

**BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**DE 23-039**

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY  
REQUEST FOR CHANGE IN DISTRIBUTION RATES**

**LIBERTY TO THE DEPARTMENT OF ENERGY  
SET 2**

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**Direct Testimony of Nicholas A. Crowley**

2-1.	Refer to page 9, lines 20-22. “One approach with even higher incentives would be to require the company to stick to its proposed capital spending with no rate base adjustments, meaning that the company could not defer the cost overruns to the end of the MYRP term.” Please identify all U.S. utilities with MYRP containing this reconciliation mechanism.
2-2.	Please identify all U.S. utilities with MYRP containing an I-X revenue cap mechanism.
2-3.	Refer to page 11, lines 1-3. “In many cases, consumers do not see any benefits from ESMs because the Company never exceeds the ROE deadband.” Please list and describe the “many cases” referenced.
2-4.	Refer to page 15, line 16. In Witness Crowley’s opinion, what evidence can Liberty provide to support its statement that “cybersecurity costs cannot be reasonably forecast over a three-year period”?
2-5.	Beyond vegetation management, what other operation and maintenance activity can utilities engage in to improve reliability metrics such as SAIDI and SAIFI?
2-6.	Refer to page 26, lines 3-8. a. Please provide the rationale and associated workpapers for the 0.2% X factor recommendation. b. Please explain why Witness Crowley recommends a 0.2% X factor while the TFP growth rate in recent studies was found to be -1.0%. (see footnote 36, page 26) c. Please provide the studies associated with the information provided in footnote 36, page 26
2-7.	Refer to page 26, lines 11-18. a. Please provide evidence that the referenced Northeast Employee Cost Index is the “regional labor index of wages and salaries paid to utility employees.”

	<p>b. Please provide evidence that the referenced Producer Price Index for Electric Utilities is representative of non-labor input price changes for electric utilities in the Northeast.</p>
2-8.	<p>Refer to page 30, lines 16-19. “To the extent that the Company deploys capital in the form of meters for the purpose of meeting the reward threshold for this PIM, and then replaces that capital in the near term with AMI, the Company’s capital spending may be duplicative.” Please provide evidence for the alleged plan that Liberty is planning to deploy meters twice to achieve the TOU PIM target.</p>
2-9.	<p>In Witness Crowley’s opinion, what are the benefits to the electricity system of interconnecting customer’s distributed solar systems more quickly?</p>
2-10.	<p>Reference Testimony of Nicholas Crowley at Page 14, Lines 1-12, “The data and industry experience indicates some justification for a vegetation management reconciliation mechanism as proposed. For safety and reliability reasons, the Company cannot ignore the need for vegetation management, even as the cost of such maintenance rises.”</p> <p>a. Please provide the references related to “the data and industry experience.”</p> <p>b. Reference the Testimony of Dudley, Willoughby and DeVirgilio and the recommendation for a VMP budget set at \$2.5 million with a cap of \$3 million and the Testimony of Nixon and Trottier for the reconciliation of overspending up to \$3 million. Are the recommendations made by witnesses Dudley, Willoughby, and DeVirgilio and and by witnesses Nixon and Trottier supported by the data and industry experience referenced in Mr. Crowley’s testimony? Please explain why or why not.</p>
2-11.	<p>Reference Testimony of Nicholas Crowley, Bates 000007 at lines 1-3.</p> <p>a. Did the Commission review and approved the Settlement Agreement?</p> <p>b. Please indicate every indication of which you are aware that the Commission’s goals with regard to PBR would differ from the goals indicated in the Settlement Agreement.</p>
2-12.	<p>Reference Testimony of Nicholas Crowley. At Bates 000009 at lines 20-23, you describe an element of an MYRP currently in effect for FortisBC.</p> <p>a. Please describe your understanding of how the variances between forecast and actual capital spending would affect FortisBC’s ESM.</p> <p>b. At p. 131 of the order establishing Fortis BC’s MYRP, the British Columbia Utilities Commission (“BCUC”) explains that “the challenges with the Current PBR Plans and consideration of the approach in other jurisdictions show there is no ready solution to address the issues of developing a formula for all capital expenditures,” and, partly on the basis of that conclusion, authorized an MYRP that is based on capital spending forecasts developed by FortisBC. Please confirm or deny.</p>

	<ul style="list-style-type: none"> <li>c. Did Fortis BC spend beyond its capital budget in during its previous MYRP? If so, did the BCUC find that any such spending was imprudent in the order referenced in your testimony?</li> <li>d. Did the BCUC modify the manner in which FortisBC’s capital plans were set in its MYRP in Decision and Orders G-165-20 and G-166-20? If so, please describe any such modifications of which you are aware.</li> <li>e. Is it your understanding that the ESM authorized for FortisBC in Orders G-165-20 and G-166-20 provides for the sharing of both over-earning and under-earning between the utility and its customers? If so, is it your understanding that that sharing is symmetric?</li> <li>f. Do you believe the Company’s proposed ESM is more, less, or equally beneficial to customers than the ESM authorized by the BCUC in G-165-20 and G-166-20? Please explain the basis for your belief.</li> </ul>
2-13.	<p>Reference Testimony of Nicholas Crowley. Reference Testimony of Courtney Lane. At Bates 000009 at lines 20-23, you describe an element of an MYRP currently in effect for FortisBC and Decision and Orders G-165-20 and G-166-20, issued by the British Columbia Utilities Commission (“BCUC”). At p. 74, the BCUC authorizes the inclusion in the FortisBC ESM of certain controllable costs on the basis that their inclusion is “...appropriate given the controllable nature of these items and provides further incentive to manage costs efficiently.”</p> <p>Please explain your understanding of why the BCUC would choose to include these costs in the utility’s ESM, the significance of whether the costs were controllable, and your understanding of how the “controllable nature” of the costs contributes to the utility’s incentive to manage costs efficiently.</p>
2-14.	<p>Reference Testimony of Nicholas Crowley, Bates 000013, lines 11-20.</p> <ul style="list-style-type: none"> <li>a. Please provide all workpapers and calculations on which your results are based.</li> <li>b. Does your finding that the Company’s costs for the maintenance of overhead lines increased at a rate faster than the national average indicate that the Company is spending too much? Please explain.</li> <li>c. Please describe all the reasons of which you are aware in which an electric utility’s spending on maintenance of overhead lines could be prudent and necessary and also above the national average.</li> <li>d. Do you agree that as a mathematical axiom, roughly half the utilities you analyzed will have growth rates more than the national average and roughly half will have less? If your answer is anything other than an unqualified yes, please indicate what you believe the truth of the matter to be.</li> <li>e. Have you compared the growth in the Company’s spending on the maintenance of overhead lines to spending in that category by other utilities</li> </ul>

	<p>in New Hampshire? If so, please explain what you found and provide any workpapers and documentation that you relied on to reach your findings.</p> <p>f. Have you compared the growth in the Company’s spending on the maintenance of overhead lines to spending in that category by other utilities in New England? If so, please explain what you found and provide any workpapers and documentation that you relied on to reach your findings.</p> <p>g. Have you compared the growth in the Company’s spending on the maintenance of overhead lines to spending in that category by utilities that are a similar size as the Company? If so, please explain what you found and provide any workpapers and documentation that you relied on to reach your findings.</p> <p>h. Have you compared the growth in the Company’s spending on the maintenance of overhead lines to spending in that category by utilities whose service territories are geographically similar? If so, please explain what you found and provide any workpapers and documentation that you relied on to reach your findings.</p> <p>i. Have you compared the growth in the Company’s spending on the maintenance of overhead lines to spending in that category by utilities with a similar mix of customers? If so, please explain what you found and provide any workpapers and documentation that you relied on to reach your findings.</p> <p>j. Are you aware of any Company spending on the maintenance of overhead lines that has been disallowed by the Commission because it was imprudently incurred?</p>
<p>2-15.</p>	<p>Reference Testimony of Nicholas Crowley, Bates 000013, lines 11-20.</p> <p>a. Do you agree that the Company’s spending on maintenance for overhead lines increased by 59% from 2020 to 2021 and then by 17% from 2021 to 2022? If your answer is anything other than an unqualified affirmative, please explain what you believe the truth of the matter to be.</p> <p>b. What was the Company’s average annual growth in spending on maintenance for overhead lines for 2017, 2018, and 2019?</p> <p>c. Do you agree that for the years 2017, 2018, and 2019, annual growth for the Company’s spending on maintenance for overhead lines was lower than the five year average (27%) and much higher in the period 2020 through 2022? If your answer is anything other than an unqualified negative, then please explain the relevance of the five year average given the discrepancy between the two periods.</p> <p>d. As a general matter, is a cost that can increase from 59% from one year to the next and then again by 17% controllable by the utility, presuming that all such spending was incurred prudently? If your answer is anything other than an unqualified no, please explain how much a cost would need to change</p>

	<p>from one year to the next in order to be fairly characterized as uncontrollable.</p> <p>e. Do you have any reason to believe that the Company could have controlled the increase in vegetation management costs between 2020 and 2021? If your answer is anything other than an unqualified no, please describe how it could have done so.</p> <p>f. Do you have any reason to believe that the Company could have controlled the increase in vegetation management costs between 2021 and 2022? If your answer is anything other than an unqualified no, please describe how it could have done so.</p>
<p>2-16.</p>	<p>Reference Testimony of Nicholas Crowley. At Bates 000014, your testimony refers to the testimony of Witnesses Elizabeth Nixon and Jacqueline Trottier regarding their recommendation for a vegetation management cost recovery mechanism. Their recommendation is at Bates 000015, lines 2-6.</p> <p>a. Please summarize your understanding of how the Company will recover its vegetation management costs. In particular, please separately explain how the Company would recover costs that exceeded \$2.5 million and how it would recover costs that exceeded \$3.0 million.</p> <p>b. In your testimony, you analyze the Company’s maintenance of overhead lines costs for each of 2020, 2021, and 2022. Please confirm that the Company’s spending would have been above the \$2.5 million cap proposed by Ms. Nixon and Ms. Trottier in each of those three years. If your response is anything other than an unqualified confirmation, please explain what you believe the truth of the matter to be.</p> <p>c. Do you agree that if the \$2.5 million cap and \$3.0 million limit proposed by Ms. Nixon and Ms. Trottier had been in effect in the three years beginning in 2020 that the data you compiled indicates that the Company would have spent \$12.9 million but could have recovered no more than \$8.9 million including \$2.9 million in 2020 and \$3.0 million in each of 2021 and 2022. If your response is anything other than an unqualified agreement, please indicate what you believe the truth of the matter to be.</p> <p>d. In your opinion, would it have been just and reasonable for the Commission to have denied the Company recovery of the difference between the \$12.9 million it spent from 2020-2022 and the \$8.9 million it would have collected?</p> <p>e. In your opinion, would allowing the Company to recover only \$8.9 million of the \$12.9 million it spent from 2020-2022 created any incentives for it to control costs? If your answer is anything other than an unqualified negative, please explain what you believe the truth of the matter to be.</p>

	<p>f. Do you agree with the recommended vegetation management cost recovery mechanism proposed by Ms. Nixon and Ms. Trottier. Please explain why or why not.</p>
2-17.	<p>Reference Testimony of Nicholas Crowley, Bates 000015 at lines 15-17, which refers to the Company’s assertion that it cannot reasonably predict its cybersecurity spending. At Bates II-1038 of the testimony of Shawn Eck, the Company’s Direct of IT Security, Risk and Compliance, he states that establishing a budget significantly in advance of the time in which the spending will be incurred is “inherently incompatible with the uncertain nature of the cybersecurity space” (lines 17-19) and that the nature of the threat is such that “the Company cannot afford to fall behind on cybersecurity, even temporarily or by a small amount, even when the cost of keeping pace with threats jeopardizes budgets.” (lines 12-14). Do you disagree with any of Mr. Eck’s assertions? If so, please identify which and your basis for disagreement.</p>
2-18.	<p>Reference Testimony of Nicholas Crowley, Bates 000015 at lines 20-22.</p> <p>a. Do you agree that a Z factor allows for an adjustment to a company’s rates to account for a significant financial impact (either positive or negative) of an event outside of the control of the company and for which the company has no other reasonable opportunity to recover the costs within the PBR formula?</p> <p>b. If the Department’s recommendation to exclude the reconciliation of cybersecurity spending were to be adopted by the Commission, and no other changes were made to the Company’s proposal, would the Company have any opportunity to recover cybersecurity spending beyond the amounts indicated in its forecast?</p>
2-19.	<p>Reference Testimony of Nicholas Crowley, Bates 000015, line 23 – Bates 000015, line 2, which references the recommendation made by Department Witnesses Trottier and Nixon not to allow the Company to reconcile any cybersecurity or pension costs (Bates 000014, lines 18-19).</p> <p>a. Based on the information of which you are currently aware, do you agree with the recommendation made by Ms. Nixon and Ms. Trottier? Please explain why or why not.</p> <p>b. Do you believe that the use of a Z factor to reconcile uncertain cybersecurity costs, as you describe it in your testimony (Bates 000015, lines 20-22), would be preferable to the recommendation made by Ms. Nixon and Ms. Trottier? Please explain why or why not.</p> <p>c. Do you believe that the use of a variance account, as you describe it in your testimony (Bates 000015, lines 18-20), would be preferable to the recommendation made by Ms. Nixon and Ms. Trottier? Please explain why or why not.</p>

2-20.	<p>Reference Testimony of Nicholas Crowley, Bates 000016, lines 3-5, which references the recommendation made by Department Witnesses Trottier and Nixon not to allow the Company to reconcile any cybersecurity or pension costs (Bates 000014, lines 18-19).</p> <ol style="list-style-type: none"> <li>a. Based on the information of which you are currently aware, do you agree with the recommendation made by Ms. Nixon and Ms. Trottier? Please explain why or why not.</li> <li>b. Please identify any utilities of which you are aware that are subject to price- or revenue-cap MYRPs that excludes pension costs from the calculation of the price cap or revenue cap.</li> <li>c. Please identify any utilities of which you are aware that are subject to price- or revenue-cap MYRPs that does not exclude pension costs from the calculation of the price cap or revenue cap.</li> </ol>
2-21.	<p>Reference Direct Testimony of Nicholas A. Crowley at Page 13 of 34, Lines 10-20.</p> <ol style="list-style-type: none"> <li>a. Please provide the analysis based on tree/vegetation only, understanding that Account 593 includes all maintenance of overhead lines, not just vegetation.</li> <li>b. Does this stated annual cost increases still hold true when isolated to vegetation programs only?</li> </ol>

