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P R O C E E D I N G

1
2 CHAIRMAN GOLDNER: Okay. Good
3 afternoon. I'm Commissioner Goldner. I'm joined
4 today by Commissioner Simpson and Commissioner
5 Chattopadhyay.

6 We're here today for a hearing in
7 Docket Number DE 24-051, in which the Commission
8 docketed Liberty Utilities' Petition to adjust
9 four separate rates related to (1) transmission
10 costs; (2) the Regional Greenhouse Gas
11 Initiative; (3) stranded costs; and (4) municipal
12 property taxes.

13 Liberty is seeking to update these
14 rates effective May 4th -- May 1st, rather, 2024.
15 This hearing was noticed on April 2nd, 2024. And
16 the Commission's jurisdiction over this matter is
17 based on the just and reasonable ratemaking
18 standard of RSA 374:2 and RSA 378:7.

19 Let's take appearances, beginning with
20 Liberty.

21 MR. SHEEHAN: Good afternoon,
22 Commissioners. Mike Sheehan, for Liberty
23 Utilities (Granite State Electric) Corp.

24 CHAIRMAN GOLDNER: Very good. And the

1 New Hampshire Department of Energy?

2 MR. DEXTER: Good afternoon, Mr.
3 Chairman, Commissioners. My name is Paul Dexter.
4 I'm representing the Department of Energy in this
5 matter. I'm joined today by Jay Dudley and Scott
6 Balise of the Regulatory Support/Electric
7 Division of the Department.

8 CHAIRMAN GOLDNER: Thank you. And the
9 Office of the Consumer Advocate?

10 MR. KREIS: Good afternoon,
11 Commissioners. I'm Donald Kreis, the Consumer
12 Advocate, here on behalf of the residential
13 utility customers.

14 CHAIRMAN GOLDNER: Thank you.

15 Okay. Before delving into the parties'
16 cases, we'd like to first discuss what the issues
17 are at this hearing and the best way to resolve
18 them.

19 To start, we note that the parties
20 filed a Joint Witness and Exhibit List on
21 April 16th, 2024, that includes two exhibits. Do
22 the parties anticipate introducing any additional
23 exhibits during these proceedings?

24 MR. SHEEHAN: No, sir.

1 MR. DEXTER: No.

2 CHAIRMAN GOLDNER: No. Seeing none.

3 We'll move on.

4 Next, we would like to briefly outline
5 the procedural posture in the parties' initial
6 positions, based on the filings, just so we're
7 all on the same page. Liberty filed its initial
8 Petition on March 27th, and updated its Petition
9 twice to correct the joint testimony of Robert
10 Garcia and Adam Yusuf. The latest Petition was
11 filed on April 12th, 2024. Specifically, in its
12 updated filings, Liberty corrected several errors
13 that resulted in an increase to the proposed PTAM
14 rate, from an initial credit of 0.00009, to a
15 charge of 0.00002, in the other direction, so
16 positive.

17 On April 19th, the DOE filed a
18 technical statement on Liberty's filings. In
19 that statement, the DOE provided analysis and
20 recommendations on two separate issues. First,
21 it reviewed whether, for each of the four
22 proposed rates, Liberty used the correct
23 methodology and correctly calculated the rates,
24 based on the base numbers Liberty provided. The

1 DOE represented that two of the rates, the
2 Transmission Charge and the Stranded Cost Charge,
3 were correctly calculated, based on the numbers
4 Liberty provided.

5 However, the DOE identified issues with
6 the remaining rates, the RGGI Refund rate and the
7 PTAM rate.

8 The second part of the DOE's technical
9 statement was a recommendation that the
10 Commission forgo approving any of Liberty's four
11 proposed annual adjustments at this time, and
12 instead continue -- and extend the currently
13 existing rates that were approved in Docket
14 Number DE 23-037.

15 In support of this recommendation, the
16 DOE notes that Audit Division has previously
17 represented that Liberty's 2023 test year books
18 and records do not form a reliable basis for
19 ratemaking. The DOE stated that, because of
20 these identified issues, it is unable -- it was
21 unable to confirm the numbers used to calculate
22 Liberty's annual rate adjustments in this docket,
23 and recommend that the Commission find the
24 proposed rates just and reasonable.

1 The DOE instead recommended that the
2 Commission postpone its ruling on approval of the
3 rates in this docket, until (1) the Commission
4 rules on the reliability of Liberty's 2023
5 accounting data; and (2) the DOE completes its
6 review of the annual rate filing.

7 So, there are two groups of issues
8 before us. First, whether Liberty's methodology
9 for calculating each of the four rates was
10 accurate based on the numbers Liberty provided;
11 second, whether we should approve the rates at
12 this time, or wait until the DOE can confirm
13 whether the numbers Liberty used are accurate.

14 So, before we get into each of the
15 issues, we would like to afford each of the
16 parties the opportunity to make an opening
17 statement. Specifically, we'd like the parties
18 to address whether we have accurately described
19 the issues for this hearing.

20 In addition, we'd like to hear from the
21 parties as to whether the rates for May 1st,
22 2024, should be provisional? And, if so, what
23 those provisional rates should be?

24 So, we'll now take opening statements,

1 beginning with Liberty.

2 MR. SHEEHAN: Thank you.

3 I think you have identified the issues.
4 There are four rate components that we lump into
5 the category of "Retail Rates". And we are
6 certainly here in support of the two rates that
7 the DOE did not find issues with, the
8 Transmission rate calculation -- reconciliation
9 and the Stranded Cost reconciliation.

10 The RGGI issue raised by the DOE can be
11 resolved by testimony. I believe their concern
12 was a certain revenue from RGGI proceeds was not
13 booked in the correct month. Since receiving the
14 technical statement, we found the check from the
15 State, that was dated "June", and we received it
16 in June, and we booked it in June, even though it
17 was for an earlier auction. So, it doesn't
18 affect rates either way. It's simply a booking
19 issue, and we believe we've done it correctly.

20 As for PTAM, the issue, as you will
21 hear, is -- the PTAM mechanism is quite simple.
22 You start with the property taxes in rates. You
23 then look at the bills you received in a
24 particular year, and then you refund or collect

1 the difference.

2 The first couple years of this, it was
3 easy, because the property taxes in rates was a
4 line item in the Settlement. We knew the number.
5 Since then, there have been step adjustments and
6 temporary rates that complicate that question of
7 "what's in base rates?" And a temp rate is
8 particularly difficult, it's opaque. We proposed
9 temporary rates with a property tax number in it,
10 but we settled to a different number, less than
11 what we proposed. I don't have the exact numbers
12 in front of me. We proposed 5 million, we
13 settled on 2 million. So, how much of that 2
14 million should be property taxes?

15 The answer is "we don't know", because
16 it was a settlement, and it was a settlement that
17 did not address that issue. What we did to
18 resolve it was we used the full number that was
19 in the rate case filing. So, we've probably
20 overstated the amount of property taxes in rates,
21 which thus understates the reconciliation that
22 needs to happen. And, in effect, we tried to
23 make it a conservative, customer-friendly
24 approach to what's in rates.

1 There's probably some wrinkles to what
2 I just laid out that you'll hear in testimony.
3 But that's our basic position of how we
4 calculated the PTAM portion of this hearing.

5 That's what's on the agenda generally.
6 DOE has raised the added issue of "Should we go
7 forward now or not with new rates?"

8 My recommendation is that the
9 Commission, assuming we work through the numbers,
10 the Commission approve the rates that we
11 presented today. Audit will finish its audit,
12 and whatever comes out of the audit, that's the
13 normal process. Now, maybe the audit is a bit
14 more involved this year with the SAP issue. But
15 it's still an audit. And, if it comes out that
16 things need to change, those get rolled in next
17 year.

18 I just spoke briefly to counsel. If
19 something comes out of the audit that is
20 material, sure, we can come back and say "Audit
21 found a larger issue that does affect these rates
22 more", and we can come back and request a change.

23 We don't think that will happen, which
24 is why we believe the best way to go is approve

1 the rates as filed. They're all reconciling
2 rates. And we'll deal with the audit next year,
3 assuming it's the usual, less-than-material
4 changes.

5 That's all I have. Thanks.

6 CHAIRMAN GOLDNER: Just checking in on
7 the last question, which is the Company is
8 proposing the rates it proposed. Does the
9 Company have any issue with those rates being
10 provisional?

11 MR. SHEEHAN: No. But I think that's
12 redundant. They're all reconcilable, which, by
13 definition, means "we fix them later". And, so,
14 whether you call it "provisional" or just a
15 "reconciling rate", the net effect is the same.

16 CHAIRMAN GOLDNER: Okay.

17 MR. SHEEHAN: So, I won't object to
18 that, but I don't think it's necessary.

19 CHAIRMAN GOLDNER: Okay. Thank you.
20 Okay. The Office of the Consumer
21 Advocate?

22 MR. KREIS: Thank you, Mr. Chairman.
23 I think I'm just going to start right
24 where you left off with Mr. Sheehan, and this

1 idea that the rates don't really need to be
2 provisional, because "we fix them later." That's
3 true, but I like the idea of "provisional" rates
4 in that there are interest charges that are
5 associated with any balances, plus or minus, in
6 any of these rate reconciliations. And, if you
7 set rates that are provisional, if I understand
8 what you mean by "provisional" correctly, it
9 doesn't mean "Oh, we'll just wait till next year
10 and then do the same reconciliation process that
11 we're here doing today", which is all subject to
12 some pretty significant interest charges when
13 ratepayers owe money to the Company, and I assume
14 the reverse, when the Company owes money to the
15 ratepayers.

16 I think our job is to try to minimize
17 those interest or carrying costs. And, so,
18 therefore, if some issue does arise that can be
19 corrected before next year's reconciliation, I
20 think it would be a good idea for the Commission
21 to consider doing that.

22 So, I think that's my position on this
23 question of "provisional rates", if I'm
24 understanding the issue that you've teed up

1 correctly, and I think I am.

2 On the other issues, I have some
3 questions for the witnesses about the
4 transmission rates. And, depending on what their
5 answers are, I'll take an appropriate position on
6 behalf of the OCA at the end of the hearing.

7 I think I agree that -- I'm trying to
8 think about what the other issues are and what I
9 need to say about them. I think the other issues
10 are not really in dispute at this point. And
11 that, ultimately, something close to recommending
12 that we move forward as the Company is proposing
13 is going to be what our recommendation is.

14 CHAIRMAN GOLDNER: Thank you. And
15 we'll turn now to the New Hampshire Department of
16 Energy.

17 MR. DEXTER: Thank you, Mr. Chairman.

18 So, at today's hearing, we plan to
19 explore a number of topics. One was not
20 referenced in our technical statement. But,
21 since we've been preparing for this hearing, we
22 are -- we have a question for the Company as to
23 whether or not stranded costs and transmission
24 costs have been proposed for Rates D-11, D-12,

1 LED-1, LED-2, EV, E-L [sic] and E-M [sic]. Those
2 are all existing rate schedules for the Company.
3 But, as far as we can see, they haven't been
4 addressed anywhere in this filing.

5 So, that's an issue that we're going to
6 raise today. We would have put it in the
7 technical statement had we come across that
8 information when that was filed last week.
9 That's something that, as I said, we uncovered in
10 our review in preparing for the hearing.

11 In terms of the issues that we did
12 raise in the technical statement, we do have
13 particular questions with regard to the RGGI
14 Refund calculation and the Property Tax Refund --
15 sorry, the Property Tax Mechanism.

16 The RGGI Refund, we have information
17 that we believe to be accurate that indicates
18 that one of the refund checks was sent to
19 Liberty, presumably received by Liberty earlier
20 than it's portrayed in the schedule. And we'll
21 have our witness go through that, the amounts
22 that he has, that will be Mr. Balise, and the
23 amounts that he believes Liberty got them.

24 Apparently, there's a factual dispute

1 here. Liberty indicates they have a check they
2 could show us. So, it's potential --
3 potentially -- there is potential that that issue
4 could be addressed today with additional
5 information. I don't think it's a big issue. I
6 disagree that it doesn't impact the rate, because
7 I believe the timing of when those rebates fall
8 into the sheet that we'll get to will affect the
9 interest calculation, which will affect the
10 under/over recovery balance, which then flows
11 into the rate, assuming it's not lost in the
12 rounding. But I believe there is a rate impact
13 associated with appropriate reflection of those
14 refunds in the month that they were received.

15 The calculation concerns we have
16 concerning the property tax adjustment, I believe
17 Mr. Sheehan outlined the basis of the calculation
18 accurately. But this question of "what's being
19 collected in base rates right now?" seems to be a
20 vexing question. We did get an original filing
21 on April 1st, plus two updates. We've worked
22 through with the Company on the first two. We
23 have questions on the third, which we will go
24 through today.

1 It's not clear to us that all the
2 various rate increases since last year's PTAM
3 that have happened have been appropriately
4 reflected in that calculation. And it's not
5 clear to us where the numbers in that calculation
6 come from. There's some detail that we can't
7 follow. There's a reference in their tax
8 schedule to a document from a prior case that we
9 can't locate. So, we have some questions about
10 that, and we will explore those today with the
11 witnesses.

12 With respect to the more global concern
13 we raised, about setting rates based on 2023
14 information, that goes primarily to the
15 transmission charge. And the transmission charge
16 is broken down into two categories. The actual
17 transmission costs, and if you go to the
18 Company's Exhibit 1, Bates 030, it's actually
19 Bates "2R-030", "2R" standing for "second
20 revised", I believe. There is a chart there that
21 lays out the rates that are proposed here. And
22 you'll see that the Transmission Charge is
23 0.00241, and the Transmission Service Cost
24 Adjustment is 0.00239, almost the same number.

1 So, they're equally important. The reason I
2 point that out is, it's not like one is large and
3 one is small. They're virtually the same number.

4 The Company is not going to raise any
5 questions, significant questions today concerning
6 the transmission charge themselves, because those
7 are largely derived by a forecasted load, and
8 applying FERC-approved rates to that forecasted
9 load. So, none of those numbers flow through the
10 Company's SAP system or general ledger or billing
11 or invoicing or anything like that. There is --
12 so, we don't have a real concern with that
13 number.

14 Similarly, the CTC credit up above, in
15 stranded costs. That's already been approved by
16 the Commission in a prior docket. So we don't
17 have a concern with that.

18 The Transmission Service Cost
19 Adjustment, on the other hand, is a tracking of
20 the over-/under-recovery, and our witnesses will
21 go through that today. But, essentially, most,
22 if not all, of the numbers in those calculations
23 are "per books" numbers. They involve revenues
24 received, they involve a working capital

1 component on bills that are paid, and revenue
2 that's received from the Company.

3 And I would point out that the working
4 capital component includes a return component.
5 So, it's very important that we get that
6 accurately. It's not simply a pass-through.
7 There's a return element to working capital.

8 All of the invoices that you see on the
9 schedules that calculated the working capital, as
10 well as the Company's receivable, are all, in our
11 view, potentially affected by the SAP conversion.
12 And, again, if that Transmission Service Cost
13 Adjustment number were minimal, out to the fifth
14 decimal point, we might have taken a different
15 position. But I point out that it's essentially
16 the same in this case, as the transmission charge
17 itself.

18 So, therefore, because we have
19 significant questions about four of the five
20 rates that are laid out on Bates Page 030 of the
21 Company's Exhibit 1, our recommendation is not to
22 set rates based on the filing today. But, to do
23 as you laid out -- and I should have started by
24 saying "I think you accurately laid out the DOE's

1 position in your opening remarks." Our position
2 is that no rates be changed at this time. That
3 an audit be allowed to take place in the ordinary
4 course over the next however many months it takes
5 for the Audit Department to get to this case.

6 And the rate case, where our primary
7 concerns with the SAP conversion, will presumably
8 be moving along at some point. And there will be
9 some sort of a determination in that case about
10 reliability of the 2022 and 2023 numbers. And,
11 at that time, then it would be appropriate to set
12 transmission and stranded cost rates.

13 So, our recommendation is to leave the
14 existing rates in place. They, in fact, have to
15 be extended by our reading, because last year
16 they were set for a twelve-month period, and that
17 twelve-month period runs out April 30th.

18 So, that's what we intend to cover
19 today. Thank you.

20 CHAIRMAN GOLDNER: Thank you, Attorney
21 Dexter. And any comments on this "provisional"
22 question?

23 MR. DEXTER: I suppose, since our
24 recommendation -- although, this wasn't addressed

1 in the tech statement itself, but, since our
2 proposal is to do nothing, it probably would make
3 sense to come back before next year and finish
4 this case up.

5 Once those two questions have been
6 answered, the audit and the rate case, you know,
7 any sort of determination in the rate case on the
8 reliability of the 2022 and 2023 numbers. If it
9 turns out that it gets to be very close to next
10 year's filing, then maybe we'll just do it next
11 year.

12 So, if that's what you mean by
13 "provisional", then, you know, I think -- I think
14 coming back and finishing this case, once we have
15 all the information, would be the appropriate
16 course.

17 CHAIRMAN GOLDNER: Okay. Thank you to
18 everyone for their opening statement.

19 What we'll do at this time, to ensure a
20 smooth proceeding today, is we'll just take a
21 quick break. We'll return at 1:30, and pick up
22 then. Off the record.

23 *(Recess taken at 1:25 p.m., and the*
24 *hearing reconvened at 1:37 p.m.)*

1 CHAIRMAN GOLDNER: Okay. We'll just
2 ask one question, before we move forward, to the
3 Department of Energy.

4 Given what you heard with the OCA and
5 Liberty opening statements, would the Department
6 be comfortable moving forward with the Liberty
7 proposed rates, and then having a process by
8 which we came back sometime in the next twelve
9 months to adjust those rates, based on audit
10 findings and so forth? Or, does the
11 Department -- yes. So, that's the question.

12 MR. DEXTER: So, naturally, we
13 considered that question before coming to the
14 position that we did. And, for the reasons that
15 I outlined in my opening statement, our position
16 is "no", that we believe the rates should remain
17 as they are until these issues are resolved.

