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1	Direct Testimony of Tyler Culbertson and James M. King, with Attachments (05-30-23)	<i>premarked</i>
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2	Testimony of John D. Warshaw and Christopher Green, with attachments, and Technical Statement of Tyler Culbertson and James M. King, with attachments (06-23-23) <b>{CONFIDENTIAL &amp; PROPRIETARY}</b>	<i>premarked</i>
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3	Testimony of John D. Warshaw and Christopher Green, with attachments, and Technical Statement of Tyler Culbertson and James M. King, with attachments (06-23-23) <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
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4	Supplemental Direct Testimony of John D. Warshaw, (filed January 31, 2022, in Docket No. DE 21-087) <b>{CONFIDENTIAL &amp; PROPRIETARY}</b>	<i>premarked</i>
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5	Supplemental Direct Testimony of John D. Warshaw, (filed January 31, 2022, in Docket No. DE 21-087) <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
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**P R O C E E D I N G**

1  
2 CHAIRMAN GOLDNER: Okay. Good morning.  
3 This is the hearing for the August to January  
4 procurement cycle for Docket DE 23-044, the  
5 Liberty Energy Service filing review proceeding.  
6 And I'm here with Commissioner Simpson and  
7 Chattopadhyay.

8 This hearing was scheduled pursuant to  
9 an Order of Notice issued by the Commission on  
10 April 11th, 2023, following Liberty's request for  
11 the launch of its Default Service process filed  
12 on April 5th. The Office of the Consumer  
13 Advocate filed a Letter of Participation in this  
14 proceeding on April 18th.

15 After we take appearances, and take  
16 care of any preliminary matters, we'll invite the  
17 Company, the OCA, and the Department of Energy to  
18 make brief opening statements.

19 Let's take appearances, beginning with  
20 the Company.

21 MR. SHEEHAN: Good morning,  
22 Commissioners. Mike Sheehan, for Liberty  
23 Utilities (Granite State Electric) Corp. Aside  
24 from the folks on the witness stand who you will

1 hear from, behind me is Adam Yusef, who is with  
2 the New Hampshire Regulatory Department, and Myka  
3 Hayward, who is with the group in the Midwest  
4 that has been supporting all the work that's been  
5 done in the Default Service last winter and in  
6 this current filing.

7 CHAIRMAN GOLDNER: Okay. Thank you.  
8 And we'll move -- pardon me -- we'll move to the  
9 Office of the Consumer Advocate?

10 MR. CROUSE: Good morning,  
11 Commissioners. My name is Michael Crouse. I'm  
12 the Staff Attorney to the Office of the Consumer  
13 Advocate. I am flying solo today, so, safety  
14 first.

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

17 MR. YOUNG: Good morning,  
18 Commissioners. Matthew Young, on behalf of the  
19 Department of Energy. With me today are Scott  
20 Balise and Steve Eckberg, who are utility  
21 analysts working on this matter, as well as Liz  
22 Nixon, who is the Electric Director.

23 CHAIRMAN GOLDNER: Okay. Very good.  
24 Is there anybody from the public here today?

1                    *[No indication given.]*

2                    CHAIRMAN GOLDNER: All right. Seeing  
3 none.

4                    On June 23rd, 2023, Liberty filed its  
5 Witness and Exhibit List for this matter,  
6 together with the results of its Energy Service  
7 Solicitation. Late yesterday afternoon,  
8 June 27th, Liberty filed its illustrative tariff  
9 pages for its ES rate proposal. This filing  
10 renders the waiver request moot, in the view of  
11 the Commission. Are there any objections to the  
12 illustrative tariff that was filed yesterday from  
13 the parties? No?

14                    MR. YOUNG: No.

15                    MR. CROUSE: No objections.

16                    CHAIRMAN GOLDNER: All right. Then, it  
17 is moot.

18                    Liberty proposes that confidential  
19 Hearing Exhibit 2 be reserved for its  
20 confidential version of its June 23rd Energy  
21 Service filing, together with the supporting  
22 testimony of Mr. John Warshaw and Mr. Christopher  
23 Green. And that Hearing Exhibit 3 be reserved  
24 for its public version for its June 23rd filing.

1 Liberty also proposes that confidential Hearing  
2 Exhibit 4 be reserved for the confidential  
3 Supplemental Direct Testimony of Mr. Johnson  
4 Warshaw, filed on January 31st, 2022, in docket  
5 DE 21-087. The redacted version of this  
6 testimony is proposed by the Company as Hearing  
7 "Exhibit 5". We will interpret this to be a  
8 request by the Company to take administrative  
9 notice of this material under Puc Rule 203.27,  
10 specifically 203.27(a)(2).

11 And I'll now inquire if there are any  
12 objections to doing so?

13 MR. CROUSE: No objections.

14 MR. YOUNG: No objection from the  
15 Department.

16 CHAIRMAN GOLDNER: Okay. Very good.  
17 Seeing no objections, I'll take administrative  
18 notice of the material that's submitted as  
19 Hearing Exhibits 4 and 5 pursuant to 203.27.

20 Liberty relies on Puc Rule  
21 201.06(a)(15), and 201.06 and 201.07 generally,  
22 for the confidential treatment of the material  
23 noticed as confidential Hearing Exhibits 2 and 4.

24 There are no intervenors in this

1 docket, and no members of the public here today,  
2 in light of this, that, when confidential  
3 information is implicated in the hearing today,  
4 we ask that the parties indicate this for the  
5 benefit of the Court Reporter.

6 Confusingly, with the Company's filing,  
7 it used the word "exhibit" to refer to tables and  
8 graphics with the attachments provided in support  
9 of the Petition. In the future, we'd ask that  
10 Liberty use the word "table" to label such  
11 features, to avoid confusion with the official  
12 numbered exhibits during the course of the  
13 hearing. Any concerns on that, Mr. Sheehan?

14 MR. SHEEHAN: No. That's a fair  
15 comment. Thank you.

16 CHAIRMAN GOLDNER: Okay. We also see  
17 that the Company will present a witness panel  
18 today of Mr. Tyler Culbertson, Mr. James King,  
19 Mr. John Warshaw, and Mr. Christopher Green. We  
20 see that the Department of Energy will call  
21 Mr. Stephen Eckberg. I assume this will be two  
22 witness panels?

23 MR. YOUNG: So, I do have a preliminary  
24 issue, I guess, I could raise now, regarding Mr.



1 Eckberg.

2 CHAIRMAN GOLDNER: Sure.

3 MR. YOUNG: So, as the Commission just  
4 mentioned, Mr. Eckberg was listed on as a witness  
5 for the Department. You know, given the short  
6 turnaround of these Default Service dockets, the  
7 Department does not typically have a witness, and  
8 the Department doesn't have any questions for him  
9 today.

10 Mr. Eckberg was listed as a witness, in  
11 case it was necessary to discuss specific  
12 reconciliation issues, regarding whether certain  
13 REC purchases made by the Company were prudent  
14 and reasonable. Maybe for some context, and this  
15 is really only for summary purposes, the Company  
16 did purchase over one million in Class III RECs  
17 to meet their 2022 obligation under the state's  
18 RPS statute. Those RECs were purchased at a  
19 price above the ACP, a fact the Company does not  
20 dispute, and to which the Company has agreed to  
21 not seek recovery for the costs in excess of that  
22 ACP.

23 Here, in this filing, the Company does  
24 seek recovery of unused or stranded RECs at the

1 ACP price through its reconciliation of RPS  
2 costs. However, there are aspects of the  
3 Company's original decision and the current  
4 eventual final costs and outcome of that decision  
5 in which the Department does not agree with the  
6 Company's position.

