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August 9, 2013

KEVIN M. BAUM  
T 603.695.8545  
F 603.669.8547  
KBAUM@DEVINEMILLIMET.COM

Debra A. Howland  
Executive Director  
New Hampshire Public Utilities  
Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301-2429

**Re: Granite State Electric Company Filing of Rate Updates Under Borderline  
Sales Tariff and Request for Waiver of Commission Notice Requirements**

Dear Ms. Howland:

I enclose for filing with the Commission an original and six copies of Granite State Electric Company d/b/a Liberty Utilities' recent filing of rate updates and request for waiver under its borderline sales tariff with the Federal Energy Regulatory Commission.

Very truly yours,

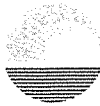


Kevin M. Baum

KMB:ec

cc: Alexandra Blackmore, Esq.  
Susan Chamberlin, Esq.

Enclosure



**Liberty Utilities**<sup>TM</sup>  
WATER GAS ELECTRIC

August 8, 2013

Hon. Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: *Granite State Electric Company*  
Docket No. ER13-\_\_\_\_\_  
Filing of Rate Updates Under Borderline Sales Tariff and  
Request for Waiver of Commission Notice Requirements

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (16 U.S.C. § 824d), Granite State Electric Company, d/b/a Liberty Utilities ("Liberty Utilities") hereby submits for Federal Energy Regulatory Commission ("Commission") acceptance the attached revised version of Schedule III of its Borderline Sales Tariff, FERC Electric Tariff Volume No. 2 ("Tariff"), to include the updates discussed below to Liberty Utilities' distribution service rates (collectively, "Rate Updates"). Liberty Utilities respectfully requests waiver of the Commission's notice requirements to permit the attached Rate Updates to go into effect as of the effective dates shown in revised Schedule III, List of Rate Changes, to the Borderline Sales Tariff.

## **I. STATEMENT OF REASON**

Pursuant to Liberty Utilities' Tariff, Liberty Utilities makes borderline sales under retail delivery service tariffs approved by the New Hampshire Public Utilities Commission ("PUC"), for the purpose of providing electric energy to specified retail locations in the service territory of another utility where the utility's distribution facilities are not readily available to provide service and where it is more economical for Liberty Utilities to provide service.<sup>1</sup> From time to time, Liberty Utilities files with the PUC proposed revisions to the base distribution service rates and to the non-base distribution service rates, which are components of the retail delivery service tariffs that underlie the Tariff.<sup>2</sup> After the PUC issues orders on Liberty Utilities' proposed base distribution service rate revisions, Liberty Utilities is required by the Tariff to file documentation with the Commission regarding the PUC's actions.<sup>3</sup>

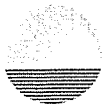
Prior to the submittal of the instant filing, Liberty Utilities most recently filed such documentation with the Commission in March 2013. Since Liberty Utilities last filing, the PUC has approved several changes to Liberty Utilities' base distribution service rates and non-base

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<sup>1</sup> Borderline Sales Tariff, Schedule I, Section A.

<sup>2</sup> Borderline Sales Tariff, Schedule I, Section F.

<sup>3</sup> *Id.*



distribution service rates. Accordingly, Liberty Utilities is filing revised Schedule III to reflect these new rates. Liberty Utilities respectfully requests the Commission approve these Rate Updates pursuant to its policy of allowing the wholesale rates under a borderline sales tariff to mirror the retail rates approved by the selling utility's state commission.<sup>4</sup>

## **II. REQUEST FOR WAIVER OF COMMISSION NOTICE REQUIREMENTS**

Pursuant to Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), Liberty Utilities respectfully requests waiver of Section 35.3 of the Commission's regulations (18 C.F.R. § 35.3) in order to permit the Rate Updates included in this filing to go into effect as of the effective dates shown in revised Schedule III, List of Rate Changes, to the Tariff. Granting the requested waiver is appropriate because the Rate Updates were filed and fully adjudicated in proceedings before the PUC. Therefore, all interested parties were provided with timely notice regarding the provisions of the Rate Updates. For these reasons, the Commission should grant Liberty Utilities' request for waiver of the notice requirements.

## **III. ATTACHMENTS**

Attached hereto are the following documents:

1. A clean version of Schedule III;
2. A redline version of Schedule III showing the changes from the currently effective Schedule III; and
3. For informational purposes and ease of reference, a copy of the PUC orders approving the Rate Updates.

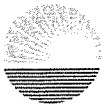
## **III. SERVICE**

Copies of this filing have been served upon regulators in the State of New Hampshire and Liberty Utilities borderline sales customers.

Thank you for your attention to this matter. Should you have any questions, please contact the undersigned.

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<sup>4</sup> *Prior Notice and Filing Requirements Under Section II of the Federal Power Act*, 64 FERC ¶ 61,139, at 61,994 (1993) ("Prior Notice Order"), citing, *Massachusetts Electric Co.*, 61 FERC ¶ 61,278, at 62,064 (1992) ("[I]n recognition of the character of the borderline service provided, . . . we accepted for filing the wholesale rate that matched the retail rate the Massachusetts Department of Public Utilities set."); *Northwestern Wisconsin Electric Co.*, 65 FERC ¶ 61,302, at 62,391 n.7 (1993) ("For borderline agreements, the Commission has adopted as the wholesale rate a state commission-approved retail rate.")



**Liberty Utilities™**  
WATER • GAS • ELECTRIC

Respectfully Submitted,

*Shannon P. Coleman*

Shannon P. Coleman  
Attorney for  
Granite State Electric Company

**Granite State Electric Company**  
**List of Rate Changes**

**Base  
Distribution  
Rate Changes**

<u>Order No.</u>	<u>Date</u>	<u>Docket</u>	<u>Description of Rates Adjusted</u>	<u>Effective Date of Rate Change</u>
25,536	June 27, 2013	DE13-150	2013 Annual Reliability Enhancement and Vegetation Management Program Results and Reconciliation	July 1, 2013
25,531	June 27, 2013	DE13-063	Order Approving Temporary Rates	July 1, 2013

**Non-base  
Distribution  
Rate Changes**

<u>Order No.</u>	<u>Date</u>	<u>Docket</u>	<u>Description of Rates Adjusted</u>	<u>Effective Date of Rate Change</u>
25,476	March 22, 2013	DE 13-018	Default Service Rates - Large and Small Customer Groups	May 1, 2013
25,527	June 25, 2013	DE 13-018	Default Service Rates - Large Commercial and Industrial Customers	August 1, 2013

RATES EFFECTIVE MAY 1, 2013  
FOR USAGE ON AND AFTER MAY 1, 2013

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	\$4.36						\$4.36
	1st 250 kWh	\$0.01649	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04263
	Excess 250 kWh	\$0.04294	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.06908
	Off Peak kWh	\$0.01577	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04191
	Farm kWh	\$0.02564	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.05178
	D-6 kWh	\$0.01649	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04263
D-10	Customer Charge	\$7.49						\$7.49
	On Peak kWh	\$0.04776	\$0.00223	\$0.00055	\$0.01672	\$0.00330	\$0.00151	\$0.07207
	Off Peak kWh	\$0.00011	\$0.00223	\$0.00055	\$0.01672	\$0.00330	\$0.00151	\$0.02442
G-1	Customer Charge	\$93.37						\$93.37
	Demand Charge	\$4.07						\$4.07
	On Peak kWh	\$0.00152	\$0.00223	\$0.00055	\$0.01804	\$0.00330	\$0.00150	\$0.02714
	Off Peak kWh	\$0.00019	\$0.00223	\$0.00055	\$0.01804	\$0.00330	\$0.00150	\$0.02581
G-2	Customer Charge	\$24.98						\$24.98
	Demand Charge	\$4.49						\$4.49
	All kWh	\$0.00049	\$0.00223	\$0.00055	\$0.01988	\$0.00330	\$0.00150	\$0.02795
G-3	Customer Charge	\$5.52						\$5.52
	All kWh	\$0.03090	\$0.00223	\$0.00055	\$0.01971	\$0.00330	\$0.00150	\$0.05819
M	All kWh	\$0.00019	\$0.00223	\$0.00055	\$0.00900	\$0.00330	\$0.00149	\$0.01676
	<i>see tariff for luminaires &amp; pole charges</i>							
T	Customer Charge	\$5.64						\$5.64
	All kWh	\$0.02029	\$0.00223	\$0.00055	\$0.01653	\$0.00330	\$0.00150	\$0.04400
V	Minimum Charge	\$5.89						\$5.89
	All kWh	\$0.02859	\$0.00223	\$0.00055	\$0.02094	\$0.00330	\$0.00152	\$0.05713

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of \$0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	(\$0.00017)	(\$0.00008)	(\$0.00017)	(\$0.00007)	(\$0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of (\$0.00037) per kWh for usage on and after 7/1/12

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of \$0.00001 per kWh for usage on and after 1/1/13

System Benefits Charge-Energy Efficiency	\$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	\$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	\$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	\$0.06656	Effective 5/1/13, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	\$0.06258	Effective 5/1/13, usage on and after
	\$0.07127	Effective 6/1/13, usage on and after
	\$0.07403	Effective 7/1/13, usage on and after
Electricity Consumption Tax	\$0.00055	Effective 5/1/01, usage on and after

