

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

Docket No. DE 23-XXX

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

Annual Retail Rate Adjustments

DIRECT TESTIMONY

OF

JOHN D. WARSHAW

March 27, 2023



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1 **I. INTRODUCTION AND QUALIFICATIONS**

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

3 A. My name is John D. Warshaw, and my business address is 15 Buttrick Road,
4 Londonderry, New Hampshire. I am the Manager, Electric Supply for Liberty Utilities
5 Service Corp., which provides services to Liberty Utilities (Granite State Electric) Corp.,
6 d/b/a Liberty (“Liberty” or “the Company”). I oversee the procurement of power for
7 Energy Service for Liberty as well as the procurement of renewable energy certificates
8 (“RECs”). I am also responsible for monitoring costs and activities relative to
9 transmission service provided to the Company.

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

11 A. I graduated from the State University of New York Maritime College in 1977 with a
12 Bachelor of Science in Nuclear Science. I received a Master’s in Business
13 Administration from Northeastern University in 1986. In 1992, I earned a Master of Arts
14 in Energy and Environmental Management from Boston University.

15 **Q. What is your professional background?**

16 A. In November of 2011, I joined the Company as Manager, Electric Supply. Prior to my
17 employment at Liberty Utilities Service Corp., I was employed by National Grid USA
18 Service Company (“National Grid”) as a Principal Analyst in Energy Supply – New
19 England from 2000 to 2010. In that position, I conducted a number of solicitations for
20 wholesale power to meet the needs of National Grid’s New England distribution
21 companies. I also administered both short-term and long-term power purchase
22 agreements for National Grid’s New England distribution companies. Prior to my

1 employment at National Grid, I was employed at COM/Energy (now NSTAR) from 1992
2 to 2000. From 1992 to 1997, I was a Rate Analyst in Regulatory Affairs at COM/Energy
3 responsible for supporting state and federal rate filings. In 1997, I transferred to
4 COM/Electric to work in Power Supply Administration.

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

7 A. Yes. I most recently provided written and oral testimony before the Commission in
8 Docket No. DE 22-024 on January 11, 2023.

9 **Q. Have you testified before any other state regulatory agencies?**

10 A. Yes. I have testified before both the Massachusetts Department of Public Utilities and
11 the Rhode Island Public Utilities Commission regarding electric supply and renewable
12 portfolio procurement activities.

13 **II. PURPOSE OF TESTIMONY**

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

15 A. My testimony addresses the estimated 2023 transmission expenses for Liberty. First, I
16 will summarize the various transmission services provided to Liberty and describe how
17 Liberty pays for those services. Second, I will provide testimony supporting the forecast
18 of transmission expenses that Liberty expects to incur in 2023. As described more fully
19 in Section IV of my testimony, the Company forecasts a decrease of \$964,004 in

1 prospective transmission expenses for calendar year 2023 as compared to the forecast
2 provided for the calendar year 2022 in Docket No. DE 22-018.¹

3 **III. SUMMARY OF TRANSMISSION SERVICES PROVIDED TO LIBERTY**

4 **Q. Please summarize what transmission services Liberty receives from ISO New**
5 **England Inc. (the “ISO” or “ISO-NE”) under rate schedules approved by the**
6 **Federal Energy Regulatory Commission (“FERC”).**

7 A. Liberty receives transmission services under the ISO New England Inc. Transmission,
8 Markets, and Services Tariff (“ISO Tariff”) as follows:

- 9 1. Section II (Schedules 1, 2, 9, 16, and 17) of the ISO Tariff provides for Regional
10 Network Service (“RNS”);
- 11 2. Section IV.A – ISO Funding Mechanisms provides for the recovery of ISO’s
12 Administrative Services; and
- 13 3. Section II, Schedule 21 of the ISO Tariff provides for Local Network Service
14 (“LNS”) from the New England Power Company (“NEP”).

15 **Q. Please describe further the types of transmission services that are billed to Liberty**
16 **under the ISO Tariff.**

17 A. New England’s transmission rates utilize a highway/local pricing structure. That is,
18 Liberty receives regional transmission service over “highway” transmission facilities
19 under Section II of the ISO Tariff (also known as RNS) and receives local transmission
20 service over local transmission facilities under Schedule 21 of the ISO Tariff (also known

1 The forecast for calendar year 2022 was \$29,002,132. The actual amount for 2022 was \$28,038,128.

1 as LNS). Additionally, a number of administrative services are provided by ISO-NE
2 under Section IV.A of the ISO Tariff.

3 **A. Explanation of ISO Tariff Services, Rates, and Charges**

4 **Q. Please explain the services provided to Liberty under the ISO Tariff.**

5 A. Section II of the ISO Tariff provides access over New England’s looped transmission
6 facilities, more commonly known as Pool Transmission Facilities (“PTF”) or bulk
7 transmission facilities. In addition, the ISO Tariff provides for Ancillary Services (Black
8 Start, Reactive Power, Scheduling, System Control, and Dispatch Services and IROL
9 Critical Facility costs) as described more fully later in this testimony.

10 **Q. How are the costs for RNS recovered?**

11 A. The ISO Tariff’s RNS Rate (“RNS Rate”) (Section II - Schedule 9 of the ISO Tariff)
12 recovers the RNS costs and is determined annually based on an aggregation of the
13 transmission revenue requirements of each of the Participating Transmission Owners
14 (“PTO”) in New England, calculated in accordance with a FERC-approved formula in a
15 single, “postage stamp” rate in New England. FERC opened Docket No. EL16-19 to
16 investigate the reasonableness of the formula rates and protocols used to develop both
17 RNS and LNS. A Settlement Agreement was reached and filed with FERC on June 15,
18 2020 (FERC Docket No. ER20-2054) resolving all issues regarding the RNS and LNS
19 formula rates.

20 **Q. Please describe the ISO-NE System Restoration and Planning Service, Reactive
21 Supply and Voltage Control, Scheduling, System Control, and Dispatch Services**

1 **and Interconnection Reliability Operating Limits (IROL)-Critical Infrastructure**
2 **Protection (CIP) costs that are included in the ISO Tariff.**

3 A. ISO-NE System Restoration and Planning Service (Section II - Schedule 16 of the ISO
4 Tariff), also known as Black Start Service, is necessary to ensure the continued reliable
5 operation of the New England transmission system. This service allows for the ISO to
6 pay generators who have the capability of supplying load and the ability to re-start
7 without an outside electrical supply to re-energize the transmission system following a
8 system-wide blackout.

9 Reactive Supply and Voltage Control (Section II - Schedule 2 of the ISO Tariff), also
10 known as Reactive Power Service, is necessary to maintain transmission voltages within
11 acceptable limits on the ISO-NE transmission system and allows for the payment to
12 generators or other facilities that have the capability to produce or absorb reactive power.

13 Scheduling, System Control, and Dispatch Service (“Scheduling & Dispatch Service”)
14 consists of the services required to schedule the movement of power through, out of,
15 within, or into the ISO-NE Control Area over the PTF and to maintain System Control.
16 Scheduling & Dispatch Service also provides for the recovery of certain charges that
17 reflect expenses incurred in the operation of satellite dispatch centers.

18 Lastly, a new service was added in October 2022 (OATT Schedule 17 - IROL-CIP) to
19 recover the costs of facilities used to comply with NERC Critical Infrastructure
20 Protection requirements.

1 **Q. How are the ISO-NE charges for Black Start and Reactive Power assessed to**
2 **Liberty?**

3 A. ISO-NE assesses charges for Black Start and Reactive Power Services to Liberty each
4 month based on Liberty's proportionate share of its network load to ISO-NE's total
5 network load.

6 **Q. How are the charges for Scheduling & Dispatch Service assessed to Liberty?**

7 A. Charges for Scheduling & Dispatch Service are assessed to Liberty through three
8 separately charged tariffed services.

9 The first charge is for the expenses incurred by ISO-NE in providing these services and is
10 recovered under Schedule 1 of Section IV.A of the ISO Tariff. These costs are allocated
11 to Liberty each month based on an annually filed FERC-approved fixed rate times
12 Liberty's monthly Network Load.

13 The second charge is for the costs incurred by the individual transmission owners in
14 providing Scheduling & Dispatch Service over PTF facilities, including the costs of
15 operating local control centers, and are recovered under Section II, Schedule 1 of the ISO
16 Tariff. These costs are allocated to Liberty each month based on a formula rate that is
17 determined each year based on the prior year's costs incurred times Liberty's monthly
18 Network Load.

19 The final charge is for the cost of Scheduling & Dispatch Service for transmission service
20 over transmission facilities other than PTF that are charged under Schedule 21 of the ISO

1 Tariff. Thus, the three types of Scheduling & Dispatch costs are similar but are charged
2 to Liberty through three different tariff mechanisms.

3 **Q. How are the charges for Interconnection Reliability Operating Limits (IROL)-**
4 **Critical Infrastructure Protection (CIP, collectively IROL-CIP) assessed to Liberty?**

5 A. Charges for IROL-CIP are allocated pro rata to each transmission customer that receives
6 either regional network service (RNS) or through or out service (TOUT).

7 **Q. What additional administrative services and/or charges flow through to Liberty**
8 **under Section IV.A of the ISO Tariff?**

9 A. Liberty also incurs charges pursuant to Section IV.A, Schedule 5 of the ISO Tariff.
10 Schedule 5 provides for the collection of the New England States Committee on
11 Electricity's ("NESCOE") annual budget. NESCOE is the "not-for-profit entity that
12 represents the collective perspective of the six New England Governors in regional
13 electricity matters and advances the New England states' common interest in the
14 provision of electricity to consumers at the lowest possible prices over the long-term,
15 consistent with maintaining reliable service and environmental quality." *See*
16 www.nescoe.com.

17 **Q. How are the ISO Tariff Administrative Services charges assessed?**

18 A. ISO-NE assesses the charges in Section IV.A based upon stated rates pursuant to the ISO
19 Tariff. These stated rates are adjusted annually when ISO-NE files a revised budget and
20 cost allocation proposal to become effective January 1 each year. Liberty is charged the

1 stated rate for these services as part of ISO-NE's monthly billing process, based on its
2 Network Load for Section IV.A Schedule 1 and Schedule 5 charges.

3 **B. Explanation of Schedule 21 NEP Tariff Services, Charges, and Credits**

4 **Q. What services are provided to Liberty under Schedule 21 of the ISO Tariff?**

5 A. Schedule 21 governs the service that NEP provides to Liberty over its local, non-highway
6 transmission facilities, considered non-PTF facilities ("Non-PTF"). The service provided
7 over the Non-PTF is referred to as Local Network Services ("LNS"). NEP posted fixed
8 LNS annual rates effective January 1, 2023, in compliance with FERC's approval of the
9 Settlement Offer in Docket ER20-2054, as mentioned above. These fixed 2023 rates will
10 be trued-up to NEP's actual costs in June 2024 and would be included in the LNS rates
11 effective January 1, 2025. NEP also provides metering, transformation, and certain
12 ancillary services to Liberty to the extent such services are required by Liberty and not
13 otherwise provided under the ISO Tariff.

14 **Q. Please explain the metering and transformation services provided by NEP.**

15 A. NEP separately surcharges the appropriate customers for these services. NEP provides
16 metering service when a customer uses NEP-owned meter equipment to measure the
17 delivery of transmission service. NEP provides transformation service when a customer
18 uses NEP-owned transformation facilities to step down voltages from 69 kV or greater to
19 a distribution voltage.

1 **Q. Are there any other transmission services for which NEP assesses charges to**
2 **Liberty?**

3 A. Yes. Liberty relies on the specific distribution facilities of NEP's affiliate, Massachusetts
4 Electric Company ("Mass Electric"), which provides for NEP's use of such facilities
5 pursuant to the Integrated Facilities provision of NEP's FERC Electric Tariff No. 1
6 service agreement with Mass Electric. NEP, in turn, uses these specific distribution
7 facilities to provide transmission service to Liberty. Therefore, Liberty is also subject to
8 a Specific Distribution Surcharge for its use of these facilities.

9 **Q. What is the credit in Schedule 21 charges that NEP provides to Liberty in its**
10 **monthly invoice?**

11 A. As a result of National Grid's sale of Liberty in 2012, NEP (a National Grid affiliate)
12 uses certain distribution facilities of Liberty to provide service to generation customers of
13 NEP. An Integrated Facilities Supplement to Schedule 21 of the ISO Tariff provides
14 Liberty with a credit in exchange for NEP's continued use of Liberty's facilities to serve
15 NEP's generation customers.

16 **IV. ESTIMATE OF LIBERTY'S TRANSMISSION EXPENSES**

17 **Q. Was the forecast for Liberty's transmission and ISO expenses for 2023 prepared by**
18 **you or under your supervision?**

19 A. Yes. I estimate the total transmission and ISO-NE expenses (including certain ancillary
20 services) for 2023 to be approximately \$28,038,128, as shown in Schedule JDW-1, page
21 1 of 2. This equates to a decrease of \$964,004 as compared to the forecast for 2022
22 provided in Docket No. DE 22-018, as shown on Schedule JDW-1, page 2 of 2.

1 **Q. How have the ISO Tariff charges for RNS shown on line 3 of Schedule JDW-1 been**
2 **forecasted?**

3 A. I estimated the 2023 RNS charges by multiplying the posted RNS rate of \$141.65 per
4 kW-year, effective January 1, 2023, by Liberty's monthly network load in 2022, as
5 shown for each month in column 1 of Schedule JDW-2 for a total of \$19,748,156 as
6 shown in column 2 of Schedule JDW-2. The posted 2023 RNS rate is a decrease of
7 \$1.13 per kW-year from the rate that was effective on January 1, 2022, and that was
8 estimated in Docket No. DE 22-018. The forecasted 2023 RNS costs are lower than last
9 year's forecast by \$1,668,526 as shown in column 3, line 3 of Schedule JDW-1, page 2 of
10 2.

11 The main reasons for the estimated decrease in costs for 2023 as compared to the
12 previous year's forecast are that Liberty's peak load, on average, was less than the peak
13 load used in the previous forecast and that the RNS-9 rate was reduced in 2023.

14 **Q. Schedule JDW-1 also includes estimated ISO-NE charges for Black Start, Reactive**
15 **Power, Scheduling and Dispatch and IROL-CIP. How were these costs forecasted?**

16 A. In estimating the expected costs of the ISO-NE charges, I used the same approach as in
17 previous filings. The Black Start costs shown on line 5 of Schedule JDW-1 were derived
18 in two steps. First, as shown in Section II of Schedule JDW-3, I estimated the cost for
19 Black Start Service by, as a starting point, summing Liberty's actual monthly ISO-NE
20 Black Start expenses for 2022 (Line 5). I divided this estimate by Liberty's 2022 Peak
21 Load to calculate an estimated annual rate, as shown on line 7. I then calculated a
22 monthly rate (annual rate divided by 12), as shown on line 8. To obtain the estimate of

1 Black Start costs that would be charged to Liberty, as shown in column 4 of Schedule
2 JDW-2, I multiplied the monthly rate by Liberty's monthly network load, as shown for
3 each month in column 1 of Schedule JDW-2. Using this methodology, I estimate an
4 allocation of \$186,209 for 2023 as shown on Schedule JDW-1, Page 2, Column 2, Line 5.

