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13  
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16  
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19  
20  
21  
22  
23  
24

**I N D E X**

**PAGE NO.**

**STATEMENTS RE: EXHIBIT 2 (on LRAM) BY:**

Mr. Sheehan 6

Mr. Dexter 9

**QUESTIONS BY:**

Cmsr. Simpson 8

Cmsr. Chattopadhyay 8

\* \* \*

**WITNESS PANEL:**

**JOHN D. WARSHAW  
HEATHER M. TEBBETTS  
ADAM M. HALL**

Direct examination by Mr. Sheehan 11

Interrogatories by Cmsr. Chattopadhyay 19, 67

Cross-examination by Mr. Dexter 22

Interrogatories by Cmsr. Simpson 25, 59

Redirect examination by Mr. Sheehan 77

\* \* \*

**CLOSING ARGUMENTS BY:**

Mr. Sheehan 79

Mr. Dexter 82

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
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18  
19  
20  
21  
22  
23  
24

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

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Direct Testimony of John D. Warshaw, with attachments, Direct Testimony of Heather M. Tebbetts and Adam M. Hall, with attachments, and proposed tariff pages	<i>premarked</i>
2	Technical Statement of Heather M. Tebbetts and Adam M. Hall, with attachments <b>(MARKED FOR IDENTIFICATION ONLY)</b> <i>**NOT ADMITTED INTO EVIDENCE**</i>	<i>premarked</i>
3	Property Tax Bills for 2020 and 2021	<i>premarked</i>
4	<b>RESERVED FOR RECORD REQUEST</b> (To provide an update to Table 1 on Bates Page 028 of Exhibit 1)	66, 86

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2  
3  
4  
5  
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**P R O C E E D I N G**

CMSR. CHATTOPADHYAY: Good morning, everyone. I'm Commissioner Chattopadhyay. And I will be conducting today's proceeding, as Chairman Goldner is not available. I'm joined today by Commissioner Simpson.

We are here this afternoon in Docket DE 22-018 for a hearing regarding the Petition by Granite State Electric for Approval of Annual Retail Rate Adjustment and Property Tax Adjustment Mechanism. Following an order on April 1st, 2022, the Commission commenced this -- commences this adjudicative proceeding and this hearing in this docket.

The Company's annual Retail Rate Adjustment Mechanism allows it to recover the costs associated with transmission services it receives from ISO New England, under rate schedules approved by the Federal Energy Regulatory Commission. These transmission services include Regional Network Service, or RNS, Local Network Service, or LNS, and ISO New England's administrative services.

This mechanism also allows for

1           accommodating refunds, for example, the Contract  
2           Terminating Charge, that is a source of revenue,  
3           rather than being a cost element currently.

4                     The Property Tax Adjustment Mechanism,  
5           or PTAM, is being requested for the first time,  
6           but that request is relying upon an approach that  
7           has been approved for Liberty's gas utility.

8                     This docket essentially is the vehicle  
9           to determine whether the pass-through costs and  
10          revenue described above are appropriately  
11          reflected in the rates for Granite State  
12          Electric's customers.

13                    So, let's start with the appearances.  
14          For the Company, please?

15                    MR. SHEEHAN: Thank you. Mike Sheehan,  
16          for Liberty Utilities (Granite State Electric)  
17          Corp.

18                    CMSR. CHATTOPADHYAY: For DOE?

19                    MR. DEXTER: Good afternoon,  
20          Commissioners. Paul Dexter, appearing on behalf  
21          of the Department of Energy.

22                    CMSR. CHATTOPADHYAY: Are there anyone  
23          else?

24                    MR. DEXTER: Yes. I'm joined by a

1 number of folks from the Division of Energy's --  
2 or, Department of Energy's Regulatory Support  
3 Division. We have Jay Dudley, Steve Eckberg, and  
4 Scott Balise.

5 CMSR. CHATTOPADHYAY: Thank you. Let  
6 me first address exhibits as part of preliminary  
7 matters.

8 We have premarked and prefiled Exhibit  
9 1, 2, 3. That is an accurate listing of the  
10 exhibits, correct?

11 MR. SHEEHAN: Yes. And before we go  
12 too far, we have a little update to provide the  
13 Commission, when the time is appropriate.

14 CMSR. CHATTOPADHYAY: Okay. Are there  
15 any preliminary matters?

16 MR. SHEEHAN: I guess the time is  
17 appropriate.

18 CMSR. CHATTOPADHYAY: No? Then, you  
19 should go ahead.

20 CMSR. SIMPSON: Yes.

21 MR. SHEEHAN: The short delay we just  
22 experienced, the parties engaged in what we could  
23 call a "brief technical session". And the  
24 Department of Energy pointed out some issues with

1           our calculation of the LRAM, the Lost Revenue  
2           Adjustment Mechanism, which is "Exhibit 3" -- I'm  
3           sorry, "Exhibit 2".

4                     Exhibit 2 was a technical statement  
5           that adjusted rates to allow us to recover under  
6           the Lost Revenue Adjustment Mechanism for the  
7           first six months of '21. There are errors in  
8           that calculation.

9                     And what we have agreed to do is to  
10          simply remove that adjustment from this hearing  
11          today, go back to the numbers in Exhibit 1, the  
12          initial filing, and we will deal with the LRAM at  
13          another date, in another docket.

14                    So, the total that we had requested  
15          recovery of was about \$130,000. That number will  
16          ultimately be lower. But, for today, we have  
17          agreed for it to be zero. And, again, we'll come  
18          back on another day to correct that.

19                    So, the request is to not -- we will  
20          not seek admission into evidence of Exhibit 2.  
21          We'll proceed with this case based on Exhibit 1,  
22          and request the rates that are in Exhibit 1.

23                             *[Commissioner Chattopadhyay and*  
24                             *Commissioner Simpson conferring.]*

1 CMSR. SIMPSON: I have a question.  
2 Attorney Sheehan, do you have any sense of when  
3 the Company would be prepared to update its  
4 filing with respect to the LRAM?

5 MR. SHEEHAN: The short answer is "no."  
6 We'll go back to the office and see if it's  
7 something that could be done in short order, in  
8 time for an order in this case. If not, it will  
9 be on us to find an appropriate place to tuck it  
10 in. We do have a decoupling adjustment for the  
11 first time coming up later this year, or even  
12 next year in this filing.

13 It's not a lot of dollars. So, we're  
14 not quite sure of the amount of work it will take  
15 to figure this out, so --

16 CMSR. SIMPSON: Okay.

17 CMSR. CHATTOPADHYAY: I have a  
18 question, very quickly. Because earlier you had  
19 filed Exhibit 1, 2, and 3., the issue is with  
20 Exhibit 2, of course. So, when we're going to  
21 strike IDs later, are you still intending to  
22 provide this information later as Exhibit 2?  
23 And, if so, we'll have to, you know, --

24 MR. SHEEHAN: Yes. The Commission can

1 handle that in a few ways. We can just not admit  
2 Exhibit 2, and ignore that number. And, so, if  
3 we filed in this docket, it will be "Exhibit 4".

4 CMSR. CHATTOPADHYAY: Okay.

5 MR. SHEEHAN: That's one way to handle  
6 it. That's probably the cleanest way. That way  
7 we don't confuse what has been filed now with  
8 what is filed later.

9 CMSR. CHATTOPADHYAY: Thank you.

10 MR. DEXTER: I'd like to just make a  
11 comment on this issue. Are we moving on from  
12 this LBR issue?

13 CMSR. CHATTOPADHYAY: You can go ahead  
14 and make a comment, if, you know, --

15 MR. DEXTER: Sure.

16 CMSR. CHATTOPADHYAY: -- I'm sure you  
17 have something to share.

18 MR. DEXTER: The only thing I wanted to  
19 point out is, you know, we had to actually hold  
20 up this hearing by 15 minutes, and we don't like  
21 to do that. Our objective is to bring these  
22 issues out as soon as we can.

23 This particular element of the filing  
24 didn't come in in March with the rest of the

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 filing, or April. The original filing had,  
2 really, a placeholder of zero for lost base  
3 revenues from net metering. The information that  
4 we're looking at today was filed April 14th,  
5 which was Thursday. We requested, at the DOE, we  
6 requested of the Company, and the Company  
7 provided, the detailed Excel spreadsheets behind  
8 that, and we reviewed it Friday and Monday. And,  
9 really, this issue sort of solidified this  
10 morning, last night and this morning.

11 So, I didn't want the Commission to  
12 have the impression that, you know, that we  
13 didn't act with appropriate speed on the issue.

14 CMSR. CHATTOPADHYAY: Thank you for  
15 that clarification.

16 So, I'm going to go to the swearing of  
17 the witnesses. Please proceed.

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

21 CMSR. CHATTOPADHYAY: Thank you. Let's  
22 move to the direct examination of the witnesses.  
23 So, go ahead, Attorney Sheehan.

24 MR. SHEEHAN: Thank you.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1                                   **JOHN D. WARSHAW, SWORN**

2                                   **HEATHER M. TEBBETTS, SWORN**

3                                   **ADAM M. HALL, SWORN**

4                                   **DIRECT EXAMINATION**

5 BY MR. SHEEHAN:

6 Q     Mr. Warshaw, we'll start with you. Please  
7         introduce yourself and describe your role with  
8         the Company?

9 A     (Warshaw) Yes. Hi. My name is John Warshaw.  
10        And I work for Liberty Utilities Service Corp.  
11        And I oversee the procurement of power for both  
12        our default -- our energy service customers and  
13        the renewable energy certificates to meet the RPS  
14        obligation. I am also responsible for monitoring  
15        and reviewing the transmission costs for Granite  
16        State.

17 Q     Mr. Warshaw, did you prepare testimony that's  
18        been filed in Exhibit 1 of this docket, marked as  
19        "Exhibit 1", beginning at Bates 001?

20 A     (Warshaw) Yes, I did.

21 Q     And do you have any changes to your testimony?

22 A     (Warshaw) No, I don't.

23 Q     And do you adopt your written testimony as your  
24        sworn testimony today?

[WITNESS PANEL: Warsaw|Tebbetts|Hall]

1 A (Warshaw) Yes.

2 Q And if you could just give us a very brief,  
3 high-level description, my understanding is your  
4 testimony goes through all the elements of  
5 transmission costs primarily, and there has been  
6 a change in those costs from last year to this  
7 year, is that correct?

8 A (Warshaw) That is correct.

9 Q And roughly, how much of a change, and in which  
10 direction?

11 A (Warshaw) It's about another \$2 million increase  
12 from last year's forecast to this year's  
13 forecast. And that's a combination of the RNS  
14 increases by ISO, and then also the LNS increase  
15 by National Grid, through its subsidiary, New  
16 England Power.

17 Q And New England Power is the only transmission  
18 provider that serves Granite State's territory,  
19 is that correct?

20 A (Warshaw) That is correct.

21 Q And that \$2 million increase is from, order of  
22 magnitude, it's from roughly 27 million to  
23 roughly 29 million, is that correct?

24 A (Warshaw) Yes.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 Q Thank you. And you provided that information to  
2 the folks to your left, and they figured out what  
3 the rate changes would be to collect that amount,  
4 is that correct?

