

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

February 2, 2022 - 9:04 a.m.

21 South Fruit Street

Suite 10

Concord, NH

RE: **DG 21-123**

NORTHERN UTILITIES, INC.:

Petition for Rate Recovery Mechanism
for Property Tax.

PRESENT: Chairman Daniel C. Goldner, Presiding
Commissioner Pradip K. Chattopadhyay
Special Commissioner F. Anne Ross

Doreen Borden, Clerk

APPEARANCES: **Reptg. Northern Utilities, Inc.:**
Gary Epler, Esq.

Reptg. New Hampshire Dept. of Energy:
Paul B. Dexter, Esq.
(Regulatory Support Division)

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

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

2 CHAIRMAN GOLDNER: Okay. Good morning,
3 everyone. I'm Chairman Goldner. I'm joined by
4 Special Commissioner Ross and Commissioner
5 Chattopadhyay.

6 We're here this morning in Docket DG
7 21-123 for a hearing regarding Northern
8 Utilities' Petition for a rate case recovery
9 mechanism for property tax.

10 Let's take appearances. Northern
11 Utilities?

12 MR. EPLER: Yes. Good morning, Mr.
13 Chairman, Commissioners. Nice to see you. My
14 name is Gary Epler. And I'm counsel for Northern
15 Utilities. Thank you.

16 CHAIRMAN GOLDNER: Thank you. New
17 Hampshire Department of Energy?

18 MR. DEXTER: Good morning, Mr.
19 Chairman, Commissioners. Paul Dexter, appearing
20 on behalf of the Department of Energy.

21 CHAIRMAN GOLDNER: Thank you. For
22 preliminary matters, a couple of items.

23 Exhibits 1, 2, and 3 have been prefiled
24 and premarked for identification. All material

1 identified as confidential in the filings will be
2 treated as confidential during the hearings.

3 I do have another preliminary matter,
4 regarding the information from the Clerk that we
5 have no record of an affidavit of publication
6 filed in this, you know, for this docket.

7 Mr. Epler, do you have any information
8 on this?

9 MR. EPLER: My understanding is it was
10 published. And my apologies, if that was
11 overlooked, filing the affidavit. So, I will
12 check on that, and certainly advise the
13 Commission as soon as possible.

14 CHAIRMAN GOLDNER: Okay. Thank you.
15 Thank you. Just a moment.

16 *[Chairman and Commissioners*
17 *conferring.]*

18 CHAIRMAN GOLDNER: Yes, Mr. Epler. We
19 just want to make sure notice is adequate. Is
20 there any -- do you have any information or can
21 you share with us anything that would allow us to
22 proceed unhindered?

23 Mr. Dexter, would you like to weigh in?

24 MR. DEXTER: Oh, I don't have any

1 information. I let the Company handle the
2 affidavit of publication. I haven't -- it's not
3 something I've looked into.

4 CHAIRMAN GOLDNER: Oh, I'm sorry. I
5 thought you wanted to say something. Thank you.

6 MR. EPLER: I'm just hesitating here.
7 I'm just trying to figure out how to get access
8 to my internal files.

9 CHAIRMAN GOLDNER: Mr. Epler, if you'd
10 like, we can just take a recess to make some
11 calls and such. If we just had a screen shot or
12 something, I think we could proceed.

13 MR. EPLER: Sure. My apologies about
14 that. But it will take me a few minutes to try
15 to get access to those files.

16 MR. DEXTER: Mr. Chairman, I might
17 offer that we had a prehearing conference in this
18 matter. And I'm checking to see whether or not
19 there was a Supplemental Order of Notice when
20 this hearing was set, and I do see there was.
21 And that was issued by the Commission on
22 October 22nd.

23 CHAIRMAN GOLDNER: What I have from the
24 Clerk, Mr. Dexter, is that "No affidavit of

1 publication was filed as ordered in the
2 Supplemental Order of Notice issued on October
3 22nd, 2021."

4 MR. DEXTER: Yes. And I see that order
5 required the affidavit to be filed by November
6 9th, 2021.

7 CHAIRMAN GOLDNER: Correct. And she
8 informed me that it hadn't been received. So,
9 that was what I was checking on.

10 MR. EPLER: Yes. We see the
11 affidavit -- well, the second Order of Notice,
12 that required posting to the Company's website,
13 is that correct?

14 CHAIRMAN GOLDNER: Uh-huh. Yes.

15 MR. EPLER: Well, I do have -- if I can
16 approach the Bench?

17 CHAIRMAN GOLDNER: Yes, please.

18 MR. EPLER: And, if counsel for
19 Department of Energy wants to join, but I can
20 show you that I do have an email, an internal
21 email, from Matthew Prest, he is our "Webmaster",
22 I guess you would call him, and he confirms, I
23 sent him an email to have it posted, and he
24 confirms in his email that it has been posted --

1 CHAIRMAN GOLDNER: Okay.

2 MR. EPLER: -- to the website.

3 SPECIAL CMSR. ROSS: Can you get us a
4 screen shot? Is it still up on the site?

5 CHAIRMAN GOLDNER: Yes. If you can
6 click on it? Can you click on the link?

7 MR. EPLER: Let's see. It is possible.
8 You could go to the website. Because he was told
9 to be taken down today, so --

10 And my apologies for this, for not
11 submitting the affidavit.

12 CHAIRMAN GOLDNER: So, Mr. Epler, my
13 suggestion would be that we assume it was up, and
14 if you can -- as suggested in your email, and if
15 you could provide an affidavit.

16 Mr. Dexter, would you be okay with
17 that?

18 MR. DEXTER: Yes. The Department of
19 Energy has no objection to proceeding along those
20 lines.

21 CHAIRMAN GOLDNER: Okay. So,
22 Mr. Epler, I was just saying that, if the Company
23 can just provide an affidavit, I think it's fair
24 to assume it was up. The Department of Energy

[WITNESS: Goulding]

1 has no objection. So, we can move forward, if
2 that's okay with the Company?

3 MR. EPLER: Oh, absolutely, sir. And I
4 appreciate your patience and your willingness to
5 accept that. So, thank you.

6 CHAIRMAN GOLDNER: Okay. Thank you.
7 Okay. Any other preliminary matters, before we
8 have the witness sworn in?

9 *[No verbal response.]*

10 CHAIRMAN GOLDNER: And does anyone, I
11 only see Mr. Dexter in the room, does anyone
12 object to the witness?

13 MR. DEXTER: No objection.

14 CHAIRMAN GOLDNER: Okay. Thank you.
15 Mr. Patnaude, would you please swear in the
16 witness.

17 MR. EPLER: Do you want him to be in
18 the witness box?

19 CHAIRMAN GOLDNER: Yes, please.

20 (Whereupon **Christopher J. Goulding** was
21 duly sworn by the Court Reporter.)

22 CHAIRMAN GOLDNER: Okay. We'll move to
23 direct examination of the witness. And I'll
24 recognize Mr. Epler.

[WITNESS: Goulding]

1 MR. EPLER: Thank you.

2 CHAIRMAN GOLDNER: I'm sorry. Please
3 proceed.

4 **CHRISTOPHER J. GOULDING, SWORN**

5 **DIRECT EXAMINATION**

6 BY MR. EPLER:

7 Q Mr. Goulding, can you please state your full name
8 and your business title?

9 A My name is Christopher John Goulding. And I'm
10 the Director of Rates and Revenue Requirements
11 for Unitil Service Corp., that provides
12 managerial services and regulatory services for
13 subsidiary companies, including Northern
14 Utilities, Inc.

15 Q And, Mr. Goulding, did you prepare testimony and
16 exhibits for submission in this docket?

17 A Yes, I did.

18 Q Okay. And can you please turn to what has been
19 marked as "Exhibit Number 1"?

20 A Okay. I'm there.

21 Q And is this your prefiled direct testimony and
22 schedules that you prepared?

23 A Yes, it is.

24 Q And was this prepared by yourself or under your

[WITNESS: Goulding]

1 direction?

2 A Yes, it was.

3 Q And it's my understanding that the testimony
4 that's in this exhibit has been revised, is that
5 correct?

6 A That's correct.

7 Q And when was the testimony originally filed?

8 Is it your understanding that it was
9 filed in June of 2021?

10 A That sounds correct. But, for some reason, I had
11 "August" in my mind. But I will accept June.

12 Q Okay. Actually, maybe I can --

13 A Issued June 21st, it appears.

14 Q Okay. And was that -- did you submit a
15 subsequent revised version of that testimony?

16 A Yes. A subsequent revised version I believe was
17 filed on September 29th.

18 Q Okay. And what was the reason for the revisions?

19 A As part of discussions with DOE and DOE Audit
20 Staff, there was a modification to the recovery
21 amount being sought in this proceeding. The
22 dollar amount changed by roughly \$167 associated
23 with some amounts that were reviewed as part of
24 the audit -- or, determined as part of the audit.

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[WITNESS: Goulding]

1 Q Okay. And, so, your revised testimony
2 acknowledged that change?

3 A That's correct.

4 Q And did you also submit an additional schedule
5 when you submitted the revised?

6 A Yes. So, part of the -- excuse me, sorry. Yes.
7 So, as part of the revised filing, we provided a
8 Page 2 of Schedule CJG-1. And that page had a
9 list of all of the towns that we receive property
10 tax bills from, along with the first installment
11 amount and second installment amount, and ties
12 out to a total dollar amount. And, then, there
13 was a subsequent attachment, "Schedule CJG-4",
14 which contained all of the bills from the towns
15 to source back to this sub schedule.

16 Q Okay. And you recently submitted a second
17 revised testimony, is that correct?

18 A That's correct.

19 Q And can you explain the reason for the second
20 revision?

21 A Yes. So, the purpose of the second revision was,
22 when we filed the revised filing back on
23 September 29th, we were -- we had proposed to
24 receive an order by time to implement the LDAC or

[WITNESS: Goulding]

1 the RCAM component of the LDAC for effect
2 November 1st. But, due to the passage of time
3 and the hearing being scheduled today, we had
4 revised the proposed effective date of the RCAM
5 to begin as "May 1st".

6 Q Okay. And can you, just for the record, so the
7 record is clear, what this "RCAM" stands -- is
8 that an acronym?

9 A Yes. The "RCAM" is the component we're looking
10 to have approved now, that will be recovered as
11 part of the LDAC. And the "RCAM" is the
12 "Regulatory Cost Adjustment Mechanism". And the
13 "LDAC" is the "Local Distribution Adjustment
14 Clause".

15 Q Okay. Thank you. And, if you look at Exhibit 1,
16 is it correct that there is an initial clean
17 version of your testimony, and then, following
18 that, a redline version?

19 A That's correct.

20 Q And that redline version shows the changes from
21 the first revised testimony that you're making
22 now, is that correct?

23 A That's correct.

24 Q Okay. Thank you. And could you please turn to

[WITNESS: Goulding]

1 what's been marked as "Exhibit Number 2"?

