Liberty Utilities
WATER | GAS | ELECTRIC

September 11, 2014

Hon. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: *Granite State Electric Company*
Docket No. ER14-_________
Filing of Rate Updates Under Borderline Sales Tariff and
Request for Waiver of Commission Notice Requirements

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (16 U.S.C. § 824d), Liberty Utilities (Granite State Electric) Corp. ("Liberty Utilities") hereby submits for Federal Energy Regulatory Commission ("Commission") acceptance the attached revised version of Schedule III of its Borderline Sales Tariff, FERC Electric Tariff Volume No. 2 ("Tariff"), to include the updates discussed below to Liberty Utilities' distribution service rates (collectively, "Rate Updates"). Liberty Utilities respectfully requests waiver of the Commission's notice requirements to permit the attached Rate Updates to go into effect as of the effective dates shown in revised Schedule III, List of Rate Changes, to the Borderline Sales Tariff.

I. STATEMENT OF REASON

Pursuant to Liberty Utilities' Tariff, Liberty Utilities makes borderline sales under retail delivery service tariffs approved by the New Hampshire Public Utilities Commission ("PUC"), for the purpose of providing electric energy to specified retail locations in the service territory of another utility where the utility's distribution facilities are not readily available to provide service and where it is more economical for Liberty Utilities to provide service.[1] From time to time, Liberty Utilities files with the PUC proposed revisions to the base distribution service rates and to the non-base distribution service rates, which are components of the retail delivery service tariffs that underlie the Tariff.[2] After the PUC issues orders on Liberty Utilities' proposed base distribution service rate revisions, Liberty Utilities is required by the Tariff to file documentation with the Commission regarding the PUC's actions.[3]

Prior to the submittal of the instant filing, Liberty Utilities most recently filed such documentation with the Commission in August 2013. Since Liberty Utilities last filing, the PUC has approved several changes to Liberty Utilities' base distribution service rates and non-base

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[1] Borderline Sales Tariff, Schedule I, Section A.

[2] Borderline Sales Tariff, Schedule I, Section F.

[3] *Id.*

distribution service rates. Accordingly, Liberty Utilities is filing revised Schedule III to reflect these new rates. Liberty Utilities respectfully requests the Commission approve these Rate Updates pursuant to its policy of allowing the wholesale rates under a borderline sales tariff to mirror the retail rates approved by the selling utility's state commission.[4]

II. REQUEST FOR WAIVER OF COMMISSION NOTICE REQUIREMENTS

Pursuant to Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), Liberty Utilities respectfully requests waiver of Section 35.3 of the Commission's regulations (18 C.F.R. § 35.3) in order to permit the Rate Updates included in this filing to go into effect as of the effective dates shown in revised Schedule III, List of Rate Changes, to the Tariff. Granting the requested waiver is appropriate because the Rate Updates were filed and fully adjudicated in proceedings before the PUC. Therefore, all interested parties were provided with timely notice regarding the provisions of the Rate Updates. For these reasons, the Commission should grant Liberty Utilities' request for waiver of the notice requirements.

III. ATTACHMENTS

Attached hereto are the following documents:

1. A clean version of Schedule III;

2. A redline version of Schedule III showing the changes from the currently effective Schedule III; and

3. For informational purposes and ease of reference, a copy of the PUC orders approving the Rate Updates.

IIII. SERVICE

Copies of this filing have been served upon regulators in the State of New Hampshire and Liberty Utilities borderline sales customers.

Thank you for your attention to this matter. Should you have any questions, please contact the undersigned.

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[4] *Prior Notice and Filing Requirements Under Section II of the Federal Power Act*, 64 FERC ¶ 61,139, at 61,994 (1993) ("*Prior Notice Order*"), *citing, Massachusetts Electric Co.*, 61 FERC ¶ 61,278, at 62,064 (1992) ("[I]n recognition of the character of the borderline service provided, . . . we accepted for filing the wholesale rate that matched the retail rate the Massachusetts Department of Public Utilities set."); *Northwestern Wisconsin Electric Co.*, 65 FERC ¶ 61,302, at 62,391 n.7 (1993) ("For borderline agreements, the Commission has adopted as the wholesale rate a state commission-approved retail rate.")

Respectfully Submitted,

Shannon P. Coleman

Shannon P. Coleman
Attorney for
Liberty Utilities (Granite State Electric) Corp

RATES EFFECTIVE NOVEMBER 1, 2013
FOR USAGE ON AND AFTER NOVEMBER 1, 2013

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	$5.53						$5.53
	1st 250 kWh	$0.02156	$0.00223	$0.00055	$0.01856	$0.00330	$0.00150	$0.04770
	Excess 250 kWh	$0.05547	$0.00223	$0.00055	$0.01856	$0.00330	$0.00150	$0.08161
	Off Peak kWh	$0.02063	$0.00223	$0.00055	$0.01856	$0.00330	$0.00150	$0.04677
	Farm kWh	$0.03329	$0.00223	$0.00055	$0.01856	$0.00330	$0.00150	$0.05943
	D-6 kWh	$0.02156	$0.00223	$0.00055	$0.01856	$0.00330	$0.00150	$0.04770
D-10	Customer Charge	$9.50						$9.50
	On Peak kWh	$0.06271	$0.00223	$0.00055	$0.01672	$0.00330	$0.00151	$0.08702
	Off Peak kWh	$0.00023	$0.00223	$0.00055	$0.01672	$0.00330	$0.00151	$0.02454
G-1	Customer Charge	$118.49						$118.49
	Demand Charge	$5.16						$5.16
	On Peak kWh	$0.00373	$0.00223	$0.00055	$0.01804	$0.00330	$0.00150	$0.02935
	Off Peak kWh	$0.00031	$0.00223	$0.00055	$0.01804	$0.00330	$0.00150	$0.02593
G-2	Customer Charge	$31.69						$31.69
	Demand Charge	$5.69						$5.69
	All kWh	$0.00147	$0.00223	$0.00055	$0.01988	$0.00330	$0.00150	$0.02893
G-3	Customer Charge	$7.00						$7.00
	All kWh	$0.04007	$0.00223	$0.00055	$0.01971	$0.00330	$0.00150	$0.06736
M	All kWh	$0.00047	$0.00223	$0.00055	$0.00900	$0.00330	$0.00149	$0.01704
	see tariff for luminares & pole charges							
T	Customer Charge	$7.16						$7.16
	All kWh	$0.02658	$0.00223	$0.00055	$0.01653	$0.00330	$0.00150	$0.05069
V	Minimum Charge	$7.47						$7.47
	All kWh	$0.03713	$0.00223	$0.00055	$0.02094	$0.00330	$0.00152	$0.06567

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of $0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	($0.00017)	($0.00008)	($0.00017)	($0.00007)	($0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of ($0.00010) per kWh for usage on and after 7/1/13

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of ($0.00001) per kWh for usage on and after 1/1/13

System Benefits Charge-Energy Efficiency	$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	$0.08899	Effective 11/1/13, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	$0.06272	Effective 11/1/13, usage on and after
	$0.09319	Effective 12/1/13, usage on and after
	$0.11759	Effective 1/1/14, usage on and after
Electricity Consumption Tax	$0.00055	Effective 5/1/01, usage on and after

Dated: September 19, 2013
Effective: November 01, 2013

Issued by: /s/ Victor D. Del Vecchio
Victor D. Del Vecchio
Title: President

Authorized by Docket No. DE 13-018, NHPUC Order No. 25,573, Dated 09/19/2013

RATES EFFECTIVE NOVEMBER 1, 2013
FOR USAGE ON AND AFTER NOVEMBER 1, 2013

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	$5.53						$5.53
	1st 250 kWh	$0.02156	$0.00329	$0.00055	$0.01856	$0.00330	$0.00150	$0.04876
	Excess 250 kWh	$0.05547	$0.00329	$0.00055	$0.01856	$0.00330	$0.00150	$0.08267
	Off Peak kWh	$0.02063	$0.00329	$0.00055	$0.01856	$0.00330	$0.00150	$0.04783
	Farm kWh	$0.03329	$0.00329	$0.00055	$0.01856	$0.00330	$0.00150	$0.06049
	D-6 kWh	$0.02156	$0.00329	$0.00055	$0.01856	$0.00330	$0.00150	$0.04876
D-10	Customer Charge	$9.50						$9.50
	On Peak kWh	$0.06271	$0.00329	$0.00055	$0.01672	$0.00330	$0.00151	$0.08808
	Off Peak kWh	$0.00023	$0.00329	$0.00055	$0.01672	$0.00330	$0.00151	$0.02560
G-1	Customer Charge	$118.49						$118.49
	Demand Charge	$5.16						$5.16
	On Peak kWh	$0.00373	$0.00329	$0.00055	$0.01804	$0.00330	$0.00150	$0.03041
	Off Peak kWh	$0.00031	$0.00329	$0.00055	$0.01804	$0.00330	$0.00150	$0.02699
G-2	Customer Charge	$31.69						$31..69
	Demand Charge	$5.69						$5.69
	All kWh	$0.00147	$0.00329	$0.00055	$0.01988	$0.00330	$0.00150	$0.02999
G-3	Customer Charge	$7.00						$7.00
	All kWh	$0.04007	$0.00329	$0.00055	$0.01971	$0.00330	$0.00150	$0.06842
M	All kWh	$0.00047	$0.00329	$0.00055	$0.00900	$0.00330	$0.00149	$0.01810
	see tariff for luminares & pole charges							
T	Customer Charge	$7.16						$7.16
	All kWh	$0.02658	$0.00329	$0.00055	$0.01653	$0.00330	$0.00150	$0.05175
V	Minimum Charge	$7.47						$7.47
	All kWh	$0.03713	$0.00329	$0.00055	$0.02094	$0.00330	$0.00152	$0.06673

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of $0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	($0.00017)	($0.00008)	($0.00017)	($0.00007)	($0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of ($0.00010) per kWh for usage on and after 7/1/13

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of ($0.00001) per kWh for usage on and after 1/1/13

System Benefits Charge-Energy Efficiency	$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	$0.08899	Effective 11/1/13, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	$0.06272	Effective 11/1/13, usage on and after
	$0.09319	Effective 12/1/13, usage on and after
	$0.11759	Effective 1/1/14, usage on and after
Electricity Consumption Tax	$0.00055	Effective 5/1/01, usage on and after

Dated: October 21, 2013
Effective: November 01, 2013

Issued by: /s/ Victor D. Del Vecchio
Victor D. Del Vecchio
Title: President

Authorized by Docket No. DE 13-196, NHPUC Order No. 25,585, Dated 10/21/2013

RATES EFFECTIVE JANUARY 1, 2014
FOR USAGE ON AND AFTER JANUARY 1, 2014

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	$5.53						$5.53
	1st 250 kWh	$0.02157	$0.00329	$0.00055	$0.02116	$0.00330	$0.00080	$0.05067
	Excess 250 kWh	$0.05548	$0.00329	$0.00055	$0.02116	$0.00330	$0.00080	$0.08458
	Off Peak kWh	$0.02064	$0.00329	$0.00055	$0.02116	$0.00330	$0.00080	$0.04974
	Farm kWh	$0.03330	$0.00329	$0.00055	$0.02116	$0.00330	$0.00080	$0.06240
	D-6 kWh	$0.02157	$0.00329	$0.00055	$0.02116	$0.00330	$0.00080	$0.05067
D-10	Customer Charge	$9.50						$9.50
	On Peak kWh	$0.06272	$0.00329	$0.00055	$0.02458	$0.00330	$0.00080	$0.09524
	Off Peak kWh	$0.00024	$0.00329	$0.00055	$0.02458	$0.00330	$0.00080	$0.03276
G-1	Customer Charge	$118.49						$118.49
	Demand Charge	$5.16						$5.16
	On Peak kWh	$0.00374	$0.00329	$0.00055	$0.01724	$0.00330	$0.00080	$0.02892
	Off Peak kWh	$0.00032	$0.00329	$0.00055	$0.01724	$0.00330	$0.00080	$0.02550
G-2	Customer Charge	$31.69						$31..69
	Demand Charge	$5.69						$5.69
	All kWh	$0.00148	$0.00329	$0.00055	$0.02147	$0.00330	$0.00081	$0.03090
G-3	Customer Charge	$7.00						$7.00
	All kWh	$0.04008	$0.00329	$0.00055	$0.02108	$0.00330	$0.00080	$0.06910
M	All kWh	$0.00048	$0.00329	$0.00055	$0.01517	$0.00330	$0.00080	$0.02359
	see tariff for luminares & pole charges							
T	Customer Charge	$7.16						$7.16
	All kWh	$0.02659	$0.00329	$0.00055	$0.02525	$0.00330	$0.00080	$0.05978
V	Minimum Charge	$7.47						$7.47
	All kWh	$0.03714	$0.00329	$0.00055	$0.02867	$0.00330	$0.00080	$0.07375

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of $0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	($0.00017)	($0.00008)	($0.00017)	($0.00007)	($0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of ($0.00010) per kWh for usage on and after 7/1/13

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of $0.00000 per kWh for usage on and after 1/1/14

System Benefits Charge-Energy Efficiency	$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/14, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/14, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	$0.08899	Effective 11/1/13, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	$0.11759	Effective 1/1/14, usage on and after
	$0.16040	Effective 2/1/14, usage on and after
	$0.08724	Effective 3/1/14, usage on and after
	$0.06773	Effective 4/1/14, usage on and after
Electricity Consumption Tax	$0.00055	Effective 5/1/01, usage on and after

Dated: January 22, 2014
Effective: January 01, 2014

Issued by: /s/ Richard Leehr
Richard Leehr
Title: President

Authorized by NHPUC Order No. 25,611, dated December 23, 2013 in Docket No. DE 13-327 and NHPUC Order No. 25,609, dated December 23, 2013 in Docket No. DE 13-018.

SUMMARY OF RATES
RATES EFFECTIVE APRIL 1, 2014
FOR USAGE ON AND AFTER APRIL 1, 2014

Rate	Blocks	Distribution Charge (1), (2), (3)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	$11.81						$11.81
	1st 250 kWh	$0.03215	$0.00329	$0.00055	$0.02116	$0.00330	$0.000800	$0.06125
	Excess 250 kWh	$0.04814	$0.00329	$0.00055	$0.02116	$0.00330	$0.000800	$0.07724
	Off Peak kWh	$0.03073	$0.00329	$0.00055	$0.02116	$0.00330	$0.000800	$0.05983
	Farm kWh	$0.04015	$0.00329	$0.00055	$0.02116	$0.00330	$0.000800	$0.06925
	D-6 kWh	$0.03207	$0.00329	$0.00055	$0.02116	$0.00330	$0.000800	$0.06117
D-10	Customer Charge	$11.97						$11.97
	On Peak kWh	$0.09046	$0.00329	$0.00055	$0.02458	$0.00330	$0.00080	$0.12298
	Off Peak kWh	$0.00116	$0.00329	$0.00055	$0.02458	$0.00330	$0.00080	$0.03368
G-1	Customer Charge	$324.07						$324.07
	Demand Charge	$6.92						$6.92
	On Peak kWh	$0.00437	$0.00329	$0.00055	$0.01724	$0.00330	$0.00080	$0.02955
	Off Peak kWh	$0.00124	$0.00329	$0.00055	$0.01724	$0.00330	$0.00080	$0.02642
G-2	Customer Charge	$54.06						$54.06
	Demand Charge	$6.97						$6.97
	All kWh	$0.00164	$0.00329	$0.00055	$0.02147	$0.00330	$0.00081	$0.03106
G-3	Customer Charge	$11.72						$11.72
	All kWh	$0.03989	$0.00329	$0.00055	$0.02108	$0.00330	$0.00080	$0.06891
M	All kWh	$0.00047	$0.00329	$0.00055	$0.01517	$0.00330	$0.00080	$0.02358
	see tariff for luminares & pole charges							
T	Customer Charge	$11.94						$11.94
	All kWh	$0.03552	$0.00329	$0.00055	$0.02525	$0.00330	$0.00080	$0.06871
V	Minimum Charge	$11.76						$11.76
	All kWh	$0.04091	$0.00329	$0.00055	$0.02867	$0.00330	$0.00080	$0.07752

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of $0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 75 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	($0.00017)	($0.00008)	($0.00017)	($0.00007)	($0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of ($0.00010) per kWh for usage on and after 7/1/12

System Benefits Charge-Energy Efficiency	$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/14, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/14, usage on and after
Energy Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	$0.08899	Effective 11/1/13, usage on and after
	$0.07732	Effective 5/1/14, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	$0.06773	Effective 4/1/14, usage on and after
	$0.06716	Effective 5/1/14, usage on and after
	$0.08962	Effective 6/1/14, usage on and after
	$0.08875	Effective 7/1/14, usage on and after
	$0.08031	Effective 8/1/14, usage on and after
	$0.06689	Effective 9/1/14, usage on and after
	$0.06630	Effective 10/1/14, usage on and after
Electricity Consumption Tax	$0.00055	Effective 5/1/01, usage on and after

SUMMARY OF RATES
RATES EFFECTIVE JUNE 1, 2014
FOR USAGE ON AND AFTER JUNE 1, 2014

Rate	Blocks	Distribution Charge (1), (2), (3)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	$11.81						$11.81
	1st 250 kWh	$0.03197	$0.00329	$0.00055	$0.02116	$0.00330	$0.000800	$0.06107
	Excess 250 kWh	$0.04797	$0.00329	$0.00055	$0.02116	$0.00330	$0.000800	$0.07707
	Off Peak kWh	$0.03055	$0.00329	$0.00055	$0.02116	$0.00330	$0.000800	$0.05965
	Farm kWh	$0.03997	$0.00329	$0.00055	$0.02116	$0.00330	$0.000800	$0.06907
	D-6 kWh	$0.03189	$0.00329	$0.00055	$0.02116	$0.00330	$0.000800	$0.06099
D-10	Customer Charge	$11.97						$11.97
	On Peak kWh	$0.09032	$0.00329	$0.00055	$0.02458	$0.00330	$0.00080	$0.12284
	Off Peak kWh	$0.00096	$0.00329	$0.00055	$0.02458	$0.00330	$0.00080	$0.03348
G-1	Customer Charge	$324.29						$324.29
	Demand Charge	$6.92						$6.92
	On Peak kWh	$0.00417	$0.00329	$0.00055	$0.01724	$0.00330	$0.00080	$0.02935
	Off Peak kWh	$0.00104	$0.00329	$0.00055	$0.01724	$0.00330	$0.00080	$0.02622
G-2	Customer Charge	$54.09						$54.09
	Demand Charge	$6.97						$6.97
	All kWh	$0.00144	$0.00329	$0.00055	$0.02147	$0.00330	$0.00081	$0.03086
G-3	Customer Charge	$11.72						$11.72
	All kWh	$0.03971	$0.00329	$0.00055	$0.02108	$0.00330	$0.00080	$0.06873
M	All kWh	$0.00027	$0.00329	$0.00055	$0.01517	$0.00330	$0.00080	$0.02338
	see tariff for luminares & pole charges							
T	Customer Charge	$11.94						$11.94
	All kWh	$0.03534	$0.00329	$0.00055	$0.02525	$0.00330	$0.00080	$0.06853
V	Minimum Charge	$11.76						$11.76
	All kWh	$0.04073	$0.00329	$0.00055	$0.02867	$0.00330	$0.00080	$0.07734

