

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 17-048

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

Petition for Permanent and Temporary Rates

**Order Suspending Proposed Tariff and Scheduling Prehearing Conference and Temporary
Rate Hearing**

ORDER NO. 26,015

May 8, 2017

This Order suspends Liberty's gas service tariff for a permanent rate increase pending further investigation, schedules a prehearing conference for May 26, 2017, and schedules a hearing on temporary rates for June 12, 2017.

On April 28, 2017, Liberty Utilities (EnergyNorth Natural Gas) Corp. ("Liberty" or "the Company") filed a Petition for Permanent and Temporary Rates. The petition and 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/2017/17-048.html>.

Liberty's petition requests that the Commission fix, determine, and prescribe: (1) a permanent increase in Liberty's distribution rates effective with service rendered on or after July 1, 2017, designed to yield an increase of \$13,749,361 in annual revenues; (2) temporary rates effective with service rendered on or after July 1, 2017, designed to yield an increase of \$7,778,497 in annual revenues, pending the Commission's final determination on the Company's request for a permanent rate increase; and (3) a step adjustment in rates designed to yield an increase of \$6,071,562 in annual revenues (to recover costs associated with approximately

\$42 million of capital expenditures projected to be made during 2017) to be effective no earlier than January 1, 2018.

Liberty's filing includes direct testimony and exhibits in support of the proposed rates, and related supplemental information, including the proposed tariff, in accordance with N.H. Code Admin. Rules Puc part 1600. Liberty also filed a "Motion for Waiver of Puc 1203.02(d), Customer Notice" requesting waiver of certain notice requirements of Puc 1203; a "Motion for Protective Order and Confidential Treatment Regarding Compensation Information, and for Waiver of PUC 203.02 and PUC 203.08" to protect compensation information for its officers and directors from public disclosure; and a "Motion for Partial Waiver of Rate Case Filing Requirements as to the Keene Division" to avoid filing duplicate information.

Liberty stated that for the year ending December 31, 2016, its overall earned rate of return was 5.17 percent for EnergyNorth versus the 7.05 percent authorized and that, unless rate relief is granted, the Company will not earn a reasonable return on the cost of its property that is used and useful in its service to the public.

Liberty's proposal includes a request for authority to combine the Keene division into Liberty's EnergyNorth operations for purposes of calculating rates which, if approved, would result in a decrease to Keene's rates and an increase to the rates charged to EnergyNorth customers. According to Liberty, the proposed permanent rates would result in a typical monthly bill increase of \$9.91 or 11.95 percent for residential heating customers of EnergyNorth and a decrease of \$10.53 or 9.07 percent for residential heating customers of the Keene Division.

Pursuant to RSA 378:27, Liberty also requested the setting of temporary rates to be effective with services rendered on and after July 1, 2017, until the Commission decides the permanent rate case. The requested temporary rates would increase revenues by \$7.8 million

annually for EnergyNorth. Temporary rates are not proposed for the Keene Division. The proposed temporary rates would result in an approximate typical monthly bill increase of \$5.02 or 6.05 percent of the total monthly bill for EnergyNorth's residential heating customers. The temporary rates use the Company's existing rate design and all customer class rates would increase by the same percentage.

Liberty also requested approval of a step adjustment to its rates effective no earlier than January 1, 2018, designed to collect \$6,071,562 annually, to recover costs associated with capital investments placed in service during 2017. Further, Liberty proposed an adjustment mechanism, under which Liberty's distribution rates could go up or down twice each year based on the prior year's revenues collected.

Liberty's filing raises, inter alia, issues related to whether the proposed temporary and permanent rates are just, reasonable, and lawful as required by RSA 374:2 and 378:7; and whether the proposed increases will yield a just and reasonable rate of return on the prudent cost of plant, equipment, and capital improvements used and useful in Liberty's provision of service to the public, less accrued depreciation, as required by RSA 378:27 and 28.

Under RSA 378:3, a tariff filed by a utility becomes effective 30 days after filing, unless the Commission suspends the tariff pending investigation as provided in RSA 378:6, I(a). The increases requested by Liberty require a full investigation and thus suspension of the tariffs is appropriate. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that the proposed tariff pages are hereby suspended pursuant to RSA 378:6, I(a), pending investigation and further order of the Commission; and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on May 26, 2017, at 10:00 am at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Liberty, the Staff of the Commission, and any Intervenors hold a Technical Session to review the petition, discuss a procedural schedule, and allow Liberty to provide any amendments or updates to its filing; and it is


FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Liberty shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order no later than May 15, 2017, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before May 24, 2017; and it is

FURTHER ORDERED, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Liberty and the Office of the Consumer Advocate on or before May 24, 2017, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A: 32, I(b); and it is

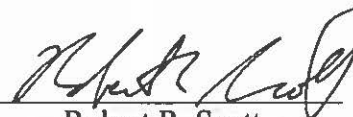
FURTHER ORDERED, that any party objecting to a Petition to Intervene make said objection on or before May 26, 2017; and it is

FURTHER ORDERED, that a hearing on temporary rates shall be held before the Commission at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 12, 2017, at 10:00 am.

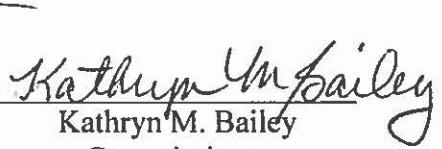
By order of the Public Utilities Commission of New Hampshire this eighth day of May, 2017



Martin P. Honigberg
Chairman

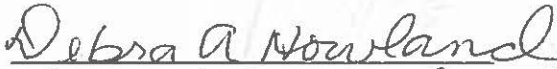


Robert R. Scott
Commissioner



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland (mls)
Executive Director