

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Docket No. DE 22-035

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

**Request for Step Adjustment
(Re: Order 26,836)**

Technical Statement of Tyler J Culbertson and Alysia E. Maston
May 29, 2024

A. Purpose of This Technical Statement

The purpose of this technical statement is to support the Company's Motion to Amend Order No. 26,836 (May 31, 2023) and to Approve Recovery of an Over-Refund, which asks the Commission to amend the portion of Order 26,836 that states the rates approved therein are to terminate on May 31, 2024, and to authorize the Company to collect the amount over-refunded from August 1, 2022, through June 1, 2023, and from June 1, 2024, until the effective date of an order.

B. Background

In the Docket No. DE 19-064 Settlement Agreement dated May 26, 2020 ("Settlement"), the Company agreed to recovery of \$1,835,991 of temporary rate recoupment and \$553,642 of estimated rate case expense for a combined amount of \$2,389,633 to be recovered over 2 years as part of the distribution rates beginning July 1, 2020. The result was an annualized increase of \$1,194,817 ($=\$2,389,633 / 2$ years) to the Company's revenue requirement.

The Company does not recover rate case expense and recoupment through a reconciling mechanism, as its natural gas affiliate does through the Local Distribution Adjustment Charge, but does so through changes in distribution rates. Rates are increased to begin collection of rate case expense and recoupment and are decreased to end collection. Note that the Company has proposed such a reconciling mechanism for these and other charges in the pending rate case, Docket No. DE 23-039.

In Order No. 26,494 (Docket No. DE 19-064), the Commission authorized the Company to include an additional \$11,435 to recover final rate case expenses and \$103,688 in temporary rate recoupment. This additional \$115,123 was to be recovered over 1 year concurrent with the previously approved amount of \$2,389,633 that was being recovered over 2 years. The cumulative

approved amount for recovery was then \$2,504,756 ($=\$2,389,633 + \$115,123$), while the cumulative annualized increase for recovery in the revenue requirement was \$1,309,940 ($=(\$2,389,633 / 2 \text{ years}) + \$115,123$), which was then included in the Company's revenue requirement effective July 1, 2021.

The recovery of the \$2,504,756 of rate case expenses and temporary rate recoupment was supposed to terminate after two years, on July 1, 2022. As intended, and shown in Attachment B, Column F, Line 5, the Company had collected the entire balance that was approved by the Commission for recovery. However, the amended rates that were supposed to remove these amounts from the Company's revenue requirement were not effective until August 1, 2022. As a result of the additional month of collections, the Company over-collected \$109,162 in the month of July 2022 (See Attachment B, Column F, Line 6).

On July 29, 2022, the Commission approved a \$962,083 net reduction in the Company's revenue requirement with an effective date of August 1, 2022. The net reduction included a \$1,751,403 increase for a step adjustment related to capital projects placed in service during 2021 and an erroneous \$2,713,486 reduction that was intended to terminate the recovery of rate case expense and temporary rate recoupment. The \$2.7 million adjustment should have been a permanent reduction of \$1,309,940 to terminate the recoveries, and a 12-month reduction of \$109,162 to refund the over collections in July 2022.

On May 30, 2023, a hearing was held in which the Company addressed the errors made in calculating the August 1, 2022 adjustment, and how to correct the problem with an upward adjustment to its revenue requirement

On May 31, 2023, the Commission issued Order 26,836, which included a \$1,294,385 upward adjustment to the Company's revenue requirement effective June 1, 2023, to correct the over-reduction in rates effective August 1, 2022. However, per the Order, the upward adjustment to the revenue requirement was to terminate on May 31, 2024.

C. Requests

By terminating the upward adjustment, which was properly intended to restore distribution rates to where they should have been after full recovery of rate case expense and recoupment, the Company will again start to improperly refund rate case expense and recoupment to customers.

The Company thus makes three requests in this filing.

First, the Company's motion asks the Commission to amend Order No. 26,836 to remove the language that terminated the rate adjustment on May 1, 2024. As discussed above, that adjustment should have remained in place as it restored distribution rates to the correct level following full recovery of rate case expense and recoupment.

Second, the Company's motion asks the Commission to authorize recovery of the amount that was improperly refunded from August 1, 2022, through May 31, 2023, which is the time that the improper rate was in effect. We have calculated that amount to be \$1,160,460 (See Attachment B, Column F, Line 7).

Third, the Company's motion asks the Commission to authorize recovery of the amount that the Company will over-refund to customers beginning June 1, 2024, because the Company is of course bound to follow Order No. 26,836 until it is amended. The Company cannot calculate the total amount as the monthly refund of \$116,962.18 ($=\$1,403,546/12$) will be ongoing until the Commission sets an effective date for the requested, corrected rates.