

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 19-059

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.
d/b/a LIBERTY UTILITIES**

Solicitation of Energy Service

Order Approving Solicitation Process and Resulting Rates

ORDER NO. 26,320

December 23, 2019

APPEARANCES: Michael J. Sheehan, Esq., on behalf of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities; the Office of the Consumer Advocate, by D. Maurice Kreis, Esq., on behalf of residential ratepayers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

This order approves Liberty's competitive solicitation of energy supply for its large and small customer groups that have not elected to take energy service from a competitive supplier. The rates apply to the six-month period beginning February 1, 2020. The Commission authorizes Liberty to recover the costs of supply through rates effective with services rendered on and after February 1, 2020. As a result, residential rates for default energy service will decrease from the current rate of 7.710 cents per kWh to 7.193 cents per kWh. Residential customers who take electric service from Liberty and use 650 kWh per month will experience an average monthly bill decrease of close to 3 percent, from \$117.15 to \$114.15. When compared with rates effective February 1, 2019, the default energy service rate will decrease from 8.299 cents per kWh to 7.193 cents per kWh. As a result of the change to the default energy service rate and other rate changes, starting February 1, the bill of a residential customer using 650 kWh per month will be about 8 percent lower than last year during the same period.

I. PROCEDURAL HISTORY

On September 20, 2019, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty or Company) filed a timeline for requesting approval of its solicitation and procurement of default energy service for 100 percent of power supply requirements for the six-month period from February 1, 2020, through July 31, 2020.

On December 16, Liberty filed the results of its solicitation along with supporting testimony, related exhibits, and proposed rates to recover the costs of power supply. The solicitation requested power supply for Liberty's large and medium commercial customers (Large Customer Group) and its small commercial and residential customers (Small Customer Group).¹ Liberty made its filings pursuant to a settlement agreement approved by the Commission in Order No. 24,577 (January 13, 2006), as modified by Order No. 24,922 (December 19, 2008), Order No. 25,601 (November 27, 2013), and Order No. 25,806 (September 2, 2015). Consistent with Order No. 25,806, Liberty shifted its default energy service periods so that each six-month period includes one of the two winter months (January and February) when the region traditionally experiences high energy prices.

Liberty's filing included the testimony of John D. Warshaw, Manager, Electric Supply for Liberty Utilities Service Corp., and a technical statement from David B. Simek, Manager, Rates and Regulatory Affairs for Liberty Utilities Service Corp. Mr. Warshaw's testimony describes the energy service solicitation and bid evaluation process used by the Company. Mr. Simek's statement and schedules address the calculation of the proposed energy service rates

¹ The Large Customer Group includes customers taking service under the General Long-Hour Service Rate G-2, or General Service Time-of-Use Rate G-1, under the Company's Retail Delivery Tariff. The Small Customer Group includes 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, under the Company's Retail Delivery Tariff.

and bill impacts. Certain schedules included in this filing contain information that Liberty claims is confidential pursuant to the New Hampshire Code of Administrative Rules, Puc 201.06(a)(15), including the Company's master power agreement transaction confirmation with the winning suppliers, a bid evaluation and summary information, renewable energy certificate pricing, and retail meter commodity cost calculation.

The Office of the Consumer Advocate (OCA) previously filed a letter of participation pursuant to RSA 363:28 on March 27, 2019. The Commission issued a secretarial letter on December 16, scheduling a hearing for December 18. At hearing, Liberty provided corrected pages to its filing. On December 19, Liberty filed with the Commission an updated petition to capture changes identified during the hearing as well as additional information requested at hearing.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2019/19-059.html>.

II. POSITIONS

A. Liberty

Liberty testified that it conducted its solicitation process consistent with the terms of the settlement agreement approved in Order No. 24,577. Liberty issued a request for proposals (RFP) on November 1, 2019. The Company distributed the RFP to a number of potential suppliers, all members of the New England Power Pool's Markets Committee, and posted the RFP on its website. The RFP requested fixed pricing for each month of service on an as-delivered energy basis.

Liberty received indicative proposals on December 3, 2019, and final bids one week later. Liberty evaluated the bids received for each customer group, and chose the supplier that (1) provided a bid that conformed to the RFP, (2) had the lowest price, (3) met the credit requirements described in the RFP, and (4) passed Liberty's qualitative evaluation.

On December 10, 2019, Liberty entered into a wholesale Transaction Confirmation with Calpine Energy Services L.P. (Calpine), the winning bidder, to provide energy to the Large Customer Group for the six-month period beginning February 1, 2020. Mr. Warshaw attached a copy of the Calpine Transaction Confirmation (with confidential information redacted) to his testimony. The Company previously filed a copy of the Calpine Master Power Agreement with the Commission in connection with a prior Liberty default service solicitation. Together, a Transaction Confirmation and a Master Power Agreement provide the terms of the purchase of energy service supply from a supplier.

Also on December 10, Liberty entered into a wholesale Transaction Confirmation with NextEra Energy Marketing, LLC (NextEra), the winning bidder, to provide energy to the Small Customer Group for the six-month period beginning February 1, 2020. Mr. Warshaw included a copy of the NextEra Transaction Confirmation with his testimony. Liberty previously filed the NextEra Master Power Agreement with the Commission in connection with a prior Liberty default service solicitation proceeding.

