

REVISED

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

DG 21-130

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

Department of Energy Data Requests - Set 2

Date Request Received: 6/21/22
Request No. DOE 2-1

Date of Response: 7/8/22
Respondent: Catherine McNamara

REQUEST:

Reference: Liberty’s Motion to Increase Summer 2022 COG Rates (May 20, 2022); Supplemental Direct Testimony of Deborah M. Gilbertson, May 20, 2022 (hereinafter “Gilbertson Supp. Testimony”); Supplemental Direct Testimony of Catherine A. McNamara, May 20, 2022 (hereinafter “McNamara Supp. Testimony”).

Order No. 26,541 (Oct. 29, 2021) approved an initial Summer 2022 cost of gas (COG) rate of \$0.5587 per therm and a maximum cog rate of up to 25% of that rate, i.e., \$0.6984. In its petition, Liberty has requested a flat rate of \$1.2295 per therm. Liberty has not presented this request in the traditional COG format, which would identify both an initial and a 25% maximum increased rate. Based on the Company’s statement that the Summer 2022 rate will not exceed \$1.2295, *see* McNamara Supp. Testimony, Bates 023, presumably the \$1.2295 per therm rate is the Company’s proposed new maximum COG rate for Summer 2022.

- a. Please present Liberty’s request in a standard COG format, that is, using \$1.2295 per therm as Liberty’s new maximum residential COG for the Summer 2022 period, and provide the initial rate in a table, comparing it to both the Summer 2021 rate and the initial Summer 2022 maximum COG as shown on Order 26,541 at 11. Please provide standard COG schedules, updating schedules provided for the Summer 2022, to show Liberty’s pending request as filed on May 20, 2022 in a standard COG format (initial rate with 25% increase at Company’s discretion, not a flat rate) for residential, C&I low winter use and C&I high winter use customers.
- b. Please provide calculations that show, for the 2022 Summer period, for each of the three major customer classes, (1) the percentage increase of the proposed maximum rate over the rate approved in Order No. 26,541 and (2) the percentage increase of the proposed maximum rate over the maximum rate approved in Order 26,541. That is, an initial rate (\$0.5587 per therm for residential customers) and the initial maximum rate (\$0.6984 per therm for residential customers) that Liberty’s new proposed maximum rate of \$1.2295 per therm for residential customers represents. Please provide the same information for all C & I customer classes. (See directions, *supra* at the beginning of the DRs Set 2) (as opposed to Liberty’s description of a “flat rate” which is inconsistent with the COG model).

Docket No. DG 21-130 Request No. DOE 2-1 (Revised)

- c. The Company explains the rate of \$1.2295 was calculated “using [then] current market pricing” and as if the Summer 2022 rate had been “recalculated today.” Motion at 1; Gilbertson Supp. Testimony; McNamara Supp. Testimony. Please identify the source, including the date and time, of the “current market pricing” which the May 20, 2022 petition relied upon. Provide a copy of information printed from any website, screen captures, documentation, or otherwise, that show the source of the pricing information used by Liberty. Please provide the calculations, and any schedules, used or relied upon to calculate the Summer 2022 period as it was “recalculated” for the May 20, 2022 filing.

RESPONSE:

- a. Please see the table below for the requested information comparing the 2021 approved summer COG rate with the approved 2022 summer COG and max summer COG rates with the proposed revised 2022 summer COG rate by customer class. Liberty did not request a 25% increase to the proposed revised 2022 summer COG rate, therefore is presenting the proposed revised 2022 summer maximum COG rate as being the same level as the revised amount requested.

		Established per Order No. 26,541 (10/29/21)				
Customer Class	2021 Summer COG	2022 Summer COG	2022 Summer Maximum COG	May-July 2022 Monthly COG Rate	Proposed Revised 2022 Summer COG (Aug-Oct 2022)	Proposed Revised 2022 Summer Max COG (Aug-Oct 2022)
Residential	\$0.3935	\$0.5587	\$0.6984	\$0.6984	\$1.2295	\$1.2295
C&I High Winter Use	\$0.3386	\$0.5593	\$0.6991	\$0.6991	\$1.2303	\$1.2303
C&I Low Winter Use	\$0.3999	\$0.5580	\$0.6975	\$0.6975	\$1.2284	\$1.2284

- b. Please refer to Attachment DOE 2-1.b.1.xlsx for a revised Tariff Page 92 with the additional line showing the max rate at the same level as the proposed revised summer COG rate. See Attachment DOE 2-1.b.2.xlsx for the bill comparison schedules comparing the proposed rates as originally filed on May 20, 2022, to the rates approved in Order No. 26,541. Since the proposed rates have not been approved, the actual June and July 2022 rates remained at the same level as May 2022.