18 And, again, the reason we came to that
19 was, going back to that Bates Page 030, where the
20 five or six rates are laid out, we have questions
21 with all the larger numbers on that page.

22 So, our witnesses, if they make a
23 recommendation to you that says "the rates are
24 just and reasonable", they have to be able to

[WITNESS PANEL: Garcia|Yusuf|Green]

1 make that statement in good faith. And, for the
2 same reasons we filed the Motion to Dismiss in
3 the rate case, those are the same reasons the
4 witness has said "I can't recommend to the
5 Commission that they set rates based on those
6 numbers, given the outstanding questions."

7 So, no. That's not our recommendation.

8 CHAIRMAN GOLDNER: Okay. All right.

9 Thank you, Attorney Dexter. That's helpful.

10 Okay. With all that being taken care
11 of, let's now turn to the testimony, starting
12 with Liberty.

13 And, Mr. Patnaude, would you please
14 swear in the witnesses.

15 *(Whereupon **ROBERT GARCIA, ADAM R. M.***
16 ***YUSUF, and CHRISTOPHER M. D. GREEN** were*
17 *duly sworn by the Court Reporter.)*

18 CHAIRMAN GOLDNER: Thank you. We'll
19 now begin with direct, and Attorney Sheehan.

20 MR. SHEEHAN: Thank you.

21 Let's start by authenticating the
22 Exhibit 1 and you folks.

23 **ROBERT GARCIA, SWORN**

24 **ADAM R. M. YUSUF, SWORN**

[WITNESS PANEL: Garcia|Yusuf|Green]

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CHRISTOPHER M. D. GREEN, SWORN

DIRECT EXAMINATION

BY MR. SHEEHAN:

Q Mr. Garcia, please introduce yourself, your position with Liberty?

A (Garcia) Good afternoon, everyone. Robert Garcia, I'm the Manager of Rates and Regulatory Affairs for Liberty.

Q And, Mr. Garcia, you prepared, along with Mr. Yusuf, testimony in this docket, is that correct?

A (Garcia) That's correct.

Q And it appears in Exhibit 1, beginning at Bates 025, is that correct?

A (Garcia) It will be "2R-025".

Q Okay. And that testimony and schedules is the information that supports the rates that we are proposing for the Commission to approve today, is that correct?

A (Garcia) That's correct.

Q Do you have any changes or corrections to that testimony you'd like to bring to the Commission's attention today?

A (Garcia) Yes, sir, I do. I noticed, after

[WITNESS PANEL: Garcia|Yusuf|Green]

1 reading the technical statement, on Bates 2R-039,
2 that's natural Page 13, Line 14, where the net
3 increase is said to be "\$3.05 per kilowatt-hour",
4 that's meant to say "\$3.05 per month". I was
5 referring to the wrong analysis from the
6 schedules.

7 Q So, "month", instead of "kilowatt-hour"?

8 A (Garcia) "Month".

9 CHAIRMAN GOLDNER: Does that change
10 your opinion, Mr. Dexter?

11 *[Laughter.]*

12 CHAIRMAN GOLDNER: Seeing none. You
13 may proceed, Mr. Sheehan.

14 MR. DEXTER: No.

15 BY MR. SHEEHAN:

16 Q Any other corrections or changes?

17 A (Garcia) No, sir.

18 Q Do you adopt the written testimony as your sworn
19 testimony this morning -- this afternoon?

20 A (Garcia) I do.

21 Q Thank you. Mr. Yusuf, same question, please
22 introduce yourself?

23 A (Yusuf) Yes. I'm Adam Yusuf. I'm an Analyst I
24 for Liberty.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q And, Mr. Yusuf, did you participate in the
2 testimony and attachments that are in Exhibit 1,
3 beginning at Bates 025?

4 A (Yusuf) Correct.

5 Q And, other than what Mr. Garcia just mentioned,
6 do you have any corrections or changes to the
7 testimony or exhibits?

8 A (Yusuf) No.

9 Q And do you adopt them as your sworn testimony
10 here this morning *[sic]*?

11 A (Yusuf) I do.

12 Q Thank you. Mr. Green, your turn. And please
13 speak slowly for our reporter's sake. Introduce
14 yourself please?

15 A (Green) Sure. My name is Chris Green. I'm
16 Manager of Energy Market Operations.

17 Q And, Mr. Green, there's a portion of Exhibit 1,
18 beginning at Bates 001, that appears to be
19 testimony that you prepared, is that correct?

20 A (Green) Correct.

21 Q And do you have any corrections or changes you'd
22 like to bring to the Commission's attention this
23 afternoon?

24 A (Green) Yes, I do. I have, on Bates 012, Lines

[WITNESS PANEL: Garcia|Yusuf|Green]

1 13 and 14, where I calculate the percent
2 increases, the "8.2" should actually be "9.0",
3 and the "23.1" should actually be "30.0".

4 CHAIRMAN GOLDNER: Sorry, Mr. Sheehan.
5 Can you do that again? I was just catching up.

6 MR. SHEEHAN: Sure.

7 BY MR. SHEEHAN:

8 Q Could you say that again, Mr. Green?

9 A (Green) On Bates 012, Lines 13 and 14, where I go
10 into the increases in a percentage format, the
11 first one, where it says "8.2", that's actually
12 "9.0", and the second one, where I've got "23.1
13 percent", that is actually a "30.0 percent
14 increase".

15 CHAIRMAN GOLDNER: Thank you.

16 BY MR. SHEEHAN:

17 Q And, Mr. Green, does this change any of the other
18 numbers, rates?

19 A (Green) It does not.

20 Q Thank you. Other than that correction, those
21 corrections, do you have any other corrections or
22 changes to your testimony or schedules?

23 A (Green) No, sir.

24 Q And do you adopt them as your sworn testimony

[WITNESS PANEL: Garcia|Yusuf|Green]

1 here this afternoon?

2 That didn't come quite through. Did
3 you say "yes"?

4 A (Green) Yes, sir. Sorry.

5 Q Thank you. I'll start with you, Mr. Green,
6 briefly. As I understand it, you were
7 responsible for pulling the numbers and
8 calculating the transmission costs that are part
9 of today's hearing. And this is the second year,
10 I believe, that your group has done this work, is
11 that correct?

12 A (Green) Mr. Warshaw did it last year with some
13 reviewing from us.

14 Q Okay.

15 A (Green) So, yes. I've been a part of -- this
16 would be my second one that I'm a part of.

17 Q And was there any change in the process that you
18 followed in collecting the information and
19 preparing the testimony and schedules that we
20 have in front of us today?

21 A (Green) No. It's the exact same process. And
22 nothing changed from a procedural point.

23 Q And, on that page you just pointed us to, where
24 you had the percentage increases, there is an

[WITNESS PANEL: Garcia|Yusuf|Green]

1 increase in the transmission rates this year, is
2 that correct?

3 A (Green) That is correct.

4 Q And what's your understanding of the primary
5 driver for that increase?

6 A (Green) So, 92.3 percent of it is going to be
7 related to network service increases, based on
8 either Schedule 9 or the Local Network Service,
9 as part of Schedule 21. I would imagine that
10 it's primarily driven by an increased revenue
11 requirement, as I've noticed, I believe there's
12 27 active projects in New England, and I think
13 they're estimating about 1.7 billion in
14 infrastructure investments by 2027.

15 Q And, Mr. Green, did you hear Attorney Dexter's
16 reference to a portion of the transmission costs
17 that are essentially rates approved by the FERC?
18 Is that what you're referring to here?

19 A (Green) That's correct.

20 Q Okay. Thank you, Mr. Green. Mr. Garcia and
21 Mr. Yusuf, turning to you.

22 It appears there aren't issues with
23 the -- well, let me strike that.

24 Going quickly through the four

[WITNESS PANEL: Garcia|Yusuf|Green]

1 components before us today, what's your
2 understanding of the DOE's question or concern
3 with regard to the RGGI component?

4 A (Garcia) It is with respect to the timing of the
5 receipt and recording in our schedules of certain
6 checks from the RGGI Fund that we received from I
7 think it was the March auction. We, basically,
8 reflected what was booked.

9 Upon further examination, after the
10 tech session, and some issues were raised there,
11 we determined that one of the checks in question,
12 with respect to the March auction, was not, I
13 guess, deposited until June. The check our
14 accountants found for us was a June check.

15 And that's about the extent of our
16 familiarity with the issue.

17 Q Okay. So, it's a auction proceeds that one would
18 expect to have landed in March, and, in fact, it
19 landed in June. And, as you say, we found a
20 check dated June, is that correct?

21 A (Garcia) Correct.

22 MR. SHEEHAN: And I can represent to
23 the Commission, we circulated that check to the
24 parties, and perhaps the DOE witnesses will say

[WITNESS PANEL: Garcia|Yusuf|Green]

1 there's just an issue getting the check to us,
2 whether it was the Post Office, whether it was on
3 our desk, whether it was on DOE's desk, no one
4 really knows for sure.

5 BY MR. SHEEHAN:

6 Q Mr. Garcia, though, that what's clear from the
7 records is a check was deposited in June?

8 A (Garcia) Yes, that's our understanding from
9 Accounting. The check was dated "June 5th", and
10 it was deposited sometime -- recorded on the
11 books sometime that month.

12 Q And, to address the concern Mr. Dexter raised in
13 his opening that, if the timing of that amount
14 was incorrect, it would affect interest carrying
15 charges one way or the other. You recall that?

16 A (Garcia) Yes, Mr. Dexter was correct. It would
17 impact the interest calculation based on when the
18 amounts are recorded in what month. It's a
19 monthly calculation, so --

20 Q And, for whatever reason, if the March auction
21 landed in the account in June, and that's what
22 you recorded, there won't be any impact to any
23 interest calculations, is that correct?

24 I'm not sure I asked that question

[WITNESS PANEL: Garcia|Yusuf|Green]

1 intelligently.

2 A (Garcia) Yes. Maybe if you could restate that?

3 Q Sure. The suggestion in the DOE tech statement
4 was they expected to see this money, and it's
5 about a million dollars, 900,000, I believe, they
6 expected to see that money earlier. And, if we
7 received it earlier, but didn't book it until
8 June, that month delay could have an impact on an
9 interest calculation, correct?

10 A (Garcia) Yes.

11 Q And, if it turns out the check was written in
12 June, for whatever reason, deposited in June,
13 there is no -- is there an interest calculation
14 issue, as far as you understand it?

15 A (Garcia) I guess, from the nature of the
16 calculation, I don't know if it matters when it
17 all was supposed to happen. Obviously, I was not
18 involved with the receipt or the deposit, or
19 anything to do with the check. That the check
20 was deposited in the -- and recorded in June,
21 from a ratemaking perspective, is kind of all
22 that matters to me.

23 Q Okay. Another component that I understand there
24 will be questions on is the PTAM, or "Property

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Tax Adjustment Mechanism". Could you give us or
2 confirm my high-level description of what the
3 "PTAM" is?

4 A (Garcia) Oh, it's the "Property Tax Adjustment
5 Mechanism". I believe it's a temporary mechanism
6 that was implemented after some changes in state
7 law regarding municipal property tax assessments.
8 And I think, what do we have, like I think four
9 or five years of a recovery through this
10 reconciliation mechanism, to true up amounts that
11 were -- are already recovered or are supposed to
12 be recovered through base rates.

13 Q And, so, as I said in the opening to the
14 Commission, the starting point is to determine
15 what is in base rates now, is that correct?

16 A (Garcia) Well, for the period, right.

17 Q Right.

18 A (Garcia) For the twelve-month period.

19 Q And then compare that number to the property tax
20 bills that we received in the relevant period?

21 A (Garcia) Correct.

22 Q How did the Company determine what is in --
23 strike that.

24 What did the Company determine is in

[WITNESS PANEL: Garcia|Yusuf|Green]

1 base rates today, for purposes of this
2 calculation?

3 A (Garcia) Yes. That proved to be -- it's
4 seemingly simple, but it proved to be a little
5 more complicated this year. From the period, and
6 I keep forgetting, it's May -- yes, thank you.
7 May 1 of 2023, through April of this year, we had
8 to go back and try to recreate all the
9 adjustments that were made. And there were
10 various step adjustments, one temp. rate that
11 were made, and kind of go through the records to
12 see which of those adjustments clearly indicated
13 that there was a change being made to the
14 property taxes.

15 Q And is the starting point the property tax number
16 from the last rate case settlement?

17 A (Garcia) It goes -- the last, that would go back
18 like two filings ago, if memory serves. That
19 amount in the '22 case was adjusted multiple
20 times, because I think that case covered two
21 years.

22 A (Yusuf) Correct.

23 A (Garcia) '21 and '22. And, then, last year,
24 there was an adjustment. So, --

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q And, so, it --

2 A (Garcia) But it keeps carrying -- it kept getting
3 carried forward.

4 Q So, it started with the rate case, but it's been
5 adjusted in those prior filings as you reference?

6 A (Garcia) Uh-huh.

7 Q And did you need to make any adjustments to that
8 number for this filing?

9 A (Garcia) Yes. I mean, we started with the
10 numbers from the '23 filing. And, basically, the
11 way it's been done very, very simplistically is
12 the amount of the rev. req. [sic] is an annual
13 number, we just divide it by twelve, then
14 multiply it by the number of months that that
15 rate was in effect. That's what's -- that was
16 the starting point.

17 Q Starting point --

18 A (Garcia) Yes, for the old -- for last year's base
19 amount. And, then, we adjusted it for the temp.
20 rate increase in July, where, again, there was a
21 clear change in the property tax amount that we
22 could find. And even though, I think as you
23 mentioned in your opening comments, the actual
24 rates placed into effect were lower than what was

[WITNESS PANEL: Garcia|Yusuf|Green]

1 proposed in the schedules. We had no other
2 number really to tie it to, other than what had
3 been filed as the proposed temp. rate increase.
4 And, so, out an excess of caution, we used that
5 number, assuming that, whatever happens with the
6 rate case and all that gets resolved, probably at
7 some later date, maybe next year's
8 reconciliation, we'd probably have to revisit
9 what was the appropriate base rate amount for
10 this period. But --

11 Q So, to recap what you just said, you mentioned
12 what was proposed and what was put in effect,
13 that was all the temp. rate proposal and the
14 temp. rate number that was approved?

15 A (Garcia) Right.

16 Q And the temp. rate number approved was different
17 than what was proposed, as I mentioned, it was
18 part of a settlement?

19 A (Garcia) Correct.

20 Q And the temp. rate settlement did not have a line
21 item for property tax?

22 A (Garcia) Not to our knowledge, no.

23 Q So, that what you used in the calculation was a
24 line item from the temp. rate filing?

[WITNESS PANEL: Garcia|Yusuf|Green]

1 A (Garcia) Right.

2 Q Which was the same line item that's in the
3 permanent rate filing, but it was the number in
4 rates at that time?

5 A (Garcia) Right.

6 Q Okay. If the Company had tried to calculate a
7 lesser amount in the settled temp. rate number,
8 would that increase or decrease the
9 reconciliation we'd be asking for today?

10 A (Garcia) It would increase the under-recovery,
11 because, presumably, that would have been a lower
12 base recovery amount.

13 Q So, the amount in base rates is lower than the
14 delta between base rates and what were billed
15 would be larger?

16 A (Garcia) Right.

17 Q Okay.

18 A (Garcia) That's right.

19 Q So, as you say, the Company took the conservative
20 approach of assuming the full amount proposed in
21 temp. rates is in temp. rates?

22 A (Garcia) Yes. Under the circumstances, it was
23 kind of our only approach. And it worked,
24 because it was conservative, I guess you could

[WITNESS PANEL: Garcia|Yusuf|Green]

1 say.

2 MR. SHEEHAN: Okay. I know Mr. Dexter
3 will have lots of questions, but that's good for
4 me. Thank you.

5 CHAIRMAN GOLDNER: Okay. Thank you.
6 We'll turn to cross, and Attorney Dexter.

7 MR. DEXTER: Thank you.

8 **CROSS-EXAMINATION**

9 BY MR. DEXTER:

10 Q So, I want to start with the first issue that I
11 raised in my opening statement, and that has to
12 do with Rates D-11, D-12, LED-1, LED-2, EV, EV-L
13 and EV-M. Those are existing rates that the
14 Company -- that exist in the Company's tariffs,
15 correct?

16 A (Garcia) That is correct, sir.

17 Q Are those rates subject to stranded cost charges?

18 A (Garcia) They all are, yes.

19 Q And are they also subject to transmission cost
20 charges?

21 A (Garcia) They are.

22 Q Okay. Is there anything in the filing here
23 before us that indicates the proposed rates for
24 those classes?

[WITNESS PANEL: Garcia|Yusuf|Green]

1 A (Garcia) Let me dissect them by the rates. So,
2 all the streetlights, including the LED
3 streetlight classes, those are all covered under
4 the schedules with the column heading
5 "Streetlights". So, yes, all the streetlight
6 rates, with respect to stranded costs and
7 transmission, are included in this filing.

8 Q So, if I could interrupt you for a second, Mr.
9 Garcia. I'm looking at Bates 2R-041, and that's
10 a horizontal sheet called "Attachment 1", and
11 you've got proposed rates for "Streetlights" on
12 the right-hand side. There's a stranded cost
13 rate, which is a credit, and there's a net
14 transmission charge, which is 0.1958 [0.01958?]
15 cents per kWh. Those are the streetlight rates
16 you're referring to?

17 A (Garcia) For all the streetlight classes, yes.

18 Q Okay. And could you just repeat for me again,
19 that would cover LED-1?

20 A (Garcia) And 2.

21 Q LED-2. Any others that I mentioned?

22 A (Yusuf) And M.

23 Q And M. And they all get charged the same rate?

24 A (Garcia) Yes, sir.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q So, the Company's proposal then, under
2 "Streetlights", that's what was included, LED-1,
3 LED-2, and M?

4 A (Yusuf) Correct.

5 A (Garcia) Correct.

6 Q Okay. Good. Could you then continue with the
7 other ones?

8 A (Garcia) Yes, sir. The other rates are what we
9 refer to as "time-of-use rates". They are not
10 specifically addressed in this filing. Rather,
11 the rates are a derivative of the rates proposed
12 in this filing. So, for example, the D-11, D-12
13 rates are supposed to be revenue neutral to D,
14 the Residential class.

