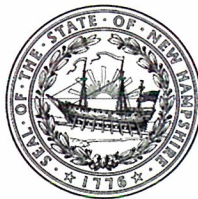


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NHPUC 26MAR'15PM4:12

March 26, 2015

Debra Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

**Re: Docket No. DE 15-092; Liberty Utilities (Granite State Electric) Corp.
d/b/a Liberty Utilities
Request for Waiver of Puc 909.08(h)**

Dear Ms. Howland:

In this letter, Staff recommends that the Commission grant Liberty's request to waive Puc 909.08(h) and extend until May 1, 2016, the deadline for Liberty to seek approval of costs "necessary to upgrade its information systems in order to implement group net metering."

The 2013 statute that established group net metering provides that "hosts shall be responsible for any costs necessary to upgrade a utility's information systems in order to implement this paragraph, as determined by the commission." [RSA 362-A:9, XIV\(d\)](#). The relevant rule subsequently adopted by the Commission provides as follows:

Any distribution utility that seeks to impose upon hosts the costs necessary to upgrade its information systems in order to implement group net metering as authorized by RSA 362-A:9, XIV(d), shall, within 90 days of the effective date of this rule, file with the commission sufficient information for the commission to determine whether the proposed costs are reasonable. Upon receipt of that filing, the commission shall open a docket and expeditiously determine the distribution utility's reasonable costs necessary to upgrade its information systems in order to implement this chapter, and determine how to allocate those costs among hosts.

[Puc 909.08\(h\)](#) (emphasis added). The effective date of Puc 909.08(h) is January 7, 2015. *Id.* The 90 day deadline expires April 7, 2015.

In this docket Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty) requested a waiver of the 90 day deadline. Liberty stated that it needs "additional time to determine whether it will upgrade its information systems to accommodate Puc 909," and that it "is not clear to the Company whether it will need to make changes to its newly implemented customer information

system ... or whether the Company will be able to satisfy those requirements through manual processes, thus obviating the need to seek recovery of any system upgrades.” Liberty Waiver Request at ¶2.

Liberty also alleged that waiving the 90 day deadline of Puc 909.08(h) satisfies the requirements of Puc 201.05. It argued that the waiver “will not disrupt the orderly and efficient resolution of matters before the Commission” because there are no matters now pending that relate to Puc 909.09(h).

The Commission has approved 3 hosts in Liberty’s service area. Of those 3 hosts, 2 are on line and they have a total of 4 members.¹

The group net metering tasks that Liberty must perform which may require an “upgrade [to its] information system” include the following. Liberty must track which customer-generators have become hosts and make monthly payments to those hosts for their excess generation, as opposed to giving bill credits as it does for other net metering customer-generators. Liberty must annually calculate whether the group’s members used more energy than the host generated. If not, Liberty may bill the host for the amount the host was overpaid for that excess generation. Liberty must also file an annual report with the Commission providing basic data related to its group net metering customers. *See* Puc 909.08, “Duties of the Distribution Utility.”

Liberty’s argument is simply that that because it has so few hosts, it would be unreasonable to compel a filing under Puc 909.08(h) now to preserve its right to recover future costs that it may never incur.

Staff recommends that the Commission grant the waiver requested by Liberty and extend the deadline in Puc 909.08(h) to May 1, 2016. Staff’s reasoning follows.

Staff credits the argument that it is premature to force a cost analysis now for a problem that may never require a computer-based solution. If the number of group net metering customers remains small enough for Liberty to economically process them manually, such an analysis would have been a waste of resources. Indeed, Liberty acknowledged that it may never make a filing under Puc 909.08(h). Staff does not want to force Liberty to make a filing under Puc 909.08(h) merely to preserve its rights to seek recovery of costs that it otherwise may not have made. The argument is particularly strong for Liberty given the few hosts in its service area.

Staff also appreciates that the parties are going through the first full year of group net metering and are now seeing the first annual reports. The knowledge gained through this

¹ The Commission has approved 40 hosts in Eversource’s service territory (with the 41st application pending). Of the 40 approved Eversource hosts, 11 are not yet on line and one project was apparently cancelled. The Eversource hosts collectively have 287 members (including 12 members in the possibly cancelled project). Unitil has 1 approved host with 3 members, which is not yet online. The NH Electric Cooperative has 2 hosts, 1 is on line with 3 members.

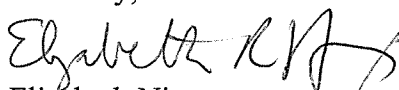
inaugural journey will better inform whether the utilities will need to upgrade their systems and seek recovery under Puc 909.08(h).

The only countervailing interest Staff identified is the uncertainty created by a delay in seeking cost recovery under Puc 909.08(h). Hosts do not know whether they will be charged for computer upgrade costs, how much they may be charged, and when any such charge will be known. Staff heard anecdotally from developers during the rulemaking process that they are concerned about this uncertainty. Setting a firm date for the utilities to make a filing under Puc 909.08(h) was intended to resolve that uncertainty.

Balancing these competing interests, Staff recommends that the Commission grant the waiver and extend the deadline to May 1, 2016. This would provide the hosts and Liberty the experience of more than one full year of operation and two cycles of annual reports. Liberty should then have a better understanding of whether system upgrades will be necessary. An extension will also avoid unnecessary costs of a premature filing to meet the current deadline. Staff believes these benefits outweigh the hosts' uncertainty regarding potential future costs.

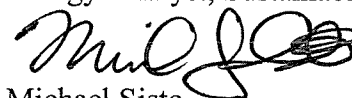
Note that Staff is making a similar recommendation in Docket No. DE 15-073, a waiver request by Public Service Company of New Hampshire, d/b/a Eversource Energy.

Sincerely,



Elizabeth Nixon

Energy Analyst, Sustainable Energy Division



Michael Sisto

Utility Analyst, Consumer Affairs



Michael J. Sheehan, Esq.

Staff Attorney

cc: Commissioners
Service list

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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Docket #: 15-092-1 Printed: March 26, 2015

FILING INSTRUCTIONS:

a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:

DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.

c) Serve a written copy on each person on the service list not able to receive electronic mail.