5 A (Warshaw) That is my understanding.

6 Q Okay. Ms. Tebbetts, please introduce yourself?

7 A (Tebbetts) My name is Heather Tebbetts. And I am  
8 employed by Liberty Utilities Service  
9 Corporation. And I'm the Manager of Rates &  
10 Regulatory Affairs. And, at that role, I am  
11 responsible for rate-related matters for Granite  
12 State Electric.

13 Q Ms. Tebbetts, did you, along with Mr. Hall,  
14 prepare the testimony in this docket that's part  
15 of Exhibit 1, beginning at Bates 023?

16 A (Tebbetts) Yes.

17 Q And do you have any changes this afternoon to  
18 that testimony?

19 A (Tebbetts) No.

20 Q Ms. Tebbetts, you were also the author of a  
21 technical statement that was filed last week,  
22 along with Mr. Hall, is that correct?

23 A (Tebbetts) Yes.

24 Q And did you hear the introductory comments by me

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 and Mr. Dexter a few minutes ago?

2 A (Tebbetts) Yes.

3 Q And do you agree with the approach that the  
4 Company has decided to take, to not seek the  
5 changes proposed in the technical statement, but  
6 to revert back to the rates proposed in  
7 Exhibit 1?

8 A (Tebbetts) Yes.

9 Q Mr. Hall, please introduce yourself?

10 A (Hall) My name is Adam Hall. And I'm employed by  
11 Liberty Utilities Services Corp., as Analyst,  
12 Rates & Regulatory Affairs.

13 Q And, Mr. Hall, did you, along with Ms. Tebbetts,  
14 prepare the testimony that appears in Exhibit 1,  
15 beginning at Bates 023?

16 A (Hall) Yes.

17 Q And do you have any corrections or changes to the  
18 portions of the testimony you were responsible  
19 for?

20 A (Hall) I don't.

21 Q And can you tell us what the net effect of the --  
22 well, what the proposed rate change that the  
23 Company is making, as reflected in Exhibit 1?

24 A (Hall) Yes. If you could turn your attention to

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 Bates 043, and here we have both the "Net  
2 Stranded Cost Charge", which is Column (c), and  
3 the factors that make it up in Column (a) and  
4 (b); also, the "Net Transmission Charge", in  
5 Column (h), and Column (d), (e), (f), and (g) all  
6 make up that rate.

7 And, if you turn to Bates 060, this  
8 shows a bill comparison for a residential  
9 customer using 650 kilowatt-hours. That customer  
10 would see a decrease of 26 cents, or a 17 percent  
11 decrease in their total bill.

12 Q And, Mr. Hall, I'm going to ask Ms. Tebbetts in a  
13 minute about the Property Tax Mechanism, but the  
14 17 percent decrease you just described, does that  
15 include or not include the change coming from the  
16 Property Tax Mechanism?

17 A (Hall) That does not include the Property Tax  
18 Adjustment Mechanism. Oh, excuse me, that  
19 doesn't include Exhibit 2.

20 Q Right. It doesn't include the Exhibit 2, the  
21 lost revenue, but does it include the PTAM?

22 A (Hall) Yes.

23 Q It does? I just want to be sure we're all on the  
24 same page.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 A (Tebbetts) Yes, it does.

2 Q Okay. So, what Mr. Hall just pointed us to on  
3 Page -- Bates 060, are the rates that we're  
4 proposing in this case, and those are the bill  
5 impacts of both the transmission and all those  
6 adjustments, and the property tax adjustment, is  
7 that correct?

8 A (Hall) Yes.

9 Q Okay. Thank you. Ms. Tebbetts, could you  
10 briefly explain the Property Tax Mechanism, what  
11 it is and what's involved, particular to Granite  
12 State today?

13 A (Tebbetts) Yes. Yes, I can. So, as part of --  
14 forgive me, I have forgotten the RSA off the top  
15 of my head. My apologies. As part of  
16 RSA 72:8-e, the Company has filed to recover  
17 property taxes, municipal property taxes, with  
18 regards to the years -- tax years April 1, --  
19 April 1 through March 31st -- April 1, 2020  
20 through March 31, 2021, and April 1st, 2021  
21 through March 31, 2022.

22 Q And those dates, the beginning of March of 2020  
23 is when the statute providing for this mechanism  
24 went into effect, is that correct?

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 A (Tebbetts) Yes.

2 Q And is, as you say, limited to -- the mechanism  
3 proposed here is limited to municipal property  
4 taxes, is that correct?

5 A (Tebbetts) Yes.

6 Q And it is not to collect all property taxes, but  
7 it is to collect any difference between property  
8 taxes already in distribution rates to the actual  
9 property tax bill, is that correct?

10 A (Tebbetts) Yes.

11 Q So, it would pick up a year over year increase or  
12 a year over year decrease in property taxes?

13 A (Tebbetts) Yes.

14 Q And is this mechanism, I think the Commissioner  
15 mentioned in his opening that this mechanism is  
16 very similar to what the Commission approved for  
17 Liberty's gas affiliate, EnergyNorth, is that  
18 correct?

19 A (Tebbetts) Yes.

20 Q The Company also filed, as "Exhibit 3", copies of  
21 the tax bills from all the towns for the two  
22 years in question, is that correct?

23 A (Tebbetts) Yes.

24 Q And are those the bills on which the calculations

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 in Exhibit 1 were based?

2 A (Tebbetts) Yes.

3 Q And do you have the number handy of what  
4 amount -- what increase in distribution rates  
5 is caused -- what change in distribution rates  
6 would be caused by solely the change in the PTAM,  
7 the Property Tax Mechanism?

8 A (Tebbetts) Yes. So, the undercollection of what  
9 is in rates, versus what was paid out for  
10 property taxes for 2021 and 2022 tax years, is  
11 \$330,873, and that rate is \$0.00036 per  
12 kilowatt-hour.

13 Q And combined with the transmission and related  
14 components mostly described in Mr. Warshaw's  
15 testimony, that still results in a net decrease  
16 in the rates overall proposed today, is that  
17 correct?

18 A (Tebbetts) Yes.

19 Q Can someone explain why, if Mr. Warshaw described  
20 a \$2 million increase in transmission rates, and  
21 Ms. Tebbetts described a couple hundred thousand  
22 dollar increase in property taxes, the rate is  
23 actually going down?

24 A (Hall) That's correct. That's due to the fact

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 that other components that make up the rates,  
2 they are far less than they were in the previous  
3 filing. For instance, let's see. So, for  
4 instance, the RGGI refund is larger, is a larger  
5 credit than last year. Also, the Transmission  
6 Service Cost Adjustment also decreased a  
7 significant amount from last year's value.

8 CMSR. CHATTOPADHYAY: May I suggest if  
9 you can just direct us to a particular page where  
10 those numbers are, that would be helpful.

11 WITNESS HALL: Are you referring to the  
12 last year's numbers? I don't have anything, I  
13 just have a personal copy. But I'm more than  
14 willing to -- I'm more than willing to let anyone  
15 look at it that would like to.

16 MR. SHEEHAN: He's got his cheat sheet  
17 he's reading from, so -- and that number came  
18 from -- you just looked at last year's filing, is  
19 that correct?

20 WITNESS HALL: Correct.

21 MR. SHEEHAN: Okay. I will endeavor to  
22 pull it up as we're talking this morning.

23 CMSR. CHATTOPADHYAY: So, for the  
24 changes that were reducing, you know, they were

[WITNESS PANEL: Warsaw|Tebbetts|Hall]

1 reductions rather, how much did those categories  
2 fall by? If you can just tell me that, that's  
3 good enough.

4 WITNESS HALL: The Stranded Cost -- the  
5 Stranded Cost Adjustment Factor, for instance,  
6 last year's was a value of zero; this year it is  
7 a value of minus \$0.0001 [~~\$0.00001~~], and that  
8 should have been four zeros after the decimal, if  
9 I had missed one.

10 Another fact is the Stranded Cost  
11 Charge last year, for instance, this was -- this  
12 went up, but it's still a negative value of  
13 0.0050, compared to last year of 0.00080.

14 And, then, the Transmission Charge,  
15 last year, for instance, this portion only was  
16 0.3890, this year -- I'm sorry, I got that  
17 backwards. This year, it's 0.3890; last year, it  
18 was 0.03490. So, that is part of the rate that's  
19 going up.

20 However, the Transmission Service Cost  
21 Adjustment, this year is a positive 0.00100; as  
22 compared to last year, which was 0.00376.

23 RGGI refund, this year is a minus  
24 0.00391; last year, it was 0.00211.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 BY MR. SHEEHAN:

2 Q And the combination of all those either higher  
3 receipts, like the RGGI, and lower payments of  
4 the others you described, offset the Property Tax  
5 Adjustment and the \$2 million that Mr. Warshaw  
6 described at a high level, is that fair?

7 A (Hall) Yes.

8 MR. SHEEHAN: That's all I have. Thank  
9 you.

10 CMSR. CHATTOPADHYAY: Attorney Paul  
11 Dexter.

12 MR. DEXTER: Thank you, Commissioners.

13 So, having raised some issues on net  
14 metering, and telling the Commission that the  
15 previously filed exhibit shouldn't be looked at,  
16 and there's a new one coming, I think I just  
17 would like to ask the witnesses a few questions  
18 about the corrections that we're talking about,  
19 so that you have some background, because I think  
20 we've kind of left you in the dark as to the  
21 substance of the corrections.

22 If you find that helpful, I would ask  
23 the witness, or I have a witness of my own I  
24 could put on later?

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 CMSR. SIMPSON: That would certainly be  
2 helpful, and it would avoid probably redundant  
3 questions from the Bench.

4 MR. DEXTER: Okay. Thank you. And I  
5 should have prefaced this by saying that we're  
6 onboard with the approach that Attorney Sheehan  
7 laid out for handling the net -- lost base  
8 revenues on net metering issue. But I thought we  
9 could fill in some of the blanks.

10 **CROSS-EXAMINATION**

11 BY MR. DEXTER:

12 Q So, I'm going to turn to Ms. Tebbetts, and ask,  
13 if you would, is it correct that, in our brief  
14 tech session before this hearing, the Department  
15 of Energy essentially identified two corrections  
16 that the Department believed needed to be made to  
17 your calculation?

18 A (Tebbetts) Yes.

19 Q And would you agree that one of them had to do  
20 with the actual term "net metering"? In other  
21 words, when the lost base revenues are to be  
22 calculated, they need to be calculated on revenue  
23 that actually was lost to the Company because of  
24 these customer-installed installations?

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 A (Tebbetts) Yes.

2 Q And the revenue would come from sales that were  
3 not made by the Company because of the  
4 installations?

5 A (Tebbetts) Yes.

6 Q And, so, the correction that the Company is going  
7 to produce will look at that calculation of, you  
8 know, gross versus net revenues and gross versus  
9 net kWh produced from the customer-installed  
10 installations. Is that -- that's area of the  
11 first issue?

12 A (Tebbetts) Yes.

13 Q Okay. And then, secondly, the Company's last  
14 rate case had a test year of 2018, is that right?

15 A (Tebbetts) Yes.

16 Q And the calculations that were provided in the  
17 exhibit that's no longer in place captured  
18 installations that were made prior to the test  
19 year, is that right?

20 A (Tebbetts) Yes.

21 Q And the correction will reflect instead  
22 installations that were made after the test year,  
23 is that right?

24 A (Tebbetts) Yes.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 Q And, to be more accurate, it would be the period  
2 from after the end of the last test year to the  
3 onset of revenue decoupling? Is that -- that's  
4 the period that you'll included in the new  
5 calculations, correct?

