

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

Docket No. DE 22-035

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Request for Step Adjustment

**DIRECT TESTIMONY
OF
ANTHONY STRABONE
AND
HEATHER M. TEBBETTS**

November 4, 2022



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1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. Mr. Strabone, please introduce yourself.**

3 A. My name is Anthony Strabone, my business address is 15 Buttrick Road, Londonderry,
4 New Hampshire, and I am employed by Liberty Utilities Service Corp. (“LUSC”). I am
5 the Senior Director of Electric Operations for LUSC. In that capacity, I am responsible
6 for the safe, and reliable operation, design, and maintenance of the electric system for
7 Liberty Utilities in New Hampshire.

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

9 A. Please see my April 6, 2022, testimony in this docket, marked as Exhibit 1.

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

11 A. My name is Heather M. Tebbetts, my business address is 15 Buttrick Road, Londonderry,
12 New Hampshire, and I am employed by LUSC. I am the Director of Business
13 Development and in this role, I am responsible for strategic growth and technology
14 opportunities for New Hampshire but was the original witness in this proceeding in April
15 2022 when I was employed as the Manager of Rates and Regulatory Affairs and have
16 continued my role as the witness to see the docket through the full adjudicative process
17 during my transition.

18 **Q. Please describe your educational and professional background and training.**

19 A. Please see my April 6, 2022, testimony in this docket, marked as Exhibit 1.

1 **II. PURPOSE OF TESTIMONY**

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

3 A. This testimony addresses why it is appropriate to include two specific projects in its 2021
4 Step Adjustment filing made on April 6, 2022, which the Department of Energy
5 recommended should be removed from the step revenue requirement approved in Order
6 No. 26,661.

7 **III. BACKGROUND**

8 **Q. Please provide background on the inclusion of the 8830-1958 (Install Service to**
9 **Tuscan Village) and 8830-2069 (Golden Rock Feeder 19L2) projects in the 2021 Step**
10 **Adjustment.**

11 A. The Company's last rate case, Docket No. DE 19-064, provided for three step
12 adjustments beyond the rate case test year of 2018. Specifically, Order No. 26,376 (June
13 30, 2020) approved the Settlement Agreement that allowed for two step adjustments to
14 recover for a specific and limited list of projects that were to go into service in 2019 and
15 2020, and for a third step adjustment for projects that were to go into service in 2021.
16 The Settlement Agreement stated that the Company would provide the list for the third
17 step increase in the Company's 2020 Step Adjustment filing, which was filed on April 6,
18 2021.

19 The list of projects for the first two step increases appears at Bates 029 and 031 of the
20 Settlement Agreement (Exhibit 37 in Docket No. DE 19-064), and are as follows:

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Table 1 – 2019 Step Adjustment Project List

<u>2019 Project #</u>	<u>Project Description</u>	<u>Priority</u>	<u>Total Spend</u>
8830-1911	GSE-Dist-Public Require Blanket	2. Mandated	\$431,329
8830-1912	Dist-Damage & Failure Blanket	2. Mandated	\$1,184,186
8830-C18630	Charlestown Dsub	4. Regulatory	(\$92,766)
8830-1929	Walk in Center Relocation Salem	5. Discretionary	\$567,737
8830-1944	Golden Rock Substation	3. Growth	\$2,012,483
8830-1945	Golden Rock Distribution Feeder 19L2	3. Growth	\$522,516
8830-1951	Enhanced Bare Conductor Replacement	5. Discretionary	\$1,060,252
8830-1958	Install Service to Tuscan Village South Line	3. Growth	\$803,676
8830-1959	Golden Rock Distribution Feeder 19L4	3. Growth	\$393,123
8830-1960	Golden Rock Underground	4. Regulatory	\$412,763
8830-1991	Granite St Meter Purchases	2. Mandated	\$952,029
8830-1992	Granite St Transformer Purchases	2. Mandated	\$514,275
Total			\$8,761,603

Table 2 – 2020 Step Adjustment Project List

<u>Project Description</u>	<u>Priority</u>	<u>Spend</u>
GSE Backup Battery Program	4. Regulatory Programs	\$ 1,500,000
Golden Rock Distribution Feeder 19L4	4. Regulatory Programs	\$ 1,300,000
Main St Salem - Overhead Line Relocation	2. Mandated	\$ 1,200,000
EI-NN URD Cable Replacement	5. Discretionary	\$ 1,150,000
Dist-Damage & Failure Blanket	2. Mandated	\$ 1,000,000
Install Service to Tuscan Village South Line	3. Growth	\$ 900,000
Enhanced Bare Conductor Replacement	5. Discretionary	\$ 875,000
01659 Granite State Meter Purchases	2. Mandated	\$ 840,000
Golden Rock Substation	3. Growth	\$ 650,000
01660 Granite State Transformer Purchases	2. Mandated	\$ 600,000
GSE Facilities Capital Improvements	5. Discretionary	\$ 600,000
GSE-Dist-Public Require Blanket	2. Mandated	\$ 620,000
Total		\$ 11,235,000

