

Docket: Application 22-10-022

Exhibit No. _____

Date: July 14 2023

Witness: Geoffrey B. Inge

**PREPARED TESTIMONY OF GEOFFREY B. INGE
ON BEHALF OF THE A-3 CUSTOMER COALITION**

1 **Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A:** My name is Geoffrey B. Inge. My business address is 566 S. McCaslin Blvd, Unit #
3 270636, Superior, CO 80027-9998.

4 **Q: BY WHOM ARE YOU CURRENTLY EMPLOYED AND IN WHAT CAPACITY?**

5 **A:** I am President of Regulatory Intelligence LLC, an energy regulatory consulting company
6 providing industrial and large commercial clients with information, analysis, advice, and
7 expert witness testimony on electric and natural gas regulatory issues.

8 **Q: PLEASE SUMMARIZE YOUR PROFESSIONAL AND EDUCATIONAL**
9 **BACKGROUND.**

10 **A:** A description of my experience and qualifications is attached to my testimony as
11 Attachment A-3CC (1).

12 **Q: HAVE YOU TESTIFIED BEFORE THE CALIFORNIA PUBLIC UTILITIES**
13 **COMMISSION (“CPUC” OR “COMMISSION”)?**

14 **A:** Yes. I testified before the Commission on behalf of the A-3 Customer Coalition in
15 Application (A.) 12-02-014, A.08-08-004, A.05-06-018, A.15-05-008, A.18-12-001, and
16 A.21-05-017. I have testified on behalf of the California Ski Areas Association in A.01-
17 06-041. I have also testified before the Public Utilities Commission of Nevada, the
18 Minnesota Public Utility Commission, the Iowa Utilities Board, the Federal Energy
19 Regulatory Commission, and the National Energy Board of Canada.

20 **Q: PLEASE DESCRIBE THE A-3 CUSTOMER COALITION.**

21 **A:** The A-3 Customer Coalition (A-3CC) is a group of large electric customers located
22 primarily in the Lake Tahoe area that take electric service under Liberty’s Tariff
23 Schedule A-3. The current membership is:

24 South Tahoe Public Utility District

Marriott's Timber Lodge and Grand Residence Club Lake Tahoe
Heavenly Valley Limited Partnership - Heavenly Mountain Resort
Trimont Land Company - Northstar California Resort
Palisades Tahoe Ski Holdings, LLC
North Tahoe Public Utility District

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony will recommend the Commission reject Liberty's proposed allocation of wildfire costs among Liberty's customer classes and utilize instead the wildfire cost customer class allocation percentages agreed to in Liberty's most recent general rate case (A.21-05-017) and approved by the Commission in Decision (D.) 23-04-043.

Q. WERE THE ATTACHMENTS YOU ARE SPONSORING PREPARED BY YOU OR UNDER YOUR DIRECTION AND SUPERVISION?

A. Yes. Along with my testimony, I am sponsoring Attachment A-3CC (1) and Attachment A-3CC (2).

Q. PLEASE DESCRIBE THE CONTENTS OF YOUR ATTACHMENTS.

A. Attachment A-3CC (1) is my curriculum vitae.
Attachment A-3CC (2) is Liberty's rate calculation worksheet provided in response to A-3CC Second Set of Data Requests No. 5.

Q. DO YOU AGREE THAT THE AMOUNTS LIBERTY HAS REQUESTED FOR RECOVERY IN THIS PROCEEDING ARE ACCURATE?

A. No, I do not agree that the requested amounts are accurate, but my testimony addresses only Liberty's proposed allocation of wildfire related costs.

Q. WHAT WILDFIRE COST ALLOCATION METHODOLOGY IS LIBERTY PROPOSING IN THIS PROCEEDING?

A. Liberty proposes to allocate the wildfire and Covid costs at issue in this proceeding to each customer class based the customer class relative Authorized 2021 Sales (kWh).

Liberty's proposed wildfire cost allocation methodology results in the following customer class allocation percentages.

