BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

Liberty Utilities (St. Lawrence Gas) Corp.

Case 24-G-0668

April 1, 2025

Prepared Testimony of:

Staff Policy Panel

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Q. Members of the Staff Policy Panel, or Panel, please state your names, employer, and business addresses.
A. Our names are Anthony Mannarino, John Castano, Vincent Califano, Sara Orsino, Davide Maioriello, Andrew Riebel, Daniel Gadomski, and Samantha Basile. We are employed by the New York State Department of Public Service, referred to as the Department. Our business address is Three Empire State Plaza, Albany, NY 12223-1350.
Q. Mr. Mannarino, are you a member of the Staff Consumer Services Panel and do you provide your credentials in that Panel's testimony?
A. Yes.
Q. Mr. Castano, are you a member of the Staff Revenue Requirement Panel and do you provide your credentials in that Panel's testimony?
A. Yes.
Q. Mr. Califano, are you a member of the Staff Finance Panel and do you provide your credentials in that Panel's testimony?
A. Yes.
Q. Mrs. Orsino, are you a member of the Staff

Revenue Allocation and Rate Design Panel and do you provide your credentials in that Panel's testimony?

A. Yes.

Q. Mr. Maioriello, are you a member of the Staff Gas System Planning and Reliability Panel and do you provide your credentials in that Panel's testimony?

A. Yes.

Q. Mr. Riebel, are you a member of the Staff Gas System Planning and Reliability Panel and do you provide your credentials in that Panel's testimony?

A. Yes.

Q. Mr. Gadomski, do you provide your credentials in your direct testimony?

A. Yes.

Q. Dr. Basile, what is your position with the Department?

A. I am employed as a Renewable Energy Siting Specialist in the Office of Renewable Energy Siting.

Q. Please briefly describe your educational background and professional experience.

A. I have an academic background in climate science and carbon cycle science, and I was awarded a Ph.D. issued in 2019 from the University of Michigan. In 2020, I served as a Science, Policy, and Technology Fellow at the National Academies in Washington, D.C. Prior to my current position with the Department, I worked as a Climatologist at the Great Lakes Regional Integrated Sciences and Assessments program and as a Senior Staff Scientist on the Fifth National Climate Assessment at the U.S. Global Change Research Program.

Q. Have you previously submitted testimony in proceedings before the Commission?

A. No, I have not.

Summary of Testimony

Q. What is the purpose of the Panel’s testimony in this proceeding?

A. We will address various issues in this rate proceeding concerning Liberty Utilities (St. Lawrence Gas) Corp., which we will refer to as Liberty SLG or the Company. Specifically, we will: (1) summarize the current rate plan under which Liberty SLG is operating; (2) summarize the various Staff Panel’s testimonies (3) summarize Staff’s recommendation regarding the Company’s Greenhouse Gas, or GHG Reduction Program; (4) summarize Staff’s recommendation regarding the Company’s Automated Meter Reading, or AMR, proposal; (5) provide a brief overview of the Climate Leadership and Community Protection Act, referred to as CLCPA; (6) review recommendations of this and other Staff Panels, in the context of assessing its consistency with prior Commission Orders and Sections 7(2) and (3) of the CLCPA; and (7) Staff’s recommendation regarding the Company proposed Long-Term Plan , or LTP, deferral, and associated recovery mechanism via surcharge.

Q. How is Staff’s testimony organized?

A. Staff’s testimony consists of 10 panels of testimony: this Staff Policy Panel; 1) the Staff Revenue Requirement Panel; 2) the Staff Finance Panel; 3) the Staff Consumer Services Panel; 4) the Staff Revenue Allocation and Rate Design Panel; 5) the Staff Gas Safety Panel; 6) the Staff Net Plant and Gas Infrastructure and Operations Panel; 7) the Staff Depreciation

Panel; 8) the Staff Gas System Planning and Reliability Panel; 9) the Staff Utility Security Panel; 10) and Staff Witness Daniel S. Gadomski (Sales Forecast and Inflation).

Q. In your testimony, will the Panel refer to, or otherwise rely on, any information obtained during the discovery phase of this proceeding?

A. Yes. We rely on several information request, or IR, responses provided by the Company. These responses are included in Exhibit__(SPP-1) and we will refer to them using the Department's assigned request number, e.g., DPS-100.

Q. Is the Panel sponsoring any other exhibits?

A. Yes, the Panel is sponsoring one additional exhibit, Exhibit__(SPP-2), which presents Staff's Greenhouse Gas Emissions Analysis.

Current Rate Plan

History of Prior Rate Case

Q. When did the Commission last set base delivery rates for Liberty SLG?

A. The Commission last set base delivery rates for Liberty SLG in its Order Adopting Terms of Joint Proposal and Establishing Gas Rate Plan, issued June 22, 2023, referred to as the 2023 Rate

Order. In the 2023 Rate Order, the Commission authorized an increase in gas delivery rates of $2.579 million, $0.647 million and $0.810 million for the rate years ending October 31, 2023, October 31, 2024, and October 31, 2025, respectively.

Summary of Staff Panel’s Testimonies

Staff Revenue Requirement Panel

Q. Please summarize Liberty SLG’s requested gas revenue requirement.

A. In its November 27, 2024, initial rate filing, Liberty SLG requested a $2,174,020 base revenue increase. In its February 28, 2025, Corrections and Updates filing, Liberty SLG reduced its base delivery revenue increase request to $1,818,951, or an increase of 4.09 percent in total revenue, and an increase of 9.74 percent in base delivery revenue.

Q. Please summarize Staff’s recommendation regarding Liberty SLG’s requested gas revenue requirement increase.

A. We recommend a base delivery revenue requirement decrease of $1,191,358, or approximately $3,010,309 less than the $1,818,951 requested by the Company, which is a decrease of 2.69 percent in total revenue and a decrease of 6.44 percent in base delivery revenue. Staff's recommended revenue requirement decrease reflects including the cost of the low-income program in base delivery rates. Exhibit__(SRRP-1), Schedule 10, lists every adjustment by Staff witness, and the Panel's recommendations resulting in Staff's overall revenue requirement recommendation, with the exception of Staff's recommended weighted average cost of capital.

Q. Why does Staff's recommended revenue requirement reflect the costs of the low-income program?

A. The Company's low-income program was previously recovered through rate design. However, including the costs of the low-income program in the revenue requirement provides transparency on the cost of the low-income program and allows for more efficient rate design.

Q. Please briefly summarize the major reasons for the $3,010,309 difference in Liberty SLG's gas Rate Year, or the 12-month period ending October 31, 2026, revenue requirement.

