

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 21, 2023 - 9:04 a.m.  
21 South Fruit Street  
Suite 10  
Concord, NH

RE: DE 23-039  
LIBERTY UTILITIES (GRANITE STATE  
ELECTRIC) CORP. d/b/a LIBERTY  
UTILITIES: Request for Change in  
Distribution Rates.  
*(Hearing regarding Temporary Rates)*

**PRESENT:** Chairman Daniel C. Goldner, Presiding  
Commissioner Pradip K. Chattopadhyay  
  
Eric Wind, Esq./PUC Legal Advisor  
  
Doreen Borden, Clerk

**APPEARANCES:** Reptg. Liberty Utilities (Granite  
State Electric) Corp. d/b/a  
Liberty Utilities:  
Michael J. Sheehan, Esq.  
Jessica B. Ralston, Esq. (*Keegan Werlin*)  
  
Reptg. Trustees of Dartmouth College:  
Thomas B. Getz, Esq. (McLane Middleton)  
Viggo C. Fish, Esq. (McLane Middleton)  
Jessica A. Nylund, Esq.

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**APPEARANCES: (C o n t i n u e d)**

**Reptg. Residential Ratepayers:**  
Donald M. Kreis, Esq., Consumer Adv.  
Michael J. Crouse, Esq.  
Office of Consumer Advocate

**Reptg. New Hampshire Dept. of Energy:**  
Paul B. Dexter, Esq.  
Matthew C. Young, Esq.  
Alexandra K. Ladwig, Esq.  
(Regulatory Support Division)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**I N D E X**

**PAGE NO.**

**OPENING STATEMENTS BY:**

Mr. Sheehan	8
Mr. Dexter	10
Mr. Kreis	11
Mr. Getz	13

**WITNESS PANEL:**

**KRISTIN M. JARDIN  
DANIEL S. DANE  
GREGG H. THERRIEN**

Direct examination by Mr. Sheehan	14
Cross-examination by Mr. Dexter	22
Cross-examination by Mr. Kreis	25
Interrogatories by Cmsr. Chattopadhyay	27, 33
Interrogatories by Chairman Goldner	30
Redirect examination by Mr. Sheehan	34

\* \* \*

**CLOSING STATEMENTS BY:**

Mr. Dexter	39
Mr. Kreis	42
Mr. Sheehan	44

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Direct Testimony of Kristin M. Jardin, Daniel S. Dane, and Gregg H. Therrien, including attachments (05-05-23)	<i>premarked</i>
2	Liberty Response to DOE Data Request 2-5	<i>premarked</i>
3	<b>RESERVED</b> (RE: Revised Schedules and Customer Rate Impacts)	38

**P R O C E E D I N G**

1  
2 CHAIRMAN GOLDNER: Okay. Good morning.  
3 I'm Commissioner Goldner. I'm joined by  
4 Commissioner Chattopadhyay. We're here this  
5 morning in Docket DE 23-039, a hearing in which  
6 the Commission has docketed Liberty Utilities'  
7 distribution rate case. This is a hearing on  
8 Liberty's Request for Temporary Rates. The  
9 Commission's authority to set temporary rates is  
10 found in RSA 378:27.

11 First, let's take appearances,  
12 beginning with Liberty.

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

16 CHAIRMAN GOLDNER: Thank you. The  
17 Department of Energy?

18 MR. DEXTER: Good morning, Mr.  
19 Chairman. Paul Dexter, appearing on behalf of  
20 the Department of Energy, along with co-counsel  
21 Matthew Young and Alexandra Ladwig.

22 CHAIRMAN GOLDNER: Thank you. And the  
23 Office of the Consumer Advocate?

24 MR. KREIS: Good morning, Mr. Chairman,

1 Commissioner Chattopadhyay. I'm Donald Kreis,  
2 the Consumer Advocate. With me today is Attorney  
3 Michael Crouse, who is our Staff Attorney.

4 CHAIRMAN GOLDNER: Dartmouth College?

5 MR. GETZ: Good morning, Mr. Chairman,  
6 Commissioner. I'm Tom Getz. And with me today  
7 are Viggo Fish and Jessica Nylund, for the  
8 Trustees of Dartmouth College.

9 CHAIRMAN GOLDNER: Thank you. Clean  
10 Energy New Hampshire?

11 *[No verbal response.]*

12 CHAIRMAN GOLDNER: No. And is the  
13 Community Power Coalition of New Hampshire here?

14 *[No verbal response.]*

15 CHAIRMAN GOLDNER: Okay.

16 Okay. Liberty prefiled and premarked  
17 for identification as an exhibit the prefiled  
18 Testimony and Exhibits of Kristin Jardin, Daniel  
19 Dane, and Gregg Therrien. In addition, last  
20 night, the Exhibit and Witness List was updated  
21 to include another exhibit, Liberty's Response to  
22 Data Request DOE 2-5.

23 Are there any other preliminary matters  
24 related to these exhibits?

1 MR. SHEEHAN: Not from the Company.

2 CHAIRMAN GOLDNER: Okay.

3 MR. DEXTER: And nothing from the  
4 Department.

5 CHAIRMAN GOLDNER: Nothing else, okay.  
6 Okay. So, we'll -- okay. Let's just move along  
7 here.

8 Before we turn to the witnesses, I'd  
9 like to ask the parties here today to make brief  
10 opening statements to help orient the Commission  
11 as to what issues will be raised during the  
12 direct and cross-examination of witnesses.

13 I'll ask up front if the Department and  
14 Liberty suggest a witness panel, or if the  
15 witnesses will be separate today, given the  
16 Settlement?

17 MR. DEXTER: We were planning on the  
18 witnesses being separate. But Mr. Dudley, from  
19 the Department's Electric Division, is available,  
20 if there are questions.

