INTRODUCTION

Q1.: Please state your name, occupation, and business address.

A1.: My name is Faisal Deen Arif. I am employed by the New Hampshire Department of Energy as the Director of Gas in its Regulatory Division. My business address is 21 South Fruit Street, Suite 10, Concord, New Hampshire, 03301.

Q2.: Please summarize your educational and professional experience.

A2: I am an economist by training. I have a Ph.D. in Economics from the Joint Doctoral Program in Economics between the University of Ottawa and Carleton University in Ottawa, Canada. At the doctoral level, I specialized in two areas – Regulatory Economics and International Trade and Finance.

Most pertinent to my current role is my specialization in Regulatory Economics for which I studied and took numerous graduate-level courses on topics, such as Firms and Markets, Competition Policy, Regulation of Public Enterprises, Game Theory and application, and the aspects of Firm Behavior.

I also spent a year at the University of Guelph, where I specialized in quantitative modeling used in Regulatory Economics, particularly Game Theory and Econometrics. See Attachment 15 for additional information on my educational and professional experience.

Q3: Please state your name, occupation, and business address.

A3: My name is Mark Thompson. I am president of Forefront Economics Inc, 3800 SW Cedar Hills Blvd, Suite 241, Beaverton, Oregon, 97005. I am currently a sub-contractor working for the New Hampshire Department of Energy on the H. Gil Peach and Associates, LLC team.

Q4: Please summarize your educational and professional experience.

A4: I am an economist by training specializing in the area of econometric modeling and energy utility economics. I have a Master of Science degree in Agricultural and Natural Resource Economics with a minor in statistics from Oregon State University and a Bachelor of Science degree in Agricultural Economics from Oklahoma State University. Since founding Forefront Economics in 1993 I have led and conducted a wide range of empirically based projects in the area of energy utility policy, load forecasting, program impact evaluation and revenue decoupling evaluation. Prior to starting Forefront Economics, I managed DSM program evaluation within the Rates and Regulatory affairs department of Portland General Electric. See Attachment 16 for additional information on my educational and professional experience.

Q5: What is the purpose of your testimony in this proceeding?

A5: Our testimony is intended to provide some historical context and a recommendation on Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (Liberty or the Company) claim in the current Docket No. DG 22-041 and to highlight other issues relevant to the claim.

This testimony does address any concerns the DOE may have about opening issues from cases that have been closed for years and effectively changing rates that were approved years ago. This testimony is designed to review Liberty's request to collect additional revenue above what was collected through previously approved rates. The testimony does not consider whether it is advisable or legal to make such rate adjustments at this time. The testimony puts any such concerns aside and attempts to review the records and results from closed dockets to see if, from purely a ratemaking/accounting/economics perspective, any additional collections or refunds are warranted.

SUMMARY

Q6: Please state the issues you intend to explore in your testimony.

A6: In our testimony, we plan to provide the following:

- Starting in 2017, a timeline of activities that are relevant to the current case;
- A discussion on Liberty's current claim to collect $4,023,830;
- An analysis of the recoupment impact; and
- DOE recommendation.

Q7: What is Liberty's claim and what is the basis of its claim?

A7: In the current docket, Liberty claims to have experienced a revenue under-collection of $4,023,830 (referred to as $4.02 million later in this testimony) through the Revenue Decoupling Mechanism (RDM) from the first two Decoupling Years, 2018/2019 and 2019/2020.

Liberty cites RDM tariff (Tariff 10) to be the source of "conflicting directions" for reconciling revenue targets with actual revenue collections for R-3 [1] and R-4 [2] customer classes that eventually led the Company to pass back $4.02 million in excess to customers. More specifically, Liberty identifies Section 5, pg. 37 (please see below) of Tariff 10 (Attachment 1) to be the source of the conflict:

> AR_{T-1} The Actual Base Revenue for the applicable Customer Class for the most recently completed Decoupling Year, (T-1), as defined in Section 4(D). For purposes of calculating the Actual Base Revenue, base revenues for Low Income rate class R-4, shall be determined based on non-discounted rate R-3.

