

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DE 24-061

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
2024 Energy Service Solicitation

DIRECT TESTIMONY

OF

ROBERT GARCIA

AND

ADAM R. M. YUSUF

May 28, 2024



1 **I. INTRODUCTION AND QUALIFICATIONS**

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 (ARMY) My name is Adam R.M. Yusuf. I am an Analyst I for Rates and Regulatory
6 Affairs for LUSC, which provides service Liberty. My business address is 15 Buttrick
7 Road, 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 Liberty Utilities (Granite State Electric) Corp. (“Liberty”
14 or “the Company”).

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

16 A. I have an Artium Baccalaureus (Bachelor of Arts) degree in Political Science and French
17 from Wabash College (Crawfordsville, Indiana) and a Master of Public Administration
18 degree from the School of Public and Environmental Affairs at Indiana University
19 (Bloomington, Indiana) with concentrations in Policy (Quantitative) Analysis and
20 International Affairs. I also obtained a Certificat De Langue Et Civilisation Française
21 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

9 **II. OVERVIEW**

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

11 A. The purpose of our testimony is to present Liberty’s proposed annual Energy Service
12 reconciliation for the period of August 1, 2023, to July 31, 2024. Our testimony includes
13 the results of: (i) the reconciliation of Energy Service power supply expense and
14 applicable revenue, including Renewable Portfolio Standard obligations and the
15 applicable revenue, through the Energy Service Adjustment Factor (“ESAF”; and (ii) the
16 reconciliation of administrative costs and revenues associated with providing Energy
17 Service through the Energy Service Cost Reclassification Adjustment
18 Factor(“ESCRAF”). In addition, pursuant to Order 26,984 (March 29, 2024) in Docket
19 23-044, Liberty proposes modest tariff revisions that would be required to comport with
20 the decision to procure a portion of the default supply directly from the market (and not
21 through a competitive solicitation).

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

2 A. No, Liberty is not proposing new Energy Service rates at this time. The Company will
3 propose new rates when it submits its rate filing on June 21, 2024. This filing only
4 addresses the reconciliation portion of the rate calculation, as well as the conforming
5 tariff revisions.

6 **Q. Please provide the list of schedules and attachments included in your testimony.**

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

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

8
9 Schedules 1 and 2 (not attached) will provide rate calculations based on the winning bids.

10 These schedules will be filed with the full Energy Service filing on June 21, 2024.

11 Attachment 1 includes proposed revisions to Original Page 25 of the Company's tariff,
12 both clean and redline versions, in order to comply with Order 26,984 in Docket 23-044.

13 **Q. What are Energy Service rates?**

14 A. Energy Service rates are what the Company charges for the energy that it procures to
15 supply customers who do not elect to take service from a competitive supplier or who is
16 not included in a Community Power Aggregation, including associated costs. Energy
17 Service is often referred to as default supply service. The rates for Energy Service reflect
18 a pass-through of the costs with no mark-up or profit for the Company.

1 **Q. How many separate Energy Service rates are there?**

2 A. In general, Energy Service rates are set based on the customer group. Fixed monthly
3 Energy Service rates are set for the classes supplied through the Large Customer Group
4 (“LCG”). These rates change from month to month during the six-month period August
5 1 through January 31. Fixed monthly rates are also set for the classes served through the
6 Small Customer Group (“SCG”); however, these rates are fixed for the six-month period
7 and do not vary from month to month. With respect to customers served through either
8 the LCG or SCG and taking service under time of use rates, separate peak, mid peak and
9 off peak rates are set for the six-month period using models prescribed for such rate
10 updates.

11 **Q. Which customer classes 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), and the time of use
14 rates, EV-L (Commercial Plug In Electric Vehicle Charging Station) and EV-M
15 (Commercial Plug In Electric Vehicle Charging Station). Additional detail regarding the
16 class definitions is available in the Company’s retail service tariff.¹

17 **Q. Which customer classes 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
20 (Outdoor Lighting), T (Limited Total Electrical Living Rate), V (Limited Commercial

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

1 Space Heating), LED-1 (Outdoor Lighting), LED-2 (Outdoor Lighting) and G-3 (General
2 Service), and the time-of-use rates D-11 (Battery Storage Pilot) and D-12 (Residential
3 EV Charging). Additional detail regarding the class definitions is available in the
4 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 21, 2024, filing.

