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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

February 21, 2023 - 9:02 a.m.
21 South Fruit Street
Suite 10
Concord, NH

RE: **DE 23-006**
LIBERTY UTILITIES (GRANITE STATE
ELECTRIC) CORP. d/b/a LIBERTY UTILITIES:
Request for Storm Recovery Adjustment
Factor Refund.

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

Eric Wind, Esq./PUC Legal Advisor

Tracey Russo, Clerk

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

Reptg. New Hampshire Dept. of Energy:
Mary E. Schwarzer, Esq.
Stephen Eckberg, Electric Group
(Regulatory Support Division)

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

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 STEPHEN R. ECKBERG**

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DOCKET NO. DE 21-073: *DOE Report & Recommendation, with attached audit (06-16-22) and Transcript of Hearing held on 07-21-22, including, but not limited to Pages 193 and 274*
DOCKET NO. DE 22-019: *Liberty's Annual Storm Fund Report, Attachment 1 to the filing, and the DOE Report and Recommendation dated 09-12-22*

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Technical Statement of James M. King, with attachments (01-13-23)	<i>premarked</i>
2	Technical Statement of Stephen R. Eckberg (02-13-23)	<i>premarked</i>

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P R O C E E D I N G

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

We're here this morning in Docket DE 23-006, in which the Commission has docketed a request by Liberty Utilities, a.k.a. Granite State Electric, to credit ratepayers an accumulated balance of \$1,861,474 from Liberty's Storm Contingency Fund.

So, let's begin by taking appearances.

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

CHAIRMAN GOLDNER: Thank you. And the New Hampshire Department of Energy.

MS. SCHWARZER: Good morning, Mr. Chairman, Commissioner Chattopadhyay, and Commissioner Simpson. I'm Mary Schwarzer. I'm a Staff Attorney with the Department of Energy.

CHAIRMAN GOLDNER: Thank you.

So, I'll note we have premarked for identification Exhibits 1 and 2.

1 Are there any other preliminary matters
2 to address before we hear from the witnesses?

3 MS. SCHWARZER: Mr. Chairman, I ask
4 that the Commission take administrative notice of
5 three items. Two of them were referenced in
6 Mr. Eckberg's technical statement, Docket Number
7 21-073, the Department's Report and
8 Recommendation, including the attached audit,
9 dated July [June?] 16th, 2022. Also in that
10 docket, a transcript, July 21, 2022, of the
11 hearing, including, but not limited to, Pages 193
12 and 274. And, finally, in Docket Number DE
13 22-019, Liberty's 2021 Annual Storm Fund Report,
14 and Attachment 1 to their filing, which will show
15 an "SRAF" column, and the DOE Report and
16 Recommendation, September 12th, 2022, in that
17 docket, which was approved by Order Number
18 26,721.

19 CHAIRMAN GOLDNER: Thank you. Mr.
20 Sheehan, any objection?

21 MR. SHEEHAN: No objection.

22 CHAIRMAN GOLDNER: Okay. In the
23 future, Ms. Schwarzer, I'm just wondering, would
24 it make more sense -- you issued a very nice

1 letter, along with Mr. Eckberg's statement,
2 entering it. Would it make sense to just include
3 the administrative notice in the letter moving
4 forward?

5 MS. SCHWARZER: Mr. Chairman, I'm not
6 sure which letter you're referring to. To the
7 one accompanying the technical statement?

8 CHAIRMAN GOLDNER: Yes. Uh-huh. Yes.
9 You wrote a very nice summary in there, and so
10 forth. I was just wondering if, maybe in the
11 future, it might make sense to just include that
12 in the statement? That way, if Liberty has any
13 objections, they would know beforehand.

14 MS. SCHWARZER: Mr. Chairman, the
15 Department usually attempts to contact opposing
16 counsel to make sure that everyone is okay ahead
17 of time, or at least to work out or discuss any
18 issues.

19 I think I'd be happy to take back to my
20 Legal Director the idea that the Department file
21 a letter before hearing. It's sometimes hard to
22 fully anticipate all the documents that we might
23 ask the Commission to take administrative notice
24 of much further in advance than perhaps the date

1 that the exhibits are filed. But, certainly, we
2 could plan for that in the future, and I'd be
3 happy to discuss it with the Legal Director.

4 CHAIRMAN GOLDNER: Sure. Very good.
5 Yes. A less amenable counsel might present some
6 problems, so -- but it's a good practice day for
7 that then.

8 So, okay. Very good. So, I am judging
9 from the seating arrangement of the witnesses, I
10 guess we'll go forward with a panel. Everyone is
11 good with that?

12 MR. SHEEHAN: Yes, we are.

13 CHAIRMAN GOLDNER: Okay. Attorney
14 Schwarzer, you're okay with the panel?

15 MS. SCHWARZER: Oh, absolutely.

16 CHAIRMAN GOLDNER: Okay.

17 MS. SCHWARZER: We discussed it. Thank
18 you, Mr. Chairman.

19 CHAIRMAN GOLDNER: Okay. Just making
20 sure, yes.

21 All right. Are there any other
22 preliminary matters, before we have the witnesses
23 sworn in?

24 MR. SHEEHAN: The only thing I had was

[WITNESS PANEL: King|Eckberg]

1 just the Commission's permission just to do a
2 brief background with the witness, just -- it may
3 be a little repetitive, but just to provide some
4 context for the specific request we have today.

5 CHAIRMAN GOLDNER: Okay. Thank you.
6 That would be -- that would be fine.

7 So, let's proceed with the witnesses.
8 Mr. Patnaude, would you please swear in the
9 panel.

10 (Whereupon **James M. King** and
11 **Stephen R. Eckberg** were duly sworn by
12 the Court Reporter.)