2 Is that the response to the record
3 request that came out of the prehearing
4 conference?

5 A Yes, it is.

6 Q Okay. And was this prepared by you?

7 A Yes, it was.

8 Q Okay. Thank you. Is there an attachment to
9 that?

10 A There is an attachment, and it lays out the
11 different components that are part of the LDAC,
12 and what they were at the time and what they
13 would be effective November 1st, 2021, assuming
14 that the RCAM was approved.

15 Q Okay. Thank you. And, lastly, can you please
16 turn to what's been marked as "Exhibit 3"? And
17 can you identify that?

18 A Yes. Exhibit 3 is the Audit Report related to
19 the audit that was performed by Audit Staff, the
20 Division of Enforcement.

21 Q And, as far as you're aware, this is the Final
22 Audit Report that was prepared by the Audit Staff
23 of the Division of Enforcement of the Department
24 of Energy?

[WITNESS: Goulding]

1 A Yes.

2 MR. EPLER: Thank you. I have no
3 further questions of the witness. He's available
4 for cross-examination.

5 Thank you.

6 CHAIRMAN GOLDNER: Thank you. We'll
7 move to cross-examination. And I'll recognize
8 Mr. Dexter.

9 MR. DEXTER: Thank you, Mr. Chairman.

10 **CROSS-EXAMINATION**

11 BY MR. DEXTER:

12 Q So, Mr. Goulding, just so I understand, Exhibit 1
13 is what you called the "Second Revised version"
14 of your testimony and exhibits, is that right?

15 A That's correct.

16 Q And when was that one filed?

17 A That one was filed as part of the exhibits in
18 this docket, as part of Exhibit 1 is where it was
19 filed.

20 Q So, a couple of days ago, is that --

21 A Yes.

22 Q Okay. We'll call that "January 31st". And the
23 prior versions that you've talked about, the
24 original version from June, the First Revised

[WITNESS: Goulding]

1 version from September, have not been offered as
2 exhibits, is that correct?

3 A They have not been offered as exhibits.

4 Q So, what we're talking about today then is just
5 the latest version?

6 A Yes.

7 Q So, what exactly is it that the Company is
8 looking for the Commission to approve in this
9 docket please?

10 A Okay. So, as part of this docket, the
11 Commission -- or, the Company is requesting the
12 Commission approve the recovery of \$521,315 of
13 increased property taxes in 2021 -- or, 2020,
14 related to the impacts of House Bill 700, through
15 a new reconciling mechanism called the
16 "Regulatory Cost Adjustment Mechanism", "RCAM",
17 that will be included in the Company's LDAC
18 tariff, and to move the recovery of the portion
19 of the regulatory assessment cost, currently
20 included in the GAPRA, Gas Assistance Program
21 Reconciliation -- or, Gas Assistance Program
22 Regulatory Assessment mechanism, to the RCAM, and
23 approve the proposed modifications to the LDAC
24 necessary to allow for the ongoing recovery and

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[WITNESS: Goulding]

1 reconciliation of local property taxes.

2 Q Okay. So, if I understood what you said, with
3 respect to property taxes, the Company is seeking
4 approval to recover a specific amount, which you
5 identified as "\$521,315", in this case, is that
6 right?

7 A Yes.

8 Q So, that when -- but you're not requesting a rate
9 change to recover that in this case, is that
10 correct?

11 A No. What we've provided here is an illustrative
12 rate if it would take effect May 1st. The
13 Company's thought process was that we would
14 receive approval of the recovery mechanism, and
15 then make a subsequent filing, including the
16 calculation of the rate that we have provided
17 here as an illustrative calculation. So, it
18 would be no different from the calculation here,
19 but it would just be a compliance filing or a
20 subsequent filing.

21 Q So, then, looking at Bates 017 of Exhibit 1,
22 where you've detailed the calculation of the
23 521,000, when the LDAC request comes in for
24 effect May 1st, you're not expecting that any of

[WITNESS: Goulding]

1 the numbers on this page would need to be
2 updated, is that correct?

3 A Correct. Those are the final numbers.

4 Q And would we see a schedule like this in the
5 LDAC?

6 Well, first of all, let me back up.
7 Could you describe the Company's LDAC process and
8 filing that will be proposed effective May 1st,
9 2022?

10 A Well, historically, we've changed the LDAC
11 usually on November 1st only, except for
12 infrequent cases where there's off-period
13 adjustments. But, for implementation of this
14 rate, the Company proposed that we make the RCAM
15 filing that would include an update to the LDAC
16 for effect May 1st.

17 Q And does the Company make rate changes related to
18 the cost of gas mechanism effective May 1st?

19 A Yes. The cost of gas goes to the off-peak period
20 effective May 1st.

21 Q And is that cost of gas rate set just before May
22 or is that set in a docket in the prior fall?

23 A That rate has been established in a docket that
24 was from the fall. I believe it's DG 21-154.

[WITNESS: Goulding]

1 Q So, then, what will the Company be filing in May?
2 That's what I'm trying to nail down here. Since
3 I think we've established there isn't going to be
4 a regularly scheduled filing. Or, maybe I'm
5 incorrect. Let me ask you that. Absent this
6 case, would there be any sort of a filing that
7 the Company would make for effect May 1st, 2022,
8 to change either the cost of gas or the LDAC?

9 A No, because I believe the DG -- I mean, the cost
10 of gas has already been approved.

11 Q So, this will be a sort of -- what did you call
12 it, an "out-of-schedule filing"?

13 A Yes. I referred to it as an "off-cycle", just
14 because it's non-routine.

15 Q Okay. "Off-cycle". So, could you tell us today
16 what that filing will consist of, assuming
17 everything that's proposed today gets approved?

18 A It essentially would look like -- on Bates Page
19 044 of Exhibit 1, there's a calculation of the
20 Regulatory Cost Adjustment Mechanism proposed for
21 May 1st, where it has inclusion of the "Property
22 Tax Expense for the Period", the "\$521,315", and
23 moving the regulatory assessment out of the GAPRA
24 into this mechanism, results in a rate of "2.8

[WITNESS: Goulding]

1 cents" per therm.

2 And, then, a subsequent adjustment will
3 be necessary to be made to the GAPRA, because
4 we're moving the regulatory assessment recovery
5 out of the GAPRA into this RCAM. So, we would
6 see a "0.27 cent" decrease in the GAPRA. So,
7 overall, there would be a 2.8 cents new RCAM
8 rate, and then a decrease to the GAPRA of 0.27
9 cents per therm, and that would impact the
10 overall LDAC rate.

11 Q And would you envision, and maybe counsel would
12 prefer to answer this, but would you envision a
13 witness and testimony and a hearing to implement
14 those rate changes in May?

15 A Yes.

16 Q So, I gather from all this that, if anyone has
17 questions about the \$521,315 that's proposed for
18 recovery in May, this is the appropriate time to
19 ask them, because those aren't going to be --
20 those aren't going to be updated in May. And
21 that's more of a statement, I guess, than a
22 question.

23 A I would agree. So, it's the \$521,315, and just
24 the approach to get there what we're including

[WITNESS: Goulding]

1 recovery of, the local -- the change in the local
2 property taxes above the level that's in base
3 distribution rates.

4 Q Sure. And, before I get into the questions about
5 the actual mechanics of the mechanism and the
6 calculation of that \$521,000, would you agree
7 that this mechanism, which was filed pursuant to
8 a recently proposed statute, is designed to allow
9 the Company to collect on a more current basis
10 changes in property taxes assessed to it by the
11 towns in which it has property and which it
12 serves?

13 A Yes. Due to the calculate -- or, methodology for
14 calculating property taxes that the towns will be
15 deploying as part of that RSA.

16 Q Could you explain then what efforts the Company
17 will undertake to make sure that those payments
18 to towns are minimized? To the extent possible
19 under the law, understanding that you have to pay
20 the taxes when the bill comes in.

21 A Right. So, I don't work in the Tax Group, but I
22 know that they do review the tax bills. And,
23 depending on how those are calculated, they have
24 the opportunity to file for abatements.

[WITNESS: Goulding]

1 I thought part of this RSA change was
2 to eliminate the potential for abatements to be
3 as frequent. But they still will be reviewed by
4 the Company, and abatements can be filed, if
5 necessary.

6 So, it doesn't change the Company's
7 responsibility for ensuring that they're paying
8 the -- or, ensuring that customers are paying the
9 reasonable costs that they should pay for the
10 services.

11 Q Okay. Thank you. So, I want to talk about
12 Exhibit 1 for a bit. And I think I want to go
13 back to Bates Page 017, because this seems to me
14 to have the calculation of the money that's
15 requested. And going back to the prehearing
16 conference, I remember talking about two key
17 numbers that had to be addressed in this case.
18 One of which was the amount of taxes proposed to
19 be recovered, and the other being the amount of
20 taxes currently recovered in base rates.

21 So, let's start with what the Company
22 proposes to recover in this case, in total. So,
23 could you show me where, on Exhibit 1, Bates 017,
24 that figure applies? In other words, what's the

[WITNESS: Goulding]

1 total amount of taxes that the Company plans to
2 recover?

3 A So, on that Bates Page 017, Line 8, Column (5),
4 it shows "\$521,315", which is the sum of Column
5 (4) and (5) on Line 7. And those amounts are
6 "\$2,104 negative", plus "\$523,419". And those
7 are the local property taxes -- or, increase in
8 local property taxes above the level in rates
9 associated with buildings and utility plant.

10 Q Yes. I wanted to go back one step higher up the
11 chart than that, and get to the total number, the
12 total tax amount that's proposed to be -- I
13 understand that's the net amount that's proposed
14 to be recovered through the mechanism. But I'm
15 looking for the total tax number that gets us to
16 that net amount?

17 A Okay. So, just, I mean, I can sidewalk through
18 the schedule in general, just to show how it's
19 structured.

20 Q Sure.

21 A So, what we have here is, on Page 2 [1?], in the
22 last rate case, DG 17-070, there was a level of
23 property tax recovery included in rates of
24 "\$3,921,196". Of that amount, "\$902,506" was

[WITNESS: Goulding]

1 associated with state property taxes; "\$27,935"
2 was associated with local buildings property
3 taxes; and 2. -- or, "\$2,990,755" was associated
4 with the local utility plant property taxes. So,
5 that was the level that was included in base
6 rates effective May 1st, 2018.

7 And, after that, we had two step
8 increases, one on May 1st, 2018, that included
9 recovery of property taxes, and the amount that
10 was included for May 1st, 2018, in the first
11 step, was "\$379,685". And it wasn't identified
12 in what buckets those were associated with. So,
13 we have done an allocation based on the amount
14 that was in base rates, to assume how much was
15 associated with the different categories of
16 property taxes.

17 And, then, we also had a step increase
18 on May 1st, 2019, that included "\$236,381" of
19 local property tax recovery. And, again, we've
20 allocated those across the "State" and "Local"
21 property tax sides -- or, columns. So, we end up
22 with a total property tax recovery in base rates
23 of "\$4,537,262", of which "\$32,324" is for local
24 building property taxes, and "\$3,460,638" is

[WITNESS: Goulding]

1 associated with local utility plant property
2 taxes.

