

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

Docket No. DG 22-045

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty
2022–2023 Local Distribution Adjustment Charge (LDAC)

SUPPLEMENTAL TESTIMONY

OF

HEATHER M. TEBBETTS

September 1, 2022



THIS PAGE INTENTIONALLY LEFT BLANK

1 **I. INTRODUCTION**

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

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

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

6 A. I am employed by Liberty Utilities Service Corp. (“LUSC”) as Director, Business
7 Development. LUSC provides local utility management, shared services, and support to
8 Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (“Liberty” or “the
9 Company”) and its regulated water, wastewater, natural gas, and electric utility affiliates.

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

11 A. I joined Liberty in October 2014. Prior to my employment at Liberty, I was employed by
12 PSNH as a Senior Analyst in NH Revenue Requirements from 2010 to 2014. Prior to my
13 position in NH Revenue Requirements, I was a Staff Accountant in PSNH’s Property Tax
14 group from 2007 to 2010 and a Customer Service Representative III in PSNH’s Customer
15 Service Department from 2004 to 2007

16 **Q. Have you previously testified in regulatory proceedings before the New Hampshire
17 Public Utilities Commission (the “Commission”)?**

18 A. Yes, I have.

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

20 A. The purpose of my supplemental testimony is to explain updates the Company made to
21 its August 2, 2022, filing.

1 **Q. Why is the Company providing supplemental testimony?**

2 A. The Company is providing supplemental testimony to update various schedules that were
3 identified as having incorrect calculations during the discovery phase of this proceeding.
4 In addition, the Company has agreed to review the costs associated with stabilization of
5 the Concord Gas Holder and the Revenue Decoupling Adjustment Factor on separate and
6 extended timeline to allow for further discovery and hearings on those costs. The
7 Company is including the costs in this supplemental filing for completeness with the
8 understanding that these costs may need to be removed from the final rate approved for
9 November 1, 2022.

10 **II. LOCAL DELIVERY ADJUSTMENT CHARGE (“LDAC”)**

11 **Q. Please explain the changes made to the Energy Efficiency Charge (“EEC”).**

12 A. The changes made to the EEC Schedule 2 pages 1 through 4 include the following:

- 13 • Schedule 2, Page 1, Line 1 – the reconciliation balance provides the ending
14 balance for December 31, 2022, as the new EEC year starts January 1, 2023, per
15 HB549; the original filing provided the ending balance for October 31, 2022, the
16 end of the LDAC year.
- 17 • Schedule 2, Page 1, Line 2 – the program costs for 2023 in (C) link to Schedule 2,
18 Pages 3 and 4, Line 21; the original filing linked the program costs in (C) to
19 Schedule 2, Pages 3 and 4, Line 6.
- 20 • Schedule 2, Pages 3 and 4, Lines 1–3 – program budget, performance incentive,
21 and allocated low-income costs are updated to reflect actual costs; the original
22 filing included estimates.

- 1 • Schedule 2, Pages 3 and 4, Line 9 – the beginning balance for January 2023 is the
2 ending balance for December 2022; the original filing had zero as the beginning
3 balance as the Company was unclear at the time of whether it should roll over the
4 December 2022 balance.

5 As shown on Schedule 2, Page 1, Line 7, the proposed EEC did not change due to the
6 updates noted above. The rates that will remain in effect as of November 1, 2022, are
7 \$0.0640 per therm for residential customers and \$0.0426 per therm for commercial and
8 industrial customers per the calculation dictated by HB549. The rates effective January
9 1, 2023, are \$0.0664 per therm for residential customers and \$0.0442 per therm for
10 commercial and industrial customers as shown on Schedule 2, Page 1, Line 8, also as
11 dictated by statute.

