

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 14-086**

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

**Calendar Year 2013 Reliability Enhancement and Vegetation Management Plan  
Results and Reconciliation**

**Order Following Hearing**

**ORDER NO. 25,669**

**May 23, 2014**

**APPEARANCES:** Sarah B. Knowlton, Esq. on behalf of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities; the Office of Consumer Advocate by Susan W. Chamberlin, Esq. on behalf of residential ratepayers; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

In this Order, the Commission approves Liberty's revised filing of its Reliability Enhancement and Vegetation Management Plan Results and Reconciliation for calendar year 2013. As a result, a residential customer using 679 kWh per month, the average monthly usage for the 12 month period ending February 2014, will experience an average monthly bill decrease of 0.1% from \$112.75 to \$112.63.

**I. PROCEDURAL HISTORY**

On March 31, 2014, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty or Company) filed a report describing its reliability enhancement plan (REP) and vegetation management plan (VMP) for part of calendar year 2013 (April 1, 2013 through December 31, 2013). The filing was made pursuant to a secretarial letter issued by the Commission on April 3, 2013, in Docket No. DE 13-039 that allowed Liberty to continue the REP and VMP programs it took over from its predecessor, National Grid, for the period April 1

through December 31, 2013. With its filing, Liberty provided supporting testimony and related exhibits, as well as proposed tariffs. Liberty filed revised testimony of David B. Simek, a utility analyst, on May 12, 2014, which provided corrections to the initial filing and support for a \$212,922 reduction to the Company's annual distribution rates effective June 1, 2014.

In addition to the testimony, Liberty's filing included: (1) a report on the actual spending on operation and maintenance (O&M) activities and capital projects for 2013, including an explanation of the differences between the actual amounts spent and the budgeted amounts reviewed by Staff, (2) a request by Liberty to decrease its annual distribution rates by \$212,922, (3) a refund to customers of \$275,840, the difference between planned and actual VMP O&M expense for 2013, and (4) proposed tariffs for effect on June 1, 2014. Under Liberty's filing, rates would decrease 0.1%. For a residential customer using 679 kilowatt hours (kWh) per month, the average residential customer monthly usage for the 12-month period ending February 2014, the result would be a \$0.12 decrease in the monthly bill.

The Office of Consumer Advocate (OCA) filed a letter of participation on April 17, 2014. The Commission issued Order No. 25,652 (April 21, 2014) suspending the tariffs and scheduling a hearing.

## **II. POSITIONS OF THE PARTIES AND STAFF**

### **A. Liberty**

The REP and VMP budgets are premised on the idea that specified levels of annual spending on capital and O&M activities are necessary to maintain the safety and reliability of the Company's electrical distribution system. According to Liberty, the REP and VMP O&M activities include protection or replacement of conductors, installation of reclosers, and other measures on low-performing feeders, known as "feeder hardening." REP and VMP O&M also

includes augmented tree-trimming and hazard tree removal, asset replacement (including the replacement of bare mainline conductors), and inspection and maintenance.

Consistent with the secretarial letter issued in DE 13-039, Liberty assumed that a base amount of \$1,360,000 would be spent on O&M activities associated with REP and VMP during each year. To the extent that the Company spent less than the agreed-upon base O&M budget on REP and VMP O&M activities for a given year, the difference would either be credited back to customers through a refund commencing on the following June 1, or be credited to the next year's REP and VMP O&M budget, as determined by the Commission. For the 2013 period (April 1 through December 31), Liberty budgeted a base amount of \$1,238,200 for REP and VMP O&M expenditures, but actual spending was only \$1,055,861.

During this same period in 2013, Liberty recovered \$1,020,000 through distribution rates for REP and VMP O&M expenditures, \$35,861 less than the actual expenditure of \$1,055,861. In addition, Liberty received \$311,701 in payments from FairPoint Communications (FairPoint) for vegetation management services pursuant to an agreement between the two companies. As a result, Liberty proposes in this filing to refund customers \$275,840 (the difference between \$311,701 and \$35,861). Liberty said that it had decided to budget anticipated FairPoint proceeds in future REP and VMP budgets because Liberty can calculate the approximate amount of VMP costs owed by FairPoint each budget year, and FairPoint has paid Liberty the amounts owed on a consistent basis.

