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DEPARTMENT OF ENERGY
21 S. Fruit St., Suite 10
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September 26, 2023

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 South Fruit Street
Concord, NH 03301

Re: DG 23-067; Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty;
Request for Change in Distribution Rates

Dear Chairman Goldner:

By Order No. 26,877 dated August 25, 2023 in this matter, the Commission scheduled a hearing on Liberty's temporary rate proposal for September 27, 2023 at 9 am. Liberty has requested to increase rates on a temporary basis designed to collect an additional \$15,287,114 in revenue. On September 26, the Commission cancelled this hearing, indicating it will be rescheduled. The Department of Energy (Department) writes to apprise the Commission of the position it will take at that rescheduled hearing.

The Department, the Office of the Consumer Advocate (OCA) and Liberty met in several settlement discussions in recent days. Liberty and the Department of Energy reached a settlement agreement under which Liberty would increase rates on a temporary basis designed to collect an additional \$8,700,000 (approximately) in revenue.¹

The difference between Liberty's initial request and this settlement amount is derived by making four adjustments to Liberty's original request.

- First, Liberty recently disclosed an error in the calculation of accumulated depreciation. The accumulated depreciation amount included in Liberty's original temporary rate request was understated by approximately \$30.4 million.
- Second, Liberty has updated its revenue deficiency calculation to use the weighted average cost of capital of 6.96% approved in its most recent rate case, DG 20-105.

¹ Due to the press of time, the Department has not been able to ascertain the OCA's position on this settlement.

- Third, Liberty's original calculation has been adjusted to reflect approximately \$1.3 million in revenues it collected through the Gas Assistance Program (GAP)² related to the recovery of the discount it applies to rates for low-income residential customers (R-4 rate class).
- Fourth, Liberty has adjusted its calculation to remove one half of the plant investment associated with its recently implemented Customer First/SAP software program. This plant amount is approximately \$30.4 million as of the end of 2022, and one half of that amount has been removed from Liberty's revenue deficiency calculation.

The Department understands that Liberty will be providing the Commission with live excel spreadsheets that show the calculation of the agreed to revenue deficiency later this evening. The Department is prepared to present this settlement to the Commission on September 27, as originally scheduled (perhaps starting the hearing at 1 pm instead of 9 am as originally scheduled) or on a date and time as rescheduled by the Commission.

Consistent with the Commission's current practices this letter is being filed only in electronic form.

Sincerely,

/s/ *Paul B. Dexter*

Paul B. Dexter
Senior Hearings Examiner/Legal Director

Cc: Service List

²GAP revenues are part of the Local Distribution Adjustment Clause (LDAC)