**Direct Testimony of Michael Ty Clark**

2-22.	<p>Reference Direct Testimony of Michael Ty Clark at, page 7, Lines 1 through 7.</p> <ol style="list-style-type: none"> <li>a. Please provide all supporting calculations and results of your analyses in live Excel files (or PDF copies of statistical inputs and outputs if the analysis was not conducted in Excel) for the following: <ol style="list-style-type: none"> <li>a. Replicating the regression results of the MCOS study;</li> <li>b. Evaluating the regressions specifications of the models to determine they were appropriate;</li> <li>c. Modifying the regressions by including different control variables to evaluate how the marginal cost differed with respect to changes in the model; and</li> <li>d. Reviewing how potential changes affected the final proportion of total marginal cost revenue requirements by class.</li> </ol> </li> </ol>
2-23.	<p>Reference Direct Testimony of Michael Ty Clark at, page 10, Lines 8 through 11, which states:  “When I examined how the estimated marginal cost changes when the 2002 indicator is included in the current version of marginal costs, I found that the cost driver loses its statistical significance even though the R-squared statistic increases.”</p>

	<p>a. Please provide all supporting calculations and results of your analysis in live Excel files (or PDF copies of statistical inputs and outputs if the analysis was not conducted in Excel).</p>
2-24.	<p>Reference Direct Testimony of Michael Ty Clark at, page 11, Lines 7 through 9, which states:          “The R-squared statistic is lower when I estimate the model using the alternate lag variable (e.g., 1-year instead of 2-year and vice versa), further confirming that the choice of explanatory variable is not grounded in theory.”</p> <p>a. Please provide all supporting calculations and results of your analysis in live Excel files (or PDF copies of statistical inputs and outputs if the analysis was not conducted in Excel).</p>
2-25.	<p>Reference Direct Testimony of Michael Ty Clark at, page 4, footnote 1.</p> <p>a. Please provide the text of this citation: W. Kip Viscusi, Joseph E. Harrington, Jr., and John M. Vernon. Economics of Regulation and Antitrust, Fourth Edition (MIT Press Books, 2005), Chapter 4</p>
2-26.	<p>Reference Direct Testimony of Michael Ty Clark at, page 12 of 30, Lines 1-2 states:          “This prevents estimating a relationship between the cost of interest and the cost driver over only a few observations.”</p> <p>a. Please define “only a few observations.”</p> <p>b. All else equal, does the number of observations affect the statistical significance of an independent variable in a regression? If so, please explain how.</p> <p>c. All else equal, does the number of observations affect the R-squared of a regression? If so, please explain how.</p>
2-27.	<p>Please provide cites to all previous New Hampshire PUC rate case orders in the last 20 years that approve relying on embedded cost-based allocation factors.</p>
2-28.	<p>Reference Testimony of Michael Ty Clark at Page 7, Lines 2-7.</p> <p>a. Please provide the workpapers used to replicate Liberty’s MCOS study, the modifications made to the regressions, and the potential changes.</p>
2-29.	<p>Reference Testimony of Michael Ty Clark at Page 14, Lines 13-14.</p> <p>a. Please provide the workpapers used to support the recommendation to increase the customer charge for Rates G-1 and G-2 by 5 percent.</p>
2-30.	<p>Reference Testimony of Michael Ty Clark at Page 18, Lines 5-8.</p> <p>a. Please identify in the Direct Testimony of Balashov and Strabone the support for the statement “Liberty originally planned to deploy AMI meters and complete the first phase of the project in 2026.”</p> <p>b. Please provide support for the witness’s understanding that the “initiation phase of the AMI project has been delayed.”</p>
2-31.	<p>Reference Testimony of Michael Ty Clark at Pages 19-20.</p> <p>a. Please identify the recommended cap on the number of customers that can be enrolled in the proposed TOU rates before AMI is deployed.</p>

	<ul style="list-style-type: none"> <li>b. Please provide the analysis used to support the recommendation to limit the D-TOU rate enrollment to EV-only and smart-thermostat only customers.</li> <li>c. Please describe how the Company should identify and verify that a customer is an EV-only or smart-thermostat customer.</li> </ul>
2-32.	<p>Reference Testimony of Michael Ty Clark at Page 21, Lines 16-17.</p> <ul style="list-style-type: none"> <li>a. Please describe any customer outreach that has been conducted to support the proposal to default customers onto Rate D-TOU.</li> </ul>
2-33.	<p>Reference Testimony of Michael Ty Clark at Page 26, Lines 10-17.</p> <ul style="list-style-type: none"> <li>a. Please explain all the reasons why the Limited All Electric (T) and Limited Space Heating (V) classes should be included with the General Service (G-3) class.</li> <li>b. Please explain all the reasons why the Limited All Electric (T) and Limited Space Heating (V) classes are not proposed to be included with the Domestic (D) and Domestic Opt. Peak (D-10) classes.</li> <li>c. Please confirm whether the recommendations provided would require a change to the Company’s currently approved methodology as defined in the Company’s tariff.</li> </ul>
2-34.	<p>Reference Testimony of Michael Ty Clark at Page 27.</p> <ul style="list-style-type: none"> <li>a. Please explain your understanding of the basis of the decoupling mechanism and the reasoning for decoupling as proposed and approved in Docket No. DE 19-064.</li> <li>b. Please explain how the removal of the General TOU (G-1) customer class from the decoupling calculation supports your understanding in part a.</li> <li>c. Please explain why it is important to reduce the level of the deferral for the G-1 customer class.</li> </ul>
2-35.	<p>Reference Testimony of Michael Ty Clark at Page 28.</p> <ul style="list-style-type: none"> <li>a. Please explain whether your recommendations change if the Company’s MYRP proposal is not approved, and the Company employs step adjustments rather than a three-year MYRP.</li> <li>b. Please explain whether your recommendations change if the Company’s MYRP proposal is not approved, and the Company does not employ any step adjustments.</li> </ul>
2-36.	<p>Reference Testimony of Michael Ty Clark at Page 28, Lines 3-4. Mr. Clark’s testimony states “...the combination of Liberty’s proposed MYRP and its existing RDM would pay the Company twice for growth.”</p> <ul style="list-style-type: none"> <li>a. Please explain how the MYRP annual rate increases affect the RDM calculation differently than past step increases allowed in past rate proceedings.</li> <li>b. Please explain Mr. Clark’s understanding of the annual decoupling reconciliation process as it pertains to new customers added during the applicable decoupling period. Specifically, how actual revenues derived from new customers are reconciled.</li> </ul>

	<p>c. If actual revenues from new customers are reconciled to the target revenue per customer, please explain how the annual increases in MYRP revenue requirements would “pay the Company twice for growth.”</p>
2-37.	<p>Reference Testimony of Michael Ty Clark at Page 28, Lines 3-4. Mr. Clark’s testimony states “...the combination of Liberty’s proposed MYRP and its existing RDM would pay the Company twice for growth.”</p> <p>Reference Testimony of Nicholas Crowley at Page 18, Lines 5-10. Mr. Crowley’s testimony states “...the Company’s current approach to revenue decoupling provides for revenue growth as the Company’s customer base grows. At the same time, the Company’s proposed MYRP forecasts a revenue requirement for three years over the MYRP term, factoring in growth as a component of the revenue escalation each year. This amounts to counting growth twice, which means the current revenue decoupling mechanism is incompatible with the proposed MYRP.”</p> <p>a. Please explain how the MYRP annual rate increases affect the RDM calculation differently than previous step increases allowed in past rate proceedings.</p> <p>b. Please explain Mr. Crowley’s understanding of the annual decoupling reconciliation process as it pertains to new customers added during the applicable decoupling period. Specifically, how actual revenues derived from new customers are reconciled.</p> <p>c. If actual revenues from new customers are reconciled to the target revenue per customer, please explain how the annual increases in MYRP revenue requirements results in “counting growth twice.”</p>
2-38.	<p>Reference Testimony of Michael Ty Clark.</p> <p>a. Did the witness consider any other modifications to the RDAF calculation other than what was proposed in testimony?</p> <p>b. If so, please provide the modifications considered and discuss all the ways each modification was determined to be inferior.</p>
2-39.	<p>Reference Testimony of Michael Ty Clark at p. 25, lines 13-15.</p> <p>a. How are deferrals reallocated?</p> <p>b. Please describe your understanding of the allocation factors that the Company uses to reallocate deferrals.</p> <p>c. Please confirm that the Company calculates a single RDAF for each decoupling period. If your response is anything other than an unqualified confirmation, please explain what you believe the truth of the matter to be.</p> <p>d. Please identify all the utilities of which you are aware that reconcile revenue surpluses and deficits in the same manner as does the Company insofar as they utilize a single, volumetric charge that is applied to all customers.</p> <p>e. Please identify all the utilities of which you are aware that “pool similar customer classes,” as you use the term at line p. 26, line 12 of your testimony</p>

	for purposes of reconciling revenue surpluses and deficits as part of a decoupling mechanism.
2-40.	Reference Testimony of Michael Ty Clark at p. 27, lines 4-12. Would eliminating revenue decoupling for G-1 customers increase or decrease the Company’s risk, all else equal? Please explain the basis for your response.
2-41.	Reference Testimony of Michael Ty Clark at p. 27, lines 4-12. Do you believe the Commission should eliminate revenue decoupling for Liberty entirely? If your response is anything other than an unqualified negative, please explain your response.
2-42.	Reference Testimony of Michael Ty Clark at p. 27, lines 4-12. <ul style="list-style-type: none"> <li>a. Please explain all the ways of which you are aware that revenue decoupling benefits electric utility customers.</li> <li>b. Please identify which of the ways that decoupling benefits customers identified in subpart a above do not apply to Liberty’s G-1 customers. Please explain your basis for that belief.</li> </ul>
2-43.	Reference Testimony of Michael Ty Clark p. 28, lines 3-9, explain your understanding of when and how the Commission would establish Liberty’s revenues per customer for each year of the rate period, under the Company’s proposal.
2-44.	Reference Testimony of Michael Ty Clark p. 28, lines 3-9. Do you agree that if the Commission updated Liberty’s customer count during the course of the MYRP that your concerns about “double counting of growth” would be alleviated? If your response is anything other than an unqualified agreement, please explain all the reasons why your concerns would not be alleviated.
2-45.	Reference Testimony of Michael Ty Clark p. 28, lines 3-9, please identify all the utilities of which you are aware that utilize a multi-year rate plan whose revenue requirement changes each year and which implement revenue decoupling on a revenue-per-customer basis.
2-46.	Reference Testimony of Clark at 19 re proposed limitations on TOU rate availability. <ul style="list-style-type: none"> <li>a. Please explain what is meant by the term “smart thermostat”?</li> <li>b. How can the customer verify that a customer premise is equipped with a conforming smart thermostat or electric vehicle prior to enrolling a customer on the D-TOU rate.</li> <li>c. Are there other technologies or approaches to price response that would support customers’ likelihood of responding to TOU rates.</li> </ul>
2-47.	Reference Testimony of Clark at 19 re: cap on participation: <ul style="list-style-type: none"> <li>a. How should the cap on the number of customers enrolled in D-TOU and G-3-TOU rates be defined.</li> <li>b. What is the number of customers that should be allowed to enroll in the D-TOU and G-3-TOU rates?</li> </ul>

2-48.	<p>Reference Testimony of Clark, page 21 re: D-10 customers defaulting to D-TOU.</p> <ol style="list-style-type: none"> <li>a. Should all customers currently on the D-10 rate be defaulted to the D-TOU rate regardless of the existence of an EV or smart thermostat?</li> <li>b. Would customers currently on the D-10 rate and defaulted to the D-TOU rate be counted against the proposed cap on the number of customers allowed to enroll?</li> </ol>
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**Direct Joint Testimony of Jay E. Dudley, Ronald D. Willoughby and Joseph J. DeVirgilio**

2-49.	<p>Reference Direct Testimony of Jay E. Dudley, Ronald D. Willoughby and Joseph J. DeVirgilio at, Page 52 of 70. Lines 6-9. “In July 2023, Liberty provided a confidential (and preliminary) AMI cost/benefit analysis based on Itron’s GenX technology in response to data request DOE OCA 1-79”</p> <ol style="list-style-type: none"> <li>a. Please provide the reference to the Company’s statement or data submissions on this proceeding’s record that characterize the Cost Benefit Analysis that the Company provided in the response to OCA 1-79 as “preliminary.”</li> <li>b. If the characterization of the Cost Benefit Analysis in question as preliminary is based on the Department’s own analysis or inferences, please outline in detail the considerations underlying such a characterization.</li> </ol>
2-50.	<p>Reference Direct Testimony of Jay E. Dudley, Ronald D. Willoughby and Joseph J. DeVirgilio at, Page 52 of 70. Lines 6-9. “In summary, the Department proposes that a strategically important next step would be to develop a detailed cost/benefit analysis and detailed project plan/roadmap (inception, deployment, through closeout) as a result of the cost and technology changes from Itron.”</p> <ol style="list-style-type: none"> <li>a. Please list each individual feature, assumption, cost / benefit line item, and other calculation category of the Cost Benefit Analysis model provided by the Company in the Confidential response to DOE OCA 1-79, which in the Department’s view does not meet the definition of a “detailed cost/benefit analysis”, as contemplated in its own proposal referenced in the preamble. Please provide specific tab and cell references and list any elements that it believes are missing from the model.</li> <li>b. Please describe what incremental information or insights would a presence of a “detailed project plan/roadmap” recommended by the Department provide to the Commission and other participants of this rate case?</li> <li>c. Given the department’s proposed disallowance of \$2,501 in AMI expenses incurred to date, would the Department view the expenditures associated with the development of a “project plan/roadmap” that it recommends as prudent at this stage of the project?</li> </ol>
2-51.	<p>Reference Direct Testimony of Jay E. Dudley, Ronald D. Willoughby and Joseph J. DeVirgilio at, discussion of Liberty Consulting Group (LGC) report of August 2016, at Bates 022.</p>

