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STATE OF NEW HAMPSHIRE

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PUBLIC UTILITIES COMMISSION

3

December 22, 2021 - 1:31 p.m.

4

21 South Fruit Street

Suite 10

5

Concord, NH

6

RE: DE 21-087

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**LIBERTY UTILITIES (GRANITE STATE
ELECTRIC) CORP. d/b/a LIBERTY UTILITIES:
2021 Default Service Solicitations.**

8

(Hearing regarding the period from

9

February 1, 2022 through July 31, 2022)

10

PRESENT: Chairman Daniel C. Goldner, Presiding
Commissioner Pradip K. Chattopadhyay
Commissioner Carleton B. Simpson

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12

Michael Haley, Asst. Attorney General
(New Hampshire Department of Justice)

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14

Doreen Borden, Clerk

15

APPEARANCES: **Reptg. Liberty Utilities (Granite State
Electric) Corp. d/b/a Liberty Utilities:**
Michael J. Sheehan, Esq.

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Reptg. Residential Ratepayers:
Donald M. Kreis, Esq., Consumer Adv.
Maureen Reno, Dir./Rates & Markets
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Reptg. New Hampshire Dept. of Energy:
Suzanne G. Amidon, Esq.
Stephen Eckberg, Electric Group
(Regulatory Support Division)

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

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 HEATHER M. TEBBETTS
 ADAM M. HALL**

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12	Direct Testimony of John D. Warshaw, Heather M. Tebbetts, and Adam M. Hall, with attachments {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
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P R O C E E D I N G

CHAIRMAN GOLDNER: All right. Good afternoon. I'm Commissioner Goldner, Chairman. I'm joined by Commissioner Chattopadhyay and Commissioner Simpson. Attorney Haley, from the DOJ, will join shortly.

We're here in Docket 21-087 for a hearing regarding the Liberty Default Energy Service solicitation. So, let's take appearances. Liberty?

MR. SHEEHAN: Good afternoon. And I have to say, it's very nice to see three people up on the Bench. And all three of you deserve congratulations for your new chairs.

Mike Sheehan, for Liberty Utilities (Granite State Electric) Corp.

Thank you.

CHAIRMAN GOLDNER: The Office of the Consumer Advocate?

MR. KREIS: Good afternoon, Commissioners. I'm Donald Kreis, the Consumer Advocate, here on behalf of residential utility customers. And with me today is our Director of Rates and Markets, Maureen Reno.

1 CHAIRMAN GOLDNER: Department of
2 Energy?

3 MS. AMIDON: Good afternoon. Suzanne
4 Amidon. I am counsel for the Department of
5 Energy, the Regulatory Division. With me today
6 is Steve Eckberg, who's an Analyst in that
7 Division.

8 Thank you.

9 CHAIRMAN GOLDNER: Is there anyone else
10 making appearances today?

11 *[No verbal response.]*

12 CHAIRMAN GOLDNER: Okay. Preliminary
13 matters: Exhibits. So, Exhibits 11 through 14
14 have been prefiled and premarked for
15 identification. All material identified as
16 confidential in the filings will be treated as
17 confidential during the hearing today.

18 Is there anything else that we need to
19 cover regarding exhibits?

20 MR. SHEEHAN: Not from the Company.
21 Thank you.

22 CHAIRMAN GOLDNER: Okay. Are there any
23 other preliminary matters, before we have
24 witnesses sworn in? Any other preliminary

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 matters?

2 MR. SHEEHAN: Simply to assert what was
3 in the cover letter regarding confidentiality.
4 That the basis for confidentiality is Puc
5 201.06(a)(15), as the marked material is what's
6 been deemed confidential in such routine matters.
7 And we'll follow that process should anyone seek
8 discovery of that.

9 Thank you. I just feel like I have to
10 say that, just to make sure it's clear.

11 CHAIRMAN GOLDNER: Thank you. Does
12 anyone object to any of the witnesses in the
13 prefiled testimony?

14 *[No verbal response.]*

15 CHAIRMAN GOLDNER: Okay. Thank you.
16 Let's proceed with the witnesses.
17 Mr. Patnaude, would you please swear in the
18 witnesses.

19 (Whereupon **Adam M. Hall, Heather M.**
20 **Tebbetts**, and **John D. Warshaw** were duly
21 sworn by the Court Reporter.)

22 CHAIRMAN GOLDNER: So, we'll move to
23 the direct examination. Mr. Sheehan.

24 MR. SHEEHAN: Thank you.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 **ADAM M. HALL, SWORN**

2 **HEATHER M. TEBBETTS, SWORN**

3 **JOHN D. WARSHAW, SWORN**

4 **DIRECT EXAMINATION**

5 BY MR. SHEEHAN:

6 Q I'll begin with Mr. Hall. Could you please
7 introduce yourself and state your position with
8 the Company?

9 A (Hall) My name is Adam Hall. And I'm employed as
10 Analyst, Rates and Regulatory Affairs.

11 Q And, Mr. Hall, did you participate in the
12 preparation of testimony that's been marked as
13 "Exhibits 11" and "12", one being confidential
14 and one being redacted, beginning at Bates
15 Page 117?

16 A (Hall) I did.

17 Q And, as far as the portions of that testimony
18 that you're responsible for, do you have any
19 changes or corrections to be made this afternoon?

20 A (Hall) Yes. I do have two corrections. The
21 first correction is on Bates 128, at Line 15.
22 The "13.01 percent" should actually be "12.27
23 percent".

24 CHAIRMAN GOLDNER: Mr. Sheehan, give us

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 a second to get there.

2 Mr. Hall, one more time please?

3 WITNESS HALL: Yes. Bates 128, at
4 Line 15, the "13.01 percent" should be "12.27
5 percent".

6 BY MR. SHEEHAN:

7 Q And the second one?

8 A (Hall) The second, Bates 132, Line 18, and
9 instead of "August 2021 to January 2022", that
10 should read "February 2022 to July 2022".

11 Q With those corrections, Mr. Hall, do you adopt
12 your prefiled testimony as your sworn testimony
13 here today?

14 A (Hall) Yes, I do.

15 Q And, Mr. Hall, is it fair to say that you are
16 responsible for calculating the rates that the
17 Company is proposing in this filing today?

18 A (Hall) Yes.

19 Q And in doing that, is it fair to say that you
20 gathered information from various sources,
21 including Mr. Warshaw, and conducted the
22 necessary calculations?

23 A (Hall) Yes. Correct.

24 Q And did you follow the same process for those

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 calculations that you and the Company have
2 followed in prior default service or energy
3 service filings?

4 A (Hall) Yes, I have.

5 Q And can you point us to where in the filing we
6 can find the actual rates that are being proposed
7 today?

8 A (Hall) If you turn to Bates -- give me one
9 second. If you turn to Bates 127 through 128,
10 those outline the rates that we are requesting
11 approval of.

12 Q And those are various tables showing the various
13 residential and commercial rates, is that
14 correct?

15 A (Hall) Yes.

16 Q And could you show -- describe or compare the
17 rates we're proposing for February of 2022 to the
18 rates that were approved for a year ago, for
19 February of 2021, so we could see the difference
20 in a year?

21 A (Hall) Yes. That can be found on Bates 134.
22 And, for a residential customer that is taking
23 Energy Service from Liberty and using 650
24 kilowatt-hours, a bill increase of 33.73 percent,

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 or 38.75 -- \$38.75, will be the difference -- or,
2 the change, rather.

3 Q And that's the change from current rates to the
4 February '22 rates?

5 A (Hall) That was the rates from February 1, '21.

6 Q Okay. And do you also have a comparison of the
7 proposed rates to the current rates?

8 A (Hall) Yes. So, on Bates 133, this shows a
9 comparison of August 1, '21 rates to February 1,
10 2022 rates. And, for customers using 650
11 kilowatt-hours taking Energy Service from
12 Liberty, the difference would be a \$16.79
13 increase, or a total bill increase of 12.27
14 percent.

15 Q Thank you, Mr. Hall. Ms. Tebbetts, could you
16 please introduce yourself?

17 A (Tebbetts) Yes. Good afternoon. My name is
18 Heather Tebbetts. And I am employed by Liberty
19 Utilities Service Company. And I'm the Manager
20 of Rates and Regulatory Affairs.

21 Q Okay. And did you also participate in the
22 Hall/Tebbetts testimony that begins on Bates 117
23 of Exhibits 11 and 12?

24 A (Tebbetts) Yes.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Q And do you have any corrections to any portions
2 of the testimony for which you were responsible?

3 A (Tebbetts) I do not.

4 Q Do you adopt your testimony, your prefiled
5 testimony, as your sworn testimony today?

6 A (Tebbetts) Yes.

7 Q And do you have anything to add to what Mr. Hall
8 just covered on his direct testimony?

9 A (Tebbetts) I do not.

10 Q Thank you. Mr. Warshaw, please introduce
11 yourself?

12 A (Warshaw) Good afternoon. My name is John
13 Warshaw. And I'm Manager of Electric Supply for
14 Liberty. I oversee the procurement of power for
15 Granite State, and also the purchase of renewable
16 energy credits.

17 Q Mr. Warshaw, did you prepare the testimony that
18 appears in Exhibits 11 and 12, beginning at Bates
19 Page 001?

20 A (Warshaw) Yes, I did.

21 Q And did you also prepare the testimony -- the
22 supplemental testimony marked as "Exhibits 13"
23 and "14"?

24 A (Warshaw) Yes, I did.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Q Do you have any changes to either of those
2 testimonies you'd like to bring to the
3 Commission's attention now?

4 A (Warshaw) I do not have any changes.

5 Q Thank you. And do you adopt those two
6 testimonies as your sworn testimony today?

7 A (Warshaw) Yes.

8 MR. SHEEHAN: And with the Chair's
9 indulgence, I'd like to spend five or ten minutes
10 walking through some of Mr. Warshaw's testimony?

11 *(Chairman Goldner indicating in the*
12 *affirmative.)*

13 MR. SHEEHAN: Thank you.

14 BY MR. SHEEHAN:

15 Q Mr. Warshaw, how long have you been involved in
16 the process of soliciting, you know, energy for
17 Granite State, under current and prior ownership?

18 A (Warshaw) Somewhere between 15 and 20 years.

19 Q And can you -- will you agree with me that the
20 process that we go through to solicit this energy
21 really started back with the restructuring, when
22 the utilities no longer owned generation? Is
23 that correct?

24 A (Warshaw) That is correct.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Q And, so, there had to be a new way for regulated
2 utilities to get power for their customers, is
3 that correct?

4 A (Warshaw) Yes, especially for the customers that
5 were not taking service from a competitive
6 supplier. They did need a supply of energy
7 service for their use.

8 Q And that process for how utilities will get that
9 power was the subject of several dockets here at
10 the Commission back in the 2000s, is that
11 correct, or earlier?

12 A (Warshaw) Yes, 2000s. Correct.

13 Q And that process, is it fair to say, evolved
14 through a few Commission orders over the years,
15 to make adjustments and tweaks to get to where we
16 are today? Is that a fair statement?

