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**JOHN D. WARSHAW  
ERICA L. MENARD  
JAMES M. KING  
AARON DOLL**

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**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>
4	Testimony of John D. Warshaw, with Attachments, and Testimony of Erica L. Menard and James M. King, with Attachments <b>{CONFIDENTIAL &amp; PROPRIETARY}</b>	<i>premarked</i>
5	Testimony of John D. Warshaw, with Attachments and Testimony of Erica L. Menard and James M. King, with Attachments <i>[REDACTED - For PUBLIC Use]</i>	<i>premarked</i>

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

CMSR. CHATTOPADHYAY: Let's go on the record.

Good morning, everyone. I am Commissioner Chattopadhyay, in a presiding capacity, due to the absence of Chairman Goldner this morning. With me is Commissioner Simpson.

This is the hearing for Docket DE 22-024, the Liberty Default Service Petition for the Default Service Rate Period February 1st, 2023, through July 31st, 2023.

Liberty has marked for identification the confidential version of its Petition and supporting testimony and attachments as confidential Hearing Exhibit 4, of course, there's the other one as well, which is the redacted one. These materials were -- materials were filed on December 16, 2022.

I'm just going to make sure I have the witness panel here. So, for Liberty, I'm assuming it's Aaron Doll, he's there, okay. And he's from Joplin, Missouri, right? Okay. And James King, Erica Menard, and John Warshaw.

Okay. Will there be any witness from

1 the New Hampshire Department of Energy?

2 [Atty. Young indicating in the  
3 negative.]

4 CMSR. CHATTOPADHYAY: Nope. Okay. So,  
5 I think it would be helpful if we break it up  
6 into the public session, and then the  
7 confidential session. But I really want to know  
8 how would the parties like to proceed, because I  
9 may end up having some questions that are in the  
10 nature of the confidential information?

11 MR. SHEEHAN: So, as far as I can tell,  
12 no one in the room is outside of the  
13 "confidential bubble", so to speak. So, my  
14 proposal is just to have the hearing as is. And  
15 Mr. Patnaude and I will work together after the  
16 hearing, to make sure the confidential references  
17 in the transcript are marked, rather than having  
18 to break into a separate session.

19 CMSR. CHATTOPADHYAY: Okay. That's  
20 great. That will make it easier.

21 MR. SHEEHAN: And, so, we can forget  
22 confidential for now, and we'll deal with it  
23 later.

24 CMSR. CHATTOPADHYAY: Okay. Excellent.

1           So, let's start with, you know, if the  
2 parties have any opening statements or any other  
3 preliminary matters that they want to address?

4           MR. SHEEHAN: Sure. I can begin. Mike  
5 Sheehan, for Liberty Utilities (Granite State  
6 Electric) Corp.

7           As everyone knows, we're here for  
8 approval of our Default Service rates for the  
9 upcoming period. And, as everyone is also aware,  
10 this is an unusual season for that.

11           We have the following request before  
12 the Commission today: First, it's to approve the  
13 contract to serve our residential customer block,  
14 for which we received qualified bids, and we  
15 selected the best qualifying bid for the  
16 six-month period. The second is to approve the  
17 contract with -- for the Commercial Block B,  
18 which is the second three months of our period.  
19 Mr. Warshaw will explain the process that  
20 resulted in that qualifying bid. Third, we did  
21 not receive qualifying bids for the first three  
22 months of the Commercial block. Our proposal, as  
23 set forth in the Petition, is to reissue the RFP  
24 now, I think Mr. Warshaw is going to send it

1 before the end of the year, and have a hearing  
2 and order by the middle of January for that  
3 block.

4 And, last, there's certainly the  
5 possibility that we don't receive a qualifying  
6 bid for that block, "Block A" we call it. And,  
7 so, as discussed at our prehearing conference a  
8 few weeks ago, Mr. Doll and his group are  
9 prepared -- are preparing now to go to the market  
10 if we have to. And it might make things easier  
11 for us if the Commission approves that  
12 contingency now. I don't think Aaron's group  
13 needs official permission from the Commission to  
14 do the setup work, but, just in case, it may be  
15 helpful that the order coming out of this one  
16 could have a conditional approval of going to the  
17 market, should the second RFP not result in  
18 qualifying bids that the Commission ultimately  
19 approves.

20 So, those are the asks of the Company  
21 here this morning.

22 CMSR. CHATTOPADHYAY: Anything from the  
23 OCA?

24 MR. KREIS: Just a hearty "good

1 morning" from the Office of the Consumer  
2 Advocate, which, as you know, is here  
3 representing residential utility customers.

4 I'd like to wish everybody a Merry  
5 Christmas and a Happy Hanukkah, those being the  
6 Solstice-related festivals of energy efficiency.  
7 Of course, the lamp in the Temple in Jerusalem  
8 burned for eight days, when it was only supposed  
9 to burn for one. And, of course, what sort of  
10 dwelling place would be in more need of a home  
11 weatherization upgrade than the manger from the  
12 Nativity.

13 Those are the only two world religions  
14 of which I have a working knowledge. I'm sure  
15 there are energy efficiency-related implications  
16 to the other holidays of the season.

17 The Office of the Consumer Advocate,  
18 just to cut to the chase, is going to recommend  
19 that the Commission approve the request that  
20 Liberty has made for updated Default Energy  
21 Service rates, and for a secondary, or a sort of  
22 "do over" RFP for part of the Large Customer  
23 load.

24 It's clear, though, that what we're



1           experiencing now, with respect to default energy  
2           service, means that the established method for  
3           procurement isn't working anymore and needs to be  
4           updated. There's another open proceeding for  
5           that purpose. So, I don't think we need to  
6           address it here, though tempted I am to do so.

7                        So, I think that's all I have to say by  
8           way of an opening statement.

9                        CMSR. CHATTOPADHYAY: Thank you.  
10           Anything from DOE?

11                       MR. YOUNG: Good morning,  
12           Commissioners. My name is Matt Young, on behalf  
13           of the Department of Energy. With me today is  
14           Steve Eckberg and Scott Balise, who are analysts  
15           in our Regulatory Division; as well as Suzanne  
16           Amidon, who is co-counsel; and Liz Nixon, who is  
17           the Director of the Electric Division.

18                       No preliminary matters at this time. I  
19           have some closing remarks, I think, but I don't  
20           have anything right now.

21                       CMSR. CHATTOPADHYAY: Thank you. So,  
22           let's swear in the witnesses. You can all come  
23           to the podium here.

24                       So, my note says "take appearances",

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

1 but I think you have already talked about that  
2 enough. So, we will directly go to Michael  
3 Sheehan to the direct examination of the  
4 witnesses.

5 Sorry. Please swear in the witnesses.

6 (Whereupon **John D. Warshaw,**  
7 **Erica L. Menard, James M. King,** and  
8 **Aaron Doll** were duly sworn by the Court  
9 Reporter.)

10 MR. SHEEHAN: Thank you. And just a  
11 sidenote, as referenced in our filing last week,  
12 Mr. Doll did not file -- draft prefiled  
13 testimony. He's here for the primary topic of  
14 the -- if the next RFP does not succeed.  
15 Otherwise, the witnesses here in the room are  
16 presenting the testimony in support of the rates  
17 we're seeking approval of today.

18 **JOHN D. WARSHAW, SWORN**

19 **ERICA L. MENARD, SWORN**

20 **JAMES M. KING, SWORN**

21 **AARON DOLL, SWORN**

22 **DIRECT EXAMINATION**

23 BY MR. SHEEHAN:

24 Q I'll start with you, Mr. Warshaw. Please

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

1 introduce yourself, give your name and your  
2 position with Liberty?

3 A (Warshaw) Excuse me. My name is John D. Warshaw.  
4 I am the Manager of Electric Supply for Liberty  
5 Utilities Service Corp. And I provide services  
6 to Liberty Utilities (Granite State Electric)  
7 Corp.

8 Q And, Mr. Warshaw, you have been in essentially  
9 the same role since Liberty was acquired by its  
10 current parent, is that true?

11 A (Warshaw) That is correct.

12 Q And, Mr. Warshaw, you drafted testimony that  
13 appears at the beginning of both Exhibit --  
14 confidential Exhibit 4 and redacted Exhibit 5, is  
15 that correct?

16 A (Warshaw) Correct.

17 Q And the form of the outline of the testimony is  
18 pretty much the same as you have filed for many  
19 years now in support of these default service  
20 proceedings?

21 A (Warshaw) Yes.

22 Q Although the content is a bit unusual in this  
23 particular instance, is that fair?

24 A (Warshaw) That's very fair.

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

1 Q Okay. Do you have any changes to your testimony  
2 that you would like to bring to the Commission's  
3 attention?

4 A (Warshaw) Not that I see.

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

7 A (Warshaw) Yes, I do.

8 Q Thank you. We'll come back to you in just a  
9 minute.

10 Ms. Menard, please introduce yourself  
11 and your position with the Company?

12 A (Menard) Good morning. My name is Erica Menard.  
13 I am the Senior Director of Rates and Regulatory  
14 Affairs for Liberty Utilities Service Corp.

15 Q And, in that role, you provide services for  
16 Granite State and EnergyNorth, is that fair?

17 A (Menard) Yes, it is.

18 Q Okay. And you are relatively new with Liberty,  
19 but you come here after many years at our  
20 colleague utility, Eversource, is that correct?

21 A (Menard) That's correct.

22 Q Is it correct to say that you, along with Mr.  
23 King, drafted the testimony that appears  
24 beginning at Bates 121, in both Exhibit 4 and

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

1 Exhibit 5?

2 A (Menard) Yes.

3 Q And do you have any changes to that testimony?

4 A (Menard) No, I do not.

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

7 A (Menard) Yes, I do.

8 Q Thank you. Mr. King, please introduce yourself  
9 and your position with Liberty?

10 A (King) Hi. My name is James Michael King. I am  
11 an Analyst II. I am employed by Liberty  
12 Utilities Service Corporation.

13 Q And, as with the others, in your role as a LUSC  
14 employee, you provide services to Granite State  
15 Electric, is that correct?

16 A (King) I do. That's true.

17 Q And you are also relatively new with Liberty, is  
18 that correct?

19 A (King) That is correct.

20 Q And, prior to joining Liberty as an analyst,  
21 where did you work?

22 A (King) I worked for the Massachusetts Department  
23 of Public Utilities, in the Rates and Revenue  
24 Department -- Rates and Revenue Requirements

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

1 Division.

2 Q Thank you. And, with Ms. Menard, you prepared  
3 the testimony and exhibits that appear beginning  
4 at Bates Pages 121, is that correct?

5 A (King) That is correct.

6 Q Do you have any changes you would like to bring  
7 to the Commission's attention?

8 A (King) I do not.

9 Q And do you adopt your written testimony as your  
10 sworn testimony here today?

11 A (King) I do.

12 Q Why don't we take the rates and bill impact, to  
13 get that out of the way, because it's mostly  
14 math, if I'm correct.

15 Ms. Menard, could you describe for us  
16 how you calculate a rate that the Company is  
17 seeking -- I'll start over. How you calculated  
18 the rates that the Company is seeking approval of  
19 this morning?

20 A (Menard) Yes. We take -- so, we're in the  
21 February service time period. So, during the  
22 six-month period, there's no reconciliation to  
23 attend to. So, we take -- we're mainly just  
24 focused on the wholesale contract prices. We

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

1 take the pricing that are the results of the RFP  
2 from Mr. Warshaw's testimony. And we input those  
3 in our six-month block, do that for the Small  
4 Group, calculate an average rate for the  
5 six-month period.

6 And then, for the Large Customer Group,  
7 those are on a monthly basis, so we take the  
8 individual monthly rates, and no averaging there,  
9 they're just straight monthly rates. We layer on  
10 top of those the previously approved  
11 reconciliation factors.

12 And that's how the current period rates  
13 are set.

14 Q And, as you referenced, the reconciliation is not  
15 done in this proceeding, that's done in the  
16 summer default service proceeding, is that  
17 correct?

18 A (Menard) Correct.

19 Q And, for today, the Company has rates for the  
20 Small/Residential block and the second Large  
21 Commercial block, is that correct?

22 A (Menard) That's correct.

23 Q And there are no rates for the first block to be  
24 approved today?

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

1 A (Menard) Correct, not at this time.

2 Q Now, what are the rates that the Company is  
3 seeking approval of for those -- well, primarily  
4 for the Residential block, because that's the one  
5 that gets the -- certainly, the headline rate  
6 that often gets discussed most?

7 A (Menard) Yes. On Bates Page 140, the Small  
8 Customer Group, on Line 21, the weighted average  
9 rate for that Small Customer Group is 22 -- it's  
10 \$0.22007 per kilowatt-hour, or 22.007 cents,  
11 which is not much of a change from our current  
12 rates in effect for this group.

13 Q And where can we find the rates for the second  
14 block or the Commercial block that the Company is  
15 seeking approval of?

