

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DG 23-xxx

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty
2023–2024 Local Distribution Adjustment Charge (LDAC)

DIRECT TESTIMONY

OF

TYLER J CULBERTSON

AND

ADAM R.M. YUSUF

August 21, 2023



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1 **I. INTRODUCTION**

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

3 A. My name is Tyler J Culbertson. I am the Director of Rates and Regulatory Affairs for
4 Liberty Utilities Service Corp. (“LUSC”), which provides service to Liberty Utilities
5 (EnergyNorth Natural Gas) Corp. d/b/a Liberty (“Liberty” or the “Company”). My
6 business address is 15 Buttrick Road, Londonderry, New Hampshire.

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

8 A. I am submitting testimony in this proceeding before the New Hampshire Public Utilities
9 Commission (“Commission”) on behalf of Liberty.

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

11 A. I graduated from the University of Iowa in 2009 with a Bachelor of Science degree in
12 Accounting, and I have held an active Certified Public Accountant (“CPA”) license since
13 2012. I joined LUSC in May 2023. Prior to my employment at LUSC, I was employed by
14 DCP 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. Please describe your duties at LUSC.**

2 A. As Director of Rates and Regulatory Affairs, I am primarily responsible for rates
3 regulatory affairs for Liberty and Liberty Utilities (Granite State Electric) Corp.

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

5 A. Yes. I testified in a regulatory proceeding before the Commission in Docket No. DE 23-
6 044 in support of Liberty Utilities (Granite State Electric) Corp.'s Default Energy Service
7 rates.

8 **Q. Mr. Yusuf, please state your full name, business address, and position.**

9 A. My name is Adam R.M. Yusuf. I am an Analyst I for Rates and Regulatory Affairs for
10 LUSC, which provides service Liberty. My business address is 15 Buttrick Road,
11 Londonderry, New Hampshire.

12 **Q. Please describe your business and educational background.**

13 A. I graduated from the University of New Hampshire, Durham, in 2009 with a Bachelor of
14 Science in Psychology with a minor in Kinesiology: Sports Studies. I received an
15 Associate Degree in Human Services from New Hampshire Technical Institute in
16 Concord, in 2014. I received a Master of Business Administration from Southern New
17 Hampshire University in 2022. I joined Liberty in April 2019, where I held positions as a
18 Customer Service Representative and Billing Representative before joining the Rates and
19 Regulatory Affairs Department.

1 **Q. Please describe your duties at LUSC.**

2 A. As Analyst I of Rates and Regulatory Affairs, I am responsible for providing rate-related
3 services for Liberty and Liberty Utilities (Granite State Electric) Corp.

4 **Q. Have you testified before the New Hampshire Public Utilities Commission**
5 **(“Commission”)?**

6 A. No, this is my first testimony before the Commission.

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

8 A. The purpose of my testimony is to explain the Company’s proposed 2023/2024 Local
9 Delivery Adjustment Charge, effective November 1, 2023.

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

11 **Q. What is the purpose of the LDAC?**

12 A. As described on pages 33–34 of the Company’s tariff, the purpose of the LDAC is to
13 adjust, on an annual basis, the Company’s delivery charges in order to recover
14 Conservation Charges (“CC”)¹, Revenue Decoupling Adjustment Factor (“RDAF”),
15 Property Tax Adjustment Mechanism (“PTAM”), Environmental Surcharges (“ES”), rate
16 case expenses and recoupment (“RCE”), and Gas Assistance Program costs (“GAP”).

17 **Q. What surcharges will be billed under the LDAC?**

18 A. As shown on proposed Tenth Revised Page 101, the Company is submitting for approval
19 an LDAC of \$0.1974 per therm for residential customers, and \$0.0887 per therm for the

¹ The CC only includes the Energy Efficiency Charge (“EEC”), as the Demand Side Management Charge is no longer applicable.

1 commercial/industrial customers effective November 1, 2023. In compliance with
2 HB549, the LDAC rate effective January 1, 2024, upon approval, will be \$0.2006 per
3 therm for residential customers, and \$0.0909 per therm for the commercial/industrial
4 customers.