13 MR. SHEEHAN: Thank you.

14 **JAMES M. KING, SWORN**

15 **DIRECT EXAMINATION**

16 BY MR. SHEEHAN:

17 Q Mr. King, could you please introduce yourself and
18 describe your position with Liberty?

19 A (King) My name is James King. I am an Analyst II
20 with Liberty Utilities Service Corp., providing
21 service to Granite State Electric.

22 MR. SHEEHAN: Pull that mike a little
23 closer. As the former Chairman used to say "Get
24 it embarrassingly close to you." No, that wasn't

[WITNESS PANEL: King|Eckberg]

1 it. He said "Almost swallow it" was the phrase
2 he used.

3 BY MR. SHEEHAN:

4 Q Mr. King, what's been marked as "Exhibit 1" is a
5 technical statement dated "January 13th" that
6 bears your name. Did you prepare that technical
7 statement?

8 A (King) I did.

9 Q Do you have any changes to it you'd like to bring
10 to the Commission's attention this morning?

11 A (King) No, not at this time.

12 Q And do you adopt that technical statement as your
13 testimony here this morning?

14 A (King) I do.

15 Q As mentioned to the Chair, let's do a quick sort
16 of "context-setting" of what brings us here
17 today.

18 Today, we're talking about a refund of
19 the Storm Fund. Do you know how long Liberty has
20 had this Storm Fund?

21 A (King) Yes. Liberty has had the Storm Fund since
22 the 2013 rate case, 13-063.

23 Q Do you know what the purpose of the Storm Fund
24 is?

[WITNESS PANEL: King|Eckberg]

1 A (King) Yes. There have been several large storms
2 in the years prior to the 2013 rate case that
3 gave rise to substantial storm costs that caused
4 the New Hampshire electric utilities to file
5 petitions seeking special recovery of those
6 extraordinary costs.

7 Q How are storm costs usually recovered?

8 A (King) Typically, storm costs are recovered in
9 base rates, include recovery of a certain level
10 of storm costs based on the actual experience
11 during the test year.

12 Q So, I assume those costs related to the large
13 storms that motivated the Storm Fund back in 2013
14 were well in excess of the amount that was then
15 in base rates that the Company expected to incur,
16 is that right?

17 A (King) That is correct.

18 Q So, how does this Storm Fund work, Liberty's in
19 particular?

20 A (King) In each rate case since 2013, the
21 Commission has approved base rates that include a
22 certain amount allocated to the Storm Fund. The
23 amount has changed over the years. Currently,
24 the Company collects \$1.5 million a year.

[WITNESS PANEL: King|Eckberg]

1 Essentially, the Company sets that money aside to
2 be available to recover costs for major storm
3 events and pre-staging costs for -- costs for the
4 crews to be ready in case of a storm, or if it
5 doesn't materialize.

6 Q So, we sort of have a special account where we
7 park the Storm Fund revenue that we collect from
8 customers to be ready when there's a major storm
9 or a qualifying pre-staging event, is that right?

10 A (King) That's correct.

11 Q What happens when there is a major storm?

12 A (King) As the Commission is aware the recent --
13 from the recent storm fund order, there's
14 definitions that determine whether a major --
15 whether a storm event is considered a "major
16 storm". If a storm or a pre-staging event is
17 significant enough to meet the applicable
18 definitions, then the Company can recover the
19 costs associated with the storm -- from the storm
20 event from the Storm Fund.

21 Q What if a storm does not meet that definition?

22 A (King) The costs for those storms are assumed to
23 be baked into the base rates, and the Company
24 simply expenses those costs.

[WITNESS PANEL: King|Eckberg]

1 Q How does the Company keep the Commission and
2 others informed of the money it's collected from
3 customers for the Storm Fund and the withdrawals
4 the Company makes from the Storm Fund?

5 A (King) Annually, the Company files a Storm Fund
6 Report that lists each storm and pre-staging
7 event, and states whether the weather event
8 qualifies for recovery from the Storm Fund. And
9 then, the Company itemizes the costs that the
10 Company can withdraw from the Storm Fund, and the
11 parties and the Commission have an opportunity to
12 review and rule on the proper Storm Fund
13 withdrawal from the Fund.

14 Q With that context, what's the purpose of the
15 Company's filing that's before the Commission
16 today?

17 A (King) Simply, the balance of the Storm Fund has
18 grown over recent years, because we have had
19 fewer and less expensive major storm and
20 pre-staging events. During the hearing last
21 July, the parties discussed the Storm Fund
22 balance at the year-end 2021, which was about
23 1.8 million. And the parties discussed whether
24 the Company should return the Storm Fund balance

[WITNESS PANEL: King|Eckberg]

1 to the customers.

2 The Company agreed that this was an
3 appropriate thing to do. So, that's the purpose
4 of this filing, to return that \$1.8 million to
5 customers.

6 Q So, then, what specifically is the Company asking
7 the Commission to do?

8 A (King) The Company is asking the Commission to
9 approve a refund of the \$1.8 million to customers
10 over twelve months, beginning March 1st.

11 Q And how did the -- how will the Company make that
12 refund to customers?

13 A (King) Liberty's tariff includes a Storm Recovery
14 Adjustment Factor, or SRAF. It's a distribution
15 rate line item that is a vehicle we use to refund
16 money for the Storm Fund, or to collect extra
17 money from the Storm Fund -- for the Storm Fund,
18 if we were in an opposite position that we are
19 today. So, if we had too many major storms or
20 more expensive storms, we would use this line
21 item in the opposite direction as we're using
22 it today.

23 Q And the way we're going to do this is to ask the
24 Commission to approve a rate, which is, in

[WITNESS PANEL: King|Eckberg]

1 effect, a credit to customers, is that right?

