

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Docket No. DG 19-xxx

Liberty Utilities (EnergyNorth Natural Gas) Corp.

Petition for Waiver of Puc 506.03, On-Site Storage Requirements

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (“EnergyNorth” or the “Company”), through counsel, respectfully petitions the Commission pursuant to Puc 201.05 for a waiver of certain storage requirements of Puc 506.03 because, due to the Company’s continued load growth and static storage capacity, the Company projects it will have difficulty complying with the rule this winter, and certainly cannot comply in following winters.¹

The Company seeks a waiver to change how the on-site storage volumes are calculated (using 100%, rather than 70%, of guaranteed trucking volumes over 7 days of trucking, rather than 5 days), and to change to the percentage of the storage quantities that must be on hand at certain times during the winter period.

A waiver approving these three modest changes will allow for operational flexibility and more economic storage refill options during the winter period while maintaining sufficient inventory levels required to serve customers during a 7-day cold snap.

In support of this petition, EnergyNorth states as follows:

1. Puc 506.03 reads as follows, with language additions proposed in this waiver request underlined, and proposed language deletions indicated by ~~strikethroughs~~:

¹ This petition does not apply to the Company’s Keene Division.

Puc 506.03 On-site Storage

(a) Unless separately addressed in a utility's integrated resource plan as defined in Puc 510.01(e), and approved by the commission pursuant to an adjudicatory proceeding pursuant to Puc 200, each utility shall determine its maximum projected design week demand based on the coldest historical consecutive 7- day period, otherwise known as the 7-day design demand, and determine the amount of firm gas supply to be furnished by natural gas pipeline deliveries and on-site storage inventory, if any, necessary to satisfy the 7- day design demand.

(b) In connection with the operation of its peak shaving facilities, each utility shall retain a minimum on-site storage inventory volume for peak-shaving as of ~~between~~ December 1 ~~and February 14~~ of each year that is equivalent to 90% ~~of~~ the volume of on-site storage inventory deemed necessary to satisfy the 7-day design demand as determined in (a) above.

(c) Railway tank cars on the utility's rail sites shall be considered as on-site storage.

(d) A utility may count as on-site storage 100% ~~70%~~ of the guaranteed daily delivery capability over a 7 ~~5~~ day period from a firm bulk fuel supply point or off-site storage facility for any situation in which the utility:

- (1) Owns or leases tank trucks;
- (2) Has a firm fuel supply purchase contract; or
- (3) Has a dedicated supply and delivery service contract.

(e) As of January 1 of each year, the above minimum on-site storage inventory volume may be reduced to 80% of the volume of on-site storage inventory deemed necessary to satisfy the 7-day design demand as determined in (a) above.

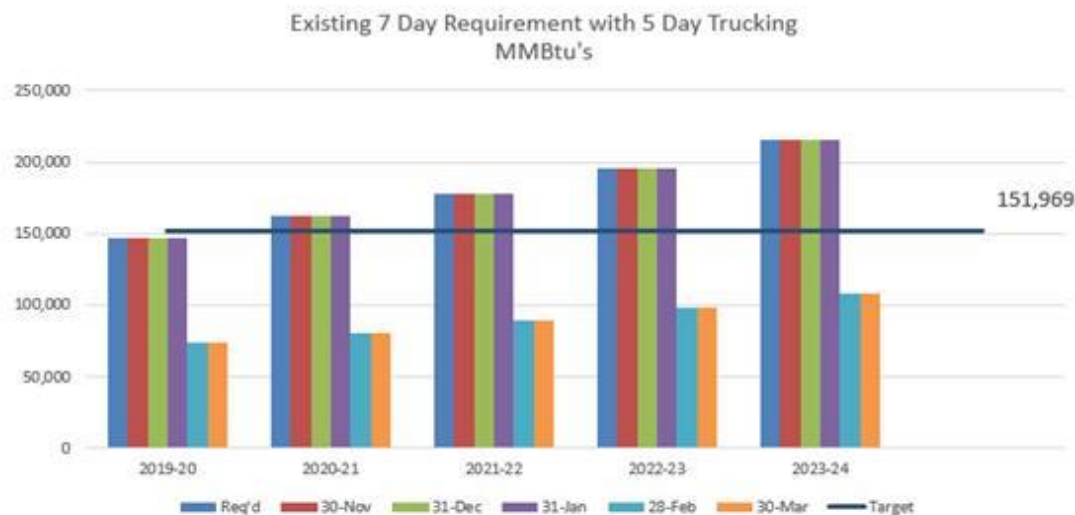
As of February 1 ~~15~~ of each year, the above minimum on-site storage inventory volume may be reduced to 70% ~~75%~~ of the volume of on-site storage inventory deemed necessary to satisfy the 7-day design demand as determined in (a) above ~~December 1 requirement above.~~

