in last year's proceeding, to some unusual steps

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 or unusual at the time steps we had taken to
2 address volatility in the winter period, in
3 advance of last winter.

4 For this winter, in order to address
5 NYMEX volatility, we have implemented a Price
6 Risk Mitigation Plan, which I summarize in my
7 prefiled testimony.

8 And the other area of volatility that,
9 you know, our supply planning has addressed, or
10 is working to address, is always evolving to
11 address, is the impact of volatility from New
12 England delivered prices.

13 So, for our system, that is typically
14 either PNGTS delivered prices or Maritimes
15 pipeline delivered prices. And we have
16 participated in several pipeline expansions that
17 have addressed or reduced and minimized our
18 reliance on those -- on New England delivered
19 prices, and replaced them with more stable supply
20 areas that have less volatility.

21 And, so, those are the things that the
22 Company has done, from a gas supply perspective,
23 to try to mitigate the volatility that the entire
24 region, in general, and Northern as well, faces.

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1 Q Thank you. If I could direct the panel to DOE
2 Exhibit 10? Did the LDAC components established
3 in last year's Cost of Gas Winter 2021-22
4 proceeding remain static throughout the winter
5 and summer seasons, or were there changes?

6 I'm just trying to get the exhibit in.
7 And, if someone can just speak to that, that
8 would be great.

9 MR. TAYLOR: Could you again just maybe
10 identify what that exhibit is?

11 MS. SCHWARZER: I'm sorry. Sure. It's
12 the Company's response to the Department's Record
13 Request 1-6.

14 BY MS. SCHWARZER:

15 Q And the question is, would the Company comment on
16 whether, for Exhibit 10, whether the LDAC
17 components established in last year's Cost of Gas
18 Winter 2021-22 proceeding remained static
19 throughout the period, or if they changed?

20 A (Demeris) Oh, yes. So, we had an initial LDAC in
21 November of 2021, which then changed in January
22 of 2022, because of the EEC. And we changed
23 again in March of 2022, because of the
24 implementation of the Property Tax Adjustment

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1 Mechanism. In May 2022, we separated the
2 Regulatory Assessment Adjustment Mechanism from
3 the GAP. So, that constituted another change.
4 And that brings us to the present day.

5 Q Thank you. If I could direct the Company's
6 attention to the Department Exhibit 11, which is
7 the Company's response to DOE's Record -- excuse
8 me, DOE's Data Request 1-9: "The Commission has
9 expressed interest in possibly separating LDAC
10 and the cost of gas [filings and dockets]. What
11 is the Company's view of this proposal, as
12 compared to current practices?"

13 A (Demeris) We do not feel that that is the most
14 efficient way to go. The GAP, in particular,
15 relies on the cost of gas for its rate setting.
16 And we don't think it's going to add any
17 efficiencies to the process.

18 Q Thank you. And, Mr. Kahl, you were the person
19 who answered, did you want to comment further on
20 the record -- on the data request, I mean?

21 A (Kahl) Just to follow up on what Ms. Demeris
22 said, yes, I think, for efficiency purposes, it
23 works best to include it with the cost of gas
24 filing.

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1 Q Thank you. If I could direct the Company's
2 attention to the final DOE Exhibit 12, which is
3 the Company's response to the Department's Data
4 Request 1-10: "Has Northern contracted for
5 different percentage quantities of CNG, LNG, or
6 propane as compared to natural gas for the '22-23
7 Winter and Summer seasons?"

8 And I'll ask a follow-up question, but
9 that's the first question.

10 A (Wells) I mean, generally speaking, no, we have
11 not. Our LNG contract is the same as it --
12 volumetrically as it was for the prior winter. I
13 suppose, on a percentage basis, it's probably --
14 that would probably make it slightly lower,
15 but -- and, you know, we don't have CNG or
16 propane on our system. So, just the liquified
17 natural gas.

18 Q Thank you. And last question, as compared to
19 prior years with less volatile markets, has
20 Northern's RFP process been protracted or
21 different in any way?

22 Again, directing you to Exhibit 12,
23 Department Data Request 1-10.

24 A (Wells) Certainly. I wouldn't say that

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1 necessarily our process has been different, but
2 the results have been different, insofar as, you
3 know, we've had more difficulty securing peaking
4 supplies and LNG supplies this winter than we
5 have in previous winters.

6 It's always been a bit of a challenge,
7 because, as I discussed in that exhibit, there
8 are only a few participants that have the
9 facilities and infrastructure necessary to
10 facilitate those types of transactions. You
11 know, so, we've really had to work with suppliers
12 just to get bids for those services for peaking
13 supply. And I consider LNG to be -- and peaking
14 supply to be sort of the same thing. Anything
15 that is reliant on imported LNG has been more
16 exacerbated, the difficulty of securing those
17 types of supplies, in the current environment.

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

20 CHAIRMAN GOLDNER: Okay. Thank you.
21 We'll move to Attorney Desmet.

22 MS. DESMET: We don't have any
23 additional follow-up questions.

24 CHAIRMAN GOLDNER: Okay. We'll turn to

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1 Commissioner questions, and beginning with
2 Commissioner Chattopadhyay.

3 CMSR. CHATTOPADHYAY: It's still
4 afternoon.

5 BY CMSR. CHATTOPADHYAY:

6 Q So, as far as the volatility is concerned, in the
7 prices that you've witnessed over the last year
8 or so, do you think that's going to be permanent,
9 or, in the future, volatility is going to go down
10 significantly?

11 A (Wells) I don't think that this level of
12 volatility will necessarily be permanent. I do
13 think that there are, though, a number of factors
14 that it may never -- we may never go back to the
15 lower levels of volatility that we just came out
16 of, right? I think there are a lot of factors
17 beyond, you know, the most acute one, with the
18 European supply market, and the impacts that
19 that's having on the global market.

20 But, even just as the world transitions
21 from, you know, from fossil fuels to other fuel
22 sources, I think that has implications that I
23 don't personally understand how, you know, that
24 will impact volatility in the future. But, so

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1 far, it seems like as though it definitely has
2 the ability to impact.

3 And I think, to me, you know, just
4 speaking as, you know, as someone invested in the
5 success of the market, one of the issues I see
6 is, you know, how do we make sure that, you know,
7 as the world transitions, that we do so in a
8 manner that is, you know, is more -- we think
9 more about, you know, rather than taking supply
10 sources away, making sure that there's a
11 sufficient replacement for that supply before we
12 make the transition, so that, you know, the
13 impacts on customers, the impacts on communities,
14 the impacts on economies is as smooth as
15 possible.

16 So, I see volatility as, you know,
17 really, a potential obstacle to, you know, to
18 whatever the -- to whatever the goals are of the,
19 you know, of the political, you know, decisions
20 that end up being made. Really, addressing
21 volatility is paramount to a successful
22 transition, however that may end -- whatever the
23 future may end up looking like. I think the two
24 are really interconnected. I think that it's not

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1 really an accident that, you know, that this is
2 happening now.

3 I think there certainly are, you know,
4 elements that are exacerbating that, with the
5 political turmoil and war. But, you know, just
6 even thinking about this from a systematic
7 perspective, I think it's really important for
8 policymakers to be thinking about "how can we
9 transition" -- you know, "what the goals are, and
10 how do we do it in a way that is as painless as
11 possible?"

12 So, I do think that that's an area
13 where we may see increased volatility through
14 globalization, through, you know, and transition
15 to, you know, cleaner supply sources.

16 Q Thank you. So, the reason I'm asking about
17 "volatility" is, essentially, I'm focused on the
18 issue that was raised by DOE, and supported by
19 the OCA, moving back to the winter and summer
20 procurement being separated.

21 So, give me a sense of. Do you think
22 what's going to happen in Summer, you know, the
23 next summer, is that going to create issues? Is
24 it going to create big enough issues that the

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 current approach of having the monthly sort of
2 windows to look at what the prices are, and then
3 reacting appropriately, whether, when the prices
4 are lower, you lower the prices; when the prices
5 are higher, if they're not higher than 25 percent
6 of what the rates are, then you don't do
7 anything?

8 Do you think in summer, the next
9 summer, you'll still be able to continue doing
10 the business of managing procurement in a way
11 that's not going to cause huge problems?

12 A (Wells) I absolutely do think that that's the
13 case. You know, I would point out that, you
14 know, that right now the gas market, it tends to
15 be pointing down. You know, as I looked at it
16 this morning, it's down significantly even since
17 we filed.

18 Now, we have, you know, in the context
19 of the winter rate, you know, we have a, you
20 know, I think I recalculated "what would our
21 commodity costs have been based on the settlement
22 data of a few days ago?" And it was about
23 4 percent lower for the Winter Period, on the --
24 both Maine and New Hampshire Divisions, on a

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1 commodity cost basis only.

2 But, obviously, the Summer Period would
3 be much greater. But, because the way that --
4 the way that the Summer Period works -- or, the
5 way that the mechanism works, as long as the
6 prices are going down, we have the flexibility to
7 lower the prices without having to come back into
8 the Commission for a further approval.

9 So, based on what I've seen, you know,
10 obviously, things can -- you know, that,
11 obviously, lots of things could happen between
12 now and then. And I think that's probably the
13 reason that the other parties in this proceeding
14 have raised this issue.

15 But I think that, you know, between,
16 you know, it's the Company's view that we can
17 address this, you know, by, you know, it seems to
18 me though this may be as much a communication
19 issue, as it is a process issue. And, so, I
20 don't think there's anything that prevents us
21 from trying to improve our communication before
22 we get to that Summer Period, especially if we
23 start hitting up against that 25 percent, or we
24 think it's possible that we're going to hit up

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1 against that 25 percent.

