

**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 August 1, 2022, to January 31, 2023

Reconciliation for the Period August 1, 2021, to July 31, 2022

**DIRECT TESTIMONY  
OF  
HEATHER M. TEBBETTS  
AND  
ADAM M. HALL**

May 13, 2022



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1 **I. INTRODUCTION AND QUALIFICATIONS**

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 Manager of Rates and Regulatory Affairs for  
5 Liberty Utilities Service Corp. (“LUSC”) and am responsible for providing rate-related  
6 services for Liberty Utilities (EnergyNorth Natural Gas) Corp. and Liberty Utilities  
7 (Granite State Electric) Corp. (“Liberty” or “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 of Business Administration from Southern New Hampshire  
11 University in 2007.

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

13 A. I joined LUSC in October 2014. Prior to my employment at LUSC, 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 (“Commission”)?**

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

1 **Q. Mr. Hall, please state your full name, business address, and position.**

2 A. My name is Adam M. Hall. My business address is 15 Buttrick Road, Londonderry, New  
3 Hampshire. I am an Analyst in the Rates and Regulatory Affairs department for Liberty  
4 Utilities Service Corp. (“LUSC”) and am responsible for providing rate-related services  
5 for Liberty Utilities (EnergyNorth Natural Gas) Corp. and Liberty Utilities (Granite State  
6 Electric) Corp. (“Liberty” or “the Company”).

7 **Q. Please describe your educational and professional background.**

8 A. I graduated from Siena College in 2014 with a Bachelor of Science in Finance. I also  
9 received a Master of Business Administration from Franklin Pierce University in 2016. I  
10 joined Liberty as an Analyst, Rates and Regulatory Affairs in January 2019. Prior to this,  
11 I was employed by Southern New Hampshire University from 2016 to 2019.

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

13 A. Yes, I have testified on multiple occasions before the Commission.

14 **II. OVERVIEW**

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

16 A. The purpose of our testimony is to present Liberty’s proposed Energy Service  
17 reconciliation for the period of August 1, 2021, to July 31, 2022. Our testimony includes  
18 the results of: (i) the reconciliation of Energy Service power supply expense and  
19 applicable revenue (“Energy Service Reconciliation”); (ii) the reconciliation of the  
20 Company’s cost of complying with its actual 2021 Renewable Portfolio Standard  
21 obligations and the applicable revenue (“Renewable Portfolio Standard Reconciliation”);

1 and (iii) the reconciliation of the administrative cost of providing Energy Service and the  
2 applicable revenue (“Energy Service Cost Reclassification Adjustment Factor –ESCRAF-  
3 Reconciliation”).

4 Liberty is not proposing new Energy Service rates at this time. The Company will  
5 propose new rates when it submits its rate filing on June 13, 2022. This filing only  
6 addresses the reconciliation portion of the rate calculation.

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

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

14 Schedules HMT/AMH-1 and HMT/AMH-2 (not attached) will provide rate calculations  
15 based on the winning bids. These schedules will be filed with the full Energy Service  
16 filing on June 13, 2022.

17 **Q. What are energy service rates?**

18 A. The rates that the Company charges customers for the energy that it procures on their  
19 behalf. Energy service is often referred to as default service.

20 **Q. How many separate energy service rates are there?**

21 A. Two, the Large Customer Group (LCG) rate and the Small Customer Group (SCG) rate.

1 **Q. Which customers comprise the Large Customer Group?**

2 A. Liberty's customers who receive service under rate class G-1 (General Service Time-Of-  
3 Use) or rate class G-2 (General Long-Hour Service). Additional detail regarding the  
4 class definitions is available in the Company's retail service tariff.<sup>1</sup>

5 **Q. Which customers comprise the Small Customer Group?**

6 A. Liberty's customers who receive service under rate classes D (Domestic Service), D-10  
7 (Domestic Service with Optional Peak Load Pricing), M (Outdoor Lighting), T (Limited  
8 Total Electrical Living Rate), V (Limited Commercial Space Heating), and G-3 (General  
9 Service), and the time-of-use rates D-11 (Battery Storage Pilot) and D-12 (Residential  
10 EV Charging). Additional detail regarding the class definitions is available in the  
11 Company's retail service tariff.<sup>2</sup>

12 **Q. Are there other rate classes that are not included in this filing?**

13 A. No.

14 **Q. Does your testimony also provide analyses of bill impacts for typical customers?**

15 A. The Company will provide bill impacts for residential customers using 650 kWh per  
16 month taking energy service in the upcoming June 13, 2022, filing.