Table 1

Line No	Customer Class	Liberty Proposed Allocation	
		Amount (1)	% of Total
	(a)	(b)	(c)
1	Residential (D-1)	\$ 21,362,111	50.25%
2	Outdoor Lights (OL)	46,014	0.11%
3	Street Lights (SL)	25,611	0.06%
4	A-1	7,355,450	17.30%
5	A-2	5,020,332	11.81%
6	A-3	8,642,529	20.33%
7	PA	59,253	0.14%
8	Total	<u>\$ 42,511,301</u>	<u>100.00%</u>

(1) Source Response to A3CC follow-up Data Request 5

Q. WHAT ARE THE WILDFIRE AND COVID COST RECOVERY CUSTOMER CLASS RATES LIBERTY IS PROPOSING IN THIS PROCEEDING?

A. Liberty proposes to amortize the wildfire costs in this proceeding over a three-year period and collect the annual cost from all customer classes at a \$0.02412/kWh rate (see Exhibit Supplemental-001, D. Marsh, Appendix A, page A-2).

Q. IS THERE AN EXISTING, COMMISSION APPROVED, ALLOCATION METHODOLOGY FOR LIBERTY WILDFIRE COSTS?

A. Yes, in D. 23-04-043 the Commission approved an all-party negotiated settlement which included a defined allocation of wildfire costs.

Q. DID LIBERTY USE THE WILDFIRE COST CUSTOMER CLASS ALLOCATION PERCENTAGES APPROVED IN D.23-04-043 IN THIS PROCEEDING?

A. No.

1 I note that the Commission approved these allocation percentages *after* Liberty filed its
2 application and proposal in this proceeding. Thus, Liberty did not have the benefit of the
3 parties' resolution of this issue and the Commission's approval of the parties' agreed
4 allocation when it submitted its allocation proposal.

5
6 **Q. HAVE YOU CALCULATED AND COMPARED THE CUSTOMER CLASS**
7 **WILDFIRE COST RECOVERY RATES RESULTING FROM THE**
8 **ALLOCATION PERCENTAGES APPROVED BY THE COMMISSION IN D. 23-**
9 **04-043 WITH THOSE PROPOSED BY LIBERTY IN THIS PROCEEDING?**

10 A. Yes. First, I separated the wildfire and Covid revenue requirement components proposed
11 by Liberty. I allocated the Covid component to customer classes based on the
12 methodology proposed by Liberty. I allocated the wildfire component to customer classes
13 based on the wildfire cost allocation percentages approved in D.23-04-043. I summed the
14 two allocated components and divided by three to calculate the annual revenue
15 requirement based on a three-year amortization. I then divided the customer class
16 allocated annual revenue requirement by the 2021 Authorized Sales amounts used by
17 Liberty to develop its proposed rates. (See Attachment A-3CC (2)) The table below
18 shows the customer class recovery rates which result.

Line No.	Customer Class	Liberty Proposed Cost Recovery Rates	Cost Recovery Rates Using D.23-04-043 Wildfire Cost Allocation Percentages
		(b)	(c)
1	Residential (D-1)	\$0.02412	\$0.02809
2	Outdoor Lights (OL)	\$0.02412	\$0.18605
3	Street Lights (SL)	\$0.02412	\$0.17019
4	A-1	\$0.02412	\$0.02036
5	A-2	\$0.02412	\$0.01609
6	A-3	\$0.02412	\$0.01712
7	PA	\$0.02412	\$0.01232

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3

Q WHAT WAS THE BASIS FOR THE WILDFIRE COST ALLOCATION

4

PERCENTAGES NEGOTIATED IN A.21-05-017?

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A. The wildfire cost allocation percentages negotiated in A.21-05-017 recognize that wildfire costs are not exclusively a function of the amount of electricity a customer uses.

7

8

Q IS THERE ANY DIFFERENCE BETWEEN THE CUSTOMER CLASS

9

WILDFIRE COST CAUSATION IN THIS PROCEEDING AND THE WILDFIRE

10

CUSTOMER CLASS COST CAUSATION IN A.21-05-017?

11

A. No.

12

Q. WHAT IS YOUR RECOMMENDATION REGARDING CUSTOMER CLASS

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COST WILDFIRE COST ALLOCATION IN THIS PROCEEDING?

14

A. I recommend the Commission reject Liberty's original proposed customer class allocation of wildfire costs and utilize instead the wildfire cost customer class allocation percentages agreed to in Liberty's most recent general rate case (A.21-05-017).

