

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DG 24-098

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty
2025–2026 Local Distribution Adjustment Charge (LDAC)

UPDATED DIRECT TESTIMONY

OF

ROBERT GARCIA

AND

ALYSSA E. MASTON

November 20, 2024



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1 **I. INTRODUCTION**

2 **Q. What are your full names, business addresses, and positions?**

3 A. (RG) My name is Robert Garcia. My business address is 15 Buttrick Road,
4 Londonderry, New Hampshire. My title is Manager, Rates and Regulatory Affairs.

5 (AM) My name is Alyssa E. Maston. My business address is 15 Buttrick Road,
6 Londonderry, New Hampshire. My title is Rates Analyst II, Rates and Regulatory
7 Affairs.

8 **Q. By whom are you employed?**

9 A. We are employed by Liberty Utilities Service Corp. (“LUSC”), which provides services
10 to Liberty Utilities (Granite State Electric) Corp d/b/a Liberty (“Liberty” or the
11 “Company”).

12 **Q. On whose behalf are you testifying?**

13 A. We are testifying on behalf of the Company.

14 **Q. Mr. Garcia, would you describe your educational and professional background and
15 training?**

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

1 studies, studied French and European government at the École Nationale
2 D'Administration (Paris, France).

3 I was employed by ComEd from April 2001 to March 2023. I began my employment
4 with ComEd in the Regulatory Department as a Regulatory Specialist and moved on to
5 the positions of Senior Regulatory Specialist in 2004, Manager of Regulatory Strategies
6 and Solutions in 2008, and Director of Regulatory Strategy and Services in 2013 before
7 assuming my last position as Director of Regulatory Innovation & Initiatives in 2021.

8 Prior to joining ComEd, I worked for nearly nine years at the Illinois Commerce
9 Commission, beginning in 1992 as an intern in what was then the Office of Policy and
10 Planning and ending in 2001 as the senior policy advisor to a Commissioner. I initially
11 joined the Commission Staff through the James H. Dunn Memorial Fellowship program,
12 a one-year program sponsored by the Office of the Governor. Through this Fellowship, I
13 also held short-term positions in the Bureau of the Budget and the Governor's Legislative
14 Office.

15 **Q. Ms. Maston, would you describe your educational background, and your business
16 and professional experience?**

17 A. I graduated from Southern New Hampshire University in 2019 with a Bachelor of
18 Science degree in Accounting, and earned my Masters in Professional Accountancy
19 from the same institution in 2020. I have held an active Certified Public Accountant
20 (“CPA”) license since 2022. I joined Liberty in August 2023. Prior to joining Liberty, I
21 was employed by Baker Newman Noyes, a public accounting firm, from 2020 through

1 2022. I held positions as an Audit Senior and Audit Staff, and was responsible for
2 performing financial audits of companies in a large range of industries, such as banking
3 and healthcare.

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

6 A. Yes, we have.

7 **Q. What is the purpose of your updated testimony?**

8 A. The purpose of our testimony is to explain the Company’s proposed 2025/2026 Local
9 Delivery Adjustment Charge, effective February 1, 2025, and to detail the updates that
10 have been made since the initial filing on August 20, 2024 which include: (1) updated
11 interest rates; (2) the replacement of three months of forecasted data with actual data; (3)
12 the inclusion of the Energy Efficiency charge that will be effective January 1, 2025
13 through December 31, 2025; and (4) a few small corrections that were found by the
14 Company since the first filing.

15 On September 18, 2024, the Prime Rate was changed from 8.50% to 8.00%. On
16 November 7, 2024, the Prime Rate was changed again to 7.75%. Both of these changes
17 have been reflected in the updated filing on all applicable schedules.

18 As of the date of the updated filing, the Company has three additional months of actual
19 accounting data, through October 31, 2024. Liberty replaced the forecasted data with
20 actual data on all applicable schedules.

1 At the time of the initial filing, the Energy Efficiency charges that take effect on January
2 1, 2025, were unknown. Those rates have been determined, and Liberty updated all
3 applicable schedules accordingly.

4 Lastly, a few small corrections have been made to the filing. The Company removed an
5 invoice of \$1,101.34 from Schedule 3.2 Page 7 of the initial filing because it was
6 applicable to the previous reconciliation period. This had no impact on the
7 Environmental Surcharge rate. The Company also determined that the Rate Case
8 Expense collections on Schedule 6 Page 2 of the initial filing did not include collections
9 from Keene customers. The total Keene collections from when they began in July 2023
10 through July 2024 totaled \$5,683.12. These collections are now included on Updated
11 Schedule 6 Page 2, as well as for the additional months of actual information now
12 included.

