

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 24-099

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

Petition to Approve Revenue Decoupling Adjustment Factors

COMMENCEMENT OF ADJUDICATIVE PROCEEDING AND NOTICE OF HEARING

On September 3, 2024, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty or the Company) filed a petition requesting that the Commission adjust its distribution rates effective November 1, 2024 to recover a revenue shortfall from the twelve-month decoupling period ending June 30, 2024. In support of its petition, Liberty filed the direct joint testimony of Liberty Utilities Service Corp. personnel Robert Garcia, Alyssa E. Maston, and Adam R.M. Yusuf (Joint Testimony). All docket filings, other than any information subject to confidential treatment, are available on the Commission's website at www.puc.nh.gov/Regulatory/Docketbk/2024/24-099.html.

I. BACKGROUND AND PROCEDURAL HISTORY

The Commission authorized Liberty to implement a revenue decoupling mechanism in Order No. 26,376 (June 30, 2020), in which it approved a settlement agreement establishing the terms of the mechanism (Settlement Agreement). As described in the Joint Testimony, revenue decoupling removes the disincentive for the Company to promote conservation, energy efficiency programs, and distributed energy resources by eliminating the link between customer energy consumption and the Company's revenues. Joint Testimony at Bates Pages 7-8. It allows the Company to recover the base revenue requirement per customer that was approved in its last base rate proceeding. *Id.* at 8.

Despite fluctuations or reductions in sales due to conservation or other factors, the revenue decoupling mechanism allows Liberty to recover the base revenue requirements approved in the Company's last base rate proceeding in the event of an under-collection, and requires it to refund over-collections to its customers, see Settlement Agreement, Subsection I. The Settlement Agreement placed a 3 percent cap, equal to 3 percent of the allowed revenue requirement (subject to annual adjustments) on the amount of the shortfall or surplus to be charged or refunded to Liberty customers. *Id.* Amounts exceeding the cap could be deferred and recovered or refunded in future periods. The Settlement Agreement stated how the shortfall or surplus would be calculated and provided that the shortfall or surplus would be allocated to different rate classes based on each rate class's contribution to total system distribution revenues. *Id;* see also Joint Testimony, Bates Pages 7-12.

The Settlement Agreement required Liberty to submit a reconciliation filing by September 1 following the completion of each decoupling year, which runs from July 1 to June 30. *Id.* As part of its Reconciliation filing, Liberty would calculate the corresponding rate increase or refund and request the Commission's approval of any adjustment, through Revenue Decoupling Adjustment Factor (RDAF) rates, for effect on November 1 for the following twelve-month period. *Id.*

According to the Joint Testimony, Liberty determined that it experienced a revenue under-collection of \$1,341,045 in the decoupling year ending June 30, 2024, which exceeds the 3 percent cap. Joint Testimony at Bates Page 13. Liberty requested approval of the RDAF rates designed to recover a shortfall of \$1,560,633, the maximum amount allowed under the 3 percent cap, and to defer the remaining amount of \$3,937,093 to a future decoupling year or years. If Liberty's request is approved, then a residential customer using 650 kilowatt-hours per month and taking

the Company's default energy service would see a decrease in their monthly bill of 1.03 percent, or \$1.65. (This decline is the result of an offset in the proposed increase in distribution revenues due to decoupling by reductions in other cost elements of Default Service rates). Joint Testimony at Bates Pages 13-14.

II. ISSUES PRESENTED

The filing presents, *inter alia*, the following issues: whether Liberty's filing complies with the terms of the Settlement Agreement; whether Liberty appropriately calculated the claimed revenue shortfall for the decoupling year ending June 30, 2024, as well as the 3 percent cap; whether recovery of the claimed shortfall in the amount of the cap and deferral of the remainder to another decoupling year or years is consistent with the Settlement Agreement; and whether recovery of the claimed shortfall through the proposed increase in distribution rates is likely to result in just and reasonable rates, as required by RSA 374:2, and RSA 378:5 and:7. Accordingly, an adjudicative proceeding will be convened to address these issues.

The Commission will be conducting any hearings scheduled in this matter in person. The Commission will consider requests to conduct hearings using a hybrid format to permit remote participation by a specific individual only if the Commission has determined that a sufficient reason has been provided for why that individual would be unable to attend in person. Any party requesting that a specific individual be permitted to participate remotely should file a written request with the Commission's Clerk's Office no later than fifteen (15) days prior to the hearing date. If the Commission determines that one or more individuals will be permitted to appear remotely, then individuals in the Commission's hearing room, including the Commissioners, will be broadcast on a web-enabled platform.

Based upon the foregoing, it is hereby

ORDERED, that an adjudicative proceeding be commenced for the purpose of reviewing and resolving the foregoing issues pursuant to RSA chapter 541-A, RSA 374:2, RSA 378:5 and :7, and the Commission's procedural rules; and it is

FURTHER ORDERED, that the Commission will hold a hearing in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on October 23, 2024, at 1:00 p.m. Three hours shall be allotted for this hearing; and it is

FURTHER ORDERED, that the New Hampshire Department of Energy shall file its position regarding Liberty's petition, including the reasons for this position, on or before October 18, 2024; and it is

FURTHER ORDERED, that any entity or individual may petition to intervene and seek to be admitted as a party in this proceeding. Each party has the right to have an attorney represent the party at the party's own expense; and it is

FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any entity or individual seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to Liberty and any other parties on the service list, on or before October 11, 2024. The petition shall state the facts demonstrating how the petitioner's rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before October 18, 2023; and it is

FURTHER ORDERED, that parties shall file any proposed exhibits, written testimony, motions, or other documents intended to become part of the record in this proceeding with the Commission. Pursuant to the secretarial letter issued on March

17, 2020, which is posted on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>, all Commission rules requiring the filing of paper copies are suspended until further notice. Parties may elect to submit any filing in electronic form unless otherwise ordered by the Commission. Filings will be considered filed as of the time the electronic copy is received by the Commission; and it is

FURTHER ORDERED, that routine procedural inquiries may be made by contacting the Commission's Clerk's Office at (603) 271-2431 or ClerksOffice@puc.nh.gov. All requests to the Commission should be made in a written pleading filed with the Commission. Unless otherwise authorized by law, *ex parte* communications are prohibited; and it is

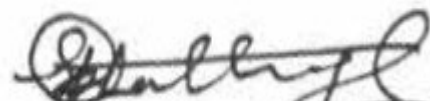
FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, Liberty shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order of notice on its website no later than two business days after the date of issue, such publication to be documented by affidavit filed with the Commission on or before October 11, 2024. In addition, the Clerk shall publish this order of notice on the Commission's website no later than two business days after the date of issue; and it is

FURTHER ORDERED, that any hearings in this matter shall be conducted in accordance with the attached hearing guidelines.

So ordered, this fourth day of October, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

Service List - Docket Related

Docket#: 24-099

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