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I N D E X

PAGE NO.

**WITNESS PANEL: HEATHER M. TEBBETTS
 HEATHER GREEN
 ADAM M. HALL**

Direct examination by Mr. Sheehan	6
Cross-examination by Mr. Dexter	12
Interrogatories by Cmsr. Chattopadhyay	42, 107
Interrogatories by Cmsr. Simpson	70
Redirect examination by Mr. Sheehan	111

* * *

CLOSING ARGUMENTS BY:

Mr. Sheehan	116
Mr. Dexter	125

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Direct Testimony of Heather Green, Heather Tebbetts, and Adam Hall, with attachments (03-15-2022)	<i>premarked</i>
2	RESERVED FOR RECORD REQUEST <i>(Provide VMP contractor RFP, bids received, and any contracts entered into for tree trimming with respect to VMP costs)</i>	60, 115
3	RESERVED FOR RECORD REQUEST <i>(Provide the applicable joint pole ownership agreements with all amendments between the Company and Consolidated Communications)</i>	60, 115
4	RESERVED FOR RECORD REQUEST <i>(Provide Attachment HMT/AMH-1 in live Excel format)</i>	64, 115
5	RESERVED FOR RECORD REQUEST <i>(Provide an explanation for the positive and negative values indicated in the table in Exhibit 1, Bates Page 023)</i>	93, 115

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P R O C E E D I N G

CMSR. SIMPSON: Good morning, everyone. Welcome. I'm Commissioner Simpson. And I'll be presiding over today's proceeding, as Commissioner Goldner is unavailable. I'm joined by Commissioner Chattopadhyay.

We're here this morning in Docket DE 22-014 for a hearing regarding Liberty Utilities Granite State Electric's Petition for Approval of the Calendar Year 2021 Vegetation Management Program Reconciliation and Rate Adjustment.

On March 15th, 2022, Liberty Utilities submitted its Calendar Year 2021 Vegetation Management Program, or VMP, Reconciliation and Rate Adjustment filing, in which Liberty requested the Commission approve a proposed rate adjustment effective for service rendered on and after May 1st, 2022, to reconcile its Calendar Year 2021 VMP costs.

Let's take appearances.

MR. SHEEHAN: Good morning, Commissioners. Mike Sheehan, for Liberty Utilities (Granite State Electric) Corp. With me are the following: Adam Hall, to my right;

1 Heather Tebbetts; Missy Samenfeld behind us;
2 Heather Green; and, in the back, Christopher
3 Steele.

4 CMSR. SIMPSON: Thank you. Department
5 of Energy?

6 MR. DEXTER: Good morning,
7 Commissioners. Paul Dexter, appearing on behalf
8 of the Department of Energy, joined by Jay Dudley
9 of the Regulatory Support Division.

10 CMSR. SIMPSON: Thank you. Exhibit 1
11 has been prefiled and premarked for
12 identification. Is there anything else we need
13 to cover regarding exhibits?

14 MR. SHEEHAN: No, sir.

15 MR. DEXTER: No.

16 CMSR. SIMPSON: Thank you. Are there
17 any other preliminary matters, before we have the
18 witnesses sworn in?

19 MR. SHEEHAN: Not from the Company.

20 MR. DEXTER: None from the Department
21 of Energy.

22 CMSR. SIMPSON: Does anyone object to
23 the witnesses and the prefiled testimony?

24 MR. DEXTER: No objection.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 CMSR. SIMPSON: Let's proceed with the
2 witnesses. Mr. Patnaude, would you please swear
3 in the panel of witnesses.

4 (Whereupon **Heather M. Tebbetts,**
5 **Heather Green,** and **Adam M. Hall** were
6 duly sworn by the Court Reporter.)

7 CMSR. SIMPSON: I'll recognize Attorney
8 Sheehan for the Company.

9 MR. SHEEHAN: Thank you. We'll start
10 with the preliminary matters. And I'll start
11 with Ms. Tebbetts.

12 **HEATHER M. TEBBETTS, SWORN**

13 **HEATHER GREEN, SWORN**

14 **ADAM M. HALL, SWORN**

15 **DIRECT EXAMINATION**

16 BY MR. SHEEHAN:

17 Q Ms. Tebbetts, please identify yourself and state
18 your role with Granite State?

19 A (Tebbetts) My name is Heather Tebbetts. And I am
20 the Manager of Rates & Regulatory Affairs for
21 Liberty Utilities. And in that role, I am
22 responsible for rate-related matters for Granite
23 State Electric.

24 Q And did you participate in the drafting of the

[WITNESS PANEL: Tebbetts|Green|Hall]

1 testimony and attachments that have been marked
2 as "Exhibit 1" in this matter?

3 A (Tebbetts) Yes.

4 Q And do you have any changes or corrections to
5 make to the testimony?

6 A (Tebbetts) No.

7 Q And to the extent of your contributions, do you
8 adopt that testimony as your sworn testimony this
9 morning?

10 A (Tebbetts) Yes.

11 Q Ms. Green, the same questions, please identify
12 yourself and describe your role with the Company?

13 A (Green) My name is Heather Green. I am the
14 Manager of Vegetation Management. My roles and
15 responsibilities are to maintain safety and
16 reliability with the vegetation, pruning,
17 removal, and cutting throughout our overhead
18 distribution system.

19 Q And did you participate in the drafting of the
20 testimony and attachments that have been marked
21 as "Exhibit 1"?

22 A (Green) Yes.

23 Q And do you have any changes you'd like to bring
24 to the Commission's attention this morning?

[WITNESS PANEL: Tebbetts|Green|Hall]

1 A (Green) No.

2 Q And do you adopt the testimony as your sworn
3 testimony today?

4 A (Green) Yes.

5 Q Thank you. Mr. Hall, please identify yourself
6 and your position?

7 A (Hall) My name is Adam Hall. And I am an
8 Analyst, Rates & Regulatory Affairs.

9 Q And, Mr. Hall, did you participate in the
10 drafting of the testimony that appears as
11 "Exhibit 1" this morning?

12 A (Hall) Yes, I did.

13 Q And do you have any corrections or changes to be
14 made?

15 A (Hall) No, I don't.

16 Q And do you adopt the testimony as your sworn
17 testimony here today?

18 A (Hall) Yes, I do.

19 Q As Commissioner Simpson mentioned, one request we
20 have this morning is to adjust rates as part of
21 the reconciliation that is before the Commission.
22 And, Mr. Hall, did you calculate the new proposed
23 rates that we're seeking approval of this
24 morning?

[WITNESS PANEL: Tebbetts|Green|Hall]

1 A (Hall) Yes. If you turn to Bates Page 026, and
2 then go down to Line (5), that is the proposed
3 Vegetation Management Plan Adjustment Factor, and
4 that rate is "0.001 cents".

5 Q And, Mr. Hall, this is -- this adjustment factor
6 is simply the result of the reconciliation
7 calculation, we had so much in rates, we
8 collected so much, and this adjustment just has
9 to be implemented to keep the VMP funding on
10 track, so to speak?

11 A (Hall) Correct.

12 Q How does that rate that you just proposed, that
13 adjustment factor, differ from what is currently
14 in rates?

15 A (Hall) Currently, that adjustment factor is
16 0.64 -- excuse me -- 0.064 cents. So, this new
17 rate of 0.001 cents is 0.063 cents less.

18 Q And, if implemented on May 1, as proposed, what
19 would be the impact on the average residential
20 customer's bill?

21 A (Hall) So, residential customers, using an
22 average of 650 kilowatt-hours, would see a bill
23 decrease of 41 cents, or 0.26 percent.

24 Q And that's per month?

[WITNESS PANEL: Tebbetts|Green|Hall]

1 A (Hall) Yes.

2 Q And the bill impacts of the other customers will
3 be a similar magnitude, is that correct?

4 A (Hall) Correct.

5 Q Thank you. Ms. Tebbetts, there's another request
6 the Company is making this morning, and that
7 pertains to some of the vegetation management
8 money that was not spent in 2021, is that
9 correct?

10 A (Tebbetts) Yes.

11 Q Could you please explain that?

12 A (Tebbetts) Sure. So, as part of our Settlement
13 Agreement in Docket DE 19-064, we have a recovery
14 amount of \$2.2 million, with a potential of a 10
15 percent adder, which would give us a total
16 recovery of \$2.42 million annually for vegetation
17 management. In 2021, we spent approximately
18 \$1.87 million.

19 And, so, what we're asking the
20 Commission to do is allow the Company to keep the
21 \$549,000 that was unspent in 2021 and apply it to
22 our 2022 vegetation management budget. And the
23 Settlement Agreement provides, in Docket DE
24 19-064, provides that the Company may ask to roll

[WITNESS PANEL: Tebbetts|Green|Hall]

1 over those dollars, in the event that we don't
2 spend them.

3 Q And, Ms. Tebbetts, the \$549,000 is money that
4 was -- has already been collected through the
5 course of 2021, is that correct?

6 A (Tebbetts) Yes.

7 Q And, by rolling that money into 2022, it does not
8 affect the proposed rate that Mr. Hall just
9 described, is that correct?

10 A (Tebbetts) That's correct.

11 Q And the reasons for the underspend went --
12 occupies a lot of the filing made in this case,
13 in Exhibit 1, is that correct?

14 A (Tebbetts) Yes.

15 MR. SHEEHAN: Those are all the
16 questions I have. Thank you.

17 CMSR. SIMPSON: Thank you. Anything
18 from Attorney Dexter, for the Department of
19 Energy?

20 MR. DEXTER: Yes. I have a number of
21 questions I'd like to ask all the witnesses.

22 CMSR. SIMPSON: Please proceed.

23 **CROSS-EXAMINATION**

24 BY MR. DEXTER:

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q So, I think I'm going to address this pretty much
2 the way Mr. Sheehan did. I'd like to start with
3 the end of the story, which is the rate that's
4 proposed for approval in this case. And I
5 believe Mr. Hall just directed the Bench and the
6 room to Bates Page 026 for the calculation of
7 that rate. And I'd like to go there, and I have
8 a question.

9 This is a five-line schedule. The
10 first line says "Calendar Year 2021 O&M Expense
11 Above Base O&M Expense", and the figure there is
12 "zero". Can you explain why that figure is
13 "zero"?

14 A (Tebbetts) Yes. So, in the past, we have had a
15 base amount in rates, \$1.5 million, and then the
16 Company would come in and reconcile any amount
17 over that to add to rates. And, with regards to
18 our Settlement Agreement in Docket DE 19-064, we
19 no longer have a base amount in rates, we have a
20 cap, and that cap was that \$2.42 million I
21 mentioned early.

22 And, as such, we wanted to be clear
23 that the amount over and above that base for the
24 cap of \$2.42 million is zero.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q In other words, the Company, in 2021, spent on
2 vegetation management less than the 2.4 million,
3 is that correct?

4 A (Tebbetts) Well, I won't say that we spent -- we
5 did spend less than that. But, even if we spent
6 more than that, that amount would have been zero,
7 simply because the Settlement Agreement provides
8 that we can only recover up to \$2.42 million.

9 Q Okay. Thanks. And Line (2) is a \$12,000 figure.
10 And I believe the detail for that \$12,000 figure
11 appears on Bates Page 025, is that right?

12 A (Hall) Yes. That's correct.

13 Q And I see that the first line in the upper
14 left-hand corner of this schedule is "\$561,655".
15 It's described as "Beginning" -- sorry, I meant
16 to take this off for questioning. It's described
17 as the "Beginning Balance with Interest". Is
18 that an over-collection or an under-collection?

19 A (Hall) On Line 13 or are you referring to Line 1?

20 Q Line 1, the "561,655".

21 A (Hall) That was simply the ending balance in
22 April '21, carried over to May '21, per the
23 Company's general ledger.

24 Q Right. So, what does that balance represent?

[WITNESS PANEL: Tebbetts|Green|Hall]

1 A (Tebbetts) So, what that represents is whatever
2 balance was in the account. And it's not an
3 over- or under-recovery, it is just a rolling
4 dollar amount within that account that we keep
5 track of, so that we can determine a starting
6 point for the period of reconciliation. So, this
7 account goes back to Docket DG 06-107. And, so,
8 as such, it's just been a rolling amount through
9 the last sixteen years.

10 Q Okay. So, it's a balance of veg. management
11 expenses?

12 A (Tebbetts) Yes.

13 Q Okay. And the interest that's calculated here,
14 I'll use the first line as an example, calculated
15 interest, in Column (f), "\$1,468". What impact
16 does that interest amount have on the next line,
17 the June 21st [sic] beginning balance?

18 A (Hall) So, that interest is included in the
19 beginning balance of June '21, on Line 2.

20 Q So, it gets added?

21 A (Hall) Correct.

22 Q Because it's a positive number, okay. All right.
23 Now, Column (b) is titled "Revenues". And, while
24 I didn't do the exact math, a quick review

[WITNESS PANEL: Tebbetts|Green|Hall]

1 indicates to me that there's roughly 45 to
2 \$55,000 of revenues each month, shown in Column
3 (b). Does that sound right?

4 A (Hall) Yes.

5 Q And Ms. Tebbetts indicated a couple of times that
6 the Company, in their rate case, is entitled to
7 collect \$2.2 million for veg. management, plus a
8 10 percent overage, for roughly 2.4 million. If
9 I were to divide 2.4 million, by twelve, you
10 know, for a monthly amount, I'd get a much bigger
11 number, wouldn't I? Or, I'd get a much -- I'd
12 get a much bigger number, I believe. I'd get a
13 number of around 2 million -- or, \$200,000,
14 wouldn't I?

15 A (Tebbetts) So, we already had \$1.5 million in
16 rates prior to the rate case. And, in 2020, we
17 had -- for the 2020 to the 2021 period, we had
18 \$1.85 million already in rates, because that was
19 part of the Settlement Agreement and the rate
20 change associated with vegetation management.
21 So, for 2021, we added the factor of the 0.00064
22 rate to get us to the 2.42 million.

23 Q Okay.

24 A (Tebbetts) So, we already have this amount in

[WITNESS PANEL: Tebbetts|Green|Hall]

1 base rates. So, you're looking at approximately
2 \$600,000 additional collections over the course
3 of twelve months, which is about \$50,000 a month.

4 Q Okay. Thanks. That makes sense. Thanks for
5 that explanation.

6 And when we get down to Line 13, the
7 \$12,000, that's the result of this sheet that
8 factors into the rate, is that an over- or an
9 under-recovery?

10 A (Hall) That is an under-recovery.

11 Q And that's what leads to the positive rate on
12 Bates 026 of \$0.00001? In other words, that the
13 Company is collecting that \$12,000 through that
14 rate, correct?

15 A (Hall) That is correct.

16 Q Okay. Okay. Well, having explored the rate a
17 little bit, now I'd like to go behind the rate,
18 to the elements that make up the expenditures.

19 And, so, I'd like to turn to Bates
20 Page 021, and just have you explain please,
21 briefly, what's shown on Bates Page 021, which is
22 Appendix 1 to the testimony?

23 A (Green) Just an overview?

24 Q Yes, please.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 A (Green) So, Page 21, Appendix 1, goes over ten
2 different line items of expenditure that were
3 budgeted for in 2021, and then the actual
4 expenditures for those same line items, and then
5 the difference between what was proposed and what
6 actually happened.

7 Q Okay. And the Column (a), which is labeled
8 "Calendar Year 2021 Budgeted Expenses", has the
9 figure at the bottom that Ms. Tebbetts was
10 talking about, the 2.4 million, is that right?

11 A (Green) That is correct.

12 Q So, this would be what was budgeted as a result
13 of the Company's last rate case, DE 19-064,
14 correct?

15 A (Green) That is correct.

16 Q And, in that rate case, there was a Settlement
17 that Ms. Tebbetts referenced that provided for
18 recovery of this amount. And it also provided,
19 did it not, that the Company conduct its
20 vegetation management on a four-year trim cycle,
21 is that right?

22 A (Green) Correct.

23 Q Okay. Could you explain what a "four-year trim
24 cycle" is?

[WITNESS PANEL: Tebbetts|Green|Hall]

1 A (Green) I believe it's addressing all of our
2 vegetation, overhead vegetation, over a matter of
3 X number of years. So, that would be a cycle.

4 Q Okay.

5 A (Green) This happens to be a four-year cycle.

6 Q Okay. And the various elements that the Company
7 tries to address in each year of the cycle is
8 what's laid out in Lines 1 through 10 that you
9 referenced earlier on Appendix 1, is that right?

