

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 14-180

**LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.
D/B/A LIBERTY UTILITIES**

Rate Case

Order on Petition for Temporary Rates

ORDER NO. 25,737

November 21, 2014

APPEARANCES: Sarah B. Knowlton, Esq., for Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities; Susan W. Chamberlin, Esq., of the Office of Consumer Advocate, on behalf of residential ratepayers; and Alexander F. Speidel, Esq., for the Staff of the Public Utilities Commission.

In this Order, the Commission approves a settlement agreement granting Liberty Utilities (EnergyNorth Natural Gas) Corp. (Liberty) authority to implement temporary rates pursuant to RSA 378:27, for delivery service rendered on and after December 1, 2014. As a result of these temporary rates, Liberty's customers will experience annual bill increases of 0.13% to 5.45% depending on customer class and usage.

I. PROCEDURAL HISTORY

On August 1, 2014, Liberty made a delivery rate filing requesting permission to implement new permanent delivery rates for natural gas service and to implement temporary delivery rates, pursuant to RSA 378:27, effective with service rendered on and after September 1, 2014. Liberty also requested Commission approval for a step increase for investments made through March 31, 2015, to go into effect concurrent with the permanent rate increase. Liberty's proposed new permanent delivery rates and step increase were designed to

produce an increase in annual revenues of \$16,092,526 (\$13,442,972 and \$2,649,554, respectively). The permanent increase is based on a test year ending March 31, 2014. According to Liberty's filing, based on its combined permanent rate/step increase proposals if approved, a residential heating customer would experience an increase of approximately 9.64 percent in annual bills, and a residential non-heating customer would experience an increase of approximately 12.13 percent in annual bills.¹ For its original temporary rate proposal, Liberty sought an increase of \$8,379,060 in annual operating revenues. Those proposed temporary rates would have resulted in an increase in customers' total bills on average by approximately half of that estimated for the proposed permanent rate increase and step increase combined. *See* Hearing Exhibit 1. On August 28, 2014, the Commission issued Order No. 25,711 suspending Liberty's proposed tariff revisions.

On November 4, 2014, Staff, with Liberty's concurrence, filed a Settlement Agreement between Liberty and Staff on temporary rates. *See* Hearing Exhibit 4. The Settlement Agreement provided for a temporary increase in the Company's annual revenue of \$7,394,075, to take effect for service rendered on or after December 1, 2014. To implement this increase, a uniform 13.39% increase in current delivery rates and charges would be applied to all of Liberty's customer classes. *See* Hearing Exhibit 4, Attachments 1 and 3. As part of the Settlement Agreement, Liberty and Staff requested that Liberty be permitted to effectuate a reconciliation between permanent and temporary rates as of November 1, 2014, *i.e.*, as if the temporary rates implemented as of December 1, 2014 were in place as of November 1, 2014. Hearing Exhibit 4 at 2. A hearing on temporary rates was held on November 10, 2014.

¹ Annual bills include delivery rates as well as cost of gas rates.

II. POSITION OF THE PARTIES AND STAFF

A. Liberty

At the hearing on temporary rates, Liberty requested that the Settlement Agreement be approved as filed. Liberty filed bill impact analyses with the Settlement Agreement summarizing the increases in costs to be borne by typical customers in various customer classes. *See* Hearing Exhibit 4, Attachment 4. For example, Liberty indicated that a typical residential heating customer, using 792 therms of gas per year, could expect to pay \$37.36 (or 3.45%) more in the winter heating season, and \$19.18 (or 9.06%) more in the summer heating season, under the temporary rate increase stipulated in the Settlement Agreement, for a total annual bill increase of \$56.54 (or 4.37%).

B. OCA

The OCA did not execute the Settlement Agreement, though Staff indicated in its filing letter that the OCA did not object to the Settlement Agreement. At hearing, the OCA expressed certain concerns regarding the temporary rate proposal embodied in the Settlement Agreement, but did note that Liberty had met the legal threshold for approval of temporary rates.

C. Staff

Staff expressed its support for the Commission's approval of the Settlement Agreement as filed, and noted that, in its view, Liberty had met the standards for approval of temporary rates.

