

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 23-039

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

Request for Change in Distribution Rates

Commencement of Adjudicative Proceeding

ORDER NO. 26,829

May 26, 2023

This order provides notice that the Commission received a request for general increases in distribution rates from Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty). Among other things, Liberty requests permission to increase its distribution revenues by approximately \$15,487,000 for effect July 1, 2023, through increases to the distribution portion of rates. For rate-D (residential customers) Liberty seeks to increase distribution rates by approximately 30 percent, however rate impacts vary depending on customer class, from a 0.8 percent decrease for rate D-11 Battery Storage customers to a 40 percent increase for rate G-1 General Service Time of Use customers. The requested changes would increase a typical residential customer's overall bill by 6.2 percent, which includes generation, transmission and distribution charges, and assuming utility default electric supply service. In this order, the Commission commences an adjudicative proceeding to evaluate Liberty's request; suspends Liberty's proposed tariffs for a period of 12 months pending further investigation; schedules a prehearing conference and presentation on the rate case on June 15, 2023 at 1:30 pm; and schedules a hearing on Liberty's request for temporary rates on June 21, 2023 at 9:00 a.m.

I. BACKGROUND AND PROCEDURAL HISTORY

Liberty is an electric distribution utility serving customers in the Upper Valley and southern regions of New Hampshire. Liberty's most recent full rate case occurred in Docket No. 19-064 based on a test year revenue requirement of approximately \$40 million, and resulted in permanent rate increases designed to yield an increase to gross distribution revenues of approximately \$4,150,000. *See* Order No. 26,376 (June 30, 2020). In addition, three step adjustments for capital additions placed in service were authorized: \$1,400,000 as of December 31, 2019, 1,800,000 as of December 31, 2020, and 1,800,000 as of December 31, 2021. *Id.*

On May 5, 2023, Liberty filed a petition requesting the Commission set temporary and permanent distribution rates to increase its normalized test year distribution revenues of approximately \$45,890,000 by approximately \$15,487,000, resulting in a total distribution revenue requirement of approximately \$61.9 million, for effect July 1, 2023. Filing at pages II-114, II-827, and II-828. Liberty also requested a multi-year rate plan (MYRP) to further increase its gross distribution revenues to approximately \$64.6 million as of July 1, 2024, and to approximately \$67.6 million as of July 1, 2025. *Id.* at page II-114. Liberty's proposal includes requests that differ from traditional cost of service regulation with a performance-based ratemaking pilot featuring the MYRP, an earnings-sharing mechanism, and four performance incentive mechanisms. Liberty also proposes a variety of other regulatory and tariff changes, including streamlining existing reconciling mechanisms into one revenue adjustment charge and new rate offerings.

In support of its petition, Liberty pre-filed the direct testimony of its President, Neil Proudman, along with the pre-filed direct testimonies and attachments of over a dozen employees or consultants, and proposed tariff revisions. Liberty also filed a

motion for confidential treatment of certain compensation information required by Puc 1604.01. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are available on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2023/23-039.html>.

Customer Rate Impacts

Liberty requests temporary and permanent distribution rates as a part of a MYRP, with levelized and non-levelized implementation proposals. Without levelization, Liberty forecasts changes and impacts for Basic Residential and General Service customers, with temporary rates effective July 1, 2023 and permanent rates reconciled back to the July 1, 2023 upon completion of this proceeding as follows:

| Customer Class | Present Monthly Fixed Charge | Present Volumetric Delivery Rate | Temporary Monthly Fixed Charge | Temporary Volumetric Delivery Rate | Permanent Monthly Fixed Charge | Permanent Volumetric Delivery Rate | Percent Change – Present to Permanent |
|--|------------------------------|----------------------------------|--------------------------------|------------------------------------|--------------------------------|------------------------------------|---------------------------------------|
| Rate D – Domestic Service ¹ | \$14.74 | \$0.05627 /kWh | \$16.90 | \$0.06453 /kWh | \$17.89 | \$0.07541 /kWh | 30.4% |
| G-3 – General Service ² | \$16.19 | \$0.05133 /kWh | \$18.56 | \$0.05887 /kWh | \$21.65 | \$0.07299 /kWh | 39.4% |

For an average residential customer using 650 kWh, the requested distribution rate changes would result in an overall bill increase, which includes electric energy supply, transmission, and distribution, of approximately \$13.76 per month, or 6.2 percent.

