

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

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

Energy Service for the Period of August 1, 2016 to January 31, 2017

Reconciliation for the Period November 1, 2015 to July 31, 2016

Docket No. DE 16-249

Technical Statement of Heather M. Tebbetts

June 20, 2016

A. Purpose of Technical Statement

On May 20, 2016, Liberty Utilities (Granite State Electric) Corp. ("Liberty" or "the Company") filed testimony and schedules providing a reconciliation of the prior rate period of November 1, 2015 to July 31, 2016. In Docket No. IR 14-338, the Company proposed to file its reconciliation for the previous period at least thirty days prior to the filing of proposed rates for the prospective period. At the time of the May 20, 2016 filing, the Company did not have final bids for Energy Service to be provided on and after August 1, 2016.

On June 14, 2016, the Company received final bids, as is discussed in John D. Warshaw's testimony. This Technical Statement is being submitted to update the Company's initial reconciliation filing and to propose Energy Service rates for effect August 1, 2016.

B. Update to Reconciliation

1. Energy Service

The result of the Company's Energy Service reconciliation is an under-collection of \$1,059,712 as shown in HMT-3 Page 1. This is primarily due to the difference in projected revenues based on a sales forecast in Docket No. DE 15-010 used to calculate rates, versus the actual kilowatt-hours (kWh) sold in the same period and lower than estimated expenses in that same period.

2. Energy Service Adjustment Factor (ESAF)

The result of the Company's ESAF reconciliation is an under-collection of \$26,472 as shown in HMT-4. Schedule HMT-5, Page 1 of 2, provides a calculation of the ESAF to be charged to customers effective August 1, 2016. The factor includes an under-collection of Energy Service, the under-collection associated with the ESAF for the previous period, and the over-collection of RPS and interest. The net of these amounts is an under-collection of \$311,381 which, when divided by the forecasted Energy Service kWh sales, results in an ESAF of \$0.00066 to be included in Energy Service rates effective August 1, 2016.

3. Energy Service Cost Reclassification Adjustment Factor (ESCRAF)

The ESCRAF reconciles the Company's administrative cost of providing Energy Service with its Energy Service revenue associated with the collection of administrative costs, and the excess or deficiency resulting from that reconciliation, including interest. The result of the Company's ESCRAF for the period of November 2015 through July 2016 is an under-collection of \$396,214 as shown on Schedule HMT-6 Page 1. The Company is proposing an ESCRAF of \$0.00207 for the Small Customer Group and an ESCRAF of \$0.00435 for the Large Customer Group as shown on Schedule HMT-7.

4. RPS

As shown on Schedule HMT-8 Page 1, the Company presents the actual reconciliation of RPS compliance adder revenue and expense by month. The Company has an over-collection of \$780,133 which was primarily caused by the change in class requirements for 2015.

5. Border Sales

The Company estimates the remaining refund to customers is \$57,111. The Company has calculated a credit of (\$0.00012) per kWh to be included in its Energy Service rate in Schedule HMT-9.

C. Rate Proposal

Granite State is proposing a fixed six-month base Energy Service rate for the period of August 1, 2016 through January 31, 2017 for the Small Customer Group¹ based on a weighted average of the six monthly contract prices contained in the supply agreement with the winning Energy Service supplier for the Small Customer Group. The adjustments described above are then added to (or subtracted from) the base Energy Service rate to determine the Energy Service rate to be billed to customers.

The Company is also proposing monthly Energy Service rates for the Large Customer Group² based on the six monthly contract prices contained in the supply agreement with the winning Energy Service supplier for the Large Customer Group. The adjustments described above are then added to (or subtracted from) the base Energy Service rate to determine the Energy Service rate to be billed to customers.

1. Small Customer Group

The Energy Service rate for the period of August 1, 2016 through January 31, 2017 for the Small Customer Group is \$0.06868 per kWh.

2. Large Customer Group

¹ Customers taking service under Domestic Service Rate D; Domestic Service - Optional Peak Load Pricing Rate D-10; Outdoor Lighting Service Rate M; Limited Total Electrical Living Rate T; General Service Rate G-3; or Limited Commercial Space Heating Rate V of the Company's Retail Delivery Tariff.

² Customers taking service under General Long-Hour Service Rate G-2 or General Service Time-Of-Use Rate G-1 of the Company's Retail Delivery Tariff.

The Energy Service rates for the period of August 1, 2016 through January 31, 2017 for the Large Customer Group are as follows:

	<u>Large Customer Group</u>					
	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>
Base ES Rate	\$0.04962	\$0.04619	\$0.04475	\$0.05369	\$0.07077	\$0.09284
ESAF	\$0.00066	\$0.00066	\$0.00066	\$0.00066	\$0.00066	\$0.00066
ESCRAF	\$0.00435	\$0.00435	\$0.00435	\$0.00435	\$0.00435	\$0.00435
Border Sales	(\$0.00012)	(\$0.00012)	(\$0.00012)	(\$0.00012)	(\$0.00012)	(\$0.00012)
<u>RPS</u>	<u>\$0.00407</u>	<u>\$0.00407</u>	<u>\$0.00407</u>	<u>\$0.00407</u>	<u>\$0.00407</u>	<u>\$0.00778</u>
Total	\$0.05858	\$0.05515	\$0.05371	\$0.06265	\$0.07973	\$0.10551

D. Bill Impacts

As shown in Schedule HMT-10, for a residential customer taking Energy Service using 650 kWh per month, the total bill impact of the proposed rate in this filing, as compared to rates effective today, is a bill decrease of \$15.29 per month, or 13.97 percent, from \$109.47 to \$94.18 per month.

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