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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

January 11, 2023 - 1:31 p.m.
21 South Fruit Street
Suite 10
Concord, NH

[Hearing also conducted via Webex]

RE: **DE 22-024**

**LIBERTY UTILITIES (GRANITE STATE
ELECTRIC) CORP. d/b/a LIBERTY UTILITIES:**
2022 Default Service Solicitations.
*(Hearing on the second RFP for the Large
Customer Group supply for the period of
February 1, 2023 through April 30, 2023)*

PRESENT: Cmsr. Pradip K. Chattopadhyay, *Presiding
Commissioner* Carleton B. Simpson

Alexander Speidel, Esq./PUC Legal Advisor

Tracey Russo, Clerk and PUC Hybrid
Hearing Host

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

Reptg. Residential Ratepayers:
Donald M. Kreis, Esq., Consumer Adv.
Office of Consumer Advocate

Reptg. New Hampshire Dept. of Energy:
Suzanne G. Amidon, Esq.
Elizabeth Nixon, Director/Electric Group
Stephen Eckberg, Electric Group
Scott Balise, Electric Group
(Regulatory Support Division)

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

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I N D E X

PAGE NO.

SUMMARY BY CMSR. CHATTOPADHYAY RE: EXHIBITS 4

ISSUE RE: POSITIONS OF PARTIES TO LIBERTY'S 6
MOTION FOR WAIVER RE: TARIFF FILING

WITNESS PANEL: **JOHN D. WARSHAW**
 AARON J. DOLL
 ERICA L. MENARD
 JAMES M. KING

Direct examination by Mr. Sheehan 11
Cross-examination by Mr. Kreis 24
Cross-examination by Ms. Amidon 31
Interrogatories by Cmsr. Simpson 35
Interrogatories by Cmsr. Chattopadhyay 52

ADDITIONAL RESPONSES TO CMSR. SIMPSON'S
QUESTION ON OPTIMISM BY:

Mr. Kreis 48
Mr. Sheehan 49

CLOSING ARGUMENTS BY:

Mr. Kreis 68
Ms. Amidon 74
Mr. Sheehan 77

QUESTIONS/COMMENTS BY:

Cmsr. Simpson 71, 77, 80
Cmsr. Chattopadhyay 73

FURTHER COMMENTS BY:

Mr. Kreis 73
Mr. Sheehan 80

1
2
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4
5
6
7
8
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12
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14
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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
6	Testimony of John D. Warshaw and Aaron J. Doll, with attachments, and Testimony of Erica L. Menard and James M. King, with attachments (01-06-23) {CONFIDENTIAL & PROPRIETARY}	<i>premarked</i>
7	Testimony of John D. Warshaw and Aaron J. Doll, with attachments, and Testimony of Erica L. Menard and James M. King, with attachments, filed on 01-06-23, also including Revised Bates Page 043 in Exhibit 7 filed on 01-10-23, replacing initially filed Bates Page 043 <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>

P R O C E E D I N G

1
2 CMSR. CHATTOPADHYAY: Good afternoon.
3 I'm Commissioner Chattopadhyay in a presiding
4 role today, as Chair Goldner is not available.
5 With me is Commissioner Simpson.

6 This is the continued hearing for
7 Docket DE 22-024, the Liberty Default Service
8 Petition. This phase of the proceeding addresses
9 service for Liberty's Large Customer Group for
10 the February 1st, 2023 through April 30th, 2023
11 period.

12 Liberty has marked for identification
13 the confidential version of its Petition and
14 supporting testimony and attachments for this
15 continued proceeding as confidential Hearing
16 "Exhibit 6". Liberty has marked for
17 identification the public/redacted version of its
18 Petition and supporting testimony as Hearing
19 "Exhibit 7". The Company has also submitted a
20 revised page in Exhibit 7. These materials were
21 filed on January 6, 2023, and January 10th, 2023.

22 So, I think I have to deal with a
23 couple of procedural matters raised by two
24 filings by the Company first. So, we see that

1 the Company has filed their Revised Exhibit 7
2 schedule regarding Bates Page 043, which fixed
3 the month headings to reflect "February",
4 "March", "April". We double-checked and saw the
5 headings for the confidential Exhibit 6 are
6 correct. So, that is good.

7 So, we presume that only this Bates
8 Page 043 will be substituted. We will accept
9 this substitution if the Company explains it on
10 the witness stand.

11 Second, we see that the Company filed a
12 motion late yesterday to ask that the tariff
13 compliance filing deadline for the other default
14 service rates approved in December, by Order
15 Number 26,752, which is today, to be extended.
16 There is a reference to an "October 11" deadline
17 in the letter. But I think you meant "January
18 11th"?

19 MR. SHEEHAN: That is correct.

20 CMSR. CHATTOPADHYAY: So, this means
21 two things. The review period for the other
22 rates would be abbreviated. All of the rates
23 would be effective February 1st. We are taking a
24 leap of faith here, if we were to approve this

1 motion, that the remainder of the Default Service
2 tariff schedule pieces are ready to go.

3 With a potential approval deadline for
4 this segment of the proceeding of Friday, January
5 13th, we expect that the time for review will be
6 short if we grant the Company's request. The
7 motion does not specify the extended deadline.
8 The Commission believes that Friday, January
9 20th, at the latest, would be a workable extended
10 deadline for the extended tariff filing.

11 MR. SHEEHAN: That is correct. That
12 seems totally workable. Thank you.

13 CMSR. CHATTOPADHYAY: Okay. I also
14 notice that we would need to waive the 10-day
15 deadline for objections to this motion under Puc
16 203.7(e), if we were to approve it as in the
17 public interest and not disrupting the orderly
18 and efficient resolutions of matters before the
19 Commission, under Puc 201.5.

20 So, we would like to know the positions
21 of the other parties regarding the Liberty
22 waiver. Let me go with the OCA first.

23 MR. KREIS: The OCA has no objection to
24 the waiver request of Liberty.

1 CMSR. CHATTOPADHYAY: How about DOE?

2 MS. AMIDON: Yes. The Department has
3 no objection either.

4 CMSR. CHATTOPADHYAY: Great. In light
5 of the non-objection by the parties, we will
6 approve this extension request to January 20th,
7 2023, and waive the 10-day objection period.

8 I would add, though, that the last
9 minute sort of, you know, motions makes it harder
10 for the Commission. We would appreciate if, you
11 know, the Company put some effort into not
12 creating such a situation going forward.

13 MR. SHEEHAN: Understood. Thank you.

14 CMSR. CHATTOPADHYAY: Okay. I am
15 noting that Liberty has proposed a Company
16 witness panel of Aaron Doll, who is appearing
17 remotely, from the Company's Joplin, Missouri,
18 affiliate offices, James King, Erica Menard, and
19 John Warshaw.

20 Will there be any witness from the New
21 Hampshire Department of Energy or the Office of
22 Consumer Advocate? So, let's start with the OCA
23 first.

24 *[Atty. Kreis indicating in the*

1 *negative.]*

2 CMSR. CHATTOPADHYAY: No.

3 MR. KREIS: Much as I would love to
4 testify, I don't think that would be appropriate.
5 So, again, no.

6 CMSR. CHATTOPADHYAY: How about DOE?

7 MS. AMIDON: The Department has no
8 witness.

9 CMSR. CHATTOPADHYAY: Thank you. We
10 note that the Company's confidential material in
11 confidential Exhibit 6 has been submitted
12 pursuant to the terms of the Commission's rules,
13 Puc 201 -- sorry -- 201.06 and Puc 201.07, as
14 being within the scope of confidential treatment
15 under Puc 201.06(a)(15).

16 I do not see any member from the public
17 here, right? I don't.

18 *[No verbal response.]*

19 CMSR. CHATTOPADHYAY: And I haven't
20 received any request for interventions. So, I
21 will just add right now that the Company, the
22 DOE, and the OCA will have the opportunity to
23 provide closing statements. But is there
24 anything else we need to address right now,

1 before I take appearances and the witnesses are
2 sworn in?

3 MR. SHEEHAN: Not from the Company.

4 CMSR. SIMPSON: I would just ask, I
5 know, in our last hearing, Attorney Sheehan
6 agreed that, if we discussed any confidential
7 information on the record, he would work with
8 Mr. Patnaude to identify that in the transcript.
9 And I presume that offer remains?

10 MR. SHEEHAN: Yes.

11 CMSR. SIMPSON: Great. Thank you.

12 CMSR. CHATTOPADHYAY: Makes it easier
13 for me, I don't have to go through part of the
14 script here.

15 So, let's take appearances. For
16 Liberty, Michael Sheehan?

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

20 CMSR. CHATTOPADHYAY: For OCA?

21 MR. KREIS: I am Donald Kreis, the
22 Consumer Advocate. We represent the interests of
23 residential customers.

24 CMSR. CHATTOPADHYAY: For the New

1 Hampshire Department of Energy?

2 MS. AMIDON: Yes. Suzanne Amidon, for
3 the Department of Energy, the Electric Division.
4 And I have two analysts here today, Steve Eckberg
5 and Scott Balise, and in the back of the room is
6 Liz Nixon, who's the Director of that Division.

7 CMSR. CHATTOPADHYAY: Thank you. Let's
8 swear in the witnesses, Steve.

9 (Whereupon **John D. Warshaw,**
10 **Aaron J. Doll, Erica L. Menard,** and
11 **James M. King** were duly sworn by the
12 Court Reporter.)

