

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

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY**

**Docket No. DE 23-003**

**Proposed Purchase of Receivables Program**

**Settlement Agreement for Implementation of Liberty Purchase of Receivables Program**

This Settlement Agreement is entered into by and among Liberty Utilities (Granite State Electric) Corp., d/b/a Liberty (the “Company” or “Liberty”), the New Hampshire Department of Energy (“DOE”), the Community Power Coalition of New Hampshire (“CPCNH”), and Direct Energy Services, LLC, Direct Energy Business, LLC, Direct Energy Business Marketing, LLC, Reliant Energy Northeast LLC, and XOOM Energy New Hampshire, LLC (collectively, the “NRG Retail Companies” and together with the Company, DOE, and CPCNH, the “Settling Parties”). This Settlement Agreement resolves all issues among the Settling Parties pertaining to the implementation by the Company of a purchase of receivables (“POR”) program applicable to community power aggregations serving as load-serving entities (“CPAs”) and competitive electric power suppliers (“CEPS”).

**I. INTRODUCTION AND PROCEDURAL HISTORY**

New Hampshire House Bill 315 (2021) added Section 9 to RSA Chapter 53-E. RSA 53-E:9 requires each electric distribution utility to propose a POR program for approval by the New Hampshire Public Utilities Commission (“Commission”). Puc 2205.16(e) required each electric distribution utility to propose a POR program within 90 days of its effective date (i.e., by January 10, 2023). On January 10, 2023, pursuant to RSA 53-E:9 and Puc 2205.16(e), Liberty filed

testimony and exhibits in support of a proposed POR program applicable to both CPAs and CEPS. Following discovery and a technical session, the DOE, CPCNH, and the NRG Retail Companies filed a written technical statement, testimony, and comments, respectively, on June 16, 2023.

The Settling Parties held several settlement discussions; three of which also included representatives of Public Service Company of New Hampshire d/b/a Eversource Energy and Unitil Energy Systems, Inc., which had filed similar proposals for POR program implementation under RSA 53-E:9 and Puc §2205.16(e). A primary focus of those confidential settlement discussions was the potential to achieve material consistency among the POR programs to be implemented by the three regulated electric distribution utilities. This Settlement Agreement represents the result of those confidential settlement negotiations.

## **II. SETTLEMENT TERMS AND CONDITIONS**

The Settling Parties agree to each and all of the following specific terms and conditions regarding implementation of the Company's POR program:

A. All CEPS and CPAs that choose to use consolidated billing service provided by the Company shall be automatically enrolled in the Liberty POR program, and each CEPS or CPA enrolled in the POR program shall be required to sell its accounts receivable for all of their customers billed through the Company's consolidated billing service.

B. The Company shall pay each CEPS or CPA enrolled in the Liberty POR program the full amounts due from customers for Supplier Service,<sup>1</sup> as billed by the Company through

<sup>1</sup> "Supplier Service" means the sale of all requirements, load-following electricity service to a customer by a CEPS or CPA, including, without limitation, capacity and ancillary services, such as the provision of reserves, and all other related services required or allowed by ISO New England, the Commission, or New Hampshire law, and retail offerings that utilize renewable energy certificates or represent alternative compliance payments that are bundled with generation, provided that all such services can be billed using the Company's consolidated billing service platform.

consolidated billing service, less a Discount Percentage Rate (“DPR”), calculated as described in paragraph II.I below. For any customer that has elected budget billing or is subject to a periodic payment plan agreed to by the Company, the full amounts due to the CEPS or CPA for Supplier Service shall be based on the customer’s actual usage, rather than the amount the customer is billed under the Company’s budget billing program or any such periodic payment plan. In all other instances, the full amounts due to the CEPS or CPA for Supplier Service shall be based on amounts actually billed to customers through the Company’s consolidated billing service.

C. For the first year of the POR program, the Company shall calculate a single DPR to be applied to all customer classes. During the first year of the POR program, the Company shall track uncollectible expense by Small and Large Customer Groups as defined below. For the second year, the Company shall calculate separate DPRs for two different customer groups: (1) Small Customer Group (currently rate class: D, D-10, D-11, D-12, G-3, M, LED-1, LED-2, T and V); and (2) Large Customer Group (currently rate class: G-1, G-2, EV-L, and EV-M). The two distinct DPRs shall be in effect for a 12-month period beginning on May 1 of each year, subject to the potentially deferred date of initial implementation referred to in paragraph II.E below.

