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REQUESTS GRANTED OF
THE FOLLOWING:

Exhibit 6 - Faisal Deen Arif's CV
 from 08-18-22 hearing
 (PUC Docket No. DG 17-152)

Last Year's Cost of Gas Incremental Costs
 (PUC Docket No. DG 21-132)

FPO Letter sent out by EnergyNorth to customers
 (PUC Docket No. DG 22-045)

Exhibit 11 - Data Request 1-12
 (PUC Docket No. DG 22-015)

NOTE: (##) above indicates where the
 administrative notice was initially requested

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Direct Testimony of Deborah M. Gilbertson and Heather M. Tebbetts, with Attachments {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
2	Direct Testimony of Deborah M. Gilbertson and Heather M. Tebbetts, with Attachments <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
3	Technical Statement of Heather M. Tebbetts, with Attachments {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
4	Technical Statement of Heather M. Tebbetts, with Attachments <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>
5	Liberty Response to DOE Technical Session Data Requests Set 1, consisting of TS 1-1 and TS 1-2	<i>premarked</i>
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P R O C E E D I N G

1
2 CHAIRMAN GOLDNER: Okay. Good morning.
3 I'm Chairman Goldner. I'm joined by Commissioner
4 Simpson. We're here this morning in Docket DG
5 22-057 for a hearing regarding the Liberty-Keene
6 Winter -- Liberty-Keene Division Winter 2022-2023
7 Cost of Gas.

8 Let's take appearances, beginning with
9 the Company.

10 MR. SHEEHAN: Good morning. Mike
11 Sheehan, for Liberty Utilities (EnergyNorth
12 Natural Gas) Corp.

13 CHAIRMAN GOLDNER: Thank you. And the
14 New Hampshire Department of Energy.

15 MS. SCHWARZER: Good morning. Mary
16 Schwarzer, a Staff Attorney with the Department
17 of Energy.

18 CHAIRMAN GOLDNER: Thank you.

19 So, first, we received Liberty's
20 responses to the Monday 10/24/22 record requests
21 from the Commission, and appreciate the Company's
22 timely filing. This will help make for an
23 efficient proceeding today.

24 Exhibits 1 through 4 have been prefiled

1 and premarked for identification. Exhibits 1 and
2 3 are marked as "confidential", and will be
3 treated accordingly at the hearing.

4 Yesterday, the DOE filed Exhibits 5 and
5 6 after the five-day deadline. And I just want
6 to ask if Liberty has any objection to these
7 exhibits?

8 MR. SHEEHAN: We do not.

9 CHAIRMAN GOLDNER: Okay. Thank you.
10 Very good.

11 Okay. Does the DOE or the Company want
12 to make an opening statement today?

13 MR. SHEEHAN: I believe DOE does, and I
14 might just have to say "Okay" when she's done.

15 CHAIRMAN GOLDNER: Okay.

16 MS. SCHWARZER: Mr. Chairman, if I also
17 might, as a preliminary matter, we did not notice
18 Deen -- our Gas Director, Deen Arif, as a
19 witness. But we would ask that he be allowed to
20 make statements today, if appropriate.

21 And we would ask that the Commission
22 take administrative notice of Docket 17-152,
23 Exhibit 6, from the August 18th, 2022 hearing,
24 which is Mr. Deen Arif's CV. And also, that the

1 Department -- excuse me -- that the Commission
2 take notice of Docket Number 21-132, with regard
3 to last year's cost of gas incremental costs.

4 CHAIRMAN GOLDNER: Okay. Very good.
5 Noted.

6 Is everybody okay on temperature? I
7 noticed it's a little warmer than usual today.
8 Maybe that's more comfortable or less
9 comfortable, I don't know. But everybody is
10 okay?

11 You might want to -- yes, if you could,
12 Iqbal. Thank you. Maybe turn it down a notch.

13 Okay. So, Ms. Schwarzer, you said you
14 did want to make an opening statement?

15 MS. SCHWARZER: Yes.

16 CHAIRMAN GOLDNER: Please proceed.
17 Thank you.

18 MS. SCHWARZER: Thank you, Mr.
19 Chairman.

20 The issue that the Department would
21 like to bring to the Commission's attention in
22 its opening statement is that the final audit for
23 the Liberty-Keene Cost of Gas has been completed.
24 However, the Department and the utility continue

1 to have a disagreement with regard to
2 approximately \$42,000 that the Company has
3 included in the cost of gas calculations at this
4 time.

5 The Department expects to continue
6 discussion to see if it is possible for the
7 Company and the utility to come to an agreement.
8 And, if not, the Department would reserve the
9 opportunity to come back to the Commission to
10 adjudicate that issue.

11 We believe that, by taking this
12 position on the record, we have preserved our
13 right to retroactively go back and raise that
14 issue. The Commission and the Company may or may
15 not agree that that is necessary. But, at this
16 time, that is our practice, and we wanted to
17 bring that to the Commission's attention.

18 CHAIRMAN GOLDNER: Okay. Thank you,
19 Attorney Schwarzer.

20 CMSR. SIMPSON: May I ask a question?

21 CHAIRMAN GOLDNER: Sure.

22 CMSR. SIMPSON: Would you be able to
23 shed a little bit of additional light on the
24 issue related to the \$40,000 difference?

1 MS. SCHWARZER: If you just give me a
2 moment? Just one moment.

3 CMSR. SIMPSON: Thank you.

4 *[Atty. Schwarzer and Dir. Arif*
5 *conferring.]*

6 MS. SCHWARZER: Thank you, Mr.
7 Chairman.

8 The overall issue seems to be
9 double-counting of demand charges, that is
10 Audit's -- it is the Department's view. I
11 understand the Company sees it differently.

12 There may be a smaller tangential issue
13 that falls outside of that. But that's the bulk
14 of it.

15 CHAIRMAN GOLDNER: Thank you, Attorney
16 Schwarzer. Mr. Sheehan, any comments?

17 MR. SHEEHAN: Just that the so-called
18 "sharing mechanism" for the CNG costs that came
19 out of the last rate case is complicated and
20 confusing. And this is an issue that is embedded
21 in that.

22 And I agree with counsel that it's a --
23 dollarwise, it's a small issue that we should be
24 able to work out in the coming days. And we'd

1 ask that, at the end, that you approve the rates
2 as they are. And, certainly, if that numbers
3 changes, we'll make the appropriate adjustment at
4 the appropriate time.

5 CHAIRMAN GOLDNER: Okay.

6 MR. SHEEHAN: Okay. Anyway, I may not
7 have characterized it correctly, but it's that
8 kind of issue that we just haven't gotten on the
9 same page on that.

10 CHAIRMAN GOLDNER: Do you expect to
11 resolve it before -- should we expect a filing
12 before we issue the order or would it be after?

13 MR. SHEEHAN: I would not --

14 CHAIRMAN GOLDNER: Plan on it?

15 MR. SHEEHAN: -- promise it before.
16 And, again, my guess is, if it's -- it's not
17 going to change the rate much, if at all. And,
18 again, we can talk with DOE, and perhaps it gets
19 included in a trigger filing or something like
20 that.

21 CHAIRMAN GOLDNER: Okay. Very good.

22 Okay. Any other preliminary matters?

23 *[No verbal response.]*

24 CHAIRMAN GOLDNER: Okay. Very good.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Let's proceed with the witnesses. Mr. Patnaude,
2 if you could please swear in the Company
3 witnesses.

4 (Whereupon **Heather M. Tebbetts** and
5 **Deborah M. Gilbertson** were duly sworn
6 by the Court Reporter.)

7 CHAIRMAN GOLDNER: Thank you. So,
8 we'll move to direct examination, beginning with
9 the Company and Attorney Sheehan.

10 MR. SHEEHAN: Thank you.

11 **HEATHER M. TEBBETTS, SWORN**

12 **DEBORAH M. GILBERTSON, SWORN**

13 **DIRECT EXAMINATION**

14 BY MR. SHEEHAN:

15 Q Ms. Tebbetts, please introduce yourself and your
16 position with Liberty?

17 A (Tebbetts) My name is Heather Tebbetts. I work
18 for Liberty Utilities Service Corporation. And I
19 am the Director of Business Development.

20 Q And, as discussed in yesterday's hearing, you
21 used to be in the Regulatory Department, and, in
22 that capacity, you prepared some of the documents
23 we have in front of us today, is that correct?

24 A (Tebbetts) Yes.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Q In particular, what's been marked as "Exhibit 1",
2 confidential, and "Exhibit 2", redacted version
3 of the same document, is testimony by you and Ms.
4 Gilbertson, dated September 15, is that correct?

5 A (Tebbetts) Yes.

6 Q And did you prepare portions of that testimony?

7 A (Tebbetts) Yes.

8 Q Do you have any corrections to the portions you
9 prepared?

10 A (Tebbetts) No.

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

13 A (Tebbetts) Yes.

14 Q Similarly, you prepared what's been marked as
15 "Exhibit 3", confidential, and "4", redacted, a
16 Technical Statement of October 7th, is that
17 correct?

18 A (Tebbetts) Yes.

19 Q Do you have any corrections to that document?

20 A (Tebbetts) No.

21 Q And do you adopt that as your sworn testimony
22 this morning?

23 A (Tebbetts) Yes.

24 Q Could you point to the rates that the Company is

[WITNESS PANEL: Tebbetts|Gilbertson]

1 asking the Commission to approve today for the
2 Keene Cost of Gas?

3 MR. SHEEHAN: Off the record.

4 *[Brief off-the-record discussion*
5 *ensued.]*

6 **BY THE WITNESS:**

7 A (Tebbetts) Okay. Yes. On Exhibit 3, on Bates
8 Page 002, Table 2 provides the rate changes that
9 we are requesting for the filing for the Winter
10 cost of gas rates. And, so, we are requesting,
11 for the Residential and C&I rates, \$2.12 and --
12 I'm sorry, excuse me for a second, I was looking
13 at "Low Income". The Residential and C&I rates
14 for Keene are the same, and it's \$2.12. The Low
15 Income rate we're requesting is a dollar --
16 approximately, \$1.16.

17 BY MR. SHEEHAN:

18 Q And, of course, that's the rate that would be
19 November 1 rates, subject to the usual
20 adjustments under the monthly trigger filings, is
21 that correct?

22 A (Tebbetts) Yes.

23 Q Thank you. Ms. Gilbertson, can you please
24 introduce yourself?

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Gilbertson) Yes. Hi. Deborah Gilbertson. I'm
2 the Senior Manager of Energy Procurement for
3 Liberty Utilities.

4 Q And, Ms. Gilbertson, you participated in the
5 testimony and attachments marked as "Exhibits 1"
6 and "2", is that correct?

7 A (Gilbertson) Yes.

8 Q Do you have any changes to the portions of the
9 testimony you drafted?

10 A (Gilbertson) No, I don't.

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

13 A (Gilbertson) Yes.

14 Q And can you say, at a high level, did the process
15 for acquiring propane for Keene this winter,
16 although the prices are high, it was the same
17 process that the Company has followed in prior
18 years?

19 A (Gilbertson) Yes, it was.

20 MR. SHEEHAN: Thank you. I have no
21 further questions.

22 CHAIRMAN GOLDNER: Okay. Thank you.
23 We'll move to cross-examination, and the
24 Department of Energy and Attorney Schwarzer.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 MS. SCHWARZER: Thank you. This
2 question is addressed to the panel generally.

3 And before -- I'm going to speak about
4 general events, before I speak about rates. In
5 this particular docket, there are any number of
6 confidential material with regard to specific
7 rates. And I believe it might be difficult to
8 follow the discussion in the transcript if we
9 don't refer to some of those rates specifically.

10 So, if we get to that point, I will let
11 the Chairman know, and we can perhaps go into a
12 confidential discussion.

13 There is another administrative issue
14 that I meant to mention in my opening, if I could
15 ask the Commission's indulgence.

16 Because there is an audit issue here,
17 there has been disagreement between the parties
18 in the past about filing an audit into this
19 docket. To the extent that the Company has
20 confidential rate information, and yet,
21 understandably, from one perspective, the Company
22 does not want to file the Department's audit, and
23 wants the Company to -- the Department to file
24 its own audit.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 In the materials the Company submitted
2 to the Audit Division was a notification, coupled
3 with the confidentiality statement, saying that
4 "The Company prefers to have the Department file
5 any audit into the record."

6 The Department -- Audit referred that
7 to Legal. And, in our perspective, we don't want
8 responsibility for redacting the Company's
9 confidential information, to the extent that we
10 may not always identify it, and we don't want to
11 be in a position of releasing it.

12 So, we would propose, in the event that
13 it's necessary to file an audit with the
14 Commission, that either the Company proactively
15 identify all the confidential information,
16 provide that to the Department, and then the
17 Department to file it into the record with that
18 acknowledgment that we did not redact it, along
19 with a confidential copy that's unredacted.

20 Or, in the alternative, the Department
21 would be willing to file the audit marked wholly
22 confidential, without any responsibility for
23 redacting. And then, ask either the Commission
24 or the Company to voluntary redact and make a

[WITNESS PANEL: Tebbetts|Gilbertson]

1 redacted filing.

2 I'm not sure how else to resolve it. I
3 hope we don't have to do it.

4 CHAIRMAN GOLDNER: Attorney Sheehan,
5 any thoughts on that?

6 I do think that, as a general matter,
7 filing the audit in the docket is a sensible
8 thing to do to develop the record, and no issue
9 having more discussion on that.

10 But, as a general matter, I think it's
11 generally a good idea to file the audit. And,
12 assuming the audit is filed, I guess, Attorney
13 Sheehan, what would be your thoughts on the
14 confidential piece?

15 MR. SHEEHAN: Sure. Audit's practice
16 has been to label their entire report
17 "confidential". And, clearly, the whole report
18 is not confidential. And I appreciate Audit's
19 concern, if they were solely redacting, that they
20 may miss stuff.

21 My proposal is that they mark what they
22 think is confidential, give us a draft that we
23 can, basically, check. And we'll send it back to
24 them, and then they can file it, since it is

[WITNESS PANEL: Tebbetts|Gilbertson]

1 their document.

2 MS. SCHWARZER: If I might follow up on
3 that? I don't believe its Audit's lengthy
4 practice to mark all the audits "confidential".
5 I believe there was a confusion in the split.
6 And this is an issue where perhaps DOE speaking
7 with one voice may have been advantageous.

8 It's my understanding right now that
9 Audit does not consider the entire audit
10 confidential, but has concerns about Company
11 information. And we can take that off the
12 record, if there's been misunderstanding or
13 perhaps, if the Company is correct, and I'm
14 wrong, we'll just work it out indirectly.

15 But we would be willing to file it as
16 wholly confidential. We just can't redact
17 Company information.

18 CHAIRMAN GOLDNER: It does seem
19 sensible, as I understood Attorney Sheehan's
20 proposal, if the DOE provided the audit to the
21 Company, with whatever confidential pieces the
22 DOE believes are in there. Let the Company
23 respond, mark further things "confidential", if
24 necessary, and send it back to the DOE.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 MS. SCHWARZER: We'd be willing to mark
2 whatever we think is confidential resulting from
3 our work.