21 CHAIRMAN GOLDNER: Okay. Okay.

22 Okay. So, apart from that notification  
23 that an agreement's been reached from Liberty,  
24 the DOE, and the OCA, we didn't receive any

1 position statements or other filings from the DOE  
2 or other parties. So, let's take the opening  
3 statements, beginning with Liberty, then DOE,  
4 OCA, and Dartmouth College. So, we'll start with  
5 Liberty.

6 MR. SHEEHAN: Thank you.

7 As you indicated, today's hearing is on  
8 temporary rates. Temporary rates is -- the  
9 calculation of them is essentially formulaic.  
10 You take the test year revenue, and do some  
11 calculation, and come up with a temporary rate  
12 number.

13 The reason not to include projects or  
14 capital in service as of the end of the year,  
15 according to the statute, is if there are  
16 reasonable questions about those projects. So,  
17 the conversations over temporary rates with the  
18 parties was a move from the proposed six and a  
19 half million dollar temporary rates to something  
20 else, based on the various projects that the  
21 parties may have questions about.

22 And the parties resolved that  
23 conversation with the number you have in front of  
24 you today, which is a proposed \$5.5 million



1 temporary rate increase. And the way the -- the  
2 logic behind that is, for temporary rate purposes  
3 only, we removed the \$13 million associated with  
4 the SAP Project that went into service last year.  
5 Of course, that is without prejudice to the  
6 Company still seeking recovery of that project in  
7 rates. And, similarly, to the extent there are  
8 projects in temporary rates that other parties  
9 may have questions about, it's without prejudice  
10 to them challenging that as well.

11 So, in effect, temporary rates, of  
12 course, are reconcilable to permanent rates. And  
13 it's really a means to get a first step in the  
14 rate increase to allow the Company to earn its  
15 return, and allow customers to see gradual  
16 increases over the course of the docket.

17 Exhibit 2 that we filed last night, the  
18 data response, is simply a piece of evidence that  
19 confirms the \$13.something million that parties  
20 agreed to remove from temporary rates. That's  
21 the only purpose for that document.

22 The witnesses are prepared to describe  
23 the process for calculating temporary rates. The  
24 agreement was yesterday. So, we have some sort

1 of high order-of-magnitude discussion of the  
2 difference between what was proposed and what it  
3 is now, as far as bill impacts, etcetera.

4 And, at the end, we will ask that you  
5 approve this agreement effective July 1. And we  
6 will provide revised schedules with this  
7 calculation by Monday. That was our proposal.

8 CHAIRMAN GOLDNER: Okay. Thank you,  
9 Attorney Sheehan.

10 We'll move to the Department of Energy.

11 MR. DEXTER: Thank you, Commissioners.

12 Department of Energy agrees with  
13 everything that Liberty just said. We viewed the  
14 temporary rate calculation that was submitted as  
15 a per books calculation. We saw the clause in  
16 the statute that talks about "reasonable  
17 questions" about some of the numbers contained on  
18 the per books calculation.

19 We, at the prehearing conference last  
20 week, indicated that we have a number of  
21 questions in this case about all sorts of issues.  
22 But none of those -- none of those can be  
23 resolved in the temporary rate phase.

24 So, in the course of settlement, we

1           came up with this approach, which was to take the  
2           SAP/customer billing system that went into rate  
3           base near the end of the test year, in October of  
4           2022, and take that out in total for calculating  
5           temporary rates. And, with that adjustment, the  
6           results seemed reasonable. And, therefore, we  
7           agreed to that approach.

8                        I do want to emphasize what Attorney  
9           Sheehan said. That our view is that this is  
10          without prejudice to positions we might take in  
11          the final case. And I think Attorney Sheehan  
12          phrased it well when he said, you know, "without  
13          prejudice concerning the SAP system, as well as  
14          any other projects that weren't taken out in this  
15          temporary rate calculation."

16                       So, bottom line is, we believe the  
17          result is reasonable, and we support its approval  
18          as outlined by Attorney Sheehan.

19                       CHAIRMAN GOLDNER: Okay. Thank you.  
20          And the Office of the Consumer Advocate.

21                       MR. KREIS: Thank you, Mr. Chairman.

22                       I'm happy to report that I agree with  
23          everything I heard Mr. Sheehan and then Mr.  
24          Dexter say. And I would like to confess that I

1 am indebted to Mr. Dexter and his team, because,  
2 as you just heard, this agreement was essentially  
3 negotiated yesterday. I was in Portland, Maine,  
4 all day yesterday, attending the Federal Energy  
5 Regulatory Commission's forum in that great city  
6 to talk about winter reliability issues in the  
7 electric industry.

8 And, in the meantime, from the OCA's  
9 perspective, as Mr. Dexter just suggested, the  
10 threshold under the statute for approving  
11 temporary rates is relatively simple and low. It  
12 doesn't resolve any of the issues that are likely  
13 or potentially contested in the permanent phase  
14 of the rate case. And it, from the perspective  
15 of residential utility customers, provides a  
16 little bit of a glide path with, I think, a  
17 reasonable expectation that the Company is  
18 ultimately going to emerge with some increase to  
19 its permanent rates. And, so, what we have here  
20 is, because these reconcile -- because the  
21 permanent rates will reconcile back to July 1,  
22 this reduces the size of whatever rate recoupment  
23 is eventually necessary to make the Company  
24 whole, and provides a little bit of rate

1 stability for customers, which is a good thing.

2 So, hopefully, we'll have a relatively  
3 brief hearing today. And then, we can move on to  
4 bigger and more significant skirmishes later on  
5 in this proceeding.

6 CHAIRMAN GOLDNER: Thank you. And the  
7 Trustees of Dartmouth College?

8 MR. GETZ: Thank you, Mr. Chairman.  
9 Dartmouth College takes no position on the  
10 temporary rate settlement, and will have no  
11 questions for the witnesses today.