16 A (Menard) The Large Customer Group, and those  
17 rates are on Bates Page 139, and you'll see those  
18 for the May through June -- May, June, and July  
19 time period on Line 17. Those rates are, for  
20 May, is 11.830 cents per kilowatt-hour; for June,  
21 11.421 cents per kilowatt-hour; and 13.380 cents  
22 per kilowatt-hour for July.

23 Q Thank you. And, in that table you were just  
24 referencing, there are numbers for the first



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

1 three months. And it appears that those are just  
2 the reconciliation-related numbers, and there are  
3 zeros where the commodity would be, is that  
4 correct?

5 A (Menard) That's correct.

6 Q And, when we come back in January, hopefully with  
7 a successful RFP, then that will be populated  
8 with a commodity price?

9 A (Menard) Yes.

10 Q Thank you. Mr. King, did you prepare a bill  
11 impact analysis of the rates Ms. Menard just  
12 described?

13 A (King) I did, yes.

14 Q And where can we find that?

15 A (King) They can be found on Bates Page 141 and  
16 142, marked as "Attachment ELM/JMK-3".

17 Q And, as I understand it, you performed two  
18 comparisons. One is the proposed rates to the  
19 existing rates, and the other is the proposed  
20 rates to what was approved a year ago in this  
21 same timeframe, is that correct?

22 A (King) That is correct.

23 Q Can you point us to those two and explain what  
24 the differences are?

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

1 A (King) Yes. If we go to Bates Page 141, it  
2 compares the current rates as of December 1st,  
3 2022, and the rates -- proposed rates for  
4 February 1st, 2023. The bill impact difference  
5 is a decrease of 21 cents, or approximately one  
6 percent difference from current rates.

7 And, following the next page, on  
8 Bates 142, provides a bill impact comparison from  
9 rates -- rates from February 1st, 2022, to  
10 proposed rates on February 1st, 2023. The bill  
11 impacts reflect a \$71.67 increase from rates a  
12 year ago.

13 Q Thank you. And the headline difference in those  
14 two rates from last year to this year is this  
15 energy piece of the rate, is that fair?

16 A (King) Yes. Out of the \$70.67 [\$71.67?]  
17 difference, the supply portion has consisted of  
18 \$70.77. So, predominantly the supply portion,  
19 yes.

20 Q Thank you. Mr. Warshaw, I'll turn to you now.

21 Going into this solicitation, did the  
22 Company follow -- did you, working on behalf of  
23 the Company, follow the same procedures as you  
24 always follow for these default service

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

1 proceedings?

2 A (Warshaw) Yes, I did.

3 Q And, at a high level, what does that consist of,  
4 when you start to go to the market to find a  
5 price?

6 A (Warshaw) We will issue the RFP approximately six  
7 weeks -- well, approximately three months when we  
8 need new rates. So, we issued an RFP about -- on  
9 November 1st. I issued that to a group of  
10 companies and individuals that have expressed  
11 interest to me for receiving this RFP. I also  
12 distribute the RFP to the ISO-New England Markets  
13 Committee mailing list. So, it has wide  
14 distribution.

15 I also will reach out to the  
16 individuals at companies that have either in the  
17 past bid into our RFP some previous years, and  
18 also companies that possibly would be interested  
19 in bidding into the RFP, to see what sort of  
20 interest there is.

21 Q Is it fair to say, Mr. Warshaw, that, as far you  
22 know, pretty much anyone who could supply energy  
23 to Liberty knew about this RFP, as is always the  
24 case?

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

1 A (Warshaw) Yes.

2 Q Is there any concern on your part that somebody  
3 out there didn't know that we were seeking the  
4 contracts that we have before us today?

5 A (Warshaw) I don't have a concern about that.

6 Q And, as I understand it, the process, you send  
7 the RFPs out, and you get two responses, one is  
8 the indicative bid, and then a week later you get  
9 final bids. Is that what happened this year?

10 A (Warshaw) Yes. Well, I actually get three  
11 responses. There's an intermediate point, where  
12 we request the companies that are looking to bid  
13 to provide us with financial information and  
14 contact information, and any liabilities or core  
15 issues that may have developed that could prevent  
16 them from, you know, responding to the bids.

17 Also, if it's a new supplier, we would  
18 also require them to provide us with any comments  
19 that they might have to modify the standard  
20 Master Power Agreement that is issued as part of  
21 the solicitation.

22 By doing this a few weeks ahead of  
23 indicative bids, this gives us time to look -- to  
24 see if there are any issues, and especially if we

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

1 need to negotiate a new Master Power Agreement  
2 with a new supplier. We -- Liberty will not  
3 accept bids for, you know, either indicative or  
4 final bids, if there is not a Master Power  
5 Agreement on file and executed with the Company.

6 Q And, Mr. Warshaw, the reason for that is, once  
7 you receive bids, the timeline for signing and  
8 approving is so short that it is not feasible to  
9 be negotiating the underlying contract during  
10 that crunch time, is that fair?

11 A (Warshaw) That's right. Once we receive final  
12 bids and we get -- and receive authorization to  
13 select the winning bidder, there still is some  
14 back-and-forth negotiation for a final  
15 Transaction Confirmation that would be executed  
16 by both parties.

17 Q And, Mr. Warshaw, this year, I assume we all knew  
18 this could be a different dynamic than in past  
19 years. When did you first receive indications  
20 that the Company may not receive sufficient  
21 qualifying bids?

22 A (Warshaw) That was after I received the -- late  
23 November, when a number of bidders that I  
24 normally expect to see did not supply their

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

1 company information, and I started to reach out  
2 to suppliers to ask, you know, what was holding  
3 them up, or, you know, if they were interested in  
4 bidding? And, if not, what was keeping them from  
5 bidding?

6 CMSR. SIMPSON: Attorney Sheehan, sorry  
7 to interrupt. I just wanted to let you know, a  
8 member of the public has come into the room.

9 MS. NIXON: No. No, she's one of our  
10 staff, sorry.

11 CMSR. SIMPSON: Oh, I'm sorry. I saw  
12 an "Eversource" page on his folder.

13 *[Laughter.]*

14 CMSR. SIMPSON: So, my mistake. A  
15 rookie mistake.

16 MS. NIXON: No problem.

17 MR. SHEEHAN: Thank you.

18 BY MR. SHEEHAN:

19 Q Ultimately, the Company received some indicative  
20 bids and some final bids just a week ago, is that  
21 correct?

22 A (Warshaw) That is correct.

23 Q And let's focus on the Small Customer Group, the  
24 Residential Group, the Company received a single

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

1 bid, is that correct?

2 A (Warshaw) That is correct.

3 Q And that's the number that Ms. Menard just took  
4 and calculated, the rates we just heard  
5 described, is that correct?

6 A (Warshaw) That is correct.

7 Q Can you tell the Commission why the Company is  
8 seeking approval of that single bid?

9 A (Warshaw) We're seeking approval, because this --  
10 we consider the RFP to be successful. We  
11 consider that to be a competitive source. It was  
12 well advertised -- well, not advertised, but it  
13 was well distributed and known in the  
14 marketplace. We received one bid, but that was a  
15 reflection of the marketplace.

16 Q And, on the commercial side, the Block B, where  
17 we had -- we have a proposed rate, how many bids  
18 did -- final bids did you receive for that block?

19 A (Warshaw) We received no bids for the Block A.,  
20 and we received one bid for Block B.

21 Q And the same question as to Block B, why is it  
22 that the Company is recommending the Commission  
23 approve the rates that flow from that bid that  
24 you received on Block B?

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

1 A (Warshaw) The Company has the same viewpoint as I  
2 recently expressed for the Small Customer Group  
3 Block A.

4 Q Thank you. As to the Block A, is it correct that  
5 the Company intends to issue another RFP to  
6 receive bids for that block?

7 A (Warshaw) Yes. I propose in my testimony to  
8 issue a solicitation request for bids for just  
9 Block A, for just that short period of time,  
10 February 1st through April 30th of 2023.

11 Q And, Mr. Warshaw, you set out a schedule in your  
12 testimony for that, that next RFP?

13 A (Warshaw) That is correct, yes.

14 Q Did the Company think about whether to -- well,  
15 let me back up. Is the RFP going to be the same  
16 as the RFP that was sent out before, meaning  
17 you're asking the suppliers to bid on the same  
18 service?

19 A (Warshaw) Yes, the same service.

20 Q Did the Company consider changing that?

21 A (Warshaw) The Company had internal discussions  
22 regarding what changes we may want to make to the  
23 solicitation.

24 Q And, ultimately, the Company decided not to seek



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

1 bids different than the -- for lack of a better  
2 word, the "usual" bids for default service?

3 A (Warshaw) Correct. We elected to continue with  
4 seeking bids where the supplier would take on the  
5 full obligation as a load-serving entity in  
6 ISO-New England marketplace.

7 Q So, come early January, when the Company receives  
8 responses to that RFP, there is a chance that we  
9 do not receive a qualifying bid, is that correct?

10 A (Warshaw) Yes.

11 Q What is the Company's plan to do in that event?

12 A (Warshaw) If the Company does not receive any  
13 bids, the Company then plans to serve that load  
14 on its own from the spot market.

15 Q And, again, at a high level, what would be the  
16 request the Company would make of the Commission  
17 then? How would the Commission approve a rate  
18 for Block A for Commercial customers?

19 A (Warshaw) We would propose a rate based on the  
20 market fundamentals at the time of our proposal.  
21 And we would also propose that that rate would be  
22 fully reconcilable in the next reconciliation  
23 that Ms. -- Ms. Menard had mentioned in her  
24 testimony.

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

1 Q I know, Mr. Warshaw, you're not involved on the  
2 gas side, but, in the cost of gas, the Company  
3 projects what the market would be. The Company  
4 builds a rate, charges a rate, and then  
5 reconciles to the actuals after-the-fact. Is  
6 that essentially what your group and Mr. Doll's  
7 group would do for the electric side for this  
8 block?

9 A (Warshaw) Yes. That's what the Regulatory group,  
10 Ms. Menard's group would do, yes.

11 Q And, Ms. Menard, is that correct? How would  
12 the -- how would you ultimately come up with a  
13 rate to propose for that first three-month block,  
14 in the event of no qualifying bids?

15 A (Menard) We would ultimately take the proxy  
16 wholesale rate and use that as our supply portion  
17 of the rate, and then layer on top of that the  
18 reconciliation factors to come up with the final  
19 rate for each month.

20 Q Is it fair to analogize to the cost of gas method  
21 of calculating rates?

22 A (Menard) Yes.

23 Q Mr. Doll, again, you did not file testimony, but  
24 you spoke at a prehearing conference a few weeks

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

1 ago. Could you, again, just briefly introduce  
2 yourself and the role you play with Liberty?

3 A (Doll) Sure. My name is Aaron Doll. I'm the  
4 Senior Director of Energy Strategy, mainly  
5 representing the Central Region over the past  
6 five years, and will be supporting the East  
7 Region, including Granite State. I work for  
8 Liberty Utilities Service Corp.

9 Q And, Mr. Doll, in the Central Region, there is an  
10 vertically integrated utility where the Company  
11 is -- well, your group is participating in the  
12 daily market, as New Hampshire may have to do  
13 this winter, is that correct?

14 A (Doll) That is correct. We participate in the  
15 Southwest Power Pool Integrated Marketplace. We  
16 have both generation and load that we participate  
17 in the marketplace with.

18 Q And is it fair to say you expect the process in  
19 New Hampshire to be similar, although you will be  
20 dealing with a different market and a different  
21 ISO?

22 A (Doll) That is correct. As far as participation  
23 for load purchases from the RTO, it will be a  
24 somewhat similar process mechanically. Although,

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

1 every RTO has different rules and mechanisms, and  
2 is something that we're currently in the process  
3 of reviewing.

4 Q The need to go to your group for power, if it  
5 happens, is only five or six weeks away. Are you  
6 comfortable that the Company will be ready to do  
7 so, and are you taking the steps necessary to do  
8 so, should the second RFP not result in  
9 qualifying bids?

10 A (Doll) Yes. Based on our assessment of the time,  
11 we're going to have to start this work in  
12 parallel with the second RFP, rather than  
13 sequential. So, we have kicked off that process  
14 as of this week. And, to the extent we get to a  
15 position where we don't feel the group can  
16 perform the function mechanically for some reason  
17 or another, we do have many PSAs and MSAs with  
18 third party marketers that we could use to help  
19 perform that function, if necessary.

20 Q And "PSAs" and "MSAs" are existing contracts with  
21 outside folks who can step in and help you, is  
22 that fair?

23 A (Doll) Yes. Sorry. "Professional Service  
24 Agreements" and "Master Service Agreements".

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

1 Yes.

2 MR. SHEEHAN: Thank you. That's all I  
3 have. Thank you.

4 CMSR. CHATTOPADHYAY: Before we go to  
5 the OCA, I think I heard that Ms. Menard's and  
6 Mr. King's testimony begins at "121". But I'm  
7 looking at the exhibit, it starts at "123".

8 So, I recently had ear surgery, so I  
9 may be hearing it wrong. But I just wanted to  
10 make sure that I have that right?