Docket No. DG 21-130 Request No. DOE 2-1 (Revised)

See Attachment DOE 2-1.b.3.xlsx, for the bill comparison schedules comparing the proposed rates as originally filed on May 20, 2022, to the maximum rates approved in Order No. 26,541. Since the proposed rates have not been approved, the June and July 2022 rates remained at the same max level as May 2022.

- c. The market pricing used for the May 20, 2022, ENNG COG filing was from May 10, 2022. See Attachment DOE 2.1.c for the May 10, 2022, market pricing. For any calculations or schedules used in the filing see the model provided in the May 20, 2022, filing.

REVISED RESPONSE:

- a. The original question presumes that the \$1.2295 per therm rate is the Company's proposed new maximum COG rate for Summer 2022 for the residential class. The Company clarifies in this response that the revised Summer COG rate request of \$1.2295/therm is a request to revise the initial Summer COG rate. Traditionally the Company would apply a 25% max rate to allow the Company to increase rates up to that max rate without further action from the Commission. The May 20, 2022, filing did not request the opportunity to increase rates up to a max rate of 25% of the approved rate if natural gas prices increased given the denial of Northern Utilities' request to increase their COG up to 125% of the approved rate in Docket No. DG 21-131, Order Nos. 26,626 and 26,627. Had the Company applied the 25% max rate as has been done in previous COG rate filings, the max rate would have been \$1.5368/therm for the residential class.

At the DOE's request, the Company has put together a table providing the requested rate at 75%, 100% and 125%. The May 20, 2022, filing requested a rate of \$1.2295 per therm for residential customers, \$1.2303 per therm for C&I high winter use and \$1.2284 per therm for C&I low winter use customers, as provided on Bates 22 of the May 20, 2022, filing.

The Company is providing this table for illustrative purposes only as requested by the DOE and is not seeking a 25% max rate for this particular rate request based on recent Commission Orders.

Docket No. DG 21-130 Request No. DOE 2-1 (Revised)

Customer Class	2021 Summer COG	Established per Order No. 26,541 (10/29/21)			May 20, 2022, Filing	DOE Request	May 20, 2022, Filing	DOE Request
		2022 Summer COG	2022 Summer Max COG	Approved 2022 Monthly COG Rate				
Residential	\$0.3935	\$0.5587	\$0.6984	\$0.6984	\$1.2295	\$0.9221	\$1.2295	\$1.5368
High Winter Use	\$0.3386	\$0.5593	\$0.6991	\$0.6991	\$1.2303	\$0.9227	\$1.2303	\$1.5378
Low Winter Use	\$0.3999	\$0.5580	\$0.6975	\$0.6975	\$1.2284	\$0.9213	\$1.2284	\$1.5355

- b. Please see Revised Attachment DOE 2-1.b.1 for tariff page 92 showing an additional line indicating the max rate as the same rate being requested in the May 20, 2022, filing. This line was not shown in the tariff in the May 20, 2022, filing due to the fact that the Company was not seeking a 25% max rate.
- c. As a follow-up request, the DOE requested additional information related to the May 10, 2022, Henry Hub gas futures pricing at a high of approximately \$7.50/MMBtu for the Summer 2022 season provided in part c. to the approximate \$1.54/therm rate filed on May 20, 2022, and asked the Company to expand on the “adders” that are included in the COG price over and above the Henry Hub price. The Company is providing additional information below to be responsive to this request.