12 CHAIRMAN GOLDNER: Okay. Thank you,  
13 Attorney Getz.

14 Okay. Do we have any other -- any  
15 other preliminary matters to address, before we  
16 hear from the witnesses?

17 *[Atty. Sheehan indicating in the*  
18 *negative.]*

19 CHAIRMAN GOLDNER: No? Seeing none.

20 Mr. Patnaude, if you could please swear  
21 in the witnesses.

22 *(Whereupon **KRISTIN M. JARDIN,***  
23 ***DANIEL S. DANE,** and **GREGG H. THERRIEN***  
24 *were duly sworn by the Court Reporter.)*

[WITNESS PANEL: Jardin|Dane|Therrien]

1 MR. SHEEHAN: So, before I begin, I  
2 have two -- two omissions. One, I neglected to  
3 introduce Ms. Ralston, sitting next to me, as  
4 co-counsel.

5 And, second, I'd like to quote both Mr.  
6 Dexter and Kreis who said "*I agree with*  
7 *everything Mr. Sheehan said*", I kind of -- I like  
8 that.

9 So, with that, we'll start out with the  
10 introductions of the witnesses.

11 **KRISTIN M. JARDIN, SWORN**

12 **DANIEL S. DANE, SWORN**

13 **GREGG H. THERRIEN, SWORN**

14 **DIRECT EXAMINATION**

15 BY MR. SHEEHAN:

16 Q Ms. Jardin, could you please introduce yourself,  
17 your position, and your general job description?

18 A (Jardin) Absolutely. My name is Kristin Jardin.  
19 I am a Director of Rates and Regulatory Affairs  
20 for Liberty Utilities Service Corp., which  
21 provides services to Liberty's affiliates,  
22 including Granite State Electric.

23 Q You are mostly working with our Massachusetts  
24 affiliate at New England Gas, is that correct?

[WITNESS PANEL: Jardin|Dane|Therrien]

1 A (Jardin) Correct.

2 Q The Regulatory Department has taken the large  
3 step of sharing help, and you're assisting us in  
4 this case here today?

5 A (Jardin) That is correct.

6 Q Did you play a role in drafting the testimony and  
7 attachments that appear as "Exhibit 1", which is  
8 the joint testimony of you three folks?

9 A (Jardin) Yes, I did.

10 Q Do you have any changes or corrections to the  
11 portions you were responsible for?

12 A (Jardin) No, I do not.

13 Q And you adopt that today as your sworn testimony?

14 A (Jardin) I do.

15 Q Mr. Dane, same questions. Please introduce  
16 yourself, and your role in this case?

17 A (Dane) Good morning. Daniel Dane. I work for  
18 Concentric Energy Advisors. I'm an Executive  
19 Vice President. And I am co-testifying to the  
20 revenue requirements in this case, including the  
21 temporary rates filing.

22 Q And your general assignments in this rate case  
23 are what?

24 A (Dane) Concentric, my firm, as well as -- and

[WITNESS PANEL: Jardin|Dane|Therrien]

1 myself and the team, are supporting the Company  
2 in developing the revenue requirements. And Mr.  
3 Therrien can also describe his role, in terms of  
4 the rate and pricing impacts.

5 Q Thank you. And did you also participate in the  
6 drafting of the testimony and schedules that  
7 appear as "Exhibit 1"?

8 A (Dane) I did.

9 Q Do you have any corrections to the portions you  
10 were responsible for?

11 A (Dane) No.

12 Q Now, to both of you, I say with the caveat that  
13 the numbers have changed from what was proposed  
14 in temporary rates to what we're agreeing to  
15 today, is that fair?

16 A (Dane) That is fair.

17 Q Okay. And do you adopt -- with that caveat, do  
18 you adopt your testimony today, as written?

19 A (Dane) Yes, I do.

20 Q Thank you. Mr. Therrien, same questions. Please  
21 introduce yourself?

22 A (Therrien) Good morning. Gregg Therrien, Vice  
23 President, Concentric Energy Advisors. My role  
24 in the rate case will be in support of rate



[WITNESS PANEL: Jardin|Dane|Therrien]

1 design, as well as the Multi-Year Rate Plan. In  
2 this temporary rate proceeding, I assisted in  
3 providing the bill impact analysis.

4 Q Mr. Therrien, did you participate in drafting the  
5 testimony and schedules that comprise Exhibit 1?

6 A (Therrien) Yes.

7 Q And do you have any corrections to any portions  
8 of the testimony and exhibits you were  
9 responsible for?

10 A (Therrien) No.

11 Q And do you adopt that testimony as your sworn  
12 testimony today?

13 A (Therrien) I do.

14 Q Thank you. Mr. Dane, could you start by giving  
15 us a high-level description of how temporary  
16 rates are calculated?

17 A (Dane) Sure. As described in the opening  
18 statements, this is largely a per books  
19 calculation. The temporary rates filing is based  
20 on the test year data, which is 2022, and  
21 operating income and rate base for that year.  
22 The rate of return component of the calculation  
23 is based on the last approved rate of return  
24 components, in terms of ROE and capital

[WITNESS PANEL: Jardin|Dane|Therrien]

1 structure, from the Company's prior rate case, as  
2 well as its current costs and embedded debt.

3 And, as was again discussed in the  
4 opening statements, there were limited  
5 adjustments made to the test year. So, this is,  
6 again, largely a per books calculation.

7 Q As proposed in your testimony, Mr. Dane, what was  
8 the temporary rate level that the Company had  
9 requested, based on that analysis you just  
10 described?

11 A (Dane) Sure. As initially proposed in this case,  
12 the temporary rate deficiency, so, the increase  
13 being sought, was \$6,732,801.

14 Q And, as you folks are aware, and as we've already  
15 discussed here, that the parties, or at least  
16 DOE, OCA, and Liberty have agreed to a temporary  
17 rate increase of \$5.5 million, is that correct?

18 A (Dane) Yes. That's my understanding.

19 Q And you've also heard that the way we reached  
20 that number was to remove the spending on the SAP  
21 Project, is that correct?

22 A (Dane) Yes. That's correct.

23 Q And did you calculate what the impact of removing  
24 the SAP Project from the original request would

[WITNESS PANEL: Jardin|Dane|Therrien]

1 be?