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of $0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 75 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	($0.00017)	($0.00008)	($0.00017)	($0.00007)	($0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of ($0.00030) per kWh for usage on and after 6/1/14

System Benefits Charge-Energy Efficiency	$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/14, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/14, usage on and after
Energy Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	$0.08899	Effective 11/1/13, usage on and after
	$0.07732	Effective 5/1/14, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	$0.06773	Effective 4/1/14, usage on and after
	$0.06716	Effective 5/1/14, usage on and after
	$0.08962	Effective 6/1/14, usage on and after
	$0.08875	Effective 7/1/14, usage on and after
	$0.08031	Effective 8/1/14, usage on and after
	$0.06689	Effective 9/1/14, usage on and after
	$0.06630	Effective 10/1/14, usage on and after
Electricity Consumption Tax	$0.00055	Effective 5/1/01, usage on and after

RATES EFFECTIVE NOVEMBER ~~MAY~~ 1, 2013
FOR USAGE ON AND AFTER NOVEMBER~~MAY~~ 1, 2013

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	$5.53~~4.36~~						$5.53~~4.36~~
	1st 250 kWh	$0.02156~~1649~~	$0.00223	$0.00055	$0.01856	$0.00330	$0.00150	$0.04770~~263~~
	Excess 250 kWh	$0.05547~~4294~~	$0.00223	$0.00055	$0.01856	$0.00330	$0.00150	$0.08161~~6908~~
	Off Peak kWh	$0.02063~~1577~~	$0.00223	$0.00055	$0.01856	$0.00330	$0.00150	$0.04677~~191~~
	Farm kWh	$0.03329~~2564~~	$0.00223	$0.00055	$0.01856	$0.00330	$0.00150	$0.05943~~178~~
	D-6 kWh	$0.02156~~1649~~	$0.00223	$0.00055	$0.01856	$0.00330	$0.00150	$0.04770~~263~~
D-10	Customer Charge	$9.50~~7.49~~						$9.50~~7.49~~
	On Peak kWh	$0.06271~~4776~~	$0.00223	$0.00055	$0.01672	$0.00330	$0.00151	$0.08702~~7207~~
	Off Peak kWh	$0.00023~~11~~	$0.00223	$0.00055	$0.01672	$0.00330	$0.00151	$0.0245~~442~~
G-1	Customer Charge	$118.49~~93.37~~						$118.49~~93.37~~
	Demand Charge	$5.16~~4.07~~						$5.16~~4.07~~
	On Peak kWh	$0.00373~~152~~	$0.00223	$0.00055	$0.01804	$0.00330	$0.00150	$0.02935~~714~~
	Off Peak kWh	$0.00031~~19~~	$0.00223	$0.00055	$0.01804	$0.00330	$0.00150	$0.02593~~81~~
G-2	Customer Charge	$31.69~~24.98~~						$31.69~~24.98~~
	Demand Charge	$5.69~~4.49~~						$5.69~~4.49~~
	All kWh	$0.00147~~049~~	$0.00223	$0.00055	$0.01988	$0.00330	$0.00150	$0.02893~~795~~
G-3	Customer Charge	$7.00~~5.52~~						$7.00~~5.52~~
	All kWh	$0.04007~~3090~~	$0.00223	$0.00055	$0.01971	$0.00330	$0.00150	$0.06736~~5819~~
M	All kWh	$0.00047~~19~~	$0.00223	$0.00055	$0.00900	$0.00330	$0.00149	$0.01704~~676~~
	see tariff for luminares & pole charges							
T	Customer Charge	$7.16~~5.64~~						$7.16~~5.64~~
	All kWh	$0.02658~~029~~	$0.00223	$0.00055	$0.01653	$0.00330	$0.00150	$0.05069~~4400~~
V	Minimum Charge	$7.47~~5.89~~						$7.47~~5.89~~
	All kWh	$0.03713~~2859~~	$0.00223	$0.00055	$0.02094	$0.00330	$0.00152	$0.06567~~5713~~

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of $0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	($0.00017)	($0.00008)	($0.00017)	($0.00007)	($0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of ($0.00010~~37~~) per kWh for usage on and after 7/1/13~~2~~

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of ($0.00001) per kWh for usage on and after 1/1/13

System Benefits Charge-Energy Efficiency	$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	$0.08899~~665~~6	Effective 11~~5~~/1/13, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	$0.06272~~58~~	Effective 11~~5~~/1/13, usage on and after
	$0.09319~~7127~~	Effective 12~~6~~/1/13, usage on and after
	$0.11759~~07403~~	Effective 1~~7~~/1/14~~3~~, usage on and after
Electricity Consumption Tax	$0.00055	Effective 5/1/01, usage on and after

Dated: September 19~~May 14~~, 2013
Effective: November~~May~~ 01, 2013

Issued by: /s/ Victor D. Del Vecchio
Victor D. Del Vecchio
Title: President

Authorized by Docket No. DE 13-018, NHPUC Order No 25,476, Dated March 22, 2013

RATES EFFECTIVE NOVEMBER~~JULY~~ 1, 2013
FOR USAGE ON AND AFTER NOVEMBER~~JULY~~ 1, 2013

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	$5.53~~4.38~~						$5.53~~4.38~~
	1st 250 kWh	$0.02156~~1685~~	$0.00329~~223~~	$0.00055	$0.01856	$0.00330	$0.00150	$0.04876~~299~~
	Excess 250 kWh	$0.05547~~4345~~	$0.00329~~223~~	$0.00055	$0.01856	$0.00330	$0.00150	$0.08267~~6959~~
	Off Peak kWh	$0.02063~~1612~~	$0.00329~~223~~	$0.00055	$0.01856	$0.00330	$0.00150	$0.04783~~226~~
	Farm kWh	$0.03329~~2605~~	$0.00329~~223~~	$0.00055	$0.01856	$0.00330	$0.00150	$0.06049~~5219~~
	D-6 kWh	$0.02156~~1685~~	$0.00329~~223~~	$0.00055	$0.01856	$0.00330	$0.00150	$0.04876~~299~~
D-10	Customer Charge	$9.50~~7.53~~						$9.50~~7.53~~
	On Peak kWh	$0.06271~~4829~~	$0.00329~~223~~	$0.00055	$0.01672	$0.00330	$0.00151	$0.08808~~7260~~
	Off Peak kWh	$0.00023~~38~~	$0.00329~~223~~	$0.00055	$0.01672	$0.00330	$0.00151	$0.02560~~469~~
G-1	Customer Charge	$118.49~~93.89~~						$118.49~~93.89~~
	Demand Charge	$5.16~~4.09~~						$5.16~~4.09~~
	On Peak kWh	$0.00373~~179~~	$0.00329~~223~~	$0.00055	$0.01804	$0.00330	$0.00150	$0.03041~~2741~~
	Off Peak kWh	$0.00031~~46~~	$0.00329~~223~~	$0.00055	$0.01804	$0.00330	$0.00150	$0.02699~~08~~
G-2	Customer Charge	$31.69~~25.11~~						$31.69~~25.11~~
	Demand Charge	$5.69~~4.51~~						$5.69~~4.51~~
	All kWh	$0.00147~~076~~	$0.00329~~223~~	$0.00055	$0.01988	$0.00330	$0.00150	$0.02999~~822~~
G-3	Customer Charge	$7.00~~5.55~~						$7.00~~5.55~~
	All kWh	$0.04007~~3134~~	$0.00329~~223~~	$0.00055	$0.01971	$0.00330	$0.00150	$0.06842~~5863~~
M	All kWh	$0.00047~~6~~	$0.00329~~223~~	$0.00055	$0.00900	$0.00330	$0.00149	$0.01810~~703~~
	see tariff for luminares & pole charges							
T	Customer Charge	$7.16~~5.67~~						$7.16~~5.67~~
	All kWh	$0.02658~~067~~	$0.00329~~223~~	$0.00055	$0.01653	$0.00330	$0.00150	$0.05175~~4478~~
V	Minimum Charge	$7.47~~5.92~~						$7.47~~5.92~~
	All kWh	$0.03713~~2901~~	$0.00329~~223~~	$0.00055	$0.02094	$0.00330	$0.00152	$0.06673~~5755~~

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of $0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	($0.00017)	($0.00008)	($0.00017)	($0.00007)	($0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of ($0.00010) per kWh for usage on and after 7/1/13

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of ($0.00001) per kWh for usage on and after 1/1/13

System Benefits Charge-Energy Efficiency	$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	$0.08899~~6656~~	Effective 11~~5~~/1/13, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	$0.0627~~258~~	Effective 11~~5~~/1/13, usage on and after
	$0.09319~~7127~~	Effective 12~~6~~/1/13, usage on and after
	$0.11759~~07403~~	Effective 1~~7~~/1/14~~3~~, usage on and after
Electricity Consumption Tax	$0.00055	Effective 5/1/01, usage on and after

Dated: October 21, 2013
Effective: November~~July~~ 01, 2013

Issued by: /s/ Victor D. Del Vecchio
Victor D. Del Vecchio
Title: President

Authorized by Docket No. DE 13-, NHPUC Order No, Dated

RATES EFFECTIVE JANUARY~~AUGUST~~ 1, 2014~~3~~
FOR USAGE ON AND AFTER JANUARY~~AUGUST~~ 1, 2014~~3~~

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	$5.53						$5.53
	1st 250 kWh	$0.02157~~6~~	$0.00329~~223~~	$0.00055	$0.02116~~1856~~	$0.00330	$0.00080~~1~~	$0.05067~~4770~~
	Excess 250 kWh	$0.05548~~7~~	$0.00329~~223~~	$0.00055	$0.02116~~1856~~	$0.00330	$0.00080~~1~~	$0.08458~~161~~
	Off Peak kWh	$0.02064~~3~~	$0.00329~~223~~	$0.00055	$0.02116~~1856~~	$0.00330	$0.00080~~1~~	$0.04974~~677~~
	Farm kWh	$0.03330~~29~~	$0.00329~~223~~	$0.00055	$0.02116~~1856~~	$0.00330	$0.00080~~1~~	$0.06240~~5943~~
	D-6 kWh	$0.02157~~6~~	$0.00329~~223~~	$0.00055	$0.02116~~1856~~	$0.00330	$0.00080~~1~~	$0.05067~~4770~~
D-10	Customer Charge	$9.50						$9.50
	On Peak kWh	$0.06272~~1~~	$0.00329~~223~~	$0.00055	$0.02458~~1672~~	$0.00330	$0.00080~~1~~ ~~51~~	$0.09524~~8702~~
	Off Peak kWh	$0.00024~~3~~	$0.00329~~223~~	$0.00055	$0.02458~~1672~~	$0.00330	$0.00080~~1~~ ~~51~~	$0.03276~~2454~~
G-1	Customer Charge	$118.49						$118.49
	Demand Charge	$5.16						$5.16
	On Peak kWh	$0.00374~~3~~	$0.00329~~223~~	$0.00055	$0.01724~~804~~	$0.00330	$0.00080~~1~~ ~~50~~	$0.02892~~935~~
	Off Peak kWh	$0.00032~~1~~	$0.00329~~223~~	$0.00055	$0.01724~~804~~	$0.00330	$0.00080~~1~~ ~~50~~	$0.02550~~93~~
G-2	Customer Charge	$31.69						$31.~~.~~69
	Demand Charge	$5.69						$5.69
	All kWh	$0.00148~~7~~	$0.00329~~223~~	$0.00055	$0.02147~~1988~~	$0.00330	$0.00081~~1~~ ~~50~~	$0.03090~~2893~~
G-3	Customer Charge	$7.00						$7.00
	All kWh	$0.04008~~7~~	$0.00329~~223~~	$0.00055	$0.02108~~1971~~	$0.00330	$0.00080~~1~~ ~~50~~	$0.06910~~736~~
M	All kWh	$0.00048~~7~~	$0.00329~~223~~	$0.00055	$0.01547~~0900~~	$0.00330	$0.00080~~1~~ 49	$0.02359~~1704~~
	see tariff for luminares & pole charges							
T	Customer Charge	$7.16						$7.16
	All kWh	$0.02659~~8~~	$0.00329~~223~~	$0.00055	$0.02525~~1653~~	$0.00330	$0.00080~~1~~ ~~50~~	$0.05978~~069~~
V	Minimum Charge	$7.47						$7.47
	All kWh	$0.03714~~3~~	$0.00329~~223~~	$0.00055	$0.02867~~094~~	$0.00330	$0.00080~~1~~ ~~52~~	$0.07375~~6567~~

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of $0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	($0.00017)	($0.00008)	($0.00017)	($0.00007)	($0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of ($0.00010) per kWh for usage on and after 7/1/13

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of ($0.00000~~1~~) per kWh for usage on and after 1/1/14~~3~~

System Benefits Charge-Energy Efficiency	$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/13, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	$0.08899~~665~~ ~~6~~	Effective 11~~5~~/1/13, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	$0.11759~~066~~ ~~78~~	Effective 1~~8~~/1/14~~3~~, usage on and after
	$0.16040~~060~~ ~~77~~	Effective 2~~9~~/1/14~~3~~, usage on and after

	$0.0~~8724~~594 ~~2~~	Effective 3~~10~~/1/14~~3~~, usage on and after
	$0.06773	Effective 4/1/14, usage on and after
Electricity Consumption Tax	$0.00055	Effective 5/1/01, usage on and after

Dated: January~~uly 1~~22, 2014~~3~~
Effective: January~~August~~ 01, 2014~~3~~

Issued by: /s/ Victor D. Del Vecchio
Victor D. Del Vecchio
Title: President

Authorized by Docket No. DE 13-018, NHPUC Order No. 25,527, Dated 06/25/2013

SUMMARY OF RATES

~~GRANITE STATE ELECTRIC COMPANY~~

RATES EFFECTIVE APRIL~~MAY~~ 1, 2014~~2~~

FOR USAGE ON AND AFTER APRIL~~MAY~~ 1, 2014~~2~~

Rate	Blocks	Distribution Charge (1), (2), (3)~~, (4)~~	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	$11.81~~4.37~~						$11.81~~4.37~~
	1st 250 kWh	$0.03215~~1606~~	$0.00329~~223~~	$0.00055	$0.02116~~1677~~	$0.00330	$0.0008~~9~~0	$0.06125~~3981~~
	Excess 250 kWh	$0.04814~~253~~	$0.00329~~223~~	$0.00055	$0.02116~~1677~~	$0.00330	$0.0008~~9~~0	$0.07724~~6628~~
	Off Peak kWh	$0.03073~~1534~~	$0.00329~~223~~	$0.00055	$0.02116~~1677~~	$0.00330	$0.0008~~9~~0	$0.05983~~3909~~
	Farm kWh	$0.04015~~2522~~	$0.00329~~223~~	$0.00055	$0.02116~~1677~~	$0.00330	$0.0008~~9~~0	$0.06925~~4897~~
	D-6 kWh	$0.03207~~1606~~	$0.00329~~223~~	$0.00055	$0.02116~~1677~~	$0.00330	$0.0008~~9~~0	$0.06117~~3981~~
D-10	Customer Charge	$11.97~~7.50~~						$11.97~~7.50~~
	On Peak kWh	$0.09046~~4735~~	$0.00329~~223~~	$0.00055	$0.02458~~1663~~	$0.00330	$0.00080~~9~~	$0.12298~~07095~~
	Off Peak kWh	~~(~~$0.00116~~034)~~	$0.00329~~223~~	$0.00055	$0.02458~~1663~~	$0.00330	$0.00080~~9~~	$0.03368~~2326~~
G-1	Customer Charge	$324.07~~93.45~~						$324.07~~93.45~~
	Demand Charge	$6.92~~4.08~~						$6.92~~4.08~~
	On Peak kWh	$0.00437~~108~~	$0.00329~~223~~	$0.00055	$0.01724~~394~~	$0.00330	$0.0008~~9~~0	$0.02955~~200~~
	Off Peak kWh	~~(~~$0.00124~~026)~~	$0.00329~~223~~	$0.00055	$0.01724~~394~~	$0.00330	$0.0008~~9~~0	$0.02642~~066~~
G-2	Customer Charge	$54.06~~25.01~~						$54.06~~25.01~~
	Demand Charge	$6.97~~4.50~~						$6.97~~4.50~~
	All kWh	$0.00164~~005~~	$0.00329~~223~~	$0.00055	$0.02147~~1625~~	$0.00330	$0.00081~~90~~	$0.03106~~2328~~
G-3	Customer Charge	$11.72~~5.53~~						$11.72~~5.53~~
	All kWh	$0.03989~~048~~	$0.00329~~223~~	$0.00055	$0.02108~~1658~~	$0.00330	$0.0008~~9~~0	$0.06891~~5404~~
M	All kWh see tariff for luminares & pole charges	~~(~~$0.00047~~26)~~	$0.00329~~223~~	$0.00055	$0.01517~~094~~	$0.00330	$0.00080~~91~~	$0.02358~~1767~~
T	Customer Charge	$11.94~~5.65~~						$11.94~~5.65~~
	All kWh	$0.03552~~1986~~	$0.00329~~223~~	$0.00055	$0.02525~~1672~~	$0.00330	$0.0008~~9~~0	$0.06871~~4356~~
V	Minimum Charge	$11.76~~5.90~~						$11.76~~5.90~~
	All kWh	$0.04091~~2817~~	$0.00329~~223~~	$0.00055	$0.02867~~1870~~	$0.00330	$0.0008~~9~~0	$0.07752~~5385~~

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of $0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	Credit per kWh
D	($0.00017)
D-10	($0.00008)
G-3	($0.00017)
T	($0.00007)
V	($0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of ($0.00010~~83~~) per kWh for usage on and after 7/1/12~~1~~

~~(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of $0.00000 per kWh for usage on and after 7/1/11~~

System Benefits Charge-Energy Efficiency	$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/14~~1~~, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/14~~1~~, usage on and after
Default Service Charge		

Residential & Small Commercial (D, D-10, G-3, M, T, V)	$0.08899~~5884~~	Effective 11~~5~~/1/13~~2~~, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	$0.07732~~5372~~	Effective 5/1/14~~2~~, usage on and after
	$0.06773~~5473~~	Effective 4~~6~~/1/14~~2~~, usage on and after
	$0.06716~~145~~	Effective 5~~7~~/1/14~~2~~, usage on and after
Electricity Consumption Tax	$0.00055	Effective 5/1/01, usage on and after

