

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

March 30, 2023 - 9:01 a.m.
21 South Fruit Street
Suite 10
Concord, NH

RE: **DG 23-034**
LIBERTY UTILITIES (ENERGYNORTH NATURAL
GAS) CORP. d/b/a LIBERTY-KEENE DIVISION:
Summer 2023 Cost of Gas.
(Prehearing conference)

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

Eric Wind, Esq./PUC Legal Advisor

Tracey Russo, Clerk

APPEARANCES: **Reptg. Liberty Utilities (EnergyNorth**
Natural Gas) Corp. d/b/a Liberty-
Keene Division:
Michael J. Sheehan, Esq.

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

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

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P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. We're here this morning for a prehearing conference in Docket DG 23-034, in which the Commission has docketed Liberty Utilities/Liberty-Keene Summer 2023 Cost of Gas Adjustment filing. The Commission's jurisdiction over this matter is based on the just and reasonable ratemaking standard of RSA 374:2 and RSA 378:7.

First, let's take appearances, beginning with the Company.

MR. SHEEHAN: Good morning, Commissioners. Mike Sheehan, for Liberty Utilities (EnergyNorth Natural Gas). And you recognize Mr. King and Ms. Gilbertson behind me, but we have a new member of the Regulatory team, Adam Yusuf. He started Monday, although he had been with the Company for a few years in the Billing Department. So, he's a familiar face to us, but not to you.

CHAIRMAN GOLDNER: Okay. Okay, thank you very much.

And the New Hampshire Department of Energy?

1 MS. SCHWARZER: Good morning, Mr.
2 Chairman. Mary Schwarzer, Staff Attorney for the
3 Department. And with me is our Gas Director,
4 Faisal Deen Arif.

5 CHAIRMAN GOLDNER: Thank you very
6 much.

7 I think we've identified anyone here,
8 but I'll ask just for completeness, do we have
9 any petitions to intervene at this time?

10 *[No indication given.]*

11 CHAIRMAN GOLDNER: Very good. Are
12 there any other matters to address before we hear
13 preliminary positions and discuss the proposed
14 procedural schedule as filed by the Department of
15 Energy on March 29th?

16 MR. SHEEHAN: Not from the Company.

17 MS. SCHWARZER: No thank you, Mr.
18 Chairman.

19 CHAIRMAN GOLDNER: Okay. Very good.

20 So, next, let's turn to Liberty-Keene's
21 filing. And we'll plan to hear preliminary
22 positions, and the Commissioners may have some
23 follow-up questions. So, beginning with Attorney
24 Sheehan.

1 MR. SHEEHAN: Thank you.

2 I've said this before, but I think it's
3 true this time, that this should be a routine
4 Keene Cost of Gas hearing. On the price side, as
5 I suspect you folks know, the gas market has
6 essentially collapsed since the scare we had last
7 fall, actually starting last summer.

8 CHAIRMAN GOLDNER: "Collapsed" being a
9 good thing.

10 MR. SHEEHAN: Exactly. The price has
11 collapsed, exactly. And that's reflected in the
12 filing, that the NYMEX prices are very low, and,
13 of course, everything is, you know, either
14 directly or indirectly affected by that. And Ms.
15 Gilbertson just mentioned to me this morning the
16 price has gone down a bit more since the filing.
17 We will certainly monitor that, as we do, and, if
18 appropriate, make an adjustment to the numbers
19 shortly before the hearing in this case.

20 So, that's really -- there are
21 sometimes other issues in these cost of gas
22 filings, whether it's a contract or for the LDAC;
23 we don't have any of that here. So, we believe
24 this will be simply a review of the normal

1 process, and hopefully approval of a much lower
2 price for customers.

3 Thank you.

4 CHAIRMAN GOLDNER: Thank you very much.
5 And the New Hampshire Department of Energy.

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

8 I think the Department would just like
9 to highlight some issues that are of concern to
10 us as we go into this cost of gas, noting that we
11 only have about twelve business days before the
12 hearing itself. So, the Department did file a
13 confidential exhibit, exhibit for the prehearing
14 conference, it's been marked just for the
15 prehearing conference. It's the Final Audit
16 Report from the Department of Energy, and I
17 believe that's before the Commission. So, that
18 makes sense of some of the issues that I'm going
19 to reference.

20 The Department is interested in hearing
21 more about Audit Issue Number 1, with regard to
22 the billing system, and how Keene -- how
23 Liberty-Keene has accounted for what it describes
24 as "missing customer numbers" at about \$60,000 in

1 bills for the last month of October.

2 There's a reference in the
3 Liberty-Keene testimony to an inclusion of the
4 prior period for an over-collection total of
5 about \$26,000, and it seems to also reference an
6 over-collection from a winter period, or
7 anticipating winter period. It is our
8 understanding that an over-collection for winter
9 goes to the next winter, over-collection for
10 summer goes to the next summer. So, we're
11 certainly interested in hearing more about that.

12 There's a distinction, on Page 18 in
13 the audit, where there's an 899 adjusted
14 over-collection for the summer period, in
15 contrast to what Liberty has identified on its
16 Schedule B as approximately \$27,000 of an
17 over-collection. So, we're interested in hearing
18 more about that.

19 We believe there's a calculation issue
20 with regard to the Summer of 2021 incremental gas
21 costs. Audit Issue 2 raises an issue that
22 incremental gas costs were not -- journal entries
23 were not made. So, we want to follow up on that.

24 It's because the audit is dated

1 March 21st, and Liberty's filing is March 20th,
2 after they filed March 17th testimony and
3 withdrew it, we are assuming that perhaps the
4 March 21st issues weren't fully addressed in
5 March 17th testimony, but we don't know. So,
6 we're interested in hearing about that.