The highlighted portions of the above tables document the parties' agreement to include the Golden Rock distribution feeders, the Golden Rock substation, and the Install Service

1 to Tuscan Village South Line, in the 2019 and 2020 Step Adjustment project lists. The
2 language in the Settlement Agreement offers the following:

3 *“The Company shall be permitted to recover approximately \$1.4 million in*
4 *additional annual revenue in the form of a step increase in rates for capital*
5 *additions in service as of December 31, 2019, as shown in Attachment*
6 *1....The Company shall be permitted to recover approximately \$1.8 million*
7 *in additional annual revenue in the form of a second step increase in rates*
8 *for capital additions in service as of December 31, 2020, as shown in*
9 *Attachment 2... Liberty reserves the right to substitute projects into*
10 *Attachment 2 so long as any new projects are not growth projects and are*
11 *not related to the Rockingham Substation or the 115kV transmission*
12 *line...With its April 6, 2021, step adjustment filing, Liberty shall provide a*
13 *list of 2021 capital additions planned to be in service by December 31,*
14 *2021, and planned to be submitted for recovery in the third step increase*
15 *effective July 1, 2022. Such 2021 capital additions shall be similar in nature*
16 *to the 2019 and 2020 additions listed on Attachments 1 and 2 and shall not*
17 *include growth related additions.”*

18 Exhibit 37 at Bates 4–5.

19 **Q. Does the Settlement Agreement provide for the specific recovery of the two projects**
20 **at issue in this proceeding?**

21 A. Yes. As described above, the Golden Rock Feeder 19L2 and Install Service to Tuscan
22 South Line projects are specifically listed in the Settlement Agreement on Bates pages
23 029 and 031. Projects 8830-1945 and 8830-1959 were named the 19L2 and 19L4 feeders
24 in the list, but due to the configuration of the Golden Rock Substation, the 19L2 and
25 19L4 feeder positions could not be installed while maintaining proper clearance to
26 existing 23 kV equipment. As a result, these feeders were installed as the 19L6 and
27 19L8, respectively. This is only a nomenclature change and did not represent any other

change in project scope, which information was provided to the NH PUC Staff at the time, see Attachment AS/HT-1 for the relevant data response.

IV. 2021 STEP ADJUSTMENT

Q. Does the Settlement Agreement include a list of projects for the Company's third step adjustment or projects in service in 2021?

A. No, it does not. The Settlement Agreement provided that when the Company filed its second step adjustment in 2021 it would include a list of projects it intended to include in its 2022 filing.

Q. Please provide the list of projects the Company included in its 2020 Step Adjustment filing on April 6, 2021.

A. The table below provides the list of projects included in the Company's 2021 Step Adjustment filing for projects to be included in the April 6, 2022, 2021 Step Adjustment filing, at Bates 189, marked as Exhibit 65 in DE 19-064.

<u>2021 Project #</u>	<u>Project Description</u>	<u>Priority</u>	<u>Budget</u>
8830-1933	Battery Pilot	4. Regulatory Programs	\$600,000
8830-1944	Golden Rock Substation ¹	3. Growth	\$400,000
8830-1958	Install Service to Tuscan Village South	3. Growth	\$1,000,000
8830-1960	Golden Rock Underground	3. Growth	\$160,000
8830-2095	Tuscan Village EV Chargers	4. Regulatory Programs	\$400,000
8830-2069	Golden Rock Feeder 19L2 ¹	3. Growth	\$2,100,000
8830-2108	SCADA & Distribution Automation	5. Discretionary	\$200,000
8830-1966	Install 9L2 9L3 Tie Line	5. Discretionary	\$356,405
8830-2014	3rd Party Attachment Blanket	2. Mandated	\$170,667
8830-2111	Public Requirements Blanket	2. Mandated	\$520,000
8830-2112	Damage/Failure Blanket	2. Mandated	\$1,200,000
8830-2113	Distribution Asset Replacement Blanket	2. Mandated	\$200,000
8830-2121	Distribution Reliability Blanket	2. Mandated	\$161,540
8830-2114	3rd Party Attachment Blanket	2. Mandated	\$125,000

