

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSIONLiberty Utilities (Granite State Electric)
Corp. d/b/a Liberty Utilities
Reliability Enhancement Plan and
Vegetation Management Plant Report

Docket No. DE 15-087

ORIGINAL	
N.H.P.U.C. Case No.	DE 15-087
Exhibit No.	#4
Witness	Panel #1
DO NOT REMOVE FROM FILE	

Technical Statement of Heather M. Tebbetts

April 10, 2015

A. Purpose of Technical Statement

This Technical Statement is being submitted to explain the minor changes to Liberty Utilities proposed distribution rate increase effective May 1, 2015. This filing updates the Company's Reliability Enhancement Plan and Vegetation Management Plant Report (REP/VMP) initial filing submitted on March 15, 2015.

B. Proposed Rate

On March 15, 2015, Liberty Utilities filed its annual REP/VMP report with a request to increase distribution rates by 1.09% effective May 1, 2015 based on capital expenditures made in 2014. In Docket No. DE 13-063, Steven Mullen, then the Assistant Director, Electric Division filed testimony requesting that the Company revise its federal income tax rate from 35% to 34% in future filings. In the March 15, 2015 REP/VMP filing in this docket, the federal income tax rate of 35% was incorrectly used. During the discovery phase of this docket, Staff pointed out the request to change the tax rate that was made in Mr. Mullen's testimony in Docket No. DE 13-063.

The Company has updated the federal income tax rate to 34% in revised Schedules HMT-1 and HMT-2 attached hereto. This update reduced the amount of increase to distribution rates to recover REP capital expenditures to 1.08% (instead of 1.09%).

Also, at the time of the filing, the Company did not have its final bids for energy service (Docket No. DE 15-010), thus Schedule HMT-4 Bill Impacts did not include the reduction to energy service rates also taking effect for May 1, 2015.

The overall rate impact filed on March 15, 2015 for residential customers using the 2014 annual average of 655 kilowatt-hours was an increase of \$9.15 or 15.8% using the currently effective energy service rate and the change to transmission and stranded cost rates that will occur on May 1, 2015. The overall rate impact including the energy service rates taking effect for May 1, 2015 for residential customers using the average 655 kWh is a decrease of \$46.03 or 29.8% per month.