17 A (Warshaw) Yes.

18 Q Were you involved in those dockets over those
19 years?

20 A (Warshaw) Yes, I was.

21 Q And I think the -- sort of the core docket that
22 set the framework for Liberty's solicitation was
23 a 2005 or 2006 docket, is that right?

24 A (Warshaw) Yes, 2005-2006, that timeframe area.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Q And that's one of the orders referenced in your
2 testimony, where I think you have a paragraph
3 where you describe, again, the source of the
4 process that we follow today?

5 A (Warshaw) Yes.

6 Q Okay. Can you tell us what the basic goal is of
7 the solicitation process as it has been approved?

8 A (Warshaw) The basic goal is to provide our Energy
9 Service customers with a, you know, costs --
10 prices for Energy Service that are at the lowest
11 cost to them, and also to limit any volatility in
12 the prices that they receive, and also to be able
13 to give them a certain price over a six-month
14 period.

15 Q And that's for the residential customers, have a
16 "fixed" price, for lack of a better word, for the
17 six-month period?

18 A (Warshaw) Right. They have a fixed, flat price
19 for six months. And then, the Large customers,
20 industrial and large customer commercial group,
21 they also have a fixed price, but it varies from
22 month to month.

23 Q And, again, that model is something that was part
24 of these prior dockets, where the parties got

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 together and figured out what was the best way to
2 provide default service, is that right?

3 A (Warshaw) Yes.

4 Q And do those dockets include more than just the
5 parties here today, of course, Energy's
6 predecessor being Commission Staff?

7 A (Warshaw) Yes, it did. It also included
8 generators, suppliers of energy service, and I
9 believe also companies that would provide service
10 to retail choice customers.

11 Q And could the process we follow today change
12 again?

13 A (Warshaw) Yes, it could.

14 Q And, in your opinion, what would be the best way
15 for any changes in that process to come about?

16 A (Warshaw) I would say that the best way would be
17 to open a docket and bring in all of the various
18 parties that have, you know, potentially affected
19 by a change, to bring their knowledge to the
20 Commission, to be able to come up with a
21 resolution, potentially, you know, something that
22 satisfies the Commission and the other parties
23 that are involved.

24 Q Bringing us to today, can you give us sort of a

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 high-level description of the process you
2 followed in this Energy Service solicitation that
3 resulted in the rates that Mr. Hall just
4 described?

5 A (Warshaw) Yes. Consistent with the various
6 settlements and the process that we've used over
7 the last number of years, I issued an RFP to
8 suppliers on November 1st. This went to both a
9 list of suppliers that have said to be interested
10 in receiving the RFP, plus this also went to the
11 NEPOOL Markets Committee. So, there was even
12 more -- a larger distribution to those, to
13 suppliers that would potentially have an interest
14 in serving an energy service load.

15 Q And, after sending the RFP, what's the next step?

16 A (Warshaw) We would receive, a couple of weeks
17 later, the statements from suppliers about their
18 background and their interest in serving energy
19 service. If it was a new supplier, they would
20 also need to execute a Master Power Agreement, so
21 that they would have a contract between us and
22 them, as far as providing that service. And this
23 contract is something that has been reviewed by
24 the Commission. And, if there are any changes

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 from the standard contract, that would be
2 included in any filing, if such a supplier was,
3 you know, bid was accepted for service.

4 We would then, about four weeks after
5 issuance of the RFP, we would receive bids,
6 indicative bids, from suppliers that are looking
7 to participate. The indicative bids are not
8 binding. They're just an indication to us of,
9 you know, where the market is -- market is, and
10 also an indication if there's any outside issues
11 that may influence the price that, you know, the
12 price that the suppliers offer. Any additional
13 risks that are being incorporated into their
14 bids. Plus, it also is a way of making sure that
15 the suppliers understand what it is that they're
16 offering.

17 And then, a week later, we get final
18 binding bids. Those bids are reviewed
19 independently. The winning, you know, the
20 selected suppliers are identified, that's brought
21 up to senior -- to management, and they approve
22 of binding the Company to those bids.

23 And the next step is to execute
24 Transaction Confirmations, and proceed to prepare

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 a filing for the Commission to review.

2 Q And, when the Company, as you say, executes the
3 binding contracts for those bids, those contracts
4 are subject to Commission approval as well, is
5 that correct?

6 A (Warshaw) Yes, they are.

7 Q And is that the reason -- or, let me ask the
8 question. This docket is a very compressed
9 schedule, filing Friday, hearing Tuesday, order
10 by -- I think we have a proposed deadline, I
11 think, Monday or Tuesday. Why such a compressed
12 timeline?

13 A (Warshaw) It's mostly due to the fact that the
14 suppliers find the market fairly volatile, and
15 they are not looking to hold, you know, lock
16 themselves in for a very long time while the
17 contracts and rates are reviewed. They need a
18 much shorter time, so that, if for some reason
19 there is an issue that comes up, they're able to
20 unwind and, you know, not incur significant costs
21 in the development of the contract that may not
22 be used to serve our customers.

23 Q For the solicitation presented in your testimony
24 today, did the process follow -- were there any

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 surprises in the process this year? Any
2 abnormalities, from your perspective?

3 A (Warshaw) There were no surprises, other than
4 pricing is quite high at this time, compared to
5 six months and a year ago. Other than that,
6 it's, you know, similar to what we've seen in the
7 past.

8 Q Do you feel that you had sufficient participation
9 by bidders, so that the price reflected in the
10 rates today is reasonable?

11 A (Warshaw) Yes, we did.

12 Q Your supplemental testimony talks about
13 "renewable energy credits" or "RECs", is that
14 correct?

15 A (Warshaw) Yes, it does.

16 Q And is it fair to say that RECs -- approval of
17 RECs or approval of rates involving RECs is not
18 an issue today?

19 A (Warshaw) No, it is not.

20 Q And is it fair to say the purpose of your
21 filing -- your testimony was to inform the
22 Commission of REC information that came out of
23 our summer default service hearing?

24 A (Warshaw) Yes.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Q And there were a couple issues in that hearing
2 that were discussed at length, and your testimony
3 was to provide an update on some of those issues?

4 A (Warshaw) Yes. This is an update on where we
5 stand with REC procurement.

6 MR. SHEEHAN: That's all I have. Thank
7 you for the patience.

8 CHAIRMAN GOLDNER: Is that all,
9 Mr. Sheehan? Should we move to
10 cross-examination?

11 *(Atty. Sheehan indicating in the*
12 *affirmative.)*

13 CHAIRMAN GOLDNER: Okay. Mr. Kreis.

14 MR. KREIS: Thank you. Good afternoon.
15 I just have a few questions.

16 **CROSS-EXAMINATION**

17 BY MR. KREIS:

18 Q Let me start with Mr. Warshaw. I want to make
19 sure I understand your direct testimony.
20 Mr. Sheehan asked you some questions -- he asked
21 you a question about what the best way would be
22 for the Commission to consider changes in the
23 paradigm for default service procurement. Do you
24 remember answering that question?

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 A (Warshaw) Yes, I do.

2 Q Are you recommending such changes?

3 A (Warshaw) Not at this time, no.

4 Q Is it your opinion that the current "paradigm",
5 for lack of a better word, is the best way for
6 Liberty to acquire default service on behalf of
7 its customers?

8 A (Warshaw) Based on my experience, this is
9 probably, you know, the best way. But I'm sure
10 there -- you know, other individuals, other
11 companies, may have a different viewpoint. And,
12 if that viewpoint looks like a better way, then
13 we, you know, we would hopefully evaluate that.

14 Q Thank you. Directing your attention to what I
15 believe is Bates Page 094, let me just get to
16 that page myself. I am looking at Exhibit 12,
17 which is the confidential version of this
18 exhibit, but I don't intend to ask any questions
19 that would cause any of the witnesses to testify
20 about confidential information, and would ask
21 them not to do so without giving some advance
22 warning.

23 But I'm wondering, Mr. Warshaw,
24 without -- without revealing any of the

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 confidential information on that exhibit, which
2 is Exhibit 4, Schedule JDW-2, I want to make sure
3 I understand how you get from Line (A) in that
4 chart, which is "Electric Futures Prices", down
5 to the bottom line of that chart, which is
6 "Expected Retail Price". So, I guess, with your
7 indulgence, I'm hoping that you could just
8 quickly go through what exactly each of those
9 subsequent lines means, and how they -- how they,
10 I guess, adjust the electric futures price that
11 you start with?

12 A (Warshaw) Yes. We start with the electric future
13 prices on-peak and off-peak. We then -- I adjust
14 them using a premium bid factor that we have
15 calculated based on previous RFPs, comparing
16 the -- again, you know, the public information to
17 what the suppliers bid, to see what adjustment
18 they have. I then take that --

19 Q Wait. Could I interrupt you? Could you just
20 explain what drives those adjustments?

21 A (Warshaw) We're trying to factor in the risks and
22 the margin that the suppliers are adding into the
23 cost to serve customers.

24 Q So, it's your guess as to what profit they think

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 they need, and also how -- what the risk premium
2 is?

3 A (Warshaw) Yes. And then, we take information
4 from the ISO-New England market, which is the
5 Forward Capacity Market price for the months that
6 we are -- we will be serving, and also we take
7 the ancillary service prices that reflect the
8 last twelve months of the average of the last
9 ancillary services that have been in the ISO-New
10 England, that adds additional costs to meet the
11 costs of the load-serving entities. This
12 includes the reliability costs and the cost of
13 actually monitoring and maintaining the market.

14 We then adjust it for -- we come up
15 with the number of peak days, so that we can
16 adjust the prices for on-peak and off-peak.

17 Q Could you -- what does that mean exactly,
18 "on-peak days"?

19 A (Warshaw) On-peak days are Monday through Friday,
20 except holidays, and off-peak days are weekends
21 and holidays.

22 Q That line is marked "confidential". But, surely,
23 the number of weekdays in a given month is not a
24 bit of confidential information?

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 A (Warshaw) Correct.

2 Q Okay. Sorry, I interrupted you, and you were
3 just going right down that chart. And I think
4 that took us to Line (F).

5 A (Warshaw) Yes. The "ICAP Load Factor", that gets
6 calculated, again, based on the expected hours of
7 on-peak versus off-peak. We develop a monthly
8 on-peak factor that we use to adjust the price,
9 and then that's used to come up with what we
10 would expect the bid prices from suppliers. We
11 then take the expected bid price, adjust it for
12 losses, to bring the wholesale price to a retail
13 price, we also add in all of the adjustments that
14 are approved in this docket, or in other dockets,
15 we would put in the adjustments that are being
16 proposed to be implemented with the new retail
17 rates.

18 Q And the "Expected Retail Price" at the bottom of
19 that chart, is that just the retail price of
20 energy? Or does that include everything that
21 gets included in the Default Service charge?

22 A (Warshaw) That's everything that's in the Default
23 Service charge.

24 Q I see. And just to remind everybody, you use

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 this information for what purpose exactly?

2 A (Warshaw) We just -- we use this as a way of
3 monitoring the market, and to see if our
4 understanding of the market is consistent with
5 what the suppliers are proposing.

