MAINE PUBLIC UTILITIES COMMISSION
AUGUSTA, MAINE

IN RE:)
) Docket No. 2022-152
CENTRAL MAINE POWER COMPANY) November 1, 2022
)

Request for Approval of a Rate Change - 307

APPEARANCES:

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CONFERENCE COMMENCED (November 1, 2022, 11:02 a.m.)

MR. BRYANT: -- 00152, Central Maine Power Company request for approval of a rate change. This was noticed in an August 22, 2022 Procedural Order and updated in Procedural Orders dated October 11 and October 28. The purpose of these conferences is for discovery and as follow up to a series of data requests filed by several parties to which CMP has filed responses. Let's begin by taking appearances. We'll begin with Central Maine Power Company.

MR. DES ROSIERS: Jared des Rosiers from Pierce Atwood on behalf of Central Maine Power.

MS. MCDONOUGH: Katherine McDonough, counsel for Central Maine Power.

MR. HURWITZ: Jacob Hurwitz, director of revenue requirements at Avangrid.

MR. COHEN: Peter Cohen, Central Maine Power.

MR. BEBER: David Beber, vice president, tax, Avangrid, here on behalf of Central Maine Power.

MR. MORISETTE: Mark Morisette, Central Maine Power.

MS. BALL: Linda Ball, Central Maine Power.

MS. TRACY: Sarah Tracy with Pierce Atwood on behalf of Central Maine Power.

MS. MICHELSEN: Leona Michelsen, Central Maine Power.

MR. BRYANT: And for the Office of the Public Advocate?

MR. HARWOOD: William Harwood, Public Advocate.

MR. LANDRY: Andrew Landry for the Office of the Public Advocate.

MR. BRYANT: Yeah.

MR. TURNER: Phelps Turner, Conservation Law Foundation.

MR. BRYANT: So are there folks who are participating by Teams for Central Maine Power Company? Let's have those people identify themselves now.

MS. MCDONOUGH: There should be --

MR. WEISS: Joseph Weiss, Concentric Energy Advisors, appearing on behalf of Central Maine Power.

MR. BRYANT: You expect anybody else? Okay, for the Office of the Public Advocate, people participating by Teams?

MS. CHAMBERLIN: Susan Chamberlain for the Office of the Public Advocate.

MR. MORGAN: Lafayette Morgan, office of the Public Advocate.

MR. BRYANT: Does the --

MR. HOLLOWAY: Larry Holloway, office of Public Advocate.

MR. BRYANT: I'm sorry. What was that name?

MR. HOLLOWAY: Larry Holloway.

MR. BRYANT: Thank you, Larry. Does the OPA expect anybody else today?

MR. LANDRY: I don't believe so.

MR. BRYANT: Okay, thank you. Are there any other parties participating remotely who would like to make an appearance right now?

MR. BURNES: Ian Burnes is here for the Efficiency Maine Trust.

MR. BRYANT: Okay, Ian.

MR. PERKINS: Eben Perkins is here with Competitive Energy.

MR. HASLETT: -- Efficiency Maine as well.

MR. BRYANT: So I got Eben Perkins from Competitive Energy Services. I didn't catch who else is there for Efficiency Maine Trust.

MR. HASLETT: Apologies. This is Nat Haslett with Efficiency Maine Trust.

MS. SCHULTZ: Rebecca Schultz with the Natural Resources Council of Maine.

MR. BRYANT: Okay. Anybody else?

MS. SWINGLE: Also, Claire Swingle and Dan Burgess from the Governor's Energy Office.

MR. BRYANT: Okay. The second person from Efficiency Maine Trust, I'm not -- I'm still not sure I got your name. I think your first name is Matthew. I didn't get the second name.

MR. HASLETT: I apologize. I've had to join from my phone here. This is Nat Haslett with Efficiency Maine.

MR. BRYANT: Thank you. Now I can see their spelling. Okay, are there any other parties who need to make an appearance who are participating today or listening today who haven't identified themselves yet?

MR. PATTERSON: Good morning. This is Craig Patterson from Central Maine Power. Craig Patterson.

MR. BRYANT: From?

MR. PATTERSON: Central Maine Power.

MR. BRYANT: Oh, yes, thank you. Could I ask you to sit -- maybe -- or you could switch with Julie for today. Okay, thanks. He's not a witness, right? So I think that's it for appearances. On the staff, my name is Eric Bryant. I'm one of the Hearing Examiners. And I'll ask the other members of the staff who are present to identify themselves, please.

MR. DAVIDSON: Good morning. Derek Davidson. I'm the director of the consumer assistance and safety division.

MS. TAYLOR: Daya Taylor, a Hearing Examiner.

MS. HEALY: And I'm Nora Healy. I'm another Hearing Examiner.

MS. SMITH: I'm Lucretia Smith. I'm an analyst.

MR. GRIMSRUD: Ethan Grumstrup, utility analyst.

MS. PALLOZZI: Julie Pallozzi, utility analyst.

MR. BRYANT: So for other staff members who are participating remotely, I don't see a need to identify yourself now unless you think you're going to be asking questions. Okay. Okay. All right, I'd like to now put the witnesses under oath. Why don't -- I know we're only having certain panels today, but I'd like to put all the CMP witnesses under oath now because I need to keep track. So for everybody who's going to testify in this proceeding, I'd like you to raise your right hand, please, and listen. Do you swear or solemnly affirm that the testimony you give today and throughout this entire proceeding is and will be wholly truthful?

UNIDENTIFIED: Yes.

MR. BRYANT: Okay. Is there anyone who didn't answer by saying yes or I do or something similar? Okay, you are now all under oath. Thank you. So my understanding of the order of questioning is that we will start with the tax panel. The time estimates I have are --

MR. HARWOOD: Excuse me. A point of inquiry. Are we going to do additional oaths for additional witnesses as they come forward? I'm just nervous that we keep track of that.

MR. BRYANT: I am too. I'm keeping track.

MR. HARWOOD: Thank you.

MR. BRYANT: Thank you. It's a good point. Tax followed by deliveries and revenue, followed by working capital, and then we'll go with customer service. It may be, based on the time estimates I have, that that'll carry us through the day. We may or may not finish customer service.

If we do, we can then start with the revenue requirement. My understanding is that the revenue requirement folks will be in the room every day and we can -- if we have a few minutes here and there and need to fill up the time, we'll be able to do that with those questions. So -- and I also, in a Procedural Order last week, indicated that we would ask the Public Advocate to go first with questioning for most panels, and that includes the panels today. So I'll turn it over to the Public Advocate for the questions that they have for the tax panel.

MR. LANDRY: Yes. Well, I will apologize or maybe not apologize. You know, upon further review -- we had to provide the estimates well ahead of time --

MR. BRYANT: I understand.

MR. LANDRY: -- and we have determined not to ask any questions for the tax panel on the two narrow issues that they presented testimony.

MS. HEALY: I think staff has some questions so we'll go ahead, and good morning. I'm Nora, and I guess I'll start off with respect to the repair tax deduction. My understanding is there's really three numbers at play, the -- sort of the initial estimate of the deduction, the number that's recorded on CMP's books, and then the actual deduction. And you've proposed a reconciliation of the repairs tax deduction. Could you explain are you -- would that be reconciling the actual deduction to, what, the estimate or the book value that you've recorded?

MR. BEBER: It would reconcile the difference between what actual deductions are and what's assumed in rates.

MS. HEALY: And what would you be assuming in rates here, you're estimate or what you put on the books?

MR. BEBER: Yes.

MS. HEALY: Okay. So it would be -- you'd be reconciling to the estimate. And if you can answer this, and it may be better suited as an ODR, but if the proposed reconciliation mechanism had been in place for the repairs tax deduction over the last, let's say, four years, do you know what the result would have been?

MR. BEBER: I can tell you that -- I'm going to explain in terms of what we recorded on the books relative to the actuals. So we start off by recording a tax provision, and that tax provision has an estimate, and then that estimate is true up to actual. So if I were to look at this on a year-by-year basis in 2018, our return deduction exceeded our provision estimate by $2,000,000 approximately. In the succeeding year, it was lower by about a million seven. In the following year was higher by $3 million. And in the following year it was lower by 2,000,000. And these are tax-affected numbers.

MS. HEALY: Okay, so do you -- let me just back up. So is the amount that you record on your books always the initial estimate or

MR. BEBER: It is. Just sequentially we record a tax provision that represents what we think our final tax liabilities will be current and deferred, and then we file a tax return maybe eight months later or so, nine months later, and then that actual deduction is what the ultimate amount is that affects our flow through. So say, for example, we recorded a $50 million repairs benefit, that $50 million would produce about a $14 million after-tax benefit. So if that $50 million were reduced by, say, $10 million, when we actually did the study and figured out what our actual deduction was, the tax effect of that lower deduction of ten million would translate to about a little under $3 million of less benefit. So we would record that adjustment in the succeeding year on the books.

MS. HEALY: Lucretia, you might have a question here.

MS. SMITH: Yeah, well, my question is more so for those in the room who may not be familiar with the tax implication. How does the tax implication, a lesser benefit, greater benefit, impact rates? In other words, because what you're asking for is a reconciliation of rates, not a reconciliation. So the question is how does those -- how do those changes -- how would they impact rate -- your rate calculations?

MR. BEBER: Right. And so that's kind of where I started from. The amount in rates is whatever we're recovering, and then we're going to compare that to what actually hits the tax return. So we're reconciling to what's assumed in rates to the actual values on the tax return, tax affected. So if we recover -- so if it turns out our assumed tax deductions are higher, then we would reflect a benefit to the customer. So we would record a regulatory liability. If it turns out that the actual tax deductions turned out to be less, we would record a regulatory asset.

MS. SMITH: Which would be a charge eventually to ratepayers?

MR. BEBER: Ultimately, but really what we're doing is just giving the customer the actual benefit we sustain. So they're neither -- ultimately, they're neither help nor harm. They're just getting the benefit that we receive.

MS. HEALY: Your earlier answer I think reflected a significant amount of variability potentially year to year through -- based on the -- and because you're truing up to estimates or what -- estimates that are -- have been embedded in rates, but maybe you could just help me understand. And I'm not the tax expert here, but why is there so much variability between the estimate and actual?

MR. BEBER: Well, in the greater scheme of things, it's not so much off, but what happens is if you think about our close process, we only have a few days to figure out what the multitude of tax adjustments we record are. And this --

not just repairs, but everything. All the tax return adjustments that CMP must record. So the -- there are some things that are known and there are some things that aren't known. The repairs deduction is a bit more complicated because it involves, first and foremost, statistical sampling. We sample property replacement activity, and then we have to analyze that property replacement activity. And so certain things that we have to confront are, well, what does book terminology mean versus tax terminology? For example, a betterment for tax purposes typically wouldn't be a repair, but in the book terms, it might not be repair. It might simply be that we're replacing outdated technology with new technology. And such, if it is new technology that's the current standard, that would necessarily not qualify as a repair. So we kind of have to dig and drill deep in a level that you just can't do when you close the books. Does that help?

MS. SMITH: Why would you -- why wouldn't you have analyzed that or known that when you're doing the actual project? I mean, as you're setting up the project and all that, why does it -- why would this be something that would have to be done at close?

MR. BEBER: Well, it's not done it close, it's done at tax return time.

MS. SMITH: Okay.

MR. BEBER: And when you're -- when we're setting up the projects, the people who deal with the projects are not tax people. They're book accounting people. So the book rules and the tax rules are very different. In essence, you're talking about different units of property for tax versus book.

MS. HEALY: Is there anything that would preclude the tax expertise from being applied at the earlier stage to improve the estimates?

MR. BEBER: Yeah, just time constraints and resource constraints. I would love to have more people. If I had more people, perhaps we could do that.

MS. SMITH: So I just want to make sure the -- what we're talking here about reconciling is the estimate -- the numbers that you included in this rate provision. In other words, if the Commission were to grant the request as filed, those are the numbers that you would be reconciling to the filed tax return numbers --

MR. BEBER: Yes.

MS. SMITH: -- or the -- and if I remember the data request response, any potential adjustments to those, would those causes another reconciliation?

MR. BEBER: To give a more complete answer, potentially there could be audit adjustments that would cause us to have something other than a filed final result. Our experience has been, because we generally speak and follow the safe harbor that the IRS provided, we haven't confronted in --

at least in recent history, any subsequent adjustments to filing to the best of my recollection. So --

MS. HEALY: Is estimating the repairs tax deduction and actually calculating it something that a utility does in its normal course of business? Is this something that CMP, for example, has been doing for, you know, decades and decades?

MR. BEBER: Well, I -- the repairs tax rules have changed over the years. So it would be hard for me to speak to that far back. But I would say for some time now, for a number of years we've been following, the same methodology. But, again, what can change from year to year is the composition of additions. What we have to do is we start with a base of additions, and then we have to look at those additions and strip out property that is non-qualifying. A simple example might be new construction. New construction could not be a property replacement. So we would want to get that out of the population we sample. Vehicles which would not be a property replacement, we would get -- which would not be repairs qualifying replacements, we would get those out of there. So there are certain things we do to the population to cleanse it. Then once we cleanse the population, we have to sample it. Once we sample it, we have to analyze the work itself to see if it qualifies. So it's a pretty involved process.

MS. HEALY: And understanding that it's complicated and there are obviously changes in the data year to year and perhaps changes to the methodology, but it's -- I don't want to put words in your mouth, but it sounds like you agree this is something that a utility, you know, would -- a type of activity the utility would perform in its normal course of business.

MR. BEBER: Yes, it's the -- for those utilities claiming repairs tax deductions, this is, to some degree, normal course of business.

MS. HEALY: And so why -- if you could elaborate, why in CMP's view is something that's in the normal course of business something that should be reconciled annually?

MR. BEBER: In this particular case, you could have tax deductions that are -- that really do not affect cost of service dramatically because they're just timing items and treated as such where we record deferred taxes through the income statement. And in other cases, like in the case of repairs, we treat this as a flow-through item which means that the deferred taxes that we would have otherwise recorded through the income statement are not recorded. So we're creating, in essence, what looks like a permanent benefit. And so by not reconciling, the customer and the company is exposed to the extent we do not allow for a reconciliation.

MS. HEALY: In 14 -- in Examiners 14-3, I think we touched on this a little bit at the topic of audits. Did I hear you say that the IRS has not audited your repair tax deductions?

MR. BEBER: I'm not aware of any audit in recent times on repairs tax deductions.

MS. HEALY: Is that -- and I don't know enough about this, but are those types of things sort of periodically audited by the IRS or is it more something that arises on a, you know, sporadic basis?

MR. BEBER: Unrelated to CMP, I experienced one audit of repairs tax deductions when it was clear we were following the IRS methodology or the IRS of prescribed methodology. We got a couple of questions, but the auditor quickly got his arms around what we were doing and had no concerns. And in that particular situation, I did not see subsequent requests to investigate repairs tax deductions. While the work is -- again, it's a bit involved. It's not really mysterious, and our approach is very sound. We've been doing it for a long time.

MS. HEALY: You, I know, have estimated what you would think would be the flow through in rate year one resulting from the repairs tax deduction if it were to be reconciled annually, but I don't think you had done that for rate years two and three. Have you estimated those?

MR. BEBER: It's the same number.

MS. HEALY: It's the same number all three years? Okay.

MR. BEBER: Yes.

MS. HEALY: And in Examiners 4-12, this is a -- I think a bit of a different topic now --

MS. SMITH: Can I ask --

MS. HEALY: Yes, go ahead.

MS. SMITH: Do you have a reference or can you provide a reference to the IRS methodology for the repairs tax or the requirements for what makes a repair tax versus a capitalized -- something that would be tax -- or capitalizable for tax purposes?

MR. BEBER: Well, yeah, the safe harbor is, I believe subject to check, 2011-43. And then I believe there's a sampling-related one, 2011, I think 42, again, subject to check. It's a bit involved, as you might imagine, but it would give you, I think, at least some of the information you're looking for. I think what we do is -- I don't know if an example would help, but, in essence, we're focused on -- well, I'll double check those references, and we can provide them if that would be helpful. Why don't we just handle it that way.

MS. SMITH: I would -- I'd like to torture myself and actually read them, yes.

MR. BEBER: Okay.

MS. HEALY: So that's an oral data request?

MS. SMITH: Yes for the information on the IRS methodology for both determining whether a project capitalized for repair tax allowance and also the sampling methodology that you referenced. And I have one last repair -- so with the repair tax, basically -- I'm thinking about the turning around of -- I mean, deferred tax is turned around over much longer period of time. But with repair tax, essentially if you had one year where you had a great deal of things that qualified for the repair tax and then the next you had none, what would that do to this reconciliation?

MR. BEBER: So let me restate the question to make sure I understood it. If in one year we had extremely higher than normal repairs deductions and in the succeeding year had none or very low repairs deductions, if for a tax return, if that unusual event happened, we would have a regulatory liability established or we would establish a regulatory liability for the first period and we would establish a regulatory asset for the second.

MS. SMITH: And that regulatory asset would turn around, if you will, over the book depreciable life of the --

MR. BEBER: I think what we proposed was that it would reverse through the ACF process.

MS. SMITH: And the ACF is what?

MR. BEBER: The annual compliance filing process.

MS. SMITH: Okay, I don't do -- I only do the rate case portions, I don't do --

MR. BEBER: I think -- well, please continue.

MS. SMITH: So -- all right, so if there was a -- so that would mean that in the next year that any of the taxes -- that tax difference, if it was a big difference, would be due, if you will, through the ACF if the reconciliation and the ACF process remains as proposed?

MR. BEBER: Well, we lay out our response -- or we lay out the answer to your question and EXM 014-005. But in essence, it's a little more involved because the ACF year is not a calendar year, whereas the tax return year is. So it -- so the -- so one tax return year kind of straddles two ACF years.

MS. SMITH: Okay. So I know that there are -- in this case at hand, there are a lot of project -- capital projects proposed. Is there any way to know which ones of those would impact -- would qualify as repair or not qualify as repair? Because one of the things -- my assumption is that it's all connected, and if something were to, say, not be included or included at a different level in rates, that number would flow through an impact the amount that's in the revenue requirement model for the repair tax deduction that's reflected. So have you looked at that?

MR. BEBER: I have. Well, I think there were two questions. The last one was have I -- have we looked at it and can you look ahead and see what the impact would be. And I think the answer to the first question is you can get some sense, but you can't be certain. For example, looking at the capital spend program, there were significant costs in '25 and '26 that might not qualify. For example, costs around system automation and costs around transformer replacement. There are betterments in there of a significant amount, and then there are amounts around other business systems. So while there appear to be amounts that may not qualify in there, we'd want to analyze depending on what we selected and sample. So I think the short answer is we have some expectations, but the sampling process helps vet that. You know, we cleanse the population, as I mentioned earlier, to get out the stuff that would not qualify as the repair replacement or could not potentially qualify as a repair replacement so that we have a cleansed population, and then we, from there, would do our sampling and then do our analysis. Because again, there might be things within resiliency or some of the other capital programs that might qualify and then there might be some things that don't. So it's kind of hard to look at it and just say yes or no, but we have our suspicions. And so we've tried to come up with a proposed rate year amount that takes into consideration the things that are important.

MS. HEALY: Just following up on that one, so when you estimated the repairs tax deduction, did you or did you not consider the universe of projects that I'll call sort of the more targeted capital investments, the ones outside of the base capital investments proposed in this case? So, for example, you know, the EV programs, the storage programs, the CCI pole replacements, broadband expansions, those elements.

MR. BEBER: Well, the tax team was not the sole participant in developing what we assumed for rates. We work with our colleagues in regulatory, providing them with information and advice to help them evaluate that. So I would invite them to comment as well.

MS. HEALY: Please go ahead, yeah.

MR. COHEN: So based on your -- Peter Cohen. Based on your question, it sounds like the capital spending that you're talking about was associated with trackers. Is that correct?

MS. HEALY: I'm thinking of the projects that are sort of listed under grid modernization. And maybe -- and perhaps -- I mean, some of those are obviously new assets. So -- and probably wouldn't qualify for the repairs tax deduction, but I don't know if things like, you know, pole replacements associated with CCI work, that's under the -- I think it's --

MR. COHEN: So the CCI pole replacements, that was one of the categories of costs where the company was proposing to have a tracking mechanism. And to the -- so that would not have been -- the spending is not included in the company's capital spending forecast nor in the revenue requirement. To the extent that that was authorized and went forward, the impact of tax basis repairs associated with it, to the extent that it does occur, we would include that in the impact.

MS. HEALY: Right, but that has -- I take it from your answer then, those types of projects have not been included in the estimate you were provided of the repairs tax deduction as well?

MR. COHEN: That's correct.

