

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

3  
4   **May 14, 2021 - 9:06 a.m.**

5                                   *[Remote Hearing conducted via Webex]*

6  
7                   **RE: DE 21-030**  
8                   **UNITIL ENERGY SYSTEMS, INC.:**  
9                   **Request for Change in Rates.**  
10                   ***(Hearing regarding Temporary Rates)***

11  
12                   **PRESENT:**     Chairwoman Dianne H. Martin, Presiding  
13                                   Cmsr. Kathryn M. Bailey

14                                   Jody Carmody, Clerk  
15                                   Corrine Lemay, PUC Remote Hearing Host

16                   **APPEARANCES:**   **Reptg. Unitil Energy Systems, Inc.:**  
17                                   Patrick H. Taylor, Esq.  
18                                   Gary Epler, Esq.

19                                   **Reptg. Clean Energy NH:**  
20                                   Elijah D. Emerson, Esq.  
21                                   *(Primmer Piper Eggleston & Cramer)*  
22                                   Kelly Buchanan, Dir. of Reg. Affairs

23                                   **Reptg. Residential Ratepayers:**  
24                                   D. Maurice Kreis, Esq., Consumer Adv.  
                                 Christa Shute, Esq.  
                                 Pradip Chattopadhyay, Asst. Cons. Adv.  
                                 Office of Consumer Advocate

**Reptg. PUC Staff:**  
                                 Brian D. Buckley, Esq.  
                                 Elizabeth Nixon, Electric Division

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

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**PAGE NO.**

*DISCUSSION RE: PRELIMINARY MATTERS* 8

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**WITNESS PANEL:           CHRISTOPHER GOULDING  
                                  PRADIP CHATTOPADHYAY  
                                  ELIZABETH NIXON**

Direct examination by Mr. Taylor (*Goulding*) 11

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**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Stipulation and Settlement on Temporary Rates, with attachments	<i>premarked</i>
2	Testimony of Christopher Goulding and Daniel Nawazelski (Excerpt regarding Temporary Rates, including Schedule CGDN-3)	<i>premarked</i>
3	Summary of Delivery Service Rates - <i>Clean and Redline</i>	<i>premarked</i>
4	Unitil Tariff Seventh Revised Page 1 - Temporary Rates - <i>Clean and Redline</i>	<i>premarked</i>
5	Residential Customer Bill Impact Using 600 kWh/month	<i>premarked</i>

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

CHAIRWOMAN MARTIN: We're here this morning in Docket DE 21-030 for a hearing regarding the Unutil Energy Systems, Incorporated, Request for Temporary Rates.

I have to make the necessary findings for this remote hearing.

As Chairwoman of the Public Utilities Commission, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic, and in accordance with the Governor's Emergency Order, this public body is authorized to meet electronically. Please note that there is no physical location to observe and listen contemporaneously to this hearing, which was authorized pursuant to the Governor's Emergency Order.

However, in accordance with the Emergency Order, I am confirming that we are utilizing Webex for this electronic hearing. All members of the Commission have the ability to communicate contemporaneously during this hearing, and the public has access to contemporaneously listen and, if necessary,

1           participate.

2                       We previously gave notice to the public  
3           of the necessary information for accessing the  
4           hearing in the Order of Notice.  If anybody has a  
5           problem during the hearing, please call 271-2431.  
6           In the event the public is unable to access the  
7           hearing, the hearing will be adjourned and  
8           rescheduled.

9                       Okay.  We have to take a roll call  
10          attendance.  My name is Dianne Martin.  I am the  
11          Chairwoman of the Public Utilities Commission.  
12          And I am alone.

13                      Commissioner Bailey.

14                      COMMISSIONER BAILEY:  Good morning,  
15          everyone.  Kathryn Bailey, Commissioner at the  
16          Public Utilities Commission.  And my daughter,  
17          Sarah Bailey, is in the house with me.

18                      CHAIRWOMAN MARTIN:  Okay.  Thank you.  
19          Let's take appearances, starting with Mr. Taylor.

20                      MR. TAYLOR:  Good morning,  
21          Commissioners.  My name is Patrick Taylor,  
22          representing Unutil Energy Systems, Inc.  I am  
23          Senior Counsel for Unutil Service Corp.  With me  
24          today are Gary Epler, Chief Legal Counsel;

1 Christopher Goulding, Director of Rates and  
2 Revenue Requirements; and Daniel Nawazelski, Lead  
3 Financial Analyst for the Company.