12 **Q. Please describe the changes made to the Environmental Surcharge (“ES”).**

13 A. The changes made to the ES Schedule 3 pages 1 through 3.4 include the following:

- 14 • Schedule 3, Page 1, Line 4 – the ending balance reflects the estimated ending
15 balance on October 31, 2022; the original filing omitted the October 31, 2022,
16 ending balance.
- 17 • Schedule 3, Page 1, Line 8 and Line 11 – the therm sales were updated to reflect
18 the most recent volumes forecast to align with the Company’s Cost of Gas filing.
- 19 • Schedule 3.2, Page 2, Line 9 – the Total Submitted amount formula was updated
20 to correctly calculate the total. The original filing incorrectly included header
21 columns in the total costs for the Nashua site.

1 The total amount to be recovered in the November 1, 2022, through October 31, 2023,
2 period is \$1,382,673, or \$0.0074 per therm, for the MGP surcharge excluding the
3 Concord Gas Holder and \$69,514, or \$0.0004 per therm, for the Concord Gasholder
4 alone, for a total of \$1,452,187, or \$0.0078 per therm, to be recovered. The resulting
5 proposed MGP rate for the period beginning November 1, 2022, and ending October 31,
6 2023, is \$0.0078 per therm and changed with the changes noted above¹. This rate did not
7 change from the original filing.

8 **Q. Has the Company made changes to the Revenue Decoupling Adjustment Factor**
9 **(“RDAF”)?**

10 A. The Company is not proposing any changes to the RDAF from its original filing at this
11 time², however, Schedule 4, Page 1, Line 4 and Line 9 were updated to reflect the most
12 recent volumes forecast to align with the Company’s Cost of Gas filing. The therm
13 volume change did not impact the rate.

14 **Q. Please describe the changes made to the Property Tax Adjustment Mechanism**
15 **(“PTAM”) charge.**

16 A. The changes made to the PTAM Schedule 5 pages 1 through 3 include the following:

¹ If the Commission grants the parties’ request to carve out the Concord Gas Holder costs for a later hearing, the Company will seek approval of the \$0.0074 per therm MGP rate for November 1, 2022, and will seek the additional \$0.0004 per therm rate at that subsequent hearing.

² The parties have agreed to also “carve out” the RDAF to be addressed on a longer procedural schedule. If the Commission grants that request, the Company may still seek approval of the RDAF as filed, with any changes arising from the subsequent hearing being implemented then.

- 1 • Schedule 5, Page 1, Line 1 – the projected under-recovery as of October 31, 2022,
2 was revised from \$227,872 in the initial filing to \$256,865 as the initial filing did
3 not include the cumulative interest.
- 4 • Schedule 5, Page 1, Line 2 – the variance between the amount of municipal
5 property taxes in base rates as compared to the municipal property taxes for
6 property tax year 2021 is \$2,013,469; the original filing had a total of \$40,802
7 because the Company only included the amount over the total amount currently in
8 rates of \$10,897,564 as compared to the amount currently in base distribution
9 rates. Given that this mechanism is reconciling annually, the Company should
10 have included the amount over the calculated municipal property taxes included
11 in the Settlement Agreement in Docket No. DG 20-105 on Bates 32 of
12 \$8,924,897.
- 13 • Schedule 5, Page 1, Line 3 – the projected calculated interest of \$128,065 for the
14 November 1, 2022, through October 31, 2023, period is included to determine the
15 forecasted rate.
- 16 • Schedule 5, Page 1, Line 4 – the changes in lines 1, 2, and 3 resulted in a total
17 estimated recovery change from \$268,674 to \$2,398,399.
- 18 • Schedule 5, Page 1, Line 5 – updated to reflect the most recent volumes forecast
19 to align with the Company’s Cost of Gas filing.
- 20 • Schedule 5, Page 1, Line 6 – the total PTAM rate changed from \$0.0014 per
21 therm to \$0.0129 per therm due to the changes identified above.

- Schedule 5, Page 5 was added to reflect the forecasted rate and recovery collection schedule for the November 1, 2022, through October 31, 2023, period.