Liberty asserts that, for customers in R-4 rate class (the R-4 customers), the mis-match between the discounted revenue it actually received at R-4 rates and the calculated actual revenue called for by the tariff language quoted above, led the Company to pass back the said $4.02 million in excess. In other words, Liberty claims, due to the mis-match in the Tariff 10 language (which is different from the commensurate Tariff 11 language [3]), the revenue difference of $4.02 million was passed back in error over the first two decoupling years in 2018/2019 and 2019/2020.

Q8: What is your opinion on Liberty's claim?

A8: Based on the materials we reviewed in this proceeding, our opinions are summarized as follows:

- **Tariff 10 Language:** There is no confusion in the Tariff 10 language. In other words, Liberty's reading of, and consequent adherence to, the Tariff 10 language that led the Company to pass back $4.02 million to customers is, in fact, correct and called for by the language of Tariff 10.

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[1] R-3 is the full rate-paying residential heating customer class.

[2] R-4 is the low-income residential heating customer class, in which the customers pay a discounted rate. Customers in R-4 class paid 40% of the R-3 rate.

[3] Tariff 11 – the tariff in effect at the time of writing this testimony – was developed in Liberty's rate case in 2020, Docket No. DG 20-105.

That is, for R-4 customers, there is a mis-match between the discounted revenues Liberty actually received under the R-4 rate schedule and the revenues the Company was required to calculate at the full R-3 rates for purposes of decoupling. The difference between these two calculations equals the discount provided to the R-4 customers (the R-4 discount).

- **Liberty's Claim of $4,023,830:** Liberty does not have a valid claim. That is, the Company correctly passed back $4.02 million in excess to customers. Based on the evidence collected through discovery process, it appears that, during 2017 rate case, Docket No. DG 17-048, Liberty was compensated twice for the R-4 discount – first through the RLIAP component of the LDAC [4] and second through the revenue deficiency calculation.[5] Further, in designing the final rates from the rate case, Liberty added $1,614,079 ($1.61 million – see line 42, RATES-5, Exhibit 90 in DG 17-048: Attachment 2) to account for the same R-4 discount in its base distribution revenue calculation. As such, the Tariff 10 decoupling language and the passing back of $4.02 million over the first two decoupling years 2018/2019 and 2019/2020 were appropriate.
- **Over-collection of $2,152,105 plus the interest by Liberty:** The Company over-collected $2,152,105 ($2.15 million) from July 1, 2017 to October 31, 2018 (16 months <u>prior to</u> decoupling year 1). As such, we recommend that Liberty return this sum plus the applicable interest charges to the ratepayers. This over-collection is a direct consequence of the distribution base revenue requirement of $8,060,117 compensating Liberty for the $1.61 million R-4 discount and Liberty including this amount in its rate design.[6] This $1.61 million transpired into $2.15 million [7] over 16 months that the Company collected as part of their allowed distribution base revenue from July 1, 2017 (the effective date of the temporary rates in DG 17-048) via the recoupment

[4] Residential Low Income Assistance Program (RLIAP) component of the Local Distribution Adjustment Clause (LDAC).
[5] Order No. 26,122 identifies the approved revenue deficiency figure to be $8,060,117.
[6] As such, Liberty was allowed to collect that $1.61 million on an annual basis.
[7] Calculation: ($1,614,079/ 12 months) x 16 months prior to Decoupling Year 1 (July 1, 2017 to October 31, 2018).

clause in RSA 378:29. In other words, as a direct consequence of including the R-4 discounts in the revenue requirement calculation and into the RATES-5 distribution base revenue calculation for rate design, Liberty over- collected the R-4 discount of $2.15 million, even prior to the commencement of the RDM when the $4.02 million began to be returned to customers through the RDM .

Q9: Please summarize your recommendations on the identified issues.

