

1 **STATE OF NEW HAMPSHIRE**
2 **PUBLIC UTILITIES COMMISSION**

3 **April 19, 2023** - 1:32 p.m.
4 21 South Fruit Street
5 Suite 10
6 Concord, NH

7 *[Hearing also facilitated via Webex]*

8 **RE: DE 23-037**
9 **LIBERTY UTILITIES (GRANITE STATE**
10 **ELECTRIC) CORP. d/b/a LIBERTY**
11 **UTILITIES: Annual Retail Rate**
12 Adjustments.

13 **PRESENT:** Chairman Daniel C. Goldner, Presiding
14 Commissioner Pradip K. Chattopadhyay
15 Alexander Speidel, Esq./PUC Legal Advisor
16 Doreen Borden, Clerk & PUC Hybrid
17 Hearing Host

18 **APPEARANCES:** **Reptg. Liberty Utilities (Granite**
19 **State Electric) Corp. d/b/a**
20 **Liberty Utilities:**
21 Michael J. Sheehan, Esq.
22 **Reptg. New Hampshire Dept. of Energy:**
23 Alexandra K. Ladwig, Esq.
24 Paul B. Dexter, Esq.
 Jay Dudley, Electric Group
 Scott Balise, Electric Group
 (Regulatory Support Division)

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

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 HEATHER M. TEBBETTS**

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EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Testimony of John D. Warshaw, with attachments, and the Testimony of Heather M. Tebbetts, with attachments [03-27-23]	<i>premarked</i>
2	Technical Statement of Heather M. Tebbetts, with attachments [04-12-23]	<i>premarked</i>
3	Updated PTAM-related Schedules, consisting of Attachment HMT-1 Revised ii, Attachment HMT-5 Revised ii, Attachment HMT-6 Revised ii, and Attachment HMT-8	<i>premarked</i>

P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Good afternoon, everyone. I'm Chairman Goldner, and I'll be presiding over today's proceeding. I'm joined today by Commissioner Chattopadhyay.

We're here this afternoon in Docket DE 23-037 for a hearing regarding the Petition by Granite State Electric, doing business as Liberty, for approval of its annual rate -- I'm sorry, it's Annual Retail Rate Adjustment and Property Tax Adjustment Mechanism. Following a procedural order on March 29th, 2023, the Commission commenced this adjudicative proceeding, and scheduled this hearing in this docket.

The Company's Annual Rate Adjustment Mechanism allows it to recover the costs associated with transmission services it receives from ISO-New England under rate schedules approved by the Federal Energy Regulatory Commission, or FERC. These transmission services include Regional Network Services, or RNS, Local Network Service, or LNS, and ISO-New England administrative services.

1 This mechanism also allows for credits
2 or debits to be applied from various
3 Commission-approved rate elements associated with
4 this annual adjustment, such as for the Contract
5 Terminating Charge and the Property Tax
6 Adjustment Mechanism, or PTAM.

7 This docket is essentially the vehicle
8 to determine whether the pass-through costs and
9 revenue described above are appropriately
10 reflected in the rates for Granite State
11 Electric's customers.

12 We see that the Company has proposed a
13 late-filed hearing Exhibit 3, with updated PTAM
14 calculating schedules. We'll address the
15 proposed exhibit in turn.

16 But, first, let's begin with
17 appearances, beginning with the Company.

18 MR. SHEEHAN: Good afternoon,
19 Commissioners. Mike Sheehan, with Liberty
20 Utilities (Granite State Electric) Corp.

21 CHAIRMAN GOLDNER: All right. Welcome
22 back, Mr. Sheehan. The Department of Energy?

23 MS. LADWIG: Good afternoon,
24 Commissioners. I'm Alexandra Ladwig, on behalf

1 of the Department of Energy. And then, with me
2 today are also Attorney Paul Dexter; and Jay
3 Dudley and Scott Balise, who are Analysts with
4 the Department.

5 CHAIRMAN GOLDNER: Okay. Welcome. I
6 think this is your first hearing, Attorney
7 Ladwig, correct?

8 MS. LADWIG: Yes.

9 CHAIRMAN GOLDNER: Welcome. Are there
10 any other attendees here today?

11 *[No indication given.]*

12 CHAIRMAN GOLDNER: Okay. Seeing none.
13 All right. Let's now address the
14 exhibits. We have premarked and prefiled, on the
15 Joint Exhibit List filed on April 12th, 2023, two
16 exhibits, Exhibits 1 and 2. And we also have a
17 proposed Exhibit 3 submitted by the Company
18 yesterday, with updated PTAM-related schedules.

19 Are there any objections to the -- to
20 Exhibit 3 from the Department?

21 MS. LADWIG: Sorry. No objection.

22 CHAIRMAN GOLDNER: Okay. Very good.
23 Okay. Seeing none, we'll move along.

24 And I'll just check to see if there's

[WITNESS PANEL: Warshaw|Tebbetts]

1 any other preliminary matters we need to address,
2 before we swear in the witnesses?

3 MR. SHEEHAN: No, sir.

4 CHAIRMAN GOLDNER: Okay.

5 MS. LADWIG: Nothing from the
6 Department.

7 CHAIRMAN GOLDNER: Okay. Very good.
8 Let's swear in the witnesses, Mr. Patnaude. I
9 think we have one on screen and one in-person.

10 *(Whereupon **JOHN D. WARSHAW** and*
11 ***HEATHER M. TEBBETTS** were duly sworn*
12 *by the Court Reporter.)*

13 CHAIRMAN GOLDNER: All right. Very
14 good. Thank you. And we'll begin with Liberty
15 direct.

16 MR. SHEEHAN: Thank you.

17 **JOHN D. WARSHAW, SWORN**

18 **HEATHER M. TEBBETTS, SWORN**

19 **DIRECT EXAMINATION**

20 BY MR. SHEEHAN:

21 Q I'll begin with Mr. Warshaw. Could you please
22 introduce yourself?

23 A (Warshaw) My name is John Warshaw. I am the
24 Manager of Electric Supply for Liberty Utilities

[WITNESS PANEL: Warshaw|Tebbetts]

1 Service Corp. And I provide services to Liberty
2 Utilities (Granite State Electric) Corp., doing
3 business as Liberty, or "the Company". I oversee
4 the purchase of default service for Liberty, and
5 also the REC purchases for Liberty to meet the
6 state's Renewable Portfolio Standard.

7 Q And, Mr. Warshaw, you also play a role in
8 receiving and paying the transmission bills that
9 are part of today's docket, is that correct?

10 A (Warshaw) That is correct.

11 Q We have marked, as the Chairman mentioned, a few
12 exhibits. Exhibit 1 is a package that contains
13 testimony authored by you, beginning at Bates
14 Page 001, is that correct?

15 A (Warshaw) That is correct.

16 Q Do you have any corrections to your testimony or
17 attachments you'd like to bring to the
18 Commission's attention?

19 A (Warshaw) Not that I'm aware of.

20 Q And do you adopt your testimony as contained in
21 Exhibit 1 here this afternoon?

22 A (Warshaw) Yes, I do.

23 Q The purpose of today's hearing is to seek
24 approval of a rate change, and part of that rate

[WITNESS PANEL: Warshaw|Tebbetts]

1 change involves the transmission rates. Could
2 you give us just a very high-level description of
3 which way they moved this time, and if there's
4 any particular outstanding events that would be
5 of interest to the Commission?

6 A (Warshaw) Based on my forecast of what we expect
7 to receive for costs for transmission service,
8 both Regional Network Service and also Local
9 Network Service, I forecast that we should have a
10 reduced cost. That doesn't mean that's really
11 going to happen, but, as any forecast, it's as
12 good as you can do right now.

13 ISO, when they calculated the rates for
14 January, starting January 2023, they also lowered
15 their RNS rates that are FERC approved. And, as
16 a result, that has also had an impact on lowering
17 the rates.

18 Q And this proceeding, as in the past, includes
19 rates to collect those forecasted costs, and,
20 again, the following year, we reconcile to what
21 actually was charged and what was actually
22 collected, is that fair?

23 A (Warshaw) That's correct.

24 Q And did you do anything different in the way you

[WITNESS PANEL: Warshaw|Tebbetts]

1 approached your testimony and exhibits today, as
2 compared to in past years?

3 A (Warshaw) No, I have not.

4 Q Thank you. Ms. Tebbetts, I'll direct your
5 attention to, first, Exhibit 1, there's a
6 testimony offered by you that begins at Bates
7 Page 023, is that correct?

8 A (Tebbetts) Yes.

9 Q And do you have any, other than Exhibit 3, which
10 we'll get to in a minute, do you have any changes
11 to your testimony you'd like to bring to the
12 Commission this afternoon?

