Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty

DG 22-041

Petition for Approval to Recover Revenue Decoupling Adjustment Factor Costs

Department of Energy Data Requests - Set 1

Date Request Received: 12/8/22
Request No. DOE 1-1

Date of Response: 12/22/22
Respondent: Erica Menard

REQUEST:

Concerning "Equivalent Bills" - reference, for example, in Liberty's December 1, 2022 Supplemental Filing, in the Excel file titled "2022-12-01 DG 22-041 Attachment SUPP-ELM-1.xlsx" in tab "202007 Test Year Billing Data, Rows 6 through 26":

a. Please provide the associated/background data supporting the calculation of the "Equivalent Bills".
b. Please provide a narrative description of these "Equivalent Bills" explaining how the various quantities of Equivalent Bills shown are calculated.

RESPONSE:

a. For the example cited in the request above, the equivalent bills are from the calendar 2016 test year billing data in Docket No. DG 17-048. For that proceeding, the equivalent bills were computed in four (4) separate parts: legacy EnergyNorth, Keene, Concord Steam Adjustment, and End of Year Adjustment. The legacy EnergyNorth portion comprises most of the equivalent bills, accounting for approximately 97 percent of the total. The source for the legacy EnergyNorth data is the 2016 Bills & Volume Reports shown in twelve monthly Excel files with the naming convention ENN Revenue 2016_*mm* Bills&Volume (V4A).xlsx where *mm* is the month number. See Attachment DOE 1-1.zip, which contains the twelve Excel files.
b. An equivalent bill is the Company term for the billing determinant used to calculate the customer charge for each customer's bill under the rate schedules in the Company's tariff. It is defined as the number of days in the billing period for that bill divided by 30 as shown below:

   Equivalent Bill = Number of Billing Days / 30

   And the billing amount for the customer charge is computed as:

   Billing Amount = Equivalent Bill * Monthly Customer Charge Rate

The Equivalent Bills are calculated directly from a data file containing the billing detail records for every bill rendered in the month. For each billing detail line containing a customer charge record, the Equivalent Bill for that line is computed as:

Equivalent Bill = Billing Amount / Monthly Customer Charge Rate

The results of the individual billing detail line calculations are then summed and aggregated by rate class to produce the values shown for that rate class for each month in the Bills & Volume Reports.

SUPPLEMENTAL

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty

DG 22-045

Winter 2022–2023 and Summer 2023 Cost of Gas
Re: LDAC Filing August 2, 2022

Department of Energy Data Requests - Set 1

Date Request Received: 8/9/22	Date of Response: 9/8/22
Request No. DOE 1-4 (Supplemental)	Respondent: James Bonner

REQUEST:

Reference: Testimony of Catherine A. McNamara, Bates 008-09; Order No. 26, 122 (April 27, 2018) in DG No. 17-048

The decoupling mechanism, approved in Order No. 26, 122, was intended to "*allow rate adjustments for weather, energy efficiency, economic effects and other variables and allow Liberty to earn distribution revenues on a per customer basis, thus eliminating substantial revenue risks. Paired with this innovative decoupling mechanism is a modified rate design that lowers fixed customers charges. The reduction in risk leads to a return on equity of 9.3 percent, which represents a 10 basis point reduction in the return on equity . . . .*" See Order 26, 122 at 1. The Order also "*address[es] the various other issues raised in this case that do not directly affect revenue deficiency, such as rate design and decoupling.*" *Id.* at 8. "*The* [decoupling] *mechanism was designed to sever the link between Liberty sales and revenues to remove the Company's disincentive to promote energy conservation that is inherent in traditional rate making. Liberty's distribution revenue per customer targets would be set based on test year information and then, going forward, rates would be adjusted twice annually (up or down) to allow the Company to collect its target revenue, calculated using actual customer counts. By using a revenue-per-customer mechanism, Liberty has an incentive to add customers and to control costs. The mechanism would shield Liberty from changes in sales due to conservation (both utilities sponsored and other) as well as weather swings and economic factors. See id.* at 42-43 (citing Exhibit 8 at 282-290)

a) Testimony asserts that the "purpose of the RDAF is to recover or refund, on an annual basis, the difference between the Actual Base Revenue per Customer and the Benchmark Base Revenue per Customer." Please confirm that this sentence describes the manner in which Liberty anticipates the RDAF formula will work. Please provide a narrative description of the purpose of decoupling, consistent with Order No. 26,122.

