



**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

Docket No. DE 19-064

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Distribution Service Rate Case

**DIRECT TESTIMONY

OF

HEATHER M. TEBBETTS**

April 30, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. Ms. Tebbetts, please state your full name, business address, and position.**

3 A. My name is Heather M. Tebbetts and my business address is 15 Buttrick Road,
4 Londonderry, New Hampshire. I am the Manager of Rates and Regulatory Affairs for
5 Liberty Utilities Service Corp. (“Liberty”), which provides services to Liberty Utilities
6 (Granite State Electric) Corp. (“Granite State” or “the Company”) and, in this capacity,
7 am responsible for providing rate-related services for the Company.

8 **Q. Please describe your educational background and training.**

9 A. I graduated from Franklin Pierce University in 2004 with a Bachelor of Science degree in
10 Finance. I received a Master’s of Business Administration from Southern New
11 Hampshire University in 2007.

12 **Q. Please describe your professional background.**

13 A. I joined Liberty in October 2014. Prior to my employment at Liberty, I was employed by
14 Public Service Company of New Hampshire (“PSNH”) as a Senior Analyst in NH
15 Revenue Requirements from 2010 to 2014. Prior to my position in NH Revenue
16 Requirements, I was a Staff Accountant in PSNH’s Property Tax group from 2007 to
17 2010 and a Customer Service Representative III in PSNH’s Customer Service
18 Department from 2004 to 2007.

19 **Q. Have you previously testified before the New Hampshire Public Utilities**
20 **Commission (“the Commission”)?**

21 A. Yes, I have testified on numerous occasions before the Commission.

1 **II. PURPOSE OF TESTIMONY**

2 **Q. What is the purpose of your testimony?**

3 A. The purpose of my testimony is to sponsor Granite State's proposed Tariff NHPUC No.
4 21. I will also explain Granite State's proposed changes to its tariff that relate to LED
5 street lighting, the offering of an electric vehicle charging rate, changes to line extension
6 fees, meter sealing, pricing structure of interconnections, and the decoupling structure.

7 **III. PROPOSED TARIFF CHANGES**

8 **A. Decoupling**

9 **Q. Is the Company including a decoupling mechanism in its filing?**

10 A. Yes. Tariff pages 21A–21C provide the formula of the mechanism and is further
11 described in the testimony of Gregg Therrien.

12 **Q. How will the Company include the decoupling mechanism in its rates?**

13 A. The Company is proposing to include the Revenue Decoupling Adjustment Factor in its
14 Annual Retail Rate filing, within the transmission charge. Currently, the transmission
15 charge includes RGGI Auction Proceeds Refund and the LRAM due to Net Metering
16 adjustments. Since the LRAM due to Net Metering will no longer be in place once the
17 decoupling mechanism is approved, the transmission charge will provide an annually
18 reconciling rate in which the Company can include its annual revenue true-ups through
19 the decoupling mechanism.

1 **B. LED Street Lighting**

2 **Q. What changes to street light service is the Company proposing at this time?**

3 A. As part of the approved Settlement Agreement in its most recent rate case, Docket No.
4 DE 16-383, the Company was required to file a tariff that provided street lighting
5 customers the opportunity to pay for LED fixtures and their installation up front using
6 either the Company's crews or a Company-authorized contractor. The Company agreed
7 to record the up-front costs paid by the customer as Contributions in Aid of Construction.
8 Since approval of the Settlement Agreement, the Company has engaged in many
9 conversations with municipalities about this potential offering, but only a couple have
10 shown interest. The upfront cost of fixtures and installation is so significant that LED
11 lighting is not feasible for many towns at this time. The Company has been working with
12 the City of Lebanon on such an offering, but at this time the City has not yet determined
13 its preferred lighting option. As such, the Company felt it would be best to propose the
14 new LED rate in this rate case rather than through a separate docket. The Company is
15 also separating the existing LED rates from the Rate M Outdoor Lighting Service
16 structure for clarification of the lighting options. Rate M will continue to include
17 traditional street lighting options, such as high pressure sodium, incandescent, and
18 mercury lighting. The existing LED offering in Tariff No. 20 will be renamed Rate LED-
19 1 in Tariff No. 21 and the language of the rate has not changed.

