

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of
Rates, Charges, Rules, and Regulations of
Liberty Utilities (St Lawrence Gas) Corp for Gas Service.

Case 24-G-0668

April 01, 2025

Prepared Testimony of:

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1 **INTRODUCTION AND QUALIFICATIONS**

2 Q. Please state your name, employer, title, and business address.

3 A. My Name is Pooja Oberoi. I am employed as a Program Associate with the Utility
4 Intervention Unit (UIU) of the New York State Department of State’s Division of
5 Consumer Protection. My business address is 123 William St., New York, NY
6 10038.

7

8 Q. Please briefly summarize your qualifications and professional experience.

9 A. I graduated from the University of Delhi, India, with a master’s degree in
10 commerce. I received a Master of Science degree in Accounting and Finance from
11 Keller Graduate School of Management of DeVry University in New York. I am a
12 Certified Public Accountant licensed in the State of New York. I joined UIU in
13 March 2023. Previously, I was employed as a Utility Auditor 2 with the New York
14 State Department of Public Service (DPS) from October 2016 to February 2023.

15

16 Q. Please briefly describe your current responsibilities with UIU.

17 A. My responsibilities include analysis of accounts, records, documentation, policies
18 and procedures of utilities that are regulated by the New York Public Service
19 Commission (Commission). I perform comprehensive research and analysis of
20 testimony and exhibits submitted by companies and using information from audits,
21 Information Requests (IRs), testimony in other cases, prior Commission orders,
22 statutes, publications, and other sources. Based on that analysis, I make

1 recommendations to the Commission.

2 Q. Have you previously testified and/or been involved in negotiations before the
3 Commission?

4 A. Yes, I submitted testimony before the Commission in Cases 23-G-0225 and 23-G-
5 0226 (KeySpan Gas East Corp. d/b/a National Grid (KEDLI) and The Brooklyn
6 Union Gas Company d/b/a National Grid NY (KEDNY)).

7

8 Q. What is the purpose of this testimony?

9 A. The purpose of my testimony is to respond to Liberty Utilities' (St. Lawrence Gas)
10 Corp. (Liberty or the Company) proposals regarding a Long-Term Debt Deferral,
11 an Arrearage Management Program (AMP), and a Positive Revenue Adjustment
12 (PRA) that were included in the Company's rate filing, which was filed with the
13 Commission on November 27, 2024, and assigned Docket Number 24-G-0668.

14

15 Q. Have you prepared any exhibits to be filed with your testimony?

16 A. Yes, I am sponsoring Exhibit _ (PO-1) that consists of the Company's response to
17 IRs, which I relied upon in preparing this testimony.

18

19 Long Term Debt Deferral

20 Q. What is the planned financing activity and projected costs of capital for the Rate
21 Year and subsequent years as proposed by the Company?

22 A. According to page 6 of the Regulatory Panel's testimony, the Company anticipates
23 that it will file a petition for approval of additional long-term debt of approximately

1 \$20 million to refinance outstanding short-term debt, fund the Company's capital
2 expenditure program, and maintain the proposed capital structure. The Company
3 states that it will issue new long-term intercompany notes reflective of current
4 market conditions. The Company currently estimates the weighted average cost of
5 debt to be between 4.879% and 5.012% and has incorporated the costs into the
6 Company's forecasted weighted average cost of capital.

7

8 Q. When does the Company anticipate filing a petition and issuing new debt?

9 A. On December 12, 2024, the Company filed with the Commission in Case 24-G-
10 0687 a VERIFIED PETITION OF LIBERTY UTILITIES (ST. LAWRENCE
11 GAS) CORP. FOR AUTHORITY TO INCUR INDEBTEDNESS FOR A TERM
12 IN EXCESS OF TWELVE MONTHS PURSUANT TO SECTION 69 OF THE
13 PUBLIC SERVICE LAW. That petition, which is dated December 11, 2024, seeks
14 authorization from the Commission to issue up to \$20 million in long term debt.
15 This petition is still awaiting a Commission decision.

16

17 Q. What is the Company's proposal associated with a Long-Term Debt Cost deferral?

18 A. On page 7 of the Regulatory Panel's testimony, the Company is proposing a fully
19 symmetrical long-term debt reconciliation mechanism. The Company's testimony
20 states that it would reconcile the difference between the forecasted long-term
21 interest expense authorized for ratemaking purposes and the Company's actual
22 long-term debt interest expense during the Rate Year using the authorized rate base
23 and capital structure. Amounts over or under the level established in base rates

1 would be deferred and refunded to or collected from customers with carrying costs
2 in the Company's next base distribution rate case.