2 You know, we certainly value and
3 respect the diligence and, you know, and
4 conscientiousness of both the DOE and the OCA. I
5 personally have tremendous respect for what they
6 do. And, you know, as a supply witness on these
7 types of proceedings, I'd be more than willing to
8 work with them offline, informally, to work to
9 get to, you know, what kinds of information they
10 might need to be, you know, to feel more
11 comfortable with the process that we currently
12 have. Because I personally think that the
13 mechanism works -- has worked really well. I
14 think it saves the Company, and all the parties,
15 including the Commission, a lot of time not
16 having to refile in the summertime. I think it's
17 been really successful, you know. And, so, I
18 wouldn't want to disrupt that.

19 If we need to augment it, because
20 there's been a change in, you know, the
21 organization and structure, I'm more than -- I'm
22 more than willing to work with the parties to get
23 them the information they need, so they feel
24 informed as these, you know, as these monthly

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1 filings come in.

2 Q I will add that what Unitil did, in terms of
3 reacting to the prices a year ago, or roughly a
4 year ago, was pretty good. It's because you were
5 looking into the future, sort of concerned about
6 where the prices might go, and, so, you ended up
7 reacting to it.

8 If there is something like that
9 happening in summer next year, next time, or even
10 in the future, you do give us the assurance that
11 you're going to continue doing that. Basically,
12 this is again about not merely communicating
13 things to the parties, but also coming to the
14 Commission and apprising us that "This is going
15 on. So, this is how we can handle this"?

16 A (Wells) Right. And I would answer that
17 affirmatively. You know, I have shared with the
18 DOE and the OCA in the technical conference that,
19 you know, we're open to looking at further review
20 of our price risk mitigation processes, including
21 the potential for summer hedging, is of value to
22 consumers.

23 You know, as I explained in that
24 technical conference, you know, one of the

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1 challenges with the summer reconciliation, the
2 summer rate management, is that it's -- the
3 impact -- every penny of change in NYMEX impacts
4 the rate. Whereas, there are, even though, you
5 know, winter has so many more elements and
6 factors, there's weather, there's demand costs,
7 there's other sales. And, you know, in summer,
8 it's almost all -- there's so much less variation
9 in the demand from one summer to the next,
10 there's so much -- you know, there's no variation
11 in the demand costs, because that's all
12 determined, it's a pre-determined number. It's
13 really just the NYMEX.

14 And, so, there may be value, you know,
15 a long time ago, I'll probably date myself, I
16 remember that Northern had previously had a
17 summer hedging program, or a hedging program that
18 included summer hedging. And I think, obviously,
19 the experience this past summer leads me to
20 believe it may be reasonable to look at "are
21 there ways that make sense to reimplement some
22 sort of hedging for the summer period?" To sort
23 of, like, put a tighter range around what the
24 possible outcomes might be, to give the

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1 Commission, the other parties, our customers some
2 better understanding of what the summer prices
3 will be.

4 Q So, yes. You're -- if I understand you, you are
5 essentially highlighting the fact that, in
6 summer, people don't consume a lot of gas. And
7 the movement in the NYMEX, essentially, gets --

8 *[Court reporter interruption.]*

9 BY CMSR. CHATTOPADHYAY:

10 Q -- it gets picked up sooner than it would happen
11 in the winter. So, that's what you're
12 mentioning.

13 So, I'm just going to go to another
14 point now. I know that, based on DOE's data
15 request, I think it's Exhibit 11, let me confirm
16 that.

17 Yes. This is the one about LDAC and
18 COG being done separately. I mean, the fact that
19 the Gas Assistance Program, or GAP, rates relies
20 on proposed COG rate, it might tell me that maybe
21 that's not a very complicated process, if you
22 just -- if you want to have the COG, just do
23 something with the GAP later as part of the LDAC.
24 I understand the position, the Company's position

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 here.

2 But, if we were going to move to have
3 two different processes, for us, I mean, the fact
4 that they're all happening at the same time
5 creates a lot of work, a lot of us, depending on
6 how complicated the filing is. And, in some
7 cases, not for Unitil, for other utilities, it
8 has been pretty complicated. So, that's why we
9 are thinking about this, the separation.

10 And, if it does happen, knowing fully
11 what your position is, can you give me a sense of
12 are there ways to do it that would be least
13 problem -- will be the least bothersome to the
14 Company? It's a pretty open question here,
15 but --

16 A (Wells) I wouldn't be the person that, as just a
17 lowly gas supply guy, I wouldn't be able to
18 answer that. I'd have to defer to the witnesses
19 that prepare the cost of gas rates and the LDAC
20 rates.

21 Q Give your best shot at it.

22 A (Nawazelski) So, I think, administratively, you
23 know, separating it out into two different tracks
24 and regulatory processes just adds that

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 administrative difficulty for the Company.
2 You're talking about two separate filings going
3 out the door, tracking systems, discovery,
4 technical sessions, hearings, orders, and
5 implementation of those rates. So, I think
6 that's one of the greater concerns of that
7 proposed process.

8 Q Yes. Can I just stop you? I mean, I know what
9 the Company's position is. My question was
10 that's why somewhat nuanced. If we go there,
11 what would be the least bothersome approach to
12 follow? And, if you don't have an answer, that's
13 fine. I mean, I'm just curious.

14 A (Nawazelski) Yes. I don't think I have a
15 response at this time. I think that's something
16 that, if you wanted to take a record request, we
17 could probably give you a more nuanced response
18 in that regard.

19 CMSR. CHATTOPADHYAY: I think that
20 would be helpful. So, let's --

21 MS. SCHWARZER: If I just might? I
22 don't mean to diminish the interest in gathering
23 information. But prospective planning doesn't
24 seem directly relevant to the order that's got to

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 be issued for the winter cost of gas rates. And,
2 certainly, the Department would be interested in
3 responding to whatever answer Northern provides.

4 I just raise that point for the
5 Commission's consideration. Perhaps the IR
6 docket would be a better location for that record
7 request.

8 CMSR. CHATTOPADHYAY: I would still
9 insist on at least the Company taking a shot at
10 this question. Because you have -- you have, as
11 part of the record here, you have included "the
12 Commission has expressed interest in possible
13 separating LDAC and COG calculations." I'm just
14 trying to get a little bit more nuanced response.
15 You can certainly give a shot at it.

16 So, I don't -- I mean, this may well be
17 part of the IR docket. But it's helpful to have
18 that kind of information in this docket as well.

19 So, let me frame it. "If the
20 Commission was to separate the LDAC and COG,
21 should I call them "dockets", does the Company
22 have any opinion on how best that can be
23 achieved?"

24 WITNESS NAWAZELSKI: Can we confer with

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 the other witnesses -- can I confer with the
2 other witnesses?

3 CMSR. CHATTOPADHYAY: Absolutely.

4 [Witness Nawazelski, Witness Kahl, and
5 Witness Wells conferring.]

6 WITNESS NAWAZELSKI: Yes. I believe
7 the Company would prefer to respond with a record
8 request, instead of trying to go with a nuanced
9 response on the stand.

10 CMSR. CHATTOPADHYAY: That is fine.
11 And, you know, just to be clear, some of the
12 things that happens with the COG filing, I can
13 see that it could be a *nisi*, if it isn't too
14 complicated. So, I'm in a thinking situation
15 here.

16 That's all I have, Chairman.

17 CHAIRMAN GOLDNER: Thank you. I'll
18 just pile on.

19 Yes, I mean, I think what we're looking
20 at today is we have 13 -- no, 12, I'm sorry, 12
21 exhibits, and I don't know if it's a thousand
22 pages or more, it's a huge number of pages. So,
23 and it's a rocket docket, right, so, we're trying
24 to process the information as quickly as we can.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 So, we're just trying to share our perspective,
2 and I think we are also trying to understand your
3 perspective, and sort of find a way to get
4 through all this in the most efficient way
5 possible. But, for us, it's very difficult to
6 process the cost of capital, which is complicated
7 enough, with all of the LDAC and the other
8 pieces. So, just to add to Commissioner
9 Chattopadhyay's earlier comments.

10 I just want to verify one thing. It's
11 a smaller issue, I think. But, on this EEC
12 charge, and I just want to verify this before we
13 close this out.

14 So, the October 10th DOE filing
15 relative to the EEC charge, I think everyone
16 agreed that that was an acceptable way to move
17 forward. Is that -- everybody's good with that?

18 MR. TAYLOR: I think we may need to
19 have one of our witnesses say that. I'm not
20 prepare to say it from here. I think, to have
21 Elena or one of the other witnesses speak to
22 that.

23 I think, conceptually, we seem to be on
24 the same page as the Department, in terms of what

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 the statute requires for the end of the year.

2 But I want to give our witnesses an opportunity
3 to maybe formulate it in a way that they see it.

4 CHAIRMAN GOLDNER: Okay. Yes. Thank
5 you. Very good. Any witness?

6 MS. SCHWARZER: Mr. Chairman, I have a
7 hard copy of the letter, if it would be helpful.
8 I don't know if the witnesses have recently
9 reviewed it.

10 CHAIRMAN GOLDNER: Their call. Yes, I
11 have a copy, so -- I can read it back. I have it
12 here as well, somewhere.

13 MR. TAYLOR: If I may suggest a
14 different approach?

15 CHAIRMAN GOLDNER: Yes.

16 MR. TAYLOR: Perhaps, and I guess, I
17 know I'm not on redirect yet, but perhaps what we
18 could do would be to ask the witnesses how the
19 Company is calculating the EEC for the purposes
20 of this cost of gas?

21 CHAIRMAN GOLDNER: Okay. Thank you.
22 Perfect.

23 WITNESS DEMERIS: So, this is Elena
24 Demeris. And we're not calculating a new EEC for

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 effect November 1. I think I stated previously,
2 we're just carrying forward the rate in effect
3 currently, and that is our interpretation of the
4 statute.

5 And I agree with the DOE letter. I
6 think it's an accurate portrayal of what -- of
7 the situation.

8 CHAIRMAN GOLDNER: Okay. And I'm just
9 going to sort of read it into the record, just to
10 make sure we have it for future generations.