2 A (Dane) I did.

3 Q And, again, what was the mechanics of your  
4 calculation?

5 A (Dane) Sure. The SAP Project, in terms of its  
6 amount, as in the test year, was approximately  
7 \$13.5 million. So, to calculate the temporary  
8 rate increase without that project, we removed it  
9 from gross plant, and there's a dollar-for-dollar  
10 reduction in rate base from that adjustment.

11 Q And that calculation led to a rounded \$5.5  
12 million?

13 A (Dane) Yes. That's correct.

14 Q Mr. Therrien, you heard the statements my counsel  
15 that the agreement to temporary rates at 5.5  
16 million will not have an impact on the analysis  
17 of either SAP or any of the other projects that  
18 comprise the rate base as of year-end, is that  
19 correct?

20 A (Therrien) That's what I understood, yes.

21 Q And could you explain to us the process of how we  
22 reconcile temporary rates to permanent rates,  
23 when those are approved sometime next spring?

24 A (Therrien) Certainly. So, temporary rates would

[WITNESS PANEL: Jardin|Dane|Therrien]

1 go into effect July 1st, and customers would pay  
2 those rates until permanent rates are set. And  
3 whatever the difference between the permanent  
4 rate increase and the temporary rate increase  
5 would either be refunded or charged for that  
6 period of time.

7 Q And that, in effect, being the permanent rate  
8 increase will be -- that customers will end up  
9 paying the permanent rate increase effective  
10 July 1?

11 A (Therrien) That is correct.

12 Q Can someone, I think it's either Dan or --  
13 Mr. Therrien or Mr. Dane, how this rate increase  
14 will be applied to current rates? What's going  
15 to change, and based on what?

16 A (Therrien) Yes. So, for temporary rates, my  
17 understanding is, consistent with past practice,  
18 the residential fixed monthly customer charge  
19 would not be changed. But the impact of the  
20 temporary rate increase would be collected over  
21 all of the other charges, such as kilowatt-hour  
22 charges, demand charges, and customer charges for  
23 nonresidential customers.

24 Q And is that applied based on a simple percentage

[WITNESS PANEL: Jardin|Dane|Therrien]

1 or is there a more complicated allocation of  
2 portions of the increase to different classes in  
3 different ways?

4 A (Therrien) It's a simple percentage across the  
5 board.

6 Q And, again, that's standard practice that's  
7 occurred in this Commission for many years, to  
8 your understanding?

9 A (Therrien) That's my understanding, yes.

10 Q The Company prepared bill impacts in its  
11 testimony, based on the proposed temp. rate  
12 increase of 6.7 million. Have you had a chance  
13 to estimate the bill impacts, or maybe the  
14 difference between what's in the filing with what  
15 would result from the \$5.5 million impact? Can  
16 you give us some sense of what customers will  
17 see?

18 A (Therrien) Certainly. This is subject to check,  
19 because I did run this calculation fairly  
20 recently, and I would like the opportunity to  
21 double-check my numbers before the filing on  
22 Monday.

23 But, to give the Commission a sense of  
24 the temporary rate increase, a typical

[WITNESS PANEL: Jardin|Dane|Therrien]

1 residential customer using 650 kilowatt-hours a  
2 month would see a \$3.31 increase, or 1.49 percent  
3 increase over March 2023 rates.

4 And I would just note that I understand  
5 that there was a rate change June 1st. So, I  
6 think that the right way for me to display this  
7 temporary rate increase on Monday would be to  
8 compare to those June rates. So, again, I'm  
9 giving you an order of magnitude today, and that  
10 will be shored up on Monday.

11 Q And, so, Mr. Therrien, the \$5.5 million rate  
12 increase will be applied to rates that are in  
13 effect today, that's the understanding?

14 A (Therrien) That's my understanding, correct.

15 MR. SHEEHAN: That's all I have. Thank  
16 you, folks. They're available for  
17 cross-examination.

18 CHAIRMAN GOLDNER: Okay. We'll move to  
19 cross-examination, beginning with the Department  
20 of Energy.

21 MR. DEXTER: Thank you.

22 **CROSS-EXAMINATION**

23 BY MR. DEXTER:

24 Q I just want to follow up on something I heard Mr.

[WITNESS PANEL: Jardin|Dane|Therrien]

1 Therrien say. And it has to do with the rate  
2 design proposed for the temporary rate increase.

3 My understanding of the Company's  
4 filing back in May is that the temporary rate  
5 increase would be recovered by an  
6 across-the-board percentage allocation of all  
7 rate components -- of all rate components.  
8 Today, I believe I heard Mr. Therrien say that  
9 that was true, except for the residential  
10 customer charge. So, I wanted to explore that a  
11 little bit.

12 And to do that, Mr. Therrien, I'd like  
13 you to look at Exhibit 1, Bates Page -- I guess  
14 it's "II-083". And it's "Schedule TEMP-2, Page 1  
15 of 1". And, in the *pdf*, it's "Page 65 of 78", if  
16 that helps people get there.

17 A (Therrien) This is Exhibit 1 --

18 CMSR. CHATTOPADHYAY: Can you please --

19 WITNESS THERRIEN: I'm sorry.

20 CMSR. CHATTOPADHYAY: Can you repeat  
21 the page number again?

22 MR. DEXTER: Yes. So, I'm in  
23 Exhibit 1. The Bates page number at the bottom  
24 is preceded by a "II", and then "-083" -- "083".

[WITNESS PANEL: Jardin|Dane|Therrien]

1 And it's a schedule called "Temporary Rate Design  
2 Effective July 1st, 2023".

3 CMSR. CHATTOPADHYAY: Thank you.

4 WITNESS THERRIEN: I have that now.

5 BY MR. DEXTER:

6 Q So, Mr. Therrien, am I correct that the original  
7 proposal was to include an across-the-board  
8 percentage increase to all elements, including  
9 the Residential Customer Charge?

