

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 22-018

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

Annual Retail Rate Adjustment Filing

Order Approving Rate Adjustments

ORDER NO. 26,619

April 28, 2022

This order approves Liberty's annual retail rates for recovering transmission costs, and other ancillary costs, for the 12-month period beginning on May 1, 2022. These rates include a newly proposed and approved herein Property Tax Adjustment Mechanism to recover uncollected property-tax related costs incurred by Liberty in its provision of service.

I. PROCEDURAL HISTORY

On March 22, 2022, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty, or the Company), requested approval of its Stranded Cost Charge and its Transmission Charge, for effect on a service-rendered basis on and after May 1, 2022. The Commission issued a Commencement of Adjudicative Proceeding and Notice of Hearing order on April 1, 2022, scheduling a hearing in this matter for April 19, 2022. In a Procedural Order dated April 1, 2022, the Commission approved Liberty's requested waiver of N.H. Code Admin. Rules Puc 1603.05(b), which requires the inclusion of illustrative Tariff pages. The Company subsequently filed a "Technical Statement" on April 14, 2022, clarifying and modifying certain aspects of its petition. On April 21, 2022, Liberty filed a response to a Commission record request made at hearing regarding this matter.

The Company's petition and associated docket filings are posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-018.html>

II. POSITIONS OF THE PARTIES

A. Liberty

Liberty's Stranded Cost Charge recovers contract termination charges billed by New England Power Company (NEP) in connection with the termination of NEP's all-requirements power contracts with National Grid, prior to the advent of retail competition in Liberty's service territory. The Commission approved the applicable recovery mechanisms in *Granite State Electric Co.*, Order No. 23,041 (October 7, 1998). Liberty acquired Granite State Electric Company and the associated obligations from National Grid in 2012. *See National Grid USA, et al.*, Order No. 25,370 (May 30, 2012).

The proposed Stranded Cost Charge consists of two components: (1) a uniform per kWh charge Liberty collects from (or refunds to) all customers reflecting contract termination charges assessed by NEP; and (2) a Stranded Cost Adjustment Factor to reconcile any excess or deficiency from the prior year. Liberty proposes to change the current uniform charge per kWh, which is a credit to customers of 0.080 cents per kWh, to a credit of 0.050 cents per kWh. The Stranded Cost Adjustment Factor generally varies by rate class; in this case, the factor is proposed to be an average credit of 0.001 cents per kWh effective May 1, 2022.

Liberty's Transmission Charge includes the costs incurred for transmission service. Liberty recovers costs charged by ISO New England (ISO-NE), the operator of the regional power grid, through the ISO-NE Open Access Transmission Tariff (OATT), as approved by the Federal Energy Regulatory Commission (FERC), and as billed to Liberty by NEP. Liberty is also billed for transmission over NEP's local transmission

facilities, which are not subject to ISO-NE's tariff jurisdiction. These costs result in an average charge of 3.161 cents per kWh for Liberty's customers, a slight increase of 0.104 cents per kWh from the current charge of 3.057 cents per kWh, reflecting increased transmission costs in the ISO-NE system. *See Company Response to Record Request RR 1-1.*

Liberty also credits customers for Regional Greenhouse Gas Initiative (RGGI) allowance auction revenues through the Transmission Charge. For this upcoming year, this proposed credit is an average of 0.391 cents per kWh. *See Company Response to Record Request RR 1-1.* Liberty also uses a transmission reconciliation charge component to balance the Company's working capital requirement on transmission costs, and any transmission service under- or over-collections from the prior year incurred from Liberty's utilized ISO-NE or NEP local transmission services. The Company proposes an average charge of 0.100 cents per kWh for this component as part of its petition.

For this filing, due to the Company's integration of revenue decoupling as of July 1, 2021, it is sun-setting its "Lost Revenue Adjustment Mechanism" component of the Transmission Charge derived from Liberty's lost base revenue from net metering. Therefore, the current average Lost Revenue Adjustment Mechanism charge of 0.048 cents per kWh is being eliminated from the proposed rates for the upcoming year.

Also, as part of its petition, Liberty requests approval of its new Property Tax Adjustment Mechanism ("PTAM") as part of the Transmission Charge, and the first reconciliation under the PTAM. Liberty seeks approval for this rate feature under the terms of RSA 72:8-b, and the Company points to the similar proposals approved for Unitil Energy Systems, Inc. in Order No. 26,443 (July 29, 2021) and Eversource in Order No. 26,433 (December 15, 2020); and Liberty's gas utility affiliate in Order Nos.

