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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

December 13, 2017 - 10:02 a.m.
Concord, New Hampshire

18 JAN '18 PM 3:14

RE: **DE 17-058**
LIBERTY UTILITIES (GRANITE STATE
ELECTRIC) CORP. d/b/a LIBERTY
UTILITIES: 2017 Schedule for
Default Service Solicitations.

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

APPEARANCES: **Reptg. Liberty Utilities (Granite**
State Electric) Corp. d/b/a
Liberty Utilities:
Michael J. Sheehan, Esq.

Reptg. Residential Ratepayers:
D. Maurice Kreis, Esq., Consumer Adv.
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Jay Dudley, Electric Division

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



CERTIFIED
ORIGINAL TRANSCRIPT

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I N D E X

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 HEATHER M. TEBBETTS**

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EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
4	Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities filing of Energy Service Rates for the Period February 1, 2018 through July 31, 2018 for the Large Customer Group and the Small Customer Group {CONFIDENTIAL & PROPRIETARY}	6
5	Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities filing of Energy Service Rates for the Period February 1, 2018 through July 31, 2018 for the Large Customer Group and the Small Customer Group, consisting of Direct Testimony of John D. Warshaw, with attachments, and Technical Statement of Heather M. Tebbetts, with attachments <i>[REDACTED - For public use]</i>	6

P R O C E E D I N G

CHAIRMAN HONIGBERG: Good morning.

We're here in Docket DE 17-058, which is Liberty Utilities (Granite State Electric) Default Service Solicitation docket. This is one of the rocket dockets we know we have to get an order out relatively soon. This is the hearing on the merits for this filing. I'll note for the record that Commissioner Bailey is not here, and probably will not be able to review the record, the transcript, before we issue an order. So, you'll just have Commissioner Giaimo and me, unless we disagree.

Before we do anything else, let's take appearances.

MR. SHEEHAN: Good morning, Commissioners. Mike Sheehan, for Liberty Utilities (Granite State Electric). In addition to the employees who you are familiar with, we also have two new analysts that are slowly getting used to this setting, and that is, from my right, Jaime Urban, and, to my far right, Catherine McNamara.

CHAIRMAN HONIGBERG: Welcome.

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1 MR. KREIS: Good morning, Mr.
2 Chairman, Commissioner Giaimo. I'm D. Maurice
3 Kreis, sometimes known as "Don". I am the
4 Consumer Advocate here on behalf of the
5 residential utility customers.

6 MS. AMIDON: Good morning. Suzanne
7 Amidon, for Commission Staff. With me today is
8 Jay Dudley, an Analyst for the Electric
9 Division.

10 CHAIRMAN HONIGBERG: I see we have
11 witnesses prepositioned. Are there any
12 preliminary matters we need to deal with before
13 they're sworn in?

14 MR. SHEEHAN: Yes. Yes, sir. I have
15 two exhibits we've marked. It's the filing,
16 the confidential and the redacted version. We
17 have marked as "Exhibit 4" the confidential
18 version. And we're starting with "4", because
19 we're picking up from the exhibits from the
20 hearing this spring. And "Exhibit 5" is the
21 redacted version of the filing that we made on
22 December 11th, which is Mr. Warshaw's testimony
23 and attachments and Ms. Tebbetts' technical
24 statement and attachments. And they're

[WITNESS PANEL: Warshaw|Tebbetts]

1 numbered Bates 001 through about 230.

2 (The documents, as described,
3 were herewith marked as
4 **Exhibit 4** and **Exhibit 5**,
5 respectively, for
6 identification.)

7 MR. SHEEHAN: And just I'd like to
8 mention in a couple that we do assert
9 confidentiality of some provisions under -- the
10 provisions that allow for sort of automatic
11 confidentiality under PUC 201.06(a)(15).

12 CHAIRMAN HONIGBERG: Thank you for
13 noting that. Any other preliminary matters
14 before we deal with witnesses?

15 MR. SHEEHAN: Not from me.

16 CHAIRMAN HONIGBERG: All right.
17 Mr. Patnaude, would you do the honors please.

18 (Whereupon **John D. Warshaw** and
19 **Heather M. Tebbetts** were duly
20 sworn by the Court Reporter.)

21 CHAIRMAN HONIGBERG: Mr. Sheehan.

22 **JOHN D. WARSHAW, SWORN**

23 **HEATHER M. TEBBETTS, SWORN**

24 **DIRECT EXAMINATION**

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1 BY MR. SHEEHAN:

2 Q Mr. Warshaw, your name and position with the
3 Company?

4 A (Warshaw) My name is -- my name is John D.
5 Warshaw. And I am the Manager of Electric
6 Supply for Liberty Utility Service Corp.

