

STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION

Docket No. DE 23-039

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty  
Distribution Service Rate Case

DIRECT TESTIMONY

OF

NEIL PROUDMAN

April 28, 2023





## TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
I. INTRODUCTION.....	1
II. COMPANY OVERVIEW .....	2
III. LIBERTY’S NEW HAMPSHIRE OPERATIONS .....	4
IV. RATE CASE OVERVIEW.....	7
V. INTRODUCTION OF WITNESSES .....	9
VI. CONCLUSION .....	13

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1 **I. INTRODUCTION**

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

3 A. My Name is Neil Proudman. My business address is 15 Buttrick Road, Londonderry,  
4 New Hampshire.

5 **Q. Please describe your duties at Liberty.**

6 A. I am President of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty hereinafter  
7 referred to as “Liberty” or the “Company” and of Liberty Utilities (EnergyNorth Natural  
8 Gas) Corp. d/b/a Liberty (“Liberty EnergyNorth”).

9 **Q. On whose behalf are you submitting this testimony?**

10 A. I am submitting this testimony before the New Hampshire Public Utilities Commission  
11 (the “Commission” or “NHPUC”) on behalf of Liberty.

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

13 A. I have been the President of Liberty and EnergyNorth since 2021, with overall  
14 responsibility for all aspects of both Companies’ operations in New Hampshire.

15 Before joining Liberty, I had been with National Grid for over 40 years, from 1979 until  
16 my move to Liberty in 2021, working in the natural gas business in the United Kingdom,  
17 New York, and New England. My final positions at National Grid were Vice President  
18 Capital Programs from 2019 to 2021, Vice President New England Gas Operations from  
19 2014 to 2019, and Vice President Operations Support prior to 2014. I began my career as  
20 a gas apprentice at age 16.

1 **Q. Have you previously testified in regulatory proceedings before this Commission?**

2 A. No, I have not.

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

4 A. The purpose of my testimony is to provide an overview of the Company and its filing for  
5 an adjustment to electric distribution service rates in this proceeding. I also provide an  
6 introduction of each witness and the subject matter of their testimony.

7 **II. COMPANY OVERVIEW**

8 **Q. Please provide an overview of Liberty Utilities.**

9 A. Liberty Utilities, Co., (“Liberty Utilities”), is an indirect subsidiary of Algonquin Power  
10 & Utilities Corp. (“APUC”), which is publicly traded on the New York and Toronto  
11 stock exchanges. APUC owns and operates diversified international generation,  
12 transmission, and distribution utilities with over \$17.6 billion of total assets.<sup>1</sup> Through its  
13 two business groups, the Regulated Services Group and the Renewable Energy Group,  
14 APUC is committed to providing safe, secure, reliable, cost-effective, and sustainable  
15 energy and water solutions through its portfolio of electric generation, transmission, and  
16 distribution utility investments to over one million customers, largely in the United States  
17 and Canada. APUC is a global leader in renewable energy.

18 Liberty Utilities conducts the regulated business of APUC. It owns and operates 30  
19 regulated electric, natural gas, water, and wastewater utilities serving more than  
20 1,000,000 residential, commercial, and industrial customers in 13 states (Arizona,

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<sup>1</sup> Balance sheet as of December 31, 2022.

1 Arkansas, California, Georgia, Iowa, Illinois, Kansas, Massachusetts, Missouri, New  
2 Hampshire, New York, Oklahoma, and Texas), one Canadian province (New  
3 Brunswick), Bermuda, and Chile.

4 **Q. Are decisions regarding the operation of Liberty's New Hampshire operations being**  
5 **made in Canada?**

6 A. No. Liberty Utilities believes that local management, local decision-making, and local  
7 operational control are critical. Strategic oversight and financial and administrative  
8 support services are provided centrally by Liberty Utilities Canada, APUC, and other  
9 entities within Liberty Utilities to supplement and support local operations. This shared-  
10 services approach to management, service, and support is intended to ensure efficient and  
11 dependable utility services to all of Liberty Utilities' customers. We measure our  
12 performance in terms of service reliability, customer experience, and dedication to public  
13 and workplace safety. Liberty Utilities considers safety a meta-level value and places the  
14 safety of customers, employees, and the community first and foremost.