	<p>a. Did DOE review the November 1, 2017, supplemental report that the Liberty Consulting Group prepared in 2017? If so, why did DOE not mention the progress Liberty had made as documented by LCG? If not, why not?</p> <p>b. Why did DOE not provide for the Commission’s review and consideration the November 1, 2017, supplemental report prepared by LCG?</p>
2-52.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio at Bates 0036 lines 10-12 regarding Contribution in Aid of Construction (CIAC) for Rockingham Substation.</p> <p>a. Please provide all evidence supporting DOE’s belief that Tuscan Village project is the primary beneficiary of Rockingham Substation.</p>
2-53.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio at Bates 0045 lines 1-2 regarding DOE’s concern about the potential for over-build and over-capacity at Rockingham Substation.</p> <p>a. Please provide DOE’s or the Consultant’s area load study supporting their concerns of the over-build and over-capacity of Rockingham Substation.</p>
2-54.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio at Bates 0048 lines 21-23 regarding DOE’s concern that Liberty ratepayers are subsidizing the use of chargers installed at Tuscan Village for the benefit of Tuscan Village and Tuscan's customers.</p> <p>a. Please provide supporting documentation that these chargers are only being used by Tuscan Village and Tuscan's customers.</p>
2-55.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio at Bates 0050 lines 14-19 regarding the addition of two Electric Relay Technicians.</p> <p>a. Please further explain why DOE and its Consultant believe these positions are neither supported nor accounted for in the Company’s filing.</p>
2-56.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio at Bates 0059 lines 20-23 regarding Section 5, Project Lessons Learned of Project Close Out Reports.</p> <p>a. Please provide examples supporting DOE’s claim that the Company inserted “N/A” for Problem Statement, Problem Description, References and Recommendations, regardless of whether Liberty encountered any problems with a project.</p>
2-57.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio at Bates 0067 line 10 regarding Liberty considering least cost alternatives</p> <p>a. Please provide supporting documentation of the specific instances when the Company proposed a more costly alternative rather than the least cost alternative.</p>
2-58.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio at Bates 0067 lines 18-20 regarding the Company’s project planning processes, controls and decision making.</p>

	<p>a. Please provide specific examples of when the Company did not follow an organized project planning process and/or controls leading to imprudent decision making.</p>
2-59.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio at Bates 0067 lines 21-23 regarding the Company’s cost control methodology and techniques.</p> <p>a. Please provide specific examples of when the Company did not utilize cost control methods or reasonably respond to changing circumstances associated with capital projects.</p>
2-60.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio at Bates 0068 lines 5-6 regarding the buildout of infrastructure for Tuscan Village.</p> <p>a. Please provide DOE’s or the Consultants engineering analysis supporting their belief that the referenced infrastructure is significantly over-built</p>
2-61.	<p>Reference Direct Joint Testimony of Dudley, Willoughby and Devirgilio at Page 60 of 70, Lines 7-14.</p> <p>a. Please provide backup and specific rationale leading to the \$2.5 million funding level, with a cap of \$3.0 million as recommended by Staff.</p> <p>b. Which line items from RR-3.12 do the witness recommend should be adjusted?</p>
2-62.	<p>Reference Direct Joint Testimony of Dudley, Willoughby and Devirgilio at Page 63 of 70, Lines 1-3.</p> <p>a. Please provide backup for the “no” response in relation to programs and/or initiative to address tree-related reliability issues.</p>
2-63.	<p>Reference Direct Joint Testimony of Dudley, Willoughby and Devirgilio at Page 63 of 70, Lines 4-18.</p> <p>a. Please provide a list of “new initiatives” as stated on Line 17.</p>
2-64.	<p>Reference Direct Joint Testimony of Dudley, Willoughby and Devirgilio at Page 64 of 70, Lines 3-14.</p> <p>a. Please provide an explanation for the determination that the proposed VMP will not address hazard tree backlog in light of the line item in the requested budget titled “Hazard Tree Removal – Catch Up”.</p>
2-65.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio. Please provide the data for all tables presented in testimony in a live Excel file format with formulas intact.</p>
2-66.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio. Page 29, Table 4. Please confirm whether the witnesses agree with the total variance as presented in Testimony on line 13.</p>
2-67.	<p>Reference Joint Testimony of Dudley, Willoughby and DeVirgilio. Page 50, Please confirm or deny whether the DOE's support of the Company's expenditure for the subscription but recommended disallowance from rate base means the Company should include the expenditure as an expense in the Company's test year revenue requirement. Please provide support for the position.</p>

### **Direct Testimony of Mark P. Toscano**

2-68.	<p>Reference Direct Testimony of Mark P. Toscano at, Page 11 of 11 Lines 9-12. For the reasons discussed above, I recommend that Phase 2 regarding Liberty-owned batteries be postponed at this time. The proposed customer-owned BYOD program should be implemented.”</p> <p>a. Please explain why the Department supports the BYOD program that contemplates deploying battery systems of the same or substantially similar technology and size to those used in the utility-owned Pilot, yet it opposes the second phase of the utility-owned Pilot on the grounds associated with longer-term performance characteristics of the battery units.</p>
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### **Direct Testimony of Donna Mullinax**

2-69.	<p>Please provide working Excel versions of all tables and attachments to the Testimony of Donna Mullinax.</p>
2-70.	<p>Reference Direct Testimony of Donna Mullinax at, page 17, lines 17-18, and the statement “[t]he effect of these plant adjustments and the associated adjustment to the accumulated depreciation and a <i>placeholder</i> for accumulated deferred income taxes...”</p> <p>a. Please explain why a “placeholder” was used by Ms. Mullinax for accumulated deferred income taxes.</p>

### **Direct Testimony of Amanda Noonan**

2-71.	<p>Reference Direct Testimony of Amanda Noonan at, pages 11-12, where Ms. Noonan describes an increase in customer contacts to her office from Liberty customers. Please provide a list of contacts that were unrelated to price changes or storm conditions in which Liberty needed to take corrective action, such as adjusting a bill, to resolve a customer complaint. Please include the customer name, address, date of complaint, and the type of corrective action needed.</p>
2-72.	<p>Reference Direct Testimony of Amanda Noonan at, page 14, stating the number of complaints increased substantially after the SAP conversion. Please provide a list of contacts or complaints that were unrelated to price changes or storm conditions in which Liberty needed to take corrective action, such as adjusting a bill, to resolve a customer complaint. Please include the customer name, address, date of complaint and type of corrective action needed.</p>
2-73.	<p>Reference Direct Testimony of Amanda Noonan at, page 14, stating the number of complaints increased substantially in the 12 months after the SAP conversion. Please provide a breakdown by month of the complaints related to the SAP conversion.</p>

2-74.	Reference Direct Testimony of Amanda Noonan, beginning at p. 8, line 1, which recommends that the Commission direct the Company to report a number of metrics related to its Arrearage Management Program (“AMP”). Please explain your understanding of how much this reporting would cost, on an annual basis, and how the Company would recover such costs.
2-75.	Reference Testimony of Amanda Noonan at Page 12, Line 5. Please provide the supporting data shown in the chart on p. 12, line 5 of your testimony.
2-76.	<p>Reference Testimony of Amanda Noonan at Page 12, Line 5.</p> <ol style="list-style-type: none"> <li>a. Please list all the reasons of which you are aware that Liberty’s contacts per thousand customers are higher than those of Unitil every year shown and are higher than Eversource’s in either every year or all but one, 2019, in which the contacts per thousand customers is about the same?</li> <li>b. Do you believe that the size of a utility or its customer composition can impact the frequency with which its customers contact its regulator when contacts are calculated on a per customer basis?</li> <li>c. Please list all the factors of which you are aware that influence the frequency with which a utility’s customers contact its regulator that are beyond the control of utility management.</li> <li>d. Do you agree that, in general, the rate at which customers contacted the DOE from 2018 to 2023 was highly correlated with energy commodity costs? Please explain why or why not.</li> <li>e. In your opinion, what is the maximum number of contacts per thousand customers that the Commission should allow for a utility in New Hampshire before taking action?</li> <li>f. In your opinion, what is the maximum number of contacts per thousand customers that the Commission should allow for the Company before taking action?</li> </ol>
2-77.	Regarding the customer satisfaction data shown at p. 13, line 11 of your testimony, do you believe that the retail price of energy, including commodity costs, distribution costs, and other costs, influences these results? Please explain why or why not.
2-78.	Please provide workpapers showing your calculation of a 226% increase in customer contacts reported at p. 14, line 12 of your testimony.
2-79.	Regarding the customer satisfaction data shown at p. 14, line 6 of your testimony, do you believe that the retail price of energy, including commodity costs, distribution costs, and other costs, influences these results? Please explain why or why not.
2-80.	Please provide workpapers showing your calculation of an 864% increase in contacts regarding billing issues reported at p. 14, line 14 of your testimony

2-81.	<p>Regarding the customer contacts data that you report at p. 14, lines 10-14 of your testimony, please confirm that you agree with each of the following statements. If your response to any of the statements is anything other than an unqualified agreement, please indicate what you believe the truth of the matter to be:</p> <ul style="list-style-type: none"> <li>a. Between the two periods you report, total contacts increased by 323 contacts, from 256 to 579.</li> <li>b. Between the two periods you report, billing contacts increased by 107 contacts, from 14 contacts to 121 contacts.</li> <li>c. By calculating the difference in the number of total contacts and number of billing-related contacts you report for the periods before and after SAP implementation, it is possible to deduce that contacts for matters not related to billing must have increased by 216 contacts, from 242 contacts to 458 contacts.</li> <li>d. Based on the calculation described in item c, roughly 67% of the increase in customer contacts is attributable to an increase in customer contacts for non-billing issues (the increase of 216 non-billing contacts out of a total increase of 323 customer contacts).</li> </ul>
2-82.	<p>At p. 14, lines 10-14 of your testimony, you explain that customer contacts increased from 256 customers in the 12 months preceding the Company’s system conversion to 579 customers after conversion and that contacts related to billing issues increased from 14 to 121 over the same period.</p> <ul style="list-style-type: none"> <li>a. Of the 121 billing-related customer contacts, were any of the contacts about multiple issues? Please indicate how many of those contacts were contacts regarding multiple issues and identify the frequency of each other issue.</li> <li>b. Please provide any data in the DOE’s possession that shows the subjects of customer contacts during this period.</li> <li>c. Please describe all the issues of which you are aware that were raised by the customers making the 579 contacts you report for the period following SAP implementation.</li> <li>d. How many individual customers were responsible for the 579 contacts you report for the period following SAP implementation?</li> </ul>
2-83.	<p>Please specify the time periods by month and year that you identify in your testimony as being the “12 months preceding Liberty’s system conversion to SAP” (p. 14, line 11) and the “12 months following the conversion (p. 14, line 14)</p>

**Direct Testimony of Stephen R. Eckberg**

2-84.	<p>Reference Direct Testimony of Stephen R. Eckberg at, page 4. Can you detail how the 9-year amortization period for the reserve imbalance was determined?</p>
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2-85.	Can you describe how the whole life rates with a reserve imbalance meets the definition of systematic and rational depreciation? And how adjusting an actual book reserve to a theoretical reserve is more appropriate.
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**Direct Testimony of Elizabeth R. Nixon and Jacqueline M. Trottier**

2-86.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 4, Line 8. Please provide all final audit reports pertaining to all electric and gas utility rate cases filed between 2018 and 2023.
2-87.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 4, Lines 13-20. Please explain how the Department was able to thoroughly review the requested rate increase and recommend a revenue requirement given the claim of significant flaws in the test year information.
2-88.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 9, Lines 2-10. <ul style="list-style-type: none"> <li>a. Please confirm that the witnesses are concluding that the reason for lower customer satisfaction results in the October 2023 customer satisfaction survey is the new system implemented by Liberty.</li> <li>b. Please state the witnesses understanding of the time frame over which the Customer Satisfaction survey was conducted.</li> <li>c. Please state the witnesses understanding of the date that the Company implemented the new system.</li> </ul>
2-89.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 11, Lines 2-10. <ul style="list-style-type: none"> <li>a. With respect to multi-year rates, please explain the Department’s position that Liberty is not ready to transition to this form of ratemaking.</li> <li>b. Please explain why the Department is comfortable with step adjustments but not multi-year rate plans.</li> <li>c. Please describe the Department’s understanding of other jurisdictions where Liberty operates using a multi-year ratemaking methodology.</li> </ul>
2-90.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 12. Please provide a reference for the statement “decoupling was presented as a means of severing the link between Liberty’s sales and revenues to allow the Company to pursue energy efficiency (EE) more aggressively, because Liberty would be made whole for any lost revenue from EE.”
2-91.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 12, Lines 8-10. Please describe where the Company’s forecast in this rate case incorporates future reductions in revenues resulting from the level of energy efficiency established by HB549.

2-92.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 13, Lines 1-7.</p> <p>a. Please provide all workpapers, analysis and support for the statement that “electric sales due to electric vehicles and electric heat pumps is experienced” as it relates to Liberty’s service territory.</p>
2-93.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Pages 13-14.</p> <p>a. Please provide the reasoning for the Department’s support of a reconciling mechanism for vegetation management, but not for cybersecurity or pension costs.</p>
2-94.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Pages 17-19 related to different recovery mechanisms proposed.</p> <p>a. Please confirm whether the Department agrees that the Jardin/Dane testimony proposes recovery of the current regulatory assets/liabilities. If not, please explain the Department’s understanding of the Jardin/Dane proposal.</p> <p>b. Please confirm whether the Department agrees that the Menard testimony proposes a reconciliation and recovery of future variances between amounts in base rates and actual expenses. If not, please explain the Department’s understanding of the Menard proposal.</p>
2-95.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 20, Lines 1-4.</p> <p>a. Please confirm whether DOE agrees that the DOE/OCA consultant costs of \$220,982 as of 12/31/2022 are provided in the Jardin/Dane testimony, Attachment KMJ/DSD-1, Schedule RR-4.4, Lines 5-7, Bates II-361 in the Dane/Jardin testimony. If the DOE does not agree, please explain the DOE’s understanding of what these costs represent.</p> <p>b. Please confirm whether the DOE agrees that the “TBD” referenced in the Menard testimony referring to PUC/OCA/DOE consultant costs are for rate case expense and is separate and different from the \$220,982 referenced above proposal to recover PUC/OCA/DOE consultant costs for docketed proceedings other than rate cases. If the DOE does not agree, please explain the DOE’s understanding of what the “TBD” represents.</p>
2-96.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Pages 20-21, referencing the DOE’s proposal to provide the LRAM credit through the SBC. Please provide a reference as to the path to provide the credit to customers through the SBC rate, indicating which docket the Company would make a proposal and how the EE rate could be updated to reflect this credit.</p>
2-97.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 23, regarding the Department’s proposal that “Liberty work with the DOE and other interested parties in determining the appropriate calculation methodology for</p>

	calculating the rates to charge and to determine appropriate language for the whole line extension tariff.” Please describe the DOE’s recommended approach and timeline for achieving a final line extension tariff revision.
2-98.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Pages 23-24, regarding the Department’s proposal that “Liberty work with the DOE and other interested parties to determine the appropriate tariff language for the BYOD customers in the battery storage pilot. In addition, Liberty and the other parties should determine if additional changes to the tariff are necessary since the pilot may have changed since implementation.” Please describe the DOE’s recommended approach and timeline to achieving a final tariff revision.
2-99.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 24, Lines 7-8, regarding the Department’s statement “For the tariff, and non-recurring charges, the Company’s proposed changes are not in compliance with Puc 300 rules (i.e., the Company proposed \$50 for a meter test charge, but the Puc 300 rules require a charge of \$20).” Aside from the meter test charge, please identify all other specific instances where the Company’s proposed tariff is not in compliance with Puc 300 rules.
2-100.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 24, Lines 3-11. Please confirm whether the Department agrees that the Company’s revised revenue requirement on November 7, 2023, was adjusted for the meter test charge from \$50 to \$20. If the Department does not agree, please indicate why the Department disagrees.
2-101.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Page 24, Lines 12-18, regarding the Department’s recommendation that “the Company propose revised changes regarding the presentation of the rates in the tariff and work with DOE and other interested parties to develop an understandable presentation.” Please describe the DOE’s recommended approach and timeline to achieving a final tariff revision.
2-102.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 9, lines 7-10. <ul style="list-style-type: none"> <li>a. Please identify the time period referenced, the number of complaints that customers have made, and the topics on which complaints have been made.</li> <li>b. Is a “complaint” the same as a “contact,” as Witness Noonan uses the latter term in her Direct Testimony including, for example, at p. 11, line 12? If your response is anything other than an unqualified affirmative, please describe all the ways in which a complaint is different than a contact.</li> <li>c. If your response to subpart b is anything other than an unqualified affirmative, please explain how many of the 579 contacts that Ms. Noonan describes at p. 14, line 11 and the 121 contacts she describes at p. 14, line 14, were complaints.</li> </ul>