13 **Q. Are there any schedules and attachments included in your testimony?**

14 A. Yes. The table below lists the schedules and attachment included in our testimony.

| Schedule | Description |
|----------------------|--------------------------------------|
| Updated Schedule 1 | Summary of LDAC Rate Components |
| Updated Schedule 2 | Energy Efficiency Charge |
| Updated Schedule 3 | Environmental Surcharge |
| Updated Schedule 4 | Revenue Decoupling Adjustment Factor |
| Updated Schedule 5 | Property Tax Adjustment Mechanism |
| Updated Schedule 6 | Rate Case Expense Factor |
| Updated Schedule 7 | Gas Assistance Program |
| Updated Schedule 8 | Customer Bill Impacts |
| Updated Attachment 1 | Revised Tariff Pages |

1 **II. LOCAL DELIVERY ADJUSTMENT CHARGE (“LDAC”)**

2 **Q. What is the purpose of the LDAC?**

3 A. As described on page 33 of the Company’s tariff, the LDAC adjusts, on an annual basis,
4 the Company’s delivery charges in order to recover or refund the sum of: the Energy
5 Efficiency Charge (“EEC”)¹; the Revenue Decoupling Adjustment Factor (“RDAF”);
6 the Property Tax Adjustment Mechanism (“PTAM”); Environmental Surcharges (“ES”),
7 which includes Manufactured Gas Plant (“MGP”) remediation expenditures and
8 expenditures specifically related to Relief Holder and pond at Gas Street, Concord, NH;
9 and when applicable, Rate Case Expenses and recoupment (“RCE”), and costs
10 associated with the Gas Assistance Program (“GAP”).

11 **Q. Is this year’s LDAC filing prepared in the same manner as previous years?**

12 A. No. Due to Order No. 26,872 (August 14, 2023) in Docket DG 23-027, this year’s filing
13 represents a new rate year compared to previous filings. This filing will reflect the new
14 LDAC Recovery Period of February 1 through January 31, replacing the previous
15 LDAC Recovery Period of November 1 through October 31. In Docket No. DG 22-045,
16 Order No. 26,873 (August 14, 2023) extended the currently effective LDAC rates
17 through January 31, 2024, resulting in a fifteen-month LDAC Recovery Period. This
18 filing returns the LDAC Recovery Period to a normal twelve-month cycle.

¹ This was previously included in the Conservation Charge, or “CC”, which would now only include the Energy Efficiency Charge (“EEC”), as the Demand Side Management Charge is no longer applicable.

1 **Q. What LDAC rates is Liberty proposing?**

2 A. The Company submits for approval an LDAC of \$0.1692 per therm for residential
3 customers and \$0.0857 per therm for the commercial and industrial customers effective
4 February 1, 2025.

5 **Q. Which customers are billed an LDAC?**

6 A. The LDAC applies to all Liberty customers, including those in the Keene Division.
7 When calculating the LDAC for the February 1, 2025, through January 31, 2026,
8 Recovery Period, forecasted Keene therm sales of 1,395,383 are added to all other
9 Liberty therm sales forecast of 176,921,528, for a total therm sales forecast of
10 178,316,911 (“Forecasted Throughput”).

11 **Q. What is the Energy Efficiency Charge (“EEC”)?**

12 A. The EEC recovers the projected expenses associated with the Company’s energy
13 efficiency programs for the February 2025 through January 2026 period. In compliance
14 with RSA 374-F:3, VI-a, the New Hampshire Department of Energy (“DOE”) sets the
15 funding for Energy Efficiency based on 2020 levels with subsequent adjustments,
16 beginning January 1, 2023, based on the inflationary data of the most recently available
17 three-year average of the Consumer Price Index for Wage Earners² as published by the
18 United States Department of Labor, Bureau of Labor Statistics. To reconcile over- and
19 under-collections, New Hampshire utilities submit a filing to the Commission each
20 December in which they summarize their variances and propose rate changes to reconcile

² https://www.bls.gov/opub/btn/volume-3/why-does-bls-provide-both-the-cpi-w-and-cpi-u.htm#_edn1

1 the differences. Liberty will submit tariff amendments by December 1 updating solely the
2 EEC component of the LDAC, effective January 1 of the following year. The EEC rates
3 for residential and commercial customers apply for a calendar year, versus the period
4 February through January used for other LDAC components.

5 **Q. What is the Environmental Surcharge (“ES”)?**

6 A. The ES recovers environmental costs associated with investigation, testing, remediation,
7 litigation expenses, and other liabilities relating to MGP sites, disposal sites, or other
8 sites onto which material may have migrated, as a result of the operating or
9 decommissioning of New Hampshire gas manufacturing facilities. These costs include
10 the costs of the closure of the Relief Holder and pond at Gas Street, Concord, NH. The
11 ES also includes the expenses incurred by the Company in pursuing insurance and third-
12 party claims and any recoveries or other benefits received by the Company as a result.
13 The costs submitted for recovery through the ES cost recovery mechanism, as well as
14 the third-party recoveries, are included in Updated Schedule 3 of this filing. The
15 environmental investigation and remediation costs that underlie these expenses are the
16 result of efforts by the Company to respond to its legal obligations regarding these sites,
17 as described by Mr. Sanborn in his pre-filed direct testimony in this proceeding and in
18 Schedule 3.1. Any prior period reconciliation adjustments are also incorporated into the
19 ES rate calculation.