7 So, we are requesting that the  
8 Commission reserve a final determination  
9 regarding the issue of recovery of approximately  
10 \$860,000 in 2020 Class III REC purchases by  
11 scheduling a separate hearing on this issue for  
12 August. Reserving this issue for a separate  
13 hearing follows precedent set by the Commission  
14 in Docket DE 21-077, which dealt with a similar  
15 REC issue.

16 And, just to be clear, the Department  
17 is not requesting the costs related to REC  
18 purchases be removed today, or that any  
19 adjustments be made to the Company's  
20 reconciliation of costs, only that a separate  
21 hearing be scheduled for a final determination of  
22 that issue. This will allow the Commissioners to  
23 focus today on the core issue of this filing,  
24 which is the Company's Default Energy Service

1 procurement process and resulting proposed rates  
2 in effect for the six-month period beginning  
3 August 1st.

4 The Department has discussed this  
5 request with the Company and the OCA yesterday  
6 during our technical session. The Company and  
7 OCA have agreed that this was an acceptable  
8 approach.

9 And I believe that I have accurately  
10 represented their accord here this morning, but I  
11 would be glad also to have Attorney Sheehan or  
12 Attorney Crouse share their perspective as well.

13 CHAIRMAN GOLDNER: Anything you wish to  
14 add?

15 MR. CROUSE: I agree with everything  
16 that Attorney Young has explained.

17 MR. SHEEHAN: Agreed. To carve off  
18 that Class III REC issue to another day, so we  
19 can focus on that.

20 CHAIRMAN GOLDNER: Okay. That seems  
21 like a very sensible approach.

22 Mr. Young, is there any reason the  
23 Department didn't file this previously for the  
24 Commission?

1 MR. YOUNG: I think that it's really  
2 just a timing issue. There's sort of a short  
3 turnaround, and the time it just took for a  
4 review of the filing.

5 CHAIRMAN GOLDNER: Because I think I've  
6 noticed, and I see Mr. Dexter in the back of the  
7 room, I've noted in the last few dockets, it  
8 seems like the technical sessions have been the  
9 very day before, and then, when we come to  
10 hearing, there are some updates, which is  
11 excellent, and this is, I think, a good solution.

12 But it may be helpful to pull forward  
13 those meetings by a week or two, so that, when we  
14 come to hearing, everything is sort of sorted,  
15 and we can move forward more efficiently.

16 MR. YOUNG: Of course. And I think,  
17 specifically, with the default service filings, I  
18 think it's sort of the "nature of the beast", so  
19 to speak, that tech sessions can only happen  
20 after we receive the filing and have a chance to  
21 review. So, it's a quick turnaround.

22 CHAIRMAN GOLDNER: Yes, I think that's  
23 true, in the default service filings, and cost of  
24 gas, for that matter.

1           Okay. Thank you. Thank you,  
2           Mr. Young.

3           Are there any other preliminary matters  
4           that anyone wishes to raise?

5           MR. SHEEHAN: Just briefly. Based on  
6           that statement, we had marked Exhibits 4 and 5,  
7           which we filed on behalf of Mr. Warshaw in a  
8           prior Energy Service docket, at the Commission's  
9           request. In coming out of the hearing, the  
10          Commission asked for sort of "the history and how  
11          we got here" kind of testimony. It was never  
12          addressed in that docket, because it was over.  
13          So, that's why we filed it here, with the  
14          expectation we'd be having that conversation.

15          So, if the Commission is inclined to  
16          put off the REC issue to another day, we will not  
17          need to get into Exhibits 4 and 5, we can leave  
18          them here in this record for that hearing.

19          CHAIRMAN GOLDNER: Okay.

20          MR. SHEEHAN: And I suspect that's the  
21          same with Mr. Eckberg's testimony, as Mr. Young  
22          referenced. It was in anticipation of having to  
23          address that issue, which we may not today.

24          CHAIRMAN GOLDNER: Okay. Thank you for

1 the clarification.

2 Are there any other preliminary  
3 matters, before we take opening statements?

4 I think I may have stolen the thunder  
5 from the opening statement. But is there  
6 anything else anyone wishes to cover?

7 *[No verbal response.]*

8 CHAIRMAN GOLDNER: No? Okay. Well,  
9 let's take an opening statement, if any,  
10 beginning with the Company.

11 MR. SHEEHAN: Again, assuming the REC  
12 issue is peeled off for another day, the  
13 Company's request here is two-fold: One is to  
14 approve the Energy Service rate, and I'll walk  
15 through that with the witnesses; and the next is  
16 to approve the reconciliation of prior costs,  
17 which, by agreement, will still include the  
18 \$800,000, that will be discussed at the later  
19 hearing.

20 Thank you.

21 CHAIRMAN GOLDNER: Very good. And the  
22 Office of the Consumer Advocate?

23 MR. CROUSE: Thank you.

24 Generally speaking, the Office of the

1 Consumer Advocate is supportive of the new energy  
2 rates that are proposed. It's our opinion that  
3 they are just and reasonable, and it's a  
4 competitive bidding process.

5 With regards to the Class III RECs that  
6 are being put off at this time, we don't have a  
7 strong position. But we reserve the right to  
8 form that position as we explore it further.

9 Thank you.

10 CHAIRMAN GOLDNER: Okay. Thank you,  
11 Attorney Crouse. And the New Hampshire  
12 Department of Energy?

13 MR. YOUNG: Regarding the Default  
14 Service filing, separate from the REC request we  
15 just discussed, the Department has reviewed the  
16 Company's filing in this proceeding. And we have  
17 determined that the Company conducted this  
18 wholesale power supply solicitation, selected the  
19 winning bid to provide Default Service, in  
20 compliance with relevant orders and settlements.

21 CHAIRMAN GOLDNER: Okay. Thank you,  
22 Attorney Young.

23 So, just to summarize, we'll proceed  
24 today on the Default Service filing only, leaving

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1           aside the peripheral issue of the RPS.

2                   Okay. Thank you. That is helpful for  
3 administrative efficiency today. Is there  
4 anything else, before we swear in the witnesses?

5                           *[No verbal response.]*

6                   CHAIRMAN GOLDNER: Okay. Seeing none,  
7 Mr. Patnaude, would you please swear in the  
8 witnesses.

9                           *(Whereupon **JAMES M. KING,***  
10                           **TYLER CULBERTSON, JOHN D. WARSHAW, and**

11                           **CHRISTOPHER GREEN** were duly sworn by

12                           *the Court Reporter.)*

13                   CHAIRMAN GOLDNER: Thank you. We'll  
14 move to Liberty direct.

15                   MR. SHEEHAN: Thank you.

16                           **JAMES M. KING, SWORN**

17                           **TYLER CULBERTSON, SWORN**

18                           **JOHN D. WARSHAW, SWORN**

19                           **CHRISTOPHER GREEN, SWORN**

20                           **DIRECT EXAMINATION**

21 BY MR. SHEEHAN:

22 Q       And, Mr. King, since you're at the end, we'll  
23 start with you. Please introduce yourself, your  
24 position with the Company, and your involvement



[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 in this docket?

2 A (King) My name is James King.

3 *[Court reporter interruption regarding*  
4 *use of the microphone.]*

5 **BY THE WITNESS:**

6 A (King) James King. I'm an Analyst II with  
7 Liberty Utilities Service Company, here on behalf  
8 of Granite State Electric. I worked on the  
9 schedules, along with Mr. Culbertson, to develop  
10 the rates that we're presenting here today.