15 **Q. What are the Company's top priorities and how are they achieved?**

16 A. Our commitment to providing our customers safe and reliable service an affordable cost  
17 is the first objective in everything we do. Ultimately, it is our employees who allow us to  
18 pursue achievements that align with that commitment. Their safety-first mindset, growth  
19 orientation, and entrepreneurial spirit is the driving force behind our business. The  
20 Company's employees and customers are my first and highest priority and their safety is  
21 taken into account in every decision Liberty makes.

1 **Q. Can you please summarize the Company’s approach to investing in success in New**  
2 **Hampshire**

3 A. Reliability and reasonable rates are a function of the people we hire and the investments  
4 we make in the system. The investments Liberty makes are not only in physical assets,  
5 but also in recruiting, hiring, and training excellent employees. By improving the  
6 reliability of the distribution system, strengthening training methods, improving policies  
7 and procedures, and strengthening the local workforce, Liberty is able to meet its many  
8 obligations as a public utility in this state.

9 **III. LIBERTY’S NEW HAMPSHIRE OPERATIONS**

10 **Q. Please provide an overview of Liberty’s electric operations in New Hampshire.**

11 A. Liberty serves approximately 6,000 electric distribution customers in the Upper Valley  
12 and in the southern regions of New Hampshire.

13 **Q. Since joining Liberty Utilities in 2017, what have been your observations of the**  
14 **Company and its New Hampshire workforce?**

15 A. The employees of Liberty that support the New Hampshire operations are cooperative  
16 and team-spirited. Although Liberty has built its workforce since the 2012 acquisition of  
17 Liberty and EnergyNorth, it is not overly staffed, which means that the employees need  
18 to sometimes handle multiple roles. In performing those tasks, the employees necessarily  
19 engage with multiple other departments, so clear and effective communication and  
20 cooperation are vital. As an example, employees on the gas side of the business have  
21 been trained for important roles on the electric side such as “wires down” or damage



1 assessment during electric outage events. Even though those roles are not part of their  
2 normal job responsibilities, the employees willingly perform them, thereby allowing  
3 employees on the electric side of the business to focus on other critical activities during  
4 major outage events. Every day I appreciate the hard-working and dedicated New  
5 Hampshire employees.

6 **Q. What are your priorities for Liberty?**

7 A. My priorities align with the Company's obligations as a public utility in New Hampshire  
8 to provide safe and reliable service at just and reasonable rates. The safety of the  
9 Company's employees and customers is my first and highest priority and is taken into  
10 account in every decision Liberty makes. Reliability and reasonable rates are a function  
11 of the people Liberty hires and the investments made in the system. The investments in  
12 Liberty's employees include recruiting, hiring, and training. Since taking over ownership  
13 of the Company in mid-2012, Liberty has significantly improved the reliability of the  
14 distribution system, strengthened training methods, improved policies and procedures,  
15 and strengthened the local workforce. These investments have yielded measurable results  
16 and will allow the Company to meet its many obligations as a public utility in this state.

17 In addition, Liberty works to support state policy goals through collaboration with  
18 stakeholders in the public and private sectors. Energy Efficiency programs are very  
19 important to lower costs to customers as well as reduce energy consumption and support  
20 sustainability. The Company implemented a battery storage pilot program, developed  
21 electric vehicle time of use rates, and is the first utility in New Hampshire to propose an

1 alternative to traditional cost of service regulation with a performance-based ratemaking  
2 (“PBR”) pilot proposal in this rate case. The PBR pilot will include a multi-year rate plan  
3 (“MYRP”), an earnings-sharing mechanism (“ESM”), and performance incentive  
4 mechanisms (“PIMs”).

5 **Q. How has Liberty achieved operational excellence in its operations?**

6 A. The delivery of safe and reliable energy coupled with safe and efficient operating  
7 parameters allows Liberty to achieve operational excellence. Certain indices capture and  
8 indicate overall operational effectiveness. For example, in terms of reliability, the  
9 Company has seen a steady improvement in the System Average Interruption Duration  
10 Index (“SAIDI”) and System Average Interruption Frequency Index (“SAIFI”) measurements.  
11 However, even with these improvements, reliability is still a focus as the  
12 Company strives to address its leading cause of outages (trees) through a robust  
13 vegetation management program and investment in its aging infrastructure. Investment in  
14 upgrades and replacement as well as a robust Vegetation Management program are both  
15 important and necessary to continue to see improved reliability metrics.

16 Reliability and customer satisfaction go hand in hand as they support an efficient and safe  
17 operation. Recognizing this and reacting to the continually evolving customer needs and  
18 expectations is crucial and at the forefront of Liberty’s operations.

