

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DG 20-105**

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

**Petition for Permanent and Temporary Rates**

**Order Suspending Tariff  
and Scheduling Prehearing Conference and Hearing on Temporary Rates**

**ORDER NO. 26,395**

**August 19, 2020**

This order suspends Liberty's proposed gas service tariff for temporary and permanent rate increases pending further investigation. The order also schedules a Prehearing Conference for September 3, 2020, and a Hearing on Temporary Rates on September 16, 2020.

On July 31, 2020, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (Liberty or the Company) filed a Petition for Permanent and Temporary Rates. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are available on the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-105.html>.

Liberty's petition requests that the Commission fix, determine, and prescribe, pursuant to RSA 378:27 and 378:28: (1) a permanent increase in Liberty's distribution rates effective with service rendered on or after September 1, 2020, designed to yield an increase of \$13,497,250 in annual distribution revenue; (2) a temporary rate increase effective on or after October 1, 2020, designed to yield an increase of \$6,500,000 in annual distribution revenue, pending the Commission's final determination on the Company's request for a permanent rate increase; and, (3) a step increase in distribution rates designed to yield an increase of \$5,680,641 annually to begin

recovering additional revenue associated with capital projects completed during the 12-month period January 1, 2020, through December 31, 2020, to be effective coincident with the implementation of permanent rates.

Liberty's filing includes direct testimony and exhibits in support of the proposed rates, with related supplemental information, including proposed tariff pages. Liberty filed a Motion for Protective Order and Confidential Treatment Regarding Compensation Information, Customer Information, and Contract Pricing pursuant to New Hampshire Code of Administrative Rules, Puc 203.08. Liberty seeks to protect information pertaining to the compensation of its officers and directors from public disclosure. Liberty also filed a Motion for Waiver of the requirement to file a clean copy of the proposed amended tariff pursuant to Puc 1605.02.

The petition notes that Liberty is seeking the requested increases in rates because the Company has been unable to earn the rate of return authorized by the Commission in Docket No. DG 17-048 in Order No. 26,122 (April 27, 2018). Liberty asserted that its earned return on rate base for the distribution portion of its business was 4.71 percent for the test year ending December 31, 2019, which is less than the weighted average cost of capital of 7.47 percent recommended by the Company. According to Liberty, the Company is under-earning primarily as a result of significant investment in non-revenue producing capital projects that are necessary for the provision of safe and reliable service. Liberty claimed that unless rate relief is granted, the Company will not earn a reasonable return on the cost of its property that is used and useful in the public service, which, in the Company's view, results in a confiscation of property.

Liberty stated that the proposed temporary rate is a 7.58 percent increase in current annual distribution revenue and the proposed permanent rate, including the temporary increase, is a 15.73 percent increase in annual distribution revenue. Liberty further stated that the proposed step

increase, compared to annual revenue at proposed permanent rates, is an additional 5.72 percent increase. Liberty asserted that the proposed permanent rate, including the temporary rate, when combined with the step increase results in a 22.35 percent increase in current annual distribution revenues. The percentage increase to customer bills would vary by rate class due to differences between and among rate class structures. The percent increase would also vary within each class due to differing customer consumption characteristics.

The proposed temporary rates would increase the monthly residential heating customer service charge from \$15.50 to \$16.67, and the per therm delivery charge from \$.5678 to \$.6108. The proposed permanent and step adjustment rates would increase the monthly residential heating customer service charge from \$15.50 to \$17.99, and the per therm delivery charge from \$.5678 to \$.6520.

According to Liberty, the projected annual increase in typical customer gas bills (delivery and supply charges) from the temporary, permanent, and step adjustment rate changes are as follows:

<b>Class</b>	<b>Annual Therms</b>	<b>Current Cost</b>	<b>Temporary Rate Increase</b>	<b>Increase</b>	<b>Permanent and Step Rate Increase</b>	<b>Increase</b>
<b>R-3 Residential Heating</b>	791	\$1,059.72	\$48.14	4.76%	\$97.08	9.51%
<b>G-42 C&amp;I High Winter Use</b>	24,404	\$22,222.28	\$775.00	3.48%	\$1709.34	7.60%
<b>G-52 C&amp;I Low Winter Use</b>	24,242	\$17,779.05	\$484.28	2.72%	\$1233.10	6.76%

Liberty’s filing raises, *inter alia*, issues related to whether the proposed temporary and permanent rates are just, reasonable, and lawful, as required by RSA 374:2 and 378:7; and whether

the proposed increases will yield a just and reasonable rate of return on the prudent cost of plant, equipment, and capital improvements used and useful in Liberty's provision of service to the public, less accrued depreciation, as required by RSA 378:27 and 378:28.