11 So, it says that "the current EEC of
12 0.0499 per therm for residential customers and
13 0.02747" -- I'm sorry, "0.0247 per therm for C&I
14 customers established in HB 549" will continue
15 through the end of the year. And then, the DOE
16 says "Hey, let's use that through October 2023
17 for next year for purposes of calculating the
18 Company's LDAC to be effective November 1st,
19 2022."

20 So, I think we're all in agreement. I
21 just wanted to read the letter into the record,
22 so we were all saying the same thing.

23 MS. SCHWARZER: And, Mr. Chairman, no
24 disrespect, but I think you summarized the

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 letter, instead of reading it literally into the
2 record, as I was trying to follow along with you.

3 CHAIRMAN GOLDNER: I would be happy to
4 do that.

5 MS. SCHWARZER: I'd be happy to read
6 the paragraph that you referenced, starting at
7 the bottom of Page 1, where you -- I don't care
8 who reads it.

9 CHAIRMAN GOLDNER: Even better. Go
10 ahead. Yes.

11 MS. SCHWARZER: Okay. So, I'm just
12 looking at the October 10th, 2022, letter filed
13 in this docket.

14 *[Court reporter interruption.]*

15 MS. SCHWARZER: And I believe the
16 Chairman referenced the paragraph that starts at
17 the bottom of the page. And I'll just read that
18 paragraph: "Accordingly, in the view of DOE, the
19 current EEC", Energy Efficiency Charge, "of
20 \$0.0499 per therm for residential customers and
21 \$0.0247 per therm for C&I customers established
22 in House Bill 549 and in Commission Docket Number
23 DE 20-092 should be approved for November and
24 December 2022 and should be used as a monthly

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 placeholder for the months of January 2023
2 through October 2023 for the purposes of
3 calculating the Company's 2022-2023 LDAC, to be
4 effective November 1, 2022."

5 And that is the --

6 WITNESS DEMERIS: So, I need to
7 disagree on one point.

8 We consider that the EEC will now be a
9 calendar year rate. And, so, it will run from
10 January 1, 2023 through December 31, 2023, and
11 January to December thereafter.

12 MS. SCHWARZER: And the Department does
13 not disagree with that. It's just simply, for
14 the purposes of calculating the LDAC, the
15 relevant months are November and December at the
16 current rate, and January 2023 through October
17 '23 for the purposes of the LDAC at the updated
18 EEC rate to be established in a future docket.

19 CHAIRMAN GOLDNER: That makes sense to
20 me.

21 WITNESS DEMERIS: Well, I mean, we will
22 be filing a new LDAC tariff that reflects the
23 January 1 EEC. And I hope that's clear.

24 MS. SCHWARZER: The Department hoped to

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 wait and discuss process for implementation of
2 the updated EEC rate at a future time.

3 WITNESS DEMERIS: Okay.

4 MR. TAYLOR: Well, I'm not -- I guess
5 I'm not sure.

6 CHAIRMAN GOLDNER: What did we just
7 decide here, Mr. Taylor?

8 MR. TAYLOR: Well, it's not clear to
9 me. Our witness -- our witness explains the way
10 that the Company views it. The Department
11 discussed -- said that they would like to
12 "discuss process at a later time." I'm not
13 exactly sure what that means. We provided an
14 answer.

15 WITNESS DEMERIS: Could I --

16 CHAIRMAN GOLDNER: Just a moment. Just
17 a moment. Hold on.

18 *[Chairman Goldner and Atty. Speidel*
19 *conferring.]*

20 CHAIRMAN GOLDNER: Okay. So, I'm going
21 to reframe my understanding, which might be
22 incorrect. But for the -- so, the LDAC runs from
23 November 1st till October 31st. And, so, we need
24 to put something in the LDAC rate here, in this

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 hearing, so that we have something locked in,
2 subject to reconciliation later.

3 So, I think what everyone is okay with,
4 I'm just trying to repeat it back, is that, if we
5 lock in on the two rates suggested, which I've
6 now turned the page, the 0.0499 per therm for
7 residential and 0.0247 per therm for C&I, what
8 we're basically saying is, is for the purposes of
9 the LDAC, those are the rates that we're looking
10 in on for the twelve-month period beginning
11 November 1st, but that's subject to
12 reconciliation after the new rates are filed.

13 MS. SCHWARZER: Mr. Chairman, I
14 wouldn't say "subject to reconciliation". I
15 would anticipate that those rates would need to
16 be made effective in the cost of gas docket, but
17 we don't know what they are. And I believe the
18 Department envisions some coordinated agreement
19 among all the utilities, subject to the EEC
20 adjustment. And, so, for that reason, we propose
21 discussing the specific method of implementing a
22 change in the LDAC effective January 1 at a
23 future time.

24 CHAIRMAN GOLDNER: In this docket?

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 MS. SCHWARZER: In the EEC docket.
2 Perhaps, the EEC docket that updates the rate
3 will agree to file tariff filings in this docket.
4 That would be an approach. We just haven't --

5 CHAIRMAN GOLDNER: So, which docket is
6 that? Which docket is the EEC docket?

7 MS. SCHWARZER: Well, it is my
8 understanding that the utilities had some
9 informal conversations with the Department that
10 it would be advisable to have one docket to
11 update the EEC rate, consistent with the new
12 statute, in which all utilities participate.

13 CHAIRMAN GOLDNER: But it's not
14 established yet, the new docket?

15 MS. SCHWARZER: It is not yet
16 established, correct. That is my understanding
17 of the process. And, so, while we are supportive
18 of something that would allow all the utilities
19 to agree on how the updated rate would work, and
20 while the implementation of that rate might vary
21 for the electric utilities and the gas utilities,
22 given that the gas is done in a different manner,
23 we believe that it would be best to discuss the
24 process when there's more firm agreement and

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 discussion perhaps.

2 But would expect the rate to be
3 effective January 1, not on a reconciling basis,
4 but that a change would be made to the actual
5 LDAC incrementally, up or down, depending on what
6 that would be.

7 CHAIRMAN GOLDNER: In that new
8 yet-to-be-identified docket?

9 MS. SCHWARZER: Well, I believe, as
10 Mr. Taylor had suggested, a possible route would
11 be to file an LDAC tariff update into the cost of
12 gas docket, but there may be other approaches.
13 And we have not discussed that process.

14 MR. TAYLOR: I didn't mean to suggest
15 that. That wasn't actually what I proposed.

16 I think what -- and I understand that
17 it's confusing, and I apologize if I seem
18 dismissive of the Department of Energy's position
19 earlier, that wasn't the case. It is a little
20 confusing. I agree with Attorney Schwarzer that
21 we are going to be filing something on December 1
22 for effect January 1. I don't understand it to
23 be a reconciliation. So, I do agree with that.

24 I think the confusion here, and I

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 understand what you had said, is we need to put
2 something in for the year. I think the thing
3 that is maybe getting us hung up is we all know
4 that the rate is going to change on January 1,
5 and that we're going to be making a filing, as
6 the statute requires, on December 1st. And, so,
7 I think I now understand what Attorney Schwarzer
8 was talking about regarding "discussion of
9 process".

10 So, I think we're a little -- we've
11 gotten a little sort of "wrapped around the axle"
12 here, because of the way that the statute
13 operates, and the fact that it requires us to
14 file something new for effect on January 1. I
15 understand that you are in a position of having
16 to set a rate for the next twelve months. So, I
17 can understand the confusion there.

18 I think where we're at is, we don't
19 know what the rate is going to be January 1 for
20 the remainder of the period. We do know that
21 there is going -- we do know that it's going to
22 be different, unless through some sort of
23 miraculous coincidence, it's going to change.
24 And, so, I think that's where we're at.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 And, so, I think, from our perspective,
2 we have a rate that we understand to be effect
3 until the end of the year. We know it's going to
4 change on January 1. And, now, I've sort of
5 explained it perhaps maybe for my benefit, as
6 much as yours. But, in terms of what we're
7 actually -- I guess, maybe coming back, is the
8 question now "What we're actually proposing
9 here?"

10 CHAIRMAN GOLDNER: I think that would
11 be a good place to start. Because what the
12 letter from the Department says is that "we'll
13 set the LDAC rate at those two rates" we've read
14 into the record a number of times now, "and that
15 that will be the LDAC rate for the next twelve
16 months." And I think you're suggesting something
17 slightly different, and maybe the Department is
18 suggesting something slightly different.

19 But, first, Attorney Schwarzer, if I
20 could, let me -- let's have the Company make a
21 proposal, and then, if with can all align with
22 that, then that would be -- that would be great.

23 In other words, Attorney Taylor, what I
24 guess what I'm asking is, I totally understand

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 what the rate is in November and December for the
2 LDAC, the EE portion -- the EEC portion of the
3 LDAC. The question is, how is the EEC rate
4 changed as of January 1st? You file something,
5 do you file it in this docket or are you filing
6 it in a different docket, the change in rate?

7 You look puzzled, sir.

8 MR. TAYLOR: No, I'm just getting the
9 letter up in front of me. My apologies.

10 *[Short pause.]*

11 MR. TAYLOR: So, just having reviewed
12 the Department's letter again, it says the
13 Department's understanding is that the
14 "adjustments and any reconciliation required by
15 549 to be effective January 1, would be reviewed
16 in a different docket."

17 It may be the case that the companies
18 have -- that the other companies have discussed
19 doing another docket. I will confess that I'm
20 coming into this docket a little bit late, and
21 haven't been a part of those conversations at
22 this point. So, I'm a little hesitant to say
23 that we're going to file something in this
24 docket, because it may very well be more

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 efficient to do it in a different docket.

2 So, I don't think that I'm proposing at
3 this point, and I guess I would ask my witnesses
4 if they view the filing a different way?

5 You know, again, Attorney [sic] Demeris
6 has already said that she generally agrees with
7 what's in the Commission's letter.