b) Liberty has identified a total RDAF under-collection for residential revenue of approximately $3.564 million dollars for the Winter 2021-22 and Summer 2022 period. See Bates 086. Please explain in detail what factors, including but not limited to changes-in-sales due to conservation, weather swings, and "economic factors" resulted in this under-collection. Please identify "economic factors" individually. Please provide the amount of the under-collection per category and factor (e.g., what amount and percentage of the $3.564 million is associated with weather adjustments, what with changes-in-sales due to conservation, etc.).

c) Please discuss and explain, in detail, why the under-collection of approximately $3.564 million is of this magnitude. Please provide live excel spreadsheets showing all calculations including but not limited to calculations provided in schedules filed on August 2, 2022. See DOE 1-1.

d) Please confirm that Liberty makes weather adjustments monthly on customer bills and explain that process in a narrative format. If weather adjustments are made monthly, please explain whether there is an under-collection related to weather swings, and if so, why.

e) Please confirm that, in the context of matters at issue in Dkt. No. 22-041, Liberty has stated that the RDAF was not expected to result in adjustments in the ranges of millions of dollars and was instead expected to result in adjustments of smaller magnitude, perhaps hundreds of thousands. If Liberty does not confirm this statement, please explain why Liberty believes RDAF adjustments in the millions of dollars is what the decoupling mechanism anticipated and/or intended.

f) Please answer all of the above data requests with regard to the commercial and industrial under-collection of $841,320. See Bates 086.

g) Please provide backup schedules in live Excel files for lines 4, 5, 14 and 15 at Bates 088 along with a narrative description of those lines and a definition of "*True up*".

RESPONSE:

a) Liberty confirms that the purpose of the Revenue Decoupling Adjustment Factor ("RDAF") is to reconcile the difference between the actual revenue collected and the allowed revenue. Liberty's tariff, NHPUC No. 11 Gas, describes the RDAF beginning on page 35. This definition and methodology were revised in Liberty's 2020 rate case in Docket No. DG 20-105 and replaces the RDAF methodology from the 2017 rate case in Docket No. DG 17-048.

   The purpose of decoupling is to separate a utility's revenue from customer usage. During a general rate case, revenue levels are established based on the costs to run and maintain a safe and reliable gas system. Under a decoupling framework, this revenue will not be affected by customer usage that varies due to abnormal weather, conservation, or energy efficiency.

   Liberty's Revenue Decoupling Mechanism ("RDM") establishes per-customer revenue targets for each rate class, which are referred to as the "allowed" revenue targets. In the annual RDM reconciliation, the allowed revenue target for each rate class is compared to the "actual" revenues collected from customers in each respective rate class. The difference between allowed revenue targets and actual revenues collected is refunded to, or collected from, customers through a reconciling rate mechanism known as the Revenue Decoupling Adjustment Factor ("RDAF"). Through this annual reconciliation process, the Commission ensures that Company obtains recovery of its total authorized revenue, no more and no less. While the purpose of revenue decoupling has not changed since the Company's initial proposal in Docket No. DG 17-048 and approved in Order No. 26,122, the method of calculating the allowed revenue targets has changed. The RDAF as presented in the Company's LDAC filing on August 2, 2022, follows the Settlement Agreement in Docket No. DG 20-105 as described below:

> 11.1 Decoupling. As this is the first general rate case since the implementation of decoupling, the Settling Parties agree that this is an opportunity to clarify the process surrounding the decoupling mechanism and the associated tariff language. The Agreement consists of five points regarding decoupling:
>
> a) The calculation of the revenue per customer (RPC) for permanent rates shall include:
>
>   i. the end of year calendar month bill count adjustment in the denominator of the calculation for the test year;
>
>   ii. the volumetric therms used for the calculation shall reflect the monthly bill counts adjusted for the end of year calendar month bill counts; and
>
>   iii. the RPC for the permanent rate increase shall not change until the next rate case.
>
> b) The calculation of the incremental revenue per customer for subsequent non-rate case rate changes such as but not limited to, step adjustments, property tax reconciliation, and temporary rates, shall (i) use actual calendar month bill counts for the same time period being used to determine the calculation of each new RPC, and (ii) add each incremental RPC to the RPC from the rate case.
>
> c) Because the MEP Premium is not subject to decoupling, the RPC calculations that are used to calculate the allowed revenue and the Revenue Decoupling Adjustment Factor shall not include the MEP Premium.
>
> d) Each month the Company shall record a Revenue Decoupling Adjustment (RDA) in the balance sheet RDA Accounts in accordance with generally accepted accounting principles, including: (i) the Revenue Decoupling Adjustment which is the difference between the Monthly Allowed Revenue and the Monthly Actual Distribution Revenue; (ii) the reconciliation amounts collected or distributed through the RDAF recorded in the RDA Accounts for each Customer Class Group; and (iii) the accrued interest on the RDA Accounts calculated on the average monthly balance using the prime lending rate.
>
> e) The RPC calculations, including equivalent bill calculations and associated usage per customer, shall be submitted with each rate increase filing and the associated tariff compliance filing.

The tariff has been amended as shown in Appendix 11 to effectuate the above understanding.

b) The methodology for comparing actual revenues to allowed revenues does not explicitly break out the differences into the various categories.

c) Due to the extensive amount of analysis required to respond to this request, the Company will provide a follow-up response on 8/19/22.

d) Yes, Liberty does make weather adjustments on each customer's bill during the Winter Season (November 1 through April 30) in accordance with the "real-time" weather normalization adjustment ("NWA"), which was part of the "settlement decoupling proposal" approved by Order No. 26,122 (Apr. 27, 2018).

As outlined in the Agreement Regarding Permanent Rates in Docket No. DG 17-048, Section F, "The real-time weather normalization adjustment is calculated as the difference between actual distribution revenue billed to each customer in each billing cycle for each month, and what distribution revenue for each customer's bill would have been based on normalized therm deliveries. The resulting charge or credit will be added to or subtracted from each customer's bill at the time the bill is rendered (i.e., 'real time')."

Whether there is a positive NWA (an under-collection of distribution revenue) or a negative NWA (an over-collection of distribution revenue) for a particular bill depends solely on whether the actual heating degree days ("Actual HDD") is less than the 30-year normal heating degree days ("Normal HDD") for the billing period (under-collection) or more than the Normal HDD (over-collection). For the most recent twelve-month period ending July 31, 2022, the NWA has recovered a net under-collection of $2,449,703 from all customers.

e) Docket No. DG 22-041 is intended to discuss the flaw in the tariff approved in the DG 17-048 rate case that resulted in an amount returned to customers through the RDAF that was not expected due to a mismatch in how the allowed revenue targets were set as compared to the actual revenues. The current RDAF calculation as part of the LDAC reconciliation follows a different methodology than that described in Docket No. DG 22-041. Liberty does not have magnitude expectation for the RDAF as it will depend on changes in the underlying factors of therm sales and use per customer. Ultimately, the goal of revenue decoupling is to allow the Company to achieve the allowed revenue target level.

f) Due to the extensive amount of analysis required to respond to this request, the Company will provide a follow-up response on 8/19/22.

g) The Revenue Decoupling Adjustment Factor ("RDAF") is designed to eliminate the link between volumetric sales and company revenue in order to align the interests of the Company and customers with respect to changing customer usage. The computation of the RDAF and a description of each component are below.