Liberty also proposes an alternative to levelize revenue increases evenly over the three rate years of its MYRP to lessen customer impacts. Under the levelization proposal, rates would be designed to increase gross distribution revenues by

¹ *Id.* at pages II-854 and II-085

² *Id.* at pages II-862 and II-093

\$9,246,552 each rate year, while any deferred revenues would accrue carrying charges. *Id.* at page II-274. Liberty estimates that a levelized application would increase distribution revenues by 20.1 percent each year for three years. *Id.* at II-275.

According to Liberty, the primary driver of its request is the amount of capital it has invested since its last rate case (\$117 million since December 31, 2018) and its plans to invest in capital in the coming years (\$268 million through 2027). *Id.* at II-276.

Changes to Ratemaking Structure

Liberty proposes a variety of new or modified operational, financial, and regulatory mechanisms and offerings. These changes include:

1. A performance-based ratemaking pilot featuring the MYRP, an earnings-sharing mechanism, and performance incentive mechanisms. The performance incentive mechanisms could reward Liberty for attaining reliability metrics compared to its peer utilities, customer education and adoption metrics for time-of-use rate offerings, reduced times to process interconnection applications, and reporting identified metrics on electric vehicle penetration;
2. New time-of-use rate offerings, including whole house, electric vehicle, and commercial electric vehicle;
3. A new arrearage management program;
4. A new fee-free credit card processing structure;
5. Consolidation of reconciling rate mechanisms into a single Electric Reconciliation Adjustment Mechanism;
6. Updated line extension policies and charges;
7. Updated miscellaneous charges;
8. The continuation and expansion of its battery storage pilot program; and

9. Enhancements and changes to vegetation management programs.

II. ISSUES PRESENTED

The filing presents, *inter alia*, the following issues: whether the proposed adjusted rates are just and reasonable, as required by RSA 374:2, and RSA 378:5 and :7; whether the proposed temporary and permanent rate increases will yield a just and reasonable rate of return on the prudent cost of plant, equipment and capital improvements used and useful in Liberty's provision of service to the public less accrued depreciation, as required by RSA 378:27 and 28; whether the proposed performance based ratemaking, MYRP, and other innovations are alternative forms of regulation and, if so, whether they meet the standards for approval in N.H. Code Admin. R. PART 206 and RSA 374:3-a; whether the ratemaking methodologies proposed by Liberty for its MYRP and other rate proposals are accurate, internally consistent, and consistent with all relevant law, regulations, and Commission orders; and whether the burden of proof under RSA 378:8 is met for each rate and ratemaking methodology change proposed.

Issues related to Liberty's temporary rate request will be addressed at the temporary rates hearing on June 21, 2023.

The rate case will be addressed at hearings within the 12-month suspension period. Given the large number of proposed changes to ratemaking structures and mechanisms in addition to the existing ratemaking structure, the Commission anticipates that a number of hearings sessions will be necessary. Whereas this is the first full rate case for an electric distribution utility since the PUC and DOE reorganization on July 1, 2021, we anticipate some changes to the proceeding timeline and discovery process compared to rate cases before the reorganization, including hearings sessions spread over a three to four month period, with the last hearing held

by the end of February, 2024 to provide adequate time for the Commission's review of the record (including any potential record requests that emanate from the hearings) and the issuance of a final order. A procedural schedule to address Liberty's permanent rate requests will not be approved until the parties have the opportunity to be heard on this topic and submit a proposal or proposals. The parties and any prospective intervenors should be prepared to discuss a procedural schedule at the June 15, 2023, prehearing conference. Puc 203.15, (d)(4).

Furthermore, the discovery, pre-filed testimony, and filing of pre-marked exhibits processes must keep the Commission informed of the progress of the matter, including how the Department of Energy (DOE) will meet its duty provide necessary administrative, technical, and staff support to the public utilities commission in carrying out its regulatory and adjudicative functions, *see* RSA 12-P:2, III, including what areas the DOE will exercise its investigatory authorities in order to provide a complete record for consideration by the Commission in this matter. *See* RSA 12-P:2, III. The parties and any prospective intervenors should be prepared to discuss matters which aid in the disposition of this proceeding at the June 15, 2023, prehearing conference. Puc 203.15, (c)(6).