8 CHAIRMAN GOLDNER: The Department's
9 letter.

10 MR. TAYLOR: The Department's letter.

11 MS. SCHWARZER: I'm sorry, could you
12 repeat those last two words? You said what about
13 the "Department's letter"?

14 MR. TAYLOR: I said our witness has
15 already said that she agrees with what is in the
16 Department's letter, --

17 MS. SCHWARZER: Thank you.

18 MR. TAYLOR: -- in terms of the way
19 that this is going to operate.

20 So, I think it's fine if we were to
21 submit it in a separate docket. I don't think
22 that we necessarily envisioned doing it in this
23 docket.

24 CHAIRMAN GOLDNER: So, what would

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 happen is, you would look for this order to
2 confirm the existing rates, 0.0499 and 0.0247,
3 respectively, for residential and C&I, that would
4 be in force for November and December. So,
5 that's clear. Everyone agrees with that.

6 MR. TAYLOR: Agreed.

7 CHAIRMAN GOLDNER: There would be a new
8 filing in a yet to be unnamed docket that would
9 change the EEC rate, barring a miracle, on
10 January 1st, that would be in place for the rest
11 of the year, because we know that that's a
12 twelve-month period for the new rate. Is that
13 right?

14 MR. TAYLOR: That is my understanding,
15 subject to me being corrected by my witnesses.

16 CHAIRMAN GOLDNER: Would anyone like to
17 correct Mr. Taylor?

18 WITNESS DEMERIS: No, I agree. I agree
19 with what Commissioner Goldner just said.

20 CHAIRMAN GOLDNER: Okay. Okay. So,
21 the only thing we don't know is what docket this
22 will be filed in. Maybe a new LDAC docket,
23 wouldn't that be fabulous? I know you're loving
24 that idea right now.

[WITNESS PANEL: Kahl|Wells|Demeris|Nawazelski]

1 But we'll -- I think it's okay.

2 Attorney Speidel, yes?

3 Okay. Okay, we're okay, from a
4 Commission perspective. We understand.

5 Does the OCA have anything they'd like
6 to weigh in on or are they okay with that
7 summary?

8 MS. DESMET: We're okay as well. Thank
9 you.

10 CHAIRMAN GOLDNER: Okay. Thank you.
11 Wow, that's a relief. Okay.

12 Very good. Well, let's -- I have no
13 further questions. So, perhaps, for these
14 witnesses, we can perhaps turn it over to you,
15 Attorney Taylor, for redirect.

16 MR. TAYLOR: Actually, I have no
17 redirect.

18 CHAIRMAN GOLDNER: Okay. All right.
19 Well, we'll excuse the witnesses. And then,
20 we'll move, Attorney Schwarzer, to your witness.

21 MS. SCHWARZER: Thank you very much.

22 CHAIRMAN GOLDNER: Thank you very much.

23 *[Court reporter inquiry regarding a*
24 *recess.]*

[WITNESS: Arif]

1 CHAIRMAN GOLDNER: Okay. Let's take a
2 break, and come back at 3:20 -- I'm sorry, 3:35,
3 3:35. Thank you.

4 MS. SCHWARZER: Thank you.

5 *(Recess taken at 3:23 p.m., and the*
6 *hearing resumed at 3:38 p.m.)*

7 CHAIRMAN GOLDNER: Okay. We'll go back
8 on the record. And begin with direct
9 examination, and Department of Energy.

10 MS. SCHWARZER: Thank you, Mr.
11 Chairman. Could the witness be sworn in please?

12 CHAIRMAN GOLDNER: Mr. Patnaude.

13 *(Whereupon **Faisal Deen Arif** was duly*
14 *sworn by the Court Reporter.)*

15 **FAISAL DEEN ARIF, SWORN**

16 **DIRECT EXAMINATION**

17 BY MS. SCHWARZER:

18 Q Could you state your name?

19 A My name is Faisal Deen Arif.

20 Q And what position do you hold at the Department
21 of Energy?

22 A I am the Director for the Gas Division.

23 Q Thank you. And how long have you held that
24 position?

[WITNESS: Arif]

1 A Since June 17, 2002 -- 2022, my apologies.

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

4 A I have.

5 Q Thank you. Mr. Deen Arif, could you please
6 discuss the Department's position with regard to
7 approval of the summer rates for this docket?

8 A I'd be happy to. Thank you. I believe, Chairman
9 Goldner and Commissioner Chattopadhyay, you have
10 already heard four different reasons that was
11 identified as the Department's reason for
12 recommending -- recommending not an approval at
13 this point in time for Summer 2023 proposed
14 rates. For record, if I can quickly summarize,
15 those were that the market has been volatile;
16 that Department does not necessarily have three
17 last months of the prior period actual figures
18 while the filing is done by the Company, and that
19 is just probably procedural. However, if an
20 updated filing is provided at a later point in
21 time, those hopefully will be actual, and that
22 makes more sense to have actual figures. It is
23 just -- the third one would be, just it's an
24 artifact of doing any kind of projection. The

{DG 22-059} {10-20-22}

[WITNESS: Arif]

1 farther we are away from the actual period, the
2 more likelihood we entail, by design, to be
3 deviated from the actuals. Therefore, it being
4 closer to Summer Period for a rate being proposed
5 at that point in time, with an updated
6 information, makes it more appropriate, in
7 Department's view, to be taken into account at
8 that point in time.

9 And the fourth one is that it is our
10 understanding the Company does not have a hedging
11 plan for the summer. And, therefore, any
12 volatility in NYMEX prices make the summer prices
13 more susceptible. Therefore, being closer to the
14 Summer Period with an updated filing, that I
15 believe Mr. Wells has agreed to provide, makes it
16 more appropriate to be taken into account at that
17 point in time. And then, the rate approved at
18 that point in time.

19 But those were already provided as
20 reasons why Department is proposing at this point
21 in time to not approve the Summer rate as
22 proposed at this point, in this filing. I have a
23 few others that I was just thinking while
24 listening to everybody here. And I would like to

{DG 22-059} {10-20-22}

[WITNESS: Arif]

1 offer that as well for the Commission to -- so
2 the Commission kindly take those into account.

3 First off, I believe Mr. Wells,
4 Mr. Nawazelski, both have, in their testimony,
5 provided, and I'm summarizing, I stand to be
6 corrected, that it is -- it is an acceptable
7 conclusion that the prices have been volatile in
8 the last summer period. And what has been also
9 offered is that that volatility, maybe not the
10 extent of it, however, the nature of it could
11 potentially become permanent going forward, given
12 the context that we are in now.

13 Given those premises, I would argue
14 that it is reasonable to expect that volatility,
15 and not having a hedging plan for the summer
16 period, makes it more acceptable to have an
17 updated filing at a later point in time. And
18 those figures be reflective of -- amended, if so
19 it become, rate proposed for the Summer Period,
20 and that be adjudicated and accepted at that
21 point in time.

22 There is another point that was
23 highlighted by Attorney Taylor, in terms of what
24 went, before my time for sure, but established an

[WITNESS: Arif]

1 annual rate proposal and acceptance into the cost
2 of gas/LDAC filing process. And I believe he
3 highlighted "efficiency" being a significant
4 factor there. I would like to highlight that
5 efficiency as well. I understand that, when
6 those were established, market were not as
7 volatile as what we have been observing at this
8 point in time.

9 If we take last summer as an example,
10 and the volatility we have experienced thereof,
11 there were three filings done by Northern. The
12 second of which Northern prudently withdrew.
13 However, those three filings were made because
14 the anticipated under-collection would be
15 significant without those approval, and the
16 filings were made accordingly at that point in
17 time.

18 From the Department's perspective,
19 every filing needs to be vetted, needs to be
20 looked at. And I think approving a summer rate a
21 *priori* with a volatile market made it
22 administratively burdensome that we can
23 potentially avoid going forward by not approving
24 the summer rate right at the beginning, but

[WITNESS: Arif]

1 taking into account an updated filing at a later
2 point in time, and adjudicating at that point in
3 time. So, that seems more administratively
4 efficient to do it that way. That was an another
5 reason why Department proposed that the
6 Commission don't approve the Summer rate at this
7 point in time.

8 And, finally, I'd like to also bring it
9 to the attention of the Commission that DOE
10 should and ought to and tries to be consistent
11 with its approach for the design element, whereby
12 all utilities would be submitting updated
13 information in a timely manner, and that should
14 be taken into account.

15 This is not pertinent to this
16 particular docket, but you will be hearing the
17 same proposal for the other cost of gas dockets.
18 And, for consistency sake, if I may summarize,
19 and for consistency sake, for efficiency sake,
20 and for having an opportunity to take updated
21 information into account, DOE is proposing the
22 summer rate approval be deferred in March, for a
23 rate effective May 1st.

24 Thank you.

[WITNESS: Arif]

1 Q Mr. Arif, if I could follow up. Does the
2 Department have any input into the Company's
3 trigger filings, with regard to whether or not an
4 increase is made or not?

5 A Thank you for that question. As we would all
6 agree, trigger filing is a design whereby the
7 Company, should the -- in Northern's case, should
8 the under-collection go beyond four percent, I'm
9 referring to last summer, a trigger filing would
10 be made with a proposed change in the rate. And
11 that is done generally five business days prior
12 to the end of the month.

13 The time between the effective,
14 assuming that the Commission accepts that, and
15 the time between the proposed rate -- proposal of
16 that proposed rate, and the way it goes into
17 effect is too scanty, and it does not give a lot
18 of opportunity for DOE to weigh into the process.

19 If we -- that's yet another reason why
20 we are proposing that a summer rate be approved
21 at a later point in time.

22 Q And, Mr. Deen Arif, comparing -- the trigger
23 filings certainly have been pre-approved at least
24 as a ceiling of 25 percent. But, for mid-season

[WITNESS: Arif]

1 cost of gas adjustments, has the Department had
2 an opportunity for input with this utility's
3 proposed increases?

