

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DG 20-105**

**LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP. d/b/a LIBERTY**

**Request for Change in Rates**

**SETTLEMENT AGREEMENT ON RATE CASE EXPENSES**

This Settlement Agreement on Rate Case Expenses (“Settlement Agreement”) is entered into this 19<sup>th</sup> day of April 2023, by and among Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (“Liberty” or the “Company”), the Department of Energy (“DOE”), and the Office of the Consumer Advocate (“OCA”) (together, “Settling Parties”). This Settlement Agreement resolves all remaining issues among the Settling Parties regarding the Company’s request to recover rate case expenses in this docket.

**INTRODUCTION AND PROCEDURAL HISTORY**

1. On August 30, 2021, Liberty filed a Motion for Recovery of Rate Case Expenses, seeking authority to collect \$856,865 of actual and estimated rate case expenses through its Local Distribution Adjustment Charge (LDAC) beginning November 1, 2021. This amount had been agreed to in the settlement agreement that the Commission approved, in part, in Order No. 26,505 (July 30, 2021), subject to audit and update for actual invoices.
2. In Liberty’s subsequent LDAC filing, reviewed in Docket No. DG 21-130, Liberty sought approval to recover rate case expenses in the amount of \$785,177. The Commission deferred ruling on rate case expenses until the completion of an audit by DOE’s Audit Division. Order No. 26,541 (Oct 29, 2021).

3. The Audit Division issued its audit report on rate case expenses on October 11, 2021. The Audit reports recommended approval of most of the rate case expenses that Liberty proposed for recovery except for the Audit Report's recommended non-recovery of some legal fees paid to Keegan Werlin and costs for some consulting services by ScottMadden. DOE further recommended non-recovery of costs for services by Management Applications Consulting.
4. In Order No. 26,691 (Sept. 29, 2022), the Commission approved recovery of \$680,770, which represented the audited and agreed-to rate case expenses. The Commission deferred until a later hearing a resolution of the unaudited and contested cost items to allow time for an updated audit. *Id.* at 3.
5. The Audit Division completed its updated audit in November 2022.
6. DOE and the Audit Division recommended non-recovery of \$37,997 in the remaining rate case expenses that Liberty had requested. Liberty agreed that some items may be removed from its request for recovery but contested the removal of other costs. The Commission has scheduled a hearing on April 20, 2023, to resolve the remaining disputes.

## **AGREEMENT**

7. The Settling Parties agree that Liberty may recover an additional \$123,519 of rate case expenses.
8. The Settling Parties agree, and propose that the Commission approve, that Liberty may begin collecting these rate case expenses through an \$0.0111 per therm increase to the Rate Case Expenses/Temporary Rate Reconciliation (RCE) factor of the LDAC beginning June

1, 2023, over the remaining billing period through October 31, 2023. Attachment A provides the calculation of the rate change and the resulting bill impacts.

9. The Settling Parties agree, and propose that the Commission approve, that the Company's tariff change to eliminate carrying charges on any over- or under-collected balances on the RCE recovery be implemented on a going forward basis effective June 1, 2023. The proposed tariff changes are included on an illustrative basis in Attachment B.

#### **EFFECTIVE DATE**

10. This Settlement Agreement is subject to and shall become effective upon Commission approval, and the Settling Parties request that approval of the proposed LDAC rate and new tariff provisions to be effective June 1, 2023.

#### **GENERAL PROVISIONS**

11. This Settlement Agreement is expressly conditioned on the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept this Settlement Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Settlement Agreement, and any of the Settling Parties notify the Commission within five business days of their disagreement with any such changes, conditions, or findings, the Agreement shall be deemed to be withdrawn, in which event it shall be deemed to be null and void and without effect, shall not constitute any part of the record in this proceeding, and shall not be relied on by Staff or any party to this proceeding or by the Commission for any other purpose.
12. Under this Settlement Agreement, the Settling Parties agree to this joint submission to the Commission as a resolution only of the issues specified here.