13 A (Tebbetts) I do not.

14 Q And do you adopt your testimony in Exhibit 1,
15 subject to the changes in Exhibit 3, as your
16 sworn testimony today?

17 A (Tebbetts) Yes.

18 Q You also filed a technical statement, which has
19 been marked as "Exhibit 2". Do you adopt -- do
20 you have any changes to Exhibit 2, other than
21 what may be in Exhibit 3?

22 A (Tebbetts) No.

23 Q And do you adopt your technical statement as your
24 sworn testimony this afternoon as well?

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[WITNESS PANEL: Warshaw|Tebbetts]

1 A (Tebbetts) Yes.

2 Q And, so, let's turn to Exhibit 3. Can you tell
3 us first why you had to -- the Company had to
4 make a correction to the previously filed
5 schedules?

6 A (Tebbetts) Yes. So, our Property Tax Adjustment
7 Mechanism is recovered through this Annual Retail
8 Rate filing. And, in our Settlement Agreement in
9 Docket 19-064, we have a line item where we
10 recover all property taxes associated with the
11 capital investments within our step adjustments.
12 And we filed our 2021 Step Adjustment on
13 April 6th, 2022. After some iterations of our
14 proposal, we had capital investment amount of
15 about \$1.1 million approved.

16 Within that calculation is the
17 calculation of property taxes for state and
18 municipal taxes. When we made the filing for the
19 Annual Retail Rates on March 29th, we did not
20 remove the municipal portion of those taxes from
21 the calculation to be collected within this
22 adjustment mechanism in this docket.

23 And this Exhibit 3 provides that
24 calculation, to remove about \$150,000 from the

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[WITNESS PANEL: Warshaw|Tebbetts]

1 property tax calculation, because it is being
2 recovered through our distribution rates, as
3 approved in Docket DE 22-035.

4 Q So, to recap that, Ms. Tebbetts, some of the
5 property taxes are being recovered through this
6 step adjustment approval, and those taxes were
7 inadvertently included in the PTAM calculation
8 that you originally filed here?

9 A (Tebbetts) Yes.

10 Q And Exhibit 3 is the result of removing those
11 property taxes from what we had originally filed
12 here?

13 A (Tebbetts) Yes.

14 Q Can the Commission ignore the attachments to your
15 original filing, and rely on Exhibit 3 for the
16 up-to-date and complete package?

17 A (Tebbetts) Yes.

18 Q And, to be clear, the exhibits that could be
19 ignored are the ones attached to your technical
20 statement, is that right?

21 A (Tebbetts) Yes.

22 Q Okay. So, looking at Exhibit 3, can you tell us
23 what rate changes the Company is requesting this
24 afternoon?

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[WITNESS PANEL: Warshaw|Tebbetts]

1 A (Tebbetts) Yes. If I look at Exhibit 3, and I
2 look at Bates Page 001, these are the rates that
3 we are requesting be approved. We have a total
4 Stranded Cost Charge, the rates are different for
5 each rate class. You have the "Transmission
6 Charge" in Column (d). You have the
7 "Transmission Cost Adjustment Charge" in Column
8 (e). Column (f) is the "Refund for RGGI Auction
9 Proceeds". Column (g) is where we revised the
10 Property Tax Adjustment Mechanism. And Column
11 (h) provides the "Net Charge for Transmission"
12 that we are seeking approval of.

13 Q And does Exhibit 3 also include the bill impacts
14 of these rate changes on a typical residential
15 customer?

16 A (Tebbetts) They do. The overall rate change is a
17 reduction of about \$1.82 per month, or 0.82
18 percent reduction.

19 Q And where can we find that in Exhibit 3?

20 A (Tebbetts) You can find that in Exhibit 3, Bates
21 Page 006.

22 Q "Page 6" you said?

23 A (Tebbetts) Yes. I'm sorry. Bates Page 006.

24 Q Thank you. Other than the adjustment you had to

[WITNESS PANEL: Warshaw|Tebbetts]

1 make to address the property tax issue, did you
2 otherwise calculate the various charges and
3 reconciliations here as you have done or as the
4 Company has done in prior retail rate filings?

5 A (Tebbetts) Yes.

6 MR. SHEEHAN: Thank you. That's all
7 the questions I have for our witnesses.

8 CHAIRMAN GOLDNER: Thank you. We'll
9 move to the New Hampshire Department of Energy,
10 and Attorney Ladwig.

11 MS. LADWIG: Thank you.

12 **CROSS-EXAMINATION**

13 BY MS. LADWIG:

14 Q So, I just want to clarify, we can stay on that
15 typical residential customer bill in Exhibit 3,
16 Bates Page 006. And, so, the two items on this
17 bill that we're covering today that are included
18 and affected by these rates, that would be Line 6
19 and 7, the Transmission Charge and Stranded Cost
20 Charge, right?

21 A (Tebbetts) You are looking at "Bates 001" you
22 said?

23 Q Bates Page 006, in Exhibit 3, the sample customer
24 bill.

[WITNESS PANEL: Warshaw|Tebbetts]

1 A (Tebbetts) So, if we are looking at the changes
2 on here, yes. We are looking at Line 6 and
3 Line 7 under the proposed May 1 rate change.

4 Q Okay. Thank you. And then, I know it was
5 briefly mentioned that that Stranded Cost Charge
6 credit comes from the CTC reconciliation. So,
7 can you just briefly explain why that charge is a
8 credit?

9 A (Tebbetts) Sure. So, the CTC charge comes to us
10 directly from New England Power, and that is
11 attributable to old power contracts, and a few
12 other items for decommissioning power plants.
13 And, as of right now, we are receiving a refund
14 for ongoing decommissioning costs, and, at some
15 point, that will end. But it was supposed to end
16 actually -- it was supposed to end a few years,
17 it hasn't ended. And I'm not exactly sure why.
18 I do believe New England Power provides an annual
19 reconciliation, and I think it describes further
20 in that docket that they file annually, in
21 January.

22 But, nonetheless, we receive -- our
23 customers receive a credit for whatever it is
24 that, right now a refund, for whatever it is

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[WITNESS PANEL: Warshaw|Tebbetts]

1 they're working through on the decommissioning.
2 And then, the other piece of it is a
3 reconciliation of collections from the previous
4 year.

5 Q Thank you. And then, staying on the Stranded
6 Cost Charge, I want to go back up to Bates
7 Page 001 of Exhibit 3.

8 A (Tebbetts) Okay.

9 Q That has the proposed rates. And, so, Column (a)
10 and Column (b) -- sorry, I'm just looking to make
11 sure I have it correct. So, yes. So, the
12 Stranded Cost Charge is the same across customer
13 classes.

14 And then, it looks like the Stranded
15 Cost Adjustment Factor varies. Can you just
16 explain why that is?

17 A (Tebbetts) Sure. In our tariff, it is
18 calculated -- it provides that each rate class
19 will be adjusted based on the
20 over-/under-collection from the previous period.
21 And, so, we have to adjust, by rate class, those
22 over-/under-collections each year.

23 Q Okay. And then, moving to Columns (d) and (e),
24 the "Transmission Charge" and the "Transmission

[WITNESS PANEL: Warshaw|Tebbetts]

1 Service Cost Adjustment", similarly, Column (e)
2 is the same across rate classes, Column (d)
3 varies.

4 Is that for the same reason that you
5 described for the others?

6 A (Tebbetts) No. The reason why the Transmission
7 Charge varies in Column (d) is due to the fact
8 that we allocate transmission costs associated
9 with each rate class's coincident peak. And, so
10 the more load at the coincident peak, means that
11 that rate class will bear more of those costs,
12 and vice versa, the lower the load at that
13 coincident peak, that rate class will bear less
14 of those costs.

15 Q Okay. And I think you described that in your
16 testimony as "load-weighted". So, could you just
17 briefly explain why you used the load-weighted
18 methodology, as opposed to distributing the costs
19 evenly across rate classes?

20 A (Tebbetts) That's a great question. I'm trying
21 to go back and remember why we -- we've been
22 doing this for many, many years, and I have to
23 think it's in our tariff.

24 And I don't know if Mr. Warshaw can

[WITNESS PANEL: Warshaw|Tebbetts]

1 shed more light as to exactly how this
2 calculation came about. But it has been in our
3 tariff since -- I'm not actually sure when it
4 came into our tariffs.

5 A (Warshaw) I don't remember exactly how it came,
6 so I don't want to speculate. But, usually, the
7 rate classes that create the highest portion of
8 the load, the coincident load in the system, are
9 set up to bear most of the cost. And then, when
10 they go to distribute it -- calculate it, I
11 believe that then gets calculated against a
12 kilowatt-hour rate.

13 But I'm -- I'm moving way out of my
14 comfort zone on that one.

15 Q Okay. Thank you. Well, maybe I can just ask,
16 how are these amounts for each rate class
17 determined?

18 A (Tebbetts) So, if you go to Exhibit 1, and
19 Exhibit 1 -- I'm trying to see what page it is.
20 Give me one moment, I'll give you the Bates page.