4 CHAIRMAN GOLDNER: Yes.

5 MS. SCHWARZER: But I do not want, in
6 any way, responsibility for designating Company
7 information as "confidential" or not.

8 CHAIRMAN GOLDNER: Right. What would
9 be your concern with Attorney Sheehan's proposal,
10 I guess, is the question?

11 MS. SCHWARZER: Well, as described by
12 the Chair, it sounds as if we should guess as to
13 whether Company information is or is not
14 confidential. And that just is a path fraught
15 with peril. We do not want that job.

16 CHAIRMAN GOLDNER: So, then, your sort
17 of counterproposal would be to send the audit to
18 the Company, let the Company mark the necessary
19 parts that the Company views is "confidential",
20 mark it as "confidential", and then send it back
21 to the DOE for --

22 MS. SCHWARZER: For filing.

23 CHAIRMAN GOLDNER: -- for filing?

24 MS. SCHWARZER: Yes.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 CHAIRMAN GOLDNER: Yes. Okay.

2 MS. SCHWARZER: Thank you.

3 MR. SHEEHAN: That's fine. And I think
4 we're overcomplicating this. The confidential
5 information, for example, in the Keene one, is
6 CNG pricing, and pretty much the numbers that
7 flow from that.

8 So, I think the process you described
9 is fine.

10 CHAIRMAN GOLDNER: Okay. Okay.
11 Attorney Schwarzer, that's acceptable to the
12 Department?

13 MS. SCHWARZER: That is absolutely
14 acceptable. And thank you very much.

15 CHAIRMAN GOLDNER: Okay. Very good.
16 Okay. So, I lost track of where we
17 were, Attorney Schwarzer. Where were we?

18 MS. SCHWARZER: We were at
19 cross-examination.

20 CHAIRMAN GOLDNER: Okay.

21 MS. SCHWARZER: And I was about to
22 begin.

23 CHAIRMAN GOLDNER: Very good.

24 MS. SCHWARZER: Thank you.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 CHAIRMAN GOLDNER: Please proceed.

2 **CROSS-EXAMINATION**

3 BY MS. SCHWARZER:

4 Q So, I would ask the panel to address the Fixed
5 Price offer issue here in this Keene case. So,
6 could you identify please, in the record response
7 that you filed yesterday, what the proposal is at
8 this point for the Fixed Price rate?

9 A (Tebbetts) The Fixed Price Option for these
10 customers for Keene is \$2.23 -- \$2.2394 per
11 therm, for Residential and Commercial, and Low
12 Income is \$1.2427 per therm.

13 Q And where are you getting that information?

14 I would direct you to your "Table 2 -
15 Rate Changes", in what was filed yesterday. And,
16 if you look at rate Table 2 --

17 A (Tebbetts) Are you referring to Record Request
18 1-2?

19 Q Oh, I'm sorry. Exhibit 3, 002.

20 A (Tebbetts) Exhibit 3 is -- I have up as a filing
21 for the rate, as part of the technical statement.

22 Q It is. I don't think the FPO prices appear in
23 the record -- in the responses to the record
24 request, is that correct?

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Tebbetts) Yes. There wasn't a request for that.
2 I was reading it from Exhibit 3, Bates Page 002.

3 Q So, I'm looking at the same page. And I see,
4 under the column for "10/7/22", that the
5 Residential -- isn't there a rate -- the FPO, on
6 10/7/22, is \$2.1216, which seems to match exactly
7 the Residential price proposed for the Non-FPO
8 group in that column?

9 A (Tebbetts) Correct. So, what we tried to show
10 here is what the FPO was on the 9/2 filing,
11 versus the difference from our 10/7 filing,
12 because that rate changed from the original
13 filing. And it's only supposed to be two cents
14 greater than the cost of gas filing. But, as you
15 can see, it's actually almost 12 cents less.

16 Q I'm sorry, I think I'm not following what you're
17 suggesting. When I look at Table 2, for
18 Residential, I see a proposed rate of "2.1216",
19 and, when I look under the "FPO" table, I see
20 exactly the same number. And I believe it should
21 be "2.1416"?

22 A (Tebbetts) No. Actually, we're not redoing the
23 FPO. What I was trying to show was, we sent out
24 letters with the FPO rate in the first column of

[WITNESS PANEL: Tebbetts|Gilbertson]

1 \$2.23. Our 10/7 filing, which is not an FPO
2 number, is the actual cost of gas number of
3 \$2.12. And what we're trying to convey here is
4 that the difference is not two cents, between the
5 FPO offering and the updated rate on 10/7, as it
6 would have been on 9/2.

7 Q Okay. So, you're showing then, in the
8 "Difference" column, that it's basically 11.78
9 cents higher than the current proposed rate for
10 non-FPO?

11 A (Tebbetts) Yes.

12 Q Okay. And would the Company be amenable to
13 adjusting the FPO to be only two cents higher
14 than the rate it is proposing in its 10/7 filing,
15 such that the FPO rate would be "2.1416" for the
16 winter period?

17 A (Tebbetts) Yes.

18 Q And in what manner would you notify customers,
19 should the PUC order that rate change?

20 A (Tebbetts) I think we would send letters to every
21 customer who signed up, to let them know that
22 they are going to receive a lower rate. We think
23 that's probably an easy way. I don't know that
24 customers would complain about a lower rate.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 And, if they want to opt out, they still can opt
2 out.

3 But, in order to not delay billing, we
4 could potentially just apply the \$2.14, instead
5 of the \$2.23.

6 Q And in the event, unlikely albeit, that someone
7 wanted to opt out, they would continue to have
8 that option for perhaps up to ten business days?

9 A (Tebbetts) Yes.

10 CMSR. SIMPSON: Can I ask a clarifying
11 question please?

12 BY CMSR. SIMPSON:

13 Q Yesterday, I think we talked about this issue and
14 the FPO change. And my understanding leaving the
15 hearing was that the Company was not intending to
16 provide a notification for EnergyNorth customers
17 that the FPO rate would be significantly lower
18 than the offer in your letter from six weeks ago.
19 Did I misunderstand that?

20 A (Tebbetts) Well, I think that, given it's a
21 contract between us and the customer, we would
22 need to notify them that their rate changed. But
23 that we would not send out a new letter asking
24 "do they want to" -- let me say this again.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Unlike last year, where the rate went
2 up, --

3 Q Uh-huh.

4 A (Tebbetts) -- we needed to notify customers "Are
5 you still interested?", because the rate went up.

6 Q Okay.

7 A (Tebbetts) Given that the rate is going down, we
8 may have a customer here and there that decides
9 to opt out. But we most likely would send a
10 letter that says "We're moving you to a lower
11 rate. You've opted in for the FPO. If you
12 choose to opt out, please call us."

13 Versus sending us the letter back,
14 signed, and everything, then we process it.

15 Q So, is that what -- I just -- I want to be clear.
16 Is that what you intend to do for both
17 EnergyNorth and Keene customers?

18 A (Tebbetts) Yes.

19 CMSR. SIMPSON: Okay. Sorry. Thank
20 you for the indulgence.

21 MS. SCHWARZER: Not at all.

22 CHAIRMAN GOLDNER: And we're going to
23 codify that as the "Menard Rule", is that you
24 must -- if rates are going down, we do it this

[WITNESS PANEL: Tebbetts|Gilbertson]

1 way; if rates are going up, we do it that way.
2 So, we can -- we'll have a white paper on that, I
3 hope, Ms. Menard, in the future.

4 Please proceed.

5 MS. SCHWARZER: Thank you. And we did
6 not attach the FPO offer letter that the Company
7 sent to Keene. But I would ask the Commission to
8 take administrative notice of the FPO letter
9 sent to *[sic]* EnergyNorth.

10 BY MS. SCHWARZER:

11 Q And, if the witness panel can recall, is that
12 essentially identical to the letter sent to
13 Keene, with the exception of the identified rate?

14 A (Tebbetts) Yes. And I will also add, I don't
15 recall if it says anything about being a
16 residential customer. The EnergyNorth customers,
17 only residential customers for EnergyNorth can
18 take the FPO. But, for Keene, commercial
19 customers can take it as well.

20 So, I will say that, barring that it's
21 specific to residential customers in the
22 EnergyNorth letter, they are essentially the
23 same, with the separate rates.

24 Q Thank you. And that as we -- does the witness

[WITNESS PANEL: Tebbetts|Gilbertson]

1 recall whether the Fixed Price offer letter to
2 both residential and C&I customers in the Keene
3 franchise specifically notified customers that
4 the Commission could change the rate?

5 A (Tebbetts) Yes.

6 Q Thank you. Last question with regard to the FPO
7 rate. Given that the initially proposed FPO rate
8 is 11.78 cents higher, am I correct that there
9 will be an impact on the Company's Exhibit 3
10 filing and schedules that estimate, for example,
11 an FPO differential? Specifically, if you look
12 at Schedule B, Line 18, there's an "FPO Premium"
13 line.

14 A (Tebbetts) I'm just getting there.

15 Q Sure.

16 A (Tebbetts) Yes. So, I do see that. That would
17 change, because the revenues would be lower.

18 Q And just to estimate roughly what that difference
19 would be, it would be 11.78 cents per therm,
20 times the number of therms the FPO population
21 consumes, correct?

22 A (Tebbetts) Yes.

23 Q And you would expect that to show up in the
24 reconciliation perhaps next year?

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Tebbetts) Yes.

2 Q Thank you. Before we discuss any further
3 specific rates, I'd like to look at Exhibit 5
4 and 6.

5 Turning to Exhibit 6, do you have --
6 does the Company have an estimate as to how many
7 customers have registered for the FPO Program at
8 this time, looking at what the Company filed as
9 its response to the Department of Energy's Data
10 Request 1-4?

11 A (Tebbetts) What Bates Page are you on for
12 Exhibit --

13 Q -- 6, 00001.

14 A (Tebbetts) Oh. I had Exhibit 5 up. I think we
15 have on here -- and, actually, the FPO letter, I
16 think, I don't know if you attached it, but it
17 was part of this response.

18 Q It was part of the response, but some of the
19 attachments were confidential, so we did not
20 attach them.

21 A (Tebbetts) Okay. You know, I think I said
22 yesterday "156", and I want to say that was a
23 number I saw last week, that we had signed up for
24 the FPO.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Q Okay.

2 A (Tebbetts) It's not exact, but I recall seeing
3 that number when I was going through some data.

4 Q Okay. And you were not able to be estimate that
5 on September 29th, but, as of today, your memory
6 is that it's approximately 156?

7 A (Tebbetts) Yes.

8 Q Thank you. Could you please comment on the
9 unaccounted-for gas volumes for this winter
10 period, and how it compares to last month's --
11 excuse me -- last year's unaccounted-for gas
12 volumes, looking at Bates Page 002 of the
13 Company's response to DOE Data Request 1-5?

14 A (Tebbetts) Yes. So, last year, we had filed 0.19
15 percent, but then we had a revised filing that
16 actually increased that to 1.59 percent. And
17 part of the issue is, we're looking at different
18 periods. So, we have to file with PHMSA, period
19 of July through June, and those are the -- that's
20 the period we're looking at here that's applied.
21 So, when we look at this, it doesn't match up.
22 And, so, there is -- it looks to be a slight
23 increase from last year. And, again, that could
24 be for a lot of reasons. It could be just

[WITNESS PANEL: Tebbetts|Gilbertson]

1 changes in -- yes, it could just be for a lot of
2 reasons.

3 Q So, when you said you made a revised filing,
4 though, just to be clear, last year, for the
5 winter period, that 0.19 number was used. And I
6 believe your revised filing was in the summer, is
7 that correct?

8 A (Tebbetts) No. We -- my recollection is we made
9 a revised filing in October of 2021 for Keene,
10 and, in that revised filing, that number was
11 changed.

12 Q Okay. And the Company's response here says --
13 you were asked to explain why you went from "0.19
14 percent" to "2.11 percent". Obviously, the
15 correct number was higher than 0.19. So, there's
16 perhaps a smaller deviation from the 2021 figure.

17 But has the Company gathered the
18 information as to why the 2.11 percent of
19 unaccounted-for gas, whether it existed in the
20 relatively new CNG system, or if the bulk of it
21 in the propane system, or something else?

22 A (Tebbetts) I don't have that information with me
23 today. So, if we have gathered it, I don't have
24 it.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Q Okay. And no updated answer was filed, correct?

2 A (Tebbetts) I don't -- well, I don't have it here
3 with me today. So, if it was, I'd have to go
4 back and look.

5 Q Well, I don't have it either. So, --

6 A (Tebbetts) Then, potentially, you're correct,
7 that we did not file an updated response.

8 Q So, turning to the next, Bates Page 003. Could
9 the panel please address the status of the
10 Company's CNG/LNG expansion plans for this
11 franchise area, if any?

12 A (Tebbetts) Yes. I think that we provided here
13 that we know that the propane-air system is
14 nearing the end of its useful life. We have the
15 proposed Green Keene Project. We have filed it
16 in our latest Least Cost Plan. I don't remember
17 the docket number, but it was filed on
18 October 3rd of 2022.

19 And, as part of that, we do have some
20 information that we are looking at potential
21 options. We do think that there needs to be a
22 transition from the aging propane-air facility.
23 We have engaged some consultants. And we are
24 looking to see what we can do for a CNG/LNG

[WITNESS PANEL: Tebbetts|Gilbertson]

1 facility, and also potentially make it
2 hydrogen-ready down the road. And that is all
3 part of the process that we're going through
4 right now.

5 Q And I understand the Company may interpret the
6 phrase "CNG/LNG expansion plans" as developing
7 new facilities. But I'm actually trying to ask
8 you about the number of CNG customers. There
9 were approximately 20 two years. How many CNG
10 customers are there at this time?

11 A (Tebbetts) I don't have that information in front
12 of me.

13 A (Gilbertson) I thought we covered that in the
14 tech session. But I thought it was about, if I
15 remember correctly, 22, 23. I don't know
16 exactly. But I know we talked about it, and I
17 had a spreadsheet in front of me, which I don't
18 have today.

19 But it's not much more. It's about the
20 same. Yes, a little bit more. A little bit
21 more.

22 Q And, if the panel knows, are those essentially
23 all commercial customers?

24 A (Gilbertson) They are all commercial.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Q Thank you. I do want to ask now about
2 Exhibit 4 -- excuse me -- Exhibit 6, Bates Pages
3 005 and 006, but I believe a generic discussion
4 can occur.

5 Could you please discuss the process of
6 calculating the prior under period -- prior
7 period under-collection "Beginning of the Month
8 Balance" on Schedule H?

9 A (Tebbetts) Yes. I just need to get to
10 Schedule H.

11 Q And Schedule H, presumably on Exhibit 3?

12 A (Tebbetts) Okay. Okay. So, we start with a
13 beginning balance from May, so, May 2022. And
14 this all comes from the General Ledger, that's
15 our beginning balance. And then, we determine if
16 there were any adjustments. We add interest to
17 that balance. And then, at the end of May, we
18 roll that number forward to start in June. And,
19 through that period, we will have a beginning
20 balance every month, of course, account for any
21 adjustments that may have occurred in the summer
22 months that were due to adjustments that
23 occurred -- let me say this again. We book those
24 adjustments in the summer period, because they

[WITNESS PANEL: Tebbetts|Gilbertson]

1 were known and measurable in those months. But
2 they were for adjustments that were to be dealt
3 with through a previous winter period.

