

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 23-037

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A
LIBERTY**

Annual Retail Rate Adjustment Filing

Order Approving Rate Adjustments

ORDER NO. 26,806

April 25, 2023

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, 2023. These rates include a Property Tax Adjustment Mechanism (PTAM), which recovers uncollected property-tax related costs incurred by Liberty in its provision of service.

I. BACKGROUND

On March 27, 2023, 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, 2023. See Hearing Exhibit 1. The Commission issued a Commencement of Adjudicative Proceeding and Notice of Hearing order on March 29, 2023, scheduling a hearing in this matter for April 19, 2023. In this March 29, 2023 order, the Commission also approved Liberty's requested waiver of N.H. Code Admin. Rules Puc 1603.05(a)(1), which requires the inclusion of certain proposed Tariff page changes. The Company subsequently filed a "Technical Statement" on April 12, 2023, clarifying and modifying certain aspects of its petition. Hearing Exhibit 2. The Company filed further revisions to its proposed rates, on the basis of New Hampshire Department of Energy (DOE) input, on April 18, 2023. Hearing Exhibit 3.

The Company's petition and associated docket filings are posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2023/23-037.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) all customers reflecting contract termination charges assessed by NEP; and (2) a Stranded Cost Adjustment Factor reconciling 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 (0.050) cents per kWh, to a credit of (0.040) cents per kWh. The Stranded Cost Adjustment Factor generally varies by rate class; in this case, this rate is proposed as an average charge of 9/1000th of a cent (or \$0.00009) effective May 1, 2023. Hearing Exhibit 1 at Bates Page 28.

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 3.032 cents per kWh for Liberty's customers, a slight decrease of 0.129 cents per kWh from the current charge of 3.161 cents per kWh. Hearing Exhibit 1 at Bates Page 28.

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 (0.488) cents per kWh. See Hearing Exhibit 1 at Bates Page 28. 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 in Liberty's taking ISO-NE's or NEP's local transmission services. The Company proposes an average refund of (0.139) cents per kWh for this component as part of its petition. *Id.*

As part of its petition, Liberty also requests approval of its PTAM as part of the Transmission Charge. Liberty seeks approval for this rate feature under the terms of RSA 72:8-b, and Commission Order No. 26,619 (April 28, 2022), in Docket No. DE 22-018, and is designed to recover property-tax related costs not otherwise covered in the Company's base distribution rates. For this filing, after technical revisions made with DOE input, Liberty proposes a PTAM charge of 0.033 cents per kWh. Hearing Exhibit 3 at Bates Page 1.

The Company applies a "load-weighted" methodology to vary the transmission rates it charges in the Transmission Charge. This is applied based on varying loads of the customer classes and 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, Bates Page 31.

B. DOE

The 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, and as reflected in the Company's April 12 Technical Statement.

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 Chapter 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 rule that the accounting of the refunds derived from the NEP-related legacy contract termination charges is just and reasonable, 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, 2023. Furthermore, we approve the Company's PTAM component of the Transmission Charge, as modified by the Company's Technical Statement with DOE input. 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.

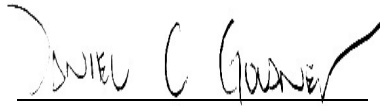
Based upon the foregoing, it is hereby

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, 2023, through April 30, 2024; and it is

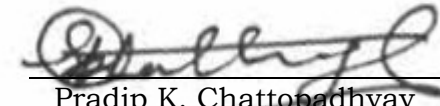
FURTHER ORDERED, that Liberty's proposed Property Tax Adjustment Mechanism rates are APPROVED, subject to reconciliation; and it is

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-fifth day of April, 2023.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket#: 23-037

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