7 The Commission has granted, in a
8 procedural order, waiver of the Company filing a
9 compliance tariff with its initial request. And,
10 because we want to review those before the
11 hearing, we're hoping that the Company would be
12 amenable to filing tariff pages April 3rd, or
13 perhaps the Commission would order them to file
14 compliance tariffs -- proposed tariffs on April
15 3rd, and we can discuss that further at this
16 hearing.

17 With regard to the testimony, there are
18 a number of issues that seem to us informative,
19 but not relevant for review or prudence decisions
20 for the summer period. And those would include
21 the Propane Purchasing Stabilization Plan,
22 relevant to winter propane, which we would expect
23 to be discussed and reviewed in the winter,
24 although always interesting to get information.

1 There's also -- we are curious about
2 the Company's plans for developing the Monadnock
3 Marketplace. It seems at somewhat of a
4 standstill, solid at perhaps 25 customers using
5 CNG. And, initially, we had understood that that
6 was going to be expanded more rigorously,
7 perhaps.

8 There's a reference to the current CNG
9 contract expiring on June 30th of 2024. So, we
10 would imagine that that is something, again,
11 relevant to the next winter period, in that there
12 is CNG supply assured under a contract that's
13 going to be valid for the remainder of this
14 Summer 2003 period. But we don't want it -- we
15 don't want the inclusion of it here to be
16 construed as reviewing it or approving it, or, of
17 course, we're interested.

18 And then, the Company has made a
19 reference to contracting for RNG. And we don't
20 know -- we're interested in learning more about
21 that. We did not see a final RFP, and we're not
22 aware that this was necessarily going out. So,
23 we look forward to hearing more about that, and
24 when RNG might be used in the Keene franchise

1 section.

2 There are two miscellaneous issues that
3 we just want to bring up as well.

4 CHAIRMAN GOLDNER: Let me pause you
5 there for a minute, Ms. Schwarzer.

6 Just checking, I know that the audit is
7 marked "confidential", and then you made some
8 references to some details in the audit with some
9 numbers. Would you want the court reporter to
10 mark those as "confidential" in the record?

11 MS. SCHWARZER: Well, I discussed this
12 with Liberty at the beginning. The audit is only
13 marked "confidential" because of the Keene
14 information. And, so, Liberty has agreed to
15 provide a redacted version.

16 It's probably appropriate, Mr.
17 Chairman, until the redacted version is prepared
18 by the Company, for any numbers to be marked as
19 "confidential".

20 CHAIRMAN GOLDNER: Okay. Thank you.

21 MS. SCHWARZER: Thank you.

22 *[Following this prehearing conference,*
23 *this transcript was reviewed by*
24 *Atty. Sheehan, and he indicated to me*

1 that no confidential information was
2 disclosed within this transcript, and
3 therefore no redactions were
4 necessary.]

5 CHAIRMAN GOLDNER: Please proceed.

6 MS. SCHWARZER: Sure. Thank you.

7 So, in speaking with the Audit
8 Division, and they do not review the filing that
9 was made on March 17th or March 20th, they just
10 work with what was submitted to them, and what
11 was filed with you, as the Company's Summer 2022
12 Reconciliation Report. So, Audit has shared that
13 the Company has updated the Schedule B provided
14 with the Summer 2022 Reconciliation Report to
15 them. But, to the best of their knowledge,
16 Liberty has not filed that with the Commission
17 formally, to update the Report as final and
18 reviewed by Audit. And Audit asked that the
19 Company do that.

20 And, finally, although certainly there
21 is a docket open that the Department intends to
22 comment in, in DG 23-027, with regard cost of gas
23 scheduling and LDAC scheduling, there was a joint
24 report that the Company and the Department filed

1 in Docket DG 21-132, that was intended to
2 establish a sort of *pro forma* schedule, if you
3 will, to avoid the kind of rush that we are now
4 engaged in.

5 And the agreement also was that any
6 changes would be described by the Company in a
7 brief narrative and annotated and tracked, as
8 well as agreement on various dates. And, so, we
9 are disappointed that their approved procedural
10 schedule wasn't filed in the first instance. We
11 want to remind the parties that we expect that
12 that is in place, unless the Commission orders
13 otherwise.

14 And I can make separate comments about
15 the procedural schedule. But, just to tack them
16 on here, Liberty has agreed to the change for the
17 data request date, from April 3rd to April 4th,
18 in the event they want to make changes, that is
19 easier for us.

20 And there was one other. Just that
21 Liberty has agreed to redact the exhibit.

22 So, those are the issues that are of
23 concern to us, and that we expect to address here
24 today.

1 And, if I could check briefly with the
2 Gas Director?

3 *[Chairman Goldner indicating in the*
4 *affirmative.]*

5 MS. SCHWARZER: Thank you.

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

8 MS. SCHWARZER: Thank you very much.

9 CHAIRMAN GOLDNER: Thank you. We'll
10 move to any Commissioner questions, beginning
11 with Commissioner Chattopadhyay.

12 CMSR. CHATTOPADHYAY: So, I know this
13 is just a prehearing conference. So, I'm trying
14 to be careful as to what kind of questions, if at
15 all, they come out as questions.

16 But purely driven by my intent to
17 better understand the Propane Purchasing
18 Stabilization Plan. I, you know, consider this
19 like is something that's of interest to us. So,
20 maybe, when you are dealing with this later, keep
21 that in mind.

22 So, I'm just curious, when was that
23 introduced first, if you remember?

24 MR. SHEEHAN: You mean the Plan itself?

1 CMSR. CHATTOPADHYAY: Yes.

2 MR. SHEEHAN: I don't know the year,
3 but it's been in place for the entire time I've
4 been at Liberty. So, at least seven or eight
5 years.