10 A (Green) Yes.

11 Q Those are the activities?

12 A (Green) These are the activities that would
13 accomplish that task.

14 Q Okay. Now, the largest number on Appendix 1 that
15 I see is Line 4, "Planned Cycle Trimming". Could
16 you explain what that is? In the budget, it's
17 \$1,007,000.

18 A (Green) That is the bulk of the pruning and
19 flat-cutting that occurs, such that we can get
20 the clearance, the 307.10 clearance, and the
21 reliabilities that we seek, and customer
22 satisfaction. So, that is -- we have that is, in
23 this particular case, bid out on a lump-sum. So,
24 that's the lump-sum portion of it, and 90 percent

[WITNESS PANEL: Tebbetts|Green|Hall]

1 of the work that happens, not including the other
2 line items, to make that happen.

3 Q Okay. There was one word that you said that I
4 didn't hear, I'm sorry. You said "pruning", and
5 I thought you said "flat-cutting", is that what
6 you said?

7 A (Green) "Flat-cutting", yes.

8 Q What's the word?

9 A (Green) "Flat-cutting".

10 Q What is that?

11 A (Green) "Flat-cutting" is cutting to the ground
12 all brush that is capable of growing into the
13 lines, and sometimes it includes non-capable. It
14 would be your oak seedlings or your maple
15 saplings, those kinds of things that look like
16 brush. And those are not addressed with them, in
17 the same manner you would do a tree removal or a
18 pruning, they have a different process and end
19 goal.

20 Q Okay. Thanks. Now, on the next page, if I'm not
21 mistaken, you give some details -- well, let me
22 start with a different question.

23 So, with a four-year cycle, we're
24 talking about 2021 in this docket, what year of

[WITNESS PANEL: Tebbetts|Green|Hall]

1 the cycle -- what are the four years in the
2 cycle, I guess is what I'm asking?

3 A (Green) 2021 would be the new year, new cycle.

4 Q 2021 would start a brand-new cycle?

5 A (Green) Second, would start the second four-year
6 cycle.

7 Q Okay. So, the cycle is 2021, 2022, 2023, and
8 2024. Thank you. And then, on Bates Page 022,
9 I'm looking at a box in the middle of the page,
10 and there is a column that says "OH Miles -
11 Distribution", that totals I'm going to round to
12 235 miles. And then, there's a column that says
13 "OH Miles - Distribution Completed", with a total
14 of 84 miles. Could you explain what those two
15 boxes represent?

16 A (Green) The first box that you described was the
17 234, is the planned miles that we had for the
18 year. And then, the box that sums in "83.94" is
19 the actual miles completed.

20 Q Okay. And the 235 miles, in the middle box, if
21 that had been completed, that would complete year
22 one of the four-year cycle, is that right?

23 A (Green) That is correct.

24 Q Would the other years, 2022, 2023, 2024, would

[WITNESS PANEL: Tebbetts|Green|Hall]

1 they be approximately the same number of miles?

2 A (Green) Give or take. Like, for example, in
3 2023, it's 202 miles.

4 Q In 2023, it's 200 and --

5 A (Green) This plan, in the second year, had 202
6 miles, for example.

7 Q For 2022?

8 A (Green) 2023, I believe.

9 Q Okay. 202 miles.

10 A (Green) Apologies.

11 Q No, that's fine. I'm just trying to get an idea.
12 So, basically, --

13 A (Green) I know -- I know they don't stay exactly
14 the same miles every year.

15 Q Right. Right. But the idea is, at the end of
16 the four-year cycle, you will have hit all the
17 miles of overhead lines?

18 A (Green) Right. In as balanced a manner as we can
19 attain.

20 Q Understood. Okay. So, in the last box to the
21 right on Bates 022 says "Distribution Completed",
22 you indicated that the Company trimmed 84 miles.
23 And it looks like, from this box, that several of
24 the areas, I guess I would call them, have zeros

[WITNESS PANEL: Tebbetts|Green|Hall]

1 next to them. So, they weren't trimmed at all.

2 I guess, is that right? I'm looking at Lines 13,

3 14, 15, they didn't have any work on them, is

4 that right?

5 A (Green) That is correct.

6 Q Okay. So, would it be the Company's intention to

7 do that work at a later time?

8 A (Green) We are currently working on those feeders

9 this year.

10 Q In 2022?

11 A (Green) Correct.

12 Q Okay. Again, rough math, it looks to me that,

13 having completed 84 miles out of a plan of 235

14 miles is roughly one-third. And yet, if I go

15 back to Bates Page 021, the actual versus budget

16 expenses are not one-third, in fact, they're more

17 like 90 percent, roughly, or 85 percent. Could

18 you explain why the "actual" lines in Column 2,

19 on Page 21, aren't reduced proportionally with

20 the number of miles that were actually trimmed

21 versus what was planned?

22 A (Green) And do I reference the pages?

23 *(Witness Green and Witness Tebbetts*

24 *conferring.)*

[WITNESS PANEL: Tebbetts|Green|Hall]

1 **CONTINUED BY THE WITNESS:**

2 A (Green) We do go into the various reasons for the
3 adjustments and changes that we did throughout
4 the testimony. I don't have that, all the
5 paragraphs referenced at my fingertips. But I
6 can say that, originally, the plan was to follow
7 the bid we had from ClearWay Industries, who came
8 in at that budgeted amount. So, their costs came
9 in at that budget that we submitted. However,
10 ClearWay was not successful, and they left our
11 property abruptly. So, we had to go to another
12 vendor, which was significantly higher, but was
13 the next lowest bidder, and is in line with
14 industry costs. The first bidder was
15 uncharacteristically lower, but it fit our
16 budget, and they had done work for us previously
17 and satisfactorily. So, we had a good price at
18 that time.

19 As we went through, and it appears that
20 I'm going to tell the story of our full program.
21 So, please let me know if I'm telling too much
22 or --

23 Q So far, I think what you said is very responsive.
24 And I would encourage you to continue, if you

[WITNESS PANEL: Tebbetts|Green|Hall]

1 feel it's responsive to the question.

2 A (Green) Okay. So, please. So, when asked --
3 when ClearWay left, we were without a vendor to
4 perform any miles at that time. So, we were --
5 and ClearWay had only completed a few miles to
6 that date.

7 We approached the second bidder, the
8 second-lowest bidder, which was Asplundh, and
9 also the incumbent, who had been in our system
10 for fifteen years, since the beginning of the
11 program. And they came back on our system with
12 many obstacles. So, they have the intense
13 workforce issue that the globe is experiencing,
14 piled on to the workforce recruitment and
15 retention we were already experiencing in the
16 past decade. There is a huge push to pull the
17 young people into the trades period, and into the
18 arborist community as well. So, there is a very
19 small workforce. And many of them, in this
20 pandemic, are leaving to much more desirable
21 positions or to more desirable pay. So, we don't
22 have a large workforce. And New England is
23 experiencing that significantly. I don't know if
24 it's more than anyone else, but they're

{DE 22-014} {04-19-22}

[WITNESS PANEL: Tebbetts|Green|Hall]

1 experiencing it significantly.

2 So, Asplundh came back, had to adjust
3 their prices a little bit to accommodate the
4 situation, and also intended to fill the miles
5 based on their ability to ramp up, back to full
6 staffing. They had -- so, the previous staff had
7 left for various reasons. I can go into them, if
8 you'd like.

9 As they weren't able to ramp up quite
10 as quickly, we had to find other resources to
11 fill the gap to get the miles done. So, we
12 approached the third-lowest bidder, at the time
13 was Chippers, who is a Davey company, and they
14 stated they could come in. We also utilized some
15 Asplundh storm crews that were in the area. We
16 tried to utilize them for work as well. However,
17 those rates were very high. And we did work with
18 them for as long as we can to get efficiencies,
19 it just didn't work out. So, some of the miles
20 we did perform were at a higher cost. But we
21 weren't able to complete them, because it wasn't
22 a good investment, we felt.

23 So, the cost of the other crews, the
24 fact that the original bid was way lower than

[WITNESS PANEL: Tebbetts|Green|Hall]

1 either the second or the third bid, the cost to
2 do work per mile was significantly higher.

3 So, does that answer the question?

4 Q Yes. I have a couple of follow-ups. But, yes, I
5 think that does.

6 Again, I'd like to focus on Page 21,
7 and ask you about some of the costs, and whether
8 or not they varied with the number of miles that
9 were completed. For example, Line 1 said "Work
10 Planners for Veg Management", budgeted was
11 "305,000"; actual came in "360,000". And, again,
12 only about one-third of the miles were trimmed.
13 Why would that number have come in above budget,
14 given what transpired in the actuals?

15 A (Green) So, the actual miles that were trimmed
16 versus the actual miles that are worked are not
17 the same. So, for example, we have 120 miles of
18 next year's work planned right now. So, they're
19 not line-for-line. We like to be about six
20 months ahead of it, ahead of the game.

21 So, also, in pivoting and preparing for
22 things, and trying to get Davey on board, we put
23 resources into building the work, building the
24 spans, building the properties, and things like

[WITNESS PANEL: Tebbetts|Green|Hall]

1 that. Also, we had a lot of investments, quite a
2 bit of these hours are for working with the
3 contractors in getting the quality of work or,
4 especially with ClearWay, getting them on board
5 in a manner that -- lots of hand-holding, and
6 maybe that's not the best way to put it, but
7 "this is where traffic control goes", "this is
8 what we do for this", mostly walking them through
9 every nuance of our system. So, that took a lot.

10 We're also doing more auditing. So,
11 these work planners previously -- sorry, and let
12 me clarify "work planners". Sometimes there is
13 some interchangeable words here.

14 Q Sure.

15 A (Green) We have consulting arborists that do work
16 for us, that are contractors. Those consulting
17 arborists can do many of the line items here.
18 So, sometimes I will say "work planner", because
19 I call them "work planners", but they do work
20 that would assist with tree planting or
21 construction, and hazard trees. They do a little
22 bit in all the different buckets. So, I want to
23 clarify. They can -- the appropriate term would
24 be "consulting arborist", as far as their

[WITNESS PANEL: Tebbetts|Green|Hall]

1 position. Do they perform work planning? Yes,
2 they do. So, sometimes those two words get
3 interchanged a bit. So, just for clarity.

4 So, the work planners write the work,
5 and they did a lot of auditing this year, to
6 really hone in and make sure that we had the
7 quality of work that we want, and moving forward
8 we minimized future work. So, there was a lot of
9 that going on. And we also -- I have resources
10 for work planning.

11 Another component is we had some
12 turnover. So, we had a lot of training and work
13 planning. So, we actually lost two work planners
14 this year, and had to retrain, and we're about to
15 retrain another one in a month. So, it does take
16 some onboarding. There was -- part of the time
17 that they spent is onboarding new contractors.
18 So, it was -- we were getting Davey onboard, what
19 do they need? So, they assist with the
20 logistics.

21 Lots and lots of nuances that changed
22 this year. And we used to be a one utility and
23 one contractor, and those relationships were
24 built, and those pretty much, you know, knew what

[WITNESS PANEL: Tebbetts|Green|Hall]

1 the other person wanted. Now, you have many new
2 people, whether it's a new contractor or people
3 in a contract, and getting everyone up to speed
4 and on the same page is what these consulting
5 arborists assist me to do.

6 I don't know if that answered your
7 question?

8 Q Yes. Yes, in a very detailed fashion. Thank
9 you.

10 I want to jump down to Line Number 5.
11 And this appears to be an expense, it's called
12 "Police Detail", where the actual did vary
13 somewhat in proportion to the number that were
14 trimmed. Would you agree that the \$97,000 of
15 actual police detail expense, as compared to the
16 "\$320,000" that was planned, is, you know,
17 roughly reflects the one-third of the work that
18 was done versus what was planned? Is that about
19 what happened?

20 A (Green) I'm going to -- can I rephrase your
21 question?

22 Q Yes. Please. I didn't -- or, I can rephrase it.
23 It wasn't a very well phrased question. Let me
24 try it again.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 On Line 5, the actual detail expenses
2 were \$97,000. You'd agree with that?

3 A (Green) On Line 5? Yes.

4 Q And the planned police detail expenses were
5 \$320,000, correct?

6 A (Green) Correct.

7 Q Is it correct that the reason the actual came in
8 about one-third of the budgeted is because that's
9 the same ratio of planned miles versus actual
10 miles trimmed? Actual miles versus planned miles
11 trimmed, in other words, one-third?

12 A (Green) It's not a direct one-for-one.

13 Q Okay. So, --

14 A (Green) We don't do traffic control on every mile
15 that we work. It is dependent on geography,
16 location, and local municipal requirements.

17 Q Okay. Can you explain then why the police detail
18 came in one-third of what was budgeted?

19 A (Green) I do -- ClearWay, in learning the ropes
20 of traffic detail, had some. 1L2 did not require
21 as much. It just -- it really matters of what
22 you find in the field. It's not a one-to-one
23 ratio.

24 Q Okay. What's "1L2"?

[WITNESS PANEL: Tebbetts|Green|Hall]

1 A (Green) A feeder that's in the Lebanon area.

2 Q Again, looking at Appendix 1, which is Bates 021,
3 I'm seeing that "Interim Trimming" was budgeted,
4 this is Line 7, was budgeted at "\$30,000", and
5 came in at \$104,000, is that right?

6 A (Green) Yes. That appears to be correct.

7 Q Can you explain what "interim trimming" is and
8 what led to the actuals being roughly three times
9 higher than the planned?

10 A (Green) So, "interim trimming" is an unplanned
11 process. It is a placeholder to allow us to
12 address things that are not planned. So, when we
13 do that, in this -- most times, in an average
14 normal year, this might be where we've adjusted
15 feeders and pieces of it fell off and aren't
16 lining up anymore in the four-year sequence. So,
17 it might be seven years before you get this piece
18 back into cycle. So, you would grab that piece
19 that's not quite fitting. Or, you may have
20 restricted or refusals, or maybe something else
21 going on where that particular multispan section
22 is not getting maintained, or vines, or cycle
23 busters. Anything where we do a patrol and find
24 that this area is not going to make it for

[WITNESS PANEL: Tebbetts|Green|Hall]

1 reliability reasons to this planned cycle.

2 When we identified that we were going
3 to need to defer many more miles, we drove those
4 circuits, and we identified and wrote up the work
5 that looked that it may not meet our reliability
6 and safety needs in this planned cycle, and as
7 the cycle was shifting. So, basically, we
8 reviewed the field conditions, and, based on the
9 deferred miles, did some preventative work so
10 that we can meet our reliability goals.

11 Q Okay. And then, lastly, on this schedule,
12 Line 9, "Sub-Transmission Right of Way Clearing",
13 appears to be about 25 percent over budget, maybe
14 a little bit more. Could you explain why that
15 is, in a year where cycle trimming was much less
16 was done than that was planned?

17 A (Green) This is my shining star of my program
18 this year. I'm pretty happy about it. We
19 adjusted, we didn't have bucket resources, but we
20 had off-road resources. So, since we couldn't
21 get our roadside miles done, we used the
22 resources we had at hand. And what we did is we
23 pulled forward supply line off-road needs of the
24 future year and brought it to this year, so that

[WITNESS PANEL: Tebbetts|Green|Hall]

1 we could adjust based on the circumstances we
2 had.

3 Additionally, in this particular case,
4 the original plan for supply line, the cost per
5 mile was higher with the original contractor, and
6 it was lower with Asplundh. So, we actually got
7 a really good cost savings with that. And we
8 also got an amazing quality of work.

9 So, we pulled future work forward,
10 which we would have had a hard time to accomplish
11 in the future, because we would have needed
12 resources, whether that's workforce, which may
13 not have been available in future years, because
14 they were tied up with other contracts. So, they
15 were available. We had the work to do. We
16 adjusted our funding, such that we couldn't get
17 the roadside miles done, but we got our supply
18 miles done.

19 So, I think pivoting to accomplish that
20 task, at a good rate of return, was very helpful.

21 Q Okay. Good. And next week, we're going to be
22 meeting again on the 2022 Veg. Management Plan.
23 Can we, based on what you just said, expect to
24 see a lower number for sub-transmission

[WITNESS PANEL: Tebbetts|Green|Hall]

1 right-of-way clearing than we otherwise would
2 have had this not transpired, for 2022, I mean?