13 CMSR. CHATTOPADHYAY: Thank you. So,
14 let's proceed to the direct examination. Liberty
15 Utilities, please.

16 MR. SHEEHAN: Thank you. We'll start
17 by just introducing you folks and adopting the
18 testimony.

19 **JOHN D. WARSHAW, SWORN**

20 **AARON J. DOLL, SWORN**

21 **ERICA L. MENARD, SWORN**

22 **JAMES M. KING, SWORN**

23 **DIRECT EXAMINATION**

24 BY MR. SHEEHAN:

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 Q Mr. Warshaw, please state your name and your
2 position with Liberty?

3 A (Warshaw) Excuse me. My name is John D. Warshaw.
4 And I'm the Manager of Electric Supply for
5 Liberty Utilities Service Corp.

6 Q And did you participate in the drafting of the
7 testimony that appears beginning at Bates
8 Page 001 of both Exhibit 6 and Exhibit 7?

9 A (Warshaw) Yes.

10 Q And do you have any corrections to that testimony
11 or attachments you'd like to bring to the
12 Commission's attention this afternoon?

13 A (Warshaw) I do not.

14 Q And do you adopt that written testimony as your
15 sworn testimony here today?

16 A (Warshaw) I do.

17 Q Mr. Doll, the same questions. Please introduce
18 yourself and your position with Liberty?

19 A (Doll) Aaron Doll, Senior Director of Energy
20 Strategy at Liberty Utilities.

21 Q Mr. Doll, did you participate in the drafting of
22 the testimony and attachments that have been
23 marked as "Exhibit 6" and "7", beginning at
24 Bates 001?

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 A (Doll) Yes.

2 Q And do you have any changes or corrections you'd
3 like to bring to the Commission's attention?

4 A (Doll) Not at this time.

5 Q And do you adopt that written testimony as your
6 sworn testimony here today?

7 A (Doll) Yes.

8 Q Ms. Menard, please introduce yourself?

9 A (Menard) My name is Erica Menard. I'm the Senior
10 Director of Rates and Regulatory Affairs for
11 Liberty Utilities Services Corp.

12 Q And, Ms. Menard, did you, along with Mr. King,
13 prepare the testimony and attachments that are in
14 Exhibit 6 and 7, beginning at Bates 035?

15 A (Menard) Yes.

16 Q And do you have any changes or corrections you
17 would like to bring to the Commission's
18 attention?

19 A (Menard) No changes to the exhibits that have
20 been identified.

21 Q And picking up on that comment from the
22 Commissioner, we did file a corrected Bates
23 035 [043?], is that right?

24 A (Menard) Yes, in the redacted version.

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 Q And that was simply to fix those monthly column
2 headings?

3 A (Menard) That's correct. Yes.

4 Q And there are no other changes necessary to the
5 portions of the testimony you're responsible for,
6 is that correct?

7 A (Menard) correct.

8 Q And do you adopt your testimony as your sworn
9 testimony today?

10 A (Menard) Yes, I do.

11 Q And last, Mr. King, please introduce yourself?

12 A (King) My name is James King. I am an Analyst
13 II, Rates and Regulatory Affairs, with Liberty
14 Utilities Service Corp.

15 Q And did you participate in the drafting and
16 preparation of the testimony that begins at
17 Bates 035 of both Exhibit 6 and 7?

18 A (King) I did.

19 Q And do you have any changes you'd like to bring
20 to the Commission's attention?

21 A (King) Not at this time, no.

22 Q And do you adopt that testimony as your sworn
23 testimony this afternoon?

24 A (King) I do.

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 Q Thank you. Ms. Menard, I'll start with you, just
2 to sort of set the stage for today's hearing. If
3 you could just briefly encapsulate why we're
4 here, what happened at the last hearing, and what
5 was left to be addressed today?

6 A (Menard) Yes. At our last Energy Service --
7 Default Energy Service hearing, the Company
8 presented a Small Commercial rate for the six
9 months beginning February 1st, 2023. The Company
10 also presented the three-month monthly rate for
11 the Large Customer Group for the time period May
12 through June [July?]. At the time, the Company
13 did not receive any acceptable conforming bids
14 for the February, March, and April 2023 time
15 period.

16 The Company requested to perform a
17 second round of RFPs for the Large Customer Group
18 to see if an acceptable bid would be received.
19 We did that second round bid, and again did not
20 receive any acceptable conforming bids.

21 And the Company then created -- created
22 rates, as seen in Exhibit 3, for the February
23 through April time period. And that is what we
24 are presenting here today for discussion.

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 Q So, is it fair to say that the request today is
2 for the Commission to approve those rates, and
3 we'll talk about how we came about them, after
4 today's hearing?

5 A (Menard) Yes.

6 Q And is it also fair to say that there is a
7 difference in how those rates -- how the
8 electricity will be supplied with those rates,
9 meaning we don't have a supplier, we're doing it
10 ourselves, is that correct?

11 A (Menard) Yes. So, historically, when there is a
12 bidder selected to supply the load for a customer
13 class, that supplier performs all the functions
14 to supply that load.

15 Now that we're in a situation where
16 there is no bidder awarded for this three-month
17 time period, the Company will be performing that
18 function as a supplier would. So, bidding into
19 the Day Ahead Market and supplying our customers'
20 load for that time period.

21 Q Thank you. And for either Ms. Menard or Mr.
22 Warshaw, if you could explain, we have specific
23 rates that have been proposed. What are those
24 rates based on? How did you come up with those

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 numbers?

2 A (Warshaw) Those rates, the numbers that we are
3 proposing for the Large Customer Group for the
4 period February 1st through April 30th, is
5 being -- is based on the bids and contracted
6 prices that we received for the service of the
7 Small Customer Group. And we only used the bid
8 prices or the contracted prices for the period
9 for the months of February, March, and April.

10 Q So, is it fair to say the proposed rates for
11 those three months, for the Large block, are the
12 same as the approved rates for the Small block
13 for those three months?

14 A (Warshaw) The rates are a little different, but
15 the underlying cost that we developed is the same
16 as what we used to develop the Small Customer
17 Group rates. There are some differences that
18 come into when we do calculate a retail rate.
19 There's some different adjustments and a
20 different loss factor. But, in general, the
21 rates are similar.

22 Q Is it fair to say there are many ways the Company
23 could have calculated a rate for this block?

24 A (Warshaw) Yes.

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 Q And could you tell us why the Company chose this
2 method, which was essentially to adopt the
3 results of the Small Customer contract, and with
4 the minor differences you just mentioned?

5 A (Warshaw) Yes. We decided, after consultation
6 internally, to utilize the Small Customer Group
7 prices as a reflection of the market at the time
8 that we received the bids, and also that it was
9 competitively sourced.

10 Q And any other number that we could have come up
11 with would not have been the result of any
12 competition, if you will, is that right?

13 A (Warshaw) That's correct.

14 Q And is it also fair to say that a significant
15 difference in this rate that we're asking to be
16 approved is that it will be reconciled with the
17 amount we actually spend for the energy and
18 related services over those three months?

19 A (Warshaw) Yes. The actual costs for serving the
20 Large Customer Group will be reconciled against
21 the actual revenue that we receive. And there
22 will be, you know, either a -- in that
23 reconciliation, there would be either a credit or
24 a debit to the customers, once that is filed.

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 Q And I guess this is more for Ms. Menard, since,
2 Mr. Warshaw, you don't deal with gas. But this
3 is, in some way, similar to the gas rate. We set
4 a rate, but then actually the customers
5 ultimately pay what the actual costs are, is that
6 fair?

7 A (Menard) That's fair. And, in my testimony, we
8 describe the reconciliation approach. And the
9 Company is going to be splitting -- so,
10 historically, there is one reconciliation factor
11 for both the Small and the Large Group. And
12 we're proposing to split that reconciliation into
13 two, one for the Large, one for the Small.

14 For the Large Group in particular, the
15 rates that are presented in testimony are
16 forecasted rates, they're proposed rates. When
17 the Company does the actual sourcing, we'll have
18 actual prices and actual rates. Those will
19 compare to the rates and the resulting revenues
20 that are collected. And any variances, so, if
21 the market is lower than the rates that are
22 proposed and set, those variances will flow back
23 to the Large Customer Group, instead of all
24 customers in total.

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 Q And, vice versa, if the rates are higher, the
2 reconciliation --

3 A (Menard) If the rates are higher, the same thing
4 will happen, yes.

5 And this is similar to on the gas side,
6 gas is done on a monthly basis. The
7 reconciliation is more frequent. It's more --
8 the costs are reconciled on a monthly basis.
9 This approach that we're proposing, we would stay
10 with the annual reconciliation that occurs, that
11 will be filed in the August rate. But the
12 concept is similar for these three months as to
13 what's done on the gas side; actual costs,
14 compared to the rates that are set.

15 Q You mentioned it's filed as part of the "August
16 rate", but that filing happens in April or
17 May, --

18 A (Menard) In May, yes.

19 Q -- and the review happens, and whatever the
20 reconciliation gets included in the August rate?

21 A (Menard) Correct.

22 Q Mr. King, could you just point us to where we can
23 find the rates in the filing that the Company is
24 seeking approval of?

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 A (King) Yes. If we refer to Bates Page 043, it is
2 Attachment EML/JMK-1, for the Large Customer
3 Group, for the months of February, March, and
4 April. For February, the rate is "44.24 cents";
5 for March, it is "23.419 cents"; and April, it is
6 "17.952 cents".

7 Additionally, if we go to the following
8 two pages, Bates Page 044 and 045, is the ELM --
9 EV-L and EV-M rate classes. Bates Page 044, for
10 rates starting February 1st, the off-peak is
11 "17.569 cents"; for the mid-peak, "18.224 cents";
12 and, for the peak, "22.597 cents". On the
13 following page, Bates 045, for rates starting
14 February 1st for the EV-M rate class, the
15 off-peak is "17.586 cents"; for the mid-peak,
16 "18.194 cents"; and, for the peak,
17 "22.585 cents".

