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STATE OF NEW HAMPSHIRE



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February 7, 2014

Sarah Knowlton, Esq.
Liberty Utilities (EnergyNorth Natural Gas) Corp.
11 Northeastern Boulevard
Salem, NH 03079

Re: DG 14-028; Liberty Utilities (EnergyNorth Natural Gas) Corp.
Request for Waiver of Puc 506.03

Dear Ms. Knowlton:

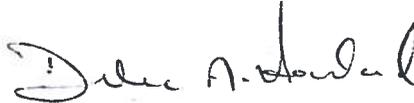
On January 27, 2014, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (Liberty) filed a motion for waiver of Puc 506.03 which requires a utility to maintain a combined inventory of propane and LNG that is equal to 100% of its 7-day design demand, that is, sufficient gas on site to serve its customers for "the coldest historical consecutive 7-day period." Puc 506.03(a). This storage requirement falls to 75% on February 15 and to 50% on March 1. Puc 506.03(e) and (f).

Liberty requested permission to immediately lower its propane and LNG inventory to 50% of its 7-day requirement, as necessary, until March 1, 2014. Liberty made this request due to high and volatile prices of natural gas during the recent severe cold spells. Liberty stated that one day it bought natural gas for over \$50 per dekatherm. The propane and LNG in storage carries a cost of about \$16 per dekatherm.

Staff reviewed Liberty's request, engaged in informal discovery, and filed a recommendation on January 30, 2014. Staff confirmed the volatility of the natural gas market, that Liberty can save costs through use of on-site propane and LNG instead of buying gas on the spot market on the coldest days, and that the requested waiver may enhance Liberty's ability to achieve these savings. Staff reported that the waiver would have negligible impact on Liberty's ability to serve its customers because Liberty has the contractual right to sufficient pipeline gas and continues to refill its LNG supply. Staff thus recommended that the Commission grant the waiver with the conditions that (1) the Commission affirm that the waiver expires on March 1, 2014 and will not be a precedent for future years, and (2) when the on-site storage inventory drops below the otherwise applicable 7-Day storage requirement, Liberty will keep an accounting of each day these on-site resources are used to displace higher priced pipeline supplies, the quantities that are used, and the resulting cost savings.

Puc 201.05 provides that the Commission may waive the provisions of any of its rules if the waiver serves the public interest and will not disrupt the orderly and efficient resolution of matters before the Commission. Based on Staff's recommendation, the Commission has determined that the applicable standards for a waiver are satisfied and that granting a waiver of Puc 506.03 under the conditions described above is consistent with the public interest. Accordingly, the Commission has granted Liberty's waiver request noting that any waiver request is considered on a case-by-case basis, and that the decision is based on the specific situation as it exists at the time.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra A. Howland". The signature is fluid and cursive, with the first name being the most prominent.

Debra A. Howland
Executive Director

cc: Service List (Electronically)
Docket File

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 14-028-1 Printed: February 07, 2014

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.