3

4 Q. What is the Company's reasoning for the Long-Term Debt reconciliation
5 mechanism?

6 A. On page 9 of the Regulatory Panel's testimony, the Company states it will be
7 issuing long-term debt over the next three years and uncertainty exists in its interest
8 rates at the current time. The Company also states that the reconciliation
9 mechanism protects customers from the Company over-collecting if interest rates
10 are lower than forecasted and protects the Company from under collecting if
11 interest rates are higher than forecasted. The Company proposes to collect only the
12 amount necessary to fund its capital structure – no more and no less.

13

14 Q. Do you agree with the Company's proposal?

15 A. No, I currently do not recommend that the Commission adopt the Company's
16 proposed deferral mechanism. Since the petition that the Company filed in Case
17 24-G-0687 is awaiting a decision with the Commission, the cost of financing and
18 the outcome of the petition is unknown at this time. I oppose a long-term debt true-
19 up mechanism, because the impact on ratepayers is not known, and cannot be
20 accurately calculated, at this time.

21

22 Arrearage Management Program

23 Q. What is the Company's proposal in relation to an Arrearage Management Program

1 (AMP)?

2 A. On pages 12-17 of Christine J. Downing's (Downing) testimony, the Company
3 proposes an AMP that will offer arrearage forgiveness of up to \$1,200 annually for
4 eligible low-income customers. Eligible customers enrolled in the AMP will
5 receive a \$100 monthly arrearage forgiveness credit unless their remaining
6 arrearage balance is less than \$100. Additionally, customers enrolled in the AMP
7 will be protected from service disconnection during their participation in the
8 program.

9

10 Q. What is the Company's estimate for the cost of the proposed AMP?

11 A. Based on the Company's current estimate, 232 of its customers would qualify for
12 the proposed AMP and it would cost an estimated \$72,912 for forgiveness of
13 qualifying arrearage amounts, \$1,000 for customer communications, and \$25,000
14 for IT costs.

15

16 Q. How did the Company arrive at 232 eligible customers.?

17 A. In response to DPS IR No. 372, the Company identified 232 of its customers as
18 currently meeting the eligibility criteria of the proposed AMP program. The
19 Company identified that these customers are all low-income customer accounts,
20 and that their arrears are greater than 30 days past due and are a minimum of \$300.
21 The Company says that this number will vary and will reassess customer eligibility
22 if the AMP program is approved.

23

1 Q. How did the Company estimate the cost for the proposed AMP program?

2 A. In response to DPS IR No. 317, the Company explains that the \$72,912 estimated
3 cost of the arrear's forgiveness credit portion of the AMP was derived by taking the
4 average amount of arrears for the 232 eligible customers (which equals \$314.28)
5 and multiplying that by the number of eligible customers.

6 In response to DPS IR No. 317, the Company also mentions that the targeted
7 communications would primarily be through direct emails, text messages, and
8 phone calls, but might also include a direct mail piece. If the Company were to have
9 to mail all 232 customers three times, the cost would be \$870 for materials and
10 postage (232 customers x \$1.25 each x 3), rounded to \$1,000.

11 In response to DPS IR No. 317, the Company states the anticipated "IT cost" to be
12 approximately \$25,000 and, of this projected amount, that approximately \$8,300
13 would be spent on programming and configuration, while approximately \$16,700
14 would be spent on quality assurance and testing of the program.

15

16 Q. Is the Company seeking recovery of any IT costs as part of the proposed AMP
17 program?

18 A. Yes. In response to DPS IR No. 463, the Company is proposing to recover all costs
19 associated with the AMP, which includes the IT costs of \$25,000, for development
20 and testing. That IR states that the costs are included in the forecasted plant
21 additions as part of IT capital. According to page 16 of Downing's testimony, the
22 forecasted AMP forgiveness and communication costs of \$73,912 will be recovered
23 through Rate Year 1 base distribution rates.