Dated: April 12, 2013  
Effective: May 01, 2013

Issued by: /s/ Victor D. Del Vecchio  
Victor D. Del Vecchio  
Title: President

Authorized by Docket No. DE 13-018, NHPUC Order No 25,476, Dated March 22, 2013

RATES EFFECTIVE JULY 1, 2013  
FOR USAGE ON AND AFTER JULY 1, 2013

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	\$5.53						\$5.53
	1st 250 kWh	\$0.02156	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04470
	Excess 250 kWh	\$0.05547	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.08161
	Off Peak kWh	\$0.02063	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04677
	Farm kWh	\$0.03329	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.05943
	D-6 kWh	\$0.02156	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04770
D-10	Customer Charge	\$9.50						\$9.50
	On Peak kWh	\$0.06271	\$0.00223	\$0.00055	\$0.01672	\$0.00330	\$0.00151	\$0.08702
	Off Peak kWh	\$0.00023	\$0.00223	\$0.00055	\$0.01672	\$0.00330	\$0.00151	\$0.02454
G-1	Customer Charge	\$118.49						\$118.49
	Demand Charge	\$5.16						\$5.16
	On Peak kWh	\$0.00373	\$0.00223	\$0.00055	\$0.01804	\$0.00330	\$0.00150	\$0.02935
	Off Peak kWh	\$0.00031	\$0.00223	\$0.00055	\$0.01804	\$0.00330	\$0.00150	\$0.02593
G-2	Customer Charge	\$31.69						\$31.69
	Demand Charge	\$5.69						\$5.69
	All kWh	\$0.00147	\$0.00223	\$0.00055	\$0.01988	\$0.00330	\$0.00150	\$0.02893
G-3	Customer Charge	\$7.00						\$7.00
	All kWh	\$0.04007	\$0.00223	\$0.00055	\$0.01971	\$0.00330	\$0.00150	\$0.05863
M	All kWh	\$0.00047	\$0.00223	\$0.00055	\$0.00900	\$0.00330	\$0.00149	\$0.01704
	<i>see tariff for luminaires &amp; pole charges</i>							
T	Customer Charge	\$7.16						\$7.16
	All kWh	\$0.02658	\$0.00223	\$0.00055	\$0.01653	\$0.00330	\$0.00150	\$0.05069
V	Minimum Charge	\$7.47						\$7.47
	All kWh	\$0.03713	\$0.00223	\$0.00055	\$0.02094	\$0.00330	\$0.00152	\$0.06567

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of \$0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	(\$0.00017)	(\$0.00008)	(\$0.00017)	(\$0.00007)	(\$0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of (\$0.00010) per kWh for usage on and after 7/1/13

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of (\$0.00001) per kWh for usage on and after 1/1/13

System Benefits Charge-Energy Efficiency	\$0.00180	Effective 7/1/11, usage on and after
<u>System Benefits Charge-Statewide Energy Assistance Program</u>	<u>\$0.00150</u>	Effective 7/1/11, usage on and after
Total System Benefits Charge	\$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	\$0.06656	Effective 5/1/13, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	\$0.06258	Effective 5/1/13, usage on and after
	\$0.07127	Effective 6/1/13, usage on and after
	\$0.07403	Effective 7/1/13, usage on and after
Electricity Consumption Tax	\$0.00055	Effective 5/1/01, usage on and after

Dated: July 05, 2013  
Effective: July 01, 2013

Issued by: /s/ Victor D. Del Vecchio  
Victor D. Del Vecchio  
Title: President

Authorized by Docket Nos. DE 13-063 & DE 13-150, NHPUC Order Nos. 25,531 & 25,536, Dated 06/27/2013

RATES EFFECTIVE AUGUST 1, 2013  
FOR USAGE ON AND AFTER AUGUST 1, 2013

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	\$5.53						\$5.53
	1st 250 kWh	\$0.02156	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04770
	Excess 250 kWh	\$0.05547	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.08161
	Off Peak kWh	\$0.02063	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04677
	Farm kWh	\$0.03329	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.05943
	D-6 kWh	\$0.02156	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04770
D-10	Customer Charge	\$9.50						\$9.50
	On Peak kWh	\$0.06271	\$0.00223	\$0.00055	\$0.01672	\$0.00330	\$0.00151	\$0.08702
	Off Peak kWh	\$0.00023	\$0.00223	\$0.00055	\$0.01672	\$0.00330	\$0.00151	\$0.02454
G-1	Customer Charge	\$118.49						\$118.49
	Demand Charge	\$5.16						\$5.16
	On Peak kWh	\$0.00373	\$0.00223	\$0.00055	\$0.01804	\$0.00330	\$0.00150	\$0.02935
	Off Peak kWh	\$0.00031	\$0.00223	\$0.00055	\$0.01804	\$0.00330	\$0.00150	\$0.02593
G-2	Customer Charge	\$31.69						\$31.69
	Demand Charge	\$5.69						\$5.69
	All kWh	\$0.00147	\$0.00223	\$0.00055	\$0.01988	\$0.00330	\$0.00150	\$0.02893
G-3	Customer Charge	\$7.00						\$7.00
	All kWh	\$0.04007	\$0.00223	\$0.00055	\$0.01971	\$0.00330	\$0.00150	\$0.06736
M	All kWh	\$0.00047	\$0.00223	\$0.00055	\$0.00900	\$0.00330	\$0.00149	\$0.01704
	<i>see tariff for luminaires &amp; pole charges</i>							
T	Customer Charge	\$7.16						\$7.16
	All kWh	\$0.02658	\$0.00223	\$0.00055	\$0.01653	\$0.00330	\$0.00150	\$0.05069
V	Minimum Charge	\$7.47						\$7.47
	All kWh	\$0.03713	\$0.00223	\$0.00055	\$0.02094	\$0.00330	\$0.00152	\$0.06567

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of \$0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	(\$0.00017)	(\$0.00008)	(\$0.00017)	(\$0.00007)	(\$0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of (\$0.00010) per kWh for usage on and after 7/1/13

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of (\$0.00001) per kWh for usage on and after 1/1/13

System Benefits Charge-Energy Efficiency	\$0.00180	Effective 7/1/11, usage on and after
<u>System Benefits Charge-Statewide Energy Assistance Program</u>	<u>\$0.00150</u>	Effective 7/1/11, usage on and after
Total System Benefits Charge	\$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	\$0.06656	Effective 5/1/13, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	\$0.06678	Effective 8/1/13, usage on and after
	\$0.06077	Effective 9/1/13, usage on and after
	\$0.05942	Effective 10/1/13, usage on and after
Electricity Consumption Tax	\$0.00055	Effective 5/1/01, usage on and after

Dated: July 12, 2013  
Effective: August 01, 2013

Issued by: /s/ Victor D. Del Vecchio  
Victor D. Del Vecchio  
Title: President



**Granite State Electric Company**

**List of Rate Changes**

**Base  
Distribution  
Rate Changes**

<u>Order No.</u>	<u>Date</u>	<u>Docket</u>	<u>Description of Rates Adjusted</u>	<u>Effective Date of Rate Change</u>
<u>25,536</u> <del>25,446</del>	<u>June 27, 2013</u> <del>December 27, 2012</del>	<u>DE13-150</u> <del>DE 12-341</del>	<u>2013 Annual Reliability Enhancement and Vegetation Management Program Results and Reconciliation Annual Retail Rate Adjustment Filing</u>	<u>July 1, 2013</u> <del>January 1, 2013</del>
<u>25,531</u>	<u>June 27, 2013</u>	<u>DE13-063</u>	<u>Order Approving Temporary Rates</u>	<u>July 1, 2013</u>

**Non-base  
Distribution  
Rate Changes**

<u>Order No.</u>	<u>Date</u>	<u>Docket</u>	<u>Description of Rates Adjusted</u>	<u>Effective Date of Rate Change</u>
<u>25,416</u> <del>476</del>	<u>September 21, 2012</u> <del>March 22, 2012</del>	<u>DE 1213-023</u> <del>018</del>	<u>Default Service Rates - Large and Small Commercial and Industrial Customers Groups</u>	<u>November 1, 2012</u> <del>May 1, 2012</del>
<u>25,441</u> <del>527</del>	<u>June 25, 2013</u> <del>December 20, 2012</del>	<u>DE 1213-023</u> <del>018</del>	<u>Default Service Rates - Large Commercial and Industrial Customers</u>	<u>February-August 1, 2013</u>

RATES EFFECTIVE FEBRUARY/MAY 1, 2013  
FOR USAGE ON AND AFTER FEBRUARY/MAY 1, 2013

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	\$4.36						\$4.36
	1st 250 kWh	\$0.01649	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04263
	Excess 250 kWh	\$0.04294	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.06908
	Off Peak kWh	\$0.01577	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04191
	Farm kWh	\$0.02564	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.05178
	D-6 kWh	\$0.01649	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.04263
D-10	Customer Charge	\$7.49						\$7.49
	On Peak kWh	\$0.04776	\$0.00223	\$0.00055	\$0.01672	\$0.00330	\$0.00151	\$0.07207
	Off Peak kWh	\$0.00011	\$0.00223	\$0.00055	\$0.01672	\$0.00330	\$0.00151	\$0.02442
G-1	Customer Charge	\$93.37						\$93.37
	Demand Charge	\$4.07						\$4.07
	On Peak kWh	\$0.00152	\$0.00223	\$0.00055	\$0.01804	\$0.00330	\$0.00150	\$0.02714
	Off Peak kWh	\$0.00019	\$0.00223	\$0.00055	\$0.01804	\$0.00330	\$0.00150	\$0.02581
G-2	Customer Charge	\$24.98						\$24.98
	Demand Charge	\$4.49						\$4.49
	All kWh	\$0.00049	\$0.00223	\$0.00055	\$0.01988	\$0.00330	\$0.00150	\$0.02795
G-3	Customer Charge	\$5.52						\$5.52
	All kWh	\$0.03090	\$0.00223	\$0.00055	\$0.01971	\$0.00330	\$0.00150	\$0.05819
	All kWh	\$0.00019	\$0.00223	\$0.00055	\$0.00900	\$0.00330	\$0.00149	\$0.01676
M	see tariff for luminaires & pole charges							
T	Customer Charge	\$5.64						\$5.64
	All kWh	\$0.02029	\$0.00223	\$0.00055	\$0.01653	\$0.00330	\$0.00150	\$0.0444004400
V	Minimum Charge	\$5.89						\$5.89
	All kWh	\$0.02859	\$0.00223	\$0.00055	\$0.02094	\$0.00330	\$0.00152	\$0.05713

