

1 **STATE OF NEW HAMPSHIRE**
2 **PUBLIC UTILITIES COMMISSION**

3
4 **April 27, 2020** - 1:38 p.m.
5 *[Remote Hearing conducted via Webex]*

6
7 **RE: DE 20-040**
8 **LIBERTY UTILITIES (GRANITE**
9 **STATE ELECTRIC) CORP. d/b/a**
10 **LIBERTY UTILITIES:**
11 **Annual Retail Rates.**

12 **PRESENT:** Chairwoman Dianne Martin, Presiding
13 Cmsr. Kathryn M. Bailey
14 Cmsr. Michael S. Giaimo

15 Jody Carmody, Clerk
16 Eric Wind, PUC Remote Hearing Host

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

21 **Reptg. PUC Staff:**
22 Paul B. Dexter, Esq.
23 Richard Chagnon, Asst. Dir./Electric
24 Jay Dudley, Electric Division

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

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I N D E X

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**WITNESS PANEL: JOHN D. WARSHAW
 DAVID B. SIMEK
 ADAM M. HALL**

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Annual Retail Rates filing, consisting of the Testimony of John D. Warshaw, with attachments, and the Joint Testimony of David B. Simek & Adam M. Hall, with attachments (03-27-20)	<i>premarked</i>
2	Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities - Bill Comparison for Proposed Rates Effective May 1, 2020	<i>premarked</i>

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P R O C E E D I N G

CHAIRWOMAN MARTIN: Okay. Can everyone hear me?

MR. PATNAUDE: Yes.

CHAIRWOMAN MARTIN: Great. Thank you, everyone. We're here this afternoon in Docket DE 20-040, which is Liberty Utilities' Annual Retail Rate Adjustment filing.

Unfortunately, for those of you who are here for the second time today, I have to make the same findings. So, bear with me.

As Chairwoman of the Public Utilities Commission, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic, and in accordance with the Governor's Emergency Order Number 12 pursuant to Executive Order 2020-04, this public body is authorized to meet electronically.

Please note that there is no physical location to observe and listen contemporaneously to this hearing, which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, I am confirming that we are utilizing Webex for this

1 electronic hearing. All members of the
2 Commission have the ability to communicate
3 contemporaneously during this hearing through
4 this platform, and the public has access to
5 contemporaneously listen and, if necessary,
6 participate.

7 We previously gave notice to the public
8 of the necessary information for accessing the
9 hearing in the Order of Notice. If anybody has a
10 problem during the hearing, please call (603)
11 271-2431 as soon as possible. In the event the
12 public is not able to access the hearing, the
13 hearing will be adjourned and rescheduled.

14 Okay. Let's start by taking roll call
15 attendance of the Commission. My name is Dianne
16 Martin. I am the Chairwoman of the Public
17 Utilities Commission. I am located in Deerfield,
18 New Hampshire, at my home, and no one is with me.

19 Commissioner Bailey.

20 CMSR. BAILEY: I'm Commissioner Kathryn
21 Bailey, located in my home, in Bow, New
22 Hampshire, and no one is in the room with me.

23 CMSR. GIAIMO: Commissioner Mike
24 Giaimo, at the PUC Offices, in Concord, in an

1 office by myself.

2 CHAIRWOMAN MARTIN: Okay. I'm going to
3 run through some ground rules for those of you
4 who have not been here before. Most of you have.
5 Make sure to mute yourself, if you're not
6 talking. Put your hand up if you need me to
7 recognize you. Unless it's for an objection, in
8 which case you can jump in.

9 For confidential information, please be
10 careful not to talk about or show confidential
11 information inadvertently. It's important for
12 the witnesses as well. To the extent possible,
13 please just point everyone to the document and
14 the page number where the information is
15 contained. If it is absolutely necessary to
16 identify or show confidential information, please
17 let me know first, so we can make sure we clear
18 the virtual hearing room, so only those who have
19 access to the information remain online.

20 Also, please speak slowly, and leave
21 time for others to consider a response before
22 proceeding. We have a court reporter who is
23 trying to keep a record, and we need to make sure
24 he can hear and understand everything that is

1 said. So, also, you may have seen this morning,
2 if the court reporter puts his hands up or
3 indicates that he needs us to stop, please stop
4 so that we can find out what he needs to hear.

5 And, lastly, if you need a recess,
6 please let me know. In order to take the recess,
7 you should make sure to mute your speakers
8 yourselves and turn off your video.

9 Okay. Let's take appearances, starting
10 with Mr. Sheehan.

11 MR. SHEEHAN: Thank you. Mike Sheehan,
12 for Liberty Utilities (Granite State Electric
13 Company).

14 CHAIRWOMAN MARTIN: Thank you. And Mr.
15 Dexter. You're on mute.

16 MR. DEXTER: Twice today I've done
17 that.

18 CHAIRWOMAN MARTIN: That's okay.

19 MR. DEXTER: Paul Dexter, Staff
20 attorney, appearing on behalf of the Commission
21 Staff. And I'm joined this morning virtually, in
22 other locations, by Rich Chagnon and Jay Dudley
23 of the Electric Division.

24 CHAIRWOMAN MARTIN: Okay. Mr. Wind

1 mentioned that we had members of the public
2 present, I think. Is that the case, Mr. Wind? I
3 do not know if anyone wishes to be heard today?

4 You're on mute also, Mr. Wind.

5 Mr. Wind, can you hear me? You're still on mute.
6 It's only fair, it has to happen to you once.

7 MR. WIND: All right. After the
8 introduction that I gave, and asked individuals
9 to use the Q&A box, I have not received any
10 requests. There is one individual who identified
11 by name only, who may be a cellphone user. So,
12 it may be worth unmuting that individual at this
13 point, to see if they would like to speak.

14 CHAIRWOMAN MARTIN: Okay.

15 MR. WIND: All right. To the
16 individual identified as "Christie", you've been
17 unmuted. Do you have anything to add?

18 CHRISTIE [?]: I do not.

19 CHAIRWOMAN MARTIN: Okay. Thank you.

20 All right. Preliminary matters. I
21 have Exhibits 1 and 2, prefiled and premarked.
22 Is there anything else we need to cover?