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8830-2124	LED Street Light Conversion	2. Mandated	\$125,000
8830-2139	URD Cable Replacement	5. Discretionary	\$500,000
8830-2146	Bare Conductor Replacement Program	4. Regulatory Programs	\$1,000,000
8830-2191	Meter Purchases	5. Discretionary	\$250,000
8830-2192	Transformer Purchases	2. Mandated	\$420,000
8830-2190	Transportation Fleet & Equip Blanket	5. Discretionary	<u>\$1,000,000</u>
		Total	\$10,888,612

¹Project in the original 2020 Step Adjustment list in the Settlement Agreement, but postponed to 2021

Q. Are the projects Golden Rock Feeder 19L2 and Install Service to Tuscan Village South on the 2021 list of projects?

A. Yes, they are included, as highlighted above.

Q. Why were these two projects still on the list for projects completed in 2021?

A. The Install Service to Tuscan Village South is an ongoing project whereby the Company has been installing main line to serve the load in the area. For the Golden Rock 19L2 project, the electric system in Salem was in abnormal conditions due to the construction of the 115 kV line. Because of the abnormal configuration, the Company could not maintain safe and reliable electric service to the Salem area while constructing the 19L2 feeder. Therefore, the substation portion of the 19L2 feeder project was postponed until the construction of the 115 kV system was complete, and the electric system could be put back to a normal configuration.

Q. During the discovery phase of the 2020 Step Adjustment proceeding, did the Company receive any data requests regarding the above list of projects for 2021?

A. No, it did not.

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1 **Q. Was the Company asked questions about the Salem area projects in general during**
2 **the proceedings on the second step adjustment?**

3 A. Yes. The Company was asked three questions about the Salem investments. Two of
4 those data responses became Exhibits 69 and 75 at the June 24, 2021, hearing. The third
5 data response, Staff 11-9, appears in Attachment AS/HT-2 to this testimony and
6 answered Staff's question of why the Install Tuscan Village South Line was included in
7 the filing. The Company's response includes the statement that the project was listed in
8 the Settlement Agreement, but not completed in the earlier years. Staff did not include
9 this response as an exhibit at the hearing.

10 **Q. Are there other instances during the 2020 proceeding that the Salem area projects**
11 **were discussed?**

12 A. No. Although Staff noted during the hearing that they would ask questions about the
13 2021 investments, Staff never posed any such questions. See Transcript of June 24,
14 2021, hearing at 54-58.

15 **Q. Does the Company believe it complied with the Settlement Agreement when it filed**
16 **for cost recovery of the Golden Rock Feeder 19L2 and Install Service to Tuscan**
17 **Village South Line?**

18 A. Yes. In addition to including these projects in the approved Settlement Agreement, there
19 were many more opportunities for Staff to object to the inclusion of these two projects
20 during the various step adjustment proceedings, but Staff never raised a concern: the
21 2019 Step Adjustment and 2020 Step Adjustment filings with discovery, audits for both

1 filings completed by the Audit Staff, the two hearings for those proceedings, the list of
2 the 2021 projects filed in the 2020 Step Adjustment, plus a discovery response.

3 **V. DOE AUDIT FINDINGS**

4 **Q. Has the DOE Audit division concluded its audit on the 2021 Step Adjustment and, if**
5 **so, what are its findings?**

6 A. Yes. The Audit division included two audit issues and the recommendation to remove
7 the Install Tuscan Village South Line and the Golden Rock Feeder 19L2 projects from
8 the request for cost recovery.

9 **Q. What are the two audit issues they found?**

10 A. The first audit issue was for work orders placed in service outside of the 2021 in-service
11 year; the Company agreed with those recommendations. Issue #1 also included the
12 removal of pre-capitalized labor for meter installations, with which the Company did not
13 agree because meters are a pre-capitalized asset and the labor portion is included in that
14 pre-capitalized journal entry. When a meter is installed, a debit is made to the expense
15 and a credit is made to the capitalized meter account. To remove pre-capitalized labor
16 would require a new work order to be opened for every single meter install to capture the
17 capitalized labor, which is hundreds if not thousands of work orders annually. The
18 process of opening a work order for every meter install is inefficient, and as such the
19 Company disagrees with this finding.

1 **Q. What was Audit Issue #2?**

2 A. Audit Issue #2 dealt with transformer purchases. Just as meters are pre-capitalized assets,
3 transformers are pre-capitalized as well. However, unlike meters, the Company does not
4 include labor costs in the pre-capitalization journal entry. That is because the work
5 required to install a transformer can vary widely depending on the size and type of the
6 transformer, so a work order is taken out when each transformer is installed to capture the
7 precise labor costs associated with that installation. Audit Issue #2 requested that the
8 Company separately identify the transformer installs for growth and for damage/failure,
9 and then remove from the step adjustment any transformer costs associated with growth.
10 However, the Company does not track whether a transformer is installed for
11 damage/failure or for a new customer, that information is not available, and thus the
12 Company disagrees with the Audit's conclusion.