(f) As of March 1 and April 1 of each year, the above minimum on-site storage inventory volume may be reduced to 40% ~~50%~~ of the volume of on-site storage inventory deemed necessary to satisfy the 7-day design demand as determined in (a) above ~~December 1 requirement above.~~

(g) Each utility shall notify the commission's safety division each week during the period from December 1 through April 1 of its on-site storage inventory levels.

(h) The information required by (e) and (d) above shall be submitted by electronic mail or through the commission's electronic report filing system (ERF) consistent with Puc 202.05 on each Tuesday, or the next day following a state holiday

2. To illustrate the problem giving rise to this petition, below is a table that shows how the existing rule would apply to EnergyNorth over the next five winters.

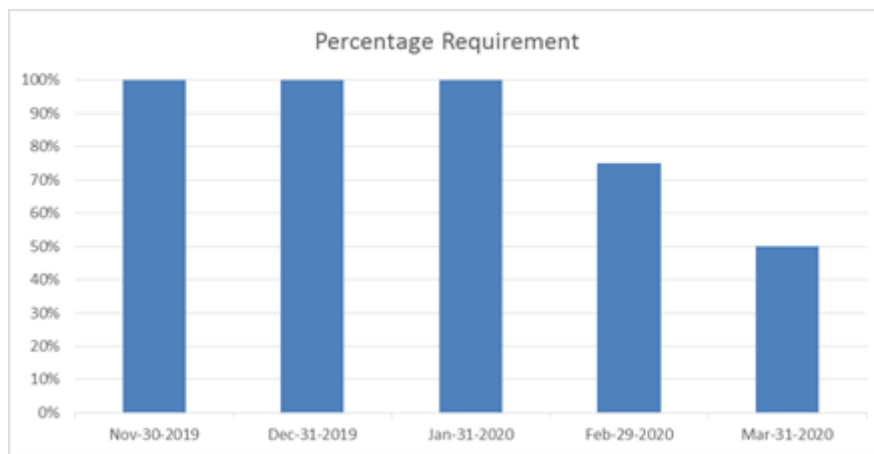


The horizontal line reflects the calculation of EnergyNorth's available on-site storage, i.e., "the amount of firm gas supply to be furnished by natural gas pipeline deliveries and on-site storage inventory," Puc 506.03(a), which is 151,969 therms. The colored bars indicate the storage requirements for the first day of each month during the upcoming five winter periods, which reflect the "maximum projected design week demand based on the coldest historical consecutive 7- day period" (the "design week demand"). *Id.* The yearly increases are based on the Company's demand forecast.

3. This chart illustrates that EnergyNorth will very narrowly meet the storage requirements in the 2019-2020 winter (and may easily fall short, depending on weather), but will clearly have insufficient on-site storage in subsequent winters.

4. The Company reviewed potential changes to various provisions of the rule, and determined that the best course is to seek a waiver of how the Company's on-site storage is calculated and of the percentages of the design week demand that it must have through the winter.

5. First, EnergyNorth proposes declining levels of the monthly storage requirement. The existing storage level requirements are illustrated below.



