

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 19-064

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.
D/B/A LIBERTY UTILITIES**

Petition for Permanent and Temporary Rates

Order Following Hearing on 2020 Step Adjustment

ORDER NO. 26,494

July 1, 2021

APPEARANCES: Michael J. Sheehan, Esq., on behalf of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities; the Office of the Consumer Advocate, by D. Maurice Kreis Esq., on behalf of residential ratepayers; Paul B. Dexter, Esq., on behalf of Commission Staff.

In this order, the Commission authorizes Liberty to recover through distribution rates effective July 1, 2021, the revenue requirement of approximately \$1.6m associated with approximately \$10m in total plant investments placed in service in 2020, and smaller amounts for rate case expenses and temporary rate recoupment. The final revenue requirement figure and rates will be calculated by Liberty, consistent with this decision, and subject to audit by the Commission's Audit Division.

I. PROCEDURAL HISTORY

Order No, 26,376 in this case, approved a settlement agreement (Settlement) that allows, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty or the Company) to request approval for three step adjustments, primarily for capital investments made in calendar years 2019, 2020, and 2021, for rates effective July 1 of 2020, 2021, and 2022 respectively, subject to review by the Commission. On April 6, 2021, Liberty requested approval of the second of these

step adjustments requesting a revenue requirement increase of \$1,844,326 related to plant investment. The Company also requested approval to collect \$11,435 to recover final rate case expenses, and \$103,688 in temporary rate recoupment, as allowed under the Settlement.

On June 24 2021, the Commission conducted a hearing relating to the second step adjustment. The Office of the Consumer Advocate (OCA) previously filed a letter of participation in this docket on April 1, 2019. On April 6, 2021, Liberty filed the testimony of Heather M. Tebbetts, Manager of Rates and Regulatory Affairs for Liberty, and Anthony Strabone, Manager of Electrical Engineering for Liberty, which they presented at the hearing. At the June 24 hearing, Liberty revised its April 6 request downward to reduce the amount of Battery Pilot investment that was included in the step adjustment.¹ Liberty stated that the April 6 request included batteries that were purchased but not installed as of December 31, 2020, while the reduced request reviewed at the hearing included only batteries that were actually installed as of year-end 2020.

On June 25, Liberty submitted its revised request reflecting the reduced investment in batteries, as well as several other items identified by Staff at the hearing, as discussed further below. *See* Hearing Exhibit (Exh.) 78.

The Commission made three record requests (designated as Hearing Exhibits 79 through 81) requiring Liberty to file additional information related to its investments in batteries, and overhead (burden) rates. As requested by OCA, we reserve Exh. 82 for any revised tariffs provisions and other materials related to decoupling, as discussed below.

¹ Liberty installs storage batteries on customers' premises pursuant to Commission approval in Docket No. DE 17-189.

The, exhibits, and other docket filings, other than any information for which confidential treatment has been requested of or granted by the Commission, are posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-064.html>.

II. MOTION FOR PROTECTIVE ORDER

On June 24, 2021, Liberty filed a Motion for Protective Order pursuant to New Hampshire Code of Administrative Rules, Puc 203.08, seeking to protect portions of its response to Staff data request 11-7. The response contains detailed actual and forecasted commercial customer load data concerning development at Tuscan Village in Salem. Liberty argued that this data is confidential and protected from disclosure pursuant to RSA 363:37, RSA 363:36 and RSA 91-A:5, IV.² Neither Staff nor any party objected to Liberty's request.

III. POSITIONS OF THE PARTIES AND STAFF

A. Liberty

Liberty requested the rate adjustment pursuant to Section II, subsection B of the Settlement. As adjusted by Exhibit 78, Liberty requested recovery for \$11,197,805 of investments placed in service during calendar year 2020, with an associated revenue requirement of \$1,795,336. Liberty stated that, when the rate case expenses and the temporary rate recoupment amounts were included, the bill impact for a residential customer using 650 kWh per month and taking energy service from the Company's default service offering would be an increase to their monthly bill of \$2.12, or 1.73 percent, from \$122.20 to \$124.32 per month. Exh. 78 at 7.

Liberty stated that the 10 investments proposed for recovery in this step adjustment were agreed upon in the Settlement, or were acceptable substitutes, as allowed under the Settlement.

² Liberty's Motion cites RSA 363:36 in support of this request for non-disclosure of customer load data. We believe RSA 378:38 (not RSA 378:36) contains the support for non-disclosure Liberty cites.

Liberty testified that all those investments were put into service in 2020, are used and useful, and were prudently incurred.

Liberty also proposed a decoupling tariff for approval, consistent with the Settlement.