D. Payments to CEPS and CPAs enrolled in the POR program shall be made monthly based on the combined average payment period for all customers on the Company’s default energy service and consolidated billing service. The same payment date shall apply to both the Small and Large Customer Groups. The payment date shall be calculated using actual historical data for the most recent calendar year. The payment date shall be on the closest business day approximately equal to the mid-point of the billing month plus the average payment period from billing to utility receipt of customer payments. The payment date shall be calculated based on the methodology most recently approved by the Commission. The payment date shall remain in effect for a 12-

month period beginning on May 1 each year, subject to the potentially deferred date of initial implementation referred to in paragraph II.E below.

E. The Company shall implement its POR program on the later to occur of either (1) May 1, 2024, or (2) the first day of the month following notice by the Company to the Commission that all system modifications necessary to implement the POR program have been completed, tested, and are fully operational, which notice shall be given within six (6) months of Commission approval of this Settlement Agreement, provided, in each case, that amended Tariff (as defined below) terms and conditions and ESSMA (as defined below) provisions have been finalized and approved, to the extent necessary, not less than sixty (60) days prior to such date, consistent with the provisions of paragraph II.H below.

F. The Company shall pay CEPS and CPAs for existing accounts receivable of customers billed through the Company's consolidated billing service, subject to the applicable DPR, within thirty (30) days following the implementation date of the Liberty POR program. The amounts paid for such existing CEPS and CPA accounts receivable shall be subject to full reconciliation in accordance with the Past Period Reconciliation Percentage ("PPRP") calculation described in paragraph II.I below.

G. The Company shall make an annual filing with the Commission on or before March 1 of each year following the initial implementation of the POR program, providing the calculation of the respective DPRs, related reconciliations for prior periods, and the payment date to be in effect for the forthcoming 12-month period, effective as of May 1, and such filing shall include documentation supporting all relevant calculations.

H. The specific terms and conditions of the Company's Electricity Delivery Service Tariff NHPUC No. 21 ("Tariff") and its Electric Supplier Services Master Agreement ("ESSMA")

required to be amended in order to implement the POR program shall be the subject of a subsequent phase of this proceeding, to begin within thirty (30) days following Commission approval of this Settlement Agreement and be concluded on or before March 1, 2024. That second phase of this proceeding may also consider whether the Company will utilize rules, processes, standards, and procedures of the Massachusetts Electronic Business Transactions (“EBT”) Working Group for the implementation of the POR program, unless and until directed otherwise by the Commission with respect to potential adoption and implementation of relevant Electronic Data Interchange (“EDI”) standards developed specifically for New Hampshire.

I. The applicable DPR for each of the two customer classifications shall be comprised of the uncollectible percentage (“UP”), administrative cost percentage (“ACP”), and PPRP, . For the first year of the POR program, the Company shall calculate a single DPR to apply to all customer classes. For the second and subsequent years of the POR program, the Company shall calculate a DPR for each customer class. The DPR shall be calculated as follows:

$DPR_{cc} = UP_{cc} + ACP_{cc} + PPRP_{cc}$ , where

CC = The customer class, whether Small Customer Group or Large Customer Group.

$DPR_{cc}$  = Discount Percentage Rate for the customer class to be deducted from the full amounts due for Supplier Service.

$UP_{cc}$  (uncollectible percentage for each customer class) = the sum of the net write-offs for Supplier Service for the participating customer class, based on actual data for the most recent calendar year, divided by the total amounts billed by the Company, including late payment fees if included in net write-offs, to that participating customer class for Supplier Service during the same period.

Notwithstanding the foregoing, during the first year of POR program operation, the uncollectible percentage shall be the total amount of net write-offs by the Company based on actual data for the most recent calendar year, divided by the total amounts billed by the Company, including late payment fees if included in net write-offs, during the same period.

$ACP_{cc}$  (administrative cost percentage for each customer class) = the total actual

administrative costs and any forecasted incremental costs of POR program administration and collection to be recovered for the subsequent year divided by the total amounts billed for Supplier Service by the Company for the most recent calendar year. Administrative costs shall include the recovery of costs directly related to the development and implementation of changes to billing, information, and accounting systems required to implement the billing and payment procedures related to the POR program into the Company's consolidated billing service, to be amortized and recovered over a five-year period.