13. The Settling Parties agree that the Commission's approval of this Settlement Agreement shall not constitute continuing approval of, or precedent for, any particular principle or issue, but does constitute a determination that the adjustments and provisions stated in their totality are just and reasonable and consistent with the public interest and that the rates contemplated will be just and reasonable under the circumstances.
14. This Settlement Agreement shall not be deemed an admission by any of the Settling Parties that any allegation or contention in this proceeding by any other party, other than those specifically agreed, is true and valid. This Settlement Agreement shall not be construed to represent any concession by any Settling Party regarding positions taken with respect to the Company's proposals in this docket, nor shall this Settlement Agreement be deemed to foreclose any Settling Party in the future from taking any position in any subsequent proceedings. The amounts associated with this Settlement Agreement are liquidated amounts that reflect a compromise of all the issues in this proceeding
15. The pre-filed Exhibit 61, Exhibit 62, and Exhibit 63 for the April 20, 2023, hearing are not expected to be subject to cross-examination by the Settling Parties, which would normally occur in a fully litigated case. The Settling Parties agree that all such pre-filed exhibits should be admitted as full exhibits for the purpose of consideration of this Settlement Agreement and be given whatever weight the Commission deems appropriate. Consent by the Settling Parties to admit all such pre-filed exhibits without challenge does not constitute agreement by any of the Settling Parties that the content of the pre-filed exhibits is accurate or that they should be assigned any particular weight by the Commission. The resolution of any specific issue in this Settlement Agreement does not indicate the Settling Parties' agreement to such resolution for purposes of any future proceedings, nor does the reference

to any other document bind the Settling Parties to the contents of, or recommendations in, that document for purposes of any future proceeding. The Commission's approval of the recommendations in this Settlement Agreement shall not constitute a determination or precedent with regard to any specific issue but rather shall constitute only a determination that the rates and tariff changes resulting from this Settlement Agreement are just and reasonable. The Settling Parties agree to forego cross-examining witnesses regarding the pre-filed exhibits and, therefore, the admission into evidence of any pre-filed exhibit shall not be deemed in any respect to constitute an admission by any party to this Agreement that any allegation or contention in this proceeding is true or false, except that the sworn testimony of any witness shall constitute an admission by such witness.

16. The rights conferred and the obligations imposed on the Settling Parties by this Settlement Agreement shall be binding on or inure to the benefit of any successors in interest or assignees as if such successor or assignee was itself a signatory party. The Settling Parties agree to cooperate in advocating that this Settlement Agreement be approved by the Commission in its entirety and without modification.
17. The discussions that produced this Settlement Agreement have been conducted on the understanding that all offers of settlement and settlement discussions relating to this docket shall be confidential, shall not be admissible as evidence in this proceeding, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise. The content of these negotiations, including any documents prepared during such negotiations for the purpose of reaching a settlement, shall be

privileged and all offers of settlement shall be without prejudice to the position of any party presenting such offer.

18. This Settlement Agreement may be executed by facsimile and in multiple counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one agreement binding on all Settling Parties.

### CONCLUSION

19. The Settling Parties affirm that the proposed Settlement Agreement will result in just and reasonable rates and should be approved by the Commission.

Dated: April 19, 2023

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

/s/ Michael J. Sheehan  
By its Attorney, Michael J. Sheehan

Dated: April 19, 2023

Department of Energy

/s/ Paul B. Dexter  
By its Attorney, Paul B. Dexter

**Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty**  
**June 2023 – October 2023 LDAC**  
**Local Delivery Adjustment Charge (LDAC) - Recovery of Rate Case Expense and Recoupment**

<u>Line No.</u>	<u>Description</u> (A)	<u>Total</u> (B)
1	Prior Period Recoupment/Rate Case Expense (Over)/Under Collection, including interest as of October 31, 2022	\$ 209,539
2	Rate Case Expense DG 17-048	\$ (4,836)
3	Rate Case Expense DG 20-105 approved per Order No. 26,691	<u>\$ 680,768</u>
4	Rate Case Expense to Recover as of August 31, 2022	<u>\$ 675,932</u>
5	Remaining Balance Recoupment/Rate Case Expense (Over)/Under Collection, including interest as of May 31, 2023	\$ 326,184
6	Incremental Rate Case Expense DG 20-105 to Recover as of June 1, 2023	<u>\$ 123,519</u>
7	Projected Recoupment/Rate Case Expense Recovery	<u>\$ 449,704</u>
8	Projected Interest through October 31, 2023	<u>\$ -</u>
9	Total Projected Recovery, June 1, 2023 - October 31, 2023	<u><u>\$ 449,704</u></u>
10	Forecast Throughput (Therms) June 1, 2023 - October 31, 2023	40,679,576
11	RCE Factor (\$/Therm)	\$0.0111

**Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty**  
**Recoupment Expense Reconciliation**  
**Reconciliation of Previous Period November 2021 – October 2022**