A. The major differences between Staff and the

Company as follows: (1) a reduction of approximately $765,000 resulting from Staff’s direct and indirect labor adjustments; (2) a reduction of approximately $366,000 resulting from the reduction in the weighted average cost of capital; (3) a reduction of approximately $292,000 resulting from Staff’s uncollectibles expense recommendation; (4) a reduction of approximately $280,000 resulting from Staff’s other expense recommendation; (5) a reduction of approximately $255,000 resulting from Staff’s outside services expense recommendation; (6) a reduction of approximately $200,000 resulting from Staff’s pension and other post-employment benefit recommendations; (7) a reduction of approximately $136,000 resulting from Staff’s billing and collection expense recommendation; (8) an increase of approximately $582,000 reflecting the costs of the low-income program in base delivery rates; (9) a reduction of approximately $274,000 resulting from Staff’s recommendation of amortization of regulatory deferrals; (10) a reduction of approximately $422,000 resulting from Staff’s depreciation expense recommendations; (12) an increase of approximately $525,000 resulting from Staff’s property tax recommendation; and (10) a reduction of approximately $1,100,000 resulting from Staff’s rate base adjustments.

<u>Staff Finance Panel</u>

Q. What return on equity, or ROE, did the Company request in its Corrections and Updates filing?

A. The Company requested a 9.90 percent ROE in this proceeding.

Q. What does Staff recommend for an ROE?

A. The Staff Finance Panel recommends an ROE of 9.25 percent.

Q. What common equity ratio did the Company request?

A. The Company requested a common equity ratio of 48.00 percent in this proceeding.

Q. What does Staff recommend for a common equity ratio?

A. The Staff Finance Panel recommends a common equity ratio of 42.00 percent.

Q. What is the impact of Staff’s recommended ROE and common equity ratio on the Company’s revenue requirement?

A. Adjusting the ROE to 9.25 percent and the common equity ratio to 42.00 percent decreases the Company's proposed revenue requirement increase from its Corrections and Updates filing by approximately $366,000.

Staff Consumer Services Panel

Q. Please summarize the Company's customer service proposals.

A. The Company proposes to increase its monthly low-income discounts; re-introduce the positive revenue adjustment for the terminations/uncollectibles metric that was paused in its last rate proceeding; implement an arrearage management program for low-income customers; and implement a residential customer levelized billing payment plan.

Q. Please summarize the Staff Consumer Services Panel's recommendations.

A. The Staff Consumer Services Panel supports the arrearage management program and the residential customer levelized payment plan. The Staff Consumer Services Panel also supports the Company's increase to its low-income monthly discounts but with modifications to Tier 2 and

Tier 3. In addition, the Staff Consumer Services Panel recommends implementing a missed appointment credit for customers; adjusting the targets for the PSC Complaint Rate metric; and additional reporting on customer adjusted bills, estimated bills, and calls answered under 30 seconds. In addition, the Staff Consumer Services Panel does not support the re-introduction of the positive revenue adjustment for terminations and uncollectibles metric.

Staff Revenue Allocation and Rate Design Panel

Q. Please summarize the Staff Revenue Allocation and Rate Design Panel's recommendations.

A. The Staff Revenue Allocation and Rate Design Panel, referred to as SRARDP, recommends total operating revenue of $35,029,909, which is a decrease from the Company's proposed operating revenues of $35,187,747, or a decrease of $154,838 from Liberty SLG's Corrections and Updates forecast of operating revenue at current rates. This includes the SRARDP's recommendation to remove contributions in aid of construction revenues of $116,301 from the Company's operating revenue forecast for the

Rate Year. Additionally, the SRARDP recommends various adjustments to the Company's proposed embedded cost of service study model. Regarding rate design, the SRARDP recommends freezing the minimum charges for all service classifications. Further, the SRARDP recommends freezing the volumetric and demand rates for service classification, or SC, No. 3, and allocating the Staff Revenue Requirement Panel's recommended revenue decrease to the volumetric blocks of SC No. 1 – Residential, SC No. 2 – Small Commercial, and SC No. 2 – Large Commercial, or SC No. 2A. The SRRDP also recommends that the annual revenue targets for the merchant function charge, delivery revenue adjustment, revenue decoupling mechanism, and interruptible incentive credit, be updated using the sales forecast recommended in the Testimony of Daniel S. Gadomski. Finally, the SRARDP recommends the lost and unaccounted for gas factor and deadband be updated using the latest five years of data.

<u>Staff Gas Safety Panel</u>

Q. Please summarize the Staff Gas Pipeline Safety Panel's recommendations.

A. The Staff Gas Pipeline Safety Panel reviewed and made recommendations to Company's proposals, regarding gas safety performance measures, and associated revenue adjustments in the areas of Leak Management, Emergency Response, Damage Prevention, and Compliance with Pipeline Safety Regulations. In addition, we reviewed the current training and made recommendations to First Responders and Residential Methane Detector programs, and the Company's proposal to hire two full-time employees.

Staff Net Plant and Gas Infrastructure and Operations Panel

Q. Please summarize Staff's Net Plant and Gas Infrastructure and Operations Panel, also referred to as SNPGIOP, recommendations for Liberty SLG's capital investment plan.

A. The SNPGIOP recommends the Commission adopt the continuation of a net plant reconciliation mechanism, and the continuation of quarterly and annual capital expenditures, or CapEx, and variance reporting requirements. Additionally, the SNPGIOP recommends a downward only reconciliation for computer software.

Q. Does the SNPGIOP recommend adjusting the Company's proposed CapEx budget levels used to establish delivery rates in this proceeding?

A. Yes. The SNPGIOP recommends a CapEx budget of $7,226,346, which is a reduction of $3,796,830 from the Company's updated proposal of $11,023,176 for the Rate Year.

Q. Please summarize the SNGIOP's Rate Year net plant and depreciation expense recommendations and adjustments.

A. The SNPGIOP incorporated its recommended CapEx forecast and the depreciation rates recommended by the Staff Depreciation Panel into the SNPGIOP's net plant model, which results in an overall decrease to net plant and an overall decrease to depreciation expense from the Company's Corrections and Updates filing proposed Rate Year average net plant balance and depreciation expense. For the Rate Year, the SNPGIOP recommends reducing net plant by $2,555,184 from $56,886,040 to $54,330,856, and reducing depreciation expense including the amortization of intangibles and amortization of the depreciation reserve surplus in the Rate

Year by $415,320 from $3,578,389 to $3,163,069.

Staff Depreciation Panel

Q. Please summarize the Staff Depreciation Panel's recommendations.

A. The Staff Depreciation Panel recommends that the Commission adopt different rates than Liberty SLG proposed for 8 of the 11 distribution plant accounts. The Staff Depreciation Panel recommends the Commission adopt the Company's proposal for seven general plant accounts but recommends moving from individually depreciating assets to group depreciation for three general plant accounts. Finally, the Staff Depreciation Panel recommends amortizing the depreciation reserve surplus in excess of its calculated 10 percent band over a 20-year period, which results in an annual amortization amount of $87,606.