6 A (Tebbetts) Yes.

7 Q Okay. And back to the first issue -- well, let  
8 me put it this way. The second issue strikes me  
9 as somewhat easy to calculate, is that fair?  
10 Maybe that's not fair.

11 A (Tebbetts) That is fair.

12 Q Okay. The first issue, however, require you to  
13 go installation by installation, and look at  
14 individual Company's billing records to see what  
15 revenue was actually lost, is that right?

16 A (Tebbetts) Yes.

17 Q And, so, that's the one that may take some time,  
18 because you have to do it customer by customer?

19 A (Tebbetts) Customer by customer, month by month,  
20 yes.

21 Q Month by month. Okay.

22 MR. DEXTER: All right. Thanks for  
23 that. I hope that's helpful to the Bench.

24 CMSR. CHATTOPADHYAY: It is.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 MR. DEXTER: Okay.

2 CMSR. SIMPSON: May I ask one question?

3 MR. DEXTER: Sure.

4 BY CMSR. SIMPSON:

5 Q In terms of that exercise, what do you -- what  
6 are you looking to calculate? Do you have  
7 metering data from net exports? What are you  
8 ultimately calculating there?

9 A (Tebbetts) So, we're going to take a look at what  
10 the generator was expected to generate for that  
11 customer, and then we're going to also have to  
12 look at what was exported. So, the difference  
13 was what was used behind the meter.

14 CMSR. SIMPSON: Thank you. And thank  
15 you for indulging me, Attorney Dexter.

16 MR. DEXTER: No, that's a good  
17 clarification. That's kind of what I was trying  
18 to get at, but I don't think I asked the right  
19 question.

20 BY MR. DEXTER:

21 Q So, now, we'll turn to the 29 -- we'll move from  
22 the 130,000 to the 29 million. And I have few  
23 questions about transmission costs. So, these  
24 would be to Mr. Warshaw.

{DE 22-018} {04-19-22}

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1           And Attorney Sheehan touched on this  
2 briefly, but I want to look at the schedule that  
3 you provide, where you break down the various  
4 elements of the 29 million, and that would be  
5 Bates Page 019.

6           So, the first section on Bates Page 019  
7 talks about "NEP LNS Tariff Charges". Could you  
8 explain briefly what those are?

9   A   (Warshaw) "NEP LNS Tariff Charges" are those  
10 charges that provide transmission service to  
11 individual customers by NEP, but are not part of  
12 the Regional Network System. So, those are  
13 resources that are used only to meet and provide  
14 service to local customers of NEP, wholesale  
15 customers.

16   Q   Of which Liberty is one?

17   A   (Warshaw) Yes.

18   Q   Okay. What types of facilities are behind those,  
19 you know, make up the costs behind the rates that  
20 are passed through here?

21   A   (Warshaw) I don't have specific equipment, but  
22 that would be wires, transformers, stations,  
23 controls, you know, just mostly hardware that is  
24 used to provide service at, you know, to our

[WITNESS PANEL: Warsaw|Tebbetts|Hall]

1 distribution system.

2 Q Okay. And are there multiple points of  
3 interconnection? Is there one point? Or, how  
4 does that work?

5 A (Warshaw) I believe there are a couple of points,  
6 but I don't have the exact number.

7 Q Okay. And, so, from the point of interconnection  
8 at your system, where is it transmitting the  
9 power from? Where is it coming from?

10 A (Warshaw) The power is coming from all throughout  
11 the New England region.

12 Q Okay. Okay. And the LNS service, of the 29  
13 million we're talking about, makes up about 6.6  
14 million, is that right?

15 A (Warshaw) Correct.

16 Q Okay. The second section on this schedule, which  
17 is Bates 019, talks about "OATT Tariff Section II  
18 Charges", and the first line talks about  
19 "Regional Network Charges". That's the largest  
20 number. Those I think I've heard you refer to as  
21 "RNS". What's behind that number, it looks to be  
22 about \$22 million?

23 A (Warshaw) The "Open Access Transmission Tariff  
24 Section II Charges" are part of the Regional

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 Network Service that is provided by all of the  
2 transmission owners in New England. New England  
3 uses a "postage stamp" style of transmission  
4 service for RNS. And what that means is that you  
5 pay the same amount for that transmission service  
6 whether you're in Rhode Island or you're in parts  
7 of Maine that are in the ISO New England service  
8 territory, or "control area", I should say.

9 Q So, is that like, I assume, a small piece of the  
10 overall New England network that gets allocated  
11 to Granite State Electric?

12 A (Warshaw) Yes. That's quite a small piece,  
13 actually.

14 Q Roughly, in magnitude?

15 A (Warshaw) Roughly, Granite State is about less  
16 than one percent of New England, New England's  
17 peak.

18 Q And before we were talking about the LNS, are  
19 those allocated charges or are those specifically  
20 allocated assets that serve Granite State  
21 Electric?

22 A (Warshaw) There are a few that are specifically  
23 allocated. But most of that is just the general  
24 tariff that NEP uses to recover those costs for

[WITNESS PANEL: Warsaw|Tebbetts|Hall]

1 all of their LNS customers.

2 Q And, again, the tariffs behind these charges are  
3 established at the Federal Energy Regulatory  
4 Commission, is that right?

5 A (Warshaw) That is correct.

6 Q And when does that happen? When does that take  
7 place?

8 A (Warshaw) It takes place annually. The  
9 transmission owners will file an update midyear  
10 of what they are forecasting the rates would be  
11 effective January 1st of the following year. And  
12 then, there's a process in which those -- that  
13 information is provided to the customers, and the  
14 customers have the ability to challenge or review  
15 those charges. And, you know, they resolve any  
16 issues. And, then, that rate goes into effect on  
17 January 1st.

18 Q So, January 1st each year, so, the charges that  
19 are in this filing that are proposed, the 29  
20 million, Column 2 on this schedule, are listed as  
21 "estimates", but the rates behind those charges  
22 from the FERC are established already, correct?

23 A (Warshaw) That is correct.

24 Q And then, so, why is Column 2 estimated then, and

[WITNESS PANEL: Warsaw|Tebbetts|Hall]

1 not actual?

2 A (Warshaw) Column 2 is estimated because we  
3 actually pay based on our peak load coincident --  
4 monthly coincident with ISO New England's peak,  
5 and every month that peak changes. So, we pay a  
6 different amount for the transmission service  
7 based on our coincident peak load.

8 Q And you have to estimate that at the beginning of  
9 the year to put together the numbers that are in  
10 this filing?

11 A (Warshaw) Right. And what we have done in the  
12 past is we've used last year's peaks for this  
13 year's monthly peaks. So, estimating what  
14 April's peak of 2022 would be, we just utilize  
15 April's peak of 2021.

16 Q What's the significance of April in your answer  
17 there or was that just an example?

18 A (Warshaw) That's just an example. I could have  
19 used June.

20 Q Okay.

21 A (Warshaw) I could have used March. I could have  
22 used November.

23 Q You actually do it for all the months, is what  
24 you're saying?

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 A (Warshaw) Yes. Every month is different, and  
2 every month we utilize last year's peaks.

3 Q Can you indicate any efforts that Granite State  
4 Electric, Liberty/Granite State Electric, has  
5 done to reduce those monthly peaks, and thereby  
6 reduce either LNS or RNS charges?

7 A (Warshaw) I would have to refer that to my other  
8 colleagues, Heather or Adam.

9 A (Tebbetts) Yes. So, one of the things that we  
10 have looked at, back in 2017, was the opportunity  
11 for reducing peak shaving through a Battery  
12 Storage Pilot, and that was Docket DE 17-189.

13 Q And was it successful? Has the pilot been  
14 implemented? Do you know if there's been any  
15 success in reducing the peaks?

16 A (Tebbetts) Yes. So, we have been filing  
17 quarterly reports since the beginning of 2021.  
18 We do have customers with batteries. And I  
19 believe, you know, I would say that the pilot has  
20 been successful. We have dispatched, in 2021, we  
21 dispatched 73 times to the grid, and through that  
22 dispatch, we hit the peak every single month,  
23 except one. The one month I believe we didn't  
24 hit the peak, we had some issues with the

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 customer batteries, simply because they were  
2 covered in -- not the batteries, but the  
3 customers who had solar were covered in snow.  
4 And, so, the batteries were unable to charge from  
5 those solar panels. Otherwise, we've met that  
6 peak every month.

7 Q And are there other efforts that you can point to  
8 for peak reduction on the Granite State system?

9 A (Tebbetts) Yes. And we also instituted our  
10 Energy Efficiency Programs, which is part of our  
11 larger -- our larger effort to reduce that peak  
12 during summer and winter months.

13 Q And those we'll be talking about on Thursday, if  
14 I'm not mistaken, correct?

15 A (Tebbetts) Yes.

16 Q Now, some of the utilities in the Energy  
17 Efficiency Program have implemented ADR, I  
18 believe that's -- I forget what the "A" is, but  
19 the "D" and the "R" are "Demand Reduction".

20 MR. DUDLEY: Active Demand.

21 BY MR. DEXTER:

22 Q Active Demand Reduction. Thank you.

23 A (Tebbetts) Uh-huh.

24 Q Has Liberty proposed, in the upcoming plan, an

[WITNESS PANEL: Warsaw|Tebbetts|Hall]

1 Active Demand Reduction plan?

2 A (Tebbetts) I'm sorry, are you referring to Docket  
3 20-092, the Energy Efficiency docket?

4 Q Yes.

5 A (Tebbetts) We have not proposed Active Demand  
6 Response in that docket.

7 Q Is that something the Company would consider in a  
8 future energy efficiency docket?

9 A (Tebbetts) I don't know if we would consider it  
10 in energy efficiency. I am not the Energy  
11 Efficiency Program Manager. But I can tell you  
12 that we would look to -- we would potentially  
13 look to offer something like that outside of  
14 energy efficiency. And whether or not energy  
15 efficiency takes that on, I don't know.

16 Q I see. But such a program is designed at  
17 reducing peak loads, correct?

18 A (Tebbetts) Yes.

19 Q Okay. So, I want to look at some of the rates  
20 that are proposed for approval here. And to do  
21 that, I want to look at the horizontal  
22 spreadsheet with all the numbers on it. That is  
23 Bates Page 043.

24 And am I correct that the first --

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 well, Columns (a), (b), and (c) deal with  
2 stranded costs?

3 A (Hall) That's correct.

4 Q And the stranded costs are provided to Granite  
5 State Electric. Again, these are costs that come  
6 from New England Power, is that right?

7 A (Hall) Yes. Column (a).

8 Q Column (a). And Column (a) involves a report  
9 that summarizes the costs behind this credit.  
10 And this year, it was filed with the Commission  
11 for review and approval, I believe, in DE 22-004.  
12 Does that sound right?

13 A (Hall) I believe it was 22-003, but subject to  
14 check.

15 Q 003, that may be right. That docket is still  
16 pending, correct?

17 A (Hall) I'm not sure about that, whether it's  
18 still pending or not.

19 Q I'm told that Mr. Hall is correct, that docket is  
20 22-003.

21 Then, if we move to Column (d), the  
22 reference to Column (d) is to go to Page 3 of  
23 this attachment. And I don't think I'm reading  
24 this right, I'm sorry.

