

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 16-383

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

Petition for Permanent Rate Increase

Order Approving Settlement and Permanent Rates

ORDER NO. 26,005

April 12, 2017

APPEARANCES: Michael J. Sheehan, Esq., on behalf of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities; the Office of the Consumer Advocate by D. Maurice Kreis Esq., on behalf of residential ratepayers; Clifton Below on behalf of the City of Lebanon, NH; and Paul B. Dexter, Esq. and Suzanne Amidon, Esq., on behalf of Commission Staff.

In this order, the Commission approves a Settlement among all parties that calls for a permanent rate increase of \$3,750,000 in annual distribution revenues for Liberty Utilities (Granite State Electric) Corp., effective May 1, 2017. In addition, the Settlement allows three step adjustments to the permanent rates to provide recovery for certain post-test year plant additions. The first step adjustment will also take effect May 1, 2017. A typical residential customer will see an increase of \$5.41 per month or 5.31 percent of the customer's total bill, effective May 1. The Settlement prevents Liberty from requesting another general base rate increase until 2019.

I. PROCEDURAL HISTORY

On April 29, 2016, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities ("Liberty") filed a Petition for Permanent and Temporary Rates pursuant to RSA 378:27 and 378:28, together with a proposed Electricity Delivery Service Tariff. Liberty requested a permanent rate increase of \$5,328,583 in annual distribution revenues and a temporary increase

of \$3,180,666 in annual distribution revenues. With its petition and proposed tariff, Liberty filed testimony and related exhibits of the following witnesses: David Swain, President of Liberty's New Hampshire operations; Steven E. Mullen, Manager of Rates and Regulatory Affairs for Liberty; Howard S. Gorman of HSG Group, Inc.; Christian P. Brouillard, Director of Engineering for Liberty; Heather M. Tebbetts, a Utility Analyst for Liberty; James D. Simpson of Concentric Energy Advisors; Susan Houghton-Fenton, Vice President of Customer Care; Stephen R. Hall, Director of Rates and Regulatory Affairs for Liberty; Robert B. Hevert of Sussex Economic Advisors, LLC; and Joshua C. Nowak of Sussex Economic Advisors, LLC.¹ Exhibit 9.

On May 2, 2016, the Office of the Consumer Advocate ("OCA") notified the Commission that it would be participating in this proceeding on behalf of residential ratepayers pursuant to RSA 363:28. On May 10, 2016, the Commission issued Order No. 25,899 suspending the tariff and scheduling a prehearing conference and technical session for May 23, 2016. The City of Lebanon filed a Petition to Intervene on May 20, which the Commission granted at the May 23 pre-hearing conference. On May 31, the Commission issued a secretarial letter approving a procedural schedule that set a hearing on temporary rates for June 17, 2016. On June 8, the parties met in a technical session and settlement conference concerning the proposed temporary rates. On June 15, Staff filed the testimony of Jay E. Dudley, Utility Analyst in the Electric Division, concerning temporary rates. Exhibit 6.

Between May and October, Staff, the OCA, and the City of Lebanon, issued several sets of data requests to Liberty. The parties met in technical sessions on the permanent rates on October 3 and 4 and November 16 and 17.

¹ By letter received and docketed September 26, 2016, Liberty notified the parties that Timothy S. Lyons of Scott Madden, Inc. (which had recently acquired Sussex Economic Advisors, LLC) would adopt the testimony of Mr. Nowak.

On November 21, 2016, Liberty submitted a Technical Statement of Mr. Mullen and Mr. Gorman, which provided an updated requested revenue requirement of \$5,685,306 and an updated calculation for the proposed 2017 step adjustment. Liberty also filed a technical statement of Mr. Lyons updating Liberty's lead/lag study results and a Technical Statement of Ms. Tebbetts, which presented revisions to the proposed Electricity Delivery Service Tariff.

On December 16, 2016, Staff submitted the testimony of the following PUC employees: Richard Chagnon, Utility Analyst; Leszek Stachow, Assistant Director of the Electric Division; James J. Cunningham, Jr., Utility Analyst; Amanda O. Noonan, Director, Consumer Services and External Affairs; Al-Azad Iqbal, Utility Analyst; and Jay E. Dudley, Utility Analyst. Staff also submitted the testimony of Donna H. Mullinax, CPA, CIA, President of Blue Ridge Consulting Services, Inc.; J. Randall Woolridge, Professor of Finance, Pennsylvania State University; John Antonuk, Randall Vickroy, and Christine Kozlosky of Liberty Consulting Group²; and Michael D. Cannata, Jr., Principal of Innovative Alternatives, Inc. Exhibit 11.

