Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty

DG 22-041
Petition for Approval to Recover Revenue Decoupling Adjustment Factor Costs

NHPUC Record Requests – June 5, 2023

Date Request Received: 6/5/23   Date of Response: 6/12/23
Request No. RR 1   Respondent: Erica Menard
                                                              Gregg Therrien

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REQUEST:

Reference Attachment ELM-1, which accompanies the pre-filed direct testimony of Erica L. Menard in this docket, at Bates pages 270 and 386, as well as Order No. 26,611 (April 15, 2022). In Order No. 26,611 the Commission did not authorize the recalculation of monthly Revenue Decoupling Adjustments recorded prior to August 1, 2021.

   a) Please confirm that Attachment ELM-1, at Bates page 386, shows that Tariff No. 11 was applied to the entire 2020–2021 decoupling year (from September 2020 to August 2021).

   b) Describe any changes in the way Liberty calculated the RDAF between the 2019–2020 decoupling year and the 2020–2021 decoupling year. Please highlight any differences.

   c) Please provide an updated Schedule 19 RDAF applying Tariff No. 10 for September 2020 to July 2021, and Tariff No. 11 for August 2021 in Excel format with all supporting schedules.

RESPONSE:

   a) Confirmed.

   b) The 2019-2020 decoupling year (Decoupling Year 2) was calculated as described in Tariff No. 10 for the benchmark Base Revenue Per Customer (RPC) used to calculate the revenue excess or deficiency. The 2020-2021 decoupling year (Decoupling Year 3) was calculated as described in Tariff No. 11 for the approved RPC. The difference between the two methodologies is the treatment of the R-4 class in the benchmark RPC. Tariff No. 10 calculates the R-3 and R-4 class benchmark RPCs separately whereas Tariff No. 11 combines R-3 and R-4 when calculating the benchmark RPC. Both Tariff No. 10 and Tariff No. 11 use the combined R-3 and R-4 classes for the actual revenue comparison to the benchmark RPC.

   c) Referencing Bates 270 and 386, these pages are from the Company's LDAC filing in Docket No. DG 21-130 as filed on October 19, 2021. Please see Attachment RR-01 for the revised calculation of the revenue deficiency for September 2020 through July 2021 using the Tariff No. 10 methodology for calculating the benchmark RPC. Please note,

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the August 2021 revenue deficiency as presented in the DG 21-130 October 19, 2021, filing was an estimate made at the time of filing and has since been updated with actual data that is now available. The attachment is also being provided in a live Excel format.

As a final note, this hypothetical makes the Company's precise point. If Tariff No. 10 is applied using the interpretation of the tariff applied in the first two decoupling years (2018-2019 and 2019-2020), as requested in this hypothetical, the differential between Tariff No. 10 and Tariff No. 11 is exactly $1.8 million, which is the difference caused by the low-income discount. The mismatch caused by using the R-4 revenues for the Benchmark Revenue per customer and the R-3 revenues for the Actual Revenues represents the amount of the low-income discount. Thus, the continued application of Tariff No. 10 carries forward and perpetuates the error of interpretation creating the mismatch between benchmarked revenues and actual revenues.

Importantly, the Company applied Tariff No. 11 to the 2020-2021 reconciliation year because the settling parties worked together to eliminate the mismatch between benchmark revenues and actual revenues associated with the interpretation of Tariff No. 10. The Company could have also applied Tariff No. 10 to that period with a different interpretation and the same result.

Specifically, the Company could have calculated the Benchmark Base Revenue per Customer for the R-4 class using the R-3 distribution revenues in accordance with the terms of Tariff No. 10. In Tariff No. 10, there is no specification that R-4 distribution revenues must be used to set the Benchmark Base Revenue per Customer, as there is for the calculation of the Actual Base Revenue. Specifically, the reconciliation formula set forth in Tariff No. 10 specifies that "for purposes of calculating the Actual Base Revenue, base revenues for Low Income rate class R-4, shall be determined based on non-discounted rate R-3." Conversely, the reconciliation formula states that "the Benchmark Base Revenue Per Equivalent Bill for the applicable Customer Class as determined in accordance with Section 4 (D) for the most recently completed Decoupling Year, stated on a monthly basis (T-1)."