4 CHAIRWOMAN MARTIN: Okay. Thank you.  
5 And Mr. Kreis.

6 MR. KREIS: Good morning, Chairwoman  
7 Martin, Commission Bailey, honorable colleagues.  
8 I am Consumer Advocate Donald Kreis. I'm here,  
9 of course, on behalf of residential utility  
10 customers. And with me today, on the virtual  
11 witness stand, is the Assistant Consumer  
12 Advocate, Pradip Chattopadhyay.

13 CHAIRWOMAN MARTIN: Mr. Kreis, dare I  
14 ask where you are?

15 MR. KREIS: I look like I'm standing in  
16 the atrium of the library of the Phillips Exeter  
17 Academy. But I threw that up behind me just  
18 because the Sun is shining through the window of  
19 my office where I'm actually standing, and I  
20 didn't want to bedazzle you.

21 CHAIRWOMAN MARTIN: Okay. It looked a  
22 bit like you were in a spaceship.

23 MR. KREIS: Indeed. Well, I didn't  
24 want to incur an unfair advantage by bedazzling

1           everybody. And the library at the Phillips  
2           Exeter Academy is a world-class building,  
3           designed by a very famous architect.

4                   CHAIRWOMAN MARTIN: Well, thank you for  
5           the explanation. Okay. Mr. Buckley.

6                   MR. BUCKLEY: Good morning, Madam  
7           Chair, Commissioner Bailey. My name is Brian  
8           Buckley. And I am here representing the  
9           Commission Staff participating in this  
10          proceeding. And with me today is the Electric  
11          Division's Elizabeth Nixon.

12                   CHAIRWOMAN MARTIN: Okay. And welcome,  
13          Ms. Nixon. We haven't seen you here for a while.  
14                   Okay. And Conservation Law Foundation,  
15          who do we have today?

16                   MR. BUCKLEY: Madam Chair, if I may? A  
17          number of the participants to the proceeding, the  
18          intervenors and parties rather, will not be here  
19          today. I think we understand that CLF,  
20          ChargePoint, I think DES, and there may be one  
21          more I'm missing, NHLA, may not be here today, as  
22          they're more focused on the permanent rates phase  
23          of this proceeding.

24                   But we do have Clean Energy NH is here

1 today.

2 CHAIRWOMAN MARTIN: Okay. Then, let's  
3 take Clean Energy New Hampshire please.

4 MR. EMERSON: Good morning, Chairwoman  
5 Martin and Commissioner Bailey. This is Eli  
6 Emerson, from Primmer, Piper, Eggleston, &  
7 Cramer, on behalf of Clean Energy NH. And with  
8 me today is Kelly Buchanan, from Clean Energy NH.

9 Thank you.

10 CHAIRWOMAN MARTIN: Okay. And is there  
11 anyone else here who needs to put in an  
12 appearance?

13 *[No indication given.]*

14 CHAIRWOMAN MARTIN: Okay. Seeing no  
15 one.

16 Let us move to exhibits. I have  
17 Exhibits 1 through 5 prefiled and premarked for  
18 identification. Are there any other  
19 exhibit-related issues?

20 *[No indication given.]*

21 CHAIRWOMAN MARTIN: Okay.

22 MR. TAYLOR: None that the Company  
23 wishes to bring up.

24 CHAIRWOMAN MARTIN: Pardon me?

1 MR. TAYLOR: None that the Company  
2 wishes to bring up.

3 CHAIRWOMAN MARTIN: Okay. Preliminary  
4 matters, I saw that we do have a recommendation  
5 for Staff, from Staff, related to removing EV  
6 Time-of-Use rates, and an intent to file an  
7 objection.

8 Do the parties wish to be heard on that  
9 today?

10 MR. TAYLOR: Chairwoman Martin,  
11 Attorney Buckley and I discussed this briefly  
12 before the hearing today, and agreed that it was  
13 our preference not to argue the motion before the  
14 Commission, as we do intend to submit our  
15 objection in writing. So, we'd like to preserve  
16 our arguments for the written objection.

