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**DISCUSSION RE: PROCEDURAL SCHEDULE 19**

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**P R O C E E D I N G**

CHAIRMAN GOLDNER: Okay. We are here this afternoon in Docket DE 23-003, in which the Commission has docketed Liberty Utilities (Granite State Electric) Corp. Proposed Purchase of Receivables Program, a component of facilitating retail electric energy sales required by RSA 53-E:9 and Administrative Rule Puc 2205.16.

We will hear -- we will hear preliminary positions from the parties on Liberty's Proposal, as well as address the development of a procedural schedule today.

First, let's take appearances, beginning with Liberty.

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

CHAIRMAN GOLDNER: Very good. And the Department of Energy?

MS. SCHWARZER: Good morning, Mr. Chairman. Mary Schwarzer, with the Department of Energy, and with me is Alexandra Ladwig.

CHAIRMAN GOLDNER: Very good. And the

1 Community Power Coalition of New Hampshire?

2 MR. BELOW: Good afternoon,  
3 Commissioners. Clifton Below, Chair of the Board  
4 of Directors, on behalf of the Community Power  
5 Coalition of New Hampshire.

6 CHAIRMAN GOLDNER: Okay. At the  
7 outset, the Community Power Coalition of New  
8 Hampshire and the NRG Retail Companies submitted  
9 timely Petitions to Intervene, neither of which  
10 were objected to.

11 Does anyone have anything further to  
12 say with respect to either of these Petitions to  
13 Intervene?

14 MR. SHEEHAN: No, sir.

15 CHAIRMAN GOLDNER: Okay. Thank you.  
16 Okay. We have reviewed and determined that the  
17 Community Power Coalition of New Hampshire and  
18 the NRG Retail Companies' intervention would be  
19 in the interest of justice and would not impair  
20 the orderly and prompt conduct of the  
21 proceedings, and therefore grant intervention  
22 pursuant to Puc 203.17 and RSA 541-A:32, II.

23 Are there any other matters that need  
24 to be raised before we take preliminary

1 positions?

2 [No verbal response.]

3 CHAIRMAN GOLDNER: No. Next, let's  
4 turn to the Proposal. And we'll plan to hear  
5 preliminary positions on Liberty's Purchase of  
6 Receivables Program. And the Commissioners may  
7 have some follow-up questions. So, let's start  
8 with Liberty.

9 MR. SHEEHAN: Thank you. This will  
10 sound familiar, since we just went through the  
11 prior docket.

12 The Legislature passed a statute adding  
13 Section 9 to RSA 53-E, that asked the utilities  
14 to propose POR, or "Purchase of Receivables",  
15 Programs for the municipal aggregations otherwise  
16 authorized in that statute.

17 The Company's filing proposes such a  
18 POR Program. We have proposed to include not  
19 just municipal aggregations, but all competitive  
20 suppliers, to have a sort of one-size-fits-all,  
21 since, for these purposes, they won't be quite  
22 similar, and that is the first part of the  
23 Proposal.

24 Second, we have proposed the discount

1 rate, which is probably the most germane number  
2 in this docket. And it is based on the factors  
3 listed in the statute, primarily, the bad debt  
4 rate, but also the associated expenses, to the  
5 extent there are any.

6 And what is, obviously, different, by  
7 an order of magnitude from Unitil's proposal, is  
8 the cost to implement for us is substantial. We  
9 are, having gone through a conversion to a new  
10 system, that new system does not have the  
11 capability to do POR. We requested from the IT  
12 folks an estimate to do this, and that's the  
13 number you have. I will acknowledge it is not a  
14 firm or a real deep-dive estimate, but we wanted,  
15 and you deserved, at least a number to get an  
16 order of magnitude, and that's what we have.

17 We don't have the benefit of any of our  
18 affiliates with a program that we could borrow.  
19 As referenced in the testimony, our Saint  
20 Lawrence or our New Brunswick, Canada, gas  
21 utility has one, but my understanding, that's on  
22 their legacy system. And, as all the Liberty  
23 companies are converting to SAP, that will go  
24 away, to the extent it hasn't already. So, we

1 did need to build one from "scratch", if you  
2 will. And that's the reason for the rather  
3 significant cost of that.

4 Last, we do not track bad debt expense  
5 by customer class. We have a single number. So,  
6 we propose, in this filing, to apply the same  
7 discount rate to both commercial and residential  
8 customers. And, as time goes on, as we collect  
9 data, we could differentiate, if it becomes  
10 appropriate to do so.

11 Thank you.

12 CHAIRMAN GOLDNER: Thank you. The  
13 Department of Energy.

14 MS. SCHWARZER: Thank you, Mr.  
15 Chairman.

16 The Department looks forward to working  
17 with Liberty to learn more about the POR Program.  
18 We do note, as Attorney Sheehan has already  
19 mentioned, that their Discount Percentage Rate  
20 blends small C&I with residential customers. And  
21 we are interested in learning more about how that  
22 may affect the percentage calculations, and what  
23 plans Liberty may have in the future to change  
24 that calculation or to retain data in a different

1 way.

