

THE STATE OF NEW HAMPSHIRE

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January 5, 2018

Michael J. Sheehan, Esq.
Senior Counsel
Liberty Utilities (EnergyNorth Natural Gas) Corp.
d/b/a Liberty Utilities
15 Buttrick Road
Londonderry, NH 03053

Re: DG 17-200; Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities; Request for Waiver of Puc 506.03

Dear Mr. Sheehan:

On December 29, 2017, Liberty Utilities (EnergyNorth Natural Gas Corp.) d/b/a Liberty Utilities (Liberty) filed a motion for waiver of N.H. Code Admin. Rules Puc 506.03 which requires a utility to maintain a combined inventory of propane and Liquefied Natural Gas (LNG) that is equal to 100 percent of its 7-day design demand, that is, sufficient gas on site to serve its customers for "the coldest historical consecutive 7-day period." Puc 506.03(a). This storage requirement falls to 75 percent on February 15 and 50 percent on March 1. Puc 506.03(e) and (f).

In its waiver request, Liberty requested permission to lower its propane and LNG inventory to 50 percent of its 7-day requirement, as necessary, through February 1, 2018. Liberty expressed confidence that, after February 1, 2018, it would be able to meet 100 percent of its 7-day requirement. Liberty made this request due to high and volatile prices for pipeline-supplied gas during the recent, and ongoing, severe cold spells. In contrast, the prices for trucked LNG and propane are currently much lower, which thereby offer a cost-effective solution for customer supply if a draw-down of Liberty's storage capacity for these liquid fuels is permitted by the Commission through a granting of Liberty's waiver request.

Staff reviewed Liberty's request, engaged in informal discovery, and filed a recommendation on January 4, 2018. Staff confirmed the volatility of the pipeline natural gas market, that Liberty can save costs through use of on-site propane and LNG instead of buying gas on the spot market on the coldest days, and that the requested

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waiver may enhance Liberty's ability to achieve these savings. Staff reported that the waiver would have a minimal impact on the reliability and operation of Liberty's system and would allow Liberty to mitigate some of its exposure to the higher prices of pipeline natural gas supplies associated with current weather conditions in New Hampshire. Staff thus recommended that the Commission grant the waiver with the conditions that (1) the Commission affirm that the waiver expires on February 1, 2018, as requested by Liberty, and will not be a precedent for future years, and (2) that Liberty keep an accounting of each day that the storage gas resources are used to displace higher priced pipeline supplies, the quantities that are used, the resulting cost savings determined using the closing day spot market price for delivered pipeline gas supplies for the volumes of liquids used compared to alternative supplemental liquids delivered price of equivalent amounts into Liberty's system. Staff requested that as a further condition, Liberty make available to Staff, upon request, the spreadsheets that show the ultimate cost savings achieved, and the mathematical derivations of those savings.

After discussions with Liberty and Staff, the Office of the Consumer Advocate withdrew its objection and, on January 2, 2018, filed in support of the request.

Puc 201.05 provides that the Commission may waive the provisions of any of its rules if the waiver serves the public interest and will not disrupt the orderly and efficient resolution of matters before the Commission. Based on Staff's recommendation, the Commission has determined that the applicable standards for a waiver are satisfied and that granting a waiver of Puc 506.03 under the conditions described above is consistent with the public interest. Accordingly, the Commission has granted Liberty's waiver request noting that any waiver request is considered on a case-by-case basis, and that the decision is based on the specific situation as it exists at the time.

Sincerely,



Debra A. Howland
Executive Director

Cc: Service List
Docket File

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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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
EXEC DIRECTOR
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21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- 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.**