6 CMSR. CHATTOPADHYAY: Seven or eight
7 years.

8 *[Court reporter interruption.]*

9 MR. SHEEHAN: So, Ms. Gilbertson was
10 saying that it's been in place for as long as
11 she's been here as well. So, at least a decade.

12 CMSR. CHATTOPADHYAY: Okay. Yes. And
13 just give me a sense of how the RFP will work
14 out? Like, I know that you mentioned it in the
15 testimony, but --

16 MR. SHEEHAN: So, the --

17 CMSR. CHATTOPADHYAY: -- what stage is
18 it at right now?

19 MR. SHEEHAN: So, as you know, the plan
20 is to commit to a certain quantity of gas over
21 the summer period to be used in the winter. And
22 the RFPs go out roughly now, and I'll check with
23 Ms. Gilbertson in a moment. And the process
24 we're following this year, again, is exactly the

1 same that we've done for many, many years. And
2 the quantity has stayed roughly the same, if not
3 exactly the same, and the process has stayed the
4 same.

5 *[Atty. Sheehan and Ms. Gilbertson*
6 *conferring.]*

7 MR. SHEEHAN: Okay. Ms. Gilbertson
8 relayed that we have already issued the RFP. We
9 have received responses, and we have selected the
10 winner of the RFP, just in the last couple weeks.

11 CMSR. CHATTOPADHYAY: Do you procure
12 monthly? Do have, like, specific numbers for
13 every month?

14 MR. SHEEHAN: Yes.

15 CMSR. CHATTOPADHYAY: And is that sort
16 of an average number or do they vary across the
17 months?

18 MR. SHEEHAN: So, the -- it's a target
19 quantity, you know, we are going to purchase X
20 amount, and it's purchased monthly. Same
21 quantity?

22 MS. GILBERTSON: It's on D-3 in the --
23 there's a tab in the filing, D-3, shows the
24 schedule.

1 MR. SHEEHAN: There's a schedule in the
2 filing that shows the schedule -- that there's a
3 document schedule that shows the calendar
4 schedule for how we purchase the stabilization.

5 If you could find the Bates page,
6 somebody, within that exhibit?

7 CMSR. CHATTOPADHYAY: All of this is
8 stemming from a different reality right now, and
9 you started off talking about "collapsing prices"
10 and all of that. So, I think the Commission
11 would be interested in understanding whether
12 there are ways to better employ, you know, the
13 PPSP.

14 MR. SHEEHAN: So, the purpose of the
15 Program is not to get "the lowest price", because
16 we never win that. It's -- you can't predict
17 that. The purpose is to get enough summer
18 purchases, which are generally lower, to
19 stabilize the winter pricing. And, if we tried
20 to guess whether to buy it faster or slower over
21 the course of the summer, that's not a game that
22 we engage in. Certainly, if the Commission would
23 like us to do something different, we will
24 listen.

1 But, just like any stabilization plan,
2 it is generally cheaper to buy gas in the summer.
3 And, of course, we don't want to buy too much,
4 because then, if we don't use it, we have that
5 issue as well.

6 CMSR. CHATTOPADHYAY: That is why it's
7 important to know when this was started, what
8 were the intent when it started.

9 So, it is, just purely thinking like an
10 economist, I mean, if I knew that the prices were
11 going to be lower for sure in the future, and,
12 you know, do I want to buy it right now?
13 Probably not.

14 So, that's why I was asking, there's a
15 need to understand the history of it, when was it
16 started, and what were the purposes?

17 So, I think I'll leave it at that, this
18 being the PHC.

19 MR. SHEEHAN: So, I will have at my
20 hand at the hearing, but I can suggest that
21 pretty much every summer cost of gas order has a
22 discussion of the Plan, and references its
23 history and its basic outline. So, I can pull
24 those for you at the time of hearing.

1 CMSR. CHATTOPADHYAY: Yes. Again, view
2 this as a topic that I am interested in. And I
3 know this is a PHC, I keep saying that. So, keep
4 that in mind.

5 CHAIRMAN GOLDNER: Very good. Just a
6 couple of things.

7 So, I guess my encouragement would be
8 for any ideas that Liberty or Liberty-Keene has,
9 relative to improvements in the process, to file
10 those in 22-053. I think what we got a lot of,
11 in terms of our replies from the utilities, was
12 "Hey, what we're doing is perfect and awesome,
13 and please don't change anything."

14 So, you know, I'm a skeptic, whenever I
15 hear "The way we've always done it is the way
16 that we want to continue to do it." And the IR
17 docket is an opportunity to say "Hey, here's some
18 things that we think could really help us out,
19 and help the ratepayers out", and so forth.

20 So, my encouragement would be, whether
21 it's on the topic that Commissioner Chattopadhyay
22 mentioned, or any other topic, to please think
23 creatively in that docket. And that's an
24 opportunity for you to get input from all the

1 other parties. And, ultimately, in an
2 adjudicative docket later on, the opportunity to
3 change your process and get something better for
4 Liberty. So, I would just encourage creativity
5 in the IR 22-053 docket.

6 The other thing I'll mention is, in
7 23-027, there was a -- there was the filing that
8 Liberty made relative to the cost of gas timeline
9 and LDAC timelines. And that's something -- that
10 was a welcome filing, and the Commission
11 appreciates that filing. And that's -- I think
12 that's something that will -- I'm not sure,
13 Mr. Wind, if we have issued a NAP on that one
14 yet?

15 MR. WIND: It will be out this week.

16 CHAIRMAN GOLDNER: Okay. Should have a
17 NAP on that this week. And that was appreciated
18 by the Commission.

19 MS. SCHWARZER: Mr. Chairman?

20 CHAIRMAN GOLDNER: Yes.

21 MS. SCHWARZER: If the Department could
22 speak briefly to what was filed in 23-027?

23 It seemed, at least to the Department,
24 fairly superficial. And we have some significant

1 concerns that, being that the tariff changes may
2 be far more complex than perhaps contemplated,
3 with regard to realigning the LDAC for a
4 February 1 date.

