

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DE 23-044

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
2023 Energy Service Solicitation

DIRECT TESTIMONY

OF

TYLER CULBERTSON

AND

JAMES M. KING

May 30, 2023



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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Mr. Culbertson, please state your full name, business address, and position.**

3 A. My name is Tyler J Culbertson and my business address is 15 Buttrick Road,
4 Londonderry, New Hampshire. I am the Director 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 the University of Iowa in 2009 with a Bachelor of Science degree in
10 Accounting, and I have held an active Certified Public Accountant (“CPA”) license since
11 2012.

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

13 A. I joined LUSC in May 2023. Prior to my employment at LUSC, I was employed by DCP
14 Midstream as the Senior Manager of Regulatory Affairs from 2015 to 2023. My
15 responsibility at DCP Midstream was to ensure company-wide compliance with the
16 economic regulations of the Federal Energy Regulatory Commission and various state
17 regulatory agencies. From 2014 to 2015, I was a Senior Rate Analyst for Tallgrass
18 Energy, and from 2010 to 2014 I was a Rate Analyst for SourceGas (now Black Hills
19 Energy).

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

3 A. No, this is my first time testifying before the Commission.

4 **Q. Mr. King, please state your full name and business address.**

5 A. My name is James M. King. My business address is 15 Buttrick Road, Londonderry,
6 New Hampshire.

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

8 A. I am employed by Liberty Utilities Service Corp. (“LUSC”) as an Analyst II, Rates and
9 Regulatory Affairs. LUSC provides local utility management, shared services, and
10 support to Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (“Liberty” or “the
11 Company”) and the other regulated water, wastewater, natural gas, and electric utilities
12 commonly owned and operated by Liberty Utilities as affiliates of the Company. In my
13 position I am responsible for providing rate-related services to the Company.

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

15 A. I joined Liberty in September 2022. Prior to joining Liberty, I was employed by the
16 Massachusetts Department of Public Utilities from 2014 through 2022. I held positions
17 as an Economist III and Economist II in the Rates and Revenue Requirements Division
18 where I was responsible for the review and analysis of base distribution rate cases, as
19 well as other rate reconciliation mechanisms presented to the Department from
20 Massachusetts’ gas, electric, and water companies. I graduated from Franklin and
21 Marshall College with a Bachelor of Social Science in Government and Economics.

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

2 A. Yes, I have testified on multiple occasions before this Commission.

3 **II. OVERVIEW**

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

5 A. The purpose of our testimony is to present Liberty’s proposed Energy Service
6 reconciliation for the period of August 1, 2022, to July 31, 2023. Our testimony includes
7 the results of: (i) the reconciliation of Energy Service power supply expense and
8 applicable revenue (“Energy Service Reconciliation”), including Renewable Portfolio
9 Standard obligations and the applicable revenue; and (ii) the reconciliation of
10 administrative costs and revenues associated with providing Energy Service (“Energy
11 Service Cost Reclassification Adjustment Factor –ESCRAF- Reconciliation”).

12 **Q. Is Liberty proposing new Energy Service rates at this time?**

13 A. No, Liberty is not proposing new Energy Service rates at this time. The Company will
14 propose new rates when it submits its rate filing on June 23, 2023. This filing only
15 addresses the reconciliation portion of the rate calculation.

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

17 A. The table below lists the schedules provided as attachments to our testimony.

Schedule	Description
TJC/JMK-3	Reconciliation and Calculation of Proposed Energy Service Adjustment Factor
TJC/JMK-4	Reconciliation and Calculation of Proposed Energy Service Cost Reclassification Adjustment Factor

18

1 Schedules TJC/JMK-1 and TJC/JMK-2 (not attached) will provide rate calculations based
2 on the winning bids. These schedules will be filed with the full Energy Service filing on
3 June 23, 2023.

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

5 A. The rates that the Company charges customers who do not elect to take service from a
6 competitive supplier for the energy that it procures on their behalf. Energy service is
7 often referred to as default service.

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

9 A. Two, the Large Customer Group (“LCG”) rate and the Small Customer Group (“SCG”)
10 rate.

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

12 A. The LCG includes Liberty’s customers who receive service under rate classes G-1
13 (General Service Time-Of-Use), G-2 (General Long-Hour Service), EV-L (Commercial
14 Plug In Electric Vehicle Charging Station), and EV-M (Commercial Plug In Electric
15 Vehicle Charging Station). Additional detail regarding the class definitions is available
16 in the Company’s retail service tariff.¹

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

18 A. The SCG includes Liberty’s customers who receive service under rate classes D
19 (Domestic Service), D-10 (Domestic Service with Optional Peak Load Pricing), M

¹ [<https://new-hampshire.libertyutilities.com/uploads/2023-04-05%20NHPUC%20No.%2021.pdf>]

1 (Outdoor Lighting), T (Limited Total Electrical Living Rate), V (Limited Commercial
2 Space Heating), and G-3 (General Service), and the time-of-use rates D-11 (Battery
3 Storage Pilot) and D-12 (Residential EV Charging). Additional detail regarding the class
4 definitions is available in the Company's retail service tariff.²

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

6 A. No.

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

8 A. Not at this time. The Company will provide bill impacts for residential customers using
9 650 kWh per month taking energy service in the upcoming June 23, 2023, filing.