3 A (Green) For the pruning and the removals of the
4 future work, yes. Sorry, we still have removals,
5 and we do have some herbicides to apply as well
6 now. So, those two pieces are coming forward in
7 the future.

8 Q Okay.

9 A (Green) So, you will see those. But, as far as
10 the side work and what we said earlier, the
11 flat-cutting, the mowing, so that piece has been
12 taken care of.

13 Q Okay. Line 12 is entitled "Reimbursements from
14 Consolidated", and there's no numbers in either
15 the budgeted or the actual. I know, in past
16 dockets of this nature, there has been a line
17 there for reimbursements from Consolidated. Can
18 you explain why those numbers are zero?

19 A (Green) Consolidated previously provided funds to
20 assist us, to assist in vegetation maintenance of
21 the system, of the poles. But they opted out of
22 that part of the agreement, and they no longer
23 are required to pay for any portion of that
24 vegetation maintenance.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Does that sound correct, Heather?

2 A (Tebbetts) Yes.

3 A (Green) Thank you.

4 Q Can we expect to see reimbursements from
5 Consolidated in future plans or reconciliation
6 dockets?

7 A (Green) I don't expect to.

8 Q Okay. With respect to Line 13, it says "ClearWay
9 Invoices", \$151,000 in parentheses. Can you
10 explain what that is?

11 A (Green) When ClearWay left the property in March,
12 we had some outstanding work that they invoiced
13 for, and some work that they hadn't invoiced for.
14 And, because of the nature that they left, we
15 held that back. And we are currently in
16 litigation, is that the correct word?
17 Litigation. And that is part of that process.
18 So, we have that as a accrual of things we -- you
19 know, work that they performed successfully, but
20 held back until we resolve this issue.

21 Q Do you have -- can you, or maybe counsel, in
22 closing, could give an update as to where the
23 litigation with ClearWater [ClearWay?] stands? I
24 think that might be helpful for the record,

[WITNESS PANEL: Tebbetts|Green|Hall]

1 but --

2 MR. SHEEHAN: I'd be glad to.

3 MR. DEXTER: Thanks.

4 BY MR. DEXTER:

5 Q Again, we have another shot at this next week for
6 2022's plan. And, in the course of data requests
7 in that docket, which is a different case, I
8 understand, we had the opportunity to review the
9 contract between Liberty and Asplundh for 2021.
10 And, in that contract, it appears that, in 2021,
11 Asplundh was obligated, under the terms of that
12 contract, to trim the full 235 miles that was
13 planned, or roughly that amount. Would you agree
14 with that?

15 A (Green) They stated they would not be able to do
16 the full 2021 miles in 2021.

17 Q But the contract, again, it's going to be an
18 exhibit in the other docket, at least appeared to
19 obligate them to do that. Would you agree that's
20 what the contract said?

21 A (Green) We have that in a data request. We'll
22 have that information for you by the end of day.

23 Q Okay. Well, I'll take that up in the other
24 docket, when we have the contract as an exhibit.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 CMSR. SIMPSON: So, no data request at
2 this time?

3 MR. DEXTER: Not on this issue, no.

4 CMSR. SIMPSON: Thank you.

5 BY MR. DEXTER:

6 Q Well, let me ask the question this way. Are you
7 satisfied that, in 2021, Asplundh, irrespective
8 of what may have been written on the contract,
9 performed in a way that was acceptable to Liberty
10 Utilities in 2021?

11 A (Green) Yes. Given the conditions, yes.

12 Q Okay. I just want to go back to the rates page
13 again, this is Bates Page 026. And I had heard
14 some testimony earlier from Ms. Tebbetts, I
15 believe, that the \$547,000 that was
16 over-collected, the proposal is for the Company
17 to apply that amount to next year's efforts. Is
18 that right? The efforts in 2022?

19 A (Tebbetts) Yes.

20 Q And you had indicated that that's consistent --
21 that that option, if you will, was provided for,
22 sort of anticipated, in the last rate case
23 settlement in 19-064, is that right?

24 A (Tebbetts) Yes.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q And it says "with Commission approval", correct?

2 A (Tebbetts) Yes.

3 Q And that's what you're asking for today?

4 A (Tebbetts) Yes.

5 Q Okay. Now, if the Company had taken the other
6 route, which would be to pass that \$547,000 back
7 to customers, would that number appear on Bates
8 026?

9 A (Tebbetts) That number would have appeared on
10 Line (1), and it would have said "Calendar Year
11 2021 O&M Expense Below Base O&M Expense". And
12 that number would have appeared there as a
13 negative.

14 Q As a negative number.

15 A (Tebbetts) Yes.

16 Q Correct. Did you calculate what the rate would
17 have been had you taken that route?

18 A (Tebbetts) Yes.

19 Q Would you share that with us?

20 A (Tebbetts) Sure. So, if we were to look at Bates
21 027 -- no, hold on, not "027". I think it's
22 actually Bates 030. Let me double-check the
23 number.

24 Yes. If you look at Bates 030, the

[WITNESS PANEL: Tebbetts|Green|Hall]

1 rate for May 1, proposed rates, you look at the
2 "Distribution Charge", we have "6.039 cents", and
3 that rate would have actually been "5.979 cents".
4 And, so, the change would be a reduction to
5 customer bills of 80 cents per month for those
6 customers using 600 [650?] kilowatt-hours on
7 average, or a reduction of 0.52 percent.

8 Q So, just so I understand, the bold number on the
9 bottom, which is a "negative 0.41" per -- I'm
10 sorry, a "negative 41 cents", that number would
11 have become a "negative 80 cents", is that what
12 you're saying?

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

14 Q So, basically, it would have doubled what was
15 here?

16 A (Tebbetts) That's correct.

17 Q Okay. From what we've heard in this docket and
18 the other, some of the issues with veg.
19 management are going to continue into 2022, would
20 you agree with that, some of the difficulties
21 that you've described?

22 A (Tebbetts) Yes.

23 Q And, so, the idea is that this \$547,000, which
24 has already been collected, is definitely going

[WITNESS PANEL: Tebbetts|Green|Hall]

1 to be needed in 2022?

2 A (Tebbetts) Yes.

3 Q Would you agree with that? It's not going to --
4 there's very little likelihood that this will end
5 up as an under-recovery at the end of 2022 from
6 what we've heard, would you agree with that?

7 A (Tebbetts) Yes.

8 Q Okay. And I think you touched on this briefly,
9 but, before we left Bates 030, I did want to ask
10 you to point out which of all the various rates
11 here are affected by the Storm Recovery
12 Adjustment that we're talking about today?

13 A (Tebbetts) Are you -- the Storm Recovery
14 Adjustment is zero, and --

15 Q Oh, I'm sorry. I don't know why I said "Storm
16 Recovery Adjustment". Veg. Management? We're
17 talking about veg. management today.

18 A (Tebbetts) Just the "Distribution Charge", the
19 second line down, is the only one affected,
20 outside of, obviously, the total bill
21 calculation.

22 Q Okay. So, the veg. management is embedded in the
23 Distribution Charge?

24 A (Tebbetts) Yes.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q Okay. But it's not -- it's separate from the 2.4
2 million, which is embedded into the base
3 distribution rates, is that right?

4 A (Tebbetts) Yes.

5 Q So, like, behind that, there are at least two
6 elements, is what you're saying?

7 A (Tebbetts) There are two elements, that's
8 correct.

9 Q Okay. And that's not broken out anywhere in
10 here, right?

11 A (Tebbetts) The page it's broken out on is the
12 previous page. You could look at Bates 027.
13 And, if you look at the top of Page 27, under
14 "Rate D", "All kilowatt-hours", our current
15 rates, "0.06038", and if we add this adjustment
16 factor, you have that "0.06039".

17 MR. DEXTER: Okay. Thanks. That's all
18 the questions the Department has today.

19 CMSR. SIMPSON: Thank you, Attorney
20 Dexter. I will recognize my esteemed colleague,
21 Commissioner Chattopadhyay, for any questions.

22 CMSR. CHATTOPADHYAY: Thank you. So,
23 based on the back-and-forth, I just want to first
24 not lose sight of what I had kind of noted on.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 So, I'm going to first cover those issues. And
2 the questions are really trying to provide more
3 clarity for me.

4 BY CMSR. CHATTOPADHYAY:

5 Q So I'm going to start out with, if you go to
6 Bates Page 022, and bear with me, I'm going
7 there. And if you look at the Lines 13 through
8 15, for those, let me call them "elements",
9 "Villas Bridge" and then "Spicket River", so on,
10 the "Distribution Completed", that, the last
11 column, are zero, that, you know, you've already
12 indicated that. And you said that you are --
13 that the Company is already working on those.
14 That work is happening in 2022, correct? Has to
15 be.

16 A (Green) Yes.

17 Q Are you intending to complete them in 2022, all
18 of it?

19 A (Green) Yes. Those three are intended to be
20 completed in 2022.

21 Q Can you give me a sense of, before all of this
22 happened, meaning, you know, before you had the
23 contractor issue and other problems that
24 followed, what did you estimate you're going to

[WITNESS PANEL: Tebbetts|Green|Hall]

1 be taking care of in 2022, in terms of miles?

2 A (Green) I believe -- give me one moment please.

3 Actually, I've got it right here.

4 CMSR. SIMPSON: Take your time, Ms.

5 Green.

6 **CONTINUED BY THE WITNESS:**

7 A (Green) I believe it's 202 miles.

8 BY CMSR. CHATTOPADHYAY:

9 Q So, the additional miles that we talked about
10 just a while ago, will they be added on to the
11 202 miles?

12 A (Green) No. We have adjusted the whole plan to
13 accommodate for the deferral. So, it will not be
14 202, plus these. We have a plan for
15 approximately 150 miles this year. And these
16 miles are part of that 150 miles.

17 Q So, you, first of all, you've adjusted the number
18 down from 202 to 150?

19 A (Green) Yes.

20 Q And then, 150 would actually include the ones
21 that weren't completed in 2021?

22 A (Green) That is correct.

23 Q For the four-year trimming cycle, should the
24 Company be concerned that they may not be able to

[WITNESS PANEL: Tebbetts|Green|Hall]

1 catch up as to what was planned previously or
2 needs to be done?

3 A (Green) In 2022 or in the four-year cycle?

4 Q In the four-year cycle.

5 A (Green) We do have that plan to discuss that in
6 the rate case.

7 Q Okay.

8 A (Tebbetts) So, if I could just add? The Company
9 is expecting to file for a rate case in 2023.
10 And the issues that have come about for
11 vegetation management, we are expecting to
12 address and come up with a plan to get us back on
13 track. And how that plan comes about we will be
14 presenting as part of our rate case.

15 Q Okay. Going back to the ClearWay issue, would
16 you be divulging anything confidential if I asked
17 you how many miles did they work on, and later,
18 how many miles did the other company, you know,
19 did in 2021?

20 MR. SHEEHAN: No, that would not be
21 confidential.

22 BY CMSR. CHATTOPADHYAY:

23 Q So, would you be able to share those numbers?

24 A (Green) I would need a moment.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q Okay. Take you time.

2 A (Green) Can I give you an approximate? It's like
3 10 miles-ish, 10-14, something like that.

4 Q Yes, an approximate would be fine. But 10-14 for
5 what? For ClearWay?

6 A (Green) ClearWay. I want to say it was about 14
7 miles maybe, total.

8 Q Okay.

9 A (Green) It might have been 10.

10 Q And then, Asplundh would be the rest of it or
11 would it be -- and there was a third --

12 A (Green) Chippers --

13 Q Chippers, yes.

14 A (Green) -- did perform about two miles.

15 Q Okay.

16 A (Green) And the other Asplundh component, so, we
17 have local Asplundh, and then we have external
18 Asplundh. So, you can almost treat that as
19 another entity as well.

20 Q I heard from the back-and-forth that,
21 contractually, Asplundh was expected to do a lot
22 more. So, and then you said but you -- you
23 highlighted that the fact that they weren't able
24 to do it, it's sort of understandable, I'm using

[WITNESS PANEL: Tebbetts|Green|Hall]

1 my own words here. But can you -- can you give
2 me a sense of what they were expected to do, and,
3 you know, why you think that, with the kind of
4 difference of what they actually did, you know,
5 as opposed to what they were supposed to do, why
6 you think it's, you know, it's okay?

7 And I'm concerned about the ratepayers
8 picking up the costs. So, just I'll qualify my
9 question accordingly.

10 A (Green) For lack of ability to quickly put it on
11 my fingertips, when we lost ClearWay off of the
12 property, and we contacted Asplundh to ask them
13 if they were interested and able, they said they
14 were interested, but they were only able to at
15 two things: One, at a slightly increased cost, a
16 small percentage, 6, 6.25 per mile. In addition,
17 they could not complete the 2021 miles. But, as
18 soon as they had their staffing full up, they
19 would provide us a plan. So, that was presented
20 in an email and added to the contract.

21 So, it was an understood working
22 operations expectation that we needed, we
23 understood that Asplundh, because of the
24 workforce issue they had, would not be able to

[WITNESS PANEL: Tebbetts|Green|Hall]

1 complete the full miles, and starting very late
2 in the game. So, you know, probably got their
3 local staff onboard about May. So, if you don't
4 have twelve months to do the work, you're not
5 going to be able to complete it.

6 Additionally, with that, that's when we
7 went out to the other resources to see what we
8 could do. We got additional Asplundh resources.
9 We got Davey resources, Chipper resources. We
10 worked all those angles, and still the workforce
11 is just super deficient and could not come
12 through at that time.

13 Did I answer your question?

14 Q I think, you know, maybe not fully, but you might
15 also be trying to do the best. And I'm happy
16 with the answer.

17 A (Tebbetts) I just wanted to add, too,
18 Commissioner. At the time, Ms. Green and I had
19 talked about, when ClearWay left the property,
20 you know, what are our next steps? And we knew
21 that Asplundh was going to have a difficult time
22 getting us a workforce.

23 But the alternative to that was going
24 to be no trimming. That was not something that

[WITNESS PANEL: Tebbetts|Green|Hall]

1 we wanted to embark on either.

2 And, so, Ms. Green worked with Asplundh
3 and Chippers to try to get whatever workforce we
4 could. We did it, you know, at this time, it was
5 March-April timeframe, and we were looking at
6 another, you know, eight months of a year where
7 we still could get, hopefully, some trimming
8 done. We didn't want to lose all of the miles in
9 2021. As she mentioned, we only had about 10 to
10 14 miles that were completed by ClearWay.

11 So, you know, the idea that Asplundh
12 was able to come in and help us, we were much
13 appreciative of it, given that they were already
14 working on the other utilities in the area, in
15 New Hampshire and New England properties. And
16 they offered to do the best they could to come in
17 and help us, albeit at a potentially larger
18 price. But, you know, we also wanted to ensure
19 that we could get out there and trim as best we
20 could, so that, you know, our reliability and our
21 customers at least would get a benefit. And we
22 didn't want to just let it go until 2022.

23 Q Just based on your answer, I'm assuming ClearWay
24 worked for maybe roughly two months? Or was

[WITNESS PANEL: Tebbetts|Green|Hall]

1 it -- can you give me a sense?

2 A (Green) March 15th was their last day -- March
3 14th was their last day on the property.

4 Q And, so, it's like three, roughly, three and a
5 half months?

6 A (Green) Two and a half months.

7 Q Two and a half months.

8 A (Green) Through a storm season as well.

9 Q Okay. So, two and a half months. And then,
10 there was a gap for maybe a month or two?

11 A (Green) Yes.

12 Q Okay. For those two and a half months, ClearWay,
13 if they were doing what they were expected to do,
14 how many miles would they have been able to take
15 care of?

16 A (Green) January and February are usually light
17 months, because of storm and snow, and not always
18 able to work. Generally speaking, I want to say
19 seventeen miles a month is average.

20 Q Per month?

21 A (Green) Per month.

22 Q Okay. So, assuming that average number, roughly
23 around 40 miles, but they ended up doing 10?

24 A (Green) Yes.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q Just rough numbers.

2 A (Green) Yes. And they were also acclimating to
3 the system. You know, so, they were
4 transitioning and onboarding. And they said they
5 would have their full workforce, I can't remember
6 if it was March or May, I apologize, but they
7 wouldn't have it on January 1st, but they would
8 be acclimating and getting their full workforce,
9 which did not come to fruition.

