

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 24-044

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.
d/b/a LIBERTY**

2023 Vegetation Management Program Plan

Order Approving Reconciliation

ORDER NO. 26,998

April 30, 2024

On March 15, 2024, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty) submitted its 2023 Vegetation Management Program (VMP) Plan. In order to reconcile its Calendar Year Calendar Year (CY) 2023 VMP expenses, Liberty seeks to adjust its VMP rate to \$0.00000 per kWh effective May 1, 2024, through April 30, 2024. In addition, Liberty requests approval to carry forward into CY2024: 1) the unspent balance in budgeted VMP funds for CY2023, amounting to \$50,240; and (2) an under-collection balance of \$698. The Commission held a hearing on Liberty's proposal on April 25, 2024. In addition to Liberty, both the Office of the Consumer Advocate (OCA) and the New Hampshire Department of Energy (DOE) appeared. The OCA agrees with Liberty's requests. The DOE assents to Liberty's carry-forward requests, but objects to its proposed VMP rate. At the hearing, the parties introduced Exhibits 1 through 4. The Commission heard the testimony of Liberty's witnesses Heather Green, Jeffrey Faber, and the Robert Garcia, and the DOE's witness Jay Dudley. For the reasons that follow, the Commission **APPROVES** Liberty's proposed VMP rates and its carry-forward proposals. All docket filings, other than information subject to confidential treatment, can be found on the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2024/24-044.html>.

I. BACKGROUND & LIBERTY'S PETITION

Pursuant to the settlement agreement in Docket No. DE 19-064, a certain portion of Liberty's operation and maintenance expenses are allocated to its VMP, which serves to maintain the safety and reliability of Liberty's electric distribution system through vegetation management activities such as trimming vegetation along power lines and tree removal. *See* Settlement Agreement in Docket No. DE 19-064 at 11. Liberty's base revenue requirement includes \$2,200,000 for VMP expenses. *Id.* Liberty's actual VMP spending is reconciled each calendar year. *Id.* If Liberty does not spend its entire VMP budget, the remaining funds are either carried over into the next program year or returned to customers via a rate credit, as determined by the Commission. *Id.* Any over- or under-collection of VMP rates is also reconciled in the subsequent calendar year. *See* Exhibit 1, at Bates Page 18. According to the settlement agreement, Liberty is required to maintain a four-year cycle of tree trimming and vegetation management. *See* Settlement Agreement in Docket No. DE 19-064 at 11. Liberty's current VMP effective between May 1, 2023, and April 30, 2024, is a rate credit of \$0.00002. *See* Order No. 26,805 (April 25, 2023) in Docket No. 23-031.

In its annual filing in this docket, Liberty indicated that the VMP budget "does not fully fund the Liberty required four-year trim cycle" *See* Exhibit 1, at Bates Page 28. For this reason, Liberty "has been unable to meet the current four-year trim cycle" *Id.* Per its 2023 VMP Plan, Liberty planned 165 miles of trimming in CY2023. *Id.* at Bates Page 5. Liberty represented that although this would not put the company on the path towards a four-year trim cycle, it was the most Liberty could complete under the approved VMP budget. *Id.* at Bates Page 5–6. Nevertheless, Liberty ultimately only completed 146 miles of trimming in CY2023. *Id.* at Bates Page 13. All

of the planned trimming cycles that were not completed were in the Salem area. *Id.* at Bates Page 14. Liberty reports that its total trimming activities in CY2023 cost \$2.15 million, which was approximately \$50,240 lower than the \$2.2 million in base rates. *Id.* at Bates Page 13. Liberty also reports a VMP under-collection balance of \$698. *Id.* at Bates Page 17.

Liberty seeks to carry forward the \$50,240 shortfall forward to the CY2024 budget to allow it complete projects it did not complete in CY2023. *See id.* Liberty also seeks to carry the under-collection of \$698 forward into CY2024 on the grounds that this figure is so small, it would not be practical to recover it alone through rates. *Id.* at Pages Page 17–18. As carrying these amounts forward zeroes out the CY2023 VMP budget, Liberty seeks to establish a new rate of \$0.00000 effective May 1, 2024. *Id.* at Bates Page 18. This is a \$0.00002 increase from the current rate credit of \$0.00002. For an Energy Service residential customer using 650 kWh per month, Liberty represents that the total bill impact of the VMP rates, as compared to rates in effect today, is a monthly bill increase of \$0.01 or 0.01%. *See id.* at Bates Page 19.

II. POSITIONS OF THE PARTIES

A. DOE

As an initial matter, the DOE found that Liberty's CY2023 VMP spending was generally in line with the VMP goals outlined in the settlement agreement approved in Docket No. DE 19-064. That said, the DOE raised concerns about Liberty's ability to satisfy its obligations to remove hazardous trees. Therefore, while the DOE supported Liberty's proposal to carry forward the \$50,240 that it did not spend during CY2023, the DOE recommended that the Commission impose the condition that these funds be spent on hazardous tree removal. With respect to the under-collection balance of \$698, the DOE did not object to Liberty's proposal to carry it forward into CY2024.

On the other hand, the DOE objects to Liberty's proposed VMP rate. Significantly, the DOE does not dispute that, based on the numbers Liberty provided in its filing, the company accurately calculated the VMP rate. Rather, the DOE notes that in Liberty's pending rate case in Docket No. DE 23-039, the DOE has raised concerns about the reliability of Liberty's books and records for both CY2022 and CY2023, arguing that they do not form a basis for setting rates. Accordingly, the DOE maintains that the CY2023 figures that Liberty relies on in this docket likewise do not form a reliable basis for setting the VMP rate.