11 BY MR. SHEEHAN:

12 Q Mr. King, Exhibit 1, filed in May, appears to  
13 have been drafted by you and Mr. Culbertson, is  
14 that correct?

15 A (King) That's correct.

16 Q Do you have any changes to Exhibit 1 that you'd  
17 like to bring to the Commission's attention this  
18 morning?

19 A (King) I do not.

20 Q And do you adopt Exhibit 1 as your testimony here  
21 today?

22 A (King) Yes.

23 Q In Exhibits 2 and 3, beginning at Bates 76, is a  
24 technical statement authored by you and

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 Mr. Culbertson, is that correct?

2 A (King) That's correct.

3 Q And do you have any changes to that that you  
4 would like to bring to the Commission's  
5 attention?

6 A (King) I do not, no.

7 Q And, to clarify the issue we just discussed, the  
8 Class III REC amount is included in this filing  
9 and in your calculations, is that correct?

10 A (King) It is, yes.

11 Q Isn't it fair to say that your work was twofold,  
12 one was to calculate the various reconciliations'  
13 prior periods, and to take the rate that Mr.  
14 Warshaw's group obtained and fold that into a  
15 proposed rate, is that fair?

16 A (King) That's correct. It's a combination of the  
17 different rates developed.

18 Q Where can the Commission find the rate that --  
19 the bottom-line rate that the Company is asking  
20 the Commission to approve in this proceeding?

21 A (King) Just let me get the Bates page. It would  
22 be Bates Page 075 and 076.

23 Q And that's in Exhibits 3/4 [Exhibits 2/3?], the  
24 tech statement from last week, is that correct?

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 A (King) That's correct.

2 Q Okay. And what is the rate that the Company is  
3 asking to be approved for the Residential class?

4 A (King) For the Residential customer, the Company  
5 is proposing a rate of "12.242 cents".

6 Q And that rate includes both the Energy Service  
7 rate, plus the result of your reconciliation, is  
8 that correct?

9 A (King) That's correct.

10 Q Have you also prepared bill impact statements for  
11 this new rate?

12 A (King) Yes, we have.

13 Q And those can be found where?

14 A (King) Those can be found on Bates Page 096.

15 Q And, for the typical residential customer, what  
16 are the bill impacts of this rate change?

17 A (King) For a traditional residential customer  
18 using 650 kilowatt-hours a month, it would be a  
19 reduction of approximately \$63.

20 Q Thank you. Mr. Culbertson, please introduce  
21 yourself, your position with Liberty, and your  
22 involvement in today's proceeding?

23 A (Culbertson) My name is Tyler Culbertson. I am  
24 the Director of Rates and Regulatory Affairs for

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 Liberty Service Corp. And, in this capacity, I  
2 provide rate and regulatory services to Granite  
3 State Electric. In this docket, I oversaw the  
4 preparation of the Energy Service's rate.

5 Q Thank you. Mr. Culbertson, as discussed with  
6 Mr. King, your name appears on the testimony  
7 filed in May, which has been marked as "Exhibit  
8 1", is that correct?

9 A (Culbertson) That is correct.

10 Q Do you have any changes to any portion of that  
11 testimony that you were responsible for?

12 A (Culbertson) I do not.

13 Q And do you adopt that as your testimony this  
14 morning?

15 A (Culbertson) Yes.

16 Q Same questions as to Exhibit 2 and 3, which is  
17 the confidential and redacted version of the  
18 technical statement filed on Friday. You  
19 participated with Mr. King in preparing those  
20 documents?

21 A (Culbertson) Yes, I did.

22 Q Any changes to bring to the Commission's  
23 attention today?

24 A (Culbertson) No.

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 Q And do you adopt that again today as your sworn  
2 testimony?

3 A (Culbertson) Yes.

4 Q Thank you. Mr. Warshaw, please introduce  
5 yourself, your position with Liberty, and your  
6 work in this case?

7 A (Warshaw) My name is John D. Warshaw. And I'm  
8 Manager of Electric Supply for Liberty Utilities  
9 Service Corp. And I provide services, among  
10 others, for Liberty Utilities (Granite State  
11 Electric) Corp. And I oversee the procurement of  
12 power for Energy Service power for Granite State,  
13 as well as procurement of renewable energy  
14 service RECs to meet the RPS obligation.

15 Q Mr. Warshaw, your name appears on Exhibits 2 and  
16 3, which is the confidential and redacted  
17 versions of your testimony, along with Mr. Green,  
18 is that correct?

19 A (Warshaw) That is correct.

20 Q And I know Mr. Green has a correction to point us  
21 to, but, other than that, do have any changes or  
22 corrections to your testimony today?

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

24 Q And do you adopt your testimony here this

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 morning?

2 A (Warshaw) I do.

3 Q And, at a high level, you were responsible, with  
4 Mr. Green and others, to perform the RFP that  
5 resulted in the Energy Service rates and proposed  
6 contract with the supplier that are here to be  
7 approved, we're asking for approval here today,  
8 is that correct?

9 A (Warshaw) Yes. That is correct.

10 Q High level, how did it go, for lack of a better  
11 question?

12 A (Warshaw) At a high level, we had a ro -- well,  
13 we had a decent turnout for bids. We resulted in  
14 rates for our customers that are significantly  
15 lower than the rates that we encountered six  
16 months ago. And we are, you know, confident that  
17 this was a competitive solicitation.

18 Q Thank you. Mr. Green, please introduce yourself,  
19 your employer, and your involvement in this case?

20 A (Green) Hi. I'm Chris Green. I'm in Energy  
21 Market Operations, I'm in the Energy Support  
22 Department in the Central Region. My main  
23 involvement has been to assist John Warshaw in  
24 the RFP process for default service and the

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 energy procurement rates.

2 Q Mr. Green, over the winter, with our various  
3 hearings involving the last Energy Service case,  
4 we see a lot of Mr. Aaron Doll. Is he part of  
5 your team?

6 A (Green) Yes. He's my direct report. So, I  
7 report to him.

8 Q And all those hearings where he was the face on  
9 the screen, you were doing a lot of the work  
10 behind the scenes on that process as well?

11 A (Green) You can say that.

12 Q Thank you. You prepared -- you are on the  
13 testimony that's been marked as "Exhibit 2" and  
14 "3" here today, is that correct?

15 A (Green) Correct.

16 Q And I understand you do have one correction you'd  
17 like to point the Commission to?

18 A (Green) Yes. I believe it's Bates 056. Anywhere  
19 on Period 1 where the dates start with  
20 "February", that should actually be --

21 Q Hang on one second, let them catch up to the --  
22 you're about to point out is there's basically a  
23 labeling problem with the table. Okay, go ahead.

24 A (Green) Anywhere that it says "February", that

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1           should actually say "August", in Period 1. So,  
2           that's the left side of that table.

3   Q       And that was just a failure to update the six  
4           months -- the labeling of the six months?

5   A       (Green) Correct.

6   Q       All the numbers are correct?

7   A       (Green) Yes.

8   Q       Thank you.

9   A       (Green) I believe so.

10   Q      With that change, do you have any other  
11           corrections or changes you'd like to make to your  
12           testimony?

13   A       (Green) Not that I'm aware of.

14   Q      And do you adopt the testimony, your testimony as  
15           contained in Exhibits 2 and 3?

16   A       (Green) I do.

17   Q      Thank you. One last thing, Mr. Warshaw, we will  
18           get into later, but Exhibits 4 and 5 are the  
19           confidential and redacted versions of your  
20           testimony filed in a prior Energy Service docket,  
21           is that correct?

