

STATE OF NEW HAMPSHIRE

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October 30, 2014

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street Suite 10
Concord, New Hampshire 03301

Re: Docket No. DE 13-063
Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Distribution Rate Case
Settlement Agreement Regarding Step Agreement

Dear Ms. Howland:

Pursuant to New Hampshire Code Admin. Rules Puc 203.20, Staff is filing a Settlement Agreement in the above captioned docket for the Commission's review. A brief discussion of this matter follows.

Pursuant to a settlement agreement approved by the Commission in Order No. 25,638, Liberty Utilities was authorized to recover revenue requirements of \$1,115,102 associated with capital investments of \$7,462,500 anticipated to be in service as of December 31, 2013. The settlement agreement authorized Liberty Utilities to include such revenue requirements via a step increase to be effective April 1, 2014. The settlement agreement also stated that the step increase would subject to an audit by Staff. Liberty Utilities commenced recovery of the \$1,115,102 in revenue requirements through rates as of April 1, 2014.

On July 29, 2014, Staff filed a recommendation in the above captioned docket regarding Staff's Audit of matters associated with the Liberty Utilities 2013 distribution rate case, including an audit of the step increase in revenue requirements associated with the capital investments of Liberty Utilities. Staff's Audit, which was released on July 8, 2014 and updated on September 25, 2014, demonstrated that Liberty documented \$5,896,598 of capital investment in service as of December 31, 2013, less than the amount anticipated in the settlement agreement. Following discussions with Commission Staff and the Office of Consumer Advocate (OCA), Liberty Utilities consented to refund customers \$263,919, the difference between actual plant in service (\$5,896,598) and the sum of

DE 13-063

Page 2

\$7,462,500 contained in the settlement agreement. In addition, Liberty Utilities agreed to refund customers the difference between actual rate case expense (\$318,944) and the amount of \$390,000 that the Company was allowed to recover in the rate case settlement agreement.

The enclosed Settlement Agreement signed by Liberty Utilities, Staff and the OCA embodies these agreements. Liberty Utilities, Staff and the OCA will be presenting this Settlement Agreement at the merits hearing scheduled for this matter on November 6, 2014.

Thank you for your attention to this matter. Please let me know if you have any questions.

Sincerely,



Suzanne Amidon
Staff Attorney

Service List (electronically)
enclosure

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 13-063-1 Printed: October 30, 2014

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**
- DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429**
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**