The OCA submitted the testimony of Scott J. Rubin, an outside consultant; Dr. Pradip K. Chattopadhyay, Assistant Consumer Advocate; and James Brennan, the OCA's Finance Director. Exhibit 12. Liberty issued data requests on the testimonies of Staff and the OCA.

On February 3, 2017, Liberty filed Rebuttal Testimony of the following witnesses: Mr. Mullen; Mr. Gorman; Ms. Houghton-Fenton; Mr. Brouillard; Tisha A. Sanderson, Director of Finance; Gerald P. Tremblay, Senior Vice President of Operations of Liberty Utilities Canada Corp.; Mark E. Smith, Vice President of Human Resources; Ms. Tebbetts; Mr. Simpson; and Mr. Hevert. Exhibit 19.

² Liberty Consulting Group is not affiliated with Liberty Utilities.

On February 8, 9, 15 and 16, the parties met in settlement conferences. On March 15, the parties filed a Stipulation and Settlement Agreement Regarding Permanent Rates (“Settlement”) for approval in this case.

On March 21, Liberty filed a motion for protective order seeking confidential treatment of two data responses describing proprietary methods Concentric Energy Advisors used to prepare the marginal cost study presented in this proceeding. Liberty also sought to protect two data responses containing salary and benefit information for certain employees, including two officers.

The Commission held a hearing on the Settlement on March 21, 2017, where the parties sponsored a panel of witnesses consisting of Mr. Mullen and Mr. Brouillard from Liberty, Mr. Dudley and Ms. Noonan from Staff, and Dr. Chattopadhyay from the OCA.

II. POSITIONS OF THE PARTIES

A. Initial and Updated Filing

1. Liberty

Liberty initially requested a permanent increase of \$5,328,583 in distribution revenues, representing an increase to total distribution revenues of 15.01 percent, and a step increase of \$2,420,717, based on additional capital spending of \$14,227,039 million during 2016. The permanent rate increase was requested to be effective July 1, 2016, and the step adjustment was to be effective on the same date as the permanent rates, but no earlier than January 1, 2017. The Commission suspended the permanent rate increase until May 1, 2017, pending investigation. In November 2016, Liberty recalculated its revenue deficiency for permanent rates to be \$5,685,306 and its revenue deficiency for the step adjustment to be \$2,735,873, based on capital spending in 2016 of \$18,197,021.

Liberty proposed an allowed return on equity of 10.30 percent, a capital structure of 55 percent equity and 45 percent debt, and a debt rate of 5.88 percent, resulting in an overall weighted cost of capital of 8.32 percent. Liberty also requested approval to implement a series of four annual step adjustments for effect May 1, 2018, 2019, 2020, and 2021, to reflect the revenue requirement associated with ongoing plant additions. Liberty stated that during 2015, the test year in this case, it earned an overall return on rate base of 5.93 percent, which was well below 7.92 percent, the return authorized in 2014 in its last rate case.

In addition, Liberty requested that the amount of operation and maintenance (“O&M”) expense associated with its Vegetation Management Program (“VMP”) included in base rates be increased from \$1,360,000 to \$1,500,000, to cover the cost of moving from a five-year vegetation trim cycle to a four-year cycle. Similarly, Liberty requested that its target level of investment in its Reliability Enhancement Program (“REP”) be increased from \$1,000,000 to \$1,500,000.

In its proposal, Liberty sought to increase the customer charge under Rates D and D-10 (domestic use), G-3 (general services for small non-residential customers), T (limited total electric living) and V (limited commercial space heating) to \$14.50 per month. For Rates G-1 and G-2 (general service for larger non-residential customers), the customer charges would increase by the overall proposed percentage rate increase. Liberty proposed to phase out controlled water heater rates available under Rates D and T, over a 2-year period. Liberty also proposed to consolidate the two rate blocks under rate D into one flat rate for all kWh used. In addition, Liberty proposed to add a \$35 Service Connection/Activation fee when a company employee is required to go to a location and read a meter. Liberty proposed several other changes to its terms and conditions of delivery service contained in Tariff - NHPUC No. 20.