10 Q Okay. So, again, I'm assuming there are no
11 confidentiality issues, can you provide us a
12 sense of per mile what was the cost for ClearWay,
13 and then for the rest of them? And you don't
14 have to give me separately for the other, just
15 overall what was the cost per mile, you know, for
16 actual work done?

17 A (Green) I have a number in my head, I just don't
18 know if it's correct. So, can I have one moment
19 to --

20 Q It could be subject to check.

21 A (Green) Yes.

22 MR. SHEEHAN: For the Commission's s
23 benefit, the numbers that are usually held
24 confidential get down to the granular level. You

[WITNESS PANEL: Tebbetts|Green|Hall]

1 know, "how many dollars per hour does this loader
2 cost?", and that kind of stuff. So, by giving
3 these broad "per mile" numbers, it doesn't run
4 into the confidential issue.

5 CMSR. CHATTOPADHYAY: Yes, I
6 deliberately framed the question to ensure that,
7 but I still wanted to be mindful of it.

8 **BY THE WITNESS:**

9 A (Green) And the question is, what is the
10 difference between the two bids or --

11 BY CMSR. CHATTOPADHYAY:

12 Q Just give me an average -- give me the average
13 numbers. Like, for the miles that ClearWay took
14 care of, what was the "per mile" cost? And, for
15 the rest of them, what was the cost?

16 A (Green) So, I have a number in my head. I'm just
17 not confident, because I might have transposed
18 something. So, it's 2,400 versus 6,000.

19 Q Okay.

20 A (Green) Six to ten.

21 Q Say that again? Sorry. I'm trying to get a
22 sense of what was the increase, like in terms
23 of --

24 A (Green) It's double.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q Double?

2 A (Green) Call it "double".

3 Q Double. Okay.

4 A (Tebbetts) And when we looked at the bids in
5 2020, for 2021, that was what we were looking at.
6 So, ClearWay came in significantly less, and able
7 to trim at that budget amount, as you could see
8 on Bates Page 021. So, in comparing their bid
9 versus the Asplundh bid that came in, the one --
10 the second-lowest bid, there was a significant
11 increase in that second-lowest bid. So -- which
12 is why we went with the ClearWay bid. So, going
13 to the Asplundh bid for 2021, we knew
14 immediately, looking at the numbers, their would
15 be a significant increase in the per mile cost.

16 A (Green) Additionally, part of the bid is more
17 than that line item, it's all the other things
18 that go along with it. So, the unit price
19 removal, the hourly work, ClearWay's costs were
20 significantly by three times higher on those
21 things to balance it out. But we were going to
22 scale back on those to try to meet that goal of
23 2.4 with the pruning with the lump-sum miles.

24 So, there is that to take into

[WITNESS PANEL: Tebbetts|Green|Hall]

1 consideration, the other pieces of the bid.

2 Q Slightly different question, but I'm going to ask
3 this. The last rate case, when did the rates go
4 into effect, the permanent rates?

5 A (Tebbetts) Permanent rates went into effect
6 July 1st, 2020.

7 Q July 1st, 2020. And all of these issues that
8 you're talking about, you know, the contractor
9 issue, all of that, did that happen after the
10 permanent rates were set?

11 A (Tebbetts) Yes. So, --

12 Q Just confirm that.

13 A (Tebbetts) Yes. We went out to bid after
14 permanent rates were set for the 2021 to 2024
15 four-year cycle.

16 Q Another quick question for my own understanding.
17 In the base rates following the rate case, what
18 amount is earmarked for VMP? Like, what goes
19 into the base rates? Is it 2.4 million or is it
20 2.2 million?

21 A (Tebbetts) So, originally, coming out of the rate
22 case, we had \$1.5 million, as of July --

23 Q And when -- excuse me.

24 A (Tebbetts) No, go ahead.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q When you say "coming out of the rate case",
2 you're still talking about the last rate case?

3 A (Tebbetts) Yes. Yes.

4 Q Okay.

5 A (Tebbetts) Coming out of 19-064. So, as of
6 July 1, 2020, we had calculated \$1.85 million in
7 base rates. Based on the Vegetation Management
8 Adjustment Factor that was in effect as of May 1,
9 2020, so that we could collect up to that \$2.2
10 million, and through April 30th, 2021.

11 So, in 2021, when we reconciled what we
12 spent and what happened, we had increased that
13 rate by the amount -- by the \$600,000, so that we
14 could then bring it to the 2.42 million, which is
15 what we had spent previously.

16 So, in base rates, as of -- let me say
17 that again. To be collected in base rates, as of
18 May 1st, 2021, was \$2.42 million. And so, that
19 is the amount collected through base rates and
20 the adjustment factor, combined, for the period
21 of May 1st, 2021 through April 30th, 2022.

22 So, all things being equal, as of
23 May 1st, 2022, we would have \$2.42 million in
24 base rates.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q Okay. Can you go back to the rate case, and sort
2 of tell me, was the \$2.42 million, I mean, I know
3 how it played out, but, in the rate case, what
4 was the number that you sort of agreed to? Was
5 it 2.2? And then, there's this 10 percent, you
6 know, if it goes beyond, that's okay, that will
7 be part of it. So, I'm trying to understand what
8 the rate case settlement conditions were? I
9 mean, --

10 A (Tebbetts) Uh-huh. Sure.

11 Q So, I want a clarification on whether that number
12 was, based on the rate case, meant to be 2.2 or
13 2.42?

14 A (Tebbetts) Sure. I'm pulling up the settlement
15 right now.

16 On Bates 011 of the Settlement
17 Agreement, it provides, on Section 2 -- I'm
18 sorry, G, Section G.2, it states: "Under the
19 VMP, the Company shall maintain a four-year cycle
20 for tree trimming and vegetation management and
21 shall continue with the filings and reporting
22 requirements currently in place. The base rate
23 increase agreed to in this Agreement includes an
24 increase in the VMP spending to \$2,200,000 for

[WITNESS PANEL: Tebbetts|Green|Hall]

1 2020, which shall continue until changed in a
2 future base rate case. The Company shall not
3 recover any VMP expenses that exceed 10 percent
4 of that amount, or in excess of \$2,420,000,
5 through the annual reconciliation filing, or
6 otherwise. The VMP spending shall be reconciled
7 each year, and with any under spending carried
8 into the next program year or returned to
9 customers, as determined by the Commission."

10 Q Okay. I'm not going to interpret it right here.

11 A (Tebbetts) Okay.

12 Q But thank you for reading it and what it says.

13 So, I have -- I don't know whether this
14 would be a record request or not, but you talked
15 about a contract with, you know, with Asplundh.
16 You know, can that be provided in this docket?

17 MR. SHEEHAN: There's no reason we
18 can't provide it in this docket. We did not
19 intend to mark it for the next docket, but I
20 suspected Staff would have. So, you will get it
21 either way. But, if you want it here, we can
22 certainly file it here.

23 CMSR. CHATTOPADHYAY: Yes. I'm
24 interested in going through it. So, --

[WITNESS PANEL: Tebbetts|Green|Hall]

1 MR. SHEEHAN: Okay.

2 CMSR. CHATTOPADHYAY: And --

3 CMSR. SIMPSON: Pradip?

4 CMSR. CHATTOPADHYAY: Sorry?

5 CMSR. SIMPSON: Please finish.

6 CMSR. CHATTOPADHYAY: Okay. Somebody
7 was saying something.

8 The other thing is I want to take a
9 look at the contract that the Company had with
10 Consolidated.

11 CMSR. SIMPSON: Commissioner, so, I
12 just want to get this record request documented,
13 before we move on from that.

14 CMSR. CHATTOPADHYAY: Sure.

15 CMSR. SIMPSON: If I may, I think I
16 have some similar questions, and I'd like to
17 consider expanding that data request, for the
18 Company to provide all of the RFPs for the tree
19 trimming contractors that they received, along
20 with the contract terms for the companies in
21 which they worked with on that.

22 MR. SHEEHAN: So, the Request for
23 Proposals went out in 2020. You're looking for
24 all of the responses to that request?

[WITNESS PANEL: Tebbetts|Green|Hall]

1 CMSR. SIMPSON: The RFP solicitation,
2 the responses, and then any subsequent contracts
3 in which the Company entered into.

4 MR. SHEEHAN: Okay. And I can
5 represent that you will receive the RFP, the
6 responses, the contract with ClearWay. And then,
7 although the Asplundh contract was not entered
8 directly in response to the RFP, it was entered
9 later, as you've just heard described, we can
10 provide that. So, if you'd like, we can lump
11 them all together into the single record request
12 of the RFP itself, the responses, and those two
13 contracts.

14 As an aside, I think Ms. Green
15 testified that there were some I'll call them
16 "side contracts", lesser contracts, for things
17 such as solely storm work. Are you looking for
18 those as well? Like I think Asplundh has a
19 "storm work only" contract, and perhaps the Davey
20 contract was sort of a -- not the comprehensive
21 three-year or four-year plan kind of contract.

22 CMSR. SIMPSON: It seems as if the
23 Asplundh agreement was entered into with respect
24 to VMP work.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 MR. SHEEHAN: Correct.

2 CMSR. SIMPSON: So, this data request
3 only pertains to work done within the Company's
4 VMP, not including contracts for other storm
5 costs.

6 Attorney Dexter, did you have a
7 comment?

8 MR. DEXTER: Yes. I'm not sure the way
9 the record request was worded that that would
10 include the Davey's contract. And, since the
11 Commission is asking for this, I think you'd want
12 to get that one as well, because that resulted in
13 costs that it did flow through Appendix 1.

14 So, maybe that was coming anyway, but I
15 just wanted to --

16 CMSR. SIMPSON: Certainly. And I
17 appreciate the clarification. So, if I were to
18 word this as "any contracts entered into for tree
19 trimming with respect to VMP costs", would you
20 find that sufficient?

21 MR. DEXTER: Yes. I think that would
22 cover it.

23 CMSR. SIMPSON: Okay. So, I'm going to
24 repeat this: Please provide the VMP contractor

[WITNESS PANEL: Tebbetts|Green|Hall]

1 RFP, bids received, and any contracts entered
2 into for tree trimming with respect to VMP
3 costs."

4 *(Record request noted.)*

5 CMSR. SIMPSON: Okay. Great.

6 Commissioner Chattopadhyay, please proceed.

7 CMSR. CHATTOPADHYAY: That is -- sorry.
8 That is helpful. But the other question that I
9 asked was about the contract between the Company
10 and Consolidated. So, that would be another
11 record request. I think it's efficient to keep
12 the VMP question separate, and have the next
13 question that I asked as a separate record
14 request.

15 CMSR. SIMPSON: So, and this with
16 respect to the joint pole ownership with
17 Consolidated?

18 CMSR. CHATTOPADHYAY: Correct.

19 CMSR. SIMPSON: Okay. So, we'll make
20 the second request: "For the Company, please
21 provide the applicable joint pole ownership
22 agreements, with all amendments, between the
23 Company and Consolidated Communications."

24 *(Record request noted.)*

[WITNESS PANEL: Tebbetts|Green|Hall]

1 CMSR. CHATTOPADHYAY: Should I proceed?

2 CMSR. SIMPSON: One moment. Okay,

3 please proceed.

4 BY CMSR. CHATTOPADHYAY:

5 Q This is another record request. Is it possible
6 to provide the Attachment HMT/AMH-1 in Excel
7 format?

8 A (Tebbetts) Yes. Yes, we can provide that.

9 CMSR. SIMPSON: Please repeat that,
10 Commissioner.

11 CMSR. CHATTOPADHYAY: Okay. "Please
12 provide Attachment HMT/AMH-1 in live Excel
13 format."

14 MR. SHEEHAN: And, Commissioners, we're
15 happy to do so. When the Commission first
16 started requesting live Excels last fall, it
17 caused a scurry a discussions of "How do we do
18 that in a way to best preserve records?" And my
19 solution, which I would propose to do here, is to
20 give you two versions: One version is a live
21 Excel that you can lock, so people can't change
22 it, and that could be the exhibit. But we're
23 happy to give you one that is unlocked, so you
24 can do whatever you need to do sort of "behind

{DE 22-014} {04-19-22}

[WITNESS PANEL: Tebbetts|Green|Hall]

1 the scenes", if you will. So that way, if anyone
2 wants to look at the record, they know we
3 provided the locked version. And then, if the
4 Commission, through its analysis, has changed
5 stuff, we know what has been changed.

6 If that's an acceptable way to do it?

7 CMSR. SIMPSON: And under that option,
8 the Company would not have any objection to both
9 versions being publicly available?

10 MR. SHEEHAN: Correct. Well, I say
11 that, I don't know exactly what's in that
12 exhibit. There may be confidential information
13 in it. I don't think so. No, there's nothing --
14 that's right, there's nothing in this filing
15 that's confidential. So, both could be
16 available, yes.

17 CMSR. SIMPSON: Attorney Dexter, any
18 comment?

19 MR. DEXTER: No, I guess not. I'm just
20 curious how a live -- I guess, by being "publicly
21 available", what you're referring to is that, if
22 a person were to go to the Commission website and
23 to go to the exhibits, and click on the exhibits,
24 they would get that spreadsheet, and it would

[WITNESS PANEL: Tebbetts|Green|Hall]

1 work. In other words, they could -- they could
2 change numbers and the formulas would work. Is
3 that what you're talking about?

4 CMSR. SIMPSON: Yes. That both
5 versions of the Excel -- the applicable Excel
6 spreadsheet that the Company provides, we would
7 include in the docket and for public
8 availability.

9 MR. DEXTER: Okay.

10 MR. SHEEHAN: And the Company's --

11 MR. DEXTER: Thank you for that
12 clarification.

13 MR. SHEEHAN: I'm sorry. The Company's
14 goal is just to make sure one version of that
15 everyone knows is what we filed. And, so, just
16 in case the second version gets changed, we know
17 that's the version that was subject to change.

18 CMSR. SIMPSON: Understood.

19 MR. SHEEHAN: Thank you.

20 CMSR. CHATTOPADHYAY: Is there anything
21 we need to do, in terms of changing the record
22 request wording, to ensure that we get what you
23 are suggesting, which I like?

24 MR. SHEEHAN: I'm comfortable. And we

[WITNESS PANEL: Tebbetts|Green|Hall]

1 will -- this is Number 3. We will file a 3A and
2 a 3B, --

3 CMSR. CHATTOPADHYAY: Okay.

4 MR. SHEEHAN: -- with a cover letter
5 that describes it.

6 CMSR. CHATTOPADHYAY: Okay. That
7 works.

8 *(Record request noted as described*
9 *above.)*

10 BY CMSR. CHATTOPADHYAY:

11 Q I'm not 100 percent sure whether the witnesses
12 should be answering this. But, out of curiosity,
13 like, if you -- currently, you have a four-year
14 trim cycle. And you had mentioned in the
15 testimony that you would like to move to
16 five-year trimming cycle in the future in the
17 rate case.

18 I'm wondering whether -- whether the
19 Company would be willing to go there even sooner?
20 And I would later like the DOE to also opine on
21 this, not right away, but, you know, I'm just
22 trying to understand whether that is something
23 that you have considered?

24 MR. SHEEHAN: So, I can offer a

[WITNESS PANEL: Tebbetts|Green|Hall]

1 suggestion. We do have the hearing next week,
2 which is on the '22 budget, and the '22 budget is
3 based on a four-year cycle, or at least our
4 effort to get back to the four-year cycle.

5 I do know the Company is thinking about
6 a five-year cycle. I can make sure the folks in
7 the room here think this through, and I can have
8 a coherent conversation with you next week on
9 that topic. Of more definitiveness, if we
10 reached it, on what we plan to do in the rate
11 case. And perhaps, if there's an opportunity to
12 move there sooner, what our thoughts are, and
13 maybe some rough numbers of what that would
14 entail.

15 BY CMSR. CHATTOPADHYAY:

16 Q To ensure we just don't keep going on forever,
17 just one more question.

18 I'm trying to understand, what is the
19 breakup of the ownership, you know, as far as the
20 poles are concerned, between Consolidate and the
21 Company? Is it like 50/50 percent?