18 Q Mr. King, these monthly rates are the same way we
19 always do commercial rates, is that correct?

20 A (King) Correct.

21 Q As opposed to the flat rate that we provide for
22 the Small Customer Group?

23 A (King) Yes.

24 Q And the EV rates you just quoted were not part of

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 the last filing, because we needed this pricing
2 for this block in order to calculate those, is
3 that right?

4 A (King) That is correct.

5 Q And can you tell us how those, the Small
6 Commercial -- or, the commercial rates compare to
7 prior rates? Did you do a comparison of these
8 rates to the last period or not?

9 A (King) We haven't.

10 Q Okay. Mr. Doll, you heard and you're well aware
11 that it's your group that will be actually
12 acquiring the -- purchasing the power and
13 associated services through this period, is that
14 correct?

15 A (Doll) That is correct.

16 Q And you've spoken to the Commission a couple
17 times, both at the last hearing and at the
18 prehearing conference we had back in November,
19 saying that your group would do the work and be
20 ready to perform that service. And the obvious
21 question is, are you guys ready to go?

22 A (Doll) We are actively in the process of getting
23 everything ready for submission. So, we started
24 building an hourly load forecast with historical

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 load data. We've been working with New England
2 ISO on getting all the necessary agent
3 registration set up. And we are developing a
4 settlement and meter management process kind of
5 as we speak. And then, we've gotten some digital
6 certificates, and we're doing active testing
7 inside the New England ISO software. So, it is
8 in-flight.

9 Q And do you have any concerns about being able --
10 being ready to go forward effective February 1?

11 A (Doll) I do not.

12 Q Thank you. Last, Ms. Menard, do you know what
13 communications we have made to the customers
14 affected by this hearing about the rate changes,
15 or what the plans are for that?

16 A (Menard) As part of the August 2022 rates, when
17 the Company was experiencing higher than --
18 higher than historical rates, we put together a
19 plan for communicating, additional communications
20 to customers, to inform them of these higher
21 rates. The Company will continue to communicate
22 using those additional channels that we had
23 identified, and it includes monthly emails.
24 There was a newsletter, in a single-subject

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 newsletter that was submitted to customers. We
2 had some print newsletters. And then, the
3 messaging goes out on social media. There's an
4 on-bill message. And there have been radio
5 campaigns and direct mailers.

6 For this particular class, the Large
7 Customers, they have representatives from Liberty
8 that are assigned, and make more direct contact
9 with these larger customers. And, so, that's an
10 additional resource that we'll communicate with
11 these customers to inform them of these rate
12 changes.

13 Q Mr. Warshaw, in informal chats before this
14 hearing, the question came up of what's available
15 on our website with regard to competitive supply.
16 And you found that out, is that correct?

17 A (Warshaw) Yes. I actually went on our website.
18 And there's a section that discusses Retail
19 Choice. And it points our customers to the New
20 Hampshire PUC website to look at the various
21 offers that would be out there for competitive
22 supply.

23 MR. SHEEHAN: Thank you. Those are all
24 the questions I have.

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 CMSR. CHATTOPADHYAY: So, let's go to
2 cross-examination, starting with the OCA.

3 MR. KREIS: Thank you, Mr. Presiding
4 Officer.

5 I would like to confess that I'm here
6 largely today because I have season tickets to
7 this ballpark, and my team is not really on the
8 field, in the sense that residential customers
9 are not in the customer class whose rates we're
10 talking about today.

11 But that said, I do have a few
12 questions. Because I do want to explore the
13 extent to which what the Company is proposing
14 today could have future implications for
15 residential customers, and the overall health of
16 default service as an available option to
17 customers in New Hampshire.

18 **CROSS-EXAMINATION**

19 BY MR. KREIS:

20 Q I am looking at Bates Page 009, and specifically
21 at the question that Mr. Doll and Mr. Warshaw got
22 asked that reads: "Does Liberty have an
23 alternate option to provide supply for the
24 Large Customer Group during the period

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 February 1, 2013 [2023?], to April 30th, 2023?"

2 And the answer to that question was "Yes."

3 And, at Line 8 of that answer, the
4 witnesses say that Liberty will be "bidding at
5 least some portion of the load into the Day Ahead
6 Market" at ISO-New England. This might be a
7 question for Mr. Doll, it might be a question for
8 Mr. Warshaw. I don't care which of them answer
9 this question, or if both of them answer. But,
10 if the Company says that it's going to "bid at
11 least some portion of the load into the Day Ahead
12 Market", I guess my -- I think the obvious
13 question is, what about the rest of the load?
14 Why isn't that being bid?

15 A (Doll) Sure. I can take one. And the reason I
16 phrased it that particular way is, is
17 submissions have to be done OD-1, which is
18 "Operating Day minus 1". So, it's done in the
19 morning prior to the actual operating day. Your
20 load forecast will likely not be 100 percent
21 precise for the 24-hour period. So, it's really
22 just a little bit of hedging that you're not
23 going to be able to perfectly offer your
24 day-ahead load bid in. There may be some

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 balance, that's what the real-time balancing
2 market is for.

3 Further, and I don't necessarily expect
4 this, to the extent we develop some sort of
5 philosophy or strategy relating to dark spreads,
6 which is day-ahead real-time spreads, that may
7 result in us strategically doing something a
8 little bit different with the load bids.
9 Everything that I've seen thus far on the
10 analytics we've looked at, the day-ahead, you
11 know, as in all markets, is a less volatile
12 market.

13 Most of the load is bid in and cleared
14 in the day-ahead. But I did want to leave a
15 little bit of room there, because we know that we
16 cannot perfectly match load from the load
17 forecasting model.

18 Q Okay. So, if only to kind of read back what I
19 think I just heard Mr. Doll say, I think I heard
20 you say that, essentially, what you intend to do
21 is to bid all of the forecast load into the Day
22 Ahead Market, and then, as everybody else playing
23 in that market does, then you reconcile that with
24 the real-time load in real time, according to the

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 real-time market. Is that a fair statement about
2 what you meant?

3 A (Doll) That would be the likely scenario, yes.

4 Q But, then, I have to confess that what you said
5 after that kind of went over my head, in that you
6 seem to be implying that it is permissible to
7 withhold some portion of the forecast load, and
8 bid that only into the real-time spot market.
9 That's a true statement about the way the market
10 works?

11 A (Doll) I mean, you can do fixed-price bids, you
12 can do load -- or, price-sensitive bids,
13 balancing can happen in the real-time. I think
14 we'd have to look at it further to see if there
15 was actually an instance where we would want to
16 take a long position into the real-time and
17 expose it to real-time LMPs. But it is possible.

18 Q Any limitations on your decision to do that?
19 Could you withhold all of the load from the Day
20 Ahead Market and just put all of it into the
21 real-time market?

22 A (Doll) Subject to check, in case there is some
23 sort of day-ahead must-offer type requirement, in
24 the markets I've worked in in the past, you are

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 allowed to not clear in the financially binding
2 day-ahead market, and take your whole position to
3 real-time. It is very rare to do that.

4 Q Mr. Doll, are you familiar with what happened on
5 the New England electricity grid, including here
6 in New Hampshire, at about 4:30 p.m. on Christmas
7 Eve, December 24th?

8 A (Doll) Not particularly.

9 Q Well, so, I'll tell you that, subject to check, I
10 suppose, from your perspective, that there was a
11 capacity deficiency event in New England that
12 caused the spot price of electricity to, here in
13 New Hampshire, in the New Hampshire Load Zone, to
14 soar beyond \$2,200 per megawatt-hour. And I
15 guess I'll just ask you, subject to check, to
16 accept my representation to you that that was the
17 situation that prevailed here in New England from
18 about 4:30 p.m. to about 6:00 p.m. on Christmas
19 Eve. Will to accept that, subject to check?

20 A (Doll) Subject to check, willing to accept that.

21 Q Okay. So, my question is, what would have
22 happened to the Large Customer load during that
23 hour and a half? To what extent would customers
24 on default service, Large customers on default

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 service, been exposed to rates in the
2 stratosphere like that?

3 A (Doll) To get a clarification from you, is the
4 pricing beyond the \$2,200 per megawatt-hour, I
5 think you said for about a 90-minute period, was
6 that both day-ahead and real-time pricing, or was
7 that just real-time pricing?

8 Q Those are real-time prices.

9 A (Doll) If you had any exposure in the real-time
10 market, then your volumes would be subject to
11 that price.

12 Q Does that give you any pause or concern?

13 A (Doll) Absolutely. The real-time market is
14 generally more volatile than the day-ahead.

15 Q If there were a failed procurement in the Small
16 Customer class, would Liberty expect to be
17 essentially serving that load in the same manner
18 it's proposing to serve its Large Customer load,
19 by putting that load into either the day-head or
20 spot markets?

21 A (Doll) I think, if that -- if that scenario came
22 up, the Company would have to make a
23 determination on what its path forward would be.

24 Q If I were a savvy large customer, and I was

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 monitoring my ISO-New England app on my phone,
2 and I noticed that spot prices had soared beyond
3 \$2,200 a megawatt-hour, and if I further knew
4 that this rate is reconciling, wouldn't it be
5 likely that I would find some way to hastily
6 migrate away from default energy service, so that
7 I left to other customers the opportunity to
8 cover costs like that?

9 A (Menard) I can take that, if you want? We
10 have --

11 Q Yes. That probably is a better question for Ms.
12 Menard.

13 A (Menard) Yes. We have rules in New Hampshire as
14 to how you can switch from default to competitive
15 supply. So, I don't believe there would be a
16 situation where somebody could switch in a
17 real-time situation.

