

STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 16-383

RE: LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.  
D/B/A LIBERTY UTILITIES

Distribution Service Rate Case

**Petition for Permanent and Temporary Rates**

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (“Granite State” or the “Company”), through counsel, respectfully petitions the New Hampshire Public Utilities Commission (“Commission”) pursuant to RSA 378:27 and RSA 378:28 to fix, determine, and prescribe: (1) an increase in permanent rates to be effective with service rendered on and after July 1, 2016; (2) temporary rates to be effective on and after July 1, 2016, pending the Commission’s final determination on the Company’s request for a permanent rate increase; and (3) a step increase to begin recovery of capital costs incurred through December 31, 2016, to be effective no earlier than January 1, 2017.

In support of this petition, the Company states as follows:

1. On March 30, 2016, the Company filed a Notice of Intent to File Rate Schedules pursuant to Puc 1604.05(e).
2. Contemporaneous with this Petition for Permanent and Temporary Rates, the Company is filing proposed revised tariff pages, supporting testimony, and schedules requesting:

changes to the Company's permanent rates that are intended to yield an annual increase of \$5,328,583 in distribution revenues to be effective July 1, 2016; a temporary increase in distribution revenues of \$3,180,666 annually to be effective July 1, 2016; and a step increase of \$2,420,717 annually to begin recovering for capital projects completed through December 31, 2016, which step increase will be effective no earlier than January 1, 2017.

3. The Company is filing this case because, under the rates currently in effect, it is unable to earn the rate of return authorized by the Commission in Order No. 25,638 (Mar. 17, 2014). In particular, as set forth in the joint pre-filed testimony of Steven E. Mullen and Howard S. Gorman in Support of Temporary Rates, the Company's overall earned rate of return was 5.93% for the test year ended December 31, 2015, versus the 7.90% overall return authorized by the Commission, which is approximately 200 basis points below its authorized return. This under-earning is primarily the result of the Company's significant investment in non-revenue producing capital projects that are necessary for the provision of safe and reliable service. Unless rate relief is granted, the Company will not earn a reasonable return on the cost of its property that is used and useful in the public service, resulting in a confiscation of the Company's property.

3. The Company is requesting that the Commission authorize an increase of rates on a temporary basis to generate an additional \$3,180,666 annually in distribution revenues. This proposed increase is consistent with the requirements of RSA 378:27, which provides that "temporary rates shall be sufficient to yield not less than a reasonable return on the cost of property of the utility used and useful in the public service less accrued depreciation." The temporary rate increase will prevent the Company from substantially under-earning while the

Commission considers the permanent rate increase. The requested temporary rates will also smooth the transition to permanent rates that the Commission may order in this docket.

4. The temporary rate relief requested by this petition would increase a residential customer's total monthly bill by \$3.53 or 2.86% as compared to total monthly bills computed using rates in effect in April 2016.

5. The proposed temporary rate increase is consistent with the requirements of RSA 378:27, which provides that a utility's rates "shall be 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."

6. To the extent necessary to support this request for temporary rates, the Company incorporates by reference the testimony and supporting materials filed in support of its request for permanent rate relief.

7. The permanent rate relief requested by this petition would increase a residential customer's total monthly bill by \$7.28 or 5.89% as compared to total monthly bills computed using rates in effect in April 2016.

8. The proposed step increase is to recover the annual revenue deficiency based on \$14,227,039 in projected capital additions from January 1 through December 31, 2016. The Company asks that the Commission make the step increase effective at the time that permanent rates become effective following the conclusion of this proceeding, but no earlier than January 1, 2017.

9. The reports on file with the Commission and the supporting documents filed in this case demonstrate that the Company is entitled to the increases in rates outlined above in order to have an opportunity to earn a reasonable rate of return. RSA 378:27; RSA 378:28.

10. The rates requested by the Company in this proceeding are just and reasonable and in the public interest and should be approved by the Commission.

WHEREFORE, Granite State respectfully requests that the Commission:

- A. Grant the Company's request for temporary increase of \$3,180,666 in annual operating revenue to be effective with service rendered on and after July 1, 2016;
- B. Order such temporary rates to remain in effect until a final determination of the Company's request for a permanent rate increase,
- C. Grant the Company's request for a permanent increase of \$5,328,583 in annual operating revenue to be effective with service rendered on and after July 1, 2016;
- D. Grant the Company's request for a step increase of \$2,420,717 in annual operating revenue for capital investments made through December 31, 2016, to be effective with service rendered no earlier than January 1, 2017; and
- E. Grant such other relief as is just and reasonable and consistent with the public interest.

Respectfully submitted,

LIBERTY UTILITIES (GRANITE STATE ELECTRIC)  
CORP. D/B/A LIBERTY UTILITIES  
By its Attorney,



Date: April 29, 2016

By: \_\_\_\_\_  
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Certificate of Service

I hereby certify that on April 29, 2016, a copy of this Petition for Temporary Rates has been forwarded to the service list in this docket.

A handwritten signature in cursive script, appearing to read "M. Sheehan".

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Michael J. Sheehan