7 Q And did you prepare testimony in this matter
8 that has been marked as "Exhibit 4" and "5"?

9 A (Warshaw) Yes.

10 Q And are there any changes to that testimony
11 you'd like to make this morning?

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

13 Q And if I were to ask you the same questions
14 today orally, would your answers be the same?

15 A (Warshaw) Yes, they would.

16 Q I'd like to ask you two overview questions to
17 help the Commission this morning. The first
18 is, one of the suppliers of the Large Customer
19 block is Vitol. And that is a company that has
20 not done business with Granite State before, is
21 that correct?

22 A (Warshaw) That is correct.

23 Q Can you give just a brief description of who
24 Vitol is and what the Company did to ensure

[WITNESS PANEL: Warshaw|Tebbetts]

1 their reliable performance under what we're
2 proposing today?

3 A (Warshaw) Vitol is an international corporation
4 involving the production and trading of oil,
5 natural gas, power, among other things. Their
6 revenue, the parent company revenue was almost
7 \$52 billion in 2016. This is the first time
8 that they have actually bid for supply for
9 Granite State. They signed a master power
10 agreement last month. And we also got their
11 financials, which our Liberty credit
12 organization reviewed and said that they were
13 financially sound and able to participate in
14 our RFP.

15 I also verified their references. They
16 currently serve basic service load in
17 Massachusetts, and they serve
18 provider-of-last-resort load in Maryland, in
19 PJM.

20 The group that I work with at Vitol came
21 from another supplier. So, they're well versed
22 in ISO-New England and Granite State's
23 requirements.

24 Q Thank you. And the other part of this filing

[WITNESS PANEL: Warshaw|Tebbetts]

1 that's a little different from the past is the
2 Company always asks for the bidders to bid on
3 an RPS adder, is that correct?

4 A (Warshaw) Yes.

5 Q And in this case, Exelon bid on an adder, and
6 you accepted that bid, which is the first time
7 that's happened in some time, is that correct?

8 A (Warshaw) Yes. That's correct.

9 Q And could you just explain the mechanics of how
10 that would play out, if approved.

11 A (Warshaw) By Exelon providing a adder to their
12 energy service bid, and we accepted it as the
13 lowest cost to our customers for the Small
14 Customer Group, the way it would work is that,
15 as we -- as they serve load in our -- for
16 Granite State, when they invoice us for the
17 month of service, we will take out of that
18 invoice of load the value of the RPS obligation
19 that they agreed to serve, which would be the
20 RPS percentage times the volume for each class,
21 times the current ACP. As they deliver RECs to
22 meet that obligation, we will then refund back
23 the deposit or that holdback that we took for
24 those RECs.

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[WITNESS PANEL: Warshaw|Tebbetts]

1 If, on the other hand, they do not deliver
2 the RECs, we will hold onto that holdback, and
3 utilize that to either (a) be able to buy RECs
4 at the marketplace, or, if we are short RECs,
5 utilize that money to pay an ACP to the State
6 of New Hampshire. The bottom line is that our
7 customers are held harmless.

8 MR. SHEEHAN: Thank you. I have no
9 further questions for Mr. Warshaw.

10 BY MR. SHEEHAN:

11 Q Ms. Tebbetts, your name and position with the
12 Company please?

13 A (Tebbetts) Yes. My name is Heather Tebbetts.
14 And I work for Liberty Utilities Service Corp.
15 as a Senior Analyst in our Rates & Regulatory
16 Group.

17 Q And in this proceeding, you prepared a
18 technical statement, which is at the very end
19 of the package, I believe it starts at Bates
20 227. What was the purpose of that technical
21 statement?

22 A (Tebbetts) The purpose is to provide rate
23 information, as far as the rates we proposed
24 for customers for the Large Group and the Small

[WITNESS PANEL: Warshaw|Tebbetts]

1 Group, as well as bill impacts for a
2 residential customer using 650 kilowatt-hours a
3 month.

4 Q And although it's not testimony, are there any
5 changes in the technical statement that you
6 would like to make today?

7 A (Tebbetts) No.

8 Q And if you could just summarize what the bill
9 impacts would be for a typical residential
10 customer please.

11 A (Tebbetts) So, our average residential customer
12 uses about 650 kilowatt-hours per month. And
13 the rates effective, if they're approved, for
14 February 1st, 2018 would provide a bill
15 increase of \$1.87 per month, or 1.58 percent,
16 from \$118.02 today, to \$119.88 effective
17 February 1st.