18 MR. KREIS: I believe those are all the
19 questions I have.

20 CMSR. CHATTOPADHYAY: Thank you. Let's
21 go to the DOE.

22 MS. AMIDON: Thank you. Good
23 afternoon.

24 BY MS. AMIDON:

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 Q I think this question may be for Ms. Menard, but
2 whoever knows the answer can respond. And that
3 has to do with going to the market, and whether
4 there are any additional costs and in going to
5 the market to procure power for the Large
6 Customer Group for this period? And if there are
7 any costs that will have to be recovered from
8 customers that reflect these additional variable
9 costs? And, if that is the case, how you intend
10 to collect them.

11 A (Menard) Yes. There could be and there will be
12 additional administrative costs to set up and
13 establish participation in the ISO-New England
14 market, to be able to participate in bidding and
15 the scheduling. Those costs would flow through
16 our administrative, the A&G portion of the Energy
17 Service rate.

18 Today, that situation exists. We have
19 Mr. Warshaw's time, for all the work that he does
20 on the bidding, on the RFP process, and
21 administering the program. Those costs flow
22 through A&G costs. We would have additional
23 costs of Mr. Doll's time and his team, and any
24 sort of administrative costs associated with

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 getting set up and into the market.

2 Those would flow through what we call
3 the "Energy Service Cost Reclassification
4 Adjustment Factor". And there is a different
5 factor for both the Large and the Small. And the
6 Company will be tracking these costs and
7 assigning them to the Large class.

8 Q Thank you. I understood, and correct me if I'm
9 wrong, and how I'm wrong, that Mr. Doll was an
10 employee of the Service Company associated with
11 Liberty Utilities, and that you already have an
12 arrangement to pay a certain amount of money on
13 that agreement. Is his work in this regard,
14 going to make market purchases, is that an
15 incremental cost that goes above the service
16 contract agreement?

17 If I didn't word that correctly, just
18 ask me a question.

19 A (Menard) So, the service -- I'm going to speak in
20 general, and then Mr. Doll can correct me if I'm
21 saying anything wrong as to how his time and his
22 staff's time is allocated.

23 So, we have Service Company employees,
24 we charge our time to the companies that we work

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 on. And there are times where those costs and
2 our time benefits all utilities. And, so,
3 therefore, you know, it could be an East Region,
4 it could be an entire company, depending on the
5 type of work that we do.

6 The costs associated with Mr. Doll's
7 time and his team would be directly related to
8 Granite State and Energy Service. And, so, their
9 cost and their time would be directly allocated.
10 So, it would be incremental costs. And,
11 therefore, it would be appropriate to collect
12 through the Energy Service rate.

13 Q That was -- that answered my question.

14 A (Menard) Okay.

15 Q Thank you very much. I have an additional
16 question that follows a little bit on Attorney
17 Kreis's question regarding customer migration. I
18 understand that the Company is under a continuing
19 obligation to provide a Customer Migration Report
20 on some periodic basis, I believe that's
21 quarterly, is that right?

22 A (Menard) That's correct.

23 Q So, we, in order to determine whether customers
24 did migrate, in this particular customer group,

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 did migrate to competitive suppliers as a result
2 of the price increase associated with your
3 forecast cost for this period, we wouldn't see
4 that until the report filed in July, am I
5 correct?

6 A (Warshaw) No. We would probably -- there would
7 probably be some migration, if there was
8 migration, it would be reported, one, there will
9 be -- there could be some migration that we would
10 be reporting for 2022 Q4, that should be provided
11 at the end of this month.

12 Q Okay.

13 A (Warshaw) The period January through March 31st
14 of 2023 would probably be available towards the
15 end of April.

16 Q So, that would include at least February, is that
17 what you're suggesting, or February and March?

18 A (Warshaw) That would include February and March.

19 MS. AMIDON: Okay. Boy, did I get that
20 wrong. Okay.

21 Well, that's all of our questions.

22 Thank you very much.

23 CMSR. CHATTOPADHYAY: Thank you.

24 MS. AMIDON: Thank you, Witnesses.

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 *[Cmsr. Chattopadhyay and Cmsr. Simpson*
2 *conferring.]*

3 CMSR. CHATTOPADHYAY: So, let's go to
4 the Commissioners' questions. I'm going to begin
5 with Commissioner Simpson.

6 CMSR. SIMPSON: Thank you.

7 BY CMSR. SIMPSON:

8 Q Returning to the question of administrative costs
9 that might arise from this process change, are
10 there, and have you already incurred, some
11 registration costs to stand up your abilities to
12 participate within ISO-New England, as a
13 load-serving entity directly through the market?

14 A (Warshaw) No, there haven't been. We are a
15 participant in the ISO-New England marketplace.
16 The difference is that, normally, we would assign
17 the load-serving obligation to the winning bid --
18 to the selected bidder for a specific customer
19 group for a specific period of time. Because we
20 don't have a supplier for the Large Customer
21 Group for February 1st through April 30th, that
22 load obligation will fall back onto Granite
23 State.

24 Q You mentioned the eMarket software through

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 ISO-New England, is that correct, in your
2 testimony?

3 A (Warshaw) Yes. Correct.

4 Q And did Granite State Electric already have
5 access to that prior to this situation?

6 A (Warshaw) Yes. We had -- it's one of those
7 interesting things, we do have access to that.
8 But, to actually have access, the Security
9 Administrator for Granite State Electric, within
10 the ISO market, has to assign that access to an
11 individual. Up until now, we have not needed to
12 assign that access to any individual, because we
13 are not serving load.

14 Q Okay. And there were no fees associated with
15 that assignment of a certificate, I presume, for
16 security purposes, through ISO-New England?

17 A (Warshaw) There's no -- to my knowledge, there's
18 no incremental cost for digital certificates. I
19 think that's just borne as part of the general
20 cost of participating in the market. And it's
21 not just market, it would also be taking
22 transmission service.

23 Q So, either a question for you, Mr. Warshaw, or
24 Mr. Doll. Have you seen -- have you been into

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 that eMarket software yourself? I'm interested
2 in what that dashboard looks like. What are the
3 inputs? What, as a user, from Granite State
4 Electric's perspective?

5 A (Doll) I have not been into it. I believe John
6 is the Security Administrator. So, we have
7 actively, including this day, been working on
8 getting a number of individuals into the
9 environment.

10 Q Uh-huh.

11 A (Doll) So, ask me that question a couple days
12 from now, I could probably have a pretty good
13 answer for you. At this particular point in
14 time, I can't tell you precisely what that
15 dashboard or the MUI looks like.

16 A (Warshaw) Because I'm a curious individual, I did
17 go in to see on the sandbox side what that looks
18 like. And, basically, all that would be is we
19 would identify what company and what load asset
20 we would be bidding against, and then we would be
21 submitting 24 hourly load bids.

22 Q At what interval?

23 A (Warshaw) Hourly.

24 Q "Hourly", I think you said. Thank you. And it

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 sounds like the Company has developed a model for
2 you to identify what those hourly load bids are,
3 correct?

4 A (Warshaw) We're working on that. We don't
5 have -- we don't have a specific model set up.
6 We are working with -- I'll let Aaron answer
7 that.

8 A (Doll) Yes. We are currently in-flight,
9 developing a -- what we'll call a "neural
10 networking model", which is going to take
11 historical hourly loads, and profile it against
12 weather, to go ahead and continually update new
13 loads and provide a load forecast for a 24-hour
14 basis, that generally goes about five to seven
15 days out, but continually updates.

16 Q And is the Company developing that with internal
17 resources, or do you have external expertise
18 doing it or in addition to that?

19 A (Doll) We looked at both options, because we do
20 some in-house and we've done some through a third
21 party. And, for load -- the duration of time to
22 get the load forecast up and ready and tested,
23 and for the economics, as far as it being more
24 cost-effective, we're having -- we're working

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 with a third party to run it through their load
2 forecasting neural networking model.

3 Q And will you do a look-back? Like, will you test
4 it against the past six months or year, to say,
5 if we were in the situation one year ago, having
6 all that data from customers on a daily basis, at
7 an hourly interval a year ago, to see whether or
8 not those inputs are tracking or producing
9 results within a window of accuracy?

10 A (Doll) Sure. Like a confidence band or
11 something?

12 Q Yes.

13 A (Doll) So, let me say two things. Yes, that will
14 be the fine-tuning of the model, to make sure
15 that it is accurately predicting load forecasts.
16 But, on a going-forward basis, you can generally
17 have two kinds of errors, right? You have the
18 model error, which is just the model missing
19 based on the inputs it has, or you can actually
20 have the weather error, which is a weather
21 forecast comes in and expects the temperatures
22 and wind speeds to be X, and instead they're Y.
23 So, historical performance has the benefit of
24 having actual weather incurred, which is great

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 for fine-tuning a model. But it won't perfectly
2 presage exactly what you expect to encounter on a
3 going-forward basis, because you do have to rely
4 on a weather forecast.

5 Q I'll just say, I'm going to be very interested in
6 that model, the results moving forward. That
7 type of functionality, in my experience, has
8 typically been elusive. And many distribution
9 companies haven't seemed to be able to model the
10 distribution system in real time. So, I'll be
11 very interested in seeing how that model has
12 worked, and whether or not it's been successful,
13 with respect to the issues of Large default
14 service customers today, and whether the engine
15 behind that model could be leveraged for other
16 purposes.