A9: The DOE respectfully asks the Public Utilities Commission (PUC or the Commission) to:

- Disallow Liberty's current claim to recover $4,023,830 from the first two Decoupling Years 2018/2019 and 2019/2020; and
- Require the Company to payback to ratepayers the over-collection of $2,152,105 plus the appropriate carrying charges in R-4 discount it collected through recoupment during July 1, 2017 to October 31, 2018.

TIMELINE

Q10: Please explain the timeline and why it is relevant in this case.

A10: Given that the current case effectively goes back to the beginning of the Revenue Decoupling Mechanism (RDM) and Liberty's rate case in 2017, for purposes of ease of following our testimony, it is useful to consider the following time periods:

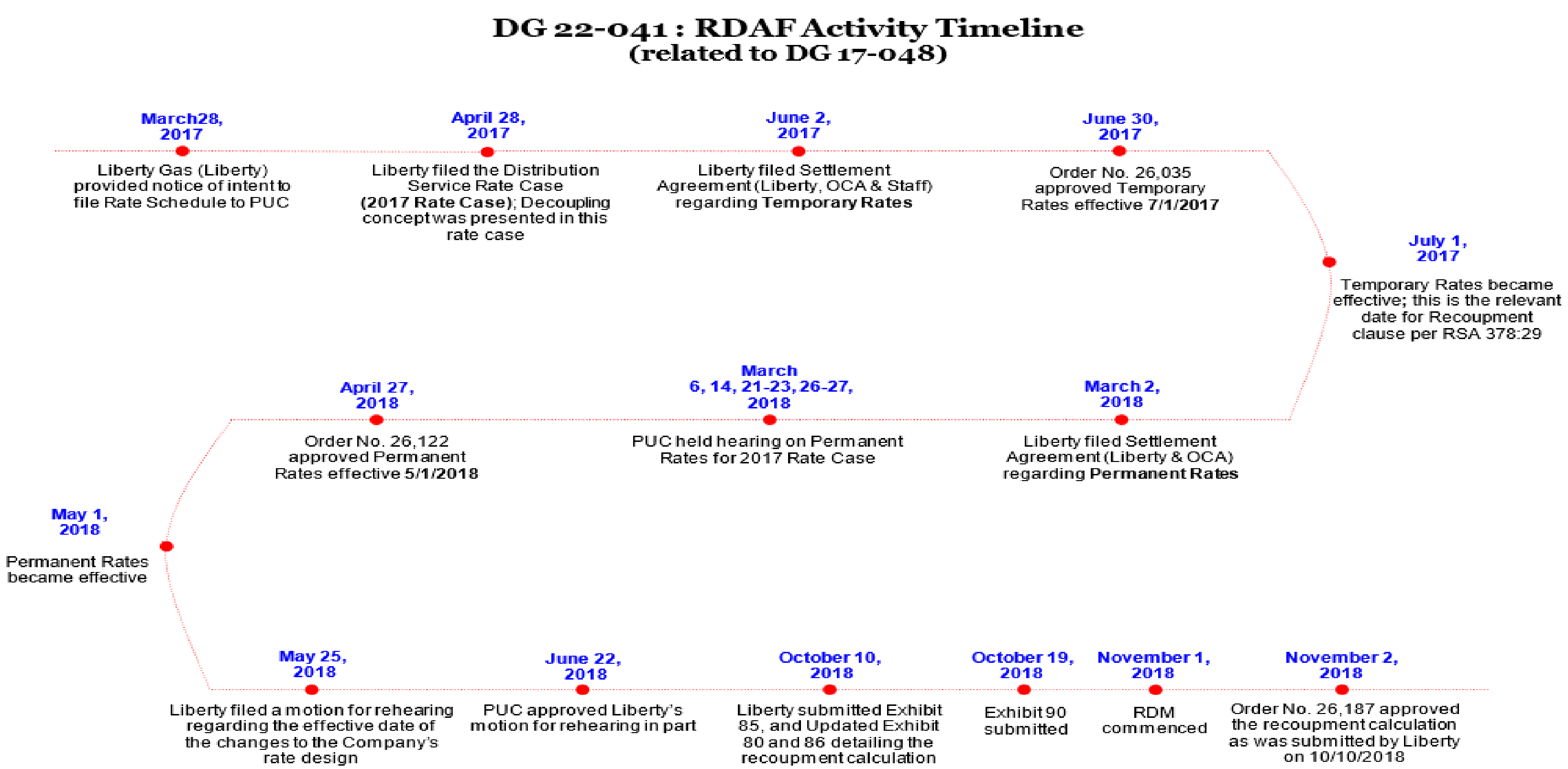
Period	**Duration**	**Relevance**
Prior to Decoupling Year1 (PDY)	July 1, 2017 – October 31, 2018 (16 months)	Over-collection $2.4M through recoupment clause, RSA 378:29
Decoupling Year 1 (DY1)	November 1, 2018 – August 31, 2019 (10 months)	(Partial) DY1 under Tariff 10
Decoupling Year 2 (DY2)	September 1, 2019 – August 31, 2020 (12 months)	(Full) DY2 under Tariff 10
Note: A regular decoupling year runs through September 1, 20XX to August 31, 20XY, and the reconciliation occurs through the RDAF component of the LDAC over the immediately following regular Cost of Gas season through November 1, 20XY to October 31, 20XZ [8]		