3 Q So, that's the amount that's currently
4 recovered in -- sorry to interrupt you, but
5 that's the amount that's currently recovered in
6 base rates, correct?

7 A That's correct.

8 Q Right. So, the number I was asking about I think
9 is what you're going to get to next, which is the
10 total amount that we're going to compare that to.

11 A Yes. So, on Line 6, we have the "2020 Property
12 Tax Expense", total amount of "\$5,250,263"; for
13 the local property tax portion of that amount,
14 "\$30,220" is for buildings, and "\$3,984,057" is
15 for the local utility plant.

16 And, if you turn to Bates Page 018,
17 Line 36 and 37, you'll see those two dollar
18 amounts that total up to \$4,014,277.

19 Q Okay. Well, that's the point I wanted to get to.
20 So, let's go back to Bates Page 017. And, if I
21 were to take Line 6 and add up that number that's
22 roughly \$30,000 and the one that's \$3,984,000, if
23 I add those two, I get the same number that I see
24 on Bates Page 018, Line 38. Is that right?

[WITNESS: Goulding]

1 A That's correct.

2 Q Oh, I see. The two numbers were carried right
3 over. Okay. That's what I was getting at. So,
4 then, in order to see what property taxes will be
5 collected, if this clause is approved, I have a
6 breakdown here on Bates Page 018, town-by-town,
7 bill-by-bill, is that right?

8 A That's correct.

9 Q And, then, further on, it might be -- it might be
10 Exhibit 3 -- no, I guess it's Exhibit 1, you've
11 provided all the bills that back up those
12 numbers, correct?

13 A Yes. Beginning on Bates Page 046.

14 Q Right. In Exhibit 1?

15 A Yes.

16 Q Okay. Very good. So, looking at Bates Page 018,
17 which is the town-by-town breakdown, Columns (2,
18 (3), and (4) talk about "2020". Could you tell
19 me exactly what the time periods are -- let's
20 just skip to Column (4), I guess. Could you tell
21 me exactly what time periods are covered by
22 Column (4)? I know it's labeled "Total 2020
23 Calendar Year". But I just want to make sure I
24 understand what that actually means.

[WITNESS: Goulding]

1 A That is our 2020 calendar year expense on our
2 books.

3 Q What time period is covered by those bills that
4 are in that column?

5 A I think, for the most part, the property tax time
6 period runs April 1st to March 31st.

7 Q So, could you add years into that answer please?

8 A April 1st, 2020, to March 31st, 2021.

9 Q Okay. So, if this clause were approved, then the
10 Company would have caught up, if you will, for
11 tax bills that were received -- that covered the
12 period ending March 31st, 2021. Is that what
13 you're saying?

14 A No. This is -- I mean, this is the calendar year
15 2020 expense. So, let me review some of the
16 bills in the back.

17 Yes. Unfortunately, I'm not able to
18 identify the exact time period, because I know
19 there is different time periods for certain
20 towns, in terms of when their fiscal year and
21 their calendar year is.

22 Q Okay. So, with the understanding then that maybe
23 the time periods are not all exactly the same on
24 that list, on Bates 018, let me ask you this. If

[WITNESS: Goulding]

1 this clause is approved, when would the next
2 adjustment be within the LDAC for property taxes,
3 and what time period of bills would be recovered
4 in the next adjustment?

5 A So, the next adjustment would be for the RCAM to
6 be changed as part of the LDAC component
7 effective November 1st, 2022. And that would
8 include a reconciliation of the 2021 property
9 taxes, property tax expense, to the amount
10 included in rates.

11 Q So, in this adjustment, in May, you're dealing
12 with the 2020 property taxes. And, in an
13 adjustment in November of 2022, you would deal
14 with the 2021 property taxes. Is that what
15 you're saying?

16 A That's correct.

17 Q And those bills should be coming in as we speak,
18 right, or shortly?

19 A We have all of those, because 2021 has been --
20 the accounting year has been closed. So, we have
21 all the invoices to support those charges.

22 Q Okay. And just to carry this forward then, when
23 would the next adjustment be? Would it be
24 November 1st, 2023?

[WITNESS: Goulding]

1 A Yes. So, it will the calendar year 2022 property
2 tax reconciliation, local property tax
3 reconciliation. And it will be included in the
4 RCAM effective November 1st, 2023.

5 Q Okay. Thank you. That's helpful. So, I wanted
6 to turn to the testimony, because I just want to
7 make sure that's what the testimony says.

8 So, if I go to Page 15, and I'm in the
9 redline version, because I find that easier.
10 Lines 7 through 9, it says "In its subsequent
11 2022 Winter Cost of Gas Filing the Company will
12 provide a reconciliation of the May 2022 through
13 October 2022 period and forecasted costs for
14 November 2022 to October 2023 period."

15 My question is, why would those costs
16 be forecasted, if you've already got all the
17 bills or will have already had all the bills in
18 at that point?

19 A That's a good question. That should say
20 "actual". The only thing that will be forecasted
21 as part of the RCAM would be the regulatory
22 assessment, if we don't have the latest bill.

23 Q Now, correct me if I'm wrong, in the calculation
24 of the rate, you'll make a forecast of the sales,

[WITNESS: Goulding]

1 correct, --

2 A Yes.

3 Q -- in that filing?

4 A There will be the forecast of the sales, and then
5 there will be a forecasted prime interest
6 carrying charge rate that's part of the
7 component. That will --

8 Q But the actual -- I'm sorry, I didn't mean to
9 interrupt you.

10 A That would be based on the most current prime
11 rate.

12 Q The costs that are sought to be recovered, when
13 we get in November, are always going to be actual
14 costs, as far as property taxes go?

15 A As far as property tax goes, those will always be
16 actual cost.

17 Q So, you mentioned "carrying charges", or "prime
18 rate" I think you called it. And I believe, if
19 we go to Bates Page 045, we'll see where that
20 comes into play. So, let's turn there.

21 A Okay. I'm on Bates Page 045.

22 Q Yes. Could you explain what the purpose of this
23 schedule is?

24 A So, as part of the RCAM filing, this would be the

[WITNESS: Goulding]

1 reconciliation that would be included in the RCAM
2 filing. So, it shows the beginning balance, and
3 then we would add in the property taxes, you add
4 in the regulatory assessments, and then you have
5 your RCAM revenues coming in, gets you an ending
6 balance. And, then, there's a calculation of
7 carrying charges, based on the (over)/under
8 recovery. And, then, you have your final ending
9 balance of the under collection.

10 Q And, again, where we're dealing with actual known
11 costs, the only over or under recovery that
12 should come into play here would be differences
13 between forecasted sales and actual sales, is
14 that correct?

15 A Yes. And just that there's a time lag with the
16 costs being included in rates. So, there's the
17 calendar year 2020 cost. So, if we look at the
18 first section, we have December 2020, obviously,
19 it's all zeros, because there hasn't been any
20 costs include in the mechanism, effective
21 January 1st, we know the dollar amount that we
22 would be deferring for recovery, \$521,000 --
23 \$521,315. So, that goes in as a cost. And it
24 continues with no revenues until the rates are

[WITNESS: Goulding]

1 set in this docket. Which you'll see that I have
2 assumed, in the bottom section, that revenues
3 start to come into the RCAM mechanism on May 1st,
4 2022.

5 Q So, this schedule then is actually calculating
6 carrying charges effective January 1st, 2021, is
7 that right?

8 A That's correct.

9 Q And why is that?

10 A Because calendar year 2020 is completed, we know
11 the incremental recovery amount. So, as the
12 mechanism has the dollar amount going into the --
13 or, the design of the mechanism has the dollar
14 amount going in on January of 2021, once the
15 actual amount is known. But, then, there's a lag
16 between when it goes into -- the property tax
17 amount goes into the RCAM and when the recovery
18 begins.

19 Q So, what was the -- what was the date of the
20 legislation, do you know roughly, that provided
21 for this mechanism, the effective date?

22 Let me rephrase that question. My
23 recollection is that the statute provided a date
24 by, you know, an effective date, not of the

[WITNESS: Goulding]

1 statute, but when the mechanism could be set up.
2 Do you recall what that date is?

3 A I don't see it. All I see is the first property
4 tax year was April 1st, 2020.

5 Q Okay. And I think that's the date that I'm
6 remembering.

7 MR. EPLER: Just --

8 CHAIRMAN GOLDNER: Mr. Epler?

9 MR. EPLER: Point of information. In
10 the Exhibit 3, which is the Staff Audit Report,
11 there is a copy of the statute. And it does have
12 an effective date of "August 20th, 2019".

13 Thank you. Sorry to interrupt.

14 MR. DEXTER: Thank you.

15 BY MR. DEXTER:

16 Q So, I'm just curious about the beginning of the
17 carrying charges then. Because, I guess, on one
18 end of the scale, one could say that this
19 mechanism could have been established back in
20 2019. On the other end of the scale, one could
21 say that collecting carrying charges on a
22 mechanism that hasn't even been approved yet, you
23 know, maybe those carrying charges should be
24 deferred at least until the mechanism is

[WITNESS: Goulding]

1 approved. And it looks like the Company has
2 proposed January 1st as the start date for the
3 carrying charges.

4 And I don't know, if you want to make a
5 further comment, then that's fine. But that's
6 sort of my observation of how this is working.

7 A I'm not sure if there was a question.

8 Q No, not really a question. I think, in closing,
9 the Department of Energy will be recommending
10 that no carrying charges start to accrue before
11 the mechanism is at least established.

12 But, you know, I'm willing to hear if
13 the Company wants to sort of address why, again,
14 they chose January 1st, 2021 as the start point
15 for the interest accumulations? And, if not,
16 I'll move on.

17 A Yes. No, we just designed the mechanism and --
18 or, designed this schedule consistent with the
19 way the tariff was written that we proposed. So,
20 it had proposed that the dollar amount be moved
21 in effective January 1st for the prior calendar
22 year. So, that's why the calculation of interest
23 began at that point in time.

24 Q Okay. If this mechanism was approved, what

[WITNESS: Goulding]

1 impact would it have on the Company's pending gas
2 rate case, in DG 21-104?

3 A So, for the rate effective May 1st, there would
4 be no impact at all, because it's related to
5 calendar year 2020 in the level of funding in
6 rates in 2020.

7 And, then, for the rate effective
8 November 1st, 2022, depending on how the
9 recoupment works, there's a recoupment entry in
10 the overall order in the rate case docket, DG
11 21-104, it would need to take into account the
12 level of property tax recovery included in base
13 rates effective at the time temporary rates were
14 approved, which was October 1st, 2021.

15 Q So, in other words, in the rate case, whether
16 it's resolved through settlement or litigation,
17 it's going to be important that that order
18 establish an amount of property taxes that's
19 going to be recovered in base rates going forward
20 from that case, would you agree?