22   A       (Warshaw) That is correct.

23   Q      And, as you understand it, we will be addressing  
24           that in a future hearing, the process for



[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 purchasing those particular RECs a couple years  
2 ago?

3 A (Warshaw) Yes, I understand that.

4 Q The process of purchasing RECs this year, as far  
5 as you're concerned, are there any issues with  
6 that, any "anomalies", I guess I should say?

7 A (Warshaw) No.

8 Q Okay. And the costs of RECs are included in the  
9 reconciliation that's presented here to the  
10 Commission?

11 A (Warshaw) Yes.

12 MR. SHEEHAN: Okay. Commissioners, the  
13 witnesses are ready for cross-examination. Thank  
14 you.

15 CHAIRMAN GOLDNER: Okay. Thank you.  
16 We'll begin with the Office of the Consumer  
17 Advocate.

18 MR. CROUSE: Thank you.

19 For the witnesses, my questions are  
20 just going to be generally asked to all of you.  
21 So, if one of you feels that you can answer it  
22 better, or would like to support or shore up  
23 another witness's answer, please feel free to do  
24 so.

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

**CROSS-EXAMINATION**

1  
2  
3  
4  
5  
6  
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BY MR. CROUSE:

Q My first question is just generally speaking, and nowhere in the record am I citing to specifically, but Liberty's rate was currently at 22 cents a kilowatt-hour, but it's going down to approximately 12 cents a kilowatt-hour. What are some of the driving factors do you think leading to that decrease?

A (Green) I think that a lot of that is tied to the natural gas market. This time last year, it was significantly higher. And there's been less volatility in the last six months.

Q Amongst the investor-owned utilities, Eversource, Unitil, Liberty, I believe you all have the lowest Default Energy Service rate being offered. Is there something in your process that you would attribute to having done successfully, or do you think it's just luck on when the RFP got done on that particular day in the market?

A (Green) That's probably hard to say. It could be timing on when we went out for our RFP. I wouldn't say that it's a big difference between -- the rates aren't a big difference, I wouldn't

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1           imagine. So, I think they're probably pretty  
2           competitive.

3   Q       Thank you. Are there any insights that you have  
4           on the natural gas market today that could  
5           influence how we perceive rates to change in the  
6           next procurement period?

7   A       (Green) None that I'm aware of.

8   Q       Do you believe that the current procurement  
9           period of August to January is sufficient? Do  
10          you think there's any changes that might make  
11          that more, I would say, probably reduce  
12          volatility? Or, do you think it's a good way to  
13          split up the winter month period, where prices  
14          are generally higher? Or would a shorter or  
15          longer procurement period be better?

16   A       (Green) I think it's worked as designed  
17          currently. I think it's been competitive, and it  
18          kind of flattens out the rate over those six  
19          months.

20   Q       Thank you. And, then, my last question I'm going  
21          to direct specifically to Mr. Culbertson. We had  
22          the pleasure of being introduced, I know you're  
23          relatively new in your role. But I value a fresh  
24          perspective.

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1           So, my question for you is, having been  
2           made aware and familiarized with the procurement  
3           process, do you have a perception of anything  
4           that could be changed or improved upon that us  
5           and the old guard, and being relatively new in my  
6           role, could see better or improve upon generally  
7           speaking?

8    A       (Culbertson) I am not familiar enough with their  
9           recoupment process to be able to provide any  
10          recommendations on that.

11   Q       Thank you. And do any of the other witnesses  
12          have any insights that could have made this RFP  
13          process better? Is anything too restrictive that  
14          could have lower rates or better price stability?

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

16                   MR. CROUSE: All right. Thank you for  
17          your insights.

18                   That's all I have, Commissioners.  
19          Thank you.

20                   CHAIRMAN GOLDNER: Thank you. We'll  
21          move to the Department of Energy.

22                   MR. YOUNG: Thank you, Mr. Chairman.

23                   I just had a couple questions, and I  
24          think mainly for Mr. Warshaw. But, if somebody

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1           maybe could better answer the question, please  
2           feel free.

3 BY MR. YOUNG:

4 Q       So, Mr. Warshaw, in your testimony just now, you  
5       mentioned that you feel it was -- I believe you  
6       said "a decent outcome". Would you say the  
7       Company is satisfied with the number of bids  
8       received, and the prices of those bids?

9 A       (Green) I'll take that one. We sent it out to  
10       many suppliers. And we got \_\_\_\_\_ bids, which we  
11       thought was competitive and reflected the market  
12       at the time. So, yes.

13 Q       And were there any specific characteristics about  
14       those bids that would support that conclusion?

15 A       (Green) They all came in pretty close to each  
16       other, when compared.

17 Q       The --

18                       CHAIRMAN GOLDNER: Sorry, Mr. Young,  
19       let me jump in.

20                       I think the number of bids is  
21       confidential. Will you work with Mr. Patnaude,  
22       after the hearing, to sort out the confidential  
23       pieces?

24                       MR. SHEEHAN: Yes, sir, we will.

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 CHAIRMAN GOLDNER: Okay. Thank you.

2 Okay.

3 BY MR. YOUNG:

4 Q So, just to clarify, the prices that came in, the  
5 proposed bid prices were pretty close?

6 A (Green) Yes.

7 Q Thank you. And, on Bates Page 026 of Exhibit 3,  
8 the RFP states that Liberty requested the bid  
9 Respondents separately provide a bid for the cost  
10 of New Hampshire RPS compliance, is that correct?

11 A (Green) Yes.

12 Q And did bid Respondents provide separate bids?

13 A (Green) They refused, there was no RPS component  
14 to any of the bids.

15 Q So, the Company will continue to manage the RPS  
16 compliance itself?

17 A (Green) Yes, sir.

18 MR. YOUNG: Okay. I believe that is  
19 all the questions I have, Mr. Chairman.

20 CHAIRMAN GOLDNER: Thank you, Attorney  
21 Young. We'll move to Commissioner questions,  
22 beginning with Commissioner Simpson.

23 CMSR. SIMPSON: Thank you, Mr.

24 Chairman.

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1           My appreciation extends to the Company  
2           for bringing a nice panel of witnesses.  
3           Appreciate the trip that some of you made from  
4           other parts of the country serving different  
5           affiliates. I think the Company has done a  
6           really nice job over the last few Energy Service  
7           Solicitations to leverage its deep bench and  
8           expertise from different regions, and offer  
9           insight in New Hampshire. So, I appreciate that.

10           Just a couple of questions, really.

11 BY CMSR. SIMPSON:

12 Q       Any additional thoughts over what you shared in  
13       your testimony with respect to the Mystic Cost of  
14       Service Agreement, regional impacts, price  
15       impacts, forward look?

16 A       (Green) I don't have a lot. It's pretty obvious  
17       that there's still some of that risk that's baked  
18       into the suppliers' bids. And that's the only  
19       thing I can really speak on to that point.

20       So, --

21 Q       Do you have any sense of how to quantify that  
22       impact?

23 A       (Green) It's hard, because it's ranged anywhere  
24       from 1 to 11 and a half dollars. So, it's just

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 hard to break down where that's actually going to  
2 land. And it's been a significant amount.

3 So, --

4 Q Okay. And, then, with respect to community  
5 aggregation, I know we spoke last time with Mr.  
6 Warshaw about this, he offered some insights into  
7 the impacts that that's having.

8 In your expert opinions, do you feel  
9 that that effort is becoming better known within  
10 the supplier community? Are they having a  
11 greater sense of the impacts that will manifest  
12 what the forward look looks like, in terms of  
13 attrition of default service through community  
14 aggregation?