17 CHAIRWOMAN MARTIN: Okay. Thank you,  
18 Mr. Taylor.

19 Any other preliminary matters?

20 MR. TAYLOR: I will note, and perhaps  
21 now is as good as time as any to say this, I did  
22 reach out to some of the other parties who are  
23 not here today, some of the intervenor parties,  
24 who, as Attorney Buckley correctly noted, their

1 interest is more in the permanent rates phase of  
2 this proceeding. So, I did speak with counsel  
3 for CLF, ChargePoint, and New Hampshire Legal  
4 Assistance. Counsel for ChargePoint and CLF both  
5 indicated that their clients do not object to the  
6 Settlement that's before the Commission. And  
7 counsel for New Hampshire Legal Assistance sent  
8 me an email indicating that they support the  
9 Settlement that is before the Commission.

10 So, I thought it was worth stating that  
11 on the record, and now seemed like a good time to  
12 do that.

13 CHAIRWOMAN MARTIN: Thank you. The  
14 email, was that to you?

15 MR. TAYLOR: Yes, it was.

16 CHAIRWOMAN MARTIN: Okay. Thank you.  
17 Thank you for making those representations. Does  
18 anyone else want to be heard on that?

19 *[No indication given.]*

20 CHAIRWOMAN MARTIN: Okay. Then, let's  
21 move on to swearing in the witnesses. Mr.  
22 Patnaude.

23 (Whereupon **Christopher Goulding,**  
24 **Pradip Chattopadhyay,** and

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1                   **Elizabeth Nixon** were duly sworn by the  
2                   Court Reporter.)

3                   CHAIRWOMAN MARTIN: Okay. Thank you.  
4                   And how are we proceeding with the witnesses?  
5                   Mr. Taylor, are you going first with your direct?

6                   MR. TAYLOR: Yes. I will do direct of  
7                   Mr. Goulding first, and step through the  
8                   Settlement Agreement that's before you, as well  
9                   as the exhibits, and just explain what those are  
10                  for the Commission's information.

11                  CHAIRWOMAN MARTIN: Okay. Thank you.  
12                  Go ahead, Mr. Taylor.

13                  **CHRISTOPHER GOULDING, SWORN**

14                  **DIRECT EXAMINATION**

15 BY MR. TAYLOR:

16 Q       Mr. Goulding, please state your name, employer,  
17       and the position that you hold with the Company?

18 A       (Goulding) My name is Christopher Goulding. I'm  
19       the Director of Rates and Revenue Requirements  
20       for Unitil Service Corp. My responsibilities  
21       include all rate and regulatory filings related  
22       to financial requirements of Unitil Energy  
23       Systems, Inc., and Unitil Service Corp.'s other  
24       subsidiaries.

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1 Q Thank you. And have you testified before the  
2 Commission in prior proceedings?

3 A (Goulding) Yes, I have.

4 Q Mr. Goulding, I'm going to ask you first to refer  
5 to Exhibit 2 that was premarked for the  
6 Commission. Was this excerpted testimony and  
7 Schedule CGDN-3 prepared by you or under your  
8 direction?

9 A (Goulding) Yes, it was.

10 Q Do you have any corrections to your testimony  
11 that you'd like to make at this time?

12 A (Goulding) Yes. Although it is not in this  
13 actual exhibit, this excerpt that's come from the  
14 testimony, I do have a correction to be made to  
15 Mr. Nawazelski and my testimony, which is  
16 Exhibits CGDN-1.

17 Beginning on the bottom of Page 107,  
18 Bates Page 107, I'm not sure if everyone has that  
19 document. If they don't, I'll give them a second  
20 to get to it.

21 COMMISSIONER BAILEY: Is this in  
22 Exhibit 2?

23 WITNESS GOULDING: It is not. It's not  
24 an exhibit. It was part of the filing that was

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1 made on April 2nd.

2 COMMISSIONER BAILEY: Madam Chair, if  
3 we don't have the exhibit, can we wait till --  
4 perhaps wait until the full rate case, when it is  
5 an exhibit? Or, I'm confused. I don't have that  
6 document.

7 CHAIRWOMAN MARTIN: Yes. Do we need  
8 this for today's proceeding, Mr. Taylor?

9 MR. TAYLOR: I think it is something  
10 that is just a matter of correction. I don't  
11 think it is necessary for the Commissioners to  
12 rule on the Settlement. It is something within  
13 the body of the testimony that relates to  
14 testimony -- relates to temporary rates, but was  
15 not specifically within the section that was  
16 excerpted and put into the exhibit for the  
17 Commission. And it was something that we noticed  
18 after we put that exhibit together.

