

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, 2020, to January 31, 2021
Reconciliation for the Period August 1, 2019, to July 31, 2020

Docket No. DE 20-053

Technical Statement of Adam M. Hall and David B. Simek

June 22, 2020

A. Purpose of Technical Statement

On May 22, 2020, 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, 2019, to July 31, 2020.

On June 16, 2020, 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, 2020.

B. Update to Reconciliation

1. Energy Service

The result of the Company’s Energy Service reconciliation is an over-collection of \$434,051 as shown in AMH/DBS-3, page 1. This is primarily due to the difference in projected kilowatt-hour (kWh) sales used to calculate rates, based on a sales forecast in Docket No. DE 19-059, versus the actual kWh sales over the same period.

2. RPS

Schedule AMH/DBS-4 presents the actual reconciliation of RPS compliance adder revenue and expense by month. The RPS compliance adder revenue is collected from Energy Service customers during the period. These costs are based on actual revenues and expenses for the period. The Company has estimated an over-collection of \$966,589. The primary reason for this estimated over-collection is the timing mismatch between 2020 RPS revenue and 2019 RPS costs. The RPS expenses incurred in 2020 were to meet a portion of the 2019 RPS obligation. The 2020 RPS revenue is based on the increased RPS obligation for 2020 as compared to 2019 and the estimated market price of 2020 RPS RECs. With respect to this reconciliation, the estimated market prices used to calculate the current 2020 RPS compliance adder were significantly higher than the actual purchase costs incurred in 2020 to meet the balance of the 2019 RPS obligation, resulting in the over-recovery, resulting in the over-recovery. The Company intends to modify its

methodology of calculating the RPS compliance adder to reduce the occurrence of such a variance in future reconciliations.

3. Energy Service Adjustment Factor (ESAF)

The result of the Company's ESAF reconciliation for the prior period is an over-collection of \$283,735 as shown in AMH/DBS-5, page 2.

Schedule AMH/DBS-5, page 1, provides a calculation of the ESAF to be charged to customers effective August 1, 2020. The ESAF includes: (1) the over-collection of Energy Service \$434,051; (2) the over-collection associated with the ESAF for the previous period of \$283,735; and (3) the over-collection of RPS of \$966,589. The total of these amounts is an over-collection of \$1,684,374 which, when divided by the forecasted Energy Service kWh sales, results in an ESAF of (\$0.00378) to be included in Energy Service rates effective August 1, 2019.

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 are \$214,735, which includes an over-collection of \$56,654 for the period of August 2019 through July 2020, and the total forecast of administrative costs such as payroll, working capital and bad debt, as shown in AMH/DBS-6. The reason this cost is an over-collection is the result of an ESCRAF rate resulting from the previous reconciliation, in Docket DE 19-059, that was based on forecasted data. The actual revenue collected at that ESCRAF rate was less than the expenses incurred. The Company is proposing an ESCRAF of \$0.00037 for the Small Customer Group and an ESCRAF of \$0.00081 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, 2020, through January 31, 2021, 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

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 rate for the period of August 1, 2019, through January 31, 2020, for the Small Customer Group is \$0.06825 per kWh, as calculated on Schedule DBS-2.

2. Large Customer Group

The Energy Service rates for the period of August 1, 2019, through January 31, 2020, for the Large Customer Group are calculated on Schedule DBS-1 and are as follows:

	<u>Large Customer Group</u>					
	<u>20-Aug</u>	<u>20-Sep</u>	<u>20-Oct</u>	<u>20-Nov</u>	<u>20-Dec</u>	<u>21-Jan</u>
Base ES Rate	\$0.05164	\$0.04998	\$0.05218	\$0.06323	\$0.07701	\$0.09072
ESAF	(\$0.00378)	(\$0.00378)	(\$0.00378)	(\$0.00378)	(\$0.00378)	(\$0.00378)
ESCRAF	\$0.00081	\$0.00081	\$0.00081	\$0.00081	\$0.00081	\$0.00081
<u>RPS</u>	<u>\$0.00743</u>	<u>\$0.00743</u>	<u>\$0.00743</u>	<u>\$0.00743</u>	<u>\$0.00743</u>	<u>\$0.00743</u>
Total	\$0.05610	\$0.05444	\$0.05664	\$0.06769	\$0.08147	\$0.09518

D. Bill Impacts

As shown in Schedule 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 \$2.39 per month, or 2.09 percent, from \$114.77 to \$112.38 per month.

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