

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 12-347

GRANITE STATE ELECTRIC COMPANY D/B/A LIBERTY UTILITIES

2012 Least Cost Integrated Resource Plan

Order Accepting Plan

ORDER NO. 25,625

January 27, 2014

APPEARANCES: Sarah B. Knowlton, Esq., for Granite State Electric Company d/b/a Liberty Utilities; and Alexander F. Speidel, Esq., for the Staff of the Public Utilities Commission.

I. PROCEDURAL HISTORY

On December 3, 2012, Granite State Electric Company d/b/a Liberty Utilities (Liberty) filed its 2012 Least Cost Integrated Resource Plan (LCIRP) with the New Hampshire Public Utilities Commission (Commission) pursuant to RSA 378:38 and Order No. 25,370, at p. 34, (May 30, 2012) in Docket No. DG 11-040. *See* Hearing Exhibit 1. On April 19, 2013, the Commission issued an Order of Notice scheduling a pre-hearing conference for May 10, 2013, which was held as scheduled before Hearing Examiner F. Anne Ross, Esq.; no other parties intervened. Liberty and the Staff engaged in discovery and technical sessions pursuant to a Commission approved procedural schedule. The Commission conducted a hearing on the merits on November 26, 2013.

II. LIBERTY'S LCIRP FILING; POSITIONS OF LIBERTY AND STAFF REGARDING ACCEPTANCE

In its LCIRP filing, Hearing Exhibit 1, Liberty describes the following items: 1) the processes it uses to ensure that its transmission and distribution systems are maintained to meet both state and federal requirements; 2) the energy markets currently administered by the Independent System Operator-New England (ISO-NE) and how the markets are being structured to procure adequate supply and demand resources to meet reliability objectives at the lowest cost; 3) the transmission and distribution planning processes that Liberty has adopted to ensure reliable operations of the electric grid; 4) the role of demand response and distributed generation resources in the electric markets and how Liberty incorporates such resources into its transmission and distribution planning processes; and 5) Liberty's participation in the State's Core energy efficiency programs and how they interrelate to Liberty's resource planning.

In compliance with the electric industry restructuring statute, RSA 374-F, and a Commission-approved electric restructuring settlement agreement, Liberty's obligations to meet the power supply needs of its customers who do not directly contract with competitive suppliers are met by third-party energy suppliers through a solicitation process. Consequently, Liberty does not own any generating assets that could meet some or all of the power supply needs of these default service customers. On this basis, Liberty has requested a waiver, pursuant to RSA 378:38-a, of the requirement for Liberty to file materials described in RSA 378:38 related to the Clean Air Act Amendments of 1990 and the National Energy Policy Act of 1992. *See* Hearing Exhibit 1, Cover Letter from Sarah B. Knowlton, Esq. to Executive Director Debra A. Howland, filed December 3, 2012.

Liberty, at the November 26, 2013 hearing, requested that the Commission approve the current LCIRP filing as adequate under the statutory standards, and expressed its opinion that the report did in fact meet such a level of adequacy. *See* Transcript of November 26, 2013 Public Hearing (Tr.) at 40-41. Christian Brouillard, Liberty's Director of Engineering, provided direct testimony regarding the various features of Liberty's LCIRP filing, which was prepared under Mr. Brouillard's direction, with significant support from Liberty's former parent company, National Grid.¹ Tr. at 5-10; 14-38 *passim*. Mr. Brouillard also testified concerning so-called "non-wires alternatives" in distribution planning, *i.e.*, the consideration and application of alternatives to traditional distribution-network expansions in response to customer load needs, that Liberty would welcome informal consultation with Staff regarding such non-wires alternatives in the planning process. Tr. at 8-10.

Staff, at the November 26, 2013 hearing, expressed its support for the Commission's acceptance of the current Liberty LCIRP filing as adequate under the relevant statutory standards, with the expectation that the next LCIRP filing would include certain enhancements discussed by Staff at the hearing (discussed below). Tr. at 11; 39-40.