- (1) Distribution Energy Charges include a Business Profits Tax Surcharge of \$0.00057 per kWh for usage on and after 8/1/01  
(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	(\$0.00017)	(\$0.00008)	(\$0.00017)	(\$0.00007)	(\$0.00009)

- (3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of (\$0.00037) per kWh for usage on and after 7/1/12  
(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of (\$0.00001) per kWh for usage on and after 1/1/13

System Benefits Charge-Energy Efficiency	\$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	\$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	\$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	\$0.07525 06656	Effective 1/1/13, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	\$0.09414 06258	Effective 25/1/13, usage on and after
	\$0.07583 07127	Effective 26/1/13, usage on and after
	\$0.06643 07403	Effective 42/1/13, usage on and after
Electricity Consumption Tax	\$0.00055	Effective 5/1/01, usage on and after

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Dated: January-03April 12, 2013

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| Effective: ~~February~~ May 01, 2013

Issued by: /s/ Victor D. Del Vecchio  
Victor D. Del Vecchio  
Title: President

| Authorized by Docket No. DE ~~12-023~~ 13-018, NHPUC Order No ~~25,441~~ 476, Dated ~~December 20, 2012~~ March 22, 2013

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RATES EFFECTIVE JANUARY-JULY 1, 2013  
FOR USAGE ON AND AFTER JANUARY-JULY 1, 2013

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	\$4,365.53						\$4,365.53
	1st 250 kWh	\$0.0164902156	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.0426304470
	Excess 250 kWh	\$0.0429405547	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.0690808161
	Off Peak kWh	\$0.0457702063	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.0419104677
	Farm kWh	\$0.0256403329	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.0517805943
	D-6 kWh	\$0.0164902156	\$0.00223	\$0.00055	\$0.01856	\$0.00330	\$0.00150	\$0.0426304470
D-10	Customer Charge	\$7,499.50						\$7,499.50
	On Peak kWh	\$0.0477606271	\$0.00223	\$0.00055	\$0.01672	\$0.00330	\$0.00151	\$0.0720708702
	Off Peak kWh	\$0.0001400023	\$0.00223	\$0.00055	\$0.01672	\$0.00330	\$0.00151	\$0.0244202454
G-1	Customer Charge	\$93,371.18.49						\$93,371.18.49
	Demand Charge	\$4,075.16						\$4,075.16
	On Peak kWh	\$0.0015200373	\$0.00223	\$0.00055	\$0.01804	\$0.00330	\$0.00150	\$0.0271402935
	Off Peak kWh	\$0.0001900031	\$0.00223	\$0.00055	\$0.01804	\$0.00330	\$0.00150	\$0.0258102593
G-2	Customer Charge	\$24,9831.69						\$24,9831.69
	Demand Charge	\$4,495.69						\$4,495.69
	All kWh	\$0.0004900147	\$0.00223	\$0.00055	\$0.01988	\$0.00330	\$0.00150	\$0.0279502893
G-3	Customer Charge	\$5,527.00						\$5,527.00
	All kWh	\$0.0309004007	\$0.00223	\$0.00055	\$0.01971	\$0.00330	\$0.00150	\$0.0581905863
M	All kWh	\$0.0001900047	\$0.00223	\$0.00055	\$0.00900	\$0.00330	\$0.00149	\$0.0467601704
	see tariff for luminaires & pole charges							
T	Customer Charge	\$5,647.16						\$5,647.16
	All kWh	\$0.0202902658	\$0.00223	\$0.00055	\$0.01653	\$0.00330	\$0.00150	\$0.0444005069
V	Minimum Charge	\$5,897.47						\$5,897.47
	All kWh	\$0.0285903713	\$0.00223	\$0.00055	\$0.02094	\$0.00330	\$0.00152	\$0.0571306567

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(1) Distribution Energy Charges include a Business Profits Tax Surcharge of \$0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	(\$0.00017)	(\$0.00008)	(\$0.00017)	(\$0.00007)	(\$0.00009)

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(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of (\$0.0003700010) per kWh for usage on and after 7/1/13

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of (\$0.00001) per kWh for usage on and after 1/1/13

System Benefits Charge-Energy Efficiency	\$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	\$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	\$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	\$0.0752506656	Effective 11/5/11/1213, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	\$0.0652406258	Effective 11/5/11/1213, usage on and after
	\$0.0769707127	Effective 12/6/11/1213, usage on and after
	\$0.0892507403	Effective 04/7/11/13, usage on and after
Electricity Consumption Tax	\$0.00055	Effective 5/1/01, usage on and after

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Dated: January-02July 05, 2013  
Effective: JanuaryJuly 01, 2013

Issued by: /s/ Victor D. Del Vecchio  
Victor D. Del Vecchio

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Title: President

Authorized by Docket NoNos. DE 12-34+13-063 & DE 13-150, NHPUC Order NoNos. 25,446531 & 25,536, Dated December 06/27, 2012/2013

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RATES EFFECTIVE NOVEMBER-  
AUGUST 1, 2012 2013  
FOR USAGE ON AND AFTER NOVEMBER-  
AUGUST 1, 2012 2013

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	\$4,365.51						\$4,365.51
	1st 250 kWh	\$0.0165002156	\$0.00223	\$0.00055 \$0.0402504770	\$0.0167701856	\$0.00330	\$0.0009000150	\$0.0009000150
	Excess 250 kWh	\$0.0429505547	\$0.00223	\$0.00055 \$0.0667008161	\$0.0167701856	\$0.00330	\$0.0009000150	\$0.0009000150
	Off Peak kWh	\$0.0157802063	\$0.00223	\$0.00055 \$0.0395304677	\$0.0167701856	\$0.00330	\$0.0009000150	\$0.0009000150
	Farm kWh	\$0.0256503329	\$0.00223	\$0.00055 \$0.0494005943	\$0.0167701856	\$0.00330	\$0.0009000150	\$0.0009000150
	D-6 kWh	\$0.0165002156	\$0.00223	\$0.00055 \$0.0402504770	\$0.0167701856	\$0.00330	\$0.0009000150	\$0.0009000150
D-10	Customer Charge	\$7,499.50						\$7,499.50
	On Peak kWh	\$0.0477706271	\$0.00223	\$0.00055 \$0.0713708702	\$0.0166301672	\$0.00330	\$0.0008900151	\$0.0008900151
	Off Peak kWh	\$0.0004200023	\$0.00223	\$0.00055 \$0.0237202454	\$0.0166301672	\$0.00330	\$0.0008900151	\$0.0008900151
G-1	Customer Charge	\$93,371.1849						\$93,371.1849
	Demand Charge	\$4,075.16						\$4,075.16
	On Peak kWh	\$0.0015300373	\$0.00223	\$0.00055	\$0.0139401804	\$0.00330	\$0.0009000150	\$0.0224502935
	Off Peak kWh	\$0.0002000031	\$0.00223	\$0.00055	\$0.0139401804	\$0.00330	\$0.0009000150	\$0.0211202593
G-2	Customer Charge	\$24,983.169						\$24,983.169
	Demand Charge	\$4,495.69						\$4,495.69
	All kWh	\$0.0005000147	\$0.00223	\$0.00055	\$0.0162501988	\$0.00330	\$0.0009000150	\$0.0237302893
G-3	Customer Charge	\$5,527.00						\$5,527.00
	All kWh	\$0.0309104007	\$0.00223	\$0.00055 \$0.0544706736	\$0.0165801971	\$0.00330	\$0.0009000150	\$0.0009000150
M	All kWh	\$0.0002000047	\$0.00223	\$0.00055	\$0.0109409000	\$0.00330	\$0.0009100149	\$0.0009100149
	see tariff for luminaires & pole charges							
T	Customer Charge	\$5,647.16						\$5,647.16
	All kWh	\$0.0203002658	\$0.00223	\$0.00055 \$0.0440005069	\$0.0167201653	\$0.00330	\$0.0009000150	\$0.0009000150
V	Minimum Charge	\$5,897.47						\$5,897.47
	All kWh	\$0.0286003713	\$0.00223	\$0.00055 \$0.0542806567	\$0.0187002094	\$0.00330	\$0.0009000152	\$0.0009000152

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(1) Distribution Energy Charges include a Business Profits Tax Surcharge of \$0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	(\$0.00017)	(\$0.00008)	(\$0.00017)	(\$0.00007)	(\$0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of (\$0.0003700010)

per kWh for usage on and after 7/1/13

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of \$0.00000-00001 per kWh for usage on and after 7/1/13