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<sup>1</sup> [<https://new-hampshire.libertyutilities.com/uploads/Rates%20and%20Tariffs/Electric%202021/Tariff%20No.%202021%20August%201,%202021.pdf>]

<sup>2</sup> *Id.*

1 **III. BACKGROUND**

2 **Q. When did it become necessary for electric utilities in New Hampshire to purchase**  
3 **energy on behalf of their customers in the manner they do now?**

4 A. It began in 1996 when the New Hampshire legislature passed RSA 374-F, which started  
5 the process of deregulation, or restructuring, and required utilities in the state to divest  
6 their ownership of generation assets. Prior to 1996, the utilities generated most or all of  
7 the power their customers consumed and passed the costs of doing so on to their  
8 customers through regulated rates.

9 **Q. Who provides energy to New Hampshire ratepayers now?**

10 A. Deregulation created competition in the energy market throughout the state, meaning that  
11 customers could either choose a third-party supplier to provide the commodity portion of  
12 their service or receive the commodity portion of their service from their electric utility,  
13 as was the practice before deregulation. For customers who do not choose a third-party  
14 supplier, those customers are served by the electric distribution utility under energy  
15 service.

16 **Q. How have the procurement practices of the New Hampshire utilities changed since**  
17 **deregulation was implemented?**

18 A. Several dockets and their resulting settlement agreements and orders have established and  
19 then refined how utilities make energy service solicitations, how bids are evaluated, and  
20 how best to conduct the entire procurement process. Those proceedings include the  
21 Settlement Agreement in Docket No. DE 05-126, dated November 18, 2005, which was  
22 approved by the Commission in Order No. 24,577 (Jan. 13, 2006), amended by Order No.

1 24,922 (Dec. 19, 2008) in Docket No. DE 08-011, amended by Order No. 25,601 (Nov.  
2 27, 2013) in Docket No. DE 13-018, and further amended by Order No. 25,806 (Sept. 2,  
3 2015) in Docket No. DE 15-010. Liberty followed those approved processes in  
4 conducting the energy service solicitation that gives rise to the rates being proposed in  
5 this docket.

6 **IV. RECONCILIATION OF ENERGY SERVICE ADJUSTMENT FACTOR (ESAF)**

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

8 A. The Company calculates the differences between revenues and costs on an annual basis  
9 for the following items for this reconciliation filing:

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



1 **V. ENERGY SERVICE RECONCILIATION**

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

4 A. Yes. The Energy Service Reconciliation for the period August 2021 through July 2022 is  
5 presented in Schedule HMT/AMH-3, page 1.

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

7 A. Schedule HMT/AMH-3, page 1, presents the reconciliation of Energy Service revenue  
8 and Energy Service expense by month for the reconciliation period. The detail behind  
9 each month's Energy Service revenue is included on page 2 of Schedule HMT/AMH-3.  
10 The detail behind each month's Energy Service expense is included on page 3 of  
11 Schedule HMT/AMH-3.

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

15 A. Any revenue relating to the RPS compliance, Energy Service Adjustment Factor, and the  
16 Energy Service Cost Reclassification Adjustment Factor is reconciled separately from  
17 Energy Service revenue. To perform these separate reconciliations, the revenue for these  
18 items is subtracted from the total Energy Service revenue billed to customers to properly  
19 reflect the base Energy Service revenue for the current reconciliation period.

1 **Q. What is the result of the Company's Energy Service Reconciliation for the period**  
2 **ending July 2021?**

3 A. As shown on Schedule HMT/AMH-3, page 1, the Company has estimated an over-  
4 collection of Energy Service power supply costs of \$1,285,492 and will reflect this over-  
5 collection in its proposed Energy Service Adjustment Factor to take effect on August 1,  
6 2022.

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

9 A. Yes. The RPS Reconciliation for the period July 2021 through June 2022 is presented in  
10 Schedule HMT/AMH-4. Although the RPS program year is a calendar year, the  
11 reconciliation year is July 2021 through June 2022 because the Company may purchase  
12 Renewable Energy Certificates (RECs) and make Alternative Compliance Payments  
13 (ACPs) to meet its 2021 RPS obligations through June 2022. The expenses associated  
14 with the 2021 program year are accounted for through June 13, 2022, because the trading  
15 period for the 2021 program year ends on June 13, 2022. After this date, the Company  
16 will know its obligations for RPS compliance and/or to pay the ACPs for the previous  
17 year.

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

19 A. Schedule HMT/AMH-4 presents the actual reconciliation of RPS compliance adder  
20 revenue and expense by month. The RPS compliance adder revenue is collected from  
21 Energy Service customers during the period. These costs are based on actual revenues  
22 and expenses for the period. The Company has estimated an over-collection of \$863,492.

1 The primary reason for this estimated over-collection is the timing mismatch between  
2 2022 RPS revenue and 2021 RPS costs. The RPS expenses incurred in 2022 were to  
3 meet a portion of the 2021 RPS obligation. The 2021 RPS revenue is based on the  
4 increased RPS obligation for 2021 as compared to 2020 and the estimated market price of  
5 2021 RPS RECs.