18 MR. SHEEHAN: Thank you. I have no
19 further questions.

20 CHAIRMAN HONIGBERG: Mr. Kreis.

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

22 Good morning, witnesses. I just have a few
23 questions. And I guess they're sort of in the
24 manner of friendly cross, because at the end of

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[WITNESS PANEL: Warshaw|Tebbetts]

1 the hearing the OCA will ask the Commission to
2 approve the results of the procurement that
3 we're talking about here this morning.

4 I think most of my questions are for
5 Mr. Warshaw.

6 **CROSS-EXAMINATION**

7 BY MR. KREIS:

8 Q Mr. Warshaw, with respect to Exelon, the
9 winning bidder in the residential block, you
10 did not append a copy of the Master Power
11 Agreement that Exelon has executed to the
12 filing. And I assume that's because that
13 Master Power Agreement has previously been
14 presented to the Commission?

15 A (Warshaw) Yes. That is correct.

16 Q And approved by the Commission, presumably?

17 A (Warshaw) Yes.

18 Q And has not been changed with respect to the
19 results of this procurement?

20 A (Warshaw) That is correct.

21 Q Super. Okay. I would like to ask you to turn
22 to a page from Exhibit 4. It is Schedule
23 JDW-2, Page 9 of 17. It's marked as "Exhibit
24 5". And I think what I'm going to endeavor to

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[WITNESS PANEL: Warshaw|Tebbetts]

1 do is ask you a few questions about that, but
2 without referring to the specific numbers on
3 that page, because --

4 CHAIRMAN HONIGBERG: What's the Bates
5 Page we're looking at, Mr. Kreis?

6 MR. KREIS: Oh, I'm sorry. Bates
7 099. I guess that probably is the best way to
8 find this.

9 BY MR. KREIS:

10 Q I'm going to try to ask you these questions
11 without referring to the actual numbers,
12 because they're in the confidential record, and
13 I don't think my questions turn on the actual
14 numbers.

15 First of all, at the top of -- are you
16 there, Mr. Warshaw?

17 A (Warshaw) Yes, I am.

18 Q Okay. Super. At the top of Exhibit 5, there
19 are a bunch of columns. And the one that I'm
20 interested in is the second from the right
21 marked "Weighted Average Price with RPS". My
22 first question is, when you weight the average
23 price, what is the basis of the weighting?

24 A (Warshaw) The weighting is based on the

[WITNESS PANEL: Warshaw|Tebbetts]

1 expected volumes for the three months of
2 service in that block, so that we're able to
3 account for any months that have a larger
4 volume than other months.

5 Q And that would be the same -- the same would be
6 true for the six months of the residential
7 procurement?

8 A (Warshaw) Correct. But, again, it would be for
9 the -- it would be different weightings based
10 on the forecast that we have for the six
11 month -- the monthly load for this, the six
12 months during the Small Customer Group service.

13 Q Super. Okay. And looking down at Block C,
14 which is the block that consists of the small
15 customers, which are the residential customers,
16 I want to talk a little bit about the data that
17 led you to choose Exelon as the winning bidder.
18 And just to be clear, Exelon is marked on this
19 page as "Bidder C", correct?

20 A (Warshaw) Yes.

21 Q Okay. So, --

22 A (Warshaw) Just so you know, we try not to
23 identify that level of detail, which bidder is
24 which.

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[WITNESS PANEL: Warshaw|Tebbetts]

1 Q Okay.

2 MR. SHEEHAN: Just if I can
3 interject, on this particular document, the
4 fact that you are talking about "Bidder C"
5 line, I don't think it implicates any
6 confidential information, because all of the
7 numbers associated with Bidder C are redacted.

8 MR. KREIS: Right. Exactly. And I'm
9 not going to ask you any questions that
10 associate specific numbers with Bidder C, but
11 Bidder C is the bidder I care about.

12 BY MR. KREIS:

13 Q And you chose Bidder C because its bid is the
14 lowest weighted average price with RPS in that
15 second to last column?

16 A (Warshaw) That is correct.

17 Q And you can see that, and this I believe is in
18 your testimony, Bidder C was not the lowest
19 bidder with respect to its actual energy price,
20 correct?