Liberty requested approval to shorten the length of time that it would hold its customers harmless against the elimination of Accumulated Deferred Income Taxes (“ADIT”) associated with plant in service in 2012, when Liberty Utilities acquired Granite State Electric Company. Under the hold harmless methodology adopted in DG 11-040, Order No. 25,370 (May 30, 2012), Liberty would make rate base deductions for ADIT on pre-acquisition assets (in decreasing amounts) until the year 2074. Liberty proposed to increase the amounts deducted from rate base but for a shortened period (until 2030) based on a net present value calculation, so that customers would not be adversely impacted.

Liberty also requested that it be allowed to continue its current policy whereby any residential underground services are owned and maintained by its customers. In addition, proposed Tariff - NHPUC No. 20 included provisions under which Liberty would offer LED outdoor lighting fixtures to customers. Exhibits 9 and 10.

2. Office of Consumer Advocate

The OCA submitted the testimony of three witnesses in this proceeding. Dr. Chattopadhyay recommended an allowed return on equity of 8.50 percent. Mr. Brennan recommended that the Commission deny the step adjustments proposed by Liberty and tie recovery of future plant additions to performance metrics. Mr. Rubin recommended that any authorized rate increase be allocated among customer classes by increasing each class’s existing revenues by an equal percentage. Also, Mr. Rubin recommended that any discounts or credits for controlled load be eliminated immediately because the Company no longer has the capability to control load making any related discounts or credits unduly discriminatory. Mr. Rubin proposed a rate design for Rate D that would increase revenues from Rate D customers by 15 percent. Exhibit 12.

3. City of Lebanon

The City did not file testimony in this proceeding.

4. Staff

Staff recommended a permanent rate increase of \$1,196,150, based on a recommended return on equity of 8.85 percent (which Staff recommended be further reduced to 8.35 percent due to Liberty's customer service performance) and a capital structure consisting of 50 percent equity and 50 percent debt. Staff recommended that Liberty's proposed rate base be reduced by \$5.8 million based on significant capital budget variances and related concerns over Liberty's cost control practices in 2014 and 2015. Staff recommended that the proposed step adjustments be denied to the extent they included any plant investments made to meet new, stricter planning criteria that Liberty adopted in 2016. Staff recommended disallowance of costs associated with Liberty leasing a new training center from its affiliate. Staff testified that several of Liberty's proposed O&M expenses (such as payroll, pensions, and severance) and rate base items (such as working capital, prepayments, and materials and supplies) be reduced. Staff recommended that the Rate D two-block design be phased out over two years. Staff also questioned Liberty's heavy reliance on historical average costs in its marginal cost study. Staff proposed that Liberty take ownership of newly installed residential underground services. Exhibit 11.

B. Liberty Rebuttal

In rebuttal testimony, Liberty maintained that all of its capital expenditures were prudently incurred and should be included in rate base. Liberty maintained that Staff's criticism of its customer service efforts was unwarranted and based on incomplete evidence. Similarly, Liberty maintained that Staff's rejection of the lease expenses for the training center was based on inadequate analysis and relied on options for training that no longer exist. In addition, Liberty

contested Staff and the OCA's criticism of its marginal cost study methods and its requested return on equity of 10.3 percent, and re-affirmed its support for the positions it took in its original filing. Liberty concluded that its entire rate increase request and step adjustments should be approved. Exhibit 19.

C. Settlement Agreement

On March 15, 2017, the parties submitted the Settlement, intending to resolve all issues in this matter. Exhibit 20. The Settlement provides for an increase to permanent rates of \$3,750,000 on an annual basis, coupled with a step adjustment of \$2,473,723 for plant additions made in 2016, both effective May 1, 2017. In addition, the Settlement allows for step adjustments for specified levels of plant additions in 2017 and 2018 to take effect May 1, 2018, and May 1, 2019. The Settlement provides for recoupment of the difference between the permanent rate levels agreed to and the temporary rates approved effective July 1, 2016. This recoupment, together with the rate case expenses incurred during the proceeding (subject to audit by the Commission), will take place over a 20-month period beginning May 1, 2017, and ending December 31, 2018.

The Settlement provides that cash working capital on transmission costs will hereafter be recovered through a transmission cost adjustment mechanism in Liberty's Annual Retail Rate Adjustment filing, rather than in base rates, as had been done in the past. Concerning rate class revenue requirements, the parties agree to use the marginal cost study presented by Liberty in this case, and to meet to discuss marginal cost study methodology before Liberty's next rate case. The Settlement sets the customer charge for Rates D, D-10, G-3, T and V at \$14.50 per month. Customer charges for other rate classes are increased in proportion to the overall rate

increase provided for under the Settlement. The two-block, inclining rate structure for electricity usage under Rate D will be phased out in equal annual steps, with a flat rate being effective May 1, 2019.

