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PUBLIC UTILITIES COMMISSION

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April 23, 2021

Michael J. Sheehan, Esq.
Senior Counsel
116 North Main Street
Concord, NH 03301

Re: DE 06-107, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Petition for Recovery of Storm Expenses
Annual Storm Report for Calendar Year 2019

Dear Attorney Sheehan:

On March 30, 2020, Liberty Utilities (Granite State Electric) Corp., d/b/a Liberty (Liberty, or Company), filed its Storm Fund Report (Report) for calendar year 2019 in Docket No. DG 06-107 through the Commission's e-filing system. Liberty requested recovery of costs related to two pre-staging storm events and three qualifying storm events from the Company's Major Storm Fund account. The Company stated that the total operating cost of the five identified events was \$1,915,458.15. There is no rate change triggered by this filing.

Liberty stated in its filing that it had submitted the Report in compliance with the settlement agreement approved in Docket No. DE 13-063. Consistent with that settlement agreement, Liberty's report provided: (1) a description of each of the three qualifying storm events and the three prestaging weather events experienced in 2019; (2) a summary of the extent of damage to the distribution system, including the number of outages and length of outages associated with the cited storm events; (3) details of the collections credited to the storm fund for each event; and (4) details of qualifying storm costs that were charged to the fund during calendar year 2019.

On March 23, 2021, Staff filed a recommendation based on its review of Liberty's storm costs filing and the recommendations made by the Commission's Audit Division in the Division's Final Audit Report. Staff determined that none of the three storm events identified for recovery in the Report meet the approved criteria outlined in the settlement approved by Order No. 25, 738 (November 26, 2014) for a qualifying major storm event. As a result, Staff recommended that the Commission disallow recovery from the Company's Major Storm Fund account for costs in the amount of \$706,838 related to the three storms. In addition, Staff found that the two pre-staging events included in the Report met the criteria for recovery of pre-staging costs from the Major Storm Fund account, and recommended that the Commission approve recovery of \$1,206,255, with

appropriate carrying charges. However, Staff recommended the exclusion of any amounts derived from the capitalization of transportation depreciation through the burden rate, as determined in the Final Audit Report.

Staff further recommended that Liberty be required to: (1) terminate its practice of capitalizing transportation depreciation through the burden rate in future storm cost filings; (2) quantify the impact in the 2019 Storm Fund filing that resulted from the Company's capitalization of transportation depreciation through the burden rate, adjust its filing accordingly, and resubmit a corrected report; and (3) notify Staff when that adjustment is completed and confirm the amount of recovery and the resulting balance of the Major Storm Fund account.

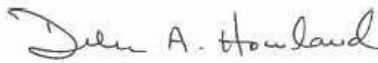
Staff also recommended that Liberty be required to: (4) discontinue its practice of including single-service outages as a trouble event when determining a qualifying or major storm in future filings; and (5) comply with all applicable FERC requirements in future Storm Fund Report filings.

The Commission has reviewed Liberty's filings and Staff's recommendations. Based on its review, the Commission has denied Liberty's recovery from the Company's Storm Fund of the amount of \$706,838, and approved Liberty's recovery in the amount of \$1,206,255 from the Storm Fund, as well as appropriate carrying charges, effective December 31, 2019, but excluding any amounts derived from the capitalization of transportation depreciation through the burden rate.

The approved recovery in the amount of \$1,206,255 represents Liberty's qualifying costs related to pre-staging events for Calendar Year 2019, which have been audited and reviewed by Staff. Liberty shall recalculate the properly adjusted amount of appropriate carrying charges and notify Staff with confirmation of the amount of recovery and the resulting balance of the Major Storm Fund no later than May 15, 2021.

The Commission further directs Liberty to ensure that all future requests for approval of recovery from the Company's Major Storm Fund are prepared in accordance with applicable FERC regulatory accounting requirements. And, finally, the Commission directs Liberty to file all future storm cost recovery requests as a standard written communication in compliance with Puc 202.06. Any future requests for storm cost recovery filed through the Commission's e-filing system for routine filings will be denied.

Sincerely,



Debra Howland
Executive Director

cc: Service List (electronically)
Docket File

Service List - Docket Related

Docket#: 06-107

Printed: 4/23/2021

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