6 Q And, in this instance, the answer of that
7 question would be "yes, it was"?

8 A (Warshaw) Yes, it was.

9 Q Great. Looking now at Bates Page 115, I think.
10 Bates Page 115 is an analysis of bids that the
11 Company received for renewable energy credits.
12 And again, there's a bunch of confidential
13 information on there, and I don't need you, Mr.
14 Warshaw, to testify about that confidential
15 information. But I am curious about how the
16 Company met its Class II REC purchase
17 requirement?

18 A (Warshaw) We met our REC II requirement, one,
19 with receiving the net meter credit, and the
20 other was we had some Class II RECs that we
21 purchased at other times or that we had put in
22 as, you know, banked from a previous year.

23 Q So, basically, you had banked Class II RECs, and
24 you also get some credit for energy that is net

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 metered by Liberty's customers?

2 A (Warshaw) Correct.

3 Q Thank you. Now, looking at Bates Page 132.

4 Sorry to be giving all my attention to Mr.

5 Warshaw, but we don't get to see him that often,

6 and he has interesting insights to share.

7 At Bates Page 132, Line 8, there's a

8 loss factor, and, again, that's confidential.

9 So, you shouldn't testify about what that loss

10 factor is. But can you talk generally about how

11 it's calculated?

12 A (Warshaw) That loss factor is based on a

13 twelve-month average of the ratio of how much we

14 sold at retail to customers for energy service,

15 and what we purchased from the suppliers for

16 energy service. And I do that, you know, we do

17 that monthly, and then I take a twelve-month

18 rolling average.

19 Q Has it changed much?

20 A (Warshaw) You know, since this is being displayed

21 in five significant digits, it looks fairly like

22 it changes a lot, but it really doesn't, when you

23 bring it up to, you know, two significant digits.

24 It's always around somewhere between --

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Q Well, you probably should testify, because it's
2 confidential.

3 A (Warshaw) Well, I'm not saying what it is,
4 though.

5 Q Ah. Okay.

6 A (Warshaw) I'm just saying, when you bring it up,
7 you know, you reduce the variability. But it
8 always, you know, runs around this value.

9 Q So that your testimony is that there isn't any
10 need for any new and detailed study of line
11 losses or anything like that?

12 A (Warshaw) As far as I can say, no, there isn't.
13 That doesn't mean that it can't or shouldn't be
14 done. But that would be something coming out of
15 the Engineering Group, and I am not the
16 Engineering Group.

17 Q Understood. And, finally, I think I want to ask
18 just one question about Exhibit Number 13, which
19 is Mr. Warshaw's supplemental testimony that just
20 got filed. So, we haven't had the same amount of
21 time to digest and understand it.

22 On Lines 8 through 10 of Bates Page 009
23 of that Exhibit Number 13, you refer to
24 "confusion about the alternative clearing price

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 [generating] excess costs." And I'm wondering if
2 you could explain what you mean by that?

3 A (Warshaw) Well, in the -- in the Spring of 2020,
4 the ACP was, by the rules and regulations, was
5 going to be reduced from the \$55 that it had been
6 in 2017, 2018, and 2019. But, in the
7 Legislature, there was a proposal to bring the
8 ACP back up to \$55, and that legislation was
9 eventually passed by the Legislature and sent to
10 the Governor for signature. While that was going
11 on, the market and a number of market
12 participants assumed that such passed legislation
13 would go into effect, and assumed it would be
14 that higher, you know, move up to that higher
15 rate of \$55. The Governor did not sign that
16 legislation and vetoed it, and it was not
17 overturned at the Legislature. So, we were at
18 that \$34.54 rate.

19 Q So, given that, and you can tell me if I'm wrong,
20 my understanding is that it's Liberty's intention
21 not to pass the resulting costs along to
22 ratepayers arising out of either confusion or
23 simply the non-anticipation of that gubernatorial
24 veto. And, so, I'm curious about what you meant

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 by "excess costs"? And, in specific, are you
2 suggesting that the Company might come back at
3 some point and say "Well, here are some excess
4 costs that were the result of that turn of
5 events, and we would like to recover them"?

6 A (Warshaw) My understanding is that the Company
7 would not be looking to recover excess costs that
8 were price we paid above the applicable ACP. And
9 "ACP" is the "Alternative Compliance Payment".

10 MR. KREIS: Certainly. Thank you.
11 Sorry to belabor that. I'm sorry that I didn't
12 have any questions for Ms. Tebbetts or Mr. Hall.
13 Maybe someday I will.

14 And those are all the questions I have
15 at this time.

16 CHAIRMAN GOLDNER: Thank you, Mr.
17 Kreis. Energy.

18 MS. AMIDON: Thank you. Good
19 afternoon.

20 WITNESS WARSHAW: Good afternoon.

21 BY MS. AMIDON:

22 Q I wanted to first talk to Mr. Warshaw, because he
23 is very much a source of information on many
24 things. I wanted to talk to you a little bit

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 about some of the aspects of your filing and, you
2 know, the review of the solicitations and the
3 selection of the two suppliers.

4 Would you identify for the record what
5 supplier was selected for the Large Customer
6 Group?

7 A (Warshaw) Yes. I no longer trust my memory these
8 days, to be perfectly honest.

9 Q I'm in the same boat.

10 A (Warshaw) So, hang on. It's right here.

11 Q I think if you look at Page 6 of your testimony.

12 A (Warshaw) Yes. I'm going back to it.

13 Q Okay.

14 A (Warshaw) All right. We selected -- where is it?
15 There we go. I was looking for my table, but
16 this -- yes. We selected Dynegy Marketing and
17 Trade to supply the Large Customer Group, and we
18 selected NextEra Energy Marketing to provide
19 service for the Small Customer Group, both for
20 the six-month period.

21 Q And has the Company done business with these two
22 entities before to provide power for its default
23 service customers?

24 A (Warshaw) Yes, they have.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Q Thank you. Now, this, and just to be clear again
2 for the record, Dynegy won both three-month
3 supply bids that you went out for, is that
4 correct?

5 A (Warshaw) That is correct.

6 Q And those are the ones where the Company
7 calculates the rates on a monthly -- variable
8 monthly basis?

9 A (Warshaw) Correct.

10 Q Okay. And NextEra is the Small Customer Group.
11 Were there any changes to the Master Power
12 Agreement for either group that would shift any
13 costs to customers?

14 A (Warshaw) No, there wasn't.

15 Q And just to stay with the contract for the time
16 being, there is some confidential information on
17 Bates Page 106 and 111. And I'll wait till you
18 get there. I don't want to discuss the
19 confidential information. I just want to discuss
20 the context. Are you there?

21 A *(Witness Warshaw indicating in the affirmative).*

22 Q Okay. So, the shaded information, the
23 confidential information, is the amount of
24 security that, in the first instance, I think

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Dynegy had to supply to secure the contract for
2 covering the Large Customer Group, and the latter
3 one is the security that NextEra had to supply to
4 secure the contract to supply the power for the
5 Small Customer Group?

6 A (Warshaw) That's correct.

7 Q Okay. Could you just tell us what this financial
8 security is and what the basis for its
9 calculation? Is there always a fixed amount, for
10 example, required? Or, do you look at the
11 situation to determine what should be appropriate
12 for a certain contract?

13 A (Warshaw) Financial security is requested from
14 suppliers to ensure that, if, for some reason,
15 they default in serving our customers, we have a
16 pot of money that we could utilize to be able to
17 ensure that our customers pay no more than what
18 we contracted for. We may have to go out to get
19 service from another company, and what -- that
20 price could be higher or lower than what the
21 defaulting supplier's price was. But, this way,
22 the customers will not be affected or harmed in
23 any way.

24 The actual quantity of the security

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 that we request is based on the notional value of
2 the transaction. And the notional value is the
3 forecast of what the volumes that we would
4 purchase from the suppliers over the six-month
5 period, times the price that the supplier has
6 offered. We then take that value, and we assign
7 a certain percentage of that to be able to be
8 used for security. This is -- the percentage is
9 what comes down from us from our Treasury and
10 Risk Group in Oakville, Canada.

11 And that value will change, because the
12 notional value of transactions will change from,
13 you know, filing to filing, based on the expected
14 prices of energy and other factors that come into
15 play from ISO-New England's market.

16 Q Thank you. That was a very good answer. And you
17 mentioned -- or, Attorney Sheehan questioned you
18 about participation in the original docket that
19 led to this initial Settlement Agreement in this
20 proceeding by which the Company would secure
21 default service power. Do you recall that?

22 A (Warshaw) Yes. At the time, I was analyst. I
23 was not the one that presented testimony. But I
24 did help with the development of testimony, and

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 answered data requests, and other analysis.

2 Q And would you -- you would agree that I
3 participated in that process on the behalf of the
4 Public Utilities Commission at that time?

5 A (Warshaw) Yes.

6 Q So, I looked for the docket number that was the
7 subject of this Settlement Agreement, and that
8 docket number is DE 05-126. You probably
9 don't -- you don't have to recall, I just wanted
10 to state that for the record.

11 And the original agreement that we
12 reached included signatures by both the Office of
13 Consumer Advocate and the then Commission Staff,
14 do you recall that?

15 A (Warshaw) Yes, I do.

16 Q Thank you. One question that often comes up, Mr.
17 Warshaw, is "whether the lowest price is the only
18 consideration that the Company gives in
19 evaluating bids?" But, pursuant to that
20 Settlement Agreement, there were other criteria
21 that had to be considered, is that right?

22 A (Warshaw) Yes. As we, you know, evaluate
23 suppliers that are offering to serve our
24 customers, we look at their experience in New

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 England, and their experience outside of the
2 region. For new suppliers, I have actually
3 reached out to some of their customers to find
4 out their experience with them as suppliers.
5 They will also provide financials at the time of
6 evaluation, and they will continue to provide
7 financials at every RFP process.

8 Q And, in fact, we talked a little bit about the
9 financial security issue, that's one of the
10 components of that evaluation, in other words,
11 whether they would be able to provide the
12 security that the Company determined was
13 necessary?

14 A (Warshaw) Yes. Many of the bidders are really,
15 you know, special purpose corporations that have
16 no specific credit ratings. But, for those, we
17 would either be looking for a letter of credit
18 or, from the parent, if a parent had sufficient
19 credit ratings in the market.

20 Q And, in fact, on I believe it's Page -- and I'm
21 not there myself, so, bear with me. I think it's
22 Page 26, the docket -- there is a list of some
23 other, I think that's sort of -- that includes a
24 list of the criteria that the Company considers

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 at Paragraph 7?

2 A (Warshaw) Correct.

3 Q And just to tie this back again to that
4 Settlement Agreement, the Settlement Agreement
5 agreed to how the bids would be solicited, how
6 the bids would be evaluated, and how the Company
7 would select -- I mean, or the criteria the
8 Commission would -- I mean, the Company would
9 consider in selecting the best bid?

10 A (Warshaw) Yes. That's correct.

11 Q Yes. Okay. All right. I just wanted to make
12 sure that was clear.

13 And, if I read the filing right, I
14 think at Page -- Bates 092, I can wait till
15 you're there, because I'm not there either. I
16 think my pages are right, though. Are you there?

