

THE STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION
DE 13-018

Granite State Electric Company d/b/a Liberty Utilities

Default Service Loss Factor Investigation Update

March 15, 2013

1. Background

In Order 25,416 issued on September 21, 2012, the Commission instructed Granite State Electric Company (“Liberty Utilities”) to provide the Commission with a report no later than March 21, 2013 that “describe[s] the steps that the Company has taken and the progress it has made in addressing the Massachusetts border customer issues, the metering issues and in developing its own metering domain as well as what corrective actions still need to be implemented and a schedule for doing such.” Order 25,416 at 12. The purpose of this report is to provide an update to the Commission on the status of the borderline and metering issues.

2. Payment for Borderline Sales

a. Update

Liberty Utilities is in settlement discussions with Massachusetts Electric Company (“MECo”) in which MECo would pay Liberty Utilities for borderline sales from on or around June 2006 (when the Granite State borderline tariff filed at FERC took effect) through September 30, 2012 (just prior to the October 1, 2012 execution of the Service Agreement for MECo-Granite State borderline sales).

b. Corrective Actions That Need to be Taken

Undetermined until settlement negotiations have concluded.

c. Schedule for Corrective Actions

The Company will update the Commission and the Office of Consumer Advocate as soon as the settlement negotiations have concluded.

3. Massachusetts Electric Service to Borderline Customers

a. Update

In September 2102, Liberty Utilities and National Grid identified 187 customers that are served across state lines. Liberty Utilities serves 186 MECo customers in Methuen, Massachusetts and MECo serves 1 Liberty Utilities customer in Pelham, New Hampshire. Liberty Utilities and MECo have executed a borderline service agreement to serve the MECo

customers in Massachusetts and are in discussions regarding service to the Liberty Utilities customer in New Hampshire served by MECo.

b. Corrective Actions That Need to be Taken

MECo Engineering is in the process of identifying alternative supply options to provide service to MECo's customers served by Liberty Utilities. If alternative supply options are possible and economically feasible, MECo will build the facilities necessary to serve the borderline customers with their own facilities and from the MECo system.

Liberty is aware that MECo is also considering another option which would be to install a high voltage meter that will measure all energy consumed by these borderline customers. This meter will provide the information necessary to be a wholesale delivery point to New England Power Company (NEP), National Grid's transmission company. This meter would then be added to the list of wholesale meters used to calculate the wholesale load for both GSE and NEP.

c. Schedule for Corrective Actions

It is our understanding that it will take MECo approximately two years to conduct the necessary engineering analysis and to design and build the solution to resolve the manual billing method in place for the borderline customers in Massachusetts.

4. New England Power Meter Installation

a. Update

The Metering and Settlement Agreement between NEP and Liberty Utilities identified 3 unmetered locations where energy can flow between Liberty Utilities and NEP. Two locations are on the Massachusetts New Hampshire border in Haverhill and Methuen and the third meter is required at the Charlestown, New Hampshire substation on a wholesale supply to New Hampshire Electric Cooperative.

b. Corrective Actions That Need to be Taken

NEP agreed to install the meters as part of the Metering and Settlement Agreement. All three of these meter locations are currently being investigated by NEP's engineers. NEP will purchase the required metering equipment, schedule the work and install the meters. NEP will own this equipment and register these meters with the ISO New England where they will be considered wholesale delivery points to the GSE meter domain.

c. Schedule for Corrective Actions

It is expected to take up to 2 years to complete engineering, order the required equipment and schedule the construction work required to install the metering equipment. Liberty Utilities will continue to monitor the progress of this work and report back to the Commission when the work is completed.

5. **New Meter Domain**

a. Update

Liberty Utilities working with NEP and ISO New England have identified the Liberty Utilities meter domain, which is a perpetual boundary that contains all GSE customers. Wholesale meters are installed at any location where energy can flow between NEP, Liberty Utilities' transmission provider, and the Liberty Utilities distribution system. These meters are used to determine the wholesale energy delivered to Liberty Utilities and the transmission cost for energy delivered to Liberty Utilities customers on a monthly basis and also used to calculate the supplier load settlement with the ISO New England. The meters are located at energy delivery points including Liberty Utilities' substations, distribution tie lines, and small generator interconnection points.

b. Corrective Actions That Need to be Taken

Liberty Utilities is currently developing metering systems that will be used for electric billing and reporting requirements with the ISO New England. These metering systems include an interval and non-interval data collection system, an electric supplier load estimation system and a load research system are in the development and implementation phase. Currently National Grid performs all metering functions required to monitor the meter domain and perform the billing functions under a Transition Service Agreement that runs through July 2014.

c. Schedule for Corrective Actions

The vendors who will provide the metering systems have been identified and implementation schedules have been set up to align with the Cogsdale customer service system go live date in May 2014. The alignment of systems is required to keep the continuity of the data required to perform the billing and reporting functions. National Grid will continue to perform all billing functions for Liberty Utilities through the end of May 2014. Prior to that date, Liberty Utilities and National Grid will submit applications to ISO New England that will register the all the delivery points with the ISO. This application will establish Liberty Utilities' new meter domain. On June 1, 2014, Liberty Utilities will begin to perform all of its own electric metering, billing, reporting and customer service functions.