17

18

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

19

A. Yes, it does.

Attachment A-3CC (1)

Geoffrey B. Inge

Curriculum Vitae

Educational Background and Professional Experience.

Mr. Inge holds a Bachelor of Business Administration from the University of Virginia (1976) and a Master of Business Administration from the University of Virginia's Colgate Darden School of Business Administration (1979).

Mr. Inge developed his analytical skills in the energy field through participation in CONOCO Inc.'s Management Development Program, into which he was recruited upon obtaining my M.B.A. in 1979. CONOCO also provided him with field experience in gas processing and gathering. From 1983 to 1987, he was the senior gas buyer for Delhi Gas Pipeline's Gas Acquisition Group for the midcontinent region. Mr. Inge joined KTM in February 1987 as Vice President, was promoted to Senior Vice President of KTM in January 1992 and became President in January 2000. He served as President until October 2015 when KTM was purchased by the company now known as Kinect Energy. As Director of Energy Services at Kinect from November 2015 to May 2020, Mr. Inge provided strategic advice, economic analysis and expert witness testimony to clients and client groups intervening in natural gas and electric rate cases at the state and federal level. Mr. Inge continues to provide these services as President of Regulatory Intelligence LLC.

During his career, Mr. Inge has analyzed numerous pipeline and electric rate filings. He has presented cost of service, cost allocation and rate design testimony in rate cases before the Federal Energy Regulatory Commission (FERC), the National Energy Board (NEB) and several state public utility commissions. Drawing on his in-depth experience, Mr. Inge builds analytically based cost allocation and rate design strategies to support his clients' litigation and settlement goals and provides ongoing consulting services on natural gas and power consumption issues to industrial and large commercial clients throughout the U.S. and Canada.

Testimony before the Federal Energy Regulatory Commission

Docket No. GP91-8-008 (*Jack J. Grynberg v. Rocky Mountain Natural Gas Company*)
Docket No. RP96-306-000 (*Paiute Pipeline Company*)
Docket No. RP08-426 (*El Paso Natural Gas Company*)
Docket No. RP10-21 (*Florida Gas Transmission Company*)
Docket No. RP10-1398 (*El Paso Natural Gas Company*)
Docket No. RP11-1670 (*Eastern Shore Natural Gas Company*)
Docket No. RP22-501 (*ANR Pipeline Company*)
Docket No. RP22-1033 (*Northern Natural Gas Company*)

Testimony before the National Energy Board

Docket No. RH-003-2011 (*TransCanada Pipelines Limited*)

Testimony before State Regulatory Commissions

Public Utilities Commission of Nevada - Docket Nos. 92-4021, 01-11030, 03-12002, 05-12001, 06-12001, 07-09016, 13-06002, 15-07004, 16-06006, 18-6003, 19-05002, 19-06002, 20-06004, 21-03004, 21-10012 and 22-06014.
California Public Utilities Commission - Applications A.01-06-041, A.05-06-018, A.08-08-004, A.12-02-014, A.15-05-008, A.18-12-001, A.21-05-017 and A.21-08-003.
Minnesota Public Utilities Commission – Docket No. E-002/GR-15-826
Iowa Department of Commerce Utilities Board – Docket Nos. RPU-2017-0001 and RPU-2019-001.