1 **Q. Please describe how the Company calculated the ES rate component of the LDAC**
2 **included in this filing?**

3 A. The ES rate calculated annually consists of one-seventh of the net actual environmental
4 response costs incurred by the Company during the twelve-month period ending June 30
5 of each year until fully amortized over seven years. The net costs, inclusive of any
6 insurance and third-party recoveries or other benefits, plus any prior period
7 reconciliation is divided by the Company's Forecasted Throughput for the twelve
8 months of February 1 through January 31. Updated Schedule 3 provides the support and
9 calculations that make up the MGP and Relief Holder rate components of the LDAC.

10 As shown on Updated Schedule 3, page 1, overall ES rate for the period beginning
11 February 1, 2025, and ending January 31, 2026, is \$0.0031 per therm. This combined rate
12 includes the proposed MGP rate of \$0.0025 per therm and the Relief Holder and pond at
13 Gas Street rate of \$0.0006 per therm.

14 **Q. Please explain the Revenue Decoupling Adjustment Factor (“RDAF”).**

15 A. The purpose of the RDAF is to recover or refund, on an annual basis, the difference
16 between the Actual Base Revenue per Customer and the Benchmark Base Revenue per
17 Customer.

18 **Q. What is the proposed RDAF charge?**

19 A. At this time, the Company is requesting to recover the under-collection for the 2023–
20 2024 period, or RDAF Year 6. The total request for recovery is \$7,306,518 (which
21 consists of \$5,064,475 for residential and \$2,242,043 for commercial and industrial).

1 The summary of the under-collections is shown on Updated Schedule 4, Page 1. The
2 calculation of the February 2025 projected under-collection of amounts previously
3 approved for recovery is shown on Updated Schedule 4, Page 2. The calculation of the
4 2023–2024 under-collection of revenues pending approval in this docket is shown on
5 Updated Schedule 4, Page 3. As shown on Updated Schedule 4, the proposed RDAF
6 charge is \$0.0786 per therm for residential customers and \$0.0197 per therm for
7 commercial and industrial customers.

8 **Q. Has the Company included the \$4,024,830 related to improperly refunded revenue**
9 **decoupling reconciliation revenues in this RDAF calculation?**

10 A. No. The Company has excluded the \$4,024,830, which arises from the first two years of
11 the decoupling mechanism (2018–2019 and 2019–2020) as this is the subject of a
12 separate proceeding, Docket No. DG 22-041. Once the issue is resolved, the Company
13 will make the appropriate filing to implement the Commission’s order in that docket.

14 **Q. Please describe the Property Tax Adjustment Mechanism (“PTAM”) charge.**

15 A. The PTAM reconciles the Company’s actual property tax expense incurred with the
16 revenue collected through base delivery rates.

17 **Q. What period is covered by the PTAM adjustment proposed in your testimony?**

18 A. The PTAM adjustment proposed here covers the period April 1, 2023, through March
19 31, 2024 (“Municipal Property Tax Year 2023”)³.

³ The PTAM is in compliance with RSA 72:8-d and -e.

1 **Q. Has the Company reconciled the 2023 Property Tax year?**

2 A. Yes. To calculate the total property tax variance to be collected or refunded, the
3 Company first reconciled the previous period collections for property tax year 2022. As
4 of January 31, 2025, the projected under-collection is \$404,530, as shown on Updated
5 Schedule 5, Page 3, line 27, Column (i). Next, the Company summed the actual tax
6 expense for the Municipal Property Tax Year 2023 to \$10,912,942 and removed
7 \$9,711,550, which is included in base delivery rates and shown on Updated Schedule 5,
8 Page 2. The difference between the Property Taxes Billed for 2023 and the approved
9 municipal Property Taxes of \$9,711,550 set in Order Nos. 26,808 and 26,899 is
10 \$1,201,392.

11 The Company is proposing to recover the property taxes in excess of what is currently in
12 rates (\$9,711,550) and the 2022 total bills (\$10,912,942), or \$1,201,392, in addition to
13 the under-collected amount of \$404,530, per above. This calculation is provided in
14 Updated Schedule 5, Page 4. The Company is requesting to include this amount in the
15 rate for February 1, 2025, spread over 178,316,911 therms. The rate resulting from this
16 calculation is \$0.0090 per therm.

