

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 22-024**

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. d/b/a LIBERTY**

**2022 Default Service Solicitations**

**Order Approving Solicitation Process and Resulting Rates**

**ORDER NO. 26,752**

**December 22, 2022**

This order authorizes Liberty to recover the costs of power supply through energy service rates<sup>1</sup> for effect between February 1, 2023, through July 31, 2023 and approves a six-month energy service rate of 22.007 cents per kilowatt hour (kWh) for residential customers taking energy service from Liberty, a slight reduction from the current rate. This rate will result in a monthly bill reduction from \$225.74 to \$225.53, or about 21 cents less (a reduction of 0.09 percent), compared to current rates for a residential customer using 650 kWh per month, when transmission and distribution costs are included. The residential energy service rate is 10.888 cents per kWh higher than the same six-month period (February-July) a year ago (a bill increase of 46.58%). These rates include a charge of 0.781 cents per kWh for Renewable Portfolio Standard (RPS) compliance costs, which is unchanged from the prior rate period. These RPS costs represent approximately 3.5 percent of the power supply charges for residential customers.

For large commercial customers, Liberty successfully secured a supply contract for only the second half of the energy supply period running from May 1, 2023,

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<sup>1</sup> Bills for customers on default service are composed of three parts: power supply, transmission, and distribution. The energy service rates for default service customers refer to the power supply component only.

through July 31, 2023. Liberty requests Commission approval to launch a second competitive solicitation to seek bids to serve large commercial customer loads on default for the February 1, 2023, through April 30, 2023 period. The table below summarizes the rates changes relative to previous rates.

**Residential & Small Commercial (Small Customer Group) Rates**

|                 | Effective date   | Power Supply Charge | RPS       | Other Charges | Total kWh charge |
|-----------------|------------------|---------------------|-----------|---------------|------------------|
| Prior Year Rate | February 1, 2022 | \$0.10337           | \$0.00684 | \$0.00098     | \$0.11119        |
| Current Rate    | August 1, 2022   | \$0.21290           | \$0.00781 | \$0.00157     | \$0.22228        |
| Proposed Rate   | February 1, 2023 | \$0.21069           | \$0.00781 | \$0.00157     | \$0.22007        |

The Commission recognizes that the impact of these rates, though reflective of current national and global energy market conditions, is a significant concern for ratepayers. While the Commission has not had regulatory authority over power generation since New Hampshire's generation divestiture policy was enacted, it has authority over the supply/energy service procurement process. This process is currently being investigated by the Commission in Docket No. IR 22-053.

**I. PROCEDURAL HISTORY**

On October 4, 2022, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty or the Company) filed a timeline for requesting approval of its solicitation and procurement of default energy service for 100 percent of power supply requirements for the six-month period from February 1, 2023, through July 31, 2023. On October 11, 2022, the Commission issued a procedural order scheduling a hearing for December 20, 2022, following a prehearing conference on November 17, 2022. The hearing was held as scheduled. In addition to the Company, representatives of the New Hampshire Department of Energy (DOE) and the Office of the Consumer Advocate (OCA) appeared.

Liberty filed its testimony and supporting schedules related to its rate requests in this docket on December 16, 2022. This filing presented the results of Liberty's solicitation along with supporting testimony, related exhibits, and proposed rates to recover the costs of power supply. The solicitation requested power supply for Liberty's large and medium commercial customers (Large Customer Group) and its small commercial and residential customers (Small Customer Group).

Liberty made its filing pursuant to a settlement agreement approved by the Commission in Order No. 24,577 (January 13, 2006), as modified by Order No. 24,922 (December 19, 2008), Order No. 25,601 (November 27, 2013), and Order No. 25,806 (September 2, 2015). Liberty's filing included the pre-filed testimony and schedules of John D. Warshaw, Manager, Electric Supply for Liberty Utilities Service Corp.; Erica L. Menard, Senior Director of Rates and Regulatory Affairs for Liberty Utilities Service Corp.; and James M. King, Analyst II, Rates and Regulatory Affairs for Liberty Utilities Service Corp. Mr. Warshaw, Ms. Menard, and Mr. King provided additional oral testimony in support of the Company's petition at hearing, together with Mr. Aaron Doll, Senior Director, Energy and Strategy, at Liberty Utilities Service Corp., appearing remotely from Missouri pursuant to a Commission procedural order granting the Company's motion for remote participation on December 16, 2022.

