

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DG 14-133**

**LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.**

**D/B/A LIBERTY UTILITIES**

**Petition to Change Hedging and Fixed Price Option Programs**

**Summary of Order *Nisi* No. 25,691 Approving Petition**

**July 10, 2014**

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (Liberty) filed a petition to change its hedging program and its fixed price option (FPO) program. The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-133.html>.

Liberty's current hedging program seeks to minimize increases in the market price of natural gas during the winter period, which market price is fixed outside of New England. Market price volatility has largely disappeared in recent years, mostly because of new supplies of shale gas. Liberty proposes to discontinue its current practice of hedging the market price of natural gas. In its place, Liberty proposes to hedge the "basis differential" which is the cost added to the market price that is necessary to deliver the gas to New England. The price spikes seen in recent winters were primarily driven by increases in the basis differential.

Liberty seeks Commission approval to hedge the basis differential by entering contracts that will set a fixed price for the basis differential. These contracts will cover all of the base load supplies that Liberty buys from the New England market area and will help insulate Liberty from

spikes in the basis differential for those supplies. Liberty will not hedge the basis differential for its spot purchases made on the coldest days because such hedging would be unduly speculative.

Liberty's FPO program allows customers to fix their cost of gas over the winter through contracts signed at the beginning of the season. Liberty does not hedge all the gas required to serve FPO customers, and Liberty remains exposed to risk for that un-hedged quantity. Liberty proposes to reduce that risk by eliminating commercial and industrial (C&I) customers from the FPO program. Unlike residential customers, C&I customers can buy natural gas from competitive suppliers and can obtain a fixed price in that market. Liberty will retain the FPO program for residential customers.

The Commission grants Liberty's requests to change its hedging program and to eliminate C&I customers from its FPO program.

In order to ensure that all interested parties receive notice of this docket and have an opportunity to request a hearing, the Commission will delay the effectiveness of its approval until August 8, 2014. All persons interested in responding to the Commission's decision to approve the financing may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than July 25, 2014. Any party interested in responding to such comments and request for hearing shall do so no later than August 1, 2014. Following consideration of any comments and request for hearing received, the Commission may further extend the effective date of its approval. The Commission's approval of Liberty's petition shall become final and effective on August 8, 2014, unless the Commission orders otherwise.