

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 13-150

GRANITE STATE ELECTRIC COMPANY d/b/a LIBERTY UTILITIES

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

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 25,515

May 30, 2013

On May 15, 2013, Granite State Electric Company d/b/a Liberty Utilities (Liberty) filed a report on 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).¹ Liberty also filed supporting testimony and exhibits and proposed tariff pages. Liberty proposed to implement rate changes associated with the filing for effect on July 1, 2013.

As required by the settlement agreement, the filing contains: (1) a report on actual spending on REP and VMP operation and maintenance (O&M) and REP capital investment for FY 2013 including an explanation of the differences between the actual amounts and the budgeted amounts previously 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) an incremental revenue requirement of \$125,829 associated

¹ In Order No. 25,370 (May 30, 2012), the Commission approved a series of transactions by which the assets of Granite State Electric Company and EnergyNorth Natural Gas, Inc. were transferred from National Grid to Liberty Energy NH.

with REP capital investment of \$545,916; and (4) a summary of reliability performance for FY 2013.

Under the settlement agreement, Liberty provides a REP and VMP O&M budget to Staff that assumes spending for each fiscal year that is approximately equal to the base plan O&M amount of \$1,360,000. Liberty submitted an O&M budget for FY 2013 of \$1,721,585, which is \$361,585 more than the base amount, for which Staff expressed its support. According to the filing, Liberty's actual spending on REP and VMP O&M activities for FY 2013 was \$1,560,973, or \$160,612 less than the budgeted amount of \$1,721,585. Liberty attributed the spending variance in VMP O&M expense to lower than expected bid prices for cycle pruning and less than forecast demand for spot tree trimming, trouble and restoration calls. During FY 2013, Liberty spent more than forecast on (1) traffic control expenses associated with cycle pruning, (2) planting of replacement trees, and (3) clearing right-of-ways associated with sub-transmission facilities. Regarding REP O&M, Liberty spent \$31,027 in FY 2013 or \$113,973 less than the proposed budget of \$145,000. Liberty attributed the variance in REP O&M costs to the timing of vendor payments for work completed in the fourth quarter of FY 2013 and differences between Liberty's accounting system and that of National Grid, the prior owner of Granite State Electric Company.

REP and VMP O&M costs were partially offset by \$253,054 in reimbursements from FairPoint related to its share of vegetation management expenses initially incurred by Liberty and then billed to FairPoint. Liberty proposes to refund customers the amount of \$52,081, the amount of reimbursements received from FairPoint reduced by \$200,973, the amount of FY 2013 O&M spending in excess of the base amount of \$1,360,000. The refund amount of

\$52,081 represents an increase of \$243,126 above the incremental refund of \$295,207 of REP/VMP O&M that is currently embedded in rates.

For residential customers using 676 kWh per month, the average use by residential default service customers over the 12 months ending April 2013, monthly bills would increase by 0.4%, or \$0.33, from \$89.43 to \$89.76. Other customers would experience increases ranging from 0.3% to 0.4%.

RSA 378:6 provides that pending any investigation of a rate schedule which does not represent a general rate change, the Commission may suspend the taking effect of such tariff filing for up to 3 months in order to investigate whether the proposed rates are just, reasonable and otherwise consistent with applicable law. We determine that such suspension and investigation are necessary pursuant to RSA 378:6.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2013/13-150.html>.

The filing raises, *inter alia*, issues related to whether Liberty's filing conforms to the requirements of the 2007 merger settlement agreement, whether Liberty has appropriately accounted for the costs of its REP and VMP, and whether the resulting rates are just and reasonable as required by RSA 378:5 and 378:6. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, pursuant to RSA 378:6, I(b), the Commission hereby suspends Liberty's proposed tariff to allow the filing to be investigated; and it is

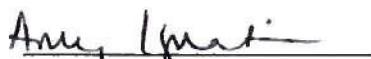
FURTHER ORDERED, that a Hearing, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 14, 2013 at 10:00 a.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Liberty shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than June 5, 2013, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before June 11, 2013; and it is

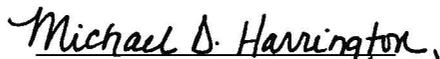
FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Liberty and the Office of the Consumer Advocate on or before June 11, 2013, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32, I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before June 14, 2013.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of May,
2013.



Amy L. Ignatius
Chairman

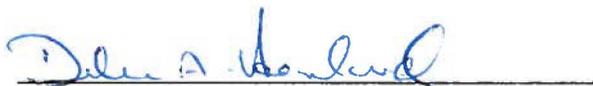


Michael D. Harrington (KNS)
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

SERVICE LIST - 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

amanda.noonan@puc.nh.gov

Christina.Martin@oca.nh.gov

sarah.knowlton@libertyutilities.com

steve.mullen@puc.nh.gov

susan.chamberlin@oca.nh.gov

suzanne.amidon@puc.nh.gov

tom.frantz@puc.nh.gov