21 Okay. If you go to Exhibit 1, Bates
22 Page 043, you can see that we have the monthly
23 coincident peak for each rate class. These are
24 our Company load data. And, on Bates Page 042,

[WITNESS PANEL: Warshaw|Tebbetts]

1 we then take the total projected transmission
2 costs in Line 1, that expense, and we allocate
3 that \$28 million based on the coincident peak
4 allocator that was used -- that's calculated
5 based on Bates Page 043, and then apply the total
6 dollars associated with each rate class, and come
7 up with a rate, based on the forecasted
8 kilowatt-hour sales for each rate class.

9 Q Okay. And is that calculation -- sorry --
10 calculation similar to, that you've been using
11 the load-weighted methodology for a while, is
12 that also the calculation you've been using for a
13 while?

14 A (Tebbetts) This is the calculation we've been
15 using since I started doing this filing, in 2014,
16 yes.

17 Q Perfect. Thank you. I want to go back to
18 Exhibit 3, again, it's that Bates Page 001, table
19 for proposed rates.

20 A (Tebbetts) Okay.

21 Q Briefly, just Column (f), the "RGGI Auction
22 Proceeds Refund", why is that a credit?

23 A (Tebbetts) So, the Northeast has a Regional
24 Greenhouse Gas Initiative Program where there are

[WITNESS PANEL: Warshaw|Tebbetts]

1 certificates that are purchased -- I hope I
2 explain this correctly. There are certificates
3 purchased by power plants, which then there's --
4 through auctions, and a certain amount of money
5 comes back to customers through these auctions.
6 And some of it goes to energy efficiency, some of
7 it goes back to customers through this
8 Initiative. And we get a portion of -- Liberty's
9 customers get a portion of the total given back
10 to New Hampshire, and that portion is then
11 allocated by kilowatt-hour to these customers, --
12 Q Okay.
13 A (Tebbetts) -- based on forecasted sales.
14 Q Okay. And can you say why that's included in the
15 proposed Transmission Charge?
16 A (Tebbetts) Yes. It's included in our
17 Transmission Charge because this is like our
18 dumping ground for other things. It's really
19 associated with power generation. But, due to
20 the fact that our default service rate is -- not
21 every customer takes default service, they could
22 be with a third party supplier, they would not
23 get that credit if they did not take energy
24 service. So, it's in our transmission rate,

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[WITNESS PANEL: Warshaw|Tebbetts]

1 because this rate is applicable to all customers.
2 And, so, all customers taking service with
3 Liberty, in our franchise area, will receive this
4 credit. So, again, it's a dumping ground.

5 Q Okay. And then, moving on to Column (g), the
6 "Property Tax Adjustment Mechanism", or "PTAM",
7 the same question, why is the PTAM included in
8 the Transmission Charge?

9 A (Tebbetts) Again, it's a dumping ground. We
10 don't have another mechanism to provide, whether
11 this be a charge or a refund, we don't have
12 anything else. So, the same reason as the RGGI
13 Proceeds. It's a location, it's a mechanism for
14 us to charge customers for that difference within
15 the property tax calculation.

16 Q Thank you. Okay. I want to talk a little bit
17 about the LNS charges in the proposed rates.

18 MR. SHEEHAN: If I could just
19 interject? Ms. Tebbetts has to leave us by
20 quarter to three. So, maybe if we could circle
21 through the Commissioner questions for Ms.
22 Tebbetts, if that's possible, to make sure she's
23 done before she has to leave, before we get to
24 Mr. Warshaw? That would -- or, if Ms. Ladwig

[WITNESS PANEL: Warshaw|Tebbetts]

1 thinks it's going to be relatively quick, we
2 could just proceed as normal.

3 CHAIRMAN GOLDNER: Yes. Do you have an
4 estimate of how long you think it would take?

5 MS. LADWIG: I'm not exactly sure. I
6 can -- probably no more than another half hour at
7 the most. But I can try and skip to, I think,
8 the questions that Ms. Tebbetts would probably be
9 best to answer.

10 CHAIRMAN GOLDNER: Okay. Thank you. I
11 think, from a Commissioner perspective, I think
12 that would work fine. I think we'll have enough
13 time, if it's half an hour or so. Yes.

14 Okay. Thank you. Attorney Ladwig,
15 please proceed.

16 MS. LADWIG: Okay.

17 BY MS. LADWIG:

18 Q So, I think, because you're the one who's filed
19 and talked about the PTAM so far, I'll go to
20 talking about that in a little more detail.

21 So, there's -- my understanding is
22 there's two parts to the PTAM calculation. The
23 one part is property taxes already collected in
24 rates, and the second part is the unrecovered

[WITNESS PANEL: Warshaw|Tebbetts]

1 municipal property taxes. Is that an accurate
2 way to put it?

3 A (Tebbetts) Yes.

4 Q Okay. So, I want to focus on that first number,
5 the amount of property taxes that's already
6 collected in base rates. You kind of alluded to,
7 based on your updated filing, Exhibit 3, that
8 that number changes whenever there's a rate case
9 or a step increase, correct?

10 A (Tebbetts) Well, the amount in -- yes and no.
11 It's a little messy, because, when we -- when you
12 look at the first number that you're mentioning,
13 and to be clear, you're talking about Line 1, on
14 Bates Page 002, the \$23,000, is that what you're
15 referring to?

16 Q I believe so. Sorry, let me look real quick.

17 A (Tebbetts) Okay. So, that is actually not due
18 to -- that is not due to the step adjustment.
19 That \$23,000, if you look at Bates Page 003, was
20 our beginning balance to collect for the 2020 and
21 2021 property taxes, we were approved to collect
22 \$330,000. And, so, what this does is it
23 reconciles what our actual collections were
24 against our sales. And, so, we under-collected

[WITNESS PANEL: Warshaw|Tebbetts]

1 by \$23,000.

2 And, so, what we're saying here is that
3 we want to add that \$23,000 to the 2022 property
4 taxes, so we can collect it in this coming
5 period.

6 Q Okay. Thank you. And that's -- I actually
7 realized that's not the question I meant to ask,
8 but that was helpful as well. So, thank you.

9 Bates Page 004 of Exhibit 3 was what I
10 was looking at, the Line 2, "2022 Property Tax
11 Bills". That amount, the 4.8 million, that's the
12 amount -- or, that would be collected in base
13 rates for 2022 property taxes, is that right?

14 A (Tebbetts) Yes. Line 2 is the amount that is --
15 is the total amount of property taxes we paid in
16 2022 --

17 Q Okay. And that's --

18 A (Tebbetts) -- for property taxes.

19 Q That's the number, the amount collected in base
20 rates. That changes with a rate case or a step
21 adjustment, right?

22 A (Tebbetts) Line 2 is not the amount that changes.
23 Line 2 is the actual amount we paid in bills.
24 The amount that changes has to do with Line 5.

[WITNESS PANEL: Warshaw|Tebbetts]

1 Q Oh, okay. Yes, you're right. Sorry for that.
2 Thank you. Sorry, I'm just trying to figure out
3 what changed with the updated filing. So, thank
4 you.

5 But the -- so, with this updated
6 filing, the bottom line where it says "2022
7 Property Tax Year Variance", and then the
8 "\$282,130", that should be the correct amount for
9 the PTAM that's included in the proposed rates,
10 correct?

11 A (Tebbetts) Yes.

12 Q Okay. Thank you. And then, I have a few
13 questions about the second part of the PTAM,
14 which is the part that this filing focuses on a
15 lot, and that would be the amount of unrecovered
16 municipal property taxes, right?

17 A (Tebbetts) Okay.

18 Q Okay. I think you explained a little bit in
19 direct, but can you just briefly again explain
20 how that particular number is calculated?

21 A (Tebbetts) Okay. The 191,000? I just want to
22 make sure that's what you're asking.

23 Q The 282,000.

24 A (Tebbetts) Oh. Okay. Sure. So, we had 400 --

[WITNESS PANEL: Warshaw|Tebbetts]

1 \$4.3 million in base rates -- in property taxes
2 in base rates through 2021. And, so, the way we
3 calculate the additional collection or refund is
4 to take what's in base rates from the previous
5 period, and then add whatever -- I'm sorry --
6 subtract from that or add, depends, obviously, if
7 we over-collected or overpaid, I don't want to
8 say "overpaid", but, if our property taxes went
9 down, that would make the difference.

10 In this case, our property tax went up.
11 And, so, we had \$4.3 million in property taxes in
12 the last case. And, in 2022, we paid \$4.8
13 million. So, that difference is the starting
14 point of what we would look to collect from
15 municipal taxes in the following period.