15 And, so, similarly, EV-L and M are
16 revenue neutral and derivative of the rates set
17 for G-1 and G-2.

18 In a separate filing that we're going
19 to be making I think it's tomorrow, is when we,
20 on a biannual basis, set the seasonal rates. I
21 mean, if -- and those rates would be effective
22 May 1. So, we have to run, for example, the
23 transmission costs through that model. Because
24 the transmission costs, in the EV-L, EV-M, D-11,

[WITNESS PANEL: Garcia|Yusuf|Green]

1 and D-12 have three periods. It's not a single,
2 you know, charge per month, but, rather, there is
3 critical peak, mid-peak, and off-peak rates, and
4 the model, I guess, just to really simplify it,
5 it breaks it out. It breaks it out into those
6 charges into those periods.

7 Q So, I think I heard you say that "the EV-L and
8 the EV-M are derivative of the G-1 and G-2
9 rates"?

10 A (Garcia) Respectively, yes.

11 Q Okay. And the G-1 and G-2 appear on Bates 041,
12 I'm looking at those, right?

13 A (Yusuf) Yes.

14 A (Garcia) Yes.

15 Q And D-11 and D-12 are derivative of what rates?

16 A (Garcia) D.

17 Q D. Okay. Now, you mentioned a filing that's
18 going to be made tomorrow. Could you explain
19 what that is please? Will that be in this
20 docket?

21 A (Garcia) No, sir. I believe it's a compliance
22 filing, and it occurs twice a year. It's on
23 May 1 and November 1 -- well, let me restate
24 that. The effective date on the filings are

[WITNESS PANEL: Garcia|Yusuf|Green]

1 May 1 and November 1, and it updates it for the
2 seasonal change in the prices. And, at that
3 time, basically, anything that's been updated is
4 captured in those filings.

5 So, my understanding, although I
6 haven't been able to confirm it, is that,
7 historically, the retail rates filing is made,
8 obviously, with a proposed effective date of
9 May 1. And the updates to the TOU rates are
10 filed in parallel, using, basically, the cost
11 inputs from the calculations here for D and G-1
12 and G-2, to update the transmission rate, for
13 example, in the -- in the TOU rates.

14 Q So, in other words, the information in this case
15 has to be finalized before the Company can make
16 that filing, which would include the derivative
17 rates that you mentioned. Is that right?

18 A (Garcia) Well, we would still have to make a
19 filing. But I think there is a -- I have to tell
20 you, I don't -- the timing of that process
21 doesn't quite make sense to me.

22 But, yes, they would run in parallel.
23 We would, I guess, file the updates, on the
24 assumption that the rates proposed, normally, in

[WITNESS PANEL: Garcia|Yusuf|Green]

1 the retail rates, would be approved. And that
2 those rates would be updated as a part of the
3 May 1 TOU update.

4 Q And, when -- I'm sorry. And, when would the
5 Department or the Consumer Advocate's Office, or
6 any customer that was subject to those rates have
7 an opportunity to review those calculations that
8 you're talking about, the derivative calculations
9 that end up with the critical peak and the
10 on-peak and the off-peak rates that you're
11 talking about?

12 A (Garcia) They are -- I believe they're filed in
13 the docket of the 20-170 --

14 Q Was that a docket number, "20-170"?

15 A (Garcia) 20-170.

16 Q Is there any reason those rates calculations
17 couldn't have been included in this filing, so
18 that we could have reviewed them in this docket?

19 A (Garcia) It just wasn't structured that way, to
20 my knowledge. So, we're just repeating how the
21 process has been utilized the past few years.

22 Q So, not sure, that was sort of a "yes" or "no"
23 question. Is there any reason that information
24 couldn't have been provided on April 1st, when

[WITNESS PANEL: Garcia|Yusuf|Green]

1 this case was put together, so we could have
2 reviewed it in this case?

3 A (Garcia) No. I suppose it -- parts of it could
4 have been. The rest of it would have been out of
5 scope.

6 Q So, when I -- when you say "parts of it", I guess
7 all I meant to ask about was the rates that I
8 listed at the beginning, and all the ones that we
9 have just gone over, which you said are
10 "derivative". I guess what I'm interested in is,
11 when those -- when the -- ultimately, what gets
12 proposed for stranded costs and transmission
13 costs for those six or seven rates that I
14 mentioned.

15 A (Garcia) Uh-huh.

16 Q Could that information have been provided in this
17 case on April 1st, and the calculations, so that
18 the parties I mentioned could have reviewed it?

19 A (Garcia) Well, again, all the streetlighting
20 rates have been proposed.

21 Q Yes.

22 A (Garcia) So, we're just talking about four TOU
23 rates.

24 Q Right.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 A (Garcia) I suppose we could have run the
2 transmission costs through that portion of the
3 models, to develop those as a part of this
4 proceeding.

5 But, again, that hasn't been how it's
6 structured heretofore.

7 Q Okay.

8 A (Garcia) The stranded costs, I believe, are just
9 a passthrough.

10 A *[Witness Yusuf indicating in the affirmative.]*

11 A (Garcia) It's just using the same rate, because
12 it doesn't go through the model. It's just
13 applied.

14 Q So, the Stranded Cost Charge is not time-
15 differentiated?

16 A (Garcia) No.

17 Q But the Transmission Charge is?

18 A (Garcia) Yes, because there's three
19 transmission -- there's three periods to that
20 rate design.

21 Q Okay. All right. Okay. I had a question that I
22 believe will be for Mr. Green.

23 Mr. Green, if I were to turn to
24 Exhibit 1, Bates Page 021?

[WITNESS PANEL: Garcia|Yusuf|Green]

1 A (Green) Okay. I'm there.

2 Q And I want to look at Column (6), there's a
3 charge here called "OATT Schedule 17-IROL-CIP".
4 And you mentioned in your testimony as a "new
5 charge", I think it's Page 7 of your testimony.
6 Could you explain what this new charge is? What
7 it's designed to cover?

8 A (Green) So, this is a NERC requirement.
9 Basically, it's supposed to protect the system,
10 bulk electric system from any kind of cyber
11 threats. So, it's a requirement from NERC. I
12 believe that the statute is listed in my
13 testimony, I'll have to find that for you.

14 Q Did you say "cyber threats", I just couldn't hear
15 the word?

16 A (Green) Yes. Cyber system protection.

17 Q Okay. And given that it's a new charge, how were
18 these amounts estimated?

19 A (Green) I used -- so, I, consistent with how it
20 was done in the past, I used fourth quarter
21 actuals from the prior period to come up with a
22 rate, and then applied that.

23 Q Fourth quarter actual rates?

24 A (Green) Actual charges.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q From 2023?

2 A (Green) Correct.

3 Q And you used those to forecast 2024?

4 A (Green) Correct.

5 Q Okay. Are those flat charges or do those charges
6 vary with the load?

7 A (Green) They would vary with the load.

8 Q Okay. The other charges on this Bates Page 021
9 look familiar to me from doing this case over the
10 years. Although, you did point out some pretty
11 significant increases in the transmission costs
12 when you gave the corrected percentages early on
13 in your testimony. And, in addition, you
14 mentioned something about 20 -- I think "27 new
15 infrastructure projects", and "\$1.7 billion
16 forecasted in investments".

17 Could you provide the Commission with
18 any additional detail about those projects or
19 about the budgeted investments that you
20 mentioned?

21 A (Green) Yes. There's three active in New
22 Hampshire. There's currently 15 projects under
23 construction, 11 that are planned, and then one
24 additional one that's proposed. And I do think

[WITNESS PANEL: Garcia|Yusuf|Green]

1 that the number is "1.3 billion". I may have
2 misstated the "1.7".

3 Q Can you provide any details about what's being
4 built?

5 A (Green) No. I don't know the extent of what the
6 projects are. I would imagine that they're to
7 address some aging facilities on the transmission
8 providers' systems.

9 Q Okay. But you don't know whether they're poles
10 or wires or land acquisition, or anything like
11 that?

12 A (Green) I don't.

13 Q Okay. Does Liberty have any role in determining
14 the budgets that you mentioned?

15 A (Green) "Budgets", as far as investments?

16 Q Yes. I think you said it was a \$1.3 billion
17 budget.

18 A (Green) They're proposing 1.3 billion in
19 investment on the transmission system to address
20 infrastructure concerns or aging facilities.

21 Q Right. And my question was, does Liberty
22 Utilities, I guess as a receiver of the services
23 from those investments, have any role in setting
24 that budget or any role in deciding what

[WITNESS PANEL: Garcia|Yusuf|Green]

1 infrastructure projects get built or don't get
2 built?

3 A (Green) We don't, not that I'm aware of. It goes
4 through a planning criteria role, and then it
5 gets approved by FERC, based on the PTOAC rate
6 that they decide that the revenue requirement
7 needs to be.

8 Q What's the "PTOC" *[sic]*?

9 A (Green) That is the "Participating Transmission
10 Owners Administrative Committee", I believe.

11 Q Okay. Thank you. Okay. I'm going to ask some
12 questions to see if I can figure out what
13 happened with the property tax calculation that's
14 been presented here. So, I said in my opening
15 statement I found it "vexing", I think was the
16 word I used.

17 So, I'm looking at Bates T -- I'm
18 sorry, 2R-056, where the Company has proposed its
19 property tax adjustment of "13,798". And Mr.
20 Garcia I think gave a description of what's tried
21 to be accomplished here. And let me see if I
22 understand it.

23 Lines 1 and 2 add up to Line 3,
24 correct?

[WITNESS PANEL: Garcia|Yusuf|Green]

1 A (Yusuf) Yes.

2 Q And Lines 1 and 2 are an attempt to calculate the
3 amount of property taxes collected in base rates
4 for the period May 1st, 2023, to April 30th,
5 2024. Is that right?

6 A (Yusuf) Correct.

7 Q Okay. And we'll start with the basics. Why are
8 there two lines? Why is there Line 1 and 2? Why
9 don't we just have one line? What's the purpose
10 of the two lines?

11 A (Garcia) We mirrored the way it was laid out in
12 the 2022 exhibits, for the 2022 retail rates
13 filing. I don't know what the docket number was
14 for that, but we just broke it out the same way.

15 Q Okay. Okay, fair enough. But, substantively, is
16 it correct that the reason you did two
17 calculations is because you're attempting to
18 account for the fact that there were different
19 base rates in effect in the period listed on
20 Line 1, versus different base rates in effect for
21 the periods covered in Line 2? In other words,
22 there was a base rate change?

23 A (Garcia) Correct.

24 Q Okay. So, let's go with the first three

[WITNESS PANEL: Garcia|Yusuf|Green]

1 months --

2 A (Garcia) Well, to clarify, I'm sorry, there was
3 a -- the amount of property taxes in base rates
4 changed?

5 Q Okay. So, not all base rate changes changed the
6 amount of property taxes recovered?

7 A (Garcia) Right.

8 Q For example, if we were to go through some of
9 your past rate changes, I believe there was a
10 change in 2022 or 2023 regarding rate case
11 expenses. For example, there wouldn't be any
12 property taxes presumably in rate case expenses.
13 So, that wouldn't impact this schedule. Would
14 you agree with that?

15 A (Garcia) Conceptually, yes.

16 Q Okay.

17 A (Garcia) That's the idea.

18 Q Okay. And I saw other changes going back over
19 2022 and 2023 for recoupment. Recoupment being
20 the difference between temporary rates and
21 permanent rates. That's an element that would
22 have a property tax element. That's a rate
23 change that would have a property tax element,
24 would you agree?

[WITNESS PANEL: Garcia|Yusuf|Green]

1 A (Garcia) Yes. Maybe.

2 Q Maybe. Okay. As I said, it's vexing.

3 A (Garcia) Yes. Maybe.

4 Q Okay. So, do you know -- I mean, I'm looking at
5 this schedule, and I'm concluding that there was
6 a rate change that you're trying to account for
7 that happened effective August 1st, 2023. Is
8 that a fair reading?

9 A (Yusuf) Well, in the original revised schedule,
10 it was for August 1st. And, then, during the
11 tech session -- sorry, Steve -- it was brought up
12 that the temp. rates went into effect for
13 July 1st. So, we did make the correction in the
14 formulas that are on the "Amount" column. We
15 just neglected to update the "Description" line
16 to say "Effective May 1st through June 30th", and
17 "Effective July 1st through April 30th".

18 So, the math is correct. The labeling
19 on the description wasn't updated when we filed
20 the second revision.

21 Q Okay. So, as you pointed out, there were -- this
22 is the third version of this that we've seen.
23 So, I'm only dealing with the one that's
24 submitted as an exhibit, which is the April 12th

{DE 24-051} {04-23-24}

[WITNESS PANEL: Garcia|Yusuf|Green]

1 version.

2 A (Yusuf) Uh-huh.

3 Q So, if I understand your testimony today, that
4 Line 1 should read "Effective May 1st, 2023 to
5 June 30th, 2023"?

6 A (Yusuf) Correct.

7 Q Okay. Any reason you didn't make that correction
8 when Mr. Sheehan asked you if there any
9 corrections?

10 A (Yusuf) I just noticed it.

11 Q Okay. Fair enough.

12 CMSR. SIMPSON: May I ask one
13 clarifying question?

14 MR. DEXTER: Sure.

15 CMSR. SIMPSON: For the amounts, so,
16 the amounts on the right-hand side of this
17 exhibit, does the "\$697,427" represent, for
18 Line 1, May 1st to June 30th, 2023?

19 WITNESS YUSUF: Correct.

20 CMSR. SIMPSON: It's just the label is
21 incorrect?

22 WITNESS YUSUF: Just the label.

23 CMSR. SIMPSON: Thank you.

24 MR. DEXTER: Okay.

{DE 24-051} {04-23-24}

[WITNESS PANEL: Garcia|Yusuf|Green]

1 CMSR. SIMPSON: And thank you, Attorney
2 Dexter.

3 MR. DEXTER: No problem.

4 BY MR. DEXTER:

5 Q And I think that answers my next question. So,
6 if I go down to the footnotes, which are very
7 important in this schedule, I was confused why
8 the footnotes said "2 months", but now it sounds
9 like that footnote is actually correct?

10 A (Yusuf) Yup.

11 Q Okay. And, then, correspondingly, Line 2 then
12 should read "Effective July 1st, 2023"?

13 A (Yusuf) Correct.

14 Q "Through April 30th 2024", and that gets us ten
15 months. And, so, the footnote on Line 2, which
16 has "10 months", is actually correct?

17 A (Yusuf) Correct.

18 Q Okay. All right. So, we're making progress.
19 So, the rate change that happened then is the
20 temp. rates?

21 A (Yusuf) Correct.

22 Q That's what you're talking about?

23 A (Yusuf) Yes.

24 Q Okay. Now, the footnote on Line 1 says to find

[WITNESS PANEL: Garcia|Yusuf|Green]

1 the amount that was in base rates before the
2 temporary rate increase of July 1st, refers me to
3 "Attachment HMT-5 Revised ii", --

4 A (Yusuf) Uh-huh.

5 Q -- "Page 3". I couldn't find that schedule. So,
6 if you could point me to it, I have, from Docket
7 23-037, --

8 A (Yusuf) Yes.

9 Q -- from Exhibit 1, which I believe was the only
10 exhibit that was relevant, I have "HMT-5 Page 3
11 of 4", but there are only five lines on this
12 page. And I have paper copies, if anyone wants
13 to look? But it's easily --

14 *[Court reporter interruption.]*

15 **BY THE WITNESS:**

16 A (Yusuf) Yes. It is Exhibit 3.

17 MR. DEXTER: Okay. So, I'm going to
18 see if I can take a moment to find, I'm going to
19 go into Docket 23-037, and I'm going to look for
20 Exhibit 3, because that's where the witness just
21 directed me. If I could have a moment?

22 WITNESS YUSUF: All the way --

23 *[Court reporter interruption.]*

24 WITNESS YUSUF: It's all the way on the

[WITNESS PANEL: Garcia|Yusuf|Green]

1 bottom, file date of 04/19/23.

2 MR. DEXTER: Okay. Let me get there.

3 WITNESS YUSUF: And then Bates

4 Page 004.

5 BY MR. DEXTER:

6 Q Okay. And, again, this schedule, I don't know if
7 the Commissioners have it or want to go there,
8 this schedule has five lines on it that I see.
9 Oh, well, no, it's --

10 A (Garcia) They are actually misnumbered. This
11 came up in the transcript at the hearing.

12 Q All right. I'm having *déjà vu*, I think we went
13 over this last year. This actually has eight
14 lines, but Line 8 is labeled Line "5"?

15 A (Garcia) Correct. Right.

16 Q Okay. So, I want to take Line 1 --

17 A (Yusuf) Yes.

18 Q -- and Line 7?

19 A (Yusuf) Correct.

20 Q Sorry, I just need a moment to absorb this sheet.

21 And, so, if I were to follow the math
22 that's indicated in your footnote, if I took
23 Line 1, --

24 A (Yusuf) Yes.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q -- subtracted Line 7 -- added Line 7, which is a
2 negative number, --

3 A (Yusuf) Yes.

4 Q -- divided that by 12, and multiplied it by 2, I
5 would get \$697,427?

6 A (Yusuf) Exactly.

7 Q Okay. Why would I add Line 7, from this, to tell
8 me what's in property tax in base rates last
9 year?

10 A (Garcia) Go ahead.

11 A (Yusuf) So, with, and consistent with the
12 previous filings, we are taking the property
13 taxes and state property taxes from the step
14 adjustments and removing it from the base rates
15 as has been done in previous filings.

16 Q Okay. Should Line 7 read "less state property
17 taxes", not "less municipal property taxes"?

18 A (Yusuf) I'm sorry, in the last year's?

19 Q Yes. I'm in last year's. Line 7 says "Less
20 Municipal Property Taxes in DE 22-035", and
21 there's a figure in parentheses of \$150,000?