5 **Q. How have you estimated Reactive Power costs for Liberty?**

6 A. I calculated the estimated Reactive Power costs for Liberty by using actual Liberty costs
7 for 2022 as shown in Section I of Schedule JDW-3. The annual rate was determined by
8 dividing the total Reactive Power costs charged to Liberty (Line 1) by Liberty's peak
9 2022 Network Load. The monthly rate (annual rate divided by 12) was then multiplied
10 by Liberty's monthly network load, as shown in column 1 of Schedule JDW-2, to
11 determine the estimated charges for Reactive Power Service shown in column 5 of that
12 same schedule. Using this methodology, I estimate an allocation of \$97,371 for 2023.

13 **Q. How did you forecast the Scheduling and Dispatch costs shown on line 4 of Schedule**
14 **JDW-1, page 1?**

15 A. My estimate is shown in column 3 of Schedule JDW-2. This amount was derived by
16 using the currently effective OATT Schedule 1 rate of \$1.75 per kW-year, divided by 12,
17 and further multiplied by Liberty's estimated monthly network loads for 2023 as shown
18 in column 1 of Schedule JDW-2.

1 **Q. Have you included any Reliability Must Run (“RMR”) contract charges to Liberty**
2 **for 2023?**

3 A. No. Reliability Must Run Agreements guarantee payments to generators that are needed
4 to ensure reliability. To obtain an agreement, a generator must receive verification from
5 ISO-NE that it is needed for reliability and must demonstrate that it is unable to cover its
6 operating costs with revenue from other sources. Liberty has not incurred any RMR
7 contract charges as there have been no RMR contracts for the New Hampshire reliability
8 region over the past year. Therefore, I have not forecasted any RMR contract costs for
9 2023. ISO-NE did execute an RMR agreement with the Mystic generation resource
10 retained for fuel security (Mystic COS). These costs are allocated to Real-Time load
11 obligations and thus are not included in the cost of transmission service.

12 **Q. Can you please explain the forecast of the ISO-NE Administrative Charges shown**
13 **on lines 7 and 8 of Schedule JDW-1, page 1?**

14 A. Yes. Lines 7 and 8 include ISO-NE Administrative charges for Scheduling & Dispatch
15 and NESCOE, respectively, and are derived in columns 7 and 8 on Schedule JDW-2.
16 Line 7 on Schedule JDW-1, page 1, shows the 2023 forecast of charges to Liberty under
17 Schedule 1, Scheduling and Load Dispatch Administrative schedules through Section
18 IV.A of the ISO Tariff. The estimate is based on the ISO Schedule 1 rate of \$0.20475 per
19 kW-month effective January 1, 2023, multiplied by Liberty’s forecasted monthly network
20 load as shown in column 1 of Schedule JDW-2.

21 Line 8 on page 1 of Schedule JDW-1 shows the estimated 2023 NESCOE charges under
22 Schedule 5 of Section IV.A of the ISO Tariff. I derived this amount by using the ISO

1 Schedule 5 rate of \$0.00701 per kW-month effective January 1, 2023, multiplied by
2 Liberty's forecasted monthly network load as shown in column 1 of Schedule JDW-2.

3 **Q. What is the sub-total of transmission expenses attributable to charges from the ISO-**
4 **NE?**

5 A. The sub-total of ISO-NE charges is \$20,632,454, which is the sum of lines 3 through 8 on
6 Schedule JDW-1, page 1.

7 **Q. Have you estimated the charges to Liberty under Schedule 21 of the ISO Tariff?**

8 A. Yes. Lines 1 and 2 of Schedule JDW-1 show the forecasted charges from NEP pursuant
9 to the LNS tariff. The total amount of estimated expenses is \$7,405,673, which
10 represents an increase of \$785,959 in the total NEP estimated expenses to be incurred by
11 Liberty in 2023 (see Schedule JDW-1, page 2, lines 1 and 2) as compared to 2022.

12 As shown on Schedule JDW-4, column 2, I estimated the LNS expenses based on NEP's
13 posted LNS charge of \$42.99 per kW-year, divided by 12, and multiplied by Liberty's
14 forecasted monthly network load as shown in column 1 of Schedule JDW-4. Load
15 Dispatch Surcharge, Metering, transformation, specific distribution, and ancillary service
16 charges are based on current rates and are assessed to Liberty based on a per meter and
17 peak load basis, respectively. A maintenance service credit, as discussed previously, was
18 also included in the estimate.

1 V. **EXPLANATION OF PRIMARY CHANGE FROM LAST YEAR'S FORECASTED**
2 **EXPENSES**

3 Q. **What is the primary cause of the estimated decrease in Liberty's 2023 transmission**
4 **expenses?**

5 A. The estimated 2023 Liberty transmission and ISO-NE expenses of \$28,038,128 represent
6 a decrease of \$964,004 from the 2022 forecast of transmission expenses for Liberty. The
7 decrease is mainly attributed to Liberty's lower monthly peak loads during 2022 when
8 compared to 2021 and reduced OATT transmission rates for 2023.

9 Q. **What programs has Liberty implemented to help reduce transmission costs?**

10 A. In 2019 in Docket No. DE 17-189, Liberty received approval to implement a customer-
11 sited behind-the-meter battery storage pilot program, which is intended to reduce peak
12 loads. In Order No.26,784 (Mar. 15, 2023), addressing the practical conclusion of Phase
13 1 of the pilot, the Commission found the program to have lowered transmission costs.
14 Additionally, Liberty's energy efficiency programs continue to provide energy efficiency
15 measures to its customers helping to reduce customers electric energy.

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

17 A. Yes.

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

Schedules

Schedule JDW-1	Summary of Transmission Expenses Estimated for 2023
Schedule JDW-2	Summary of ISO Tariff Section II Charges Estimated for 2023
Schedule JDW-3	Summary of System Restoration and Reactive Supply Charges Estimated for 2023
Schedule JDW-4	Summary of New England Power Schedule No. 21 Charges Estimated for 2023

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**Summary of Transmission Expenses
Estimated For the Year 2023**

ISO-NE Tariff Schedule 21 NEP LNS Tariff Charges		
1	Local Network Service (Monthly Demand Charges)	\$5,993,112
2	Other NEP Charges	<u>1,412,562</u>
	Subtotal NEP Charges	<u>\$7,405,673</u>
ISO-NE OATT Tariff Section II Charges		
3	OATT Schedule 9 - Regional Network Service Charges	\$19,748,156
4	OATT Schedule 1 - Scheduling, System Control & Dispatch	244,150
5	OATT Schedule 2 - Reactive Supply and Voltage Control Service	97,371
6	OATT Schedule 16 - System Restoration and Planning Service	186,209
	OATT Schedule 17 - IROL-CIP	2,285
	Subtotal ISO-NE Tariff Section II Charges	<u>\$20,278,171</u>
ISO-NE Tariff Section IV.A - Administrative Charges		
7	ISO-NE Schedule 1 - Scheduling & Dispatch Service	\$342,555
8	ISO-NE Schedule 5 - NESCOE Budget	<u>11,728</u>
	Subtotal ISO-NE Tariff Section IV.A Charges	<u>\$354,283</u>
9	Subtotal of ISO-NE Tariff Charges	<u>\$20,632,454</u>
10	Total Estimated Expenses Flowing Through Current Rates	\$28,038,128

Line 1 = JDW-4: Column (1), Line 13
Line 2 = JDW-4: Sum of Column (2) thru (6), Line 13
Line 3 = JDW-2, page 1: Column (2), Line 13
Line 4 = JDW-2, page 1: Column (3), Line 13
Line 5 = JDW-2, page 1: Column (5), Line 13
Line 6 = JDW-2, page 1: Column (6), Line 13
Line 7 = JDW-2, page 2: Column (2), Line 13
Line 8 = JDW-2, page 2: Column (3), Line 13
Line 9 = Sum of Line 3 thru Line 8
Line 10 = Sum of Line 1 thru Line 8

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**Summary of Estimated Transmission Expenses
2022 vs. 2023 Filing Years**

	1 2022 Retail Filing	2 2023 Estimate	3 Yr/Yr Incr/(Decr)	
ISO-NE Tariff Schedule 21 NEP LNS Tariff Charges				
1	Local Network Service (Monthly Demand Charges)	\$ 5,410,449	\$ 5,993,112	\$ 582,663
2	Other NEP Charges	1,209,265	1,412,562	203,297
	Subtotal	\$ 6,619,714	\$ 7,405,673	\$ 785,959
ISO-NE OATT Tariff Section II Charges				
3	OATT Schedule 9 - Regional Network Service Charges	\$ 21,416,682	\$ 19,748,156	\$ (1,668,526)
4	OATT Schedule 1 - Scheduling, System Control & Dispatch	280,284	244,150	(36,135)
6	OATT Schedule 2 - Reactive Supply and Voltage Control Service	116,459	97,371	(19,088)
5	OATT Schedule 16 - System Restoration and Planning Service	210,598	186,209	(24,389)
	OATT Schedule 17 - IROL-CIP		2,285	2,285
	Subtotal	\$ 22,024,023	\$ 20,278,171	\$ (1,745,852)
ISO-NE Tariff Section IV.A - Administrative Charges				
7	ISO-NE Schedule 1 - Scheduling & Dispatch Service	\$ 345,147	\$ 342,555	\$ (2,592)
8	ISO-NE Schedule 5 - NESCOE Budget	13,248	11,728	(1,520)
	Subtotal	\$ 358,395	\$ 354,283	\$ (4,111)
9	Subtotal of ISO-NE Tariff Charges	\$ 22,382,418	\$ 20,632,454	\$ (1,749,964)
10	Total Estimated Expenses	\$ 29,002,132	\$ 28,038,128	\$ (964,004)

**Summary of ISO-NE Tariff Section II Charges
Estimated For the Year 2023**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Monthly PTF kW Load	OATT Schedule 9 - Regional Network Service Charges	OATT Schedule 1 - Scheduling, System Control & Dispatch	OATT Schedule 16 - System Restoration and Planning Service	OATT Schedule 2 - Reactive Supply and Voltage Control Service	OATT Schedule 17 - IROL-CIP	ISO-NE OATT Tariff Section II Charges	ISO-NE Schedule 1 - Scheduling & Dispatch Service	ISO-NE Schedule 5 - NESCOE Budget
1 January	130,939	1,545,571	19,108	14,574	7,621	179	1,587,052	26,810	918
2 February	129,580	1,529,530	18,910	14,422	7,542	177	1,570,580	26,532	908
3 March	119,093	1,405,744	17,379	13,255	6,931	163	1,443,472	24,384	835
4 April	104,352	1,231,745	15,228	11,614	6,073	143	1,264,803	21,366	732
5 May	153,431	1,811,061	22,390	17,077	8,930	210	1,859,668	31,415	1,076
6 June	146,815	1,732,967	21,425	16,341	8,545	200	1,779,478	30,060	1,029
7 July	184,932	2,182,891	26,987	20,583	10,763	253	2,241,477	37,865	1,296
8 August	196,590	2,320,499	28,689	21,880	11,442	268	2,382,778	40,252	1,378
9 September	141,382	1,668,838	20,632	15,736	8,228	193	1,713,627	28,948	991
10 October	114,306	1,349,239	16,681	12,722	6,653	156	1,385,451	23,404	801
11 November	125,588	1,482,409	18,327	13,978	7,309	172	1,522,195	25,714	880
12 December	126,033	1,487,662	18,392	14,027	7,335	172	1,527,589	25,805	883
13 12-Mo Total		\$19,748,156	\$244,150	\$186,209	\$97,371	\$2,285	\$20,278,171	\$342,555	\$11,728

Line 1-12: Column (1) = 2022 Monthly Coincident Network Load of LL

Line 1-12: Column (2) = January 1, 2023 OATT Schedule 9 RNS Rate * Column (1) / 12

Line 1-12: Column (3) = Current OATT Schedule 1 Rate * Column (1) / 12

Line 1-12: Column (4) = JDW-3, Line 8 * Column (1)

Line 1-12: Column (5) = JDW-3, Line 4 * Column (1)

Line 1-12: Column (5) = JDW-3, Line 33 * Column (1)

Line 1-12: Column (7) = Sum of Columns (2) thru (6)

Line 1-12: Column (8) = Current ISO-NE Schedule 1 Rate * Column (1)

Line 1-12: Column (9) = Current ISO-NE Schedule 5 Rate * Column (1)

Line 1-12: Column (10) = Sum of Columns (6) thru (8)

Line 13 = Sum of Line 1 thru Line 12

2023 RNS Rate=	\$	141.64499	/kW-YR
Rate =	\$	1.75118	/kW-YR
Rate =	\$	0.11130	/kW-Month
Rate =	\$	0.05820	/kW-Month
Rate =	\$	0.00137	/kW-Month
Rate =	\$	0.20475	kW-month
Rate =	\$	0.00701	kW-month

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

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Schedule JDW-3

**Summary of Reactive Power & Black Start Costs
Estimated For the Year 2023**

Section I: Development of ISO-NE Schedule 2 Costs

1	Granite State Total ISO-NE Schedule 2 Costs	\$137,381
2	2022 Granite State Peak Load (KW)	<u>196,590</u>
3	Estimated Rate / KW-Yr	<u>\$0.6988</u>
4	Estimated Rate / KW-Mo	\$0.0582

Section II: Development of ISO-NE Schedule 16 Costs

5	Granite State Total ISO-NE Schedule 16 Settlement Costs	\$262,665
6	2022 Granite State Peak Load (KW)	<u>196,590</u>
7	Estimated Rate / KW-Yr	<u>\$1.3361</u>
8	Estimated Rate / KW-Mo	\$0.1113

Section III: Development of ISO-NE Schedule 17 Costs

9	Granite State Total ISO-NE Schedule 17 Settlement Costs	\$666
10	Granite State Q4 2022 Average Peak Load (kW)	<u>121,976</u>
11	Estimated Rate / KW-Month	<u>\$0.0014</u>

Line 1 = Granite State ISO-NE Schedule 2 costs for the 12 months ending December 2022

Line 2 = Granite State Peak Load in 2022

Line 3 = Line 1 / Line 2

Line 4 = Line 3 / 12

Line 5 = ISO Schedule 16 Settlement Reports for the 12 months ending December 2022

Line 6 = Line 2

Line 7 = Line 5 / Line 6

Line 8 = Line 7 / 12

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Docket No. DE 23-____
Schedule JDW-4