4 A With the last two trigger filing, we have not.
5 And going forward --

6 Q Excuse me, sir. You meant "cost of gas
7 adjustments", --

8 A Cost of gas.

9 Q -- not "trigger filings", not the monthly ones,
10 but the mid-season cost of gas?

11 A Yes.

12 Q Thank you. If I could ask another question. Do
13 you have any comments with regard to the
14 separation of the LDAC and the cost of gas into
15 different dockets?

16 A The Department's view is somewhat similar to that
17 of the Company's view, that the LDAC filing be
18 kept with cost of gas. And the reason being that
19 I would like to kindly bring it to the attention
20 of the Commission, there are multiple reasons for
21 that. Gas, as a commodity, is very different, it
22 has a cyclical pattern, and that it makes all the
23 more reasonable for it to have a winter season
24 and summer season, as we have been observing.

[WITNESS: Arif]

1 And, for the purposes of annual ratemaking, for
2 LDAC, it makes sense to have a cycle that begins
3 November 1st to next October, where all the
4 relevant components are calculated based on the
5 seasonal pattern taken into account.

6 The additional comment that I have
7 about that is that, for LDAC rate, there are
8 multiple components, each one of which, or maybe
9 not all of them, but I know of GAP, I know of
10 RDAF, that may not be applicable in Northern's
11 context until next filing, but it's coming, and
12 for other energy efficiency. Those are three
13 components which have separate twelve-month
14 cycle. So, for EEC, it is January to December;
15 for RDAF, it is September to August; and for the
16 third one, being GAP, it is only for the winter
17 period. So that inherently makes LDAC a very
18 difficult component to be adjudicated.

19 However, it is up to the Commission to
20 decide whether they want to separate it or not.
21 But what I'm trying to highlight here is that
22 there are efficiencies to be had, in Department's
23 view, to keep it with cost of gas, if not for
24 anything else, for the purposes of ratemaking, on

{DG 22-059} {10-20-22}

[WITNESS: Arif]

1 an annual basis, that aligns well enough with the
2 seasonal nature of cost of gas.

3 Q If I could ask a follow-up question to that. Is
4 the Department proposing, in its suggestion that
5 final approval of summer rates be deferred until
6 a later date and time, for the reasons you've
7 provided, is the Department providing that future
8 winter filings would not include an annual
9 projection or summer information, that they be
10 entirely separate?

11 A No. What I -- what the Department is proposing
12 is that the filing should be done the way they
13 have been done, with both summer and winter rates
14 being proposed. However, the summer rate should
15 be approved at a different point in time, be it
16 March, for -- I'm just picking a timeframe, be it
17 March, for effective May 1st rate, that allows --
18 and, in that view, it is the view of the
19 Department that we're not entirely proposing a
20 new approach. We are merely allowing a design
21 element to be taken into account that allows
22 relevant and updated information be taken into
23 account for a rate that is going to be only
24 effective in the summer period starting May.

{DG 22-059} {10-20-22}

[WITNESS: Arif]

1 Q And just a final question. Is the Department
2 proposing that this change be permanent across
3 all ensuing years or is this something the
4 Department is proposing for this coming year,
5 with regard to potential volatility of the
6 market, based on the volatile market last year?

7 A Thank you for that question. I would like to
8 highlight the underlying reason for this
9 proposal. The underlying reason is to be
10 efficient administratively, and the consistency
11 of it taken into account of the reality of the
12 day.

13 I understand that all parties who were
14 involved to make a structure, maybe a couple of
15 years ago, five years, six years, I don't know, I
16 was not there, that was a different reality, and
17 this is a new reality. What we are proposing,
18 the intent is to always take the reality on the
19 ground into account, and whatever structure
20 allows that to make it happen should be adopted.

21 So, given that the volatility, which
22 Mr. Wells had identified, and I agree with, is
23 going to be somewhat of a permanent nature. Time
24 will tell if that turns out to be correct or not.

{DG 22-059} {10-20-22}

[WITNESS: Arif]

1 But the reasonable mind is expecting that this
2 volatility would be somewhat of a permanent
3 feature of the market. It makes more sense to
4 make it "semi-permanent", if I may put it this
5 way, going forward, with, of course, a
6 possibility of reviewing it, should that come to
7 pass, and bring all sorts of different kinds of
8 efficiency into a future period of time.

9 Q And just my last question. You were sitting next
10 to me when I did the opening statement for the
11 Department. Without going through each of the
12 components, did you agree with the summary of the
13 Department's position as I presented it at that
14 time?

15 A I do.

16 MS. SCHWARZER: Thank you. I have no
17 further questions for this witness. Thank you.

18 CHAIRMAN GOLDNER: Thank you. We'll
19 move to Attorney Desmet, and the OCA.

20 MS. DESMET: We don't have any
21 additional questions.

22 CHAIRMAN GOLDNER: Okay. Thank you.
23 And then, the Company.

24 MR. TAYLOR: Thank you, Commissioners.

[WITNESS: Arif]

1 Dr. Arif, thank you very much. I do have a
2 couple questions, a couple clarifying questions.

3 **CROSS-EXAMINATION**

4 BY MR. TAYLOR:

5 Q With respect to the filing that you're proposing
6 that the Company make in March of next year, and
7 the process around that, are you proposing a
8 process that would essentially be the same as the
9 process we're going through right now, with a
10 filing, discovery, a hearing before the
11 Commission?

12 MS. SCHWARZER: I think -- I think that
13 calls for sort of a legal conclusion. I'd be
14 happy to provide what the Department believes
15 would be the optional process is.

16 MR. TAYLOR: Well, to be fair, a lot of
17 questions were just posed to Mr. -- to Dr. Arif
18 about what he was proposing, and what --

19 MS. SCHWARZER: Sure.

20 MR. TAYLOR: -- the Department was
21 envisioning. I don't think it's -- I'll let the
22 Commission decide. But I'd like to hear from the
23 witness, who's proposed a process, what he thinks
24 that process is going to look like.

[WITNESS: Arif]

1 CHAIRMAN GOLDNER: Yes. And I would
2 like -- and the Commission would like to hear
3 from the witness as well. Thank you.

4 **BY THE WITNESS:**

5 A Thank you. What I'm proposing, or, rather, the
6 Department is proposing is that an updated filing
7 be made, should the substantive nature of the
8 filing requires additional tech sessions and data
9 requests or for, on the Commission's behalf,
10 record requests, needs to be made, I believe that
11 the reasonable mind would conclude that that is a
12 part of the process, if that is required.

13 If that is not required, Commission
14 ultimately would have to approve, in whatever
15 manner the Commission finds it acceptable.

16 **BY MR. TAYLOR:**

17 Q And, in the process that you just laid out, who
18 would make the decision as to whether additional
19 discovery would be needed?

20 A I believe that is -- the answer to that is just
21 germane to any process that we follow in the
22 regulatory review process. Which is that,
23 Company would be filing the information, updated
24 information. The Department, in its authority to

[WITNESS: Arif]

1 review, do the regulatory review. And, if the
2 Department finds that additional information
3 needs to be sought, it would make data requests,
4 followed by technical sessions. And, finally,
5 all of it, Department -- with the aim to provide
6 its position on different elements of the filing
7 at that point in time, for, ultimately, the
8 Commission to weigh in and provides its decision.

9 Q Okay. So, the discretion would be within the
10 Department of Energy to determine whether
11 additional process is necessary. Is that what I
12 understand you to be suggesting?

13 A What I'm suggesting is that that process should
14 not be different than the usual process that we
15 always tend to follow.

16 Q Okay. And, so, that would necessarily involve a
17 hearing, similar to the one that we're sitting
18 through right now?

19 A Should the Commission, and I don't want to -- I
20 don't want to comment on that, except for just
21 bringing it to the Commission, that should the
22 Commission decide that way, probably that would
23 be it.

24 And just making an observation that, in

[WITNESS: Arif]

1 the past, Commission has used *nisi* order. So,
2 Commission has multiple ways of weighing in and
3 providing the prudent judgment. And we will be
4 following what the Commission decides on that
5 one.

6 Q So, this sounds a little bit like the Department
7 has an idea for what it would like to see next
8 year. But, in terms of the details of the
9 process around it, that's left to be seen. Is
10 that a fair way of characterizing it?

11 A I would not entirely agree with that
12 characterization. I would say that what the
13 Department is doing here is proposing a slight
14 modification of the current existing practice,
15 whereby everything else will remain as is, except
16 for the approval of the summer proposed rate be
17 done at a later point in time, according all
18 parties to have access to updated information,
19 which, by design, then will allow a better summer
20 rate to be proposed, should that come to pass.

21 Q And, when you say "a slight modification", you're
22 referring to a filing that the Company would --
23 the "slight modification" you're referring to is
24 not approving the annual -- the rates that we

[WITNESS: Arif]

1 proposed for the Winter and Summer Periods, but
2 rather deferring approval of the Summer rate,
3 making a new filing in March, for a new rate to
4 go into effect in May, and then the process that
5 would fall in between that. Is that correct?

6 A That is correct, with a slight addition to it.
7 That that may entail a different rate being
8 proposed for the summer at that point in time.

9 Q Right. But just that is what, when you talk
10 about "a slight modification", everything I just
11 laid out, is that the "slight modification"?

12 A I would -- I don't know what you mean by
13 "everything". But, if you are really focusing on
14 your last statement, that it's just a change in
15 the rate, that is -- that should be proposed, if
16 that is warranted at that point in time. If
17 that's what you mean by "everything", I would
18 agree with you.

19 Q Well, I was also referring to the "not approving
20 the Summer Period", making a new filing,
21 potentially having discovery, whatever process
22 the Department or the Commission may deem
23 necessary. That's all encompassed within the
24 "slight modification", is that right?

[WITNESS: Arif]

1 A If that is required, given the updated filing, I
2 would not necessarily call it a "new", because a
3 "new" would necessarily mean that that is a
4 different filing. If the circumstances are
5 identical, why should there be a different
6 filing? It could be the filing that is being
7 provided in the winter.