22 A (Yusuf) Yes, I would believe so. Yes.

23 Q That should say "State Taxes"?

24 A (Yusuf) Yes. Correct.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q Because the idea is that this clause, when it was
2 set up, it was agreed that it would only cover
3 municipal taxes?

4 A *[Witness Yusuf indicating in the affirmative].*

5 Q Okay. So, we're making more progress. So, we're
6 going to -- okay. All right.

7 CHAIRMAN GOLDNER: Mr. Dexter, just
8 quickly, should we add 23-037, Exhibit 3, as
9 "Exhibit 3" in this docket, would that be a
10 sensible thing to do? So that you have it as
11 a --

12 MR. DEXTER: I would recommend that you
13 do it. Yes. I would recommend that we do it.

14 CHAIRMAN GOLDNER: Any objections?

15 MR. SHEEHAN: No objection.

16 CHAIRMAN GOLDNER: Okay.

17 MR. DEXTER: I would recommend the
18 Company do it, frankly. I don't know if you were
19 looking for the DOE to make that. I can do it,
20 but --

21 CHAIRMAN GOLDNER: No, no. I think it
22 would be --

23 MR. DEXTER: -- we're trying to trace
24 the numbers that were provided to us.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 CHAIRMAN GOLDNER: It's your exhibit.

2 MR. SHEEHAN: I don't have a problem
3 filing it. You could certainly just take
4 administrative notice of it as well, but I'm
5 happy to file it.

6 CHAIRMAN GOLDNER: If you could file
7 it, that would be the easiest thing. Thank you.

8 BY MR. DEXTER:

9 Q And the first number on this page, which is
10 "Exhibit 3" from last year's case, starts with
11 "Total Property Taxes in Base Rates 4,335,347",
12 correct?

13 A (Yusuf) Correct.

14 Q And that number traces back to the 2022 --

15 A (Garcia) Proceeding.

16 Q -- retail rate filing. And it shows -- that has
17 an elaborate calculation where it takes you all
18 the way back to the last rate case, and then
19 traces through all the various base rate changes?

20 A (Yusuf) Exactly.

21 Q Would you agree?

22 A (Yusuf) Yes.

23 MR. DEXTER: And I have a copy of that,
24 if anyone is interested. It was Exhibit 1, in

[WITNESS PANEL: Garcia|Yusuf|Green]

1 22-018, Bates Page 057.

2 BY MR. DEXTER:

3 Q And, so, the idea was to continue that type of
4 calculation forward?

5 A (Yusuf) Correct.

6 Q Okay. Okay. So, then, let's go back to this
7 case, and that takes care of Line 1. And Line 2
8 would take up the next ten months. This is the
9 "3,888,832". And, in order to find the
10 derivation of that number, I need to go to the
11 Company's rate case, --

12 A (Yusuf) Yes.

13 Q -- 23-039, DE 23-039. And I want to go to the
14 temporary rates exhibit, "TR-2.11". So, I'm
15 going to take a minute to go there.

16 And I'm going to go to Tab 6 in the
17 Commission's docket, and I'm going to go to the
18 testimony -- sorry, I'm going to go to the
19 attachments of Jardin, Dane, and Therrien, so
20 about eight lines down into that tab. And I'm
21 going to go to Bates Page II-064 in that docket.
22 Do you have that?

23 And the Bates Pages are on the lower
24 left-hand column, if anyone is looking.

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[WITNESS PANEL: Garcia|Yusuf|Green]

1 A (Yusuf) Is that -- you said "64"?

2 Q Sixty-four (64), II-064. It's a horizontal sheet
3 entitled "Taxes Other Than Income Workpaper".

4 A (Yusuf) Yes.

5 Q And, if I look down at Line 8, there's a line for
6 "Property Taxes"?

7 A (Yusuf) Yes.

8 Q And the test year amount is "5,906,118", correct?

9 A (Yusuf) Correct.

10 Q Now, next to that --

11 A (Garcia) 188.

12 A (Yusuf) 188.

13 Q "188", yes.

14 A (Yusuf) Correct.

15 Q Next to that, under the "Forecast Method" it says
16 "Specifically Forecasted". What does that mean?

17 A (Yusuf) I'm not sure, because I didn't make this
18 schedule.

19 Q Okay. Do you believe that the 5.9 million is a
20 actual amount or a forecasted amount?

21 A (Yusuf) If I had to make a guess, I would say
22 it's forecasted. There's -- I would assume
23 there's a methodology behind it, but I'm not
24 aware of it.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q Okay. I believe it's a "per books" amount. And
2 the reason I say that is, if I turn to your
3 attachment in this case, Attachment 7, it's the
4 DOE's Audit Report, and if you go to Page 067,
5 it's Bates Page 2R-067 in this case, Exhibit 1 in
6 this case, you'll see that number in the middle
7 of the Audit Report, and it's under a paragraph
8 called "Verification to the FERC Form 1 and the
9 General Ledger". And it says "The FERC Form 1
10 calendar year Annual Report reflects Taxes Other
11 than Income" as follows: And the line that's
12 bolded is "Property Taxes", and it's "5,906,188"?

13 A (Yusuf) Uh-huh.

14 Q So, I would read that as an actual number. But I
15 was confused by the "Specifically Forecasted". I
16 think that might have to do with the fact that
17 you filed a Multi-Year Rate Plan, but I'm not
18 sure on that.

19 But, anyway, in any event, that number
20 "5,906,188" is the number that you said is built
21 into base rates, although that's -- let me
22 retract that. That's actually not true.

23 A (Yusuf) Uh-huh.

24 Q What your Footnote 2 says, on the Bates 2R-056,

[WITNESS PANEL: Garcia|Yusuf|Green]

1 is that it's that number, minus the 2022 total
2 state taxes, times ten months. Is that number
3 for 2022 total state taxes provided in the case
4 here anywhere that we could check that?

5 A (Garcia) I'm not sure what you mean by
6 "provided". It's in the testimony, it's
7 referenced in the schedule.

8 Q What's the amount of the state taxes then?

9 A (Garcia) It's 1. -- well, it's "1,239,590".
10 That's on -- it can be found on 2R-037 of our
11 revised testimony -- second revised testimony.

12 Q Okay.

13 A (Yusuf) And that's four quarterly payments summed
14 up that were paid to the state.

15 Q So, I'm looking at 2R-037.

16 A (Yusuf) Line 17.

17 Q Footnote 5, it looks like?

18 A (Yusuf) Yes. That, too.

19 Q And, so, again, if I were to do that math, I
20 would come out with the number "3,888,832", on
21 Line 2, for those ten months?

22 A (Yusuf) Yes.

23 Q I'm back on 2R-056.

24 A (Yusuf) Yes. If you took the 5.9, minus the

[WITNESS PANEL: Garcia|Yusuf|Green]

1 state, divided by twelve, times the ten months.

2 Q Ten months. That's the number?

3 A (Yusuf) Exactly.

4 Q Okay. All right. So, I just have one other line
5 of questioning then on this schedule. And that
6 has to do with other base rate changes that took
7 place during this twelve-month period that we're
8 talking about.

9 And, in order to do that, I need to go
10 to 22 -- DE 22-035, which was your step
11 adjustment case, your last step adjustment case
12 coming out of the last rate case. And we've
13 established that you've made an attempt here to
14 account for the temporary rate change that took
15 place July 1st, but I don't see anything on your
16 schedule, 2R-056, that attempts to account for
17 the step adjustment changes that took place
18 during this time period?

19 A (Garcia) That's correct.

20 Q And -- oh, so, maybe we can shortcut this. So,
21 you didn't make any adjustment for the step
22 adjustments?

23 A (Garcia) No, sir. As I mentioned earlier, we
24 went through the record of the adjustments, and

[WITNESS PANEL: Garcia|Yusuf|Green]

1 we were looking for specifically evidence that
2 any -- that the change in the rate, there was an
3 associated change in the property tax amount.

4 Q Okay.

5 A (Garcia) And we didn't locate anything of the
6 changes in that period. And it's just the temp.
7 rate, going back to the rate case docket. In
8 22-035, we didn't see where specifically, for
9 that period, any of the base rate changes were
10 resulting in increases in property tax
11 recoveries.

12 Q Okay. Well, I'm going to ask you a few
13 follow-ups on that, see if we can come to an
14 agreement.

15 So, again, the Company's most recent
16 step adjustment case was 22-035. And I'm going
17 to go down to a filing that was made by the
18 Company in I believe it was April, it's Tab 47 in
19 the Commission's docket. It's a "Technical
20 Statement of Heather Tebbetts and Attachments".
21 And I'm looking at Attachment HMT-1, Page 1 of 5.
22 And this one indicates that there were rate
23 changes in March, so that would be outside this
24 period, June, and August, related to the step

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[WITNESS PANEL: Garcia|Yusuf|Green]

1 adjustments.

2 So, let's ignore the March one, because
3 that's outside the period we're looking at. So,
4 let's look at the rate increase that -- or, the
5 rate change that took effect June 1st, 2023.

6 Do you know what that rate change was
7 for? Well, it actually says it right on the
8 schedule. I don't know if you've had a chance to
9 pull this schedule up or not?

10 CMSR. CHATTOPADHYAY: Attorney Dexter,
11 can you repeat the docket number again?

12 MR. DEXTER: Yes.

13 CMSR. CHATTOPADHYAY: And the tab?

14 MR. DEXTER: Sure. I'm in Docket
15 22-035. And I'm in Tab 47. I didn't get a
16 chance to trace this through to an exhibit
17 number. And I'm in the attachments of Heather
18 Tebbetts.

19 CMSR. CHATTOPADHYAY: Thank you.

20 BY MR. DEXTER:

21 Q And that's an eight-page attachment. And I'm
22 looking at Attachment 1. And there's a
23 horizontal sheet at the top that breaks down the
24 various rate changes related to the step

[WITNESS PANEL: Garcia|Yusuf|Green]

1 adjustments coming out of the last case.

2 And what I'm looking at is an increase
3 effective June 1st, 2023, totaling over a million
4 dollars. And it looks to me like it's made up of
5 "recoupment", "rate case expenses", "recoupment"
6 and "rate case expenses". So, let's put aside
7 the rate case expenses, because I agree with you
8 that there is no property tax element in rate
9 case expenses.

10 But I would ask the question, and
11 repeat the question I asked earlier, do you
12 believe that property taxes are reflected in
13 recoupment?

14 A (Garcia) To our knowledge, they were not
15 included.

16 Q So, "recoupment" is the difference between
17 temporary rates and permanent rates, would you
18 agree?

19 A (Garcia) That is a new term for me.

20 Q Okay.

21 A (Garcia) But I accept that as the definition, if
22 that's what it is.

23 Q And both permanent rates and temporary rates have
24 a property tax component, would you agree?

[WITNESS PANEL: Garcia|Yusuf|Green]

1 A (Garcia) Yes.

2 Q So, if recoupment is the difference between those
3 two, I think it would be fair to conclude that
4 there's a property tax element in recoupment,
5 would you agree with that?

6 A (Garcia) Yes, because it's truing up the amounts
7 between the permanent and the temp. rates, right?

8 Q Correct.

9 A (Garcia) Yes.

10 Q Okay.

11 A (Garcia) That makes sense.

12 Q So, let's then go to the August rate increase,
13 that is Column (g), in this schedule I'm looking
14 at from 22-035. And that shows a rate increase
15 of 185 -- \$105,000 [~~\$805,000?~~], and on the
16 left-hand side that is simply labeled as a
17 "Step". And I'm looking in the footnotes below
18 to see if there's any additional information
19 about that.

20 I believe this has to do with an
21 adjustment that was made for either an
22 under-collection or an over-collection of
23 previously approved step increases. Does that
24 sound reasonable to you?

[WITNESS PANEL: Garcia|Yusuf|Green]

1 A (Garcia) Yes. And there were multiple
2 adjustments being made.

3 Q And step increases are generally for plant
4 investments, which you agree?

5 A (Garcia) Capital improvements, yes.

6 Q -- which include a property tax adder, correct?

7 A (Garcia) Sometimes they do.

8 Q Okay. And do you know whether or not this
9 805,000 had a property tax component?

10 A (Garcia) No.

11 Q Do you know whether it did or didn't, or you just
12 don't know?

13 A (Garcia) No, I don't believe they did. I believe
14 we did go through this, and, if it's in there, we
15 didn't find it.

16 Q Could you explain why, what you found, what made
17 you conclude that there isn't a property tax
18 element in this 805,000?

19 A (Garcia) We were looking for something that
20 expressly said that part of the increase was
21 attributable to property taxes.

22 Q Okay.

23 A (Garcia) As I mentioned earlier, that's the only
24 thing we had to tether an amount to.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q So, the footnote under this 805,000 talks about a
2 "reduction in rates implemented over a five-year
3 period, normalized back to an annual level." Do
4 you know what that means?

5 A (Garcia) I'm not familiar with it.

6 Q Okay. In coming to the conclusion that there was
7 no property tax element in this number, did you
8 review the orders that are listed there in that
9 footnote?

10 A (Garcia) Yes.

11 A (Yusuf) We did review them, yes.

12 Q Okay. And those orders were approving step
13 adjustments that related to the plant
14 investments, correct? Wasn't that the whole
15 purpose of the step adjustment was for non-growth
16 plant investments?

17 A (Garcia) I guess it would depend on what order
18 you're referring to, but --

19 Q Okay.

20 A (Garcia) -- in general, that should be the case.
21 But there was a lot of things getting adjusted.

22 Q Okay. I'll leave it right there, and those
23 orders will speak for themselves.

24 I want to turn briefly to the RGGI

[WITNESS PANEL: Garcia|Yusuf|Green]

1 calculation. And that appears on Bates -- in
2 this filing, Bates Page 2R-057. And am I correct
3 that the period under review here that's
4 displayed on this page has a -- sorry, that's not
5 the right Bates page number. It's Bates Page
6 2R-054. Could you tell me what the number in
7 Column (a), Line 2, 1,184,000, in parentheses,
8 what does that represent?

9 A (Yusuf) The beginning balance as of May 1st,
10 2023.

11 Q And, so, we're dealing with refunds here, so it
12 gets tricky. So, what exactly is that? Because
13 it's in parentheses, but because it's a refund.
14 Is that number -- is that a number that needs to
15 be returned to customers or collected from
16 customers?

17 A (Garcia) It's an over-recovery.

18 A (Yusuf) Yes. That's an over-recovery.

19 Q It's an over-recovery. So, it's something that
20 needs to be collected from customers?

21 A (Garcia) No.

22 Q Returned to customers?

23 A (Garcia) Yes.

24 Q Over -- needs to be returned to customers, okay.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Do you know why that number is as high as it is?
2 That just strikes me as a high number for a
3 beginning balance.

4 A (Garcia) Well, inherently, we don't know what the
5 numbers are from the auctions, what monies we're
6 going to receive. So, inherently, this mechanism
7 is always playing catch-up.

8 Q Why is that? Could you explain that? Why are
9 you always playing catch-up?

10 A (Garcia) Well, because we're not forecasting.

11 Q You're not forecasting any rebates?

12 A (Garcia) We're not forecasting any revenues
13 associated with the auctions. So, it's always
14 catching up from the year prior, as I've seen
15 these over the last couple of years, there's --
16 so, it's always going to be you're sitting on
17 something, unless we develop a forecast
18 methodology for how much to expect year over
19 year.

20 Q Okay. And we talked about this briefly, but
21 Line 3, Column (b), the "RGGI Rebate" of
22 1,515,000, that, in fact, constituted two RGGI
23 rebates, correct?

24 A (Yusuf) Yes. Auction 59 and Auction 60, yes.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q And the check that Attorney Sheehan referenced
2 earlier and circulated, I don't think it's in the
3 record, was Auction Number 59, is that right?

4 A (Yusuf) Correct. Yes.

5 Q Okay. And this schedule depicts that the Company
6 deposited that check in June of 2023?

7 A (Yusuf) Correct. Did you get the image that we
8 circulated with a check date of "June 5th, 2023"?

9 MR. DEXTER: Okay. So, we'll come back
10 to that further with the Department's witnesses.

11 That's all the questions I have.

12 Thanks.

13 CHAIRMAN GOLDNER: Okay. We'll turn
14 now to some cross from the Office of the Consumer
15 Advocate.

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

17 I think all of my questions are really
18 going to relate to this question of transmission
19 rates. And I would like to, I believe, start
20 with Mr. Garcia.

21 BY MR. KREIS:

22 Q Mr. Garcia, I'm looking at Bates Page 059, it's
23 actually labeled "2R-059" on my piece of paper.

24 That is your summary of the bill impact for

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Residential Rate D, correct?

2 A (Garcia) Yes, sir. That's correct.

3 Q And, so, according to that, the Transmission
4 Charge for that rate class, Residential Rate D,
5 the current Transmission Charge is "0.03334", and
6 it's going to increase to "0.03809", assuming
7 Commission approval of your proposal, right?

8 A (Garcia) That is correct.

9 Q So, does that mean, this isn't really "gotcha",
10 I'm just trying to understand, does that mean
11 that the numbers on Bates Page 034 of your
12 testimony, or the number for Rate D is incorrect?
13 Because, on Bates Page 034, at Line 7, it says
14 "0.04103"?

15 A (Yusuf) Yes. If you don't mind me stepping in
16 to --

17 Q Not at all.

18 A (Yusuf) All right. So, the "4103" refers to, in
19 the model, Line 4, which is just the Transmission
20 Charge, which is on the testimony. But that
21 number that is on Attachment 6 is the net
22 transmission altogether.

23 Q Okay, I'm puzzled, or confused, I apologize.
24 Bates Page 059 says that the new proposed

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Transmission Rate, for Rate D, is "0.03809".

2 A (Yusuf) Correct.

3 Q And, on Bates Page 034, it says the new rate for
4 Class D is "0.04103". And, really, I apologize
5 for being dense, but I don't understand the
6 difference between those two numbers? I mean,
7 they both -- at Page 34, you say "The table
8 below provides a snapshot of the class-specific
9 base transmission rates proposed beginning on
10 May 1st."