[WITNESS PANEL: Warsaw|Tebbetts|Hall]

1           I wanted to ask why the Transmission  
2 Charge, in Column (d), which is the largest  
3 charge on this page, and, therefore, I believe  
4 contains most of the \$29 million that we're  
5 talking about, how is it that the various rate  
6 classes listed in the column at the far left are  
7 charged different transmission rates? In other  
8 words, it's not a uniform rate, whereas a lot of  
9 the other rates on this page are a uniform rate  
10 per class.

11           So, I guess it's a two-part question.  
12 Why are the classes charged different  
13 transmission charges? Number one. And, then,  
14 number two, where is the calculation of those  
15 various rate class charges shown?

16 A       (Hall) So, if you turn to Bates 048, this breaks  
17 down the transmission charge by rate class. And  
18 it uses a coincident peak allocator to allocate  
19 the expenses per rate class. And that's the  
20 underlying reason why that is changing per rate  
21 class.

22 Q       So, different classes would have different  
23 coincident peaks?

24 A       (Hall) Correct.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 Q Okay. And this is -- each class's peak  
2 coincident with Granite State or with the New  
3 England system? Or something else?

4 A (Tebbetts) So, when you look at Bates Page 049,  
5 what you're looking at here is the load for the  
6 month, by rate class, for the coincident peak.  
7 And the coincident peak would be the ISO-New  
8 England hour by which Granite State Electric  
9 customers are using load. So, it's not the  
10 Granite State Electric's peak, it's ISO-New  
11 England's peak, and our load at that time. And  
12 we utilize that calculation for cost causation  
13 for the rates to be allocated.

14 Q And that's consistent with how this has been done  
15 for many years, correct?

16 A (Tebbetts) Yes.

17 Q Now, there's a calculation in your transmission  
18 charge for working capital. Is that right?

19 A (Tebbetts) Yes.

20 Q And I'm looking at Bates Page 061. And it  
21 appears that the working capital requirement is a  
22 "negative \$1,720". Is that right?

23 A (Tebbetts) I'm sorry, are you on Page Bates 051?

24 Q Fifty-one (051), sorry.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 A (Tebbetts) And I apologize, what was your  
2 question?

3 Q I just wanted to confirm that the working capital  
4 requirement requested for recovery is a credit, a  
5 negative requirement of \$1,720?

6 A (Tebbetts) That's correct.

7 Q And that's the result of a lead/lag study that  
8 the Company did for transmission costs, correct?

9 A (Tebbetts) Yes.

10 Q And if we were to go to Bates Page 062, that  
11 would -- that provides more details of the  
12 \$1,720, correct?

13 A (Tebbetts) Sixty-two (062) is the tariff.

14 Q Fifty-two (052), I'm sorry.

15 A (Tebbetts) Okay.

16 Q I'm sorry.

17 A (Tebbetts) That's okay.

18 Q I'm having trouble with the small Bates numbers.

19 A (Tebbetts) Yes.

20 Q Okay.

21 A (Tebbetts) That gives you the calculation of how  
22 we arrived at the working capital impact.

23 Q Right. And I'm just trying to do this quickly.

24 But the very first column, "Days of Cost", Column

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 (a), has a figure of 60 -- I'm going to round it  
2 to say "61". That's days, right? In other  
3 words, that's 61 days from when the Company  
4 receives transmission service for when they have  
5 to pay for it, is that right?

6 A (Tebbetts) That is the service midpoint, service  
7 period midpoint to when we paid. I guess that  
8 could be the final due date of the bill, but the  
9 payment date is what is used, yes.

10 Q The payment date. Right. Yes. And, so, that's  
11 Bates 053, is where the calculation of all the  
12 bills is analyzed, correct?

13 A (Tebbetts) Yes.

14 Q And there's like 25 bills, it looks like?

15 A (Tebbetts) Yes.

16 Q And if you go -- there's no column -- I guess  
17 there is a column number, (f), column letter (f),  
18 you can see that all of these, basically, from  
19 the midpoint of the service period, which is the  
20 estimated date from when you got the service, to  
21 when you made payment, it all seems to fall in  
22 the 55 to \$65 -- or, 65 day range, correct?

23 A (Tebbetts) Yes.

24 Q Okay. And then, to get to the net lead/lag, we

[WITNESS PANEL: Warsaw|Tebbetts|Hall]

1           have to compare that to the amount of time that  
2           it takes your customers to pay you for services,  
3           right?

4   A       (Tebbetts) Yes.

5   Q       And that's shown on Bates Page 054, correct?

6   A       (Tebbetts) Yes.

7   Q       And Bates Page 054 goes through an averaging of  
8           receivables, and, if jump down to Line Number 4,  
9           at the bottom, I see a figure of "60.62 days",  
10          right?

11  A       (Tebbetts) Yes.

12  Q       So, I guess what I'm trying to get at here is, at  
13          least with respect to transmission, when you do  
14          this lead/lag study for this one item, it  
15          essentially the -- the time periods offset each  
16          other, and that's why you end up with a very,  
17          very low working capital requirement of negative  
18          1,700, correct?

19  A       (Tebbetts) Yes.

20  Q       Okay. I wanted to spend just a few minutes on  
21          the Property Tax Mechanism. And there's what  
22          looks like a fairly complicated sheet, maybe it's  
23          not, on Bates Page 057, that I believe calculates  
24          the amount that's requested for recovery in this

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 case. The bottom line there on that page is  
2 331,000, I think that's the number that you said  
3 to Mr. Sheehan is what's up for collection in  
4 this case.

5 Am I correct that this is the page that  
6 shows the calculation of the requested property  
7 tax recovery?

8 A (Tebbetts) Yes.

9 Q And is it also correct that there are two parts  
10 to this calculation, part one being what's  
11 already collected in rates?

12 A (Tebbetts) Yes.

13 Q And part two is what you would need to collect in  
14 addition to get to the latest property tax bills?

15 A (Tebbetts) Yes.

16 Q Okay. And that's what's shown on this sheet?

17 A (Tebbetts) Yes.

18 Q Okay. So, could you just take me through Lines 1  
19 through 9? Because I believe this is designed to  
20 answer -- to provide the first number I was  
21 talking about, in other words, what level of  
22 property taxes is currently collected in rates.

23 A (Tebbetts) Sure. So, Lines 1 through 8 provides  
24 a snapshot of what happened in tax year 2020.

[WITNESS PANEL: Warsaw|Tebbetts|Hall]

1 So, we started out with a total property tax  
2 amount in our last rate case, and we tied that  
3 \$4.79 million to our corrections/updates filing.  
4 From there, we took out the state property taxes  
5 within the rate case. And that gave us a  
6 starting point of Line 4.

7 After that, we had 2019 Reliability  
8 Enhancement, a filing that went into rates, but  
9 that was occurring during the period we were  
10 going through the rate case. So, we adjusted for  
11 that amount for, you know, reduced it by \$19,000.  
12 We also had the 2020 Reliability Enhancement Plan  
13 filed. And, so, we adjusted for that amount, the  
14 difference there of 26.7 thousand.

15 And then, for July 1, 2020, we had a  
16 step increase for 2019 capital of \$198,000.

17 And, so, the total amount included for  
18 2020 property taxes in rates was 4. -- about  
19 \$4 million.

20 Given that the property tax year spans  
21 a calendar year, so, three months in a calendar  
22 year are from the previous tax year, nine months  
23 is for the current tax year. We split those  
24 dollars, so that the step increase effective

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 July 1 had July through March.

2 And then, when we moved to tax year  
3 2021, we had that starting point of about \$4  
4 million. And we then add in that other three  
5 months that I mentioned for the 2019 step  
6 increase. We added in the 2020 step increase  
7 amount, again, at nine months for that current  
8 tax year 2020. And then, we added in  
9 another order we received for the step increase,  
10 there was two separate pieces to that docket.  
11 And that came up with \$4.3 million or so. And my  
12 apologies, because these line numbers don't make  
13 sense, but the total of \$4.3 million.

14 And, so, when you look at what we  
15 calculated for taxes in rates between 2020 and  
16 2021, we came up with approximately \$8.3 million.

17 Q So, I was right. This is a complicated sheet.

18 Why is the number on Line 5 a negative?  
19 I think you -- you touched on it quickly, but I  
20 didn't catch it.

21 A (Tebbetts) So, that was part of -- we had -- I  
22 have to think about this. We had 2018  
23 Reliability Enhancement Program costs, we filed  
24 for recovery in 2019. In the meantime, we had

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 filed for a rate case. And, when we did the  
2 calculation of property taxes that were filed in  
3 the rate case, versus the small amount within the  
4 REP, we had to make an adjustment down to  
5 accommodate the changes in that period. Right,  
6 we had two -- we had a lot of distribution  
7 dockets going on at the same time. So, the  
8 appropriate calculation was to reduce that amount  
9 by what was in that filing, well, a portion of  
10 what was in that filing.

11 Q Yes. No, I think I understand. In other words,  
12 you wouldn't want to have counted the small  
13 property tax allotment in the REP place twice.  
14 It was counted in the rate case, so you took it  
15 out in Line 5?

16 A (Tebbetts) Yes.

17 Q Okay. And then, the second part of the equation,  
18 which is from Lines 12 down to the bottom,  
19 that's -- well, from Lines 12 to 15, that's  
20 just -- I won't say "just", but that's an  
21 accumulation of all the bills that is listed  
22 there, right?

23 A (Tebbetts) Yes.

24 Q Okay. And then, the rest of the spreadsheet

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 compares those two amounts and comes up with a  
2 difference?

3 A (Tebbetts) Yes.

4 Q Okay. And then, the 330,000, although it sounds  
5 like a small amount, is really just the  
6 difference between what's in base rates and  
7 what's going into the Property Tax Adjustment  
8 Mechanism. It really compares to an annual  
9 property tax expense of the Company in the  
10 \$4 million range, is that -- that's right?

11 A (Tebbetts) Yes.

12 Q Okay. So, I wanted to ask a couple of questions  
13 about the tax bills for the City of Lebanon. I'm  
14 going to start with property tax bills from 2020.  
15 So, I'm on Bates Page 058. And there were two  
16 parcels -- well, before I get to that, let me  
17 just ask you, there's a column marked  
18 "Installment 1" and "Installment 2", and then the  
19 "Total Due". Could you explain what those three  
20 columns represent?

21 A (Tebbetts) Yes. So, the way the property taxes  
22 work in the State of New Hampshire is that we get  
23 two -- most of the towns give two, some towns  
24 would give quarterly, but most of them give two

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 installments of payments. And you have your  
2 first installment, which is an estimate of the --  
3 one-half of the previous year's taxes. Your  
4 second installment is a true-up of that amount.  
5 And, so, that's why you see it could be  
6 different, first installment versus second  
7 installment.

8 Q Okay. Thank you. Now, with respect to Lebanon,  
9 I'm trying to read across here, I think it's Line  
10 22. We've got a parcel labeled "105-105". I'm  
11 going to -- my colleague correctly tells me it's  
12 Line 21 that I want to be looking at. And it's  
13 Parcel 103-14. Now, the first installment for  
14 this parcel has a tax bill of "\$50,573.00", and  
15 the second installment has a tax bill of  
16 "\$811,955.00". So, obviously, a huge difference.