22 A (Tebbetts) It's 50/50.

23 Q It's 50/50. Okay. And why did you have a
24 "termination" sort of term there? I mean, and

[WITNESS PANEL: Tebbetts|Green|Hall]

1 I'm just trying to understand, because they still
2 own 50 percent of it. And, so, as far as the
3 cost of keeping things maintained, why is it only
4 the utility's -- Liberty Utilities' problem, and,
5 therefore, the ratepayers' problem? Why wasn't
6 that considered? I just want to understand that
7 a little bit.

8 A (Tebbetts) Sure. So, it's very old contract. It
9 goes back to the 1980s. I don't have the exact
10 year. And, at some point, five to seven years
11 ago, you know, when these things were being
12 reviewed, that was an oversight by the Company
13 and parties. And, unfortunately, it came to
14 fruition in 2019, to be effective for 2020.

15 And, at that point, Consolidated
16 elected to move forward with that option to no
17 longer pay for any trimming associated with the
18 poles that they jointly own.

19 MR. SHEEHAN: I can provide some more
20 description of the background of the contracts,
21 and speculate as to why that provision was in the
22 contract as it was, and "1980" is the date. It's
23 a forty-something year-old contract.

24 BY CMSR. CHATTOPADHYAY:

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q Does -- and I'm basing these questions on some
2 internal discussions we were having. So, if I
3 don't frame it right, please correct me. But the
4 attachment fees that, you know, are associated
5 with poles, which parties pay those?

6 A (Tebbetts) So, the parties that pay attachment
7 fees are going to be any fiber companies, cable,
8 telephone, none of them are owners of the poles
9 or joint owners of the poles. So, it's anyone
10 who wants to attach, but is not an owner.

11 Q Can those fees recover some of the costs that we
12 are all of a sudden faced with, like, you know,
13 for VMP? Just out of curiosity, has the Company
14 thought about that?

15 A (Tebbetts) So, based on the 1300 rules, we are
16 required to utilize the FCC calculation to charge
17 pole attachers. And that calculation does not
18 include vegetation management costs associated
19 with serving those attachers. It only includes,
20 and I got to dig deep in my memory on the
21 calculation, but it only includes costs
22 associated with the plant itself. And the basis
23 is -- the basis of the calculation for our
24 attachers has to do with our planned service for

[WITNESS PANEL: Tebbetts|Green|Hall]

1 poles, and it has to do with -- and not just
2 poles, but anything that's Plant Account 364,
3 which is poles and wires. It also has to do with
4 the calculation of how tall those poles are,
5 which provides us our clearances allowed for each
6 pole, depending on how many attachers we have.

7 So, unfortunately, the FCC has not
8 included vegetation management costs associated
9 with the attaching calculation. And the Public
10 Utilities Commission has adopted that calculation
11 as the way to charge attachers.

12 So, given that the 1300 rules are open,
13 maybe there's opportunity for us somewhere,
14 somehow to include that.

15 Q Since you didn't receive anything from
16 Consolidated, I'm assuming, from 2020 -- '20,
17 '21, '22, right, sorry, 2020 and 2021?

18 A (Tebbetts) Yes.

19 Q If you were receiving dollars from them, would
20 you be able to estimate what those dollar amounts
21 would be, and can you provide that information,
22 2020 and 2021? Very --

23 A (Tebbetts) Yes.

24 Q -- like, rough estimates would be, you know,

[WITNESS PANEL: Tebbetts|Green|Hall]

1 sufficient.

2 A (Tebbetts) Yes.

3 A (Green) Generally, they were running 500 to
4 \$800,000.

5 A (Tebbetts) Per year.

6 A (Green) Per year. Depending on the miles. And
7 the ratios, some things are 20 percent, some
8 things are 50.

9 Q I've seen those numbers for the previous years.
10 There's nothing that, you know, out there that
11 would have changed the numbers too much, right?
12 And you're still basing your information on the
13 historic reality?

14 A (Green) It probably would be higher, because we
15 were seeing a 10 percent -- we were shielded with
16 the cost of vegetation work through 2019. In
17 2020, we went out to bid, and at that time
18 realized that there was an actual 10 percent
19 annual increase happening out there. So, 30
20 percent more than what those costs are.

21 CMSR. CHATTOPADHYAY: I think I'm going
22 to -- sorry. I think that is the last question
23 for now.

24 CMSR. SIMPSON: Okay. Thank you,

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Commissioner Chattopadhyay.

2 I have a few questions for the
3 witnesses.

4 BY CMSR. SIMPSON:

5 Q So, you mentioned that the Company intends to
6 return to a five-year tree trimming cycle from a
7 four-year, is that correct?

8 A (Tebbetts) Yes. I'll say, we intend to propose
9 the movement from a four-year to a five-year in
10 our next rate case.

11 Q Has the Company filed any reliability reports,
12 under Puc 307.07, that reflect the impact of the
13 vegetation management shortfalls indicated?

14 A (Tebbetts) We file quarterly reports, and forgive
15 my memory, that very well may be the rule by
16 which we are required to file our quarterly SAIDI
17 and SAIFI reports, and we do file them. I'd have
18 to pull up the rule to be specific as to the
19 exact rule. But I do know we do file our
20 quarterly reliability reports.

21 Q Okay. Looking at the issues that you have
22 with -- or, had with ClearWay on the default of
23 the contract, it's not clear to me what remedy
24 the Company is expecting at this time, and what

[WITNESS PANEL: Tebbetts|Green|Hall]

1 the impacts from a cost perspective of the suit
2 will be. And, looking at the costs and the
3 payments that you've made, did you pay ClearWay
4 up front before work was completed?

5 A (Green) No.

6 Q Okay. And can you comment on what remedies
7 you're seeking in the suit?

8 MR. SHEEHAN: I could address that in
9 my closing.

10 CMSR. SIMPSON: Okay. Then, we'll save
11 that until then.

12 BY CMSR. SIMPSON:

13 Q We have a -- our first record request pertained
14 to the RFPs, and that's an area of interest. You
15 mentioned, Ms. Green, that the costs bid by
16 ClearWay were considerably lower than the other
17 bidders, is that correct?

18 A (Green) That is correct.

19 Q Aside from the pure costs, what factors of their
20 bid motivated you to select ClearWay at that time
21 as your primary VMP contractor?

22 A (Green) The price per mile was a strong factor.
23 They did great work on our supply line. It was
24 better than we had experienced previously. It

[WITNESS PANEL: Tebbetts|Green|Hall]

1 was very well done. And, when we interviewed
2 them, Procurement and I, we asked them many
3 questions, and they gave us the appropriate
4 answers.

5 So, we anticipated some bumps. So,
6 that's why we had hired one more contractor to
7 help facilitate them to be onboard. But they met
8 those criteria, they met the safety criteria.
9 They stated they would be able to respond. They
10 were doing work elsewhere, and I spoke to people
11 who were happy with them. So, that is what
12 resulted.

13 Q At the time, did you have any insight into why
14 their bid was so much lower than the other
15 contractors?

16 A (Green) Earlier I mentioned that their price
17 per -- their time and material price and the
18 removals were much higher, which is how they
19 balanced it out. And, in the industry, that is
20 kind of what -- it is a strategy for the bid
21 process, one piece is lower than the other or
22 higher than the other. So, having -- that was
23 taken into consideration, is that they were
24 balancing out the costs of doing business with

[WITNESS PANEL: Tebbetts|Green|Hall]

1 the other pieces.

2 Q So, their time and materials rates were higher
3 than the other companies?

4 A (Green) Correct.

5 Q What elements of their bid were lower than the
6 other companies?

7 A (Green) Their lump-sum miles.

8 Q So, they projected being able to trim
9 considerably more miles for those hours spent?

10 A (Green) No.

11 Q Okay. Then, I'm not understanding. What was
12 lower in their bid? What elements of their bid
13 were considerably lower? Help me understand
14 that, if you would please.

15 A (Green) Their cost per widget. So, their widget
16 cost "X" dollars, but there's also other widgets
17 that are a time and material, but this, the cost
18 per mile on their circuit, that was -- so, it
19 doesn't matter how long it took them or how
20 quickly it took them, it cost us the same.

21 Maybe I misunderstood the question.

22 Q So, I can understand that, between different
23 contractors, their respective breakdown of costs
24 would vary. That you would see different hourly

[WITNESS PANEL: Tebbetts|Green|Hall]

1 rates or equipment costs bundled in, but, at the
2 end, the total sum of their bid, seems as if it
3 was considerably lower than the other contractors
4 that you worked with?

5 A (Green) Yes, because there are actuals and
6 estimates. So, I have the actual miles, those
7 prices I could have, the rest of it's estimates.
8 So, the unplanned work is an estimate. I don't
9 know the number of hours I'm going to need, so I
10 have to estimate that, and I estimate the number
11 of removals. So, there is the -- the hourly
12 component of their bid, where the removals
13 component is a little fluid, whereas the miles is
14 very strong apples-to-apples. So, when you look
15 at the bottom dollar, --

16 Q Uh-huh.

17 A (Green) -- most of it has to do with those, those
18 miles. But there's still the unknown piece of
19 what something is going to cost hourly, what, in
20 the end, what the end bucket of hourly is going
21 to cost, because we don't know what those hours
22 are going to be needed for the system until we
23 experience them.

24 Q And, within each company's respective bid, those

[WITNESS PANEL: Tebbetts|Green|Hall]

1 hours were different of what they would need?

2 A (Green) No. Just the cost per hour were
3 different.

4 Q And what factors are considered in that cost per
5 hour?

6 A (Green) The labor and material. So, the foreman,
7 the groundman, the pick-up truck, bucket truck,
8 chipper, all of those pieces.

9 Q So, then, the major difference between the
10 companies bidding is their hourly rates paid to
11 their employees?

12 A (Green) No. The hourly rates that they charge
13 us.

14 Q Okay.

15 A (Tebbetts) Could we just have a quick sidebar?
16 Is that --

17 Q Please.

18 *(Witness Tebbetts and Witness Green*
19 *conferring.)*

20 **BY THE WITNESS:**

21 A (Green) Okay. Apologies.

22 A (Tebbetts) Thank you.

23 BY CMSR. SIMPSON:

24 Q No problem.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 A (Green) So, we get prices per circuit. And those
2 are the -- and then, they're per mile, end up
3 being per mile. And, the bids come in are
4 compared, those pieces are compared. And
5 ClearWay -- ClearWay's prices were significantly
6 lower.

7 Q Per mile?

8 A (Green) Per mile, or per circuit, yes.

9 Q And, within the bids you received, is there a
10 breakdown of why those costs were so much lower
11 in their bids? No?

12 A (Green) No. It's just the price per mile. The
13 scope of work says "you will do X, Y, Z, blah
14 blah, blah".

15 Q Uh-huh.

16 A (Green) And "tell us how much that is." So, they
17 don't have to say what the tools or the skills.
18 We do have minimum requirement to qualification
19 of crews to follow national standards, OSHA. But
20 we don't have "you shall tell us the rate or the
21 amount of crews or the type of buckets or
22 equipment that you are going to use." We give
23 them the framework with which to work in. They
24 identify what tools they're going to need to do

[WITNESS PANEL: Tebbetts|Green|Hall]

1 those miles.

2 Q And when you evaluate bids, what methodology do
3 you use to compare the bids that you receive for
4 this type of work?

5 A (Green) So, we compare the price per mile of each
6 contractor, the price per circuit per each
7 contractor, compared those along the way. Then,
8 we compare the price -- the price per hour. So,
9 the biggest piece we look at is the price per
10 mile. Because, as you see, Line 5 -- sorry, Line
11 4, that's the bulk of our program. So, we do
12 compare that piece. It's a very important piece.
13 So, it's probably got the higher weight to it.
14 We compare that.

15 We also compare the logistics of the
16 ability for that to work in the field, and the
17 resources we have to manage it. And then, we
18 take into -- we also pull into the fold the
19 hourly costs. So, what will it cost for
20 construction? What will it cost for storm? What
21 will it cost for these three or four unplanneds?
22 And how will that -- how will that impact the
23 budget as well?

24 So, we compared those things as a

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Company, what those prices were, what the
2 expectations were. And they made -- the Company
3 made a decision based on the findings that we
4 found.

5 Q And when you ultimately selected ClearWay, do you
6 have spreadsheets or documentation of the factors
7 that you considered and the weight that you
8 applied to when you -- that led you to selecting
9 the bidder?

10 A (Green) There is not a weight on a spreadsheet.

11 Q So, you don't use some sort of methodology in
12 evaluating?

13 A *(Witness Green indicating in the negative).*

14 Q It's really, primarily, you look at what the cost
15 was that they bid, the price that they bid?

16 A (Green) Yes.

17 Q Okay. Okay. Moving onto your future rate case
18 that you mention, the 2023 rate case. Does the
19 Company have any perspective on whether these
20 types of vegetation management costs could be
21 included in your O&M elements of your rate cases
22 moving forward, as opposed to having a separate
23 proceeding?

24 A (Tebbetts) Yes. You know, we're open to

[WITNESS PANEL: Tebbetts|Green|Hall]

1 designing a Vegetation Management Program that
2 provides opportunities for customers to have the
3 reliability, the Company to be able to go out to
4 bid and receive reasonable bids to complete the
5 work. And also, you know, move to that five-year
6 trim schedule, as we've discussed.

7 Q Okay. Thank you. Because this program
8 originated almost fifteen years ago, in the
9 original settlement for your rate case at the
10 time. So, thinking about how the program has
11 evolved, the industry, with respect to vegetation
12 management, that's an area that I think we'd be
13 interested in learning more about, whether this
14 type of forum is still appropriate, or it could
15 be moved over into general rate cases?

16 A (Tebbetts) Yes. I think that, you know, we
17 have -- this is a leftover, I'd say, of certainly
18 DG 06-107, and the subsequent rate cases after
19 that.

20 I will add that we had a Reliability
21 Enhancement Program as part of this filing in the
22 past. That ended in the year 2020. So, 2021 was
23 the last year we filed for that.

24 So, this year's filing, I guess, is

[WITNESS PANEL: Tebbetts|Green|Hall]

1 also a leftover. And, you know, managing the
2 program within -- in between rate cases, rather
3 than coming to the Commission annually, is
4 something we can think about and we can look at.
5 And, certainly, we would have to look at the
6 funding allotted for that. We certainly would
7 want to ensure that any proposal that's put
8 before the Commission provides, as I mentioned,
9 opportunity for the Company to be able to meet
10 its trim requirements and floor clearing
11 requirements, also sub-transmission, also to
12 ensure that our reliability continues to improve,
13 and gives the customer good reliability.

14 Q You mentioned the settlement in DG 06-107. As
15 requested in the 2022 proceeding, DE 21-138, we
16 would like to see a report on compliance with
17 that rate plan settlement from 2006, prepared by
18 the Company and reviewed by Energy. And I
19 believe that report should be provided before a
20 hearing in the 2022 program is held.

21 A (Tebbetts) Okay. I'm trying to understand
22 specifically what you mean by "adherence to the
23 06-107", because we comply with the PUC rules
24 today.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q I think that the -- this program originated many
2 years ago, when both the industry and company
3 practices were very different with respect to
4 vegetation management.

5 A (Tebbetts) Uh-huh.

6 Q And there were principles that were considered in
7 the 2006 rate case that led to the creation of
8 this program. And it would -- it would be
9 interesting and helpful to understand whether the
10 factors in that settlement that led to the
11 formation of this program, and the manner in
12 which we review these types of costs are still
13 relevant. So that we can look toward how to
14 improve the process in the future.

15 A (Tebbetts) Okay.

16 Q Ms. Green, you mentioned that the prioritization
17 for the sub-transmission trimming, you elected to
18 do that in order to effectively allocate
19 resources that you did have in the last year, is
20 that correct?

21 A (Green) Correct.

22 Q So, I understand that sub-transmission work, the
23 nature of that work is different than
24 distribution trimming. Can you comment on the

[WITNESS PANEL: Tebbetts|Green|Hall]

1 resources that you had at the time and how they
2 were better positioned to do that
3 sub-transmission work, as opposed to other
4 circuit miles that you had in the plan?

5 A (Green) So, they're specialized crews that work
6 on off-road sections. So, bucket trucks aren't
7 viable on an off-road. Climbers are very viable
8 on an off-road. Various skidders, various
9 equipment that's designed to go off-road was
10 available. And those operators that run that
11 equipment were available. They weren't --
12 they're not bucket truck operators. They're not
13 trained in that particular application, or those
14 vehicles aren't necessarily available. So, they
15 specialize in the use of these machines and in
16 this terrain. And they basically go around New
17 England bidding on those, that type of work, any
18 off-road work.