11 A (Yusuf) Yes. And maybe we can be more clear with
12 that in the future. But the Transmission Charge
13 that you're referring to in the testimony is just
14 the Transmission Charge, whereas Attachment 6 is
15 the net Transmission Charge, and that's including
16 the RGGI, the PTAM, and the Service Cost
17 Adjustment also. So, it's just a combination of
18 it. And that's how it also appears on the bill
19 as well. So, it's something we should --

20 Q Gotcha. So, that was going to be my next
21 question.

22 A (Yusuf) Yes.

23 Q So, when customers get their bills, what they're
24 going to see are the rates that are on Bates

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Page 059?

2 A (Yusuf) Correct.

3 Q Okay. Looking at -- that means that the number
4 on Page 34 is not a meaningless number by any
5 means, it's just, I guess, a gross number for our
6 purposes?

7 A (Yusuf) Correct.

8 Q Subject to some adjustments of the sort that you
9 just rattled off.

10 So, it's fair to say, is it not, that
11 class -- Rate Class D, the Residential class, pay
12 significantly higher transmission rates than any
13 over rate class?

14 A (Yusuf) Yes, you can say "they pay more". I
15 don't know about if I would use "significant",
16 that's kind of a judgment call.

17 Q Sure.

18 A (Yusuf) But it is higher.

19 Q Can you briefly explain why it is that
20 residential customers pay the highest
21 transmission charges of any customer class?

22 A (Garcia) Basically, I would assume it's because
23 of their load profile. They're peaky, coincident
24 peaky, if that's an adjective. And they don't

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[WITNESS PANEL: Garcia|Yusuf|Green]

1 have a lot of kilowatt-hours to spread it over.

2 That's typically why you see those
3 differences between residential and commercial
4 and industrial.

5 Q Okay. I think, at this point, my questions might
6 flip over to Mr. Green. And, Mr. Green, I
7 apologize, you probably can't see me. I can see
8 you on the screen in the hearing room, but you
9 might not be able to see me.

10 A (Green) I can see you every once in awhile. Now
11 I can't.

12 Q I'm sitting behind Mr. Dexter, in case you're
13 wondering.

14 I am looking at, and this is a page
15 that you made some corrections to earlier, I'm
16 looking at Bates Page 012 of your testimony.
17 And, at the top of that page, you note that there
18 is "an increase of \$2,749,141", as compared to
19 the number that we looked at a year ago in DE
20 23-037.

21 My first question is, you haven't
22 corrected that number. That still remains a good
23 number, yes?

24 A (Green) Correct.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q And, so, I did the math, and I came up with 9.8
2 percent as the percentage by which that number
3 has increased from what was in 23-037 to what is
4 here now, as "\$30,787,268". Is that about right,
5 in your view?

6 A (Green) That seems right, subject to check.

7 Q And you would agree with me that an increase of
8 that percentage is in excess of the rate of
9 inflation, would you not?

10 A (Green) Yes, I would. Yes, that rate seems to be
11 higher than inflation at the moment.

12 Q Okay. Now, skipping down, and this goes to the
13 part of this page that you corrected earlier,
14 skipping down to Line 13 where you say, and I'm
15 going to read the testimony as you've now
16 corrected it, your testimony is that "The primary
17 drivers of the estimated increase to the forecast
18 are related to an 8.2 percent increase in the
19 Schedule 9 RNS rate published by ISO-New England
20 as well as a 30 percent increase to NEP Schedule
21 21 rate."

22 What could possibly be driving a 30
23 percent increase to the NEP Schedule 21 rate?

24 A (Green) Yes, that's --

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q That's a huge increase.

2 A (Green) What's that?

3 Q That's a huge increase, isn't it?

4 A (Green) Yes, that is a huge increase. The LNS
5 rate is a FERC-approved rate, and I don't know
6 what all goes into it, but I know that they have
7 a revenue requirement that comes on based on the
8 investments that they see as requirements, or as
9 necessary, to create grid resiliency and
10 reliability. Those are just a FERC-approved
11 rate. So, and they file it, I believe it's
12 published in June, with effective of January 1st.

13 Q And this, I think, sort of rubs up against some
14 questions that Mr. Dexter has already asked you.

15 It seems to me, and I want to make sure
16 I understand this correctly, that what Liberty is
17 basically saying here is that both you and your
18 customers are helpless in the face of these rate
19 increases. They're simply federally
20 jurisdictional rates that you, meaning Granite
21 State Electric, and we, your customers, are stuck
22 with.

23 Is that a fair statement of what
24 Liberty's position is here today?

[WITNESS PANEL: Garcia|Yusuf|Green]

1 A (Green) Yes. Yes, I would say we have little to
2 no say in what these, the transmission providers,
3 have in their revenue requirement.

4 Q Are you familiar with NEPOOL?

5 A (Green) Yes.

6 Q Are you aware that Granite State Electric Company
7 is actually a member of NEPOOL?

8 A (Green) Yes, sir.

9 Q Are there any opportunities, in connection with
10 Granite State Electric Company's membership in
11 NEPOOL, to express concerns about escalating
12 transmission rates?

13 A (Green) Yes. There's several calls where they
14 indicate what the revenue requirement is going to
15 be, based on the formulas that are in place. And
16 we try to attend all of those.

17 Q What would satisfy the Commission that Liberty is
18 doing everything it should to make sure that
19 transmission rates, which after all, in New
20 England, are the highest in the country, are not
21 increasing on an out-of-control basis?

22 A (Green) Is that a question for me? Sorry.

23 Q Yes.

24 A (Green) Can you restate it?

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q Well, so, my question is, what would give the
2 Commission whatever assurances it needs that
3 Liberty or Granite State Electric is doing
4 everything possible to control the transmission
5 costs that it is simply passing on to its
6 customers via the rates proposed in this docket?

7 A (Green) Right. I think that, if we're voicing
8 our concerns with the people who are setting the
9 rates, that's -- it's really the only way we can
10 make any kind of changes or to illustrate that
11 we're not extremely happy with the increases.

12 But, outside of that, there's not a
13 whole lot of outlets for us.

14 Q Are you, in fact, voicing those concerns? I
15 don't mean you, personally, but I mean your
16 Company?

17 A (Green) Not that I'm aware of. Mr. Warshaw, in
18 the past, I know has. But, recently, we have
19 not, to my knowledge.

20 Q Are you familiar with the concept of "asset
21 condition projects"?

22 A (Green) I'm not. Sorry.

23 Q Are you aware that a large transmission owner
24 here in New Hampshire is proposing to spend \$400

[WITNESS PANEL: Garcia|Yusuf|Green]

1 million rebuilding a transmission line, replacing
2 580 poles, because a mere 41 of them are actually
3 in need of replacement?

4 A (Green) No. I was not aware of that.

5 Q In your filing, you mention one of the ancillary
6 services costs that Liberty incurs and passes on
7 to its customers compensates for reactive power.
8 You recall that from your testimony?

9 A (Green) Correct.

10 Q Are you familiar with the fact that FERC has
11 opened a Notice of Proposed Rulemaking in
12 connection with reactive power?

13 A (Green) I've seen that. I'm not intimately
14 involved with, or I'm not proficient in it, I
15 would say.

16 Q So, if I told you that, in the Notice for
17 Proposed Rulemaking, FERC had this to say:
18 "Generating facilities providing reactive power
19 within the standard power factor range are only
20 meeting their obligations under their
21 interconnection agreements and in accordance with
22 good utility practice, and in doing so incurred
23 no additional costs, or *de minimus* costs, beyond
24 that which they already incur to provide real

[WITNESS PANEL: Garcia|Yusuf|Green]

1 power." You aren't familiar with that?

2 A (Green) I'm not.

3 Q Is anybody at Liberty monitoring that?

4 A (Green) Yes. I would say we are monitoring it.

5 Q The comment deadline for that FERC docket is

6 May 28th. Is Liberty planning on filing comments

7 to express concerns about providing free money to

8 generators to compensate them for reactive power

9 that they are already producing, based on their

10 existing interconnection agreements, and in

11 accordance with good utility practice?

12 A (Green) We certainly can, yes.

13 Q Do you intend to do that, though?

14 A (Green) Yes.

15 Q Okay. In general, whose responsibility does

16 Liberty believe it is to be vigilant at the

17 regional and federal levels to make sure that

18 these federally jurisdictional transmission costs

19 don't simply increase to infinity, without

20 anything or anybody constraining them?

21 A (Green) That up to the point where we can voice

22 our concerns, it's on FERC, the people who are

23 approving the rates, and the transmission

24 providers setting the rates, with our input,

[WITNESS PANEL: Garcia|Yusuf|Green]

1 involves just --

2 Q Can you offer any insight about the costs that
3 Granite State Electric Company is passing on to
4 its residential customers for transmission? Can
5 you compare those costs to costs that you --
6 similar costs that you see for some of the other
7 Liberty's operating affiliates around the
8 country?

9 A (Green) You know, I don't have those numbers
10 directly in front of me. I know that they are
11 relatively similar. As far as the schedules,
12 they have similarities.

13 But, other than that, I can't -- I
14 don't have anything in front of me telling me
15 what the typical residential customer is
16 paying --

17 Q Understood.

18 A (Green) -- for transmission from jurisdiction to
19 jurisdiction.

20 Q Sorry to interrupt. And, finally, a second ago
21 you testified that Liberty can raise concerns at
22 NEPOOL and with FERC. Does Liberty feel that it
23 has any obligation to do that? Or, is it just a
24 matter of being able to when it decides it wants

[WITNESS PANEL: Garcia|Yusuf|Green]

1 to?

2 A (Green) Yes, I feel like there is a slight
3 obligation there. So, we will definitely work on
4 being more vocal with our concerns.

5 Q So, you said "slight obligation". What's a
6 "slight obligation"?

7 MR. SHEEHAN: I'll object. He's now
8 asking for a legal obligation that the Company
9 may or may not have. Mr. Green has expressed his
10 intent or desire to have some input.

11 As we all know, Granite State is a
12 miniscule fraction of the New England power. And
13 our voice, although we raise it, is likely not
14 paid a lot of attention to.

15 If Mr. Kreis would like us to hire FERC
16 counsel at a thousand dollars an hour to advocate
17 on behalf of Granite State, we can certainly go
18 that road.

19 But I believe our participation in
20 NEPOOL is what the other distribution utilities
21 do to be heard at those venues.

22 CHAIRMAN GOLDNER: Attorney Kreis.

23 MR. KREIS: Well, I did go to law
24 school, and I am admitted to the Bar, and I

[WITNESS PANEL: Garcia|Yusuf|Green]

1 couldn't tell you what the difference between an
2 "obligation" and a "slight obligation" is.

3 So, that's just what I was sort of
4 trying to get the witness to explain a little
5 bit, because that's a phrase he used in his
6 testimony, and he said that in response to a
7 question to which there was no objection.

8 CHAIRMAN GOLDNER: Well, I think the
9 ground has been covered, I think your point is
10 well-taken. And we can move to the next
11 question.

12 MR. KREIS: Well, those are all my
13 questions. And I know enough to stop talking
14 when the Chairman says that my point is
15 well-taken.

16 CHAIRMAN GOLDNER: Thank you. It's
17 three o'clock. Let's take a ten-minute break,
18 and return with Commissioner questions. Thank
19 you. Off the record.

20 *(Recess taken at 3:00 p.m., and the*
21 *hearing reconvened at 3:13 p.m.)*

22 CHAIRMAN GOLDNER: Okay. We'll go back
23 on the record with Commissioner questions,
24 beginning with Commissioner Simpson.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 CMSR. SIMPSON: I think I'm going to
2 yield my time, given the limited time left in the
3 day, and my interest in hearing from the
4 Department.

5 I'll just note, in the final exchange
6 that you had with Attorney Dexter, there was some
7 question with respect to whether the step
8 adjustment, as approved by the Commission in
9 22-035, had included property taxes within it.
10 There was a note in the table that you both
11 looked at that referenced two prior orders.

12 I went back into that docket, and I
13 looked at some of the attachments. And I look at
14 Tab 47, in Docket 22-035, and I find, on Page 2
15 of Attachment HMT-1, there is a table that shows
16 the revenue requirement calculation. And Line 31
17 shows a return on property taxes. So, I point
18 that out. I'm not certain whether or not that
19 changes this here.

20 But, if you would look at that, and at
21 some point maybe the Company could address it, I
22 would appreciate it.

23 Thank you.

24 CHAIRMAN GOLDNER: Thank you. We'll

[WITNESS PANEL: Garcia|Yusuf|Green]

1 turn now to Commissioner Chattopadhyay.

2 CMSR. CHATTOPADHYAY: I'm going to keep
3 it conceptual, so that can sometime be difficult,
4 but I'll try to frame it the best I can.

5 BY CMSR. CHATTOPADHYAY:

6 Q So, if you go to -- if you go to Bates Page
7 2R-056, and let me know when you're there.

8 A (Garcia) Yes, sir. We're ready.

9 A (Yusuf) Yes.

10 Q So, conceptually, you're figuring out how much
11 more revenue you will need through the PTAM
12 mechanism. And it is these -- just confirm that
13 it's this total of the \$13,978, plus whatever
14 adjustment is mentioned for the prior period
15 over-recovery that appears in Bates Page 055,
16 2R-055. And that's what gets translated into the
17 per unit rate, correct?

18 A (Yusuf) Yes.

19 Q Conceptually?

20 A (Yusuf) Yes.

21 Q And, in figuring out that base around which
22 you're calculating what the increase needs to be,
23 I think, initially, when Attorney Sheehan was
24 talking about it, I understood that there was

[WITNESS PANEL: Garcia|Yusuf|Green]

1 this issue of the temporary rates being set, so
2 somehow you believe that the base was higher
3 perhaps than what it should be, right?

4 A (Garcia) Correct.

5 Q And, then, what Attorney Dexter is indicating,
6 that it's possible that you -- it may be in the
7 other direction, correct?

8 A (Yusuf) Yes.

9 Q Conceptually, that's what's going on?

10 A (Yusuf) Yes.

11 A (Garcia) Yes, I think there's different sides of
12 the equation.

13 Q Correct.

14 A (Garcia) Because the temp. rates, which are the
15 bulk of the basis for the calculation, that's
16 where we were saying "we think the" -- "we're
17 conservative, we erred on a higher rev. req.",
18 because of the difference between what was
19 proposed and what was the actual approved or
20 settled to -- settled amount for the temp.
21 increase.

22 And, you're right, on the other side of
23 the coin is where I believe Attorney Dexter --

24 Q Just technically --

[WITNESS PANEL: Garcia|Yusuf|Green]

1 A (Garcia) Yes, was suggesting there might have
2 been another adjustment that should have been
3 made.

4 Q Okay.

5 A (Garcia) For the two months or so.

6 Q And that issue hasn't been settled yet, meaning
7 haven't worked through that, which direction
8 eventually it will be?

9 A (Garcia) Yes. I believe that's correct. It's
10 not --

11 Q Okay.

12 A (Garcia) It's not settled yet.

13 Q Okay. The last question I have is for the
14 Company in general. Do you know whether anyone
15 from Granite State or Liberty Utilities goes to
16 the NEPOOL meetings?

17 A (Green) Not off the top of my head, that should
18 be moot [?] going to those. So, --

19 Q Say that again, sorry?

20 A (Green) What's that?

21 Q I said "Say that again, sorry?" If I can repeat
22 my question?

23 A (Green) Sure.

24 Q So, what I'm asking is, does Liberty Utilities

[WITNESS PANEL: Garcia|Yusuf|Green]

1 send anybody to the NEPOOL meetings?

2 A (Green) We don't send anybody to the NEPOOL
3 meetings that I'm aware of. We try to attend
4 them. I know Warshaw did attend some of those.
5 And that's something we need to continue to do.

6 CMSR. CHATTOPADHYAY: Yes. I would
7 strongly suggest, even though you're not a big
8 part of the load, that being in the NEPOOL
9 Committee is really helpful. You can, even as a
10 small entity, you can influence others to
11 sometimes pick up issues that are really in the
12 interest of the ratepayers, and the right thing
13 to do.

14 So, that's where I will stop. Thank
15 you.

16 WITNESS GREEN: I agree. Thank you.

17 CHAIRMAN GOLDNER: Okay. I just have a
18 quick question, and then we'll turn to the --
19 we'll go through redirect, and then the
20 Department's witnesses.

21 BY CHAIRMAN GOLDNER:

22 Q Can you point me to the table with the relief
23 requested today?

24 I see lots of tables. I'm not sure I

[WITNESS PANEL: Garcia|Yusuf|Green]

1 have located the one that gives us the exact
2 relief that's being requested, in terms of rates.
3 And it can be -- residential is fine.

4 A (Yusuf) Yes. So, on Bates 2R-030, the Table 1
5 with the rates. That's the rate for the
6 residential customer.

7 Q Okay. So, I'm just going to --

8 A (Garcia) Or, you can look at Schedule -- pardon
9 me, Attachment 1, Page 1 of 1. It's 2R-041. I
10 mean, that has pretty much everything, including
11 nonresidential.

12 Q Let's go to 030, that's simpler. So, Table 1 --
13 so, Table 1, on Page 30, 2R-030, has a column
14 called "Current" and a column called "Proposed",
15 and then it's got the "Stranded Cost Recovery
16 Charge" and "Transmission Charge", and so forth.
17 So, it looks like every -- "RGGI Proceeds",
18 "PTAM", it looks like everything's there.

19 And the current rate is "0.02438", the
20 proposed rate is "0.02979", which means an
21 increase of "0.00541". So, would you believe me
22 if I told you that was a 22 percent increase?

23 A (Garcia) Yes.

24 A (Yusuf) Yes.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 Q Approximately?

2 A (Yusuf) Yes.

3 Q So, it's increasing at about 22 percent. And it
4 looks like it's driven by the Transmission
5 Charge, which goes up by about 0.002, and the
6 Transmission Service Cost Adjustment, which goes
7 up by about the same amount?