5 We intended to file a letter, and we
6 will do that this week, if we are given the
7 opportunity to do that.

8 CHAIRMAN GOLDNER: Just a moment
9 please.

10 *[Chairman Goldner and Atty. Wind*
11 *conferring.]*

12 CHAIRMAN GOLDNER: Yes. So, Mr. Wind
13 and I were just talking that the -- you know,
14 we'll make sure to provide full process in that
15 docket. And, so, we'll -- and there's no tariff
16 changes sort of anticipated in the Notice of
17 Adjudicative Proceeding. So, we look forward to
18 the opportunity in that docket to move that
19 forward, Ms. Schwarzer.

20 And, so, to the extent there are any
21 concerns, we'll be able to fully adjudicate it in
22 that docket.

23 MS. SCHWARZER: Mr. Chairman, I think I
24 might be perhaps confused as to the docket under

1 discussion. 23-027?

2 CHAIRMAN GOLDNER: That's what I have,
3 yes.

4 MS. SCHWARZER: Specific to Liberty?

5 CHAIRMAN GOLDNER: Specific to Liberty.

6 MS. SCHWARZER: Okay. I'm sorry. I
7 understood that you wanted Liberty to file a
8 specific plan. And what I read seemed extremely
9 high level, and we had hoped to make a comment.
10 So, if the Commission is already going to issue
11 an order, I don't want to --

12 CHAIRMAN GOLDNER: Oh, no. We'll issue
13 a Notice of Adjudicative Proceeding to adjudicate
14 that docket.

15 MS. SCHWARZER: Oh, I understand.
16 Okay.

17 CHAIRMAN GOLDNER: Yes.

18 MS. SCHWARZER: Thank you very much.

19 CHAIRMAN GOLDNER: Sorry, yes. That's
20 Commission parlance for --

21 MS. SCHWARZER: Thank you.

22 CHAIRMAN GOLDNER: -- that we're just
23 issuing the notice this week. So, there won't be
24 anything substantive in that order, other than

1 the statutes that we're operating under, and so
2 forth.

3 But I was just communicating to the
4 Company that the filing is appreciated. Though,
5 I know it's a different division.

6 Okay. Very good. Anything else,
7 Commissioner Chattopadhyay?

8 *[Cmsr. Chattopadhyay indicating in the*
9 *negative.]*

10 CHAIRMAN GOLDNER: Okay. Very good.

11 Okay. Just to repeat back, I believe
12 that I heard, Attorney Schwarzer, I believe that
13 you said that the procedural schedule was agreed
14 to with the Company, is that --

15 MS. SCHWARZER: Yes, Mr. Chairman. And
16 they have agreed to the last date referenced in
17 our first paragraph.

18 CHAIRMAN GOLDNER: The "April 4th"?

19 MS. SCHWARZER: Yes. Thank you very
20 much.

21 CHAIRMAN GOLDNER: Yes. Okay. Very
22 good. Mr. Sheehan, you agree?

23 MR. SHEEHAN: That's correct.

24 CHAIRMAN GOLDNER: Okay. Thank you.

1 So, just a moment.

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

4 CHAIRMAN GOLDNER: There was an April
5 3rd -- illustrative tariff pages on April 3rd, is
6 that also moved to April 4th?

7 MS. SCHWARZER: Because the Commission
8 granted a waiver, I don't believe I explicitly
9 mentioned the tariff. But we did ask that any
10 changes Liberty was going to make to its filing
11 be made no later than April 3rd. And orally
12 asked here that the Commission direct the Company
13 to file tariff pages, proposed tariff pages, by
14 that date.

15 Thank you.

16 CHAIRMAN GOLDNER: I see. And the
17 Company was okay with that, yes?

18 MR. SHEEHAN: Actually, no. That, what
19 we were thinking was, if we were going to amend
20 our filing, for pricing and the sort, that's what
21 we would do by early April.

22 The tariff page issue is separate. We
23 asked for a waiver of illustrative tariff pages,
24 for the reasons stated in the waiver. You know,

1 the proposed and/or illustrative tariff pages
2 filed at the outset of a case, especially this
3 case, would only have the numbers change from the
4 existing cost of gas rate to what is in the
5 filing. So, they won't give you any information
6 other than the "7" is going to change to a "6",
7 or whatever it may be.

8 So, having us file that next week, we
9 don't think has any particular value for this
10 case. So, we don't agree to -- I mean, we'll do
11 it if you tell us to, but we don't think it's
12 really a meaningful step.

13 MS. SCHWARZER: If I just might speak
14 to that?

15 I believe tariff issues have become
16 somewhat more complicated than anticipated in the
17 past, and there are issues with the revised
18 tariff page numbers and order numbers in the
19 bottom, and the general formatting.

20 Given that we have twelve days before
21 hearing, it would be a relief to the Department
22 to have a framework, even if the day of the
23 hearing the Company were to specify certain
24 numbers that would be changed.

1 And, with that, I'll leave it to the
2 discretion of the Commission.

3 CHAIRMAN GOLDNER: Would it make sense
4 just to file the illustrative tariff pages on the
5 14th, when everything else is due, when all the
6 other exhibits are due, would that work for
7 everyone?

8 MS. SCHWARZER: Because everything is
9 due that day, and we're not sure about the
10 magnitude of changes or issues we might be trying
11 to address, that would be harder for the
12 Department.

13 CHAIRMAN GOLDNER: Would it be
14 acceptable to the Company to pull in the
15 illustrative tariff changes by a couple of days,
16 to the 12th, or something like that, would it be
17 helpful?