17 Do you have an explanation as to why  
18 that would be different?

19 A (Tebbetts) Yes. So, a couple reasons. The first  
20 reason is due to the fact that the Town went  
21 through a revaluation for tax year 2020. And, as  
22 such, they combined some of our bills. And, so,  
23 we see such a disparity, between this because  
24 some of these bills were combined. They had

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 combined our transmission parcel, which is Parcel  
2 Number -- which is Line 26, Parcel 999-2. You  
3 can see Installment 2, we had "zero dollars" due.  
4 With our Miracle Mile office, which is the Parcel  
5 103-14, Line 21. And that came from the Town,  
6 that they had combined some of these -- they had  
7 combined the parcels for the assessed valuation.

8 Q Okay. Thanks. That was going to be my next one,  
9 was Parcel 999-2. But, even accounting for that,  
10 I haven't done all the math here, but it would  
11 seem to me that Installment Number 2, for  
12 Lebanon, would be significantly higher than  
13 Installment Number 1, would you agree with that?

14 A (Tebbetts) For which parcel?

15 Q Well, for the entire city. So, it looks like  
16 there's about six lines you'd have to add up  
17 there. Just doing it very quickly, I get about  
18 425, maybe 430,000 for the first installment, and  
19 I would get something like 820,000 for the second  
20 installment.

21 A (Tebbetts) I'm just looking at it real quickly.

22 Q Yes. Sure.

23 A (Tebbetts) Okay. Yes. So, I do see that there  
24 is a significant increase in the second

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1           installment.

2   Q       Right. Now, this is 2020. So, this is all known  
3           numbers. Can you, and maybe you can answer this  
4           more generally, can you indicate what efforts the  
5           Company would take to verify that these tax bills  
6           were accurate, you know, before they paid them?

7   A       (Tebbetts) Yes. So, we look at the previous  
8           year's assessment, and, you know, do a  
9           comparison. And, you know, "what is this year's?  
10          Is it reasonable?" And when say "is it  
11          reasonable", how much did it go up? And this one  
12          was confusing. And, so, the Company did contact  
13          the City of Lebanon's assessor, and to find out  
14          why there was (a) no tax bill for 999-2? And why  
15          the value of 103-14 increased so significantly?  
16          And that was their response, they combined the  
17          values.

18   Q       So, I think you said "they combined the values",  
19           and they also went through a reassessment?

20   A       (Tebbetts) Yes. In 2020, the City of Lebanon  
21           went through a reevaluation.

22   Q       Okay. And just to be clear, these aren't the  
23           assessed values here, these are the actual tax  
24           values, tax bill -- tax amounts?

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 A (Tebbetts) That's correct.

2 Q Okay.

3 A (Tebbetts) Exhibit 3 in this docket provides, in  
4 this hearing, provides the actual tax bills, and  
5 the valuation for each parcel is there.

6 Q Right. Now, if we jump down to Bates Page 059,  
7 which are the 2021 tax bills, if we go to those  
8 same parcels, 103 -- so that I'm on Line 21,  
9 Parcel 103-14, you said that was your office  
10 building, right?

11 A (Tebbetts) Yes.

12 Q So, those numbers are fairly consistent between  
13 Installment 1 and 2, and the total, while it's  
14 higher than the previous year, it's not such a  
15 huge increase that it would cause an alarm,  
16 correct? I mean, it's --

17 A (Tebbetts) Yes.

18 Q Okay. And then, if we go down to Parcel 999-2,  
19 is that the transmission that you were talking  
20 about? Is that -- I'm on Line 28, 67,000 for the  
21 first installment, 42,000 for the second, for a  
22 total of 110,000. Is that the parcel that you  
23 said was combined earlier?

24 A (Tebbetts) Yes.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 Q So, it went to zero the year before, but now it's  
2 back at 110,000. Could you explain why that is?

3 A (Tebbetts) So, this is something we have been --  
4 we're looking into. House Bill 700 had gone into  
5 effect sometime in early 2020, I think it was in  
6 March 2020. And, because of the -- as cities and  
7 towns were trying to standardize everything, you  
8 know, in understanding what the town did for our  
9 2020 December bill, they combined everything.  
10 And then, for 2021, they did not combine.

11 And, so, in trying to -- my  
12 understanding is, you know, as the towns are  
13 trying to figure out how to administer this new  
14 statute, or additional piece of the statute, they  
15 sent us these bills. Now, the Company is going  
16 to see what we received for bills this year. And  
17 my understanding is that we're still kind of  
18 moving through that House Bill 700, and the  
19 process by which they're supposed to start, you  
20 know, standardizing how the towns are taxing  
21 utilities.

22 In the event that we end up with  
23 multiple bills again, we are going to be  
24 discussing this with the Town, and how they

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 expect to handle going forward these two parcels.  
2 If we believe that we have been incorrectly  
3 taxed, we will file for an abatement.

4 But, for right now, we are working  
5 with, you know, our cities and towns to allow  
6 them the opportunity to get through this House  
7 Bill 700 and how they're going to be  
8 standardizing their utility taxes.

9 Q Okay. And, just to sum up on the City of  
10 Lebanon, if I were to add up the "Total" column,  
11 the right-hand column, for the second year, 2021,  
12 versus 2020, I think I get a smaller number,  
13 actually. Have you done that exercise?

14 A (Tebbetts) Yes.

15 Q So, if you have the numbers, maybe you could  
16 provide those for the record. We all can do the  
17 math. I just didn't get a chance to do it before  
18 this hearing. If you have it, that would be  
19 helpful. If not, we'll do it after.

20 A (Tebbetts) I have it. You're looking at 2020  
21 versus 2021, right?

22 Q For the City of Lebanon, correct.

23 A (Tebbetts) Yes. If you just give me one second  
24 to get there.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1                   I have it here, but I'm just having an  
2                   issue with typing it into it. So, if you just  
3                   want to give me a second, I'm happy to just do a  
4                   quick calculation, or you don't have to wait.

5    Q    I think we can move on, I think.

6    A    (Tebbetts) Okay. Go ahead.

7    Q    And I think it represents a decrease. And all  
8           these tax bills were requested by and provided to  
9           the DOE's Auditing Services Department, correct?

10   A    (Tebbetts) Yes.

11   Q    Okay. I had a couple more questions on property  
12           taxes. So, there are towns where both  
13           EnergyNorth and Granite State operate, is that  
14           right?

15   A    (Tebbetts) We have a select few.

16   Q    And, if a tax bill came in from those towns, how  
17           would the Company identify whether the tax bill  
18           was applicable to the electric side or the gas  
19           side?

20   A    (Tebbetts) Give me one moment, I just want to  
21           look at the Town of Pelham, in Exhibit 3, because  
22           that would be a town that we would have that.  
23           So, let me just pull up Exhibit 3.

24                   And, really, what I'm looking for is a

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 lot of our tax bills will say "Granite State  
2 Electric" on them. And, so, that's where we  
3 would look. That's number one. We also have a  
4 real estate -- we have a department that deals  
5 with our real estate. And if we questioned a  
6 bill, we would look at sales from our records,  
7 and potentially the town's records, to verify  
8 which property would have -- I'm sorry, which  
9 company would have purchased that parcel.

10 So, for example, looking at the Town of  
11 Pelham, and I'm looking at 127 Bridge Street, for  
12 example. And, so, you know, if we had a question  
13 about who owns this, we would, as I mentioned, go  
14 to our real estate records and determine which  
15 company owned it.

16 Q So, is there a Bates Page you can point me to for  
17 this?

18 A (Tebbetts) No. It's in Exhibit 3.

19 Q Right. Well, I see Bates pages on some of them.

20 A (Tebbetts) Oh.

21 Q On all of them, actually. Lower right-hand  
22 corner.

23 A (Tebbetts) You know, I actually don't have the  
24 Bates version up. My apologies.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 Q Okay. Well, maybe they're -- looks like they're  
2 alphabetical. So, I'm on Bates Page -- you said  
3 "City of Pelham", correct?

4 A (Tebbetts) Yes.

5 Q Or, "Town of Pelham"?

6 A (Tebbetts) Town of Pelham.

7 Q I'm on Bates Page 264 -- 260 --

8 A (Tebbetts) Tax year 2021?

9 Q Looks like Bates Page 265, Tax Year 2021.

10 A (Tebbetts) Okay.

11 Q And the location is "Main Street", is that the  
12 bill that you were referring to?

13 A (Tebbetts) Yes. Yes, that's the bill.

14 Q Okay. So, what was it you said about this bill,  
15 how we would trace that, whether it was electric  
16 or gas?

17 A (Tebbetts) We would go back and look at our  
18 information. So, a couple things. One, we would  
19 compare our PA-20, to -- which is our standard  
20 annual filing to Department of Revenue  
21 Administration each year, to the information in  
22 which they've assessed us. So, you know, I'm  
23 looking at this, and looking at the \$14 million,  
24 and it's on Main Street. It has a parcel number,

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 but a lot of times they will combine a lot of  
2 information. So, you know, we have a substation  
3 in Pelham. So, this I would account for is  
4 probably part of that \$14 million, along with  
5 other poles and wires.

6 So, while I don't see that here, we'd  
7 have to go back to the PA-20, and determine what  
8 did we file for a value to the Town. And also,  
9 how did they compare the property?

10 You know, for utility property, because  
11 it could be, for example, a substation, and other  
12 poles and wires in the town, they may not  
13 separate all of that out. It may just be one  
14 bill, or two bills, however they determine  
15 they're going to put the assessments together.

16 Q Okay. And I don't want to take all afternoon on  
17 this, but you mentioned a couple of times a "\$14  
18 million" figure. I'm not seeing that on -- I'm  
19 on Bates Page 265.

20 A (Tebbetts) So, if you have the Town of Pelham,  
21 Map and Parcel is "0-14-3", Location of Property  
22 is "Main Street", Area is "0.00"?

23 Q Yes.

24 A (Tebbetts) So, if you go down, the middle of the

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 page, "Assessed Valuation", "\$14,79,400".

2 Q Well, mine says "12,332,700".

3 A (Tebbetts) I'm sorry, are you on 2020?

4 Q I'm on Tax Year 2021.

5 A (Tebbetts) You're on Tax Year 2021.

6 MR. SHEEHAN: May I?

7 (Atty. Sheehan showing document to  
8 Witness Tebbetts.)

9 **BY THE WITNESS:**

10 A (Tebbetts) Oh, my apologies. I am looking at the  
11 summer bill. Okay. Nevertheless, it's  
12 "12,332,700". That is the assessed valuation.  
13 I'm looking at the July bill and you're looking  
14 at the December bill.

15 BY MR. DEXTER:

16 Q Okay. Fair enough. But the point is that there  
17 is a process at Liberty Utilities to properly get  
18 these bills in the right column, --

19 A (Tebbetts) Yes.

20 Q -- so that the electric company pays for the  
21 taxes on the electric property and the gas  
22 company pays for the taxes on the gas property?

23 A (Tebbetts) Yes.

24 Q And it's your understanding that that process

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1           took place in the compilation of this filing here  
2           for taxes?

3   A       (Tebbetts) Yes. So, that process would take  
4           place when we pay the taxes.

5   Q       Okay.

6   A       (Tebbetts) Yes. That this is for after that.  
7           But we would review everything prior to paying  
8           the taxes.