21 A I would agree.

22 Q And we would need that number in order for this
23 mechanism to go forward?

24 A Yes.

[WITNESS: Goulding]

1 Q Would the same be true of the regulatory
2 assessment amount that we're going to get to in a
3 minute? Would that need to be spelled out in the
4 rate case order?

5 A Yes.

6 Q So, now, I want to turn to the regulatory
7 assessment. And I'm going to go to Bates Page
8 044, Line 2. There's a figure there of
9 "\$58,115", and it's labeled "Non-Distribution
10 Regulatory Assessment". Can you explain to me
11 why that's described as "Non-Distribution"?

12 A Because it's the amount that's not recovered
13 through distribution rates.

14 Q Oh. It's not making a distinction between
15 transmission, distribution, or something else?

16 A Not that I'm aware of.

17 Q Okay.

18 A I think, on the electric side, we have a
19 "non-distribution" portion, which is the \$10,000
20 of the assessment that gets assigned to default
21 service. This isn't a similar type calculation.
22 This is just a level above what's included in
23 base distribution rates.

24 Q Okay. Now, on the property tax side, we had a

[WITNESS: Goulding]

1 nice little schedule with the three figures that
2 got us to the amount that was included in base
3 rates. Do we have a similar breakdown for the
4 regulatory assessment costs? In other words,
5 where did the 58,115 come from?

6 A That amount mirrors the amount that was included
7 in the GAPRA. So, in the GAPRA, there was -- it
8 was \$116,230, for the twelve-month period,
9 included in the GAPRA, and that was based on the
10 latest property tax bill that the Company -- or,
11 excuse me, the latest regulatory assessment bill
12 that the Company had received. I think there was
13 a delay in receiving the bills. So, I think that
14 was actually based on the NHPUC investment -- or,
15 NHPUC invoice dated August 19th, 2020. And, if
16 you look on Bates Page 045, there's a little
17 footnote that -- or, Footnote (4) that sources
18 out the information.

19 But I do believe, in the GAPRA filing,
20 there is a more expansive calculation of that
21 dollar amount.

22 Q What's the "GAPRA filing"?

23 A That is the "Gas Assistance Program Regulatory
24 Assessment" -- "Regulatory Assessment mechanism".

[WITNESS: Goulding]

1 That's a component of the LDAC.

2 Q Right. No, you just referred to a "filing". I
3 just didn't know what filing you meant?

4 A Sorry. It's part of the cost of gas filing that
5 goes in in the fall, DG 21-154.

6 Q So, in other words, again, I think I got this
7 right, but, if I don't, correct me. You're
8 saying that you're already -- the Company is
9 already collecting, through the LDAC, 58,115 as a
10 result of DG 21-154?

11 A They're collecting -- excuse me -- they're
12 collecting \$116,230. So, it's twelve months of
13 the dollar amount. What is here is six months of
14 the dollar amount, assuming the rate is effective
15 on May 1st.

16 Q Okay. And I think you said in your testimony
17 that this is a "no-impact change". This is more
18 of a "which bucket do we collect it in" type of
19 change, correct? In other words, you're already
20 collecting the full regulatory assessment amount
21 through the LDAC, is that right?

22 A Correct. It's just moving it from the GAPRA,
23 renaming the "GAPRA" to the "GAP", and moving
24 those costs for recovery into this RCAM

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[WITNESS: Goulding]

1 mechanism. So, this will go up, the GAPRA would
2 go down.

3 Q Okay. And getting back to carrying charges, is
4 the Company already collecting carrying charges
5 or interest on over/under recoveries associated
6 with the regulatory assessment through the GAPRA?

7 A Yes. So, I have a copy of the schedule that was
8 filed in the GAPRA. It's "Attachment NUI-SED 1".
9 And within that calculation is the dollar amounts
10 for the regulatory assessment, and subsequent to
11 that there's a carrying charge calculated at the
12 prime rate.

13 Q So, I have a couple of questions about the
14 tariff, and I'm going to go to the redline
15 version. I'd like to go to Bates Page 037
16 please.

17 So, in Clause 10.3, entitled
18 "Regulatory Costs Adjustment Mechanism (RCAM)
19 Allowable for LDAC", it says, in blue, and I'm
20 not sure what the blue means, it says "Effective
21 July 1st [5th?], 2017, the amount of the NH PUC
22 regulatory assessment to be charged, or credited,
23 through this clause shall be calculated", and
24 then it goes on and talks about the calculation.

[WITNESS: Goulding]

1 My question is, why is that effective
2 date "July 1st, [5th?] 2017"?

3 A I'm jogging my memory here, but I think there was
4 a law change that became effective July 1st,
5 2017. So, that would be why it would be
6 effective at that point in time.

7 Q Oh. And this gets to the point that I was just
8 talking about, is that this type of recovery has
9 been going on before this case, as far as the
10 regulatory assessment goes?

11 A Yes.

12 Q Yes. But it -- I'm sorry.

13 A Sorry to correct myself. It wasn't "July 1st,
14 2017" that that law changed. So, I think that
15 was actually 2014 that the law changed. So, I'm
16 not entirely clear what that reference is for.

17 Q Okay. All right. So, let me ask you this then.
18 And I'm confused by the red and the blue on my
19 screen, it may be different on your screen. But
20 is this a new clause that I just read? Is that
21 proposed to be added in? Or is that part of the
22 existing tariff?

23 A It's part of the existing tariff. And I'm
24 looking, because it was probably cut from another

[WITNESS: Goulding]

1 section. So, what you'll see is, if we look
2 under the GAPRA section, --

3 MR. EPLER: I apologize for
4 interrupting again. But, just to move things
5 along, if perhaps the witness may want to turn to
6 Bates 0034, and subsequent pages.

7 MR. DEXTER: Well, I can move on, Mr.
8 Chairman. And I just want to -- I just want to
9 point out that Section 10.3 has to be a new
10 mechanism, has to be a new section, because the
11 RCAM doesn't exist yet. It's proposed, I think,
12 in this case. And, therefore, it seems odd to me
13 that it would have an effective date of "July
14 5th, 2017". That's the only point I was trying
15 to make.

16 WITNESS GOULDING: Yes. No, with that
17 section, I agree, it's a new section. What I was
18 trying to do is remove that mechanism from the
19 GAPRA, put it into the RCAM, and just
20 establishing and making clear what that amount
21 was that was in base rates that we're comparing
22 against.

23 MR. DEXTER: Okay. And I will be
24 recommending in closing that that effective date

[WITNESS: Goulding]

1 not be put in there, because I think that's
2 confusing.

3 BY MR. DEXTER:

4 Q This does raise another question, though, because
5 I think that you just testified a little while
6 ago, and maybe I don't have this right, but I
7 thought I heard a figure of "\$116,000" being
8 collected with respect to the assessment, and
9 here I see a base rate amount of "\$368,964".
10 Could you reconcile those two numbers for me?

11 A Yes. So, I believe the regulatory assessment
12 that we are reconciling against was \$501,194.
13 So, there's the \$368,964 recovered through base
14 rates. So, it's the incremental amount above
15 that is the \$116,000.

16 Q Okay. Thank you. So, let's go to Page 040 now
17 please. And I want to look at the section
18 labeled "LDAC Formula". And, up in the formula,
19 we see "LBR", and, down in the definitions, we
20 see "LR". Are they intended to be the same item?

21 A They are. It should be "LR".

22 Q Is that lost base revenues from energy
23 efficiency?

24 A Yes. I think, on the electric side, it goes as

[WITNESS: Goulding]

1 "LBR", and, on the gas side, it goes as "LR" or
2 "LRR".

3 Q Okay. Well, again, in closing, I would recommend
4 that those terms be standardized.

5 And I'm just curious, since we're here,
6 I see, in the definitions, "RPC", "Reconciliation
7 of Permanent Changes in Delivery Rates". Utility
8 is the world of acronyms as you know, and "RPC"
9 is generally associated with decoupling these
10 days. This doesn't deal with decoupling, is that
11 correct?

12 A No, it does not.

13 Q This deals with what we commonly refer to as
14 "Recoupment of the difference between temp. and
15 perm. rates", is that right?

16 A It does.

17 Q Okay. Turning to Bates 044, Line 2. Oh, no. We
18 already covered that. I'm sorry, I withdraw
19 that. Turning to Bates 043, which is the table
20 that breaks down the various LDAC elements. I
21 see an RCAM amount in red of I think it's
22 eight-tenths of a cent per therm, "\$0.0080" per
23 therm. And, yet, on Bates 044, I see an RCAM
24 amount of "\$0.0280". Could you explain why those

[WITNESS: Goulding]

1 numbers are so different?

2 A This schedule was from the original filing that
3 was made --

4 Q Which schedule? I'm sorry, Mr. Goulding. I
5 don't mean to interrupt you.

6 A Bates Page 043 was not updated throughout the
7 course of the revised revisions. The expectation
8 is that we would update it as part of the
9 compliance filing. So, it was showing
10 illustratively how this rate would look, and that
11 was based on the filing that was made in June.

12 Q So, even though it's in red, in this instance,
13 it's in red because -- why is it in red?

14 A It's in red because it's -- this was filed on
15 June 21st, 2021. So, all the rates that were in
16 effect on June -- it shows all the rates in
17 effect as of June 21st, 2021. So, the RCAM is
18 the new mechanism that is being added to the
19 Local Distribution Adjustment Clause. That's why
20 it's made red.

21 Q Okay. So, in May, we could expect this other
22 number, which is quite a bit higher, this is
23 2.8 cents per therm, as compared to eight-tenths
24 of a cent per therm, is that right?

[WITNESS: Goulding]

1 A That's correct. So, from the period November 1st
2 to October 31st, the Company has about 78
3 million -- let's call it almost 80 million
4 therms. But, for the period of May to -- May 1st
5 to October 31st, that's reduced to about roughly
6 20,000 therms. Because most of the therms
7 occur -- a majority of the therms occur in the
8 winter months.

9 Q I think you meant "20 million"?

10 A Twenty (20) million, excuse me.

11 Q Okay. So, I know it's tough to predict, but,
12 when we get to November, and we start dealing
13 with this on a full-year basis, when we get to
14 November 2022, would we expect to see a number
15 closer to what's on Bates Page 043 or closer to
16 what's on Bates Page 044, for the RCAM?

17 A For the thermwise, it will still be roughly
18 80 million therms. In terms of the dollar
19 amount, it can change from -- it will change year
20 from year, depending on the bills we received.

21 I did take a look at the deferral
22 amount for the preliminary amount that would be
23 in effect for November 1st, 2022. And it was
24 somewhere in the range of \$450,000. But I have

[WITNESS: Goulding]

1 to scrub it still, because I'm a little confused
2 on why it would be less than the 521,000. But it
3 could be due to just the way the towns assessed
4 the Company.

5 Q Okay.

6 A So, that was a long way of saying that I would
7 expect the November 1st, 2022 rate to be lower
8 than the 2.8 cent rate here, because we'll have a
9 whole year of therms to spread those costs
10 across.