Dated: April 1, 2014 Issued by: /s/Richard Leehr
Effective: April 1, 2014 Richard Leehr
Title: President
Authorized by Order No. 25,638 Issued March 17, 2014 in Docket No. DE 13-063 and Authorized by Order No. 25,642 Issued March 27, 2014 in Docket No. DE 14-031

SUMMARY OF RATES

~~GRANITE STATE ELECTRIC COMPANY~~

RATES EFFECTIVE JUNE~~LY~~ 1, 2014~~2~~
FOR USAGE ON AND AFTER JUNE~~LY~~ 1, 2014~~2~~

Rate	Blocks	Distribution Charge (1), (2), (3)~~, (4)~~	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	$11.81~~4.36~~						$11.81~~4.36~~
	1st 250 kWh	$0.03197~~1650~~	$0.00329~~223~~	$0.00055	$0.02116~~1677~~	$0.00330	$0.0008~~9~~0	$0.06107~~4025~~
	Excess 250 kWh	$0.04797~~4295~~	$0.00329~~223~~	$0.00055	$0.02116~~1677~~	$0.00330	$0.0008~~9~~0	$0.07707~~6670~~
	Off Peak kWh	$0.03055~~1578~~	$0.00329~~223~~	$0.00055	$0.02116~~1677~~	$0.00330	$0.0008~~9~~0	$0.05965~~3953~~
	Farm kWh	$0.03997~~2565~~	$0.00329~~223~~	$0.00055	$0.02116~~1677~~	$0.00330	$0.0008~~9~~0	$0.06907~~4940~~
	D-6 kWh	$0.03189~~1650~~	$0.00329~~223~~	$0.00055	$0.02116~~1677~~	$0.00330	$0.0008~~9~~0	$0.06099~~4025~~
D-10	Customer Charge	$11.97~~7.49~~						$11.97~~7.49~~
	On Peak kWh	$0.09032~~4777~~	$0.00329~~223~~	$0.00055	$0.02458~~1663~~	$0.00330	$0.00080~~9~~	$0.12284~~07137~~
	Off Peak kWh	$0.00096~~12~~	$0.00329~~223~~	$0.00055	$0.02458~~1663~~	$0.00330	$0.00080~~9~~	$0.03348~~2372~~
G-1	Customer Charge	$324.29~~93.37~~						$324.29~~93.37~~
	Demand Charge	$6.92~~4.07~~						$6.92~~4.07~~
	On Peak kWh	$0.00417~~153~~	$0.00329~~223~~	$0.00055	$0.01724~~394~~	$0.00330	$0.0008~~9~~0	$0.02935~~245~~
	Off Peak kWh	$0.00104~~020~~	$0.00329~~223~~	$0.00055	$0.01724~~394~~	$0.00330	$0.0008~~9~~0	$0.02622~~112~~
G-2	Customer Charge	$54.09~~24.98~~						$54.09~~24.98~~
	Demand Charge	$6.97~~4.49~~						$6.97~~4.49~~
	All kWh	$0.00144~~050~~	$0.00329~~223~~	$0.00055	$0.02147~~1625~~	$0.00330	$0.00081~~9~~0	$0.03086~~2373~~
G-3	Customer Charge	$11.72~~5.52~~						$11.72~~5.52~~
	All kWh	$0.03971~~091~~	$0.00329~~223~~	$0.00055	$0.02108~~1658~~	$0.00330	$0.0008~~9~~0	$0.06873~~5447~~
M	All kWh see tariff for luminares & pole charges	$0.00027~~0~~	$0.00329~~223~~	$0.00055	$0.01517~~094~~	$0.00330	$0.00080~~91~~	$0.02338~~1813~~
T	Customer Charge	$11.94~~5.64~~						$11.94~~5.64~~
	All kWh	$0.03534~~2030~~	$0.00329~~223~~	$0.00055	$0.02525~~1672~~	$0.00330	$0.0008~~9~~0	$0.06853~~4400~~
V	Minimum Charge	$11.76~~5.89~~						$11.76~~5.89~~
	All kWh	$0.04073~~2860~~	$0.00329~~223~~	$0.00055	$0.02867~~1870~~	$0.00330	$0.0008~~9~~0	$0.07734~~5428~~

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of $0.00057 per kWh for usage on and after 8/1/01
(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	Credit per kWh
D	($0.00017)
D-10	($0.00008)
G-3	($0.00017)
T	($0.00007)
V	($0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of ($0.00030~~7~~) per kWh for usage on and after 6~~7~~/1/14~~2~~
~~(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of $0.00000 per kWh for usage on and after 7/1/11~~

System Benefits Charge-Energy Efficiency	$0.00180	Effective 7/1/11, usage on and after
System Benefits Charge-Statewide Energy Assistance Program	$0.00150	Effective 7/1/11, usage on and after
Total System Benefits Charge	$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/14~~1~~, usage on and after

Stranded Cost Adjustment Factor	various	Effective 1/1/14~~1~~, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	$0.07732~~5884~~	Effective 5/1/14~~2~~, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	$0.06716~~5372~~	Effective 5/1/14~~2~~, usage on and after
	$0.08962~~5473~~	Effective 6/1/14~~2~~, usage on and after
	$0.08875~~6145~~	Effective 7/1/14~~2~~, usage on and after
Electricity Consumption Tax	$0.00055	Effective 5/1/01, usage on and after

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 13-018

GRANITE STATE ELECTRIC COMPANY D/B/A LIBERTY UTILITIES

Petition for Approval of Default Service Solicitation and Resulting Rates for Large and Small Customer Groups for the Period Beginning November 1, 2013

Order Approving Solicitation and Selection of Default Service Supplier and Resulting Rates

O R D E R N O. 25,573

September 19, 2013

APPEARANCES: Devine, Millimet & Branch P.A. by Kevin M. Baum, Esq. on behalf of Granite State Electric Company d/b/a Liberty Utilities; Office of Consumer Advocate by Susan W. Chamberlain, Esq. on behalf of residential customers; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

I. PROCEDURAL BACKGROUND

On September 13, 2013, Granite State Electric Company d/b/a Liberty Utilities (Granite State or Company) filed a petition requesting approval of default service rates for its large and medium commercial and industrial customers (Large Customer Group) for the period from November 1, 2013 through January 31, 2014, and for 100% of its supply requirements for its residential and small commercial customers (Small Customer Group) for the period November 1, 2013 through April 30, 2014. The filing was made pursuant to a Settlement Agreement approved by the Commission in Docket No. DE 05-126, *Granite State Electric Company, Petition for Approval of Post-Transition Default Service Proposals*, Order No. 24,577, 91 NH PUC 6 (January 13, 2006) as modified by Order No. 24,922, 93 NH PUC 600 (December 19, 2008).

In support of its petition, Granite State filed the testimony and related exhibits of John D. Warshaw, Manager, Electricity Supply for Liberty Energy Utilities (New Hampshire) Corp. (Liberty NH). Liberty NH is the sole shareholder of Granite State. Granite State also included in its filing its most recent customer migration report.

Granite State selected NextEra Energy Power Marketing, LLC (NextEra) as the winning bidder to provide default service to the Large Customer Group from November 1, 2013 through January 31, 2014 and DTE Energy Trading, Inc. (DTE) as the winning bidder to provide default service to the Small Customers Group for the period November 1, 2013 through April 30, 2014. According to Granite State, the overall bill impact for large customers taking service under Rate G1 will be bill increases for the three-month period from November 2013 through January 2014 ranging from 21.5% to 27.0% as compared with the three-month period ending October 31, 2013. Residential customers in the Small Customer Group using 678 kilowatt-hours (kWh) per month, the average use by residential customers for the 12-month period ending August 2013, will experience a monthly bill increase from $97.51 to $111.83, a 14.7% increase. Other customers in the Small Customer Group will experience bill increases ranging from 14.0% to 21.2%, depending on usage.

In its public filing, Granite State redacted certain information for which it requested confidential treatment pursuant to New Hampshire Code Admin. Rules Puc 201.04(a)(5), Puc 201.06 and Puc 201.07. This information consists of a copy of the Company’s transaction confirmation with the winning suppliers, bid evaluation and bid summary, pricing for Renewable Energy Certificates (RECs), and retail meter commodity cost calculations. With respect to the wholesale power purchase prices included in this filing, the Company requested confidential treatment only until such time that those prices are required to be made public by the Federal Energy Regulatory Commission (FERC).

The Office of Consumer Advocate previously filed a letter of participation in this docket on February 5, 2013.

The Commission issued a Secretarial Letter on September 13, 2013 scheduling a hearing for September 18, 2013. The hearing was held as scheduled. Also on September 18, 2013, Granite State filed updated schedules requested at hearing and designated as Hearing Exhibit 11.

II. POSITIONS OF THE PARTIES AND STAFF

A. Granite State

Granite State testified that it had conducted the default service solicitation process in accordance with applicable New Hampshire rules and regulations and the terms of a Settlement Agreement approved by the Commission in Order No. 24,577 (January 13, 2006) as modified by Order No. 24,922 (December 19, 2008). The Company stated that on August 9, 2013, it issued a request for proposals (RFPs) to approximately twenty-five potential suppliers soliciting power for the period November 1, 2013 through January 31, 2014 for the Large Customer Group and for the period November 1, 2013 through April 30, 2014 for the Small Customer Group. Granite State said that it also distributed the RFP to all members of the New England Power Pool Markets Committee and posted the RFP on its energy supply website so that the RFP had wide distribution throughout the New England energy supply marketplace. The RFP requested fixed pricing for each month of service on an as-delivered energy basis and allowed prices to vary monthly across the service period. Consistent with Order No. 24,922, Granite State solicited only for all-inclusive energy and capacity supply.

Granite State testified that it received indicative bids on September 3, 2013 and final bids on September 10, 2013. Granite State stated that the selected suppliers (1) provided a bid that conformed to the RFP, (2) had the lowest price, (3) met the credit requirements described in the RFP, and (4) passed Granite State's qualitative criteria. On September 10, 2013, Granite State selected NextEra to supply default service to the Large Customer Group for the period from November 2013 through January 2014 and entered into a wholesale transaction confirmation on the same day. According to Granite State, a copy of the NextEra master power agreement was filed with the Commission on September 20, 2010 in Docket No. DE 10-020, Granite State's 2010 default service proceeding.[1] For Small Customer Group power supply, Granite State selected DTE to supply default service and stated that it also entered into a transaction confirmation with DTE on September 10, 2013. Granite State testified that a copy of the DTE master power agreement was filed with the Commission on December 14, 2009 in Docket No. DE 09-010, the Company's 2009 default service docket.[2]

Granite State testified the bill impacts resulting from the solicitation of default service supply would result in bill increases. For a default service residential customer with an average monthly usage of 678 kWh, which is the average monthly usage of the twelve month period ending August 2013, bills would increase by $14.32 per month, or 14.7%, from $97.51 to $111.83. Similarly, the Large Customer Group would experience increases ranging from 21.5% to 27.0% as compared to the three-month period ending October 2013.

According to the filing, the load-weighted average of power supply costs for the Large Customer Group for the three month period from November 1, 2013 through January 31, 2014 is

[1] The Commission approved the NextEra master contract in Order No. 25,150 (September 27, 2010) in Docket DE 10-020.
[2] The Commission approved the DTE master contract in Order No. 25,055 (December 21, 2009) in Docket DE 09-010.

$0.08736 per kWh compared to the load-weighted average of $0.05855 for the three month period ending October 31, 2013. For the Small Customer Group, the load-weighted average of power supply costs for rates effective November 1, 2013 is $0.08379 compared with the load-weighted average of $0.06078 for the period ending October 31, 2013.

Granite State also provided an exhibit that depicted the difference between the commodity prices for winter period of 2012-13 and the commodity prices forecast for the winter period of 2013-2014 for the Small Customer Group. The forecast commodity prices for the winter period of 2013-2014 are approximately 28.5% higher than the winter prices for the 2012-2013 period. Granite State said that while the New England Region experiences peak demand in the summer months, the Region currently experiences peak prices in the winter months, caused, in part, by the winter demand for natural gas for both heating and electricity.

Pursuant to a settlement agreement approved by the Commission in Order No. 24,953 (March 23, 2009), Granite State requested bidders for power supply to provide a separate adder for purposes of complying with RSA 362-F, New Hampshire's Renewable Portfolio Standard (RPS) law. According to Granite State, the RPS compliance adder from the winning bidder for the Large Customer Group was higher than Granite State's forecast market price for RECs. As a result, Granite State did not accept that bidder's RPS compliance adder. Granite State testified that the winning bidder for the Small Customer Group did not submit a RPS compliance adder. To comply with the RPS requirements, Granite State said that it plans to issue an RFP in the future for the acquisition of RECs.

To recover costs of RPS compliance, Granite State testified that it calculates an RPS compliance adder to be added to the base default service rate. Granite State proposed to change the RPS adder from $0.00428 per kWh to $0.00290 per kWh for the Small Customer Group for the months of November and December 2013 and to $0.00525 per kWh for the months January through April 2014. For the Large Customer Group, the Company proposes an RPS adder of $0.00290 per kWh for the months of November and December, 2013, and $0.00525 per kWh for the month of January, 2014. Granite State testified that these changes reflected updated REC prices from broker sheets.

In its calculation of default service rates for effect November 1, 2013, Granite State also included a credit to default service customers for certain Regional Greenhouse Gas Initiative (RGGI) revenue rebates Granite State received from the State of New Hampshire pursuant to Order No. 25,471 (March 8, 2013) in Docket No. DE 12-362.[3] Granite State testified that it had received two rebate checks from the State of New Hampshire and calculated a RGGI Auction Excess Revenue Adjustment Factor credit of $0.00212 per kWh which it proposes to apply to customer bills as of November 1, 2013. Granite State stated that it will reconcile the actual factor credited to customers against the funds received plus any applicable interest in the next default service reconciliation filing. In response to inquiry, Granite State said that the Company was aware of a new law that would require the RGGI rebate revenues to be credited back to all electric customers, not just default service customers, effective January 1, 2014 and that the Company planned to make the necessary changes to comply with the new law.

For both the Small and Large Customer Groups, Granite State calculated the base default service rate by multiplying the commodity cost at the wholesale level ($ per megawatt-hour) by the applicable loss factor and then dividing the results by ten to determine the kWh retail rate (in cents per kWh). After adjustments for reconciliation and reclassification, the adder for

[3] Order No. 25,471 implemented an amendment to RSA 125-O:19 et seq. (2012 N.H. Laws Ch. 281). The amendment required that any RGGI auction proceeds in excess of one dollar for each RGGI allowance be rebated to all default service electric ratepayers in the state on a per kilowatt-hour basis in a timely manner as determined by the Commission.

compliance with the Company's RPS obligations, and the $0.00212 per kWh credit associated with the RGGI rebate, the proposed default service rate for the Small Customer Group for the six month period beginning November 1, 2013 will be $0.08769 per kWh. For the Large Customer Group, the Company develops rates that vary month by month. Including the adjustments for reconciliation and reclassification, the RPS compliance adder and the $0.00212 per kWh credit associated with the RGGI rebate, the default service rates for the Large Customer Group will be $0.06272 per kWh for November, 2013, $0.09078 per kWh for December 2013 and $0.11518 per kWh for January 2014.

In its prefiled testimony, Granite State testified that some market uncertainty affected the bids due to the Independent System Operator-New England (ISO-NE) proposed Winter 2013-2014 Reliability Program which was pending before the Federal Energy Regulatory Commission (FERC) for approval at the time of the filing. One of the uncertainties concerned cost recovery and whether the costs would be assigned to transmission rates or to Load Serving Entities (LSE's) with a real time load obligation. To alleviate that uncertainty for bidders, Granite State notified bidders that if FERC approved the Winter Reliability program, the bidders, who are LSE's, would be able to pass-through their actual costs to Granite State incremental to the final default service prices.

On September 17, 2013, FERC approved the program design and decided that costs for the Winter Reliability program should be recovered from LSE's with a real time load obligation. Therefore, based on the pass through provision that Granite State included in its RFP, these costs will ultimately be recovered from default service customers. At hearing, Granite State amended their filing by requesting the Commission approve the Company's proposal to begin recovery of the estimated costs of the Winter Reliability through a surcharge on default service rates.

Granite State explained that the Winter Reliability Costs would only be incurred for the months of December 2013, and January and February, 2014. Granite State testified that the average surcharge would be $0.00241 per kWh. For the Large Customer Group, the Company would apply the surcharge on a per kWh basis for the months of December and January. Granite State explained that it would propose to add the surcharge to the rates for the Large Customer Group for the month of February 2014 in its next default service filing. The Company stated that by adding the winter surcharge, rates for the Large Customer Group would increase by 24% to 29% over currently effective rates. For the Small Customer Group, Granite State calculated a surcharge designed to recover the Small Customer's group share of the Winter Reliability costs over the six month period November 2013 through April 2014. As a result, a residential default service customer using 678 kWh a month would experience a monthly bill increase of 15.6% from a currently monthly bill of $97.51, to $112.72.

Granite State concluded by requesting that the Commission (1) find that the Company conducted the solicitation and selection of suppliers consistent with the process approved by the Commission in Order No. 24,577, (2) approve the resulting rates, (3) allow the Company to assess a surcharge to recover its costs associated with the ISO-NE winter reliability program with default service rates effective November 1, 2013 and (4) grant confidential treatment of the information redacted from the public filing consistent with Puc 201.04, Puc 201.06 and Puc 201.07.

B. Office of Consumer Advocate

The OCA stated that it was concerned about rate shock for residential customers due to the increase in rates resulting from the default service solicitation and the addition of the surcharge to recover costs associated with the ISO winter reliability program. The OCA further opined that the increased rates may result in more residential customers using energy efficiency or migrating to competitive supply, and stated that it did not object to the filing.

C. Staff

Staff stated that it had reviewed the filing and determined that the Company had complied with Order No. 24,577 in the solicitation and evaluation of bids and in the final selection of the winning bidders, and that the resulting rates were market based. Staff recommended that the Commission approve the petition. Staff also agreed with Granite State's claim that information redacted from the public filing was entitled to confidential treatment pursuant to Puc 201.06 and 201.07. Finally, Staff stated that it did not object to the Company's proposal to begin collecting the ISO-NE winter reliability program with default service rates as proposed by the Company.

III. COMMISSION ANALYSIS

Based on the record in this proceeding, we find that Granite State Electric Company (d/b/a Liberty Utilities) complied with the procedures approved in Order No. 24,577 regarding its analysis of the bids and its selection of the winning bidder for default service supply for its Small and Large Customer Groups for the period beginning November 1, 2013. We are also satisfied that the Company took appropriate steps to solicit multiple potential suppliers in order to receive a competitive bid response and, consequently, that the results are consistent with the requirements of RSA 374-F:3, V(c) that default service be procured through the competitive market. Pursuant to RSA 378:40 and :41 we find that Granite State's filing is in conformance with the least cost integrated resource plan filed and reviewed in DE 07-052 accepted in Order No. 24,826 (Feb. 29, 2008).