10 A (Therrien) That's correct. I was unaware of the  
11 Commission policy to not increase the Residential  
12 Customer Charge at that time.

13 Q So, to be clear, the Company's proposal then  
14 today is to not change the Residential Customer  
15 Charge, but to change all the other elements?

16 A (Therrien) That is correct.

17 Q Okay. So, that's a change from your initial  
18 testimony?

19 A (Therrien) That is correct.

20 MR. DEXTER: Okay. So, I don't have  
21 any further questions, Mr. Chairman. But I  
22 guess, in closing statement, this is a change I  
23 wasn't aware of. So, we'll need to discuss  
24 amongst ourselves at the Department whether or



[WITNESS PANEL: Jardin|Dane|Therrien]

1 not we support that rate design change.

2 And I guess this is the hazards of  
3 operating with a settlement agreement where it's  
4 not reduced to writing, because this would have  
5 been picked up in the writing. So, I apologize  
6 for that. But we will present a position on that  
7 before the end of the hearing.

8 But, as for additional  
9 cross-examination, I don't have any questions.

10 CHAIRMAN GOLDNER: Thank you, Attorney  
11 Dexter.

12 We'll move to Attorney Kreis, and the  
13 Office of the Consumer Advocate.

14 MR. KREIS: Thank you, Mr. Chairman.  
15 Well, let's pick that scab a little bit.

16 BY MR. KREIS:

17 Q Mr. Therrien, do you have any notion -- well, you  
18 just described the Company's proposal not to  
19 increase the fixed Customer Charge for the  
20 Residential class as an "application of  
21 Commission policy". That's the phrase you used,  
22 yes?

23 A (Therrien) I may have used "precedent". But  
24 either one I think is reasonably accurate, yes.

[WITNESS PANEL: Jardin|Dane|Therrien]

1 Q So, in other words, what you're saying is that,  
2 in past cases, the Commission has resolved the  
3 temporary rate phase of the case by assigning the  
4 temporary revenue increase to the variable parts  
5 of customer bills in the Residential class?

6 A (Therrien) In the Residential class, correct.

7 Q And do you have any notion why the Commission has  
8 established that set of precedents or has that  
9 policy?

10 A (Therrien) I don't have that history, sorry.

11 MR. SHEEHAN: Mr. Chairman, if I can  
12 interrupt and maybe, and I'm sorry, Mr. Kreis,  
13 provide the context, that may save some time?

14 The restriction on changing customer  
15 charges comes from the last Settlement Agreement  
16 in 20-105 [19-064?]. And I simply told the  
17 witnesses of that change that they weren't aware  
18 of. So, that's -- so, Mr. Therrien is not quite  
19 right, it's not "policy", it's the last  
20 Settlement Agreement where it comes from. And  
21 our interpretation of the Settlement Agreement is  
22 that that applies until approval of this rate  
23 case.

24 So, that's the background, Mr. Kreis.

[WITNESS PANEL: Jardin|Dane|Therrien]

1 CHAIRMAN GOLDNER: Thank you.

2 MR. KREIS: Thank you. That's very  
3 helpful. I didn't mean to try to -- I wasn't  
4 attempting any "gotcha". I just want to make  
5 sure that the Commission understands what the  
6 basis for that particular application of the  
7 temporary rate statute is.

8 I suppose, to the extent it needs  
9 further examination, that could be done in  
10 argument.

11 I don't have any other questions.

12 CHAIRMAN GOLDNER: Thank you.

13 And I'll just double-check with you,  
14 Attorney Getz, to see if you have anything you'd  
15 like to ask?

16 MR. GETZ: No questions, Mr. Chairman.

17 CHAIRMAN GOLDNER: Thank you.

18 Okay. We'll turn to Commissioner  
19 questions, and Commissioner Chattopadhyay.

20 CMSR. CHATTOPADHYAY: Good morning.

21 WITNESS THERRIEN: Good morning.

22 WITNESS DANE: Good morning.

23 BY CMSR. CHATTOPADHYAY:

24 Q The previous rate case was 21-105, correct?

[WITNESS PANEL: Jardin|Dane|Therrien]

1 A (Dane) I have "19-064".

2 Q Okay, sorry, 19-064. Before 19-064, did the  
3 Company have revenue decoupling in the rates?

4 A (Therrien) No.

5 Q So, revenue decoupling was introduced after  
6 21-10 -- sorry, I keep saying that, it's -064,  
7 that docket was finalized?

8 A (Therrien) In 2019, yes.

9 Q 2019, okay. In calculating the temporary revenue  
10 requirement, and, therefore, in determining what  
11 the increase would be, can you tell me, when you  
12 looked at the test year, 2022, were you looking  
13 at the actual revenue that you got in 2022? When  
14 you said it's "per books", I'm just trying to  
15 confirm that?

16 A (Therrien) The increase was based on March 2023  
17 rates, multiplied times the test year billing  
18 determinants. So, that's referred to as the  
19 "normalized test year".

20 Q Okay. So, this is not the actual revenue, it's  
21 the revenue based on the normalized, annualized  
22 calculations, right, the billing determinants?

23 A (Therrien) That is correct.

24 Q Okay. So, you will have, when you have, because

[WITNESS PANEL: Jardin|Dane|Therrien]

1 of that third step that, you know, that you'll  
2 have some changes that you will be making later  
3 to the calculations?

4 A (Therrien) That's correct. So, --

5 Q Can you just, you know, --

6 A (Therrien) Yes.

7 Q -- explain that a little bit more?

8 A (Therrien) Certainly. So, as I described, we  
9 used the March rates, March 2023 rates, times the  
10 test year billing determinants. We then applied  
11 the \$5.5 million increase to that to calculate a  
12 percentage increase, excluding the revenues from  
13 the Residential Customer Charge, and that gave us  
14 a percentage. We then applied that percentage to  
15 the unit rates for all other rate classes and  
16 rate components. That's what I discussed earlier  
17 today, when I presented the bill impact, the  
18 preliminary bill impacts.

