

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

DE 23-039
Distribution Service Rate Case

Department of Energy Data Requests - Set 11

Date Request Received: 10/5/23
Request No: DOE 11-14Date of Response: 10/19/23
Respondent: Kristin Jardin
Daniel Dane**REQUEST:**

Concerning the discrepancies detailed below between the Company's FERC Form 1 and the Rate case filing:

	FERC Form 1 and SAP	Filing RR-2.10	FERC minus RR-2.10 Variance
Account 922 Administrative Expenses Transferred-Credit	\$(8,002,460)	\$(8,501,412)	\$498,952
Account 926 Employee Pensions and Benefits	\$3,697,502	\$4,053,502	\$(356,000)

Liberty provided explanations regarding these two variances to DOE's Audit team and further stated: "The Company, along with our external auditors, determined to not reflect these adjustments in the FERC Form 1 to align with previously presented financial information in the APUC Form 10-K Annual Report and Granite State Electric standalone financial statements. The adjustments were correctly reflected in the Revenue Requirement."

- a. Please identify any other such discrepancies where Liberty opted not to adjust Liberty's FERC Form 1 but adjusted its rate case revenue requirement filing.

RESPONSE:

- a. Please see Attachment 23-039 DOE 11-14.xlsx for a complete list of the entries identified after the December 31, 2022, financial records were closed that were not reflected in the FERC Form 1 but were presented correctly in the Revenue Requirement. This attachment includes the two entries identified in the Request above, as well as three additional entries. Explanations for those discrepancies are also included in the attachment.

1) Capitalize 85% of physical inventory write off recorded

Acct type	Regulatory Account	G/L Account2	Functional Area	GAAP (Natural) Account	Total
5	10921000	M&C-Inventory Diff	10920000	500495	(687,051)
1	10107000	CWIP	10107000	150110	687,051

Physical inventory adjustment was recorded in December 2022. The system did not capture the amount for capitalization. This was identified after year end as a manual adjustment needed in the preparation of the revenue requirement.

2) Correct over-accrual of capital invoices that were paid in 2022

Acct type	Regulatory Account	G/L Account2	Functional Area	GAAP (Natural) Account	Total
1	10107000	CWIP	10107000	150110	(857,308)
2	10242000	Misc Accrued Liab		210300	857,308

Following the year end close, it was identified that certain capital accruals were accrued that had already been paid in the year. This was corrected manually in preparation of the revenue requirement.

3) Correct pre cap meter overheads double-booked

Acct type	Regulatory Account	G/L Account2	Functional Area	GAAP (Natural) Account	Total
5	10926000	Benefits	10926000	500150	356,000
1	10107000	CWIP	10107000	150110	(356,000)

Overheads on pre capitalized meters were inadvertently recorded twice in 2022. This was identified following the year end close and was manually corrected in preparation of the revenue requirement.

4) Entry to correct regulatory net income

Acct type	Regulatory Account	G/L Account2	Functional Area	GAAP (Natural) Account	Total
7	10182300	WBS ST Services	10182300	702xxx	(498,952)
1	10182300	Regulatory asset	10182300	171500	498,952

The SAP system is set up in a way that GAAP and regulatory (FERC) accounts can be recorded differently for each journal entry to allow for GAAP to FERC accounting differences. In reviewing the regulatory results, it was determined that certain regulatory entries were recorded incorrectly. This entry was manually corrected in preparation of the revenue requirement to align with the expectation that the Company would not have material differences between GAAP and FERC results.

5) Correct regulatory account settlements

Acct type	Regulatory Account	G/L Account2	Functional Area	GAAP (Natural) Account	Total
5	10920000	Other Operating Exp	10920000	505000	(18,143)
1	10107000	CWIP	10107000	150110	18,143

Similar to entry (4), as part of the Company's review of the regulatory results, the Company identified that certain settlements did not follow the correct accounting for regulatory reporting purposes. This was corrected in preparation of the revenue requirement.

Summary:	
	Dr / (Cr)
Net P&L Impact	(848,145)
Net CWIP Impact	(508,114)
Accruals Impact	857,308
Regulatory Asset Impact	498,952