5 **Q. Which customers are billed an LDAC?**

6 A. All Liberty customers, including those in the Keene Division, are billed an LDAC charge.
7 When calculating the LDAC for the November 1, 2023, through October 31, 2024,
8 Recovery Period, forecasted Keene therm sales of 1,445,482 are added to all other
9 Liberty therm sales forecast of 183,480,749, for a total therm sales forecast of
10 184,926,232 (“Forecasted Throughput”).

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

12 A. The EEC is designed to recover the projected expenses associated with the Company’s
13 energy efficiency programs for the November 2023 through October 2024 period. The
14 new legislation set funding for Energy Efficiency based on 2020 levels with subsequent
15 adjustments beginning January 1, 2023, based on the inflationary data of the most
16 recently available 3-year average of the consumer price index for wage earners (CPI-W²)
17 as published by the United States Department of Labor, Bureau of Labor Statistics, all as
18 calculated by the New Hampshire Department of Energy. HB 549 also established a
19 mechanism to reconcile over- and under-collections that requires New Hampshire utilities
20 to submit a filing to the Commission each December in which they summarize their

² https://www.bls.gov/opub/btn/volume-3/why-does-bls-provide-both-the-cpi-w-and-cpi-u.htm#_edn1

1 variances and propose rate changes to reconcile the differences. The Joint Utilities will
2 submit tariff amendments December 1 altering solely the gas utilities' LDAC reconciled
3 for over- and under-collections already occurred, for effect each January 1 for the
4 following year. HB549 sets the rate for residential and commercial customers for a
5 calendar year, versus the LDAC period of November through October used for other
6 LDAC components. The EEC rate is calculated using the most recently available 3-year
7 average of the consumer price index ("CPI-W") as published by the Bureau of Labor
8 Statistics of the United States Department of Labor [to account for inflation] as calculated
9 by the DOE, both in accordance with HB 549. The estimated rates for effect January 1,
10 2024, will be updated by December 1, 2023, to account for any over or under collections
11 and to incorporate the inflation adjustment in accordance with HB 549.

12 As shown on Schedule 2, the proposed EEC effective January 1, 2024, is \$0.0699 per
13 therm for residential customers and \$0.0466 per therm for commercial and industrial
14 customers.

15 **Q. Please describe the Environmental Surcharge ("ES")?**

16 A. The ES recovers environmental costs associated with investigation, testing, remediation,
17 litigation expenses, and other liabilities relating to manufactured gas program sites,
18 disposal sites, or other sites onto which material may have migrated, as a result of the
19 operating or decommissioning of New Hampshire gas manufacturing facilities. These
20 costs include the costs of the closure of the Relief Holder and pond at Gas Street,
21 Concord, NH. The ES also includes the expenses incurred by the Company in pursuing

1 insurance and third-party claims and any recoveries or other benefits received by the
2 Company as a result. The costs submitted for recovery through the ES cost recovery
3 mechanism, as well as the third-party recoveries, are included in Schedule 3 of this filing.
4 The environmental investigation and remediation costs that underlie these expenses are
5 the result of efforts by the Company to respond to its legal obligations regarding these
6 sites, as described by Mr. Sanborn in his pre-filed direct testimony in this proceeding and
7 as outlined in the Manufactured Gas Plant (MGP) site summaries included in this filing
8 under Schedule 3. Any prior period reconciliation adjustments are also incorporated into
9 the environmental surcharge rate calculation.

10 **Q. Please describe how the Company calculated the ES rate component of the LDAC**
11 **included in this filing.**

12 A. The ES rate calculated annually consists of one-seventh of the net actual environmental
13 response costs incurred by the Company in the twelve-month period ending June 30 of
14 each year until fully amortized over seven years. The net costs, inclusive of any insurance
15 and third-party recoveries or other benefits, plus any prior period reconciliation is divided
16 by the Company's Forecasted Throughput for the upcoming twelve months of November
17 1 through October 31. Schedule 3 provides the support and calculations that make up the
18 MGP and Relief Holder rate components of the LDAC.

19 As shown on Schedule 3, page 1, overall ES rate for the period beginning November 1,
20 2023, and ending October 31, 2024, is \$0.0020 per therm. This combined rate includes

1 the proposed MGP rate of \$0.0018 per therm and the Relief Holder and pond at Gas
2 Street rate of \$0.0002 per therm.