11 MR. SHEEHAN: You are correct. That  
12 was my error.

13 WITNESS MENARD: That is correct.

14 CMSR. CHATTOPADHYAY: Okay. So, okay.  
15 So, let's go to the OCA.

16 MR. KREIS: Thank you. Good morning,  
17 Liberty witnesses. I just have a few questions.  
18 I think they're all for Mr. Warshaw. But I have  
19 no problem with any of the witnesses answering  
20 any of my questions. Okay.

21 **CROSS-EXAMINATION**

22 BY MR. KREIS:

23 Q Mr. Warshaw, as I understand the Company's  
24 filing, Liberty issued its RFP on November 1st.

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

1 It received indicative proposals on December 6th,  
2 and then it received final proposals on  
3 December 13th.

4 I haven't calculated the number of days  
5 between November 1st and the December 13th, but  
6 it's about a month and a half. Is that, in your  
7 opinion, the optimal length for an RFP or RFPs of  
8 this nature to be outstanding?

9 A (Warshaw) I don't know about "optimal", but it's  
10 the timeframe that we have found useful over the  
11 last few years. It gives the bidders, either  
12 existing or new bidders, enough time to review  
13 the data, do the modeling, do the forecasting,  
14 and look at any other issues and be prepared to  
15 work with us.

16 Q So, you would expect they would be unhappy if  
17 there were less time available between RFP and  
18 contract?

19 A (Warshaw) It would depend upon the structure of  
20 the RFP, and what was -- how we proceeded with  
21 it.

22 Q When was the last time a new bidder popped up to  
23 express interest and ask you questions?

24 A (Warshaw) I have not had a successful new bidder

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

1 in a few years. But I have been in discussions  
2 with an additional bidder over the last year or  
3 so.

4 Q You offered some testimony about what exactly  
5 happens between November 1st and December 13th.  
6 You described some, I guess, conversations and  
7 contacts, you mentioned indicative bids, which  
8 are referred to I think in your testimony as  
9 "indicative proposals". Could you describe what  
10 exactly is in an indicative proposal?

11 A (Warshaw) An indicative bid or proposal is simply  
12 information that the bidders will provide as a  
13 price that they would serve the load. And this  
14 price is not something that is firm, it is not a  
15 price that they would commit to. It just gives  
16 us a general idea of what the market is doing and  
17 what the bidders are doing. It's also a way of  
18 seeing if bidders understand the RFP.

19 Early on, I had seen some odd  
20 indicative bids, you know, way back, when we  
21 first started this, that supported the idea of  
22 letting bidders provide some number. So that  
23 it's not like "Oh, they think they're bidding,  
24 you know, dollars per megawatt-hour", and

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

1           somebody missed that and is bidding dollars per  
2           kilowatt-hour or something.

3    Q       You are probably aware, I presume, that there's a  
4           very large utility in this state, I won't mention  
5           its name, but its initials are "Eversource", that  
6           doesn't seek indicative bids from suppliers.

7                        Would it be possible or desirable for  
8           you to go that route and forgo that step?

9    A       (Warshaw) That's one way of approaching it.

10   Q       But it's not the way that you would recommend  
11           approaching it?

12   A       (Warshaw) It's not the way that we have done it  
13           in the past.

14   Q       There was only one bidder for the Small Customer  
15           Group, that's NextEra. Could you take me through  
16           exactly what contact you had with NextEra,  
17           beginning with when the RFP went out, and ending  
18           with you, meaning "Liberty", signed the contract  
19           with NextEra, "NextEra Energy Marketing", to be  
20           precise?

21   A       (Warshaw) And, to be precise, when we issued the  
22           RFP, they were on the distribution email list.  
23           They responded that they would be participating  
24           in the RFP.



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

1 Q Let me just interrupt you. When you say "they  
2 responded", did you receive an email from them,  
3 did they call you up? I'm just trying to get a  
4 feel for what the relationship is between Liberty  
5 and NextEra, because it pops up a lot as a  
6 bidder?

7 A (Warshaw) It's a combination. You know, they  
8 would respond with their company information that  
9 we ask all bidders to provide by a specific date.  
10 I also have, I don't have the exact days, but I  
11 did reach out to an individual that was -- that  
12 was, you know, leading the NextEra proposal, to  
13 see if they had issues or if there were issues in  
14 the marketplace that they had concerns with.

15 Q Did they have any issues like that?

16 A (Warshaw) Yes.

17 Q What were they?

18 A (Warshaw) They had expressed concerns about the  
19 Mystic Cost of Service charge that ISO-New  
20 England signed an agreement with, that ends up  
21 with some additional charges in the cost of  
22 serving load in New England. They also had some  
23 concerns about New Hampshire's Community  
24 Aggregation Program.

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

1 Q And, so, with respect to those two issues,  
2 Community Power Aggregation and Mystic, it was  
3 the bidder, NextEra, that raised those subjects  
4 with you, you didn't raise those subjects with  
5 it?

6 A (Warshaw) No. I ask leading questions.

7 Q So, you raised the question about "What do you  
8 want to do about Mystic?" "Are you worried about  
9 Community Power Aggregation?" I'm just trying to  
10 get a feel for what the dynamic really is.

11 A (Warshaw) No. It would be more like "Do you have  
12 any issues?" That's how I look at a "leading  
13 question".

14 Q Oh. "Do you have any issues?" And, so, their  
15 answer was "Well, yes. As a matter of fact,  
16 we're worried about Mystic, and we're also  
17 worried about Community Power Aggregation"?

18 A (Warshaw) Something like that, yes.

19 Q Okay. And, just to be clear, by "Mystic", what  
20 you mean is, that FERC has approved an agreement  
21 by which Mystic Station, in Everett,  
22 Massachusetts, is considered so essential to the  
23 reliable operation of our electricity grid that  
24 it is essentially being treated as a -- as a

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

1 old-fashioned electric utility, in that it  
2 recovers its costs, regardless of whether those  
3 costs are competitive with respect to the market.  
4 Is that a fair statement?

5 I know that was an elaborate question.  
6 A (Warshaw) That's within -- within reason. They  
7 are subject to audit by the ISO, to ensure that,  
8 you know, it is their cost, and not just some  
9 made-up number that they're using.

10 Q Well, why would a supplier be so freaked out  
11 about Mystic, and Mystic's -- the initials that I  
12 see are "RMR", which stand for "Reliability  
13 Must-Run".

14 So, Mystic is a Reliability Must-Run  
15 unit, it gets to recover its costs. Why does  
16 that freak out suppliers?

17 A (Warshaw) It's a cost that the supplier is unable  
18 to hedge or even forecast what cost that will be,  
19 they would be bearing, during the period of time  
20 that they're serving that load.

21 Q And is it fair to say, since I know how to ask  
22 leading questions, too, I guess, is it fair to  
23 say that the non-hedgeability of the Mystic RMR  
24 Agreement has to do with Mystic's fuel costs?

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

1 A (Warshaw) That's my understanding.

2 Q And the fuel costs are unpredictable, because  
3 Mystic relies on liquified natural gas that  
4 arrives by boat, and essentially Mystic is a  
5 price and shipment taker in that scenario?

6 A (Warshaw) I believe that's true.

7 Q Are you familiar with the results of the Standard  
8 Offer solicitation that was concluded in later  
9 November in our neighboring State of Maine?

10 A (Warshaw) Other than what you just said, yes.  
11 That's about the length of my understanding. I  
12 have not looked into any details in the Maine  
13 process or the results of its solicitation.

14 Q So, you, therefore, are not aware that the  
15 Standard Offer prices that were negotiated by the  
16 Maine Public Utilities Commission are  
17 significantly lower than the Default Energy  
18 Service prices that seem to be prevailing here in  
19 New Hampshire?

20 A (Warshaw) I have not looked at that, no.

21 Q But, if I told you that they're on the order of  
22 16 and 17 cents for the two large utilities in  
23 Maine, subject to check, you wouldn't have any  
24 reason to suggest that I'm incorrect, would you?

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

1 A (Warshaw) I would take your word for it.

2 Q And would you take my word for it that one of the  
3 components of Standard Offer Service in Maine, as  
4 it goes into effect on January 1, is that the  
5 Mystic RMR costs were separated out of the  
6 Default Energy Service -- or, the Standard Offer  
7 Service bids that the Maine PUC received, and  
8 instead those costs are treated by Maine as a  
9 passthrough?

10 A (Warshaw) I believe that's true.

11 Q And you wouldn't have any reason to doubt my  
12 representation to you, subject to check, that a  
13 component of the Standard Offer rates in Maine is  
14 a Mystic RMR adder of 1.5 cents per  
15 kilowatt-hour?

16 A (Warshaw) I'll take your word for it.

17 Q And that that 1.5 cents per kilowatt-hour, at  
18 least as I understand the Maine order -- the  
19 orders is subject to reconciliation. So, the  
20 customers on Standard Offer in Maine will pay the  
21 actual costs of the Mystic RMR Agreement?

22 A (Warshaw) Yes.

23 Q So, I'm interested in what your opinion is of  
24 that 1.5 cent adder. Does that seem to comport

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

1 with your best judgment of roughly what you think  
2 the additional cost of the Mystic RMR Agreement  
3 is, as those costs pass through to retail rates?

4 A (Warshaw) I have no information to indicate that  
5 that is a adequate or inadequate value of that  
6 cost over the -- what, over the one-year period  
7 that the Standard Offer is set?

8 Q Even though I'm supposed to ask you the  
9 questions, I can say that, if you look up those  
10 Maine orders, those rates do apply for a year,  
11 all of calendar 2023.

12 A (Warshaw) Thank you.

13 Q So, you don't have any way of knowing or even  
14 estimating what the effect of the Mystic RMR  
15 Agreement is on the bid or bids that you  
16 received?

17 A (Warshaw) Correct.

18 Q And what about Community Power Aggregation? It  
19 was the bidder or bidders that you talked to that  
20 raised that subject with you as a concern?

21 A (Warshaw) Yes. That is a concern.

22 Q What's the nature of their concern?

23 A (Warshaw) Their concern is that they could bid  
24 for the load in our energy service company that

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

1 is a certain level, and then, once those programs  
2 are put in place, that load will then migrate off  
3 of energy service and onto the Community  
4 Aggregation Program. And, for that to happen,  
5 that's a -- could be a fairly large load that  
6 they would -- that they would no longer serve.

7 Q And you think that concern is a valid one, I  
8 would presume?

9 A (Warshaw) Yes.

10 Q Do you have an estimate in your mind about what  
11 percentage of its default energy service load  
12 Liberty expects to lose to Community Power  
13 Aggregation?

14 A (Warshaw) I have looked at the six towns that  
15 have expressed interest in Community Aggregation  
16 Programs. And I believe they have even filed  
17 some of those programs with the Commission. And,  
18 if that load left the Company, this is on an  
19 annual basis, I don't have anything -- any more  
20 detail than that, it could be up to 35 percent of  
21 our energy service load could be moved over to  
22 community aggregation.

23 Q If -- you've already answered that question.  
24 Your testimony proposes the issuance of Liberty's

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

1 next Default Energy Service RFP, I believe it's  
2 on May 1st of next year. How soon before that  
3 date would it be necessary for the Commission to  
4 make any changes to the procurement process in  
5 order for you to implement those changes?

6 A (Warshaw) Sometime before May 1st.

7 Q Well, like are we talking about April 30th?  
8 April has 30 days, I believe. Or, are we talking  
9 about February 28th, for example?

10 A (Warshaw) I wouldn't speculate. I don't know  
11 what changes they would order us to implement.  
12 They could be a simple change, or it could be a  
13 significant change that completely changes the  
14 process. So, a change that completely -- an  
15 order that completely changes the process, we'd  
16 probably need more than a couple of days. A  
17 simple order could be taken care of either by  
18 May 1st, or possibly allowing an extra day or two  
19 before, you know, into May to make any minor  
20 modifications to the process.

21 But, again, I don't know what the  
22 changes are. So, I can't tell you how long that  
23 would take to implement.

24 Q Fair, I think. Are you aware that Eversource



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

1 publicly disclosed the number of bids that it  
2 received in its recent Default Energy Service  
3 solicitation?

4 A (Warshaw) I have heard something to that effect.  
5 I have not read the transcript. And the order  
6 that did come out did mention -- by the  
7 Commission did mention that number.

8 Q But Liberty has chosen not to do that. Why not?

9 A (Warshaw) That's consistent with Liberty's  
10 agreement with the Commission, and its viewpoint  
11 of releasing the number of bidders in an RFP  
12 could possibly result in issues of price and  
13 continued participation by other bidders.

14 Q So, there was one bid for the default -- or, the  
15 Small Customer part of this RFP. And, as far as  
16 I know, that is a confidential piece of  
17 information. If that information were to be  
18 public, do you think the public would be  
19 concerned about the fact that there was only one  
20 bid?

