

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

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

Docket No. DG 21-130

**Winter 2021/2022 Cost of Gas Filing and Summer 2022 Cost of Gas Filing**

Joint Report on LDAC and COG proceedings (EnergyNorth)

In Order No. 26,541 (October 29, 2021) the Public Utilities Commission (PUC) ordered the following:

FURTHER ORDERED, Liberty shall explore with the parties to this docket a separate filing schedule and process for review and approval of LDAC charges, as well as a modified schedule for filing updates to the COG rates prior to hearing, and report their recommendations to the Commission within 60 days of this order. . . .

Id. at 12.

Liberty Utilities (Liberty EnergyNorth Natural Gas) Corp. d/b/a Liberty (“EnergyNorth” or “the Company”) the Department of Energy (“Energy”), and the Office of the Consumer Advocate (“OCA”) met and discussed the above directive. As a result of those discussions, EnergyNorth and Energy (the Parties) respectfully ask that the PUC issue an order approving the following changes to the Company’s annual cost of gas filings, beginning with EnergyNorth’s annual Winter 2022-2023 and Summer 2023 filing. The Parties respectfully ask the PUC to consider and approve the following changes by April 1, 2022, in order to allow the Company to prepare for and make the separate LDAC and COG filings.

First, the Parties propose maintaining a single docket to address both the adjustments to the Local Distribution Adjustment Clause (LDAC) and setting the new the cost of gas (COG) rates, but to separate and stagger the filing of these two components within that single docket, with the Company filing the LDAC portion of the docket on August 2 so that there is more time to consider the LDAC.

In the Parties’ opinion, keeping a single docket with staggered filings is preferable to a separate LDAC docket for the following reasons: (a) changes to the LDAC impact the rates implemented on November 1, which coincides with the new COG rates, and this preserves one docket for the participants who wish to review EnergyNorth’s pricing changes; (b) an earlier LDAC filing will simplify the later review of the proposed COG rates; (c) one docket avoids having three hearings in October (EnergyNorth COG, Liberty-Keene COG, and LDAC)in the

fall instead of the two Liberty hearings that currently occur; (d) one docket avoids the procedural complexities that may arise from consolidating separate LDAC and COG dockets for November 1 rates should testimony, adjustments, or changes be relevant to both; and (e) a staggered filing is similar to the process for Liberty's electric default service solicitation and annual reconciliation, where the reconciliation filing is made one month in advance of the default service solicitation results. See, e.g., Docket No. DE 21-087 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities, 2021 Default Service Solicitations.

Thus, the Parties propose that the Company make an LDAC-only filing no later than August 2, and a COG filing no later than September 1 (the currently required date for the COG filing). This will allow the Parties to conduct initial discovery and hold an initial technical session on the LDAC during August, then conduct initial discovery and hold an initial technical session on the COG in September. The Parties agree that issues related to both the LDAC and COG will remain subject to discovery throughout the docket.

The Parties further anticipate that the Sept 1 COG filing will combine the August 2 LDAC information with the new COG information such that the filings retain the format of the Winter 2021-22 EnergyNorth COG filing. This will minimize change in presentation, best permit comparisons to prior years, and thus support continuity and ease of analysis.

Note that the limiting factor in making the LDAC filing even earlier than August 2 is the internal availability of the sales forecast for the upcoming year. EnergyNorth does not finalize the sales forecast, which is necessary for the calculation of all the proposed LDAC and COG rates, until late June.

Second, in order to conduct discovery and hold technical sessions efficiently, the Parties propose that parties may file an initial set of data requests for LDAC filed by August 9, with Company responses due August 15, and the technical session to be held August 18 at 10 a.m. and an initial set of data requests for COG filed by September 9 with Company responses due September 15 and the technical session to be held at 10:00 a.m. on September 18. In the event any of these dates falls on a weekend or holiday, then the next business day will be the due date. Thereafter, responses to additional data requests shall be due no later than 10 calendar days from the date the requests are filed, unless otherwise ordered by the Commission. See Puc 203.09(f). The Company will provide data request responses earlier, if at all possible.

