

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 16, 2014 - 10:03 a.m.
Concord, New Hampshire

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RE: **DE 14-340**
LIBERTY UTILITIES (GRANITE STATE
ELECTRIC) CORP. d/b/a LIBERTY UTILITIES:
Annual Retail Rate Adjustment.

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott

Sandy Deno, Clerk

APPEARANCES: **Reptg. Liberty Utilities (Granite State**
Electric) Corp. d/b/a Liberty Utilities:
Sarah B. Knowlton, Esq.

Reptg. Residential Ratepayers:
Susan Chamberlin, Esq., Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Grant Siwinski, Electric Division

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

ORIGINAL

I N D E X

PAGE NO.

WITNESS PANEL: **DAVID B. SIMEK**
 HEATHER M. TEBBETTS
 JOHN D. WARSHAW

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Annual Retail Rate Filing, including the Direct Testimony of David B. Simek and Heather M. Tebbetts, with attachments, and the Direct Testimony of John D. Warshaw, with attachments (11-25-14)	5
2	RESERVED (Record request for updated/revised Bates Page 034, Schedule DBS/HMT-11)	32

P R O C E E D I N G

CHAIRMAN HONIGBERG: Good morning, everyone. We're here on Docket DE 14-340, which is Liberty Electric's annual retail rate adjustment filing, which Liberty initiated on November 25th. They filed a request for approval of retail rate adjustments related to its Stranded Cost Charge and Transmission Service Charge. As filed, Liberty calculated the aggregate impact of the rate changes of about 1.4 percent, or \$2.26 for an average residential user.

Before we start, let's take appearances.

MS. KNOWLTON: Good morning, Commissioners. My name is Sarah Knowlton. And, I'm here today on behalf of Liberty Utilities (Granite State Electric) Corp. And, with me today from the Company are the Company's three witnesses that are sitting in the witness box, John Warshaw, Heather Tebbetts, and David Simek. And, with me at counsel's table is Steve Mullen and Steve Hall.

MS. CHAMBERLIN: Good morning. Susan Chamberlin, Consumer Advocate for the residential ratepayers.

MS. AMIDON: Good morning, Commissioners. Suzanne Amidon, for Commission Staff.

[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 With me today is Grant Siwinski, an analyst in the
2 Electric Division.

3 CHAIRMAN HONIGBERG: And, I see that the
4 panel has already seated itself. Are they going to be the
5 only witnesses that we anticipate this morning?

6 MS. KNOWLTON: Yes.

7 MS. AMIDON: Yes.

8 CHAIRMAN HONIGBERG: All right. Is
9 there anything else we need to do before we get started?

10 MS. KNOWLTON: The Company would propose
11 to mark for identification, as "Exhibit 1", the
12 November 25th, 2014 filing that it made with regard to its
13 annual retail rates. And, this includes the testimony of
14 Mr. Simek and Ms. Tebbetts, as well as Mr. Warshaw. And,
15 it is Bates numbered 001 through 063.

16 CHAIRMAN HONIGBERG: That will be
17 marked.

18 (The document, as described, was
19 herewith marked as **Exhibit 1** for
20 identification.)

21 CHAIRMAN HONIGBERG: Okay. Anything
22 else to do before you get started, Ms. Knowlton?

23 MS. KNOWLTON: Nothing further.

24 CHAIRMAN HONIGBERG: All right. Why

1 don't you proceed then.

2 MS. KNOWLTON: Thank you.

3 (Whereupon *David B. Simek,*

4 *Heather M. Tebbetts,* and *John D. Warshaw*

5 were duly sworn by the Court Reporter.)

6 **DAVID B. SIMEK, SWORN**

7 **HEATHER M. TEBBETTS, SWORN**

8 **JOHN D. WARSHAW, SWORN**

9 **DIRECT EXAMINATION**

10 BY MS. KNOWLTON:

11 Q. Mr. Warshaw, would you state your full name for the
12 record.

13 A. (Warshaw) John D. Warshaw.

14 Q. By whom are you employed?

15 A. (Warshaw) Liberty Energy Utilities (New Hampshire)
16 Corp.

17 Q. In what capacity?

18 A. (Warshaw) I am the Manager of Electric Supply.

19 Q. What do your job responsibilities entail?

20 A. (Warshaw) Among other things, I am responsible for the
21 procurement of default service supply for Granite
22 State, and also for monitoring the transmission bills
23 for Granite State.

24 Q. Are you familiar with the filing that we've marked for

1 identification as "Exhibit 1"?

