

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

DG 22-045

Winter 2022–2023 and Summer 2023 Cost of Gas
(COG and LDAC)

Department of Energy Data Requests - Set 2

Date Request Received: 9/9/22
Request No. DOE 2-3

Date of Response: 9/15/22
Respondent: Heather Tebbetts

REQUEST:

Reference: LDAC filing (August 2, 2022), Supplemental LDAC filing (September 1) COG filing (dated September 1, 2022, filed September 2, 2022); Liberty’s responses to DOE Set 1 DRs, and Liberty’s “supplemental response to DOE DR [1-4] (filed September 9, 2022)

Please update all of Liberty’s responses to DOE Set 1 DRs to accurately reflect Liberty’s Supplemental LDAC filing (September 1) and separate COG filing (September 2). If any of Liberty’s DR Set 1 Responses change, given that the initial responses have been provided in piecemeal, please file a complete, final, integrated and updated responses to DOE Set 1 DRs (one document)

- A) Liberty’s September 9, 2022 supplemental DR response did not include an updated response to DOE 1-2 for the RDAF portion of the LDAC. Based on Staff comments at the August 23, Technical Session, the preliminary response Liberty provided on August 18 was incorrect. Please provide an updated response.
- B) Liberty’s updated response to DOE 1-4 included the following statement for DOE 1-4 (c) and (f) regarding the residential RDAF, and for DOE 1-4 (f) regarding the C & I RDAF: “Due to the extensive amount of analysis required to respond to this request, the Company will provide a follow-up response on 8/19/22.” Liberty’s updated response to DOE 1-4 (b) was non-responsive. Please confirm that all information necessary to perform an independent analysis has been provided, including accounting data, and that all data is (and remains) accurate.

RESPONSE:

- A) Please see Attachment DOE 2-3 for a complete resubmittal of Liberty’s responses to DOE Set 1 DRs containing the most recent LDAC filing (September 1, 2022) and revised RDAF Schedule 4 rate as filed on September 8, 2022, in the supplemental response to DOE 1-4. Also, see Confidential Attachment DOE 2-3.zip for a complete resubmittal of the Excel files submitted in response to DOE Set 1.

Docket No. DG 22-045 Request No. DOE 2-3

- B) Liberty confirms that all information necessary to perform an independent analysis has been provided, including accounting data, and that all data is (and remains) accurate. A fully updated response to DOE 1-4 is provided in Attachment DOE 2-3.

Confidential Attachment DOE 2-3.zip contains pricing and other information that is “confidential, commercial, or financial information” that is protected from disclosure by RSA 91-A:5, IV, and presumed to be confidential in cost of gas proceedings pursuant to Puc 201.06(a)(11). Therefore, pursuant to that statute and Puc 203.08(d) and Puc 201.01.06(a)(11)(g) (protecting “responses to data requests related to a. through f. above”), the Company has a good faith basis to seek confidential treatment of this information and asserts confidentiality pursuant to those rules.

REVISED

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

DG 22-045

Winter 2022–2023 and Summer 2023 Cost of Gas
Re: LDAC Filing August 2, 2022

Department of Energy Data Requests - Set 1

Date Request Received: 8/9/22
Request No. DOE 1-2

Date of Response: 9/15/22
Respondent: Erica Menard

REQUEST:

Reference: August 2, 2022, LDAC filing

- a. For each LDAC component, please provide a table showing what the component was effective November 1, 2021, what the component was effective May 1, 2022, and what the proposed component is for the Winter 2022-23 and Summer 2023 period.
- b. Please also provide, for each LDAC component:
 - i. the percentage increase or decrease between the November 1, 2021 figure and the May 1, 2022 figure;
 - ii. the percentage increase or decrease between the May 1, 2022 figure and the proposed Winter 2022-23 and Summer 2023 figure;
 - iii. the percentage increase or decrease between the November 1, 2021 figure and Winter 2022-23 and Summer 2023 figure.
- c. Finally, please provide a short narrative explaining and justifying the reasons for the increase or decrease for each individual LDAC component, and for any under or over collection associated with that component.

