

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

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

Energy Service for the Period of August 1, 2017, to January 31, 2018

Reconciliation for the Period August 1, 2016, to July 31, 2017

Docket No. DE 17-058

Technical Statement of Heather M. Tebbetts

June 19, 2017

A. Purpose of Technical Statement

On May 23, 2017, Liberty Utilities (Granite State Electric) Corp. (“Liberty” or “the Company”) filed testimony and schedules providing a reconciliation of the prior Energy Service rate period of August 1, 2016, to July 31, 2017.

On June 13, 2017, the Company received final bids, as is discussed in John D. Warshaw’s testimony that is simultaneously being filed with this Technical Statement. This Technical Statement is being submitted to update the Company’s initial reconciliation filing and to propose Energy Service rates for effect August 1, 2017.

B. Update to Reconciliation

1. Energy Service

The result of the Company’s Energy Service reconciliation is an under-collection of \$973,219 as shown in HMT-3, page 1, line 15. This is primarily due to the difference in projected kilowatt-hour (kWh) sales based on a sales forecast in Docket No. DE 16-249 used to calculate rates, versus the actual kWh sales in the same period and higher than estimated expenses in that same period.

2. Border Sales

The Company estimates an over-refund to customers in the amount of \$27,180. As described in my testimony filed on May 23, 2017, the Company has included the over-refund in the Energy Service Adjustment Factor rather than charge a separate line item to allow for the rate to end. The Border Sales Over-Refund is included in Schedule HMT-5, page 1, line 6.

3. RPS

On Schedule HMT-4, the Company presents the actual reconciliation of RPS compliance adder revenue and expense by month. The Company has an over-

collection of \$612,228, which was primarily caused by the fact that the Company was able to procure all of its RECs at prices below the ACP. The rates proposed in DE 16-249 were predicated on a combination of REC purchases and payment of the ACP.

4. Energy Service Adjustment Factor (ESAF)

The result of the Company's ESAF reconciliation for the prior period is an under-collection of \$30,258 as shown in HMT-5, page 2.

Schedule HMT-5, page 1, provides a calculation of the ESAF to be charged to customers effective August 1, 2017. The ESAF includes an under-collection of Energy Service, the under-collection associated with the ESAF for the previous period, the accrual calculation as approved in Docket No. DE 16-383, the over-refund of Border Sales, and the over-collection of RPS. The net of these amounts is an under-collection of \$1,479,514 which, when divided by the forecasted Energy Service kWh sales, results in an ESAF of \$0.00335 to be included in Energy Service rates effective August 1, 2017.

5. Energy Service Cost Reclassification Adjustment Factor (ESCRAF)

The ESCRAF reconciles the Company's administrative cost of providing Energy Service with its Energy Service revenue associated with the collection of administrative costs and the excess or deficiency resulting from that reconciliation. The total estimated commodity related costs is \$771,784, which includes an under collection of \$442,261 for the period of August 2016 through July 2017, and the total forecast of administrative costs such as payroll, working capital and bad debt, as shown in HMT-6. The Company is proposing an ESCRAF of \$0.00133 for the Small Customer Group and an ESCRAF of \$0.00304 for the Large Customer Group.

C. Rate Proposal

Granite State is proposing a fixed six-month base Energy Service rate for the period of August 1, 2017, through January 31, 2018, for the Small Customer Group¹ based on a weighted average of the six monthly contract prices contained in the supply agreement with the winning Energy Service supplier for the Small Customer Group. The adjustments described above are then added to (or subtracted from) the base Energy Service rate to determine the Energy Service rate to be billed to customers.

The Company is also proposing monthly Energy Service rates for the Large Customer Group² based on the six monthly contract prices contained in the supply agreement with the winning Energy Service supplier for the Large Customer Group. The adjustments described above are then added to (or subtracted from) the base Energy Service rate to determine the Energy Service rate to be billed to customers.

¹ Customers taking service under Domestic Service Rate D; Domestic Service - Optional Peak Load Pricing Rate D-10; Outdoor Lighting Service Rate M; Limited Total Electrical Living Rate T; General Service Rate G-3; or Limited Commercial Space Heating Rate V of the Company's Retail Delivery Tariff.

² Customers taking service under General Long-Hour Service Rate G-2 or General Service Time-Of-Use Rate G-1 of the Company's Retail Delivery Tariff.

1. Small Customer Group

The Energy Service rate for the period of August 1, 2017, through January 31, 2018, for the Small Customer Group is \$0.08644 per kWh as calculated on Schedule HMT-2.

2. Large Customer Group

The Energy Service rates for the period of August 1, 2017, through January 31, 2018, for the Large Customer Group are calculated on Schedule HMT-1 and are as follows:

| | <u>Large Customer Group</u> | | | | | |
|--------------|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>Aug-17</u> | <u>Sep-17</u> | <u>Oct-17</u> | <u>Nov-17</u> | <u>Dec-17</u> | <u>Jan-17</u> |
| Base ES Rate | \$0.06103 | \$0.05955 | \$0.05875 | \$0.06635 | \$0.08365 | \$0.10569 |
| ESAF | \$0.00335 | \$0.00335 | \$0.00335 | \$0.00335 | \$0.00335 | \$0.00335 |
| ESCRAF | \$0.00304 | \$0.00304 | \$0.00304 | \$0.00304 | \$0.00304 | \$0.00304 |
| <u>RPS</u> | <u>\$0.00425</u> | <u>\$0.00425</u> | <u>\$0.00425</u> | <u>\$0.00425</u> | <u>\$0.00425</u> | <u>\$0.00411</u> |
| Total | \$0.07167 | \$0.07019 | \$0.06939 | \$0.09429 | \$0.09429 | \$0.11619 |

D. Bill Impacts

As shown in Schedule HMT-7, for a residential customer taking Energy Service using 650 kWh per month, the total bill impact of the proposed rate in this filing as compared to rates effective today, is an increase of \$6.59 per month or 5.92 percent, from \$111.43 to \$118.02 per month.

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