19 **Q. Describe ways in which Liberty promotes economic development.**

20 A. Liberty’s electric service territory includes the growing areas of Salem/Derry and  
21 Lebanon/Hanover. Electric service is an essential service to foster economic

1 development, and Liberty’s Business and Community Development team supports these  
2 municipalities. Liberty works with State officials and developers to bring safe, reliable  
3 power to new customers in our service territory. Liberty’s cooperation with the Tuscan  
4 Village developer and the Town of Salem are a prime example. I support this effort by  
5 serving on the Business & Industry Association Board and Liberty supports local  
6 chambers of commerce and participates in industry groups.

7 **Q. How else does Liberty serve its community?**

8 A. Liberty promotes volunteerism by its employees through the Company’s “Liberty Days”  
9 program allowing employees to volunteer in the community for up to two days per year.  
10 Liberty’s employees also support charitable organizations such as United Way.

11 **Q. Explain how Liberty assists low-income customers.**

12 A. Qualifying Liberty customers are eligible to receive low-income assistance through the  
13 Electric Assistance Programs funded through the System Benefits Charge. Liberty also  
14 supports Neighbor Helping Neighbor through financial contributions; Company  
15 employees also serve on the board. Neighbor Helping Neighbor is a non-profit  
16 organization that provides emergency relief to utility customers that do not qualify for  
17 government-funded energy assistance programs.

18 **IV. RATE CASE OVERVIEW**

19 **Q. What conditions have prompted the filing of this application?**

20 A. This filing recognizes that our present base rates are no longer sufficient to enable the  
21 Company to continue furnishing adequate, efficient, and reasonable service. It also

1 reflects the declining returns, which are largely due to investments the Company has  
2 made in its distribution system since its last rate case before the Commission, Docket No.  
3 DE 19-064.

4 **Q. Do increasing expenses also contribute to the need for a rate increase?**

5 A. Yes. In addition to the increased capital needs, operation and maintenance expenses have  
6 increased significantly. Even with robust internal cost control efforts, many operating  
7 expenses are increasing. Many of the factors leading to these increases are beyond the  
8 Company's control and include constraints on the supply chain and the resulting high  
9 inflationary pressure, increased costs for vegetation management, and increased labor  
10 costs.

11 **Q. Briefly summarize the proposed increase in revenues.**

12 A. Liberty proposes a three-year rate plan, effective July 1, 2023, with levelized rate  
13 increases of [\$xxx].

14 **Q. Is the Company seeking to recover the costs of any major investments?**

15 A. Yes. Of the various investments being proposed, the largest is its investment in Customer  
16 First, a new enterprise system that will allow the Company to replace obsolete  
17 infrastructure, help us plan for and operate our system more efficiently, and offer new  
18 services to our customers.

19 **Q. What other proposals is the Company making in this proceeding?**

20 A. Liberty is proposing a number of operational, financial, and regulatory innovations,  
21 including the following:

- 1           • PBR and a MYRP, both of which are the first to be proposed in New Hampshire.
- 2           If approved, the new mechanics will change the way utilities are regulated in New
- 3           Hampshire and create an opportunity for Liberty to modernize more quickly while
- 4           creating benefits for customers through savings and targeted performance goals.
- 5           • Updated Time of Use (“TOU”) rates that will facilitate further customer
- 6           investments in DERs and decarbonization while also lowering bills.
- 7           • Pilot programs for battery storage.
- 8           • Ratemaking assistance for our low-income customers.
- 9           • Several initiatives that will simplify the Company’s ratemaking while also
- 10          increasing the transparency of our tariffs.

11   **V.    INTRODUCTION OF WITNESSES**

12   **Q.    Please list the Company’s witnesses and the topics of their testimony in this case.**

13   **A.    The following witnesses are filing testimony in support of this distribution rate case:**

- 14           • Kristin Jardin, Director, Rates and Regulatory Affairs, and Daniel S. Dane,
- 15           Executive Vice President of Concentric Energy Advisors (“Concentric”), sponsor
- 16           the calculation of Liberty’s revenue requirement and the request for a permanent
- 17           rate increase. They also provide separate joint testimony in support of the
- 18           Company’s request for temporary rates.
- 19           • Anthony Strabone, Senior Director of Electric Operations for Liberty, describes
- 20           the capital additions that Liberty has made since the Company’s last rate case in
- 21           addition to capital investments that will be made in the upcoming years. Witness

1 Strabone discusses the reliability and resiliency of Liberty’s system and provide  
2 details regarding the reliability and resiliency challenges the Company is facing  
3 with its aging infrastructure. Mr. Strabone further discusses Major Event Day  
4 Storms and proposes modifications to how a Major Event Day Storm is defined  
5 and recovered.