**Summary of New England Power - Schedule No. 21 Charges
Estimated For the Year 2023**

Period	(1) Monthly Regional Network Load	(2) Local Network Service Charge	(3) Load Dispatch Surcharge	(4) Specific Distribution Surcharge	(5) Transformer Surcharge	(6) Meter Surcharge	(7) Maintenance Service Credit	NEP Costs
1 January	130,939	469,045	3,749	17,128	97,662	1,013	(2,081)	586,516
2 February	129,580	464,177	3,710	17,128	97,662	1,013	(2,081)	581,609
3 March	119,093	426,611	3,410	17,128	97,662	1,013	(2,081)	543,742
4 April	104,352	373,806	2,988	17,128	97,662	1,013	(2,081)	490,516
5 May	153,431	549,615	4,393	17,128	97,662	1,013	(2,081)	667,730
6 June	146,815	525,916	4,203	17,128	97,662	1,013	(2,081)	643,841
7 July	184,932	662,457	5,295	17,128	97,662	1,013	(2,081)	781,474
8 August	196,590	704,218	5,628	17,128	97,662	1,013	(2,081)	823,568
9 September	141,382	506,454	4,048	17,128	97,662	1,013	(2,081)	624,224
10 October	114,306	409,463	3,273	17,128	97,662	1,013	(2,081)	526,458
11 November	125,588	449,877	3,596	17,128	97,662	1,013	(2,081)	567,195
12 December	126,033	451,471	3,608	17,128	97,662	1,013	(2,081)	568,801
13 12- Mo Total		\$5,993,112	\$47,899	\$205,531	\$1,171,942	\$12,162	-\$24,972	\$7,405,673

Line 1-12: Column (1) = 2022 Monthly Coincident Network Load of LU

Line 1-12: Column (2) = January 1, 2023 Schedule 21-NEP LNS Rate * Column (1) / 12

2023 LNS Rate= \$ **42.99** /kW-YR

Line 1-12: Column (3) = January 1, 2023 Schedule 21-NEP Load Dispatch Surcharge Rate * Column (1) / 12

2023 LDS Rate= \$ **0.02863** /kW-Month

Line 1-12: Column (4) = 24,468 kW & \$0.70 per NEP Tariff as of June 1, 2021

Line 1-12: Column (5) = 203,496 kW & \$0.47992 per NEP Tariff as of June 1, 2022

Line 1-12: Column (6) = 17 meters * \$59.6161 per meter per NEP Tariff as of June 1, 2022

Line 1-12: Column (7) Per the Integrated Facilities Supplement dated July 3, 2012 between NEP and Granite State

Line 1-12: Column (8) = Sum of Columns (2) through (7)

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

Docket No. DE 23-XXX

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

Annual Retail Rate Adjustments

**DIRECT TESTIMONY
OF
HEATHER TEBBETTS**

March 27, 2023



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1 **I. INTRODUCTION**

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

4 A. My name is Heather M. Tebbetts, and my business address is 15 Buttrick Road
5 Londonderry, New Hampshire. I am the Director of Business Development for Liberty
6 Utilities Service Corp. (“LUSC”) and in this role I am responsible for strategic growth
7 and technology opportunities for Liberty Utilities (Granite State Electric) Corp.
8 (“Liberty” or “the Company”) in New Hampshire. In my previous role as the Manager of
9 Rates and Regulatory Affairs, I was responsible for filing the Annual Retail Rates for
10 many years and as such will be assisting the Rates and Regulatory Affairs department
11 with this filing.

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

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

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

17 A. I joined LUSC in October 2014. Prior to my employment at LUSC, I was employed by
18 Public Service Company of New Hampshire (“PSNH”) as a Senior Analyst in NH
19 Revenue Requirements from 2010 to 2014. Prior to my position in NH Revenue
20 Requirements, I was a Staff Accountant in PSNH’s Property Tax group from 2007 to
21 2010 and a Customer Service Representative III in PSNH’s Customer Service
22 Department from 2004 to 2007.

1 **Q. Have you previously testified before the Commission?**

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

3 **II. PURPOSE OF TESTIMONY**

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

5 A. This testimony presents Liberty’s proposed rates for stranded costs and transmission
6 costs for effect May 1, 2023, in accordance with the Company’s reconciliation and
7 adjustment provisions in its tariff and the Company’s Amended Restructuring Settlement
8 as approved in Docket No. DR 98-012. Included in the proposed rates are the 12-month
9 reconciliation for the period May 1, 2022, through April 30, 2023, of: (1) transmission
10 costs, (2) stranded cost charges, (3) the Regional Greenhouse Gas Initiative (“RGGI”)
11 auction proceeds refund, and (4) Liberty’s municipal property tax expenses as compared
12 to base distribution rates through the Property Tax Adjustment Mechanism (“PTAM”)¹
13 through the Company’s transmission charge.

14 **Q. Please summarize the approach for calculating the retail rates.**

15 A. At a high level, for each rate component, the Company calculates average rates using
16 forecasted costs for the rate year. For the transmission charge, the forecasted costs are
17 based on ISO New England Regional Network System (“RNS”) charges and National
18 Grid Local Network System (“LNS”) charges. For the stranded cost charge, the
19 forecasted costs are Contract Termination Charge (“CTC”) credits. In addition, a
20 calculation of the prior period (over)/under collection of revenues and expenses,

¹ 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 including interest, is added to the total forecasted costs for each mechanism. The total
2 forecasted costs and prior period over/under recovery balance are then divided by total
3 forecasted kilowatt-hour (kWh) sales for the period of May 1, 2023, through April 30,
4 2024, to derive the average rate for each component. This method is generally consistent
5 with past methods and practices.

6 **Q. Please explain the 12-month reconciliation period and what data is used in the**
7 **analysis.**

8 A. The 12-month reconciliation for the period May 1, 2022, through April 30, 2023,
9 includes actual revenues and expenses for May 2022 through February 2023 and
10 forecasted revenue and expenses for March through April 2023 because actual results are
11 not available at the time the filing is prepared. In the Company's next annual
12 reconciliation, the beginning over/under recovery balance includes actuals for those
13 forecasted months.

14 **Q. Please summarize the results of the adjustments and reconciliations which Liberty**
15 **proposes to implement in 2023.**

16 A. The Company proposes to implement the following adjustments to its rates beginning
17 May 1, 2023, for usage on and after that date. Attachment HMT-1 presents the proposed
18 stranded cost and the transmission rates. The table below illustrates the current and
19 proposed rates:

20

1

Table 1: Rates

<u>Average charge (\$ / kWh)</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase (Decrease)</u>
Stranded Cost Charge	\$ (0.00050)	\$ (0.00040)	\$ 0.00010
Stranded Cost Adjustment Factor	\$ (0.00001)	\$ 0.00009	\$ 0.00011
Total Stranded Cost Charge	\$ (0.00051)	\$ (0.00031)	\$ 0.00021
Transmission Charge	\$ 0.03161	\$ 0.03032	\$ (0.00129)
Transmission Service Cost Adjustment	\$ 0.00100	\$ (0.00139)	\$ (0.00238)
RGGI Auction Proceeds Refund	\$ (0.00391)	\$ (0.00488)	\$ (0.00097)
PTAM	\$ 0.00036	\$ 0.00056	\$ 0.00020
Total Transmission Charge	\$ 0.02906	\$ 0.02461	\$ (0.00445)

2

3 **III. STRANDED COST CHARGE AND THE STRANDED COST ADJUSTMENT**
4 **FACTOR**

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

6 A. Liberty’s Stranded Cost Charge is the sum of two components. The first is a uniform
7 charge per kilowatt-hour (“kWh”) that the Company charges all customers which reflects
8 the CTC assessed by New England Power Company (“NEP”) for 2022. The second
9 component is the Stranded Cost Adjustment Factor (“SCAF”), which is specific to each
10 rate class.

11 **Q. What is the CTC?**

12 A. In 1996, New Hampshire implemented electric retail choice for all customers with the
13 passage of the restructuring statute, RSA 374-F, which included Liberty divesting itself
14 of its generation assets. At that time, the CTC was established to allow for the recovery
15 of costs associated with stranded generation assets that had been owned by the

1 Company's former affiliate, NEP, and operated on behalf of Liberty's customers.²

2 Specific costs include decommissioning expenses and purchase power costs, which were
3 expected to have been recovered by 2020. However, a handful of costs remain
4 outstanding.

5 **Q. What are the components of the CTC?**

6 A. There are two components, fixed and variable costs. The fixed costs are related to the
7 divestiture of the generation and are no longer being charged to Liberty as the obligation
8 ended in 2011. The variable costs relate to the bankruptcy of USGen New England, Inc.,
9 the entity that purchased all of NEP's non-nuclear generating assets. The settlement in
10 the bankruptcy provided that Liberty receives an allocation of the claim proceeds
11 received by NEP annually to pay down all the remaining NEP power contract buyout
12 payments.

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

14 A. The proposed CTC of (\$0.00040)/kWh was calculated by NEP in Docket No. DE 23-008
15 by reconciling actual revenues and expenses for the prior period of October 2021 through
16 September 2022. The rate is a credit, due to the allocation of the claim proceeds as noted
17 above.

18 **Q. What rate is the Company proposing for the SCAF and how was it determined?**

19 A. The Company is proposing a load weighted SCAF rate of \$0.00009/kWh. The SCAF is
20 the (over)/under collection of the CTC charge. In 2022, Liberty under-collected a total of

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

1 \$85,471, and as such the adjustment factor is a collection from customers as shown in
2 Attachment HMT-2, page 1.

3 **Q. What does it mean that the SCAF is “load weighted”?**

4 A. The adjustment factor calculation provides that each rate class receives a portion of the
5 charges or credits based on the load of that class.

6 **IV. TRANSMISSION CHARGE**

7 **Q. Please describe the Company’s Transmission Charge (“TC”).**

8 A. The Company recovers its transmission-related expenses pursuant to the TC, which
9 allows the Company to recover costs billed to it by ISO-New England and NEP through
10 the ISO-New England Inc. Transmission, Markets, and Services Tariff (“ISO Tariff”).
11 The TC charge comprises two components: (1) a component for base transmission costs
12 for the prospective period; and (2) a component for the reconciliation of transmission
13 revenue and expense for the previous period.

14 **Q. What is the forecast for 2022 transmission costs?**

15 A. As discussed in the testimony of John D. Warshaw, the Company’s 2023 transmission
16 costs are estimated to be \$28,038,128 as shown in Attachment HMT-3, page 1, line 1.
17 This forecast of transmission expense yields an average rate of \$0.03032 per kWh, as
18 compared to the currently effective average transmission rate of \$0.03161 per kWh,
19 exclusive of the reconciliation component. Based on these estimates, the Company is
20 proposing new base transmission rates effective May 1, 2023, to recover the projected
21 transmission costs to be incurred in the prospective period.

1 **Q. Does the Company charge a flat transmission rate or a load-weighted rate?**

2 A. The Company charges a load-weighted transmission rate to its customers to account for
3 the fact that customer class loads differ greatly. By charging load-weighted rates, the
4 Company is following the cost causation principle that the rate classes causing the most
5 costs should be allocated the most costs. The table below provides a snapshot of the
6 load-weighted rates proposed for May 1, 2023.

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>Streetlights</u>	<u>T</u>	<u>V</u>
\$0.03928	\$0.01935	\$0.02494	\$0.02764	\$0.02875	\$0.02295	\$0.02792	\$0.03114

8
9 **Q. How were the rates calculated?**

10 A. The rate class-specific transmission rates were calculated by dividing the allocated
11 transmission expense estimate for each rate class for the May 1, 2023, through April 30,
12 2024, period by the forecasted kWh sales for each rate class for the same period as shown
13 in Attachment HMT-3, page 1.

14 **Q. How was the reconciliation component of the TC charge derived?**

15 A. The reconciliation component of the TC recovers under-recoveries of transmission costs
16 or refunds over-recoveries of transmission costs, along with associated interest at the
17 prime rate. This component of the TC charge was calculated by totaling the projected
18 over-collection of transmission expense of (\$1,208,753) as of April 30, 2023, as shown
19 on Attachment HMT-3, page 3, plus the working capital of (\$73,439) as shown on
20 Attachment HMT-3, page 5, for a total of (\$1,282,192). That amount is then divided by

1 the forecasted kWh sales for the period of May 1, 2023, through April 30, 2024, of
2 924,515,841 for a reconciliation rate of (\$0.00139) per kWh to be added to the weighted
3 transmission rates on Attachment HMT-1, page 1, column (d).

4 **Q. Please describe the working capital calculation included in the filing.**

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

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

12 A. The total working capital included in the TC charge is (\$73,439) as shown on Attachment
13 HMT-3, page 5. The expense lag is calculated by summing all invoices for 2022 and
14 multiplying the period of days between when the invoice was received and when it was
15 paid, to determine the number of days of cost as shown on Attachment HMT-3, page 6.
16 The days of cost are then divided by 365 days in the year to determine the invoice
17 payment lag. The revenue lag is calculated by summing three components: 1) the Service
18 Lag of 15.21 days; 2) the Collection Lag of 32.47 days; and 3) the Billing Lag of 2.59
19 days. The Service Lag and Billing Lag were agreed upon in the Settlement Agreement in
20 Docket No. DE 19-064. The Collection Lag is calculated by summing the total customer
21 receivables for 2022 of \$14,841,729 and dividing that amount by the total daily average
22 revenues of \$457,097. The daily revenues are calculated by the monthly sales divided by

1 the number of days in that month and averaged for the twelve months. The detailed
2 calculation of the revenue lag is shown on Attachment HMT-3, page 7.

3 **V. REGIONAL GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS**

4 **Q. How does the Company propose to refund Regional Greenhouse Gas Initiative**
5 **(RGGI) auction proceeds to delivery service customers?**

6 A. Consistent with Order No. 25,664 (May 9, 2014) in Docket No. DE 14-048, the Company
7 will credit the RGGI rebate amount it receives from the allocation on a per kWh basis
8 through its retail rate reconciliation mechanism that is adjusted on an annual basis. The
9 Company has included a credit of (\$0.00488) per kWh for RGGI auction proceeds in its
10 transmission service charge for 2023, as shown on Attachment HMT-4. This credit of
11 (\$0.00488) per kWh is comprised of the RGGI auction proceeds for May 2022 through
12 April 2023 of (\$3,327,773) and the reconciliation component through April 2023 of
13 (\$1,187,613). The total of (\$4,515,386) is then divided by the estimated sales of
14 924,515,841 kWh to calculate the RGGI credit of (\$0.00488) per kWh, as compared to
15 the current rate of (\$0.00391) per kWh.

16 **VI. PTAM**

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

18 A. The PTAM is a mechanism provided by RSA 72:8-e and approved for Liberty in Order
19 No. 26,619 (Apr. 28, 2022), that authorizes the Company to reconcile its actual property
20 tax expense each New Hampshire property tax year (April 1 through March 31) with the
21 revenue currently collected through customer rates and make annual adjustments to
22 distribution rates accordingly.

