

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 23-081

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

Request for Approval of Revenue Decoupling Adjustment

**COMMENCEMENT OF ADJUDICATIVE PROCEEDING
AND NOTICE OF PREHEARING CONFERENCE AND HEARING**

On September 1, 2023, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (Liberty or the Company) filed a request to adjust its distribution rates effective November 1, 2023 to recover a revenue shortfall from the twelve-month decoupling period ending June 30, 2023. In support of its request, Liberty pre-filed the direct combined testimony of Liberty Utilities Service Corp. employees Tyler J. Culbertson, Director of Rates and Regulatory Affairs, and Adam R.M. Yusuf, a Rates and Regulatory Affairs analyst (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/2023/23-081.html.

I. BACKGROUND AND PROCEDURAL HISTORY

As explained in the Joint Testimony, revenue decoupling is a ratemaking mechanism that claims to remove a utility's disincentive to promote conservation and energy efficiency programs by eliminating the link between customer consumption and a utility's earnings. Joint Testimony at Bates page 005. On June 30, 2020, the Commission issued Order No. 26,376, which approved a settlement agreement authorizing Liberty to implement a revenue decoupling mechanism effective July 1, 2021 (Settlement Agreement). *Id.* at 9, 13-14.

Despite fluctuations or reductions in sales due to conservation or other factors, the revenue decoupling mechanism allows Liberty to recover the base revenue requirement approved in the Company's last base rate proceeding in the event of an under-collection, Joint Testimony at Bates pages 005-006, 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. *See* Settlement Agreement, Subsection I. Amounts exceeding the cap could be deferred and recovered or refunded in future periods. *Id.* 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.*

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.*; *see* Joint Testimony at Bates page 007.

According to the Joint Testimony, Liberty determined that it experienced a revenue under-collection of \$3,744,363 in the decoupling year ending June 30, 2023, which exceeds the 3 percent cap. *Id.* at Bates page 007. Liberty requested approval of RDAF rates designed to recover a shortfall of \$1,042,715, the maximum amount allowed, and to defer the remaining amount of \$2,363,735 to a future decoupling year

or years. *Id.* 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 \$0.50. *Id.* at Bates page 12.

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, 2023, 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 the prehearing conference and 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 ten (10) 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 Liberty's proposed revised revenue decoupling tariff is suspended until December 1, 2023, pending further order of the Commission; and it is

FURTHER ORDERED, that the Commission will hold a prehearing conference, pursuant to N.H. Admin. R., Puc 203.15, at its office located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on October 10, 2023, at 1:00 p.m., at which each party should be prepared to address any of the issues set forth in N.H. Admin. R., Puc 203.15; and it is

FURTHER ORDERED, that the New Hampshire Department of Energy shall file its position regarding Liberty's filing, including the reasons for this position, on or before October 3, 2023; and it is

FURTHER ORDERED, that during the prehearing conference, the Commission will consider the matters listed in Puc 203.15(c) and (d), including the establishment of a procedural schedule governing the remainder of the proceeding. Parties and potential parties are encouraged to facilitate the development of a procedural schedule by conferring prior to the prehearing conference, so that the presiding officer can address any matters on which there is disagreement during the prehearing conference. Any procedural schedule, however, will not be approved until after the prehearing conference and after consulting the Commission's calendar; and it is

FURTHER ORDERED, that, immediately following the prehearing conference, Liberty shall make appropriate personnel available for the parties to hold a technical session to review the filing; 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 2, 2023. 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 10, 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

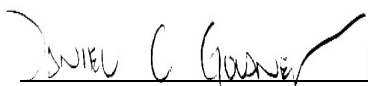
FURTHER ORDERED, that routine procedural inquiries may be made by contacting the Commission's Clerk's Office at (603) 271-2431 or ClerksOffice@puc.nh.gov. All requests to the Commission should be made in a written pleading filed with the Commission. Unless otherwise authorized by law, *ex parte* communications 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 4, 2023. 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

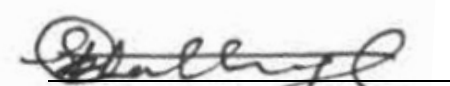
FURTHER ORDERED, that the Commission will hold a hearing in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on November 8, 2023, at 9:00 a.m. One day shall be allotted for this hearing; and it is

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

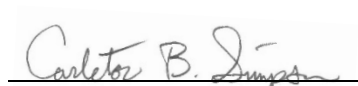
So ordered, this twenty-fifth day of September, 2023.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
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: 23-081

Printed: 9/25/2023

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