- 6 • Heather Green, Manager Vegetation Management, and J.M. Sparkman, Jr.,  
7 Manager, Consulting Services – Lakeside Environmental Consultants, LLC,  
8 present testimony on Liberty’s Vegetation Management Program, including  
9 enhancements and proposed changes to the program.
- 10 • Dmitry Balashov, Senior Director of Grid Modernization, along with Anthony  
11 Strabone, Senior Director of Electric Operations, discuss Liberty’s plan to replace  
12 its aged population of meters with modern Advanced Metering Infrastructure  
13 (“AMI”) meters. The testimony also describes the Company’s efforts to secure  
14 non-rate funding aimed at hardening the system.
- 15 • Mr. Balashov also presents testimony supporting the continuation and expansion  
16 of the Company’s Battery Storage Pilot Program.
- 17 • Lauren Preston, Vice President of Customer Care for Liberty Utilities, presents  
18 testimony describing the implementation of Customer First. The Customer First  
19 business platform is being launched across Liberty Utilities’ entire footprint in  
20 phases, with New Hampshire going live in November 2022. Essentially,  
21 Customer First is putting our customers at the center of everything we do. The  
22 platform allows for consistency around Finance, Customer Service, and

1 Operations. The new platform will allow for flexibility in billing, new and  
2 improved services, and efficiency through e-billing, e-payment, and advanced  
3 communications. This innovative and modern system will enhance the customer  
4 experience and provide efficiencies throughout the Liberty Utilities footprint. Ms.  
5 Preston also discusses Liberty's proposal to eliminate credit card fees. Currently,  
6 Liberty's customers pay a per transaction fee to utilize credit cards, debit cards, or  
7 electronic checks. The requirement for a customer to pay a transaction fee when  
8 paying their utility bill is one of the largest frustrations customers experience  
9 because customers are accustomed to paying for other products and services with  
10 a credit card or debit card without a separate, additional fee. Finally, Ms. Preston  
11 addresses a new arrearage management program addressing arrearages and low-  
12 income assistance.

- 13 • Erica Menard, Senior Director of Rates and Regulatory Affairs for the East  
14 Region, provides testimony addressing Liberty's PBR plan, describes the PIMs  
15 selected for inclusion in the PBR plan, proposed tariff changes including revisions  
16 related to the Company's line extension policy, changes to reconciling  
17 mechanisms, and changes to other existing tariff provisions.
- 18 • Todd Schavrien, Analyst III, Regulatory Projects, provides testimony in support  
19 of the lead/lag study that was performed as part of the revenue requirement  
20 analysis.

- 1           • Matthew DeCoursey, Vice President, Rates and Regulatory Strategy for Liberty  
2           Utilities, and Gregg Therrien, Vice President at Concentric, describe the  
3           Company’s proposal for PBR and MYRP..
- 4           • Greg Tillman, Senior Manager, Rate Design, provides testimony in support of the  
5           Company’s proposed TOU rates and explains how they offer an opportunity to  
6           lower electric bills by shifting electric consumption patterns. Mr. Tillman also  
7           proposes modifications to the Company’s existing electric vehicle charging rates.
- 8           • Gregg Therrien, Vice President of Concentric, provides testimony in support of  
9           Liberty’s proposed rate design and rate calculations.
- 10          • Melissa F. Bartos, Vice President of Concentric, presents the marginal cost of  
11          service study and results.
- 12          • Philip Hanser, Principal emeritus of The Brattle Group, provides testimony  
13          supporting the scope and application of the MYRP, ESM, and PIM aspects of the  
14          proposed PBR pilot.
- 15          • Ann E. Bulkley, Principal, and Christopher Wall, Senior Associate at The Brattle  
16          Group, recommend an appropriate cost of capital and capital structure for the  
17          Company..
- 18          • Shawn Eck, Director IT Security, Risk and Compliance, provides testimony in  
19          support of upgrades to the Company’s cybersecurity programs to fortify the  
20          protections against the constant attempts to breach the Company’s systems.



- 1                   • Finally, John J. Spanos, President, Gannett Fleming Valuation and Rate  
2                   Consultants, LLC, describes the results of a depreciation study he undertook at the  
3                   Company's request.

4   **VI.   CONCLUSION**

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

6   **A.   Yes.**

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