10 **III. BACKGROUND ON DEFAULT SUPPLY & PROCUREMENT**

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 It began in 1996, when the New Hampshire legislature passed RSA 374-F, which
14 introduced retail competition for energy supply service and required utilities in the state
15 to divest their ownership of generation assets. Prior to 1996, the utilities generated most
16 or all of the power their customers consumed and passed the costs of doing so on to their
17 customers through regulated rates. With competition for commodity supply, customers
18 can either choose a third-party supplier to provide the commodity portion of their service
19 or receive the commodity portion of their service from their electric utility. For

² *Id.*

1 customers who do not choose a third-party supplier, those customers are served by the
2 electric distribution utility under default supply service.

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

5 A. Several dockets and their resulting settlement agreements and orders have established and
6 then refined how utilities make energy service solicitations, how they evaluate bids, and
7 how best to conduct the entire procurement process. Those proceedings include the
8 Settlement Agreement in Docket No. DE 05-126, dated November 18, 2005, which was
9 approved by the Commission in Order No. 24,577 (Jan. 13, 2006). The process
10 subsequently was amended by Order No. 24,922 (Dec. 19, 2008) in Docket No. DE 08-
11 011; amended by Order No. 25,601 (Nov. 27, 2013) in Docket No. DE 13-018; and
12 further amended by Order No. 25,806 (Sept. 2, 2015) in Docket No. DE 15-010. Most
13 recently, the procurement process was modified for customers served through the SCG in
14 Order 26,984 (March 29, 2024) in Docket DE 23-044. Liberty has followed those
15 approved processes in conducting the energy service solicitation that gives rise to the
16 rates that will be proposed later in this docket.

17 **IV. ENERGY SERVICE RECONCILIATIONS**

18 **Q. Please summarize the Company's ESAF and ESCRAF reconciliations.**

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

- 1 ○ Energy Service Adjustment Factor (“ESAF”) reconciliation reflects any
2 over- or under-collection of the prior period’s ESAF, including:
- 3 ▪ Base Energy Service (over)/under collection
 - 4 ▪ Renewable Portfolio Standard (over)/under collection
 - 5 ▪ Energy Service Adjustment Factor (over)/under collection
 - 6 ▪ Interest at the customer deposit rate applicable to the monthly
7 (over)/under collection balances
- 8 ○ Energy Service Cost Reclassification Adjustment Factor (“ESCRAF”)
9 reconciliation reflects any (over)/under collection of the prior period’s
10 ESCRAF, including (over)/under collection of administrative costs of
11 providing Energy Service (*i.e.*, all Energy Service-related labor, consulting
12 costs, payments for contract security, working capital costs and customer
13 bad debt cost) and interest at the customer deposit rate applicable to the
14 monthly (over)/under collection balances.

15 The reconciliations are calculated for the period August 1, 2023, through July 31, 2024,
16 (“Reconciliation Period”) and include three months (May, June, and July) of estimated
17 revenues and costs.

18 **Q. Has the Company calculated the reconciliation factors in the same manner as in**
19 **previous reconciliations?**

20 **A.** No. In previous years, the general practice was to reconcile cost and revenues for LGC
21 and SGC customers combined. Last year, in Docket 23-044, Liberty proposed separate

1 reconciliations by group for the LCG and SCG because the Company was forced to serve
2 the LCG through direct market procurement from February to April 2023, after the
3 second Block A solicitation failed to garner bids (*see* Order 26,758 in Docket 22-024)
4 and there was a significant over-collection related to that specific group. In light of the
5 recent approval of Liberty’s proposed plan, made at the direction of the Commission, to
6 procure 20% of supply directly from the ISO-New England market for the SCG (Order
7 26,984 in Docket DE 23-044), Liberty seeks to continue the practice of applying separate
8 reconciliations to customers served under the LCG and SCG. In addition, Liberty finds
9 that the separate reconciliations, while requiring a bit more effort, represents a general
10 improvement in cost allocation by customer group.

11 **A. ENERGY SERVICE ADJUSTMENT FACTOR RECONCILIATION**

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

14 A. Yes. Schedule 3 includes the summary and details supporting the calculation of the
15 Energy Service Adjustment Factors (“ESAF”) to be applied to default supply charges.
16 As noted above, the ESAF includes the (over)/under collection balances of Energy
17 Service, the Energy Service Adjustment Factor, RPS, and applicable interest, which are
18 presented in Schedule 3, pages 2, 2-1, and 2-2.

