

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 21-130

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

2021-2022 Cost of Gas

Order Approving Rate Adjustment

ORDER NO. 26,649

July 15, 2022

In this order the Commission approves an updated summer 2022 Cost of Gas (COG) rate of \$1.2295 per therm for Liberty's residential customers, an increase beyond the current maximum COG rate of \$0.6984 per therm for residential customers, and a \$0.9147 per therm increase compared to last summer's initial residential COG rate of \$0.3148 per therm. The increased costs for this 2022 summer COG period are reflective of the current conditions of the commodity market, and the resulting under-collection in gas costs that are recoverable under Liberty's COG tariff. Gas commodity costs incurred by Liberty in making purchases to serve its customers are passed through without a markup in the COG tariff rates. These increased COG rates would increase a typical residential customer's average summer bill by approximately \$130.11 or 54 percent over last summer's COG rates.

I. PROCEDURAL HISTORY

On September 1, 2021, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (Liberty or the Company) submitted a winter 2021/2022 and summer 2022 COG filing outlining its proposed COG for the winter period (November 1, 2021 through April 30, 2022) and the summer period (May 1, 2022 through October 31, 2022), including proposed local distribution adjustment charges (LDAC) for the period

of November 1, 2021 through October 31, 2022. The Company's rate proposals, including a maximum summer 2022 COG rate of \$0.6984 per therm, were approved on an interim and provisional basis in Order No. 26,541 (October 29, 2021).

On May 20, 2022, Liberty filed a petition to update its summer 2022 COG rates beyond the maximum rate approved by Order No. 26,541 in this instant docket, styled as a "Motion to Increase Summer 2022 Cost of Gas Rates."

The New Hampshire Department of Energy (DOE) filed an objection to the Company's petition on May 23, 2022, citing the DOE's need for more time to review Liberty's proposal, and disputing the Company's assertions of the need for Commission action by June 1, 2022. On May 24, 2022, the Office of the Consumer Advocate (OCA) filed a letter of support for DOE's objection. Both the DOE and OCA also cited concerns related to customer notice for such a substantial rate increase as that proposed by the Company in its petition.

On May 26, 2022, the Commission issued Order No. 26,632, suspending the Company's proposed COG tariffs pursuant to RSA 378:6, I(b), and scheduling a hearing regarding this matter for July 13, 2022. The OCA filed a letter on June 1, 2022, requesting an earlier hearing date; on June 15, 2022, the Commission issued a procedural order reiterating that the hearing would be held on July 13. The hearing in this matter was held as scheduled, with the Company presenting the oral testimony of its witnesses Mss. Gilbertson and McNamara, and with the OCA and representatives of the DOE participating.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are available on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-130.html>.

II. POSITIONS OF THE PARTIES

A. Liberty

Liberty, in its petition, which included the supporting testimony and related schedules of Deborah M. Gilbertson and Catherine A. McNamara, cited a recent escalation in natural gas commodity prices, as reflected in the NYMEX markets, which would necessitate an increase in the Company's COG rates for the current summer COG period (May 1, 2022-October 31, 2022) beyond the current maximum rate of \$0.6984 per therm for residential customers. Liberty proposes a new proposed COG rate for residential customers, to be effective on June 1, 2022, of \$1.2295 per therm, with similar escalations in rates for the Company's commercial and industrial customers. The Company also mentioned in its petition that it projected an under-collection of approximately \$9.6 million over the summer 2022 COG period if the current maximum rates were to remain in place. See Hearing Exhibit 39, Testimony of Catherine A. McNamara, Bates Page 20, Lines 6-7; 20-22. This under-collection was primarily incurred during the summer 2021 COG season, with the remainder being a projection for the 2022 summer COG season. *Id.* at 14-15.

At hearing, Ms. Gilbertson and Ms. McNamara provided additional insights regarding the Company's gas procurement strategies for the summer COG periods and committed to a review of the company's hedging strategy.

B. OCA

The OCA indicated at hearing that it supported the Commission's approval of the Company's COG rate proposal.

C. DOE

As a general matter, the DOE indicated at the hearing that it supported Liberty's requested increase in COG rates, reserving the right for further review in future summer COG proceedings.

III. COMMISSION ANALYSIS

The Commission is authorized to fix rates after a hearing, upon determining that rates, fares, and charges are just and reasonable. RSA 378:7. In circumstances where a utility seeks to increase rates, the utility bears the burden of proving the necessity of the increase pursuant to RSA 378:8. In determining whether rates are just and reasonable, the Commission must balance the customers' interest in paying no higher rates than are required against the investors' interest in obtaining a reasonable return on their investment. *Eastman Sewer Company, Inc.*, 138 N.H. 221, 225 (1994).

In this case Liberty's COG rates are pass-through changes due to increases in the NYMEX natural gas prices, and the need to address the resultant under-collection. We have reviewed the testimony and supporting schedules of the Company and the accompanying report of projected NYMEX prices for the remainder of the summer 2022 period and find the resulting COG rates just and reasonable. We will therefore approve the amended COG rates for effect on August 1, 2022, on a fixed basis. However, if the Company were to find downward COG rate adjustments to be warranted, it may engage in such downward adjustments through its monthly COG update filings, pursuant to the terms of its COG tariff.

Based upon the foregoing, it is hereby


ORDERED, that the summer COG rates per therm are approved as follows effective on August 1, 2022, through October 31, 2022, on a fixed basis, but subject to downward adjustment pursuant to the Company's COG tariff if warranted:

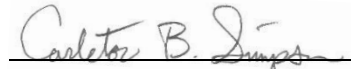
Customer Class	August 1, 2022 Summer COG
Residential	\$1.2295
C&I Low Winter Use	\$1.2284
C&I High Winter Use	\$1.2303

; and it is

FURTHER ORDERED, that the Company shall file a compliance tariff with the Commission on or before August 1, 2022, in accordance with N.H. Code Admin. Rules Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this fifteenth day of July, 2022.


Daniel C. Goldner
Chairman


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket# : 21-130

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