3 As described in more detail in Mr. Sanborn’s testimony, the first stage of the work
4 associated with the stabilization of the holder house was completed in July 2022. Liberty
5 EnergyNorth’s continuing contribution portion of the costs of the stabilization work to
6 the Relief Holder and pond at Gas Street in Concord, NH, is \$245,080.

7 **Q. Please explain why there is a considerable decrease in in the Environmental**
8 **Surcharge (“ES”) compared to previous years?**

9 A. The decrease in the ES rates is due to the full amortization of 2015–2016 costs which
10 were a significant portion of the annual costs. Additionally, a miscalculation of the
11 amortization of remediation cost pools in the 2022/2023 filing was found during the
12 preparation of the current filing. Corrections were made in Schedule 3.3 (lines 37–44) of
13 the current filing to correct the amortization in the prior year and reverse any over
14 amortization.

15 **Q. Please explain the Revenue Decoupling Adjustment Factor (“RDAF”).**

16 A. The purpose of the RDAF is to recover or refund, on an annual basis, the difference
17 between the Actual Base Revenue per Customer and the Benchmark Base Revenue per
18 Customer. In 2022, the Company proposed to recover \$3,733,697 in under recoveries for
19 the 2021–2022 RDAF year. In Order No. 26,692 the Commission ordered the Company
20 to remove the RDAF and gas holder costs from the October 2022 hearing in DG 22-045,

1 to be addressed in a later hearing³. As such, the Company has not begun collection of the
2 under-collection for the 2021–2022 period. At this time, the Company is requesting to
3 recover the 2021–2022 under-collection in addition to the under-collection for the 2022–
4 2023 period. The total request for recovery is \$9,175,597 (includes residential,
5 commercial and industrial). The summary of the under-collections is shown on Schedule
6 4, Page 1. The calculation of the 2021–2022 under-collection is shown on Schedule 4,
7 Page 2. The calculation of the 2022–2023 under-collection is shown on Schedule 4, Page
8 3. As shown on Schedule 4, the proposed RDAF charge is \$0.1041 per therm for
9 residential customers and \$0.0177 per therm for commercial and industrial customers.

10 **Q. Has the Company included the \$4,024,830 related to improperly refunded revenue**
11 **decoupling reconciliation revenues that is the subject of Docket No. DG 22-041 in**
12 **this RDAF calculation?**

13 A. No. The Company has excluded the \$4,024,830, which arises from the first two years of
14 the decoupling mechanism (2018–2019 and 2019–2020) as this is the subject of a
15 separate proceeding, Docket No. DG 22-041. The parties addressed the dispute over these
16 revenues at the June 22, 2023, hearing in that docket. Post hearing briefs have been filed,
17 and the matter is before the Commission for resolution. Once the issue is resolved, the
18 Company will make the appropriate filing to implement the Commission’s order.

³ The Commission scheduled an August 30, 2023, hearing in Docket No. DG 22-045, to rule on the 2021–2022 RDAF reconciliation and the Concord gas holder costs that were removed from the hearing in the fall of 2022.

1 **Q. Please describe the Property Tax Adjustment Mechanism (“PTAM”) charge.**

2 A. The PTAM reconciles the Company’s actual property tax expense incurred with the
3 revenue collected through customer rates.

4 **Q. What period is covered by the PTAM adjustment proposed in your testimony?**

5 A. The PTAM adjustment proposed here covers the period April 1, 2022, through March 31,
6 2023 (“Municipal Property Tax Year 2022”).

7 **Q. Has the Company reconciled the 2022 Property Tax year?**

8 A. Yes. To calculate the total property tax variance to be collected or refunded, the
9 Company first reconciled the previous period collections for property tax year 2021. For
10 the current Recovery Period, the total actual and estimated collections is \$277,517 plus
11 interest of \$81,322, for a total under-collection of \$358,839 as shown on Schedule 5,
12 Page 2, line 20. Next, the Company summed the actual tax expense for the Municipal
13 Property Tax Year 2022 to \$11,470,227 and removed \$8,924,897 which is included in
14 base rates (see Schedule 5, Page 3). The difference between the Property Taxes Billed for
15 2022 and the approved municipal Property Taxes of \$8,924,897 set in Order No. 26,505
16 is \$2,545,330.