8 But, if the circumstances are
9 different, there would be an updated information
10 included in those filing, that may potentially
11 warrant the process that I was alluding to a
12 little while earlier, which is, I would also
13 emphasize, that which is very customary in a
14 regulatory review process, and that should come
15 to pass.

16 So, yes, if that answers your question.

17 Q Well, I think that actually brings me back to a
18 question I had previously, which is who decides
19 whether more process is required at that point?

20 A I think, Attorney Taylor, that's a fair comment.
21 I would say that the ultimate authority here is
22 the Commission. And what we are doing is we are
23 just laying down a proposal, with justification,
24 and asking Commission to decide on it.

[WITNESS: Arif]

1 Q Okay. Thank you. If you just give me a moment,
2 I'm getting my apps back up.

3 And I guess this is sort of a
4 speculative question, but I'll ask your opinion
5 anyways.

6 Let's say, for the sake of argument, we
7 were to make this filing, and a new rate would be
8 established. In light of the volatility that
9 you've referenced, there's no guarantee that the
10 Company wouldn't have to make another trigger
11 filing, even after that filing, correct?

12 MS. SCHWARZER: Excuse me, just the
13 nomenclature. Do you mean a "mid-season cost of
14 adjustment filing"? I mean, trigger filings are
15 required, like the monthly updates. So, you're
16 asking about perhaps the "mid-season cost of gas
17 adjustment"?

18 MR. TAYLOR: That is correct. And I
19 appreciate the clarification.

20 BY MR. TAYLOR:

21 Q There's no guarantee that the Company wouldn't
22 have to make still a mid-period adjustment?

23 A The way I hear your question, I see two --

24 *[Court reporter interruption.]*

[WITNESS: Arif]

1 **BY THE WITNESS:**

2 A I was saying, the way I heard your question, I
3 see there are two questions, and I will try to
4 answer both.

5 You mentioned, Attorney Taylor, that
6 you want to hear from me. And, in my opinion, I
7 would like to kindly say that my opinion does not
8 matter, what matters is the Department of
9 Energy's opinion. So, this is the Department of
10 Energy's opinion. But you are -- that's a very
11 kind gesture. Thank you.

12 BY MR. TAYLOR:

13 Q Fair enough.

14 A The second part is that, whether that envisions,
15 you know, a preclusion of mid-season cost of gas
16 filing? No. If that is required, that should
17 be -- that should be done. What I want to
18 emphasize, though, that that depends on the
19 Company to decide whether they want to do that or
20 not.

21 The proposed structure that we are
22 asking the Commission to weigh in and provide a
23 decision on, by design, not only takes into
24 account of more up-to-date information at a later

[WITNESS: Arif]

1 point in time, but also does -- sort of does not
2 make it solely dependent on the discretion of the
3 Company to do a trigger filing or not. I
4 understand that a trigger filing, should that be
5 necessary, is done when the rate is going to go
6 beyond 25 percent. So, that --

7 MS. SCHWARZER: Excuse me. Just for
8 the record, the "trigger filing" is the monthly
9 update. I believe you mean the "mid-season cost
10 of adjustment".

11 **CONTINUED BY THE WITNESS:**

12 A Sorry. My apologies. Yes. I fell into the same
13 trap. Yes, I was referring to that.

14 But that that depends on the discretion
15 of the Company to decide whether they wanted to
16 submit one or not. The structure that we are
17 proposing would not preclude that possibility.
18 However, it allows to have updated information be
19 taken into account at a point in time when it is
20 much closer to the Summer Period.

21 BY MR. TAYLOR:

22 Q You had referenced several reasons that the
23 Department of Energy is suggesting that the
24 Commission move towards this, I guess move back

[WITNESS: Arif]

1 in the direction of two filings. And one of the
2 reasons that you gave was that it was the
3 distance between the filing and I think the last
4 three months of the period. Was that correct?

5 A The nature of last three months, by design, of
6 the last three months. So, that would be August,
7 September, October of the prior period. When the
8 filing is generally made in September, arguably,
9 those figures that have been submitted in the
10 filing are not actual figures.

11 So, your -- if that's what you're
12 referring to, yes.

13 Q Okay. And I understand that you were not -- I
14 understand that what is now the Department of
15 Energy Staff was, substantively, the PUC Staff
16 back in 2016. And I understand that you were not
17 on the Staff at that time.

18 A You are correct.

19 Q But isn't it fair to assume that the PUC Staff
20 that recommended this design, as well as the
21 Commission, fully understood that the design
22 encompassed what you just referenced?

23 A I do not have any substantive comment on that,
24 because I was not a part of that. I do not want

[WITNESS: Arif]

1 to add anything, except for, if I may, if the
2 reasoning behind that, and I'm speculating, I
3 stand to be corrected, was that that seems to be
4 more efficient administratively, and from a
5 consistency perspective, given the nature of the
6 market at that point in time; that landscape has
7 significantly shifted. And it should -- if the
8 intent was to be consistent with that intent of
9 responding to the demand of the day, I believe
10 that that demand of the day has also shifted.

11 Q Another thing you referenced were the multiple
12 mid-period adjustments that had to be made over
13 the course of the last cost of gas period. Is it
14 fair to say that the market volatility that's
15 been discussed at hearing today, and multiple
16 other hearings in other contexts before this
17 Commission, that much of that volatility occurred
18 or ramped up after the Company made its initial
19 cost of gas filing last year?

20 A I think that's a fair characterization of the
21 market that I have observed, in the last summer
22 period, yes.

23 Q Okay. And, so, it's certainly at least possible
24 that the mid-period adjustments that had to be

[WITNESS: Arif]

1 made over the course of the last year were due,
2 in part, to the fact that there was less
3 volatility at the time that the filing was made,
4 and then it ramped up over the year?

5 A I think that is a fair characterization, which
6 brings me to my other point that I was making.
7 By design, if we are to predict or project or
8 have a projection of at a far out period, like
9 what we are trying to do with the current
10 process, projecting summer, being in October or
11 September, that creates more opportunities to be
12 deviating, absent of the market volatility, than
13 otherwise it would be.

14 So, it makes more sense to do that
15 projection being closer to the Summer Period for
16 a proposed rate to be effective in the Summer
17 Period.

18 MR. TAYLOR: I don't have any further
19 questions.

20 CHAIRMAN GOLDNER: Okay. Thank you.
21 We'll turn to Commissioner Chattopadhyay.

22 CMSR. CHATTOPADHYAY: Good evening.

23 BY CMSR. CHATTOPADHYAY:

24 Q So, do you agree that the volatility is going to

[WITNESS: Arif]

1 go down, however, in the near future, as opposed
2 to what it is right now?

3 I mean, I understand that the position
4 could be that you may have greater volatility
5 than what we noticed well before all of this
6 started happening. I just want to get a sense
7 from you, what is your opinion on how volatility
8 will be trending in the future? And if you are
9 completely in agreement with the previous witness
10 from the Company on that issue?

11 I will remind you that he also
12 mentioned that he expects it's "going to go
13 down". Even though he also said "it's not going
14 to be the same as what, you know, used to be the
15 case previously".

16 A I think, overall, that would be a fair statement
17 to comply with, from the Department of Energy's
18 perspective. Just to put things into context, I
19 was actually coming before to the hearing and was
20 trying to look up what is the projection for the
21 cost of gas, on average, for 2023 by the U.S.
22 Energy Information Administration. And, roughly
23 speaking, their projection for 2023 is about 44
24 to 46 percent lower than what the rate is today.

[WITNESS: Arif]

1 Now, it depends on the -- on the reader
2 to decide whether a 44 percent -- in the vicinity
3 of 44 percent is a significant sort of projection
4 that is -- that can be characterized as
5 "volatile" or not. However, it is -- it suffice
6 to say that that is significant. And, should
7 that come to pass, then it would be extremely
8 difficult, from a modeler's perspective, to have
9 a projection made far out of -- far out in time.

10 Q I'm just trying to confirm, you're talking about
11 the price level, right?

12 A Yes.

13 Q Okay. So, the concept of volatility would be
14 different, it would be the movement around the
15 prices. But I get your point, what you're trying
16 to stress here.

17 Very quickly, you mentioned something
18 about how the different elements of the LDAC,
19 GAP, EEC, RDAF, they have different timelines.
20 Do you think that issue would be any less
21 pronounced, if we decided to break up or separate
22 LDAC and the COG process?

23 A Commissioner Chattopadhyay, that is certainly
24 possible. What I was merely suggesting is that

[WITNESS: Arif]

1 there -- that this is a tradeoff, essentially. A
2 tradeoff, in terms of what design element will
3 accord greatest efficiency, in my view. And what
4 I was merely suggesting is that there is no magic
5 pill to it here in this context.

6 Separating it out from cost of gas
7 could create other inefficiencies, taking into
8 account of the cyclical nature of the gas
9 commodity in and of itself. So, whether we want
10 to separate it from COG or not, that entirely
11 should be done taking into account of multiple
12 factors. The elements of which should really
13 decide or dictate that process. That's all I was
14 suggesting.

15 Q I understand your point. I'm just saying, that's
16 why I was separating out this question. Which
17 is, do you think the timing issue of the three
18 different elements of the LDAC, they have a -- of
19 any significant bearing on the issue of what is a
20 better approach? Meaning, keeping LDAC and COG
21 separated or keeping them together?

22 I understand your point about there
23 are the issue of the seasonality, and that I
24 understand. I'm just trying to -- that's why I'm

[WITNESS: Arif]

1 trying to be very specific on the timing aspect.
2 I'm trying to get a sense of whether do you think
3 the timing of those three processes have a
4 different bearing as to what issues we should
5 look at, in terms of either separating those two
6 or keeping them together, and I'm talking about
7 COG and LDAC?

8 A Right. And one additional element I think is
9 significantly important. We are all doing it for
10 the purposes of ratemaking -- or, rather, a
11 proposed rate, and that is to be collected over a
12 certain period of time. So, whether we separate
13 it from cost of gas, from this particular filing,
14 to a different time period, will also have
15 bearing in terms of having, on the part of the
16 Company, an opportunity to collect those rates.
17 And that will have implication going forward, in
18 terms of reconciliation of an over- or
19 under-collection.