8 A *[Witness Yusuf indicating in the affirmative]*.

9 CHAIRMAN GOLDNER: Okay. And, so, I
10 just want to make sure I know what we're being
11 asked to approve today.

12 And I think, Attorney Dexter, what
13 you're saying is "Please keep the rate at
14 0.02438." Is that a fair summary? And I'm on
15 Page 2R-030.

16 MR. DEXTER: Yes. Yes, with two
17 caveats. Our recommendation also goes to the
18 Stranded Cost Charge, number one. And, number
19 two, the number on Bates Page 030, for
20 Transmission Charge that Attorney Kreis was
21 asking about, "0.03032", my understanding is
22 that's an average rate. So, no customer actually
23 pays that rate.

24 And, if you want to look at the actual

[WITNESS PANEL: Garcia|Yusuf|Green]

1 transmission charges that are up for approval,
2 you have to go to the schedule that Mr. Garcia
3 mentioned, which is 2R-041, because the
4 Transmission Charge is different by class. And,
5 as Mr. Kreis pointed out, the Transmission Charge
6 for the Residential class is the highest one
7 there.

8 WITNESS YUSUF: Uh-huh. He's correct.
9 Yes.

10 BY CHAIRMAN GOLDNER:

11 Q Okay. So, let me go back to 041. And which line
12 should I be looking at then? Which line and
13 column?

14 A (Yusuf) So, for a residential customer, it would
15 be Line 8, and then Column C -- or, D, the first
16 column.

17 Q The first column. So, "0.03809". Is that -- am
18 I looking at the right number? Column D, Line 8?

19 A (Garcia) That's correct.

20 Q Okay. So, let me go back. I don't have the
21 benefit of paper. So, would that change the
22 number in the "Proposed" column as well? So, it
23 goes from -- current goes from "0.030" to
24 "0.038". Would that also change the proposed by

[WITNESS PANEL: Garcia|Yusuf|Green]

1 the same amount, so the delta would be the same?

2 I'm just trying to understand what
3 we're asking -- what you're asking the Commission
4 to approve today, and what that delta would be?

5 In other words, would the proposed
6 number be different as well? Today, it's
7 "0.032"? Is it still "0.032"? Or are you asking
8 for something different?

9 A (Garcia) Yes. I'm not -- I'm sorry, I'm not sure
10 I'm following the question.

11 Q Sure. You just explained to me, I think, that,
12 on 2R-030, in the "Current" column, the
13 Transmission Charge is listed at "0.03032"?

14 A (Yusuf) So, that's the average.

15 Q The average. But what a ratepayer actually pays,
16 at least for residential customers, --

17 A (Yusuf) Yes.

18 Q -- is "0.03809"?

19 A (Yusuf) Yes.

20 Q And, so, what I'm trying to understand is just
21 what you want the -- if you picture the order
22 that we issue, what should that order look like?
23 What's the table of charges that you're asking us
24 to approve?

[WITNESS PANEL: Garcia|Yusuf|Green]

1 And I think it's 030, it's just you
2 don't have it broken down by rate class.

3 A (Yusuf) Yes. It's by average on the transmission
4 costs.

5 Q Okay. And you stand by those averages on 030,
6 it's just that table is not, for residential
7 customers, there would be a separate table for
8 each customer class, that you didn't list here,
9 but is --

10 A *[Witness Yusuf indicating in the affirmative].*

11 Q -- one could piece together from the various
12 tables?

13 A (Yusuf) Correct. Yes, I misspoke earlier, --

14 Q Okay.

15 A (Yusuf) -- when I was referring to it.

16 CHAIRMAN GOLDNER: Okay. Okay, that's
17 helpful. Thank you.

18 Anything else from my fellow
19 Commissioners?

20 *[Cmsr. Simpson and Cmsr. Chattopadhyay*
21 *indicating in the negative.]*

22 CHAIRMAN GOLDNER: Okay. Seeing none.
23 We'll move to redirect, and Attorney Sheehan.

24 MR. SHEEHAN: Just one topic.

[WITNESS PANEL: Garcia|Yusuf|Green]

REDIRECT EXAMINATION

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BY MR. SHEEHAN:

Q Going to the conversation with Mr. Dexter about that June '23 step that may include property taxes that we may not have found. If you found \$100 of property taxes in that, that should have been added to the rates, to the base rate you were working off of, how long would that have been in effect before there was another change that would obviate that? Do you follow?

A (Garcia) About a month.

Q And why is that?

A (Garcia) Because the temp. rates that we did find took effect in July.

Q Okay. So, the temp. rate change on July 1 would have included that step change that you were talking about on June 1?

A (Garcia) Yes, that's where it got really kind of tricky as to what the drivers were. I don't know if I -- we didn't look at that level of detail to understand.

Q Okay.

A (Garcia) If exactly everything translated over from step to temp. Because then there was

[WITNESS PANEL: Garcia|Yusuf|Green]

1 another temp. adjustment on top of the temp. rate
2 in August. So, it's a bit of a paper trail that
3 would need to be followed.

4 Q Okay. And the last question, to make sure we
5 answer the Chair's question clearly, on Exhibit
6 1, Bates 041, the table, those -- Line 8 are the
7 precise rates that we're asking the Commission to
8 approve today, is that correct?

9 A (Garcia) Three and eight, yes. Stranded costs
10 are on 3; transmission is on 8.

11 Q And those two rates are because that's the way we
12 present them on a bill?

13 A (Garcia) That's correct.

14 Q And the transmission rate includes, as shown on
15 this schedule, the PTAM and the RGGI?

16 A (Garcia) That's correct.

17 MR. SHEEHAN: Okay. That's all I have.
18 Thank you.

19 CHAIRMAN GOLDNER: So, I'll just make
20 one final comment. My encouragement would be,
21 when presenting to the parties and the
22 Commission, to make it really obvious what the
23 ask is. So, really please highlight what it is
24 the Company is asking us to approve.

[WITNESS PANEL: Garcia|Yusuf|Green]

1 And, then, on a table, like 041, if you
2 have the total in there, then we can tie it off,
3 we can see that it's tied to -- on the table on
4 030. Where 041 has a bunch of numbers, but it
5 doesn't tie to anything. So, we don't know if it
6 ties to 030 or not.

7 So, just, in the future, if you can
8 help us connect the dots, it would save everyone
9 some time.

10 WITNESS GARCIA: No, thank you for the
11 feedback.

12 CHAIRMAN GOLDNER: You're welcome.

13 WITNESS GARCIA: We will definitely
14 take that back.

15 CHAIRMAN GOLDNER: Thank you. Okay.
16 Very good. Thank you for the witnesses' time
17 today. The Liberty witnesses are excused. And
18 we'll invite the Department witnesses to the
19 stand.

20 MR. DEXTER: Mr. Chairman, could we
21 take a five-minute break, so I can confer with
22 the witnesses based on the information we just
23 heard?

24 CHAIRMAN GOLDNER: Of course. Let's

[WITNESS PANEL: Dudley|Balise]

1 return at 3:35.

2 MR. DEXTER: Thank you.

3 (Recess taken at 3:29 p.m., and the
4 hearing reconvened at 3:37 p.m.)

5 CHAIRMAN GOLDNER: Okay. We'll go back
6 on the record, and begin with Department of
7 Energy direct, and Attorney Dexter.

8 Oh, but, before that, we need to swear
9 in the witnesses with Mr. Patnaude.

10 (Whereupon **JAY E. DUDLEY** and
11 **SCOTT T. BALISE** were duly sworn by the
12 Court Reporter.)

13 CHAIRMAN GOLDNER: All right. Now,
14 we'll turn to Attorney Dexter. Thank you.

15 MR. DEXTER: Good afternoon.

16 **JAY E. DUDLEY, SWORN**

17 **SCOTT T. BALISE, SWORN**

18 **DIRECT EXAMINATION**

19 BY MR. DEXTER:

20 Q Could you both please state your name and
21 position with the Department for the record
22 please?

23 A (Dudley) My name is Jay Dudley, Utilities
24 Analyst, with the Electric Division, Department

[WITNESS PANEL: Dudley|Balise]

1 of Energy.

2 A (Balise) My name is Scott Balise. I'm a Utility
3 Analyst -- My name is Scott Balise. I'm a
4 Utility Analyst in the Electric Division of the
5 Regulatory Support Division.

6 MR. DEXTER: And, Mr. Balise, I'd
7 advise you just to slide that microphone over
8 right in front of you.

9 BY MR. DEXTER:

10 Q I'm looking at a document that's been marked in
11 this case as "Exhibit 2", entitled "Technical
12 Statement of Jay Dudley and Scott Balise", filed
13 April 16th, 2024. Do you have that document
14 before you?

15 A (Dudley) Yes.

16 Q And was that prepared by you or under your
17 supervision?

18 A (Dudley) Yes, it was.

19 Q Mr. Balise?

20 A (Balise) Yes, it was.

21 Q Do either of you have any updates or corrections
22 you'd like to make to that document at this point
23 in time?

24 A (Dudley) Just one correction on Page 5, Mr.

[WITNESS PANEL: Dudley|Balise]

1 Dexter, based on what we heard from Liberty's
2 testimony. The amount of \$3.05 is not "per
3 kilowatt-hour", but "per month".

4 Q And roughly where on the page would that be, Mr.
5 Dudley?

6 A (Dudley) At the top of the page, under "Section
7 E. Monthly Bill Impact".

8 Q So, we're both spreading rumors, the Company and
9 the Department?

10 A (Dudley) Apparently.

11 Q Okay. With that correction, do you have any
12 other changes or corrections you'd like to make?

13 A (Dudley) No.

14 Q And could you each provide a brief summary of the
15 contents of the technical statement? And we'll
16 start with Mr. Dudley, for the portions which you
17 were primarily responsible for, and then Mr.
18 Balise.

19 A (Dudley) Yes. We looked at each of the charges
20 reflected on -- if you just give me one second,
21 reflected on Table 1 of Mr. Garcia and
22 Mr. Yusuf's testimony, which is at Bates 2R-030.
23 And, so, we examined each of those line items,
24 and checked the calculations and the formulas

[WITNESS PANEL: Dudley|Balise]

1 that were provided in the Excel sheets, and
2 confirmed that they appear to be mathematically
3 correct.

4 Q And I want to turn for a moment to some of the
5 information that we heard today. But, before I
6 get to that, when you filed the tech statement,
7 what was your ultimate recommendation as to
8 action the Commission should take in this case?

9 A (Dudley) The ultimate recommendation was that a
10 lot of the source numbers that were used in the
11 calculations were based on the Company's 2023
12 books, the general ledger. And our position in
13 the rate case, as you know, is that we do not --
14 we did not consider the 2022 numbers that served
15 as the basis for the test year to be accurate,
16 and that was the finding of the Audit Division.

17 Later on, in this process, at the
18 hearings in January, we learned that errors
19 regarding mapping associated with the SAP
20 conversion were discovered in 2023, corrections
21 were continuing in 2023, and we also learned that
22 errors were continuing to be discovered in 2024
23 as well.

24 So, our conclusion from that is that,

[WITNESS PANEL: Dudley|Balise]

1 not only can the 2022 numbers be relied on, but
2 we don't believe the 2023 numbers can be relied
3 on either, for the purposes of ratemaking.

4 Q So, I don't want to belabor the point, but I want
5 to take one particular charge on Bates 2R-030
6 that I mentioned in my opening statement, the
7 Transmission Service Cost Adjustment. I stated
8 that it relied largely on "per books" numbers and
9 internal information that would be affected by
10 the SAP conversion.

11 I'd just like you to elaborate on that
12 element, Mr. Dudley, and point the Commission to
13 the pages in the filing where that Transmission
14 Service Cost Adjustment is calculated, and give
15 some examples about what you mean about being
16 based on actual Company numbers, as opposed to,
17 say, FERC-approved tariffs?

18 A (Dudley) Well, the transmission cost, as Mr.
19 Garcia and Mr. Yusuf point out in their testimony
20 has two components. The first component is the
21 base transmission costs, for what they refer to
22 as the "prospective period", which is the
23 forecast period. And, then, the second component
24 is the reconciliation of the transmission revenue

[WITNESS PANEL: Dudley|Balise]

1 and expense from the previous period, which would
2 be the 2023 period, the actuals for 2023.

3 And, if we turn to -- if you turn to
4 Bates Page 2R-049 of Mr. Garcia's and Mr. Yusuf's
5 testimony, this is in the attachments, this would
6 be Attachment 3, you'll see the Transmission
7 Charge Reconciliation. And, as you can see, on
8 Columns (a), (b), and (c), you have all of the
9 other revenue and expenses for -- beginning in
10 May '23, carrying through to April '24. The bulk
11 of these numbers are for 2023.

12 And, if you look at the references
13 below, you'll see that Column (a): May '23 is per
14 the general ledger for Liberty. You'll see that
15 Column (b) around (c) are also per the Company's
16 books for 2023.

17 Q And, as we pointed out, the rate change for this
18 factor, the Transmission Service Cost Adjustment,
19 is almost as large as the rate change proposed
20 for the actual Transmission Charge, and we heard
21 Mr. Green talking about increases in the order of
22 30 percent in the Transmission Charges. Do you
23 recall all that testimony?

24 A (Dudley) Yes.

[WITNESS PANEL: Dudley|Balise]

1 Q Okay. And, so, you believe, correct me if I'm
2 wrong, but you believe it would be prudent that,
3 before we set rates, particularly with this
4 Transmission Service Cost Adjustment, that the
5 actual numbers that went into this calculation be
6 subject to audit by the Department's Audit
7 Division?

8 A (Dudley) Yes.

9 Q Is that right?

10 A (Dudley) That's correct.

11 Q Okay. Mr. Balise, and, again, I want to go
12 fairly quickly here, we were talking this morning
13 about the Company's calculation of the RGGI
14 refunds, and that calculation is shown in the
15 Company's filing, and you can probably help me
16 out with the Bates Page number. Is that Bates
17 Page Number 54, 054?

18 A *[Witness Balise indicating in the affirmative]*.

19 Q Okay.

20 A (Balise) Yes.

21 Q Can you briefly describe what your understanding
22 is of what happened to the figure -- surrounding
23 the figure on Line 3, Column (b), 1,515,000?
24 What does that number present, as you understand

[WITNESS PANEL: Dudley|Balise]

1 it?

2 A (Balise) So, that is representative of my
3 understanding of Auctions 59 and 60. That's the
4 Liberty portion.

5 Q And your tech statement indicated that you would
6 have expected that Auction 59 would have been
7 recorded in an earlier month, is that correct?

8 A (Balise) Yes, it is.

9 Q And you were provided today with a check,
10 actually, from Liberty that indicated that
11 Auction 59's check was deposited by Liberty in
12 June, is that right?

13 A (Balise) Yes, it is.

14 Q Now, during the course of this afternoon's
15 hearing, you had an opportunity, with some help
16 from other folks in your division, to get some
17 additional information from our Department of
18 Energy Business Office as to what happened to
19 that check. Could you share that information
20 today?

21 A (Balise) Sure. I might have to look at my
22 screen, just because I have a few dates that I
23 wanted to reference.

24 Q Sure.

[WITNESS PANEL: Dudley|Balise]

1 A (Balise) So, according to our records, on April
2 19th, the Department of Energy issued a check to
3 Liberty for the March auction. On May 24th,
4 2023, the Department sent an email to Liberty to
5 ask why they hadn't cashed the check. Liberty
6 was unable to find the check at that time. The
7 State canceled the check, and re-issued that
8 check in June. Liberty had cashed the check in
9 June, and, at about the same time, found that the
10 April -- found the April check. Sorry.

11 Liberty is aware that these auctions
12 are held quarterly. And we send an email
13 communicating that the monies have been received
14 by the State and would be issued shortly.

15 So, we find it concerning that Liberty
16 didn't reach out when more than a month had past,
17 and they didn't know the whereabouts of that
18 money.

19 Q And, in fact, the email that you mentioned, that
20 you sent to -- that the Department sends to
21 Liberty alerting them that a check will be
22 coming, you're the author of that email, correct?

23 A (Balise) Yes, I am.

24 Q And do you know when you sent that email to

[WITNESS PANEL: Dudley|Balise]

1 Liberty with regard to that Action 59 --
2 Auction 59?

3 A (Balise) I'm assuming it was April 20th, or
4 thereabouts.

5 Q And did you receive a response back that you know
6 of?

7 A (Balise) I did not.

8 MR. DEXTER: Okay. Okay. Well, I
9 think that's all I have for questions at this
10 time. Thank you.

11 CHAIRMAN GOLDNER: All right. Thank
12 you, Attorney Dexter. We can turn now to the
13 Office of the Consumer Advocate.

14 MR. KREIS: I have no questions for
15 these witnesses, much as I'd love to grill them.

16 CHAIRMAN GOLDNER: All right. Thank
17 you. And we'll move now to Liberty.

18 MR. SHEEHAN: Thank you. Good
19 afternoon, gentlemen.

20 **CROSS-EXAMINATION**

21 BY MR. SHEEHAN:

22 Q Scrolling through your tech statement, following
23 the order, Page 2, "Department Analysis,
24 "A. Transmission Service Costs", you conclude

[WITNESS PANEL: Dudley|Balise]

1 that the filing was mathematically correct, is
2 that right?

3 A (Dudley) Based on our examination of the
4 spreadsheet, yes.

5 Q And same with Paragraph B, "Stranded Cost", you
6 note that the rate was approved by the Commission
7 in a different docket and was properly reflected
8 in the Company's filing?

9 A (Dudley) Yes. We have no dispute regarding the
10 Contract Termination Charge.

11 Q Column C, the "RGGI Proceeds", we've talked about
12 it a fair amount. Is it fair to say you
13 acknowledge now that the money landed in
14 Liberty's bank account for the 59 and 60 in June
15 of '23, as reflected in the filing?

16 A (Balise) Yes. I think that's fair to say.

17 Q Okay. And, otherwise, there were no issues that
18 the Department flagged with regard to the RGGI
19 portion of the filing, is that correct?