17 A (Warshaw) Oh, yes.

18 Q And on that page, and you can correct me if I'm
19 wrong, it indicates the number of bidders?

20 A (Warshaw) Correct.

21 Q Okay. And that's for each segment? Each --

22 A (Warshaw) Each block, yes.

23 Q Okay. Thank you. All right. And I do have a
24 question for Ms. Tebbetts or Mr. Hall. And I'll

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 be returning to you, Mr. Warshaw, because, you
2 know, you're my favorite, so --

3 On Page 133, and I think you said this,
4 Mr. Hall, it's a calculation of the rate. And I
5 just had a couple of questions on that. And I
6 believe I'm focusing on the rate right now for
7 the Small Customer Group, if I can find the page.
8 I have to borrow it, so I wouldn't waste time
9 here.

10 Okay. So, what this -- why don't you
11 tell me what this page depicts?

12 A (Hall) Bates 133 takes rates that were effective
13 August 1st in 2021, and compares them to not only
14 proposed Energy Service rates on February 1 in
15 2022, but also other rates that will be effective
16 on February 1 of 2022.

17 Q Okay. And one of the rates that appears to
18 change is the distribution charge for -- at Line
19 3. Am I reading that right?

20 A (Tebbetts) Yes.

21 Q Okay. Would you please explain what this change
22 is and whether this has been approved by the
23 Commission?

24 A (Tebbetts) Sure. So, in Docket DE 19-064, which

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 is Granite State Electric's most recent rate
2 case, we had a step adjustment filing on
3 April 6th. As part of that filing, we received
4 an order at the end of June approving rates for
5 certain projects that were part of the filing on
6 April 6th. One of those projects that we did not
7 receive approval for at that time was our Battery
8 Storage Pilot. And, at that time, the Commission
9 had asked for more information regarding what was
10 going on with the pilot.

11 Over the course of the summer, we
12 provided that information. And, on October 29th,
13 we received an order approving the costs
14 associated with the installations of the
15 batteries. And, so, subsequently, on
16 November 1st, we had a rate change to include
17 those costs in our distribution rates. And, so,
18 that's why you see August 1 a lower rate than the
19 February 1 rate.

20 Q Very good. Thank you. My other question relates
21 to the tariff. And I'm looking at the red-lined
22 tariff on Page 137. And I don't know which of
23 you will take the question. I'll just go ahead
24 and ask it.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 As you know, part of the Energy Service
2 charge calculation includes the addition of the
3 System Benefits Charge, is that right?

4 A (Tebbetts) The total rate, I believe, includes
5 the System Benefits Charge.

6 Q Okay. The total rate, it's not the Energy
7 Service rate. Thank you for that clarification.
8 I appreciate it.

9 If we look at the System Benefits
10 Charge, there appears to be a change there. Am I
11 wrong?

12 A (Tebbetts) You are correct.

13 Q Okay. Could you just explain that reason for
14 that change please?

15 A (Tebbetts) Sure. In Docket Number DE 20-092, we
16 received an order on November 12th. That
17 provided for a rate change to be effective for
18 January 1st, 2022, for our System Benefits
19 Charge, specifically for the Energy Efficiency
20 portion. And, as such, we have provided that
21 rate in this schedule, because it will be
22 effective on January 1st. But these rates are
23 effective on February 1st. So, it will have
24 already gone into effect by the time the Energy

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Service rates are approved.

2 Q Okay. Thank you very much. That was very good.

3 I appreciate it.

4 A few questions, Mr. Warshaw, on
5 Exhibit 14. And let me know when you're there.

6 A (Warshaw) I have it.

7 Q Okay. My question basically has to do with the
8 calculation of the rates, the total of the rates
9 that -- I mean, sorry, strike that. The total of
10 the Renewable Energy Certificates that the
11 Company purchased. And I think, on Page 5, at
12 Line 5, you said "the Company purchased slightly
13 more than 85,000 RECs". So, what I want to
14 understand is, does that total quantity include
15 the RECs that you purchased in anticipation of
16 the 8 percent Class III requirement?

17 A (Warshaw) Yes. That includes all of the RECs,
18 from Class I through Class IV, for meeting the
19 2020 RPS obligation.

20 Q And just for the record, could you explain what
21 Class III -- was represented by Class III
22 Renewable Energy Certificates?

23 A (Warshaw) Class III were biomass plants that were
24 generating electricity.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Q If I remember correctly, at the time that the RPS
2 was approved, they had to be in operation as of
3 that time, is that correct? So, there was like
4 am I -- well, let me rephrase that. Is there a
5 fixed number of eligible Class III REC-producing
6 plants in New Hampshire?

7 A (Warshaw) I believe there are. But I've not
8 looked at exactly which ones are, you know, which
9 companies -- which plants are in New Hampshire or
10 outside of the New England area to meet the Class
11 III requirements.

12 Q Right. But, if I recall, and this would be
13 subject to check, I guess, because I don't have
14 the statute in front of me, they had to be in
15 operation as of January 1, 2006, or something
16 like that?

17 A (Warshaw) Yes. That's right. I remember the
18 2006 period. Yes.

19 Q So, it was a narrow class?

20 A (Warshaw) Yes.

21 Q Okay. Thank you. So, on Bates 005, at Line 11
22 to 13, you say "the Company's total" -- you state
23 what the Company's total spend was for Renewable
24 Energy Certificates on Line 13, is that right?

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 A (Warshaw) Yes. And that is what we spent to meet
2 the 2020 obligation, yes.

3 Q Okay. So, did that include the original
4 8 percent requirement for Class III RECs?

5 A (Warshaw) No. It only included the 2 percent
6 change.

7 Q Okay. Thank you. And, in your filing, you
8 indicate that these costs are going to be subject
9 of discussion in an additional filing that the
10 Company plans to make in January, correct?

11 A (Warshaw) That's my understanding, yes.

12 MS. AMIDON: Okay. Thank you. That's
13 all I have. Thank you, Mr. Chairman.

14 CHAIRMAN GOLDNER: Thank you, Ms.
15 Amidon.

16 A question before we go to the next
17 section. Has Energy reviewed the exhibits and --
18 or, has Energy reviewed the filing, and would you
19 be offering any testimony today?

20 MS. AMIDON: The Department and the
21 Regulatory Division did review the filing. What
22 we will do today is present our position in the
23 closing statement, which is typically what we do
24 in this short turnaround proceeding.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 CHAIRMAN GOLDNER: Okay.

2 MS. AMIDON: Thank you.

3 CHAIRMAN GOLDNER: Thank you.

4 *(Chairman Goldner and Commissioner*
5 *Simpson conferring.)*

6 CHAIRMAN GOLDNER: Okay. We'll move to
7 Commissioner Simpson.

8 CMSR. SIMPSON: Thank you, Chairman
9 Goldner. I have some questions for Mr. Warshaw I
10 would like to start with, and then a question or
11 two for Ms. Tebbetts and Mr. Hall. But I would
12 like to start with Mr. Warshaw.

13 BY CMSR. SIMPSON:

14 Q So, I'm generally trying to understand the REC
15 procurement process through the NEPOOL GIS system
16 that you reference in your direct testimony.
17 Within the NEPOOL GIS system, do you see all of
18 the RECs that are produced by participating
19 generators within the Power Pool?

20 A (Warshaw) I believe that is available, but I've
21 not gone back to see exactly what is generated by
22 which generator. I don't believe that -- I don't
23 remember if that is considered a public report
24 that anybody can pull out of the NEPOOL GIS. It

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 may have some confidential information that would
2 only be available to regulators and the actual
3 generators themselves.

4 Q So, as an -- representing an entity that has RPS
5 obligations to purchase Renewable Energy
6 Certificates, how do you know whether there are
7 enough certificates available on the market to
8 meet your RPS obligations?

9 A (Warshaw) We issue RFPs twice a year to solicit
10 bids to receive these RECs. The majority of time
11 we have sufficient offers to meet the RPS
12 obligation without having to pay the ACP. There
13 are times when we are short for one reason or
14 another, and then do make an ACP so that we are
15 compliant with the RPS.

16 Q So, in this instance, you've proposed to procure
17 your RPS requirement RECs on your own, through
18 the Company, is that correct?

19 A (Warshaw) Yes. We have found that as the least
20 cost, lowest cost to meet the RPS obligation for
21 our customers.

22 Q And where or to whom do you go to purchase those
23 RECs? Do you do that or does somebody within
24 your team individually do that? Or would you use

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 an agent, an external agent?

2 A (Warshaw) I personally will issue the RFP. And
3 it will go to, again, a mailing list of those
4 suppliers that have indicated interest in
5 providing RECs to Liberty. It will also go to,
6 again, the NEPOOL Markets Committee, for those
7 that, you know, are not on that list, but could
8 possibly be interested. There's always new
9 individuals, new companies that are added into
10 the ISO New England marketplace that may be
11 interested in providing RECs. We also -- excuse
12 me, I'm sorry.

13 Q Please.

14 A (Warshaw) And, then, besides the RFP, we also
15 will receive unsolicited offers from suppliers,
16 saying, you know, "We have RECs at this price.
17 Would you be interested in buying them?" And,
18 usually, we don't use that process. I usually
19 refer to them -- those suppliers of "can you
20 provide that during our bidding, so we can
21 compare your prices with other prices, and select
22 the lowest cost to our customers?"

23 Q So, regardless of whether you ultimately purchase
24 RECs from a supplier that approaches you or a

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 supplier that you select through RFP, do those
2 suppliers receive their RECs from generators that
3 they contract with individually or are they
4 purchasing them within the market on their own?

5 A (Warshaw) Most of the RECs that I buy come from
6 the actual generator themselves. I'll also
7 receive offers from brokers, who contract with
8 the generators to sell their RECs.

9 Q And some of those RECs originate from generation
10 sources within New Hampshire and outside of New
11 Hampshire, correct?

12 A (Warshaw) That is correct. I will only accept
13 RECs that have been approved for the New
14 Hampshire RPS. At times, I've seen offers for
15 RECs from other states that are not approved by
16 the New Hampshire RPS, and we will not accept
17 them.

18 Q And generation resources that are outside of New
19 Hampshire can qualify for the New Hampshire RPS,
20 is that correct?

21 A (Warshaw) That is correct.

22 Q In your professional opinion, how do you think
23 the interstate exchange of RECs impact New
24 Hampshire REC prices?

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 A (Warshaw) I would say that one of the issues that
2 we do see is that, in some other competing
3 states, they may have different ACPs or ceiling
4 prices in them, in their programs. And then,
5 when, you know, suppliers look at "Well, do we
6 want to sell it in New Hampshire or do we sell it
7 in Mass. and Rhode Island?" They're going to go
8 where they can get the highest price.

9 Q And do they -- do they generally, subsequently,
10 look to other states that may have lower ACP
11 prices, if allocations are fulfilled in states
12 where the prices are higher?

13 A (Warshaw) Yes. They will go to where they can
14 maximize their revenue.

15 Q Okay. Thank you. I want to ask you about the
16 amended RPS Settlement Agreement that you
17 reference on Page 8 of your direct testimony from
18 December 17th. You mention the approved
19 Commission Order 24,953, which required Liberty
20 to solicit bids with a separate RPS compliance
21 adder.