13 **Q. The audit report also recommends the removal of the two projects at issue in this**
14 **proceeding. Did Audit explain why it is appropriate to remove these projects?**

15 A. No, Audit simply referred to DOE's post-hearing summary. In fact, on page 7 (Growth
16 Project #8830-1958 Install Service to Tuscan Village) and page 8 (Growth Project #8830-
17 2069 Golden Rock Feeder) the report states that "Audit did not perform any audit work
18 on this project." Given that Audit "did not perform any work on these projects," its
19 recommendations to remove these projects should be disregarded. Audit's finding for the
20 removal of the projects bears no weight in deciding whether to include them in this step
21 adjustment.

1 **VI. REVENUE REQUIREMENT**

2 **Q. Has the Company calculated a new revenue requirement for implementation on**
3 **December 1, 2022, based on including the audit items that the Company accepts?**

4 A. Yes. Attachment AS/HT-3 includes the revised revenue requirement calculation. Page 1
5 includes the agreed-upon recommendations from the audit for a total of (\$891,859)
6 removed from the total capital investment, resulting in a new revenue requirement of
7 \$1,608,415 versus the \$1,751,403 in the original filing.

8 **Q. What is the revised adjustment to distribution rates?**

9 A. The Company originally filed for a decrease of (1.99%) on April 6, 2022. The revised
10 adjustment to distribution rates as shown in Attachment AS/HT-3, page 3, is an
11 additional reduction of (0.30%) over twelve months to be effective on December 1, 2022.
12 The Company is proposing to spread the reduction over seven months to coincide with
13 the fact that the 2021 Step Adjustment was approved for rates effective August 1, 2022,
14 through July 31, 2023.

15 **Q. What is the impact on the average residential customer using 650 kWh per month?**

16 A. The impact to a residential customer using 650 kWh per month is a decrease of (\$0.25) or
17 -0.11%.

18 **VII. CONCLUSION**

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

20 A. Yes, it does.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

DE 19-064
Distribution Service Rate Case
2019 Step Adjustment

Staff Data Requests - Set 2

Date Request Received: 6/5/20
Request No. Staff 2-7

Date of Response: 6/15/20
Respondent: Heather M. Tebbetts
Anthony Strabone

REQUEST:

Please confirm that on Attachment 1 at 2 of the Settlement in DE 19-064, the 19L2 and 19L4 feeders are more recently referred to as the 19L6 and 19L8 feeders respectively.

RESPONSE:

Confirmed. Due to the configuration of the Golden Rock Substation, the 19L2 and 19L4 feeder positions could not be installed while maintaining proper clearance to existing 23 kV equipment. As a result, these feeders were installed as the 19L6 and 19L8, respectively. This is only a nomenclature change and had no other change in project scope.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty

DE 19-064
Distribution Service Rate Case
Step Adjustment

Staff Data Requests - Set 11

Date Request Received: 6/11/21
Request No. Staff 11-9

Date of Response: 6/21/21
Respondent: Heather Tebbetts

REQUEST:

Re: Testimony of Strabone/Tebbetts at Bates 12-13, Attachment 4 Project #8830-1958 Install Service to Tuscan Village South Line and Attachment 1; and Settlement Agreement filed in Docket DE 19-064, Section B at Bates 4 and 5. The terms of the Settlement Agreement related to the step adjustments specifically exclude projects that are considered “growth related” projects. Please explain why it is appropriate to include the Tuscan Village South Line project as part of this step increase request given that it is categorized by Liberty as a growth project.

RESPONSE:

Please see Bates 031 of the Settlement Agreement in this docket, which was approved in Order No. 26,376. This project was in the list of agreed upon projects to be included in the 2020 step adjustment filing.

