

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

Docket No. DG 21-xxx

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty

Property Tax Adjustment Mechanism

DIRECT TESTIMONY

OF

DAVID B. SIMEK

August 20, 2021



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1 **I. INTRODUCTION AND QUALIFICATIONS**

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

3 A. My name is David B. Simek. My business address is 15 Buttrick Road, Londonderry,
4 New Hampshire.

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

6 A. I am employed by Liberty Utilities Service Corp. (“LUSC”), which provides service to
7 Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (“Liberty” or “the
8 Company”).

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

10 A. I graduated from Ferris State University in 1993 with a Bachelor of Science in Finance.
11 I received a Master’s of Science in Finance from Walsh College in 2000. I also received
12 a Master’s of Business Administration from Walsh College in 2001. In 2006, earned a
13 Graduate Certificate in Power Systems Management from Worcester Polytechnic
14 Institute. In August 2013, I joined LUSC as a Utility Analyst and I was promoted to
15 Manager, Rates and Regulatory Affairs in August 2017. Prior to my employment at
16 LUSC, I was employed by NSTAR Electric & Gas (“NSTAR”) as a Senior Analyst in
17 Energy Supply from 2008 to 2012. Prior to my position in Energy Supply at NSTAR, I
18 was a Senior Financial Analyst with the NSTAR Investment Planning group from 2004
19 to 2008.

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

3 A. Yes, I have testified on numerous occasions before the Commission.

4 **II. PURPOSE OF TESTIMONY**

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

6 A. The purpose of my testimony is to present Liberty’s reconciliation and proposed rate
7 adjustments related to the Property Tax Adjustment Mechanism (“PTAM”) in
8 accordance with the Settlement Agreement approved by Order No. 26,505 (July 30,
9 2021) in Docket No. DG 20-105.

10 The purpose of the reconciliation analysis is to determine the difference between the
11 amount of municipal property taxes included in distribution rates as of March 31, 2021,
12 and the actual amount of municipal property tax bills received during calendar year 2020
13 and related to the property tax year that began April 1, 2020, and ended March 31, 2021
14 (“property tax year 2020”).

15 **Q. Did you perform your analysis consistent with the processes and procedures**
16 **described in the approved Settlement Agreement in Docket No. DG 20-105?**

17 A. Yes. I have performed my analyses consistent with the Settlement Agreement. Section
18 6.3 of the Settlement Agreement detailed the overall operation of the reconciling
19 mechanism and reads, in part:

20 ...local property tax bills received during calendar year 2020 will be
21 compared to the calculated amount in distribution rates through

1 March 31, 2021, which includes the recoupment of the property tax
2 amount reconciled between temporary and permanent rates.¹
3 (Exhibit 49 at Bates 12)

4 “The calculated amount in distribution rates” referenced above for the initial property tax
5 year ended March 31, 2021, is \$8,924,897 and was detailed in Appendix 3² of the
6 Settlement (see line 12 of that document).

7 **Q. Please describe the results of your analysis.**

8 A. As stated above, the calculated amount of municipal property taxes included in
9 distribution rates as of March 31, 2021, of \$8,924,897 was approved by Order No.
10 26,505. The amount of property tax year 2020 municipal property tax bills received
11 during calendar year 2020 was \$10,902,358. The difference of \$1,977,461 is the amount
12 the Company is proposing to recover from customers. This calculation is provided in
13 Attachment 1 to my testimony. Details of the property tax invoice amounts by
14 municipality and parcel totaling the \$10,902,358 are included in Attachment 2.

15 **Q. How will \$10,902,358 carry over into the 2021 property tax year reconciliation?**

16 A. If approved as filed, the \$10,902,358 will be the beginning balance of municipal property
17 taxes included in distribution rates through March 31, 2022, as there are not any
18 distribution rate adjustments scheduled prior to that date.

¹ Docket No. DG 20-105, Exhibit 49 at Bates 12.

² Id. at Bates 32.

1 **Q. Will there be an additional adjustment to the amount of municipal property taxes**
2 **included in distribution rates through March 31, 2022?**

3 A. Yes. The municipal property taxes included in distribution rates as of March 31, 2021, of
4 \$8,924,897 includes an adjustment for the recoupment of the property tax amount
5 reconciled between temporary and permanent rates of \$624,999 (see line 11 of
6 Attachment 1). There will be a similar adjustment to the municipal property taxes
7 included in distribution rates through March 31, 2022, for the remaining portion of the
8 recoupment period.

9 **Q. Why does the reconciliation use property tax year municipal property tax bills**
10 **received during the calendar year?**

11 A. Property tax bills received during a calendar year cover the annual property tax year that
12 begins on April 1 and ends the following March 31.

13 **III. EFFECTIVE DATE AND RATE IMPACTS**

14 **Q. What is the proposed distribution rate increase and how was it calculated?**

15 A. The proposed distribution increase is 2.2% as shown under the non-residential rate
16 classes in Attachment 3. The customer charge for residential customers must remain
17 fixed so the volumetric component of the rate increases by a higher percentage in order
18 for each residential rate class to have an overall increase of 2.2%. The non-heating
19 residential rate classes (rates R-1 and R-5) have higher increases since the customer
20 charge is a significant portion of the total class revenue; not changing that component
21 means the volumetric charge needs to change to a greater extent than in other residential

1 rate classes. The 2.2% increase is calculated by taking the proposed increase of
2 \$1,977,461 and dividing by current revenues of \$89,889,944.

3 **Q. How and when is the Company proposing that these rate changes be implemented?**

4 A. Consistent with the approved Settlement Agreement in Docket No. DG 20-105, the rate
5 changes are for effect with usage on and after November 1, 2021.

6 **Q. Has the Company determined the impact of the PTAM rate changes on a typical
7 residential customers' bill?**

8 A. Yes. The annual bill impact for a typical Residential Heating customer in rate class R-3
9 using a total of 811 therms per year is \$9.00, or 0.81%.

10 **IV. CONCLUSION**

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

12 A. Yes, it does.

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