Accordingly, our current testimony will refer to these time periods as – PDY, DY1, and DY2 – with respect to different issues that are relevant to the current case. Additionally, it would be useful to consider some key dates and activities from Liberty's 2017 rate case, Docket No. DG 17-048.

[8] Here, Y = X+1 and Z = Y+1 = X+2. That is, if 20XX = 2021, 20XY = 2022 and 20XZ = 2023.

Q11: What are the relevant activities from DG 17-048?

A11: The Attachment 3 (also below) provides a summary of dates and activities from DG 17-048 relevant to the current case:



LIBERTY'S CLAIM

Q12: Is Liberty's claim of $4.02 million from first two decoupling years valid?

A12: No, Liberty' claim is not valid. The request to recover these funds should not be granted.

Q13: Why is Liberty's claim of $4.02 million invalid?

A13: Due to the collection of the RLIAP discount through the LDAC, the 2017 rate case distribution revenue requirement calculation, and in developing the final rate design (see RATES-5, Exhibit 90 in DG 17-048: Attachment 2), Liberty recovered the discount to R-4 customers (the R-4 discount) twice. As an offset, via Tariff 10 language (see Section 5, pg. 37: Attachment 1), the Company passed back $4.02 million over DY1 and DY2, thus "correcting" for the double-counting. As such, the Company's current claim for additional recovery is invalid.

Q14: What documents did you review to arrive at this conclusion?

A14: We reviewed a number of documents (all except PUC Order No. 26,12) provided by Liberty during the discovery portion of this docket, which included multiple several technical sessions) to arrive at this conclusion. These include:

- Liberty's Revenue Requirement model (Attachment 4)
- The Company's Functional Cost of Service (FCOS) study (Attachment 5)
- Liberty's original RATES-5 model (Attachment 2)
- RATES-5 model (not including step adjustment) provided by Liberty on Mar. 7, 2023 (Attachment 6)
- RATES-5 model (with step adjustment) provided by Liberty on Mar. 7, 2023 (Attachment 7)

- Email explanation provided by Liberty on Mar. 12, 2023 (Attachment 8)
- The PUC Order No. 26,122 (Attachment 9)

Q15: What is the summary of your review of these documents?

A15: The table below provides a summary of our observation from the reviewed documents:

Attachment No.	Document Title	Main issue	Summary observation	Notes
Attach. 4	Revenue Requirement model	Income statement (IS)	- Reported revenues were at current rates (i.e., R-4 at R-4 rates) - R-4 discounts were accounted for as *negative* gas cost in expenses, but were removed from revenue requirement calculation	- Since revenue requirement calculation reflected *depressed* revenues but full expenses, net operating income was *depressed* and thus revenue requirement was overstated - The Revenue Requirement calculation, thus, compensated Liberty for the R-4 discount
Attach. 5	Functional Cost of Service study model	Revenue requirement	- Reported revenues were at *current* level - Expenses included the total (representative) cost of serving *all* customers (including the R-4 customers); see Attachment 8	- No conclusion could be made regarding reported revenue (whether full or depressed) due to the lack of account-level data - Expenses include full cost of serving all customers
Attach. 6	RATES-5 model (not including step adjustment)	R-4 discount	- Liberty claimed the full rate case increase of $8,060,117 from DG 17-048 - On Line 42, Liberty also added the R-4 discount of $1,614,079 for the second time	Liberty added in the R-4 discount twice for rate design
Attach. 7	RATES-5 model (with step adjustment)	R-4 discount and the step adjustment	In addition to the above, this calculation adds $4,313,568 in step adj. that Liberty was approved for in DG 17-048	- The step adjustment was added to Revenue Requirement - Liberty still accounted the R-4 discount twice from adding it on Line 42 during rate design
Attach. 8	Liberty's email response from Apr. 12, 2023	Seeking explanation to DOE questions	The FCOS study accounted for all expenses for all Liberty customers	
Attach. 9	PUC Order No. 26,122	- Approved revenues - Approved increase from the 2017 rate case - Final figures	From Appendix 1, Schedule 1.1: - Approved dist. revenue $71,775,517 - Approved revenue deficiency $8,060,117	- Liberty was approved $79,835,634 (before other adjustments) - The revenue deficiency accounted for the R-4 discount

Q16: Please explain how the R-4 discount was counted in the base revenue used to calculate Liberty's 2017 revenue requirement and distribution rates.

A16: Liberty was compensated twice for the discount it provided only once to the R-4 customers:

- First, Liberty received full compensation for the R-4 discount through the RLIAP component in its LDAC;
- Second, Liberty received compensation through the revenue deficiency calculation in its 2017 rate case; and
- Also, when the Company added a separate line of $1.61 million in its RATES-5 calculation (see RATES-5, Line 42, Exhibit 90 in DG 17-048: Attachment 2) to account for the same R-4 discount in its base rate design, it reflected the discount once again.

Q17: Please explain how the discount to R-4 customers is included in the permanent rate increase of $8,060,117.

A17: PUC Order No. 26,122 shows the revenue deficiency of $8,060,117 and the revenue and cost details behind the calculations (see Appendix 1, Schedule 1.1 in DG 17-048, Order 26,122: Attachment 9). A summary of these calculations is shown in the table below.

Table 1. Summary Calculations from DG 17-048, Order 26,122, Appendix 1, Schedule 1.1

Line	Description	Company Proposed	Adjustments	Total
	A	B	C	D
1	Return Requirement	$18,547,864	($1,929,383)	$16,618,481
2	Operating Revenue	$70,845,966	$929,551	$71,775,517
3	Other Revenue	$881,259	-	$881,259
4	Total Revenue	$71,727,225	$929,551	$72,656,776
5	Total Operating Expenses	$61,992,142	($827,626)	$61,164,516
6	Net Operating Income	$9,735,083	$1,757,177	$11,492,260
7	Income Deficiency	$8,812,781	($3,686,560)	$5,126,221
8	Revenue conversion factor	1.65044		1.65044
9	Revenue Deficiency	$14,544,966	($6,084,435)	$8,460,508
10	iNATGAS adjustment		($400,391)	($400,391)
11	Distribution Revenue	$71,727,225		$72,656,776
12	Revenue Deficiency	$14,544,966		$8,060,117
13	Total Allowed Revenue	$86,272,191		**$80,716,893**
14	% increase over test year distribution rev	20.3%		11.1%

Adjustments in Column C of Table 1 are further detailed in DG 17-048, Order 26,122, Appendix 1, page 2 of 16, Schedule 1.1. These adjustments do not include the revenue discount to R-4 customers.

