

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

Docket No. DG 20-105

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty
Petition for Permanent Rates
Recoupment Plan – First Step Adjustment

DIRECT TESTIMONY

OF

CATHERINE A. MCNAMARA

June 1, 2022



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1 **I. INTRODUCTION**

2 **Q. Please state your full name and business address.**

3 A. My name is Catherine A. McNamara. My business address is 15 Buttrick Road,
4 Londonderry, New Hampshire.

5 **Q. Please state by whom you are employed.**

6 A. I am employed by Liberty Utilities Service Corp. (“LUSC”), which provides service to
7 Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (“Liberty” or “the
8 Company”).

9 **Q. Please describe your educational background and your business and professional
10 experience.**

11 A. I graduated from the University of Massachusetts, Boston, in 1993 with a Bachelor of
12 Science in Management with a concentration in accounting. In November 2017, I joined
13 LUSC as an Analyst in Rates and Regulatory Affairs. Prior to my employment at LUSC,
14 I was employed by Eversource as a Senior Analyst in the Investment Planning group
15 from 2015 to 2017. From 2008 to 2015, I was a Supervisor in the Plant Accounting
16 department. Prior to my position in Plant Accounting, I was a Financial Analyst/General
17 Ledger System Administrator within the Accounting group from 2000 to 2008.

18 **Q. Ms. McNamara, have you previously testified in regulatory proceedings before the
19 New Hampshire Public Utilities Commission (the “Commission”)?**

20 A. Yes, I have.

1 **II. PURPOSE OF TESTIMONY**

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

3 A. The purpose of my testimony is to present the Company’s proposal of a recoupment
4 mechanism to collect \$4 million in distribution revenue over a 12-month period effective
5 August 1, 2022, as directed by the Commission in Order No. 26,603 (Apr. 5, 2022). The
6 \$4 million represents the increase to distribution revenue associated with approximately
7 \$36 million of non-growth plant investment placed in service during calendar year 2020,
8 the recovery of which the Commission approved in Order No. 26,603.

9 **Q. Please explain why a recoupment proposal is necessary.**

10 A. The Settlement Agreement in this docket included a provision for a first step adjustment
11 to recover the cost of capital investments placed in service on or before December 31,
12 2020, to be implemented concurrently with new rates on August 1, 2021. In Order No.
13 26,505 (July 30, 2021) the Commission accepted the settlement provision providing for
14 the first step increase and capping the increase at \$4 million but delayed its
15 implementation pending an additional filing by the Company and further Commission
16 review of the 2020 plant additions. The Order thus delayed recovery of the Company’s
17 2020 plant additions beyond the date contemplated in the approved Settlement
18 Agreement. The Company provided additional information and the Commission
19 conducted a further review at a January 18, 2022, hearing. On April 5, 2022, the
20 Commission issued Order No. 26,603 approving the \$4 million step increase and
21 authorizing the Company to collect, over the course of a 12-month period beginning
22 August 1, 2022, the first year’s revenue of \$4 million that would have been collected had

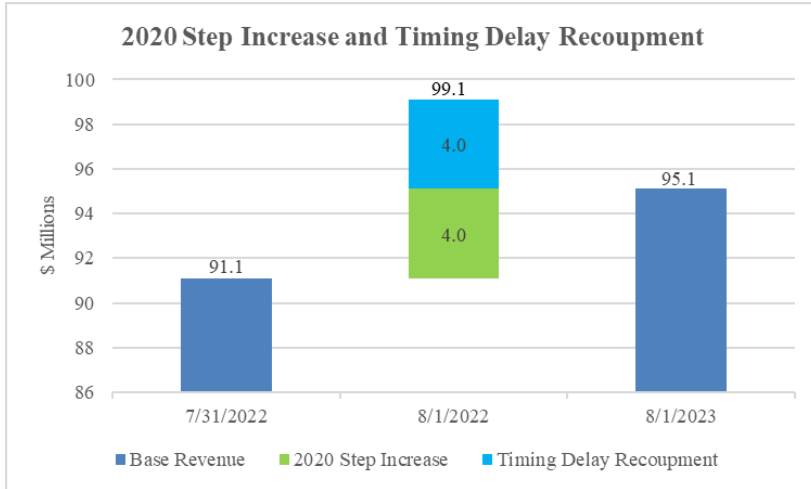
1 the step adjustment been implemented on August 1, 2021, contemporaneously with the
2 second step adjustment.

3 Order No. 26,206 also directed the Company “to propose a recoupment mechanism for
4 step adjustment revenues to be collected over the course of one year, beginning August 1,
5 2022.” This testimony proposes the requested recoupment mechanism.

