

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.

RESPONSE:

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.

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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.