The under-recovery for the 2020 property tax year including interest is \$256,865, and the total requested to be collected for the 2021 property tax year is \$2,013,469 with projected interest of \$128,065. The changes result in a PTAM rate of \$0.0129 per therm.

Q. Please explain the changes made to the Rate Case Expense (RCE) surcharge.

A. The Settlement Agreement in DG 20-105 included recoupment of (\$568,780) applied against the indirect costs of \$1,900,000 for a total recoupment of \$1,331,220. The changes made to Schedule 6 include the following:

- Schedule 6, Page 2 – the Company revised the entire page to reflect the recoupment allowance of \$1,331,220 from the Settlement Agreement in DG 20-105, Bates 21, the recovery rate of \$0.0074 per therm, and the resulting collection associated with actual and forecasted therm sales for the period of November 2021 through October 2022.
- Schedule 6, Page 3 – the Company is providing an entirely revised Page 3 to reflect rate case expense in the beginning balance as of November 1, 2022. The total rate case expense is added to the projected recoupment under recovery as of October 31, 2022, to create the beginning balance reflected in the schedule on page 3.
- Schedule 6, Page 4 – the Company is providing a new page 4 to reflect the support for the rate case expenses as of August 31, 2022, to be included in this

1 LDAC filing. The majority of the rate case expenses have been audited. A
2 separate column identifies expenses that were received after the Final Audit
3 Report in DG 20-105.

- 4 • Schedule 6, Page 1 – the Company is providing an entirely revised Page 1 to
5 reflect revised balances for recoupment and rate case expense and updated therm
6 sales. The revised RCE rate is \$0.0050 per therm as compared to \$0.0036 per
7 therm initially filed. The original rate was calculated on an incorrect amount to
8 recover over the November 1, 2022, through October 31, 2023, period.

9 **Q. What changes were made to the proposed Gas Assistance Program (“GAP”)**
10 **charge?**

11 A. The changes made to the GAP include an update to Schedule 7, Page 1, Line 10 whereby
12 the Company included the most recent COG rates effective for September 1, 2022, per
13 the COG monthly filings made for EnergyNorth and Keene on August 24, 2022 as well
14 as updated therm sales volumes on line 19. The total program costs are projected to be
15 \$3,770,867 versus the original filing’s total program costs of \$3,720,397, which results in
16 a rate of \$0.0202 per therm as compared to the \$0.0200 per therm rate initially filed.

17 **Q. What are the revised proposed surcharges that will be billed under the LDAC and**
18 **how do those compare to the surcharges currently in effect?**

19 A. The revised surcharges are reflected in Schedule 8 provided in this updated filing. The
20 tables below provide a comparison of the current LDAC rates in effect by component or
21 residential and commercial and industrial customers to proposed rates as calculated for
22 this supplemental testimony.

	Current	Proposed	Current vs Proposed	Current vs Proposed
	(\$/Therm)	(\$/Therm)	(\$/Therm)	(%)
	(a)	(b)	(c) <i>(b-a)</i>	(d) <i>(c/a)</i>
1	<u>Residential LDAC Component</u>			
2	Energy Efficiency ¹	\$0.0640	\$0.0640	\$0.0000 0.00%
3	Environmental			
4	Gas Holder	\$0.0000	\$0.0004	\$0.0004 100.00%
5	MGP	\$0.0155	\$0.0074	(\$0.0081) -52.13%
6	Environmental Total	\$0.0155	\$0.0078	(\$0.0077) -49.72%
7	RDAF	\$0.0152	\$0.0409	\$0.0257 169.08%
8	PTAM	\$0.0120	\$0.0129	\$0.0009 7.26%
9	RCE	\$0.0074	\$0.0050	(\$0.0024) -32.43%
10	GAP	\$0.0156	\$0.0202	\$0.0046 29.49%
11	Total LDAC	\$0.1297	\$0.1508	\$0.0211 16.24%
	Current	Proposed	Current vs Proposed	Current vs Proposed
	(\$/Therm)	(\$/Therm)	(\$/Therm)	(%)
	(a)	(b)	(c) <i>(b-a)</i>	(d) <i>(c/a)</i>
12	<u>C&I/ Transportation LDAC Component</u>			
13	Energy Efficiency ¹	\$0.0426	\$0.0426	\$0.0000 0.00%
14	Environmental Total			
15	Gas Holder	\$0.0000	\$0.0004	\$0.0004 100%
16	MGP	\$0.0155	\$0.0074	(\$0.0081) -52.13%
17	Environmental Total	\$0.0155	\$0.0078	(\$0.0077) -49.72%
18	RDAF	\$0.0039	\$0.0030	(\$0.0009) -23.08%
19	PTAM	\$0.0120	\$0.0129	\$0.0009 7.26%
20	RCE	\$0.0074	\$0.0050	(\$0.0024) -32.43%
21	GAP	\$0.0156	\$0.0202	\$0.0046 29.49%
22	Total LDAC	\$0.0970	\$0.0915	(\$0.0055) -5.71%