20 A (Balise) Yes.

21 Q Okay. The fourth column is the "PTAM", and we
22 spent a lot of time talking about it. Does DOE
23 have a recommendation of how the Company should
24 have calculated the -- what I call the "starting

[WITNESS PANEL: Dudley|Balise]

1 number" of what -- strike that -- of what the
2 correct number of property taxes in rates should
3 be?

4 A (Dudley) Well, what he learned today was that
5 it's missing at least two rate increases from the
6 step adjustment. The calculation is missing the
7 increase from June 1st and August 1st from last
8 year.

9 Q And does the Department also recognize that the
10 amount used from the temp. rate calculation
11 probably overstates the amount that's in rates,
12 given that the temp. rate increase was less than
13 the proposed amount?

14 A (Dudley) We heard Liberty's witnesses say that.
15 However, one of the things that concerns us is
16 the derivation of that amount, the 3 million, as
17 you noted, comes out of the temp. rates filing,
18 but is based on the 2022 test year, which the
19 Department finds unreliable. So that, in itself,
20 poses an unreliable component to the calculation.

21 Q Putting aside for a moment the DOE's concern with
22 the reliability of the numbers, I'm trying to
23 find if you have a better or alternative way to
24 calculate what is in base rates? Do you have a

[WITNESS PANEL: Dudley|Balise]

1 number for the Commission, again, putting aside
2 for the moment the concerns over the numbers,
3 what should that number be?

4 A (Dudley) Well, we thought the methodology used in
5 2021 was clear. And we don't necessarily dispute
6 the -- if you could remind me, Mr. Sheehan, which
7 number are you referring to? The 4.6 million?

8 Q I don't know, frankly. I know we have proposed a
9 number on which we proposed a rate?

10 A (Dudley) Okay.

11 Q And I heard questions about that number. But I
12 haven't heard from the DOE that the number should
13 be X. And I'm asking what is X, if the
14 Department has such a number in its mind?

15 A (Dudley) I don't think we can tell, based on the
16 information we have.

17 Q Okay. So, you do not have an alternative that
18 the Commission could rely on as a -- to what you
19 think is an unknown, or at least an appropriate
20 number?

21 A (Dudley) That is correct. But we think that that
22 can be resolved through the Audit Division's
23 examination of that issue.

24 Q Okay. Last year, the Audit Division did conduct

[WITNESS PANEL: Dudley|Balise]

1 an audit of the PTAM portion of the filing, at I
2 think you said the Legal Department's request,
3 and found a couple of changes to be made, and
4 those were incorporated, isn't that correct?

5 A (Dudley) Yes.

6 Q And that was incorporated this year, in this
7 year's filing, correct?

8 A (Dudley) If you're referring to the 20,000, yes.

9 Q Okay. So, in that case, the rates were approved
10 as proposed a year ago, the audit happened, we
11 incorporated the audit findings in this filing?

12 A (Dudley) Yes.

13 Q Okay. And the 20 -- strike that. Going to the
14 last issue of the Department's concern about the
15 reliability of the numbers, has either of you
16 done any analysis into these numbers to tell us
17 "this number is not good" or "that number is not
18 good", or are you relying on the Audit Division
19 work in the rate cases from late last year and
20 early this year, or something else?

21 A (Dudley) When you say "this number is not good"
22 and "that number is not good", what are you
23 referring to?

24 Q You're suggesting that the Commission not approve

[WITNESS PANEL: Dudley|Balise]

1 the rates as filed, because the numbers are
2 unreliable. And I'm saying, do you have a
3 particular one that you say "I don't believe that
4 number", and why? Or is it more of a general,
5 "we are" -- "we don't know and we're relying on
6 the Audit Division's work last year"?

7 A (Dudley) Well, it's general in a certain respect,
8 in that we do have, from Mr. Garcia and
9 Mr. Yusuf, a list of the property tax invoices,
10 and that is on Attachment -- in Attachment 5.,
11 which is on, if I can just get there, which is on
12 Bates Page 2R-058.

13 And we will note that there's a number
14 of notes there. Apparently, Liberty, in some
15 towns, is challenging the tax amounts. But we
16 have a listing from all the towns within
17 Liberty's service area, and reflecting the tax
18 bills. And we don't know for sure if those tax
19 bills were properly accounted for in the SAP
20 system, and whether or not they were processed
21 correctly. We have no way of knowing that.

22 But what we do know is, last year, when
23 the Audit Division did examine the same list,
24 different numbers, but the same list, they did

[WITNESS PANEL: Dudley|Balise]

1 find two errors. And, so, have we looked through
2 each and every invoice of Liberty's property
3 taxes? No, we have not. But we do believe that
4 we have reason to question whether or not those
5 numbers are reliable, and we believe that the
6 Audit Division will get to the bottom of it.

7 Q Okay. And I guess that's my question. You say
8 "we have reason to believe", it is not a specific
9 "this number is wrong", it is a more generic "we
10 don't trust the numbers", is that fair?

11 A (Dudley) That would be correct, yes.

12 MR. SHEEHAN: That's all I have. Thank
13 you.

14 CHAIRMAN GOLDNER: Okay. We'll turn
15 now to Commissioner questions, beginning with
16 Commissioner Simpson.

17 CMSR. SIMPSON: Okay. Thank you both
18 for being here.

19 BY CMSR. SIMPSON:

20 Q At the risk of repeating what other folks have
21 said, globally, the Department has a concern
22 about the reliability of the numbers, and is
23 looking for the DOE's Audit Division to audit all
24 of the numbers related to the four components of

[WITNESS PANEL: Dudley|Balise]

1 these charges, correct?

2 A (Dudley) That is correct, yes.

3 Q And that audit has not yet been completed?

4 A (Dudley) Not yet.

5 Q And that's been customary, at least in the recent
6 past, where this Commission has approved these
7 rate adjustments, subject to audit, the audit
8 report has come out later in the year, and then,
9 in the subsequent adjustment, any of the findings
10 from the audit have been reflected in the next
11 year's rate adjustment. Am I understanding that
12 process correctly?

13 A (Dudley) Yes.

14 Q Okay. Breaking down the four components, the
15 Transmission Service costs, the Stranded Cost
16 Charge, the RGGI Auction Proceeds, and the PTAM,
17 conceptually, am I understanding the Department's
18 position to be that, from the analysis that
19 you've done thus far, you have confidence in the
20 methodology -- methodologies employed by the
21 Company for the Transmission Service costs, the
22 Stranded Cost Charge, and the RGGI Auction
23 Proceeds, correct?

24 A (Dudley) Yes. All except for the PTAM.

[WITNESS PANEL: Dudley|Balise]

1 Q Okay. So, for the PTAM, is your concern that
2 prior rate adjustments were not accurately
3 accounted for in the adjustment that's before us
4 today, most notably in the step adjustments that
5 we talked through in the past, the two steps, and
6 then the temp. rates?

7 A (Dudley) The two steps that were missing, yes.

8 Q Okay. So, square that for me, because I was
9 confused, at the end of questioning of the
10 Company's witnesses, --

11 A (Dudley) Uh-huh.

12 Q -- it was -- seems to me that they were not sure
13 whether or not the step adjustments from 22-035
14 contained property tax elements. If that's your
15 position, which I take it to be that they do
16 contain property tax, --

17 A (Dudley) Yes.

18 Q -- can you point us to an exhibit or something
19 from the record in 22-035 to support your
20 position?

21 A (Dudley) Well, it's based on reconciliation. But
22 we can research that, sure.

23 Q Okay?

24 A (Dudley) But it's our belief that the property

[WITNESS PANEL: Dudley|Balise]

1 tax amount is embedded in the step adjustments.

2 Q Okay.

3 A (Dudley) That's traditionally how it's been.

4 Q And, then, with respect to just the PTAM, and the
5 lack of accounting for from the step adjustments
6 in 22-035, that you believe should be reflected
7 herein, do you have a sense of the magnitude of
8 that error or the difference with the Company not
9 accounting for those step adjustments in this
10 PTAM adjustment?

11 A (Dudley) We don't at this time.

12 Q Okay. And, then, with respect to the audit, I'm
13 trying to reconcile the concerns in the current
14 electric rate case, which trying to keep to the
15 side, and then, with the process that Audit
16 employs, despite those challenges for this
17 particular filing, do you have a sense of where
18 Audit might be? Are they working on other
19 priorities on their To Do List? Haven't gotten
20 to this yet? Have they started this process? Do
21 you know when they expect to have audited these
22 figures?

23 A (Dudley) They're working on other priorities at
24 this time, is our understanding. They have not

[WITNESS PANEL: Dudley|Balise]

1 started the audit yet.

2 CMSR. SIMPSON: Okay. Okay. I think
3 that's all I have. Thank you.

4 CHAIRMAN GOLDNER: Thank you. Let's
5 turn now to Commissioner Chattopadhyay.

6 CMSR. CHATTOPADHYAY: So, I'm just
7 going to follow up on the issue of audit.

8 BY CMSR. CHATTOPADHYAY:

9 Q Can you remind me how it, you know, what the
10 process was last time around, for not this
11 docket, for last time around? When did the Audit
12 complete its work, in terms of, you know,
13 confirming the numbers for the retail rate
14 adjustment?

15 A (Dudley) Yes, Commissioner Chattopadhyay.
16 Actually, the Audit Report is attached to Mr.
17 Garcia's and Mr. Yusuf's testimony. And that
18 report was completed early June, I believe, the
19 first week of June, of last year.

20 Q And when was the retail rates adjustment docket
21 started?

22 A (Dudley) About the -- it's typically about the
23 same time every year.

24 Q Every year?

[WITNESS PANEL: Dudley|Balise]

1 A (Dudley) In March, yes.

2 Q Do you think there is a possibility that, and,
3 again, you may not know this, because Audit
4 Division is a different division, so, I'm just
5 curious whether you think this same timeline can
6 be followed this time around?

7 A (Dudley) I do not know.

8 Q But you mentioned that they haven't started?

9 A (Dudley) They haven't started it. Although, I
10 would point out that last year they were only
11 looking at one particular item of the annual
12 rates, which was the PTAM.

13 In this particular case, they're going
14 to be taking an overall review of everything
15 contained in the annual rates filing.

16 Q Okay. So, --

17 A (Dudley) And that may be a little more involved,
18 than just working on the PTAM. That would be my
19 sense.

20 Q Do you recall what the process was, let's say,
21 two years ago?

22 A (Dudley) Two filings ago?

23 Q Uh-huh.

24 A (Dudley) I don't believe there was any audit

[WITNESS PANEL: Dudley|Balise]

1 performed two filings ago.

2 CMSR. CHATTOPADHYAY: Okay. That's all
3 I have. Thank you.

4 CHAIRMAN GOLDNER: All right.

5 BY CHAIRMAN GOLDNER:

6 Q If we could just go quickly to Exhibit 1, which I
7 know is the Company's filing, but just this is to
8 me the key piece of it. So, Exhibit 1, and it's
9 2R-030, the same table I was asking the Company
10 witnesses. So, just let me know when you're
11 there.

12 A (Dudley) I'm there, yes. Thank you.

13 Q So, if we look at Table 1, I just want to repeat
14 back, Mr. Dudley, what I think you were
15 explaining earlier, if we look at each of those
16 charges, the Stranded Cost, Transmission Charges,
17 Cost Adjustment from Transmission Services, the
18 RGGI Auction Proceeds, everything except for
19 PTAM, the Department is comfortable with the
20 Commission approving rates based on the filings
21 provided by the Company?

22 Is that -- is that the way you would
23 phrase it or would you reposition that statement?

24 A (Dudley) No, we are not comfortable.

[WITNESS PANEL: Dudley|Balise]

1 Q You're not comfortable. Can you -- can you walk
2 us, start with the Stranded Cost Charge, what's
3 the Company's position -- or, the Department's
4 position, rather, on approval of that line?

5 A (Dudley) Well, each of these rates, except for
6 the CTC credit, we have no dispute with that,
7 because it's provided by a third party, which is
8 New England Power. As you know, they file their
9 CTC Reconciliation Report every January. We look
10 at it, and we provide a statement on whether or
11 not we believe it's true and correct. We
12 typically find that it is. So, we have no
13 dispute on that particular charge, or I should
14 say "credit", it's actually a credit.

15 However, the other items are, in one
16 form or another, dependent on the source numbers,
17 which are contained in the Company's books for
18 2023. And that's the source of our concern. Is
19 that our understanding is that SAP issues not
20 only impacted 2022, but they also impacted 2023,
21 and continue to do so.

22 And you can see, if you follow along in
23 Mr. Garcia's and Mr. Yusuf's testimony and their
24 attachments, for example, you can look at

[WITNESS PANEL: Dudley|Balise]

1 Attachment 2, which is on Bates 2R-043, and
2 you'll find that this is the stranded cost
3 reconciliation. And you will notice that the
4 beginning balance, with interest, and plus the
5 stranded cost refund amounts, if you look at the
6 references, all of those amounts are taken from
7 the Company's general ledger.

8 The same goes for, if you look at the
9 actual per rate class calculation, I'm looking at
10 2R-046, again you will see the same references,
11 Column (a) and (b) are per the Company's books
12 for 2023. And the same for the Transmission
13 Charge reconciliation on 2R-049.

14 If you look at the Transmission Service
15 Cost Adjustment working capital calculation, on
16 Bates 2R-052, you'll notice that they do -- they
17 list all of the invoices from ISO and NEP. I am
18 assuming that the source of this spreadsheet is
19 from a report that they pulled off the SAP
20 system. Again, we question whether or not the
21 invoicing was properly processed by the SAP
22 system. Whether there are any mapping issues
23 associated with those?

24 If you move onto the continuation of

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[WITNESS PANEL: Dudley|Balise]

1 the -- of that charge, Stranded Cost Charge, and
2 then you're getting into the revenue lags, on
3 Bates 2R-053, you will see that, when they
4 performed that calculation, they refer to
5 accounts receivable in the general ledger. And
6 they also looked at the billing data. And, as
7 you may recall from the rate case, we also had
8 additional concerns with errors in the billing.

9 So, that, in a nutshell, pretty much
10 explains our concerns, in terms of the source
11 data that's being used in these calculations.

12 Q Thank you.

13 A (Dudley) Until we learn otherwise, we don't think
14 it's reliable.

15 Q Thank you. So, if we were to turn to 2R-030 for
16 a moment, and we look in that "Current" column,
17 those are the rates that are currently being
18 charged, correct?

19 A (Dudley) Yes. Correct.

20 Q And those rates were based on 2022 data?

21 A (Dudley) Yes.

22 Q And I believe the Company has the same concerns
23 with the 2022 data, as they do with the 2023
24 data, in fact, you might even suggest that the

[WITNESS PANEL: Dudley|Balise]

1 2022 data could be, let's say, less reliable than
2 2023, because the SAP data is probably maturing,
3 even if it's not right, my guess is it would be
4 getting better over time. Is that a fair summary
5 of the situation?

6 A (Dudley) That's a -- well, the issue of whether
7 or not it's getting better, it's a possibility,
8 but the answer is "we just don't know."

9 Q Don't know.

10 A (Dudley) However, the "Current" column that
11 you're point out to is from last year. And what
12 I would say about that is that we did look at
13 that last year, as you know. But, at the time we
14 were looking at it, we did not yet have the
15 benefit of the Audit Report in the rate case. We
16 did not see that until the Fall of 2023.

17 So, part of our recommendation is that
18 the current rates stay in place. We went through
19 that process. We recommended approval, based on
20 what we knew at the time. And it's almost too
21 late to kind of backtrack on that. The rates are
22 what they are. They have been in place for a
23 year. And we didn't -- like I said, we didn't
24 take a hard look at that point in time at the

[WITNESS PANEL: Dudley|Balise]

1 2022 numbers that served as the source for those
2 rates, because we weren't aware of the SAP
3 conversion problems at that time.

4 Q And the challenge that I'm having is that, if I
5 employ the same logic for 2022, as we are for
6 2023, then I don't know why the Commission should
7 approve the current numbers moving forward, just
8 based on that logic, everything is floating, and
9 the Department has no confidence in the 2022
10 numbers either. So, I was hoping you could just
11 help me think through that, that logic problem?

12 A (Dudley) Yes. Yes. Well, I understand the
13 conundrum. But, as I said, we went through the
14 process, the rates were approved last year.

15 The only way to know for sure is to go
16 through, in terms of the rates that were approved
17 last year, the current rates in effect, the only
18 way to know for sure is to have Audit look at
19 those as well. We would -- without verification,
20 we can't know.

21 So, as a practical matter, we decided
22 that we would allow the current rates to stay in
23 effect. I mean, they can't be zero. They can't
24 be zero. So, as a practical matter, we

[WITNESS PANEL: Dudley|Balise]

1 recommended that the current rates stay in effect
2 until we resolve this issue.

3 Q So, if I argued to you or put forward the
4 proposition that the probability of the 2023
5 numbers being better than the 2022 numbers was a
6 probability, or at least likely, that the system
7 is getting more mature over time, then I think
8 one could argue that the "Proposed" column is
9 more likely to be correct than the "Current"
10 column.

11 So, where I think at least I'm
12 struggling from a Commission standpoint is, why
13 not assume that the proposed calculation from the
14 Company is actually more accurate than the prior
15 year?

16 A (Dudley) Well, we're not confident that 2023 is
17 more stable. We don't know that for sure. The
18 indications that we have, again, from what we
19 heard in the January hearings, is that problems
20 continue, they're ongoing.

21 And, until Audit actually takes a look
22 at that, we're not going to know. That's why
23 we -- we cannot tell you today that those rates
24 are just and reasonable.

[WITNESS PANEL: Dudley|Balise]

1 Q And the place where I'm coming from is, just in
2 my prior experience, prior to the Commission,
3 having experience with SAP conversions, it is --
4 the initial conversion is often chaotic and
5 problematic, and there's a lot of problems in the
6 financial system, and then it sort of, you know,
7 gets better over time. I suppose this could be
8 the exception where things are getting worse over
9 time. But it would be sort of conventional, as
10 the Company works through the accounts, the 999
11 accounts and these kind of things, it gets
12 better.

