

**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

Order Fixing, Determining, and Prescribing Temporary Rates

ORDER NO. 26,855

June 30, 2023

In this order, the Commission fixes, determines, and prescribes a temporary increase of \$5,462,876 to Liberty's annual electric distribution revenues, effective July 1, 2023. For an average residential ratepayer, this will result in a monthly bill increase of approximately \$3.29, or 1.5 percent, which reflects an increase of approximately 9.7 percent to the distribution portion of the bill. At the end of this proceeding, the permanent rates ultimately approved will be reconciled back to the effective date of the temporary increase.

I. PROCEDURAL HISTORY

On May 5, 2023, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty) filed a petition requesting the Commission set temporary and permanent rates. With respect to temporary rates, Liberty asked the Commission to increase its normalized test year distribution revenues by approximately \$6,732,801 through a uniform increase to all existing fixed and volumetric customer distribution charges and rates, for effect July 1, 2023.

On June 21, 2023, the Commission held a duly noticed hearing on Liberty's request for temporary rates. Liberty, the New Hampshire Department of Energy (DOE), and the Office of the Consumer Advocate presented an agreement to increase Liberty's normalized test year distribution revenues by approximately \$5.5 million through a

uniform increase to all volumetric and fixed charges, not including the residential customers' fixed charge, for effect July 1, 2023. The Trustees of Dartmouth College appeared at the temporary rates hearing but took no position on the agreement on temporary rates. No other intervenors appeared at the temporary rates hearing or filed a position statement on the agreement on temporary rates.

On June 26, 2023, Liberty filed supplemental schedules and rate impacts, memorializing the agreement presented at the temporary rates hearing. On June 29, 2023, the DOE filed a letter stating that it reviewed Liberty's June 26, 2023 revised schedules, asked follow-up questions, and recommended approval of the temporary rates as reflected in the updated schedules.

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>.

II. SUMMARY OF LIBERTY'S REQUEST

As presented at the hearing on temporary rates and in Liberty's June 26, 2023, supplemental filing, \$13,541,670 in costs related to Liberty's new SAP based customer information and billing system will not be included in rate base for the purpose of calculating temporary rates based on Liberty's books and record on file with the Commission. These costs are excluded by agreement of Liberty, the DOE, and OCA without prejudice to any ultimate position that may be taken on these and other costs and expenses in the permanent phase of the rate case.

This resulting overall change to Liberty's annual revenue requirement is an increase of \$5,462,876, for temporary rates effective July 1, 2023. Liberty forecasted

changes and impacts for all customers, with impacts for Basic Residential and General Service customers as follows:

Customer Class	Present Monthly Fixed Charge	Present Volumetric Delivery Rate	Temporary Monthly Fixed Charge	Temporary Volumetric Delivery Rate	Percent Change – Present to Permanent	Percent Change – Total bill
Rate D – Domestic Service	\$14.74	\$0.05848 /kWh	\$14.74	\$0.06635 /kWh	13.5%*	1.48%
G-3 – General Service	\$16.64	\$0.05227 /kWh	\$18.88	\$0.05987 /kWh	13.5%	2.40%
* For Rate D, the percentage increase only applies to volumetric delivery rate.						

III. COMMISSION ANALYSIS

RSA 378:27 authorizes the Commission to set reasonable temporary rates that are “sufficient to yield not less than a reasonable return on the cost of the property of the utility used and useful in the public service less accrued depreciation, as shown by the reports of the utility filed with the commission, unless there appears to be reasonable ground for questioning the figures in such reports.” The New Hampshire Supreme Court has explained that “[t]his standard is ‘less stringent’ than the standard for permanent rates, in that temporary rates shall be determined expeditiously, ‘without such investigation as might be deemed necessary to a determination of permanent rates.’” *Appeal of the Office of Consumer Advocate*, 134 NH 651, 660 (1991) (citation omitted).

Based on the record presented at hearing, the supplemental schedules filed on June 26, 2023, and the DOE’s June 29, 2023 recommendation, we find that a temporary increase to Liberty’s annual revenue requirement of \$5,462,876 appropriately balances the interests of Liberty’s customers with the interests of its shareholders. For purposes of temporary rates, and the more limited investigation

envisioned by RSA 378:27, we find that the record justifies the increase based on the books and records of the Company, as traced to the Company's FERC Form 1 on file with the Commission, with reasonable adjustments to reflect normalized distribution operations. In addition, the temporary rates are adjusted to exclude recent billing system investments costs that might reasonably be questioned.

We make no findings in this order that any capital investments are prudent, used, and useful, rather we base our determination on a limited review of Liberty's reports on file with the Commission. The Commission's limited review of record indicates that in 2022 Liberty earned less than its allowed rate of return on rate base of 7.60 percent, computed using Liberty's authorized return on equity of 9.10 percent and capital structure established by the Commission in Docket No. DE 19-064. Temporary rates are therefore appropriate, allowing Liberty to earn closer to its previously authorized return on rate base. Liberty and its customers are further protected because temporary rates are subject to reconciliation at the conclusion of the permanent rates proceeding in this docket. All parties either supported or did not object to this temporary rate agreement.

The Commission notes that the size of the temporary rate increase is significant. While the temporary rate increase is appropriate per statute, the amount of the increase points to a need for a high level of scrutiny in the permanent rate case.

Based upon the foregoing, it is hereby

ORDERED, that the temporary rates presented at the hearing on temporary rates and in Liberty's supplemental schedules filed on June 26, 2023, are **APPROVED** as set forth herein above; and it is

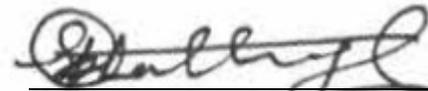
FURTHER ORDERED, that the temporary rates will be effective for service rendered on and after July 1, 2023, subject to reconciliation pursuant to RSA 378:29 at the conclusion of the permanent rate proceeding; and it is

FURTHER ORDERED, that Liberty shall submit with the Commission properly annotated revised tariff pages consistent with this order within 15 days of the date of this order, as required by N.H. Admin. R., Puc 1603.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of June, 2023.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket#: 23-039

Printed: 6/30/2023

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