PPRPcc (past period reconciliation percentage for each customer class) shall be calculated pursuant to the following equation:

Sum of 12 months of ((monthly Actual Uncollectible Costs – monthly Actual Supplier Discounts Applied) + Monthly Interest Accrued) divided by Actual Supplier Billings

Where each of these components is defined as follows:

- (1) Actual Uncollectible Costs – the sum of (a) actual net write-offs associated with consolidated billing service and, (b) actual administrative costs incurred, allocated based on actual supplier billings, for the applicable customer class.
- (2) Actual Supplier Discounts Applied – the sum of the actual discounts applied to supplier payments during the prior calendar year, for the applicable Customer Class.
- (3) Monthly Interest Accrued – a monthly interest amount calculated on the cumulative variance between Actual Uncollectible Costs and the Actual Supplier Discounts Applied using the prime rate. Each month's interest rate shall be calculated using the prime rate effective at the end of such month divided by the number of days in the year multiplied by the number of days in the month.
- (4) Actual Supplier Billings - the total amount billed through consolidated billing service by the Company to customers in the customer class purchasing Supplier Service for the most recent calendar year.

An illustrative example of the initial DPRcc calculations; and an illustrative example of the second year DPRcc calculation, which includes a hypothetical calculation of the PPRPcc, are attached to this Settlement Agreement as Attachments 1 and 2, respectively.

### **III. GENERAL PROVISIONS**

The Settling Parties agree that all testimony, technical statements, comments and supporting documentation (“Exhibits”) may be admitted as exhibits for purposes of consideration of this Settlement Agreement. Assent to admit all Exhibits without challenge does not constitute agreement by the Settling Parties that the content of the Exhibits is accurate nor is it indicative of what weight, if any, should be given to the views of any witness. Reflecting the intent of this Settlement Agreement, the Settling Parties agree to forego cross-examining witnesses of the Settling Parties regarding their Exhibits and, therefore, the admission into evidence of any Exhibit shall not be deemed in any respect to constitute an admission by any Settling Party that any allegation or contention in this proceeding is true or false, except that the sworn testimony of any witness shall constitute an admission by such witness.

This Settlement Agreement is expressly conditioned on the Commission’s acceptance of all of its provisions without change or condition. All terms are interdependent, and each Settling Party’s agreement to each individual term is dependent on all Settling Parties’ agreement with all terms. If such complete acceptance is not granted by the Commission, or if acceptance is conditioned in any way, each of the Settling Parties shall have the opportunity to amend or terminate this Settlement Agreement or to seek reconsideration of the Commission’s decision or condition. If this Settlement Agreement is terminated, it shall be deemed to be withdrawn and shall be null and void and without effect and shall not constitute any part of the record in this proceeding nor be used for any other purpose. The Settling Parties recommend approval of this Settlement Agreement before the Commission. The Settling Parties also agree that they shall not oppose this Settlement Agreement before any regulatory agencies or courts before which this

matter is brought, but shall take all such action as is necessary to secure approval and implementation of the provisions of this Settlement Agreement.

The Commission's acceptance of this Settlement Agreement does not constitute continuing approval of or precedent regarding any particular issue under this docket, but such acceptance does constitute a determination that this Settlement Agreement and each and all of its provisions are just and reasonable. All discussions leading to and resulting in this Settlement Agreement have been conducted with the understanding that all offers of settlement and discussion relating to these terms are and shall be protected and treated as confidential and privileged, and shall be so without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any further proceeding, or otherwise. The Settling Parties affirm that Commission approval of this Settlement Agreement is in the public interest and should be approved.

This Settlement Agreement may be executed electronically or by facsimile, and in multiple counterparts, and by the Settling Parties on separate counterparts, each of which shall be deemed to be an original for all purposes, but all of which together shall constitute only one agreement binding on all of the Settling Parties.

IN WITNESS WHEREOF, the Settling Parties have caused this Settlement Agreement to be duly executed in their respective names by their duly authorized representatives, each being fully authorized to do so on behalf of the Settling Party represented.