The DOE recommends that the Commission therefore forego setting a new VMP rate in this docket until the Commission rules on the reliability of Liberty's CY2022 and CY2023 books and accounts in Docket No. DE 23-039. In the interim, the DOE recommends that the Commission extend the existing rate credit of \$0.00002, which itself is based on the reconciliation of Liberty's reported Calendar Year 2022 VMP expenses. *See* Order No. 26,805.

B. OCA

For its part, the OCA also found that Liberty's CY2023 VMP expenses were generally consistent with the VMP program goals outlined in the settlement agreement approved in Docket No. DE 19-064. Moreover, the OCA supported both Liberty's carry-forward proposals and the proposed VMP rate adjustment. While the OCA raised concerns about Liberty's self-reported failure to meet the four-year trimming cycle based the approved VMP budget, it agreed that this issue would be best addressed in a separate proceeding and not in this docket.

C. LIBERTY

For its part, Liberty urges the Commission to approve both the proposed carry-forward amounts and the proposed VMP rate adjustment. With respect to the DOE's

suggestion that the \$50,240 in unspent CY2023 funds be limited to the removal of hazardous trees, Liberty agrees it would be appropriate to dedicate these funds for that purpose. However, with respect to the VMP rates, Liberty disputes the DOE's assertion that its CY2023 books and accounts are unreliable. Liberty therefore requests that the Commission approve the proposed VMP rates effective May 1, 2024.

III. COMMISSION ANALYSIS

Based on the evidence presented at hearing, we find that Liberty's VMP activities in 2023 were generally consistent with the program goals and parameters outlined in the settlement agreement approved by the Commission in Docket No. DE 19-064. In addition, the Commission approves Liberty's proposal to carry forward the budgeted \$50,240 into CY2024 in order to complete unfinished VMP projects. The Commission appreciates Liberty's representation, consistent with the DOE's recommendation, that it will dedicate these funds to hazardous tree removal. Further, the Commission approves Liberty's proposal to carry forward the under-collection balance of \$698 into CY2024.

With respect to the VMP rate, the Commission **APPROVES** Liberty's proposed VMP rate of \$0.00000 effective May 1, 2024. The purpose of the annual adjustment of the VMP rate is to reconcile Liberty's actual VMP expenses in a given calendar year with the authorized VMP budget included in Liberty's base revenues, a process that the Commission has found results in just and reasonable rates pursuant to RSA 374:2 and RSA 378:7. *See* Order No. 26,376 at 9–10. Given that Liberty has proposed to carry forward both the unspent balance from the CY2023 VMP budget and the under-collection balance, a rate of \$0.00000 is appropriate. Accordingly, the Commission finds the proposed rate is both consistent with the settlement agreement approved in

Order No. 26,376 and, therefore, just and reasonable pursuant to RSA 374:2 and RSA 378:7.

The Commission appreciates the DOE's concerns about the reliability of Liberty's CY2023 accounting data, an issue that the Commission is addressing in Docket No. DE 23-039. However, consistent with Order No. 26,805, Liberty's existing VMP rates expires April 30, 2024 and the Commission must set a new rate effective May 1, 2024. In the Commission's view, Liberty's CY2023 figures provided in this filing are the most accurate account of its CY2023 spending in evidence and thus form the best basis for the VMP rate. We note that the DOE has not identified any specific issues with the line items in Liberty's reported CY2023 VMP expenses outside of the general concerns it expressed in Docket No. DE 23-039.

Moreover, we are not persuaded by the DOE's alternative proposal to continue the existing rates, which are based on the reconciliation of Liberty's VMP spending in 2022. Per the settlement agreement approved in Order No. 26,376, the VMP rate effective May 1, 2024 should reflect the reconciliation of Liberty's CY2023 VMP expenses. Thus, relying on the CY2022 figures would be contrary to the purposes of the annual reconciliation of rates. Equally importantly, the DOE has also raised concerns about Liberty's CY2022 accounting figures in Docket No. DE 23-039. The DOE has not represented that the CY2022 figures are any more reliable than the CY2023 figures. Accordingly, the Commission does not find it appropriate to base Liberty's VMP rates effective May 1, 2024 on the CY2022 figures, which would be the practical effect of extending the existing rates.

If the parties and the Commission later discover that Liberty's reported CY2023 VMP expenses are inaccurate, the Commission can revisit the VMP rate it has approved in this order.


Based upon the foregoing, it is hereby

ORDERED, that Liberty is authorized to apply a VMP rate of \$0.00000 per kWh for costs associated with vegetation management expenses incurred in 2023 effective with rates on and after May 1, 2024; and it is

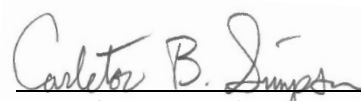
FURTHER ORDERED, that Liberty is authorized to carry forward into CY2024 both the \$50,240 in unspent funds from the CY2023 VMP budget and the \$698 under-collection balance remaining at the end of CY2023; and it is

FURTHER ORDERED, that Liberty shall file tariff pages as required by N.H. Code Admin. R., Puc 1603 conforming to this order within fifteen (15) days of the date of this order.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of April, 2024.



Daniel C. Goldner
Chairman



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 24-044

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