

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

Docket No. DG 21-130

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty
Winter 2021/2022 Cost of Gas and Summer 2022 Cost of Gas

Monthly COG Adjustment and Motion to Increase Summer 2022 Cost of Gas Rates

**SUPPLEMENTAL DIRECT TESTIMONY
OF
CATHERINE A. MCNAMARA**

May 20, 2022



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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Catherine A. McNamara. My business address is 15 Buttrick Road,
4 Londonderry, New Hampshire.

5 **Q. Please state by whom you are employed.**

6 A. I am employed by Liberty Utilities Service Corp. (“LUSC”), which provides service to
7 Liberty Utilities (EnergyNorth Natural Gas) Corp. (“Liberty” or “the Company”).

8 **Q. Please describe your educational background and your business and professional**
9 **experience.**

10 A. Please see the direct testimony, initially filed on September 1, 2021, for my educational
11 background and business and professional experience.

12 **Q. Ms. McNamara, have you previously testified in regulatory proceedings before the**
13 **New Hampshire Public Utilities Commission (the “Commission”)?**

14 A. Yes, I have.

15 **Q. What is the purpose of your supplemental testimony in this proceeding?**

16 A. The purpose of this supplemental testimony is to support the Company’s request to
17 amend the firm sales cost of gas rates for the 2022 Summer (Off-Peak) period. Order No.
18 26,541 (Oct. 29, 2021) in Docket No. DG 21-130 authorized 2022 summer period COG
19 rates effective May 1, 2022, and allowed the Company to adjust the COG rates based on
20 the projected over- or under-collection for the period up to a maximum rate of 25 percent
21 above the approved rate without further Commission action. Order No. 26,541 required

1 Liberty to advise the Commission when it appeared that rates were projected to increase
2 above the 25 percent cap so that the Commission may consider adjusting the rate above
3 the cap. In the May 2022 monthly cost of gas adjustment filed on April 24, 2022, the
4 Company advised the Commission that the Company had reached the maximum allowed
5 rate and would be making an interim Summer 2022 Cost of Gas filing to request approval
6 to exceed the 25 percent cap. At this time, the Company projects that current rates will
7 result in an under-collection of \$9.6 million and is thus requesting an updated rate to
8 address the growing under-collection in light of the high prices projected for the summer
9 period. Accompanying my testimony is supplemental testimony sponsored by Deborah
10 Gilbertson that explains the current situation of the natural gas market.

11 **Q. When were the initial 2022 summer cost of gas rates established?**

12 A. The 2022 summer period COG rates effective May 1, 2022, through October 31, 2022,
13 were based on the Company's October 19, 2021, filing which reflected commodity prices
14 as of October 12, 2021, and incorporated a prior period under-collection of \$4.5 million
15 that accumulated during the prior summer period through October 2021.

16 **Q. Since the initial filing, has the Company filed for an increase in the summer cost of**
17 **gas rates?**

18 A. Yes, on April 24, 2022, the Company exercised the authority granted by Order No.
19 26,541 to increase the COG rates effective May 1, 2022, by the maximum allowed
20 increase of 25 percent, or to \$0.6984 per therm. At the time of the April 24 trigger filing,
21 the projected prior period under-collection was \$7.7 million through April 30, 2022, and
22 projected to be \$9.6 million through the end of the summer period on October 31, 2022.

1 **Q. Was the May 2022 rate increase sufficient to eliminate the projected under-**
2 **collection?**

3 A. No. Under the current market conditions, the 25 percent cap on the rate increase does not
4 allow the projected under-collection to be fully eliminated. The May 2022 rate is
5 expected to increase the under-collection by approximately \$231 thousand.

6 **Q. Does Liberty propose to recover the entire under-collection in this amended**
7 **summer COG rate?**

8 A. Yes. Liberty is proposing to recover the entire prior period under-collection through May
9 2022 of \$7.9 million in the amended summer COG rate proposed. While the Company
10 understands the impacts that this rate increase will have on its customers, it is the
11 Company's position that market prices are going to remain at this level for the remainder
12 of the summer period and that customers should pay for the supply costs in the same
13 period as they are incurred. Delaying recovery of the under-collection will only shift the
14 costs to a future period. However, the Company is open to alternatives if desired by the
15 Commission.