According to Liberty, the base load-weighted average of the power supply costs for the Large Customer Group for February 1, 2020, through July 31, 2020, is 6.591 cents per kWh, as compared with the base load-weighted average of 7.343 cents per kWh for the six-month period ending January 31, 2020. The base load-weighted average of power supply costs for the Small Customer Group for February 1, 2020, through July 31, 2020, is 7.177 cents per kWh, compared

to the load-weighted average of 7.862 cents per kWh for the six-month period ending January 31, 2020. Mr. Warshaw testified that the lower market prices are consistent with the Company's energy price forecasts. He testified that the forward prices for power are down, and that the decrease in the forward capacity market price contributed to lower power supply costs.

Liberty includes a Renewable Portfolio Standard (RPS) adder in the calculation of energy service rates for both the Large and Small Customer Groups.² Liberty complies with the RPS requirement by purchasing renewable energy certificates (RECs), where one REC corresponds to one megawatt-hour of certified renewable electric energy. The RPS adder recovers the Company's costs associated with procuring RECs for compliance with the RPS statute. Liberty calculated an RPS compliance adder of 0.711 cents per kWh for 2020. Liberty said it evaluated broker bids and market prices of RECs to calculate the RPS adder.

Liberty calculates the retail energy rate for both customer groups using the applicable loss factors, and then adjusts the rates by the amount of the RPS adder, the Energy Service Adjustment Factor (ESAF), and the Energy Service Cost Reclassification Adjustment Factor (ESCRAF). In this filing, the ESAF is a credit to customers, or a reduction to the per kWh rate of 0.822 cents and the ESCRAF is a charge of 0.127 cents for the Small Customer Group and 0.261 cents for the Large Customer Group. Together, the RPS adder, the ESAF and the ESCRAF total equals 0.016 cents per kWh for the Small Customer Group, resulting in a retail energy rate of 7.193 cents per kWh.

For the Large Customer Group, Liberty develops base energy rates that vary by month. Liberty then adjusts those rates using the reconciliation factors and the RPS adder, to calculate a

² New Hampshire Renewable Portfolio Standard (RPS) requirements are set forth in RSA 362-F.

total energy service rate for each month in the energy service period. Liberty derived the following monthly rates for customers in the Large Customer Group.

**Large Customer Group Rate (cents per kWh)
February 1, 2020 through July 31, 2020**

February	March	April	May	June	July
9.749	7.777	6.715	5.868	5.246	5.790

B. OCA

The OCA stated that Liberty's filing represented a routine solicitation and that the resulting rates are just and reasonable. The OCA also suggested that the Commission should evaluate whether changes should be made to default energy service procurement, including an evaluation of the merits of a state-wide solicitation process.

C. Staff

Staff said that Liberty had appropriately conducted the solicitation and selection of winning bidders consistent with Commission orders, and that the solicitation was competitively bid, consistent with the restructuring principles of RSA 374-F. Staff also stated that the resulting rates are market based, and are just and reasonable as required by RSA 378. Staff recommended that the Commission approve Liberty's petition.

III. COMMISSION ANALYSIS

We find that Liberty complied with the procedures set forth in the settlement agreement approved in Order No. 24,577, as amended in subsequent dockets, regarding its issuance of the RFP, its analysis of the bids, and its selection of the winning bidders. We are also satisfied that Liberty took appropriate steps to solicit multiple potential suppliers in order to receive competitive bid responses. We find that the results are consistent with the requirements of

RSA 374-F:3, V(c) that default service be procured through the competitive market, and we find that the resulting rates are just and reasonable.

We further find that Liberty's evaluation of the bids and its selection of suppliers were reasonable and appropriate. Liberty's testimony and its bid evaluation report indicate that bid prices reflect expected market conditions for the six-month period beginning February 1, 2020. Finally, based on the testimony and other information provided by the Company, we approve the RPS adder and the proposed rates.

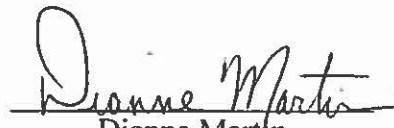
Based upon the foregoing, it is hereby

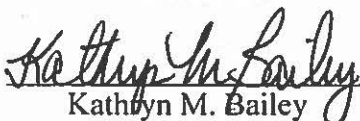
ORDERED, that the Master Power Agreements and Transaction Confirmations entered into by Liberty with Calpine and NextEra for the six-month power supply requirements beginning February 1, 2020, are hereby APPROVED; and it is

FURTHER ORDERED, that Liberty's request to recover the costs of the power supply through the retail energy service rates proposed in its filing is hereby APPROVED; and it is

FURTHER ORDERED, that Liberty shall file conforming tariffs within 30 days of the date of this order, consistent with New Hampshire Code of Administrative Rules, Puc 1603.02.

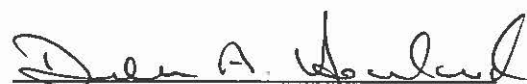
By order of the Public Utilities Commission of New Hampshire this twenty-third day of December, 2020.


Dianne Martin
Chairwoman


Kathryn M. Bailey
Commissioner


Michael S. Giaimo
Commissioner

Attested by:


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