19 In actuality, what will happen is that  
20 that calculation will be modified to recognize  
21 the rates of June 1st, multiplied times the test  
22 year billing determinants. Then, we'll add the  
23 \$5.5 million, have a new percent increase, and  
24 then apply that increase to the June rates. That

[WITNESS PANEL: Jardin|Dane|Therrien]

1 will not be materially different than what we  
2 talked about here, but that is a change.

3 Q Okay. So, the \$5.5 million would still be the  
4 same, but you'll have a different base --

5 A (Therrien) That is correct.

6 Q -- to calculate the rates. Okay. Can you just  
7 add a little bit more on the calculation that you  
8 would do in June would take care of the Step 3  
9 increase in its entirety, right, or will it not?  
10 I'm just -- I'm just curious.

11 A (Therrien) It would, because the unit rates that  
12 the \$5.5 million increase would be applied to  
13 will be the June rates.

14 Q So, you'll still be using billing determinants  
15 normalized. So, okay.

16 A (Therrien) That is correct.

17 CMSR. CHATTOPADHYAY: Thank you.

18 That's all I have. Thanks.

19 CHAIRMAN GOLDNER: Just a couple of  
20 quick questions. So, I'm just trying to make  
21 sure I understand the simple math.

22 BY CHAIRMAN GOLDNER:

23 Q I think that the -- do I have it right that the  
24 original temporary rate increase request was

[WITNESS PANEL: Jardin|Dane|Therrien]

1 6.7 million, is that right?

2 A (Dane) Yes. That's correct.

3 Q Thank you. And then, now we're at 5.5, so the  
4 delta is about 1.2 million?

5 A (Dane) Right.

6 Q And, if I just do a quick calculation on the SAP  
7 issue, I think the SAP issue was something like  
8 13.5 million. And I think you multiplied that  
9 times the 0.076 weighted average cost of capital?  
10 Am I -- do I have those numbers right?

11 A (Dane) I can confirm the cost of capital. So,  
12 the cost of capital is 7.6. That's correct.

13 Q Okay. And "13.5" was the SAP number, is that  
14 true?

15 A (Dane) That is true. And, if I can just clarify,  
16 so, we removed the 13.5 from rate base.

17 Q Okay.

18 A (Dane) Which I think make it to the same or  
19 similar place mathematically. There is some  
20 grossing up, or grossing down, in this case, for  
21 income tax effects and the like, so that also  
22 appears in the calculation.

23 Q Okay. Because I get about roughly one million  
24 for just doing the simple calculation of 13.5

[WITNESS PANEL: Jardin|Dane|Therrien]

1 times 0.076, so you subtract that off the 6.7.  
2 And, so, I was surprised you didn't request 5.7  
3 and not 5.5. So, that was -- but you're saying  
4 there are some other sort of factors, taxes and  
5 so forth, that enter into the equation  
6 downstream?

7 A (Dane) Right. The main difference, that would be  
8 income tax impacts.

9 Q Okay. Thank you. Okay. And then, just back on  
10 this question of the approximate rate impact to  
11 the average residential ratepayer. I think, Mr.  
12 Therrien, you mentioned that June might change a  
13 little bit, but you would expect, in the end, the  
14 rate impact to be about 1.5 percent, something  
15 like that?

16 A (Therrien) That's correct.

17 Q Okay. Thank you. And then, finally, just a  
18 clarification on the exhibit that Mr. Dexter,  
19 Attorney Dexter, was pointing out on II-083, I'm  
20 just not sure I grasped it. So, the customer  
21 charge today is 14.74. And I think, Mr.  
22 Therrien, what you were saying was that, when you  
23 refile, you would expect that customer charge to  
24 remain at 14.74?



[WITNESS PANEL: Jardin|Dane|Therrien]

1 A (Therrien) That is correct.

2 CHAIRMAN GOLDNER: Okay. And then,  
3 we'll hear from the parties on any concerns that  
4 they might have relative to keeping that customer  
5 charge the same or adjusting it. Excellent.  
6 Okay.

7 Okay. That's all the questions I have.  
8 Commissioner Chattopadhyay, any follow-up  
9 questions?

10 CMSR. CHATTOPADHYAY: Just one.

11 BY CMSR. CHATTOPADHYAY:

12 Q For the temporary rates, and this is purely out  
13 of trying to understand, so, do you sort of -- do  
14 you -- when you look at 2022 as a test year, do  
15 you go with the relevant revenue per customer  
16 number, and you also account for the change in  
17 the number of customers that have, you know,  
18 since the previous rate case, do you take account  
19 of that? Or, in some way, that it gets accounted  
20 for anyway, when you look at the billing  
21 determinants and all of that. So, I'm just -- a  
22 conceptual question here.

23 A (Therrien) Yes. They're in the 2022 billing  
24 determinants. So, if there is any change in

[WITNESS PANEL: Jardin|Dane|Therrien]

1 customer counts for, let's say, growth, that  
2 would be reflected in the 2022 billing  
3 determinants, which are then multiplied times, as  
4 I said, the March 2023 rates.

5 CMSR. CHATTOPADHYAY: Thank you.

6 CHAIRMAN GOLDNER: Okay. Thank you.  
7 We'll move to Liberty redirect.

8 MR. SHEEHAN: Just a couple questions.

9 **REDIRECT EXAMINATION**

10 BY MR. SHEEHAN:

11 Q Mr. Therrien, on the topic of decoupling, part of  
12 our filing next week will be updated revenue per  
13 customer numbers, based on the change that we're  
14 talking about today, is that correct?

15 A (Therrien) Yes.

16 Q And is it fair to say that the calculation of  
17 revenue per customer, or RPC, will start with the  
18 new overall revenue requirement, which is now  
19 \$5.5 million higher, and then allocate that to  
20 all the customers, and you figure out "We need X  
21 amount of dollars from residential", and there's  
22 a wide number of them, and that generates a new  
23 RPC. Is that correct?

