



**CONFIDENTIAL
MATERIAL
IN COMM FILE**

Stephen R. Hall
Director, Rates & Regulatory Affairs
O: 603-216-3523
E: Stephen.Hall@libertyutilities.com

NHPUC 5FEB'15AM11:35

February 2, 2015

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

**Re: DG 14-076: Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
2014 Summer 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 2014 Summer Period Cost of Gas reconciliation. This reconciliation compares the actual deferred gas costs to the projections submitted in the Company's 2014 Summer Period Cost of Gas Filing submitted to the Commission on March 17, 2014.

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 over collection for the 2014 Summer Period of \$2,576,471 summarized as follows:

| | | |
|--------------------------------------|----|------------------|
| Summer Period Beginning Balance | \$ | (1,154,640) |
| Prior Period Adjustment and Interest | | (17,644) |
| Less: Cost of Gas Revenue Billed | | (8,329,091) |
| Add: Cost of Gas Allowable | | 6,924,904 |
| Summer Period Ending Balance | \$ | <u>2,576,471</u> |

The filing consists of a four-page summary and twelve 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 over collection of \$2,576,471;
- Page 2 compares the actual demand charges of \$2,285,763 to the \$3,627,974 in demand charges estimated in the filing, resulting in a decrease in demand costs of \$1,342,211.
- Page 3 shows a similar comparison for commodity costs. The actual commodity costs were \$4,774,438 compared to the \$7,963,483 that was forecasted in the filing. The \$3,189,645 decrease in commodity costs was caused mainly by lower gas rates. The results show that the total actual gas costs, demand and commodity were \$4,531,257 lower than forecasted in the filing;
- Page 4 provides a variance analysis that explains how much of the difference between actual costs and forecasted costs is due to weather \$435,871, how much is due to a demand variance, net of weather \$1,035,004 and how much is due to a rate variance (\$4,582,833). Page 4 also shows a net total of (\$1,498,662) for the capacity managed credit, supplier cash-outs and other costs;

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 2A provides a summary of gas costs by source;
- Schedule 2B provides a detailed listing of gas cost by source;
- Schedule 3 provides the detailed calculation of summer 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 summer 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;
- Schedule 9 provides a summary of the monthly prime interest rates used to calculate the interest on the deferred balances; and
- Schedules 10, 11 and 12 provide the calculation of the occupant account disallowance/(credit). The Company calculated a \$293,504 disallowance/(credit) in gas cost recovery associated with the occupant accounts, a \$49,952 Off-Peak

Debra Howland

DG 14-076

Page 3 of 3

disallowance/(credit) in gas costs and a \$243,551 Peak disallowance/(credit) in gas costs.

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, flowing style.

Stephen R. Hall

Enclosures

cc: Service List