2 A (King) Yes.

3 Q Did you calculate that?

4 A (King) Yes. We divided the \$1.8 million by the
5 kilowatt-hour load forecast for the twelve-month
6 period beginning March 1st. The refund yields a
7 rate of 0.202 cents.

8 Q What is the impact of that refund, if it's
9 approved as proposed?

10 A (King) For the average residential customer using
11 650 kilowatt-hours a month, it is a bill
12 reduction of \$1.31 per month.

13 Q And, so, then, twelve months from now we will
14 propose that the Company -- that the Commission
15 remove this credit from bills from that point
16 going forward?

17 A (King) Correct.

18 MR. SHEEHAN: That's all I have at this
19 time.

20 CHAIRMAN GOLDNER: Thank you, Attorney
21 Sheehan. Attorney Schwarzer, anything for your
22 witness?

23 MS. SCHWARZER: Thank you. I'd like to
24 ask Mr. King some questions as well?

[WITNESS PANEL: King|Eckberg]

1 CHAIRMAN GOLDNER: Okay.

2 MS. SCHWARZER: Thank you.

3 **CROSS-EXAMINATION**

4 BY MS. SCHWARZER:

5 Q Mr. King, have you testified before the
6 Commission before?

7 A (King) I have. Once, once before.

8 Q And just if you could tell me briefly what your
9 background is?

10 A (King) I started with Liberty in September of
11 2022. Prior to that, I was a Analyst with the
12 Massachusetts Department of Public Utilities in
13 the Rates and Revenue Requirement Division.

14 Q Thank you. Currently, on Liberty's customer
15 bills, does the SRAF appear?

16 A (King) I don't know if it currently appears,
17 because it is a rate of zero. It is a line item
18 that the Billing Department has in their system
19 ready to be implemented.

20 Q So, you expect that will appear on customer bills
21 on the date that it's implemented?

22 A (King) Yes.

23 Q And do you know in order -- what is the Company's
24 target implementation date?

[WITNESS PANEL: King|Eckberg]

1 A (King) I believe March 1st.

2 Q And how soon would you need to know whether or
3 not the Commission approved the Company's
4 request, in order to facilitate implementing that
5 new line item effective March 1st?

6 A (King) Ideally, by the end of the week, to get
7 that through the billing system, and tested in
8 the test environment to ensure that it's on the
9 bills properly.

10 Q So, when say "the end of the week", do you mean
11 "Friday, February 24th"?

12 A (King) I do.

13 Q Could it be later than that date?

14 A (King) It could. It would be a little bit
15 burdensome to go through the process of a rate
16 review, getting it approved through Billing and
17 IT, to get it up and running by that date. It's
18 not impossible, but it takes some time to go
19 through that process. So, having it by the end
20 of the week would be the preference of the
21 Company.

22 Q And I would point out, and you probably agree,
23 February is a short month?

24 A (King) Yes.

[WITNESS PANEL: King|Eckberg]

1 MS. SCHWARZER: I don't have any
2 further questions for Mr. King. Thank you.

3 CHAIRMAN GOLDNER: Okay. I think we
4 were treating it like a panel.

5 MS. SCHWARZER: Yes.

6 CHAIRMAN GOLDNER: So, if you want to
7 introduce your witness, if you have anything for
8 your witness, we can just tidy that up. And
9 then, when we go to Commissioner questions, we
10 can address both, both witnesses.

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

13 **STEPHEN R. ECKBERG, SWORN**

14 **DIRECT EXAMINATION**

15 BY MS. SCHWARZER:

16 Q Mr. Eckberg, would you please introduce yourself
17 and describe your position with DOE?

18 A (Eckberg) Good morning. My name is Stephen
19 Eckberg. I am an Analyst with the Regulatory
20 Support Division of the Department of Energy. I
21 had to pause there. I'm still getting used to
22 that title. And I think that answers your
23 question.

24 Q Okay. How long have you been with the Department

[WITNESS PANEL: King|Eckberg]

1 of Energy, a.k.a. formerly "PUC Staff"?

2 A (Eckberg) I've been with the formerly PUC Staff,
3 with the Electric Division, since about August of
4 2019. Prior to that, I worked in the PUC's
5 Sustainable Energy Division for five years. And,
6 before that, I was an Analyst with the Office of
7 Consumer Advocate for about seven years.

8 Q Thank you. Have you testified before the
9 Commission before?

10 A (Eckberg) On numerous occasions, yes.

11 Q And did you prepare the analysis presented in a
12 technical statement that was filed in this
13 docket?

14 A (Eckberg) Yes. And that is "Exhibit 2" that
15 you're referring to?

16 Q Yes.

17 A (Eckberg) Yes.

18 Q Thank you. And are there any changes or
19 corrections you would like to make?

20 A (Eckberg) No. But thank you for that
21 opportunity.

22 Q Mr. Eckberg, you heard Mr. King describing the
23 purpose of the Storm Fund, and the basic way in
24 which it functions. Do you agree with that

[WITNESS PANEL: King|Eckberg]

1 description?

2 A (Eckberg) Yes. I think I agree with all of
3 the -- all the descriptions Mr. King provided.
4 If my notes indicate correctly, I may have heard
5 him make one statement which I think might need
6 adjustment. I think he referred to this
7 \$1.8 million balance, which we are -- which is
8 being proposed to be returned to customers as
9 reflective of the Storm balance as of "year-end
10 2021", if I heard him correctly. But I believe
11 the record shows and our discussion here is about
12 the Storm balance -- Storm Fund balance as of
13 "12/31/20".

14 I may have misheard. But I just wanted
15 to make sure that that was correct on the record.

16 Q Thank you. Could you please briefly explain your
17 analysis regarding the amount identified to be
18 refunded, which is the \$1,861,474?