15 A (Green) I think suppliers are becoming aware of  
16 it. We did have one supplier reach out and ask  
17 for some of that information on which ones were  
18 already -- which cities were already part of  
19 community aggregations --

20 *[Court reporter interruption.]*

21 CMSR. SIMPSON: Just repeat it for the  
22 Court Reporter. I think he didn't hear you.

23 WITNESS GREEN: Okay.

24 CMSR. SIMPSON: Please.



[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 **BY THE WITNESS:**

2 A (Green) So, there is some suppliers that have  
3 become aware of it. We had one supplier that I  
4 can think of that actually reached out for some  
5 more community aggregation, like which cities and  
6 the type of load that was leaving. But that's  
7 really -- so, it is becoming something that  
8 suppliers are questioning.

9 BY CMSR. SIMPSON:

10 Q Uh-huh. Okay. And, then, thinking about the  
11 current period, how has it gone with the  
12 self-supply through ISO-New England, in order to  
13 serve part of your customer load?

14 A (Green) I think that that period went well. I  
15 think it is really largely due to the natural gas  
16 market being kind of deflated.

17 Q Yes.

18 A (Green) So, I think it went well.

19 Q Okay. So, in the future, you'd again be able to  
20 do that, if a need arose?

21 A (Green) If needed, yes.

22 CMSR. SIMPSON: Okay. Great. Thank  
23 you, all. I don't have any further questions.

24 CHAIRMAN GOLDNER: Thank you. We'll

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 move to Commissioner Chattopadhyay.

2 BY CMSR. CHATTOPADHYAY:

3 Q Let's go to Exhibit 2, Bates Page 049. And I'll  
4 try to be extremely careful not to reveal  
5 numbers, even though -- even that happens, we can  
6 deal with it, but I'll try not to. So, once  
7 you're there, let me know.

8 A (Green) I'm there.

9 Q So, if you look at the three blocks, you end up  
10 calculating, so you can go to Bates Page 048, for  
11 example, you end up calculating, you know, sort  
12 of a proxy, you know, max. And am I getting it  
13 right that, if you look at Bates Page 048, the  
14 last column is sort of doing that?

15 A (Green) Yes, you can take that.

16 Q Okay. So, if you look at those prices, not all  
17 of those blocks were below that price, right?

18 A (Green) Correct.

19 Q And you still think it's -- the outcome is  
20 competitive. Can you just explain a little bit?

21 A (Green) Yes. I think that, with the amount of  
22 suppliers that were very close together in  
23 pricing on all three blocks, that leads me to  
24 think that it's a true indication of where the

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 market is.

2 Q So, the clustering is what you --

3 A (Green) Uh-huh.

4 Q Okay. Hopefully, I'm right here, let's try to  
5 move to Bates Page 075, I believe. Seventy-five,  
6 no. It's Bates Page 077 first. Okay. I think  
7 this is about the rates being calculated. So,  
8 the question that I have is, in the end you have  
9 "Energy Service Adjustment Factor per  
10 kilowatt-hours", "Combined", you have "Large",  
11 you have "Small", correct?

12 A (Culbertson) That's correct.

13 Q And, when you go to Bates Page 076, that's about  
14 Small Customers, correct?

15 A (Culbertson) That's correct.

16 Q So, if you go look at Row 14, you are using the  
17 ESAF that is for the combined, is that correct?

18 A (Culbertson) That is correct.

19 Q Do you intended -- do you intend to do that?  
20 Like, can you give me the reason why you did it  
21 that way?

22 A (Culbertson) I believe that should be reflective  
23 of the Small Energy Service Adjustment Factor of  
24 "0.00470".

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 Q Okay. Just to confirm, if you go to Bates Page  
2 075, and you again go to Row 14, you have  
3 correctly used the number that appeared in Bates  
4 Page 077 for the Large Customers. Just trying to  
5 get a confirmation?

6 A (Culbertson) Yes. That is correct.

7 Q This is the first time you're doing it for the  
8 two groups separately. Otherwise, if you were  
9 doing it altogether, you would have used the one  
10 for the combined?

11 A (Culbertson) That's correct. And I believe that  
12 was an oversight of going into splitting the  
13 Large and Small Customers apart, the model, it  
14 continued to pull the combined.

15 Q Okay. Yes, I mean, we -- so, I understand that  
16 is a -- that needs to be corrected. But now I'm  
17 asking -- I'm just trying to make sure that this  
18 is a deviation. It's earlier, in previous  
19 rounds, we would be using the same ESAP --  
20 sorry -- ESAF for all customers, correct?

21 A (Culbertson) Previously?

22 Q Yes.

23 A (Culbertson) Yes.

24 CMSR. CHATTOPADHYAY: Okay. I do have

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 a question for DOE, but I'll go there after I  
2 wrap up with you all.

3 BY CMSR. CHATTOPADHYAY:

4 Q So, just to get a sense, I mean, for the level of  
5 competitiveness or competition, to me, it matters  
6 the number of bidders, it matters the number of  
7 bids even sometimes, clustering matters, okay,  
8 and then you have a proxy analysis. So, can you  
9 give me a sense of how that, what you've seen  
10 this time around, compares to what was seen last  
11 time around?

12 A (Green) I think, overall, the clustering was more  
13 tight. And, then, the NYMEX forwards were  
14 significantly lower. So, you kind of -- it gives  
15 you a better idea of the risk premiums that are  
16 being baked in. Last time we came in, there was  
17 a significant amount of risk that they saw in, I  
18 would imagine, just in the natural gas market.

19 But I think this time was a true  
20 representation of a competitive bidding process,  
21 with the amount of bids that came in. And, even  
22 the procurement we sent out, it went to a vast  
23 amount of suppliers.

24 Q Okay. Do you have any -- I've heard this

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 already, but I just, you know, want to make sure  
2 I grasped it fully. Do you have any opinion  
3 on -- for example, for one of the blocks, your  
4 calculation would have suggested that the rates  
5 that were ultimately set are higher, based on the  
6 solicitation. Do you have any opinion on whether  
7 if it was -- it's probably better to go to the  
8 ISO-New England market directly for that block?

9 A (Green) It's hard to tell now, looking forward,  
10 where the natural gas market is going to be,  
11 right? So, I think that it's a representation of  
12 where that much risk that the supplier is taking  
13 on in that aspect.

14 Q So, is it your position that the -- despite the  
15 fact that your proxy analysis led to a number  
16 that is outside the band, you still think it's --  
17 what you have is competitive enough, and it's --  
18 there is -- there's no exigent need to go to the  
19 ISO-New England market to deal with that risk  
20 premium that, you know, you're sort of  
21 calculating?

22 A (Green) Yes. I believe that's correct.

23 CMSR. CHATTOPADHYAY: Okay.

24 Chairman Goldner, can I ask a question

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 to the DOE directly, you know, because I'm all  
2 set with them?

3 CHAIRMAN GOLDNER: I think so, yes.

4 CMSR. CHATTOPADHYAY: So, I have, you  
5 know, let's go back to the discussion that I was  
6 having about "ESAF", which is Bates Page 075,  
7 Bates Page 076, and 077. So, the Company has  
8 proposed that it's going to now split the ESAF  
9 into two categories, Large and Small, rather than  
10 using the combined.