The Commission will conduct any prehearing conferences and hearings scheduled in this matter in person. The Commission will consider requests to conduct hearings using a hybrid format to permit remote participation by a specific individual only if the Commission has determined that a sufficient reason has been provided for why that individual would be unable to attend in person. Any party requesting that a specific individual be permitted to participate remotely should file a written request with the Commission's Clerk's Office no later than ten (10) days prior to the hearing date. If the Commission determines that one or more individuals will be permitted to

appear remotely, then individuals in the Commission's hearing room, including the Commissioners, will be broadcast on a web-enabled platform.

Based upon the foregoing, it is hereby

ORDERED, that an adjudicative proceeding be commenced for the purpose of reviewing and resolving the foregoing issues pursuant to RSA chapter 541-A, RSA chapter 374, RSA chapter 378, N.H. Code Admin. R. PART 206, and the Commission's procedural rules; and it is

FURTHER ORDERED, that Liberty's proposed tariffs are suspended for a period of not to exceed 12 months, or until May 5, 2024, pursuant to RSA 378:6, I(a), pending investigation and further order of the Commission; and it is

FURTHER ORDERED, that the Commission will hold a prehearing conference in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on June 15, 2023, at 1:30 p.m., at which each party and prospective intervenor should be prepared to address any of the issues set forth in N.H. Admin. R., Puc 203.15. Three hours shall be allotted for this prehearing conference; and it is

FURTHER ORDERED, that Liberty shall provide an executive summary of its requests to the Commission at the prehearing conference at the June 15, 2023, prehearing conference. Powerpoint slides pre-filed by June 9, 2023 are requested; and it is

FURTHER ORDERED, that Liberty shall provide live spreadsheets for all the schedules and models in its filing, with all supporting work papers, filed with the Commission and served on the parties on or before June 15, 2023; and it is

FURTHER ORDERED, that during the prehearing conference, the Commission will consider the matters listed in Puc 203.15(c) and (d), including intervention requests, the establishment of a procedural schedule governing the remainder of the

proceeding, and other matters which aid in the disposition of the proceeding. Parties and potential intervenors are encouraged to facilitate the development of a procedural schedule by conferring prior to the prehearing conference, so that the presiding officer can address any matters on which there is disagreement during the prehearing conference. Any procedural schedule, however, will not be approved until after the prehearing conference and after consulting the Commission's calendar; and it is

FURTHER ORDERED, that the Commission will hold a hearing on Liberty's request for temporary rates in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on June 21, 2023, at 9:00 a.m. One day shall be allotted for this hearing; and it is

FURTHER ORDERED, that any entity or individual may petition to intervene and seek to be admitted as a party in this proceeding. Each party has the right to have an attorney represent the party at the party's own expense; and it is,

FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any entity or individual seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to Liberty and any other parties on the service list, on or before June 9, 2023. The petition shall state the facts demonstrating how the petitioner's rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before June 14, 2023; and it is

FURTHER ORDERED, that parties shall file any proposed exhibits, written testimony, motions, or other documents intended to become part of the record in this proceeding with the Commission. Pursuant to the secretarial letter issued on March

17, 2020, which is posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>, all Commission rules requiring the filing of paper copies are suspended until further notice. Parties may elect to submit any filing in electronic form unless otherwise ordered by the Commission. Filings will be considered filed as of the time the electronic copy is received by the Commission; and it is

FURTHER ORDERED, that routine procedural inquiries may be made by contacting the Commission's Clerk's Office at (603) 271-2431 or ClerksOffice@puc.nh.gov. All requests to the Commission should be made in a written pleading filed with the Commission. Unless otherwise authorized by law, *ex parte* communications are prohibited; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 1604.03, Liberty shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order of notice in a newspaper or newspapers of general circulation in those parts of the State where it does business no later than May 31, 2023, such publication to be documented by affidavit filed with the Commission on or before June 2, 2023; and it is

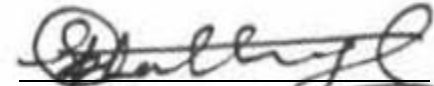
FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, Liberty shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order of notice on its website no later than two business days after the date of issue, such publication to be documented by affidavit filed with the Commission on or before June 2, 2023. In addition, the Clerk shall publish this order of notice on the Commission's website no later than two business days after the date of issue; and it is

FURTHER ORDERED, that any hearings in this matter shall be conducted in accordance with the attached hearing guidelines.

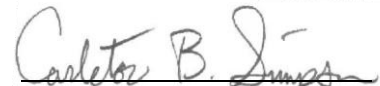
By order of the Public Utilities Commission of New Hampshire this twenty-sixth day of May, 2023.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

Service List - Docket Related

Docket#: 23-039

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