System Benefits Charge-Energy Efficiency	\$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	\$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	\$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	\$0.066567525	Effective 1/1/13, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	\$0.066785217	Effective 1/1/13, usage on and after
	\$0.060777697	Effective 2/1/13, usage on and after
	\$0.059428925	Effective 01/01/13, usage on and after
Electricity Consumption Tax	\$0.00055	Effective 5/1/01, usage on and after

Dated: September-July  
1224, 20122013  
Effective: November-August  
01, 20122013

Issued by: /s/ Victor D. Del Vecchio  
Victor D. Del Vecchio  
Title: President

Authorized by Docket No. DE 1213-023018, NHPUC Order No 25,416527, Dated 0906/2125/20122013

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## **ATTACHMENT 3 – PUC ORDERS**



**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 13-150**

**GRANITE STATE ELECTRIC COMPANY, INC. D/B/A LIBERTY UTILITIES**

**Fiscal Year 2013 Reliability Enhancement and Vegetation Management Plan  
Results and Reconciliation**

**Order Following Hearing**

**ORDER NO. 25,536**

**June 27, 2013**

**APPEARANCES:** Sarah B. Knowlton, Esq. on behalf of Granite State Electric Company d/b/a Liberty Utilities; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

**I. PROCEDURAL HISTORY**

On May 15, 2013, Granite State Electric Company, Inc. d/b/a Liberty Utilities (Liberty or Company) filed the results of its reliability enhancement plan (REP) and vegetation management plan (VMP) for fiscal year (FY) 2013 (April 1, 2012 through March 31, 2013). The filing was made pursuant to the terms of a settlement agreement approved by the Commission in Docket No. DG 06-107 regarding the National Grid plc/KeySpan Corporation merger. *See* Order No. 24,777 (July 12, 2007). National Grid is the prior owner of Granite State Electric Company, Inc. which was acquired by Liberty in a series of transactions approved by the Commission in Order No. 25,370 (May 30, 2012). Upon completion of the transactions, Liberty assumed the obligations of National Grid under the settlement agreement.

As required by the settlement agreement, the filing included: (1) a report on the actual spending on operation and maintenance (O&M) activities and capital projects for FY 2013, including an explanation of the differences between the actual amounts spent and the budgeted amounts reviewed by Staff; (2) a request to refund customers the amount of \$52,081, consisting

of vegetation management reimbursements of \$253,054 from FairPoint Communications (FairPoint) reduced by \$200,973, the amount of O&M spending in excess of the base amount of \$1,360,000; (3) a request for an incremental revenue requirement of \$125,829 associated with REP capital investment of \$545,916; and (4) a summary of reliability performance for FY 2013.

On May 30, 2013, the Commission issued Order No. 25,515 suspending the tariff and scheduling a hearing for June 14, 2013.

## **II. POSITIONS OF THE PARTIES AND STAFF**

### **A. Granite State Electric Company**

As part of the settlement agreement, Liberty committed to implement an REP and VMP that would achieve by 2013 the reliability performance levels that existed prior to 2005. The Company testified that it is on target to achieve the required performance level in calendar year 2013.

The REP and VMP budgets are premised on the idea that specified levels of annual spending on capital and O&M activities are necessary to maintain the safety and reliability of the Company's electric distribution system. Liberty described the REP and VMP activities as including feeder hardening, augmented tree-trimming and clearing, asset replacement (including recloser installation) and inspection and maintenance.

According to Liberty, the settlement agreement assumes that a base amount of \$1,360,000 will be spent on O&M activities associated with REP and VMP during each fiscal year of the Company's five-year rate plan established in the settlement agreement. To the extent that the Company spends less than the agreed-upon base O&M budget on REP and VMP O&M activities for a given fiscal year, the difference would be credited back to customers either through a refund commencing on July 1 following the end of the fiscal year, or credited to the

next year's REP and VMP O&M budget, as determined by the Commission. Liberty explained that, notwithstanding the base O&M amount of \$1,360,000, the settlement agreement allowed Liberty to implement and collect the revenue requirement with alternative plans that exceed the base O&M amount assuming that the associated spending is just and reasonable.

For FY 2013, Liberty submitted an O&M budget of \$1,721,585 (\$145,000 for REP and \$1,576,585 for VMP). The Company actually spent \$1,560,973 on O&M activities related to REP/VMP (\$31,027 for REP and \$1,529,946 for VMP), or \$160,612 less than the budgeted amount. According to Liberty, the spending variance resulted from several factors including lower than expected bid prices for cycle pruning, and less demand for spot tree trimming, trouble and restoration calls. Somewhat offsetting those factors, the Company experienced greater than anticipated costs for police details for cycle pruning, increased demand for tree planting in exchange for tree removals, and increased spending for sub-transmission right-of-way clearing spending. The total spending of \$1,560,973 for REP/VMP O&M was reduced by FairPoint vegetative management reimbursements of \$253,054, resulting in a net REP/VMP O&M expense of \$1,307,919, or \$413,666 less than the budgeted amount of \$1,721,585. Liberty explained that the result for customers is a refund of \$52,081, which is the amount of REP/VMP expense below the base plan O&M amount of \$1,360,000. Liberty explained that the refund is less than the FY 2012 refund of \$295,207 and, consequently, represents a change in the REP/VMP adjustment factor from negative 0.00037 cents per kilowatt hour (kWh) to a negative 0.00010 cents per kWh.

The settlement agreement also established a process whereby the Company will prepare a proposed budget for REP capital investments for each fiscal year following discussions with Staff. For FY 2013, Liberty proposed a capital budget of \$588,000. The Company developed its

capital budget to install ten line reclosers along with completing the replacement of remaining potted porcelain cutouts by the end of the fiscal. According to its report, Liberty installed and actually spent \$241,032 in FY 2013; however, Liberty explained that an additional amount of approximately \$300,000 was incurred in FY 2013 in recloser installation but was not booked in FY 2013. Liberty said that the costs incurred in FY 2013 would appear in its report for the period April 1, 2013 through December 31, 2013. The Company also completed replacement of all of the remaining identified potted porcelain cutouts, including those requiring customer outages to facilitate replacement. Liberty spent \$47,362 on the replacement of potted porcelain cutouts, in excess of the budgeted amount of \$20,000. In addition, the Company spent \$257,522 for feeder hardening completed near the end of FY 2012 but not booked to plant in service until FY 2013. In summary, Liberty recorded \$545,916 in capital investment compared with the budgeted amount of \$588,000. Liberty requested an incremental REP capital investment allowance of \$125,829, representing the revenue requirement associated with \$545,916 of capital investment.

Overall, taking into account the FY 2013 capital and O&M spending along with changes in credits and refunds from FY 2012 to FY 2013, the Company requested a net increase to its annual distribution rates of \$371,284 for effect July 1, 2013. According to the Company, the rate changes associated with the REP/VMP reconciliation for usage on and after July 1, 2013 for a residential customer with an average monthly usage of 676 kWh per month, which is the average monthly usage over the 12 months ending April 2013, would be an overall monthly bill increase of \$0.33, or 0.4 percent, from \$89.43 to \$89.76. For other customers, overall increases range from 0.3 to 0.4 percent.

**B. Staff**

Staff supported Liberty's filing. Staff stated that it will continue to review the REP/VMP program and related issues in Docket No. DE 13-063, Liberty's pending distribution rate case.

**III. COMMISSION ANALYSIS**

We have reviewed the Company's filing and the testimony given during the hearing. Based on our review, we conclude that the activities performed by the Company during the year are consistent with the goals and parameters of the reliability enhancement and vegetation management programs. We have also reviewed the associated rate impacts and find that the rates are just and reasonable and in the public interest. Therefore, we will grant the petition and allow the Company to commence recovery of the costs through rates effective with services rendered on and after July 1, 2013.

On April 3, 2013 in Docket DE 13-039, the Commission approved Liberty's request to continue the REP/VMP program through December 31, 2013 while further review of the REP/VMP program is conducted in Docket No. DE 13-063, Liberty's distribution rate case. Because Liberty operates on a calendar year basis, we expect the Company to comply with the requirements of the settlement agreement approved in Docket No. DG 06-107 when it files its report of the results of the REP/VMP program for calendar year 2013.

We note that Liberty sought a temporary increase to distribution rates, also for effect July 1, 2013, in Docket DE 13-063. By Order No. 25,531, issued contemporaneously, we approved a temporary increase to distribution revenues of 26.35%. Residential customers using 676 kWh per month, the average monthly residential usage over the 12 month period ending April 2013, would experience a combined increase of 8.7%, with overall bills moving from \$89.43 to \$97.21 per month.

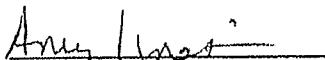
**Based upon the foregoing, it is hereby**


**ORDERED**, that the Fiscal Year 2013 reliability enhancement plan and vegetation management plan report and reconciliation filing of Granite State Electric Company, Inc. d/b/a Liberty Utilities is hereby APPROVED; and it is

**FURTHER ORDERED**, that the request for recovery of the FY 2013 REP/VMP capital expenditures and operation and maintenance costs in rates effective with service rendered on an after July 1, 2013 is hereby APPROVED; and it is

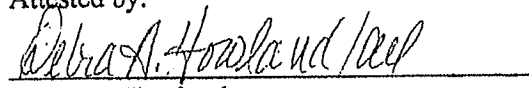
**FURTHER ORDERED**, that Granite State Electric Company, Inc. d/b/a Liberty Utilities shall file tariff pages conforming with this Order pursuant to Puc Part 1603 within 30 days hereof.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of June, 2013.