18 MR. SHEEHAN: That's fine. And, again,
19 we'll do it. You will see, and it's my
20 understanding, the Keene cost of gas tariff
21 change will only have changes to numbers.

22 Now, of course, the headers and the
23 footers are a separate issue. And I can report
24 we had a very productive unofficial tech session,

1 whatever it was, yesterday, and I think we've got
2 some resolution on those issues.

3 But, yes, if you'd like us to file an
4 illustrative tariff page on the 12th or so,
5 that's fine.

6 CHAIRMAN GOLDNER: Okay. I think
7 that's the desire of the Department of Energy.
8 And just, in the spirit of closing the issue,
9 let's make the illustrative tariff pages "April
10 12th".

11 I'll note that the -- in the proposed
12 procedural schedule, that the parties were to
13 file the hearing exhibits, so everything needs to
14 be filed by the 14th. The Commission will accept
15 that, though, that's a violation of the -- or, an
16 exception to the hearing guidelines. But, in the
17 spirit of cost of gas and the expedited docket,
18 we'll accept those changes.

19 I need to ask you, Mr. Sheehan, about
20 some notes in the filing from Attorney Schwarzer
21 yesterday that, and I think she alluded to it in
22 her opening statement, relative to
23 Liberty-Keene filing about a week after when the
24 Department was expecting it, and some other

1 delays.

2 Would you care to address the delays?

3 MR. SHEEHAN: Sure. The filing was
4 made on the 17th, period. We did correct some
5 confidentiality markings on Monday, the 20th.
6 But nothing else changed, and we said so in the
7 filing. So, the filing was made on the 17th.

8 What happened on our end is the prior
9 due dates for cost of gas filings dictated the
10 15th, or 40 -- actually, it said "45 days prior
11 to the effective date." This is something that's
12 been in orders for many years. And that was in
13 our calendaring system. And, under that 45-day
14 rule, 17th was the due date. So, that's what we
15 had targeted, that's what we filed.

16 Ms. Schwarzer is correct that we had
17 subsequently reached an agreement on the 15th,
18 and we missed that. That was just simply a
19 calendaring error between -- on our side. I
20 think we put five or six filings out last week,
21 and that date got missed. And, so, we apologize
22 for that. They have had the numbers since
23 Friday, the 17th.

24 CHAIRMAN GOLDNER: Okay. And, for

1 future filings, do you anticipate the calendaring
2 issue being remedied, so that the future dates
3 are updated and correct?

4 MR. SHEEHAN: Yes. Ms. Karpf of our
5 office is the keeper of the calendar, and she
6 has -- she screenshotted it to me yesterday when
7 this came up, and we saw that what she had in
8 there was the old rule of "45 days". And it was
9 my fault in not communicating to her the change
10 that we reached in the spring. So, that was
11 where the breakdown was, is we reached the "15th"
12 agreement, and that did not get to Maureen's
13 calendar.

14 CHAIRMAN GOLDNER: Okay. Well, I think
15 it's -- the result is very tight on everyone, on
16 the Company, on the DOE, and on the Commission.
17 So, I think we'll all do the best we can under
18 the circumstances. And, with rates on the
19 decline, you know, I think we're going to benefit
20 from this on the current timeline.

21 So, I can, with the addition of that
22 April 12th illustrative tariff deadline, the
23 adjustment to April 4th, as stated by Attorney
24 Schwarzer, we can -- I can approve the procedural

1 schedule from the Bench. And then, we'll
2 published a procedural order to clarify all of
3 the details in the procedural schedule, so that
4 everyone has that on the record, and there's no
5 confusion on how we move forward.

6 Anything else on the procedural
7 schedule?

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

10 I just wanted to bring to the attention
11 of the Commission that, when the Company agreed
12 to the March 15th date with DOE, the expectation
13 was that the hearing would occur much, much later
14 in April. And, not for this docket, of course,
15 but, going forward, the Department is hopeful and
16 interested in moving the March 15th date forward
17 about a week and a half, in light of the change
18 of the hearing dates. Because we do hope to have
19 at least six weeks, generally, for a cost of gas.

20 And I don't know if the Company has an
21 initial response to that or whether they can meet
22 that request, but I just wanted to flag it here.

23 CHAIRMAN GOLDNER: Okay. Yes, I'd like
24 to hear from the Company on their thoughts on the

1 request?

2 MR. SHEEHAN: Our preference is to
3 combine this with the winter proceeding, so we
4 don't have it at all. We do it on the
5 EnergyNorth side; Keene is less complicated,
6 typically.

7 And, when we made the filing that you
8 referenced earlier, we did discuss it with OCA
9 and Staff, and there was a preference to keep it.
10 So, that's what, you know, it's not a hill we
11 need to die on. So, we proposed the two stages.
12 But, if the Commission would think that combining
13 them makes the most sense, we're okay with that.

14 As far as this particular hearing, yes,
15 more time is always better. I don't -- again, I
16 don't think this Keene Cost of Gas is
17 particularly complex. The issues that
18 Ms. Schwarzer raised, we'll deal with. But those
19 were relatively small dollar accounting kind of
20 issues, it's not a big issue that could sidetrack
21 the whole case. At least that's our goal.