17 A (Doll) Okay.

18 Q The Consumer Advocate asked you all some
19 questions about your participation in the
20 Day-Ahead and the real-time market. It sounds
21 like you feel it's most prudent to take the more
22 conservative approach, in my view, and you can
23 argue that if you feel it's incorrectly
24 characterized, but the conservative approach of

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 bidding all of the load that you expect into the
2 Day Ahead Market. Is that correct?

3 A (Doll) That is correct. That is most consistent
4 with other load-serving entities. And it would
5 also be considered the more conservative
6 approach.

7 Q And is that because you feel that you will have
8 more price certainty in the Day Ahead Market,
9 versus the real-time market? Or, are there other
10 factors that you've considered in whether or not
11 you want to make forward or real-time energy buys
12 and sells?

13 A (Doll) I think the primary difference between the
14 Day Ahead and the real-time market is going to
15 just be volatility. The Day Ahead Market is
16 going to take submissions from both resources and
17 load and try to optimize or co-optimize to try to
18 solve for the lowest global solution. When you
19 get to the real-time, you have events that can
20 happen that were unplanned. For example,
21 transmission outages, generator outages, you
22 know, possible extreme weather, *et cetera*. Those
23 can move, and then, suddenly, a solution from the
24 Day Ahead that was most optimal, now has to be

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 recalculated. And, generally, that comes at a
2 higher price. So, the Day Ahead tends to be a
3 less volatile market. And I think that's
4 consistent with the MMU reports for New England
5 ISO that our team has been recently reviewing.

6 Q I would expect the answer to be "no", but correct
7 me if that's not correct. Have you looked back
8 in ISO-New England to compare, over a six-month
9 window, how the Day Ahead prices compared to the
10 real-time prices? And I ask, because, if we're
11 reconciling rates over a six-month period, I
12 wonder whether that window affords an opportunity
13 to average and provide more consistency in rates
14 over the period, looking at real-time versus Day
15 Ahead?

16 A (Doll) So, I'm not sure I understood the question
17 there. Sorry, could you rephrase it?

18 Q Yes. That's probably on me. That was a chain of
19 consciousness.

20 So, if you looked back six months, and
21 you compared if you had been served from the
22 real-time market or the Day Ahead Market, I would
23 expect that you would have lower prices in the
24 real-time market than the Day Ahead. I could be

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 wrong. Have you looked into that question?

2 A (Doll) I'm sure some members of the team have
3 gone through and have the dark spreads
4 calculated. I don't know if we've done what I'll
5 call kind of a "simple average", assuming that
6 you just take an entire position in one or the
7 other. You know, my experience is the real-time
8 market is higher when elements that are expected
9 to happen don't happen. And a large part of
10 those are weather fronts moving in at different
11 frequencies than what they're expected. In which
12 case, the load missed, but the load missed
13 because of, you know, a weather impact.

14 And, so, I don't know if it will
15 provide the insight, because you're wanting -- if
16 you say you're just going to hold a pure long
17 position in the Day Ahead versus a long position
18 in the real-time, it's often the case that a long
19 position in the real-time, at the wrong time, is
20 the result of things that can impact your load,
21 like a weather front moving in early or becoming
22 more extreme than was originally forecasted. But
23 it's certainly something that we will evaluate.

24 Q Okay. It strikes me that this situation seems to

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 reflect a failure of the market for default
2 energy service, at least for large commercial and
3 industrial customers. Would any of you agree or
4 disagree with that?

5 A (Warshaw) I would say "failure" is a strong word,
6 but, yes. I think this is, for Liberty, this is
7 the first time this has ever happened in the
8 12 -- the 12 years that Liberty has been doing
9 this. And I would say it hasn't happened since
10 this was implemented in restructuring back in the
11 late '90s. This is the very first time that we
12 have had no bids.

13 A (Menard) So, I'm not sure if that defines
14 "failure of the market", versus the construct
15 that we have in place of fixed price bidding
16 over, you know, small blocks of time for small
17 loads. There's been a lot of volatility in the
18 market, yes. Is that a failure? It's a reaction
19 to events, and that's what drives the market.

20 I think what we're seeing is
21 competitive suppliers are unwilling to take risk
22 with some unknown factors. Some are
23 market-driven, and some are just the nature of
24 how the process is structured.

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 Q Uh-huh. And I'm reflecting on some of the
2 comments that you all made at our last hearing.
3 The factors that you articulated that had been
4 passed on to you from suppliers, the Mystic RMR,
5 what those costs might be; the attrition of
6 customers to community aggregation, away from
7 default energy service, and the risk that
8 provides; options in the competitive market for
9 customers that move away and choose their own
10 supplier.

11 It just seems that, in the past,
12 Granite State Electric, among the other
13 utilities, have had options to assess, that when
14 you seek energy service to serve your load of
15 your customers, the default service, that you've
16 had more than one option to evaluate. And today,
17 you have none, at least for this particular
18 tranche of your customers. And, you know, we'll
19 be very interested seeing how that goes.

20 Would the Company be amenable to
21 providing the Commission with monthly reports of
22 what you've experienced for prices from the
23 ISO-New England market?

24 A (Warshaw) We probably could provide that

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 information, once we receive the Settlement
2 information from the ISO.

3 Q I know most witnesses are a fan of speculation,
4 and I say that tongue-in-cheek. But are you
5 optimistic? Do you have any optimism that, for
6 this portion of your customers that, during the
7 time when Granite State Electric is directly
8 serving load from the ISO-New England markets,
9 that they actually might get a better deal than
10 if you had had a successful solicitation?

11 A (Warshaw) I will not go there.

12 Q How come?

13 A (Warshaw) Because there are times when the
14 market, you know, the ISO spot market looks great
15 to be in, and then there are times when, as Mr.
16 Kreis thought, when, you know, you end up with a
17 situation where the prices are basically
18 astronomical. And when that happens, if you're
19 not covered correctly, companies could go out of
20 business, because the expense has just gotten way
21 too high.

22 So, what -- it's, you know, six of one,
23 half dozen of the other.

24 Q Do you feel that the competitively solicited

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 Default Energy Service rates that New Hampshire
2 is facing now are astronomically high?

3 A (Warshaw) They are historically high, some people
4 will say they're "astronomical". But you don't
5 know what things will look like six months from
6 now, a year from now. I mean, these prices could
7 look like they're a bargain. And we've seen that
8 in other markets and other places.

9 So, I don't like "astronomical", but I
10 do say that they're "historically higher" than
11 anything than what we have seen in the past.

12 Q It certainly seems that this is leading to a
13 higher level of risk acceptance, this paradigm,
14 than what default energy service has been
15 formulated around in the past. Would you say
16 that's a fair characterization, under the
17 circumstances?

18 A (Warshaw) There is more risk, yes.

19 CMSR. SIMPSON: And I'd open the floor
20 to any comments on that topic from any of the
21 parties in the room, if any one is interested in
22 going on the record on that question?

23 MR. KREIS: Could you state exactly the
24 question you're inviting us to go on the record

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 about?

2 CMSR. SIMPSON: I just wonder, is
3 anybody optimistic, that as we look at the
4 Default Energy Service rates that are reflective
5 of market conditions in New Hampshire and New
6 England today, is there any optimism that perhaps
7 Granite State Electric's participation to serve
8 their Large Customers through the ISO-New England
9 market might provide lower rates than if they had
10 had successful competitive procurements under the
11 traditional paradigm?

12 MR. KREIS: I'll just say, on behalf of
13 the Residential customer class whose interests I
14 represent, that the prospect of sending
15 residential customers into the spot market scares
16 the heck out of me. And I do not want to see it
17 happen ever.

18 CMSR. SIMPSON: Do you think that under
19 the paradigm of many customers transitioning to
20 community aggregation as their default product
21 might impact that?

22 MR. KREIS: Commissioner, I do think
23 that that could have an impact. And I have been
24 on record publicly as saying that community power

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 aggregation might just be, for the first time, an
2 opportunity for residential customers to actually
3 derive some benefits from restructuring, after
4 having paid hundreds of millions of dollars in
5 stranded cost payments for the privilege of
6 retail choice.

7 But that notwithstanding, the fact is
8 that, at least in the Residential class, there
9 will always be customers in New Hampshire who are
10 neither using competitive suppliers or a
11 community power aggregation plan, and I can't
12 ignore those people.

13 CMSR. SIMPSON: And neither can we.

14 MR. KREIS: Indeed.

15 MR. SHEEHAN: And the analogy that I
16 always think of is the Fixed Price Option on the
17 gas side. It's sort of the flip of that.

18 CMSR. SIMPSON: Uh-huh.

19 MR. SHEEHAN: Do the customers walk
20 away from a more market-based price and lock one
21 in? And, as John said, "It's six of one, half a
22 dozen of the other." Some years the fixed price
23 option is a winner, some years it's a loser.
24 It's really an allocation of risk. And what we

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 see with the suppliers is they're the ones coming
2 up with that fixed price, and they're building in
3 all of the factors that go, and sometimes they
4 get it right and sometimes they get it wrong.

5 And, so, if we end up with lower prices
6 over the next three months, sometimes that's the
7 luck of the draw. Now, certainly, we're avoiding
8 a profit that would otherwise be going to the
9 suppliers, and maybe some other costs. But,
10 again, that may come out in the wash or it may be
11 the difference. You look over 20 years, maybe
12 you can make a conclusion. But six months at a
13 time or three months at a time, I think it's very
14 hard.

15 And, of course, these are all great
16 questions to talk about in the docket you have
17 open on this topic. And do we change anything in
18 this whole process?

19 CMSR. SIMPSON: Thank you for that.

20 I think that's all I have, Commissioner
21 Chattopadhyay. I just would welcome, and I have
22 to think about how we might coalesce around an
23 approach, but welcome monthly reports, to see how
24 the Company is doing. What those rates have been

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 on a monthly basis, or a more definitive, a more
2 discrete time basis, if you can provide that, as
3 we move through this process, because we're in
4 new territory.