Section 4(D), as referenced in the equation for Benchmark Base Revenue provides the definition of "Customer Class" as "the group of all customers taking service pursuant to the same Rate Schedule," which then ties to Section 4(E) defining the "group" of all customers or "Customer Class Group" to be the group of Rate Schedules combined for purposes of calculating the Revenue Decoupling Adjustment billing rates. Under this definition, there are two Customer Class Groups, which are the Residential Customer Class Group and the C&I Customer Class Group. The Residential Customer Class Group is all customers taking service pursuant to the Company's residential rate schedules, including R-3 and R-4.

Accordingly, whereas the Benchmark Base Revenue and Actual Base Revenue must be calculated on the same basis for the revenue decoupling mechanism to work properly, the precise directive that "base revenues for Low Income rate class R-4, shall be determined based on non-discounted rate R-3" would apply equally to the Customer Class

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comprising the Customer Class Group for calculating "Benchmark Base Revenue" for purposes of the Revenue Decoupling Adjustment billing rates.

Liberty Utilities (Energy North Natural Gas) Corp. d/b/a Liberty Uitilities
Revenue Decoupling Adjustment Factor (RDAF)
For LDAC effective November 1, 2021 - October 31, 2022

		(a)	(b)	(c) = (b) - (a)
		DG 21-130	**DG 22-041**	
		As Filed 10/19/21 (Bates 128)	**Revised per RR-01**	**Variance**
		Tariff No. 11 (Sep 20 - Aug 21)	**Old Tariff No. 10 (Sep 20-Jul 21)**	**(Refund)/Recovery**
			New Tariff No. 11 (Aug 21)	
	Residential			
1	Residential Reconciliation Estimated Balance of Prior Recoveries / (Refunds) through August 31, 2021	($523,704)	($523,704)	$0
2	Residential Revenue Decoupling Year 3 Deficiency / (Excess) - September 1, 2020 through August 31, 202	$1,522,705	($279,430)	($1,802,135)
3	Total Residential Revenue Decoupling Deficiency / (Excess) - Prior to Adjustments	$999,001	($803,134)	($1,802,135)
4	Adjustments to Residential prior year filings for low income customer treatment			
5	2019 Filing (total adjustment is $1,932,224 collected over two years)	$966,112	$966,112	$0
6	2020 Filing (total adjustment is $2,092,605 collected over two years)	$1,046,303	$1,046,303	$0
7	Removal of Adjustments to Residential prior year filings for low income customer treatment	($2,012,415)	($2,012,415)	$0
8	Total Residential Revenue Decoupling Deficiency / (Excess)	$999,001	($803,134)	($1,802,135)
9	Estimated Residential November 2021 - October 2022 Sales (therms)	65,649,919	65,649,919	65,649,919
10	Residential Revenue Decoupling rate per therm November 2021 - October 2022	$0.0152	($0.0122)	($0.0275)
	Commercial			
11	Commercial Reconciliation Estimated Balance of Prior Recoveries / (Refunds) through August 31, 2021	($446,234)	($446,234)	$0
12	Commercial Revenue Decoupling Year 3 Deficiency / (Excess) - September 1, 2020 through August 31, 20	$903,659	$1,124,991	$221,333
13	Total Commercial Revenue Decoupling Deficiency / (Excess)	$457,424	$678,757	$221,333
14	Estimated Commercial November 2021 - October 2022 Sales (therms)	117,179,952	117,179,952	117,179,952
15	Commercial Revenue Decoupling rate per therm November 2021 - October 2022	$0.0039	$0.0058	$0.0019

Liberty Utilities (EnergyNorth Natural Gas) Corp.
November 2020 through August 2021
Revenue Decoupling - Credits by Sector