2 A. (Warshaw) Yes, I am.

3 Q. And, that contains your prefiled testimony and
4 accompanying schedules, correct?

5 A. (Warshaw) Yes.

6 Q. Was that prepared by you or under your direction?

7 A. (Warshaw) Yes.

8 Q. Do you have any corrections or updates to your
9 testimony?

10 A. (Warshaw) No.

11 Q. If I were to ask you the questions contained in your
12 testimony today, would the answers be the same?

13 A. (Warshaw) Yes.

14 Q. Ms. Tebbetts, would you state your full name for the
15 record.

16 A. (Tebbetts) Heather M. Tebbetts.

17 Q. By whom are you employed?

18 A. (Tebbetts) Liberty Energy (New Hampshire).

19 Q. What is your position with the Company?

20 A. (Tebbetts) I'm a Utility Analyst in our Rate and
21 Regulatory Services Department.

22 Q. In that capacity, do you have any responsibility for
23 the annual retail rate filing?

24 A. (Tebbetts) I'm responsible for providing rate-related

1 services for Granite State Electric.

2 Q. Are you familiar with what we've marked for
3 identification as "Exhibit 1"?

4 A. (Tebbetts) Yes.

5 Q. And, that contains your joint testimony with Mr. Simek?

6 A. (Tebbetts) Yes.

7 Q. Was that testimony prepared by you or under your
8 direction?

9 A. (Tebbetts) Yes, in conjunction with Mr. Simek.

10 Q. Do you have any corrections or updates to the
11 testimony?

12 A. (Tebbetts) Yes. The first correction is on Bates Page
13 012, Line 13. And, after the word "of", it should
14 actually say, in parentheses, "0.053" cents per
15 kilowatt-hour, which is also consistent with Bates Page
16 032, just a typographical error.

17 COMMISSIONER SCOTT: Can you clarify
18 where the parentheses are?

19 WITNESS TEBBETTS: Yes. It's "(0.053)".

20 BY MS. KNOWLTON:

21 Q. And, that replaces the "0.015"?

22 A. (Tebbetts) Yes.

23 Q. Do you have other corrections?

24 A. (Tebbetts) There's one more correction. And, that is

1 on Page -- Bates Page 013, Line 9. And, it should say
2 "The Company has included a credit of (0.012), instead
3 of the "0.00012 cents".

4 Q. Do either of those corrections affect the rate that is
5 being proposed today?

6 A. (Tebbetts) No.

7 Q. Subject to those corrections, if I were to ask you the
8 questions in your testimony today, would the answers be
9 the same?

10 A. (Tebbetts) Yes.

11 Q. Mr. Simek, would you state your full name for the
12 record please.

13 A. (Simek) David B. Simek.

14 Q. By whom are you employed?

15 A. (Simek) Liberty Energy Utilities (New Hampshire) Corp.

16 Q. What is your position with the Company?

17 A. (Simek) I am a Utility Analyst within the Regulatory
18 group.

19 Q. And, do you have any responsibility in that position
20 for the annual retail rate filing that's before the
21 Commission today?

22 A. (Simek) Yes. Along with Ms. Tebbetts, we both prepared
23 and reviewed the filing.

24 Q. Do you have any corrections or updates, in addition to

1 those that Ms. Tebbetts has identified?

2 A. (Simek) No.

3 Q. Subject to those corrections, if I were to ask you the
4 questions in your joint testimony today, would the
5 answers be the same?

6 A. (Simek) Yes.

7 CHAIRMAN HONIGBERG: Before you proceed,
8 I want to ask Ms. Tebbetts quickly about the correction on
9 Page 13.

10 WITNESS TEBBETTS: Uh-huh.

11 CHAIRMAN HONIGBERG: The "\$" at the
12 beginning of that number, and the word "cents" after it,
13 they don't both need to be there, do they? On the
14 previous page, on Line 13, you don't have the dollar sign
15 there, it's just "cents". And, I think the "\$" and the
16 "cents", they conflict somehow in that, do they not?

17 WITNESS TEBBETTS: Yes. No, you're
18 correct. It should say "The Company has included a credit
19 of (0.012) cents". There should be no dollar sign there.

20 CHAIRMAN HONIGBERG: We could have done
21 it the other way, which is to delete the word "cents", and
22 left the dollar sign, right?

23 WITNESS TEBBETTS: We could have. I
24 wanted to make it consistent with Page 012.

[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 CHAIRMAN HONIGBERG: All right. And, if
2 we had done that, we would have left those two -- those
3 two zeros after the decimal point, right?

4 WITNESS TEBBETTS: Yes. That's correct.

5 CHAIRMAN HONIGBERG: Thank you. Sorry
6 about that. Go ahead, Ms. Knowlton.

7 MS. KNOWLTON: The Company has no
8 further questions for its witnesses.

9 CHAIRMAN HONIGBERG: Ms. Chamberlin.

10 MS. CHAMBERLIN: Thank you.

11 **CROSS-EXAMINATION**

12 BY MS. CHAMBERLIN:

13 Q. What is the main driver of the proposed increase to the
14 Transmission rates? Anyone?

15 A. (Warshaw) I think I will take that question. The main
16 driver is the continued investment of transmission
17 upgrades and reinforcements and new transmission
18 facilities that the transmission-owning utilities in
19 New England have been investing over the past year, and
20 expected to invest over the next few years.