6 **Q. How is the Company treating the projected over-collection of RPS expense?**

7 A. Consistent with the previously-approved methodology, the Company has combined the  
8 projected RPS expense over-collection with the projected over-collection of Energy  
9 Service power supply costs in the calculation of the proposed Energy Service Adjustment  
10 Factor.

11 **VI. CALCULATION OF THE ESAF RECONCILIATION**

12 **Q. Please explain Schedule HMT/AMH-5.**

13 A. The calculation of the Energy Service Adjustment Factor charged to customers includes  
14 the over-collection of Energy Service, the overcollection associated with the Energy  
15 Service Adjustment Factor for the prior period, and the overcollection of RPS. The sum  
16 of these amounts is estimated to be an over-collection of \$349,570 which, when divided  
17 by estimated Energy Service forecasted kilowatt-hour sales, results in an estimated ESAF  
18 of (\$0.00066) to be included in Energy Service rates effective August 1, 2022.

1 **VII. ENERGY SERVICE COST RECLASSIFICATION ADJUSTMENT FACTOR**  
2 **(ESCRAF) RECONCILIATION**

3 **Q. Please describe the reconciliation of the administrative costs of providing Energy**  
4 **Service.**

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

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

12 A. Yes. The ESCRAF Reconciliation for the period August 2021 through July 2022 is  
13 presented in Schedule HMT/AMH-6.

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

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

18 **Q. Has the Company calculated the proposed ESCRAF for the period beginning**  
19 **August 1, 2022?**

20 A. Yes. Schedule HMT/AMH-6, page 1, calculates the estimated ESCRAF of \$0.00068 per  
21 kWh for the Small Customer Group and \$0.00300 per kWh for the Large Customer

1 Group for the period of August 1, 2022, through July 31, 2023. The proposed ESCRAF  
2 would be combined with the Energy Service rates for billing.

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

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

9 **VIII. PROPOSED ENERGY SERVICES RATES**

10 **Q. Please describe the Company's most recent solicitation.**

11 A. As further described in Mr. Warshaw's upcoming June 13, 2022, testimony, the  
12 Company goes out to bid for pricing for the periods of February through July, and August  
13 through January. Those final awarded bids are translated into rates using the monthly bid  
14 price (MWh) multiplied by the load loss factor, calculated by Liberty's Energy  
15 Procurement group. The base energy service rate calculation will be provided in  
16 Attachments HMT/AMH-1 and Attachment HMT/AMH-2, line 10, on June 13, 2022.

17 **Q. What adjustments are made?**

18 A. Two adjustments are made, one for an RPS factor and one for a reconciling factor.

19 **Q. What is the RPS factor?**

20 A. New Hampshire's RPS statute, RSA 362-F, requires each electricity provider to meet  
21 certain percentages of their customer load by purchasing RECs representing generation

1 from various renewable sources based on total MWh supplied to their customers. New  
2 Hampshire's RPS statute divides renewable energy sources into four separate classes. As  
3 the Company is a provider through its energy service, we must procure RECs to meet the  
4 annual RPS obligations or make ACP to the extent RECs are not available or are not  
5 appropriately priced. These obligations may be found on the Commission's website<sup>3</sup>.  
6 The factor is the charge to customers to pay for those requirements added to the base  
7 energy service rate.

8 **Q. What is the reconciling factor?**

9 A. As the Company procures RECs or makes ACPs to meet the RPS obligation each year,  
10 those costs change. The reconciling factor is the vehicle for the Company to collect or  
11 refund the under- or over-collection from the previous period.

12 **Q. Is this approach typical?**

13 A. Yes, each year since 2008 Liberty has calculated the RPS factor and the reconciling  
14 factor when proposing energy service rates for a twelve-month period and then applied  
15 the same factors when proposing its next set of energy service rates, for the subsequent  
16 twelve-month period. Accordingly, we expect to propose new factors when the Company  
17 next proposes rates for August 2023, which it will do around May 2023. The factor will  
18 stay in place through July 2024.

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<sup>3</sup> [https://www.puc.nh.gov/sustainable\\_energy/renewable\\_portfolio\\_standard\\_program.htm](https://www.puc.nh.gov/sustainable_energy/renewable_portfolio_standard_program.htm)

1 **Q. Do the results of these calculations establish the energy service rates for Liberty's**  
2 **default customers?**

3 A. The Large Customer Group pays the monthly rate calculated. The Small Customer  
4 Group is billed on a weighted-average six-month rate.

5 **Q. Please explain.**

6 A. The pricing received from the winning bidder provides a monthly price for the six-month  
7 period. For rate stability, the various Commission orders cited above require the Small  
8 Customer Group's rate to be calculated as a weighted-average six-month rate. The Large  
9 Customer Group pays the monthly rate instead of paying a weighted-average six-month  
10 rate.

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

12 A. Yes, it does.

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