17 **Q. How did the Company derive the Base Rates to be included in this year's PTAM**
18 **calculation?**

19 A. Liberty determined the base delivery recovery following the same approach utilized and
20 accepted in Docket No. DE 24-051, the annual Liberty Utilities (Granite State Electric)
21 Corp. Retail Rates case, because the temporary rates approved in Docket No. DG 23-067

1 altered the base delivery rate recovery from November 1, 2023, through March 31,
2 2024. That is, Liberty (1) divided the \$8,924,897 of base delivery recovery approved in
3 the last Energy North rate case by 12 months to derive the average base delivery
4 recovery per month, and (2) multiplied this monthly base delivery recovery amount by
5 the number of months those delivery rates were in effect during the period, April 1,
6 2023, through March 31, 2024 (seven months). A similar calculation was performed
7 using the amount of property tax reflected in Liberty’s proposed temporary rates
8 (\$14,253,925, adjusted for state taxes using 2023 actual state taxes of \$3,441,062, for a
9 total of \$10,812,863), which was divided by twelve months and multiplied by the five
10 months that the approved temporary rates were in effect during this period. The sum of
11 these two sets of calculations comprises the base delivery recovery amount for the
12 2023/2024 tax period of \$9,711,550.

13 Estimating the base delivery recovery under the temporary rates in this manner inherently
14 overstates the amount actually recovered, because Liberty did not receive its full,
15 proposed temporary rate increase. Rather than attempt to adjust such amounts further or
16 speculate as to the impact of any recoupment that may be granted, Liberty proposes this
17 conservative approach as a stop-gap measure and requests that the base delivery recovery
18 computation be revisited in next year’s proceeding, assuming the pending rate case will
19 be resolved by then.

1 **Q. Did the Company include a Rate Case Expense (“RCE”) surcharge in this filing?**

2 A. Yes. The surcharge reflects the reconciliation of the balance remaining from the
3 overcollection of \$123,519.25 of rate case expenses approved in Order No. 26,808
4 (April 28, 2023) in Docket No. DG 20-105. The Company anticipates a February 2025
5 over recovery of (\$204,402). The RCE rate of (\$0.0011) per therm is determined by
6 dividing the (\$204,402) by the Forecasted Throughput.

7 **Q. Has the Company included expenses that were a part of the current Rate Case in**
8 **Docket No. DG 23-067?**

9 A. No.

10 **Q. What is the proposed Gas Assistance Program (“GAP”) charge?**

11 A. As shown on Updated Schedule 7, the proposed GAP charge is \$0.0061 per therm. It is
12 designed to recover administrative costs, revenue shortfall, and the prior period
13 reconciliation adjustment relating to this program. For the 2024-2025 winter period, the
14 Company is providing a 45% base rate and cost of gas discount, consistent with the
15 settlement agreement approved by the Commission in Order No. 26,397 (August 27,
16 2020) in Docket No. DG 20-013. The proposed Residential Gas Assistance Program
17 charge is designed to recover \$1,090,024, of which \$2,522,150 is for the revenue
18 shortfall resulting from 6,097 projected customers receiving a 45% discount off their
19 base and cost of gas rates, and \$(1,432,126) for the prior year reconciling adjustment.

1 **III. CUSTOMER BILL IMPACTS**

2 **Q. What are the estimated impacts of the proposed LDAC rates on an average heating**
3 **customer’s winter bill, as compared to the winter rates in effect last year?**

4 A. The detailed bill impact analysis by month is presented in Updated Schedule 8 of this
5 testimony. Please see the table below for the total LDAC bill impact on an annual basis,
6 for residential and commercial heating customers.

| LDAC-Bill Impacts⁴ | Winters 2025–2026 | Summer 2025 | Annual Total |
|--------------------------------------|--------------------------|---------------------|----------------------|
| Residential R-3 | \$(18.16) or (14.8%) | \$(4.24) or (14.8%) | \$(22.40) or (14.8%) |
| Commercial/Industrial G-41 | \$(3.55) or (1.9%) | \$(0.62) or (1.9%) | \$(4.17) or (1.9%) |
| Commercial/Industrial G-42 | \$(31.92) or (1.9%) | \$(7.33) or (1.9%) | \$(39.25) or (1.9%) |
| Commercial/Industrial G-52 | \$(21.27) or (1.9%) | \$(13.15) or (1.9%) | \$(34.42) or (1.9%) |

7

8 **Q. Is the Company providing a redlined tariff as part of the LDAC reconciliation**
9 **filing?**

10 A. Yes, the Company provided both a clean and redlined version of proposed tariff Page
11 99, 100, and 101 in Updated Attachment 1.

⁴ The dollar amounts in the table identify an increase/(decrease) in the LDAC portion of a customer’s bill. The percentages represent an increase/(decrease) in the LDAC portion.

1 IV. **CONCLUSION**

2 Q. Does this conclude your testimony?

3 A. Yes, it does.