21 Q. And, that is reviewed at a proceeding before the
22 Federal Energy Regulatory Commission?

23 A. (Warshaw) No, it's not reviewed. Normally, it is not
24 reviewed in front of the FERC. Instead, it is part of

[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 the ISO-New England's Regional System Plan review of
2 transmission requirements and other needs required to
3 ensure the reliability of the New England transmission
4 system.

5 Q. Is it subject to FERC approval at some point or is it
6 simply it goes through ISO-New England?

7 A. (Warshaw) The actual transmission tariff has been
8 approved by the FERC, and it is a -- and it is a
9 formula tariff that does not need further FERC
10 approval.

11 Q. And, the allocation of costs down to Liberty is based
12 on coincident peak, is that correct?

13 A. (Warshaw) Correct. It's based on Liberty's network
14 load coincident peak, when it is coincident to the peak
15 of all of ISO-New England.

16 Q. Okay. And, this allocation methodology has not changed
17 as a result of the sale of Granite State from National
18 Grid to Liberty, correct?

19 A. (Warshaw) Correct.

20 Q. So, the element that is before the Commission today is
21 simply the allocation through to Liberty customers,
22 it's a pass-through, correct?

23 A. (Warshaw) Yes.

24 MS. CHAMBERLIN: Thank you. That's all

[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 I have.

2 CHAIRMAN HONIGBERG: Ms. Amidon.

3 MS. AMIDON: Thank you. Good morning.

4 WITNESS WARSHAW: Good morning.

5 WITNESS SIMEK: Good morning.

6 BY MS. AMIDON:

7 Q. Since we are talking about transmission costs,
8 following the OCA discussion, my question was, are all
9 the costs allocated to -- allocated to the Company
10 based on its network load as compared with other
11 entities in the region?

12 A. (Warshaw) Yes. The vast majority of the costs are
13 allocated to Liberty (Granite State) as a result of its
14 network load.

15 Q. Okay. And, the ancillary costs that -- the
16 administrative costs include costs for the New England
17 States' Committee on Electricity, is that right?

18 A. (Warshaw) Yes.

19 Q. And, is that a tariff charge?

20 A. (Warshaw) Yes, it is.

21 Q. Okay. And, is that calculated pretty much on the same
22 basis, based on your share of load?

23 A. (Warshaw) Yes, it is.

24 Q. Okay. Thank you. In terms of your participation at

{DE 14-340} {12-16-14}

[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 ISO, is the Company on any particular committee at ISO?

2 A. (Warshaw) Not -- well, we are on the mailing lists for

3 the Market Committee and Participants Committee.

4 Q. Do you participate? Does the Company participate in

5 any committee at the ISO level?

6 A. (Warshaw) The Company -- the Company will attend

7 hearings, attend the different meetings at times, but

8 we actually do not have a voting membership.

9 Q. Okay. And, Mr. Warshaw, since I have -- since you're

10 talking here, and I have a question for you regarding

11 the increase in the LNS, if I could turn you to Bates

12 052 of your testimony. Tell me when you're there

13 please.

14 A. (Warshaw) I'm there.

15 Q. Okay. So, at Line 11 on that page, you describe that

16 "the largest increase is [related to] Granite State's

17 LNS transmission charges". Am I reading that

18 correctly?

19 A. (Warshaw) Yes.

20 Q. Okay. And, it's estimated to increase by roughly

21 \$4 million, is that right?

22 A. (Warshaw) Yes.

23 Q. And, I believe the next question you describe the

24 reasons for this increase, but I thought it would be

{DE 14-340} {12-16-14}

1 good to have that in the record, given the fact that it
2 is a significant increase. Could you explain the
3 reasons that you have determined for the increase in
4 the LNS expense?

5 A. (Warshaw) Yes. The first thing is the reason the
6 change is so much -- so large and associated with
7 LNS -- excuse me -- is that at the time that I -- that
8 the 2014 transmission rates were developed a year ago,
9 the rates that were -- the estimated rate for 2014 for
10 RNS service was significantly higher, and the rate that
11 I used for the estimate then was actually finally
12 approved by the ISO and filed with the FERC effective
13 June 1st. So, as a result, on the RNS side, we
14 basically over-projected that cost. And, then, on the
15 LNS side, basically, it was -- I was surprised at how
16 large a LNS change there was, costs that came to
17 Granite State from NEP.

18 Q. But would you explain the reasons for these costs? I
19 think, beginning --

20 A. (Warshaw) Oh, I'm sorry.

21 Q. -- beginning on Line 16, Page 052, you talk about the
22 various reasons. You say "As a result of NEP's
23 obligation to provide reliable transmission service and
24 to meet load growth needs of its transmission company"

1 -- "customers, NEP has been both replacing aging
2 transmission assets and constructing new transmission
3 assets."