[19-064_2020-05-26_GSEC_ATT_STIPULATION_SETTLEMENT_AGRMT.PDF \(nh.gov\)](#)

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Project List
In Service as of December 31, 2021

Line No	Att #	2021 Project #	Project Description	Priority	Budget	Total In Service \$	Agreed upon Reduction based on		FERC	Book Rate	Book Amt	MACRS	Tax Amt
							Audit and DOE recommendations	Revised Step Amount					
1	2	8830-1958	Install Service to Tuscan Village South	3. Growth	\$1,000,000	\$1,235,243	\$0	\$1,235,243	364	3.64%	\$44,963	3.75%	\$46,322
2	3	8830-2069	Golden Rock Feeder 19L2	3. Growth	\$2,100,000	\$1,523,493	\$0	\$1,523,493	364	3.64%	\$55,455	3.75%	\$57,131
3	4	8830-2086	Lebanon Pole Pile	5. Mandated	\$652,750	\$345,099	(\$345,099)	\$0	361	2.39%	\$0	3.75%	\$0
4	5	8830-2107	General Equipment Blanket	5. Discretionary	\$50,000	\$188,456		\$188,456	394	4.17%	\$7,859	3.75%	\$7,067
5	6	8830-2110	Street Light Blanket	2. Mandated	\$125,000	\$98,979		\$98,979	373	3.67%	\$3,633	3.75%	\$3,712
6	7	8830-2111	Public Requirements Blanket	2. Mandated	\$520,000	\$308,503		\$308,503	364	3.64%	\$11,230	3.75%	\$11,569
7	8	8830-2112	Damage/Failure Blanket	2. Mandated	\$1,500,000	\$2,022,586		\$2,022,586	364	3.64%	\$73,622	3.75%	\$75,847
8	9	8830-2113	Distribution Asset Replacement Blanket	2. Mandated	\$200,000	\$296,406		\$296,406	364	3.64%	\$10,789	3.75%	\$11,115
9	10	8830-2114	Third Party Attachment Blanket	2. Mandated	\$125,000	\$164,315		\$164,315	364	3.64%	\$5,981	3.75%	\$6,162
10	11	8830-2121	Distribution Reliability Blanket	2. Mandated	\$161,000	\$174,854		\$174,854	364	3.64%	\$6,365	3.75%	\$6,557
11	12	8830-2124	LED Street Light Conversion	2. Mandated	\$125,000	\$387,666	(\$342,937)	\$44,729	373	3.67%	\$1,642	3.75%	\$1,677
12	13	8830-2125	IT Systems & Equipment Blanket	5. Discretionary	\$3,329,840	\$379,187		\$379,187	303	33.00%	\$125,132	3.75%	\$14,219
13	14	8830-2146	Bare Conductor Replacement Program	4. Regulatory Programs	\$1,000,000	\$691,575		\$691,575	364	3.64%	\$25,173	3.75%	\$25,934
14	15	8830-2180	DTN Weather Upgrade	5. Discretionary	\$226,250	\$182,483		\$182,483	303	33.00%	\$60,219	3.75%	\$6,843
15	16	8830-2185	Meter Test Board	5. Discretionary	\$300,000	\$248,313		\$248,313	370	5.00%	\$12,416	3.75%	\$9,312
16	17	8830-2190	Transportation	5. Discretionary	\$1,000,000	\$253,649	(\$203,823)	\$49,827	392	7.50%	\$3,737	3.75%	\$1,869
17	18	8830-2191	Meter Purchases	5. Discretionary	\$250,000	\$379,368		\$379,368	370	5.00%	\$18,968	3.75%	\$14,226
18	19	8830-2192	Transformer Purchases	2. Mandated	\$420,000	\$639,262		\$639,262	368	3.51%	\$22,438	3.75%	\$23,972
19	20	8830-2197	Salem Garage	5. Discretionary	\$700,000	\$667,641		\$667,641	361	2.39%	\$15,957	3.75%	\$25,037
20			Total			\$10,187,080	(\$891,859)	\$9,295,221			\$505,577		\$348,571

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Revenue Requirement Calculation