19 A (Eckberg) Certainly. As Mr. King explained, the
20 calculation of the rate, the proposed rate, is
21 fairly straightforward. It uses a balance, which
22 has been reported in several locations. As I
23 explained in my technical statement, that's the
24 over-collection amount of \$1,861,474, which

[WITNESS PANEL: King|Eckberg]

1 Mr. King divides by the Company's twelve-month
2 forecast energy delivery amount.

3 And just to try and confirm or check
4 the reasonableness of that amount, I did compare
5 the number in his technical statement, which is
6 922,700 -- no, I'm sorry, I misspoke --
7 922,721,904 kilowatt-hours for the twelve-month
8 period beginning March 1st, 2023, I looked back
9 at the Company's Customer Migration Reports for
10 calendar year 2022, and information provided on
11 those reports shows how much energy the Company
12 has delivered in the twelve-month period. And
13 the Liberty sales forecast going forward, which
14 was used by Mr. King, is very close to the number
15 from the 2022 actual sales. It's a little bit
16 higher, by several percentage points, but that
17 seems completely reasonable to me.

18 So, that was, you know, the standard
19 numerical analysis that I undertook.

20 Q Thank you. And does that number, the 1.8
21 million, which I identified earlier, does that
22 also appear in the Department audit, and that you
23 reference in your technical statement?

24 A (Eckberg) Yes, it does. Yes.

[WITNESS PANEL: King|Eckberg]

1 Q Is this the exact amount that's going to be
2 refunded through the SRAF, if the Commission
3 approves this refund proposal?

4 A (Eckberg) No. Ultimately, the amount that will
5 be refunded to customers will be dependent upon
6 the actual energy that is sold, because the rate
7 will be set and will be consistent, if approved,
8 for the twelve-month period. That rate will
9 ultimately be multiplied every month by the
10 energy sales that month, and that will determine
11 the total amount. We expect it will be very
12 close to 1.8 million, a little higher or a little
13 bit lower. But that will be tracked through the
14 Company's accounting, and will show on the
15 Company's Annual Major Storm Fund Report, which
16 they include an accounting of that, the
17 collections and the interest paid.

18 Q If I could ask you to go just a little more
19 closely with that. You've confirmed that the
20 refund won't exactly be that amount?

21 A (Eckberg) Yes.

22 Q And, at the same time, the Company has said that
23 at the end of the twelve-month period, the
24 proposed rate will cease, and there will be no

[WITNESS PANEL: King|Eckberg]

1 reconciliation. Does the Department agree with
2 that proposal?

3 A (Eckberg) Yes. The Company -- I'm sorry, that is
4 the Company's proposal, as presented in
5 Mr. King's technical statement. And the
6 Department is fine with that proposal.

7 Q And can you explain why you're okay that there be
8 no reconciliation?

9 A (Eckberg) Sure. As I was explaining, the Company
10 does present -- excuse me -- in its Annual Storm
11 Fund Report an accounting of the collections, and
12 through the Storm Fund, or the amount credited to
13 the Storm Fund each month, which is the 1.5
14 million annual Storm Fund amount, divided by
15 twelve. So, that's a monthly amount that is
16 credited to the Major Storm Fund. And that
17 accounting will also show the SRAF, or the Storm
18 Fund credit amount, which is -- which will be
19 calculated. And it also shows an interest
20 amount.

21 But the Department is fine -- is
22 willing to accept the "no reconciliation" aspect
23 of the Company's proposal, because, if there's a
24 slight over- or under-collection, or give back of

[WITNESS PANEL: King|Eckberg]

1 this \$1.8 million, that will simply be reflected
2 in the ongoing actual balance of the Major Storm
3 Fund. So, in effect, all the amounts that the
4 customers are being credited with are reflected
5 in the final balance of the Storm Fund.

6 Q And, Mr. Eckberg, were anyone to open up a recent
7 Storm Annual Report docket, for example, 22-019,
8 and go to the annual attachment that's filed,
9 entitled "Annual Storm Fund Accounting", would
10 there be a specific column "SRA", "Storm Recovery
11 Adjustment Factor"?

12 A (Eckberg) Well, there has -- that such a column
13 does exist on the most recent Storm Fund Report,
14 which you referenced. There is a column there,
15 it's extremely fine, excuse me a moment. It's
16 "Column (e)". I didn't bring my magnifying
17 glass. But Column (e) shows the "SRA Factor"
18 amount. And, currently, that column is just
19 filled with blanks or zeroes.

20 So, as Mr. King said, the Storm Fund
21 factor exists, but it's currently set at "zero".
22 So, that's what that's reflective of. We expect
23 that that will have a number in it going forward,
24 if this is approved.

[WITNESS PANEL: King|Eckberg]

1 Q And what is the customer deposit interest rate?

2 I believe you touched on that briefly already.

3 A (Eckberg) Yes. The interest rate, if you look at
4 this accounting page in the Storm Fund Report,
5 there is another column which shows "Interest".
6 And, so, customers do earn interest on the Major
7 Storm Fund as well. And that interest is paid at
8 the customer deposit rate. If customers are
9 required to pay a deposit for their electric
10 service, the Company is required, according to
11 DOE rules, to pay a deposit rate -- or, an
12 interest rate on that deposit. And that's the
13 interest rate that is paid on the ongoing Storm
14 Fund balance, either, if it's -- if it's an
15 overpayment, you might say, if the customers --
16 well, the interest -- I'll just say the interest
17 rate is either collected from or paid to the
18 ratepayers, depending upon which way the balance
19 is.

20 Q And is the Department agreeable to there being a
21 separate line item on customer bills to show the
22 proposed SRAF refund?

