

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 2-4

Date of Response: 7/6/22
Respondent: Deborah Gilbertson

REQUEST:

Reference: Wall Street Journal article, June 15, 2022 (referencing the June 8th fire at the Freeport LNG facility on Quintana Island, Texas, and its impact on natural gas pricing) (DOE Attachment 2-4.01).

- a. Has the fire referenced in the above article changed Liberty's projected pricing for the remainder of Summer 2022? Please explain.
- b. Have any other factors changed Liberty's projected pricing for the remainder of Summer 2022? Please explain.
- c. If Liberty were to file a request to exceed the maximum COG based on now-current market information, what increase, if any, would Liberty request with reference to rates currently in effect? Please provide your response both in the traditional COG format (initial rate, with 25% increase) and a "flat rate." Please show the percentage increase or decrease as compared to Liberty's May 20, 2022 filing maximum rate requested (and "reverse engineered" initial rate).

RESPONSE:

- a. Market prices change daily. As noted in the referenced article, Henry Hub prices dropped more than 15% as a result of the fire at the Freeport LNG terminal. Since Liberty's forecasted pricing is based on Henry Hub prices, on that day, the drop in forward pricing did change Liberty's projected pricing for the remainder of summer as compared to prices on the day before the LNG terminal incident. Liberty does not know all of the reasons for the drop in pricing, but generally, market pricing is based on the supply and demand for natural gas. The fire at the Freeport LNG terminal could have caused the market to interpret that event as resulting in fewer exports of LNG out of the country, therefore, increasing domestic supply. This could potentially serve to increase U.S. storage to levels that are satisfactory in comparison to the 5-year average. The referenced article reported that the terminal will be out of commission for 90 days.
- b. No.
- c. Forward market prices change daily. The 15% drop in Henry Hub prices which was referenced in the article slightly lowered prices by about 4 cents overall when compared to the forward market pricing as of May 20, 2022, which was the basis of the pricing for

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the summer COG rates filed by Liberty on May 20, 2022. Liberty does not intend to file another request to exceed the maximum summer COG rates filed on May 20, 2022.