22 Can you help me understand the factors
23 that led to this requirement, to solicit RECs
24 both within and outside of your default service

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 procurement?

2 A (Warshaw) There were some suggestions or
3 participants that recommended, instead of going
4 out separately for RECs, we would just have the
5 supplier of energy service also take on the
6 obligation for meeting the RPS for those, for
7 that supply that they're serving.

8 We did not feel that that would provide
9 the lowest cost to our customers. A lot of times
10 suppliers would just look at meeting the RPS
11 based on ACP, so that they have virtually no risk
12 exposure to that cost. And, in general, when we
13 see offers for RPS compliance with their Energy
14 Service bids, those offers are usually higher
15 than what my experience has been for Liberty to
16 be able to meet the RPS from the market itself.

17 So, again, this is -- the intent is to
18 reduce, you know, come up with the lowest cost to
19 our customers.

20 Q So, prior to this default service filing, has
21 Liberty historically procured RECs on their own,
22 outside of the default service procurement?

23 A (Warshaw) Yes.

24 Q And the RPS requirements for New Hampshire are on

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 a calendar year basis, correct?

2 A (Warshaw) That is correct.

3 Q So, how would you split RECs purchased per
4 calendar year, given that you purchase them or
5 you could purchase them within a default service
6 procurement window that spans two calendar years?
7 How would those RECs be allocated in practice?

8 A (Warshaw) We would -- I'm trying to think how
9 to -- the actual RPS obligation year requires you
10 to use RECs that are of the same vintage, the
11 same year, or some that -- from a previous years
12 that were banked. That's how you pretty much
13 split them up from, you know, between one year
14 and the next. I think that's what you're asking.

15 Q Yes, it is.

16 A (Warshaw) Okay.

17 Q Thank you. And my final question for you is, why
18 do you procure default service for the Small
19 Customer Group in a single six-month period, as
20 opposed to the two three-month periods for the
21 Large Customer Group?

22 A (Warshaw) That was the program that was developed
23 during settlement with other parties, and that's
24 what we've landed on. I mean, there are other

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 approaches to default service. There are some
2 that do what's called "laddering", where they
3 will buy 50 percent for this six months and
4 50 percent for the following six months, so that
5 at the end you have a blend of prices from
6 different market times. Sometimes that looks
7 great, and sometimes that looks absolutely
8 terrible.

9 Q Do you think that the rationale for the
10 difference between the Large and Small Customer
11 Groups is based upon load characteristics of the
12 two customer groups?

13 A (Warshaw) It's based on a combination of load and
14 that the Large Customer Group has more access to
15 retail choice suppliers than the Small Customer
16 Group. So, we look to keep the Large Customer
17 Group rates as close to market as we can, just so
18 there's no gaming being done by retail choice
19 suppliers, or even the customers themselves.

20 Q I see. Thank you, Mr. Warshaw. For Mr. Hall and
21 Ms. Tebbetts, looking at your direct testimony on
22 Page 3, you note that the Small Customer Group
23 for default service includes the time-of-use
24 rates D-11, for your Battery Storage Program, and

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 D-12, your Residential Electric Vehicle
2 time-of-use rate. I would note that the URL that
3 was provided there, I was not able to find the
4 tariff that was referenced.

5 But can you help me understand how the
6 Small Customer Group default service procurement
7 aligns with the time-of-use blocks for each rate
8 class?

9 A (Tebbetts) Yes. I just want to make sure I get
10 to the right page, because I printed it out one
11 side upside-down.

12 Q And I was looking at Page 3 of your direct
13 testimony.

14 A (Tebbetts) Okay. Great. Thank you. Yes. So,
15 in Docket DE 17-189, which is the Battery Storage
16 Pilot docket, we, myself, Clifton Below, and Lon
17 Huber, from -- who was working with the Office of
18 Consumer Advocate at the time on the docket, came
19 up with a model, a cost allocation model, and the
20 cost allocation model provided that we had
21 created time-of-use rates for Transmission,
22 Distribution, and Energy Service.

23 The Energy Service portion of that
24 calculation has a few things in it. But, high

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 level, one, it's an extremely complicated model,
2 which is one reason why we didn't provide it.
3 It's thousands of pages if we went to print it.
4 And, two, the Energy Service allocation, and the
5 way that operates is the data that is actually on
6 Bates 132. So, the information on Bates 132, and
7 the specific information I'm talking about is on
8 Line 6, the "Projected Residential and Small C&I
9 Energy Service kilowatt-hours". That
10 information, and also the information on Line 15,
11 which is the projected revenues associated with
12 it, go into the model. And through the workings
13 of the model, the Energy Service rates are
14 calculated.

15 It's complicated. I can get into it,
16 if you'd like. But understand that the basis for
17 these rates come directly from this page. So, it
18 is not coming from any other source, other than
19 us calculating the base -- the base Energy
20 Service rates for customers on Rate D and the
21 other small commercial customers in the small
22 commercial group.

23 Q Okay. I would expect that there could be times
24 when you have a mismatch between the supply, the

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 usage times of those TOU rates, versus the fixed
2 procurement that for all default service within
3 that Small Customer Group class.

4 So, how do you reconcile the price
5 difference from a customer standpoint, whether
6 they pay a lower rate, because they're using at
7 an off-peak time, or a higher rate? How do you
8 reconcile that difference?

9 A (Tebbetts) Well, two things. One, we have 100
10 customers taking this rate. So, the revenues are
11 very, very small. But, when we look at the
12 reconciliation in June, or May and June when we
13 go to file this, the revenues from those classes,
14 the EV rate and the Battery Storage rates will be
15 included in that calculation of the over or under
16 reconciliation of revenues and expenses. So, it
17 is included in that piece as a whole. We don't
18 reconcile it specifically to that rate.

19 Q In your procurement, are suppliers aware of the
20 fact that a portion of the Small Customer Group
21 class is on a time-of-use rate?

22 A (Tebbetts) I'll have Mr. Warshaw answer that.

23 A (Warshaw) I believe -- I believe they do. I've
24 never asked them specifically "do you know?" But

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 I would assume that, as most of our suppliers
2 know what's going on in the market, they have
3 seen that we have these other programs.

4 Q Do you think that at a certain penetration level
5 it would make sense to have a procurement for a
6 time-of-use supply block?

7 A (Warshaw) That might be an option. I just
8 couldn't tell you what the level of demand would
9 be, you know, load demand would be to implement
10 such a market and such a rate.

11 CMSR. SIMPSON: Thank you, Mr. Warshaw.
12 Thank you, Ms. Tebbetts.

13 I have no further questions, Chairman
14 Goldner.

15 CHAIRMAN GOLDNER: Commissioner
16 Chattopadhyay.

17 CMSR. CHATTOPADHYAY: So, I'm going to
18 start off with questions for you, Mr. Warshaw.
19 So, some of the questions that I've listed have
20 been touched upon by previous questions from the
21 Commission. I will -- so, I may have to put them
22 differently, if I need to understand something
23 more. So, bear with me.

24 BY CMSR. CHATTOPADHYAY:

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Q So, let's first start talking about the three
2 monthly tranches for the Large customers. And
3 you said that there was -- you basically
4 explained the historical basis for it, why it is
5 what it is. Do you have any opinion on whether
6 going with the three-month tranches, as opposed
7 to let's go for the six-month tranche? Because,
8 in any case, when you're doing the RFP, you're
9 looking for the -- in this example, February for
10 the first three months, and then for the next
11 three months.

12 Do you think there is -- there's a good
13 reason why going with three-month tranches leads
14 to more market efficiencies?

15 A (Warshaw) Originally, when we did the three-month
16 tranches, those went out four times a year, as
17 opposed to twice a year. We moved that, you
18 know, for simplicity and saving costs, you know,
19 to move it into just twice a year. We did leave
20 the two tranches to be able to take advantage of
21 the potential that one supplier may have a
22 different viewpoint for the costs they would
23 incur for an outer three months, versus another
24 supplier's view on the outer three months. There

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 have been times where we have had a split between
2 two suppliers to meet -- to serve that load, and
3 other times it's been the same supplier for both.

4 Q Do you -- so, you're basically saying that there
5 are times when, because you can go with the
6 split, that is the benefit that you can get with
7 this approach. But I sometimes wonder whether
8 the -- for the suppliers who are responding to
9 it, whether the six months give them more
10 certainty, as to "Okay, we are" -- "it's worth
11 putting our time", so that might bring some
12 additional savings?

13 I'm just sort of thinking it out, I
14 don't know what you think about it. But do you
15 have any opinion on that?

16 A (Warshaw) Not really. This is what we've found
17 useful over the last few years. And, again,
18 we've had some times where we've split suppliers
19 for that block, and sometimes where we've had the
20 same supplier. So, the end result has been we
21 have provided service for our customers at the
22 lowest cost.

23 Q Has there ever been an instance where the bundled
24 solicitations for Energy Service and RPS

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 requirements that was the lowest cost option for
2 you?

3 A (Warshaw) Yes, it has been. And, when that has
4 happened, we have contracted with suppliers to
5 take on both the Energy Service obligation and to
6 provide RECs to meet the RPS obligation -- RPS
7 requirements of the service that they were
8 supplying.

9 Q Do you recall when that happened?

10 A (Warshaw) It's infrequent. Maybe I think the
11 last time might have been a year -- a couple of
12 years ago. I don't have it specifically in front
13 of me at this point.

14 Q All right. But, roughly, a few years ago maybe,
15 a couple of years?

16 A (Warshaw) It has happened. But it's been more
17 the other way, where the RPS adder has been much
18 higher than what we are predicting that we can
19 meet in the market from our RPS RFPs and
20 solicitation process.

21 Q I'm going to go to Exhibit 12, Bates Page 011.
22 And let me go there as well. Lines 13 through
23 16, around that part of the page.

24 So, I want to first just confirm that

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 the solicitation for the RECs mentioned here,
2 this is like that went out on the 1st of
3 November 2021, that has nothing to do with the
4 energy supply RFP, right?

5 A (Warshaw) They're independent. But we do use the
6 bids that we get from the RPS RFP to have an
7 indication of what the market prices are for the
8 RECs to meet our RPS obligations.

9 Q In the November 1st RPS solicitation, were there
10 any bids from the Energy Service bidders in the
11 other RFP or affiliated bidders?

12 My guess is not, but I just want to
13 confirm that.

14 A (Warshaw) No, there was not. If you look at
15 Bates Page 100, there's a summary of the RPS bids
16 that we received --

17 Q Yes.

18 A (Warshaw) -- at the beginning of December.

19 Q When were the final bids received on the
20 November 1st RPS solicitation?

21 A (Warshaw) They were received on December 6th.

22 Q December 6th. And then, as I read your
23 testimony, you're working on the contracts, and I
24 think I read it's going to be filed sometime the

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 middle of January. When do you -- with the
2 November 6th [December 6th?] sort of bids coming
3 in, when -- usually, what do you do? How long do
4 you wait to get the contracts signed?

