

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 20-053

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

2020 Default Service Solicitations

Order Approving Solicitation Process and Resulting Rates

ORDER NO. 26,431

December 14, 2020

APPEARANCES: Michael J. Sheehan, Esq., on behalf of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities; and Christopher R. Tuomala, Esq., on behalf of Commission Staff.

This order approves Liberty's competitive solicitation of energy supply for its large and small customer groups and authorizes Liberty to recover the costs of that supply through rates effective with services rendered on and after February 1, 2021. As a result, residential rates for default energy service will decrease from the current rate of 6.825 cents per kilowatt-hour to 6.426 cents per kilowatt-hour. The approved residential rate is 0.767 cents per kilowatt-hour lower than the energy service rate charged for the February 1, 2020, through July 31, 2020, time-period last year.

I. PROCEDURAL HISTORY

On October 22, 2020, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (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, 2021, through July 31, 2021. On December 7, Liberty filed the results of its 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).¹ After noting errors contained within the original filing, the Company filed revised versions of the same documents on December 9, and included an additional comparison schedule of the rates effective February 1, 2020, with the requested rates.

Liberty made its filings 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 of John D. Warshaw, Manager, Electric Supply for Liberty Utilities Service Corp.; and a technical statement and schedules of David B. Simek, Manager, and Adam M. Hall, Analyst, Rates and Regulatory Affairs for Liberty Utilities Service Corp.

Mr. Warshaw's pre-filed testimony describes the energy service solicitation and bid evaluation process used by the Company. Messrs. Simek's and Hall's statement and schedules address the calculation of the proposed energy service rates and bill impacts. Certain schedules included in this filing contain information that Liberty claims is confidential pursuant to the New Hampshire Code of Administrative Rules, Puc 201.06(a)(15), including the Company's master power agreement transaction confirmation with the winning suppliers, a bid evaluation and summary information, renewable energy certificate pricing, and retail meter commodity cost calculation.

¹ The Large Customer Group includes customers taking service under the General Long-Hour Service Rate G-2, or General Service Time-of-Use Rate G-1, under the Company's Retail Delivery Tariff. The Small Customer Group includes 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, under the Company's Retail Delivery Tariff.

The Office of the Consumer Advocate (OCA) previously filed a letter of participation pursuant to RSA 363:28 on April 28, 2020 but did not appear at the hearing. The Commission issued a secretarial letter on December 7, scheduling a hearing for December 11.

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 <http://www.puc.nh.gov/Regulatory/Docketbk/2020/20-053.html>.

II. POSITIONS

A. Liberty

1. RFP Process

Liberty's witnesses testified that the Company conducted its solicitation process consistent with the terms of the settlement agreement approved in Order No. 24,577. Liberty issued a request for proposals (RFP) on November 2, 2020. The Company distributed the RFP to a number of potential suppliers, all members of the New England Power Pool's Markets Committee, and posted the RFP on its website. The RFP requested fixed pricing for each month of service on an as-delivered energy basis. Liberty received indicative proposals on November 24, and final bids one week later.

Liberty evaluated the bids received for each customer group, and chose the supplier that (1) provided a bid that conformed to the RFP, (2) had the lowest price, (3) met the credit requirements described in the RFP, and (4) passed Liberty's qualitative evaluation.

On December 3, 2020, Liberty entered into a wholesale Transaction Confirmation (Schedule JDW-4) with Calpine Energy Services L.P. (Calpine), the winning bidder to provide energy to the Large Customer Group for the six-month period February 1, 2021, through July 31, 2021. Liberty filed the First Amendment to the Calpine Master Power Agreement with the Commission in Docket

No. DE 16-249, Liberty's 2017 energy service docket. Also on December 3, Liberty entered into a wholesale Transaction Confirmation (Schedule JDW-5) with NextEra Energy Marketing, LLC (NextEra), the winning bidder to provide energy to the Small Customer Group for the six-month period February 1, 2021, through July 31, 2021. Liberty filed the First Amendment to the NextEra Master Power Agreement with the Commission in Docket No. DE 10-020. Liberty intends to use existing Master Power Agreements and any amendments that are currently in place with suppliers.

According to Liberty, the base load-weighted average of the power supply costs for the Large Customer Group for the six-month period beginning February 1, 2021, will be 6.052 cents per kilowatt-hour (kWh), as compared with the current load-weighted average of 6.340 cents per kWh for the six-month period ending January 31, 2021. For the February 1, 2020, through July 31, 2020 time-period, the load-weighted average of power supply costs for the Large Customer Group was 6.591 cents per kWh. *Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities*, Order No. 26,372 at 4 (June 29, 2020).

