

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

Docket No. DE 21-087

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Energy Service for the Period February 1, 2022 – July 31, 2022

**DIRECT TESTIMONY
OF
HEATHER M. TEBBETTS
AND
ADAM M. HALL**

December 17, 2021



THIS PAGE LEFT BLANK INTENTIONALLY

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Ms. Tebbetts, please state your full name, business address, and position.**

3 A. My name is Heather M. Tebbetts and my business address is 9 Lowell Road, Salem, New
4 Hampshire. I am Manager of Rates and Regulatory Affairs for Liberty Utilities Service
5 Corp. (“LUSC”) and am responsible for providing rate-related services for Liberty
6 Utilities (EnergyNorth Natural Gas) Corp. (“EnergyNorth”) and Liberty Utilities (Granite
7 State Electric) Corp. (“Granite State”), (collectively “Liberty” or “the Companies”).

8 **Q. Please describe your educational background and training.**

9 A. I graduated from Franklin Pierce University in 2004 with a Bachelor of Science degree in
10 Finance. I received a Master of Business Administration from Southern New Hampshire
11 University in 2007.

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

13 A. I joined LUSC in October 2014. Prior to my employment at LUSC, I was employed by
14 Public Service Company of New Hampshire (“PSNH”) as a Senior Analyst in NH
15 Revenue Requirements from 2010 to 2014. Prior to my position in NH Revenue
16 Requirements, I was a Staff Accountant in PSNH’s Property Tax group from 2007 to
17 2010 and a Customer Service Representative III in PSNH’s Customer Service
18 Department from 2004 to 2007.

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

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

1 **Q. Mr. Hall, please state your full name, business address, and position.**

2 A. My name is Adam M. Hall. My business address is 15 Buttrick Road, Londonderry, New
3 Hampshire. I am an Analyst in the Rates and Regulatory Affairs department for Liberty
4 Utilities Service Corp. (“LUSC”) and am responsible for providing rate-related services
5 for Liberty Utilities (EnergyNorth Natural Gas) Corp. (“EnergyNorth”) and Liberty
6 Utilities (Granite State Electric) Corp. (“Granite State”), (collectively “Liberty” or “the
7 Companies”).

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

9 A. LUSC.

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

11 A. I graduated from Siena College in 2014 with a Bachelor of Science in Finance. I also
12 received a Master of Business Administration from Franklin Pierce University in 2016. I
13 joined Liberty as an Analyst, Rates and Regulatory Affairs in January 2019. Prior to this,
14 I was employed by Southern New Hampshire University from 2016 to 2019.

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

16 A. Yes, I have testified on multiple occasions before the Commission.

17 **II. OVERVIEW**

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

19 A. The purpose of our testimony is to support the Company’s proposed energy service rates
20 for the six-month period beginning February 1, 2022. In addition, our testimony provides

1 background information on deregulation, the process the Company follows to obtain the
2 energy supply, and how the rates are calculated.

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

4 A. The rates that the Company charges customers for the energy it procures on their behalf.
5 Energy service is often referred to as default service.

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

7 A. Two, the Large Customer Group and the Small Customer Group.

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

9 A. Liberty's customers who receive service under rate class G-1 (General Service Time-Of-
10 Use) or rate class G-2 (General Long-Hour Service). Additional detail regarding the
11 class definitions is available in the Company's retail service tariff.¹

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

13 A. Liberty's customers who receive service under rate classes D (Domestic Service), D-10
14 (Domestic Service with Optional Peak Load Pricing), M (Outdoor Lighting), T (Limited
15 Total Electrical Living Rate), V (Limited Commercial Space Heating), and G-3 (General
16 Service), and the time-of-use rates D-11 (Battery Storage Pilot) and D-12 (Residential
17 EV Charging). Additional detail regarding the class definitions is available in the
18 Company's retail service tariff.²

¹ [<https://new-hampshire.libertyutilities.com/uploads/Rates%20and%20Tariffs/Electric%202021/Tariff%20No.%202021%20August%201,%202021.pdf>]

² *Id.*

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

2 A. No.

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

4 A. Yes, Attachment HMT/AMH-3 provides bill impacts for residential customers using 650
5 kWh per month taking energy service.

