

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 14-086

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

**Reliability Enhancement and Vegetation Management Plan
Results and Reconciliation**

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 25,652

April 21, 2014

This order suspends a tariff filed by Liberty Utilities regarding reliability enhancement and vegetation management to allow the Commission to undertake an investigation of the filing. It also schedules a hearing on the tariff for May 13, 2014.

On March 31, 2014, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty) filed a report on its reliability enhancement plan (REP) and vegetation management plan (VMP) for the period April 1, 2013 – December 31, 2013. The filing was made pursuant to a Secretarial Letter issued on April 3, 2013, in Docket No. DE 13-039 which modified a settlement agreement approved by the Commission regarding the National Grid plc/KeySpan Corporation merger. Order No. 24,777 (July 12, 2007).¹ Liberty supplied supporting testimony, related exhibits, and proposed tariff pages with its filing, and proposed to implement rate changes for effect on June 1, 2014.

The filing contains (1) a report on actual spending on REP and VMP operations and maintenance (O&M) and REP capital investment for 2013, including an explanation of the

¹ In Order No. 25,370 (May 30, 2012), the Commission approved a series of transactions by which the assets of Granite State Electric Company and EnergyNorth Natural Gas, Inc. were transferred from National Grid to Liberty Energy NH. National Grid had used a fiscal year April 1 through March 31; Liberty uses a calendar year and thus this filing reflects a partial year's investment.

differences between the actual amounts and the budgeted amounts previously reviewed by Staff, (2) a request to refund customers \$275,840, which is the amount of expense below the base plan O&M pro-rated amount of \$1,020,000 recovered in distribution rates during calendar year 2013, (3) an incremental revenue requirement of \$38,716 associated with REP capital investment in 2013, and (4) a summary of reliability performance for the period April 1 through December 31, 2013.

Under the settlement agreement, Liberty provides a REP and VMP O&M budget to Commission Staff (Staff) that assumes spending for each fiscal year that is approximately equal to the base plan O&M amount of \$1,360,000. As this filing was for a partial year of nine months (*see* footnote 1), the pro-rated base plan amount of O&M spending was \$1,020,000. Liberty submitted an O&M budget for calendar year 2013 of \$1,238,200, which exceeded the base plan amount pro-rated for the nine-month by \$218,200. According to the filing, Liberty's actual spending on REP and VMP O&M activities for calendar year 2013 was \$744,160, or \$494,040 less than the budgeted amount. Actual capital spending was \$416,755, which was \$244,245 less than the budgeted amount of \$661,000.

Liberty proposed to refund customers \$275,840, the amount of expense below the base plan O&M pro-rated amount of \$1,020,000 recovered in distribution rates during calendar year 2013 that was approved by secretarial letter in DE 13-039. The refund amount would consist of \$35,861 of O&M spending for the REP and VMP above the base plan O&M amount of \$1,020,000 less \$311,701 in credits for vegetation management reimbursements from FairPoint Communications. In addition, Liberty requested that it also be allowed to recover the revenue requirement of \$38,716 associated with the \$416,755 in capital investment.

The proposed rates result in a monthly bill decrease of \$0.95, or 0.8%, from \$114.89 to \$113.94 for a residential customer with kilowatt-hour (kWh) usage of 679 kwh per month, which is the average monthly usage for residential customers over the 12 months ending February 2014. Other customers would experience bill decreases of 0.1% to 0.8%.

RSA 378:6 provides that pending any investigation of a rate schedule which does not represent a general rate change, the Commission may suspend the effect of such tariff for up to three months in order to investigate whether the proposed rates are just, reasonable and otherwise consistent with applicable law. We determine that such suspension and investigation are necessary pursuant to RSA 378:6.

The petition and subsequent docket filings other than any information for which confidential treatment is requested of or granted by the Commission will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-086.html>.

The filing raises, inter alia, issues related to whether Liberty's filing conforms to the requirements of the 2007 merger settlement agreement, whether Liberty has appropriately accounted for the costs of its REP and VMP, and whether the resulting rates are just and reasonable as required by RSA 378:5 and 378:7. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, pursuant to RSA 378:6, I(b), the Commission hereby suspends Liberty's proposed tariff to allow the filing to be investigated; and it is

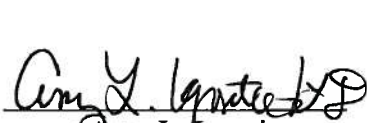
FURTHER ORDERED, that a Hearing on this matter be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on May 13, 2014, at 10:00 a.m.; and it is

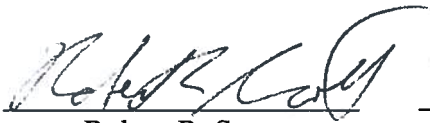
FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Liberty shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order no later than April 29, 2014, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before May 9, 2014; and it is

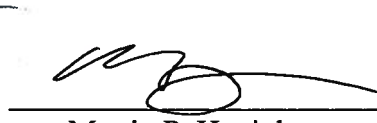
FURTHER ORDERED, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Liberty and the Office of the Consumer Advocate on or before May 9, 2014, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before May 13, 2014.


By order of the Public Utilities Commission of New Hampshire this twenty-first day of
April, 2014.

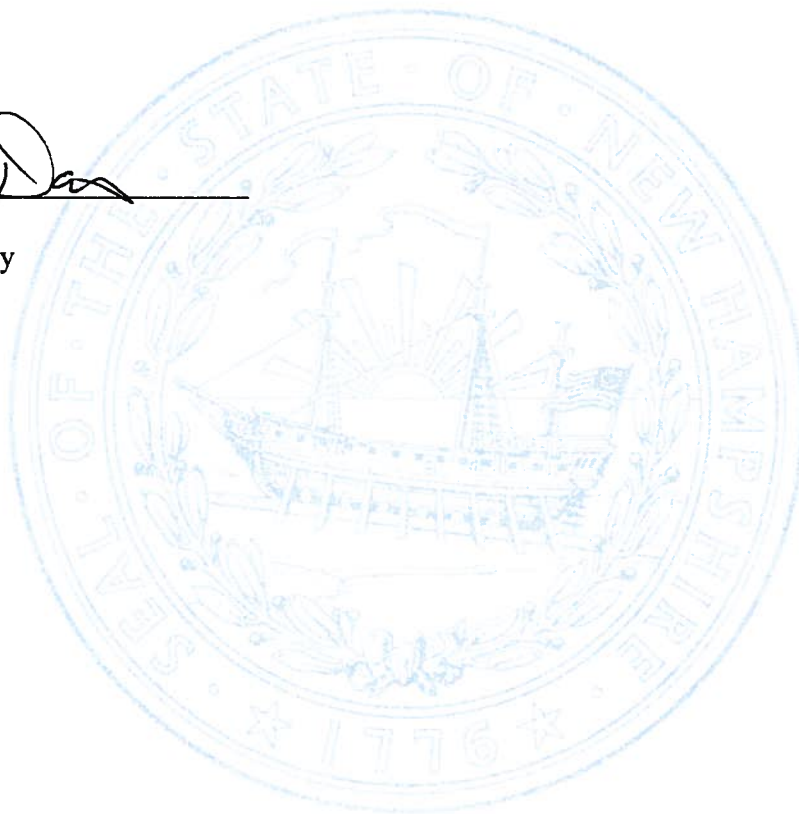

Amy L. Ignatius
Chairman


Robert R. Scott
Commissioner


Martin P. Honigberg
Commissioner

Attested by:


Lori A. Davis
Assistant Secretary



SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.