4 A. (Warshaw) Yes. If you look on Bates Page 063, there's
5 a summary of the various projects that are currently in
6 NEP's or National Grid's Local System Investment Plan.
7 And, you can see, in 2014, there was about \$40 million
8 worth of investment. And, then, for 2015, there is
9 expected to be about \$69 million in investment.

10 Q. And, does the Company have any input into determining
11 whether there is any need for these investments or are
12 these decisions made by the transmission owners?

13 A. (Warshaw) These investments are made mostly at the
14 ISO-New England level, to be able to meet both regional
15 and local reliability requirements in New England.

16 Q. Okay. Thank you. And, if I go to Bates 006 of
17 Mr. Simek's and Ms. Tebbetts' testimony. At the top of
18 this page, is it fair to say that that table represents
19 a summary of the rate changes for each of these
20 categories: Stranded Costs, Transmission Service,
21 RGGI -- the RGGI credit, and the Borderline Sales
22 Adjustment Factor?

23 A. (Tebbetts) Yes. That's correct.

24 Q. And, it shows what is proposed and whether it's an

1 increase or decrease in the far right column?

2 A. (Tebbetts) Yes. That's correct.

3 Q. And, the "RGGI Excess Revenue Adjustment Factor" is new
4 for this year, is that right?

5 A. (Tebbetts) Yes.

6 Q. And, as far as you know, this will -- this credit will
7 continue, unless the legislation is changed, is that
8 fair to say?

9 A. (Tebbetts) Yes.

10 Q. Did you -- do you include in your annual adjustment the
11 auction proceeds for December or do you calculate those
12 based on when it's received?

13 A. (Simek) The December auction proceeds were included
14 within the default service filing that we had done in
15 November.

16 Q. Right.

17 A. (Simek) And, all auction proceeds that were related to
18 auctions incurred in 2015 or forward are going to be
19 included in this retail rate filing.

20 Q. Okay. Thank you for that clarification. That was
21 my -- I forgot that aspect of it. And, the "Borderline
22 Sales" also is a new factor?

23 A. (Simek) Correct.

24 Q. Is that true, that that will continue to be an annual

1 adjustment?

2 A. (Simek) No.

3 Q. This is a one-time adjustment?

4 A. (Simek) This was a one-time settlement that we received
5 for the transmission portion of our borderline sales
6 settlement with Mass. Electric.

7 Q. Thank you for that clarification.

8 A. (Simek) You're welcome.

9 Q. And, finally, just in general terms, it seems that the
10 CTC is reducing to almost an insignificant amount.
11 And, the question that I had when I look at this filing
12 is whether the Company had considered perhaps buying
13 out its obligations for the Contract Termination
14 Charge, and thus eliminate the need to do the stranded
15 cost reconciliation? Has that been considered by the
16 Company?

17 A. (Tebbetts) Yes. Yes, it has. We've had discussions
18 about buying out. And, it's a small amount. So, it
19 would have a small rate impact on customers.

20 Q. But would you agree with me that it would eliminate a
21 lot of administrative work, because every year you have
22 to prepare these calculations and the tables, and every
23 year the Staff has to look at them and the Commission
24 has to consider them. So, would you not consider it to

[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 be a good idea from an administrative standpoint?

2 A. (Tebbetts) Yes.

3 Q. Do you think that there would be any problem with
4 negotiating the buyout or have you not begun
5 discussions yet?

6 A. (Tebbetts) We haven't begun discussions at this time,
7 but we will certainly look into it.

8 Q. Okay. Staff would -- at this point I would say Staff
9 would support that activity. So, if the Company
10 intends to pursue it, you can -- you will understand
11 that you'll have Staff's support.

12 MS. AMIDON: We -- one moment please.

13 (Atty. Amidon conferring with Mr.
14 Siwinski.)

15 MS. AMIDON: We have no further
16 questions. Thank you.

17 CHAIRMAN HONIGBERG: Commissioner Scott.

18 COMMISSIONER SCOTT: Thank you. Good
19 morning. Again, the usual caveat, so, whoever feels most
20 able to answer, please do so.

21 BY COMMISSIONER SCOTT:

22 Q. Other than the RGGI Excess Revenue Adjustment Factor
23 and the Borderline Sales Settlement Adjustment Factor,
24 I'm curious, is there anything, as far as methodology,

[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 different in this filing from past filings, similar
2 filings?

3 A. (Simek) No.

4 Q. Thank you. And, just to clarify for my mind. So,
5 there was a discussion with Staff regarding RNS and
6 LNS. The transmission cost, am I correct, and I think,
7 Mr. Warshaw, you started that way, are -- all stem from
8 the ISO-New England RSP, is that correct?

9 A. (Warshaw) Correct.

10 Q. And, to your knowledge, there's been no great deviance
11 from -- deviation from that in the charges that you're
12 passing through, is that correct?

13 A. (Warshaw) That is correct. They update the RSP
14 annually. And, based upon the ISO's forecasts of what
15 they expect to happen, and also what has happened
16 historically, they may adjust some of the projects to
17 come in a little earlier or delay some projects as not
18 needed, or have to include additional projects for
19 things that were not forecast in the previous year.