19 So, I don't think it's necessary. We  
20 could wait until the end or until the permanent  
21 rates proceeding. At that point, the correction  
22 will likely not be relevant anymore.

23 But it just was intended to clarify  
24 something within the testimony for the

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1 Commissioners' sake, in case they have any  
2 questions.

3 CHAIRWOMAN MARTIN: Can you submit a  
4 written correction to the filing in the larger  
5 case? And, if you would like to have the witness  
6 just let us know, for today's purposes, what the  
7 clarification will be for the record, that will  
8 be great.

9 But I think it would be a lot easier,  
10 given that your filing was very large. And, as  
11 Commissioner Bailey said, she doesn't have it in  
12 front of her, we didn't have it as an exhibit.  
13 So, I think it would be easier to handle it that  
14 way.

15 MR. TAYLOR: We can certainly do it.  
16 And, you know, we certainly don't want to have  
17 everybody scrambling to find the larger  
18 testimony.

19 BY MR. TAYLOR:

20 Q So, yet, Mr. Goulding, if you could simply  
21 describe what the correction will be that we will  
22 be submitting to the Commission in writing?

23 A (Goulding) Yes. Sure. So, it's a pretty limited  
24 correction. And it starts on Bates Page 107,

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1           Line 19. There's a sentence that begins "For  
2           investment year 1 (2021 additions), the new  
3           Exeter DOC plant additions through February 28,  
4           2021 would be excluded from the 2021 Rate Plan,  
5           because this Company is requesting this as a  
6           *proforma* adjustment to rate base in the 2020  
7           revenue requirement calculation with recovery  
8           starting in temporary rates effective June 1st  
9           twenty 2021."

10                        The correction is the part of the  
11           sentence where it says "with recovery starting in  
12           temporary rates effective June 1st, 2021" should  
13           be deleted.

14                        CHAIRWOMAN MARTIN: Thank you. And if  
15           you could file that as soon as possible, that  
16           would be great.

17                        MR. TAYLOR: We will do so. Thank you.

18 BY MR. TAYLOR:

19 Q        Would you please refer to Exhibit 1, the  
20        Stipulation and Settlement filed in this case.  
21        As Director of Rates and Revenue Requirements,  
22        did you participate in the negotiation of this  
23        Stipulation and Settlement?

24 A        (Goulding) Yes, I did.

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1 Q Thank you. And what I'd ask you to do now is to  
2 provide a brief overview of the Settlement?

3 A (Goulding) Okay.

4 *[Court reporter interruption to*  
5 *indicate to be on mute when not*  
6 *speaking.]*

7 **BY THE WITNESS:**

8 A (Goulding) All right. Section A describes the  
9 procedural history of how the parties arrived at  
10 the Settlement. As noted, there was a technical  
11 session on April 22nd, after the prehearing  
12 conference. Then, the Company responded to a set  
13 of data requests issued by Staff. And this was  
14 followed by a settlement conference on May 4th,  
15 where the parties reached a settlement on  
16 temporary rates.

17 Turning to Section B. Section B  
18 explains that the parties agree that the Company  
19 will implement the temporary revenue increase of  
20 \$4,451,667 effective June 1st, 2021. This  
21 results in a 7.7 percent over the current  
22 distribution revenue level. The Company will  
23 apply a uniform per kWh surcharge of 0.384 cents  
24 per kilowatt-hour to all current rate schedules.

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1           And, for an average residential  
2           customer, using 600 kilowatt-hours per month,  
3           they will see the distribution portion of their  
4           bill increase by 6.1 percent, and their total  
5           monthly bill increase by 1.9 percent over  
6           currently effective rates.

7           It also notes that, pursuant to RSA  
8           378:29, the difference between temporary and  
9           permanent rates will be reconciled.

10           All right. And then, turning to  
11           Attachment 1 of the Settlement Agreement  
12           Stipulation, this shows the calculation of the  
13           temporary rate adjustment. We start with the  
14           temporary rate increase of \$4,451,667, and divide  
15           by test year kilowatt-hour sales, to calculate  
16           the temporary rate of 0.38 cents -- 0.384 cents  
17           per kilowatt-hour, which results in an increase  
18           to an average residential customer, using 600  
19           kilowatt-hours a month, of \$2.30.