B. OCA

The OCA did not appear at the June 24, 2021, hearing but sent an email that Staff counsel read at the hearing. OCA requested that Liberty be required to meet with Staff and OCA to discuss some perceived deficiencies in the decoupling tariff that OCA claimed needed to be corrected before the tariff was approved in this step adjustment proceeding. OCA also requested that Liberty be required to file in this docket, Revenue per Customer (RPC) targets that reflect any approved step increase. OCA asked that an exhibit number be reserved for the corrected tariff and the RPC targets.

C. Staff

Staff questioned several aspects of Liberty's presentation and requested that the Commission order several reductions to the investment levels reflected in the proposed step increase, as presented on Exhibit 65. First, citing Exhibit 71, Staff noted that Liberty had previously acknowledged that its investment in the Damage/Failure Blanket project should be reduced by \$1,294, but it was not. Next, citing Exhibit 69, Staff said the investment amount for Install Service to Tuscan Village South, should be reduced by \$37,145 unless Liberty could clearly demonstrate that these costs were booked to plant as of December 31, 2020. Staff stated that Liberty did not indicate clearly whether this investment amount was booked to plant in 2020, as the Settlement requires for recovery, or 2021. Staff made the same recommendation for

\$1,465 related to the Mall Road Underground project, citing Exhibit 70.³ Liberty stated that it reflected these three Staff proposed reductions in its revised request presented in Exhibit 78.

Staff also requested that Liberty's investment in the Battery Pilot be reduced to reflect up to nine customer Contributions In Aid of Construction (CIACs) that were not reflected in Liberty's step adjustment request. Liberty testified that for up to nine installations, the costs of the battery installations were included, but not the corresponding CIACs, (which would reduce the investment amount) due to accounting lags. Staff recommended that Liberty's step adjustment be symmetrical so that for each battery installed, any corresponding CIAC be reflected in this step adjustment, irrespective of any accounting lags.

Staff also questioned Liberty about how it calculated the overall percentage rate increase used in the step adjustment. Staff questioned Liberty's overhead (burden) rates as applied to the step adjustment investments, the projected load at Tuscan Village, how CIACs are calculated, Liberty's investment to move overhead wires on Main St. in Salem underground, and whether the town of Salem should contribute to the incremental cost of overhead service versus underground.

Finally, Staff noted that the Commission Audit Division was currently conducting an audit of the proposed step adjustment, and recommended that any decision in this docket be subject to adjustment, based on the outcome of that audit.

IV. COMMISSION ANALYSIS

Liberty has the burden to show that the requested step adjustment includes only investments that were placed in service, and were used and useful, in 2020, and that the rates

³ In Exhibits 69 and 70, Liberty states that these costs were incurred in 2021, but were included in this step adjustment for accounting convenience and because the amounts are relatively insignificant. At the hearing, Liberty testified that the amounts were booked to plant in service as of December 31, 2020.

proposed to collect the revenue requirement associated with these investments are calculated accurately. Based on the presentation Liberty made in this docket, we have strong reservations whether Liberty has met this burden.

First, Liberty miscalculated, the most basic and important calculation in this case; how the requested percentage rate increase was calculated. Liberty could not adequately explain the derivation of the baseline revenue figure of \$46,590,297 used in that calculation. Exh. 65 at 32, lines 4 and 7. We direct Liberty to file a detailed calculation of that figure in this docket by July 8, for review by parties and the Audit Division. If needed, the rate increase approved herein will be re-calculated and revised.

Second, we agree with Staff's three specific reductions to investments. Liberty's revised request in Exhibit 78 reflects these three adjustments enumerated above (\$1,294 per Exh.71; \$37,145 per Exh. 69; and \$1,465 per Exh. 70) and we approve these reductions.

Liberty's Exhibit 78 does not reflect a reduction to the Battery Pilot investments to correct for the asymmetrical application of CIACs, as raised by Staff. Liberty testified that the step adjustment reflects batteries for 60 customers, but only 51 CIACs. Liberty also testified that whether a customer opted to pay the CIAC in a lump sum (\$4,866), or over time (\$6,000), the entire CIAC would be recorded at the time of the installation, subject to the multi-month accounting lag for the customers opting to pay over time. The inclusion of investments and CIACs for purposes of this step adjustment should be symmetrical.

Third, we requested additional information related to the Battery Pilot Program during the hearing (Exh. 80 has been reserved for the response). For purposes of this step adjustment, we exclude the Battery Pilot Program investment adjustment until the requested information has

been received and reviewed, and will consider recovery in a future rate case. Liberty is directed to re-calculate its proposed rates with this exclusion reflected.

