

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

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

**Request for Change in Rates**

Docket No. DG 20-105

**SETTLEMENT AGREEMENT ON PERMANENT RATES**

This Settlement Agreement on Permanent Rates (“Settlement Agreement”) is entered into this 29<sup>th</sup> day of June, 2021, by and among Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (“Liberty” or the “Company”), the Staff of the Public Utilities Commission participating in this proceeding (“Staff”), and the Office of the Consumer Advocate (“OCA”) (together, “Settling Parties”). This Settlement Agreement resolves all issues among the Settling Parties regarding the Company’s request to establish permanent rates in Docket No. DG 20-105, with the exception of Liberty’s request to recover costs incurred to investigate, evaluate, and assess the development of the Granite Bridge Liquefied Natural Gas tank and related gas pipeline (“Granite Bridge Project”).

**SECTION 1. INTRODUCTION AND PROCEDURAL HISTORY**

1.1 On July 1, 2020, Liberty filed with the New Hampshire Public Utilities Commission (“Commission”) a Notice of Intent to File Rate Schedules pursuant to N.H. Code Admin. Rules Puc 1604.05. On July 31, 2020, the Company filed its Petition for Permanent and Temporary Rates (“Petition”), including proposed tariffs and rate schedules, testimony, attachments and other information supporting the Petition. Liberty’s Petition requested that the Commission grant: (1) a permanent increase in Liberty’s distribution rates effective with service rendered on or after September 1, 2020, designed to yield an increase of \$13,497,250 in annual revenue above the then

*The Wall Street Journal* on the first business day of the month preceding the calendar quarter (“Prime Rate”).

6.5 The Company shall submit the initial PTAM filing covering the period described in Section 6.3 on or before August 20, 2021, and the PTAM distribution rate adjustment for that period shall be effective with service rendered on and after November 1, 2021. Filings covering subsequent property tax years shall be made on or before March 10 using property tax bills received during the prior calendar year for adjustments to distribution rates effective May 1.

6.6 Billing determinants used for adjusting the Revenue Per Customer (RPC) amounts for the initial PTAM adjustment, as described in Section 11, for the purpose of the PTAM adjustment, shall be the same as the calendar year 2020 billing determinants used for the purpose of the first step adjustment (see Section 5.1). Billing determinants used for subsequent PTAM adjustments shall be the annual billing determinants for the calendar year that corresponds to the year that the local property tax bills were received for that particular PTAM reconciliation.

## **SECTION 7. KEENE CONVERSION TO CNG**

7.1 Keene Cost of Gas. The Company shall recover one-half of the incrementally higher CNG supply costs as compared to the propane supply cost,<sup>8</sup> incurred from the commencement of CNG service through October 31, 2021, to be recovered through inclusion over one year in the next Keene cost of gas during the winter or summer periods consistent with the season in which the incremental costs were originally incurred. The Company shall provide the supporting calculations

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<sup>8</sup> Incremental CNG supply cost/savings shall be calculated by multiplying the CNG therm purchases by the difference between the average per therm CNG supply cost and the propane supply costs for the applicable summer/winter period. Average CNG supply costs shall include all CNG supplier charges properly allocated between summer and winter periods. Average propane supply costs shall include Mont Belvieu propane pricing, transportation costs, and Broker Fee.

in the Winter 2021-2022 Keene Cost of Gas filing. Incremental CNG supply costs through the 2020-2021 winter period are provided in Appendix 4.

(a) Beginning November 1, 2021, if the CNG supply cost is higher than the propane supply cost as described in footnote 8, the Company shall recover one-half of the incrementally higher CNG supply cost, as determined through the cost of gas reconciliation process. If the CNG supply cost is lower than the propane supply cost, the Company shall recover and retain the full amount of the incrementally lower CNG supply cost up to the amount of incrementally higher CNG costs accrued since the commencement of CNG service, which have not then been recovered from customers, at which point the Company shall recover and retain one-half of the incrementally lower CNG supply costs. Reconciliation of the incremental CNG supply costs shall occur semi-annually in the Winter and Summer Cost of Gas filings, as applicable. A sample calculation of incremental CNG supply costs/savings, using non-confidential, hypothetical pricing, is illustrated in Appendix 5.

(b) CNG demand costs shall be allocated 75% to the winter period and 25% to the summer period until such time as otherwise determined by the Commission in a future proceeding. Any change in allocation shall be implemented during a Winter Cost of Gas filing.

7.2 Keene Expansion. Phase 1 of the Keene conversion to natural gas shall consist of: (1) installation of the existing temporary CNG facility; (2) conversion of the propane-air customers premises at the Monadnock Marketplace to natural gas as of the date of this Settlement; and (3) acquisition of customers at any additional premises not currently physically connected to the gas utility system in Keene after the date of this settlement who would be served CNG from both the existing CNG temporary facility and through existing mains. An “existing main” is one that has

**Incremental CNG Supply Costs through October 2021  
 Amount to be Recovered/(Refunded) Through Keene COG Rates**

CNG Increment Cost/Saving Risk Sharing - 50% Shareholder/Ratepayers				
Incremental CNG Supply Costs - October 2019 thru October 2021				
COG Period	Year	Amount	Deferred	(Refund)/Charge
Summer	2019	5,048		(2,524)
Winter	2019-20	132,469	132,533	66,299
Summer	2020	16,214	16,214	8,107
Winter - Note 1	2020-21	136,525		(68,263)
Summer - Note 2	2021	4,012		(2,006)
Total Summer		25,274	16,214	3,577
Total Winter		268,994	132,533	(1,964)
Combined Total		294,268	148,747	1,613

Note 1 - Estimated CNG incremental cost based on projected usage and costs filed in DG 20-152 (Keene 2020-2021 Winter COG). Actual CNG incremental costs/savings to be determined in Keene 2021-2022 Winter COG.