23 MR. SHEEHAN: Nothing from the Company.
24 We're ready to proceed.

[WITNESS PANEL: Warshaw|Simek|Hall]

1 CHAIRWOMAN MARTIN: Okay. Mr. Dexter?

2 MR. DEXTER: No. Nothing from Staff.

3 CHAIRWOMAN MARTIN: Okay. Great. And
4 we have three witnesses?

5 MR. SHEEHAN: That's correct. John
6 Warshaw filed solo testimony. Mr. Simek and Mr.
7 Hall filed joint direct testimony. And, as
8 before, I propose we put them all up at the same
9 time.

10 CHAIRWOMAN MARTIN: Okay. Great.
11 Then, let's have Mr. Patnaude swear in all three.

12 (Whereupon **John D. Warshaw,**
13 **David B. Simek,** and **Adam M. Hall** were
14 duly sworn by the Court Reporter.)

15 CHAIRWOMAN MARTIN: Okay. Mr. Sheehan.

16 MR. SHEEHAN: Thank you.

17 **JOHN D. WARSHAW, SWORN**

18 **DAVID B. SIMEK, SWORN**

19 **ADAM M. HALL, SWORN**

20 **DIRECT EXAMINATION**

21 BY MR. SHEEHAN:

22 Q Mr. Warshaw, could you please identify yourself
23 and your position with the Company?

24 A (Warshaw) My name is John Warshaw. And I am the

[WITNESS PANEL: Warshaw|Simek|Hall]

1 Manager of Electric Supply for Liberty Utilities
2 Service Corp.

3 Q And, in this proceeding, did you prepare
4 testimony that's part of the Exhibit -- part of
5 the initial filing marked as "Exhibit 1"?

6 A (Warshaw) That is correct.

7 Q Do you have any changes or corrections to that
8 testimony now?

9 A (Warshaw) No, I do not.

10 Q And do you adopt your written testimony as your
11 sworn testimony here this morning?

12 A (Warshaw) Yes, I do.

13 Q Thank you. Mr. Simek, same questions. Your name
14 and your position with Liberty?

15 A (Simek) David Simek. And I am the Manager of
16 Rates and Regulatory Affairs.

17 Q And did you, along with Mr. Hall, prepare
18 testimony that's part of Exhibit 1, beginning at
19 Bates Page 025?

20 A (Simek) Yes.

21 Q Do you have any changes to your testimony or the
22 attached schedules?

23 A (Simek) I do not.

24 Q And do you adopt that written testimony as your

[WITNESS PANEL: Warshaw|Simek|Hall]

1 sworn testimony this morning?

2 A (Simek) I do.

3 Q Thank you. Mr. Hall, your name and position at
4 the Company?

5 A (Hall) Adam Hall. Analyst, Rates and Regulatory
6 Affairs.

7 Q Okay. And did you prepare testimony that's part
8 of Exhibit 1, along with Mr. Simek, that appears
9 beginning at Bates Page 025?

10 A (Hall) Yes, I did.

11 Q Do you have any changes to the testimony or the
12 attached exhibits?

13 A (Hall) I don't.

14 Q And did you also play a role in the preparation
15 of what is "Exhibit 2", a bill impact statement?

16 A (Hall) Yes.

17 Q And we'll go over that shortly. Are there any
18 changes to that document since it was filed?

19 A (Hall) No.

20 Q Mr. Hall, in this case, which is primarily
21 concerning transmission costs, but it has other
22 components, the Company is proposing a slight
23 decrease to its rates. Can you point us to the
24 page, so we can see the bill impact of the

[WITNESS PANEL: Warshaw|Simek|Hall]

1 proposed rate change that is before us in this
2 particular proceeding?

3 A (Hall) Yes. So, if you refer to Bates Page 052,
4 this is a bill impact showing Rate D, residential
5 customers using 650 kilowatt-hours. And they
6 would see a decrease of 25 cents in their total
7 bill, or 0.22 percent.

8 *[Court reporter interruption.]*

9 WITNESS HALL: I'm not sure, Mike. I
10 couldn't hear anything. I'm sorry.

11 MR. SHEEHAN: I was on mute.

12 BY MR. SHEEHAN:

13 Q The calculations behind these bill impacts are
14 contained in the various other schedules that are
15 part of your testimony, is that correct?

16 A (Hall) Yes. So, on Bates Page 039, specifically
17 in Columns (c) and (g), you can find our proposed
18 rates in this filing, for all rate classes.

19 Q Now, Exhibit 2 is a different bill impact
20 statement. Can you explain what that is?

21 A (Hall) Correct. Exhibit 2 shows the impact of
22 proposed REP/VMP rates that are also expected to
23 be in effect on May 1st. And I don't have the
24 exact exhibit in front of me, but I believe the

[WITNESS PANEL: Warshaw|Simek|Hall]

1 impact would be 31 cents, a decrease to their
2 total bill, or a 0.27 percent decrease, if all of
3 those changes were in effect on May 1st.

4 CHAIRWOMAN MARTIN: Mr. Sheehan, you're
5 still on mute.

6 MR. SHEEHAN: Sorry.

7 BY MR. SHEEHAN:

8 Q Exhibit 2 that you're referring to is the very
9 same document that was discussed this morning in
10 the REP matter, in that case marked as "Exhibit
11 3", is that correct?

12 A (Hall) Yes. That's correct.

13 Q And, again, it shows the impact of both requested
14 rate changes in the REP docket and in this
15 docket?

16 A (Hall) Correct.

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

19 CHAIRWOMAN MARTIN: Okay. Mr. Dexter.

20 MR. DEXTER: Thank you. The witnesses
21 referred to the two charges that are at issue
22 here, and I'd like to turn everyone's attention
23 to Bates 039, if we could.

24 Looks like a need a minute myself to

[WITNESS PANEL: Warshaw|Simek|Hall]

1 get there. I'm working electronically. This
2 morning, I had a paper copy. So, this may go a
3 little slower.

4 **CROSS-EXAMINATION**

5 BY MR. DEXTER:

6 Q So, Bates 039 shows the two types of rates that
7 are proposed for each class. The first one is
8 Stranded Cost Charges, is that right?

9 A (Simek) Yes.

10 Q And that shows up in Column (c), and it's the
11 same charge for every rate class, except for
12 Rate T, is that right?

