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STATE OF NEW HAMPSHIRE



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May 6, 2015

RE: DE 15-087, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Order No. 25,785

To the Parties:

Enclosed is revised page 8 of Order No. 25,785 (April 30, 2015). The third paragraph has been modified.

All other portions of this order remain unchanged. Please substitute the enclosed revised page to your copy of Order No. 25,785.

Very truly yours,

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

Debra A. Howland
Executive Director and Secretary

Enclosure
cc: Service List
Docket File

IV. COMMISSION ANALYSIS

We first address Liberty's annual REP/VMP report and the Company's REP/VMP activities during calendar year 2014. We find that the activities performed by the Company during 2013 were consistent with the goals and parameters of the reliability enhancement and vegetation management programs.

Regarding cost recovery, we allow Liberty to recover the revenue requirement of \$377,950 associated with the capital investment made in 2013 and 2014. We understand that the Company has taken steps to address accounting and timing issues.

Regarding the FairPoint debt, we take a somewhat different view than the Hearings Examiner. According to Liberty, pursuant to the contract between Liberty and FairPoint, FairPoint owes Liberty \$198,691 for VMP services performed in 2013 and \$245,751 for VMP services performed in 2014. Liberty only included the \$245,751 from 2014 in this filing. Liberty did not seek to recover the \$198,691 from 2013 in this or in last year's filing. We find it is not just and reasonable to allow Liberty to add any of the FairPoint debt in its calculation of customer rates. We thus instruct Liberty to remove \$245,751 from the calculation of the REP/VMP adjustment factor when it files complying tariffs with the Commission. If the FairPoint debt is omitted from the calculation, the resulting rate is a credit of 0.017 cents per kWh. With this adjustment, we find that the resulting rates are just and reasonable pursuant to RSA 378:7

Liberty should vigorously pursue its contractual rights to recover the amounts owed for 2013 and 2014 from FairPoint. Further, we note that the Hearings Examiner said in his report that "[c]ustomers will ultimately pay if FairPoint does not" Hearings Examiner Report, at 9. We do not necessarily agree with this statement. It is premature to determine what recourse Liberty may have in the event it is unable to collect from FairPoint.

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.

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