4 So, then, we start to include
5 collections from customers in November, through
6 April, to offset that beginning balance, to come
7 up with an ending balance.

8 Q And, based on Schedule H, in Exhibit 3, your
9 final calculation for the winter
10 under-/over-collection is an over-collection of
11 \$989, or thousand dollars?

12 A (Tebbetts) I have the spreadsheet open, so I
13 could show you -- I could explain it. And, so,
14 you said on Schedule -- oh, I'm sorry,
15 Schedule B?

16 Q No, Schedule H.

17 A (Tebbetts) Right. Schedule H. So, when I look
18 at the ending balance, we have an ending balance
19 of \$987, yes.

20 Q I'm looking at "989". I don't mean to quibble.
21 But are you on a different -- I'm not looking at
22 the spreadsheet. I'm looking at Schedule H.

23 A (Tebbetts) I'm looking at Schedule H, Bates Page
24 015, on Line 12. Oh, you're looking at the

[WITNESS PANEL: Tebbetts|Gilbertson]

1 over-/under-collection on Line (2) -- I mean,
2 Section (2)?

3 Q Correct. Column (2), correct.

4 A (Tebbetts) Okay. I guess, yes. Then, that's
5 correct. No, well, the 980 -- 989 is
6 over-/under-collection, yes. I see what you're
7 saying. Yes, that is correct.

8 Q So, it's a 989 over-collection --

9 *[Court reporter interruption.]*

10 **BY THE WITNESS:**

11 A (Tebbetts) Well, I think that that -- go ahead,
12 I'm sorry.

13 BY MS. SCHWARZER:

14 Q No, no. Please.

15 CMSR. SIMPSON: Could you just restate
16 the exhibit and page number you're on please,
17 Ms. Tebbetts?

18 WITNESS TEBBETTS: I am on Exhibit 3.
19 Yes, Exhibit 3, Bates Page 015.

20 CMSR. SIMPSON: Thank you.

21 BY MS. SCHWARZER:

22 Q So, just to summarize, those credits are to
23 correct for an error of a winter -- winter
24 figures that were put in the summer?

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Tebbetts) No. Those aren't that. Those are the
2 over-collection. So, on Schedule B, Line 37, the
3 dollars -- we do a -- we sum, let's see, we sum,
4 I'm just making sure I give you the right line
5 numbers, the total cost of gas, in Line 19, and
6 I'm looking at the first column, for example,
7 November. We take the sum of Line 19, we add in
8 any return on inventory of Line 20, and we
9 subtract out revenues from that. So, whatever
10 we've collected, minus our costs, we then put
11 into Column (2) on Schedule H. And that's where
12 those numbers come from.

13 Q Thank you. Does anybody else on the panel want
14 to comment or -- I didn't want to cut anybody
15 off, if you have --

16 A (Gilbertson) No. I'm following what she's --

17 Q Okay. Sorry.

18 A (Gilbertson) I'm on Schedule B, following right
19 along.

20 MS. SCHWARZER: Okay. Great. And, so,
21 now, I do want to ask about some specific
22 questions. And perhaps we could go into
23 confidential session. I'm going to take a quick
24 look.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 *[Chairman Goldner, Cmsr. Simpson, and*
2 *the Court Reporter conferring, along*
3 *with Atty. Sheehan as well, regarding a*
4 *process to deal with confidential*
5 *information.]*

6 MS. SCHWARZER: So, I think we may have
7 established that we can proceed, and that you'll
8 work out a different process for the redacted
9 version, without my having to say "confidential"
10 every time? Thank you.

11 CHAIRMAN GOLDNER: Correct. Everyone
12 seems comfortable with that?

13 *[Multiple parties indicating in the*
14 *affirmative.]*

15 CHAIRMAN GOLDNER: Okay. Yes, you may
16 proceed.

17 MS. SCHWARZER: Great. Thank you.

18 BY MS. SCHWARZER:

19 Q Could the panel please describe, first, at a very
20 high level, what the incremental comparison of
21 CNG and propane costs is in this docket, and why
22 it's done?

23 A (Tebbetts) Yes. So, their costs are different to
24 the Company for procuring CNG versus procuring

[WITNESS PANEL: Tebbetts|Gilbertson]

1 propane. And sometimes it's more expensive to
2 procure propane and sometimes it's more expensive
3 to procure CNG. And, so, the filing takes into
4 account those differences.

5 Q And was there a formula established in the most
6 recent rate case, Docket Number 20-105, in the
7 Settlement Agreement, I believe, Paragraph 7 or
8 8, and then in Appendix 4 and 5, with regard to
9 penalizing the Company when the conversion to CNG
10 results in a higher fuel cost to customers than
11 would otherwise be the case had supply continued
12 to be air-propane only?

13 A (Tebbetts) Yes.

14 Q And if you would turn to Exhibit 5 please, Bates
15 Page 020.

16 A (Tebbetts) Yes.

17 Q Can you please explain what that table is and
18 what it is tracking?

19 A (Tebbetts) Yes. So, high level, and we'll get to
20 the numbers, there was an incremental cost or
21 savings amount initially established in the last
22 rate case, as part of the Settlement Agreement.
23 And we were allowed to collect half of that in
24 the first year, the year 2019-2020.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 After those years, we are allowed to
2 have a deferral of those charges, and that's what
3 Column (f) provides, for those "Incremental costs
4 not recovered". And, as we go through the years
5 2019 through 2023, if propane was more expensive,
6 then the customers would get the benefit of the
7 lower CNG costs. And, if propane was less
8 expensive, the Company would take the penalty on
9 the higher CNG costs.

10 Q You take half the penalty, right?

11 A (Tebbetts) Half the penalty, yes.

12 Q And can you explain the concept of -- what is the
13 purpose of the running tally for deferred costs
14 in total, Column (f)? How is that used?

15 Maybe you could illustrate that with
16 your 2021-2022?

17 A (Tebbetts) Sure. So, give me one second. I want
18 to -- I'm just going to use the spreadsheet, as I
19 think, for myself, it will be easier. So, just
20 one moment.

21 Q Just so I understand, we're continuing to look at
22 what is a hard copy, Exhibit 5, Bates Page 020,
23 but you're looking at the live version, is that
24 correct?

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Tebbetts) Yes. Yes. It just will be a little
2 easier for me to explain --

3 Q Sure.

4 A (Tebbetts) -- as I click on the cells. Okay.
5 So, -- okay. All right. What was your question
6 again?

7 Q If you could explain the purpose of Column (f),
8 which you've identified as a "running balance of
9 deferred costs", and perhaps you explain it by
10 using the Winter 2021-22 column.

11 A (Tebbetts) Okay. So, as you can see, the
12 incremental costs start at \$66,000, in Column
13 (f), in Line 5. And then, as we either collect
14 or refund dollars, we include those, the
15 incremental costs not recoverable, but were
16 deferred.

17 So, for example, you see, in Column
18 (f), \$66,235 in Column 5 -- I'm sorry, Line 5.
19 In 2020 and 2021, we had \$22,000 not recoverable.
20 And, so, in Column (f), we add that 22,000 to the
21 66,000. And then, in 2021 and 2022, we actually
22 had CNG become cheaper than propane. And, so, we
23 were able to charge customers for the \$39,000.
24 And, by doing that, we actually reduced -- we

[WITNESS PANEL: Tebbetts|Gilbertson]

1 reduced the deferral down to 48,000.

2 We are expecting, in Winter 2022-2023,
3 to have propane be more expensive than CNG. Oh,
4 I'm sorry, yes. Propane -- propane to be cheaper
5 than CNG, I'm reading the line here, propane to
6 be cheaper than CNG. And, as such, we are adding
7 to the deferral \$33,000, which means we have a
8 total running balance that we have not recovered
9 of \$81,954.

10 Q And that, essentially, means the Company is
11 taking a penalty of the 50 percent, or the
12 33,000, because you haven't been able to recover
13 it, is that correct, under the formula?

14 A (Tebbetts) Yes.

15 Q And, in the event that Column (f) had a zero
16 balance, even if the Company were to have a
17 situation where CNG was less expensive than
18 propane, were there no deferred costs, the
19 Company couldn't recover it, is that correct?

20 A (Tebbetts) Let me look at the footnote here,
21 because I believe we -- give me a minute please.

22 Q And, while you're doing that, let me just read
23 into the record the note underneath that chart,
24 which quotes the Settlement Agreement from

[WITNESS PANEL: Tebbetts|Gilbertson]

1 20-105, Paragraph 7.1(a), which says "If the CNG
2 supply cost is lower than the propane supply
3 cost, the Company shall recover and retain the
4 full amount of the incrementally lower CNG supply
5 cost up to the amount of incrementally higher CNG
6 costs accrued since the commencement of the CNG
7 service, which have not yet been recovered from
8 customers, at which point the Company shall
9 recover and retain one-half of the incrementally
10 lower CNG supply costs."

11 A (Tebbetts) So, I don't have the Settlement
12 Agreement in front of me, and it looks like this
13 cuts off. So, I am actually not certain as to
14 what happens when the deferral is zero.

15 Q Okay. Thank you. If we could turn to your
16 Exhibit 3, Table -- Schedule B, which is, I
17 believe, Bates Page 009.

18 Could you please explain how the
19 incremental costs appear on Schedule B, looking
20 at Lines 9 through 16?

21 A (Tebbetts) Yes. So, we start out with what we
22 believe the firm sendout is going to be, and
23 then -- by each month, and then we put in what we
24 believe the cost per therm is going to be. We

[WITNESS PANEL: Tebbetts|Gilbertson]

1 multiply that cost per therm times the therms to
2 get a total calculated cost of CNG. We have
3 known demand charges, and, so, we add to that to
4 Line 12. And, excuse me, Line 13 provides that
5 we take the total cost of -- I'm sorry, the total
6 incremental cost, and we're in a confidential
7 session, so, the total _____ that we've
8 calculated on Schedule O, we take that number,
9 and we divide it by 6, to apply incremental costs
10 associated with the _____ to each month, which
11 is _____ a month.

12 We then take the -- which we are going
13 to charge customers for, at the lower -- which is
14 the lower cost for CNG. And then, we take the
15 projected incremental costs for Winter '22 and
16 '23, the _____, which was calculated on
17 Schedule N, which we're allowed to recover half
18 of. And we reduce the collection of those
19 incremental costs by the _____, and, again,
20 spread it out over the six months. So, we end up
21 with total net incremental costs for the period
22 of _____.

23 We then take that amount, by month,
24 which is _____, and add it to Line 11, what we

[WITNESS PANEL: Tebbetts|Gilbertson]

1 added -- let me say that again. We sum up
2 Line 11, Line 12, and Line 15, to come up with
3 our total CNG cost for the period.

4 Q And pursuant to the Settlement Agreement, does
5 the per therm cost of CNG include demand charges?

6 A (Tebbetts) I don't have the Settlement Agreement
7 in front of me. But we've been calculating the
8 total cost with demand charges.

9 Q Let me ask whether the Company anticipates that
10 propane is more or less expensive than CNG for
11 this winter period?

12 A (Tebbetts) We expect propane to be less than CNG.

13 Q Okay. And, if we look at Line 4, on Schedule B,
14 the Company is forecasting that the per therm
15 cost of propane will be approximately "1.6137"
16 for November 2022, is that correct?

17 A (Tebbetts) Yes.

18 Q And then, in contrast, the CNG cost per therm is
19 shown on Schedule B as "_____", correct?

20 A (Tebbetts) Yes.

21 Q And that is appearing to be less than propane,
22 correct?

23 A (Gilbertson) I have a comment on that.

24 Q Well, I would like to ask her just a question.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Gilbertson) But she said something incorrectly.
2 Line 4 of Schedule B is the weighted average cost
3 of propane. That's the -- what's in the tanks.
4 That's not the spot cost of propane. The spot
5 cost of propane is what you use to determine
6 whether or not the CNG is more or less expensive.
7 It's the cost of it in the same time period.

8 Where, in this schedule, on Line 4,
9 that's the weighted average cost, that's in the
10 tanks. That's not the same.

11 Q Okay. Well, we can look at Schedule A, where the
12 Company has done its per therm cost for gas from
13 propane and gas from CNG. And Schedule A shows
14 gas from propane at "1.6134", and --

15 A (Gilbertson) The same thing, that's the WACOG.

16 Q -- and gas from CNG at "_____", correct?

17 A (Gilbertson) Schedule A is also gas from
18 inventory, which is weighted average cost of gas.
19 If you want to see what the cost of propane is in
20 the period, from November through May, you have
21 to go to Schedule C.

22 Q Well, before we leave Schedule B, and I do want
23 to go there, and that's the schedule I'm planning
24 to move to.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Gilbertson) Okay.

2 Q But, I believe, if we look at Schedule B, if the
3 panel could do some quick math, the demand
4 charges shown on Line 12, if those are divided by
5 the number of therms shown in column for
6 "November", "_____", there's a per therm cost
7 for demand charges of _____. And, I believe, if
8 we go to Schedule C, and before we do that, if we
9 add the estimated per therm cost of CNG and the
10 per therm cost of demand charges, we end up with
11 a per therm cost of CNG of 1.8820, which is
12 reflected on Schedule C, at Line 24. Agreed?

13 A (Gilbertson) I guess we agree. But the CNG is
14 purchased in the period. I'm not sure where
15 you're going with the -- Schedule B has a
16 weighted average cost of propane. It's not spot
17 propane purchased in the same time period. It is
18 not looking at the future for that time period.
19 It's blended gas that's already in the tank
20 that's going to come out and be vaporized. It's
21 different.

22 Q That may well be the case. But I guess I'm
23 trying to make the point that Schedule B, on its
24 surface, seems to suggest, not that the numbers

[WITNESS PANEL: Tebbetts|Gilbertson]

1 are inaccurate, but it shows a per therm cost of
2 CNG that excludes the per therm cost of the
3 demand charges. So, if you were to compare Line
4 10, with Line 4, it looks as if propane is more
5 expensive.

6 But, if you go to Schedule C, which
7 includes the per therm demand charges, you can
8 see that the per therm cost of propane -- of CNG
9 for this period varies between _____ and _____,
10 for a total average of _____ reflected in
11 Schedule A, correct?

12 A (Tebbetts) Yes. I just -- I'm not sure what your
13 question is.

14 Q I just wanted to establish that a superficial
15 look at Schedule B makes it look as if CNG is
16 less expensive, and the demand charges need to be
17 calculated on a per therm basis, that's reflected
18 in Schedule C.

19 Have the prices of propane and CNG
20 changed since this filing was made?

21 A (Gilbertson) Yes.

22 Q How much have they changed?

23 A (Gilbertson) Overall, they have gone down. I
24 think that the rate went about 10 cents.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Q Overall, 10 cents. And how much for each
2 category?

