

Northern Utilities, Inc.
Docket No. DG 21-144
Record Requests

Date Request Received: 11/03/22
Request No. Record Request-10

Date of Response: 11/10/2022
Witness: Christopher Goulding

REQUEST:

Refer to the Response to Record Request 1 (Excel File “DG 21-144 Record Request-1 Attachment 1 [CONFIDENTIAL](4053807.1)”), and the rate design model used to inform the approved G-52 rates in Docket No. DG 21-104. Assume that Foss’s usage is same as reflected in the Excel file noted above and assume that Foss is not a special contract customer but is a G-52 customer.

- i. Assuming that the Customer Charge remains intact at \$1,350.00, please recalculate the Off-Peak Distribution Rate, the On-Peak Distribution Rate, and the LDAC rate for the G-52 rate class, counting Foss as the 34th G-52 customer, and update cells D27, E27 and F27 of Excel File “DG-144 Record Request-1 Attachment 1 [CONFIDENTIAL](4053807.1).”
- ii. (ii) Please update the analysis that appears in Rows 29 to 44 in Excel File “DG-144 Record Request-1 Attachment 1 [CONFIDENTIAL](4053807.1)” accordingly.
- iii. (iii) Please provide the updated live Excel file, as discussed in parts (i) and (ii) above, and all supporting rate design schedules and workpapers (in live Excel format).

RESPONSE:

Please refer to Record Request 10 Attachment 1[CONFIDENTIAL] for the requested analysis.

The analysis contains 6 pages. The content and purpose of each page is described below.

Page 1 provides the summary calculation requested showing revenues under the special contract rate and revenues assuming Foss was a G-52 customer. The Company does not consider the difference a subsidy. Foss is not a fit for the G-52 class and is expected to have a lower cost structure given its size, therefore Foss would be subsidizing other customers if on the G-52 rate.

Page 2 is a workpaper that shows the step adjustments applied to the “redesigned” permanent rates which are provided on page 3.

Page 3 redesigns the permanent rates as assuming Foss was a G-52 customer. In addition to adjusting the customer counts and billing determinants for the G-52 customer class to include Foss, the calculation also captures the estimated impact to the revenue requirement for removing the Foss special contract revenue from the approved revenue requirement and adding in a subsequent revenue adjustment to account for Foss as a G-52 customer.

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Page 4 provides a revised class revenue allocation to incorporate the change in revenue shown on page 5. The class revenue allocation uses the same rules that were established in the approved settlement agreement. As shown, the G-52 class received 50% of the overall system increase. The G-52 rate class was above parity¹ (revenue in excess of cost) in the rate case cost study and received less of an increase relative to some other classes. If Foss was classified as a G-52 customer in the last rate case, there is the potential that the G-52 class could have received less than 50% of the increase, no rate increase, or a decrease.²

Page 5 calculates the proforma revenue adjustment that would have been necessary to remove the Foss special contract revenue from the test year and add back in the revenue assuming Foss was a G-52 customer.

Page 6 shows the recalculation of the individual components of the LDAC and what the overall LDAC would be assuming Foss was included as a G-52 customer when the LDAC was calculated.

¹ DG 21-104, Schedule RAJT-4 “Summary of Allocated Cost of Service Study Results”.

² The parity ratio for the G-52 class would likely increase with the inclusion of a customer the size of Foss, however, this would entail revising the allocated cost study to include the additional revenues and reallocating the costs.