

STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION

Docket No. DE 24-051

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty  
Annual Retail Rate Adjustments

SECOND REVISED DIRECT TESTIMONY

OF

ROBERT GARCIA

AND

ADAM R.M. YUSUF

April 12, 2024



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1 **I. INTRODUCTION**

2 **Q. What are your full names, business addresses, and positions?**

3 A. (RG) My name is Robert Garcia. My business address is 15 Buttrick Road, Londonderry,  
4 New Hampshire. My title is Manager, Rates and Regulatory Affairs.

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

8 **Q. By whom are you employed?**

9 A. We are employed by Liberty Utilities Service Corp. (“LUSC”), which provides services  
10 to Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty and Liberty Utilities  
11 (Granite State Electric) Corp. d/b/a Liberty (“Liberty” or the “Company”).

12 **Q. On whose behalf are you testifying?**

13 A. We are testifying on behalf of the Company.

14 **Q. Mr. Garcia, would you describe your business and educational background?**

15 A. I have an Artium Baccalaureus (Bachelor of Arts) degree in Political Science and French  
16 from Wabash College (Crawfordsville, Indiana) and a Master of Public Administration  
17 degree from the School of Public and Environmental Affairs at Indiana University  
18 (Bloomington, Indiana) with concentrations in Policy (Quantitative) Analysis and  
19 International Affairs. I also obtained a Certificat De Langue Et Civilisation Française  
20 from the Université de Paris – Sorbonne (Paris, France) and, as part of my graduate

1 studies, studied French and European government at the École Nationale  
2 D'Administration (Paris, France).

3 I was employed by ComEd from April 2001 to March 2023. I began my employment  
4 with ComEd in the Regulatory Department as a Regulatory Specialist and moved on to  
5 the positions of Senior Regulatory Specialist in 2004, Manager of Regulatory Strategies  
6 and Solutions in 2008, and Director of Regulatory Strategy and Services in 2013 before  
7 assuming my last position as Director of Regulatory Innovation & Initiatives in 2021.

8 Prior to joining ComEd, I worked for nearly nine years at the Illinois Commerce  
9 Commission, beginning in 1992 as an intern in what was then the Office of Policy and  
10 Planning and ending in 2001 as the senior policy advisor to a Commissioner. I initially  
11 joined the Commission Staff through the James H. Dunn Memorial Fellowship program,  
12 a one-year program sponsored by the Office of the Governor. Through this Fellowship, I  
13 also held short-term positions in the Bureau of the Budget and the Governor's Legislative  
14 Office.

15 **Q. Mr. Yusuf, would you describe your business and educational background?**

16 A. I graduated from the University of New Hampshire, Durham, in 2009 with a Bachelor of  
17 Science in Psychology with a minor in Kinesiology: Sports Studies. I received an  
18 Associate Degree in Human Services from New Hampshire Technical Institute in  
19 Concord, in 2014. I received a Master of Business Administration from Southern New  
20 Hampshire University in 2022. I joined Liberty in April 2019, where I held positions as a

1 Customer Service Representative and Billing Representative before joining the Rates and  
2 Regulatory Affairs Department.

3 **Q. Mr. Garcia, have you testified before the New Hampshire Public Utilities**  
4 **Commission (“Commission”)?**

5 A. Yes. I have testified before the Commission.

6 **Q. Mr. Yusuf, have you testified before the Commission?**

7 A. Yes. I have testified before the Commission.

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

9 The purpose of our testimony is to present for approval the Company’s proposed  
10 2024/2025 Annual Retail Rates, effective May 1, 2024, including the Stranded Cost  
11 Charge and the Transmission Charge, in accordance with the Company’s reconciliation  
12 and adjustment provisions in its tariff and the Company’s Amended Restructuring  
13 Settlement, as approved in Docket No. DR 98-012. Included in the proposed  
14 Transmission Charge are the 12-month reconciliations for the period May 1, 2023,  
15 through April 30, 2024, of: (1) transmission costs; (2) the Regional Greenhouse Gas  
16 Initiative (“RGGI”) auction proceeds refund; and (3) Liberty’s municipal property tax  
17 expenses (as compared to base distribution rates) through the Property Tax Adjustment  
18 Mechanism (“PTAM”)<sup>1</sup>. Included in the proposed Stranded Cost Charge are (1) the

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<sup>1</sup> In Order No. 26,619 (Apr. 28, 2022), the Commission approved Liberty’s PTAM and inclusion of the annual PTAM reconciliation in the Company’s annual Retail Rate Adjustment filing.