3 A (Gilbertson) I don't know offhand. I don't know
4 offhand.

5 Q You don't know for propane and CNG separately?

6 A (Gilbertson) They both went down.

7 Q Okay. And the orders in this docket require the
8 Company to track CNG and propane separately,
9 correct?

10 A (Gilbertson) Yes.

11 Q But you don't know today what that change -- what
12 that difference is for propane or for CNG?

13 A (Gilbertson) I looked at it the day before
14 yesterday, and the rate went down about 10 cents.
15 They both went down a little bit.

16 Q Thank you. And would the Company expect to make
17 a trigger filing adjustment, in the event that it
18 was necessary?

19 A (Tebbetts) For December 1st, we would. We will
20 look at that information in November to make that
21 determination.

22 Q Does the Company have a threshold for winter, a
23 percentage of either projected under-collection
24 or over-collection, when, internally, it would

[WITNESS PANEL: Tebbetts|Gilbertson]

1 always make a trigger filing to change the rates?

2 A (Tebbetts) I don't -- I don't understand your
3 question.

4 Q Okay. Some gas companies have an internal
5 percentage of, let's say, 4 percent for the
6 summer/2 percent for the winter, when, if the
7 trigger filing calculates an under-collection or
8 an over-collection for the seasonal period that
9 exceeds that percentage, the Company's internal
10 policy would be to automatically increase or
11 lower the rate, with a view towards minimizing
12 the end of the period over-collection or
13 under-collection. Does Liberty have an internal
14 percentage at which point it would either raise
15 or lower the rate?

16 A (Tebbetts) I am not aware of any internal policy
17 where we would do that. I do believe that the
18 order for the trigger filings, or that allow for
19 trigger filings, are based on price, and not
20 based on the over-/under-collection.

21 Q Does the panel, other witness, have any comment
22 on that?

23 A (Gilbertson) Yes. We collaborate each month with
24 the trigger filing. Where Regulatory will update

[WITNESS PANEL: Tebbetts|Gilbertson]

1 what they know to be true, the best available
2 information, and I will update pricing. And I
3 will also look at the market information on what
4 is looking forward. So, if it changes by a
5 couple of pennies, I don't think they change the
6 rate, especially if it looked like, I mean, up or
7 down, depending on the outlook. We'd have a
8 discussion. But there's no internal percentage,
9 to my knowledge.

10 Q So, you have a number of factors you might look
11 at, even if there were, let's say, a five percent
12 increase in the rates, depending upon how
13 volatile the market might be, or other concerns
14 the Company might or not --

15 A (Gilbertson) We would have a discussion for sure,
16 yes.

17 Q But no firm --

18 A (Gilbertson) No firm --

19 Q -- firm percent?

20 A (Gilbertson) Right.

21 Q Thank you. Just directing the panel's
22 discussion -- attention to Exhibit 5, the
23 Company's response to Data Request TS 1-1.

24 Is it fair to say, at some point, the

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Company anticipated \$120,000 credit for the
2 incremental adjustments that it concluded was an
3 error resulting in the -- God bless you -- the
4 numbers discussed in the Excel spreadsheet at the
5 end of this exhibit, and there's an explanation
6 in the Company's responses to how those
7 adjustments were made?

8 A (Tebbetts) Are you -- I'm unsure of your
9 question.

10 Q My question is whether, in the process of the
11 cost of gas filing, in the information provided
12 to the Department, at some point the Company had
13 said they expected \$120,000 credit to be applied,
14 and later found, as illustrated in the Excel
15 spreadsheet we spent some time with earlier, a
16 change in the Company's understanding during the
17 course of the docket?

18 A (Tebbetts) I believe we were looking at the total
19 being 121,000, where we get 50 percent of that.
20 And, yes, during the course of putting together
21 the updated filing, we found that that number was
22 not correct. And that's why we made updates in
23 the 10/7 filing to address what the -- or, to
24 correctly input what the numbers were.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 MS. SCHWARZER: Thank you very much.
2 The Department does not have any further
3 questions.

4 CHAIRMAN GOLDNER: Okay. Thank you.
5 We'll move to Commissioner questions,
6 beginning with Commissioner Simpson.

7 CMSR. SIMPSON: Thank you, Mr.
8 Chairman.

9 BY CMSR. SIMPSON:

10 Q So, a follow-up to the Department's inquiry
11 regarding lost and unaccounted-for gas,
12 Exhibit 6, Bates 002. My understanding is that,
13 under RSA 12-P, the Company has to report to the
14 Department and the Legislature on an annual basis
15 for lost and unaccounted-for gas, is that
16 correct?

17 A (Tebbetts) Yes.

18 Q So, do you know the last time you've reported
19 those figures?

20 A (Tebbetts) The filing is due March. I don't have
21 access to the internet up here, because the WiFi
22 is down. I want to say the filing is due
23 federally, to PHMSA, in March. I think it's due
24 around the same time. Although, I will add, when

[WITNESS PANEL: Tebbetts|Gilbertson]

1 I was gathering this data, the person who puts it
2 together was putting together last year's
3 information, well, 2021 to 2022's data. So, I
4 may be off on my months, but that's what I
5 recall.

6 Q And, when you report those figures, whether it's
7 to PHMSA or the Department or the Legislature, do
8 you break down your systems? Like, do you have
9 EnergyNorth in one bucket, Keene in another
10 bucket? Do you go a step further for the
11 propane-air system and the CNG system? How do
12 you distinguish?

13 A (Tebbetts) So, we do separate Keene from
14 EnergyNorth. I don't recall seeing a breakdown
15 of CNG and propane on the filing. But I don't
16 prepare it. And, so, if it -- it could be there.
17 I just don't recall actually seeing a breakdown.

18 Q And thinking about this question specifically,
19 how would you measure -- and I'm thinking more
20 about the CNG system. So, let me ask you this.

21 A (Tebbetts) Okay.

22 Q For the CNG system, how many customers does that
23 serve?

24 A (Tebbetts) I think we had said "22 to 23".

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Q Okay. So, it's a small island, in a sense, of
2 the Keene system?

3 A (Gilbertson) Yes. It's a plaza.

4 Q And how do you meter that? How do you meter the
5 delivery of gas to that part of your system?

6 A (Gilbertson) Well, there's a -- there's a meter
7 right at the skid that measures what the sendout
8 is.

9 Q Uh-huh.

10 A (Gilbertson) And then, that's compared against
11 the billing data, what's metered at the
12 customer's premise.

13 Q Okay.

14 A (Gilbertson) And that's your lost and
15 unaccounted-for.

16 Q Okay. So, you just do it the same way you would
17 do it for your EnergyNorth system and the
18 propane-air?

19 A (Gilbertson) That's how it's done everywhere.
20 Yes.

21 Q Okay. And do you have a sense of the difference
22 in lost gas, due to the fact that, in one system,
23 you're delivering propane-air, and the other
24 system you're delivering compressed natural?

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Gilbertson) I don't have the numbers broken out,
2 as Heather said. I don't have that. I don't
3 know if -- we might have that. I don't know.

4 Q Do you know if it's more or less? Like, I'm just
5 thinking, because, molecularly, they're
6 different, right?

7 A (Gilbertson) They are different. Same concept of
8 how to do it. And minor things can cause big,
9 because it's so small.

10 Q Uh-huh.

11 A (Gilbertson) So, you've got -- you sendout is
12 your sendout. And we track that in Gas Control,
13 we track it at the skid, and also the vendor
14 tracks it. So, that's the starting point, and
15 that's good. I mean, we make sure of that. The
16 billing, you have like sometimes you'll have
17 cancel/rebill. There are things that can
18 trigger. It's not leaks. You know, it really is
19 a mechanism of billing and cancel/rebills, or
20 anything can, you know, tweak it a little bit,
21 and then maybe it's corrected. That's why the
22 one year is usually a good indicator, but, you
23 know, when you're at a starting point, you're
24 really measuring the starting point and the

[WITNESS PANEL: Tebbetts|Gilbertson]

1 ending point, because of all those little things
2 that could -- variations, typically, will work
3 themselves out through the year.

4 Q Uh-huh.

5 A (Gilbertson) We have lost and unaccounted-for in
6 every utility. And there's usually a -- it's
7 called a "company allowance". And, you know, in
8 most cases, in our Mid States territory, we have
9 a 2 percent company allowance. It's in our
10 tariff. I'm sure they track it. But there's no
11 variation. It's not like you look at one year,
12 and you look at what the lost and unaccounted was
13 one year, and change it. It's always the same.
14 It's always 2 percent.

15 I know I'm kind of going off on a
16 tangent here. But I just want to, you know, get
17 the point across that lost and unaccounted-for is
18 a very normal company allowance. And, if it's in
19 the realm of reasonable, you know, that should be
20 fine. I mean, it's never going to be perfect,
21 you're measuring two different things.

22 Q No, I certainly understand that. And metering
23 calibration, you're then factoring in, you have
24 hundreds of meters that all have been calibrated

[WITNESS PANEL: Tebbetts|Gilbertson]

1 at different times, have different levels of
2 accuracy.

3 A (Gilbertson) Absolutely.

4 Q And you're factoring that in. So, I recognize
5 the variance that's possible. Just trying to
6 understand trends here.

7 A (Gilbertson) Right.

8 Q Like, what -- given that this is a unique system,
9 that has two distinct fuel sources, trying to
10 understand the impact of that. I know you've
11 provided in your data responses, you've
12 referenced your LCIRP that was filed a couple of
13 weeks ago, that you view the system as nearing
14 end-of-life.

15 So, just trying -- I'm trying to
16 understand, from the lost and unaccounted-for
17 perspective, how is the system operating? What's
18 the performance of it?

19 A (Gilbertson) Understood.

20 A (Tebbetts) I think part of the issue, too, when
21 you look at this, there's a difference between
22 calendar month and billing month. And I am not,
23 off the top of my head, positive which one is
24 used here. So, again, a lot of variables that go

[WITNESS PANEL: Tebbetts|Gilbertson]

1 into what the required reporting is for PHMSA.
2 And I believe that's the basis of calculating
3 this.

4 But I don't know off the top of my head
5 exactly which data is used, when we look at the
6 throughput, which is at the customer meter,
7 versus the sendout, because I do believe the
8 sendout, and Ms. Gilbertson can correct me if I'm
9 wrong, is a calendar month. And, so, that could
10 be part of the variable as well. She did mention
11 "cancel/rebills", lots of different things.

12 Q I mean, I'm not asking about specifics, I'm just
13 looking general trends. And it sounds like
14 you've provided that 2 percent is what you've
15 historically experienced for lost and
16 unaccounted-for gas for your systems, in that
17 large?

18 A (Gilbertson) In most systems, yes. I mean,
19 Massachusetts, a little bit different, and
20 depending on the territory. But 2 percent is
21 usually the standard.

22 Q Uh-huh. Okay. So, we issued some record
23 requests, both in this proceeding and in 22-045,
24 pertaining to EnergyNorth, and the Company

[WITNESS PANEL: Tebbetts|Gilbertson]

1 provided some Excel responses. Do you both
2 recall that?

3 A (Tebbetts) Yes.

4 Q So, I'm looking at, first off, in both of them
5 you provided the same Excel spreadsheet, which is
6 appreciated. So, in the first record request, we
7 asked for the overall gas rate, cost of gas. And
8 your overall total cost of gas rate --

9 MS. SCHWARZER: Mr. Commissioner, if I
10 could just catch up. I'm not on the Excel
11 spreadsheet, it just will take me a moment to --

12 CMSR. SIMPSON: Yes. Take a moment.

13 *[Short pause.]*

14 MS. SCHWARZER: Are we on Excel
15 1.1.xls?

16 CMSR. SIMPSON: I'm looking at the
17 Attachment RR 1-1.

18 MS. SCHWARZER: Thank you.

19 CMSR. SIMPSON: Just a moment.

20 BY CMSR. SIMPSON:

21 Q Okay. So, I have both of them up, for 22-045 and
22 this proceeding, 22-057 for the sake of
23 comparison.

24 So, for 1-1, for EnergyNorth, your

[WITNESS PANEL: Tebbetts|Gilbertson]

1 proposed cost of gas, in these figures at the
2 time, was \$2.19 per therm, for Residential. And
3 then, for this proceeding, it's \$2.88, roughly,
4 per therm. Is that correct? Would you agree?
5 You don't have a --

6 A (Tebbetts) Excuse me for one minute, I am pulling
7 up EnergyNorth. I just have to see where I put
8 it on my darn desktop.

9 Q Take your time.

10 A (Tebbetts) Where did it go? Ah, okay. I guess,
11 when I moved it from my trash, it combined
12 everything. So, let me --

13 MS. SCHWARZER: If possible, could you
14 identify the email that those record requests
15 were filed for EnergyNorth, the date?

16 WITNESS TEBBETTS: They were filed on
17 10/24.

18 MS. SCHWARZER: Thank you.

19 WITNESS TEBBETTS: Okay. Just
20 continue.

21 BY CMSR. SIMPSON:

22 Q Okay. So, the all-in proposed rates are roughly
23 30 percent higher for Keene?

24 A (Tebbetts) Yes.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Q So, then, when I look at Record Request 1-2, for
2 these responses, which provide the bill impacts,
3 for EnergyNorth customers, your estimated winter
4 total is \$1,453.54. But, for Keene customers,
5 it's \$1,381.71. So, roughly, \$70 less for the
6 winter is your estimated bill for Keene customers
7 relative to EnergyNorth. Can you explain why the
8 Company has estimated that Keene winter totals
9 will be less than EnergyNorth?

10 A (Tebbetts) I am --

11 WITNESS TEBBETTS: Maybe if we take
12 like a five-minute break, I can pull up the -- I
13 can hop on the internet and just pull that up?

14 CMSR. SIMPSON: Sure.

15 WITNESS TEBBETTS: This way I'd have it
16 in front of me. I'm sorry. I just need to get
17 on the internet to do it.

18 CMSR. SIMPSON: Let's take five. Does
19 that work, Mr. Chairman?

20 CHAIRMAN GOLDNER: Sure. Yes. Let's
21 take a ten-minute break for the stenographer as
22 well, and then just return at 10:30, and proceed.
23 So, we're returning at 10:30. Off the record.

24 CMSR. SIMPSON: Thank you.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 *(Recess taken at 10:19 a.m., and the*
2 *hearing resumed at 10:34 a.m.)*

3 CHAIRMAN GOLDNER: Okay. We'll go back
4 on the record, and pick up again with questions
5 from Commissioner Simpson.

6 CMSR. SIMPSON: Thanks, Mr. Chairman.

7 BY CMSR. SIMPSON:

8 Q Okay. You were able to get the spreadsheets
9 open?

10 A (Tebbetts) Yes. Thank you very much for giving
11 me a few minutes to look at that.

12 Q No problem.

13 A (Tebbetts) So, when I take a look at the rates,
14 you're correct that the proposed total rates for
15 EnergyNorth customers is lower than the Keene
16 customers by 0.69 cents.

