

STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION

Docket No. DE 23-039

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY

Request for Change in Distribution Rates

Response to New Hampshire Department of Energy
Motion for Clarification of Order No. 26,952

Pursuant to N.H. Code Admin. Rules Puc 203.07, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (“Liberty” or the “Company”) hereby responds to the New Hampshire Department of Energy’s (“DOE”) Motion for Clarification of Order No. 26,952 (the “Motion”). Order No. 26,952 was issued by the New Hampshire Public Utilities Commission (the “Commission”) on February 22, 2024 conditionally granting¹ Liberty’s February 5, 2024 Motion to Extend Stay of Proceeding (the “Order”). Liberty’s February 5, 2024 Motion to Extend Stay of Proceeding requested an extension of the stay of this proceeding until March 15, 2024 to allow the Company to complete a third-party review of its 2022 test year financial data (the “Motion to Extend Stay”) (Motion to Extend Stay at 7). The Order directed the Company to expand the scope of such third-party review to include the 2023 calendar year for the Company’s accounting. Order at 5. The Order included this directive to address DOE’s concerns that the Company’s 2022 data “has problems beyond those of the PwC report scoping.” Order at 5.

In the Motion, DOE requests clarification that the directive to include consideration of the 2023 calendar year means that “Liberty must submit revenue requirement schedules and a FERC

¹ Granting the Company’s Motion to Extend Stay of Proceeding was conditioned upon waiver of RSA 378:6, I(a). Order No. 26,952 at 6. The Company submitted its waiver on February 27, 2024.

Form 1 for 2023, and that PwC will assess whether or not the 2023-based revenue requirement and FERC Form 1 are reliable for setting rates in the same manner it is assessing the 2022-based revenue requirement and FERC Form 1.” (Motion at 4). As detailed below, Liberty has expanded the scope of work to be performed by PwC to include assessment of its 2023 calendar year data including review of its 2023 general ledger and a FERC Form 1. A copy of the scope of work to be performed by PwC with respect to 2023 calendar year data is provided as Attachment 1.² The Company has not proposed a 2023 test year and therefore has not created 2023-based revenue requirement schedules. Requiring the Company to create such revenue requirement schedules would not only delay the proposed third-party review as preparation of such schedules would require months to undertake but effectively requires the filing of a new rate case since 2023 is not a test year before the Commission in this case.

In support of its response to DOE’s Motion, Liberty states the following:

1. The DOE filed a Motion to Dismiss Rate Filing on December 13, 2023.
2. The Company objected to the Motion to Dismiss Rate Filing on December 26, 2023.
3. The Commission issued Order No. 26,924 on December 29, 2023 staying this proceeding until January 31, 2024 with the exception of consideration of the Motion to Dismiss Rate Filing.
4. The Commission held two days of hearings regarding the Motion to Dismiss Rate Filing on January 4 and January 23, 2024.
5. The Commission issued a procedural order on January 25, 2024 extending the stay of this proceeding until February 16, 2024.

² The Company has redacted the pricing information included in Attachment 1 because it represents a confidential, negotiated contractual term. The Company has not provided a confidential version of Attachment 1 because the Company has agreed that the costs associated with PwC’s work will not be collected from customers and accordingly, the Company will not be seeking recovery of these costs.

6. The Company filed its Motion to Extend Stay on February 5, 2024.
7. The Commission issued a procedural order *sua sponte* extending the stay of this proceeding until February 29, 2024.
8. The Commission issued the Order on February 22, 2024 granting the Company's Motion to Extend Stay but expanding the scope of PwC's review to include an assessment of 2023 data. Order at 7.
9. The Company's Motion to Extend Stay proposed a third-party review to be performed by PwC. As stated in the Motion to Extend Stay, "the objective of this review will be to determine whether the Company's 2022 test year financial data can be relied on for purposes of setting rates" (Motion to Extend at 5). The Company's proposal for assessment of the 2022-calendar year data included "the reconciliations between (i) the Company's 2022 general ledger; (ii) the Company's FERC Form 1; and (iii) the Company's revenue requirement schedules submitted in this proceeding, inclusive of adjustments identified during this proceeding" (*id.*).
10. Review of the Company's revenue requirement schedules submitted in this proceeding (*i.e.*, 2022-based revenue requirement schedules) as part of the PwC review proposed by the Company was appropriate for several reasons: (1) the Company has proposed a 2022 test year; (2) the Company's 2022 revenue requirement schedules serve as the basis for setting rates in this proceeding; and (3) there are variances between the Company's 2022 general ledger, 2022 FERC Form 1, and 2022-based revenue requirement schedules and these variances are relied upon by the DOE in support of its Motion to Dismiss. The Company has proposed the third-party review by PwC to (1) address DOE's concerns; (2) confirm that the variances between the Company's

general ledger, 2022 FERC Form 1, and 2022 revenue requirement schedules are traceable and result in an accurate revenue requirement that can be used to set rates, and (3) to assist the Commission's consideration of the Motion to Dismiss (see Motion to Extend at 5).

11. An assessment of the Company's 2023 financial data for the purpose of determining whether the 2022 financial data can be relied on for rate setting does not require the Company to create revenue requirement schedules for a non-existent 2023 test year. Instead, PwC's review of 2023 data will focus on confirmation that 2022 adjustments to the general ledger recorded in 2023 can be identified and that if there were any additional adjustments made to 2023 data, such adjustments did not impact 2022.
12. The Company will be filing a 2023 FERC Form 1 which will be subject to review by PwC. Review of the 2023 FERC Form 1 will also allow PwC to confirm that the Company's regulatory accounts (i.e., the accounts reported in the FERC Form 1) are consistent with the Company's 2023 general ledger. This will provide further confirmation that the adjustments identified during 2022 have been carried forward in the Company's financial system. It is not necessary to go a step further, with respect to the 2023 financial data, and review revenue requirement schedules because should 2023-based revenue requirement schedules be created in the future, these 2023-based revenue requirement schedules would be created by starting with the 2023 FERC Form 1. Therefore, it is only necessary for PwC to determine whether the Company's 2023 general ledger and 2023 FERC Form 1 are accurate and reliable.

WHEREFORE, Liberty respectfully requests that this Commission:

- A. Issue an order providing clarification that review of the 2023 calendar year data does not require creation of revenue requirement schedules for calendar year 2023; and
- B. Grant such further relief as it deems appropriate.

Respectfully submitted,

Liberty Utilities (Granite State Electric)
Corp., d/b/a Liberty

By its Attorneys,



Date: March 15, 2024

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Certificate of Service

I hereby certify that on March 15, 2024, a copy of this response to the Department of Energy's Motion for Clarification of Order No. 26,952 has been electronically forwarded to the service list for docket DE 23-039.

A handwritten signature in blue ink that reads "Jessica Buno Ralston". The signature is written in a cursive, flowing style.

Jessica Buno Ralston