5 MR. SHEEHAN: My thought on that is, I
6 think it's new for all of us, certainly, the
7 people in the room, and maybe a little less so
8 for Mr. Doll, that perhaps the order just ask us
9 to provide appropriate monthly reports, and leave
10 it to us to -- we understand what you're
11 thinking, and come up with the best information
12 we can on a monthly basis. It's only going to be
13 three reports.

14 CMSR. SIMPSON: Uh-huh.

15 MR. SHEEHAN: So, maybe that's the
16 answer to that.

17 CMSR. SIMPSON: That sounds like a
18 reasonable approach, to me. But --

19 WITNESS MENARD: Just to add to that,
20 there is a little bit of a lag as to when we get
21 bills from the ISO, and then there's a
22 resettlement period as well. So, just to throw
23 it out there that there will be some immediate
24 known costs, and then some that may come a little

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 bit lagged.

2 CMSR. SIMPSON: Thank you. Thanks,
3 Commissioner Chattopadhyay. That's all I have at
4 this time.

5 CMSR. CHATTOPADHYAY: Thank you.

6 BY CMSR. CHATTOPADHYAY:

7 Q So that I don't forget the thread here, I will go
8 back to the one that you are all talking about.

9 Of course, for the gas service, you
10 have something similar. You have -- you track
11 the prices, what's going on over a month, and you
12 report it. So, can you -- can you give me a
13 sense of the kind of lag that you have to deal
14 with when you're providing some information, in
15 the nature of what Commissioner Simpson was
16 talking about, with the gas service? And
17 probably not going to be too different here for
18 the electric ones, right?

19 A (Warshaw) I mean, I'm not familiar with the gas,
20 to be honest. But, on the electric, we will be
21 clearing daily what we bid against what the
22 actual market results are. We would be seeing
23 twice a week some of the costs that are incurred
24 on the load. We will also be seeing, at the end

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 of -- we'll see monthly additional costs that are
2 allocated to load that are only calculated
3 monthly by the ISO.

4 So, you know, there is a decent amount
5 of lag going on.

6 Q Yes. I'm not, you know, questioning that there
7 won't be a lag, you know, that there is a lag
8 that is going to be there. So, for the monthly
9 charges for things like the FCM and all of those,
10 you will have to figure out how much we have to
11 pay. So, I understand that.

12 But let's say, for February, what you
13 actually experience, what is a good estimate for
14 when the information may be available?

15 Ultimately, this is, if you all -- for
16 the Large Customers, the Large, you know,
17 customers, for these months, you're totally
18 relying on the ISO-New England market, right? So
19 when you're doing that, you're sort of creating a
20 natural experiment, okay. So, I'm very curious
21 how it's going to play out.

22 And you don't have to be absolutely
23 correct, just give me a sense.

24 A (Warshaw) We have not been in this market. We

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 have not been settling daily ever. So, this will
2 be new for us, too. And then, my understanding
3 of the ISO, the daily settlements, and then
4 there's the monthly settlements. The monthly
5 settlement, like for February, would probably not
6 appear until mid-March. And then, it will take,
7 you know, I'm not sure, you know, to do a first
8 report, how long that would take for us to put it
9 together, to have it reviewed, to make sense, and
10 to be able to provide it. It's probably another
11 week after that.

12 So, I'd say, you know, we're looking
13 at, you know, more like the third or fourth week
14 of March --

15 Q Okay.

16 A (Warshaw) -- that we would be able to provide the
17 first report.

18 Q That's helpful to know.

19 A (Warshaw) But we are not going to rush into that.

20 Q Well, yes. But it would be very helpful to us,
21 so we'll think about it a little.

22 So, the reason I was asking about gas,
23 so you don't know how quickly they are able to do
24 it?

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 A (Menard) Gas, I believe, by the end of the month,
2 they know the pricing. So, it's, you know,
3 within --

4 Q It's quicker?

5 A (Menard) -- within the first few days after the
6 month closes they know the pricing.

7 Q Since we were talking in some ways sort of
8 high-level, and what do prices mean and all of
9 that, and I'm going to ask, I'll go through some
10 scenarios just to understand one of the questions
11 that the Consumer Advocate was asking.

12 So, let's say you have a real-time
13 pricing event of \$2,500. If you have correctly
14 forecasted your load, and you had bought
15 everything Day Ahead Market, then you're not
16 exposed to it, correct?

17 A (Doll) That is correct.

18 Q If you had over-forecasted, what happens?

19 A (Doll) Are you saying, if you --

20 Q I'm sorry.

21 A (Doll) -- if you cleared more in the Day Ahead
22 than what actually showed up in real load?

23 Q Correct. Exactly. What happens?

24 A (Doll) Then, you sell it back. You have a long

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 position in the real-time. So, you're basically
2 selling back in the real-time.

3 Q And you get paid that higher price?

4 A (Doll) If the dark --

5 Q I'm asking at \$2,500?

6 A (Doll) If the dark spread is higher than the Day
7 Ahead or the real-time is higher than the Day
8 Ahead, that long position, yes, you would get
9 paid back.

10 Q And, if you incorrectly forecasted less than what
11 you needed, and you're exposed to the real-time
12 prices, of course, in that case, and assuming
13 that you went with the 100 percent of the
14 forecast in the Day Ahead Market, then you will
15 be exposed to those higher prices, correct?

16 A (Doll) Yes. You would carry that short position
17 into the real-time market, and you would be
18 exposed on that amount of megawatts. Correct.

19 Q And, for the Large Customer Group, if something
20 like that happens, you're exposed to higher
21 costs, it's still picked up by all of the
22 customers within that group, or how is it going
23 to play out?

24 A (Menard) It would be across, within that group.

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 Q Within that group?

2 A (Menard) Yes.

3 Q Okay. So, you know, we don't need to go there,
4 but I'm still thinking about the Consumer
5 Advocate's question. What happens if there is
6 a -- there's a very savvy player, and it sees
7 this happening, the fact that it's -- even if it
8 reduces its consumption, okay, it still will be
9 exposed to some of the costs associated with
10 those, with the real-time prices.

11 On the other hand, if it -- it's all
12 true, if it reduces the consumption, just
13 reacting to this possibility, you're more likely
14 to be meeting the forecast to the Day Ahead
15 Market?

16 A (Menard) So, the customer will pay the price that
17 we set in that month. So, what we're talking
18 about here is the variance or the reconciliation
19 that would happen later. So, while they may take
20 actions in the current near-term period, assuming
21 they stay on that Default Service rate, they
22 would still be paying that rate. If their load
23 drops, --

24 Q Yes.

{DE 22-024} {01-11-23}

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 A (Menard) -- for whatever reason, you know, the
2 impact of that load in the overall market and how
3 we're bidding it in would impact the
4 reconciliation later.

5 Q I have to go back to the point that, well, it was
6 a question that Commissioner Simpson was asking
7 about, "what do you expect the prices to be Day
8 Ahead Market compared to the real-time?"
9 Typically, having worked on regional electric
10 market issues myself, I can tell you that the Day
11 Ahead Market price, on average, is higher than
12 the real-time price. Tends to be, but not
13 always. It's because you're building in a
14 premium there, and you're talking about the
15 averages. And, when you think in terms of actual
16 events, it might well be that a particular period
17 the real-time price is way higher than the Day
18 Ahead price. I'm just sharing my experience
19 there.

20 So, one question that I have is, so,
21 you're relying on the Small Customers' prices
22 that were, you know, bids that were received.
23 And, so, when did that happen? Can you just give
24 me exactly when were -- when were those bids

{DE 22-024} {01-11-23}

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 received?

2 A (Warshaw) That was December 13th.

3 Q December 13th. Do you have a sense of how the
4 markets have changed relative to what things were
5 then?

6 A (Warshaw) For the, you know, for the February
7 through April period, the NYMEX forwards have
8 gone down from that time in December.

9 Q So, if you were -- if you, and, again, this is a
10 question, you also do some sort of modeling of
11 the proxy pricing, you know, and then, so, you
12 have a model there. Does that model rely on
13 forward prices?

14 A (Warshaw) Yes.

15 Q So, if you were running the proxy calculation
16 right now, would it be different from what you
17 had a month ago?

18 A (Warshaw) Yes.

19 Q Would it be lower?

20 A (Warshaw) It would be lower.

21 Q Can you remind me, when you went with the proxy
22 prices, when you chose the price for the Small
23 Customers, give me a comparison of the proxy with
24 the price that actually was bid in and chose?

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 A (Warshaw) At the time that we received those
2 bids, the proxy price was significantly lower
3 than the actual bid prices.

4 Q So, where I'm going is, if you actually relied on
5 the proxy-based calculation, the price may have
6 been lower. But I also understand this is all
7 going to be reconciled. So, just any thoughts on
8 that?

9 A (Menard) We have lots of thoughts. That's how we
10 started this process. So, let's use the proxy.
11 It was significantly lower than what we had seen
12 for the Residential bid. We compared how the
13 Small and the Large classes compared to one
14 another in the past, and found that they tracked
15 each other pretty closely. And our proxy model
16 was predicting something significantly lower than
17 the Small Customer bids came in.

18 And, so, we talked about it internally
19 as to "What's the best approach to pricing these
20 out? Do we want to use our proxy model, which we
21 know is going to be lower? Or, would we prefer
22 to use a bid, which is based on a competitive
23 bid?" Yes, it's a little bit stale at this
24 point, and prices have come down a little bit.

