

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 20-053

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

2020 Default Service Solicitations

Order Approving Solicitation Process and Resulting Rates

ORDER NO. 26,372

June 29, 2020

APPEARANCES: Michael J. Sheehan, Esq., on behalf of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities; and Christopher R. Tuomala, Esq., on behalf of Commission Staff.

This order approves Liberty's competitive solicitation of energy supply for its large and small customer groups and authorizes Liberty to recover the costs of that supply through rates effective with services rendered on and after August 1, 2020. As a result, residential rates for energy service will decrease from the current rate of 7.193 cents per kilowatt-hour to 6.825 cents per kilowatt-hour. The approved residential rate is 0.885 cents per kilowatt-hour lower than the energy service rate charged for the same period last year.

I. PROCEDURAL HISTORY

On April 22, 2020, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty or the Company) filed a notice of its schedule for solicitation of energy supply for the six-month period of August 1, 2020, through January 31, 2021. On May 22, Liberty filed testimony and related exhibits supporting its energy service rate reconciliation for the period August 1, 2019, to July 31, 2020. On June 22, 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).

Liberty's filing included the testimony of John D. Warshaw, Manager, Electric Supply for Liberty Utilities Service Corp.; and testimony, attachments, and a technical statement of David B. Simek, Manager, and Adam M. Hall, Analyst, Rates and Regulatory Affairs for Liberty Utilities Service Corp.

The attachments to Mr. Warshaw's testimony contain information that Liberty asserted is confidential pursuant to New Hampshire Code Admin. Rules Puc 201.06(a)(15), including the Company's master power agreement transaction confirmation with the winning suppliers, a bid evaluation and summary, and information regarding compliance with New Hampshire's Renewable Portfolio Standard (RPS) requirements.

Messrs. Simek's and Hall's testimony and technical statement presented the reconciliation of energy service revenues and expenditures for the period August 1, 2019, through July 31, 2020. Mr. Simek also provided the reconciliation of costs and revenues

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.

associated with compliance with RPS requirements, and administrative and general costs, and revenues associated with the provision of energy service for the reconciliation period. The updated reconciliation provided the most current information available regarding the factors that were included in the calculation of the proposed energy service rates for both the Large and Small Customer Groups.

The Office of the Consumer Advocate (OCA) filed a letter of participation pursuant to RSA 363:28 on April 28, 2020. On May 15, the Commission issued an order of notice scheduling a hearing on June 25. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted at <https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-053.html>.

II. POSITIONS

A. Liberty

1. RFP Process

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 May 1, 2020, to a number of potential suppliers. The Company also distributed the RFP to all members of the New England Power Pool Markets Committee and posted the RFP on its energy supply website. The RFP requested fixed pricing for each month of service on an as-delivered energy basis. Liberty received indicative proposals on June 9, and final bids one week later.

For each customer group, Liberty 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 June 16, 2020, Liberty entered into a wholesale Transaction Confirmation (Schedule JDW-4) with Calpine Energy Services L.P. (Calpine), the winning bidder to provide energy to the Large Customer Group for the three-month period August 1, 2020, through October 31, 2020. Liberty filed the First Amendment to the Calpine Master Power Agreement with the Commission in Docket No. DE 16-249, Liberty's 2017 energy service docket. Also on June 16, Liberty entered into a wholesale Transaction Confirmation (Schedule JDW-5) with NextEra Energy Marketing, LLC (NextEra). NextEra was the winning bidder to provide energy to the Large Customer Group for the three-month period November 1, 2020, through January 31, 2021, and the Small Customer Group for the six-month period August 1, 2020, through January 31, 2021. Liberty filed the First Amendment to the NextEra Master Power Agreement with the Commission in Docket No. DE 10-020.

According to Liberty, the load-weighted average of the power supply costs for the Large Customer Group for the six-month period beginning August 1, 2020, will be 6.340 cents per kilowatt-hour (kWh), as compared with the current load-weighted average of 6.591 cents per kWh for the six-month period ending July 31, 2020. For the same period last year, August 1, 2019, through January 31, 2020, the load-weighted average of power supply costs for the Large Customer Group was 7.343 cents per kWh.

The load-weighted average of power supply costs for the Small Customer Group for the six-month period beginning August 1, 2020, will be 6.423 cents per kWh, as compared with the current load-weighted average of 7.177 cents per kWh. For the same period last year, August 1, 2019, through January 31, 2020, the load-weighted average of power supply costs for the Small Customer Group was 7.862 cents per kWh.

Mr. Warshaw testified that market prices were slightly higher for the Large Customer Group than the Company's energy price forecasts. He stated that the higher bids could be attributed to the COVID-19 pandemic and its possible impact of increased uncertainty in the market. Mr. Warshaw further stated that the market prices for the Small Customer Group were within the forecast. Mr. Warshaw said the Small Customer Group market prices are consistent with the Company's energy price forecasts. He said that prices resulting from this solicitation for electricity are down, and that the decrease is a function of lower forward capacity market prices as well as a lower electricity futures market.