Mr. Warshaw's pre-filed testimony describes the energy service solicitation and bid evaluation process used by the Company. Ms. Menard's and Mr. King's testimony addresses the calculation of the proposed energy service rates and bill impacts. Certain schedules included in Liberty's filings contain information that Liberty claims is confidential pursuant to the New Hampshire Code of Administrative Rules, Puc 201.06 and 201.07. This material includes the Company's bid evaluation and summary information, renewable energy certificate pricing, and other confidential

pricing terms. The Commission treated this material confidentially at the December 20, 2022, public hearing, discussed below, as being within the scope of N.H. Code Admin. Rules Puc 201.06(a)(15).

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-024.html>

## **II. POSITIONS**

### **A. Liberty**

On November 1, 2022, Liberty issued a request for proposals (RFP) for energy service for its Small Customer Group (including all residential customers) and Large Customer Group for the period February 1, 2023, through July 31, 2023. In light of recent market conditions, the Company organized the RFP differently for its Large Customer Group, with one Large Customer Group Block A for 100 percent of load service for the February 1, 2023 through April 30, 2023 period, and a second Large Customer Group Block B for 100 percent of load service for the May 1, 2023 through July 31, 2023 period. The Company distributed the RFP to a number of potential suppliers, including all members of the New England Power Pool's Markets Committee, and posted the RFP information on the Liberty website.

On December 6, 2022, Liberty received initial bids that included detailed background information on the bidding entities, proposed changes to the contract terms, and indicative pricing. Liberty received final bids on December 13, 2022. After completing its bid evaluations, the Company notified the winning bidder for the Small Customer Group 100 percent supply requirement, NextEra Energy Marketing, LLC (NextEra), and entered into a power supply agreement (PSA) with NextEra. Liberty

selected Calpine Energy Services, L.P. (Calpine) as the winning bidder for the Large Customer Group Block B (May-July 2023) 100 percent supply requirement. The Company attached to its testimony the PSAs with NextEra and Calpine.

Liberty failed to attract any bids for the February-April 2023, Block A, Large Customer Group load. The Company proposed to have a second RFP for this Block A of Large Customer Group load, and to simultaneously prepare a contingency for acquiring energy to serve this load from the Day-Ahead Market of the ISO-New England regional electricity market, as discussed below.

Liberty included an RPS compliance adder with power supply costs in its calculation of the energy service rates. The RPS compliance adder is the charge by which Liberty obtains revenue to meet its RPS obligations under RSA 362-F:3. To comply with its RPS requirements, the Company first attempts to purchase qualifying renewable energy certificates (RECs), where one REC represents one megawatt hour of power produced by a qualified renewable generation source. Effective with rates on February 1, 2023, the RPS compliance adder will be 0.781 cents per kWh for both the small and large customer groups, which is unchanged from the previous default service rate period, as this adder is adjusted as part of the default service rate filing for rates effective on August 1. Liberty indicated that it had unused RECs from 2020, which were "stranded" by recent legislative changes, the costs for which the Company plans to address in a subsequent default service proceeding, expected in June 2023.

The base load-weighted average of power supply costs for the Small Customer group for the six-month period beginning February 1, 2023, will be 22.007 cents per kWh, as compared with the current load-weighted average of 22.228 cents per kWh. For the February 1, 2022, through July 31, 2022 time period, the load-weighted average of power supply costs for the Small Customer Group was 11.119 cents per

kWh. See *Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty*, Order No. 26,559 (December 27, 2021), at 4; Hearing Exhibit 5 at Bates Page 15 (Warshaw Testimony).

Liberty calculates the base energy rate for both customer groups using the applicable loss factors, and then adjusts the rates by the amount of the RPS adder, the Energy Service [Reconciliation] Adjustment Factor (ESAF), and the Energy Service Cost Reclassification Adjustment Factor (ESCRAF). In this filing, the ESAF is a charge of 0.096 cents per kWh to the rates of both the Large and Small Customer Groups. The ESCRAF is a charge of 0.061 cents per kWh for the Small Customer Group and 0.250 cents per kWh for the Large Customer Group. All of these rate components are unchanged from the prior rate period.

Liberty calculated the energy service rate for the Small Customer Group, adjusted for the RPS, ESAF, and ESCRAF components, to be 22.007 cents per kWh, a decrease from the current retail rate of 22.228 cents per kWh.

For the Large Customer Group (rate classes G-1 and G-2), Liberty develops base energy rates that vary by month based on the supplier's bid and Liberty's loss factor. Liberty then adjusts those rates using the reconciliation factors and the RPS adder, to calculate a total energy service rate for each month in the energy service period. Liberty derived the following monthly rates for customers in the Large Customer Group, Block B, per kWh: May 2023, 11.830 cents; June 2023, 11.421 cents; July 2023, 13.380 cents.

