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**CONFIDENTIAL
 MATERIAL
 IN COMM FILE**

August 26, 2014

Via ERF and U.S. Mail

Debra A. Howland
 Executive Director
 New Hampshire Public Utilities Commission
 21 S. Fruit Street, Suite 10
 Concord, NH 03301-2429

NHPUC AUG27 14 AM 8:49

**Re: DG 13-251: Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
 2013/2014 Winter Cost of Gas Reconciliation**

Dear Ms. Howland:

On behalf of Liberty Utilities, enclosed for filing please find one redacted and one confidential copy of the 2013/2014 Winter Period Cost of Gas reconciliation. This reconciliation compares the actual deferred gas costs to the projections submitted in the Company's 2013/2014 Winter Period Cost of Gas Filing submitted to the Commission on September 3, 2013.

Certain pages included in this filing contain confidential information, specifically, the Company's costs associated with the summary of supply and demand forecast, contracts ranked on a per-unit cost basis, adjustments to gas costs, details of demand costs per unit, details of demand rates per unit, details of commodity costs per unit and hedged contracts (including pricing terms). The Company requests confidential treatment of these materials pursuant to 201.06(a)(26) and will rely upon the procedures outlined in Puc 201.06 and 201.07 to protect confidentiality.

The filing shows an under collection for the 2013/2014 Winter Period of \$14,889,808 summarized as follows:

Winter Period Beginning Balance	\$	5,119,793
Prior Period Adjustment and Interest		34,959
Less: Cost of Gas Revenue Billed		(90,379,472)
Add: Cost of Gas Allowable 5/1/13 – 10/31/13		346,284
Add: Cost of Gas Allowable 11/1/13 – 4/30/14		99,768,244
Winter Period Ending Balance	\$	<u>14,889,808</u>

The filing consists of a six-page summary and nine supporting schedules.

Summary:

- Page 1 compares the actual deferred gas costs to the projections submitted in the Company's filing including the beginning balance, prior period adjustments, interest, allowable gas costs and gas cost revenue. The result is a net under collection of \$14,889,808;
- Page 2 compares the actual allowed Bad Debt and Working Capital costs to the filed projection submitted in the Company's filing resulting in an (over)/under collection of \$(511,858) and \$34,382, respectively, for a net under collection for all gas accounts of \$14,412,332.
- Page 3 compares the actual demand charges of \$10,317,504 to the \$10,226,121 in demand charges estimated in the filing, resulting in an increase in demand costs of \$91,383;
- Page 4 shows a similar comparison for commodity costs. The actual commodity costs were \$91,357,317 compared to the \$52,414,463 that was forecasted in the filing. The \$38,942,854 increase in commodity costs was the direct result of sharp increases in gas prices in Tennessee's Zone 6 market area where the Company purchases a sizeable amount of its natural gas supplies. The price run up was attributable to a combination of increased demand from utilities and gas fired generators without a commensurate increase in supply. This supply restriction was caused in part by a reduction of LNG imports and a continued lack of new pipeline infrastructure needed to bring incremental shale gas supplies into New England. The results show that the total actual gas costs, demand and commodity were \$39,034,237 higher than forecasted in the filing;
- Page 5 provides a variance analysis between actual costs and forecasted costs; and
- Page 6 shows the calculation of the actual transportation cost of gas and related revenue compared to the filing.

Schedules:

- Schedule 1 provides a monthly summary of the deferred gas cost account balances including beginning balances, actual gas cost allowable, gas cost collections, interest applied, and ending balances;
- Schedule 1A provides the same information for bad debts associated with the cost of gas;
- Schedules 2A and 2B provide the details of gas cost by source;
- Schedule 3 provides the detailed calculation of winter gas cost revenue billed by rate class;
- Schedule 3A provides a breakdown of the calculation of unbilled gas costs;
- Schedule 4 provides a monthly summary of the non-firm margin and capacity release credits to the winter cost of gas account;
- Schedule 5 provides the monthly summary of the deferred gas cost balances associated with gas working capital and shows the monthly beginning account balances, working capital allowable, the working capital revenue billed and the interest applied to derive the monthly ending balances;
- Schedule 6 shows the bad debt and working capital calculation that determines the amount of expense booked for those items;

- Schedule 7 provides the backup calculations for the revenue billed to recover working capital and bad debt by rate class;
- Schedule 8 provides a summary of the commodity costs and the related volumes; and
- Schedule 9 provides a summary of the monthly prime interest rates used to calculate the interest on the deferred balances.

Please note this report has been filed via the Commission's Electronic Report Filing System.

Thank you for your assistance in this matter. Please do not hesitate to call if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Stephen R. Hall". The signature is written in a cursive style with a large, stylized 'S' and 'H'.

Stephen R. Hall

Enclosures

cc: Service List