RESPONSE:

- a. See Attachment DOE 1-2_revised for 2-3.xlsx, tab “LDAC Rate Comparisons.”
- b. See Attachment DOE 1-2_revised for 2-3.xlsx, tab “LDAC Rate Comparisons.”
- c. **Energy Efficiency:** The change in the Energy Efficiency charge, between the November 2021 rate and the May 2022 rate, is that House Bill 549 was passed, mandating a change in the energy efficiency rate. Beginning January 2023, the Energy Efficiency charge increases based on House Bill 549. The new rate is not a rate calculated on projected expenses and revenues, as has been performed in the past, the rate is now calculated using the Consumer Price Index. The estimated overcollection through December 31, 2022, of \$608,511 for residential and \$1,863,482 for C&I is the period beginning balance

Docket No. DG 22-045 Request No. DOE 1-2

based on the general ledger balance for May 2022 and flowing through collections and costs from May 2022 through December 2022 for both residential and C&I sectors as the energy efficiency rate period is now January through December. The December 2022 overcollection is an estimate at this time based on approved annual budgets and will be adjusted to align program spending with program budgets.

Environmental Surcharge: The decrease in the Environmental Surcharge is due to the decrease in the required annual change in the environmental reserve fund and the increase in forecasted therm sales.

RDAF: The total combined change in the rate is \$0.0246. The change in the RDAF rate is due to a projected undercollection of \$306K for residential and \$419K for commercial in the RDAF recovery component over the September 2021–October 2022 time period due to lower sales than forecast. This is offset by an estimated revenue deficiency of \$2.4 million in residential revenues and \$77K for commercial revenues based on actual revenues per customer as compared to allowed revenues per customer over the September 2021–August 2022 decoupling year. The Company’s response to DOE 1-4 provides more information on the reasons for the projected revenue deficiency for the decoupling year. The RDAF component seeks recovery of the prior decoupling year over/under recovery and does not forecast the upcoming decoupling period.

PTAM: The PTAM is the Property Tax Adjustment Mechanism that allows the Company to recover or refund municipal property taxes paid in each tax year as compared to the amount in base rates from the last test year. The Company’s calculation of the PTAM charge initially filed on August 1, 2022, only included the amount over and above what is in the LDAC rate as of January 1, 2022. The calculation should have compared the amount in base rates of \$8,924,897 to the municipal property taxes paid in the 2021 tax year of \$10,938,366 for a variance of \$2,013,469 or \$0.0129 per therm. This amount includes the undercollection of \$228K for the LDAC billing period ending October 31, 2022, plus \$28K of interest and \$2,013,469 for municipal property taxes for property tax year 2022 above the amount in base rates. The rate is a slight increase from the rate approved in DG 21-128 because the rate implemented in that docket only recovered the \$1,972,667 over 10 months beginning January 1, 2022, instead of 11 months beginning December 1, 2021, as was initially designed.

RCE: The Rate Case component recovers recoupment of the difference between temporary and permanent rates and rate case expense. The prior LDAC rate recovered \$1.9 million related to recoupment but did not incorporate rate case expenses as those had not been approved for recovery. In the current LDAC rate, the \$1.9 million of recoupment has been fully recovered and rate case expense of \$0.9 million is being included for recovery in this current proposed rate. The net reduction results in a lower rate in comparison to the previously approved rate.

GAP: The GAP component has increased due to an increase in the number of estimated 2022–2023 participants in the Gas Assistance Program and an increase in the cost of the gas commodity. There is also an increase in the undercollection year over year due to higher gas commodity prices and higher discounts than forecast.

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DG 22-045

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Re: LDAC Filing August 2, 2022

Department of Energy Data Requests - Set 1

Date Request Received: 8/9/22
Request No. DOE 1-3

Date of Response: 9/15/22
Respondent: Erica Menard

REQUEST:

Reference: Catherine McNamara Testimony, Bates 012

Please explain why the residential LDAC is projected to include an overall 6.1% increase, while the commercial & industrial customers apparently will experience a 19.5% decrease.

RESPONSE:

The difference between the change in the LDAC rate for a residential customer versus a commercial customer is mainly driven by the difference in the RDAF component of the LDAC rate. The residential customer RDAF component rate is increasing due to an estimated deficiency of \$2.7 million in the proposed LDAC rate as compared to \$1 million in the prior period LDAC rate. The commercial customer RDAF component is decreasing due to an estimated \$0.5 million in the proposed LDAC rate as compared to \$0.5 million in the prior period LDAC rate.