Staff Gas System Planning and Reliability Panel

Q. Please summarize the recommendations of the Staff Gas System Planning and Reliability Panel.

A. The Staff Gas System Planning and Reliability Panel, also referred to as SGSPRP, recommends capital adjustments to system reliability budgets and specific redundancy projects scheduled to commence in calendar years 2026, 2027, and 2028. SGSPRP also recommends that the Commission require Liberty SLG to implement improvements to its NPA process, procedures, and documentation, as well as its communication protocols to coordinate with local electric utilities. SGSPRP also addresses how the Company handles RNG interconnection costs. Additionally, the SGSPRP discusses the Company's proposal for cost recovery and Liberty SLG's proposed deferral related to its January 31, 2025 Initial Long-Term Plan filing, referred to as the LTP, in Case 24-G-0630; however, Staff's recommendations regarding the proposed deferral will be discussed later in this testimony.

Staff Utility Security Panel

Q. Please summarize the Staff Utility Security Panel's recommendations.

A. The Staff Utility Security Panel supports the Company's proposals for its cybersecurity program in principle. However, the Panel recommends a reduction to the capital, incremental labor, and incremental operations and maintenance expense to reflect the Company's average historical underspend in this area. In addition, the Panel recommends the Commission require the Company to provide annual reporting on cybersecurity program spending, including but not limited to projects relative to budget, project scope, timeline and in service dates.

Staff Witness Daniel S. Gadomski

Q. Please summarize Staff Witness Daniel S. Gadomski's recommendations.

A. Staff Witness Daniel S. Gadomski recommends in his testimony that the Commission adopt his alternative econometric sales forecast, which is based on the Commission's standard of using a 10-year average weather normalization to forecast sales. Staff Witness Gadomski also recommends the Commission adopt the latest Blue Chip Economic Indicators forecast of the Gross Domestic Product Price Index, also referred to as the GDP-PI, to project inflation.

Greenhouse Gas Reduction Program

Q. Please describe the Company's proposal regarding its GHG Reduction Program.

A. As explained on pages 22 through 28 of Direct

Testimony of the Company's CLCPA Panel, the Company proposes a GHG Reduction Program, which we will refer to as the Hybrid Heating Program. The Hybrid Heating Program is a three-year program that would commence during the Rate Year and promote the installation of hybrid heat pump systems for existing or prospective Liberty SLG customers. The Company proposes to provide monetary incentives to customers for installing the hybrid heat pump systems. The Company also proposes as part of this program to extend the entitlements to new customers who sign up for the program from the currently allowed 100 feet of main and 100 feet of service, as provided under Title 16 of the New York Code, Rules and Regulations, referred to as 16 NYCRR, Part 230.2, to up to 200 feet of main and 200 feet of service per customer. This means that the Company proposes to install up to these amounts of facilities at no direct charge to the customer. Instead, the Company would recover these capital costs from all customers over time.

Q. What is the proposed budget for the Hybrid

Heating Program?

A. According to page 25 of the Direct Testimony of the CLCPA Panel, the Company proposes a budget of $980,000 for the program's three-year term, or $320,000 in the Rate Year. The cost of the program is made up of four components: $600,000 of incentives, $100,000 of marketing, $100,000 for tracking and reporting, and $180,000 for program implementation.

Q. What type of customers, or customer classes, would be eligible to participate in the Hybrid Heating Program?

A. According to page 22 of the Direct Testimony of Company's CLCPA Panel states that the Hybrid Heating Program will be open to all customers. However, according to the Company's response to DPS-411, the Company asserts that the primary focus of the Hybrid Heating Program is for residential customers. According to the Company's response to DPS-459, the Company states that it is not expecting commercial customer participation. Also, the Company states, in its response to DPS-448, that all existing and new residential customers are eligible to receive the monetary incentive.

Q. How many existing and new customers does the Company expect to participate in the Hybrid Heating Program?

A. According to the Company's response to DPS-447, the Company anticipates 54 existing customers and 23 new customers, a total of 77 customers, to participate in the Hybrid Heating Program per year. In total, over the three-year term of the program, the Company anticipates 232 customers to participate, which is approximately 1.4 percent of Liberty SLG's current customer base.

Q. What benefits does the Company identify as associated with the Hybrid Heating Program?

A. According to the Direct Testimony of the Company's CLCPA Panel, page 23, the Company asserts that the Hybrid Heating Program will advance New York State's CLCPA GHG emissions reduction targets by supporting decarbonization of heating systems.

Q. Does the Company quantify the GHG emissions impact of its proposed Hybrid Heating Program?

A. Yes. According to the Company's response to DPS-447, the Company estimates that installations of traditional hybrid heat pump systems during the Rate Year would result in a reduction of 106.24 metric tons CO2e from 54 existing customers and 76.52 metric tons CO2e from 23 new customers.

Q. How does the Company define hybrid heating as part of its Hybrid Heating Program proposal?

A. According to page 22 of the Direct Testimony of the CLCPA Panel Direct Testimony, the Company defines hybrid heating as a heating system that relies on a gas heating system combined with electric heat pump technology. The heat pump functions as the primary heating system to meet a customer's heat load, with a furnace or boiler operating as the secondary or supplemental heating system when temperatures fall below a pre-determined set point or to meet reliability or resiliency needs in the event of an electricity outage.

Q. What are the requirements for a customer to participant in the Hybrid Heating Program?

A. To be considered a qualifying participant, according to the Company's response to DPS-433, a participating customer will be required to install heat pumps rated for cold climates.

Q. What is the monetary incentive for each program participant?

A. According to the Company’s responses to DPS-356 and DPS-358, the Company indicates that both new and existing customers would receive approximately $2,600 as a monetary incentive for participating and meeting the requirements of the Hybrid Heating Program. To receive the incentive, each customer would have to pay all costs of the heat pump equipment and the installation of that equipment up front and receive the monetary incentive afterward. According to the Company’s response to DPS-433, the intention of the incentive is to defray the cost of equipment, installation, and necessary modifications to the home, such as electrical panel upgrades needed to accommodate the heat pump.

Q. How much of the cost of the heat pump equipment and installation would the monetary incentive cover?

A. The Company states in its response to DPS-459 that it did not conduct a detailed assessment of the costs for equipment and installation of hybrid heating systems. According to the Company's response to DPS-448 the monetary incentive would cover approximately 10 to 17 percent of the overall heat pump and installation costs. The response also provides a possible cost range for installing an air source heat pump between $13,000 to $20,000 and a cost range for electrical modification necessary between $2,600 to $5,000, for an approximate total cost of $15,600 to $25,000.