20           Turning to the next attachment,  
21           Attachment 2. This is the "Report of Proposed  
22           Rate Changes". In Column (H), you'll see the  
23           change in the revenues from the current rates of  
24           \$4.452 million, which matches the temporary

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1           increase.

2                           And, if we look over at Column (I),  
3           first line, this is for a residential customer,  
4           the percent change in revenues is "1.9 percent".  
5           And, all the way at the bottom, we have the  
6           total, and it's a "2.1 percent" total increase in  
7           distribution revenues over the current revenue  
8           level.

9   BY MR. TAYLOR:

10   Q    Thank you, Mr. Goulding.  I'm going to move past  
11           Exhibit 2, as that's just an excerpt of the  
12           testimony that you've already provided in this  
13           case, and move on to Exhibit 3, which is the  
14           "Summary of Delivery Service Rates".  Could you  
15           please explain that exhibit for the Commission?

16   A    (Goulding) Yes.  So, this exhibit is a clean and  
17           redline of the Summary of Delivery Rates, that  
18           shows the distribution charge and the total  
19           delivery charges that would be effective  
20           June 1st, 2021, incorporating the approval of the  
21           temporary rates.

22   Q    And related to that is Exhibit 4.  Could you  
23           please explain Exhibit 4?

24   A    (Goulding) Yes.  Exhibit 4 is Supplement Number 2

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1 for temporary rates. It's a Temporary Rates  
2 tariff page, explaining that the tariff -- or,  
3 that the temporary rates -- temporary rate  
4 distribution charge will be billed to all  
5 customers taking delivery service on a  
6 kilowatt-hour basis.

7 Q Thank you. And, finally, if you could refer to  
8 Exhibit 5, and please walk the Commissioners  
9 through this particular schedule.

10 A (Goulding) So, this exhibit serves two purposes.  
11 It shows the bill impact for an average  
12 residential customer, using 600 kilowatt-hours  
13 per month, from the temporary rate increase. And  
14 then, it shows the bill impact for the same  
15 customer, accounting for both changes that will  
16 occur on June 1st, 2021. Those two changes being  
17 the application of the temporary rate and the  
18 reduction in the default service rates that have  
19 already been approved.

20 So, if we look at the exhibit, you will  
21 see the first column is "Current Rates". So,  
22 under "Current Rates", a customer -- to a  
23 customer's total bill, using 600 kilowatt-hours a  
24 month, would be paying "\$119.78" per month.

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1           If we move over to the second set of  
2           columns, basically, Columns 5 and 6, unlabeled,  
3           it's the "Temporary Rates Impact". So, this  
4           accounts for the change in the temporary rate.  
5           And what you'll see is, if you look to Line 4,  
6           previously a customer was paying "\$21.35" for the  
7           distribution portion of the bill.

8           After the temporary rate increase, for  
9           a customer using 600 kilowatt-hours a month, they  
10          will be paying "\$23.65". And, in Line 12, their  
11          total bill will go from "\$119.78", to "\$122.08".  
12          And looking down at Line 15, this is a "6.1  
13          percent" increase in the distribution-only  
14          portion of the bill. And Line 16 shows a "\$2.30"  
15          increase in their distribution-only portion of  
16          their bill. Line 18 and 19 are the same, because  
17          it's the only change that's reflected in this  
18          section is the temporary rate change.

19          Moving over to the next set of columns,  
20          this incorporates the changes to the temporary  
21          rate and the default service rates that have been  
22          approved for June 1st. So, again, Line 4, we see  
23          the "\$23.65" that the customer will pay. But, if  
24          you go down to Line 11, they're currently paying

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1       "\$55.89" per month. That would be decreased to  
2       "\$42.55" a month. So, again, for the sections --  
3       or, Line 13 through 16, it's the same in both  
4       columns.

5                   But, when you get down to Line 17  
6       through 19, after both rate changes occur, the  
7       total bill will decrease from "\$119.78", to  
8       "\$108.74", which is a "9.2 percent" decrease,  
9       with their overall bill decreasing by "\$11.04".  
10      And that reduction is made up of an increase of  
11      \$2.30 for the temporary rates and a reduction of  
12      \$13.34 for the default service portion of the  
13      bill. And this applies to a residential customer  
14      taking default service from Unitil.

