

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

Docket No. DE 22-024

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Energy Service for the Period February 1, 2023 – April 30, 2023

**DIRECT TESTIMONY
OF
JOHN D. WARSHAW
AND
AARON J. DOLL**

January 6, 2023



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1 **I. INTRODUCTION**

2 **Q. Mr. Warshaw, please state your name and business address.**

3 A. My name is John D. Warshaw, and my business address is 15 Buttrick Road,
4 Londonderry, New Hampshire.

5 **Q. Please state your position.**

6 A. I am the Manager of Electric Supply for Liberty Utilities Service Corp. (“LUSC”), which
7 provides services to Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
8 (“Granite State,” “Liberty,” or “the Company”). I oversee the procurement of power for
9 Energy Service for Granite State as well as the procurement of Renewable Energy
10 Certificates (“RECs”).

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

12 A. I graduated from the State University of New York Maritime College in 1977 with a
13 Bachelor of Science in Nuclear Science. I received a Master’s in Business
14 Administration from Northeastern University in 1986. In 1992, I earned a Master of Arts
15 in Energy and Environmental Management from Boston University.

16 **Q. What is your professional background?**

17 A. In November 2011, I joined LUSC as Manager, Electric Supply for Granite State. Prior
18 to my employment at LUSC, I was employed by National Grid USA Service Company
19 (“National Grid”) as a Principal Analyst in Energy Supply – New England from 2000 to
20 2010. In that position, I conducted a number of solicitations for wholesale power to meet
21 the needs of National Grid’s New England distribution companies. I also administered

1 both short-term and long-term power purchase agreements for National Grid's New
2 England distribution companies. Prior to my employment at National Grid, I was
3 employed at COM/Energy (now Eversource) from 1992 to 2000. From 1992 to 1997, I
4 was a Rate Analyst in Regulatory Affairs at COM/Energy responsible for supporting state
5 and federal rate filings. In 1997, I transferred to COM/Electric to work in Power Supply
6 Administration.

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

9 A. Yes. I most recently testified before the Commission in Docket No. DE 22-024, Granite
10 State's Default Service Filing, on December 20, 2022.

11 **Q. Have you testified before any other state regulatory agencies?**

12 A. Yes. I have testified before both the Massachusetts Department of Public Utilities and
13 the Rhode Island Public Utilities Commission regarding electric supply and renewable
14 portfolio procurement activities.

15 **Q. Mr. Doll, please state your name and business address.**

16 A. My name is Aaron J. Doll. My business address is 602 South Joplin Avenue, Joplin,
17 Missouri, 64081.

18 **Q. Please state your position.**

19 A. I am the Senior Director of Energy Strategy and Energy Procurement in the Liberty
20 Central Region for Liberty Utilities Service Corp. ("LUSC"), which provides services to
21 The Empire District Electric Company d/b/a Liberty ("Liberty," or "the Company"). I

1 also oversee the procurement of power for Energy Service for Granite State as well as the
2 procurement of Renewable Energy Certificates (“RECs”).

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

4 A. I graduated from Missouri State University in 2003 with a Bachelor of Science degree in
5 Psychology and a minor in Philosophy. I received a Master of Business Administration
6 from Missouri State University in 2008.

7 **Q. What is your professional background?**

8 A. I have worked for Liberty for approximately 16 years. I worked in the Planning and
9 Regulatory Department for six years as a Planning Analyst and was responsible for load
10 forecasting, weather normalization, and sales and revenue variance analysis. In 2012, I
11 transferred to the Supply Management department as the Market Risk Manager and
12 eventually the Manager of Market Settlements and Systems. In this capacity, I worked to
13 facilitate the migration of the daily power marketing activities from the Southwest Power
14 Pool, Inc. (“SPP”) Energy Imbalance Market (“EIS”) to the SPP Integrated Marketplace
15 (“IM”) and oversaw the procurement of Transmission Congestion Rights (“TCRs”).
16 Additionally, I provided oversight of meter management, market settlements, and market
17 applications.

18 In 2016, I was promoted to Director of Electric Procurement. In this role, I was
19 responsible for the procurement of fuel for electrical generation, the day-to-day
20 interfacing, systems and settlements with SPP as it relates to the IM, the long-term and
21 short-term load forecasting, and the production cost modeling. I also provide regulatory

1 support relating to those responsibilities. In 2019, I was promoted to Senior Director of
2 Energy Strategy which added strategic planning and regulatory assistance to my
3 aforementioned responsibilities.

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

6 A. Yes. I most recently testified before the Commission in Docket No. DE 22-024, Granite
7 State’s Default Service Filing, on December 20, 2022.

