

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DG 16-812

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP. D/B/A
LIBERTY UTILITIES – KEENE DIVISION

2016-2017 Winter Period Cost of Gas Adjustment

Order Scheduling Hearing and Requiring Modification of COG Reconciliation
Calculations

ORDER NO. 25,986

February 7, 2017

In this order, the Commission schedules a hearing regarding a cost of gas ratemaking matter involving Liberty-Keene, and requires modifications to the utility's cost of gas reconciliation calculations.

In Order No. 25,960 (October 28, 2016), the Commission approved cost of gas (COG) rates for the 2016-2017 winter period for Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities – Keene Division (Liberty-Keene), a public utility distributing propane air gas in Keene. The COG rates were approved pursuant to the terms of Liberty-Keene's COG Tariff and RSA Chapter 378. In its initial COG filing Liberty-Keene included production costs from the 2015-2016 winter period and projected production costs for the 2016-2017 winter period and has included those costs in its subsequent monthly projected over- or under-collection reports.

On December 22, 2016, Commission Staff filed a memorandum (Staff Recommendation) raising certain accounting and operational issues with Liberty-Keene. Specifically, Staff objected to the inclusion of production costs in the COG and expressed concerns that the production costs related to the continuously staffed operation of Liberty-Keene's propane-air mixing plant (Liberty-Keene Propane Plant) might not be prudently incurred under the ratemaking standards of RSA Chapter 378.

The Staff Recommendation, and all subsequent docket filings, other than any 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/2016/16-812.html>.

Based on the Staff Recommendation, the Commission has determined that a hearing, pursuant to RSA Chapters 374 and 378, is necessary to examine, *inter alia*, operational matters related to production costs, whether production costs arising from the continuously staffed operation of the Liberty-Keene Propane Plant are prudent, and if so, whether production costs should be recovered through COG rates or in other categories of rates.

Staff is contesting the prudence of certain production costs and whether it is appropriate for Liberty to recover any of the winter 2015-2016 and 2016-2017 production costs through COG rates. Eliminating the 2016-2017 production costs from the monthly over- and under-collection report for the remainder of this winter period would ensure that Keene customers taking Liberty service this winter would pay a portion of the contested costs, but not the entire cost, pending a final decision on the matter. Ultimately Keene ratepayers will be responsible for prudently incurred gas costs, but removing a portion of those costs at this time reduces the risk of shifting the cost responsibility between customers that terminate or commence service after this winter. Accordingly, pending a resolution of the issues raised in the Staff Recommendation, we hereby order Liberty-Keene to exclude actual and projected 2016-2017 winter production costs from future winter period 2016-2017 monthly projected over- or under-collection reports.

Pursuant to the terms of this order, the Commission will hold a hearing regarding these matters, docketed in Docket No. DG 16-812, on April 10, 2017. Furthermore, the following procedural schedule is established by the Commission on its own motion:

Discovery on Staff Recommendation: due February 15, 2017

Staff Responses to Discovery: due March 1, 2017


Rebuttal Testimony: due March 16, 2017

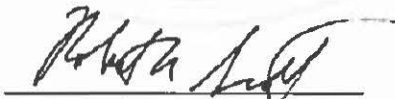
Based upon the foregoing, it is hereby

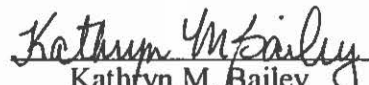
ORDERED, that a hearing, pursuant to our authority under RSA Chapters 374 and 378, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on April 10, 2017, at 1:30 p.m., at which Liberty-Keene will be given the opportunity to present evidence and argument regarding the recovery of production costs through COG rates and the prudence of the continuously staffed operation of the Liberty-Keene Propane Plant, and all related operational matters. Staff and any intervenors will be given the opportunity at hearing to respond and present evidence and argument on all issues involved; and it is

FURTHER ORDERED, pending the outcome of this proceeding, Liberty-Keene refrain from including the actual and projected 2016-2017 winter production costs, subject to reconciliation, when calculating its projected over- or under-collections for the monthly COG rate reconciliation calculations going forward.

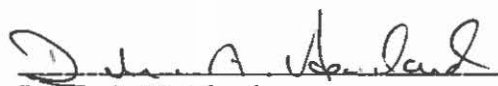
By order of the Public Utilities Commission of New Hampshire this seventh day of February, 2017.


 Martin P. Honigberg
 Chairman


 Robert R. Scott
 Commissioner


 Kathryn M. Bailey
 Commissioner

Attested by:


 Debra A. Howland
 Executive Director