23 A (Eckberg) Yes. Absolutely.

24 Q And, finally, in your opinion, will the proposed

[WITNESS PANEL: King|Eckberg]

1 rate adjustment result in a just and reasonable
2 rate?

3 A (Eckberg) Yes, it will.

4 Q And why do you say that?

5 A (Eckberg) Well, okay, so, there's two parts to
6 that question about "just" and "reasonable". I
7 believe that the proposed rate is "just", as I
8 explained, the calculation is appropriately
9 performed and the rate is accurate that the
10 Company is proposing. And I would say it's also
11 "reasonable", because the proposed manner in
12 which the Company proposes to give the customers
13 back these funds, and to pay interest, and to
14 track any over or under balance, all seems very
15 reasonable.

16 So, that's why it seems "just" and
17 "reasonable".

18 Q And I believe I may have missed your specific
19 statement as to why it seems "just". These are
20 funds that were properly collected, but, due to
21 storm circumstances in prior years, they were not
22 needed, is that correct?

23 A (Eckberg) That is correct. This
24 "over-collection", sort of, that we've referred

[WITNESS PANEL: King|Eckberg]

1 to is reflective of funds that the Company did
2 properly collect, and was authorized to collect,
3 and properly tracked in the Major Storm Fund.
4 And, as Mr. King explained, due to, you know, a
5 shortage of severe storms, or whatever, I guess
6 we're thankful for a shortage of severe
7 storms, --

8 Q Indeed.

9 A (Eckberg) -- did not need all of the collected
10 funds. And, so, there's been a bit of an excess
11 that's accumulated over the years. And, so, this
12 is an effort to return some of that to
13 ratepayers.

14 MS. SCHWARZER: Thank you. No further
15 questions.

16 CHAIRMAN GOLDNER: Thank you. We have
17 an unusual format this morning, Mr. Sheehan.
18 Would you like to ask Mr. Eckberg any questions?

19 We can -- and if you'd like to ask your
20 witness any clarifying questions, you'll also
21 have an opportunity to redirect after the
22 Commissioners.

23 MR. SHEEHAN: I'm all set with
24 Mr. Eckberg.

[WITNESS PANEL: King|Eckberg]

1 CHAIRMAN GOLDNER: Okay.

2 MR. SHEEHAN: Thank you.

3 CHAIRMAN GOLDNER: Okay. Thank you.

4 So, let's move to Commissioner questions,
5 beginning with Commissioner Simpson.

6 CMSR. SIMPSON: Thank you, Mr.

7 Chairman. Just one question for Mr. King.

8 BY CMSR. SIMPSON:

9 Q How did you come to calculate the forecast of
10 kilowatt-hours, the 922 million, approximately?

11 A (King) That is just a Company forecast done by
12 the Billing -- Procurement, done by the
13 Procurement Department for Liberty Utilities.

14 Q Is it just based on a look-back over the last
15 year?

16 A (King) I believe it's based on historicals and
17 outlook into the future of any growth or what it
18 might be.

19 CMSR. SIMPSON: Okay. Thank you. And
20 thank you both for your technical statements.
21 They're very clear. Appreciate you being here,
22 and the statements that you filed.

23 I don't have any further questions for
24 either of you. Thanks again.

[WITNESS PANEL: King|Eckberg]

1 CHAIRMAN GOLDNER: Thank you,
2 Commissioner Simpson. We'll move to Commissioner
3 Chattopadhyay.

4 CMSR. CHATTOPADHYAY: Good morning.

5 BY CMSR. CHATTOPADHYAY:

6 Q First, a very quick question about -- so, this is
7 the first time we have a negative storm recovery
8 adjustment, right?

9 A (King) I believe so.

10 Q Were there positive SRAs in the past? And I'm
11 just curious about it.

12 A (King) There have been in the past positive
13 amounts to collect for years where there have
14 been an extraordinary amount of storms or large
15 storms.

16 Q Okay. Again, this is, again, a very sort of
17 clarifying question. I haven't looked at the
18 units yet, but, if you go to Exhibit 1, on
19 Page 2, Bates Page 002. Let me know if you're
20 there?

21 A (King) Yes. Is that the technical statement?

22 Q Yes.

23 A (King) Correct. Yes.

24 Q So, the line that is shaded, "Storm Recovery

[WITNESS PANEL: King|Eckberg]

1 Adjustment", the proposed rate is --

2 MS. SCHWARZER: I apologize,
3 Commissioner Chattopadhyay. The exhibit -- I
4 believe the technical statement, Page 2, is a
5 narrative. Are you in a schedule?

6 CMSR. CHATTOPADHYAY: No.

7 MS. SCHWARZER: Okay.

8 CMSR. CHATTOPADHYAY: I'm right on
9 number 2, like Page Number 2, which is also Bates
10 Page 002.

11 MS. SCHWARZER: Thank you. If I could
12 just have a moment?

13 CMSR. CHATTOPADHYAY: Okay.

14 CMSR. SIMPSON: Is that "Table 1",
15 Commissioner?

16 CMSR. CHATTOPADHYAY: That is. That is
17 Table 1. Sorry.

18 CMSR. SIMPSON: Yes.

19 CMSR. CHATTOPADHYAY: I should have
20 said that.

21 And I've been able to continue with my
22 record of at least asking one question --

23 MS. SCHWARZER: Thank you. I'm good.

24 CMSR. CHATTOPADHYAY: -- up till now,

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[WITNESS PANEL: King|Eckberg]

1 say, a year or so. That's why the questions are
2 that simple.