21 A (Warshaw) I would not speculate on how the public  
22 would -- their viewpoint of that.

23 Q Well, let me ask you then, are you concerned that  
24 there was only one bid?

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

1 A (Warshaw) I was concerned, yes.

2 Q Why were you concerned?

3 A (Warshaw) I was concerned that participation was  
4 low, and we had one bid.

5 Q And, so, therefore -- well, what I want to  
6 distinguish is, were you concerned because one  
7 bid means that maybe the next time there will be  
8 no bids, or were you concerned because one bid  
9 raises doubts about the extent to which the  
10 process was truly competitive?

11 A (Warshaw) I'm more concerned with knowledge that  
12 only one bid would have in future solicitations.

13 Q I didn't understand the answer you just gave.

14 A (Warshaw) I was concerned -- I am concerned that,  
15 if the information is out in the public that we  
16 only had one bid in this RFP, it could possibly  
17 have an impact on future RFPs, and the  
18 participation in future RFPs.

19 Q Well, how -- I don't really understand how that  
20 would be. How would that impact occur? What  
21 would bidders in the future do with the knowledge  
22 that there was only one bidder?

23 A (Warshaw) Bidders could either think that the  
24 next RFP would also similarly have one or, you

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

1 know, a few bidders, and they could not have to  
2 provide a competitive price -- as competitive a  
3 price as if they think they would be competing  
4 against multiple bidders.

5 Q Do you think that NextEra doesn't know that it  
6 was the only bidder?

7 A (Warshaw) I have not told them that. They  
8 could -- they may speculate that. But I have not  
9 told them that they are the only bidder. If they  
10 read the transcript from this hearing, they may  
11 get that, that knowledge.

12 Q So, Mr. Warshaw, we are already there, right? We  
13 have one bidder. And, obviously, one -- in a  
14 one-bid scenario, that bidder can bid any price  
15 it wants, because it has no competition. It is  
16 both the high bidder and the low bidder. But, if  
17 I understood your testimony earlier, you  
18 nevertheless think that the bid you received and  
19 accepted was competitive. That was what you  
20 testified earlier, yes?

21 A (Warshaw) Since this is, basically, a sealed bid  
22 process, no bidder -- a bidder, at the time that  
23 they submit the bid, has no knowledge that they  
24 are the only bidder. They could assume that,

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

1 they could speculate that, but they have no  
2 knowledge, at the time that they submit a bid,  
3 that they are the only bidder.

4 Q And then, you, in fact, do some further analysis,  
5 to make your own determination about whether the  
6 actual price or prices that were bid are, in  
7 fact, competitive?

8 A (Warshaw) We do do that sort of an analysis, yes.

9 Q And that analysis is based on what?

10 A (Warshaw) That analysis is based on market  
11 fundamentals and the experience that we've seen  
12 on previous bids, in previous -- winning bids in  
13 previous solicitations.

14 Q Looking at Bates Page 108 of the Company's  
15 confidential filing, and I apologize, I don't  
16 know or probably have forgotten what the exhibit  
17 number is, that is a chart that's marked  
18 "Comparison of Change in Futures Prices to Change  
19 in Procurement Costs". Are you with me on that  
20 page?

21 A (Warshaw) Yes.

22 Q Okay. My first question is, the second group of  
23 numbers on that chart is "Electric Futures Price  
24 [dated] June 7th, 2022", if you carry that sort

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

1 of forward to the right of the chart, that --  
2 those June 7th, 2022 futures prices are all for  
3 the period that started in August of this year,  
4 and with January of next year.

5 I'm curious about why you didn't  
6 replace the futures prices with actual prices for  
7 those months that are no longer the future, but  
8 are either the present or the past?

9 A (Warshaw) The intent of this chart is to show, at  
10 the time of the receipt of bids, what the market  
11 viewpoint was at that time.

12 Q And why are that -- why is that information  
13 relevant to what we're talking about here today?

14 A (Warshaw) That provides a comparison of what the  
15 market's viewpoint was then and what the market  
16 viewpoint is now.

17 Q So, what we're thinking about now, I assume, is  
18 the futures prices that apply for the first half  
19 of this year, because that is, in part, I would  
20 assume, what gives you confidence that the bid  
21 that you accepted is competitive?

22 A (Warshaw) That's one of the pieces of information  
23 that we use to make that judgment.

24 Q And, also, on this page, Bates 108, you're also

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

1 looking at not just electric futures prices, but  
2 natural gas futures prices as calculated by  
3 NYMEX?

4 A (Warshaw) Correct.

5 Q And is there a -- is there a change in the delta  
6 between what NYMEX natural gas futures are doing  
7 and what electric futures are doing, or are they  
8 marching in lockstep?

9 A (Warshaw) They're similar.

10 Q Have you looked at futures prices farther into  
11 the future than July of 2023?

12 A (Warshaw) We do, but I have not looked. I don't  
13 have that specific information with me.

14 Q I'm just curious about whether you're -- what  
15 your thinking is about the future of default  
16 energy service? Do you expect it to remain in  
17 the 20-something cent range or do you see it  
18 going back down to where it was a few years ago,  
19 in the 7 or 8 cent range?

20 A (Warshaw) I would not speculate one way or the  
21 other.

22 Q Just look here and make sure that I have asked  
23 all of my questions.

24 Owe, my last question. NextEra is the

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

1 winning bidder for the Small Customer Group in  
2 this solicitation we're talking about here today.  
3 And NextEra was also the winning bidder in the  
4 Small Customer Group for Eversource that was  
5 heard and approved last week.

6 Is there any inference to be drawn from  
7 the fact that NextEra has become such an  
8 omnipresent supplier of wholesale energy to  
9 default energy service customers in New  
10 Hampshire?

11 A (Warshaw) They're one of the providers. I  
12 believe Eversource has more than just NextEra in  
13 their mix. We've had other suppliers than just  
14 NextEra. And it just happens that the conditions  
15 resulted in NextEra being the bidder for this  
16 solicitation.

17 Q In your opinion, what is it that allows NextEra  
18 to be such a reliable bidder, when other bidders  
19 that you know about and talk to are dropping out?

20 A (Warshaw) I could not speculate, NextEra's issues  
21 or what their -- or anything of why they're doing  
22 this, other than they feel that they are able to  
23 bid and are able to cover their costs, and make a  
24 profit, in these types of solicitations.

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

1 MR. KREIS: Thank you. Mr. Presiding  
2 Officer, those are all the questions I have for  
3 the Liberty witnesses at this time.

4 CMSR. CHATTOPADHYAY: Thank you. Let's  
5 go to DOE. Sorry. Let's go to DOE.

6 MR. YOUNG: Thank you.

7 BY MR. YOUNG:

8 Q So, Mr. Warshaw, I believe you said, in  
9 determining whether the bids received are  
10 market-based, you mentioned that you consider the  
11 RFP was well-distributed, and you also consider  
12 past bids as a factor as well, is that correct?

13 A (Warshaw) Yes.

14 Q Not to, you know, I think, belabor this point,  
15 but can you specify or describe any other factors  
16 that contribute to the Company reaching the  
17 conclusion that the bids were market-based?

18 A (Warshaw) The feedback that we received from  
19 other bidders, issues that have come up in this  
20 solicitation that have not surfaced in previous  
21 solicitations, over the last year things have  
22 gotten a little more interesting.

23 Q Okay. Turning to your testimony on Bates  
24 Page 010, there is a proposed procedural schedule



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

1 for the second RFP. Could you explain how the  
2 Company arrived at those dates?

3 A (Warshaw) I looked at the dates that Eversource  
4 had proposed in its filing the previous week.  
5 And I, in consultation and review within the  
6 Company, wanted to keep our solicitation away  
7 from Eversource's solicitation. So, we're not  
8 going out at the same time and expecting bids at  
9 the same time, which would then -- possible  
10 bidders would have "Do we supply a bid to  
11 Eversource?" "Do we supply a bid to Liberty?" I  
12 mean, this way we don't have -- they don't have  
13 to make that decision.

14 And, also, that schedule is so that  
15 there would be sufficient time to contract, make  
16 a filing, and allow the Commission to have a  
17 hearing on the rates that we may or may not  
18 receive in this second RFP.

19 Q And that same table shows less than two weeks  
20 between the RFP and the due date for the final  
21 bids. How does that compare to the corresponding  
22 amount of time in this initial RFP that was  
23 unsuccessful?

24 A (Warshaw) It's much shorter. But, to be

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

1 perfectly honest, we don't have the time to allow  
2 up to six weeks from issuing an RFP until we  
3 start to receive bids. If we did that, we would  
4 be receiving bids sometime in the middle of  
5 February, well past the date when the existing  
6 contracts for energy service have expired.

7 Q And does the Company feel that that two-week  
8 period is enough time for bidders to put together  
9 their bids and submit?

10 A (Warshaw) Yes.

11 Q So, Mr. Warshaw, again, today you discussed how  
12 you typically reach out to frequent or likely  
13 bidders when the RFP first goes out. Is that  
14 right? Is that a fair characterization?

15 A (Warshaw) Usually, I don't do the specific  
16 reach-out until a couple weeks after the RFP has  
17 been out and circulated, and bidders have had a  
18 chance to review it and get it into their  
19 schedule. Sometimes my call is good enough to  
20 say "Oh, yes, that's right. We have that.  
21 That's due on this date. Thank you."

22 Q Okay.

23 A (Warshaw) Reminders help.

24 Q Do you also reach out again, then after

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

1           indicative bids are received or after final bids  
2           are received?

3   A       (Warshaw) I would reach out if there was some  
4           issue that was raised -- that was raised or we  
5           noticed as a result of the indicative bids. As  
6           in this solicitation, after the indicative bids  
7           were in, I did reach out to bidders to either --  
8           to ask, you know, either why they did not bid or  
9           why they did bid one block, but not the other  
10          blocks.

11   Q       So, then, what, based on those conversations,  
12           what was your general understanding for why these  
13           bidders didn't bid on the Large Customer RFP?

14   A       (Warshaw) In general, the bidders have concerns  
15           about the fundamental volatility of the energy  
16           market at this time. They have concerns about  
17           the impact of the Mystic Cost of Service Contract  
18           on their costs to provide that service. And they  
19           also have concerns about the implementation of  
20           the New Hampshire Community Aggregation Programs,  
21           of when those would go into place, how they would  
22           work, what sort of notice would be available to  
23           us, and to provide that to bidders of when those  
24           would go in. And, especially, at this time, when

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

1           these programs are all so new, I know that there  
2           are dates that are thought of as when they would  
3           start, but I have not yet been told by any town  
4           that "We are definitely, positively starting on  
5           this date."

6    Q       And then, one final question, I think, about the  
7           second RFP.  When that second RFP is distributed,  
8           that will only be for the Block A, February  
9           through April time period, correct?

10   A       (Warshaw) That is correct.

11   Q       So, the Company is not seeking additional bids  
12           for the Block B?

13   A       (Warshaw) No.

14   Q       Okay.  Maybe this question is to Mr. Warshaw or  
15           Mr. Doll.  Could you briefly explain the -- I  
16           guess, the business relationship between Liberty  
17           and Mr. Doll's group?

18   A       (Warshaw) I work for Aaron Doll at this time.

19   Q       Okay.

20   A       (Warshaw) And Aaron Doll's group is within  
21           Liberty Utilities as an organization that we were  
22           able to draw resources from.  And, at this time,  
23           like I said, I work for Aaron.

24   Q       Okay.  So, and I guess my question being more to

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

1 the point, was that Mr. Doll currently works for  
2 Liberty Utilities?

3 A (Warshaw) Yes.

4 Q Yes. Okay. And all of the necessary staff are  
5 onboard, are employees currently for Liberty that  
6 would be necessary to operate in the marketplace,  
7 if that -- if that comes to be?

8 A (Warshaw) Yes. And Aaron -- as Mr. Doll  
9 explained, between the staff that he in his  
10 organization and the outside companies that they  
11 have service agreements with, he's fully  
12 confident that Liberty will be able to  
13 participate in the marketplace beginning February  
14 1st, if we do -- if we end up in a situation  
15 where we have no adequate bids for the Block A.

16 Q And I believe Mr. Doll also described -- you  
17 described a situation where the Company may use  
18 third party marketers, did I describe that right?

19 A (Doll) Yes, that is correct.

20 Q So, I guess maybe this next question, I'm jumping  
21 around, but may be for Ms. Menard. How would the  
22 Company propose to recover the costs associated  
23 with the self-supply option? Would it be over a  
24 three-month period? Just the Large Customers?

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

1 A (Menard) And can I clarify what you mean by "the  
2 costs of self-supply"?

3 Q Sure. Sure.

4 A (Menard) So, what we intend to do is, we would  
5 develop a price that would be our version of what  
6 Mr. Warshaw would get for bids. And we would fix  
7 that price for that month. And then, when the  
8 actual costs come in, we would include that in  
9 the reconciliation portion in the summertime.

10 Q And would that be a -- I think "apportion" is the  
11 right word for -- or, to the Large Customer  
12 Groups only?