2 I would note that we anticipate  
3 complying with the Commission's order "to hold  
4 technical sessions" after each prehearing  
5 conference, in a group technical session, to  
6 discuss scheduling and planning. And we hope  
7 that that is acceptable to the Commission, in  
8 terms of complying with your order?

9 And we have similar concerns about  
10 additional time for the procedural schedule that  
11 the utility has proposed, but we anticipate that  
12 will be resolvable.

13 Thank you.

14 CHAIRMAN GOLDNER: Okay. Very good.  
15 Yes, that's what we were expecting, was to work  
16 on the procedural schedule at the end of this  
17 proceeding. So that, if I understood your  
18 question, that's what we were expecting.

19 MS. SCHWARZER: Oh. I guess I meant  
20 that we anticipate doing that with Unitil and  
21 Liberty and Eversource, in a large, joint group.

22 CHAIRMAN GOLDNER: We were expecting --

23 MS. SCHWARZER: Which is somewhat  
24 unusual. Okay, good.



1 CHAIRMAN GOLDNER: Unusual, but we were  
2 expecting it. So, thank you for clarifying.

3 MS. SCHWARZER: Great. Thank you.

4 CHAIRMAN GOLDNER: That is acceptable.  
5 Thank you.

6 Okay. The Community Power Coalition of  
7 New Hampshire.

8 MR. BELOW: Thank you.

9 Again, I'd point to RSA 53-E:9, I, that  
10 defines, for purposes of this section of the law,  
11 the term "supplier" means "aggregator", which, in  
12 this context, is a municipal or county  
13 aggregation or a community power aggregation,  
14 "functioning as a load serving entity under this  
15 chapter, or a competitive electricity supplier  
16 serving an aggregation."

17 And, again, the filing indicates that  
18 they plan to differentiate between, this is on  
19 Page 5, Line 16, the Company "intends to  
20 differentiate between competitive suppliers  
21 serving municipal aggregation and all other  
22 competitive suppliers", which is fine. But they  
23 go on and talk about developing "updated  
24 tariffs", and I think they also need to address

1 aggregators or community power aggregations  
2 serving as an LSE without a competitive supplier.  
3 That's one concern.

4 Another concern is the very high cost  
5 of -- administrative cost percentage relative to  
6 the uncollectibles percentage, estimated over,  
7 you know, if it's amortized over five -- three  
8 years, as being roughly five times the percentage  
9 that's uncollectible is the administrative costs.  
10 So, that's of concern. And we would just like to  
11 raise the question whether a longer amortization  
12 period might make sense.

13 Obviously, the POR Program, once  
14 established, will benefit suppliers of all types  
15 for a longer period of time. And, certainly,  
16 with Community Power Coalition, we expect to see  
17 steady growth in the total amount of load served  
18 over three years, and probably won't reach sort  
19 of some degree of a leveling out until about four  
20 years, three or four years out. So, a longer  
21 amortization might make sense.

22 I think the third concern, and I  
23 suspect the Company can clarify this, there are  
24 some language in here that suggests that this

1 would be "optional". And, particularly  
2 towards the end of the document, I think it's on  
3 the next to the last page, it's Page 12,  
4 Line 4, it references "updating the  
5 customers' [Company's?] billing system to track  
6 whether a competitive supplier or aggregator has  
7 elected the POR option."

8 So, I'm just not sure what that means,  
9 in terms of their forecasting of cost. If it's  
10 intended to be everyone who uses consolidated  
11 billing, or whether this will be an option that  
12 somebody can -- that a supplier could elect to  
13 either be part of the POR Program or not. And I  
14 don't actually have a definitive judgment of  
15 whether which is better, but just aware that  
16 there's an ambiguity in the proposal here.

17 CHAIRMAN GOLDNER: Mr. Sheehan or  
18 Ms. Menard, would you like to address any of  
19 Mr. Below's concerns?

20 MR. SHEEHAN: Sure. The last one, I  
21 don't think there was -- intended to be something  
22 new by acknowledging that some suppliers may not  
23 choose POR. We just thought there's certainly a  
24 possibility that some may not, and that we could

1 accommodate that. I don't think it's anything  
2 more than that.

3 On the longer amortization of our cost,  
4 we really don't take a position on that. If the  
5 time gets stretched out too far, we may seek  
6 carrying costs on it. But it's a fair question,  
7 and a good discussion to have.