20 Q. And, I was -- I'll ask you to look into your crystal
21 ball. You looked at, in your filing, I think the 2014
22 and 2015, you had the chart from NEP for LNS. What are
23 you projecting in the future? Do you see any lessening
24 the need for more transmission?

1 A. (Warshaw) Not in the short term. I do not expect to
2 see a reduction in the need for transmission.

3 Q. So, you would expect similar or greater pass-through
4 costs moving forward?

5 A. (Warshaw) Yes. The transmission system has to respond
6 to the reliability standards that are constantly being
7 developed for New England and the rest of the country.
8 The development of intermittent resources, energy
9 resources, the retirement of existing resources, and
10 then the plan, development, and an on line of
11 additional resources.

12 Q. Thank you. And, on Bates 014 of the Simek and Tebbetts
13 testimony, for Exhibit 1, Line 2, it discusses the
14 increase for effectively an average residential bill.
15 I was curious, that's still current with the current
16 rates, those figures there, is that correct?

17 A. (Tebbetts) Actually, we had a step adjustment that took
18 effect for December 1st. And, so, the change is,
19 current bill today, for December 16th, is 162.56,
20 \$162.56 for a customer -- a residential customer using
21 665 kilowatt-hours per month. And, so, customers
22 for -- oh, I apologize. Current bills today is
23 actually \$161.33. So, there will be a slight increase
24 of \$1.23, rather than the "\$2.26". And, so, customers

1 will see a 0.76 percent increase, rather than
2 "1.4 percent".

3 Q. Okay. So, actually, that's -- I'm glad I asked the
4 question. So, even with that, would you agree that the
5 Energy Service rates, there was a significant increase
6 in this November to April timeframe?

7 A. (Tebbetts) Yes.

8 Q. So, how -- this would be yet another increase on top of
9 that, correct?

10 A. (Tebbetts) Yes.

11 Q. And, the desire would be this would take effect 1
12 January, correct?

13 A. (Tebbetts) Yes.

14 Q. So, has there been any -- how has the outreach been
15 done with ratepayers, so they understand that there
16 could be yet another increase coming?

17 A. (Tebbetts) Well, monthly, we send our bill inserts.
18 And, for the past couple months, we have included
19 information on the bill inserts for customers about
20 energy efficiency and ways to reduce their monthly bill
21 by energy efficiency. And, we've also filed comments
22 in Docket 14-337, to discuss addressing monies going to
23 the Electric Assistance Program in the future.

24 Q. And, I appreciate that. I'm glad to see there have

[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 been outreach efforts. But are your ratepayers
2 generally understanding that there is yet another
3 increase proposed in this winter, in their winter
4 bills?

5 A. (Tebbetts) We have made this filing, and I have not
6 heard, I'm not sure about the other two witnesses, of
7 any discussions specifically with customers over the
8 phone, specifically looking through customer service
9 about the rate increase. I can't comment on whether or
10 not that's happened.

11 Q. But there's been no bill inserts or that type of
12 communication to your knowledge?

13 A. (Tebbetts) There has no -- there's not been any bill
14 insert saying "there is a rate increase coming", no.

15 Q. Okay. Thank you. So, let me ask, while I'm on this
16 line, help me out here. So, the larger rate increase
17 was November to April, correct?

18 A. (Simek) Correct. I'm sorry.

19 Q. Thank you. And, the expectation, I assume, is the next
20 time period, after April, would be lower, because you
21 wouldn't have the natural gas constraints, is that
22 correct?

23 A. (Warshaw) That is correct.

24 Q. So, let me ask the larger question then. What would be

[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 the impact if this reconciliation was moved till after
2 April, so to help mitigate this, these price increases?

3 A. (Simek) I'm not aware of what the actual impact would
4 be. We would have to sit down and do a calculation.
5 Again, with how we've done things consistently in the
6 past, we've had these annual reconciliations with the
7 rates going into effect January 1st. And, just to
8 reach out and reiterate what we had done when we knew
9 of the large spike that was coming for the Energy
10 Service, we really did a large campaign at the Company
11 to really make the customers aware that such a large
12 increase was coming. And, this annual retail rate
13 filing, the increase, from the December 1 rates to the
14 proposed January 1st rates, is relatively modest. I
15 think it was 72 cents -- or, I'm sorry, \$1.23 for the
16 typical customer. But, again, we do, on our webpage
17 and all that, reach out, especially for the EAP
18 Program. And, we are working on programs to try to
19 make some of those funds more accessible to other
20 customers.

21 But, again, as far as what the impact
22 may be of pushing it out a few months, once we may or
23 may not actually see a decrease in the Energy Service
24 rates, you are correct that the assumption would be

1 that the winter rates are going to be high and they may
2 go down in the spring, but we really don't know that
3 for sure.