20 So, all of these matters need to be
21 taken into account for a very well weighted
22 approach to be taken in this context. That's all
23 I'm suggesting.

24 Q Okay. Do you agree that, if I understood the DOE

[WITNESS: Arif]

1 proposal, that the Company will have to file
2 something for the summer rates, they will have to
3 go through a similar process, even if they end up
4 saying "the rates are the same as what we had
5 predicted during the winter." But do you think
6 you might end up -- we will still have a similar
7 kind of process in place, right?

8 A Yes. Short answer is "yes", but it may not be
9 necessary. That's all I'm -- I'm also saying.

10 Q Can you elaborate? Yes, can you elaborate on
11 "may not be necessary"? Meaning what? Like, why
12 may it "not be necessary"?

13 A By that, what I mean is that there is a rate
14 being proposed for summer at this point in time.
15 An updated filing, if that reflects that the rate
16 is not changed, or not substantially changed,
17 then we will have -- I see no reason why a
18 significantly elaborate discovery process has to
19 ensue.

20 But, if that is necessary at that point
21 in time, that's all I meant. That it is -- it
22 could be necessary or may not be necessary.

23 CMSR. CHATTOPADHYAY: Thank you.

24 That's all I have.

[WITNESS: Arif]

1 CHAIRMAN GOLDNER: Okay. Just a short
2 LDAC question, and we talked about this in the
3 opening a little bit.

4 BY CHAIRMAN GOLDNER:

5 Q But, on the rate case expenses, I'm showing
6 "373,871", "\$373,871", as the rate case expenses
7 due the Company to be collected in the LDAC. Can
8 you confirm that that number is supported by the
9 Department?

10 This is one of the challenges with
11 LDAC, because it's in different dockets, this one
12 comes to us from DG 21-104, in a memo from Mr.
13 Dexter dated October 18th, 2022. And I just want
14 to make sure that, in the transcript of this
15 docket, everything is squared away, because
16 21-104, there's nothing left in the docket,
17 outside of this issue.

18 MS. SCHWARZER: Mr. Chairman, could I
19 approach with the letter from --

20 CHAIRMAN GOLDNER: Yes, please.

21 MS. SCHWARZER: Thank you. That was
22 the docket [sic] in 21-104, by Attorney Dexter,
23 addressing this matter. Thank you.

24 CHAIRMAN GOLDNER: Thank you.

[WITNESS: Arif]

1 *[Atty. Schwarzer handing document to*
2 *Witness Arif.]*

3 **BY THE WITNESS:**

4 A Chairman Goldner, if I may trouble you one more
5 time to read the figure?

6 BY CHAIRMAN GOLDNER:

7 Q No problem. I just want to make sure that the
8 baton handoff between 104 and this docket is
9 clean. And, in our order, we approved, the
10 Commission approved, \$373,871 in Commission
11 Order 26,704. And then, Attorney Dexter has some
12 dialogue in the message and -- in the memo. And
13 I just want to make sure that the Department is
14 supportive of this \$373,871 collected in this
15 docket via the LDAC?

16 A I believe the difference between the figure that
17 you just quoted and what Attorney Dexter is
18 mentioning is the consulting fee of Mr.
19 Woolridge. And that has been taken into account
20 into the context of this docket for rate, you
21 know, LDAC rate purposes, with a modification of
22 a reduction of \$145, that I believe the Company
23 has accepted that Audit Report.

24 So, to summarize all of it, I think

[WITNESS: Arif]

1 that it all squares out, and the Department is
2 supportive.

3 MS. SCHWARZER: Mr. Chairman, should we
4 take -- should the Department take a record
5 request with regard to whether the consulting fee
6 was anticipated and included in the figure that
7 you mentioned?

8 CHAIRMAN GOLDNER: I know that it was
9 not. And the question in my Mr. Dexter's memo
10 was around that Dr. Woolridge's bill had not been
11 audited.

12 MS. SCHWARZER: Correct.

13 CHAIRMAN GOLDNER: I understood in the
14 opening that that's all been taken care of.
15 That's been reviewed by the Department,
16 everyone's comfortable. And now, we have this
17 minor of \$147, versus what we had already issued,
18 we, the Commission, had issued in 26,704.

19 So, you know, personally, I would
20 recommend, you know, forgoing the small
21 difference, and just moving forward with the
22 amount already approved in 26,704. But, if the
23 Department is not comfortable with that, or
24 prefers a different approach, I just want to

[WITNESS: Arif]

1 understand what that approach would be. I'm just
2 trying to lock down the LDAC rate as much as
3 possible in this hearing.

4 MS. SCHWARZER: I apologize, but I'm
5 not following the documentation with regard to
6 the \$145 amount. And, so, the method that occurs
7 to me is to take a record request to be able to
8 verify for you that the number that was cited,
9 the 373 --

10 CHAIRMAN GOLDNER: I can save you the
11 trouble, because it's in the memo on
12 October 18th. Paragraph 3, it has "The audit
13 report noted that Northern sought recovery of
14 338,696", and then it goes on to state that the
15 recommended amount, as aligned between everyone,
16 was "338,551". So, that's documented. And I'm
17 just trying to close the issue.

18 So, if you have a recommendation on how
19 to close this out, I'm open. I'm just trying to
20 lock down on the LDAC.

21 MS. SCHWARZER: And I understand. The
22 October 18th letter brought it to my attention
23 for the first time, it's two days later, and I've
24 been preparing for this hearing. So, I don't

[WITNESS: Arif]

1 mean to put you off. But I just -- I don't have
2 a precise answer to give you, other than to take
3 a record request and file something tomorrow or
4 Friday, in time for you, as a Commission, to
5 issue an order.

6 I'd certainly defer to the witness, or
7 perhaps the Company can explain the discrepancy.
8 But I, personally, do not have an answer for you
9 at this time. And I will ask if Mr. Arif has an
10 answer?

11 CHAIRMAN GOLDNER: I think what the
12 Commission is predisposed to do is to just move
13 forward with the 373,871 that we already
14 approved. And, if the Department would like to
15 reconcile that next year with the Company, then
16 certainly we wouldn't oppose that, if there's any
17 need to do any sort of reconciliation.

18 MS. SCHWARZER: Thank you, Mr.
19 Chairman.

20 CHAIRMAN GOLDNER: So, that might be
21 easier than a record request.

22 MS. SCHWARZER: Thank you very much.

23 CHAIRMAN GOLDNER: Okay. Let's do that
24 then.

[WITNESS: Arif]

1 Okay. So, Attorney Taylor, what we
2 were -- I know you were collaborating with your
3 colleagues. But I think what we'll do is we'll
4 use that 373,871 number as the LDAC rate for your
5 rate case expenses. And, if there's any
6 reconciliation that needs to be done that the
7 Department or the OCA wants to bring up, they can
8 do that next year, and we can do a reconciliation
9 later on. That way the rate's fixed.

10 So, is there any concerns with that
11 approach?

12 MR. TAYLOR: No concern at all. Thank
13 you.

14 CHAIRMAN GOLDNER: Okay. Thank you.
15 Okay. Very good. One down.

16 All right. So, next, I don't have any
17 further questions for the witness.

18 So, I'll turn it back over to you,
19 Attorney Schwarzer, for any redirect.

20 MS. SCHWARZER: Thank you. Just a
21 short series of hypotheticals for redirect.

22 **REDIRECT EXAMINATION**

23 BY MS. SCHWARZER:

24 Q In the event that the Department's proposal to

[WITNESS: Arif]

1 defer approval were adopted, and in the event
2 that the Company made a filing in March that
3 showed that the updated information for the
4 prospective summer rates to be effective May 1st
5 were essentially unchanged, would the Department
6 expect to conduct discovery or hold a technical
7 session?

8 A In those hypothetical scenarios, I see no reason
9 why there should be any further delay be made,
10 from a procedural perspective.

11 Q So, might the Department file a letter simply
12 saying that "The updated information and proposed
13 rate was acceptable"?

14 A Yes.

15 Q In contrast, if the Company made an updated
16 filing for the summer rates in March, and the
17 expected over-/under-collection was such that an
18 increased net threshold of 100 percent was
19 required, in that instance, before those rates
20 became effective, would the Department anticipate
21 conducting discovery and having a technical
22 session?

23 A The hypothetical nature and the extent of that
24 scenario would warrant some probing that may come

[WITNESS: Arif]

1 in the usual regulatory review process.

2 Q Okay. And last -- and last hypothetical
3 question, if the Company were to do an updated
4 filing in March, and it's updated projected rates
5 fell within the already approved and established
6 25 percent threshold, such that any necessary
7 increase could be accommodated by the existing
8 order, through a trigger filing, in that
9 instance, would the Company need additional
10 discovery or process or hearing?

11 A Could you repeat your question, the first part of
12 it please?

13 Q Sure. Let's assume that the March updated filing
14 showing a proposed summer rate resulted in a rate
15 that the Company was already able to make
16 effective on the first of the month, in May or
17 June, within the 25 percent threshold, anywhere
18 within that threshold. In that instance,
19 apart -- and assume the Department reviewed the
20 filing, and all the loops closed, and it was
21 accurate, and there were no questions. In the
22 instance that the updated summer rates fell
23 within the 25 percent threshold, would the
24 Department expect to conduct discovery or have a

[WITNESS: Arif]

1 hearing or a technical session?

2 A Department would not.

3 MS. SCHWARZER: Thank you. I have no
4 further questions.

5 CHAIRMAN GOLDNER: Okay. Thank you.

6 So, let's move to closing. And we'll
7 begin with the Office of Consumer Advocate.

8 And thank you. The witness is excused.
9 Thank you.

10 WITNESS ARIF: Thank you.

11 MS. DESMET: Thank you. Again, just
12 briefly.

13 We'd like to reiterate the request to
14 defer ruling and acceptance of the summer rates
15 at this time. The Commissioners have heard from
16 the witnesses. And, to think back to last year,
17 and last year, at this time, I was also not here,
18 but Ms. Reno was. And she informs me that, in
19 these cost of gas filings, this was something
20 that she brought up last year, and suggested
21 maybe there was time for a change. And the
22 discussion ensued about efficiency, and this was
23 done five years ago.