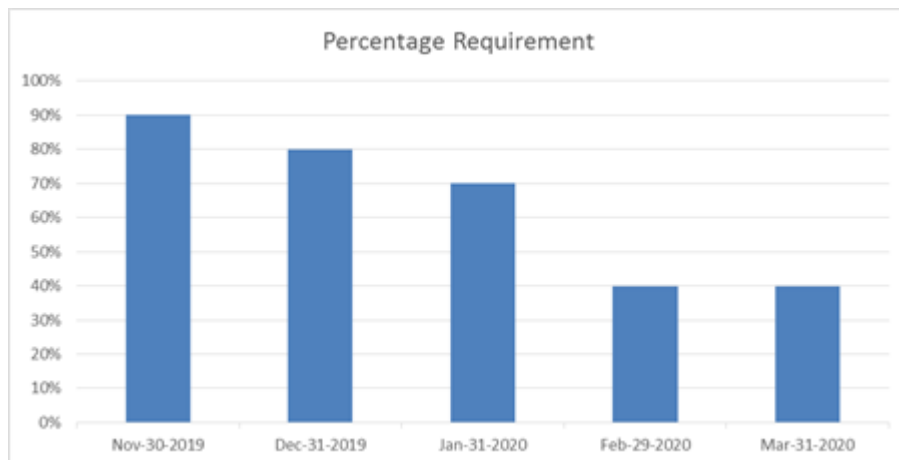
This table shows that the Company must have on-site 100% of the supplies necessary to serve design week demand from November 1 through February 15, and then the Company can maintain 75% by the end of February and 50% by the end of March. This 100% requirement through the bulk of the winter means that when the Company uses any LNG or propane between November 1 and February 15, that fuel must be refilled immediately to maintain the 100% level, regardless of market price or operational needs.

6. For example, if the Company used trucked LNG near the end of the reporting week² to meet customer needs, which trucking reduced its available storage from 100% to 90% of

² The Company files weekly reports documenting its compliance with the rule. Puc 506.03(g). To the extent the Company dips below the required percentage during the week, it must replenish the storage by the time of the next weekly report.

design week demand, then the Company would have to immediately replace that fuel within a day or two to maintain compliance with the 100% requirement, regardless of price.³

7. EnergyNorth's proposed solution is to gradually and steadily reduce the storage requirement over the winter, requiring 90% as of December 1, 80% as of January 1, 70% as of February 1, and 40% as of March 1 and April 1, as illustrated below.



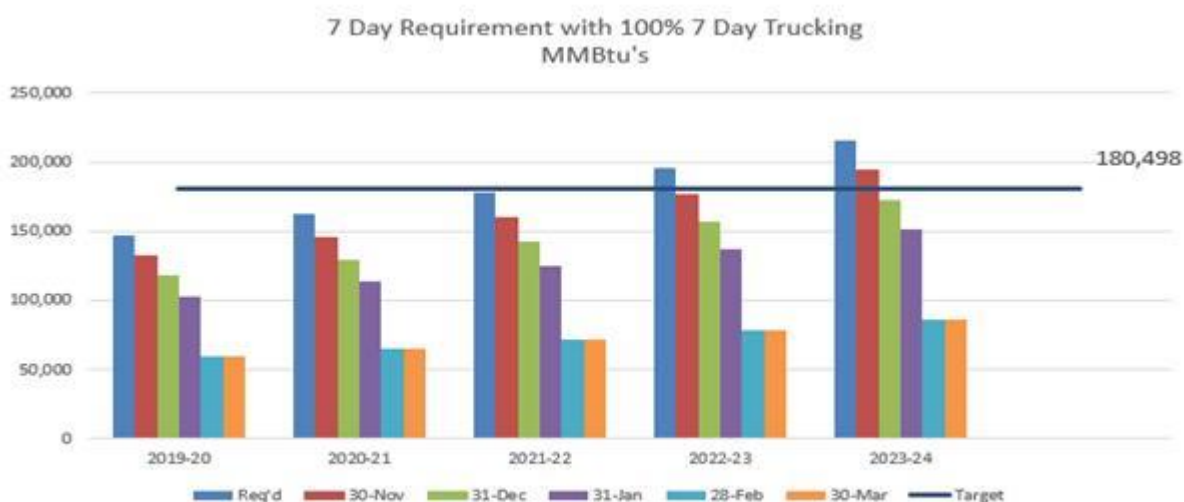
These declining levels will afford the Company price and operational flexibility and still retain enough on-site storage to respond to and satisfy a cold snap, the likelihood and severity of which decline as the winter wanes. Also, this declining requirement is similar to how the Company dispatches its underground storage inventory, consistent with its underground storage utilization plan.

