

STATE OF NEW HAMPSHIRE

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Debra Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-7319

RE: DE 13-063 Liberty Utilities
OCA Response to PUC Staff Memo dated 7-29-14

Dear Ms. Howland:

The Office of the Consumer Advocate (OCA) is writing in response to Staff's memo to the Commission filed in this case on July 29, 2014 and Liberty Utilities response filed August 5, 2014. The Settlement Agreement anticipated a Staff Audit of the Step Increase in Section II B, which states:

B. Step Increase

The Company shall be permitted to recover an estimated additional \$1.115 million in annual revenue in the form of a step increase in rates for capital additions used and useful as of December 31, 2013. (See schedule included as Attachment B.) The exact amount of the step increase is subject to final audit by Staff, and shall take effect for all service rendered on and after April 1, 2014. The step increase will be recovered through an equiproportional increase to each component of rates for each rate class.

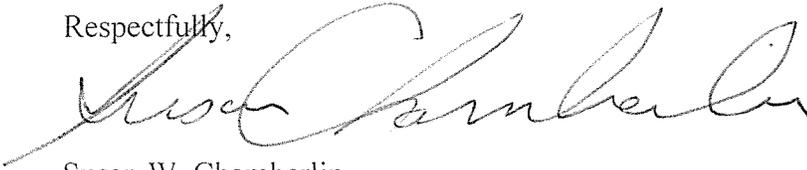
Re: Granite State Electric Company dba Liberty Utilities, Docket No. DE 13-063, Settlement Agreement - Permanent Rates (January 28, 2014) at 4.

To the extent there is a disagreement as to whether certain investments were “used and useful as of December 31, 2013” it is the utility’s burden to demonstrate that the terms of the Settlement Agreement were met. Puc 203.25. Based on the written submissions, it is not clear to the OCA whether there is a substantive disagreement on whether the assets were used and useful by December 31, 2013 or whether the disagreement is solely based on accounting conventions, which have been remedied by the Company. Therefore the OCA recommends the Commission schedule a hearing and direct the parties to attempt a resolution prior to the hearing.

Regarding the legal expenses, the OCA supports Staff’s recommendation to reduce the surcharge. Liberty Utilities also states “[t]he Company agrees that the April 2014 rate surcharge should be reduced to reflect this actual amount of rate case expense.” *Id.* (August 5, 2014). Therefore all parties to the Settlement Agreement agree to the legal expense surcharge reduction.

Thank you for the opportunity to file comments. If you have any questions about this filing, please contact our office.

Respectfully,

A handwritten signature in cursive script, appearing to read "Susan W. Chamberlin". The signature is written in black ink and is positioned above the typed name.

Susan W. Chamberlin
Consumer Advocate

cc: Service list via electronic mail