

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

Docket No. DE 21-087

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty  
Energy Service for the Period August 1, 2021, to January 31, 2022

Reconciliation for the Period August 1, 2020, to July 31, 2021

**DIRECT TESTIMONY**

**OF**

**ADAM M. HALL**

**AND**

**DAVID B. SIMEK**

May 14, 2021



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1 **I. INTRODUCTION AND QUALIFICATIONS**

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

3 A. (AH) My name is Adam M. Hall. My business address is 15 Buttrick Road,  
4 Londonderry, New Hampshire. My title is Analyst, Rates and Regulatory Affairs.

5 (DS) My name is David B. Simek. My business address is 15 Buttrick Road,  
6 Londonderry, New Hampshire. My title is Manager, Rates and Regulatory Affairs.

7 **Q. By whom are you employed?**

8 A. We are employed by Liberty Utilities Service Corp. (“Liberty”), which provides services  
9 to Liberty Utilities (Granite State Electric) Corp. (“Liberty,” “Granite State,” or “the  
10 Company”).

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

13 A. (AH) I graduated from Siena College in 2014 with a Bachelor of Science in Finance. I  
14 also received a Master’s of Business Administration from Franklin Pierce University in  
15 2016. I joined Liberty Utilities as an Analyst, Rates and Regulatory Affairs in January  
16 2019. Prior to this, I was employed by Southern New Hampshire University from 2016  
17 to 2019.

18 (DS) I graduated from Ferris State University in 1993 with a Bachelor of Science in  
19 Finance. I received a Master’s of Science in Finance from Walsh College in 2000. I also  
20 received a Master’s of Business Administration from Walsh College in 2001. In 2006, I  
21 earned a Graduate Certificate in Power Systems Management from Worcester

1 Polytechnic Institute. In August 2013, I joined Liberty as a Utility Analyst and I was  
2 promoted to Manager, Rates and Regulatory Affairs in August 2017. Prior to my  
3 employment at Liberty, I was employed by NSTAR Electric & Gas (“NSTAR”) as a  
4 Senior Analyst in Energy Supply from 2008 to 2012. Prior to my position in Energy  
5 Supply at NSTAR, I was a Senior Financial Analyst within the NSTAR Investment  
6 Planning group from 2004 to 2008.

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

9 A. (AH) Yes, I have recently testified in Docket Nos DE 21-049 and DE 21-063.

10 (DS) Yes, I have testified on numerous occasions before the Commission.

11 **II. PURPOSE OF TESTIMONY**

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

13 A. The purpose of our testimony is to present Liberty’s proposed Energy Service  
14 reconciliation for the period of August 1, 2020, to July 31, 2021. Our testimony includes  
15 the results of: (i) the reconciliation of Energy Service power supply expense and  
16 applicable revenue (“Energy Service Reconciliation”); (ii) the reconciliation of the  
17 Company’s cost of complying with its actual 2020 Renewable Portfolio Standard  
18 obligations and the applicable revenue (“Renewable Portfolio Standard Reconciliation”);  
19 and (iii) the reconciliation of the administrative cost of providing Energy Service and the  
20 applicable revenue (“Energy Service Cost Reclassification Adjustment Factor –ESCRAF-  
21 Reconciliation”).

1 Liberty is not proposing new Energy Service rates at this time. The Company will  
2 propose new rates when it submits its rate filing on June 14, 2021. This filing only  
3 addresses the reconciliation portion of the rate calculation.

4 **Q. Did you perform your analyses consistent with processes and procedures for similar**  
5 **filings in previous years?**

6 A. Yes. We have performed our analyses consistent with past methods and practices. The  
7 actual revenues and costs tie to the Company's books.

8 **Q. Please provide the list of schedules attached to your testimony.**

9 A. Schedule AMH/DBS-3 Base Energy Service Expense Reconciliation  
10 Schedule AMH/DBS-4 Renewable Portfolio Standard Reconciliation  
11 Schedule AMH/DBS-5 Reconciliation and  
12 Calculation of Proposed Energy Service Adjustment Factor  
13 Schedule AMH/DBS-6 Reconciliation and  
14 Calculation of Proposed Energy Service Cost  
15 Reclassification Adjustment Factor

16 Schedules AMH/DBS-1 and AMH/DBS-2 (not attached) will provide rate calculations  
17 based on the winning bids. These schedules will be filed with the full Energy Service  
18 filing on June 14, 2021.

