

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 19-120

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

2019 Least Cost Integrated Resource Plan

Order Approving Settlement Agreement

ORDER NO. 26,408

September 23, 2020

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., and Christa Shute, Esq., on behalf of residential customers; Assistant Mayor Clifton Below, on behalf of the City of Lebanon; and Brian D. Buckley, Esq., on behalf of Commission Staff.

In this Order, the Commission finds that Liberty's July 15, 2019, filing meets the requirements of Order No. 26,039 and Order No. 26,261, which granted partial waiver of Liberty's statutory requirement to file a 2019 Least Cost Integrated Resource Plan and instead required a more limited document. Consistent with the filing requirements under RSA 378:38, Liberty shall submit its 2021 LCIRP filing on or before January 14, 2021.

I. PROCEDURAL HISTORY

On July 15, 2017, the Commission approved the 2016 Least Cost Integrated Resource Plan (LCIRP) for Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty or the Company). The Commission also required Liberty to file its next LCIRP on or before July 1, 2019, along with standard operating procedures demonstrating that its employees and managers integrate day-to-day and long term planning with the Company's least-cost planning objectives. Order No. 26,039 at 7 (July 10, 2017).

On April 15, 2019, Liberty requested that the Commission waive Liberty's obligation under RSA 378:38 to file an LCIRP pursuant to the Commission's authority under RSA 378:38-a. On June 14, the Commission waived Liberty's obligation to file an LCIRP within two years of the commission's final order regarding the utility's prior plan. Order No. 26,261 at 6 (June 14, 2019). The Commission instead required the Company to make a more limited filing. The limited filing was to update the status of deliverables required by the Commission order approving Liberty's 2016 LCIRP, and to confirm that Liberty was still following the procedures, criteria, and policies outlined in its 2016 LCIRP. *Id.* The Commission declined to waive Liberty's RSA 378:38 obligation to file an LCIRP within five years of the filing date of the prior plan. *Id.* at 6.

On July 15, 2019, Liberty submitted the filing required by Order No. 26,261. Hearing Exhibit (Exh.) 1. Liberty also filed a motion for confidential treatment of certain documents it viewed as relating to critical equipment and facilities, but the Company later withdrew its request and filed unredacted copies of those documents. The Office of the Consumer Advocate (OCA) filed a notice of participation pursuant to RSA 363:28 on August 27.

The Commission issued an Order of Notice on August 30, 2019, and scheduled a prehearing conference for September 25. The City of Lebanon petitioned to intervene on September 19, which the Commission granted at the pre-hearing conference. The parties engaged in multiple rounds of discovery and technical sessions. Commission Staff (Staff) filed the testimony of Kurt F. Demmer on January 23, 2020. Exh. 2. Liberty, the OCA, the City of Lebanon, and Staff (Settling Parties) participated in settlement discussions, which resulted in a Settlement Agreement filed on June 24 (Settlement). Exh. 3. The Commission held a hearing on the Settlement on July 2.

Liberty's filing from July 15, 2019, the Settlement, and other docket filings, except any information for which confidential treatment is requested of or granted by the Commission, are posted at: <https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-120.html>.

II. POSITIONS OF THE PARTIES

A. Liberty

Liberty's July 15, 2019, filing included a description of the tools the Company used to evaluate the distribution system for development of its 2016 LCIRP, and confirmation that the Company is continuing to use those tools to evaluate the distribution system for planning purposes. Exh. 1 at 10-11. The filing also included several attachments relating to Liberty's standard operating procedures. *Id.* at 190-2083. Liberty asserted that the attachments demonstrate that its employees and managers integrate day-to-day and long-term planning with the goals of least-cost planning. *Id.* at 12-15.

B. Commission Staff

Staff observed that Liberty was no longer using the established procedures, criteria, and policies outlined in its 2016 LCIRP. Exh. 2 at 4. Staff cited several procedures, criteria, and policies that had been developed or revised since the approval of the Company's 2016 LCIRP. Those included an additional equipment rating criteria for distribution transformers, several strategy documents, reliability-based review processes and identification tools, and distribution construction standards for overhead and underground equipment. *Id.* at 5. Staff asserted that Liberty's failure to file substation maintenance procedures and standards is inconsistent with the Order No. 26,261 requirement that the Company provide its standard operating procedures. *Id.* at 6-7.

Staff also expressed concern with Liberty's use of design and planning criteria that are more conservative than other regulated New Hampshire electric distribution utilities. Those

criteria included the Company's distribution feeder and substation transformer design criteria, calculation of equipment's long-term emergency rating, and the amount of acceptable load at risk during a first contingency event. *Id.* at 7-10.