13 A (Simek) I had a little issue understanding what
14 you said. But I believe you were just asking if
15 that was the "Net Stranded Cost Charge", by rate
16 class, in Column (c)? And, yes, that is
17 correct.

18 Q Thank you. And then, the second rate proposed
19 for approval in this case, on Bates 039, is in
20 Column (g), called "Net Transmission Charge", is
21 that right?

22 A (Simek) Yes.

23 Q And that is different for each rate class, it
24 looks like, is that right?

[WITNESS PANEL: Warshaw|Simek|Hall]

1 A (Simek) Yes.

2 Q And, if we were to look at the bill impact sheet
3 that Mr. Hall was talking about earlier, that's
4 on Page 52, and that shows an overall decrease
5 for customers as a result of what's proposed in
6 this case, is that right?

7 A (Simek) Yes.

8 Q And, if we go to the individual components, the
9 Transmission Charge proposed in this case is a
10 decrease, and that's shown about four lines down
11 on the same page, correct?

12 A (Simek) Correct.

13 Q And the Stranded Cost Charge is actually an
14 increase from the current charge, it's a smaller
15 negative charge. Would you agree with that?

16 A (Simek) Yes. It's less of a credit, yes.

17 Q Less of a credit. But the net still results in a
18 decrease for residential customers?

19 A (Simek) Correct.

20 MR. DEXTER: Okay. Mr. Wind, I'm
21 hearing an echo. And it's not bothering me, but
22 I just wonder if it's something that I'm doing
23 or --

24 MR. WIND: No. I'm getting a few

[WITNESS PANEL: Warshaw|Simek|Hall]

1 echoes. But Mr. Simek may want to mute when he's
2 not speaking.

3 MR. DEXTER: Not to point fingers.

4 BY MR. DEXTER:

5 Q Well, I wanted to spend some time talking about
6 the transmission costs. And I think to do that
7 we'll turn to Bates 018 and 019 please.

8 And, if I am understanding Bates 018,
9 or I guess it's Bates 019, it shows a significant
10 increase in LNS charges to the tune of about 33
11 percent. Is that correct?

12 A (Warshaw) This is John Warshaw. I don't have the
13 exact percentage, but I do agree that there was a
14 significant increase in the LNS charge from what
15 we estimated.

16 Q I'm sorry. Go ahead. Can you explain what "LNS"
17 service is please?

18 A (Warshaw) Yes. "LNS" is "Local Network Service"
19 that is provided to Liberty Utilities by National
20 Grid, through their transmission subsidiary, New
21 England Power. And it is a cost-based rate that
22 changes monthly, based on its revenue
23 requirements and the total revenue it receives
24 for its transmission service in New England.

[WITNESS PANEL: Warsaw|Simek|Hall]

1 Q And can you explain why that rate would go up 33
2 percent versus last year?

3 A (Warshaw) The rate went up only because that was
4 the costs that we incurred in 2019, and I used
5 the cost in 2019 to forecast what we expect in
6 2020. There have been significant -- there have
7 been a number of transmission investments that
8 National Grid has put in service, and, as a
9 result, that has driven some of the increase in
10 costs.

11 I can't specifically detail exactly
12 what is driving the increase, but it has -- but
13 it is an increase.

14 Q So, if I understood what you said, the 2020
15 estimate, shown on Bates 019, is built on or is
16 exactly the same as the 2019 actual, is that
17 right?

18 A (Warshaw) It's similar to. I used the 2019 as
19 the estimate, and I build a rate around that, and
20 I forecast that rate for the twelve months. So,
21 that is correct.

22 Q So, maybe my question should have been, what
23 caused the 2019 actuals to be higher than what
24 was forecasted last time?

[WITNESS PANEL: Warsaw|Simek|Hall]

1 A (Warshaw) That is because the costs in 2018 were
2 less than the costs incurred in 2019. And we
3 used the -- I used the 2018 costs to estimate the
4 2019 costs.

5 Q Okay. But you can't point to any specific event
6 in 2019 or 2020 that you -- that you could tie
7 towards this 33 percent increase? It's about a
8 million dollars, according to this schedule.

9 A (Warshaw) No. There is not a specific incident
10 or item that I can tie that to.

11 Q Okay. Is it tied to any actions that Liberty
12 Utilities has taken?

13 A (Warshaw) No, it is not, to my understanding.

14 Q Moving down this schedule, I see that right under
15 "LNS Charges" are "Other NEP Charges". "NEP"
16 stands for "New England Power", correct?

17 A (Warshaw) That is correct.

18 Q And these have increased 18 percent, from
19 1,021,000 to 1,202,000. Can you explain why
20 these charges would have increased 22 percent?

21 A (Warshaw) On -- excuse me.

22 Q Eighteen percent.

23 A (Warshaw) In the beginning of the year, NEP
24 updates its various charges that it includes in

[WITNESS PANEL: Warsaw|Simek|Hall]

1 its LNS rates. And these charges are
2 specifically, such as transmission -- a
3 Transformer Surcharge, there's a Meter Surcharge,
4 Load Dispatch Charge, and Specific Distribution.
5 And those do change -- those did change from 2018
6 to 2019, and those are being used, the rates,
7 that went into effect for 2020.

8 Q And those charges that you were talking about are
9 all detailed on Bates 023, correct?

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

11 Q And did all the elements of the NEP charges
12 increase or just some of them, do you know?

13 A (Warshaw) I don't have the -- I don't know
14 exactly which ones went up specifically.

15 Q I wanted to look at Column (3), it's called
16 "Specific Distribution", and it amounts to
17 \$317,000 for the year. What is that charge for?

18 A (Warshaw) Those are equipment that NEP allocates
19 to Liberty for use in serving our local service.

20 Q And there's a footnote there that references a
21 demand figure of "37,808 kilowatt". Is that what
22 Liberty is billed on that number of kilowatts?

23 A (Warshaw) Correct.

24 Q And is that a monthly figure or highest in a year

[WITNESS PANEL: Warsaw|Simek|Hall]

1 or highest in a month? Where does that demand
2 figure come from?

