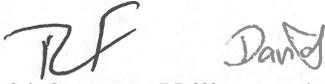


STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: April 27, 2016
AT (OFFICE): NHPUC
FROM: David Goyette, Utility Analyst III**SUBJECT:** DM 13-063, Granite State Electric Company d/b/a Liberty Utilities
Distribution Service Rate Case**TO:** Commissioners
Debra Howland, Executive Director

On April 22, 2016, Granite State Electric Company d/b/a Liberty Utilities (Liberty) filed a notification to the Commission that it had over-collected temporary rate case recoupment and rate case expense recovery (collectively, rate case expenses) by \$115,164, and that it will apply, to all base distribution rates and charges, a negative rate adjustment of (4.21%) for one month, effective May 1, 2016, to refund customers the over-recovery, and a negative rate adjustment of (3.89%), effective June 1, 2016, to eliminate further recovery of rate case expenses. In its filing, Liberty stated that the over-collection occurred because Liberty did not cease the collection of rate case expenses on April 1, 2016, but will do so as of May 1, 2016. Liberty's filing included a schedule to support its calculations of the percentage rate reductions, "Calculation of Percentage Adjustment to Distribution Rates."

Commission Staff (Staff) corresponded by email with Liberty to discuss the filing. Staff asked Liberty why did the collection of rate case expenses not cease as of April 1, 2016. Liberty explained that it had scheduled a change to rates on April 1, 2016, to adjust for the rate case expenses, but that, due to an oversight, the date was missed. Liberty also informed Commission Staff that it has enhanced its notification system to prevent this type of issue from reoccurring.

Staff asked Liberty if accrued interest is included in the (4.21%) rate for the over-collection of rate case expenses. Liberty replied that interest is not included because there would be no change in rates even if it were. Liberty explained that, based on the amount that would accrue on the one month of over-collection, \$336- (\$115,164 times the prime rate, 3.5%, divided by 12 months), adding accrued interest is beyond the rounding accuracy of Liberty's distribution rates. According to Liberty, based on 75,000,000 kWhs, roughly one month of consumption, including an interest component would result in a change in rates of \$0.000004, an amount that impacts the sixth decimal place, which is beyond the accuracy of Liberty's distribution rates, which is five significant digits. Liberty added that the \$115,664 of over-collection was determined by dividing the annual amount that is in rates, \$1,381,972, by twelve and, because the month of April is a lower use month, the amount actually recovered from customers was less

than \$115,664. According to Liberty, even without the interest component, it is providing customers with a larger amount of refund than was actually recovered.

Staff reviewed the calculations in the supporting schedule and did not find any issues with the calculations nor the amounts. Staff confirmed that, even if accrued interest of \$336 were added to the \$115,164 over-collection, the resulting rates would be identical to those shown in Liberty's filing. Staff, therefore, finds Liberty's filing acceptable and recommends that the percentage adjustment to distributions rates of (4.21%) be allowed to go into effect on May 1, 2016, and the percentage adjustment of (3.89%) be allowed to go into effect on June 1, 2016.

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.

Executive.Director@puc.nh.gov
al-azad.iqbal@puc.nh.gov
amanda.noonan@puc.nh.gov
david.goyette@puc.nh.gov
ddeschenes@haslaw.com
donald.kreis@oca.nh.gov
eric.m.lopez@Hitchcock.org
george.mccluskey@puc.nh.gov
ggilman@hinckleyallen.com
james.brennan@oca.nh.gov
jarnold@hinckleyallen.com
jim.cunningham@puc.nh.gov
leszek.stachow@puc.nh.gov
sarah.knowlton@libertyutilities.com
Stephen.Eckberg@puc.nh.gov
Stephen.Hall@libertyutilities.com
steven.mullen@libertyutilities.com
suzanne.amidon@puc.nh.gov
tom.frantz@puc.nh.gov
william.sherry@libertyutilities.com

Docket #: 13-063-1 Printed: April 27, 2016

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
EXEC 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.**