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DEPARTMENT OF ENERGY  
21 S. Fruit St., Suite 10  
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November 22, 2022

Daniel C. Goldner, Chairman  
Public Utilities Commission  
21 S. Fruit Street  
Concord, NH 03301-2429

Re: DG 22-045 Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a/  
Liberty Winter 2022-23 and Summer 2023 Cost of Gas, *DOE Position*  
*on Liberty's Proposed Changes to Order No. 26,713 (October 27, 2022) and*  
*on prime interest rate*

Dear Chairman Goldner:

The Department of Energy (DOE) files this letter to explain the DOE's position on Liberty's proposed changes to Order No. 26,715 (October 31, 2022) (establishing cost of gas supply rates and local distribution adjustment clause (LDAC) rates), which DOE construes as Liberty Utilities *Motion for Clarification* (11/15/22) as originally filed on November 16, 2022, and subsequently modified by the Company on November 16 and November 17. The DOE also raises an issue with regard to the prime rate to be used on over-or-under collections.

Background:

The Commission issued Order No. 26,715 based on Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (Liberty or the Company)'s October 10, 2022 update to its initial August 2, 2022 (LDAC) and September 2, 2022 (cost of gas supply) filing, and Liberty's responses to the Commission's record requests filed October 24, 2022. Order No 26,715 directed Liberty to file compliance tariffs "as required by N.H. Code Admin R. Puc 1603 conforming to this order within fifteen (15) days of the date of this order, or November 15, 2022." Order No. 26,715 at 11.

Proposed Clarifications of Order No. 26,715:

On the evening of November 15, 2022, Liberty filed compliance tariff pages into the docket. Liberty's cover letter states that Liberty discovered two "differences" from Order No. 26,715 and that the differences "required clarification." The first difference Liberty described explained that Liberty's October 10, 2022 updated filing (dated October 7, 2022) used an inaccurate energy efficiency charge (EEC) rate. Liberty explained that its October 10 filing should have used the rates required by HB 549

(\$0.0640 residential and \$0.0426 C&I). *See* DOE Letter (filed October 10, 2022) (recommending that \$0.0640 and \$0.0426 be used as placeholders for January 2023-October 2023 for the purposes of calculating the LDAC to be effective November, 1 2022); October 25, 2022 Hearing Transcript at 15 (Liberty and the OCA agree with DOE’s recommended treatment of the EEC); October 25, 2022 Hearing Exhibit 10.

DOE agrees with Liberty’s first proposed clarification; there is ambiguity given the EEC rate Liberty actually used, and the EEC rate Liberty agreed to use. The ambiguity requires clarification. Based on the above, in DOE’s view, the compliance tariff pages, and the lower LDAC rates, are correct. DOE recommends that Liberty promptly update its related Responses to Record Request filed on October 24, 2022. DOE further notes that, as specified in Order No. 26,715, the LDAC is subject to interim adjustment which will occur when the EEC rate is updated, to be effective January 1, 2023, consistent with 2022 N.H. Laws Chapter 5 (HB 549 Final Version) (codified as RSA 374-F:3, VI a).

Liberty’s second “difference” which Liberty explained required clarification of Order No. 26,715 is that “the C&I LLF (High winter use) and C&I HLF (Low winter use) are reversed for both Winter 2022-23 and Summer 2023.” Liberty asserts that the referenced rates “are correctly stated” in the compliance tariff pages.” *See* Liberty cover letter dated November 15, 2022. Liberty has not fully explained the matter at issue. Order No. 26,715 sets a Winter period COG supply rate per therm of \$1.4296 for “High winter use” and \$1.4301 for “Low winter use.” In its filed tariff pages, Liberty assigned the \$1.4296 to C&I G-51 through G-54 and the \$1.4301 per therm to C&I G-41 through G-43. This does reverse the “High winter use” and “Low winter use” categories as filed by Liberty. *See* August 2, 2022 filing Schedule 1, Bates Page 26; October 10 filing, Schedule 10A, Bates Page 70. Order No. 26,715 sets a Summer period cost of gas supply rate of \$1.02660 for “High winter use” and \$1.02710 for “Low winter use.” In the filed tariff pages, Liberty assigned the \$1.0266 to C&I G-51 through G-54 and \$1.0271 to C&I G-41 through G-43. This does reverse the “High winter use” and “Low winter use” categories as filed by Liberty. *See* August 2, 2022 filing Schedule 1, Bates Page 26; October 10 filing, Schedule 10A, Bates Page 70. Therefore, DOE agrees with Liberty’s second proposed clarification of Order No. 26,715.

DOE also wishes to bring forward a point of clarification regarding the definition of “prime rate.” Order No. 26,715 states that “the over-or-under collection shall accrue interest at the prime rate as reported by the Federal Reserve Statistical Release of Selected Interest Rates, [and that] the rate be adjusted monthly . . . .” Order No. 26,715 at 11. In cost of gas proceeding, it is the DOE’s understanding that the prime rate for over-or-under collection has been adjusted each quarter using the prime interest rate as reported by the Wall Street Journal (WSJ) on the first date of the month preceding the first month of the quarter. *See* definition of “prime rate” in N.H. Code of Admin Rules, Puc 1202.13; Dkt. No. 20-105, Exhibit 49, Settlement Agreement with Liberty Tariff No. 11, Original Page 16 (Bates 70) (defining “carrying charges”) Original Page 18 (COG calculations use “carrying charges”). In addition, the recent cost of gas hearing did not discuss or contemplate a change from this practice. *See* October 25 2022 Hearing

Transcript. Accordingly, in the DOE's opinion, Order No. 26,715 should be clarified to reference the calculation of prime rate quarterly, based on the WSJ.

Finally, after the compliance tariff filing dated November 15, 2022 (filed November 16, 2022), Liberty made two more filings to correct its compliance tariff pages on November 16, 2022 and November 17, 2022. DOE finds Liberty's proposed updated designated revised tariff page iterations and updates to orders cited in the margins appropriate.

Consistent with the Commission's current policy, this letter is being filed solely in electronic format. Thank you for your attention to this matter.

Respectfully Submitted,

*/s/ Mary E. Schwarzer*

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Staff Attorney/Hearings Examiner  
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Cc: Docket (electronic service)  
Enclosures

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