Staff recommended that the Company's January 2021 LCIRP provide a level of detail regarding planned capital projects, circuit level load forecasts, and system visibility consistent with Unitil's 2016 LCIRP filing. *Id.* at 10-11. Staff also recommended Liberty revise its planning and design criteria to be consistent with the other New Hampshire electric distribution utilities. *Id.* at 11-12. Based on those potential revisions, Staff recommended the Commission require the Company to suspend any investments arising from the 2016 LCIRP planning criteria. *Id.* at 12-13.

C. Office of the Consumer Advocate and City of Lebanon

The Office of the Consumer Advocate and City of Lebanon did not file testimony, but were signatories to the Settlement.

III. SETTLEMENT AGREEMENT

In the Settlement Agreement, the Settling Parties agree Liberty complied with the requirements of Order No. 26,261 and that a related Settlement in Docket No. DE 19-064 resolves any disagreements related to Liberty's planning criteria, contingent upon Commission approval of that Settlement.¹ Exh. 3 at 3. The Settlement also commits Liberty to providing Staff with access to the Company's distribution electric operating procedures through its Liberty Utilities – Manuals website. *Id.*

The Settlement describes requirements of Liberty's 2021 LCIRP related to non-wire solutions (NWS), including a commitment by Liberty to develop a list of capital projects that

¹ The Commission approved the Settlement Agreement in DE 19-064 by Order No. 26,376 dated June 30, 2020.

could be deferred or eliminated through deployment of NWS.² Thereafter, Liberty has agreed to work with the Settling Parties to identify an NWS candidate for more detailed analysis. The Settlement also includes a commitment by Liberty to work with the Settling Parties to further address the Company's practices for evaluating potential NWS projects.

IV. COMMISSION ANALYSIS

We encourage parties to settle issues through negotiation and compromise because it is an opportunity for creative problem solving, allows the parties to reach a result in line with their expectations, and is often a better alternative to litigation. *Granite State Electric Co.*, Order No. 23,966 at 10 (May 8, 2002); *see* RSA 541-A:31, V(a) (“informal disposition may be made of any contested case ... by stipulation [or] agreed settlement”). 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. New Hampshire Administrative Rule Puc 203.20(b) requires the Commission to determine, prior to approving disposition of a contested case by settlement, that the settlement results are just and reasonable and serve the public interest.

Even where all parties join a settlement agreement, the Commission cannot approve it without independently determining that the results comport with applicable standards.

EnergyNorth Natural Gas Inc. d/b/a National Grid NH, Order No. 25,202 at 18 (March 10, 2011).

We appreciate the commitment of the parties to work together prior to the 2021 LCIRP filing to further evaluate issues relating to the integration of NWS into Liberty's least-cost planning process. We view the Settlement's requirements for the next LCIRP as a thoughtful

² The parties agreed that terms of the Settlement supplement, rather than displace, any existing guidance provided by the Commission regarding the 2021 LCIRP.

approach to assist the Company in crafting an LCIRP that meets the relevant statutory requirements. We also appreciate that the Settlement offers Staff access to Liberty Utilities – Manuals so that Staff may stay informed about any changes to distribution electric operating procedures.

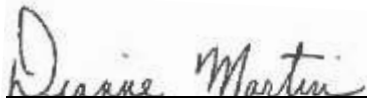
We find that the Settlement is a just and reasonable resolution of all issues considered in this limited update. We have reviewed the 2019 LCIRP and find that it adequately addresses the elements we required Liberty to address in Order No. 26,261. On that basis, we determine Liberty has complied with the directives of Order No. 26,261.

Based on that finding and the analysis above, we find the Settlement is in the public interest and will result in just and reasonable rates and approve it on that basis.

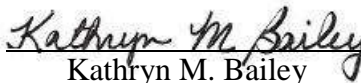
Based upon the foregoing, it is hereby

ORDERED, that Liberty has satisfied the requirements of Order No. 26,261; and it is **FURTHER ORDERED**, that the Settlement Agreement, including a provision for Staff access to the Liberty Utilities – Manuals site and describing requirements for Liberty’s next filed LCIRP is hereby APPROVED.

By order of the Public Utilities Commission of New Hampshire this twenty-third day of September, 2020.



Dianne Martin
Chairwoman

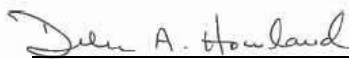


Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



Debra A. Howland
Executive Director

Service List - Docket Related

Docket#: 19-120

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