22 CHAIRMAN GOLDNER: Okay. Okay, thank
23 you. Anything you'd like to add, Ms. Schwarzer?

24 MS. SCHWARZER: Thank you, Mr.

1 Chairman. If our Gas Director could speak
2 briefly to the timing issue, we would appreciate
3 it?

4 CHAIRMAN GOLDNER: Of course.

5 MS. SCHWARZER: Thank you.

6 CHAIRMAN GOLDNER: Yes.

7 MR. ARIF: Good morning, Mr. Chairman.
8 Good morning, everybody.

9 I just wanted to bring to the fore,
10 before the Bench, the fact that it is to do our
11 due diligence in a timely manner, and account for
12 at least two rounds of data requests, and review
13 of those data requests, with the administrative
14 procedures that we have currently set in -- put
15 in place. We are extremely squeezed to do our
16 due diligence, in between the final hearing date,
17 if we take this as an example, April 18th, and
18 the filing was made on March 17th, that, and with
19 a round of data requests, and ten calendar days,
20 as it stands now, for the Company to respond to
21 those data requests, we do not simply have enough
22 time to do our due diligence, in terms of going
23 through the responses, the initial filing, and
24 all of that.

1 I think that, when we look through the
2 calendar, this issue becomes quite prominent.
3 And we're, of course, talking about Liberty-Keene
4 summer filing here, but this is probably an issue
5 that can be sort of extended to other
6 proceedings, too.

7 So, I would humbly request the
8 Commission to look into that, and allow -- simply
9 request that allow DOE to do its due diligence,
10 so that we can provide our opinion, and mark all
11 the exhibits that would be beneficial for
12 consideration by the Commission itself.

13 As for the other comment that Attorney
14 Sheehan made, in terms of combining the two
15 filings for summer and winter, I believe this is
16 enshrined in the history of Keene Division in
17 general. As an economist, when I looked through
18 a little bit of that history, it became apparent
19 that the dollars figure that we are talking about
20 may be small at the present time, but what went
21 into it, in terms of investment, on *per capita*
22 basis, and how the return is turning out, which
23 is of interest to DOE, is not necessarily
24 insignificant.

1 So, in light of the history and all of
2 it, I would highly encourage and request that the
3 Commission to keep it separate for the
4 foreseeable future, so that we can have timely
5 information, updated information, and provide our
6 opinion as the information is provided.

7 Thank you.

8 CHAIRMAN GOLDNER: Okay. Yes. Thank
9 you.

10 I think the idea that the Commission
11 had was that, to separate the LDAC from the cost
12 of gas, and the cost of gas would be as
13 streamlined as possible and as quick as possible,
14 so we could -- we could process it expeditiously.

15 I don't know that we've given a ton of
16 thought to the two proceedings versus one. So,
17 we'll take the feedback and think about that some
18 more.

19 But that was the idea, was to
20 compress cost of gas as much as possible, was
21 the original -- was the original thought
22 process.

23 MS. SCHWARZER: Just a final comment.
24 That the audits for the summer periods are in no

1 way available in the fall, when they might be
2 relied upon. It's a challenge for the unified
3 dockets, and we would rather keep them separate
4 here.

5 CHAIRMAN GOLDNER: So, the audits,
6 you're performing an audit once a year, the DOE
7 is?

8 MS. SCHWARZER: My understanding, and
9 subject to check, is that the audits for the cost
10 of gases are done seasonally. And that there's a
11 reconciliation for the winter period, separate
12 from the reconciliation for the summer period.
13 And that relies upon when the actual costs come
14 in and are finalized, and the Company files its
15 report, and Audit receives it.

16 So, the summer report, as here, the
17 Summer Reconciliation Report and the audit was
18 done -- wasn't completed until March 21st, even
19 after the Keene report -- excuse me -- the Keene
20 Summer Cost of Gas was filed. But, as is
21 reflected in the audit, you can see the Company
22 and the Audit have done back and forth. I
23 believe the original Liberty Reconciliation
24 Report was filed in February. And, so, that's

1 not a -- that's a reasonable timeframe, February
2 to March 31st, but it certainly wouldn't be
3 available in the fall.

4 CHAIRMAN GOLDNER: And, so, your
5 process, for both Liberty-Keene and Liberty, is
6 to audit cost of gas twice a year, once for
7 winter/once for summer. So, you're doing four
8 audits for Liberty and Liberty-Keene altogether.
9 Is that right?

10 MS. SCHWARZER: I believe that's
11 correct, subject to check. I mean, I want to be
12 clear, the Audit Division does not audit the cost
13 of gas filing. They only audit the
14 Reconciliation Report for the prior period for
15 the prior year.

16 CHAIRMAN GOLDNER: Right. Right. And
17 that's what you need for this proceeding, --

18 MS. SCHWARZER: Correct.

19 CHAIRMAN GOLDNER: -- so that you can
20 nail down the cost of gas number precisely?

21 MS. SCHWARZER: Correct.

22 CHAIRMAN GOLDNER: And is there a
23 reason, I think you said, I guess, why -- I
24 guess, when could the audit be available for

1 winter and summer? So, you were saying that the
2 audit was filed, and my machine went blank, but
3 when was the audit filed this time around?

4 MS. SCHWARZER: I believe Liberty filed
5 it in February, early February. However, the
6 Audit must have the actual costs for the period
7 under consideration. And, since the Summer of
8 2022 period ends at the end of October, --

9 CHAIRMAN GOLDNER: Uh-huh.

10 MS. SCHWARZER: -- and I believe
11 there's a four-month true-up period, it would be
12 problematic to try to -- I mean, I think it's
13 physically impossible to have the actual costs
14 for October in place in August, when the filing
15 is made for the winter period.

16 CHAIRMAN GOLDNER: And I think, I don't
17 want to put words in Mr. Sheehan's mouth, but I
18 think that the point is that, if they went to one
19 filing a year, then some of these timing issues
20 would go away. No?

21 MS. SCHWARZER: I'm not sure how that
22 would be possible, because then you would be
23 projecting the summer reconciliation in the
24 winter, in order to approximate the

1 over-/under-collection, I believe.