- The Over/Under Beginning balance is the balance brought forward ("BBF") and represents the rolling (over)/under collection of the previous season.

- The Company then adjusted the BBF to remove the 2018/2019 and 2019/2020 Filings $4.024 million RDAF issue as that has been moved to Docket No. DG 22-041.
- The Monthly billing activity represents the actual distribution revenue collected from or refunded to customers, less the MEP premium. These are billed or refunded revenues collected or returned, as applicable in the September 2021 – August 2022 period. Rates are set each November for a new billing year. Beginning in November 2021, these are billed revenues collected in the 2021/2022 billing year for the 2020/2021 excess or deficiency from the previous decoupling year. The activity before November 2021 represents refunds to customers from the 2019/2020 filing. The period November 2021 shows a refund to customers as much of the activity in the November customer bills relates to October usage.
- The Monthly revenue difference Inc/(Dec) revenue on lines 4 and 14 of the original filing is the initial calculation of the monthly difference between the Benchmark Base Revenue per Customer times the actual number of Equivalent Bills for the applicable Customer Class ("allowed revenue") and the Actual Base Revenue for that month ("actual revenue"). These costs are included in the current filing (2022/2023). The difference in the allowed and actual revenues for the September 2021 – August 2022 decoupling year is collected in a future LDAC billing year.
- The True Up on lines 5 and 15, of the original filing is the adjustment for actual revenues booked following the calendar month. This true-up occurs for four months after the month closes. The main driver of these true ups is due to the estimation of unbilled revenue in the "Monthly revenue difference" calculation on lines 4 and 14. In addition to adjusting estimated unbilled revenue to actual revenue in the following month, the true ups can include adjustments for cancels and rebills as they occur.
- The Interest is the calculated interest of the deferral accounts included in this filing.
- The net of the previous components are the total costs for which the Company includes in the RDAF component of the LDAC rate.
- These excess or deficiency revenues for the decoupling year are then divided by the forecasted therm sales for the LDAC billing period to derive the calculated RDAF component rate.

Docket No. DG 22-045 Request No. DOE 1-4 (Supplemental)

BBF Net Residential	$ 4,967,111.47
less $4m adj	$ (4,024,829.77)
Adjusted BBF Residential	$ 942,281.70
Billing Activity related to last years LDAC(2021/2022)	$ (574,181.63)
Monthly revenue difference Inc/(Dec) revenue or costs to be recovered in next filing (2022/2023)	$ 1,235,355.63
True-Up	$ 1,060,986.59
Interest	$ 99,695.63
Net Asset & Liab Balance Residential	$ 2,764,137.93
BBF Net Commercial	$ 470,960.22
less $4m adj	$ -
Adjusted BBF Commercial	$ 470,960.22
Billing Activity related to last years LDAC(2021/2022)	$ (210,663.28)
Monthly revenue difference Inc/(Dec) revenue or costs to be recovered in next filing (2022/2023)	$ (712,697.57)
True-Up	$ 801,753.66
Interest	$ 7,960.58
Net Asset & Liab Balance Commercial	$ 357,313.61

See Attachment DOE 1-4.g.xlsx for the live spreadsheet of the table above.

SUPPLEMENTAL RESPONSE:

c) The Company is providing a live Excel file Attachment DOE 1-4 c.1 Sch4 RDAF Revised.xlsx. This file provides an updated presentation of Schedule 4 filed in the August 2, 2022, and September 1, 2022, LDAC filings. It is intended to provide a better presentation of the two components that factor into the RDAF rate: 1) the over- or under-collection of the forecasted rate as shown on Page 2, and 2) the revenue decoupling mechanism deficiency or excess revenue as shown on Page 3.