As shown in Table 1, Revenue Deficiency is calculated as:

Revenue Deficiency [12] = (Return Requirement [1] – Net Operating Income [6]) X Revenue Conversion Factor [8]

As Net Operating Income increases, Revenue Deficiency decreases and vice versa. The formula of Net Operating Income is as follows:

Net Operating Income [6] = Total Revenue [4] – Total Operating Expenses [5]

From this formulation it is easy to see that a higher value of revenue causes net operating income to increase and revenue deficiency to fall. Because Liberty measures operating revenue at current rates, revenue from R-4 customers is counted at their current discounted rate thereby suppressing operating revenue in an amount equal to the discount provided to R-4 customers in current distribution rates. Furthermore, net operating income is also reduced by the amount of revenue discount and the revenue deficiency is increased by an amount equal to the discount provided to R-4 customers. This means the operating income discount to R-4 customers (adjusted for the revenue conversion factor) is included in estimates of revenue deficiency.

Q18. How did you determine that the revenue deficiency in Order 26,122 of $8,060,117 compensates Liberty for the full cost of serving R4 customers?

A18: In DG 17-048, Liberty stated in technical sessions that in 2016 it treated revenue received from RLIAP as a negative cost of purchased gas. This approach could have had the same effect on net operating income as treating RLIAP revenue as positive revenue. However, these negative gas costs are backed out entirely from Liberty's calculation of distribution operating expenses, resulting in lower net distribution operating income and a higher distribution income deficiency than what would have resulted had these RLAIP revenues been counted.

Liberty's Revenue Requirement model shows a total of ($16,299,847) in negative gas costs over the sum of 804 accounts. (Final Attachment 1-1.1.xlsx, Tab RR-EN-2-1, Line 8, Column E: Attachment 4). The entirety of these negative costs is backed out of distribution expenses in Column F.

Included in the ($16,299,847) of backed out costs is ($1,638,828), the amount of RLIAP revenue included as a negative cost in account 8042 (ENNG 2016 account 8042.xlsx, Cell J55: Attachment 12). These RLIAP revenues are not reflected in net distribution operating income because they are backed out with all 804 accounts.

The result is an understatement of net operating income and an overstatement of the income deficiency equal to the amount of RLIAP revenue received of $1,638,828. This means the revenue deficiency identified in Order 26,122 of $8,060,117 compensates Liberty for the full cost of serving R-4 customers at a discounted rate.

Q19: How do you know revenue from R-4 customers was included at current (i.e., *depressed* or discounted) rates.

A19: From various DG 17-048 filings and DG 22-041 technical session materials, references to operating revenue are at current rates.

- The revenue deficiency identified by Liberty in the original filing was $12,482,678 (Heintz Attachment in DG 17-048, DAH-2, pg. 1 cell C26 : Attachment 10). This value represents the distribution revenue deficiency identified by Liberty and the value of the requested increase in permanent rates and is calculated as:
  - Required Revenue (return on rate base plus distribution expenses)
  - Less distribution revenue at current rates (these rates are actual, that is *depressed*)

- Spreadsheet provided by Liberty in technical sessions "DG 17-048 Tie Between the Models.xlsx" showing calculations for original and final revenue deficiency (Attachment 11). Worksheets show revenue from residential customer class with the notation "Calendar Year 2016 Trial Balance Net Change, Actual Billed Revenue with R-4 Rates Discounted."
- The Revenue Deficiency model used in DG 17-048 – as discussed below (Attachment 4).

<u>Observation from Liberty's Operating Income Statement in DG 17-048</u>

To observe the collection of the R-4 discount in the revenue deficiency calculation, we looked into Liberty's Revenue Deficiency model - Operating Income Statement from DG 17-048 (see Excel file titled "FINAL Attachment Staff 1-1.1.xlsx, Tabs RR-EN-2, RR-EN-2-1, and TB2016-EN: Attachment 4).

Specifically, we took a closer look at Liberty's operating revenue of $119,202,714 (see RR-EN-2, Line 2 and column "Test Year Ended December 31, 2016"). This figure was recovered from Liberty's O&M – Gas Production (see Tabs RR-EN-2, RR-EN-2-1, and TB2016-EN: Attachment 4).[9]

Next, we closely observed the Cost of Gas (COG) revenue of $50,212,647 (see RR-EN-2, Line 2 and column "Cost of Gas & LDAC"). The amount was also identified as Liberty's COG revenue from its relevant accounts.[10]

The difference between the two, $68,990,067, provided the Company's revenue level for calculating distribution operating income (see RR-EN-2, Line 2 and column "Distribution Operating Income").