2-103.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 10, lines 1-4. Please describe the highest and lowest rates that the Commission could set in this proceeding that would be just and reasonable.
2-104.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier. Please identify the specific regulations that require Liberty to “provide an accurate and reliable filing without errors that is fully supportable and matches all other relevant books, records, reports, and forms prepared by Liberty,” as you stated at p. 10, lines 8-10 of the testimony.
2-105.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier, p. 10, lines 8-10. <ul style="list-style-type: none"> <li>a. Please define the term “match.”</li> <li>b. Please list each of the books, records, reports, and forms that you believe the Company’s filing should match.</li> <li>c. Is it your position that any difference between a utility’s rate case filing and its other books, records, reports, and forms would require the Commission to deny a request for a change in distribution rates, as proposed in this instance? If your response is anything other than an unqualified yes, please explain specifically how much, in your opinion, a utility’s rate case filing can differ from its other books, records, reports, and forms without requiring the denial of a request for a change in rates.</li> <li>d. Please identify every instance of which you are aware in which a New Hampshire utility’s request for a change in distribution rates has been denied on the basis of the accuracy of the financial elements of its filing.</li> </ul>
2-106.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier, regarding the recommendation at p. 10, lines 12-15 that the Company only be allowed to file a request to increase rates “until at least one full calendar year of test year data is available after the full and complete implementation of SAP and complete transition and full correction for errors caused by implementation of the new system,” <ul style="list-style-type: none"> <li>a. Please identify the specific regulations and/or statutes that pursuant to which the Commission would impose a stay-out under the circumstances you describe.</li> <li>b. Please identify and describe each instance of which you are aware in which a New Hampshire utility has been barred from filing requests to increase rates until it fulfilled conditions that are similar to those recommended.</li> <li>c. If your recommendation were accepted by the Commission, when is the earliest the Company could file another request to increase distribution rates?</li> </ul>
2-107.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier, p. 10, lines 6-15. <ul style="list-style-type: none"> <li>a. Is your recommendation “denial of Liberty’s request for changes in distribution rates.”</li> <li>b. Is it your recommendation that the Commission dismiss this docket?</li> </ul>

	<p>c. Could the Commission deny Liberty’s request for changes in distribution rates without dismissing this docket? If your response is anything other than an unqualified negative, please explain how you believe the Commission could deny Liberty’s request for changes in distribution rates without dismissing the docket?</p> <p>d. Has the DOE (or Commission Staff) ever recommended that a utility not be provided a rate increase without recommending that the applicable rate case be dismissed? Please identify each instance of which you are aware in which that has occurred and the basis for the DOE’s (or Commission Staff’s) recommendation in each instance.</p> <p>e. Has the DOE (or Commission Staff) ever recommended a rate decrease in response to a utility’s request for a rate increase? Please identify each instance of which you are aware in which that has occurred and the basis for the DOE’s (or Commission Staff’s) recommendation in each instance.</p>
2-108.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier p. 10, lines 6-15. Do you believe that Liberty fulfilled each of the rate case filing requirements identified in PUC 1604? If your answer is anything other than an unqualified affirmative, please indicate which of the requirements Liberty did not fulfill, including reference to the specific part and subpart of PUC 1604 that establishes the requirement and the basis for your conclusion that Liberty did not fulfill that requirement.</p>
2-109.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 3, line 20. To the best of your understanding, please explain why the DOE waited until December 13, 2023, to file its Motion to Dismiss.</p>
2-110.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 11, line 7. How many of the nine request/filings for distribution rate changes that you describe at p. 11, line 7 of your testimony were made for the purpose of correcting an error?</p>
2-111.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 11, line 6-7. Please list and describe every filing since the conclusion of DE 19-064 of which you are aware made by a New Hampshire utility that has corrected an error.</p>
2-112.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 12, lines 3-14 regarding the recommendation you make in your testimony to eliminate revenue decoupling.</p> <p>a. Please identify the text in the Commission’s Order No. 26,376, which approved the settlement of DE 19-064 and established permanent distribution rates, among other things, in which the Commission indicates that it was approving decoupling in order to “pursue energy efficiency (EE) more aggressively.”</p>

	<ul style="list-style-type: none"> <li>b. Please explain all the ways of which you are aware in which Liberty was able to be “made whole for any lost revenue from EE” prior to decoupling being implemented.</li> <li>c. Please explain how HB 549(2022) “establishe[s] the level of energy efficiency to be pursued by electric utilities.”</li> <li>d. Do you believe that the requirements established by HB 549(2022) determines the exact level of lost sales from EE to New Hampshire utilities in future years? If your answer is anything other than an unqualified affirmative, please explain what you believe the truth of the matter to be.</li> <li>e. Based on the passage of HB 549(2022), what will the Company’s lost sales from EE be in each of RY1, RY2, and RY3?</li> </ul>
2-113.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 12, lines 3-14 regarding the recommendation you make to eliminate revenue decoupling.</p> <ul style="list-style-type: none"> <li>a. Please list all the ways, if any, that you believe that revenue decoupling benefits utility customers.</li> <li>b. Please list all the ways, if any, that you believe that revenue decoupling could potentially benefit utility customers, depending on the manner in which it is implemented. For each, please describe the specific elements of the implementation that you believe would be necessary in order to achieve or potentially achieve the benefits.</li> <li>c. Please list and describe all the ways of which you are aware that the Company asserted that revenue decoupling benefits utility customers or could potentially benefit utility customers during DE 19-064. Please also indicate which, if any, of these asserted benefits the Commission disagreed with and reference the order and text within such order in which the Commission indicated its disagreement.</li> <li>d. Would eliminating revenue decoupling increase or decrease the Company’s risk, all else equal? Please explain the basis for your conclusion.</li> </ul>
2-114.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 13, line 21 – p. 14, line 1.</p> <ul style="list-style-type: none"> <li>a. Does the Company reconcile its costs for purchased power?</li> <li>b. Please list all the ways of which you are aware that the Company is incented to exercise cost-control regarding its expenses for purchased power.</li> <li>c. Please list all the other costs of which you are aware that the Company reconciles, as that term is used in your testimony. For each, please explain whether you believe the Company has an incentive to exercise cost control.</li> <li>d. Please list all the other costs of which you are aware that the that any other electric utility reconciles, as that term is used in your testimony. For each, please explain whether you believe the Company has an incentive to exercise cost control.</li> </ul>

2-115.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 14, lines 3-6 regarding the recommendation you make for the budget for vegetation management. Please provide the following:</p> <ul style="list-style-type: none"> <li>a. Copies of all studies, analyses, and workpapers conducted for the purpose of developing your recommendation.</li> <li>b. Identification of any other data you relied on to develop your recommendation.</li> <li>c. A description of budget alternatives that you considered and the basis for their rejection.</li> <li>d. Copies of studies, analyses, workpapers, or other data that supports the reasonableness of your recommendation.</li> <li>e. A list of the individuals who were involved in the development of your recommendation and, for each, a summary of their expertise and experience in the area of vegetation management.</li> </ul>
2-116.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 14.</p> <ul style="list-style-type: none"> <li>a. Please explain the specific basis upon which you determined that \$0.5 million of VM expenditures each year be “carried forward,” as you explain at p. 14, line 6 of your testimony.</li> <li>b. In addition to the explanatory narrative, please provide copies of studies, analyses, workpapers, and data upon which you based your conclusion and also summarize which alternative, if any, you considered.</li> </ul>
2-117.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 14, lines 11-13.</p> <ul style="list-style-type: none"> <li>a. Is it your belief that DOE Witness Nicholas Crowley recommends the rejection of the Company’s proposal to reconcile vegetation management costs?</li> <li>b. If your response to part a. is anything other than an unqualified negative, please indicate the page and line numbers in his testimony in which he recommends the proposal’s rejection.</li> </ul>
2-118.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 14, lines 11-13.</p> <ul style="list-style-type: none"> <li>a. Is it your belief that DOE Witness Nicholas Crowley recommends the rejection of the Company’s proposal to reconcile cybersecurity costs?</li> <li>b. If your response to part a. is anything other than an unqualified negative, please indicate the page and line numbers in his testimony in which he recommends the proposal’s rejection.</li> </ul>
2-119.	<p>At p. 14, lines 3-4 of his testimony, DOE Witness Nicholas Crowley indicates that “data and industry experience indicates some justification for a vegetation management reconciliation mechanism as proposed.”</p>

	<p>a. Was Mr. Crowley’s conclusion considered when you developed the recommendation to not reconcile vegetation management costs that you make at p. 14, lines 2-5 of your testimony?</p> <p>b. If your response to part a. is anything other than an unqualified negative, please indicate what you believe the truth of the matter to be.</p>
2-120.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 13, lines 20-21. Please indicate how much “[t]he Department believes that [cybersecurity] cost may vary” and the basis for that belief.
2-121.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 13, lines 20-21. Please explain all the ways of which you are aware that the Company “can exercise some degree of control as to how it manages its business” with specific regard to cybersecurity spending.
2-122.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 13, lines 20-21. <p>a. Please indicate all the costs of which you are aware over which the Company has a greater degree of control than cybersecurity spending.</p> <p>b. Please indicate all the costs of which you are aware over which the Company has a lesser degree of control than cybersecurity spending.</p>
2-123.	Do you agree with the statement that Company Witness Shawn Eck makes at p. 3, lines 7-8 of his testimony that “electric utilities can neither reasonably predict nor reliably control their future cybersecurity spending.” If your response is anything other than an unqualified affirmative, please explain all the ways in which you believe Mr. Eck is incorrect.
2-124.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 13, lines 20-21. Please identify all the individuals involved with the development of your proposal to not reconcile cybersecurity spending and summarize the experience each has with utility cybersecurity.
2-125.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 13, lines 20-21. For each of RY1, RY2, and RY3, what are the maximum and minimum amounts that you believe that the Company could prudently spend on cybersecurity? Please explain the basis for your conclusions.
2-126.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 13, lines 20-21. <p>a. Do you agree with DOE Witness Nicholas Crowley’s recommendation at p. 15, lines 20-22 of his testimony that the Company could implement a Z factor to recover unexpected costs?</p> <p>b. If your response to part a. is anything other than an unqualified affirmative, please explain all the ways in which you believe Mr. Crowley is incorrect.</p>
2-127.	Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 13, lines 20-21.

	<ul style="list-style-type: none"> <li>a. Is it your belief that DOE Witness Nicholas Crowley recommends the rejection of the Company’s proposal to reconcile cybersecurity costs?</li> <li>b. If your response to part a. is anything other than an unqualified negative, please indicate the page and line numbers in his testimony in which he recommends the proposal’s rejection.</li> </ul>
2-128.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 16, line 6 – p. 17, line 2.</p> <ul style="list-style-type: none"> <li>a. Please explain how you believe the Company can control cybersecurity costs.</li> <li>b. Please explain how you believe the Company can control pension costs.</li> <li>c. Please explain how you believe the Company can control OPEB costs.</li> <li>d. For each of RY1, RY2, and RY3, please indicate the minimum and maximum amounts that the Company could prudently spend on each of cybersecurity, pension, and OPEB costs, based on the recommendations made by Company witnesses related to the recovery of costs in each of those categories and your understanding of whether it can control spending in each of those categories.</li> <li>e. Please list all the costs of which you are aware that are beyond the Company’s control, as the term is used in your testimony.</li> </ul>
2-129.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 22, lines 3-6. Is it your belief that Dr. Zhu recommends that the Commission reduce the Company’s authorized ROE on the basis of “reduced risk” and “poor data quality”? If so, please indicate where he does so in his testimony.</p>
2-130.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 22, lines 3-6.</p> <ul style="list-style-type: none"> <li>a. Please identify and describe each instance of which you are aware in which the Commission has reduced a New Hampshire utility’s ROE for “poor data quality”</li> <li>b. Please identify and describe each instance of which you are aware in which a regulator has reduced a utility’s ROE for “poor data quality” in any jurisdiction other than New Hampshire</li> <li>c. Please explain to the best of your understanding why Dr. Zhu did not recommend a reduction in the Company’s ROE for “reduced risk”</li> <li>d. Please explain to the best of your understanding why Dr. Zhu did not recommend a reduction in the Company’s ROE for “poor data quality”</li> </ul>
2-131.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at p. 22, lines 3-6. Please indicate what you believe the Commission should set for the Company’s authorized ROE and the basis for your conclusion.</p>
2-132.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Bates 13, lines 12 and 13.</p>