5 A (Warshaw) I usually work on the RPS contracts
6 after we've gone through the Energy Service
7 filing and hearing, to ensure that, you know,
8 what we filed has been passed and approved, and
9 would not take -- you know, this way I would not
10 take any of my time away from the Energy Service
11 filing to work on the RPS contracts.

12 And the only reason -- usually, when we
13 do this, we usually offer that we would have
14 contracts done by the end of the month in which
15 we receive them. Because of the holidays and the
16 lateness of this hearing, I pushed it out to mid
17 January, when we would -- our intention is to
18 finalize any contracts with these bidders that we
19 would -- we would contract with.

20 Q So, with respect to the other Energy Service
21 solicitation, you sort of are driven by "Okay,
22 we're going to get the bids today. We have to
23 wrap up the contracting pretty soon, so that the
24 prices don't get stale", and I'm just using that

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 term generally, is that -- that kind of issue
2 also relevant for the RECs?

3 A (Warshaw) No. The REC market is not as volatile
4 as the energy service market. Therefore, these
5 suppliers are willing to hold their price fixed
6 for a much longer period of time.

7 Q Are you intending to sort of look at what the
8 RECs prices are at the time you sign the contract
9 and compare it with when you received it on the
10 6th of November? Or do you usually not even
11 worry about it, because you -- what you just
12 stated about the volatility, that that need is
13 not there?

14 A (Warshaw) Yes. We usually don't expect that
15 there's a significant change in the REC market
16 over that short period of time.

17 Q Thank you. In the contract, does Liberty have
18 any flexibility in adjusting the REC prices,
19 because you're waiting for this period, or that's
20 not how the contracts work?

21 A (Warshaw) That's not how the contracts work.

22 Q Okay.

23 A (Warshaw) Basically, they're offering a fixed
24 price, and we contract with them with that fixed

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 price.

2 Q This is a question for anyone, if you can sort of
3 address. But I'm just curious whether -- there
4 must be costs associated with administering the
5 solicitations, right? There are sort of costs
6 that you incur in doing the solicitations?

7 A (Warshaw) That's correct.

8 Q So, where do those costs reside in the
9 ratepayers' rates?

10 A (Tebbetts) So, when we do the reconciliation, we
11 have a couple factors. If we go to Bates 132, --

12 Q Did you say "132"?

13 A (Tebbetts) 132, yes.

14 Q Thank you.

15 A (Tebbetts) So, if you look at, let's see, there's
16 two pieces here, at Line 11 and Line 12. And I
17 do believe that Line 11 provides the
18 Reconciliation Adjustment Factor, which includes
19 the cost associated with the time spent on and
20 any costs associated with procurement. Yes.
21 That is Line 11. And then, Line 11, it's not
22 just for the Small Customer Group, also it is
23 also on Bates 131, we do have Line 11 as the
24 same. So, it's charged to both. And it is --

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 and, as a portion of what's in there, I don't
2 have that filing in front of me, but there
3 other -- maybe a few other items in there as
4 well. But the time and the cost associated with
5 procurement are charged to that factor.

6 Q Can that detail be provided, you know, hopefully
7 as part of the filing for the next time?

8 Because, if you're talking about, you know, those
9 numbers, they're residing somewhere in a file.

10 So, it would be good to see that.

11 A (Tebbetts) Yes. Well, in this docket, 21-087, in
12 our June 17th --

13 Q The next one.

14 A (Tebbetts) -- filing this past year, that data is
15 in there. And then, when we go to file in May,
16 for the reconciliation, yes, all of that
17 information is provided as part of that filing.
18 This is a carryover, as we didn't change the
19 rates from June. We're just continuing to charge
20 it.

21 Q I already forgot who was talking about this, but
22 how many default service solicitations went into
23 determining the premium bid factor? When you
24 were going through one of the, you know,

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 documents that the Consumer Advocate was asking
2 you to look at, and I'm just curious how that has
3 evolved?

4 A (Warshaw) That evolves, I usually look at the
5 last 24 months of, you know, monthly settled, you
6 know, contracted prices, comparing that to what
7 the market was at that time. So, that would be
8 approximately, over a 24-month period, that would
9 be approximately four solicitations.

10 Q The number that you have there, and I don't --
11 I'm not sure whether that's confidential, but
12 assuming that it is confidential, do you sort
13 of -- have you seen any trend in it over time?

14 A (Warshaw) I have -- I have seen, at times, when
15 the market has significant risk, the factors have
16 been higher. We saw that after the polar vortex
17 of a few years ago. And I wouldn't be surprised
18 if we may start seeing some of that effect over
19 this winter's gas and electric market prices
20 driving the price up.

21 And there -- I'll take one step
22 further. There's also, at times, uncertainty in
23 the ISO marketplace, proposals that have --
24 either being under development or have been

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 forwarded onto FERC for approval to be included
2 in future rates, and there's a potential
3 suppliers may include that risk, you know,
4 because the potential -- the change may not have
5 been approved by FERC, but they would still be --
6 have to maintain our -- the prices that they have
7 given us, fixed prices over the period that
8 they're serving.

9 Q Do you have any sense of where the number lies
10 right now? How does that compare relative to
11 what it was, let's say, last year?

12 A (Warshaw) I have not done that calculation.

13 Q Okay. So, I will ask you to go to the -- let me
14 just make sure I'm in the right -- Exhibit 14.
15 So, you remember we were talking about the
16 "excess cost" issue. I'm just trying to
17 understand, if you go to the end of the
18 testimony, and it's Bates Page 009. And, as one
19 of the questions, you know, you responded to,
20 "Will that filing also address the possibility of
21 excess costs because of the confusion about the
22 ACP that you discussed above?" "Yes, it will."

23 Can you just clarify what you mean?

24 Like you -- I thought you said you will not --

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 the excess costs that you dealt with, you know,
2 because it happened because of the confusion,
3 that will not be recovered from the ratepayers.
4 So, I'm just trying to understand this. Maybe I
5 misunderstood something. Could you please
6 clarify?

7 A (Warshaw) At this time, we are not looking to
8 recover the excess costs that we incurred to meet
9 the final 2020 RPS obligation. We do have a
10 large number of Class III RECs that we purchased
11 prior to the change of the Class III obligation
12 from 8 percent to 2 percent. And the remaining
13 Class III that we have banked, and that we would
14 have the ability to use in 2021 and 2022
15 obligation years, that would be under discussion
16 of how the costs -- the excess costs would be
17 calculated and factored in, and what would not be
18 collected from customers and what would be
19 collected from customers.

20 But that level of detail has not been
21 fleshed out completely. And that's why we are
22 basically punting it to January.

23 Q Is there a way for me to, in the filing or
24 otherwise, understand the level of banking and

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 all of that, so that we can get a good sense of
2 where things are, in terms of the purchases that
3 you made at that time during the period of
4 confusion? So, I'm just -- I'm not sure whether
5 I've been able to look at everything, maybe I
6 missed it. But is there a way for us to do that
7 going forward?

8 A (Warshaw) There are a couple of different places
9 that you could look. One, we file a RPS
10 Obligation Report July 1st of every year, showing
11 how we meet the previous year's obligation. And,
12 in that report, it will identify what we used,
13 what we bought that year for that year's
14 obligation, and what we used from a previous year
15 or years that were banked, plus what excess we
16 have that we are banking for future years. And
17 that's filed with the Commission every year.

18 There was also, I think, if I remember,
19 a present -- a table that may have been
20 introduced in the June hearing that identified
21 all of the Class III RECs that we had purchased,
22 and what we were looking at as excess. You know,
23 one, due to the switch from 8 percent to 2
24 percent, and also the cost difference by

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 buying -- paying for those RECs above the
2 established ACP.

3 Q I'm going to move to Exhibit 12 again, and let me
4 go there. And I would like to go to Ms.
5 Tebbetts' testimony, just a very quick question.

6 You had already responded, but I
7 just -- about the time-of-use rates. And let me
8 just get to the right page where the rates are
9 shown. So, it's really Bates Page 128.

10 A (Tebbetts) Yes. I'm there.

11 Q And Line 3, the "Table 2". I know that you said
12 it's complicated, there's a lot of numbers going
13 into it. Can you give me an overarching view of
14 how these numbers were determined? At a
15 conceptual level, I don't want you to --

16 A (Tebbetts) Sure.

17 Q Yes.

18 A (Tebbetts) Yes, I can. So, as I mentioned
19 earlier, on Bates Page 132, and we look at the
20 Small Customer Group. This is the Residential
21 class that takes these time-of-use rates, and we
22 have two rates that actually utilize them. So,
23 our D-11, which is our Battery Storage Pilot
24 Program, and our Electric Vehicle rate, which is

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 our D-12 rate. And we don't have any customers
2 taking the EV charging rate at this time. We do
3 have a customer signed up for it. But, one,
4 we're waiting for some engineering to be
5 completed, some of them need new transformers to
6 serve their load. And, two, we've had an
7 extremely difficult time getting the meters, just
8 simply because of supply chain issues. And, so,
9 we don't have any customers taking that rate at
10 this time.

11 Now, with regards to the calculation,
12 this is the Small Customer Group data that drives
13 the rates, because these rates are predicated on
14 usage data from the Residential class. And, so,
15 as I mentioned earlier, we take the Energy
16 Service information from the -- from
17 Mr. Warshaw's pricing, that then goes into what
18 you saw on Bates 132. And Mr. Hall calculates
19 those rates. But I take the usage forecast, the
20 kilowatt-hour forecast for each month, and then I
21 take the revenue forecast for each month, which
22 comes from that calculation of the usage, times
23 that base rate. It goes into the model. And it
24 is then allocated between the three periods,

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[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 critical peak, mid-peak, and off-peak.

2 And the way that the allocation works
3 has to do with the peak ISO-New England hour in
4 those winter months. So, one of the tabs in the
5 model provides a calculation that says "at 4:00
6 p.m. on June 2nd in 2020 was a peak hour for the
7 month of January." Did I say "June"? I'm sorry,
8 "January". So, January 7th [2nd?], at 4:00 p.m.,
9 that's the peak hour at ISO-New England. And,
10 so, it gets we'll call it a "1" in the table.
11 So, when the table is read by the macro, it
12 figures out what hours those ones are in that
13 month, and it allocates those costs that are in
14 these schedules to that period. And the majority
15 of those hours that I mention that have the "1"
16 are critical peak and mid-peak hours, which makes
17 sense, since the critical peak hours in the
18 program are 3:00 p.m. to 8:00 p.m., and the
19 mid-peak hours are 8:00 a.m. to 3:00 p.m.

20 And, so, that's why you see the rate
21 being that much higher than the off-peak rate.
22 You'll also notice that it is a little higher
23 than the actual rate we're charging customers for
24 fixed rates. And, again, that is because, in the

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 calculation, the majority of those costs happen
2 in those short amount of time. And the model,
3 which I don't have in front of me, does that
4 percentage allocation of dollars to those
5 periods. And, so, more dollars are allocated to
6 these two periods than the off-peak period. And,
7 so, that's how, a high level, we calculate those
8 rates.

