

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

DG 13-251

ENERGY NORTH NATURAL GAS, INC. d/b/a LIBERTY UTILITIES

2013 Winter Period Cost of Gas Adjustment

ORDER OF NOTICE

On September 3, 2013, EnergyNorth Natural Gas, Inc. d/b/a Liberty Utilities (Liberty), a public utility engaged in the business of distributing natural gas in 28 cities and towns in southern and central New Hampshire and the city of Berlin in northern New Hampshire, filed its proposed cost of gas (COG) and fixed price option (FPO) rates for the winter period, November 1, 2013 through April 30, 2014, and local delivery adjustment clause (LDAC) charges for the period November 1, 2013 through October 31, 2014.

The proposed residential COG rate is \$0.8895 per therm (FPO rate \$0.9095 per therm), a \$0.1215 per therm increase compared to the weighted residential COG rate of \$0.7680 per therm for last winter. The proposed changes to Liberty's residential COG rate and LDAC charges, coupled with a slight increase in base rate components, are expected to increase a typical residential heating customer's winter bill by approximately 10.40 percent.

The proposed commercial/industrial low winter use COG rate is \$0.8807 per therm (FPO rate \$0.9007 per therm) and the proposed commercial/industrial high winter use COG rate is \$0.8908 per therm (FPO rate \$0.9108 per therm). The changes in commercial/industrial low and high winter use rates are commensurate with the changes in the COG rate of a residential heating customer. The proposed firm transportation COG rate is \$0.0022 per therm, compared to a \$0.0002 per therm charge last winter.

A variety of charges and rates comprise the LDAC charges applicable to the different customer classes. The proposed charge to recover environmental remediation costs is \$0.0018 per therm, which is an increase from the current environmental charge of \$0.0011 per therm, as Liberty seeks to recover certain environmental-remediation costs during this period. The proposed energy efficiency/conservation charge for residential customers is \$0.0197 per therm, an increase of \$0.0050 per therm from the current rate. The proposed energy efficiency/conservation charge for commercial and industrial customers is \$0.0264 per therm, an increase of \$0.0188 per therm from the current rate. The proposed charge to recover expenses and lost revenues related to the residential low income assistance program is \$0.0075 per therm, an increase of \$0.0002 per therm from the current rate. There are no proposed charges to recover rate case expenses nor any proposed temporary or permanent rate reconciliation.

Liberty is also updating its Company Allowance for the period November 2013 through October 2014. Liberty included its calculations of unaccounted for gas percentage for the twelve months ending June 30, 2013 (0.5%, which is below the 1.28% cap provided in the Settlement Agreement in DG 11-140). Liberty is updating its short term debt limits to \$20,314,633 for fuel financing and \$46,622,765 for non-fuel purposes (calculated in accordance with the Settlement Agreement in DG 06-122).

Liberty is updating its supplier balancing charges, the charges that suppliers are required to pay Liberty for balancing services as Liberty attempts to meet the shifting loads for the supplier's customer pools. The proposed balancing charge of \$0.21 per MMBtu is an increase of \$0.02 per MMBtu compared to the current balancing charge and the proposed peaking demand charge of \$18.53 per MMBtu of peak maximum daily quantity is a decrease of \$0.09 per MMBtu compared to the current rate. The charges are based on an update of volumes and costs used in

calculating the charges. The proposed capacity allocator percentages used to allocate pipeline, storage and local peaking capacity to a customer's supplier under New Hampshire's mandatory capacity assignment, required for firm transportation service, have also been updated to reflect Liberty's supply portfolio for the upcoming year.

Liberty states that it will no longer collect, as part of the LDAC, a "Temporary Rate Reconciliation Adjustment" factor, as approved in Docket No. DG 11-192, to cover the true-up between temporary and permanent rates approved in the utility's most recent base rate case, in Docket No. DG 10-017, together with related rate case expenses. Liberty projects an over collection of \$20,372 once the current LDAC charge ends on October 31, 2013, and proposes determining how the over collection will be refunded to customers after it is finalized.

Last, Liberty proposes changes to its hedging policy. Liberty first proposes that it stop hedging for the months of May and October because they are less volatile months and are outside the peak period COG. Second, Liberty proposes reducing the hedging percentages for all other months by 50% so long as it offers a Fixed Price Option program, and proposes elimination of hedging altogether if the FPO program continues to decline.

The filing raises, inter alia, issues related to: RSA 378 relative to the justness and reasonableness of rates, forecasting of sales, supplier prices and transportation prices, calculation of indirect gas costs, purchasing decisions related to the current and past winter supplies and capacity, revenue projections related to transportation services and released capacity, the causes and treatment of over and under recoveries, the reconciliation of prior period costs and revenues, how refunding of the "Temporary Rate Reconciliation Adjustment" rate factor over collection will be accomplished after its finalization, the prudence and recovery of environmental remediation costs, and the progress of Liberty's ownership transition process generally, and the

costs and risks associated with hedging and whether the proposed amendments to the hedging program are appropriate. Each party has the right to have an attorney represent them at the party's own expense.

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Based upon the foregoing, it is hereby

ORDERED, that a hearing be held before the Commission located at 21 South Fruit Street, Suite 10, Concord, New Hampshire on October 22, 2013 at 1:30 p.m.; and it is

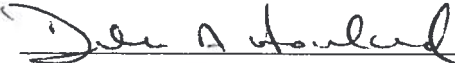
FURTHER ORDERED, that Liberty, Staff of the Commission and any intervenors hold a technical session at the Commission on October 4, 2013, at 9:00 a.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, Liberty shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than October 1, 2013, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before October 17, 2013; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Liberty and the Office of the Consumer Advocate on or before October 17, 2013, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and RSA 541-A:32, I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before October 22, 2013.

By order of the Public Utilities Commission of New Hampshire this eighteenth day of
September, 2013.



Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, 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 - 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 #: 13-251-1 Printed: September 18, 2013

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.