The Parties agree that an initial technical session shall be held on August 18 for the LDAC filing and on September 18 for the COG filing, unless otherwise agreed by all parties, in advance, in writing. The COG tech session may also include discussion of LDAC issues. If designated initial technical session days are weekends or holidays, then the technical session shall be held on the next business day. See Puc 202.03(b). Given the short timeframe under which LDAC and COG review is conducted, this will permit the Parties to make full use of available time while the PUC reviews the Parties' proposed procedural schedule(s) and schedules a hearing date.

The Parties will further endeavor to agree to a consensus schedule to address other procedural steps (including but not limited to additional data requests and technical sessions), which schedule EnergyNorth will propose with its September 1 COG filing. If no consensus is reached, alternative proposed schedules can be proposed.

Third, the Parties propose that the Company make one updated filing no later than October 1 to reflect changes in natural gas pricing, if necessary. Any updated filings will be accompanied by EnergyNorth's explanation of the changes made and will contain "clean" and red-lined /annotated copies of testimony, schedules, and proposed tariff pages. If any necessary changes are identified after the October 1 filing, the Company agrees to promptly identify those changes in discussions with the parties and at hearing and file any necessary post-hearing updates before November 1. Significant changes may warrant separate treatment.

The Parties agree that it is important for EnergyNorth to retain the option of updating its filing on October 1 to include updated natural gas pricing, as EnergyNorth has described substantial exposure to the volatile pricing at the Dracut, Massachusetts, receipt point ("Zone 6") and prices can change substantially and quickly from what is included in the September 1 filing. EnergyNorth explains that although it has the ability to obtain lower priced gas from receipt points in the Gulf of Mexico and Canada, and from its storage in the Marcellus region of Pennsylvania – which resources the Company exhausts before turning to more expensive options -- the Company must still buy a substantial portion of its winter supplies at Dracut, which the Company states is often the highest priced receipt point in the nation.

Given this described market volatility, the Parties agree that it is sometimes appropriate for EnergyNorth to update the proposed COG rates after the September 1 filing in order to reduce the risk of a large over- or under-collection over the course of the winter season. The Parties therefore agree that an EnergyNorth updated filing *no later than October 1* reasonably balances the occasional need for more current natural gas pricing, against the administrative burdens imposed by making updated filings later in Octobers. The Parties note that for significant gas market changes occurring after October 1, the Company may avail itself of the monthly trigger filings, which can first be made effective as of December 1 (Winter) and first be made effective as of June 1 (Summer). The Company may also consider filing motions requesting authority to exceed the 25% cap on increases in the COG rate that can be made with those monthly filings. See Order No. 26,541 at 10 ("Liberty is required to advise the Commission immediately when it appears that rates are projected to increase above the 25 percent cap so that the Commission may consider adjusting the rate above the cap").

The Parties ask the PUC to allow a minimum of ten days for the Energy to review EnergyNorth's compliance LDAC/COG tariff filing before the PUC issues a letter of compliance. The Parties ask the PUC to allow a minimum of three days for Energy to review EnergyNorth's trigger filings (including tariff pages) before the PUC issues a letter of compliance. This will allow Energy an opportunity for review.