11 Q It sounds like, just doing quick math, it might
12 be one-fourth of what's on Bates 044?

13 A That's a reasonable estimate.

14 Q So, less than a penny?

15 A Yes.

16 Q And, finally, on Bates 017, we talked about the
17 \$521,315 figure, which is -- which won't change
18 when the May filing comes in. And I see that the
19 Company has submitted our Audit Staff's report as
20 "Exhibit 3". And, if I go to Bates Page 125,
21 which is the last page of that report, you would
22 agree that that same number appears in the
23 "Conclusion" section of the Audit Report, is that
24 correct?

[WITNESS: Goulding]

1 A Yes.

2 Q And, so, we could conclude from this that the
3 proposal agrees with the Audit Department's
4 recommendations, is that right?

5 A That's correct.

6 MR. DEXTER: Okay. Thank you. That's
7 all the questions I have, Mr. Chairman.

8 CHAIRMAN GOLDNER: Thank you, Mr.
9 Dexter. I'll recognize Special Commissioner
10 Ross.

11 SPECIAL CMSR. ROSS: Thank you. And
12 good morning, Mr. Goulding.

13 WITNESS GOULDING: Good morning,
14 Commissioner Ross.

15 BY SPECIAL CMSR. ROSS:

16 Q In your testimony, at Pages 3 and 4, you talk
17 about the HB 700. And you described the
18 categories of utility property that are included
19 in the recovery mechanism and the new
20 methodology. And I just want to make sure I
21 understand the categories and how they get
22 treated in your filing.

23 So, you have -- I believe you label one
24 category as "assets", "utility assets", is that

[WITNESS: Goulding]

1 correct?

2 A Yes. We categorize it as -- it's "utility
3 plant".

4 Q "Plant". Okay. And, then, you have a category
5 for "buildings", I believe?

6 A Yes.

7 Q And that would include buildings and related real
8 estate, correct?

9 A Yes.

10 Q And, so, the tax amount currently on those is in
11 the \$30,000 a year range, is that right?

12 A Yes.

13 Q And is that property just your offices? And,
14 then, does it include substations or are they
15 part of the other stuff?

16 A The substations would be part of the utility
17 plant.

18 Q Okay.

19 A And I think, for Northern, this might be a garage
20 at one of our locations, and maybe a small
21 building somewhere else.

22 Q So, it isn't allocating costs -- tax costs from
23 the -- from the central Unitil offices that are
24 out on the seacoast?

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[WITNESS: Goulding]

1 A No. These are just for the property taxes
2 associated with the Northern utility assets.

3 Q Okay. Thanks. And, so, there's really just a
4 small amount of the local property tax, compared
5 to the utility plant in your "property tax"
6 category, correct?

7 A That's correct.

8 Q And, then, do you just combine them? You just
9 kind of ignore the fact that those assets don't
10 get adjusted under the HB 700 statute for
11 purposes of this recovery?

12 A Yes. So, we had looked at the RSA, where it says
13 kind of "here is how the calculation could work",
14 and then there was a subsequent -- some
15 subsequent language that mentioned, I think it
16 was the law "also requires the Commission to
17 establish by order a rate recovery mechanism for
18 the property taxes paid by a public utility."
19 And, then, it went on to say something on the
20 lines of -- I'm trying to find the audit, excuse
21 me -- "or an agreed upon methodology of the
22 Commission", if I recall.

23 Q I think I know the language you're talking about,
24 and it kind of allows some flexibility.

[WITNESS: Goulding]

1 A Correct.

2 Q And I would agree that that is the case. I'm
3 just trying to understand how that small
4 component might affect the amount that we're
5 recovering.

6 Now, the methodology that the towns
7 use, it starts with the book value of your
8 assets, correct?

9 A I believe it does.

10 Q And, when your internal tax people review the
11 bills, are they reviewing the bills to ensure
12 that the towns are, one, using the correct book
13 value, because that's going to change every year
14 based on depreciation, right?

15 A I'm not entirely sure what gets reviewed as part
16 of the property tax review process that the
17 Company goes through.

18 Q So, I would like as a record request to ask that
19 the Company describe in some detail the review
20 process that the Company's tax folks are going to
21 undertake with regard to these annual property
22 taxes, to ensure that they comply with the
23 methodology set out in HB 700? And, I'm sorry, I
24 don't have the statute in mind right now. I

[WITNESS: Goulding]

1 think it's 78:8 something. But, anyway, --

2 MR. DEXTER: 72:8, Commissioners.

3 SPECIAL CMSR. ROSS: 72:8? Thank you.

4 MR. DEXTER: I know that because I had
5 it wrong all through the prehearing conference.

6 SPECIAL CMSR. ROSS: Okay. That is a
7 record request to you, if you would please.

8 BY SPECIAL CMSR. ROSS:

9 Q Can you just confirm how you calculated the total
10 taxes for 2020, which I believe is "5,250,263",
11 and that's on Schedules 1, Page 1?

12 A The 5 million -- or, excuse me, that's the
13 total -- excuse me -- that's the total property
14 tax expense that was expensed in calendar year
15 2020.

16 Q And was that shown on Northern's Annual Report
17 for 2020 to the Commission?

18 A It was. But the difference would be the amount
19 that was deferred for recovery through this
20 mechanism. So, I know, at the prehearing
21 conference, there was a question about the
22 difference between the amount that the Company is
23 depicting on Line 6 and the amount that was
24 showing up in the Annual Report. And it was due

[WITNESS: Goulding]

1 to the amounts that were deferred to a regulatory
2 asset account.

3 Q Okay. I'm sorry to replot that ground. But I
4 wasn't at the prehearing conference, although I
5 did take a look at the transcript.

6 A And, just to be clear, too. I think what was
7 deferred was roughly \$620,000. But, when we did
8 a review filing -- prior to making the filing, we
9 had found that there was an overpayment made to
10 one of the towns that we had requested
11 reimbursement for. So, we reduced the amount
12 that was necessary for to be recovered.

13 Q Thank you for walking through that. I have a
14 question, maybe just for background on the
15 assessment adjustments and the -- I guess it's
16 "GAPRA". Where did that originate? Did that
17 come out of the 2017 rate case?

18 A The amount that's recovered in base rates came
19 out of the 2017 base rate case. The GAPRA
20 mechanism, as far as I know, has been around for
21 many years. I just don't know how long. I'm
22 fairly new to the gas side. But I know we just
23 had a docket that was looking at the GAPRA
24 discount. And, if I recall, it was established

[WITNESS: Goulding]

1 back in the earlier 2000s.

2 Q I'd like to make a second record request. And
3 that is, if the Company can give us the basis for
4 the original decision -- the original Commission
5 docket and decision that approved the GAPRA?
6 Just so that we can check the mechanism.

7 A And it will be under a different name, because I
8 believe the name just changed to the "GAPRA"
9 back in 2021. Before that, it was called the
10 "Residential Low Income Assistance
11 Reconciliation Adjustment", or something on those
12 lines. But we can provide all the history on
13 that.

14 SPECIAL CMSR. ROSS: That would be
15 helpful. Just at what point was the assessment
16 reconciliation added to that? Thank you.

17 I think that's all I have for now.
18 Thank you.

19 CHAIRMAN GOLDNER: I'll recognize
20 Commissioner Chattopadhyay.

21 CMSR. CHATTOPADHYAY: Good morning.

22 WITNESS GOULDING: Good morning.

23 BY CMSR. CHATTOPADHYAY:

24 Q First question I have is, when you pay the

[WITNESS: Goulding]

1 property taxes, and I was trying to go through
2 the bills, have there been situations where you
3 have been assessed late penalties, like --

4 A When I did the reconciliation of the bills, it
5 was just the bills. There was no late payments
6 assessed. I don't recall if it was on the Unitil
7 Energy -- the UES side of the mechanism for
8 electric affiliate, or if it was this one, but
9 there was a town or two that give a discount.
10 So, we have incorporated that discount in this
11 amount to reflect the actual amount we paid. So,
12 the discount goes to the benefit of customers.

13 Q Okay. So, my question was more about, you know,
14 typically, residential customers, when they have
15 to pay their property taxes, there's a deadline,
16 and if you are late, then you end up paying. So,
17 I'm just trying to make sure that Unitil, when
18 they were paying the taxes, they didn't, you
19 know, have to pay any extra. So, if you can
20 confirm that, that would be good.

21 A Yes.

22 Q Okay.

23 A There is no late payment fees associated with
24 recovery amounts or any -- we did not have any

[WITNESS: Goulding]

1 late payments that incurred fees.

2 Q Okay. Thanks. And, so, going to something else.
3 The second revised testimony was really not filed
4 like you did for the revised testimony. You
5 provided that for the first time as an -- you
6 know, for us, as one of the exhibits here, right?

7 A Yes.

8 Q So, I would -- I would say it would be very
9 helpful to the Commission to sort of know what we
10 are looking at, when was this -- this revision
11 done. And, so, as I was going through the
12 material, this reality that it was filed as an
13 exhibit, and there were changes, the changes were
14 relative to the revised filing that was done in
15 end of September, or beginning of October, I
16 don't recall, it caused some confusion. Like,
17 you know, this came in on the 31st. And the way
18 the process works, we were able to look at it,
19 the way it shows up for us, it's the next day.
20 So, this is all happening kind of real-time. So,
21 I would appreciate if, even for a second revised
22 filing, that is, I mean I know there's time
23 constraints here, but it should be done in a way
24 that we have the visibility as to what is exactly

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[WITNESS: Goulding]

1 happening.

2 So, for example, it could have been
3 explained that this, the revised, the filing is
4 really the second revised, and this is how it is
5 different from the other. And, so, that's just a
6 suggestion.

7 So, if you go to your testimony, and
8 I'm now going to go to Exhibit 1, Bates Page 043.

9 A Okay. I'm there.

10 Q Yes. So, roughly speaking, with the RCAM as
11 proposed by the Company right now, with the delay
12 in how it didn't go into effect in November, all
13 of that, the impact on LDAC would be more than
14 20 percent for the months May through, you know,
15 October, correct, roughly speaking?

16 A Yes. And these were the LDACs that were in
17 effect June 21st, 2021. So, the current LDAC in
18 effect for the Residential class is 6.58 cents,
19 and the Commercial is 4.48 cents. So, for a
20 LDAC, it would be roughly 40 percent.

21 Q It would be even more. Okay.

22 A And just in terms of dollar amounts, as part of
23 that revised Version 2 testimony, --

24 Q Yes.

[WITNESS: Goulding]

1 A -- on Bates Page -- Bates Page 016 -- or, excuse
2 me, let me get to the non-redline page. Bates
3 Page 008. So, for an average residential heating
4 customer for the summer period, assuming rates
5 effective May 1st, they would, using 133 therms
6 over the summer off-peak period, would see an
7 increase in their total summer bill of \$3.35.

8 Q Yes. If this was being implemented in November
9 2021, the rates, as I read through it, would have
10 been roughly 7 mills, that would be the impact,
11 and now the impact is two and a half cents.