  
Amy L. Ignatius  
Chairman

  
Michael D. Harrington  
Commissioner

Attested by:

  
Debra A. Howland  
Executive Director

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 13-063**

**GRANITE STATE ELECTRIC COMPANY, INC.  
D/B/A LIBERTY UTILITIES**

**Petition for Permanent Rate Increase**

**Order Approving Temporary Rates**

**ORDER NO. 25,531**

**June 27, 2013**

**APPEARANCES:** Sarah B. Knowlton, Esq. on behalf of Granite State Electric Company, Inc. d/b/a Liberty Utilities; Hinckley, Allen & Snyder, LLP by Daniel M. Deschenes, Esq. on behalf of Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock; the Office of Consumer Advocate by Susan W. Chamberlin, Esq. on behalf of residential ratepayers; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

**I. PROCEDURAL HISTORY**

On February 27, 2013, Granite State Electric Company, Inc. d/b/a Liberty Utilities (Liberty or Company) filed a notice of intent to file rate schedules. On March 29, 2013, Liberty filed a petition for temporary distribution rates pursuant to RSA 378:27. Liberty's temporary rate request was part of a broader filing in which Liberty requested a permanent rate increase of \$14,168,940 in annual distribution revenues. In its filing, Liberty requested a temporary increase in annual distribution revenues of \$9,215,479 for effect on a service-rendered basis on and after July 1, 2013. The temporary rate request represents an increase in customers' bills of 11.7% on an overall basis.

With its petition, Liberty filed testimony and related exhibits and a motion for waiver of certain requirements of N. H. Code Admin. Rules Puc 1600 related to the production of certain information regarding Algonquin Power & Utilities Corp., Liberty's parent company, and

National Grid, the prior parent company of Granite State Electric Company. In addition, Liberty filed a motion for confidential treatment for compensation information for the Company's president and one of its directors because the information has not been made available to the public.

On March 11, 2013, the Office of Consumer Advocate (OCA) notified the Commission that it would be participating in this proceeding on behalf of residential ratepayers pursuant to RSA 363:28. Mary Hitchcock Memorial Hospital and Dartmouth Hitchcock (Dartmouth Hitchcock) filed a motion to intervene on April 19, 2013.

On April 11, 2013, the Commission issued an Order No. 25,490 suspending the tariff and scheduling a prehearing conference and technical session on April 24, 2013. The Commission granted Dartmouth Hitchcock's motion to intervene at the prehearing conference. Also on April 24, 2013, the Staff filed a proposed procedural schedule agreed to by the parties during the technical session for both the temporary and permanent phase of the proceeding. On April 25, 2013, the Commission issued a secretarial letter approving the procedural schedule as proposed by Staff, including setting a hearing on temporary rates for June 4, 2013.

Staff filed testimony of Steven E. Mullen, Assistant Director of the Electric Division, on May 24, 2013. Settlement discussions followed. On May 30, 2013, Staff, on behalf of the parties, filed a request for permission to late-file a settlement agreement pursuant to N. H. Code Admin. Rules Puc 203.20. The Commission granted the request and accepted the Settlement Agreement at the June 4, 2013 hearing.

On May 31, 2013, Liberty filed a motion for confidential treatment regarding Staff data request 1-29. Staff data request 1-29 asked for information regarding Liberty's solicitation for



consultants in connection with the rate case proceeding. In the motion, Liberty requested confidential treatment of the bid range supplied by respondents to the solicitation.

On June 3, 2013, Staff filed a Stipulation and Settlement Agreement (Settlement Agreement) regarding temporary rates signed by Liberty, the OCA and Staff. The hearing was held as scheduled. On June 5, 2013, Liberty filed a corrected page 3 to Hearing Exhibit 4, the Stipulation and Settlement Agreement.

At the June 4, 2013 hearing, the Commission heard argument on Liberty's three pending motions: (1) the motion for waiver of certain filing requirements of N.H. Code Admin. Rules Puc 1600, (2) the motion for confidential treatment of certain executive compensation, and (3) the motion for confidential treatment for certain information contained in its response to Staff data request 1-29. No party objected to any of the motions. The Commission granted all three motions at the hearing.

Subsequent to the hearing, on June 25, 2013, Liberty filed a letter stating that it had discovered that certain schedules attached to the Settlement Agreement incorporated default service rates (under the heading "commodity") that were incorrect. Liberty explained that the default service rates in the schedules are rates that were effective for a prior period and are slightly higher than the rates in effect at the time the Settlement Agreement was filed. Liberty stated that the amount of increase in the distribution rates set forth in the Settlement Agreement are correctly stated and that the only impact is that rate increases will be slightly lower when the lower default service rate is taken into account. To correct this error, Liberty proposed to file replacement pages to the Settlement Agreement schedules as part of its compliance filing on temporary rates. Liberty reported that the total bill impact on the proposed temporary

distribution rates to residential customers using 676 kWh per month, residential customers' average use, would be an increase of \$7.45 in monthly bills, or an increase of 8%.

## **II. SUMMARY OF STIPULATION AND SETTLEMENT AGREEMENT**

Pursuant to the terms of the Settlement Agreement, Liberty would receive a temporary distribution revenue increase of \$6.5 million effective for service on and after July 1, 2013 and would collect the temporary rate increase by applying a uniform increase in distribution revenue of 26.35% to each of Liberty's current rate schedules and rates.

The Settlement Agreement provides that the temporary revenue increase will be based upon a capital structure of 55% equity/45% debt as discussed in DG 11-040<sup>1</sup>, a return on equity of 9.67% as included in an approved settlement agreement in DG 06-107<sup>2</sup>, the last proceeding involving a general adjustment to the Company's distribution rates, and a weighted cost of debt of 6.02%, resulting in an overall return of 8.03%.

The Settlement Agreement also recognized that Liberty may request an increase in its Storm Recovery Adjustment Factor (SRAF) in a separate petition to be filed for effect with rates as of November 1, 2013. The Settlement Agreement stated that the Company is also requesting an adjustment to the SRAF in the permanent rate phase of this proceeding, and that further consideration of any deficit remaining in the Company's storm fund after the adjustment to the SRAF would not be precluded in the permanent rate phase of the docket.

## **III. POSITIONS OF THE PARTIES AND STAFF**

### **A. Granite State Electric Company, Inc. d/b/a Liberty Utilities**

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<sup>1</sup> DG 11-040 is the proceeding wherein Granite State Electric Company and EnergyNorth Natural Gas were acquired from National Grid.

<sup>2</sup> DG 06-107 is a proceeding involving the merger of Granite State Electric Company's former parent company, National Grid plc, with KeySpan Corporation.

In prefiled testimony, Liberty stated that the Company's earnings are approximately 936 basis points below its last rate of return authorized by the Commission in Order No. 24,777 (July 12, 2007). According to the Company, this under-earning is the result of a material increase in Liberty's rate base that has occurred since the Company's rate case. The Company attested that it continues to invest significant amounts of capital in non-revenue producing projects and its overall sales remain relatively flat. According to Liberty, a temporary rate increase is in the interest of both the Company's customers and its shareholders. Liberty said that the approval of temporary rates will begin to mitigate the problems associated with regulatory lag and provide the parties sufficient opportunity to investigate the permanent rate request, and would provide for smoother transition to permanent rates.

Liberty emphasized the importance of the provision in the Settlement Agreement which allows Liberty to seek an adjustment to its SRAF for effect on November 1, 2013. Liberty stated that its storm reserve fund is currently running a deficit of \$7 million which, with the current factor in effect, would not be paid until 2019 if the Company did not receive approval to increase the revenue to the fund. The Company pointed out that although the parties did not agree to a particular amount of revenue to be recovered through the SRAF, the agreement to allow Liberty to go forward with a SRAF proceeding while the permanent rate case proceeds would allow Liberty to further improve its earnings.

At hearing, it was pointed out that page 3 of Settlement Agreement inadvertently did not reflect certain wording that was agreed to by the settling parties. The Company agreed to file a corrected page (Hearing Exhibit 4). Liberty concluded by requesting the Commission approve the Settlement Agreement and the proposed increase in distribution revenues on a service-rendered basis effective on and after July 1, 2013.

**B. Dartmouth Hitchcock**

Although Dartmouth Hitchcock said that it had participated in settlement discussions, it did not have sufficient time to review the proposed Settlement Agreement and, consequently, did not sign it. Dartmouth Hitchcock did not object to the Settlement Agreement.

**C. Office of Consumer Advocate**

The OCA did not present a witness at the temporary rate hearing. In its closing the OCA stated that it had participated in settlement discussions and that it supported the Settlement Agreement with the corrections to page 3 of the agreement as noted by Staff.

**D. Commission Staff**

Staff testified in support of the Settlement Agreement. Staff concluded by stating that the Settlement Agreement was a just and reasonable resolution of the issues in the temporary rate case and that the Settlement Agreement is in the public interest consistent with N.H. Code Admin. Rules Puc 203.20(b). Staff recommended that the Commission approve the Settlement Agreement with the correction of page 3 of the Settlement Agreement.

**IV. COMMISSION ANALYSIS**

N.H. Code of Admin. Rules Puc 203.20(b) provides that the Commission shall approve disposition of any contested case by settlement “if it determines that the result is just and reasonable and serves the public interest.” *See also* RSA 541-A:31, V(a). Nonetheless, even where all parties in a proceeding enter into a settlement agreement, the Commission cannot approve it “without independently determining that the result comports with applicable standards. *Unitil Energy System, Inc.* Order No. 24,677, 91 NH PUC 416, 425-426 (2006) (citation omitted).