17 Q Yes.

18 A (Tebbetts) The difference is their usage. So,
19 the average usage in Keene is 447 therms. In
20 comparison, the average usage in EnergyNorth is
21 621 therms. So, when I looked at this, it's not
22 apples-to-apples in net usage. And that's the
23 difference.

24 Q So, that's what I expected. Do you have a sense

[WITNESS PANEL: Tebbetts|Gilbertson]

1 of why that average therm is so different? I
2 mean, so, presumably, you're just looking at your
3 residential customers, right? You're not looking
4 at C&I customers, different customer classes in
5 this analysis, for therms, right?

6 A (Tebbetts) Correct.

7 Q So, that's a big difference. That's like a third
8 less gas. Do you know -- do you have any sense
9 of why that is?

10 A (Tebbetts) I don't. But I will say Ms.
11 Gilbertson and I were speaking at the break, to
12 kind of think about that. And our Keene
13 customers are in a different spot in the state
14 than are, you know, 90 -- three-quarters of our
15 customers. They very well could have woodstoves
16 that offset it. They could have pellet stoves.
17 There's a lot of reasons why they may have offset
18 their usage.

19 I'm not sure that the usage is -- how
20 do I say this? I don't want to say that they're
21 using less because they actually heat their homes
22 at a cooler temperature.

23 Q Uh-huh.

24 A (Tebbetts) They just may have a supplemental

[WITNESS PANEL: Tebbetts|Gilbertson]

1 source of heat to allow them to use less of our
2 product.

3 Q Yes. A lot of factors, potentially, here?

4 A (Tebbetts) Yes.

5 Q Do you have a sense of the difference in energy
6 content from propane-air to CNG -- or, from
7 pipeline gas, excuse me? Don't know?

8 A (Gilbertson) I really don't know.

9 Q Okay.

10 MR. SHEEHAN: Mr. Chairman, I think
11 that might be in our tariff, that the Keene
12 propane-air, and don't hold me to it, is 780
13 Btus, and the natural gas is 1,000 Btus, whatever
14 the -- but there is a significant difference in
15 that.

16 CMSR. SIMPSON: So, propane-air has
17 less energy content --

18 MR. SHEEHAN: Yes.

19 CMSR. SIMPSON: -- than natural?

20 MR. SHEEHAN: Yes.

21 CMSR. SIMPSON: Okay.

22 MR. SHEEHAN: We take propane-air and
23 blend it with air to reduce it further.

24 CMSR. SIMPSON: Yes. It's interesting.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Interesting question, why it's so much lower.

2 MR. SHEEHAN: My guess, and it's just
3 that, is the propane-air system came in in the
4 '40s and '50s, replacing butane, of all things,
5 which had replaced manufactured gas. And perhaps
6 they just kept the Btus the same over the years,
7 not to have to deal with changes to all the
8 equipment in that town.

9 CMSR. SIMPSON: Interesting. Yes, a
10 lot of factors. But it's just an interesting
11 comparison. So, thanks for shedding a little bit
12 of light on that.

13 BY CMSR. SIMPSON:

14 Q Okay. I'd like to ask about the Propane
15 Purchasing Stabilization Plan, Exhibit 1, Bates
16 Page 008. Can you just provide, in your own
17 words, an overview of this Plan?

18 A (Gilbertson) Yes. So, what we do with this Plan
19 is -- Keene doesn't have storage. So, what we do
20 is we go out and procure gas over the summer
21 period to be used in the winter. So, in April,
22 we'll buy -- it's like a physical hedge, where
23 we'll buy a piece of November, December, January,
24 February, March, April, at whatever the market

[WITNESS PANEL: Tebbetts|Gilbertson]

1 price is. And we'll do the same through
2 September, until we have -- I think we've got
3 700 -- I think we've got 700,000 gallons we buy
4 over the summer period to be used in the winter.
5 And that's what we've been using for quite some
6 time.

7 Q And how has the volatility in the market impacted
8 your implementation of this Plan?

9 A (Gilbertson) I'm sorry, say that one more time?

10 Q How has market volatility influenced your
11 implementation of this Plan?

12 A (Gilbertson) Well, we do with this Plan is we --
13 it influences it, but what we do is we have a
14 fixed basis. So, it's a Mont Belvieu price,
15 which is in Texas, plus a basis. And that's the
16 price we charge each month, each month is
17 different.

18 And, typically, so, if we buy spot gas,
19 the way we price it out is we have to figure out
20 what's Mont Belvieu -- what's the pipeline cost?
21 What's the trucking charge? What's the -- maybe
22 a marketer fee or a broker fee to build a price?
23 But with the Propane Stabilization Plan, we still
24 use Mont Belvieu, but we cut out all those

[WITNESS PANEL: Tebbetts|Gilbertson]

1 other -- those other charges, if you will, and we
2 have a fixed basis. And, typically, it's less
3 money than if we had gone out and procured it on
4 our own. And we keep track of that, too. We
5 keep track of that. That's in our summer cost of
6 gas, we say how we performed.

7 Q So, is Mont Belvieu analogous to Henry Hub?

8 A (Gilbertson) Yes.

9 Q And, so, if we look at just the gas, and then the
10 other charges that you distinguish from that, how
11 have those costs changed in the last year?

12 Because we're seeing market volatility across --

13 A (Gilbertson) Well, trucking has gotten very
14 expensive. Trucking, on its own, has gone way up
15 over the period, with the fuel surcharge, and
16 it's -- that's increased quite a bit.

17 The other factors, there's a PERC
18 charge, there's a pipeline fee, those haven't
19 change all that much. But we typically get, when
20 we put this out to bid, what we're looking for is
21 a fixed basis. And, typically, that fixed basis
22 is lower than all those charges. But we still
23 pay the Mont Belvieu price, at the different
24 price, when we purchase it over the summer

[WITNESS PANEL: Tebbetts|Gilbertson]

1 period, incrementally, for our winter usage.

2 There's a schedule, Schedule D, shows it, how we
3 lay it out.

4 Q Maybe you might walk me through that?

5 A (Gilbertson) Sure.

6 Q Which exhibit?

7 A (Gilbertson) So, I guess it's Exhibit 3, and it
8 would be on Bates Page 011. This doesn't have
9 all the components. Unfortunately, it's just the
10 volume schedule, with the delivery price per
11 gallon. But I have another, I mean, it's an
12 Excel that kind of tells you what the price was
13 at Mont Belvieu, but, if we're looking at just
14 Schedule C. So, in April, for instance, --

15 CMSR. SIMPSON: Ms. Schwarzer, I think
16 you had a question?

17 MS. SCHWARZER: No. Just the witness
18 said "Schedule C", and I believe she means
19 "Schedule D".

20 WITNESS GILBERTSON: Oh, you're
21 absolutely right. Yes.

22 CMSR. SIMPSON: Thanks.

23 **CONTINUED BY THE WITNESS:**

24 A (Gilbertson) Okay. So, if we're looking at

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Schedule D, and we see, in April, so, in this
2 upcoming April -- or, last April, I should say,
3 we bought, incrementally, over the period
4 November through April, we bought a certain
5 volume of gas to be utilized in the months of
6 November through April. So, it's -- I'm probably
7 not saying this the best way. So, to fill up
8 November, for instance, we're going to have
9 92,000 gallons in November to be used. How that
10 is purchased was incrementally, over April, May,
11 June, July, we bought 18,400 in April. We bought
12 13,000, all at different price points. And, by
13 the end of the period, which we've completely
14 purchased this, by the end of the period, the
15 price per gallon was -- I shouldn't say, I can't
16 say what it is, --

17 BY CMSR. SIMPSON:

18 Q That's okay.

19 A (Gilbertson) -- because of the confidentiality of
20 it.

21 Q Or, I think we said that "Attorney Sheehan would
22 work with the stenographer", given that the only
23 parties in the room are from the Company, the
24 Department, and the Commission.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Gilbertson) Okay.

2 Q He'll work with the stenographer to redact
3 confidential information from the transcript.

4 A (Gilbertson) Okay. So, what we --

5 CMSR. SIMPSON: Would you agree,
6 Attorney Sheehan, just for your client, or for
7 your --

8 MR. SHEEHAN: Yes. And also, there's
9 nothing confidential on this page. So, we're
10 good.

11 CMSR. SIMPSON: But it sounds like
12 Ms. Gilbertson has a different spreadsheet that
13 she's working off of, that I do want to ask you
14 about further.

15 BY CMSR. SIMPSON:

16 Q But, am I wrong, that you want to share
17 information that's not in Schedule D, as filed?

18 A (Gilbertson) I don't know that I need to,
19 actually. I mean, I could just -- I could just
20 tell you that what we do for, when you're looking
21 at Schedule D, --

22 Q Uh-huh.

23 A (Gilbertson) -- for April, for instance, in
24 November, we bought 18,400 gallons, and we paid

[WITNESS PANEL: Tebbetts|Gilbertson]

1 the April Mont Belvieu price for that, plus this
2 fixed basis, to come up with the charge of -- the
3 delivery price per gallon at \$1.54 -- or,
4 actually, that's the whole -- sorry.

5 Q Take your time.

6 A (Gilbertson) So, what I'm trying to say, so, for
7 November, although we're buying it all in
8 incremental pieces from April to September, we're
9 going to come up with -- November is going to
10 have 92,000 gallons. And, over that period of
11 time, the price, the weighted average price per
12 gallon is \$1.54 --

13 Q Uh-huh.

14 A (Gilbertson) -- for that weighted average, for a
15 total cost of \$141,985.

16 Q Uh-huh.

17 A (Gilbertson) And we -- and, basically, we follow
18 that process through all the months, purchasing
19 incremental pieces of the winter supply over the
20 summer period, using the Mont Belvieu forward
21 strip at each of those points, plus that basis
22 that we RFP for, to come up with a total cost for
23 all the volumes that we'll utilize over the
24 winter period. And, in this case, the price is

[WITNESS PANEL: Tebbetts|Gilbertson]

1 the weighted average cost of \$1.65.

2 Q So, when you purchased these gallons for delivery
3 in subsequent winter months, like let's just look
4 at April '22 when you made those purchases in
5 April, --

6 A (Gilbertson) Yes.

7 Q -- the seller, did they sell all of those to you
8 at the \$1.5433, so that the price per gallon to
9 be delivered in November of 2022 was effectively
10 the same as what they will deliver in March of
11 '23, for instance, per gallon?

12 A (Gilbertson) It is the weighted average. It's
13 the weighted cost of -- oh, in March of '23? No.
14 No. It's all different. So, the delivery price
15 for -- in April, --

16 Q Uh-huh-

17 A (Gilbertson) -- for instance, we bought a strip
18 of gas for -- all right, so, for November, we
19 bought pieces of gas in April, May, June, July,
20 August, to fill up --

21 Q Yes.

22 A (Gilbertson) -- in November, right? So, November
23 is going to get 92,000 gallons. And we've built
24 that price, of that \$1.54, over the course of

[WITNESS PANEL: Tebbetts|Gilbertson]

1 that six-month strip. And, so, --

2 Q Let me stop you there.

3 A (Gilbertson) Okay.

4 Q Because I'm looking at it, you made purchases,
5 let's go top-down, instead of left-to-right.

6 A (Gilbertson) Okay.

7 Q So, April 2022, --

8 A (Gilbertson) Right.

9 Q -- if I'm understanding this correctly, you made
10 purchases of gas for November December January,
11 February, March, April?

12 A (Gilbertson) Correct. Correct.

13 Q And you made -- in April, you pre-bought for
14 those months, correct?

15 A (Gilbertson) Right.

16 Q And is the price that the sellers sold to you for
17 November and December and January, February,
18 March, and April, the same per gallon? Or, do
19 you get a different price per month that you then
20 average, and that is represented in the \$1.5433?

21 A (Gilbertson) It's averaged, because every month
22 is a different -- it's just like the -- it's the
23 forward strip. So, November is a different price
24 than December, and as is January and February.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 The basis is the same, because that's what we RFP
2 for.

3 Q Uh-huh.

4 A (Gilbertson) But the Mont Belvieu price is
5 different every month. That's the part that's
6 different.

7 Q And, theoretically, the Mont Belvieu price in
8 March could be \$3.00 per gallon, but you've
9 already bought 21,000 gallons in April at a buck
10 5433 (\$1.5433), right?

11 A (Gilbertson) Right.

12 Q Okay. So, do you -- do you get individual prices
13 for each month, or, when you RFP it, you just get
14 a blend?

15 A (Gilbertson) We RFP the whole thing.

16 Q Yes.

17 A (Gilbertson) One vendor, one basis number, and
18 this is the schedule, --

19 Q Yes.

20 A (Gilbertson) -- and we tell them when to go out
21 and get it.

22 Q And you tell them the gallons or they come back
23 to you with a gallon figure?

24 A (Gilbertson) They know the gallons, because they

[WITNESS PANEL: Tebbetts|Gilbertson]

1 have this schedule. They know how much they have
2 to buy.

3 Q You created this, these numbers of gallons?

4 A (Gilbertson) Yes.

5 Q Okay. And how do you do that? How do you come
6 up with that?

7 A (Gilbertson) This is historical, we've been using
8 the same -- it's really based on weather, right?
9 Because, so, in November, you're going to need
10 less than you would need in January. It's just a
11 curve.

12 Q And how do you then, if we move away from just
13 April, what you pre-bought in April, how do you
14 determine what you bought in May and June and
15 July and August and September? How did you --
16 what was your methodology for creating this
17 schedule?

18 A (Gilbertson) Basically, we've been using the same
19 schedule for many years. So, you're asking me
20 "how do we know in April how much to buy each
21 month?" Is that what you're saying? How much to
22 buy over the winter period? "In April, how do we
23 come up with the 140,000?" Is that what you're
24 asking me?

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Q Yes. And, even more discretely, how -- why
2 18,400 for November, that you bought in April,
3 why 24,750, that you bought in June for January?
4 I'm just trying to understand how this was
5 developed, this hedging schedule?

6 A (Gilbertson) Well, it's -- does it say on -- it's
7 "20 percent" in April, "15 percent", it's,
8 really, it's random. So, it's 20 percent, and
9 we've kind of flatlined it, but you got 25 --
10 you've got "20 percent" in April and you've got
11 "20 percent" in July, the rest is "15 percent".

12 Q Okay.

13 A (Gilbertson) I mean, and there's no -- there's no
14 science to it. I mean, it's just -- we could do,
15 I guess, 18 percent every month, or 16 percent
16 every month.

17 Q Uh-huh.

18 A (Gilbertson) But this is just the way we've been
19 doing it. It's just 20 percent in April, 20
20 percent in July, and 15 percent in the other
21 months.

22 Q Okay. And, so, it's historical, I understand
23 that. Have you gone back and looked at the
24 success rate, like correlated what you buy in

[WITNESS PANEL: Tebbetts|Gilbertson]

1 July, to what manifested for the -- and remind
2 me, the Saint -- what's the hub price? What's
3 that location?

4 A (Gilbertson) Oh, the Mont Belvieu.

5 Q Mont Belvieu. Do you go and correlate, like,
6 "Oh, we bought 33,000 for January in July, but
7 the Mont Belvieu price dictated that maybe we
8 would have been better off to have bought
9 18,000"?