19 This particular crew didn't win the
20 bids that they might have normally won. So, they
21 were available to me on this bid.

22 Q So, if I may try to summarize. You found
23 yourself in a position where you had lost your
24 primary contractor, and you looked around for

[WITNESS PANEL: Tebbetts|Green|Hall]

1 other resources that could work within this VMP
2 program. And you had a contractor who stepped up
3 and said "we have resources." And you found the
4 resources that they had available possessed
5 certain skills or qualifications that were more
6 costly than non-skilled or less trained people?

7 A (Green) Not exactly. It's actually Asplundh's
8 crew. It's the -- logistically, my crew got
9 moved to a new -- the crew that used to work on
10 our property 2006 through 2020 was coming out of
11 a different region, --

12 Q Uh-huh.

13 A (Green) -- management system. And, since the
14 change in contracts, they got shifted over to
15 another manager and another system. And that
16 system had the specialized crew and the
17 specialized equipment. So, resources are more
18 available to me now that I have this other region
19 and management system.

20 So, it wasn't more expensive to do,
21 which I thought I heard you say. It was
22 economical, it was less than ClearWay. And what
23 it was is, we had the access to this specialized
24 equipment through this new region that we didn't

[WITNESS PANEL: Tebbetts|Green|Hall]

1 have before. So, they were using tools that made
2 the quality of work significantly better.

3 Q And, when you mention these crews being from a
4 different region, is that because they were
5 available because they're in this region, or just
6 the management of the contractor, they changed
7 how their resources are positioned?

8 A (Green) When Asplundh lost the contract on
9 January 1st, 2020, their manager left, which left
10 those crews without a manager. So, they shifted.
11 And they were, for too much information, they
12 were on the Vermont border. They used to be
13 managed by Vermont, now they're managed by New
14 Hampshire. So, they were just on the cusp of it.
15 So, now, under their new management, there are a
16 whole bunch of -- there's a bigger pot to pick
17 from, a bigger --

18 Q Uh-huh.

19 A (Green) -- a bigger pool of resources, if that
20 makes sense?

21 So, those bodies, the crew that has
22 worked on the Liberty system for the past fifteen
23 years, are still in the same trucks, the same
24 bodies, but they just moved over to this new

[WITNESS PANEL: Tebbetts|Green|Hall]

1 leadership and region, with different resources
2 available. And so, now, this new crew foreman
3 and new specialized equipment was now available
4 to us, which hadn't been before.

5 Q Okay.

6 A (Green) It's the inside working of their
7 organization.

8 Q That's helpful. Thank you. Does the Company
9 have any in-house tree-trimming positions or
10 arborists that go and do work?

11 A (Green) No.

12 Q So, only management folks, who work with the
13 contractors who actually go and do the
14 tree-trimming work?

15 A (Green) Yes.

16 Q Okay. Looking at the joint testimony, at Bates
17 Page 007, Lines 20 through 21, can you just
18 comment on why the budget was set at 110 percent?

19 A (Green) Page 7?

20 Q Yes.

21 A (Green) And which line?

22 Q Twenty (20) through 21.

23 A (Green) So, why was the budget not set at the
24 2.2, but at the 10 percent?

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Q Correct.

2 A (Green) Because the current cost of doing
3 business is more than 2.2, you know, the cost of
4 doing the work.

5 Q So, you were -- you believed at the time that 100
6 percent of the budget would not provide the
7 adequate level of funding in order to complete
8 your planned work for the year?

9 A (Green) For the four-year cycle, yes.

10 Q Okay. So, considering the contract risks that
11 we're discussing here, why do you think customers
12 should be responsible for the liabilities of
13 losing the contractor, ClearWay?

14 MR. SHEEHAN: If I may? The issue in
15 front of the Commission today does not ask for
16 any recovery of any excess costs caused by the
17 ClearWay debacle.

18 I'll certainly let the witnesses answer
19 why they think they acted reasonably in hiring
20 ClearWay. But, again, the request here is to
21 adjust the factor to, you know, that small amount
22 to just reconcile what happened in 2021.

23 CMSR. SIMPSON: So, I --

24 MR. SHEEHAN: I guess what I'm saying

[WITNESS PANEL: Tebbetts|Green|Hall]

1 is, your question is jumping ahead a bit. The
2 time will come, yes, when we're seeking to catch
3 up for what ClearWay did, and there will be a
4 cost to that. And I think, in speaking to Mr.
5 Dexter about that, he will ask that, and I agree,
6 that an order in this docket will not prejudice or
7 affect that later determination, and I agree with
8 that.

9 So, to the extent the Commission will
10 want to look later, when we have to spend an
11 extra "X" dollars to catch up for what ClearWay
12 did, there's every right for the Commission to
13 say "Well, how did you get yourself in that
14 ClearWay mess?" And the answer, we think, is we
15 acted reasonably every step of the way, it just
16 happened. And then, we acted reasonably after.

17 So, that's -- I'm not sure where I'm
18 going with that. But I just felt that that's not
19 really a question for the witness to answer,
20 other than the steps they took, as you've asked,
21 prior to ClearWay, and the steps they took after
22 ClearWay left.

23 CMSR. SIMPSON: Did you have any
24 comment on that, Attorney Dexter?

[WITNESS PANEL: Tebbetts|Green|Hall]

1 MR. DEXTER: No. But this issue --
2 this is actually the key issue in the Department
3 of Energy's view, which I intended to address at
4 closing, as well as how this issue might affect
5 next week's hearing on the 2022 plan, and how it
6 might impact the upcoming rate case.

7 But I agree with this conversation that
8 your question, Commissioner, is, in the
9 Department of Energy's view, the key question.
10 You know, which is impact on ratepayers of what
11 happened in 2021.

12 Not the key question in this docket,
13 *per se*, but the key veg. management question to
14 deal with over the next, you know, several years,
15 it sounds like, with a rate case coming in 2023,
16 and a 2022 test year, and a rate effective date
17 in 2024.

18 CMSR. SIMPSON: Okay. Thank you both.

19 MR. DEXTER: And if I could just add
20 one more thing?

21 CMSR. SIMPSON: Please.

22 MR. DEXTER: I think this question that
23 we're talking about goes beyond just ClearWay.
24 In other words, there seems to be a perfect storm

[WITNESS PANEL: Tebbetts|Green|Hall]

1 of events that have been touched on in this
2 docket and next week's docket, involving not only
3 ClearWay, but, you know, Asplundh, Consolidated,
4 general trends of costs in the industry that Ms.
5 Green has talked about many times.

6 So, I think it's beyond just ClearWay.

7 CMSR. SIMPSON: Thank you. And I'm
8 really trying to understand the risks from the
9 prior year, as they were presented, looking at
10 the trimming that was done, and that was to
11 benefit customers for reliability purposes,
12 versus the budget at 110 percent. That's what
13 I'm trying to understand.

14 But I'll proceed.

15 BY CMSR. SIMPSON:

16 Q So, the Company provided training and hired a
17 firm to oversee crews. I'm looking at Bates Page
18 010, Lines 15 through 17. Where is the cost for
19 this training and assistance to ClearWay recorded
20 and accounted?

21 A (Green) That would be -- that would be in the
22 "work planning" line.

23 Q If you could point me to a page and line, that
24 would be helpful. Thank you.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 A (Green) Okay. Bates Page 021, Line 1.

2 Q And is that reflective of the costs for work
3 planners only for ClearWay or also for the other
4 contractors?

5 A (Green) All contractors.

6 Q Do you have a breakdown per company?

7 A (Green) I do not.

8 Q How do you track that time and resource
9 allocation?

10 A (Green) VM1000 is this line item. And any time
11 they're working on a feeder, we break it down to
12 a feeder. But that's as far as it gets broken
13 down to. So, I can identify how much time
14 someone has put on administration related to a
15 feeder. So, for example, in the 13L1, there
16 would be VM1000 13L1 charges for work planning or
17 training or auditing or program assistance. So,
18 it would get a "VM1000 13L3" is the code that it
19 would get. But it doesn't get broken down into
20 any finer of a bucket than that.

21 A (Tebbetts) To be specific as well, on Bates Page
22 023, we have a list of vegetation management jobs
23 and the charges by month. And the first line,
24 "VM1000", provides that breakdown by month, not

[WITNESS PANEL: Tebbetts|Green|Hall]

1 breakdown by circuit, but breakdown by month of
2 the costs associated.

3 Q And the negative numbers, what are those
4 indicative of, in the line "VM1000"?

5 A (Green) It might be accrual, accruals. It's
6 possibly accruals.

7 Q I'm not sure what you mean by that?

8 A (Green) No. Accruals don't go negative. I'm
9 not -- I can't answer that question. I'm not
10 sure.

11 A (Tebbetts) I don't know. We'd have to go back to
12 Finance and ask exactly why. This information is
13 provided to us by Finance.

14 A (Green) We do a lot of corrections on this doc --
15 you know, we have to make adjustments [sic] for
16 corrections. But I'm looking at April, and
17 there's a lot of negatives in April. It doesn't
18 look like they're all corrections.

19 Q Right. I think I'd like to make that a record
20 request. For the Company to explain the
21 differences between the positive and negative
22 values on Bates Page 023, the "VM1000" line.

23 A (Green) If I can find it by the end of the day,
24 is that helpful? Or, either way? It's that --

[WITNESS PANEL: Tebbetts|Green|Hall]

1 okay. I'm sorry.

2 A (Tebbetts) And I would like to clarify as well,
3 you asked for "VM1000", and there's a credit in
4 two months, the month of April and November. I
5 just want to ensure that's exactly what you're
6 looking at, too, so we provide the correct
7 information. Because, as Ms. Green noted, there
8 were quite a few instances here that are negative
9 numbers.

10 Q One moment please.

11 A (Tebbetts) Okay. Thank you.

12 *[Commissioner Simpson and*
13 *Commissioner Chattopadhyay conferring.]*

14 CMSR. SIMPSON: Okay. Why don't we
15 provide -- well, let's do this for the whole
16 table. So, let me clearly articulate this data
17 request -- or, this record request. One moment
18 please.

19 So, the request will be "Please provide
20 an explanation for the positive and negative
21 values indicated in the table in Exhibit 1, Bates
22 Page 023."

23 WITNESS TEBBETTS: Okay. Thank you.

24 CMSR. SIMPSON: Thank you.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 *(Record request noted.)*

2 BY CMSR. SIMPSON:

3 Q Looking at the testimony on Bates Page 015, how
4 do the variances of budgeted versus actual
5 spending impact system performance and the
6 associated reliability metrics, like SAIDI and
7 SAIFI?

8 A (Tebbetts) One moment while I look at this
9 please.

10 Q Take your time.

11 A (Tebbetts) Thanks.

12 MR. DEXTER: Commissioner, if it's
13 helpful, in the companion docket, we'll be here
14 next week on the plan, DOE requested that very
15 information, because, in past years, it had been
16 provided. So, in November, in past years, the
17 Company would provide its upcoming plan and its
18 past reliability information. And we saw that
19 the charts that we were used to seeing were not
20 included in that November filing. So, we made
21 that a data request in the other docket, DOE 1-8.
22 And we intend to offer that as an exhibit next
23 week.

24 So, if you were looking for those

[WITNESS PANEL: Tebbetts|Green|Hall]

1 graphs, they are coming in next week. Not to say
2 that you don't -- you might want them in this
3 docket as well, but --

4 CMSR. SIMPSON: Do you have a
5 perspective on relevance of those exhibits within
6 this docket?

7 MR. DEXTER: I was not planning on
8 making them an exhibit in this docket. I'm not
9 saying "they're not relevant." I'm just saying
10 that we -- DOE wasn't planning on offering them
11 for the position that we're taking in this
12 docket, but we plan to make them an exhibit in
13 the next docket.

14 CMSR. SIMPSON: Okay. Thank you.
15 That's helpful. I'm really just trying to get a
16 general sense. I don't think I need any specific
17 data from the Company at this point.

18 BY CMSR. SIMPSON:

19 Q But I would like to better understand how the
20 cost variances of budget versus what you actually
21 spent, how they inform and impact the reliability
22 metrics?

23 A (Tebbetts) Sure. So, I have the information that
24 Mr. Dexter just described in front of me here.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 And what I can tell you is that the cost
2 variances, I'd suggest, are not an impact. What
3 I'd suggest are an impact to our reliability
4 metrics is the amount of money we're spending
5 annually at the 2.2, plus the 10 percent, which
6 is not sufficient to meet our goals of 235 --
7 approximately 235 miles a year. And, due to
8 that, we've been deferring miles annually because
9 of this.

10 And, so, when looking at the
11 reliability statistics, which will be provided in
12 Docket 21-138 next week, you will find that our
13 SAIDI has gotten better, so, the duration, but
14 the frequency has not.

15 We have a group of circuits in our
16 Charlestown and Walpole area that have suffered
17 on reliability. All of this wraps up also into
18 our least cost plan, where we were to file a
19 non-wires solution back in February, and chose to
20 request an extension and pivot, due to the
21 reliability data that we've received over the
22 past couple of years in this area.

23 And, so, through this docket, this
24 vegetation management docket, through the 2022

[WITNESS PANEL: Tebbetts|Green|Hall]

1 plan docket, and through our least cost plan
2 docket, we are looking to paint a picture to
3 provide the Commission and other parties what the
4 reliability looks like for our circuits, how
5 vegetation management has or has not affected
6 them, and what our plan is to alleviate between
7 now and we'll say the next least cost plan, and
8 through the rate case, those reliability issues.

9 So, it happens to be we have three
10 separate dockets going on with one single issue
11 of reliability. Tree-related is some of it,
12 certainly. And, so, we plan to address those in
13 those areas. And as I mentioned, this
14 information will be provided most likely as
15 exhibits in our 2022 plan next week.

16 Q Okay. Thank you. In closing, I would like to
17 just return to the exchange that we had a few
18 moments ago, with respect to customers assuming
19 the risk of defaults and issues with contractors.

20 So, in this proceeding, we're
21 reconciling costs from 2021. Is that a fair
22 characterization?

23 MR. SHEEHAN: Yes. We're reconciling
24 actual costs to the approved 2.4 million from the

[WITNESS PANEL: Tebbetts|Green|Hall]

1 rate case.

2 CMSR. SIMPSON: And some of the costs
3 here pertains to this contractor, ClearWay, that
4 did work, and subsequently left working for the
5 Company in 2021. Is that correct?

6 MR. SHEEHAN: That's a driver of some
7 of the costs, yes.

8 CMSR. SIMPSON: So, I'm just confused
9 as to how our consideration of those issues
10 within this proceeding is misguided or should be
11 considered in DE 21-138, looking at 2022?

12 MR. SHEEHAN: I guess "misguided" would
13 be too strong a word. As Heather just said,
14 they're all interrelated.

15 The conversation between Mr. Dexter and
16 me was simply "That's a big question, that's
17 probably hard to do in a week, in these
18 compressed timeframes." And, so, that's why Mr.
19 Dexter reached out to me to say "We'd like to
20 make clear that we're not getting into that
21 issue, because we don't have the time to do it.
22 So, when I decide to get into it in the rate
23 case, you, Mike, aren't going to say "no, too
24 late"."

[WITNESS PANEL: Tebbetts|Green|Hall]

1 So, we fully expect to spend time on
2 this issue to (a) determine how much does it
3 really cost to do the work we need to do going
4 forward, that would be the normal question in a
5 rate case; but also to the extent that we have
6 clean-up to do from the ClearWay, and as Ms.
7 Green mentioned, it's not just ClearWay, there's
8 a lot of factors, is the clean-up cost
9 appropriate to charge customers?

10 And I guess it does come back to how we
11 acted, how we behaved. You asked a lot of
12 questions about why we chose ClearWay. You know,
13 are all those decisions subject to a prudence
14 review? Presumably. If we acted reasonably, and
15 they still happened, yes, customers would, you
16 know, there is some risk on customers, too, the
17 same with the gas contracts. You know, we sign a
18 contract, we get hit with a higher price. And,
19 if we signed the contract reasonably, the
20 customers pay the higher price.

21 So, that was the thinking was, it's
22 really too much to squeeze into this docket.
23 It's not technically outside, but it's just a
24 bigger question.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 CMSR. SIMPSON: Any comments, Attorney
2 Dexter, on that?