The Company attributed the spending variance to lower than expected bid prices for cycle pruning, resulting in lower unit prices, as well as lower spending for spot tree trimming, sub-transmission right-of-way clearing, and trouble and restoration calls. Liberty stated that some of the tree trimming activities were demand driven and the Company experienced lower

demand for these activities during 2013 than forecasted. On the other hand, the Company reported that it exceeded the tree planting budget due to an increase in the number of tree plantings in exchange for tree removals.

Liberty said that its actual spending on capital projects for REP was \$416,755 and it requested a revenue requirement of \$24,999 associated with the capital projects. Liberty testified that the difference between the budgeted and actual capital expense resulted from timing differences due to budgeted amounts from the current calendar year being placed into service in calendar year 2014, changes in actual versus estimated costs, and changes in scope of projects. According to Liberty, REP capital investment in 2013 included the installation of 2 single phase reclosers, the installation of 1 single phase trip saver, the replacement of 1.8 miles of bare mainline primary conductor, and 2 additional installations of single phase reclosers in areas that have a history of outages caused by trees, deterioration, animals, or lightning. Liberty explained that it originally budgeted for 1.0 miles for the replacement of bare mainline conductor, but when in the field, it decided to complete another 0.8 miles up to the first protective reclosing device.

Liberty said that its filing would result in a decrease in distribution rates and a minor refund to customers. As a result, residential customers would experience an average decrease in monthly bills of 0.1%. Other customers would experience monthly bill decreases ranging on average from 0.1% to 0.2%.

#### **B. OCA**

The OCA did not object to the reconciliation. The OCA expressed concern that Liberty should consider reducing the budget for REP and VMP activities in its next filing.

### **C. Commission Staff**

Staff stated that it had reviewed the filing and determined that Liberty had appropriately calculated the REP and VMP reconciliation, and that rate impacts reflected a modest decrease in rates. Staff said it supported the filing as revised May 12, 2014, and recommended that the Commission approve it.

### **III. COMMISSION ANALYSIS**

We have reviewed Liberty's filing and the testimony given during the hearing. Based on our review and consideration, we conclude that the activities performed by the Company during 2013 are consistent with the goals and parameters of the reliability enhancement and vegetation management programs. We have also reviewed the associated rate impacts and find that the credit to customers is appropriately calculated, is just and reasonable, and in the public interest. Therefore, we grant the petition and allow the Company to put the new rates into effect with services rendered on and after June 1, 2014.

The Settlement Agreement we approved in Docket DE 13-063, Liberty's recent distribution rate case, provides that Liberty shall continue to implement the REP and VMP programs for the foreseeable future. *See* Order No. 25,638 (March 17, 2014). Liberty has implemented these programs for a number of years and provides in its annual filings a depiction of the reliability metrics since 2006. To assist in Staff's review of the filing, we request that Liberty provide only the reliability metrics for the five years prior to the year of filing along with a table that lists the associated expenditures for each of those five years when it reports the results of the REP and VMP programs for calendar year 2014.


**Based upon the foregoing, it is hereby**

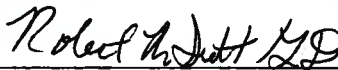
**ORDERED**, that the calendar year 2013 reliability enhancement plan and vegetation management plan report and reconciliation filing of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities as revised by the May 12, 2014, filing and the resulting rates are hereby APPROVED; and it is


**FURTHER ORDERED**, that in its next REP/VMP filing, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities shall include reliability metrics for the last five years along with associated REP and VMP expenditures; and it is

**FURTHER ORDERED**, that Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities shall file tariff pages conforming with the Order pursuant to Puc Part 1603 within 20 days hereof.


By order of the Public Utilities Commission of New Hampshire this twenty-third day of May, 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**

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

Executive.Director@puc.nh.gov  
amanda.noonan@puc.nh.gov  
grant.siwinski@puc.nh.gov  
james.brennan@oca.nh.gov  
ocalitigation@oca.nh.gov  
sarah.knowlton@libertyutilities.com  
steve.mullen@puc.nh.gov  
susan.chamberlin@oca.nh.gov  
suzanne.amidon@puc.nh.gov  
tom.frantz@puc.nh.gov

Docket #: 14-086-1      Printed: May 23, 2014

**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.**