4 Q. I agree we don't know for sure. But I think
5 conventional wisdom was that's probably what will
6 happen?

7 A. True.

8 Q. So, again, are there -- would a delay of the
9 implementation of this -- I guess you've already
10 answered it. So, would that cause some inequity
11 someplace?

12 A. (Simek) Not that I can think of off the top of my head.
13 Again, we have interest calculations and stuff that
14 would be taken into account, --

15 Q. True.

16 A. (Simek) -- but I can't think of any other impacts.

17 COMMISSIONER SCOTT: I think that's all
18 I had. Go ahead. Sorry.

19 **BY THE WITNESS:**

20 A. (Tebbetts) I'd like to add that the Company would be
21 open to possibly changing the date to when they're
22 making this filing, from a rate -- start of the rate
23 for January 1 to a July 1 rate change in the future.
24 We'd be open to looking at that, rather than having the

1 winter impact with the stranded costs and the
2 transmission impact also.

3 COMMISSIONER SCOTT: Thank you. That's
4 all I have for now.

5 BY CHAIRMAN HONIGBERG:

6 Q. And, similar to the questions that Commissioner Scott
7 was just asking, have you, even idly, any of you, sat
8 around and thought "jeez, we're about to have another
9 headline that our rates are going to go up." And,
10 while it's a modest increase, that doesn't mean the
11 phones aren't going to start ringing again. Is that
12 something you guys are thinking about, from a public
13 relations standpoint and from a customer relations
14 standpoint?

15 A. (Simek) Internally, within the Company, it's been
16 communicated that we are preparing for a proposed price
17 increase. So, again, we will be staffed properly to
18 take the incoming calls. Our outreach, Customer Care
19 reps have also been notified about the proposed
20 increase. I'm just not sure what steps they have
21 taken, if any, to notify customers about it.

22 Q. Ms. Tebbetts, let me return to the comment you made
23 about Page 014 of your testimony, Line 2. And, the
24 step increase and the effect that that had on the

1 change that we're talking about. Is what you're saying
2 that the step increase that took effect December 1st is
3 not cumulative with the change that is being requested
4 here? So, instead of a \$2.26 increase, it's only
5 \$1.23, is that right?

6 A. (Tebbetts) That's correct. For December 1st, we had
7 a -- there was a decrease in rates for December 1st.
8 And, so, when we made this filing on November 25th,
9 that order had not -- we had not received that order
10 yet, so we had not included that information in the
11 filing. But, since then, we've received the order, the
12 rates have gone into effect. And, so, the increase is
13 almost half of what we had provided.

14 CHAIRMAN HONIGBERG: I don't think I
15 have any other questions. Do you have anything else? Ms.
16 Knowlton, any redirect?

17 MS. KNOWLTON: I have a few questions.
18 Thank you.

19 **REDIRECT EXAMINATION**

20 BY MS. KNOWLTON:

21 Q. This question would be for either Ms. Tebbetts or Mr.
22 Simek. With regard to the Borderline Settlement
23 payment received from Mass. Electric, is there another
24 portion of that payment that is yet to be credited back

1 to customers?

2 A. (Simek) Yes. There is the Default Service portion that
3 will be a credit back to customers beginning with our
4 reconciliation that will go through in March of next
5 year.

6 Q. So, if you turn to Bates Page 013 of your testimony
7 please. And, Line 2 refers to a total amount of
8 "\$723,890 for the transmission and commodity costs".
9 Approximately how much of that is the commodity portion
10 of the Settlement proceeds?

11 A. (Simek) It would just be the -- it's the difference
12 between the 723,890 and the 107,927 that was given back
13 for the transmission portion in this filing.

14 Q. So, slightly over \$600,000 has yet to be refunded to
15 customers?

16 A. (Simek) 615,000 or so, yes.

17 Q. And, why would that be refunded in March as part of the
18 Energy Service rates, as opposed to now, through this
19 annual retail rate reconciliation?

20 A. (Simek) Well, the rates were -- the refund portion was
21 related to the default service customers.

22 Q. And, is it correct that not all customers -- that there
23 would be more customers that would receive a refund
24 than just the default service customers, if the refund

[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 was done now?

2 A. (Simek) Correct.

3 Q. Mr. Warshaw, you testified that Granite State does not
4 have a voting interest at the ISO. Would you explain
5 why that is?

6 A. (Warshaw) The rules of the ISO provide for only one
7 vote -- voting per entity. And, because Granite
8 State's ultimate parent, Algonquin Power & Utilities
9 Corp., has a significant ownership in its stock from
10 Emera, Emera then is also a participant in ISO-New
11 England. So, as a result, we don't get a vote, but
12 Emera continues to get its vote.