24 So, to her credit, the OCA is again

1 proposing that maybe it is time for a change
2 within the current circumstances that everyone
3 faces, especially residential customers.

4 The Commission has been very forthright
5 with the IRs that have been coming out, and
6 asking questions about "Can we learn and can we
7 do it better?" This may be an opportunity, just
8 in this area right here, to possibly do it
9 better, and improve efficiency, as you've heard
10 from the DOE witness.

11 So, based on that, and the other --
12 well, based on that, we are again just renewing
13 our request that the Commission defer ruling on
14 the summer rate for further evaluation, for
15 greater -- more updated data points, to get the
16 rate as it should be, rather than, you know, a
17 rate that is going to be in effect very far out
18 in the future.

19 With regard to the other requests, we
20 reiterate that we are in agreement with approval
21 of the winter rate. We feel it is reasonable,
22 it's just and reasonable, and should be approved
23 at this time.

24 And that concludes the OCA's position

1 on those matters.

2 CHAIRMAN GOLDNER: Thank you. We'll
3 move to the Department of Energy, and Attorney
4 Schwarzer.

5 MS. SCHWARZER: Thank you, Mr.
6 Chairman, Commissioner Chattopadhyay.

7 I want to just state that the
8 Department appreciates the time and effort of all
9 the parties have invested in the cost of gas
10 proceeding, in the expedited discovery, and the
11 responsiveness of the Company to questions that
12 we have asked. This process works because they
13 are as responsive as they are. And we certainly
14 value that, and appreciate it, and have enjoyed
15 working with the OCA on this matter as well.

16 Apart from stating that, in the
17 Department's view, the winter rates are just and
18 reasonable and prudent, and should be approved.
19 I'll rely on my much longer opening.

20 And just thank the Commission and the
21 parties for their time.

22 CHAIRMAN GOLDNER: Thank you, Attorney
23 Schwarzer. And, finally, we'll move to the
24 Company, and Attorney Taylor.

1 MR. TAYLOR: Thank you, Commissioners.
2 I would like to echo what the Department said, or
3 rather maybe echo it back to them. We appreciate
4 working with the Department of Energy and the
5 Office of the Consumer Advocate in this
6 proceeding to try to move it along as quickly as
7 we can. And, you know, it has been a respectful
8 process, with the exchange of information, and we
9 always appreciate working with them.

10 With respect to the -- and we
11 appreciate that the parties are in agreement that
12 the winter rates that are proposed are prudent
13 and should be adopted.

14 We are in disagreement with respect to
15 the summer rates. We believe that there is a
16 sufficient record for the Commission to approve
17 those rates as well, as proposed.

18 What the Commission has heard today is
19 a proposal to move back to something that is akin
20 to what the Company did six or seven years ago,
21 which was to file two filings during the course
22 of the year. And the parties in that case, as
23 well as the Commission, all agreed that there
24 were inherent efficiencies in going to an annual

1 process.

2 I respect where the Department's coming
3 from, and I understand some of the concerns that
4 they have articulated. I do think that the
5 structure of the current process is built to take
6 those concerns into account. So, we do make
7 monthly reports. We do change the rate if there
8 is a 4 percent variance. And we do make a filing
9 for a mid-period adjustment if there is a 25
10 percent variance. And, so, the information is
11 quite steady throughout the course of the year.

12 I think the proposal that the
13 Department has made, respectfully, is a bit
14 unclear on the details as to the process that
15 would be followed. And I think that that is
16 problematic. I think that there is a separate
17 docket currently going on, where, if they wanted
18 to make that proposal, they can make it in the
19 course of that docket.

20 But I think that, at this point in
21 time, the proposal being made today, without
22 really the detail that the Department needs to --
23 or, that the Commission needs to make a
24 fundamental change to a process that was

1 established through a docketed process six years
2 ago, and which was uniformly agreed to be the
3 better way to do it, that the Commission should
4 not make that drastic a choice in this docket.

5 And, so, again, I would reiterate that
6 we think that the record is sufficient, really
7 ample, for the Department -- or, for the
8 Commission to approve the Company's filing as it
9 was made for the full annual period.

10 Thank you.

11 CHAIRMAN GOLDNER: Thank you, Attorney
12 Taylor.

13 So, what, and just to wrap up here, I
14 would first like to describe the first record
15 request in detail, so that the analyst team from
16 Northern has clarity in terms of what we're
17 asking for.

18 So, what we're asking for is, for the
19 winter rates, a weighted average for cost of gas,
20 a weighted average for the LDAC, weighted average
21 for the distribution rates, and then, you know, a
22 total, which would, obviously, be a weighted
23 average by definition.

24 So, I just want to make sure we're

1 using the right baseline. So, when we compare to
2 your new rates, we have the right percentages,
3 and that we don't mislead the public or the OCA
4 or the DOE or anyone else reading the report.

5 It would be helpful if you could just
6 line up your cost of gas rate, LDAC,
7 distribution, and total, for your proposed rates,
8 just to make it easy for us to see and calculate
9 the percentage. It's always better when it comes
10 directly from the Company, and that way we're not
11 reporting on anything that you haven't agreed to.

12 And then, I would say the exact same
13 analysis for the summer rates, just do the exact
14 same thing, that same table, and then that would
15 be very helpful for us. And we would more than
16 likely put that on the first page of the order,
17 so that everyone could see what was going on.

18 Does that make sense? Did I describe
19 that well enough?

20 MR. TAYLOR: I understand it. Yes.

21 CHAIRMAN GOLDNER: Okay. Thank you.
22 So, just a moment.

23 Okay. So, if there's no further
24 matters, we thank the Company in advance for the

1 upcoming record request responses regarding the
2 weighted averages and the LDAC/cost of gas
3 assessment. And I'll come back to Commissioner
4 Chattopadhyay if there's any questions on what he
5 was asking for there.

6 We'll grant the DOE's motion for
7 administrative notice. And we'll strike the
8 identification numbers for the hearing Exhibits 1
9 through 12, take them into evidence. And reserve
10 hearing Exhibit Number 13 and 14, respectively,
11 for those record request responses from the
12 Company.

13 (**Exhibit 13** and **Exhibit 14** reserved for
14 record requests.)

15 CHAIRMAN GOLDNER: Would Monday be an
16 acceptable timeline for the Company to reply to
17 these record requests? Is that too quickly?

18 MR. TAYLOR: Yes. We can get it to you
19 on Monday.

20 CHAIRMAN GOLDNER: Okay. Thank you.
21 Do you need any clarification from Commissioner
22 Chattopadhyay? You're comfortable?

23 [Atty. Taylor indicating in the
24 affirmative.]

1 CHAIRMAN GOLDNER: Okay. So, we have
2 that one covered.

3 Also, I would just request that the
4 Company file any EEC changes in this docket, as
5 well as any future docket, that will just keep it
6 clean. So, we know any changes that are coming
7 in this docket, because this is where we're
8 capturing all the LDAC pieces.

9 MS. SCHWARZER: And, Mr. Chairman, just
10 to refine that a bit further. That would be any
11 changes to the tariff pages, or something else?

12 CHAIRMAN GOLDNER: All we really care
13 about -- I don't -- I'm not particular on the
14 format. We just need to know what the EE Charge
15 would be for the LDAC, for all the different
16 pieces in this docket. So, the format, it
17 doesn't matter to us, too much to us.

18 MS. SCHWARZER: And, so, perhaps
19 implementing it would be discussed in that
20 other --

21 CHAIRMAN GOLDNER: Yes. Yes. We just
22 want to make sure -- I'm just trying to make sure
23 everything is captured in this docket. So, we've
24 approved an LDAC. That is something that is

1 going to change on January 1st. No problem.
2 Just let us know what the change is, so we can
3 capture it in this docket as well.

4 Mr. Taylor, I'm always concerned when
5 you make that face, sir. Is there any -- does
6 that make sense or do you have a concern?

7 MR. TAYLOR: No concern.

8 CHAIRMAN GOLDNER: Okay.

9 MS. SCHWARZER: Mr. Chairman, I'm very
10 sorry, but I just have a concern in establishing
11 the rate in the new EEC docket is perhaps
12 distinct from implementing the updated rate in
13 the LDAC docket. And filing tariff pages would
14 confirm the information, but there might be a
15 necessary step to implement that rate
16 January 1st.

17 CHAIRMAN GOLDNER: Yes. And I can say,
18 and I'll look to Commissioner Chattopadhyay for
19 and Attorney Speidel for some input, but we're
20 just trying to make sure that the new LDAC rate
21 is captured in this docket. That's all we're
22 trying to do. Yes. We're not trying to
23 adjudicate anything or have another hearing or
24 anything like that.

1 MS. SCHWARZER: No, I understand. I
2 guess I'm trying to draw a distinction between
3 the new rate being determined in another docket,
4 and it being actually made effective in the LDAC
5 for January 1. And perhaps the order would
6 accomplish that.

7 CHAIRMAN GOLDNER: Yes. I think so.

8 MS. SCHWARZER: Thank you.

9 CHAIRMAN GOLDNER: Okay. Okay. I
10 think I've covered everything.

11 Are there any concerns, objections,
12 additional comments today? Okay.

13 MR. TAYLOR: Nothing from the Company.
14 Thank you.

15 CHAIRMAN GOLDNER: Okay. Okay, well,
16 we'll thank everyone.

17 We intend to issue the order in advance
18 of November 1st. And the hearing is adjourned.
19 Thank you.

20 ***(Whereupon the hearing was adjourned***
21 ***at 4:40 p.m.)***