

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 13-196

GRANITE STATE ELECTRIC COMPANY d/b/a LIBERTY UTILITIES

Request for Adjustment to the Storm Recovery Adjustment Factor

Order Suspending Tariff and Scheduling Hearing

ORDER NO. 25,553

July 25, 2013

On July 17, 2013, Granite State Electric Company d/b/a Liberty Utilities (Liberty or Company) filed testimony with related schedules and exhibits and a proposed tariff page in support of a request to increase Liberty's storm recovery adjustment factor (SRAF). The filing was made pursuant to the terms of a settlement agreement approved by the Commission in Order No. 25,531 (June 27, 2013) in Docket DE 13-063, Liberty's 2013 distribution rate case. In its petition for a distribution rate increase, Liberty requested a number of changes to the storm fund, including a request to increase the SRAF. In the settlement agreement, the settling parties acknowledged that Liberty had the right to seek an increase to the SRAF outside of the distribution rate case in a separate proceeding. The settling parties also agreed that any SRAF approved by the Commission as a result of that proceeding would be effective November 1, 2013. In its filing, Liberty requested that the increase in the SRAF be approved for effect with services rendered on and after November 1, 2013.

The SRAF is a per kilowatt hour (kWh) charge that the Commission approved to allow Liberty to recover the costs of restoring power and repairing damage to its electric system caused by major storms. For purposes of the storm fund, a major storm is defined as a severe weather event or events causing 30 concurrent troubles and 15% of customers interrupted or 45

concurrent troubles. Troubles are defined as interruption events occurring on either primary or secondary lines.

Liberty testified the Company's storm fund had a deficit balance of \$6.1 million as of April 2013. According to the filing, the deficit results from the Company's costs to restore power and repair damage to its electrical system related to three major storms, namely Tropical Storm Irene (August 2011), the October 2011 Snow Storm and Hurricane Sandy (October 2012). Liberty attested that all three storms qualify as major storms based on the number of troubles and customer interruptions and therefore the costs associated with those storms qualify for reimbursement from the storm fund. Liberty estimated that the total costs associated with the three storms, was approximately \$4.0 million.

Liberty is presently recovering \$120,000 annually from base rates in addition to the currently effective SRAF of \$0.00223 kWh. In its filing, Liberty requested authority to recover an additional \$2.2 million over a 17 month period to eliminate the storm fund deficit. If this request were granted, the SRAF would increase from the current SRAF of \$0.00223 per kWh to \$0.00388 per kWh. For residential customers using 676 kWh per month, the average use by residential customers taking default service from Liberty, the total bill impact would be an increase of 1.1% from \$97.21 to \$98.32. Other customers would experience increases ranging from 1.1% to 1.6%.

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/2013/13-196.html>.

The filing raises, inter alia, issues related to whether the costs incurred with the August 2011, October 2011 and October 2012 storms were prudently incurred; whether it is just and reasonable to allow Liberty to recover an additional \$2.2 million over 17 months through the SRAF from ratepayers; whether the resulting rates are just and reasonable pursuant to RSA 378:5 and 378:7; and whether the resulting rates are generally consistent with the principles of restructuring pursuant to RSA 374-F. 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 tariff to allow the filing to be investigated; and it is

FURTHER ORDERED, that a Technical Session be held at the Commission located at 21 S. Fruit Street, Suite 10, Concord, New Hampshire on September 3, 2013 at 10:00 a.m;

FURTHER ORDERED, that a Hearing, pursuant to N.H. Code Admin. Rules Puc 203, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on September 25, 2013 at 10:00 a.m.; and it is

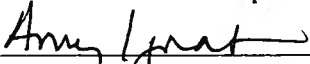
FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Liberty shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than August 5, 2013, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before August 19, 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 August 19, 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 August 30, 2013.


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



Amy L. Ignatius
Chairman

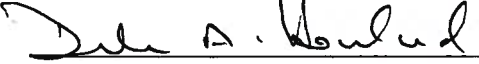


Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director