

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 20-105

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP. d/b/a LIBERTY

Petition for Permanent Rates

Supplemental Order on First Step Adjustment

O R D E R N O. 26,654

July 27, 2022

In this order, the Commission approves a recoupment proposal and associated base rate adjustments related to Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty's (Liberty) first step adjustment following its most recent general rate case, pursuant to Order Nos. 26,505 (July 30, 2021) and 26,603 (April 5, 2022) in this docket. According to Liberty, a typical residential heating customer's average annual bill will increase by approximately \$51.07, or 3.18 percent as a result of this step adjustment and recoupment.

I. BACKGROUND

On April 5, 2022, the Commission issued Order No. 26,603, an Order Following Hearing on First Step Adjustment. In that Order, the Commission approved Liberty's request to implement a step adjustment in the amount of \$4 million based on the terms of the Settlement Agreement on Permanent Rates, as conditionally approved in this Docket by Order No. 26,505 (July 30, 2021). The Commission further directed Liberty to propose a recoupment mechanism for August 2021 through July 2022 step adjustment revenues to be collected over the course of one year, beginning August 1, 2022.

On June 1, 2022, Liberty filed the pre-filed direct testimony of Catherine A. McNamara, with attachments, which included a proposed recoupment mechanism to collect \$4 million in distribution revenue.

On June 6, 2022, the Commission issued a procedural order establishing a deadline for the Department of Energy (DOE) and any interested parties to file any responses to, or request additional time to investigate, Liberty's June 1, 2022, recoupment plan proposal.

On July 1, 2022, the DOE timely filed a letter in response to Liberty's June 1, 2022, recoupment plan proposal, stating that the DOE reviewed the recoupment plan and has no objection to the plan as filed and does not request additional time to investigate.

The referenced orders, pre-filed testimony, and other filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at:

<https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-105.html>.

II. SUMMARY OF RECOUPMENT PROPOSAL

Based on the approval of the step adjustment by Order No. 26,603, Liberty proposed to increase base distribution rates by \$4 million effective August 1, 2022. That base revenue increase will remain in effect until such time when there is a further change in distribution rates. To recoup the revenue that would have been collected had the first step increase gone into effect on August 1, 2021, Liberty proposed to increase base distribution rates by an additional \$4 million beginning August 1, 2022, which will be in effect through July 31, 2023, at which time the delayed \$4 million will have been fully recovered, and distribution rates will then be adjusted downward by \$4 million beginning August 1, 2023. Therefore, the Company is proposing to increase base distribution rates by a total of \$8 million beginning on August 1, 2022, representing the recoupment of the delayed \$4 million in distribution revenue for the period of August 1, 2021, through July 31, 2022, combined with the \$4 million step adjustment increase beginning August 1, 2022. At the end of the 12-month period ending July 31, 2023, the

delayed \$4 million will be removed from base distribution rates leaving just the \$4 million of revenue until the next base distribution rate change.

For the period of August 1, 2022, through July 31, 2023, Liberty calculated rate impacts for average residential heating and commercial customers. Residential heating customers will experience a \$0.0352 per therm increase to the volumetric portion of base rates for each \$4 million base rate increment, resulting in an overall increase of \$0.0704 per therm over the year that the recoupment proposal would be in effect. This would increase the effective volumetric rate from \$0.5632 to \$0.6337 per therm. According to Liberty, a typical residential heating customer's average annual bill would increase by approximately \$51.07, or 3.18 percent. For commercial customers, Liberty calculated a \$2.48 increase to the customer charge and a \$0.0160 per therm increase to the volumetric portion of base rates for each \$4 million base rate increment, resulting in an overall increase of \$4.97 to the customer charge and of \$0.0319 per therm. This would increase the effective customer charge from \$57.06 to \$62.03 and increase the volumetric rate from \$0.3149 to \$0.3469 per therm. According to Liberty, a typical commercial customer's average annual bill would increase by approximately \$142.85, or 2.98 percent. These figures are exclusive of a second step adjustment for plant placed in service in 2021, currently pending approval in Docket No. DG 22-028.

III. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to determine the just, reasonable, and lawful rates to be charged by public utilities. RSA 374:2 requires that all charges made or demanded by any public utility for any service rendered by it shall be just and reasonable and not more than is allowed by law or by order of the Commission. The Commission approved Liberty's request to implement a step adjustment in the amount of \$4 million for effect on August 1, 2022. That base revenue increase will remain in effect until such time there is a further change in distribution rates. To recover the revenue

that would have been collected had the first step increase gone into effect on August 1, 2021, as was contemplated by the Settlement Agreement on Permanent Rates in this Docket, Liberty's recoupment proposal is to increase base distribution rates by an additional \$4 million beginning August 1, 2022, which will be in effect through July 31, 2023. Based on the record before us, we find Liberty used an appropriate method to calculate rates to collect both its increase to base rates on an ongoing basis and to recoup revenues had the first step increase gone into effect on August 1, 2021.

Based upon the foregoing, it is hereby

ORDERED, that Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty's recoupment proposal and rate change request as filed June 1, 2022 is APPROVED;

FURTHER ORDERED, that Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty shall file conforming clean and annotated tariff pages within 20 days of the date of this order pursuant to NH Admin. R., Puc PART 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of July, 2022.



Daniel C. Goldner
Chairman



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket# : 20-105

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