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November 22, 2022

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

Re: DG 22-057 Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a/
Liberty-Keene, *DOE's Position on Liberty-Keene's Proposed Changes to Order
No. 26,716 (October 31, 2022) and on prime rate*

Dear Chairman Goldner:

The Department of Energy (DOE) files this letter to explain DOE's position on Liberty-Keene's proposed changes to Order No. 26,716 (October 31, 2022). That order established the Company's cost of gas supply winter 2022-23 rates and adopted the local distribution adjustment clause (LDAC) rates approved in Order No. 26,715 in Docket No. DG 22-045. DOE construes Liberty-Keene's proposed changes via compliance tariff pages and cover letter as a Company *Motion for Clarification*. Relevant compliance tariff pages were originally filed on November 15, 2022, and subsequently updated by the Company in a November 18 filing. The DOE also raises an issue for clarification regarding the prime rate to be used on over-or-under collections.

Background:

The Commission issued Order No. 26,716 based on Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty-Keene ("Liberty-Keene" or "the Company")'s October 7, 2022 update to its initial September 15, 2022 (cost of gas supply) filing, and Liberty-Keene's responses to the Commission's record requests filed October 25, 2022. Order No 26,716 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. 26,716 at 7.

Proposed Clarifications of Order No. 26,716:

On November 15, 2022, Liberty filed compliance tariff pages into the docket. Liberty-Keene's cover letter states that the Company discovered a "difference" from Order No. 26,716 and that the difference "required correction." The difference Liberty described explained that Liberty-Keene's October 7, 2022 updated filing used an inaccurate energy efficiency charge (EEC) rate. Liberty explained that its October 7

filing should have used the rates required by HB 549 (\$0.0640 residential and \$0.0426 C&I), resulting in lower LDAC rates of \$0.1086 residential and \$0.0872 for C&I. *See* DOE Letter (filed October 10, 2022 in Dkt. No. DG 22-045) (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 in Dkt No. DG 22-045 (Liberty and the OCA agree with DOE’s recommended treatment of the EEC); October 25, 2022 Hearing Exhibit 10 in Dkt. No. DG 22-045.

DOE agrees with Liberty’s proposed clarification; there is ambiguity given the EEC rate Liberty actually used in the LDAC rate it proposed in this docket, and the EEC rate Liberty agreed to use at the EnergyNorth COG hearing on October 25, 2022. The ambiguity requires clarification, because the EnergyNorth’s LDAC is subsequently incorporated into the Liberty-Keene COG calculations. 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 25, 2022 in this docket, Docket No. 22-057. 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). Those LDAC changes will impact the Liberty-Keene rates as well.

DOE also wishes to bring forward a point of clarification regarding the definition of “prime rate.” Order No. 26,716 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. 26,716 at 7. 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 (Bates 72) (COG calculations uses “carrying charges”). In addition, the recent cost of gas hearing did not discuss or contemplate a change from this practice. *See* October 26, 2022 Confidential Hearing Transcript (redacted version to be available pending Company review). Accordingly, although Liberty-Keene tariff provisions are less specific than EnergyNorth tariff provisions, *compare* Original Tariff No. 11 Page 16 and 18 *with* Original Page 32-33 (Bates Page 86-87), in the interest of uniformity and the reasons described above in DOE’s opinion, Order No. 26,716 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 Liberty-Keene made one more filing to correct its compliance tariff pages on November 18, 2022. DOE finds Liberty-Keene’s proposed updated designated revised tariff page iterations and updates to orders cited in the margins appropriate. DOE recommends that Liberty-Keene include a reference in the footer of 19th Revised [Tariff No. 11] Page 88 to cite the

EnergyNorth Order, establishing the LDAC rate for Liberty-Keene as follows “and Order No. 26,715 (October 31, 2022, Dkt. No. 22-045) (as proposed for modification by Liberty on November 15, 2022).”

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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Cc: Docket (electronic service)
Enclosures

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