3 MR. DEXTER: Yes. Yes. I don't think
4 this inquiry is misguided in any way. But I
5 do -- you know, we come up with -- we struggle
6 with this issue in reconciliation dockets quite a
7 bit, in other words, the timeframe. The
8 reconciliation dockets are designed to look at
9 whether or not costs were accounted for properly,
10 and whether rates were adjusted properly, based
11 on the underlying materials.

12 In the event that a substantial
13 question, like what you're raising, comes up in a
14 reconciliation docket, the Department of Energy
15 is fully supportive of reserving that issue for
16 review at a later time.

17 You know, there's a theory or an
18 argument or a question about, you know, "what if
19 it's not brought up, you know, can you go back
20 and reopen a reconciliation docket from several
21 years ago?" And that's a serious question.

22 So, what I had planned to do in closing
23 was request, there's really two issues here, was
24 to request to reserve two issues. There's really

[WITNESS PANEL: Tebbetts|Green|Hall]

1 two issues that are of substantial concern to the
2 Department of Energy in this area of veg.
3 management for this time period. One is -- the
4 bigger one in the Department of Energy's mind is,
5 we left 19-064, the recent rate case, with an
6 understanding, and Ms. Tebbetts read the
7 Settlement, and we don't think it's ambiguous,
8 that, for the next four years, the Company would
9 operate a four-year cycle, and accomplish that
10 four-year cycle, and the total amount that would
11 be charged to ratepayers over that four-year
12 cycle would be 2.2 million, plus 10 percent,
13 2.42 million.

14 What we found in this case, the first
15 year of the -- I guess I'm doing a closing
16 statement here. What we found in this case is
17 that the Company was not able to meet the
18 agreement in 19-064 to accomplish the four-year
19 cycle, the 234, 235 miles.

20 They have not, in this case, asked to
21 collect more than what they spent. They have
22 asked to defer some money that they collected for
23 use next year, and I'll get to that in closing.
24 But they haven't come in, in this docket, and

[WITNESS PANEL: Tebbetts|Green|Hall]

1 said "Well, in order to have done that
2 235,000" -- I'm sorry -- "235 miles, we would
3 have needed to have spent four or five million
4 dollars. And, so, therefore we want to adjust
5 the rate to collect four or five million dollars,
6 so that we can get back on track."

7 That's not, as I understand it, at
8 issue in the rate proposed here. This is a, and
9 what I will say in closing, is what seems to me
10 to be an accurate calculation of collecting what
11 was spent, given the circumstances that the
12 Company faced.

13 What I want to make sure that I ask of
14 the Commission is that we not be foreclosed in
15 future dockets of examining two key questions:
16 One relates to the total amount spent versus what
17 was allotted in the rate case, and whether or not
18 that should be altered. The second is the
19 question that you're asking, was the 2. -- I'm
20 sorry, 1.8 million that is at issue in this case,
21 was that spent prudently? And I think that's a
22 perfectly appropriate question.

23 We did not -- we are not, based on what
24 we've seen today, recommending that it wasn't.

[WITNESS PANEL: Tebbetts|Green|Hall]

1 But I believe that that issue should be preserved
2 with the other issue for resolution, you know, if
3 and when the Company comes looking to -- well,
4 I'm sorry, the Company has come looking to
5 collect that 1.8 million in this docket. But I
6 believe that issue should be reserved for a
7 future prudence review, be it in a rate case or
8 in the planning docket, although it doesn't sound
9 like it would be appropriate in the planning
10 docket.

11 So, having gone around in circles,
12 maybe the issue is that, if this rate is approved
13 today, that the prudence of the \$1.8 million that
14 was spent, including the withholding of the
15 credits -- the invoices from ClearWay, including
16 the litigation and what happens to any proceeds
17 from the litigation of ClearWay, that all that be
18 reserved for review at a future time.

19 CMSR. SIMPSON: And does the Department
20 have any perspective on forum for this type of
21 proceeding moving forward? I had asked the
22 Company a similar question, whether, given the
23 state that we're in of vegetation management
24 programs having been in place for many years,

[WITNESS PANEL: Tebbetts|Green|Hall]

1 over a decade now, certainly customer
2 expectations are quite different than they were
3 when this program began, do you -- does the
4 Department feel that -- or, I should say does the
5 Department have any perspective on whether these
6 types of vegetation management costs should
7 remain in annual reconciliation dockets or would
8 they be better reviewed as O&M expenses in
9 general rate cases?

10 MR. DEXTER: Sure. Well, I guess our
11 most recent thought on this is the 19-064
12 Settlement, which does -- it did extend this
13 process for four more years. And, as
14 Ms. Tebbetts read from the Settlement, that all
15 the reports and mechanisms were presumed to
16 continue for four years, and that would have
17 gotten through the first two four-year cycles.
18 So, that was the last time that we, I want to
19 say, like spoke officially on that.

20 And our major concern next week, when
21 we get to the 2022 plan, will be that the 2022
22 plan that's been presented doesn't get -- doesn't
23 get back on track. You'll find next week that
24 153 miles are proposed for trimming in 2022.

{DE 22-014} {04-19-22}

[WITNESS PANEL: Tebbetts|Green|Hall]

1 Whereas, under the four-year cycle, as Ms. Green
2 testified, it would have been 204. And, as
3 Commissioner Chattopadhyay pointed out, of the
4 153 that's proposed, like 100 of it is backlog.

5 So, we've got a serious issue here.
6 You know, what's the solution to that? That's an
7 appropriate planning question that I think we
8 would talk about next week. And I think it's
9 certainly going to be an issue in the rate case.
10 My understanding, and I know it's all preliminary
11 at this point, is that the Company plans to --
12 one way to address it is to go back to a
13 five-year cycle. And then, I imagine that they
14 will -- I don't "imagine", I asked them this in
15 the tech session, "What are you going to do with
16 the backlog?" And they said "Well, that will all
17 be wrapped up into the rate case proposal." So
18 that, you know, so that they're basically, like,
19 starting afresh in the next rate case to get back
20 on track.

21 Okay. I don't want to prejudge that,
22 whether or not that's reasonable. But I'm fairly
23 certain that the Department of Energy's position
24 is, you know, barring something that we learn in

[WITNESS PANEL: Tebbetts|Green|Hall]

1 these future proceedings, that the parameters of
2 the last Settlement were clear. And, for at
3 least the four years going from 2021 forward,
4 that it was to be four-year trim, \$2.4 million.
5 And that, you know, that was designed
6 specifically in that Settlement to handle this
7 issue. Because we had the same issue from the
8 last case, in the 2016 case, where we understood
9 that there was a cap in place. And we learned
10 from the Company that their perspective was that
11 it wasn't a cap, it was a budget, and we would
12 have these annual reconciliations, and continue
13 to discuss whether or not any overages were
14 appropriately collected. I think, ultimately,
15 they all were.

16 But one of the key components of the
17 19-064 rate case, from the Staff's perspective,
18 when we were Staff, was that we get away from
19 that annual discussion of overages, and that we
20 agreed on a cycle and an amount. Now, it turns
21 out that circumstances changed drastically,
22 either right around the time we were signing that
23 Settlement or right after. So, I mean, you know,
24 the Department does want to keep an open mind to

[WITNESS PANEL: Tebbetts|Green|Hall]

1 hear what the Company has to say.

2 But I'm just saying, at this point,
3 based on what we know now, we feel very strongly
4 that abiding by the terms of the 19-064 rate case
5 agreement is important.

6 CMSR. SIMPSON: And just to clarify,
7 you mentioned that the Department of Energy's,
8 formerly the Staff of the PUC's, understanding at
9 the time where the Settlement was signed in the
10 last -- in the Company's last rate case was 2.4
11 million every year, four-year cycle, and I'll add
12 a third area that I'd like you to say whether or
13 not is accurate, with an annual circuit miles to
14 be trimmed. Those were the three factors to be
15 considered, is that correct?

16 MR. DEXTER: Yes. And through
17 questioning of Ms. Green, that's why I started
18 with, you know, "a "four-year cycle", what does
19 that mean?" And the answer is, you know,
20 "roughly, 200 to 235 miles per year."

21 Yes. We expected that the full system
22 would be trimmed in the four years.

23 CMSR. SIMPSON: Okay.

24 MR. DEXTER: That was definitely the

[WITNESS PANEL: Tebbetts|Green|Hall]

1 expectation of the Department of Energy. And I
2 think the Settlement is clear on that.

3 CMSR. SIMPSON: Okay. And then, my
4 last question, just in preparation for closing,
5 you'll address a recommendation from the
6 Department with respect to the reconciliation
7 specifically requested here, correct?

8 MR. DEXTER: Yes.

9 CMSR. SIMPSON: Thank you. Do you have
10 anything else, Commissioner Chattopadhyay?

11 CMSR. CHATTOPADHYAY: I do.

12 BY CMSR. CHATTOPADHYAY:

13 Q I think I heard, when I was asking questions, you
14 had mentioned something about, you know, it was
15 Liberty's oversight, as far as the Consolidated,
16 you know, contract is concerned. I'm just
17 concerned, if that's the case, why is it that the
18 ratepayers would be burdened with that amount?
19 And do you have any response to my comment here.

20 A (Tebbetts) Sure.

21 MR. SHEEHAN: If I may interject? To
22 the extent it's a legal question, I don't want my
23 witnesses to give legal opinion to what that
24 contract allowed for or doesn't. You'll get the

[WITNESS PANEL: Tebbetts|Green|Hall]

1 contract, you'll get my argument, to show that
2 the Commission had -- we had been working under
3 that contract for decades, with the Commission's
4 blessing. And just a change in the regulatory
5 scheme of the telephone companies exposed a flaw
6 in that contract, that no one anticipated, that
7 is that they could just opt out. And then, the
8 phone company got around to seeing that, and they
9 opted out. And, as you'll see in the contract,
10 we have no remedy.

11 CMSR. SIMPSON: A question on that, if
12 I may.

13 Has the Company pursued any means to
14 renegotiate that agreement or pursue a different
15 ownership structure of the poles?

16 MR. SHEEHAN: Yes. And those are
17 confidential. But you will hopefully see the
18 products of that in the future.

19 But, yes. We haven't just turned away
20 from it. We'll try to solve the
21 FairPoint/Consolidated problem.

22 CMSR. SIMPSON: Thank you.

23 CMSR. CHATTOPADHYAY: That's it.

24 CMSR. SIMPSON: Okay. I think that's

[WITNESS PANEL: Tebbetts|Green|Hall]

1 all we have from the Commissioners for questions.

2 Any redirect, Attorney Sheehan?

3 MR. SHEEHAN: I do have some scattered,
4 you know, the conversation has touched on just
5 about everything. But there's some clean-up that
6 I think I need to do, but I'll just -- so, pardon
7 me bouncing around a little bit.

8 MR. DEXTER: So, Commissioner, could
9 we, because we're going into closing right after,
10 maybe this would be an appropriate time for a
11 short break?

12 CMSR. SIMPSON: Absolutely. Unless
13 there's any objections to that?

14 MR. SHEEHAN: No.

15 CMSR. SIMPSON: Let's take a ten-minute
16 break. We'll return here at 11:28. Off the
17 record.

18 MR. DEXTER: Thank you.

19 MR. SHEEHAN: 11:38.

20 CMSR. SIMPSON: 11:38, I'm sorry.
21 11:38. Off the record.

22 *(Recess taken at 11:28 a.m., and the*
23 *hearing resumed at 11:39 a.m.)*

24 CMSR. SIMPSON: All right. Let's go

[WITNESS PANEL: Tebbetts|Green|Hall]

1 back on the record. Just I -- oh, Attorney
2 Sheehan, before we go to redirect, do you have a
3 comment or are you looking to move?

4 MR. SHEEHAN: No.

5 CMSR. SIMPSON: I just have one comment
6 I want to make. I just want to say, I'm very
7 appreciative of having an expert witness here who
8 understands the program quite well. This has
9 been a very productive exchange today, as we're
10 grappling with these issues.

11 You know, ultimately, everyone is
12 concerned with the benefits that the customers
13 can receive from these programs. And the details
14 as they have evolved over time are very
15 important. So, I'm very appreciative of
16 everyone's comments today.

17 With that, Attorney Sheehan.

18 MR. SHEEHAN: Thank you. And I can
19 repeat that, and say we're appreciative of a
20 Commission that's asking lots of good questions,
21 because that's better than not. And there's a
22 huge benefit there as well.

23 And since I got the note from
24 Mr. Patnaude to slow down, the break helped us,

[WITNESS PANEL: Tebbetts|Green|Hall]

1 and eliminated a bunch of sort of small questions
2 I was going to ask. I think we've beat all the
3 horses here.

4 **REDIRECT EXAMINATION**

5 BY MR. SHEEHAN:

6 Q But I did want to ask Ms. Tebbetts one question,
7 about the Company's approach, leaving the last
8 rate case Settlement in the summer of 2020, going
9 into what became the ClearWay contract?

10 A (Tebbetts) Sure. So, leaving the rate case, so,
11 let's look at the period from July 1st, 2020 and
12 forward, we had a Settlement Agreement that
13 provided us a -- call it \$2.42 million amount of
14 vegetation management costs that were allowed to
15 be recovered. We had the knowledge that
16 Consolidated was no longer going to be
17 contributing to our vegetation management costs.

18 And, so, Ms. Green, myself, and others,
19 worked together, knowing this information, to go
20 out to bid and look for the best deal we could
21 find. And part of that deal was things that she
22 mentioned, which was the lowest cost per mile,
23 the lowest cost for sub-transmission, and other
24 things that we think are within our control, like

[WITNESS PANEL: Tebbetts|Green|Hall]

1 removing trees. All of that comes with things
2 that are out of our control, like police costs
3 and things like that.

4 So, going through that process in the
5 fall period of 2020, you know, we were pretty
6 happy with the fact that we had found a
7 contractor with a very low bid, which met our
8 cost recovery challenges. And we also knew that
9 they had done very good work on our system,
10 because, during 2020, we had them working on our
11 system, and that work was checked.

12 And, so, going into 2021, we had high
13 hopes that, for the next four years, the issues
14 that were described in the rate case, and prior
15 vegetation management dockets, wouldn't be 100
16 percent alleviated, but we had, you know, a good
17 outlook that those miles could be trimmed. Would
18 we miss on other areas? Potentially. But our
19 goal was to address that four-year trim cycle.

20 So, when ClearWay was unable to meet
21 those requirements, we were quite baffled, and
22 upset, because we had a plan, and, as I
23 mentioned, you know, coming out of the rate case,
24 we knew also, coming out of the rate case, that

[WITNESS PANEL: Tebbetts|Green|Hall]

1 there would be potentially higher costs
2 associated with crews, because we were insulated
3 with a four-year plan, a four-year contract prior
4 to that. And, through the period of now we have
5 a pandemic that's unfolding, coming out of this
6 rate case, the world has stopped, and what is
7 next.

8 We had wildfires in California, where
9 folks were leaving New England to go make more
10 money to go to trim trees out there, cut trees
11 down. All of these things happened as we were
12 moving through the -- past the Settlement
13 Agreement, through the rate case, getting an
14 order.

15 So, when all of this happened in we'll
16 call it January, February, and then subsequently
17 March 2021, we said, you know, "What are we going
18 to do?" We can't not trim. So, let's put our
19 best foot forward, figure this out, get us
20 through the next three, two years. Let's address
21 these issues in a rate case. We know we have one
22 coming up. But, in the meantime, we have to trim
23 trees. We have to remove trees. You know,
24 customers deserve us to put our best foot

[WITNESS PANEL: Tebbetts|Green|Hall]

1 forward, and that's what we did.

2 And, you know, the results of this
3 happened to be we trimmed 84 miles. But we, you
4 know, as I mentioned, put our best foot forward,
5 to try to get us to a place that allows us to try
6 to address those reliability problems, and also
7 try to get back to some sort of normalcy with
8 Asplundh. And put the ClearWay issue aside, and
9 I say "aside", because the litigation is not
10 happening with vegetation management. That's a
11 separate, you know, group of folks working on it.
12 But that was our ultimate goal here.

13 And, you know, I would say that the
14 hard work and dedication that we put into this to
15 ensure that customers are getting the best value,
16 you know, was in the forefront of our mind. And
17 we've mentioned a few times, we didn't take crews
18 because they were too expensive. We knew that
19 those miles wouldn't be trimmed, but we also
20 weren't going to put that much money down just to
21 get a couple miles trimmed or increase that 84
22 miles.