¹ Rate change is as of November 1, 2022. Per HB549, rate will change again on January 1, 2023.

1 **Q. Please explain the reasons for the variance for each rate component.**

2 A. For the Energy Efficiency component, there is no change from the current rate in effect to
3 the proposed rate. This is because the energy efficiency rate is set by statute, HB549.
4 Effective January 1, 2023, the current rate will be adjusted by an inflation index, also as
5 required by statute.

6 For the Environmental Surcharge component, the proposed rate is lower than the current
7 rate in effect due to the decrease in the required annual change in the environmental
8 reserve fund amortization levels.

9 For the Property Tax Adjustment Mechanism component, the proposed rate is slightly
10 higher due to the prior period under-recovery which resulted from the one-month delay in
11 implementing the rate in the previous year. The variance in property taxes as compared
12 to the amount in base rates is approximately the same as in the previous period.

13 For the Rate Case component, the proposed rate is lower due to the full recovery of \$1.9
14 million related to recoupment in the prior rate as compared to \$0.8 million of rate case
15 expense to be recovered in the current period's RCE component.

16 For the GAP component, the proposed rate is higher than the prior rate due to an increase
17 in the number of estimated 2022–2023 participants in the Gas Assistance Program and a
18 projected increase in the cost of the gas commodity. There is also an increase in the
19 under-collection year over year due to higher gas commodity prices and higher discounts
20 than forecast.

1 **III. CUSTOMER BILL IMPACTS**

2 **Q. What are the estimated impacts of the proposed LDAC on an average heating**
3 **customer's winter bill and summer bill as compared to the winter and summer rates**
4 **in effect last year?**

5 A. The detailed bill impact analysis is presented in Schedule 8 of this filing. Please see the
6 table below for a summary of the total LDAC bill impact, for residential and commercial
7 customers.

LDAC Bill Impacts	Winter 2022–2023	Summer 2023	Total
Residential R-3	\$11.77 or 14.4%	\$2.67 or 14.4%	\$14.44 or 14.4%
Commercial/Industrial G-41	\$(14.81) or (7.7%)	\$(2.37) or (7.7%)	\$(17.17) or (7.7%)
Commercial/Industrial G-42	\$(136.21) or (7.7%)	\$(19.16) or (7.7%)	\$(155.37) or (7.7%)
Commercial/Industrial G-52	\$(82.41) or (7.7%)	\$(111.42) or (7.7%)	\$(193.83) or (7.7%)

8

9 **Q. Is the Company providing a redlined tariff as part of the LDAC reconciliation**
10 **filing?**

11 A. Yes, the Company is providing both a clean and redlined version of proposed tariff Pages
12 99, 100 and 101, as part of the LDAC reconciliation filing.

13 **IV. CONCLUSION**

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

15 A. Yes, it does.