We also find that Granite State's evaluation of the bids and its section of NextEra to provide default service for the Large Customer Group for the three-month period beginning November 1, 2013 and its selection of DTE to provide default service for the Small Customer Group for the six-month period beginning November 1, 2013 are reasonable. The testimony of Granite State, together with its bid evaluation report, indicates that the bid prices reflect expected market conditions for the time period in question. In light of the competitive procurement and the analysis that the proposed default service rates reflect current market conditions, we will grant the proposed default service rates.

We also find that it is appropriate for the Company to begin to recover the costs associated with the ISO-NE winter reliability program during the default service period beginning November 1, 2013. We direct Granite State to separately track the costs and revenues associated with the winter reliability program and to reconcile any over- or under-collections at the end of the program's term.

Granite State submitted certain information as confidential pursuant to N.H. Code Admin. Rules Puc 201.04, 201.06 and 201.07. The information for which Granite State seeks confidential treatment consists of the Company's transaction confirmation with the winning supplier, bid evaluation and summary, RPS compliance pricing and retail meter commodity cost calculations.

After reviewing the material redacted from the public filing, we find that the category of information for which Granite State seeks confidential treatment is information routinely submitted and granted confidential treatment in connection with default service proceedings as defined in Puc 201.06(a)(30). Therefore, the information shall be accorded confidential treatment subject to the provisions of Puc 201.07. The wholesale power costs contained in

Granite State's filing shall be accorded confidential treatment only until such time as the costs are made public through the operation of the rules of the FERC.

Based upon the foregoing, it is hereby

ORDERED, that the Power Supply Agreement entered into between NextEra Energy Power Marketing, LLC and Granite State Electric Company d/b/a Liberty Utilities for default service power supply for the Large Customer Group for the three-month period beginning November 1, 2013 and the resulting rates of $0.06272 per kWh for November 2013, $0.09319 per kWh for December 2013, and $0.11759 per kWh for January, 2014 are hereby APPROVED; and it is

FURTHER ORDERED, that the Power Supply Agreement entered into between DTE Energy Trading, Inc. and Granite State Electric Company d/b/a Liberty Utilities for default service power supply for the Small Customer Group for the six-month period beginning November 1, 2013 and the resulting rate of $0.08899 per kWh are hereby APPROVED; and it is

FURTHER ORDERED, that Granite State is hereby authorized to begin to collect the costs associated with the ISO-NE winter reliability program with default service rates effective November 1, 2013 as further described herein; and it is

FURTHER ORDERED, that Granite State shall file conforming tariffs within 30 days of the date of this Order, consistent with N.H. Code Admin. Rules Puc 1603.02.

By order of the Public Utilities Commission of New Hampshire this nineteenth day of

September, 2013.

Michael D. Harrington
Commissioner

Robert R. Scott
Commissioner

Attested by:

Debra A. Howland
Executive Director

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 Approving Settlement Agreement

O R D E R N O. 25,585

October 21, 2013

APPEARANCES: Devine, Millimet & Branch P.A. by Harry N. Malone, Esq. on behalf of Granite State Electric Company d/b/a Liberty Utilities; the Office of Consumer Advocate by Susan W. Chamberlin, Esq. on behalf of residential ratepayers; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

I. PROCEDURAL HISTORY

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 on temporary rates approved by the Commission in Order No. 25,521 (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 or after November 1, 2013.

The Commission issued Order No. 25,553 on July 25, 2013 suspending the tariff and scheduling a hearing for September 25, 2013. On July 28, 2013, the Office of Consumer Advocate (OCA) filed a letter of participation in the docket pursuant to RSA 363:28.

Staff filed a Stipulation and Settlement Agreement on behalf of itself and Liberty on September 23, 2013. The merits hearing was held as scheduled on September 25, 2013. On that same date and subsequent to the hearing, Staff filed a letter correcting the hearing record.

II. INITIAL FILING OF LIBERTY

In prefiled testimony, the Company explained that 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 electrical 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.

The filing indicated that as of the end of April 2013, the deficit in the storm fund was $6.1 million. Liberty stated that the deficit resulted from the Company’s costs to restore power and repair damage to its electrical system related to three major storms, namely Hurricane Irene (August 2011), the October 2011 Snowstorm, and Hurricane Sandy (October 2012). Liberty attested that all three storms qualified as major storms based on the number of troubles and customer interruptions and therefore the costs associated with these storms qualify for reimbursement from the storm fund. Liberty estimated that the costs incurred in connection with the three storms was approximately $4.0 million.

Liberty testified that it currently recovers $120,000 annually from base distribution rates in addition to the currently effective SRAF of 0.223 cents per kWh approved by the Commission in Order No.25,310 (December 29, 2011). Liberty requested authority to recover an additional $2.2 million through the SRAF over a 17-month period beginning November 1, 2013 to eliminate the storm fund deficit. If its request were granted, Liberty calculated that the SRAF would increase from 0.223 cents per kWh to 0.388 cents per kWh. For residential customers using 676 kWh per month, the average use by residential customers taking default service from Liberty for the 12-month period ending April 2013, 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%.

III. STIPULATION AND SETTLEMENT AGREEMENT

In the Stipulation and Settlement Agreement (Settlement Agreement), Staff and Liberty (Settling Parties) agreed that Liberty should be authorized to increase the SRAF from 0.223 cents per kWh to 0.329 cents per kWh effective November 1, 2013 through October 31, 2014. Pursuant to the Settlement Agreement, effective November 1, 2014, the SRAF would be reduced to 0.221 cents per kWh and remain at that level until October 31, 2015.

Staff and Liberty agreed that the stipulated SRAF rates are expected to recover approximately $5.07 million, the amount of storm fund deficit expected to be outstanding as of November 1, 2013. The Settling Parties further agreed that the SRAF rates established in the Settlement Agreement are not intended to recover costs associated with any major storms that may occur between November 1, 2013 and October 31, 2015. According to settlement terms, the Settling Parties will meet prior to October 31, 2015 to determine the disposition of any remaining balance in the storm fund account, positive or negative, that exists as of October 31, 2015.

The Settling Parties further acknowledged that the Settlement Agreement does not represent an agreement on the prudence of costs incurred by Liberty associated with Hurricane

Irene, the October 2011 Snowstorm and Hurricane Sandy, nor any potential adjustments to the recovery of those costs resulting from the Staff audits. The Settlement Agreement also stated that while Commission Staff had completed its audit of the costs expended by the Company to restore power and repair damage after Hurricane Sandy, the costs associated with Hurricane Irene and the October 2011 Snowstorm had not been audited as of the signing of the Settlement Agreement.

IV. POSITIONS OF THE PARTIES ON SETTLEMENT AGREEMENT

A. Liberty

Liberty stated that it supported the Settlement Agreement. Liberty said that the Settlement Agreement balances two objectives—relatively prompt recovery by the Company of costs it already incurred, and minimizing the impacts on customers' bill amounts. According to Liberty, if the Settlement Agreement is approved, the monthly bill for an average residential customer would increase about 72.0 cents, from $97.21 per month to $97.93 per month, or an increase of 0.6%, effective November 1, 2013. On November 1, 2014, when the SRAF would decrease, an average residential customer would experience a monthly bill reduction of about 73.0 cents, a decrease of about 0.6% in total monthly bills. Liberty explained that by "average residential customer," it was referring to a customer using 676 kWh per month, the average use for residential customers over the 12-month period ending April 2013. Liberty also confirmed that the expected negative balance in the storm fund effective October 31, 2013 is approximately $5.07 million.

Liberty concluded by requesting that the Commission approve the Settlement Agreement.

B. Office of Consumer Advocate

The OCA stated that it did not support the Settlement Agreement. According to the OCA, without an audit of costs incurred in connection with storm recovery, it is impossible to determine whether the Company's practices were effective or prudent at the time or whether they could be improved in the future. The OCA argued that if National Grid is not providing sufficient data to Liberty to allow the audits to commence for Tropical Storm Irene and the October Snowstorm, National Grid should have escrow money withheld.

The OCA stated that it was concerned about the lack of transparency with respect to the Settlement Agreement. The OCA further stated that it heard of the Staff audit results for Hurricane Sandy for the first time from testimony at hearing and that the OCA did not have access to the Staff audit results.

C. Staff

Staff addressed the OCA's concern about allowing the Company to begin recovery of storm-related costs prior to the completion of the Staff audit of those costs. Staff explained that the Commission allowed utilities to commence recovery of costs associated major storms before the completion of the Staff audit in other proceedings similar to the instant petition. According to Staff, such audits have resulted in very little disallowance of costs, and that any recovery of storm related costs are reconciled to reflect any diallowances resulting from those audits.

Staff stated that it participated in the development of the Settlement Agreement and opined that the Settlement Agreement appropriately balances the interests of the ratepayers, by affording them a less severe increase than proposed in the filing, with the interests of the Company in commencing recovery of the storm restoration costs incurred. Staff concluded by stating that the Settlement Agreement is in the public interest and recommended that the

Commission approve it. Staff further recommended that the order specifically state that any amounts to be recovered by the Company reflect the final audits by Staff and any adjustments resulting from such audits.

Following the hearing, Staff filed a letter to correct the record regarding the OCA's claim that it had not received the Staff audit report for Hurricane Sandy. In that letter, Staff provided a copy of an email that demonstrated that the Consumer Advocate received an electronic copy of the audit on September 6, 2013, in the same email that conveyed a copy of the report to Staff.

V. COMMISSION ANALYSIS

N.H. Code of Admin. Rules Puc 203.20(b) provides that the Commission shall approve the disposition of any contested case by settlement "if it determines that the result is just and reasonable and serves the public interest." *See also* RSA 541-A:31, V(a). Nonetheless, even where all parties in a proceeding enter into a settlement agreement, the Commission cannot approve it "without independently determining that the result comports with applicable standards." *Unitil Energy System, Inc*. Order No. 24,677, 91 NH PUC 416, 425-426 (2006) (citation omitted).

We have reviewed the Settlement Agreement and the testimony of Liberty and Staff. We find that the Settlement Agreement appropriately balances the interests of the Company in recovering costs incurred in connection with major storms while mitigating the rate impact on customers. Based on the foregoing, we find that the Settlement Agreement is in the public interest, and that the resulting rates are just and reasonable pursuant to RSA 378:5 and 378:7 and are generally consistent with the principles of restructuring pursuant to RSA 374-F. Therefore, we approve the Settlement Agreement and the adjustments to the SRAF contained therein. In so doing, we direct that recovery of the storm related costs for Hurricane Irene, the October 2011

Snowstorm, and Hurricane Sandy be reconciled to any adjustments arising from Staff's audit of those storms. In addition, we will require Liberty to continue to file annual reports on April 1 of each year regarding the status of its storm fund.

Based upon the foregoing, it is hereby

ORDERED, that the Stipulation and Settlement Agreement between Granite State Electric Company d/b/a Liberty Utilities and Commission Staff is hereby APPROVED; and it is

FURTHER ORDERED, that Granite State Electric Company d/b/a Liberty Utilities is authorized to increase the SRAF from 0.223 cents per kWh to 0.329 cents per kWh effective with service rendered on and after November 1, 2013, to be adjusted to 0.221 cents per kWh effective November 1, 2014 and consistent with the terms of the Settlement Agreement; and it is

FURTHER ORDERED, that all recovery of costs associated with Tropical Storm Irene, the October Snowstorm and Hurricane Sandy be reconciled to the final results of Staff's audits of those costs; and it is

FURTHER ORDERED, that Granite State Electric Company d/b/a Liberty Utilities shall continue to file an annual report on the status of the Storm Fund by April 1 of each year; and it is

FURTHER ORDERED, that Granite State Electric Company d/b/a Liberty Utilities shall file tariffs conforming with this Order within 15 days of the date of this order.

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

Amy L. Ignatius Chairman	Michael D. Harrington Commissioner	Robert R. Scott Commissioner

Attested by:

Debra A. Howland
Executive Director

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 13-018

GRANITE STATE ELECTRIC COMPANY D/B/A LIBERTY UTILITIES

Petition for Approval of Default Service Solicitation and Related Rates for Large Commercial and Industrial Customers

Order Approving Solicitation and Resulting Default Service Rates

O R D E R N O. 25,609

December 23, 2013

APPEARANCES: Sarah B. Knowlton, Esq. on behalf of Granite State Electric Company d/b/a Liberty Utilities; the Office of Consumer Advocate by Susan W. Chamberlin, Esq. on behalf of residential ratepayers; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

I. PROCEDURAL HISTORY

On December 16, 2013, Granite State Electric Company d/b/a Liberty Utilities (Granite State or Company) filed a petition requesting approval of default service rates for its large and medium commercial and industrial customers (Large Customer Group) for the period from February 1 through April 30, 2014. Granite State selected Dominion Energy Marketing, Inc. (Dominion) as its winning default service supplier for this period. In support of its petition, Granite State filed the testimony of John D. Warshaw with related exhibits. Mr. Warshaw is employed by Liberty Energy NH as Manger, Electric Supply. With its filing, Granite State proposed an adjustment to the Renewable Portfolio Standard (RPS) adder used to procure compliance with New Hampshire's RPS law and filed its quarterly migration report with its petition. In addition, Granite State provided an update to settlement negotiations with National Grid regarding payment to Granite State for borderline sales by Granite State to Massachusetts Electric Company (MECO) customers for the period from June 2006 and September 2012. With the proposed rates resulting from this solicitation, typical monthly bill impacts for the Large Customer Group will be increases ranging from 8.5% to 10.2%.

Granite State made this filing pursuant to a settlement agreement approved by the Commission in Order No. 24,577 (January 13, 2006) 91 NH PUC 6. In Order No. 24,577, the Commission approved the process for the solicitation, bid evaluation and procurement of default service by National Grid, the previous owner of Granite State Electric Company, for its default service customers, including its Large Customer Group.[1] According to the terms of the settlement agreement, Granite State, now owned by Liberty Utilities NH, procures default service supply for its Large Customer Group under three-month contracts with fixed monthly prices that vary from month to month. The settlement agreement provides that the Company charge the Large Customer Group retail rates consisting of monthly fixed energy charges, administrative costs, a reconciliation charge and a cost for complying with the New Hampshire RPS Law (RSA 362-F).

With its petition, Granite State submitted separately filed confidential information including the Company's transaction confirmation with the winning supplier, bid evaluation and summary, RPS compliance pricing and retail meter commodity cost calculations. The Company requested confidential treatment of these materials pursuant to N.H. Code Admin. Rules Puc 201.04(a)(5), Puc 201.06(a) and Puc 201.07. With respect to the wholesale power purchase prices included in the filing, the Company requested confidential treatment only until such time as the Federal Energy Regulatory Commission (FERC) requires those prices to be made public.

[1] On May 30, 2012 by Order No. 25,370, the Commission approved a series of transactions by which Liberty Energy NH acquired Granite State Electric Company and EnergyNorth Natural Gas, Inc. from National Grid.

On December 18, 2013, Granite State filed a motion for confidential treatment for portions of its pre-filed testimony which address the status of settlement discussions with National Grid regarding borderline sales.

A hearing was held on December 19, 2013. At the hearing, the Commission granted Granite State's motion for protective order regarding the portion of pre-filed testimony that addressed its settlement discussions with National Grid regarding the cross border sales issue.

II. POSITIONS OF THE PARTIES AND STAFF

A. Granite State

Granite State testified that it conducted its solicitation process consistent with the terms of the settlement agreement approved by the Commission in Order No. 24,577. The request for proposal (RFP) which was issued on November 8, 2013 solicited fixed pricing for each month of service on an as-delivered energy basis and allowed prices to vary by month.

According to Granite State, the RFP was issued to approximately 25 potential suppliers. The RFP was also distributed to all members of the New England Power Pool Markets Committee and posted on Granite State's energy supply website. According to Granite State, the RFP was widely distributed throughout the New England energy supply marketplace.

The Company testified that suppliers submitted indicative bids on December 3, 2013 and final proposals on December 10, 2013. Granite State testified that it evaluated the bids and selected Dominion because its bid conformed to the RFP, had the lowest price, met the credit requirements described in the RFP and passed Granite State's qualitative evaluation. The Company attested that it complied with the solicitation and bid evaluation process approved by the Commission and asserted that its choice of supplier is reasonable.

On December 11, 2013, Granite State entered into a wholesale transaction confirmation with Dominion to provide default service to the Large Customer Group for the period February through April 2014. According to the Company, a copy of the Dominion master power agreement was filed with the Commission on March 16, 2009 in Docket No. DE 09-010, the 2009 default service proceeding.[2]

Granite State testified that its RPS obligation for 2014 require it to purchase 5.0% of its power from new renewable (Class I) sources, 0.4% from new useful thermal (Class I Thermal) sources, 0.3% from solar (Class II) sources, 7.0% from existing biomass (Class III) sources, and 1.4% from existing small hydro (Class IV) sources. In accordance with Order No. 24,922 (December 19, 2008) in Granite State Electric Company's 2008 default service proceeding, the Company requests bidders for default service supply to also provide a separate RPS compliance adder with their bids. The Company explained that the RPS compliance adder is the incremental charge to be paid to the bidder for the bidder's agreement to take on the RPS obligation connected with the default service obligation. According to the Company, no bidder elected to supply a RPS compliance adder with its bid response.

Granite State testified that it would meet its RPS compliance requirements by issuing an RFP to procure Renewable Energy Certificates (RECs) (one REC representing one megawatt hour of delivered power); and that if it could not purchase a sufficient number of RECs through the RFP process, the Company would make alternative compliance payments (ACP) into the Renewable Energy Fund. According to the Company, the latest REC RFP resulted in bids for Class I (new renewable source) RECs only, and based on that result, the Company now assumes that it will meet its RPS requirements through the payment ACPs. As a result, Granite State requested authorization to increase the RPS adder from $0.00525 per kWh to $0.00553 per kWh

[2] The Commission approved the contract in Order No. 24,953 (March 23, 2009) in Docket DE 09-010.

for its Large Customer Group customers effective February 1, 2014 for the three-month default service period.

Granite State testified that the Independent System Operator-New England (ISO-NE) Winter 2013-2014 Reliability Program is effective for the months of December 2013 and January and February 2014. In Order No. 25,573 (September 19, 2013) in this docket, the Commission approved Granite State's request to collect the costs associated with the Winter Reliability Program by applying a Winter Reliability Program adder of $0.00241 per kWh to the default service rates for December 2013 and January 2014. In the instant filing, the Company included the adder of $0.00241 per kWh to develop the energy service rates for the Large Customer Group for the month of February 2014.