Q. Did the Company conduct an average bill impact analysis for the customers who participate in the Hybrid Heating Program?

A. No. According to the Company's response to DPS-459, the Company did not conduct a detailed analysis on how the conversion to a hybrid heating system would impact the average residential customer's heating bill.

Q. Has the Company done any market research, or outreach regarding the Hybrid Heating Program to engage customer interest?

A. Not yet. According to the Company's response to DPS-433, the Company indicates that it has not developed a specific outreach and education plan for the program. Moreover, the Company expects a plan would include limited printed materials, email campaigns, newsletter, website, social media, and digital advertising, and will promote the program to low-income customers and customers in disadvantaged communities with outreach to local agencies and existing community channels.

Q. Describe the Company's proposal to adjust the current entitlement footage available to customers under 16 NYCRR Part 230.2.

A. According to pages 34 and 35 of the Direct Testimony of the CLCPA Panel, the Company explains that this proposal will double the current amount of facilities provided at no direct cost to new customers who participate in the Hybrid Heating Program. The Company's proposal to extend the amount of entitlement facilities will allow residential customers who convert from an alternative heating source to natural gas through participation in the Hybrid Heating Program would receive up to 400 feet of facilities, or up to 200 feet of main and 200 feet of service at no direct cost.

Q. Did the Company conduct a revenue requirement analysis to assess the potential impacts of providing an additional entitlement as proposed as part of the Hybrid Heating Program to assess how the proposal would impact Liberty SLG's existing customer base?

A. No. According to the Company's response to DPS-433 the Company did not conduct such an analysis. Without such an analysis, there is a risk of non-participating existing customers unjustly subsidizing the connection costs, and ongoing O&M associated with the program participants.

Q. Does the Panel agree with implementing the Company's Hybrid Heating Program?

A. No. We disagree with the Hybrid Heating Program for multiple reasons. First, based on the response to DPS-433, the Company does not appear to have conducted any customer engagement or assess customer interest regarding the Hybrid Heating Program. Second, as highlighted in the Company's LTP filing, there appears to be little to no coordination with the local electric providers to gauge what affect the additional demand would have on the electric grid. Third, based on the Liberty SLG's response to DPS-433, the Company did not consider the rate impacts or any alternatives to this program if customer interest is lower than expected. Fourth, based on the response to DPS-433, the monetary incentive covers only a small portion of the total equipment and installation costs, relying on the customer to pay the vast majority. Thus, the anticipated level of participation is overly optimistic given the minimal amount of incentive compared to the overall cost to install the hybrid heat pump and the associated installation costs. Moreover, the Company is seeking cost recovery of $320,000 in the Rate Year and $980,000 overall for this program, which is a material cost to ratepayers. However, for the reasons we previously detailed, the Company has not adequately justified the merit of recovery of these costs.

Q. What is the Panel's recommendation regarding the Hybrid Heating Program?

A. We recommend removing the costs of the Hybrid

Heating Program from the revenue requirement. Given the inadequacies of the Company's proposal, and limited supporting information, we do not recommend that the Commission allow the Company to pursue the Hybrid Heating Program at this time. Our adjustment is quantified in the Staff Revenue Requirement Panel.

Automated Meter Reading

Q. Please summarize the Company's proposal related to the AMR project.

A. On page 12 of the Direct Testimony of Mark P. Murray, the Company explains that it filed a petition, referred to as the AMR Petition, on June 7, 2024, in Case 24-G-0369, seeking approval to implement AMR throughout the Company's service territory and recover the associated costs. As described on pages 5 and 6 of the AMR Petition, the Company's implementation of AMR would enable the Company to secure actual meter reads each month by conducting a drive-by of the meter locations rather than a manual read of each meter. The Company would install Encoder Receiver Transmitter, or ERT, devices on all meters.

This approach constitutes a retrofit of the existing meters, rather than a replacement, of all meters. As described in the AMR Petition, and the letter the Company filed on October 7, 2024, supplementing its AMR Petition, or the Letter, Liberty SLG seeks approval to recover the full AMR project costs when rates are next reset. To effectuate this recovery, the Company proposes to book a deferral, or a regulatory asset, for any AMR project costs incurred prior to recovering the associated costs in rates. The regulatory asset would reflect the carrying costs associated with any capital spending until rates are next reset. The Company proposes that, when rates are next reset, the AMR regulatory asset would be incorporated into rate base. Lastly, the Company proposes for all remaining, or future AMR project costs to be included in future CapEx and be incorporated in rate base in the event of a multi-year rate plan.

Q. Did the Company seek authorization to implement AMR in its previous rate proceeding?

A. Yes. In Case 21-G-0577, the Company sought approval of the costs associated with deploying AMR, but the 2023 Rate Order did not reflect, or authorize cost recovery of AMR. However, page 17 of Joint Proposal, as adopted by the 2023 Rate Order, stated that the Company may file a petition with the Commission for the implementation of AMR during the rate plan. Moreover, the 2023 Rate Order required that such petition seeking recovery of AMR costs must contain a demonstration that the Company has investigated the best options for reading meters and has solicited multiple bids for such a project.

Q. Did the 2023 Order impose any other requirements regarding a future AMR proposal?

A. Yes. The 2023 Rate Order further required that any such AMR proposal include: (1) a plan for the conversion to AMR and its impact on customers and the Company’s current metering and billing systems; (2) a benefit/cost analysis demonstrating a benefit/cost ratio for the AMR system above 1.0; and (3) a demonstration that the cost and benefits represented in the plan will be delivered by the Company and its suppliers. Lastly, such a petition could also include "evidence of contractual guarantees from the system supplier regarding the cost and performance levels of the AMR system that will be delivered."

Q. When does the Company indicate its implementation of the AMR project would be completed?

A. As referenced on page 14 of the AMR Petition, Liberty SLG initially proposed to complete the AMR program by the end of calendar year 2026. However, the Letter states that the Company now anticipates AMR project would be completed in calendar year 2027.

Q. Is the Company seeking cost recovery of its AMR project during the Rate Year?

A. Yes. As explained on page 11 of the Direct Testimony of Capital, Operations, Gas Supply, and Safety Panel, the Company states that it included $2,519,274 of capital spending for AMR hardware and software in calendar year 2026. While the AMR project costs do not close to plant-in-service during the Rate Year, these costs are reflected in construction work in progress, or CWIP, and thus in rate base. As such, the Company would earn a return on these AMR project costs.