10 You know, do you go back and look at
11 the success of the hedging schedule?

12 A (Gilbertson) No. Because we would never know
13 ahead of time what the forward price is going to
14 be. And we only -- we don't know.

15 Q But you could look back?

16 A (Gilbertson) We do look back.

17 Q Okay.

18 A (Gilbertson) We do look back. And we have a --
19 actually, in the winter cost of gas, after the
20 winter is over. So, what we will do is we're
21 going to track this.

22 Q Yes.

23 A (Gilbertson) We're going to say "what our
24 November" -- "what was Mont Belvieu plus, plus

[WITNESS PANEL: Tebbetts|Gilbertson]

1 all the incremental charges?"

2 Q Uh-huh.

3 A (Gilbertson) "What would it be if we bought it
4 in, let's say, November, December, January?"

5 Q And that's an exercise you do every year?

6 A (Gilbertson) That's an exercise we do every year,
7 yes.

8 Q And are you able to speak to your findings?

9 Like, what's the success been?

10 A (Gilbertson) The success is that the fixed basis
11 has always been cheaper, than if we went out and
12 got settled prices from November, December,
13 January, plus all the incremental charges. It's
14 always cheaper, the basis is always cheaper.

15 Q Okay. And, that's good. So, then, there must be
16 times when you've been more successful? Like,
17 you pre-bought in August, you timed the market
18 right. You pre-bought for February, and it was a
19 great buy. But, then, maybe you pre-bought in
20 August for April, and it wasn't as good of a buy.
21 So, there's a blend there, right?

22 A (Gilbertson) There's variations, yes.

23 Q And, when you go back and you look, have you
24 considered changes to the schedule, so that

[WITNESS PANEL: Tebbetts|Gilbertson]

1 you're buying more for different months?

2 A (Gilbertson) No, because I don't think we could
3 predict. Remember, we're buying it at the
4 hedge -- we're trying to kind of mimic what the
5 other -- what EnergyNorth has underground
6 storage.

7 Q Uh-huh.

8 A (Gilbertson) We buy it through the summer period,
9 and we put it into underground storage.

10 Q Uh-huh.

11 A (Gilbertson) We don't have that in Keene.

12 Q Yes.

13 A (Gilbertson) So, this is a mechanism that kind of
14 gives us storage. And we're -- based on this,
15 you know, the 20 percent in April and maybe 20
16 percent in July, we're kind of level-loading,
17 just filling up to get an appropriate amount of
18 gas stores, if you will, --

19 Q Uh-huh.

20 A (Gilbertson) -- even though it's virtual, to come
21 up with a hedge of about -- we want a physical
22 hedge of about 65 percent. So, this is
23 pre-bought gas over the summer period, and that
24 also includes what we have in our Amherst

[WITNESS PANEL: Tebbetts|Gilbertson]

1 facility, Keene takes one-quarter of the storage
2 space from Amherst.

3 Q Okay.

4 A (Gilbertson) And they use that as well, as a
5 summer -- as a physical hedge as well, because we
6 fill that in the summer, but at one shot. We
7 don't break it up, like we do with this. We're
8 kind of treating this like a storage injection.

9 Q Uh-huh. Okay. So, you spot buy 35 percent, and
10 you pre-buy 65 percent?

11 A (Gilbertson) Oh, right. Exactly, -- well, and
12 also CNG.

13 Q Okay.

14 A (Gilbertson) Yes.

15 Q And some of this goes to EnergyNorth, is that
16 what you just said?

17 A (Gilbertson) No. No. EnergyNorth has a tank in
18 Amherst, where one-quarter of the product we
19 allow Keene to use. They have it trucked from
20 the Amherst storage facility to the Keene
21 facility.

22 Q So, that Amherst storage facility stores propane?

23 A (Gilbertson) Correct.

24 Q And some of that propane you inject into the

[WITNESS PANEL: Tebbetts|Gilbertson]

1 EnergyNorth system as well?

2 A (Gilbertson) No, because it can't be injected
3 anywhere, because it's only a storage facility.
4 So, we would have to truck that out of wherever
5 it's going to go. It's got to be trucked.

6 Q So, Keene uses a facility that's owned and
7 operated by EnergyNorth?

8 A (Gilbertson) Yes. One quarter.

9 Q So, what does the other three-quarters do?

10 A (Gilbertson) The other three-quarters we use for
11 EnergyNorth, --

12 Q Yes.

13 A (Gilbertson) -- if needed. Because we also have
14 propane facilities at EnergyNorth, as we spoke
15 about yesterday.

16 Q Yes.

17 A (Gilbertson) So, if we needed -- if the market
18 went crazy, and the price of the product in
19 Amherst was cheaper than what we could get on the
20 market, including trucking, because now we're
21 going to have to truck that out of there. So, if
22 we can -- if that price, that WACOG price in
23 Amherst, plus trucking, is cheaper than what we
24 can buy on the market, we'll truck it. We'll get

[WITNESS PANEL: Tebbetts|Gilbertson]

1 it over to one of -- to Nashua or Manchester.

2 Q So, you do inject propane into EnergyNorth?

3 A (Gilbertson) Oh, we do inject, but not from
4 Amherst, because Amherst doesn't have
5 vaporization. It only has -- it's only a storage
6 facility.

7 Q But you truck that propane to a different part of
8 your system?

9 A (Gilbertson) Correct.

10 Q So, that --

11 A (Gilbertson) Yes. We truck it to the other
12 propane facilities that do have vaporization.

13 Q Yes.

14 A (Gilbertson) The ones in Amherst -- the ones in
15 Nashua and Manchester.

16 Q It's just tanks in Amherst?

17 A (Gilbertson) It's just a tank, yes.

18 Q Yes. So, how do you cost share that facility,
19 between Keene and EnergyNorth? How do you split
20 those costs? Is it just straight up a quarter?

21 A (Gilbertson) One quarter.

22 Q You just say a quarter of the operating costs for
23 Amherst go to Keene, and three-quarters go to
24 EnergyNorth?

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Gilbertson) Correct. And Keene pays for their
2 one-quarter.

3 Q Yes. Okay. And then, trucking is sort of
4 analogous to your transportation costs on
5 EnergyNorth, is that fair?

6 A (Gilbertson) Well, transportation costs in
7 EnergyNorth are usually pipeline, right?

8 Q Yes.

9 A (Gilbertson) So, that's not really the same.

10 Q I'm just thinking, "how do you get the gas to
11 your system?" And you either --

12 A (Gilbertson) In Keene?

13 Q You transport it by truck?

14 A (Gilbertson) Everything is trucked.

15 Q Yes.

16 A (Gilbertson) Everything is trucked at Keene,
17 because there's no pipeline.

18 Q Yes.

19 A (Gilbertson) There's no Tennessee Gas Pipeline
20 that is attached.

21 Q Right.

22 A (Gilbertson) It's a separate system on its own.
23 So, yes, everything is trucked.

24 Q And then, for EnergyNorth, obviously, it's

[WITNESS PANEL: Tebbetts|Gilbertson]

1 pipeline on Tennessee?

2 A (Gilbertson) Yes.

3 Q And you pay a transportation fee?

4 A (Gilbertson) On the pipe, yes.

5 Q Yes. So, for EnergyNorth, I was struck by the
6 increase in your transportation costs. In one of
7 your tables that we looked at yesterday, it was a
8 4,800 percent increase for transportation costs.
9 What's been the increase for transportation costs
10 for Keene?

11 A (Gilbertson) Let me see. Trucking. Well, first
12 of all, I just want to add, that that fixed basis
13 charge for the Propane Stabilization Plan, which
14 is lot of -- a good portion of the gas that's
15 going to be delivered.

16 Q Uh-huh.

17 A (Gilbertson) That includes the trucking. So,
18 there's no separate trucking charge for that.

19 Q What -- can you show me that or point to that in
20 the schedules?

21 A (Gilbertson) Yes, we can look at -- let me see.
22 You can, if we look at -- well, you don't have
23 the Excel sheets.

24 Q So, let me ask you about that. And, you know, in

[WITNESS PANEL: Tebbetts|Gilbertson]

1 many proceedings, we ask for live Excel sheets.
2 And it appears that both of you have been working
3 off of Excel files that are not in the record.
4 Can you just speak to why the Company doesn't --
5 hasn't submitted these into the record for this
6 proceeding?

7 A (Tebbetts) I don't have an answer as to why we
8 didn't submit them. I know submitting live
9 spreadsheets is relatively new. And, so, this
10 filing just -- we chose not to. I guess I don't
11 want to say -- I shouldn't say "we chose", we
12 just didn't.

13 MR. SHEEHAN: If I could interject, I
14 have an email from Ms. Karpf on -- sorry, that's
15 the wrong date. Yes, of September 15th, with the
16 Keene Winter Cost of Gas model filed to the
17 Clerk's Office.

18 CMSR. SIMPSON: Can you repeat that
19 date please?

20 MR. SHEEHAN: The 15th, when we made
21 the filing.

22 CMSR. SIMPSON: Okay.

23 WITNESS TEBBETTS: So, my apologies.
24 We must have. And I also did not see it on the

[WITNESS PANEL: Tebbetts|Gilbertson]

1 record on the website.

2 CMSR. SIMPSON: Schedules?

3 MR. SHEEHAN: And my understanding is
4 the practice of the Commission has not been to
5 put the Excels on the website. We file the pdf,
6 but we always -- or, we're trying to always send
7 a companion email with the Excel.

8 WITNESS TEBBETTS: If I may add, these
9 schedules also have a significant amount of
10 confidential information on them. So, I guess
11 putting them on the website would only have been
12 the redacted version.

13 MR. SHEEHAN: And the same with the
14 10/7 update, there's a separate email from Ms.
15 Karpf with the supporting Excel.

16 CMSR. SIMPSON: Okay. Thank you. Just
17 a moment.

18 So, this was the September 15th,
19 "22-XXX Keene Winter 2022"?

20 *[Atty. Sheehan indicating in the*
21 *affirmative.]*

22 CMSR. SIMPSON: Perfect.

23 MR. SHEEHAN: That's correct.

24 CMSR. SIMPSON: And that's what both of

[WITNESS PANEL: Tebbetts|Gilbertson]

1 you are working off of?

2 WITNESS TEBBETTS: I was working off of
3 the 10/7 version.

4 WITNESS GILBERTSON: That's the one I'm
5 working off of, too.

6 MR. SHEEHAN: And that's the one that
7 supports Exhibit 3.

8 CMSR. SIMPSON: Do you know what date
9 that was updated?

10 MR. SHEEHAN: The 7th, October 7th,
11 3:24 p.m.

12 CMSR. SIMPSON: Got it. Perfect. Like
13 I said yesterday, I can be pretty simple from
14 time to time. So, this is good.

15 BY CMSR. SIMPSON:

16 Q Okay. So, sorry, Ms. Gilbertson, which schedule
17 were you looking at, with respect to the
18 spreadsheet?

19 A (Gilbertson) I'm looking at Schedule E.

20 Q "E", okay. Futures Fees?

21 A (Gilbertson) Yes.

22 Q Perfect.

23 A (Gilbertson) And this schedule breaks out what
24 the price is at Mont Belvieu, plus all the

[WITNESS PANEL: Tebbetts|Gilbertson]

1 incremental -- this would be for spot, for spot
2 gas, all the incremental fees and charges. And
3 then, on Line 7, it shows the trucking --

4 Q Uh-huh.

5 A (Gilbertson) -- to Keene, from Selkirk. That's
6 where gas is purchased, actually. That
7 particular charge has pretty much doubled, I
8 think, from last year.

9 Q Hmm.

10 A (Gilbertson) So, trucking has gone way up.

11 Q Interesting. Okay.

12 CMSR. SIMPSON: And thank you for
13 pointing that out, Attorney Sheehan. Appreciate
14 that.

15 MR. SHEEHAN: Sure.

16 CMSR. SIMPSON: There's always a lot in
17 the record. So, it's good to have everybody on
18 the same page.

19 **BY THE WITNESS:**

20 A (Gilbertson) If you wanted to look at Schedule D,
21 it's in Excel, it's a lot more -- it's a lot
22 easier to see where the prices come from, because
23 it runs across -- it's cut off in the Word
24 version, it's not cut off in the Excel version.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 BY CMSR. SIMPSON:

2 Q Yes. I see the hedging schedule, which was the
3 first table.

4 A (Gilbertson) Yes.

5 Q And then, you have the hedged price per gallon
6 and the total cost on a fixed basis?

7 A (Gilbertson) Right. And you can see what the
8 Mont Belvieu prices were, and then what the fixed
9 basis is.

10 Q And you have a note "Includes all fees on the
11 fixed basis."

12 A (Gilbertson) Yes.

13 Q Can you just explain, and I'm genuinely just
14 trying to understand, can you explain what is in
15 that "Fixed Basis" fee?

16 A (Gilbertson) So, that would be all the charges
17 that are on, say, Schedule E. If you looked at
18 Schedule E, you see a "Broker Fee", a "Pipeline
19 Rate", --

20 Q Yes.

21 A (Gilbertson) -- "PERC Fee", "Supplier Charge",
22 and "Trucking". So, if you add -- it includes
23 all of that.

24 Q Uh-huh. Okay. So, then, what are the units for

[WITNESS PANEL: Tebbetts|Gilbertson]

1 that "Fixed Basis" column? Dollars per therm?
2 Per gallon?

3 A (Gilbertson) Which schedule are you on?

4 Q I'm back to D.

5 A (Gilbertson) Okay.

6 Q On the column "(s)", the "Fixed Basis", which
7 appears to be 36.52 cents every month. Is that
8 on a per gallon basis?

9 A (Gilbertson) Yes.

10 Q Okay.

11 A (Gilbertson) And then, we just convert it to
12 therms, just for ease in comparison to the other.

13 CMSR. SIMPSON: Yes. Okay. All right.

14 I don't think I have any further questions.

15 Thank you, both. This has been informative.

16 CHAIRMAN GOLDNER: Thank you.

17 BY CHAIRMAN GOLDNER:

18 Q I'd just like to follow up on some of this
19 trucking and fuel surcharge. I'm looking at -- I
20 guess it's Exhibit 3, Appendix 3A, there's a
21 notification from Northern Gas Transport, talking
22 about this "30% fuel surcharge". Is that a
23 federal fuel surcharge? Or, what's the source of
24 that fuel surcharge?

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Gilbertson) I don't --

2 MS. SCHWARZER: Commissioner, I'm
3 sorry, I can't quite figure out where you are?

4 CHAIRMAN GOLDNER: Sure. It's
5 Exhibit 3, Appendix 3A, which Bates Page 028.

6 BY CHAIRMAN GOLDNER:

7 Q And it's just a memo that's included in the
8 record, dated "August 16th", that speaks to this
9 fuel surcharge of 30 percent. And I'm just
10 trying to understand who's charging the 30
11 percent? Where does that come from?

12 A (Gilbertson) We get this every month, and I
13 really don't know. It's from Northern Gas
14 Transport. And this is -- this is information
15 that they're going to charge us a 30 percent fuel
16 surcharge.