In its calculation of default service rates for the Large Customer Group for the period beginning February 1, 2014, Granite State also included a credit for certain Regional Greenhouse Gas Initiative (RGGI) revenue rebates Granite State received from the State of New Hampshire pursuant to Order No 25,471 (March 8, 2013) in Docket No. DE 12-362.[3] Granite State testified that it began applying the rebate to customer bills with rates effective November 1, 2013. The amount of the RGGI rebate is a credit of $0.00212 per kWh to default service rates. The Company testified that as of January 1, 2014, a law change requires the RGGI revenue rebates to go to all customers, and not just default service customers. Granite State requested that the Commission authorize the Company to rebate the RGGI credits through its retail rate reconciliation filing which the Company makes in November of each year. Granite State explained that its retail rate reconciliation filing is the only rate mechanism that affects the rates

[3] Order No. 25,471 implemented an amendment to RSA 125-O:19 et seq. (2012 N.H. Laws Ch. 218). The amendment required that any RGGI auction proceeds in excess of one dollar for each RGGI allowance be rebated to all default service electric ratepayers in the state on a per kilowatt-hour basis in a timely manner as determined by the Commission.

of all Granite State customers. The Company said if the Commission approves its proposal, it can take the necessary administrative steps to assure that the RGGI rebate monies are appropriately calculated and credited to customers.

Granite State testified that the rates for the Large Customer Group for the period February 1 through April 30, 2014, including the various components that comprise the energy service rate, in cost per kWh would be as follows:

Month	February 2014	March 2014	April 2014
Energy Rate	$0.15332	$0.08257	$0.06306
Reconciling Factors	$0.00126	$0.00126	$0.00126
RGGI Auction Rebates	($0.00212)	($0.00212)	($0.00212)
Winter Reliability Costs	$0.00241	$0.00000	$0.00000
RPS Adder	$0.00553	$0.00553	$0.00553
Total Default Service	$0.16040	$0.08724	$0.06773

Granite State testified that the future market prices for electricity in 2014 are significantly higher than the prices just one year ago. According to the Company, the prices are higher because the New England generation mix has become dominated by natural gas generation. As a result, there is a significant fear in the market that if New England experiences a prolonged cold snap, there may not be sufficient natural gas supply to meet the supply needs of electric generation for the 2013-2014 winter period. Granite State explained that although the ISO-NE has implemented the Winter Reliability Program to offset the risk, the market still views a potential supply disruption as a significant risk and that viewpoint is reflected in the market prices during the winter months. Consequently, the commodity cost for the month of February 2014 is much higher than the commodity cost for the months of March and April 2014.

At hearing, Granite State provided an update of the negotiations with National Grid regarding the cross border sales issues between the Company and MECO.

Granite State attested that the filing is in compliance with the principles of its most recently filed and accepted least cost plan pursuant to RSA 378:40. Granite State requested that the Commission approve its petition and issue an order no later than December 23, 2013.

B. Office of Consumer Advocate

The Office of Consumer Advocated stated that it did not object to the filing.

C. Commission Staff

Staff stated that it had reviewed the petition and determined that Granite State had complied with the settlement agreement approved by the Commission in Order No. 24,577 in conducting the bid solicitation and bid evaluation process, and in its selection of the winning bidder. Staff said that based upon its review, the resulting rates are market based. Staff also noted that, based upon its review, the information claimed to be confidential by the Company was similar to other information which the Commission had found to be confidential pursuant to New Hampshire Code Admin. Rules Puc 201. Staff recommended that the Commission approve the petition.

III. COMMISSION ANALYSIS

Based on the record in this proceeding, we find that Granite State complied with the procedures approved in Order No. 24,577 regarding its analysis of the bids and its selection of the winning bidder for default service supply for its Large Customer Group for the three-month period beginning February 1, 2014. We are also satisfied that the Company took appropriate steps to solicit multiple potential suppliers in order to receive a competitive bid response and, consequently, that the results are consistent with the requirements of RSA 374-F:3, V(c) that default service be procured through the competitive market. Pursuant to RSA 378:40 and 41, we find that Granite State's filing is in conformance with the least cost integrated resource plan filed and reviewed in Docket DE 07-052 and accepted in Order No. 24,826 (February 29, 2008).

Further, we find that Granite State's evaluation of the bids and its selection of Dominion to provide default service for the Large Customer Group for the three-month period beginning February 1, 2014 complies with our prior orders and statutory requirements. The Company's testimony, together with its bid evaluation report, indicates that the bid prices reflect expected market conditions for the period from February 1 through April 30, 2014. In light of the competitive procurement and the analysis that the proposed default service rates reflect current market conditions, we will approve the default service rates.

We also find that it is appropriate for the Company to adjust the RPS for the three-month period from February 1, 2014 through April 30, 2014 given its stated inability to procure market-priced RECs through the RFP process. We also note that we addressed the requirements for Granite State to separately track the costs and revenues associated with the Winter Reliability Program in Order No. 25,573 (Sept. 19, 2013) in this docket and approve Granite State's inclusion of the costs to comply with the Winter Reliability Program in the rates of customers in the Large Customer Group for the month of February 2013.

Finally, we approve the Company's request to use its retail rate reconciliation mechanism as the method to rebate RGGI rebate monies to all customers as required effective January 1, 2014. We accept the Company's testimony that the retail rate reconciliation filing is the Company's only rate mechanism that impacts rates for all of its customers and not just its default service customers and, consequently, we find the requested relief to be just and reasonable.

Granite State submitted certain information as confidential pursuant to N.H. Code Admin. Rules Puc 201.04, 201.06 and 201.07. The information for which the Company seeks confidential treatment consists of the Company's transaction confirmation with Dominion, the bid evaluation and summary, RPS compliance pricing and retail meter commodity cost calculations.

After reviewing the material redacted from the public filing, we find that the category of information for which Granite State seeks confidential treatment is information routinely submitted in default service proceedings and granted confidential treatment as defined in Puc 201.06(a)(30). Therefore, the information shall be accorded confidential treatment subject to the provisions of Puc 201.07. The wholesale power costs contained in Granite State's filing shall be accorded confidential treatment only until such time as the costs are made public through the operation of the rules of the FERC.

Based upon the foregoing, it is hereby

ORDERED, that the Transaction Confirmation and Wholesale Power Agreement between Dominion Energy Marketing, Inc. and Granite State Electric Company d/b/a Liberty Utilities for default service supply for the Large Customer Group for the three-month period beginning February 1, 2014 and the resulting rates of $0.16040 for February 2014, $0.08724 for March 2014, and $0.06773 for April 2014 are hereby APPROVED; and it is

FURTHER ORDERED, that Granite State is hereby authorized to collect the costs associated with the ISO-NE's winter reliability program in Large Customer Group rates for the month of February 2014; and it is

FURTHER ORDERED, that Granite State is also authorized to adjust its RPS adder for the Large Customer Group from $0.00525 per kWh to $0.00553 per kWh for the three-month period from February 1, 2014 through April 30, 2014; and it is

FURTHER ORDERED, that Granite State's request to use its retail rate reconciliation mechanism as a vehicle to credit certain RGGI auction proceeds to all of its customers is hereby APPROVED; and it is

FURTHER ORDERED, that Granite State shall file conforming tariffs within 30 days of the date of this Order, consistent with N.H. Code Admin. Rules Puc 1603.02.

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

Amy L. Ignatius
Chairman

Robert R. Scott
Commissioner

Attested by:

Kimberly Nolin Smith
Assistant Secretary

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 13-327

GRANITE STATE ELECTRIC COMPANY d/b/a LIBERTY UTILITIES

Annual Retail Rate Adjustment Filing

Order Approving Rate Adjustments

O R D E R N O. 25,611

December 23, 2013

APPEARANCES: Sarah B. Knowlton, Esq. on behalf of Granite State Electric Company d/b/a Liberty Utilities; the Office of Consumer Advocate by Susan W. Chamberlin, Esq. on behalf of residential customers; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

I. PROCEDURAL BACKGROUND

On November 21, 2013, Granite State Electric Company d/b/a Liberty Utilities (Liberty or Company) filed a request for approval of retail rate adjustments related to its stranded cost charge, its transmission service charge and its GreenUp (GreenUp) Service Recovery Adjustment (GSRA) factor for effect with service rendered on and after January 1, 2014. Liberty calculated the aggregate impact of the rate changes for a residential customer using 675 kilowatt hours (kWh) in default service, the average residential customer usage for the 12 month period ending October 31, 2013, would be a monthly bill increase of $1.29, or 1.15%, from $112.50 to $113.79.

Liberty's stranded cost charge recovers the Contract Termination Charge (CTC) billed by New England Power Company (NEP) in connection with the termination of NEP's all-requirements power contracts with National Grid prior to the advent of retail competition in the

Company's service territory. The Commission approved the applicable recovery mechanism in *Granite State Electric Company*, Order No. 23,041 (October 7, 1998) 83 NH PUC 532. Liberty Utilities acquired Granite State Electric Company and related obligations from National Grid. *See* Order No. 25,370 (May 30, 2012).

Liberty's transmission service charge adjustment (TSCA) includes costs that the Company incurs in providing transmission service. Through the TSCA, Liberty recovers costs billed to it by the Independent System Operator-New England (ISO-NE) and NEP through the ISO-NE Transmission, Markets and Services Tariff.

GreenUp is an optional market-based renewable energy service offering instituted by Liberty to comply with RSA 374-F:3, V(f). The Commission approved GreenUp and Liberty's use of the GSRA in Order No. 25,101 (May 7, 20120)

On December 2, 2013, the Commission issued an Order of Notice scheduling a hearing for December 19, 2013. On December 4, 2013, the Office of Consumer Advocate (OCA) filed a letter of participation pursuant to RSA 363:28. Liberty filed a corrected tariff page on December 6, 2013. The hearing was held as noticed.

II. POSITIONS OF THE PARTIES

A. Liberty Utilities

1. Stranded Cost Adjustment Charge

Liberty testified that the proposed stranded cost charge consists of two components: (1) a uniform per kWh charge it collects from all customers reflecting the CTC assessed by NEP, and (2) rate-class specific adjustment factors reflecting the reconciliation of any excess or deficiency in stranded cost recovery from that rate class in the prior year. Liberty testified that the proposed adjustments comply with its tariff, which provides for adjustments to the stranded cost charge as a result of any changes in the CTC assessed by NEP as well as the rate-specific reconciliation described above. The Company's filing proposes to decrease the uniform stranded cost charge from 0.150 cents per kWh to 0.080 cents per kWh (excluding rate class-specific adjustment factors) for the period beginning January 1, 2014. Although Liberty indicated in pre-filed testimony that NEP would file the CTC report on or around December 1, 2013, at hearing the Company said that the report would likely be filed at the end of January.

2. Transmission Service Cost Adjustment

The filing includes a change in transmission-related rates for costs incurred by Granite State and recovered through the TSCA in its tariff. The Company testified that base transmission rates are established annually based on a forecast of transmission costs incurred by the Company to provide transmission service to its retail delivery service customers. To obtain transmission service, the Company enters into service agreements with entities authorized by the Federal Energy Regulatory Commission (FERC) to provide transmission service in New England.

NEP and ISO-NE assess transmission service charges to Liberty to cover the cost of providing transmission over regionally networked facilities, more commonly known as Pool Transmission Facilities (PTF) or bulk transmission facilities. The service provided over these facilities is referred to as Regional Network Service (RNS). The ISO-NE RNS rate recovers RNS costs on a regionalized basis, and is determined annually based on an aggregation of the transmission revenue requirements of each transmission owner in New England, calculated in accordance with a FERC-approved formula. The Company is also billed for transmission over

NEP's local transmission facilities, considered non-PTF facilities. The service provided over the Non-PTF is referred to as Local Network Service (LNS).

Through the TSCA, the Company is permitted to recover costs billed to it by ISO-NE and NEP. The TSCA permits full reconciliation of transmission revenue and expenses, including adjustments for any over- or under-recovery of transmission costs from prior reconciliation periods. The 2013 reconciliation reflects actual transmission expenses for the period October 2012 through September 2013. To more accurately reflect and match transmission revenue with expenses, the September 2013 usage that was billed in October 2013 is included in this year's reconciliation.

Liberty's proposed transmission service charge for 2014 consists of two components: (1) a uniform transmission service adjustment factor of 0.022 cents per kWh which is the reconciling mechanism in the transmission service charge, and (2) an average transmission service rate of 1.948 cents per kWh that varies by rate class. The Company's estimated 2014 transmission service adjustment factor of 0.022 cents per kWh reflects a transmission service under-collection of $216,303 from the prior reconciliation period. The factor was calculated by dividing the under-collection of the transmission service expense at September 2013 by the forecasted 948,267,138 kWh sales for 2014.

Liberty calculated an average proposed transmission service rate of 1.948 cents per kWh, an increase over the current effective average transmission rate of 1.797 cents per kWh. The Company testified that the increase results from an increase from the prior year forecast of transmission expense, primarily due to an additional $1,958,293 in ISO-NE RNS charges based on the PTF transmission plant investment forecast to be "in-service" or under construction in

2014 across New England. In addition, Liberty's LNS charges are estimated to decrease by $762,163 due to the forecasted decrease in NEP's overall revenue requirements. The Company testified that, according to forecast, an estimated $907 million of PTF plant additions will occur in 2014. According to the Company, the three largest transmission projects in New England with in-service datex during 2014 are (1) Central Maine Power's Maine Power Reliability Program, (2) National Grid's and Northeast Utilities' New England East-West Solution, and (3) a number of Northeast Utilities' transmission upgrades. Liberty said that the forecast anticipates a similar level of investment in transmission through 2017.

Liberty proposed the estimated transmission service adjustment factor and the transmission service rate for effect for service rendered on and after January 1, 2014, applicable to all customers taking transmission service through Liberty.

3. GreenUp Recovery

Liberty explained that, as approved by the Commission in Order No. 25,101 (May 7, 2010), the Company offers GreenUp as a market-based, renewable tariff-based option for residential and small default service customers. According to the Company, the GreenUp Service Recovery Provision provides for reconciliation of administrative costs incurred by the Company for providing GreenUp in accordance with RSA 374-F:3, V(f). The GSRA factor is a uniform cent per kWh factor applicable to all kilowatt-hours delivered by the Company to customers taking retail delivery service under each of the Company's rates.

Under the GreenUp tariff, the GSRA factor is established annually based on a forecast of GreenUp administrative costs and should include full reconciliation for any over- or under-recoveries occurring in the prior year. Liberty explained that within the first year of the program, the Company experienced an over-recovery of $12,000 which reduced the factor to zero. The over-recovery was carried forward to 2012; effective January 1, 2013, the Company implemented a GSRA credit of (0.001) cents per kWh to refund the remaining balance of $10,937. The Company now proposes to change the uniform GSRA to zero even though the balance is $3,797 because the over-recovery is so low the calculated GSRA factor ($3,797/948,267,138 kWh) is zero. Liberty testified that it did not forecast any 2014 administrative costs for GreenUp program because the Company had requested authorization to discontinue the program in its pending distribution rate case (Docket No. DE 13-063) due to very low customer response.

At hearing, Liberty testified that it would be seeking Commission authority to terminate GreenUp outside of the rate case. The Company explained that it was in the process of establishing software requirements associated with the cutover of customer service from National Grid to Liberty. The Company stated that there are additional programming costs related to GreenUp and to avoid these costs, the Company would need to terminate the program on a more accelerated basis than could be accomplished in the rate case. Liberty said that as a result of this development, it would be making a separate filing to allow for an expedited decision from the Commission regarding the termination of GreenUp.

The Company requested that the Commission approve the retail rate adjustments contained in its November 21, 2013 filing and issue an order for effect January 1, 2014.

B. Office of Consumer Advocate

The OCA urged the Commission to require Liberty in further retail rate reconciliation filings to apply interest to any over-recoveries that it experiences in the recovery of transmission costs in order to benefit customers. The OCA said that otherwise it had no objections to the Company's filing.

C. Commission Staff

Staff stated that it had reviewed the filing and that the rates were appropriately calculated in a manner consistent with prior filings and that the forecasted costs were reasonable. Staff recommended that the Commission approve the petition.

III. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to determine whether rates charged to retail utility customers in New Hampshire are just, reasonable and lawful. RSA 374-F:4, VIII(a) further authorizes the Commission to "order such charges and other service provisions and to take such other actions that are necessary to implement [electric industry] restructuring and that are substantially consistent with the principles" set forth in RSA 374-F. Among the principles relevant to this proceeding are the objectives of providing "clear price information on the cost components of generation, transmission, distribution and any other ancillary charges" pursuant to RSA 374-F:3, III, and recovery of stranded costs through "a non-bypassable, nondiscriminatory, appropriately structured charge that is fair to all customer classes, lawful, constitutional, limited in duration, [and] consistent with the promotion of fully competitive markets" pursuant to RSA 374-F;3, XII(d).

The underlying policy determinations relevant to this proceeding were made in *Granite State Electric Co.*, Order No. 23,041 (October 7, 1998) 83 NH PUC 532, approving the rate adjustment mechanisms reflected in the Company's current proposal. Each component charge, however, deserves some discussion.

First, we address the proposed stranded cost charge. Liberty proposes to decrease the stranded cost charge from 0.150 cents per kWh to 0.080 cents per kWh. When the annual CTC reconciliation report is filed, we direct Staff to review the proposed stranded cost charge. In the event that an adjustment is required, the Company will reflect the adjustment in its CTC reconciliation account and incorporate it into its CTC filings for 2014. On the foregoing basis, we conditionally approve the proposed stranded cost charge subject to our review of Staff's recommendations regarding the calculations presented in the final CTC report.

The proposed average transmission service charge of 1.970 cents per kWh incorporates two components. Specifically, the transmission service adjustment factor of 0.022 cents per kWh reflects an under-recovery of $216,303 in transmission expense, and the average transmission service rate of 1.948 cents per kWh represents the forecasted rate calculation of transmission expenses for 2014. According to Liberty, the largest increase in its average transmission service rate is $1,958,293 for RNS transmission charges based on the PTF transmission plant investment forecasted to be "in-service" in 2014 across New England. The PTF expenses are incorporated into the overall RNS charges which, in turn, are reflected in charges to Liberty.

The transmission service costs in question are derived from FERC-approved tariffs and subject to FERC jurisdiction. These costs are then applied in accordance with the rate mechanism approved in Order No. 23,041. Accordingly, we approve Liberty's request to increase the average transmission service rate to 1.948 cents per kWh as of January 1, 2014. We also approve the Company's request to change the transmission service adjustment factors to 0.022 cents per kWh for the various rate classes as proposed in its November 21, 2013 filing.

Finally, we approve Liberty's proposed GSRA factor of 0.000 cents per kWh in connection with GreenUp. We note that the Company has indicated that GreenUp, which is an offering made pursuant to RSA 374-F:3, V(f), has low customer participation and agree that it is appropriate to reduce the GSRA factor to zero to customers beginning with rates effective January 1, 2014. We understand that the Company will be filing a request to terminate the program in order to avoid programming costs associated with the cutover of customer services from National Grid.

