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April 19, 2024

New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire 03301

Re: Docket No. DE 24-044  
Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty  
2023 Vegetation Management Program Plan

To the Commission:

As you know, on March 15, 2024, Liberty filed its VMP — Calendar Year 2023 Reconciliation and Rate Adjustment filing. Liberty has requested the Commission to approve a VMP Adjustment Factor of \$0.00000 per kWh effective May 1, 2024, through April 30, 2025, to reconcile its CY 2023 VMP costs.

On March 29, 2024, the Commission issued a Commencement of Adjudicative Proceeding, Notice of Hearing, and Waiver of Puc 1603.05. The notice identified five issues including, but not limited to, whether Liberty's VMP activities during 2023 were consistent with the VMP goals and parameters authorized by the Commission and whether the resulting VMP expense adjustment factor rate, if approved, would be just and reasonable.

While the OCA intends to ask questions about the variances between Liberty's 2023 budgeted expenses, and the 2023 actual expenses at hearing, the OCA has overarching concerns about Liberty's non-compliance with the DE 19-064 settlement agreement, approved by the Commission via Order 26,376.

Specifically, Liberty agreed to a base rate increase in the VMP spending to \$2,200,000, which continues until changed in a future base rate case, with an exception that the Company shall not recover any VMP expenses that exceed 10 percent of that amount, or in excess of \$2,420,000, through the annual reconciliation filing or otherwise. However, via Liberty's attachment (tab 1) in the present docket, Liberty has presented "Table 3 — Summary of VMP 2023 Costs" which shows what it would cost Liberty to come back into compliance. For instance,

column "D" shows a cost of \$6,023,957 for Liberty to return to a four-year cycle while addressing the deferred 214-mile backlog.

With respect to this specific issue identified, the delta in cost between compliance and noncompliance with the DE 19-064 Settlement Agreement, approximately \$2,937,534, is a cost Liberty's shareholders must bear since Liberty expressly agreed to a four-year trim cycle at a fixed cost to residential customers (with the exception of 10 percent overage addressed above) that continues until changed in a future base rate case.

At minimum, Liberty indicates that it would require \$3,086,423 to perform vegetation management on a five-year cycle basis, in line with the tree pruning standards established in N.H. Code Admin. Rules Puc 307.10. The difference between the budget for a four-year cycle and the capped budget of \$2,420,000 is \$666,423. Residential customers should not have to bear the cost of Liberty's failure to maintain the four-year cycle to which it agreed in DE 19-064 within the specified budget parameters. Liberty's shareholders must make up the difference.

Overall, the OCA recommends approval of Liberty's VMP with the caveat that Liberty's shareholders make up the difference for the costs of non-compliance with the Settlement Agreement from DE 19-064 and Puc 307.10.

Enclosed, please find the technical statement of Director of Rates and Markets Policy Charles J. Underhill addressing the issues delineated in the notice and in response to Liberty's filing.

Sincerely,

A handwritten signature in blue ink that reads "Michael J. Crouse, Esq." is written over a horizontal line.

Michael J. Crouse  
Staff Attorney

Enclosure  
cc: Service List