1 Contract Termination Charge (“CTC”) credits and (2) the 12-month reconciliations for  
2 the period May 1, 2023, through April 30, 2024, of stranded costs.

3 **Q. What adjustments to the Stranded Cost Charge and Transmission Charge does the**  
4 **Company propose?**

5 A. Attachment 1 presents the proposed Stranded Cost Charge and the Transmission Charge.  
6 The table below summarizes the current and proposed rates effective May 1, 2024:

7 ***Table 1: Rates***

<u>Average charge (\$ / kWh)</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase (Decrease)</u>
CTC Credits	\$ (0.00040)	\$ (0.00040)	\$ -
Stranded Cost Adjustment Factor	\$ 0.00009	\$ 0.00003	\$ (0.00006)
<b>Total Stranded Cost Charge</b>	<b>\$ (0.00031)</b>	<b>\$ (0.00037)</b>	<b>\$ (0.00006)</b>
Transmission Charge	\$ 0.03032	\$ 0.03273	\$ 0.00241
Transmission Service Cost Adjustment	\$ (0.00139)	\$ 0.00100	\$ 0.00239
RGGI Auction Proceeds Refund	\$ (0.00488)	\$ (0.00396)	\$ 0.00095
PTAM	\$ 0.00033	\$ 0.00002	\$ (0.00031)
<b>Total Transmission Charge</b>	<b>\$ 0.02438</b>	<b>\$ 0.02979</b>	<b>\$ 0.00541</b>

8  
9 **II. STRANDED COST CHARGE**

10 **Q. What is the Stranded Cost Charge?**

11 A. Liberty’s Stranded Cost Charge is the sum of two components. The first is a uniform  
12 charge per kilowatt-hour (“kWh”) that the Company charges all customers, which reflects  
13 the CTC assessed by New England Power Company (“NEP”) for 2023. The second  
14 component is the Stranded Cost Adjustment Factor (“SCAF”), which is specific to each  
15 rate class.

1       **A. CTC**

2       **Q.     What is the CTC?**

3       A.     In 1996, New Hampshire implemented electric retail choice for all customers with the  
4       passage of the restructuring statute, RSA 374-F, which included Liberty divesting itself  
5       of its generation assets. At that time, the CTC was established to allow for the recovery of  
6       costs associated with stranded generation assets that had been owned by the Company's  
7       former affiliate, NEP, and operated on behalf of Liberty's customers.<sup>2</sup> Specific costs  
8       include decommissioning expenses and purchase power costs, which were expected to  
9       have been recovered by 2020. However, a handful of costs remain outstanding.

10      **Q.     What costs are reflected in the CTC?**

11      A.     As the costs related to the divestiture of the generation ended in 2011, the remaining costs  
12      relate to the bankruptcy of USGen New England, Inc., the entity that purchased all of  
13      NEP's non-nuclear generating assets. The settlement in the bankruptcy states that Liberty  
14      receives an allocation of the claim proceeds received by NEP annually to pay down all  
15      the remaining NEP power contract buyout payments.

16      **Q.     What rate is the Company proposing for the CTC, and how was it determined?**

17      A.     The proposed CTC of (\$0.00040)/kWh applicable to all customer classes was calculated  
18      by NEP in Docket No. DE 24-024 by reconciling actual revenues and expenses for the

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<sup>2</sup> DR 98-012 Settlement Agreement <https://www.puc.nh.gov/Regulatory/Orders/1998ords/23041e.html>

1 prior period of October 2022 through September 2023. The rate is a credit, due to the  
2 allocation of the claim proceeds as noted above.