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DG 22-045

Winter 2022–2023 and Summer 2023 Cost of Gas
Re: LDAC Filing August 2, 2022

Department of Energy Data Requests - Set 1

Date Request Received: 8/9/22
Request No. DOE 1-5

Date of Response: 8/17/22
Respondent: Heather Tebbetts
Eric Stanley

REQUEST:

Reference: Testimony of Catherine A. McNamara, Bates 05 Schedules at Bates 029-30, 103-104

The testimony references an over-collection in the rate from the 2022 program year. Please identify the amount of the over-collection and provide a live Excel spreadsheet showing all calculations.

- a. Please confirm that HB 549 has been codified as Chapter 5, Laws of 2022. Please quote the relevant text of this legislation and explain why Liberty finds enactment of the legislation “unclear on how to handle over and under collections.”
- b. Please confirm that for the 2022 period, HB 549 provides that the residential energy efficiency charge shall be \$0.0640 and the commercial charge \$ 0.0426.
- c. Please explain why Liberty would do anything other than return the over collection to rate payers by lowering the EE LDAC component.
- d. Please confirm that the Company’s proposed rates, as forecasted in this filing, include a forecast adjustment beginning January 1, 2023, that the Company has calculated “*using the most recently available 3-year average of the consumer price index (CPI-W) as published by the Bureau of Labor and Statistics of the United States Department of Labor plus 0.025 percent.*” See HB 549. Please provide a copy of the CPI-W the Company used and a live Excel spreadsheet, showing these calculations.
- e. Please clarify that Testimony at Bates 005 inadvertently abbreviated or misquoted the formula referenced in HB 549 and make any corrections necessary to testimony and the schedules.
- f. If the over collection were returned to customers in the 2022-2023 period, how would this impact the proposed \$.0664 charges for residential and \$.0442 charges for commercial and industrial customers? Please show adjusted schedules from Bates 029-030 and 103-104 accordingly.

Docket No. DG 22-045 Request No. DOE 1-5

- g. HB 549 states that “*Utilities subject to commission rate regulation shall submit tariff amendments altering...[the] local distribution adjustment charge as described, reconciled for over and under collections already occurred, as soon after the effective date of this subparagraph as possible, and every December 1 for the upcoming year thereafter.*” Please provide the reconciliation the Company provided after the effective date of HB 549, January 1, 2022 (approved February 24, 2022). Please also provide the Company’s reconciliation for the energy efficiency portion of the LDAC for calendar year 2022 to date.

RESPONSE:

- a. House Bill 549 was signed into law by Governor Sununu on February 24, 2022. The text is clear on how to handle over and under collections. The text specifically states that carry-forward or carry-under balances shall be incorporated into the energy efficiency program budgets. The relevant text pertaining to the handling of over and under collections is detailed in section VI-a. System Benefits Charge (d)(1).

“Energy efficiency program funding. The budget for joint energy efficiency planning shall be funded through the system benefits charge, local distribution adjustment charges, the energy efficiency fund established pursuant to RSA 125-O:23, revenues available from wholesale energy and ancillary services markets operated by ISO-New England, and energy efficiency carry-forward or carry-under balances detailed in the most recent Performance Incentive and Fund Balance reports; however, the joint utilities shall continue to seek alternative sources of funding to supplement the aforementioned funding sources. Total plan overspending shall be treated as a carry-under balance, and not as a charge to utility shareholders.”
<https://legiscan.com/NH/text/HB549/2022>

- b. Confirmed. Note that the Company was not able to incorporate the charges for January and February due to the timing of the bill passage.
- c. See the response to 1-5(a). Per HB549, Liberty is to apply carry-forward or carry-under balances into the energy efficiency program budgets.
- d. Confirmed. HB549 states that the CPI-W value to be applied shall be calculated by the Department of Energy. Liberty received a CPI-W value from the Department of Energy on July 18, 2022, to apply as part of this filing. See Attachment DOE 1-5.d.1 and Attachment DOE 1-5.d.2.xlsx for the supporting documentation.
- e. The testimony does misquote the formula from HB549, as the formula is a combination of both the updated CPI-W to be provided by DOE, plus an additional 0.25 percent.
- f. As noted in the response to 1-5(a), carry forward balances are not to be returned to customers, but rather are to be incorporated into energy efficiency program budgets.
- g. The Company files monthly Energy Efficiency reconciliation reports using the Commission’s Electronic Report Filing system. See Attachment DOE 1-5.g for a copy of the most recent reconciliation report.