6 **III. BACKGROUND**

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

9 A. In 1996, when the New Hampshire legislature passed RSA 374-F, which started the
10 process of deregulation and required utilities in the state to divest their ownership of
11 generation assets. Prior thereto, the utilities generated most or all of the power their
12 customers consumed and passed the costs of doing so on to their customers through
13 regulated rates.

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

15 A. Deregulation created competition in all of the state, meaning that customers may choose a
16 third-party supplier to provide the commodity portion of their service rather than
17 automatically receive the commodity portion of their service from their electric utility, as
18 was the practice prior to deregulation. For customers who do not choose a third-party
19 supplier, those customers are served by the electric utility under energy service.

1 **Q. When were the procedures by which the Company purchases energy on behalf of its**
2 **default customers established by the Commission?**

3 A. They have evolved over time in a number of ways, particularly with regard to the timing
4 of procurements and the periods for which rates would be effective.

5 **Q. Please explain.**

6 A. From the time deregulation became effective in New Hampshire through 2014, the six-
7 month periods for Liberty's default service rates began November 1 and May 1, but there
8 were questions as to whether those time frames, and the energy solicitation process itself,
9 were the most appropriate to achieve the goals of restructuring. Liberty raised those
10 issues in Docket No. DE 14-211 (Petition for Alternate Plan for Procurement of Energy
11 Services Requirements for all Customer Groups), and Liberty, Unitil, and the Office of
12 the Consumer Advocate ("OCA") continued the discussion in Liberty's and Unitil's
13 energy service filings in the fall of 2014. The OCA suggested that energy service
14 customers may benefit from changing the term of energy service procurement from a 6-
15 month block to a 12-month block to mitigate the price spikes that occur in the winter
16 months. The OCA also proposed that procuring power through a laddered portfolio could
17 provide some rate stability.

18 **Q. What are a 6-month and 12-month block and how do they mitigate price spikes?**

19 A. The blocks refer to the periods by which the Company procures power. The Company
20 procures energy for six months at a time to allow for receiving bids with the latest pricing
21 possible for the future period in which those prices will serve our energy service
22 customers. Utilizing a 12-month block would not allow for the latest pricing to be

1 delivered to our customers, especially in times where the procurement happens during
2 severe price volatility periods.

3 **Q. Is it necessary to mitigate price spikes in the summer as well?**

4 A. Yes, summer pricing spikes just as winter pricing spikes so moving the procurement
5 periods alleviates summer pricing spikes as well.

6 **Q. What was the result of DE 14-211?**

7 A. The Commission opened Docket No. IR 14-338 (Review of Default Service Procurement
8 Processes for Electric Distribution Utilities) to review the various approaches to energy
9 service solicitations and directing Staff to conduct stakeholder discussions with electric
10 distribution utilities, competitive energy suppliers, market participants, and customer
11 representatives on different approaches to energy service solicitations. *See* Order No.
12 25,732 (Nov. 4, 2014).

13 **Q. What are the most important ways the New Hampshire utilities' procurement
14 practices changed as a result of that proceeding?**

15 A. First, the Commission ordered that energy service rates be set for the periods February
16 through July and August through January, an approach that was intended to separate
17 January/February and July/August and included an equal number of shoulder months in
18 each procurement period. Futures prices for January/February and July/August periods
19 tend to be closer together, particularly prior to the change. The result of this change has
20 been lower rates for each period as compared to the previous practice. The rates
21 presented in this proceeding for February through July are significantly less than other

1 procurements for the winter period, thus reinforcing the wisdom of splitting the highest
2 priced winter and summer months.

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

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

14 **IV. PROPOSED ENERGY SERVICES RATES**

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

16 A. As further described in Mr. Warshaw's testimony, the Company goes out to bid for
17 pricing for the periods of February through July, and August through January. Those
18 final awarded bids are translated into rates using the monthly bid price (MWh) multiplied
19 by the load loss factor, calculated by our Energy Procurement group. The base energy
20 service rate calculation is provided in Attachments HMT/AMH-1 and Attachment
21 HMT/AMH-2, line 10.