RESIDENTIAL	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Estimate)
FOR THE MONTH OF:	**Nov-20**	**Dec-20**	**Jan-21**	**Feb-21**	**Mar-21**	**Apr-21**	**May-21**	**Jun-21**	**Jul-21**	**Aug-21**
DAYS IN MONTH	**30**	**31**	**31**	**28**	**31**	**30**	**31**	**30**	**31**	**31**
Over / Under Beginning Balance	$ (3,682,012)	$ (3,465,584)	$ (3,070,769)	$ (2,529,984)	$ (1,925,470)	$ (1,325,885)	$ (964,491)	$ (760,172)	$ (654,619)	$ (581,484)
Monthly billing activity	$ 225,962	$ 403,824	$ 548,504	$ 610,062	$ 604,066	$ 364,448	$ 206,696	$ 107,440	$ 74,839	$ 59,303
Ending Balance Pre-Interest	$ (3,456,051)	$ (3,061,761)	$ (2,522,265)	$ (1,919,923)	$ (1,321,404)	$ (961,436)	$ (757,795)	$ (652,732)	$ (579,780)	$ (522,181)
Month's Average Balance	$ (3,569,032)	$ (3,263,672)	$ (2,796,517)	$ (2,224,953)	$ (1,623,437)	$ (1,143,661)	$ (861,143)	$ (706,452)	$ (617,200)	$ (551,832)
Interest Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Interest Applied	$ (9,534)	$ (9,009)	$ (7,719)	$ (5,547)	$ (4,481)	$ (3,055)	$ (2,377)	$ (1,887)	$ (1,704)	$ (1,523)
Ending Balance	**$ (3,465,584)**	**$ (3,070,769)**	**$ (2,529,984)**	**$ (1,925,470)**	**$ (1,325,885)**	**$ (964,491)**	**$ (760,172)**	**$ (654,619)**	**$ (581,484)**	**$ (523,704)**

COMMERCIAL & INDUSTRIAL	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Estimate)
FOR THE MONTH OF:	**Nov-20**	**Dec-20**	**Jan-21**	**Feb-21**	**Mar-21**	**Apr-21**	**May-21**	**Jun-21**	**Jul-21**	**Aug-21**
DAYS IN MONTH	**30**	**31**	**31**	**28**	**31**	**30**	**31**	**30**	**31**	**31**
Over / Under Beginning Balance	$ (2,441,102)	$ (2,273,218)	$ (2,038,784)	$ (1,750,239)	$ (1,422,472)	$ (1,089,831)	$ (870,841)	$ (725,225)	$ (617,318)	$ (528,882)
Monthly billing activity	$ 174,172	$ 240,378	$ 293,767	$ 331,718	$ 336,103	$ 221,606	$ 147,815	$ 109,698	$ 90,016	$ 83,991
Ending Balance Pre-Interest	$ (2,266,930)	$ (2,032,841)	$ (1,745,017)	$ (1,418,522)	$ (1,086,369)	$ (868,225)	$ (723,025)	$ (615,527)	$ (527,302)	$ (444,890)
Month's Average Balance	$ (2,354,016)	$ (2,153,030)	$ (1,891,900)	$ (1,584,380)	$ (1,254,420)	$ (979,028)	$ (796,933)	$ (670,376)	$ (572,310)	$ (486,886)
Interest Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Interest Applied	$ (6,288)	$ (5,943)	$ (5,222)	$ (3,950)	$ (3,463)	$ (2,615)	$ (2,200)	$ (1,791)	$ (1,580)	$ (1,344)
Ending Balance	**$ (2,273,218)**	**$ (2,038,784)**	**$ (1,750,239)**	**$ (1,422,472)**	**$ (1,089,831)**	**$ (870,841)**	**$ (725,225)**	**$ (617,318)**	**$ (528,882)**	**$ (446,234)**

Total Ending Balance	$ (5,738,803)	$ (5,109,553)	$ (4,280,223)	$ (3,347,941)	$ (2,415,716)	$ (1,835,332)	$ (1,485,397)	$ (1,271,937)	$ (1,110,366)	$ (969,938)

Liberty Utilities (EnergyNorth Natural Gas) Corp.
September 2020 through August 2021
Revenue Decoupling Activity by Sector