Under the Settlement, Liberty will meet with the parties to devise a tariff for effect September 30, 2017, which will require Liberty to take ownership of new underground residential services. Actual costs incurred while undertaking this change in policy can be recovered in the May 1, 2018, step adjustment. Liberty's Reliability Enhancement Program/Vegetation Management Program will be continued under the Settlement, with certain changes. Vegetation trim cycles will shorten from 5 years to 4 years and Liberty will report reliability statistics on a circuit by circuit basis with an indication as to which circuits have transitioned to the 4-year cycle and which remain on the 5-year cycle. In addition, the level of O&M expense built into base rates is increased to \$1,500,000 and the target level for capital spending for REP measures is increased to \$1,500,000 per year. The Settlement provides that Liberty will use accrual accounting for all future reconciliation filings.

Concerning customer service, Liberty's performance will be measured during 2017, 2018, and 2019, using three metrics, each with a penalty provision of a \$1 credit per customer, in the event that Liberty's performance does not meet specified performance levels. First, Liberty will be required to answer 80 percent of calls to its call center, excluding those coming through emergency lines, within 20 seconds (with exceptions for major storm events and the implementation of a new customer service and billing system). Second, Liberty must have no bills (over a small threshold of 0.05 percent of bills rendered) held for more than 30 days (with an exception for the implementation of a new customer service and billing system). Third, Liberty must meet a customer satisfaction level of 80 percent or better, based on annual customer

satisfaction surveys. The three possible \$1 per customer credits for Liberty's failure to perform as required are cumulative, and any such penalties that are credited to customers will be recorded below the line and not be recovered through rates.

The Settlement provides that Liberty's proposed LED outdoor lighting tariff provisions be approved as filed and that Liberty will work with the parties to develop more flexible terms allowing for alternative fixtures and for customer installation and maintenance. The Settlement further provides that Liberty may amortize the costs of a recent Commission mandated audit over a 24-month period. For assets owned by Granite State Electric Company at the time it was acquired by Liberty Utilities, the Settlement allows Liberty to shorten the period over which ADIT is reflected in future rate cases, in a manner that holds Liberty's customers harmless. The Settlement establishes depreciation rates for Liberty to use until its next rate case. The Settlement provides that the test year for Liberty's next rate case cannot be earlier than the 12-month period ending December 31, 2018, effectively postponing any general rate case filing until spring 2019 or after. The Settlement allows for rate increases or decreases for certain exogenous events (over a threshold impact of \$150,000 on revenue requirement).

The Settlement includes many changes to Liberty's tariff for delivery service that are specified in Attachment 9 to the Settlement. The Settlement requires that Liberty report on capital budget variances going forward.

At the March 21 hearing, all parties urged the Commission to adopt the Settlement as filed, noting that it provided for a just and reasonable result. The City stated that it looks forward to working with the Company on designing the LED outdoor lighting tariff provisions to help secure greater flexibility for customers.

D. Liberty's Motion For Protective Order Related to Discovery Responses

On March 21, Liberty filed a motion for protective order seeking confidential treatment of four data responses submitted during this proceeding. Specifically, Liberty seeks protection for Response OCA 1-106, Attachment, 106.1.xlsx and Attachment 106.2.xlsx and Response Staff 5-37, Attachments 5-37.1.xlsx through 5-37.14.xlsx. Liberty claims that those responses contain proprietary methods of Concentric Energy Advisors, its marginal cost consultant, that should be protected from public disclosure to protect Concentric's competitive position. In addition, Liberty seeks to protect Response to Staff 6-26 (which contains individual salary information for 20 non-officer employees and 1 vice president) and Response to Staff 11-39, Attachment.xlsx (which contains individual salary and benefits information for two individuals who held the office of Liberty's president during 2015). Liberty claims this information should not be disclosed to the public in order to protect the privacy of its employees.

No party objected to Liberty's motion.

III. COMMISSION ANALYSIS

The Commission is authorized to fix rates after a hearing, upon determining that rates, fares, and charges are just and reasonable. RSA 378:7; *see* RSA 374.1; RSA 374:2. 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. RSA 363:17-a; *EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,202 at 17 (March 10, 2011).