9 I hope that was helpful and not too
10 confusing.

11 Q No, that was helpful. Obviously, there's a lot
12 more I can follow if I had the files. So, I
13 think the reason why I was asking was, and you
14 just mentioned it, that when you looked at the
15 fixed rate, it's actually lower than the
16 off-peak, the rate for the time-of-use. And that
17 part I still don't fully understand. But you
18 attempted it. But, if you want to try again,
19 would be good?

20 A (Tebbetts) Okay. It has to do with winter
21 pricing.

22 Q Okay.

23 A (Tebbetts) If you were to look at the same issue
24 in the summer, you actually would most likely

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 find that those -- I want to recall the summer
2 rates were at or actually below the fixed price
3 rate. And it's simply because the way the model
4 calculates the winter and summer period, and the
5 usage in those periods, and I'm going by memory
6 here, but it allocates more costs in the winter,
7 and I believe it has to do with the Forward
8 Capacity Market costs, and a line item in there
9 for that, which is not in the summer period. Oh,
10 gosh, I hope I'm getting this right off memory,
11 but I do believe that's the reason.

12 And, so, there are different pieces of
13 the rate that are in the winter period that are
14 not in the summer period, because we incur those
15 costs in the winter, but we don't incur them in
16 the summer. So, the Forward Capacity Market
17 costs are not incurred in the summer, but they're
18 incurred in the winter.

19 When you look at the way the model is
20 designed, that adder actually puts this over in
21 the winter, the fixed price rate, but, in the
22 summer, it doesn't.

23 Q And that is very helpful. Because I think you're
24 essentially saying there's a cost element that is

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 picked up by the winter, but is not picked up by
2 the summer, because the time-of-use rates are
3 targeting the winter situation.

4 A (Tebbetts) Yes.

5 Q Due to that, the rate, even for the off-peak,
6 is -- could be potentially higher than the fixed
7 rate. Did I get it right?

8 A (Tebbetts) Yes. I mean, --

9 Q Okay.

10 A (Tebbetts) -- and, for off-peak, you most likely
11 won't see it be higher, but it's very close.

12 Q Yes.

13 A (Tebbetts) But, for the on-peak and critical
14 peak, yes. You will see it, it will be higher,
15 simply because that Forward Capacity Market
16 adder, and the adder is there due to the fact
17 that we have those Forward Capacity Market
18 payments being paid for the winter period, and
19 not in the summer, we have to accommodate that in
20 the model and add it to the rate. So that those
21 customers are actually paying for what's
22 happening in that period, and, in the summer,
23 they're not paying for what's not happening in
24 that period. And the whole point of this is to

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 say the cost causation period in the winter does
2 provide higher rates to customers, because it is
3 more costly to serve them in the open market, all
4 things being equal.

5 CMSR. CHATTOPADHYAY: Okay. I'll think
6 about it more.

7 I think that's it. I didn't ask you
8 any questions, so have fun. Thanks.

9 CHAIRMAN GOLDNER: Okay. I just have a
10 few questions.

11 Just following up on one of
12 Commissioner Chattopadhyay's questions. On the
13 administration costs, it looks high. I'm
14 interested in this. We won't address it in this
15 docket, but will want to scrutinize it moving
16 forward. So, just in the form of headlights,
17 that's something we'll want to look at in more
18 depth in the future.

19 BY CHAIRMAN GOLDNER:

20 Q A question for Mr. Warshaw. On the tranches, is
21 bigger better? In other words, if you were
22 selling twice as much electricity to small
23 customers, or three times or four times, would
24 you keep that as a single tranche? Would that

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 give you kind of the optimum price or is there
2 some breakpoint at which you would optimize your
3 tranches?

4 A (Warshaw) I don't have a specific breakpoint of
5 where it would be better to have two or three
6 tranches out there for suppliers to bid on. I do
7 know that in other states that have a larger load
8 they do do that. Like I know Massachusetts does
9 that, it splits up the loads into subblocks.

10 But exactly where or when that
11 threshold would be reached for New Hampshire, I
12 couldn't speculate.

13 Q And if, in the future, there was a bundling
14 across all of New Hampshire, across all
15 utilities, would you see that as helpful or not
16 helpful?

17 A (Warshaw) My answer would be "it depends".

18 Q The logic being is, would it -- maybe you can
19 walk us through the "it depends" part, on the
20 left and right side of the ledger, what are the
21 benefits and the downsides to that kind of
22 bundling approach?

23 A (Warshaw) I would -- the benefits would be,
24 again, going out to the market for a larger

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 amount of supply. And I don't know how that
2 would be structured, whether it would be one
3 block for all of the customers, or multiple
4 blocks.

5 The downside would be that, you know,
6 this is still an open market. Our customers do
7 have the option to go to retail choice. The
8 retail choice providers may find that
9 objectionable, to have one price that they have
10 to market, you know, market against in the entire
11 state, as opposed to having different pricing
12 depending upon when various load-serving
13 entities, distribution companies have gone out
14 for pricing and what their contracts have -- they
15 have entered into.

16 So, again, I'll stick with my answer of
17 "it depends".

18 Q No problem. It's just good to know the left and
19 the right side of "it depends".

20 Is there any downside to your current
21 process of bundling the RECs in the Default
22 Service? There are other suppliers in New
23 Hampshire that don't do that. But I don't see
24 any downside. It seems like it can't hurt. If

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 you get a great price, you can use it. And, if
2 you don't, you go out to the market. Is that a
3 fair assessment?

4 A (Warshaw) That's a fair assessment. That's how I
5 look at it. If a supplier is willing to take on
6 that risk and at a reasonable price, well, I'd
7 rather them take on that risk, than us having to
8 go out and solicit the RECs to meet the RPS
9 obligation.

10 Q Okay. Thank you. Okay. Last question. In
11 Order 26,489, which was the prior order in this
12 docket, the Commission had ordered Liberty to
13 break out all the banked credits versus the
14 statutory carryforward limit. I didn't see that
15 in the filing. So, if somebody could point me to
16 that, that would be helpful?

17 A (Warshaw) It wasn't in the filing. It was
18 provided in the July 1st submittal of our RPS
19 obligation compliance filing. At this time, you
20 know, I don't know how many RECs that I'm
21 purchasing between now and the end of the 2021
22 REC market that would be excess that I would
23 bank. The only RECs that are currently in the
24 bank is what was provided in the filing in July.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 Q Okay. What would be an appropriate time, in your
2 mind, to sort of true everything up? Show what's
3 banked, you know, show what you've purchased, you
4 know, the whole picture, what would be an
5 appropriate timeframe for that?

6 A (Warshaw) It would probably be, you know, it
7 would be provided in the July 1st filing that
8 we're required make to the Commission. As a
9 result, they probably would not have a final read
10 that we would report, if we were reporting it
11 with an Energy Service filing. It would not come
12 in, be available, until this timeframe, for
13 December.

14 Q Okay. But I think we're very interested in sort
15 of a true-up. You know, there's a lot of things
16 going on in the market, things are moving in,
17 things are moving out. So, just a snapshot or
18 just a simple table that says "Here's what's
19 banked", you know, "Here's what we're going to
20 consume", *etcetera*.

21 I'm looking at your Exhibit 10. And,
22 so, I'm switching gears 10 percent here. But, if
23 I look at the part of the table that's in the
24 public domain, it shows the RECs required for

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 2022, and it shows the ACP, and then it shows the
2 market price, which we won't talk about here.
3 But it implies, and I've done the math here, it
4 looks like you'd have to spend, if you purchased
5 that at ACP, it would cost you about \$1.8
6 million. Obviously, you're looking at a market
7 price that's ideally less than that.

8 But am I doing that math correctly?
9 I'm multiplying the RECs required for 2022, times
10 the ACP price, multiplying that across the lines,
11 and I'm getting 1.826 million. Am I doing the
12 math correctly there on Exhibit 10?

13 A (Warshaw) I would assume that you know how to add
14 and subtract --

15 Q Right. Thank you.

16 A (Warshaw) -- and multiplication. So, if that's
17 the case, then, yes, that's approximately right.
18 I have not done that calculation, but I can agree
19 that, if you say it's so, then I can agree to
20 that.

21 Q I just want to check -- if I could, Mr. Warshaw,
22 let me check my math. So, what I'm doing is I'm
23 multiplying, for example, in Class I, 27,300
24 RECs, times 58.37, you know, as Class I, and then

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 moving across. Is that -- am I doing the math
2 right?

3 A (Warshaw) Yes.

4 Q Okay.

5 A (Warshaw) The difference is that that's not what
6 we expect for all of 2022. That is only looking
7 at the Energy Service period that we're currently
8 filing for, which is, you know, six months in
9 2022, not the entire month [sic]. And that
10 would -- also is based on a forecast of what we
11 expect to sell at retail. What we will not
12 know -- like, I will not know what 2021's true
13 RPS obligation, I probably would not know that
14 until February and March of next year, once we
15 have all of the final meter reads for customers
16 that cover the month of December.

17 Q Okay. Do you have the number for, say, the
18 previous six-month period, in terms of what the
19 RPS cost was in dollars? Is that in the filing?
20 I'm just trying to get a snapshot. You're
21 spending a certain amount every six months, and
22 I'm just trying to get a handle on what your RPS
23 costs are in each of those six-month periods?

24 A (Warshaw) That information is usually provided in

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 the reconciliation that we do file in the end of
2 May/June time period. And that then would be an
3 indication of what the Company spent for RECs
4 over the last twelve months, and what the revenue
5 that the Company received over the last twelve
6 months for REC, for meeting the RECs. And there
7 would be a reconciliation if we over or under
8 collected from our customers.

9 Q Okay.

10 A (Tebbetts) So, -- excuse me, sorry. I believe
11 that we mention in Mr. Warshaw's testimony that
12 we will provide some kind of update in January on
13 all of this. And I think, given that the
14 information, we don't have it today, and it's not
15 available, as we have not fully billed the month
16 of December. We can look to provide as much of
17 that information in that filing as possible.
18 Some of it may not be fully available, but we can
19 supplement what we can for you.

20 CHAIRMAN GOLDNER: Okay. Thank you.
21 Thank you. That would be very -- I think you can
22 see a high interest level on the topic. So, I
23 appreciate that.

24 Okay. Thank you. Okay, Mr. Sheehan,

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 is there any redirect?

2 MR. SHEEHAN: Just one or two questions
3 for Mr. Warshaw on the topic you just finished
4 with.

5 **REDIRECT EXAMINATION**

6 BY MR. SHEEHAN:

7 Q To clarify, we have to purchase "X" number of
8 RECs for each compliance year, is that correct?

9 A (Warshaw) That is correct.

10 Q And that number of RECs isn't known for sure
11 until, as you said, spring of the following year?

12 A (Warshaw) That is -- that is correct.

13 Q And the purchase of the RECs themselves isn't
14 steady, is that correct? You make sort of lumpy
15 purchases, you buy a chunk here, you buy a chunk
16 there, shooting for the annual requirement?

17 A (Warshaw) Yes, it's fairly lumpy.

18 Q For example, you know, we spent a lot of time
19 with the 2020 Class III RECs that caused a
20 problem. Most of those RECs you bought with one
21 contract or two contracts signed in one month of
22 July of 2020, right?