10 **III. BACKGROUND**

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

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

² *Id.*

1 **Q. Who provides energy to New Hampshire customers now?**

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

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

10 A. Several dockets and their resulting settlement agreements and orders have established and
11 then refined how utilities make energy service solicitations, how they evaluate bids, and
12 how best to conduct the entire procurement process. Those proceedings include the
13 Settlement Agreement in Docket No. DE 05-126, dated November 18, 2005, which was
14 approved by the Commission in Order No. 24,577 (Jan. 13, 2006), amended by Order No.
15 24,922 (Dec. 19, 2008) in Docket No. DE 08-011, amended by Order No. 25,601 (Nov.
16 27, 2013) in Docket No. DE 13-018, and further amended by Order No. 25,806 (Sept. 2,
17 2015) in Docket No. DE 15-010. Liberty followed those approved processes in
18 conducting the energy service solicitation that gives rise to the rates being proposed in
19 this docket.

1 **Q. Has the Company calculated the Energy Service Reconciliation Factors in the same**
2 **manner as previous reconciliations?**

3 A. No. Because the Company served the LCG through a self-supply option and there was a
4 significant over-collection related to that specific group, Liberty is proposing a separate
5 reconciliation for the LCG and SCG. The Company had discussed this possibility at the
6 February 28, 2023, hearing and at that time did not have a definite plan to address the
7 reconciliation but agreed to work with the New Hampshire Department of Energy
8 (“DOE”) on a process to reconcile by group. After reviewing the results of the over-
9 collection for the LCG, the Company is proposing separate reconciliations by group and
10 has presented separate schedules to split the over- or under-collection by group.

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

12 **Q. Please summarize the Company’s ESAF and ESCRAF reconciliations.**

13 A. The Company calculates the differences between revenues and costs for the following
14 items for this reconciliation filing:

15 ○ Energy Service Adjustment Factor (“ESAF”) reconciliation – any over- or
16 under-collection of the prior period’s ESAF, including:

- 17 ■ Base Energy Service (Over)/Under Collection
- 18 ■ Renewable Portfolio Standard (Over)/Under Collection
- 19 ■ Energy Service Adjustment Factor (Over)/Under Collection
- 20 ■ Interest applicable to the monthly (Over)/Under Collection
- 21 balances

- 1 ○ Energy Service Cost Reclassification Adjustment Factor (“ESCRAF”)
- 2 reconciliation – any (over)/under collection of the prior period’s ESCRAF,
- 3 including applicable interest

4 **V. ENERGY SERVICE ADJUSTMENT FACTOR RECONCILIATION**

5 **Q. Please explain Schedule TJC/JMK-3.**

6 A. Schedule TJC/JMK-3 includes the summary and details supporting the calculation of the
7 Energy Service Adjustment Factor (“ESAF”) charged to customers. The ESAF includes
8 the (over)/under collection balances of Energy Service, the Energy Service Adjustment
9 Factor, RPS, and applicable interest.

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

12 A. Yes. The Energy Service Adjustment Factor Reconciliation for the period August 1,
13 2022, through July 31, 2023, (“Reconciliation Period”) is presented in Schedule
14 TJC/JMK-3, pages 2, 2-1, and 2-2.

15 **Q. Please explain the Energy Service Adjustment Factor Reconciliation.**

16 A. On a monthly basis, the company calculates its (over)/under collection of costs and
17 revenues associated with providing Energy Service. An under-collection, for instance,
18 occurs when costs exceed revenues. The (over)/under collection balance from the prior
19 month is then netted with the current month’s activity and interest at the prime rate is
20 applied. Schedule TJC/JMK-3, page 2, presents the reconciliation of revenues and
21 expenses by month for the Reconciliation Period. Schedule TJC/JMK-3, pages 2-1 and

1 2-2, present the Energy Service Reconciliation by large and small customer groups,
2 respectively. Additional details behind each month's Energy Service revenue are
3 included on page 3-1 (Large) and 3-2 (Small) of Schedule TJC/JMK-3. Page 4 of
4 Schedule TJC/JMK-3 provides support for the allocation of total RPS expense by month,
5 which was based on the total usage of each customer group during the Reconciliation
6 Period.

7 **Q. What is the result of the Company's Energy Service Adjustment Factor**
8 **Reconciliation for the period ending July 31, 2023?**

9 A. As shown on Schedule TJC/JMK-3, page 1, the Company has estimated an overcollection
10 of Energy Service power supply costs of \$5,974,913 for the Large Customer Group and
11 an under collection of \$1,444,452 for the Small Customer Group. When these
12 (over)/under collections are divided by the estimated Energy Service forecasted kilowatt-
13 hour sales, it results in an estimated ESAF of (\$0.05662) for the Large Customer Group
14 and \$0.00402 for the Small Customer Group to be included in Energy Service rates
15 effective August 1, 2023. The primary driver of the LCG over collection balance is the
16 self-supply option which caused revenues to exceed forecasted expenses.