3 BY CMSR. CHATTOPADHYAY:

4 Q So, that is in dollar amounts. And I just want
5 to confirm, if you go to Page 31, let me go
6 there.

7 A (King) Bates Page 031?

8 Q Bates Page 031, I think. Yes. In fact, you can
9 even go to Bates Page 026. Doesn't matter.

10 A (King) I'm at Page 31.

11 Q Okay. So, let me go there. That seems right.
12 No, I'm sorry, Bates Page 032. So, go to the
13 next page here. Okay. So, you have that
14 "0.202", that is in cents?

15 A (King) That's correct.

16 CMSR. CHATTOPADHYAY: That is in cents.
17 Okay. I just wanted to make sure. Okay. Thank
18 you. That's all I have.

19 CHAIRMAN GOLDNER: Okay. I just have
20 one, I think, clarifying question.

21 BY CHAIRMAN GOLDNER:

22 Q There was a discussion, and I'll save Mr. Sheehan
23 some trouble, of is this for storm recovery for,
24 basically, year 2020 or year 2021, in other

[WITNESS PANEL: King|Eckberg]

1 words, was it caught at the end of year 2020 or
2 2021. Mr. King, is it -- it's 2020, correct?

3 A (King) It is 2020. That's correct.

4 Q Very good. And, so, my follow-on question is
5 really just process-related. So, where today is
6 the 21st of February 2023, and we're cleaning up
7 2020 right now. And I certainly understand why
8 we wouldn't be talking about 2022 at the moment,
9 because I'm sure the accounting is getting tidied
10 up and so forth.

11 But why aren't we talking about the end
12 of year 2021 or why aren't we talking about that
13 yet?

14 A (King) I believe that was just the date of the
15 balance discussed at the July hearing, that, you
16 know, up to that point the balance had been
17 growing for the lack of storms. And the Company
18 and the Department of Energy had agreed that that
19 was a -- at the time, they were discussing 2021
20 year, but starting with a balance of 2020, they
21 felt that was a point to refund.

22 Q That makes sense. And what would be the process
23 for reconciling or taking care of any
24 over-/under-collection in years 2021, and then

[WITNESS PANEL: King|Eckberg]

1 eventually 2022? What, if any, is the process
2 for tidying that up?

3 A (King) So, the Storm Fund will continue to grow
4 through 2021, 2022, and into 2023. What we're
5 presenting today is to simply just draw that
6 account down by 0.20 cents going forward for the
7 twelve months. I know the Storm Fund will
8 continue to grow as it's getting drawn down by
9 this amount each month.

10 Q So, maybe I'll point my next question at Mr.
11 Eckberg. So, as the Storm Fund fluctuates over
12 time, does the Department have any input on the
13 next time this should be reconciled?

14 A (Eckberg) Well, as I explained, we do an ongoing
15 annual look at the accounting of the Storm Fund
16 through the Company's Annual Storm Fund Report.
17 And there is a very high likelihood, I believe,
18 that the Company will be filing a rate case this
19 year. That's my general understanding. That
20 would certainly give us an opportunity to again
21 assess whether the ongoing average amount of
22 Major Storm Fund collection that is included in
23 base distribution rates is reflective of average
24 major storm costs.

[WITNESS PANEL: King|Eckberg]

1 I think we're all very aware of the
2 month of December 2022, around Christmastime, we
3 had a couple of very significant storms. And I
4 would imagine the companies, Liberty, as well as
5 other utilities, are in the process of finalizing
6 accounting related to those storms. And we
7 certainly look forward to seeing how those storms
8 impacted Storm Fund balances for Liberty, as well
9 as others.

10 So, I think that we are comfortable
11 with the ongoing existing mechanisms for looking
12 at the Storm Fund balances, and adjusting them as
13 needed.

14 Q Okay. Very good. Mr. King, do you have any
15 knowledge or understanding of the Storm balance
16 as of say the end of December 2022, do you know?
17 Or, even the current Storm Fund balance, do you
18 know what it is about right now?

19 A (King) Yes, I do. I have the balance as of
20 December 31st, 2022. There's a current balance
21 of -- and this was in two parts. So, the balance
22 is 4 million -- 4.4 million, taking into account
23 the 2022 storm experience of approximately 2
24 million, closing out the year the net balance

[WITNESS PANEL: King|Eckberg]

1 would be 2.398 million.

2 Q Okay, 2.398. And does that take into account
3 this \$1.8 million issue we're discussing today?

4 A (King) It doesn't. So, drawing that down, we'd
5 still have about, you know, say if it all went in
6 today, we'd have approximately 600,000 left in
7 the Fund.

8 Q So, it's pretty close to zero in the scheme of
9 the size of the Fund?

10 A *(Witness King nodding in the affirmative).*

11 Q Okay. Okay. That's good to know. Thank you.

12 Okay. And then, Mr. Eckberg, just a
13 last question for you. So, if Liberty were to
14 file their rate case in the spring, and that rate
15 case were to take, you know, twelve months, the
16 next time this Storm balance would be reconciled
17 would be in that rate case? So, in other words,
18 it would be 2024 when the Storm Fund is next
19 reconciled?

20 A (Eckberg) Well, I think that the Storm Fund
21 accounting happens on an annual basis,
22 independent of the rate case. So, we do have
23 that look. Plus, we always have the opportunity
24 to do a query, just as Mr. King was able to

[WITNESS PANEL: King|Eckberg]

1 provide us with an updated look at the Storm Fund
2 balance.

3 But, yes, we would. We will have a
4 look at the balance in the Spring of 2023, when
5 the Company files its 2022 Storm Fund Report, and
6 then again in the Spring of 2024.

7 Q And I'm sorry for pounding this nail so hard into
8 the wall, but I'm just trying to understand. So,
9 we know that, at the end of 2022, according to
10 Mr. King, that there's about a 600K balance in
11 the account.