6 **Q. Please describe the Company’s proposal to collect the delayed \$4 million of revenue.**

7 A. The Commission’s approval of the step increase authorized the Company to increase base
8 distribution rates by \$4 million effective August 1, 2022. That base revenue increase will
9 remain in effect until such time there is a further change in distribution rates. To recover
10 the revenue that would have been collected had the first step increase gone into effect on
11 August 1, 2021, the Company proposes to increase base distribution rates by an
12 additional \$4 million beginning August 1, 2022, which will be in effect through July 31,
13 2023, at which time the delayed \$4 million will have been fully recovered and
14 distribution rates will then be adjusted downward by \$4 million beginning August 1,
15 2023. Therefore, the Company is proposing to increase base distribution rates by a total
16 of \$8 million beginning on August 1, 2022. The \$8 million represents the recoupment of
17 the delayed \$4 million in distribution revenue for the August 1, 2021, through July 31,
18 2022, period combined with the \$4 million base distribution rate increase beginning
19 August 1, 2022. At the end of the 12-month period ending July 31, 2023, the delayed \$4
20 million will be removed from base distribution rates leaving just the \$4 million of
21 revenue until the next base distribution rate change. The chart below demonstrates the

1 proposed rate changes effective August 1, 2022, and August 1, 2023, due to the 2020 step
2 increase and recoupment of the 12-month delay.



3

4 **Q. Please describe the rate change for residential customers beginning August 1, 2022,**
5 **for the 2020 step adjustment, including recoupment due to the timing delay.**

6 A. The company is proposing a total residential distribution rate increase of \$0.0704/therm
7 for effect on August 1, 2022, as shown in the table below. This is based on an \$8 million
8 revenue increase allocated to the R-3/R-4 rate class at 55.3 percent divided by 62,751,715
9 therms.

Rate			Current	Step 1 Increase for Recoupment 2021	Step 1 Increase for 2022	Rates Effective 8/1/22
R3	Customer Charge		\$ 15.39	\$ -	\$ -	\$ 15.39
R3	Winter	Charge for 1st Therms	\$ 0.5632	\$ 0.0352	\$ 0.0352	\$ 0.6337
R3	LDAC Charge		\$ 0.1318			
R3	Energy Charge	Charge for Therms over 1st	\$ 0.5632	\$ 0.0352	\$ 0.0352	\$ 0.6337
R3	Block Size	Cutoff for First Block	-			-
R3	Cost of Gas	Cost of Gas Rate	\$ 1.1829			
R3	Summer	Charge for 1st Therms	\$ 0.5632	\$ 0.0352	\$ 0.0352	\$ 0.6337
R3	LDAC Charge		\$ 0.1318			
R3	Energy Charge	Charge for Therms over 1st	\$ 0.5632	\$ 0.0352	\$ 0.0352	\$ 0.6337
R3	Block Size	Cutoff for First Block	-			-
R3	Cost of Gas	Cost of Gas Rate	\$ 0.6984			

10

1 **Q. Please describe the rate change for commercial customers beginning August 1, 2022,**
2 **for the 2020 step adjustment, including recoupment due to the timing delay.**

3 A. The company is proposing a total commercial distribution rate increase in the customer
4 charge of \$4.97/month and in the volumetric charge of \$0.0319/therm for effect on
5 August 1, 2022, as shown in the table below. This is based on an \$8 million revenue
6 increase allocated to the low annual usage commercial rate class at 16.6 percent allocated
7 43 percent to the customer charge based on bills and 57 percent to the volumetric charge
8 divided by 23,827,544 therms.

Rate			Current	Step 1 Increase for Recoupment 2021	Step 1 Increase for 2022	Rates Effective 8/1/22
41	Customer Charge		\$ 57.06	\$ 2.48	\$ 2.48	\$ 62.03
41	Winter	Charge for 1st Therms	\$ 0.4688	\$ 0.0160	\$ 0.0160	\$ 0.5007
41	LDAC Charge		\$ 0.0991			
41	Energy Charge	Charge for Therms over 1st	\$ 0.3149	\$ 0.0160	\$ 0.0160	\$ 0.3469
41	Block Size	Cutoff for First Block	100			100
41	Cost of Gas	Cost of Gas Rate	\$ 1.1831			
41	Summer	Charge for 1st Therms	\$ 0.4688	\$ 0.0160	\$ 0.0160	\$ 0.5007
41	LDAC Charge		\$ 0.0991			
41	Energy Charge	Charge for Therms over 1st	\$ 0.3149	\$ 0.0160	\$ 0.0160	\$ 0.3469
41	Block Size	Cutoff for First Block	20			20
41	Cost of Gas	Cost of Gas Rate	\$ 0.6991			