21 A (Warshaw) That is correct.

22 Q And, so, it really was its RPS adder that put
23 it over the top as the winning bidder?

24 A (Warshaw) Yes. As a result of utilizing

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[WITNESS PANEL: Warshaw|Tebbetts]

1 Exelon's bid, for both energy service and RPS
2 adder, it results in the lowest cost to our
3 customers.

4 Q And the RPS adder that the bidders propose,
5 when they did propose an RPS adder, that's in
6 the third column from the left, yes?

7 A (Warshaw) It's, you know, only a few bidders
8 proposed an RPS adder. The other bidders that
9 did not propose an RPS adder, I substituted the
10 RPS adder that I calculated based on the bids
11 we received on November 27th for our
12 November 1st RPS RFP.

13 Q And you anticipated my next question, which was
14 how you came up with the numbers in that third
15 column from the left for bidders that did not
16 submit an RPS adder?

17 A (Warshaw) That is correct.

18 Q Okay. I think that's all I need to ask about
19 in Exhibit 5. And then I just want to go back
20 to the prefiled testimony that is at the
21 beginning of Exhibit 4. And I'm looking at
22 Page 6 of the prefiled testimony, which is
23 Bates Page 008. And if I'm understanding the
24 testimony in Lines 1 through 9 of Page 6, Bates

[WITNESS PANEL: Warshaw|Tebbetts]

1 Page 008, what you're saying here, if I'm
2 understanding correctly, is that, although
3 wholesale electric and natural gas prices are
4 actually lower than they were a year ago, the
5 bids that you received are higher than the ones
6 that you received a year ago?

7 A (Warshaw) That is correct.

8 Q And the reason for that is that the price of
9 capacity is higher than it was a year ago?

10 A (Warshaw) That's correct. For the period that
11 we're covering, it went up quite a bit.

12 Q And that's -- that is the result of the way the
13 Forward Capacity Market shifted in FCA Number
14 8, 9, and 10, true?

15 A (Warshaw) True.

16 Q So, obviously, it would be fair to say, would
17 it not, that capacity costs are really what are
18 placing upward pressure on default service
19 rates for electric utilities generally in our
20 region, correct?

21 A (Warshaw) Yes. One of the factors.

22 Q Is Liberty doing anything to control or limit
23 its capacity costs that it incurs on behalf of
24 default service customers? Might be a question

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[WITNESS PANEL: Warshaw|Tebbetts]

1 for Ms. Tebbetts.

2 A (Tebbetts) Well, recently, I think
3 November 30th, we made a filing to propose to
4 bring 5 megawatts of battery storage to our
5 customers, which will provide the opportunity
6 to peak shave during critical peak hours. And
7 the ultimate goal there is to reduce our costs,
8 both on the distribution side, as well as on
9 the transmission side, which my understanding
10 will also flow into this capacity market issue.

11 Q Ms. Tebbetts, you're presumably familiar with
12 the Settlement Agreement that the Commission
13 will be considering this afternoon in the
14 energy efficiency docket?

15 A (Tebbetts) I will be one of the witnesses, yes.

16 Q And one of the terms of that Settlement
17 Agreement is to convene a working group to
18 consider changes in the performance incentive
19 formula that governs how the utilities receive
20 a performance incentive for their participation
21 in ratepayer-funded energy efficiency programs?

22 A (Tebbetts) Yes.

23 Q And is one of the topics for possible
24 discussion by that working group a change to

[WITNESS PANEL: Warshaw|Tebbetts]

1 the performance incentive formula that would
2 reward utilities for reducing capacity costs?

3 A (Tebbetts) I believe -- I don't have the
4 Settlement in front of me, but I believe you
5 are correct.

6 MR. KREIS: I'm pretty sure I'm
7 correct.

8 I think those are the only questions
9 I have, Mr. Chairman.

10 CHAIRMAN HONIGBERG: Ms. Amidon.

11 MS. AMIDON: Thank you. The Consumer
12 Advocate asked most of the questions that I was
13 going to ask. So, bravo. Well done.

14 MR. KREIS: Thank you.

15 BY MS. AMIDON:

16 Q Mr. Warshaw, though, I did have a question. I
17 just wanted to ask how you would compare the
18 participation in this solicitation with past
19 solicitations? Are you still seeing roughly
20 the same degree of interest in the solicitation
21 or more?

22 A (Warshaw) Yes. We're seeing roughly the same
23 interest that we've seen over the last couple,
24 which has been a good turnout for us.