12 A (Eckberg) Uh-huh.

13 Q The Company will make its rate case filing
14 probably in the spring. And I'm just trying to
15 understand the Department's position with dealing
16 with that balance on an annual basis. Do you
17 expect to -- do you expect to ask the Company to
18 refund that \$600,000 or do you expect to let the
19 rate case run its course, before you deal with
20 the rate case -- before you deal with the Storm
21 Fund balance again?

22 A (Eckberg) I would say it's a little bit hard to
23 give a specific answer to that, that question, in
24 terms of, I mean, a rate case settlement always

[WITNESS PANEL: King|Eckberg]

1 includes an awful lot of give-and-take on an
2 awful lot of factors.

3 But I think that, generally speaking,
4 the Department is not uncomfortable with the
5 Company having a current balance of \$600,000 in
6 the Storm Fund. I do think it's -- that seems
7 like a perfectly reasonable number.

8 Obviously, the Company is collecting a
9 relatively small amount, you might say, 150 --
10 the monthly collection that gets allocated to the
11 Major Storm Fund is 125,000 a month. And, so,
12 the slow buildup of funds in the Major Storm
13 Fund, and then, when there's a monster event,
14 such as we had December 24th/25th, there are
15 going to be significant expenses that happen for
16 the Company. So, I think that the general slow
17 buildup, and then large expense, is the typical
18 pattern that be we would expect to see.

19 In the current situation, we are
20 taking -- the Company has agreed to take this
21 action of proposing to give back some funds to
22 the ratepayers, because that buildup, and then
23 large expenses, which occur periodically for
24 major storms, be they winter or summer storms,

[WITNESS PANEL: King|Eckberg]

1 just gotten a little bit out of balance. And,
2 so, we're just looking to rebalance it a bit.
3 So, --

4 Q Okay. Very good. Very good. And, so, in your
5 mind, prior to settlement, the settlement
6 agreement, it's working pretty well, it's working
7 as you would expect it to work. We've made some
8 adjustments along the way. And, so, you're
9 satisfied with the way things are working?

10 A (Eckberg) Currently, yes. We're satisfied with
11 the way things are working. Yes.

12 Q Okay.

13 A (Eckberg) And the fact that the Company has the
14 Storm Recovery Adjustment Factor already built
15 into its tariff, provides the opportunity to
16 either give back over-collections, or for the
17 Company to propose an additional collection,
18 should they face hurricane-level storm expenses
19 or something on a unique occasion.

20 So, it works in the customers' favor,
21 and it works in the Company's favor as well, to
22 be able to collect more or give some back, if
23 that's the way things work.

24 CHAIRMAN GOLDNER: Makes sense. Yes,

[WITNESS PANEL: King|Eckberg]

1 you're leveling it out. So, it's a little bit
2 easier to manage and understand.

3 Okay. Very good. That's all the
4 questions that I have.

5 Any follow-up from Commissioner Simpson
6 or Chattopadhyay?

7 Commissioner Chattopadhyay, I think
8 your record is you've had a minimum of two every
9 hearing for the last year or so.

10 CMSR. CHATTOPADHYAY: I'm not so sure
11 about that. But, just to make sure it is, I will
12 go for number three.

13 BY CMSR. CHATTOPADHYAY:

14 Q So, is there a sense of sort of what is average
15 balance that the Company is comfortable with?
16 And was that ever discussed, like, previously?

17 A (King) I don't believe so.

18 Q Okay.

19 A (King) I don't know if there is a specific level
20 that the Company is comfortable with. I mean,
21 like we've discussed, there are years where we
22 might have a large number of storms; the next
23 year we might have none. So, it really depends
24 year to year.

[WITNESS PANEL: King|Eckberg]

1 Obviously, I think the Storm Fund right
2 now ideally collects the perfect amount for what
3 the Company will need in the given year, and goes
4 from there year to year.

5 Q Just remind me of when the issue of \$1.8 million
6 refund came up, what was the level of the
7 balance?

8 A (King) Just give me one moment, I can pull that
9 up. I just got that sent to me.

10 I believe, at the time of the hearing,
11 the balance was 704,000 -- excuse me, the balance
12 was 1.5, at the time of the hearing.

13 Q Yes, and maybe my question wasn't fully
14 understood. I mean, clearly, we are returning
15 \$1.8 million dollars.

16 A (King) Yes.

17 Q So, the Fund has grown to be, you know, so, when
18 that issue came up, the balance must have been
19 pretty high? I'm just trying to understand,
20 that's all.

21 A (Eckberg) Well, I think that --

22 Q And feel free to --

23 A (Eckberg) I think at the time of the hearing that
24 you're talking about, that was the hearing which

[WITNESS PANEL: King|Eckberg]

1 took place in late June or July of 2022. And, at
2 that time, we were discussing the Storm Fund
3 Reports of 2019 and 2020. And, so, we were
4 looking at the audited Storm balance as of
5 12/31/2020. That's where the 1.8 million
6 "over-collection", if you want to call it that,
7 over-collection was on the books of the Company
8 as of 12/31/2020.

9 And, so, we knew that going forward,
10 through 2021, and half of 2022, at that point in
11 time, the Company was continuing to collect its
12 authorized amounts for the Storm Fund. And, so,
13 it appeared to the Department that the 1.8
14 million balance that was on the books was perhaps
15 more than they needed to be in the bank to cover
16 potential impending storms. Of course, no one
17 can predict that, but that's the best judgment
18 that we had. The Company agreed that that was an
19 acceptable proposal. And, so, here we are.

