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April 8, 2019

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Via Hand Delivery and Electronic Mail

Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

**Re: Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Docket No. IR 15-296 Investigation into Grid Modernization**

Dear Ms. Howland:

On January 31, 2019, the Commission Staff filed its grid modernization report (the "Staff Report") with recommendations of how to move forward with grid modernization in New Hampshire. In the Staff Report, Staff suggested that comments be filed on the report no later than April 6, 2019. On March 13, 2019, a Secretarial Letter was filed providing that comments should be filed by April 8, 2019.

On behalf of Liberty Utilities (Granite State Electric) Corp., I write with the following comments on the Report.

Traceability

As the grid evolves and customers become more aware of their energy usage, utilities also need to evolve. The Staff Report's methodical approach provides an opportunity for the utilities to propose grid architecture within their own systems, while being able to plan and deploy that architecture. Traceability within this structure is important as all stakeholders need to understand why the utility designed its architecture in the manner it did. The detailed capabilities and functionalities list from the Staff Report provides a starting point for the utilities to interweave distribution planning of the future into their infrastructure. Tracing the path from where we are today to where we need to go in the next ten years will take a significant amount of work, but will provide a roadmap for future proceedings.

Working Group Report vs. Staff Recommendation

The process leading up to the Working Group Report filed March 20, 2017, (the “WG Report”) provided an opportunity for the parties to participate in a structured conversation whereby each party had the chance to listen and comment. Out of that working group came a report which the parties believed to be a significant step towards the utilities filing a grid mod plan in the near future. The WG Report did the following:

- Drove the idea that affordability of energy costs should be a priority;
- Facilitated DERs;
- Created a path for New Hampshire to become innovative in the energy sector;
- Noted that reduction to environmental impacts to New Hampshire was an important goal of any grid mod plan filed with the Commission;
- Tried to align consumers of energy with producers/deliverers of energy; and
- Pushed for more efficient energy use and better data management for the consumer.

1. Rate Design

Staff supports opt-in for advanced metering functionality (AMF). The Company would like to better understand how it could provide an opt-in option, putting aside the issues of RSA 374:62 (Smart Meter Gateway Devices). In order to provide AMF, the backbone technology needs to be installed and working, even to provide AMF to only a few customers. To allow customers to opt-in will create costs that will have to be recovered from all customers, yet all customers may not be using the technology. The Company recommends that AMF not be an opt-in, but the Commission should allow for a full scheduled deployment of AMF, with the understanding that RSA 374:62 allows for customers to refuse the AMF.

2. Hosting Capacity

While the Company does not have hosting capacity capabilities today, it agrees that it should be provided online with green, yellow, and red indicators. Until the Company designs this capability it cannot comment on how frequently it should be updated.

3. Consolidated Billing

The Company does not agree with consolidated billing by suppliers. The Puc 300 rules require the utilities to adhere to strict metering rules, along with adhering to strict billing and payment rules under Puc 1200. Given that the Commission would not have similar authority over a third party billing company to follow the same rules for metering, billing, and payment, consolidated billing may result in future problems as well as create concerns from a customer perspective.

Our customers change suppliers frequently. Having a third party send bills on our behalf would require the utility to notify the third party billing company of the change, essentially creating a “middle man” in order to bill a customer for their supplier charges.

Cost Recovery

In reviewing the Staff Report's recommendation on cost recovery, the Company agrees that utilities should receive preliminary approval for approved grid mod investments. In the annual reconciliation process, described in further detail below, a prudence review will be conducted for cost recovery.

Where the Company needs clarity is in the applicable benefit/cost methodology. There are different tests used throughout the industry, such as the utility cost and total resource cost tests. Without a clear understanding of the expectations of the Commission, the Company would be unable to determine whether an investment will provide net benefits. The Company requests that the Commission identify in its Order of Notice which test should be used for grid mod investments described in each company's IDP.

The Company agrees that a targeted cost recovery mechanism such as full decoupling, which includes weather normalization, is the appropriate mechanism to recover costs associated with these investments. The cost recovery process should require the utility to propose its ten-year plan and update that plan every three years to allow for changes in the roadmap as new technology emerges, with an annual update to reconcile any costs associated with those investments as they go into service. As part of that annual reconciliation, the utilities will provide an annual report on how those investments are consistent with the ten-year plan.

The idea of stranded costs must be considered when working through the ten-year plan. There is a possibility that in the earlier years of the plan a technology or service may prudently seem to be the appropriate path forward, but that the investments are later overshadowed by a "bigger and better" version, giving rise to potential stranded costs. While it is not the intent of the Company to invest in distribution architecture that could become a stranded cost, given continued advancements in technology, the potential exists and it needs to be taken into account when reviewing the IDP.

Performance Metrics

The Company is interested in including performance metrics in grid modernization. There may be opportunities to attach metrics to specific investments within the IDP, rather than the IDP as a whole, to allow for flexibility in the design of the plan as it evolves, considering there will be updates every three years. The Company is not proposing any specific metrics at this time.

Working Groups

While the Company appreciates Staff's concerns that there may not be full consensus amongst the parties as to how the IDP should be designed, we believe there is enough consensus to move forward without working groups.

Timeline

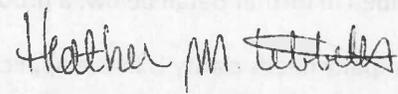
Considering the Company does not believe working groups are necessary, we agree with the timeline Staff has proposed without working groups, but also add that the utilities should be able to file their IDP

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at any time within the twelve-month time frame so long as it is no later than the date specified by the Commission in its Order of Notice.

Sincerely,



Heather M. Tebbetts

cc: Service List