16 Q Okay. And then, I want to go to Exhibit 3, Bates
17 Page 005, which has the -- it lists the municipal
18 property tax invoices by town. Can you just
19 explain why there's two columns for installments,
20 the "Installment 1" and "Installment 2"?

21 A (Tebbetts) Sure. So, in New Hampshire, the
22 majority of cities and towns, in fact, almost all
23 cities and towns, there is a handful of those
24 that don't, Concord, the City of Concord is

[WITNESS PANEL: Warshaw|Tebbetts]

1 actually one of them, who provide two
2 installments of property taxes. And, so, the
3 calculation is such that the first installment is
4 one-half of the previous year's total bill; the
5 second installment is the true-up. So, for
6 example, if I was to pay \$10,000 in 2021 for
7 property taxes, my first installment would be
8 \$5,000. And, when the cities and towns vote on,
9 you know, their costs, their expenses and
10 revenues, and their budgets in the following
11 year, so, let's say 2022, the tax bill I receive
12 in June will reflect any changes.

13 So, if my new tax bill is going to be
14 \$12,000 over the -- for 2022, then my second
15 installment is actually \$7,000. So, that true-up
16 is included in the second installment.

17 And, as I mentioned, some cities and
18 towns do it in four. And, if that was the case,
19 then first and second installment would be that
20 \$2,500 in my example. And then, the third and
21 fourth installment would end up being \$3,500 in
22 my example.

23 Q Okay. And then, I'm looking at Exhibit 3, Bates
24 Page 004, Line 4, that says "DE 22-018 Audit

[WITNESS PANEL: Warshaw|Tebbetts]

1 Results". Can you just explain where that number
2 comes from?

3 A (Tebbetts) Sure. So, we provided Attachment
4 HMT-7. And, in that attachment, it is the audit
5 report that was conducted -- it was the audit
6 that was conducted after last year's proceeding.
7 And, in the report, the auditors found that we
8 had paid State Education Taxes on parcels of land
9 that were utility property. And, so, they had
10 said that we should not have paid State
11 Education -- yes, State Education Taxes on those
12 parcels. And, as such, denied us taking recovery
13 on them, noting that we should have gone back to
14 the cities and towns and told them not to charge
15 us for it.

16 Q Okay. And were any State Education Taxes
17 included in this year's PTAM calculation?

18 A (Tebbetts) In looking through the invoices, I did
19 not see that there were any. I'm assuming I
20 didn't miss anything, but I did not see it.

21 Q Perfect. And then, the other portion that was
22 included in the audit, I believe, was the two
23 parcels of land in Lebanon that were not yet
24 used, useful, and in service. Exhibit 2, that

[WITNESS PANEL: Warshaw|Tebbetts]

1 was submitted on April 12th, I believe also
2 updated this year's PTAM calculation to again
3 exclude those two parcels, is that correct?

4 A (Tebbetts) Yes.

5 Q Okay. Just a couple more questions on the PTAM.
6 So, could you briefly explain how you determine
7 that you're being accurately taxed by the towns?

8 A (Tebbetts) Did you say "how do we determine?"

9 Q Yes.

10 A (Tebbetts) Well, that's a great question,
11 actually. I am not involved in the review of
12 property taxes. And, so, I can't answer that
13 question.

14 Q Okay. So, I'm not sure then that --

15 A (Tebbetts) We can take a record request, if you'd
16 like?

17 Q Okay. This next question then, that kind of ties
18 into it. So, as far as you're aware, have you
19 ever challenged any of the tax amounts with the
20 towns?

21 A (Tebbetts) As far as I'm aware, I do believe, in
22 the past, we have challenged the values that the
23 towns have provided us. I do not know off the
24 top of my head which cities and towns. But I

[WITNESS PANEL: Warshaw|Tebbetts]

1 believe, in the last three to five years, there
2 have been requests for abatements.

3 MS. LADWIG: Okay. Thank you. The
4 remainder of my questions go to LNS and RNS
5 charges, and just a few questions about the
6 projected decrease in transmission costs, which I
7 believe were all covered in Mr. Warshaw's
8 testimony.

9 So, I'm not sure if this is a good
10 point to switch to Commissioner questions for
11 Ms. Tebbetts?

12 CHAIRMAN GOLDNER: Yes, I think so. We
13 can -- I can see if Commissioner Chattopadhyay
14 has any questions for Ms. Tebbetts?

15 CMSR. CHATTOPADHYAY: Yes. I will be
16 quick.

17 BY CMSR. CHATTOPADHYAY:

18 Q So, just trying to make sense of -- just a
19 moment. Bates Page 004 of Exhibit 3.

20 A (Tebbetts) Okay.

21 Q And, at the end, when you talk about property tax
22 abatements, you show it as "Line 5 minus Line 4".
23 I think what you meant to show was "Line 3 minus
24 Line 4 minus Line 7". And, so, I'm sort of

[WITNESS PANEL: Warshaw|Tebbetts]

1 confused when you're discussing these numbers,
2 and how did we get to "282,130". Can you just
3 walk through the steps?

4 A (Tebbetts) Okay. Sure. Yes. You know what, I
5 look and see that it looks like the references
6 are incorrect.

7 So, the way that we got to the \$282,000
8 is that we looked in Line 1 at the base property
9 tax amounts in 2021 of 4.3 million, and we
10 compare that to the 2022 property tax year bills.
11 In 2022, we paid about \$482,000 more than what's
12 in base rates. From the \$482,000, we removed the
13 40 -- almost \$49,000 from the audit report,
14 knowing that we won't collect this. Then, what
15 we took was, we looked at the adjustment here, on
16 Lines 5, 6, and 7, are the total property taxes
17 that were included in 22-035, and -- of 191,000.
18 And, given that we are not to collect the state
19 property tax costs from the state assessment in
20 this filing, the PTAM, we did a calculation to
21 come up with how much should be collected -- let
22 me say that again -- how much should be removed
23 from the municipal property taxes, based on the
24 fact that we were collecting \$191,000 in our step

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[WITNESS PANEL: Warshaw|Tebbetts]

1 adjustment.

2 The \$40,000 is at \$6.60 per 1,000, per
3 RSA 83-F, that provides that we pay the State
4 Utility Tax, in lieu of the State Education Tax,
5 to the cities and towns for our capital
6 investments. So, we've removed the \$150,000
7 difference that we're already collected in
8 22-035.

9 And, when you take the 481, minus -- in
10 Line 3, minus the Line 4 results, and minus the
11 Line 7 results, you come to Line -- what should
12 be "Line 8", but says "Line 5", of \$282,000.

13 Q Okay. So, yes, that makes sense. Since you
14 responded to the question about "CTC", which
15 shows up in the stranded costs, I just want to
16 understand, does the Company have a sense when
17 it's going to stop? When you'll stop getting the
18 credits?

19 A (Tebbetts) We don't.

20 Q Okay.

21 A (Tebbetts) And, as I said earlier, the Contract
22 Termination Charge should have actually ended in
23 2020. And, since then, there's been litigation
24 on the decommissioning of the power plant

[WITNESS PANEL: Warshaw|Tebbetts]

1 associated with the Contract Termination Charge.
2 And, so, we have been receiving proceeds from
3 that litigation each year, a very small amount,
4 but it's a credit to our customers.

5 And I have not found information within
6 the NEP filings as to when we will stop receiving
7 them.

8 Q I'm just kidding, there is no way to indefinitely
9 stop them from not stopping, you know, giving us
10 the money back forever.

11 But, anyway, let's go to the -- again,
12 Exhibit 3, Bates Page 001.

13 A (Tebbetts) Okay.

14 Q And I'm just trying to understand. So, when you
15 look at the "Stranded Cost Charge", for all of
16 the rate classes is "0.00040", right?

17 A (Tebbetts) Yes.

18 Q And then, when you go to, just a moment, Bates
19 Page 006, the stranded cost there, the current
20 rates are "0.00051", and it's going down to
21 zero -- sorry -- "0.00031". And, if you compared
22 it with the first page, just a moment, I do
23 notice that you say, at the top, the "DE 22-003".
24 So, I am a little -- can you explain why there is

[WITNESS PANEL: Warshaw|Tebbetts]

1 a difference there, and what is it that I'm not
2 understanding?

3 A (Tebbetts) Okay. So, in 2022, the refund was
4 "0.00050". So, when you look at Bates Page 001,
5 you would have seen, in Column (a), a credit of
6 "0.00050".

7 And, in 2023, based on New England
8 Power's filing in Docket DE 22-003, that credit
9 is now "0.00040". So, that's the difference. We
10 do not calculate that rate. That rate comes
11 directly from New England Power's filing with the
12 PUC.

13 CMSR. CHATTOPADHYAY: Okay. Thank you.
14 That's helpful.

15 So, are we -- Chairman Goldner, we are
16 just focusing on questions for her. So, I don't
17 have any more questions. Thank you.