20 CMSR. CHATTOPADHYAY: Thank you. That
21 was helpful.

22 WITNESS ECKBERG: Okay.

23 CMSR. CHATTOPADHYAY: Thanks. That's
24 all.

[WITNESS PANEL: King|Eckberg]

1 CHAIRMAN GOLDNER: Thank you. So,
2 we'll move to any redirect?

3 MR. SHEEHAN: I have none. Thank you.

4 MS. SCHWARZER: Just briefly.

5 **REDIRECT EXAMINATION**

6 BY MS. SCHWARZER:

7 Q Mr. Eckberg, does the 1.8 million amount appear
8 in your Report and Recommendation dated June 16,
9 2022, in Docket Number 21-073, and in the
10 Department's audit, at Page 3 of 26, or Bates
11 Page -- I don't think there was a Bates page on
12 that submission, in the original docket, so, the
13 audit, Page 3 of 26?

14 A (Eckberg) The 1.8 million amount does appear in
15 both the audit and the other location that you
16 specified. I believe those are referenced in my
17 technical statement here, Exhibit 2, are they
18 not?

19 Q You reference them in Exhibit 2, but I believe
20 your reference was also to the technical
21 statement filed in the 21-073 docket and the
22 Department's audit?

23 A (Eckberg) Yes.

24 Q Yes. So, I just wanted to direct you to that

[WITNESS PANEL: King|Eckberg]

1 again.

2 A (Eckberg) Yes.

3 MS. SCHWARZER: Thank you. No further
4 questions.

5 CHAIRMAN GOLDNER: Okay. Thank you.

6 So, thank you to the witnesses today,
7 and for making it in through the snow. And the
8 witnesses are released at this time. Thank you.
9 You can stay where you are, or return to the
10 spacious hearing room, either, your choice.

11 We'll admit Exhibits 1 and 2 into the
12 record. And we'll take administrative notice of
13 the documents referenced by the DOE, which I show
14 as DE 21-073 and DE 22-019. Is that the same
15 thing, Attorney Schwarzer?

16 MS. SCHWARZER: Those were the docket
17 numbers, Mr. Chairman. I'd be happy to repeat
18 the actual documents, if that would be helpful?

19 CHAIRMAN GOLDNER: I think it's okay.
20 We have it in the record. So, I just wanted to
21 kind of cover that we're taking administrative
22 notice of those items that you mentioned at the
23 outset.

24 MS. SCHWARZER: Yes, Mr. Chairman.

1 Thank you.

2 *[Administrative notice taken as*
3 *described earlier by Atty. Schwarzer.]*

4 CHAIRMAN GOLDNER: Thank you. Okay.

5 So, before we move to closing, I would like to
6 take a moment to compliment the parties, and, on
7 this occasion, particularly the DOE, on a tight
8 and efficient review and filing. The concise
9 summary and recommendations from counsel,
10 Attorney Schwarzer, along with a clear technical
11 statement, with background and review and
12 recommendations from Mr. Eckberg, made for a very
13 efficient process today. So, thank you,
14 everyone.

15 And we can move to closing, beginning
16 with the DOE.

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

19 The Department's position is simply
20 that this refund is appropriate and will result
21 in just and reasonable rates. And we ask the
22 Commission to approve it.

23 Thank you.

24 CHAIRMAN GOLDNER: Okay. Thank you.

1 And, finally, Attorney Sheehan.

2 MR. SHEEHAN: Thank you.

3 Just to pick up on a few loose threads
4 in the questioning. We do plan to file a rate
5 case this spring. And our expectation is to look
6 at that \$1.5 million number. Is that the right
7 number to have baked into rates?

8 Going forward, the annual
9 reconciliation, if you will, we will probably
10 propose the same process. So, we're collecting
11 the 1.5, or whatever number it turns out to be.
12 Each year we file, "Has it gotten too big?" "Has
13 it gotten too small?" And we'll continue that.

14 I do think we're going to propose in
15 the rate case, so, hopefully, better definitions
16 of what a "major storm" is, so we can avoid some
17 of the headaches we had last year with the whole
18 issue. And, again, hopefully, get DOE on board
19 with a more simplified definition. But that's
20 again for the rate case.

21 The smart person to my right confirmed
22 that, as of the hearing last summer, the balance
23 was about 2.8 million. And, if you do go back to
24 the transcript of the hearing, it was -- the 1.8

1 was, for lack of a better word, just a good
2 number to pull from, and we had a secondary
3 analysis. There's no real magic to it, other
4 than a good number given the balance at the time.

5 And, again, the whole purpose of the
6 Fund is not to keep it at zero, but to have money
7 there, available to spend. So, what's too much?
8 You know, you never know. You'll know it when
9 you see it, I guess.

10 With that said, you know, we ask that
11 the Commission approve the rate refund beginning
12 March 1, for a period of twelve months. And
13 that's proposed in the technical statement.

14 Thank you.

15 CMSR. SIMPSON: May I make a comment?

16 CHAIRMAN GOLDNER: Of course.

17 CMSR. SIMPSON: It would be nice if we
18 had some alignment across the utilities on
19 methodology for a storm fund, and, you know,
20 definitions. I mean, I think we understand the
21 value that arises from having some capital in a
22 storm fund. Because, I mean, today, the winter
23 is not over yet. We can always have another
24 storm.

1 So, my encouragement would be to take a
2 look at what some of the other utilities have
3 from recent cases. And it would nice if, over
4 time, we can get more and more aligned.

5 MR. SHEEHAN: Agreed.

6 CMSR. SIMPSON: Thank you.

7 CHAIRMAN GOLDNER: Okay. Is there
8 anything else today?

9 *[No verbal response.]*

10 CHAIRMAN GOLDNER: No? Very good.
11 Okay. I'll thank everyone. We'll take the
12 matter under advisement, issue an order by
13 Friday. And we are adjourned. Thank you.

14 ***(Whereupon the hearing was adjourned***
15 ***at 9:50 a.m.)***