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 We chose to use the competitive bid that we had
2 as a better alternative to the proxy model that
3 we know was predicting lower prices.

4 And the thought process was, while the
5 pricing might be a bit higher, it does get
6 reconciled. If customers were to migrate off of
7 this rate, you're now shouldering a bigger
8 reconciliation onto a lower set of customers in a
9 future period. So, that was the thought process
10 that we went through in developing the approach
11 to the pricing.

12 Q So, this may be confidential information, but,
13 you know, is there a way for you to answer, can
14 you give me a sense of how much lower was the
15 proxy relative to what it was previously, if you
16 were sort of working --

17 A (Menard) So, comparing the proxy --

18 Q -- off the small customers?

19 A (Menard) Comparing the proxy from January to what
20 we had in December?

21 Q December, yes.

22 A (Warshaw) I would have to run the model. You
23 know, it's already, you know, last week, and we
24 didn't pursue it too far when we were having our

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 discussions about "What was the better price?"

2 Q Okay.

3 A (Warshaw) But, yes, you know, it would be lower.
4 Exactly what it would be, you know, I would have
5 to run that calculation. But, then, you know, if
6 we ended up with a significantly lower retail
7 rate, again, what Ms. Menard talked about is, if
8 the actual costs were significantly higher from
9 the market than what we were recovering from
10 customers, then we would have to recover that in
11 the reconciliation. And, if there is a
12 significant amount of migration as a result of
13 the community aggregation programs, the remaining
14 customers would bear a significant -- a
15 significantly more larger portion of the
16 reconciliation than they would have if the
17 customers who were taking service during the
18 February through April period stayed in the --
19 stayed taking default service in the period that
20 the reconciliation would be recovered.

21 Q The other question that I have is, and this was
22 talked about in the previous hearing in the same
23 docket, clearly, the Company chose to go monthly
24 prices February, March, April. And that, to the

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 best of my recollection, the hearing previously,
2 there was a sense of that you haven't yet decided
3 which way to go.

4 So, can you just give me a sense of,
5 did you consider whether having the same price
6 for all of the months in one go, so you have
7 roughly --

8 A (Menard) An average price over the six months,
9 versus a monthly?

10 Q Yes. And, so, what was the thought process?

11 A (Menard) Yes. The thought process was, for the
12 larger group, historically, it's been monthly
13 pricing to follow market. These customers tend
14 to have -- tend to migrate more, have options to
15 be served by competitive suppliers. This is --
16 these costs are more reflective of market
17 pricing, if we did it on a monthly basis, rather
18 than averaging it over a three-month period. So,
19 we decided to keep the construct that we've had
20 in place and use the monthly price.

21 Q If the price in February spooks some of the
22 customers, and they migrate, --

23 A (Menard) Uh-huh.

24 Q -- later the prices go down, can they come back?

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 And what is the process?

2 A (Warshaw) Yes. Customers are -- there is no
3 limit to my -- in our tariff for customers being
4 able to move on and off retail choice. But they
5 can't just do it "Oh, I'm going to do it
6 tomorrow." They can only move on a meter read
7 date. So, if they saw in February that "oh, I
8 don't like the February prices", well, if their
9 meter read date was, you know, February 2nd, they
10 would not be able to move off until March 2nd.

11 Q Okay.

12 A (Warshaw) Approximately. I don't know, you know,
13 exactly when they would move off, you know, with
14 meter read date and whatever other admin.
15 processes go along with that.

16 And then, my understanding is that
17 there's no limitation that, if they were saying
18 "Oh, I don't like being on retail choice. I'm
19 not happy with the supplier, he didn't provide"
20 whatever it was that the supplier said that they
21 would provide, a fixed price or something else,
22 they could go back. But, again, they would have
23 to identify, you know, that it would go back on
24 their meter read. I don't think there's a

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 waiting period in our tariff.

2 A (Menard) No. On the read dates.

3 Q I just wanted to understand. So, you may know
4 this quickly, so I'm asking you, but I can look
5 at the numbers and figure it out. But can you
6 give me a sense of what the February through
7 April kilowatt-hours, okay, relative to the
8 entire load is for Liberty Utilities?

9 And I'm talking about total load,
10 percentagewise. Rough is good.

11 A (Warshaw) For the Large Customer Group only?

12 Q No. I'm talking about the three months, this is
13 for the Large Customers, right, February through
14 April, that load, relative to the total load of
15 Liberty Utilities over those three months. So,
16 it's all customers when you look at the total.

17 A (Warshaw) I don't have that, because I'd have to
18 do a specific calculation, but --

19 Q Just give me a rough sense.

20 A (Warshaw) A rough sense is that approximately
21 half of our load is served by retail choice
22 providers, and about half of our load is served
23 from default service. And I don't have it broken
24 down of, you know, which is, you know, for G-1s,

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 you know, they're -- 80 percent is retail,
2 there's retail choice and 20 percent is default
3 service.

4 Do we have -- is that in our report?

5 A (Menard) In the old one.

6 A (Warshaw) Well, yes. I mean, that's, you know,
7 if I look at, you know, September of 2022, you
8 can see that 90 percent of the load for the G-1
9 customers is served in retail choice. Now, that
10 was September '22. I would guess, or I would be
11 pretty comfortable to say that that same
12 percentage would carry through going forward,
13 because, when I look at the previous two months
14 of July and August, that was 91 percent, and --
15 91, and then 90. So, some of that is variability
16 with their business, weather.

17 Q Yes. I understand that. I'm just saying that
18 amount relative to total load? And, if you don't
19 have an answer, we can figure it out. I mean,
20 it's not a -- and I'm looking for rough.

21 A (Menard) We can figure it out.

22 Q I'm just very curious what the percentage is.

23 A (Menard) But I just don't have it in front of me.
24 I'd need all the load. I don't have that right

[WITNESS PANEL: Warshaw|Doll|Menard|King]

1 in front of me.

2 CMSR. CHATTOPADHYAY: And that's fine.

3 Okay. That's all I have.

4 WITNESS WARSHAW: Could I ask for a
5 clarification?

6 CMSR. CHATTOPADHYAY: Sure.

7 WITNESS WARSHAW: What you're looking
8 for is what is the load of the Large Customer
9 Group that we're forecasting for the February
10 through April period, --

11 CMSR. CHATTOPADHYAY: Yes.

12 WITNESS WARSHAW: -- against what is
13 the entire load for Liberty, that would include
14 both default service at the Small Customer Group
15 and also all retail choice provision?

16 CMSR. CHATTOPADHYAY: That is correct.
17 That is what I'm asking.

18 And do you have to necessarily forecast
19 it? No. You can, just like you said, if you
20 have a sense across different months the number
21 is similar, then we don't need to. So, I think
22 I'm -- otherwise, I'm good.

23 WITNESS MENARD: I don't have it in
24 front of me. I can't get to the files right now.

{DE 22-024} {01-11-23}

1 CMSR. CHATTOPADHYAY: That's okay.

2 [Cmsr. Chattopadhyay and Cmsr. Simpson
3 conferring.]

4 CMSR. CHATTOPADHYAY: So, let's -- I
5 just checked with Commissioner Simpson. He told
6 me he doesn't have any other questions.

7 So, I'm going to go to the redirect.

8 MR. SHEEHAN: No, I don't have any
9 redirect. We've covered everything quite well.

10 CMSR. CHATTOPADHYAY: Okay. So, let's
11 go to the closing statements then. And let's
12 start with the OCA.

13 MR. KREIS: Thank you, Commissioners.

14 The Office of the Consumer Advocate
15 takes no position on the proposal that is
16 currently before you, in light of the fact that
17 it does not implicate the interest of residential
18 utility customers. I will say, though, that I am
19 very worried about where default energy service
20 is going, based on the evidence adduced at
21 today's hearing.

22 There was a question earlier about
23 "whether this is a sign of market failure?" And
24 the witnesses I think were reluctant to take a

1 position, but I don't. This is market failure in
2 action. And it is very, very worrisome.

3 And I do have to say that, if this
4 proposal covered any residential utility
5 customers, I would be very reluctant to urge the
6 Commission to adopt it, because I think that
7 there are some real dangers and perils here,
8 including strategic migration. Because, despite
9 what Ms. Menard testified, as far as I know, from
10 taking a gander at the Company's tariff, there is
11 nothing that prevents a default energy service
12 customer, of whatever class, from looking at
13 conditions that occur in the spot market, knowing
14 that those conditions will cause a
15 reconciliation, and then strategically migrating
16 out of default service and into competitive
17 supply, and then back into default service at a
18 time when the rates and market conditions look
19 better.

20 The other thing I want to say is that
21 it continues to baffle me why it is not okay to
22 disclose the number of bidders that are received
23 in one of these solicitations, up to and -- up to
24 the point where the utility decides that it's

1 okay to disclose that number, and/or when that
2 number goes to zero.

3 I mean, obviously, if you tell the
4 world, as has happened here, that there were no
5 bidders in two solicitations running for the same
6 class, that is interesting information to
7 bidders.

8 So, if you can't -- if it's okay to
9 tell the world "zero", I don't understand why it
10 isn't okay to tell the world some other number.
11 And, given the default energy service crisis that
12 we're in, the public's interest in knowing as
13 much as possible about what is going on here is
14 at its zenith, I would say.

15 Beyond that, I'm just glad that this
16 doesn't implicate residential customers, because
17 I'm very, very worried about it. I'm worried
18 because there -- the events of December 24th
19 suggest that it is altogether too easy for
20 capacity deficiency events to occur, because of
21 errors in weather forecasting and unforeseen grid
22 conditions. And, if we're not careful, people
23 are going to be paying in excess of \$2.00 a
24 kilowatt-hour for electricity. That shouldn't

1 happen to any customers in New Hampshire, even
2 the super big ones.