18 CHAIRMAN GOLDNER: I just have one.
19 And then, Attorney Sheehan, if you don't object,
20 I'll give Attorney Ladwig a chance to follow up,
21 given the unusual format. You're okay with that?

22 *[Atty. Sheehan indicating in the*
23 *affirmative.]*

24 CHAIRMAN GOLDNER: Thank you. Just one

[WITNESS PANEL: Warshaw|Tebbetts]

1 question for Ms. Tebbetts.

2 BY CHAIRMAN GOLDNER:

3 Q On Bates Page 001, Exhibit 3, under "Transmission
4 Charge", which is Column (d), there's, on Lines 4
5 and 5, there's two rate classes, "D" and "D-10".
6 Can you remind me what Rate Class D-10 is, as
7 compared to Rate D?

8 A (Tebbetts) Sure. So, D-10 is a old time-of-use
9 rate. It's set up for -- it's set up in a manner
10 that it's time-of-use, only for distribution. It
11 has two periods. The periods include weekdays of
12 9:00 a.m. to 8:00 p.m., I believe, which is peak,
13 and off-peak is 8:00 p.m. to 9:00 a.m. And
14 customers have a different rate in those two
15 periods. So, I don't have the tariff up in front
16 of me, but I do believe that the peak rate is
17 12 cents a kilowatt-hour, and the off-peak rate
18 is about 0.2 cents a kilowatt-hour.

19 And the Rate D is just the fixed rate
20 that all other residential customers pay.

21 Q Okay. Thank you. That's helpful. And then, if
22 we go to using Lines 4 and 5, when we go over to
23 Column (d), we see a very large difference in the
24 Transmission Charge, almost 4 cents for Column --

[WITNESS PANEL: Warshaw|Tebbetts]

1 or, for Line 4, Rate Class D, and about 2 cents
2 for Line 5, Rate Class D-10. And, as you just
3 explained, that's kind of the difference between
4 the fixed charge customer and the variable rate
5 customer.

6 Can you maybe provide some color as to
7 why those -- why those rates are so different?

8 A (Tebbetts) Sure. When we look at the
9 Transmission Charge, the rates -- when we look
10 at -- let me say that again. The difference in
11 rates for Rate D and D-10 are only talking about
12 the distribution. And we do have a decent amount
13 of customers on there. So, what we do is we look
14 at the coincident peak data. And, on Bates
15 Page 043, we have about 8,500 kilowatts of usage
16 from the Rate D-10, versus 710,000 kilowatts of
17 usage from Rate D. And, so, when we allocate the
18 costs associated with each one of those rate
19 classes, much more of the costs are borne by
20 Rate D.

21 Q Yes, I'm kind of confused by that, because the
22 idea with the Transmission Charge is to compare
23 sort of peak loads, right? Is that right?

24 A (Tebbetts) I'm sorry, what did you say, is to

[WITNESS PANEL: Warshaw|Tebbetts]

1 what?

2 Q So, I'm trying to understand. So, when you
3 calculate the Transmission Charge in Column (d),
4 those are based on peak load profiles, not sort
5 of base load profiles, correct?

6 A (Tebbetts) They are based on, yes, peak load
7 profiles. Correct.

8 Q And, so, I'm sort of giving you an opportunity to
9 shine here, potentially, because what I'm driving
10 at is that it looks like you have a much lower
11 Transmission Charge for your time-of-use rates,
12 which looks -- would be encouraging, if you were
13 to -- if more customers were to utilize those
14 time-of-use rates. In other words, is this a
15 real savings or is this just an artifact of some
16 calculations?

17 A (Tebbetts) I think it might be an artifact of a
18 calculation. And I say that because we don't
19 have a lot of customers taking this rate. What I
20 would suggest that, in looking at other programs
21 that we have with our other time-of-use programs,
22 customers are not -- they didn't get -- they
23 don't get the full opportunity for time-of-use,
24 because only one part is time-of-use. Now,

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[WITNESS PANEL: Warshaw|Tebbetts]

1 granted, they do have a much lower Transmission
2 Rate, that should be attractive to them.

3 But we just have not had customers
4 taking this kind of rate. And I do think that
5 the 12 cents certainly is, you know, prohibits
6 customers from seeing the difference. Because,
7 when you think about, even with the lower
8 Transmission Rate, instead of paying, you know,
9 right there, if I look real quickly at Bates Page
10 006, you know, their fixed Distribution Charge is
11 about 6 cents, plus that 12 cents during that
12 daytime period. So, you're having a pretty
13 significant daytime charge, even though my
14 Transmission Rate is 4 cents for the
15 non-time-of-use rate class, Rate D, I'm paying
16 less, I'm paying 10 cents a kilowatt-hour,
17 instead of 18 cents a kilowatt-hour, even
18 though -- hold on -- 14 cents a kilowatt-hour,
19 I'm still paying less. So, --

20 Q I'm sorry, Ms. Tebbetts, let me -- let me
21 interrupt you quickly.

22 So, I'm just trying to understand, if
23 the difference in those rates, 4 cents to 2
24 cents, is real, or just an artifact of the

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[WITNESS PANEL: Warshaw|Tebbetts]

1 calculation? And I think what you said was "It's
2 just an artifact of the calculation." In other
3 words, time-of-use rates don't give us any real
4 transmission savings. It's just some
5 calculations that the Company has done to try and
6 put transmission charges in the right bucket. Is
7 that a fair summary?

8 A (Tebbetts) No, I see what you're saying. I
9 guess, actually, what I'm saying is that Rate D
10 class is so small that it's more of a function of
11 the calculation.

12 Q "D-10" you mean?

13 A (Tebbetts) It's so small.

14 Q I'm sorry, Ms. Tebbetts. You mean "D-10" --

15 A (Tebbetts) 8,500 kW --

16 Q Ms. Tebbetts, I'm sorry. "D-10 is so small"?
17 Not "D", right?

18 A (Tebbetts) Yes, D-10 rate is so small, that it
19 ends up, I think, being more of a function of a
20 calculation. If the D-10 rate usage was as large
21 as Rate D, at the 710 kW -- 710,000 kW, then I'd
22 say "It's not a function of the calculation",
23 because that is a significant amount of usage
24 from a rate class in the market.

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[WITNESS PANEL: Warshaw|Tebbetts]

1 Q Yes. Thank you.

2 A (Tebbetts) So, it's just because it's so -- you
3 know, 8,500 kilowatts is, you know, a blip on the
4 radar at ISO-New England.

5 CHAIRMAN GOLDNER: Yes. I think, too,
6 and I'll look to the Department of Energy, if Mr.
7 Dudley is comfortable commenting on this, I would
8 like to hear his opinion, if not now, then later.

9 Is that something you'd be comfortable
10 commenting on, Mr. Dudley?

11 MR. DUDLEY: Mr. Chairman, I have not
12 considered that issue before. I would like a
13 moment or two to study it.

14 CHAIRMAN GOLDNER: Thank you. No, I
15 appreciate it. And we can circle back. And I
16 appreciate your looking at this, sir.

17 Okay. So, that was really all I had
18 for Ms. Tebbetts.

19 Let me circle back to the Department,
20 to see if there's anything you would like to
21 follow up on, before Ms. Tebbetts has to leave?

22 MS. LADWIG: Not -- we don't have
23 anything else.

24 CHAIRMAN GOLDNER: Okay. Do you

[WITNESS PANEL: Warshaw|Tebbetts]

1 have -- Mr. Sheehan, so, we'll go to redirect,
2 and we'll kind of come back to the other witness.
3 If there is something that comes up later, would
4 it be possible to step out, call Ms. Tebbetts,
5 and bring her back for a few minutes, if there's
6 something urgent?

7 MR. SHEEHAN: Well, she -- well, we'll
8 keep her on till -- she said she had "to leave at
9 2:45", it is to catch a plane.

10 CHAIRMAN GOLDNER: Ah.

11 MR. SHEEHAN: So, to answer your
12 question "maybe", but it depends on where she is
13 in her travels.

14 CHAIRMAN GOLDNER: Okay. Very good.

15 MR. SHEEHAN: She loses the room with
16 the computer, she has to check out.

17 CHAIRMAN GOLDNER: I see. Thank you.

18 MR. SHEEHAN: So, if we have to call
19 her at the airport, maybe we can.

20 CHAIRMAN GOLDNER: Okay. Thank you,
21 sir. Please proceed with redirect.

22 MR. SHEEHAN: I don't have any
23 questions for Ms. Tebbetts.

24 CHAIRMAN GOLDNER: For Ms. Tebbetts,

[WITNESS PANEL: Warshaw|Tebbetts]

1 okay.