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

19 A. No. Consistent with the previously approved methodology, the Company has included
20 RPS revenues and expenses in the Energy Service Adjustment Factor reconciliation.

1 **VI. 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 the prime
8 rate, must 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 1, 2022, through July 31, 2023,
13 is presented in Schedule TJC/JMK-4.

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

15 A. On a monthly basis, the company calculates its (over)/under collection of administrative
16 costs and ESCRAF revenues. An under-collection, for instance, occurs when costs
17 exceed revenues. The (over)/under collection balance from the prior month is then netted
18 with the current month's activity and interest at the prime rate is applied. Schedule
19 TJC/JMK-4, page 2, presents the reconciliation of revenues and expenses by month for
20 the Reconciliation Period. Pages 2-1 and 2-2 provide reconciliations for the Large and
21 Small customer groups, respectively. The detail and allocations supporting each month's

1 ESCRAF administrative expense are shown on pages 4, 4-1, and 4-2 of Schedule
2 TJC/JMK-4.

3 **Q. Has the Company calculated the proposed ESCRAF for the period beginning**
4 **August 1, 2023?**

5 A. Yes. Schedule TJC/JMK-4, page 1, calculates the estimated ESCRAF of \$(0.00033) per
6 kWh for the Large Customer Group and \$0.00048 per kWh for the Small Customer
7 Group for the period of August 1, 2023, through July 31, 2024. The proposed ESCRAF
8 would be combined with the Energy Service rates for billing.

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

11 A. No. The Company has calculated the ESCRAF in the same manner as in the prior year's
12 filing and in accordance with the methodologies and allocations approved in the
13 Settlement Agreement in Docket No. DR 95-169, Granite State Electric Company Rate
14 Increase. However, because the Company served the LCG through a self-supply option
15 and there was a significant over-collection related to that specific group, Liberty is
16 proposing a separate reconciliation for the LCG and SCG. The Company discussed this
17 possibility at the February 28, 2023, hearing³ and at that time did not have a definite plan
18 to address the reconciliation but agreed to work with the DOE on a process to reconcile

³ February 28, 2023, Hearing Transcript at 38. https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-024/TRANSCRIPTS-OFFICIAL%20EXHIBITS-CLERKS%20REPORT/22-024_2023-03-17_TRANSCRIPT_02-28-23.PDF

1 by group. The Company is proposing separate reconciliations by group and has
2 presented separate schedules to split out the over- or under-collection by group.

3 **VII. PROPOSED ENERGY SERVICE RATES**

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

5 A. At this time, the final results of the RFP are not available, therefore, the full proposed
6 energy service rate is not known at this time. The Company will propose both the base
7 energy service rate and RPS factor in its upcoming filing on June 23, 2023.

8 **VIII. HIGH ENERGY PRICES - COMMUNICATION AND OUTREACH**

9 **Q. Per Order No. 26,643 (June 20, 2022) and Order No. 26,752 (December 22, 2022),**
10 **provide an update on communication efforts over the past year related to the high**
11 **energy service prices.**

12 A. Beginning in the summer of 2022, when market energy prices began to increase and
13 realizing the impact the increased cost of energy would have on our customers, Liberty
14 launched a comprehensive communications campaign to educate customers on the drivers
15 for the increased cost as well as ways they could work to offset the costs through energy
16 efficiency and financial assistance programs. Efforts included:

- 17 • Education for customer-facing employees via internal memos and guidance on
18 how to answer customer questions
- 19 • Webpage designed to explain the increased costs and point customers to helpful
20 resources and savings opportunities

- 1 • Pocket card for field crews that allow customers to send in their contact
2 information and have a customer service representative call them with assistance
3 opportunities
- 4 • Pocket card for field crews that could be left with customers with a high-level
5 explanation and QR code directing customers to the website
- 6 • Monthly customer email outreach (May – December), reviewed by both the DOE
7 and the Office of the Consumer Advocate
- 8 • Social media advertisements promoting energy efficiency programs and financial
9 assistance programs to support customers in need
- 10 • A bill message in July and August driving customers to the website
- 11 • Single subject email to customers in June; this email had a 41% open rate and 618
12 link clicks
- 13 • A mailed letter to all electric customers in late July
- 14 • Sponsorship of a local radio energy savings series
- 15 • Targeted outreach to key accounts (commercial and industry) to provide guidance
16 and programs to support them
- 17 • Personal conversations with members of the Business Industry Association, local
18 Chambers of Commerce, and legislators

19 The total cost for the efforts outlined above is shown in the table below.

Tactic	Cost
Letter to customers	\$31,688
Social Ads	\$597
Radio Campaign	\$2,000
Email	\$1,344
Palm Cards	\$50
Total	\$35,679

1

2 **IX. CONCLUSION**

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

4 **A. Yes, it does.**