[signature page follows]

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY

By: /s/ Michael J. Sheehan September 13, 2023  
Michael J. Sheehan, Director, Legal Services

NEW HAMPSHIRE DEPARTMENT OF ENERGY

By: /s/ Alexandra W. Ladwig September 13, 2023  
Alexandra W. Ladwig, Esq.  
Hearings Examiner/Staff Attorney

COMMUNITY POWER COALITION OF NEW HAMPSHIRE

By: \_\_\_\_\_ September 13, 2023  
Clifton Below, Chair

NRG RETAIL COMPANIES

By: \_\_\_\_\_ September 13, 2023  
Joey Lee Miranda, Esq.  
Counsel for NRG Retail Companies

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY

By: \_\_\_\_\_ September 13, 2023  
Michael J. Sheehan, Director, Legal Services

NEW HAMPSHIRE DEPARTMENT OF ENERGY

By: \_\_\_\_\_ September 13, 2023  
Alexandra K. Ladwig, Esq.  
Hearings Examiner/Staff Attorney

COMMUNITY POWER COALITION OF NEW HAMPSHIRE

  
By: \_\_\_\_\_ September 13, 2023  
Clifton Below, Chair  
Clifton Below  
Signer ID: BZYGZNGZU8  
13 Sep 2023 09:43:13 PDT

NRG RETAIL COMPANIES

By: \_\_\_\_\_ September 13, 2023  
Joey Lee Miranda, Esq.  
Counsel for NRG Retail Companies

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY

By: \_\_\_\_\_ September 13, 2023  
Michael J. Sheehan, Director, Legal Services

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By: \_\_\_\_\_ September 13, 2023  
Alexandra K. Ladwig, Esq.  
Hearings Examiner/Staff Attorney

COMMUNITY POWER COALITION OF NEW HAMPSHIRE

By: \_\_\_\_\_ September 13, 2023  
Clifton Below, Chair

NRG RETAIL COMPANIES

By:  \_\_\_\_\_ September 13, 2023  
Joey Lee Miranda, Esq.  
Counsel for NRG Retail Companies

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

1			
2			
3		<u>2021</u>	Reference
4	<b>Uncollectible Percentage (UP)</b>		
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	<b>Administrative Cost Percentage (ACP)</b>		
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)	\$ 477,550	Company estimate
15	Amortization period in years	5	Company proposal
16	One year amortization	\$ 95,510	Line 14 / Line 15
17			
18	Total Implementation Costs	\$ 95,510	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	\$ 95,510	Line 18 + Line 21 + Line 24
27	2021 Actual Supplier billings	\$ 13,012,115	Company records
28	Administrative Cost Percentage (ACP)	0.734%	Line 26 / Line 27
29			
30	<b>Past Period Reconciliation Percentage (PPRP)</b>		
31	Prior Period Estimated Uncollectible Percentage	0.00%	
32	Prior Period Actual Uncollectible Percentage	0.00%	
33	Difference	0.00%	Line 32 - Line 31
34			
35	Total Discount Purchase Rate (DPR)	0.995%	Line 7 + Line 28 + Line 33
36			
37	Monthly Supplier Billing (Hypothetical)	\$ 1,000,000	
38	POR Discount Rate	0.995%	Line 35
39	<b>Reduction of Supplier Payment</b>	<b>\$ 9,950</b>	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
42				
43	Common stock	52.00%	9.10%	4.73%
44	Long-term debt	48.00%	5.97%	2.87%
45		<u>100.00%</u>	<u>7.60%</u>	<u>9.35%</u>
46				
47			Fed Tax Rate	21.00%
48			State Tax Rate (After 12/31/22)	7.60%
49			Effective Tax Rate	27.00%

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

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	202X		Reference
	Small	Large	
<b>Uncollectible Percentage (UP)</b>			
Customer Class			
Net Write-Offs	\$ 150,000	\$ 168,000	Page 2
Customer Revenues	\$ 25,356,296	\$ 28,593,271	Company record
Uncollectible Percentage	0.592%	0.588%	Line 6 / Line 7
<b>Administrative Cost Percentage (ACP)</b>			
<b>System Modification/Implementation Costs</b>			
O&M Expense associated with implementation of POR program	\$ -		Company estimate
Capital cost to modify billing systems (estimate)	\$ 477,550		Company estimate
Amortization period in years	5		Company proposal
One year amortization	\$ 95,510		Line 15 / Line 16
Return at WACC	\$ 29,035		Page 4, Line 20
Total Implementation Costs	\$ 124,545		Line 13 + Line 17 + Line 19
<b>Ongoing Administration Costs</b>			
Forecasted cost of administering collection efforts	\$ -		Company estimate
Total POR Program Administration Costs	\$ 124,545		Line 21 + Line 24
202X Actual Supplier Billings	\$ 53,949,567		Company records
Administrative Cost Percentage (ACP)	0.231%		Line 26 / Line 27
<b>Past Period Reconciliation Percentage (PPRP)</b>			
PPRP	-0.03%	-0.02%	Page 3
Total Discount Purchase Rate (DPR)	0.792%	0.797%	Line 8 + Line 28 + Line 33