12 So, one question I have is this. I
13 know that you have a process or you do things,
14 so, May 1st appears to be the natural month that
15 you're going to be looking at. But is it
16 possible that, if the Commission comes out with
17 an order soon enough, and you can tell me, you
18 know, what would work for the Company, is it
19 possible to implement this on the 1st of March?

20 And I understand the issue about the
21 GAPRA, you know, that the change is happening in
22 May, so we may have to deal with that issue as
23 well. But I'm asking, you know, in terms of
24 going ahead and doing it in March, on March 1st,

[WITNESS: Goulding]

1 that way you have more therms to play with.
2 Because, right now, you're looking for the -- and
3 I'll call them "summer amounts", they're not
4 entirely summer, but the six months, you,
5 yourself, mentioned it's like 20 percent of the
6 load is during these months, and 80 percent shows
7 up for the winter months.

8 So, I am sort of concerned about the
9 lopsidedness. And, so, I -- and my question is,
10 is it possible for the Company to implement this
11 starting March 1st, and what would that require?

12 A So, I think the Company could get a filing in.
13 In terms of getting a hearing scheduled and
14 having a hearing, I'm not -- that's outside of
15 our control and whether that can happen for
16 March 1st. But I don't expect that -- I mean,
17 we're looking at February 2nd right now, I don't
18 look at the -- it's not a very large filing, so I
19 can pull it together pretty quickly.

20 I do actually have that rate that would
21 be calculated for March 1st, because -- so, our
22 therms increase from roughly 21 million therms
23 for a May 1st rate, to a little -- almost 39
24 million therms.

[WITNESS: Goulding]

1 Q Uh-huh.

2 A So, --

3 Q So, the rate would roughly be half, and this is
4 very just ballpark figure?

5 A Yes. And I think our rate was 2.8 cents. So,
6 this would go down to 1.58 cents.

7 Q And that includes the GAPRA adjustment. Without
8 the GAPRA moving to the RCAM, it would be how
9 much?

10 So, I'm trying to get a comparison
11 between the 2.5 and what would it be if you have
12 it implemented in March?

13 A So, it would be roughly 1.39 cents for just the
14 property tax recovery.

15 Q Okay. And this just a rough estimate. Can you
16 provide -- this is a record request. This, I'm
17 assuming, could be done pretty quickly, you could
18 provide me the calculation for the precise
19 number?

20 And, so, I'm just letting you know
21 that's a record request.

22 CHAIRMAN GOLDNER: You want to repeat
23 it back and I'll --

24 CMSR. CHATTOPADHYAY: Sure. Yes.

[WITNESS: Goulding]

1 BY CMSR. CHATTOPADHYAY:

2 Q So, assuming that the -- and what should I call
3 the piece that is, you know, the piece that could
4 be associated with just the property taxes?
5 Should I, you know, is there a specific term that
6 was used?

7 A I would -- I guess I would say the "Regulatory
8 Cost Adjustment Mechanism" -- "calculate what the
9 Regulatory Cost Adjustment Mechanism would be
10 May" -- or, "March 1st associated with just the
11 property tax expense recovery?"

12 Q Okay. So, that adjustment, associated with only
13 the property tax, I would like to understand, if
14 that goes into place on March 1st, and it is up
15 to October, of course, what would be the per unit
16 rate?

17 A Okay. Yes. And just to add, because I happen to
18 have the calculation for April 1st, again, it's
19 about 10,000 therms differences every month, the
20 April 1st total RCAM rate would be 2.09 cents.

21 Q Okay.

22 SPECIAL CMSR. ROSS: Could I just
23 interject? When you do calculate it, if you can
24 calculate it as a combined rate, including the

[WITNESS: Goulding]

1 GAPRA, move -- only because, in my mind, moving
2 different components at different times becomes a
3 little complicated. It's complicated enough.
4 And it's only a 0.2 cent swing, when you add the
5 GAPRA. So, if you could show it both ways.

6 WITNESS GOULDING: Yes. I was thinking
7 I would include the illustrative calculation that
8 we have, and then also include that Local
9 Distribution Adjustment Clause summary that shows
10 the different rates. So, it would show the
11 change in the GAPRA going down by whatever the
12 rate is, and then the RCAM going up, and then the
13 total rate.

14 SPECIAL CMSR. ROSS: Okay. Thank you.

15 BY CMSR. CHATTOPADHYAY:

16 Q For the regulatory assessment piece, I'm just
17 trying to understand, this sort of moving from
18 GAPRA and taking it here, does the May 1st date,
19 does that sort of matter? Or, that could be,
20 though it may be a little bit complicated, but we
21 can still play with the numbers, too. I mean,
22 it's, really, you're taking something from
23 somewhere else and putting it here, at the other
24 place, you're just taking -- that won't be there

[WITNESS: Goulding]

1 any more. That's what you're doing.

2 A Correct. So, there's no reason that the
3 March 1st rate could not include an adjustment
4 for the GAPRA, and then --

5 Q Okay.

6 A -- the GAPRA could be changed effective
7 November 1st to simplify the process.

8 Q So, there is no administrative, you know,
9 restriction that wouldn't, you know, allow that?

10 A No.

11 Q Okay. Good.

12 A But I just think we need something in the order
13 that specifies that the regulatory assessment
14 would move to the -- from the GAPRA effective on
15 this date so the tariff is not compliant.

16 Q Assuming I'm just looking at this, you know,
17 obviously, I haven't spent a whole lot of time on
18 the history of when GAPRA was created, but I have
19 a pretty good sense what it meant, okay. Can you
20 tell me why are we now sort of moving that amount
21 to here, and what is the basis for it? Just give
22 me a historical basis for that, if there is any.

23 A So, I know this was discussed in the prehearing
24 hearing conference, and I know my counsel will do

[WITNESS: Goulding]

1 it better justice than I will. But I think the
2 concept was to -- we had had discussions with
3 Staff at the time, back in January of 2021, about
4 just the general mechanism in place. We had
5 proposed -- or, had discussed putting this
6 property tax expense through the GAPRA, and we
7 had received feedback that they would be more
8 comfortable with a separate mechanism, because
9 the GAPRA really wasn't a mechanism that was
10 intended to have other costs included in it. And
11 while we were at it, it was indicated that they
12 would like to see the GAPRA being a pure Gas
13 Assistance Program rate mechanism by itself, so
14 you can isolate that rate individually.

15 So, that was the reason to move the
16 regulatory assessments out of the GAPRA into this
17 new mechanism.

18 Q That is helpful. Just wanted to know why things
19 are moving.

20 MR. EPLER: Excuse me. My apologies.
21 Could we go off the record just for a moment?

22 CHAIRMAN GOLDNER: Yes. Off the
23 record.

24 *[Brief off-the-record discussion]*

[WITNESS: Goulding]

1 *ensued.]*

2 CHAIRMAN GOLDNER: Let's take a
3 five-minute break.

4 *(Recess taken at 10:34 a.m. and the*
5 *hearing resumed at 10:40 a.m.)*

6 CHAIRMAN GOLDNER: Okay. We'll go back
7 on the record. And, over to Commissioner
8 Chattopadhyay.

9 CMSR. CHATTOPADHYAY: Thank you.

10 BY CMSR. CHATTOPADHYAY:

11 Q So, another question I have is, if we are able to
12 just keep, you know, the RCAM rate or the
13 increase exactly as the same as what would have
14 been in place starting November, but we
15 implemented in March, so implement it starting
16 March 1st, how much of the -- what dollar amount
17 would sort of need to be dealt with next time
18 around, because as long as, you know, in November
19 2022?

20 If you have an answer for that readily,
21 great. If you don't, I would, you know, just
22 have a record request, and you can provide the
23 number later.

24 A It would probably be roughly 50 percent of the

[WITNESS: Goulding]

1 costs would be deferred. Because our original
2 filing for rates in effect November 1st assumed
3 78 million therms, the forecast effective
4 March 1st through October 31st is 38,000 therms.
5 So, roughly half. So, I would say roughly half
6 of the request would be deferred --

7 Q Okay.

8 A -- till the next RCAM, I mean, the next RCAM
9 rate.

10 Q And does the Company have any position on that?
11 Like, if that's the way we deal with it, you
12 know, there would still be a reconciliation, and
13 whatever processes are in place, that can be one
14 approach?

15 A That's a reasonable approach, too, due to the
16 timing and to mitigate rate --

17 Q Shock.

18 A -- a higher rate over a short-term period. I
19 avoided saying the word "shock", just because
20 it's a relatively small rate.

21 Q Right. But, still, it's about gradualism being
22 there.

23 So, I'll go back to the point I made
24 right at the beginning. But I want to make sure

[WITNESS: Goulding]

1 it is understood that, whenever you have a second
2 revised version, it's important for us to know
3 when it was filed as a second revision. So, a
4 suggestion, that the dates should be there for
5 each of the revisions. And it was kind of --
6 that's one suggestion.

7 Number two. Even with the second
8 revision, what you have is the schedules, you're
9 actually -- a lot of the stuff that's there in
10 your Exhibit 1 is from the filing that was done
11 in September. And I would appreciate if you can
12 go back, and this is a record request, and sort
13 of change all of those and provide the second
14 revised version along with all the schedules.
15 And I may be using the wrong term, "schedules",
16 but you know what I'm talking about.

17 A A record request that captures the completed
18 filing, testimony, Schedule CJG-1, 2, 3, the
19 tariff.

20 Q Yes.

21 A And the tariff would be -- that back page that
22 had the old rates from June 21st would be
23 modified for current rates.

24 Q Yes. Yes.

[WITNESS: Goulding]

1 A Yes.

2 CMSR. CHATTOPADHYAY: So, that's all I
3 have. Thank you.

4 CHAIRMAN GOLDNER: Okay. Thank you. I
5 just have a few questions, before we move to
6 redirect.

7 BY CHAIRMAN GOLDNER:

8 Q Bates 017, Exhibit 1, just a clarifying question
9 under -- I'll let you get there, but, as you're
10 paging, on Line 7, Column (3), there's a number
11 "\$191,686". That is -- that will not be
12 collected until your next rate case, correct?

13 A Correct. That dollar amount is there just to
14 source -- or, sum up all the math.

15 Q Thank you. Thank you. Just wanted to verify.
16 Thank you.

17 I'll move to Bates 040, Exhibit 1. So,
18 that's the table, the LDAC formula equation,
19 that's very nice and well spelled out. So, thank
20 you for pulling that together and making it so
21 clear. Just a fundamental question, and maybe I
22 missed something, but I like the idea of the "Gas
23 Assistance Program" being a separate line, I like
24 that. The "RCAM", capturing the local property

[WITNESS: Goulding]

1 taxes, as a separate line makes a lot of sense.
2 The "Regulatory Assessment" is a line in need of
3 a home. And I guess my question is why not just
4 create a separate line?