2 Okay. Very good. So, let's -- we'll
3 circle back to the Department, and to continue
4 with your questions.

5 MS. LADWIG: Thank you.

6 **CROSS-EXAMINATION (resumed)**

7 BY MS. LADWIG:

8 Q So, I had a few questions about the LNS charges.
9 I'm going to look at Exhibit 1, Bates Page 019,
10 where it says "Summary for Estimated Transmission
11 Expenses 2022 versus 2023".

12 A (Warshaw) I'm there.

13 Q Okay. So, Line 1 lists the "Local Network
14 Service", or "LNS Charge". Can you explain what
15 goes into that charge?

16 A (Warshaw) The Local Network Service Charge is the
17 transmission facilities that Liberty uses, owned
18 by NEP, that are not considered part of the
19 Regional Network Service.

20 Q Okay. And how is that charge determined?

21 A (Warshaw) That is a FERC-approved charge.
22 There's a annual calculation that's done, based
23 on NEP's revenue requirement.

24 Q Okay.

[WITNESS PANEL: Warshaw|Tebbetts]

1 A (Warshaw) And they post the rates on a regular --
2 as they calculate them annually, they post the
3 rates.

4 Q Okay. It looks like there's an estimated
5 increase of about 582,000 in LNS charges for
6 2023. Do you know where that increase comes
7 from?

8 A (Warshaw) That increase is a combination of the
9 load that we're using, and also the rate changes
10 that NEP has calculated.

11 Q Okay. And that's the -- the rate changes would
12 be the FERC-approved calculation?

13 A (Warshaw) Correct.

14 Q So, that would have increased for 2023?

15 A (Warshaw) Correct.

16 Q Okay. And then, Line 2, that lists the "Other
17 NEP Charges", can you say what's included in
18 those?

19 A (Warshaw) Those other charges are -- well,
20 actually, if you turn to Bates Page 022, then
21 that provides you with the various other pieces
22 that go into the LNS charge by NEP. And that
23 includes dispatch charges; that includes the
24 number of transformers that are used, there's a

[WITNESS PANEL: Warshaw|Tebbetts]

1 surcharge; there's a number of meters that NEP
2 uses to read our load; there's also a credit we
3 get, because there's a small portion of our
4 distribution system that NEP is using to deliver
5 to its customers, which goes back to when NEP --
6 Granite State was actually owned by NEP, or
7 National Grid. So, those are the various charges
8 that make that up.

9 Q Okay. And then, going to the RNS charges, the
10 Exhibit 1, Bates Page 019 we were talking about,
11 Line 3 lists the "Regional Network Service", or
12 the "RNS Charges", which make up the bulk of the
13 transmission expenses. Can you just explain what
14 goes into those RNS Charges on Line 3?

15 A (Warshaw) That's specifically the Regional
16 Network Service that is used to provide the
17 owners and providers of transmission service in
18 New England to meet their annual revenue
19 requirement.

20 Q Okay.

21 A (Warshaw) And this is something that's socialized
22 across all of New England. So, whether you're in
23 northern New Hampshire or in Rhode Island, your
24 dollars per kilowatt of load, coincident load, is

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[WITNESS PANEL: Warshaw|Tebbetts]

1 the same.

2 Q Okay. Thank you. And then, you describe in your
3 testimony how Liberty calculates its estimated
4 RNS rates, and you mentioned a posted 2023 RNS
5 rate. Where does that posted rate come from?

6 A (Warshaw) You can find that on the ISO-New
7 England's webpages. It's filed with FERC. And
8 once it's approved by FERC, they do post it on a
9 table. I don't have the exact location.

10 Q Okay. I guess the question I was asking, similar
11 to the LNS charges, that's something that is
12 calculated through a FERC-approved calculation
13 each year, is that correct?

14 A (Warshaw) Yes. It's a FERC-approved process.
15 It's a open and transparent process that the ISO
16 has implemented. And, actually, it will start
17 again this June, when they put up -- put up what
18 is the estimated revenue requirement for the
19 various transmission owners coming up, that would
20 be implemented on January 1st of 2024.

21 And there's a number of meetings
22 that -- and open meetings that are posted to
23 review with us, with the participants, what they
24 are -- what the calculation is going to look

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[WITNESS PANEL: Warshaw|Tebbetts]

1 like.

2 Q Okay. So, your testimony, and then it might show
3 up somewhere else, too, states that the posted
4 2023 RNS rate, which refers to the one set
5 January 1st each year, is a decrease of \$1.13 per
6 kilowatt-year from the 2022 posted rate. Do you
7 happen to know why the 2023 rate is a decrease
8 from last year's?

9 A (Warshaw) It's just the way the revenue
10 requirement was calculated. You know, there are
11 over 40 different participants that provide the
12 various transmission resources in New England.
13 So, that then gets added up. And the ISO reviews
14 that, files the estimated or proposed tariff
15 for -- reviews that, and, if it's approved, it
16 goes into operation.

17 Q Okay.

18 A (Warshaw) But there's a lot of different pieces
19 that go into that. And I will be honest, I'm not
20 an accountant, and I don't have -- I just can't
21 address exactly where the differences are.

22 Q Sure. So, overall, it looks like there's a
23 decrease of a little over 1.6 million in 2023
24 estimated RPS charges, as opposed to 2022. You

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[WITNESS PANEL: Warshaw|Tebbetts]

1 mentioned a reduction in the RNS-9 rate. Is
2 that the posted RNS rate that we've been talking
3 about?

4 A (Warshaw) Correct.

5 Q Okay. And then, you say that the reduced rate
6 and lower monthly peak load are the main reasons
7 for the estimated decrease in RNS costs for 2023,
8 as compared to 2022. Are there any other factors
9 you're aware of that went into that decrease?

10 A (Warshaw) No. It is mostly the change in the
11 rate and the reduction in load.

12 Q Okay. I do want to talk a little bit more about
13 that projected decrease in transmission costs.
14 So, still on Exhibit 1, Bates Page 019, the sum
15 of the estimated LNS charges, and then the
16 ISO-New England tariff charges, which is mostly
17 the RNS charges, leads to a projected decrease of
18 about 964,000 in estimated transmission expenses
19 for 2023, which looks like it's shown on Line 10.

20 Are you able to separate out how much
21 of that estimated decrease the 960,000 is
22 attributable to the lower peak loads versus the
23 lower transmission rates?

24 A (Warshaw) I don't, you know, I don't have a

[WITNESS PANEL: Warshaw|Tebbetts]

1 specific number. But, approximately, you know,
2 approximately, 7 percent of the reduction is as,
3 you know, the reduction is about 7 percent from
4 one year --

5 *[Court reporter interruption.]*

6 **CONTINUED BY THE WITNESS:**

7 A (Warshaw) It's 7 percent reduction from 2022 to
8 2023. And that's attributed to the change in
9 coincident peak load that's used as the billing
10 value.

11 And the other piece, which is the ISO
12 rate change, that results in about a 1 percent
13 change in going from 2022 to 2023.

14 BY MS. LADWIG:

15 Q Okay. So, just trying to clarify then. Does
16 that mean that the lower peak loads contribute
17 more to the decrease than the rates or --

18 A (Warshaw) That is correct.

19 Q Okay. All right. And then, you also list some
20 measures that Liberty itself has taken to reduce
21 transmission costs. In your testimony you cite
22 "Liberty's Battery Storage Pilot Program", as
23 well as "energy efficiency programs" that
24 contribute toward the projected decrease.

[WITNESS PANEL: Warshaw|Tebbetts]

1 Are you able to separate out those
2 components at all, in terms of how much energy
3 efficiency contributes versus the Battery Pilot
4 Program?

5 A (Warshaw) I cannot separate that out. I believe
6 that information is usually provided in the
7 various filings that are made by Liberty to the
8 Commission regarding the results of the Battery
9 Pilot or the energy efficiency programs, both
10 what was proposed and what was implemented.

11 But exactly, you know, how that
12 impacts, you know, any one month's coincident
13 peak load, I can't -- I don't have the
14 information to be able to provide that.

15 Q Okay. Just out of curiosity, can you give some
16 examples of what are included in the energy
17 efficiency measures you're talking about?

18 A (Warshaw) Most of the energy efficiency measures
19 are measures that are used to replace old,
20 inefficient equipment, and -- with new, more
21 modern, efficient equipment. Also, on the
22 residential side, it's improvements in the
23 efficiency of homes and rentals, new windows, new
24 doors, insulation, various things like that.

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[WITNESS PANEL: Warshaw|Tebbetts]

1 On the commercial/industrial side, a
2 lot of that, you know, could be replacement in
3 old lighting, with new more energy efficient
4 lighting, and even -- I believe there is some
5 changes with improved motors that will help to
6 reduce the load of a specific customer and make
7 that customer more efficient.