3 A (Warshaw) That gets set once a year.

4 Q But whose demand is that? Is that Liberty's
5 demand?

6 A (Warshaw) That is Liberty's demand, correct.
7 It's a portion of the demand, not the entire
8 demand.

9 Q Okay.

10 A (Warshaw) Just those specific resources.

11 Q I'm sorry, I cut you off. So, it's a portion of
12 the demand and what?

13 A (Warshaw) Of Liberty's -- on Liberty's use of
14 those resources.

15 Q Okay. Which is why I asked the question, because
16 the next footnote, which relates to Column (4),
17 is for "Transmission Surcharges", and that seems
18 to be based on a demand figure of "200,859
19 kilowatt". And I was wondering why those two
20 demand figures were so different?

21 A (Warshaw) Column (4) is "Transformer Surcharge",
22 and those are the transformers that are utilized
23 to step down in the various substations, from
24 transmission level service down to distribution

[WITNESS PANEL: Warsaw|Simek|Hall]

1 level service, that Liberty then uses to
2 distribute to its customers.

3 Q Okay. But could you explain why that demand
4 figure is so much larger than the demand figure
5 in the footnote for Column (3)?

6 A (Warshaw) Column (4) is based on our peak load
7 value that NEP has -- sees on our system, at
8 wholesale.

9 Q And Column (3) is not peak load?

10 A (Warshaw) That is correct.

11 Q Okay. And if you look at the prior page, on
12 Bates 022, this is for "Reactive Power & Black
13 Start Costs", there are two demand figures on
14 this page as well, one on Line 2 and one on
15 Line 6. They happen to be the same number,
16 "188,300 kW". And these are described as
17 "Granite Peak Load in 2019". Can you explain why
18 those would be different from Footnote Number
19 (4), based on what you said about Footnote Number
20 (4), on Bates 023?

21 A (Warshaw) Yes. Those Granite Peak Loads are the
22 coincident peak that Granite State reached in
23 coincident with New England, all of New England's
24 peak, in 2019.

[WITNESS PANEL: Warshaw|Simek|Hall]

1 Q So, it wouldn't be surprising to you then that
2 those numbers were less than the "200,859 kW" on
3 Bates 023?

4 A (Warshaw) No, it would not. Liberty's actual
5 system peaks many times are different than the
6 peak that we exhibit at the time of New England's
7 system peak.

8 Q Okay. On Bates Page 018 -- all right, just give
9 me a minute -- there is a figure, and it's on
10 Bates 019 as well, called "Reactive Supply and"
11 -- no, I'm sorry. I'm looking at -- let me start
12 again.

13 On Bates Page 019, Line 5, Schedule --
14 Line 5 talks about "Schedule 16" charges for
15 "System Restoration and Planning Services". Can
16 you describe what those are please?

17 A (Warshaw) Yes. System Restoration is -- that is
18 calculated on Bates Page 022. And it is the
19 costs that are used to support the New England
20 system in the event of a system outage, and helps
21 to pay for generation resources that are able to
22 restart without having outside power coming into
23 that resource, to start after a blackout.

24 Q And those are forecasted to go from 88 -- almost

[WITNESS PANEL: Warsaw|Simek|Hall]

1 89,000, to almost 130,000, which I calculate is a
2 46 percent increase. Can you explain why those
3 costs would be forecasted to increase that much?

4 A (Warshaw) Again, those are the costs that changed
5 from our actual 2018 costs to our actual 2019
6 costs.

7 Q So, 2019 was higher than 2018?

8 A (Warshaw) That is correct.

9 Q Are those costs -- I understand they're for
10 equipment to cover a certain situation, a
11 blackout and a restart. Has that ever happened?
12 Is that something that happens routinely? Or,
13 does it never happen or hopefully never happens?

14 A (Warshaw) Hopefully, it never happens. It's
15 there for reliability, to ensure that the system
16 can come back after a major blackout.

17 Q But it didn't happen in 2018 or '19, did it?

18 A (Warshaw) No, it did not. But it's costs that
19 are paid to resources to be able to be called
20 upon in the case of a major blackout.

21 Q But you can't point to a particular piece of
22 equipment or a piece of operation or an
23 equipment -- or, a procedure that was put in
24 place in 2019 that made it much higher than 2018?

[WITNESS PANEL: Warshaw|Simek|Hall]

1 A (Warshaw) No, I could not.

2 Q And those would be NEP costs or whose costs would
3 they be?

4 A (Warshaw) Those are actually costs that are borne
5 by the entire New England system.

6 Q Okay. And I recall, from similar cases in prior
7 years, that these costs that Liberty incurs and
8 passes onto customers in the course of this case
9 are largely based on the Company's peak demand in
10 relation to the rest of New England. Is that a
11 fair characterization?

12 A (Warshaw) Yes, that is.

13 Q And I also understand, from other dockets, that
14 Liberty is in the process of instituting a
15 Battery Storage Program, is that right?

16 A (Warshaw) That is correct.

17 Q Has that program been implemented yet?

18 A (Warshaw) I think it has just started to be
19 implemented. I do not have any real details of
20 where it is at in the process.

21 Q So, then, I guess I can take it from that that
22 these estimates don't reflect any reduction in
23 peak due to the Battery Program, is that right?

24 A (Warshaw) That is correct.

[WITNESS PANEL: Warshaw|Simek|Hall]

1 Q And, if the Battery Program were implemented, if
2 we were to go back to Bates 018 or 019, which of
3 the various costs would be affected, if Liberty
4 were able to successfully reduce their peak
5 demand, due to the Battery Program or some other
6 load management program he?

7 A (Warshaw) The major impact would be on Line 3,
8 the RNS charges.

9 Q Hmm. Do the forecasts contained on Bates 019
10 reflect any of the efforts through Liberty's
11 Energy Efficiency Programs that are part of the
12 state's Energy Efficiency Resource Standard?

13 A (Warshaw) They are implicit in the forecast of
14 load that I used for 2020, that was based on the
15 peaks we saw in 2019.

16 Q So, any past energy efficiency programs, to the
17 extent they affected peak load, would have
18 reduced your load forecast and, therefore,
19 reduced costs?

20 A (Warshaw) That is *[inaudible]*.

21 Q I didn't catch the end. You said "That is
22 correct"?

23 A (Warshaw) That is correct.

24 Q Okay. Good. Has the Company attempted, in this

[WITNESS PANEL: Warshaw|Simek|Hall]

1 filing, to estimate the impacts of the current
2 COVID-19 pandemic in the forecasted load or costs
3 presented here?