1 **III. RECONCILIATION OF ENERGY SERVICE ADJUSTMENT FACTOR (ESAF)**

2 **Q. Please summarize the Company's ESAF reconciliation.**

3 A. The Company calculates the differences between revenues and costs for the following  
4 items for the reconciliation filing:

- 5 • Energy Service Reconciliation – power supply
- 6 • Renewable Portfolio Standard (RPS) reconciliation - costs for complying  
7 with its RPS obligations
- 8 • Energy Service Adjustment Provision, which consists of two components:
  - 9 ○ Energy Service Adjustment Factor (ESAF) reconciliation – any  
10 over- or under- collection of the prior period's ESAF
  - 11 ○ Energy Service Cost Reclassification Adjustment Factor  
12 (ESCRAF) reconciliation – any over- or under- collection of the  
13 prior period's ESCRAF

14 **IV. ENERGY SERVICE RECONCILIATION**

15 **Q. Is the Company presenting a reconciliation of Energy Service power supply costs  
16 and revenues in this filing?**

17 A. Yes. The Energy Service Reconciliation for the period August 2020 through July 2021 is  
18 presented in Schedule AMH/DBS-3.

19 **Q. Please explain the Energy Service Reconciliation.**

20 A. Schedule AMH/DBS-3, page 1, presents the reconciliation of Energy Service revenue  
21 and Energy Service expense by month for the reconciliation period. The detail behind

1 each month's Energy Service revenue is included on page 2 of Schedule AMH/DBS-3.

2 The detail behind each month's Energy Service expense is included on page 3 of  
3 Schedule AMH/DBS-3.

4 **Q. On Schedule AMH/DBS-3, page 2, why is the Company subtracting amounts from**  
5 **Energy Service revenue in column (a) for the other components of revenue in**  
6 **columns (b) through (e)?**

7 A. Any revenue relating to the RPS compliance, Energy Service Adjustment Factor, and the  
8 Energy Service Cost Reclassification Adjustment Factor is reconciled separately from  
9 Energy Service revenue. To perform these separate reconciliations, the revenue for these  
10 items are subtracted from the total Energy Service revenue billed to customers in order to  
11 properly reflect the base Energy Service revenue for the current reconciliation period.

12 **Q. What is the result of the Company's Energy Service Reconciliation for the period**  
13 **ending July 2020?**

14 A. As shown on Schedule AMH/DBS-3, page 1 of 3, the Company has estimated an under-  
15 collection of Energy Service power supply costs of \$802,279 and will reflect this under-  
16 collection in its proposed Energy Service Adjustment Factor to take effect August 1,  
17 2021.

18 **Q. Is the Company presenting a reconciliation of the cost of complying with the**  
19 **Renewable Portfolio Standard obligation in this filing?**

20 A. Yes. The RPS Reconciliation for the period July 2020 through June 2021 is presented in  
21 Schedule AMH/DBS-4. Although the RPS program year is a calendar year, the

1 reconciliation year is July 2020 through June 2021 because the Company may purchase  
2 Renewable Energy Certificates (RECs) and make Alternative Compliance Payments  
3 (ACPs) to meet its 2020 RPS obligations through June 2021. The expenses associated  
4 with the 2020 program year are accounted for through June 15, 2021, because the trading  
5 period for the 2020 program year ends on June 15, 2021. After this date, the Company  
6 will know its obligations for RPS compliance and/or to pay the ACPs for the previous  
7 year.