17 Q It's even more puzzling, because, in 3B, it
18 breaks out the fuel surcharge, which begins at
19 "1.00 percent" at the top of the page, and then,
20 at the bottom of the page, it turns into "40.00
21 percent", then the "30 percent" is circled. So,
22 I guess that's just a table saying, you know,
23 "Here's all the different scenarios that are
24 possible, and this is the one that's chosen", I

[WITNESS PANEL: Tebbetts|Gilbertson]

1 guess?

2 A (Gilbertson) That's right. When they tell us --
3 we find out what their base charge is, which has
4 gone up. And then, we created this.

5 Q Oh, I see.

6 A (Gilbertson) They didn't create this, we did. So
7 that we can know "what does the "30 percent
8 surcharge" mean?"

9 Q Depending on what the fuel charge is, it will
10 give you the number?

11 A (Gilbertson) Right.

12 Q I see. Well, I guess I could call 1-800-648-1075
13 extension 221 to find out.

14 *[Laughter.]*

15 BY CHAIRMAN GOLDNER:

16 Q But, instead, I guess I would, if you don't know
17 the answer, then I'll make that a record request.
18 Because I think it's very important, if we have a
19 surcharge that you're being charged that's being
20 passed along to ratepayers, that we know what
21 that is.

22 So, it's fine that you don't know, but
23 let's go find out. I assume that's a federal --
24 some sort of federal surcharge, I guess.

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Gilbertson) Yes.

2 Q Somebody is requiring it. I don't think it's a
3 state charge, so far as I know.

4 MR. SHEEHAN: So, the question is,
5 "What is it for and who is imposing it?" Is that
6 fair?

7 CHAIRMAN GOLDNER: Thank you. Yes.
8 Yes.

9 **BY THE WITNESS:**

10 A (Gilbertson) Well, it says here that "the
11 Department of Energy New England average price
12 per gallon of diesel fuel was 5..." So, I'm
13 wondering if, then they take that number, and
14 then figure that they have got to charge more.

15 BY CHAIRMAN GOLDNER:

16 Q Yes.

17 A (Gilbertson) I mean, I don't know.

18 Q Yes. Yes.

19 A (Gilbertson) It's costing them more, if they're
20 charging --

21 Q Right. Right.

22 A (Gilbertson) You would expect it to go up though,
23 given --

24 Q Yes. I just don't know what it is. And, since

[WITNESS PANEL: Tebbetts|Gilbertson]

1 we're passing this through to ratepayers, I think
2 we should know. So, --

3 MR. SHEEHAN: I'm speculating, there
4 may be a contract with a trucking company that
5 says "You'll pay x, plus our fuel charge, which
6 is calculated y ."

7 And, if that's the case, we will find
8 that for you as well.

9 CHAIRMAN GOLDNER: Thank you. Yes.
10 It's just in the record, so it's something we
11 should sort out.

12 Okay. So, thank you for that. So,
13 "Who imposed it and why?" Okay. Because this
14 trucking business is very interesting.

15 BY CHAIRMAN GOLDNER:

16 Q And maybe, is there anything other, Ms.
17 Gilbertson, is there anything other than this
18 fuel surcharge that is causing, I think that you
19 said that the -- I think that you said that the
20 trucking costs had "increased by 50 percent", or
21 did you say that they "doubled"? You might have
22 said that they "doubled"?

23 A (Gilbertson) I thought it was in the 6 or 7 cent
24 range last year. I'm not 100 percent sure. It's

[WITNESS PANEL: Tebbetts|Gilbertson]

1 more.

2 Q Yes.

3 A (Gilbertson) Their base rates went up, too.

4 Q Fifty (50) to 100 percent, something like that.

5 But it's more than just this fuel surcharge. So,
6 can you maybe just speak, just in general terms,
7 about the other components that are adding to the
8 trucking costs that you're seeing?

9 A (Gilbertson) Well, I think -- well, I'm sure that
10 trucking is hard to come by. And we've had
11 issues that truckers -- that trucking companies
12 won't go to certain places that we want to move
13 product from. They will only go to -- they won't
14 cross -- I won't say they "won't cross state
15 lines", but they don't want to go across three
16 state lines.

17 Q Do you know why? New England has many small
18 states. If we were in Texas, that wouldn't be a
19 problem, but --

20 A (Gilbertson) Yes. There's just -- there's a
21 shortage of truckers. And we have a couple of
22 good vendors, especially for the LNG, the LNG is
23 very difficult for EnergyNorth. We used to have
24 most of our energy -- our LNG coming from

[WITNESS PANEL: Tebbetts|Gilbertson]

1 Everett, no big deal, it's right within the same
2 state. This year, Everett was off the charts.

3 Q Where did they all go, these truckers? I mean,
4 like, you know, a couple years ago, you weren't
5 having problems, and I know COVID and all that,
6 and then people came back, right?

7 A (Gilbertson) Right. But, for many years, we've
8 been using Everett.

9 Q Yes.

10 A (Gilbertson) So, now, we can't use Everett,
11 because Everett is too expensive. And we need to
12 buy LNG in Pennsylvania --

13 Q I see.

14 A (Gilbertson) -- and in Canada, and some of the
15 truckers from Massachusetts won't go that far.
16 They won't --

17 Q It's hard to go over the border, you have border
18 checks --

19 A (Gilbertson) Well, the Canadian border is tough,
20 too. So, trucking is an issue.

21 Q I think they have like --

22 A (Gilbertson) It's a bad issue this year.

23 Q They have like COVID requirements to cross the
24 border and stuff, right? So, if truckers don't

[WITNESS PANEL: Tebbetts|Gilbertson]

1 have -- don't meet whatever the Canadian
2 requirements are, then they can't go to Canada.
3 Is this the kind of thing that you're seeing
4 these days?

5 A (Gilbertson) I mean, there's a shortage, and they
6 can only work so many hours, and then they have
7 to sleep halfway through, and you've got to pay
8 for that, so it becomes more expensive.

9 Q Yes. I mean, it's kind of a global problem we're
10 seeing. I'm just wondering about your insight,
11 because this seems to be happening everywhere.

12 A (Gilbertson) Yes.

13 Q And, you know, two or three years ago, there were
14 plenty of truckers, and they crossed borders, and
15 they were -- and they did all kinds of trucking
16 things, and now there's not enough people to do
17 the work. And I just -- I don't know what
18 happened.

19 A (Gilbertson) Well, there's --

20 *[Court reporter interruption.]*

21 CHAIRMAN GOLDNER: "Competition for the
22 truckers".

23 **BY THE WITNESS:**

24 A (Gilbertson) Yes. So, CNG truckers can do LNG,

[WITNESS PANEL: Tebbetts|Gilbertson]

1 so that they can get a better deal in a CNG
2 company or a propane company, or there's only so
3 many truckers, and there's competition for them.

4 BY CHAIRMAN GOLDNER:

5 Q Yes.

6 A (Gilbertson) So, everybody is shorthanded.

7 Q What's different from three years ago, though?
8 Like, where did the truckers go? There were
9 enough truckers three years ago. We're not
10 shipping more gas. So, there's somehow fewer
11 truckers. It's just I'm just curious, do you
12 have any insight into where all the truckers
13 went?

14 A (Gilbertson) I don't know where all the truckers
15 went.

16 Q Me either.

17 A (Gilbertson) I don't know.

18 Q All right, that makes two of us. Okay. So,
19 that's helpful. That's helpful. We have a
20 trucking shortage, we have a surcharge of 30
21 percent.

22 Anything else that you can think of, in
23 terms of why the trucking costs are going up?
24 There's sort of a trucker shortage, a surcharge

[WITNESS PANEL: Tebbetts|Gilbertson]

1 of 30 percent. Anything else that comes to mind?

2 A (Gilbertson) Well, the gas prices, of course.

3 Q And the gas prices, of course, yes. That
4 wouldn't enter into the trucking charge, though?

5 A (Gilbertson) That would probably be the fuel
6 surcharge, right.

7 Q The fuel surcharge.

8 A (Gilbertson) Right.

9 Q Right, yes. The percentage would be on a bigger
10 base. Okay. I see your point. Okay. Thank
11 you.

12 I want to go back to this question of
13 "lost gas". So, I think you said, Ms.
14 Gilbertson, that 2 percent lost gas was kind of
15 the -- it was stable, it had been that way for a
16 long time. That's kind of the Company's
17 standard. And you characterize it I think -- I
18 took you to characterize it as a "measurement
19 error". So, you're not saying that the
20 Company is -- that the 2 percent of the gas is
21 going into the atmosphere. You're saying that
22 you have a 2 percent -- I think you said you had
23 a 2 percent "measurement error" between all the
24 different measurements that you do, you're

[WITNESS PANEL: Tebbetts|Gilbertson]

1 netting things out.

2 Did I characterize that right? It's
3 more of a measurement error than it is actually
4 lost gas?

5 A (Gilbertson) In my experience, yes. I mean, I've
6 work for many different LDCs, and they all have a
7 company allowance. And, typically -- and we
8 serve other territories as well, and they have a
9 company allowance.

10 And, yes, that's -- you measure your
11 sendout, and then you compare that, at the end of
12 a whole year, because by that time a lot of the
13 inconsistencies with metering should be worked
14 out, cancel/rebills, whatnot. So, really, you're
15 looking at, you know, the starting place and the
16 ending place, and comparing what the -- what's
17 metered at all the many, many private premises,
18 and calibration of all those little meters, and
19 this and that, and comparing that against the
20 sendout. And, typically, that variance, that
21 company allowance, in most of our territories,
22 is -- it's around 2 percent.

23 Q Okay. Very good. And have the engineers looked
24 at that and said "Okay. Well, we think really

[WITNESS PANEL: Tebbetts|Gilbertson]

1 about 0.5 percent is actually lost gas and 1.5
2 percent is measurement error." Has anyone
3 attempted to understand what's actually going on
4 in that 2 percent?

5 A (Gilbertson) I would think so, but I don't know
6 the answer.

7 CHAIRMAN GOLDNER: Okay. I don't think
8 we need to know it in this docket, it will come
9 up in other dockets. Mr. Sheehan will be
10 participating in those other dockets. So, I
11 think we'll -- a preview of coming attractions,
12 that will be important to know how much actual
13 gas is lost, versus how much is measurement
14 error. That's a really important thing to
15 understand, in terms of --

16 WITNESS GILBERTSON: I don't know that
17 you'll ever understand that, though. Because, if
18 you found it, it wouldn't be lost, right?

19 CHAIRMAN GOLDNER: That is a very good
20 point. However, I would say, you can
21 statistically determine things. You can go out
22 and you can look at your system, and you could
23 say "Oh, you know, we measure a little bit of
24 loss here, we measure some loss here. Oh, this

[WITNESS PANEL: Tebbetts|Gilbertson]

1 is measurement error." And a statistician or a
2 good engineer I think could probably do some work
3 to statistically determine what's happening.

4 If not, well, you couldn't measure
5 every single point, of course. But you could
6 statistically sort of estimate what the loss was,
7 in my opinion.

8 So, but we'll take that up in -- maybe
9 in an LCIRP docket or something like that. Okay.
10 That helps me on lost gas.

11 And then, I think the only other thing
12 I had would just be a comment, I think. Some of
13 these process questions that Commissioner Simpson
14 was alluding to, you know, I think the -- to the
15 extent that we aren't able to resolve them here,
16 we can certainly take them up in the IR docket.

17 And my encouragement would be to --
18 that the IR docket is a good opportunity to sort
19 of rethink your processes. I mean, you have a
20 certain way of doing things today, and maybe it's
21 perfect, or maybe it's -- maybe there's things
22 that could be improved, and we want to know more
23 about that, I think, in the IR docket.

24 So, in the cost of gas docket, we're

[WITNESS PANEL: Tebbetts|Gilbertson]

1 just here to review your process, approve a rate
2 and move along. But, in other dockets, I think
3 that there could be something to take a look in
4 more detail.

5 Commissioner Simpson, anything else
6 that you would like to ask, before we move to
7 redirect?

8 CMSR. SIMPSON: No. Thank you.

9 CHAIRMAN GOLDNER: Okay. We'll move to
10 redirect.

11 MR. SHEEHAN: Thank you. Ms. Schwarzer
12 actually asked me to point the Commission to a
13 couple uncontested facts.

14 **REDIRECT EXAMINATION**

15 BY MR. SHEEHAN:

16 Q And the first is, either of you confirm the
17 number of Keene customers? I can tell you, I
18 just pulled up the Annual Report on the website,
19 and it says "1,244". Does that sound about right
20 to you folks?

21 A (Tebbetts) Yes.

22 A (Gilbertson) Yes, it does.

23 Q The second was, Exhibit 3, Schedule M, Bates 022,
24 has a table comparing what customers on the FPO

[WITNESS PANEL: Tebbetts|Gilbertson]

1 paid over the years to what Non-FPO customers
2 paid over the years. And, down at the bottom,
3 over the many years, the delta is "\$5.00" per
4 year difference. You see that?

5 A (Tebbetts) Yes.

6 CHAIRMAN GOLDNER: Just a moment. Just
7 a moment please.

8 CMSR. SIMPSON: Okay. Sorry. Thank
9 you.

10 BY MR. SHEEHAN:

11 Q For my questions, on the lost and unaccounted-for
12 gas, Ms. Tebbetts, you referenced a "0.19
13 percent" number, that was later investigated and
14 revised to be a "1.59 percent" number. Do you
15 recall that?

16 A (Tebbetts) Yes.

17 Q And I looked in the Summer Cost of Gas hearing,
18 we had a data request that was marked as
19 "Exhibit" -- now I've lost it. I believe it was
20 "Exhibit 11", I'll confirm. But do you recall a
21 data request that went through a whole page
22 talking about billing periods and calendars and
23 months that -- and other factors that caused us
24 to correct that 0.19 to the 1.59?

[WITNESS PANEL: Tebbetts|Gilbertson]

1 A (Tebbetts) I do. I think it was Data Request
2 1-12, I don't know why that sticks out in my
3 head. But I don't remember the exhibit number.
4 But, yes, we did find that, and I don't recall if
5 it was found during an audit, or if it was found
6 during some other investigation we were doing
7 internally. But we did find that it was
8 incorrect, and we corrected.

9 Q You're correct, it is 1-12, 1-12, in the Summer
10 Keene Cost of Gas, which was -- that's
11 Exhibit 11. And I won't read every -- the
12 Commission can certainly look at it, but one
13 factor was a -- it says there was a meter found
14 to be not operating properly. Do you remember
15 that?

16 A (Tebbetts) Yes, that's familiar that it was part
17 of it. As I said, there's a whole bunch of
18 factors that go into it. And sometimes we don't
19 find these things until a customer calls and says
20 "How come I haven't had a bill in two months, or
21 three months, or a year?" Or, they move out, and
22 the new customer calls and says "What's the
23 average usage?" And we're like "Well, I don't
24 know. What's going on?" So, there's a whole

[WITNESS: Arif]

1 bunch of factors.

