

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, 2018, to January 31, 2019
Reconciliation for the Period August 1, 2017, to July 31, 2018

Docket No. DE 18-041

Technical Statement of Jaime L. Urban and David B. Simek

June 18, 2018

A. Purpose of Technical Statement

On May 16, 2018, Liberty Utilities (Granite State Electric) Corp. (“Liberty” or “the Company”) filed testimony and schedules providing a reconciliation of the prior Energy Service rate period of August 1, 2017, to July 31, 2018.

On June 12, 2018, the Company received final bids, as is discussed in John D. Warshaw’s testimony that is simultaneously being filed with this Technical Statement. This Technical Statement is being submitted to update the Company’s initial reconciliation filing and to propose Energy Service rates for effect August 1, 2018.

B. Update to Reconciliation

1. Energy Service

The result of the Company’s Energy Service reconciliation is an over-collection of \$650,150 as shown in JLU/DBS-3, page 1. This is primarily due to the difference in projected kilowatt-hour (kWh) sales based on a sales forecast in Docket No. DE 17-058 used to calculate rates versus the actual kWh sales in the same period. There were proportionally more sales in lower-cost months than originally projected, resulting in an over-collection. The over-collection was partially offset by higher than estimated expenses in that same period.

2. RPS

On Schedule JLU/DBS-4, the Company presents the actual reconciliation of RPS compliance adder revenue and expense by month. The Company has an over-collection of \$34,546, which was primarily caused by the fact that the Company was able to procure all of its RECs at prices below the ACP. The rates proposed in DE 17-058 were predicated on a combination of REC purchases and payment of the ACP.

3. Energy Service Adjustment Factor (ESAF)

The result of the Company’s ESAF reconciliation for the prior period is an over-

collection of \$2,639,724 as shown in JLU/DBS-5, page 2.

Schedule JLU/DBS-5, page 1, provides a calculation of the ESAF to be charged to customers effective August 1, 2018. The ESAF includes: (1) the over-collection of Energy Service (\$650,150); (2) the over-collection associated with the ESAF for the previous period (\$2,639,724); (3) the over-collection of RPS (\$34,546); (4) the reversal of the unbilled accrual estimate in DE 17-058 \$1,563,102; and (5) the reversal of the power purchase accrual estimate in DE 17-058 (\$2,624,187). The net of these amounts is an over-collection of (\$4,385,505) which, when divided by the forecasted Energy Service kWh sales, results in an ESAF of (\$0.00970) to be included in Energy Service rates effective August 1, 2018.

4. 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. The total estimated commodity related costs is (\$701,081), which includes an over-collection of \$1,013,615 for the period of August 2017 through July 2018, and the total forecast of administrative costs such as payroll, working capital, and bad debt as shown in JLU/DBS-6. The reason this cost is an over-collection is the result of an ESCRAF rate that was too high in the previous reconciliation period, Docket DE 17-058, resulting in more revenue collected than expenses incurred. The Company is proposing an ESCRAF of (\$0.00124) for the Small Customer Group and an ESCRAF of (\$0.00231) for the Large Customer Group.

C. Rate Proposal

Granite State is proposing a fixed six-month base Energy Service rate for the period of August 1, 2018, through January 31, 2019, 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, 2018, through January 31, 2019, for the Small Customer Group is \$0.08299 per kWh, as calculated on Schedule JLU/DBS-2.

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.

2. Large Customer Group

The Energy Service rates for the period of August 1, 2018, through January 31, 2019, for the Large Customer Group are calculated on Schedule JLU/DBS-1 and are as follows:

| | <u>Large Customer Group</u> | | | | | |
|--------------|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>Aug-18</u> | <u>Sep-18</u> | <u>Oct-18</u> | <u>Nov-18</u> | <u>Dec-18</u> | <u>Jan-18</u> |
| Base ES Rate | \$0.06680 | \$0.06962 | \$0.07748 | \$0.07949 | \$0.10062 | \$0.12620 |
| ESAF | (\$0.00970) | (\$0.00970) | (\$0.00970) | (\$0.00970) | (\$0.00970) | (\$0.00970) |
| ESCRAF | (\$0.00231) | (\$0.00231) | (\$0.00231) | (\$0.00231) | (\$0.00231) | (\$0.00231) |
| <u>RPS</u> | <u>\$0.00462</u> | <u>\$0.00462</u> | <u>\$0.00462</u> | <u>\$0.00462</u> | <u>\$0.00462</u> | <u>\$0.00557</u> |
| Total | \$0.05941 | \$0.06223 | \$0.07009 | \$0.07210 | \$0.09323 | \$0.11976 |

D. Bill Impacts

As shown in Schedule JLU/DBS-7, 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 decrease of \$4.11 per month, or 3.22 percent, from \$127.55 to \$123.44 per month.

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