Line	Description	Software	Structures/ Improvements	Poles, Towers, and Fixtures	Line Transformers	Meters	Street Lighting	Transportation	Tools, Shop and Garage Equip	Total
	<i>FERC Account</i>	<i>303</i>	<i>361</i>	<i>364</i>	<i>368</i>	<i>370</i>	<i>373</i>	<i>392</i>	<i>394</i>	
1	Capital Spending	\$ 561,669	\$ 667,641	\$ 6,416,976	\$ 639,262	\$ 627,681	\$ 143,709	\$ 49,827	\$ 188,456	\$ 9,295,221
2										
3	Deferred Tax Calculation									
4	Tax Method	MACRS20	MACRS20	MACRS20	MACRS20	MACRS20	MACRS20	MACRS20	MACRS20	
5	Tax Depreciation Rate	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	
6										
7	Bonus Depreciation @ 0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8										
9	Tax Basis	\$ 561,669	\$ 667,641	\$ 6,416,976	\$ 639,262	\$ 627,681	\$ 143,709	\$ 49,827	\$ 188,456	\$ 9,295,221
10	MACRS Depreciation	\$ 21,063	\$ 25,037	\$ 240,637	\$ 23,972	\$ 23,538	\$ 5,389	\$ 1,869	\$ 7,067	\$ 348,571
11										
12	Tax Depreciation - Federal	\$ 21,063	\$ 25,037	\$ 240,637	\$ 23,972	\$ 23,538	\$ 5,389	\$ 1,869	\$ 7,067	\$ 348,571
13	Tax Depreciation - State	\$ 21,063	\$ 25,037	\$ 240,637	\$ 23,972	\$ 23,538	\$ 5,389	\$ 1,869	\$ 7,067	
14										
15	Book Depreciation Rate	33.33%	2.39%	3.64%	3.51%	5.00%	3.67%	7.50%	4.17%	
16	Book Depreciation	\$ 187,204	\$ 15,957	\$ 233,578	\$ 22,438	\$ 31,384	\$ 5,274	\$ 3,737	\$ 7,859	\$ 507,431
17										
18	Tax over (under) Book - Federal	\$ (166,142)	\$ 9,080	\$ 7,059	\$ 1,534	\$ (7,846)	\$ 115	\$ (1,869)	\$ (792)	\$ (158,860)
19	Tax over (under) Book - State	(166,142)	9,080	7,059	1,534	(7,846)	115	(1,869)	(792)	(158,860)
20	Deferred Taxes - Federal @ 21.00%	(34,890)	1,907	1,482	322	(1,648)	24	(392)	(166)	(33,361)
21	Deferred Taxes - State @ 7.70%	(12,793)	699	544	118	(604)	9	(144)	(61)	(12,232)
22	Deferred Tax Balance @ 0.00%	\$ (47,683)	\$ 2,606	\$ 2,026	\$ 440	\$ (2,252)	\$ 33	\$ (536)	\$ (227)	\$ (45,593)
23										
24	Rate Base Calculation									
25	Plant in Service	\$ 561,669	\$ 667,641	\$ 6,416,976	\$ 639,262	\$ 627,681	\$ 143,709	\$ 49,827	\$ 188,456	\$ 9,295,221
26	Accumulated Depreciation	(187,204)	(15,957)	(233,578)	(22,438)	(31,384)	(5,274)	(3,737)	(7,859)	(507,431)
27	Deferred Tax Balance	47,683	(2,606)	(2,026)	(440)	2,252	(33)	536	227	45,593
28	Rate Base	\$ 422,148	\$ 649,079	\$ 6,181,372	\$ 616,384	\$ 598,548	\$ 138,401	\$ 46,626	\$ 180,825	\$ 8,833,383
29										
30	Revenue Requirement Calculation									
31	Return on Rate Base @ 9.36%	\$ 39,513	\$ 60,754	\$ 578,576	\$ 57,694	\$ 56,024	\$ 12,954	\$ 4,364	\$ 16,925	\$ 826,805
	Property Taxes @3.12%	\$ 11,683	\$ 20,333	\$ 192,922	\$ 19,245	\$ 18,604	\$ 4,319	\$ 1,438	\$ 5,635	\$ 274,179
32	Book Depreciation Expense	187,204	15,957	233,578	22,438	31,384	5,274	3,737	7,859	507,431
33	Annual Revenue Requirement	\$ 238,401	\$ 97,043	\$ 1,005,076	\$ 99,377	\$ 106,013	\$ 22,548	\$ 9,539	\$ 30,419	\$ 1,608,415
34										
35										

Capped at \$1,800,000

Rate of Return Calculation	Portion	After-Tax Cost	Pre-Tax WACC
Equity	52.0%	9.10%	6.49%
Debt	48.0%	5.97%	2.87%
	100.0%		9.36%

Tax
27.08%

Original 1,751,403
Reduction (142,988)

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Distribution Rate Adjustment for 2021 Step Adjustment
Effective December 1, 2022

	Effective 12/1/22
1 Distribution Revenues effective 8/1/22 per Docket No. DE 22-035 Order No 26,661 (July 29, 2022)	<u>\$47,432,820</u>
2 Original revenue requirement	\$1,751,403
3 Revised revenue requirement	<u>\$1,608,415</u>
4 Change in Revenue Requirement due to Agreed upon Reductions	<u>(\$142,988)</u>
5 Distribution Revenues effective December 1, 2022	<u>\$47,289,832</u>
6 Percentage of Adjustment to Distribution Rates	-0.30%
7 References:	
8 Line 1: Docket No. DE 22-035, Attachment HMT-1, Bates 005 (7/8/22 filing) approved in Order No 26,661 (July 29, 2022)	
9 Line 2: Docket No. DE 22-035, Attachment HMT-1, Bates 005, Line 1 (7/8/22 filing)	
10 Line 3: Attachment HMT-1, Page 2	
11 Line 4: Line (3) - Line (2)	
12 Line 5: Line (1) + Line (4)	
13 Line 6: (Line 5 - Line 1) / Line 5	