8 CHAIRMAN GOLDNER: Thank you. Let's  
9 turn now to Commissioner questions, beginning  
10 with Commissioner Simpson.

11 CMSR. SIMPSON: Thank you. With  
12 respect to the billing system updates, there's a  
13 POR, I presume, requirement in New Brunswick for  
14 your Canadian gas affiliate, is that correct?

15 MR. SHEEHAN: I don't know if it's a  
16 requirement. I know they have the capability.

17 CMSR. SIMPSON: Is that something that  
18 that company offers to the gas supplier  
19 community?

20 MR. SHEEHAN: It's a gas utility. So,  
21 I'm -- I have to be clear, I know next to nothing  
22 about New Brunswick Gas.

23 CMSR. SIMPSON: Yes.

24 MR. SHEEHAN: But it is a gas utility.

1 So, if they have a POR, presumably, they have  
2 more -- they have a gas supplier role there that  
3 doesn't apply to residential customers here.

4 CMSR. SIMPSON: Fair enough. I am  
5 interested in cost-sharing. That you've updated  
6 your billing system, which it sounds as if it's  
7 enterprisewide, not just U.S., correct?

8 MR. SHEEHAN: Correct.

9 CMSR. SIMPSON: So, if you have another  
10 affiliate that offers POR, and this functionality  
11 is transferable, which I would expect is, you  
12 know, how do you intend to cost-share between  
13 Granite State Electric and any other companies?

14 MR. SHEEHAN: At a high level, your  
15 point is well-taken. If the money we spend here  
16 could be used at the same time in two other  
17 states, it should be allocated. We will  
18 certainly look at that. Again, I don't know the  
19 transferability of what New Hampshire will build,  
20 versus New Brunswick Gas. But we will -- that  
21 will certainly be a topic of discussion through  
22 this docket, and we will certainly look for ways  
23 to spread those costs.

24 CMSR. SIMPSON: And do you know why the

1 billing system that you implemented currently  
2 does not have POR functionality, if your  
3 affiliate offers that service in New Brunswick?

4 MR. SHEEHAN: Well, I don't -- again,  
5 I'm speaking out of ignorance. I don't know, so  
6 -- so, let me start over.

7 The entire Liberty family is converting  
8 to SAP, and it's happening a couple utilities at  
9 a time. My understanding is the New Brunswick  
10 Gas POR was from their legacy system. They used  
11 to be owned by Enbridge, I believe. So, if they  
12 still have it, they will probably be converting  
13 away from it when they go to SAP. They will lose  
14 that system. And that comes to your point of, if  
15 we build it here, they may use it there.

16 CMSR. SIMPSON: Uh-huh.

17 MR. SHEEHAN: So, again, those are all  
18 fair questions, and we're happy to dive into them  
19 through this docket.

20 CMSR. SIMPSON: Okay. Great. Thank  
21 you.

22 And do you intend to -- or, I should  
23 ask, how do you intend to facilitate payments to  
24 competitive electricity suppliers and

1 aggregators? Will you do that through EDI or the  
2 billing system directly? Do you know what that  
3 interface is? No?

4 MR. SHEEHAN: I don't. Ms. Menard says  
5 she "thinks it's EDI", but don't hold her to that  
6 either.

7 CMSR. SIMPSON: Okay. All right. I  
8 don't have any further questions. Thank you.

9 CHAIRMAN GOLDNER: Commissioner  
10 Chattopadhyay.

11 CMSR. CHATTOPADHYAY: So, I think I  
12 heard, and correct me if I got it wrong, so, you  
13 are installing a new system, and you're going two  
14 utilities at a time, and probably expending it to  
15 all of your systems?

16 MR. SHEEHAN: Yes. It's -- I don't  
17 know if it's "two at a time", but it's being  
18 rolled out in pieces, rather than having the  
19 whole Company do it all at once. And New  
20 Hampshire converted last fall. And, so, we have  
21 a new billing system.

22 CMSR. CHATTOPADHYAY: Do you know how  
23 many systems -- or, how many, I mean, you know, I  
24 don't recall what term you used, "utilities", you

1 know how many jurisdictions are we talking about?

2 MR. SHEEHAN: There are, I think,  
3 20-something utilities, they range in size,  
4 EnergyNorth, and the electric utilities in the  
5 Midwest are the largest, and they go down to  
6 small water utilities with, I believe, a couple  
7 thousand or several hundred customers.

8 CMSR. CHATTOPADHYAY: Do you know if  
9 any of them have to deal with PORs?

10 MR. SHEEHAN: My understanding is, no,  
11 none do, other than the New Brunswick  
12 conversation we just had.

13 CMSR. CHATTOPADHYAY: Okay. So, let me  
14 confirm, so that, you know, I don't have any  
15 ambiguity there.

16 So, you don't have PORs even for  
17 competitive suppliers right now?

18 MR. SHEEHAN: Currently no.

19 CMSR. CHATTOPADHYAY: Okay. Do you --  
20 you certainly have competitive suppliers to deal  
21 with, right?

22 MR. SHEEHAN: Yes.

23 CMSR. CHATTOPADHYAY: Do you track the  
24 uncollectible percentage for them, relative to



1 default service?