To summarize, the Parties propose the following procedural schedule for the Company's Winter 2022-23 and Summer 2023 cost of gas filing and such filings in subsequent years:

August 2,	LDAC filing, covering all components of the LDAC
August 9	Initial LDAC discovery due to Company
August 15	Company responses due

August 18	Initial August 18 technical session on the LDAC filing; thereafter discovery consistent with Puc Rules and/or approved procedural schedule
September 1	COG filing, combined with prior LDAC filing, retaining format of the Winter 2021-2022 and Summer 2022 filing
September 9	Initial COG discovery
September 15	Company responses due
September 18	Initial September 18 technical session on the COG filing (which may include LDAC issues); thereafter discovery consistent with Puc Rules and/or approved procedural schedule
October 1 <sup>1</sup>	Updated filing to reflect current natural gas pricing, and any other Company changes, if necessary. Filing to include “clean” and “red-lined” /annotated testimony, schedules and proposed tariff pages, and a brief explanation of why the changes were made in the accompanying cover letter. Energy (and intervenors) may file data requests following any updated filing. The Company shall use best efforts to respond to those data requests in advance of hearing.
October	complete discovery, technical sessions, and motions practice, if any, conduct hearing.
November 1	no later than this date, the PUC issues an Order establishing EnergyNorth LDAC and COG rates effective November 1.

Fourth, when petitions are first filed, EnergyNorth agrees to make a good faith effort to identify any LDAC and COG issues that are likely too complex to be resolved in the compressed LDAC/COG schedule outlined above and to carve out those complex issues to be addressed on a separate timeline in this docket or in a separate docket, provided such separate treatment does not prejudice any party’s rights. The Parties would then ask the PUC to approve a process to separately adjudicate such an issue on a different timeline. Recent examples of such complex issues that are better resolve outside the fast-paced COG process are the Revenue Decoupling Adjustment Factor issue discussed in this docket, and the prudence of the Liberty-Keene CNG contracts/historic demand charges as addressed in Docket No. DG 20-152. See Order No. 26,480 (May 14, 2021). Absent agreement, nothing in this statement precludes any party from asking the Commission to carve out an issue for consideration on a separate schedule or in a separate docket

The Parties ask the PUC to address a motion to defer or “carve out” adjudication on a particular issue as promptly as possible, to conserve PUC and the Parties’ time and resources, including preparation time.

---

<sup>1</sup> October 1, 2022 is a Saturday. Therefore, for the first year of this proposed schedule, the updated filing shall be due Monday, October 3, 2021, unless otherwise agreed by the parties, in advance, in writing.

With the above adjustments, the Parties anticipate that Energy's Regulatory Division, and any intervenors will have a sufficient opportunity to review the Company's proposed LDAC and COG rate adjustments and, with Energy's Audit Division, the Company's reconciliation report and prior year's COG. Energy notes that any supplemental or corrected pages that EnergyNorth may provide to the Audit Division must be filed into the relevant LDAC/COG dockets in order to be properly considered. Substantive changes to reconciliation filings made after September 1, apart from documents filed with the Audit Division at the Audit Division's request, will not be audited until the next year's reconciliation period. In addition, Audit reviews actual charges and volumes; it does not audit prospective rates. Audit will "match" the reconciled over/under figure from the prior year's LDAC/COG docket to the over/under figures filed in EnergyNorth's September 1 petition.

Fifth, the Parties further agree that it would be useful for the Company's filing to include a chart of all LDAC elements, including a comparison of the prior seasonal rate and the proposed rate, and the effective date for each element's new rate. The Parties also agree to include the initial August 2 LDAC filing, the initial September 1 COG filing, and any updated filings as Company hearing exhibits, in both redacted and confidential formats.

Finally, attached are illustrative changes to the Company's tariff (example tariff pages) that will be necessary to implement the new filing process and schedule requested above. If the PUC approves the Parties' proposed changes, EnergyNorth shall file proposed tariff pages into a separate docket for PUC review. When so directed by the PUC, the Company shall file compliance tariff pages thereafter. See Part Puc 1605.

In conclusion, as stated above, the Parties respectfully ask the PUC to consider and approve the above changes by April 1, 2022, in order to allow the Company to prepare for and make the separate LDAC and COG filings for the Winter 2022-23 and Summer 23 docket, as described above.

Thank you for considering the Parties' Joint Report on LDAC and COG proceedings.

\*\*\*