Q. Did the Company provide documentation supporting these cost estimates?

A. In the Company's response to DPS-377, and as explained in the AMR Peition, the the Company provided cost information from Itron regarding the ERTs and retrofitting of the meters. However, the cost estimates for the purchase of the ERTs, retrofitting the meter, and the overall implementation schedule have not been recently updated, specifically, since June of 2022. Moreover, the amounts provided in the Itron estimate do not reconcile to the CapEx forecasted in the Rate Year. The Company also provided cost estimates from Envocore Utility Services related to the implementation phase of the AMR project. However, these implementation costs are limited in scope, lack itemization supporting such costs, and simply show a "labor charge" and "material charge" to implement the project. Lastly, as provided in response to DPS-402, the Company simply inflated AMR CapEx costs by 10 percent as a “preliminary estimate,” without support, to forecast the AMR project costs for calendar year 2026 and calendar year 2027.

Q. Did the Company provide firmer quotes or more recent estimates supporting its AMR project costs?

A. No. As previously discussed, the Company has not updated its AMR project cost estimates. According to its response to DPS-402, the Company asserts that it will be seeking firm quotes from vendors once the project is approved.

Q. Does the Panel support including the costs of this program in the CapEx budget and in CWIP in this case?

A. No. We do not support providing the Company CapEx, and thus the return on CWIP, for this project as it is underdeveloped, limited in scope, and lacks necessary cost details. The Company is waiting to seek firm quotes on its AMR proposal until after Commission approval of this project. This is unreasonable and should therefore be denied.

Q. Did Liberty SLG provide a benefit-cost analysis, or BCA, for its AMR proposal?

A. Yes. The Company provided a BCA in its response DPS-402. However, as previously discussed, the Company’s cost estimates are preliminary and lack reasonable support.

Q. Does the Company’s BCA for AMR demonstrate the benefits of this project will outweigh the costs?

A. No. As demonstrated in the Company’s response to DPS-402, the net present value benefit cost ratio of this proposal is 0.94. Pursuant to the 2023 Rate Order, the Company’s AMR proposal shall demonstrate that the benefits outweigh the costs via a BCA with a benefit cost ratio of the net present value of the benefits divided by the net present value of the costs above 1.0.

Q. What additional criteria must the Company demonstrate for the AMR project to be considered reasonable?

A. As outlined in the 2023 Rate Order, the Commission should have some assurance that the Company’s cost and benefit estimates are accurate. The costs of the project should be competitively bid to ensure the best price for the system. System suppliers should provide contractual guarantees of their prices and service quality to ensure that the system will function as expected and provide the benefits at the estimated cost.

Q. What does the Panel recommend regarding the Company's current AMR proposal?

A. Since the Company's AMR proposal does not adhere to the necessary criteria for implementing AMR as outlined by the Commission, in addition to stale cost estimates, lack of reasonable support, no clear implementation schedule, and the Company's inability to demonstrate that the benefits of its AMR proposal justify its costs, we recommend that the Commission reject the Company's AMR proposal.

Background of CLCPA

Q. What major obligations does the CLCPA impose on the Commission?

A. The CLCPA establishes deadlines by which Commission-established programs must meet specific clean energy goals. For example, the CLCPA added Section 66-p to the Public Service

Law, or PSL, which requires, among other things, that the Commission establish a renewable energy program under which the State's jurisdictional load serving entities procure a minimum of 70 percent of the State's electric load from renewable sources by 2030. It also requires the Commission to establish a program by which the statewide electrical demand system is zero emissions by 2040, as well as other programs to procure wind and solar generation and energy storage capacity. We note that the major requirements that the CLCPA directly imposes on the Commission are related to the electric system, and thus these specific requirements are not applicable to gas-only utilities like Liberty SLG.

Q. Are there requirements of the CLCPA that are applicable to any Commission action?

A. Yes, CLCPA Sections 7(2) and 7(3) apply to determinations the Commission makes, including decisions on rate proceedings.

Q. Is the Panel familiar with CLCPA Section 7(2)?

A. Yes. While none of the members of the Panel are attorneys and thus cannot speak to specific legal requirements, we are generally familiar with CLCPA Section 7(2).

Q. Please explain the Panel’s understanding.

A. CLCPA Section 7(2) requires all State agencies, including the Commission, to consider whether certain specified final agency actions are inconsistent with or will interfere with the attainment of the statewide GHG emissions limits established by the New York State Department of Environmental Conservation under Environmental Conservation Law, or ECL, Article 75. Thus, final Commission decisions are subject to the evaluation required under Section 7(2).

Q. If a decision is determined to be inconsistent with the attainment of emissions limits established in ECL Article 75, what course of action does the CLCPA require?

A. Section 7(2) states that where a decision is deemed to be inconsistent with, or to interfere with, the attainment of the statewide GHG emissions limits, the deciding agency must provide a detailed statement of justification as to why such limits or criteria may not be met and identify alternatives or GHG mitigation measures to be required where such project is located.

Q. Has the Commission issued any orders addressing Section 7(2) of the CLCPA specific to rate proceedings?

A. Yes. On August 12, 2021, the Commission issued an Order Approving Joint Proposal, As Modified, and Imposing Additional Requirements in Cases 19-G-0309 and 19-G-0310, referred to as the 2021 Rate Order, which adopted a Joint Proposal establishing rate plans for The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas East Corp. d/b/a National Grid, respectively, the Commission specifically found that Section 7(2) of the CLCPA applies to rate cases. The Commission has since undertaken the analysis required under Section 7(2) in rate proceedings initiated by Niagara Mohawk Power Corporation d/b/a National Grid; Central Hudson Gas & Electric Corporation; Orange and Rockland Utilities; Consolidated Edison Company of New York, Inc.; New York State Electric & Gas Corporation; Rochester Gas and Electric Corporation; and National Fuel Gas Distribution

Corp., or NFGDC.

Q. Is the Panel familiar with CLCPA Section 7(3)?

A. Yes. As we stated earlier, none of the members of the Panel are attorneys and thus cannot speak to specific legal requirements; however, we are generally familiar with CLCPA Section 7(3).

Q. What is your understanding of the requirement of Section 7(3) of the CLCPA?

A. CLCPA Section 7(3) provides that, in issuing certain administrative approvals and decisions, the State's agencies and public authorities shall not disproportionately burden disadvantaged communities and must also prioritize reductions of GHG emissions and co-pollutants in disadvantaged communities.

Q. Are there any further CLCPA provisions regarding disadvantaged communities that are applicable to rate cases?

A. Yes. There are provisions of ECL Article 75 and PSL Section 66-p that require the Commission to ensure that its clean energy programs also provide specific benefits to disadvantaged communities.

Q. Has the Commission applied Section 7(3) of the

CLCPA in any rate cases?

A. Yes, in each of the Commission's recent rate cases for almost all of the State's investor-owned utilities, as mentioned earlier.

Review of Commission Policy on CLCPA

Q. What role, if any, do the prior Commission orders that have applied Sections 7(2) and (3) play with respect to your review of the present rate filing?