8 A (Tebbetts) And if I could add a little bit of
9 information, too.

10 So, Mr. Warshaw said that "there's
11 information in various filings." And, when I go
12 back and look at the cost-benefit analysis
13 provided in our November 29th, 2022 report, in
14 Docket 17-189, we look at the total benefits for
15 2022 based on the number of batteries installed
16 and how they were dispatched, between the RNS and
17 the LNS, I won't include avoided capacity, to be
18 approximately \$122,000 in savings for 2022. And
19 we anticipate that, at the time, we anticipated
20 it to be about 136,000 for 2023, but that is
21 given a higher rate for LNS, although a lower
22 rate for RNS.

23 And it kind of goes back to what we
24 were discussing earlier, too, about Rate D-10.

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[WITNESS PANEL: Warshaw|Tebbetts]

1 When he look at what's happening with the peak,
2 and the information Mr. Warshaw provided, when we
3 look at these demand reduction programs, you
4 know, Rate D-10 isn't -- we don't capture what's
5 happening with Rate D-10 at the peak hour at
6 ISO-New England. So, if customers are lowering
7 their usage, versus what they would have been on
8 Rate D, we don't know that information. And, so,
9 it's hard to compare that.

10 And the same thing here, where we
11 aren't comparing what a customer is doing on the
12 Battery Pilot versus Rate D-10 at that period.
13 What we are comparing is what the batteries are
14 sending back to the grid or reducing at that
15 hour. And, so, by doing that, we can calculate
16 the difference based on what the battery output
17 is, of the load at the house, and the captured
18 coincident peak data versus what the batteries
19 put back out.

20 And I want to make sure that that's
21 clear, that we're talking about what the Battery
22 Program is doing for time-of-use rates, versus
23 what we talked about earlier with Rate D-10,
24 we're not capturing what's happening at the peak

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[WITNESS PANEL: Warshaw|Tebbetts]

1 hour at ISO-New England with Rate D-10.

2 Q Okay. So that, you mentioned the "136,000", I
3 think that -- in savings that you project that
4 the Battery Storage Program would save for 2023,
5 is that -- would that be something that would be
6 included in the 964,000 projected decrease in
7 transmission expenses, or is that totally
8 separate, I guess, or kind of a combination?

9 A (Tebbetts) I don't believe that we have a
10 separate line item, and Mr. Warshaw can confirm,
11 of the anticipated reduction. But, in his -- in
12 your calculation, John, I think you have to
13 answer if you are including potential reduction
14 from the Battery Pilot and energy efficiency in
15 your forecast, the kilowatts or megawatts?

16 A (Warshaw) Basically, you know, what I'm looking
17 at is the total load, coincident load at, you
18 know, each month. We don't actually forecast
19 what we expect the coincident load will be
20 month-by-month. So, what we've done in the past
21 is, for 2023, we use the monthly loads that the
22 Company -- that Liberty experienced in 2022.

23 So, basically, any efficiencies or load
24 reductions from the Battery Program, or other

[WITNESS PANEL: Warshaw|Tebbetts]

1 programs, are implicitly captured in those
2 numbers. But we don't -- I don't -- I'm not able
3 to break out that, you know, out of a, you know,
4 of 122 peak, you know, 2 was this and 3 was that,
5 I don't do that. There may be some others that
6 are able to do that, but not at my -- at what I'm
7 using.

8 Q Yes. Sure. Okay. Thank you, both. That was
9 helpful.

10 I just had one last question that's
11 about the working capital calculation. So,
12 actually, Ms. Tebbetts, if you have a couple -- a
13 quick minute answer before you have to go.
14 Exhibit 1, Bates Page 046, has that calculation.

15 A (Tebbetts) I'm getting there. You said "046",
16 correct?

17 Q Yes. The working capital calculation.

18 A (Tebbetts) Okay. Yes, I'm there.

19 Q All right. And Column (f), with the "Working
20 Capital Requirement", it shows a negative number.
21 Can you just explain why that number is negative?

22 A (Tebbetts) Okay. So, I'll have to go into the
23 other pages to look at Column (f).

24 All right. So, when I look at Column

[WITNESS PANEL: Warshaw|Tebbetts]

1 -- so, we have an invoice payment lag that's
2 negative and a cash working capital that's
3 negative, and those two pieces, within the
4 calculation of the expense, provide that our cash
5 working capital requirement is a negative. And,
6 so, that just means that there is a lead, not a
7 lag, when it comes to paying -- needing capital
8 to pay our bills for transmission cost rates in
9 New England.

10 MS. LADWIG: Okay. That's all the
11 questions I had. Thank you.

12 CHAIRMAN GOLDNER: Thank you. If I
13 could, Commissioner Chattopadhyay, before Ms.
14 Tebbetts leaves.

15 BY CHAIRMAN GOLDNER:

16 Q I'd like to go back to Exhibit 1, or to
17 Exhibit 1, Bates Page 042. And, Ms. Tebbetts, I
18 think we can maybe clear up our earlier
19 discussion in this way.

20 So, Line 2, Bates 042, is your
21 calculation that talks about the Transmission
22 Charge. And you -- so, my question is, how do
23 you calculate Line 2, "Coincident Peak", how is
24 that number arrived at on Line 2?

[WITNESS PANEL: Warshaw|Tebbetts]

1 A (Tebbetts) Sure. So, that number is -- so,
2 whatever hour of each month that is the
3 coincident peak at ISO-New England, whatever
4 load, by rate class, is happening at that hour is
5 captured in that amount.

6 Q So, that's a real number? That's something
7 you've looked at, right?

8 A *(Witness Tebbetts indicating in the affirmative.)*

9 Q Okay.

10 A (Tebbetts) That's a real number, yes.

11 Q A real number. And then, you've used history to
12 forecast your kilowatt sales on Line 5, right?
13 You're forecasting, but it's based on history,
14 probably?

15 A (Tebbetts) Yes. Every year we have a new
16 forecast done, looking out I'm not sure how many
17 years. And, so, this is the latest forecast that
18 we have for the period.

19 Q Okay. I would still maintain, and if you can
20 talk me out of it, that would be wonderful, but,
21 and I'll get Mr. Dudley's opinion later, but it
22 looks to me like D-10, the time-of-use rate, is
23 having the intended effect. That is the
24 coincident peak is significantly less, relative

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1 to the total load, which is what -- which is what
2 the rate's designed to do, versus the standard,
3 the standard rate.

4 And I'm just trying to understand. It
5 looks to me like the proposed Transmission
6 Charge, which is double for the standard rate
7 than the D-10 rate, everything looks like the TOU
8 rate is doing what it's designed to do.

9 But, I think, before, Ms. Tebbetts, you
10 sort of said "No, it's more an artifact of the
11 calculation." I'm just trying to get closure on
12 that question.

13 A (Tebbetts) So, I am -- what I need to see is the
14 amount of usage. So, the way we look at it, too,
15 is that our average Rate D customer uses like 650
16 kilowatt-hours a month. And I'm just trying to
17 open up a revenue report to get a number of
18 distribution -- of customers who are on the D-10
19 rate, to give us a better understanding, an idea
20 of exactly how many customers are on that rate to
21 see what their average usage is.

22 Because, if I recall, and I need to
23 look this up, because I'm not positive, I think
24 their usage might be actually higher, the D-10

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1 rate customer's usage might actually be higher.
2 But, if you just give me one moment, D-10,
3 there's -- we have about 420 customers seeking
4 service under Rate D-10. And, so, if I look at
5 their actual use -- their coincident peak usage,
6 their coincident peak, per customer, is about
7 20 kW. And, if I look at our Rate D customers,
8 which we have about 34,000, they have the same
9 usage, about 20 kW. So, they're actually using
10 the same amount of demand. And, if you look at
11 per customer, on a yearly basis, they're using
12 the same amount of demand.

13 And that's why I said earlier about the
14 calculation, and maybe this is something that we
15 have to review. Because, if they're using the
16 same amount of demand, your question is valid,
17 "why is their rate so low?" I don't think we've
18 actually ever looked into this. I'm not sure --
19 I certainly have not contemplated it, and no one
20 has brought it to my attention until today.

21 Q Okay.

22 A (Tebbetts) So, maybe there is something happening
23 here where we need to relook at how we are
24 allocating these costs, and maybe D-10, given

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[WITNESS PANEL: Warshaw|Tebbetts]

1 that the customers are using the same amount of
2 kW, should not be separate costs, should be
3 within Rate D.

4 Q Okay.

5 A (Tebbetts) But I guess we'd have to look further
6 into that.

7 CHAIRMAN GOLDNER: Okay. Thank you,
8 Ms. Tebbetts, and I want be respectful of your
9 time.

10 And, Attorney Sheehan, if you have any
11 redirect, I think the plane is pulling back from
12 the tarmac. So, you might want to move along.