1 **Q. How has the PTAM been implemented?**

2 A. RSA 72:8-e directed the Commission to “establish a rate recovery mechanism for any
3 public utility owning property that meets the definition of utility company assets under
4 RSA 72:8-d, I.” The mechanism is to “adjust annually to recover all property taxes paid
5 by each such utility on such utility company assets” The Company’s approved
6 mechanism calculates the difference between the amount of property taxes included in
7 distribution rates and the total amount of municipal property tax bills for the relevant
8 property tax year. The Company recovers that amount through annual adjustments to the
9 Liberty Transmission Charge. *See* Order No. 26,619.

10 **Q. Please explain how the current level of municipal property tax in base distribution**
11 **rates was derived.**

12 A. As described in the Company’s previous PTAM filing in Docket No. DE 22-018, the
13 starting level of municipal property taxes in base distribution rates for purposes of this
14 PTAM reconciliation is \$4,335,347.

15 **Q. Please describe the variance between actual and base property taxes included in**
16 **distribution rates.**

17 A. The actual property taxes billed for property tax year 2022 is \$4,883,044 is compared to
18 the base level of \$4,335,347, as described above, for a current period variance of
19 \$547,697 as shown on Attachment HMT-5, page 3, line 3.

1 **Q. Please explain the (over)/under collection of the 2022 PTAM.**

2 A. In Docket No. DE 22-018, the Company received approval to recover \$330,873 plus
3 interest of \$8,147 for a total of \$339,020, collected over an estimated 917,255,198 kWh
4 sales. The actual sales for the period were 875,315,223, or 41,939,975 less, resulting in
5 an under-collection of \$23,275. This amount is added to the amount of property taxes
6 uncollected for 2022, as described below.

7 **Q. Please describe any adjustments to the PTAM calculation.**

8 A. The DOE Audit Division audited the PTAM mechanism after the rates were approved
9 which audit found the Company paid the State Education tax to towns. RSA 83-F
10 provides that utilities pay the State Utility Tax for all parcels and assets owned by the
11 utility in lieu of paying the State Education Tax. The Company agreed that it should not
12 have paid the State Education Tax on the parcels in question. The total adjustment for
13 property tax years 2020 and 2021 was \$48,708.88. Attachment HMT-7 provides the final
14 audit report.

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

16 A. The proposed PTAM rate is \$0.00056 per kWh and was calculated by summing the prior
17 period undercollection of \$23,275, the current property tax variance plus audit
18 adjustments of \$498,988 for a total amount to be collected of \$522,263 divided by the
19 forecasted kWh for the period of May 1, 2023, through April 30, 2024, of 924,515,841 as
20 shown on Attachment HMT-5, page 1, line 5.

1 **VII. EFFECTIVE DATE AND RATE IMPACTS**

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

3 A. The Company is requesting rates effective May 1, 2023.

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

6 A. Yes. As shown in Attachment HMT-6, the monthly bill impact for a typical residential
7 customer using a total of 650 kilowatt hours is a decrease of (\$1.68)/kWh or (0.75)
8 percent.

9 **Q. When does the Company require rates to be approved?**

10 A. The Company is requesting Commission approval by April 24, 2023, to allow time for
11 rates to be implemented in the Company's billing system for effect on May 1, 2023.

12 **VIII. CONCLUSION**

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

14 A. Yes, it does.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Docket No. DE 23-____
Attachment HMT-1
Page 1 of 1

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Summary of Proposed Rates For Stranded Cost and Transmission \$/kWh**

1	Rate Class	Stranded Cost Charge	Stranded Cost Adjustment Factor	Net Stranded Cost Charge	Transmission Charge	Transmission Service Cost Adjustment	RGGI Auction Proceeds Refund	Property Tax Adjustment Mechanism	Net Transmission Charge
2		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
3		DE 22-003	HMT-2 P1	(a) + (b)	HMT-3 P1	HMT-3 P4	HMT-4	HMT-5	(d) + (e) + (f) + (g)
4	D	(\$0.00040)	\$0.00009	(\$0.00031)	\$0.03928	(\$0.00139)	(\$0.00488)	\$0.00056	\$0.03357
5	D-10	(\$0.00040)	\$0.00007	(\$0.00033)	\$0.01935	(\$0.00139)	(\$0.00488)	\$0.00056	\$0.01364
6	T	(\$0.00040)	\$0.00010	(\$0.00030)	\$0.02792	(\$0.00139)	(\$0.00488)	\$0.00056	\$0.02221
7	G-1	(\$0.00040)	\$0.00009	(\$0.00031)	\$0.02494	(\$0.00139)	(\$0.00488)	\$0.00056	\$0.01923
8	G-2	(\$0.00040)	\$0.00009	(\$0.00031)	\$0.02764	(\$0.00139)	(\$0.00488)	\$0.00056	\$0.02193
9	G-3	(\$0.00040)	\$0.00010	(\$0.00030)	\$0.02875	(\$0.00139)	(\$0.00488)	\$0.00056	\$0.02304
10	V	(\$0.00040)	\$0.00009	(\$0.00031)	\$0.03114	(\$0.00139)	(\$0.00488)	\$0.00056	\$0.02543
11	Streetlights	(\$0.00040)	\$0.00009	(\$0.00031)	\$0.02295	(\$0.00139)	(\$0.00488)	\$0.00056	\$0.01724

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Docket No. DE 23-____
Attachment HMT-2
Page 1 of 4

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Calculation of Stranded Cost Adjustment Factor
Effective May 1, 2023 - April 30, 2024

	Rate Class	Total (Over)/Under Collection	Total Period Forecasted kWh	Stranded Cost Adj. Factor
		(a)	(b)	(c)
1				
2				
3	D	\$ 27,811	298,227,167	\$ 0.00009
4	D-10	\$ 515	7,290,436	\$ 0.00007
5	T	\$ 1,135	11,919,879	\$ 0.00010
6	G-1	\$ 34,307	375,266,024	\$ 0.00009
7	G-2	\$ 13,417	144,872,818	\$ 0.00009
8	G-3	\$ 8,005	83,864,016	\$ 0.00010
9	V	\$ 24	272,833	\$ 0.00009
10	M- Streetlights	\$ 256	2,802,668	\$ 0.00009
11		\$ 85,471	924,515,841	\$ 0.00009

(a) Attachment HMT-2 Pages 3 and 4

(b) Company forecast

(c) Column (a) / Column (b), truncated after 5 decimal places

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Stranded Cost Reconciliation Summary
All Rate Classes
May 2022 - April 2023**

		(Over)/Under Beginning Balance	Stranded Cost Revenue (Refund)	CTC Expense (Credit)	Monthly (Over)/Under	(Over)/Under Ending Balance	Balance Subject to Interest	Interest Rate	Interest	Cumulative Interest
1	Month	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
2										
3	May-22	\$49,138	(\$42,984)	(\$35,715)	\$7,269	\$56,407	\$52,773	3.50%	\$154	\$154
4	Jun-22	\$56,561	(\$37,557)	(\$32,881)	\$4,677	\$61,238	\$58,899	4.00%	\$196	\$350
5	Jul-22	\$61,434	(\$42,540)	(\$36,523)	\$6,017	\$67,451	\$64,443	4.75%	\$255	\$605
6	Aug-22	\$67,707	(\$45,962)	(\$41,707)	\$4,256	\$71,963	\$69,835	5.50%	\$320	\$925
7	Sep-22	\$72,283	(\$42,494)	(\$45,014)	(\$2,520)	\$69,763	\$71,023	5.50%	\$326	\$1,251
8	Oct-22	\$70,089	(\$26,681)	(\$41,649)	(\$14,968)	\$55,121	\$62,605	6.25%	\$326	\$1,577
9	Nov-22	\$55,447	(\$26,716)	(\$26,157)	\$559	\$56,006	\$55,727	6.25%	\$290	\$1,867
10	Dec-22	\$56,296	(\$36,845)	(\$26,052)	\$10,794	\$67,090	\$61,693	7.00%	\$360	\$2,227
11	Jan-23	\$67,450	(\$38,401)	(\$36,081)	\$2,320	\$69,770	\$68,610	7.50%	\$429	\$2,656
12	Feb-23	\$70,199	(\$43,765)	(\$30,084)	\$13,681	\$83,880	\$77,039	7.75%	\$498	\$3,153
*	13 Mar-23	\$84,378	(\$37,982)	(\$37,982)	\$0	\$84,378	\$84,378	7.75%	\$545	\$3,698
*	14 Apr-23	\$84,923	(\$34,971)	<u>(\$34,971)</u>	\$0	\$84,923	\$84,923	7.75%	\$548	\$4,247
15			(\$456,900)	(\$424,814)						
16							\$85,471			

- (a) May-22 ties to the deferral account balance, all other months are Prior Month Column (e) + Prior Month Column (h)
- (b) Company financials
- (c) Company financials
- (d) Column (c) - Column (b)
- (e) Column (a) + Column (d)
- (f) [Column (a) + Column (e)] ÷ 2
- (g) Interest rate on customer deposits
- (h) Column (f) x [Column (g) ÷ 12]
- (i) Column (h) + Prior Month Column (i)
- * Projected

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Stranded Cost Reconciliation
May 2022 - April 2023

	Rate D	(Over)/ Under Beginning Balance	Stranded Cost Revenue (Refund)	CTC Expense (Credit)	Monthly (Over)/ Under	(Over)/ Under Ending Balance	Balance Subject to Interest	Interest Rate	Interest	Total Interest	
1	2	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
2	Month	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
3	May-22	\$ 15,989	\$ (13,986)	\$ (11,621)	\$2,365	\$ 18,354	\$ 17,172	3.50%	\$ 50	\$ 50	
4	Jun-22	\$ 18,404	\$ (12,221)	\$ (10,699)	\$1,522	\$ 19,926	\$ 19,165	4.00%	\$ 64	\$ 114	
5	Jul-22	\$ 19,990	\$ (13,842)	\$ (11,884)	\$1,958	\$ 21,948	\$ 20,969	4.75%	\$ 83	\$ 197	
6	Aug-22	\$ 22,031	\$ (14,956)	\$ (13,571)	\$1,385	\$ 23,416	\$ 22,723	5.50%	\$ 104	\$ 301	
7	Sep-22	\$ 23,520	\$ (13,827)	\$ (14,647)	(\$820)	\$ 22,700	\$ 23,110	5.50%	\$ 106	\$ 407	
8	Oct-22	\$ 22,806	\$ (8,682)	\$ (13,552)	(\$4,870)	\$ 17,936	\$ 20,371	6.25%	\$ 106	\$ 513	
9	Nov-22	\$ 18,042	\$ (8,693)	\$ (8,511)	\$182	\$ 18,224	\$ 18,133	6.25%	\$ 94	\$ 608	
10	Dec-22	\$ 18,318	\$ (11,989)	\$ (8,477)	\$3,512	\$ 21,830	\$ 20,074	7.00%	\$ 117	\$ 725	
11	Jan-23	\$ 21,947	\$ (12,495)	\$ (11,740)	\$755	\$ 22,702	\$ 22,325	7.50%	\$ 140	\$ 864	
12	Feb-23	\$ 22,842	\$ (14,241)	\$ (9,789)	\$4,452	\$ 27,294	\$ 25,068	7.75%	\$ 162	\$ 1,026	
* 13	Mar-23	\$ 27,455	\$ (12,359)	\$ (12,359)	\$0	\$ 27,455	\$ 27,455	7.75%	\$ 177	\$ 1,203	
* 14	Apr-23	\$ 27,633	\$ (11,379)	\$ (11,379)	\$0	\$ 27,633	\$ 27,633	7.75%	\$ 178	\$ 1,382	
			\$ (148,670)	\$ (138,229)							
15	Cumulative (Over)/Under Collection of Stranded Cost						\$ 27,811				

	Rate T	(Over)/ Under Beginning Balance	Stranded Cost Revenue (Refund)	CTC Expense (Credit)	Monthly (Over)/ Under	(Over)/ Under Ending Balance	Balance Subject to Interest	Interest Rate	Interest	Total Interest	
1	2	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
2	Month	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
3	May-22	\$ 652	\$ (571)	\$ (474)	\$97	\$ 749	\$ 701	3.50%	\$ 2	\$ 2	
4	Jun-22	\$ 751	\$ (499)	\$ (437)	\$62	\$ 813	\$ 782	4.00%	\$ 3	\$ 5	
5	Jul-22	\$ 816	\$ (565)	\$ (485)	\$80	\$ 896	\$ 856	4.75%	\$ 3	\$ 8	
6	Aug-22	\$ 899	\$ (610)	\$ (554)	\$57	\$ 955	\$ 927	5.50%	\$ 4	\$ 12	
7	Sep-22	\$ 960	\$ (564)	\$ (598)	(\$33)	\$ 926	\$ 943	5.50%	\$ 4	\$ 17	
8	Oct-22	\$ 931	\$ (354)	\$ (553)	(\$199)	\$ 732	\$ 831	6.25%	\$ 4	\$ 21	
9	Nov-22	\$ 736	\$ (355)	\$ (347)	\$7	\$ 744	\$ 740	6.25%	\$ 4	\$ 25	
10	Dec-22	\$ 747	\$ (489)	\$ (346)	\$143	\$ 891	\$ 819	7.00%	\$ 5	\$ 30	
11	Jan-23	\$ 896	\$ (510)	\$ (479)	\$31	\$ 926	\$ 911	7.50%	\$ 6	\$ 35	
12	Feb-23	\$ 932	\$ (581)	\$ (399)	\$182	\$ 1,114	\$ 1,023	7.75%	\$ 7	\$ 42	
* 13	Mar-23	\$ 1,120	\$ (659)	\$ (659)	\$0	\$ 1,120	\$ 1,120	7.75%	\$ 7	\$ 49	
* 14	Apr-23	\$ 1,127	\$ (482)	\$ (482)	\$0	\$ 1,127	\$ 1,128	7.75%	\$ 7	\$ 56	
			\$ (6,238)	\$ (5,812)							
15	Cumulative (Over)/Under Collection of Stranded Cost						\$ 1,135				

	Rate D-10	(Over)/ Under Beginning Balance	Stranded Cost Revenue (Refund)	CTC Expense (Credit)	Monthly (Over)/ Under	(Over)/ Under Ending Balance	Balance Subject to Interest	Interest Rate	Interest	Total Interest	
1	2	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
2	Month	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
3	May-22	\$ 296	\$ (259)	\$ (215)	\$44	\$ 340	\$ 318	3.50%	\$ 1	\$ 1	
4	Jun-22	\$ 341	\$ (226)	\$ (198)	\$28	\$ 369	\$ 355	4.00%	\$ 1	\$ 2	
5	Jul-22	\$ 370	\$ (256)	\$ (220)	\$36	\$ 407	\$ 388	4.75%	\$ 2	\$ 4	
6	Aug-22	\$ 408	\$ (277)	\$ (251)	\$26	\$ 434	\$ 421	5.50%	\$ 2	\$ 6	
7	Sep-22	\$ 436	\$ (256)	\$ (271)	(\$15)	\$ 420	\$ 428	5.50%	\$ 2	\$ 8	
8	Oct-22	\$ 422	\$ (161)	\$ (251)	(\$90)	\$ 332	\$ 377	6.25%	\$ 2	\$ 10	
9	Nov-22	\$ 334	\$ (161)	\$ (158)	\$3	\$ 338	\$ 336	6.25%	\$ 2	\$ 11	
10	Dec-22	\$ 339	\$ (222)	\$ (157)	\$65	\$ 404	\$ 372	7.00%	\$ 2	\$ 13	
11	Jan-23	\$ 407	\$ (231)	\$ (217)	\$14	\$ 420	\$ 414	7.50%	\$ 3	\$ 16	
12	Feb-23	\$ 423	\$ (264)	\$ (181)	\$82	\$ 506	\$ 464	7.75%	\$ 3	\$ 19	
* 13	Mar-23	\$ 509	\$ (357)	\$ (357)	\$0	\$ 509	\$ 509	7.75%	\$ 3	\$ 22	
* 14	Apr-23	\$ 512	\$ (267)	\$ (267)	\$0	\$ 512	\$ 512	7.75%	\$ 3	\$ 26	
			\$ (2,938)	\$ (2,745)							
15	Cumulative (Over)/Under Collection of Stranded Cost						\$ 515				