1 Q. Do you agree with the Company proposal to implement an AMP?

2 A. UIU is conceptually supportive of assisting—eligible low-income customers in
3 paying down their arrears, however, in this specific instance I am concerned the
4 proposed AMP will not ultimately deliver the relief anticipated to these 232
5 customers. Parties to Case 14-M-0565, which include DPS and other New York
6 utilities, have shown in their submissions a hesitancy with moving forward with
7 AMPs. A concern is the magnitude of the administration or IT costs (25+% of total
8 program costs) to implement such a program. Additionally, as the Company points
9 out on page 13 of Downing’s testimony, an affiliate of the Company, “Liberty
10 Utilities (New York Water) Corp.”, is currently offering and providing an AMP
11 credit that appears on the affiliate’s customer’s bill as illustrated on the Company’s
12 Exhibit CJD-1. UIU would like to see an AMP program that is standardized for all
13 utilities, one that is discussed and fully vetted in the broader Energy Affordability
14 Policy (EAP) Working Group forum. UIU has advocated for the standardization of
15 low-income bill discount programs across all the major utilities in New York since
16 the onset of the Energy Affordability Policy in Case 14-M-0565. UIU believes that
17 the EAP Working Group has been an effective forum for discussing the topic of
18 standardization, to ensure that the energy affordability programs that are
19 implemented by the utilities reflect best practices, and to ensure that eligible low-
20 income customers of the utilities are receiving the necessary benefits to limit the
21 energy burden. In fact, UIU is aware that EAP Working Group members have
22 commenced discussion on the ongoing increasing customer arrears issue. However,
23 if the Commission should decide before a potential standardized statewide AMP is

1 proposed by the EAP Working Group to allow an AMP to be considered as part of
2 this rate case, I recommend that the Company, DPS and stakeholders to this rate
3 case consider the most cost-effective approach particularly as it relates to IT costs
4 to implement an effective AMP.

5

6 Positive Revenue Adjustments (PRAs)

7 Q. What is the Company's proposal in relation to the Company's proposed Customer
8 Service Performance Indicators (CSPI or CSPIs)?

9 A. In Downing's testimony, Downing provided an overview of how the Company's
10 CSPI process works. On page 4 of that testimony, Downing states that the Company
11 is not proposing any changes to the existing targets. Downing goes on to describe
12 how prior to the Company's last rate case proceeding (Case 21-G-0577), if the
13 Company exceeded the associated threshold targets it would have incurred a
14 Positive Revenue Adjustment (PRA), and conversely, if it failed to meet the
15 associated threshold target it would have incurred a Negative Revenue Adjustment
16 (NRA). In Case 21-G-0577, the PRA rewarding the Company for exceeding targets
17 was removed. In the Company's new rate filing under Case 24-G-0668, the
18 Company is now proposing to reinstate this PRA. (See Downing testimony, at 4-
19 5).

20

21 Q. Please clarify the Company's testimony.

22 A. The PRA that was removed was only associated with the Terminations and
23 Uncollectibles Incentive Mechanism and not all the CSPIs. Therefore, when the

1 Company says it is proposing to reinstate the PRA, what it means is that the
2 Company is proposing to reinstate the Terminations and Uncollectibles Incentive
3 Mechanism that was suspended in the last rate case proceeding.

4

5 Q. Do you agree with the Company's proposal to reinstate the PRA for the
6 Terminations and Uncollectibles Incentive Mechanism?

7 A. No. The Commission has ordered in recent rate case proceedings for the other major
8 electric and gas utilities that their respective Terminations and Uncollectibles
9 Incentive Mechanism be suspended. I recommend the Terminations and
10 Uncollectibles Incentive Mechanism continue to be suspended for the term of these
11 rate case proceedings. Moreover, I recommend that any reconsideration of the
12 suspension be addressed in the Company's next rate filing. Since the Company,
13 according to its response to DPS IR No. 369 (4), states that it intends to use the last
14 five years of historical data to set targets for this mechanism, I believe this is still
15 insufficient historical data to set appropriate targets considering those five years
16 include three years (2019-2021) where the Company was not performing
17 terminations due to the COVID pandemic and the moratorium on terminations, for
18 example. By addressing the reinstatement of this mechanism in the next rate case
19 proceedings, the Company will then have more recent performance data that can be
20 used in setting a more sensible service target for this mechanism, particularly if a
21 settlement is reached in these proceedings that historically have a term of three
22 years.

23

- 1 Q. Does this conclude your direct testimony?
- 2 A. Yes.