17 The Company is proposing to recover the property taxes in excess of what is currently in
18 rates (\$8,924,897) and the 2022 total bills (\$11,470,227), or \$2,545,330, in addition to
19 the under-collected amount of \$358,839, per above. This calculation is provided in
20 Schedule 5, Page 3. The Company is requesting to include this amount in the rate for

1 November 1, 2023, spread over 184,926,232 therms. The rate resulting from this
2 calculation is \$0.0157 per therm.

3 **Q. Did the Company include a Rate Case Expense (RCE) surcharge in this filing?**

4 A. Yes, the surcharge includes rate case expenses that previously approved for recovery per
5 the Settlement Agreement and Order No. 26,808 (April 28, 2023) where the Company
6 will be allowed to recover the amount of \$123,519.25 while forgoing recovery of
7 \$37,996.91 for a depreciation study. The information is included in Schedule 6, Page 3.

8 **Q. Does the Company anticipate full recovery of the previously allowed Rate Case
9 Expense recoupment?**

10 A. Yes. The Company expects to fully recovery all Rate Case Expense by November 1,
11 2023.

12 **Q. Has the Company included expenses that were not part of the Settlement Agreement
13 of Order No. 26,808?**

14 A. No.

15 **Q. Has the Company calculated a rate associated with these expenses?**

16 A. Yes. As shown on Schedule 6, the Company is anticipating an over-recovery balance of
17 \$73,721, resulting from the overcollection of rate case expenses previously approved in
18 Order No. 26,808 (April 28, 2023) in Docket No. DG 20-105. The RCE rate of (\$0.0004)
19 per therm is determined by dividing the (\$73,721) by the estimated November 2023
20 through October 2024 sales volumes of 184,926,232 therms.

1 **Q. What is the proposed Gas Assistance Program (“GAP”) charge?**

2 A. As shown on Schedule 7, the proposed GAP charge is \$0.0093 per therm. It is designed
3 to recover administrative costs, revenue shortfall, and the prior period reconciliation
4 adjustment relating to this program. For the 2023/2024 winter period, the Company is
5 providing a 45% base rate and cost of gas discount, consistent with the settlement
6 agreement approved by the Commission in Order No. 26,397 (August 27, 2020) in
7 Docket No. DG 20-013. The proposed Residential Gas Assistance Program charge is
8 designed to recover \$1,715,939, of which \$1,336,221 is for the revenue shortfall resulting
9 from 6,097 projected customers receiving a 45% discount off their base and cost of gas
10 rates, and \$99,724 for the prior year reconciling adjustment.

11 **III. CUSTOMER BILL IMPACTS**

12 **Q. What are the estimated impacts of the proposed LDAC on an average heating**
13 **customer’s winter bill as compared to the winter rates in effect last year?**

14 A. The detailed bill impact analysis by month is presented in Schedule 8 of this filing. Please
15 see the table below for the total LDAC bill impact on an annual basis, for residential and
16 commercial customers.

LDAC-Bill Impacts⁴	Winter 2023–2024	Summer 2024	Annual Total
Residential R-3	\$57.04 or 80.7%	\$13.09 or 72.3%	\$70.13 or 79.0%
Commercial/Industrial G-41	\$3.74 or 2.0%	\$(1.24) or (3.4%)	\$2.51 or 1.1%
Commercial/Industrial G-42	\$32.15 or 1.9%	\$(15.69) or (3.6%)	\$16.46 or 0.8%
Commercial/Industrial G-52	\$23.57 or 2.0%	\$(30.05) or (3.8%)	\$(6.48) or (-0.3%)

1

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

4 A. Yes, the Company is providing both a clean and redlined version of proposed tariff Page
5 99, 100, and 101, as part of the LDAC reconciliation filing.

6 **IV. CONCLUSION**

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

8 A. Yes, it does

⁴ The dollar amounts in the table will identify an increase/(decrease) in the LDAC portion of a customer’s bill. The percentage will represent an increase/(decrease) in the LDAC portion.