2. RPS Adder

The energy service period covered in this filing includes five months of the 2020 RPS compliance year, and one month of the 2021 RPS compliance year. Liberty stated that the total 2020 RPS compliance requirement is 20.7 percent of load, and for 2021, the compliance requirement will increase to 21.6 percent of load. Unlike the Company's prior year's filing for the same time period, which reflected an increase in RPS adder in January, Liberty calculated an RPS compliance adder of 0.743 cents per kWh for the entire six month period. Mr. Warshaw testified the methodology for the RPS compliance adder was modified in response to the \$966,589 over collection, in hopes of reducing the possible over collection for next year's proceeding. Those adders are included in the calculation of energy service rates for both the Large and Small Customer Groups.

3. Retail Rates

Liberty calculates the base 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). The ESAF reconciles costs and revenues of RPS, energy service, and the previous period's ESAF. The ESCRAF recovers and reconciles the administrative costs of providing energy service. According to Liberty, the ESAF is a credit, or reduction, of 0.378 cents per kWh to the rates of both the Large and Small Customer Groups. Liberty calculated the energy service rate for the Small Customer Group, adjusted for the RPS, ESAF and ESCRAF components, to be 6.825 cents per kWh, a reduction from the current retail 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 adders, to calculate a total energy service rate for each month in the energy service period. As a result of those calculations, Liberty derived the following monthly rates for customers in the Large Customer Group.

| Month | Cents per kWh |
|----------------|----------------------|
| August 2020 | 5.610 |
| September 2020 | 5.444 |
| October 2020 | 5.664 |
| November 2020 | 6.769 |
| December 2020 | 8.147 |
| January 2021 | 9.518 |

B. Staff

Staff stated that Liberty had appropriately conducted the solicitation and selection of winning bidders consistent with prior Commission orders. Staff also stated that the resulting rates are just and reasonable and based on the competitive market. 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 as required by RSA 374:2.

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 August 1, 2020.

We also approve the proposed reconciliation in rates and furthermore acknowledge that Liberty timely filed its reconciliation associated with energy service rates on May 22, 2020, which was at least 30 days prior to its energy service rate filing, pursuant to Order No. 26,264 (June 24, 2019). Finally, based on the testimony and other information provided by Mr. Warshaw, 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 Utilities with Calpine Energy Services, L.P., for the three-month power supply requirements beginning August 1, 2020, until October 31, 2020, for the Large Customer Group, and the resulting rates, are hereby APPROVED; and it is

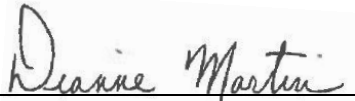
FURTHER ORDERED, that the Master Power Agreements and Transaction Confirmations entered into by Liberty Utilities with NextEra Energy Marketing, LLC, for the three-month power supply block beginning November 1, 2020, until January 31, 2021, for the Large Customer Group; and the six-month power supply beginning August 1, 2020, until

January 31, 2021, for the Small Customer Group; and the resulting rates, are hereby APPROVED; and it is

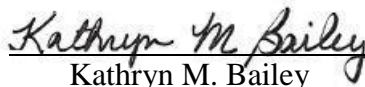
FURTHER ORDERED, that Liberty Utilities file the reconciliation associated with energy service rates each year at least 30 days prior to its energy service rate filing, subject to update with the energy service filing; and it is

FURTHER ORDERED, that Liberty Utilities shall file conforming tariffs within 15 days of the date of this order, consistent with N.H. Code Admin. Rules Puc 1603.02.

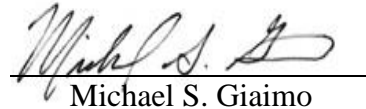
By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of June, 2020.



Dianne Martin
Chairwoman

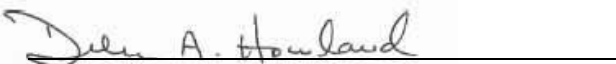


Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



Debra A. Howland
Executive Director

Service List - Docket Related

Docket# : 20-053

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Email Addresses

ExecutiveDirector@puc.nh.gov
richard.chagnon@puc.nh.gov
Stephen.Eckberg@puc.nh.gov
tom.frantz@puc.nh.gov
Adam.Hall@libertyutilities.com
maureen.karpf@libertyutilities.com
bill.killeen@libertyutilities.com
donald.kreis@oca.nh.gov
steven.mullen@libertyutilities.com
amanda.noonan@puc.nh.gov
ocalitigation@oca.nh.gov
michael.sheehan@libertyutilities.com
david.simek@libertyutilities.com
karen.sinville@libertyutilities.com
Christopher.tuomala@puc.nh.gov
john.warshaw@libertyutilities.com