For Battery Storage/Residential EV Charging customers, Liberty calculated winter seasonal Critical Peak rate of 31.035 cents per kWh, a Mid Peak rate of 29.889 cents per kWh, and an Off-Peak rate of 26.271 cents per kWh, and corresponding summer rates of 29.083 cents per kWh, 13.872 cents per kWh, and 8.274 cents per kWh.

The Company proposed for the Large Customer Group Block A, 100 percent load requirement for the February-April 2023 period, that it issue a second RFP on December 23, 2022, with a subsequent filing for Commission approval of any resultant contracts to be made on January 6, 2023. *See* Hearing Exhibit 5 at Bates Pages 10-11 (Warshaw Testimony). The Company also stated at hearing that it sought Commission approval for its simultaneously engaging in preparatory work for the contingency, in the event that this second RFP also failed, for acquiring power supply for the Large Customer Group, Block A, directly from the ISO-New England regional electricity market.

Liberty requested that the Commission approve its filing and allow the costs associated with the NextEra and Calpine PSAs to be recovered through rates.

**B. DOE**

The DOE stated at hearing that it supported Commission approval of the Company's default service rates as filed.

**C. OCA**

The OCA stated at hearing that it supported Commission approval of the Company's default service rates as filed.

**III. COMMISSION ANALYSIS**

We find that Liberty's solicitation and bid evaluation process conforms with Order No. 24,577, as modified, for the procurement of power supply for customers taking energy service from Liberty. *See also* RSA 374-F:3, V(c). We also find that the resulting rates, though reflective of current volatility in the energy market, are market-based, just, and reasonable. We find Liberty's selection of NextEra to provide power supply for the Small Customer Group and Calpine for the Large Customer Group, Block B, to be consistent with prior Commission orders. We also find Liberty's price

estimates of RECs for the period, which are reconciled annually, are appropriate. Therefore, we approve the REC price estimates for inclusion in retail rates effective February 1, 2023. We decline to address the issue of the "stranded" 2020 RECs at the present time.

We approve Liberty's proposal for a second RFP to serve its Large Customer Group, Block A, load, and for the Company to commence contingency preparation work relating to the potential acquisition of power directly in the ISO-New England market to serve this load.

The Commission again notes that though we have not had regulatory authority over power generation since New Hampshire's utilities divested their interests in generation/power supply assets, the Commission has the ability to oversee the procurement process. We will continue to explore the potential for improvements in default service process for Liberty and its peer utilities in New Hampshire in Docket No. IR 22-043.

**Based upon the foregoing, it is hereby**

**ORDERED**, that the power supply agreement entered into by Liberty with NextEra Energy Marketing, LLC for 100 percent of power supply requirements for the Small Customer Group for the six-month period beginning February 1, 2023, is hereby APPROVED; and it is

**FURTHER ORDERED**, that the power supply agreement entered into by Liberty with Calpine Energy Services, L.P. for 100 percent of power supply requirements for the Large Customer Group for the three-month "Block B" period of May 1, 2023 through July 31, 2023, is hereby APPROVED; and it is

**FURTHER ORDERED**, that Liberty's request to recover the costs of the power supply agreements through the proposed rates effective with services rendered on and after February 1, 2023, through July 31, 2023, is hereby APPROVED; and it is

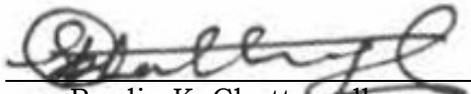
**FURTHER ORDERED**, that Liberty's proposal and procedural schedule for the further RFP process and Commission review of the remaining Large Customer Group, Block A, load for the three-month February-April 2023 period, including any ISO-New England market-related preparatory work, is hereby APPROVED as filed and discussed herein above; and it is

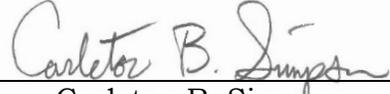
**FURTHER ORDERED**, that Liberty is authorized to use the price estimates of renewable energy certificates in its calculation of energy service rates; and it is

**FURTHER ORDERED**, that Liberty shall file conforming tariff pages, incorporating the new energy service rates, all as approved herein, within 20 days of the date of this order, consistent with N.H. Code Admin. Rules, Puc 1603; and it is

**FURTHER ORDERED**, that Liberty shall provide the Commission with an update regarding the Company's customer outreach and education efforts with respect to the default service rates approved herein, along with a review of the costs associated with such efforts, as part of the next default service solicitation petition in June 2023.

By order of the Public Utilities Commission of New Hampshire this twenty-second day of December, 2022.

  
Pradip K. Chattopadhyay  
Commissioner

  
Carleton B. Simpson  
Commissioner

# Service List - Docket Related

Docket#: 22-024

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