

STATE OF NEW HAMPSHIRE

COMMISSIONER  
Jared S. Chicoine

DEPUTY COMMISSIONER  
Christopher J. Ellms, Jr.



DEPARTMENT OF ENERGY  
21 S. Fruit St., Suite 10  
Concord, N.H. 03301-2429

TDD Access: Relay NH  
1-800-735-2964

Tel. (603) 271-3670

FAX No. 271-1526

Website:  
[www.energy.nh.gov](http://www.energy.nh.gov)

July 20, 2022

Daniel C. Goldner, Chairman  
New Hampshire Public Utilities Commission  
21 South Fruit Street  
Concord, NH 03301

Re: DE 22-035; Request for Step Adjustment; Department of Energy Post-Hearing  
Summary of Position

Dear Chairman Goldner:

In this proceeding, Liberty Utilities (Granite State Electric) Corp., d/b/a Liberty (Liberty)'s requests approval of a Third Step Adjustment to distribution rates (an overall rate decrease) effective August 1, 2022, to reflect three items:

1. A rate increase to recover return on investment, property taxes and depreciation on \$10,187,080 in capital investments Liberty states it made in 2021;
2. A rate decrease to reflect cessation of recovery of rate case expenses from DE 19-064, because these costs have been recovered; and
3. A rate decrease to reflect the cessation of recoupment of the difference between permanent rates and temporary rates in DE 19-064, because that recoupment has been completed. Exhibit 2, Bates 5.

At the hearing held in this matter on July 19, 2022, the Department of Energy (the Department) made three recommendations concerning the capital investments referenced in item 1 above. If the Commission adopts the Department's recommendations, Liberty's rate reduction would be larger.

Specifically, the Department recommends completely excluding two capital projects from recovery in this step adjustment (Install Service to Tuscan Village and Golden Rock Feder 19L2) and reducing the amount of a third capital project (LED Streetlight Conversion), as discussed further below:<sup>1</sup>

---

<sup>1</sup> The Department recommends exclusion from recovery in this step adjustment. Liberty can seek recovery for these investments in its next base rate case, which could come as early as 2023, based on the Settlement Agreement in DE 19-064.

1. Install Service to Tuscan Village South – Exhibit 1, Bates 43. – the Settlement Agreement in DE 19-064 that authorized this Third Step Adjustment specifically excludes growth related projects from recovery in this Third Step Adjustment. Liberty’s witnesses and project documents, as well as general observation of the development taking place at Tuscan Village, clearly demonstrate that the capital investments made to serve Tuscan Village are made to serve new load (*i.e.*, growth). Accordingly, the Department recommends that this project (in the amount of \$1,235,243) be removed from the step adjustment calculation.
2. Golden Rock Feeder 19L2 – Exhibit 1, Bates 50. Similarly, this project was undertaken to serve additional load in Salem (*i.e.*, growth) and to enhance reliability in the distribution system in Salem, in light of the new load at Tuscan Village. This project is growth related and should be removed from the step adjustment calculation entirely, in the amount of \$1,523,493.
3. LED Street Light Conversion – Exhibit 1, Bates 156. This projects spans 2020 and 2021, and the Settlement Agreement provides for recovery of only 2021 investments in this Third Step Adjustment. The project documents state that 100 street lights were installed in Salem in 2020 and that several hundred more were planned for 2021. Liberty listed the expenditures by year for this project, indicating that \$114,064 (net of CIAC) was spent in 2020. While it is possible that Liberty spent \$114,064 in 2020, for light replacements made in 2021, the weight of the evidence suggests otherwise. The record shows that funds were spent in 2020 and that installations were made in 2020. The notion that significant preliminary investment was made in 2020, for street light replacements that were finished in 2021 is not supported by the facts. Replacing a light fixture is a relatively quick process, and there is no reason to expect that Liberty would expend significant funds to remove a light fixture in one calendar year, leave these areas unlighted for a period of time, only to complete the job in another calendar year. Based on the evidence in this record, the Department recommends excluding the 2020 spending, in the amount of \$114,064 from this Third Step Adjustment.

Consistent with the Commission's *Temporary Changes in Filing Requirements* (March 17, 2020) this letter is being filed only in electronic form.

Sincerely,

/s/ *Paul B. Dexter*

Paul B. Dexter  
Staff Attorney/Hearings Examiner

Cc: Service List