RSA 378:27 requires the Commission to set temporary rates at a reasonable level:

“...sufficient to yield not less than a reasonable return on the cost of the property of the utility used and useful in the public service less accrued depreciation, as shown by the reports of the utility filed with the commission, unless there appears to be reasonable ground for questioning the figures in such reports.”

*See also Appeal of the Office of Consumer Advocate*, 134 NH 651,661 (1991). “this is ‘less stringent’ than the standard for permanent rates, in that temporary rates shall be determined expeditiously, without such investigation as might be deemed necessary to a determination of permanent rates.” *Id.* at 660 (citation omitted). Moreover, the effective date of temporary rates “fixes and determines the period during which the rates allowed in the underlying permanent rate proceeding may apply.” *Appeal of Pennichuck Water Works*, 120 NH 562, 564 (1980). Based on the record in this case, we find that the revenue increase as set forth in the Settlement Agreement is appropriate and the resulting rates are just and reasonable.

According to Liberty’s petition and the pre-filed testimony, the Company’s rate of return as of December 31, 2012 was negative 0.75% compared to its authorized return of 8.61%. The Company testified that there has been a significant increase in rate base and operating costs that contribute to the under-earning. At the same time, the number of customers served by Liberty has remained relatively flat since 2006 and the growth in sales is minimal. Liberty also testified that providing a temporary rate at this point would provide for a smoother transition from current rates to permanent rates at the end of the permanent rate proceeding.

We find that the temporary increase to distribution revenues proposed in the Settlement Agreement appropriately balances the interests of customers with the interests of shareholders, and that the resulting rates are just and reasonable as required by RSA 378:5 and 378:7. We also agree that the term of the Settlement Agreement that allows the Company to accelerate its request for an increase to its SRAF is reasonable and could allow Liberty to begin recovery of some amount of storm-related costs in advance of the approval of permanent rates in this docket.

Based on the financial data presented by the Company, we conclude that it is just and reasonable to grant the company a temporary increase to distribution revenues pending a full investigation into the request for a permanent distribution rate increase. Therefore, we approve the Settlement Agreement in its entirety. Consistent with RSA 378:29, the permanent rates approved in this docket will be reconciled back to the effective date of temporary rates, that is, July 1, 2013. We will decide how any over- or under- recovery will proceed following a future determination of permanent rates.

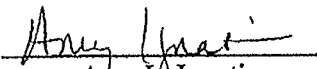
**Based upon the foregoing, it is hereby**

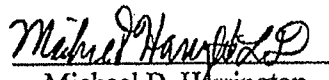
**ORDERED**, that the Settlement Agreement is APPROVED, with temporary rates to be effective July 1, 2013 on a service rendered basis; and it is

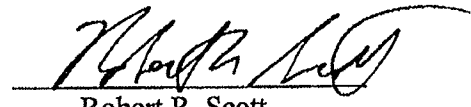
**FURTHER ORDERED**, that Liberty shall file with the Commission properly annotated tariff pages consistent with the Settlement Agreement within 10 days of the date of this order, as required by N.H. Code Admin. Rules Puc 1603; and it is

**FURTHER ORDERED**, that, as part of the compliance filing, Liberty shall include replacement schedules to be attached to the Settlement Agreement (Exhibit 4), consistent with Liberty's June 25, 2013 letter.

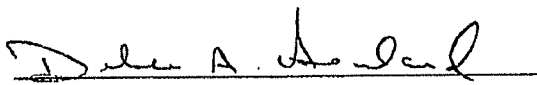
By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of June, 2013.

  
Amy L. Ignatius  
Chairman

  
Michael D. Harrington  
Commissioner

  
Robert R. Scott  
Commissioner

Attested by:

  
Debra A. Howland  
Executive Director

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 13-018**

**GRANITE STATE ELECTRIC COMPANY d/b/a LIBERTY UTILITIES**

**Petition for Approval of Proposed Default Service Rates for the Large and Small Customer  
Groups for the Period Beginning May 1, 2013**

**Order Approving Solicitation and Selection of  
Default Service Supply and Resulting Rates**

**ORDER NO. 25,476**

**March 22, 2013**

**APPEARANCES:** Sarah Knowlton, Esq. for Granite State Electric Company d/b/a Liberty Utilities; and Suzanne G. Amidon, Esq., on behalf of Staff of the Public Utilities Commission.

**I. PROCEDURAL HISTORY**

On March 15, 2013, Granite State Electric Company d/b/a Liberty Utilities (Liberty or Company) filed a petition requesting approval of its solicitation and procurement of default service for 100% of its supply requirements for its medium and large commercial and industrial customers (Large Customer Group) for the period May 1, 2013 through July 31, 2013, and for 100% of its supply requirements for its residential and small commercial customers (Small Customer Group) for the period May 1, 2013 through October 31, 2013. The filing was made pursuant to a Settlement Agreement approved by the Commission in Docket No. DE 05-126, *Granite State Electric Company, Petition for Approval of Post-Transition Default Service Proposal*, Order No. 24,577, 91 NH PUC 6 (January 13, 2006) as modified by Order No. 24,922, 93 NH PUC 600 (December 19, 2008).

In support of its petition, Liberty filed the testimony and related schedules of John D. Warshaw, Manager, Electricity Supply for Liberty Energy Utilities (New Hampshire) Corp.

(Liberty NH). Also on March 19, 2013, Liberty filed a Loss Factor Investigation Update consistent with Order No. 25,416 (September 21, 2012).

The Company selected NextEra Energy Power Marketing, LLC (NextEra), formerly known as FPL Energy Power Marketing, LLC, to provide default service for the Large Customer Group for the period May 1, 2013 through July 31, 2013 and Exelon Generation Company, LLC (Exelon), formerly known as Constellation Energy Commodities Group, Inc., to provide default service for the Small Customer Group for the period May 1, 2013 through October 31, 2013.

According to Liberty, the overall bill impact for residential customers using 500 kilowatt-hours (kWh) per month under Rate D will be a decrease from \$69.93 to \$65.58 or 6.2%; however, this represents a 21% increase over the rates for the same time period last year.<sup>1</sup> Other customers in the Small Customer Group will experience bill decreases ranging from 5.9% to 8.1% depending on usage. Large customers taking service under either Rate G-1 or Rate G-2 will experience bill decreases for the three-month period from May through July 2013 ranging from 6.2% to 7.3% as compared to the three-month period ending April 2013.

In its public filing, Granite State redacted certain information for which it requested confidential treatment pursuant to New Hampshire Code Admin. Rules Puc 201.04(a)(5), Puc 201.06 and Puc 201.07. This information consists of the Company's transaction confirmations with the winning suppliers, bid evaluation and bid summary, pricing for Renewable Energy Certificates (RECs) and retail meter commodity cost calculations. With respect to the wholesale power purchase prices included in this filing, the Company requested confidential treatment only until such time that those prices are required to be made public by the Federal Energy Regulatory Commission (FERC).

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<sup>1</sup> The witnesses testified that whereas power costs have historically been higher in the summer, recent market activity shows that higher power costs now occur in the winter, and that future default service solicitations will reflect that trend.



The Commission issued an Order of Notice on January 30, 2013 scheduling a hearing on March 19, 2013. On February 5, 2013, the Office of Consumer Advocate (OCA) filed a letter of participation in the docket pursuant to RSA 363:28.

## **II. POSITIONS OF THE PARTIES AND STAFF**

### **A. Granite State Electric Company d/b/a Liberty Utilities**

Liberty testified that it had conducted the default service solicitation process in accordance with applicable New Hampshire rules and regulations and the terms of a Settlement Agreement approved by the Commission in Order No. 24,577 (January 13, 2006) as modified by Order No. 24,922 (December 19, 2008). The Company stated that, on February 8, 2013, it issued a request for proposals (RFP) to approximately twenty-five potential suppliers soliciting power for the period May 1, 2013 through July 31, 2013 for the Large Customer Group and for the period May 1, 2013 through October 31, 2013 for the Small Customer Group. Liberty said that it also distributed the RFP to all members of the New England Power Pool Markets Committee and posted the RFP on its energy supply website so that the RFP had wide distribution throughout the New England energy supply marketplace. The RFP requested fixed pricing for each month of service on an as-delivered energy basis and allowed prices to vary monthly across the service period. Consistent with Order No. 24,922, Liberty solicited only for all-inclusive energy and capacity supply.

Liberty testified that it received indicative bids on March 5, 2013 and final bids on March 12, 2013. Liberty stated that the selected suppliers (1) provided a bid that conformed to the RFP, (2) had the lowest price, (3) met the credit requirements described in the RFP, and (4) passed Liberty's qualitative criteria.