24 I probably grossly oversimplified it,

[WITNESS PANEL: Jardin|Dane|Therrien]

1 but --

2 A (Therrien) The revenue per customer benchmark  
3 will need to change because of the change in  
4 rates. And you roughly described, in fairness,  
5 described how that calculation would be, yes.

6 Q And, again, as part of decoupling, of course,  
7 when we reconcile them each year, we make sure  
8 that the customers only pay what that new revenue  
9 requirement is, existing plus the 5.5?

10 A (Therrien) That is correct.

11 Q And, if it's more or less, those are the dollars  
12 that are collected from or returned to customers  
13 as part of that decoupling reconciliation?

14 A (Therrien) That is correct.

15 Q So, that's really a separate conversation when we  
16 get to that. Today, it's setting the new overall  
17 revenue requirement at \$5.5 million higher than  
18 it is now?

19 A (Therrien) That's correct.

20 MR. SHEEHAN: Thank you. That's all I  
21 have.

22 CHAIRMAN GOLDNER: Okay. Thank you.

23 The witnesses are released. And, if you wouldn't  
24 mind joining the crowd, and we'll invite Attorney

1 Dexter -- or, "Attorney Dexter" -- we'll invite  
2 Mr. Dudley, sorry, up to the stand.

3 MR. DEXTER: So, Mr. Chairman, I didn't  
4 plan on sponsoring -- I know he's on the exhibit  
5 list, but that was before we reached the  
6 settlement. I don't have any questions for  
7 Mr. Dudley.

8 If the Bench does, I'll certainly put  
9 him on and identify him. And, otherwise, I  
10 didn't have any independent questions for Mr.  
11 Dudley.

12 CHAIRMAN GOLDNER: Okay. Let me  
13 consult with Commissioner Chattopadhyay.

14 *[Chairman Goldner and Commissioner*  
15 *Chattopadhyay conferring.]*

16 CHAIRMAN GOLDNER: Would the parties  
17 have any questions for Mr. Dudley?

18 MR. SHEEHAN: The Company does not.  
19 Thank you.

20 MR. KREIS: Neither does the OCA.

21 CHAIRMAN GOLDNER: Mr. Getz?

22 MR. GETZ: I have no questions, Mr.  
23 Chairman.

24 CHAIRMAN GOLDNER: All right. Well, we

1 will then thank Mr. Dudley for the offer. I  
2 think there's no questions for you today, sir.  
3 So, thank you. And thank you, Attorney Dexter,  
4 for offering the witness.

5 Okay. Well, I think, at this point,  
6 without objection, we can admit Exhibit 1 and 2  
7 into the record. And then, for Exhibit 3, those  
8 would be the updated schedules and customer rate  
9 impacts submitted by close of business Monday,  
10 first?

11 MR. SHEEHAN: Correct.

12 CHAIRMAN GOLDNER: And then, I'll ask  
13 the parties if they want any time to review  
14 Monday's filings? And, if so, I would set a  
15 deadline of Wednesday, close of business, for  
16 that review. Do the parties want to review that  
17 filing and provide feedback to the Commission, or  
18 would you take a pass on that offer?

19 MR. DEXTER: No, the Department would  
20 like to review the filing, and appreciates the  
21 Wednesday deadline.

22 CHAIRMAN GOLDNER: Okay. Very good.  
23 Consumer Advocate?

24 MR. KREIS: I think that's an excellent

1 approach. And, so, I urge you to adopt it.

2 CHAIRMAN GOLDNER: Okay. Attorney  
3 Getz?

4 MR. GETZ: Dartmouth doesn't expect to  
5 take any position on the filings.

6 CHAIRMAN GOLDNER: Okay. Okay, thank  
7 you.

8 So, we'll reserve "Exhibit 3" for the  
9 revised filing, which will include the schedules  
10 and the rate impacts. We'll -- by that will be  
11 Monday. And then, on Wednesday, we'll have a  
12 deadline for any response to those, to Exhibit 3.

13 *(Exhibit 3 reserved as described*  
14 *above.)*

15 CHAIRMAN GOLDNER: And is there  
16 anything else relative to exhibits?

17 MR. DEXTER: Nothing relative to  
18 exhibits. But I would like to take a short  
19 recess to discuss the change in rate design that  
20 I heard today proposed, with the Company and the  
21 OCA, before we proceed to closing arguments, if  
22 that's what's next on the schedule?

23 CHAIRMAN GOLDNER: Yes. That's  
24 perfect. So, let's take a -- how long would you

1           like, Mr. Dexter? Fifteen minutes?

2                       MR. DEXTER: I think fifteen minutes  
3 should do it, yes.

4                       CHAIRMAN GOLDNER: Okay. Let's return  
5 at ten o'clock, and for closing. Thank you.

6                       MR. DEXTER: Thanks.

7                               *(Recess taken at 9:44 a.m., and the*  
8                               *hearing resumed at 10:01 a.m.)*

9                       CHAIRMAN GOLDNER: Okay. We'll go back  
10 on the record, and move to closing statements,  
11 beginning with the Department of Energy.

12                       MR. DEXTER: Thank you, Mr. Chairman,  
13 Commissioner Chattopadhyay.

14                               The Department of Energy supports the  
15 settlement that was presented by the panel today.  
16 And I'll break it down into two parts.

17                               First, the revenue requirement of \$5.5  
18 million, we believe that result is consistent  
19 with the temporary rate statute, RSA 378:27. We  
20 appreciate the Company's willingness to arrive at  
21 that calculation by removing the entire cost of  
22 the customer billing system, the SAP system, that  
23 we've been talking about. And, again, stressing  
24 that that approach is not precedent-setting for

1 the permanent case, which will include a thorough  
2 investigation of that system, as well as the  
3 other issues that we highlighted at the  
4 prehearing conference last week. Which included  
5 some of the questions Commissioner Chattopadhyay  
6 was asking today, about how test year decoupling  
7 revenues were factored into the calculation. So,  
8 for purposes of the temporary rates, we support  
9 the 5.5 million revenue requirement as  
10 calculated.