A. We apply prior relevant orders to guide analysis of the proposed rate plan. Here, we reviewed Liberty SLG's rate filing, as well as the modifications we are recommending, in light of Commission orders that assessed compliance with Sections 7(2) and (3) of the CLCPA in prior rate cases.

Q. Are there other relevant orders or proceedings that the Panel considered?

A. Yes. The Commission has commenced two statewide proceedings that also provide guidance regarding CLCPA compliance. First, the Commission commenced a CLCPA proceeding through its May 12, 2022, Order on Implementation of the Climate Leadership and Community Protection Act in Case

22-M-0149, referred to as the CLCPA Order. Second, the Commission has established a proceeding to review long-term plans for gas utilities as discussed in the Commission's May 12, 2022, Order Adopting Gas System Planning Process, or Gas Planning Order, in Case 20-G-0131.

Q. Please describe the CLCPA Order.

A. The CLCPA Order has several purposes. It provides for tracking and assessing the advancements made towards meeting CLCPA targets and to identify further actions that are necessary to help achieve those targets. The CLCPA Order also directs Staff to present an annual informational item to the Commission regarding that progress. It also initiates a process to, among other things, establish statewide GHG emissions reporting guidelines for the State's utilities.

Q. How did the CLCPA Order initiate a process to establish GHG emissions reporting guidelines?

A. The Commission directed the investor-owned utilities, including Liberty SLG, to work with Staff to develop a proposal that builds on GHG emissions inventory requirements from recent rate cases. The Commission directed the utilities to collectively propose a methodology for use in an annual GHG Emissions Inventory Report, to be filed by individual utilities. The methodology employed must be consistent with relevant provisions of the CLCPA. Through these annual reports, the utilities will estimate the current direct and indirect GHG emissions associated with their respective businesses, including upstream emissions from imported fossil fuels, local distribution emissions, and end-use or behind the customer meter emissions. Pursuant to the Commission's direction, the utilities collectively filed their Proposal for an Annual Greenhouse Gas Emissions Inventory Report as the Joint Utilities on December 1, 2022. After further consultation with Staff, the Joint Utilities supplemented that proposal on May 31, 2023. Public comments on the Joint Utilities' proposal were due on September 5, 2023, and we anticipate that the Commission will issue an order regarding this matter.

Q. Did the Commission require any utilities to provide any GHG emissions inventory report when they file rate cases?

A. Yes. The CLCPA Order required gas utilities, including Liberty SLG, to provide an assessment of the impacts that the utility's specific investments, CapEx, programs and initiatives included in their rate filing will have on the GHG from its gas network, specifying the potential emissions impacts of each.

CLCPA §7(2) - GHG Emissions

Q. What analysis has the Panel performed pertaining to GHG emissions and CLCPA §7(2)?

A. We have compared the components included in Staff's recommendations for the Rate Year with direction provided by the Commission in past cases to ensure consistency with achieving the CLCPA's GHG emissions reduction targets. We have conducted an analysis of the GHG emissions impacts of the Rate Year and calendar year 2026 based on Staff's internal sales forecasts. Additionally, we have reviewed the Company's assessment of the impacts that the specific investments, CapEx, programs, and initiatives included in its rate filing will have on GHG emissions from its gas network.

Q. What components of Staff's recommendations in this proceeding are aligned with the considerations the Commission has previously identified when assessing consistency with achieving the CLCPA's GHG emissions reduction targets?

A. Staff's recommended adjustments to capital project spending in the Rate Year reduce the investment in gas expansion and infrastructure as compared to the Company's request, which can contribute to reducing GHG emissions. Staff's internal analysis of sales and GHG emissions support the recommendation for a partial shift to in-state RNG fuel. Staff's sales forecast resulted in total gas delivery within 0.5 percent of the Company's estimate for both the Rate Year and calendar year 2026. The Company provided GHG information by calendar year in its responses to DPS-282, DPS-360, DPS-446, DPS-447, DPS-557, and DPS-578. Based on Staff's analysis, as depicted in Exhibit__(SPP-2), imported natural gas results in 167,608 metric tons CO2e and in-state RNG results in 4,257 metric tons CO2e. Therefore, with the two combined, calendar year 2026 gas delivery would have associated Scope 3 emissions from upstream fuel of 171,865 metric tons CO2e, and downstream user combustion of 394,503 metric tons CO2e. Reflecting the proposed partial shift to in-state RNG delivery of 609,557.00 Mcf, Staff's analysis showed a reduction of 11,172 metric tons CO2e in calendar year 2026 as compared to all gas delivery being sourced from Canada.

Q. Please summarize the Company's testimony regarding GHG emissions.

A. The Company's CLCPA Panel testimony describes a Gas Demand Response Program, the Hybrid Heating Program, and the Company's proposed use of RNG. In the Company's CLCPA Panel testimony and in its response to DPS-579, the Company describes the Gas Demand Response Program as a communication program, with no emissions tracking, for customers to reduce energy consumption during peak usage. The Company plans to continue the Gas Demand Response Program during the Rate Year. The Company also provided its parent company's net-zero goal for

Scope 1 and Scope 2 emissions. The Company's CLCPA Panel testimony estimates that these initiatives would result in a total reduction of GHG emissions of 17,000 metric tons of CO2e which it states is consistent with the CLCPA. According to the Company's attachment to its responses to DPS-446, DPS-447, and DPS-577, the estimated emissions reductions from using RNG fuel total to about 11,000 metric tons CO2e in the Rate Year, compared to emissions from relying solely on Canadian imported gas. However, the Company's estimated total reduction from the Hybrid Heating Program that would occur over the 15 years of the equipment. Moreover, the Company's estimated emissions reduction from the Hybrid Heating Program would only be realized if over 200 gas customers participate, or 1.4 percent of the customer base. Based on the Company's response to DPS-447, the emissions reduction of the hybrid heating program would total about 182 metric tons of CO2e in the Rate Year, increasing to 550 metric tons of CO2e in calendar year 2028 based on the Company's proposed program.

Q. With regard to GHG emissions, what has the Commission stated regarding what utilities must provide with their rate filings?

A. According to page 16 and pages 47-48 of the CLCPA Order, the Commission directed the utilities "to include, in all future rate filings, an assessment of the impacts that the utility's specific investments, CapEx, programs and initiatives included in the rate filing will have on its greenhouse gas emissions from its gas network, specifying the potential emissions impacts of each."

Q. Does the Company's filing fulfill this requirement as laid out in the CLCPA Order?

A. Yes. The Company did quantify the emissions reductions associated with its proposed CLCPA-related initiatives. In response to DPS-97 and DPS-282, the Company provided an assessment that quantifies the emissions impact associated with its proposed capital projects.

Q. Has the Panel conducted an analysis of the emissions impacts of all of the Company's proposed CapEx, programs, and initiatives, as required by the CLCPA Order?