8 **Q. Please explain the Renewable Portfolio Standard Reconciliation.**

9 A. Schedule AMH/DBS-4 presents the actual reconciliation of RPS compliance adder  
10 revenue and expense by month. The RPS compliance adder revenue is collected from  
11 Energy Service customers during the period. These costs are based on actual revenues  
12 and expenses for the period. The Company has estimated an under-collection of  
13 \$315,036. The primary reason for this estimated under-collection is the timing mismatch  
14 between 2021 RPS revenue and 2020 RPS costs. The RPS expenses incurred in 2021  
15 were to meet a portion of the 2020 RPS obligation. The 2021 RPS revenue is based on  
16 the increased RPS obligation for 2021 as compared to 2020 and the estimated market  
17 price of 2021 RPS RECs.

18 **Q. How is the Company treating the projected under-collection of RPS expense?**

19 A. Consistent with the previously-approved methodology, the Company has combined the  
20 projected RPS expense under-collection with the projected under-collection of Energy  
21 Service power supply costs in the calculation of the proposed Energy Service Adjustment  
22 Factor.



1 **V. CALCULATION OF THE ESAF RECONCILIATION**

2 **Q. Please explain Schedule AMH/DBS-5.**

3 A. The calculation of the Energy Service Adjustment Factor charged to customers includes  
4 the under-collection of Energy Service, the under-collection associated with the Energy  
5 Service Adjustment Factor for the prior period, and the under-collection of RPS. The  
6 sum of these amounts is estimated to be an under-collection of \$1,874,664 which, when  
7 divided by estimated Energy Service forecasted kilowatt-hour sales, results in an  
8 estimated ESAF of \$0.00415 to be included in Energy Service rates effective August 1,  
9 2021.

10 **VI. ENERGY SERVICE COST RECLASSIFICATION ADJUSTMENT FACTOR**

11 **(ESCRAF) RECONCILIATION**

12 **Q. Please describe the reconciliation of the administrative costs of providing Energy**  
13 **Service.**

14 A. The Company must reconcile its administrative cost of providing Energy Service with its  
15 Energy Service revenue associated with the collection of administrative costs, and the  
16 excess or deficiency resulting from that reconciliation, including interest at prime, must  
17 be reflected in the subsequent year's ESCRAF.

18 **Q. Is the Company presenting a reconciliation of administrative costs of providing**  
19 **Energy Service with its Energy Service revenue associated with the collection of**  
20 **administrative costs in this filing?**

21 A. Yes. The ESCRAF Reconciliation for the period August 2020 through July 2021 is  
22 presented in Schedule AMH/DBS-6.

1 **Q. Please explain the ESCRAF reconciliation.**

2 A. The detail behind each month's ESCRAF administrative expense is shown on pages 2  
3 through 4 of Schedule AMH/DBS-6. The calculation of the cash working capital impact  
4 is presented on pages 5 through 8 of Schedule AMH/DBS-6.

5 **Q. Has the Company calculated proposed ESCRAF for the period beginning August 1,**  
6 **2020?**

7 A. Yes. Schedule AMH/DBS-6, page 1, calculates the estimated ESCRAF of (\$0.00046)  
8 per kWh for the Small Customer Group and (\$0.00109) per kWh for the Large Customer  
9 Group for the period of August 1, 2021, through July 31, 2022. The proposed ESCRAF  
10 would be combined with the Energy Service rates for billing.

11 **Q. Has the Company calculated the ESCRAF in the same manner as in the prior year's**  
12 **filing?**

13 A. Yes. The Company has calculated the ESCRAF in the same manner as in the prior year's  
14 filing and in accordance with the methodologies and allocations approved in the  
15 Settlement Agreement in Docket No. DR 95-169, Granite State Electric Company Rate  
16 Increase.

17 **VII. BILL IMPACTS**

18 **Q. Has the Company determined the impact of the Energy Service rate change on**  
19 **customers' bills?**

20 A. Not at this time. As stated earlier, Liberty is not yet proposing new Energy Service rates,  
21 thus the impact of the Energy Service rate change on customers' bills is not known. The

1 Company will propose new rates when it submits its rate filing on June 14, 2021. This  
2 filing only addresses the reconciliation portion of the rate calculation.

3 **VIII. CONCLUSION**

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

5 **A. Yes.**

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