- These operating revenues included revenues at current rates only; that is, R-4 customers were charged R-4 rates. In other words, the reported operating revenues were *depressed.*[11]

[9] From Tab TB2016-EN, the specific 3-digit accounts are: 480, 481, 483, 489, and 495.
[10] From Tab TB2016-EN, the specific 4-digit accounts are: 480.3, 481.5, 483.0, 489.9, and 495.0.
[11] *Depressed* operating revenues lead to inflated revenue deficiency.

- Liberty stated in technical sessions that in the test year in DG 17-048, it recorded the RLIAP/LDAC revenues as negative gas costs. Liberty detailed the account (804.2) and the amount $1,638,828 ($1.64 million; see Attachment 12) where those LDAC revenues in negative gas cost were recorded. All are included in the figure of $45,726,956 in O&M Expense – Gas in the Revenue Requirement Model on RR-EN-2 and RR-EN-2-1 (Attachment 4). Thus, these RLIAP revenues/negative gas costs were removed from the calculation of Net Utility Income in the Revenue Requirement calculation, thereby depressing Net Utility Income for the R-4 discount. Because Net Utility Income is the basis for calculating the revenue requirement, that revenue requirement is overstated by the amount of the R-4 discount (i.e., the RLIAP revenues/negative gas costs $1.64 million). The account level data corroborates this claim.

Thus, the Utility Net Income of $11,090,557, which feeds into the revenue deficiency calculation, was *depressed* because the RLIAP revenues/negative gas costs were removed, while the full costs of serving all customers were included. As such, the revenue deficiency calculation accounted for the R-4 discount at the same time the Company was being covered for the discount in the RLIAP component in the LDAC.

<u>Observation from Liberty's FCOS Study in DG 17-048</u>

We also took a look at Liberty's Functional Cost of Service (FCOS) study from DG 17-048. The reported $70,681,266 (see Excel file titled "FINAL Attachment Staff 1-1.4.xlsx, Tab Summary, Line 5 and Column C: Attachment 5) in sales revenue appears to be the company-level "depressed" distribution revenue in that the R-3 customers are at full rates and the R-4 customers are at discounted rates . The reported O&M expenses of $30,627,593 (Line 8 and Column C) also appears to be the company's *full* cost of serving all customers (including the R-4 customers). Thus, the calculated total revenue requirement of

$84,038,599 (Line 25 and Column C) and the consequent revenue deficiency of $12,482,678 (Line 26 and Column C) accounted for the R-4 discount.

As such, considering Liberty's Operating Income Statement as well the revenue deficiency calculation from its FCOS study, it appears that the Company was already compensated for the R-4 discount in its revenue deficiency calculation, which made its way into the approved revenue deficiency amount from the 2017 rate case. Keep in mind that Liberty is fully compensated for the R-4 discount through the RLIAP component in the LDAC.

Q20: Do you have any other observation regarding RATES-5?

A20: Yes. In Liberty's 2020 rate case, Docket No. DG 20-105, it appears that the Company similarly reflected the R-4 discount (RLIAP amount) in its initial filing of the RATES-5 model on July 31, 2020 (see Attachments M. Decourcey, pg. 48-49: Attachment 13). It further appears that the Company made changes and resubmitted the RATES-5 model on Mar. 2, 2021 with a different treatment of the R-4 discount (see Attachments RATES 1 – 8, pg. 20-21: Attachment 14). We will explore this issue further in DG 22-045 when we analyze the decoupling provisions of Tariff 11, which was presented in DG 20-105.

RECOUPMENT IMPACT

Q21: Is there any other issue needing consideration related to the RDM claim under DG 22-041?