MS. HEALY: Okay. So they've sort of been held out altogether --

MR. COHEN:

MS. HEALY: -- is the way to think about it. Okay.

MS. SMITH: So if -- I'm just trying -- I want to make sure while we're working through this and working through all of this, we would -- we understand the ramifications. The estimate included for the benefit or for the repair tax likely wouldn't change or wouldn't -- unless there was a very significant change in some proposal for the -- what was considered or allowed, if you will, in the capital projects?

MR. BEBER: I would say that the sampling process plays out the way it plays out. Sometimes you see better than expected results and sometimes you see not as good results as you expected it. And it is, to some degree, impacted by what you -- you know, if I -- if we were to draw a sample with a lot of pole replacements, I'd probably expect a higher overall result. The process, I think, works well because we -- over time you see a huge amount of acceleration. Huge amounts of acceleration. And if our capital spend program is approved, it only supports the expectation that there will be even greater benefits.

MS. SMITH: Okay, thank you. No.

MS. HEALY: Okay, I'm just going to move, I guess, to -- just quickly to a different tax topic. This is dealing with the excess, yeah, accumulated deferred income taxes and your response to Examiners 14-12. And my understanding here is, unlike the repairs tax basis, you are seeking sort of a ultimately a reconciliation but not an annual reconciliation. Is that accurate?

MR. BEBER: Well, with regard to the protected component of the excess ADITs amortization, there are IRS -- I -- pardon me, IRS rules that we must follow. And to the extent those rules determine that we need to make a tweak here and there, that's what we would do because we have to be in compliance with those rules. We cannot give back the benefit any faster than the IRS permits.

MS. HEALY: Yeah. And I understand. And I think there's a suggestion here that the Commission's policy has put a risk the violation of the normalization rules. But I'm trying to understand would you -- are you -- would be treating this sort of through a traditional accounting order?

MR. BEBER: Oh, is your question more about what we're proposing --

MS. HEALY: the mechanics of -- yes, of how you would propose to deal with this, yeah.

MR. BEBER: I'm sorry.

MS. HEALY: It's okay -- don't -- that's fine.

MR. BEBER: Yeah, so I think ultimately, yes, that we would we would seek -- well, initially what we would -- if the Commission were to grant our request, what we would envision is our accounting would be I'll call it preliminary accounting subject to Commission review, and that preliminary accounting would make what amounts to, I think, just balance sheet adjustments, net balance sheet adjustments subject to Commission review. And then ultimately if it turned out we were giving back too much, you know, we could just simply formalize that after the Commission's had an opportunity to review.

MS. HEALY: So would you be -- you would seek at a separate proceeding outside of this rate case an accounting in order for this or are you seeking an accounting order in this case? And maybe you can't answer that question. I know you're not --

MR. BEBER: We would like a separate order.

MS. HEALY: Okay, so you would file a request for accounting order, a separate docket to deal with this and it would have, you know, sort of all the bells and whistles of that type of proceeding and the Commission would review it and you know, look at the prudency of it, that type of thing. Is that -- are we on the same page with about that?

MR. COHEN: Yes. Peter Cohen. Agree to all the bells and whistles of a separate proceeding.

MS. SMITH: So I'm -- I shouldn't but -- so if you -- is the bells and whistles for specific items, but you would want something in whatever final decision that's in this order granting what was in the tax proposal?

MR. BEBER: Yes.

MS. SMITH: And that you wouldn't consider an accounting order?

MR. BEBER: It would not be final, it would just be -- it would give us the preliminary authorization we seek to evidence that we are doing what we can to adhere to the normalization rules.

MS. HEALY: It would essentially leave the door open for you to pursue this without sort of closing the door as a single issue?

MR. BEBER: Yeah.

MS. SMITH: Okay.

MS. HEALY: Did you have more question?

MS. SMITH: No, I did not.

MS. HEALY: I think we're all set with tax.

MR. BRYANT: Yeah. Any follow ups from --

MR. HARWOOD: I have a couple of follow ups if you're ready now. So if I understand the exchange you just had with the staff regarding reconciliation, is the need for reconciliation of the tax liability driven by the fact that you're proposing a multi-year rate plan?

MR. BEBER: I would consider it something of value as opposed to a need. I think it protects customers and it -- and certainly to the fact -- to the point that it's a multi-year rate plan, there is more opportunity for customers to benefit should our deductions outpace what we've assumed in rates.

MR. HARWOOD: Would you be asking for this type of reconciliation if we were doing a more traditional rate case in which all we were trying to do is capture the revenue requirement for the 12 months of the first rate year?

MR. COHEN: Peter Cohen. Yes, we would.

MR. HARWOOD: Have you ever proposed such a reconciliation in prior rate cases where it's just been a single year?

MR. DES ROSIERS: Yes. I mean, I -- having been involved in those cases, this was proposed by the company in the 2007 docket, the 2013 docket. In several cases it's been proposed, and it would reconcile whether it's one year or multiple years

MR. HARWOOD: And was it -- was your proposal accepted and -- no?

MR. DES ROSIERS: No, that's why we're asking here.

If we -- it's -- the Commission has determined that -- I mean, in the prior cases, the Commission has rejected the request and instead ordered flow through, which is how the company has been doing it and continues to do it. In this case, the company is asking to go to the reconciliation mechanism, whether it be one year or multiple years. So it would reconcile to what's in rates versus what the actual amount is the deduction reflected on the tax return. So it would be an item that would reconcile.

MR. HARWOOD: And is it the company's position that when we close the evidentiary record in this case next spring, you won't have sufficient information to make a reliable estimate of your tax liability in the first year of the rate year -- the first rate year?

MR. BEBER: I think it would be our position that our estimates are reasonable estimates now. And that as we get further along in the process, we might have better information, but until we actually do the sampling, we will not have a final answer. The estimates we've reflected we think are reasonable.

MR. HARWOOD: And when would that sampling be done for the tax liability and the rate -- first rate year?

MR. BEBER: So the 2023 tax return would be filed in 2024. So -- and then so for the second part of the rate year, you would have it in the 2025 tax return year. So it takes a while before we get to a final answer.

MR. HARWOOD: Would you agree with the proposition that, all other things being equal, when we reconcile any utility expense or expenditure, the utility has less incentive to manage those costs?

MR. COHEN: This is Peter Cohen. I don't agree.

MR. HARWOOD: Do you -- does the company -- when the company evaluates the risk to its profits and its shareholders from an expenditure, does it not carry additional weight in the management's decision making?

MR. COHEN: I don't think that it does, no.

MR. HARWOOD: In the ACF process, what is the time differential between the filing and the time for the PUC to issue an order?

MR. COHEN: If I recall correctly, the annual compliance filing is submitted in March and customer rates are affected on July 1.

MR. HARWOOD: So that's three months -- four months.

MR. COHEN: Subject to check, four months.

MR. HARWOOD: Good. We're both doing well on math. And am I correct that the -- well, with the company agree that the opportunity for intervenors like the Office of Public Advocate to carefully review those expenditures in a four-month period is substantially more limited than what we get in a case like this where we have approximately a year?

MR. COHEN: I would say that four months is less than

12.

MR. HARWOOD: And would you agree that to the extent the risk of an imprudence disallowance would motivate management to be more careful in its expenditures, the risk of a imprudence disallowance goes down as the intervenors and the Office of Public Advocate have less time to review your submission?

MR. COHEN: I can't speculate on a hypothetical prudence scenario and whether or not -- if you can provide me a more specific example?

MR. HARWOOD: But I think I -- we'll leave it there. Let me ask you one other aspect of this. To the extent management has an opportunity as discretion to make an expenditure and one option available to management would result in reconciliation and the other option would not result in reconciliation because that particular category of expenditures is not reconcilable, could the -- theoretically the reconciliation protection influenced the management's decision in how they exercise that discretion?

MR. COHEN: I think that incurring costs -- it's -- the decision whether or not to incur a cost isn't limited to one thing or another. The need, the impact on the customer, the impact on reliability, that's the primary decision point. Whether or not a cost is reconciled, I would say there would possibly be -- well, not possibly. There would be an awareness, but it wouldn't be the deciding factor.

MR. HARWOOD: Yeah, thank you. Nothing further.

MR. BRYANT: Do any other parties have questions for the tax panel? Hearing none, the panel -- we're through with that panel for today. Jared, did you have some to say?

MR. DES ROSIERS: Oh, no. I was just going to say that we'll swap our panels out once you discharge them.

MR. BRYANT: Well, they're discharged for now. I don't recall getting an appearance from your two deliveries and revenue experts. They're in there? Okay.

MR. DES ROSIERS: I mean, there's -- they didn't have a seat, but they'll come right up to the front.

MR. BRYANT: Okay, let's do the switch.

MR. DES ROSIERS: (Indiscernible) subjects in the case.

MS. HEALY: Yeah, we just want to start with the most riveting.

MR. DES ROSIERS: I like it. Just sorry we don't have questions for depreciation with this because that's what I really aspire to.

MR. BRYANT: I have no comment.

MS. HEALY: (Indiscernible) so --

MR. BRYANT: So there are now two witnesses at the table. Could you please state your names for the record please?

MR. PURTELL: Yes, Michael Purtell, director. I'm overseeing the sales and load forecasting for Central Maine Power.

MS. BOECKE: Alexandra Boecke, the manager of sales and forecasting.

MR. BRYANT: And did either of you raise your right hand say "I do" when I asked -- when I gave the oath?

MR. PURTELL: Yes.

MS. BOECKE: I did.

MR. BRYANT: Okay. Thank you. So there's also a couple new members of the staff who are here. I'd like them to just say their names for the record, please.

MS. LITTLEFIELD: Briana Littlefield, analyst.

MR. ROLNICK: Matthew Rolnick, analyst.

MR. BRYANT: I think that's it. Okay, so let's commence questioning on the deliveries and revenue panel.

MS. HEALY: So this is more in line with sort of a kind of housekeeping, but in Examiners 12-20, you had answered some questions about the model and I think you provided some information in a MetrixND software format. And we appreciate you providing that. That was Attachment 2. We actually don't have that software, and so we were wondering whether it might be -- you might be able to provide the same information in a plain text format, if it's amenable to that.

MR. PURTELL: You can export.

MR. BRYANT: Don't forget to state your name before you speak.

MR. PURTELL: Apologize. Michael Purtell, Central Maine Power. We can export the modeling statistics into an Excel file. The MetrixND software is a statistical software that allows us to do the regressions, right? So it does the optimization algorithms. So does staff have any other type of, like, Eviews or Stata or any other statistical software?

MS. HEALY: I'll let Ethan respond.

MR. GRUMSTRUP: We have R.

MR. PURTELL: R. Okay.

MR. GRUMSTRUP: So if we could just see this -- if that file does contain a script, if we could just see that in plain text to interpret it, that's what we're aiming for.

MR. PURTELL: Okay. So yeah, the actual script, like, for example, you when you do a regression model, you minimize the sum of squares, right, so the errors to get the best line fit. And there's an optimization algorithm for any type of autoregressive. Itron has a proprietary optimized Levenberg Marquardt optimization where I think with R or Eviews you can select Levenberg Marquardt but not the optimize. So that's proprietary, and I don't have access with the software, we're users are the license. Itron has the script. We did submit the actual driver file with all of the data. And the model statistics are in the exhibit. And presumably if you run them in R -- I have no problem meeting with you and walking you through the MetrixND software if that would be helpful.

MS. HEALY: I think that's where we were going to go next. If -- it sounds like staff would be interested in meeting with CMP to go through the model. Okay. And I think we could probably take that -- setting that up offline, but I wanted to bring that up in front of everyone here in case the Public Advocate or other parties would like to be invited to that party.

MR. LANDRY: And that sounds like it'd be too much fun to miss.

MS. HEALY: Okay, so the Public Advocate's on that list. And anyone else, any other parties interested in attending that that modeling session? Okay, so I think we'll work on scheduling that. And also I want to apologize. I think I jumped the gun here. I think the Public Advocate was supposed to go first. But I think if -- staff doesn't have a ton of questions in this area so -- okay, great. I'm -- apologize for the oversight. So I think --

MR. GRUMSTRUP: Can I ask a follow-up --

MS. HEALY: Yes, go ahead, Ethan.

MR. GRUMSTRUP: -- just to make sure I'm following you. So are you suggesting that based on that proprietary optimizer, we wouldn't get the same result given that we don't have access to it?

MR. PURTELL: So that -- the Levenberg Marquardt optimization is only if you have ARMA terms within the model, and some of the models do not have ARMA terms, some do. I'm not familiar with R on if you're allowed to include ARMA terms. That's the autoregressive error correction. So I'd have to defer to you on the R software, but --

MR. GRUMSTRUP: I think I got you.

MR. PURTELL: Okay.

MS. HEALY: Okay. Briana, I think you might have had a question or two.

MS. LITTLEFIELD: Yes. Hi. So I'd like to start off sort of big picture. And I was hoping that what the witnesses could do is sort of walk through how these forecasts for PV solar are used and how that flows through into the RDM.

MR. PURTELL: Okay. And I believe we've submitted the work files that support what I'm going to explain. I'm sorry. Mike Purtell, Central Maine Power. So we have an interconnections queue for solar projects, right? Specifically the behind the meters are the ones we're concerned with because we're trying to capture the amount of kilowatt hours that are going to go through a meter to project revenues at current rates as part of this rate case. From our interconnections queue, there are two types of compensation for a customer. One is there's a kWh deduction from the volumes that they're billed, or there's a tariff where they receive a credit on the bill but the volumes they use through the meter are not affected. For our purposes and forecasting, we're trying to capture what the impact would be on the volumetric reductions versus the tariff, okay. So we have the interconnections queue, and there's certain stages in the process where they have to do the engineering studies and we have a certain likelihood of those projects coming online. They're also differentiated between residential and non-rez or C&I, commercial and industrial. And we make some assumptions if we don't have granular insights. If it's a project that's going to have a hundred subscribers, we're assuming that's a C&I type, maybe a potential solar farm. That's not going to be a residential rooftop with a hundred subscribers. So there are some simplifying assumptions if we don't have that visibility.

That's our starting point for how we're going to forecast or project the solar or the PV. My team, we also participate in the ISO New England distributed generation forecasting working group as well as the ISO New England load forecast committee, and we leverage a lot of their in-depth studies where they have each of the New England state's policy goals and the like and they have also access to the interconnection data and we work with them. They provide, I think, ten-year forecasts of these DER penetration. DER is distributed energy resources, of which PV is the majority. So for the short term, we have our interconnection queue. We've got what's expected to come online in the next, say, 18 months. And then we, longer term, adopt the ISO New England's PV growth rates for those particular ones that will impact the load going through the meter. Does that answer your question?

MS. LITTLEFIELD: So I just want to ask a couple follow ups on what you've just said. The first, I heard you say you're measuring what goes through a meter, and I'm curious if that means in one direction or in both directions, and when you're measuring that, if that's on a bill cycle basis or --

MR. PURTELL: Okay.

MS. LITTLEFIELD: -- what that means.

MR. PURTELL: Yeah, we use billed sales. So for the 20 billing cycles each month, the total billed kilowatt hours is what we use as our -- that's one of our set of econometric models, right, residential kWh. So it's all what's going to be delivered to the customer.

MS. LITTLEFIELD: So you're saying -- are these billed sails already net of any kilowatt credit applied from NEB?

MR. PURTELL: I'm pausing because you're phrasing of kilowatt hour credit is ambiguous in that there's two different ways to compensate a net metered customer.

MS. LITTLEFIELD: So my understanding is the first way is through a dollar credit and the second way is through a kilowatt hour reduction of consumed kWh.

MR. PURTELL: Correct.

MS. LITTLEFIELD: What I'm asking is about the second those two. I don't see that dollar credits really would have an impact on the sales forecast. I guess my question isn't really regarding the tariff rate.

MR. PURTELL: Okay, good. Yeah, and that's what I was trying to get at. So if we have a billed sales kilowatt hours for, say, the residential class and there was a residential customer that had solar panels on their roof and were generating to offset their own load, then our billed sales would have the net impact of what their offset would be. Similar to if someone installed high-efficiency light bulbs, right? That's going on behind their meter. So their billed sales will be lower because they are using less. If they're using solar to generate -- to offset the amount of electricity required from CMP, then their billed sales would be reduced by that existing solar panel.

MS. LITTLEFIELD: So in a case that -- like, let's just talk about a residential customer that doesn't have solar panels on their home but instead subscribe to a community solar project. Those customers, we're not looking at their actual metered consumption, are we? We're looking at their metered consumption net of the kilowatt hour credits that have been applied.

MR. PURTELL: Okay, so my understanding, subject to check, is say we have a hundred residential customers, there's a solar farm. They're all using their loads, but they've subscribed to this solar farm and they're getting, say, 50 kWh reduction in their bill credit from subscribing. My understanding, and again this is subject to check and I may have to defer to our rate design group, is that, yes, that kWh is already embedded or netted into their billed sales when it hits the books.

MS. LITTLEFIELD: Okay, that answers that question for me. So could you kind of walk through -- and maybe this is not the right set of witnesses and I apologize -- how this kWh netting would flow through the sales forecast into the RDM? So my understanding is there's a revenue target for the RDM, and I think you answered -- Examiners 12-2 discusses the RDM.

MS. HEALY: And just while you're looking that up, for the record, RDM is revenue decoupling mechanism.

MS. LITTLEFIELD: Sorry about that.

MS. HEALY: It's all right.

MR. PURTELL: So Examiner 12-002 is speaking about the rate -- the units used for the proposed RDM revenue targets. And -- okay, in regards to the Commission decision of 2021-00360, that's the NEB-related effects on sales. Yeah, I would need to defer to our rate design panel for their support on that particular question. They're more familiar with the nuances of the billing. I can speak to the forecast itself.

MS. LITTLEFIELD: I can hang on to that question.

MS. HEALY: Or if you feel like -- are you confident the rate design panel's going to be able to answer it or should we ask it as an oral data request? Relatively confident. I don't expect you to be a hundred percent.

MR. PURTELL: Well, let me see if I can clarify the question as I'm hearing it. For a customer that doesn't have a solar panel on the roof and subscribes to a solar farm, they get a kWh reduction on the bill. That's how they've chosen to be compensated. How does that impact the RDM. Currently or proposed?

MS. LITTLEFIELD: I think what we're asking is probably for both, but I care mostly about what's being proposed. But I just want to clarify, when you say customers that are subscribing to a community solar, generally what I'm asking is not necessarily about that group of customers. What I'm asking is about credits that are being applied to customer bills. So in other words, it includes that group of community solar subscribers, but also any NEB customer with excess output from their generation --

MR. PURTELL: -- meter customer.

MS. LITTLEFIELD: So on a monthly basis, if they export more than they consume, they bank those credits is my understanding, and those credits are applied in a future period. So what I want to know is how this excess generation from solar panels or whatever DER is being used, how that flows through the sales forecast and then how that sales forecast is applied to the RDM.

MR. PURTELL: Okay.

MS. LITTLEFIELD: I know that's a very wordy question. I can wordsmith that offline.

MR. PURTELL: May I deferral for one moment? It's outside my comfort area to speak on net energy billing and how it's (indiscernible) to the billing system, but I can speak on the forecasting. So we get the billed sales, and then this is where the support of the rate design team who's more familiar with how those credits are applied --

MR. DES ROSIERS: Could I make the suggestion that the witness explain how the process works through the sales forecast up to the point where we then get to the RDM piece and we can treat that separately? Because I think I heard the question as sort of how it works in the sales forecast and then what the impact is on the RDM. I think Mr. Purtell and Ms. Boecke can speak to the first but maybe not the second piece of that.

MS. LITTLEFIELD: That works for me. I'd be happy to hear what you have to respond to.

MR. PURTELL: Okay, yeah. So back to the 20 cycles in the billing cycles, right? If a customer's billed sales, a single customer's bill says you've used this many kilowatt hours this month and then here's a credit or a bank, if you will, of kilowatt hours for usage, then their net billed sales, it's -- is what flows through to our databases that we use in our econometric modeling. So -- but we don't forecast one customer at a time, we forecast in aggregate several -- 100,000 customers within the model. So that's what drives our forecast, and we do a top down, like a CMP total residential forecast. So implicit in those kilowatt hours would be the kWh that's been reduced on the billed sales already.

MS. HEALY: I think Faith Huntington might have a question.

MS. HUNTINGTON: I do. Hi. Can you hear me?

MS. HEALY: And, Faith, you'll have to state your name because I don't know that we got you the first time around.

MS. HUNTINGTON: Hi, Faith Huntington for the staff. Can you hear me?

MR. PURTELL: Yes.