26,505 (July 30, 2021) and 26,554 (December 9, 2021). The PTAM mechanism is designed to recover property tax-related costs not otherwise recovered in the Company's base distribution rates. See Hearing Exhibit 1, Testimony of Heather Tebbetts and Adam Hall, Bates Page 35-41. For this filing, Liberty proposes an average PTAM charge of 0.036 cents per kWh. See Company Response to Record Request RR 1-1.

The Company applies a "load-weighted" methodology to vary the transmission rates it charges in the Transmission Charge based on the cost-causation principle that the rate classes incurring the most costs should be allocated the most costs. See Hearing Exhibit 1, Testimony of Heather Tebbetts and Adam Hall, Bates Page 31.

B. Department of Energy

The Department of Energy (DOE) stated at hearing that it supported the Commission's approval of the Company's rate proposals in this proceeding, as modified with DOE input.

III. COMMISSION ANALYSIS

The Commission is authorized to determine whether rates charged to retail utility customers in New Hampshire are just, reasonable, and lawful, under RSA 374:2 and RSA 378:7. The Commission is also authorized to "order such charges and other service provisions and to take other actions that are necessary to implement [electric industry] restructuring and that are substantially consistent with the principles" set forth in RSA 374-F. The relevant principles include providing "clear price information on the cost components of generation, transmission, distribution, and any other ancillary charges," pursuant to RSA 374-F:3, III, and recovery of stranded costs through a "non-bypassable, nondiscriminatory, appropriately structured charge that is fair to all customer classes..." pursuant to RSA 374-F:3, XII(d).

The underlying policy determinations and approved rate adjustment mechanisms reflected in the Company's current proposal are set forth in *Granite State Electric Co.*, Order No. 23,041 (October 7, 1998).

We have reviewed the proposed Stranded Cost Charge and Transmission Charge components put forth by the Company as part of its petition. We find that the accounting of the refunds derived from the NEP-related legacy contract termination charges is just and reasonable. The termination charges are subject to reconciliation; therefore, we approve the Stranded Cost Charge figures presented in Liberty's proposed tariffs for this proceeding.

For the Transmission Charge, the transmission costs in question are derived from FERC-approved tariffs and are subject to FERC jurisdiction. Those costs are then applied in accordance with the rate mechanism approved in Order No. 23,041. Also, the RGGI auction revenue credit component and the reconciliation charge/credit component are approved for effect with services rendered on and after May 1, 2022. We approve the sun-setting of the lost base revenue from net metering component of the Transmission Charge, in the context of the Company's implementation of decoupling as of July 1, 2021, along the parameters proposed by the Company with DOE input. Furthermore, we approve the Company's new PTAM component of the Transmission Charge, as proposed. *See, e.g.*, Order No. 26,443 (July 29, 2021); and Order No. 26,433 (December 15, 2020). We request that in future Annual Retail Rate Adjustment filings, the PTAM component accounting schedules and supporting testimonial presentation remain separately highlighted, as the Company has done in this instance. Accordingly, we approve Liberty's proposed Transmission Charge, subject to reconciliation.

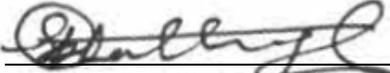
Based upon the foregoing, it is hereby

ORDERED, as detailed above, the retail rates proposed by Liberty as part of this filing are hereby APPROVED, effective for the period on and after May 1, 2022, through April 30, 2023; and it is

FURTHER ORDERED, that Liberty's proposed Property Tax Adjustment Mechanism and related proposed rates are APPROVED, subject to reconciliation; and it is

FURTHER ORDERED, that Liberty shall file appropriate tariff changes that conform to this order within 15 days of the date of this order, pursuant to N.H. Code Admin. Rules, Part 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of April, 2022.


Pradip K. Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket# : 22-018

Printed: 4/28/2022

Email Addresses

ClerksOffice@puc.nh.gov
Scott.T.Balise@energy.nh.gov
Energy-Litigation@energy.nh.gov
paul.b.dexter@energy.nh.gov
jay.e.dudley@energy.nh.gov
thomas.c.frantz@energy.nh.gov
Adam.Hall@libertyutilities.com
maureen.karpf@libertyutilities.com
Erica.Menard@libertyutilities.com
karen.j.moran@energy.nh.gov
elizabeth.r.nixon@energy.nh.gov
ocalitigation@oca.nh.gov
michael.sheehan@libertyutilities.com
karen.sinville@libertyutilities.com
heather.tebbetts@libertyutilities.com
john.warshaw@libertyutilities.com