13 A (Menard) It would be for -- so, the normal  
14 process of reconciling for the Large Customer --  
15 well, sorry, I take that back. So that the way  
16 that we currently do reconciliation is to do it  
17 for the entire default service customers. We  
18 have considered breaking it apart, to have a  
19 reconciliation of the Large versus the Small, --

20 Q Okay.

21 A (Menard) -- to more align the variances with the  
22 customer group that it came from.

23 Q Okay.

24 A (Menard) But we have not proposed anything at

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

1           this point. This is all speculation. I think,  
2           when we have the results from the -- and I know  
3           you didn't ask this question, so I'm expanding on  
4           it, but -- so, we'll see what comes out of the  
5           bid process. Based on that, we're going to have  
6           to make a decision as to what to do. And, at  
7           that point, when we make our next filing, we  
8           would come up with a proposal for cost recovery  
9           as well.

10        Q     Okay. Thank you. And, I guess staying with you,  
11        Ms. Menard, on -- looking at Bates Page 134,  
12        Lines 2 to 5, when discussing how rates are  
13        calculated, you mentioned that Small Customers  
14        are billed a weighted average, and the Large  
15        Customers pay the monthly rate for the six  
16        months. Can you explain why rate stability might  
17        be an issue for the Small Customer Group and  
18        maybe less of an issue for the Large Customer  
19        Group?

20        A     (Menard) The larger customer group tends to have  
21        more ability to seek alternative options,  
22        competitive supply. While that is available to  
23        residential customers, they either haven't gone  
24        that route or -- or it's not available to them.

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

1 But the Small Customer Group tends to be the  
2 larger and the bulk of our default service load,  
3 and they tend to be the ones that are more  
4 sensitive to rate stability.

5 MR. YOUNG: Okay. Those are all the  
6 questions I had, Commissioners.

7 CMSR. CHATTOPADHYAY: Thank you. So,  
8 let's go to the Commissioners' questions,  
9 starting with Commissioner Simpson.

10 CMSR. SIMPSON: Thank you, Commissioner  
11 Chattopadhyay.

12 So, I'll start with Mr. Warshaw and Mr.  
13 Doll, feel free, either of you, to jump in at any  
14 time.

15 BY CMSR. SIMPSON:

16 Q If we go with the second RFP, and you're not  
17 successful, from your perspective, given the risk  
18 premiums that are currently being assigned  
19 because of some unknowns, attrition of customer  
20 load to Community Aggregation Programs, the  
21 Mystic RMR costs, do you have any insight into  
22 monthly energy service rates for customers under  
23 the paradigm of you entering into the market?

24 I'm asking you to speculate to some



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

1 degree.

2 A (Warshaw) I don't have any specific rates that we  
3 would propose. I mean, you know, based on the  
4 fundamentals, we would expect to see prices for  
5 the February through April period that would  
6 result in rates that would -- that would be  
7 higher than the rates that we are seeing for the  
8 May through July period for the Large Customer  
9 Group.

10 Q Does ISO-New England forecast what monthly rates  
11 will be in the future?

12 A (Warshaw) No. ISO does not forecast rates. What  
13 we do use is NYMEX electric futures.

14 Q And are those purely market-based rate  
15 projections?

16 A (Warshaw) The NYMEX futures or --

17 Q Explain the -- break down the NYMEX futures.

18 A (Warshaw) The NYMEX futures are basically what  
19 the market in any day is willing to pay for  
20 future delivery of that product.

21 Q When you say "the market", can you be more  
22 specific?

23 A (Warshaw) It is the participants in the New York  
24 NYMEX futures market.

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

1 Q So, not specific to a RTO-based market?

2 A (Warshaw) No. It's specific in that those are  
3 the futures for delivery within the -- excuse  
4 me -- within the ISO market.

5 Q Okay. And what are those future pricing pointing  
6 towards, for the moments of February, March,  
7 April, their order of magnitude?

8 A (Warshaw) I mean, they are orders of magnitude  
9 higher than the May through July period.

10 Q What about with respect to the energy service  
11 rates that are before us today?

12 A (Warshaw) I have -- the markets change on a  
13 day-to-day basis. And, if I look at what was the  
14 rates, the average -- right now, looking at what  
15 the NYMEX futures were yesterday, compared to  
16 what I had seen when we received our final bids  
17 in last week, the forwards are about the same  
18 place, more or less.

19 Q Okay. And do you have a sense of what ISO-New  
20 England LMPs were yesterday?

21 A (Warshaw) No, I do not.

22 Q With respect to community aggregation, I think  
23 you said somewhere in the order of magnitude of  
24 35 percent of customer load within Granite State

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

1 Electric is what you could foresee moving to an  
2 aggregation or aggregations?

3 A (Warshaw) It would be the energy service load  
4 that Liberty serves. And it's based on the load  
5 of those towns historically. And my  
6 understanding is that these -- the Municipal  
7 Aggregation Programs are opt-out programs, not  
8 opt-in. So, I would, you know, all things being  
9 equal, I would expect that most of the customers  
10 in those towns would move from energy service  
11 from Liberty to a retail choice competitive  
12 supplier in the aggregation.

13 Q From a supplier perspective, do you foresee those  
14 aggregations being more attractive to serve than  
15 utility default service load, because of the  
16 relative scale? Do you think it's less  
17 attractive?

18 A (Warshaw) They're similar. You know, a lot of  
19 times you look at what a company is playing -- a  
20 town has paid for the community aggregation  
21 price, like, in Massachusetts, which has had it  
22 for a number of years, those prices possibly  
23 would be different than what a distribution  
24 company in Massachusetts would be offering for

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

1           its basis service. Part of that would be what  
2           was contracted for. If you're looking at a fixed  
3           contract for two years, versus, you know, a  
4           change in a six-month period, they could -- those  
5           community aggregation programs could be higher,  
6           they could be lower. It depends upon a lot of  
7           what the marketplace is at the time those  
8           contracts went in place, and what the current  
9           marketplace is now.

10    Q       So, when we look at changing the block size of  
11           sought load to serve, you have, in this  
12           solicitation, you didn't receive some bids for  
13           your Block A of your Large Group, correct?

14    A       (Warshaw) Correct.

15    Q       So, if that block were bigger, or if it were  
16           smaller, do you think there's any -- what are the  
17           factors that could be weighed, when the supplier  
18           community analyzes whether or not to bid?

19    A       (Warshaw) Right now, that block is much smaller  
20           than the Block C, the Residential and Small  
21           Commercial Group. As far as why they would not  
22           bid or how they would look at that, I don't know  
23           if changing in the size would have much of a  
24           difference, as opposed to the other outstanding

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

1 issues that are in the marketplace now.

2 Q What do you think is the most relevant issue in  
3 the marketplace right now?

4 A (Warshaw) I think there are three. The  
5 volatility that we see in the marketplace is  
6 unprecedented compared to just a year ago. The  
7 market's view of the Mystic Cost of Service  
8 Contract. And, also, the implementation of the  
9 New Hampshire Community Aggregation is brand new,  
10 and there is no experience in New Hampshire on  
11 how that would work.

12 Q With respect to the Mystic RMR, do you have a  
13 preference one way or the other of whether or not  
14 those costs should be unbundled from energy  
15 service?

16 A (Warshaw) I believe that having them bundled is  
17 the right choice by the Company, to prevent our  
18 customers from potentially facing an unknown cost  
19 at a -- just facing an unknown cost that would  
20 not -- that could possibly be much higher than  
21 anything we expect or anything we would put in  
22 place, as far as a potential adder, in the  
23 current -- in the rates, if we went with a  
24 passthrough.

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

1 Does that make sense?

2 Q It does. And I'm interested in better  
3 understanding your experience and thoughts in  
4 that area. When folks go to a gas station, and  
5 they fuel up their tank, they have no control, no  
6 foresight; they buy gas at whatever the pump  
7 price is when they need it. Is that -- would you  
8 say that's fair to say?

9 A (Warshaw) Yes.

10 Q Why is electricity different? Why do you think  
11 that the smoothing over a six-month period, and  
12 hedging against unknown costs, is a prudent  
13 choice, given the volatility?

14 A (Warshaw) I believe that that is a view -- that  
15 is a policy decision that the State of New  
16 Hampshire has expressed, looking for less  
17 volatility in those prices to the Residential and  
18 Small Commercial customers. You know, if there  
19 was not a preference for minimal volatility, we  
20 could end up with every -- all of our customers  
21 on a time-of-use rate based on the spot  
22 marketplace. And that would be similar to going  
23 to a gas station to pump -- to fill up your car.  
24 But that's not the viewpoint that the State of

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

1 New Hampshire has for electric customers.

2 Q So, you have time-of-use rates, and there's  
3 updates to the supply portions of those rates  
4 here before us today as well, correct?

5 A (Warshaw) Yes. But those are for very limited  
6 customers, and specific choices to participate in  
7 that.

8 Q Could you walk me through those rates, and help  
9 me understand the numbers that are there, for the  
10 energy supply portion of the Time-of-Use rates?

11 A (Warshaw) I would have to ask --

12 A (Menard) I can do that, if you'd like?

13 Q Please.

14 A (Menard) So, just to clarify, I think you're  
15 asking "Do customers want to pay market prices  
16 every month?"

17 Q Yes. That was the question that I posited for  
18 Mr. Warshaw, or whether that option should be  
19 available?

20 A (Menard) Or whether that option should exist?  
21 And, so, I think -- I think that's a good  
22 question to ask. And I think the best  
23 opportunity to go through that is during our  
24 investigative docket that's opened up.

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

1           For a number of years, we've had the  
2           opinion that customers want rate stability. And,  
3           so, we've changed blocks, to try to smooth out,  
4           to try to avoid these spikes. We've separated  
5           the winter and the summer, the high-price months,  
6           into two different blocks, to try to get that  
7           smoothing of a rate.

8           We, as a state, have made that as a  
9           policy decision. So, you know, to open it up and  
10          break it apart and say "Is it better to have  
11          variable rates, and, you know, whatever the  
12          market is for that month?" You know, I think  
13          that is something we should look at.

14          You will see, during a couple of months  
15          in the winter, some very high prices, and then  
16          you will see, you know, it will drop off in the  
17          shoulder months, and again kick up in the summer  
18          months.

19    Q    I guess my question there is whether the very  
20          high prices over a month will be higher or lower  
21          than the very high energy service prices that  
22          customers are facing and will face this winter?  
23          And we don't know the answer to that yet.

24    A    (Menard) Right.



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

1 Q But I'm trying to better understand the  
2 implications and factors that exist in the  
3 market?

4 A (Menard) Yes. And we have, you know, we're  
5 setting rates according to settlement agreements  
6 that we have in place. We're trying to follow  
7 the agreements and not deviate from that at this  
8 time.

9 But I think, you know, we are at the  
10 point where we can look at that and say "We're in  
11 a different place over the past year than we have  
12 been in years past, recent years past. We're now  
13 going to look at what does this period of  
14 volatility look like, and is there a better  
15 approach to sourcing default service load than  
16 we've been doing?"

17 I think it's a good question to ask.  
18 And I don't know that sitting here we have that  
19 answer.

20 Q And I don't expect a firm answer.

21 A (Menard) Yes.

22 Q I'm trying to understand.

23 A (Menard) Yes. And I think we are, too. You  
24 know, we're getting bids, we're seeing even the

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

1 people that do this for a living, that are the  
2 experts at it, have some hesitation to putting  
3 forth a short-term fixed bid, because of some of  
4 the uncertainty.

5 Q And this line of questioning is because I'm  
6 wondering whether the market-based option is  
7 really the lower cost option? If you have an  
8 unsuccessful second RFP, if we decide to go down  
9 that road, and then you go to the market, will  
10 those prices be considerably or measurably lower  
11 than your firm prices that you've locked in?  
12 We'll see.

13 A (Menard) Right.

14 Q So, let's go back to time-of-use.

15 A (Menard) Okay.

16 Q If you can explain to me, --

17 A (Menard) Yes.

18 Q -- and I'm looking at Bates Page 135, you might  
19 have other pages that are preferable.

20 A (Menard) That's the right page. So, the  
21 Time-of-Use rate, this is for battery storage and  
22 customers on EV Time-of-Use rates.

23 Q So -- okay. So, this is just for charging in  
24 your --

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

1 A (Menard) Correct.

2 Q -- 17-198 [17-189?] Battery Storage Pilot

3 customers --

4 A (Menard) Yes.

5 Q -- or for customers that are only charging an

6 electric vehicle?

7 A (Menard) Correct.

8 Q Okay.

9 A (Menard) And, so, there are about 100 customers

10 on that D-11, the Battery Storage rate, and there

11 are no customers on the EV Time-of-Use rate at

12 this time, just to put it in perspective.

13 Q And that you do not make this rate option

14 available to just whole house residential

15 customers, correct?

16 A (Menard) Not right now, yes. We would like to

17 think about that for the future. But, right now,

18 there isn't.

19 Q Do you know why, in the past, it was not sought

20 for availability to residential customers, whole

21 house?

22 A (Menard) I would be speculating, because I don't

23 have enough history yet. There may have been one

24 in the past, and maybe it wasn't well subscribed.