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Re: LDAC Filing August 2, 2022

Department of Energy Data Requests - Set 1

Date Request Received: 8/9/22
Request No. DOE 1-6

Date of Response: 8/17/22
Respondent: Catherine McNamara

REQUEST:

Reference: Testimony of Catherine A. McNamara, Bates 08-09 Order No. 26,662 (August 4, 2022) in Dkt. No. 22-046

Order 26,662 (August 4, 2022) states in relevant part “*We believe that this program limit [one percent of gross annual revenue and one percent of typical customer’s annual bill] is appropriate and we will expect the parties to maintain this parameter as they develop proposals for the Winter 2023-24. In addition, the CAP should dovetail with the federal fuel assistance program to provide reasonable assistance at a reasonable cost and avoid duplicate benefits or gaps in assistance FURTHER ORDERED that . . . Liberty shall report to the Commission in writing on or before May 31, 2023, the results of the GAP expenditures for the winter of 2022-23 including management of the one percent limits for gross revenue and for average customer bills and an analysis of the GAP’s interaction with the federal fuel assistance program*”

Please identify the one percent (1%) limits referenced above for Winter 2022-23, explain whether the forecast GAP costs identified match or exceed those 1% limits, and identify what the LDAC GAP components would be were Liberty to meet and not exceed the 1% limits.

- a. How will Liberty manage the GAP program so as not to exceed the LDAC thresholds the Commission has identified for the Winter 2022-23? Does this management plan explicitly include Liberty-Keene customers?
- b. Please confirm that, as originally designed, the GAP includes a component to make the utility “whole” for the reduced rates offered to low-income customers. Is this payment duplicated in the RDAF formula that is part of Liberty Tarif No. 11, such that Liberty is making a double recovery? Please explain in detail. In your explanation, please provide an illustrative example of the GAP component Liberty recovers to make the Company “whole” following the discount.

Docket No. DG 22-045 Request No. DOE 1-6

RESPONSE:

See the table below for the comparison of the estimated limit based on sales rate calculation and the LDAC filing calculation from August 2, 2022. Forecasted costs exceed the 1% limits by \$0.0098/therm.

| | |
|--|-------------------|
| Costs included in the 2022/2023 forecast of the GAP Rate Calculation | \$ 3,720,397.00 |
| Therm Sales | 186,269,384 |
| Calculated Rate per LDAC filing | \$ 0.0200 |
| | |
| Estimated Gross Sales based on July-2021 - June 2022 Actuals | \$ 190,244,889.85 |
| 1% of Gross Sales | \$ 1,902,448.90 |
| Therm Sales | 186,269,384 |
| Rate Based on 1% threshold | \$ 0.0102 |
| | |
| Change in Rate | \$ (0.0098) |
| % Change in Rate | -48.9% |
| | |

- a. The GAP is designed to recover the discount offered to our GAP customers. This discount of 45% is mandated by the Settlement Agreement approved in Order No. 26,397 (Aug. 27, 2020) in Docket No. DG 20-013. In Order No. 26,662 (Aug. 4, 2022) in Docket No. DG 20-013, the Commission ordered, “that the GAP program will continue in its current design for the 2022–2023 winter period.” Based on Order No. 26,662, the Company will not be making changes for the 2022/2023 winter period and thus will exceed the 1% threshold. The Company will work over this period to create a recommendation for program changes for the winter of 2023/2024, which is due to the Commission on May 31, 2023.
- b. It is correct to say that, as originally designed, the GAP includes a component to make the utility “whole” for the reduced rates offered to low-income customers. This would be the GAP rate included in the LDAC filing.

There is no duplication of the GAP between the RDAF formula in the tariff and the GAP adjustment requested in the LDAC GAP rate. The RDAF adjustment calculates the difference between the allowed revenue and actual revenues. The GAP revenue is zero in this calculation. The Company is not making a double recovery.

See Attachment DOE 1-6.b.xlsx for the monthly entry to record the actual GAP revenue shortfall that will be part of a future LDAC filing. The current collections for GAP are based on the prior year’s over-/under-collection plus forecasted costs for the winter 2022/2023 season.