	<ul style="list-style-type: none"> <li>a. Please explain all the ways a revenue decoupling adjustment incentivizes the Company to pursue energy efficiency with its customers.</li> <li>b. Please confirm whether the DOE believes the Company’s earnings should be reduced as a result of the efforts it puts in to improving the energy efficiency of customers. Please explain the DOE’s position.</li> </ul>
2-133.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Bates 14, Line 1.</p> <ul style="list-style-type: none"> <li>a. Please quantify the expected level of revenue decoupling adjustment increase or decrease and provide the analysis to support the position.</li> <li>b. Please quantify the level of revenue decoupling adjustment the DOE considers appropriate and provide the analysis to support the position.</li> <li>c. Please explain why an adjustment at or below a cap would be considered unexpected.</li> </ul>
2-134.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Bates 14, Lines 4-7. Please provide the actual or estimated load growth data and analysis relied on to support the conclusion.</p>
2-135.	<p>Reference Testimony of Elizabeth Nixon and Jacqueline Trottier at Bates 14, Line 9. Please explain what is considered equitable results in a RDAF calculation and provide all analyses relied on to support the position.</p>

**BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**DE 23-039**

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY  
REQUEST FOR CHANGE IN DISTRIBUTION RATES**

**LIBERTY TO COMMUNITY POWER COALITION  
SET 2**

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**Direct Testimony of Clifton C. Below**

2-1.	<p>Do any of the existing CPAs offer time-differentiated energy rates to participating customers served by Liberty?</p> <p>If so:</p> <ul style="list-style-type: none"><li>a. what is the structure of the rates being offered?</li><li>b. How often do the rates change (e.g. monthly, semi-annually, annually)</li><li>c. How many customers take service under these rates?</li></ul>
2-2.	<p>Do any of the existing CPAs offer time-differentiated energy rates to participating customers served by other New Hampshire distribution utilities? If so:</p> <ul style="list-style-type: none"><li>a. what is the structure of the rates being offered?</li><li>b. How often do the rates change (e.g. monthly, semi-annually, annually)</li><li>c. How many customers take service under these rates?</li></ul>
2-3.	<p>Reference Testimony of Below Bates p. 14 re: the automated provision of usage data (positive and negative) by TOU period and enable billing of TOU period differentiated rates by CPAs and CEPS through consolidated billing.</p> <ul style="list-style-type: none"><li>a. Is it necessary/desired that this provision is accomplished through an EDI standard?</li><li>b. Which of the New Hampshire distribution utilities currently conform to the proposed requirement for its existing TOU rates?</li></ul>
2-4.	<p>Reference Testimony of Below Bates p. 15 re: the Commission should require those changes necessary to conform with the originally anticipated functionality.</p> <ul style="list-style-type: none"><li>a. Should the Commission order the change to the EDI standards in this Liberty rate case (i.e. DE: 23-039)?</li><li>b. If the answer to a. is yes, should the required changes to the EDI standards be applicable to only Liberty or to all distribution utilities?</li></ul>

**BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**DE 23-039**

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY  
REQUEST FOR CHANGE IN DISTRIBUTION RATES**

**LIBERTY TO THE DARTMOUTH COLLEGE  
SET 2**

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**Direct Testimony of Eben Perkins and Dr. Richard Silkman**

2-1.	<p>Reference Testimony of Perkins and Silkman page 8 re: the 175 electric accounts served by Liberty.</p> <ul style="list-style-type: none"><li>a. How many of these accounts are provided energy service by a Competitive Electric Power Supplier (CEPS)?</li><li>b. Please provide the number of Dartmouth's accounts that receive distribution service on each of Liberty's general service rates (G-1, G-2, and G-3)</li><li>c. How many of the accounts served by a CEPS are served under a time-differentiated energy rate?</li><li>d. For accounts served under a time-differentiated energy rate, please describe the rate structures applicable to the energy service?</li></ul>
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BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DE 23-039

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY  
REQUEST FOR CHANGE IN DISTRIBUTION RATES

LIBERTY TO THE OFFICE OF CONSUMER ADVOCATE  
SET 2

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**Direct Testimony of Courtney Lane**

2-1.	Tables 1 and 2 in Lane’s Direct Testimony include the witness’ recommended evaluation criteria for Multi-Year Rate Plan and Performance Incentive Mechanism. a. Please provide the basis for these evaluation criteria. b. Please describe all relevant New Hampshire statutes and guidance and orders from the New Hampshire Public Utilities Commission used to inform the development of these evaluation criteria.
2-2.	Please provide all evidence supporting the statement that Liberty’s “internal capital cost forecasts are not anchored in comprehensive, integrated distribution and grid modernization plans.” (page 18)
2-3.	Refer to Direct Testimony of Courtney Lane at, page 18, lines 10-13. “During the MYRP stay-out period, a utility is not permitted to file a new rate case if its costs and revenues diverge. This incentivizes a utility to control costs within the allowed revenue adjustments, thereby shifting the risks associated with poor utility cost management to shareholders instead of ratepayers.” a. Are there other types of risk beyond those associated with “poor utility cost management”? b. How should those risks be distributed between shareholders and customers?
2-4.	Refer Direct Testimony of Courtney Lane at, page 18, line 15, page 19, line 4. “Any revenue adjustments should be designed to give a utility an allowance for likely, anticipated cost growth rather than reimbursement for its actual cost growth. The utility will be able to keep the difference between anticipated cost growth and actual growth as increased profits, thereby providing the utility an incentive to reduce actual cost growth... Liberty’s MYRP, however, does not include this critical design element, for two reasons. First, it uses a forecast of actual costs—a forecast proposed by Liberty.” a. Please explain the differences between the “likely, anticipated cost growth” and the “forecast of actual costs.

2-5.	<p>Refer Direct Testimony of Courtney Lane at, page 20, lines 3-5. “Because of information asymmetry, this creates opportunities for the utility to game forecasts to advance its own profits, at the expense of customers.” Also refer to page 21, lines 1-14.</p> <ul style="list-style-type: none"> <li>a. Please explain how “the regulator and intervening parties” currently review Liberty’s capital expenditures.</li> <li>b. Witness Lane states, “Because intervening parties and regulators can never completely vet the accuracy of cost forecasts, utilities have an inherent bias to overstate their costs and understate revenues. When a utility’s rate of return is greater than the cost of borrowing, utilities have a financial incentive to maximize their capital expenditures in order to increase rate base and thereby increase profits.” (page 21, lines 6-14) Please clarify whether Liberty is one of the referenced “utilities.” If so, please provide evidence that shows Liberty overstates costs and understates revenues.</li> </ul>
2-6.	<p>Refer to page 23, lines 6-7. “If found prudent after the final rate year of the MYRP, the Company would be allowed to recover these costs, including its allowed return on those expenditures.” Is it Witness Lane’s position that the Commission should disallow some of Liberty’s capital investment costs, even if the Commission deems those investments to be prudent?</p>
2-7.	<p>Please describe how the MYRP in Maryland and DC treat expenditures that are above the cost forecasts.</p>
2-8.	<p>Among the MYRPs that Witness Lane and the OCA are aware of:</p> <ul style="list-style-type: none"> <li>a. Please identify MYRPs in which capital expenditures are forecasted</li> <li>b. Please identify MYRPs that are I-X based.</li> <li>c. Please identify MYRPs in which only over-earnings (and not under-earnings) are reconciled.</li> <li>d. Please identify MYRPs in which both over-earnings and under-earnings are reconciled.</li> </ul>
2-9.	<p>Please provide evidence that external indices based on inflation rates and productivity factors are appropriate trackers of utility costs.</p>
2-10.	<p>Refer to Direct Testimony of Courtney Lane at, page 30, lines 9-12. “I recommend the use of cost forecasts in an MYRP be restricted to a limited number of large and unusual types of costs. These include investments that are part of a holistic plan, such as a grid modernization plan that has been vetted and approved by stakeholders and the Commission.”</p> <p>Please describe any existing or potential criteria or guidance that the Commission can use to determine whether a cost is “large and unusual.”</p>
2-11.	<p>Refer to page 43, lines 1-2. “Across the United States, 3.4 percent of customers are enrolled in TOU rates where they are offered.”</p>

	<ul style="list-style-type: none"> <li>a. Please indicate the average enrollment rate for jurisdictions with retail competition versus jurisdictions without.</li> <li>b. Please describe the referenced TOU rates that are offered on a mandatory, default, or opt-in basis.</li> <li>c. Please indicate how long these rates have been available to customers and whether those customers have had previous experience with TOU rates.</li> </ul>
2-12.	<p>Refer to page 43, lines 3-7. “In addition, when funding and marketing of TOU rates is made a priority, enrollment rates can be much higher. For example, under the Smart Grid Investment Grant Program (SGIG), where the U.S. Department of Energy (DOE) partnered with several electric utilities to gain an understanding of strategies around time-based rates, 15 percent of customers enrolled in some form of time-varying rate.”</p> <ul style="list-style-type: none"> <li>a. Please indicate the level of per-enrollee funding associated with each of the pilot programs.</li> <li>b. Please explain what types of time-varying rates the study includes besides time-of-use rates.</li> </ul>
2-13.	<p>Refer to page 44, lines 1-2. Please describe what the “avoided costs from the reduction in demand” include.</p>
2-14.	<p>Reference Testimony of Courtney Lane, Bates 0294, lines 7-9,</p> <ul style="list-style-type: none"> <li>a. Do you agree that the settlement agreement among the parties to Docket No. DE-19064 referenced at Bates II-108, lines 16-18 (the “Settlement Agreement”) establishes a definition of a “performance-based ratemaking approach” (p. 6) that was agreed to by the signatories of the Settlement Agreement and approved by the Commission? If your answer is anything other than an unqualified affirmative, please indicate what you believe the truth of the matter to be.</li> <li>b. Do you agree that the Settlement Agreement’s definition of a “performance-based ratemaking approach” that appears on page 6 of that document includes, among other things, the establishment of goals and outcomes, the application of performance metrics, and the establishment of mechanisms to support “safe and reliable utility service”? If your answer is anything other than an unqualified affirmative, please indicate what you believe the truth of the matter to be.</li> <li>c. Do you agree that the Settlement Agreement’s definition of a “performance-based ratemaking approach” that appears on page 6 of that document does not indicate whether or not “strengthen[ing] utility incentives to control costs” is one of the goals included in the definition? If your answer is anything other than an unqualified affirmative, please indicate what you believe the truth of the matter to be.</li> </ul>

	<p>d. Do you agree that the Settlement Agreement’s definition of a “performance-based ratemaking approach” that appears on page 6 of that document does indicate that is one of the goals included in the definition? If your answer is anything other than an unqualified affirmative, please indicate what you believe the truth of the matter to be.</p>
2-15.	<p>Reference Testimony of Courtney Lane. Please identify and explain all the ways in which the Company’s description of its proposal as ‘somewhat of a hybrid between MYRP and PBR,’ referenced at Bates 303, lines 6-7 is inconsistent with the assertion made at Bates 0297, lines 9-10 that “[t]he most common approach to PBR is the combination of an MYRP and PIMs.”</p>
2-16.	<p>Reference Testimony of Courtney Lane. Do you agree with the DOE Witness Crowley’s conclusion that the definition of PBR established in the Settlement Agreement is not the same as the definition used in other jurisdictions? (Bates 000006, line 3 – Bates 000007, line 8). If your answer is anything other than an unqualified affirmative, please explain how the definition from the Settlement Agreement is the same as the definition in the other jurisdictions that utilize PBR, contrary to the examples Mr. Crowley cites in his testimony.</p>
2-17.	<p>Reference Testimony of Courtney Lane, Bates 0314, lines 12-19,</p> <ol style="list-style-type: none"> <li>a. Did you review any specific step proposal made by the Company before reaching the conclusion that the Commission should eliminate the use of annual step adjustments? If so, please explain what proposal or proposals you reviewed and your basis for determining that the Commission should reject such proposal or proposals?</li> <li>b. Please confirm that it is your position that the Commission eliminate the use of annual step adjustments regardless of what investment or investments could be included in one or more steps, regardless of the need to make any such investments, regardless of what the costs of such investment or investments might be, and regardless of what benefits could accrue to customers from investments supported by a step adjustment might be.</li> <li>c. If your response to subpart b is anything other and an unqualified confirmation, please explain all the circumstances under which you would recommend the Commission’s approval of one or more step adjustments.</li> </ol>
2-18.	<p>Reference Testimony of Courtney Lane, Bates 0297, line 2. Please define a “comprehensive integrated distribution plan” and identify all the comprehensive integrated distribution plans for New Hampshire utilities of which you are aware.</p>
2-19.	<p>Reference Testimony of Courtney Lane, Bates 0297, line 2. Please define with reference to one or more specific, quantifiable metrics (SAIDI, CAIDI, etc.), the Company’s minimum “acceptable level of reliability.”</p>

