

CHAIRMAN
Martin P. Honigberg

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Debra A. Howland

STATE OF NEW HAMPSHIRE



PUBLIC UTILITIES COMMISSION

21 S. Fruit St., Suite 10
Concord, N.H. 03301-2429

TDD Access: Relay NH
1-800-735-2964

Tel. (603) 271-2431

FAX No. 271-3878

Website:
www.puc.nh.gov

January 6, 2015

RE: DE 14-340, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Order No. 25,745

To the Parties:

Enclosed are revised pages 1, 5 and 8 of Order No. 25,745 (December 30, 2014). All references to "Western Massachusetts Electric Company (WMECO)" have been changed to "Massachusetts Electric Company (MECO)."

All other portions of this order remain unchanged. Please substitute the enclosed revised pages to your copy of Order No. 25,745.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Debra A. Howland".

Debra A. Howland
Executive Director and Secretary

Enclosures

cc: Service List
Docket File

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 14-340

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

Annual Retail Rate Adjustment

Order Approving Rate Adjustments

ORDER NO. 25,745

December 30, 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 customers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

In this Order, the Commission approves Liberty's annual retail rate reconciliation of its stranded cost and transmission charges for a twelve-month period beginning May 1, 2015. The resulting rate impacts for residential customers using 665 kWh per month is a monthly bill increase from \$160.30 to \$168.35 (5.02%). While Liberty had asked that the increase take effect January 1, 2015, the Commission is postponing the change until May 1, 2015, to avoid an additional increase to high energy prices this winter.

I. BACKGROUND AND PROCEDURAL HISTORY

On November 25, 2014, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty or Company) filed a request for approval of retail rate adjustments related to its stranded cost charge and its transmission service charge. Liberty asked that the rates be effective on a service-rendered basis on and after January 1, 2105. In addition, Liberty proposed to refund customers a one-time credit associated with a borderline sales agreement with Massachusetts Electric Company (MECO), and included in its rate calculation a credit of

The Company explained that Liberty's transmission and ISO-NE expenses for 2015 are projected to be \$22.6 million, a net increase of \$4.1 million from the 2014 forecast. Liberty said that the increase is due to PTF plant additions anticipated to be in place in 2015 across New England. The Company stated that the largest portion of the increase is in LNS rates, due to a \$4 million increase in the total expense that NEP will charge to Liberty in 2015. Liberty calculated an average proposed transmission service rate of 2.342 cents per kWh, an increase over the current effective average transmission rate of 1.948 cents per kWh.

Liberty explained that this filing includes a one-time credit of 0.012 cents per kWh due to a payment received from MECO pursuant to a settlement regarding past borderline sales between MECO and Liberty. In addition, the calculation of the proposed rate changes includes a credit of 0.053 cents per kWh to refund to customers RGGI allowance auction amounts above \$1.00 per allowance pursuant to Order No. 25,664 (May 9, 2014).

Liberty stated that for residential customers using 665 kWh of electricity per month, the average monthly residential customer use, bills would increase from \$160.30 per month to \$162.56 per month, or 1.41%. Liberty said that to avoid another rate increase during the winter months, the Company was willing to defer the implementation of the rate, provided that the overall recovery included the carrying costs associated with the deferral. In addition, in response to Staff's suggestion, the Company said that it would consider pursuing a potential buy-down of the CTC charges.

Following the hearing, on December 17, Liberty filed a response to a record request (Exhibit 2) made at hearing. Liberty made an additional filing on December 18, which showed the calculation of the subject rates, including associated carrying costs, in the event that the

administrative efficiencies associated with the buy-down of CTC obligations, we encourage the Company to explore such a buy-down.

The proposed average transmission service charge incorporates two components: (1) the transmission service adjustment factor of 0.24 cents per kWh attributable to an under recovery from the prior period; and (2) a charge of 2.342 cents per kWh, which represents the forecasted rate calculation of transmission expenses for 2015. The transmission service costs in question are derived from FERC-approved tariffs and subject to FERC jurisdiction. Those 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 transmission service adjustment factor and the average transmission charge.

We also approve including the one-time credit resulting from the borderline sales agreement between Liberty and MECO, and the inclusion of the RGGI credit in the calculation of rates in this filing.

Liberty originally requested that the rate change be effective with services rendered on and after January 1, 2015. With the combined changes in this rate, a residential customer using 665 kWh per month in default service, the average monthly usage by residential customers, would experience a monthly bill increase of \$2.26 from \$160.30 to \$162.56. Although this difference represents a modest 1.41% increase in monthly bills, the fact is that Liberty default service customers experienced a significant increase in the energy portion of their bill effective November 1, 2014. Energy prices are expected to remain high for the remaining winter months, including the months of January and February 2015.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

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

Executive.Director@puc.nh.gov
amanda.noonan@puc.nh.gov
grant.siwinski@puc.nh.gov
james.brennan@oca.nh.gov
leszek.stachow@puc.nh.gov
ocalitigation@oca.nh.gov
sarah.knowlton@libertyutilities.com
Stephen.Hall@libertyutilities.com
susan.chamberlin@oca.nh.gov
suzanne.amidon@puc.nh.gov
tom.frantz@puc.nh.gov