

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

Docket No. DE 23-XXX

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

Annual Retail Rate Adjustments

Petition for Approval of Retail Rate Adjustments and Property Tax Adjustment

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (“Liberty” or the “Company”), through counsel, respectfully petitions the New Hampshire Public Utilities Commission (the “Commission”) to approve the rate adjustments collected in this “retail rate” filing.

This filing also requests approval of the Company’s Property Tax Adjustment Mechanism (“PTAM”) and the first reconciliation under the PTAM.

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

1. Liberty makes this annual “retail rate” filing to adjust rates to reconcile a number of “pass through” costs and revenues that the Company incurs in providing service to customers. These items include: (1) collection of the projected 2023 transmission costs; (2) reconciliation of the actual costs and revenues arising from the 2022 transmission costs; (3) collection or refund of the stranded cost charge and a reconciliation of the actual costs and revenues arising from the 2022 stranded costs; and (3) collection of the projected 2023 RGGI refund and a reconciliation of the actual RGGI refund and credits provided to customers of the auction proceeds of the Regional Greenhouse Gas Initiative (“RGGI”); and (4) collection of the variance between Liberty’s actual 2022 municipal property tax expenses as compared to base distribution rates and reconciliation of prior period over/undercollection of the Property

Tax Adjustment Mechanism (“PTAM”)¹ rate through the PTAM component of the Company’s transmission charge.

2. As described in detail in the Testimony of John D. Warshaw, Liberty enters into agreements with entities authorized by the Federal Energy Regulatory Commission (FERC) to provide transmission service to local distribution utilities. Those entities are ISO-New England, the independent system operation that assures there is sufficient generation in the region and a reliable transmission network to deliver that energy to local utilities, and New England Power (“NEP”), the transmission provider that serves all of Liberty’s service area. ISO-New England and NEP assess transmission charges to Liberty to cover the cost of providing transmission over regional-network facilities, “RNS” service. RNS costs are based on FERC-approved tariffs and recover the costs necessary to support the regional transmission infrastructure throughout New England. RNS costs are based on Liberty’s share of the monthly peak load. Liberty is also billed for its share of NEP’s local transmission facilities, known as local network service, or “LNS.” LNS costs also follow FERC-approved tariffs. This filing calculates a rate based on a projection of the RNS and LNS costs for 2023 and the reconciliation of the actual RNS and LNS costs for 2022.

3. Liberty’s Stranded Cost Charge recovers contract termination charges billed by New England Power Company (NEP) arising from the termination of NEP’s all-requirements power contracts with National Grid, the Company’s prior owner, which contracts were signed before the electric industry’s restructuring and the advent of retail competition pursuant to RSA 374-F. The Commission approved the mechanism for Liberty to recover these costs in Order No. 23,041 (Oct. 7, 1998). Liberty’s stranded cost charge is no longer a charge but is now a refund to customers because Liberty is receiving proceeds from successful claims in the bankruptcy proceeding of an entity that ultimately acquired the Company’s generation assets.

¹ In Order No. 26,619 (Apr. 28, 2022), the Commission approved Liberty’s PTAM and inclusion of the annual PTAM reconciliation in the Company’s annual Retail Rate Adjustment filing.

4. Pursuant to the RGGI statute, RSA 125-O:19 et seq., New Hampshire participates in the quarterly auction of emissions allowances that comprise the state’s annual allocation of carbon dioxide emissions. The statute requires that, “[a]ll amounts in excess of the threshold price of \$1 for any allowance sale be rebated to all retail electric ratepayers in the state on a per-kilowatt-hour basis, in a timely manner to be determined by the commission.” RSA 125-O:23, II. The Commission approved a mechanism for complying with this statute in Order No. 25,664 (May 9, 2014), which mechanism is the basis for the Company’s refund of RGGI proceeds calculated in this filing.

5. Finally, this filing seeks approval of the Company’s PTAM. RSA 72:8-b established a new method for municipalities to assess utility property and, relevant here, authorized a new mechanism for utilities to adjust rates annually to recover (or refund) changes in property taxes. The guidelines for the new mechanism are codified at RSA 72:8-b, which states as follows:

72:8-e Recovery of Taxes by Electric, Gas and Water Utility Companies. For the implementation period of the valuation of utility company assets under RSA 72:8-d, VI and terminating with the property tax year effective April 1, 2024, the public utility commission shall by order establish a rate recovery mechanism for any public utility owning property that meets the definition of utility company assets under RSA 72:8-d, I. Such rate recovery mechanism shall either:

I. Adjust annually to recover all property taxes paid by each such utility on such utility company assets based upon the methodology set forth in of RSA 72:8-d; or

II. Be established in an alternative manner acceptable to both the utility and the public utility commission.

6. The statute allows flexibility for the Commission to approve a mechanism that will “adjust annually to recover all property taxes ... on such utility company assets,” or a mechanism that is designed in “an alternative manner acceptable to both the utility and the public utility commission.” *Id.*

7. The Testimony of Heather Tebbetts describes the mechanics of the PTAM, performs the required calculations, and proposes a rate adjustment to reflect the changes in property taxes for the tax years ending March 31, 2021, and March 31, 2022.

WHEREFORE, Liberty respectfully requests that the Commission:

- A. Approve the Company's proposed rate adjustments in this filing;
- B. 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
By its Attorney,



Date: March 27, 2023

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Certificate of Service

I certify that on March 27, 2023, a copy of this petition has been electronically forwarded to the Department of Energy and to the Office of the Consumer Advocate.



Michael J. Sheehan