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NHPUC 4 JAN 19 PM 3:14

January 4, 2019

Catherine A. McNamara
Rates and Regulatory Affairs
Liberty Utilities
15 Buttrick Rd
Londonderry, NH 03053

Re: DG 17-048 – Liberty Utilities
Distribution Service Rate Case Compliance Tariff Filing
1st rev pgs i, ii, 32-41, 83¹, 87, and 95-97, 8th rev pg. 1, 2nd rev pgs 2, 44, 46, 50, 52,
54,56, 58, 60, 62, 64, 66, 68, 70, 72, 74,76, 78, 80, and 82, 7th rev pg 3 and 85, 6th rev pg
4, 84, and 86, original pgs 41A and 41B

Dear Ms. McNamara:

Order No. 26,187 (November 2, 2018) on Rehearing of Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (Liberty or Company) Petition for Permanent and Temporary Rates approved certain rate adjustments, approved Liberty's illustrative decoupling tariff and required a tariff compliance filing. Staff has reviewed the compliance filing received on November 16, 2018 in the above-captioned proceeding and confirms compliance with PUC 1603 filing requirements. However, Staff notes that revenue requirement used to calculate tariff rates is overstated by \$6,911. The overstatement is due to an incorrect adjustment by Liberty when implementing its 2018 Cast Iron/Bare Steel (CIBS) rate increase.

Order No. 26,154 (June 29, 2018) approved an increase in Liberty's base delivery rates effective July 1, 2018, to collect an additional \$762,488 annually for CIBS, with the increase to be implemented on an equal percentage basis across all customer classes. In developing the rates effective July 1, 2018, Liberty increased the approved revenue requirement by \$6,911 through an adjustment titled "R-4 Low Income Adjustment". As the CIBS revenue requirement is applied to all customer classes, including the residential low income customer class (R-4 rate), all rates were adjusted accordingly and no further adjustment to the R-4 rates should have been made. This "R-4 Low Income Adjustment" had not been made in prior CIBS compliance tariff filings.

¹ Tariff page 83 was submitted in the compliance filing but was not listed in the Liberty compliance filing cover letter of November 16, 2018.

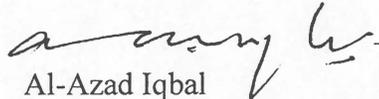
Nor did the Company include the adjustment in its CIBS filing or at any point during the 2018 CIBS proceeding.

Staff discovered the error in its review of the underlying models used for the final rate calculations in this rate case compliance filing. Staff communicated its finding to Liberty and, at Staff's request, Liberty agreed to reduce the 2019 CIBS revenue requirement by \$6,911 plus applicable interest for 2018 and by \$6,911 going forward. Because this mistake affects the base revenue requirement per customer under the Liberty's newly approved decoupling mechanism, the RDAF calculations will need to reflect this reduced revenue requirement when Liberty makes its first decoupling adjustment filing in 2019.

If this error was corrected through filing corrected compliance rates at this time there would be a negligible impact on rates. Accepting the compliance tariffs as filed and correcting the error in the 2019 CIBS filing will save on administrative costs, avoid customer confusion and provide a full refund with interest to customers.

Enclosed for your records is a date stamped copy of the filing. Please do not hesitate to contact me if you have any questions at (603) 271-6025 or by email at Al-Azad.Iqbal@puc.nh.gov.

Yours truly,



Al-Azad Iqbal
Utility Analyst, Gas-Water Division

Enclosures
cc: Michael J. Sheehan
Steven E. Mullen
David Simek
D. Maurice Kreis, OCA
docketbk

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 17-048-1 Printed: January 07, 2019

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**

DEBRA A HOWLAND
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NHPUC
21 S. FRUIT ST, SUITE 10
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- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**