16 **Q. What will happen if the Commission does not increase the Cost of Gas rates as**
17 **requested in this testimony?**

18 A. If the summer COG rates are not increased and continue to be set at the 25 percent
19 maximum allowed rate through the remainder of the summer period, the under recovered
20 balance will continue to increase. This increase in the under recovered balance will cause
21 rates in future years to increase, by including that growing prior period balance in future
22 COG proceedings.

Q. Will the projected under-collection be eliminated if the requested increase is approved?

A. If the requested summer COG rate is approved, it should eliminate the projected under-recovery through October 2022. However, this under-recovery assumes the commodity pricing projections as of May 4, 2022, do not change. As discussed in Ms. Gilbertson's testimony, the commodity markets are highly volatile at this time and it is difficult to predict whether the increased summer COG rate will fully eliminate the under-recovery.

Q. If the amended rate is not approved until July 1, 2022, a one-month delay, what is the expected increase in the balance of the under-recovery?

A. A one-month delay in approving the amended rate is estimated to increase the under-recovery balance by approximately \$0.4 million. This would be recovered in the 2022/2023 summer period's COG rates.

II. SUMMER 2022 COST OF GAS FACTOR

Q. What are the proposed cost of gas rates proposed for June 1 through October 31, 2022?

A. The proposed cost of gas rates are shown in the table below.

	Established per Order No. 26,541 (10/29/21)			
	Summer 2022 COG (May-Oct 2022)	Summer 2022 COG Maximum (May-Oct 2022)	May 2022 Monthly COG Rate	Revised Summer 2022 COG (June-Oct 2022)
Residential	\$0.5587	\$0.6984	\$0.6984	\$1.2295
C&I High Winter Use	\$0.5593	\$0.6991	\$0.6991	\$1.2303
C&I Low Winter Use	\$0.5580	\$0.6975	\$0.6975	\$1.2284

1 **Q. Is it correct to say that the Company's COG rates begin with the projected NYMEX**
2 **rates during the Summer period?**

3 A. Yes, the Company begins its calculation of COG rates with the most current NYMEX
4 pricing because the price of the gas that Liberty purchases at the various receipt points is
5 based on the NYMEX price, with various adders depending on the terms of the specific
6 supply contracts.

7 **Q. What was the increase in the NYMEX pricing used in the October 19, 2021, filing**
8 **versus this filing?**

9 A. As described in Ms. Gilbertson's testimony, the summer 2022 NYMEX prices have
10 increased from an average of \$4.0343 per MMBtu to \$7.3927 per MMBtu, an increase of
11 83 percent.

12 **Q. Is the Company seeking authority to increase the proposed COG rate should the**
13 **market prices continue to increase?**

14 A. No, for the reasons the Commission recently stated in *Northern Utilities*, Order No.
15 26,627 (May 17, 2022),¹ the Company does not seek authority to raise the Summer 2022
16 COG rates above what is requested here.

¹ "We are concerned about rate shock for customers and decline to authorize any further increases in the rate without our review and approval. We will, however, authorize any reduction in summer 2022 rates without our approval." *Id.* at 2.

1 **III. LOCAL DELIVERY ADJUSTMENT CHARGE (“LDAC”)**

2 **Q. Is the Company requesting a change in the LDAC rate?**

3 A. No, the company is not requesting any changes in the LDAC rates for June through
4 October 2022.

5 **IV. CUSTOMER BILL IMPACTS**

6 **Q. What are the estimated impacts of the proposed firm sales cost of gas rate on an**
7 **average heating customer’s summer bill as compared to the summer rates approved**
8 **in Order No. 26,541 in Docket No. DG 21-130?**

9 A. Using the proposed amended summer COG rates, a typical residential customer’s average
10 summer bill would increase approximately \$130.11 or 54 percent over the currently
11 approved summer COG rates. The detailed bill impact analysis is presented in Schedule
12 8 of this filing. The summarized bill impacts are shown in the table below:

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Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty														
Off Peak 2022 Summer Cost of Gas Filing														
Annual Bill Comparisons, May 21–Oct 21 vs May 22–Oct 22														
DIFFERENCE: Residential Heating (R3)														
Total Bill	\$	46.01	\$	25.21	\$	14.36	\$	12.72	\$	12.72	\$	19.09	\$	130.11
% Change		68.13%		57.21%		45.12%		42.98%		42.98%		51.98%		54.36%
Base Rate	\$	(0.34)	\$	(0.24)	\$	(0.18)	\$	-	\$	-	\$	-	\$	(0.77)
% Change		-0.78%		-0.76%		-0.75%		0.00%		0.00%		0.00%		-0.44%
COG	\$	42.64	\$	23.41	\$	13.38	\$	11.70	\$	11.70	\$	17.56	\$	120.38
% Change		212.45%		212.45%		212.45%		212.45%		212.45%		212.45%		212.45%
LDAC	\$	3.72	\$	2.04	\$	1.17	\$	1.02	\$	1.02	\$	1.53	\$	10.50
% Change		123.77%		123.77%		123.77%		123.77%		123.77%		123.77%		123.77%
DIFFERENCE: Commercial Rate (G-41)														
Total Bill	\$	134.79	\$	34.05	\$	22.56	\$	30.10	\$	22.13	\$	25.67	\$	269.31
% Change		76.19%		37.74%		28.09%		35.02%		27.98%		31.25%		45.29%
Base Rate	\$	(0.66)	\$	(0.48)	\$	(0.46)	\$	-	\$	-	\$	-	\$	(1.59)
% Change		-0.60%		-0.65%		-0.66%		0.00%		0.00%		0.00%		-0.35%
COG	\$	128.78	\$	32.83	\$	21.88	\$	28.62	\$	21.04	\$	24.41	\$	257.56
% Change		216.60%		216.60%		216.60%		216.60%		216.60%		216.60%		216.60%
LDAC	\$	6.67	\$	1.70	\$	1.13	\$	1.48	\$	1.09	\$	1.26	\$	13.34
% Change		78.56%		78.56%		78.56%		78.56%		78.56%		78.56%		78.56%
DIFFERENCE: C&I High Winter Use Medium G-42														
Total Bill	\$	1,164.12	\$	426.23	\$	250.46	\$	218.67	\$	238.15	\$	301.00	\$	2,598.62
% Change		97.67%		73.15%		59.48%		56.63%		58.76%		64.45%		75.23%
Base Rate	\$	(3.59)	\$	(2.25)	\$	(1.86)	\$	-	\$	-	\$	-	\$	(7.70)
% Change		-0.59%		-0.61%		-0.63%		0.00%		0.00%		0.00%		-0.36%
COG	\$	1,110.20	\$	407.38	\$	239.88	\$	207.90	\$	226.42	\$	286.18	\$	2,477.96
% Change		216.60%		216.60%		216.60%		216.60%		216.60%		216.60%		216.60%
LDAC	\$	57.51	\$	21.10	\$	12.43	\$	10.77	\$	11.73	\$	14.82	\$	128.36
% Change		78.56%		78.56%		78.56%		78.56%		78.56%		78.56%		78.56%
DIFFERENCE: Commercial Rate (G-52)														
Total Bill	\$	1,302.33	\$	980.68	\$	896.99	\$	893.90	\$	915.71	\$	782.27	\$	5,771.89
% Change		120.51%		112.00%		109.09%		109.63%		110.42%		106.21%		111.86%
Base Rate	\$	(3.20)	\$	(3.05)	\$	(3.01)	\$	-	\$	-	\$	-	\$	(9.26)
% Change		-0.80%		-0.84%		-0.86%		0.00%		0.00%		0.00%		-0.43%
COG	\$	1,240.26	\$	934.55	\$	855.01	\$	849.21	\$	869.93	\$	743.16	\$	5,492.13
% Change		207.18%		207.18%		207.18%		207.18%		207.18%		207.18%		207.18%
LDAC	\$	65.27	\$	49.18	\$	45.00	\$	44.69	\$	45.78	\$	39.11	\$	289.02
% Change		78.56%		78.56%		78.56%		78.56%		78.56%		78.56%		78.56%

1 **V. CONCLUSION**

2 **Q. When does the Company require approval of the amended summer COG rates?**

3 A. The Company is requesting approval of the proposed amended summer COG rates by
4 May 26, 2022, for rates effective June 1, 2022.

5 **Q. Does this conclude your testimony?**

6 A. Yes, it does.