15    Q    Thank you. So, with all that said, do you  
16           believe that the settled upon temporary rate  
17           increase results in rates that are just and  
18           reasonable?

19    A    (Goulding) Yes. The settled temporary rate and  
20           the resulting results are just and reasonable  
21           and in the public interest.

22                   MR. TAYLOR: Thank you. I have no  
23           further questions for Mr. Goulding.

24                   CHAIRWOMAN MARTIN: Thank you. Okay,

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1 Mr. Kreis, would you like to go next?

2 MR. KREIS: Thank you, Madam  
3 Chairwoman.

4 **PRADIP CHATTOPADHYAY, SWORN**

5 **DIRECT EXAMINATION**

6 BY MR. KREIS:

7 Q Dr. Chattopadhyay, could you please identify  
8 yourself for the record by your name and your  
9 place of business?

10 A (Chattopadhyay) I am Pradip Chattopadhyay. I am  
11 the Assistant Consumer Advocate. I am  
12 representing New Hampshire Office of Consumer  
13 Advocate.

14 Q And, --

15 A (Chattopadhyay) And right now, I'm in my house.  
16 But we are in Suite 21, at, you know, the Walker  
17 Building, where PUC is as well.

18 Q Thank you. Although, I believe it's actually  
19 Suite 18.

20 A (Chattopadhyay) I'm sorry. Suite 18. And, you  
21 know, I messed up, yes. Sorry.

22 Q Yes. We've been operating remotely. And we  
23 don't want Dr. Chattopadhyay to come into the  
24 wrong office when it's time to come back to work.

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1                   In any event, you have testified many  
2                   times before the Commission, correct?

3   A           (Chattopadhyay) Yes, I have.

4   Q           And have you had an opportunity to review  
5                   Exhibit 1, which has been marked for -- the  
6                   Settlement Agreement, which has been marked for  
7                   identification as "Exhibit 1"?

8   A           (Chattopadhyay) Yes, I have.

9   Q           And have you had an opportunity to review the  
10                  bill impact exhibit, which is Exhibit Number 5?

11   A           (Chattopadhyay) Yes, I have.

12   Q           Dr. Chattopadhyay, you did not participate in the  
13                  negotiations that led to the Settlement Agreement  
14                  that has been marked "Exhibit 1", correct?

15   A           (Chattopadhyay) That is correct.

16   Q           But you have reviewed it subsequent to those  
17                  negotiations. In your opinion, given the rate  
18                  impact -- the bill impacts on residential  
19                  customers reflected in Exhibit 5, the terms of  
20                  the Settlement Agreement in Exhibit 1, and the  
21                  considerably more lenient standard in the statute  
22                  governing temporary rates with respect to their  
23                  approval, is it your opinion that the terms of  
24                  the Settlement Agreement are reasonable and

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1 should be approved by the Commission?

2 A (Chattopadhyay) Yes.

3 MR. KREIS: Madam Chairwoman, I believe  
4 those are the only questions I have for my  
5 witness.

6 CHAIRWOMAN MARTIN: Thank you, Mr.  
7 Kreis. Mr. Buckley.

8 MR. BUCKLEY: Thank you, Madam Chair.  
9 And good morning, Ms. Nixon.

10 WITNESS NIXON: Good morning.

11 **ELIZABETH NIXON, SWORN**

12 **DIRECT EXAMINATION**

13 BY MR. BUCKLEY:

14 Q Ms. Nixon, if you could please state your name  
15 and position with the Commission?

16 A (Nixon) My name is Elizabeth Nixon. And I am an  
17 Analyst at the PUC in the Electric Division.

18 Q And could you please describe your involvement in  
19 the instant proceeding to date?

20 A (Nixon) I'm the Staff Lead in this proceeding.  
21 I've reviewed the Petition, drafted discovery,  
22 participated in tech sessions, and also  
23 participated in the settlement conferences.

24 Q And you did participate in the settlement

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1 conference that led to the Settlement before the  
2 Commission today, which has been premarked as  
3 "Exhibit 1"?

