

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 22-035

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

Petition for Approval of Step Adjustment

Order Approving Further Adjustments to Distribution Rates

ORDER NO. 26,836

May 31, 2023

In this order, the Commission authorizes Liberty to apply an upward adjustment in its revenue requirement, associated with its investments placed in service in 2021. This adjustment arose from a Liberty accounting error uncovered by Liberty and brought to the Commission's attention.

I. BACKGROUND AND POSITIONS

On May 26, 2020, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty or the Company) filed a Settlement Agreement in Docket No. DE 19-064 (Settlement Agreement), the Company's most recent full distribution rate case, which contained a provision for three step adjustments for capital investments made in calendar years 2019, 2020, and 2021, effective on July 1 of 2020, 2021, and 2022 respectively, and subject to further review by the Commission. This Settlement Agreement was approved by the Commission on June 30, 2020, in Order No. 26,376.

Liberty filed its current step adjustment petition relating to its 2021 calendar year investments on April 6, 2022. A lengthy Commission review period, driven by ongoing adjustments and corrections by the Company, often in response to New Hampshire Department of Energy (DOE) feedback, followed, concluding with Commission Order Nos. 26,780 (March 1, 2023) and 26,781 (March 3, 2023). These Orders established a refund for Liberty distribution customers, due to the

incorporation of DOE-requested, and Commission approved, project disallowances. Interested persons may read the technical details of this disposition, and the earlier procedural history of this proceeding, within these Orders.

The petition 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/2022/22-035.html>

Subsequently, on April 6, 2023, Liberty filed a Technical Statement of its Business Development Director, Ms. Heather Tebbetts, regarding the need for an upward revision in the Company's distribution revenue requirement to accommodate an accounting error made by Liberty in its previous calculations for this step adjustment. See Hearing Exhibit 9. Specifically, Liberty proposed to increase its distribution revenue requirement by \$1,294,385 effective June 1, 2023, with an effective period of twelve (12) months, to terminate on May 31, 2024. Hearing Exhibit 9 at Bates Page 2. This would correct the Company's calculation error related to the amortization of approved rate-case expenses, which is described in detail in Hearing Exhibit 9. This proposed change would, for a typical Liberty residential customer taking Liberty Default Service and using an average of 650 Kilowatt-hours of electricity per month, result in a monthly increase in the total bills of \$3.26, or approximately 1.5 percent. Hearing Exhibit 9 at Bates Page 8.

The Commission scheduled a hearing regarding Liberty's adjustment request for May 30, 2023 by a procedural order issued on April 18, 2023. Ms. Tebbetts offered oral testimony in support of the Company's request at the May 30 hearing, and representatives of the DOE also appeared. The DOE indicated in its statements made at hearing that it "reluctantly" supported the Company's request, as properly

accounting for the error made in the Company's calculations in the earlier phases of this proceeding. Ms. Tebbetts also confirmed, on behalf of the Company, that the recovery of the additional \$1,294,385 would terminate on May 31, 2024.

II. COMMISSION ANALYSIS

Liberty has the burden to show that a requested step adjustment includes only investments that were placed in service, and were used and useful, in 2021, and that the rates proposed to collect the revenue requirement associated with these investments are calculated accurately. *See Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities*, Order No. 26,494 (July 1, 2021) at 5-6.

Having reviewed the record before us, including the Technical Statement material presented by Liberty as part of Hearing Exhibit 9, we are satisfied that the Company's proposed upward adjustment of its distribution revenue requirement of \$1,294,385 will satisfactorily address the issues raised by the Company's earlier miscalculation of its refund amount associated with this instant step adjustment proceeding. We note that some discussion occurred during the course of the May 30, 2023 hearing regarding possible consideration of the aforementioned recoupment adjustment on the distribution revenue requirement proposed in DE 23-039, the Company's pending base rate case. Counsel from the DOE and Company witness Ms. Tebbetts speculated that a proforma adjustment to the proposed revenue requirement in DE 23-039 may be appropriate if the recoupment adjustment was not considered when the pending base rate case was filed. The Commission notes that the revenue requirement of \$1,294,385 in question, relates to temporary adjustments (rate case expenses, etc.) associated with the rate case in DE 19-064 (with a test year of 2018). It remains unclear to the Commission whether recovery of such costs should impinge upon the distribution rate case petitioned in DE 23-039, that uses a 2022 test-year.

The Commission directs that the collection of this increase in the revenue requirement as requested in this docket shall terminate in one year, on May 31, 2024. The Commission has a responsibility to ensure accurate ratemaking calculations in all instances as a matter of legal obligation and good principle, see, *e.g.*, RSA 374:13. We also re-adopt our relevant findings made in Order Nos. 26,661, 26,780, and 26,781. This approval extends to the discrete issue of the \$1.3 million under-collection only; all other implications relating to overall distribution ratemaking with a test year of 2022 (as in DE 23-039) for the Company are to be raised by parties and considered in the context of the new Liberty full distribution rate case, Docket No. DE 23-039.


Based upon the foregoing, it is hereby

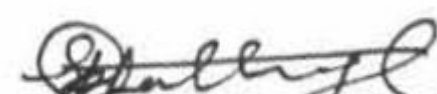
ORDERED, that the upward adjustment of Liberty's revenue requirement of \$1,294,385, as presented by Liberty in its April 6, 2023 Technical Statement, and supporting rate-design attachments, to terminate on May 31, 2024, is hereby APPROVED; and it is

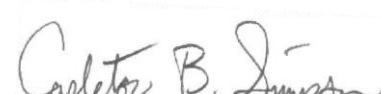
FURTHER ORDERED, that Liberty is authorized to implement the rates approved herein on a service-rendered basis, effective June 1, 2023, for a twelve-month collection period, ending on May 31, 2024; and it is

FURTHER ORDERED, that Liberty shall file tariff pages as required by N.H. Code Admin. R., Puc 1603 conforming to this order within ten (10) business days, or June 14, 2023.

By order of the Public Utilities Commission of New Hampshire this thirty-first day of May, 2023.


Daniel C. Goldner
Chairman


Pradip K. Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 22-035

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