

**THE STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DG 14-220**

**LIBERTY UTILITIES (ENERGY NORTH NATURAL GAS) CORP.  
d/b/a LIBERTY UTILITIES**

**2014 Winter Period Cost of Gas Adjustment**

**ORDER OF NOTICE**

On September 3, 2014, Liberty Utilities (EnergyNorth Natural Gas) Corp., d/b/a Liberty Utilities (Liberty), a public utility that distributes natural gas in 28 cities and towns in southern and central New Hampshire and in the city of Berlin in northern New Hampshire, filed its proposed cost of gas (COG) and fixed price option (FPO) rates for the winter period, November 1, 2014, through April 30, 2015, and its proposed local delivery adjustment clause (LDAC) charges for the period November 1, 2014 through October 31, 2015.

The proposed residential COG rate is \$1.2225 per therm (FPO rate \$1.2425 per therm), a \$0.1157 per therm increase compared to last winter's weighted average residential COG rate of \$1.1068 per therm. The proposed changes to Liberty's residential COG rate and LDAC charges, combined with a July 1, 2014 increase in delivery rates, are expected to increase a residential heating customer's winter bill by approximately \$110, or 11 percent. Liberty also petitioned the Commission (Docket DG 14-180) for a temporary rate increase in delivery rates, expected to increase winter costs by \$42. In total, the rate changes are expected to increase a residential heating customer's winter bill by approximately \$152 or 15 percent.

The proposed commercial and industrial (C&I) low winter use COG rate is \$1.2068 per therm, and the proposed C&I high winter use COG rate is \$1.2248 per therm. The FPO program

is no longer available to C&I customers as permitted by Order No. 25,691 (July 10, 2014). The changes in C&I low and high winter use rates are similar to the changes in the COG rate of a residential heating customer and are expected to increase C&I customer's winter bills from 9 to 11 percent and 12 to 13 percent when factoring in changes in the delivery rates. The proposed firm transportation COG rate is \$0.0077 per therm, compared to a \$0.0022 per therm charge last winter.

A variety of components make up the proposed LDAC charges of \$0.0772 per therm for all residential customers and \$0.0628 per therm for all C&I customers, which represent increases from \$0.0290 and \$0.0357 per therm, respectively. The proposed charge to recover environmental remediation costs is \$0.0055 per therm, which is an increase from the current environmental charge of \$0.0018 per therm, as Liberty seeks to recover certain environmental-remediation costs during this period. The proposed energy efficiency and conservation charge for residential customers is \$0.0646 per therm, an increase from the current charge of \$0.0197. The proposed energy efficiency/conservation charge for commercial and industrial customers is \$0.0502 per therm, an increase from the current charge of \$0.0264 per therm. The proposed charge to recover expenses and lost revenues related to the residential low income assistance program is \$0.0071 per therm, a decrease from the current charge of \$0.0075 per therm. There are no proposed charges to recover rate case expenses nor any proposed temporary or permanent rate reconciliation.

Liberty is also updating its Company Allowance for the period November 2014 through October 2015. Liberty stated its unaccounted for gas percentage for the twelve months ending June 30, 2014, was 2.94%, which exceeds the 1.28% cap provided in the Settlement Agreement in DG 11-140. Although Liberty does not seek recovery of the unaccounted for gas that exceeds

the 1.28% cap, Liberty noted that the cap was developed in part on a meter in Tilton attributed to company use that Liberty has since learned does not measure company use.

Liberty is updating its short term debt limits to \$27,916,184 for fuel financing and \$59,263,829 for non-fuel purposes, calculated in accordance with Order No. 24,824 (Feb. 29, 2008) approving the Settlement Agreement in DG 06-122.

Liberty is also updating its supplier balancing charges, which suppliers must pay Liberty for balancing services as Liberty attempts to meet the shifting loads for the supplier's customer pools. The proposed balancing charge of \$0.21 per MMBtu is the same as the existing charge. The proposed peaking demand charge of \$20.31 per MMBtu of peak maximum daily quantity is a decrease from the current charge of \$21.00 per MMBtu. The charges are based on an update of volumes and costs used in calculating the charges. The proposed capacity allocator percentages used to allocate pipeline, storage and local peaking capacity to a customer's supplier under New Hampshire's mandatory capacity assignment, required for firm transportation service, have also been updated to reflect Liberty's supply portfolio for the upcoming year.

Liberty reported an under collection of approximately \$14.9 million over the 2013-2014 winter period. Liberty stated this under collection was caused by sharp increase in gas prices in Tennessee's Zone 6 market where Liberty buys a substantial amount of natural gas.

The filing raises, inter alia, issues related to: RSA 378 relative to the justness and reasonableness of rates, forecasting of sales, supplier prices and transportation prices, calculation of indirect gas costs, purchasing decisions related to the current and past winter supplies and capacity, revenue projections related to transportation services and released capacity, the causes and treatment of over and under recoveries, the reconciliation of prior period costs and revenues, how refunding of the "Temporary Rate Reconciliation Adjustment" rate factor over collection

will be accomplished after its finalization, the prudence and recovery of environmental remediation costs, and the progress of Liberty's ownership transition process generally, and the costs and risks associated with hedging and whether the proposed amendments to the hedging program are appropriate. Each party has the right to have an attorney represent them at the party's own expense.

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**Based upon the foregoing, it is hereby**

**ORDERED**, that a hearing be held before the Commission located at 21 South Fruit Street, Suite 10, Concord, New Hampshire on October 22, 2014 at 10:00 a.m.; and it is


**FURTHER ORDERED**, that Liberty, Staff of the Commission, and any intervenors hold a technical session at the Commission on October 9, 2014, at 1:00 p.m.; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.12, Liberty shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than September 19, 2014, 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 October 17, 2014; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.17, 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 October 17, 2014, 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. 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 October 22, 2014.

By order of the Public Utilities Commission of New Hampshire this twelfth day of  
September, 2014.



Debra A. Howland  
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND  
EXEC DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.