For the Large Customer Group, the Company entered into a wholesale Transaction Confirmation on March 13, 2013 with NextEra that awards 100% of the default service load obligation of the Large Customer Group to NextEra for the period May 1, 2013 through July 2013. The Transaction Confirmation and a Master Power Agreement together provide the terms of the default service purchase by Liberty Utilities from NextEra. The NextEra Master Power Agreement, and the First Amendment to the Master Power Agreement, were previously filed with the Commission.<sup>2</sup>

Exelon was the winning bidder for the Small Customer Group. On March 13, 2013, Liberty and Exelon entered a Transaction Confirmation for Exelon to provide 100% of the load obligation for the Small Customer Group for the six-month period May 1, 2013 through October 31, 2013. According to the Company, a copy of the Master Power Agreement and a copy of the First Amendment to the Master Power Agreement have been filed previously with the Commission.<sup>3</sup>

Pursuant to a settlement agreement approved by the Commission in Order No. 24,953, 94 NH PUC 148 (March 23, 2009), Liberty requested bidders for power supply to provide a separate adder for purposes of complying with RSA 362-F, New Hampshire's Renewable Portfolio Standard (RPS) law. The RPS compliance adder indicates the additional charge the bidder needs to add to the default service rate to accept the obligation to meet New Hampshire's RPS requirements. The Company evaluated the winning bidder's RPS adder for the Large Customer Group by comparing it to estimated RPS prices for RECs and determined that the adder was higher than the Company's market estimate for New Hampshire RECs. On that basis,

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<sup>2</sup> The Master Contract with NextEra was approved by the Commission in Order No. 24,787 (September 21, 2007) in DE 07-012, Granite State's 2007 default service docket.

<sup>3</sup> The Master Contract with Exelon was approved by Order No. 24,609 (March 28, 2006) in Docket No. DE 05-126, Granite State's first default service docket.

Liberty did not accept the RPS adder from the bidder. No RPS adder was included with the winning bid for the Small Customer Group. According to Liberty, the Company had entered into a contract for certain Class I (new renewable) RECs and it planned to meet its remaining 2013 RPS obligation with RECs purchased through a RFP issued in the spring or early summer of 2013. That solicitation will also be used to satisfy its remaining 2012 obligation. The Company did not propose to change its default service RPS adder of \$0.00428 per kWh in this filing as the Company believes the current market prices for RECs are not dissimilar to the prices of RECs used in its last default service filing.

For both the Small and Large Customer Groups, Liberty said it calculated the base default service rate by multiplying the commodity cost at the wholesale level (\$ per megawatt-hour) by the applicable loss factor and then dividing the results by ten. The Company stated that the load-weighted average of the commodity cost at retail for the Small Customer Group for the period May 1 through October 31, 2013 is \$0.06078 per kWh compared to the load-weighted average of \$0.06545 per kWh for the current six-month period ending April 30, 2013. After adjustments for reconciliation and reclassification<sup>4</sup> and the adder for compliance with the Company's RPS obligations, the proposed default service rate for the Small Customer Group is \$0.06656 per kWh. Liberty calculated that, for residential customers using 500 kWh per month, total monthly bills would decrease by \$4.35 or 6.2% from \$69.93 to \$65.58. For residential customers using 675 kWh per month, the average monthly kWh usage for the twelve months ending February 2013, the total monthly bill would decrease by \$5.86 from \$95.17 to \$89.31. Average monthly bills for other customers in the Small Customer Group would decrease between 5.9% and 8.1%.

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<sup>4</sup> Commission Order No. 24,577 (Jan. 13, 2006) approved the Settlement Agreement which authorized Liberty to use these factors in adjusting rates to reflect actual costs of providing default service.

For the Large Customer Group, the Company develops rates that vary by month. According to Liberty, the monthly base default service rates at retail are as follows: \$0.05704 per kWh for May 2013; \$0.06573 per kWh for June 2013; and \$0.06849 for July 2013. Liberty said that it adjusts the base rates per month for its 2013 reconciliation and reclassification factors and the RPS Adder to derive a total default service rate for the three month period as follows: \$0.06258 per kWh for May 2013; \$0.07127 per kWh for June 2013; and \$0.07403 per kWh for July 2013. The bill impacts for customers in the Large Customer Group decreases that range from 6.2% to 7.3% depending on the month and customer's usage as compared to the rates currently in effect through April 2013.

Liberty concluded by requesting that the Commission find that the Company conducted its solicitation and selection of suppliers according to the process approved by the Commission in Order No. 24,577 and that the Commission approve the resulting rates effective with service rendered on and after May 1, 2013. Liberty further requested that the Commission protect the Company's information redacted pursuant to Puc 201.07.

Liberty submitted a report updating its loss factor and the status of issues of cross-border customers and new metering needs.

#### **B. Office of Consumer Advocate**

The OCA was unable to participate in the hearing.

#### **C. Staff**

Staff stated that it had reviewed the filing and determined that the Company had complied with Order No. 24,577 in the solicitation and evaluation of bids and in the final selection of the winning bidders, and that the resulting rates appeared market-based. Staff questioned the Company about its loss factors and the status of the settlement discussions with

National Grid concerning cross-border sales in National Grid's Massachusetts territory. Liberty stated that New England Power Company is responsible for meter replacement, and Staff also inquired about the timeframe needed to analyze, order and install metering equipment for those cross-border customers.

At closing, Staff recommended that the Commission approve the petition. Staff also stated that it had no objection to the request for confidential treatment.

### **III. COMMISSION ANALYSIS**

Based on the record in this proceeding, we find that Granite State Electric Company (d/b/a Liberty Utilities) complied with the procedures approved in Order No. 24,577 regarding its analysis of the bids and its selection of the winning bidder for default service supply for its Small and Large Customer Groups for the period beginning May 1, 2013. We are also satisfied that the Company took appropriate steps to solicit multiple potential suppliers in order to receive a competitive bid response and, consequently, that the results are consistent with the requirement of RSA 374-F:3, V(c) that default service be procured through the competitive market.

We also find that Liberty's evaluation of the bids and selection of NextEra to provide default service for the Large Customer Group for the three-month period beginning May 1, 2013 and its selection of Exelon to provide default service for the Small Customer Group for the six-month period beginning May 1, 2013 are reasonable. The testimony of Liberty, together with its bid evaluation report, indicates that the bid prices reflect expected market conditions for the time period in question. In light of the competitive procurement and the analysis that the proposed default service rates reflect current market conditions, we will grant the proposed default service rates.

Liberty submitted certain confidential information pursuant to N.H. Code Admin. Rules Puc 201.04, 201.06 and 201.07. The information for which Liberty seeks confidential treatment consists of the Company's transaction confirmation with the winning supplier, bid evaluation and summary, RPS compliance pricing and retail meter commodity cost calculations.

After reviewing the material redacted from the instant filing, we find that the category of information for which Liberty seeks confidential treatment is information routinely submitted and granted confidential treatment in connection with default service proceedings as defined in Puc 201.06(a)(30). Therefore, the information shall be accorded confidential treatment subject to the provisions of Puc 201.07. The wholesale power costs contained in Liberty's filing shall be accorded confidential treatment only until such time as the costs are made public through the operation of the rules of the Federal Energy Regulatory Commission.

Regarding the Loss Factor Investigation Update, we direct the Company to keep the Commission apprised of the settlement discussions with Massachusetts Electric Company concerning cross-border sales as well as the progress Massachusetts Electric Company is making on needed corrective actions to serve the 186 Massachusetts customers now served by Liberty and the single New Hampshire customer now served by Massachusetts Electric Company. We will also direct the Company to keep the Commission informed of the progress being made by New England Power Company to install meters for three currently unmetered locations pursuant to the Metering and Settlement Agreement between New England Power Company and Liberty as well as its own progress in developing and installing a metering system for the Liberty metering domain.

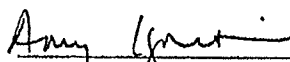
**Based upon the foregoing, it is hereby**

**ORDERED**, that the Power Supply Agreement entered into between NextEra Energy Power Marketing, LLC and Granite State Electric Company d/b/a Liberty Utilities for default service power supply for the Large Customer Group for the three-month period beginning May 1, 2013 and the resulting rates are hereby APPROVED; and it is

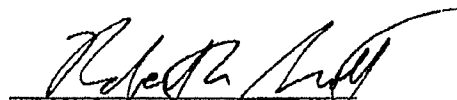
**FURTHER ORDERED**, that the Power Supply Agreement between Exelon Generation Company, LLC and Granite State Electric Company d/b/a Liberty Utilities for default service power supply for the Small Customer Group for the six-month period beginning May 1, 2013 and the resulting rates are hereby APPROVED; and it is

**FURTHER ORDERED**, that Liberty Utilities shall file conforming tariffs within 30 days of the date of this Order, consistent with N.H. Code Admin. Rules Puc 1603.02.

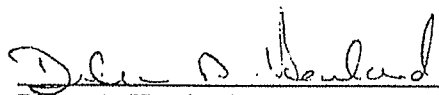
By order of the Public Utilities Commission of New Hampshire this twenty-second day of March, 2013.

  
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Amy L. Ignatius  
Chairman

  
\_\_\_\_\_  
Michael D. Harrington  
Commissioner

  
\_\_\_\_\_  
Robert R. Scott  
Commissioner

Attested by:

  
\_\_\_\_\_  
Debra A. Howland  
Executive Director

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 13-018**

**GRANITE STATE ELECTRIC COMPANY, INC. D/B/A LIBERTY UTILITIES**

**Petition for Approval of Default Service Solicitation and Related Rates for Large and  
Medium Commercial and Industrial Customers**

**Order Approving Solicitation and Related Rates**

**ORDER NO. 25,527**

**June 25, 2013**

**APPEARANCES:** Sarah B. Knowlton, Esq. on behalf of Granite State Electric Company d/b/a Liberty Utilities; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

**I. PROCEDURAL HISTORY**

On June 20, 2013, Granite State Electric Company d/b/a Liberty Utilities (Liberty or Company) filed a petition requesting approval of default service rates for its large and medium commercial and industrial customers (Large Customer Group) for the period from August 1, 2013 through October 31, 2013. The filing was made pursuant to a settlement agreement (Settlement Agreement) approved by the Commission in Docket No. DE 05-126, *Granite State Electric Company, Petition for Approval of Post-Transition Default Service Proposal*, Order No. 24,577, 91 NH PUC 6 (January 13, 2006) as modified by Order No. 24,922, 93 NH PUC 600 (December 19, 2008). In support of its petition, Granite State filed the testimony and related schedules of John D. Warshaw, Manager, Electric Supply for Liberty Energy Utilities (New Hampshire) Corp. (Liberty NH).