1 **Q. What adjustments are made?**

2 A. Two adjustments are made, one for a Renewable Portfolio Standard (“RPS”) factor and
3 one for a reconciling factor.

4 **Q. What is the RPS factor?**

5 A. New Hampshire's RPS statute, RSA 362-F, requires each electricity provider to meet
6 their customer load by purchasing Renewable Energy Certificates (“RECs”) representing
7 generation from renewable energy based on total MWh supplied to their customers. New
8 Hampshire’s RPS statute divides renewable energy sources into four separate classes. As
9 the Company is a provider through its energy service, we must procure RECs to meet
10 annual RPS obligations. These obligations may be found on the Commission’s website³.
11 The factor is the charge to customers to pay for those requirements added to the base
12 energy service rate.

13 **Q. What is the reconciling factor?**

14 A. As the Company procures RECs to meet the RPS obligation each year, the cost to procure
15 those RECs changes. The reconciling factor is the vehicle for the Company to collect or
16 refund the under or over collection from the previous period.

17 **Q. Have you calculated the RPS factor and the reconciling factor?**

18 A. No. We are using the same factors that were approved by the Commission in Docket No.
19 DE 21-087 on June 21, 2021.

³ https://www.puc.nh.gov/sustainable%20energy/renewable_portfolio_standard_program.htm

1 **Q. Is this approach typical?**

2 A. Yes, each year since 2008 Liberty has calculated the RPS factor and the reconciling
3 factor when proposing energy service rates for a twelve-month period and then applied
4 the same factors when proposing its next set of energy service rates for the subsequent
5 twelve-month period. Accordingly, we expect to propose new factors when the Company
6 next proposes rates for August 2022, which it will do around May 2022. The factor will
7 stay in place through July 2023.

8 **Q. Do the results of these calculations establish the energy service rates for Liberty's**
9 **default customers?**

10 A. The Large Customer Group pays the monthly rate calculated. The Small Customer
11 Group is billed on a weighted-average six-month rate.

12 **Q. Please explain.**

13 A. The pricing received from the winning bidder provides a monthly price for the six-month
14 period. For rate stability, the Small Customer Group's rate is calculated to be a
15 weighted-average six-month rate. The Large Customer Group pays the monthly rate
16 instead of paying a weighted-average six-month rate.

17 **Q. What do you propose for the Small Customer Group?**

18 A. The proposed rate for the Small Customer Group is \$0.11119 per kWh.

19 **Q. What rates do you propose for the Large Customer Group?**

20 A. Our proposed rates are shown in Table 1 below:

Table 1

Large Customer Group Rates Effective February 1, 2022

<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
\$ 0.20258	\$ 0.13422	\$ 0.08985	\$ 0.07084	\$ 0.07443	\$ 0.08324

1

2 **Q. What rates do you propose for the time-of-use rates D-11 and D-12?**

3 A. Our proposed rates are shown in Table 2 below:

Table 2

Battery Storage/Residential EV Charging Rate

<u>Critical Peak</u>	<u>Mid Peak</u>	<u>Off Peak</u>
\$0.12636	\$0.12161	\$0.10659

4

5 **Q. Have you provided workpapers that show your calculations?**

6 A. Yes, please see Attachments HMT/AMH-1 through HMT/AMH-3. The workpapers for
7 the time-of-use rates contain thousands of lines of data and, as such, filing the model is
8 not feasible, but is available upon request for review.

9 **V. RATE IMPACTS**

10 **Q. Has the Company determined the impact of the energy service rate change on a
11 typical residential customer bill?**

12 A. Yes. As shown in Schedule HMT/AMH-3, Page 1, for a residential customer taking
13 Energy Service and using 650 kWh per month, the total bill impact of the proposed rate
14 in this filing, as compared to rates effective today, is a bill increase of \$16.79 per month,
15 or 13.01% percent, from \$136.83 to \$153.83.

1 Schedule HMT/AMH-3, Page 2, compares actual historical rates in effect on February 1,
2 2021, to proposed rates effective February 1, 2022. For a residential customer taking
3 Energy Service and using 650 kWh per month, the total bill impact of the proposed rate
4 in this filing, as compared to rates effective on February 1, 2021, is a bill increase of
5 \$38.75, or 33.73% percent, from \$114.87 to \$153.62.

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

7 A. Yes, it does.

THIS PAGE LEFT BLANK INTENTIONALLY