20 **Q. Please describe Rate LED-2.**

21 A. The purpose of the new LED rate, which we have labeled Rate LED-2, is to offer
22 customers the opportunity to pay for the upfront capital and installation costs of the

lighting and, in return, pay a lower monthly distribution rate because the Company will not have to incur the capital and installation costs as is the case under Rate M and Rate LED-1. Customers will continue to pay the undepreciated cost of the fixtures they are replacing.

Q. What are the differences between Rate LED-1 and Rate LED-2?

A. The table below that describes the differences between the two LED rate offerings.

LED Street Lighting - New Offering		
	Rate LED-1 (Current Rate M LED)	Rate LED-2
<i>Availability</i>		
Public Lighting	Munis/DOT	Munis/DOT
Private Lighting	Private Property	Not Available
Fixed Charge	Based on MCSS - includes capital & maintenance	Paid based on MCSS less capital costs
Energy Charges	Based on estimated kWh	Based on watts of each fixture. Town will provide annual register of lights installed with pole number
Pole Charges	Based on installed cost	Based on installed cost
<i>Fixture - lamp/bracket</i>		
Installed Cost	Part of monthly fixed price	Customer pays installation cost to authorized contractor, or Company will charge price \$100 per light installed
Maintenance	Part of monthly fixed price	Customer is responsible, but can hire Liberty to maintain for a per fixture/per visit fee of \$100
Replacement	Part of monthly fixed price	Customer is responsible / company will replace for price \$100 per light
Ownership	Company owns	Company owns
Failure of lights to burn	Customer receives credit for fixed price & kWh	Customer receives credit for kWh only
Excessive Damage	Customer pays labor & fixture costs	Customer is responsible / company will replace \$100 per light
Terms of Service	5 years	No terms - customer paid for fixture upfront
Discontinuance	After 5 years, undepreciated cost and \$50/fixture for removal	No terms - customer paid for fixture upfront
Conversion	Pay undepreciated value & \$50 per light removal	Pay undepreciated value & \$50 per light removal

Q. Please describe the rates the customer will pay each month.

A. The LED-2 rates are calculated in a manner such that the customer will pay a fixed luminaire charge based on the size of the fixture, plus a per kilowatt-hour (kWh) charge each month. The fixed luminaire charge covers the administrative costs for billing and

1 payment, and providing electric service. The kWh charge covers the cost of energy
2 associated with the distribution system. By charging for the lights in this manner, the
3 customer is free to determine what size lights are best for their area. The Company will
4 own the lights, but the customer has the option to have the Company maintain and/or
5 replace the lights if they fail or are damaged for a fee of \$215 per light, per instance.
6 Alternatively, if the municipality chooses to maintain the lights, they must do so with an
7 authorized contractor approved by the Company.

8 **Q. What are the rates that municipal customers will pay for LED-2?**

9 A. The per kWh charge will be \$0.04157 and the per watt charge will be \$0.05547,
10 multiplied by the total wattage of the fixture as shown in Attachment HMT-1.

11 **C. Electric Vehicle Charging Rate**

12 **Q. Is the Company proposing an electric vehicle charging rate?**

13 A. Yes. Customers with electric vehicles will be able to take service under proposed Rate
14 D-EV. The proposed rate structure is the same as that approved in Docket No. DE 17-
15 189, the battery storage docket, which structure was designed to be technology agnostic.
16 The breakdown of the periods and rates are available on tariff page 123.