For the over- or under-collection of the forecasted RDAF rate on Page 2, when the annual LDAC rate filing is prepared, the prior period over- or under-collection is obtained from the Company's books, specifically the asset account (FERC Account 182). The amount collected through customer bills is compared to the amount to be collected from or refunded to customers due to the deficiency or excess from the revenue decoupling adjustment. Since the RDAF rate is calculated based on forecasted therm sales volumes, any variance between actual sales and forecasted sales will create an over- or under-collection during the LDAC billing year. The Sch4 RDAF Page2 Nov21 to Oct22 tab in Attachment DOE 1-4 c.1 Sch4 RDAF Revised.xlsx contains an updated reconciliation of the asset account to demonstrate the over- or under-collection of the RDAF rate. This is similar to what is shown on Bates 087 of the August 2, 2022, filing and Bates 033 of the September 1, 2022, revised LDAC filing. The estimated over- or under-collection from the prior LDAC billing period (November 1 – October 31) is added to the second component of the RDAF rate, which is the deficiency or surplus from the prior revenue decoupling year (September 1 – August 31).

The revenue deficiency or surplus for the most recent decoupling year is shown on Page 3 and is calculated by comparing the allowed revenue per customer as compared to the actual revenue per customer. The Sch4 RDAF Page 3 tab in Attachment DOE 1-4 c.1

Sch4 RDAF Revised.xlsx provides an updated presentation of the 2021/2022 decoupling year deficiency. The live Excel file Attachment DOE 1-4 c.2 Sch4 RDAF Page 3 backup.xlsx contains the support for the GL account as shown on Bates 088 of the August 2, 2022, filing and Bates 034 of the September 1, 2022, revised LDAC filing. Attachment DOE 1-4 c.3 ENNG Decoupling Entry 202107-202206.xlsx and Attachment DOE 1-4 c.4 KN Decoupling Entry 202107-202206.xlsx provide the support for the allowed revenue per customer as compared to the actual revenue per customer for EnergyNorth and Keene, respectively. In addition, the live Excel file Attachment DOE 1-4 c.5 EN KN monthly true-up calculations.xlsx provides the support for the monthly true-up calculations that are shown on Bates 088, lines 5 and 15 of the August 2, 2022, filing. The monthly true-ups are due to the estimation of unbilled revenue in the "Monthly revenue difference" calculation on lines 4 and 14. In addition to adjusting estimated unbilled revenue to actual revenue in the following month, the true-ups can include adjustments for cancels and rebills as they occur.

For the September 1, 2021, through August 31, 2022, decoupling year, the Company originally presented a revenue deficiency of $3,653,691 for the residential customer group and a revenue deficiency of $841,320 for the commercial customer group, however, those figures included beginning balances from a prior period. These beginning balances should have been reflected in the prior billing period over- or under-collection on Page 2 as these amounts represent prior period over/under collections from the RDAF rate as described above. The revised estimated revenue deficiency for the September 1, 2021, to August 31, 2022, decoupling year is $2,364,280 for the residential customer group and $77,305 for the commercial customer group.

In preparing the prior period reconciliation there was an adjustment made to the prior period beginning balances as presented on Page 2 and carried forward to Page 1, lines 1 and 6. As a result of these prior period adjustments, the overall forecasted RDAF amount changed resulting in a rate of $0.0395/therm for residential and $0.0042 for commercial.

f) Please see the response to part c above.

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty

DG 22-045

Winter 2022–2023 and Summer 2023 Cost of Gas
(COG and LDAC)

Department of Energy Data Requests - Set 3

Date Request Received: 10/27/22
Request No. DOE 3-1

Date of Response: 11/23/22
Respondent: Craig Holden

REQUEST:

Reference: LDAC filing (August 2, 2022), Supplemental LDAC filing (September 1) COG filing (dated September 1, 2022, filed September 2, 2022) and Updated filing (October 7, 2022) (hereinafter "COG filing" unless otherwise specified), and all Liberty EnergyNorth responses to data requests filed to date particularly Liberty's response to DOE DR Set 1 (including supplemental response filed on September 8, 2022).