MS. HUNTINGTON: Thank you. So let me -- it might help if I give you the -- a little bit of context for the question so you can understand why we're asking what we're asking. We're really trying to understand the difference between how you're treating kilowatt hours from a solar project that are truly physically behind the meter with kilowatt hours that are treated as an adjustment to the bill in the example that Briana was describing, for example, from a community solar project or from kilowatt hours that are in excess of a customer's rooftop solar and are credited to the bill in a subsequent month. And the reason we're trying to understand this issue is because of the way lost revenue from the kilowatt hour credit program is recovered through stranded costs. So I know you're involved primarily in the sales forecast, but other people at CMP maybe that are in the room are listening might understand why we're asking the question. So, again, to the extent, you know, we're focusing in on the on the units that are in the test year billing units or the rate year billing units for the purpose of setting rates in this case, we're trying to really understand what is in the kilowatt hours with respect to those two types of ways of treating kilowatt hours from solar projects. Does that help put this in context a little bit? So in other words, in your sales forecast when you're looking forward and looking at, you know, new solar projects in the rate year or forward, are the kilowatt hours that are in your sales forecast affected by the output from those projects that are not physically behind a customer's meter?

MR. PURTELL: And subject to check again, this is -- I'd have to defer to the rate design as I'm not as familiar. I understand the concept. Ideally, we're trying to capture any physical reductions in load that happen behind the meter, right? So it was just the net meter. But now we have these remotes where you can get a net credit. And I understand there might be a concern and if we're going to be reconciled with stranded cost, are those reduced units also going to be reconciled in the RDM? And Examiners 12-002 in the response and -- it's clear that we don't plan to have a double reconciliation, right? We are going to remove from the RDM revenue targets any NEB -- I'll read exactly the answer, the NEB-related reduction due to lost revenues from the kWh credit program will be recovered and defined as defined by the Commission's decision in 2021-00360. So on the reconciliation end we're making sure that there are two distinct buckets as far as compensation or reconciliation, if you will, for those lost revenues. As far as the forecast, we're trying to capture -- because I -- our forecast is not only used for revenues, but ideally we get down to the point where, at a granular level, we support some of the system planning studies. So they're concerned with load going through a meter as opposed to a subscriber or a hundred customers if they're maybe in disparate areas. So we have a dual purpose with the forecast. It's to capture the kWhs that are flowing through the system and through the meter. Insomuch as a credit shows on the bill and if a customer's billed sales says net, there's a credit of -- if it's a remote solar farm and there's a kWh credit, then our forecast is driven by the ultimate net kWh as booked.

MS. HUNTINGTON: Yeah, I guess -- again, this is Faith. You know, we're just trying to make sure that in the context of setting rates in this case either, you know, looking into the rate-effective period or perhaps for the purpose of setting the RDM targets when you're including net energy billing kilowatt hours, we understand the difference between the physical kilowatt hours behind the meter versus the kilowatt hours that are a credit to the bill and are obviously reflected in the billing units but not the physical metered sales.

MR. PURTELL: Okay.

MS. HUNTINGTON: Now we've totally confused you. I'm sorry, but I just wanted to clarify why we're asking the question.

MS. HEALY: Maybe, you know, again, if you can't answer today, that's understandable. But I guess I'll reiterate would be helpful for us to put this in an oral data request or save it for a different panel?

MR. COHEN: This is Peter Cohen. I think at this point we're probably at the -- where we need to either -- I believe the revenue -- I'm sorry, the rate design folks could answer this question, but I understand that Mr. Purtells (sic) will be gone after today. So -- you'll be here? He'll be here so we can just defer it until then. If he can't answer it, we'll take an ODR.

MS. HEALY: Sounds good.

MR. PURTELL: Okay.

MS. LITTLEFIELD: All right, I --

MS. HEALY: Yes, go ahead, Briana.

MS. LITTLEFIELD: I have just a couple more. I'm trying to peel away the RDM elements of my questioning.

MR. ROLNICK: Could I just ask a clarifying question on where we're at the moment? So this is Matthew Rolnick. So if you are doing your forecast just at a very high level, because the forecast is net of the credits, we're going to -- this is going to sound stupid simple, but I just want to make sure I got it. We're going to end up with a lower number. So, for example, instead of 2,000 kilowatt hours, we'll end up with 1,500 that were -- because there was 500 kilowatt hours of credit. So even though 2,000 hours was used, there's 500 kilowatt hours that was credited back through NEB. So the net impact of those is to actually lower the baseline forecast that we're using for determining rates. Do I have that or are you not the right person to ask?

MR. PURTELL: The assumption is if, say, you have a rooftop solar and it's bringing down your usage or you're getting a credit, is that solar panel will be there until it degrades for at least at least a decade. So --

MR. ROLNICK: I think I'm -- the -- what happens behind the meter reducing demand, like that -- that's a little clearer. I'm really concerned about the difference between the credits and -- that are applied and what's actually used and where that lands in the ratemaking treatment. So, for example, let's just pretend that there's no solar rooftops in this world, there's only solar farms, and we have a very limited world that has 2,000 kilowatt hours in the year and the solar farms generated 500 kilowatts. So would you, in that world -- you would say that the forecast that we're going to do ratemaking based on is 1,500 or would you say the forecast is 2,000?

MR. PURTELL: If the billed sales are reduced by the 500 kilowatt hours, then we are forecasting on that reduced kWh.

MR. ROLNICK: Okay, that was the stupid simple point I was trying to get at.

MR. PURTELL: But that was one of the subject to checks for our rate design who are more familiar with the NEB program and how credits versus kWh is applied to the bill.

MR. ROLNICK: Right, but -- and I got that part, but I just wanted to make sure I had the forecast part down. Okay. Thanks.

MR. HARWOOD: With the permission of the bench, can I do a quick follow up that will be right on this point or would you rather I wait?

MS. HEALY: It's fine. Yeah.

MR. HARWOOD: Can I just take Matthew's hypothetical and take it one level deeper? In your 2,000/500, did you make any adjustment for expiring credits that are not used within 12 months? And so in his case of 500 kilowatt hour credits, a certain percentage of them may be lost because they're not actually used within 12 months. Would that be an adjustment that you would, at least in theory, if not in practice, have made?

MR. PURTELL: We -- the forecasting team would not make that adjustment. I can't speak to whether the folks that handle the net energy billing would adjust the billed sales. I don't know. That would be one that's deferred to rate design.

MR. HARWOOD: I'm happy to defer to the rate design, but I have this fear that the rate design is going to say I can tell you what it is on our books and rate design, but I can't tell you how it was done as the sales forecast. So I'm almost wondering if it's more efficient to ask an ODR here. I mean, either way that we get the information, I just maybe --

MS. HEALY: Peter, it looks like you want to say something on that, but -- go ahead.

MR. COHEN: Yeah, this is Peter. So Bill, Mike is going to be here when the rate design folks are here. So that's why I said --

MR. HARWOOD: Okay.

MR. COHEN: -- you know --

MS. HEALY: So let's put a pin in it and try not to forget, and, if not, we'll ask an ODR.

MR. HARWOOD: Thank you for the interruption.

MS. HEALY: All right, Briana, I think you had a few more questions.

MS. LITTLEFIELD: Yeah, I'll continue, I guess. So I want to turn to the response to Examiners 12-16. And you state there is no differentiation between excess or non-excess behind-the-meter DER generation. And I just wanted to ask is this because there's a lack of information or is that kind of a philosophical opinion that they should be treated the same for forecasting?

MR. PURTELL: So for -- and this specifically is behind the meter, right? So behind the meter the only information that we have -- we don't have a customer's generation from that panel. We have to estimate it using tools like NREL, the national lab, right? We only have at the meter, and we don't have that visibility. So we estimate that customer's usage based on the nameplate, based on location, based on the NREL model. We also don't have the granularity to pair up every single customer with a net -- we're doing it in aggregate. We have a total residential and then we have, say, 6,000 -- just for discussion purposes, several thousand rooftop behind the meter that we have to estimate their production output and net that against our kWh because that's going to be the basis for our growth. So when I responded to that and said there's no differentiation, it's two distinct processes, right? We've got total billed kWh for a class and then we have all of these individual nameplate rating behind-the-meter generation. So whether that is more than the customer's using in that particular period, we don't have that visibility at the present time. Ideally, we'd have load research and we're moving in that direction, but we need to have the granular data to support that.

MS. LITTLEFIELD: Understood. Thank you. I'll move away from that a little bit. You talked earlier about using the interconnection queue and the ISO New England PV forecast for the state of Maine, and I just wanted to get a little bit of clarity. So it looks like in the three-year plan, two of those years are forecasted using the interconnection queue data and then farther out than that, you're using the regional study. Is that correct?

MR. PURTELL: Yeah, the only information that we have for the interconnection queue is ideally through the whole process for the field engineering study, I think it's called CAESAR, that the engineers do, and then there's a deposit that needs to be paid. And that whole process, my understanding is it takes about a year and a half to 24 months to full fruition. So we only have that -- we don't have queue data that says these will come online in four years or five years. So that's where we flip over to the ISO New England and they have growth rates for each of the states. And we use the growth rates and append that to the end of the queue.

MS. LITTLEFIELD: Got it. And then my last question, are you aware of any attrition rates from the interconnection queue? So I guess to say that differently, does CMP keep track of how many projects on the queue go live at their anticipated go-live date which I believe is recorded in the queue? It's --

MR. PURTELL: I don't know the answer to that.

MS. LITTLEFIELD: That's fine.

MR. PURTELL: I don't get involved in the engineering queues. They give us the information of customer, whether it's a single customer or a number of subscribers, a nameplate rating, and ideal location, and then when the projected turn-on data is. But then their -- they have their own intermediate milestones with respect to, you know, studies and deposits and what have you, and I'm not familiar with any of that.

MS. LITTLEFIELD: Okay. I just wanted to make sure I understand all the assumptions about whether you're using a hundred percent of the projects expected to go online for, you know, 2023 for example or if you're applying some percentage to that. So that's just --

MR. PURTELL: Yeah, we've tried to do those type of studies to say, okay, in an interconnection queue, you have certain -- you get to a certain point where I think the contractor has to pay a percentage, maybe it's 50 percent, I'm just -- off the top of my head -- and how many of those have actually come online. There hasn't been any studies yet because the queues have just grown tremendously, and now that the cap is five megawatts, right, there's just been this -- I don't want to -- there's large growth. And I don't think the interconnection staff has done that type of attrition analysis. It would be interesting, yeah, to your point, absolutely.

MS. LITTLEFIELD: I don't have any other questions.

MS. HEALY: And I'm understanding here that questions about the RDM specifically are better suited for the rate design panel. Is that right?

MR. PURTELL: Well, I mean, the structure of RDM I can I can speak to and our one proposal of lagging the customers one year versus the incremental growth rate, I can speak to that end.

MS. HEALY: Okay. I think, Faith, did you have a question related to that?

MS. HUNTINGTON: We did. Thank you for pointing out that you were the correct witness for that. This is Faith Huntington again. What we -- what we're really looking for, and I think this is probably an oral data request, is a simple illustration of the difference between how the RDM operated based on the current structure with respect to the issue you decided and how it would operate as proposed. We did get some

-- we asked a data request and got some information about the effect of that, but we'd really like a more simple illustration of just the operation under the two different approaches, the current approach and the proposed approach.

MR. PURTELL: Okay. Well, let me let me start verbally, Faith, and see what -- a concern arose when they RDM was established. So there's an incremental index growth of 75 basis points of the customer growth, but it's concurrent. So the revenue targets that are approved for, say, this year of 2022, we have what was approved from the last rate case, but we don't know what that incremental growth is until the customers are completed through December of 2022. So for booking administrative, we really don't know what that final number is until the end of the year, and then we have to turn around and do the annual reconciliation. And it just makes more sense in our opinion from doing the calculations to say if we have the customer growth from 2021 over 2020, we know what the customer growth is and that's already been established. Can we apply that index growth factor towards the revenues for 2022? So as a lag versus going concurrently because it created a bunch of administrative headaches for us. But as far as an example, I know some of the rate design folks put together an interrogatory response, and I think that's the one you were referring to, Faith, that did the analysis of under the current versus the proposed.

MS. HUNTINGTON: Let me let me ask it -- let me ask -- this might be a little simpler if I just ask -- give an illustration and you can point out how it was done and how it would be done. So, for example, if we were looking at an RDM adjustment that was effective in July 2023, for example. Under the old RDM, the customer --the .75 times customer growth factor would have been based on what customer growth period?

MR. PURTELL: The prior calendar year.

MS. HUNTINGTON: So it would be the growth in customers in calendar 2022 versus calendar 2021?

MR. PURTELL: Yes, applied to the 2022 revenues, RDM revenue target.

MS. HUNTINGTON: Okay. So under the new -- the proposed RDM how would it work if we, again, were adjusting -- we were looking at an RDM adjustment effective July 1, 2023?

MR. PURTELL: Our proposal would be to take the actual customer growth in 2021 compared to 2020, take .75 of that and apply it to the 2022 approved revenue targets so that the 2022 revenue targets would be incremented and then when 2022 is done -- but we would know every month of 2022 what the final approved RDM revenue target was because the customer growth rate has already been established from the prior two years. So at the end of the year, we can do a reconciliation of approved revenues versus actual revenues as opposed to wait till the customer numbers are finalized, then do the customer growth, then apply that customer growth to the historical 12 months of 2022 and then do the reconciliation all over. So we're doing a monthly calculation of variance to a revenue target that eventually will change once we have the end of the year customer numbers. So it got to be administratively a bit of a headache, and then we have to file by March because it's part of the annual compliance filing that goes into effect July 1.

MS. HUNTINGTON: Okay, so you're backing up the customer growth index by a year essentially?

MR. PURTELL: Correct.

MS. HUNTINGTON: So for the purpose of being able to know what that would be during the calendar year where you're looking at revenues month by month. Is that correct?

MR. PURTELL: That's exactly right, yeah, because each month closing we do an RDM calculation of variance actuals to the approved target. And right now it's a target with an asterisk on it.

MS. HUNTINGTON: Got it, got it. Okay. Thank you. Thank you very much. That was extremely helpful.

MS. HEALY: I think we had one question that dealt with a confidential attachment. I could try asking it non-confidentially or we could just hold, but I would be happy to go ahead and ask it, try and ask it non-confidentially. And, Ethan, please interject here if I've got anything off. But in the deliveries and revenues panel testimony figures and exhibits, the Excel workpapers that were filed in September, it appears that there's differences in the yearly customer and kWh numbers between that Excel file and Exhibit RD1. And we're trying to get an understanding of what those differences are. For example, there's a customers tab in the Excel file in column E that, if you sum it up, would give you a different number than what's showing for the number of customers in Exhibit RD1. And I apologize for being obscure. I'm just trying to ask this non-confidentially. And if this is something you, you know, can't answer on the stand, we could put it in an ODR but --

MR. PURTELL: Exhibit RD1?

MS. HEALY: Yeah.

MR. PURTELL: That's the design one, okay. I just need to look at RD1. I didn't have it in my folder.

MS. HEALY: Sure, take your time. And again, we're in public session. So if you can't answer this publicly, please don't.

MR. PURTELL: It was the customer counts in particular you were referring to?

MS. HEALY: Both customers and kWh, but I use customers as the example. So when we, for example, looked at column E of the Excel spreadsheet and looked at the rate year one total, we got a number that was different from what was showing in an Exhibit RD1.

MR. DES ROSIERS: On your reference to Exhibit RD1, is at the updated Exhibit RD1 filed in on September 9 or are you looking at the original filed in August?

MS. HEALY: Yes, the --

UNIDENTIFIED: Yes, the updated one.

MR. PURTELL: I think since I'm not familiar with the RD1, that's a rate design exhibit, I think it best to take an ODR on this and then I can track it down over the next two days. And I'll be here Friday.

MS. HEALY: Okay. Great, and if you can answer it on the stand, that'd be great. So it's please explain the differences in yearly customer kWh -- customer and kWh numbers between the Excel file entitled Deliveries and Revenues Panel Testimony Figures and Exhibits, parentheses, Excel Workpapers and the corresponding numbers on Exhibit RD1.

MS. TRACY: Can you say that one more time, Nora, please?

MS. HEALY: Yeah, please explain the differences in yearly customer and kWh numbers between the Excel file titled Deliveries and -- and I'll say the updated Excel file titled Deliveries and Revenues Panel Testimony Figures and Exhibits, parentheses, Excel Workpapers and Exhibit RD1.

MR. PURTELL: Okay. And to clarify, Ethan, that workpaper had it by customer class, right? Rez, commercial, industrial, and RD1 has it by service class. Because our models were --

MR. GRUMSTRUP: -- may be the difference --

MR. PURTELL: -- commercial, industrial --

MS. HEALY: If that's part of your explanation of the differences, then --

MR. PURTELL: I just want to clarify that -- okay, that workpaper, yeah.

MR. DES ROSIERS: And for numbering, how are we numbering the ODRs? Are we up to a 01 --

MS. HEALY: Are we restarting for each panel, is that what you're --

MR. DES ROSIERS: Yeah, I mean, how -- just so we --

MR. BRYANT: I had assumed that all questions asked of CMP, regardless of which panel, would be in the same set. So we started with --

MR. DES ROSIERS: -- 01-01 and 01-02.

MR. BRYANT: Yeah. Otherwise, I think we get -- with the number of panels, I think things would get crazy.

MR. DES ROSIERS: And that and that that's fine. I just want be on the same page.

MS. HEALY: Will we do set two for the next day --

MR. BRYANT: No, no. So any more questions from staff on this panel? Okay, I'm seeing none.

MR. GRUMSTRUP: Yes, I have one.

MR. BRYANT: Oh, go ahead Ethan.

MR. GRUMSTRUP: This is Ethan Grumstrup again. I'm going to circle back to our first question on Examiner 12-20, Attachment 1. If possible, could you provide a data dictionary for the variables included in that file, just an explanation of the abbreviated names and units? Which might be an oral data request.

MR. PURTELL: Oh yeah, certainly, yeah.

MR. BRYANT: So that'll be number three.

MS. TRACY: Would you restate the file name for which you would like that dictionary?

MR. GRUMSTRUP: It's Examiner 012-020, Attachment 1.

MS. TRACY: Thank you.

MR. GRUMSTRUP: So it's all the variables used in the econometric models, how they kind of have these --

MS. HEALY: Abbreviations that are hard to decipher without an explanation.

MR. PURTELL: A verifying dictionary index of all the variables and what they stand for.

MR. GRUMSTRUP: Yes, exactly how that -- thank you.

MR. BRYANT: Anything further from staff for this panel? Hearing nothing, I think it's -- just take our lunch break. So let's go off the record. And let me ask before we go, does the OPA -- you had a time estimate. Has that changed for this panel? Just what is it now if you have a sense?

MR. HARWOOD: I think I can do it in about --

CONFERENCE RECESSED (November 1, 2022, 12:35 p.m.)

CONFERENCE RESUMED (November 1, 2022, 1:36 p.m.)

MR. BRYANT: Okay, so we are resuming the technical conference, and the questioning will come from the OPA on the deliveries and revenue panel.

MR. HARWOOD: Thank you. Good afternoon. So you're presenting a three-year sales forecast. Is that correct?

MR. PURTELL: Correct.

MR. HARWOOD: And is the reason we have a three-year sales forecast is that the company is proposing a three-year rate plan?

MR. PURTELL: Yeah, I mean, we typically do three to five years out, but in this particular case, we're consistent with the other schedules and the other panel's was three years.

MR. HARWOOD: And if we were doing a more conventional rate case in which we were just trying to get the rates correct in year one, would you have presented a one-year sales forecast?

MR. PURTELL: If we filed a one-year rate case, we would present a one-year forecast, yes.

MR. HARWOOD: And the three years that we're talking about run roughly from May of '23 to May of '24, year one, and then year two would be May to May, and year three would be May to May. Is that right?

MR. PURTELL: Yeah, the rate years were pushed back, I think, two months each year, but it's that -- roughly that same year three period -- three-year period that you reference, yes.

MR. HARWOOD: You, in your forecast, make an adjustment --

MR. DES ROSIERS: Bill? Bill, just to be clear, so we're not -- as filed the rate years were May to May or -- with the supplement that was filed on September 9th, the rate year shifted to August 1 to July 1, and that includes the updated -- delivery revenue forecast corresponds to the updated rate year.

MR. HARWOOD: Thank you for that. When you say August 1 to July 31?

MR. DES ROSIERS: 31, yeah.

MR. HARWOOD: Okay. Thank you. And did you change your sales forecast as a result of the adjustment that Mr. des Rosiers has just described?

MR. PURTELL: No, it was the same -- when we do a forecast, we run through the models and we get maybe five years of monthly forecast data. So where you slide the frame -- so we had the same forecast, and then our forecast is utilized by revenue requirements, rate design by other panels. So the update was limited to some of those other panels and where we have the same data that we had provided in the original filing.