8 **Q. Have you testified before any other state regulatory agencies?**

9 A. Yes. I have testified before the Kansas Corporation Commission, the Oklahoma
10 Corporation Commission, the Missouri Public Service Commission, and the Arkansas
11 Public Service Commission.

12 **II. PURPOSE OF TESTIMONY**

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

14 A. The purpose of our testimony is to support the Company’s request for Commission
15 approval of Liberty’s proposed Energy Service rates for the Large and Medium
16 Commercial and Industrial Customer Group (“Large Customer Group”¹) for the period
17 February 1, 2023, through April 30, 2023 (“Block A”). Our testimony will describe the

¹ The Large Customer Group is comprised of customers taking service under General Long-Hour Service Rate G-2 or General Service Time-Of-Use Rate G-1, EV-L (Large Commercial EV Charging) and EV-M (Medium Commercial EV Charging) of the Company’s Retail Delivery Tariff.

1 process used by Liberty to procure Energy Service for the Large Customer Group and the
2 proposed Energy Service rates.

3 **Q. Please provide the list of attachments to this testimony.**

4 A. Attachment JDW/AJD-1: Energy Service RFP February 1, 2023, through April 30, 2023

5 **III. ENERGY SERVICE BIDDING PROCESS**

6 **Q. Why does Liberty need to procure Energy Service for the Large Customer Group**
7 **for the 3-month period beginning February 1, 2023?**

8 A. Liberty's currently effective Energy Service supply contracts for the Large and Small
9 Customer Groups expire on January 31, 2023. Liberty issued an RFP on November 1,
10 2022, to secure a new six-month supply effective February 1, 2023, for both groups.
11 Liberty was unable to secure a three-month supply for the Large Customer Group for the
12 February 1, 2023, through April 31, 2023, period ("three-month period"). As approved in
13 Order No. 26,752 (December 22, 2022), Liberty proposed to issue a second RFP to
14 secure a supply for the unserved three-month period for the Large Customer Group.

15 **Q. Please describe the process Liberty used to procure a three-month supply for the**
16 **Large Customer Group beginning February 1, 2023.**

17 A. Liberty conducted its procurement of Energy Service supply consistent with the
18 principles of the electric restructuring statute, RSA 374-F, and previous Commission
19 orders. The Company complied with the solicitation, bid evaluation, and procurement
20 process outlined in the Settlement Agreement dated November 18, 2005, which was
21 approved by the Commission in Order No. 24,577 (Jan. 13, 2006) in Docket No. DE 05-

1 126, amended by Order No. 24,922 (Dec. 19, 2008) in Docket No. DE 08-011, amended
2 by Order No. 25,601 (Nov. 27, 2013) in Docket No. DE 13-018, and further amended by
3 Order No. 25,806 (Sept. 2, 2015) in Docket No. DE 15-010 (as amended through these
4 subsequent orders, the “Settlement Agreement”). On December 23, 2022, Liberty issued
5 a request for proposals (“RFP”) for certain power supply services and sought suppliers
6 for Liberty’s Energy Service for only the Large Customer Group.

7 **Q. Was the Company’s solicitation for the three-month period beginning February 1,**
8 **2023, consistent with the Commission-approved process for Energy Service?**

9 A. Yes, Liberty’s Energy Service RFP was conducted consistent with the Settlement
10 Agreement.

11 **Q. Please describe the nature of the RFP that Liberty issued.**

12 A. On December 23, 2022, and consistent with past practice, Liberty issued an RFP to a
13 number of potential suppliers soliciting a three-month supply of power for only the Large
14 Customer Group effective February 1, 2023. Liberty also distributed the RFP to all
15 members of the New England Power Pool (“NEPOOL”) Markets Committee and posted
16 the RFP on Liberty’s energy supply website. As a result, the RFP had wide distribution
17 throughout the New England energy supply marketplace. The RFP requested fixed
18 pricing for each month of service on an as-delivered energy basis. Prices could vary by
19 month; that is, the prices did not have to be uniform across the entire three-month service
20 period. A copy of the RFP is provided as Attachment JDW/AJD-1.

1 **IV. RESULTS OF ENERGY SERVICE BIDDING**

2 **Q. Did Liberty receive acceptable responses to the RFP?**

3 A. No. The Large Customer Group (February 1, 2023, to April 30, 2023) received no
4 acceptable bids on January 4, 2023.

5 **Q. Does Liberty have an alternate option to provide supply for the Large Customer
6 Group during the period February 1, 2023, to April 30, 2023?**

7 A. Yes, as discussed in the December 20, 2022, hearing, Liberty will serve the load from the
8 ISO-NE spot market, bidding at least some portion of the load into the Day Ahead
9 Market and taking on the responsibility for all ancillary and other services normally
10 associated with serving load in New England. Any differences between the load bid into
11 the Day Ahead market and actual load will be settled in the Real Time Balancing Market.
12 The Company will reconcile its costs with the revenue received from the Large Customer
13 Group customers. This reconciliation occurs as part of the annual Energy Service
14 reconciliation to be filed in May 2023.