2 MR. SHEEHAN: No. That was -- what was  
3 called out in our testimony is we do not track  
4 uncollectibles by either customer class, or, in  
5 this case, supplier versus default service.

6 CMSR. CHATTOPADHYAY: And how long did  
7 you have competitive supplies or are you dealing  
8 with competitive supplies?

9 MR. SHEEHAN: We've had it since  
10 restructuring, 1990-something.

11 CMSR. CHATTOPADHYAY: Why is it  
12 difficult to track that? I mean, if you're  
13 implying that? Or is it just because you never  
14 had to think about it?

15 MR. SHEEHAN: We just never did. There  
16 was not a reason to.

17 CMSR. CHATTOPADHYAY: Okay.

18 MR. SHEEHAN: Yes. And we'll be able  
19 to do it, of course, as part of this docket, it's  
20 prompted the change. And that tracking is not an  
21 issue, it just hasn't been done.

22 CMSR. CHATTOPADHYAY: So, up front I  
23 will mention that I'm looking at different  
24 numbers here, because this is, you know,

1           essentially, even though it's a separate docket,  
2           three utilities are involved. So, I'm a little  
3           perplexed, and I think it goes to the question  
4           that Clifton Below was asking. I think, why is  
5           the administrative cost percentage that high,  
6           right, relative to --

7                       MR. SHEEHAN: Because it includes the  
8           half a million dollars to upgrade the system.  
9           That's the driving force behind that higher  
10          number.

11                      CMSR. CHATTOPADHYAY: I think I will  
12          leave it there, because I may still have a  
13          question, but that may be more clear when I get  
14          to the Eversource docket.

15                      Okay. Thank you.

16                      CHAIRMAN GOLDNER: Okay. And maybe  
17          just following up a little bit.

18                      So, I'm looking at the sum of the  
19          uncollectible percentage, the administrative cost  
20          percentage, and the reconciliation percentage.  
21          And the swings between the three utilities, just  
22          as we square everything up, and there's large  
23          differences in them. So, I think, in the end,  
24          the Commission would be very interested in

1 knowing the reasons why there would be such large  
2 differences.

3 And, clearly, the \$500,000 over your  
4 customer base would be a higher percentage, it  
5 shows as a higher percentage than the other two  
6 utilities, because of the cost versus revenue  
7 base or customer base requirement. So that it  
8 can make sense, but we would be very interested  
9 in knowing, in the end, how everything lines up,  
10 and why there's differences between the three.

11 So, that was -- that was all I had.  
12 Commissioners, any additional questions?

13 *[Cmsr. Simpson and Cmsr. Chattopadhyay*  
14 *indicating in the negative.]*

15 CHAIRMAN GOLDNER: Okay. Okay. So, I  
16 know it seems like Ground Hog Day.

17 *[Laughter.]*

18 CHAIRMAN GOLDNER: But I'll go through  
19 this, go through this for the second time.

20 So, lastly, on the topic of a  
21 procedural schedule to govern the matter, I'll  
22 start by commenting that, although the three PHCs  
23 are being held in sequence, we don't anticipate  
24 each procedural schedule will necessarily be

1 identical. Any necessary hearings will be  
2 individually scheduled. With that said, we  
3 brought all three electric distribution utilities  
4 in at the same time, so that all the Commission  
5 and parties could effectively use their time and  
6 develop procedural schedules that can complement  
7 each other, to the extent possible.

8 Do the parties have any comments for  
9 the Commission on establishing a procedural  
10 schedule to govern the remainder of this  
11 proceeding?

12 Or is it acceptable to discuss this in  
13 the technical session following these PHCs and  
14 get back to the Commission with a proposal?

15 MR. SHEEHAN: The latter is our  
16 preference. Thank you.

17 MS. SCHWARZER: Acceptable to the  
18 Department as well.

19 CHAIRMAN GOLDNER: Mr. Below, you're  
20 okay?

21 MR. BELOW: Yes. Yes.

22 CHAIRMAN GOLDNER: Thank you. Anything  
23 else that we should cover today?

24 *[No verbal response.]*

1                   CHAIRMAN GOLDNER:  Seeing none.  This  
2                   prehearing conference in Docket DE 23-003 is now  
3                   concluded.  And we'll call the next prehearing  
4                   conference.

5                   ***(Whereupon this prehearing conference***  
6                   ***in DE 23-003 was adjourned at 1:42***  
7                   ***p.m., and, following the prehearing***  
8                   ***conference for DE 23-004, a technical***  
9                   ***session was held thereafter.)***

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