MR. HARWOOD: Same forecast, different snapshot?

MR. PURTELL: Yes.

MR. HARWOOD: Okay. In your forecast, you make explicit adjustments for the programs Efficiency Maine Trust, do you not?

MR. PURTELL: Yes.

MR. HARWOOD: And you reference there the triennial forecast. Is that right?

MR. PURTELL: The EMT triennial plan, yes.

MR. HARWOOD: And that plan was issued in November of 2021, correct?

MR. PURTELL: See if I have that readily available. Don't have the vintage date, but the actual triennial plan was triennial plan five or V for fiscal years 2023 through 2025. I don't have the actual --

MR. HARWOOD: How about page three, line four and I've got -- does that help? Your testimony.

MR. PURTELL: Yes, November 24, 2021 update. Yes.

MR. HARWOOD: So what I'm trying to figure out is how the EMT triennial forecast matches up timewise with your three-year sales forecast. When -- the triennial forecast is on a fiscal year basis?

MR. PURTELL: Right.

MR. HARWOOD: And what is the fiscal year that the triannual forecast is on? That's --

MR. PURTELL: The calendar year. So our whole forecast is monthly sales. We have a triennial which is the three-year look ahead for the -- from the Efficiency Maine Trust. And we break that down to months, right? We do linear interpolation to go from January, February --

MR. HARWOOD: You're getting ahead of me. I'm still up here at the -- so the Efficiency Maine Trust is on a calendar year. So the first year of the Efficiency Maine Trust would be January 1, 2022. Is that how you interpreted it?

MR. PURTELL: No, years 2023 through 2025. So triennial plan four would have gone through 2022.

MR. HARWOOD: Okay. So the first year would be January 1, 2023?

MR. PURTELL: Correct.

MR. HARWOOD: That would -- okay. And then it would have gone through '24 and '25, correct?

MR. PURTELL: Correct.

MR. HARWOOD: But your forecast goes through July 31 of 2026, correct?

MR. PURTELL: Correct.

MR. HARWOOD: So we've got this -- hanging on at the end, this last seven months that is beyond the Efficiency Maine Trust forecast.

MR. PURTELL: Correct.

MR. HARWOOD: So how did you account for that?

MR. PURTELL: Well, we still had a sales forecast.

We just didn't have additional incremental adjustments for the months in the period that you reference that were outside the triennial plan that. The best outlook that we have is EMT's triennial plan, and it only goes out to 2025. So --

MR. HARWOOD: So you made no adjustment for efficiency in that seven months?

MR. PURTELL: No further incremental outside the three-year plan, correct.

MR. HARWOOD: I want to make sure I understand no further incremental. Did you make any non-incremental adjustments for that -- during that seven-month period?

MR. PURTELL: Not for EMT, correct.

MR. HARWOOD: Does that make the third year of your forecast less reliable than the first or second year of your forecast, all other things being equal?

MR. PURTELL: Well, I think that's a general rule with forecasting is the farther out you go, the more uncertainty is in your results. That's just a general across the forecasting world.

MR. HARWOOD: So we can say with some degree of confidence that your year three forecast is probably less reliable than your year one forecast?

MR. PURTELL: I would not use the term reliable. I would say there's more uncertainty in the outer year than the earlier years.

MR. HARWOOD: And turning to page six, Figure 4 of your testimony -- you see that?

MR. PURTELL: Yeah.

MR. HARWOOD: Is what I'm seeing there the difference -- the variance in 2019 is much smaller for residential and commercial than the variance in 2020. Is that an example of what we just spoke about, that the further out you go, the more uncertainty you have?

MR. PURTELL: I would not use 2020 given what happened in 2020. For example, the residential, absent COVID shutdowns, we don't have a good representation. I would say -- I would venture to say 2020 was an anomaly.

MR. HARWOOD: Okay. And for the commercial as well?

MR. PURTELL: Yeah, and industrial.

MR. HARWOOD: Well, let's -- and that's the COVID factor, correct?

MR. HARWOOD: Correct. Residential's up because we had remote learning, we had remote work. So we saw residential loads increase due to that. Commercial, especially small C&I, there were shutdowns, right? And CMP, we rely -- roughly 20 percent of our small C&Is rely specifically on tourism, right? We have seasonal type of businesses that were not able to operate that whole summer.

MR. HARWOOD: And presumably that impact wouldn't have -- because we hadn't -- didn't have COVID, wouldn't be reflected in the historical data before 2020 that you could have then done some econometric modeling with, right?

MR. PURTELL: Are you asking if we could have predicted the COVID shutdowns?

MR. HARWOOD: No, I'm just saying that's the problem.

MR. PURTELL: That's an anomaly, yes. Yeah.

MR. HARWOOD: And that's why you call it an anomaly. So looking forward, we have no prior experience -- I guess if you go back a hundred years, but no recent prior experience with coming out of COVID or coming out of a pandemic. Would you agree with that?

MR. PURTELL: I would agree with that.

MR. HARWOOD: And so you've had to make some judgments about how quickly the economy will revert to its pre-COVID normal state over the next several months or years, correct?

MR. PURTELL: So we actually leverage IHS Markit and their expertise in the economic outlook for the state of Maine. And we use them as the drivers, if you will, of our -- so we don't make the assumptions. We use their assumptions to feed our outlook. So as far as employment in Maine -- so, yes, there are embedded assumptions, but we don't make them individually. We are supported by IHS Markit.

MR. HARWOOD: But they're doing the same exercise that I just suggested which is we don't have a long historical analogy of coming out of pandemics. So we're kind of flying blind, right? And we are making as best judgments as we can.

MR. PURTELL: I would agree that there's a lot of uncertainty coming out of a pandemic that we have not seen in a hundred years.

MR. HARWOOD: And one of the things that we're trying to figure out is this return to work, return to office work, situation in terms of hybrid work. Is that one of the factors?

MR. PURTELL: Yes.

MR. HARWOOD: And the other being will employment simply rebound to pre-pandemic levels, that we are not sure when -- how fast and when that will occur?

MR. PURTELL: Correct.

MR. HARWOOD: And would you agree that as you look at the pandemic, if you were just isolated -- just focusing on year one, by next spring when we are ready to close the evidentiary record in this case, you will have a reasonably good handle on what that 12 months of year one will look like?

MR. PURTELL: Yeah, I would agree. The more actual data we have and the more recent data -- if we have six more months of actual data, absolutely we would have better visibility in what the near-term future would look like.

MR. HARWOOD: And would you also agree that as we said earlier that the year two uncertainty and the year three uncertainty, when focused on that, will be larger than the year one if we're sitting here next spring doing this exercise again?

MR. PURTELL: I would agree with that.

MR. HARWOOD: You make an adjustment for what we -- you discussed with the staff of behind-the-meter generation. You recall that discussion?

MR. PURTELL: Yes.

MR. HARWOOD: And can I just -- I think this is where you ended up, but at the risk of opening up Pandora's box again, can I assume that whenever I read the words behind the meter in your testimony, it means the kilowatt hour net metering program, whether it's physically behind the meter or whether it's a solar farm?

MR. PURTELL: Solar farm with a kW --

MR. HARWOOD: Yes, thank you.

MR. PURTELL: Yes.

MR. HARWOOD: Yeah. Okay, that's helpful. So you made a projection of how much bill credits would occur in terms of making your sales forecast, right?

MR. PURTELL: Correct.

MR. HARWOOD: Would you agree that the amount of bill credits is dependent in part on the public policy regarding net metering that is adopted by the legislature or implemented by this Commission?

MR. PURTELL: Oh, absolutely. Yeah, state policy does play and influence the long-term outlook of any of these -- I call them disruptive technologies, if you will, electric vehicles, solar, yes.

MR. HARWOOD: But with net metering, would you agree that it is a major driver of the number of net metering projects that are proposed, developed, and constructed?

MR. PURTELL: Yes.

MR. HARWOOD: And would you agree that there -- the controversy around net metering hasn't gone away and there is a possibility, if not a probability, that there may be further adjustments in that public policy?

MR. PURTELL: I'm not familiar with the whole details of the net metering program. You know, as far as a forecasting we're aware of, for example, the limit being increased to five megawatts and we see that reflected in the queue. But the nuances of the NEB program, the stranded cost program, that really is outside of our team's purview.

MR. HARWOOD: But you're aware -- or are you aware that last spring the legislature tweaked the subsidy and capped the subsidy for certain net energy billing projects?

MR. PURTELL: Yes.

MR. HARWOOD: And presumably when they go back into session in January, that might happen again?

MR. PURTELL: I don't want to speculate, but presumably anything could happen, yeah.

MR. HARWOOD: And that makes your job as a -- doing your sales forecast in this particular area much harder.

MR. PURTELL: It's a challenge, yes.

MR. HARWOOD: On the economic outlook there is a lot of discussion in the national press, the business press, as to whether we are headed for a recession. I didn't see the word recession in your prefiled testimony. Did I miss it?

MR. PURTELL: No, we're not in the business of speculating a recession or not. We purchase our economic assumptions, as I've mentioned, from IHS Markit, and their outlook is what drives the models. So --

MR. HARWOOD: And did you make an independent evaluation of how comfortable you are with their modeling?

MR. PURTELL: We've used them in the last several rate cases that that we've been involved in, and pre-COVID, as you can see, the results of the forecasts using their economic data as the underlying assumptions as driver files, they're -- they've been as reasonable as any anyone else.

MR. HARWOOD: In any of those prior situations, was the economy teetering on the edge of a recession?

MR. PURTELL: Well, we had '08, but we just had internal forecasts at the time. So I can't speak to where IHS's mind is as far as a recession or not, and I'm not going to speculate on a recession or not. When we prepared the forecast for this rate case, we had a moment in time and we had to draw the line because the whole process starts, right? And then we feed other panels and so on and so forth. But as you mentioned, there's a lot of uncertainty.

MR. HARWOOD: Is one of the questions that drives -- one of the drivers of this the change in population in CMP's service territory?

MR. PURTELL: Yes, we use population as well as the number of households in the state of Maine.

MR. HARWOOD: And your population is driven by state data rather than CMP-specific data?

MR. PURTELL: Yeah, we actually -- we modeled both. Every ten years with the census updates we take the latest population by county and we align it to CMP service centers. We get household and population outlooks for the state of Maine from IHS Markit. As we've described, CMP is roughly 80 percent of the state of Maine as far as population and households. And when we're running a model, we're estimating the relationship between, say, residential customer counts and households. Whether we're scaling the households to CMP's service territory or using the whole state of Maine as a proxy, the scaling will be reflected in what's called the coefficient or the relationship in the econometric model. So it's really, when we're running the model, which one explains the variance in our sample data set the best, and then secondarily we do ex-post forecasting to see which one can generalize or forecast well.

So we actually run multiple specification tests on whether we're just going to scale it to CMP's service territory or use the state of Maine and let the data tell us which one's the best fit.

MR. HARWOOD: But you don't have county-by-county data, except once every ten years. Is that what I --

MR. PURTELL: Well, we have county-by-county historical data, and then IHS periodically gives us some county-by-county outlooks. But it's not on a regular basis like we get the monthly data for the state of Maine.

MR. HARWOOD: And we can agree there's quite a difference in the demographics between, say, Cumberland County and Aroostook County, right?

MR. PURTELL: Yes.

MR. HARWOOD: And if those demographics were shifting during this period where you weren't getting reliable, steady county data, that could throw off your sales forecast if you were using statewide data?

MR. PURTELL: Well, our sales forecast is a CMP corporate level sales forecast. So it's an aggregate. We do disaggregate those across the service centers using the county-level economic data, right? And I think we answered an interrogatory that used households as an example, and it showed Cumberland County was -- yeah, EXM 12-006. We have head of households, which is essentially the number of households, and it clearly shows Cumberland being the most populous county and had a significantly higher proposed growth rate than Maine as a whole, which is what we used to derive the sales forecast.

MR. HARWOOD: Maine as a whole is what you used to drive the sales forecast?

MR. PURTELL: Correct. But when we disaggregate, we take this information into account to inform the disaggregation. So it's not a smooth peanut butter spread across the service centers. It's a chunky informed by, for instance, population or household.

MR. HARWOOD: Well, that -- but that only allocates among the counties the service territory forecast, which is already possibly skewed because it's based on statewide data.

MR. PURTELL: Statewide data is a roll up of county-level data. How would that be skewed?

MR. HARWOOD: Because you've got the Aroostook County factor in there that really shouldn't be in the CMP service territory.

MR. PURTELL: So in statistical sampling, if you have a sample that's larger than your data set, you -- we use that as a proxy which is better information than using a sample set that's smaller than your proxy. So if we just use, say, Portland, Maine data to forecast all of CMP, I would agree that that would be biased and skewed. But we're using state of Maine, and IHS has a specialist for the state of Maine. And we're letting the data tell us whether we use just at scale to CMP or use the state of Maine as the proxy because we're trying to capture that long-term trend and reflect that in our customer counts and eventually our loads. We disaggregate this way to support our local system planning groups where we have pockets of growth that outpace CMP as a whole. But we're just trying to get a corporate-level forecast with the best available information that we have. Ideally we would -- as more data granularity becomes available, we could get to a point where we could do individual county forecasts, but we don't have that visibility or granularity at the present time given our data limitations.

MR. HARWOOD: Understood. I'm cognizant of the time, and I want to just to touch on the beneficial electrification. And specifically, electric vehicles and heat pumps are something you did a specific adjustment for to get to your final forecast correct?

MR. PURTELL: Correct.

MR. HARWOOD: And those are -- like we just spoke a minute ago about net energy billing, are very much dependent on state public policy and the Efficiency Maine Trust programs correct?

MR. PURTELL: Correct.

MR. HARWOOD: And so if those programs end up being more aggressive in terms of promoting those, that would be challenging to capture because you don't yet know the level of aggressiveness that Efficiency Maine Trust is going to use to push those programs?

MR. PURTELL: Correct.

MR. HARWOOD: The price of electricity is another variable you used?

MR. PURTELL: Yeah.

MR. HARWOOD: And just to clarify for me and maybe -- is I looked at the price -- I'm in Figure 8 on page 13. You there?

MR. PURTELL: I am there.

MR. HARWOOD: And I see four columns there running from year 2018 to 2026, right?

MR. PURTELL: Yes.

MR. HARWOOD: And the first column is the residential price and then the second is the real residential price. The residential price goes up in 2021 to about 16 and a half cents and then just locks that in for the following six years. Is that your assumption about the residential price of electricity for the next six years?

MR. PURTELL: That's -- these -- we take the test year total all-in bill and then we deflate it for inflation, and that's what the real -- and we're trying to capture that assumed impact on the customer's behavior. We've historically used the test year because we're not going to speculate on where the price is going to go because, as we know, prices -- there's even more uncertainty. You talk about a forecast uncertainty. Prices is probably the most uncertainty filled as far as the forecast.

MR. HARWOOD: But we know standard offer prices went up over 80 percent last January, right?

MR. PURTELL: I know they went up. I'll take your word 80 percent.

MR. HARWOOD: They went up a lot.

MR. PURTELL: Yeah.

MR. HARWOOD: And all indications are, I don't want to get ahead of this Commission, that they're probably going to go up again by a lot on January 1 next year?

MR. PURTELL: Presumably. I'll take your word. Again, I don't want to speculate.

MR. HARWOOD: So how do we reconcile this? We have a war in Ukraine, we have LNG out of control, all of which is, in the short run, driving up our electricity prices. But you're holding it flat. How do I reconcile that?

MR. PURTELL: So there are a number of uncertainties in the forecast, and I'll go back to where I said we have a point in time where we have to create the forecast. And at that point in time, this was our best available data. Now, to your point earlier, if we go, say, through March, we'll have better, more recent available data. We'll have some better --

MR. HARWOOD: Is the war in Ukraine reflected on Figure 8? Do I -- can you say, yes, that's embedded into those numbers, don't worry, it's there?

MR. PURTELL: I'm not going to say the war in Ukraine is embedded in those numbers because I have no idea. I mean, if the real price of electricity is being impacted specifically by the war of Ukraine, I don't have that information.

MR. HARWOOD: And weather is another variable, correct?

MR. PURTELL: Correct.

MR. HARWOOD: And we've got a lot of scientists working really hard trying to study climate change and figuring out what heating degree days and cooling degree days will look like in the future?

MR. PURTELL: Correct.

MR. HARWOOD: And do you -- are you -- how were you able to reflect that in terms of projecting a -- presumably a reduction in heating degree days because the -- we have warmer winters and an increase in cooling degree days because we have warmer summers. Is that reflected in your forecast?

MR. PURTELL: So what we define as normal -- we assume normal weather in the forecast, and the normal definition is a rolling average of the most recent 15 years. So if there is a trend in either warmer summers in aggregate or colder winters in aggregate or vice versa, that will be picked up over time as we roll that 15-year average forward.

MR. HARWOOD: But it's always backward looking?

MR. PURTELL: Yes.

MR. HARWOOD: And if the climate scientists are telling us it's going to get much worse in the future, you're saying you have to wait till we get there before it gets picked up in your sales forecast?

MR. PURTELL: What I'm saying is that the national -- the NOAA or National Weather Service publishes a definition of normal on each of their weather stations. And we're consistent with that, except we're using a 15 year. National Weather Service historically has used a 30 year as a definition of normal. So you mentioned climate scientists, but to me the National Weather Service is probably the most official site that we could use, given that we're not weather forecasters.

MR. HARWOOD: But that's backward looking as you --

MR. PURTELL: I --

MR. HARWOOD: -- earlier?

MR. PURTELL: I can't speak to National Weather Service's methodologies, but if it's a 30-year average, then yes, it represents historical.

MR. HARWOOD: Finally, turning to your last page of your testimony, page 28, I was interested in this chart. And if I understand it correctly, the green line is your forecast and the blue line is ISO New England's forecast for the entire state. Is that correct?

MR. PURTELL: So just to be clear, because I printed on black and white, the top line is the ISO New England CELT final forecast --

MR. HARWOOD: For the entire state?

MR. PURTELL: For the state of Maine, yes. And the bottom line is our CMP forecast, correct.

MR. HARWOOD: So here's a question as my mind was looking at this is I get your point is the trends are in line and, therefore, that's some validation of your forecast. I'm -- my mind is wondering how much difference how much daylight is there between the ISO forecast and your forecast. Are you able, if I asked an oral data request, to take the CELT forecast and reduce it from a state of Maine forecast to a CMP forecast so then we could look at an apples-and-apples comparison of your forecast to the ISO CELT forecast? You follow what I'm getting at?

MR. PURTELL: I follow what you're getting at, but I'm not aware of the level of granularity available through the ISO New England's CELT forecast. But I'd be more than happy to dig in and see if there's some availability there.

MR. HARWOOD: That -- if you could do that or any other way that you can take that top line and make it into a CMP line and then reproduce Figure 18 so we can see if you guys and the guys down in Holyoke are looking at the same numbers.

MR. BRYANT: So, Bill, could you repeat your question so we can write it down?

MR. HARWOOD: Yes. Please reproduce Figure 18 by showing the ISO forecast for CMP alone, rather than the state of Maine.

MR. PURTELL: Can I qualify that by saying if available? Because I'm not aware it's available or not.

MR. HARWOOD: Understood.

MR. PURTELL: Okay.

MR. HARWOOD: Thank you. All of the oral data requests are if you can.

MR. BRYANT: So that's question number four.

MR. HARWOOD: Thank you.

MR. PURTELL: Four? Okay.

MR. HARWOOD: All set, thank you. Thank you very much.

MR. PURTELL: Thanks.

MR. BRYANT: Briana has a follow up.

MS. LITTLEFIELD: Yeah. Sorry, it's me again. So going back to the beginning of Bill's questions, I think you had said that the -- all of the PV adjustments to the sales forecast are credits to customer bills. I mean, we can go back on to the transcript, but I heard that said. I just wanted to clarify that all of these are bill credits and they're not intended to be behind-the-meter load reduction.

MR. PURTELL: So when you asked that, we were talking about kWh credits to the bill as opposed to dollar credits, correct? Is this what --

MS. LITTLEFIELD: I can go back on the transcript. I heard -- what I believe I heard was Bill ask whether the PV reductions to the sales forecast were all bill credits. Kilowatt hour credits. Is that right? That's what you asked?

MR. HARWOOD: That was my question and I -- his answer was yes.

MR. PURTELL: Yeah.

MS. LITTLEFIELD: Okay. That's what I wanted to know.

MR. PURTELL: Yeah, just credit was an ambiguous -- because it implies money, and it -- and these are kWh adjustments.

MS. LITTLEFIELD: Sure. With the understanding that my usage of credit to kWh forecast is in terms of kWh.