With the combined changes in this rate, a residential customer using 675 kilowatt hours (kWh) in default service, the average residential customer usage for the 12 month period ending October 31, 2013, will experience a monthly bill increase of $1.29, or 1.15%, from $112.50 to $113.79. We note that most of the increase is due to the increase in transmission costs anticipated for 2014, and that these costs are passed through to Liberty through FERC-approved tariffs. Consequently, Liberty has very little influence over the rates. We find that the resulting rates are just and reasonable and in the public interest and, on that basis, we approve the filing.

Based upon the foregoing, it is hereby

ORDERED, that, as detailed above, the retail rate adjustments and adjustment factors proposed by Granite State Electric Company d/b/a Liberty Utilities in its filing of November 21, 2013 are hereby APPROVED effective January 1, 2014; and it is

FURTHER ORDERED, that Granite State file appropriate tariff changes that conform to this Order within 30 days hereof pursuant to N.H. Code Admin. Rules Puc 1603.

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

Amy L. Ignatius
Chairman

Robert R. Scott
Commissioner

Attested by:

Kimberly Nolin Smith
Assistant Secretary

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 13-063

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.
D/B/A LIBERTY UTILITIES

Petition for Permanent Rate Increase

Order Approving Settlement and Permanent Rates

O R D E R N O. 25,638

March 17, 2014

APPEARANCES: Sarah B. Knowlton, Esq. on behalf of Liberty Utilities Corp.; Hinckley, Allen & Snyder, LLP by Daniel M. Deschenes, Esq. on behalf of Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock; the Office of Consumer Advocate by Susan W. Chamberlin, Esq. on behalf of residential ratepayers; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

I. PROCEDURAL HISTORY

On February 27, 2013, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty or Company) filed a notice of intent to file rate schedules, followed on March 29, 2013 by a petition for a permanent rate increase of 18.04%, a step adjustment, and a request for temporary distribution rates. Liberty's filing included the direct testimony of the following officers and employees of Liberty: Victor Del Vecchio, ChristiAne Mason, Dr. Michael Schmidt, Mark Smith, Daniel Saad, Kurt Demmer, and William Sherry; as well as consultants Robert Hevert, a principle of Sussex Economic Advisors, LLC; Howard Gorman, President of HSG Group, Inc.; and Dane Watson, Alliance Consulting Group. The filing included exhibits in support of the proposed temporary and permanent rates, related supplemental information, and proposed temporary and permanent rate tariffs.

Pursuant to RSA 378:27, Liberty requested a temporary increase in annual distribution revenues of $9.2 million for effect with service rendered on and after July 1, 2013 and to continue until such time as the Commission issued a final determination regarding the Company's permanent rate proposal. The request for temporary rates represented an approximate increase of 37.0% over then-current distribution revenues, resulting in an increase in rates for residential and small commercial customers ranging from 4.5% to 11.1%.

For permanent rates, Liberty requested an increase of $14,168,940 in annual distribution revenues. In the filing, Liberty also proposed a number of revenue-related changes in its service including (1) a step increase to recover an annual revenue deficiency of approximately $1.2 million based on additional capital investment in service as of December 31, 2013, (2) approval of long-term reliability enhancement and vegetation management programs (REP/VMP), (3) the authority to use reconciling mechanisms for storm recovery, property tax recovery and pension recovery; (4) recovery of pre-staging costs associated with major storms, (5) changes to certain customer fees including the Company's service connection fee, and (6) changes to its line extension policy and related costs. In addition, due to low customer participation, Liberty proposed to end its GreenUp program that allowed customers to support green or renewable resources. Liberty also provided a discussion of its current efforts in evaluating LED lighting technology.

The Office of Consumer Advocate (OCA) filed a letter of participation in this proceeding on March 11, 2013, pursuant to RSA 363:28. On April 11, 2013, the Commission issued Order No. 25,490 suspending the tariffs and scheduling a prehearing conference and temporary rate hearing. On April 19, 2013, Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock

(Dartmouth-Hitchcock) filed a joint petition to intervene which the Commission granted at the prehearing conference on April 24, 2013.

Staff filed the direct testimony of Steven E. Mullen on temporary rates on May 24, 2013 and after discussions among the parties, Liberty, OCA and Staff filed a settlement agreement with respect to temporary rates.

Following the hearing on temporary rates, the Commission issued Order No. 25,531 (June 27, 2013) approving the settlement and granting Liberty a temporary distribution revenue increase of $6.5 million for effect with service rendered on and after July 1, 2013.

On October 16, 2013, Liberty filed a Corrected and Updated calculation of its revenue requirements for both permanent rates and the requested step adjustment. The filing included updated exhibits and schedules to reflect changes and corrections that Liberty had made to its initial filing in the course of discovery. In the updated filing, Liberty calculated its revenue deficiency for permanent rates to be $12,978,141, a decrease of $1,190,799 from the initial revenue deficiency of $14,168,940.

Liberty filed the joint direct testimony of Stephen R. Hall and Howard Gorman on October 25, 2013 Dartmouth-Hitchcock filed the direct testimony of Gail A. Dahlstrom on November 15, 2013. On the same date, Staff filed the direct testimony of Steven E. Mullen Leszek Stachow, Grant W. Siwinski, James J. Cunningham, Jr., and Al-Azad Iqbal. Discovery ensued, followed by settlement discussions.

Liberty filed a motion for protective order and confidential treatment on January 22, 2014. On January 23, 2014, Liberty filed a Stipulation and Settlement Agreement (Settlement) between Staff and the Company with a letter requesting a waiver of the filing requirements for settlement agreements pursuant to Puc 203.20 (e).

The Commission granted the waiver and the motion for protective order on January 28, 2014, at the merits hearing. Also on January 28, 2014, Liberty reported that the OCA had joined the Settlement.

II. POSITIONS OF THE PARTIES AND STAFF

A. Initial Filing

1. Liberty Utilities

It had been 15 years since the Company had a rate case before the Commission. Prior to July 2012, Granite State Electric Company was owned by National Grid. In July 2012, Liberty Energy NH, a subsidiary of Algonquin Power & Utilities Corp, acquired Granite State Electric Company.[1] The Company used calendar year 2012 as its test year in developing its permanent rate filing, and consequently, six months of the test year data was based on the records of National Grid.

Since 1996, the year of its last distribution rate increase, the Company made approximately $94 million in capital investments. In addition, many of the tariff charges assessed by Liberty are outdated, and the revenue from those tariff charges does not recover all of the Company's associated costs. According to Liberty, the Company has not recovered the costs associated with the remaining capital investments, all of which Liberty argued were prudently incurred and used and useful in the provision of service to the Company's customers. These investments, along with a significant increase in operations expenses and insufficient growth in sales volumes combined to drive the Company's need for a rate increase. Liberty's earned return on distribution investment, a negative 0.75%, represents serious erosion from its

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[1] The transfer of ownership was the subject of DG 11-040 and included the transfer of GSEC's sister company, EnergyNorth Natural Gas. The transfer was effective on July 3, 2012. *See* Order No. 25,370 (May 30, 2012).

allowed return of 8.61%. Liberty argued that a rate increase is necessary to allow the Company to continue to operate in a safe and reliable manner.

Liberty initially requested a permanent increase of $14,168,940 in distribution revenues, representing an increase to overall revenues of 18.04%, and a step increase to recover an annual revenue deficiency of $1,250,467 based on additional capital spending of approximately $9.2 million for the period ending December 31, 2013. Subsequently, Liberty recalculated its revenue deficiency for permanent rates to be $12,978,141 and its revenue deficiency for the step adjustment to be $1,242,000.

In addition to the permanent revenue increase, the Company requested approval of the following elements in its rate structure: (1) a 10.5% return on equity (ROE), (2) a debt/equity ratio of 45% to 55%, (3) a cost of debt rate of 5.64%, and (4) the authority to use reconciling mechanisms for recovery of costs associated with storm restoration, property taxes, and pension costs. Liberty calculated that a 10.5% ROE together with the Company's proposed capital structure and cost of debt would produce an overall rate of return of 8.32%.

Liberty also proposed the following changes to its REP/VMP investment: (1) an increase to the base level of operation and maintenance (O&M) expense from $1,360,000 to $1,750,000, (2) the addition of new capital projects to the REP, (3) an increase in the annual REP capital investment target from $500,000 to $1,250,000, and (4) changes to the way that reliability metrics are reported. Liberty contended that the increase in the base level is consistent with recent funding, and will allow the Company to shorten trim cycles on feeders or portions thereof that have experienced aggressive tree growth. With regard to the reporting of metrics, Liberty proposed retaining the existing reliability target metrics for the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI), but requested authority to report each metric on a rolling five-year average basis to minimize the impact of uncontrollable factors, excluding the effect on performance by supply assets owned by others, and excluding planned and notified outages from its calculation of SAIDI.

With regard to storm recovery costs, Liberty requested authority to recover pre-staging costs for certain qualifying storms in a manner similar to that approved for Unitil Energy Systems, Inc. and Public Service Company of New Hampshire (PSNH). With this authority, Liberty would be entitled to recover through rates the costs of preparing for a forecasted major storm in the event that such a storm did not occur.

Among the miscellaneous terms and conditions of service addressed in Liberty's filing were changes in service connection and activation fees, service reconnection fees, service reconnection fees after hours, variance of bill adjustments due to meter tests, and a collection field visit fee. Liberty stated that the fees required updating to reflect the Company's current costs to provide the services. Liberty based the fee changes upon a survey of charges imposed by other utilities. Additionally, Liberty proposed changes to its line extension policies and charges by shifting from a model that requires a company engineer to develop a separate estimate of cost for each project to a standard cost-per-foot methodology.

The Company requested authority to end the GreenUp program. Liberty explained that the program was initiated to meet the requirements of RSA 374-F:3, V(f), but the level of participation did not attract a sufficient number of customers to warrant continuation of the program. Liberty further explained that customers would have other market opportunities to support renewable projects.

Finally, the Company requested authority to recover up to $300,000 in rate case expenses, plus $90,000 in costs associated with a depreciation study it conducted in preparation of the rate case. The Company proposed to recover the total cost associated with the rate case over one year, through a rate case surcharge.

2. Dartmouth-Hitchcock

Dartmouth-Hitchcock estimated that the impact of Liberty's proposed increase on its electricity costs would be $605,000 per year and stated that such an increase would drastically increase Dartmouth-Hitchcock's operational costs. According to Ms. Dahlstrom, given the nature of the medical equipment used to provide necessary treatment, Dartmouth-Hitchcock cannot meaningfully reduce electricity consumption to reduce its electric service costs. Ms. Dahlstrom explained that Dartmouth-Hitchcock cannot pass this increased electric service cost on to its consumers, and consequently the increased cost must be directly absorbed by Dartmouth-Hitchcock.

Dartmouth-Hitchcock opined that Liberty's increases in distribution rates must be reasonable and gradual to avoid imposing undue hardship on Liberty's customers. Dartmouth-Hitchcock stated that its industry has been forced to revise its business model to operate profitably with less reimbursement and that Liberty should be similarly required to improve its business model so that it can operate profitably without causing rate shock to captive distribution consumers.

3. Staff

Staff filed testimony on the following issues: (1) Liberty's proposed revenue requirements, (2) the appropriate cost of capital and return on equity (ROE), (3) the Company's proposed tariff changes, (4) the REP/VMP proposal, and (5) depreciation, employee benefits, and related matters.

According to Staff, the test year used by Liberty in this instance involved costs from two different ownership and management organizations, and also included costs incurred as a result of National Grid's continued performance of some tasks for Liberty pursuant to certain Transition Service Agreements (TSAs). This hybrid test year presented challenges in verifying data provided by National Grid and Liberty. To ascertain the costs associated with Liberty's sole management of Granite State Electric Company, Staff recommended that Liberty file a rate case within the next two to three years using a "clean" test year that does not include costs associated with any TSAs. In addition, Staff suggested that Liberty track and analyze the costs associated with its proposed tariff changes to develop a basis for setting rates. Staff opposed the various reconciling mechanisms proposed by the Company.

Staff recommended a permanent increase to distribution service revenues of $8,254,359, an incremental increase of $1,754,359 above the level of revenues approved in the temporary rates portion of this proceeding. In addition, Staff recommended a step increase of $1,288,682 associated with Liberty's capital investment as of December 31, 2013. The Staff derived $1,288,682 after adjusting certain costs including vehicle costs, property taxes, the insurance percentage, depreciation rates, and cost of capital. With these corrections, Staff supported an annual revenue increase and an annual rate increase of $0.00139/kWh for effect with service rendered on and after April 1, 2014.

In arriving at the permanent increase to revenue requirement of $8,254,359, Staff made several adjustments to the calculations in Liberty's October 16, 2013, updated and corrected filing. Some of the adjustments included (1) the elimination of certain inflation factors and non-recurring labor costs from the calculation of the revenue requirement, (2) a downward adjustment of the REP/VMP to maintain base level O&M funding at current levels, (3) an increase of $770,859 to the test year for Liberty's major storm cost reserve, (4) the removal of $84,553 from the test year based on Staff's adjustment of Liberty Utility and Algonquin's management costs, (5) removal of $79,282 which Liberty had used as an estimate of 2012 property taxes, (6) certain adjustments to late payment charges and bad debt expense, and (7) a recommendation that Liberty's rate case expense be removed from base rates and instead be recovered through a one-year surcharge to rates.

With regard to employee benefits and expenses, Staff recommended reductions of $178,160 in pension costs, $102,922 in other post-employment benefits costs, $32,641 for costs of a 401K thrift plan, $126,477 in workers compensation expenses, $80,158 in medical expenses, and $100,108 in other health care costs.

Liberty's proposed capital structure is reasonable and that the Company's proposed long- and short-term debt is appropriate. Staff differed with Liberty with regard to the development of the cost of equity estimation and argued that the Company's estimation of 10.50% was overstated. After adjusting Liberty's cost of equity models, Staff determined that the resulting ROE estimates ranged from 8.68% to 11.09%. According to Staff, a ROE of 9.55% would be reasonable and appropriate. Staff calculated that with a capital structure of 45% debt and 55% equity as proposed by Liberty, a cost of debt of 5.95% as proposed by Liberty, and a 9.55% return on equity as proposed by Staff, the Company's overall rate of return would be 7.92%.

Staff argued that Liberty has accumulated a $5,578,423 surplus in depreciation reserves when compared to booked amounts as a result of using booked depreciation accrual rates that were higher than they should have been. Staff also argued that the depreciation rates currently proposed by Liberty, and which result in a deficit of $3,160,175, were too high. Amortizing this imbalance over a short period is generally accepted. Staff recommended amortizing the

$5,578,423 surplus over five years, or at $1,115,686 per year. Staff recommended annual depreciation expense of $3,279,420, a reduction of $2,243,286 from Liberty's proposed amount of $5,522,706, and depreciation-related rate base adjustments that would increase rate base by a net of $233,077.

Staff supported Liberty's request to end its GreenUp program. With regard to miscellaneous charges and fees, there were several proposed tariff changes which Staff believed should be based upon cost studies, rather than being based upon surveys of rates charged by other utilities. These included service connection, reconnection, after-hours service to establish or reestablish service, collection field visits, and line extension charges. Staff recommended that the proposed rates be approved, and then set in the next full rate case based upon studies of actual cost. Similarly, Staff recommended that costs of optional interval data service, optional billing and data service, off-cycle meter reads for switch of supplier, and energy service cost reclassification adjustment fees be studied and set in Liberty's next rate case. Lastly, Staff argued that Liberty should revise its tariff language regarding line extensions to clearly inform customers and developers of their options under RSA 370:12, which allows power line extensions on private property to be constructed by third party contractors.

B. Settlement Agreement

The full terms of the Settlement are found at Hearing Exhibit 9, which consists of a 10 page settlement and 32 pages of attachments. Key terms are summarized below.

Under the Settlement, Liberty would receive an increase of $9.760 million to the test year distribution revenue level of $26.543 million, based on an overall rate of return of 7.92%, effective with service rendered on and after April 1, 2014. The overall rate of return is based on a cost of equity of 9.55%, a cost of long-term debt of 5.95%, and a capital structure of 55%

equity and 45% debt. This increase in the revenue requirement would be reconcilable to July 1, 2013, the effective date of the temporary rates approved in this docket.

Liberty would also be permitted to recover an estimated additional $1.115 million in annual revenue in the form of a step increase in rates for capital additions used and useful as of December 31, 2013. The amount of the step increase would be subject to a final audit by Staff, and would take effect with service rendered on and after April 1, 2014.

The parties to the Settlement agreed to the calculation of depreciation rates using specified service lives and net salvage rates. They also agreed that Liberty would amortize its pension deferred debt related to the acquisition of the Company from National Grid over the average remaining length of service for the Company's employees, or 10.52 years.

With regard to tariff changes, the parties agreed that Liberty would be authorized to adopt certain fees and to change its line extension policy. Pursuant to the Settlement, Liberty would be authorized to adopt the following fees: (1) service connection/activation fee ($20.00), (2) service reconnection fee ($35.00), (3) service reconnection fee after hours ($70.00), (4) variance of bill adjustment due to meter tests (plus or minus 2%), and (5) collection field visit fee ($20.00). Liberty agreed to track the costs associated with these services and to propose any appropriate changes as part of its next distribution rate case filing. With regard to the line extension policy set forth in Liberty's tariff, the parties agreed to a policy statement that describes customers' rights under RSA 370:12 to use private contractors in certain circumstances.

Temporary rates are lower than the permanent rates agreed to by the parties. The Settlement provides that Liberty shall recoup the difference of $2.445 million over a two-year period by increasing the annual distribution rate level by $1,222,500 for the two-year period ending April 1, 2016. An estimated $390,000 in rate case expense and the cost of the depreciation study would be recovered in the same manner, by increasing the annual distribution rate level by $195,000 for the same two-year period. The exact amount of rate case costs to be recovered would be subject to an audit by Staff. Rate case expenses and the step increase would be recovered by applying an equal percentage increase to each component of rates for each rate class. The remaining rate increases would be recovered as specified in Exhibit E to the Settlement Agreement.

The Settlement permits the Company to continue its REP/VMP programs at current program funding. Beginning November 15, 2014, Liberty is to submit an REP/VMP plan for the following calendar year for review and comment by Staff. Each plan is to have a base O&M budget of $1,360,000 and an REP capital investment target of $1 million annually. For any year, if actual O&M spending is less than the base amount, the difference will be refunded to customers or credited for future O&M expenditures. If actual O&M spending is greater than the base amount, the difference shall be recovered through a uniform adjustment factor on a per kilowatt-hour basis over a twelve-month period, subject to Commission approval. REP capital investments are to be recovered through permanent increases to base distribution rates, subject to Commission approval. The parties agreed to changes in the reporting of SAIDI/SAIFI results.