13 So, I'm just -- I'm sort of trying to
14 sort out what the appropriate rate is, that's why
15 we're here today, and trying to think through
16 what the -- what the most likely outcome is, when
17 the numbers are cleared up, you know, what does
18 that look like? Because I don't think we want to
19 be thinking about interest rates in either
20 direction at the Prime Rate. I think we're all
21 motivated to have the numbers as close as
22 possible, and I know that's your motivation as
23 well.

24 A (Dudley) Uh-huh.

[WITNESS PANEL: Dudley|Balise]

1 Q So, I'm just trying to struggle through, you
2 know, how do we get as close as possible to the
3 appropriate rate?

4 Once last question on table -- on the
5 table on Page 30, the PTAM rate actually goes
6 down relative year-on-year. So, I don't know
7 what -- that seems strange. I've never heard of
8 property taxes going down. That may be evidence
9 of a problem, or it might be something that the
10 Department would choose to accept, given that the
11 ratepayers would pay less.

12 So, I wanted to get your thoughts and
13 assessment on that PTAM rate decreasing?

14 A (Dudley) Yes, we noticed that, too. However,
15 again, the question is, "Is that the right
16 amount?" Could it be a bigger credit?

17 Q Yes. Or, was the current amount wrong? So, I
18 understand your point.

19 A (Dudley) It could be, too, yes.

20 CHAIRMAN GOLDNER: Yes. Well, there we
21 are.

22 I think, at this point, I'll turn back
23 to my fellow Commissioners to see if there's
24 anything else that they would like to ask before

[WITNESS PANEL: Dudley|Balise]

1 we move to redirect?

2 [Cmsr. Simpson indicating in the
3 negative.]

4 CMSR. CHATTOPADHYAY: No.

5 CHAIRMAN GOLDNER: Okay. Thank you.
6 Attorney Dexter?

7 MR. DEXTER: I don't have any redirect.
8 Thank you.

9 CHAIRMAN GOLDNER: Okay. Thank you.
10 So, thank you to the witnesses today. That was
11 very helpful. And the witnesses are excused.
12 You can just stay seated, though, if you like, as
13 we wrap up here.

14 So, let's move on to closing
15 statements. But, before we do so, let's get the
16 exhibits sorted out. So, is everyone okay with
17 moving Exhibits 1 and 2 onto the record?

18 MR. DEXTER: No objection.

19 CHAIRMAN GOLDNER: Thank you. So,
20 we'll move Exhibits 1 and 2 onto the record.

21 And, now, we had some other dockets,
22 Attorney Dexter, that you referred to. Is it --
23 does the Department desire to put, I think I had
24 three dockets that you mentioned, is it desirable

1 to put those on the record, since you referenced
2 them today? Is that something that the
3 Department would recommend?

4 MR. DEXTER: Well, I kind of agree with
5 Attorney Sheehan that I think it's enough to take
6 administrative notice. I was careful in my
7 citations to bring you to exhibit numbers and
8 page numbers.

9 So, I'm comfortable with that
10 approach, unless that doesn't work for the
11 Department *[sic]*, who's going to be writing the
12 order in this case.

13 CHAIRMAN GOLDNER: Okay. And, yes, you
14 referenced tab numbers and so forth.

15 So, would everyone be comfortable with
16 just taking an administrative notice of those
17 three dockets and references that Attorney Dexter
18 made, or was there a desire to put those as
19 exhibits?

20 MR. SHEEHAN: I'm comfortable with
21 administrative notice.

22 MR. KREIS: That's exactly what
23 administrative notice is for, after all.

24 CHAIRMAN GOLDNER: Excellent.

1 Excellent. Well, there's -- sometimes people
2 want it as an exhibit. So, it's always good to
3 ask.

4 *[Administrative notice taken]*

5 CHAIRMAN GOLDNER: Okay. So, I think
6 we're ready for closing statements, beginning
7 with the Company.

8 MR. SHEEHAN: Just to finish the
9 conversation on exhibits, you did ask
10 specifically for that one document to be
11 "Exhibit 3". I'm assuming that's okay to be
12 administrative notice?

13 CHAIRMAN GOLDNER: We'll take
14 administrative notice. So, yes. There's no need
15 to add exhibits at this point. We'll just have
16 Exhibits 1 and 2.

17 MR. SHEEHAN: Great. Thank you. Thank
18 you for your questions this afternoon.

19 The Company proposes that the
20 Commission approve the rates, and, of course, now
21 I've lost the schedule, the schedule that had
22 those specific rates on. It's --

23 CHAIRMAN GOLDNER: Is that Bates 030?

24 MR. SHEEHAN: It's Bates 041, which

1 have the precise rates by class, broken between
2 Transmission Charge, which includes the RGGI, the
3 Transmission, and the Property Tax, and Stranded
4 Cost Charge, because those are the two line items
5 on the bill. And those are the numbers that
6 we're asking you to approve today.

7 As I said at the beginning, it's always
8 subject to audit and subject to reconciliation
9 based on the audit, as happened last year.

10 I can report the audit has started.
11 Our folks have received a couple requests for
12 information from the Audit Division, although I
13 know it's just probably at the very early stage.
14 We've just gotten sort of the first request,
15 "Please send us X", and that's happened.

16 To answer a question that just came up,
17 "why would the PTAM go down?" The high-level
18 answer is, we have increased what is in base
19 rates through all these adjustments we've been
20 talking about. So, we were collecting, I'll make
21 up numbers, \$2 million, and then we got a step
22 increase to make it 2.whatever. And, so, the
23 delta between that and the property tax amount
24 starts to shrink. It could go the other way.

1 But we think that's why. Because you're only
2 collecting the delta between what's in rates and
3 what's being billed. And, so, that's why it can
4 go down in this filing.

5 We didn't do an analysis, that was just
6 sort of the first reaction of a logical
7 explanation for that.

8 Given that the DOE's position, which I
9 will characterize as "They're okay with the
10 filing, except that they don't trust the numbers.
11 So, therefore, they're not okay with the filing."
12 I have to address that issue. And the place I'll
13 point is the PwC report that we filed in the rate
14 case last week has a very clear statement. And
15 this is, obviously, a group that's spent hundreds
16 of hours going through all the issues that we've
17 been talking about, the 999 account and the
18 reclassifications. And their conclusory
19 statement is "The adjusted 2022 and 2023
20 accounting data reflects recorded transactions
21 under GAAP and regulatory accounting principles,
22 and the accounting information included in the
23 updated filing", which is something else,
24 "provides a sufficient basis for determining the

1 Company's revenue requirement. We also conclude
2 that the 2023 accounting data provides a
3 sufficient basis for inclusion in the Company's
4 regulatory filings." Period. That's their
5 Executive Summary at the top.

6 So, is that perfect? Of course not.
7 But what you can rely on is a lot of work went
8 into looking at all of this. And, essentially,
9 what they say is "Yes, there were many
10 adjustments", is the word. They were able to
11 track them all, follow them all. They did have a
12 few additional suggestions that we incorporated.
13 And, yes, we now have numbers that you can rely
14 on.

15 So, again, this isn't the place to
16 litigate that issue. I get that. But it's not a
17 vacuum. We now have another piece of information
18 out there that should give you comfort that we're
19 not still walking around in the dark. We have a
20 good handle on these things.

21 So, with that comfort, and with the
22 conundrum you were talking about, Mr. Chairman,
23 of "we have to do something", I still think it
24 makes the most sense to approve the rates as

1 proposed, and, under the normal course, subject
2 to audit. And, as I indicated at the beginning,
3 if, for some reason, Audit finds something
4 material, if not us, the DOE will be back saying
5 "we have to fix it." And that's what I propose.

6 Thank you.

7 CHAIRMAN GOLDNER: Thank you. Let's
8 turn now to the Office of the Consumer Advocate.

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

10 I'll just take right up where
11 Mr. Sheehan left off. I think I more or less
12 agree with the position that Mr. Sheehan has just
13 staked out on behalf of Liberty. That said, I
14 know that that parts company somewhat with what
15 the Department is urging. I don't have a strong
16 feeling about it. I respect the Department's
17 view. And, if you happen to agree with the
18 Department, you won't be receiving a motion for
19 rehearing from the Office of the Consumer
20 Advocate.

21 I mean, you know, we're trying to right
22 the ship here. And, hopefully, there -- any
23 differences between what you see before you, and
24 what ultimately proves to have been the real and

1 true numbers that have been fully audited will be
2 relatively minor. Maybe being an optimist about
3 such things is improvident in this scenario. But
4 part of me feels like or thinks that I would
5 rather the Company owed ratepayers some money,
6 than the reverse, given the fact that we pay
7 interest to the Company when we owe the Company
8 money, and we pay it at a pretty lavish rate, if
9 you ask me.

10 You will recall that my questions were
11 focused on Transmission Charges, and the
12 ever-escalating costs of transmission that are
13 passed along to retail customers in New
14 Hampshire, pursuant to rates that are under
15 federal jurisdiction. And I asked the Company's
16 witnesses, particularly Mr. Green, some pointed
17 questions. I want to make clear, I intended no
18 criticism of the Company for its level of
19 vigilance. I do know that Granite State Electric
20 is a member of NEPOOL. It could, just as we have
21 at the OCA, been trying to make as effective use
22 of our NEPOOL membership as we possibly can.

23 The dust that I kicked up about that
24 question today was really more directed at the

1 Commission, I would say, than it was the Company,
2 because I don't mean to single this Company out.
3 What I do mean to suggest is that it would be
4 good if the Commission signal to all of us that,
5 really, the Commission, the Department, the OCA,
6 and our electric utilities, we need to work
7 together to do something about transmission costs
8 that, in many respects, are literally out of
9 control. I mean, I know we use that phrase a
10 lot. But, when it comes to asset condition
11 projects, there's really very little in the way
12 of skeptical scrutiny or oversight going on.
13 That's clearly something that needs to change.

14 We're working on that actively. And I
15 would love to work in collaboration with
16 everybody in this room to achieve those
17 objectives. So, that's the point I was trying to
18 make, not criticizing the Company at all. I know
19 that Liberty cares about its customers enough to
20 worry about the bloated costs of transmission.
21 We are just as worried as anybody.

22 I think that's all I have to say, other
23 than thanking everybody for their thoughtful
24 contributions to today's discourse.

1 CHAIRMAN GOLDNER: Thank you. And,
2 finally, we'll turn to the New Hampshire
3 Department of Energy.

4 MR. DEXTER: Thank you, Mr. Chairman.
5 And, so, our recommendation is
6 different from that of Liberty's and different
7 from that of the OCA's. And, as you know, the
8 Department's recommendation is that rates be
9 continued as they sit right now. And we come to
10 that recommendation after reviewing the filing,
11 and listening to today's testimony, and doing as
12 much work as we could on this case in the short
13 time period that's allotted under the procedural
14 schedule.

15 We tried to point out the specific
16 calculation concerns that we have, and then we
17 tried to point out some of the global concerns
18 that we have. And, so, in closing, I would like
19 to start with the specific concerns first.

20 And we'll go right to the property
21 taxes. It's astounding to me, actually, that,
22 after listening to the testimony today, that
23 anyone in the room would recommend approval of
24 the PTAM as it was presented to the Commission

1 for approval today. We are sitting here having
2 gone through three versions of this calculation.
3 And at least it was clear to me, on
4 cross-examination, that what's proposed before
5 the Company -- the Commission is not correct.
6 The Company has an obligation to know what is in
7 their base rates with respect to property taxes.

8 And it's clear to me that they missed
9 two rate changes that took place during the
10 period in question, and didn't -- that two rate
11 changes occurred, and they weren't reflected in
12 their calculation. And it's also clear to me
13 that one of them, by their own witness's schedule
14 from the last case, included recoupment.

15 And, as I went through with Mr. Garcia,
16 that what "recoupment" is, per statute, is the
17 difference between permanent rates and temporary
18 rates. Everybody in the room knows that
19 permanent rates and temporary rates have a
20 property tax element. So, I think the record is
21 crystal clear, on that one rate increase for
22 recoupment, that it's not properly reflected in
23 the schedule.

24 The other rate increase that we talked

1 about, from the 22-035 schedule that I
2 referenced, it's a little less clear. But I have
3 a pretty good recollection of that case. I was
4 here for all the iterations of it. And there was
5 a lot of step adjustments that were put into
6 effect, and then they were accelerated, then they
7 were decelerated, and there were a lot of rate
8 changes that were required from the acceleration
9 and the deceleration.

10 But the underlying step adjustments
11 were for plant investments. And included in the
12 plant -- in the step adjustment calculation is
13 going to be a return on rate base, property
14 taxes, and I believe insurance. There's three
15 elements.

16 So, I don't think there's any question
17 that there's a property tax element to that other
18 August 1st rate change that took place. The
19 Company said they looked at it and came to a
20 different conclusion, but they couldn't really
21 provide any basis for the conclusion that they
22 came to. Yes, those changes may have only been
23 in effect for a short period of time. Yes, the
24 Company made an estimate with respect to the

1 property tax elements concerning the temporary
2 rates. But that doesn't excuse an incomplete
3 calculation. And, frankly, this would be, if
4 they were to correct it, it would be the fourth
5 iteration of a schedule that, you know, this
6 mechanism, it's not the first time we've gone
7 through it. It's been in place. This actually
8 is the last time we're going to go through it.
9 It's statutorily sunseting.

10 So, I don't think the Company has met
11 its burden of proof to the Commission to tell you
12 that you should base rates based on that property
13 tax calculation. And I think you ought to send
14 them back to the drawing board to get it right.
15 And whether it goes up or down is not the issue
16 here, but it ought to be an accurate calculation.
17 And this is not an item that's going to be
18 reconciled. Once you set that number, you know,
19 it's not reconciled. You've established the
20 amount that's going to be collected. Whether or
21 not they collect that amount gets reconciled.
22 But the basis number has to be correct. You've
23 got to be dealing with an accurate number.

24 With respect to the RGGI issue that we

1 questioned today, there seems to be, you know, we
2 don't actually know what happened. The
3 Department sent a check out on April, apparently
4 it was lost, and a second check was sent out in
5 June, and it was received and booked. And the
6 question would come down to, you know, who bears
7 the risk of a lost check. I think, given that
8 the only impact on the rates that are proposed to
9 you today are a month or two of interest, and
10 given that we don't actually know what happened
11 to the check, I think the Department would be
12 comfortable if the Commission were to go with the
13 Company's calculation in this regard. That's a
14 reasonable approach, I guess. It would also be a
15 reasonable approach to say "No, the Department
16 mailed the check out. The analyst that testified
17 today indicated that we sent the Company an email
18 to be on the lookout for a check, and for some
19 reason the check didn't arrive. You know, I
20 think, in that instance, you would be imputing
21 sort of a receipt date into that calculation, and
22 recalculating the interest."

23 We tend to deal with actuals, and what
24 happened and what we know. So, I think, in this

1 instance, we know the Company didn't deposit the
2 check until June. So, given that we learned that
3 today, I think the Department could go along with
4 that calculation.

5 Those are the two specific concerns we
6 had. The other more global concerns that Mr.
7 Dudley primarily talked about, I'd like to go
8 over those for a little bit right now.

9 My understanding is that the Audit
10 Division has not audited the underlying, we call
11 this the "annual retail rate filing", the
12 transmission costs and the stranded costs, in
13 recent past. Last year, the audit was done, it
14 was strictly related to the property taxes.

15 I think it's time that an audit be
16 done, and our Audit Division has agreed to do it
17 with their other work. I want to point out that
18 there are significant over-/under-recovered
19 balances that do come from the Company's books
20 and records that are presented to you in this
21 case. The stranded cost under-collection is
22 \$96,000 on a very small amount that's trying to
23 be collected. The transmission cost going into
24 the period is over-collected by 2.4 million,

1 you'll see that at Bates 049 of Exhibit 1. The
2 stranded cost number I gave you, you'll see at
3 Bates 043 of Exhibit 1. And the RGGI
4 under-collect -- over-collection is over a
5 million dollars going in, that's on Bates Page
6 053.

7 We think it's appropriate that those
8 numbers be audited, and that -- that the rates
9 not be based on the "per books" numbers, until
10 that audit is complete, or until the issue is
11 resolved in the rate case.

12 I urge the Commission not to factor
13 into their decision the quotes that Attorney
14 Sheehan read from the PwC report. As we learned,
15 the PwC report is expert testimony, pursuant to
16 their own engagement letter. That expert
17 testimony has not been subject to discovery or
18 cross-examination in that case. And, therefore,
19 it's not appropriate for any sort of conclusions
20 to be based on the excerpts to the testimony that
21 Attorney Sheehan read into the record today.

22 So, given the concerns that have been
23 raised, and, in particular, the unsupportable
24 calculation for the property tax adjustment

1 that's been presented, our recommendation is that
2 the Commission approve the existing rates. I
3 think Mr. Dudley -- approve rates equal to the
4 existing rates. I think Mr. Dudley answered the
5 Commissioner's very insightful question about '22
6 versus '23, "why would we continue rates, when
7 we've learned that the SAP conversion took place
8 in 2022?" All we can rely on there is that those
9 rates have been approved. They were found just
10 and reasonable last year, based on the
11 information that we have.

12 We're not interested in reopening old
13 rates. We don't think that's appropriate under
14 prohibitions against retroactive ratemaking.

15 The rate increases that are proposed
16 are not significant, really, across the board
17 here generally. We believe it would be -- that
18 the best choice for wrapping this case up is
19 extending *status quo* rates, pending the outcome
20 of the Department's internal audit, as well as
21 resolution of the reliability of the test year
22 numbers, and the Company's rate case.

23 Thank you.

24 CHAIRMAN GOLDNER: Thank you, Attorney

1 Dexter. Is there anything else that we need to
2 cover today?

3 *[Atty. Sheehan indicating in the*
4 *negative.]*

5 CHAIRMAN GOLDNER: Okay. Seeing none.
6 First, let me thank all the witnesses
7 for their time today.

8 And we'll take the issues presented and
9 take this under advisement. And we are
10 adjourned. Thank you.

11 ***(Whereupon the hearing was adjourned***
12 ***at 4:34 p.m.)***