9   Q       Okay. I had a question about your testimony,  
10          it's Bates Page 036, again, on property taxes.  
11          So, this would be back on Exhibit 1. And this is  
12          down on Line 17, 18, and 19, and it says "At this  
13          time, the Company is looking to implement a  
14          similar methodology and is requesting that the  
15          approved methodology in DG 21-128 be included in  
16          the transmission portion of the retail rates  
17          because of the annual reconciling nature of the  
18          mechanism."

19                        Now, these aren't related to  
20          transmission assets in any way, right?

21   A       (Tebbetts) They are not.

22   Q       Okay. Could you explain why the Company's  
23          proposal is to include them in the transmission  
24          portion?

[WITNESS PANEL:  Warshaw|Tebbetts|Hall]

1     A     (Tebbetts) Sure.  So, of all of the rates that we  
2     have, our Distribution rate, that is not an  
3     annual reconciling rate.  And our Stranded Cost  
4     rate, that is guided by statute of what goes in  
5     it, even though it is annually reconciling.  Our  
6     Systems Benefits Charge, again, is guided by  
7     statute of what can be included, so not something  
8     we can include the PTAM in.  And our Energy  
9     Service rate is specific to Energy Service costs  
10    and things around that.

11                 So, in order for us to -- in order for  
12    us to comply with the order in DG 21-128, which  
13    was to take the PTAM out of distribution rates  
14    and include it in a reconciling mechanism, the  
15    only mechanism we have that is not guided by a  
16    statute, for example, or the fact that it's, you  
17    know, it is reconciling annually is the  
18    Transmission rate.  We don't have another rate  
19    available to us to put this in.

20    Q     Okay.  And that's on Bates 043, you see that the  
21    PTAM, "Property Tax Adjustment Mechanism", gets  
22    its own column.  This is the horizontal sheet  
23    that I was talking about earlier with all the  
24    rates on it.  It's sort of a subcategory, and it

[WITNESS PANEL: Warsaw|Tebbetts|Hall]

1 flows into what you call the "Net Transmission  
2 Charge", correct?

3 A (Tebbetts) Yes.

4 Q And is that similar to how RGGI proceeds ended up  
5 in the Net Transmission Charge? They aren't  
6 related to transmission either, are they?

7 A (Tebbetts) That's correct. The RGGI Auction  
8 Proceeds probably would be better served under,  
9 you know, energy costs. But, unfortunately, we  
10 do not have a way to, you know, provide those --  
11 that refund to customers who take competitive  
12 supply. So, we would have no way of refunding  
13 those dollars. So, as I mentioned earlier, this  
14 is a reconciling mechanism for all of our  
15 customers. And, so, customers -- we treat the  
16 Property Tax Adjustment Mechanism in the same  
17 manner as the RGGI Auction Proceeds. May not be  
18 the best location for it, but it's the only  
19 reconciling mechanism we have.

20 MR. DEXTER: Okay. Thanks. That's all  
21 the questions from the Department this afternoon.

22 CMSR. CHATTOPADHYAY: Thank you. I'm  
23 going to go to the Commissioners' questions.  
24 Commissioner Simpson please.

[WITNESS PANEL: Warsaw|Tebbetts|Hall]

1 CMSR. SIMPSON: Thank you. While we're  
2 on the PTAM, I just have a few clarifying  
3 questions.

4 BY CMSR. SIMPSON:

5 Q So, Ms. Tebbetts and Mr. Hall, in your testimony  
6 regarding the PTAM, you indicate that it would be  
7 collected or reimbursed through the Transmission  
8 Charge, as we just discussed. And that's on  
9 Bates Page 027. And then, looking at Table 1 of  
10 your testimony, which is on Bates Page 028, it's  
11 labeled as "Rates", "Transmission Charge" and  
12 "PTAM" items listed separately. So, I just want  
13 to confirm whether the "Transmission Charge"  
14 refund line item incorporates the PTAM proposed  
15 assessment of "\$0.00036" or not?

16 A (Tebbetts) Okay. So, I apologize. You're  
17 looking at the "Proposed" column in Table 1?

18 Q I want to compare --

19 A (Tebbetts) Uh-huh.

20 Q -- your testimony on Bates Page 027, Lines 2  
21 through 3, --

22 A (Tebbetts) Uh-huh.

23 Q -- with the table -- Table 1 on Bates Page 028.  
24 It breaks out rates, transmission charge, and

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 PTAM. So, I just want to confirm whether the  
2 "Transmission Charge" refund line item  
3 incorporates PTAM?

4 A (Tebbetts) So, the Transmission Charge of  
5 "0.03161" does not include, that's the third line  
6 down, does not include the PTAM. That is the  
7 average rate for customers, not -- yes, that's  
8 the average Transmission Charge, which is the  
9 same column on Page -- on Bates 043 as Column  
10 (d).

11 Q Okay. Very good. Thank you. And the Company  
12 did audit all of the figures in these rate  
13 reconciliation mechanisms, correct?

14 A (Tebbetts) Yes.

15 Q And can you explain the justification for load  
16 weighting of the transmission charges?

17 A (Tebbetts) Sure. So, the way we calculate  
18 transmission charges is cost causation. And, so,  
19 when you look at Bates -- when you look at Bates  
20 049, and when we look at who is using load for  
21 each month, which rate class, I should say, is  
22 using load for each month, we can see that our  
23 Rate D customers, which is our Residential class,  
24 is using the most for the year; second would be

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 the G-1; and then so on. And, so, by charging  
2 the class -- charging each class based on their  
3 usage at the coincident peak, we are not shifting  
4 costs from one rate class to another.

5 So, for example, our street lighting  
6 costs, as you can see in the summertime, have  
7 very little usage during that coincident peak,  
8 simply because it's summer and they're probably  
9 not on. It would be unfair to charge street  
10 lighting customers a significant amount of those  
11 transmission costs, given that they're pretty  
12 much not using any energy during that coincident  
13 peak period.

14 So, the idea behind weighting this is  
15 to apply that cost causation principle for rates,  
16 to ensure there's no cost-shifting between rate  
17 classes for transmission costs.

18 Q Okay. Thank you. With respect to the adoption  
19 of the PTAM, historically, has the Company  
20 negotiated with any municipalities' tax bills?

21 A (Tebbetts) I don't know if we've ever negotiated  
22 tax bills. There is an abatement process. And I  
23 do know, in the past, we have looked for  
24 abatements. I don't know how recently that is.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 But, as far as negotiating, I'm not really sure I  
2 understand what you mean by "negotiating"?

3 Q I think what I'm trying to get at is whether the  
4 PTAM reduces an incentive to ensure that you're  
5 being taxed appropriately. And, if, in the past,  
6 the Company has reviewed the assessed values and  
7 the resulting tax bills, and found instances  
8 where your position was that you were being  
9 overly taxed. But, now, with the new mechanism,  
10 if there's a lack of incentive for the Company to  
11 engage in that manner, recognizing that this is a  
12 result of a statutory change?

13 A (Tebbetts) Sure. I would say "no." I don't  
14 think it changes anything. Because, at the end  
15 of the day, we still have to come to you to prove  
16 that we were diligent in paying our tax bills.  
17 And, in the instance that we, you know, believe  
18 that we are being incorrectly taxed, we would go  
19 back to the towns and deal with that through  
20 abatement process. Because, well, certainly, you  
21 know, our job is to come here and show we  
22 prudently paid these tax bills, and did  
23 everything we could to work with the towns to  
24 ensure we're being taxed fairly.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 Q Okay. Thank you, Ms. Tebbetts. A couple of  
2 questions for Mr. Warshaw.

3 I think we touched on this earlier,  
4 but, again, I just want to clarify. Can you  
5 comment on the downward adjustment in the  
6 transmission charge and how that came about?  
7 From my review, it seems that your testimony  
8 described "increasing transmission costs for  
9 2022, compared to '21 estimates", but the  
10 proposed average rates in your testimony shows a  
11 slight downward trend?

12 A (Warshaw) I think, if you're talking about the  
13 retail rate, that would be better addressed by  
14 either Heather or Adam.

15 Q Okay.

16 A (Tebbetts) Sure. Could you repeat that though,  
17 please?

18 Q So, just looking for insight into, it seems that  
19 there is a trend of increasing transmission costs  
20 noted in the testimony for 2022, compared to the  
21 prior year. But, looking at Bates Page 028,  
22 again, Table 1, it shows a slight downward  
23 adjustment in the Transmission Charge?

24 A (Tebbetts) It does. And just one moment.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 Q And, ultimately, I'm just looking to understand  
2 what factors are leading to that?

3 A (Tebbetts) Sure. So, I think, actually, now that  
4 I look at this, that current transmission rate is  
5 actually -- let me look at -- let me say that  
6 again. The Transmission Charge of 3.49 cents is  
7 not the average Transmission Charge from 20 --  
8 from the previous year, which is in effect as of  
9 today. That's actually the Rate D charge. That  
10 number should actually say the current  
11 Transmission Charge is the number on Bates -- let  
12 me get there.

13 Q Take your time.

14 A (Tebbetts) All right. If we look at Bates 048,  
15 and you look at Line 6, that's the "0.03161".  
16 And, if you look at Line 7, it's "0.03057". So,  
17 it looks like the rate that was utilized in the  
18 current rates is actually the current Rate D  
19 Transmission Charge, and not the average  
20 Transmission Charge. So, there is the increase  
21 from current Transmission Charges of "0.00104".

22 Q Okay. So, effectively, just the wrong value  
23 for --

24 A (Tebbetts) For the table.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 Q -- for the table, for Table 1 was pulled?

2 A (Tebbetts) Yes.

3 Q And that is the proposed average?

4 A (Tebbetts) So, the "0.03460" --

5 Q Uh-huh.

6 A (Tebbetts) -- is the current -- the 0.034 -- I'm  
7 sorry, "0.03490" --

8 Q Uh-huh.

9 A (Tebbetts) No. Yes. That actually should have,  
10 now that I look at this, and you ask, that was  
11 "0.03890", which is the Rate D Transmission  
12 Charge, and should have shown the average rate.  
13 So, nonetheless, it should have compared the  
14 average to the average, and it showed a  
15 completely different rate to the average as a  
16 comparison.

17 Q Would the Company be able to update this table  
18 through a record request?

19 A (Tebbetts) Sure.

20 CMSR. SIMPSON: Okay. Commissioner  
21 Chattopadhyay, I'd like to make a record request,  
22 for the Company to review the figures in Table 1,  
23 on Bates Page 028 of Exhibit 1, and provide an  
24 updated table.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 CMSR. CHATTOPADHYAY: Certainly. So,  
2 to be clear, the record request would be  
3 "Update" --

4 CMSR. SIMPSON: Table 1.

5 CMSR. CHATTOPADHYAY: -- "Table 1 at  
6 Page Bates" --

7 CMSR. SIMPSON: At Bates 028 of  
8 Exhibit 1.

9 CMSR. CHATTOPADHYAY: -- "28 of  
10 Exhibit 1."

11 WITNESS TEBBETTS: Yes.

12 CMSR. CHATTOPADHYAY: Okay. Thank you.  
13 *(Record request noted above.)*

14 CMSR. SIMPSON: Okay.

15 BY CMSR. SIMPSON:

16 Q And I'll return to Mr. Warshaw for my final  
17 question.

18 Bates Page 010, of Exhibit 1, starting  
19 at Line 28 [18?], you mention "other transmission  
20 services for which New England Power assesses  
21 charges to Liberty." And it says "Liberty relies  
22 on the specific distribution facilities of New  
23 England Power's affiliate, Massachusetts Electric  
24 Company, which provides for NEP's use of the

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 facilities pursuant to the Integrated Facilities  
2 provision of NEP's FERC Electric Tariff  
3 Number 1."