17 Customers who choose Rate D-EV will be required to take service with a separate meter
18 read through the Verizon Wireless cellular network feeding only the circuit that will be
19 used to charge the car. The Customer Charge for those using the rate to serve only the
20 circuit used for charging will be set at \$11.62 per month, to include the monthly revenue
21 requirement for the meter of \$6.62 and the cellular data cost to read the meter each month

1 of \$5. For customers taking service under this rate to serve the whole home, the
2 Customer Charge of \$11.62 per month for the additional service being provided would be
3 combined with the Customer Charge that otherwise applies to Rate D, resulting in a
4 Customer Charge that is the sum of both. The revenue requirement for the metering is
5 provided in Attachment HMT-2.

6 **D. Interconnection Fees**

7 **Q. Please explain the changes to the interconnection fees for customers requesting to**
8 **connect to the Company's distribution system.**

9 A. The Company's current tariff provides that a customer will pay a supplemental
10 interconnection fee for systems greater than 10 kW. The fee is based on the number of
11 hours associated with the review. To provide better service to customers and their
12 installers, the Company is requesting to adopt the interconnection study fees Eversource
13 has incorporated into its interconnection tariff. The fees are fixed and based on size of
14 the project. The change provides a clear cost for supplemental studies that otherwise
15 vary based on the potential hours (up to 10 for a max cost of \$1,250) in the current tariff.
16 The table below provides the cost based on the size of the interconnecting system:

<u>Project Size (Max AC Rate of Inverters</u>	<u>Supplemental Review Fee</u>
>10 kW to 30 Kw	\$125
>30 kW to 50 kW	\$500
>50 kW to 100 kW	\$1,000

E. Meter Sealing Language

Q. Please explain why the Company is revising Section 14 of its Tariff, “Installation and Sealing of Meter Switches and Circuit Breakers.”

A. Customers frequently request work to be completed on their homes that involves cutting the seal of the meter. Although under the current tariff the Company owns the meter and is solely responsible for cutting and replacing the seal, we have received numerous requests to allow a licensed electrician to cut the seal for instances such as work being performed on the meter socket. By making the proposed change to the tariff, licensed electricians will also have the ability to cut the seal for this type of work.

F. Line Extension Fees

Q. Is the Company proposing to update its line extension fees?

A. Yes. The line extension fees have not been updated since Docket No. DE 13-063. The overhead line extension fee for Policy 1 is the only fee being updated at this time. The underground line fees are not being updated because that tariff went into effect on January 1, 2019. The fees were calculated by reviewing the 2017 and 2018 costs and footage for residential line extensions built under Policy 1. The following table provides the calculation as calculated in Attachment HMT-3:

Line Extension Cost Calculation

<u>Year</u>	<u>Costs</u>	<u>Footage</u>	<u>Cost per Foot</u>
2017	\$ 550,399	12,689	\$ 43.38
<u>2018</u>	<u>\$ 597,574</u>	<u>9,626</u>	<u>\$ 62.08</u>
Total	\$ 1,147,973	22,315	\$ 51.44

1 **Q. What is the cost per foot the Company is proposing at this time?**

2 A. As seen in the cost calculation table above, the average cost per foot over the last two
3 years is calculated to be \$51.44. However, due to the increase as compared to the
4 existing cost per foot, the Company is proposing \$34.47 per foot, or 67% of the actual per
5 foot cost associated with constructing a line extension. By way of comparison, the
6 annually updated fees of Eversource are currently \$27.13 per foot.

7 **G. Rate G-2 Ratchet**

8 **Q. Please explain the Company's proposal for the Rate G-2 billing ratchet.**

9 A. During the Lost Revenue Adjustment Mechanism (LRAM) working group meetings in
10 Docket No. DE 17-136, the Company discussed potentially removing the ratchet billing
11 calculation from Rate G-2 to bill more in line with how Eversource and Unitil bill
12 customers whose load is less than 200 kW. The Company is proposing to have further
13 discussions with parties in this docket to determine if removing the ratchet is appropriate.
14 It has not included the removal of the ratchet in the rate calculations for permanent rates
15 at this time.