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 approve the disposition of a contested case by settlement if it determines 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 at 17 (March 10, 2011). 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.* at 18. As stated above, the underlying standard to be applied to this Settlement is whether the agreed to rates are just and reasonable.

During the test year, Liberty earned a return on distribution investments of 4.62 percent, below the Company's authorized return of 7.92 percent set in its last distribution rate case in 2014. Exhibit 10 at 13; Order No. 25,638 at 10 (March 17, 2014). Both Staff and OCA recommended that Liberty be permitted to increase base rates, based on their reviews of the Company's proposal. Liberty states that it requires a rate increase in order to recover increased costs of doing business since its last rate case, arising largely from substantial capital investments that benefit the safety and reliability of its system. Exhibit 9 at 86. We find that the Company has demonstrated a need for a distribution rate increase, and the Settlement provides for such an increase.

The Settlement represents a compromise and liquidation of all issues in this proceeding and was joined by all parties. The Settlement calls for an overall revenue increase of \$3,750,000 plus an initial step increase of \$2,473,723, both effective May 1, 2017. We compare these amounts to the revenue increase sought by Liberty in its November 18, 2016, updated filing (a revenue increase of \$5,685,306 plus an initial step of \$2,735,873). Exhibit 10 at 13, 60. We also compare the Settlement terms to Staff's recommendations (a revenue increase of \$1,196,150 plus a reduced and delayed initial step adjustment). Exhibit 11 at (Mullinax) 6, (Cannata) 17. Further, the Settlement provides for two additional step adjustments, as compared to four proposed by Liberty and zero recommended by Staff. These comparisons, while not conclusive, provide some evidence that the revenue increase and the step adjustments in the Settlement represent negotiated results, and that the Settlement is reasonable.

The Settlement provides for an overall rate of return of 7.64 percent based on a return on equity of 9.40 percent and a capital structure of 50 percent equity and 50 percent debt. Liberty originally requested an overall rate of return of 8.32 percent based on a return on equity of 10.30 percent and a capital structure of 55 percent equity and 45 percent debt. In its testimony, Staff recommended a return on equity of 8.85 percent reduced to 8.35 percent due to Liberty's customer performance issues, and a capital structure of 50 percent equity and 50 percent debt. We find the agreed-upon rate of return and return on equity, which is lower than that proposed by Liberty originally, and lower than the 7.92 percent rate of return allowed in Liberty's most recent base rate case, to be a reasonable compromise and within the scope of precedent. *See, e.g., Liberty Utilities (Granite State Electric) Corp., d/b/a Liberty Utilities*, Order No. 25,638 at 16 (March 17, 2014) (approving a settlement return on equity of 9.55 percent and a capital structure of 55 percent equity and 45 percent debt); *Unitil Energy Systems, Inc.*, Order

No. 25,214 at 7 (April 26, 2011) (approving settlement return on equity of 9.67 percent and a capital structure of 45.61 percent equity and 54.39 percent debt).

Further, we note that the process leading up to a proposed settlement is a relevant factor in determining whether the settlement should be approved. Specifically, the fact that parties to a settlement represented a diversity of interests, and that there was a demonstration that the issues were diligently explored and negotiated at length, provides a basis for concluding that the results of a settlement are reasonable and in the public interest. *Public Service Company of New Hampshire*, Order No. 25,123 at 29 (June 28, 2010). In this matter, party diversity and diligent review of the issues are clearly present, as evidenced by the testimony submitted. *Compare* Exhibits 9 and 19 (Liberty) *with* Exhibit 11 (Staff) *and* Exhibit 12 (OCA).

We have reviewed the Settlement's treatment of working capital on transmission costs, recoupment mechanisms, rate case expense recovery, customer service performance, and provisions for exogenous events. Similarly, we have reviewed the provisions concerning rate design, residential underground services, accrual accounting, LED outdoor lighting, REP/VMP, and ADIT. We find that these provisions appropriately balance the interests of Liberty and its customers. We support the future meetings for additional study of marginal cost methodology to inform future rate case filings, and for residential underground services, and LED outdoor lighting to allow for more detailed analyses of the issues surrounding these changes in service, prior to implementation

Regarding Liberty's motion for protective order filed March 21, 2017, RSA 91-A:5, IV states, in relevant part, that records of "confidential, commercial, or financial information" are exempted from disclosure. *See Unitil Corp. and Northern Utilities, Inc.*, Order No. 25,014, 94 NH PUC 484, 486 (2009). In determining whether commercial or financial information should

be deemed confidential, we first consider whether there is a privacy interest that would be invaded by the disclosure. *Id.* Second, when a privacy interest is at stake, the public's interest in disclosure is assessed. *Id.* Disclosure should inform the public of the conduct and activities of its government; if the information does not serve that purpose, disclosure is not warranted. *Id.* Finally, when there is a public interest in disclosure, that interest is balanced against any privacy interests in non-disclosure. *Id.* This is similar to the Commission's rule on requests for confidential treatment. *See* N.H. Code Admin. Rules Puc 203.08.