Using the same Excel format used in Liberty's September 8, 2022 supplemental response to DOE DR Set 1, please define and provide information on allowed (or target) revenue and actual revenue for *regular monthly reconciliation* that occurs every month for the period September 2021 through August 2022. For the purposes of (audit) verification, please identify the relevant accounting entries for the actual revenue figures.

(If the information has already been provided in this or other docket(s), please clearly identify the source and the timeframe when it was provided, and a citation to allow DOE to review it, or attach a copy.)

Please provide live Excel files that correspond to any tables and schedules provided "Live" files should include the formulas and allow the user to input new figures, if needed.

RESPONSE:

Please see Attachment DOE 3-1.zip for the files that support the regular monthly reconciliation for the period September 2021 through August 2022. Within the .zip file, there are folders for both EnergyNorth (EN Decoupling Mnthly Adj Sept21 – Aug22) and Keene (KN Decoupling Mnthly Adj Sept21 – Aug22). Within each folder, there are two Excel workbooks and two PDF documents per month. Using January 2022 as an example, here are the four files with a brief description of each.

- Jan22 30. 39-Decoupling Entry -January 2022 & Tru Up.xlsx – Calculation of the monthly decoupling journal entry.

Docket No. DG 22-045 Request No. DOE 3-1

- Jan22 30. Egy_BillCalMo(Delv)_202201.pdf – Bill input support for the decoupling journal entry.
- Jan22 30. EN Jan 2022 Revenue Review CT 02.02.22.pdf – Revenue input support for the journal entry.
- Jan22 30. ENN Unbilled Accrual Entry - January 2022 CT review 02.07.22.xlsx – Calculation of the monthly unbilled revenue journal entry.

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty

DG 22-045

Winter 2022–2023 and Summer 2023 Cost of Gas
(COG and LDAC)

Department of Energy Data Requests - Set 3

Date Request Received: 10/27/22
Request No. DOE 3-2

Date of Response: 11/23/22
Respondent: Craig Holden

REQUEST:

Reference: COG filing

Using the same Excel format used in Liberty's September 8, 2022 supplemental response to DOE DR Set 1 please define and provide information on allowed (or target) revenue and actual revenue for *true-up reconciliation* that occurs four months after a given month (i.e., based on Liberty's earlier filing, it appears, that e.g., for the month of October 2021, the true-up reconciliation would occur in February 2022) for the period September 2021 through August 2022. If actual data is not available, please identify it accordingly and provide a narrative explanation as to when such data will be available. For all actual data, please identify the relevant accounting entries.

(If the information has already been provided in this or other docket(s), please clearly identify the source and the timeframe when it was provided, and a citation to allow DOE to review it, or attach a copy.)

Please provide live Excel files that correspond to any tables and schedules provided "Live" files should include the formulas and allow the user to input new figures, if needed.

RESPONSE:

Please see Attachment DOE 3-2.zip for the files that support the true-up reconciliation for the period September 2021 through August 2022. Within the .zip file, there are folders for both EnergyNorth (EN Decoupling True ups Sept21 – Aug22) and Keene (KN Decoupling True ups Sept21 – Aug22). Within each folder, there are two Excel workbooks per month. Using January 2022 as an example, here are the two files with a brief description of each.

- Jan22 entry 29. 35-Decoupling Entry -September 21 & Tru Up.xlsx – Refer to the month's "Tru up" tab for the calculation of four months of true-ups following the monthly decoupling journal entry. In this example, the final true-up entry posted in January relates to equivalent customer bills for September 2021.

- Jan22 29. Monthly Delivery Sheets - ENergy North.xlsx – Monthly delivery sheet breaking out the equivalent customer bills by the period (month) to which the bill relates.