13 *[Laughter.]*

14 WITNESS TEBBETTS: Okay.

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

17 CHAIRMAN GOLDNER: Okay.

18 MR. SHEEHAN: And I appreciate the
19 accommodation.

20 CHAIRMAN GOLDNER: Thank you, Ms.
21 Tebbetts. You're released. Thank you.

22 WITNESS TEBBETTS: Thank you.

23 CHAIRMAN GOLDNER: Okay. Let me turn
24 back to Commissioner Chattopadhyay. Sorry for

[WITNESS: Warshaw]

1 stealing your time, sir. Please proceed.

2 CMSR. CHATTOPADHYAY: You did not. I
3 don't have, you know, I have just one quick
4 question.

5 BY CMSR. CHATTOPADHYAY:

6 Q Going back to the issue of the CTC. Do you have
7 anything you can add to the discussion we were
8 having? So, do you know when it's going to go
9 away? Or do you -- you know, what I heard from
10 Heather is what I would know at this point.

11 A (Warshaw) I have no information on when the --

12 Q Okay.

13 A (Warshaw) -- NEP, or National Grid, will finally
14 end that, that credit.

15 Q And can you remind me why did that arise again?
16 Like, you know, just maybe, this was discussed at
17 the last docket, but I'm just very curious, why
18 do you have that?

19 A (Warshaw) This goes back to actually when the --
20 when Granite State and other distribution
21 companies were restructured, and the power supply
22 plants and contracts that were entered into to
23 meet those distribution companies' load were
24 instead sold off to other entities. And

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1 that's -- part of that other entities, there were
2 some costs that I believe NEP was required to
3 continue to bear, and some of that, I believe,
4 had to do with like decommissioning of nuclear
5 plants. And there may have been a difference
6 between what was collected for that
7 decommissioning and what was actually expensed.

8 And then -- and, with that difference,
9 NEP was, I'm not an -- now I'm moving into my --
10 this is when I speculate, and I hate to
11 speculate. But I believe this is when there were
12 legal and court cases where NEP was trying to
13 recover these costs from the various owners of
14 those generators.

15 CMSR. CHATTOPADHYAY: That is good
16 enough. Thank you.

17 CHAIRMAN GOLDNER: Thank you. I'll
18 just return to the Department. And, if Mr.
19 Dudley is commenting, if you -- I don't think
20 it's necessary to swear you in, sir, but it's the
21 Department's preference?

22 MR. DUDLEY: Thank you, Mr. Chairman.
23 If we could just take a short break, just to
24 discuss this issue? And we'd like to provide you

[WITNESS: Warshaw]

1 with a complete answer.

2 CHAIRMAN GOLDNER: Thank you. I
3 appreciate that. And I'm sure the court reporter
4 appreciates your suggestion.

5 So, let's take a quick break, and just
6 return at 3:05 to wrap up. Thank you.

7 *(Recess taken at 2:52 p.m., and the*
8 *hearing resumed at 3:08 p.m.)*

9 CHAIRMAN GOLDNER: Okay. We'll go back
10 on the record.

11 And I think, Mr. Dudley, did you have
12 enough time to look at the problem?

13 MR. DUDLEY: Yes, I did, Mr. Chairman.
14 Thank you.

15 CHAIRMAN GOLDNER: Thank you. Please
16 proceed.

17 MR. DUDLEY: Yes. Thank you for
18 raising the issue.

19 We did take an opportunity to revisit
20 the numbers on Bates Page 042. And we would
21 agree. It appears that the TOU rate is having an
22 effect.

23 Given that the coincident peak is at
24 4:00, 4:00 o'clock, and off-peak begins at 9:00,

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1 it appears to us, from looking at the numbers,
2 that there's some load-shifting going on there.
3 So, we would agree with you, that it's having an
4 effect, a positive effect.

5 And I believe Ms. Tebbetts said earlier
6 that Liberty is willing to revisit that and
7 revisit the rate, and the Department would be
8 supportive of that.

9 CHAIRMAN GOLDNER: Thank you, Mr.
10 Dudley. That's very helpful.

11 Okay. I'll just check in with
12 Commissioner Chattopadhyay, to see if there's any
13 additional questions?

14 CMSR. CHATTOPADHYAY: No.

15 CHAIRMAN GOLDNER: Okay.

16 CMSR. CHATTOPADHYAY: Thank you.

17 CHAIRMAN GOLDNER: And I have no
18 further questions.

19 Mr. Sheehan, is there any redirect for
20 Mr. Warshaw?

21 MR. SHEEHAN: No. But I did want to
22 let the Commission know that this will be the
23 last time you see Mr. Warshaw. He is leaving us
24 this summer. And I'd like to publicly thank him

[WITNESS: Warshaw]

1 for all the many fine presentations he has made
2 in this room, and, of course, all the stuff
3 behind the scenes that you folks never see. He's
4 been a great -- a great team player.

5 CHAIRMAN GOLDNER: Okay. Thank you,
6 Mr. Warshaw.

7 WITNESS WARSHAW: Thank you. You may
8 see me on June 28th, --

9 *[Laughter.]*

10 WITNESS WARSHAW: -- for default
11 service.

12 CHAIRMAN GOLDNER: Excellent.
13 Excellent. That will be -- I'm looking forward
14 to that. Thank you.

15 Okay. Very good. So, no redirect,
16 Mr. Sheehan?

17 MR. SHEEHAN: No, sir.

18 CHAIRMAN GOLDNER: Okay. All right.
19 Mr. Warshaw, thank you today. You're excused.
20 You may stay there, or join Mr. Sheehan, whatever
21 your preference is.

22 *[Mr. Warshaw indicating in the*
23 *negative.]*

24 CHAIRMAN GOLDNER: Okay. Let's move to

1 closing, beginning with the Department.

2 MS. LADWIG: First, we would like to
3 thank Liberty for filing the two updates to their
4 PTAM calculation. We appreciate them going back
5 and revisiting and refiling those two.

6 And then, just based on everything that
7 has been presented, the Department recommends the
8 Commission does approve the rates proposed in the
9 Company's Annual Retail Rate filing by
10 April 24th, as requested by the Company, so that
11 they have the effective date of May 1st, 2023.

12 Thank you.

13 CHAIRMAN GOLDNER: Okay. Thank you.
14 And Mr. Sheehan.

15 MR. SHEEHAN: Thank you. We appreciate
16 the support from DOE. And, as I often do,
17 there's a few just lingering points that I
18 thought I could just clarify. It's random.

19 On the property tax, do we contest
20 taxes? Do we look at those? I can tell you that
21 the people who receive the bills and pay them do
22 look at every one, compare it to the last few
23 years. And, if something is out-of-line, they
24 run it up the flag pole. There is some analysis

1 we can do of "Why did it go up so far?" "Did we
2 build something new in that town or not?" So, we
3 do that check.

4 And, on occasion, we have sought
5 abatements. It's been a few years, frankly. But
6 we do keep a close eye on it. The math of an
7 abatement is interesting. If you have an asset
8 worth a million dollars, and it becomes worth \$2
9 million, and you -- the tax amount is changing by
10 a few thousand dollars, because of the tax rate.
11 So, sometimes it doesn't -- it's not
12 cost-effective to run that process, unless it's a
13 really big change.

14 So, that's the process we go through.
15 We call the towns, we ask questions, *et cetera*.
16 So, there is a robust process we have internally
17 to keep an eye on tax increases.

18 And the confuser of municipal taxes
19 versus state taxes in the PTAM, you heard Ms.
20 Tebbetts say we had to pull out this tax. That's
21 a function of the statute. The statute just
22 applies -- the PTAM statute just applies to
23 municipal taxes, and the Settlement Agreement
24 that implemented it just allowed recovery of

1 municipal taxes.

2 And then, last, Ms. Tebbetts'
3 description of a "dumping ground" is probably not
4 the best phrase. But we don't have an equivalent
5 to the LDAC on the electric side, a place where
6 we can add these charges. We are proposing to
7 put one in place in our upcoming rate case just
8 for that reason.

9 So, that's all I have. And I
10 appreciate the Commission's attention.

11 CHAIRMAN GOLDNER: Okay. Thank you.

12 And, without objection, we'll strike ID
13 on Exhibits 1, 2, and 3, and admit them into
14 evidence.

15 Is there anything else that we need to
16 cover today?

17 *[No verbal response.]*

18 CHAIRMAN GOLDNER: All right. Seeing
19 none.

20 I'll thank the witnesses today, and
21 including Mr. Dudley. Thank you for helping out
22 with the question. And the answer, sir, was very
23 helpful.

24 We'll take the matter under advisement

1 and issue an order by close of business on
2 April 24th, 2023, as requested by the Company.
3 The hearing is adjourned. Thank you.

4 **(Whereupon the hearing was adjourned**
5 **at 3:14 p.m.)**