3 **B. SCAF**

4 **Q. What rates is the Company proposing for the SCAF and how were they**  
5 **determined?**

6 A. Attachment 2, page 1, sets forth the proposed SCAFs applicable to each class. Overall,  
7 the Company is proposing a load-weighted average SCAF of \$0.00003/kWh. The SCAF  
8 reflects the reconciliation of the Stranded Cost Charge revenues, with interest, for the  
9 period May 1, 2023, through April 30, 2024, on a class-by-class basis, resulting in a  
10 different SCAF (and in turn, a different Stranded Cost Charge) for each class. In 2023,  
11 Liberty under-collected an estimated total of \$29,070, and as such the proposed SCAFs  
12 require a collection from customers as shown in Attachment 2, page 1.

13 **Q. What data is used in these 12-month reconciliation periods?**

14 A. The 12-month reconciliations for the period May 1, 2023, through April 30, 2024,  
15 include actual revenues for May 2023 through February 2024 and forecasted revenue for  
16 March and April 2024 because actual results were not available at the time the filing was  
17 prepared. In the Company's next annual reconciliation, the beginning over/under  
18 recovery balance includes actuals for those forecasted amounts.



1 **III. TRANSMISSION CHARGE**

2 **Q. What is the Transmission Charge (“TC”)?**

3 A. The Company recovers its transmission-related expenses, which are billed by ISO-New  
4 England and NEP, through the TC. The TC is comprised of two transmission-related  
5 components: (1) a component for base transmission costs for the prospective period; and  
6 (2) a component for the reconciliation of transmission revenue and expense for the  
7 previous period. The TC also includes (3) RGGI auction proceeds refund and (4)  
8 Liberty’s PTAM to reconcile municipal property tax expenses with amounts recovered  
9 through base distribution rates.

10 **A. Transmission Costs**

11 **Q. What is the forecast for 2023 transmission costs?**

12 A. As discussed in the testimony of Mr. Christopher Green, the Company’s 2024  
13 transmission costs are estimated to be \$30,787,268 as shown in Attachment 3, page 1,  
14 line 1.

15 **Q. How does the Company allocate transmission costs?**

16 A. The Company allocates transmission costs based on the sum of each class’s monthly  
17 coincident peaks. By allocating transmission costs in this manner, the Company is  
18 applying the principle of cost causation as these costs are largely incurred based on  
19 coincident peak demands.

1 **Q. What rates are proposed for the recovery of transmission costs?**

2 A. As shown in Attachment 3, page 1, the forecast of transmission expense yields an average  
3 rate of \$0.03273 per kWh, as compared to the currently effective average transmission  
4 rate of \$0.03032 per kWh, exclusive of the reconciliation component. The table below  
5 provides a snapshot of the class-specific base transmission rates proposed beginning May  
6 1, 2024.

7 *Table 2: Transmission Rates (\$/kWh)*

<u>D</u>	<u>D-10</u>	<u>G-1</u>	<u>G-2</u>	<u>G-3</u>	<u>T</u>	<u>V</u>	<u>Streetlights</u>
\$0.04103	\$0.02108	\$0.02966	\$0.02611	\$0.03020	\$0.03401	\$0.03190	\$0.02252

8  
9 **Q. How are the rates for transmission-related services calculated?**

10 A. The rate class-specific transmission rates are calculated by dividing the allocated  
11 transmission expense estimate for each rate class for the May 1, 2024, through April 30,  
12 2025, period by the forecasted kWh sales for each rate class for the same period as shown  
13 in Attachment 3, page 1.

