

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities

DG 17-135

Winter 2017/2018 Cost of Gas and Summer 2018 Cost of Gas

Staff Data Requests – Technical Session Set 1

Date Request Received: 10/3/17
Request No. Staff Tech 1-5Date of Response: 10/20/17
Respondent: Deborah Gilbertson**REQUEST:**

Reference Testimony of Gilbertson at 9 (Bates 029) which states that the winter 2017/18 forecasted sendout under normal weather conditions is 89,487,445 therms and the weather normalized actual sendout for the winter 2016/17 was 67,985,084 therms.

Please explain this variance in detail.

RESPONSE:

Upon review of the Reconciliation filing, it was discovered that page 5 of the reconciliation was referencing the volumes in Schedule 8 as a comparison to projected sendout volumes. Schedule 8 was populated using purchased volumes for the month, and not delivered citygate volumes. While in some cases purchased volumes in the month may be part of sendout, it is not always the case.

It is also of note that when normalizing the sendout volumes, it is more accurate to use the heat content for each month rather than averaging the heat content over the six month period and applying that average to all months. Colder months will usually have a higher heat content than milder months. Applying the relevant heat content in the applicable month will create a more accurate measure for comparison of actual weather normalized sendout to forecasted volumes.

After correcting Schedule 8 to show delivered volumes in the forecast period and applying the relative heat content for each month in the period, the corrected normalized actual sendout for 2016/2017 was 82,097,585 therms as opposed to 67,985,084 therms (Bates 029, line 12).

SUPPLEMENTAL RESPONSE:

It must be noted that comparing normalized actuals to a forecast is not an exact science. There are many factors that would impact the normalization routine in general such as how much colder or warmer the weather was as compared to normal. The more extreme and, thus, farther from normal the weather is, the more difficult it is to normalize actual usage. In this specific instance, the difference between the normalized actual sendout of 82,097,585 therms for 2016-

2017 and the projected normalized sendout of 89,487,445 therms for 2017-2018 arises from the following factors:

- First, the actual heating degree days (HDDs) used for the 2016-2017 winter period were slightly lower than what was reported in the reconciliation report (50 HDDs) and the baseload volumes used were slightly lower than what was reported (2,155,781 vs 2,556,335). When adjusted, this would increase the actual normalized 2016-2017 sendout from 82,097,585 therms to 82,528,696 therms.
- Second, the increased sales volume for 2017-2018 is 2.95%.
- Third, the delivered volume reported from Schedule 8 needs to be grossed up by the fuel loss between the citygate delivered volumes and the burner tip volumes. Last year that percentage was 2.5%.
- Finally, additional variances in the figures are likely due to the difference between the estimated and actual ratio between Sales customers and Transportation customers. The Company attempts to estimate with as much precision as possible the number of customers that will switch from sales to transportation service and vice versa each year. Inasmuch as it's an estimate and very difficult to predict, this ratio is also a key contributor to any difference between normalized actual sendout in a given year compared to the forecasted sendout in another year.