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Permanent Rate Design 2021 Step Adjustment
Rates Effective December 1, 2022

<u>Rate Class</u>	<u>Distribution Rate Component</u>	<u>Current Rates</u>	<u>2021 Capital Expenditures Step Adjustment % Increase/ % (Decrease)</u>	<u>Proposed December 1, 2022 Base Distribution Charges</u>	<u>Current REP/VMP Adjustment Factor</u>	<u>December 1, 2022 Rates</u>
		(a)	(b)	(c)	(d)	(e)
D	Customer Charge	\$14.74	0.00%	\$14.74		\$14.74
	All kWh	\$0.05856	-0.66%	\$0.05817	0.00001	\$0.05818
	16 Hour Off Peak kWh	\$0.05056	-0.66%	\$0.05022	0.00001	\$0.05023
	Farm kWh	\$0.05527	-0.66%	\$0.05490	0.00001	\$0.05491
	D-6 kWh	\$0.05150	-0.66%	\$0.05115	0.00001	\$0.05116
D-10	Customer Charge	\$14.74	0.00%	\$14.74		\$14.74
	On Peak kWh	\$0.12447	-0.39%	\$0.12398	0.00001	\$0.12399
	Off Peak kWh	\$0.00167	-0.39%	\$0.00166	0.00001	\$0.00167
D-11	Customer Charge	\$14.74		\$14.74		\$14.74
	Off Peak	\$0.03948		\$0.03929	0.00001	\$0.03930
	Mid Peak	\$0.05918		\$0.05889	0.00001	\$0.05890
	Critical Peak	\$0.08426		\$0.08385	0.00001	\$0.08386
EV	Customer Charge	\$11.35		\$11.35		\$11.35
	Off Peak	\$0.03411		\$0.03929	0.00001	\$0.03930
	Mid Peak	\$0.05019		\$0.05889	0.00001	\$0.05890
	Critical Peak	\$0.09096		\$0.08385	0.00001	\$0.08386
EV-L	Customer Charge	\$435.18		\$435.18		\$435.18
	Demand	\$4.61		\$4.61		\$4.61
	Off Peak	\$0.02732		\$0.02487	0.00001	\$0.02488
	Mid Peak	\$0.02936		\$0.02673	0.00001	\$0.02674
	Critical Peak	\$0.03419		\$0.03112	0.00001	\$0.03113
EV-M	Customer Charge	\$72.52		\$72.52		\$72.52
	Demand	\$4.64		\$4.64		\$4.64
	Off Peak	\$0.04319		\$0.03867	0.00001	\$0.03868
	Mid Peak	\$0.04522		\$0.03998	0.00001	\$0.03999
	Critical Peak	\$0.05283		\$0.04576	0.00001	\$0.04577
G-1	Customer Charge	\$435.18	-0.30%	\$433.86		\$433.86
	Demand Charge	\$9.22	-0.30%	\$9.19		\$9.19
	On Peak kWh	\$0.00590	-0.30%	\$0.00588	0.00001	\$0.00589
	Off Peak kWh	\$0.00174	-0.30%	\$0.00173	0.00001	\$0.00174
	Credit for High Voltage Delivery >	(\$0.49)	-0.30%	(\$0.49)		(\$0.49)
G-2	Customer Charge	\$72.52	-0.30%	\$72.30		\$72.30
	Demand Charge	\$9.27	-0.30%	\$9.24		\$9.24
	All kWh	\$0.00233	-0.30%	\$0.00232	0.00001	\$0.00233
	Credit for High Voltage Delivery >	(\$0.49)	-0.30%	(\$0.49)		(\$0.49)
G-3	Customer Charge	\$16.66	-0.30%	\$16.60		\$16.60
	All kWh	\$0.05282	-0.30%	\$0.05266	0.00001	\$0.05267
M	Luminaire Charge					