15 **Q. What is the process for serving load in the ISO-NE Day Ahead Energy Market?**

16 A. For next day load pricing, the forecasted load is submitted via ISO-NE “eMarket”
17 software, which is used by all Market Participants to submit their expected load values to
18 the ISO-NE Day Ahead Market by 10:30 a.m. By 1:00 p.m. that day, ISO-NE publishes
19 the Day Ahead hourly prices that are associated with the submitted load. The submitted
20 load is subject to Energy, Forward Capacity, Ancillary Service, and other ISO-NE
21 charges such as the Mystic Cost of Service Agreement and documented in the ISO-NE
22 Monthly bill.

1 **Q. What is the process for variances in load from what was cleared in the Day Ahead**
2 **Energy Market?**

3 A. Any deviations in load from what was purchased in the Day Ahead market will be subject
4 to balancing in the Real Time Energy Market which is cleared at five-minute intervals
5 rather than hourly.

6 **Q. What is the process for load forecasting?**

7 A. The load submitted to ISO-NE will be modeled by a load forecasting application. The
8 forecast model is built using five-year historical Energy Service Large Customer Group
9 load and accounting for the near-term weather forecast specific to the New Hampshire
10 Load zone.

11 **Q. How will the Company manage the spot market-based procurements process?**

12 A. The process would begin on February 1, 2023. Each day during the Service Period, the
13 Company will purchase energy in the ISO-NE spot market. The price will vary day by
14 day. Specifically, the Company will use the following two steps each day to notify ISO-
15 NE of its expected next day load for each hour: (1) the load forecast is obtained from the
16 Company's load forecast application that uses historical load and local weather in its
17 algorithm to produce the next day load forecast; and (2) the next day load forecast is then
18 submitted to ISO-NE's eMarket.

1 **Q. What are the types of costs the Company will incur in executing its spot market-**
2 **based procurement plan?**

3 A. The market costs of managing the load through market-based procurements will be the
4 daily submitted load times zonal price assigned to the load. Additional charges for the
5 load will be identified in the ISO-NE monthly bill, which will be based on Energy (actual
6 vs submitted load), Forward Capacity, Ancillary Service, and other ISO-NE Charges such
7 as the Mystic Cost of Service Agreement.

8 **Q. What risks are there to customers using spot market-based procurement?**

9 A. Spot market-based procurement in the manner described above is essentially exposing the
10 customers to the spot market. Therefore, the prices the customers will ultimately pay
11 following a reconciliation for actual costs will be a function of where the price for energy
12 ultimately settles in the ISO market. The Company is not proposing to make any forward
13 energy buys or sells to mitigate price or load volatility but instead will be a price taker of
14 the aforementioned products at the ISO-NE market.

15 **V. ENERGY SERVICE COMMODITY COSTS**

16 **Q. What are the power supply costs Liberty is proposing to use to develop the proposed**
17 **retail rates?**

18 A. Liberty is proposing to use as a proxy cost for the LCG three-month period the approved
19 costs for the Small Customer Group (approved in Order No. 26,752) for the same period,
20 i.e., only February 1 through April 2023. Liberty believes that this cost best reflects the
21 market costs for this time period. The load-weighted average of the power supply costs
22 for the Large Customer Group for only the three-month period of February 1, 2023,

1 through April 30, 2023, is 28.227¢ per kWh as compared to the load-weighted average of
2 31.928¢ per kWh for the three-month period November 1, 2022, through January 31,
3 2023. Liberty selected this comparison to compare prices between the two most recent
4 three-month periods that included winter months. The calculation of the proposed retail
5 rates is found in Attachment ELM/JMK-1 in the Direct Testimony of Erica L. Menard
6 and James M. King filed on January 6, 2023, in this docket.

7 **Q. How will Liberty reconcile any difference in costs associated with Energy Service?**

8 A. To the extent that the actual cost of procuring Energy Service varies from the amounts
9 billed to customers for the service, Liberty will reconcile the difference through the
10 reconciliation mechanism pursuant to Liberty's Energy Service Adjustment Factor
11 contained in its currently effective Retail Delivery Tariff.

12 **VI. CONCLUSION**

13 **Q. What approval is the Company seeking from the Commission at this time?**

14 A. The Company is seeking Commission approval of the pricing forecast methodology, and
15 the proposed prices for the Large Customer Group Block A.

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

17 A. Yes, it does.