

STATE OF NEW HAMPSHIRE

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October 25, 2019

Re: DG 19-138, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Petition for Waiver of Puc 506.03, On-Site Storage Requirements
Grant of Waiver

To the Parties:

On August 23, 2019, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (Liberty) filed a petition for a limited waiver of N.H. Code Admin. Rules Puc 506.03, excluding the Keene Division. After obtaining additional information from Liberty and conducting a detailed analysis, Commission Staff (Staff) filed a recommendation on October 18, 2019. No party filed comments on Liberty's petition.

Puc 506.03 requires gas utilities to maintain certain on-site storage inventory volumes of gas for peak shaving purposes between December 1 through February 14 each year. Each utility must retain a minimum on-site storage inventory volume sufficient to meet the 7-day design demand based on the coldest historical consecutive 7-day period. After February 15, the minimum on-site storage inventory volume may be reduced to 75 percent, with a further reduction to 50 percent as of March 1. *Id.* (e)-(f).

In its petition, Liberty stated that it might have difficulty meeting the on-site storage requirements for the winter of 2019-2020 and subsequent winters, including the winters of 2020-2021 and 2021-2022. Liberty proposed modifications to Puc 506.03 to allow it to obtain 100 percent of the required on-site storage volume through guaranteed daily delivery capability. Further, it proposed a modified schedule for the reduction of its on-site storage requirement to 90 percent as of December 1, 80 percent as of January 1, 70 percent as of February 1, and 40 percent as of March 1 and April 1. Liberty maintained that, if the Commission approves its proposed modifications to Puc 506.03, Liberty would be able to meet its on-site storage obligations for the next three winters, giving it time to consider both an increase in its on-site storage capacity and a formal amendment of Puc 506.03.

Liberty asserted that a waiver of Puc 506.03 is warranted under Puc 201.05 and would serve the public interest, because compliance with Puc 506.03 would be onerous. Liberty contended that its proposed modifications to Puc 506.03 would satisfy the purpose of the rule by providing for sufficient on-site fuel supplies during a 7-day cold snap. Liberty also stated that its requested waiver of Puc 506.03 would not disrupt the resolution of any matters before the Commission.

Staff recommended that the Commission grant Liberty's waiver request, subject to certain conditions. Staff noted that the Commission granted Liberty and its predecessor waivers of Puc 506.03 in Dockets DG 17-200 and DG 07-023, thereby permitting the avoidance of costly purchases of fuel on the spot market during periods of high demand and ultimately resulting in lower costs of gas delivered.

According to Staff, a waiver would reduce storage requirements by approximately 13.33 percent between November 1 and April 30, which will have a modest impact on the reliability and operation of Liberty's system, but still ensure sufficient amounts of on-site storage. Staff submitted that granting Liberty a waiver would allow Liberty to avoid costly gas supplies at high spot market prices during periods of high demand.

Staff recommended that the Commission grant a waiver of Puc 506.03 subject to the following three conditions:

- (1) Liberty should affirm that the period of January 14-20, 1994, was the coldest historical period and, if so, use that period as its temperature benchmark in future filings until a new benchmark is established;
- (2) Liberty should keep, and provide to Staff, an accounting for the 2019-2020, 2020-2021, and 2021-2022 winter periods, as detailed in Staff's recommendation, to determine what cost savings it achieves each winter as a result of the waiver of Puc 506.03 and to affirm that those savings would not have occurred without the waiver; and
- (3) the waiver of Puc 506.03 should be applied to the 2019-2020, 2020-2021, and 2021-2022 winter periods.

Staff further stated that Liberty's proposed modifications of Puc 506.03 are reasonable and that a permanent modification to Puc 506.03 may be required within the next three years when the Puc 500 rules are updated pursuant to RSA 541-A:17.

The Commission has reviewed Liberty's petition for waiver of Puc 506.03 and Staff's recommendation. The Commission determined that the standards for a waiver contained in Puc 201.05 have been satisfied and, based on Staff's recommendation, the Commission grants Liberty's waiver request for the 2019-2020, 2020-2021, and 2021-2022 winter periods, subject to the conditions set forth in Staff's October 18, 2019, recommendation.

Sincerely,



Debra A. Howland
Executive Director

cc: Service List (Electronically)
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