	Rate M Streetlights	(Over)/ Under Beginning Balance	Stranded Cost Revenue (Refund)	CTC Expense (Credit)	Monthly (Over)/ Under	(Over)/ Under Ending Balance	Balance Subject to Interest	Interest Rate	Interest	Total Interest	
1	2	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
2	Month	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
3	May-22	\$ 147	\$ (129)	\$ (107)	\$22	\$ 169	\$ 158	3.50%	\$ 0	\$ 0	
4	Jun-22	\$ 169	\$ (113)	\$ (99)	\$14	\$ 183	\$ 176	4.00%	\$ 1	\$ 1	
5	Jul-22	\$ 184	\$ (127)	\$ (109)	\$18	\$ 202	\$ 193	4.75%	\$ 1	\$ 2	
6	Aug-22	\$ 203	\$ (138)	\$ (125)	\$13	\$ 216	\$ 209	5.50%	\$ 1	\$ 3	
7	Sep-22	\$ 217	\$ (127)	\$ (135)	(\$8)	\$ 209	\$ 213	5.50%	\$ 1	\$ 4	
8	Oct-22	\$ 210	\$ (80)	\$ (125)	(\$45)	\$ 165	\$ 188	6.25%	\$ 1	\$ 5	
9	Nov-22	\$ 166	\$ (80)	\$ (78)	\$2	\$ 168	\$ 167	6.25%	\$ 1	\$ 6	
10	Dec-22	\$ 169	\$ (110)	\$ (78)	\$32	\$ 201	\$ 185	7.00%	\$ 1	\$ 7	
11	Jan-23	\$ 202	\$ (115)	\$ (108)	\$7	\$ 209	\$ 206	7.50%	\$ 1	\$ 8	
12	Feb-23	\$ 210	\$ (131)	\$ (90)	\$41	\$ 251	\$ 231	7.75%	\$ 1	\$ 9	
* 13	Mar-23	\$ 253	\$ (124)	\$ (124)	\$0	\$ 253	\$ 253	7.75%	\$ 2	\$ 11	
* 14	Apr-23	\$ 254	\$ (120)	\$ (120)	\$0	\$ 254	\$ 254	7.75%	\$ 2	\$ 13	
			\$ (1,394)	\$ (1,297)							
15	Cumulative (Over)/Under Collection of Stranded Cost						\$ 256				

- (a) May-22 ties to the deferral account balance, all other months are Prior Month Column (e) + Prior Month Column (h)
- (b) Company billing system report; Includes adjustment factor
- (c) Allocation of CTC expenses by rate class
- (d) Expense (Column c) - Revenue (Column b)
- (e) Column (a) + Column (d)
- (f) [Column (a) + Column (e)] ÷ 2
- (g) Interest rate
- (h) Column (f) x [Column (g) ÷ 12]
- (i) Column (h) + Prior Month Column (i)
- * Projected

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Stranded Cost Reconciliation
May 2022 - April 2023

		(Over)/ Under Beginning Balance	Stranded Cost Revenue (Refund)	CTC Expense (Credit)	Monthly (Over)/ Under	(Over)/ Under Ending Balance	Balance Subject to Interest	Interest Rate	Interest	Total Interest
1	Rate G-1	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
2	Month									
3	May-22	\$ 19,724	\$ (17,253)	\$ (14,336)	\$2,918	\$ 22,641	\$ 21,183	3.50%	\$ 62	\$ 62
4	Jun-22	\$ 22,703	\$ (15,075)	\$ (13,198)	\$1,877	\$ 24,580	\$ 23,642	4.00%	\$ 79	\$ 141
5	Jul-22	\$ 24,659	\$ (17,075)	\$ (14,660)	\$2,415	\$ 27,075	\$ 25,867	4.75%	\$ 102	\$ 243
6	Aug-22	\$ 27,177	\$ (18,449)	\$ (16,741)	\$1,708	\$ 28,885	\$ 28,031	5.50%	\$ 128	\$ 371
7	Sep-22	\$ 29,014	\$ (17,057)	\$ (18,068)	(\$1,011)	\$ 28,002	\$ 28,508	5.50%	\$ 131	\$ 502
8	Oct-22	\$ 28,133	\$ (10,710)	\$ (16,718)	(\$6,008)	\$ 22,125	\$ 25,129	6.25%	\$ 131	\$ 633
9	Nov-22	\$ 22,256	\$ (10,724)	\$ (10,499)	\$225	\$ 22,481	\$ 22,368	6.25%	\$ 117	\$ 750
10	Dec-22	\$ 22,597	\$ (14,790)	\$ (10,457)	\$4,333	\$ 26,930	\$ 24,763	7.00%	\$ 144	\$ 894
11	Jan-23	\$ 27,074	\$ (15,414)	\$ (14,482)	\$931	\$ 28,005	\$ 27,540	7.50%	\$ 172	\$ 1,066
12	Feb-23	\$ 28,177	\$ (17,567)	\$ (12,075)	\$5,491	\$ 33,669	\$ 30,923	7.75%	\$ 200	\$ 1,266
* 13	Mar-23	\$ 33,869	\$ (14,805)	\$ (14,805)	\$0	\$ 33,869	\$ 33,869	7.75%	\$ 219	\$ 1,485
* 14	Apr-23	\$ 34,087	\$ (14,569)	\$ (14,569)	\$0	\$ 34,087	\$ 34,087	7.75%	\$ 220	\$ 1,705

15 Cumulative (Over)/Under Collection of Stranded Cost \$ 34,307

		(Over)/ Under Beginning Balance	Stranded Cost Revenue (Refund)	CTC Expense (Credit)	Monthly (Over)/ Under	(Over)/ Under Ending Balance	Balance Subject to Interest	Interest Rate	Interest	Total Interest
1	Rate G-2	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
2	Month									
3	May-22	\$ 7,714	\$ (6,748)	\$ (5,606)	\$1,141	\$ 8,855	\$ 8,284	3.50%	\$ 24	\$ 24
4	Jun-22	\$ 8,879	\$ (5,896)	\$ (5,162)	\$734	\$ 9,613	\$ 9,246	4.00%	\$ 31	\$ 55
5	Jul-22	\$ 9,644	\$ (6,678)	\$ (5,733)	\$945	\$ 10,588	\$ 10,116	4.75%	\$ 40	\$ 95
6	Aug-22	\$ 10,628	\$ (7,215)	\$ (6,547)	\$668	\$ 11,297	\$ 10,963	5.50%	\$ 50	\$ 145
7	Sep-22	\$ 11,347	\$ (6,671)	\$ (7,066)	(\$396)	\$ 10,951	\$ 11,149	5.50%	\$ 51	\$ 196
8	Oct-22	\$ 11,002	\$ (4,188)	\$ (6,538)	(\$2,350)	\$ 8,653	\$ 9,828	6.25%	\$ 51	\$ 248
9	Nov-22	\$ 8,704	\$ (4,194)	\$ (4,106)	\$88	\$ 8,792	\$ 8,748	6.25%	\$ 46	\$ 293
10	Dec-22	\$ 8,837	\$ (5,784)	\$ (4,090)	\$1,694	\$ 10,532	\$ 9,685	7.00%	\$ 56	\$ 350
11	Jan-23	\$ 10,588	\$ (6,028)	\$ (5,664)	\$364	\$ 10,952	\$ 10,770	7.50%	\$ 67	\$ 417
12	Feb-23	\$ 11,020	\$ (6,870)	\$ (4,723)	\$2,148	\$ 13,167	\$ 12,094	7.75%	\$ 78	\$ 495
* 13	Mar-23	\$ 13,245	\$ (6,032)	\$ (6,032)	\$0	\$ 13,245	\$ 13,245	7.75%	\$ 86	\$ 581
* 14	Apr-23	\$ 13,331	\$ (5,647)	\$ (5,647)	\$0	\$ 13,331	\$ 13,331	7.75%	\$ 86	\$ 667

15 Cumulative (Over)/Under Collection of Stranded Cost \$ 13,417

- (a) May-22 ties to the deferral account balance, all other months are Prior Month Column (e) + Prior Month Column (h)
- (b) Company billing system report; Includes adjustment factor
- (c) Allocation of CTC expenses by rate class
- (d) Expense (Column c) - Revenue (Column b)
- (e) Column (a) + Column (d)
- (f) [Column (a) + Column (e)] ÷ 2
- (g) Interest rate
- (h) Column (f) x [Column (g) ÷ 12]
- (i) Column (h) + Prior Month Column (i)
- * Projected

041

		(Over)/ Under Beginning Balance	Stranded Cost Revenue (Refund)	CTC Expense (Credit)	Monthly (Over)/ Under	(Over)/ Under Ending Balance	Balance Subject to Interest	Interest Rate	Interest	Total Interest
1	Rate G-3	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
2	Month									
3	May-22	\$ 4,602	\$ (4,026)	\$ (3,345)	\$681	\$ 5,283	\$ 4,942	3.50%	\$ 14	\$ 14
4	Jun-22	\$ 5,297	\$ (3,517)	\$ (3,079)	\$438	\$ 5,735	\$ 5,516	4.00%	\$ 18	\$ 33
5	Jul-22	\$ 5,754	\$ (3,984)	\$ (3,421)	\$564	\$ 6,317	\$ 6,035	4.75%	\$ 24	\$ 57
6	Aug-22	\$ 6,341	\$ (4,305)	\$ (3,906)	\$399	\$ 6,740	\$ 6,540	5.50%	\$ 30	\$ 87
7	Sep-22	\$ 6,770	\$ (3,980)	\$ (4,216)	(\$236)	\$ 6,534	\$ 6,652	5.50%	\$ 30	\$ 117
8	Oct-22	\$ 6,564	\$ (2,499)	\$ (3,901)	(\$1,402)	\$ 5,162	\$ 5,863	6.25%	\$ 31	\$ 148
9	Nov-22	\$ 5,193	\$ (2,502)	\$ (2,450)	\$52	\$ 5,245	\$ 5,219	6.25%	\$ 27	\$ 175
10	Dec-22	\$ 5,272	\$ (3,451)	\$ (2,440)	\$1,011	\$ 6,283	\$ 5,778	7.00%	\$ 34	\$ 209
11	Jan-23	\$ 6,317	\$ (3,596)	\$ (3,379)	\$217	\$ 6,534	\$ 6,426	7.50%	\$ 40	\$ 249
12	Feb-23	\$ 6,575	\$ (4,099)	\$ (2,818)	\$1,281	\$ 7,856	\$ 7,215	7.75%	\$ 47	\$ 295
* 13	Mar-23	\$ 7,902	\$ (3,662)	\$ (3,662)	\$0	\$ 7,902	\$ 7,902	7.75%	\$ 51	\$ 346
* 14	Apr-23	\$ 7,953	\$ (3,239)	\$ (3,239)	\$0	\$ 7,953	\$ 7,953	7.75%	\$ 51	\$ 398

15 Cumulative (Over)/Under Collection of Stranded Cost \$ 8,005

		(Over)/ Under Beginning Balance	Stranded Cost Revenue (Refund)	CTC Expense (Credit)	Monthly (Over)/ Under	(Over)/ Under Ending Balance	Balance Subject to Interest	Interest Rate	Interest	Total Interest
1	Rate V	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
2	Month									
3	May-22	\$ 14	\$ (12)	\$ (10)	\$2	\$ 16	\$ 15	3.50%	\$ 0	\$ 0
4	Jun-22	\$ 16	\$ (11)	\$ (9)	\$1	\$ 17	\$ 17	4.00%	\$ 0	\$ 0
5	Jul-22	\$ 17	\$ (12)	\$ (10)	\$2	\$ 19	\$ 18	4.75%	\$ 0	\$ 0
6	Aug-22	\$ 19	\$ (13)	\$ (12)	\$1	\$ 20	\$ 20	5.50%	\$ 0	\$ 0
7	Sep-22	\$ 21	\$ (12)	\$ (13)	(\$1)	\$ 20	\$ 20	5.50%	\$ 0	\$ 0
8	Oct-22	\$ 20	\$ (8)	\$ (12)	(\$4)	\$ 16	\$ 18	6.25%	\$ 0	\$ 0
9	Nov-22	\$ 16	\$ (8)	\$ (7)	\$0	\$ 16	\$ 16	6.25%	\$ 0	\$ 1
10	Dec-22	\$ 16	\$ (10)	\$ (7)	\$3	\$ 19	\$ 18	7.00%	\$ 0	\$ 1
11	Jan-23	\$ 19	\$ (11)	\$ (10)	\$1	\$ 20	\$ 20	7.50%	\$ 0	\$ 1
12	Feb-23	\$ 20	\$ (12)	\$ (9)	\$4	\$ 24	\$ 22	7.75%	\$ 0	\$ 1
* 13	Mar-23	\$ 24	\$ (11)	\$ (11)	\$0	\$ 24	\$ 24	7.75%	\$ 0	\$ 1
* 14	Apr-23	\$ 24	\$ (10)	\$ (10)	\$0	\$ 24	\$ 24	7.75%	\$ 0	\$ 1

15 Cumulative (Over)/Under Collection of Stranded Cost \$ 24

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Transmission Charge Calculation
Rates by Class**

	Total	D	D-10	G-1	G-2	G-3	Streetlights	T	V
1 Estimate of Transmission Expense	\$28,038,128								
2 Coincident Peak (KW)	1,699,408	710,064	8,552	567,274	242,767	146,162	3,900	20,174	515
3 Coincident Peak Allocator	100.00%	41.78%	0.50%	33.38%	14.29%	8.60%	0.23%	1.19%	0.03%
4 Allocated Transmission Expense	\$28,038,128	\$11,715,177	\$141,097	\$9,359,319	\$4,005,355	\$2,411,492	\$64,345	\$332,846	\$8,497
5 Forecasted kWh Sales	924,515,841	298,227,167	7,290,436	375,266,024	144,872,818	83,864,016	2,802,668	11,919,879	272,833
6 Proposed Transmission Charge per kWh	\$0.03032	\$0.03928	\$0.01935	\$0.02494	\$0.02764	\$0.02875	\$0.02295	\$0.02792	\$0.03114
7 Current Transmission Charge per kWh	\$0.03161	\$0.03890	\$0.02593	\$0.02747	\$0.02784	\$0.03269	\$0.03258	\$0.02870	\$0.02183
8 Increase (Decrease) in Transmission Charge per kWh	(\$0.00129)	\$0.00038	(\$0.00658)	(\$0.00253)	(\$0.00020)	(\$0.00394)	(\$0.00963)	(\$0.00078)	\$0.00931