1	Month	Beginning Balance	Collections	(Over)/Under Ending Balance	Balance Subject to Interest	Interest Rate	Days per Month	Interest	Cumulative Interest
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
2	Nov-21	\$1,331,220	(\$20,125)	\$1,311,095	\$1,321,157	3.25%	30	\$3,529	\$3,529
3	Dec-21	\$1,314,624	(\$139,641)	\$1,174,983	\$1,244,804	3.25%	31	\$3,436	\$6,965
4	Jan-22	\$1,178,419	(\$179,012)	\$999,407	\$1,088,913	3.25%	31	\$3,006	\$9,971
5	Feb-22	\$1,002,413	(\$209,491)	\$792,921	\$897,667	3.25%	28	\$2,238	\$12,209
6	Mar-22	\$795,159	(\$186,570)	\$608,589	\$701,874	3.25%	31	\$1,937	\$14,146
7	Apr-22	\$610,526	(\$131,744)	\$478,783	\$544,655	3.50%	30	\$1,567	\$15,713
8	May-22	\$480,349	(\$90,760)	\$389,589	\$434,969	3.50%	31	\$1,293	\$17,006
9	Jun-22	\$390,882	(\$52,709)	\$338,173	\$364,528	4.00%	30	\$1,198	\$18,204
10	Jul-22	\$339,371	(\$36,523)	\$302,848	\$321,110	4.75%	31	\$1,295	\$19,500
11	Aug-22	\$304,143	(\$33,545)	\$270,599	\$287,371	5.50%	31	\$1,342	\$20,842
12	Sep-22	\$271,941	(\$35,315)	\$236,626	\$254,284	5.50%	30	\$1,150	\$21,992
13	Oct-22	\$237,775	(\$29,421)	\$208,355	\$223,065	6.25%	31	\$1,184	\$23,176
14			(\$1,144,857)						
15									
16			<b>Projected Cumulative Collection</b>		<b>(\$1,144,857)</b>				
17			<b>Total Approved Collection</b>		<b>\$1,331,220</b>				
18			<b>(Over)/Under Collection, excluding interest</b>		<b>\$186,363</b>				
19			<b>Cumulative Interest</b>		<b>\$23,176</b>				
20			<b>Total (Over)/Under Collection, including interest</b>		<b>\$209,539</b>				

(a) October 19, 2021, Updated Filing Bates 126  
 (b) Company records  
 (c) Column (a) + Column (b)  
 (d) [Column (a) + Column (c)] ÷ 2  
 (e) Prime Rate effective first of each month  
 (f) Days per month  
 (g) [Column (d) x ((Column (e) / 365) \* Column (f))]  
 (h) Column (g) + Prior Month Column (h)  
 \* Projected



**Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty  
 Recoupment/Rate Case Reconciliation  
 Forecasted Recovery November 2022 – October 2023**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Month	Beginning Balance (a)	Rate (\$/Therm) (b)	Collections (c)	(Over)/Under Ending Balance (d)	Balance Subject to Interest (e)	Interest Rate (f)	Days per Month (g)	Interest (h)	Cumulative Interest (i)										
Nov-22	\$885,471	\$0.0044	(\$54,780)	\$830,690	\$858,081	6.25%	30	\$4,408	\$4,408										
Dec-22	\$835,098	\$0.0044	(\$76,466)	\$758,633	\$796,866	7.00%	31	\$4,738	\$9,145										
Jan-23	\$763,370	\$0.0044	(\$135,333)	\$628,037	\$695,703	7.50%	31	\$4,432	\$13,577										
Feb-23	\$632,468	\$0.0044	(\$101,402)	\$531,066	\$581,767	7.75%	28	\$3,459	\$17,036										
Mar-23	\$534,525	\$0.0044	(\$107,914)	\$426,611	\$480,568	7.75%	31	\$3,163	\$20,199										
Apr-23	\$429,774	\$0.0044	(\$62,826)	\$366,948	\$398,361	8.00%	30	\$2,619	\$22,818										
May-23	\$369,568	\$0.0044	(\$45,739)	\$323,829	\$346,698	8.00%	31	\$2,356	\$25,174										
Jun-23	\$449,704	\$0.0111	(\$74,553)	\$375,151	\$412,427	0.00%	30	\$0	\$25,174										
Jul-23	\$375,151	\$0.0111	(\$67,605)	\$307,546	\$341,348	0.00%	31	\$0	\$25,174										
Aug-23	\$307,546	\$0.0111	(\$69,886)	\$237,660	\$272,603	0.00%	31	\$0	\$25,174										
Sep-23	\$237,660	\$0.0111	(\$88,488)	\$149,171	\$193,415	0.00%	30	\$0	\$25,174										
Oct-23	\$149,171	\$0.0111	(\$151,011)	(\$1,840)	\$73,666	0.00%	31	\$0	\$25,174										
Total			(\$1,036,004)					\$25,174	\$25,174										
			<b>Projected Cumulative Collection (\$1,036,004)</b>																
			<b>Total Approved Collection \$1,008,990</b>																
			<b>(Over)/Under Collection, excluding interest (\$27,014)</b>																
			<b>Cumulative Interest \$25,174</b>																
			<b>total (Over)/Under Collection, including interest (\$1,840)</b>																