4 A (Simek) The Company has done a quick analysis.
5 We attempted to reduce load for our C&I
6 customers, G-1, G-2, and G-3, the full load by
7 five percent, based on raw -- very raw data that
8 we saw and what was going on in the news. But
9 the only issue by doing that is we really weren't
10 sure how we would attempt to bump up the
11 residential load, that would obviously see an
12 increase with the C&I load going down.

13 But, again, with the five percent
14 decrease in the commercial and industrial load, I
15 did just run a quick bill impact comparison to
16 see what that would have to customer rates. And,
17 for a residential customer using the 650
18 kilowatt-hours per month, it was about a 0.6
19 percent decrease, or about 74 cents per month.

20 Q But that's not reflected in the information
21 presented in Exhibit 1, correct?

22 A (Simek) Correct.

23 Q And that assumed that residential load stayed
24 flat?

[WITNESS PANEL: Warshaw|Simek|Hall]

1 A (Simek) Yes.

2 Q Or, not "flat", but as forecasted?

3 A (Simek) Correct.

4 Q Okay. If I could turn to Bates 048 for a moment,
5 this is the calculation of the net working
6 capital on the transmission cost. And I believe
7 this shows that the working capital requirement
8 on these costs was actually negative, is that
9 right?

10 A (Simek) Yes.

11 Q And the reason for that is the difference in the
12 lags between when the Company has to pay its
13 transmission providers, versus the time it takes
14 to receive payments from customers, is that
15 right?

16 A (Simek) That's exactly right. Yes.

17 Q Yes. That's all the questions I had on
18 transmission costs. I have a few questions on
19 stranded costs.

20 And my understanding, from the
21 Company's filing in DE 20-016, that the stranded
22 cost credit -- the stranded cost credit from last
23 year, of 0.07 cents per kWh, is the same -- it's
24 proposed to be the same this year, correct?

[WITNESS PANEL: Warshaw|Simek|Hall]

1 A (Simek) Correct.

2 Q And, so, the stranded costs or the stranded
3 credits haven't changed, and yet the stranded
4 cost rate proposed in this case is significantly
5 lower, is that right? It's actually
6 significantly higher, excuse me.

7 A (Simek) I don't have last year's information in
8 front of me. But I can see that the stranded
9 cost credit, for last year, for a Residential
10 customer, Rate D, was a quite a bit larger credit
11 than the credit that we're proposing this year,
12 yes.

13 Q Right. The credit last year was larger. That's
14 what I was trying to say. I think I may have
15 messed it up a little bit.

16 And, if we go to Bates Page 041 --
17 sorry, I just need a minute to get there. This
18 shows that the projected over-recovery that's
19 going into the rate proposed in this case is
20 "\$22,261", correct?

21 A (Simek) Correct.

22 Q And my recollection is that last year that
23 over-collection was much higher. It was in the
24 neighborhood of \$319,000. Is that right?

[WITNESS PANEL: Warshaw|Simek|Hall]

1 A (Simek) That sounds -- that would be correct,
2 yes. If you recall -- if you recall, last year
3 was the year that we went through an audit, where
4 we had Audit Staff go through and balance all
5 these accounts that roll into this filing.

6 So, going forward, now we do tie to
7 what our deferral accounts on the balance sheet
8 are, are our beginning balances in the next
9 filing.

10 Q Very good. And, actually, as I look at Bates
11 041, the "May-19", so, the first number in the
12 upper left-hand corner of the sheet shows that
13 over-collection, there it's \$321,000, and it goes
14 down consistently as the year is forecasted out?

15 A (Simek) Correct.

16 Q Okay. And, if we can go to Bates 044 for a
17 moment, this is the calculation of the
18 Transmission rate. And this calculation starts,
19 in the upper left-hand corner, with the \$23
20 million of transmission costs that Mr. Warshaw
21 projects, correct?

22 A (Simek) Correct.

23 Q And that figure is, as we discussed with him,
24 about a million dollars higher than last year.

[WITNESS PANEL: Warshaw|Simek|Hall]

1 And yet, when we go through the calculations, the
2 rate proposed is actually a decrease. Is that
3 right?

4 A (Simek) Yes. That would also probably be related
5 to the over-collection that came about from the
6 audit that we went through last year.

7 Q Yes. If we go down to Bates 046, the
8 over-collection projected in this case is
9 194,000. And I believe the over-collection
10 from the last case was closer to a million
11 five [1.5 million], is that right?

12 A (Simek) I do not know that number off the top of
13 my head.

14 Q Okay.

15 A (Simek) But we can see that it was continuously
16 going down. And then, the last couple of months,
17 there wound up to be an over-collection.

18 Q So, a smaller over-collection this year -- we
19 went from an under-collection last year to an
20 over-collection this year?

21 A (Simek) Right.

22 Q Yes. We've talked, in the past couple of cases,
23 about consistent terminology between this filing
24 and the tariff. And, if I look at Bates 030 in

[WITNESS PANEL: Warshaw|Simek|Hall]

1 this case, I see the term "Stranded Cost Charge"
2 and "Stranded Cost Factor". And I see those
3 same -- same terminology on the typical bill
4 analysis.

5 But, if I go to the proposed tariff,
6 which is Bates 053, I see different terms. And I
7 know that there is going to be a new tariff
8 proposed any day now, in the rate case, and I
9 just wonder if that new tariff will have
10 consistent terminology, between Bates 030 and the
11 Bill Impact sheet, on I think it's Bates 039, and
12 the tariffs, because right now that terminology
13 does not match up?

14 A (Simek) Yes. It will -- that's a mistake on my
15 part. They do need to all match, all different
16 filings and tariff pages. And we will ensure
17 that they are going forward in the new tariff in
18 the distribution case.

19 Q Okay. So, when the distribution tariff gets
20 filed, my understanding it's, you know, a matter
21 of days, we can look for this terminology to
22 match up?

23 A (Simek) Yes.

24 MR. DEXTER: Okay. That's all the

[WITNESS PANEL: Warsaw|Simek|Hall]

1 questions I had.