According to the terms of the settlement agreement, Liberty procures default service for its Large Customer Group under three-month contracts with fixed prices that vary monthly. Liberty charges the Large Customer Group retail rates consisting of monthly fixed energy



charges that recover energy and capacity costs, administrative costs, a reconciliation charge and an adder representing the cost of complying with the New Hampshire Resource Portfolio Standard (RPS) law, RSA 362-F. Liberty selected Dominion Energy Marketing, Inc. (Dominion) as the winning default service supplier for the Large Customer Group for the period from August 1, 2013 through October 31, 2013. Liberty testified that its proposed rates would result in bill decreases for customer in the Large Customer Group ranging from 5.5% to 6.6% for the three month period ending October 2013 as compared to rates for the three-month period ending July 2013.

With its petition, Liberty separately filed confidential information including the Company's transaction confirmation with Dominion, bid evaluation and summary, RPS compliance pricing and retail meter commodity cost calculations. The Company requested confidential treatment of these materials pursuant to N.H. Code Admin. Rules Puc 201.04(a)(5), Puc 201.06(a) and Puc 201.07. With respect to the wholesale power purchase prices included in the filing, the Company requested confidential treatment only until such time as the Federal Energy Regulatory Commission requires those prices to be made public.

A hearing was held on June 24, 2013.

## **II. POSITIONS OF THE PARTIES AND STAFF**

### **A. Granite State Electric Company d/b/a Liberty Utilities**

Liberty testified that it had conducted the default service solicitation process in accordance with applicable New Hampshire rules and regulations, and the terms of the Settlement Agreement. The Company stated that on May 10, 2013, it issued a request for proposal (RFP) to approximately twenty-five potential suppliers soliciting power for the Large Customer Group for the period from August 1, 2013 through October 31, 2013. Liberty said that

it also distributed the RFP to all members of the New England Power Pool Markets Committee and posted it on its energy supply website so that the RFP had wide distribution throughout the New England energy supply marketplace. The RFP requested fixed pricing for each month of service on an as-delivered basis and allowed prices to vary monthly across the service period. Consistent with Order No. 24,922, Liberty solicited only for all-inclusive energy and capacity.

Liberty testified that it received indicative bids on June 11, 2013 and final bids on June 18, 2013. Liberty stated that it selected Dominion as the supplier for the Large Customer Group for the period from August 1, 2013 through October 31, 2013 because Dominion (1) provided a bid that was conforming to the RFP, (2) offered the lowest price, (3) met the credit requirements described in the RFP and (4) met Liberty's qualitative criteria. On June 18, 2013, Liberty entered into a wholesale transaction confirmation with Dominion to provide service to the Large Customer Group. Liberty testified that the Company filed a copy of the Dominion master power agreement with the Commission on March 16, 2009 in Docket No. 09-010, the Company's 2009 default service proceeding.<sup>1</sup>

The Company stated that it complies with the RPS obligation by procuring renewable energy certificates (RECs) that represent renewable resources, one REC representing one megawatt-hour of power. Liberty said that its obligation to purchase RECs for calendar year 2013 is as follows: Class I (new renewable resources) RECs equal to 3.8% of sales, Class II (solar resources) RECs equal to 0.2% of sales, Class III (existing biomass resources) RECs equal to 1.5% of sales, and Class IV (existing small hydro resources) to match 1.3% of sales.

Pursuant to a settlement agreement approved by the Commission in Order No. 24,953, 94 NH PUC 148 (March 23, 2009), Liberty requested bidders for power supply to provide a separate adder for the purposes of complying with the RPS law. The compliance adder indicates

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<sup>1</sup> The Commission approved the Dominion master power agreement in Order No. 24,953 on March 23, 2009.

the additional charge the bidder needs to add to the cost of energy if the supplier agrees to accept the obligation to meet New Hampshire's RPS requirements. Liberty testified that Dominion did not submit a RPS compliance adder. The Company said that it plans to issue a RFP in the future for the acquisition of RECs and to meet its compliance obligation with the procurement of RECs or through the payment of alternate compliance payments to the New Hampshire renewable energy fund.

Liberty proposes to change the RPS compliance for effect with this filing due to the change in 2013 RPS obligations in order No. 25,484 (April 4, 2013). Order No. 25,484 deferred the commencement of Class I useful thermal requirements to calendar year 2014 and adjusted the Class III (existing biomass) from 6.5% to 1.5% of 2013 electric sales. As a result of these changes, Liberty proposed to change the compliance adder from \$0.00428 per kilowatt hour (kWh) to \$0.00290 per kWh. Liberty explained that it calculated the adder based on recent 2013 market prices for all REC classes.

Liberty said that it calculates the base default service rate by multiplying the commodity cost at the wholesale level (\$ per megawatt-hour) by the applicable loss factor and then dividing the results by ten. For the Large Customer Group, the Company develops rates that vary from month to month. Liberty testified that the proposed base default service rates for the Large Customer Group are 6.262 cents per kWh for August 2013, 5.661 cents per kWh for September 2013, and 5.526 cents per kWh for October 2013. Liberty stated that it adjusted the base rates for its 2013 reconciliation and reclassification adjustment factors and the RPS Adder to derive a total default rate for the three month period as follows: 6.678 cents per kWh for August 2013; 6.077 cents per kWh for September 2013; and 5.942 cents per kWh for October 2013. The bill impacts for customers in the Large Customer Group are reductions ranging from 5.5% to 6.6%.

Liberty concluded by requesting that the Commission find that the Company conducted its solicitation and selection of suppliers according to the process approved by the Commission in Order No. 24,577 and that the Commission approve the resulting rates effective on a service rendered basis for the three-month period beginning August 1, 2013 and ending October 31, 2013. Liberty further requested that the Commission protect the Company's separate confidential filing pursuant to Puc 201.

#### **B. Staff**

Staff stated that it had reviewed the filing and determined that the Company had complied with Order No. 24,577 in the solicitation and evaluation of bids and in the final section of the winning bidders, and that the resulting rates appear to be market-based. Staff recommended that the Commission approve the petition and stated that the Company's request for confidential treatment was consistent with the provisions of Puc 201.

### **III. COMMISSION ANALYSIS**

Based on the record in this proceeding, we find that Granite State Electric Company (d/b/a Liberty Utilities) complied with the procedures approved in Order No. 24,577 regarding its analysis of bids and its selection of the winning bidder for default service supply for its Large Customer Group for the period from August 1, 2013 through October 31, 2013. We are also satisfied that the Company took appropriate steps to solicit multiple potential suppliers in order to receive a competitive bid response and, consequently, that the results are consistent with the requirement of RSA 374-F:3, V(c) that default service be procured through the competitive market.

We also find that Liberty's evaluation of the bids and selection of Dominion to provide default service for the three month period beginning August 1, 2013 is reasonable. The

testimony of Liberty, together with its bid evaluation report, indicates that the bid prices reflect expected market conditions for the time period in question. In light of the competitive procurement and the analysis that the proposed default service rates reflect current market conditions, we will grant the proposed default service rates.

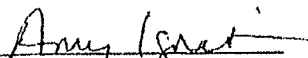
Liberty submitted certain confidential information pursuant to N.H. Code Admin. Rules Puc 201.04, 201.06 and 201.07. The information for which Liberty seeks confidential treatment consists of the Company's transaction confirmation with the winning supplier, bid evaluation and summary, RPS compliance pricing, and retail meter commodity cost calculations. Therefore, the information shall be accorded confidential treatment subject to the provisions of Puc 201.07. The wholesale power costs contained in Liberty's filing shall be accorded confidential treatment only until such time as the costs are made public through the operation of the rules of the Federal Energy Regulatory Commission.

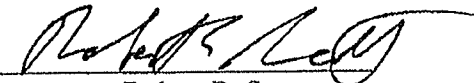
**Based upon the foregoing, it is hereby**

**ORDERED**, that the power supply agreement and transaction confirmation entered into between Granite State Electric Company d/b/a Liberty Utilities and Dominion Energy Marketing, Inc. for default service power supply for the Large Customer Group for the three-month period beginning August 1, 2013 and the resulting rates are hereby APPROVED; and it is

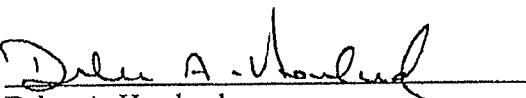
**FURTHER ORDERED**, that that Liberty Utilities shall file conforming tariffs within 30 days of the date of this Order consistent with N.H. Code Admin. Rules Puc 1603.02.

By order of the Public Utilities Commission of New Hampshire this twenty-fifth day of  
June, 2013.

  
Amy L. Ignatius  
Chairman

  
Robert R. Scott  
Commissioner

Attested by:

  
Debra A. Howland  
Executive Director