23 So, I just wanted to ensure that, you
24 know, when we're looking at this, that we -- the

[WITNESS PANEL: Tebbetts|Green|Hall]

1 requests that we've made today to recover the
2 1.87 million, and then utilize that 549,000 in
3 2022, is clear that we, you know, had all good
4 intentions coming out of this rate case. And,
5 unfortunately, a lot of things changed. And
6 we're just trying to work through all of that.

7 MR. SHEEHAN: That's all I have. And
8 Ms. Tebbetts just made my closing argument
9 shorter, too. Thank you.

10 CMSR. SIMPSON: Excellent. Thank you,
11 Ms. Green. Thank you, Ms. Tebbetts. Thank you,
12 Mr. Hall. And I want to note my appreciation,
13 and Commissioner Chattopadhyay's, further extends
14 to the Department of Energy, and the comments and
15 exchange we had earlier. So, thank you.

16 MR. DEXTER: Thank you, Commissioner.

17 CMSR. SIMPSON: Without objection,
18 we'll strike ID on Exhibit 1, and admit it as a
19 full exhibit. And we will hold the record open
20 for Exhibits 2 through 5, pertaining to the
21 record requests propounded by the Commission.

22 (**Exhibits 2 through 5 were reserved for**
23 **record requests.**)

24 CMSR. SIMPSON: We'll move to closing

1 arguments. So, Attorney Sheehan, for Liberty.

2 MR. SHEEHAN: Thank you.

3 Again, the narrow issues before the
4 Commission today are whether to adjust the rates
5 the modest amount Mr. Hall described, to
6 reconcile the '21 costs to what's in rates. And
7 I don't think there's any, as Mr. Dexter said,
8 any dispute over the calculations. It dots all
9 the i's and crosses all the t's. And the other
10 request today is to allow us to spend the 500
11 some thousand dollars that wasn't spend last year
12 this year. How we will spend that money is part
13 of next week's hearing. But this is the docket
14 that would give us the authority to do that, and
15 we ask for that authority.

16 The bigger questions that we've been
17 talking about, Ms. Tebbetts explained why we will
18 ultimately argue what we did with regard to
19 ClearWay was prudent. I won't repeat it.

20 I will note that customers have not yet
21 paid any ClearWay money, although there might
22 have been a bill or two we paid early, but,
23 effectively, we are withholding the money that
24 they had billed us when they left. Customers

1 have not -- we have not charged -- strike that.
2 We haven't paid it, and it is not in our request
3 today. It's not part of the reconciliation.
4 That money has been held out.

5 So, there's no impact to customers, as
6 far as rates go, other than that small
7 reconciliation. And, again, we're saving for
8 another day how we deal with what I call the
9 "clean-up".

10 I'd like to give the Commission just a
11 preview of what you'll find in the record
12 request, to help orient your review, and a brief
13 description of the ClearWay litigation, as I
14 promised earlier.

15 So, we filed suit against ClearWay late
16 in '21. ClearWay filed, and this is all public
17 record, ClearWay filed an answer. And their
18 answer, their only stated defense that has facial
19 logic is *force majeure*. Believe it or not, they
20 are claiming *force majeure* for a contract they
21 signed a year and a half into the pandemic, *force*
22 *majeure* based on the pandemic.

23 So, it's my opinion, and it's an
24 obvious opinion, that that should fail. We think

1 we have a sound case against ClearWay. When they
2 left the property, they simply said "We're
3 leaving." There were no statements given then.
4 It was a few days notice.

5 So, the litigation has just started. I
6 think last week we got the first scheduling order
7 out of the court, penciling in a trial date 12 to
8 14 months from now. Discovery will start. I
9 think we are making our initial disclosures this
10 week or next week. The rules require, basically,
11 a disclosure of all the obvious documents, the
12 contracts, the communications. That will all go
13 out. We'll enter discovery. And, frankly,
14 hopefully, we'll enter settlement talks sometime
15 this year, and hopefully try to resolve it this
16 year. But it's litigation, so who knows.

17 The Asplundh contract you will see is
18 dated March of '21, shortly after ClearWay left,
19 days after, I would say. And the required
20 mileage that's been referenced in some questions
21 is an unfortunate lift from their response to the
22 RFP. The RFP said "We will trim these miles in
23 these years." And then, when we -- when the
24 contract was created, that language was lifted

1 into the contract. So, yes, the contract does
2 say "they will trim these miles in these years."
3 The contract also has an email, I think Ms. Green
4 described, where that was undermined by the
5 statement that "we'll do our best", in effect.
6 "Once our crews get up and up to speed, we'll
7 reevaluate what we can do." And that's, in fact,
8 what happened.

9 The discovery questions DOE asked us on
10 this topic, we're working on the answers, they're
11 due later today, and it will say "we have no
12 intention of pursuing Asplundh for their failure
13 to meet those stated miles", for the reason I
14 just mentioned, we, in effect, had agreed they
15 didn't have to. And, second, we know that they
16 did everything they could to trim as many miles
17 as they could. And, so, pursuing them would be
18 counterproductive. We've been with them for
19 decades, as Ms. Green said. And, again, without
20 them, we would have trimmed nothing. So, that's
21 the Asplundh contract.

22 The Consolidated contract was initially
23 signed in 1980, I have it in front of me, between
24 Granite State Electric and New England Telephone

1 & Telegraph. And it's a ten-page, very basic
2 contract, that says "We are joint owners of
3 poles, and we will divide the responsibilities
4 accordingly."

5 And then, the actual substantive pieces
6 are called "IOPs", "Intercompany Operating
7 Procedures", and they're labeled "A" through I
8 think they're up to "M" or "N" or "P". IOP-J is
9 what covers tree trimming. And those have been
10 amended from time to time over the years. The
11 last one signed by the parties is 1993. And
12 that's the one that says -- it's got a dozen
13 provisions, settlement provisions, and it says
14 the process for delegating the work.

15 So, we jointly own all the poles, but
16 some towns we have the primary responsibility,
17 other towns the phone company has the primary
18 responsibility. So, it depends on who's the
19 primary owner. And I never remember which town
20 is us and which town is FairPoint or
21 Consolidated. But, if it's our town, and a pole
22 needs to be replaced, we do the replacing, and
23 charge them, and vice versa. If it's their town,
24 let's say a car hits a pole and breaks it,

1 they're the ones that replace it. And there's a
2 provision if they don't respond in time, which
3 happens frequently. A pole's down in their town,
4 we have to wait a certain amount of time before
5 we go ahead and replace it. So, anyway, it
6 governs all of that.

7 And the last portion says "This
8 arrangement shall continue for five years,
9 unless, after three years, both parties agree to
10 modify it. This Agreement will automatically
11 renew itself each year, unless either party
12 notified the other in writing at least 30 days
13 prior to the end of such yearly period that it
14 wishes to modify or terminate the agreement."

15 Now, so, either party had the right to
16 terminate the agreement; Consolidated did.
17 Again, this is way before anyone in this room was
18 involved in any of this.

19 In talking to Mr. Frantz one time about
20 this, the theory he expressed, and I'm not
21 testifying for him, and he can disagree with me,
22 but it makes sense that, back then, both
23 companies were regulated. Both companies were
24 getting their costs for the tree trimming through

1 this process. And the thought that either side
2 would simply walk away from this never entered
3 anyone's mind, because the Commission wouldn't
4 let them do it. And, of course, fast-forward 20
5 years, they're not regulated anymore, and they
6 have the freedom to do that.

7 I do know that other utilities are in
8 litigation with Consolidated over these issues.
9 I've looked at the other contracts; they're all
10 different. So, whatever hooks some of the other
11 utilities may have had to try to slow that
12 process down or prevent it, we don't have. And,
13 again, you can look at the contracts and decide
14 for yourself.

15 And last, as the witnesses said, we're
16 happy to dive into a reexamination of how these
17 veg. management costs should work. There's a lot
18 of competing, overlapping, and sometimes
19 contradicting goals, regulatory goals, business
20 goals that go into it. That's what informed the
21 system we have now. There's nothing wrong with
22 reexamining that to see if there's a better way
23 to run this process, and we're happy to review
24 that.

1 We will make a proposal in the rate
2 case. It will be an informed proposal, one that
3 we think is good. But, as always, we're open to
4 suggestions, settlements, etcetera.

5 So, thank you for your time. And we
6 ask that the Commission approve those two items
7 that are directly at issue in this docket.

8 CMSR. SIMPSON: Thank you, Attorney
9 Sheehan.

10 And, before I move on to the Department
11 of Energy for closing, with respect to the record
12 requests, and the pendency of the May 1st
13 effective date requested in the Petition, would
14 the Company be able to provide responses to the
15 record requests by close of business this
16 Thursday? Or, would you require more time?

17 MR. SHEEHAN: I'm looking at them. The
18 only one that may require time is the explanation
19 of the schedule, explaining the pluses and
20 minuses of that one. And I have no knowledge of
21 how much work that's involved.

22 The rest are providing documents that
23 already exist, and Thursday close of business
24 should be fine.

1 CMSR. SIMPSON: And with respect to the
2 response that you believe might require more
3 time?

4 MR. SHEEHAN: I just don't know.

5 CMSR. SIMPSON: Uh-huh.

6 MR. SHEEHAN: It may be, and I don't
7 know if anyone can speak up from up there off the
8 top of your head. But I hate to commit to it, if
9 it's not doable.

10 CMSR. SIMPSON: Of course.

11 WITNESS TEBBETTS: We will get the
12 request out today to Finance. And I want to
13 commit to Thursday, but I'm afraid that I commit
14 as well. But, if it can't be Thursday close of
15 business, we will aim for Friday, by noon. So
16 that you have time to ensure, but we also just
17 want to make sure Finance has enough time to
18 provide us an explanation, so we can write a
19 thoughtful response.

20 MR. SHEEHAN: And why don't we say
21 this. If it's not part of the Thursday filing,
22 we'll put in that filing where it stands. So,
23 you will know where we are with that last one.

24 CMSR. SIMPSON: Okay. So, then, let's

1 say "Thursday, close of business, for all the
2 record requests, subject to a clarification by
3 the Company at that time."

4 MR. SHEEHAN: That works.

5 CMSR. SIMPSON: Thank you. Attorney
6 Dexter, Department of Energy.

7 MR. DEXTER: Thank you, Commissioners.
8 This has been a useful hearing for the Department
9 of Energy to understand this complicated and
10 expensive issue.

11 I'm looking at the proposed rate on
12 Bates Page 026 of "\$0.00001". And the Department
13 would recommend that the Commission approve that
14 rate in this docket. We understand what it's
15 collecting and what it's not collecting.

16 It's not -- well, let me back up. The
17 Company's second request is that 540 -- roughly,
18 \$549,000, I'm trying to find you the cite. I
19 think it's Bates 014, \$549,000, which has been
20 collected from the Company *[sic]*, but not spent
21 on veg. management. Their request is that that
22 not be returned to customers, and that that be
23 used for veg. management activities in 2022.

24 Department of Energy is also supportive

1 of that request. It's clear, from our review in
2 this docket, and in next week's docket, that that
3 money will be needed for veg. management. And it
4 would seem less efficient for us to send that
5 money back to ratepayers, only to have to collect
6 it from them next year. The Settlement in the
7 rate case provided for such a situation, and we
8 believe it's appropriate that the Company
9 exercise that provision from the Settlement in
10 this docket. And we say that now knowing the
11 exact impact of what that would have been, Ms.
12 Tebbetts demonstrated for us that the small
13 decrease in rates that is proposed here in bill
14 impact for a residential customer would
15 essentially double, but it's still a fairly minor
16 impact.

17 So, we are supportive of the two basic
18 proposals made by the Company.

19 Based on the discussion we had earlier,
20 we have several concerns in the area of veg.
21 management. And we request specifically that the
22 Department [sic] make it clear in its order that
23 it is not foreclosing further review of two
24 fundamental questions. One is, was the \$1.8

1 million that was spent in 2021 incurred in a
2 prudent fashion? And I will note that that \$1.8
3 million also includes withheld invoices from
4 ClearWay, and zero reimbursement from
5 Consolidated, in terms of veg. management
6 contributions. So, those questions we request be
7 subject to review at a future time, given the
8 short timeframe allotted in this reconciliation
9 docket.

10 Having said that, we, the Department,
11 have looked at what was spent in 2021. And,
12 although we are not satisfied, if that's the
13 word, with the 83 miles that was done, we haven't
14 heard anything in the Company's explanations that
15 have caused us to raise a specific issue with you
16 today on any of the costs that are in Column (b)
17 on Bates Page 021. The Company has made, we
18 think, a clear explanation of the circumstances.
19 And we haven't found reason at this point, in the
20 short timeframe, to question that further. But
21 we would like the opportunity. And I think the
22 Commission is right to give itself the
23 opportunity to come back to those numbers.

24 The second question, which we think is

1 more important for it not be foreclosed, and I
2 don't think it would be, but I just want to make
3 it clear, and that has to do with the amount of
4 veg. management that was provided for in rates in
5 the last rate case, as compared to the amount of
6 veg. management expenses actually incurred over
7 the four-year cycle, which the Company testified,
8 starts with this year. We, as I said earlier,
9 believe the Settlement is clear, and would not
10 want to be foreclosed from questioning any
11 variance that the Company in the future seeks to
12 recover from customers above what was allotted in
13 rates last time.

14 We don't believe that they -- in a
15 sense, they haven't asked for any of the
16 so-called "extra costs". But you have to look at
17 what they have requested, \$1.8 million, in
18 comparison to what was actually accomplished,
19 which was only about one-third of the work. So,
20 in a sense, you could say that they have
21 requested, you know, extra money because of this
22 situation.

23 But, on the other hand, you know, as
24 Ms. Tebbetts pointed out, if you go to Bates Page

1 026, Line 1 is "zero". So, in that sense, they
2 haven't requested the money.

3 What I'm really saying here is, the
4 \$2.4 million was supposed to cover a certain
5 amount of work. And it's obvious from this case,
6 and you'll see it next week, that that work was
7 not accomplished. And when the time comes to
8 deal with that deferred work or backlog or extra
9 costs or whatever you want to call it, the
10 Department will have a position on that. And, as
11 I said earlier, we believe our position will be
12 that the Settlement in 19-064 was clear, and that
13 that's the state of affairs. However, we are
14 willing to hear, you know, willing to listen to
15 further consideration on that question.

16 I do want to point out that the 2.4
17 million that was agreed to in the last rate case
18 was a substantial increase from what was in rates
19 prior to that, and that, you know, we can go back
20 and look at the various dockets. But I believe
21 the veg. management budget started at about 1.3
22 million, when this situation was developed,
23 this -- not "situation", this arrangement was
24 developed back in the DG 06 case. And it's been

1 increased in every rate case since then, I
2 believe. And I think the last increment, in
3 other words, we went from, I believe, 1.8 million
4 to 2.4 million, I believe was the largest
5 increment, you know, in the history of this
6 program.

7 So, it wasn't like we left the 19-064
8 rate case with a flat budget or anything like
9 that. We viewed, we were Staff at the time,
10 viewed the 2.4 million as a substantial increase
11 in the veg. management budget. And I just want
12 to point that out, in case that was lost today.

13 So, you know, in closing, I think it's
14 important that the Commission -- it's obvious
15 that the Commission has recognized the
16 seriousness of this particular situation the
17 Company is facing in the veg. management, and the
18 potential for very large financial impacts,
19 rates, increases, costs being flowed through to
20 customers. So, that's important, and that's been
21 recognized. And it's very important that, you
22 know, nothing in this docket foreclose future
23 examination of those two issues that I laid out
24 there.

1 So, in closing, we do recommend that
2 the proposed rate be approved, and that the
3 Company's request to move the \$549,000 forward
4 for use next year be approved as well.

5 Thank you.

6 CMSR. SIMPSON: Thank you, Attorney
7 Dexter.

8 With respect to consideration of the
9 costs being sought for reconciliation in this
10 proceeding, in future proceedings, the Commission
11 will consider further review of those, and the
12 appropriateness of that at a future time. And I
13 appreciate everyone's comments.

14 So, thank you, everyone. We'll take
15 this matter under advisement and issue an order.
16 We are adjourned. Off the record.

17 ***(Whereupon the hearing was adjourned at***
18 ***12:08 p.m.)***