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty

DG 22-045

Winter 2022–2023 and Summer 2023 Cost of Gas

Department of Energy Data Requests - Set 6 (part two)

Date Request Received: 4/6/23	Date of Response: 4/17/23
Request No. DOE 6-5	Respondent: Sue-Ellen Billeci

REQUEST:

Ref: Craig Holden's Technical Statement (December 8, 2022), Schedule 4 RDAF Revised 12/8/22, pg. 1 of 3 lines 3-$2,858,410 and 8-$653,028 and Liberty's Data Response Set 3 (November 23, 2022) in Docket No. DG 22-045; Attachment DOE 3-1.zip and Attachment DOE 3-2.zip

In a recent technical session, Liberty provided an excel spreadsheet supporting these numbers which indicates monthly true up calculations concerning target [a/k/a allowed] revenues are made for up to four months for both residential and commercial classes.

a) Please explain in detail why these true up adjustments are necessary.
b) Please explain how the true up adjustments are calculated.
c) Please explain why a four-month true up adjustment period is appropriate.

RESPONSE:

a) True-ups are necessary because the revenue per customer rate, on which the RDAF calculation is based, has a calendar month basis. Included in each calendar month there will be a component of unbilled revenue, which is estimated. The true-ups are necessary to adjust the estimated unbilled revenue to the actual customer bills that pertain to a particular calendar month.
b) There is an estimated number of unbilled customers in the initial decoupling calculation for a particular calendar month, based on historical factors, which are intended to make the calendar month whole. This unbilled component of the decoupling calculation is later compared to actual bills for the decoupling period (month), the actual bills having been sent to customers in the subsequent months. The true-up represents the adjustment from estimated unbilled revenue to actual revenue in that month.
c) The time frame of four months was decided upon because the majority of a given month's activity is processed within the four months following the initial calendar month

calculation. Any small transaction for credits and rebill after four months has historically proved to be minor, under 1%.

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty

DG 22-045

Winter 2022–2023 and Summer 2023 Cost of Gas

Department of Energy Data Requests - Set 6 (part two)

Date Request Received: 4/6/23
Request No. DOE 6-6

Date of Response: 4/17/23
Respondent: Sue-Ellen Billeci

REQUEST:

Ref: Liberty's Data Response Set 3 (November 23, 2022) in Docket No. DG 22-045; Attachment DOE 3-1.zip and Attachment DOE 3-2.zip and Settlement Agreement in Docket No. DG 20-105

In response to DOE DR Set 3, Liberty provided number of excel spreadsheets in Attachment DOE 3-1.zip and Attachment DOE 3-2.zip. These files provide information regarding monthly true up calculations for decoupling revenues for both residential and commercial classes.

a) For the purposes of decoupling revenue calculation, please explain how and where the actual revenues are record and reported.

b) Please confirm if there are true up calculations made for actual revenues.

c) If yes, please explain how the actual revenue true up adjustments are calculated.

d) If no, please explain why not? What is the basis for not performing actual revenue true up adjustments.

RESPONSE:

a) For demonstration purposes please refer to Attachment DOE 3.1.zip, file name "Apr22 35.42-Decoupling Entry April 2022& Tru Up." The information provided there is an initial entry noted as "Apr Adj" vs "Apr Tru Up." The "Adj" file entry is the initial entry where the actual revenue is recorded on Line 32, column J. It can also be seen on Line 14, column N in total and column Q for Residential and column R for commercial, and tab "April 2022 Revenue" line 34, column D.

   The true-up entries are made to adjust the actual revenue to bring it to a calendar basis, so that both the actual revenue and allowed revenue are being calculated on the same calendar basis. In each month, unbilled revenues are estimated, then the true-up entries take place in the following month to reflect the differences between estimates recorded and actual revenues.

b) Adjustments made to actual revenue are the amount of the MEP Premium, the GAP program, Daily Meters (to reflect the change in estimated unbilled month over month), and unbilled revenue (to reflect the change in the estimate month over month). The result of these adjustments is reflected on line 38, column J. These are not true up calculations they are onetime adjustments to align current actual revenue with current allowed revenue.

c) Yes, refer to explanation in (b) above.

d) Not applicable. Actual revenue is adjusted to align with allowed revenue as explained above.