- 1 Schedule JDW-1, Line (10)
- 2 Attachment HMT-3, Page 2 of 7
- 3 Line (2) as a percent of total Line (2)
- 4 Line (1) x Line (3)
- 5 Per Company Forecast
- 6 Line (4) ÷ Line (5), truncated after 5 decimal places
- 7 Per Currently Effective Tariffs
- 8 Line (6) - Line (7)

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Transmission Charge Calculation
Coincident Peak Data for 2022**

		Total	D	D-10	G-1	G-2	G-3	Streetlights	T	V
1										
2	January-22	148,352	66,062	893	44,065	19,444	14,858	694	2,284	52
3	February-22	129,583	55,720	810	40,177	17,539	12,480	612	2,174	71
4	March-22	121,939	52,768	673	37,936	16,691	11,420	578	1,794	79
5	April-22	104,382	37,734	544	39,117	15,583	9,296	615	1,461	32
6	May-22	156,561	76,741	467	47,776	19,121	11,426	4	996	30
7	June-22	146,814	72,374	517	44,709	17,730	10,321	3	1,131	29
8	July-22	186,187	85,506	947	56,684	24,721	16,392	4	1,881	52
9	August-22	189,937	81,379	949	62,893	25,999	16,776	4	1,885	52
10	September-22	143,975	39,686	903	67,694	21,577	12,213	5	1,863	34
11	October-22	115,542	38,725	450	48,782	16,774	9,181	460	1,145	25
12	November-22	125,591	46,761	581	36,527	29,440	10,247	487	1,520	28
13	December-22	<u>130,545</u>	56,608	818	40,914	18,148	11,552	434	2,040	31
14	Total	1,699,408	710,064	8,552	567,274	242,767	146,162	3,900	20,174	515

Source: Company Load Data

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Docket No. DE 23-____
Attachment HMT-3
Page 3 of 7

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Transmission Charge Reconciliation
May 2022 - April 2023**

1	Month	(Over)/Under Beginning Balance	Transmission Revenue	Transmission Expense	Monthly (Over)/Under	(Over)/Under Ending Balance	Balance Subject to Interest	Interest Rate	Interest	Cumulative Interest	
2		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
3	May-22	(\$482,573)	\$2,205,925	\$2,332,546	\$126,621	(\$355,951)	(\$419,262)	3.50%	(\$1,223)	(\$1,223)	
4	Jun-22	(\$357,174)	\$2,367,074	\$2,977,859	\$610,785	\$253,611	(\$51,782)	4.00%	(\$173)	(\$1,395)	
5	Jul-22	\$253,438	\$2,729,097	\$2,081,548	(\$647,549)	(\$394,111)	(\$70,336)	4.75%	(\$278)	(\$1,674)	
6	Aug-22	(\$394,389)	\$2,963,036	\$3,167,349	\$204,314	(\$190,075)	(\$292,232)	5.50%	(\$1,339)	(\$3,013)	
7	Sep-22	(\$191,415)	\$2,767,558	\$2,503,035	(\$264,523)	(\$455,937)	(\$323,676)	5.50%	(\$1,484)	(\$4,497)	
8	Oct-22	(\$457,421)	\$1,774,508	\$1,882,576	\$108,069	(\$349,352)	(\$403,387)	6.25%	(\$2,101)	(\$6,598)	
9	Nov-22	(\$351,453)	\$1,724,019	\$1,922,759	\$198,740	(\$152,713)	(\$252,083)	6.25%	(\$1,313)	(\$7,911)	
10	Dec-22	(\$154,026)	\$2,225,471	\$2,145,629	(\$79,842)	(\$233,868)	(\$193,947)	7.00%	(\$1,131)	(\$9,042)	
11	Jan-23	(\$234,999)	\$2,490,797	\$2,322,314	(\$168,484)	(\$403,483)	(\$319,241)	7.50%	(\$1,995)	(\$11,037)	
12	Feb-23	(\$405,478)	\$2,780,178	\$1,997,513	(\$782,665)	(\$1,188,144)	(\$796,811)	7.75%	(\$5,146)	(\$16,183)	
*	13 Mar-23	(\$1,193,290)	\$2,354,145	\$2,354,145	\$0	(\$1,193,290)	(\$1,193,290)	7.75%	(\$7,707)	(\$23,890)	
*	14 Apr-23	(\$1,200,996)	<u>\$2,167,539</u>	<u>\$2,167,539</u>	\$0	(\$1,200,996)	(\$1,200,996)	7.75%	(\$7,756)	(\$31,646)	
15			\$28,549,346	\$27,854,812							
16	Projected Cumulative (Over)/Under Collection of Transmission Charge:						(\$1,208,753)				

- (a) May-22 ties to the deferral account balance, all other months are Prior Month Column (e) + Prior Month Column (h)
- (b) Company financials
- (c) Company financials
- (d) Column (c) - Column (b)
- (e) Column (a) + Column (d)
- (f) [Column (a) + Column (e)] ÷ 2
- (g) Interest rate on customer deposits
- (h) Column (f) x [Column (g) ÷ 12]
- (i) Column (h) + Prior Month Column (i)
- * Projected

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
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Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Calculation of Transmission Service Cost Adjustment
Effective May 1, 2022 - April 30, 2023

1 Transmission Service (Over)/Under Collection	(\$1,208,753)
2 Working Capital	(\$73,439)
3 Total	(\$1,282,192)
4 Forecast kWh Deliveries	<u>924,515,841</u>
5 Transmission Service Cost Adjustment per kWh	(\$0.00139)

- 1 Attachment HMT-3 Page 3
- 2 Attachment HMT-3 Page 5
- 3 Line (1) + Line (2)
- 4 Per Company forecast
- 5 Line (3) ÷ Line (4), truncated after 5 decimal places

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
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**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Transmission Service Cost Adjustment
Working Capital Calculation**

	Days of <u>Cost</u> (a)	Invoice Payment <u>Lag %</u> (b)	Customer Payment <u>Lag %</u> (c)	<u>CWC %</u> (d)	<u>Expense</u> (e)	Working Capital <u>Requirement</u> (f)
1 2021 Transmission Costs	(60.33)	-16.53%	13.73%	-2.80%	\$28,038,128	(\$785,007)
2 Working Capital Requirement						(\$785,007)
3 Capital Structure Post-tax						7.60%
4 Working Capital Impact						(\$59,642)
5 Capital Structure Pre-tax						<u>9.36%</u>
6 Working Capital Impact						(\$73,439)

Columns:

- 1(a) HMT/AMH-3 Page 6
- (b) Column (a) ÷ 365
- (c) HMT-3 Page 7
- (d) Column (b) + Column (c)
- 1(e) HMT-3 Page 1
- (f) Column (d) x Column (e)

Lines:

- 3 Per Settlement Agreement Docket No. DE 19-064
- 4 Line (2) x Line (3)
- 5 Per Settlement Agreement Docket No. DE 19-064
- 6 Line (2) x Line (5)

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Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Transmission Service Cost Adjustment
Working Capital Calculation
Expense Lead/Lag

	Bill Receipt <u>Date</u> (a)	Expense <u>Description</u> (b)	Invoice <u>Amount</u> (c)	Service Period <u>Mid-Point</u> (d)	Payment <u>Date</u> (e)	Elapsed <u>(Days)</u> (f)	% of <u>Total</u> (g)	Weighted <u>Days</u> (h)
1	Dec-21	NEP LNS Bill	\$ 863,808.19	11/15/2021	1/14/2022	60	3.11%	1.87
2	Jan-22	ISO RNS-Bill	\$ 1,580,562.00	11/15/2021	1/12/2022	58	5.70%	3.30
3	Jan-22	NEP LNS Bill	\$ 501,518.78	12/16/2021	2/22/2022	68	1.81%	1.23
4	Feb-22	ISO RNS-Bill	\$ 1,645,570.03	12/16/2021	2/16/2022	62	5.93%	3.68
5	Feb-22	NEP LNS Bill	\$ 545,967.22	1/16/2022	3/25/2022	68	1.97%	1.34
6	Mar-22	ISO RNS-Bill	\$ 1,853,245.59	1/16/2022	3/16/2022	59	6.68%	3.94
7	Mar-22	NEP LNS Bill	\$ 476,037.95	2/14/2022	4/15/2022	60	1.72%	1.03
8	Apr-22	ISO RNS-Bill	\$ 1,619,177.88	2/14/2022	4/12/2022	57	5.84%	3.33
9	Apr-22	NEP LNS Bill	\$ 453,693.65	3/16/2022	5/23/2022	68	1.64%	1.11
10	May-22	ISO RNS-Bill	\$ 1,491,250.58	3/16/2022	5/18/2022	63	5.37%	3.39
11	May-22	NEP LNS Bill	\$ 412,715.33	4/15/2022	6/21/2022	67	1.49%	1.00
12	Jun-22	ISO RNS-Bill	\$ 1,311,030.75	4/15/2022	6/15/2022	61	4.72%	2.88
13	Jun-22	NEP LNS Bill	\$ 452,312.41	5/16/2022	7/21/2022	66	1.63%	1.08
14	Jul-22	ISO RNS-Bill	\$ 1,915,240.40	5/16/2022	7/13/2022	58	6.90%	4.00
15	Jul-22	NEP LNS Bill	\$ 538,578.85	6/15/2022	8/15/2022	61	1.94%	1.18
16	Aug-22	ISO RNS-Bill	\$ 1,793,826.43	6/15/2022	8/17/2022	63	6.46%	4.07
17	Aug-22	NEP LNS Bill	\$ 668,490.67	7/16/2022	9/20/2022	66	2.41%	1.59
18	Sep-22	ISO RNS-Bill	\$ 2,270,674.26	7/16/2022	9/14/2022	60	8.18%	4.91
19	Sep-22	NEP LNS Bill	\$ 710,200.11	8/16/2022	10/21/2022	66	2.56%	1.69
20	Oct-22	ISO RNS-Bill	\$ 2,440,951.50	8/16/2022	10/12/2022	57	8.80%	5.01
21	Oct-22	NEP LNS Bill	\$ 542,692.12	9/15/2022	11/9/2022	55	1.96%	1.08
22	Nov-22	ISO RNS-Bill	\$ 1,765,676.41	9/15/2022	11/14/2022	60	6.36%	3.82
23	Nov-22	NEP LNS Bill	\$ 460,540.14	10/16/2022	12/1/2022	46	1.66%	0.76
24	Dec-22	ISO RNS-Bill	\$ 1,434,307.94	10/16/2022	12/14/2022	59	5.17%	3.05
25		Total	\$27,748,069				Days	60.33

Columns:

- (a) Month in which obligation for payment occurred
- (b) Per invoices
- (c) Per invoices
- (d) Applicable service period
- (e) Per invoices
- (f) Column (e) - Column (d)
- (g) Column (c) / Column (c) Line 25
- (h) Column (f) x Column (g)

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**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Revenue Lead/Lag Applied to Transmission and Stranded Cost Mechanisms**

<u>Service Period</u>		Monthly Customer <u>Accts.Receivable</u> (a)	Monthly <u>Sales</u> (b)	Days <u>In Month</u> (c)	Average <u>Daily Revenues</u> (d)
1/1/2022	1/31/2022	\$13,874,291	\$13,001,968	31	\$419,418
2/1/2022	2/28/2022	\$14,240,765	\$13,349,266	28	\$476,760
3/1/2021	3/31/2022	\$15,366,642	\$16,113,380	31	\$519,786
4/1/2022	4/30/2022	\$13,878,360	\$14,326,913	30	\$477,564
5/1/2022	5/31/2022	\$11,852,065	\$12,553,965	31	\$404,967
6/1/2022	6/30/2022	\$13,129,736	\$12,431,389	30	\$414,380
7/1/2022	7/31/2022	\$14,958,961	\$14,192,916	31	\$457,836
8/1/2022	8/31/2022	\$18,829,611	\$16,571,543	31	\$534,566
9/1/2022	9/30/2022	\$19,590,327	\$16,797,495	30	\$559,917
10/1/2022	10/31/2022	\$13,763,794	\$13,298,088	31	\$428,971
11/1/2022	11/30/2022	\$12,565,580	\$11,530,395	30	\$384,347
12/1/2022	12/31/2022	\$16,050,611	\$12,606,165	31	\$406,650
Average		\$14,841,729			\$457,097
1 Service Lag					15.21
2 Collection Lag					32.47
3 Billing Lag					<u>2.59</u>
4 Total Average Days Lag					50.27
5 Customer Payment Lag-annual percent					13.73%

Columns:

- (a) Accounts Receivable per general ledger at end of applicable month
- (b) Per Company billing data
- (c) Number of days in applicable service period
- (d) Column (b) ÷ Column (c)

Lines:

- 1 Per Settlement Agreement Docket No. DE 19-064
- 2 (a) / (d)
- 3 Per Settlement Agreement Docket No. DE 19-064
- 4 Line (1) + Line (2) + Line (3)
- 5 Line (5) ÷ 365

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Calculation of RGGI Auction Proceeds Refund**

Month	Beginning Balance With Interest	RGGI Rebate	Actual Refund	(Over)/Under Balance	Balance Subject to Interest	Effective Interest Rate	Interest	Cumulative Interest
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	May-22 (\$1,114,477)	(\$895,857)	\$198,491	(\$1,811,842)	(\$1,463,159)	3.50%	(\$4,268)	(\$4,268)
2	Jun-22 (\$1,816,110)		\$283,580	(\$1,532,530)	(\$1,674,320)	4.00%	(\$5,581)	(\$9,849)
3	Jul-22 (\$1,538,111)	(\$840,164)	\$325,946	(\$2,052,329)	(\$1,795,220)	4.75%	(\$7,106)	(\$16,955)
4	Aug-22 (\$2,059,435)		\$351,700	(\$1,707,735)	(\$1,883,585)	5.50%	(\$8,633)	(\$25,588)
5	Sep-22 (\$1,716,368)		\$325,458	(\$1,390,909)	(\$1,553,639)	5.50%	(\$7,121)	(\$32,709)
6	Oct-22 (\$1,398,030)	(\$810,856)	\$204,547	(\$2,004,339)	(\$1,701,185)	6.25%	(\$8,860)	(\$41,569)
7	Nov-22 (\$2,013,199)		\$203,724	(\$1,809,476)	(\$1,911,338)	6.25%	(\$9,955)	(\$51,524)
8	Dec-22 (\$1,819,431)	(\$780,896)	\$282,150	(\$2,318,177)	(\$2,068,804)	7.00%	(\$12,068)	(\$63,592)
9	Jan-23 (\$2,330,245)		\$294,029	(\$2,036,216)	(\$2,183,230)	7.50%	(\$13,645)	(\$77,237)
10	Feb-23 (\$2,049,861)		\$333,701	(\$1,716,160)	(\$1,883,010)	7.75%	(\$12,161)	(\$89,398)
* 11	Mar-23 (\$1,728,321)		\$291,248	(\$1,437,072)	(\$1,582,697)	7.75%	(\$10,222)	(\$99,620)
* 12	Apr-23 (\$1,447,294)		\$268,162	(\$1,179,132)	(\$1,313,213)	7.75%	(\$8,481)	(\$108,101)
13	Total	(\$3,327,773)	\$3,362,737	(\$1,187,613)				
14	2023 (Over)/Under Refund			(\$1,187,613)				
15	Forecasted 2023 RGGI Refund			(\$3,327,773)				
16	Total Refund Due			(\$4,515,386)				
17	Forecast kWh Deliveries			924,515,841				
18	RGGI Refund Rate Effective 5/1/2023			(\$0.00488)				

