



**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

SUSAN L. FLECK

April 30, 2019

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1 **I. INTRODUCTION**

2 **Q. Please state your name, title, and business address.**

3 A. My name is Susan L. Fleck. I am President of Liberty Energy Utilities (New Hampshire)
4 Corp. (“Liberty Energy (NH)”), which owns Liberty Utilities (Granite State Electric)
5 Corp. d/b/a Liberty Utilities (hereinafter referred to as “Granite State” or the “Company”)
6 and Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
7 (“EnergyNorth”). My business address is 15 Buttrick Road, Londonderry, New
8 Hampshire.

9 **Q. On whose behalf are you submitting this testimony?**

10 A. I am submitting this testimony before the New Hampshire Public Utilities Commission
11 (the “Commission” or “NHPUC”) on behalf of Granite State.

12 **Q. Please describe your educational background and professional experience.**

13 A. I received a Bachelor of Science in Civil Engineering from Carnegie-Mellon University
14 and a Masters of Business Administration with a concentration in Finance from Boston
15 College. From 1980 to 1981, I worked as an engineer for Columbia Gas Transmission
16 Company in the Measurement and Regulation Department. In 1981, I joined The
17 Brooklyn Union Gas Company as an Engineer, where I remained until 1982. From 1982
18 to 1985, I was employed by Consolidated Edison Company as an Associate Engineer in
19 the Gas Operations Department. In 1985, I joined Boston Gas Company (“Boston Gas”)
20 as a Measurement and Design Engineer. I remained with Boston Gas through the end of
21 2000, progressing through numerous positions including Superintendent Distribution

1 Administration, Director Distribution System Planning, Group Leader Distribution
2 System Design, Construction Engineer, Vice President Engineering and Gas Control, and
3 Vice President Engineering and Environmental Management. From 2000 to 2007,
4 following the acquisition of Boston Gas by KeySpan Corporation, I served as Vice
5 President NYC Gas Operations for KeySpan Energy Delivery New York. From 2007 to
6 2017, following the acquisition of KeySpan Corporation by National Grid PLC, I served
7 as Vice President of Engineering Standards and Policy for National Grid, and then as
8 Vice President of Gas Pipeline Safety and Compliance until my retirement in June 2017.
9 In September 2017, I became President of Liberty Energy (NH).

10 **Q. Have you previously testified in regulatory proceedings before the Commission?**

11 A. Yes, I have previously provided testimony in Docket No DG 10-017, a distribution rate
12 case for EnergyNorth Natural Gas, Inc. (under National Grid ownership) and in Docket
13 No. DG 17-198, the current proceeding in which EnergyNorth is seeking approval of its
14 Granite Bridge pipeline and LNG storage tank project.

15 **Q. Have you testified in other regulatory jurisdictions?**

16 A. Yes. I have also testified before the Massachusetts Department of Public Utilities and the
17 Rhode Island Public Utilities Commission.

1 **II. PURPOSE OF TESTIMONY**

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

3 A. The purpose of my testimony is to provide an overview of the Company and its filing for
4 an adjustment to distribution service rates in this proceeding. I also provide an
5 introduction of each witness and the subject matter of their testimony.

6 **Q. Since joining Liberty Utilities in 2017, what have been your observations of the
7 Company and its New Hampshire workforce?**

8 A. Upon my arrival I was immediately impressed by the cooperative and team-spirited
9 atmosphere throughout the various departments. Although Liberty Utilities has built its
10 workforce since the acquisition of Granite State and EnergyNorth, it is not overly staffed,
11 which means that the employees need to sometimes handle multiple roles. In performing
12 those tasks, the employees necessarily engage with multiple other departments, so clear
13 and effective communication and cooperation are vital. As an example, employees on
14 the gas side of the business have been trained for important roles such as “wires down” or
15 damage assessment during electric outage events. Even though those roles are not part of
16 their normal job responsibilities, the employees willingly perform them, thereby allowing
17 employees on the electric side of the business to focus on other critical activities during
18 major outage events. Every day I appreciate the hard working and dedicated New
19 Hampshire employees.

1 **Q. What are your priorities for Granite State?**

2 A. Granite State has many obligations as a public utility in New Hampshire, including the
3 provision of safe and reliable service at just and reasonable rates. The safety of the
4 Company's employees and customers is my first and highest priority and is taken into
5 account in every decision we make. Reliability and reasonable rates are a function of the
6 people we hire and the investments we make in the system. The investments we make
7 are not only in physical assets, but also in recruiting, hiring, and training excellent
8 employees. Since taking over ownership of the Company in mid-2012, we have
9 significantly improved the reliability of the distribution system, strengthened training
10 methods, improved policies and procedures, and strengthened the local workforce. These
11 investments have yielded measurable results and will allow the Company to meet its
12 many obligations as a public utility in this state.