MR. PURTELL: Got it. Okay, yes.

MS. LITTLEFIELD: All right. Thank you.

MR. BRYANT: Does any other party have questions for this panel? Hearing none, this panel can be excused, although, Mr. Purtell, I think you said you would be here Friday when the rate design panel would be speaking in case there were further questions on your end.

MR. PURTELL: I will.

MR. BRYANT: Great. Thank you. So we'll now move to working capital. Does staff -- no one else -- no one had time estimates for Mr. Weiss, but the staff does have a few minutes' worth of questions. We'll get started when things settle down here.

MS. HEALY: Mr. Weiss, can you hear me okay? It's Nora Healy.

MR. WEISS: I can, yes.

MS. HEALY: Great. Just a couple of quick questions hopefully here. Examiners 13-4, that was a question in which you were asked whether do the state and federal tax payment reflect actual payment dates versus statutory deadlines. And your answer was the expense leads for federal and state taxes were based on statutory filing dates. Why wouldn't we use the actual payment dates versus the statutory deadline?

MR. WEISS: Yeah, I mean, we certainly could look at the actual payment information. Within our review of other filings within the state of Maine, we saw Bangor Gas use statutory filing dates for federal and state income tax payments. Versant also used statutory payment dates. So to be consistent with those filings and based on conversations with the company where the consensus was the company does, in fact, make quarterly payments on the due dates, we just went with the statutory payment dates.

MS. HEALY: So you pay -- CMP does pay on the statutory deadline, not before the statutory deadline?

MR. WEISS: I'd have to verify that with the company, but based on the conversations we had, that was our understanding.

MS. HEALY: And how should I understand the response to Examiners 13-4 in relation to the response to Examiners 13-12 which said individual expense leads were calculated for each of these taxes based on the timing of the payments made and the service periods applicable to each payment in the company's test year?

MR. WEISS: Right, so the response to EXM 13-12 that was a specific to the state municipal tax calculation which, for those taxes, the service periods, amounts, and payment dates were specifically used for those. So actual payment data was used for the calculation of state municipal taxes which was the basis of the question in 13-12 which was different taxes than referred to in 13-4.

MS. HEALY: Okay. And 13-4 dealt with federal, but it also dealt with at least some state tax payments. Is that right?

MR. WEISS: Yeah, state income tax, correct.

MS. HEALY: Okay. And what -- why would we treat the other state non-income tax and municipal taxes differently than state income tax and federal tax payments?

MR. WEISS: Just going back to our review of the other filings within the state of Maine, that was the consistent approach which was using the statutory filing dates for the state and federal income taxes while relying upon actual payment date in dollars for the other taxes.

MS. HEALY: There wasn't a more underlying substantive reason other than you were just trying to be consistent with what you had seen?

MR. WEISS: Right. And then that's fairly consistent with what -- our experiences across other jurisdictions as well.

MS. HEALY: I'd like to turn to your response to Examiners 13-11. And this was a question asking about the -- any differences in methodology that were proposed in this case versus the last two distribution rate cases. And I understand you weren't necessarily involved in those past cases, but you had indicated that the last lead lag study you were aware of was one that was produced in docket number 92-345. I'm not trying to put words in your mouth, but that's what I'm understanding. Is that right?

MR. WEISS: That's -- that was what I was able to find.

MS. HEALY: Okay. We -- and I can't say that we've traced this all the way through, but there -- in the revenue requirement testimony that was produced in docket number 2018-00194, there's a statement there on -- it's page eight, lines

22 23 that says RRP1-8 rate base recaps the calculation of test year working capital using the lead lag data that was agreed to in docket number 2013-0168. You -- I'll just ask again. You don't know what was agreed to in docket 2013-0168?

MR. COHEN: Joe, this is Peter Cohen. I'd like to answer.

MS. HEALY: Sure, if you'd like to answer or -- well, I'll let him just answer and then we can turn and ask you the same question.

MR. WEISS: Yeah, I'll defer to Peter on that question.

MS. HEALY: Okay. Go ahead, Peter.

MR. COHEN: So I worked on the 2013 case, and we did not change our working capital number. Yeah, the study that was used to produce the working capital estimates in that rate case was not a new study. It was an older study that we just carried forward, and then we carried forward it again in 2018. So I -- he has here that it was last done in in 1992. I believe it has been a very long time since we've -- CMP has done a working capital study, and I felt this time it was important because, you know, we're talking 30 years, right?

MS. HEALY: Right. So --

MR. COHEN: -- we needed to do one.

MS. HEALY: Understanding that, can you describe any differences in the methodologies that were -- and maybe I could ask this as an ODR, but I think we're trying to understand the differences in the methodologies between what's proposed here and what had been in use in the past and apparently agreed to and at least 2013-169.

MR. COHEN: Yeah, I would be unable to do give that response verbally right now. I would have to go back and do perform research, what was done by whomever 30 years ago in order to answer that.

MS. HEALY: So I think I'll ask an ODR but maybe narrow it a bit to describe any material difference in the methodologies between the lead lag study that's been proposed here, the working capital study that's proposed here, and the one that was agreed to in docket number 2013-0168. And from what I understood of your answer, that was really the last -- there was a 2018-00194, but that was -- simply carried through what had been agreed to.

MR. COHEN: Yeah, that that's correct. It's -- I specifically remember the 2000 -- well, definitely the 2018 case because that was a unique circumstance where the company was coming in --

MS. HEALY: As an investigation, right, yes.

MR. COHEN: At the invitation of the Commission, we came in and we did not -- we would not have had time to do --

MS. HEALY: -- understood. Okay.

MR. COHEN: And then in 2013, I specifically remember not having done it and it kind of becoming a question as to it's been a long time.

MS. HEALY: It's stale?

MR. COHEN: And so -- I mean, 30 years, but yeah.

MS. HEALY: Yes. So again, that's the ODR and appreciate an answer. Thanks. I don't think we had any more questions on working capital or maybe, Lucretia, do you have one?

MS. SMITH: I do not. I'm all set. Thank you.

MS. HEALY: Okay, great. I think we're done with working capital.

MR. DES ROSIERS: That was five?

MR. BRYANT: Yes, that was question number five. Do any parties have any follow-ups after -- on Nora's questioning? Hearing nothing, Mr. Weiss, you can take the rest of the day off.

MR. WEISS: Thank you.

MR. BRYANT: Thank you for your answers. And let me ask the customer service panel if you're comfortable where you are or would you like to move closer?

MR. DES ROSIERS: (Indiscernible) have (indiscernible).

MS. HEALY: Yeah, that's fine.

MR. DES ROSIERS: I think we would rather have witnesses up front.

MR. BRYANT: While this personnel transition is taking place, I had a discussion during lunch about the ODR numbering. And I was reminded that the case schedule actually has two different due dates because we're -- because the technical conferences are spanned over two weeks, the case schedule provides two different due dates. So as a result, the questions asked this week will be numbered ODR set one, and next week will be ODR set two, even though all the questions will be made to the company.

And along those lines, a question for CMP. We did not expect to issue in writing the ODR set for this week, including for today, until Monday morning maybe. But if you wanted the questions in writing informally as an email so you knew what they were saying sooner than that, please let us know. We can get that to you.

MS. TRACY: Thank you.

MR. BRYANT: Okay, I see the panel is empaneled, and I -- all four of you took the oath this morning? I'm seeing heads nod. Great. Okay. The OPA has questions. We'll let the OPA start. Thank you.

MR. HARWOOD: Thank you. Good afternoon. Let's start with the customer listening council referenced on page ten. What is the customer listening council?

MR. BROCK: So the customer listening council is a --

MR. BRYANT: Please remember to state your name.

MS. BALL: Oh, sorry, Linda Ball from CMP. The customer listening council is a group of members from different businesses and municipalities around the state who Joe Purington invited to talk to CMP, tell us what they're hearing, and help them better understand some of the changes we've been making at the company.

MR. HARWOOD: Does the council itself go out and take public comment or is this just the members of the council come to the company and share their observations about public --

MS. BALL: I would say it's more number two. The members of the council are coming in and sharing their own personal observations and what they're experiencing in their business and private lives in the company -- in the state.

MR. HARWOOD: And for those council meetings, are their agendas and minutes of those meetings that are kept?

MS. BALL: There are.

MR. HARWOOD: And if I -- if you've produced them already, I apologize. But if you haven't produced them, is that something that you could produce as an oral data request?

MS. BALL: We did produce them in response to one of the data requests.

MR. HARWOOD: I will go and find them. Thank you.

MS. HEALY: -- Examiners 5-7.

MR. HARWOOD: Thank you. In your testimony, you make reference to the Chapter 320 rulemaking and L.D. 1959 and service standards. Do you recall that?

MS. BALL: Yes.

MR. HARWOOD: Is there any costs that are included in the current proposed revenue requirement that anticipate the results of that rulemaking proceeding?

MS. BALL: Not yet, no. The four service quality metrics for customer service are the same four that we've been reporting on for quite a while, other than the changed period from 18 months rolling to a 12-month period. And the customer satisfaction surveys we're already doing. We anticipate some changes as we try to make that a statewide model. And then, Leona, I don't know if you anticipated any costs for the annual customer report card.

MS. MICHELSEN: We did not -- this is Leona. We did not build in any extra costs for that.

MS. BALL: I think that's all still TBD on -- in that proceeding, what that's going to look like and what it's going to cost.

MR. HARWOOD: And so I can start to kind of put the puzzle together, roughly when do you need to be informed by this Commission about what any additional service standards might be in order for you to present the costs of that in this rate case?

MS. BALL: So I just want to make sure I understand what you're asking. I don't think we were anticipating any new service standard costs from a customer service perspective. So Kerri and Adam, when they talk about operations and service quality metrics in that venue, they might have a different response for when they would need information to be able to plan reliability for next year. But for our purposes, I don't think we're anticipating any further changes. So I don't anticipate costs in terms of meeting the metrics. And I don't expect it to be supremely expensive to issue a customer report card. And I think the customer survey is going to be largely along what we're planning to propose. You know, surprise to everyone here, it's going to be something very much along the lines of what we're already doing. So there's -- most of those expenses should already be baked in.

MR. HARWOOD: In your testimony, you refer to increased use of -- by customers to pay their bill with credit and debit cards, do you not?

MS. BALL: Yes.

MR. HARWOOD: And you propose that those costs be reconciled. Do you recall that?

MS. BALL: Yes.

MR. HARWOOD: What is the basis for your proposal that those particular costs should be reconciled?

MS. BALL: Well, the basis is really that it's a standard cost of doing business. What we're trying to do is let customers pay us any way they want to. And, frankly, over the course of time, there could be Venmo, it could be Apple Pay, it could be credit cards, it could be cash in person at agencies, it could be online using checking account or a credit card, or they could just mail in payments like they always have. But regardless of how they want to make the payment, we want to be able to make that acceptable and build processes around it. But we can't do that if it's at an incremental cost to the company. So literally taking a credit card, we get less revenue because it costs us money to take the credit card, and that's just not practical on the larger scale.

MR. HARWOOD: But why can't you make a good-faith estimate of what that cost will be in the rate-effective period? Why is it necessary to reconcile it?

MS. BALL: That's an interesting question. Our thought is because it seems to be becoming a bigger and bigger piece of our revenue stream. You know, we've got numbers that indicate over the last two years about five percent of payments have migrated from mail to credit cards. So I think the expense would continue to grow exponentially, and I think that's a lot of exposure for the company to say if we made it available to all customers, you could autopay with it. So you could have your monthly bill deducted every month by credit card if you wanted to. You know, customers are more comfortable with that because if there were ever a challenge with a payment, you've got the credit card company backing you, right? And I think that's a normal way of doing business. Commercial customers are expensive bills. It's a lot of exposure. If we opened it up to commercial customers. And then ideally for customers building new houses and paying sundry bills, I'd love to be able to take credit cards and tell them your payment is made right now and here's your confirmation number. But the financial exposure to the company is just too much without being able to reconcile the costs. And I don't know that there's a great way to forecast. I can tell you what's going to happen with regular residential customers based on historical changes. But if you open it up to those other avenues, it's a huge unknown.

MR. HARWOOD: In your testimony on page 13, line five, you refer to these as cost prohibitive for the company. Why are they cost prohibitive?

MS. BALL: Well, as it stands right now it's an expensive about $1.1 million a year. That's an expense that we pay that we can't collect back because of what's -- the $443,000 that's in rates doesn't come close to covering the cost of the number of payments that we're currently taking. It would be cost -- best phrase I can think of, cost prohibitive to say we're going to take more credit cards and absorb more cost.

MR. HARWOOD: But if we put a higher number in the rate case, at some point the cost is no longer prohibitive?

MS. BALL: Depending on the number that we picked, I imagine that could be true. I would -- I guess it would be an interesting exercise to say what number would we be comfortable putting in the rate case. Reconcilable to me means no added exposure to customers in the rates before they actually start utilizing the service. You know, if I know it was 1.5 million last year, if I -- if we baked in three million and enough people don't uptake, we've got more in rates than we need. I don't know that -- I don't know if anybody would want to do that or not.

MR. HARWOOD: We can agree that there's always a certain amount of estimating that goes into rate cases, and sometimes the shareholders benefit and sometimes the ratepayers benefit when those estimates turn out to be inaccurate?

MS. BALL: That's probably true.

MR. DAVIDSON: Bill, can I do a quick follow up on this line of questioning?

MR. HARWOOD: Please.

MR. DAVIDSON: So, Linda, did the company consider establishing a convenience fee that would be assessed on all electronic payments?

MS. BALL: We talked about that, but my understanding is there's a statute that says that we can't charge a convenience fee for sales of goods and services. So it's not one of our choices.

MS. TRACY: To clarify, there's a statute that prohibits a surcharge for electronic payments for debit and credit cards.

MR. DAVIDSON: Because I think Versant charges a higher level convenience fee that sort of subsumes a whole cadre of different payments to -- I think to -- in order -- I don't want to get around but to comply with that. So I was wondering if you had considered something similar so that basically the cost causer was actually paying the fee.

MS. BALL: We hadn't considered it, but I'll certainly talk to Versant and see what they're doing.

MR. HARWOOD: Moving to a number of programs that are outlined in the latter part of your -- oh, strike that. Wait a minute. The $1 payment for in-person payments on page 14, you see that?

MS. BALL: Yes.

MR. HARWOOD: And you're proposing there that that be reconciled annually through the annual compliance filing. And why should that be reconciled through the annual compliance filing?

MS. BALL: To be perfectly honest, we were more interested in the credit card reconciliation, but it seemed unfair to leave the dollar hanging out there by itself and say those people didn't get reconciled and everybody else did. So we thought we'd say genuinely all methods of customer payment should all be reconcilable so that people can make their payments whenever, however they want to without additional costs.

MR. HARWOOD: But the decision -- the regulatory decision as to whether to reconcile is independent of the decision as to whether customers are invited and allowed to make these payments, right?

MS. BALL: Not entirely true. No, there are certain customers that we don't accept for credit card payments from. The dollar payment, certainly all customers can go and make a payment in person. It -- Walmart is the most common and pay the dollar fee.

MR. HARWOOD: But my point is the reconciliation proposal in your testimony is separate from the decision of who gets to participate in the program at what cost, does it not?

MS. BALL: For the $1, they're completely separate. For credit cards, we don't accept credit cards in a number of different scenarios because of the cost involved? So being able to reconcile and recover those costs would mean we'd offer that option to additional customers.

MR. HARWOOD: So are you saying that with -- if the final order in this case said we're fine with you accepting credit cards and we have put a number into the rate case that we think is a reasonable estimate but we reject your proposal of reconciliation, is it then the company's decision that it would not go forward with credit card payments if -- under that scenario?

MS. BALL: If we had a reasonable -- if we agreed that there is a reasonable number in there, we would figure out whether or not there should still be any carved-out exclusions where we simply couldn't afford to offer credit cards. And then we'd have to look at numbers of payments, dollar amounts of payments and figure out where that line is drawn.

MR. HARWOOD: Let's go to the programs that are addressed. First you have, on page 16, a proposal for $226,000 of -- for automatic enrollment in the outage alert program. Correct?

MS. BALL: Yes.

MR. HARWOOD: Was there a cost/benefit analysis done prior to making this recommendation?

MS. BALL: So I'm going to let Craig and Leona speak to that.

MR. PATTERSON: Craig Patterson, CMP. And so the biggest driver for the default and outage alerts was the increase in customer satisfaction. So when we surveyed our customers and we asked them what are the biggest things that we could do for you, the most important things that we could do for you as a utility provider in that moment of need when you have an outage, a power outage, and the first two things were more fundamentally obvious where a house has power outages and if we do have a power outage, reduce the duration of that power outage which is the clear and obvious. Number three on the customer's priority list was to be proactively informed from the utility to the customer that we're aware that you have a power outage, we're working on it, this is the progress on resolving that power outage, and this is the estimated time to restore. So that was clear and evident in our most recent customer research as well as the research from third parties such as J.D. Power. And that was the core justification for the program.

MR. HARWOOD: Was that, what you just described, reduced into some report to senior management recommending that this-- is there a cost benefit -- written cost/benefit analysis as to why the benefits exceed the costs of taking this step?

MR. PATTERSON: Absolutely. It's something our customers have told us they would like to do. So at the moment we have a number of subscribers to the -- this program already. So those there's an opt-in capability available today, and those customers have told us that they are more satisfied with the service that they received from us during that moment of pain such as an outage and versus the customer segment who are not enrolled. And that was the business case for us.

MR. HARWOOD: Yeah, I'm not making myself clear. Is there an electronic document or a piece of paper that summarizes what you're just saying?

MR. PATTERSON: Yes, yes, there is.

MR. HARWOOD: Can we ask, as an oral data request, for any of the cost/benefit analysis or justification for this additional expenditure?

MR. PATTERSON: Absolutely.

MR. HARWOOD: Do I need to repeat that we get that? Did we get that?

MS. TRACY: ODR 01-06?

MR. BRYANT: It is, yes.

MR. PATTERSON: Just for my clarity, you would like to see the output of the customer research in a summarized executive format?

MR. HARWOOD: Thank you.

MR. PATTERSON: Yeah. As --

MS. TRACY: Wait, can I clarify? Are you asking for existing documents that already exist, not documents to be created, correct?

MR. HARWOOD: Correct.

MR. PATTERSON: Correct.

MS. TAYLOR: -- follow-up question about these outage alerts and the proactive enrollment. So when you are proactively enrolling people, do you already know, like, who -- which of these numbers are cell phone numbers or just all of the numbers you have?

MR. PATTERSON: Yeah. So we've done some analysis whereby we've taken the existing phone records that we have on file for our customers and we've evaluated them against the -- there's a cell phone service that allows you to understand whether it's a genuine active cell number versus not. As well as the outage alerts, just for clarification, they're not only specific to SMS cell alerts, they can also be provided via voice and email alerts. So we've included within that segment customers who have an email address on record.

MS. TAYLOR: Thank you.

MR. HARWOOD: Has management made a decision to go forward with this program or is this something, a trial balloon, that's being floated here to see how it goes?

MR. PATTERSON: So the -- we've piloted the program. So a number of weeks ago. To -- referring to the prior question, we identified an early-adopter population of customers who had not already subscribed to outage alerts who did have a valid cell phone number on record. And we default enrolled those customers into that solution and as a pilot. And during that pilot, customers have the opportunity to opt out. So when we send a notification to say, hey, we're aware there's a power outage and we're going to manage you through that experience, customers can say please opt me out of this communication. And through that pilot, we've had an opt-out rate of less than one percent. So we as -- a management team, we wanted to do that pilot, review the results, which are so far looking positive and driving forward customer satisfaction (indiscernible) then to do a wider rollout of the program.

MR. HARWOOD: So let me try it this way. Is the $226,000 cost included in the -- whatever stage you're at in your 2023 budget?

MR. PATTERSON: The -- so the pilot -- the volume doesn't equate to $220,000. The pilot volume's far smaller than that. So our pilot volume is included within the 2023 budget.

MR. HARWOOD: So that's something well, how much is the cost of the pilot program?

MR. PATTERSON: So the pilot program would be -- equates to roughly two cents per message, and so far we've issued 40,000 alerts as part of that pilot program.

MR. HARWOOD: So the 40 -- in round numbers 40,000 is the pilot program. If you go with a full rollout of the program, it would be around 226,000. When do you anticipate making that decision based on the results of the pilot program?

MR. PATTERSON: Yeah, that's something we're discussing now as a management team because, like I suggested -- like I communicated, the pilot program is three and a bit weeks old now. So we're really early into that pile of program, and we want to evaluate and ensure that we're driving a stronger customer satisfaction.

