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

DG 22-045
Winter 2022-2023 Cost of Gas Reconciliation

New Hampshire Public Utilities Commission Record Requests – Set 1

Date Request Received: 9/1/23 Date of Response: 10/18/2023
Request No: RR 1 Respondent: James Bonner

REQUEST:

Provide a proof showing that the number of customers and allowed and actual Revenue per Customer (RPC) yield the same result as the Company's filing. To do this:

a. Show the analysis that takes Liberty from its revenue requirement in the rate case (2019 test year) to the "base revenue" that is used for the RPC calculation;

b. Show how the "base revenue" was divided into the component pieces (residential, etc.) in 2019.

c. Show the "base revenue" from 2019 to present in total, and include each component (residential, etc).

d. Beginning with the 2019 test year, by month, provide the number of customers (both allowed and actual), the RPC (both allowed and actual), and the UPC (usage per customer);

   i. Do this for residential customers with a separate analysis for C&I customers (as requested by the New Hampshire Department of Energy).

RESPONSE:

a. The Revenue Per Customer for Test Year 2019 in Docket DG 20-105 general rate case was developed as follows:

   i. In DG 20-105, the Total Approved Revenue per Settlement for the Test Year was $96,183,913 [Settlement Agreement on Permanent Rates, dated 6/29/2021 at 4] of which the Approved Distribution Revenue (Target Revenue) was $91,082,950. See Attachment 22-045 RR 1.1, lines 11 & 12.

   ii. The Target Revenue of $91,082,950 was used to develop the base distribution rates in Attachment 22-045 RR 1.2A. The base rates developed in this attachment include the Rate R-4 discount within Rate R-3. See Attachment 22-045 RR 1.2A, p. 1, line 93. The base rates for each Rate Schedule are then developed and then checked against the Revenue Target. See Attachment 22-045 RR 1.2A, p. 3, line(s) 97, 130-135, & 143. Rate R-4 is developed separately in a workpaper to Attachment 22-045 RR 1.2A. See Attachment 22-045 RR 1.2B, lines 22, 33 & 42.

iii. The base rates developed in (ii) above including the low-income rates at their discount level are multiplied by their corresponding billing determinant for Test Year 2019. Customer charges are multiplied by equivalent bills to yield Customer Revenue, volumetric charges are multiplied by headblock or tailblock weather-normalized therm values as appropriate to yield Headblock and Tailblock Revenues. The sum of the Customer, Headblock, and Tailblock Revenues is the Base Distribution Revenue. All calculations are done by rate class by month and summarized into Residential, Commercial, and Seasonal categories. The Base Distribution Revenue determined in this manner will not include the low-income discount. Thus, the sum of the Base Distribution Revenue of $89,889,944 plus $1,193,006 equals the Target Revenue of $91,082,950. See Attachment 22-045 RR 1.3A, p. 6, lines 374, 381 & 383.

iv. The same calculation performed in (iii) above is reperformed with just two changes. First, the Managed Expansion Program ("MEP") rates (Rates R-5, R-6, R-7, G-44, G-45, G-46, G-55, G-56, G-57, and G-58) are replaced with their companion parent rates (Rates R-1, R-3, R-4, G-41, G-42, G-43, G-51, G-52, G-53, and G-54). Second, the discounted low-income base rates (Rates R-4 and R-7) are replaced with Rate R-3 base rates. See Attachment 22-045 RR 1.3B, p. 1, lines 43-47, 53-55 & 60-53; p. 3, lines 137-140, 146-148 & 153-156; and p. 4, lines 228-231, 237-239 & 244-247. The recalculation produces the Target RPC Revenue of $91,000,020. Attachment 22-045 RR 1.3B, p.7, line 396.

The Target RPC Revenue of $91,000,020 is equal to Target Revenue of $91,082,950 less the MEP Premium of $82,930 (Attachment 22-045 RR 1.3A, p. 7, line 401). The MEP Premium is not subject to revenue decoupling and is not included in the determination of the Revenue Per Customer.

The recalculated Base Distribution Revenue by rate class by month is divided by the same equivalent bills by rate class by month used to price out the Customer Charge to produce the Revenue Per Customer by rate class by month. These calculations are also summarized into Residential, Commercial, and Total categories. See Attachment 22-045 RR 1.3B, p. 7, lines 381-396, 402-417 & 423-438.

v. Attachment 22-045 RR 1.4 is a copy of Appendix 7 of the Docket DG 20-105 Settlement Agreement on Permanent Rates, dated 6/29/2020. The Revenue Per Customer by rate class by month match the same values for the Permanent Rates from Appendix 7. Only the Permanent Rates were approved effective 8/1/2021 in Order No. 26,505 in Docket DG 20-105, dated 7/30/2021. The Step Increase was postponed to a later date.

b. See Attachment 22-045 RR 1.3B, p. 7, lines 384 & 394.

c. See Part (d) below.

d. The purpose of the requested analysis in Parts (c) and (d) is to quantify the actual base revenues, actual RPC, the variance between the allowed RPC and actual RPC, and to associate them with changes in usage as measured by the average Use Per Customer ("UPC"). The analysis can only be done correctly by assuring that the RPC's and the equivalent bill counts used to compute the UPC are all on the same time basis; otherwise, the actual RPC and UPC will capture the effect of the different time bases as well as the effect of usage in the calculation which will obscure rather than shed light on the effect of usage over time. All determinants and RPC's must be on a calendar year weather-normalized basis, and the low-income and MEP rate adjustments must be made to the actual side of the calculations.

   The only time period over which the allowed RPC approved in Docket DG 20-105 that used the test year 2019 billing determinants in their computation is August 1, 2021 through July 31, 2022. The allowed RPC's from January 1, 2019 through July 31, 2019 were predicated on test year 2016 billing determinants in Docket DG 17-048. The allowed RPC's from August 1, 2022 to date are predicated on test years 2020 and 2021 billing determinants in addition to test year 2019 determinants. Further, the period September 1, 2022 through August 31, 2023 lie wholly within Decoupling Year 6, which outside the scope of the proceeding.

   Attached in Attachment 22-045 RR 1.5 is the requested analysis from August 2021 through July 2022.