Further, concerning the issue of relocation of poles and wires from overhead to underground at a customer's request, as happened in Salem, we require that the Company propose to modify its tariff, as soon as practical, so that to all customers who request relocation of existing overhead facilities be required to pay the excess cost, if the customer requests those facilities to be placed underground.

We believe that Liberty's burden calculations, which seem to vary significantly from month to month and year to year (*see, e.g.*, Exh. 69) and which add significant costs to each capital investment, require additional examination. We requested two detailed record request on this topic (Exhs. 79 and 81) which Liberty will respond to by July 15. After examining those responses, we expect to conduct further review of Liberty's burden calculations.

We approve the filed decoupling tariff, but encourage OCA, Staff and Liberty to review the tariff in more detail and propose changes as appropriate. The parties noted that the first rate adjustment for decoupling is still over 12 months away, but we direct that any changes be proposed as soon as practical.

We grant Liberty's Motion for Protective Order because it seeks to protect specific customer load data. Such data is specifically protected from disclosure under RSA 363:38, and such protection is consistent with our past ruling in this docket. *See*, Order No 26,364 at 14. As we found earlier in this docket, disclosing customer load data is unlikely to inform the public of the Commission's regulatory activities and on balance, the public's interest in disclosure of this information is outweighed by the potential harm to Liberty's customers. *Id.*

Based upon the foregoing, it is hereby

ORDERED, that the step increase to be added to distribution rates, as calculated by Liberty's filing and supplemented by testimony, and record request responses for its 2020 capital investments (as recalculated to exclude \$1,232,187 for battery pilot investments) and for its rate case expenses and recoupment, is hereby **APPROVED**; and it is

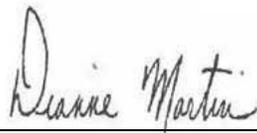
FURTHER ORDERED, that Liberty is authorized to implement the rates approved herein on a service-rendered basis effective July 1, 2021; and it is

FURTHER ORDERED, Liberty shall file tariff pages as required by N.H. Code Admin. R., PART Puc 1603 conforming to this order within 15 days hereof; and it is

FURTHER ORDERED, that the rate changes approved herein be subject to adjustment, based on the outcome of the Audit Division's audit and our review of Liberty's burden rates and amounts; and it is

FURTHER ORDERED, that Liberty's motion for protective order is **GRANTED**.

By order of the Public Utilities Commission of New Hampshire this first day of July, 2021.



Dianne Martin
Chairwoman



Daniel C. Goldner
Commissioner

Attested by:



Lori A. Davis
Administrative Assistant

Service List - Docket Related

Docket# : 19-064

Printed: 7/1/2021

Email Addresses

ExecutiveDirector@puc.nh.gov
tga@tga3.com
mbartos@ceadvisors.com
clifton.below@lebanonNH.gov
brianna@cleanenergynh.org
kelly@cleanenergynh.org
brian.d.buckley@energy.nh.gov
richard.t.chagnon@energy.nh.gov
pradip.chattopadhyay@oca.nh.gov
kristen.condon@libertyutilities.com
peter.dawes@libertyutilities.com
Matthew.DeCoursey@fticonsulting.com
paul.b.dexter@energy.nh.gov
pearl.donohoo-vallett@brattle.com
jay.e.dudley@energy.nh.gov
eemerson@primmer.com
thomas.c.frantz@energy.nh.gov
Heather.Green@libertyutilities.com
philip.greene@libertyutilities.com
dheintz@ceadvisors.com
maureen.karpf@libertyutilities.com
tklaes@blueridgecs.com
donald.kreis@oca.nh.gov
mari-louise.messuri@libertyutilities.com
tad.montgomery@LebanonNH.gov
karen.j.moran@energy.nh.gov
Shaun.Mulholland@LebanonNH.gov
steven.mullen@libertyutilities.com
rnelson@strategen.com
niebling@inrslc.com
elizabeth.r.nixon@energy.nh.gov
amanda.o.noonan@energy.nh.gov
ocalitigation@oca.nh.gov
rebecca.ohler@des.nh.gov
bionostrander@cox.net
ryan.patnode@libertyutilities.com
kponder@alliancecg.net

joel.rivera@libertyutilities.com
agustin.ros@brattle.com
sanem.sergici@brattle.com
michael.sheehan@libertyutilities.com
Christa.Shute@oca.nh.gov
david.simek@libertyutilities.com
karen.sinville@libertyutilities.com
christopher.skoglund@des.nh.gov
anthony.strabone@libertyutilities.com
heather.tebbetts@libertyutilities.com
gtherrien@ceadvisors.com
cynthia.trottier@libertyutilities.com
jacqueline.m.trottier@energy.nh.gov
david.k.wiesner@energy.nh.gov
jrw@psu.edu
craig.wright@des.nh.gov