

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 22-019**

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. d/b/a LIBERTY**

**2021 Annual Storm Fund Report**

**Order on Report**

**O R D E R   N O.   26,721**

**November 10, 2022**

In this order the Commission approves the Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty or the Company) 2021 Storm Fund Report (Report). The Report and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-019.html>

**I.      BACKGROUND**

On April 1, 2022, Liberty filed its Report in compliance with the Settlement Agreement in Docket No. DE 13-063 approved by the Commission in Order No. 25,638 (March 17, 2014) (Settlement Agreement). Consistent with the Settlement Agreement, the Company's Report provided a description of three pre-staging weather events experienced in the calendar year 2021, and detailed the collections credited to the Liberty Storm Contingency Fund (Storm Fund) by the Company. Report at Bates Page 5.

Liberty explained that, under the terms of the Settlement Agreement, there are two ways in which costs incurred by the Company in connection with a weather event may qualify for recovery from the Storm Fund. Pursuant to the Settlement Agreement, pre-staging costs can be recovered through the Storm Fund if the weather event had a

“high” (greater than 60 percent based on the forecast) probability of reaching “Level 3” or stronger, as defined by the Energy Event Index (EEI) developed by DTN, a weather forecasting company. Report at Bates Page 5-6. (The EEI ranks storm impacts on a scale from 1 to 5, with 5 being the most severe). Alternatively, for those weather events that do not meet the criteria for a pre-staging event, they may still be considered a “major storm” eligible for recovery through the Liberty Storm Fund if the storm event results in either: (1) 15 percent or more of Liberty’s retail customers being without power in conjunction with more than 30 concurrent troubles; or (2) more than 45 concurrent troubles being incurred during the event. *Id.*

The Company stated in its Report that three pre-staging events qualified for recovery through its Storm Fund: (1) February 1, 2021, pre-staging Winter Storm “Orlena;” (2) June 30, 2021, pre-staging Severe Weather Event; and (3) July 21, 2021, pre-staging Severe Weather Event. Report at Bates Page 6. Liberty stated that its system did not experience any “major storms” qualifying for the second category of Storm Fund recovery under the Settlement Agreement. *Id.*

The mechanism of the Liberty Storm Fund operates as follows, as described in the Report. The Company is allowed to recover costs attributable to pre-staging and storm restoration efforts originating from weather events that meet the criteria mentioned previously. Under the Settlement Agreement, Liberty may fund the Storm Fund by up to \$1.5 million annually, through base distribution rates. Report at Bates Page 7; *see also* Order No. 25,638 at 6, and 12-13. The Company initially sought recovery of \$704,426 in costs from the Storm Fund for the three 2021 weather events listed above. *Id.* at Bates Page 8. The qualifying costs for recovery from the Storm Fund are: (1) payroll charges including payroll overheads for employees; (2) charges from outside companies such as line contractors; (3) material and supply costs; (4)

procurement card charges and charges for employee expenses; and (5) accruals for outside service companies. All costs submitted by the Company in its Report for recovery through rates are exclusive of any capitalized costs incurred; all capital costs are reflected within utility plant subject to the ordinary distribution ratemaking process. *Id.* at Bates Pages 9-10.

The Company provided a summary description of the three weather events for which it sought Storm Fund recovery within its Report, at Bates Pages 11 through 19.

On May 23, 2022, the Commission issued a procedural order scheduling a hearing on the Liberty Storm Fund Report for October 20, 2022. The Commission also requested that the New Hampshire Department of Energy (DOE) file its audit regarding the Company's Report by September 12, 2022.

On September 12, 2022, the DOE filed a recommendation and supporting Technical Statement, together with the DOE's Audit Report, regarding this matter. The DOE supported allowance of the audit-adjusted amount identified in the Technical Statement by DOE personnel Ms. Elizabeth R. Nixon and Mr. Mark P. Toscano, of \$695,673. This reflected an overall reduction of \$8,753 in costs, which incorporated three technical audit adjustments of \$211, \$6,261, and \$2,281, respectively. DOE Technical Statement of Nixon and Toscano, at Pages 1-3. The DOE indicated that the Company agreed to these adjustments, and recommended, with the concurrence of Liberty, that the Commission accept DOE's cost recovery-recommendation of \$695,673, cancel the October 20 hearing, and close this instant docket. *Id.* at Page 3. (The Commission cancelled the October 20 hearing in a procedural order on October 14, 2022).

## II. COMMISSION ANALYSIS

The Commission is authorized to fix rates after a hearing, upon determining that rates, fares, and charges are just and reasonable. RSA 378:7. In circumstances where a utility seeks to increase rates, the utility bears the burden of proving the necessity of the increase pursuant to RSA 378:8. In determining whether rates are just and reasonable, the Commission must balance the customers' interest in paying no higher rates than are required against the investors' interest in obtaining a reasonable return on their investment. *Eastman Sewer Company, Inc.*, 138 N.H. 221, 225 (1994).

In this case, the Company, with the DOE's concurrence, seeks recovery of \$695,673 in qualifying costs through the Storm Fund account mechanism, which is replenished by distribution rates pursuant to Order No. 25,638. (The separate Storm Recovery Adjustment Factor rate for Liberty, currently set, effective May 1, 2022, at 0.00 (zero) cents per kilowatt hour, and approved in Docket No. DE 22-014 by Order No. 26,620 on April 28, 2022 as part of the Company's Calendar Year 2021 Vegetation Management Program Reconciliation and Rate Adjustment Filing, is not being changed nor is implicated by this Order). We review the annual Storm Fund Reports and the companion DOE Audit Reports and recommendations, to confirm that the resulting fund balances have been correctly calculated according to the standards the Commission has established for recovery of these storm costs.

We find that the 2021 Liberty Storm Fund Report, as modified by the DOE Audit Report recommendations, is correctly calculated, and that the balances stated in the Report are correct. We therefore approve the 2021 Report, as modified, and grant approval of the Company's recovery of \$695,673 in qualifying costs through the Storm Fund, subject to ongoing reconciliation. We note our appreciation for the DOE's helpful analysis and Audit Report. Absent requests for additional process, we expect

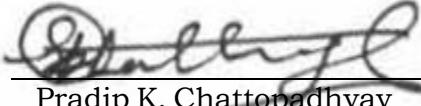
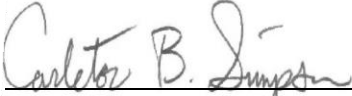
this order will resolve any outstanding issues related to the 2021 Liberty Storm Fund Report and anticipate closing this docket in the near future.

**Based upon the foregoing, it is hereby**

**ORDERED**, that the 2021 Liberty Storm Fund Report, as adjusted by the DOE Audit Report recommendations agreed to by the Company, is APPROVED; and it is

**FURTHER ORDERED**, that Liberty may include \$695,673 in qualifying costs for recovery through the Liberty Storm Fund, subject to reconciliation.

By order of the Public Utilities Commission of New Hampshire this tenth day of November, 2022.

  
Pradip K. Chattopadhyay  
Commissioner  
Carleton B. Simpson  
Commissioner

# Service List - Docket Related

Docket#: 22-019

Printed: 11/10/2022

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