Rate Class	Distribution Rate Component	Current	2021 Capital Expenditures Step Adjustment	Proposed December 1, 2022 Base Distribution Charges	REP/VMP Adjustment Factor	December 1, 2022
		Rates (c)	% (Decrease) (b)	(c)	(d)	Rates (e)
	<u>Description</u>					
	HPS 4,000	\$8.53	-0.30%	\$8.50		\$8.50
	HPS 9,600	\$9.86	-0.30%	\$9.83		\$9.83
	HPS 27,500	\$16.37	-0.30%	\$16.32		\$16.32
	HPS 50,000	\$20.36	-0.30%	\$20.29		\$20.29
	HPS 9,600 (Post Top)	\$11.57	-0.30%	\$11.53		\$11.53
	HPS 27,500 Flood	\$16.54	-0.30%	\$16.49		\$16.49
	HPS 50,000 Flood	\$22.09	-0.30%	\$22.02		\$22.02
	Incandescent 1,000	\$10.95	-0.30%	\$10.91		\$10.91
	Mercury Vapor 4,000	\$7.57	-0.30%	\$7.54		\$7.54
	Mercury Vapor 8,000	\$8.50	-0.30%	\$8.47		\$8.47
	Mercury Vapor 22,000	\$15.20	-0.30%	\$15.15		\$15.15
	Mercury Vapor 63,000	\$25.69	-0.30%	\$25.61		\$25.61
	Mercury Vapor 22,000 Flood	\$17.39	-0.30%	\$17.33		\$17.33
	Mercury Vapor 63,000 Flood	\$33.70	-0.30%	\$33.59		\$33.59
LED-1	<u>LED-1 Fixtures</u>					
	30 Watt Pole Top	\$5.53	-0.30%	\$5.51		\$5.51
	50 Watt Pole Top	\$5.77	-0.30%	\$5.75		\$5.75
	130 Watt Pole Top	\$8.90	-0.30%	\$8.87		\$8.87
	190 Watt Pole Top	\$17.06	-0.30%	\$17.00		\$17.00
	30 Watt URD	\$12.89	-0.30%	\$12.85		\$12.85
	90 Watt Flood	\$8.76	-0.30%	\$8.73		\$8.73
	130 Watt Flood	\$10.08	-0.30%	\$10.04		\$10.04
	30 Watt Caretaker	\$4.96	-0.30%	\$4.94		\$4.94
	<u>Rates M, LED-1 & LED-2 Pole Accessory Charge</u>					
	Pole -Wood	\$9.66	-0.30%	\$9.63		\$9.63
	Fiberglass - Direct Embedded	\$10.06	-0.30%	\$10.03		\$10.03
	Fiberglass w/Foundation <25 ft	\$16.98	-0.30%	\$16.93		\$16.93
	Fiberglass w/Foundation >=25 ft	\$28.39	-0.30%	\$28.30		\$28.30
	Metal Poles - Direct Embedded	\$20.24	-0.30%	\$20.18		\$20.18
	Metal Poles with Foundation	\$24.42	-0.30%	\$24.34		\$24.34
	<u>Rate M, LED-1</u>					
	All kWh	\$0.04063	-0.30%	\$0.04050	0.00001	\$0.04051
	<u>Rate LED-2</u>	\$0.04063	-0.30%	\$0.04050	0.00001	\$0.04051
T	Customer Charge	\$14.74	0.00%	\$14.74		\$14.74
	All kWh	\$0.04743	-0.37%	\$0.04725	0.00001	\$0.04726
V	Minimum Charge	\$16.66	-0.30%	\$16.60		\$16.60
	All kWh	\$0.05433	-0.30%	\$0.05416	0.00001	\$0.05417

Rates D-11 and EV are calculated through the TOU model approved in Docket DE 17-189 and current rates in effect were effective 11/1/2022.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Bill Calculation December 1, 2022, Rates Compared to Current Rates in Effect

Usage	650	kWh				
	Current Rates	December 1, 2022 Proposed Rates	Current Bill	December 1, 2022 Proposed Bill		
Customer Charge	\$14.74	\$14.74	\$14.74	\$14.74		
Distribution Charge						
All kWh	\$0.05857	\$0.05818	\$38.07	\$37.82		
Storm Recovery Adjustment	\$0.00000	\$0.00000	\$0.00	\$0.00		
Transmission Charge	\$0.03635	\$0.03635	\$23.63	\$23.63		
Stranded Cost Charge	(\$0.00051)	(\$0.00051)	(\$0.33)	(\$0.33)		
System Benefits Charge	\$0.00678	\$0.00678	\$4.41	\$4.41		
Electricity Consumption Tax	\$0.00000	\$0.00000	<u>\$0.00</u>	<u>\$0.00</u>		
Subtotal Retail Delivery Services			\$80.51	\$80.26		
Energy Service Charge	\$0.22228	\$0.22228	<u>\$144.48</u>	<u>\$144.48</u>		
		Total Bill	\$225.00	\$224.74		
Monthly \$ decrease in 650 kWh Total Residential Bill				(\$0.25)		
Monthly % decrease in 650 kWh Total Residential Bill				-0.11%		