13 **III. SUMMARY OF THE FILING**

14 **Q. Why are you making this rate case filing at this time?**

15 A. In the last rate case (Docket No. DE 16-383), the Commission approved a settlement that
16 stated, in part, that the test year for Granite State's next general distribution rate case
17 shall be no earlier than the twelve-month period ended December 31, 2018. This filing
18 recognizes the Company's declining return on equity due in large part to the significant
19 amount of non-growth related capital investments that have been made to the Company's
20 infrastructure since the last rate case. Delays in cost recovery for non-growth related
21 capital investments made in between rate cases puts significant downward pressure on a
22 utility's earnings and can result in delaying or otherwise altering needed investments that

1 would further improve the business. In addition, the filing addresses increases in
2 operating expenses, many of which are beyond the Company's control, such as property
3 taxes. With respect to maintaining its focus on increasing the reliability of the system,
4 the Company is also requesting additional funding for a limited period of time to address
5 a backlog of hazard trees that are in need of removal. Addressing these topics, among
6 others in this rate filing, will allow us to commence recovery of the investments we have
7 made in the system and to bring our distribution rates in line with the cost of providing
8 service.

9 **Q. Please provide an overview of Granite State's requests in this docket.**

10 A. Granite State is seeking recovery of an annual distribution revenue deficiency of
11 approximately \$5.7 million based on a rate base of approximately \$106.2 million. As
12 stated earlier, this increase is necessary to allow the Company to recover increased costs
13 of doing business since its last rate case. Those increased costs arise largely from
14 substantial capital investments that benefit the safety and reliability of Granite State's
15 system. The Company also seeks a step increase of approximately \$2.3 million to
16 recover the revenue requirement associated with non-growth related capital investments
17 made during 2019, the twelve months after the 2018 test year.

18 **Q. Please list the Company's witnesses and the topics of their testimony in this case.**

19 A. The following witnesses are filing testimony in support of this distribution rate case:

- 20 • Philip Greene, Senior Financial Regulatory Analyst, and David B. Simek,
21 Manager of Rates and Regulatory Affairs, sponsor the calculation of Granite

1 State's revenue requirement and the request for a permanent rate increase. They
2 also provide separate joint testimony in support of the Company's request for
3 temporary rates. Mr. Greene also provides testimony in support of the lead/lag
4 study that was performed as part of the revenue requirement analysis.

- 5 • Joel Rivera, Manager of GIS and Electric System Planning, Anthony Strabone,
6 Manager of Electric Engineering, and Heather M. Tebbetts, Manager of Rates and
7 Regulatory Affairs, describe the capital additions that Granite State has made
8 since Granite State's last rate case as well as some significant capital investments
9 that will be made in the upcoming years.
- 10 • Steven E. Mullen, Director of Rates and Regulatory Affairs, provides testimony
11 addressing regulatory mechanisms and provisions to address earnings attrition
12 that occurs between rate cases, as well as other regulatory matters.
- 13 • Heather Green, Program Manager of Vegetation and Inspections, along with Ms.
14 Tebbetts, present testimony on Granite State's Vegetation Management Program,
15 including proposed changes and enhancements to that program.
- 16 • Ms. Tebbetts presents testimony in support of proposed tariff changes, including
17 revisions related to LED street lighting, the offering of an electric vehicle
18 charging rate, the addition of revenue decoupling, and changes to other existing
19 tariff provisions.
- 20 • Gregg H. Therrien of Concentric Energy Advisors ("Concentric") provides
21 testimony in support of the Company's proposal to implement revenue
22 decoupling.

- 1 • David A. Heintz of Concentric provides testimony in support of Granite State’s
2 proposed rate design and rate calculations.
- 3 • Melissa F. Bartos of Concentric presents the marginal cost of service study and
4 results.
- 5 • John Cochrane of FTI Consulting, Inc. presents testimony and a recommendation
6 regarding the Company’s Cost of Equity and provides an assessment of the capital
7 structure and cost of debt to be used for ratemaking purposes.
- 8 • Dane Watson of Alliance Consulting Group provides the depreciation study that
9 was performed in support of this filing.

10 **IV. CONCLUSION**

11 **Q. Do you have any final comments?**

12 A. Yes. Liberty Utilities is keenly aware of continued advancements in terms of technology
13 and, as shown by projects such as the recently approved battery storage pilot, is willing to
14 embrace technology enhancements that will improve system operations as well as
15 provide new opportunities for customers. Such technology advancements are currently
16 being discussed in the Commission’s open proceeding related to electric grid
17 modernization. While technology advancements do bring certain benefits with them,
18 they can also introduce risks from potential nefarious events such as large scale
19 electromagnetic pulses that could cause harm to the electric distribution system. It is
20 important that the Commission’s regulatory policies and cost recovery mechanisms are
21 nimble enough to allow for potential adjustments to capital investment plans to address
22 the positive and negative aspects of technology advances in the upcoming years.

1 **Q. Does this conclude your testimony?**

2 **A. Yes, it does.**