III. COMMISSION ANALYSIS

Pursuant to RSA 541-A:31, V(a), informal disposition may be made of any contested case at any time prior to the entry of a final decision or order, by stipulation, agreed settlement,

consent order or default. N.H. Code Admin. Rules Puc 203.20(b) requires the Commission to determine, prior to approving disposition of a case by settlement, that the settlement results are just and reasonable and in the public interest. Based on the record in this case, we find the revenue increase as set forth in the Settlement Agreement to be appropriate and the resulting rates to be just and reasonable.

In its filing for permanent rates, Liberty indicated that it was not earning its approved rate of return provided for in its last rate case, in Order No. 25,202 (March 10, 2010). The test year selected by Liberty for the rate case is the twelve-month period ending March 31, 2014. The level of earnings and other issues will be explored in depth during the examination of Liberty's filing for permanent delivery rates. For purposes of temporary rates, and the more limited investigation envisioned by RSA 378:27, we find that the records of Liberty justify an increase in rates on a temporary basis. *See Appeal of the Office of Consumer Advocate*, 134 N.H. 651, 661 (1991).

As to the amount of the temporary rate increase, Staff and Liberty have agreed that \$7,394,075 represents a reasonable increase on a temporary basis. We concur that the amount of the increase is reasonable. Moreover, this increase may help to "bridge the gap" to new permanent rates and decrease any potential rate shock resulting from the institution of new permanent rates at the conclusion of the case. We also approve, as just and reasonable, the Settlement Agreement's specification that the reconciliation between permanent and temporary rates will be applied as of November 1, 2014, *i.e.*, as if the temporary rates implemented on December 1, 2014, had been in place on November 1, 2014. Accordingly, we approve the Settlement Agreement on temporary rates as filed by Liberty and Staff, as well as the rate

changes resulting from it. Our approval of this Settlement Agreement does not limit our disposition of similar matters in future cases.

We recognize that high electric prices combined with rising natural gas prices may impose hardships on customers. Both higher electric and natural gas prices in New Hampshire result from constrained natural gas supply for both heating and electric generation in New England. While we wait for a long-term solution to this problem in the New England market, we encourage customers to take advantage of whatever measures are available to help them reduce their natural gas usage, and manage their winter bills. Residential customers should also contact Liberty to see if they are income eligible for a discounted gas rate.

Residential customers should consider contacting Liberty to see if a budget payment plan is available. In addition, customers should take advantage of the information at the Commission's website on managing natural gas and electric service bills during winter months. See [Managing Your Natural Gas & Electric Utility Bills This Winter](http://www.puc.nh.gov/Consumer/Managing%20Your%20Natural%20Gas%20&%20Electric%20Utility%20Bills%20This%20Winter.html).² Residential ratepayers can also work with Liberty to examine the energy efficiency options available to them to curtail their heating bills. While some energy efficiency measures may require a financial contribution from the customer, many of the measures are eligible for rebates from Liberty. Over time, the savings resulting from such measures often justify the initial financial commitment.

To facilitate the efficient administration of the Settlement Agreement, we authorize Liberty and Staff to modify the Settlement Agreement so long as any modification is mutually agreed upon and non-substantive, such as a clerical or ministerial amendment that involves

² [http://www.puc.nh.gov/Consumer/Managing Your Natural Gas & Electric Utility Bills This Winter.html](http://www.puc.nh.gov/Consumer/Managing%20Your%20Natural%20Gas%20&%20Electric%20Utility%20Bills%20This%20Winter.html)

timing or scheduling. The parties shall file any such modification with the Commission and provide a copy to all parties on the service list.

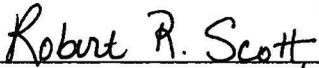
Based upon the foregoing, it is hereby

ORDERED, that the Settlement Agreement between Liberty and Staff is hereby APPROVED; and it is

FURTHER ORDERED, that commencing with service rendered on and after December 1, 2014, Liberty may implement a temporary annual delivery service revenue increase of \$7,394,075, as specified by the Settlement Agreement, with future reconciliation between temporary and permanent rates to be made as of November 1, 2014; and it is

FURTHER ORDERED, that Liberty shall file with the Commission properly annotated tariff pages consistent with the Settlement Agreement within 10 days of the date of this order, as required by N.H. Code Admin. Rules Puc 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-first day of November, 2014.


Robert R. Scott (KNS)
Commissioner


Martin P. Honigberg
Commissioner

Attested by:


Debra A. Howland
Executive Director