4 A (Nixon) Yes, I did.

5 Q And, Ms. Nixon, would you say that, in your  
6 assessment, approval of the Settlement by the  
7 Commission would result in just and reasonable  
8 rates and is in the public interest?

9 A (Nixon) Yes, I do. I think it strikes the right  
10 balance between the shareholders and customers,  
11 and follows the ratemaking principles, including  
12 gradualism.

13 MR. BUCKLEY: Thank you, Ms. Nixon. No  
14 further questions from Staff.

15 CHAIRWOMAN MARTIN: Okay. Thank you,  
16 Mr. Buckley.

17 Mr. Emerson, did you plan to do cross?

18 MR. EMERSON: No, Madam Chair. We have  
19 no questions. Thank you.

20 CHAIRWOMAN MARTIN: Okay. Thank you.

21 Commissioner Bailey, do you have  
22 questions?

23 COMMISSIONER BAILEY: Yes.

24 BY COMMISSIONER BAILEY:

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1 Q Mr. Goulding, can you walk me through how you  
2 determined that your revenue deficiency for  
3 temporary rate purposes is about \$4.2 million?

4 I think -- so, I don't know how to  
5 refer, in Exhibit 2, to the page numbers. But, I  
6 think, if you start on Bates Page 207, which is  
7 pdf Page 5.

8 MR. TAYLOR: Commissioner Bailey, I'm  
9 sorry, this is Patrick. Which exhibit are you  
10 referring to right now?

11 COMMISSIONER BAILEY: It's Exhibit 2.

12 MR. TAYLOR: Thank you.

13 **BY THE WITNESS:**

14 A (Goulding) Sure. So, you're asking how we  
15 calculated the \$5.8 million deficiency for  
16 temporary rates?

17 BY COMMISSIONER BAILEY:

18 Q Is it 5 -- oh, yes, 5.8. Yes. Sorry. Yes.

19 A (Goulding) Okay. So, on Line 1, we have our rate  
20 base. And then, we have the rate of return of  
21 "7.61 percent", which is, in that calculation, is  
22 using the last approved return on equity of nine  
23 and a half percent. Gives us an income required  
24 of "\$17,006,394". And our test year adjusted net

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1 operating income was "\$12,767,903". So, that  
2 results in a deficiency of 4. -- or, \$4,238 --  
3 excuse me, "\$4,238,491". And then, that has to  
4 be grossed up for the income taxes, so that gross  
5 up is "\$1,574,270". So, the total deficiency or  
6 revenue increase that is needed to result in an  
7 income required of \$17 million, is an increase of  
8 "\$5,812,761".

9 Q And the calculation of your net operating income,  
10 is that on Page 209?

11 A (Goulding) Yes. That begins on Page 209, or  
12 comes from 209.

13 Q Okay. Hang on. Because I have to rotate my  
14 pages, because they're not all in the right  
15 order.

16 Okay. So, you've got "\$11,613,315" of  
17 operating income per your books. Can you tell me  
18 why you believe that that revenue is -- or, that  
19 operating income is so low? Does it have to do  
20 with expenses?

21 A (Goulding) Yes. Yes. So, our last rate case was  
22 in DE 16-384. So, it was in 2016. It was over  
23 five years ago. The Company has made significant  
24 investments in the system, to maintain a safe and

[WITNESS PANEL: Goulding|Chattopadhyay|Nixon]

1           reliable system for customers. There has been --  
2           there had been some step increases that were  
3           built into the last settlement agreement. But  
4           the costs have outpaced the increases related to  
5           the step increases. There has been upward  
6           pressure on expenses, property tax increases, and  
7           just overall general O&M inflationary increases.

8    Q       And, Ms. Nixon, did you verify the operating  
9           income on the books is \$11,613,315?

10   A       (Nixon) Based on the information that they  
11           provided.

12                        COMMISSIONER BAILEY: Okay. Thank you.  
13           That's all I had, Madam Chair.

14                        CHAIRWOMAN MARTIN: Okay. Thank you.  
15           I don't have any other questions.

16                        Mr. Taylor, do you have any redirect?

17                        MR. TAYLOR: I do not. Thank you.

18                        CHAIRWOMAN MARTIN: And Mr. Kreis or  
19           Mr. Buckley, anything else?

20                        MR. KREIS: Nothing from me, Madam  
21           Chairwoman.

22                        MR. BUCKLEY: Nothing from Staff.

23                        CHAIRWOMAN MARTIN: All right. Then,  
24           we will move on to the exhibits. Without

1 objection, we will strike ID on Exhibits 1  
2 through 5 and admit them as full exhibits.