III. STAFF RECOMMENDATIONS FOR FUTURE LCIRP FILINGS

At the November 26, 2013, hearing, Leszek Stachow, Electric Division Analyst, provided testimony regarding the need for certain enhancements to be integrated into Liberty's next LCIRP filing. Tr. at 10-13. Specifically, Mr. Stachow recommended that: (1) Liberty, within its next LCIRP filing, should detail how Liberty intends to develop distribution planning performed

¹ National Grid is the former parent company of Granite State Electric Company d/b/a Liberty Utilities. Pursuant to the terms of Order No. 25,370, the Commission approved the transfer of ownership of this electric utility from National Grid, and the provision of certain transitional services by National Grid to Liberty, as part of the Commission's approval of a settlement agreement governing the terms of the ownership transfer.

in the past by Liberty's former affiliate National Grid; (2) Liberty should better integrate its actual enterprise planning with its LCIRP process, and provide, as part of its next LCIRP filing, a business process model that indicates the Liberty personnel responsible for each stage of distribution planning, the inputs involved in each stage, the outputs produced, and the time commitment for each stage; (3) Liberty should provide more details regarding how demand-side and supply-side options are integrated into the LCIRP, and how environmental, economic, and to some degree, health-related impacts inform Liberty's planning and decision-making processes.

Id.

IV. COMMISSION ANALYSIS

A. Acceptance of Current LCIRP, Waiver Pursuant to RSA 378:38-a

We begin by analyzing the adequacy of the Liberty 2012 LCIRP filing in light of the statutory standards delineated by RSA 378:38 and RSA 378:37. Thus, we are charged with ascertaining whether Liberty has adequately addressed the elements outlined in RSA 378:38 specifically, while also acknowledging that it is the energy policy of New Hampshire "... to meet the energy needs of the citizens and businesses of the state at the lowest reasonable cost while providing for the reliability and diversity of energy sources; the protection of the safety and health of the citizens, the physical environment of the state, and the future supplies of nonrenewable resources; and consideration of the financial stability of the state's utilities." RSA 378:37.

RSA 378:38 requires nine elements in all LCIRP filings, unless waived by the Commission pursuant to RSA 378:38-a-- though additional elements may be included-- stating, "Each such plan shall include, but not be limited to, the following...." These required elements,

described in the context of Liberty's 2012 LCIRP filing, are as follows: (I) a forecast of future electrical demand for Liberty's service area; (II) an assessment of demand-side energy management programs, including conservation, efficiency improvement, and load management programs; (III) an assessment of supply options; (IV) an assessment of transmission requirements; (V) provision for diversity of supply sources; (VI) integration of demand-side and supply-side options; (VII) an assessment of plan integration and impact on state compliance with the Clean Air Act Amendments of 1990; (VIII) an assessment of plan integration and state compliance with the National Energy Policy Act of 1992; and (IX) an assessment of the plan's long- and short-term environmental, economic, and energy price and supply impact on the state. RSA 378:38, I.-IX.

We acknowledge that Liberty does not own generation-related physical plant. Therefore, we approve Liberty's request made pursuant to RSA 378:38-a for a waiver of the requirement for Liberty to file materials described in RSA 378:38 related to the Clean Air Act Amendments of 1990 and the National Energy Policy Act of 1992. Pursuant to RSA 378:39, the Commission must, nevertheless, determine whether Liberty employed an adequate planning process in developing its 2012 LCIRP filing with respect to the remaining elements delineated by RSA 378:38.

Having reviewed the Liberty 2012 LCIRP, *see* Hearing Exhibit 1, we find that Liberty's filing is adequate for the purposes of RSA 378:38. We concur with Staff's recommendation that Liberty should integrate certain enhancements into its next LCIRP, designed to increase the usefulness of the resulting planning document for Liberty and for the Commission.

Notwithstanding the need for these enhancements, discussed below, we do not find a factual or legal basis for rejection of Liberty's instant LCIRP as inadequate.