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%

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

Class Net W/Os	1/1/202X	2/1/202X	3/1/202X	4/1/202X	5/1/202X	6/1/202X	7/1/202X	8/1/202X	9/1/202X	10/1/202X	11/1/202X	12/1/202X	Total
1 Small	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$150,000
2 Large	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$168,000
3 Total	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500	\$318,000

Small Customers														
	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
<b>Actual Uncollectible Costs:</b>														
Actual Supplier Net Write-offs		\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	150,000
Actual Total Administrative Costs Incurred		-	-	-	-	-	-	-	-	-	-	-	-	-
Actual Total Incremental Capital Expenditures Amortized		10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	124,545
Monthly Small % of Total Actual Supplier Billings		47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	
Total Uncollectible Costs		17,378	17,378	17,378	17,378	17,378	17,378	17,378	17,378	17,378	17,378	17,378	17,378	208,536
<b>Actual Supplier Discounts Applied</b>														
Under / (Over) Discount		(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(622)	(7,464)
Cumulative Variance to Discount Rate	-	(622)	(1,244)	(1,866)	(2,488)	(3,110)	(3,732)	(4,354)	(4,976)	(5,598)	(6,220)	(6,842)	(7,464)	(7,464)
Cumulative Variance to Discount Rate subject to Interest		(311)	(933)	(1,555)	(2,177)	(2,799)	(3,421)	(4,043)	(4,665)	(5,287)	(5,909)	(6,531)	(7,153)	
Monthly Interest Rate		7.50%	7.75%	7.75%	8.00%	8.00%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.50%	
Days per Month		31	28	31	30	31	30	31	31	30	31	30	31	
<b>Monthly Interest Accrued</b>	-	(2)	(6)	(10)	(14)	(19)	(23)	(28)	(34)	(37)	(43)	(46)	(52)	(313)
Total Past Period Reconciliation	\$ -	\$ (624)	\$ (628)	\$ (632)	\$ (636)	\$ (641)	\$ (645)	\$ (650)	\$ (656)	\$ (659)	\$ (665)	\$ (668)	\$ (674)	\$ (7,777)
<b>Actual Supplier Billings</b>														25,356,296
<b>Past Period Reconciliation Percentage - Small</b>														-0.0307%

Large Customers														
	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
<b>Actual Uncollectible Costs:</b>														
Actual Supplier Net Write-offs		\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	168,000
Actual Administrative Costs Incurred		-	-	-	-	-	-	-	-	-	-	-	-	-
Actual Incremental Capital Expenditures Amortized		10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	124,545
Monthly Large % of Total Actual Supplier Billings		53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	
Total Uncollectible Costs		19,501	19,501	19,501	19,501	19,501	19,501	19,501	19,501	19,501	19,501	19,501	19,501	234,009
<b>Actual Supplier Discounts Applied</b>														
Under / (Over) Discount		(499)	(499)	(499)	(499)	(499)	(499)	(499)	(499)	(499)	(499)	(499)	(499)	(5,991)
Cumulative Variance to Discount Rate	-	(499)	(999)	(1,498)	(1,997)	(2,496)	(2,996)	(3,495)	(3,994)	(4,493)	(4,993)	(5,492)	(5,991)	(5,991)
Cumulative Variance to Discount Rate subject to Interest		(250)	(749)	(1,248)	(1,747)	(2,247)	(2,746)	(3,245)	(3,744)	(4,244)	(4,743)	(5,242)	(5,741)	
Monthly Interest Rate		7.50%	7.75%	7.75%	8.00%	8.00%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%	8.50%	
Days per Month		31	28	31	30	31	30	31	31	30	31	30	31	
<b>Monthly Interest Accrued</b>	-	(2)	(4)	(8)	(11)	(15)	(19)	(23)	(27)	(30)	(34)	(37)	(41)	(251)
Total Past Period Reconciliation	\$ -	\$ (501)	\$ (504)	\$ (507)	\$ (511)	\$ (515)	\$ (518)	\$ (522)	\$ (526)	\$ (529)	\$ (534)	\$ (536)	\$ (541)	\$ (6,242)
<b>Actual Supplier Billings</b>														28,593,271
<b>Past Period Reconciliation Percentage - Large</b>														-0.0218%