The base load-weighted average of power supply costs for the Small Customer Group for the six-month period beginning February 1, 2021, will be 6.024 cents per kWh, as compared with the current load-weighted average of 6.423 cents per kWh. For the February 1, 2020, through July 31, 2020, time-period, the load-weighted average of power supply costs for the Small Customer Group was 7.177 cents per kWh. *Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities*, Order No. 26,372 at 4 (June 29, 2020).

Mr. Warshaw testified that the lower market prices are consistent with the Company's energy price forecasts. He testified that the forward prices for power are down, and that the decrease in the forward capacity market price contributed to lower power supply costs.

2. RPS Adder

Liberty includes a Renewable Portfolio Standard (RPS) adder in the calculation of energy service rates for both the Large and Small Customer Groups.² Liberty complies with the RPS requirement by purchasing renewable energy certificates (RECs), where one REC corresponds to one megawatt-hour of certified renewable electric energy. The RPS adder recovers the Company's costs associated with procuring RECs for compliance with the RPS statute.

Liberty requested that the current RPS compliance adder of 0.743 cents per kWh, approved in the prior default service hearing, remain in effect for the entire six-month period February 1, 2021, through July 31, 2021. Liberty said that maintaining the current RPS adder will better align the revenue and costs incurred to meet the RPS obligations, which is subject to reconciliation in Liberty's next default service filing.

3. Retail Rates

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 Adjustment Factor (ESAF), and the Energy Service Cost Reclassification Adjustment Factor (ESCRAF). In this filing, the ESAF is a credit, or reduction, of 0.378 cents per kWh to the rates of both the Large and Small Customer Groups. The ESCRAF is a charge of .037 cents for the Small Customer Group and 0.081 cents for the Large Customer Group. Liberty calculated the energy service rate for the Small Customer Group, adjusted for the RPS, ESAF, and ESCRAF components, to be 6.426 cents per kWh, a reduction from the current retail rate of 6.825 cents per kWh.

For the Large Customer Group, 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

² New Hampshire Renewable Portfolio Standard (RPS) requirements are set forth in RSA 362-F.

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.

**Large Customer Group Rate (cents per kWh)
February 1, 2021, through July 31, 2021**

February	March	April	May	June	July
8.245	7.249	6.449	5.979	5.555	5.906

B. Staff

Staff said that Liberty had appropriately conducted the solicitation and selected winning bidders consistent with prior Commission orders, and that the solicitation was competitively bid, consistent with the restructuring principles of RSA 374-F. Staff also stated that the resulting rates are market based, and are just and reasonable as required by RSA 378. Staff recommended that the Commission approve Liberty's petition.

III. COMMISSION ANALYSIS

We find that Liberty complied with the procedures set forth in the settlement agreement approved in Order No. 24,577, as amended in subsequent dockets, regarding its issuance of the RFP, its analysis of the bids, and its selection of the winning bidders. We are satisfied that Liberty took appropriate steps to solicit multiple potential suppliers in order to receive competitive bid responses. We find that the results are consistent with the requirements of RSA 374-F:3, V(c) that default service be procured through the competitive market, and we find that the resulting rates are just and reasonable.

We further find that Liberty's evaluation of the bids and its selection of suppliers were reasonable and appropriate. Liberty's testimony and its bid evaluation report indicate that bid prices reflect expected market conditions for the six-month period beginning February 1, 2021. Finally,

based on the testimony and other evidence provided by the Company, we approve the RPS adder and the proposed rates.

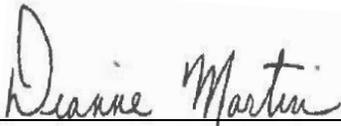
Based upon the foregoing, it is hereby

ORDERED, that the Master Power Agreement and Transaction Confirmation entered into by Liberty Utilities with Calpine Energy Services L.P., for the six-month power supply requirements beginning February 1, 2021, until July 31, 2021, for the Large Customer Group, and the resulting rates, are hereby APPROVED; and it is

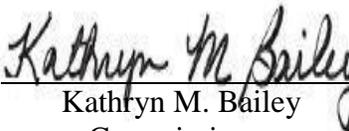
FURTHER ORDERED, that the Master Power Agreement and Transaction Confirmation entered into by Liberty Utilities with NextEra Energy Marketing, LLC, for the six-month power supply requirements beginning February 1, 2021, until July 31, 2021, for the Small Customer Group, and the resulting rates, are hereby APPROVED; and it is

FURTHER ORDERED, that Liberty Utilities shall file conforming tariffs within 30 days of the date of this order, consistent with N.H. Admin. R., Part Puc 1603.

By order of the Public Utilities Commission of New Hampshire this fourteenth day of December, 2020.



Dianne Martin
Chairwoman



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

Service List - Docket Related

Docket#: 20-053

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