

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 22-052

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

Request for Approval of Revenue Decoupling Adjustment

COMMENCEMENT OF ADJUDICATIVE PROCEEDING AND NOTICE OF HEARING

On September 1, 2022, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty or the Company) filed a request to adjust its distribution rates effective November 1, 2022, to recover a revenue shortfall from the twelve-month decoupling period ending June 30, 2022, the first year in which its revenue decoupling mechanism was implemented. In support of its petition, Liberty filed the direct combined testimony of: Erica L. Menard, Liberty Utilities Service Corp. (LUSC) Director of Rates and Regulatory Affairs; Melissa B. Samenfeld, a Rates Analyst II in LUSC's Rate and Regulatory Affairs Department; and Gregg H. Therrien, a Vice President of Concentric Energy Advisors; and related attachments, including a proposed revised revenue decoupling tariff.

Liberty submitted revised direct testimony from Ms. Menard, Ms. Samenfeld, and Mr. Therrien, and attachments on September 13, 2022 (Revised Combined Testimony). According to Liberty, the Revised Combined Testimony serves as a complete replacement to the testimony filed on September 1, 2022. The initial filing 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 www.puc.nh.gov/Regulatory/Docketbk/2022/22-052.html.

I. BACKGROUND AND PROCEDURAL HISTORY

In Order No. 26,376 (June 30, 2020), issued in Docket No. DE 19-064, the Commission approved a settlement agreement permitting Liberty to implement a revenue decoupling mechanism effective July 1, 2021 (Settlement Agreement). *Id.* at 9, 13-14. As explained in the Revised Combined Testimony, revenue decoupling is a ratemaking mechanism that removes a utility's disincentive to promote conservation and energy efficiency programs by eliminating the link between customer consumption and a utility's earnings. Revised Combined Testimony at Bates pages 007-008. This mechanism, which replaced the Lost Revenue Adjustment Mechanism, allows Liberty to recover the base revenue requirement approved in the Company's last base rate proceeding in the event of an under-collection and requires it to refund over-collections to its customers. *Id.* at Bates pages 007-010.

The Settlement Agreement placed a 3 percent cap, equal to 3 percent of the allowed revenue requirement (subject to annual adjustments), on the amount of the shortfall/surplus to be charged or refunded to Liberty customers. See Settlement Agreement, Subsection I. Amounts exceeding the cap could be deferred and recovered or refunded in future periods. *Id.* The shortfall or surplus would be allocated to different rate classes based on each rate class's contribution to total system distribution revenues. Revised Combined Testimony at Bates page 11. The Settlement Agreement stated how the shortfall/surplus would be calculated.¹ Settlement Agreement, Subsection I.

¹ The Settlement Agreement also addressed the treatment of any atypical consequences resulting from the COVID-19 pandemic by providing that the settling parties would informally discuss the preliminary reconciliation calculation of the first decoupling year, from July 1, 2021 to June 30, 2022, in an attempt to reach an agreement to be filed with the Commission or, if an agreement could not be reached, the settling parties had the option of filing testimony or technical statements by September 1, 2022. Settlement Agreement, Subsection I. As neither an agreement nor additional testimony or technical statements regarding this issue were filed by the settling parties, it appears that the treatment of any atypical consequences from the COVID-19 pandemic is not an issue in this docket.

Following the completion of each decoupling year, which runs from July 1 to June 30, Liberty was required to submit a reconciliation filing by September 1. *Id.* As part of its filing, Liberty would calculate the rate increase or refund, and it would request the Commission's approval of any adjustment for effect on November 1 for the following twelve-month period. *Id.*

Liberty determined, in its Revised Combined Testimony and attachments, that its first decoupling year, July 1, 2021 through June 30, 2022, resulted in an under-collection of \$1,752,926. Revised Combined Testimony at Bates pages 007, 012. Liberty requests recovery of \$1,415,013, the amount of the 3 percent cap, in distribution rates beginning November 1, 2022. *Id.* at Bates pages 007, 013, 016. According to Liberty, a residential customer using 650 kilowatt-hours per month and taking the Company's default energy service would see an increase in their monthly bill of \$1.61. *Id.* at Bates page 013.

Liberty seeks deferral of the remaining \$337,913 to a future decoupling year or years. *Id.* at Bates pages 005, 013, 016. It also proposed a revised decoupling tariff that removes what the Company considers to be inapplicable language and revises the existing tariff so that it, accordingly to Liberty, more closely represents the approved calculation method contained in the Settlement Agreement. *Id.* at Bates pages 006, 013-015.

The Office of the Consumer Advocate filed a letter of participation in this matter on September 13, 2022. As of today's date, no appearance has been filed by the New Hampshire Department of Energy.² Nor has any response to Liberty's requests for relief been submitted.

² Effective August 20, 2022, the New Hampshire Department of Energy is automatically a party to all proceedings before the Commission. 2022 N.H. Laws, ch. 245:2 (amending RSA 12-P:3).

On October 11, 2022, Liberty filed a request for a hearing. Given the limited time available on the Commission's hearings calendar, however, it will not be possible to schedule a hearing in this matter in October 2022. Accordingly, Liberty's proposed revised decoupling tariff will be suspended for a period of 30 days, and a hearing will be scheduled in November 2022. The Commission anticipates issuing an order prior to December 1, 2022.

II. ISSUES PRESENTED

The filing presents, *inter alia*, the following issues: whether Liberty's filing complies with the terms of the Settlement Agreement; whether Liberty appropriately calculated the claimed revenue shortfall following its first decoupling year, July 1, 2021 through June 30, 2022, and the 3 percent cap; whether recovery of the claimed shortfall in the amount of the cap and deferral of the remainder to another decoupling year or years is consistent with the Settlement Agreement; and whether recovery of the claimed shortfall through the proposed increase in distribution rates is likely to result in just and reasonable rates, as required by RSA 374:2, and RSA 378:5 and :7. Accordingly, an adjudicative proceeding will be convened to address these issues.

The Commission will be conducting any 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 fifteen (15) days prior to the prehearing conference or 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 374:2, and RSA 378:5 and :7, and the Commission's procedural rules; and it is

FURTHER ORDERED, that Liberty's proposed revised revenue decoupling tariff is suspended until December 1, 2022, pending further order of the Commission; and it is

FURTHER ORDERED, that the Commission will hold a hearing in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on November 15, 2022, at 1:30 p.m. Three hours 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 November 4, 2022. 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 November 14, 2022; 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

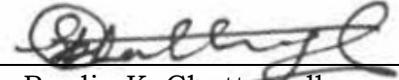
FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, Liberty shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order of notice on its website no later than two business days after the date of issue, such publication to be documented by affidavit filed with the Commission on or before October 28, 2022. 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.

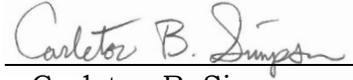
So ordered, this thirteenth day of October, 2022.



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#: 22-052

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