3 That's all I have to say.

4 CMSR. SIMPSON: Mr. Consumer Advocate,
5 would you entertain a question about the ISO
6 situation?

7 MR. KREIS: Of course.

8 CMSR. SIMPSON: I've seen in media
9 reports that ISO-New England is pursuing
10 penalties against generation facilities that did
11 not participate on those days when they had
12 commitments to do so.

13 Are you -- does that align with your
14 understanding?

15 MR. KREIS: Commissioner Simpson, thank
16 you for asking me that question. And at the risk
17 of providing testimony, I'll tell you at least
18 what I think I know.

19 CMSR. SIMPSON: Understood.

20 MR. KREIS: The bidders are -- supply
21 bidders, energy suppliers, are not allowed to bid
22 in excess of \$2,000 a megawatt-hour. So, when
23 the price goes above \$2,000, as it did back on
24 December 24th, what you're looking at are

1 pay-for-performance penalties, that are then
2 built into the spot price for some reason. But
3 those penalty payments are not paid by customers.
4 They are paid by generators that failed to
5 generate when dispatched.

6 CMSR. SIMPSON: And, if there's any
7 comments on how or if the Public Utilities
8 Commission can ensure and maximize any of the
9 benefits of those penalties to New Hampshire
10 ratepayers, I'm certainly interested in hearing
11 about that.

12 MR. KREIS: I would be interested in
13 that, too. I'm not aware that the market rules
14 allow for that at present. As I understand it,
15 the pay-for-performance penalties then are
16 devoted to paying for the reserve capacity that
17 had to be dispatched, because the generators that
18 promised to generate didn't generate.

19 CMSR. SIMPSON: Hmm.

20 MR. KREIS: And, of course, you have
21 Commissioner Chattopadhyay, who is a real expert
22 on this stuff, and he probably knows more about
23 it than I do.

24 CMSR. SIMPSON: Among many other

1 topics.

2 CMSR. CHATTOPADHYAY: I don't know how
3 much I can take, but, you know.

4 I think some of the generators that
5 actually performed better, they also get paid by
6 the others who didn't perform. So, that's also
7 part of the pay-for-performance construct.

8 MR. KREIS: The point being, though,
9 that, unfortunately, I don't think there's
10 anything in it for the ratepayers, even
11 conceivably.

12 CMSR. CHATTOPADHYAY: Unless there is
13 demand response, and, you know, the ratepayers
14 did something about it. But let's not go there.

15 MR. KREIS: Indeed. And, you know, it
16 is worth, at the risk of again providing
17 testimony, it's worth keeping in mind that there
18 are market conditions where the spot price goes
19 negative. So, in that scenario, I suppose, if
20 you're a default service customer of Liberty,
21 what you have every incentive to do is to use as
22 much electricity as you possibly can, so as to
23 flip the reconciliation in the other direction.

24 CMSR. CHATTOPADHYAY: Thank you. So,

1 let's go to DOE.

2 MS. AMIDON: Thank you.

3 I wasn't prepared to address questions
4 related to, you know, whether or not there is a
5 failure in the market or any of that at this
6 point, because that is not the subject of this
7 docket. And I understand that there is a docket
8 where you will be looking into those issues.

9 I certainly think that Commissioner
10 Simpson is correct, that some of the information
11 about the modeling and the experience that
12 Liberty has these three months in the real-time
13 market will help inform that. So, I think it's
14 appropriate, and support the request to get data
15 as soon as possible, I know they cannot -- and
16 there will be a time lag, but I think it's
17 appropriate to get that information. And I think
18 that was a very good request on your part. It
19 should help inform the Commission as we move
20 forward in that other docket.

21 In addition, I just wanted -- I don't
22 want to offer testimony, and I'll take my tongue
23 out of my cheek, but I do know that competitive
24 suppliers often are the entities that require

1 binding commitments from customers. And I have
2 heard, as I understand it, and if you are with a
3 competitive supplier, and even if you're a
4 residential customer, you may be required to take
5 supply from them for a specific term. And you
6 may also, if you want to end before that specific
7 term is done, and you want to leave, you have to
8 pay a penalty.

9 So, I do think, looking solely at the
10 utility side of this, in terms of competitive
11 supply, this probably doesn't give you the full
12 picture. I do think there are also some
13 strictures that the competitive suppliers
14 themselves impose on their customers. And I see
15 that Mr. Warshaw is nodding, which heartens me.

16 I would say that, based on the
17 information that the Company and that the
18 Commission has today, the Department, having
19 reviewed it, supports the request as made by the
20 Company, and that is to go to the Day Ahead
21 Market to purchase power for the Large Customer
22 Group for the months of February through
23 April 2023, and to calculate the rates on a basis
24 that would recover the costs for those -- for

1 that energy.

2 And I do think that, while the Company
3 chose a certain point in time with the Small
4 Customer Group to take the numbers to affix or
5 set the rates for the February through April
6 period, that intention was reasonably calculated
7 to get rates that were based on the market for
8 the applicable time. So, I think that also is
9 reasonable.

10 Also, the Department supports that
11 separate recovery of reconciliation costs to the
12 Large Customer Group for those costs, not only
13 for energy, but for any ancillary administrative
14 costs, and other variable costs that they may
15 incur in connection with this new enterprise of
16 going into the market.

17 And I think Commissioner Simpson may
18 want to consider whether or not you want to get
19 information on those additional costs, too,
20 because that also informs some of the costs that
21 would be passed through to customers as being the
22 cost necessary to provide energy to customers.

23 And, finally, the Department supports
24 the request of the Company to approve this

1 proposal by the end of this week, with the
2 understanding that the Department has that the
3 Company needs the additional time to make sure
4 that all the testing of the models and the other
5 work that needs to be done to implement the
6 proposal to go to the market for the Large
7 Customer Group for this period of time, it is
8 important to make sure that it's working and that
9 they have the ability to, you know, test their
10 system, I guess, or whatever it does entail,
11 before they're actually live with the program.

12 Thank you.

13 CMSR. SIMPSON: Just for the record, I
14 would just encourage the Company to work with the
15 Department of Energy on periodic reports that
16 you'd provide publicly to the Commission and
17 would be publicly available. If there are
18 datasets or analyses that the Department would
19 like to see as well, I encourage the Company to
20 work with them on that effort as we proceed.

21 Thanks.

22 CMSR. CHATTOPADHYAY: Let's go to the
23 Company.

24 MR. SHEEHAN: Thank you.

1 And to pick up that thread, as
2 mentioned, we're certainly willing to provide
3 reports, they would be useful for many purposes,
4 as we've discussed here, and in the other docket.
5 And we will talk to DOE and try to land on what
6 would make the most sense for everybody.

7 A couple loose ends. Our tariff does
8 have language about switching from default
9 service to competitive supply. And, as Mr.
10 Warsaw said, it is limited to meter read dates
11 in the normal course. And there does not appear
12 to be a limit of going back and forth, unlike the
13 gas side, with the transportation-type customers,
14 there are limits.

15 To address Mr. Kreis's concern over bid
16 confidentiality, it's in the rules is why we
17 assert it. The purpose of the rules was to get
18 the best price from bidders. It may not be -- it
19 may not be effective, but that was, as I
20 understand it, the intent of the rules, is, if
21 bidders think they may be the only bidder, the
22 price may be higher; if bidders think there are
23 seven or eight, the prices may be lower. And
24 keeping that in a bit of a black box I suspect

1 was a reason for the rule to keep that
2 confidential. Obviously, that can change, but
3 that's my understanding of the reason for it, and
4 why we assert it.

5 And I do echo Ms. Amidon's statement
6 that we do ask for a quick order on this. And I
7 appreciate that burden falls on folks to get
8 through that. I did that once upon a time, and
9 it was a necessary evil of the job to get some of
10 those out quickly, and we do appreciate the work
11 that goes into that.

12 So, to close, we believe that we have
13 presented evidence to support our request to
14 approve the rates in our proposal, those three
15 monthly rates for February, March, and April,
16 with the understanding that the actual costs will
17 be reconciled in our next Energy Service filing.
18 And that you approve our ability to go to the
19 market with Mr. Doll's group to purchase the
20 power, as he's described, and as he's going to be
21 prepared to do.

22 So, with that, I thank you for your
23 time and your questions.

24 CMSR. CHATTOPADHYAY: Thank you. I

1 think that's it.

2 So, we will strike identification of
3 Exhibits 6 and 7 and admit them into evidence.

4 If there are no further matters, we
5 will take this matter under advisement and issue
6 an order by close of business Friday, January
7 13th, as requested by the Company in its
8 Petition.

9 MR. SHEEHAN: I actually do have one
10 more thing.

11 On the exhibits, we provided that one
12 corrected page. I'm happy to resubmit the whole
13 Exhibit 7 with that corrected page, if you'd like
14 to sort of replace it with that, if that would be
15 your preference, or just leave the one page, the
16 one page is ignored?

17 CMSR. CHATTOPADHYAY: I think we are
18 fine the way it is.

19 MR. SHEEHAN: Okay. Great. Thank you.

20 CMSR. SIMPSON: I'll just note, I'll
21 recognize the Company for proposing a novel
22 solution to an issue in very challenging
23 circumstances. And we're appreciative of the
24 depth and information that have been provided to

1 us in the last couple of hearings.

2 MR. SHEEHAN: Thank you.

3 CMSR. CHATTOPADHYAY: The hearing is
4 adjourned.

5 ***(Whereupon the hearing was adjourned***
6 ***at 3:11 p.m.)***

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