

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty

2021 Step Adjustment

Docket No. DE 22-035

Technical Statement of Heather M. Tebbetts

February 15, 2023

A. Purpose of Technical Statement

On November 18, 2022, the Commission issued *Procedural Order Re: November 22, 2022, Hearing*, which rescheduled the November 22, 2022, hearing to February 7, 2023, directed Liberty to submit a revised step adjustment filing providing for a rate reduction that excludes three audit items that the New Hampshire Department of Energy (DOE) and Liberty agreed to remove from the revenue requirement, and directed Liberty to exclude the two Salem area projects, effective as of August 1, 2022, with a provision for refunding any previously collected amounts for these items.

On February 7, 2023, a hearing was conducted to review the request to reduce the revenue requirement by \$575,083 to reflect the removal of \$3,650,594 of capital placed in service for two Salem area projects and three projects identified and agreed to through the audit process. During the hearing, the Commission identified an erroneous calculation in the application of the \$575,083 reduction through distribution rates.

On February 8, 2023, the Commission issued a record request for the Company to provide updated rate calculations, implementing the DOE-proposed reduction to the distribution revenue requirement for the refund during the March 1, 2023, to July 31, 2023, rate period, using the appropriate five-month revenue and rate calculation period.

The purpose of this technical statement is to provide the updated rate calculations, an explanation of the corrections, and supporting corrected schedule Attachment HMT-1.

B. Investment

As presented in Attachment HMT-1, Page 1, Liberty removed the Salem area projects totaling \$2,758,736, and the agreed-upon audit items totaling \$891,859 to reduce the total 2021 Step Adjustment investment amount by \$3,650,594, from \$10,187,080 to \$6,536,485. The investment of \$6,536,485 resulted in a \$575,083 reduction to the previously filed revenue requirement of \$1,751,403. The revised investment amount of \$6,536,485 results in a revenue requirement of \$1,176,320 as shown in Attachment HMT-1, Page 2. There were no changes necessary to either of these pages.

C. Revenue Requirement

The Company calculated a revenue requirement based on Order No. 26,661 (July 29, 2022)

and compared it to the requirements of the November 18, 2022, procedural order. Attachment HMT-1, Page 3, includes Column (a) showing the originally filed calculation of the revenue requirement of the capital investment reduced by \$962,082 to reflect the fully recovered recoupment and rate case expenses as of August 1, 2022. Column (b) provides a revised revenue requirement reflecting the reduced annual revenue requirement described above and calculated as if the reduction were implemented on August 1, 2022. The revised change in the annual revenue requirement is a reduction of \$1,537,165. Column (c) reflects the difference between the original and revised revenue requirement for a reduction of \$575,083.

As originally filed, Column (c), Line 12 calculated an annual revenue requirement of \$46,857,738 and calculated an annual percentage decrease of 1.21 percent as compared to the distribution revenue in effect on August 1, 2022. Since the \$575,083 is to be refunded effective March 1, 2023, over a five-month period instead of over a twelve-month period, the Company needed to revise the percentage increase based on a five-month revenue level. As a result, the Company added a calculation of a five-month revenue requirement in Column (c), Line 1, of \$20,164,543 (5 months of revenue using an annual level of \$48,394,903) and calculated the reduction in revenue beginning on March 1, 2023, to be \$19,589,460 as shown in Column (c), Line 12. The percentage adjustment to distribution rates was then revised from 1.21 percent to 2.94 percent as shown in Column (c), Line 13.

Attachment HMT-1, Pages 5 and 6 were updated to reflect the revised revenue percentage reduction. All rate classes were adjusted accordingly using the same methodology as previously filed.

On Page 4 of Attachment HMT-1, the Company has provided the calculation of the refund against the revenue requirement to show the amount of refund over the course of the twelve months. No changes were necessary to this page.

Pages 5 and 6 of Attachment HMT-1 includes the proposed rates by rate class effective March 1, 2023. These pages were adjusted to reflect the revised percentage decrease in distribution rates.

D. Bill Impacts

The monthly decrease for a residential customer taking default service using an average of 650 kWh per month is (\$2.15) or -0.95% as shown in Attachment HMT-1, Page 7. The bill impacts reflect the approved rates as of February 1, 2023.

E. Tariff Pages

Clean and redlined versions of the proposed tariff are being provided reflecting the proposed distribution rate changes in effect on March 1, 2023.