2 CHAIRMAN GOLDNER: I think, so, I'd
3 like to turn to Mr. Sheehan, because I think the
4 Commission would be interested in your thoughts
5 on going to one proceeding versus two, and the
6 timing that Attorney Schwarzer is pointing out,
7 maybe you could help us understand how that might
8 work?

9 MR. SHEEHAN: Sure. The EnergyNorth
10 used to be two seasons as well, and it wasn't
11 that long ago that we switched to one, three,
12 four, or five years, I'm not sure exactly. And,
13 so, all these issues are being handled just fine
14 in the EnergyNorth cost of gas.

15 As to this audit issue, Ms. Schwarzer
16 is correct that, if we had a Fall '23 hearing for
17 both that winter and the following summer, we
18 would not have this audit report available. And
19 the answer to that is, we still calculate our
20 over/under, it's subject to audit, and it's
21 just -- it ends up being a delay.

22 So, if we had had last -- let me make a
23 better example. If we had a combined hearing
24 last fall, and this audit just came out now for

1 the '22 season, that wasn't available last fall,
2 it would get incorporated this fall. So, if
3 there's adjustment of \$14,000, you know, it's
4 just a delay to the adjustments.

5 And, again, that's what happens with
6 the EnergyNorth side. I assume the timing is
7 roughly the same, I'm not intimately familiar
8 with it. But we pick up the adjustments when
9 they're done, and address them.

10 So, you can have a combined hearing,
11 and maybe the information is not quite as timely,
12 but it's available and we make adjustments.

13 CHAIRMAN GOLDNER: And, so, maybe,
14 Attorney Schwarzer, one more time. You can --
15 what would be your objection to emulating or
16 copying the Liberty corporate filing process here
17 with Liberty-Keene? What would be the -- what's
18 the difference, I guess?

19 MS. SCHWARZER: Well, I think we had,
20 at the last fall's proceedings for cost of gas,
21 there had been a suggestion that there be a
22 shorter perhaps spring review of the EnergyNorth
23 summer proposal, to be able to use actual
24 figures. And I will certainly defer to the Gas

1 Director to comment as well. But my
2 understanding of over-/under-calculations is that
3 they're supposed to be based on actual costs for
4 the prior period, to bring some finality and
5 concrete, real-world costs to the whole process
6 of determining the over-/under-collection and the
7 reconciliation to make that meaningful.

8 CHAIRMAN GOLDNER: But, hopefully,
9 you're doing that already for Liberty, I'll call
10 it "Liberty corporate" for purposes of this
11 discussion, not Liberty-Keene, but you're already
12 doing that. I'm just trying to understand why
13 it's acceptable to the Department of Energy to do
14 Liberty one way and Liberty-Keene another?

15 MS. SCHWARZER: Well, I think we had
16 raised, at the EnergyNorth cost of gas, concern
17 over the summer projection figures being multiple
18 months away from the period that they would be
19 covering, and a concern that the audit had not
20 been done at that time.

21 But let me defer to Mr. Arif.

22 MR. ARIF: Thank you for the
23 opportunity, Chairman Goldner.

24 I just wanted to add, it's basically

1 the principle of validating and doing our due
2 diligence, from the Department of Energy's
3 perspective, to provide the timely and
4 accurate -- as accurate as possible information
5 to the Commission, so the Commission can actually
6 provide its decision based on having considered
7 all the opinions that is before the Commission.

8 What creates an issue here is the
9 fact -- multiple things. First is the timing, as
10 you have already noticed and pointed out; second
11 is the accuracy of the information; third is the
12 projection versus actual; and fourth is Liberty's
13 own accounting practice, which has four months of
14 true-ups, in generally speaking, at least under
15 the old accounting system, prior to the move over
16 to SAP system that they have instituted in place.

17 All of those together combined creates
18 an enormous amount of, if I may put it this way,
19 uncertainty in terms of the numbers that we are
20 looking at. And those numbers do not necessarily
21 always stick to the -- even within the one single
22 proceeding, they keep on changing, and we have
23 hard time to track those numbers to provide our
24 thoughtful opinion on those.

1 What allows us to do a better job, by
2 separating the two proceedings, is to have at
3 least accurate numbers, the actuals, for the
4 prior period. Audit does its own work,
5 Regulatory and the DOE does its own review. We
6 do talk to each other and try to sift through the
7 numbers that we are looking at, but not
8 necessarily always we could trace all the numbers
9 back to Liberty's books. Sometimes we just have
10 to take what is being presented to us.

11 So, all of these together creates an
12 issue. And it would be accentuated if you -- if
13 we actually come back to one filing, possibly
14 where like the fall, which happens, I recognize,
15 in Liberty EnergyNorth proceedings. However, if
16 you kind of recall, in my testimony last fall, I
17 did indicate a number of reasons, and I
18 apologize, I don't recall all of them, but some
19 of them I have just mentioned to you now, a
20 number of reasons why it should be separated.

21 So, it's not that we are not
22 recommending that it should be, for
23 Liberty-Keene, it should be kept separate, we
24 actually also recommended that it should be

1 separated for EnergyNorth as well, basically, in
2 order to recognize, and, frankly speaking, work
3 with the Company, given the practices that they
4 have instituted, and allow us to do our due
5 diligence and provide a most-informed opinion.

6 CHAIRMAN GOLDNER: Commissioner
7 Chattopadhyay.

8 CMSR. CHATTOPADHYAY: If the Company
9 knows or remembers, earlier EnergyNorth used to
10 have two, you know, summer and winter filings,
11 and then they moved to one filing. Why was that
12 done?

13 I'm sure people thought about there
14 were some advantages for doing that. And I'm
15 trying to understand if the Company has
16 institutional knowledge of what was the reason
17 behind that?