3 And we will take closing arguments,  
4 starting with Mr. Kreis.

5 MR. KREIS: Thank you, Madam  
6 Chairwoman.

7 As I noted during my direct  
8 examination, the standard for approving temporary  
9 rates is considerably more lenient and favorable  
10 to the Company than the general standard for  
11 approving permanent rates. The issue is whether  
12 the books and records of the Company demonstrate  
13 that the Company is not able to earn its approved  
14 rate of return. I think it's pretty clear that  
15 that is a true statement about this Company.

16 The Settlement Agreement that is before  
17 you reflects the fact that the Company met Staff  
18 and the Office of the Consumer Advocate roughly  
19 halfway with respect to what they initially  
20 requested and what they agreed to by way of  
21 temporary rates. The Agreement is a modest one,  
22 that roughly equates to the rate of inflation  
23 between now and the last rate case.

24 And we do have, as has been noted, the

1           fortuitous reality that, because the Company's  
2           delivery service rate is decreasing by a  
3           significant amount on June 1st, the typical  
4           residential customer will actually see a rate  
5           increase net of the delivery service decrease --  
6           or, the energy service decrease, excuse me, and  
7           the temporary rate increase to delivery rates.

8                         So, in light of all of that, I believe  
9           that the Settlement Agreement is appropriate for  
10          the Commission's approval under the temporary  
11          rate statute. And that is my recommendation to  
12          the Commission on behalf of residential utility  
13          customers.

14                         Thank you.

15                         CHAIRWOMAN MARTIN: Thank you, Mr.  
16          Kreis. Mr. Emerson, did you want to be heard?

17                         MR. EMERSON: Thank you, Madam Chair.

18                         Much like the other intervenors in this  
19          docket, Clean Energy NH is much more focused on  
20          the permanent rates and specific issues involved.  
21          So, its official position on the Settlement is  
22          that it does not object to its approval by the  
23          Commission.

24                         Thank you.

1 CHAIRWOMAN MARTIN: Thank you,  
2 Mr. Emerson. And Mr. Buckley.

3 MR. BUCKLEY: Thank you, Madam Chair.

4 Pursuant to RSA 378:27, the Company  
5 proposed a temporary rate increase in its filing.  
6 During settlement discussions, the parties agreed  
7 to a moderately lower amount, which would, of  
8 course, be reconcilable in the permanent rates  
9 phase pursuant to RSA 378:29.

10 Staff views this amount as striking the  
11 right balance between the interests of the  
12 Company's shareholders and that of their  
13 customers, the ratepayers. It views the  
14 Settlement as in the public interest, and  
15 recommends its approval by the Commission.

16 CHAIRWOMAN MARTIN: Thank you, Mr.  
17 Buckley. And Mr. Taylor.

18 MR. TAYLOR: Thank you, Commissioners.  
19 I don't have much to add to what Mr. Buckley and  
20 Mr. Kreis have already said.

21 The Settlement and Stipulation now  
22 before the Commission is the result of a  
23 collaborative process involving Settling Parties.  
24 That involved a productive technical session,

1           discovery from Staff, and a settlement  
2           conference. And it was, I think, a good example  
3           of how well this process can work. And I really  
4           do appreciate the participation of the Staff and  
5           the Consumer Advocate.

6                       The Settlement and Stipulation before  
7           the Commission now results in a temporary rate  
8           increase that is just and reasonable. And the  
9           Company does request that the Commission approve  
10          the increase to take effect June 1.

11                      Thanks.

12                      CHAIRWOMAN MARTIN: Thank you,  
13          Mr. Taylor. Any questions, Commissioner Bailey?  
14                      *(Commissioner Bailey indicating in the*  
15                      *negative.)*

16                      CHAIRWOMAN MARTIN: Okay. Thank you,  
17          everyone. We will take the matter under  
18          advisement and issue an order. We are adjourned  
19          for today.

20                      MR. TAYLOR: Thank you.

21                      COMMISSIONER BAILEY: Thanks, everyone.

22                      ***(Whereupon the hearing was adjourned***  
23                      ***at 9:40 a.m.)***