With regard to Liberty's Storm Fund, the parties agreed to an annual funding amount of $1.5 million, $120,000 of which is currently included in distribution rates and reconciled through the storm recovery adjustment factor, and the remainder of which is included in the $9.760 million revenue increase agreed to in the Settlement. The monies in the Storm Fund shall be used for the recovery of costs associated with major storms experienced by the Company, which are defined as a severe weather event or events causing 30 concurrent troubles (interruption events occurring on either primary or secondary lines) and 15 percent of customers interrupted or

45 concurrent troubles. The Company shall be entitled to recover planning and preparation activities in advance of severe weather if the weather forecast for the event shows a Schneider Electric Event Index ("EII") level of 3 or greater with a high probability of occurrence. The activities for which the Company may seek recovery include pre-staging of crews, standby arrangements with external contractors, incremental compensation of employees, and other costs that may be incurred to prepare for a qualifying major storm.

Finally, the Settlement allows Liberty to discontinue its GreenUp program with 30 days prior notice to customers.

1. Liberty

According to Liberty, the Settlement Agreement does not address all the issues facing Liberty, and the Company will need to address such issues, including rate design, in its next rate case. While the effect of the Settlement would be to increase rates, the impact of rate increases would be mitigated by the temporary rate increase that took effect on July 1, 2013. The Company worked diligently to keep rate case expense as low as possible and believes that the cap of $390,000 for rate case expense and the depreciation study to be reasonable. Finally, Liberty requested that the Commission approve the Settlement in its entirety without any changes.

2. Dartmouth-Hitchcock

Dartmouth-Hitchcock neither joined nor provided testimony opposing the Settlement. Dartmouth-Hitchcock did, however, argue at hearing that the Commission should take into account the economy in deciding whether to approve an increase in rates and that any increase should be stepped to avoid rate shock.

3. Office of Consumer Advocate

The OCA did not file testimony; however, the OCA is a party to and supported the Settlement.

4. Staff

Staff stated that, pursuant to Commission rules, the Commission may approve a settlement agreement if the settlement agreement fairly resolves the areas of disagreement in a case and the results are just and reasonable. Staff opined that the Settlement, taken in its entirety, resolves all issues in dispute. Staff acknowledged that the Settlement results in increased rates, but given the fact that Liberty was under-earning and it has responsibility to provide safe and reliable electric service to customers, the resulting rates are reasonable. Staff recommended that the Commission approve the Settlement.

III. COMMISSION ANALYSIS

We begin our analysis by reviewing the Settlement, which represents a compromise and liquidation of all issues in this proceeding. Liberty was earning a return on distribution investments of approximately negative 0.75%, well below the Company's allowed return of 8.61% at the time of filing. Staff recommended that Liberty be permitted to increase its revenue requirement in order to have an opportunity to earn a reasonable rate of return and have the financial ability to properly deliver service and operate and maintain all aspects of providing that service. We find that the Company has demonstrated a need for a rate increase.

The Settlement increases the distribution rates for Liberty's customers. The Commission is authorized to fix rates after a hearing, upon determining that rates, fares and charges are just and reasonable. RSA 378:7. In circumstances where a utility seeks to increase rates, the utility bears the burden of proving the necessity of the increase pursuant to RSA 378:8. In determining whether rates are just and reasonable, the Commission must balance the customers' interest in paying no higher rates than are required against the investors' interest in obtaining a reasonable return on their investment. *Eastman Sewer Company, Inc.*, 138 N.H. 221, 225 (1994). In this way, the Commission serves as arbiter between the interests of customers and those of regulated utilities. *See* RSA 363:17-a; *see also EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,202 (March 10, 2011) at 17.

Pursuant to RSA 541-A:31, V(a), informal disposition may be made of any contested case at any time prior to the entry of a final decision or order, by stipulation, agreed settlement, consent order or default. N.H. Code Admin. Rules Puc 203.20(b) requires the Commission to determine, prior to approving disposition of a contested case by settlement, that the settlement results are just and reasonable and serve the public interest. In general, the Commission encourages parties to attempt to reach a settlement of issues through negotiation and compromise, as it is an opportunity for creative problem solving, allows the parties to reach a result more in line with their expectations, and is often a more expedient alternative to litigation. *EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,202 (March 10, 2011) at 18. Even where all parties join a settlement agreement, however, the Commission cannot approve it without independently determining that the result comports with applicable standards. *Id*. As the instant Settlement pertains to a rate case, the underlying standard to be applied is whether the resulting rates are just and reasonable. RSA 378:7.

The Settlement calls for an overall revenue increase of $9.760 million plus a step increase of $1.115 million effective April 1, 2014. We compare these amounts to the revenue increase originally sought by Liberty (a revenue increase of $14,168,940 plus a step of approximately $1.2 million), and that originally recommended by Staff ($8,254,359 revenue increase plus a step of $1,288,622) and understand that the amount of the revenue increase in the Settlement represents a negotiated amount that provides Liberty the revenues necessary to provide safe and reliable service. We find this to be an indication that the Settlement is reasonable and in the public interest. This increase provides for an overall rate of return of 7.92%, based upon a return on equity of 9.55%, and the application of a capital structure of 55% equity and 45% debt. We find this rate of return, and return on equity, to be reasonable, and within the scope of recent precedent. *See, e.g., EnergyNorth Natural Gas, Inc. d/b/a National Grid NH,* Order No. 25,202 (March 10, 2011) at 19 (approving a return on equity of 9.67 percent). With regard to Dartmouth-Hitchcock's argument that we should take the economy into account and step any rate increase to avoid rate shock, we find that moving from temporary rates to permanent rates has helped to mitigate the impact of the rate increase, and that the resulting increase is, on balance, just and reasonable.

We have carefully reviewed the Settlement's treatment of rate design, tariffed fees, line extension policy, pension expenses, effective date, recoupment mechanisms, and rate case recovery. We find that these provisions appropriately balance the interests of Liberty and its customers, and we approve these changes as stipulated in the Settlement as being just and reasonable and in the public interest. Although we approve Liberty's proposed changes to its line extension policy for the time being, we will, in the very near future, open a generic proceeding regarding line extension policies. Liberty Utilities will be a mandatory party in that proceeding. *See Public Service Co. of N.H.,* Order No. 25,637 (March 17, 2014) at 6. We may revisit our approval of Liberty's line extension policy at that time.

The Settlement calls for a Staff audit of the step increase and rate case expenses. The recovery of the step increase and audit expense shall be reconciled to the results of Staff audits.

Liberty shall file a final accounting of rate case and step increase expenses no later than March 31, 2014, to permit Staff to conduct the requisite audits.

To conclude, we approve the Settlement and incorporate its terms and conditions into this Order. To facilitate the efficient administration of the Settlement, we authorize the signatories to modify the Agreement so long as any modification is mutually agreed upon and non-substantive, such as a clerical or ministerial amendment that involves timing or scheduling. The signatories shall file any such modification with the Commission and provide a copy to all parties on the service list. The Commission will approve such requests, if appropriate, via secretarial letter without the need for notice or hearing.

Based upon the foregoing, it is hereby

ORDERED, that the Settlement Agreement regarding Permanent Rates between Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities, Staff, and Office of Consumer Advocate is hereby APPROVED; and it is

FURTHER ORDERED, that Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities is hereby authorized to begin recovery of the increased revenue requirements in base rates effective with service rendered on and after April 1, 2014; and it is

FURTHER ORDERED, that Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities is authorized to begin recovery of a step increase of $1.115 million effective with service rendered on and after April 1, 2014; and it is

FURTHER ORDERED, that subject to any results of a Staff audit, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities is authorized to begin recovery of $390,000 in rate case expense beginning with service rendered as of April 1, 2014 through March 31, 2016; and it is

FURTHER ORDERED, that Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities is authorized to begin recovery of the $2.445 million difference between temporary and permanent rates beginning with service rendered as of April 1, 2014 through March 31, 2016; and it is

FURTHER ORDERED, that Liberty Utilities (Granite State Electric) Corp., d/b/a Liberty Utilities shall file all documentation relating to the step increase and rate case expenses no later than March 31, 2014; and it is

FURTHER ORDERED, that Liberty Utilities (Granite State Electric) Corp., d/b/a Liberty Utilities shall file tariffs conforming with this order within 15 days of the date of this Order in accordance with N.H. Code Admin. Rules Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this seventeenth day of March, 2014.

Amy L. Ignatius Chairman	Robert R. Scott Commissioner	Martin P. Honigberg Commissioner

Attested by:

Lori A. Davis
Assistant Secretary

THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 14-031

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.
D/B/A LIBERTY UTILITIES

Default Service Request for Proposals

Order Approving Solicitation and Selection of
Default Service Supply and Resulting Rates

O R D E R N O. 25,642

March 27, 2014

APPEARANCES: Sarah Knowlton, Esq. for Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities; the Office of Consumer Advocate by Susan W. Chamberlin, Esq. on behalf of residential ratepayers; and Suzanne G. Amidon, Esq. and David K. Wiesner, Esq., on behalf of Staff of the Public Utilities Commission.

I. PROCEDURAL HISTORY

On March 21, 2014, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty) filed a petition requesting approval of its solicitation and procurement of default service for 100% of its supply requirements for the period from May 1, 2014 until October 31, 2014 for both medium and large commercial and industrial customers (Large Customer Group)[1] and residential and small commercial customers (Small Customer Group).[2] The filing was made pursuant to a Settlement Agreement approved by the Commission in, *Granite State Electric Company, Petition for Approval of Post-Transition Default Service Proposal*, Order No. 24,577, 91 NH PUC 6 (January 13, 2006), as modified by Order No. 24,922, 93 NH PUC 600 (December

[1] The Large Customer Group is comprised of customers taking service under General Long-Hour Service Rate G-2 or General Service Time-Of-Use Rate G-1 of the Company's Retail Delivery Tariff.

[2] The Small Customer Group is comprised of customers taking service under Domestic Service Rate D, Domestic Service-Optional Peak Load Pricing Rate D-10, Outdoor Lighting Service Rate M, Limited Total Electrical Living Rate T, General Service Rate G-3, or Limited Commercial Space Heating Rate V of the Company's Retail Delivery Tariff.

19, 2008) and further modified by Order No. 25,601 (November 27, 2013) (Settlement Agreement).

Pursuant to the Settlement Agreement, beginning in February 2014, Liberty solicits default service supply for 100% of its Large Customer Group requirements in two separate three-month blocks of power supply. Liberty then develops rates for the Large Customer Group based on the winning bid contract prices, with fixed monthly prices that vary from month to month. For its Small Customer Group, Liberty Utilities continues to solicit prices for 100 percent of a six-month block of power supply and sets a fixed rate for the six-month period using a six-month weighted average.

In support of its petition, Liberty filed the testimony of John D. Warshaw and David B. Simek, with related exhibits. Mr. Warshaw is employed as Manager, Electric Supply, by Liberty Energy Utilities (New Hampshire) Corp. (Liberty Energy NH), which provides services to Liberty. Mr. Simek is employed as a Utility Analyst by Liberty Energy NH. With its filing, Liberty proposed an adjustment to the Renewable Portfolio Standard (RPS) adder used to procure compliance with New Hampshire's RPS law and submitted its quarterly migration report. In addition, Liberty provided an update of its settlement negotiations with National Grid regarding payment to Liberty for borderline sales by Liberty to Massachusetts Electric Company (MECO) customers for the period from June 2006 through September 2012. On March 20, 2014, Liberty filed a Default Service Loss Factor Investigation Update consistent with Order No. 25,416 (September 21, 2012).

Liberty selected Dominion Energy Marketing, Inc. (Dominion) to provide default service for the Large Customer Group for the period May 1, 2014 through October 31, 2014, in two separate three-month blocks of power supply, and TransCanada Power Marketing, Ltd (TCPM) to provide default service for the Small Customer Group for the period May 1, 2014 through October 31, 2014. According to Liberty, the overall bill impact for residential default service customers with an average monthly usage of 679 kWh (the average monthly usage over the twelve-month period ending February 2014), is a decrease of $7.92, or 6.9%, from $114.89 to $106.97, as compared to current rates. Average monthly bills for other customers in the Small Customer Group would decrease between 6.3% and 9.3%, depending on usage, as compared to current rates. Large customers taking service under either Rate G-1 or Rate G-2 will also experience bill decreases, and Liberty provided typical bill impacts for illustrative load-weighted rates. The bill impacts for customers in the Large Customer Group for the six-month period ending October 2014 show decreases ranging from 12.9% to 15.6%, as compared to the six-month period ending April 2014.

With its petition, Liberty submitted separately filed confidential information including the Company's transaction confirmations with the winning suppliers, bid evaluation and summary information, RPS compliance pricing, and retail meter commodity cost calculations. Liberty requested confidential treatment of these materials pursuant to N.H. Code Admin. Rules Puc 201.04(a)(5), Puc 201.06(a) and Puc 201.07. With respect to the wholesale power purchase prices included in the filing, the Company requested confidential treatment only until such time as the Federal Energy Regulatory Commission (FERC) requires those prices to be made public.

The Commission issued an Order of Notice on February 12, 2014 scheduling a hearing on March 25, 2014. On February 19, 2014, the Office of Consumer Advocate (OCA) filed a letter of participation in the docket pursuant to RSA 363:28. A public hearing was held on March 25, 2014, at which both Mr. Warshaw and Mr. Simek testified. The Commission granted the Company's request for confidential treatment at the hearing.

II. POSITIONS OF THE PARTIES AND STAFF

A. Liberty

Liberty testified that it conducted its solicitation process consistent with the terms of the Settlement Agreement. The request for proposals (RFP) which was issued on February 10, 2014 solicited fixed pricing for each month of service on an as-delivered energy basis and allowed prices to vary by month. According to Liberty, the RFP was issued to approximately 25 potential suppliers. The RFP was also distributed to all members of the New England Power Pool Markets Committee and posted on Liberty's energy supply website. According to Liberty, the RFP was widely distributed throughout the New England energy supply marketplace.

Liberty testified that suppliers submitted indicative bids on March 11, 2014 and final bids on March 18, 2014. Liberty testified that it evaluated the bids and selected Dominion and TCPM because their bids conformed to the RFP, had the lowest prices, met the credit requirements described in the RFP, and passed Liberty's qualitative evaluation. Liberty attested that it complied with the solicitation and bid evaluation process approved by the Commission and asserted that its choice of suppliers was reasonable.

On March 19, 2014, Liberty entered into a wholesale transaction confirmation with Dominion to provide default service to the Large Customer Group for the period May through October 2014. According to Liberty, the Dominion Master Power Agreement was filed with the Commission on March 16, 2009 and a First Amendment to Master Power Agreement was filed with the Commission on September 20, 2010. The Commission approved the Dominion Master Power Agreement in Order No. 24,953 (March 23, 2009) and the First Amendment in Order No. 25,150 (September 27, 2010).

On March 19, 2014, Liberty entered into a wholesale transaction confirmation with TCPM to provide default service to the Small Customer Group for the period May through October 2014. According to Liberty, the TCPM Master Power Agreement was filed with the Commission in an earlier docket. The TCPM Master Power Agreement was filed with the Commission on September 25, 2006 and was approved by the Commission in Order No. 24,675 (September 29, 2006).

Liberty also testified that its RPS obligations for 2014 require it to purchase 5.0% of its power from new renewable (Class I) sources, 0.4% from new useful thermal (Class I Thermal) sources, 0.3% from solar (Class II) sources, 3.0% from existing biomass (Class III) sources, and 1.4% from existing small hydroelectric (Class IV) sources. In accordance with Order No. 24,922 (December 19, 2008), Liberty requested bidders for default service supply to also provide a separate RPS compliance adder with their bids. Liberty explained that the RPS compliance adder is the incremental charge to be paid to the bidder for the bidder's agreement to take on the RPS obligation associated with the default service obligation.

According to Liberty, only one bidder elected to supply an RPS compliance adder with its bid response. Liberty's explained that its criteria to accept an adder is to compare the adder to the current market price for renewable energy certificates (RECs) (one REC representing one megawatt-hour of delivered power), that are eligible to meet its New Hampshire RPS obligations. To develop a REC market price, Liberty issued a request for proposals on February 10, 2014 for the acquisition of New Hampshire RPS compliant RECs to meet its RPS obligations for 2013 and a portion of 2014. Liberty testified it received bids to supply RECs on March 17, 2014, and used these bids to calculate a market price for the adder. Based on this calculation of the REC market price, Liberty determined that the submitted RPS compliance adder was greater than market and therefore did not accept the proposed adder.

Liberty testified that it would meet its RPS compliance requirements using RECs to be purchased at the prices offered in its recent solicitation and that, if it does not obtain a sufficient number of RECs through market purchases, it would make alternative compliance payments (ACP) into the Renewable Energy Fund. Based on anticipated REC prices and ACP payments, and taking into account prior expenditures and recoveries, Liberty requested authorization to adjust the RPS compliance adders used in developing its default service rates from the current $0.00553 per kWh to $0.00434 per kWh for the Large Customer Group customers and from the current $0.00525 per kWh to $0.00434 per kWh for the Small Customer Group customers, in each case effective on May 1, 2014.

Liberty also proposed a new RGGI Auction Excess Revenue Adjustment Factor credit of $0.00176 per kWh for the period May 1, 2014 through October 31, 2014. This proposed credit adjustment is based on RGGI rebates received in May and August 2013, also taking into account a projected $5,522 over-collection covering the period November 2013 through April 2014 and projected accrued interest on the balance during the refund period, assuming monthly refund amounts, then dividing the balance including interest by an estimate of the kWh deliveries attributable to default service customers for the six-month period beginning May 2014.

For both the Small Customer Group and the Large Customer Group, Liberty testified it calculated the base default service rate by multiplying the commodity cost at the wholesale level ($ per megawatt-hour) by the applicable loss factor and then dividing the results by ten. Liberty’s filing demonstrates that the load-weighted average of the commodity cost at retail for the Small Customer Group is 7.553¢ per kWh compared to the load-weighted average of 8.379¢

per kWh for the period November 1, 2013 through April 30, 2014. After adjustments for reconciliation and reclassification[3] and the adder for compliance with Liberty's RPS obligations and the credit based on the RGGI Auction Excess Revenue Adjustment Factor, the proposed default service rate for the Small Customer Group is 7.732¢ per kWh.[4] Liberty calculated that, for a residential default service customer with an average usage of 679 kWh , which is the average monthly usage over the twelve-month period ending February 2014, the monthly bill would decrease by $7.92, or 6.9%, from $114.89 to $106.97, as compared to current rates. Average monthly bills for other customers in the Small Customer Group would decrease between 6.3% and 9.3%, depending on rate class and usage.