9

10 **Q. Please describe the change in residential customer rates once the recoupment period**
11 **is over beginning August 1, 2023.**

12 A. The table below provides the decrease in rates effective August 1, 2023, for a residential
13 customer.

Rate			Rates Effective 8/1/22	Step 1 Decrease for Recoupment 2021	Rates Effective 8/1/23
R3	Customer Charge		\$ 15.39	\$ -	\$ 15.39
R3	Winter	Charge for 1st Therms	\$ 0.6337	\$ (0.0352)	\$ 0.5985
R3	LDAC Charge				
R3	Energy Charge	Charge for Therms over 1st	\$ 0.6337	\$ (0.0352)	\$ 0.5985
R3	Block Size	Cutoff for First Block	-		-
R3	Cost of Gas				
R3	Summer	Charge for 1st Therms	\$ 0.6337	\$ (0.0352)	\$ 0.5985
R3	LDAC Charge				
R3	Energy Charge	Charge for Therms over 1st	\$ 0.6337	\$ (0.0352)	\$ 0.5985
R3	Block Size	Cutoff for First Block	-		-
R3	Cost of Gas				

1

2 **Q. Please describe the change in commercial customer rates once the recoupment**
3 **period is over beginning August 1, 2023.**

4 A. Please see the table below for the decrease and proposed rates beginning August 1, 2023,
5 for a commercial customer.

Rate			Rates Effective 8/1/22	Step 1 Decrease for Recoupment 2021	Rates Effective 8/1/23
41	Customer Charge		\$ 62.03	\$ (2.48)	\$ 59.55
41	Winter	Charge for 1st Therms	\$ 0.5007	\$ (0.0160)	\$ 0.4847
41	LDAC Charge				
41	Energy Charge	Charge for Therms over 1st	\$ 0.3469	\$ (0.0160)	\$ 0.3309
41	Block Size	Cutoff for First Block	100		100
41	Cost of Gas				
41	Summer	Charge for 1st Therms	\$ 0.5007	\$ (0.0160)	\$ 0.4847
41	LDAC Charge				
41	Energy Charge	Charge for Therms over 1st	\$ 0.3469	\$ (0.0160)	\$ 0.3309
41	Block Size	Cutoff for First Block	20		20
41	Cost of Gas				

6

7 **Q. Where can the rate calculations for all rate classes be found?**

8 A. The rate calculations for all rate classes can be found in Attachment CAM-1.

1 **III. CUSTOMER BILL IMPACTS**

2 **Q. Has the Company prepared bill impacts for rates effective August 1, 2022?**

3 A. Yes, the bill impact schedules can be found in Attachment CAM-2, pages 1–10.

4 **Q. What are the estimated impacts of the proposed increase in residential distribution**
5 **rates on an average heating customer’s annual bill as of August 1, 2022, as**
6 **compared to the rates approved in Order No. 26,505 in this docket?**

7 A. Using the proposed increase in distribution rates, a typical residential heating customer’s
8 average annual bill would increase approximately \$51.07, or 3.18 percent. The detailed
9 bill impact analysis is presented in Attachment CAM-2, pages 1–10 of this filing.

10 **Q. What are the estimated impacts of the proposed increase in commercial distribution**
11 **rates on an average heating customer’s annual bill as compared to the rates**
12 **approved in Order No. 26,505 in this docket?**

13 A. Using the proposed increase in distribution rates, a typical commercial customer’s
14 average annual bill would increase approximately \$142.85, or 2.98 percent. The detailed
15 bill impact analysis is presented in Attachment CAM-2, pages 1–10 of this filing.

16 **Q. Has the Company included the 2021 step adjustment into the recoupment plan?**

17 A. No, approval of the second step adjustment is the subject of a separate filing in Docket
18 No. DG 22-028. Any approved changes in distribution rates in that docket will be in
19 addition to what is proposed as part of this proposal. The increase resulting from the
20 second step adjustment is not included in the rates effective August 1, 2022, as shown
21 above.

1 **Q. Please provide the revenue per customer benchmarks for the 2020 step adjustment**
2 **and recoupment effective August 1, 2022.**

3 A. Please see Attachment CAM-3 for the revenue per customer calculations effective as of
4 August 1, 2022. The revenue per customer incorporates only the 2020 step adjustment
5 and the recoupment of the timing delay. The revenue per customer calculation does not
6 include the 2021 step adjustment filed on April 8, 2022, pending in this docket.

7 **IV. CONCLUSION**

8 **Q. When does the Company require approval of the recoupment plan presented in this**
9 **filing?**

10 A. The Company is requesting approval of the recoupment plan and proposed increase in
11 distribution rates by July 26, 2022.

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

13 A. Yes, it does.