2 CHAIRWOMAN MARTIN: Okay. Commissioner
3 Bailey.

4 CMSR. BAILEY: Thank you.

5 BY CMSR. BAILEY:

6 Q Mr. Warsaw, last year you estimated that the
7 Transmission rate, in the FERC tariff, would be
8 \$117 per kilowatt-year, and it turned out to be
9 closer to \$112. So, that's partly why you had an
10 over-collection, correct?

11 A (Warsaw) That is correct.

12 Q And that would be for the RNS portion, right?

13 A (Warsaw) Yes. That is correct.

14 Q So, on the LNS portion, Mr. Dexter asked you some
15 questions, and I understood that you said that
16 the increase is just based on actual increases.
17 But you don't know of any investments that were
18 made? I mean, on LNS, aren't those facilities
19 that would affect the distribution company
20 directly? Wouldn't you have to know about new
21 investments in that area, for LNS?

22 A (Warsaw) The LNS charge is based on NEP's
23 revenue requirement. And what happens is,
24 monthly, NEP balances its revenue requirement

[WITNESS PANEL: Warsaw|Simek|Hall]

1 against its revenues that it receives from the
2 RNS tariff. And we receive either credits or
3 charges, NEP credits or charges, based on how
4 their -- how they net up with their revenue
5 requirement.

6 But I do not have any knowledge of any
7 specific resource or investment that NEP did that
8 would require any change.

9 Q That's shocking to me. Isn't their revenue
10 requirement for RNS supposed to be considered in
11 the RNS tariff rate?

12 A (Warshaw) It is. But it -- it is, but it
13 moves -- the revenue requirement does get, as
14 they get more revenue than they are expected from
15 the RNS, they credit that in the LNS calculation.
16 Same as if they receive less revenue than
17 expected, there's less -- there's more of a
18 charge on the LNS side.

19 Q Okay. Are you familiar with the reliability
20 must-run contracts that was signed to keep Mystic
21 open?

22 A (Warshaw) I am. But we -- at this point, Liberty
23 Utilities was not charged any charges from those
24 contracts.

[WITNESS PANEL: Warshaw|Simek|Hall]

1 Q I can't remember for sure, but is it possible
2 that those contracts hadn't been invoked yet,
3 that they were, you know, for a few years in the
4 future? Maybe Commissioner Giaimo can help me
5 out, if he remembers. But I read that in your
6 testimony that you haven't been charged yet, and
7 I'm wondering if it's possible that you haven't
8 been charged because those contracts haven't been
9 put into effect yet?

10 CMSR. BAILEY: Commissioner Giaimo is
11 raising his hand.

12 CMSR. GIAIMO: Yes. I think they are
13 due to go to effect -- to go into effect June
14 2023.

15 CMSR. BAILEY: Yes. I thought it was a
16 little bit earlier than that, but --

17 CMSR. GIAIMO: Maybe it's June 2022,
18 but it's not in effect yet.

19 CMSR. BAILEY: Yes.

20 BY CMSR. BAILEY:

21 Q And you don't -- and, so, Mr. Warshaw, to your
22 knowledge, it's not going to be in effect this
23 year. How do you know when it goes into effect
24 and you're going to have to pay for that?

[WITNESS PANEL: Warsaw|Simek|Hall]

1 A (Warshaw) Usually, there's a filing by the ISO,
2 and it will show up in our monthly bill.

3 Q Okay. Back to -- sorry. Back to the question
4 about, from the over-collection for RNS, where
5 you thought it was going to be -- the charge was
6 going to be \$117 kilowatt-year, turned out to be
7 112. And next year, you think it's going to be
8 120. What do you base that on?

9 A (Warshaw) I don't estimate what the RNS rate will
10 be. I utilize the information that ISO and the
11 PTO, the Participant Transmission --
12 Participating Transmission Owners issue in the
13 summer meetings to estimate what the future
14 investments in transmission will be and what
15 their impact would be on the rate.

16 They will also, in June, indicate what
17 the difference is between what was estimated from
18 the previous year and what will actually be
19 implemented on June 1st. And there are a number
20 of some credits and some over-collections that
21 were reconciled and included in the actual rate
22 for June 1st of 2019.

23 Q And what did NEPOOL suggest the rate would be
24 June 1st, 2020?

[WITNESS PANEL: Warshaw|Simek|Hall]

1 A (Warshaw) The rate that I used in my tariff.

2 Q And when did they -- I'm sorry. When did they
3 predict that rate?

4 A (Warshaw) That was predicted in the summer
5 meeting of last year. And, to my knowledge,
6 there's not been an update on that rate until
7 they actually file what the tariff rate will be
8 effective June 1st of this year.

9 Q And when that summer meeting took place, did they
10 know that the RNS rate was going to be about \$112
11 for 2019 -- well, June of '19 to May of 2020?

12 A (Warshaw) Yes. That is correct.

13 CMSR. BAILEY: Okay. Okay, I think Mr.
14 Dexter asked the other of my questions. So, I'm
15 all finished. Thank you.

16 WITNESS WARSHAW: Thank you.

17 CHAIRWOMAN MARTIN: Commissioner
18 Giaimo.

19 CMSR. GIAIMO: Just closing the loop, I
20 think the RMR for Mystic is June 1st, 2022, for
21 two years, through June 30th, 2024. That's
22 through the fourteenth Capacity Commitment
23 Period, I think.

24 BY CMSR. GIAIMO:

[WITNESS PANEL: Warshaw|Simek|Hall]

1 Q All right. Not to belabor a point, but I just
2 want to make sure I understand.

3 Mr. Warshaw, you're unaware of any LNS
4 or any significant RNS which resulted in a
5 different -- in an increased rate? Is that -- am
6 I hearing that right?

7 A (Warshaw) I'm not -- I have no knowledge of any
8 specific resources that were implemented or put
9 into service to create that change. Other than
10 there's some general information that would be
11 produced by the -- by ISO-New England and NEPOOL,
12 to show the general investment increase from one
13 year to the next. And they do show, among other
14 things, you know, the various transmission
15 owners, what their expected investment would be
16 for a year.