Regarding Element I, a forecast of future electrical demand for Liberty's service area, Liberty has presented such information in Attachment A of its LCIRP, titled "2012 Power Supply Area Forecast." *See* Hearing Exhibit 1, at Bates pp. 33-79. For Element II, an assessment of demand-side energy management programs, including conservation, efficiency improvement, and load management programs, Liberty has presented its perspective on such matters in Section 5 of its LCIRP, "Demand-Side Resources," and Section 6, "Energy Efficiency." *See* Hearing Exhibit 1, at Bates pp. 20-30. For Element III, an assessment of supply options, Liberty has presented an overview of its participation in the ISO-NE wholesale power markets in Section 2, "Energy Supply/Electricity Markets in New England." *See* Hearing Exhibit 1, at Bates pp. 5-10. For Element IV, an assessment of transmission requirements, Liberty has provided an overview of its participation in the ISO-NE transmission network as a Transmission customer of its former affiliate, National Grid, in Section 3, "Transmission Planning and Investment." *See* Hearing Exhibit 1, at Bates pp. 10-11.

For Element V, provision for diversity of supply resources, Liberty has provided this within Section 2 of its LCIRP, *passim*. To address Element VI, integration of demand-side and supply-side options, Liberty has provided Sections 5 and 6, with additional discussion of its distribution planning in Section 4, "Distribution Planning and Investment." As discussed, Liberty, pursuant to RSA 378:38-a, has sought, and we grant, a waiver with respect to Element VII (Clean Air Act compliance) and Element VIII (National Energy Policy Act of 1992 compliance). Furthermore, Liberty provided its assessment of the plan's long- and short-term

environmental, economic, and energy price and supply impact on the state, through its discussion in the Executive Summary of its LCIRP, in which it stated, “[Liberty’s] planning processes are intended to ensure that [Liberty] provides safe, reliable, efficient and cost-effective service to its customers, while meeting the requirements of the North American Electric Reliability Council, the Northeast Power Coordinating Council, and all applicable federal and state laws and regulations,” and at various points throughout the LCIRP. *See, e.g.*, Hearing Exhibit 1 at Bates pp. 3-4; 11-12.

In conclusion, given that Liberty has provided its reasoned perspective on each analysis element required by the LCIRP statute, we will accept the 2012 Liberty LCIRP filing as adequate for the purposes of meeting the requirements of RSA 378:38. We observe that such a finding of adequacy does not foreclose the consideration of improvements for future LCIRP filings by Liberty, however, Liberty has met the burden for adequacy under the LCIRP statute.

B. Required Enhancements in LCIRP Development, Integration, and Process

We do agree with Staff that a more robust approach to the next LCIRP filing by Liberty, now that Liberty will be in full control of its development, is warranted. Additional details regarding the required elements of LCIRP filings are appropriate, with a goal of providing more comprehensive information to the Commission, Staff, and other interested parties. Therefore, we order Liberty, as part of its next LCIRP filing, to: (1) provide a detailed methodology of how Liberty intends to engage in distribution planning performed in the past by Liberty’s former affiliate National Grid; (2) better integrate its actual enterprise planning with its LCIRP process, and provide, as part of its next LCIRP filing, a business process model that indicates the Liberty personnel responsible for each stage of distribution planning, the inputs involved in each stage,

the outputs produced, and the time commitment for each stage; (3) provide additional details regarding how environmental, economic, and to some degree, health-related impacts inform Liberty's planning and decision-making processes; (4) provide a more comprehensive discussion of how Liberty assesses non-wires alternatives in its distribution planning; and (5) explain, in greater detail, how demand- and supply-side options for distribution planning are integrated by Liberty as part of its planning process.


We also order Liberty to file its next LCIRP no later than December 1, 2014, and to consult with Staff regarding the draft LCIRP's contents no later than October 1, 2014, unless otherwise ordered by the Commission.

Based upon the foregoing, it is hereby

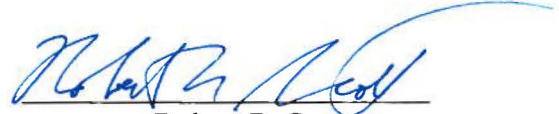
ORDERED, that Liberty's Least Cost Integrated Resource Plan filed December 3, 2012 is accepted and found adequate as discussed herein; and it is

FURTHER ORDERED, that Liberty shall file its next integrated resource plan consistent with the determinations made herein, including the waiver granted pursuant to RSA 378:38-a, on or before December 1, 2014, unless otherwise ordered by the Commission.

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




Amy L. Ignatius
Chairman



Robert R. Scott
Commissioner

Attested by:



Kimberly Nolin Smith
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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