

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 21-087

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

2021 Default Service Solicitations

Order Approving Solicitation Process and Resulting Rates

O R D E R N O. 26,559

December 27, 2021

In this order, the Commission approves adjustments to Liberty's electric energy service rates for effect between February 1, 2022 and July 31, 2022. The energy service rates allow Liberty to recover from its ratepayers the cost Liberty incurs in purchasing electricity to serve customers. Liberty utilizes a competitive bidding process through which power generators and other resources from the New England wholesale electric market participate. The energy service rates are therefore reflective of the current market conditions of higher wholesale electric prices, leading to increased electric supply rates for both small and large customers. For small customers (including residential customers) energy service costs will increase from the current rate of 8.396 cents per kWh to 11.119 cents per kWh, which is 4.699 cents per kWh higher than the energy service rate for the same six-month period last year. The energy service rate consists of the cost of competitively procured electric energy supply and a 0.684 cent per kWh charge for compliance with New Hampshire's renewable portfolio standard, less rate adjustment factors. The Commission estimates that the rates authorized for small and large customer classes will result in \$1.5 million in revenue for renewable portfolio standard compliance.

I. PROCEDURAL HISTORY

On October 5, 2021, 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, 2022, through July 31, 2022. On October 19, Liberty filed a request for a hearing to be scheduled. On October 22, the Commission issued a procedural order scheduling a hearing for December 22, 2021.

On December 15, 2021, the New Hampshire Department of Energy (Energy) filed a notice of appearance.

On December 17, 2021, 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).

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 the pre-filed testimony and schedules of Heather M. Tebbetts, Manager of Rates and Regulatory Affairs for Liberty Utilities Service Corp., 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. Ms. Tebbetts and Mr. Hall's pre-filed

testimony 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.

The Office of the Consumer Advocate (OCA) filed a letter of participation pursuant to RSA 363:28 on December 20, 2021.

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/2021/21-087.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 1, 2021. 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 on its website. The RFP requested fixed pricing for each month of service on an as-delivered energy basis. Liberty received indicative proposals on December 7, 2021, and final proposals one week later on December 14, 2021.

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 14, Liberty entered into a wholesale Transaction Confirmation with NextEra Energy Marketing, LLC (NextEra), the winning bidder to provide energy to the Small Customer Group for the six-month period February 1, 2022, through July 31, 2022. On December 15, 2021, Liberty entered into a wholesale Transaction Confirmation with Dynegy Marketing and Trade, LLC (Dynegy), the winning bidder to provide energy to the Large Customer Group for the six-month period February 1, 2022, through July 31, 2022. The solicitation for the Large Customer Group consisted of two separate tranches of three months each (February to April, 2022 *and* May to July, 2022), and the same bidder won both tranches.

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, 2022, will be 10.626 cents kWh, as compared with the current load-weighted average of 7.914 cents per kWh for the six-month period ending January 31, 2022. For the February 1, 2021, through July 31, 2021 time-period, the load-weighted average of power supply costs for the Large Customer Group was 6.052 cents per kWh. *Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities*, Order No. 26,431 at 4 (December 14, 2020).

The base load-weighted average of power supply costs for the Small Customer Group for the six-month period beginning February 1, 2022, will be 11.119 cents per kWh, as compared with the current load-weighted average of 8.396 cents per kWh. For the February 1, 2021, through July 31, 2021, time-period, the load-weighted average of power supply costs for the Small Customer Group was 6.024 cents per

kWh. *Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities*, Order No. 26,431 at 4 (December 14, 2020).

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.¹ 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 0.684 cents per kWh, approved in the prior default service hearing, remain in effect for the entire six-month period February 1, 2022, through July 31, 2022. Liberty stated 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.

At hearing, Liberty agreed to make a filing in January relating its RPS costs, including a summary REC purchases, the status RPS compliance, and issues relating to Class III REC purchases including over-purchasing and treatment of costs incurred in excess of the ACP rate in compliance year 2020.

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 Reconciliation Adjustment Factor (ESRAF), and the Energy Service Cost Reclassification Adjustment Factor (ESCRAF). In this filing, the ESRAF is a

¹ New Hampshire Renewable Portfolio Standard (RPS) requirements are set forth in RSA 362-F.

charge of 0.146 cents per kWh to the rates of both the Large and Small Customer Groups. The ESCRAF is a credit of .048 cents for the Small Customer Group and 0.115 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 11.119 cents per kWh, an increase from the current retail rate of 8.396 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 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, 2022, through July 31, 2022**

February	March	April	May	June	July
20.258	13.422	8.985	7.084	7.443	8.324

For Battery Storage/Residential EV Charging customers, Liberty calculated a Critical Peak rate of \$0.12636 Cents per kWh, a Mid Peak rate \$0.12161 Cents per kWh, and the Off Peak rate to be \$0.10659 Cents per kWh.

B. Department of Energy

Energy 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. Energy also stated that the resulting rates are market-based and are just and reasonable as required by RSA 378. Energy recommended that the Commission approve Liberty's petition.

C. Office of the Consumer Advocate

The OCA supported the default energy service rates, agreeing that Liberty complied with the applicable requirements for conducting the solicitation in the Settlement Agreement. According to the OCA, the process and results provide the Commission an adequate basis to approve the resulting default energy service rates as just and reasonable.

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, 2022. 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 Dynegy Marketing and Trade, LLC, for the six-month power supply requirements beginning February 1, 2022, until July 31, 2022,

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, 2022, until July 31, 2022, for the Small Customer Group, and the resulting rates, are hereby APPROVED; and it is

FURTHER ORDERED, that Liberty shall make a filing no later than January 31, 2022 relating to RPS compliance as discussed herein above, and shall provide its REC purchases, banking, use, retirement, costs, and write-offs in live spreadsheets for all the schedules and supporting work papers; and it is

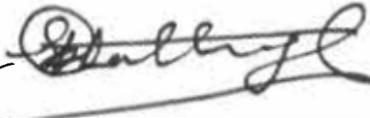
FURTHER ORDERED, that in future Energy Service filings, Liberty shall provide the total dollar commitment for default service, dollar spend for RPS, and dollar spend for administrative costs, as well as the live spreadsheets for all the schedules including supporting work papers; and it is

FURTHER ORDERED, that Liberty Utilities shall promptly file properly annotated tariff pages in compliance with this order no later than 15 days from the issuance date of this order., consistent with N.H. Admin. R., Part Puc 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of December, 2021.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

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