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
Actual Supplier Billings - Small	\$ 2,113,025	\$ 2,113,025	\$ 2,113,025	\$ 2,113,025	\$ 2,113,025	\$ 2,113,025	\$ 2,113,025	\$ 2,113,025	\$ 2,113,025	\$ 2,113,025	\$ 2,113,025	\$ 2,113,025	\$ 25,356,296
Actual Supplier Billings - Large	\$ 2,382,773	\$ 2,382,773	\$ 2,382,773	\$ 2,382,773	\$ 2,382,773	\$ 2,382,773	\$ 2,382,773	\$ 2,382,773	\$ 2,382,773	\$ 2,382,773	\$ 2,382,773	\$ 2,382,773	\$ 28,593,271
Total Supplier Billings	\$ 4,495,797	\$ 4,495,797	\$ 4,495,797	\$ 4,495,797	\$ 4,495,797	\$ 4,495,797	\$ 4,495,797	\$ 4,495,797	\$ 4,495,797	\$ 4,495,797	\$ 4,495,797	\$ 4,495,797	\$ 53,949,567

Monthly Small % of Total Actual Supplier Billings	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%
Monthly Large % of Total Actual Supplier Billings	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%

**POR**  
**Return at WACC - Billing System Upgrade**

Docket No. DE 23-003  
Attachment 2  
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Line No.	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	<b>Cost of Service</b>						
1	Depreciation	\$ 95,510	\$ 95,510	\$ 95,510	\$ 95,510	\$ 95,510	
2	Income Taxes	\$ 10,391	\$ 7,374	\$ 4,804	\$ 2,503	\$ 201	
3	Return Requirement	\$ 29,035	\$ 20,604	\$ 13,423	\$ 6,993	\$ 563	
4	Total	\$ 134,936	\$ 123,488	\$ 113,737	\$ 105,006	\$ 96,274	
5							
6	Present Value COS	\$ 468,450					
7	5 Year Average PV	\$ (468,450)					
8							
9	<b>Capital Investment</b>	\$ 477,550					
10							
11							
12	Plant	\$ 477,550	\$ 477,550	\$ 477,550	\$ 477,550	\$ 477,550	
13	Less: Accumulated Depreciation	\$ 95,510	\$ 191,020	\$ 286,530	\$ 382,040	\$ 477,550	
14	Net Plant	\$ 382,040	\$ 286,530	\$ 191,020	\$ 95,510	\$ -	
15							
16	Less: Accumulated Deferred Taxes	\$ -	\$ 15,430	\$ 14,401	\$ 3,497	\$ (7,406)	
17	<b>Rate Base</b>	\$ 382,040	\$ 271,100	\$ 176,619	\$ 92,013	\$ 7,406	
18							
19	WACC	7.60%					
20	<b>Return Requirement</b>	\$ 29,035	\$ 20,604	\$ 13,423	\$ 6,993	\$ 563	
21							
22	<b>Income Taxes</b>						
23	Weighted Cost of Debt	2.87%					
24	Interest Expense	\$ 833	\$ 591	\$ 385	\$ 201	\$ 16	
25	<b>Net Income</b>	\$ 28,202	\$ 20,012	\$ 13,038	\$ 6,792	\$ 547	
26	Taxable Income Base Factor	1.3685					
27	Taxable Income	\$ 38,594	\$ 27,387	\$ 17,842	\$ 9,295	\$ 748	
28	<b>Income Taxes</b>	\$ 10,391	\$ 7,374	\$ 4,804	\$ 2,503	\$ 201	
29							
30	<b>Book Depreciation</b>						
31	Rate (5 Yr. Life)	20.00%					
32	Book Depreciation	\$ 95,510	\$ 95,510	\$ 95,510	\$ 95,510	\$ 95,510	
33							
34	<b>Tax Depreciation</b>						
35	MACRS 5 Yr. Rates	20.00%	32.00%	19.20%	11.52%	11.52%	5.76%
36	Tax Depreciation	\$ 95,510	\$ 152,816	\$ 91,690	\$ 55,014	\$ 55,014	\$ 27,507
37							
38	Deferred Taxes	\$ -	\$ 15,430	\$ (1,029)	\$ (10,904)	\$ (10,904)	\$ 7,406
39	Accumulated Deferred Taxes	\$ -	\$ 15,430	\$ 14,401	\$ 3,497	\$ (7,406)	\$ -