(a) Prior period Column (e) + Prior period Column (h); 11/1/22 Balance: Schedule 6, Page 2, Col. (e), Line 14 + Col (h), Line 14 + Page 1, Line 4; 6/1/23 Balance: Schedule 6, Page 1, Line 6  
 (b) Schedule 6, Page 1, Line 9  
 (c) Company records, Company forecast  
 (d) Column (a) + Column (c)  
 (e) [Column (a) + Column (d)] ÷ 2  
 (f) Interest rate effective first of the month  
 (g) Days per month  
 (h) [Column (e) × ((Column (f) / 365) \* Column (g))]  
 (i) Column (h) + Prior Month Column (h)  
 \* Projected

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty  
Docket No. DG 20-105 Rate Case Expense  
To be Recovered November 2022 - October 2023  
As of April 17, 2023

Line No	Service Provider	(a) Expense as of 8/1/21	(b) Post 2021 Audit Expenses	(c) = (a) + (b) Expense as of 8/31/22	(d) Amount Approved for Recovery per Order No. 26,691	(e) Agreed upon 11/18/22 Audit Adjustments	(f) = (c) - (d) + (e) Unresolved Amounts Remaining	(g) Incremental Rate Case Expense to be Recovered per Settlement Agreement	(h) Description of Service
1	Concentric Energy Advisors	\$ 48,381.75	\$ -	\$ 48,381.75	\$ -	\$ -	\$ 48,381.75	48,381.75	Review of Decoupling Mechanism
2	FTI Consulting	385,965.46	-	385,965.46	385,965.46	-	-	-	Revenue Requirement, Rate Design, Marginal Cost of Service, Functional Cost of Service, Decoupling Effects on EE, Cost of Capital
3	Keegan Werlin	114,463.50	33,943.00	148,406.50	101,571.00	(5,913.00)	40,922.50	40,922.50	Service, Decoupling Effects on EE, Cost of Capital
4	Scott Madden	34,215.00	-	34,215.00	-	-	34,215.00	34,215.00	Testimony Support
5	Management Applications Consulting	33,245.63	37,996.91	71,242.54	33,245.63	-	37,996.91	-	Review Status of Depreciation Reserve
6	Court Reporter	3,053.00	(1,310.00)	1,743.00	1,743.00	-	-	-	Court Reporter
7	Customer Notice	46,241.00	-	46,241.00	46,241.00	-	-	-	Customer Notice
8	Legal Notices	466.50	-	466.50	466.50	-	-	-	Legal Notices
9	Printing Expense	159.60	-	159.60	159.60	-	-	-	Printing Expenses
10									
11	Subtotal	\$ 666,191.44	\$ 70,629.91	\$ 736,821.35	\$ 569,392.19	\$ (5,913.00)	\$ 161,516.16	\$ 123,519.25	
12									
13									
14	DOE Consultants								
15	Blue Ridge Consulting	\$ 62,402.50	\$ 2,250.00	\$ 64,652.50	\$ 64,652.50	\$ -	\$ -	\$ -	Revenue Requirement
16	J. Randall Woolridge	-	33,800.00	33,800.00	33,800.00	-	-	-	Cost of Capital
17									
18	OCA Consultants	12,923.70	-	12,923.70	12,923.70	-	-	-	Cost of Service/Rate Design
19	Exeter Associates								
20									
21	Subtotal DOE/OCA	\$ 75,326.20	\$ 36,050.00	\$ 111,376.20	\$ 111,376.20	\$ -	\$ -	\$ -	
22									
23	Grand Total	\$ 741,517.64	\$ 106,679.91	\$ 848,197.55	\$ 680,768.39	\$ (5,913.00)	\$ 161,516.16	\$ 123,519.25	Total Estimated Amount
24									
25									
26									

Note: Amounts in Column (b) represent costs for which invoices were received after the completion of the Audit.