8. Second, EnergyNorth proposes changes to the calculation of on-site storage, specifically, how the rule treats guaranteed trucking. The rule allows the Company to count 70% of the guaranteed trucking supplies over a 5 day period toward its on-site storage total. The Company analyzed variations of these two figures (e.g., 70% of trucking over 7 days, 100%

³ See Docket No. DG 17-200, in which the Commission granted EnergyNorth a temporary waiver of the 100% storage requirement because it would be substantially less expensive to use the lower cost on-hand storage than pipeline supply or immediately refill via trucking because those costs were spiking due to a cold snap; *see also*, Docket No. DG 14-028, which involved a similar waiver of the on-site storage rule.

trucking over 5 days, etc.), and concluded that the best option for the Company is a calculation of on-site storage that includes 100% of its guaranteed trucking over a 7 day period. Relying on 100% of guaranteed trucking is supported by the industry's excellent track record of delivering as promised for many years, even during bad weather. And matching the 7-day design week demand with 7 days of trucking is also reasonable because the trucking has long been available 24 hours per day, 7 days per week.

9. The results of these changes (combined with the percentage changes described above) appear in the table below:



The horizontal line again represents the quantity of available on-site storage. This figure increased to 180,498 therms because the calculation now includes 100% of guaranteed trucking over 7 days (rather than 70% over 5 days). And again, the colored bars indicate the monthly requirements over each of the upcoming five winters. The table demonstrates that the proposed changes will allow the Company to meet the storage requirements for the next three winters, which will provide sufficient time to consider formal rule changes and perhaps allow for the construction of additions to the Company's on-site storage capacity.

10. The Commission “shall waive the provisions of any of its rules ... if the commission finds that: (1) The waiver serves the public interest; and (2) the waiver will not disrupt the orderly and efficient resolution of matters before the commission.” Puc 201.05(a). When considering whether a waiver request serves the public interest, “the commission shall waive a rule if ... (1) Compliance ... would be onerous or inapplicable ... or (2) The purpose of the rule would be satisfied by an alternative method proposed.” Puc 201.05(b).

11. The waiver will not disrupt the resolution of any matter before the Commission. Puc 201.05(a)(1). The requested waiver also satisfies the “public interest” standard, Puc 201.05(b), because, first, compliance with the exiting rule language would be “onerous” in that the Company would have to take extraordinary (and unnecessarily expensive) steps to make sure the LNG and propane tanks are topped off at the end of each reporting week, even if it would be less expensive to wait a few days or months until prices settled, or the Company will have to avoid using the lower-priced LNG and propane if there is insufficient time to immediately replace those volumes. Second, the requested waiver constitute a proposed “alternative method” that would “satisfy” the “purpose of the rule,” i.e., to economically provide for sufficient on-site supply to meet a 7-day cold snap.

12. The requested waivers of the storage requirements in this petition thus satisfy the requirements of Puc 201.05.

WHEREFORE, the Company respectfully asks that the Commission:

- A. Grant a waiver of Puc 506.03(d) to allow the Company to count 100% of the guaranteed trucking over 7 days toward its on-site storage calculation;
- B. Grant a waiver of Puc 506.03(b), (e), and (f) to adjust the percentage of fuel that the Company must have on hand to meet the design week demand as described above; and

- C. Grant such other and further relief as the Commission deems just and reasonable.

Respectfully submitted,

Liberty Utilities (EnergyNorth Natural Gas) Corp., d/b/a
Liberty Utilities

By its Attorney,



Date: August 23, 2019

By: _____
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Certificate of Service

I hereby certify that on August 23, 2019, a copy of this Petition has been forwarded to the Office of Consumer Advocate.



Michael J. Sheehan