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

1 Q Okay. So, let's just look at the rates.

2 A (Menard) Okay. So, these are, when we talk  
3 "time-of-use", these are really a -- they're  
4 time-of-use period rates, so they vary by  
5 critical peak, mid-peak, and off-peak. So,  
6 there's times in the day when these rates vary,  
7 but they're not a true market-based, varying time  
8 of rate [sic]. So, this hour I'm going to have  
9 this rate, and this hour I'm going to have that  
10 rate."

11 It's a fixed three-period time-of-use  
12 rate for either the winter period or the summer  
13 period. So, we do take the components that go  
14 into it. You'll have your Energy Service rate,  
15 and there's the transmission rate, all the  
16 regular components. And it's allocated into the  
17 time-of-use periods, but it's not a true  
18 hour-by-hour varying rate.

19 Q So, why is the off-peak portion like 15 or 20  
20 percent higher than the fixed residential supply  
21 rate?

22 A (Menard) It's based on how the costs are  
23 allocated to the periods. And there was --  
24 there's a methodology of how it was decided that

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

1 the costs would be allocated to each of these  
2 periods.

3 The intent is that the off-peak period  
4 is where the charging, the battery charging is  
5 occurring. And, so, that tends to be the lower  
6 rate. And the critical peak period is the  
7 non-charging time period. And, so, it was really  
8 intended to change behavior, and have costs align  
9 with how the costs in the real-time markets or  
10 the market pricing occurs, where it's higher in  
11 the critical peak periods versus the off-peak  
12 periods. And, so, it tries to align the pricing  
13 with the markets, to have market signals and try  
14 to change behaviors of the users.

15 Q So, are you saying that purely looking at the  
16 supply portion of the time-of-use rates, relative  
17 to the supply portion of your standard domestic  
18 class rate, that's not a one-to-one comparison,  
19 because you're allocating between those  
20 categories of costs, distribution, transmission,  
21 and supply, differently between the rate designs?

22 And I'm asking, because the off-peak  
23 rate is more than the fixed supply rate for  
24 residential customers that's before us today.

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

1 So, I don't understand how that can be?

2 A (Menard) Hold on.

3 *[Short pause.]*

4 BY CMSR. SIMPSON:

5 Q And you probably have a schedule somewhere that  
6 breaks it down by month that you could point us  
7 to?

8 A (Menard) I do. It's -- we didn't file this as  
9 part of the filing itself. There's a large model  
10 that sits behind these numbers. And, so, I was  
11 just trying to look to see how the load is  
12 allocated. So, --

13 Q I mean, when I look at the winter, and that's the  
14 one that really confuses me, because your delta,  
15 off-peak to critical peak, it isn't even 6 cents.  
16 Whereas, in the summer, okay, now that's a  
17 21-cent delta from off-peak to critical peak.  
18 So, there's very little incentive there, in terms  
19 of timing, within the winter period. So, I just  
20 want to understand how that rate was designed?

21 A (Menard) Yes. And, in looking at the allocation  
22 of how -- so, we take the revenues associated  
23 with the -- the forecasted revenues for the  
24 Energy Service rate, and then it's allocated into

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

1 the periods. And the allocations actually are  
2 not that different from one another, between the  
3 periods. The off-peak would have -- let me see,  
4 if I'm looking in the winter period, probably  
5 about 40 percent would go to the off-peak  
6 period -- well, 41 percent goes to off-peak,  
7 about 40 percent goes to mid-peak, and then  
8 there's a lower percentage that goes to the  
9 critical peak. So, that's how --

10 Q Forty-one (41) percent of what?

11 A (Menard) The energy service revenue. So that  
12 the -- we'll forecast out what the load is and  
13 what the price is for energy service, and what  
14 that revenue stream is for that period. And  
15 there's a three-month period, or a six-month  
16 period in total, but three months that we're  
17 talking about in the question. And then, those  
18 revenues are allocated to the periods. And then,  
19 that's how the rates are established.

20 Q Okay. You said you have "no customers" on this  
21 rate for EV?

22 A (Menard) Correct.

23 WITNESS WARSHAW: Could we sidebar a  
24 second?

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

1 CMSR. SIMPSON: Please.

2 [Witness Warshaw conferring with  
3 Witness Menard.]

4 WITNESS MENARD: We're all set.

5 CMSR. SIMPSON: Commissioner  
6 Chattopadhyay.

7 CMSR. CHATTOPADHYAY: If it's okay, I  
8 just want to follow up on this.

9 I think, because I don't have the  
10 information here, so it would be extremely  
11 helpful if you actually provide the model that  
12 was with calculating these numbers.

13 So, I know that this is a rocket  
14 docket. So, I would strongly suggest that next  
15 time around, when something like this is filed,  
16 the supporting documents are also provided, the  
17 ones that are -- that have the live, you know,  
18 the Excel files and all of that. That's just  
19 a -- you know, I think it really helps us to  
20 understand things better when we have that.

21 BY CMSR. CHATTOPADHYAY:

22 Q Having said that, I think what seems to be  
23 happening is, is the rates that you are being --  
24 that are being set at this point are Default



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

1 Service rates. Those are for the six months, for  
2 the Small Customers, for the Residential class,  
3 right?

4 A (Menard) Correct.

5 Q So, here, so that rate is whatever it is that  
6 gets, like it's -- if you think about the winter  
7 and summer months, what you're saying is, you're  
8 looking at the winter months, and picking up the  
9 prices from there, those are significantly higher  
10 than the summer month prices, within the six  
11 months, you know, that you are looking at here.  
12 So, that's the primary driver for me.

13 But my comment stays, that it would be  
14 extremely helpful if we had the data analytics  
15 behind it also shared. And --

16 MR. SHEEHAN: If I may interject on  
17 that?

18 CMSR. CHATTOPADHYAY: Yes.

19 MR. SHEEHAN: The model behind this was  
20 developed in 17-189, the Battery case, by a  
21 consultant with the OCA, Ron Huber, with Heather  
22 of our office. And it is an enormous model.  
23 It's certainly available to you.

24 My suggestion is, we have a status

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

1 hearing coming up in the Battery Storage docket  
2 sometime soon. And maybe that's the vehicle we  
3 can use to give you some more time and more  
4 explanations behind that model.

5 The other player in that was, of  
6 course, Mr. Below, in developing the model. And,  
7 as I understand it, it's an hour-by-hour look at  
8 the entire year of all the costs, and it's an  
9 attempt to allocate those that way, rather than  
10 reflecting market. It's taking the market  
11 prices, and then allocating up to that formula,  
12 in the first instance, to be revenue neutral,  
13 just to change the allocation of the known  
14 dollars.

15 But it's -- I think I'm not the right  
16 person to be speaking to that, we can maybe have  
17 that.

18 CMSR. CHATTOPADHYAY: And I haven't  
19 delved into it in a while. But, I think, if not  
20 me, we have folks at the PUC who will be able to  
21 go back and look at those numbers. And I  
22 remember some of the points that you're making.  
23 So, --

24 MR. SHEEHAN: And I can tell you that

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

1 today --

2 CMSR. CHATTOPADHYAY: Mike, sorry, the  
3 point -- let me finish. The point I'm trying to  
4 make is, here you're indicating the numbers are  
5 these. Some sort of analysis that, you know,  
6 helps us understand these numbers would have  
7 helped. And, so, that's why an Excel model, sort  
8 of saying, you know, showing it would be  
9 extremely helpful.

10 MR. SHEEHAN: And I can -- I agree. I  
11 accept that.

12 New paragraph. These numbers were  
13 taking a previously approved model in that  
14 docket, plug them in, here's the output. Now,  
15 that doesn't help you a whole lot, I get that.  
16 But that's -- there has been no analysis in this  
17 filing to adjust any of that. It's just simply  
18 applying a pre-approved process.

19 CMSR. CHATTOPADHYAY: And it's quite  
20 clear from the testimony that this is relying on  
21 the previous dockets. I'm not concerned about  
22 that. I'm just, getting to the number, it always  
23 helps to know exactly how these numbers were  
24 derived, even if it's tied to a previous model

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

1           that, you know, that's okay. But we need to  
2           understand it better.

3   **BY THE WITNESS:**

4   A       (Menard) And, if I could jump in, Commissioner?  
5           In the Excel version of the filing that we  
6           submitted, there is a skinnied-down version of  
7           this calculation for the time-of-use rates in one  
8           of the support tabs. So, you can see the  
9           calculation, you just don't have all the  
10          proprietary model behind it. But you can  
11          actually see how the numbers were derived.

12 BY CMSR. CHATTOPADHYAY:

13 Q       Was that provided in this docket?

14 A       *[Witness Menard indicating in the affirmative].*

15 Q       And is it possible to provide that in Excel  
16          format?

17 A       (Menard) It is in the Excel file that was  
18          provided.

19 Q       Okay.

20 A       (Menard) I mean, I believe we have filed it.

21                   MR. SHEEHAN: So, again, our practice  
22                   has been to make the formal filing in *pdf* to the  
23                   service list. And then, five minutes later we  
24                   provide to the Clerk's Office those files in

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

1 Excel.

2 CMSR. CHATTOPADHYAY: So, I'm looking  
3 at my analyst there, and so confirming it. Okay.

4 CMSR. SIMPSON: It does say, on this  
5 same Bates page, that "The work papers for the  
6 time-of-use rates contain thousands of lines of  
7 data and, as such, filing the model as an  
8 attachment is not feasible, but can be provided  
9 in live Excel version for review purposes."

10 So, we understand that. I'm just  
11 looking at supply rates, just trying to  
12 understand how they make sense, or whether they  
13 do.

14 I'll move on, though.

15 BY CMSR. SIMPSON:

16 Q I guess I'll just ask some questions for Mr.  
17 Doll. Thanks for being here today. Can you hear  
18 me?

19 A (Doll) I can.

20 Q So, you're in Joplin, right?

21 A (Doll) That is correct.

22 Q And you serve customers in Missouri and Kansas?

23 A (Doll) Missouri, Kansas, Arkansas, and Oklahoma.

24 Q Just order of magnitude, what are the energy

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

1 supply rates that those customers are paying this  
2 winter?

3 A (Doll) Well, the market's moving around pretty  
4 considerably. And the fact that we're vertically  
5 integrated, we have, obviously, higher purchase  
6 power costs as a reflection of the volatility in  
7 the market and increased gas costs. But we also  
8 have a physical hedge built in with the supply  
9 generation.

10 So, you know, as far as a magnitude,  
11 purchase power prices can range, on mild days,  
12 from, you know, \$30 per megawatt-hour to, you  
13 know, \$90 to \$100 per megawatt-hour. And then,  
14 those are offset by any margin made for  
15 generation sold to the marketplace.

16 Q So, what's the retail supply cost to end-use  
17 customers, residential, roughly?

18 A (Doll) Over the course of the year or just for  
19 the winter?

20 Q I'm just thinking about this winter. You know,  
21 we're looking 22 cents a kilowatt-hour for  
22 residential customers.

23 A (Doll) You know, I'm basically just on the fuel  
24 and the purchase power side, and I'm not sure I

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

1 can give you that precise number. I wish that I  
2 could. Happy to provide that in the future.

3 Q Okay. I'm not looking for a precise number. You  
4 don't have a sense? Is it 10 cents? Is it 8  
5 cents? Roughly?

6 A (Doll) Gosh.

7 Q You don't know?

8 A (Doll) It could probably be 8 to 9 cents.

9 CMSR. SIMPSON: Okay. All right.  
10 That's all I have. Thanks.

11 CMSR. CHATTOPADHYAY: Thank you.

12 *[Brief off-the-record discussion ensued*  
13 *regarding necessity to take a recess.]*

14 CMSR. CHATTOPADHYAY: So, let's take a  
15 break. And we'll be back in ten minutes, at  
16 10:50ish. Thank you.

17 *(Recess taken at 10:41 a.m., and the*  
18 *hearing resumed at 10:55 a.m.)*

19 CMSR. CHATTOPADHYAY: So, back on the  
20 record.

21 BY CMSR. CHATTOPADHYAY:

22 Q So, I went out and talked to the analysts. So,  
23 probably it's better for me to get a sense of, I  
24 think, Erica, you provided the Excel files for

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

1 the schedules, correct?

2 A (Menard) Correct.

3 Q For the one that you're talking about, the skinny  
4 one, what's going on is, we still want to  
5 understand how that is being created.

6 A (Menard) Sure.

7 Q And it might be because this is being done for  
8 the first time, that just -- and this will become  
9 routine, right? So, it would be helpful, at  
10 least for the first time, to have that part of  
11 the filing. So, I'm just saying, next time  
12 around that would be helpful, okay?

13 A (Menard) Yes. We can follow up today with the  
14 Excel model for the schedules.

15 Q Okay. Okay. So, that would be great.

16 A (Menard) Sure. Let me just confirm, though, with  
17 my attorney, at some point --

18 Q Okay. Okay.

19 A (Menard) -- because it is a proprietary model.

20 Q Yes.

21 A (Menard) So, just whatever language I need to put  
22 around that.

23 Q Okay. And, Mr. Warshaw, can -- you did not  
24 provide any Excel files, did you, for the



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

1 analysis? They're like, I'm talking about maybe,  
2 let me see, that would be Schedules 2 and 3. I  
3 know that they are confidential. But, again, can  
4 be pretty helpful to us. So, not this time, but  
5 next time, it would be good if you can provide  
6 them as Excel live files.