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[WITNESS PANEL: Warshaw|Tebbetts]

- 1 Q Okay. Thank you. And I believe, if you go to
2 Bates 093, that shows the number of bidders
3 that participated in the solicitation, is that
4 right? And you can let me know when you're
5 there and whether you agree?
- 6 A (Warshaw) Yes. I agree.
- 7 Q Okay. Thank you. Just a couple of things for
8 the record. What is the RPS adder for the
9 Small Customer Group? Is that -- that's not
10 confidential, is it?
- 11 A (Warshaw) We're using 3.84.
- 12 Q 3. -- I'm sorry?
- 13 A (Warshaw) Excuse me, 3.84. That's --
- 14 Q How about if we put it in cents a
15 kilowatt-hour?
- 16 A (Warshaw) Oh.
- 17 Q Ms. Tebbetts?
- 18 A (Tebbetts) Sure. Absolutely. It's 0.00384
19 cents per kilowatt-hour.
- 20 Q Okay. And could you also --
- 21 A (Tebbetts) Dollars per kilowatt-hour, I'm
22 sorry. That was dollars per kilowatt-hour.
- 23 Q So, it's 0.384 cents per kilowatt-hour?
- 24 A (Tebbetts) Correct.

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[WITNESS PANEL: Warshaw|Tebbetts]

1 Q All righty. How about for the Large Customer
2 Group?

3 A (Tebbetts) It's 0.462 cents per kilowatt-hour.

4 Q I appreciate your clarifying that for me. And,
5 Ms. Tebbetts, the Large Customer Group pays
6 rates that vary from month to month, is that
7 right?

8 A (Tebbetts) That is correct.

9 Q And I believe that is portrayed in one of the
10 exhibits attached to the technical statement.
11 Let me see if I can --

12 A (Tebbetts) I believe it's Bates 229.

13 Q You are correct. That's where the calculation
14 of the Large Customer service rate is. And the
15 fixed monthly rate for the Small Customer Group
16 is on Bates 230, is that right?

17 A (Tebbetts) That is correct.

18 Q Okay. And then, on Page 231, we see the rate
19 impact for the typical -- well, the residential
20 customer using 650 kilowatt-hours a month?

21 A (Tebbetts) Yes. Correct.

22 MS. AMIDON: Thank you. I have no
23 further questions.

24 CHAIRMAN HONIGBERG: Commissioner

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[WITNESS PANEL: Warshaw|Tebbetts]

1 Giaimo.

2 CMSR. GIAIMO: Good morning.

3 WITNESS WARSHAW: Good morning.

4 WITNESS TEBBETTS: Good morning.

5 CMSR. GIAIMO: I'll start with

6 Ms. Tebbetts, if I may?

7 WITNESS TEBBETTS: Sure.

8 BY CMSR. GIAIMO:

9 Q Just one question. The last page of -- Bates
10 230, the last page of the December filing, your
11 numbers are for February 2018, and then you
12 compare them with the current rate. Can you
13 compare it with the February 1st, 2017 number?
14 So, how would the default 2017 -- February 2017
15 look versus this number?

16 A (Tebbetts) Well, to be honest, I didn't bring
17 the February 1, 2017 number with me.

18 Q Is it comparable or --

19 A (Tebbetts) It's comparable, yes. I would say
20 it's comparable. We have found that, since
21 switching periods, that the rates have been
22 pretty steady. And I would say it's right
23 about where this is today.

24 Q That suffices. Thank you.

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[WITNESS PANEL: Warshaw|Tebbetts]

1 CHAIRMAN HONIGBERG: Well, actually,
2 I think it's an interesting data point. I'm
3 sure we can look it up. It's in our files. If
4 that's the most efficient way for us to get
5 that piece of information, I think some
6 customers would probably be interested in that.
7 And I'd like to make that available.

8 But, Ms. Amidon, we should have no
9 trouble finding that in the order from this
10 time last year, correct?

11 MS. AMIDON: Correct. That should be
12 fairly easy to find.

13 CHAIRMAN HONIGBERG: All right.
14 Thank you.

15 BY CMSR. GIAIMO:

16 Q Mr. Warshaw, you explained the RPS adder and
17 how it will be handled for Exelon. Can you
18 briefly just provide some perspective with how
19 the Large Customer RPS obligation will be
20 handled by you?

21 A (Warshaw) Yes. We put out an RFP at the same
22 time, on November 1st, for RPS RECs. Once this
23 hearing is over, I will contact the bidders to
24 lock in prices and volumes that will be used to

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[WITNESS PANEL: Warshaw|Tebbetts]

1 cover what we expect the load and then the
2 obligation will be for the Large Customer Group
3 for that six-month period.