Note 2 - Estimated CNG incremental cost based on projected usage and costs filed in DG 21-050 (Keene 2021 Summer COG). Actual CNG incremental costs/savings to be determined in Keene 2022 Summer COG.

**ILLUSTRATION - CALCULATION OF PROJECTED INCREMENTAL CNG COST/SAVING TO BE INCLUDED IN COG RATES  
TO BE RECONCILED USING ACTUAL COST - SUBSEQUENT COG RATES ADJUSTED FOR OVER/UNDER RECOVERY**

See Line No. 22, 28, 42 and 45

LIBERTY UTILITIES - KEENE DIVISION

CALCULATION OF PURCHASED GAS COSTS  
SUMMER PERIOD 20XX

LINE NO.		May-XX	Jun-XX	Jul-XX	Aug-XX	Sep-XX	Oct-XX	TOTAL
1	TOTAL SENDOUT (therms)	60,000	40,000	50,000	40,000	50,000	80,000	320,000
2	CHANGE TO ENDING INVENTORY BALANCE (therms)	-	-	-	-	-	-	-
3	TOTAL REQUIRED PURCHASES (therms)	60,000	40,000	50,000	40,000	50,000	80,000	320,000
4	<b>PROPANE PURCHASE STABILIZATION PLAN DELIVERIES</b>							
5	Therms	-	-	-	-	-	-	-
6	RATES - from Schedule D							
7	Contract Price	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	
8	Broker Fee	incl.	incl.	incl.	incl.	incl.	incl.	
9	Pipeline Fee	incl.	incl.	incl.	incl.	incl.	incl.	
10	PERC Fee	incl.	incl.	incl.	incl.	incl.	incl.	
11	Trucking Fee	incl.	incl.	incl.	incl.	incl.	incl.	
12	COST PER GALLON	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	
13	TOTAL COST - Propane Purchase Stabilization Plan Deliveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	<b>AMHERST STORAGE PROPANE DELIVERIES</b>							
15	Therms	-	-	-	-	-	-	-
16	RATES - from Schedule F							
17	WACOG Price	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	
18	Trucking Fee	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	
19	COST PER GALLON	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	
20	TOTAL COST - Amherst Storage Propane Deliveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	<b>CNG DELIVERIES</b>							
22	Therms	9,000	10,000	10,000	10,000	10,000	13,500	62,500
23	RATE							
24	PRICE	\$ 0.8000	\$ 0.8500	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	
25	COST PER Therm	\$ 0.8000	\$ 0.8500	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	
26	COST - CNG	\$7,200	\$8,500	\$9,000	\$9,000	\$9,000	\$12,150	
27	DEMAND FIXED	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$24,000
28	CNG COST PER Therm (line 29/22)	\$ 1.2444	\$ 1.2500	\$ 1.3000	\$ 1.3000	\$ 1.3000	\$ 1.1963	
29	TOTAL CNG (line 26+27)	\$11,200	\$12,500	\$13,000	\$13,000	\$13,000	\$16,150	\$78,850
30	<b>SPOT PURCHASES</b>							
31	Therms	50,000	30,000	40,000	30,000	40,000	65,000	255,000
32	RATES - from Schedule C							
33	Mont Belvieu	\$0.8500	\$0.8000	\$0.7500	\$0.7500	\$0.8000	\$0.8500	
34	Broker Fee	\$0.0100	\$0.0100	\$0.0100	\$0.0100	\$0.0100	\$0.0100	
35	Pipeline Fee	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	
36	PERC Fee	\$0.0050	\$0.0050	\$0.0050	\$0.0050	\$0.0050	\$0.0050	
37	Supplier Charge	\$0.2000	\$0.2000	\$0.2000	\$0.2000	\$0.2000	\$0.2000	
38	Trucking Fee	\$0.1000	\$0.1000	\$0.1000	\$0.1000	\$0.1000	\$0.1000	
39	COST PER GALLON - Market Quotes	\$1.1650	\$1.1150	\$1.0650	\$1.0650	\$1.1150	\$1.1650	
40	COST PER THERM - Market Quotes	\$1.1650	\$1.1150	\$1.0650	\$1.0650	\$1.1150	\$1.1650	
41	TOTAL COST - Spot Purchases	\$58,250	\$33,450	\$42,600	\$31,950	\$44,600	\$75,725	\$286,575
42	SPOT PURCHASES -COST PER Therm (line 41/31)	\$1.1650	\$1.2150	\$1.1650	\$1.1650	\$1.2150	\$1.2650	
43	<b>OTHER ITEMS</b>							
44	Storage - Winter Period 20XX-20XX	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45	50% Increment CNG (line ( 28 - 42) * 22*50%)	(\$358)	(\$175)	(\$675)	(\$675)	(\$425)	\$464	(\$1,844)
46	TOTAL OTHER ITEMS	(\$358)	(\$175)	(\$675)	(\$675)	(\$425)	\$464	(\$1,844)
47	<b>TOTAL</b>							
48	THERMS (line 5+15+22+31)	59,000	40,000	50,000	40,000	50,000	78,500	317,500
49	SENDOUT THERMS (line 1)	60,000	40,000	50,000	40,000	50,000	80,000	320,000
50	COST (line 13+20+29+41+46)	\$69,093	\$45,775	\$54,925	\$44,275	\$57,175	\$92,339	\$363,581
51	COST PER THERM (line 50/48)	\$1.1711	\$1.1444	\$1.0985	\$1.1069	\$1.1435	\$1.1763	\$1.1451

\*\* Shaded cells show what information is considered confidential in future Keene COG filings