The cost of natural gas on the market to the Company is tied to the indices from the zone the Company purchases the gas from. Liberty can only purchase gas from places where it has pipeline capacity entitlements to move it to its distribution system. All gas flows from Tennessee Gas Pipeline to Liberty distribution system. Each area is priced differently, Zone 6 is the most expensive, where Zone 4 is the least expensive. The cost is broken down between the NYMEX pricing plus basis points and both fluctuate. The pricing of the commodity is finalized depending on the type of supply purchased (i.e., base load, day ahead/spot market, etc.). For example, a storage purchase for base load supply is purchased in advance and settled at the end of the month before the beginning of the next month (i.e., August would settle on July 25). Spot market purchases to balance load based on weather conditions are purchased on a day ahead basis and settled at the end of the day in which they are purchased for. The purchase price would be the NYMEX price plus/minus the basis.

The Company includes in its pricing to calculate rates the direct cost of supplying natural gas, indirect costs including working capital, bad debt and interest and adjustment for prior period over- or under- collections. Bates 032 and Bates 030 provide a summary of the components that make up the cost of gas.

NHPUC NO. 11 GAS
 LIBERTY UTILITIES

Proposed Third Revised Page 92
 Superseding Second Page 92
 Summer Cost of Gas

27 CALCULATION OF FIRM SALES SUMMER PERIOD COST OF GAS RATE
 EXCLUDING KEENE CUSTOMERS

CALCULATION OF FIRM SALES COST OF GAS RATE

PERIOD COVERED: SUMMER PERIOD, MAY 1, 2022 THROUGH OCTOBER 31, 2022

~~PERIOD COVERED: SUMMER PERIOD, MAY 1, 2021 THROUGH OCTOBER 31, 2021~~

(Refer to Text in Section 17 Cost of Gas Clause)

(Col 1)	(Col-2)	(Col-3)	(Col 2)	(Col 3)
Total Anticipated Direct Cost of Gas	\$ 9,653,380		\$ 25,261,581	
Projected Sales June 2022 - October 2022 (06/01/21 - 10/31/21)	<u>20,973,034</u>		18,091,280	
Direct Cost of Gas Rate		\$ -0.4603		\$ 1.3963 per therm
Demand Cost of Gas Rate	\$ 4,548,346	\$ -0.2469	\$ 3,276,842	\$ 0.1811
Commodity Cost of Gas Rate	<u>3,136,847</u>	<u>\$ -0.1496</u>	14,109,203	\$ 0.7799
Adjustment Cost of Gas Rate	<u>1,968,188</u>	<u>\$ -0.0938</u>	7,875,536	\$ 0.4353
Less May 2022 Costs			<u>(3,573,233)</u>	<u>(0.1975)</u>
Total Direct Cost of Gas Rate	\$ 9,653,380	\$ -0.4603	\$ 21,688,348	\$ 1.1988
Total Anticipated Indirect Cost of Gas	\$ (174,652)		555,868	
Projected Sales June 2022 - October 2022 (06/01/21 - 10/31/21)	<u>20,973,034</u>		18,091,280	
Indirect Cost of Gas		\$ (0.0083)		\$ 0.0307 per therm
TOTAL PERIOD AVERAGE COST OF GAS EFFECTIVE 06/01/22				\$ 1.2295 per Therm
TOTAL PERIOD AVERAGE COST OF GAS EFFECTIVE 05/01/21		\$ -0.4520		
RESIDENTIAL COST OF GAS RATE - 06/01/2022			COGsr	\$ 1.2295 /therm
		Maximum (COG)	\$ 0.5659	\$ 1.2295
COM/IND HIGH WINTER USE COST OF GAS RATE - 06/01/2022			COGsh	\$ 1.2303 /therm
		Maximum (COG)	\$ 0.5593	\$ 1.2303
COM/IND LOW WINTER USE COST OF GAS RATE - 06/01/2022			COGsl	\$ 1.2284 /therm
		Maximum (COG)	\$ 0.5739	\$ 1.2284

Issued: ~~October xx, 2021~~ May xx, 2022
 Effective: ~~November 1, 2021~~ June xx, 2022

Issued by: _____
 Title: Neil Proudman
 President

Authorized by NHPUC Order No. 26,xxx dated Xxx xx, 2022, in Docket No. DG 21-130
~~Authorized by NHPUC Order No. 26,544 dated October 29, 2021, in Docket No. DG 21-130~~