4 Q Okay. So, maybe we can flip to Bates 106. Are
5 you there?

6 A (Warshaw) Yes.

7 Q Okay. Great. So, Exhibit 12, does it -- does
8 this suggest that there are very few bidders
9 that are actually interested in pricing in the
10 RPS requirements?

11 A (Warshaw) Yes.

12 Q You mentioned that Exelon did bid that in.
13 And, so, do you foresee a situation where we
14 will see more supplier interest in doing that
15 or would it look more like the Vitol situation?

16 A (Warshaw) I would say that most of our
17 suppliers have not bid an RPS adder. And I
18 don't expect to see much, you know, any better
19 participation than what we see here.

20 Q Okay. Following up on some of Mr. Kreis's
21 comments. So, I think I share his concerns
22 with the fact that you have three years advance
23 notice as to the high price outcomes that
24 happened in the 8th, 9th, and 10th auctions.

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[WITNESS PANEL: Warshaw|Tebbetts]

1 And, so, knowing that, and knowing that you can
2 help consumers by reducing peak demand, there
3 seems to be a real -- there should be a reason
4 for finding ways to mitigate demand to help
5 keep the potential impacts of the RPS down.
6 Now, I hear -- I'm sorry, of the FCM down. So,
7 I heard something about a 5-megawatt battery.
8 Has that been bid into the capacity market yet
9 or is it in the formative stages and just being
10 contemplated?

11 A (Tebbetts) So, actually, it's not going to be a
12 single project. The idea behind the filing is
13 that we are going to install approximately a
14 thousand batteries that are about 5 kW each
15 behind the meter in customer homes. And as
16 part of the filing, we created a time-of-use
17 rate for transmission and distribution with
18 those three periods, critical peak, on-peak,
19 and off-peak. And it will provide customers
20 the incentive to reduce their usage at the
21 critical peak period, and charge the batteries
22 off-peak. They also, if they have solar, they
23 can use that to charge their battery. But they
24 don't need to have solar to charge the battery.

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[WITNESS PANEL: Warshaw|Tebbetts]

1 And the ultimate goal is, if we can
2 install the 5 megawatts -- or, a couple things.
3 The first thing is, we're going to help a
4 feeder up in Lebanon, if we can get enough
5 customers on that feeder to actually get the
6 batteries in their homes to avoid distribution
7 upgrades in the future. And the more
8 customers, the longer that will help us, and
9 customers.

10 The other side is to, in the near future,
11 reduce transmission costs by, based on the
12 costs we're paying today, about \$700,000 a year
13 for customers.

14 So, there are two ultimate goals here.
15 There's an immediate goal, which is the
16 reduction of transmission costs. Then, there's
17 that long-term goal where we know we can avoid
18 future distribution upgrades on certain
19 feeders, if we can get batteries installed in
20 customer homes.

21 Q So, it sounds like there's no intention to
22 aggregate that and bid that into the Capacity
23 Market?

24 A (Tebbetts) That's correct.

{DE 17-058} {12-13-17}

[WITNESS PANEL: Warshaw|Tebbetts]

1 Q Okay. Okay. I know we've said this to other
2 utilities. And I've only been on the
3 Commission briefly, but I know we've done this
4 in other default service situations, where we
5 said we see -- we're continually seeing
6 capacity prices increase, and we will be, in
7 the future, asking at these meetings, at these
8 hearings, what you've done to help mitigate the
9 capacity tags and help lower the actual effect
10 of -- effect of the capacity market.

11 So, I just have one other question, and
12 it's on Bates 101.

13 A (Tebbetts) And if I could just add real
14 quickly?

15 Q Please.

16 A (Tebbetts) This is Liberty's first step into
17 working on that issue for our customers. And
18 in our filing, we've asked that the Commission
19 approve this pilot that we're working on by
20 June 30th of 2018, so that we can get the
21 batteries installed in 2018 to hopefully affect
22 customer costs sooner than later.

23 Q Thanks for that. And I won't speak to any
24 specific number, but I'm looking at -- just at

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[WITNESS PANEL: Warshaw|Tebbetts]

1 Line B. And it talks about the "Premium Bid
2 Factor". Are these traditional numbers which
3 you've seen in prior solicitations?

4 A (Warshaw) Yes. The Premium Bid Factor is
5 something that we use as an after fact --
6 after-the-fact, to see how the bidder did
7 against what we would say is if we were to
8 serve this from market. And it's a guess at
9 best. But, yes. They're about there.