7 A (Warshaw) I think that could be provided in a  
8 format that would work.

9 Q Yes.

10 A (Warshaw) And I think we may have done that in  
11 the past.

12 Q Yes. So, I'm just trying to make it easier for  
13 my analysts.

14 So, let's go to the substance now. Let  
15 me find the right page first.

16 So, let's go to Bates Page 108. So,  
17 this is part of Mr. Warshaw's testimony, and  
18 JDW-3, Page 1 of 1. I'm simply trying to  
19 understand the numbers. I know what you're  
20 showing me here, but I have a different tack to  
21 it, like I'm looking at it from a different  
22 angle.

23 So, if you go to the last -- well,  
24 let's go to the bolded descriptions, and where

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

1           you have "Final Small Customer Group Purchase  
2           Price 12/13/2022". So, that is looking at  
3           February '23 through July '23, right? And there,  
4           then you have the average, it's "20.833". And  
5           that's the actual purchase price, right?

6   A       (Warshaw) That's the --

7   Q       And I'm just saying --

8   A       (Warshaw) Approximately.

9   Q       Approximately, yes. And then, if you look -- if  
10          you go up, you have the futures being projected  
11          or predicted, so that's the line, which says, if  
12          I have it right, I want to make sure I  
13          understand, "NYMEX Natural Gas Price plus basis",  
14          is that the one? Or, is that -- sorry, just a  
15          moment. You have the "Electric Future Prices" is  
16          "December 13, 2022". So, can you explain --  
17          those are the prices. Is there a way for me to  
18          compare what prices did you get, what would be  
19          the price that you would get through, you know,  
20          the NYMEX approach for -- that will be comparable  
21          to 20.833?

22                       And I know that, just to add, if you  
23          also go back to, just a moment, Bates Page 099,  
24          you have -- the last two columns you have

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

1 something called "Expected Bid based on Electric  
2 Forecast", and then you have some estimate for  
3 the "110%", right?

4 So, please help me understand, like,  
5 what the proxy prices were for you, when you did  
6 the calculation, how does that compare with the  
7 actual purchase price?

8 A (Warshaw) Yes. Excuse me, if you look on Bates  
9 Page 098, --

10 Q Yes. Just a moment.

11 A (Warshaw) I'm sorry, I'm sending you to the wrong  
12 page. You should be looking at Bates Page 101.

13 Q 101. Okay.

14 A (Warshaw) And Bates Page 101 shows how the -- my  
15 proxy price is developed based on market  
16 fundamentals, with some of the ancillary charges  
17 that the suppliers would be taking on. And,  
18 additionally, a bid factor that we have seen, you  
19 know, calculated based on comparing final -- the  
20 final bids against the market fundamentals, to  
21 get an idea of how big an increase -- how much  
22 market risk and other features the suppliers may  
23 put into their bids.

24 So, yes. If you look at -- the results

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

1 are that the proxy prices are definitely  
2 significantly lower than what was the resulting  
3 bid prices we received.

4 Q So, roughly speaking, "16.80" is being compared  
5 with the 22 cents, right? I'm just sticking with  
6 the Bates page that you provided, 101. So, let's  
7 talk about Expected Retail Price" at the end.  
8 So, I'm reading that as, when you look at the  
9 average "NH ES Small", you have a number there,  
10 "16.80"?

11 A (Warshaw) Correct.

12 Q Okay. So, and then you have some sort of an  
13 approach, and as I understand, you create an  
14 adder beyond even that, like 10 percent adder or  
15 something, and then you compare it with -- so,  
16 you, like you said, the price -- the purchase  
17 price is actually higher than even the outer  
18 bound -- band, sorry, outer band of that  
19 calculation that you did?

20 A (Warshaw) Yes.

21 Q Correct?

22 A (Warshaw) Yes. Yes.

23 Q And I think you mentioned something like "this is  
24 a sealed bid, so you have confidence that that is

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

1 a competitive price." So, it's a little bit sort  
2 of worrisome that such a difference between your  
3 max, and then you get a price that is even  
4 higher. Can you help me understand more what  
5 still makes you believe it is a competitive  
6 price?

7 A (Warshaw) The proxy price that is developed based  
8 on looking backwards.

9 Q Yes.

10 A (Warshaw) The problem that I see is that we are  
11 in a time and place in the marketplace that there  
12 are a number of things going on that are very  
13 different than what we saw in the past. You  
14 know, yes, we have had some volatility. If you  
15 look at, you know, compared to a year ago, the  
16 volatility is significantly higher. The bidders  
17 have to put in some adjustment to be able to deal  
18 with the volatility.

19 This Mystic Cost of Service has created  
20 another piece that has either resulted in bidders  
21 not wanting to bid, because they can't really  
22 cover that cost in their bid, or a bidder who did  
23 feel they can cover it, put in a large risk for  
24 that cost.

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

1           And then, the third piece that we have  
2 not seen in the past is the Community Aggregation  
3 Program that is just getting underway in New  
4 Hampshire. And to the point where I couldn't  
5 tell you if any of the Community Aggregation  
6 Programs would start during the February through  
7 July 2023 period. And, again, bidders would have  
8 to take that into account. Are they -- is the  
9 Program going to start April 1st? May 1st? June  
10 1st? July 1st? When would they start losing  
11 their load? And they would not -- and, as a  
12 result, they would have then have incurred costs  
13 to meet the load that does not show up.

14           So, those are just -- there are a  
15 number of things going on in the marketplace that  
16 makes it difficult to make a, you know, an  
17 educated guess of what the prices would be. It  
18 used to be -- it was fine, you know, prior to  
19 this, over the previous years, we were usually,  
20 you know, pretty close to what the market -- what  
21 the expectations are. But this -- this is an  
22 unprecedented period, with a number of things  
23 coming together in confluence, that I think I  
24 believe is what's driving prices up.

{DE 22-024} {12-20-22}

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

1 Q Thank you. That is very helpful. So, as I  
2 read -- sorry, as I understand what you're  
3 saying, the modeling also sort of looks at  
4 previous bids, you know, and the reality right  
5 now may be very different from what you're  
6 relying on to get, essentially, the ramp-up that  
7 you do to the forward prices to get a comparable  
8 proxy price. So, that is helpful.

9 Let's go to Bates Page 149, 150. Let's  
10 start with 149, it doesn't matter, like one of  
11 them. When you are -- this is a redline version,  
12 right, of the existing tariff, the effective  
13 tariff?

14 A (Menard) Yes.

15 Q So, what is confusing me, it doesn't look like  
16 it's a track change. You're just taking out  
17 "0.22228", and what is the number that's going to  
18 be replacing it? So, I think what's going on,  
19 this is really not a track change document. That  
20 is what is sort of what's tied to the letter  
21 recently about the tariff filing issue.

22 So, I would -- what really we care  
23 about is, you take the existing tariff, the one  
24 that is effective right now, make the changes

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

1           there, show them as redline changes. So, then,  
2           this one really doesn't help us. This is not a  
3           redline tariff, the way that we want, you know,  
4           want it to be. So, I would suggest that please  
5           go back and maybe take a look at this.

6    A       (Menard) Understood. We have some difficulty  
7           displaying the information all in one place. So,  
8           we will work to figure out how to do that, and so  
9           that it makes sense to the reader.

10   Q       Okay.

11   A       (Menard) Because this is an Excel-based page, so  
12           we're redlining the part that is to be changed.  
13           And then, so, we just need to figure out how to  
14           display the new one. But, yes, we can do that.

15   Q       Yes. And I think, and I may be wrong, but you  
16           just mentioned it, could be that, if you do it,  
17           just use the tariff pages that are filed,  
18           whatever software -- software you are using, make  
19           the changes there to show the redline changes.  
20           So, that's probably Word.

21   A       (Menard) This is -- yes. This is not a Word.  
22           So, yes. Yes.

23   Q       So, that would be better, in my opinion. Okay.

24                        So, going back to Mr. Warshaw, but



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

1 anybody can respond, but I'm just looking at your  
2 testimony, on Bates Page 015. Okay? Are you  
3 there?

4 A (Warshaw) Yes.

5 Q And, at the top of page, you talk about there's  
6 "30 percent limit in using "banked" RECs." And  
7 how -- and then, in the previous page, you talk  
8 about how that could lead to a "surplus", you  
9 know, sorry, a value of like a half a million  
10 dollars that would have to be addressed in the  
11 future. So, that's how I'm reading this.

12 And can you give me a sense of -- have  
13 you thought through what -- how would that be  
14 dealt with?

15 And I don't, I mean, any of the  
16 witnesses can answer it, if it's not for you to  
17 answer that.

18 A (Warshaw) I mean, our proposal or the expectation  
19 is that that cost of those RECs that ended up not  
20 being able to be used to meet the RPS obligation  
21 would be asked to be recovered in our  
22 reconciliation of the RPS cost in -- when we  
23 make -- when we file the reconciliation in the  
24 late spring/early summer.

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

1 Q Okay. I think that -- so, you're saying that  
2 would be the time when we can take a look at  
3 whether it was done reasonably or not. So,  
4 that's okay.

5 BY CMSR. SIMPSON:

6 Q So, you're just giving us a heads up in this  
7 filing of that concern?

8 A (Warshaw) Correct. And we've also provided  
9 similar heads up or a similar -- similar  
10 information in a previous docket. I mean, in  
11 this docket, in June, and I believe also in a  
12 year ago, the concern of the Class III RECs, the  
13 issue of having after-the-fact changes in the  
14 obligation, going from 8 percent to 1 percent in  
15 the spring of the following year, resulting in  
16 over-buying of these RECs at a time when the  
17 Company thought that, based on the published  
18 information that it was an 8 percent obligation,  
19 and then it turned into a 1, you know, a 1  
20 percent obligation. And those RECs, then some of  
21 them are able to be carried over to the next  
22 year, but the regulations limit that to just two  
23 years, and they also limit how much of, in a  
24 single year, you can utilize banked RECs to meet

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

1 the obligation.

2 And, as a result, what we're seeing  
3 right now is the REC -- the Class III 2020 RECs  
4 that we purchased prior to the change in the  
5 2020 -- in the obligation for the 2020 RPS, this  
6 is what we are looking at and expecting would be  
7 recovered as a prudent decision at the time that  
8 we purchased them.

9 CMSR. SIMPSON: Okay. Thank you.

10 CMSR. CHATTOPADHYAY: So, because  
11 this -- I'm sorry. Because this issue has been  
12 raised, I think, one or two times now, I'm kind  
13 of interested in knowing, even though this is  
14 still punted to be dealt with next time maybe, I  
15 would be -- I'm interested in knowing whether --  
16 what the positions are from OCA and the DOE. But  
17 that may be part of the closing arguments, if  
18 they want to go there.

19 But, so, that's all I have for my  
20 questions. Do you have any further questions,  
21 Commissioner Simpson?

22 CMSR. SIMPSON: No. Thank you.

23 CMSR. CHATTOPADHYAY: Okay. So, let's  
24 go to the closing statements. Let's start with

1 OCA.

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

4 Do you mind if I ask you a question?  
5 You just a minute ago, or less than a minute ago,  
6 said you wanted to hear our positions on a  
7 particular issue.

8 CMSR. CHATTOPADHYAY: Yes.

9 MR. KREIS: But I want to make sure I  
10 understand what exactly it is that you would like  
11 me to address?

12 CMSR. CHATTOPADHYAY: So, if you go to  
13 the Bates Page 0 -- sorry -- 014 and 015,  
14 there's, from the bottom of Bates Page 014,  
15 through Bates Page -- beginning of Bates  
16 Page 015, there's a discussion about this reality  
17 that, you know, the REC requirements changed --  
18 requirements changed, and that might end up  
19 creating this extra pot of money that needs to be  
20 picked up by the utility from the ratepayer.

21 So, I just -- and that issue has been  
22 raised, this is the second time I think I've seen  
23 it, even though it's not being addressed in this  
24 filing, because the Company says it's going to

1 take -- do it next time around. I just want to  
2 know what the OCA and the DOE's positions are.

3 MR. KREIS: Begging your in diligence,  
4 Mr. Presiding Officer, I humbly propose to punt  
5 on responding to that question. Only because I  
6 would like the opportunity to think about it,  
7 perhaps to talk about it with the Company and the  
8 Department, and to come up with, hopefully, what  
9 would be a noncontroversial way of resolving that  
10 issue when Liberty comes forward with its next  
11 filing.

12 CMSR. CHATTOPADHYAY: And that is  
13 exactly why I said "if you want to address it".  
14 So, it's okay if you're punting it.