5 A I think the attempt was to limit the number of
6 lines, in terms of, when we make a filing, it
7 will be one RCAM rate that is inclusive of those
8 two costs, only because the amount above or below
9 what's in base rates for the regulatory
10 assessment is usually fairly small. So, and to
11 avoid having to go back and have -- make changes
12 to our billing system to add an additional
13 component.

14 Q Okay. And maybe I'll put it in the form of a
15 question.

16 Would the Company be opposed to having
17 sort of a separate stand-alone line for the
18 "Local Property Taxes", and then a stand-alone
19 line for the "Regulatory Assessment"? Would the
20 Company be opposed to that?

21 A That would definitely take a record request, just
22 to kind of -- I need to scope out how much it
23 would -- how much time it would take and kind of
24 the costs associated with doing it.

[WITNESS: Goulding]

1 Q Okay. So, I'll just sort of restate that,
2 hopefully, as having "GAP", the "RCAM", and the
3 "Regulatory Assessment" as separate lines, and
4 scoping out the work or any challenges with that
5 breakout.

6 A Yes.

7 Q Okay.

8 A I'm trying to think of what the acronym would be
9 for that.

10 Q Don't worry. Don't worry. We're close enough.
11 Excuse me. Okay. So, thank you for that. And
12 that is helpful.

13 I just have one other question, I
14 believe. And, if I move to Bates 011, I'll page
15 there myself. In Bates 011, you spent some time
16 talking about HB 700 and the five-year phase-in
17 period. And I was -- maybe I'd like to get your
18 comments on how the five-year phase-in period
19 works in your mind?

20 And then -- and maybe talk a little bit
21 about -- I was sort of hoping or expecting to see
22 a forecast for that phase-in, and to sort of give
23 us some headlights on what to expect in the
24 future.

[WITNESS: Goulding]

1 Could you maybe address those two
2 points?

3 A Sure. So, I don't have a forecast of what the
4 costs would be, and especially through this
5 mechanism, because it's all dependent on the
6 timing of rate cases, too, because you're going
7 to reset that recovery amount that's in base
8 distribution rates.

9 But, in terms of the shelf life of the
10 five-year phase-in, I think it all depends on how
11 your rate cases line up also. Because we
12 wouldn't want to run into a situation where this
13 mechanism just ends completely at the end of five
14 years and there's no recovery, otherwise it would
15 drive all the utilities in for rate cases at the
16 same exact time, because you would have the
17 timing for the ending of this recovery mechanism.

18 So, I would -- I can see the
19 calculation ending at the end of five years, like
20 it's supposed to, or like the law states. But,
21 in terms of the recovery, I think it would
22 continue until you reset after your first rate
23 case after the five-year period.

24 Q Okay. Okay. And, then, I apologize for going

[WITNESS: Goulding]

1 back to Bates 040 again. But, when Northern
2 files its next rate case, do you expect any of
3 these lines to go away? And I know that's a
4 little bit related to timing and when the next
5 rate case is, and the five-year, you covered that
6 one. But, on the rest of them, do you anticipate
7 any of the others going away?

8 A Yes. The one I would say definitely would be --
9 will be phased out, the Company has made a
10 decoupling proposal as part of Northern's rate
11 case. So, if the Northern decoupling proposal is
12 accepted, the LR rate would be faced out, once
13 the transition to decoupling occurs and the final
14 reconciliation of the lost revenue happens.

15 In terms of the other items, some of
16 them don't get used, but -- or, don't get used
17 regularly, but I don't expect them to get
18 deleted. You know, something like the "Rate Case
19 Expense Factor" is there for when there is rate
20 cases. So, that stays in place. You know, and
21 the "RPC" is another rate case item. So, no.

22 The only one I could see maybe being
23 eliminated in the future, depending on the
24 decoupling situation, is the "LR Rate".

[WITNESS: Goulding]

1 Q Okay. Thank you. And that may make sense to
2 layer into that record request, so that you have
3 some NTS *[sic]* amounts, and to kind of --

4 *[Court reporter interruption.]*

5 CHAIRMAN GOLDNER: I was referring to
6 what will eventually be Exhibit 8. And we had a
7 record request to look at the GAP, RCAM, and then
8 the Regulatory Assessment, and understand the
9 tradeoffs, the costs and benefits, with sort of
10 adding another line in the LDAC. But, also,
11 there may be some coming out. So, just taking
12 that all into account.

13 Okay. Any additional questions from
14 the Commissioners? Commissioner Chattopadhyay.

15 BY CMSR. CHATTOPADHYAY:

16 Q Going back to Bates Page 017, I have a very quick
17 question. And let me know when you're there.

18 A Okay. I'm there.

19 Q Yes. So, for the Step 1 and Step 2, Lines 3 and
20 4 -- Rows 3 and 4, rather, when you are -- I'm
21 just trying to understand whether the numbers,
22 for example, "Buildings", "State", are those
23 estimates or are they actuals?

24 A For the Step 1 and Step 2, there was no specific

[WITNESS: Goulding]

1 calculation for each individual invoice. I
2 believe the calculation was done based on a
3 blended property tax rate that was applied to
4 specified additions as part of the step increase.
5 So, they were not specifically carved out to say
6 "Here's for State, here's for Building, Here's
7 for Utility."

8 The way I had done it was, basically,
9 on Line 1, have 100 percent, obviously, in the
10 3.9 million in base rates, 902,000 of that is
11 related to state side, so, "23 percent" would be
12 associated with state, "0.7" for buildings, "76.3
13 percent" for utility plant, and then allocated
14 those step increase -- amounts that were in the
15 step increase proportionally based on those
16 allocation factors.

17 Q And, because I really don't know how, you know,
18 the state taxes and all of them are recovered in
19 reality. So, I guess I'm trying to understand,
20 we would still have -- so, the number that's
21 driving this is, you know, for the Line 6, that
22 is actuals. So, you know what we were recovering
23 and what now we are supposed to recover, and so
24 that's -- all of that is -- this is all done in

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[WITNESS: Goulding]

1 the right way?

2 A Yes. So, Line 5 is the actual total recovery
3 amount in base rates.

4 Q Okay.

5 A And Line 6 is the actual property tax expense for
6 2020. That was incurred on the Company's books.

7 CMSR. CHATTOPADHYAY: Okay. Thank you.
8 I just wanted to confirm that.

9 CHAIRMAN GOLDNER: Thank you. Thank
10 you. We'll move to redirect. Mr. Epler?

11 MR. EPLER: Thank you.

12 **REDIRECT EXAMINATION**

13 BY MR. EPLER:

14 Q Mr. Goulding, do you recall a question from
15 counsel for the Department of Energy regarding
16 the carrying charges?

17 A Yes, I do.

18 Q And that the Company is requesting carrying
19 charges as of January 1, is that correct?

20 A That's correct, in the illustrative calculation.

21 Q Upon consideration, is the Company willing to
22 accept a change in that request?

23 A Yes.

24 Q And that would be to have the carrying charges

[WITNESS: Goulding]

1 effective with the effective date of the tariff
2 change?

3 A Yes.

4 Q Okay. Thank you. And, again, just to clarify,
5 to make sure that the record is clear, turning to
6 Bates Page 0017, and the number, the "Local
7 Property Tax Under-Recovery", that's on Line 8 on
8 that page, of "\$521,315". That number has been
9 audited by the Department of Energy Audit Staff,
10 is that correct?

11 A That's correct.

12 MR. EPLER: Okay. That's all the
13 redirect I have. Thank you.

14 CHAIRMAN GOLDNER: Thank you,
15 Mr. Epler. The witness is released. Thank you.

16 So, without objection, we'll strike ID
17 on Exhibits 1, 2, and 3 and admit them as full
18 exhibits.

19 And we'll hold the record open for the
20 record requests, which I'll read back.

21 So, I have an "Exhibit 4", which was
22 Commissioner Ross's first question, "Explain the
23 review of taxes under the new methodology based
24 on book value."

1 (**Exhibit 4** reserved for record
2 request.)

3 CHAIRMAN GOLDNER: And, then,
4 Commissioner Ross's second request, now "Exhibit
5 5", "Please give the Commission decision and
6 docket in which the adjustment for the Commission
7 assessment was established and approved."

8 (**Exhibit 5** reserved for record
9 request.)

10 CHAIRMAN GOLDNER: And the record
11 request from Commissioner Chattopadhyay, now
12 "Exhibit 6", which was "The calculation of the
13 rate with a March 1st effective date, associated
14 with just the property tax adjustment for part
15 one, and combined with the regulatory assessment
16 for part two."

17 (**Exhibit 6** reserved for record
18 request.)

19 CHAIRMAN GOLDNER: Now, "Exhibit 7",
20 from Commissioner Chattopadhyay, and I'll need
21 some help for this one, Commissioner. I have --
22 I believe you were asking for "the complete
23 filing from the second revised version". But
24 perhaps you could help me by restating what you

1 need for the record?

2 CMSR. CHATTOPADHYAY: Sure. I think
3 you've phrased it right. I would just simply say
4 that the version that we have right now is -- it
5 includes the attachments from the revised
6 testimony filing end of September. But we want
7 them to be replaced by the updated numbers that
8 align with the second revised, you know,
9 testimony. So, --

10 CHAIRMAN GOLDNER: Mr. Goulding? Go
11 ahead, if you have a question.

12 WITNESS GOULDING: I think I'm --
13 first, in particular, I think the tariff was not
14 revised. So, it has a June 21st date on it for a
15 rate effective November 1st. So, I would
16 guess that would be updated.

17 CMSR. CHATTOPADHYAY: Okay. I didn't
18 realize that. Okay.

19 WITNESS GOULDING: That would be
20 updated. Because that was an illustrative tariff
21 for purpose of approval, and the expectation was
22 we would file a compliance filing with the actual
23 date of the order and so forth. So, I can update
24 those dates.

1 There was also an additional -- the
2 last page of the tariff filing that had the rates
3 that were in effect as of June 21st. So, that
4 was the one you wanted updated also. And that is
5 Bates Page -- Bates Page 043.

6 CMSR. CHATTOPADHYAY: Yes.

7 WITNESS GOULDING: So, it's partially
8 what was in Exhibit 1, but with the rest of
9 Exhibit 1 updated to reflect the changes.

10 CMSR. CHATTOPADHYAY: Can you -- can
11 you -- I can do this, but can you tell me, like,
12 because your Exhibit 1 also includes all those
13 bills, right? But, so, you have, from beginning
14 Bates Page 018 -- sorry, not that one, that's the
15 town numbers. I think what you're talking about
16 is, you have to update, starting Bates Page 019,
17 through all the way to -- I'm trying to go there,
18 just a moment. Okay. All the way to Bates
19 Page 045. And I would like a confirmation from
20 your end to reflect the second revised, you know,
21 filing, the testimony.

22 WITNESS GOULDING: Yes. I think it's
23 Bates Page 019 to 043.

24 CMSR. CHATTOPADHYAY: Forty three,

1 okay.

