

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Proposed Calculation of Discount Purchase Rate (DPR) for Purchase of Receivables (POR) Program

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3		<u>2021</u>	Reference
4	<u>Uncollectible Percentage (UP)</u>		
5	Uncollectible Expense	\$ 281,647	2021 Company records
6	Customer Revenues	\$ 107,899,134	2021 Company records
7	Uncollectible Percentage	0.261%	Line 5 / Line 6
8			
9	<u>Administrative Cost Percentage (ACP)</u>		
10			
11	<u>System Modification/Implementation Costs</u>		
12	O&M Expense associated with implementation of POR program	\$ -	Company estimate
13			
14	Capital cost to modify billing systems (estimate)	\$ 500,000	Company estimate
15	Amortization period in years	3	Company proposal
16	One year amortization	\$ 166,667	Line 14 / Line 15
17			
18	Total Implementation Costs	\$ 166,667	Line 12 + Line 16
19			
20	<u>Working Capital</u>		
21	Working Capital Impact	\$ -	Company estimate
22			
23	<u>Ongoing Administration Costs</u>		
24	Forecasted cost of administering collection efforts	\$ -	Company estimate
25			
26	Total POR Program Administration Costs	\$ 166,667	Line 18 + Line 21 + Line 24
27	2021 Actual Supplier billings	\$ 13,012,115	Company records
28	Administrative Cost Percentage (ACP)	1.281%	Line 26 / Line 27
29			
30	<u>Past Period Reconciliation Percentage (PPRP)</u>		
31	Prior Period Estimated Uncollectible Percentage	0.00%	
32	Prior Period Actual Uncollectible Percentage	0.00%	
33	Difference	0.00%	Line 31 - Line 32
34			
35	Total Discount Purchase Rate (DPR)	1.542%	Line 7 + Line 28 + Line 33
36			
37	Monthly Supplier Billing (Hypothetical)	\$ 1,000,000	
38	POR Discount Rate	1.542%	Line 35
39	Reduction of Supplier Payment	\$ 15,420	Line 37 * Line 38
40			
41	Approved Weighted Average Cost of Capital per Docket No. DE 19-064		

Description	Capital Structure	Cost of Capital	Post-Tax Weighted Cost of Capital	Pre-Tax Weighted Cost of Capital
Common stock	52.00%	9.10%	4.73%	6.48%
Long-term debt	48.00%	5.97%	2.87%	2.87%
	<u>100.00%</u>		<u>7.60%</u>	<u>9.35%</u>
			Fed Tax Rate	21.00%
			State Tax Rate (After 12/31/22)	7.60%
			Effective Tax Rate	27.00%