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

DE 24-061 Default Service Solicitations

Department of Energy Data Requests – DR #1-5

Date Request Received: 6/5/24 Request No: DOE 1-5 Date of Response: 6/14/24 Respondent: Adam Yusuf

REQUEST:

Reference Schedule 4 P4-1 and P4-2 (Bates 28 and 29) where there is a "footnote" reference regarding Bad Debt Expense which states "Allocated Based on Methodology in DR 95-169. DOE understands this to be a reference to a Granite State Electric Rate Case which concluded with PUC Final Order 22,141 dated 5/13/1996 which approved Settlement. That Final Order does not appear to include the specific details related to Bad Debt allocation. Presumably such details are included in the Settlement and/or related attachments. If available, please provide a copy of the materials relevant to allocation of Bad Debt expense between large and small customer groups.

<u>RESPONSE</u>:

Liberty concurs with the conclusion reached regarding the reference to DR 95-169, which was reflected in previously approved reconciliations. That is, it is unclear how DR 95-169 is relevant to the allocation of supply-related bad debt.

Furthermore, upon initial review of previously used and accepted reconciliation models, it was clear to the witnesses that these factors appear to over-allocate bad debt to Large Customer Group. Lastly, it is unclear why a general allocation factor would ever be used for splitting bad debt between Large and Small Customer Groups, when they can be directly assigned. Knowing that the initial May 28 filing of the reconciliations would be updated with May actuals in its June 20 filing, Liberty retained the reference and allocation factor previously utilized and accepted in its May 28 filing as a placeholder and has used the interim period to develop a direct assignment methodology for dividing bad debt between the Small and Large Customer Groups, which will be reflected in its June 20 filing.

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

DE 24-061 Default Service Solicitations

Department of Energy Data Requests - DR #1-7

Date Request Received: 6/5/24 Request No: DOE 1-7 Date of Response: 6/17/24 Respondent: Pamela Moriarty

REQUEST:

Reference Excel Spreadsheet titled "2024.05.28 DE 24-061 Default Service Solicitations May Reconciliation.xlsx" at the Tab labelled "Comm O-U Calc" which is a "work paper" rather than a Schedule included as an attachment to testimony. Do the monthly "Bad Debt" amounts shown in Row 31 for the months included in this reconciliation filing (Aug-23 through Jul-24) represent a portion of Bad Debt from some other recorded amount? If so, what are the monthly total amounts of Bad Debt and what portion is allocated to Energy Service to be collected via the ESCRAF?

RESPONSE:

No. The monthly "Bad Debt" amounts shown in the tab "Comm O-U Calc" reflect accruals for potential write-offs of the Energy Service component of customers' account balances. The monthly amount is calculated by multiplying (a) the rolling 12-month ratio of total write-offs to total revenues by (b) the current month's purchased power expenses. In the May 28 filing, these monthly Energy Service bad debt totals were then split between the Large and Small Customer Groups as discussed in Liberty's response to DOE 1-5. As noted in its response to DOE 1-5, in its June 20 filing, Liberty expects to utilize a direct assignment methodology, applying ratios described in subpart (a) above based on previous 12 months of write offs and revenues for the Large and Small Customer Groups, respectively.

The Bad Debt amount is recorded as a credit to the Provision for Uncollectible Accounts, thereby reducing the remaining bad debt reserve amount to be recorded in that month. This method recognizes that a portion of a customer's account balance is comprised of energy service, although both the reserve and the write-off amounts do not identify the components of the customer's account balance to be written off. My file applied (multiplied) the ratio of 12-months write-offs to 12-months total revenue to the current month's purchased power expenses to determine the current month accrual/reserve for bad debt expense.

NHPUC NO. 21 - ELECTRICITY DELIVERY LIBERTY UTILITIES

Second Revised Page 25 Superseding First Revised Page 25 Terms and Conditions

45. Energy Service Adjustment Provision

Energy Service shall be procured by the Company pursuant to a competitive bidding process or as otherwise directed by the Commission, and the rates for Energy Service shall be based on short-term market prices and include an estimate of administrative costs associated with the provision of Energy Service and any costs incurred to hedge the price of energy procured directly from the ISO-NE.

On an annual basis, the Company shall perform two reconciliations for Energy Service. In the first reconciliation, the Company shall reconcile its power supply cost of providing Energy Service with its Energy Service revenue associated with the recovery of power supply costs, and the excess or deficiency, including interest at the interest rate paid on customer deposits, shall be returned to, or recovered from, all Energy Service customers over the following 12 months through the Energy Service Adjustment Factor. In the second reconciliation, the Company shall reconcile its administrative cost of providing Energy Service with its Energy Service revenue associated with the recovery of administrative costs, and the excess or deficiency, including interest at the interest rate paid on customer deposits, shall be reflected in the subsequent year's Energy Service Cost Reclassification Adjustment Factor pursuant to the Energy Service Cost Reclassification Adjustment Provision. The Company may file to change the Energy Service Adjustment Factor at any time should significant over- or under- recoveries of Energy Service costs occur. For purposes of this reconciliation, Energy Service revenue shall mean all revenue collected from Energy Service customers through the Energy Service rate for the applicable 12 month reconciliation period together with payments or credits from suppliers for the provision of Energy Service. The power supply cost of providing Energy Service shall mean all payments to suppliers and the Independent System Operator associated with the provision of Energy Service.

Administrative costs of providing Energy Service shall mean all labor and consultant costs in arranging and administering Energy Service, any payments related to the cost of providing contract security, Energy Service-related working capital cost, and Energy Service-related bad debt cost.

Any adjustment to the Energy Service Adjustment Factor under the Company's applicable rates shall be in accordance with a notice filed with the Commission setting forth the amount of the increase or decrease and the new Energy Service Adjustment Factor. The notice shall further specify the effective date of such adjustment, which shall not be earlier than thirty days after the filing of the notice, or such other date as the Commission may authorize.

This provision is applicable to all Retail Delivery Service rates of the Company.

Issued:	XX XX, XXXX	Issued by:/	s/ Neil Proudman
		-	Neil Proudman
Effective:	XX XX, XXXX	Title:	President

Authorized by NHPUC Order No. XX,XXX in Docket No. DE 24-061, dated XX XX, XXXX

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First Second Revised Page 25 Superseding Original First Revised Page 25 Terms and Conditions

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Issued:	xx/xx/xxxx XX XX, XXXX	Issued by:	s/ Neil Proudman		
			Neil Proudman		
Effective:	-July 1, 2024XX XX, XXXX	Title:	President		
Authorized by NHPUC Order No. 26,984XX,XXX in Docket No. DE 23-04424-061, dated March 29, 2024XX XX.					
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