

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 16-346

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) d/b/a LIBERTY UTILITIES

Annual Retail Rate Adjustment Filing

Order Suspending Tariff and Scheduling Hearing

ORDER NO. 25,879

April 7, 2016

In this Order, the Commission suspends a tariff proposed by Liberty for effect with services rendered on and after May 1, 2016, for further investigation. The Order also establishes a hearing for April 18, 2016 at 1:30 p.m.

On March 21, 2016, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (“Liberty”) filed a request for approval of annual retail rate adjustments related to its stranded cost charge and transmission service charge. Liberty calculated that the aggregate impact of the rate changes for a residential customer using 650 kilowatt hours (kWh) per month would be a monthly bill decrease of \$10.87, an 8.79% reduction from current average monthly bills, primarily due to reconciliation of a significant over-estimation of transmission costs in 2014 and 2015.¹

Liberty explained that it previously filed changes to its stranded cost and transmission service charge for effect January 1, 2015, but the Commission ordered the Company to postpone the effective date of its changes to May 1, 2015. Order No. 25,745 (Dec. 30, 2014). The actual results for October through December 2014, and January through April 2015, were not available

¹ According to Liberty, this is the net impact on bills including the proposed changes in this docket and those associated with a change in the reliability enhancement plan being considered in Docket No. DE 16-277 also proposed to be effective May 1, 2016.

when the May 1, 2015, rate went into effect. This filing includes actual results for October 2014 through December 2014, and for January 2015 through January 2016. The Company estimated results for February through April 2016.

Liberty's stranded cost charge recovers the contract termination charge from New England Power Company (NEP) for termination of an all-requirements power contract prior to the advent of retail competition in Liberty's service territory.² The Commission approved the applicable recovery mechanism in Order No. 23,041, 83 NH PUC 532 (October 7, 1998). NEP filed the 2015 contract termination charge reconciliation report in Docket No. DE 16-216, which would increase Liberty's stranded cost charge from a credit of 0.015 cents per kWh to a charge 0.040 cents per kWh, effective May 1.

Liberty's transmission service charges include costs that Liberty incurs for transmission service. Through the transmission service charge, Liberty recovers costs billed to it through the Independent System Operator-New England (ISO-NE) Transmission, Markets and Services Tariff. The transmission service charge is designed to recover estimated transmission costs for the upcoming calendar year, together with an adjustment for over- or under-recoveries that occurred during the prior period.

The Company forecasts transmission costs to be approximately \$22.7 million in 2016. This forecast of transmission costs results in an average rate of 2.374 cents per kWh, compared to the current average rate of 3.156 cents per kWh, exclusive of adjustment factors. The Company proposes an adjustment factor to be a credit of 0.848 cents per kWh. Liberty explained that the over-recovery resulted from actual 2015 costs being \$1.9 million less than estimated, and an over-collection of approximately \$400,000 for the months of October through December

² According to the testimony of Heather Tebbetts, prior to restructuring, Liberty's customers were served by generation assets owned by the company's then affiliate, NEP. The contract termination charge was established to recover stranded costs associated with the divestiture of NEP's generation assets which will terminate in 2020.

2014. In addition, pursuant to Order No. 25,664 (May 9, 2014), the Company includes a credit of 0.206 cents per kWh for excess proceeds from the Regional Greenhouse Gas Initiative (RGGI) auctions for 2015. Finally, the Company included in its transmission charge calculation, a credit of \$107,927 related to a Borderline Sales Agreement Settlement with Massachusetts Electric Company.

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/2016/16-346.html>.

The filing raises, *inter alia*, issues related to Liberty's annual retail rate adjustment including reconciliation of the costs included in the stranded cost charge, the transmission charge, the RGGI rebate allocation, and whether the rate changes and adjustment factors as proposed are just and reasonable as required by RSA 378:6 and 7. 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, that 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 203.12, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on April 18, 2016, at 1:30 p.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, the Executive Director shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice by April 8, 2016, on the Commission's website at www.puc.nh.gov; and it is

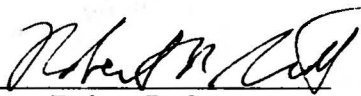
FURTHER ORDERED, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Liberty and the Office of the Consumer Advocate on or before April 15, 2016, 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 April 18, 2016.

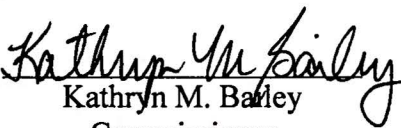
By order of the Public Utilities Commission of New Hampshire this seventh day of April, 2016.



Martin P. Honigberg
Chairman

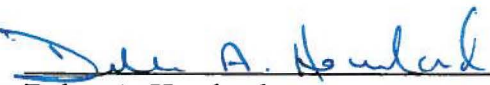


Robert R. Scott
Commissioner



Kathryn M. Bailey
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.