2 WITNESS GOULDING: Because 044 and 045
3 do reflect the second filing.

4 CMSR. CHATTOPADHYAY: Okay. So, --

5 WITNESS GOULDING: But, then, we'll
6 package it all together as one.

7 CMSR. CHATTOPADHYAY: So, the question
8 could be -- so, the request would be "Please
9 provide updated Bates Page 019 through Bates Page
10 043, in Exhibit 1, to reflect the changes made in
11 the second revised testimony."

12 MR. DEXTER: Mr. Chairman, could I
13 interrupt for a moment? I know it's --

14 CHAIRMAN GOLDNER: Of course.

15 MR. DEXTER: -- not my time to speak.

16 CHAIRMAN GOLDNER: Sure. That's okay.

17 MR. DEXTER: I believe, on redirect, I
18 just heard counsel for the Company agree -- that
19 the Company would agree that the carrying charges
20 be made effective when the clause is effective.
21 And, in order to quantify that impact, I think
22 Commissioner Chattopadhyay's record request would
23 also have to update Pages 44 and 45, otherwise
24 that element won't be quantified.

1 It doesn't have to be done in this
2 record request. But, if the Commission wants to
3 know the impact of that change, they're going to
4 need an updated 44 and 45 as well, I think.

5 So, I offer that as a suggestion. And
6 thanks for letting me interrupt.

7 CMSR. CHATTOPADHYAY: And if I can jump
8 in? That could be like Part 2 of that record
9 request, and sort of we'll have to explain that
10 the date would be -- for the carrying charges
11 would be from the effective date of the order,
12 what does that do? So, you can, you know,
13 provide some answer for that part as well.

14 CHAIRMAN GOLDNER: At the risk of
15 clouding it further, I'll try this.

16 So, "Exhibit 1, update Bates Pages 019
17 to 045", to sort of just, you know, "update all
18 those pages with the latest changes, and
19 including the Pages 44 and 45", as Mr. Dexter
20 pointed out. Is that clear to everyone?

21 *(Multiple parties indicating in the*
22 *affirmative).*

23 CHAIRMAN GOLDNER: Okay. All right.
24 Commissioner Chattopadhyay, is that

1 okay?

2 CMSR. CHATTOPADHYAY: Yes. That way we
3 don't need Part 2 at all. We can just go with
4 that.

5 CHAIRMAN GOLDNER: Perfect. Yes.
6 Excellent.

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

9 CHAIRMAN GOLDNER: Okay. So, moving on
10 to the final record request, "Exhibit 8", which
11 was "For the Company to evaluate" -- and let me
12 make sure I use the right verbiage here, just a
13 moment -- "to evaluate separate LDAC lines for
14 the "Gas Assistance Program", for the "Property
15 Taxes" -- the "Local Property Taxes", and, then,
16 finally, a line for the "Regulatory Assessment".

17 (**Exhibit 8** reserved for record
18 request.)

19 CHAIRMAN GOLDNER: Okay. Very good.
20 Well, let's move to a closing, beginning with
21 Energy, and Mr. Dexter.

22 MR. DEXTER: Thank you, Mr. Chairman
23 and Commissioners.

24 Generally speaking, the meat of this

1 case was taken care of by the Legislature. In
2 other words, they passed the statute that changed
3 the way towns will assess property for -- utility
4 property for tax purposes. And they required the
5 Commission to approve a mechanism to effect that
6 recovery, which, as I pointed out in the
7 prehearing, is a departure from the way it's been
8 done for years, where these items were built into
9 rate cases.

10 So, accepting that bill as it was
11 passed, the Department of Energy is generally
12 supportive of the Company's approach to effecting
13 that recovery, for a couple of reasons.

14 One is that the way it's structured
15 here, the Company will propose to collect the
16 amounts that are shown on the actual bills. And
17 that's why we have the exhibit with all the bills
18 that totals up to the amount on Bates Page 017
19 that's going to be recovered.

20 As Commissioner Ross noted, and as I
21 pointed out in the prehearing conference, this
22 figure was different from the amount that's
23 included on the Annual Report. That difference
24 was addressed in the Audit Report, which is

1 Exhibit 3. It was addressed by the witness
2 today.

3 We believe that the best way to
4 implement this is to deal with the actual bills
5 that come in from the town, rather than a per
6 books number, which can, as I understand it,
7 include accruals and prepayments and things like
8 that. And, therefore, we support this approach,
9 because it is "auditable", if that's a word. The
10 auditors can go right to the bills.

11 Secondly, the clause is based on
12 actuals. It's not based on forecasted property
13 taxes. We, the Department of Energy, supports a
14 clause such as this, where it's based on actual
15 bills.

16 As I said, we're not supportive of
17 implementing interest on over or under-recoveries
18 at a point prior to the mechanism being
19 implemented. And we appreciate the Company's
20 response on redirect that, at least as I
21 understand it, that they will modify the proposal
22 to make the interest calculation coincident with
23 the implementation of the clause.

24 As to when that implementation will

1 take place, Commissioner Chattopadhyay I believe
2 brings up a valid point about the impact of this
3 all hitting in the summer. And Department of
4 Energy would support an earlier implementation
5 date, whether that's March 1st or April 1st, to
6 soften that impact. And, then, when we get to
7 November, it will be on an annual basis, and, so,
8 the impact will reflect twelve months' worth of
9 sales.

10 I believe that that rate change will
11 require a hearing, unless that's taken -- unless,
12 in the Commission's view, that's been taken care
13 of today, and I guess I will leave that up to the
14 Commission. But, as I've said, generally
15 speaking, we are supportive of the Company's
16 proposal.

17 With respect to the tariff language, I
18 pointed out a couple of things that I thought
19 should be corrected in the compliance tariff.
20 It's the Department of Energy's position that
21 those should be corrected. Lost base revenues
22 should be referred to consistently, and having an
23 effective date going back to 2017 of a newly
24 proposed mechanism doesn't make sense to the

1 Department of Energy. And we hope that, when the
2 compliance tariff comes in, that will be
3 corrected as well.

4 So, as I said, with those points, we
5 are supportive of the Company's filing.

6 CHAIRMAN GOLDNER: Thank you, Mr.
7 Dexter. We'll move to Northern Utilities'
8 closing, Mr. Epler.

9 MR. EPLER: Thank you.

10 First of all, just want to note for the
11 record that I was able to get onto the Unitil
12 website and verify that the notice has been
13 posted. And I've been able to get a screen shot,
14 and we'll be filing that. So, again, my
15 apologies at the beginning for not having
16 submitted that prior to the hearing.

17 And, then, if I could, if I could just
18 address the concern that was expressed about the
19 filing of this second revised version of the
20 testimony and exhibits, and just by way of
21 explanation. But I think the point is well
22 taken, that, normally, we would try to provide
23 these with more advance filing time for the
24 Commission, so that the Commission has the

1 appropriate amount of time necessary to review
2 the filing and prepare itself for these hearings.

3 What had happened in this circumstance
4 is that, because the hearing in this was delayed,
5 we had just assumed that we had submitted what we
6 were requesting, and hadn't gone back to take a
7 look at it. And, when we were preparing for this
8 hearing, we realized, in what had been filed,
9 that we were still requesting an implementation
10 in November '21, which had already passed.

11 So, we, at first, considered -- and
12 when I talk about "preparing for the hearing",
13 this is the beginning of the current week. So,
14 we were first considering "Well, we could do this
15 on the record and make all these changes, and
16 advise the Commission on the record here during
17 the hearing of changing the request to May 1st."
18 But we thought, to try to give you a little
19 advance notice, we would submit the change with
20 the exhibit.

21 So, that's why, when we submitted the
22 filing, you saw that change for the first time.
23 It was kind of deciding "do we do it by
24 submitting a revised exhibit or do we do it on

1 the record?" And we thought submitting the
2 revised exhibit would be preferable, to give you
3 at least 48 hours notice.

4 So, that is just by way of explanation.
5 But your point is well taken. And we will always
6 endeavor to get you any revisions with adequate
7 notice and time for the Commission review.

8 And, then, just -- we will provide this
9 in the record request, but just to my -- so, the
10 Commission understands, my understanding of the
11 original decision that approved the GAPRA, the
12 change in the regulatory assessment. There was
13 proceedings early on, and this is, I believe, at
14 least ten years ago, if not more, when the
15 regulatory assessments for the communications
16 companies, for the telephone companies, dropped
17 off, there was a need to increase the assessments
18 for the remaining utilities. And, so, the
19 Commission more or less searched for a way to do
20 that outside of base rate cases. And, so, it
21 was -- I forget the docket number, and I'll try
22 to provide that, but it was determined to allow
23 companies to recover the difference in the
24 assessment from what's in base rates on a

1 reconciling basis, because the assessments would
2 change dramatically as the communications
3 companies' assessments fell. So, that's just in
4 summary, so the Commission is aware of a little
5 bit of the history of that.

6 But we understand the rest of the
7 record requests, and we will provide those as
8 soon as possible.

9 So, a bottom line is we are asking here
10 for the approval of the new reconciling
11 mechanism, the Regulatory Cost Adjustment
12 Mechanism, and to allow recovery of the changes
13 in the property taxes, as been testified by the
14 witness, and also approve the recovery portion of
15 the regulatory assessment that's not in base
16 rates, move that from the GAPRA to what's been
17 designated as the "RCAM", the R-C-A-M, the
18 Regulatory Cost Adjustment Mechanism.

19 And with that, that's all I have. I
20 appreciate the Commission's patience with us this
21 morning. And thank you very much.

22 CHAIRMAN GOLDNER: Before we close,
23 maybe just a couple of cleanup items.

24 When would you need an order, if you

1 were to implement the updated rates on March 1st?

2 *(Short pause.)*

3 CHAIRMAN GOLDNER: The "28th" is the
4 correct answer.

5 WITNESS GOULDING: The 28th is
6 reasonable.

7 CHAIRMAN GOLDNER: Yes. We'll endeavor
8 to get it before that. But, if you did get it by
9 the 28th, that would be possible in order to
10 implement?

11 *(Witness Goulding indicating in the*
12 *affirmative.)*

13 CHAIRMAN GOLDNER: Okay. Thank you.

14 WITNESS GOULDING: Yes.

15 CHAIRMAN GOLDNER: And, then, from a
16 record request perspective, would it be
17 reasonable to return the record requests in a
18 week's time? So, February 9th? Or is that too
19 aggressive? Is that okay?

20 MR. EPLER: That's fine. And we'll try
21 to get those in as they're completed, so that you
22 have them sooner.

23 CHAIRMAN GOLDNER: Thank you. Thank
24 you. I know we're a little bit out of sequence

1 here, Mr. Dexter, but is that acceptable?

2 MR. DEXTER: Yes.

3 CHAIRMAN GOLDNER: Thank you. Okay.

4 That's all for today. I'll thank everyone.

5 We'll take the matter under advisement and issue
6 an order. We are adjourned. Thank you.

7 ***(Whereupon the hearing was adjourned***
8 ***at 11:17 a.m.)***

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