13 Q. Ms. Tebbetts, if you would turn to Page Bates 034
14 please.

15 A. (Tebbetts) I am there.

16 Q. Would you be able to update this page to reflect the
17 distribution service rate change?

18 A. (Tebbetts) Yes.

19 Q. And, is that something that you're able to walk us
20 through now or --

21 A. (Tebbetts) Yes.

22 MS. KNOWLTON: -- if the Commission
23 preferred, we can do it live or we could do it through a
24 written submission, if the Commission would find it

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[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 helpful to have this page updated?

2 CHAIRMAN HONIGBERG: If Ms. Tebbetts
3 feels comfortable doing it on the fly, I'm happy to have
4 her do it on the fly.

5 BY MS. KNOWLTON:

6 Q. Would you slowly walk us through the changes.

7 A. (Tebbetts) Yes.

8 CHAIRMAN HONIGBERG: Fly slowly.

9 WITNESS TEBBETTS: Okay.

10 **BY THE WITNESS:**

11 A. (Tebbetts) Yes. Okay. So, these are the items that
12 will change. And, I will start at the top with the
13 "Customer Charge". The Customer Charge, as of the
14 filing date, was "11.81". It is currently "\$11.67".
15 The "Distribution Charge", the "first 250
16 kilowatt-hours" has changed from "0.03197" to
17 "0.03074". The "excess of 250 kilowatt-hours" has
18 changed from "0.04797" to "0.04656". And, those are
19 the only items that have changed for the December 1st
20 step adjustment.

21 COMMISSIONER SCOTT: Do you know what
22 the associated amounts on the right-hand column would be?

23 WITNESS TEBBETTS: Yes. So, the
24 Customer Charge would be "11.67". The Distribution Charge

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[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 would be "\$7.69". The excess -- that was for the "first
2 250 kilowatt-hours". The "excess of 250 kilowatt-hours"
3 is "\$19.32".

4 BY MS. KNOWLTON:

5 Q. Are you able to provide the totals --

6 A. (Tebbetts) Yes, I don't have --

7 Q. -- or is that too much to do on the fly.

8 A. (Tebbetts) I don't have -- what I have here in front of
9 me is including the change in the Transmission Charge
10 and the Stranded Charge -- and the Stranded Cost
11 Charge. So, I'd have to -- oh, Mr. Warshaw, has a
12 calculator.

13 A. (Warshaw) Yes.

14 CHAIRMAN HONIGBERG: Let's go off the
15 record for a minute while they sort that out.

16 (Off the record.)

17 CHAIRMAN HONIGBERG: While you're
18 working on that -- back on the record. Ms. Knowlton,
19 maybe what will make sense is for them to prepare a
20 revised page at the end of this.

21 MS. KNOWLTON: We can do that and submit
22 it quickly.

23 CHAIRMAN HONIGBERG: Thank you.

24 MS. AMIDON: And, Mr. Chairman, you

1 might want to reserve an exhibit number for that record
2 request.

3 CHAIRMAN HONIGBERG: Okay. We'll do
4 that. So, that will be Exhibit 2, right?

5 MS. DENO: Yes.

6 **(Exhibit 2 reserved.)**

7 CHAIRMAN HONIGBERG: Okay. We're back
8 on the record. Ms. Tebbetts, go ahead.

9 **BY THE WITNESS:**

10 A. (Tebbetts) Yes. Okay. So, the new total bill would
11 be, as of December 16th, \$160.30.

12 BY MS. KNOWLTON:

13 Q. Ms. Tebbetts or Mr. Simek, I have one other question I
14 want to ask, which relates to Bates Page 019. With
15 regard to the Contract Termination Charge from New
16 England Power, if I look down in the bottom line, which
17 refers to the "Total Contract Termination Charge" and
18 shows a figure of "\$62,096" for September 2014, is that
19 in the ballpark of the amount that would be bought
20 down? It's not clear to me whether this is the total
21 figure or this is a monthly figure, if you have some
22 sense of that?

23 A. (Tebbetts) For the month of September, that is the
24 total expense for all customer rate classes that was

1 charged to customers.

2 Q. Is it your expectation that this number is going to
3 decline as we move forward in time?

4 A. (Simek) Yes. The monthly expense is anticipated to go
5 down, based on feedback that we have previously
6 received from National Grid. Again, they do a
7 reconciliation on their end. So, it could be slightly
8 off, based on their reconciliation as well.

9 Q. And, is that a reconciliation that they file with this
10 Commission?

11 A. (Simek) No. I believe that that's -- I'm not sure
12 where it's filed, but I don't believe it's here.

13 Q. Okay. But the Company could -- would there be some
14 basis for the Company to validate any number that it
15 received from New England Power of the outstanding
16 Contract Termination Charge amount as the Company
17 sought to pursue negotiations with New England Power?

18 A. (Simek) Yes. We would reach out with National Grid and
19 be able to work with them and be able to work with
20 whatever documents have been filed where, and be able
21 to determine an appropriate amount for a buyout.

22 MS. KNOWLTON: Thank you. I have no
23 further questions for the witnesses.

24 CHAIRMAN HONIGBERG: Thank you. Does

[WITNESS PANEL: Simek~Tebbetts~Warshaw]

1 anyone have anything further?