10 CMSR. GIAIMO: Thank you. No further
11 questions.

12 CHAIRMAN HONIGBERG: Thank you. Most
13 of my questions have been answered.

14 BY CHAIRMAN HONIGBERG:

15 Q I do also have questions, as a couple of others
16 have, about the RPS adder, and what happened
17 with this, without referring to specific
18 numbers. It's clear that there was another
19 bidder who included an RPS adder, but it just
20 seems completely out-of-line with both your
21 estimates and what the -- and the other one who
22 did.

23 Did you ever -- did you find out what that
24 was about? What was going on with that bidder

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[WITNESS PANEL: Warshaw|Tebbetts]

1 that their RPS adder was so different from
2 every other number that you would see in this
3 context?

4 A (Warshaw) No. I have not reached out to them
5 to give them that kind of head's up. Usually,
6 I talk to them about the energy service bids
7 more than the RPS.

8 Q Had that bidder -- I mean, without its RPS
9 adder, that bidder would have been competitive
10 with others, I don't think it would have been a
11 winning bidder, but it was -- its numbers were
12 not out of line with the others. It was that
13 RPS adder that was out of line.

14 If they had had the lowest of the bids
15 applying your RPS adder, would you have gone to
16 them and said "Thank you. We love your energy
17 price bid, but the RPS adder doesn't do it for
18 us." And would you have done business with
19 them in that way?

20 A (Warshaw) We would have done business with them
21 without the RPS adder, and probably have
22 further discussion about why they're that high.
23 I would guess it's so that they -- I would
24 guess that the reason they have a high RPS

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[WITNESS PANEL: Warshaw|Tebbetts]

1 adder is so that they're not chosen to serve
2 the RPS piece. And this is a way of ensuring
3 that.

4 Q Ultimately, under the RPS Program, it's
5 Liberty's responsibility to do it and to
6 report, is that right?

7 A (Warshaw) Yes.

8 Q And, so, the fact that somebody else is
9 supplying it, it doesn't impose any obligations
10 on them to do the necessary filings and
11 complete the process with the Commission. And
12 that's all still left up to Liberty, correct?

13 A (Warshaw) That is correct. It's left up to
14 Liberty. Liberty is the retail provider of the
15 electric service in New Hampshire for our
16 customers. So, we have the obligation to make
17 the annual filing to show that, how we have met
18 the state's RPS obligations.

19 CHAIRMAN HONIGBERG: All right.

20 Thank you. I have nothing further.

21 Mr. Sheehan, do you have any redirect
22 for your witnesses?

23 MR. SHEEHAN: If I may approach Ms.
24 Tebbetts, I have pulled up last year's filing,

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[WITNESS PANEL: Warshaw|Tebbetts]

1 so she can get into the record the numbers that
2 Commissioner Giaimo is asking about?

3 CHAIRMAN HONIGBERG: That would be
4 wonderful. Thank you.

5 *(Atty. Sheehan conferring with*
6 *Witness Tebbetts.)*

7 **REDIRECT EXAMINATION**

8 BY MR. SHEEHAN:

9 Q So, the question, Ms. Tebbetts, --

10 A (Tebbetts) Yes.

11 Q -- having in front of you the filing you made a
12 year ago, your testimony and attachments, can
13 you give us the rates that were proposed and
14 approved -- later approved for the -- beginning
15 February of '17?

16 A (Tebbetts) Yes. So, February of 2017, the
17 Small Customer rate was 7.630 cents per
18 kilowatt-hour. And the Large Customer, it
19 changes by month, but just taking a quick
20 glance of the information in front of me, it
21 looks like the winter numbers are higher, as
22 well as the spring numbers. Every month is
23 higher than in this period coming up versus
24 last year.

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[WITNESS PANEL: Warshaw|Tebbetts]

1 I do want -- excuse me for one moment.
2 What I want to do is I want to double-check the
3 reconciliation pieces, because, although that
4 is the overall rate, we do have reconciliation
5 pieces within the rates. And I just want to
6 see that quick effect.

7 Okay. So, just as a quick note, when I'm
8 reviewing the -- I'm sorry, let me grab my
9 correct paper here. It's Page 229. So, one
10 thing I will note is that, if you look at Bates
11 Page 229, Lines 11 and 12, those are
12 reconciliation factors. We don't reconcile
13 those for this period, we reconcile them
14 annually. So, these will get reconciled again
15 for August 1.