MS. TRACY: And can I just step in for a second? I just want to correct the record. Mr. Patterson said that there were 40,000 alerts, not that there were $40,000 in cost for the pilot program. I just want to make sure that the record is reflective in that.

MR. PATTERSON: It's $40,000.

MR. HARWOOD: Forty --

MS. TRACY: Alerts.

MS. BALL: Messages. Messages.

MR. PATTERSON: Alerts.

MR. HARWOOD: So what's the estimated cost of the pilot program?

MR. PATTERSON: So the estimated cost would be really another month of this pilot program. And if you assume -- and, again, the -- this is only three weeks old as a pilot program. So bear with me here. If we assume a similar level of alerting through another month's worth of piloting, really -- so looking at, you know, the holiday season, year end, then it would be the same cost that we've incurred so far and duplicated.

MR. HARWOOD: Can you give me a dollar number? I've not -- I'm not trying to be flippant. I'm just trying to understand your -- or a range of number, what the pilot program is going to cost?

MR. PATTERSON: Yeah, yeah.

MR. HARWOOD: All right, if you want to take it as an oral data request, that's fine too.

MR. PATTERSON: Yeah. So yeah, if you just give -- bear with me.

MR. COHEN: Sorry.

MR. PATTERSON: So far it's $800 so $1,600.

MR. HARWOOD: And that -- once you -- the total pilot project, any the estimate of what the total cost will be, once you've done -- finished the pilot project and made your assessment?

MR. PATTERSON: So the -- as in the full program cost?

MR. HARWOOD: When -- I'm trying to figure out how much money is being spent now and how much money will be spent if you go forward with the total project.

MR. PATTERSON: Yeah, I would cap the pilot that $10,000.

MR. HARWOOD: That's fine. That's very helpful.

MS. BALL: And just to add on to that, I mean, part of the challenge with estimating the cost, Bill, is that it's based on a per text message, right? So Adam and Kerri and the ops team are working on not needing to send any messages by having less outages. So we're guessing at with the level of outages would be, you know, and going into the winter season. So I think part of the challenge is we've done it with the -- some of the cell phone customers now. Ideally in a perfect world, if the pilot plays out and customers indicate they're satisfied, then we're going to be adding people by their voice message for people who don't have cell phones or by email alert if they don't -- possibly both. The joy of alerts is you can have one, two, or three of those. And frankly, if you have a household of four people, you could have three methods times four people is 12 messages. So there's a lot of ambiguity on what the costs are going to be because it depends on customer adoption too and how many opt out. But our goal is to not have customers trying to go to the website to find their address, to find an ETR. We're going to provide the information to them as soon as ops knows the information and it's all coming from the same source database. So I think that's where it gets a little bit squidgy on trying to estimate some of those costs.

MR. HARWOOD: Understood. Thank you. That's --

MS. TRACY: Linda, what is an ETR?

MS. BALL: Oh, sorry, estimated time of restoration. We all speak in acronyms, don't we?

MR. HARWOOD: And I didn't see the language in this portion of your testimony dealing with the reconciliation or the annual compliance filing. Do I assume that if this program goes forward, that is not a feature that you're asking for?

MS. BALL: We are not asking for that.

MR. HARWOOD: In the similar questions around 17, the 280,000 automatic enrollment for the eemy (phonetic) -- EM and the usage alert, is there a cost/benefit analysis that we could have for that program or that cost estimate?

MR. PATTERSON: This was Craig Patterson. Again, you know, the -- one of the biggest drivers of customer dissatisfaction is a lack of clarity between usage and bill value, you know, and the Energy Manager solution --

MR. HARWOOD: Sorry.

MR. PATTERSON: And the Energy Manager solution with inclusion of the high-bill alert functionality provides customers a far greater control of that usage. And not just upon receiving a bill and to bill cycle. So if a customer exceeds -- or looks like they're going to exceed the tolerance that they have established for a specific bill period, we will utilize AMI data and proactively notify the customer that that's going to happen and to provide, you know, hints, tips, services, and products that can allow the customer then to take control of that. So that's the core benefit.

MR. HARWOOD: Is that reduced to writing somewhere that we could have as an oral data response?

MR. PATTERSON: Yeah, so that's not available for this project.

MR. HARWOOD: It's not available --

MR. PATTERSON: For this project.

MR. HARWOOD: It's not available to share with us or it doesn't exist?

MR. PATTERSON: It doesn't exist for this project.

MR. HARWOOD: Thank you. What does D O C stand for?

MR. PATTERSON: So digital observatory center.

MR. HARWOOD: Once more?

MR. PATTERSON: Digital observatory center, so observatory.

MR. HARWOOD: Going to the end of the testimony on staffing, if I understand the testimony, you're saying that the current staffing levels are sufficient for you to meet what you believe the service standards are as we sit here today. Is that a fair statement?

MS. BALL: Yes.

MR. HARWOOD: And when we talk about the current staffing levels, are there vacancies right now that could be filled that would give you additional ability to meet those service standards?

MS. BALL: This is Linda Ball. The majority of the staffing in customer service is in the contact center, and the contact center sort of ebbs and flows throughout the year. We hire in batches of, you know, 12 to 18 people at a time. So at the moment we're currently in recruitment, and we have a class starting of up to 19 people. It is November now, so later this month.

MR. HARWOOD: Is that --

MS. BALL: And at that point we'd be fully staffed --

MR. HARWOOD: -- number of staff of how many?

MS. BALL: Contact center we generally are running around 100 to 105 people, and this will put us a couple over that complement, but we're anticipating attrition in the first quarter of 2023 as people are retiring and moving to other positions. Typically folks come out of the contact center after a couple of years and go into analyst and lead analyst positions around the company. So we're -- it's a pretty regular hire and train up process for us.

MR. HARWOOD: Would it be fair to conclude, from what you just said, that on any given week or month there may be as many as 20 vacancies out of your hundred contact staff?

MS. BALL: Oh, gosh, we try not to ever get to 20. No, we're typically hiring a little bit ahead of attrition, and if we're down eight to ten, we're planning that next class.

MR. HARWOOD: So the question then becomes if the current staffing levels are sufficient, why do we need a CMP quality analyst and a CMP customer advocate if the current staffing levels are sufficient?

MS. BALL: So -- again, this is Linda. I think the staffing levels are sufficient to meet the SQIs, and we are consistently meeting those SQIs. But that doesn't mean that we can't do better and be more efficient and be more effective. My goal, our goal, with those two positions is actually to be able to implement process improvements. And also from the low-income advocate, I really think that we benefit by having a single point of contact for a lot of outside agencies that are contacting the company. And some people talk to one customer representative, some talk to another, some are going to a supervisor, some of them I answer. It would be ideal if we had a single point of contact. So if we had a direct dial number for those agencies and those folks to talk to. And that would also free up some of the other folks on the collections team to manage other processes that are actually part of their regular work duties.

MR. HARWOOD: So help me, Linda, understand how to view this. On the one hand, the current staffing levels are sufficient. You say that if we could have two additional staff, we could do an even better job of serving the customers. When does the we could do an even better job of serving the customers become more than we want rates to go up so that we're not burdening ratepayers with costs that might look like we're gold plating customer service rather than just doing the minimum amount of customer service?

MS. BALL: So I'll be honest, I would love to goldplate customer service, and we haven't done any of that in this proposal. I genuinely think the quality, it's been an area where we've struggled historically over the years. I think we're in a very solid place now with our quality monitoring program. We're doing enough quality monitoring to be training reps and getting them educated on how they should talk to customers and what our different processes are. That doesn't mean we can't do better. And ideally if we're finding a challenge with a number of different reps in that quality program, somebody's going to take that learning and turn it into a broader learning, improved training, and do some small group huddles. Right now that's really challenging to do, and we're trying to figure out how to do it on a Friday afternoon when everybody came to work and it's beautiful out in Maine and so nobody's calling us. But if we had a dedicated resource to do it who is available all the time to do the training, we'd have a lot more flexibility in that space. So from a quality perspective, that's the main thought and driving process improvements. You know, Leona will talk later I'm sure about all of our voice-of-the-customer information. We have tons of information. We don't have a dedicated person yet to just take all of that and turn it into a process improvement, and we really need to do that.

From a low-income perspective, Bill, I'm worried about the upcoming winter. We talk a lot about low-income customers. We do a lot of advertising. We do a lot of outreach. We talk to customers constantly about programs that are available, and yet every week I hear from customers who say I had no idea that existed. We need to keep getting that word out. I think the utilities are the very best place to do that. We're getting invitations from agencies to go and speak to their constituents at lunches and gatherings. But genuinely to be able to do that right now, it means either me or Mark or a key account manager or a supervisor goes to those meetings. And if a supervisor goes to the meetings, he's not supervising his reps. So we need a dedicated person who's going to have a consistent message with accurate information that can actually share names and phone numbers and how to's on how to get involved in all of these different programs and how to manage folks' bill. And I think we need a dedicated employee for that.

MR. HARWOOD: Let me ask you about the testimony that starts on the bottom of page 20 and goes over to the top of page 21. You say the company proposes the following additional positions be authorized through this rate case. What do you mean by authorized through this rate case?

MS. BALL: I'm going to admit that's probably poor phrasing on my part. Really, it's not so much about be authorized. I would really like the Commission and the Office of the Public Advocate to agree that these are really worthwhile positions in the utility to help take care of customers. I think that's really all I meant by it is I wanted to propose the idea and the positions and talk about what we think the benefits are.

MR. HARWOOD: Has management made a final decision to authorize these positions and to hire them?

MS. BALL: We haven't hired them yet, no.

MR. HARWOOD: Are you -- do you have authority to hire them from management?

MS. BALL: Not exactly yet. I'm pushing very hard to get these positions hired, but to be honest, it comes down to funding, and if I don't have additional head count in the rate case, it means I have to take customer reps to do it. And I'm not sure that's the best idea with service quality metrics too. So it's a balancing act, and I think it's deserving of additional head count in the revenue requirement.

MR. HARWOOD: Well, this case won't be decided until next June or July, and I guess I'm now trying to figure out if this is something that, you make a very compelling case, is needed. Is it the company's position that it's going to wait and read the rate order on July 31 and then make the decision or is this something that is likely to take place before that?

MS. BALL: I think that's an ongoing conversation that we're having on sort of reading the room and finding out whether or not people are generally supportive of this or if I -- or if we need to find an offset in head count and funding somewhere else. You know, I don't think -- from a customer service perspective, we don't have a whole lot of gold plating going on in this rate case. And I think that's why we're really called these out to say these are two things we think are really well deserving of the funding and the additional head count. And I'm interested in hearing your thoughts and staff's thoughts on that.

MR. HARWOOD: Thank you very much. All set. That's a good timing. We're due to take our 15-minute break. So why don't we do that? We'll come back, and the staff will have some questions and then we can turn to other intervenors. So come back at ten after three.

CONFERENCE RECESSED (November 1, 2022)

CONFERENCE RESUMED (November 1, 2022, 3:10 p.m.)

MS. TRACY: -- clarifications. Ms. Ball, you testified in the beginning of the technical conference that ideally, customers would have all options, payment options, available to them including Venmo and Zelle. But I just wanted to clarify that the customers proposal in this rate case does not include payment options through apps such as Venmo and Zelle, correct?

MS. BALL: Correct. At this point, the proposal is for credit card payments, debit card payments, and the $1 service fee only.

MS. TRACY: Okay. And, Mr. Patterson, you testified earlier that the DOC stands for digital observatory or observation center. Is it correct that in the testimony that DOC stands for digital operations center?

MR. PATTERSON: Correct, yeah.

MS. TRACY: Thank you. That's it.

MR. BRYANT: Okay. Staff will start its --

MS. HEALY: Great. And again, I'm Nora Healy and I'm -- I apologize. I'm not going to -- Bill Harwood touched on some topics that I planned to touch on and I will try not to be repetitive, but you'll have to bear with me if I get a little repetitive. And, Derek, please jump in if you have follow-up questions. But what I understood from the written testimony and also from the discussion earlier today is that CMP is expecting to improve its customer service as a result of these proposed customer service investments, correct, not just maintain the status quo?

MS. BALL: Our goal is to continually improve, yes.

MS. HEALY: Okay. And, for example, you know, all else being equal, shouldn't investments in things like digital self-service improve, for example, the time by which CMP answers calls?

MS. BALL: You know, that's a great question, Nora. This is Linda Ball. I don't know if there's a direct correlation. If customers transition to digital service for some of their needs, that may take some pressure off of call answering and allow us to answer faster. But what we've -- what we found in the past is that as we transition some of the very easy calls to digital self-service, what it means is that we have more time to focus on the longer and more complicated calls like usage calls or new service calls and things that take more than a couple of minutes to handle. So will it make it easier? I don't genuinely know yet. I think it'll be interesting to see that. I do think it's going to make customers more satisfied with their options if they have those choices.

MS. HEALY: Okay. And -- but just sort of backing up bigger picture again, you're expecting to see some sort -- based on the investments that you're proposing to make if they were approved, you would expect to see some type of improvement in customer service in whatever areas as a result of those investments, otherwise you wouldn't propose making them, correct?

MS. BALL: Correct. In customer service in general, absolutely.

MS. HEALY: Okay. And have you calculated the total amount of the customer service investments that you've proposed here in -- over the three-year rate period? And if you haven't, that's fine.

MS. BALL: We haven't.

MS. HEALY: Okay, but we know at least we're talking about hundreds of millions of dollars, correct? Because, for example, the customer experience platform, that's $441,000 a year times three years, we're getting into millions. And, of course, there are other improvements that you've planned -- or other investments you've planned to make. Is that correct?

MS. BALL: I would dare say you'd get to hundreds of thousands. I don't think we're going to get the hundreds of millions, though.

MS. HEALY: Okay. All right. Well, we can -- I haven't calculated either so -- and CMP had responded to a data request, Examiners 5-2, asking about what type of benchmarks the -- CMP might propose for the Commission to evaluate the progress towards those customer improvements. And what I understood from the response, and I am paraphrasing here, is generally that you were comfortable with the existing customer service metrics and weren't planning to propose anything beyond that.

MS. BALL: We don't have anything currently proposed. I think it's -- as we shift to a more digital world, I can imagine in the future we may want to look at benchmarking and metrics around some of that, but I don't genuinely know what they look like yet.

MS. HEALY: Okay. And so, setting aside some, some of those new pieces though, you haven't proposed any other sorts of increasingly more stringent benchmarks, say, in traditional areas like calls answered, call abandonment, bill accuracy, those types of things?

MS. BALL: We really haven't at this point. Like I said earlier, we -- I think we could goldplate our customer service and we could propose stronger metrics and more money.

But what we're trying to do is maintain the status quo and what we believe is a reasonable level of customer service that we've determined quite recently over the past couple of cases with CMP that the 80 percent first service level and the abandonment rate estimated bills and bill accuracy are all reasonable metrics that are what customers are expecting at a reasonable cost.

MS. HEALY: Okay, so I guess I'm hearing a little something different in that answer. What I'm hearing is that you -- the intention is to at least maintain the status quo and what I heard earlier was that the investments would be designed also to improve the customer service. Which one is it?

MS. BALL: Well, I think they're two different things. These are very specific service quality metrics. I don't know the digital improvements are going to help us achieve a better service level or speed of answer. It will improve customer satisfaction, which isn't a specific goal by the Commission yet. You know, we have an internal goal to measure customer satisfaction and we report that annually, but it's not one of the metrics that we're bound to yet.

MS. HEALY: So how should the Commission measure the improvement in customer service so it can understand what value ratepayers are getting for the investments that CMP has proposed in this case?

MS. BALL: And Leona, chime in if you've got ideas on this too, but honestly, I'm not sure yet how we're going to go about measuring improved customer service, which I distinguish from SQIs. They're sort of two separate things. Overall customer service maybe by our customer satisfaction measures, which, again, we're moving into a new era of a statewide customer satisfaction survey and a customer report card. And that's new next year. And perhaps once we've benchmarked that after a year or two, we'll identify how to measure the improvements, but we don't have a proposal around that right now.

MS. HEALY: And you mentioned that one in particular, and what I understood from some of the data responses was that CMP has an internal target of 89 percent of customers satisfied based on its own current customer satisfaction survey.

MS. BALL: Correct.

MS. HEALY: Are there other areas where you have internal measures like that for customer service that --

MS. MICHELSEN: Hi, this is Leona. We certainly rely on the customer satisfaction, transactional satisfaction, metric, and that's where we have the 89 percent internal target for that. That metric's been around for decades. We had that metric as part of our alternative rate plans as far back as I can remember. And we've morphed that study a little bit, but still it's pretty much like you remember it. The methodology hasn't changed much. We've recently introduced a new metric called net promoter score. There's a little bit about that in the testimony and in the data responses. We're really interested in talking to parties about better measurement of customer satisfaction. We want something that's effective and efficient, and the current methodology is not really meeting both of those criteria for us at the moment. Net promoter score allows us to offer the customer an opportunity to give us feedback at the moment of a transaction in the channel of their choice, which is really different than the kind of customer sat survey we have in place and have had in place for many, many years. And so we're interested in getting closer to the point of transaction and delivering a survey that's cost effective for all customers and for the company. And that's why we've got that new metric.

MS. HEALY: Okay. So outside of the sort of generalized customer satisfaction measures, are there no other internal measures of customer service that CMP uses beyond, you know, the SQIs that's required to maintain under the current regulatory regime?

MS. BALL: So the only other thing I might suggest is we've got all kinds of internal tracking in terms of how many customers are adopting the digital technologies. You know, we know how many people are on ebill. We know how many people are on autopay, usage alerts, outage alerts, Energy Manager. I'm forgetting one, but I'll think of it in a minute. So we measure all of that, and my thought would be that we could look at those numbers and certainly evaluate the likelihood that customers are satisfied based on adoption rates.

MS. HEALY: And --

MS. BALL: But I'm not sure if that gets to what you're looking for.

MS. HEALY: Yeah, and do you have -- I think I might have seen this in the responses, but do you have internal targets for things like customer uptake of electronic billing?

MS. BALL: We have very general Avangrid targets. We don't have CMP-specific targets on most of it, but we have CMP-specific tracking on all of it.

MS. HEALY: And I -- again, I'm not trying to put words in your mouth, but I think what I'm hearing is you haven't proposed anything like this now. But let me just ask you are you planning to propose things like this in this case or --

MS. BALL: We hadn't planned on proposing it, no. I mean, we can certainly share some of those metrics if you're interested. You know, we've got right now about 45 and a half percent of our customers on ebill, which to me, indicates customers are satisfied with ebill. At least half the customers are taking that product. We got about 26 percent of customers on autopay. My expectation would be that if we allowed customers to be on autopay with credit cards, you would see that number go up because it gives customers that little bit of protection. I think the other metric I was thinking of was mobile app downloads. And that mobile app is only about a year old, and I think we're at about 19 percent saturation rate on that. So we're seeing really terrific numbers, and a lot of those numbers are what are driving our interest in improving the technology.

MS. HEALY: And I think I'm going to ask an ODR in this case because I've -- you know, again, we've seen hints of this here and there, but if the company could please outline all internal measures of customer service that it uses and/or targets -- that it uses to measure its customer service performance beyond things like call answered and the SQIs that are already required to be reported. Is that question clear?

MS. HEALY: It is, yes.

MS. HEALY: Okay.

MS. TRACY: And that's ODR 001-007. Thank you.

MS. HEALY: And, Derek, you look like you might have a follow-up or two question here.

MR. DAVIDSON: Yeah, I do. Would this be a good time to ask?

MS. HEALY: Yes, go ahead. That's high-level questions, yes.

MR. DAVIDSON: Okay. So I wanted to follow up on -- from the SQI perspective. And so in the company's response to

Examiners 05-02, it talks about the proposed investment in technology and the desire to shift people from phones to digital. Now wouldn't that decrease the number of phone calls coming into the call center?

MS. BALL: I would hope over time it might, yes.

MR. DAVIDSON: So if it's going to decrease the number of calls, wouldn't that make it easier -- and I'll word it that way first. Wouldn't that make it easier to meet the 80 percent of calls answered in 30 seconds as well as the call abandonment rate with fewer calls coming into the call center?

MS. BALL: In a pure vacuum if a customer used a digital product and, therefore, didn't call us and so we had one last call and all other things remained equal, sure, yes. But I don't think that's the world we're in. That's the challenge I have. I think we can maintain all these metrics, but, Derek, you know in a number of proceedings, we've added work. We've added significant amounts of work into the contact center, two reps to our credit and collection department and we're maintaining the metrics despite that, but it's challenging at best. If we could off shift some of this other -- I don't want to say low-value work but stuff that customers can easily do by themselves and turn it into digital instead of a phone call, then we've got bandwidth to do things like LIAP, like MGS, like managing municipalities outside of the automation. There's lots of work coming in. We're trying to figure out how to stay steady with the metrics without increasing staff. You know, we're trying to maintain a lot of those costs and do more work. So we've got to find a way to offset some of the easy stuff.