17 Q Uh-huh.

18 A (Warshaw) And, as a result, how that turns out
19 into a change in, you know, the tariff itself.

20 Q Right. My understanding is they update those
21 three times a year, the estimated transmission
22 investment. And I thought those are mostly for
23 reliability projects. And they are known outward
24 or at least they have some idea of what's going

[WITNESS PANEL: Warshaw|Simek|Hall]

1 to be implemented each year, and then you can
2 estimate going forward.

3 I didn't know if -- I don't know about
4 the LNS. I don't know if LNS is forecasted
5 similarly?

6 A (Warshaw) Not to my knowledge.

7 Q Okay. I just have a couple of questions. And,
8 as far as you know, nothing's changed, *per se*,
9 with respect to the Black Start Program, to see,
10 I think, what was it, I think Mr. Dexter
11 represented a 40 percent or so increase?

12 A (Warshaw) There's nothing that I am aware of that
13 would have changed that, other than the
14 differences between what was estimated based on
15 the previous year's costs and what was actually
16 incurred in the current year.

17 Q Okay. So, it's not a matter of the ISO saying,
18 at least to the best of your knowledge, it's not
19 a matter of them saying "we need more than",
20 obviously, a hypothetical number, "we need more
21 than 5,000 megawatts of quick-start independent
22 generation. We need to pay for 9,000 megawatts."
23 It's nothing like that? You're unaware of any
24 change in the program, *per se*?

[WITNESS PANEL: Warshaw|Simek|Hall]

1 A (Warshaw) I'm unaware of any change in the
2 program, yes. That's correct.

3 Q Do you know or does Mr. Simek know what the --
4 what is the total percent Granite State Electric
5 or Liberty's load, what percentage is it of the
6 total load in the region?

7 A (Warshaw) I actually looked that up. We are 0.78
8 percent of the New England peak in 2019.

9 Q And, from that, we can back-envelope what we pay
10 for the ISO budget, and what we pay for NESCOE,
11 and what we pay for the Black Start Program, is
12 that right?

13 A (Warshaw) Yes. Those are all done through their
14 various filed rates, that most of the time will
15 change annually. Some will -- some change on
16 January 1st and some change on June 1st.

17 Q So, the last I saw the ISO's budget was, and this
18 is an approximate, anywhere between 190 and \$200
19 million a year. Where in maybe Exhibit 1 would
20 we find Liberty's portion of that almost \$200
21 million?

22 A (Warshaw) You wouldn't. I don't include any
23 calculation based on what our portion of the ISO
24 budget is. Part of the ISO budget also goes

[WITNESS PANEL: Warshaw|Simek|Hall]

1 towards the meetings of the Energy Market and the
2 Forward Capacity Market, and managing those
3 markets, you know, that settle daily.

4 Q I'm sorry. Let's go to Bates 019, and maybe you
5 can explain to me what the schedule is telling
6 me. And I'll wait till you get there.

7 A (Warshaw) I'm on Bates 019.

8 Q Okay. So, let's start by maybe you can
9 distinguish between the fourth line item, which
10 is the "OATT", which is what, the -- the "Open
11 Access Transmission Tariff", then it says
12 "Schedule 1 - Scheduling, System Control &
13 Dispatch". And then, what's the difference
14 between that line, and then Line 7, "ISO-New
15 England Schedule 1 - Scheduling and Dispatch
16 Services"?

17 I know we're not paying for the same
18 thing twice.

19 A (Warshaw) No, you're not paying for the same
20 thing twice. There are differences. But, I'll
21 be honest, it's been a little while since I've
22 looked into exactly what the components are that
23 make up the differences between Scheduling &
24 Dispatch Service and Scheduling, System Control &

[WITNESS PANEL: Warshaw|Simek|Hall]

1 Dispatch. One manages the actual specific
2 reliability and daily maintenance of the system,
3 and I believe the other one is more looking at
4 long-term reliability.

5 Q Uh-huh. Okay. I actually think there's some way
6 to, and a person smarter than I, would be able to
7 figure out, from this information, what Liberty
8 pays for the ISO budget. I actually think it's
9 on this page somewhere, but I don't know how.
10 But I think it's there.

11 Okay. My last question focuses on the
12 RGGI proceeds. And can I ask what number, and I
13 think this might be Mr. Hall or Mr. Simek, what
14 number was used or what was the assumed clearing
15 price for the auction? And was it lower than the
16 same number used last year? And, if so, why?

17 A (Simek) So, what we did is we assumed that the
18 RGGI rebate would be the exact same amount that
19 we received in the prior year.

20 Q Okay. So, if I were looking -- if I'm looking at
21 Page 30, Bates 030, at that chart at the top, can
22 you help me with that?

23 A (Simek) Actually, I can. It may help if we look
24 at Bates 051.

[WITNESS PANEL: Warshaw|Simek|Hall]

1 Q Sure.

2 A (Simek) So, if you look at Bates Page 051, and if
3 we look at 15 -- Line [15] and Line [16], those
4 two credits added together are what -- and then
5 divided by the projected kilowatt-hours is how
6 the rate is determined. And Line [19], that was
7 part of -- I'm sorry, I meant to say "Line [16]",
8 that "\$860,964" is the same as Line [13], which
9 represents the sum of Column (b), which were the
10 actual rebates received between May 2019 and
11 February 2020.

12 Q Okay. So, there is more fresh information
13 available to the Company. The Company just uses
14 a blended average for a nine-month period, is
15 that what happened here?

16 *[Court reporter interruption due to*
17 *inaudible audio.]*

18 **BY THE WITNESS:**

19 A (Simek) The Company is using the actual amount of
20 RGGI rebate that the Company received from May
21 '19 through February of 2020, and then we
22 estimated that that same exact amount would be
23 the same amount from the May 2020 to the February
24 2021 amount.