15 So, but I'll let you go to your closing  
16 arguments.

17 MR. KREIS: Thank you.

18 CMSR. SIMPSON: Do you want to see if  
19 the Department had a position? Or do you want to  
20 just wait?

21 CMSR. CHATTOPADHYAY: I would have  
22 given them the opportunity when they talk about  
23 the closing argument.

24 CMSR. SIMPSON: Okay.

1 CMSR. CHATTOPADHYAY: So, yes.

2 CMSR. SIMPSON: Don't want to leave  
3 anyone out.

4 MR. KREIS: As I said at the beginning  
5 of the hearing, I believe that the Commission  
6 should approve the -- should grant the requested  
7 approvals that Liberty Utilities is seeking here.  
8 This is not an occasion for dancing in the  
9 streets. The price of default energy service is  
10 extremely high, and the tried and true method for  
11 procuring default energy service is no longer  
12 working.

13 And you heard Mr. Warshaw testify that,  
14 if the Commission is going to make changes in  
15 that process, beyond very minor ones, that needs  
16 to happen well in advance of the May 1st date,  
17 when the Company proposes to issue its next  
18 solicitation. And I presume that, since  
19 Eversource is roughly a week ahead of Liberty in  
20 making -- going through the same process, they  
21 would need an even sooner answer.

22 So, that suggests to me, and therefore  
23 I respectfully suggest to you, that the  
24 Commission and all of the interested parties take

1 up the matters raised by the Commission's  
2 investigative docket concerning default energy  
3 service procurement and REC procurement very,  
4 very, very early in the new year, which is  
5 bearing down upon us.

6 As I said in the Eversource docket, I  
7 have great respect for all of the human beings  
8 that I understand to be involved in this process.  
9 And I commend them, both for their forthright  
10 testimony here and for their good work behind the  
11 scenes, and conducting all of the relevant  
12 negotiations, and creating a filing that is  
13 comprehensible and understanding.

14 You know, these rates are very, very,  
15 very high. And people, including a substantial  
16 portion of the constituency that my Office  
17 represents, are suffering as a result of this.  
18 And I apologize, therefore, if I come across at  
19 these hearings as something other than warm and  
20 fuzzy. This is not a warm-and-fuzzy time in the  
21 history of electricity in New Hampshire.

22 I guess that's all I have to say.

23 CMSR. CHATTOPADHYAY: Thank you. Let's  
24 go to DOE.

1 MR. YOUNG: Thank you, Commissioners.

2 First, the Department wants to express  
3 its appreciation for the Company's willingness to  
4 participate in a technical session yesterday to  
5 discuss its default service filing, and to  
6 clarify certain points related to that filing.

7 The Department has reviewed the  
8 Company's filing in this proceeding, and we have  
9 determined that the Company conducted its  
10 wholesale power supply solicitation to provide  
11 default energy service in compliance with the  
12 Settlement Agreement and the process approved by  
13 the Commission.

14 We believe that the Company's selection  
15 of the winning suppliers for their Small Customer  
16 Group, and the three-month period of May through  
17 July for the Large Customer Group, was  
18 reasonable, and as a result of its competitive  
19 procurement, was reflective of current wholesale  
20 power market conditions, which are perhaps  
21 unprecedented.

22 The Department does support Commission  
23 approval of the Company's proposed schedule for a  
24 second solicitation for the unserved months of



1 February through April for the Company's Large  
2 Customer Group. The second RFP may represent a  
3 so-called "final test" of the competitive  
4 supplier market, before going with utility  
5 self-supply to serve the outstanding load.

6 Regarding the self-supply option, while  
7 the risks of shifting market volatility to  
8 customers may not have been the original intent  
9 of the Restructuring Act, the Department  
10 appreciates the Company's preparation and  
11 approach to this option.

12 The Company's calculation of the rates  
13 based on the supplier bids, prior period  
14 reconciliations, and other factors appear  
15 accurate. As a result, we believe the resulting  
16 Default Service rates, while remaining quite  
17 high, are nonetheless just and reasonable.

18 To be clear, with this filing, the  
19 Company is proposing rates for the Small Customer  
20 Group, as well as rates for the three-month  
21 period of May 1st through July 31st for their  
22 Large Customer Group.

23 Very high market prices continue to  
24 reflect the current volatility in the market and

1 the high forward natural gas and electric prices  
2 heading into the winter months ahead.

3 The Department also would just  
4 emphasize the importance of the long-recognized  
5 protection of bid information for the electric  
6 distribution utilities. The Department would  
7 request that the Commission include feedback from  
8 each electric distribution utility in any  
9 decision to alter these protections, so that it  
10 has a full and complete picture of the issue.  
11 And I would just note that IR 22-053, the  
12 procurement investigation, may be an appropriate  
13 venue for such an inquiry.

14 Regarding the REC cost issue that was  
15 just raised, the Department does have a different  
16 perspective than the Company on that issue that  
17 was raised by the Commissioners. The  
18 Department's position was discussed in the  
19 transcript of DE 21-087, a hearing held on June  
20 18th, 2021. Mr. Eckberg, at that hearing,  
21 discussed the perspective of then PUC Staff, and  
22 the Department would expect to have more  
23 discussion about this issue at the time that it  
24 is presented.

1           In conclusion, the Department supports  
2           the Company's filing, and we urge the Commission  
3           to make the findings requested by the Company,  
4           and approve the proposed Default Service rates in  
5           this proceeding.

6           Thank you.

7           CMSR. CHATTOPADHYAY: Thank you. So,  
8           we will --

9           *[Cmsr. Chattopadhyay and Cmsr. Simpson*  
10          *conferring.]*

11          CMSR. CHATTOPADHYAY: So, we  
12          will strike -- oh, sorry, completely forgot. So,  
13          let's go with the closing statement from the  
14          Company.

15          MR. SHEEHAN: Thank you. And, as the  
16          closings were going on, I recalled that we also  
17          missed redirect. I did not --

18          CMSR. CHATTOPADHYAY: Oh.

19          MR. SHEEHAN: There's only one item I  
20          wanted to flag. And it's not substantive, it's  
21          just a clarification of some of the rate  
22          comparisons that Mr. Doll was trying to make with  
23          the Midwest.

24          So, if I could just have him speak to

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

1           that very briefly, just to avoid maybe a  
2           misimpression of what was going on in the  
3           Midwest, I'd appreciate that?

4                           CMSR. CHATTOPADHYAY: Absolutely.

5   **REDIRECT EXAMINATION**

6 BY MR. SHEEHAN:

7 Q       Mr. Doll.

8 A       (Doll) Thank you. So, just during the break, a  
9       quick back-of-the-envelope, and I'll say barring  
10      a significant and extraordinary event, similar to  
11      what happened in February 2021, to the extent the  
12      mid-continent kind of avoids that scenario, a  
13      rate comparison, all-in, comparable to what  
14      Granite State would be, somewhere in the 15 to  
15      18 cent range.

16                           MR. SHEEHAN: Thank you, Mr. Doll.

17                           CMSR. SIMPSON: Can I ask a question on  
18      that?

19                           MR. SHEEHAN: Sure.

20                           CMSR. SIMPSON: When he says "all-in",  
21      is he referring to supply?

22 BY CMSR. SIMPSON:

23 Q       Are you referring to the all-in supply rate or  
24       are you referring to the all-in, fully loaded,

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

1 retail rate?

2 A (Doll) All-in, fully loaded, retail rate.

3 CMSR. SIMPSON: Thank you.

4 MR. SHEEHAN: Thank you, Mr. Doll.

5 Those are the only redirect. So, I can turn to  
6 my closing now, if that's appropriate?

7 CMSR. CHATTOPADHYAY: Yes.

8 MR. SHEEHAN: First, a couple one-off  
9 kind of questions -- I mean, statements.

10 The Commission had questions about  
11 Mr. Doll's employment, and who he works for, *et*  
12 *cetera*. Just a reminder that I think every  
13 Liberty Utilities' employee nationwide works for  
14 Liberty Utilities Service Corp.

15 CMSR. SIMPSON: I think it was the  
16 Department.

17 MR. SHEEHAN: I'm sorry. Okay. And,  
18 so, we are all employees of the Service Corp.  
19 And, as the witnesses said, they provide services  
20 to the particular utilities. We charge our time  
21 by who we're working for. So, it's simply an  
22 exercise that, when Mr. Warshaw is working on a  
23 Granite State case, he's billing his time to  
24 Granite State, and the same for Mr. Doll. And,

1           when Mr. Warshaw is working on a California  
2           supply, he's charging his time there. So, that's  
3           how. We all work for the same company, and just  
4           charge our time to the appropriate utility. So,  
5           the customers who are paying the bills are only  
6           paying for work for those customers.

7                        Second, on the REC issue, just a  
8           reminder of the big picture. The summer -- so,  
9           two things happened, and I'm mixing of the years,  
10          but, in the spring of that year, the Commission  
11          changed the Class III requirement from 8 percent  
12          to 1 percent, and that was first addressed in  
13          that summer's hearing. At the same time, the  
14          Company made a mistake in what it paid for some  
15          of those Class III RECs. Those are two separate  
16          issues. The mistake has been addressed. The  
17          Company ate that money, and we never sought  
18          recovery for it.

19                       The 8 percent to 1 percent is what's  
20          still open. And the reason it's still open is  
21          because we could use some of those over-purchase  
22          RECs in the subsequent years, and that's what Mr.  
23          Warshaw was talking. So, we put off a final  
24          decision on that until we saw how many we used.

1 And that is what will come to a head this summer.  
2 Now, we have used all of the over-purchased RECs  
3 that we can use, and we will have a number, a  
4 specific number of what we couldn't use, and  
5 that's what we will seek recovery for.

6 I don't know, from what DOE just said,  
7 if they were referring to the "mistake" piece,  
8 and that their issue -- their position remains  
9 the same, or if they have some other position on  
10 the over-purchase issue. But, again, that  
11 doesn't need to be resolved today. We can sort  
12 that out this summer.

13 CMSR. CHATTOPADHYAY: Thank you.

14 MR. SHEEHAN: The two other points, one  
15 is --

16 CMSR. CHATTOPADHYAY: Sorry.

17 MR. SHEEHAN: -- our specific ask in  
18 this case are, as I mentioned earlier, approval  
19 of the Small Customer contract with NextEra for  
20 the full six-month period, approval of the Large  
21 Customer second block contract with Calpine, and  
22 approval of our proposal to conduct the RFP  
23 again, as Mr. Warshaw described, and of the  
24 schedule and a hearing in mid-January, so we can

1           approve, hopefully, a contract that comes out of  
2           that RFP, or going to the market, if that's  
3           what's required.

4                         And the last comment I'll make is  
5           regarding confidentiality. In listening to the  
6           questions and answers today, often, when I work  
7           with Mr. Patnaude and the parties to redact a  
8           transcript, it's a number here and a number  
9           there.

10                        I suspect, when we look at this  
11           transcript, it will be a little more extensive,  
12           where we may have to redact some paragraphs and  
13           some sentences. So, just flag that.

14                        And, last, I do ask that the Commission  
15           not include what we consider the confidential  
16           information in the order, regarding the number of  
17           bids, and that's the main one that was discussed  
18           at length here, it is relevant here, but it is  
19           also, we believe, confidential. And the source  
20           of that confidentiality is, of course, the rule  
21           Puc 201.06(a)(15), which has the so-called  
22           "presumed confidentiality rule", that the items  
23           listed in Paragraph (15) are treated  
24           confidential, and are only released after some



1 party asked for them, and there is an opportunity  
2 to be heard before their release. And they do  
3 include, and this is the list in the rule:  
4 "Bidder information", "Descriptions of the  
5 financial security", "Bid evaluations", "Ranking  
6 of bidders", *et cetera*. So, we respectfully ask  
7 the Commission to remain mindful of that in its  
8 order.

9 And thank you for your questions today.  
10 They were very interesting.

11 CMSR. CHATTOPADHYAY: Thank you. So,  
12 before I wrap up, is there anything else I  
13 missed?

14 MR. KREIS: I would just like to point  
15 out, in response to what Mr. Sheehan said, that  
16 the rule that he invoked concerns the presumed  
17 confidentiality of matters that are filed by  
18 utilities in proceedings such as this one. But  
19 that doesn't speak to the question of what you  
20 may or may not put in any of your orders.

21 And, if the Commission deems, as I  
22 think it should deem, the number of bidders to be  
23 an important piece of information, highly  
24 relevant to the provision of default service, and

1 if the Commission thinks that the public ought to  
2 know that, I would encourage the Commission to  
3 disclose that in its order.

4 That, as I've been saying in public for  
5 a long time now, "If you knew what I knew about  
6 the number of bidders in these default energy  
7 service procurements, you'd be very concerned."  
8 And I think the public would be very concerned.  
9 And it concerns me that that information  
10 continues to be treated as secret, except when  
11 convenient to a certain utility that's not  
12 present here today.

13 CMSR. CHATTOPADHYAY: Thank you. So,  
14 my point stays, there's nothing else that I  
15 missed, right? Okay.

16 So, I'll wrap it up now. And we will  
17 strike identification of Exhibits 4 and 5, and at  
18 admit them into evidence.

19 If there are no further matters, we  
20 will take this matter under advisement, and issue  
21 an order by close of business Friday. The  
22 hearing is adjourned.

23 ***(Whereupon the hearing was adjourned at***  
24 ***11:33 a.m.)***