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# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

**DATE:** July 24, 2017

**AT (OFFICE):** NHPUC

**FROM:** Rich Chagnon, Utility Analyst – Electric Division

**SUBJECT:** Docket No. DG 06-107

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
Annual Storm Fund Report – Calendar Year 2016

Staff Review

**TO:** Debra A. Howland, Executive Director

**CC:** Tom Frantz, Director — Electric Division  
Les Stachow, Assistant Director — Electric Division  
Suzanne Amidon, Staff Attorney

### Summary

On March 31, 2017, Liberty Utilities, (LU or Company) made a filing of the "Annual Storm Fund Report" for the 12 month period ending December 31, 2016.<sup>1</sup> There is no rate change related to this filing.

As detailed in the Report, the Annual Storm Fund balance reported on December 31, 2016 was \$2,910,701. The current annual Storm Fund amount in base rates is set at \$1,500,000<sup>2</sup>.

<sup>1</sup> This filing complies with the Commission requirements set forth in accordance with DG 06-107, Order No. 24,777 dated 7/12/07.

<sup>2</sup> Effective 4/1/14, \$1.5 million annually is in base rates per Settlement Agreement dated 1/23/14 and approved in DE 13-063, Order No. 25,638 dated 3/17/14.

Staff reviewed and investigated the filing received on March 31 and confirms the Annual Storm Fund balance on December 31, 2016 is \$2,910,701 which does not include approximately \$360,670 in additional 2016 final storm related costs. The Company agrees that expenses should be properly booked in a timely manner and is working with internal parties to ensure the practice is followed in order to comply with Commission Order No. 24,777. Staff accepts the report as filed.

### **Background**

On March 31, 2017, LU submitted its Annual Storm Fund Report for 2016 in compliance with the Settlement Agreement in Docket No. DG 06-107 and approved by Order 24,777. Consistent with the Settlement Agreement, this report: (1) provides a description of the one major storm experienced in 2016; (2) provides a summary of the extent of the damage to the distribution system, including the number of outages and length of outages associated with that storm; (3) details the collections credited to the storm fund; and (4) provides the details of any qualifying storm costs that were charged to the fund during calendar year 2016.

Included in the report is a preliminary report of the annual storm fund activity, pending final accounting of storm costs incurred during calendar year 2016. The report shows the opening balance of the storm fund, monthly collections through base rates, monthly interest applied, preliminary qualifying storm costs charged to the storm fund, and the closing balance of the storm fund.

As detailed in the Report, the Annual Storm Fund balance on December 31, 2016 is \$2,910,701. The Company reported that this balance is preliminary due to the Company not receiving all actual charges for two storm events at the time of the report, and final costs will be included in the 2017 Storm Fund Report in Attachment A.

### **Staff Review**

The 2016 Report details the estimated costs of one storm event which meets the Commission's criteria for recovery and three storm events which did not materialize as a qualifying major storm but did meet the forecasting criteria for responsive preplanning and pre-staging efforts. The preliminary cost reported of \$65,236 is only for the three pre-staging storm events.

On July 19, 2017, Commission Audit (Audit) issued a report which identified charges not being finalized in time for filing the Annual Storm Report as required by the Commission. The audit report outlines an estimated \$6,359 of additional charges not initially included in the report belonging to the July 16 event, the entirety of the July 23 event, an estimated \$74,489, and an estimated \$279,821 from the December event had not been properly vetted and therefore not booked to the Deferred Storm Account as of the time of LU writing its report.

Audit included the recommendation that LU should ensure that expenses are properly booked in a timely manner, and that the Final Storm Report filed with the Commission by the deadline of March 31 each year accurately reflects the finalized expenses. In response, the Company agreed that expenses should be properly booked in a timely manner and is working with internal parties to ensure the practice is followed.

As confirmed by Audit, the Annual Storm Fund balance on December 31, 2016 is \$2,910,701. This balance is preliminary due to the Company not receiving all actual charges for the reported two storm related events at the time of the report and the estimated \$6,359 of additional charges identified in the staff audit, not initially included in the report belonging to the July 16 event. The balance does not include an estimated cost of \$74,489 for the July 23 qualifying storm event. Although, the balance does include an accrual of \$35,887 for the estimated qualifying pre-staging cost from the December 29 storm event; it does not include an additional cost of \$279,821 for restoration cost for the same storm event. As a result, the Annual Storm Fund balance only reflects cost of \$65,236 for the three pre-staging storm events listed in the report.

Staff anticipates approximately \$360,670 in additional 2016 final storm related costs to be included in the 2017 Storm Fund Report in Attachment A.

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 06-107-1      Printed: July 24, 2017

**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
- DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.