11 Does the DOE have any position, and has  
12 it also looked into the error that I just  
13 highlighted?

14 MR. YOUNG: Could we just have a moment  
15 to confer for --

16 CMSR. CHATTOPADHYAY: Sure.

17 *[Atty. Young conferring with Department*  
18 *representatives.]*

19 MR. YOUNG: So, this may be subject to  
20 some check, Mr. Commissioner. But I believe  
21 there may have been some discussion during the  
22 last Default Service that some additional costs  
23 related to participation in the Day-Ahead Market  
24 would be included in this Default Service. So, I

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 think we would need to just maybe double-check  
2 some of the transcripts from the last Default  
3 Service to provide a --

4 *[Atty. Young conferring with Department*  
5 *representatives.]*

6 MR. YOUNG: And I think this was  
7 specific to the Large Customer Group, because of  
8 their participation in that market.

9 CMSR. CHATTOPADHYAY: Yes. Thank you.  
10 Commissioner Simpson just indicated to me that  
11 you may want to weigh in?

12 MR. SHEEHAN: Sure.

13 My recollection is that it came up in  
14 the hearing where we reduced the rates for the  
15 class that was -- the group that was in the  
16 market, because we may end up with a large  
17 over-collection, and how would we address that?  
18 And the decision was made that that would stay  
19 with the Large Group.

20 So, we have split the Large and Small  
21 for reconciliation purposes, to make sure the  
22 overpayment goes to the right group, and the  
23 extra cost of doing it goes to the right group.  
24 The extra costs are a relatively small number,



[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 but it's still costs that the Small Customer  
2 Group did not benefit for, so we segregated them  
3 out.

4 So, there was a conscious decision by  
5 us and the Commission to separate these two for  
6 reconciliation purposes. And, unfortunately, one  
7 number didn't get picked up correctly.

8 CMSR. CHATTOPADHYAY: I'll go back to  
9 the panel. I just remembered I didn't ask one  
10 question.

11 BY CMSR. CHATTOPADHYAY:

12 Q Do you have a sense of how that \$860,000 that is  
13 about REC, what does that do to the rates? How  
14 much -- how does it impact the rates per  
15 kilowatt-hours or, you know, just if you have a  
16 sense?

17 A (Culbertson) Yes. When we include that 864,000,  
18 which then was allocated, it increased the  
19 Residential rate by 0.2 cents.

20 CMSR. CHATTOPADHYAY: Thank you.  
21 That's all I have. Thanks.

22 CHAIRMAN GOLDNER: Thank you. My  
23 questions are all relative to the Residential  
24 block.

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 BY CHAIRMAN GOLDNER:

2 Q First question is, and you may use your computers  
3 if you wish, for the first question, what's  
4 today's ISO-New England price?

5 I figured it's an app that Mr. Warshaw  
6 probably uses on a minute-by-minute basis.

7 A (Warshaw) Definitely not minute-by-minute.

8 Okay. Currently, as of this morning,  
9 the real-time price is running at the hub at  
10 \$53.31 a megawatt-hour, and there seems to be a  
11 range of somewhere between 54 in NEMA -- no,  
12 SEMA, Southeast Massachusetts, all the way down  
13 to \$51.71 in Maine.

14 Q So, if --

15 A (Warshaw) And, then, if we look at the Day-Ahead,  
16 that, when that closed up for the same period,  
17 the hub LMP was at \$66.51. So, it was running a  
18 little bit higher.

19 Q Thank you. And, so, if we compare that to the  
20 numbers on 49, and I won't be as careful as Cmsr.  
21 Chattopadhyay with the numbers, but we can redact  
22 it if we need to, if we use the same units that  
23 we have on that page, you would -- we would be  
24 talking about 5 to 6 cents, right? I'm

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1           converting from the ISO-New England price you  
2           just quoted in megawatts to kilowatts, is that  
3           right? So, it would be about half of what we are  
4           seeing on Page 49?

5   A       (Green) I have no reason to doubt that. I think  
6           that's probably true.

7   Q       So, I'm just -- so, I'm literally checking on my  
8           math.

9   A       (Green) Yes.

10   Q       I'm just, you know, I'm just dividing by 1,000,  
11           right?

12   A       (Green) Yes.

13   Q       Okay.

14   A       (Green) I assume.

15   Q       Okay. So, roughly speaking, the current ISO-New  
16           England price is about half of what we -- what  
17           we're looking at here to approve in this docket.

18                   And what do the NYMEX futures show for  
19           the next six months, if you were kind of to do a  
20           weighted average? And it's okay to be rough, but  
21           what would the NYMEX futures show for the next  
22           six months as of today, or a recent data point?

23   A       (Green) It is looking like about \$74.

24   Q       Okay.

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 MR. SHEEHAN: Mr. Chairman, that's part  
2 of the filing, at Bates 5-0 (050).

3 CHAIRMAN GOLDNER: Five-zero, okay.

4 BY CHAIRMAN GOLDNER:

5 Q And, if the witness panel could just orient me to  
6 the right section of that table?

7 A (Green) It would be -- I believe it's indicated  
8 as Row "(A)".

9 Q Row (A), okay. Okay. And when was this --

10 A (Green) And that's just the on-peak.

11 Q I'm sorry. When was this captured?

12 A (Green) I believe that was June 13th.

13 Q Okay. So, it sounds like it hasn't changed much  
14 since June 13th?

15 A (Green) On June 20th, those are finals. Sorry.

16 Q June 20th, okay. Okay. So, a week ago, hasn't  
17 changed very much?

18 A (Green) It shouldn't have.

19 Q And, so, if we look at the prices that you've  
20 accepted here, and, again, I'm looking at the  
21 Residential section, if you would have received  
22 \_\_\_\_\_ tight bids at 50 cents, would you have  
23 accepted those bids, even if it was super tight,  
24 in today's market?

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 A (Green) I believe so.

2 Q You would have accepted it?

3 A (Green) Fifty cents?

4 Q Fifty cents, as opposed to 11 or 12?

5 A (Green) Oh, no. I don't believe that that would  
6 be a true reflection of the market. I guess is  
7 what you're saying.

8 Q Yes. Yes. So, my question really goes to, at  
9 what point does Liberty, and this goes to sort of  
10 Commissioner Chattopadhyay's question as well, at  
11 what point do you say "well, wait a minute, even  
12 though it's tightly coupled, which is one thing  
13 that we're looking for, it's still higher than  
14 our proxy price, it's still higher than our  
15 expectation." What would have been your cut line  
16 in this particular proceeding, where you would  
17 have said "Even though it's tightly coupled, it's  
18 too high. We're going to go to the market again  
19 or go directly to the market", or whatever?

20 A (Green) Yes. I don't know the answer to that. I  
21 think that it was within a band that we felt  
22 comfortable with, as far as the amount of risk  
23 that we felt the suppliers were baking into those  
24 bids.

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 I know that, if they would have come in  
2 significantly higher than that, we probably would  
3 have had some reservations.

4 Q And, then, you know, walk me through the Liberty  
5 process? Let's say the bids would have come in  
6 at -- let's say you got a bid at 40 cents and 50  
7 cents and at 60 cents, as opposed to 11 or 12  
8 cents. So, not only is it -- there's no tight  
9 band, it's way higher than what you were  
10 expecting. What would have been Liberty's next  
11 step? What would you have done next?

12 A (Green) We would probably have to come to the  
13 Commission for something.

14 Q And what would you have recommended in a case  
15 such as that?

16 A (Warshaw) I believe that Liberty would probably  
17 still stick with its analysis that, you know,  
18 there is something else going on the market that  
19 maybe we have not captured in our estimation of  
20 where the bids would come in. You know, we saw  
21 that with last December, things just were so much  
22 significantly higher than what we thought they  
23 were going to come in. And, usually, we would  
24 see some of that information when we get the

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1           indicative bids a week earlier. And, if there is  
2           such a dramatic difference, we would be reaching  
3           out to the bidders to ask "what's giving you  
4           heartburn?" And it could be as, you know, simple  
5           as they're very uncomfortable with some aspect of  
6           the ISO, the New England marketplace, and what  
7           they see trending, and what could be coming up.

