

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DG 20-105

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.
D/B/A LIBERTY UTILITIES

Distribution Service Rate Case

Petition for Permanent and Temporary Rates

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (“EnergyNorth” or “the Company”), through counsel, respectfully petitions the New Hampshire Public Utilities Commission (“Commission”) pursuant to RSA 378:27 and RSA 378:28 to fix, determine, and prescribe: (1) an increase in permanent rates to be effective with service rendered on and after September 1, 2020; (2) temporary rates to be effective on and after October 1, 2020, to be in effect until the Commission’s final determination on the Company’s request for a permanent rate increase; and (3) a step increase to begin recovery of capital costs for plant-in-service during the twelve-month period ending December 31, 2020, to be effective coincident with the implementation of permanent rates.

In support of this petition, the Company states as follows:

1. On July 1, 2020, the Company filed a Notice of Intent to File Rate Schedules pursuant to Puc 1604.05.

2. Contemporaneous with this *Petition for Permanent and Temporary Rates*, the Company is filing proposed revised tariff pages, with supporting testimony and schedules, requesting changes to the Company’s permanent rates that are intended to yield an annual increase of \$13,497,250 in distribution revenues to be effective September 1, 2020; a temporary increase

in distribution revenues of \$6,500,000 annually to be effective October 1, 2020; and a step increase of \$5,680,641 annually to begin recovering the revenue requirement associated with capital projects completed during the twelve-month period ending December 31, 2020, which step increase would be effective no earlier than August 1, 2021.

3. The Company's filing demonstrates that the distribution operating deficiency exists primarily due to the substantial amount of capital investment that EnergyNorth has made in its gas distribution system since its last rate case to provide service to customers. Under the rates currently in effect, EnergyNorth is unable to earn the rate of return authorized by the Commission in Docket No. DG 17-048. *See* Order No. 26,122 (Apr. 27, 2018). In particular, as set forth in the joint pre-filed testimony of David B. Simek and Kenneth A. Sosnick in Support of Temporary Rates, EnergyNorth's earned return on rate base for the distribution portion of its business was 4.71% for the test year ended December 31, 2019, which is less than the weighted average cost of capital of 7.47% recommended by Company Witness John Cochrane. As noted, this deficiency is primarily the result of the Company's significant investment in non-revenue producing capital projects that are necessary for the provision of safe and reliable service, which are described in the joint pre-filed testimony of Brian R. Frost, Robert A. Mostone, and Heather M. Tebbetts. Unless rate relief is granted, the Company will not earn a reasonable return on the cost of its property that is used and useful in the public service, resulting in a confiscation of the Company's property. As this is a situation that worsens each year without recovery of new investments, the Company has proposed some mechanisms that would provide a level of interim recovery between rate cases, including step increases in 2021, 2022, and 2023.

4. The Company is requesting that the Commission authorize an increase of rates on a temporary basis to generate an additional \$6,500,000 annually in distribution revenues. This

proposed increase is consistent with the requirements of RSA 378:27, which provides that “temporary rates shall be sufficient to yield not less than a reasonable return on the cost of property of the utility used and useful in the public service less accrued depreciation, as shown by the reports of the utility filed with the commission.” The temporary rate increase will prevent the Company from substantially under-earning while the Commission considers the permanent rate increase. The requested temporary rates will also smooth the transition to permanent rates that the Commission may order in this docket.

5. To the extent necessary to support this request for temporary rates, the Company incorporates by reference the testimony and supporting materials filed in support of its request for permanent rate relief.

6. The proposed step increase in 2021 will recover the annual revenue requirement associated with approximately \$37,600,000 of planned capital investment for the twelve-month period ending December 31, 2020. The Company asks that the Commission make this step increase effective at the time that permanent rates become effective following the conclusion of this proceeding, no earlier than August 1, 2021.

7. The impact on average monthly bill amounts for the temporary rate increase, permanent rate increase, and the 2021 step increase as compared to rates in effect today are shown in Attachment 1 to this petition.

8. The reports on file with the Commission and the supporting documents filed in this case demonstrate that the Company is entitled to the increases in rates outlined above in order to have an opportunity to earn a reasonable rate of return. See RSA 378:27; RSA 378:28.

9. The rates requested by the Company in this proceeding are just and reasonable and in the public interest and should be approved by the Commission.

WHEREFORE, the Company respectfully asks the Commission to:

- A. Grant the Company's request for a permanent increase of \$13,497,250 in annual distribution revenue to be effective with service rendered on and after September 1, 2020;
- B. Grant the Company's request for temporary increase of \$6,500,000 in annual distribution revenue to be effective with service rendered on and after October 1, 2020;
- C. Order such temporary rates to remain in effect until a final determination of the Company's request for a permanent rate increase;
- D. Grant the Company's request for a step increase of \$5,680,641 in annual distribution revenue for capital investments made through December 31, 2020, to be effective coincident with the implementation of permanent rates; and
- E. Grant such other relief as is just and reasonable and consistent with the public interest.

Respectfully submitted,
LIBERTY UTILITIES (ENERGYNORTH NATURAL
GAS) CORP. D/B/A LIBERTY UTILITIES

By its Attorneys,



Date: July 31, 2020

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Certificate of Service

I hereby certify that on July 31, 2020, a copy of this Petition for Permanent and Temporary Rates has been electronically forwarded to the service list in this docket.



Michael J. Sheehan