18 MR. SHEEHAN: Sure. So, the motivation
19 for switching EnergyNorth from two filings to one
20 actually stem from the former Gas Director, Mr.
21 Frink, and we agreed with it. It wasn't a
22 dispute at all, that the summer cost of gas is,
23 frankly, unnecessary, the hearing. The process
24 you go through in the fall, to project the summer

1 pricing and to adjust them through the monthly
2 triggers, they found was sufficient.

3 Again, these are cost of gas
4 pass-through things. These aren't rate base
5 prudence determinations. So, what did we spend?
6 We spent X, we need to bill our customers X.

7 There is an issue of, you know, missing
8 the projection on the summer rate, because you
9 are doing it six months ahead. But, again, the
10 so-called "trigger" filings address that. So, if
11 the Company -- if the Commission approved 45
12 cents for May 1, it turns out it's 35 cents, we
13 implement it.

14 So, that was the thinking. It's simply
15 these summer hearings were, you know, I don't
16 want to say the word "rubber stamped", but they
17 were pretty close to that, and they could be
18 handled similarly. Because the Commission's
19 concerns, I assume, is are we following the right
20 process for procuring the gas, and to DOE's
21 position, you know, "we've got to check the
22 numbers", and we get that.

23 But, with the reconciling costs, again,
24 these are pass-through costs, we can pick up a

1 correction and 18 months later fix it. You know,
2 and they do have a look at the estimates. So,
3 even though we don't have all actual numbers, if
4 there's a concern that our proposed over/under,
5 which has two months of estimates in it, is way
6 off, they can ask, and we can fix it.

7 So, I agree with them that, at the end
8 of the day, we have to have actuals, and we have
9 to make sure the right numbers got billed to
10 customers. But that can, again, with all
11 reconciling figures, there's always a lag. And
12 the thinking was the lag created by a single
13 hearing was okay.

14 CMSR. CHATTOPADHYAY: One more, just to
15 follow up.

16 There was some discussion about
17 "firming up the numbers takes four months", if I
18 understood it correctly. With the -- and there
19 was a mention of a new system that the Company is
20 relying on. Do you have any thoughts on whether
21 you still need four months or it's going to be
22 better going forward?

23 MR. SHEEHAN: So, the short answer is
24 "I don't know." The part of the true-up is, you

1 know, the costs that we are billed and the
2 revenues we get, there's a number of rebills and
3 corrections and such, there is always going to be
4 a delay. Whether we can shorten the four months,
5 I don't know.

6 When invoices come in, when actuals
7 come in, in a different docket we've had some
8 discussions about this "four-month true-up", if
9 you will. And it is function of the billing
10 system, and corrections and rebills and the like.
11 The numbers that are changing in the fourth month
12 are tiny. You know, you're picking up one bill
13 that had to be fixed for some reason, we found a
14 meter that wasn't working properly, so we had
15 rebill the client.

16 But, yes, it is a -- there is a lag.
17 And I can't give you a precise answer, if that's
18 going to get changed with SAP.

19 CMSR. CHATTOPADHYAY: Thank you.

20 MR. SHEEHAN: And, a sidenote, I did
21 find the cite to the order that instituted the
22 Stabilization Plan is Order Number 24,745, April
23 27 of 2007. So, it's been sixteen (16) years in
24 place.

1 CMSR. CHATTOPADHYAY: Thank you.

2 MR. SHEEHAN: And that reference is in
3 last year's cost of gas order. There's just sort
4 of a standard paragraph in these orders that just
5 gives a quick blurb on that program.

6 CHAIRMAN GOLDNER: Okay. Very good. I
7 think -- so, I think the good news here is that
8 we have an agreed-to procedural schedule for the
9 summer cost of gas.

10 The Commission will go back and look at
11 this question of, you know, in Docket 23-027,
12 which is the EnergyNorth docket, we'll sort
13 through this cost of gas/LDAC timing issue.
14 That's a preview of coming attractions.

15 And then, we'll take back and consider
16 this question of, and not in this docket, but in
17 a separate -- we'll consider a separate docket,
18 where we look at, you know, having two hearings
19 versus one for Liberty-Keene. It's a fair
20 question. It's probably ripe for consideration.
21 And I understand the difference between the
22 parties, in terms of the desire to have one
23 hearing on Liberty, you know, by Liberty-Keene,
24 and two hearings by the DOE, and that's probably

1 something that we should look at in a separate
2 docket.

3 But, for this docket, we know what we
4 need to do. We have a procedural schedule, and
5 we can slam through this thing. And I do
6 appreciate everyone's working together to come up
7 with a very, very tight schedule. There were
8 some delays on the Liberty side, DOE doesn't have
9 much time, the Commission doesn't have much time.
10 I know where I'm going to spend my weekend before
11 the hearing, to review the filing, which will be,
12 I'm sure, at 4:29 on Friday, that's the way
13 things roll, so -- and that's okay, that's the
14 rule.

15 So, is there anything else that we
16 should discuss today?

17 MS. SCHWARZER: Mr. Chairman, I just
18 renew the Audit Division's request that Liberty
19 file with the Commission, for the Summer 2022
20 Reconciliation Report, the updated Schedule B
21 that they eventually made available to Karen
22 Moran's Audit group?

23 CHAIRMAN GOLDNER: Okay. Any concerns,
24 Mr. Sheehan, on that request?

1 MR. SHEEHAN: No.

2 CHAIRMAN GOLDNER: Okay.

3 MR. SHEEHAN: No, sir.

4 CHAIRMAN GOLDNER: Okay. Very good.

5 Anything else that we should discuss today?

6 *[No verbal response.]*

7 CHAIRMAN GOLDNER: All right. Well,
8 thank you for everyone's time today. And we are
9 adjourned.

10 **(Whereupon the prehearing conference**
11 **was adjourned at 9:50 a.m., and a**
12 **technical session was held**
13 **thereafter.)**

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