2-20.	Reference Testimony of Courtney Lane, Bates 0297, line 2. Please define with reference to one or more specific, quantifiable metrics, the Company’s minimum “acceptable level of.....customer service.”
2-21.	<p>Reference Testimony of Courtney Lane, Bates 0297, line 2.</p> <ul style="list-style-type: none"> <li>a. Please define the term “customer empowerment,” identify all the MYRPs of which you are aware that utilize customer empowerment, and, for each, explain your understanding of the role that customer empowerment plays in that MYRP.</li> <li>b. In each instance of which you are aware, please explain whether the MYRP provides for a penalty or a reward for performance related to customer empowerment and explain the size of those rewards and/or penalties and how they are earned or applied.</li> </ul>
2-22.	<p>Reference Testimony of Courtney Lane, Bates 0297, line 2.</p> <ul style="list-style-type: none"> <li>a. Is the Company maintaining an acceptable level of reliability?</li> <li>b. Are there any circumstances in which a utility that is maintaining an acceptable level of reliability should be allowed to implement an MYRP that includes PIM that provide for a financial reward for reliability performance.</li> <li>c. Please list all the MYRPs of which you are aware that include a PIM that allows for a potential financial reward for reliability performance.</li> <li>d. Is it your position that none of the utilities whose MYRPs you identified in subpart c maintain an acceptable level of reliability, as you use the term in your testimony? If your answer is anything other than an unqualified affirmative, please identify all the utilities whose MYRPs you identified in subpart c that do maintain an acceptable level of reliability.</li> </ul>
2-23.	Reference Testimony of Courtney Lane, Bates 0297, line 2. Please confirm that investments in “resilience, grid modernization, DER interconnection, EV adoption, microgrids, [and] customer empowerment,” would all be categorized as “business-as-usual” investments, as you use the term in your testimony. If your answer is anything other than an unqualified confirmation, please identify which of those investments would be a “business-as-usual” investment and identify all the investments that the Company proposes in its application that would fall under that category.
2-24.	Reference Testimony of Courtney Lane, Bates 0297, line 2. Please define the term “administrative burden,” identify the metric or metrics that should be used to measure administrative burden, and specify the amount of the reduction in administrative burden that would be required for the Commission to approve an MYRP proposal, assuming that all other factors of said MYRP proposal were determined to be sufficiently beneficial as to rationalize the Commission’s approval.
2-25.	Reference Testimony of Courtney Lane, Bates 0298, line 1. Are the metrics and targets that the Company has proposed “well-defined and measured transparently,”

	as you use those terms in your testimony? If your answer is anything other than an unqualified affirmative, please identify each metric and/or target that you believe is no well-defined and/or measured transparently and explain your basis for coming to that conclusion.
2-26.	Reference Testimony of Courtney Lane, Bates 0298, line 1. Please explain the significance of your criterion that “PIM targets [be] reasonable and largely within the control of the utility.”
2-27.	Reference Testimony of Courtney Lane, Bates 0299, line 12-17. <ul style="list-style-type: none"> <li>a. Do you agree that the Commission did not agree with Mr. Nelson’s assertions about the relative benefits to shareholders and ratepayers that accrue from step increases? If your answer is anything other than an unqualified affirmative, please explain how the Commission could have agreed with Mr. Nelson but still approved step increases at the conclusion of DE 19-064.</li> <li>b. Please define what you mean when you say “cohesive PBR framework with complementary PBR mechanisms.”</li> <li>c. Does the Company’s MYRP proposal constitute a “cohesive PBR framework with complementary PBR mechanisms”?</li> <li>d. Please confirm that you believe that the Commission’s acceptance of your recommended modifications to the Company’s MYRP proposal would result in a “cohesive PBR framework with complementary PBR mechanisms,” as you use the term in your testimony.</li> <li>e. Please identify which of your recommendations the Commission could reject but still conclude the proceeding with the Company having a “cohesive PBR framework with complementary PBR mechanisms” in effect, assuming that all your other recommendations were implemented and no other changes were made.</li> <li>f. If your answer to subpart d is anything other than an unqualified confirmation, please explain why you chose to make recommendations that, even if accepted in full, would not result in a “cohesive PBR framework with complementary PBR mechanisms.”</li> </ul>
2-28.	Reference Testimony of Courtney Lane, Bates 0301, line 6. Because it is based on an “escalation factor,” does the company’s O&M cost forecast constitute an “external cost index,” as that term is used at Bates 0305, line 9? If not, please explain all the ways in which the company’s O&M forecast is not an external cost index and identify any external cost indices that are currently in use by utilities in their MYRPs to establish O&M cost forecasts.
2-29.	Reference Testimony of Courtney Lane, Bates 0305, lines 14-15. Please identify and describe all the circumstances under which changes in the Company’s actual costs would vary from the revenue adjustment formula.

2-30.	Reference Testimony of Courtney Lane, Bates 0305, lines 15-17. Does the Company’s proposed MYRP give the Company “an allowance for anticipated cost growth” or a “reimbursement for its <i>actual</i> cost growth.” (Emphasis in the original). Please identify all the ways of which you are aware that the Company’s actual cost growth would not be reimbursed, under the Company’s proposal.
2-31.	Reference Testimony of Courtney Lane, Bates 0306, line 4. Please define the term “actual” and explain what other kinds of costs a utility could forecast other than its “actual costs,” as you use the term in your testimony.
2-32.	Reference Testimony of Courtney Lane, Bates 0306, line 4. Please confirm that the forecast proposed by Liberty is comprised of its capital cost plan, which is a forecast of specific projects, and its O&M cost forecast, which is based on an escalation index. If your answer is anything other than an unqualified confirmation, please explain what you believe the truth of the matter to be.
2-33.	<p>Reference Testimony of Courtney Lane, Bates 0306, line 5.</p> <ol style="list-style-type: none"> <li>a. Please identify the reconciliation mechanism that allows Liberty to collect its actual costs regardless of how they compare with the forecasted costs, with references to all the instances of which you are aware that a Company witness describes the mechanism in testimony.</li> <li>b. Is it your understanding that the reconciliation allows the Company to reconcile variances between all its actual costs to its forecasted costs? If your answer is anything other than an unqualified affirmative, please indicate which costs Liberty is allowed to reconcile and which costs it is not allowed to reconcile.</li> <li>c. The Company’s application indicates that, after pro forma adjustments, its total operating expense for 2022 was \$37,655,359 (Bates II-139, line 116). Under the Company’s proposal, how much of that amount is comprised of costs whose actuals costs incurred during the pendency of the MYRP would be fully reconciled to the forecasts established when the Commission approves the MYRP?</li> <li>d. Please confirm that the reconciliation mechanism you describe in your testimony provides for two-way reconciliation? Which is to say, please confirm that if actual costs incurred were greater than forecast that the Company would collect the difference from customers and that if actual costs incurred were less than forecast that the Company would return the difference to customers. If your answer is anything other than an unqualified confirmation, please state what you believe the truth of the matter to be, including identification of which costs you believe would be subject to two-way reconciliation and which costs you believe would not.</li> <li>e. Please confirm that you do not believe that an MYRP should allow for the reconciliation of actual costs to forecast costs under any circumstances or for</li> </ol>

	<p>any reason. If your answer is anything other than an unqualified confirmation, please identify and explain each instance in which you believe a utility should be allowed to reconcile actual costs to forecast costs.</p> <p>f. Should a utility be allowed to reconcile actual costs to forecast costs if the costs are known to be outside of the control of the utility and impossible to reliably forecast? Please explain why or why not and identify any instance in which the utility’s lack of control or inability to reliable forecast a cost would rationalize allowing for a full reconciliation between actuals and forecast during the pendency of an MYRP.</p> <p>g. Please identify any MYRPs of which you are aware in which a utility is allowed to fully reconcile its actual and forecast costs. For any such MYRP, please summarize your understanding of the cost that is reconciled and the mechanics of the reconciliation.</p>
<p>2-34.</p>	<p>Reference Testimony of Courtney Lane, Bates 0307, line 2.</p> <p>a. Please identify all the MYRPs of which you are aware that utilize a utility’s capital forecast.</p> <p>b. Please identify all the regulatory jurisdictions of which you are aware that sets rates on the basis of a future test year.</p> <p>c. Do you agree that the reliance on a utility’s capital forecast, subject to review and approval by a regulator, is the best industry practice for ratemaking using a future test year? If your answer is anything other than an unqualified agreement, please explain what you believe the truth of the matter to be.</p> <p>d. Please identify all the utilities of which you are aware whose future test years used for the purpose of ratemaking are based on a utility’s capital forecast.</p> <p>e. Are the step increases referenced at Bates 0298, line 6 of your testimony based on a capital forecast?</p> <p>f. Please explain your understanding of how the Commission reviews and approves step increases with regard to capital forecasts.</p> <p>g. Please identify all the utilities in New Hampshire of which you are aware that have had step increases approved by the Commission.</p>
<p>2-35.</p>	<p>Reference Testimony of Courtney Lane, Bates 0307, line 6</p> <p>a. Would information asymmetry, as you use that term in the referenced portion of your testimony, apply equally to use of a utility’s capital forecast in the establishment of an MYRP as it would to the use of a utility’s capital forecast in the establishment of a future test year? If not, please explain why and how information asymmetry would apply differently to those two circumstances, including a description of which of the two ratemaking</p>

	<p>paradigms (MYRP or future test years) would be more affected by information asymmetry and why.</p> <ul style="list-style-type: none"> <li>b. Are the capital forecasts used to develop the capital steps referenced at Bates 0298, line 6 of your testimony susceptible to information asymmetry? If your answer is anything other than an unqualified no, please indicate whether the effect of information asymmetry on the Commission’s ability to review a utility’s capital plan that supports a step increase is greater, less, or the same, than the review of a capital forecasts that supports an MYRP. Please explain the basis for your conclusion.</li> <li>c. In your opinion, has the Commission’s review of the forecasts of capital expenses that have been the basis of the Company’s recently approved step increases been sufficiently robust as to protect customer interests? Please explain why or why not.</li> <li>d. Do you believe that the Commission is required to authorize step increases at the conclusion of rate cases? If the Commission determined that information asymmetry prevented it from conducting a robust evaluation of a utility’s forecast of capital spending, do you believe that it could stop authorizing step increases on the basis of that determination alone?</li> <li>e. Please identify each instance of which you are aware in which the Commission rejected a request for a step increase. For each instance you identify, please identify whether or not the rejected step increase was part of an agreement that settled a rate case.</li> </ul>
2-36.	<p>Reference Testimony of Courtney Lane, Bates 0301, line 5. Please define the term “Company-specific capital spending plan,” please identify all the other types of capital spending plans that are used in MYRPs of which you are aware, and please explain whether you recommend the use of a capital spending plan that is not specific to GSE, and, if so, why.</p>
2-37.	<p>Reference Testimony of Courtney Lane, Bates 0301, lines 11-20.</p> <ul style="list-style-type: none"> <li>a. In your opinion, is it likely that the Company’s earned ROE will be greater than 100 bps but less than 200 bps higher than its authorized ROE during the course of the MYRP, if the Company’s proposed MYRP is approved?</li> <li>b. Please identify all the instances of which you are aware in which the earned ROE of an electric utility operating under an MYRP was more than 100 bps higher than its authorized ROE.</li> <li>c. Please identify all the instances of which you are aware in which the earned ROE of an electric utility operating under an MYRP was more than 200 bps higher than its authorized ROE.</li> <li>d. If the Commission approved the Company’s MYRP after accepting all the recommendations you make in your testimony but making no other changes,</li> </ul>

	<p>what would be the probability that the Company’s earned ROE would be more than 100 bps greater than its authorized ROE in any year during the MYRP? What would be the probability that earned ROE would be 200 bps greater than authorized in any year?</p> <p>e. If the Commission approved the Company’s MYRP after accepting all the recommendations you make in your testimony but making no other changes, would the likelihood of it earning more than 100 bps more than its authorized ROE be greater, less, or the same, than if the Commission approved the Company’s MYRP proposal without changes? If your answer is anything other than the same, please indicate how much higher, or lower, and explain how you reached that conclusion.</p> <p>f. Are you aware of any year in which the Company has earned more than 100 bps more than its authorized ROE?</p> <p>g. Are you aware of any year in which the Company has earned more than 200 bps more than its authorized ROE?</p>
2-38.	<p>Reference Testimony of Courtney Lane, Bates 0302, lines 8-12. Do you agree that the Company’s MYRP proposal is a pilot? Why or why not? If you do not agree, please explain all the differences between the Company’s proposal and a pilot whose existence contributed to your reaching the conclusion that the Company’s proposal is not a pilot.</p>
2-39.	<p>Reference Testimony of Courtney Lane, Bates 0303, line 15. Is it your understanding that the Company intends for and expects the Commission to review the pilot at the end of the term? Please explain why or why not.</p>
2-40.	<p>Reference Testimony of Courtney Lane, Bates 0304, lines 1-3.</p> <p>a. Please define “comprehensive integrated distribution and grid modernization plans.”</p> <p>b. Please identify all the utilities who have distribution and grid modernization plans that are both “comprehensive” and “integrated,” as you use those terms in your testimony</p> <p>c. Please confirm that you would support the use of a utility-developed capital forecast in an MYRP being implemented by any of the utilities you identified in subpart b. If your answer is anything other than an unqualified confirmation, please explain how you can recommend the rejection of the Company’s forecast on the basis that it lacks comprehensive integrated distribution and grid modernization plans when the existence of sufficiently comprehensive and integrated plans would not support the use of the Company’s capital forecast.</p> <p>d. Does the Company have a grid modernization plan that has been “vetted and approved by stakeholders and the Commission” in the manner you describe</p>

	at Bates 0317, lines 10-11? Please list all the utilities of which you are aware that do.
2-41.	Reference Testimony of Courtney Lane, Bates 0307, line 4 <ul style="list-style-type: none"> <li>a. With regard to its proposed capital forecast, do you believe that Liberty has “game[d its] forecasts to advance its own profits, at the expense of customers”?</li> <li>b. Is it your belief that utilities intentionally manipulate their capital forecasts to advance profits at the expense of their customers?</li> <li>c. Please identify every instance in which you believe a utility has gamed its capital forecast in the manner you describe in order to profit at the expense of its customers.</li> </ul>
2-42.	Reference Testimony of Courtney Lane, Bates 0307, line 12. Do you believe Liberty has chosen to overestimate its future costs to maximize revenues? Please explain why or why not. Please identify every instance in which you believe that a utility has chosen to overestimate its future costs to maximize revenues and, for each instance, explain the basis for your belief.
2-43.	Reference Testimony of Courtney Lane. Please reference every study, analysis, publication, or finding in a regulatory proceeding of which you are aware that empirically supports your thesis that utilities “game forecasts to advance [their] own profits,” (Bates 0304, line 4) that they “overestimate future costs to maximize their allowed revenues,” (Bates 0308, lines 12-13), or both. Please provide copies of each document identified.
2-44.	Reference Testimony of Courtney Lane, Bates 0311, lines 5-9. Please describe to the best of your understanding all the circumstances that caused BGE to spend more than its capital budgets in both 2021 and 2022 and summarize the changes in O&M spending that led the Maryland Office of People’s Counsel to conclude that the cost containment incentives were ineffective. For both capital and operational spending, please identify all the financial and operational similarities between BGE and the Company, as well as any relevant similarities between BGE’s MYRP and the one the Company is proposing, that led you to conclude that BGE’s experience is relevant to the instant proceeding.
2-45.	Reference Testimony of Courtney Lane, Bates 0311, lines 10-16. Please provide an example of a “downward-only” reconciliation mechanism that would apply to “extraordinary costs that are largely outside of the utility’s control.” Please also explain, specifically, how any reconciliation of costs above budget (e.g., extraordinary costs) could possibly constitute a downward reconciliation.
2-46.	Reference Testimony of Courtney Lane, Bates 0311, line 17-Bates 0312, line 2. Please provide an example of a “oneway downward” mechanism as it would apply to a situation of “excessive overspending.” Please also explain, specifically, why a