- (a) May-22 ties to the deferral account balance, all other months are Prior Month Column (e) + Prior Month Column (h)
- (b) Company financials
- (c) Company financials
- (d) Column (a) - [(Column (c) - Column (b))]
- (e) Average of Column (a) and Column (c)
- (f) Interest rate on customer deposits
- (g) Column (e) x [Column (f) ÷ 12]
- (h) Prior month Column (h) + Current month Column (g)
- 14 Sum of column (d)
- 15 Forecast based on 2021 auction proceeds
- 16 Sum of lines 14 + 15
- 17 Company forecast
- 18 Line 16 / Line 17
- * Estimate

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**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
 Property Tax Adjustment Mechanism Rate Calculation
 Effective May 1, 2023 - April 30, 2024**

Line No.			
1	Prior Period (Over)/Under Recovery	\$23,275	Attachment HMT-5, Page 2, Line 16
2	2022 Property Tax Year Variance	\$498,988	Attachment HMT-5, Page 3, Line 6
3	Total PTAM to be Recovered	<u>\$522,263</u>	Line 1 + Line 2
4	Forecasted Distribution kWh Sales	924,515,841	Company Forecast
5	Transmission Rate - PTAM Portion (\$/kWh)	\$0.00056	Line 3 / Line 4

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
PTAM Reconciliation
May 2022 - April 2023

1	Month	(Over)/Under Beginning Balance	PTAM Revenue	Monthly (Over)/Under	(Over)/Under Ending Balance	Balance Subject to Interest	Interest Rate	Interest	Cumulative Interest
2		(a)	(b)	(c.)	(d)	(e.)	(f)	(g)	(h)
3	May-22	\$330,873	(\$23,721)	\$307,152	\$307,152	\$319,012	3.25%	\$864	\$864
4	Jun-22	\$308,016	(\$26,349)	\$281,667	\$281,667	\$294,841	3.25%	\$799	\$1,663
5	Jul-22	\$282,465	(\$30,089)	\$252,376	\$252,376	\$267,421	4.00%	\$891	\$2,554
6	Aug-22	\$253,268	(\$32,476)	\$220,792	\$220,792	\$237,030	4.00%	\$790	\$3,344
7	Sep-22	\$221,582	(\$24,239)	\$197,343	\$197,343	\$209,462	4.00%	\$698	\$4,042
8	Oct-22	\$198,041	(\$18,871)	\$179,170	\$179,170	\$188,606	5.50%	\$864	\$4,907
9	Nov-22	\$180,035	(\$18,795)	\$161,240	\$161,240	\$170,637	5.50%	\$782	\$5,689
10	Dec-22	\$162,022	(\$31,838)	\$130,184	\$130,184	\$146,103	5.50%	\$670	\$6,358
11	Jan-23	\$130,854	(\$26,980)	\$103,874	\$103,874	\$117,364	7.00%	\$685	\$7,043
12	Feb-23	\$104,558	(\$30,787)	\$73,771	\$73,771	\$89,165	7.00%	\$520	\$7,563
*	13 Mar-23	\$74,291	(\$26,865)	\$47,427	\$47,427	\$60,859	7.00%	\$355	\$7,918
*	14 Apr-23	\$47,782	(\$24,735)	\$23,047	\$23,047	\$35,414	7.75%	\$229	\$8,147
15			(\$315,745)						
16		Projected Cumulative (Over)/Under Collection of PTAM Charge:				\$23,275			

- (a) May-22 DE 22-018 Approved Recovery Amount
- (b) Company financials
- (c) Column (c) - Column (b)
- (d) Column (a) + Column (d)
- (e) [Column (a) + Column (e)] ÷ 2
- (f) Interest rate on customer deposits
- (g) Column (f) x [Column (g) ÷ 12]
- (h) Column (h) + Prior Month Column (i)
- * Projected

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
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Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Property Tax Adjustment Mechanism
Property Tax Summary

<u>Line</u>		<u>Amount</u>	<u>Reference</u>
1	Total Property Taxes in Base Rates 2021	\$4,335,347	DE 22-018 Bates 57 line 10
2	2022 Property Tax Year Bills	<u>\$4,883,044</u>	HMT-5 Page 4 Line 58
3	Total	547,696.57	
4	DE 22-018 Audit Results	(\$48,709)	Attachment HMT-7
5	2022 Property Tax Year Variance	<u><u>\$498,988</u></u>	Line 5 - Line 4

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
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**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Property Tax Adjustment Mechanism
Municipal Property 2022 Tax Invoices**

Line	Municipality	Parcel	Tax Year 2022		
			Installment #1	Installment #2	Total Due
1	Acworth	999-00000-00999-00D	\$10,975.00	\$13,406.00	\$24,381.00
2	Alstead	999-UTIL-001	\$51,397.00	\$51,268.00	\$102,665.00
3	Atkinson	00UTIL-000001-000000	\$1,035.00	\$1,048.00	\$2,083.00
4	Bath	00-GSE	\$827.14	\$748.93	\$1,576.07
5	Canaan	00UTIL-00ELEC-000001	\$51,719.00	\$54,324.00	\$106,043.00
6	Charlestown	119-033	\$1,575.12	\$1,736.53	\$3,311.65
7	Charlestown	000-003	\$151,228.96	\$122,541.99	\$273,770.95
8	Charlestown	103-050	\$1,167.50	\$1,287.14	\$2,454.64
9	Charlestown	103-051	\$6.24	\$6.88	\$13.12
10	Charlestown	107-001	\$22.96	\$25.32	\$48.28
11	Cornish	000UTL - 000UTL - 00ELEC	\$3,092.00	\$3,744.00	\$6,836.00
12	Derry	11-100	\$2,728.17	\$2,689.27	\$5,417.44
13	Enfield	0033-0034-00000-00000	\$1,000.32	\$1,099.46	\$2,099.78
14	Enfield	OUTL-0001-00000-00000	\$107,887.83	\$92,447.82	\$200,335.65
15	Grafton	000UTL-00001-00000	\$709.00	\$335.00	\$1,044.00
16	Goffstown	99-4-3	\$116.23	\$92.59	\$208.82
17	Hanover	0-0-11	\$109,174.00	\$163,753.00	\$272,927.00
18	Hanover	23-1-1	\$0.00		\$0.00
19	Langdon	1-00000.-0	\$14,949.94	\$17,154.15	\$32,104.09
20	Lebanon	103-14	\$462,237.00	\$540,349.00	\$1,002,586.00
21	Lebanon	105-105	\$2,010.00	\$1,321.00	\$3,331.00
22	Lebanon	116-4	\$43.00	\$71.00	\$114.00
23	Lebanon	117-17	\$737.00	\$1,116.00	\$1,853.00
24	Lebanon	157/1	\$13,136.00	\$39,640.00	\$52,776.00
25	Lebanon	157/2	\$3,860.60	\$9,437.00	\$13,297.60
26	Londonderry	6-1	\$2,667.00	\$811.00	\$3,478.00
27	Londonderry	999-2	\$54,952.00	\$39,656.00	\$94,608.00
28	Marlow	81-14-1	\$4,949.40	\$4,480.20	\$9,429.60
29	Monroe	81-14-0	\$7,130.40	\$5,163.30	\$12,293.70
30	Orange	U7C	\$607.59	\$374.11	\$981.70
31	Pelham	000000-000002-000000	\$4,438.07	\$2,930.66	\$7,368.73
32	Pelham	0041-00011	\$8.44	\$8.51	\$16.95
33	Plainfield	00UTLS-000GSE-000000	\$0.00	\$1,653.46	\$1,653.46
34	Salem	0-14-3	\$89,721.00	\$349,245.00	\$438,966.00
35	Salem	29-7-114-1-UBO	\$31,149.00	\$67,889.00	\$99,038.00
36	Salem	000233-000020-000000	\$27,945.00	\$21,931.00	\$49,876.00
37	Salem	67-9809	\$1,416.00	\$1,527.00	\$2,943.00
38	Salem	68-10101	\$236.00	\$257.00	\$493.00
39	Salem	68-10102	\$277.00	\$299.00	\$576.00
40	Salem	68-10103	\$151.00	\$160.00	\$311.00
41	Salem	89-1099	\$594.00	\$639.00	\$1,233.00
42	Salem	89-10115	\$925.00	\$995.00	\$1,920.00
43	Salem	99-12572	\$8,449.34	\$6,303.00	\$14,752.34
44	Salem	114-10116	\$0.00	\$0.00	\$0.00
45	Salem	116-9915	\$9,011.00	\$9,712.00	\$18,723.00
46	Salem	116-9915-2	\$672.00	\$723.00	\$1,395.00
47	Salem	136-9903	\$1,360.00	\$1,465.00	\$2,825.00
48	Salem	157-9715	\$50,812.00	\$49,465.00	\$100,277.00
49	Salem	157-9715-1	\$654,151.00	\$981,409.00	\$1,635,560.00
50	Salem	157-9715-2	\$0.00		\$0.00
51	Springfield	000000-000000-000003-0091-07	\$105.00	\$92.00	\$197.00
52	Surry	000UTL-000003-000GSE	\$1,355.00	\$458.00	\$1,813.00
53	Tilton	00UTL-000LIB-000GSE	\$118.00	\$158.00	\$276.00
54	Walpole	00UTIL-00UTIL-00001B	\$85,535.00	\$77,092.00	\$162,627.00

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Docket No. DE 23-____
Attachment HMT-6
Page 1 of 1

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Typical Residential Customer
Retail Rate Filing Bill Comparison**

1 Usage	650 kWh				
			May 1, 2023		May 1, 2023
		Current	Proposed	Current	Proposed
2		Rates	Rates	Bill	Bill
3 Customer Charge		\$14.74	\$14.74	\$14.74	\$14.74
4 Distribution Charge		\$0.05909	\$0.05909	\$38.41	\$38.41
5 Storm Recovery Adjustment		(\$0.00202)	(\$0.00202)	(\$1.31)	(\$1.31)
6 Transmission Charge		\$0.03635	\$0.03357	\$23.63	\$21.82
7 Stranded Cost Charge		(\$0.00051)	(\$0.00031)	(\$0.33)	(\$0.20)
8 System Benefits Charge		\$0.00700	\$0.00700	\$4.55	\$4.55
9 Subtotal Retail Delivery Services		\$0.09991	\$0.09733	\$79.68	\$78.01
10 Default Service Charge		\$0.22007	\$0.22007	\$143.05	\$143.05
11 Total Bill				\$222.73	\$221.05
<hr/>					
15 Monthly \$ decrease in 650 kWh Total Residential Bill				(\$1.68)	
16 Monthly % decrease in 650 kWh Total Residential Bill				-0.75%	
<hr/>					

STATE OF NEW HAMPSHIRE
Intra-Department Communication

DATE: June 10, 2022

FROM: Audit Staff, Division of Enforcement
NH Department of Energy

SUBJECT: Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
FINAL Audit Report DE 22-018

TO: Tom Frantz, Director, Regulatory
Elizabeth Nixon, Director Electric, Regulatory
Jay Dudley, Analyst, Regulatory
Paul Dexter, Attorney, NH Department of Energy

Introduction

The Enforcement division Audit staff of the Department of Energy was requested by the Legal staff of the Department to review the property tax adjustment portion of the Annual Retail Rate filing submitted to the PUC on March 22, 2022. The filing has been docketed as DE 22-018.

Statutory Establishment

HB 700 established a methodology for valuing utility distribution assets for property tax purposes, codified as RSA 72:8-d and -e, for implementation August 2019. The statute reads:

TITLE V
TAXATION
CHAPTER 72
PERSONS AND PROPERTY LIABLE TO TAXATION
Property Taxes
Section 72:8-d

72:8-d Valuation of Electric, Gas, and Water Utility Company Distribution Assets. –

I. In this section:

- (a) "FERC" means the Federal Energy Regulatory Commission.
- (b) "Utility company assets" means the following property not exempt under RSA 72:23:
 - (1) For an electric company providing electricity service to retail customers: the distribution poles, wires, conductors, attachments, meters, transformers, and substations accounted for by the utility in accordance with FERC Form 1, buildings, contributions in aid of construction (CIAC), construction works in progress (CWIP), and land rights, including use of the public rights of way, easements on private land owned by third parties, and land owned in fee by the electric company, so long as such easements and fee land are associated solely with distribution power

lines classified as distribution according to FERC standards.

(2) For a gas company providing gas service to retail customers: distribution pipes, fittings, meters, pressure reducing stations, buildings, contributions in aid of construction (CIAC), construction works in progress (CWIP), and land rights including use of the public rights of way, easements on private land owned by third parties, and land owned in fee by the gas company.

(3) For a water company providing water service to retail customers: pipes, fittings, meters, wells, pressure/pump stations, buildings, contributions in aid of construction (CIAC), construction works in progress (CWIP), and land rights including use of the public rights of way, easements on private land owned by third parties, and land owned in fee by the water company. No electric power fixtures employed solely as an emergency source of electric power in a public water distribution system shall be taxable.

(c) "Utility company assets" shall not include:

(1) Electric company transmission poles, wires, conductors, attachments, meters, transformers, and substations, classified as transmission according to FERC standards, buildings associated with transmission, and land rights, including easements on private land owned by third parties, and land owned in fee by the electric company, so long as such easements and fee land are associated with transmission power lines classified as transmission according to FERC standards.

(2) Electric generation facilities and associated land rights, whether in fee or by easement.

(3) Gas transmission pipeline facilities regulated by FERC and associated land rights, whether in fee or easement.

(4) Wholly owned telephone, cable, or Internet service providers, and large scale natural gas and propane gas liquid storage and processing facility assets.

(5) Fee-owned land, office buildings, garages, and warehouses.

(d) "Retention dam" means a dam constructed for the purpose of impounding drinking water supply.