2 MR. SHEEHAN: That's all I have. Thank
3 you.

4 CHAIRMAN GOLDNER: Okay. Thank you to
5 both witnesses today. The witnesses are excused.

6 So, next we'll move to a question for
7 the DOE, will you want to provide your witness
8 today or are you satisfied?

9 MS. SCHWARZER: We'd like to put
10 Mr. Deen Arif on the stand just briefly.

11 CHAIRMAN GOLDNER: Okay. All right.
12 (Whereupon **Faisal Deen Arif** was duly
13 sworn by the Court Reporter.)

14 CHAIRMAN GOLDNER: Fine. Very good.
15 Let's move to direct.

16 **FAISAL DEEN ARIF, SWORN**

17 **DIRECT EXAMINATION**

18 BY MS. SCHWARZER:

19 Q Would you please state your name for the record?

20 A My name is Faisal Deen Arif.

21 Q And what position do you hold with the Department
22 of Energy?

23 A I am the Gas Director for the Department of
24 Energy.

[WITNESS: Arif]

1 Q And how long have you held that position?

2 A Since June 17, 2022.

3 Q And have you testified before the Commission
4 before?

5 A Yes, I have.

6 Q Thank you. I'd like to direct your attention to
7 Exhibit 3, Page 2, Bates Page 002. What is the
8 current Fixed Price Option rate in place for
9 Keene customers?

10 A You mentioned "Fixed Price rate", I believe it's
11 "2.2394".

12 Q And does the Department have a recommendation --
13 let me, before I ask that, what is the current
14 rate the Company proposes for non-Fixed Price
15 residential consumers?

16 A I believe it's "2.1216".

17 Q And what is the Department's position on what the
18 Fixed Price offer per therm charge should be?

19 A It should be, as was identified before, 2 cents
20 more than what had been proposed for the non-FPO
21 customers.

22 Q And that would be "2.1416 per therm", correct?

23 A I believe so.

24 Q And the Company, to clarify, that's offered to

[WITNESS: Arif]

1 residential and commercial customers. So, I will
2 make -- I apologize for leaving them out. What
3 would the Department's recommendation be for a
4 notice period in which residential and commercial
5 customers could make a decision?

6 A It should be two full weeks, or ten business
7 days.

8 Q And does the Department support the Company's
9 proposal that the rates be lowered, with an
10 option for any customer who wishes to opt out of
11 the Fixed Price Option to do that?

12 A Yes.

13 Q What is the Company -- what is the Department's
14 position with regard to the audit of the
15 Liberty-Keene Cost of Gas?

16 A Audit has been -- there has been an issue. It
17 has been brought to our attention that there has
18 been an issue that remains to be resolved. And
19 it is -- the wish of the Department is to work
20 collaboratively to identify the issue, and --

21 Q Well, what -- I'm sorry, go ahead.

22 A -- and come to a resolution.

23 Q What is the approximate scope, the cost of that
24 issue?

[WITNESS: Arif]

1 A I believe it's 40 -- roughly, 42,000, 41,250,
2 something around there.

3 Q And has that money been included by the Company
4 in its proposed rates for this period?

5 A I believe so.

6 Q With those two, with the FPO rate and the audit
7 in mind, what is the Department's position with
8 regard to the winter rates that have been
9 proposed in this docket?

10 A Subject to those issues, Department supports the
11 proposed rate. The resolution of those issues,
12 and whatever that may come out to be, Department
13 supports.

14 Q And, in the Department's position, are the
15 proposed winter rates reasonable and in the
16 public interest?

17 A Yes.

18 MS. SCHWARZER: Thank you. I don't
19 have any further questions.

20 CHAIRMAN GOLDNER: Okay. We'll move to
21 cross, and the Company.

22 MR. SHEEHAN: I have no questions.
23 Thank you.

24 CHAIRMAN GOLDNER: Okay. Commissioner

[WITNESS: Arif]

1 Simpson?

2 CMSR. SIMPSON: I don't have any
3 questions for the witness, but I appreciate you
4 testifying today. Thank you.

5 CHAIRMAN GOLDNER: Only one question.

6 BY CHAIRMAN GOLDNER:

7 Q We talked about the cost of gas audit, and the
8 \$42,000 issue. Understand, no problem.

9 Has an audit been completed on the LDAC
10 portion of this proceeding?

11 A LDAC, it is my understanding, Chairman Goldner,
12 LDAC is not a part of this Keene Division,
13 because it is actually picked up by the single
14 filing on EnergyNorth.

15 Q So, yesterday's filing included the same LDAC as
16 we're talking about here today?

17 A Yes.

18 Q Okay. So, --

19 MS. SCHWARZER: And --

20 CHAIRMAN GOLDNER: Go ahead.

21 MS. SCHWARZER: I'm sorry. I don't
22 mean to interrupt inappropriately. But, as
23 established yesterday, the audit for the
24 EnergyNorth LDAC remains pending.

[WITNESS: Arif]

1 CHAIRMAN GOLDNER: Right. Right. I
2 understand.

3 Okay. So, I did not synthesize that
4 that was the case. So, thank you for the
5 clarification.

6 Okay. I see. Okay. I think that's
7 all I have for Dr. Dean Arif. We'll move to
8 redirect.

9 MS. SCHWARZER: I have no redirect.
10 Thank you, Mr. Chairman.

11 CHAIRMAN GOLDNER: Okay. Very good.
12 The witness is excused. Thank you.

13 WITNESS ARIF: Thank you. This must
14 have been the shortest, probably, that --

15 CHAIRMAN GOLDNER: I think you're
16 within 10 or 15 seconds, but close.

17 WITNESS ARIF: And not for the record.

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

20 WITNESS ARIF: Thank you.

21 CHAIRMAN GOLDNER: Okay. Very good.
22 So, without objection, we'll strike ID on
23 Exhibits 1 through 6.

24 And take administrative notice of the

1 docket per the DOE request.

2 *[Administrative notice taken.]*

3 CHAIRMAN GOLDNER: Is there anything
4 administratively else that we have?

5 I will have the record request for
6 "Exhibit 7" that we discussed earlier.

7 *(Exhibit 7 reserved for record*
8 *request.)*

9 MR. SHEEHAN: And I did make a
10 reference to Exhibit 11 from the prior summer
11 docket, if you want to include that --

12 CHAIRMAN GOLDNER: Thank you. I do.

13 MR. SHEEHAN: -- as administrative
14 notice.

15 CHAIRMAN GOLDNER: Exhibit 11. And
16 which docket was that?

17 MR. SHEEHAN: That was DG 22-015.

18 CHAIRMAN GOLDNER: 015. Okay. Thank
19 you. So, we'll take administrative notice of
20 that Exhibit 11 in DG 22-015 as well.

21 *[Administrative notice taken.]*

22 CHAIRMAN GOLDNER: And would you --
23 okay. And we just have the one record request,
24 correct? Okay.

1 CMSR. SIMPSON: Yes. I didn't have
2 any, Mr. Chairman.

3 CHAIRMAN GOLDNER: Okay. Perfect.
4 Okay. Anything else, before we move to
5 close?

6 *[No verbal response.]*

7 CHAIRMAN GOLDNER: All right. So,
8 we'll go to close, beginning with the Department
9 of Energy, and Attorney Schwarzer.

10 MS. SCHWARZER: Thank you, Mr.
11 Chairman.

12 The Department appreciates the effort
13 and attention the Company has paid, and the work
14 we've done together, to move through this
15 expedited docket.

16 In the position of the Department, the
17 FPO rate should be adjusted to be 2 cents above
18 the recommended rate for residential and
19 commercial customers in the Keene docket.

20 As previously stated, the Department's
21 recommendation is subject to resolving an audit
22 issue of approximately \$42,000. And we reserve
23 the right to come back to the Commission on that
24 matter, if necessary.

1 With those statements, the Department
2 supports the winter rates proposed by
3 Liberty-Keene as reasonable and in the public
4 interest.

5 Thank you.

6 CHAIRMAN GOLDNER: Okay. Thank you
7 very much.

8 And we'll move to the Company, and
9 Attorney Sheehan.

10 MR. SHEEHAN: Thank you. Excuse me. A
11 few one-off things to hit.

12 First, to make sure the Chair
13 understands, or remind him that Keene, when we
14 acquired Keene, the order required us to keep
15 everything separate. In the -- I think it was
16 the 2017 rate case, the Commission allowed us to
17 combine Keene for all purposes, except cost of
18 gas. So, that means Keene pays the same
19 distribution rates, and the example that just
20 came up, the same LDAC, everything is the same,
21 which is why we call it the "Keene Division".
22 It's not a separate entity anymore. It's simply
23 a different world there, and the only difference
24 is really the cost of gas here. So, that is

1 relatively new.

2 Second, the audit issue, just so -- I
3 misstated before, to use a fictitious number, we
4 have a \$120,000 a year demand charge. We get
5 billed 10,000 a month. But the allocation is
6 80 percent of that demand charge for winter, and
7 20 percent to summer. So, just in the math of
8 when the bills come in and how they're allocated,
9 that's where the disconnect is right now between
10 us and Audit that we just need to work out to
11 make sure we've got it right. That's not the
12 right -- the real numbers, but that's the
13 concept.

14 If the Commission wants to hear, I can
15 give a little more context to what's going on in
16 Keene, what the plans are for Keene? We don't
17 get a chance to talk to you very often. This is,
18 obviously, is not testimony, but maybe give you
19 some heads up.

20 The Keene facility, as you all know, is
21 old. We don't own the land it sits on, we have a
22 lease that expires in a few years. If we own it,
23 and I can't remember if we actually own the
24 facility itself. But it is in downtown Keene.

1 You literally park in a restaurant parking lot,
2 from me to you from the tank, with the restaurant
3 being behind me. The point being, it can never
4 be upgraded, because of zoning reasons. It's
5 right in town. So, the only way to modernize
6 that facility is to build a new one.

7 And, as is indicated in our IRP, we
8 have set out a plan for Keene that would not
9 involve propane-air. And, yes, we will have to
10 show you that we looked at propane-air, and
11 here's why we decided not to build a new
12 propane-air facility, and instead have decided to
13 go with LNG/CNG, which opens the door to RNG, and
14 a more modern system.

15 So, that's the motivator for -- I mean,
16 that's the big picture of what's going to happen
17 in Keene. The Commission has issued a bunch of
18 orders about Keene, of what we have to do to come
19 back here before we take each step, and we'll
20 certainly follow those, and likely we refine
21 those. It comes from, I think, five or six
22 different orders. When we come for the first
23 next step, I suspect we'll propose a maybe more
24 coherent process for the expansion of Keene.

1 The thinking being, the Keene -- the
2 CNG system is all modern plastic pipe, it's at 60
3 pounds, it's a modern system. The existing
4 propane-air system is a low-pressure, less than
5 one pound. And, so, that can't serve natural
6 gas. We have been replacing cast iron in Keene.
7 And any time we replace pipe, we put in modern
8 pipe. So, there is a fair amount of it there.

9 But the conversion of Keene would be,
10 roughly, by neighborhood. So, from Point A to --
11 from the main facility, to a big commercial
12 customer, say Cheshire Medical Center, is a run
13 of a mile, we would then do -- the phase would be
14 that expansion, with whatever neighborhoods we
15 pick up. The next year, we'd run the new pipe
16 from here to another logical point to do this.

17 So, that's what will likely happen.
18 And, obviously, we have to plan the conversion of
19 the neighborhoods along the way.

20 Another factor that goes into walking
21 away from the propane-air system is no one makes
22 appliances that burns propane-air at 780 Btu,
23 whatever the number is. So, when one of our
24 customers gets a new hot water heater, we

1 actually have to go in their basement and change
2 the orifice to accept propane-air. That voids
3 the warranty, and that puts us, theoretically, on
4 a liability issue should something go wrong with
5 that, which is, obviously, not a position we want
6 to be in. So, it gets us away from that dynamic
7 as well.

8 The other seed I want to plant, and I
9 used that phrase yesterday, --

10 *[Court reporter interruption.]*

11 MR. SHEEHAN: -- seed I want to plant
12 is the risk-sharing mechanism we now have for the
13 CNG/propane-air, in our opinion, should go away.
14 It won't go away in this proceeding, of course.
15 But it seems more reasonable, as CNG/LNG is the
16 future for Keene, it is good for all the reasons
17 that we will present to you. It doesn't make
18 sense to continue tracking the cost differential
19 in this complicated formula, that, in this case,
20 is, you know, 10 or 20,000 or \$30,000.

21 So, again, it's not before you today,
22 but, as a heads up, that will be something we'd
23 like to move away from. Of course, we don't
24 track separate fuel costs for the EnergyNorth

1 system, they all get blended in. And, certainly,
2 you have to review to make sure our purchases of
3 those various fuels are prudent. But, as we
4 convert, it's really a Keene system, not a --
5 less of a Keene propane and Keene CNG.

6 So, and last, the lost and
7 unaccounted-for gas, I will certainly ping our
8 engineers to see if we can get some more info on
9 that. I will note, in the Exhibit 11, that
10 discusses that, we do track it, CNG and propane,
11 separately. So, you'll see that reference in the
12 answer. And it's my understanding that the vast
13 majority of the unaccounted-for gas is just that,
14 unaccounted for, not lost. It is metering, it is
15 billing cycles, and all those sorts of things.

16 Certainly, we have leaks, there is some
17 of that. And it would be interesting to know
18 what percentage of it is. There is certainly
19 some politics around lost gas. And, if we could
20 demonstrate that number is much smaller, that
21 would help all of us, I think. So, that's a fair
22 question.

23 So, with all of that, I appreciate your
24 indulgence. We ask that the Commission approve

1 the cost of gas rates as contained in Exhibit 3,
2 the 10/7 update, with the revised FPO rate, as
3 discussed by Dr. Arif.

4 Thank you.

5 CHAIRMAN GOLDNER: Thank you, Attorney
6 Sheehan.

7 Anything else?

8 MS. SCHWARZER: Mr. Chairman, if I
9 could comment briefly?

10 The Department did ask Liberty's
11 witnesses to discuss the Keene expansion. And
12 the Department's not prepared to address the
13 advanced arguments that Liberty has made with
14 regard to air-propane or other choices that might
15 be made for the Keene facility.

16 Similarly, the formula derived for
17 tracking the difference between CNG and propane
18 was part of the Settlement Agreement that the
19 Company agreed to in the latest rate case,
20 20-105, to address some significant construction
21 and capital costs associated with now serving
22 only 20 customers CNG in the Keene franchise
23 area.

24 So, I just would like to thank you for

1 letting me put that on the record as well. We
2 look forward to working with the Company to
3 discuss what is of importance to it.

4 Thank you.

5 CHAIRMAN GOLDNER: Okay. Thank you.
6 Attorney Sheehan, anything from your
7 side?

8 MR. SHEEHAN: No. All set.

9 CHAIRMAN GOLDNER: Okay. Very good.
10 Well, I'll thank everyone. We'll take the matter
11 under advisement, and issue an order. We are
12 adjourned.

13 ***(Whereupon the hearing was adjourned***
14 ***at 11:40 a.m.)***

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