

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

Docket No. DG 18-XXX

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

Petition to Sell Water Heater Rental Program

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (the “Company” or “Liberty”), through counsel, respectfully petitions the New Hampshire Public Utilities Commission pursuant to RSA 374:30 for leave to sell its water heater rental program to Grand HVAC Leasing USA, LLC (“GHL”), a company whose core mission is to sell and rent water heaters and related products.

In support of this petition, the Company states as follows:

1. Liberty’s electric water heater rental program (the “Program”) is a remnant of the era when electric distribution companies created programs to encourage customers to use more electricity. Liberty inherited the Program from its prior owner. Under the Program the Company buys water heaters, has them installed at customer properties, and charges the customer a monthly rate that is included in their regular utility bill. The Customer incurs no upfront costs. So long as the customer pays the monthly charge, the Company is responsible to repair and, if necessary, replace the water heater, even if the water heater has reached the end of its useful life. Some customers have been with the Program for decades.
2. The Company presently has about 1,500 customers in the Program, and thus owns that many water heaters, plus some new water heaters in inventory.

3. Liberty decided to sell the Program for a number of reasons. First, operating a water heater rental program is not Liberty's core business, and thus takes resources away from those core tasks. Second, the Company is having trouble locating contractors to provide services to Program customers that are called for under the Program. A company more focused on the water heater business will be better able to meet these challenges. And third, the Program currently operates at a net loss.

4. Liberty contacted several companies involved in the water heater business to determine if they had interested in buying the Program. After receiving interest from a couple of those companies and reviewing their offers, Liberty decided to sell the program to GHIL based on its proposal. GHIL has agreed to buy the Program at a price equivalent to Liberty's net book value of the water heater portfolio as of the date the transaction closes.

5. Although the Program is not now and has never been in the Company's tariff, the revenues and expenses have always been recorded "above the line," and thus the Company needs Commission approval of the sale under RSA 374:30.

6. RSA 374:30, I, provides, in part: "Any public utility may transfer or lease its franchise, works, or system, or any part of such franchise, works, or system, exercised or located in this state ... when the commission shall find that it will be for the public good and shall make an order assenting thereto."

7. The Commission has interpreted "public good" in the context of RSA 374:30 as a transaction that causes no net harm: "The Commission has historically applied a 'no harm' standard when evaluating requests to transfer utility assets." *New England Power Co.*, Order No. 22,982 (July 20, 1998); see *Montaup Electric Co.*, Order No. 23,239 at 9 (June 21, 1999) ("the public good standard for a transaction pursuant to RSA 374:30 was established by the New

Hampshire Supreme Court in *Grafton County Electric Light and Power Co. v. State*, 77 N.H. 539 (1915), [in which] the Court found that a transfer of utility property was for the public good if ‘not forbidden by law . . .’ and the public would not be harmed by the transaction”).

8. Liberty includes the following documents in support of this petition;
 - a. The Joint Direct Testimony of Eric M. Stanley and Steven E. Mullen; and
 - b. Attachment EMS/SEM-1 to that testimony which contains a number of documents that describe the transaction and related supporting details.

9. For the reasons stated above, and as more fully described in the attached joint testimony of Messrs. Stanley and Mullen, the proposed sale satisfies the “public good” standard of RSA 374:30.

10. The Company respectfully asks the Commission to approve the sale without a hearing. *See Hampstead Area Water Co.*, Order No. 23,954 at 6 (Apr. 19, 2002) (“Since the applicable law governing this docket, RSA 374:30, does not require a hearing before the Commission on such matters, since public notice of the proceeding was issued and no parties intervened, and since all parties in this docket have reached agreement on all issues pertinent to this case, we do not feel that it is necessary to conduct a public hearing on this matter”). The Company requests such approval by March 31, 2018, to limit the amount of time after this filing for the transaction to be completed, given the transition period for customers following Commission approval, and to limit the amount of operating losses that might otherwise be incurred by the Company.

WHEREFORE, Liberty respectfully asks that the Commission:

- A. find that the Company’s sale of the Program to GHG is for the “public good” and approve the sale without a hearing by March 31, 2018;
- B. in the alternative, find that the proposed sale is for the public good and approve the sale by order nisi by March 31, 2018; and

- C. Grant such other relief as is just and reasonable and consistent with the public interest.

Respectfully submitted,

Liberty Utilities (Granite State Electric) Corp. d/b/a
Liberty Utilities

By its Attorney,



Date: February 7, 2018

By: _____

Michael J. Sheehan, Senior Counsel #6590
116 North Main Street
Concord, NH 03301
Telephone (603) 724-2135
michael.sheehan@libertyutilities.com

Certificate of Service

I hereby certify that on February 7, 2018, a copy of this petition has been forwarded to the Office of Consumer Advocate.



By: _____

Michael J. Sheehan