8                         And, if that is the situation, we would  
9           probably reach out to DOE to have a little chat  
10          to say, you know, "This is what we're seeing.  
11          This is what we're concerned about."

12   Q       Okay. And, if this particular -- if the  
13           Commission rejected this particular solicitation  
14           today for the Residential ratepayers, what would  
15           be -- what would the Company do then?

16   A       (Green) I believe we would have to self-supply at  
17           that point.

18   Q       Okay. Okay. And is there any -- can you help  
19           the Commission understand, you've used a single  
20           block for the Residential ratepayers, and I know  
21           Liberty is relatively small in the State of New  
22           Hampshire, relative to Eversource, for example.  
23           Have you -- if you would have gone with two or  
24           three blocks, would that have been too small for

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 the market? Is there something -- is there  
2 something that made you sit on one block and feel  
3 very good about that, that particular  
4 methodology?

5 A (Warshaw) It's what we've been able to use over  
6 the last few years. It seems to not be a  
7 hindrance. I do have a concern that, if we cut  
8 it down, instead of, you know, one, 100 percent  
9 for the block, if we say "well, let's do two  
10 tranches at 50 percent", or, "four at 25  
11 percent", it may get to the point where the  
12 bidders would, you know, would either say "we'll  
13 bid on all four tranches at once, and we will not  
14 take a bid if it's, you know, just one of the  
15 tranches." Or, they would not even want to  
16 participate, because it puts them in a situation  
17 where it costs them as much to evaluate a 25  
18 percent tranche as a 100 percent tranche. And,  
19 because there are other utilities going on, and  
20 for their bids at similar times that we are, they  
21 may say "Well, we have a potential for getting a  
22 larger profit dealing with a different utility."

23 Q So, I certainly understand going to four  
24 tranches, with the size of the Company. Do you



[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 think -- do you think that two tranches would  
2 give you any cause for a pause?

3 A (Warshaw) Yes.

4 Q And what -- how does Liberty's tranche, the  
5 single tranche here, compare to the Unitil  
6 tranches or the Eversource tranches, in terms of  
7 size?

8 A (Warshaw) I don't have that number. I do know  
9 that Liberty, in general, is about -- load is  
10 about 10 of all of New Hampshire. And about half  
11 of Liberty's load has gone to retail choice,  
12 prior to the aggregation programs going in place.  
13 So, we're seeing that Liberty's Default Service  
14 load is diminishing. And we could see  
15 potentially more problems, issues, as the load  
16 starts shifting further and further away from  
17 Liberty suppling it, and being supplied either  
18 through competitive choice or through an  
19 aggregated program.

20 Q Okay. Thank you. That's helpful.

21 And, then, my final question is just  
22 would Liberty have any concern with reporting the  
23 difference between the Residential accepted bid  
24 price and the ISO-New England price on a monthly

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 basis for those Residential customers in this  
2 cycle? Any concerns with reporting that?

3 A (Green) I don't think I have any concerns with  
4 that.

5 CHAIRMAN GOLDNER: Okay. That would be  
6 okay. Okay. Thank you. That is helpful.

7 Let me return to Commissioner Simpson  
8 and Commissioner Chattopadhyay to see if there's  
9 any follow-up questions?

10 CMSR. SIMPSON: No follow-up for me.  
11 Thank you.

12 CMSR. CHATTOPADHYAY: I do have a  
13 follow-up question.

14 BY CMSR. CHATTOPADHYAY:

15 Q Based on what I've seen for the other utilities,  
16 there's also the logic of, if we have smaller  
17 tranches, it actually helps these suppliers to  
18 deal better with the risks. So, I'm just curious  
19 whether you -- I know that you mentioned that you  
20 are not in support of breaking up 100 percent in  
21 two pieces, meaning 50/50. But do you have any  
22 thoughts on the point I just made? Because I  
23 clearly heard that from other utilities, that  
24 it's better for them to go with smaller tranches,

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1           because it helps them to deal with the risks  
2           better. So, any comments on that?

3   A       (Warshaw) I have to say that I don't have a -- I  
4           don't have a comparison in my mind of what a 25  
5           percent tranche for Eversource is, you know,  
6           small customer group, how that load would compare  
7           to our 100 percent. And, you know, I will say a  
8           word I don't like to say, I can speculate that  
9           Eversource's load might be larger than ours. So,  
10          I don't, you know, we may not see any value in us  
11          going out for a tranche that's even smaller than  
12          other utilities, and, again, putting us in a  
13          situation where companies would say "there's not  
14          enough load for them to just even pursue the  
15          RFP."

16                           CMSR. CHATTOPADHYAY: I understand what  
17           you're saying. At one point, having too small of  
18           a tranche is a problem, okay. So, I'm just  
19           trying to get a sense of whether you thought  
20           through it.

21                           But just to share, I think, for  
22           Eversource, they have 8 tranches, okay? And, so,  
23           it's the size, say, think about it, just for the  
24           residential customer. So, it's like two and a

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 half percent of the residential load.

2 So, I don't know the answer. I'm just  
3 trying to see if whether you have thought through  
4 it. So, thank you.

5 CHAIRMAN GOLDNER: All right. I think  
6 that's all from the Commissioners.

7 Let's move to Liberty redirect.

8 MR. SHEEHAN: Thank you. Just a few,  
9 what I think are context questions.

10 **REDIRECT EXAMINATION**

11 BY MR. SHEEHAN:

12 Q Mr. Green or Mr. Warshaw, the Commission  
13 questions compared ISO pricing of roughly 5, 6, 7  
14 cents, to the bid prices of roughly 12 cents.  
15 Can you tell me, are there things included in the  
16 12 cents that are not included in the 5 cents?  
17 Your risk premium is an obvious one, that we know  
18 they're always figuring in. Is there anything  
19 else in that bucket?

20 A (Warshaw) Yes. When a supplier bids to take on  
21 the load obligation in New England, not only are  
22 they taking on the energy piece, but they also  
23 are taking on the obligation of meeting the  
24 forward capacity margin requirements, any other

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 service charges that ISO charges, ancillary  
2 services that ISO charges on load-serving  
3 entities in either the Day-Ahead or the real-time  
4 market, they also would be taking on the  
5 obligation of, among other things, any costs that  
6 would have been allocated from the Mystic Cost of  
7 Service Contract.

8 So, it's not, you know, it's really  
9 a -- it's really not an apples-to-apples  
10 comparison, when you compare the ISO-New England  
11 Settlement price at, you know, whether it's, you  
12 know, Day-Ahead on-peak or Day-Ahead off-peak, to  
13 what the bid is that the supplier put in.  
14 There's a lot -- there's a number of components  
15 that need to be included.

16 Q Thank you. And, on the load size, I think you  
17 said, Mr. Warshaw, that, roughly speaking,  
18 Granite State has about 10 percent of the state's  
19 load, half of which is already on either  
20 competitive supply or aggregation, and which  
21 brings us to 5 percent, roughly, of the state  
22 load.

23 Do you have -- either of you have a  
24 sense of how much of the load Granite State's

[WITNESS PANEL: King|Culbertson|Warshaw|Green]

1 current load is with aggregations? I think  
2 there's been testimony somewhere, roughly, is it  
3 20 percent?