4 Explain to me how the transmission or  
5 the distribution facilities of Mass. Electric are  
6 paid for -- or, use of those are paid for through  
7 your transmission charges?

8 A (Warshaw) They are included in NEP's LNS, monthly  
9 LNS bill.

10 CMSR. SIMPSON: Okay. That makes  
11 sense. Thank you.

12 I don't have any further questions for  
13 the witnesses, Commissioner Chattopadhyay. Thank  
14 you all.

15 CMSR. CHATTOPADHYAY: Thank you,  
16 Commissioner Simpson.

17 BY CMSR. CHATTOPADHYAY:

18 Q Let me first just make sure I understand how the  
19 adjustment will appear in the tariff. Can you  
20 give me a sense? So, let's go to Bates Page 028  
21 of Exhibit 1.

22 A (Tebbetts) Okay.

23 Q And I know that the numbers would be submitted  
24 again, because of the update request that we

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1           have.  But, if you go to Table 1, just give me a  
2           sense, what shows up in the tariff, you know, and  
3           what do you call it?  What is the charge called?

4   A       (Tebbetts) Okay.  Yes.  Sure.  So, in the tariff,  
5           what you're going to find is you're just going to  
6           find "Transmission Charge", and it's going to be  
7           the sum -- so, the rates shown on this table --

8   Q       And let me -- let me just, I'm not concerned  
9           about the rates right now, I'm just talking about  
10          how it shows up.

11  A       (Tebbetts) Uh-huh.  Sure.  So, what you're going  
12          to see is, in the tariff, --

13  Q       Yes.

14  A       (Tebbetts) -- you're going to see the Stranded  
15          Cost Charge and the Adjustment Factor combined as  
16          one, it's one charge, and it's called the  
17          "Stranded Cost Charge".

18  Q       Okay.  Okay.

19  A       (Tebbetts) You're going to have the Transmission  
20          Charge, Transmission Service Cost Adjustment,  
21          RGGI, and PTAM as one charge as well.

22  Q       Okay.

23  A       (Tebbetts) And Bates Page 043 provides that sum,  
24          by rate class.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 Q Okay.

2 A (Tebbetts) For both of them.

3 Q So, for the Transmission Charge, the line item  
4 that includes those four elements, --

5 A (Tebbetts) Uh-huh.

6 Q -- you described, they're not all related to  
7 transmission, right? But you already have RGGI  
8 as part of it, and you're proposing to even  
9 include PTAM within that going forward?

10 A (Tebbetts) Yes.

11 Q If we were separating them and having a separate  
12 line for PTAM, does that create issues? In  
13 terms -- I'm looking at the cost of, you know,  
14 implementing that.

15 A (Tebbetts) Are you referring to that on the bill?

16 Q Yes.

17 A (Tebbetts) Oh, yes. I mean, that's a complete  
18 bill redesign. And the other piece of it, too,  
19 is, this was enacted by a statute. So, if, in  
20 two years from now, the Legislature comes back  
21 and says "We change everything, don't put that  
22 on" -- you know, "don't do this anymore", well,  
23 now we have to redesign our bill again to remove  
24 that line item.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1           So. Including it -- so, two things.  
2           For ease of billing, including it in a charge  
3           that's separating it out for our filing makes  
4           sense. But ease of a customer viewing what's on  
5           their bill is also easy, because the more line  
6           items we have on the bill, the more complicated  
7           the viewing is of that bill.

8    Q       Do you have a sense how much it would cost to  
9           have an additional line? Don't assume that I'm  
10           recommending that, but just trying to get a  
11           sense.

12   A       (Tebbetts) I don't. I can give you an example.  
13           A few years ago, we had to make some changes to  
14           our Electric Assistance Program billing, and it  
15           was a few hundred thousand dollars for something  
16           that was pretty minor; so, issue number one.

17           Issue number two, we're going to be  
18           moving to a new billing system in the next six to  
19           twelve months. And, so, if we were to make this  
20           kind of change now, it would probably be much  
21           more expensive, simply because we're moving away  
22           from what we're doing.

23   Q       Okay. Thank you. I think it's Exhibit 3, I  
24           forget the page number, where we were going

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 through the town-by-town property taxes.

2 A (Tebbetts) Yes.

3 Q Was it 260? No. Two sixty-five (265), I've  
4 already forgot. Can you go back to that?

5 MR. DEXTER: The Pelham bill we were  
6 discussing was Bates 265, on Exhibit 3.

7 BY CMSR. CHATTOPADHYAY:

8 Q I was -- I'm more interested in the line-by-line,  
9 all the towns were shown there, you know, the  
10 Lebanon and all of that. Don't mind if we can  
11 just go there.

12 A (Tebbetts) Yes. That is Bates 057 and 058.

13 Q Oh, that's the other. Okay.

14 A (Tebbetts) In Exhibit 1.

15 Q Exhibit 1. That's why. Okay. Repeat the number  
16 again, 057?

17 A (Tebbetts) And 058, yes.

18 Q First of all, thank you for, you know, the DOE  
19 walking through it, because it was really  
20 helpful. I just noticed that Salem pays a lot,  
21 right? And is that a correct observation?

22 There's Line 47, --

23 A (Tebbetts) Yes.

24 Q -- and it pays one-third of the total. And I'm

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 just trying to get a sense of what's there, what  
2 drives this?

3 A (Tebbetts) Yes.

4 Q What drives the property tax there?

5 A (Tebbetts) Sure. So, Salem and Lebanon are the  
6 two towns where we have the majority of our  
7 assets. In the Town of Salem, we have, let me  
8 count the substations, we have -- I think we have  
9 five substations, plus a substation we just built  
10 in 2021, so, now six substations in the Town. We  
11 also have our Area Work Center in the Town. And,  
12 certainly, lots of poles and wires, and, you  
13 know, that kind of equipment, within the Town of  
14 Salem. So, it's one of our largest, you know,  
15 it's -- if I had to look at all of the assets  
16 that we have out there, Salem is probably having  
17 the majority of them.

18 Q And I also notice that a lot of the towns, and  
19 it's not about the amount, you know, the dollar  
20 amount, it's the property tax has more than  
21 doubled. So, for example, Walpole, if I have  
22 pronounced the name right, Line 51, right?

23 A (Tebbetts) Uh-huh.

24 Q So, that's -- do you sort of track what's going

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 on with each of the towns, and sort of  
2 understanding why there is such a significant  
3 change in the numbers?

4 A (Tebbetts) We do. And they could have been  
5 revalued. That's a possibility. But any time we  
6 see this anomaly, we do contact the town. And,  
7 if you want, I can look at, let's see, second  
8 installment. I can look at the second  
9 installment for Walpole. And there very well --  
10 it could have been, as I mentioned, that they  
11 went through a revaluation.

12 And, okay. Yes. I'm trying to think  
13 of where our substations are, and I'm like, "Do  
14 we have a substation in Walpole?"

15 Q Yes. All I'm saying is, when you notice  
16 something like that, --

17 A (Tebbetts) Yes.

18 Q -- do have something in place that, you know,  
19 triggers your scrutiny? And I think you answered  
20 that question, it's you do have that in place.

21 A (Tebbetts) Yes.

22 Q Because that is quite a bit of a difference. So,  
23 I mean, if that happened to my house, I would be  
24 concerned about it.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1                    (*Commissioner Chattopadhyay and*  
2                    *Commissioner Simpson conferring.*)

3 BY CMSR. CHATTOPADHYAY:

4 Q     So, two more questions -- sorry. Two more  
5        questions, sorry. As far as the Stranded Cost  
6        Charge credits are concerned, --

7 A     (Tebbetts) Uh-huh.

8 Q     -- do you have a sense when that is going to end?  
9        Like is that --

10 A    (Tebbetts) No. As we noted in testimony, this  
11       really has come out of the two variable and fixed  
12       charges. The variable costs relates to the  
13       bankruptcy of the USGen New England Company. So,  
14       once we received all of the allocation of the  
15       claim, we'll no longer receive the credit. And I  
16       do not have any information as to how many more  
17       years we will receive the claim from the  
18       bankruptcy.

19 Q    Would it be easy to find out?

20 A    (Tebbetts) Well, we certainly could contact  
21       National Grid and New England Power to find out.  
22       I don't know if they will have an answer either.

23                Mr. Warshaw, I don't know if you have  
24        any information on that piece of it? Maybe not,

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 but we could investigate.

2 A (Warshaw) This is, you know, something that's  
3 coming up out of the depths from a previous  
4 hearing. And I think at one point we had  
5 actually asked National Grid, NEP, if we could  
6 remove the stranded cost, buy it out, and not  
7 have to deal with it any further? And I think  
8 their answer was "It's too small for them to deal  
9 with. So, just keep getting the bill."

10 Q Okay.

11 A (Warshaw) Right? I think that's what I remember.  
12 We tried to do that, and it didn't go anywhere.  
13 And we just continue to, you know, receive their  
14 billing.

15 A (Tebbetts) So, that was for the fixed piece of  
16 it, yes, and that piece has ended. But the  
17 variable is this claim from the bankruptcy.  
18 We --

19 MR. SHEEHAN: I can represent that I  
20 did actually poke around the bankruptcy filing,  
21 and it's complicated to say the least, not being  
22 a bankruptcy lawyer. So, what I saw was there  
23 were still relatively early filing plans, trying  
24 to get approvals. There's, you know, bazillions

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 of people involved.

2 So, I could look again with a more  
3 focused thought of "do we have a sense for is  
4 this years, decades?" But it's all buried in  
5 that bankruptcy filing.

6 CMSR. CHATTOPADHYAY: Thank you. This  
7 question is really for DOE. I just want to make  
8 sure that the DOE, did the Audit Staff look at  
9 all the numbers?

10 MR. DEXTER: In the filing,  
11 Commissioner, or --

12 CMSR. CHATTOPADHYAY: In the filing,  
13 yes.

14 MR. DEXTER: Well, no, I don't believe  
15 so. I was going to point out in closing  
16 statement that the auditors are actively looking  
17 at the property tax bills, I know that for sure.

18 But I don't believe this is an item  
19 that the Audit Division audits routinely.  
20 Although, the witnesses are looking at me, they  
21 may know better than I.

22 WITNESS TEBBETTS: No. This is the  
23 first time I've worked with the Audit Staff for  
24 retail rates.

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 MR. DEXTER: Right. And we  
2 specifically talked about, because the Audit  
3 Department has issued recommendations or reviews  
4 on all the other property tax filings that have  
5 come up since the legislation passed a few years  
6 ago, that I know they are looking at the tax  
7 bills.