11 In connection with the rate design, we  
12 had a discussion during the break. And it's the  
13 Department's understanding that what was  
14 presented today by the panel is a change from  
15 what was presented in the May 7th or 8th  
16 temporary rate filing. We will support the  
17 change as support -- as presented today, whereby  
18 the residential customer charge will not see an  
19 increase from the temporary rates. We note that  
20 that is consistent with the rate design for the  
21 Company that came out of its last permanent case,  
22 19-064. There's a clause in the Settlement that  
23 says "any of the rate design changes arising out  
24 of 19-064, including the three step adjustments,



1 will not affect the Residential Customer Charge."  
2 And the Company's proposal today simply applies  
3 that precedent from the last permanent case to  
4 the temporary phase in this case. And having  
5 seen it and discussed it, we're supportive of  
6 that.

7 We, at the Department, regret that this  
8 settlement came together as late as it did. We  
9 are mindful of the rules that the PUC have about  
10 "five days notice". And this was a situation  
11 where settlement talks began last week, after the  
12 prehearing conference, and continued, as Attorney  
13 Kreis pointed out, right up through yesterday,  
14 and this agreement was reached late yesterday  
15 afternoon. It is done with the intent of  
16 simplifying the result for the Commission, as  
17 well as arriving at a reasonable result.

18 So, while it's late, and we're mindful  
19 of that, and regretful of that, we do believe  
20 it's a positive step forward, and we urge its  
21 approval.

22 So, that's all from the Department this  
23 morning. Thank you.

24 CHAIRMAN GOLDNER: Okay. Thank you.

1 We'll move to the Office of the Consumer  
2 Advocate.

3 MR. KREIS: Thank you, Mr. Chairman.

4 The position of the OCA remains, that  
5 the Commission should adopt and embrace the terms  
6 that have been proposed to you.

7 To the extent I implied that this whole  
8 thing just came together in a flash yesterday, I  
9 stand corrected, or at least I apologize for  
10 potentially misleading you. I was in Portland  
11 yesterday. And, so, I wasn't really able to  
12 participate in the conversations yesterday.

13 I don't think that any of the parties,  
14 or the Commission, for that matter, are really at  
15 fault for the timing of all of this. As we  
16 talked about last week at the prehearing  
17 conference, I think all of us, the Commissioners,  
18 all the parties are busy trying to figure out how  
19 to manage the logistics of rate cases in this new  
20 era, where the Department of Energy exists and  
21 the PUC has been somewhat reconfigured.

22 And, so, the PUC scheduled the  
23 temporary rate hearing very soon after the  
24 prehearing conference. I don't exactly know what

1 the purpose of that was, but one message I think  
2 I got from that is "Hey, the Commission would  
3 like us to resolve temporary rates quickly and  
4 efficiently, as kind of a preliminary skirmish in  
5 the rate case, and then move onto the permanent  
6 phase where all the important issues get  
7 resolved." So, everybody, I think, did a pretty  
8 good job of meeting that or addressing that  
9 implicit suggestion. I hope it meets with your  
10 approval.

11 I'm also sorry about the little bit of  
12 misunderstanding this morning about what happens  
13 to the fixed customer charge in the temporary  
14 rate settlement. I don't necessarily think that  
15 there's a binding or even persuasive Commission  
16 precedent either way. But, as Commissioner  
17 Chattopadhyay I'm sure remembers, and as Chairman  
18 Goldner might not remember, because he hasn't  
19 been around long enough to sit on a bunch of big  
20 rate cases, the OCA historically shows up during  
21 the permanent phase of a rate case arguing either  
22 to reduce the fixed customer charge in the  
23 Residential class, or at the very least keep it  
24 the same. And, you know, we have our open policy

1 reasons for doing that, but it tends to be fairly  
2 persuasive.

3 The eternal struggle between the OCA  
4 and utilities is utilities are always trying to  
5 increase the fixed customer charge, and we're  
6 always trying to argue that that's bad rate  
7 design. And we're likely to do that again here.  
8 And I think, in highlight of that, keeping the  
9 fixed customer charge where it is makes  
10 reconciling permanent rates and temporary rates  
11 at the end of the case easier. And, so, it's  
12 just -- that's the simpler way of resolving the  
13 temporary rate issue.

14 So, in any event, I thank everybody for  
15 their help in getting us to where we are today.  
16 And I commend the informal oral agreement to your  
17 favorable consideration.

18 CHAIRMAN GOLDNER: Thank you. Does  
19 Dartmouth College wish to make any comments,  
20 before we move to Liberty?

21 MR. GETZ: No thank you, Mr. Chairman.

22 CHAIRMAN GOLDNER: And, finally, we'll  
23 move to Liberty.

24 MR. SHEEHAN: Thank you.

1 I listened very carefully, and I can  
2 say I agree with everything that Mr. Dexter and  
3 Mr. Kreis said.

4 So, we ask that the Commission approve  
5 the \$5.5 million temporary rate increase to  
6 current rates, applied by a common percentage to  
7 all elements, except for the Residential Customer  
8 Charge, effective July 1st.

9 On Monday, what you will see is,  
10 essentially, the entire package, attached  
11 testimony, all those schedules updated to reflect  
12 this. And we will also include the revised  
13 revenue per customer numbers. So, you can see  
14 everything that would go into effect on your  
15 approval.

16 So, thank you.

17 CHAIRMAN GOLDNER: Okay.

18 Okay. Thank you very much. Is there  
19 anything else we need to discuss today?

20 *[No verbal response.]*

21 CHAIRMAN GOLDNER: Okay. Seeing none.  
22 Thank you, everyone. We are adjourned.

23 ***(Whereupon the hearing was adjourned***  
24 ***at 10:09 a.m.)***