14 **B. Transmission Service Cost Adjustment**

15 **Q. How was the Transmission Service Cost Adjustment calculated?**

16 A. The Transmission Service Cost Adjustment reflects the reconciliation of transmission  
17 costs and revenues, along with associated interest at the prime rate, over the 12-month  
18 period. This component of the TC was calculated by totaling the projected under-  
19 collection of transmission expense of \$1,028,795 as of April 30, 2024, as shown on  
20 Attachment 3, page 3, plus the working capital of (\$87,571) as shown on Attachment 3,

1 page 5, for a total of \$941,224. That amount is then divided by the forecasted kWh sales  
2 for the period of May 1, 2024, through April 30, 2025, of 940,503,873 for a  
3 reconciliation rate of \$0.00100 per kWh to be added to the demand-weighted  
4 transmission rates on Attachment 1, page 1, line 4.

5 **Q. How is working capital calculated?**

6 A. The Settlement Agreement in Docket No. DE 19-064 provided, in part, that the Company  
7 may recover cash working capital on transmission costs through the transmission cost  
8 adjustment mechanism included in the Company's Annual Retail Rate Adjustment filing.  
9 In accordance with that settlement, the Company has included a transmission cash  
10 working capital amount in the calculation of its proposed transmission rates in  
11 Attachment 3, pages 5 through 7.

12 **Q. What is the total amount of transmission working capital included in this filing?**

13 A. The total working capital included in the TC charge is \$87,571 as shown on Attachment  
14 3, page 5. The expense lag is calculated by summing all invoices for 2023 and  
15 multiplying the number of days between when the invoice was received and when it was  
16 paid, to determine the number of days of cost as shown on Attachment 3, page 6. The  
17 days of cost are then divided by 365 days in the year to determine the invoice payment  
18 lag. The revenue lag is calculated by summing three components: (1) the Service Lag of  
19 15.21 days; (2) the Collection Lag of 29.50 days; and (3) the Billing Lag of 2.59 days.  
20 The Service Lag and Billing Lag were agreed upon in the Settlement Agreement in  
21 Docket No. DE 19-064. The Collection Lag is calculated by taking the total average

1 customer receivables for 2023 of \$14,678,764 and dividing that amount by the total daily  
2 average revenues of \$497,663. The daily revenues are calculated by dividing the monthly  
3 sales by the number of days in that month and averaged for the twelve months. The  
4 detailed calculation of the revenue lag is shown on Attachment 3, page 7.

5 **C. RGGI Auction Proceeds**

6 **Q. How does the Company propose to refund RGGI auction proceeds to delivery**  
7 **service customers?**

8 A. Consistent with Order No. 25,664 (May 9, 2014) in Docket No. DE 14-048, the Company  
9 will credit the RGGI rebate amount it receives from the allocation on a per kWh basis  
10 through its retail rate reconciliation mechanism that is adjusted on an annual basis. The  
11 Company has included a credit of (\$0.00396) per kWh for RGGI auction proceeds in its  
12 transmission service charge for 2024, as shown on Attachment 4. This credit of  
13 (\$0.00396) per kWh is comprised of the RGGI auction proceeds for May 2023 through  
14 April 2024 of (\$3,386,107) and the reconciliation component through April 2023 of  
15 (\$341,971). The total of (\$3,386,107) is then divided by the estimated sales of  
16 940,503,873 kWh to calculate the RGGI credit of (\$0.00396) per kWh, as compared to  
17 the current rate of (\$0.00488) per kWh.

1           **D. PTAM**

2           **Q.     What is the purpose of the PTAM?**

3           A.     The PTAM is a mechanism provided by RSA 72:8-e<sup>3</sup> and approved for Liberty in Order  
4           No. 26,619 (Apr. 28, 2022), which authorizes the Company to reconcile its actual  
5           property tax expense each New Hampshire property tax year (April 1 through March 31)  
6           with the revenue currently collected through base distribution rates and to make annual  
7           adjustments to TC rates accordingly.

