

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

Docket No. DG 23-084  
Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty-Keene Division  
**Winter 2023/2024 Cost of Gas (COG Supply)**

Technical Statement of Faisal Deen Arif, Gas Director  
Department of Energy, Division of Regulatory Support  
**October 13, 2023**

The New Hampshire Department of Energy (“DOE” or the “Department”) submits this position statement in compliance with the Public Utilities Commission (“PUC” or the “Commission”) Order announcing the Commencement of Adjudicative Proceeding and Notice of Hearing dated September 27, 2023 in docket DG 23-084, and as modified per Order dated October 4, 2023. The purpose of this statement is to provide the Commission with required information and a framework for understanding DOE’s position in advance of the Cost of Gas (“COG Supply”) hearing scheduled for October 19, 2023 at 11:00 a.m.

As explained below, after review and analysis, the DOE recommends that the Commission review and approve Winter 2023/2024 rates to be effective November 1, 2023, in this instant docket. The DOE also recommends that in the future Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty-Keene Division (“Liberty-Keene” or “the Company”) provide the DOE Director of the Consumer Division with a copy of the Fixed Price Option (FPO) Letter when it makes its initial filing. This will allow DOE to provide input on the letter’s clarity and timeline. The Department understands that the Company is agreeable to this request.

## **Background**

Liberty-Keene filed its Winter 2023/2024 Cost of Gas into this docket on September 15, 2023 although DOE anticipated Liberty to file it by September 8, 2023<sup>1</sup>. The Department issued an initial set of Data Requests (DR) on September 28, 2023, nine (9) business days after the filing. The DOE issued a supplemental DR on September 29, 2023. The responses to the DR and the supplemental DR were received on October 9 and 10, 2023 respectively. The parties held a technical session on October 12, 2023, a day prior to the submission of this statement to the Commission.

While two sets of DRs were anticipated per the accepted schedule (in DG 23-027), despite efforts made, the above timeline demonstrates the practical challenges that DOE continues to face in effective and timely exchange of data between the parties. As such, the analysis presented in the current statement makes an effort to be as exhaustive as possible given the challenging timeline.

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<sup>1</sup> In Docket DG 23-027 the Company and DOE agreed to default schedules for the forthcoming Liberty Keene Division Winter filing.

## Filing Facts and DOE Analysis

### Therm Sales Projection

- The projected total sales over Winter 2023/2024 (i.e., November 2023 to April 2024) period for Liberty-Keene is 1,175,936 therms, of which 274,718 (or 23%) is for residential and 901,218 (or 77%) is for the C&I sector. The projected total sales is different from total sendout<sup>2</sup>, which is estimated to be 1,203,211 therms for the Winter period.
- Of the projected total therm sales, base load accounts for 282,558 therms (24% of total therms), heating load accounts for 835,373 therms (or 71%), and load due to *weather normalization* (the “normalization load”) accounts for 58,005 (or 5%). The normalization load calculation is driven primarily by 383 more heating degree days (Schedule I and Schedule J, Column 6) projected over the November 2023 to April 2024 period.

### Proposed Rates

- The proposed rates are as follows:

| Beginning Period (per therm rate)                          | All Rate Classes (excluding GAP) | Gas Assistance Program (GAP) <sup>3</sup> |
|------------------------------------------------------------|----------------------------------|-------------------------------------------|
| Non-Fixed Price Option (Non-FPO)<br>Cost of Gas (COG) Rate | \$1.4007                         | \$0.7704                                  |
| FPO COG rate                                               | \$1.4207                         | \$0.7814                                  |
| Maximum COG Rate for Non-FPO <sup>4</sup>                  | \$1.7509                         | \$0.9630                                  |

- The Company anticipates an FPO participation rate of 13.04% (or approximately 157 customers of 1,204 total residential and C&I customers in Liberty-Keene).

### Over/Under Collection Calculation

- For the Winter 2023/2024 period, the Company identified a prior period over-collection of \$172,052 from Winter 2022/2023 (Schedule B).

### COG Components

- Over November 2023 to April 2024 period, total projected direct and indirect supply Cost of Gas (“COG”) is \$1,819,132. The composition of this total projected cost is as follows:

| Category                        | Amount (\$) | % of Total |
|---------------------------------|-------------|------------|
| Total COG Direct Commodity Cost | \$1,515,161 | 83.3%      |
| CNG Demand Charges              | \$82,500    | 4.5%       |

<sup>2</sup> Total (therm) sendout [1,203,211] = Base Load [294,978 or 24.5%] + Heating Load [871,221 or 72.4%] + Normalization Load [60,589 or 5.0%] + LAUF [7,668 or 0.64%] - Company Use [31,246 or -2.6%]

<sup>3</sup> Gas Assistance Program (GAP) customers (i.e., the customers from the R-4 rate class) receive 45% discount on the regular COG rate.

<sup>4</sup> Maximum authorized COG rates are 25% higher than the initially sought rates for Non-FPO customers.

|                                                                              |                        |               |
|------------------------------------------------------------------------------|------------------------|---------------|
| Projected Incremental CNG Supply Cost <sup>5</sup>                           | (\$3,110) <sup>6</sup> | -0.2%         |
| Total COG Indirect Cost                                                      | \$208,129              | 11.4%         |
| Fuel Inventory Revenue Requirement                                           | \$17,677               | 1.0%          |
| FPO Premium                                                                  | \$3,067                | 0.2%          |
| Interest Adj                                                                 | (\$4,292)              | -0.2%         |
| <b>Total</b>                                                                 | <b>\$1,819,132</b>     | <b>100.0%</b> |
|                                                                              |                        |               |
| Prior Period Balance from Winter 2022/2023                                   | (\$172,052)            |               |
| <b>Adjusted Total Projected COG Revenue Requirement for Winter 2023/2024</b> | <b>\$1,647,080</b>     |               |

#### **Incremental CNG Supply Cost**

- Over the Winter 2023/2024 period, the CNG supply cost is projected to be higher than the propane supply cost by \$6,221. As such, per section 7.1(a) of the Settlement Agreement in DG 20-105, the Company proposes to recover one-half of the incrementally higher CNG supply cost and offers a refund of \$3,110 to the customers.

- Since the 2019-2020 COG season, propane supply cost has always been less expensive than the CNG supply cost, with the exception of 2021-2022 season.

#### **Lost And Unaccounted For (LAUF) Gas Calculation**

- The Company reported LAUF gas percentage of 0.64 based on actual usage over July 2022-June 2023. When asked to separate out the LAUF calculation by fuel type (i.e., CNG vs Propane), Liberty-Keene was unable to provide the information citing Company's conversion to SAP as the reason for this inability (Response to DOE 1-1). See Exhibit 4 (Bates p.1).

#### **DOE Recommendation**

The DOE recommends that the Commission review and approve Winter 2023/2024 rates to be effective November 1, 2023, in this instant docket. As discussed above, the Company agrees to provide the FPO letter with its filing for the next winter COG in September of 2024.

<sup>5</sup> See the relevant section below.

<sup>6</sup> A figure in parenthesis indicates a negative cost.