A21: Yes, there is a recoupment impact that needs to be considered. Liberty collected $2,152,105 in R-4 discount via base rate recoupment, even prior to the commencement of the RDM on November 1, 2018.

This occurred as a direct consequence of including $1.61 million in its base distribution revenue to account for the R-4 discount in the RATES-5 calculation (see line 42, RATES-5, Exhibit 90 in DG 17-048: Attachment 2).

Q22: What is this Recoupment Impact? Please explain.

A22: Based on the provisions of the recoupment statute RSA 378:29, and the Order No. 26,122 at 51-52, Liberty was authorized to collect a recoupment amount equal to what would have been collected if the permanent rate increase of $8,060,117 (referred to later as $8.06 million) had been in effect during the temporary rate period.

In Liberty's 2017 rate case, DG 17-048, the temporary rates were effective from July 1, 2017. The permanent rates became effective from May 1, 2018. On May 25, 2018, the Company also filed a motion for rehearing regarding effective date of the changes to Liberty's rate design. This led to, among others, calculation of recoupment amount that was submitted to the Commission on October 10, 2018. Order No. 26,187 finally settled all amounts including the recoupment. See TIMELINE: Attachment 3.

The permanent rate increase of $8.06 million included the R-4 discount, which was also being recovered through the RLIAP component of LDAC.

Since Liberty collected full recoupment amount commensurate to the new rates, the Company, hence, over-collected approximately $2.15 million in R-4 discount over 16 months between July 1, 2017 and October 31, 2018.[12]

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[12] Calculation: ($1,614,079 / 12 months) x 16 months prior to Decoupling Year 1 = $2,152,105.

Q23: What is your recommendation?

A23: Liberty should return $2,152,105 plus the appropriate carrying charges through the RDAF component of LDAC in the future COG season commencing November 1, 2023.

CONCLUSION

Q24: Does this conclude your testimony?

A24: Yes.

ATTACHMENT 1

Tariff 10 – Section 5, pg. 37

ATTACHMENT 2

RATES-5 model in DG 17-048; Exhibit 90; submitted on October 19, 2018

ATTACHMENT 3

Timeline: Activities in DG 17-048 that are relevant to DG 22-041

ATTACHMENT 4

Liberty's Revenue Requirement model – FINAL Attachment Staff 1-1.1.xlsx

ATTACHMENT 5

Liberty's model for Functional Cost of Service (FCOS) study – FINAL Attachment Staff 1-1.4.xlsx

ATTACHMENT 6

RATES-5 model (not including step adjustment) – provided by Liberty on Mar. 7, 2023 during the discovery process for DG 22-041

ATTACHMENT 7

RATES-5 model (with step adjustment) – provided by Liberty on Mar. 7, 2023 during the discovery process for DG 22-041

ATTACHMENT 8

Email explanation to DOE questions – provided by Liberty on Apr. 12, 2023 during the discovery process for DG 22-041

ATTACHMENT 9

The PUC Order No. 26,122; Appendix 1, Schedule 1.1 in DG 17-048

ATTACHMENT 10

Functional Cost Study, Summary of Results – Heintz Attachment, DAH-2, pg. 1 of 3 in DG 17-048

ATTACHMENT 11

Tie Between the Models.xlsx in DG 17-048 – provided by Liberty on Mar. 28, 2023 during the discovery process for DG 22-041

ATTACHMENT 12

[Details of] ENNG 2016 account 8042.xlsx – provided by Liberty on Apr. 12, 2023 during the discovery process for DG 22-041

ATTACHMENT 13

Initial submission of erroneous RATES-5 model – Attachment M. Decourcey, Attachment RATES-5, PDF pg. 48-49 from Jul. 31, 2020 in DG 20-105

ATTACHMENT 14

Subsequent submission of corrected RATES-5 model – Attachment M. Decourcey, Attachment RATES-5, PDF pg. 20-21 from Mar. 2, 2021 in DG 20-105

ATTACHMENT 15

Educational and Professional Experience of Faisal Deen Arif

ATTACHMENT 16

Educational and Professional Experience of Mark E. Thompson