8           **Q.     How is the current level of municipal property tax recovered through base  
9           distribution rates determined?**

10          A.     In light of the step and the temporary rate adjustment during the period, the base  
11          distribution rate recovery was derived by starting with the Base Rate amount used in  
12          Docket No. DE 23-037 of \$4,335,347 divided that by 12 months to determine average  
13          base rate recovery per month, and then multiplying by 2 months to calculate the prorated  
14          recovery amount for the period May 2023 through June 2023 or \$697,427. To determine  
15          the base distribution rate recovery for the period July 2023 through April 2024, the  
16          Property Tax costs embedded in the approved Temporary Rates in Docket No. DE 23-  
17          039<sup>4</sup> (\$5,906,188) were adjusted to remove state property taxes (\$1,239,590<sup>5</sup>) to produce

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<sup>3</sup> RSA 72:8-e directed the Commission to “establish a rate recovery mechanism for any public utility owning property that meets the definition of utility company assets under RSA 72:8-d, I.” The mechanism is to “adjust annually to recover all property taxes paid by each such utility on such utility company assets ....”

<sup>4</sup> In Order No. 26,655 (June 30, 2023), the Commission approved Liberty’s Temporary Rates filed on June 26, 2023. See Attachment TR-2.11, Line 12, Bates II-075.

<sup>5</sup> 2022 State Property Taxes Paid, per Company’s financial records paid in four equal payments of \$309,897.39 each.

1       \$4,666,598. The \$4,666,598 total is divided by 12 months, and then multiplied by 10  
2       months to determine the prorated amount of \$3,888,832. The \$3,888,832 plus the  
3       \$697,427 yields the base distribution rate recovery amount for the 12-month period of  
4       \$4,586,259.

5       **Q.     What was the variance between actual taxes billed to Liberty and base distribution**  
6       **rate recovery?**

7       A.     The audit-adjusted property taxes billed for property tax year 2023 is \$4,600,237, which  
8       is compared to the base level of \$4,586,259 as described above, resulting in a current  
9       period variance of \$13,978 as shown on Attachment 5, page 2, line 7.

10      **Q.     What were the results of the PTAM reconciliation for 2023?**

11      A.     In Docket No. DE 23-037, the Company received approval to recover \$305,405, less an  
12      adjustment of \$28,183.50 based on the Audit Report (see Attachment 7) for a total  
13      recoverable amount of \$277,221.50, to be collected over an estimated 924,515,841 kWh  
14      sales. The actual recovery that was forecasted initially at \$305,405 was \$282,130, when  
15      replacing the forecasted recoveries with actual recoveries. The adjustment of the  
16      \$28,183.50 from the Audit Report, resulted in a recoverable amount of \$253,946.50. That  
17      amount in addition to the under-collection on April 30, 2023, of \$36,298.42, which  
18      includes interest, results in the starting balance of the total recoverable amount of  
19      \$290,244.92. The actual sales for the period were 896,659,359 kWh, or 27,856,482 kWh  
20      less forecasted, resulting in an under-collection of \$5,288, as shown in Attachment 5,

1 page 3. This amount is added to the amount of property taxes uncollected for 2023, as  
2 described below.

3 **Q. What is the proposed PTAM rate and how was it calculated?**

4 A. The proposed PTAM rate is a charge of \$0.00002 per kWh and was calculated by adding  
5 the \$13,978 variance, discussed above, to the reconciliation under-recovery of \$5,288.  
6 Then the total under-recovery of \$19,266 is divided by the forecasted kWh for the period  
7 of May 1, 2024, through April 30, 2025, of 940,503,873.

8 **IV. CUSTOMER BILL IMPACTS**

9 **Q. When is the Company proposing that these rate changes be implemented?**

10 A. The Company is requesting rates effective May 1, 2024.

11 **Q. Has the Company determined the impact of the proposed Retail Rate changes on a  
12 typical residential customer's monthly bill?**

13 A. Yes. As shown in Attachment 6, the monthly bill impact for a typical residential customer  
14 using a total of 650 kilowatt hours is an increase of \$3.05/kWh or 2.25 percent.

15 **V. CONCLUSION**

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

17 A. Yes, it does.

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