2 (No verbal response)

3 CHAIRMAN HONIGBERG: All right. The
4 witnesses, thank you very much, you can return to your
5 seats. Which I don't know where those were, since you
6 started up here when we came in.

7 COMMISSIONER SCOTT: Could be anywhere.

8 CHAIRMAN HONIGBERG: But why don't you
9 rejoin Ms. Knowlton and Mr. Hall and Mr. Mullen.

10 There's no other witnesses, correct?

11 MS. KNOWLTON: Correct.

12 CHAIRMAN HONIGBERG: So, does anyone
13 have any objection to striking the ID on Exhibit 1, and
14 then, when Exhibit 2 comes in, having that included with
15 it?

16 MS. KNOWLTON: None.

17 CHAIRMAN HONIGBERG: Didn't think so.
18 Give counsel an opportunity to sum up. I guess I would
19 ask anyone who would want to comment on the question that
20 Commissioner Scott raised with the witnesses about whether
21 it would be desirable to defer this increase till after
22 the -- I guess after April 2015, whether that would do
23 more harm than good. So, Ms. Chamberlin, why don't you
24 begin.

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1 MS. CHAMBERLIN: Thank you. To answer
2 that question first, I believe it's a good idea to try to
3 reduce the winter price increases on residential
4 customers. This Transmission Charge is modest. However,
5 I would support asking the Company to calculate what it
6 would mean to push it off to April. I would be concerned
7 with any carrying charges. I wouldn't want to increase
8 the cost to residential customers unnecessarily. However,
9 not piling on in January would be very helpful, from a
10 practical point of view. Most people have additional
11 expenses for heating and holidays and everything else, so
12 that adding even a little bit more in January is a
13 challenge for people.

14 Setting that aside, the calculation was
15 done by the same methodology that has been done in the
16 past. There is not a lot of play that we have at the
17 state level for transmission charges. The OCA, and I
18 believe the PUC, are both parties to a transmission case
19 at the FERC and will be arguing costs there. So, the OCA
20 does not object to the methodology, just remains concerned
21 about any price increase at this time.

22 CHAIRMAN HONIGBERG: Ms. Amidon.

23 MS. AMIDON: Thank you. Staff has
24 reviewed the filing. And, we've concluded that the

1 Company has appropriately calculated both the Stranded
2 Cost Charge and the Transmission rate reconciliation.
3 And, we think that that results in just and reasonable
4 rates, pursuant to RSA 375.

5 We do support and encourage the
6 Commission to consider requiring the Company to explore
7 negotiating the termination of that CTC, the Contract
8 Termination Charges, and to eliminate all of the
9 administrative process that surrounds that issue in these
10 annual filings.

11 As to whether or not this should be
12 implemented January 1 or April 1, Staff has no position.
13 Thank you.

14 CHAIRMAN HONIGBERG: Ms. Knowlton.

15 MS. KNOWLTON: Thank you. The rates
16 that are proposed and before you today are consistent with
17 all applicable legal requirements. And, based on the
18 prefiled and the oral testimony that's been presented, the
19 Company believes that the proposed rates are just and
20 reasonable.

21 The Company would not object to
22 deferring the rate increase until some later date, but
23 would note that there would be a carrying charge that
24 would apply, in order for the Company to remain whole, and

1 customers would pay that carrying charge. So, as
2 Ms. Chamberlin pointed out, it is a modest increase, but
3 it would be slightly larger, if it were delayed until some
4 future time.

5 The Company will pursue the potential
6 buydown of the stranded costs with New England Power, and
7 we'll keep the Staff and Consumer Advocate apprised of the
8 nature of those discussions.

9 And, I just also wanted to let the
10 Commission know that we will go back and emphasize to the
11 Company the importance of ongoing customer communications,
12 as rates changes, you know, up and down. That I think
13 that is something that we can always reexamine, are we
14 doing everything that we can to get the word out? And, I
15 will go back and communicate that with the Company that
16 that is something that was the subject of discussion at
17 today's hearing. Thank you.

18 CHAIRMAN HONIGBERG: Commissioner Scott.

19 COMMISSIONER SCOTT: Thank you. I just
20 wanted to, as we consider whether we do defer this, I was
21 curious to hear if you have a projection on your customer
22 count or migration for the winter period, compared to
23 after 1 April?

24 MS. KNOWLTON: My understanding is is

1 that our next migration report is due to be filed in
2 January. So, we don't have those numbers at our
3 fingertips today. We file that information, I believe, on
4 a quarterly basis, and it was filed last in the fall. So,
5 I don't know where we stand on migration at this moment.

6 COMMISSIONER SCOTT: Thank you.

7 CHAIRMAN HONIGBERG: All right. I think
8 there's nothing else. Thank you all very much. We'll
9 take this under advisement.

10 **(Whereupon the hearing was adjourned at**
11 **10:51 a.m.)**