19 **Q. Would you provide an overview of Schedule 3?**

20 A. Schedule 3, page 1 presents the estimated (over)/under collection by supply group and the
21 resulting ESAFs for the SCG and LCG, respectively. Schedule 3, page 2, presents the

1 reconciliation of revenues and expenses by month for the Reconciliation Period.

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

7 **Q. What is the result of the Company's ESAF reconciliation for the period ending July**
8 **31, 2024?**

9 A. As shown on Schedule 3, page 1, the Company has estimated an under collection of
10 Energy Service power supply costs of \$437,323 for the LCG and an overcollection of
11 \$746,842 for the SCG. When these (over)/under collections are divided by the estimated
12 Energy Service forecasted kilowatt-hour sales, it results in an estimated ESAF of
13 \$0.00627 for the LCG and (\$0.00303) for the SCG to be included in Energy Service rates
14 effective August 1, 2024 through July 31, 2025. The primary driver of the LCG over
15 collection balance is the self-supply option which caused revenues to exceed forecasted
16 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 ESAF reconciliation.

1 **Q. Has Liberty made any adjustments for the Class III REC costs at issue in Docket**
2 **DE 23-044?**

3 A. No. The Commission has not entered an order resolving this open issue as of the time of
4 this filing.

5 **B. ENERGY SERVICE COST RECLASSIFICATION ADJUSTMENT**
6 **FACTOR RECONCILIATION**

7 **Q. Is the Company presenting a reconciliation of administrative costs of providing**
8 **Energy Service and associated revenues in this filing?**

9 A. Yes. Schedule 4 includes the summary and details supporting the calculation of the
10 Energy Service Cost Reclassification Adjustment Factors (“ESCRAF”) to be applied to
11 default supply charges. As noted above, the ESCRAF includes the (over)/under
12 collection balances of Energy Service related administrative costs and applicable interest,
13 which are presented in Schedule 4, pages 2, 2-1, and 2-2.

14 **Q. Would you provide an overview of Schedule 4?**

15 A. Schedule 4, page 1 presents the estimated (over)/under collection by supply group and the
16 resulting ESCRAFs for the SCG and LCG, respectively. Schedule 4, page 2, presents the
17 reconciliation of revenues and expenses by month for the Reconciliation Period. Pages 2-
18 1 and 2-2 provide reconciliations for the Large and Small customer groups, respectively.
19 The detail and allocations supporting each month’s ESCRAF administrative expense are
20 shown on pages 4, 4-1, and 4-2 of Schedule 4.

1 **Q. Has the Company calculated the proposed ESCRAFs for the period beginning**
2 **August 1, 2024?**

3 A. Yes. Schedule 4, page 1, calculates the estimated ESCRAF of \$0.00449 per kWh for the
4 LCG and \$0.00215 per kWh for the SCG for the period of August 1, 2024, through July
5 31, 2025. The proposed ESCRAFs will be combined with the ESAFs and Energy Service
6 rates for billing.

7 **Q. Do the proposed ESCRAFs reflect the cost of Tyr Energy LLC’s White Paper**
8 **regarding call-option strategies that the Commission authorized in its Procedural**
9 **Order (April 24, 2024) in Docket DE 23-044?**

10 A. The report is not due with the Commission until June 20, 2024. No invoices have been
11 received from Tyr as of the date of this filing; therefore, these costs will be reflected in
12 next year’s reconciliations.

13 **V. CONFORMING TARIFF CHANGES**

14 **Q. Are any revisions to Liberty’s tariff needed in order to implement Order 26,984 in**
15 **Docket DE 23-044?**

16 A. Yes. Compliance with the Commission’s recent approval of the plan to procure 20% of
17 supply directly from the ISO-New England market for the SCG would require a modest
18 change to paragraph 45 (Energy Service Adjustment Provision) of the Terms and
19 Conditions (Original Page 45), which generally refers to the procurement being made
20 through a “competitive bidding process.” As also shown in Attachment 1, Liberty
21 proposes the following changes:

1 45. Energy Service Adjustment Provision

2 Energy Service shall be procured by the Company pursuant to a competitive
3 bidding process or as otherwise directed by the Commission, and the rates for
4 Energy Service shall be based on short-term market prices and include an estimate
5 of administrative costs associated with the provision of Energy Service.
6

7 Additional refinements to the tariff may be required in the future as the Commission
8 further explores alternatives to the current procurement processes, including most notably
9 the upcoming Tyr Energy LLC White Paper regarding call-option strategies.

10 **VI. CONCLUSION**

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

12 **A. Yes, it does.**