	downward adjustment would be applied in a circumstance in which a utility spent over its budget.
2-47.	Reference Testimony of Courtney Lane. Please confirm your believe that customers must be protected from utility overspending because utilities have a “financial incentive to maximize their capital expenditures” (Bates 0308, line 10) and also that customers must be protected from utility underspending because utilities can “profit from under-investment.” (Bates 0312, line 4). Please explain your belief as to the Company’s motivations in each case and explain the basis for that belief.
2-48.	Reference Testimony of Courtney Lane, Bates 0312, line 4. Please explain your understanding of how the Company’s MYRP proposal treats capital underspending.
2-49.	Reference Testimony of Courtney Lane, Bates 0312, lines 18-19. Please identify all the ESMs of which you are aware that include a reconciliation for under-earnings.
2-50.	Reference Testimony of Courtney Lane. Reference testimony of Nicholas Crowley at Bates 000010, lines 17-19. Do you agree that when Mr. Crowley makes his assertion that “ESMs reduce [efficiency] pressure by allowing the utility to collect additional revenues if it is unable to achieve the level of efficiency assume in its revenue forecast,” he is describing the effect of a reconciliation of utility under-earnings? If your response is anything other than an unqualified agreement, please explain what you believe he is referring to that would allow a utility to collect additional revenues if it is unable to achieve specified levels of efficiency.
2-51.	Reference Testimony of Courtney Lane, Bates 0130, line 7. Are utilities sometimes allowed to apply a carrying cost equal to their weighted average cost of capital to deferred balances? If so, can you explain, to the best of your knowledge, why regulators allow utilities to collect such carrying costs from their customers?
2-52.	Reference Testimony of Courtney Lane, Bates 0313, lines 15-18. Please identify any ESM or other ratemaking mechanisms that create a positive effect on ROE from a utility spending less than its capital plain the context of an MYRP
2-53.	Reference Testimony of Courtney Lane, Bates 0314, lines 9-11. <ul style="list-style-type: none"> <li>a. On the basis of your review, how much lower would customer costs be for the three years starting with Rate Year 2023/24 if the Commission rejects the Company’s MYRP proposal and utilizes traditional cost of service regulation? Please explain your reasoning and any assumptions you made to reach your conclusion.</li> <li>b. Is it your opinion that under its MYRP proposal the Company would not be regulated on a cost of service basis?</li> </ul>
2-54.	Reference Testimony of Courtney Lane, Bates 0315, lines 1-5 Is it your belief that a utility’s capital and operational costs will each escalate at an inflation index? If not, please indicate what you believe the truth of the matter to be. Please confirm that the Company’s proposal is to escalate its operational expenses, other than those operating expenses associated with OPEB, cybersecurity, and

	vegetation management, at an inflation index. If your answer is anything other than an unqualified confirmation, please indicate what you believe the truth of the matter to be.
2-55.	Reference Testimony of Courtney Lane. Please define the term “incentives” as you use it at Bates 0314, line 10, and please explain what you believe the Commission should consider with regard to incentives to control costs as they relate to the authorization of an MYRP or the subsequent design of its parameters.
2-56.	Reference Testimony of Courtney Lane. Does allowing a utility to fully reconcile a cost that it cannot control limit its incentives to control costs in the areas that it can control? Please explain why or why not.
2-57.	Reference Testimony of Courtney Lane. Please identify all the ways you believe traditional cost-of-service regulation, as you use that term at Bates 0314, line 9, would create greater incentives for the Company to control costs and explain why the incentives are greater within a traditional framework than they would be if an MYRP were approved. Please also identify and explain in the same manner any cost control incentives that would be greater if the Company’s MYRP proposal were approved without modification.
2-58.	Reference Testimony of Courtney Lane. Do you agree that the Commission’s elimination of annual step adjustments, as you propose at Bates 0314, lines 16-17, would increase the Company’s risk, assuming that its MYRP proposal were rejected and all else were held equal? Please explain why or why not.
2-59.	Reference Testimony of Courtney Lane. The document you cite at footnote 33 of your testimony explains in its discussion of Attrition Relief Mechanisms, at page 2, that “[c]ost trackers may be added to the ARM for certain costs, particularly ‘exogenous’ costs that the utility has no control over.” <ul style="list-style-type: none"> <li>a. Do you agree with this statement?</li> <li>b. Please identify all the costs applicable to the Company of which you are aware that are either exogenous, over which the Company has no control, or both.</li> <li>c. Would a cost tracker to reconcile costs that are exogenous and/or beyond the Company’s control be consistent with the recommendation you make at Bates 0315, line 10, that an MYRP should include “no reconciliations for costs that exceed the cost forecast”? Please explain why and if your answer is anything other than an unqualified affirmative, please describe why you disagree with the excerpt from the cited text.</li> <li>d. Some parameters of an MYRP for a utility in Massachusetts are provided as a “Multi-Year Rate Plan Example” on p. 3 of that document. All else equal, would you support the inclusion in the Company’s MYRP of a mechanism for the “Reconciliation of Exogenous Costs” with the same elements described? Please explain why or why not.</li> </ul>

2-60.	<p>Reference Testimony of Courtney Lane. The document you cite at footnote 33 of your testimony explains in its discussion of Attrition Relief Mechanisms, at page 2, that “[c]ost trackers may be added to the ARM for certain costs, particularly ‘exogenous’ costs that the utility has no control over.”</p> <ol style="list-style-type: none"> <li>a. Are there any circumstances under which cybersecurity costs could constitute an exogenous cost or a cost that the Company has no control over, as you understand those terms to be used in the referenced document? If your answer is anything other than an unqualified negative, please describe all the ways of which you are aware that cybersecurity costs could be an exogenous cost or a cost that the Company has no control over.</li> <li>b. Are there any circumstances under which vegetation management costs could constitute an exogenous cost or a cost that the Company has no control over, as you understand those terms to be used in the referenced document? If your answer is anything other than an unqualified negative, please describe all the ways of which you are aware that vegetation management costs could be an exogenous cost or a cost that the Company has no control over.</li> <li>c. Are there any circumstances under which pension costs could constitute an exogenous cost or a cost that the Company has no control over, as you understand those terms to be used in the referenced document? If your answer is anything other than an unqualified negative, please describe all the ways of which you are aware that pension costs could be an exogenous cost or a cost that the Company has no control over.</li> </ol>
2-61.	<p>Reference Testimony of Courtney Lane. Witness Nicholas Crowley concludes at Bates 000008, lines 11-12, that “[the Company’s] proposed rate base reconciliation mechanism provides an incentive for the company to stick to its proposal capital plan...” Do you agree? If your answer is anything other than an unqualified affirmative, please explain all the ways in which you disagree with Mr. Crowley’s conclusion.</p>
2-62.	<p>Reference Testimony of Courtney Lane, Regarding Bates 0319, line 3</p> <ol style="list-style-type: none"> <li>a. Please define the term “indexed costs.”</li> <li>b. Please identify all the indexed costs that the Company is proposing to reconcile. For each, please identify the cost, your understanding of the test year amount of that cost, and what you believe that cost is indexed to in the Company’s proposal.</li> </ol>
2-63.	<p>Reference Testimony of Courtney Lane. The document cited at footnote 33 summarizes an example of an MYRP authorized for a utility in Massachusetts that includes an ESM that requires the utility to share 75% of any incremental earnings above 200 bps of its authorized ROE. The Company’s proposal, described at Bates II-135, line 13, requires the Company to share 50% of any earnings that are 100 bps</p>

above its authorized ROE but less than 200 bps above and also share 75% of the incremental earnings that are more than 200 bps above its authorized earnings.

a. Please confirm or deny that, on a percentage basis, more earnings would be shared with customers via the ESM under the Company’s proposal than under the MYRP in any year in which the utility’s earnings are more than 100 bps above the authorized ROE? If your response is anything other than an unqualified admission, please explain what you believe the truth of the matter to be.

2-64. Reference Testimony of Courtney Lane, at Bates 0316, line 10, you explain that Attrition Relief Mechanisms (ARMs) are often based on inflation rates and productivity factors. The operating income statement at current rates that the Company filed with its initial application, located at Bates II-138, indicates that its 2021 revenues were \$107,899,134 and that its purchased power expense was \$32,423,121.

Hypothetically, if the Company had been subject to a MYRP plan in 2021 and 2022 that allowed for the reconciliation of power purchase costs, the application of an ARM, and no other adjustments, and the ARM consisted of a 2.5% factor for inflation and a 1.0% factor for productivity, do you agree that the Company’s 2022 revenues would have been calculated in the manner shown below and with the result shown below?

If your answer is anything than an unqualified affirmative, please describe how you believe the 2022 revenues would have been calculated given the assumed conditions based on the Company’s 2021 results as reported at Bates 0316, line 10, and please show how the 2022 revenues would have been calculated by adding the appropriate values to the column labelled “Corrected,” below.

		<b>Corrected</b>
2021 total revenues	\$107,899,134	
2021 power purchases	<u>\$32,423,121</u>	
2021 revenues, net of power purchases	\$75,476,013	
Inflation (I)	2.5%	
Productivity (X)	<u>1.0%</u>	
Escalation rate	1.5%	
2022 revenues, net of power purchases	\$76,608,153	

	<p>The Company acknowledges that your response is strictly for illustrative purposes, which is requested to understand how an ARM mechanism that your testimony describes as commonly used could be applied. The Company also acknowledges that your confirmation or correction of the calculation above does not imply your agreement with any method of applying an ARM or of setting rates in an MYRP setting, nor does it indicate your agreement with any of the financial values shown at Bates II-138.</p>
2-65.	<p>Reference Testimony of Courtney Lane, at Bates 0316, line 10, you explain that Attrition Relief Mechanisms (ARMs) are often based on inflation rates and productivity factors. The operating income statement at current rates that the Company filed with its initial application, located at Bates II-138, indicates that its 2021 revenues were \$107,899,134 and that its purchased power expense was \$32,423,121.</p> <p>a. Please provide the proposed indices and basis for the indices for this jurisdiction.</p>

**Direct Testimony of John Defever**

2-66.	<p>Reference Direct Testimony of John Defever at, page 11 lines 1-3 (“Yes, my adjustment has corresponding adjustments to accumulated depreciation, accumulated deferred income taxes, depreciation expense, property tax expense, and income taxes...”) and Schedule C-13, line 10.</p> <p>a. Please confirm that the only adjustment reflected in the \$9,118,752 figure on line 10 of Schedule C-13 is to reflect the OCA’s recommended depreciation rates.</p> <p>b. Please provide workpapers supporting the calculation of the \$9,118,752 in Excel format.</p>
2-67.	<p>Reference Direct Testimony of John Defever at, page 11, line 1-3 (“Yes, my adjustment has corresponding adjustments to accumulated depreciation, accumulated deferred income taxes, depreciation expense, property tax expense, and income taxes...”) and Schedule C-15.</p> <p>a. Please reconcile the property tax rate on Schedule C-15, line 3 with the Company’s municipal and state property tax rates provided on the Company’s Schedule RR-3.6.</p>
2-68.	<p>Reference Direct Testimony of John Defever at, page 12, line 7, where Mr. Defever recommends the exclusion of \$1,056,797 for “property tax prepayments” from rate base. Also reference the Company’s response to DOE 4-7, which shows that the 13-</p>

	<p>month average of property taxes for the period ended December 31, 2022 was \$896,772.</p> <ul style="list-style-type: none"> <li>a. Did Mr. Defever intend to exclude all prepayments from rate base, or only prepayments related to property tax expense?</li> <li>b. If the answer to part a. is that Mr. Defever intended to remove all prepayments from rate base, please provide the justification for removing non-property tax-related prepayments from rate base.</li> </ul>
2-69.	<p>Reference Direct Testimony of John Defever at, Schedule B-1, line 7, column E.</p> <ul style="list-style-type: none"> <li>a. Please explain the calculation of Federal and State Income Taxes in the Rate Year, which is “=3849889-NOI!F31-NOI!F32.” Specifically, explain the derivation of the \$3,849,889, and the reason to remove interest expense (“NOI!F31-NOI!F32”) in its entirety.</li> </ul>
2-70.	<p>Reference Direct Testimony of John Defever at, page 28, lines 19-21, regarding the Company’s 1993 contract with Consolidated Communications’ predecessor, and the statement “[t]he Company entered a contract allowing Consolidated to stop contributing to vegetation management and passing the increase onto ratepayers when Consolidated opted out is not acceptable.”</p> <ul style="list-style-type: none"> <li>a. Has Mr. Defever concluded that the Company was imprudent in entering into Intercompany Operating Procedure J, Tree Trimming and Clearing with Consolidated Communications’ predecessor in 1993?</li> <li>b. If the answer to part a. is yes, please provide all analyses Mr. Defever completed in reaching that conclusion, including Commission orders reviewed and comparisons to other industry participants’ contracts with communications companies with similar or dissimilar terms.</li> </ul>
2-71.	<p>Reference Testimony of John Defever, Bates 0007, footnote 1. Please refer to Testimony of Courtney Lane, Bates 0292, Lines 8-13.</p> <ul style="list-style-type: none"> <li>a. Please describe Witness Defever’s understanding of traditional, cost-of-service regulation.</li> <li>b. Please describe Witness Defever’s understanding of current ratemaking practice.</li> <li>c. Please explain how the presentation of Rate Year 1 for the period ending June 30, 2024 conforms with traditional, cost-of-service regulation as described by OCA Witness Lane.</li> <li>d. Please explain how the presentation of Rate Year 1 for the period ending June 30, 2024 conforms with OCA Witness Lane’s recommendation to eliminate the use of annual step adjustments.</li> </ul>
2-72.	<p>Reference Testimony of John Defever, Bates 0013, footnote 1. Please refer to Testimony of Courtney Lane, Bates 0292-0293. Please confirm whether the</p>

	inclusion of a plant in service forecast is accepted in traditional, cost-of-service regulation.
2-73.	Reference Testimony of John Defever, Bates 0024. Please identify all the jurisdictions that you are aware of where SERP costs are allowed in distribution rates.
2-74.	Reference Testimony of John Defever, Bates 0026-0027. Please identify all the jurisdictions that you are aware of where Board of Director fees are allowed in distribution rates and identify the sharing mechanism in each instance.
2-75.	Reference Testimony of John Defever, Bates 0027-0029. Please identify all the jurisdictions that you are aware of where Directors and Officers Liability Insurance costs are allowed in distribution rates and identify the sharing mechanism in each instance.
2-76.	Reference Testimony of John Defever, Bates 0029-0030. What assumptions does the witness make related to a reconciliation of vegetation management costs?
2-77.	Reference Testimony of Defever at Bates 0035 re Customer Education/Outreach. <ul style="list-style-type: none"> <li>a. Please identify the support needed by the Commission to ensure that Customer Education/Outreach program expenses associated with the D-TOU and G-3-TOU rates should be allowed?</li> <li>b. If the Commission approves the proposed D-TOU and G-3-TOU rates should customers be informed of the availability of those rates and educated on the characteristics and benefits of these newly available rates?</li> </ul>
2-78.	Reference Direct Testimony of John Defever at Bates 032, Lines 2-5. <ul style="list-style-type: none"> <li>a. What is the rationale for this reduction in spend?</li> <li>b. Does the OCA believe there is less vegetation work to perform?</li> <li>c. What line items in the Company’s proposed vegetation management proposal should be removed?</li> </ul>
2-79.	Reference the Testimony of John Defever, page 21 lines 8-11 (“Yes. See, for example, Order No. 24,377, issued in a water company rate 8 case, Docket DW 04-056, at page 4...”). <ul style="list-style-type: none"> <li>a. Please confirm that the order cited was for temporary rates.</li> <li>b. Please confirm that the decision was applied in the permanent rate order.</li> <li>c. Please provide all New Hampshire permanent rate orders since the order cited disallowing SERP.</li> </ul>