The Commission has previously found the category of information for which Liberty seeks protection to be exempt from disclosure. The Commission grants the motion as it concerns the marginal cost study methods of Concentric. The Commission sees little or no value in publicly disclosing this information, and the Commission has protected the legitimate commercial interest of utilities' consultants in the past. *Unitil Corporation and Northern Utilities, Inc.*, Order No. 25,014 at 8 (September 22, 2009). Concerning the salaries of non-officer employees, the Commission will protect this information consistent with its longstanding practice of protecting specific compensation information for non-officer employees. *Id.* (citing utilities' interest in attracting qualified personnel). Finally, concerning the vice president and president's salary and benefits, we will likewise protect this information from public disclosure for the following reasons: disclosure could harm Liberty's ability to attract qualified personnel; the president's salary is redacted from Liberty's FERC Form No. 1 (See p. 104 of the 2015 report); and past precedent has required disclosure of officers' compensation in aggregate while protecting individual information. *See EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,119 at 11 (June 25, 2010). Here, the information at issue is for only three individuals and two positions, so aggregation would provide

little or no protection from disclosure. Further, while disclosure of that information would inform the public about the workings of the Commission, in balancing the interests of Liberty in protecting information with the public's interest in disclosure, we find that the privacy interests in non-disclosure outweigh the public's interest in disclosure. *See Union Leader Corp. v. NH Housing Finance Auth.*, 142 N.H. 540, 545 (1997) (benefits of disclosure must be weighed against benefits of non-disclosure). Therefore, we grant Liberty's motion. Consistent with Puc 203.08(k), our grant of this motion is subject to our on-going authority, on our own motion, on the motion of Staff, or on the motion of any member of the public, to reconsider our determination.

To conclude, we find that the Settlement provides for a just and reasonable resolution to this case that is in the public interest. Accordingly, we approve the entire Settlement as presented and incorporate its terms and conditions into this Order. To facilitate the efficient administration of the Settlement, we authorize the signatories to modify the Settlement so long as any modification is mutually agreed to by all parties and is 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 Stipulation and Settlement Agreement Regarding Permanent Rates between Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities, Staff, Office of the Consumer Advocate, and the City of Lebanon 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 in base rates of an increased revenue requirement of \$3,750,000, on an annual basis, effective with service rendered on and after May 1, 2017; and it is

FURTHER ORDERED, that Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities is authorized to begin recovery in base rates of a step increase of \$2,473,723, on an annual basis, effective with service rendered on and after May 1, 2017; and it is

FURTHER ORDERED, that subject to review, adjustment, and final Commission approval, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities is authorized to begin recovery of \$444,700 of rate case expense beginning with service rendered as of May 1, 2017, and ending with service rendered as of December 31, 2018, with any Commission approved adjustments to this amount being reflected beginning with service rendered as of May 1, 2018; and it is

FURTHER ORDERED, that Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities is authorized to begin recovery of the \$1,162,517 difference between the authorized temporary and permanent rates, beginning with service rendered as of May 1, 2017, and ending with service rendered as of December 31, 2018; and it is

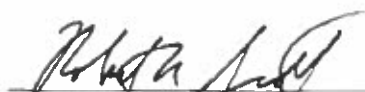
FURTHER ORDERED, that the Motion for Protective Order Related to Discovery Responses filed March 21, 2017, is hereby granted, and it is

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).

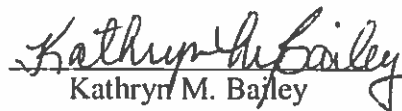
By order of the Public Utilities Commission of New Hampshire this twelfth day of April,
2017.



Martin P. Honigberg
Chairman



Robert R. Scott
Commissioner



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

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 #: 16-383-1 Printed: April 12, 2017

FILING INSTRUCTIONS:

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

**DEBRA A HOWLAND
EXEC 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.**