

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, 2019, to January 31, 2020
Reconciliation for the Period August 1, 2018, to July 31, 2019

Docket No. DE 19-059

Technical Statement of David B. Simek

June 17, 2019

A. Purpose of Technical Statement

On June 7, 2019, 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, 2018, to July 31, 2019.

On June 11, 2019, 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, 2019.

B. Update to Reconciliation

1. Energy Service

The result of the Company’s Energy Service reconciliation is an under-collection of \$1,094,672 as shown in DBS-3, page 1. This is primarily due to the difference in projected kilowatt-hour (kWh) sales based on a sales forecast in Docket No. DE 18-041 used to calculate rates, versus the actual kWh sales in the same period.

2. RPS

On Schedule DBS-4, the Company presents the actual reconciliation of RPS compliance adder revenue and expense by month. The Company has an over-collection of \$62,693, which was primarily due to the Company being able to procure all of its RECs at prices below the ACP. The rates proposed in DE 18-041 were predicated on REC bids received on November 26, 2018.

3. Energy Service Adjustment Factor (ESAF)

The result of the Company’s ESAF reconciliation for the prior period is an over-collection of \$4,982,792 as shown in DBS-5, page 2.

Schedule DBS-5, page 1, provides a calculation of the ESAF to be charged to customers effective August 1, 2019. The ESAF includes: (1) the under-collection of Energy Service \$1,094,672; (2) the over-collection associated with the ESAF for

the previous period (\$4,982,792); and (3) the over-collection of RPS (\$62,693). The net of these amounts is an over-collection of (\$3,950,813) which, when divided by the forecasted Energy Service kWh sales, results in an ESAF of (\$0.00822) to be included in Energy Service rates effective August 1, 2019.

4. 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 are \$780,381, which includes an under-collection of \$369,071 for the period of August 2018 through July 2019, and the total forecast of administrative costs such as payroll, working capital and bad debt, as shown in DBS-6. The reason this cost is an under-collection is the result of an ESCRAF rate resulting from the previous reconciliation, in Docket DE 18-041, that was based on forecasted data. The actual revenue collected at that ESCRAF rate was less than the expenses incurred. The Company is proposing an ESCRAF of \$0.00127 for the Small Customer Group and an ESCRAF of \$0.00261 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, 2019, through January 31, 2020, 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. Small Customer Group

The Energy Service rate for the period of August 1, 2019, through January 31, 2020, for the Small Customer Group is \$0.07710 per kWh, as calculated on Schedule DBS-2.

2. Large Customer Group

The Energy Service rates for the period of August 1, 2019, through January 31, 2020, for the Large Customer Group are calculated on Schedule DBS-1 and are as follows:

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.