Liberty's proposed tariff revisions warrant further investigation. Accordingly, suspension of the tariffs pursuant to RSA 378:6, I(a) at this time is appropriate.

On April 24, 2020, the Governor issued an executive order (Exhibit D to Executive Order #29) that extended the Commission's ability to suspend rate schedules by six months, from 12 to 18 months. *See* 378:6, I(a). The extension applies to this proceeding; however, the Commission will endeavor to set rates as expeditiously as possible.

Each party has the right to have an attorney represent the party at the party's own expense.

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

**ORDERED**, that the proposed tariff pages are suspended pursuant to RSA 378:6, I(a) and Exhibit D to Executive Order #29, pending investigation and further order of the Commission; and it is

**FURTHER ORDERED**, that, consistent with Governor Sununu's Emergency Order #12, the Commission will hold a web-enabled remote prehearing conference, pursuant to N.H. Admin. R., Puc 203.15, on September 3, 2020, at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in Puc 201.15. The public may join the hearing by accessing <https://www.puc.nh.gov/Regulatory/Calendar-Remote.html>. **If you have any difficulty obtaining access to this remote event, please notify the Commission by calling (603) 271-2431 as soon as possible.** Parties will be provided with additional instructions prior to the hearing; and it is

**FURTHER ORDERED**, that, immediately following the Prehearing Conference, Liberty, the Staff of the Commission, the Office of the Consumer Advocate, and any intervenors hold a web-enabled remote Technical Session to review the petition, discuss a procedural schedule, and allow Liberty to provide any amendments or updates to its filing; and it is

**FURTHER ORDERED**, that, pursuant to N.H. Admin. R., Puc 203.12, Liberty shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order on its company website no later than August 20, 2020, such publication to be documented by affidavit filed with the Commission on or before September 2, 2020. The Commission will also publish the order on its website <https://www.puc.nh.gov/Regulatory/odrsersofnotice.htm>; and it is

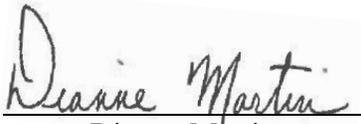
**FURTHER ORDERED**, that Liberty shall publish notice containing the proposed rate changes, instructions for intervention, and date of the Prehearing Conference and temporary rate hearing, such notice to be approved by the Commission's Director of Consumer Services and External Affairs, and published in a newspaper of statewide distribution no later than August 26, 2020, such notice to be documented by affidavit filed no later than September 2, 2020; and it is

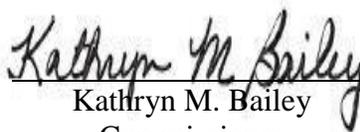
**FURTHER ORDERED**, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission a Petition to Intervene with electronic copies sent to Liberty and to the Office of the Consumer Advocate on or before August 31, 2020, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, consistent with Puc 203.17. Pursuant to the secretarial letter issued on March 17, 2020, (*see* <https://puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>), any party seeking to intervene may elect to submit this filing in electronic form; and it is

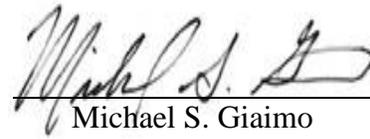
**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said objection on or before September 3, 2020; and it is

**FURTHERD ORDERED**, that a hearing on temporary rates shall be held before the Commission on September 16, 2020, at 10:00 a.m.

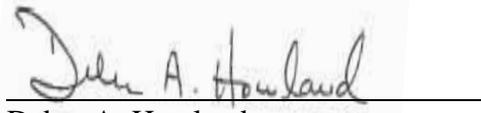
By order of the Public Utilities Commission of New Hampshire this nineteenth day of August, 2020.

  
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Dianne Martin  
Chairwoman

  
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Kathryn M. Bailey  
Commissioner

  
\_\_\_\_\_  
Michael S. Giaimo  
Commissioner

Attested by:

  
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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 - Docket Related

Docket# : 20-105

Printed: 8/19/2020

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