RESIDENTIAL	(Actual) Sep-20	(Actual) Oct-20	(Actual) Nov-20	(Actual) Dec-20	(Actual) Jan-21	(Actual) Feb-21	(Actual) Mar-21	(Actual) Apr-21	(Actual) May-21	(Actual) Jun-21	(Actual) Jul-21	(Estimate) Aug-21
1 FOR THE MONTH OF:	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
2 DAYS IN MONTH	30	31	30	31	31	28	31	30	31	30	31	31
3 Over Under Beginning Balance		257,090	810,822	1,511,842	1,582,770	2,215,950	2,187,009	2,273,003	1,546,131	1,519,036	1,546,764	1,364,717
5 Monthly revenue difference Inc/(Dec) revenue	240,943	517,074	585,965	(5,280)	630,944	(31,172)	4,026	(790,048)	(59,223)	21,114	(186,059)	154,008
7 True up	15,804	35,187	111,956	71,943	(2,999)	(3,251)	75,821	58,082	27,903	2,525		
9 Ending Balance Pre-Interest	256,747	809,350	1,508,744	1,578,505	2,210,715	2,181,527	2,266,856	1,541,037	1,514,811	1,542,674	1,360,705	1,518,726
11 Month's Average Balance	128,373	533,220	1,159,783	1,545,174	1,896,742	2,198,738	2,226,932	1,907,020	1,530,471	1,530,855	1,453,734	1,441,721
13 Interest Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
15 Interest Applied	343	1,472	3,098	4,265	5,236	5,482	6,147	5,094	4,225	4,089	4,013	3,980
17 Ending Balance	257,090	810,822	1,511,842	1,582,770	2,215,950	2,187,009	2,273,003	1,546,131	1,519,036	1,546,764	1,364,717	1,522,705

COMMERCIAL & INDUSTRIAL	(Actual) Sep-20	(Actual) Oct-20	(Actual) Nov-20	(Actual) Dec-20	(Actual) Jan-21	(Actual) Feb-21	(Actual) Mar-21	(Actual) Apr-21	(Actual) May-21	(Actual) Jun-21	(Actual) Jul-21	(Estimate) Aug-21
18 FOR THE MONTH OF:	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
19 DAYS IN MONTH	30	31	30	31	31	28	31	30	31	30	31	31
20 Over Under Beginning Balance		29,045	(347,758)	(718,458)	(1,539,810)	(908,753)	(595,095)	382,115	405,459	771,334	960,953	838,916
22 Monthly revenue difference Inc/(Dec) revenue	30,086	(399,411)	(532,021)	(762,675)	638,015	406,808	946,452	(57,824)	362,977	219,735	(124,518)	62,341
24 True up	(1,079)	23,047	162,743	(55,564)	(3,584)	(91,277)	31,051	80,118	1,276	(32,427)		
26 Ending Balance Pre-Interest	29,007	(347,319)	(717,036)	(1,536,698)	(905,379)	(593,222)	382,409	404,409	769,712	958,642	836,435	901,257
28 Month's Average Balance	14,503	(159,137)	(532,397)	(1,127,578)	(1,222,594)	(750,988)	(106,343)	393,262	587,586	864,988	898,694	870,086
30 Interest Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
32 Interest Applied	39	(439)	(1,422)	(3,112)	(3,375)	(1,872)	(294)	1,050	1,622	2,311	2,481	2,402
34 Ending Balance	29,045	(347,758)	(718,458)	(1,539,810)	(908,753)	(595,095)	382,115	405,459	771,334	960,953	838,916	903,659

| 35 Total Ending Balance | 286,135 | 463,064 | 793,384 | 42,960 | 1,307,197 | 1,591,914 | 2,655,118 | 1,951,590 | 2,290,370 | 2,507,716 | 2,203,633 | 2,426,364 |

Liberty Utilities (EnergyNorth Natural Gas) Corp.
September 2020 through August 2021
Revenue Decoupling Activity by Sector