**Direct Testimony of Marc Vatter**

2-80.	Reference Direct Testimony of Marc Vatter at Bates 232. Please describe where the definition of depreciation comes from as described on line 5 through 9.
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2-81.	In your experience you describe work before the CPUC and FERC. Do you agree that both of these entities support the process of remaining life and net salvage determinations based on the process that has been included in the depreciation study? If not, please explain.
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**Direct Testimony of Aaron L. Rothschild**

2-82.	Please provide all cited sources referenced in Mr. Rothschild’s Direct Testimony.
2-83.	Please provide copies of the last five years of Mr. Rothschild’s prefiled testimony on the cost of equity in any regulated utility proceeding in the United States.
2-84.	Please provide all workpapers, including filed exhibits, figures in testimony and all documents supporting both Mr. Rothschild’s exhibits and figures in native electronic format with formulas. Please include all linked files.
2-85.	Referencing Mr. Rothschild’s Direct Testimony at page 19, lines 11-18: <ul style="list-style-type: none"> <li>a. Please explain how Mr. Rothschild had to “go to great lengths to distill the sustainable growth components” from the Zacks projected EPS growth rates.</li> <li>b. Please provide all workpapers in native format with formulas showing how this calculation is performed.</li> </ul>
2-86.	Referencing Mr. Rothschild’s Direct Testimony at page 19, lines 14-16: <ul style="list-style-type: none"> <li>a. Please provide all supporting documentation for Mr. Rothschild’s statement that he has provided “direct measurement of investors’ expectations as indicated by market prices”.</li> <li>b. Please provide all academic support for Mr. Rothschild’s “direct measurement” of investors’ expectations.</li> </ul>
2-87.	Referencing Mr. Rothschild’s Direct Testimony at page 19 lines 21-22 and page 20, lines 1-2: <ul style="list-style-type: none"> <li>a. Please explain how Mr. Rothschild’s analysis in this proceeding can be used to determine the investor required return on Granite State’s current stock price.</li> <li>b. Please confirm that the ROE that is established in this proceeding will be the return on equity investments in the book value of Granite State’s assets.</li> </ul>
2-88.	Referencing Mr. Rothschild’s Direct Testimony at page 20, lines 20-21: where Mr. Rothschild states: “In the case of a utility stock, an increasing market value results in a lower return on market for the same expected return on book, all else equal. <ul style="list-style-type: none"> <li>a. Please confirm that the reverse of this is also true; specifically that in the case of a utility stock, a decrease in market value results in a higher return on market for the same expected return on book, all else equal.</li> </ul>
2-89.	Referencing Mr. Rothschild’s Direct Testimony at page 21, lines 8-11 where Mr. Rothschild states: “For example, if capital market data indicates that investors expect the cost of equity to decline over a time frame that is outside of the data that I

	<p>use in my models, a downward adjustment to the COE model results might be necessary”.</p> <ul style="list-style-type: none"> <li>a. Please explain how Mr. Rothschild would determine that the capital market data indicates that the cost of equity would decline over a period that is outside of the data used in his models if he does not consider forecasted data?</li> <li>b. Please explain how Mr. Rothschild proposes such an adjustment could be made? What data would be relied upon and how could he support an adjustment to the ROE that is outside of the analytical period he studied?</li> </ul>
2-90.	<p>Referencing Mr. Rothschild’s Direct Testimony at page 21, lines 15-17, please provide the source data relied upon for the Federal Funds rate range cited at the referenced page of Mr. Rothschild’s Direct Testimony.</p> <ul style="list-style-type: none"> <li>a. Is this measure of the Federal Funds rate historical, current or projected? Please explain.</li> </ul>
2-91.	<p>Referencing Mr. Rothschild’s Direct Testimony at pages 21-22, please indicate whether each estimate of the federal funds rate referenced at this section of Mr. Rothschild’s testimony is “capital market data” or are these analyst projections? Please explain.</p> <ul style="list-style-type: none"> <li>a. Mr. Rothschild states that Chart 2 demonstrates that as of October 2, 2023, investors expected the Fed to reduce the Federal Funds rate to about 4.25% by June 2026. Is this capital market data or a projection? Please explain.</li> <li>b. Mr. Rothschild states that as of November 15, 2023, after inflation data was released “they expected the Fed to reduce this rate to about 4.00%.” <ul style="list-style-type: none"> <li>I. Please provide the source for this data</li> <li>II. Is this capital market data or a projection? Please explain.</li> </ul> </li> <li>c. Mr. Rothschild states that Chart 3 and Chart 5 show investors expect inflation to decrease sharply over the next few years and long-term interest rates to remain near current levels in coming decades. <ul style="list-style-type: none"> <li>I. Please provide the source for this data.</li> <li>II. Is this capital market data or a projection? Please explain.</li> </ul> </li> </ul>
2-92.	<p>Referencing Mr. Rothschild’s Direct Testimony at page 22, please indicate whether each statement made in this section references “capital market data”, or analyst projections?</p> <ul style="list-style-type: none"> <li>a. Despite a spike in late September and early October 2023, market volatility expectations remain significantly lower than the highs of October 2022. Are market volatility expectations market data, or projections?</li> <li>b. Mr. Rothschild draws the following conclusion: “This lower market volatility translates into lower expectations for overall market returns, and therefore a significantly lower market risk premium- considerably beyond the low levels that may have been expected due to the increasing risk-free</li> </ul>

	rate”. Is this conclusion based on capital market data or projections? Please explain.
2-93.	Referencing Mr. Rothschild’s Direct Testimony at page 22, lines 20-22, please provide all supporting documentation for Mr. Rothschild’s conclusion that the decrease in the market risk premium more than offsets the effect of inflation, interest rates and stock price performance.
2-94.	Referencing Mr. Rothschild’s Direct Testimony at page 24, line 9. Please quantify what Mr. Rothschild means by “relatively low” and “over the coming years”.
2-95.	Referencing Mr. Rothschild’s Direct Testimony at page 25, lines 18-21. Please provide all data that Mr. Rothschild reviewed that supports the statement that the Federal Reserve Bank of Atlanta relies on market-implied probabilities based on investors’ expectations as indicated by option prices, future prices, and swap spreads.
2-96.	Referencing Chart 5 of Mr. Rothschild’s testimony, please explain if the expected yields on the 30-year Treasury as shown in this chart are based on option prices, futures prices, and swaps spreads. If not, is this capital market data, or analyst projections? Please explain.
2-97.	Referencing Mr. Rothschild’s Direct Testimony at page 32, lines 6-11. <ul style="list-style-type: none"> <li>a. Please provide the sources that support Mr. Rothschild’s statements that “market data indicates that the COE for utility companies has been mostly declining in 2023 despite the relative underperformance of utility stocks”.</li> <li>b. Please provide the Wall Street Journal data or article referenced that suggests that utility stocks are relatively expensive.</li> </ul>
2-98.	Referencing Footnote 26 of Mr. Rothschild’s testimony. Please provide the referenced calculations of the adjustment made to the 6-month volatility for the RFC Electric Proxy Group referenced in the footnote, in native format, with formulas.
2-99.	Referencing Mr. Rothschild’s testimony at pages 40-41. Please provide all regulatory decisions of which Mr. Rothschild is aware where the regulatory commission specifically endorsed the use of option-implied beta coefficients.
2-100.	Referencing Mr. Rothschild’s testimony at pages 40-41. Please provide all data relied upon by Mr. Rothschild that demonstrates that the term structure of the beta coefficients for the electric utilities that he relied upon in this analysis is consistent with the term structure of the betas for his proxy group companies. If no such data is available, please so state.
2-101.	Referencing Mr. Rothschild’s testimony at page 42. Please identify which of Mr. Rothschild’s proxy companies have not been included in the analyses provided in Charts 12 and 13.
2-102.	Referencing Mr. Rothschild’s testimony at page 46 lines 18 through 20. Please provide the source documents relied upon for the “stated benefits of using recent spot data for forward-looking analyses”.

2-103.	Referencing Mr. Rothschild’s testimony at page 60 lines 19-21. Please provide in native electronic format, with formulas, the calculation of Mr. Rothschild’s “historical blended” beta.
2-104.	<ul style="list-style-type: none"> <li>a. Please confirm that Mr. Rothschild has relied on Option-Implied betas in his CAPM analyses presented to the PURA in Docket No. 23-08-32.</li> <li>b. Please indicate if the methodology that Mr. Rothschild has relied upon in calculating the option-implied betas in this proceeding, NH Docket No. DE 23-039, differs from the methodology he used in PURA in Docket No. 23-08-32.</li> <li>c. If the methodology differs, please explain all changes to the methodology that was used in that proceeding to develop the option-implied betas used in his analysis in the current proceeding, NH Docket No. DE 23-039.</li> </ul>
2-105.	<ul style="list-style-type: none"> <li>a. Please confirm that Mr. Rothschild has relied on Option-Implied return expectations to calculate the equity risk premium in PURA in Docket No. 23-08-32.</li> <li>b. Please indicate if the methodology that Mr. Rothschild has relied upon in calculating the option-implied return expectations in this case, NH Docket No. DE 23-039, differs from the methodology he used in PURA in Docket No. 23-08-32.</li> <li>c. If the methodology differs, please explain all changes to the methodology that was used in that proceeding to develop the option-implied return expectations used in his analysis in NH Docket No. DE 23-039.</li> </ul>
2-106.	Please confirm that Mr. Rothschild did not rely on dividend per share growth rates in his DCF analyses.
2-107.	Please confirm that Mr. Rothschild relied on forecasted ROEs from Zacks and Value Line to derive the growth rate used in his sustainable growth DCF analysis. If that cannot be confirmed, please explain how Footnote C to Exhibit ALR-3, page 1 results in an expected equity return of 10.3%.
2-108.	Please provide all calculations that demonstrate how Note [c] of Exhibit ALR-3, page 1 results in an expected return on equity of 10.3% as shown on line 2(c) of the same exhibit. Please provide analysis in native format with formulas.

BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DE 23-039

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY  
REQUEST FOR CHANGE IN DISTRIBUTION RATES

LIBERTY TO WALMART, INC.

SET 2

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**Direct Testimony of Eric S. Austin**

2-1.	Reference Testimony of Eric Austin. Regarding the ROEs authorized for other utilities reported at p. 14, line 4 of your testimony, which you indicate at p. 13, line 19 of your testimony is provided by S&P Global, <ol style="list-style-type: none"><li>a. Please describe how you accessed that information (e.g., output from the S&amp;P Global website, an S&amp;P Global publication, a one-time data request to S&amp;P Global, etc.)</li><li>b. Please provide the information in the native format in which it was provided to you by S&amp;P Global.</li><li>c. To the extent not already provided for in items a. and/or b; please provide for each authorized ROE (i) the docket number of the relevant rate case; (ii) the state in which the ROE was authorized; (iii) an indication of whether each utility provides gas service, electric service, or both; (iv) an indication of whether the proceeding in which the ROE was authorized was settled or fully litigated; (v) an indication of whether the proceeding in which the ROE was a general rate case or a limited proceeding; (vi) the date on which the utility filed its rate application; (vii) the date on which the ROE was authorized; and (viii) the order number, or similar reference, for the order in which the ROE was authorized.</li></ol>
2-2.	Reference Testimony of Eric Austin. Regarding the ROEs authorized for other utilities reported at p. 14, line 4 of your testimony, <ol style="list-style-type: none"><li>a. Please indicate which of the utilities shown provide natural gas service, which provide electric service, and which provide both.</li><li>b. Please list all the ways of which you are aware that the risk profile a gas-only utility would differ from that of an electric-only utility.</li><li>c. Please list all the ways of which you are aware that the risk profile of a combined gas and electric utility would differ from that of an electric-only utility.</li></ol>

2-3.	Reference Testimony of Eric Austin. Regarding the ROEs authorized for other utilities reported at p. 14, line 4 of your testimony, do you believe that ROE authorized in different jurisdictions or at different times are directly comparable without normalization? Please explain why or why not.
2-4.	Reference Testimony of Eric Austin. Regarding the ROEs authorized for other utilities reported at p. 14, line 4 of your testimony, <ul style="list-style-type: none"> <li>a. Please confirm that five of the six lowest ROEs that you report are for utilities in Illinois. If your response is anything other than an unqualified confirmation, please explain what you believe the truth of the matter to be.</li> <li>b. Please identify and explain all the reasons of which you are aware that ROEs for utilities in Illinois would be lower than those of other utilities on this list.</li> <li>c. If Illinois utilities were excluded from your dataset, how would the average, range, and median ROEs you report at p. 12, lines 6-13 change.</li> </ul>
2-5.	Reference Testimony of Eric Austin. Regarding the ROEs authorized for other utilities reported at p. 14, line 4 of your testimony, please identify and explain any factors of which you are aware that would explain why Central Maine Power’s ROE authorization of 8.25% is well below that of other utilities in New England and also below the other authorization that is included in your dataset.
2-6.	Reference Testimony of Eric Austin. Regarding the ROEs authorized for other utilities reported at p. 14, line 4 of your testimony, please explain how you determined that the utilities shown were the only distribution-only utilities in the dataset you were originally provided.
2-7.	Reference Testimony of Eric Austin. Regarding the ROEs authorized for other utilities reported at p. 14, line 4 of your testimony, have you included authorized ROEs that are set outside of general rate cases? For example, in some jurisdictions, ROEs are established in separate dockets. If those ROEs are included, please provide the data you utilized and explain how you incorporated those ROEs in your results. If those ROEs are not included, please explain why you chose to exclude them and what impact their inclusion would have had on your reported ranges, averages, and medians.