MR. DAVIDSON: Mm-hm. So -- well, but focusing primarily on the SQIs for a moment, if there's fewer calls coming into the call center -- and I know in the example you provided to Nora earlier you said that you thought that even though there's going to be fewer, they'd be longer term. But I think you're going to get the long ones anyway, and you're going to have short ones. So if you eliminate any, that's -- the net result is fewer phone calls. Is that correct?

MS. BALL: Again, I'm going to say all other things being equal, yes. You know, ideally I would hope that we would eventually drive down call volume. The question is is it going to be consistent, is it going to be sustainable, and what's that going to look like? So I hesitate to commit to reduced calls before we see it.

MR. DAVIDSON: So let me word this way then. So if the company's asking for a significant approval of investment on a going-forward basis which is an interesting -- unique, I would say, for us. And we're looking for something in return for ratepayers. If we're going to pre-approve these very large expenditures, we -- how can we be assured that ratepayers are getting something in return that's worth the amount of money that's being invested? And so we can use the technology as an example. You know, there's a significant amount of investment that's being proposed in this case for technology and an a major component of that is to move customers from phone calls to digital, which makes perfect sense. So where would we -- where can ratepayers see sort of the improved customer service either in the SQI, and that's probably the quantifiable place, versus general customer service?

MS. BALL: That's a really good question, and you're making me think about it. I will say in terms of the SQI the only one -- the only two that it would impact would be the calls answered and abandonment rate potentially, right? It's not going to impact estimated bills and bill accuracy with digital. I don't have a good answer for you, but I can tell you I can think about it and see, you know, where that offset might be. I'd be interested if staff has had thoughts on how you would quantify that level of satisfaction outside of outside of CSAT (phonetic).

MS. HEALY: We're not testifying today so --

MS. BALL: No, sorry, more for -- you know, for later conversations. I don't know. We'd have to think about it. We haven't thought about a way of measuring it in a way that validates the investment. Leona, anything you want to add or Craig on that?

MS. MICHELSEN: No. I think that you've captured where we're at.

MS. HEALY: I'm explore different aspect of this and with respect to digital self-service in particular. I think there are number of data responses that suggest that that will reduce some of CMP's expenses. For example, I think there was a response to the Competitive Energy Services 2-6 that said, for example electronic billing save $6.13 percent -- $6.13 per year in bill production, printing, and mailing cost per customer enrolled based on August 2022 costs. There's some other examples, but how have the savings associated with various forms of digital self-service been reflected in the revenue requirement?

MS. BALL: I'm going to have to defer that to the revenue requirement panel. And I think some -- Jacob --

MS. HEALY: You're -- if someone's prepared to answer that question right now, that would be great. And you'll have to state your name again, please.

MR. HURWITZ: Jacob Hurwitz. We developed our revenue requirement based off of a calendar year 2021 test year. So to the extent those cost savings were reflected in our test year, they would have been picked up. But I don't believe we made a specific adjustment for this in any of the right years.

MS. HEALY: Okay, so you haven't -- so to the extent that there was already some digital self-service available and there were customers, frankly like myself, that ebill, that would have been reflected in the in the test year. But you have not adjusted any of the forecasts for an increased uptake in those types of areas and the savings associated with those?

MR. HURWITZ: Correct.

MS. HEALY: Have you made any estimates of what those would be?

MR. HURWITZ: No, I do not believe so.

MS. HEALY: And --

MR. DAVIDSON: Whoops, sorry.

MS. HEALY: Go ahead.

MR. DAVIDSON: It's on that same line. Basically it's the same question but from a personnel perspective. If moving folks to -- moving customers to digital platform results in fewer phone calls, has there been any analysis conducted by the company on the savings on the phone answering side, both from a personnel perspective and maybe the cost of maintaining the call answering systems?

MS. TRACY: Can I -- objection. I'm not sure the testimony is that moving them all to digital does result in fewer phone calls. I think Ms. Ball --

MS. BALL: Ball.

MS. TRACY: Thank you, I was right. I was freaking. Ms. Ball's testimony was that all else being equal, but then she testified that there are other factors at play.

MS. HEALY: Understanding that, I'll just point to one sentence in that response to the CES question 2-6. I think it also said, "For example, implementing a customer experience platform, we estimate could help manage around 15 percent more engagements digitally meaning a potential operational cost savings of approximately 700,000 over the useful life of the platform from customers self-serving through these personalized engagements." That 700,000 in operational savings, was that associated with calls to the call center?

MS. TRACY: Just a clarification, does -- they're referring to the customer experience platform?

MS. HEALY: Platform, yes.

MS. BALL: Sorry, I'm reading the response too.

MS. HEALY: Sure.

MS. TRACY: Just as a clarification, that's distinct from having more payment options, which I thought was the basis for the question.

MS. HEALY: That was where we started, but I'm trying to understand -- and I don't know what -- I don't know -- I don't think the answer specifies what the 700,000 in operational savings would result from. My sense would be -- was they're, you know, talking about 15 percent more engagements digitally. So I assumed that resulted, at least in large part, from reduced calls to the customer information center. But I -- I'm asking, I guess, first of all, that question.

MS. BALL: So I'm -- I understand the response, "For example, implementing it." We do estimate it could potentially move engagements to digital. We do not know yet whether or not that's going to reduce call volume. If it does, you'll certainly see that in the reduced revenue requirement, right?

MS. HEALY: Do you know whether the $700,000 that was estimated in that answer incorporated savings at the customer center from reduced telephone calls?

MS. BALL: I'd have to go back and look at what the 700,000 included, Nora. I don't recall right now. I imagine some of that's going to be phone calls, some of that might be ebills, some of it might be people making payments on a mobile app instead of calling customer service reps. I'm sure that there's a variety of costs embedded in there.

MS. HEALY: Well, let me ask this question of the revenue requirement panel witness. Was that $700,000 of savings reflected in the revenue requirement?

MR. HURWITZ: No.

MS. HEALY: Why not?

MR. HURWITZ: I was not aware of it and my understanding is -- is that 700,000 over the life --

MS. HEALY: Over the useful life of the platform, according to the data response.

MS. BALL: To be fair, that's anticipating what we estimate it could help with. I don't know that we'd put that in a revenue requirement if we don't have approval for the platform yet either. So I don't think we would have incorporated it.

MS. HEALY: And I think what you had testified to earlier is you had not made any adjustments to the revenue requirement.

MS. BALL: Okay.

MS. HEALY: You spoke a little bit earlier with Bill about the bank fees associated in the $443,000 per year associated with things like accepting more credit card payments and other types of payment methods. And there was discussion about whether that is something that should be reconciled or not. I'll just ask this question, is accepting customer payments in a variety of forms something that a utility normally does in its ordinary course of business?

MS. BALL: Well, in our ordinary course of business, we have certain ways that we accept payments. And we haven't expanded that greatly over the course of time because of the costs. A utility in general, certainly I'm familiar with other utilities that accept a variety of different payments that we don't currently accept. So I'm not sure which way you meant that question.

MS. HEALY: I think that's a good enough answer. I appreciate that. And I did have some questions about sort of

-- and I think maybe this was a little bit cleared up earlier, but some of the costs for the sort of auto enrollment in these various -- the platforms that you've talked about, you had, for example, the outage alerts, your number reflected -- you had a cost. And I understood from some of the data responses that -- for example, with the outage alerts, that you would be sort of enrolling a large pool of customers in year one but not in later years. And so that -- in my mind, a question arose as to why that would be a -- you know, sort of the same reoccurring cost in each year. But what I'm -- what I think I understood from the discussion earlier this afternoon, at least with respect to the outage alerts, that -- when you arrived at that estimate, that's really the estimate of the -- sending the actual text messages, those are -- it's a cost per text message. Is that correct? And there aren't other sort of embedded costs associated with, you know, actually performing the enrollment, that type of thing.

MR. PATTERSON: Yes, that's correct. It's Craig Patterson.

MS. BALL: So the only part I want to add to that, Nora, I think I heard you say that we would enroll a number of customers year one and then not again after that. But what we've talked about so far is enrolling text customers, right? In the future, we'd be enrolling customers by phone or by email. So there'd be some more bulk enrollments along the way if we gained agreement.

MS. HEALY: Yes, and I think what I was just trying to understand, let's just take the text for example, whether CMP had planned to sort of enroll everyone that -- for which it had a cell phone number in year one or whether it was planning to roll a third of those customers in year one, a third in year two, a third in year three. What I'm hearing is you're enrolling all in year one, but what we're looking at for the composition of those types of costs is really the costs associated with the text messages which as -- what I heard was can vary obviously depending on the year and the number of outages. But it's not -- these aren't costs that are associated with hiring people to go in and do the -- and perform that enrollment that would eventually, you know, potentially reduce over time if you had, you know, already enrolled everyone the first time around for which you have cell phone numbers.

MR. PATTERSON: Yeah, yeah, this is Craig Patterson. So the there's an initial cost to stand up the platform, and then you're correct in your stipulation that the ongoing cost is merely the operational send costs to then communicate to the customers as part of that.

MS. HEALY: And that's true also for the other types of -- like the high-bill usage alerts and the Energy Manager. Is that -- am I -- is it a similar structure?

MR. PATTERSON: That's correct, yeah. The agreements -- it's called software as a service. So we then call the platform and the platform issues the SMS or email or voice call based on an outage or a high-bill usage alert.

MS. HEALY: So these -- stated another way, the proposed costs for those types of programs are more reflective of what we would see for sort of an average annual cost versus a sort of one-time effort to bring everyone up?

MR. PATTERSON: Yes, that's correct.

MR. DAVIDSON: Nora, can I just follow up on that?

MS. HEALY: Yes.

MR. DAVIDSON: Because I'm still a little bit confused. So I thought I heard in your answer that you said that the cost for the first year would be setting up the platform and sending text messages, and then after that it would be sending text messages. Is that correct?

MR. PATTERSON: That's correct.

MS. BALL: Well, there's a longer term -- there's an annual cost to the platform as well, right?

MR. PATTERSON: Yeah. So a lot of the software providers will roll up the cost of the maintenance of the platform within the sending of the SMS or email costs. And so I think we provided everything in the data request examples of those software providers.

MR. DAVIDSON: So the annual cost is an annual cost of the platform -- I'm going to say maintaining the platform and the text messages, and so, therefore, it's an ongoing cost, it's not a one time, then it's done?

MR. PATTERSON: Correct.

MR. DAVIDSON: Okay.

MS. HEALY: And the costs for these programs, are those subject to the general inflator that would be reconciled or not?

MR. COHEN: So -- Peter Cohen. So those costs are in a category that is inflated using the general inflation factor. So it would be subject to that reconciliation mechanism.

MS. HEALY: And why should costs like the cost of sending text messages be subject to a general inflation reconciliation mechanism?

MR. COHEN: I think that my view is that when you have a large pool of costs that you use the general inflation factor in order to estimate, it's -- there's a recognition that some costs are going to grow at a rate higher than that and some costs will grow at a rate lower than that, not dissimilar to, you know, the GDPPI which is the basis for the general inflation factor in the first place. It's a basket of goods. So will the cost of text messages go up over the next three years at, whatever, three percent per year following GDPPI? Maybe, maybe not. But that's a small piece of an overall pool that has some give and take.

MS. HEALY: And how long are the contracts or contract for the software and are there accelerators built into that?

MR. PATTERSON: Craig Patterson. Could you clarify on the second part of your question in relation to accelerators?

MS. HEALY: Well, under the contract, do the costs of text messages, for example, increase over time?

MR. PATTERSON: So it's (indiscernible). So we haven't contracted these suppliers. We've provided companies that we use across all our subsidiaries currently for those services as examples as part of the data request. And so as part of that contract negotiation, we would determine what that would be.

MS. HEALY: Would it be duplicative to include in those contracts things like escalation of prices and then also seek an inflation adjustment for those annually through the three-year rate plan?

MR. COHEN: If the company had done a specific forecast of these costs and embedded it in the revenue requirements --

MS. HEALY: If -- by company, you mean CMP here.

MR. COHEN: Yeah, correct. I'm sorry.

MS. HEALY: Yeah, I just want to make sure.

MR. COHEN: It's been a long day so far, hasn't it?

Then it wouldn't have used the general inflation factor to do the forecast. It's one or the other. You either have a specific forecast, like a contract, right, or you have an expense where you really don't have a specific forecast. So you use the general inflation factor as a way of estimating.

MS. HEALY: So if you were subject -- if this were subject to the general inflation factor, would you -- if it -- in contracting for these resources, would you disagree with the vendor and not accept a, you know, escalation in the pricing under the contract given that you're already escalating these for inflationary pressures in front of the Commission?

MR. COHEN: Why, that's an interesting question. I would say that I would negotiate as hard as I could for the best deal I could get. Whether or not that would be below the forecasted level of inflation, if I could be successful in doing that, I would.

MS. HEALY: I'm (indiscernible) right now.

MR. COHEN: Sure.

MS. TAYLOR: I have a follow-up question.

MS. HEALY: Go ahead, Daya.

MS. TAYLOR: The two cents that you quoted as a price for each message, is that a flat rate or is that price adjusted based on volume?

MR. PATTERSON: And so the -- this is Craig Patterson. and the two cents is specific to text message. So it's specific to channel, not volume. If you look at all those channels, they've got different costs.

MS. HEALY: Regarding the customer experience platform, can you explain what kind of data do that -- would that provide that isn't provided now using the company's other systems? From -- my sense is it's supposed to integrate a bunch of things, but is -- are there incremental benefits beyond what you have access to now data wise based on existing systems?

MR. PATTERSON: So it's Craig Patterson. And so what we're looking to establish as part of this is a 360-degree view of our customers. So, for example, just now we utilize SAP, you know, to manage our kind of CRM and billing processes, and we have other technology that manage our digital interactions, our IVR processes, our outbound communications for, you know, programs and services. And we would like to bring all of that data, all of those interactions, and all of that account information into a single place so we can then apply, you know, segmentation analysis and insight to be more personalized and proactive in our customer service offerings.

MS. HEALY: And I don't recall whether the one of -- the cost/benefit analysis that Bill had asked for was for the investment in the -- in this customer experience platform. But if it -- if that wasn't one of the questions, I'd like to ask for any sort of cost/benefit analysis associated with the customer experience platform.

MS. TRACY: It has not been asked yet.

MS. HEALY: Okay. It's number 8 apparently.

MS. TRACY: 08?.

MS. HEALY: In Examiners 5-26 we had asked sort of specifically what CMP's DOC entails and how the company -- and how it would allow the company to monitor the health of its digital platforms. Just following up on that, how does the company monitor traffic and detect problems with connections between its back-office systems and front-end platforms right now?

MR. PATTERSON: So right now, as part of our existing IT infrastructure, we have items such as command alerts. You know, so basically sensors to identify if there's a problem or a breakage so we can call upon our IT colleagues to resolve that problem in a timely manner.

MS. HEALY: So you have a solution to address that now based on existing -- your existing platforms?

MR. PATTERSON: Yeah, I would say a reasonably foundational solution. What we're looking for as part of DOC would be to, again, collate that data together in a dashboard format, and that would allow, you know, leaders, customer services, operators, etc. to be aware proactively of, you know, a deterioration in a potential service before customers are so they can proactively take help. Just now (indiscernible) in alert system is foundational and technology based versus customer centric based, and that's what we're looking to move towards.

MS. HEALY: And I'll ask the question, similar question to one I had asked earlier, that the customer experience platform and the digital operations center, why are those types of costs that should be subject to the annual inflation adjustment? And, Peter, expecting you probably will want to answer that.

MR. COHEN: Can you just repeat that question?

MS. HEALY: Sure. The customer experience platform, the 441,000, and the digital operations center, 78,000 annually, my understanding from the testimony is that you would propose that those be subject to the general inflation adjustment. And I'm trying to understand why those are types of costs that should be inflated annually or deflated if --

MR. COHEN: I guess we did not specifically forecast these costs in the revenue requirement. We used the costs that existed in the historic test year and grew them at the general inflation factor. So if these costs didn't exist in the historic test here, they're not being inflated. They're not included. So having said that, if -- that pool of costs that were associated with customer service that were experienced in calendar year 2021 did not have a specific forecast of that growth. So we defaulted to use the general inflation factor.

Not that -- so the answer to your question is we did -- this is -- that's what we did. We applied the general inflation factor to the historic test year actuals. We did not specifically look at the customer experience platform and say we should inflate that. That was -- that's a future spend that wasn't included as a separate carve out in the revenue requirements.

MS. HEALY: And then beyond that, though, you are suggesting that again those -- these are the types of costs that would fall into the annual reconciliation process and be subject to the inflation adjustment through the annual reconciliation process. Is that --

MR. COHEN: So -- and to be clear --

MS. HEALY: For those same reasons?

MR. COHEN: Yeah, to be clear, the reconciliation is not of the underlying cost, it is of the inflation factor used to forecast the cost.

MS. HEALY: Okay.

MR. COHEN: So I would just want to make sure that's an important distinction because the inflation factor is, whatever, eight percent in one year and then it's three percent, three percent, not the entire cost, just variances in the actual inflation versus the inflation that was assumed --

MS. HEALY: Assumed for things like this?

MR. COHEN: Okay, yeah. I just --

MS. HEALY: Yeah, no, I get it.

MR. COHEN: That one's getting easily confused, and so I want to

MS. HEALY: Yeah. And I think we're trying to -- we're -- at least I'm trying to understand is -- there is a body of costs that were initially inflated under the forecast and some that I think weren't. And I'm trying to understand sort of with some examples here why those particular investments are the type that would be, you know, subject to inflationary pressures in the first place. So, for example, the customer experience platform, that, I assume, is a large -- or a technology investment. You make it one time, you might have updates that need to be, you know, applied to that, but I'm trying to get an understanding of --

MR. COHEN: Yeah. So had we had a contract in hand, right, that said this is the costs going out to the future incremental to that in the historic test year, then we would have put that into our revenue requirement incremental to what's in the historic test year. We would not have grown that at the general inflation factor. We would have followed --

MS. HEALY: The contract?

MR. COHEN: -- the contract. Right. But not only did we not -- we don't have a separate carve out for these costs yet. So we just grew the historic test year spend at the general inflation factor because we didn't have that contract. So I guess -- I don't know if that explains it or makes it more muddy, but --

MS. HEALY: I think I understand what you're saying, and obviously it's not a precise exercise and --

MR. COHEN: -- yes, yeah.

MS. TRACY: Nora, can I just --

MS. HEALY: Yes.

MS. TRACY: -- pause for one second to show the testimony to Peter?

MS. HEALY: Yeah.

MS. TRACY: Thank you.

MS. HEALY: Okay, great. I just want to turn now to the quality analyst position. And can you go into a little more detail about the tasks that quality analyst would perform that's not already performed by existing staff? I think you've talked about it a little bit, but maybe if you could just summarize.

MS. BALL: Yeah, sure. My expectation of that position would be that they would be doing quality monitoring in the contact center above and beyond the calls that supervisors are currently monitoring. They could also be a back-up resource. You know, currently if a supervisor is out for a month and they can't do their quality monitoring for whatever reason, other supervisors have to pitch in and do it for them. Which they all do and we manage those numbers, but ideally those supervisors would be supervising their team and this person would provide that level of backup. My expectation would also be that they'd be doing some independent quality monitoring of vendor calls. And then they'd be the primary resource for the manager of the contact center to implement quality improvements and process changes.

MS. HEALY: And for the customer advocate, I guess a similar question. What exactly -- can you describe again what types of things the customer advocate would be doing that is different from or is already performed by existing staff? And explain your view of the benefits there.

MS. BALL: Sure, some of that is speculative, and I'm going to let Mark answer as well because the position would really be in his department. But originally the goal was that they'd be doing a lot of the community outreach, doing local meetings with Spectrum Generations, with the Maine Office for the Aging, with Midcoast Office for the Aging, and getting out into the community, telling people about low-income programs, getting people the information they need, and helping them understand what they might be eligible for and how to enroll. And then also maybe helping follow up and make sure customers are getting that assistance, being successful in AMP, and then being the primary resource for things like Maine Equal Justice in the Office of the Public Advocate when they're coming through with specific customer questions.

MS. HEALY: And did I hear you say earlier that customers would be able to contact this customer advocate directly at a dedicated line? Is that --

MS. BALL: A little bit less about the customers contacting them directly because we have an entire department dedicated to that and more about the agencies being able to have a direct line of contact. You know, community action agencies now call into our general customer reps if they need a copy of a customer's bill, and the customer's sitting there at their desk and filling out an application. If it's a busy Monday afternoon and they're sitting on the phone waiting, I'm not sure that's the best way to serve the community action agencies. I'd like them to have a dedicated resource.