A. Yes. Staff reviewed the Company's responses to DPS-97 and DPS-282, where the Company provided the emissions impacts its proposed capital projects.

Q. Overall, how does the Panel summarize the emissions impact of Staff's recommended rate plan in comparison to that of the Company's?

A. Overall, on a calendar year basis, the Company's rate plan would increase emissions between 2023 and 2026 by about two percent. With Staff's recommended removal of the Hybrid Heating Program, recommendations to support RNG proposals, and other recommendations as discussed throughout Staff testimony, the emissions total remains at about a two percent increase from the Company's 2023 emissions. As demonstrated in Exhibit__(SPP-2), Staff thus does not anticipate a substantial difference between the emissions projection for Staff's recommended rate plan as compared to that of the Company.

Q. How would the Company's proposed capital projects impact the Company's overall emissions totals for the Rate Year?

A. In its response to DPS-282, the Company estimates that its natural gas fugitive emissions would increase by 15 metric tons CO2e in early 2025 and 1.77 metric tons CO2e during the Rate Year starting in November 2025. In Company responses to DPS-282, DPS-360, and DPS-577 the Company shows that its total emissions would increase by 7,000 metric tons CO2e in calendar year 2025 from the 2023 level.

Q. How does this compare to Staff’s recommended modifications to the Company’s rate filing?

A. In calendar year 2025, the SNPGIOP’s recommendations to remove the Brasher Falls Main Extension and reduce customer service lines results in a reduction in GHG emissions by 10.5 metric tons CO2e. In calendar year 2026, our recommended modifications to the Company’s capital projects result in GHG emissions of approximately 1.55 metric tons CO2e versus the Company’s proposed total of 1.77 metric tons CO2e. Our recommendation to remove the Hybrid Heating Program will result an additional 182.76 metric tons CO2e in calendar year 2025 and 365.52 metric tons CO2e in calendar year 2026.

However, the Company's response to DPS-577 and DPS-578 shows that, even with the inclusion of the Hybrid Heating Program, the Company's estimate of projected total emissions increased by over 7,000 metric tons CO2e between calendar year 2023 and calendar year 2025 (with an increase of end-user emissions of 8,000 metric tons CO2e), and by an additional increase in total emissions of 2,000 metric tons CO2e in calendar year 2026. Further, for the reasons we discussed earlier, the Panel does not have confidence in the Company's estimated participation in the Hybrid Heating Program given the lack of support provided. Therefore, if all anticipated participants do not join the Hybrid Heating Program, it is unlikely the Company would achieve the amount of GHG reductions it estimates.

Q. Based on the emissions analysis, does the Panel have a recommendation regarding whether adopting the rate plan Staff recommends for Liberty SLG would be consistent or inconsistent with attainment of the CLCPA's GHG reduction targets?

A. No.

Q. Why not?

A. We recognize that the rate plan reflects an increase in overall GHG emissions. However, the Company has less opportunities for emissions reductions than other utilities around the State due to it not having leak prone pipe in its service territory. Nonetheless, Staff's recommendations would reduce emissions from capital infrastructure by approximately 10 metric tons of CO_2e. The proposed in-state RNG injection provides for further substantial emissions reductions. The Company's proposed rate plan would have also resulted in increased total emissions for calendar years 2025 and 2026, however, for the reasons we just discussed, the Panel does not have confidence in the emissions projections the Company forecasted as a result of its Hybrid Heating Program. Further, decisions regarding the Commission's preferred GHG emission factors and the nature and application of the Cap-and-Invest program to gas utilities and their customers remain outstanding. Thus, we have endeavored to provide a record to the Commission on which it can determine whether the rate plan it adopts for Liberty SLG would be inconsistent with or would not interfere with attainment of the CLCPA's GHG reduction targets.

Q. Even if the Commission determines that its adoption of the rate plan recommended by Staff is inconsistent with the attainment of the CLCPA's GHG emissions reduction targets, could adoption of such a rate plan be justified?

A. Yes. As the Commission has explained on page 73 of the 2021 Rate Order, it does not conduct the analysis required by CLCPA §7(2) "in a vacuum." Further, the Commission explained that its "evaluation under CLCPA §7(2) and (3) is made in the context of the Commission's core responsibility to ensure that '[e]very gas corporation, every electric corporation and every municipality ... furnish[es] and provide[s] such service, instrumentalities and facilities as shall be safe and adequate and in all respects just and reasonable.'" We note that customers can continue to use gas and apply for gas service, and Liberty SLG is obligated to provide applicants gas service. Furthermore, customers depend on Liberty SLG’s ability to provide safe, adequate, and reliable service for heating, hot water, and cooking. Thus, if the Commission were to find that our overall recommended rate plan for the Rate Year is inconsistent with or would interfere with the attainment of the CLCPA’s statewide GHG emissions limits, the Commission should find that adopting Staff’s recommended rate plan is nonetheless necessary to enable Liberty SLG to continue to provide safe, adequate, and reliable service to its customers and provide service to applicants who are entitled to request service.

Q. If the Commission were to find that the overall rate plan Staff recommends is inconsistent with or would interfere with the attainment of the CLCPA’s statewide GHG emissions limits, do you recommend the Commission identify any additional GHG mitigation measures?

A. The rate plan Staff recommend, in concert with other Commission actions, already requires what could be termed GHG mitigation measures.

Q. Please explain.

A. The rate plan we recommend includes the use of local RNG to reduce the amount of gas delivery from Canada. Staff confirms that the RNG injection will result in an emissions reduction of over 10,000 metric tons CO2e in 2025 and over 11,000 metric tons CO2e in 2026. Additionally, the Staff Consumer Services Panel recommends that the Commission direct the Company to not seek ratepayer recovery for the solicitation or marketing of natural gas to customers. The Consumer Service Panel recommends the Commission maintain the 2023 Rate Order requirements for the Company to provide messaging to prospective customers for the New York State Clean Heat Program, with links to direct customers to National Grid heating and cooling and incentives. Moreover, the Staff Gas System Planning and Reliability Panel recommends the Company implement a proactive capital planning review with a three-year lookahead, to consider the applicability and suitability of non-pipe alternatives that would help further reduce emissions associated with its business and to coordinate these efforts with local electric providers. Additionally, as discussed further in the Gas System Planning and Reliability Panel testimony, the Company's proposed LTP in Case 24-G-0630 is pending the Commission's review, pursuant to the requirements of the Commission's Order Adopting Gas System Planning Process in Case 20-G-0131. Thus, when viewing Staff's recommended rate plan together with other Commission actions impacting Liberty SLG, the Commission can find that its action would include GHG mitigation measures.