RESIDENTIAL	(Actual) Sep-20	(Actual) Oct-20	(Actual) Nov-20	(Actual) Dec-20	(Actual) Jan-21	(Actual) Feb-21	(Actual) Mar-21	(Actual) Apr-21	(Actual) May-21	(Actual) Jun-21	(Actual) Jul-21	(Actual) Aug-21
1 FOR THE MONTH OF:	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
2 DAYS IN MONTH	30	31	30	31	31	28	31	30	31	30	31	31
3 Over Under Beginning Balance		(54,110)	(238,991)	(487,275)	(596,111)	(617,531)	(660,160)	(619,050)	(582,022)	(361,679)	(290,021)	(278,661)
5 Monthly Allowed Base Revenue	2,063,630	3,049,771	4,978,900	6,939,384	8,038,869	6,980,587	6,202,725	4,077,027	2,932,303	2,114,771	1,975,425	1,956,187
6 Actual and Estimated Base Revenue	2,117,668	3,234,248	5,226,216	7,046,727	8,058,616	7,021,626	6,159,852	4,038,397	2,710,659	2,042,243	1,963,281	1,994,265
7 Revenue Deficiency / (Excess)	(54,038)	(184,477)	(247,315)	(107,342)	(19,747)	(41,038)	42,873	38,630	221,644	72,528	12,144	(38,078)
9 Ending Balance Pre-Interest	(54,038)	(238,587)	(486,307)	(594,618)	(615,858)	(658,569)	(617,287)	(580,420)	(360,379)	(289,152)	(277,877)	(278,661)
11 Month's Average Balance	(27,019)	(146,349)	(362,649)	(540,947)	(605,985)	(638,050)	(638,724)	(599,735)	(471,201)	(325,416)	(283,949)	(278,661)
13 Interest Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
15 Interest Applied	(72)	(404)	(969)	(1,493)	(1,673)	(1,591)	(1,763)	(1,602)	(1,301)	(869)	(784)	(769)
17 Ending Balance	(54,110)	(238,991)	(487,275)	(596,111)	(617,531)	(660,160)	(619,050)	(582,022)	(361,679)	(290,021)	(278,661)	(279,430)

COMMERCIAL & INDUSTRIAL	(Actual) Sep-20	(Actual) Oct-20	(Actual) Nov-20	(Actual) Dec-20	(Actual) Jan-21	(Actual) Feb-21	(Actual) Mar-21	(Actual) Apr-21	(Actual) May-21	(Actual) Jun-21	(Actual) Jul-21	(Actual) Aug-21
18 FOR THE MONTH OF:	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
19 DAYS IN MONTH	30	31	30	31	31	28	31	30	31	30	31	31
20 Over Under Beginning Balance		48,789	3,756	7,289	108,447	306,328	410,357	598,309	709,359	905,069	994,108	1,069,946
22 Monthly Allowed Base Revenue	1,722,372	2,395,827	4,083,617	5,433,053	6,180,152	5,366,436	4,938,155	3,464,248	2,272,951	1,684,265	1,605,060	1,626,674
23 Actual and Estimated Base Revenue	1,673,648	2,440,932	4,080,100	5,332,054	5,982,842	5,263,300	4,751,592	3,354,943	2,079,466	1,597,760	1,532,066	1,574,654
24 Revenue Deficiency / (Excess)	48,724	(45,105)	3,518	100,999	197,309	103,137	186,562	109,305	193,485	86,506	72,994	52,020
26 Ending Balance Pre-Interest	48,724	3,684	7,274	108,288	305,756	409,465	596,919	707,615	902,844	991,574	1,067,102	1,121,966
28 Month's Average Balance	24,362	26,236	5,515	57,788	207,102	357,896	503,638	652,962	806,101	948,322	1,030,605	1,095,956
30 Interest Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
32 Interest Applied	65	72	15	160	572	892	1,390	1,744	2,225	2,533	2,845	3,025
34 Ending Balance	48,789	3,756	7,289	108,447	306,328	410,357	598,309	709,359	905,069	994,108	1,069,946	1,124,991

	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
35 Total Ending Balance	(5,321)	(235,235)	(479,987)	(487,664)	(311,203)	(249,803)	(20,741)	127,336	543,389	704,087	791,286	845,562