

**State of New Hampshire**  
**Public Utilities Commission**

**DG 19-161**

**Liberty Utilities (EnergyNorth Natural Gas) Corp.**

**Notice of Intent to File Rate Schedules**

**Objection to Liberty Utilities' Motion for Waiver of Puc 1604, Filing Requirements**

On October 1, 2019, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a/ Liberty Utilities (Liberty or the Company) filed a Motion for Waiver of Puc 1604, Filing Requirements (Motion). Staff of the Public Utilities Commission (Staff) hereby Objects to this Motion and states as follows:

1. On October 1, 2019, Liberty filed a Notice of Intent to File Rate Schedules indicating that Liberty intended to file rate schedules on or about October 31, 2019 designed to increase annual gas distribution revenues by approximately \$11 million, based on a test year ending June 30, 2019.<sup>1</sup> With this Notice of Intent, Liberty filed its Motion requesting a waiver from the requirements of Puc 1604.01(a)(19) and (20) which require Liberty to file historic balance sheets and income statements.

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<sup>1</sup> Liberty's intended rate filing on October 31, 2019 would begin a rate investigation less than two years since the Commission last investigated Liberty's gas distribution rates. *See* DG 17-048 (Order No 26,122 Approving Permanent Rates issued April 27, 2018 and Order No, 26,187 on Rehearing issued November 2, 2018). RSA 378:7 states that the Commission is under no obligation to investigate rate matters that it has investigated within a period of two years, but gives the Commission discretion to investigate. By filing this objection, Staff does not intend to waive its right to file a motion asking the Commission to not investigate rates filed on October 31, 2019.

2. Puc 1604.01(a)(1) requires Liberty to file, as part of its full rate case, the utility's internal financial reports for the following periods:

- a. For the first and last month of the test year;
- b. For the entire test year; and
- c. For the 12 months or 5 quarters prior to the test year.

It appears that Liberty plans to comply with these the requirements, as it did in its most recent gas distribution rate filing in DG 17-048. Motion at 2; DG 17-048 Filing Requirements at 5- 46.

3. Puc 1604.01(a)(19) requires an applicant to provide “[b]alance sheets and income statements for the two previous years if not previously filed with the commission.” In this instance, where Liberty proposes to use the 12 months ending June 30, 2019 as a test year, the required information is for the 12 months ending June 30, 2018 and June 30, 2017. In DG 17-048, which used a test year ending December 31, 2016, Liberty did not provide the required information and (without seeking a waiver) instead referred to its Annual Report to the PUC- Form F-16 (Annual PUC Report) for the prior two calendar years. Liberty's approach was accepted by the Commission without objection by any party. Annual PUC Reports contain detailed balance sheets and income statements, reported on a calendar year basis. *See, e.g.*, 2016 Liberty Annual PUC Report at 9-10 for a balance sheet by account and at 11-12 for an income statement by account, with detailed, supporting pages following.
4. In this docket, Liberty seeks a waiver from the requirements in Puc 1604.01(a)(19) to file the required balance sheets and income statements. Liberty points to its Annual PUC

Reports, F-8 Reports<sup>2</sup>, and information to be filed pursuant to Puc 1604.01(a)(1) as reasonable substitutes for the required filings. Liberty acknowledges that the financial information in the substitute reports is “perhaps organized differently than Puc 1604.01(a)(19) and (20) intend.” Still, Liberty “seeks a waiver from having to reorganize the information.” Motion at 2-3.

5. Liberty’s request for waiver of Puc 1604.01(a)(19) should be flatly rejected. The financial statements required by this rule (balance sheets and income statements for the years ending June 30, 2018 and June 30, 2017) are not on file with the Commission. While the underlying data needed to produce the required financial statements may have been filed in the Annual PUC Reports and F-8 Reports covering 2016, 2017 and 2018, the required financial statements are not. Nor will the financial statements be included pursuant to Puc 1604.01(a)(1) because this information deals only with the test year and one year prior, not two years prior as required by Puc1604.01(a)(19). In order for the Commission, Staff and intervenors to test the reasonableness of test year financial figures against the recent past (an exercise central to the evaluating just and reasonable rates), they themselves would have to produce the required financial statements from underlying data scattered across at least three years of reports. In short, Liberty seeks to shift the work needed to produce the required statements to the Commission, Staff and Intervenors. Staff maintains that this shifting of workload should not be allowed.

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<sup>2</sup> F-8 Reports are filed twice each year and contain monthly income statements, in less detail than contained in the Annual PUC Reports. The F-8 Reports contain no balance sheets.

6. Concerning Puc 1604.01(a)(20), again, Liberty seeks to shift work to the Commission, Staff and Intervenors. This rule requires quarterly income statements for the years ending June 30, 2018 and June 30, 2017, in this case. In DG 17-048, Liberty provided the required statements. *See* DG 17-048 Filing Requirements at 135-147. Liberty's request should be denied because the required information will not be presented elsewhere. Neither the Annual PUC reports nor F-8 Reports contain quarterly information. The information required to be filed under Puc 1604.01(a)(1) relates only to the test year and one year prior, not two years prior. Again, Liberty requests that the Commission, Staff and Intervenors fend for themselves if they choose to use the required information in the course of reviewing Liberty's proposed rate increase. Thus, for the same reasons as stated concerning Puc 1604.01(a)(19), this request should be rejected outright.
7. Staff relies heavily on PUC Annual Reports when evaluating rate increase requests. It is essential that the financial figures presented in a rate filing be readily traceable to a PUC Annual Report. Therefore, Staff requests that Liberty be required to file with its rate request, a split-year Annual PUC Report based on the test year period (12 months ending June 30, 2019).

**WHEREFORE**, for the reasons set forth hereinabove, the Staff respectfully requests that the Commission:

1. deny Liberty's Request for Waiver of Puc 1604.01(a)(19) and (20); and
2. require Liberty to file a split-year Annual PUC Report for the 12 months ended June 30, 2019, with its rate increase request.

Respectfully submitted,

Staff of the Public Utilities Commission

By its Attorney,



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I hereby certify that, on October 10, 2019, a copy of this Objection has been hand delivered to the Commission and has been sent electronically to the Service List in this matter.

  
Paul B. Dexter