CLCPA §7(3) - Disadvantaged Communities

Q. Please summarize the Company's testimony regarding disadvantaged communities.

A. On page 27 of the Company's CLCPA Panel testimony, it states that its proposals will provide benefits to disadvantaged communities. Further, the Company's CLCPA Panel testimony states none of the proposed capital projects, programs, or initiatives would create disproportionate impacts or burdens on disadvantaged communities.

Q. What analysis did the Company provide regarding the impacts of its gas proposals on disadvantaged communities?

A. In its response to DPS-97, DPS-282, and DPS-531, the Company identified whether a project was located in a disadvantaged community, whether an alternative location was considered, identified whether the project would contribute to GHG emission reductions, and provided an overall explanation of the projects GHG impact. In response to DPS-282, the Company identifies three capital projects located in disadvantaged communities for the calendar year 2025, specifically located in the Village of Heuvelton, Village of Massena, and the City of Ogdensburg, which amount to 0.41 metric tons of CO2e, or 2.7 percent of the GHG emissions from the proposed capital projects within the Rate Year, specially 15 metric tons CO2e. Additionally for calendar year 2025, in response DPS-531, the Company identifies 28 projects located in disadvantage communities. For calendar year 2026, in response DPS-531 the Company identifies 20 projects located in disadvantaged communities.

Q. Did the Panel further investigate how the projects that are fully or partially located within disadvantaged communities would affect those communities?

A. Yes, we reviewed each of the projects fully or partially located within disadvantaged communities. Additionally, we reviewed the Company's response to DPS-531, which states that approximately 9.8 percent of the Company's geographical territory is located in a disadvantaged community. For context out of the Company's approximate 17,000 customer, 6,875 live in disadvantaged communities.

Q. What did the Panel's review yield about projects located in or partially in disadvantaged communities?

A. We reviewed each of the Company's proposed calendary year 2025 and calendar year 2026 projects and programs included in the Company's responses to DPS-97, DPS-282, and DPS-531. Specifically, the Company's attachments to its responses to DPS-97 and DPS-531, identify whether a project or program is located in a disadvantaged community. These responses identified that 31 projects in calendar year 2025 and 20 projects in calendary year 2026, are located in disadvantaged communities.

Q. Did the Panel further investigate how the projects that are fully located in or near by a disadvantaged community affect those communities?

A. Yes, we reviewed each of the projects that are fully located in or in relative proximity to a disadvantaged community. The majority of the previously discussed projects specifically located in a disadvantaged community are projects that are taking place at Liberty SLG headquarters in Massena, New York. These projects are related to computer software programs and building upgrades to the main building related to Liberty SLG's administrative and fleet operations. No alternatives for locations could be considered as these projects are taking place directly at Liberty SLG headquarters. There are three projects occurring in a disadvantaged community outside of Liberty SLG headquarters. Those projects are system reliability projects located in the Village of Heuvelton, Village of Massena, and the City of Ogdensburg. For the three system reliability projects, as seen in Company's response to DPS-282, no alternatives for locations could be considered as the project locations are specific to a broken valve, New York State Department of Transportation work, and a low-pressure area identified by the Company's system analysis. All projects identified above do not have disproportionate impacts on the community as they contribute to enhancing the safety and reliability of the Company's administrative operations and gas system.

Q. Does the Company identify any projects for which it does not know whether they are located in a disadvantaged community?

A. Yes. For calendary year 2026, in the Company's attachment to its response to DPS-531, the Company identifies 10 projects as "unknown" in reference to the location in or near a disadvantaged community, some of which are additional customer service lines.

Q. Did the Panel further investigate these projects?

A. Yes. These projects appeared to be typically recurring projects such as mains, meters, regulators, and services for growth or replacement. Even though some of the growth or replacement projects may be located in a disadvantaged community, these projects enhance the safety and reliability of the Company's gas system in those communities. Therefore, we found that these projects will not have disproportionate burdens on disadvantaged communities.

Q. Does the Company have an outreach program for disadvantaged communities?

A. No. The Company provided no outreach and education program for disadvantaged communities. The Staff Consumer Service Panel testimony discusses this and recommends that the Commission require the Company to adopt outreach and education for customers in disadvantaged communities.

Q. Based on your analysis, what does the Panel recommend the Commission find regarding CLCPA Section 7(3)?

A. We recommend the Commission find that adopting the overall rate plan Staff recommends would not disproportionately burden disadvantaged communities. As we have explained, the projects located within disadvantaged communities will improve safety and reliability in the communities in which they are located.

Long-Term Plan Surcharge

Q. Please summarize the Company's proposal related to the LTP Surcharge.

A. In reference to pages 10 and 11 of the initial testimony of the Regulatory Panel, the Company explains that it will incur costs associated with its LTP. Moreover, the Company asserts that it has not included any costs for the LTP in its revenue requirement. Instead, the Company proposes to defer these costs and recover them through a volumetric surcharge over a 12-month period. As explained in the Company's response to DPS-442, the Company anticipates commencing the surcharge the first day of the Rate Year on November 1, 2025.

Q. What types of costs does the Company request to recover?

A. On page 11 of the initial testimony of the Regulatory Panel, the Company states that it plans to include in the surcharge the cost of the consultant to prepare the LTP and participate in the stakeholder engagement process, the cost of the independent consultant retained by the Department, and any other costs incurred from the LTP process.

Q. How much does the Company estimate to incur for consultants hired as part of this process?

A. According to its response to DPS-442, the Company estimates incurring costs of approximately $985,000 associated with its first LTP. This includes costs associated with both the independent consultant engaged by the Department, Charles River Associates or CRA, and the Company’s consultant, Concentric Energy Advisors Inc., or Concentric. The Company notes that it has not yet incurred any costs associated with CRA.

Q. Does the Panel agree with the Company’s proposal to implement an LTP surcharge?

A. No. However, On pages 10 and 11 of the initial testimony of the Regulatory Panel, the Company correctly notes that the Commission’s Order Adopting Gas System Planning Process issued May

12, 2022 in Case 20-G-0131, or the LTP Order, states that utilities can defer costs associated with the independent consultant hired by the Department.

Q. What is your recommendation regarding the costs associated with CRA?

A. As the Company has not incurred any costs from CRA, and therefore, these costs have not been reviewed and/or verified by Staff, we do not recommend recovery via a surcharge at this time. Instead, we recommend that the Company be allowed to defer such costs for future review by Staff.

Q. What is your recommendation regarding the costs associated with the Company's consultant Concentric and any other costs incurred in association with Liberty SLG filing its LTP?

A. The Company has not incurred its estimated LTP costs in its entirety, and therefore, such costs have not been reviewed and/or verified by Staff. As such, we do not recommend deferral and/or recovery of these costs at this time.

Q. Does this conclude the Panel's testimony?

A. Yes, it does.