II. (a) The selectmen or assessors shall appraise utility company assets lying within the limits of the town or city using a unified method of valuing the utility company assets, excluding land rights, according to the following formula:

(1) For electric and gas utility company assets: a weighted average of 70 percent of each asset's original cost and 30 percent of each asset's net book cost as reported in compliance with paragraphs IV and V.

(2) For water utility company assets: a weighted average of 25 percent of each asset's original cost and 75 percent of each asset's net book cost as reported in compliance with paragraphs IV and V.

(b) To the appraisal under subparagraph (a), for the use of public rights of way and private distribution system easements, the selectmen or assessors shall add 3 percent of the valuation determined under subparagraph (a).

(c) The total of subparagraphs (a) and (b), as implemented under paragraph VI, shall be the valuation of the utility company's assets for purposes of local property taxation, and added to the municipality's assessed value of the utility company's fee-owned land, office buildings, garages, and warehouses.

III. Any water utility company land parcel owned in fee for sanitary radii, retention dams, and/or watershed protection purposes which is subject to regulation by the department of environmental services to protect water quality shall be entitled to be assessed under RSA 79-C at the value such land would have been assigned under the current use values established pursuant to RSA 79-A if the land had met the criteria for open space land under that chapter, even if said parcel is

less than 10 acres in size and/or has a well structure and related piping on the parcel.

IV. Each utility company shall report by May 1 of each year to the selectmen or assessors of each town or city in which its utility company assets are located and to the department of revenue administration, the original cost and net book value as of December 31 of the preceding year of each account code category of distribution, transmission, and generation assets, if any, located within such town or city in accordance with FERC Form 1 and/or Form 2 Federal Account Code items.

V. The commissioner of the department of revenue administration shall adopt rules under RSA 541-A for the forms and requirements for the reporting under paragraph IV. Such reporting requirements shall also include an obligation on the utility company with utility company assets to utilize an accounting system to report and track with the best information available, in an efficient, equitable and transparent manner using the best information then available from the utility company's accounting records, contributions in aid of construction (CIAC), construction works in progress (CWIP), and undistributed plant assets in each town or city and the original cost of each such asset as reported by the contributing entity.

VI. (a) The assessed value of all utility company assets existing and assessed as of April 1, 2018 determined in subparagraph II(c) shall be implemented over a 5-year period as follows:

(1) The value for assessment of property taxes for the tax year effective April 1, 2020 shall be a weighted average of 80 percent of the final locally assessed value effective April 1, 2018 and 20 percent of the apportioned value determined under subparagraph II(c) effective April 1, 2020.

(2) The value for assessment of property taxes for the tax year effective April 1, 2021 shall be a weighted average of 60 percent of the final locally assessed value effective April 1, 2018 and 40 percent of the apportioned value determined under subparagraph II(c) effective April 1, 2021.

(3) The value for assessment of property taxes for the tax year effective April 1, 2022 shall be a weighted average of 40 percent of the final locally assessed value effective April 1, 2018 and 60 percent of the apportioned value determined under subparagraph II(c) effective April 1, 2022.

(4) The value for assessment of property taxes for the tax year effective April 1, 2023 shall be a weighted average of 20 percent of the final locally assessed value effective April 1, 2018 and 80 percent of the apportioned value determined under subparagraph II(c) effective April 1, 2023.

(5) For each of the years in subparagraphs (a)(1) through (4), all utility company assets installed after April 1, 2018, and not included in assessment as of April 1, 2018, shall be assessed at the apportioned value determined under subparagraph II(c) effective as of April 1 of the property tax year. For each of the years in subparagraphs (a)(1) through (4), all utility company assets retired after April 1, 2018, and included in assessment as of April 1, 2018, shall not be assessed.

(6) Beginning with the tax year effective April 1, 2024 and every tax year thereafter the locally assessed value shall be the apportioned value determined under subparagraph II(c) effective as of April 1 of the property tax year.

(b) For purposes of subparagraph (a), "final locally assessed value effective April 1, 2018" means the municipality's value of the utility company's assets as taken from the department of revenue administration's form MS-1 for 2018.

VII. All determinations or decisions under this section shall be appealable by the electric, gas, or water utility company or the town or city by petition to the board of tax and land appeals under RSA 71-B. **Source.** 2019, 117:2, eff. Aug. 20, 2019.

Section 72:8-e

72:8-e Recovery of Taxes by Electric, Gas and Water Utility Companies. –

For the implementation period of the valuation of utility company assets under RSA 72:8-d, VI and terminating with the property tax year effective April 1, 2024, the public utility commission shall by order 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. Such rate recovery mechanism shall either:

- I. Adjust annually to recover all property taxes paid by each such utility on such utility company assets based upon the methodology set forth in of RSA 72:8-d; or
- II. Be established in an alternative manner acceptable to both the utility and the public utility commission. **Source.** 2019, 117:2, eff. Aug. 20, 2019.

Filing

Within the direct testimony of Heather Tebbetts and Adam Hall, filed on March 22, 2022, on Bates pages 037-039 is discussion of the dockets, etc., that impacted the calculated (over)/under recovery of the April 1, 2020 through March 31, 2021 (2020 property tax year) and the April 1, 2021 through March 31, 2022 (2021 property tax year). Specifically:

Bates page 057

Schedule HMT/AMH-5 page 2 of 4

<u>Tax year 2020</u>	<u>Reference</u>
\$ 4,798,551	DE 19-064 Corrections and Updates filing Bates 16 line 107
\$ (962,839)	State Property Taxes in DE 19-064
\$ 3,835,712	sum
\$ (19,378)	CY 2019 REP
\$ 26,743	CY 2020 REP
\$ 198,142	2019 Step Increase effective 7/1/2020 (9 months included)
\$ 4,041,219	Total 2020 Property Taxes in Rates

<u>Tax year 2021</u>	<u>Reference</u>
\$ 4,041,219	Total 2020 property taxes to be collected in rates in 2021
\$ 66,047	2019 Step increase effective 7/1/2020 (3 months included)
\$ 220,911	2020 step increase effective 7/1/21 (9 months of \$294,548 Order 26,494)
\$ 7,170	2020 step increase (5 months of \$17,208 Order 26,537)
\$ 4,335,347	Total
\$ 8,376,566	Total Property Taxes Collected in Rates 2020 and 2021

	<u>Muni Tax Billed</u>	<u>Collected in Rates</u>	<u>Difference</u>
2020	\$ 4,514,178	\$ 4,041,219	\$ 472,959
2021	\$ 4,193,261	\$ 4,335,347	\$ (142,086)
	\$ 8,707,439	\$ 8,376,566	\$ 330,873

Audit verified the reported tax year 2020 and 2021 Property Tax expense details to pdf copies of actual invoices. The municipal invoices are summarized below, with recommended adjustments based on reviews of all first and second property tax invoices for both tax years:

<u>Municipality</u>	<u>Tax Year 2020</u>	<u>Tax Year 2020</u>	<u>Audit</u>	<u>Tax Year 2021</u>	<u>Tax Year 2021</u>	<u>Audit</u>
	<u>4/20-3/21</u>	<u>Adjustments</u>	<u>Recommended</u>	<u>4/21-3/22</u>	<u>Adjustments</u>	<u>Recommended</u>
Acworth	\$ 26,915.00	\$ -	\$ 26,915.00	\$ 21,951.00	\$ -	\$ 21,951.00
Alstead	\$ 92,358.00	\$ -	\$ 92,358.00	\$ 102,698.00	\$ -	\$ 102,698.00
Atkinson	\$ 145.00	\$ -	\$ 145.00	\$ 2,070.00	\$ -	\$ 2,070.00
Bath	\$ 1,768.57	\$ -	\$ 1,768.57	\$ 1,654.27	\$ -	\$ 1,654.27
Canaan	\$ 138,917.00	\$ -	\$ 138,917.00	\$ 103,438.00	\$ -	\$ 103,438.00
Charlestown - 5 parcels	\$ 270,829.92	\$ -	\$ 270,829.92	\$ 308,326.43	\$ (9,098.54)	\$ 299,227.89
Cornish	\$ 2,030.00	\$ -	\$ 2,030.00	\$ 6,188.00	\$ -	\$ 6,188.00
Derry	\$ 4,889.99	\$ -	\$ 4,889.99	\$ 5,456.34	\$ -	\$ 5,456.34
Enfield-2 parcels	\$ 202,989.86	\$ -	\$ 202,989.86	\$ 217,588.20	\$ -	\$ 217,588.20
Franconia	\$ 132.32	\$ (67.32)	\$ 65.00	\$ -	\$ -	\$ -
Grafton	\$ 1,374.00	\$ -	\$ 1,374.00	\$ 1,417.00	\$ -	\$ 1,417.00
Goffstown	\$ 244.28	\$ -	\$ 244.28	\$ 232.46	\$ -	\$ 232.46
Hanover-2 parcels	\$ 244,084.00	\$ -	\$ 244,084.00	\$ 221,088.00	\$ -	\$ 221,088.00
Langdon	\$ 30,427.72	\$ (405.00)	\$ 30,022.72	\$ 29,899.88	\$ -	\$ 29,899.88
Lebanon-8 parcels	\$ 1,249,767.00	\$ -	\$ 1,249,767.00	\$ 1,082,007.00	\$ (36,720.00)	\$ 1,045,287.00
Londonderry-2 parcels	\$ 21,602.40	\$ -	\$ 21,602.40	\$ 24,145.50	\$ -	\$ 24,145.50
Marlow	\$ 1,004.13	\$ -	\$ 1,004.13	\$ 992.56	\$ -	\$ 992.56
Monroe	\$ 8,559.94	\$ -	\$ 8,559.94	\$ 8,868.23	\$ -	\$ 8,868.23
Nashua	\$ -	\$ -	\$ -	\$ 16.88	\$ -	\$ 16.88
Orange	\$ 1,914.86	\$ -	\$ 1,914.86	\$ 1,892.21	\$ -	\$ 1,892.21
Pelham-2 parcels	\$ 324,946.00	\$ -	\$ 324,946.00	\$ 241,738.00	\$ -	\$ 241,738.00
Plainfield	\$ 57,680.00	\$ -	\$ 57,680.00	\$ 55,890.00	\$ -	\$ 55,890.00
Salem -14 parcels	\$ 1,497,716.95	\$ -	\$ 1,497,716.95	\$ 1,459,497.00	\$ (2,418.02)	\$ 1,457,078.98
Springfield	\$ 247.00	\$ -	\$ 247.00	\$ 210.00	\$ -	\$ 210.00
Surry	\$ 5,114.00	\$ -	\$ 5,114.00	\$ 2,710.00	\$ -	\$ 2,710.00
Tilton	\$ 274.00	\$ -	\$ 274.00	\$ 236.00	\$ -	\$ 236.00
Walpole-2 parcels	\$ 245,852.00	\$ -	\$ 245,852.00	\$ 223,814.00	\$ -	\$ 223,814.00
Windham-2 parcels	\$ 79,090.00	\$ -	\$ 79,090.00	\$ 69,236.00	\$ -	\$ 69,236.00
	\$ 4,510,873.94	\$ (472.32)	\$ 4,510,401.62	\$ 4,193,260.96	\$ (48,236.56)	\$ 4,145,024.40
	Tax Year 2020			Tax Year 2021		

Property Tax Year 2020 Adjustments

The recommended Franconia disallowance of \$67.32 represents the second issuance 2019 property tax invoice of \$65 and associated late fee of \$2.32. The notice of delinquent taxes was sent to Liberty on February 14, 2020. The Company indicated that the \$132.32 represented the full tax year 2020, but the documentation provided did not support that.

The Langdon recommended disallowance of \$405 is based on a refund of the State Education tax portion of a 2019 property tax invoice that included \$2,695 in State Education tax, while the 2020 first issue included \$3,505 in State Education tax. One half of the variance of \$810 results in the recommended reduction of \$405.

In addition to Langdon, Audit noted within the Property Tax Year 2020 three towns assessed Liberty with the State Education tax. Liberty properly excluded those State Education taxes from the filing, but did pay them, thus overpaying:

- Charlestown-all five parcels
- Lebanon-two of six parcels
- Salem-one of two parcels

Liberty should ensure that the municipal level property tax invoices are adjusted at the town level to discontinue the State Education assessment.

Property Tax Year 2021 Adjustments

The Charlestown recommended disallowance of \$9,098.54 is based on the inclusion of the State Education property tax being assessed to each parcel in tax year 2021, and being included in the filing total. As above, it is recommended that the town cease assessing Liberty for the State Education tax.

The recommended disallowance of the Lebanon associated \$36,720.00 is based on parcels 157/1 and 157/2 at 366 and 384 Plainfield Road respectively. The parcels were new to Liberty with the first issuance in tax year 2021, both include State Education assessments. Audit requested clarification of the properties, and Liberty explained that the parcels “will serve as the future location for the new electric operations center in Lebanon. Because the properties are not currently in service to customers, the properties do not fit with the RSA definition of property eligible for treatment within statute 72:8-d and 72:8-e.

The Salem recommended disallowance of \$2,418.02 represents inclusion of the State Education in the first issue tax year 2021 for parcel 99-12572 for utilities at 1 Tuscan Blvd. (Granite State Electric provides electrical service to the Tuscan Village, while Northern Utilities provides gas service.)

Verification to the FERC Form 1 and General Ledger

The FERC Form 1 calendar year 2020 Annual Report income statement reflects Taxes Other than Income, account 408.1, on line 14 of \$5,721,390. The 2021 figure was noted to be \$6,423,995. The totals are comprised of the following general ledger expense accounts:

	<u>12/31/2020</u>	<u>12/31/2021</u>
8830-2-9810-69-5040-4080 Social Security Taxes	\$ 568,946.12	\$ 659,083.24
8830-2-9810-69-5041-4080 Federal Unemployment taxes	\$ 4,267.94	\$ 4,329.61
8830-2-9810-69-5041-4082 Tx Oth Inc Tx-St Unempl Tax	\$ 7,111.25	\$ 27,248.11
8830-2-9810-69-5042-4080 Medicare	\$ 139,123.57	\$ 150,028.92
8830-2-9820-69-5680-4080 Property Tax	<u>\$5,001,941.28</u>	<u>\$5,583,305.18</u>
Taxes Other than Income FERC Form 1	\$5,721,390.16	\$6,423,995.06

Summary

Based on a review of the general ledger and the Liberty Utilities (Granite State Electric) Corp's 2020 and 2021 municipal property tax year invoices, the proposal to recover \$330,873 should be reduced by \$48,708.88, resulting in an adjusted figure of \$282,164.12.

Company Comment (June 10, 2022)

The Company agrees with the Audit findings on the \$48,708.88 disallowance due to the state education taxes.

Audit Conclusion

Audit reminds the reader that \$36,720 of the recommended disallowance is the result of two Lebanon parcels that are not currently used, useful and in service to rate payers.

The Commission approved the proposed rates by Order 26,619, effective for twelve months beginning on May 1, 2022. As a result, Audit recommends that the overall exclusion of \$48,708.88 be identified explicitly in the Company's next Annual Retail Rate filing in 2023.