[WITNESS PANEL: Warshaw|Simek|Hall]

1 BY CMSR. GIAIMO:

2 Q Right. So, the May -- the May through
3 December period captured three auctions, and
4 each year there's four auctions. So, in your
5 average, you've missed the last auction, the
6 most recent auction. That was my only point.
7 That there --

8 A (Simek) Oh, okay. Okay.

9 Q It's reconcilable, so I get it. I'm just saying
10 that there is a more accurate number out there.

11 CMSR. GIAIMO: All right. Madam
12 Chairwoman, I am done with my questions. Thank
13 you.

14 WITNESS SIMEK: Thank you.

15 CHAIRWOMAN MARTIN: Thank you.

16 Mr. Sheehan, do you have any follow-up?

17 MR. SHEEHAN: Just a couple questions
18 to Mr. Warshaw.

19 **REDIRECT EXAMINATION**

20 BY MR. SHEEHAN:

21 Q Mr. Warshaw, you, as you do each year, you
22 reference a number of charges that come from
23 the -- into these Transmission rates that are
24 decided in places other than the New Hampshire

[WITNESS PANEL: Warshaw|Simek|Hall]

1 Public Utilities Commission. Can you tell me
2 where and who approves these various transmission
3 charges, the RNS, the LNS, and the like?

4 A (Warshaw) All of these rates are approved by the
5 FERC, Federal Energy Regulatory Commission.

6 Q And they have their own version of these kinds of
7 proceedings, where there are people requesting
8 recovery and people vetting those requests, to
9 make sure those charges are just and reasonable,
10 is that fair?

11 A (Warshaw) That is correct.

12 Q Does Liberty Utilities, as a small player in that
13 world, have a voice at the FERC for these kinds
14 of proceedings, or a trade group or the like?

15 A (Warshaw) I'm not aware of any specific group
16 that represents us. It's we're more a part of
17 the general [inaudible], I believe, that is
18 looking at these costs.

19 Q Okay. So, there are people who are looking at
20 these costs to make sure they are fair and they
21 are the correct numbers to be passed down to
22 small companies like us?

23 A (Warshaw) That is correct.

24 MR. SHEEHAN: I see Mr. Dexter holding

[WITNESS PANEL: Warshaw|Simek|Hall]

1 his hand up.

2 CHAIRWOMAN MARTIN: Yes.

3 MR. SHEEHAN: I have no further
4 questions.

5 CHAIRWOMAN MARTIN: Okay. Thank you.
6 Mr. Dexter.

7 MR. DEXTER: Yes. The reason I had my
8 hand up was because I couldn't hear Mr. Warshaw's
9 answer. Mr. Sheehan asked "Are you aware of any
10 group representing Liberty down at the FERC?"
11 I'm paraphrasing. And he said "I'm not aware of
12 any group, other than --", and then it cut out,
13 and I didn't hear the answer.

14 I was hoping Mr. Warshaw could repeat
15 the answer.

16 WITNESS WARSHAW: I don't know any
17 group, other than, in general, the customers in
18 New England that take transmission service at the
19 RNS and LNS rates.

20 But, no, I'm not -- But I'm not aware
21 they we are a member of any specific organization
22 that's representing.

23 CHAIRWOMAN MARTIN: We all set, Mr.
24 Dexter?

[WITNESS PANEL: Warshaw|Simek|Hall]

1 MR. DEXTER: Can I ask a follow-up to
2 that?

3 CHAIRWOMAN MARTIN: Any objection?

4 MR. SHEEHAN: No.

5 CHAIRWOMAN MARTIN: Go ahead.

6 **RECROSS-EXAMINATION**

7 BY MR. DEXTER:

8 Q Does Liberty, as a customer then, individually,
9 not part of a group, go down to FERC and
10 represent its interests in these proceedings that
11 you and Mr. Sheehan talked about?

12 A (Warshaw) Not that I'm aware of, that Liberty has
13 represented itself at FERC proceedings.

14 CHAIRWOMAN MARTIN: You all set, Mr.
15 Dexter?

16 MR. DEXTER: Yes. Thank you.

17 CHAIRWOMAN MARTIN: Okay. All right.
18 Do we have anything else we need to do before we
19 sum up, other than exhibits?

20 *[No indication given.]*

21 CHAIRWOMAN MARTIN: Seeing nothing.
22 Okay. Without objection, we'll strike ID on
23 Exhibits 1 and 2, and admit them as full
24 exhibits.

1 And go to summing up. Mr. Dexter, you
2 are first.

3 MR. DEXTER: Thank you, Commissioners.

4 The Staff recommends approval of the
5 rates that are filed in this docket. We believe
6 the schedules accurately represent what was
7 presented, and that the rates were calculated
8 properly. And, therefore, we do recommend
9 approval.

10 And we understand that most of the, if
11 not all, of the charges in this docket come from
12 FERC-approved tariffs, through proceedings that
13 take place down at the FERC. But we have two
14 requests of the Company.

15 One is that they do what they can to
16 explain these charges to the Commission,
17 understanding that they're pass-throughs, but
18 it's important for us at Staff, and for the
19 Commission, we think, to know what's behind these
20 charges, if there are particular increases or
21 decreases, so that we have some idea of what it
22 is, that what caused the various changes in the
23 rates that have come through.

24 And, secondly, we would urge Liberty,

1 and the other utilities, to take whatever steps
2 they can to minimize these costs that do come
3 through the FERC process, through either
4 individual representation or group
5 representation, at the FERC proceedings.

6 Having said that, as I said, this is,
7 for the most part, a pass-through docket, and the
8 numbers appear to be calculated correctly. And
9 we recommend approval, pending the outcome of
10 Docket 2000-016 [20-016?], which is the docket
11 where the stranded cost termination charges are
12 reviewed by the Commission, which is currently
13 pending.

14 CHAIRWOMAN MARTIN: Okay. Thank you.
15 Mr. Sheehan.

16 MR. SHEEHAN: Thank you. I, obviously,
17 thought there was such a group, or I wouldn't
18 have asked Mr. Warshaw that question.

19 I think it's fair what Staff said, that
20 the Commission would benefit from having some
21 more knowledge of the workings beneath the
22 numbers that are in this filing, and we will
23 endeavor to do that.

24 Otherwise, we appreciate Staff's

1 support for the proposal here, and we ask that
2 the Commission approve the rates that we've
3 requested in this filing.

4 Thank you.

5 CHAIRWOMAN MARTIN: All right. Thank
6 you. And thank you, everyone, again for getting
7 through this process with us today. That went
8 pretty well.

9 With that, we will close the record and
10 take this matter under advisement, and adjourn
11 the hearing. Thank you.

12 MR. SHEEHAN: Thank you.

13 ***(Whereupon the hearing was adjourned***
14 ***at 2:44 p.m.)***

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