Testimony before Saskatchewan Rate Review Panel

Saskpower 2016 Rate Application
Saskpower 2018 Rate Application

Client Rate Analysis, Settlement Negotiation and Case Management - Federal

Docket No. RP91 – 202 (*Paiute Pipeline Company*)
Docket No. RP93 – 6 (*Paiute Pipeline Company*)
Docket No. RP96 – 306 (*Paiute Pipeline Company*)
Docket No. RP02 – 132 (*Viking Gas Transmission*)
Docket No. RP04-12 (*Florida Gas Transmission*)
Docket No. RP05 – 163 (*Paiute Pipeline Company*)
Docket No. RP05 - 422 (*El Paso Natural Gas Company*)
Docket No. RP09 – 406 (*Paiute Pipeline Company*)
Docket No. RP09 – 427 (*Southern Natural Gas Company*)
Docket No. RP15-101 (*Florida Gas Transmission*)
Docket No. RP10 -951 (*Texas Gas Service Company v. El Paso Natural Gas Company*)
Docket Nos. CP11-303 & CP11-333 (*Eastern Shore Natural Gas Company*)
Docket No. RP11-1566 (*Tennessee Gas Pipeline Company*)
Docket No. CP12-4 (*Southern Natural Gas Company*)
Docket No. RP12-816 (*El Paso Natural Gas Company*)
Docket No. RP13-185 (*Viking Gas Transmission*)
Docket No. RP13-886 (*Southern Natural Gas Company*)
Docket No. RP14 – 540 (*Paiute Pipeline Company*)
Docket No. RP15 - 23 (*Transwestern Pipeline Company*)
Docket No. RP16-299 (*Tuscarora Gas Transmission Company*)
Docket No. RP16-440 (*ANR Pipeline Company*)
Docket No. RP19-1291 (*Paiute Pipeline Company*)
Docket No. RP19-1340 (*Viking Gas Transmission*)
Docket No. RP19-59 (*Northern Natural Gas Company*)
Docket No. RP19-1353 (*Northern Natural Gas Company*)
Application No. A98318 (*Nova Gas Transmission*)
Docket No. RP20-1060 (*Columbia Gas Transmission*)
Docket No. RP21-441 (*Florida Gas Transmission*)
Docket No. Rp21-1188 (*Texas Eastern Transmission Company*)

Client Rate Analysis, Settlement Negotiation and Case Management - State

Docket 19-03002 (*Sierra Pacific Power Co.*)
Docket 19-05001 (*Sierra Pacific Power Co.*)
Docket 19-05002 (*Sierra Pacific Power Co.*)
Docket 19-06008 (*Sierra Pacific Power Co.*)
Docket 10-06001 (*Sierra Pacific Power Co.*)
Docket 07-12001 (*Sierra Pacific Power Co.*)
Docket 03-6040 (*Sierra Pacific Power Co.*)
Docket 07-12001 (*Sierra Pacific Power Co.*)
Docket 11-12025 (*Sierra Pacific Power Co.*)
Proceeding NO. 15AL-0135G (*Public Service of Colorado*)
Docket 16-03004 (*Sierra Pacific Power Co.*)
Docket 17-03002 (*Sierra Pacific Power Co.*)
Docket 18-06003 (*Sierra Pacific Power Co. / Nevada Power Company*)
A.19-07-007 (*Liberty Utilities*)
A.20-08-001 (*Liberty Utilities*)
Docket 21-003040 (*Sierra Pacific Power Co. / Nevada Power Company*)
A.22-10-022 (*Liberty Utilities*)
A.22-11-018 (*Liberty Utilities*)

Attachment A-3CC (2)

Liberty Utilities (CalPeco) Corp.
Memo Account Application 2022
Rates Effective January 1, 2023

Ln No	Description		Total	Annual Recovery	Ln No
1	Memo Account Application				1
2	O&M Balance		\$ 38,510,491.06		2
3					3
4	Capital Balance		4,000,810.00		4
5		Total	\$ 42,511,301.06		5
6					6
7					7
8	<u>Authorized 2021 Sales (kWh)</u>		Balance by Class		8
9	Residential (D-1)	295,267,000	\$ 21,362,111.28	\$ 7,120,703.76	9
10	Outdoor Lights (OL)	636,000	46,013.62	15,337.87	10
11	Street Lights (SL)	354,000	25,611.35	8,537.12	11
12	Total Residential	296,257,000	<u>\$ 21,433,736.25</u>	<u>\$ 7,144,578.75</u>	12
13					13
14	A-1	101,667,000	\$ 7,355,450.38	\$ 2,451,816.79	14
15	A-2	69,391,000	5,020,331.65	1,673,443.88	15
16	A-3	119,457,000	8,642,529.40	2,880,843.13	16
17	PA	819,000	59,253.38	19,751.13	17
18	Total Commercial	291,334,000	<u>\$ 21,077,564.81</u>	<u>\$ 7,025,854.94</u>	18
19					19
20	Grand Total (kWh)	<u>587,591,000</u>			20
21					21
22			24-Month Surcharge Rate (kWh)	<u>\$ 0.02412</u>	22