8 CMSR. CHATTOPADHYAY: I think that's  
9 all from my end. Thank you.

10 So, do we have any redirect?

11 MR. SHEEHAN: Just one.

12 **REDIRECT EXAMINATION**

13 BY MR. SHEEHAN:

14 Q Ms. Tebbetts, if you could pull up the Pelham tax  
15 bill you were looking at. And, if you go to the  
16 next bill below it, which is at Bates 266, it is  
17 a bill from --

18 A (Tebbetts) I just have to get there.

19 Q It is a -- it is a Pelham bill. Yes, it's the  
20 same page, 266.

21 A (Tebbetts) Is this the -- what's the location of  
22 the property? Is it "127 Bridge Street"?

23 Q Yes.

24 A (Tebbetts) Okay. Yes. I'm there. For the --

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1 billing date was "11/17/21", correct?

2 Q Correct.

3 A (Tebbetts) Okay.

4 Q And I just point you to the red box in the middle  
5 of the bill. Do you see that?

6 A (Tebbetts) Yes.

7 Q Can you tell us what that tells you?

8 A (Tebbetts) Yes. So, within the red box, I do see  
9 "GSE-8830". The way that we handle billing is by  
10 coding each company. So, "8830" is our electric  
11 company, Granite State Electric.

12 If this was a tax bill for EnergyNorth,  
13 that would say "8840".

14 So, that is how we would verify, that  
15 someone -- my point is, someone looked at this  
16 and said "Yes, it belongs to 8830, Granite State  
17 Electric", so that they could put this note on  
18 here.

19 Q And doesn't it also indicate that someone looked  
20 to see how the tax value changed from one period  
21 to another, how the rate changed from one period  
22 to another, and signed with their initials?

23 A (Tebbetts) Yes. It does. This was reviewed.

24 Q And I'm not going to do all the math. But, in

[WITNESS PANEL: Warshaw|Tebbetts|Hall]

1           this case, the value looks like it went up, but  
2           the rate went down. So, perhaps someone did the  
3           math to see how much the tax changed. And then,  
4           if you go down to the next one below, it's a  
5           similar box, and it also has "Approved by" a  
6           "Cynthia Trottier", in green. Do you see that?  
7           This would be Bates 267.

8   A       (Tebbetts) Yes.

9   Q       So, again, this is the review process that the  
10          Company undergoes with each tax bill. Someone's  
11          looking at it, checking to see what's changed  
12          from the prior bill, and having a supervisor  
13          review that work?

14   A       (Tebbetts) Yes.

15                   MR. SHEEHAN: Okay. That's all I have.  
16                   Thank you.

17                   CMSR. CHATTOPADHYAY: Thank you. So,  
18                   let's go to closing arguments.

19                   MR. SHEEHAN: I don't know who goes  
20                   first. Sometimes it's me, sometimes it isn't.

21                   CMSR. CHATTOPADHYAY: So, let's go with  
22                   the Company.

23                   MR. SHEEHAN: Thank you.

24                   Taking the last point first, I'll be a

1           little bit facetious, but if you knew the people  
2           in our Tax Department, you would know that we're  
3           not paying a nickel more than we have to. They  
4           are very good at what they do, and this brief  
5           documentation shows that.

6                         In my six years with the Company, we  
7           have challenged some, sought some abatements.  
8           It's not something we do often. It's not a great  
9           relationship with the town. You can spend a lot  
10          of time on outside help to get an evaluation  
11          changed, and not save yourself enough money to  
12          pay for that outside help. But we do pick up the  
13          phone and call, we do ask questions.

14                        And on those rare occasions when there  
15          is what we think an out-of-line change, we do  
16          challenge it. And we would certainly continue to  
17          do that, and, as Ms. Tebbetts said, we know you  
18          guys are looking over our shoulders, too. And  
19          that's the whole purpose of regulation, is to  
20          keep all of us on our toes.

21                        So, otherwise, what the Company is  
22          asking for in this case is to approve the rate  
23          change, which encompasses both the -- what had  
24          typically been the retail rate components, and,

1 in this case, the Property Tax Mechanism as well.

2 As stated in the written testimony, and  
3 orally, the PTAM is the same that the Commission  
4 has approved for EnergyNorth. It is very similar  
5 to what it has approved for the other utilities.

6 And to the question of Commissioner  
7 Chattopadhyay about "what's on the bills?", this  
8 is a relatively small number, and it does get  
9 reset with each rate case. And, so, it's not  
10 going to be something that keeps growing into a  
11 big number. Next rate case it will zero out, and  
12 we'll start again.

13 Plus, the mechanism, by statute, is a  
14 five-year mechanism, and, as of now, sunsets.  
15 That certainly may change with legislation coming  
16 around again, but it may not be around forever.  
17 So, another reason maybe not to spend the money  
18 to upgrade billing systems, if it turns out to be  
19 a relatively short term. And we hope not, we  
20 think it's a good mechanism, but that may be the  
21 case.

22 The other request here is to approve  
23 the tariff language that implements the PTAM, and  
24 that's attached to the testimony. And, again, it

1 tracks what was approved in the EnergyNorth case  
2 as well.

3 So, we ask that the Commission approve  
4 those items. And we believe the evidence  
5 presented this afternoon supports those requests.

6 Thank you.

7 CMSR. CHATTOPADHYAY: Thank you.

8 Attorney Paul Dexter.

9 MR. DEXTER: Thank you, Commissioners.

10 The Department of Energy is generally  
11 supportive of the filing the way it's presented  
12 before you, with the lost net revenue piece taken  
13 out of it, as we discussed at the outset of the  
14 hearing, you know, subject to further information  
15 from the Company on the lost base revenues.

16 There are two, I guess what I might  
17 call "footnotes" that I would request that the  
18 Commission consider in its approval. One is, my  
19 understanding of DE 22-003, where the Stranded  
20 Cost Charge is before the Commission, that docket  
21 is still open, is my understanding. And I would  
22 request that these two orders be coordinated with  
23 one another, depending on, you know, which was  
24 decided first.

1           I think, traditionally, this case has  
2           been wrapped up with a note in the decision that  
3           says "The Stranded Cost Charge is subject to the  
4           final review of the CTC report that the  
5           Commission is reviewing in 22-003."

6           Secondly, the Audit Department of the  
7           Department of Energy is actively reviewing the  
8           property taxes, as I indicated, as they have done  
9           for the other companies. My understanding is  
10          that their review consists of largely two items  
11          that I know of, one is a request for all the  
12          bills, and a fairly detailed checking, to take  
13          the information from the bills into the schedules  
14          that have been provided. So, that's ongoing.

15          Secondly, they are interested in  
16          verifying that, in this situation, where you've  
17          got a company that serves both gas and electric,  
18          that the bills in this case only reflect taxes on  
19          electric property. And, so, that's something  
20          they're looking at as well.

21          I don't have anything to report on that  
22          now. If the auditors find anything of substance  
23          that they wish to report, I'd like to be able to  
24          provide that to the Commission and, you know,

1           potentially make adjustments in a future  
2           iteration of this, perhaps next year. You know,  
3           it's a little bit speculative at this point,  
4           because the audit is not finished. But I'd like  
5           to just point that out.

6                         But our recommendation is that the  
7           rates be approved as presented, with those two  
8           footnotes that I mentioned.

9                         Thank you.

10                        CMSR. CHATTOPADHYAY: Thank you.

11           Before I proceed with striking the ID for the  
12           exhibits, I just want to make sure, given what  
13           was shared in the beginning today.

14                        So, earlier, you had filed Exhibit 1,  
15           2, 3. Two is no longer being filed, or prefiled.  
16           But I want to make sure that, you know, 2 would  
17           still be there later, right? You will be  
18           providing that? That's a question.

19                        MR. SHEEHAN: Sure. So, as of today,  
20           our request is not to admit 2 into evidence.

21                        CMSR. CHATTOPADHYAY: Uh-huh.

22                        MR. SHEEHAN: It still would appear in  
23           the docketbook as we filed it. Simply because it  
24           doesn't have the right numbers in it, so it

1           doesn't need to be part of the official record in  
2           this case.

3                       To answer your other question, if we  
4           can fix it and file something really soon, we  
5           will, in this docket. In talking with Staff, it  
6           sounds like it's a more complicated task, and  
7           that this may end up being filed in a different  
8           docket, or perhaps this one next year. But that  
9           will look like -- at least the numbers will look  
10          like what is now in Exhibit 2.

11                      I don't know if I answered your  
12          question, or made it more complicated. But you  
13          will see that piece again, either in this docket  
14          or, more likely, in another.

15                      CMSR. CHATTOPADHYAY: Okay. So, to  
16          make things simple, I'm going to strike ID on  
17          Exhibit 1 and 3.

18                      MR. SHEEHAN: Correct.

19                      CMSR. CHATTOPADHYAY: And we'll hold  
20          the record open for the exhibit that was in the  
21          nature of a record request from the Commissioner  
22          before, Commissioner Simpson. And I would, at  
23          this point, not worry about the Exhibit 2 that  
24          was previously talked about.

1 Does that work?

2 MR. SHEEHAN: Yes.

3 (**Exhibit 4 reserved** for the response to  
4 the record request previously noted.)

5 CMSR. CHATTOPADHYAY: Okay. So, we  
6 will take the matter under advisement.

7 CMSR. SIMPSON: Hang on. Hang on. I'm  
8 sorry, Commissioner.

9 CMSR. CHATTOPADHYAY: Yes.

10 CMSR. SIMPSON: When do you think the  
11 Company might be able to provide a response to  
12 the record request, to update the table that we  
13 discussed?

14 MR. SHEEHAN: "Tomorrow", I'm hearing  
15 from across the room.

16 CMSR. SIMPSON: Okay. And, just in  
17 terms of efficiency, do you think the Company may  
18 be able to provide an update with respect to your  
19 intention with respect to Exhibit 2 --

20 MR. SHEEHAN: Yes.

21 CMSR. SIMPSON: -- along with that  
22 filing?

23 MR. SHEEHAN: Yes. And, frankly, given  
24 the conversation we had in the tech session, even

1 if we could prepare that filing quickly, DOE, I'm  
2 sure, would want to take a careful look. And I  
3 think it would be unfair to all parties to try  
4 and cram that through in a few days to try to get  
5 it in front of you for an order.

6 So, it's not official, but I suspect  
7 that's what we will be telling you tomorrow.

8 CMSR. SIMPSON: Uh-huh. And if you can  
9 put something in writing that would be part of  
10 the record, I think that would be a good idea.

11 MR. SHEEHAN: Okay.

12 CMSR. SIMPSON: Oh, please.

13 MR. DEXTER: I just wanted to add on  
14 the LRAM exhibit. We don't know for sure, but,  
15 based on the analysis that we did, we suspect  
16 that -- Exhibit 2 had started with a number of  
17 \$130,000, and we suspect that the new number will  
18 be less than that, and probably substantially  
19 less than that. We're guessing, but I'm just  
20 trying to give you an idea.

21 CMSR. SIMPSON: So, why don't we say,  
22 just to give everybody time, close of business  
23 Thursday for the response to the record request,  
24 and intention with respect to Exhibit 2.

1 MR. SHEEHAN: Okay. Thank you.

2 CMSR. SIMPSON: Thank you. Thank you,  
3 Commissioner.

4 CMSR. CHATTOPADHYAY: Thank you.  
5 Sorry. Thank you. Anything else?

6 *[No verbal response.]*

7 CMSR. CHATTOPADHYAY: No. Okay. So,  
8 we will take the matter under advisement, and  
9 issue an order as soon as possible. The hearing  
10 is adjourned. Thank you.

11 ***(Whereupon the hearing was adjourned at***  
12 ***3:39 p.m.)***

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