For the Large Customer Group, Liberty develops rates that vary by month. The load-weighted average of the power supply costs for the Large Customer Group for the three-month period from May 1, 2014 through July 31, 2014 is 8.105¢ per kWh and for the three-month period August 1, 2014 through October 31, 2014 is 7.006¢ per kWh, as compared to the load-weighted average of 9.986¢ per kWh for the period February 1, 2014 through April 30, 2014. According to Liberty, the monthly base default service rates at retail for the six-month period from May through October 2014 are as follows:

	May	June	July	August	Sept.	October
¢ per kWh	6.559	8.805	8.718	7.874	6.532	6.473

Liberty stated that it adjusts these base rates per month to account for its 2014 reconciliation and reclassification factors and the RPS compliance adder and the RGGI Auction Excess Revenue Adjustment Factor credit to derive a total default service rate for the full six-

[3] Commission Order No. 24,577 (Jan. 13, 2006) approved the Settlement Agreement which authorized Liberty to use these factors in adjusting rates to reflect actual costs of providing default service.

[4] The calculation of Liberty's proposed default service retail rates is shown in more detail in Table 1 below.

month period. This calculation and the resulting default service retail rates are shown in more detail in the following table:

Table 1

	Residential and Small C&I	Medium & Large C&I					
	May – October 2014	May	June	July	Aug	Sep	Oct
Base Default (Energy) Service Rate	7.553¢	6.559¢	8.805¢	8.718¢	7.874¢	6.532¢	6.473¢
2014 Default (Energy) Service Adjustment Factor	(0.123)¢	(0.123)¢	(0.123)¢	(0.123)¢	(0.123)¢	(0.123)¢	(0.123)¢
Default (Energy) Service Cost Reclassification Adjustment Factor	0.044¢	0.022¢	0.022¢	0.022¢	0.022¢	0.022¢	0.022¢
Renewable Portfolio Standard ("RPS") Adder	0.434¢	0.434¢	0.434¢	0.434¢	0.434¢	0.434¢	0.434¢
RGGI Auction Excess Revenue Adjustment Factor	(0.176)¢	(0.176)¢	(0.176)¢	(0.176)¢	(0.176)¢	(0.176)¢	(0.176)¢
Total Default (Energy) Service Rate	7.732¢	6.716¢	8.962¢	8.875¢	8.031¢	6.689¢	6.630¢

The monthly bill impacts prepared by Liberty for customers in the Large Customer Group show decreases in the range of 12.9% to 15.6%, depending on the month and the customer's usage, as compared to the rates currently in effect through April 2014.

Liberty testified that the number of bidders providing final prices in response to its default service RFP was less than that seen in previous solicitations for corresponding periods of time. According to Liberty, the reason for the lower than normal bidder turnout was, among other things, the extreme volatility in New England electric and gas market prices seen this past winter. Suppliers who did not bid in response to the RFP cited this price volatility and other market conditions as the reasons they did not submit proposals, according to Liberty. Liberty testified that no supplier cited the change from a single three-month block to two consecutive three-month blocks as a reason it chose not to submit a bid.

Liberty testified that market prices for electricity in 2014 are significantly higher than the prices seen in the market one year ago. According to Liberty, the prices are higher because the New England generation mix has become dominated by natural gas generation and the combination of gas supply shortages and cold winter weather have driven wholesale power prices higher. In addition, Liberty stated that, as a result of the colder than normal winter just experienced, there was a significant increase in the usage of natural gas in storage facilities to meet winter natural gas demand; thus, one of the reasons for the currently high prices for natural gas futures reflects the industry's need to restock natural gas storage facilities which are currently at historic lows,. Based upon these factors, commodity costs for the six-month period from May through October 2014 are much higher than commodity costs for the corresponding period during 2013.

Liberty provided an update regarding the current status of settlement negotiations with MECO regarding payment for cross-border sales between Liberty and MECO during the period from June 2006 through September 2012. Liberty described its prior understanding that it had reached agreement with MECO regarding payment for these borderline sales and that this payment would be made by the end of January 2014; however, final agreement on the payment terms has not occurred, and the parties continue to attempt to finalize settlement on this issue. Liberty indicated that it continues to work diligently to reach a final resolution of this payment dispute.

Liberty concluded by requesting that the Commission find that Liberty conducted its default service power supply solicitation and selection of suppliers according to the process set forth in the Settlement Agreement approved by the Commission, and requesting that the Commission approve the resulting rates effective with service rendered on and after May 1, 2014.

B. Office of Consumer Advocate

The OCA did not state any objection to Liberty's petition or to the new default service rates proposed in its filing. The OCA did, however, express concern regarding the failure of Liberty to achieve a final settlement of the MECO borderline sales payment dispute, asking that the Commission take action to expedite resolution of this dispute by means potentially including the withholding of escrowed funds in Docket No. DG 11-040 regarding the sale by National Grid of Granite State Electric Company and affiliates, intervening in the relevant FERC docket, and requiring a complete accounting by Liberty of the relevant borderline sales to MECO. The OCA also asked the Commission to consider modifying the Liberty default service rate filing process to afford the OCA and other parties more time to review and investigate Liberty's proposed default service reconciliations, reclassifications and adjustments.

C. Commission Staff

Staff stated that it had reviewed the petition and determined that Liberty had complied with the Settlement Agreement as approved by the Commission in conducting the bid solicitation and bid evaluation process, and in its selection of the winning bidders. Staff said that, based upon its review, the resulting rates are market-based. Staff stated that the filing schedule revisions proposed by the OCA would represent a departure from years of past practice and would require an amendment to the Settlement Agreement that would have to be negotiated with Liberty and other parties.

III. COMMISSION ANALYSIS

Based on the record in this proceeding, we find that Liberty complied with the procedures approved in Order No. 24,577 regarding its analysis of the bids and its selection of the winning bidders for default service supply for its Small and Large Customer Groups for the periods beginning May 1, 2014. We are also satisfied that Liberty took appropriate steps to solicit multiple potential suppliers in order to receive competitive bid responses and, consequently, that the results are consistent with the requirement of RSA 374-F:3, V(c) that default service be procured through the competitive market. Pursuant to RSA 378:40 and 41, we find that Liberty's filing is in conformance with the least cost integrated resource plan filed and reviewed in Docket No. DE 07-052 and accepted in Order No. 24,826 (February 29, 2008).

We also find that Liberty's evaluation of the bids and its selection of Dominion to provide default service for the Large Customer Group for the two three-month periods beginning on May 1, 2014 and on August 1, 2014, and its selection of TCPM to provide default service for the Small Customer Group for the six-month period beginning on May 1, 2014, were reasonable and appropriate. Liberty's testimony, together with its bid evaluation report, indicate that the bid prices reflect expected market conditions for the time periods in question. We also find it is appropriate for Liberty to adjust the RPS adder and to implement a new RGGI Auction Excess Revenue Adjustment Factor credit for the six-month period beginning on May 1, 2014, and that the proposed adder adjustment and credit are just and reasonable. In view of the competitive procurement and the analysis that the proposed default service rates reflect current market conditions, we will grant the proposed default service retail rates.

Liberty submitted certain confidential information pursuant to N.H. Code Admin. Rules Puc 201.04, 201.06 and 201.07. The information for which Liberty seeks confidential treatment includes the Company's transaction confirmations with the winning suppliers, bid evaluations and summaries, RPS compliance pricing, and retail meter commodity cost calculations. After reviewing the material redacted from the instant filing, we found that the category of information for which Liberty seeks confidential treatment is information routinely submitted and granted confidential treatment in connection with default service proceedings, as defined in Puc 201.06(a)(30). Therefore, at the public hearing we granted confidential treatment as requested, and the redacted information shall be accorded confidential treatment subject to the provisions of Puc 201.07, provided that the wholesale power costs contained in Liberty's filing shall be accorded confidential treatment only until such time as the costs are made public though the operation of FERC rules.

With respect to the payment dispute regarding borderline sales between Liberty and MECO, we are deeply concerned that these issues have not yet been resolved after what seems an inordinate amount of time. We strongly believe these issues should be finally resolved prior to the expiration of the transition period provided for in the Transition Service Agreement between Liberty and National Grid USA approved by the Commission in Docket No. DG 11-040.[5] We share the frustration of the OCA in this regard, although we do not necessarily endorse the proposed actions suggested by the OCA at the public hearing. We will direct Liberty to convey to MECO our dissatisfaction with the lack of progress on these issues. We also direct Liberty to file monthly reports regarding the status of resolution of the MECO borderline sales payment dispute, including any involvement of the Massachusetts Department of Public Utilities, and the status of metering installations and upgrades and reporting protocols intended to address

[5] *See National Grid USA, et al.*, Order No. 25,370 (May 30, 2012).

Liberty's cross-border sales to MECO, until a final resolution of the payment dispute has occurred.

We note that the OCA also raised an issue at hearing regarding the Liberty default service rate filing timeline and requested that the Commission consider modifying this process to afford the OCA and other parties more time to review and investigate Liberty's proposed default service reconciliations, reclassifications and adjustments. We agree with Staff that the OCA's proposed filing schedule revisions would represent a departure from years of past practice and would require an amendment to the Settlement Agreement that would have to be negotiated with Liberty and other parties. We are also concerned that any change to Liberty's default service solicitation process could create confusion in the competitive market. While we cannot alter the schedule regarding final bid proposals without a modification of the order, after notice and opportunity for hearing, it may be possible for Liberty to file its proposed reconciliation of rates, and other non-market based changes to rates that are routinely submitted with the default service solicitation results in a separate earlier filing. We encourage Liberty, OCA and Staff to explore if there is an opportunity to provide some data on an informational basis earlier than now filed, to allow more time to review the information prior to the hearing on the solicitation results.

Based upon the foregoing, it is hereby

ORDERED, that the Master Power Agreement Transaction Confirmation entered into between Dominion Energy Marketing, Inc. and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities for default service power supply for the Large Customer Group for the period beginning May 1, 2014 through October 31, 2014, and the resulting default service retail rates, are hereby APPROVED; and it is

FURTHER ORDERED, that the Master Power Agreement Transaction Confirmation entered into between TransCanada Power Marketing, Ltd. and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities for default service power supply for the Small Customer Group for the period beginning May 1, 2014 through October 31, 2014, and the resulting default service retail rates, are hereby APPROVED; and it is

FURTHER ORDERED, that Liberty shall file conforming tariffs within 30 days of the date of this Order, consistent with N.H. Code Admin. Rules Puc 1603.02; and it is

FURTHER ORDERED, that the redacted materials filed by Liberty in this proceeding shall be accorded confidential treatment pursuant to N.H. Code Admin. Rules Puc 201, provided that the wholesale power purchase prices included in the filing shall be confidential only until such time as the Federal Energy Regulatory Commission requires such prices to be made public; and it is

FURTHER ORDERED, that Liberty shall file monthly reports regarding the status of resolution of the borderline sales payment dispute with Massachusetts Electric Company, including any involvement of the Massachusetts Department of Public Utilities, and the status of metering installations and upgrades and reporting protocols intended to address Liberty's cross-border sales to MECO, until a final resolution of the payment dispute has occurred, on or before the last day of each month.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of March, 2014.

Amy L. Ignatius Chairman	Robert R. Scott Commissioner	Martin P. Honigberg Commissioner

Attested by:

Debra A. Howland
Executive Director

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 14-086

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

Calendar Year 2013 Reliability Enhancement and Vegetation Management Plan Results and Reconciliation

Order Following Hearing

O R D E R N O. 25,669

May 23, 2014

APPEARANCES: Sarah B. Knowlton, Esq. on behalf of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities; the Office of Consumer Advocate by Susan W. Chamberlin, Esq. on behalf of residential ratepayers; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

In this Order, the Commission approves Liberty's revised filing of its Reliability Enhancement and Vegetation Management Plan Results and Reconciliation for calendar year 2013. As a result, a residential customer using 679 kWh per month, the average monthly usage for the 12 month period ending February 2014, will experience an average monthly bill decrease of 0.1% from $112.75 to $112.63.

I. PROCEDURAL HISTORY

On March 31, 2014, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty or Company) filed a report describing its reliability enhancement plan (REP) and vegetation management plan (VMP) for part of calendar year 2013 (April 1, 2013 through December 31, 2013). The filing was made pursuant to a secretarial letter issued by the Commission on April 3, 2013, in Docket No. DE 13-039 that allowed Liberty to continue the REP and VMP programs it took over from its predecessor, National Grid, for the period April 1 through December 31, 2013. With its filing, Liberty provided supporting testimony and related exhibits, as well as proposed tariffs. Liberty filed revised testimony of David B. Simek, a utility analyst, on May 12, 2014, which provided corrections to the initial filing and support for a $212,922 reduction to the Company's annual distribution rates effective June 1, 2014.

In addition to the testimony, Liberty's filing included: (1) a report on the actual spending on operation and maintenance (O&M) activities and capital projects for 2013, including an explanation of the differences between the actual amounts spent and the budgeted amounts reviewed by Staff, (2) a request by Liberty to decrease its annual distribution rates by $212,922, (3) a refund to customers of $275,840, the difference between planned and actual VMP O&M expense for 2013, and (4) proposed tariffs for effect on June 1, 2014. Under Liberty's filing, rates would decrease 0.1%. For a residential customer using 679 kilowatt hours (kWh) per month, the average residential customer monthly usage for the 12-month period ending February 2014, the result would be a $0.12 decrease in the monthly bill.

The Office of Consumer Advocate (OCA) filed a letter of participation on April 17, 2014. The Commission issued Order No. 25,652 (April 21, 2014) suspending the tariffs and scheduling a hearing.

II. POSITIONS OF THE PARTIES AND STAFF

A. Liberty

The REP and VMP budgets are premised on the idea that specified levels of annual spending on capital and O&M activities are necessary to maintain the safety and reliability of the Company's electrical distribution system. According to Liberty, the REP and VMP O&M activities include protection or replacement of conductors, installation of reclosers, and other measures on low-performing feeders, known as "feeder hardening." REP and VMP O&M also includes augmented tree-trimming and hazard tree removal, asset replacement (including the replacement of bare mainline conductors), and inspection and maintenance.

Consistent with the secretarial letter issued in DE 13-039, Liberty assumed that a base amount of $1,360,000 would be spent on O&M activities associated with REP and VMP during each year. To the extent that the Company spent less than the agreed-upon base O&M budget on REP and VMP O&M activities for a given year, the difference would either be credited back to customers through a refund commencing on the following June 1, or be credited to the next year's REP and VMP O&M budget, as determined by the Commission. For the 2013 period (April 1 through December 31), Liberty budgeted a base amount of $1,238,200 for REP and VMP O&M expenditures, but actual spending was only $1,055,861.

During this same period in 2013, Liberty recovered $1,020,000 through distribution rates for REP and VMP O&M expenditures, $35,861 less than the actual expenditure of $1,055,861. In addition, Liberty received $311,701 in payments from FairPoint Communications (FairPoint) for vegetation management services pursuant to an agreement between the two companies. As a result, Liberty proposes in this filing to refund customers $275,840 (the difference between $311,701 and $35,861). Liberty said that it had decided to budget anticipated FairPoint proceeds in future REP and VMP budgets because Liberty can calculate the approximate amount of VMP costs owed by FairPoint each budget year, and FairPoint has paid Liberty the amounts owed on a consistent basis.

The Company attributed the spending variance to lower than expected bid prices for cycle pruning, resulting in lower unit prices, as well as lower spending for spot tree trimming, sub-transmission right-of-way clearing, and trouble and restoration calls. Liberty stated that some of the tree trimming activities were demand driven and the Company experienced lower demand for these activities during 2013 than forecasted. On the other hand, the Company reported that it exceeded the tree planting budget due to an increase in the number of tree plantings in exchange for tree removals.

Liberty said that its actual spending on capital projects for REP was $416,755 and it requested a revenue requirement of $24,999 associated with the capital projects. Liberty testified that the difference between the budgeted and actual capital expense resulted from timing differences due to budgeted amounts from the current calendar year being placed into service in calendar year 2014, changes in actual versus estimated costs, and changes in scope of projects. According to Liberty, REP capital investment in 2013 included the installation of 2 single phase reclosers, the installation of 1 single phase trip saver, the replacement of 1.8 miles of bare mainline primary conductor, and 2 additional installations of single phase reclosers in areas that have a history of outages caused by trees, deterioration, animals, or lightning. Liberty explained that it originally budgeted for 1.0 miles for the replacement of bare mainline conductor, but when in the field, it decided to complete another 0.8 miles up to the first protective reclosing device.

Liberty said that its filing would result in a decrease in distribution rates and a minor refund to customers. As a result, residential customers would experience an average decrease in monthly bills of 0.1%. Other customers would experience monthly bill decreases ranging on average from 0.1% to 0.2%.

B. OCA

The OCA did not object to the reconciliation. The OCA expressed concern that Liberty should consider reducing the budget for REP and VMP activities in its next filing.

C. Commission Staff

Staff stated that it had reviewed the filing and determined that Liberty had appropriately calculated the REP and VMP reconciliation, and that rate impacts reflected a modest decrease in rates. Staff said it supported the filing as revised May 12, 2014, and recommended that the Commission approve it.

III. COMMISSION ANALYSIS

We have reviewed Liberty's filing and the testimony given during the hearing. Based on our review and consideration, we conclude that the activities performed by the Company during 2013 are consistent with the goals and parameters of the reliability enhancement and vegetation management programs. We have also reviewed the associated rate impacts and find that the credit to customers is appropriately calculated, is just and reasonable, and in the public interest. Therefore, we grant the petition and allow the Company to put the new rates into effect with services rendered on and after June 1, 2014.

The Settlement Agreement we approved in Docket DE 13-063, Liberty's recent distribution rate case, provides that Liberty shall continue to implement the REP and VMP programs for the foreseeable future. *See* Order No. 25,638 (March 17, 2014). Liberty has implemented these programs for a number of years and provides in its annual filings a depiction of the reliability metrics since 2006. To assist in Staff's review of the filing, we request that Liberty provide only the reliability metrics for the five years prior to the year of filing along with a table that lists the associated expenditures for each of those five years when it reports the results of the REP and VMP programs for calendar year 2014.

Based upon the foregoing, it is hereby

ORDERED, that the calendar year 2013 reliability enhancement plan and vegetation management plan report and reconciliation filing of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities as revised by the May 12, 2014, filing and the resulting rates are hereby APPROVED; and it is

FURTHER ORDERED, that in its next REP/VMP filing, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities shall include reliability metrics for the last five years along with associated REP and VMP expenditures; and it is

FURTHER ORDERED, that Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities shall file tariff pages conforming with the Order pursuant to Puc Part 1603 within 20 days hereof.

By order of the Public Utilities Commission of New Hampshire this twenty-third day of May, 2014.

Amy L. Ignatius Chairman	Robert R. Scott Commissioner	Martin P. Honigberg Commissioner

Attested by:

Lori A. Davis
Assistant Secretary