

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Docket No. DE 24-xxx

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

Petition to Amend Tariff

Technical Statement of Tyler J. Culbertson

A. Purpose of This Technical Statement

The purpose of this technical statement is to support the Company's request to approve new tariff language that will allow the Company to recover from municipalities the incremental costs that Liberty incurs for altering facilities in a manner that is more expensive than the option Liberty would have chosen in the normal course.

B. Background

In Order No. 26,494 at 7 (July 1, 2021), the Commission stated as follows:

Further, concerning the issue of relocation of poles and wires from overhead to underground at a customer's request, as happened in Salem, we require that the Company propose to modify its tariff, as soon as practical, so that ... all customers who request relocation of existing overhead facilities be required to pay the excess cost, if the customer requests those facilities to be placed underground.

(Emphasis added.)

This directive arose out of a project in Salem, where the Town required the Company to relocate lines from overhead lines to underground at a cost that exceeded the cost of the overhead solution.

In compliance with the above directive, the Company proposed a tariff change in its pending rate case, Docket No. DE 23-039, with the expectation that the new tariff language would be in place in time for the 2024 construction season.

Due to delays in the rate case, any new tariff language proposed in that docket will not be in place for the upcoming 2024 construction season, and the Town of Salem has again required Liberty to place lines underground as part of a street widening project where there is an overhead solution that would meet all operational and safety requirements at a lower cost. That project is likely to begin in September 2024.

The Company thus filed this petition to have the Commission approve an appropriate tariff change to address the concerns raised in Order No. 26,494 in time for this summer's construction season.

C. Proposed Tariff Change

The Company proposes to add the following language to the Section 27 of Liberty's tariff titled, "Relocation of Company-Owned Equipment", which starts on Original Page 16.

In the event that a municipality or other governmental agency ("municipality") requests or compels the Company directly or indirectly to (i) install facilities in addition to, different from, or instead of facilities which the Company would otherwise install; (ii) remove existing facilities and replace them with facilities different from facilities which the Company would otherwise provide; or (iii) modify facilities which the Company would otherwise not modify, or modify facilities in a manner different from the manner in which the Company would otherwise perform, any incremental costs associated with such installation, relocation, or modification shall be recovered from the municipality.

The municipality will have the option to either pay the full incremental costs before the start of construction or sign an agreement to pay the amount in 60 equal payments, plus interest at the rate of interest applicable to the Company's customer deposit accounts at the time of execution of the payment agreement. Once construction is complete, the Company shall true-up any estimated project costs used with actual costs, and either refund or charge the municipality accordingly over the term of the payment agreement, with interest.

All facilities the Company is requested or compelled to install in accordance with this section are the property of the Company.

See Attachment A to the Petition.

The Company will administer this tariff in the same manner as it administers the line extension tariff and any resulting excess construction costs. That is, the Company will prepare an estimate of the costs to complete the municipality's preferred solution and will prepare an estimate of the least cost option that the Company would choose in the normal course of its business. The Company will then require the municipality to pay the difference between the two estimates before

beginning construction. The Company will also offer the municipality the option of paying the excess amount in monthly payments over five years, with interest. After construction, the Company will reconcile the actual costs to the estimated costs and charge or refund the municipality accordingly.

D. Other Impacts of the Proposed Tariff Change

Services to individual properties that are impacted by projects undertaken under this new language will be managed consistent with existing policy. That is, services which are or will become Liberty-owned underground services, which are typically residential services, will be relocated or installed by Liberty and included in the overall project costs. Services which are or will become customer-owned underground services, which are typically commercial services, will be relocated or installed at the customer's sole expense. Any modification to wiring at the customer's premises that are necessary to support changes to service entrance, whether residential or commercial, will be at the Customer's sole expense. Of course, the municipality may elect to compensate the customer for their expense.

The Company does not anticipate any other collateral impacts of the new tariff language. Customer rates will not be affected because the municipality will pay any incremental costs arising from the municipality's election to pursue the higher cost option. No customers will be responsible for the incremental costs. And there will be no materially adverse impact on the Company's revenues as the extra costs for the project will fall within the Company's regular construction budget.