MS. HEALY: Okay, so this person wouldn't be sort of an individual customer advocate, like an individual customer ombudsman within CMP?

MS. BALL: I don't know if it would grow into some of that. I do expect them to be working with individual customers as well, but I don't know if that's necessarily an intake line. My worry would be if we started giving out that phone number to customers, nobody would call our credit department and they'd all call a single human being, and that's not going to work either. Mark, do you want to add?

MR. MORISETTE: Yeah, sure. Mark Morisette. It might be good to give a couple recent examples as well where I'm contacted directly and Linda is at times as well from, for instance, the office of Senator Collins. And it's more reactive where a customer is calling the office wondering what options they have. And it's, you know, like it was said earlier by Linda, surprising the number of customers that still are unaware of the programs that we have, and even some of these state legislatures (sic) are unaware of the detailed programs that we have in place. So having this sort of position will allow the company to be more proactive in its dealings with the availability of the different low-income programs that are out there, especially with the doubling of the low-income assistance program that we're currently undergoing right now, the homeowners assistance fund, which continues to be a very positive program for the company and the customers, the emergency renters assistance program, which is no longer accepting new applications, but that was a very successful program as well. So having a position like this that can be -- that can more proactively, instead of reactively, work with the different areas and ultimately the customer to provide them the education they need to take advantage of these funds.

MS. HEALY: Do you expect that if this position were filled, that this would eventually have an impact on CMP's overall rearranges?

MR. MORISETTE: More importantly, it would impact customer arrearages. This is how I look at it, their past-due balances, and help them be in a better place by receiving credits, assuming that they qualify for it. And by default, it would help CMP's arrearages, of course. But ultimately it's about the customer's experience and they're dealing with their own past-due balances.

MS. HEALY: Have you done any quantification of the expected impact on the -- CMP wide level of arrearages that might result from these customers having better information or better access to information about low-income programs?

MR. MORISETTE: I'd say not -- this is Mark again. I'd say not directly, but indirectly we are seeing the benefits of our customers and, of course, our pass-through arrearages as well with the various programs that we've utilized just in 2020 to alone. And, again, to me it gets back to the different areas that still are not -- and customers specifically that don't have the level of knowledge of the programs that are available to them if they just ask. And, of course, the changes with the low-income assistance program for this current program year, the 2023 program year, we're trying to be more proactive with auto enrolling customers in the program per DHHS approvals. Customers still have to take action, but they have to take less action than reaching out to their local community action agency like they have in the past. So being more proactive with educating customers to take advantage of those programs is ultimately going to help the customer. And that's our goal.

MS. HEALY: And I think there -- or, Derek, did you have a question?

MR. DAVIDSON: Yeah, can I just follow up on that? So, Mark, a couple of times you've said educating customers, but it sounds like what the design of position's going to be is to educate customer organizations as opposed to individual customers. Is that a fair --

MR. MORISETTE: Ultimately, yes. So using the Senator Collins example since I've been in contact with that office multiple times over the past recent months, if we were -- if we had the ability to more proactively meet with them on a more regular basis and the state legislature as well, because we've had conversations with them in the past, Linda and I have tag teamed some PowerPoint presentations to the Democrats, to the Republicans, etc., to let them be aware of what's out there. So the more reminders we can do, the more proactiveness we can do, that's going to funnel down ultimately to customers. So when I get a call from Senator Collins' office, in the future maybe I don't get that call because they can answer that question directly.

MR. DAVIDSON: Okay, thanks.

MS. HEALY: And I know you had some discussion with Bill about this, but my understanding was that you haven't yet posted those quality analyst and customer advocate positions and that they're -- you know, CMP's still sort of (indiscernible) decision-making (indiscernible) whether or when they -- those would be posted?

MS. BALL: Whether or not they'd be hired, yes. They haven't been hired yet.

MS. HEALY: Okay. And so how can the Commission be assured that those positions will be filled by the beginning of the rate-effective year and that they are actually used and useful in the rate-effective year if the decision hasn't been made yet?

MS. BALL: I think I'm going to go back to what we said earlier. It's kind of trying to read the room a little bit, and if we're relatively confident that we all agree on the effectiveness of the positions, then I'm hopeful that I'd be able to hire them before the rate year begins and before the agreement came through. If that doesn't work, you know my risk is if I did that, I've got to find an offset somewhere and probably have less customer reps on phones, and that's a little bit risky for me with service quality metrics and CSAT measures and what I'm anticipating to be called volume for the upcoming winter.

MS. HEALY: If you were to prioritize the customer service investments that you proposed here, what would be the top three?

MS. BALL: Out of everything?

MS. HEALY: Out of the customer service-related investments, yeah.

MS. BALL: Let me just list them real quick. So we might have to have a quick sidebar --

MS. HEALY: And let me clarify. Out of the new things you've proposed, not -- obviously you've proposed, you know, existing staffing, those types of things.

MS. BALL: I think the usage alerts and the outage alerts are absolutely critical to customer satisfaction, and I think there's -- that customers are expecting those levels of service. To be able to do them and do them effectively, I think we need the investment in the digital platforms so that we can make sure they're working the way they're designed and that we're not driving dissatisfaction with poorly-functioning messaging. And I count that as one since it's sort of --

MS. HEALY: I'll let you (indiscernible) that as one --

MS. BALL: There's my one --

MS. HEALY: -- that's a helpful (indiscernible).

MS. BALL: But I think that's really important, and I think customers really do have increasing expectations. They want fast service, they want it when they want it, where they want it, how they want it. It's a very different world than it used to be, and we're trying to kind of play catch up with that because we don't move all that fast in utility companies. So we're trying to catch up with a little bit of that. So if that's one, then I think -- sorry, Craig, but my number two I think has got to be credit card reconciliation. I think it's absolutely critical for customers. They want to pay by credit card. They need to pay by credit card. It's faster for them. They get security of their money with their credit cards. And it I don't think it's reasonable for the company to absorb the financial risk of saying we'll just pay all of -- we'll take a reduced revenue because of the method you want to pay. So I've got to make that number two. No, actually I got to -- going to come down to a position, right? Which position do we want?

MS. HEALY: Sorry I'm asking you to pick favorites among your --

MS. BALL: I know. This is like at home with the kids.

MR. MORISETTE: Where's my wallet?

MS. BALL: If it came down to one position or the other, as much as I want that quality analyst and I think it's really critical, I think the low-income advocacy is huge and I think we've got a really pressing need with heating bills and with people paying for oil instead of electric because payments on our bill can be deferred. I imagine that's going to become a more and more critical need. So I would lean towards the customer advocate. And Tina's really not going to be happy with that answer, though.

MS. HEALY: Derek, do you have other questions you'd like to ask?

MR. DAVIDSON: I do, but not -- none of that line.

MS. HEALY: I'm through with my --

MR. DAVIDSON: You're through?

MS. HEALY: Yeah.

MR. DAVIDSON: So I think I've just got a couple. So I'm going to refer to the testimony on page seven, and the specific lines I'm going to be talking about is 15 through 17. And the testimony's discussion is discussing the SQI and also mentions the Chapter 320 rulemaking. But the specific sentence that I wanted to ask about is in 15 through 17. It says, "The company stands ready to provide the level of service determined in those proceedings but cautions that additional funding will be needed if higher levels of performance are required." Can somebody explain what that last clause is getting at?

MS. BALL: Yeah, really very simply, if we decided in Chapter 320 or in the individual SQIs that, for instance, we needed 90 percent answered within 30 seconds, we can't do that with existing staff and we'd need additional funding for additional staff to achieve that. And I would say a similar analysis across all -- probably the other two metrics, estimated bills and bill accuracy, because I really think abandoned calls and service level are kind of practically one and the same.

MR. DAVIDSON: So is this referring only to the customer service --

MS. BALL: Yes.

MR. DAVIDSON: -- SQI metrics, not the reliability metrics?

MS. BALL: Correct.

MR. DAVIDSON: So -- that's helpful. Thank you. So I think I've already asked this question, but I'm going to ask it again is it seems that sort of the essence of this case is we need to invest a significant amount of money in this situation, in our customer service platform, and all the technology that we talked about today so that we can improve service. And it -- so it feels like that's what you're asking for. So I just find this statement confusing because isn't that what you're asking for in this case, the additional funding that's necessary to improve service and improve the service quality? We can use the customer service metrics for -- in this case for an example.

MS. BALL: I think we were drawing a distinction between the four existing SQIs and saying if we implemented stronger SQIs, we'd need additional funding for those four SQIs, which I consider very different than in -- and then the investment in the overall customer service experience, which may not be measured within those four SQIs. You know that's really customer satisfaction. It's our rant and rave. It's our quality scores and the host of other things that we'll provide in the oral data request. But I don't know how to improve the digital offerings that half of -- maybe arguably half of Maine wants without an investment in that technology. And I don't know that that's going to directly hit whether or not we answer phones quickly enough or -- and it is most certainly not going to affect whether or not we get meter reads through the AMI system or whether or not bills are on time and accurate, right? Those aren't going to be affected by those digital platforms. So they're -- I look at them as two separate universes, but I understand what you're getting at. It's an investment without a measurable way of determining what you're getting for it.

MR. DAVIDSON: Yes, exactly. And that's, I think, what we're struggling with the bit is if we're not going to see an improvement service quality, where are we going to see that and how can we measure that and that's --

MS. BALL: Well, I think you've -- I would expect to see it in customer satisfaction, overall customer satisfaction. The overwhelming -- if I asked myself what -- if I look at all of the different voice-of-the-customer research and everything customers tell us, what do they want, what they want is to be able to do business their way. They want the digital offerings. I think we'll see an improvement in customer satisfaction. A lot of our negative comments come around price and we have -- you know, it's not our price, the CMP price, that's necessarily the problem, it's supply. But what we correlate that to is better education on what customers are using and how to manage it. And for me that's Energy Manager for detailed troubleshooting and usage alerts to just generally understand what you're doing in your house. And what I think we find when we do usage calls with customers is they don't actually know what it costs to run their house in terms of electricity. I think we can help educate people with that with things like usage alerts.

MS. HEALY: So you would expect then that if CMP moved forward with all of these investments, that your current 89 percent of customers satisfied internal target would be something higher than that?

MS. BALL: Either higher or we'd actually be more easily able to achieve the 89 percent. You know, we've got to overcome some of the things that are sort of a bigger philosophy problem like price, and we've got some thoughts on that, to talk about a customer satisfaction metrics. You know like Leona said, going to MPS, getting closer to a time of transaction so that they're genuinely validating the transaction and not their general feeling about utility bills. So we've got to figure out how to crack that nut, but that's where I expect to see improvement, yes.

MS. HEALY: And maybe you can speak to this, if it's confidential, don't answer it, but based on the information that you did file in the case about those customer satisfaction surveys, can you answer whether CMP has met that internal target in the last, I'll say, two years?

MS. BALL: Last year we ended at 91 percent, and this year at the moment we're at 86 percent. And the -- a large number of customers who are not satisfied, it's not about the actual transaction, it's on price.

MS. HEALY: Thank you.

MR. DAVIDSON: And I just had one more final question, and this is on Examiners 05-09. And the question was how much of bank fees are currently embedded in CMP's rates, and the answer was 443,000. I was wondering how you established -- how you came up with that number?

MS. BALL: I wish I had a fancy answer for that, Derek, but what I did was ask Mary Haskell who manages remittance processing, and -- Jacob, did she talk to you about that? So Mary researched and said what's embedded in rates is the 443,000, but I'd have to go back to her to find out how to point to that number.

MR. DAVIDSON: Should that be an ODR just ask -- okay.

MS. HEALY: Now that Derek's pointed to that response, I do -- I think I have a follow-up question. Maybe I didn't hear his whole question. But the second part of the answer said year to date through August 2022 CMP has incurred -- you know, it was 1,050,000 (indiscernible) in debit and credit card processing fees. Do you have an estimate through year end 2022 what you expect to incur roughly?

MS. BALL: I looked at that number yesterday, Nora, and I don't remember what it is. So no, I don't. So we'll take that -- is that number ten I think?

MS. HEALY: Yeah.

MS. BALL: So we can give you 2022 year to date probably through end of October and then just a general estimate for November and December, yeah.

MS. TRACY: And EXM -- maybe not. ODR 001-009 was how was the 443,000 developed, was that the ODR?

MR. DAVIDSON: Yeah. I can read it off to you. How did the company determine the recoverable amount of 443,000 that is embedded in current rates for bank fees?

MS. HEALY: So my next question was to project out 2022 the costs that CMP expects to incur associated with debit and credit card processing fees.

MR. MORGAN: This is Lafayette Morgan. Can I interrupt for a quick second? The 443,000, is that just on payments or is that the bank fees in general?

MS. BALL: My -- this is Linda. My understanding is that's the plastic fees. So debit and credit card processing fees.

MR. MORGAN: Okay. Thank you.

MR. BRYANT: Does anyone else on staff who's participating by Teams have any questions for this panel? Hearing none, do any intervenors have questions for this panel?

MR. MORGAN: This is Lafayette. I have one other question.

MR. BRYANT: Go ahead, Lafayette.

MR. MORGAN: And basically my question is with credit card payments, what would credit card payments be replacing, cash and checks? And then there's a second part of that, and are there bank costs that would go down as a result of not having check and cash deposits?

MS. BALL: So this is Linda. We looked at 2020 to 2022, and the increase in credit card payments over that time seemed to be offsetting mailed payments to our central processing center. So there is a slight offset in costs.

MR. MORGAN: Are you able to quantify that, the savings?

MS. BALL: It's about -- so not -- I can give you a general idea. The credit card payments or plastic payments went up by about five percent from 2020 to '22. And the mailed payments went down just about the same five percent. Interestingly, agent payments. So people calling and making a payment over the phone stayed at 1.1 to 1.2 percent of the total volume. The cost at the processing center is roughly two cents per piece. So it's a -- I can do it by percentage, but I don't have the number of payments.

MR. MORGAN: Could that be provided, the -- the quantified -- the cost savings as an ODR?

MS. BALL: Sure.

MR. BRYANT: Yes.

MR. MORGAN: Okay, thank you.

MR. BRYANT: That'll be number 11. Hold on while we make sure we get the question correctly. Okay, okay. I don't think there's any other questions for this panel at this time. And this is the time. So I will excuse the panel. I'm inclined to keep going for another 20 minutes or so. I know it's getting late, but I'm concerned about running out of time next week. And I understand the revenue requirements panel is present and -- let me just confer with co-counsel first before we actually make that decision. Yes, we will. We have a discrete set of questions that we can target to the revenue requirements panel. So let's have the shift, and we'll pick it up in a minute.

MR. BRYANT: Yeah, so are you Mr. Moran?

MR. MORAN: Yes.

MR. BRYANT: And would you make -- please make your appearance, just state your name for the record, please.

MR. MORAN: Kyle Moran on behalf of Central Maine Power.

MR. BRYANT: And were you here when I swore the witnesses in?

MR. MORAN: I was.

MR. BRYANT: So you're under oath. Okay, great. Thank you.

MS. HEALY: (Indiscernible) case expenses and Table 12 of the revenue requirements testimony. So it's obvious to me why things like ROE and capital structure are broken out as a separate rate case expense. I understand you have consultants that have been engaged to deal with topics like that, but I paused over things like the plant model, resiliency, and vegetation management. Why are those broken out as separate rate case expenses?

MR. HURWITZ: The plant model was broken out as a separate rate case expense because we retained an outside consultancy, Concentric Energy Advisors, to assist us in developing the plant model that we filed as Exhibit RRP-5. Resiliency and vegetation management I think we touched on in an information request. The number escapes me.

MS. HEALY: Did you engage outside consultants to develop the resiliency and vegetation management processes and programs at CMP?

MR. HURWITZ: I believe, as we describe in response to OPA 8-7, the company has an engagement letter with Environmental Consultants, LLC who the company relied on for data and studies that they made available for background, context, and expertise that informed the company's proposed vegetation management programs. And could you remind me the third category?

MS. HEALY: Resiliency.

MR. HURWITZ: That one I do not recall. That one we don't know offhand. We did file all of the contracts and we're -- of course, our proposal will be to only include the cost the company ultimately incurs which -- and we intend to update the schedule over the travel of the case.

MS. HEALY: And where those contracts filed in the OPA data response you just referenced?

MR. HURWITZ: It was a different one, but they were.

MR. COHEN: Yeah, if you just give us a moment, we'll find the reference.

MS. HEALY: Okay, thank you.

MR. BRYANT: And I'd like to record to reflect that most of those answers were from Jacob Hurwitz. So -- just because you didn't identify yourself at first --

MR. HURWITZ: Oh, sorry.

MR. BRYANT: Even though you've been speaking during the day -- that's okay.

MR. HURWITZ: My apologies. I believe it was OPA 7-30. There were many attachments.

Okay. And are there charges that are affiliate charges that are captured in these rate case expenses?

MR. HURWITZ: No. These are outside consultants.

MS. HEALY: These are all outside consultants, no affiliate charges? Okay.

MR. HURWITZ: That's correct.

MS. HEALY: And I understand that CMP's position in this case is that the old version of Chapter -- Commission rule Chapter 850 that deals with rate case expenses does -- applies to this case, given the timing of the initial filing, but I'll just ask. Have you done any calculation of what the rate case expense would be under the formula in the new rule?

MR. COHEN: this is Peter Cohen. I have not done that calculation because of the belief that the timing makes that not the version that would be used. I also believe that there's the ability under the new rule to request a waiver. We're using that formula. And so to the extent that the new rule did -- had applied, we would have asked for a waiver.

MS. HEALY: Yeah, and I guess I will ask as an ODR for you to calculate that, the rate case expense using your -- you know, your estimate in the revenue requirement Table 12 under the formula as if the new rule might apply and you did not seek a waiver.

MR. COHEN: Thank you.

MR. DES ROSIERS: The data response that provides the consulting contracts is OPA 07-30. And the contracts are the attachments to that.

MS. HEALY: Thank you. And would those be the records of rate case expenses that I think are referenced either under the old or new rule or both? Or are there other places we should be looking for records of rate case expenses?

MR. DES ROSIERS: The -- this data response provides the -- the attachments are the purchase orders or contracts or engagements with the consultants. The charges up to date were reflected in the Chapter 120 information. It was not crafted in such a way to provide the -- what is the --

MS. HEALY: The more detailed records that are -- had been required under the rule and are -- okay.

MR. DES ROSIERS: Yes.

MS. HEALY: Okay, we'll hold off for the moment on asking an ODR for those records.

MR. COHEN: But ODR 1-12 is going to be to perform the calculation to perform the calculation --

MS. HEALY: To perform the calculation of rate case expenses under the new version of the rule.

MR. COHEN: Sure, we could do that.

MS. HEALY: Okay. And those were the questions I had on rate case expenses. I don't know if others have -- Lucretia has questions.

MS. SMITH: I have one. Would any of those contracts that were attached to OPA 7-30 have been entered into or to some extent been required absent the rate filing? I'm specifically looking at the -- I don't have -- I have it pulled up in a specific way. I'm not positive. Are the contract names or areas confidential?

MR. DES ROSIERS: No, the names are not.

MS. SMITH: The names are not, okay. The -- I'm looking at the PWC pension -- or the pension one and OPEB, whether that -- some portion of that would have been required to know how much to record for actuarial cost or things like that.

MR. COHEN: These were specific forecasts that were performed for the rate case only.

MS. SMITH: Okay, thank you.

MR. COHEN: That was Peter.

MR. BRYANT: Okay. Can I just say I know it's awkward when you're -- someone is behind you and asking you a question, but you still need to face the microphone. Otherwise it's not going to pick it up on the record. I'm sorry, could you repeat the answer you just gave for Lucretia?

MR. COHEN: This is Peter. So the forecasts for the pension and OPEB actuarial that Lucretia referenced were performed specifically for the rate case filing.

MR. BRYANT: Thank you. Does the OPA have any follow ups on the revenue -- on rate case expenses?

MR. LANDRY: I don't believe so. I don't believe so.

MR. BRYANT: Okay. I expect the revenue requirement panel will be back. We're not finished, but I think we will end for tonight at this point. Well, let me ask the other intervenors. Any other questions on the on the rate case expenses? Okay, so hearing none. So let's go off the record.

CONFERENCE ADJOURNED (November 1, 2022, 4:30 p.m.)

C E R T I F I C A T E

I hereby certify that this is a true and accurate transcript of the proceedings which have been electronically recorded in this matter on the aforementioned hearing date.

D. Noelle Forrest

D. Noelle Forrest, Transcriber