16 **IV. CONCLUSION**

17 **Q. Does this complete your testimony?**

18 A. Yes, it does.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
LED-2 Rate Calculation

	\$\$	\$\$	Total Coincident	Per kWh		\$\$	Per Watt
	Per MW	Per kW	Peak - Rate M	Rate 50%		Per Watt	Rate
	(a)	(b)	(c)	(d)		(e)	(f)
1 Primary Cost per MW	76,024	76.024	2,669	\$ 0.02848		0.076024	\$ 0.03801
2 Secondary Cost per MW	34,916	34.916	2,669	\$ 0.01308		0.034916	\$ 0.01746
3 Total			5,338	\$ 0.04157			\$ 0.05547

1 MFB/MCS-8 Page 1 of 4 Line 36

2 MFB/MCS-8 Page 1 of 4 Line 36

(b) Column (a) / 1000

(c) Coincident peak of Rate M in Docket No. DE 19-062 Bates page 45

(d) Column (b) / (c)

(e) Column (b) / 1000

(f) Column (e) x .50

Docket No. DE 19-064
Attachment HMT-2
Page 1 of 1

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Electric Vehicle Meter
Computation of Revenue Requirement

1	Total Investment	\$446
2		
3	<u>Deferred Tax Calculation</u>	
4	Book Depreciation Rate	5.00%
5	Federal Tax Depreciation Rate	3.75%
6	FEDERAL Vintage Year Tax Depreciation:	
7	CY 2020 Spend	\$17
8	Annual Tax Depreciation	\$17
9	Cumulative Tax Depreciation	\$17
10		
11	STATE Vintage Year Tax Depreciation:	
12	CY 2020 Spend	\$17
13	Annual Tax Depreciation	\$17
14	Cumulative Tax Depreciation	\$17
15		
16	Book Depreciation	\$22
17	Cumulative Book Depreciation	\$22
18		
19	Book/Tax Timer (Federal)	(\$6)
20	less: Deferred Tax Reserve (State)	(\$0)
21	Net Book/Tax Timer (Federal)	(\$5)
22	Effective Tax Rate (Federal)	21.00%
23	Deferred Tax Reserve (Federal)	(\$1)
24	Book/Tax Timer (State)	(\$6)
25	Effective Tax Rate (State)	7.70%
26	Deferred Tax Reserve (State)	(\$0)
27	TOTAL Deferred Tax Reserve	(\$2)
28		
29	<u>Rate Base Calculation</u>	
30	Plant In Service	\$446
31	Accumulated Book Depreciation	(\$22)
32	Deferred Tax Reserve	\$2
33	Year End Rate Base	\$425
34		
35	<u>Revenue Requirement Calculation</u>	
36	Year End Rate Base	\$425
37	Pre-Tax ROR	10.23%
38	Return and Taxes	\$43
39	Book Depreciation	\$22
40	Property Taxes	3.23% \$14
41	Annual Revenue Requirement	\$79
42		
43	Adjusted Annual Revenue Requirement	\$79
44	Monthly Charge	\$ 6.62

45				
46	<u>Imputed Capital Structure (e)</u>		Weighted	
47		Ratio	Rate	Rate Pre Tax
48	Long Term Debt	45.00%	5.97%	2.69%
49	Common Equity	55.00%	10.00%	5.50%
50				7.54%
51		100.00%	8.19%	10.23%

Docket No. DE 19-064
Attachment HMT-3
Page 1 of 1

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Electric Vehicle Meter
Computation of Revenue Requirement

Line Extension Cost Calculation

<u>Year</u>	<u>Costs</u>	<u>Footage</u>	<u>Cost per Foot</u>
2017	\$ 550,399	12,689	\$ 43.38
<u>2018</u>	<u>\$ 597,574</u>	<u>9,626</u>	<u>\$ 62.08</u>
Total	\$ 1,147,973	22,315	\$ 51.44

Total Charge Per Foot \$34.47

THIS PAGE INTENTIONALLY LEFT BLANK