23 A (Warshaw) That is correct. And we only pay for
24 the RECs when we receive them. So, there are

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 months where we receive no RECs from suppliers,
2 for whatever reason, they sold off all of their
3 previous quarter or they're looking to pull in
4 more, basically, generation that they're
5 experiencing. And, then, there are months when
6 we have purchased quite -- ended up buying quite
7 a few RECs, because that's just how the contracts
8 work. Most of that delivery is based on when the
9 generator that they're using actually produces a
10 megawatt-hour of energy, which turns into one
11 REC.

12 Q And to close the loop on that, so, a contract,
13 for example, in the Summer of July 2020, you
14 agreed to buy, I'll make up numbers, 1,000 RECs
15 for \$1,000. You may not get those RECs -- or,
16 you may get those RECs all in August, you may not
17 get any until the following March, depending on
18 things that are out of your control, but you will
19 get a 1,000 RECs for \$1,000. Is that fair?

20 A (Warshaw) Mostly. Sometimes we have contracts
21 where they're non-firm, they're based on what the
22 generation the owner expects to have over the --
23 in the future. This is especially speculative
24 for, like, hydro generation. They always hope

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 for a decent amount of rain and water flow, and
2 you can't always depend on it. So, we will have
3 firm and non-firm contracts.

4 Q And the purpose of the spring filing is to take a
5 year's snapshot of all this activity and wrap it
6 into one annual number: "We bought this many
7 RECs, we paid this many dollars, and we received
8 this much money from our REC rate the prior
9 year." Is that fair?

10 A (Warshaw) At that time, correct.

11 MR. SHEEHAN: Okay. That's all I have.
12 Thank you.

13 CHAIRMAN GOLDNER: And, Commissioner
14 Chattopadhyay, you had a follow-up?

15 CMSR. CHATTOPADHYAY: Yes.

16 BY CMSR. CHATTOPADHYAY:

17 Q I heard that you sort of said the RFP for the
18 RECs, almost sounded like it's a choice for you,
19 when you do it solely for the RECs. Or, do you
20 sort of -- is that what you meant or you have
21 been doing the RFPs every six months for the RECs
22 anyway?

23 A (Warshaw) I don't think we have a choice.

24 Q Okay.

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 A (Warshaw) That's what we agreed to moving
2 forward, and we do an RFP for RECs twice a year.
3 In between those RFPs, we may get an unsolicited
4 offer for RECs. And, if it looks, you know,
5 reasonable, "is it lower than what I've
6 contracted for? Is it reflective of the market
7 at that time?", we may, you know, accept that
8 offer. And it will also depend upon if we're,
9 you know, where we are as far as the procurement
10 of RECs, whether we're close to meeting it or we
11 are short, a lot of -- a number of factors come
12 in.

13 CMSR. CHATTOPADHYAY: Thank you.

14 CHAIRMAN GOLDNER: And I'll just -- one
15 more item. I think what you were describing,
16 Mr. Sheehan, in your question to Mr. Warshaw, I
17 think was a lag, right? You have a -- you
18 purchase RECs, but you don't receive them. And,
19 so, the accounting is a little bit tricky, right,
20 because you have a time period between when
21 they're purchased and when they're received, is
22 that fair?

23 WITNESS WARSHAW: Yes. Yes. And it
24 gets even trickier, because of the way the NEPOOL

[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 GIS is set up. There are four trading periods in
2 NEPOOL GIS. The first trading period for a year
3 doesn't start until July of that year. And the
4 reason these are delayed so long is so that the
5 ISO-New England can go through the reconciliation
6 process to ensure that, you know, the first
7 settlement in ISO-New England is on a daily
8 basis, and that information could be incorrect.
9 And this gives the supplier or the load-serving
10 entity, the generator, whoever may have made a
11 mistake, and they're able to correct it when they
12 do the reconciliation. It could be as simple as,
13 you know, I've seen an analyst submitting
14 information, and it was supposed to be in
15 megawatt-hours and they submitted it as
16 kilowatt-hours, but the system doesn't know that
17 difference. So, this way, they're able to
18 correct that.

19 Or, there's, like, sometimes there's a
20 meter error, they couldn't get to the meter for
21 whatever reason during the initial settlement,
22 either the meter failed or the communication
23 fails, but they were able to get to the meter and
24 get the true reads and be able to put that into

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[WITNESS PANEL: Hall|Tebbetts|Warshaw]

1 the reconciliation.

2 So that, as a result, I have until
3 June 15th of the following year for -- June 15th
4 this year, this coming year, 2022, to be able to
5 buy 2021 vintage RECs.

6 CHAIRMAN GOLDNER: Okay. Thank you. I
7 know this is challenging, because it's
8 complicated, and I appreciate the offer earlier
9 to summarize in January. But, to the extent that
10 we could understand this in sort of a simple, you
11 know, as possible, you know, sort of a one-page
12 table, purchased/received/at this price,
13 *etcetera*, it would be very helpful for the
14 Commission, because you're in a very -- you're
15 doing a very complicated job, and we're just
16 trying to understand the total picture, and a
17 simplification would be very helpful here. So,
18 thank you.

19 If I could go back to you, Mr. Sheehan,
20 do you have any re-redirect?

21 MR. SHEEHAN: No, sir. Thank you.

22 CHAIRMAN GOLDNER: Okay. All right.
23 Thank you.

24 Okay. So, without objection, we'll

1 strike ID on Exhibits 11 to 14 and accept them --
2 or, I'm sorry, and admit them as full exhibits.

3 *[No verbal response.]*

4 CHAIRMAN GOLDNER: Okay. For closing
5 arguments, OCA, Mr. Kreis.

6 MR. KREIS: Thank you, Mr. Chairman.
7 Just very briefly.

8 I think the dialogue today suggests
9 that there are certain issues that deserve
10 further consideration, perhaps in some kind of
11 generic proceeding. I've been saying that for a
12 while in various contexts with various utilities.
13 And I think it's becoming more and more apparent
14 that that's something we ought to do or that the
15 Commission ought to do.

16 But, with respect to the actual
17 proposal of the Company pending here today, for
18 the Commission to approve the proposed Default
19 Service rates, based on the results of the
20 solicitation and REC procurement that the
21 witnesses have testified to, I believe that the
22 result is just and reasonable, and that the
23 Company's proposal warrants approval by the
24 Commission.

1 That's all I have to say.

2 CHAIRMAN GOLDNER: Thank you, Mr.

3 Kreis. Ms. Amidon, Energy.

4 MS. AMIDON: Thank you.

5 As I had previously indicated, the
6 Department has reviewed the filing. And we've
7 determined that the Company appropriately
8 solicited bids, evaluated bids, and selected the
9 winning suppliers consistent with the Settlement
10 Agreement and prior Commission orders.

11 And, in addition, we believe, as a
12 result, the resulting rates are consistent with
13 the competitive market, and which is one of the
14 goals of the restructuring statute. And,
15 therefore, we would recommend that the Commission
16 approve the Petition.

17 And, again, like many others, we are
18 looking forward to seeing the January report on
19 the REC procurement and the correction of that
20 issue. And we will -- we plan to investigate it,
21 along with, I would assume, the OCA and other
22 interested parties.

23 Thank you.

24 CHAIRMAN GOLDNER: Thank you.

1 Mr. Sheehan, Liberty.

2 MR. SHEEHAN: Thank you.

3 I appreciate the support of the other
4 parties in the docket. I, obviously, agree that
5 what we've done here is an appropriate
6 solicitation for Energy Service for the period
7 beginning February 1, and ask that you approve
8 it. The rates are just and reasonable under the
9 circumstances now in the market.

10 A couple comments. Mr. Kreis's
11 suggestion of a docket to review the solicitation
12 process, I have no objection. My only caution is
13 that we get a clear statement of what the problem
14 is that we're trying to address, so those -- as
15 we all know, these dockets -- broad dockets can
16 become quagmires if we have a clear direction
17 that we want to, you know, examine every aspect
18 of the solicitation process, or whatever it is.
19 And we would be happy to engage.

20 As Mr. Warshaw said, what we -- we
21 think we're doing a good job now with a good
22 process. But we're all ears if others have
23 suggested improvements.

24 Regarding the REC filing, I read the

1 order from last summer about what needed to be
2 provided regarding RECs mostly to be in the next
3 reconciliation filing. I've got the order up,
4 the Page 9 and 10: "And that such reconciliation
5 filing shall include the information concerning
6 RECs outlined above." By the same token, earlier
7 language said "in the next Energy Service
8 filing." So, we were a little bit not exactly
9 clear when you needed the info. Thus, what you
10 got from Mr. Warshaw's supplemental testimony was
11 admittedly at a fairly high level. But, in
12 preparing that, we did recognize there are a lot
13 of complexities here, in particular to the
14 hiccups we had last summer, that will affect how
15 we buy RECs this year, too.

16 And, so, rather than make a more
17 specific filing today that we hadn't thought
18 through enough or finish our thinking through
19 enough, we thought it would be wise to make a
20 filing we proposed in this docket as a vehicle
21 of, for lack of a better word, a plan for the
22 rest of 2021.

23 The two major issues, as you've heard,
24 are the Class III RECs that we paid above our ACP

1 for, to be crystal clear, there is a number in
2 the supplemental testimony of the overage for
3 2020. That number has been written off, it has
4 been borne by sharepayers [shareholders?], you
5 will not see that number again.

6 New paragraph. There is another number
7 of the overage for the remaining Class III RECs
8 that were bought above ACP that are in the bank.
9 And those, if nothing changes, will be in the
10 same boat. But we want to make sure nothing has
11 changed. You know, laws could change, situations
12 could change, etcetera. So, that's why we can't
13 make a definitive statement of how those will be
14 treated now. But they are certainly an issue
15 that's out there and we'll address.

16 And, of course, the other issue is the
17 purchase of 8 percent in 2020, when the
18 Commission changed that requirement to 2 percent
19 in 2021. There are limits in how many of those
20 RECs we can use, statutory limits over the next
21 two years. And I think it's only for two years,
22 and only 30 percent of the then requirement. And
23 all things being equal, we will not be able to
24 use all of those 8 percent RECs over the next two

1 years. So, we will have some proposals of how to
2 address that issue as well.

3 So, that's sort of a foreshadowing of
4 what we will give you in January in this docket.
5 It will be -- my thinking now is it's more of an
6 informational report, rather than a request for
7 anything. But, certainly, if the Commission has
8 thoughts on what should be in that, we're all
9 ears again. And, of course, the May/June filing
10 will be the reconciliation of the -- among other
11 things, of the 2021 REC year. By then we'll have
12 most of the actual numbers, and we can do all the
13 math that needs to be done.

14 So, I appreciate your time today and
15 your questions. And I wish everyone a happy
16 holiday.

17 CHAIRMAN GOLDNER: Okay. Thank you,
18 everyone. We'll take the matter under advisement
19 and issue an order. We are adjourned.

20 ***(Whereupon the hearing was adjourned***
21 ***at 3:32 p.m.)***