4 A (Warshaw) Basically, in the past, up until the  
5 aggregation programs went in, it was about a  
6 50/50 split between default service and retail  
7 choice. The aggregation program, just initially,  
8 only in our service territory, it went into  
9 effect towards the end of April. And the only  
10 thing I'm looking at is historic information, but  
11 those towns that have gone to have an  
12 aggregation, they are about 20 percent of our  
13 default service load. So, we're seeing quite a  
14 move over from our default service supply to  
15 retail choice or an aggregation program.

16 Q And, to put that in a bigger context, so, it's 20  
17 percent of the 50 percent that has been  
18 traditionally been default service?

19 A (Warshaw) Correct.

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

22 CHAIRMAN GOLDNER: Okay. Thank you.  
23 The questioning of the Liberty witnesses has  
24 concluded. The witnesses are now dismissed.

1 Thank you.

2 We'll invite the parties to make brief  
3 closing statements. Seeing no objections, we'll  
4 strike identification on Hearing Exhibits 1  
5 through 5 and enter them into evidence.

6 If there are any other matters, we'll  
7 now ask the parties to make their closing  
8 statements, beginning with the Office of the  
9 Consumer Advocate.

10 MR. CROUSE: Thank you.

11 As I teed off in my opening statement,  
12 it is the opinion of the Office of the Consumer  
13 Advocate that this bidding process was  
14 competitive, as indicated by the number of  
15 bidders, and the way Liberty responded to that,  
16 and ultimately resulting in rates that are just  
17 and reasonable.

18 Thank you.

19 CHAIRMAN GOLDNER: Thank you. The  
20 Department of Energy.

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

22 First, the Department wants to express  
23 our appreciation with the Company's willingness  
24 to participate in a technical session to clarify

1 certain points related to their Petition.

2 And, specifically, I think I would just  
3 say at the beginning of my remarks, I think this  
4 is Mr. Warshaw's last hearing. So, the  
5 Department would just like to thank him for his  
6 expertise and candor over the years, and wish him  
7 well in retirement.

8 MR. WARSHAW: Thank you.

9 MR. YOUNG: The Department has reviewed  
10 the Company's filing in this proceeding. And we  
11 have determined that the Company conducted this  
12 wholesale power supply solicitation and selected  
13 the winning bid to provide default service in  
14 compliance with relevant orders and settlements.

15 We do believe the Company's selection  
16 of the winning supplier was reasonable, and, as a  
17 result of its competitive procurement, that  
18 selection was reflective of current wholesale  
19 power market conditions.

20 The Company's calculation of rates,  
21 based on those supply bids, the prior period  
22 reconciliations and other factors appear to be  
23 sound, assuming that the adjustments identified  
24 by Commissioner Chattopadhyay and the witnesses



1           today are corrected. As a result, we believe the  
2           resulting Energy Service rates are just and  
3           reasonable.

4                         Given the short turnaround of these  
5           Default Service Solicitations, the Department  
6           commits to work with the Company to provide the  
7           results of its review of the lead/lag study in  
8           time for the next Default Service proceeding.

9                         And, just to reiterate our request  
10          regarding the REC purchases, we are requesting  
11          that the Commission reserve final determination  
12          regarding the issue of recovery of approximately  
13          \$860,000 in 2020 Class III REC purchases by  
14          scheduling a separate hearing on this issue for  
15          August. The Department is not requesting that  
16          costs related to REC purchases be removed today,  
17          or that any adjustments be made by the  
18          Company's -- to the Company's reconciliation of  
19          costs, only that a separate hearing be scheduled  
20          for a final determination on that issue.

21                        Prices proposed here today do reflect a  
22          significant decrease from the previous Default  
23          Service solicitations, however, the Department  
24          maintains that the risk of uncertainty remains.

1           As such, the Department would again emphasize a  
2           cautious optimism based on the success of this  
3           solicitation.

4                       As was mentioned here today, the  
5           Department has commenced an investigation  
6           regarding the energy procurement in the state.  
7           While that investigation is ongoing, and the  
8           Department gathers all relevant information, the  
9           Department would caution against any efforts to  
10          change the procurement process, even partially,  
11          as that may have unintended and irreversible  
12          consequences.

13                      And, then, I think just addressing some  
14          of the NYMEX discussions today, I would also just  
15          add that, as the Commission is aware, the process  
16          by which Liberty conducts their procurement  
17          process for energy supply is governed by a  
18          settlement dated November 18th, 2005, which was  
19          approved by this Commission in Order Number  
20          24,577, and amended by subsequent orders. As  
21          such, the Company's approved procurement process  
22          can only be effectively amended after notice and  
23          hearing, pursuant to RSA 365, Section 28.

24                      And, then, in conclusion, the

1 Department supports the Company's filing today,  
2 and requests a separate hearing on the  
3 reconciliation issue. We do urge the Commission  
4 to grant the Petition, make the findings  
5 requested by the Company, including finding these  
6 rates as just and reasonable, and approve the  
7 proposed Energy Service rates for effect on  
8 August 1st.

9 Thank you.

10 CHAIRMAN GOLDNER: Thank you. And  
11 we'll now move to Liberty.

12 MR. SHEEHAN: Could I approach my  
13 witness to ask one clarifying question?

14 CHAIRMAN GOLDNER: Of course.

15 *[Atty. Sheehan conferring with Mr.*  
16 *Culbertson and Mr. King.]*

17 MR. SHEEHAN: Thank you. Before  
18 promising a revised schedule, I wanted to make  
19 sure they could meet a deadline. And Mr. King  
20 mentioned he's already made the correction, and  
21 it's in front of him. So, we'll be able to  
22 provide it to you this afternoon. And that,  
23 again, is going to change that "0.0084" to a  
24 "0.0047", I believe.

1           In closing, we appreciate the support  
2           of the OCA and the DOE. We also believe,  
3           obviously, that the RFP process went as  
4           contemplated by the various orders. It's always  
5           a judgment call if -- to conclude that what we  
6           received is reflective of the market. Sometimes  
7           it aligns with our proxy, sometimes not. But we  
8           are not the market, we have to wait to see what  
9           comes in the door.

10           As you saw last winter, the market was  
11           itself uncertain, and we had those crazy bids, if  
12           you will. And those, hopefully, on rare  
13           occasions, we come in and ask the Commission for  
14           an alternate way of going about it.

15           But, here, the market bids were, in our  
16           judgment, reflective of the market. Close enough  
17           to our proxy to be reasonable, and for all the  
18           reasons we've discussed, that satisfies the  
19           statutory requirements and the order  
20           requirements. And, so, that, of course, we ask  
21           that the Commission approve these rates as  
22           proposed, with the asterisk of the RPS Class III  
23           REC issue.

24           We're fine with that process. The only

1 request I have is, when the Commission schedules  
2 a hearing date, that it also schedule a date for  
3 DOE to file its position, so we have an  
4 opportunity to learn of it in advance. So,  
5 either a testimony or a tech statement deadline  
6 sometime before.

7 Thank you.

8 CHAIRMAN GOLDNER: Okay. Thank you.

9 So, I think the Commission would also  
10 like to acknowledge the long service and  
11 excellent and respected testimony of Mr. Warshaw.  
12 So, we're sorry that we won't see you again.  
13 But, if you unretire, we would be happy to --  
14 happy to see you again. So, thank you.

15 Okay. So, the Commission will issue an  
16 order regarding this matter, as requested by the  
17 Company, by June 30th. The hearing is adjourned.

18 ***(Whereupon the hearing was adjourned***  
19 ***at 10:12 a.m.)***