16 But what I want to note is that, back in
17 the filing for February of 2017 rates for the
18 Large Customer Group, I don't have the Small
19 Customer Group in front of me, those numbers
20 were -- Line 11 actually was much less, and it
21 was \$0.00066 per kilowatt-hour, whereas you see
22 here it's 0.00335. And then, for Line 12, it
23 was actually -- this is actually lower, it was
24 \$0.00435 per kilowatt-hour.

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[WITNESS PANEL: Warshaw|Tebbetts]

1 So, there is, although the rates are
2 higher this period, there are other microcosms
3 of a higher rate. It's not just -- on my
4 piece, it's not just the capacity. But,
5 looking at the actual rates themselves, yes,
6 they are higher this period than last.

7 MR. SHEEHAN: Thank you,
8 Ms. Tebbetts. I have nothing further.

9 CHAIRMAN HONIGBERG: Thank you,
10 Ms. Tebbetts. That was very helpful. And we
11 appreciate your ability to do that on the fly.

12 Is there anything else we need to do
13 before wrapping up?

14 *[No indication given.]*

15 CHAIRMAN HONIGBERG: Let's go off the
16 record for just a second.

17 *[Brief off-the-record discussion*
18 *ensued.]*

19 CHAIRMAN HONIGBERG: All right.
20 Without objection, we'll strike ID on Exhibits,
21 was it 4 and 5?

22 And have the parties sum up.

23 Mr. Kreis, you've already given us a preview.

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

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1 And as I said earlier, we do recommend that the
2 Commission approve the Company's filing
3 containing the results of its latest default
4 service procurement.

5 I would like to say, on behalf of
6 residential customers, that the OCA is
7 heartened that the Commission shares our
8 concern about increases in capacity costs
9 upwardly pushing the cost of default service,
10 both to the customers of this utility and to
11 our other electric utilities. And as
12 Commissioner Giaimo pointed out, this is a bump
13 that is working its way through the snake on a
14 three-year forward-looking basis, given the way
15 our Forward Capacity Market works here in New
16 England. So, it's not exactly a surprise that
17 we're seeing an adjustment of this type.

18 And you've heard the Company's
19 testimony that it -- that there are other
20 dockets pending, and potentially pending, that
21 will provide opportunities for Liberty
22 Utilities to help control capacity costs
23 incurred on behalf of their customers. That's
24 very heartening, and we hope that those efforts

1 will be redoubled and become as robust as
2 possible.

3 Subject to those concerns, it's clear
4 that this particular solicitation was conducted
5 in an appropriate manner, consistent with
6 previous solicitations. Participation was
7 sufficiently robust, so that it looks like
8 there was, in fact, a reasonable amount of
9 competition for the opportunity to serve
10 Liberty's retail customers with default
11 service. And the prices that result are just
12 and reasonable. And so, therefore, the
13 Commission should approve them as expeditiously
14 as it can.

15 CHAIRMAN HONIGBERG: Thank you, Mr.
16 Kreis. Ms. Amidon.

17 MS. AMIDON: Thank you. Staff has
18 reviewed the filing, and have concluded that
19 Liberty has conducted the solicitation process,
20 the bid evaluation, and the selection of the
21 winning bidders consistent with the orders that
22 the Commission has issued in the past approving
23 various settlement agreements concerning this
24 process. And we believe that the recovery of

1 the costs of the solicitation through rates is
2 a result of a competitive process, as required
3 by RSA 374-F.

4 And on that basis, we would recommend
5 that the Commission approve the Petition as
6 requested by the Company.

7 CHAIRMAN HONIGBERG: Thank you,
8 Ms. Amidon. Mr. Sheehan.

9 MR. SHEEHAN: Thank you. On the
10 first topic Mr. Kreis covered, we are fortunate
11 to work for a company that encourages people
12 like Heather to dive into a project like that
13 battery storage program. And we hope the
14 Commission will receive it favorably and act on
15 it quickly, so we can hopefully get it in place
16 and make it work.

17 As to this docket, we ask that the
18 Commission approve the rates as proposed under
19 374-F:3. And, of course, the timeline is
20 fixed, and that is a term of the contract with
21 our suppliers, they need a firm commitment from
22 the Commission before they can do what they
23 have to do to lock in those prices.

24 Thank you very much.

1 CHAIRMAN HONIGBERG: Thank you, Mr.
2 Sheehan. We will take the matter under
3 advisement and issue an order as quickly as we
4 can. We are adjourned.

5 ***(Whereupon the hearing was***
6 ***adjourned at 10:41 a.m.)***

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